



FREMANTLE
PORTS



FREMANTLE PORTS 2016 ANNUAL REPORT



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



Royal Caribbean's Legend of the Seas arrives on 27 September 2015 on its first visit to Fremantle Port

The aim of this report is to inform our customers, community and stakeholders about our organisation, its strategic priorities, performance and governance for the 2015-16 financial year.

For customer inquiries or feedback on the report please email: mail@fremantleports.com.au



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HIGHLIGHTS

Positive commercial outcomes were achieved despite the downward trend in overall port trade.

Total iron ore exports through the Kwinana Bulk Terminal achieved a 20 million tonne milestone in June 2016.

Fremantle Ports' annual survey of shipping lines and agents showed that 100 per cent of respondents were satisfied or very satisfied with Fremantle Ports' services.

A continuing strong focus on safety contributed to a 60 per cent reduction in lost time injuries and the lost time injury frequency rate was 5.1, a reduction of 53.3 per cent on the previous year.

All but one of the sites on the land reclaimed during the Inner Harbour deepening project have been developed and are now fully operational.

The Inner Harbour freight rail services carried 104,000 TEU (twenty-foot equivalent unit containers) in 2015-16, the first time rail has exceeded the 100,000 mark. This represents a market share for rail of 14.5%, up from 13.2% last year.



Fremantle Ports was recertified to international safety, environmental and quality standards following an independent audit in May. This rigorous recertification audit happens every three years.

The shore-based ShoreTension mooring system purchased by Fremantle Ports last year has been effective in storm conditions, keeping mooring lines under constant tension, increasing ship stability and reducing the risk of lines breaking.

A project for total replacement of the fendering system for D and E berths on Victoria Quay has been completed, along with the repair and replacement of the wharf substructure at D Berth.

The Victoria Quay Commercial Precinct enabling plan was endorsed by the WA Planning Commission. The plan, in combination with the Fremantle Station precinct plan, received a Planning Institute of Australia national award for urban design.

Fremantle Ports was named the top State Government agency for waste management at the Waste Authority WA Infinity Awards.

Fremantle Ports' annual Maritime Day, made possible through the strong support of the port community, showcased the working port and drew large crowds to Victoria Quay.



CHAIRMAN'S OVERVIEW



Dr Jim Limerick

I am pleased to report another successful year for Fremantle Ports, delivering a strong financial result along with significant improvements in safety, services and systems that have added value for our customers.

While the contraction of the Western Australian economy has impacted container and other Inner Harbour trades, our bulk trades at Kwinana have held up in most instances. This, combined with close management of our expenditures, has enabled us to achieve an after-tax profit of \$52.324 million.

Through its Safety for Life program, Fremantle Ports has continued this year to demonstrate a strong commitment to integrating safety across all operations. Our aim is to provide a safe and healthy environment for employees, contractors and visitors, with the goal of no injury, no harm and no damage. The Board is very pleased, therefore, to see significant improvement in our safety statistics, especially achievement of our lowest recorded Lost Time Injury Frequency Rate (5.1 per million employee-hours). A safe workplace depends on a sound safety culture and I want to acknowledge the contribution of all our employees to the improved results.

Like all businesses, our outcomes are subject to the external environments in which we operate. With trade performance unrelentingly at the mercy of both global and local influences, the rigour of our financial and business management systems is critical to our success. We were therefore proud to be recognised by the State Auditor General

in November as currently among the top 20 best practice large State Government agencies for financial reporting and financial controls.

The potential privatisation of Fremantle Ports' business, announced by the State Government in May 2015, has occupied much of our attention this year. Fremantle Ports has worked closely with Treasury and its lead financial advisers to prepare for achieving the outcomes sought in the proposed divestment of the port by way of a long-term lease. We have provided strategic input and advice to Government in relation to many policy and commercial issues. A number of these matters are still under consideration.

The Government has decided that if and when divestment proceeds there will be a privately-owned port operating company and a residual State-owned Fremantle Port Authority, the latter having a number of key public interest roles, including the Harbour Master function to provide effective oversight of marine safety and control over the movement of vessels in port waters.

Enabling legislation allowing for the separation of Fremantle Ports' business into the two entities described above was introduced into the Legislative Assembly in May 2016 and at the end of the fiscal year was at the second reading stage.



While preparation for divestment has been management resource-intensive, the Board has taken very seriously its responsibilities for risk management oversight in terms of ensuring the business continues to operate efficiently and successfully in the interim. Management has continued to work closely with our customers and with port service providers throughout the year with the aim of understanding their businesses, their current circumstances, what they are wanting to achieve and how we can help them. As trade facilitation is our major role under legislation, it was very pleasing to see that respondents to this year's survey of shipping lines and agents were 100 per cent satisfied with the services provided by Fremantle Ports.

Fremantle Ports remains very conscious, also, of the need to operate our business in a way that not only minimises our environmental and social impacts but maintains our reputation as a good corporate citizen. Our business principles relevant to these areas continue to be taken into account in our planning, decision-making and project delivery, with a number of examples described in this report.

While providing guidance this year on matters relating to the possible divestment of Fremantle Ports' assets, the Board has deliberated on a wide range of other

strategically important issues, so I take this opportunity to thank all Directors for their contribution in 2015-16. The dedicated efforts of the CEO, Chris Leatt-Hayter, and the Fremantle Ports Executive Team during this challenging year have also been greatly appreciated by me and my fellow Directors.

In conclusion, on behalf of the Board, I thank our Minister, the Hon Dean Naider MLA and his team for their continued support.

Dr Jim Limerick

Chairman



Container terminals, North Quay



CHIEF EXECUTIVE OFFICER'S REPORT



A year in the life of a working port invariably brings opportunities, challenges and change. This has been the case for Fremantle Ports in a particularly busy and demanding 2015-16.

It was essential in our activities during the year to factor in the downswing in trade across the container and non-containerised sectors, at the same time giving due attention to our asset management program and across-the-board service delivery. We also needed to ensure we had the structures, processes and resourcing in place to meet government expectations in relation to the proposed port privatisation. Pleasingly, results show that we have been able to meet those challenges, maintaining a 'business as usual' approach to keep the port operating successfully.

In relation to the proposed port leasing, we responded in a thorough and timely way in support of Treasury's requirements. In addition to meeting significant requests for information and data for the vendor due diligence process, significant assistance was provided for the planning required for the proposed separation of our business into two entities.

Asset management plans and several major infrastructure upgrading projects were completed and we identified and capitalised on a wide range of improvement opportunities across the organisation.

