

# FREMANTLE PORTS ANNUAL REPORT

# 2015



FREMANTLE  
PORTS





Hon  
Dean Nalder MLA

**To the Hon Dean Nalder MLA**  
Minister for Transport

In accordance with the provisions of the *Port Authorities Act 1999* and other relevant legislation, this Annual Report is provided to the Minister for Transport, the Hon Dean Nalder MLA and is tabled in the Parliament of Western Australia.

**Dr Jim Limerick**  
Chairman  
Board of Directors



The aim of this report is to inform our customers, community and stakeholders about our organisation, its strategic priorities, performance and governance for the 2014-15 financial year.

For customer inquiries or feedback on the report please email:  
[mail@fremantleports.com.au](mailto:mail@fremantleports.com.au)



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## HIGHLIGHTS



Vehicles carrier Triumph Ace coming in to H Berth

### Trade growth

Trade increased by 6.7 per cent overall to a record level and prudent budgeting enabled an after-tax profit of \$48.075 million.

### Signal Station refit

The Signal Station at the top of the Fremantle Ports administration building was re-equipped with latest technology and refurbished. From the Signal Station, all shipping movements in port waters are controlled.

### Iron ore export milestone

Iron ore exports through Kwinana Bulk Terminal approached the 15 million tonnes milestone. The capacity and efficiency of iron ore receipts were increased by extension of the rail line at the terminal siding and other works.



North Quay Rail Terminal

### Rail infrastructure extended

The North Quay Rail Terminal Extension project, jointly funded by the State and Federal Governments, was completed. Extension of the terminal from 400 to 690 metres has reduced turnaround time for trains and provides for better interfaces with the container terminals and container parks.

### Electrical network upgrade

The progressive upgrading of the high-voltage electrical network at North Quay/Rous Head neared completion. This improves security of electricity supply to port tenants and removes risk to employees undertaking high-voltage switching.

### Rous Head development

The project to provide roads and services for the Rous Head land reclaimed in 2010 through harbour deepening was completed and the overall facility is operating well. Development of leased areas is well underway.



Shore tensioning system mooring unit

## Shore tension

A shore tensioning system for mooring lines has been purchased for the port. This system keeps mooring lines under constant tension, increasing the stability of the ship and reducing the risk of lines breaking in heavy weather.

## Cruise shipping

A very busy cruise season handled 43 cruise calls, with 56 ship visits expected next year. Cruise passenger numbers through Fremantle Port passed the 100,000 figure for the first time in 42 years.



Victoria Quay Night Markets



Victoria Quay artist impression

## VQ Precinct planning

Following extensive consultation, two high-level precinct plans for Fremantle Ports' commercial precinct between the Fremantle Train Station and the Victoria Quay waterfront and for Public Transport Authority land around the Fremantle Train Station were lodged with the WA Planning Commission in September 2014.

## Fender system upgrade

Installation of a new fender system for E Berth on Victoria Quay was completed. The system reduces the stresses imposed on the existing wharf by larger ships and will need less maintenance.

## Victoria Quay waterfront

The Victoria Quay Night Markets introduced in March 2014 had a second highly successful season over the summer months and the annual Maritime Day drew a crowd estimated at up to 20,000 people.



Dr Jim  
Limerick

## CHAIRMAN'S OVERVIEW

Commercialised since 1996 as a State Government owned trading enterprise, Fremantle Ports manages its operations to facilitate trade and to achieve a commercial rate of return acceptable to the owner. This financial year, the return to Government and the people of Western Australia amounted to \$68.369 million in tax equivalents and dividends.

Trade through the port grew by a healthy 6.7 percent in 2014-15 and this, coupled with a close watch on ensuring value for money in expenditure, enabled an after-tax profit of \$48.075 million, an increase of 27% over the previous year.

The fourth biggest grain harvest in the State's history was one of the main reasons for the strong trade result. Most of the grain goes out in bulk from Cooperative Bulk Handling's terminal at Kwinana, but some is shipped in containers to suit particular markets and this contributed to the 5.7 per cent increase in container trade. Iron ore shipments by Mineral Resources Ltd through the Kwinana Bulk Terminal were another significant factor. Overall, Fremantle handled more than \$28 billion in trade in 2014-15, which underlines the importance of ensuring that the port has the right infrastructure to meet the needs of port users.

An event was held on 10 November 2014 to mark the completion of roads and services within the Rous Head Industrial Area and Stage Two of the North Quay Rail Terminal project. The rail extension and Rous Head developments were complex, particularly as they needed to be undertaken in a way that minimised impacts on day-to-day operations. The successful delivery of the projects required a high degree of cooperation from

government agencies, from port service providers in the transport chain and from neighbouring leaseholders. In the case of the Rous Head Industrial Park development, we also needed a patient community as roads were reconfigured and constructed. The support and cooperation from all parties has been greatly appreciated.

The State Government announced in the May 2015 Budget its intention of pursuing the divestment of the assets managed by Fremantle Ports, by way of a long-term lease. The Department of Treasury is responsible for managing the sale.

While the Board expects that management of Fremantle Ports will be heavily engaged during the year ahead providing support to Treasury in the sale process, from the perspective of our customers, we expect it to be a "business as usual" approach, with Fremantle Ports' staff undertaking normal duties, continuing to liaise with our customers, port service providers and other stakeholders and ensuring that our statutory obligations are met.

Maintaining the support and loyalty of our customers and key stakeholders is vitally important for the success of Fremantle Ports and during the year in review we have continued to give this close attention.



It is pleasing to see that overall levels of satisfaction have been maintained, with 91 per cent of shipping lines and agents and 80 per cent of bulk customers satisfied or very satisfied with Fremantle Ports' services.

The port is a significant contributor to the Western Australian economy, with direct and flow-on benefits to the community but we are also very mindful of the need to operate as a good corporate citizen. We value the support we have in the community. Surveying this year showed the level of satisfaction in the Inner and Outer Harbour communities to be 75 per cent and 74 per cent respectively, which is within our target range and an improvement on the previous year.

Maintaining a safe workplace is another high priority and one in which Board Directors and the Executive Team take a hands-on interest. During the past year each Director individually participated in at least one safety inspection of a selected part of the port operation.

Total reportable personal injury frequency rate continued a pleasing downward trend and this has halved since 2012-13. The lost-time injury frequency rate (LTIFR) for Fremantle Ports' employees (not including contractors) has also halved over that period,

although the rate of improvement in the overall LTIFR has been somewhat more refractory.

We welcomed an additional Director, Mr David Smith to the Board in January 2015. David brings accounting, auditing and broader business expertise to the Board. I take this opportunity to thank all Directors for their contribution over the past year.

The knowledge and experience of Fremantle Ports' Executive has also been invaluable in assisting the Board with its deliberations and strategic decision making.

In conclusion and on behalf of the Board, I also take this opportunity to thank our Minister, the Hon Dean Nadler MLA and his team for their help and support over the year under review.

## **Dr Jim Limerick**

Chairman



*Dr Jim Limerick (left), Fremantle Ports Chairman with Cockburn Mayor Logan Howlett and Kwinana Industries Youth Art Awards category winner Shaylee Jarmyn of Seton Catholic College*



Chris  
Leatt-Hayter

## CHIEF EXECUTIVE OFFICER'S REPORT

In fulfilling its primary role as a facilitator of trade, Fremantle Ports has taken a strategic approach, working closely with our customers to understand and respond to their needs. In doing so, we have been able to add value in many ways over the past 12 months in terms both of services and facilities.



Investment in infrastructure at North Quay/Rous Head to service the container trade has been timely.

With most of Western Australia's containerised cargo handled through the Inner Harbour terminals, we have continued to work with port service providers, industry bodies and State Government agencies to increase capacity and efficiency in this sector.

The investment in infrastructure at North Quay/Rous Head to service the container trade has been timely. The average annual growth in Fremantle's container trade over the past decade has been about 4.7 per cent and the 5.7 per cent increase in 2014-15 was ahead of forecasts despite the slowing of the Western Australian economy. The completion of roads and services for the Rous Head Industrial Park has improved efficiency and safety of road access to the terminals and other key facilities and reduced the risk of truck congestion at peak times. The extension of the rail terminal is a significant step in enabling rail to compete with road transport for container freight.

A process was commenced during the year to seek Expressions of Interest for future container terminal operations beyond the term of the existing leases and further action on this initiative will be progressed in 2015-16.

An extensive upgrading of the electrical infrastructure across North Quay and Rous Head has improved the security of the electricity supply to port businesses and has also enabled high-voltage switching to be undertaken remotely, removing the risk to employees. At year end, this work was close to completion.

The new land reclaimed at Rous Head through dredging created an opportunity for relocation of businesses, consolidation of leases and improved interface between related operations servicing the container trade. This is working well, and key performance indicators and incentives have been built into the lease agreements.

Building closer links with port importers with the aim of understanding their needs and encouraging their involvement in improving coordination in the container trade supply chain is an example of our continuing focus on achieving better integration of supply chain elements. Discussion groups, site visits and the introduction of an importer newsletter have helped to improve communication. We have also continued to work closely with the peak season working group of the WA Port Operations Task Force to reinforce the message that all parties in the supply chain have a part to play in seeing a better flow of deliveries, particularly at busy periods.



As some of WA's big resources projects have transitioned from construction to operation, we have seen a further downturn this year in break-bulk trade. Recognising that such trade will always be subject to peaks and troughs, however, we have continued to plan for future growth in this sector. During the year, we have been assessing responses to our request for proposals for the development and operation of a dedicated automotive and ro-ro (roll-on roll-off) terminal on Victoria Quay to service motor vehicle imports and some other break-bulk trades. It is expected that a decision on this process will be made in 2015-16.

Our bulk operations are an increasingly important part of our business and there has been further upgrading of infrastructure at our Kwinana facilities this year. This included the completion of an extension to the rail siding at the Kwinana Bulk Terminal to increase the capacity and efficiency of iron ore receipt.

As well as building capacity in the port through the provision of infrastructure and work on continuous improvement of services, Fremantle Ports recognises the value of building capacity in its employees. In that regard, an extensive program of training and development opportunities has been

delivered this year. Our highly experienced, knowledgeable workforce is a huge asset to Fremantle Ports.

Internal and inter-agency training in incident management is ongoing and the benefits of this skilling and drilling were clearly apparent in the handling of two well-publicised shipping incidents, a fire and a storm event, during the year. Regardless of which agency takes the lead in such events, our port operational staff have a major role.

Communication systems are vital in port operations, for day-to-day activities and in incident management. Upgrading of the Fremantle Ports Signal Station with the latest equipment for maritime communications has been a notable achievement this year.

While supporting the State Government in its pursuit of the divestment of Fremantle Port and the due diligence process required for decision-making, vigilance on high standards of service delivery, safety and environmental issues will be maintained. A high priority, also, will be the wellbeing of our employees, with a caring and consultative approach required to help them through what is undoubtedly a time of uncertainty, with a potential need for transitioning when the way forward is known.

In conclusion, I extend my thanks to the Board of Fremantle Ports, my fellow members of the Executive and Management Teams and our committed and skilled workforce for their support this year.

The support of our customers and port services providers has also been much appreciated, as have the constructive relationships with government agencies, industry bodies and our local communities.

### **Chris Leatt-Hayter**

Chief Executive Officer



Work on Kwinana Bulk Terminal's rail upgrade



## CORPORATE SNAPSHOT



CY O'Connor statue on Victoria Quay

### Our role and operations

Fremantle Ports operates successfully as a Western Australian Government trading enterprise, with a primary role of facilitating trade through the State's largest general cargo port.

The CY O'Connor-designed Inner Harbour, which has been operating at the mouth of the Swan River since 1897, handles almost all of Western Australia's container trade as well as non-containerised cargo such as motor vehicles, steel and machinery imports and livestock exports. Cruise ships are allocated to the two-berth, purpose-built Fremantle Passenger Terminal at Victoria Quay.

Bulk commodities such as petroleum, grain, alumina, iron ore, mineral sands, fertilisers and sulphur are handled through the Outer Harbour at Kwinana, about 20 kilometres to the south. Fremantle Ports owns and operates the Kwinana Bulk Terminal and the Kwinana Bulk Jetty. The three other bulk port facilities at Kwinana are privately operated by Alcoa, BP Refinery and Cooperative Bulk Handling.

Fremantle Ports provides and maintains shipping channels, navigation aids, cargo wharves, seawalls, roads and rail infrastructure within the port area. Other services include ship scheduling and berth allocation, port communication, pilot transport over water, mooring, stevedoring at the Kwinana Bulk Terminal berths, security services, emergency response, hazardous cargo services over

common-user berths, trade advisory services, property management and quarantine and waste disposal.

Fremantle Ports has the ability under the *Port Authorities Act 1999* to license a range of port services. Non-exclusive licence agreements for towage services are in place. Marine pilotage is provided by the private sector under contract to Fremantle Ports.

### Stakeholders

Fremantle Ports has a diverse range of stakeholders, including relevant national, State and local government agencies, customers, tenants, port service providers, suppliers and industry peak bodies as well as local and wider communities.

### Culture and value

Our vision is to be valued by our customers and the community for our leadership and excellence. Our mission is to facilitate trade in a sustainable way. With our corporate values and business principles these describe our business intent and provide the foundation for strategic planning and decision making, helping to prioritise and work towards common goals.

### Values

- Respect and Integrity
- Safety and Wellbeing
- Responsiveness and Delivery

- Continuous Improvement and Innovation
- Sustainability

### Business Principles

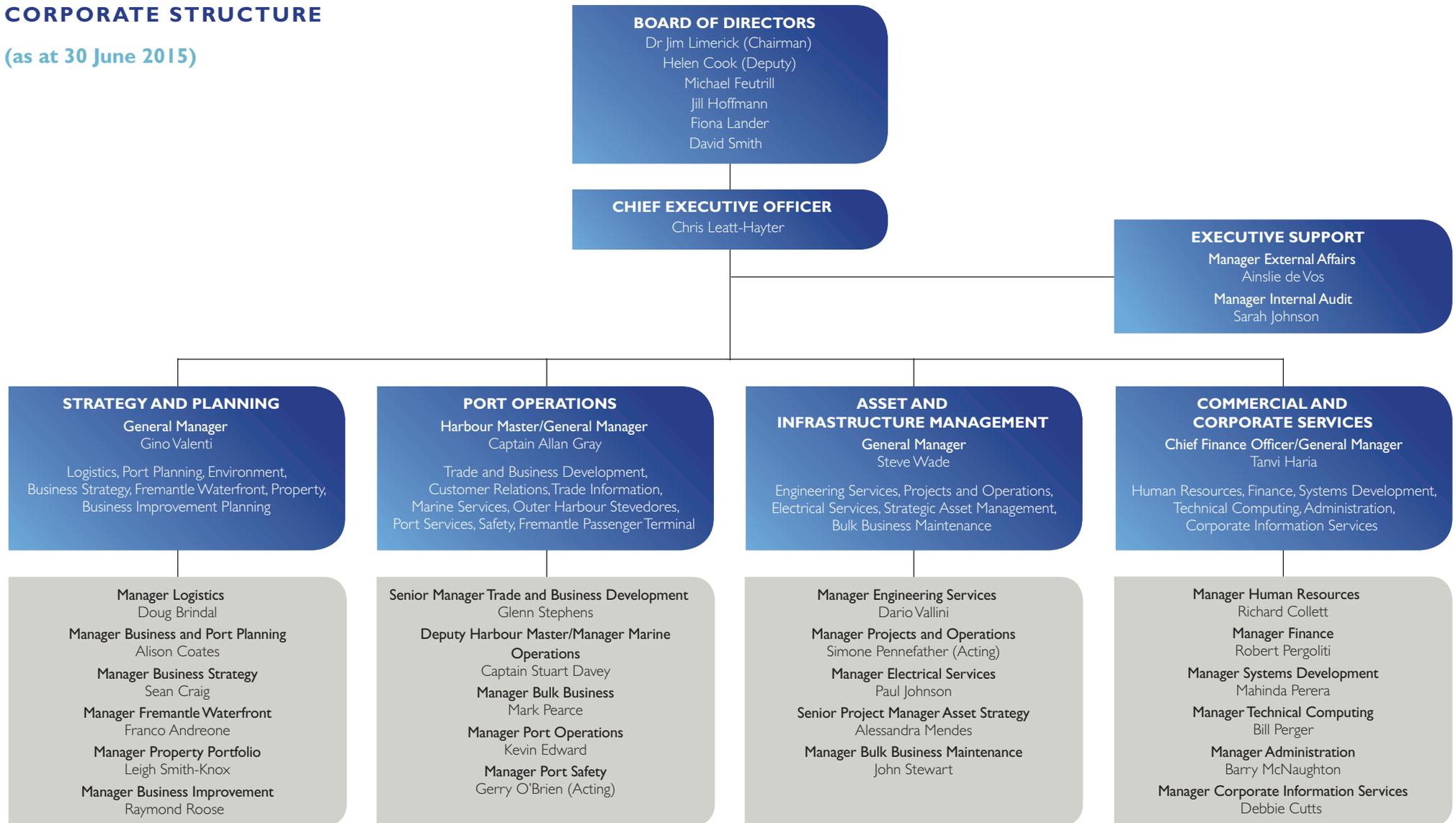
- Minimising or reducing adverse land transport impacts
- Building synergies with others' plans
- Protecting the environment
- Ensuring commercially sound and justifiable outcomes
- Supporting local communities
- Continuing to improve port safety and security
- Complying with legal requirements
- Ensuring efficiency and continuity of all port services
- Contributing to the aspirations and growth of our people and the port community
- Capitalising on opportunities and managing risks.

Aligned with Fremantle Ports' corporate values, our business principles have a strong focus on understanding the needs and expectations of our stakeholders. The principles, each with a nominated champion, continued to be applied this year to guide strategic and project planning, risk management and decision making, particularly in terms of policy development and testing the options.



## CORPORATE STRUCTURE

(as at 30 June 2015)





## BOARD



*Dr Jim Limerick*

### **Dr Jim Limerick (Chairman)**

Dr Limerick was appointed Chairman of the Board on 1 October 2010, having served as a Director from 1 October 2009. In May 2013 he was elected Chairman of Ports Western Australia. Dr Limerick worked in technical and management roles in the resources industry from 1976-1986 and at senior levels in government administration from 1987-2008. He was appointed Director General of the Department of Industry and Resources from 2001 and at various times was a member of the Western Australian Planning Commission and a member of the LandCorp Board. He has been influential for over a decade in strategic planning for future industrial infrastructure in WA and in 2008 was awarded the Australian Public Service Medal. He is now the Principal of Ramelton Consulting Pty Ltd. Dr Limerick has an honours degree in Science and a PhD from the University of NSW, a Graduate Diploma in Business from Curtin University and is a Graduate Member of the Australian Institute of Company Directors.

*Expiry of present term: 30 June 2018*



*Helen Cook*

### **Helen Cook (Deputy Chair)**

Ms Cook joined the Board on 1 July 2014. She was National Partner in charge of KPMG's Energy and Natural Resources Group and a leader in KPMG's Asian Mining group until December 2013 when she retired from the partnership to take on commercial and not-for-profit Board directorships. She is currently Director of the Minerals Research Institute WA, Non-Executive Director of RAC Holdings Pty Ltd and RAC Finance Ltd, a member of the University of Western Australia's Mining Energy and Natural Resources Law Advisory Board, Director Cruthers Foundation and Non-Executive Director of the Chamber of Arts and Culture WA. She is also Councillor of the Australian Institute of Directors (WA) and a member of the Major Performing Arts Panel of the Australia Council, overseeing significant Federal funding for Australia's major performing arts companies. Helen was immediate past Chair of the Art Gallery of Western Australia, Director of the

Perth Theatre Trust and has held board positions in key not-for-profit organisations for 20 years.

*Expiry of present term: 30 June 2016*



Michael Feutrill

## Michael Feutrill

Mr Feutrill was appointed a Director on 1 December 2010. He is a barrister who practises in the area of corporate and commercial litigation and arbitration. He has been awarded the degrees of Masters of Law (with distinction) and Bachelors of Law and Economics by the University of Western Australia and co-teaches International Commercial Arbitration and International Investment in Mineral Resources at the UWA Law School. Mr Feutrill's predominant experience concerns international and domestic energy and resources, construction and corporate disputes including two years in Paris as counsel on international commercial and foreign investment arbitrations.

**Expiry of present term: 31 December 2016**



Jillian Hoffmann

## Jillian Hoffmann

Ms Hoffmann, appointed to the Board on 17 May 2011, is Vice President, Upstream Commercial at Woodside Energy Ltd, Australia's largest oil and gas company. Her previous role at Woodside was Vice President Environment and Heritage. She has more than 25 years of experience, primarily in commercial roles within the oil and gas industry in the United Kingdom and Australia. She has a Bachelor of Business Studies, a Masters of Business Administration and is a Fellow of the Australian Institute of Company Directors.

**Expiry of present term: 31 December 2015**



Fiona Lander

## Fiona Lander

Ms Lander was appointed to the Board on 24 August 2012. She is the Executive General Manager Corporate Affairs and Organisation Development, Perth Airport Pty Ltd. Before joining Perth Airport in 2010, she was the Executive Director Policy and Learning with the Western Australian Department for Child Protection. She has worked for State and Federal Ministers and Members of Parliament, and has held a number of senior roles in human services portfolios in the WA public service. She has a Bachelor of Arts and an Executive Master in Public Administration, and is a Graduate of the Australian Institute of Company Directors. She is a Director of Youth Focus and Vice President of Meerilinga Young Children's Foundation.

**Expiry of present term: 31 December 2015**



David Smith

## David Smith

Mr Smith was appointed to the Board on 1 January 2015. He is a former Partner with PricewaterhouseCoopers (PwC) in Melbourne and Perth. At PwC, he led client-focused teams across external and internal audit services, accounting and broader business advice in industries covering resources, services, media, construction and engineering. He has a Bachelor of Commerce from the University of Melbourne, is a Fellow of the Institute of Chartered Accountants and a Member of the Australian Institute of Company Directors. He is a Director of St. Bartholomew's House Inc., a former independent External Chair of the Risk Assurance and Audit Committee of Port Hedland Port Authority and a former member of the University of Melbourne Audit and Finance Committees.

**Expiry of present term: 30 June 2017**



## EXECUTIVE TEAM



*Chris Leatt-Hayter*

### **Chris Leatt-Hayter**

#### *Chief Executive Officer*

Chris Leatt-Hayter, who joined Fremantle Ports in 1992, has tertiary qualifications in economics. He previously worked at the State Treasury and Department of Transport and has wide-ranging experience in transport policy development, contract negotiations, economic and financial evaluation and business development planning. Chris was appointed to the position of CEO in December 2008 after serving 13 years as General Manager Strategic and Commercial Development. He has played a major role in planning for the future growth of the port so it can effectively fulfil its role of trade facilitation. He was also involved in the commercialisation of Fremantle Ports' operations to achieve a more commercial orientation and customer-focused approach. Chris is currently a Deputy Chairman of Ports Australia, Deputy Chairman of the West Australian Motor Industry Foundation

and a member of the Freight and Logistics Council of Western Australia. Chris is also a member of the Chartered Institute of Transport, Australian Institute of Management and a Graduate Member of the Australian Institute of Company Directors.



*Tanvi Haria*

### **Tanvi Haria**

#### *Chief Finance Officer and General Manager Commercial and Corporate Services*

Tanvi Haria was appointed as Chief Finance Officer (CFO), member of the Executive Team and Secretary to the Board of Directors in 2013. Tanvi joined Fremantle Ports in 1998 and prior to her appointment as CFO and General Manager Commercial and Corporate Services, held the position of Manager Finance at Fremantle Ports. She has more than 25 years of broad business experience in strategy, corporate governance and commercial and financial management gained in a variety of industries. Tanvi has tertiary qualifications in business and accounting, is a Fellow of CPA Australia and a member of the Australian Institute of Company Directors. She is a strong advocate of philanthropy and is a member of the Princess Margaret Hospital Foundation inaugural Emerging Leaders in Philanthropy program. Tanvi is also a Councillor of the CPA Australia WA Divisional Council.



Steve Wade

## Steve Wade

*General Manager Asset and Infrastructure Management*

Steve Wade, who has tertiary qualifications in engineering, joined Fremantle Ports in 1995. Before this he worked with BHP and has wide-ranging experience in construction and project management in Australia and overseas in the resources and manufacturing sectors.



Gino Valenti

## Gino Valenti

*General Manager Strategy and Planning*

Gino Valenti has tertiary qualifications in chemistry and joined Fremantle Ports in 1998 in the role of Safety and Environment Manager. Before this he worked with the Department of Minerals and Energy in senior roles regulating the safe storage, handling and transport of explosives and dangerous goods, and the management of major hazard facilities throughout Western Australia. Gino held the position of General Manager Business Sustainability from 2005 to 2009 prior to being appointed GM Strategy and Planning.



Captain Allan Gray

## Captain Allan Gray

*Harbour Master and General Manager Port Operations*

Captain Allan Gray has held the position of Harbour Master since September 2008, having previously served for two years as Deputy Harbour Master. Captain Gray is a skilled mariner whose 20 years at sea included extensive experience in container and tanker shipping. His shore-based career included shipping management, marine incident management, and maritime systems development. He is immediate past Federal Master of the Company of Master Mariners of Australia and is a Vice President of the International Harbour Masters Association.



Glenn Stephens

## Glenn Stephens

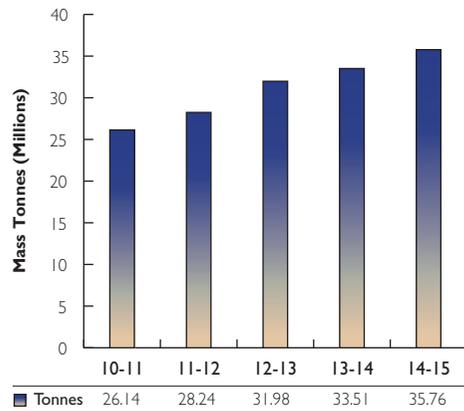
*Senior Manager Trade and Business Development*

Glenn Stephens joined Fremantle Ports in 1971 and has gained extensive experience in a range of areas within the organisation. He has tertiary qualifications in business and accounting and is a Certified Practising Accountant, Fellow of the Institute of Public Accountants and a member of the Australian Institute of Company Directors. Glenn represented Fremantle Ports on the Board of Cruise Down Under as Treasurer from its formation in 1997 until 2013 and is a member of Cruise WA Committee.

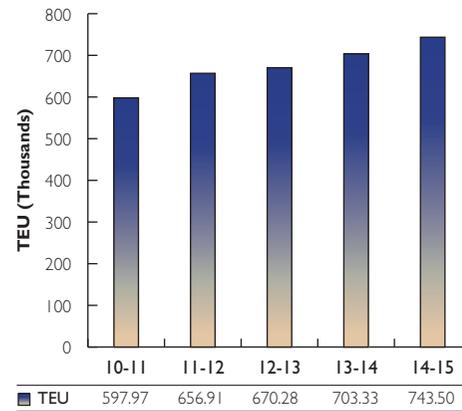


## KEY BUSINESS RESULTS

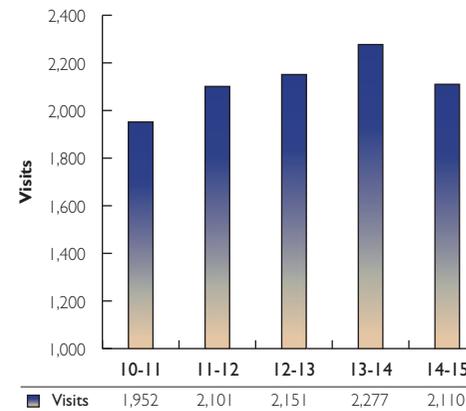
**Total Port Trade (Mass Tonnes)  
Comparison 2010-11 to 2014-15**



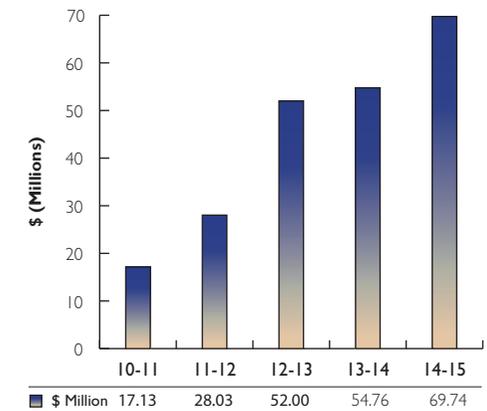
**Total Container Trade - TEU  
Comparison 2010-11 to 2014-15**



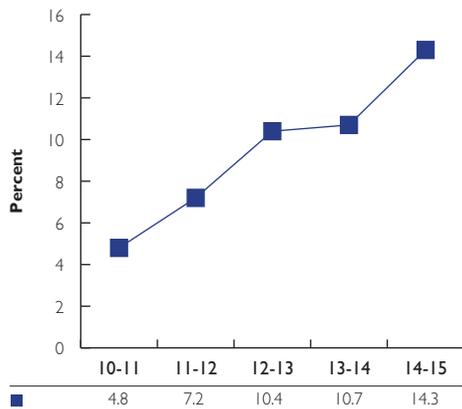
**Total Ship Visits (excluding Naval)  
Comparison 2010-11 to 2014-15**



**Operating Profit (Loss)  
Before Income Tax Equivalent  
Comparison 2010-11 to 2014-15**

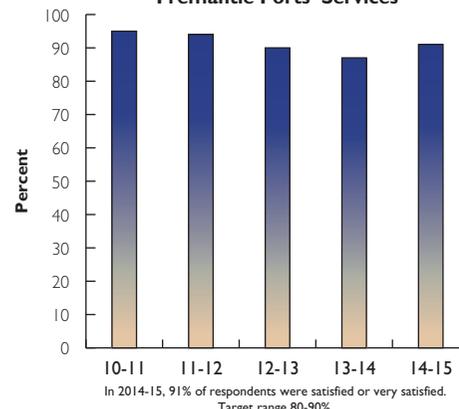


**Economic Rate of Return on Assets  
Comparison 2010-11 to 2014-15**

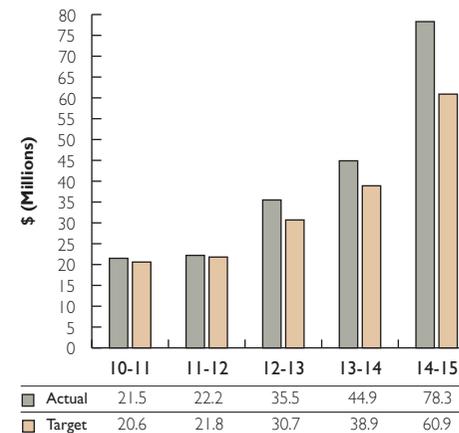


The Economic Rate of Return is based on assets valued at deprival value.

**Shipping Line/Agent  
Survey Services 2010-11 to 2014-15  
Level of Overall Satisfaction with  
Fremantle Ports' Services**



**Fremantle Ports - Contribution to  
State Government 2010-11 to 2014-15**





The State Government’s broad, high-level goals are supported at an agency level by specific outcomes. The following table shows the alignment between relevant Government goals, Fremantle Ports’ strategic objectives, targeted outcomes, measures and results.

Government Goals	Fremantle Ports Objectives	Key Outcomes Sought	Measures
<h1>Goal 1</h1>  <p><b>Results-based service delivery</b></p> <p>Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians</p>	<p>Providing reliable and efficient facilities and services that meet customer expectations</p> <p>Ensuring appropriate and cost-effective resources, processes and systems to support service delivery</p> <p>Fremantle is positioned as an organisation focused on trade facilitation and supply chain performance, with flexibility to quickly respond to changing operating environments</p>	<p>Understanding and responding to customer needs</p> <p>Improvements in landside logistics performance</p> <p>Improvements in efficiency and capability of break-bulk and bulk operations</p>	<p>Customer survey outcomes</p> <p>Key performance indicators on service delivery</p> <p>Quarterly progress reporting to Minister</p> <p>Planning for improved service delivery is progressed</p>
<p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• Responses to annual customer survey showed that 91 per cent of shipping lines and agents and 80 per cent of bulk customers were satisfied with Fremantle Ports’ services</li> <li>• All leasing on reclaimed land at Rous Head completed, with consolidation to achieve improved integration of services, performance agreements in place and development well underway</li> <li>• Strategies to achieve better integration in supply chain have increased efficiency and reduce peak season congestion risk</li> <li>• Upgrading of the Signal Station and Voyager port management information system.</li> </ul>			



Government Goals	Fremantle Ports Objectives	Key Outcomes Sought	Measures
<p style="text-align: center;"><b>Goal 2</b></p>  <p><b>Financial and economic responsibility</b></p> <p>Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector</p>	<p>Promoting and facilitating trade and business growth opportunities</p>	<p>Maintaining existing trade and business and opening up new opportunities</p> <p>Favourable financial outcomes</p>	<p>Fremantle Ports' capability as a strategic port manager is strengthened, focused on supply chain performance and valued for its role in trade facilitation</p> <p>Government financial targets are met</p>
<p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• Total port trade up by 6.7 per cent</li> <li>• After-tax profit of \$48.075 million and contribution to government of \$68.4 million in tax equivalents and dividends</li> <li>• Growth in cruise shipping, with largest number of passengers since 1972.</li> </ul>			



Major infrastructure projects at Rous Head were completed.

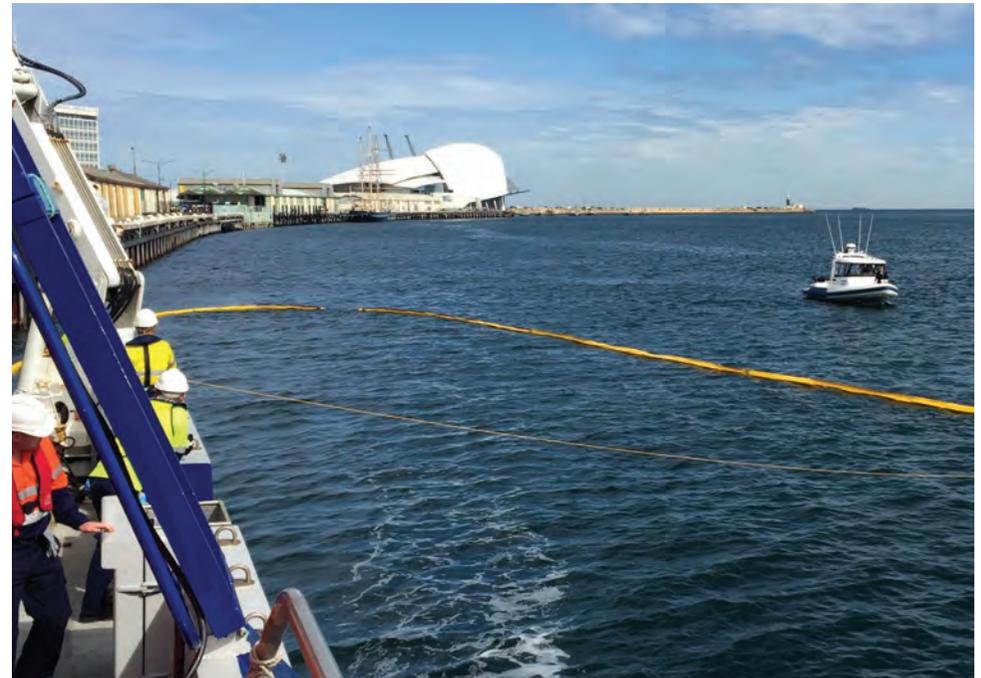
Government Goals	Fremantle Ports Objectives	Key Outcomes Sought	Measures
<h2>Goal 3</h2>  <p><b>Social and environmental responsibility</b></p> <p>Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.</p>	<p>Ensuring business sustainability through our excellent performance throughout the organisation, innovation, business improvement and stakeholder engagement</p>	<p>Maintain certification to international safety, quality and environmental standards and demonstrate ongoing improvement</p> <p>Increased community support</p>	<p>External audits for international standards ISO 14001, ISO 9001, AS/NZ 4801</p> <p>Community survey outcomes</p>
<p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• Certification to international environmental, quality and safety standards was retained following external audit</li> <li>• Improved safety performance with reduction in lost-time injury rate</li> <li>• Annual community survey shows increased community support for continuing role of the Inner Harbour as a busy working port (Inner and Outer Harbour both at 84 and 85 per cent respectively) and overall satisfaction at 75 percent and 74 per cent respectively.</li> </ul>			
<h2>Goal 4</h2>  <p><b>State building - major projects</b></p> <p>Building strategic infrastructure that will create jobs and underpin Western Australia's long-term economic development</p>	<p>Ensuring sound planning for all aspects of our business including resources, services and infrastructure</p>	<p>Completion of planning and construction of major infrastructure projects</p>	<p>Major infrastructure projects completed</p>
<ul style="list-style-type: none"> <li>• North Quay Rail Terminal Stage 2 opened, increasing capacity and efficiency for container freight travelling by rail</li> <li>• Completed roads and services infrastructure development at Rous Head has increased safety and contributed to reduced congestion</li> <li>• High-voltage electrical upgrading nearing completion at North Quay/Rous Head</li> <li>• Installation of new fender system on E Berth and a section of D Berth completed</li> <li>• Rail siding extension completed at Kwinana Bulk, enabling handling of longer trains.</li> </ul>			



## SHARED RESPONSIBILITIES

Fremantle Ports has shared responsibilities with a number of State Government agencies in areas such as emergency response, security, planning and environmental management. These agencies include the Department of Transport, Main Roads Western Australia, Public Transport Authority, Office of Rail Safety, Department of Planning, Department of Fire and Emergency Services, Western Australian Police Service, the Department of Environmental Regulation, the State Heritage Office and Department of Aboriginal Affairs. Examples of areas in which there has been close liaison with other agencies this year are:

- inter-agency incident management training
- collaborative response to a livestock carrier fire and a storm event impacting shipping
- extension of the North Quay Rail Terminal
- working with Treasury on due diligence associated with proposed divestment of Fremantle Port
- port security e.g. liaison with WA Police Service
- environmental management e.g. water quality monitoring
- regular contact with State Records Office on aspects of records management.



*Inter-agency training on use of BoomVane™ technology for deploying oil containment booms by harnessing the power of the current*



Each year in the Annual Report, Fremantle Ports publishes a range of key targets covering economic, social and environmental performance. These performance targets are used to identify and respond to emerging trends in trade development, measure Fremantle Ports' capability for the future, monitor the financial performance of operations and ensure business excellence and sustainability. The following corporate scorecard shows the extent to which these business objectives were achieved.

## HOW WE PLANNED TO SUCCEED

### Economic

#### Financial Results



#### Trade Results



Bulk/Non-Containerised Trade - Annual growth rate



Containers - Annual growth rate



Legend:  Target 2014-15  
 Result 2014-15

#### Customer Satisfaction

**Target**  
80-90%

Maintain at least 80 to 90% overall customer satisfaction with agents/shipping lines.

**Result**  
91%

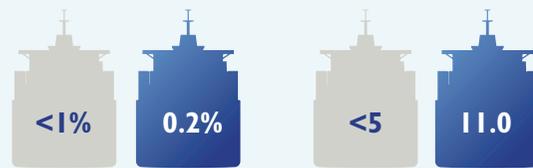
91% of shipping line customers satisfied with services provided by Fremantle Ports, based on shipping line/agents survey.



## Service Delivery Minimise berthing delays

### Inner Harbour – Container Vessel

Unavailability of Services



Total vessels affected

Average hours per delay

Unavailability of Berths

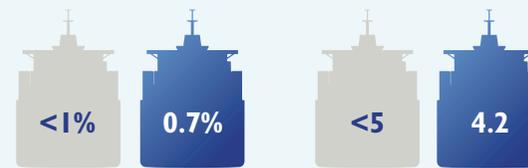


Total vessels affected

Average hours per delay

### Kwinana Bulk Terminal

Unavailability of Services



Total vessels affected

Average hours per delay

Unavailability of Berths

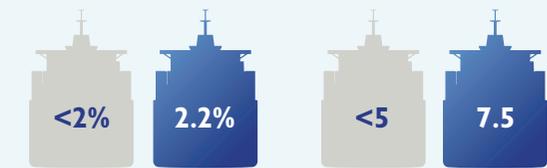


Total vessels affected

Average hours per delay

### Kwinana Bulk Jetty

Unavailability of Services



Total vessels affected

Average hours per delay

Unavailability of Berths



Total vessels affected

Average hours per delay



Best practice environmental, safety and other business systems

<p><b>Compliance with international environmental standard ISO 14001</b></p>	<p><b>Target</b> Continue to comply with ISO 14001, and further improve Environmental Management System</p>	<p><b>Result</b> Certification to ISO 14001 was maintained in external audit of safety, environment and quality management systems.</p>
<p><b>Overall risk profile</b></p>	<p><b>Target</b> Continue to implement treatment actions to ensure risk profile is reduced</p>	<p><b>Result</b> The total number of risks rated greater than 'moderate' was 9. Over the past five years, risks greater than moderate have been reduced by 67 per cent from a total of 27 in 2010.</p>
<p><b>Time lost to injuries</b></p> 	<p><b>Target</b> Zero lost-time injuries</p>	<p><b>Result</b> 9</p>
	<p><b>Target</b> 10% reduction in lost-time injury frequency rate</p>	<p><b>Result</b> Lost-time injury frequency rate was 10.9 compared with 11.6 the previous year, a 6% reduction</p>
	<p><b>Target</b> Maintain certification to AS/NZS 4801</p>	<p><b>Result</b> Certification to AS/NZS 4801 (Occupational Health and Safety Management Systems) was maintained following external audit.</p>



Social

Community satisfaction



Target

70 to 80% overall satisfaction  
(based on community survey results)

Result

Overall satisfaction:  
Inner Harbour 75%  
Outer Harbour 74%  
Support for the Inner Harbour in its role as a busy working port was:  
Inner Harbour 84%  
Outer Harbour 85%

Actions on complaints and suggestions

Target

Follow up all complaints and continue to implement improvement opportunities

Result

Complaints followed up with actions electronically monitored



## OBJECTIVE:

Providing reliable and efficient services that meet customer expectations

## Key outcomes sought:

- Understanding changing customer needs and being responsive to them
- Improvements in efficiency and capability of break-bulk and bulk operations
- Successful completion of major infrastructure projects.

## Responsiveness to customer priorities

Fremantle Ports has continued to take a proactive approach to understanding and responding to the needs and expectations of its customers. As well as day-to-day informal contact, a formal customer liaison program continued to be implemented. This involved scheduled meetings with customers and their representatives at different decision-making levels.

The program has been successful in developing positive relationships and customer loyalty. The annual customer survey carried out in 2015 showed that 91 per cent of shipping line customers were satisfied or very satisfied with Fremantle Ports' services. The satisfaction rating from bulk shippers who responded to our survey was 80 per cent. These results were within the target range and the same as last year's scores.

The information provided by customers has allowed Fremantle Ports to understand not only the priority areas when dealing with customers, but also to assist in forward planning for port infrastructure such as cargo-handling equipment. By seeking feedback on the importance of services, Fremantle Ports has been able to determine where it should apply resources to best add value for customers.

## Mooring system improves efficiency and safety

Safer mooring of ships and increased stability at berth are the aims of a ShoreTension system purchased by Fremantle Ports in 2015.

ShoreTension is a stand-alone hydraulic mooring system that prevents mooring lines from snapping by keeping the mooring lines under constant tension, reducing movement caused by strong winds, currents, swell or passing ships.

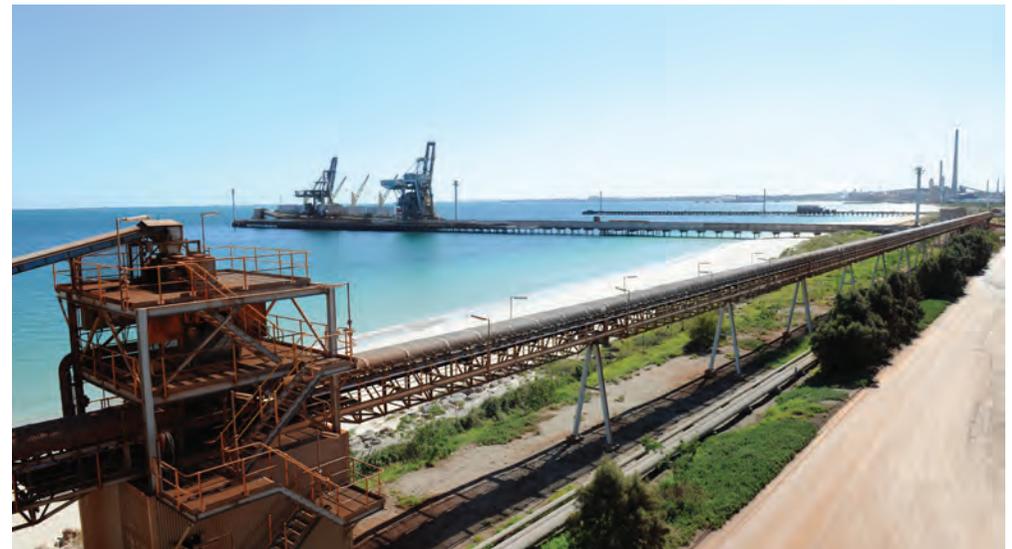
The ShoreTension system also improves safety of port personnel working on the

berth and the increased stability increases efficiency of loading and unloading cargo. It can be used on any berth as required and can be monitored in real time via the web on a PC tablet or smartphone.

Fremantle Ports had six units delivered in June 2015 with a further six to be delivered later in the year. The total cost is about \$3 million.

## Shipping incidents

On 9 October 2014, a fierce fire broke out in the accommodation quarters of the livestock carrier *Ocean Drover* at North Quay.



Export infrastructure, Kwinana Bulk Terminal



Fire on livestock carrier Ocean Drover at North Quay

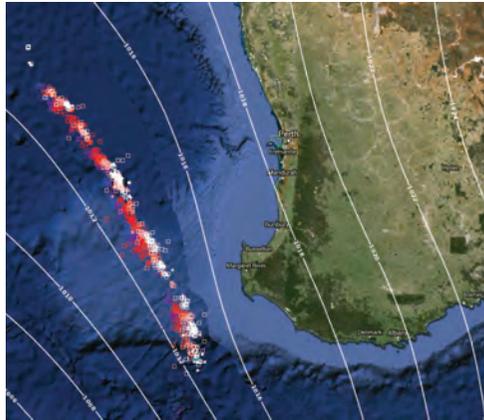
Four crew members were taken to hospital, mostly due to smoke inhalation and one of the crew suffered significant burns. The ship was preparing to load cattle for Indonesia when the fire broke out but there was no livestock on board.

The Department of Fire and Emergency Services (DFES) controlled the emergency response, supported by Fremantle Ports. An investigation of the incident was undertaken by DFES, WA Police, Australian Transport Safety Bureau and the Australian Maritime Safety Authority.

On 17 August 2014 in stormy weather conditions, two ships swung out from their berths in the Inner Harbour. One of them impacted the Fremantle Rail Bridge, causing some structural damage and disrupting passenger services.

An independent investigation concluded that as well as high winds, the storm triggered a meteotsunami. The waves caused the ships to surge at their berths and a shared bollard was sheared off at wharf level, releasing the stern mooring lines of both vessels.

The Wangara Shoal would normally prevent a ship from reaching the bridge, but the increased water depth resulting from the meteotsunami enabled one of the ships, a general cargo vessel, to make contact.



Specialised weather forecasting technology Weatherzone was acquired.

## Weatherzone for a safer port

The port is now better prepared for storm surges and meteotsunamis with Weatherzone, a specialised technology acquired by the Port Operations division.

Weatherzone is a commercial weather information service that provides precise and accurate information about how the weather affects port operations. It includes forecasting and real-time weather information especially designed to suit Fremantle Ports' requirements.

The program was introduced following the August 2014 meteotsunami event to better predict the likelihood of future dangerous storms.

One of the particular benefits is the risk matrix, an operational forecast summary which will help Fremantle Ports to predict times when there is a need to be particularly alert for potential risks to shipping and operations. There is also rain radar.

## Increased crane capacity

Fremantle Ports welcomed the arrival of a new portainer crane for DP World's North Quay container terminal in February 2015. The ZPMC quayside post-panamax container crane made the journey from China on the semi-submersible ship, *Zhen Hua 18*.



Kwinana Bulk Terminal's rail system was upgraded.

This is the second crane of this scale for DP World in Fremantle and increases to five the total post-panamax portainer crane capacity of Fremantle's Inner Harbour.

## Asset management and maintenance

Development of an overall Strategic Asset Management system continues to be progressed and improvements are being introduced.

Asset condition and risk are monitored through the annual state of the assets report, which is part of Fremantle Ports' strategic asset management system, and the rolling maintenance program. This information is then used to identify existing and future maintenance requirements to ensure that asset condition is aligned with the level of service requirements of Fremantle Ports' customers.

Fremantle Ports' approach to asset management is designed to:

- develop life cycle management plans for each asset class, which optimises expenditure over the long term to meet our customers' current and future level of service requirements
- prioritise asset maintenance using a cost-benefit rating system, which ensures maximum return on maintenance investment

- use data trends compiled in the maintenance program to facilitate decision making with regard to future maintenance and analysis of options to maintain, upgrade, replace or dispose of assets.

Life cycle management plans for the navigational aids and seawalls have been completed this year.

The total asset maintenance budget for 2014-15 was \$28.4 million. The major areas of asset expenditure this year related to the wharf structures and buildings in the Inner Harbour, and to cargo-handling equipment and wharf structures in the Outer Harbour.

The main focus for 2015-16 will be the completion of the remaining life cycle management plans, including electrical services and cargo-handling equipment.

## Kwinana Bulk Terminal rail upgrading

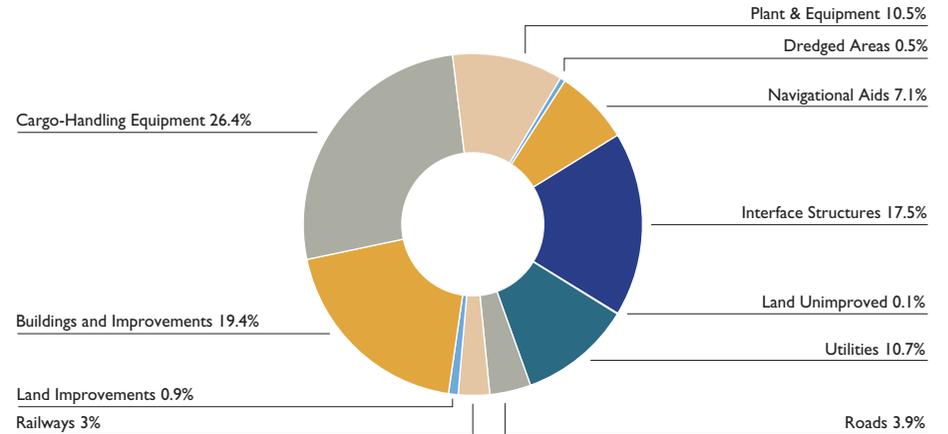
The rail system upgrade at the Kwinana Bulk Terminal undertaken by Mineral Resources Limited has been completed, enabling the use of longer trains to transport ore from the mine site more efficiently.

Since commencement of iron ore shipments from the Kwinana Bulk Jetty, Mineral Resources Ltd has exported almost 15 million tonnes through this Fremantle Ports-owned facility.



Floodlight maintenance

**Fremantle Ports Asset Maintenance and Service Costs**  
2014-2015



Armour rock repair to damaged seawall at Rous Head

**Seawall works**

Seawall works at Rous Head during October-November 2014 temporarily closed North Mole Drive south of the heliport. A section of the seawall was damaged during winter storms. The works included repair and raising of the height of part of the seawall, and repair of the adjacent dual-use path. Raising of the seawall's height in this section was necessary to prevent future damage to the dual-use path during storms.

**Maritime Security Identification Cards**

Fremantle Ports is an issuing agency for Maritime Security Identification Cards (MSIC), which are required under Federal legislation for access to maritime security zones within the port area. Applications for the MSIC are referred to ASIO and the Australian Federal Police for background checks.

The total number of Fremantle Ports MSIC processed in 2014-15 was 4,610, with a further 6,267 processed for regional ports in Western Australia.



## OBJECTIVE:

Ensuring sound planning for all aspects of our business, including resources, services and infrastructure

## Key outcomes sought:

- Agreement with government on key aspects of our future business model
- Fremantle Ports is positioned as an organisation focused on trade facilitation and supply chain performance, with flexibility to quickly respond to changing operating environments
- Successful completion of important planning projects critical to our future.

## Rous Head development

The Hon Warren Truss MP, Deputy Prime Minister and Minister for Infrastructure and Regional Development, and WA Transport Minister Dean Nalder attended an event on 10 November 2014 marking completion of roads and other infrastructure works for the Rous Head Industrial Park, the extension of the North Quay Rail Terminal and the construction of a crossing loop at Spearwood.

The two rail projects were jointly funded by the State and Federal Governments at a total cost of \$38.4 million.

The extension of the North Quay Rail Terminal from 400 to 690 metres reduces turnaround time for trains and provides for better interfaces with the container terminals and container parks.

The associated Spearwood crossing loop, which enables freight trains to pass on the rail line connecting the port with the Kewdale/Forrestfield area, increases efficiency and capacity by accommodating more train movements during the day and minimising service delays.

The Rous Head Industrial Park opening signified completion of Fremantle Ports' \$27.2m development of roads and services on 27 hectares of land reclaimed as a result of the 2010 harbour deepening. The new land at Rous Head is being developed for port-related purposes, mostly to support the container trade.

The 60-bay truck marshalling area adjacent to the Caltex truck stop is a vast improvement, reducing truck congestion and providing improved facilities for drivers. Other land uses for the Rous Head Industrial Park include container logistics, storage, short-term warehousing and empty container parks.

The design of the area has improved traffic flows and allowed for the consolidation of some operations onto larger sites.

Leasing within the Rous Head Industrial Park has now been completed and construction on most leases has been completed or is well advanced.



Hon Warren Truss MP (left), Deputy Prime Minister and Minister for Infrastructure and Regional Development and State Transport Minister Hon Dean Nalder MLA opened port infrastructure projects at North Quay in November.



View from DP World's newest portainer crane at North Quay

## Increased private sector participation

At the time of preparation of this report, Fremantle Ports was working closely with the Treasury Department and its asset sales advisers on the provision of information and advice in relation to the proposed divestment of Fremantle Port. Meanwhile, consideration is being given to the next steps on procurement processes for two proposals involving opportunities for private sector development within the port.

One of these explored by Fremantle Ports over the past two years is the potential for private sector development and operation of a dedicated bulk liquids berth at the Kwinana Bulk Jetty. Expressions of interest in this proposal were invited, with a number of preferred proponents identified to progress to RFP stage.

The other proposal is for the development of an automotive and ro-ro (roll-on roll-off) terminal on Victoria Quay to handle the trade in new motor vehicle imports and other non-containerised cargo. A competitive process to appoint an operator for the proposed Victoria Quay Auto RoRo Facility was progressed, with Australian Amalgamated Terminals (AAT) and Wallenius Wilhelmsen Logistics (WWL) progressed to the Request for Proposal (RFP) stage.

## Container stevedoring

The leases for the North Quay container terminals are due to expire in 2017. An Expression of Interest invitation for new leases closed in December 2014. At the time of preparation of this report, the next steps in this process were being considered.

## Landside logistics

### Rail operations

Over the full year, rail's market share of container trade travelling to and from the port was 13 per cent (almost 100,000 TEU), compared with 14 per cent in 2013-14.

Rail volumes were affected by a six-week closure of the Fremantle Rail Bridge to repair damage resulting from a ship impact. The loss of a key client due to a mine closure was another factor.

As well as increasing capacity for handling container trains, the North Quay Rail Terminal works have enabled development of a new entrance from the rail terminal to the Patrick container terminal. This avoids the need for trucks servicing the rail terminal to travel the circuitous route to Patrick via Tydeman Road. The new entry is contributing significantly to rail's operating efficiency. Direct access to the DP World container terminal for both imports and exports is also now possible for the first time.

## Road transport

The annual truck survey carried out in September indicated a slightly higher level of truck productivity (measured as containers per truck movement) than in 2013 but it was still consistent with the relatively static loading picture over recent years. This was one of the main reasons why Fremantle Ports initiated a major review of trucking productivity which was completed earlier this financial year. During the review, Fremantle Ports worked closely with industry through a series of workshops, surveys and focused discussions to identify the primary factors impacting on trucking efficiency and the range of measures needing to be explored to address those issues.

The outcomes of this review have been captured in a major statement of the initiatives which need to be undertaken to improve truck efficiency in the Fremantle container supply chain. The Truck Productivity Improvement Strategy sets out action plans in the key areas of container terminals, empty container parks, supply chain coordination and transport operations.

Fremantle Ports has set up a number of working groups involving industry representatives to carry these actions forward.



**OBJECTIVE:**

Promoting and facilitating trade and business growth opportunities

**Key outcomes sought:**

- Maintaining existing trade and business and capturing new trade and business opportunities
- Improvements in landside logistics performance
- Fremantle Ports' capability as a strategic port manager is strengthened, focused on supply chain performance and valued for its role in trade facilitation.

**WA Port Operations Task Force**

The Task Force is a long-standing forum comprising industry and government agency representatives. Its primary role is to provide an ongoing channel for these parties to identify and examine issues affecting the supply chain and to promote effective solutions. Fremantle Ports assumed the role of hosting and funding the Task Force in 2010.

As in the past few years, Fremantle Ports, through the Task Force, has continued to focus attention on the critical Christmas season to ensure that the peak is handled smoothly. The initiatives developed over the past few years again proved successful, with record trade levels being handled with very few problems in the port and in the rest of the supply chain.

"Chain of Responsibility" was introduced in WA in May 2015. This legislation introduces new requirements on all in the chain to ensure compliance with safety regulations and road laws. Fremantle Ports and the Task Force worked with industry groups to help prepare port carriers for the new regulations. This included conducting a seminar attended by nearly 100 people as well as publications and the launching of a mobile app to assist drivers with their responsibilities.

**Port Community System**

Port Community Systems (PCSs) are well established at many ports around the world. Essentially, they allow supply chain participants to rapidly and securely exchange information through a neutral and open computer system, offering many benefits in speed, accuracy and efficiency to industry. While Australia has many very advanced electronic systems operating in its international trade supply chains, it lacks an overriding, integrated system that a PCS can offer.

Fremantle Ports sees such systems as an inevitable and important part of the future

for Australia and has worked with industry and the other ports to overcome the obstacles (mainly commercial interest) which have hindered progress so far.

During the year, Fremantle Ports organised several events to bring together key industry participants to discuss the potential benefits of a national PCS and map out actions to advance the concept in Australia. Work is also being undertaken with Ports Australia, the Chamber of Commerce and Industry WA and the Australian Logistics Council. These initiatives are very promising and provide a sound launching pad for the future implementation of PCS in Australia.

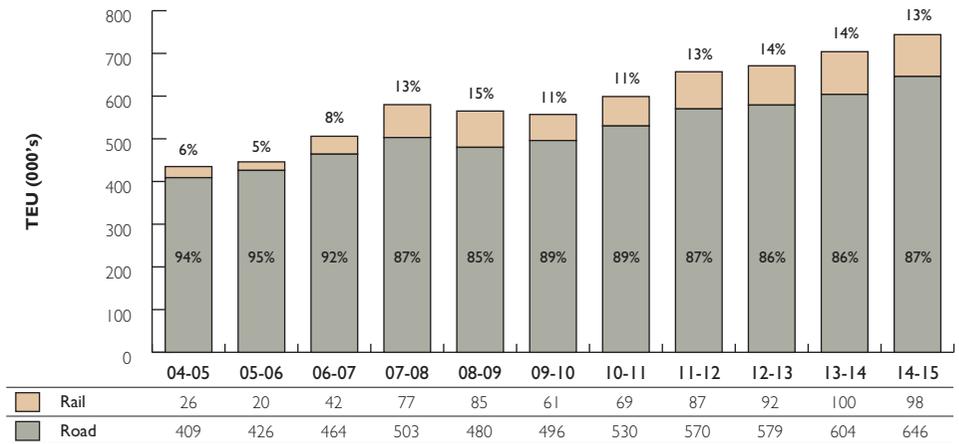


*Fremantle Ports and the WA Port Operations Task Force have promoted solutions to supply chain issues.*



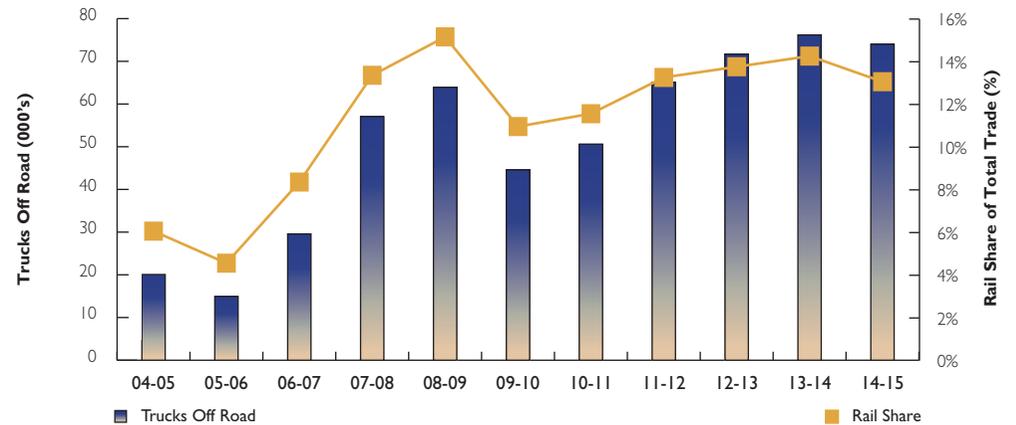
**Marketshare of Containers on Rail**

2004-05 to 2014-15 (TEU)



**Rail Share and Trucks Off Road**

2004-05 to 2014-15





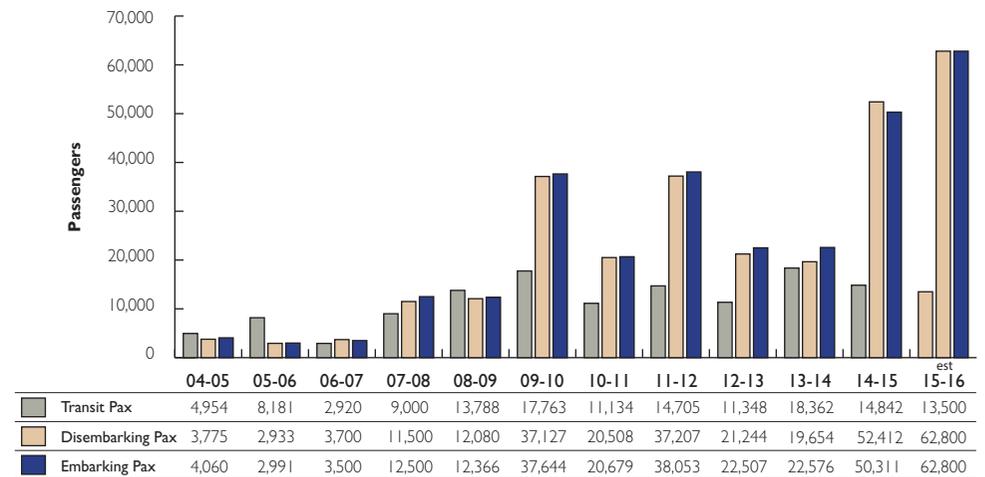
Cruise ship Pacific Jewel

### Monitoring performance and promoting higher standards of service delivery

Recognising that one of its key statutory functions is to facilitate trade, Fremantle Ports has adopted a strategy of seeking to improve supply chain performance through introducing key performance indicators into new leases. These KPIs will enable performance of port service providers to be monitored on a continuous basis. Incentives and penalties will be applied to maintain and, where possible, improve performance.

The Tenant Operating Performance System (TOPS) has been developed to provide an efficient means for collecting, processing and reporting on-site performance against the KPIs. This will enhance Fremantle Ports' ability to monitor and improve performance as well as reducing the workload on tenants needing to supply operating data. This system is now in operation with two sites and will capture additional sites as they come on stream with new leases. Early indications are that tenants are responding positively to the performance requirements of these initiatives.

### Passengers through Fremantle Port 2004-05 to 2015-16 (estimate)

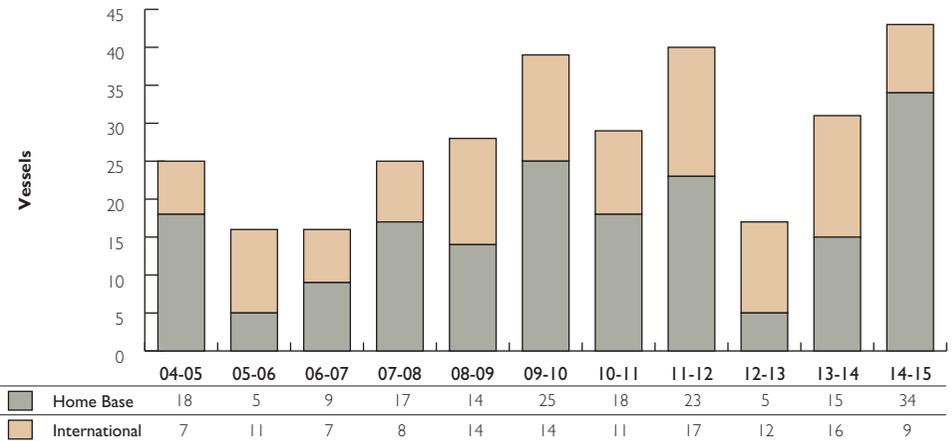




USS Bonhomme Richard arriving in June

## Cruise vessels visiting Fremantle Port

2004-05 to 2014-15



Indian navy ships INS Kamorta (left) and INS Satpura visited in June

## Cruise Shipping

Cruise passenger numbers through Fremantle Port passed the 100,000 figure for the first time in 42 years. A total of 43 cruise ships visits brought a total of 117,565 passengers and 29,943 crew.

The last time the Port of Fremantle passed the 100,000-passenger mark was in 1972-73, when 118,172 passengers came through the port.

Fremantle Port has 56 ship visits scheduled for 2015-16.

## US Navy visitors

United States Navy aircraft carrier USS *Carl Vinson* accompanied by guided missile cruiser USS *Bunker Hill* and guided missile destroyer USS *Gridley* arrived at Fremantle Port on April 26 on a scheduled visit.

The ships, carrying more than 5000 sailors, had recently completed operations in the US 5th Fleet area of operations, which includes the Arabian Gulf, Gulf of Aden, Gulf of Oman and Red Sea. The ships were transiting through the region en route to their homeport of San Diego.



## Victoria Quay Waterfront

### Precinct plans

The three “enabling” precinct plans for the commercial precinct site on Victoria Quay, adjacent Public Transport Authority land around the Fremantle Train Station and the City of Fremantle’s Pioneer Park area have been completed.

An important element to the planning was securing the support of the local community and other key stakeholders. Fremantle Ports, worked collaboratively with the City of Fremantle, the Public Transport Authority, the Department of Planning and the State Heritage Office. Extensive community consultation was undertaken in the planning process.

Fremantle Ports has lodged the commercial precinct and railway precinct plans with the WA Planning Commission for endorsement, with the outcome of this awaited.

The precinct planning over two years was an important step towards revitalising the Victoria Quay Waterfront, connecting the waterfront to the City of Fremantle and delivering the vision for this area as articulated in the *Fremantle Waterfront Masterplan*.

### Night markets

The VQ Night Markets were held over 13 weeks from November to February in and around B Shed. The venue and Latin American theme of Carnivale proved popular, with an average weekly attendance estimated at about 1000 people.

### Parking management

Fremantle Ports called for tenders for the provision of car park management services for the car parks located at the Victoria Quay

Waterfront, South Mole Drive, North Mole Drive, the Fremantle Passenger Terminal and a small area of parking along the seawall at Rous Head. As a result, Wilson Parking is now providing this service under a licence agreement.

There have been no changes to parking limits or fees.

An area of land which Fremantle Ports purchased from the Public Transport Authority has been developed this year for additional car parking and is now in use.