For various reasons, however, some projects are currently on hold. The previous year's Annual Report included information on the expressions of interest process undertaken for

the future development and operation of the North Quay container terminals. The current leases for the DP World and Patrick terminals are due to expire in 2017 but the request for proposals phase is yet to proceed and it is likely that the existing leases will be extended for a short period.

In relation to the planned development of an automotive and RoRo (roll on-roll off) terminal on Victoria Quay to service our trade in imported vehicles and machinery, a request for proposals phase was undertaken after an expression of interest process. However, this project has also since been deferred.

Steps to take the planned development of a commercial precinct on Victoria Quay from the now completed high-level precinct planning stage to expressions of interest have similarly yet to be taken, with Fremantle Ports in this instance preferring to wait for improved market conditions.

The depth of experience, ability and commitment within our workforce is undoubtedly a huge asset for our organisation. That has been well demonstrated again this year, with a high degree of motivation and many examples of outstanding teamwork. We have continued this year to implement programs designed to increase opportunities for engagement, grow leadership capability



and encourage innovation by giving voice to people with ideas.

Fremantle Ports' investment in employee development has been well rewarded. I and fellow members of the Executive Team have been hugely impressed by the number and quality of employee-led changes implemented across the organisation to achieve improved governance, greater accountability, better service delivery and, in some cases, significant cost savings.

Some examples of the improvements realised can be found in logistics initiatives to achieve better integration and compliance in the supply chain, increased efficiency and cost savings in equipment maintenance, streamlining of our budgetary system, IT security, increased ability to monitor and evaluate tenant operating performance and achieving increased safety in mooring of ships. There are many more.

Analysis of our functions and processes as part of the port sale process has also helped us to identify a number of other opportunities for streamlining our business. Some of these have already been implemented.

The pursuit of excellence has long underpinned our business approach and it was gratifying to be told by external auditors

from SAI Global in May that our annual improvement process was among the best they had seen.

A climate of uncertainty generated by potential major workplace change can be unsettling for employees, with an impact on morale. This issue has been closely managed and monitored throughout the year with the help of a comprehensive engagement program that includes communication, support and development elements along with increased opportunities for informal interaction.

An outstanding success has been the continuing support for our Employee Volunteering and Employee Giving programs. Demonstrating that the spirit of giving is alive and well within Fremantle Ports, many employees have spent time volunteering for community programs selected via our partnership with United Way. Fundraising through payroll deduction or other means has also been well supported this year. As well as contributing to the success of these and other corporate programs such as Purple Haze and Maritime Day, port people are also acting as positive ambassadors for our organisation within the community in many other ways.

I hope readers of this 2015-16 Annual Report will find the account of our activities useful, relevant and of interest. In concluding, I thank

our Chairman, Dr Jim Limerick and other Board Directors for their strategic counsel and support this year. I extend my appreciation to our customers, port service providers, industry bodies, government and community representatives for their involvement and assistance during the year. I acknowledge also the outstanding contribution of fellow members of the Executive and Fremantle Ports' employees.

Chris Leatt-Hayter

Chief Executive Officer



Fremantle Ports' Purple Haze partnership with the Fremantle Dockers supports the Starlight Children's Foundation in providing activity programs for seriously ill children in hospital.



CORPORATE SNAPSHOT

OUR ROLE AND OPERATIONS

The Fremantle Port Authority, trading as 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. In 2015-16 the total value of trade through the port was \$26.1 billion.

The C.Y. 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 the eastern end of 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, 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. Other services provided by the private sector include container stevedoring, bulk and break-bulk stevedoring, towage, line boats, bunkering, marine providing, road and rail transport, shipping agencies, freight forwarding, customs clearance and fumigation services. Two container stevedoring companies, DP World and Patrick, operate under lease agreements with Fremantle Ports.

More than 2,000 people (public and private sector) are directly employed at the Port of Fremantle. Economic activity at the port generates directly and indirectly almost 6,000 full-time equivalent jobs in Western Australia.

STAKEHOLDERS

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

CULTURE AND VALUES

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

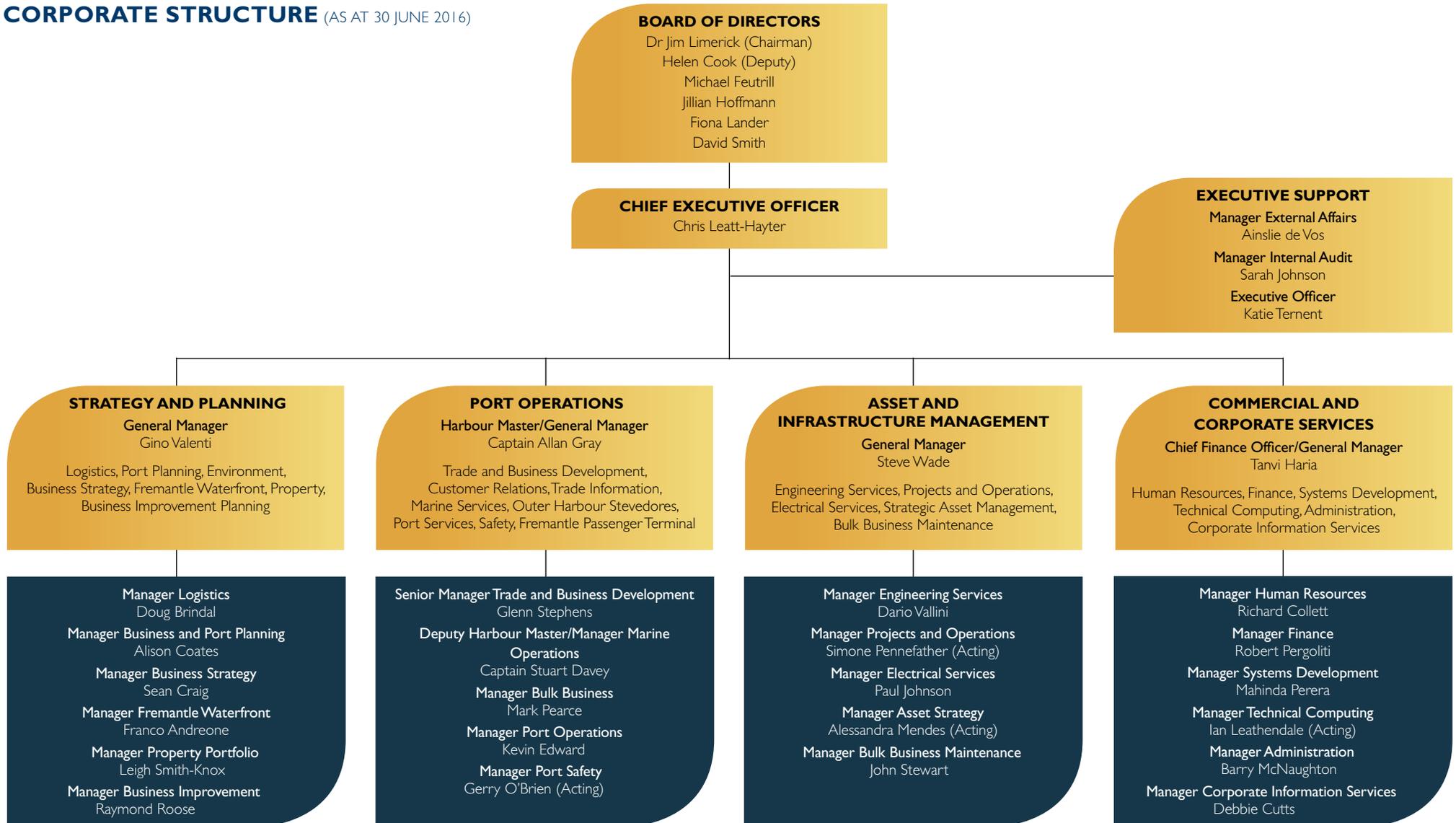
- Minimising or reducing adverse land transport impacts
- Building synergies with others' plans
- Protecting the environment
- Ensuring commercially sound and justifiable outcomes
- Supporting local communities
- Continuing to improve port safety and security
- Complying with legal requirements
- Ensuring 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 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.