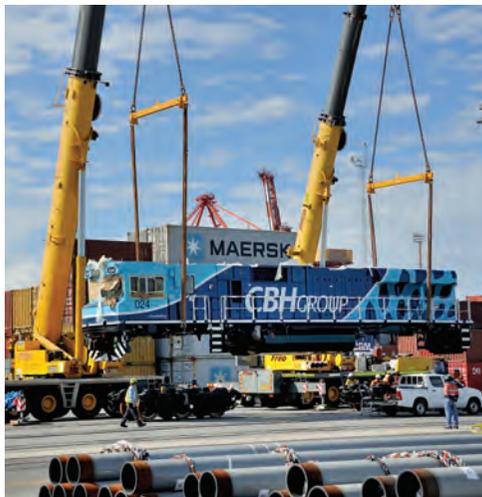
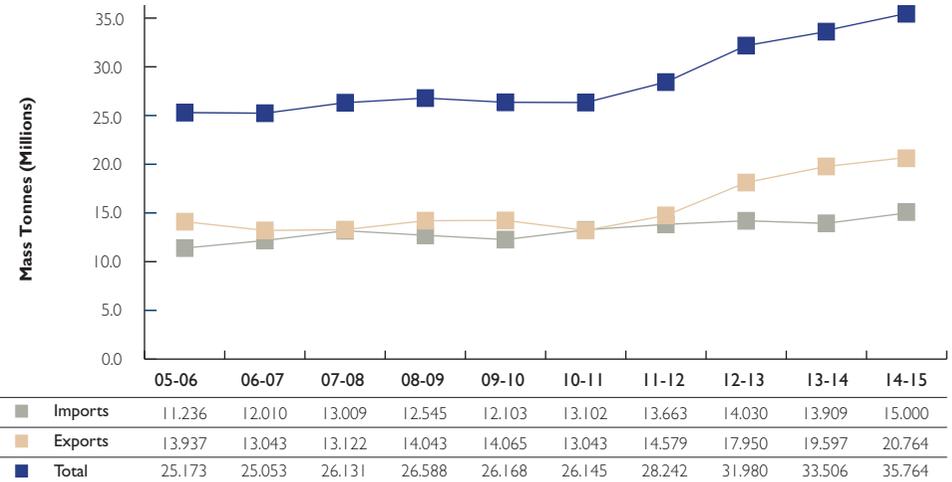


Indicative development within building envelope for the Commercial Precinct



## Total Port Trade

2005-06 to 2014-15



Break-bulk imports included this CBH locomotive

## Trade Results

### Total Trade

Total port trade in 2014-15 increased to 35.7 million tonnes, 6.7 per cent up on the previous financial year. This increase was primarily due to a rise in bulk exports of iron ore and grain in the Outer Harbour as well as an increase in containerised trade in the Inner Harbour.

### Imports

Total imports in 2014-15 increased by 1.09 million tonnes or 7.8 per cent compared to the previous financial year. Imports of bulk cargo increased by 1.06 million tonnes or 10.5 per cent compared to the same period last year. This increase is mainly due to crude petroleum imports increasing by 1.2 million tonnes or 26.1 per cent. Imports of break bulk decreased by 75,424 tonnes or 15.8 per cent. The major break-bulk import commodity affected is ammonium nitrate with nil imports compared to 69,359 tonnes in 2013-14. This is due to the expansion of an ammonia plant in Kwinana where ammonium nitrate is produced and exported.

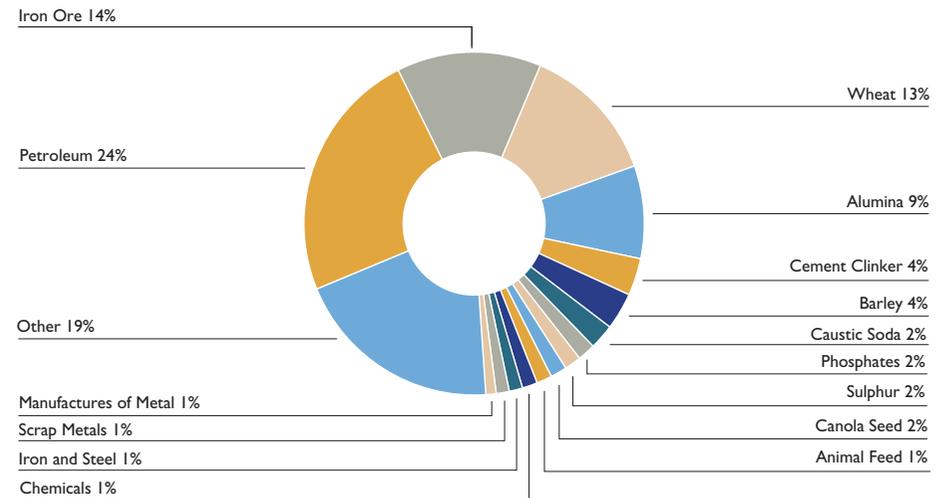
### Exports

Total exports in 2014-15 increased by 1.17 million tonnes or 6.0 per cent compared to same period last year. This was mainly due to bulk exports increasing by 0.99 million tonnes or 6.3 per cent compared to 2013-14. Exports of bulk grain increased to 6.4 million tonnes in the Outer Harbour, up 0.54 million tonnes or 9.3 per cent compared to 2013-14. An increase in bulk iron ore exports also contributed to the increase in total exports. Shipments of iron ore were over 4.9 million tonnes in 2014-15, an increase of 0.35 million tonnes or 7.8 per cent compared to same period last year.



## Principal Commodities

Imports / Exports - 2014-15



MSC Buxcliff, the biggest container ship ever to enter the port, in January

## Container Trade

When compared with 2013-14:

- Total container trade increased by 5.7 per cent. Exports increased by 6.2 per cent and imports increased 5.2 per cent.
- Full container exports increased by 8.0 per cent or 16,458 TEU and full imports increased by 4.4 per cent or 14,917 TEU.

## Break Bulk Cargo

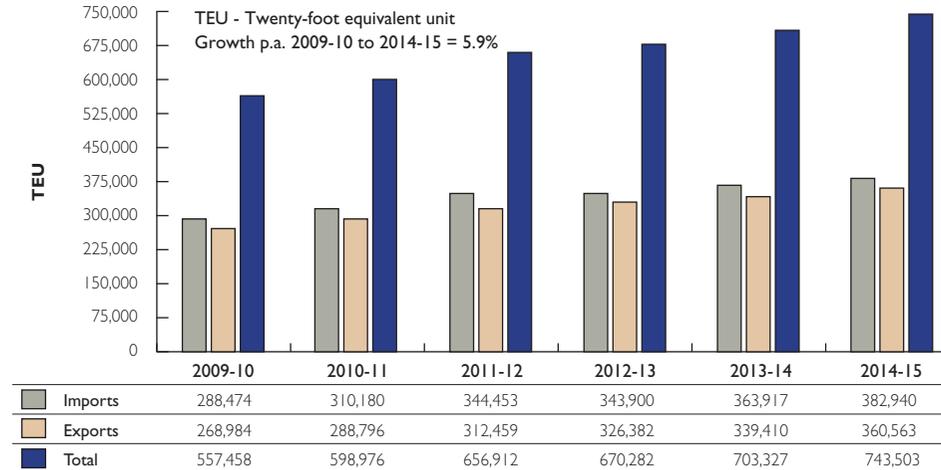
Total throughput of break-bulk cargo in 2014-15 fell by 11.4 per cent compared to the previous year. Inner Harbour break-bulk imports decreased by 1.9 per cent compared to the previous year mainly due to reductions in new motor vehicles and industrial vehicles. Inner Harbour break-bulk exports decreased by 17.6 per cent compared to last year mainly due to a decrease in metal scrap.

- Empty container exports increased by 3.5 per cent and empty imports increased by 17.9 per cent.
- Coastal container throughput increased by 13.4 per cent or 11,239 TEU. Coastal full container throughput totalled 73,877 TEU, an increase of 8.9 per cent.



## Container Trade

Comparison 2009-10 to 2014-15



## TOP TEN CONTAINER TRADING PARTNERS

### Total Full Container Trade (TEU)

COUNTRY	2013-14	2014-15
China	158,607	169,754
Australia	67,695	73,765
Malaysia	30,409	33,879
Japan	33,133	30,968
Thailand	24,050	28,523
South Korea	24,504	27,871
Indonesia	24,100	24,463
United States of America	22,010	20,249
Singapore <sup>(1)</sup>	17,518	19,635
India	11,864	15,251

Top 10 Countries percentage of Total Country Trade	2013-14	2014-15
	75.8%	76.9%

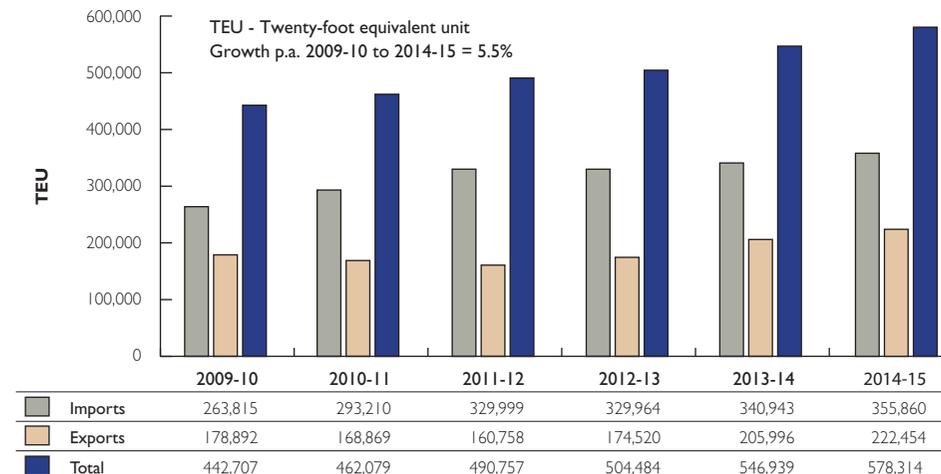
**Excludes all trans-shipment and empty containers**

Note:

(1) Hub Port : May include cargo trans-shipped through Singapore to and from other destinations and origins.

## Full Container Trade

Comparison 2009-10 to 2014-15





Motor vehicle imports decreased by 7.5 per cent

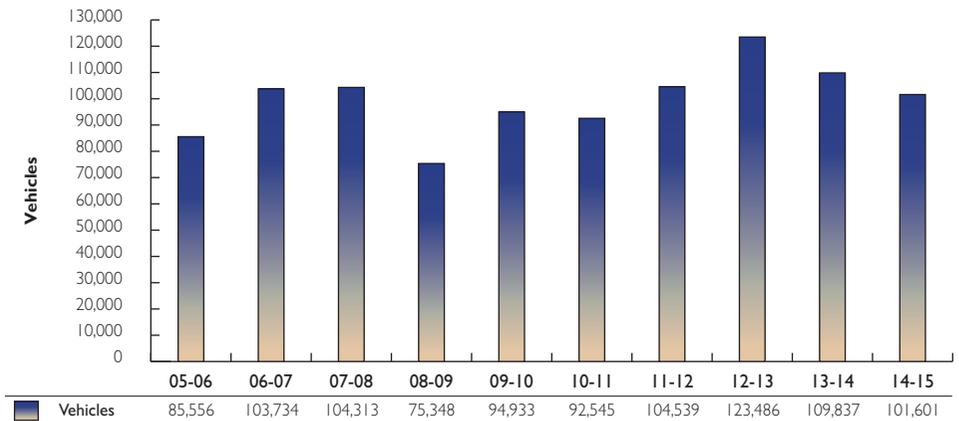
### Motor Vehicles

New motor vehicle imports through Fremantle Port totalled 101,601 units in 2014-15, a decrease of 8,236 units or 7.5 per cent. One of the main reasons for this decline has been a decrease in government and business purchases of new motor vehicles. The combined total of vehicles imported from Japan, Thailand and South Korea makes up 70.5 per cent of total imports. Motor vehicle imports from Japan

have fallen by 1,523 units or 4.7 per cent, Thailand by 4.8 per cent or 1,304 units and South Korea by 11.3 per cent or 1,876 units. Motor vehicle imports from Europe decreased by 2,288 units or 12.7 per cent despite imports from Belgium increasing by 4,323 or 157.7 per cent. New motor vehicle imports from Germany decreased by 4,465 units or 46.8 per cent when compared to 2013-14.

### New Motor Vehicles

Imports 2005-06 to 2014-15

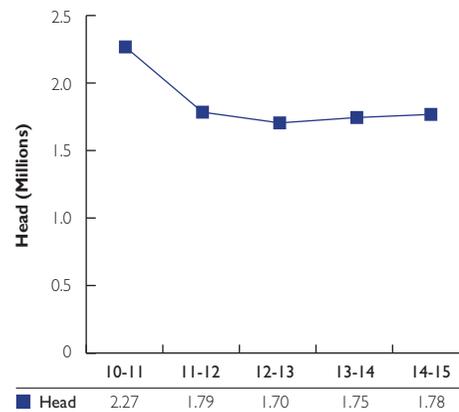




Live sheep exports were up 2.0 per cent.

### Live Sheep Exports

2010-11 to 2014-15



### Live Sheep

Exports of live sheep in 2014-15 totalled 1,780,978 head, an increase of 2.0 per cent compared with 2013-14.

Fremantle Port's share of total Australian live sheep exports was 82 per cent in 2014-15, compared to 84 per cent in 2013-14. The value of live sheep exports through Fremantle Ports in 2014-15 was \$A185 million. Exports from Australia during 2014-15 were 2.18 million head, 7.9 per cent higher than the previous year.

The Middle East was the destination of 93.5 per cent of Australian live sheep exports in 2013-14. Kuwait was the largest export market for Australian live sheep in 2014-15 with 0.62 million head exported, followed by Bahrain, United Arab Emirates, Qatar, Jordan, Oman and Israel.

Source of total Australian live sheep export statistics and value of trade: Australian Bureau of Statistics.

### Live Cattle

Live cattle exports from Fremantle reached 127,248 head in 2014-15, a decrease of 16,010 head or 11.2 per cent on 2013-14. Fremantle Port's share of total Australian live cattle exports was 9.7 per cent in 2014-15. The value of live cattle exports through Fremantle Ports in 2014-15 was \$A120 million.

In 2014-15, the largest export markets served from Fremantle were Israel, Egypt and Indonesia which account for 69.4 per cent of total live cattle exports.

Source of total Australian live cattle export statistics and value of trade: Australian Bureau of Statistics.



### Bulk Cargo

Bulk cargo contributed 27.6 million mass tonnes or 77.3 per cent of total port trade in 2014-15. This was 0.9 per cent higher than last year. Bulk grains and oilseeds exports increased by 0.54 million tonnes or 9.3 per cent and iron ore exports increased by 0.35 million tonnes or 7.8 per cent.

The port's principal bulk cargo, petroleum products, increased by 0.43 million tonnes to 8.6 million mass tonnes in 2014-15 compared to same period last year. Crude petroleum imports were up 1.2 million tonnes or

26.1 per cent compared to 2013-14. Refined petroleum imports decreased by 0.85 million tonnes or 51.6 per cent and refined petroleum exports (including bunkers) increased by 2.6 per cent.

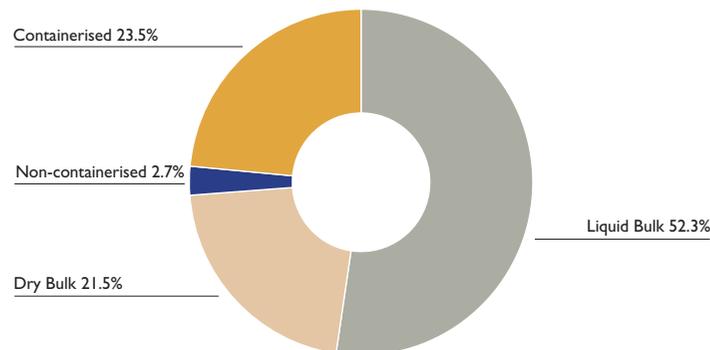
Imports of cement clinker totalled 1.3 million tonnes, an increase of 0.2 million tonnes or 20.0 per cent and fertilisers imports totalled 0.9 million tonnes, an increase of 21.3 per cent when compared to 2013-14.

### TRADE BY CARGO CLASS (MASS TONNES)

CARGO	Imports	Exports
Liquid Bulk	7,849,549	1,946,676
Dry Bulk	3,220,651	14,630,280
Non-Containerised	402,858	479,653
Containerised	3,526,571	3,707,908
<b>Total</b>	<b>14,999,629</b>	<b>20,764,517</b>

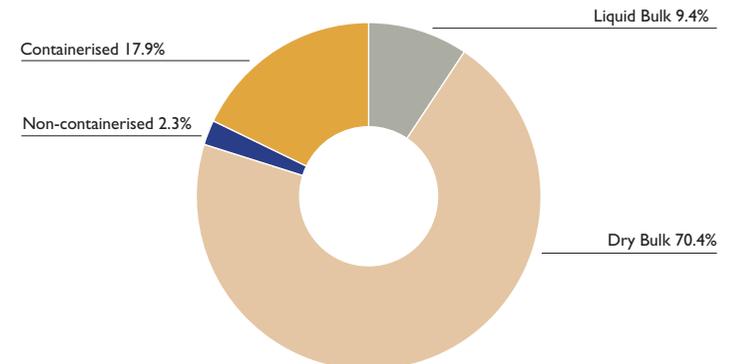
### Trade by Cargo Class

Imports 2014-15 (mass tonnes)



### Trade by Cargo Class

Exports 2014-15 (mass tonnes)





### Major Overseas Trading Regions

Trade with East, South East and Southern Asia amounted to 64.4 per cent of total port trade in 2014-15. This was 0.8 percentage points higher than 2013-14. Over the period 2003-04 to 2014-15, trade with East, South East and Southern Asia has grown at a rate of 6.4 per cent annually. Trade with East Asia increased by 7.4 per cent compared to last year mainly due to an increase in trade with China and Japan. South East Asia trade has increased by 7.7 per cent mainly due to trade with Indonesia and Malaysia.

Australian coastal cargo accounts for 10.6 per cent of total port trade, the Middle East 14.9 per cent, North America 3.6 per cent, UK and Europe 3.0 per cent and Africa 1.4 per cent. A cautionary note is that some of these figures could be deflated because of trans-shipments through Singapore. (A graphical presentation showing the link with world trade is shown in the appendix of Statistical Information).

### Outlook

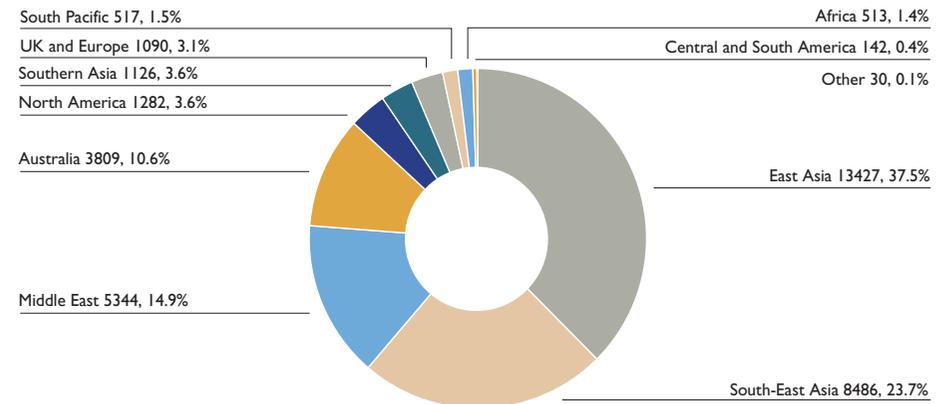
#### Treasury Projections

The Western Australian economy has expanded significantly in recent years, driven by a rapid increase in business investment, which also provided the building blocks for exports to drive future growth.

The economic outlook is now being shaped by a normalisation of investment from historically high levels, with business investment expected to decline across the budget period towards its historical share of total output (around 16 per cent).

### Principal Areas of Trade

2014-15 Mass Tonnes (000's)





Container ship SC Mara at North Quay

As the economy continues into the export-driven phase, Gross State Product (GSP) growth is expected to slow to just 2 per cent in 2015-16, before lifting to 3.5 per cent in 2016-17 and stabilising at 2.75 per cent per annum thereafter. The decline in business investment is expected to impact on other key areas of the domestic economy in the short term, with State Final Demand (SFD) forecast to contract over 2014-15 and 2015-16.

Substantial declines in the price of iron ore and crude oil have led to a significant weakening in the terms of trade. The lower commodity prices are also resulting in substantially weaker government revenue and a reduction in revenue for mineral and energy producers (leading to cost cutting and flowing through to lower growth in household incomes). The subsequent impact on household and business behaviour is contributing to softer conditions in the domestic economy.

*Data: Government of WA 2014-2015 Budget, Economic and Fiscal Outlook, Budget Paper No. 3*

### Trade Outlook for 2015-16

Fremantle's total full container trade increased by 5.7 per cent in 2014-15. Full container imports in 2014-15 increased by 4.4 per cent. The growth in full imports

in the first six months of the financial year was higher by 14.3 per cent than the last six months. This is common each year due to greater demand for goods leading up to the Christmas holiday period.

Full container exports were up by 8.0 per cent when compared to 2013-14, mainly due to the rise in grain, mineral sands and hay. The export of project cargo to the North West of the State for the Gorgon Project has also contributed to the increase. The total container throughput in 2015-16 is forecast to increase by 4.0 per cent.

New motor vehicle imports into Fremantle Port decreased by 7.5 per cent in 2014-15 compared to 2013-14 mainly due to the fall in government and business commercial car sales. In 2015-16 an increase in sales of passenger and SUV vehicles is expected in Western Australia and imports are forecast to strengthen by 2.0 per cent.

Fremantle Ports' Kwinana Bulk Jetty and Kwinana Bulk Terminal bulk cargo tonnages represent around 31.2 per cent of total port bulk cargo volumes. Total trade at Kwinana Bulk Jetty increased by 29.0 per cent to 2.6 million tonnes in 2014-15. The increase was mainly due to the commencement of cement clinker imports of 0.3 million tonnes. Other contributing commodities to increase were imports of ammonia and fertilisers increasing by 127.2 per cent or 0.13 million

tonnes and 21.3 per cent or 0.15 million tonnes respectively. Trade throughput at Kwinana Bulk Jetty is forecast to be similar to 2014-15 or around 2.5 million tonnes.

The total trade throughput at Kwinana Bulk Terminal increased by 0.3 million tonnes or 5.8 per cent to 6.1 million tonnes in 2014-15, mainly due to increases in iron ore exports. Similar trade levels are expected in 2015-16.

Petroleum product, Fremantle Port's major bulk commodity, is forecast to be around 8.2 million tonnes in 2015-16, and dry bulk alumina exports are expected to remain at levels similar to 2014-15 or 3.1 million tonnes.

Exports of grains from Co-operative Bulk Handling's Kwinana terminal reached 6.4 million tonnes in 2014-15, an increase of 0.5 million tonnes compared to 2013-14. Over the past three years, the crop harvest has been robust with average monthly shipments of grain from CBH in Kwinana of 0.48 million tonnes. This season initial grain forecasts have increased due to recent significant rainfall, though further rainfall in spring is critical to the overall harvest outcome. Fremantle Ports forecasts that bulk grain exports in 2015-16 will be about 5.4 million tonnes.



## OBJECTIVE:

Ensuring appropriate and cost-effective resources, processes and systems to support service delivery

## Key outcomes sought:

- Support services focused on improvements in service delivery and organisational culture

## Our People

### Staffing

Fremantle Ports' full-time equivalent employees total at 30 June 2015 was 322, compared with 321 last year. The natural attrition rate was 2.8 per cent and resignations comprised 2.8 per cent. The total attrition rate was 5.6 per cent.

### Organisational capability, development and growth

Fremantle Ports continues to strive to be a high-performance organisation with valuable support from its teams and a positive, constructive culture.

Among key drivers for *Our People Plan* initiatives during the year were workplace safety, skills and development and strengthening personal and business resilience.

With the continued focus on building capacity in our workforce, a refined leadership development and extension program is underway. In keeping abreast of emerging and contemporary training, components of this program include, among others, neuroscience of leadership, critical thinking, self leadership, emotional and social intelligence, innovation and positive psychology.

Graduates from a facilitation-training program in 2014 are now being extended with facilitation masterclasses. Our increased understanding of brain science, embedded creative thinking and up-skilling in facilitation are aimed at achieving an innovative approach to decision making, problem solving and selecting teams.

Fremantle Ports' collaboration with a number of external organisations continues to promote an increased focus on women in leadership. The National Association of Women in Operations (NAWO), Women's International Shipping and Trade Association (WISTA) and the local Kwinana Industries Council women's networks offer regular networking, learning and mentoring opportunities.

### Employee relations

Focus on our people and their well-being continues to be a priority as Fremantle Ports supports the Department of Treasury and its lead advisers on the due diligence process relating to the State Government's intention to pursue divestment of Fremantle Port through a long-term lease.

Negotiations have been underway for the replacement of the Maritime Services Agreement which expired in June 2015.

Planning will also start for the Bulk and General Stevedoring Enterprise Agreement and the Operations and Services Enterprise Agreement due to expire in mid-2016.

### Health, wellness and behavioural expectations

Fremantle Ports' Health and Wellness Program aims to support the mental, physical and emotional health of all employees. Continuing programs include heart, skin cancer and eye checks, flu and whooping cough vaccinations, superannuation information on retirement planning and first aid training for employees and their immediate families.

Fremantle Ports continues to offer a confidential employee assistance program for employees and their immediate family members experiencing personal problems.

The *Code of Conduct* was reviewed during the year and updated. Awareness programs reinforced corporate values and policies relating to anti-discrimination, bullying and harassment. There was a continuing focus on vital behaviours at branch and operational levels.

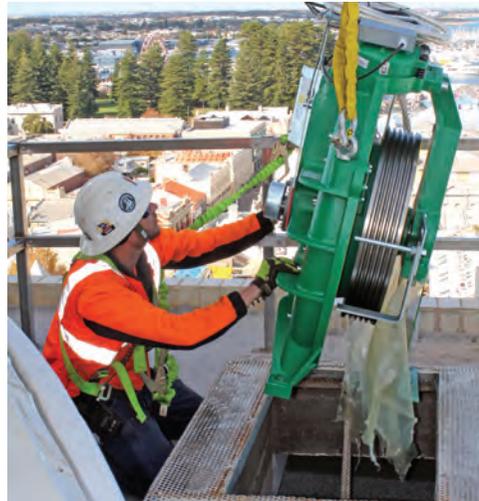
Drug and alcohol testing was extended to include random testing.



## *Work experience, traineeships, and education support*

Fremantle Ports has recently implemented a revised traineeship policy and guidelines covering work experience, traineeships and education support. During the past year, 16 work experience placements were hosted and more than 120 students participated in gaining an understanding of Fremantle Ports' operations and career opportunities in the maritime industry.

Fremantle Ports is involved with various educational institutions, including actively participating in the Kwinana Industry Council's iWomen, iMen, iDiversity and iScience education partnership programs.



*A new administration building lift motor being manoeuvred into place*

## **Occupational Safety, Health and Injury Management**

### *Safety for Life*

Fremantle Ports integrates safety into all facets of its operation. It is committed through its *Safety for Life* program to providing a safe and healthy environment for its employees, contractors and visitors in a workplace which, by its nature, contains numerous potential hazards. The organisation has clear safety targets, with the ultimate aim of no injury, no harm and no damage.

The Board and Executive take a strong leadership role to ensure a clear focus remains on achieving a safe workplace; incident reports have continued to be on the agenda for every Board meeting. Consultation and communication with staff and contractors are priorities and are supported by regular reports and stand-alone pages in the monthly staff newsletter.

The ongoing commitment to excellence in safety has enabled the organisation to maintain its certification to the AS/NZS 4801 OSH Management System for 12 continuous years through the external certification body, SAI Global. In the most recent assessment in May 2015, the auditor noted there was strong evidence of ongoing improvements to Fremantle Ports' safety processes.

### *A strategic approach*

Fremantle Ports takes a strategic approach towards maintaining the health of its employees and contractors. Key strategies in 2014-15 included reviewing the safety policy against best practice and legal requirements, continuing to develop a safety culture, ensuring effective safety leadership through increased accountability and inspections, reviewing and implementing the most effective management systems, implementing sound training and communication programs, improving the safety risk management system and measuring ongoing safety behaviour and initiatives.

Fremantle Ports believes that interpersonal communication is the most effective way to educate and consult employees about safety. Monthly Occupational Safety and Health Committee meetings with employee representatives focus on reviewing hazards, incident reports and injury management, and there is a regular program of Board and management visits to workplaces.



Executive staff regularly visit site works to discuss safety.

## Safety highlights

### Permit to Work system

A strategy to employ students from Curtin University to apply the latest safety concepts in the workplace led to improved take-up of the Outer Harbour Permit to Work system. Because of the difficulties in accessing staff working shifts in a 24-hour environment, the students worked all business hours to ensure full coverage. The success of the Outer Harbour Permit to Work system was noted in the SAI Global report.

### Critical Risk Standards

Fremantle Ports has developed six Critical Risk Standards for situations or activities that entail a risk of severe injury or death: pedestrians, mobile equipment, load handling, working at heights, vessel operations and isolations. Staff presentations have been developed for each Critical Risk Standard, highlighting the risks and demonstrating appropriate methods to manage them. The presentations are being delivered by supervisors or safety and health representatives in toolbox meetings and team safety meetings.

At the Kwinana Bulk Terminal, short safety presentations were specifically targeted at a workplace issue that then became the focus for Friday morning pre-start and team safety meetings, and the safety topic for the week. This initiative achieved positive

responses because of its direct focus before work on issues people faced each day. Fremantle Ports also used a series of DVD presentations that communicated short safety messages, enabling training to be delivered in concentrated bursts that catered for shift work over a 24-hour timeframe.

### Asbestos awareness

Due to the presence of asbestos products within some ageing infrastructure, affected employees and contractors have been trained to identify asbestos material and how to manage associated work. An Auditor General's process audit on asbestos management found that Fremantle Ports was compliant with best practice management for government utilities.

### Job analysis and risk assessment awareness

A job analysis training package was developed to help staff understand the correct way to analyse a task and to manage the risks associated with it. Awareness sessions were conducted in the Outer Harbour, with participants completing a job analysis form for activities for which no procedure existed. Current procedures were updated and new ones developed to ensure all standard activities were covered. Following its success in Kwinana, this training package is being introduced at the Inner Harbour.

### Management commitment to safe behaviours

The Board, Executive and Managers of Fremantle Ports conducted regular safety audits in worksites through a program requiring onsite safety interactions with operational personnel and contractors. Safe behaviour was enhanced through engaging with workers and becoming familiar with the nature and detail of work in the port. Executive and Board members gained a better understanding of the real issues that can affect workers, including critical risk activities. Participants were expected to act if they saw a hazard or a person at risk, and to recognise good safety performance and standards. These inspections did not replace other inspection regimes at the port. The SAI Global report made specific mention of senior management's strong commitment to the safety management system and its continual improvement.

### Portable lock-out board

With isolations regarded as a critical risk, new safety equipment proved its value during a four-day shutdown at the Kwinana Bulk Terminal in November. The portable, master lock-out board is used during maintenance shutdowns of complex worksites and is effective where there are numerous tasks and different groups working in the same area. During the Kwinana shutdown, eight different contracting companies were working on



the jetty, undertaking a variety of complex maintenance activities. The portable board was located at the worksite where it was easily accessible to all groups working in the area. Each isolation was clearly visible and provided an easy way to ensure everyone working in the area was properly tagged on or tagged off. Previously, each work group undertaking a different task had to go to the Permit Management Office for an individual lock-box, then tag on and apply locks before starting work.

### Changes to Dangerous Goods Safety Regulations

In 2014, the *Dangerous Goods Safety (Goods in Ports) Regulations 2007* were repealed and the regulations relating to Dangerous Goods in Ports were transferred to the *Dangerous Goods Safety (Storage and Handling of Non-explosives) Regulations 2007*. Fremantle Ports revised its requirements for handling ammonium nitrate in line with regulatory changes, and assisted berth operators to comply with the new regulations.

### Reduction in lost-time injuries

Fremantle Ports recorded nine lost-time injuries in the period compared with 16 in the 2012-13 period, with the corresponding LTIFR (lost-time injury frequency rate per million hours worked) falling to 10.9 compared with 18.4. The organisation will maintain its focus on developing its safety culture and leadership to further drive down lost-time injuries.

Fremantle Ports complies with the injury management requirements of the *Workers Compensation and Injury Act 1981*, including the development of return to work plans.

Measure	Actual results		Results against target	
	2012-13	2014-15	Target	Comment on result
Number of fatalities	0	0	0	Target achieved
Lost-time injury and/or disease incidence rate*	18.4	10.9	0 or 10% reduction	Target achieved
Lost-time injury and/or disease severity rate	12.5	0	0 or 10% reduction	Target achieved
Percentage of injured workers returned to work:				
(i) within 13 weeks	56%	86%	Not applicable	
(ii) within 26 weeks	75%	86%	Greater than or equal to 80%	Target achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	90%	85%	Greater than or equal to 80%	Target achieved

\* Rate based on injuries 'occurring in the year' and 'million hours worked'.



## Information systems and technology

The focus this year was to significantly enhance the robustness, security, stability, user experience and sustainability of our information technology systems. Other achievements were aimed at supporting business growth associated with the expanded commercial use of reclaimed land at Rous Head, upgrade of the electricity supply infrastructure, landside logistics initiatives and strengthened information communication technology governance.

An upgraded Voyager Port Management System went live at the end of the June. Voyager is a notification system where shipping agents enter information about vessel particulars and requirements, such as berthing, tugs, mooring, garbage disposal, water, vessel work or the need for lifeboat drills. The upgrade included new web client functionality with significantly improved user experience, close integration with marine operations systems and implementation of a seven-year renewal of the support and maintenance agreement. This agreement provides for selected, additional functionality in future without further licensing costs.

A mobile app developed in house to provide information to container transport company truck operators on the new Chain of Responsibility legislation requirements has proved its worth. By the end of June, more than half the 500 truck drivers who service the port had downloaded it. We now have mobile application development capabilities for more mobile applications, when required by the business.

There was continued work on a corporate project register to provide a robust and value-adding systems capability to directly support good project governance across the business. This gives increased visibility of progress on project development stages and associated approvals. The register will enable managers to prioritise and allocate project funds and resources much more effectively.

A new corporate budgeting system is in production and will be in full use for the 2015-16 budgeting process. This system facilitates budgetary planning and preparation with much-reduced reliance on Excel-based budgeting processes, reducing the risk of errors from the use of numerous Excel spreadsheets and external links. It also facilitates the timely revision of budget

outputs in response to changes in underlying budget parameters and assumptions.

There were further enhancements to the land management, invoicing and Maritime Security Identification Card systems. Work is in progress on an interface between the corporate financial accounting system Prophecy and a new energy management system. The design phase was initiated to replace the Meter system, which invoices customers for electricity usage. The interface will also enable provision of value-added information to customers. Enhancements were also made to Prophecy to bring it up to the latest version of the software and database.