OVERVIEW EXECUTIVE SUMMARY



CORPORATE STRUCTURE (AS AT 30 JUNE 2016)





BOARD



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. 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 (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, a Director of the Cruthers Art Foundation and Chairman 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 is 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: 31 December 2018



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

Ms Hoffmann, appointed to the Board on 17 May 2011, is Vice President, 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 25 plus 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: 30 June 2017



FIONA LANDER

Ms Lander was appointed to the Board on 24 August 2012. She is the Executive General Manager External Affairs and Information Technology, 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: 30 June 2017



DAVID SMITH

Mr Smith was appointed to the Board on 1 January 2015. He is a former Partner with PricewaterhouseCoopers (PwC). 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 Director of Royal Fremantle Golf Club 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

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 Logistics and Transport, Australian Institute of Management and a Graduate Member of the Australian Institute of Company Directors.



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

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 over 40 years' wide-ranging experience in construction and project management in Australia and overseas in the resources and manufacturing sectors. He held the position of General Manager Marine and Technical Services until mid-2009, which incorporated both engineering and operational functions, and was appointed to his current position in 2009. Steve is a Chartered Civil Engineer and Associate Member of the Resolution Institute.



GINO VALENTI

General Manager Strategy and Planning

Gino Valenti has tertiary qualifications in chemistry and is a Graduate Member of the Australian Institute of Company Directors. He 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

*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

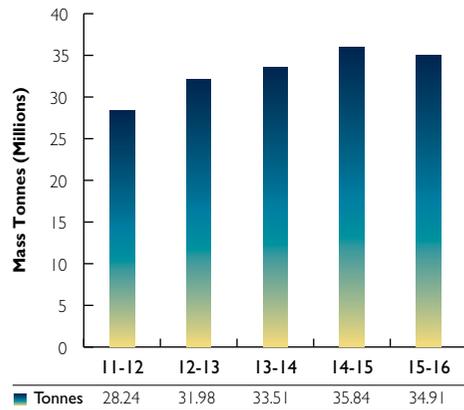
*Senior Manager Trade and
Business Development*

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 the Cruise WA Committee.

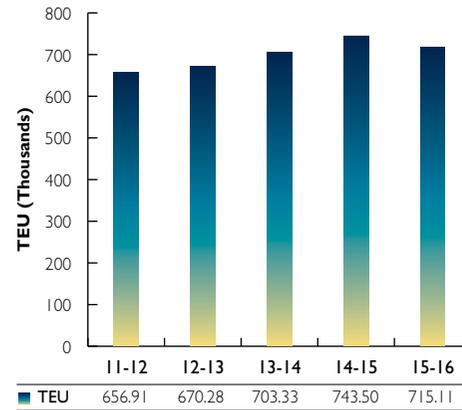


KEY BUSINESS RESULTS

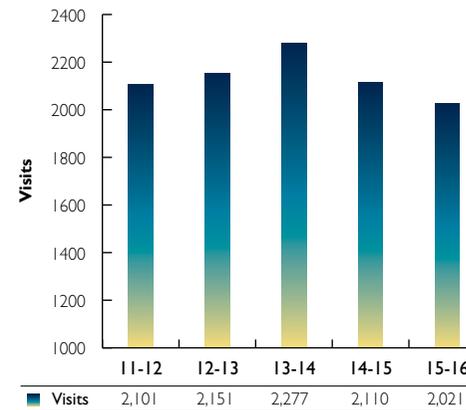
**Total Port Trade (Mass Tonnes)
Comparison 2011-12 to 2015-16**



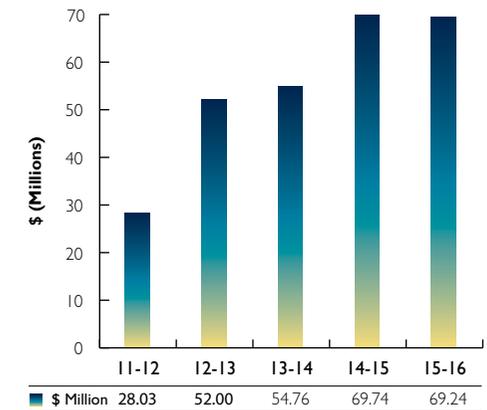
**Total Container Trade - TEU
Comparison 2011-12 to 2015-16**



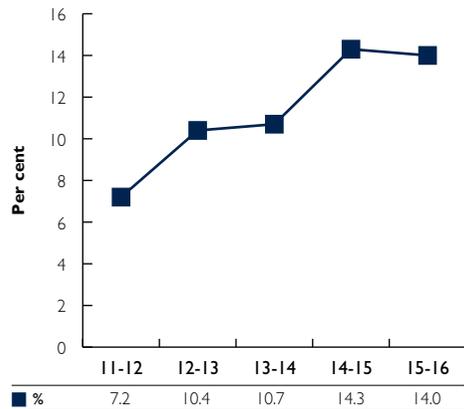
**Total Ship Visits (excluding Naval)
Comparison 2011-12 to 2015-16**



**Operating Profit
Before Income Tax Equivalent
Comparison 2011-12 to 2015-16**

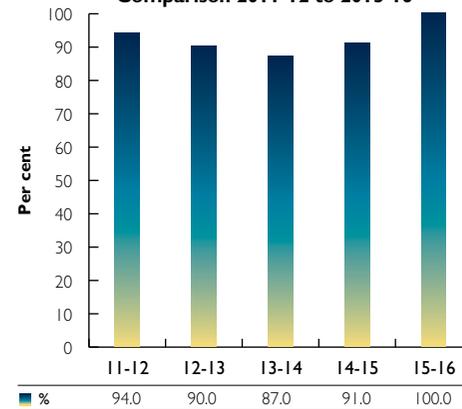


**Economic Rate of Return on Assets
Comparison 2011-12 to 2015-16**

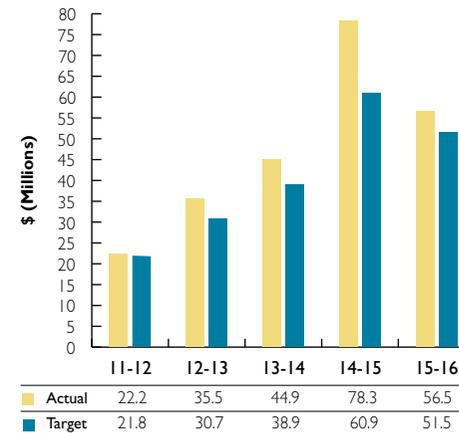


The Economic Rate of Return is based on assets valued at deprival value.

**Shipping Line/Agent Survey
Level of Overall Satisfaction with
Fremantle Ports' Services
Comparison 2011-12 to 2015-16**



**Fremantle Ports - Contribution to
State Government
Comparison 2011-12 to 2015-16***



*Includes Dividends, Income Tax Equivalent, Land Tax, Emergency Services Levy, Local Government Rate Equivalent, Payroll Tax and Stamp Duty



GOVERNMENT GOALS

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.

Goal	Fremantle Ports Objectives	Key Outcomes Sought	Measures	Results
<p>RESULTS-BASED SERVICE DELIVERY</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 services that meet customer expectations</p>	<p>Understanding and responding to customer needs</p> <p>Improvements in efficiency and capability of port operations</p>	<ul style="list-style-type: none"> • Annual customer survey • Equipment and berth availability at KBT and KBJ • Container park utilisation rates • Container exchange rates • Loading/unloading rates • Truck turnaround times • Rail share of container trade 	<ul style="list-style-type: none"> • Responses to annual customer survey show 100 per cent of shipping lines and agents satisfied with Fremantle Ports' services • Inner Harbour rail services carried 104,000 TEU (twenty-foot equivalent unit containers) in 2015-16; first time rail has exceeded the 100,000 mark • Since 2009-10, rail volumes have grown at compound rates of nearly 10% per annum, well above trade growth over that period • 2015 survey shows improvement in trucking productivity and reduced empty running of trucks • Fremantle Port's crane rates measured in containers per hour have increased by 22.9 per cent from the December Quarter 2001 to the December Quarter 2015 (latest figures released by the Bureau of Infrastructure, Transport and Regional Economics publication <i>Waterline</i>)



Goal	Fremantle Ports Objectives	Key Outcomes Sought	Measures	Results
<p>FINANCIAL AND ECONOMIC RESPONSIBILITY</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 capturing new trade and business opportunities</p> <p>Agreement with government on key aspects of our future business model</p> <p>Fremantle Ports is positioned as an organisation focused on trade facilitation and supply chain performance, with flexibility to quickly respond to changing operating environments</p>	<ul style="list-style-type: none"> • Government financial targets are met • Financial dashboard - expenditure income, profit, rate of return, maintenance expenditure, capital works expenditure • Trade outcomes compared to budget and forecasts • Land vacancy rates 	<ul style="list-style-type: none"> • After-tax profit of \$52.324 million and contribution to government of \$46.343 million in tax equivalents and dividends • Recognised by the State Auditor General in 2015 as among the top 20 best practice large State Government agencies for financial reporting and financial controls • Bulk trade generally performing well, helping to offset slow-down in container and non-containerised sectors • All but one of the sites on the land reclaimed for Rous Head during the Inner Harbour deepening project now fully operational

PERFORMANCE PERFORMANCE MANAGEMENT FRAMEWORK



Goal	Fremantle Ports Objectives	Key Outcomes Sought	Measures	Results
<p>SOCIAL AND ENVIRONMENTAL RESPONSIBILITY</p>  <p>Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State</p>	Ensuring business sustainability through excellent performance, innovation, business improvement and community and stakeholder engagement	<p>Improved safety and environmental performance</p> <p>Improved stakeholder and community support</p> <p>A strong level of community subscription for the strategic challenges facing the port as it is developed over time.</p>	<ul style="list-style-type: none"> • Environmental incidents • Lost time injuries • Annual community survey • Complaints 	<ul style="list-style-type: none"> • Safety performance further improved with strong leadership and further embedding of safety culture contributing to significant reduction in lost time injuries • Certification to international environmental, quality and safety standards retained following triennial external audit • Recognition for excellence in waste-management handling • Continuing strong focus on emergency response preparedness, including scenario exercises • Annual community survey shows most respondents in the Inner and Outer Harbour areas quite or very satisfied with Fremantle Ports' operations • Well-attended quarterly meetings of Fremantle Ports' long-established community liaison group
<p>STATE BUILDING - MAJOR PROJECTS</p>  <p>Building strategic infrastructure that will create jobs and underpin Western Australia's long-term economic development</p>	Ensuring sound planning for all aspects of our business, including resources, services and infrastructure	Successful completion of major infrastructure projects	<ul style="list-style-type: none"> • Progress priority projects 	<ul style="list-style-type: none"> • As a key element of Fremantle Ports' strategic asset management system, all of the 12 critical asset class management plans, including the life-cycle cost models, now in place • Major three-year program of re-fendering and other wharf repair and upgrading works at D and E berths on Victoria Quay completed • Remaining units forming part of a new high-voltage network at North Quay installed