There was continued work on a geospatial information system pilot project that will initially cater for property management.

Database and middleware technology platform upgrades and replacements were either completed or initiated to ensure the ongoing maintainability and sustainability of the software and hardware technology platforms that underpin our critical systems.



**OBJECTIVE:**

Ensuring business sustainability through our excellent performance throughout the organisation, innovation, business improvement and community and stakeholder engagement

**Key outcomes sought:**

- Government financial targets are met
- Improved safety and environmental performance
- Improved stakeholder and community support
- A strong level of community subscription and support for the strategic challenges facing the port is developed over time.

**Safety, Environmental and Quality (SEQ) Certification Audits**

Annual external audits of our Safety, Environmental and, Quality management systems continue to confirm Fremantle Ports' certification to the internationally recognised Standards ISO 14001, AS/NZS4801 and ISO9001. The most recent audit was successfully completed in May 2015. The audit findings will continue to be used to drive environmental improvements across the organisation.



Water quality sampling

**Environmental management**

Fremantle Ports' approach to environmental management is set out in its environmental management system (EMS), which identifies environmental risks within the port area and the controls that are required to protect the environment. This ISO 14001-certified EMS is a key tool used for managing environmental risks and driving continual improvement in environmental performance.

Regular surveillance audits are undertaken to ensure the EMS's continued effectiveness.

A marine quality monitoring program remains in place to ensure that the general quality of waters in the Inner and Outer Harbours remains very good. The ongoing results provide useful background data to establish trends and patterns over time, and also to compare against increasingly regulated marine quality standards and frameworks. The results also contribute to the ongoing monitoring of Cockburn Sound through the Cockburn Sound Management Council.

The 2014 marine quality monitoring results generally show that port-related activities are not negatively impacting the marine

environment. Further investigations of Tributyltin (TBT) in sediment at Kwinana Bulk Terminal found that the elevated level detected in 2013 was an isolated occurrence. The source of elevated copper levels in sediment and water in Rous Head harbour has been identified and remedial works are planned for 2015.

Preliminary site investigations of all port land areas have been undertaken and six sites have been selected for further assessment to ensure compliance with the *Contaminated Sites Act 2003* (WA), with three sites each in the Inner and Outer harbours. If required, site management plans will be developed with provision for any possible remediation works in future.

Independent audits are undertaken annually to ensure compliance with the environmental licences at Kwinana Bulk Terminal and Kwinana Bulk Jetty. The 2014-15 audit found full compliance of all four licence conditions at KBT. There was full compliance with 19 licence conditions at Kwinana Bulk Jetty but one area of concern relating to maintenance on a conveyor system. This is being addressed.



### Monitoring introduced marine pests

The introduction and spread of marine pests in Western Australian waters poses a serious threat to native biodiversity and can have significant socio-economic effects. Fremantle Ports has been supporting research into unwanted aquatic species since 2000 and continues to be involved in monitoring being led by the WA Department of Fisheries. The aim is early detection of invasion using a range of sampling methodologies.

During 2014-15, sampling was undertaken at several sites within Fremantle Port waters. Two target species were detected: the highly effective and now widely distributed marine fouler *Didemnum perlucidum* (a white sea squirt) and the Asian bag mussel *Arcuatula senhousia* which competes with native species for food and habitat and has been previously recorded in the Swan River.



Fairy terns nested at the breeding sanctuary.

### Fairy tern nesting sanctuary

A fairy tern breeding sanctuary created by Fremantle Ports at Rous Head attracted around 70 pairs in late November for the breeding season which extended to March.

In advance of the breeding season, Fremantle Ports set aside about 3400 square metres at the northern end of Rous Head to create the fairy tern nesting sanctuary.

Fairy terns are classified as a vulnerable species. To provide the best chance for a successful colony to establish and protect these little birds from disturbance, the site was elevated away from port activities, positioned with open views to the ocean and covered with a shelly sand layer, providing the conditions favoured by fairy terns to make their scrape (nest). The aim was to establish a viable habitat for the fairy terns that could be managed and sustained into the future.

Fremantle Ports consulted with the Australian Department of the Environment, the WA Department of Parks and Wildlife, the WA Museum, Birdlife Australia and local community stakeholders on various aspects of the sanctuary.

To further encourage the fairy terns to nest on the site, Fremantle Ports commissioned the production of some realistic scale models of the birds. The models were made at O'Connor by a local moulding firm, painted at the Fremantle Men's Community Shed and positioned within the sanctuary. In thanks for

the help given, Fremantle Ports has donated a sea container to the men's shed for storing equipment.

### Tackling a big problem

Fremantle Ports is participating in the Department of Parks and Wildlife fishing line bin project. Six "Reel It In" bins have been erected at sites on Victoria Quay and the North and South Moles.

Many fishers are now using the bins to deposit discarded lines and tackle, thus reducing the entanglement risks for dolphins and waterbirds.



"Reel It In" bins for fishing detritus were installed around the port.



Fuel consumption on pilot boats has been significantly reduced.

## Business improvement and excellence

Fremantle Ports achieved a Gold Award under the rigorous Australian Business Excellence Framework in 2007 and continues to apply the framework as part of its normal business practices. Achievements this year have included among others:

- retention of certification to international standards for safety, environmental and quality management, following independent annual audits of systems
- realisation of almost 200 improvements across the organisation (of which 41 were identified as being creative or innovative)
- review and improvement of our most important critical processes and key performance indicators which link to the corporate strategic plan and corporate scorecard
- ongoing value chain analysis with major customers
- identification, prioritisation, actioning, review and promotion of business improvement initiatives across divisions, and
- deployment of our corporate strategy for creativity and innovation based on a best practice model.

## Small improvement yields big results

A minor change to the operation of the port's pilot boats, by governing the engines to work at a maximum of 80 per cent load, achieved a significant reduction in fuel consumption with estimated cost saving in the vicinity of \$200,000 annually. With a small drop in overall top speed the boats were able to meet schedules with just minor changes to pilot departure times. Environmental emissions, engine wear and vessel downtime were reduced, with minimal impact on services.

## Valuing our Community

A good relationship with the community is important for Fremantle Ports' success as a business and our sustainability as a working port. We engage with the community through the annual port open day, community liaison groups, and support and involvement in a wide range of organisations and educational institutions.

The Fremantle Ports Inner Harbour Community Liaison Group met four times during the reporting period. The group has more than 30 members who represent a wide range of community groups and precinct areas. Information and views are exchanged to help with mutual understanding of priorities. This knowledge is taken into account in strategic planning.

Fremantle Ports provides monetary and in-kind sponsorship for a wide range of community organisations in the Inner and Outer Harbour areas. The support reflects Fremantle Ports' priorities and values as well as community priorities identified through annual surveying and other consultation.

## Community support and events

Hundreds of people turned up to the free proms concert by the Fremantle Chamber Orchestra in April. Sponsored by Fremantle Ports, the concert featured opera, world music and classical favourites.

Fremantle Ports was the anchor sponsor for the 10th year for the Fremantle Dockers Starlight Purple Haze Game and its associated fundraising. An amount of \$156,732 was raised for the Starlight Children's Foundation. Starlight works to improve the quality of lives of seriously ill and hospitalised children and their families. During the April school holidays, 40 children were sponsored to attend a football skills clinic with the Fremantle Dockers.

Other sponsorships and support included the Fremantle Festival, the Kwinana Festival, the Rockingham Community Fair, the Fremantle Heritage Festival, the Fremantle Street Arts Festival, foreshore sculpture events in Fremantle and Rockingham, open-water swimming events the Fremantle Ports Swim Thru and the Coogee Jetty-to-Jetty Swim, and business awards in Rockingham and Fremantle.



For the second year, Fremantle Ports was a supporter of the Fremantle Foundation's Impact 100 fundraising initiative. The 2014 theme was mental wellbeing and homelessness with FORM's 100 Hampton Road project winning the "game-changing" \$100,000 grant.

Fremantle Ports sponsored Surf Lifesaving WA's Life Skills for Life program in local schools. Also, four high-quality rescue boards were provided for Coogee, Fremantle, Cottesloe and North Cottesloe surf lifesaving clubs. Sea containers were purchased for the RSPCA and the Fremantle Men's Community Shed for storage purposes.



Rescue boards were provided for four surf lifesaving clubs.

**Port events**

A commemoration ceremony was held at Victoria Quay on 31 October for the centenary of the Fremantle departure of two ships that took troops to Gallipoli. Albany was the point of departure for Gallipoli for New Zealand and Australian troops from other States and Territories but most of the Western Australian troops in that first embarkation and a contingent of South Australian troops departed from Fremantle Port on 31 October 1914 on the ships *Medic* and *Ascanius*. Fremantle Ports provided an historic photographic display on the port in wartime in B Shed for the public.

Thousands of people made their way to the sixth Fremantle Ports Maritime Day on

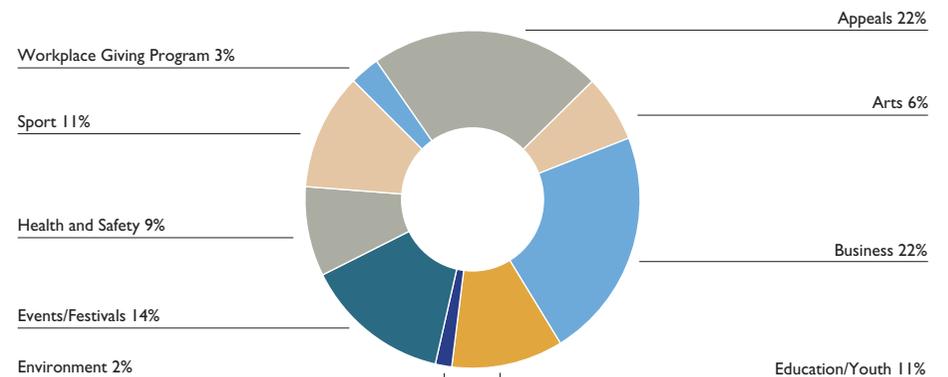
Saturday 8 November to tour a range of ships and boats, including naval frigates HMAS *Arunta* and HMNZS *Te Kaha*, sample food from a cook-off, view historical port photos, visit information booths and watch the Fremantle Harbour Classic Yacht Race.



Remembrance poppies at Fremantle Ports Maritime Day

**Community Sponsorship**

2014-15





Installing acoustic recording equipment for dolphin research at the pilot boat jetty

### Environmental research

Support continued into a fourth year for the Coastal and Estuarine Dolphin Project, a collaborative project between Murdoch and Curtin universities that will help ensure the long-term conservation of bottlenose dolphins in Perth metropolitan waters. Help was given to a PhD student studying dolphins in noisy environments to set up an acoustic recording site at the pilot boat jetty. For a third year, support was provided to Murdoch University for research into Little Penguins.

### Volunteering and workplace giving

A workplace giving program resulted in almost \$20,000 being donated to the Disabled Surfers Association, with Fremantle Ports matching donations raised through payroll contributions. A workplace volunteering program provided opportunities for staff to volunteer for two days each per year at nominated charities. Volunteers from Fremantle Ports made their contribution on Anzac Day, laying wreaths at Fremantle, North Fremantle and Rockingham, and providing flags to spectators at the Fremantle march.

### Education support

As a lead-in to Maritime Day, Fremantle Ports hosted an inaugural careers advice event on 7 November. Careers counsellors and teachers from 32 schools in the metropolitan area heard presentations

from representatives of Fremantle Ports, Australian Maritime Safety Authority, the Australian Maritime College, Company of Master Mariners of Australia, Defence Force Recruiting, TAMS Group and Leeuwin Ocean Adventure.

Career discussions and tours on an emergency boat were some of the activities arranged by Fremantle Ports through the Kwinana Industries Council for groups of Year 10 students from a range of schools in the Kwinana, Rockingham and Cockburn areas. The three groups were female students (iWomen), educational support students (iDiversity) and male students (iMen). The programs were designed and delivered to provide awareness and career horizon expansion for selected students.

More than 3000 primary school students from 14 schools in the Fremantle region were entertained and educated by a variety of Musica Viva musical performances in 2014 thanks to Fremantle Ports. Five schools (Fremantle, North Fremantle, Hilton and Phoenix primary schools and Lance Holt School) were also able to participate in Musica Viva's highly acclaimed Live Music Plus Education Program.

Fremantle Ports was a major sponsor of the 2014 Kids Teaching Kids International Conference on the theme Coast, Climate and Communities. This award-winning youth and community engagement program

focused on exploring and learning about coastal and climate-related topics such as natural resource management, estuary health, marine science, sustainable fishing, integrated catchment management and climate change. Support was also provided for a student group from Hillman Primary School to participate in the conference, with an opportunity to present to Fremantle Ports staff a few weeks beforehand to improve their communication skills.

Other student groups that visited were from All Saints College, Clontarf Carnarvon Academy, Lance Holt School, Curtin University and Edith Cowan University.

The Paraplegic Benefit Fund provided 13 Fremantle Ports-sponsored PBF Aquatic Safety Presentations to schools in local areas, including Southwell, Charterhouse, St Vincent's, Richmond and Atwell primary schools, and South Fremantle Senior High School.

Fremantle Ports continued to sponsor a "Discover Your Potential" scholarship for Murdoch University's Rockingham campus, student scholarships at Gilmore College and Rockingham Senior High School, achievement awards for students completing Curtin University's Aboriginal Bridging Course and an achievement award at Challenger Institute of Technology. Support was provided for a Whadjuk Noongar Indigenous History Project at Hamilton Senior High School.



### Complaints Management

Fremantle Ports received 78 complaints this year, slightly down from last year with 84. Complaints were diverse and while some were resolved quickly, others required investigation and action.

Vehicle traffic complaints increased from 14 to 24. Six were related to paid public parking on Victoria Quay, two in relation to adjustments required (and subsequently attended to) for new traffic lights in Tydeman Road, North Fremantle, and nine to delays for trucks at a container park.

In February 2015 there were nine complaints from trucking companies about lengthy truck

waiting times at a North Fremantle empty container park. This park has now closed and in July 2015 the container park operator opened a specifically designed container park on land at the Rous Head Industrial Park. The new lease agreements for Rous Head container parks incorporate KPIs, including monitoring of truck turnaround times.

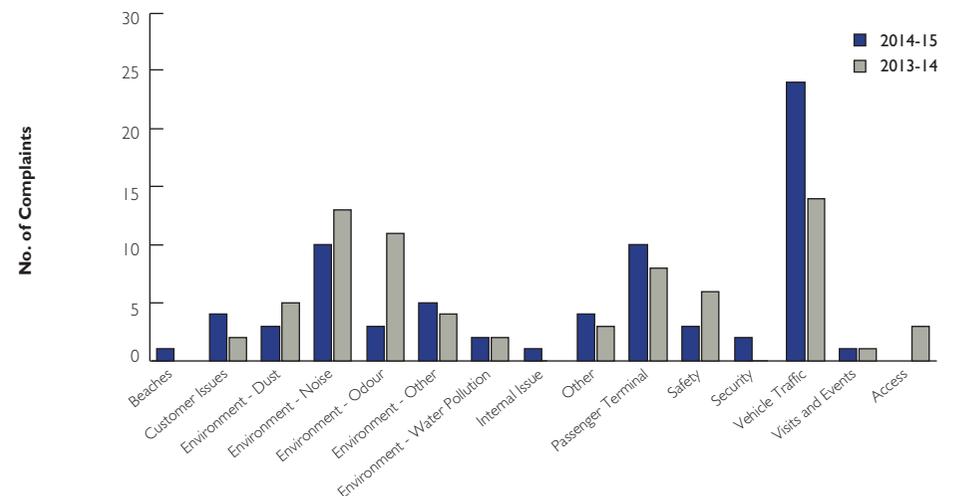
The new parking management contractor in the port area installed new machines requiring people to enter vehicle registration numbers, with the parking procedure listed at each parking machine. There were no changes to time limits, costs or ACROD parking bays. The six complaints mostly resulted from people objecting to having

to enter registration numbers, misreading information or disquiet from seeing parking inspectors issuing fines for overstaying.

A complaint in August 2014 related to cars parked on the dual-use path along Port Beach Road, Rous Head and adjacent to Sandtracks Beach. The parked cars were forcing cyclists using the path onto the road to face oncoming traffic, including trucks. As this section of the dual-use path was under the City of Fremantle's jurisdiction, Fremantle Ports met with City officers onsite to discuss how the problem could be addressed. Within a month of the complaint, multiple signs had been erected along the path and parking patrols had been increased.

### Fremantle Ports - Complaints Register

2014-15 compared to 2013-14





Among the 10 complaints received about the Fremantle Passenger Terminal were two from people whose cars had been towed after parking overnight at the terminal. While there was signage in the terminal car park advising there was no overnight parking, additional signage was placed on and in the terminal.

While the issue of rail noise near the Roundhouse in Fremantle was solved in 2012-13, rail noise and vibration in South Fremantle resulted in six complaints this year and five last year. Fremantle Ports has discussed the issue with the rail operators and the Public Transport Authority to work on a viable solution. The Public Transport Authority confirmed that the track lubrication system in the area was regularly monitored and serviced. Fremantle Ports has also met with representatives of the NSW

Department of Transport on train noise research and mitigation and is continuing to liaise with the rail operators and the PTA in seeking to address community impacts.

Fremantle Ports recognises that people have a right to complain about services or aspects of operations. Complaints are a valuable form of feedback, provide an opportunity to improve services and operations, and can warn of potential problems.

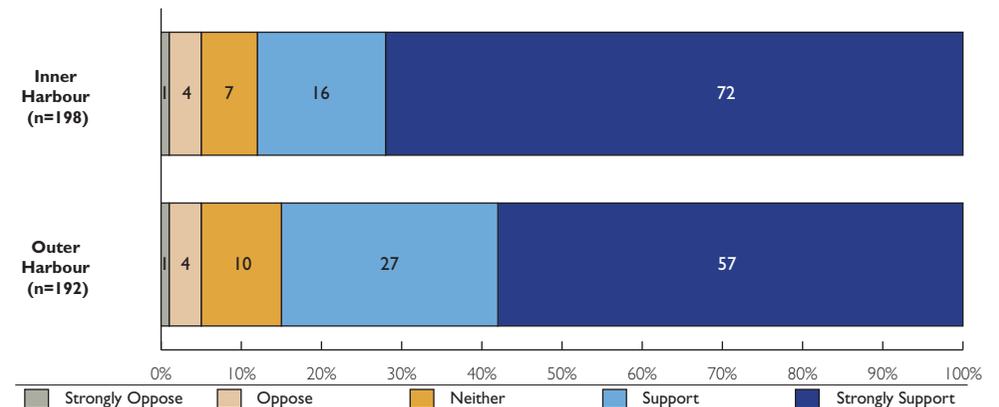
Complaints contact information is provided in community and industry publications where appropriate and the website homepage has a feedback link. The Complaints Management Policy and associated procedure, reviewed every two years, were reviewed in early 2014. The policy and procedure are explained to all new staff during induction.

All complaints are logged into an electronic Complaints Management System for prompt action. Complaints are received in person or via phone, letter or email. An all-hours telephone number is available for emergency calls, including environmental issues. Calls taken during office hours and emails are promptly referred to the External Affairs team or a relevant officer.

Complaints and incidents were reported and discussed at the Inner Harbour Community Liaison Group quarterly meetings and those details were included in meeting minutes posted on the website. The group members represent a wide range of community organisations and precinct areas.

Complaints statistics are reported to the Board quarterly as part of a corporate scorecard with attention drawn to trends.

## Community Support for Increased Use of Rail





*Improving trucking productivity remains an ongoing priority.*

## Proposed divestment of Fremantle Port

Over the coming months, Fremantle Ports will continue to be closely involved with the Department of Treasury and its advisers as the State Government pursues its announced divestment of Fremantle Port. At the time of preparation of this Annual Report our role has been to assist with information and advice for the due diligence phase.

Meanwhile, we continue to focus on ensuring that we meet the expectations of our customers and stakeholders on the provision of facilities and services in line with our statutory obligations.

## Transport links

The ability of the Inner Harbor to reach optimal capacity while responding to community concerns about freight traffic impacts depends very largely on the efficiency of transport links, both road and rail.

A greater role for rail is seen as essential to relieve pressure on the road system and Fremantle Ports has continued to focus on measures to improve rail operating efficiency, including the infrastructure development recently completed and wharf interface operating arrangements.

To assist rail's ability to compete with road transport for the movement of containers, increased capacity in inland intermodal terminals will be an issue for the future.

Although Fremantle Ports has been able to work with industry to gradually build the rail share, the volume of container freight on rail is subject to market fluctuations. Since 2002, rail's share of the container trade has grown from about two per cent to the current level of 13 per cent but has been slightly higher in some years. The aspirational target is 30 per cent of total container trade.

With most of the containers transported over relatively short distances, road is expected to remain the dominant mode of transport for this trade sector and it is critical that main transport corridors are protected from urban encroachment and that road

access routes are improved. Fremantle Ports has continued to support State Government agencies planning key road corridors.

The continuing dominant role of road transport also dictates that improving the productivity of trucking will remain an ongoing priority. Increasing the average number of containers carried on each truck movement, for example, benefits both the efficiency of international trade and the community and road-using public through reducing the number of trucks required to move any given amount of trade.

## Perth Freight Link

The \$1.6 billion Perth Freight Link was officially launched on 19 May 2014 as part of the Federal Budget.

The overarching goal of the Perth Freight Link is to create a high productivity east - west freight connection between Perth's main industrial centres and Fremantle Port.

# DISCLOSURES AND LEGAL COMPLIANCE

DIRECTORS' REPORT for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

**The Board of Directors of the Fremantle Port Authority (Fremantle Ports) has pleasure in submitting its report for the financial year ended 30 June 2015.**

## DIRECTORS

The following were Directors of Fremantle Ports at the date of this report:

### Dr Jim Limerick (Chairman)

Director since 1 October 2009

Chairman since 1 October 2010

### Helen Cook (Deputy Chair)

Deputy Chair since 1 July 2014

### Michael Feutrill

Director since 1 December 2010

### Jillian Hoffmann

Director since 17 May 2011

### Fiona Lander

Director since 24 August 2012

### David Smith

Director since 1 January 2015

*Directors' biographies are shown on pages 12-13.*

## DIRECTORS' MEETINGS

Attendance by Directors at meetings held during the financial year ended 30 June 2015 was:

	Eligibility to attend Meetings of Directors	Meetings of Directors	Eligibility to attend Audit and Risk Management Committee	Audit and Risk Management Committee
<b>Number of meetings held</b>		15		5
Numbers of meetings attended by				
Jim Limerick	15	15	-	-
Jillian Hoffmann	15	15	5	5
Helen Cook	15	13	-	-
Fiona Lander	15	14	5	5
Michael Feutrill	15	13	3	2
David Smith	6	6	2	2

## PRINCIPAL ACTIVITIES

The principal activity of Fremantle Ports during the year was the provision of port services and facilities and there were no significant changes in the nature of the activities during the year.

## RESULTS

The profit before income tax for the financial year was \$69.737 million (2014: \$54.757 million). The income tax expense attributable to the profit for the financial year was \$21.662 million (2014: \$16.816 million).

# DISCLOSURES AND LEGAL COMPLIANCE

DIRECTORS' REPORT for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## DIVIDENDS

The Board of Directors provided \$24.470 million (2014: 18.795 million) for dividends in respect of the results for the financial year ended 30 June 2014. This dividend was paid in the financial year ended 30 June 2015. In June 2015, an interim dividend of \$22.237 million (2014: \$Nil) for the year ended 30 June 2015 was declared by the Board and approved by Government. This interim dividend was paid by 30 June 2015.

## REVIEW OF OPERATIONS

Fremantle Ports is a general cargo port and ensures that port services and facilities meet the needs of customers.

A summary of the results during the year is set out below:

	2015 \$'000	2014 \$'000
<b>Profit before income tax</b>	69,737	54,757
Income tax expense	(21,662)	(16,816)
<b>Profit for the period</b>	48,075	37,941
Other comprehensive loss	(806)	(96)
Retained earnings at 1 July	167,177	148,127
	214,446	185,972
Dividends paid in the financial year	(46,707)	(18,795)
Retained earnings at 30 June	167,739	167,177

## STATE OF AFFAIRS

There were no significant changes in the state of affairs of Fremantle Ports during the financial year under review. Fremantle Ports operates in Western Australia under the provisions of the *Port Authorities Act 1999*.

# DISCLOSURES AND LEGAL COMPLIANCE

DIRECTORS' REPORT for the year ended 30 June 2015

FREMANTLE PORTS ANNUAL REPORT

2015

## EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of Fremantle Ports, to affect significantly the operations, the results of those operations, or the state of affairs, in future financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

At the State Budget in May 2015, Government announced the potential divestment of Fremantle Ports. Investigation of the issues associated with the sale will be conducted by the Treasury Department with input from Fremantle Ports and a number of other Government Departments.

Pending the outcome of Government's decision on the potential divestment, Fremantle Ports continues to operate the business and will continue to work closely with customers and stakeholders to fulfil its trade facilitation role.

## EMOLUMENTS

In accordance with Section 13(c)(i) of Schedule 5 of the *Port Authorities Act 1999*, included below are the nature and amount of each element for each Director and the five named officers of Fremantle Ports receiving the highest emoluments.

## DIRECTORS' EMOLUMENTS

The Minister determines the emoluments of the Board of Directors.

Details of emoluments provided to Directors:

Position	Name	Period of Membership*	Primary Fees \$'000	Post-employment Superannuation \$'000	Total \$'000
Chairman	J Limerick	12 months	83	8	91
Director	J Hoffmann	12 months	47	4	51
Deputy Chair	H Cook	12 months	46	4	50
Director	F Lander	12 months	44	4	48
Director	M Feutrill	12 months	43	4	47
Director	D Smith	6 months	22	2	24

\*The period of membership column refers to the board member's membership during the 2014-15 financial year.

# DISCLOSURES AND LEGAL COMPLIANCE

DIRECTORS' REPORT for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## DIRECTORS' BENEFITS

No Director of Fremantle Ports has received benefits or became entitled to receive any benefit (other than a benefit included in the total amount of emoluments received or due and receivable by Directors) by reason of a contract made with the Director, or with a firm of which the Director is a member, or with an entity in which the Director has a substantial interest.

## EXECUTIVES' EMOLUMENTS

The Board, with the approval of the Minister and subject to the *Salaries and Allowances Act 1975*, determines the emolument package of the Chief Executive Officer. The Board delegates to the Chief Executive Officer the power to determine the terms and conditions of other senior executives in accord with a policy under which Fremantle Ports engages emolument consultants to report and recommend competitive emolument packages for senior executives based on benchmarking with other organisations.

The performance of the Chief Executive Officer and senior executives is monitored against agreed criteria.

Details of emoluments provided to senior executives:

Name	Salary \$'000	Other \$'000	Post-employment Superannuation \$'000	Total \$'000
C Leatt-Hayter	437	7	65	509
A Gray	356	6	34	396
S Wade	338	5	50	393
G Valenti	349	7	33	389
T Haria	327	5	31	363

## ENVIRONMENTAL REGULATION

Fremantle Ports' operations are subject to regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity. Under the *Port Authorities Act 1999*, Fremantle Ports is also required to "protect the environment of the port and minimise the impact of port activities on that environment".

# DISCLOSURES AND LEGAL COMPLIANCE

DIRECTORS' REPORT for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## ENVIRONMENTAL MANAGEMENT

Fremantle Ports is committed to demonstrating that it is an environmentally responsible organisation and this commitment is reflected in its values and corporate priorities. To comply with environmental responsibilities and objectives, Fremantle Ports maintains an environmental management system certified to the international standard ISO 14001 by external auditors.

## ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

Amounts have been rounded off to the nearest thousand dollars in the Directors' Report and Financial Statements.

This report is made in accordance with a resolution of the Board on 21 August 2015.

**Chairman**

**Director**

27 August 2015

# DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

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## Statement of Comprehensive Income

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## Statement of Financial Position

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## Statement of Changes in Equity

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## Statement of Cash Flows

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  3. Profit before income tax
  4. Income tax expense
  5. Dividends
  6. Current assets
  7. Non-current assets
  8. Current and non-current liabilities
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## 9. Financial instruments

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## 10. Commitments

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## 11. Provisions

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## 12. Other liabilities

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## 13. Equity

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## 14. Notes to Statement of Cash Flows

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## 15. Remuneration of auditors

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## 16. Related parties

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## 17. Contingent liabilities and assets

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## 18. Events subsequent to end of the reporting period

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## Directors' Declaration

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## Financial Audit Opinion

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## Financial Performance Indicators

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# DISCLOSURES AND LEGAL COMPLIANCE

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

	Note	2015 \$'000	2014 \$'000
<b>Revenue</b>	2.1	229,754	204,480
<b>Expenditure</b>			
General administration		(37,611)	(34,413)
Asset maintenance		(36,418)	(33,493)
Port operations expenses		(32,779)	(29,887)
Depreciation and amortisation expense	3	(16,044)	(14,932)
Finance costs	3	(13,908)	(12,472)
Marine expenses		(8,809)	(8,963)
Rates and taxes		(8,083)	(7,396)
Port utilities		(5,168)	(5,938)
Environmental expenses		(719)	(843)
Other expenses		(478)	(1,386)
<b>Profit before income tax</b>		<b>69,737</b>	<b>54,757</b>
Income tax expense	4	(21,662)	(16,816)
<b>Profit after income tax for the period</b>		<b>48,075</b>	<b>37,941</b>
<b>Other comprehensive income/(loss)</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement losses on defined benefit plans	11.4	(1,151)	(137)
Income tax effect	4	345	41
Total other comprehensive loss		(806)	(96)
<b>Total comprehensive income for the period, net of tax</b>		<b>47,269</b>	<b>37,845</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# DISCLOSURES AND LEGAL COMPLIANCE

STATEMENT OF FINANCIAL POSITION as at 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

	Note	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6.1	34,170	42,290
Trade and other receivables	6.2	28,582	27,655
Inventories	6.3	2,260	2,782
<b>Total current assets</b>		<b>65,012</b>	<b>72,727</b>
<b>Non-current assets</b>			
Receivables	7.1	6,134	6,661
Property, plant and equipment	7.2	448,161	448,338
Deferred tax assets	4	28,520	30,530
<b>Total non-current assets</b>		<b>482,815</b>	<b>485,529</b>
<b>Total assets</b>		<b>547,827</b>	<b>558,256</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8.1	15,850	15,175
Interest bearing borrowings	8.2	1,186	1,608
Current tax liability	4	3,494	1,281
Provisions	11.1	13,061	12,878
Other liabilities	12	1,400	1,182
<b>Total current liabilities</b>		<b>34,991</b>	<b>32,124</b>

	Note	2015 \$'000	2014 \$'000
<b>Non-current liabilities</b>			
Interest bearing borrowings	8.2	220,840	236,308
Provisions	11.2	17,726	16,098
Other liabilities	12	1,472	1,490
<b>Total non-current liabilities</b>		<b>240,038</b>	<b>253,896</b>
<b>Total liabilities</b>		<b>275,029</b>	<b>286,020</b>
<b>Net Assets</b>		<b>272,798</b>	<b>272,236</b>
<b>EQUITY</b>			
Contributed equity	13	105,059	105,059
Retained earnings	13	167,739	167,177
<b>Total equity</b>	13	<b>272,798</b>	<b>272,236</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# DISCLOSURES AND LEGAL COMPLIANCE

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2013</b>		<b>75,190</b>	<b>148,127</b>	<b>223,317</b>
Profit for the period		-	37,941	37,941
Other comprehensive loss		-	(96)	(96)
Total comprehensive income for the year	13	-	37,845	37,845
Transactions with owners in their capacity as owners				
Equity contributions	13	29,869	-	29,869
Dividends paid	5	-	(18,795)	(18,795)
<b>Balance at 30 June 2014</b>	13	<b>105,059</b>	<b>167,177</b>	<b>272,236</b>
<b>Balance at 1 July 2014</b>		<b>105,059</b>	<b>167,177</b>	<b>272,236</b>
Profit for the period		-	48,075	48,075
Other comprehensive loss		-	(806)	(806)
Total comprehensive income for the year	13	-	47,269	47,269
Transactions with owners in their capacity as owners				
Dividends paid	5	-	(46,707)	(46,707)
<b>Balance at 30 June 2015</b>	13	<b>105,059</b>	<b>167,739</b>	<b>272,798</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# DISCLOSURES AND LEGAL COMPLIANCE

STATEMENT OF CASH FLOWS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		247,429	218,353
Payments to suppliers and employees		(149,793)	(146,295)
Interest received		2,873	2,141
Interest paid		(13,968)	(12,793)
Income tax paid		(17,093)	(21,000)
<b>Net cash inflow from operating activities</b>	14	<b>69,448</b>	<b>40,406</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(15,059)	(49,428)
Proceeds from sale of property, plant and equipment		-	5
<b>Net cash outflow from investing activities</b>		<b>(15,059)</b>	<b>(49,423)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(15,818)	(9,836)
Proceeds from borrowings		-	20,000
Payment of finance lease liabilities		(467)	(454)
Proceeds from finance lease receivable		483	444
Dividends paid	5	(46,707)	(18,795)
Equity contribution received	13	-	29,869
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(62,509)</b>	<b>21,228</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,120)</b>	<b>12,211</b>
<b>Cash and cash equivalents at 1 July</b>		<b>42,290</b>	<b>30,079</b>
<b>Cash and cash equivalents at 30 June</b>	6.1	<b>34,170</b>	<b>42,290</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 21 August 2015 by the Board of Directors of Fremantle Port Authority ('Fremantle Ports'). The following significant accounting policies have been adopted in the preparation of the financial statements for the year ended 30 June 2015.

### I.1 Basis of preparation

In accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB), Fremantle Ports is a not-for-profit reporting entity that prepares general purpose financial statements. Fremantle Ports also complies with the financial reporting provisions of the *Port Authorities Act 1999*.

The financial statements have been prepared on an accrual accounting basis and in accordance with the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

Statement of Comprehensive Income classification of expenses by nature is considered to provide more relevant and reliable information than classification by function due to the nature of Fremantle Ports' operations.

According to AASB 101 *Presentation of Financial Statements*, expenses classified by nature are not reallocated among various functions within the entity. However, Fremantle Ports has allocated employee benefits expenses to various line items on the Statement of Comprehensive Income including marine expenses, port operations expenses, general administration, and asset maintenance. This allocation reflects the internal reporting structure of Fremantle Ports which allocates labour expenses to significant expense items in the Statement of Comprehensive Income based on the nature of the expenses incurred. Fremantle Ports believes that the allocation is more relevant to the understanding of the financial performance of Fremantle Ports and does not result in a function of expense presentation.

Total employee benefits expenses are disclosed in Note 3(ii) to the financial statements.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.2 Changes in accounting policy, disclosures, standards and interpretations

#### I.2 (i) Changes in accounting policies, new and amended standards and interpretations

In the current year, Fremantle Ports has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Fremantle Ports' accounting policies.

#### I.2 (ii) Accounting Standards and Interpretations issued but not yet effective

The following new and amended Australian Accounting Standards and Interpretations were available for early adoption but have not been assessed for application by Fremantle Ports in these financial statements:

		Operative for reporting periods beginning on/after
<b>AASB 2015-3</b>	<p><b>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</b></p> <p>The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.</p>	01-Jan-15
<b>AASB 2015-6</b>	<p><b>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 &amp; AASB 1049]</b></p> <p>This Standard makes amendments to AASB 124 Related Party Disclosures to extend the scope of that Standard to include not-for-profit public sector entities.</p>	01-Jul-16
<b>AASB 2015-2</b>	<p><b>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</b></p> <p>The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.</p>	01-Jul-16

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.2 Changes in accounting policy, disclosures, standards and interpretations (continued)

#### I.2 (ii) Accounting Standards and Interpretations issued but not yet effective (continued)

		Operative for reporting periods beginning on/after
<b>AASB 2015-1</b>	<p><b>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle</b></p> <p><b>AASB 5 Non-current Assets Held for Sale and Discontinued Operations</b></p> <ul style="list-style-type: none"> <li>– Changes in methods of disposal - where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27-29 to account for this change.</li> </ul> <p><b>AASB 7 Financial Instruments: Disclosures</b></p> <ul style="list-style-type: none"> <li>– Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E-42H of AASB 7.</li> <li>– Applicability of the amendments to AASB 7 to condensed interim financial statements</li> <li>– clarify that the additional disclosure required by the amendments to AASB 7 Disclosure-Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.</li> </ul> <p><b>AASB 119 Employee Benefits</b></p> <ul style="list-style-type: none"> <li>– Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.</li> </ul>	01-Jul-16

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.2 Changes in accounting policy, disclosures, standards and interpretations (continued)

#### I.2 (ii) Accounting Standards and Interpretations issued but not yet effective (continued)

		Operative for reporting periods beginning on/after
<b>AASB 2014-4</b>	<p><b>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</b></p> <p>AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	01-Jul-16
<b>AASB 15</b>	<p><b>Revenue from Contracts with Customers</b></p> <p>In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue-Barter Transactions Involving Advertising Services).</p> <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>Early application of this standard is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p>	01-Jul-17

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.2 Changes in accounting policy, disclosures, standards and interpretations (continued)

#### I.2 (ii) Accounting Standards and Interpretations issued but not yet effective (continued)

		Operative for reporting periods beginning on/after
<b>AASB 9</b>	<p><b>Financial Instruments</b></p> <p>AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p>Amendments to AASB 9 (December 2009 &amp; 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p>	01-Jul-18

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.2 Changes in accounting policy, disclosures, standards and interpretations (continued)

#### I.2 (ii) Accounting Standards and Interpretations issued but not yet effective (continued)

		Operative for reporting periods beginning on/after
<b>AASB 9 (cont'd)</b>	Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 - Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.	01-Jul-18

### I.3 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

#### *Provision for environmental remediation*

Various assumptions are required in determining Fremantle Ports' environmental rehabilitation obligations including the extent of environmental damages to be rectified and the methodology and timing for rectification.

#### *Defined benefit plans*

Various actuarial assumptions are required when determining Fremantle Ports' superannuation obligations. These assumptions and the related carrying amounts are discussed in Note 11.4.

#### *Impairment losses*

Various assumptions are required in determining Fremantle Ports' impairment of trade and other receivables including an assessment of credit risk and likelihood of subsequent recovery.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

FREMANTLE PORTS ANNUAL REPORT

2015

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.3 Use of estimates and judgements (continued)

#### *Sick leave, annual leave and long service leave*

Various assumptions are required when determining Fremantle Ports' sick leave, annual leave and long service leave obligations. These assumptions and the related carrying amounts are discussed in Note 1.18.

### I.4 Revenue recognition

Revenue is recognised in the Statement of Comprehensive Income to the extent that it is probable that the economic benefits will flow to Fremantle Ports and the revenue can be reliably measured.

Revenue for services rendered is recognised in proportion to the stage of completion of the transaction at the Statement of Financial Position date. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest revenue includes interest receivable on funds invested, interest receivable under finance leases and interest charged on overdue trade and other receivables. Interest receivable on funds invested includes interest on short-term investments and term deposits and is recognised as it accrues using the effective interest rate method.

The interest receivable component of finance lease receivables is also recognised using the effective interest rate method.

Miscellaneous revenue is recognised as the legal entitlement arises and is derived predominantly from the hire of facilities and equipment, recoupment of rates and taxes and insurance claims.

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Deferred income represents income received in advance and is released to the Statement of Comprehensive Income over that period to which the income relates.

Contributed assets or services received by Fremantle Ports are recognised as income at the fair value of the assets or services where they can be reliably measured.

### I.5 Expenses by nature

Operating expenses are presented in the Statement of Comprehensive Income using a classification based on the nature of expenses. Marine expenses include those expenses derived from water-based activities, port operations expenses include those expenses related to land-based support activities, while general administration expenses includes expenditure of an administrative nature.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.6 Finance costs

Finance costs comprise finance charges payable under finance leases, interest payable on borrowings calculated using the effective interest rate method and interest payable on overdue trade and other payables. The interest expense component of finance lease payments is also recognised in the Statement of Comprehensive Income using the effective interest rate method.

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of the asset, in accordance with AASB 123 *Borrowing Costs*.

In determining the amount of borrowing costs to be capitalised during the financial year, investment revenue earned directly relating to the borrowings is deducted from the borrowing costs incurred.

### I.7 National Tax Equivalent Regime (Income tax)

Fremantle Ports operates within the national tax equivalent regime (NTER) whereby an equivalent amount in respect of income tax is payable to the WA Government. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, Fremantle Ports is required to comply with AASB 112 *Income Taxes*.

### I.8 Income tax

Income tax expense/(benefit) on the profit or loss for the year comprises current and deferred tax. Income tax expense/(benefit) is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable profit for the year, using the tax rates enacted or substantially enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.8 Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

### I.9 Current and non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when it is either expected to be realised or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.10 Receivables

#### *Trade receivables*

Trade debtors are recognised and carried at the original amounts due less an allowance for any uncollectible amounts. Debtors are generally settled within 30 days except for property rentals, which are governed by individual lease agreements.

The value of the provision for impairment loss is assessed using an analysis of historical data to determine the level of risk and subsequent recovery of debts based on the age of amounts outstanding. Bad debts are written off when formally recognised as being irrecoverable.

Trade and other receivables are stated at their cost less impairment losses.

#### *Lease receivables*

A lease receivable is recognised for leases of property, plant and equipment which effectively transfers to the lessee substantially all of the risks and benefits incidental to legal ownership of the leased asset. The lease receivable is initially recognised as the amount of the present value of the minimum lease payments receivable at the end of the reporting period plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease with interest revenue calculated using the interest rate implicit in the lease and recognised directly in the Statement of Comprehensive Income.

### I.11 Inventories

Inventories consist of stores which are stated at the lower of cost and net realisable value.

### I.12 Property, plant and equipment

#### *Capitalisation/expensing of assets*

Items of property, plant and equipment purchased or constructed costing more than \$5,000 are recorded at the cost of acquisition less accumulated depreciation and impairment losses. Items of property, plant and equipment purchased or constructed costing \$5,000 or less are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.12 Property, plant and equipment (continued)

#### *Initial recognition and measurement*

Property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

#### *Subsequent measurement*

Any subsequent cost of replacing/upgrading an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to Fremantle Ports and its cost can be measured reliably.

#### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

#### *Depreciation*

Property, plant and equipment, excluding freehold land, are depreciated at rates based on the expected useful lives using the straight line method. Depreciation on assets under construction commences when the assets are ready for use. Depreciation is charged to the Statement of Comprehensive Income.

The depreciation rates for the various classes of non-current assets are as follows:

Class	Depreciation Rates (%)
Channels and breakwaters	1.92 - 3.70
Land improvements	2.50 - 10.00
Buildings and improvements	2.00 - 10.00
Plant and equipment	2.50 - 20.84
Berths, jetties and infrastructure	2.00 - 25.00
Plant and equipment under lease	19.10 - 32.85

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.13 Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If a trigger exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of assets is the greater of fair value less costs to sell and value in use. As Fremantle Ports is a not-for-profit entity, the value in use is the asset's depreciated replacement cost where the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Fremantle Ports would, if deprived of the asset, replace its future economic benefits. In all other instances value in use is the present value of future cash flows expected to arise from the asset.

Impairment losses are recognised in the Statement of Comprehensive Income.

### I.14 Leased assets

Leases are classified as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

#### *Finance leases*

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased asset to Fremantle Ports are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Finance leased assets are amortised over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability so as to achieve a consistent rate of interest on the remaining balance of the liability with interest expense calculated using the interest rate implicit in the lease and recognised directly in the Statement of Comprehensive Income.

Leased assets held at the end of the reporting period are being amortised over periods ranging from 1 to 5 years (2014: 1 to 5 years).

#### *Operating leases*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term as this represents the pattern of benefits derived from the leased assets.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.15 Financial Instruments

In addition to cash, Fremantle Ports has three categories of financial instruments:

- Loans and receivables;
- Held to maturity investments; and
- Financial liabilities measured at amortised cost.

Refer to Note 9.2 for further information on the classification of financial instruments.

Initial recognition and measurement is at fair value plus directly attributable transaction costs for assets not carried at fair value through profit and loss. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables approximate their carrying amount because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material. Gains or losses are recognised when the financial assets are derecognised or impaired.

### I.16 Payables

Payables, including trade creditors, amounts payable and accrued expenses, are recognised for amounts to be paid in the future for goods and services received prior to the end of the reporting period. Trade creditors are unsecured and are usually paid within 30 days of recognition.

### I.17 Interest bearing borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised, as well as through the amortisation process.

Borrowing costs are expensed as incurred unless they relate to qualifying assets.

Finance Lease Liabilities are recognised at the present value of the minimum lease payments. The interest expense is recognised in the Statement of Comprehensive Income using the effective interest method.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.18 Employee benefits

All annual leave, long service leave and sick leave provisions are in respect of employees' services up to the end of the reporting period.

The liability in all provisions covers entitlements from the date the employee commences in accordance with the conditions of employment.

#### *Annual leave*

Annual leave benefits represent present obligations from employees' services provided to the end of the reporting date and are measured on a discounted basis (at a rate reflective of the maturity of future expected cash flows) and on the basis of remuneration rates expected to be paid when the liability is settled.

The provision for annual leave is classified as a current liability as Fremantle Ports does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### *Sick leave and long service leave*

Sick leave and long service leave benefits are assessed on the basis of present value of estimated future payments, discounted by the Commonwealth Government Bonds rates estimated to be applicable to the relevant period. An average of 4.00% (2014: 4.25%) per annum rate of increase in employee wage and salary rates was assumed in the present value calculations.

Unconditional sick leave and long service leave provisions are classified as current liabilities as Fremantle Ports does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional sick leave and long service leave provisions are classified as non-current liabilities because Fremantle Ports has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Associated payroll on-costs are included in the determination of Other provisions.

### I.19 Employee superannuation

The Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme (Pension), a defined benefit pension scheme, are now closed to new members. Fremantle Ports is liable for superannuation benefits for past years' service of members of the Superannuation and Family Benefits Act Scheme who elected to transfer to the GSS Scheme. Fremantle Ports also accrues for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme.

The superannuation liability for existing employees with the pre-transfer service incurred under the Superannuation and Family Benefits Act Scheme who transferred to the GSS Scheme is provided for at the end of the reporting period.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

FREMANTLE PORTS ANNUAL REPORT

2015

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.19 Employee superannuation (continued)

Fremantle Ports' total superannuation liability has been actuarially assessed as at 30 June 2015.

Employees who were not members of either the Pension or the GSS Schemes became non contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007. From 16 April 2007, employees who are not members of the Pension, GSS or WSS Schemes become non-contributory members of the GESB Superannuation Scheme (GESB Super), a taxed accumulation fund. On 30 March 2012, employees were granted with the opportunity to have their contributions paid to a complying superannuation fund of their choice. Those members not electing to nominate their own fund remain either in the WSS Schemes or the GESB Superannuation Scheme. Fremantle Ports makes concurrent contributions to the Government Employee Superannuation Board (GESB) on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish Fremantle Ports' liability for superannuation charges.

#### *Defined benefit plan*

Fremantle Ports' net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. These benefits are unfunded.

The discount rate used is the market yield rate at the Statement of Financial Position date on national government bonds that have maturity dates approximating to the terms of the entity's obligations. The calculation is performed by a qualified actuary using the actuarial cost method.

A net defined benefit asset or liability is shown on the Statement of Financial Position equal to:

- The present value of the accrued defined benefit obligations; less
- The fair value of the Scheme assets; plus
- Any adjustment for the limitation on the net asset.

The defined benefit cost to be included in the Statement of Comprehensive Income is made up of the following elements:

- Current service cost (notional cost of employer-financed benefits accruing during the year);
- Net interest (notional interest on the Scheme's liabilities);
- Past service cost, if any, recognised during the year; and
- The effect of settlements and/or curtailments (i.e. significant events), if any, during the year.

Remeasurements of the net defined benefit liability/(asset) is immediately recognised in Other Comprehensive Income.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.20 Dividends

Dividends are declared and recognised as a liability in the period in which the Minister's approval and the Treasurer's concurrence is received.

### I.21 Provisions

A provision is recognised in the Statement of Financial Position when Fremantle Ports has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

### I.22 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, cash at bank, at call deposits and term deposits generally due within 2 months.

For the purpose of the Statement of Cash Flows, cash equivalents consist of cash and cash equivalents as defined above.

### I.23 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to the Australian Taxation Office (ATO) is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### I.24 Contributed equity

Where Fremantle Ports receives support from the WA Government (See Note 13), the amount received is recognised directly as a credit to contributed equity.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I.25 Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

## 2. REVENUE AND OTHER INCOME

### 2.1 Revenue

Revenue consists of the following items:

	2015 \$'000	2014 \$'000
<b>Revenue</b>		
Charges on cargo	152,986	134,848
Rentals and leases	19,878	18,794
Charges on ships	19,770	18,443
Shipping services	12,978	12,582
Miscellaneous revenue	13,828	11,075
Port utilities and services	7,318	6,719
	226,758	202,461
<b>Interest</b>		
Bank interest receivable	334	225
Interest receivable from cash equivalents	1,425	796
Interest receivable under finance leases	1,004	998
Other interest receivable	233	-
	2,996	2,019
<b>Total revenue</b>	229,754	204,480

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 3. PROFIT BEFORE INCOME TAX

	Note	2015 \$'000	2014 \$'000
<b>(i) Expenses</b>			
Profit before income tax includes the following specific expenses:			
Finance costs			
Finance charges payable under finance leases		35	34
Borrowings		13,870	12,431
Other finance costs		3	7
<b>Total finance costs</b>		<b>13,908</b>	<b>12,472</b>
Depreciation and amortisation			
Channels and breakwaters		4,158	4,155
Land improvements		622	249
Buildings and improvements		872	877
Plant and equipment		2,882	2,968
Berths, jetties and infrastructure		7,044	6,209
Plant and equipment under lease		466	474
<b>Total depreciation and amortisation</b>		<b>16,044</b>	<b>14,932</b>
Net loss on derecognition of property, plant and equipment		432	1,090
Other charges against assets			
Impairment reversal of trade receivables	6.2	(523)	(56)
Impairment of trade receivables	6.2	155	11
Impairment loss on property, plant and equipment	7.2	84	-
		(284)	(45)
Rental expense relating to operating leases		448	332

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 3. PROFIT BEFORE INCOME TAX (CONTINUED)

	Note	2015 \$'000	2014 \$'000
<b>(ii) Employee benefits expenses</b>			
Wages and salaries		40,413	38,772
Workers' compensation		1,483	1,032
Pension costs		4,013	4,337
Employee benefits		377	(110)
Retirement benefit obligations		1,313	(173)
		47,599	43,858

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



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## 4. INCOME TAX EXPENSE

Major components of income tax expense for the year are:

	2015 \$'000	2014 \$'000
<b>Statement of Comprehensive Income</b>		
Current income tax:		
Current income tax charge	(19,511)	(18,616)
Adjustments in respect of previous years	204	84
Deferred income tax:		
Deferred income tax charge	(2,355)	1,716
<b>Income tax expense reported in the Statement of Comprehensive Income</b>	<b>(21,662)</b>	<b>(16,816)</b>
<b>Other Comprehensive Income</b>		
Deferred tax related to items recognised in other comprehensive income during the year:		
Net loss/(gain) on actuarial gains and losses	345	41
<b>Income tax benefit/(expense) charged to Other Comprehensive Income</b>	<b>345</b>	<b>41</b>

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



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## 4. INCOME TAX EXPENSE (CONTINUED)

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by Fremantle Ports' applicable income tax rate is as follows:

	2015 \$'000	2014 \$'000
Profit before income tax	69,737	54,757
Tax at statutory income tax rate of 30% (2014: 30%)	(20,921)	(16,427)
Tax effect of amounts which are taxable in calculating taxable income:		
Depreciation	(319)	(303)
Sundry items	(141)	(165)
	(21,381)	(16,895)
Adjustments in respect of previous years	(281)	79
	(21,662)	(16,816)

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



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## 4. INCOME TAX EXPENSE (CONTINUED)

	2015 Statement of Financial Position \$'000	2014 Statement of Financial Position \$'000	2015 Statement of Comprehensive Income \$'000	2014 Statement of Comprehensive Income \$'000
<b>Deferred tax liabilities</b>				
Finance lease receivables	(1,998)	(2,143)	145	133
Others	(537)	(609)	72	(99)
Gross deferred tax liabilities	(2,535)	(2,752)		
<b>Deferred tax assets</b>				
Employee benefits	7,707	7,241	466	(65)
Accelerated depreciation for accounting purposes	19,703	20,127	(424)	(697)
Prepaid rental	1,067	1,038	29	10
Deferred income	-	2,498	(2,498)	2,498
Others	2,578	2,378	200	(23)
Gross deferred tax assets	31,055	33,282		
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,535)	(2,752)		
Net deferred tax assets	28,520	30,530		
Deferred tax charge			(2,010)	1,757

### Current Tax Liabilities

The current tax liability of \$3.494 million (2014: \$1.281 million) represents the amount of income taxes payable in respect of current and prior financial periods.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

FREMANTLE PORTS ANNUAL REPORT

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## 5. DIVIDENDS

	2015 \$'000	2014 \$'000
Dividend paid in the financial year	46,707	18,795

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% (2014: 65%) of after tax profits, adjusted for special circumstances as approved by Government. A dividend of \$24.470 million (2014: \$18.795 million) in respect of the financial results for the year ended 30 June 2014 was paid by 30 June 2015.

From 1 July 2014, an amendment to Section 84 of the *Port Authorities Act 1999* came into effect which provides for Government to request an interim dividend recommendation be made by the Board. In June 2015, an interim dividend of \$22.237 million (2014: \$Nil) for the year ended 30 June 2015 was declared by the Board and approved by Government. The interim dividend was paid by 30 June 2015.

## 6. CURRENT ASSETS

### 6.1 Cash and cash equivalents

Cash and cash equivalents represent Cash at Bank, Cash on Hand, At Call Deposits and Term Deposits. Funds surplus to operational requirements have been invested in At Call Deposits and Term Deposits to maximise earnings.

	2015 \$'000	2014 \$'000
Cash at Bank and Cash on Hand	519	801
At Call Deposits	2,651	2,489
Term Deposits	31,000	39,000
Cash and cash equivalents in the Statement of Cash Flows	34,170	42,290

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 6. CURRENT ASSETS (CONTINUED)

### 6.1 Cash and cash equivalents (continued)

#### (i) Significant Terms and Conditions

Interest on Cash at Bank was at prevailing rates. The weighted average interest rate at 30 June 2015 was 2.38% (2014: 2.53%).

Interest on At Call Deposits was at prevailing rates. The weighted average interest rate at 30 June 2015 was 2.31% (2014: 2.51%).

The weighted average interest rate for Term Deposits at 30 June 2015 was 2.80% (2014: 3.14%). Term Deposits are held until their maturity dates, which are generally for periods of 60 days or less.

#### (ii) Fair Value

The directors consider the carrying amounts of Cash at Bank and At Call Deposits represent their fair value.

### 6.2 Trade and other receivables

Receivables represent Debtors, Accrued Income, Finance Lease Receivable and Prepayments. Accrued Income includes accrued interest, charges on ships, cargo and services provided but not invoiced as at the end of the reporting period.

Fremantle Ports' exposure to credit risks related to trade and other receivables are disclosed in Note 9.

	Note	2015 \$'000	2014 \$'000
Trade Debtors		24,775	25,592
Less: Provision for Impairment of Receivables		(987)	(1,394)
		23,788	24,198
Other Debtors		592	374
Accrued Income		2,223	1,216
Finance Lease Receivable	10.2	527	483
Prepayments		1,452	1,384
Balance at 30 June		28,582	27,655

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 6. CURRENT ASSETS (CONTINUED)

### 6.2 Trade and other receivables (continued)

#### (i) Significant Terms and Conditions

Trade debtors are generally settled within 30 days except for property rentals and finance lease receivables which are governed by individual lease agreements. Other debtors have a range of terms and conditions with various settlement periods.

#### (ii) Impairment losses

The movement in the provision for impairment losses in respect of trade debtors during the year was as follows:

	2015 \$'000	2014 \$'000
Balance at 1 July	1,394	1,477
Impairment loss recognised	170	12
Impairment loss recovered	(575)	(62)
Amount written off	(2)	(33)
Balance at 30 June	987	1,394

At 30 June, the ageing analysis of trade debtors past due but not impaired is as follows:

	2015 \$'000	2014 \$'000
Not more than 3 months	7,050	5,219
More than 3 months but less than 6 months	2	21
More than 6 months but less than 1 year	4	13
More than 1 year	-	1,423
	7,056	6,676

#### (iii) Fair Value

The directors consider the carrying amounts of trade and other receivables represent their fair value.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 6. CURRENT ASSETS (CONTINUED)

### 6.3 Inventories

	2015 \$'000	2014 \$'000
Stores - at cost	2,260	2,782

## 7. NON-CURRENT ASSETS

### 7.1 Receivables

Receivables represent Finance Lease Receivable

	Note	2015 \$'000	2014 \$'000
Finance Lease Receivable	10.2	6,134	6,661

#### (i) Fair Value

The directors consider the carrying amounts of receivables represent their fair value.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 7. NON-CURRENT ASSETS (CONTINUED)

### 7.2 Property, Plant and Equipment

	2015 \$'000	2014 \$'000
<b>Channels and Breakwaters</b>		
At Cost	164,064	163,548
Less: Accumulated Depreciation	(41,178)	(37,020)
	122,886	126,528
<b>Land</b>		
At Cost	45,994	45,994
	45,994	45,994
<b>Land Improvements</b>		
At Cost	27,046	24,342
Less: Accumulated Depreciation	(4,581)	(3,959)
	22,465	20,383
<b>Buildings and Improvements</b>		
At Cost	28,423	28,093
Less: Accumulated Depreciation	(12,629)	(12,603)
	15,794	15,490
<b>Plant and Equipment</b>		
At Cost	69,195	67,952
Less: Accumulated Depreciation	(33,335)	(30,622)
	35,860	37,330

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 7. NON-CURRENT ASSETS (CONTINUED)

### 7.2 Property, Plant and Equipment (continued)

	2015 \$'000	2014 \$'000
<b>Berths, Jetties and Infrastructure</b>		
At Cost	255,214	236,622
Less: Accumulated Depreciation	(58,973)	(52,049)
	196,241	184,573
<b>Leased plant and equipment</b>		
At Cost	1,890	2,131
Less: Accumulated amortisation	(991)	(1,160)
	899	971
Total Property, Plant and Equipment at net book value	440,139	431,269
Add: Work in Progress (at cost)	8,022	17,069
<b>Total Property, Plant and Equipment</b>	<b>448,161</b>	<b>448,338</b>

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 7. NON-CURRENT ASSETS (CONTINUED)

### 7.2 Property, Plant and Equipment (continued)

Fremantle Ports, as lessor, derives operating lease income from the following leased assets included in the above:

	2015 \$'000	2014 \$'000
<b>Land</b>		
At Cost	15,017	12,365
	15,017	12,365
<b>Buildings and Improvements</b>		
At Cost	8,485	7,377
Less: Accumulated depreciation	(3,138)	(2,802)
	5,347	4,575
<i>Included in Accumulated depreciation above is the depreciation charge for the year</i>	293	276

#### Reconciliations of carrying amounts

	2015 \$'000	2014 \$'000
<b>Channels and Breakwaters</b>		
Carrying amount at 1 July	126,528	130,683
Transfer from work in progress	516	-
Depreciation for the year	(4,158)	(4,155)
Carrying amount at 30 June	122,886	126,528

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 7. NON-CURRENT ASSETS (CONTINUED)

### 7.2 Property, Plant and Equipment (continued)

*Reconciliations of carrying amounts (continued)*

	2015 \$'000	2014 \$'000
<b>Land</b>		
Carrying amount at 1 July	45,994	45,571
Additions	-	423
Carrying amount at 30 June	45,994	45,994
<b>Land Improvements</b>		
Carrying amount at 1 July	20,383	4,931
Additions	335	-
Transfer from work in progress	2,369	16,241
Disposals	-	(540)
Depreciation for the year	(622)	(249)
Carrying amount at 30 June	22,465	20,383
<b>Buildings and Improvements</b>		
Carrying amount at 1 July	15,490	15,565
Additions	595	-
Transfer from work in progress	1,052	1,187
Disposals	(408)	(385)
Depreciation for the year	(872)	(877)
Impairment	(63)	-
Carrying amount at 30 June	15,794	15,490

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 7. NON-CURRENT ASSETS (CONTINUED)

### 7.2 Property, Plant and Equipment (continued)

*Reconciliations of carrying amounts (continued)*

	2015 \$'000	2014 \$'000
<b>Plant and Equipment</b>		
Carrying amount at 1 July	37,330	36,987
Additions	-	742
Transfer from work in progress	1,431	2,703
Disposals	-	(134)
Depreciation for the year	(2,882)	(2,968)
Impairment	(19)	-
Carrying amount at 30 June	35,860	37,330
<b>Berths, Jetties and Infrastructure</b>		
Carrying amount at 1 July	184,573	150,368
Transfer from work in progress	18,738	40,449
Disposals	(24)	(35)
Depreciation for the year	(7,044)	(6,209)
Impairment	(2)	-
Carrying amount at 30 June	196,241	184,573

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 7. NON-CURRENT ASSETS (CONTINUED)

### 7.2 Property, Plant and Equipment (continued)

*Reconciliations of carrying amounts (continued)*

	2015 \$'000	2014 \$'000
<b>Leased plant and equipment</b>		
Carrying amount at 1 July	971	972
Additions	394	473
Amortisation for the year	(466)	(474)
Carrying amount at 30 June	899	971
	440,139	431,269
<b>Work in Progress</b>		
Carrying amount at 1 July	17,069	28,221
Additions	15,059	49,428
Transfers to property, plant and equipment	(24,106)	(60,580)
Carrying amount at 30 June	8,022	17,069
<b>Total Property, Plant and Equipment</b>	<b>448,161</b>	<b>448,338</b>

#### *Impairment of property, plant and equipment*

An impairment loss of \$0.084 million (2014: \$Nil) has been recognized in the Statement of Comprehensive Income for certain property, plant and equipment whose carrying value was considered to exceed its recoverable amount.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 8. CURRENT AND NON-CURRENT LIABILITIES

### 8.1 Trade and Other Payables

Trade and other payables represent Trade creditors, Amounts payable and Accrued expenses. Accrued expenses comprise interest and charges for goods and services received but not invoiced as at the end of the reporting period.

	2015 \$'000	2014 \$'000
Trade creditors and Amounts payable	9,700	8,474
Accrued expenses	6,150	6,701
	15,850	15,175

(i) *Significant Terms and Conditions*

Trade creditors are usually settled within 30 days.

(ii) *Fair Value*

The directors consider the carrying amounts of Trade creditors, Amounts payable and Accrued expenses represent their fair value.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 8. CURRENT AND NON-CURRENT LIABILITIES (CONTINUED)

### 8.2 Interest Bearing Borrowings

	Note	2015 \$'000	2014 \$'000
<b>Current</b>			
Special borrowings		775	1,213
Lease liabilities	10.2	411	395
		1,186	1,608
<b>Non-Current</b>			
Direct borrowings		208,481	213,831
Special borrowings		11,855	21,885
Lease liabilities	10.2	504	592
		220,840	236,308

### Financing arrangements

Fremantle Ports has access to the following lines of credit:

	2015 \$'000	2014 \$'000
Total facilities available:		
Liquidity facility, direct and special borrowings	238,677	241,129
Facilities utilised at the end of the reporting period:		
Liquidity facility, direct and special borrowings	221,111	236,929
Total facilities not utilised at the end of the reporting period:		
Liquidity facility, direct and special borrowings	17,566	4,200

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

FREMANTLE PORTS ANNUAL REPORT

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## 8. CURRENT AND NON-CURRENT LIABILITIES (CONTINUED)

### 8.2 Interest Bearing Borrowings (continued)

At reporting date, Fremantle Ports has an approved financing facility from Western Australian Treasury Corporation (WATC) for 2016 of \$271.061 million.

#### (i) Master Lending Agreement (MLA)

For the purposes of accessing more simplified and flexible borrowing arrangements, Fremantle Ports entered into a MLA with the WATC on 15 December 2006 which consolidates all of the existing agreements into one facility.

#### (ii) Significant Terms and Conditions

All interest-bearing borrowings, except for lease liabilities, are unsecured and guaranteed by the WA Government.

Interest repayments on Direct Borrowings are payable quarterly while the principal repayments are deferred as part of the loan product flexibility. The weighted average interest rate at 30 June 2015 on the loan portfolio is 4.91% per annum (2014: 5.20% per annum).

Special Borrowings include amounts to fund the acquisition of a new bulk unloader and other assets at Fremantle Ports' Kwinana Bulk Terminal. Interest and principal is payable quarterly. Interest rates on the Special Borrowings are fixed and range from 5.65% to 6.24% per annum (2014: 5.65% to 6.24% per annum).

The interest rates implicit in the Lease Liabilities range from 2.33% to 5.78% (2014: 3.02% to 7.80%).

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 8. CURRENT AND NON-CURRENT LIABILITIES (CONTINUED)

### 8.2 Interest Bearing Borrowings (continued)

#### (iii) Interest Rate Risk Exposures

Fremantle Ports' exposure to interest rate risk on the interest bearing borrowings and the effective weighted average interest rate at year end by maturity periods is set out in the following table.

2015	Weighted average interest rate	Variable interest rate \$'000	Fixed Interest Rate						Total \$'000
			1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	More than 5 years \$'000	
<b>Interest Bearing Borrowings</b>									
Direct borrowings	4.91%	208,481	-	-	-	-	-	-	208,481
Special borrowings	6.02%	-	775	825	877	932	991	8,230	12,630
Lease liabilities	3.91%	-	411	290	164	38	12	-	915
		208,481	1,186	1,115	1,041	970	1,003	8,230	222,026

2014	Weighted average interest rate	Variable interest rate \$'000	Fixed Interest Rate						Total \$'000
			1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	More than 5 years \$'000	
<b>Interest Bearing Borrowings</b>									
Direct borrowings	5.20%	213,831	-	-	-	-	-	-	213,831
Special borrowings	6.02%	-	1,213	1,288	1,368	1,453	1,542	16,234	23,098
Lease liabilities	4.33%	-	395	306	189	92	5	-	987
		213,831	1,608	1,594	1,557	1,545	1,547	16,234	237,916

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 8. CURRENT AND NON-CURRENT LIABILITIES (CONTINUED)

### 8.2 Interest Bearing Borrowings (continued)

#### (iv) Fair Value

Unless disclosed below, the carrying amount of Fremantle Ports' current and non-current borrowings approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates.

	2015		2014	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Special borrowings	12,630	14,668	23,098	26,180

## 9. FINANCIAL INSTRUMENTS

### 9.1 Financial Risk Management Objectives and Policies

Fremantle Ports' principal financial instruments comprise receivables, payables, interest bearing borrowings, finance leases and cash and cash equivalents.

The main risks arising from Fremantle Ports' financial instruments are interest rate risk, liquidity risk and credit risk. Fremantle Ports' policies for managing each of these risks are summarised below.

#### Interest rate risk

Fremantle Ports' exposure to market risk for changes in interest rates relates primarily to its cash and cash equivalent holdings and its long-term debt obligation. Fremantle Ports' borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities or at variable rates. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than as detailed in the interest rate sensitivity analysis in the table below, Fremantle Ports has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings and finance leases (fixed interest rate).

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

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## 9. FINANCIAL INSTRUMENTS (CONTINUED)

### 9.1 Financial Risk Management Objectives and Policies (continued)

#### Sensitivity analysis

Fremantle Ports' policy is to manage its finance costs using a mix of fixed and variable debt with the objective of achieving optimum returns while managing interest rate risk to avoid uncertainty and volatility in the market place.

Fremantle Ports constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions and alternative financing structures.