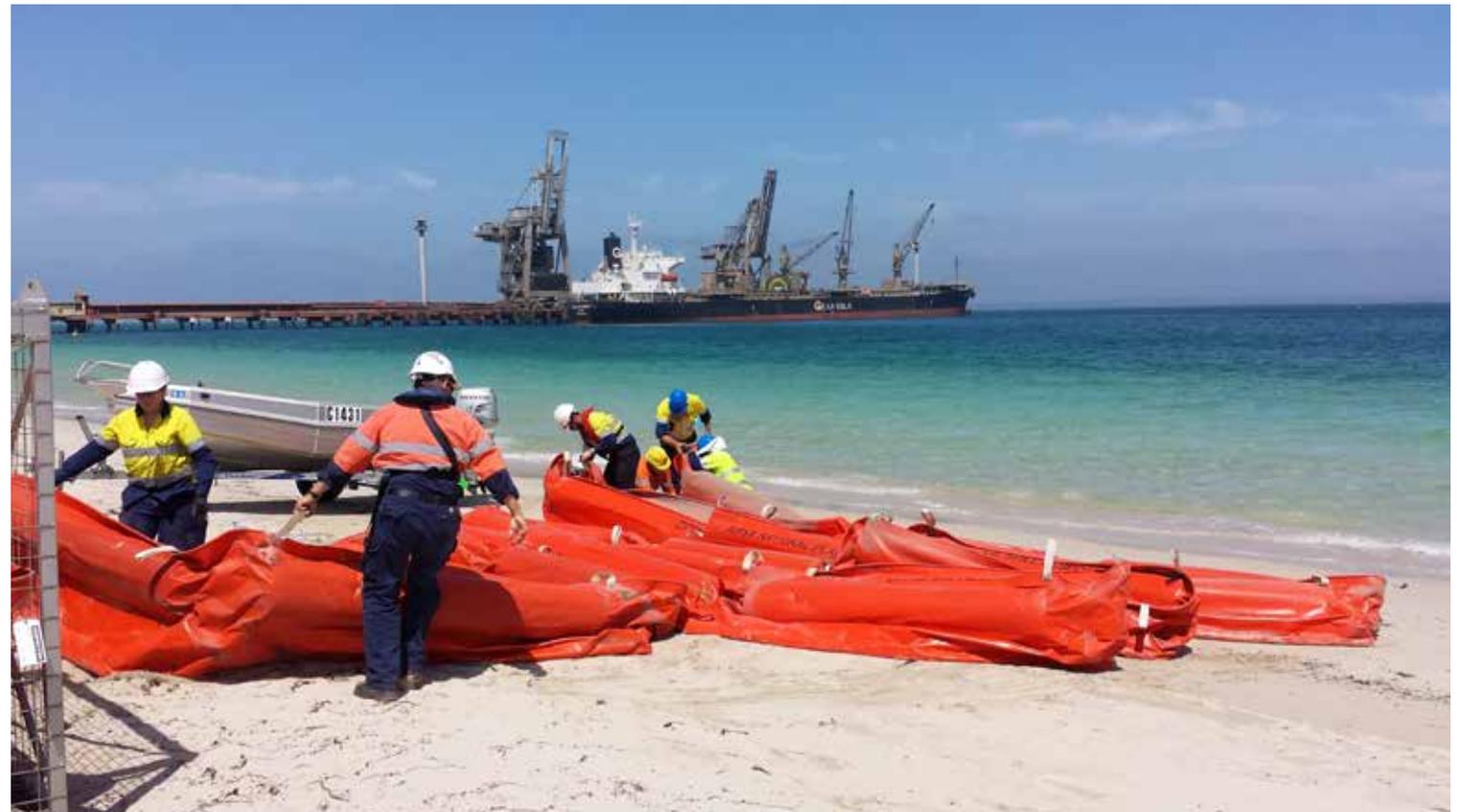


SHARED RESPONSIBILITIES

Fremantle Ports has shared responsibilities with a number of Western Australian 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, WA Police Service, Department of Environmental Regulation, Department of Water, State Heritage Office, Department of Aboriginal Affairs and the State Records Office.

Examples of areas in which there has been liaison with other State Government agencies this year are:

- Working with Treasury on due diligence for the proposed leasing of Fremantle Port
- Main Roads WA and the Public Transport Authority on Fremantle Rail Bridge protection works
- Department of Transport on emergency response preparedness and training
- WA Police Service on emergency and incident management
- Department of Water on water quality monitoring
- State Records Office on a digital archiving project



Fremantle Ports, Department of Transport State Response Team and BP combined for an oil spill exercise at the Kwinana Bulk Terminal in December. Port staff maintain a high level of readiness to respond to oil spills and similar incidents.

PERFORMANCE CORPORATE SCORECARD



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.

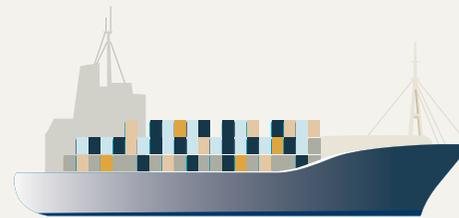
HOW WE PLANNED TO SUCCEED

Economic

Financial Results



Trade Results



Bulk/Non-Containerised Trade - annual growth rate



Customer Satisfaction



Containers - annual growth rate





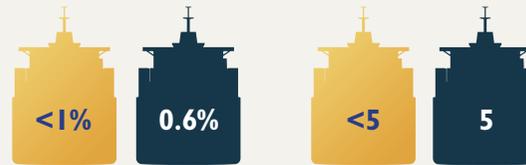
SERVICE DELIVERY MINIMISE BERTHING DELAYS

Inner Harbour – Container Ships Unavailability of Services



Total vessels affected Average hours per delay

Kwinana Bulk Terminal Unavailability of Services



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

Unavailability of Berths



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>Certification to international environmental, safety and quality standards maintained</p>	<p>Target Continue to comply with ISO 14001, ISO 9001 and AS/NZ 4801 standards and further improve environmental, safety and quality management systems</p>	<p>Result Certification to ISO 14001, ISO 9001 and AS/NZ 4801 was maintained in external audit</p>
<p>Time lost to injuries</p>	<p>Target Zero lost-time injuries</p>	<p>Result 4 compared with 10 the previous year</p>
<p>Time lost to injuries</p>	<p>Target 10% reduction in lost-time injury frequency rate</p>	<p>Result Lost-Time Injury Frequency Rate was 5.1 compared with 10.9 the previous year, a reduction of 53.2%</p>