At the Statement of Financial Position date, if interest rates had moved as illustrated in the table below, with all other variables held constant, the effect would be as follows:

2015	Carrying Amount \$'000	+0.50% change Profit \$'000	+0.50% change Equity \$'000	(0.50%) change Profit \$'000	(0.50%) change Equity \$'000
<b>Financial Assets</b>					
Cash and cash equivalents	34,170	171	171	(171)	(171)
<b>Financial Liabilities</b>					
Interest bearing borrowings	208,481	(1,042)	(1,042)	1,042	1,042
<b>Total (Decrease)/Increase</b>		(871)	(871)	871	871

2014	Carrying Amount \$'000	+0.50% change Profit \$'000	+0.50% change Equity \$'000	(0.50%) change Profit \$'000	(0.50%) change Equity \$'000
<b>Financial Assets</b>					
Cash and cash equivalents	42,290	211	211	(211)	(211)
<b>Financial Liabilities</b>					
Interest bearing borrowings	213,831	(1,069)	(1,069)	1,069	1,069
<b>Total (Decrease)/Increase</b>		(858)	(858)	858	858

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

FREMANTLE PORTS ANNUAL REPORT



## 9. FINANCIAL INSTRUMENTS (CONTINUED)

### 9.1 Financial Risk Management Objectives and Policies (continued)

#### *Credit risk*

Credit risk arises when there is the possibility of debtors defaulting on their contractual obligations resulting in financial loss to Fremantle Ports. Fremantle Ports measures credit risk on a fair value basis and monitors risk on a regular basis. With respect to credit risk arising from cash and cash equivalents, Fremantle Ports' exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents. Fremantle Ports manages credit risk on cash deposits by only holding funds at Australian financial institutions which have satisfactory credit ratings.

Fremantle Ports operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to credit risk at Statement of Financial Position date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 9.2.

Fremantle Ports follows stringent credit control and management procedures in reviewing and monitoring debtor accounts and outstanding balances as evidenced by the historical aged debtor balances. In addition, management of receivable balances includes frequent monitoring thereby minimising Fremantle Ports' exposure to bad debts. For financial assets that are either past due or impaired, refer to Note 6.2 Trade and Other Receivables.

Fremantle Ports' credit risk management, with regard to trade receivables, is further supported by rental agreements and sections 116 & 117 of the *Port Authorities Act 1999*. Section 116 refers to the liability to pay port charges in respect of vessels and Section 117 refers to the liability to pay port charges in respect of goods. Port charges are defined in Section 115.

#### *Liquidity risk*

Liquidity risk is the risk that a corporation will not be able to meet its financial obligations as they fall due.

Fremantle Ports' objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves and its borrowing facilities. Fremantle Ports manages its exposure to liquidity risk by ensuring appropriate procedures are in place to manage cash flows, including monitoring forecast cash flows to ensure sufficient funds are available to meet its commitments.

The risk implied from the values shown in the table below reflects the cash outflows from leasing obligations, trade payables and other financial liabilities which mainly originate from the financing of assets used in the ongoing operations such as property, plant and equipment and investments in working capital e.g. inventories and trade receivables.

Risk associated with the liability on borrowings is reduced by Fremantle Ports paying a guarantee charge. This charge guarantees payment to the WATC by the Government for outstanding borrowings in case of default.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 9. FINANCIAL INSTRUMENTS (CONTINUED)

### 9.1 Financial Risk Management Objectives and Policies (continued)

2015	Carrying Amount \$'000	Including Interest			Total \$'000
		< 12 months \$'000	1 - 5 years \$'000	> 5 years \$'000	
<b>Financial liabilities</b>					
Trade and other payables	15,850	15,850	-	-	15,850
Interest bearing borrowings	222,026	12,689	45,526	267,823	326,038
	237,876	28,539	45,526	267,823	341,888

2014	Carrying Amount \$'000	Including Interest			Total \$'000
		< 12 months \$'000	1 - 5 years \$'000	> 5 years \$'000	
<b>Financial liabilities</b>					
Trade and other payables	15,175	15,175	-	-	15,175
Interest bearing borrowings	237,916	14,343	59,353	296,168	369,864
	253,091	29,518	59,353	296,168	385,039

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 9. FINANCIAL INSTRUMENTS (CONTINUED)

### 9.2 Categories of Financial Instruments

Set out below are the carrying amounts of Fremantle Ports' financial instruments. The directors consider the carrying amounts of the financial instruments represent their net fair values except for special borrowings whose fair value is disclosed at Note 8.2(iv).

	Note	2015 \$'000	2014 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	6.1	34,170	42,290
Trade and other receivables	6.2	28,582	27,655
Receivables (non-current)	7.1	6,134	6,661
<b>Financial Liabilities</b>			
Trade and other payables	8.1	15,850	15,175
Interest bearing borrowings:			
Obligations under finance leases	10.2	915	987
Variable rate borrowings	8.2	208,481	213,831
Fixed rate borrowings	8.2	12,630	23,098

## 10. COMMITMENTS

### 10.1 Capital Works

#### Capital Commitments

	2015 \$'000	2014 \$'000
Commitments for the acquisition of property, plant and equipment contracted for at the end of the reporting period but not recognised as liabilities:		
Within one year	5,437	4,524

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 10. COMMITMENTS (CONTINUED)

### 10.2 Lease Commitments

#### *Finance Leases Payable*

	2015 \$'000	2014 \$'000
Future minimum lease payments in relation to finance leases payable at the end of the reporting period are as follows:		
Within one year	436	425
Later than one year but not later than five years	523	617
Minimum lease payments	959	1,042
Future finance charges	(44)	(55)
Present value of lease liabilities	915	987

#### *Representing Lease Liabilities*

	Note	2015 \$'000	2014 \$'000
Current	8.2	411	395
Non-current	8.2	504	592
		915	987

Finance leases payable are in respect of computer and office equipment and security equipment, expiring within 1 to 5 years (2014: 1 to 5 years). Under the terms of the leases, Fremantle Ports has the option to return or upgrade the equipment at the expiry of the lease agreement.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 10. COMMITMENTS (CONTINUED)

### 10.2 Lease Commitments (continued)

#### *Operating Leases Payable*

	2015 \$'000	2014 \$'000
Future minimum lease payments in relation to finance leases payable at the end of the reporting period are as follows:		
Within one year	318	338
Later than one year but not later than five years	132	244
	450	582

Operating leases payable are in respect of motor vehicles.

#### *Finance Lease Receivable*

	2015 \$'000	2014 \$'000
Amounts receivable under finance leases:		
Within one year	1,079	1,079
Later than one year but not later than five years	4,315	4,315
Later than five years	4,135	5,214
	9,529	10,608
Unearned finance income	(2,868)	(3,464)
Present value of minimum lease payments receivable	6,661	7,144

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 10. COMMITMENTS (CONTINUED)

### 10.2 Lease Commitments (continued)

#### *Representing Finance Lease Receivable*

	Note	2015 \$'000	2014 \$'000
Current	6.2	527	483
Non-current	7.1	6,134	6,661
		6,661	7,144

Finance leases receivable are in respect of buildings and plant and equipment. The lease agreement expires in April 2024. Interest is charged at 8.59% (2014: 8.59%) per annum.

#### *Operating Leases Receivable*

	2015 \$'000	2014 \$'000
Future minimum rentals receivable for operating leases at the end of the reporting period but not recognised as assets:		
Within one year	14,861	14,558
Later than one year but not later than five years	22,891	28,361
Later than five years	19,603	11,580
	57,355	54,499

Operating leases receivable are in respect of property rentals.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## II. PROVISIONS

### II.1 Current

	2015 \$'000	2014 \$'000
Fringe Benefits Tax	25	32
Employee Benefits	10,910	10,876
Retirement Benefit Obligations	386	378
Other	1,740	1,592
	13,061	12,878

### II.2 Non-Current

	2015 \$'000	2014 \$'000
Employee Benefits	4,257	3,914
Retirement Benefit Obligations	10,136	8,832
Other	3,333	3,352
	17,726	16,098

### II.3 Aggregate Employee Benefits

	2015 \$'000	2014 \$'000
Current Liability	11,296	11,254
Non-Current Liability	14,393	12,746
	25,689	24,000

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 11. PROVISIONS (CONTINUED)

### 11.3 Aggregate Employee Benefits (continued)

Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2015 \$'000	2014 \$'000
Within 12 months of the end of the reporting period	3,103	3,118
More than 12 months after the end of the reporting period	489	653
	3,592	3,771

Long service leave liabilities have been classified as current when there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2015 \$'000	2014 \$'000
Within 12 months of the end of the reporting period	1,568	1,399
More than 12 months after the end of the reporting period	4,673	4,431
	6,241	5,830

Sick leave liabilities have been classified as current when there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2015 \$'000	2014 \$'000
Within 12 months of the end of the reporting period	1,565	942
More than 12 months after the end of the reporting period	3,769	4,247
	5,334	5,189



## II. PROVISIONS (CONTINUED)

### II.4 Retirement benefit obligations

#### *Nature of the benefit provided by the Schemes*

##### *Pension Scheme*

The employer-financed benefit is a pension benefit payable on retirement, death or invalidity, or a lump sum on resignation.

##### *Gold State Super*

Some former Pension Scheme members have transferred to Gold State Super (GSS). In respect of their transferred benefit the members receive a lump sum benefit at retirement, death or invalidity which is related to their salary during their employment and indexed during any deferral period after leaving public sector employment.

#### *Description of the regulatory framework*

The Pension and GSS Schemes operate under the *State Superannuation Act 2000* (Western Australia) and the *State Superannuation Regulations 2001* (Western Australia).

Although the Schemes are not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Western Australian government has undertaken (in a Heads of Government Agreement) to operate the Schemes in accordance with the spirit of the SIS legislation.

As exempt public sector superannuation Schemes (as defined in the SIS legislation), the Schemes are not subject to any minimum funding requirements.

As a constitutionally protected scheme, the scheme is not required to pay tax.

#### *Description of other entities' responsibilities for the governance of the Scheme*

The Government Employees Superannuation Board (GESB) is the Pension and GSS Schemes Trustee and is responsible for the governance of the Schemes. As Trustee, GESB has a legal obligation to act solely in the best interests of Schemes beneficiaries. GESB has the following roles:

- Administration of the Scheme and payment to the beneficiaries when required in accordance with the Scheme rules;
- Management and investment of the Scheme assets; and
- Compliance with the Heads of Government Agreement (referred to above).



## 11. PROVISIONS (CONTINUED)

### 11.4 Retirement benefit obligations (continued)

#### *Description of risks*

There are a number of risks to which the Schemes expose Fremantle Ports. The more significant risks relating to the Pension Scheme defined benefits are:

- Legislative risk - The risk that legislative changes could be made which increase the cost of providing the defined benefits.
- Pensioner Mortality risk - The risk that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period.
- Inflation risk - The risk that inflation is higher than anticipated, increasing pension payments, and the associated employer contributions.

The more significant risks relating to the GSS defined benefits are:

- Inflation risk - The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, and/or that inflation (which affects the indexation of deferred benefits) will be higher than assumed, increasing defined benefit amounts and associated employer contributions.
- Legislative risk - The risk that legislative changes could be made which increase the cost of providing the defined benefits.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 11. PROVISIONS (CONTINUED)

### 11.4 Retirement benefit obligations (continued)

#### *Description of significant events*

There were no plan amendments, curtailments or settlements during the year.

#### *Reconciliation of the Net Defined Benefit Liability*

	2015 \$'000	2014 \$'000
<b>Pension Scheme</b>		
Defined Benefit Obligation	9,129	7,884
Fair value of scheme assets	-	-
Deficit	9,129	7,884
Adjustments for effect of asset ceiling	-	-
<b>Net defined liability</b>	9,129	7,884
<b>Gold State Super</b>		
Defined Benefit Obligation	1,393	1,326
Fair value of scheme assets	-	-
Deficit	1,393	1,326
Adjustments for effect of asset ceiling	-	-
<b>Net defined liability</b>	1,393	1,326

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 11. PROVISIONS (CONTINUED)

### 11.4 Retirement benefit obligations (continued)

#### *Reconciliation of the Fair Value of Scheme Assets*

	2015 \$'000	2014 \$'000
<b>Pension Scheme</b>		
<b>Fair value of scheme assets at the beginning of the year</b>	-	-
Employer contributions	171	165
Benefits paid	(171)	(165)
<b>Fair value of scheme assets at end of the year</b>	-	-
<b>Gold State Super</b>		
<b>Fair value of scheme assets at the beginning of the year</b>	-	-
Employer contributions	-	456
Benefits paid	-	(456)
<b>Fair value of scheme assets at end of the year</b>	-	-

#### *Reconciliation of the Effect of the Asset Ceiling*

The asset ceiling has no impact on the net defined benefit liability.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 11. PROVISIONS (CONTINUED)

### 11.4 Retirement benefit obligations (continued)

#### *Fair value of Scheme assets*

There are no assets in the Pension Scheme to support the State Share of the Benefit and no assets in the Gold State Super for current employees to support the transferred benefits. Hence, there is/are:

- No fair value of Scheme assets;
- No asset allocation of Scheme assets;
- No financial instruments issued by the employer;
- No assets used by the employer;
- No asset-liability matching strategies.

#### *Funding arrangements*

The employer contributes, as required, to meet the benefits paid.

#### *Expected contributions*

	2016 \$'000
<b>Pension Scheme</b>	
Expected employer contributions	174
<b>Gold State Super</b>	
Expected employer contributions	212

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 11. PROVISIONS (CONTINUED)

### 11.4 Retirement benefit obligations (continued)

#### *Maturity profile of defined benefit obligation*

##### **Pension Scheme**

The weighted average duration of the Fremantle Ports defined benefit obligation is 16.6 years.

##### **Gold State Super**

The weighted average duration of the Fremantle Ports defined benefit obligation is 5.0 years.

#### *Reconciliation of the Defined Benefit Obligation*

2015 changes in the defined benefit obligation and fair value of plan assets:

	1 July 2014	Costs charged to Statement of Comprehensive Income (SoCI)			Benefits Paid	Re-measurement gains/(losses) in other comprehensive income (OCI)				Contributions by Employer	Total 30 June 2015
		Service Cost	Net Interest	Subtotal incl. in SoCI (Note 3(ii))		Actuarial changes arising from changes in Financial Assumptions	Actuarial changes arising from changes in Liability Experience	Actuarial changes arising from changes in Demographic Assumptions	Sub-Total incl. in OCI		
<b>2015</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Pension Scheme defined benefit obligation	7,884	-	288	<b>288</b>	(171)	1,110	18	-	<b>1,128</b>	-	<b>9,129</b>
Gold State Super defined benefit obligation	1,326	-	44	<b>44</b>	-	8	15	-	<b>23</b>	-	<b>1,393</b>
<b>Benefit liability</b>	<b>9,210</b>			<b>332</b>	<b>(171)</b>	<b>1,118</b>	<b>33</b>	<b>-</b>	<b>1,151</b>	<b>-</b>	<b>10,522</b>

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## II. PROVISIONS (CONTINUED)

### II.4 Retirement benefit obligations (continued)

#### Reconciliation of the Defined Benefit Obligation

2014 changes in the defined benefit obligation and fair value of plan assets:

	1 July 2013	Costs charged to Statement of Comprehensive Income (SoCI)			Benefits Paid	Re-measurement gains/(losses) in other comprehensive income (OCI)				Contributions by Employer	Total 30 June 2014
		Service Cost	Net Interest	Subtotal incl. in SoCI (Note 3(ii))		Actuarial changes arising from changes in Financial Assumptions	Actuarial changes arising from changes in Liability Experience	Actuarial changes arising from changes in Demographic Assumptions	Sub-Total incl. in OCI		
<b>2014</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Pension Scheme defined benefit obligation	7,657	-	256	<b>256</b>	(165)	(393)	529	-	<b>136</b>	-	<b>7,884</b>
Gold State Super defined benefit obligation	1,725	-	56	<b>56</b>	(456)	(22)	23	-	<b>1</b>	-	<b>1,326</b>
<b>Benefit liability</b>	9,382			<b>312</b>	<b>(621)</b>	<b>(415)</b>	<b>552</b>	-	<b>137</b>	-	<b>9,210</b>

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



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## II. PROVISIONS (CONTINUED)

### II.4 Retirement benefit obligations (continued)

#### Sensitivity Analysis

The defined benefit obligation as at 30 June 2015 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected pension increase rate sensitivity. Scenario E and F relate to expected salary increase and indexation rate sensitivity.

Scenario A: 0.5% pa lower discount rate assumption

Scenario B: 0.5% pa higher discount rate assumption

Scenario C: 0.5% pa lower than expected pension increase rate assumption

Scenario D: 0.5% pa higher than expected pension increase rate assumption

Scenario E: 0.5% pa lower expected salary increase and indexation rate assumption

Scenario F: 0.5% pa higher expected salary increase and indexation rate assumption

2015 Sensitivity Level	Base Case	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
		Discount Rate		Pension Increase Rate		Salary Increase & Indexation Rate	
		(0.50%)	+0.50%	(0.50%)	+0.50%	(0.50%)	+0.50%
<b>Pension Scheme</b>							
Discount Rate	2.74%	2.24%	3.24%	2.74%	2.74%	-	-
Pension increase rate	2.50%	2.50%	2.50%	2.00%	3.00%	-	-
Defined benefit obligation (\$'000)	9,129	9,911	8,436	8,508	9,816	-	-
<b>Gold State Super</b>							
Discount Rate	2.74%	2.24%	3.24%	-	-	2.74%	2.74%
Salary increase rate	4.00%	4.00%	4.00%	-	-	3.50%	4.50%
Defined benefit obligation (\$'000)	1,393	1,428	1,360	-	-	1,367	1,420

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



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## 11. PROVISIONS (CONTINUED)

### 11.4 Retirement benefit obligations (continued)

*Sensitivity Analysis (continued)*

2014 Sensitivity Level	Base Case	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
		Discount Rate		Pension Increase Rate		Salary Increase & Indexation Rate	
		(0.50%)	+0.50%	(0.50%)	+0.50%	(0.50%)	+0.50%
<b>Pension Scheme</b>							
Discount Rate	3.69%	3.19%	4.19%	3.69%	3.69%	-	-
Pension increase rate	2.50%	2.50%	2.50%	2.00%	3.00%	-	-
Defined benefit obligation (\$'000)	7,884	8,533	7,307	7,377	8,442	-	-
<b>Gold State Super</b>							
Discount Rate	3.69%	3.19%	4.19%	-	-	3.69%	3.69%
Salary increase rate	5.00%	5.00%	5.00%	-	-	4.50%	5.50%
Defined benefit obligation (\$'000)	1,326	1,361	1,291	-	-	1,296	1,355

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, while retaining all other obligations.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 11. PROVISIONS (CONTINUED)

### 11.4 Retirement benefit obligations (continued)

*Significant Actuarial Assumptions at the Reporting Date*

	2015 \$'000	2014 \$'000
<b>Pension Scheme</b>		
<b>Assumptions to Determine Superannuation Expense for the Following Year</b>		
Discount rate (active members)	3.69%	3.38%
Discount rate (pensioners)	3.69%	3.38%
Expected salary increase rate	5.00%	5.00%
Expected pension increase rate	2.50%	2.50%
<b>Assumptions to determine Defined Benefit Obligation at the Valuation Date</b>		
<b>Assumptions to Determine Superannuation Expense</b>		
Discount rate (active members)	2.74%	3.69%
Discount rate (pensioners)	2.74%	3.69%
Expected salary increase rate	4.00%	5.00%
Expected pension increase rate	2.50%	2.50%
<b>Gold State Super</b>		
<b>Assumptions to Determine Superannuation Expense for the Following Year</b>		
<b>Assumptions to Determine Superannuation Expense</b>		
Discount rate (active members)	3.69%	3.38%
Discount rate (pensioners)	5.00%	5.00%
Expected salary increase rate	2.50%	2.50%

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 11. PROVISIONS (CONTINUED)

### 11.4 Retirement benefit obligations (continued)

*Significant Actuarial Assumptions at the Reporting Date (continued)*

	2015 \$'000	2014 \$'000
<b>Assumptions to determine Defined Benefit Obligation at the Valuation Date</b>		
Assumptions to Determine Superannuation Expense	2.74%	3.69%
Discount rate (active members)	2.74%	3.69%
Discount rate (pensioners)	4.00%	5.00%
Expected salary increase rate	2.50%	2.50%

The discount rate is based on the Government bond maturing in April 2025. The decrement rates used (e.g. mortality and retirement rates) are based on those used at the last actuarial valuation for the Schemes.

### 11.5 Reconciliations

Reconciliations for the carrying amounts of each class of provision, except for employee benefits, are set out below:

	2015 \$'000
<b>Fringe Benefits Tax</b>	
Carrying amount at 1 July	32
Provisions made during the year	127
Amounts utilised in the year	(134)
Carrying amount at 30 June	25

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 11. PROVISIONS (CONTINUED)

### 11.5 Reconciliations (continued)

	2015 \$'000
<b>Other</b>	
Carrying amount at 1 July	4,944
Provisions made during the year	328
Amounts utilised in the year	(199)
Carrying amount at 30 June	5,073

## 12. OTHER LIABILITIES

	2015 \$'000	2014 \$'000
<b>Current</b>		
Prepaid Rental Income	1,365	1,060
Interest Received in Advance	35	122
	1,400	1,182
<b>Non-Current</b>		
Prepaid Rental Income	1,472	1,490

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



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## 13. EQUITY

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2013		75,190	148,127	223,317
Equity contribution during the year		29,869	-	29,869
Total comprehensive income		-	37,845	37,845
Dividends paid	5	-	(18,795)	(18,795)
Balance at 30 June 2014		105,059	167,177	272,236
Total comprehensive income		-	47,269	47,269
Dividends paid	5	-	(46,707)	(46,707)
Balance at 30 June 2015		105,059	167,739	272,798

In May 2013, Fremantle Ports was granted approval from the WA Government to be reimbursed for its share of costs associated with the Kewdale Intermodal Rail Supply Chain (KIRSC) capital project, by way of an equity contribution. During the year ended 30 June 2014 an equity contribution of \$29.869 million was received. No further contributions are anticipated.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 14. NOTES TO STATEMENT OF CASH FLOWS

### Reconciliation of net cash inflow from operating activities to profit after income tax

	2015 \$'000	2014 \$'000
<b>Net Profit after income tax</b>	<b>48,075</b>	<b>37,941</b>
Non cash items		
Depreciation	15,578	14,458
Amortisation of leased assets	466	474
Net loss on derecognition of property, plant and equipment	432	1,090
Impairment loss on property, plant and equipment	84	-
Contribution of assets	(930)	(423)
Taxable items presented in Other Comprehensive Income		
Remeasurements of defined benefit liability	(806)	(96)
Changes in assets and liabilities		
Receivables	(814)	(3,512)
Inventories	522	(1,042)
Prepaid expenses	(69)	19
Payables	675	(3,790)
Prepaid rental income and interest received in advance	200	(166)
Employee benefits	1,689	(351)
Income tax payable	2,213	(2,470)
Deferred tax assets	2,010	(1,757)
Others	123	31
<b>Net cash inflow from operating activities</b>	<b>69,448</b>	<b>40,406</b>

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 15. REMUNERATION OF AUDITORS

	2015 \$'000	2014 \$'000
Remuneration for audit of the financial statements	169	165

## 16. RELATED PARTIES

The following persons held the position of director during the financial year and until the date of this report:

Dr. Jim Limerick, Chairman  
Ms. Helen Cook, Deputy Chair  
Mr. Michael Feutrill  
Ms. Jillian Hoffmann  
Ms. Fiona Lander  
Mr. David Smith (appointed 1 January 2015)

There are no transactions during the year with the directors or other related parties.

## 17. CONTINGENT LIABILITIES AND ASSETS

There are no contingent assets at reporting date.

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

### Contaminated sites

Under the *Contaminated Sites Act 2003* (the Act), Fremantle Ports is required to report all land owned, vested or leased by Fremantle Ports that is known to be, or is suspected of being, contaminated to the Department of Environment and Conservation (DEC). In accordance with the Act, the DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as either 'contaminated – remediation required' or 'possibly contaminated – investigation required', Fremantle Ports may have a liability in respect of investigation or remediation expenses.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## 17. CONTINGENT LIABILITIES AND ASSETS (CONTINUED)

### Contaminated sites (continued)

A provision for remediation expenses has been recognised for sites classified as 'contaminated – remediation required'. A remaining portion of the sites require further investigation to determine the extent of, if any, potential remediation requirements and consequently, it is not yet practicable to reliably estimate the potential timing or financial effect. Amounts required to undertake further detailed site investigations and assessment have been recognised.

At 30 June 2015, a provision for environmental remediation of \$3.450 million (2014: \$3.559 million) has been provided for sites classified by the DEC as 'contaminated – remediation required'.

## 18. EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of Fremantle Ports, to affect significantly the operations, the results of those operations, or the state of affairs, in future financial years.

# DISCLOSURES AND LEGAL COMPLIANCE

## DIRECTORS' DECLARATION



FREMANTLE PORTS ANNUAL REPORT

### DIRECTORS' DECLARATION

In the opinion of the Directors of the Fremantle Port Authority:

- (a) the financial statements and notes, set out on pages 62 to 131 are in accordance with the financial reporting provisions of the *Port Authorities Act 1999*, including:
  - (i) giving a true and fair view of the financial position of the Fremantle Port Authority as at 30 June 2015 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Port Authorities Act 1999*; and
- (b) there are reasonable grounds to believe that the Fremantle Port Authority will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors on 21 August 2015.

**Chairman**

**Director**

27 August 2015

# DISCLOSURES AND LEGAL COMPLIANCE

## FINANCIAL AUDIT OPINION



2015

FREMANTLE PORTS ANNUAL REPORT



### Auditor General

#### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

#### FREMANTLE PORT AUTHORITY

I have audited the financial report of the Fremantle Port Authority. The financial report comprises the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended, Notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

#### Directors' Responsibility for the Financial Report

The directors of the Fremantle Port Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Port Authorities Act 1999, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing Standards, and other relevant ethical requirements.

#### Opinion

In my opinion, the financial report of the Fremantle Port Authority is in accordance with schedule 5 of the Port Authorities Act 1999, including:

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Fremantle Port Authority for the year ended 30 June 2015 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

COLIN MURPHY  
AUDITOR GENERAL  
FOR WESTERN AUSTRALIA  
Perth, Western Australia  
31 August 2015

# DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL PERFORMANCE INDICATORS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## FINANCIAL PERFORMANCE INDICATORS

In addition to the key performance indicators provided, the following financial performance indicators, which are not subject to audit, are provided to assist users to assess the financial performance of Fremantle Ports. The indicators selected are considered appropriate for use in either evaluating the performance of a Government Trading Enterprise or an entity in the private sector.

### Current Ratio – Graph 1

After adjusting for GST, this ratio is used to ascertain the extent to which current assets may be realised to meet current liabilities.

	2015 \$'000		2014 \$'000	
Total Current Assets	64,943	= 1.9	72,727	= 2.3
Total Current Liabilities	34,991		31,523	

### Free Cash Flow – Graph 2

Measures the net cash flow available as a source of funds from operations after meeting interest costs.

	2015 \$'000		2014 \$'000	
Net Cashflow from Operations (after interest)	69,448	= 83.3%	40,406	= 76.0%
Net Cashflow from Operations (before interest)	83,416		53,199	

### Debtors Average Collection Period – Graph 3

Shows the rate at which debtors generate cash flow for use in operations.

	2015 \$'000		2014 \$'000	
Average Trade Debtors	21,193 × 365	= 33 days	19,163 × 365	= 32 days
Sales Revenue	233,783		219,280	

# DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL PERFORMANCE INDICATORS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## FINANCIAL PERFORMANCE INDICATORS (CONTINUED)

### Interest Cover - Graph 4

Provides an indication of Fremantle Ports' ability to meet interest costs from operating profit.

	2015 \$'000		2014 \$'000	
Earnings Before Interest and Tax	83,645	= 6.01 times	67,229	= 5.39 times
Total Interest Costs	13,908		12,472	

### Return on Assets – Graph 5

This measures the rate of return earned through operating total assets provided by Fremantle Ports.

	2015 \$'000		2014 \$'000	
Earnings Before Interest and Tax	83,645	= 15.1%	67,229	= 12.6%
Average Total Assets	553,042		532,090	

### Economic Rate of Return - Graph 6

In accordance with Government policy\*, Fremantle Ports is required to report a rate of return on non-current assets valued at Deprival Value. This indicator quantifies the rate of return earned on average non-current assets of Fremantle Ports.

	2015 \$'000		2014 \$'000	
Operating EBIT (excluding significant items) + Depreciation - Deprival Value Depreciation	81,844	= 14.3%	65,929	= 10.7%
Deprival Value of Assets - Accumulated Deprival Value Depreciation	570,785		615,119	

\*In accordance with Government's revised rate of return policy commencing 1 July 2014, the calculation of economic rate of return excludes current assets.

# DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL PERFORMANCE INDICATORS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## Graph 1 - Current Ratio Comparison

2010-11 to 2014-15

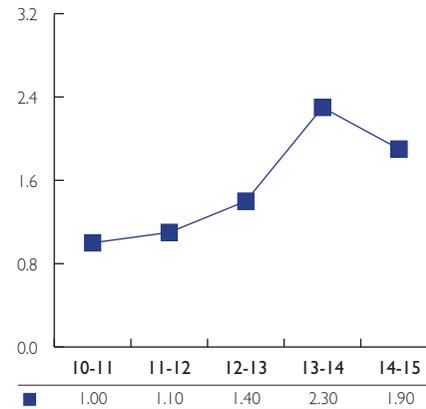
## Graph 2 - Free Cash Flow Comparison

2010-11 to 2014-15

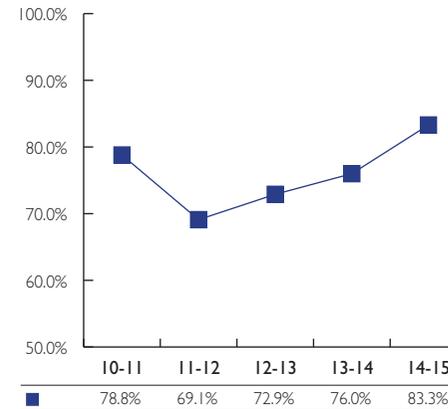
## Graph 3 - Debtors Average Collection Period Comparison

2010-11 to 2014-15

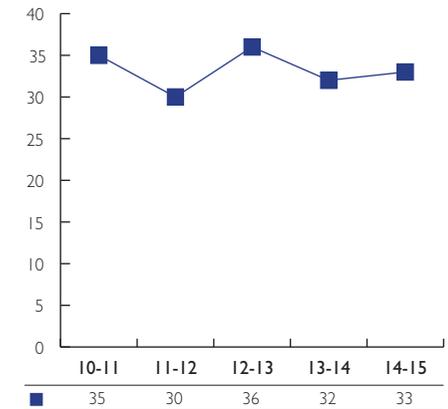
Graph 1



Graph 2



Graph 3



## Graph 4 - Interest Cover Comparison

2010-11 to 2014-15

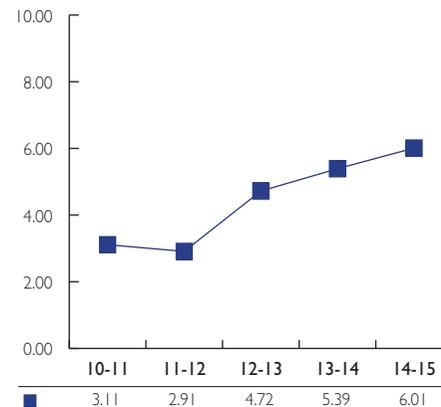
## Graph 5 - Return on Assets Comparison

2010-11 to 2014-15

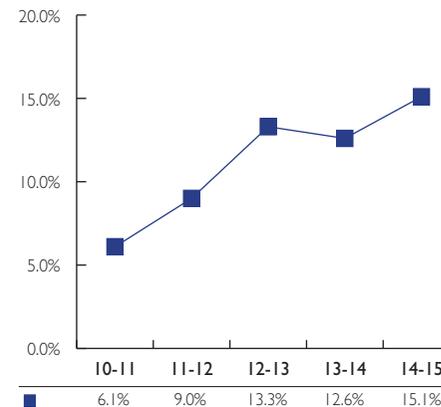
## Graph 6 - Economic Rate of Return Comparison

2010-11 to 2014-15

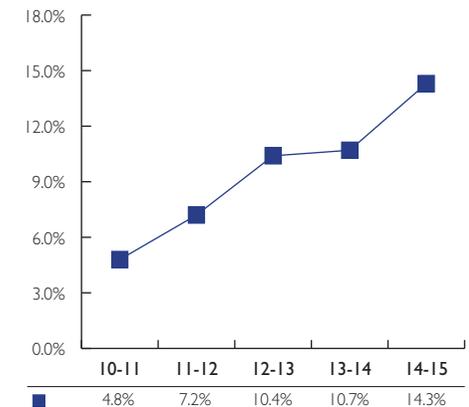
Graph 4



Graph 5



Graph 6



# DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## Service Delivery

### OUR OBJECTIVE

- Providing exceptional services that exceed customer expectations

### Outcomes Sought:

- Understanding of customer needs
- Meeting or exceeding customer expectations
- Availability and reliability of all services and facilities
- Responsiveness

## Berthing Delays – Incoming Vessels

The performance targets for port operations include maximum berthing delays due to the unavailability of services and berths for container vessels in the Inner Harbour and for all vessels at Fremantle Ports' Kwinana Bulk Terminal and Kwinana Bulk Jetty in the Outer Harbour.

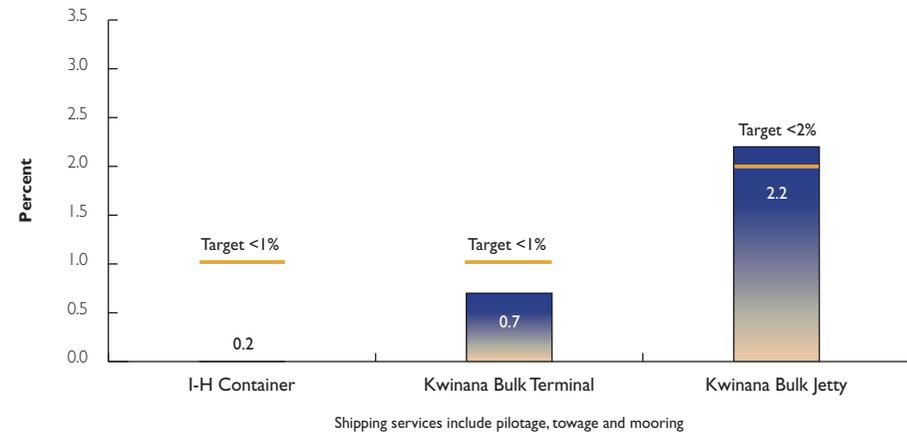
### Fig 1. Delays to Incoming Vessels due to Unavailability of Shipping Services 2014-15

Percentage of Total Vessels Affected

Services include pilotage, towage and mooring. This performance indicator measures the percentage of ships affected and the average hours per delay for unavailability of services and berths.