SOCIAL

<p>Community satisfaction</p>	<p>Target 70 to 80% overall satisfaction (based on community survey results)</p>	<p>Result</p> <table border="0"> <tr> <td>Overall satisfaction:</td> <td>Support for the Inner Harbour in its role as a busy working port was:</td> </tr> <tr> <td>Inner Harbour 69%</td> <td>Inner Harbour 71%</td> </tr> <tr> <td>Outer Harbour 71%</td> <td>Outer Harbour 73%</td> </tr> </table>	Overall satisfaction:	Support for the Inner Harbour in its role as a busy working port was:	Inner Harbour 69%	Inner Harbour 71%	Outer Harbour 71%	Outer Harbour 73%
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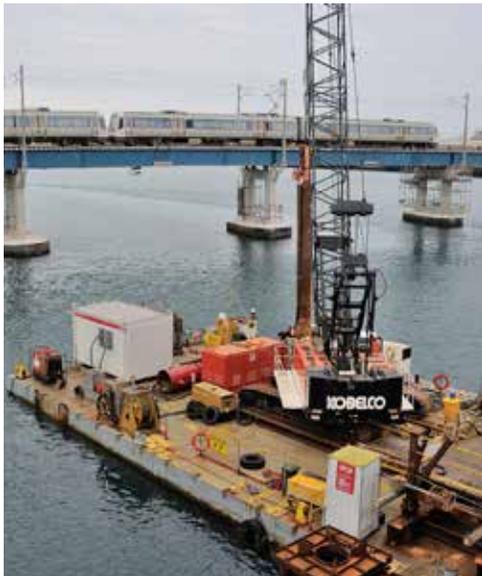


OBJECTIVE:

Providing reliable and efficient services that meet customer expectations

Key outcomes sought:

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



Fremantle Rail Bridge protection works

RAIL BRIDGE PROTECTION

In a project jointly funded by Main Roads WA and the Public Transport Authority, three concrete marine dolphin structures (protective bumpers) have been constructed downstream of the Fremantle Rail Bridge to absorb the force of impact in the event of a vessel incident.

An underwater dolphin structure is also proposed and Fremantle Ports has agreed with the Public Transport Authority to install an underwater rock mound at a location chosen to maximise the protection of the bridge while minimising scouring damage and impacts to tug operations. The plans for the underwater rock mound will be referred to the Environmental Protection Authority to determine the level of assessment.

INNER HARBOUR BERTH WORKS

Total replacement of the fendering system for D and E berths has been completed, bringing this three-year works program to a successful conclusion. The newly installed fenders are independent of the old wharf structure to allow for the berthing of larger ships, for example RoRo (roll on-roll off) vessels. The fender system is capable of being integrated with an upgraded berth structure in the future. Wharf substructures at D Berth have also been repaired and replaced.

HIGH-VOLTAGE WORKS

The installation of a network of modern, high-voltage switch equipment at North Quay

has been completed. This provides a significant improvement in safe remote switching operations, energy management performance and reliability of services for customers.

NEW REFUELLING SYSTEM FOR LOCOMOTIVES

A more efficient system for refuelling the locomotives that haul iron ore to the Kwinana Bulk Terminal has more than halved refuelling time. Previously, the locomotives were refuelled one at a time from an adjacent fuel truck. Installation of a 52,400 litre fuel tank means two locomotives can be refuelled simultaneously, reducing total refuelling time from 50 minutes to about 20 minutes.

LNG BUNKERING

The supply and use of Liquefied Natural Gas (LNG) as a marine fuel is ready to commence operationally at Fremantle Ports. To achieve this, Fremantle Ports worked with stakeholders to develop a LNG bunkering standard that aligns with national and international standards and procedures. A bunkering licence for the supply of LNG has been awarded to the Wesfarmers/Kleenheat Gas joint venture EVOL LNG.

FP RESPONSE REFIT

Fremantle Ports' FP Response has had a full-scale overhaul. Response is used for a range of activities, among them emergency work, servicing of buoys and beacons, hydrographic survey and towing a sweep bar to clear berths and channels.

ASSET MANAGEMENT AND MAINTENANCE

Development of Fremantle Ports' overall strategic asset management system was accelerated to meet the requirements of the port sale project. Engineering advisers for the sale worked closely with Fremantle Ports to enable completion of the remaining three of 12 critical Asset Class Management Plans, including the life-cycle cost models.

Five-year maintenance programs are aligned with the operating forecasts within the 12 Asset Class Management Plans. Considerable progress has also been made on asset modelling tools and the annual maintenance budget prioritisation process has been further improved.

The total asset maintenance expenditure for 2015-16 was \$29.4 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.

Development work on a new Maintenance Management System has progressed significantly during the year with implementation expected during September/October 2016.

The main focus for 2016-17 will be continuation of the integration of the Asset Strategy process and the embedding of the new Maintenance Management System.



Newly re-painted and fenced South Mole lighthouse



High voltage electrical substation being lifted into place

PROJECT DEVELOPMENT REGISTER

Planning, development and management of corporate projects has been made more efficient through the introduction of a new project development register.

The system uses a gateway model to guide users through the stages of project development from concept to completion, with endorsement required for each stage before progressing to the next. Replacing the need for filling out and passing around forms for review, it brings together the planning, financing, project concept, operational and maintenance aspects into one electronic system.

Other benefits include:

- greater transparency and control
- improved risk management
- integration of planning approvals with Fremantle Ports' business principles
- involving the right people at the right time
- reduction of re-work
- improved data capture, and
- effective storage and security of project information.

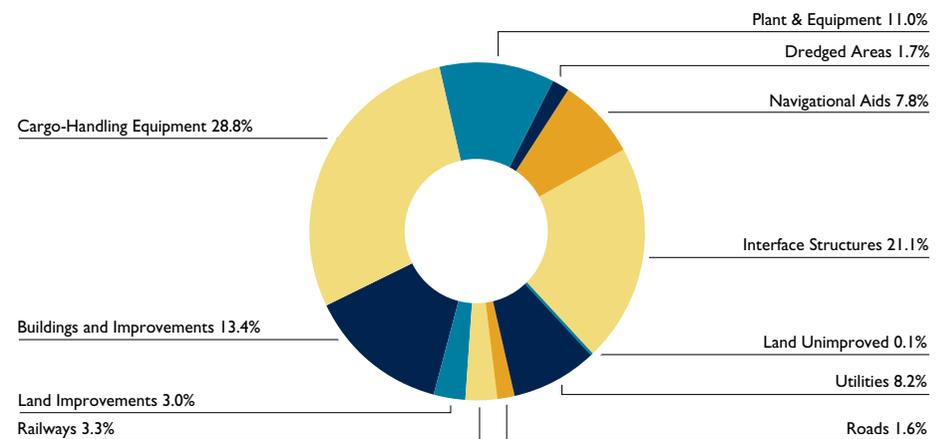
At year end the system was in the pilot phase, with training provided to all divisions.