Figures 1 and 2 below show that in the Inner Harbour container shipping sector, Fremantle Port's Inner Harbour did better than its target

with no incoming vessel delays recorded as a result of the unavailability of shipping services. At the Kwinana Bulk Terminal there was one recorded delay of incoming vessels affected due to the unavailability of shipping services and Kwinana Bulk Jetty was similar to the target of < 2 per cent.



# DISCLOSURES AND LEGAL COMPLIANCE

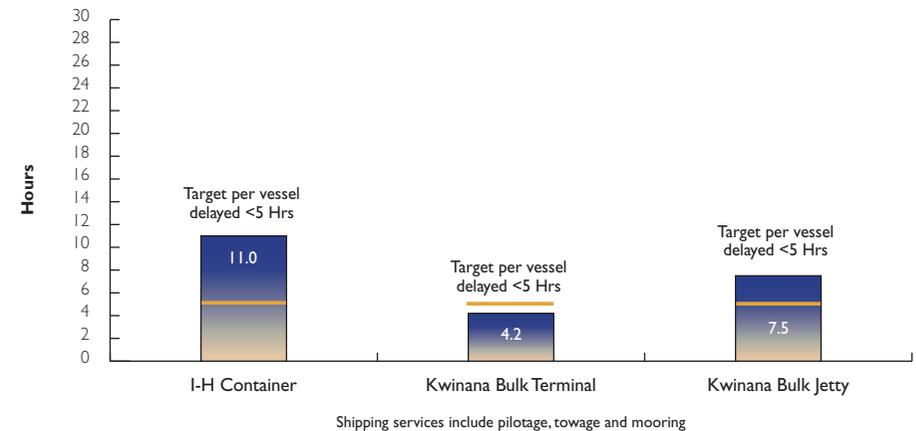
KEY PERFORMANCE INDICATORS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

**Fig 2. Delays to Incoming Vessels due to Unavailability of Shipping Services 2014-15**

Average hours of delay per vessel delayed



## Crane Rates

Container stevedoring in Fremantle Ports is carried out by Patrick (Asciano) and DP World. Crane rates are a measure of the productivity of the container terminal operators in the port. The crane rate is the number of containers handled divided by the elapsed crane time. The elapsed crane time is the total allocated crane hours, less operational and non-operational delays.

Figure 3 shows that Fremantle Port's crane rates measured in containers per hour have increased by 29.5 per cent from the December Quarter 2000 to the December Quarter 2014 (latest figures released by Waterline).

Wharfside productivity in Fremantle (crane lifts per hour a vessel spent in berth) was 18.4 per cent higher than the five port average in the December quarter 2014. Productivity has been above the five port average from the December quarter 2012 to the December quarter 2014.

The crane rate in Fremantle increased from 31.1 to 34.7 in the December quarter 2014,

the highest of all major capital city ports. The crane rate is calculated as the total number of containers handled divided by the total elapsed crane time. (Source - BITRE Waterline publications)

The ability for Patrick and DP World to service larger, more efficient ships with new generation cranes will improve productivity. The average size of container vessels has increased from 33,184 gross tons (GT) in 2004-05 to 43,719 GT in 2014-15, an increase of 24 per cent over that period.

The average number of containers exchanged per container vessel in 2014-15 increased to 1,455 TEU compared to 1,371 TEU last year.

# DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2015

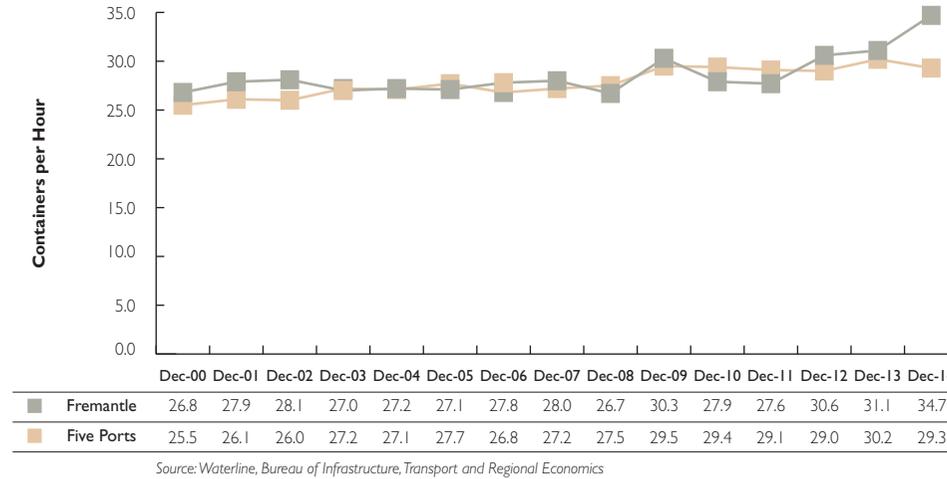


2015

FREMANTLE PORTS ANNUAL REPORT

**Fig 3. Container Terminal Performance Indicators Comparison of Crane Rates between Fremantle and Five Ports Average**

December 2000 to December 2014  
Containers per Hour



## CUSTOMER SATISFACTION

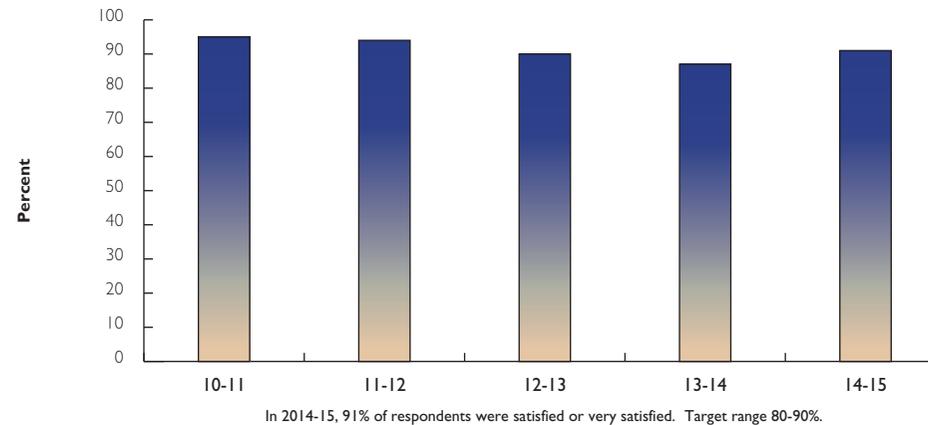
Fremantle Ports conducted a survey of shipping lines in 2015. The survey was conducted as part of Fremantle Ports' customer liaison program with major lines and agents. A total of 23 shipping lines were surveyed and the response rate was 90 per cent.

The overall results were analysed by a firm of marketing and communications research consultants.

Figure 4 shows that 91 per cent of respondents were satisfied or very satisfied with services provided by Fremantle Ports which was better than the target range of 80-90 per cent.

**Fig 4. Shipping Line/Agent Survey Services - 2010-11 to 2014-15**

Level of Overall Satisfaction with Fremantle Ports' Services



# DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2015



2015

FREMANTLE PORTS ANNUAL REPORT

## Capability for the Future

### OUR OBJECTIVE

Ensuring sound planning for all aspects of our business including resources, services and infrastructure

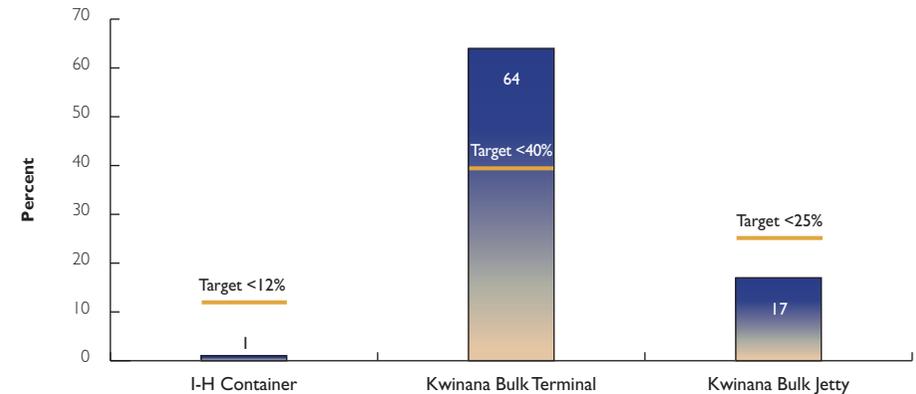
### Outcomes Sought:

- Relevant planning is undertaken across all areas
- Providing appropriate infrastructure and services for current and future trade

### Fig 5. Unavailability of Berths 2014-15

% of total vessels affected

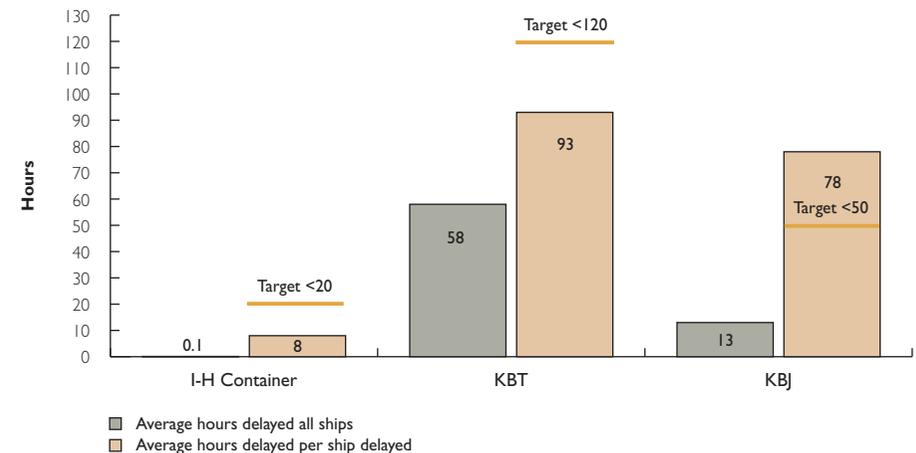
Figure 5 shows that 1 per cent of Inner Harbour container vessels incurred delays due to unavailability of berths (percentage of total vessels affected), which was well within target. Unavailability of berths at Kwinana Bulk Terminal was higher than the target at 64 per cent, but within target at the Kwinana Bulk Jetty.



### Fig 6. Unavailability of Berths 2014-15

Average hours of delay

Figure 6 shows that Fremantle Ports was within its target for average hours of delay due to unavailability of berths in the Inner Harbour and Kwinana Bulk Terminal. Kwinana Bulk Jetty delays increased due to additional shipments of cement clinker and granulated slag normally unloaded at Kwinana Bulk Terminal.



# DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## Trade and Business Growth

### OUR OBJECTIVE

Promoting and facilitating trade and business growth opportunities

### Outcomes Sought:

- Trade growth
- Meeting or exceeding customer expectations for customer growth initiative
- Business growth

### TOTAL BULK AND NON-CONTAINERISED TRADE (REVENUE TONNES)

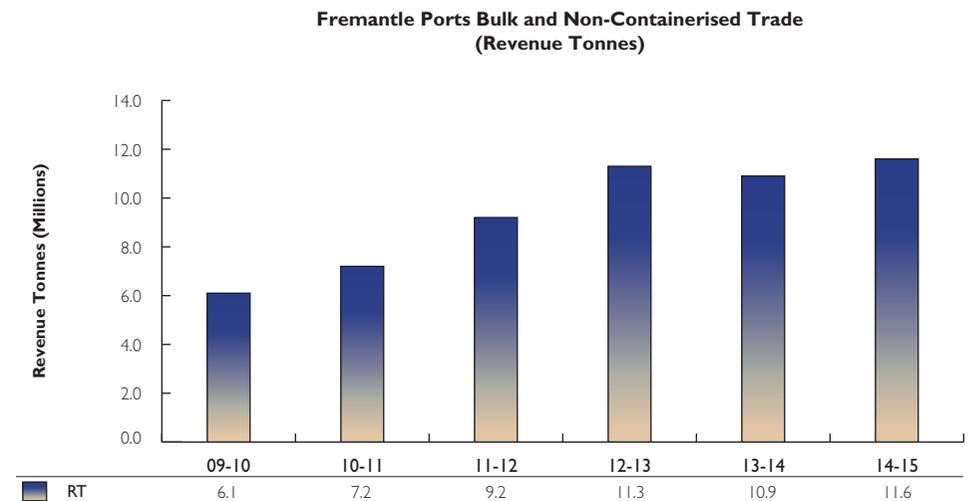
Figure 7 shows that the total chargeable bulk and non-containerised trade was 0.7 million tonnes or 6.6 per cent higher than last year. Total exports increased by 0.4 million tonnes or 8.1 per cent to 5.8 million tonnes while total imports increased by 0.3 million tonnes or 5.3 per cent to 5.8 million tonnes.

Total trade in the Outer Harbour (Kwinana Bulk Terminal and Kwinana Bulk Jetty) totalled 8.75 million tonnes, an increase of 0.9 million tonnes or 11.6 per cent. Imports in the Outer Harbour increased by 14.1 per cent or 0.4 million tonnes mainly due to increases in cement clinker and ammonia. Exports in the Outer Harbour grew by 0.5 million tonnes or 9.6 per cent due to the increase of iron ore exported from Kwinana Bulk Terminal. The overall

increase in bulk and non-containerised trade was 0.7 million tonnes or 6.6 per cent, however this was predominantly due from increases in the Outer Harbour. The Inner Harbour non-containerised trade decreased by 0.2 million tonnes or 6.0 per cent. This resulted from a fall in new motor vehicle imports by 8,236 or 0.1 million tonnes and a decrease in exports of scrap metal by 0.1 million tonnes or 27.7 per cent.

**Fig 7. Fremantle Ports Bulk and Non-Containerised Trade**

Revenue Tonnes



Note: The Statement of Corporate Intent forecast for Fremantle Ports trade in 2014-15 was annual growth of 1.0 percent.

# DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2015

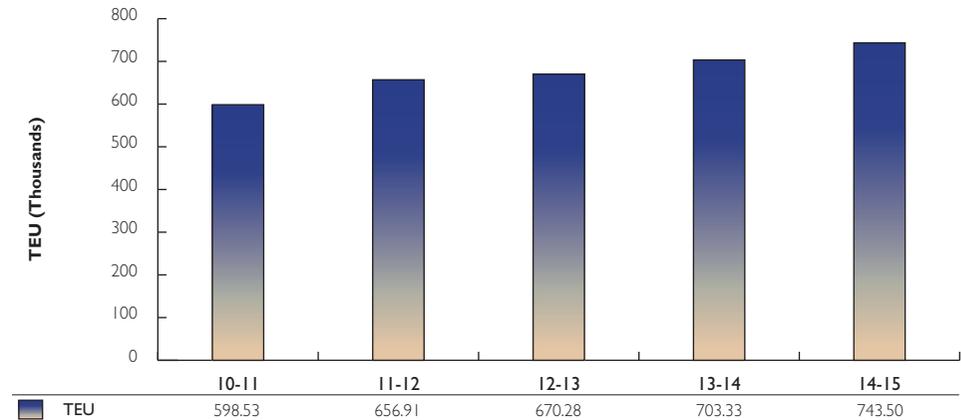


2015

FREMANTLE PORTS ANNUAL REPORT

**Fig 8. Total Container Trade**

TEU



The Statement of Corporate Intent forecast for total container trade in 2014-15 was annual growth of 3.0 percent

## TOTAL CONTAINER TRADE

Figure 8 shows that container trade has increased by 24.1 per cent since 2010-11 and by 5.7 per cent over the 12 months to 30 June 2015.

The main features of the container trade over the past 12 months were as follows:

- Total container trade increased by 5.7 per cent. Exports increased by 6.2 per cent and imports increased 5.2 per cent.
- Full container exports increased by 8.0 per cent or 16,458 TEU and full imports increased by 4.4 per cent or 14,917 TEU.

- Empty container exports increased by 3.5 per cent and empty imports increased by 17.9 per cent.
- Coastal container throughput increased by 13.4 per cent or 11,239 TEU. Coastal full container throughput totalled 73,877 TEU, an increase of 8.9 per cent.
- The number of container vessel visits to Fremantle Port increased from 502 visits in 2013-14 to 511 visits in 2014-15.

# DISCLOSURES AND LEGAL COMPLIANCE

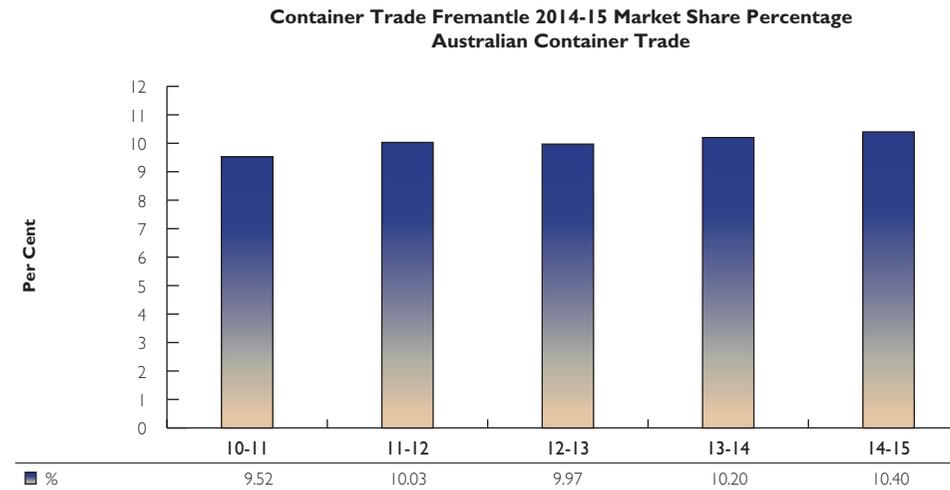
KEY PERFORMANCE INDICATORS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## Fig 9. Container Trade Fremantle

2014-15 Market Share % Australian Container Trade



## CONTAINER TRADE - MARKET SHARE

Figure 9 shows that Fremantle Ports' market share, measured as the number of containers through Fremantle as a percentage of Australian capital city ports (excluding Hobart), increase by 0.2 per cent to 10.4 per cent over the previous year.

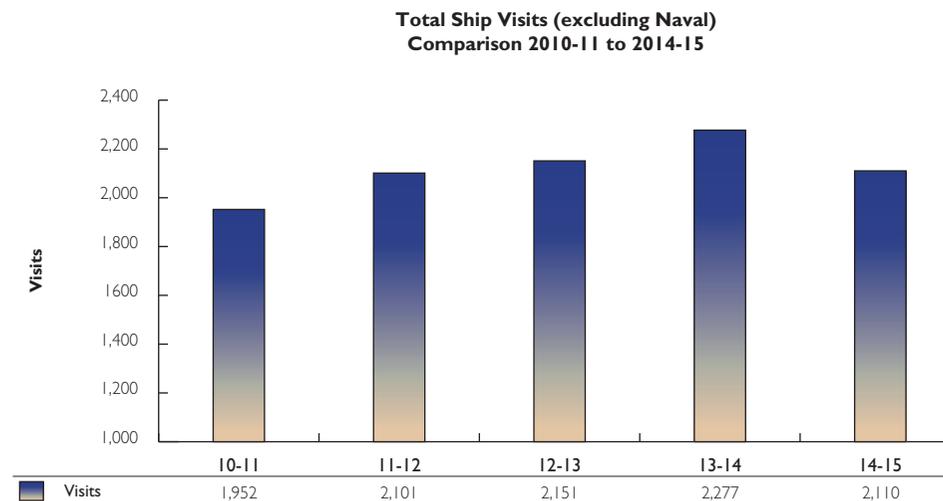
## NUMBER OF SHIP VISITS

Figure 10 shows that the number of ship visits for commercial, non-trading and fishing vessels (naval vessels of war are excluded) decreased by 7.3 per cent over the 12 months to 30 June 2015.

Commercial ship visits decreased by 40 visits in the Inner Harbour and decreased by 30 visits in the Outer Harbour.

The decline in commercial ship visits in the Inner Harbour was mainly due to the fall of general cargo vessels by 15 visits and a decrease in car carriers by 14 visits. The decrease of commercial ship visits to the Outer Harbour is mainly due to fewer bunker visits and decreases in tugs and barges vessels involved in the North West Gorgon project.

## Fig 10. Total Ship Visits



# DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

## Business Sustainability

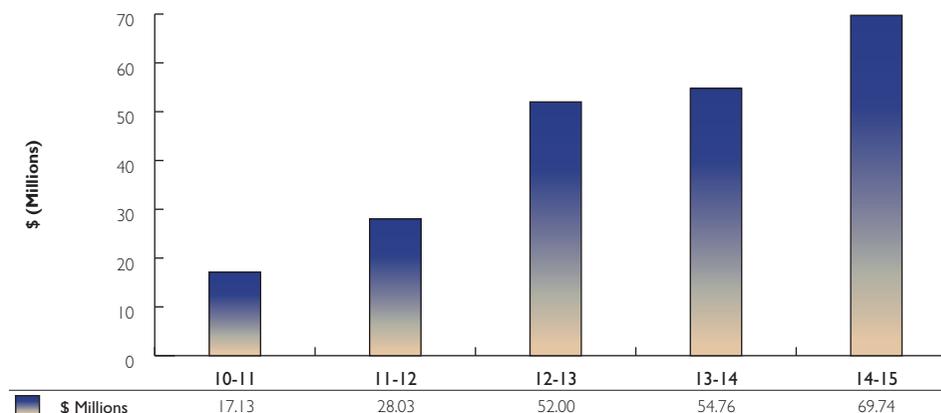
### OUR OBJECTIVE

Ensuring business sustainability through our excellent performance in all areas, innovation, business improvement and community and stakeholder engagement.

### Outcomes Sought:

- Embedding of the Australian Business Excellence Framework and our sustainability principles
- Business improvement
- Innovation
- Competitiveness of services and facilities
- Financial viability
- Triple bottom line
- Safety and protection of the environment
- Understanding of community and stakeholders requirements.

**Fig 11. Operating Profit before Income Tax Equivalent Payments**



Note: For comparative purposes the above figures exclude individually significant items.

### FREMANTLE PORTS' PROFIT BEFORE INCOME TAX EQUIVALENT (Excluding Individually Significant Items)

Figure 11 shows that operating profit before income tax equivalent reached \$69.74 million in 2014-15 which was 27.4 per cent higher than 2013-14.

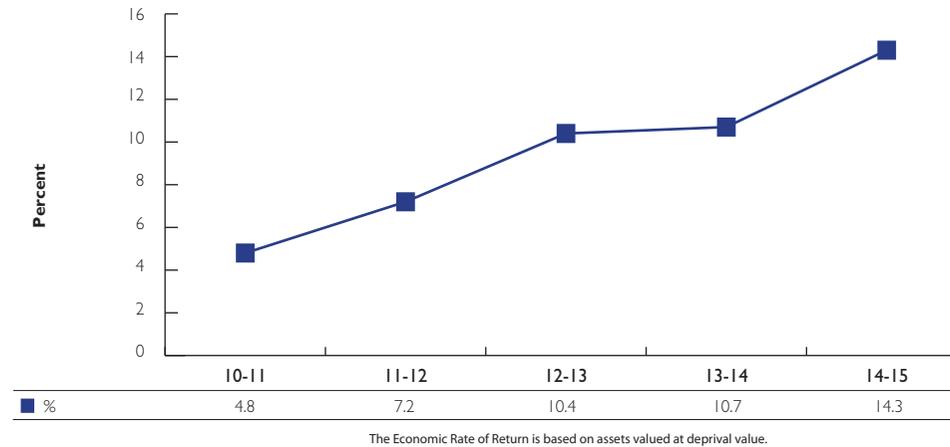
# DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2015



FREMANTLE PORTS ANNUAL REPORT

**Fig 12. Economic Rate of Return on Assets**



## ECONOMIC RATE OF RETURN ON ASSETS

Figure 12 shows that the Economic Rate of Return on Assets was 14.3 per cent for the financial year 2014-15. This compares to a target of 9 per cent for the year, as agreed by the State Government.

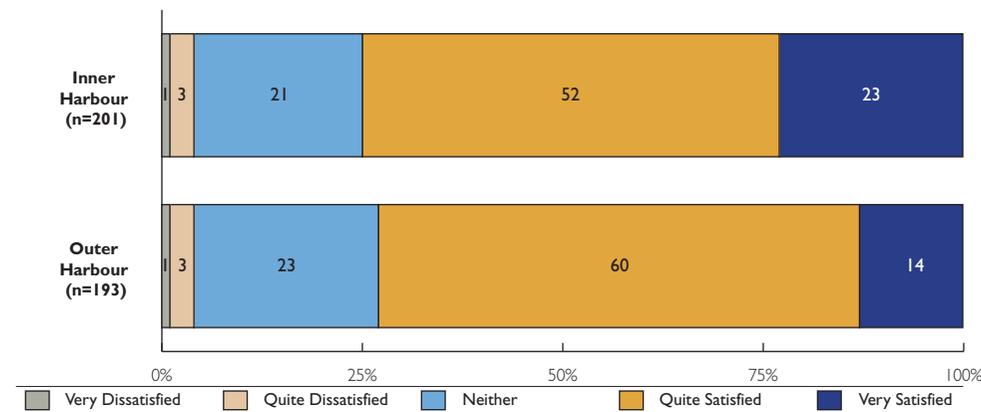
## COMMUNITY SATISFACTION

Fremantle Ports conducted a community satisfaction survey in June 2015 as part of its community liaison program. This involved a telephone survey with 200 residents in the Inner Harbour area (North Fremantle, South Fremantle, East Fremantle, and Fremantle) and 200 residents in the Outer Harbour (Cockburn, Kwinana, and Rockingham). The overall results were analysed by a firm of marketing and communications research consultants.

Figure 13 shows that 75 per cent of respondents in the Inner Harbour and 74 per cent in the Outer Harbour were very satisfied or quite satisfied with the performance of Fremantle Ports overall and that 21 per cent and 23 per cent respectively were neither satisfied nor dissatisfied.

**Fig 13. Overall Satisfaction with Fremantle Ports – June 2015**

Q. How satisfied are you with the performance of Fremantle Ports overall?





### LEGISLATIVE FRAMEWORK

Fremantle Port Authority, which operates under its registered business name, Fremantle Ports, is a commercialised trading entity under the *Port Authorities Act 1999*. The Act sets out a clear role for Port Authorities in facilitating trade in a commercially responsible manner and establishes clear lines of accountability with the State Government.

Under the Act, Fremantle Ports has a duty to act on commercial principles. The Act gives Fremantle Ports the powers to perform defined functions, including the power to hold and dispose of assets and enter into commercial arrangements. It exempts Fremantle Ports from the *Public Sector Management Act 1994*, but requires it to put in place minimum standards that reflect the principles of the Act and to report annually to the Commissioner for Public Standards.

The *Port Authorities Act 1999* adopts financial reporting provisions equivalent to those of Corporations Law and exempts Fremantle Ports from the Financial Management Act 2006, with the exception of audit provisions, which means that the Auditor General continues to conduct annual audits.

The *Ports Legislation Amendment Act 2014* was assented on 20 May 2014, with some amendments impacting on Fremantle Ports effective from 1 July 2014. The most significant being provision of interim dividends in the *Port Authorities Act 1999* and gazettal of pilotage fees removed from the Port Authorities Regulations 2001.

### BOARD OF DIRECTORS

Fremantle Ports' governing body is a Board of six Directors appointed by and responsible to the Minister for Transport. Directors are selected for their range of relevant experience and skills. They may hold office for up to three years, and are eligible to be re-appointed.

Details of the Directors are included on pages 12 and 13.

The enabling legislation sets out the roles, responsibilities and powers of the Board, and the Chief Executive Officer, who is appointed by the Board (subject to the Minister's agreement) and who is responsible for day-to-day management.

### BOARD ROLE AND ACTIVITIES

The Board sets the strategic direction of Fremantle Ports, agreeing goals for management and monitoring the achievement of those goals. 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. Quarterly progress reports are submitted to the Minister and each of these plans is updated annually.

Meetings of the full Board are held monthly.



### DIRECTORS' CODE

The Directors' *Code of Conduct* identifies the minimum standards of conduct required of all Directors of the Fremantle Port Authority in carrying out their duties and responsibilities. Directors agree to be bound by the Code, which covers professional and personal behaviour; communication and official information. It incorporates elements of the Fremantle Ports' *Code of Conduct* and the guidelines issued by the Australian Institute of Company Directors, the Institute of Chartered Accountants and the Western Australian Public Sector Commission.

### COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

Fremantle Ports' *Code of Conduct* developed in alignment with the Public Sector Commission guidelines was reviewed and updated during the year. This was achieved through a consultative process involving employee representatives.

The purpose of the *Code of Conduct* is to clearly define the values and preferred behaviours for the way we undertake our business, deal with each other and relate to our customers and the community within which we work.

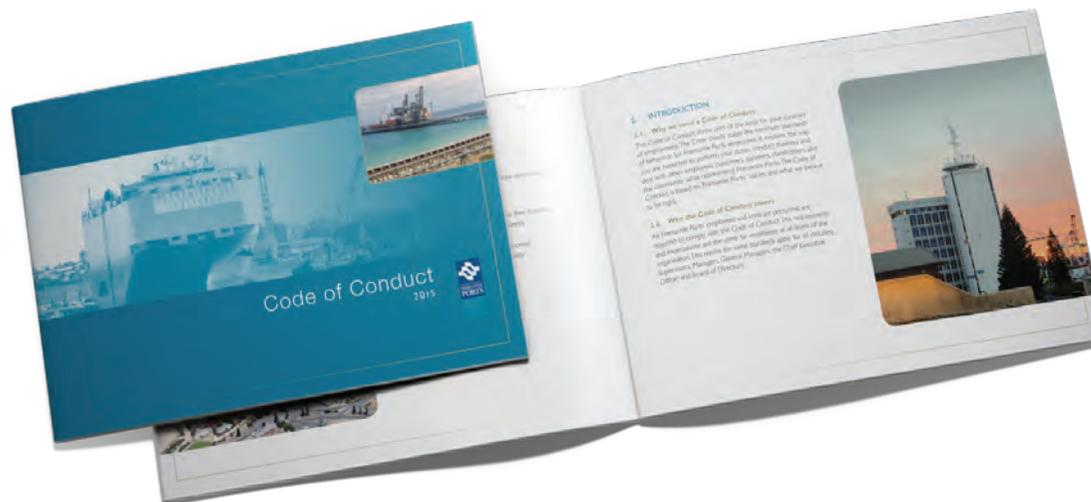
All staff members are provided with a copy of the *Code of Conduct*. A requirement for compliance with the *Code of Conduct* is included in employment contracts and is addressed at induction. Corporate Governance is also covered at induction of all new staff. Additionally, the *Code of Conduct* and organisational values are promoted via Fremantle Ports' intranet.

Following distribution of the revised Code in hard copy, an e-Learning module will also be introduced in the second half of 2015. This will require employees to read the Code and answer questions on it to ensure that obligations and responsibilities are understood.

Fremantle Ports has detailed guidelines and processes in place which support the Code. Human Resources policies and procedures are available to all staff and these are periodically reviewed to ensure they continue to reflect best practice in a commercialised environment and that there is compliance with them.

Periodic hypothetical case studies are discussed with the Management Team, covering a range of ethical issues in relation to the *Code of Conduct*.

In 2014-15, two employees committed acts that breached standards of appropriate behaviour and Fremantle Ports' *Code of Conduct*.





### AUDITING SYSTEMS AND PROCESSES

#### Audit and Risk Management Committee

The Board's Audit and Risk Management Committee has a minimum of three Directors and has been chaired since July 2014 by Ms Jillian Hoffmann.

The committee's role is to support and assist the Board of Directors and Chief Executive Officer in exercising due care, diligence and skill in fulfilling its corporate oversight and monitoring responsibilities. Key elements of fulfilling this primary objective include:

- providing independent and objective non-executive review and monitoring of Fremantle Ports' financial reporting process, integrity of financial statements, the system of internal control, performance of the internal audit process, risk management framework and systems, and process for monitoring and managing compliance with legal, internal policies and industry standards
- providing direction and oversight of the Internal Audit Activity
- facilitating and maintaining an open avenue of communication between the Audit and Risk Management Committee, Board of Directors, Executive, Senior Management, External Audit and Internal Audit.

The Committee has a formal Charter that was last reviewed and approved by the Board in June 2013.

#### Internal Audit

Fremantle Ports' Internal Audit function is performed by a co-sourced arrangement. The function provides the Board with an independent appraisal of the operation and effectiveness of systems and controls. It also assists Fremantle Ports in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

The results of all internal audits are reported to the Audit and Risk Management Committee and include recommendations regarding the adequacy of financial, operational, administrative and system controls.

Audits and reviews are performed in accordance with an approved rolling Strategic Audit Plan. Key operational reviews and audits undertaken during the year included:

- Management of the North Quay Rail Terminal Agreement
- Management of Pilotage Agreement and Towage Licences
- Fleet management
- Records management

- Cyber security - internal threat assessment
- Revenue invoicing, accounts receivable and credit control processes
- Injury management
- Health check of human resources and payroll processes
- Asset disposals
- Manifest and portbill processes
- Risk management framework
- Post-implementation review of the Land Management System
- MSIC administration
- Project management.

In accordance with the International Standards for the Professional Practice of Internal Auditing (standards) an internal self assessment was undertaken in February 2015 to confirm conformance to the standards, the Institute of Internal Auditor's Code of Ethics and the Internal Audit charter. An Independent Peer Review of the Internal Audit Activity has also been undertaken to validate the self assessment and identify opportunities to further enhance the Internal Audit function.



### External Audit

In compliance with the *Port Authorities Act 1999* Fremantle Ports must have the financial report for a financial year audited by the Auditor General. The Auditor General has outsourced the audit to RSM Bird Cameron for a three-year period which commenced with the audit for the year ending 30 June 2013.

### RISK MANAGEMENT

Fremantle Ports has a risk management culture where formal risk management is applied through the application of a risk management policy and framework in accordance with the AS/NZS ISO 31000 standard. A corporate risk register is in place where all risks across the organisation are identified, prioritised and managed.

Action plans are developed on an ongoing basis to address the priority risks in a systematic way, with particular focus on the highest risk areas.

Risk management continued to be incorporated in a formal way in key decision-making processes, including major project proposals and approvals.

Fremantle Ports has successfully applied formal risk management to operations as well as to new projects and activities including the import and export of hazardous cargoes, and environmental, safety and other business risks. Achievements for the period include:

- ongoing review and focus on key strategic and operational risks resulting in a favourable reduction over time in the number of risks rated greater than “moderate”
- ongoing promotion and use of Project Risk Registers to capture risks associated with major projects, and improved consideration of risk management when starting projects
- deployment of a strategy to improve the currency and application of the Operational Risk Register by risk owners, with particular focus on operational risks with fatality or disabling potential
- implementation of critical risk standards for Fremantle Ports' highest operational risks

- review, updating and testing of Crisis Management and Business Continuity Plans, to ensure continuity of critical business activities in the event of a crisis, and
- increased participation from leaders to conduct more regular safety inspections and observations to identify hazards and risks in the workplace.

Increased Safety, Environmental and Quality (SEQ) audits of contractors have been undertaken. This follows the development of a methodology in 2014-15 to identify higher risk contractors requiring more frequent auditing to ensure their services are delivered in a way that meets SEQ requirements.

### MINISTERIAL DIRECTIVES

The Minister may give directions in writing to the Board of Directors with respect to the performance of the functions prescribed by legislation. There were no Ministerial directives during the year.



### ADVERTISING AND MARKET RESEARCH EXPENDITURE 2014-15

In compliance with section 175ZE of the *Electoral Act 1907* the following is supplied:

<b>Advertising Agencies</b>	Nil
<b>Marketing Research Organisations</b>	
IPSOS Australia	\$51,850.00
Polling Organisations	Nil
<b>Direct Mail Organisations</b>	Nil
<b>Media Advertising Organisations</b>	
Fremantle Herald	\$6,774.04
Seek (recruitment adverts)	\$6,665.73
Acorn Design (includes tenders, recruitment adverts)	\$10,051.33
Optimum Media Decisions (OMD) (includes tenders, recruitment adverts)	\$34,021.41
LM Air Ads	\$1,050.00
The Fremantle Book	\$850.00
Executive Media	\$2,294.55
Thomson Reuters	\$17,252.20
The West Australian	\$1,609.09
Angry Chicken Publishing	\$2,035.00
Informa Australia	\$450.00
LPG Works	Nil
APN Outdoor	Nil
Tenderlink.com	\$75.00
<b>Total</b>	<b>\$134,978.35</b>



### DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

Fremantle Ports provides disability access to public areas of the Administration Building, the Fremantle Passenger Terminal and the ferry terminal within B Shed on Victoria Quay.

Human Resources is conducting a review of Fremantle Ports' Disability and Inclusion Plan. Although not a mandatory requirement this is certainly desirable and consistent with Fremantle Ports' values and customer focus.

### SUBSTANTIVE EQUALITY AND DIVERSITY

Equal opportunity awareness was included as a topic in a series of externally-facilitated workshops delivered to all employees in 2014.

Fremantle Ports continues to proactively support employees balancing work and family responsibilities with flexible hours, availability of purchased leave, part-time work opportunities, working from home arrangements, and paid maternity and paternity leave.

Fremantle Ports has continued to contribute to the Kwinana Industry Council's iDiversity program to reach out to secondary school students with disabilities to increase understanding of industry and careers.



Year 10 students met Fremantle Ports staff to talk about careers

### Schedule 1 - equal employment opportunity Public Sector Commission (PCS) survey 2015

Summary of data for all employees	Representation	Equity Index
Women	24.6%	85
People from culturally diverse backgrounds*	12.0%	97
Aboriginal Australians*	0.0%	0
People with disability*	0.4%	101
Youth	1.2%	n/a
Mature employees	58.4%	n/a
Women in tier 2 management**	50.0%	n/a
Women in tier 3 management***	14.3%	n/a

\* based on responses received

\*\* PSC Guidelines define tier 2 as managers reporting to CEO

\*\*\* Tier 3 defined as managers reporting to Tier 2 management



Historical documents, including annual reports from 1903-06, are being electronically catalogued.

### RECORDKEEPING

Fremantle Ports strives to continuously improve its recordkeeping programs to achieve recordkeeping best practices. The following information is provided in accordance with the State Records Commission Standard 2, Principle 6.

#### Efficiency and effectiveness of Fremantle Ports' recordkeeping systems and retention and disposal programs

Periodic recordkeeping reviews and audits are undertaken including assessments of our retention and disposal program. In addition to the disposition of hard-copy records, our retention and disposal program now incorporates the disposition of electronically stored information on network drives and our electronic documents and records management system RM8. As the disposal of electronically stored records is more complex, especially when relating to individual records, a robust risk-management process has been implemented to ensure electronic records are disposed of in accordance with the relevant disposal authorities.

Further, in light of the possible changes at Fremantle Ports, the records management team decided to do an in-depth review and assessment of our historical records, involving: interviews with key employees; an assessment of electronic records, our basement archives and offsite storage facility; and research at the Library of Australia and the Battye Library.

While it was found that our historical records are appropriately managed it was difficult to build a complete story of them, including a summary of where they originated from or how they could be accessed. Historical records were found in various locations, including onsite in the basement archives, electronically in RM8, offsite storage, the State Library of Western Australia, the National Library of Australia and the Battye Library.

The records team is currently in the process of cataloguing and indexing our historical collection into the RM8 database. Once cataloguing is complete, the index will cross reference other electronic indexes, such as the State Library and others. The oldest State archives found were annual reports between 1903-06, one of which is stamped "top secret and confidential".

Other records included two bound Lloyd's Registers of Shipping, one dated 1920-21 and the other dated 1945-46. The registers, printed for merchants and ship owners, contained a list of all seagoing merchant vessels. During World War II, these registers were issued under the Official Secrets Act and were stamped on receipt with the words "the information contained in this register and its supplements is issued under the provisions of the Official Secrets Act and/or their equivalent overseas" to ensure the registers did not fall into enemy hands. This type of summary information will be included in the historical index.

Other recordkeeping projects planned for the next 12 months include:

- a program to assess the feasibility of implementing the General Disposal Authority for Source Records
- working with the State Records Office to develop an information management strategy and supporting policies and procedures to manage government records should Fremantle Ports be sold, and
- continuing to dispose of electronically stored records.

#### Recordkeeping training and induction programs

In addition to monthly inductions, all new employees are required to complete an on-line recordkeeping awareness training program. In the year under review, the course was rolled out across the organisation to the 217 employees (out of 330 in total) who create and manage records; 211 had completed the course by the end of the reporting period. Employees reported that the course had helped them better understand their recordkeeping responsibilities and become more conscious of creating and maintaining proper records. Regular training sessions and just-in-time assistance were also provided to employees to ensure all corporate records were registered to RM8.



Undertaking a safety job analysis

### Training effectiveness

Training and induction programs are reviewed every 12 months and to date, as is evident from the table below, these programs have proved to be effective. The number of documents registered to RM8 in the past financial year has increased by 31,000 with the number of hard-copy files decreasing by at least 1000. This training has also prompted employees to contact the records management team to assist with archiving hard-copy records, resulting in a gradual increase in the number of archive boxes created. This is a positive result and leading the way for Fremantle Ports to work towards achieving its goal of becoming fully electronic.

Table I - Files created

End of financial year	2014	2015
Documents registered to RM8	111,503	143,340
RM8 electronic containers created	1650	1674
RM8 containers with hard-copy files	1650	627
Archive boxes	445	601

### COMPLIANCE WITH OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT REPORTING

Fremantle Ports is committed to integrating safety into all facets of its operation and providing a safe and healthy work environment for its employees, contractors and visitors. The organisation has clear safety targets, with the ultimate aim of no injuries, no harm and no damage. The Board and Executive Team have continued to take a strong leadership role in ensuring that achieving a safe workplace remains a top priority and incidents reports are on the agenda for every Board meeting.

A detailed report on the topic of occupational safety, health and injury management is on pages 45 to 47.

# STATISTICAL INFORMATION



FREMANTLE PORTS ANNUAL REPORT

FIVE YEAR SUMMARY					
SHIPPING	2010-11	2011-12	2012-13	2013-14	2014-15
No. of Ships: Inner Harbour	1,061	1,041	1,051	1,068	1,075
Outer Harbour	891	1,060	1,100	1,209	1,035
Naval	26	34	7	34	45
<b>TOTAL</b>	<b>1,978</b>	<b>2,135</b>	<b>2,158</b>	<b>2,311</b>	<b>2,155</b>
Gross Tonnage (000's): Inner Harbour	37,272	38,764	39,930	40,776	40,598
Outer Harbour	18,434	21,573	24,502	25,661	24,743
<b>TOTAL</b>	<b>55,706</b>	<b>60,337</b>	<b>64,432</b>	<b>66,437</b>	<b>65,341</b>
Turnover per linear metre of wharf					
Inner Harbour Tonnage Only - (i)					
Trade in Tonnes	2,236	2,350	2,374	2,531	2,604
Gross Tonnage	11,616	12,033	12,354	12,766	12,711
TRADE	Mass tonnes '000				
Total Port Trade	26,123	28,212	31,980	33,506	35,764
Imports: Inner Harbour	3,522	4,080	4,029	3,903	3,994
Outer Harbour	9,569	9,552	10,001	10,006	11,006
<b>TOTAL</b>	<b>13,091</b>	<b>13,632</b>	<b>14,030</b>	<b>13,909</b>	<b>15,000</b>
Exports: Inner Harbour	3,549	3,355	3,554	4,137	4,265
Outer Harbour	9,333	11,070	14,395	15,354	16,393
<b>TOTAL</b>	<b>12,882</b>	<b>14,425</b>	<b>17,949</b>	<b>19,491</b>	<b>20,658</b>
Bunkers: Inner Harbour	72	69	55	44	58
Outer Harbour	78	86	55	62	48
<b>TOTAL</b>	<b>150</b>	<b>155</b>	<b>110</b>	<b>106</b>	<b>106</b>

FINANCE	\$ Millions				
Revenue from ordinary activities	152.239	180.234	204.589	204.480	229.754
Operating expenses	115.082	123.661	123.248	122.319	130.065
Interest and depreciation charges	20.030	28.542	28.128	27.404	29.952
Profits from ordinary activities	17.127	28.031	53.213	54.757	69.737
Written down value of fixed assets	397.974	397.416	413.298	448.338	448.161
PERCENTAGE OF REVENUE	Percent	Percent	Percent	Percent	Percent
Charges on cargo	59.61	65.91	66.27	65.95	66.59
Charges on ships	8.65	8.33	8.55	9.02	8.6
Charges for shipping services	6.11	5.97	6.03	6.15	5.65
Charges for other services	25.63	19.79	19.15	18.88	19.16
Operating expenses	75.59	68.61	60.24	59.82	56.61
PERSONNEL	No	No	No	No	No
Employees at 30th June (ii)	319	338	335	321	322

(i) Lengths of berths A, B and C are excluded from turnover per linear metre of wharf calculations as these berths are not used for cargo purposes.

(ii) Full-time equivalent employees.



SHIP VISITS AND GROSS TONNAGE							
Year ended 30th June	Commercial		Non Trading		Total Commercial & Non Trading		Naval
	No.	Gross Tonnage	No.	Gross Tonnage	No.	Gross Tonnage	No.
2010	1,710	53,818,582	106	250,225	1,816	54,068,807	20
2011	1,705	55,049,838	247	656,015	1,952	55,705,853	26
2012	1,734	58,749,125	367	1,587,759	2,101	60,336,884	34
2013	1,733	61,258,030	418	3,174,606	2,151	64,432,636	7
2014	1,874	65,298,549	403	1,138,781	2,277	66,437,330	34
2015	1,804	64,111,545	306	1,228,845	2,110	65,340,390	45

# STATISTICAL INFORMATION



FREMANTLE PORTS ANNUAL REPORT

SHIPS CLASSIFIED ACCORDING TO CARGO CLASS									
Cargo Class	2012-13			2013-14			2014-15		
	No.	Gross Tonnage (000's)	Average Per Ship (000's)	No.	Gross Tonnage (000's)	Average Per Ship (000's)	No.	Gross Tonnage (000's)	Average Per Ship (000's)
Break Bulk/General Carrier	109	1,264	11.6	107	1,148	10.7	84	898	10.7
Container	490	20,224	41.3	502	22,014	43.9	511	22,340	43.7
Multi Purpose	26	150	5.8	10	46	4.6	3	12	4.1
Roll-on/Roll-off	26	1,814	69.8	24	1,698	70.8	22	1,566	71.2
Vehicle Carrier	216	12,475	57.8	190	11,155	58.7	176	10,619	60.3
Livestock Carrier	55	1,240	22.5	65	1,372	21.1	57	1,398	24.5
Passenger	17	1,477	86.9	31	1,837	59.3	43	2,756	64.1
Tankers	281	9,083	32.3	255	8,100	31.8	235	7,748	33.0
Dry Bulk - Grain	148	4,686	31.7	164	5,076	31.0	172	5,200	30.2
Dry Bulk - Other	276	6,784	24.6	298	6,891	23.1	322	8,294	25.8
Bunkering Only	80	1,822	22.8	117	2,966	25.4	97	2,509	25.9
Other - (Fishing, Tenders, etc.)	427	3,413	8.0	514	3,320	6.5	388	2,001	5.2
<b>Sub Total</b>	<b>2,151</b>	<b>64,432</b>	<b>30.0</b>	<b>2,277</b>	<b>65,623</b>	<b>28.8</b>	<b>2,110</b>	<b>65,340</b>	<b>31.0</b>
Naval	7			34			45		
<b>Grand Total</b>	<b>2,158</b>	<b>64,432</b>	<b>30.0</b>	<b>2,311</b>	<b>65,623</b>	<b>28.8</b>	<b>2,155</b>	<b>65,340</b>	<b>31.0</b>

# STATISTICAL INFORMATION

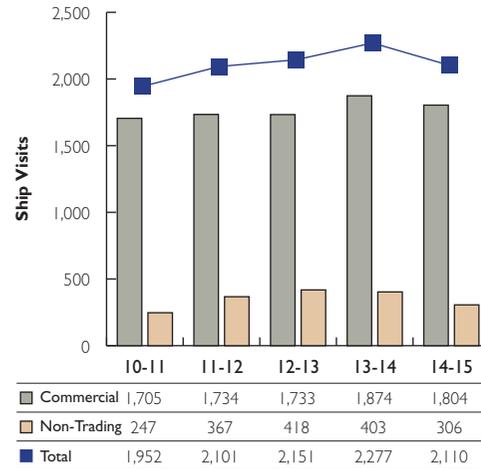


2015

FREMANTLE PORTS ANNUAL REPORT

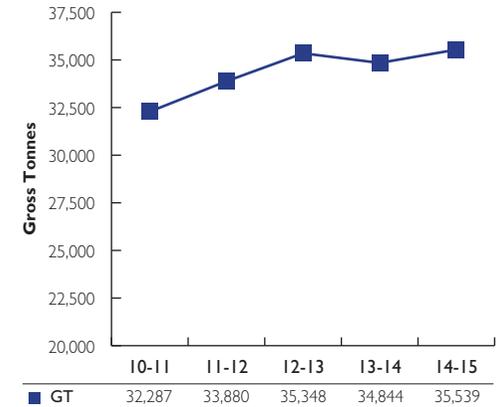
## Ship Visits 2010-11 to 2014-15

(Excluding Naval)



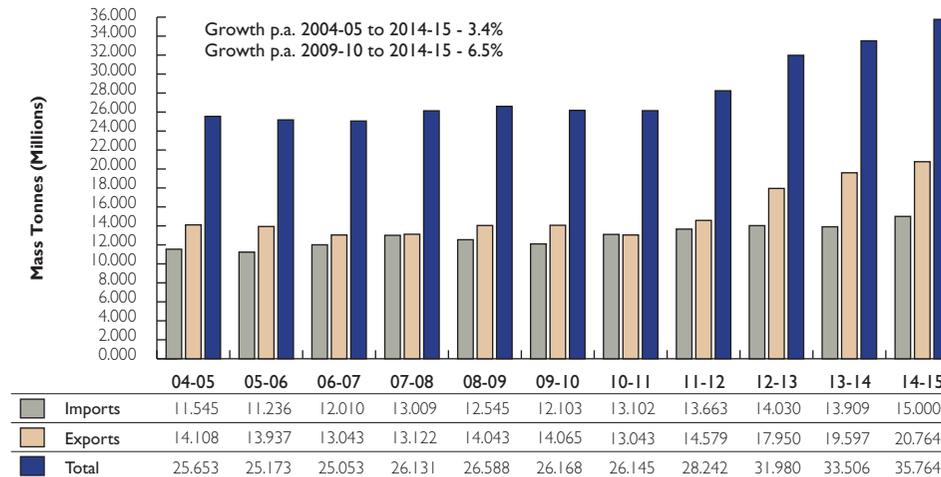
## Average Gross Tonnage per Commercial Vessel

2010-11 to 2014-15



## Total Port Trade

2004-05 to 2014-15



# STATISTICAL INFORMATION



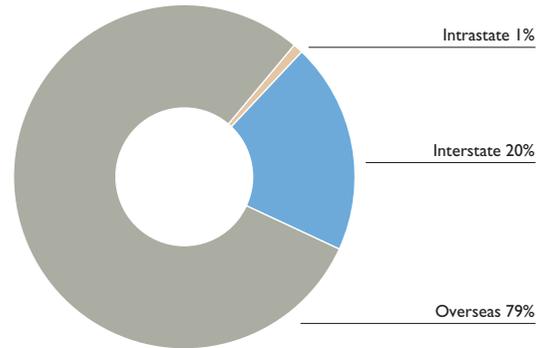
General cargo ship Clipper Marinus manoeuvring in the Inner Harbour

## SYNOPSIS OF TRADE 2014-15

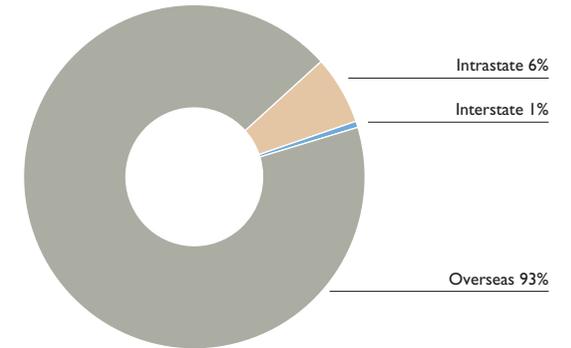
Cargo	Inner Harbour Mass Tonnes	Outer Harbour Mass Tonnes	Port Total Mass Tonnes
<b>Imports</b>			
From Intrastate Ports	37,626	711,419	749,045
From Interstate Ports	791,953	64,568	856,521
From Overseas Ports	3,164,581	10,229,482	13,394,063
<b>TOTAL IMPORTS</b>	<b>3,994,159</b>	<b>11,005,469</b>	<b>14,999,628</b>
<b>Exports</b>			
To Intrastate Ports	92,823	161,979	254,802
To Interstate Ports	26,705	1,814,319	1,841,024
To Overseas Ports	4,144,783	14,417,056	18,561,839
<b>TOTAL EXPORTS</b>	<b>4,264,311</b>	<b>16,393,353</b>	<b>20,657,665</b>
<b>TOTAL CARGO</b>	<b>8,258,470</b>	<b>27,398,823</b>	<b>35,657,293</b>
<b>Bunkers</b>			
Fuel Oil	58,483	48,369	106,852
<b>Total Port Trade</b>	<b>8,316,954</b>	<b>27,447,191</b>	<b>35,764,145</b>



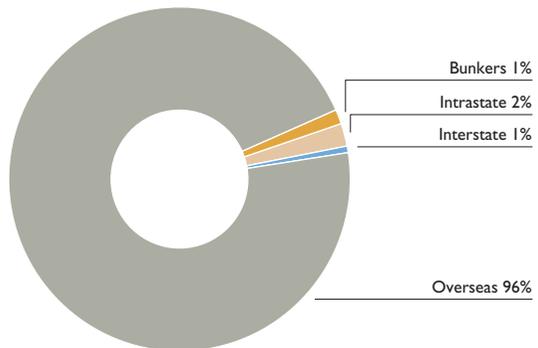
## Inner Harbour Imports



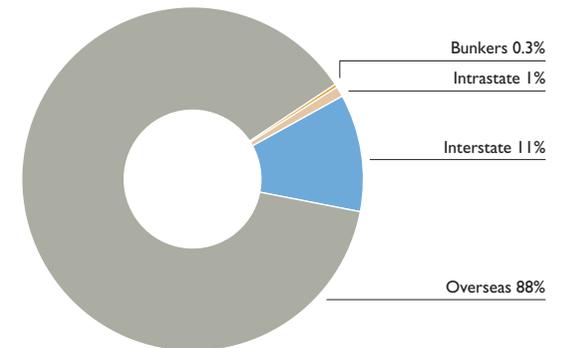
## Outer Harbour Imports



## Inner Harbour Exports



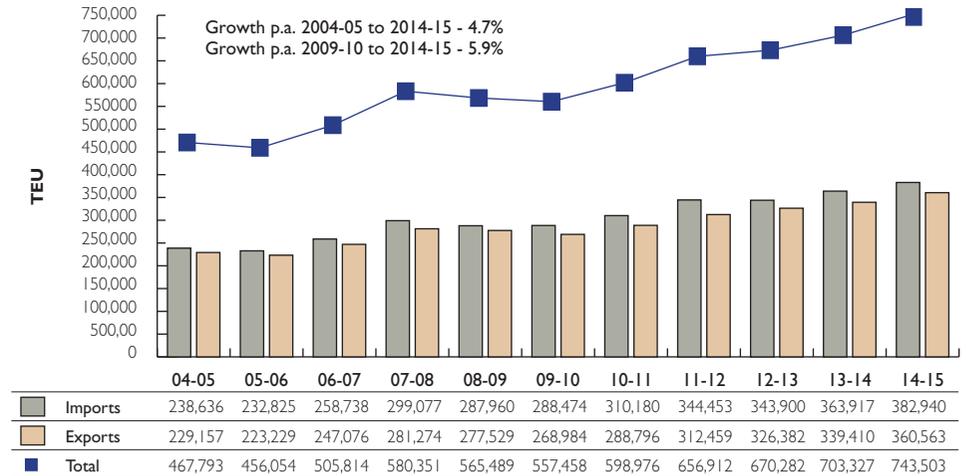
## Outer Harbour Exports





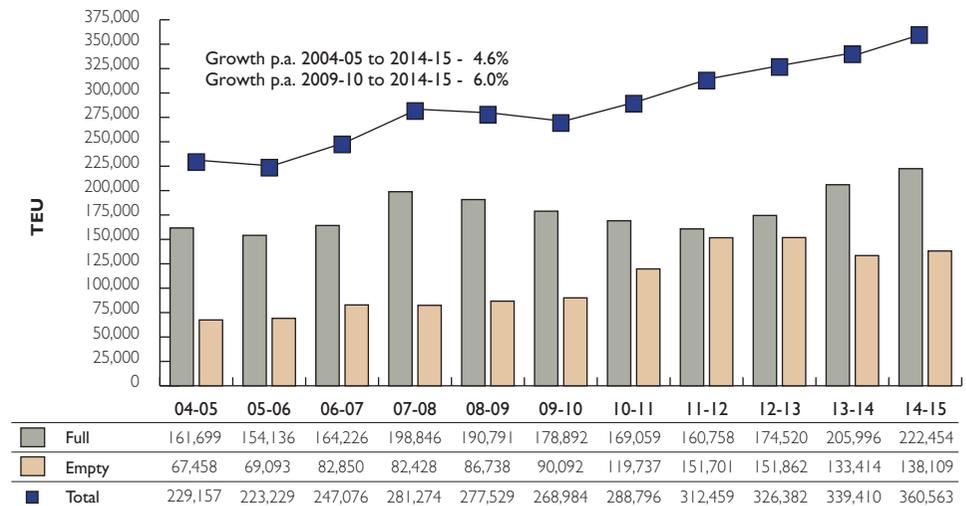
## Total Container Trade - TEU

2004-05 to 2014-15



## Export Container Trade - TEU

2004-05 to 2014-15

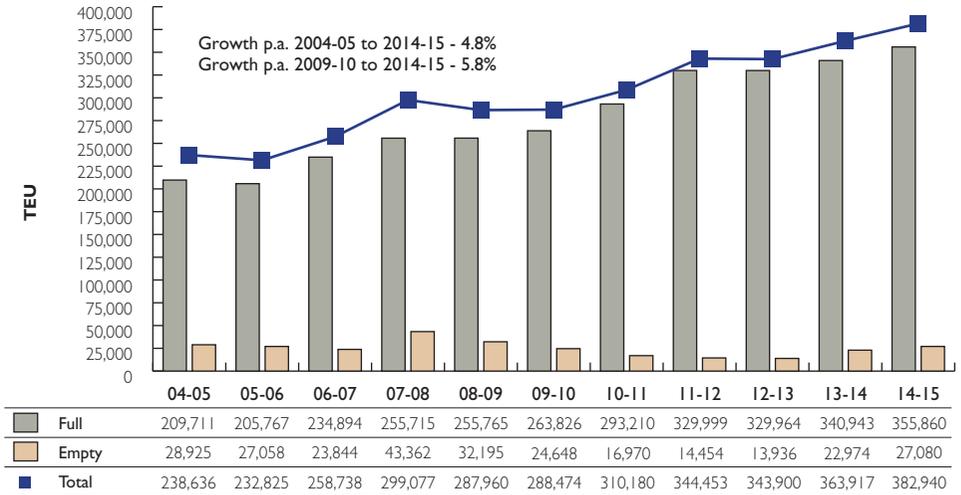




Container stevedoring operations at North Quay

## Import Container Trade

2004-05 to 2014-15



# STATISTICAL INFORMATION



FREMANTLE PORTS ANNUAL REPORT

## PORT OF FREMANTLE CONTAINER TRADE - TEU JULY | 2014 TO JUNE 30 2015

Country	Imports			Exports			Grand Total
	Full	Empty	Total	Full	Empty	Total	
China	121,676	1,136	122,812	48,086	4,963	53,049	175,861
Singapore	10,965	6,185	17,150	8,690	86,942	95,632	112,782
Australia	63,869	15,844	79,713	10,008	5,363	15,371	95,084
Malaysia	17,682	168	17,850	16,212	35,178	51,390	69,240
Japan	6,344	22	6,366	24,625	2,360	26,985	33,351
Thailand	18,327	96	18,423	10,197	64	10,261	28,684
South Korea	10,170	21	10,191	17,701	710	18,411	28,602
Indonesia	8,802	282	9,084	15,663	602	16,265	25,349
United States of America	15,313	27	15,340	4,940	8	4,948	20,288
India	5,175		5,175	10,098		10,098	15,273
Vietnam	6,736	60	6,796	8,112		8,112	14,908
Taiwan	5,911	54	5,965	4,556	52	4,608	10,573
United Arab Emirates	4,435	392	4,827	5,672	2	5,674	10,501
New Zealand	4,502	1	4,503	3,831	612	4,443	8,946
Germany	6,788		6,788	1,037	320	1,357	8,145
Netherlands	4,248		4,248	3,559	64	3,623	7,871
United Kingdom	5,520	23	5,543	2,150	1	2,151	7,694
Italy	6,593	20	6,613	561	215	776	7,389
Philippines	1,273		1,273	3,851	2	3,853	5,126
Belgium	2,996	1	2,997	1,102	260	1,362	4,359
Other Countries	28,535	2,748	31,283	21,803	391	22,194	53,477
<b>Grand Total</b>	<b>355,860</b>	<b>27,080</b>	<b>382,940</b>	<b>222,454</b>	<b>138,109</b>	<b>360,563</b>	<b>743,503</b>

# STATISTICAL INFORMATION



FREMANTLE PORTS ANNUAL REPORT

## MAJOR CONTAINER COMMODITIES IMPORTED - TEU

Commodities	2013-14	2014-15	Variance %
Furniture	32,272	31,040	-3.8%
Manufactures of Metal	29,563	27,825	-5.9%
Iron and Steel Products	16,809	21,787	29.6%
Unclassified Goods	9,494	21,249	123.8%
Chemicals and Related Products	22,158	21,078	-4.9%
Paper, Paperboard and Articles of Paper Pulp	19,183	19,261	0.4%
Machinery - Agricultural and Industrial	18,317	19,040	3.9%
Plastic Wares and Other Manufactures	16,062	17,104	6.5%
Rubber Manufactures	16,524	16,524	0.0%
Household Appliances	16,454	16,168	-1.7%
<b>Total</b>	<b>196,836</b>	<b>211,076</b>	<b>7.2%</b>
<b>Percentage of Total Full TEU Imports</b>	<b>57.7%</b>	<b>59.3%</b>	

## MAJOR CONTAINER COMMODITIES EXPORTED - TEU

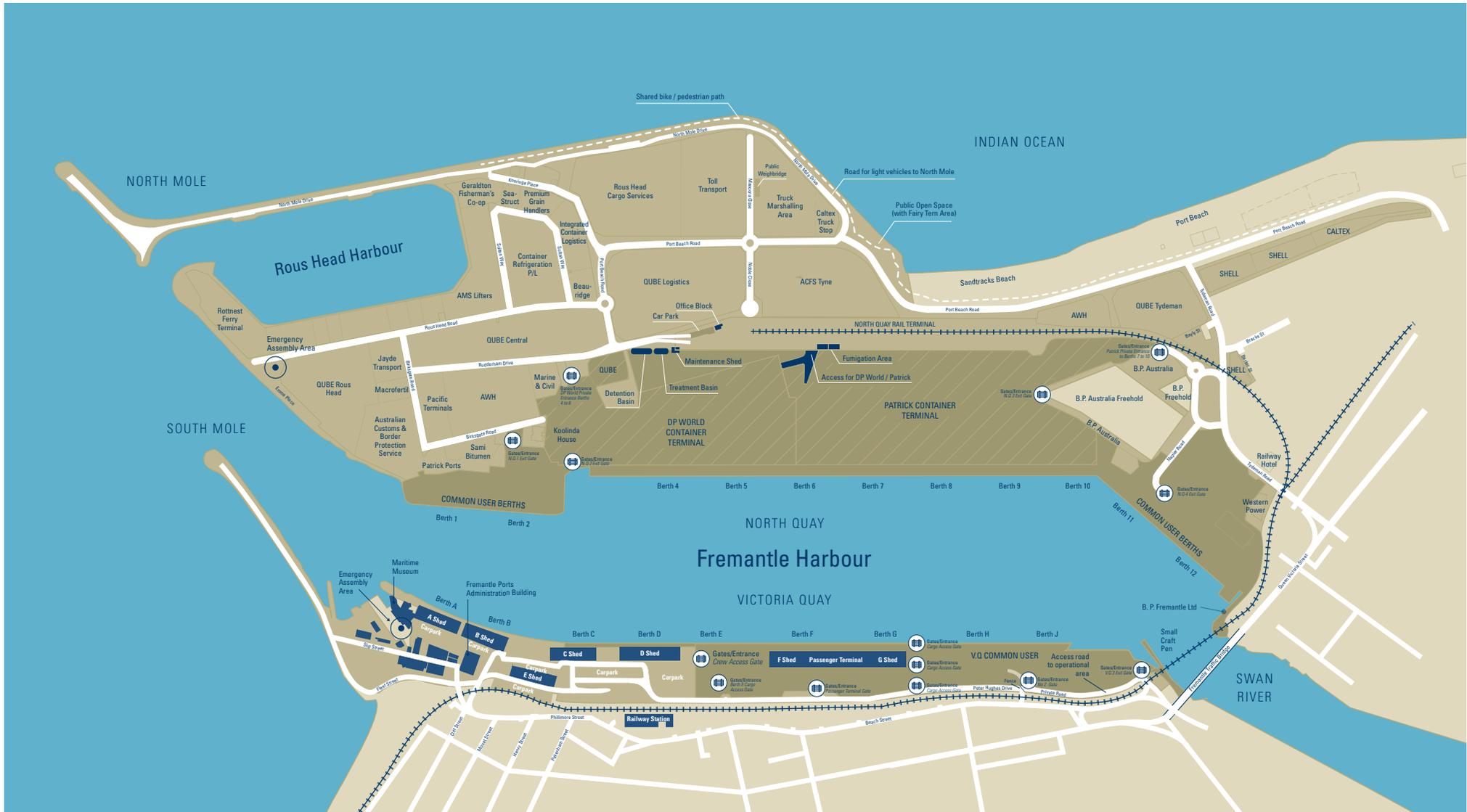
Commodities	2013-14	2014-15	Variance %
Animal Feeds	31,945	33,944	6.3%
Waste Paper	20,187	21,299	5.5%
Malt	10,177	12,038	18.3%
Scrap Metals	10,868	11,931	9.8%
Titanium Dioxide	7,526	10,527	39.9%
Oats	8,838	10,154	14.9%
Fresh Meat - Chilled or Frozen	6,403	9,030	41.0%
Chemicals and Related Products	6,342	8,636	36.2%
Fresh Fruit and Vegetables	7,283	8,106	11.3%
Other Cereals and Cereal Preparations	7,124	7,322	2.8%
<b>Total</b>	<b>116,693</b>	<b>132,987</b>	<b>14.0%</b>
<b>Percentage of Total Full TEU Exports</b>	<b>56.6%</b>	<b>59.8%</b>	

# INNER HARBOUR MAP



2015

FREMANTLE PORTS ANNUAL REPORT



# OUTER HARBOUR MAP



2015

FREMANTLE PORTS ANNUAL REPORT





## ABOUT THIS ANNUAL REPORT

In accordance with the provisions of the *Port Authorities Act 1999* and other relevant legislation, this Annual Report is provided to the Minister for Transport, the Hon Dean Nalder MLA and is tabled in the Parliament of Western Australia.

This Annual Report complies with the relevant legislation and is designed to inform the public, other stakeholders and customers about Fremantle Ports' services, activities, achievements and future directions.

The report is written and edited by Fremantle Ports staff.

The Annual Report can be reviewed and downloaded from Fremantle Ports' website: [www.fremantleports.com.au](http://www.fremantleports.com.au)

Additional copies may be obtained on disk from External Affairs,  
Telephone: 61 (8) 9430 3555.

## Abbreviations

- FTE** Full Time Equivalent  
**GT** Gross Tonnes  
**KBJ** Kwinana Bulk Jetty  
**KBT** Kwinana Bulk Terminal  
**TEU** Twenty Foot Equivalent Unit

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## Tell us how we are going

We are interested in your feedback on our Annual Report and invite your queries on any aspect of the activities undertaken by Fremantle Ports.

As only limited printed copies of Annual Reports are produced electronic copies of this and previous years' reports are available from our web site.

To provide your comments or ask a question, contact us by:

**Phone:** 61 (8) 9430 3555

### Web:

[www.fremantleports.com.au](http://www.fremantleports.com.au) and click on Contact Us

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