NAVIGATION AIDS REFURBISHMENT

Refurbishment of the North and South mole lighthouses and several of the pillar buoys deployed offshore to help navigation of shipping was undertaken during the year.

Asset Maintenance and Service Cost

2015-16



PERFORMANCE TRADE AND FUTURE CAPABILITY



OBJECTIVE:

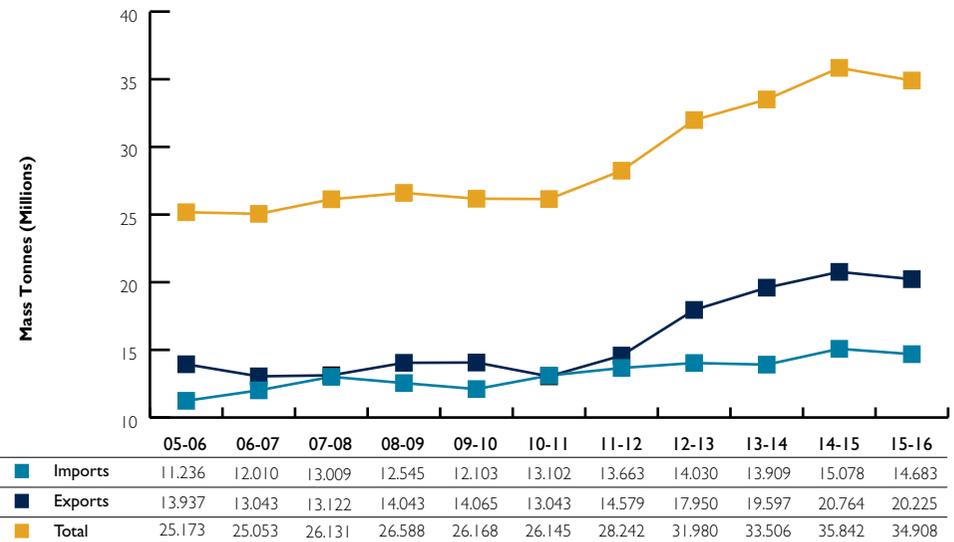
Promoting and facilitating trade and business growth opportunities

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 strengthened, focused on supply chain performance and valued for its role in trade facilitation

Total Port Trade

2005-06 to 2015-16



DP World container terminal cranes at North Quay

TOTAL TRADE

Total port trade in 2015-16 decreased by 2.6 per cent to 34.91 million tonnes, 0.93 million tonnes down compared with the previous financial year. This decrease was primarily due to a fall in bulk exports of grains in the Outer Harbour and decreases of non-containerised and containerised cargo in the Inner Harbour.

IMPORTS

Total imports in 2015-16 decreased by 0.39 million tonnes or 2.6 per cent compared with the previous financial year. Imports of bulk cargo decreased by 0.26 million tonnes or 2.4 per cent compared with the same period last year. This decrease is predominantly due to refined petroleum imports declining by 0.25 million tonnes or 34.3 per cent. Imports of break-bulk (non-containerised cargo) decreased by 78,204 tonnes or 19.4 per cent. The major import commodity affected was iron and steel products, decreasing by 48,243 tonnes or 47.8 per cent compared with 2014-15.

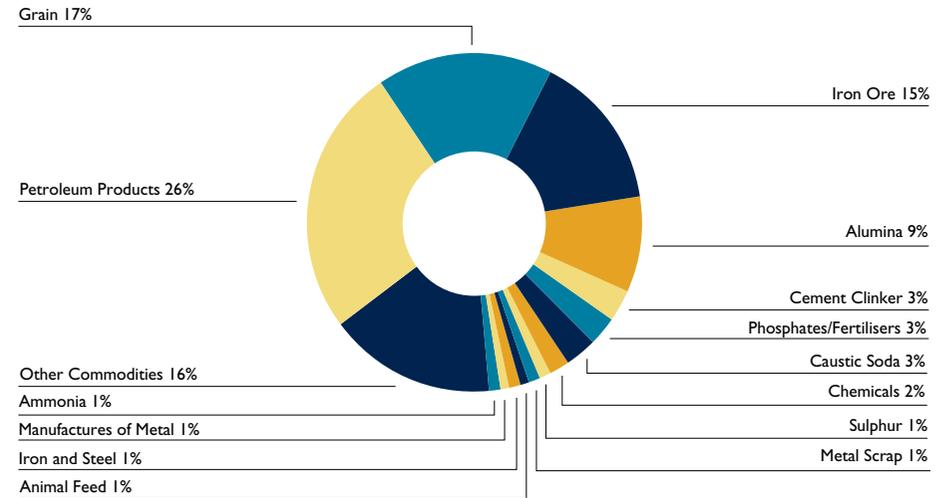
EXPORTS

Total exports in 2015-16 decreased by 0.54 million tonnes or 2.6 per cent compared with same period last year. In the Outer Harbour, bulk exports decreased by 0.24 million tonnes or 1.4 per cent compared with 2014-15. Exports of bulk grain decreased by 1.2 million tonnes or 18.1 per cent in the Outer Harbour and Inner Harbour containerised cargo fell by 0.30 million tonnes or 8.2 per cent when compared with 2014-15. However, bulk iron ore exports increased by 27.4 per cent to 5.4 million tonnes and bulk refined petroleum exports increased by 27.4 per cent to 2.2 million tonnes, moderating the negative variance in some other trades in 2015-16.



Principal Commodities

2015-16



Although container trade through Fremantle Port was below last year's result, the average annual growth over the past 10 years has been 4.6 per cent.

CONTAINER TRADE

When compared with 2014-15:

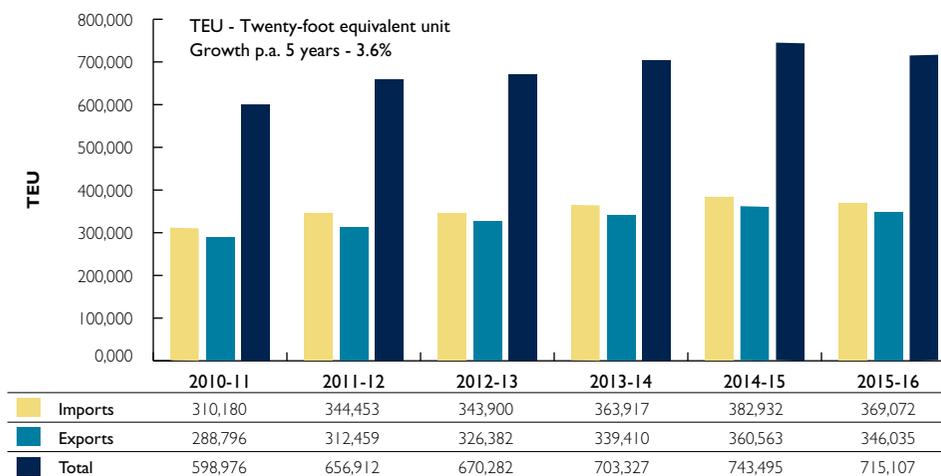
- Total container trade decreased by 3.8 per cent. Exports decreased by 4.0 per cent and imports decreased 3.6 per cent.
- Full container exports decreased by 9.0 per cent or 20,073 TEU (twenty-foot equivalent units) and full imports decreased by 2.4 per cent or 8,472 TEU.
- Empty container exports increased by 4.0 per cent and empty imports decreased by 19.9 per cent.
- Coastal container throughput decreased by 7.3 per cent or 6,925 TEU. Coastal full container throughput totalled 74,760 TEU, an increase of 1.2 per cent.

PERFORMANCE TRADE AND FUTURE CAPABILITY



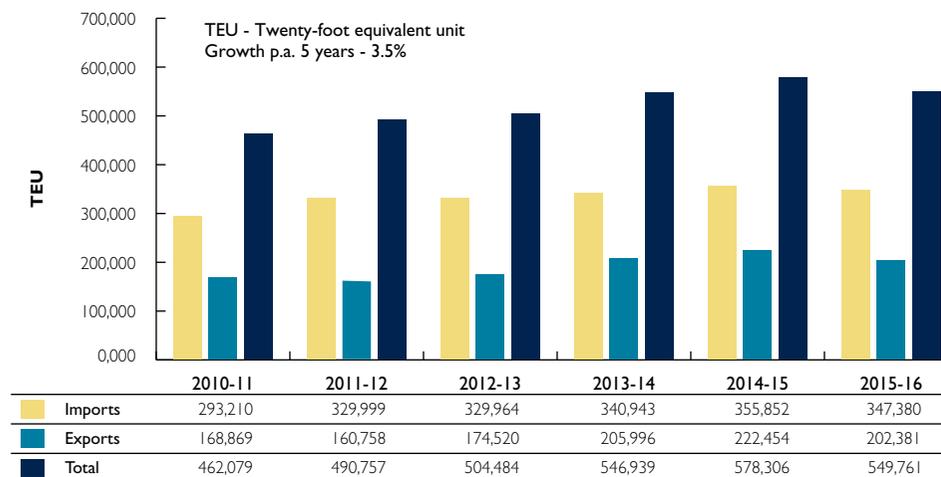
Container Trade

Comparison 2010-11 to 2015-16



Full Container Trade

Comparison 2010-11 to 2015-16



TOP TEN CONTAINER TRADING PARTNERS

Total Full Container Trade (TEU)

COUNTRY	2014-15	2015-16
China	169,753	155,056
Australia	73,765	74,733
Malaysia	33,879	32,420
Thailand	28,519	29,353
Japan	30,968	28,360
South Korea	27,799	24,031
Singapore ⁽¹⁾	19,627	20,719
Indonesia	24,463	20,205
United States of America	20,244	17,689
India	15,251	17,577
Top 10 Countries percentage of Total Country Trade	76.9%	76.4%

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.



Break-bulk cargo at Berth 12 North Quay

BREAK-BULK CARGO

Total throughput of break-bulk cargo in 2015-16 fell by 7.8 per cent compared with the previous year. Inner Harbour imports decreased by 18.8 per cent compared with the previous year mainly due to reductions in iron and steel products and other transport equipment. Inner Harbour exports decreased by 14.1 per cent compared with last year mainly due to a decrease in metal scrap by 81,323 tonnes or 33.8 per cent.

MOTOR VEHICLE IMPORTS

New motor vehicle imports through Fremantle Ports totalled 101,587 units in 2015-16, a decrease of 24 units or 0.02 per cent. The combined total of vehicles imported from Japan, Thailand and South Korea make up 73.7 per cent of total imports, with all three countries' imports increasing in 2015-16. Motor vehicle imports from Japan increased by 636 units or 2.1 per cent, Thailand by 6.5 per cent or 1,693 units, and

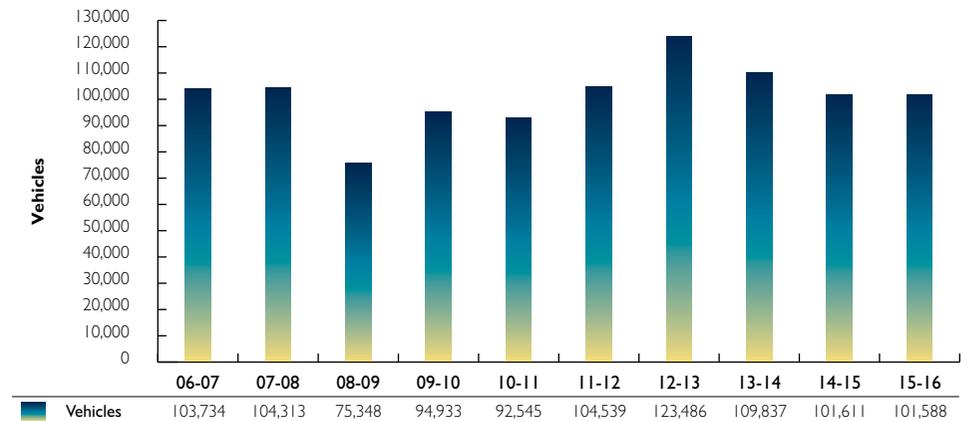
South Korea by 6.4 per cent or 943 units. Motor vehicle imports from the USA decreased by 1,342 units or 22.3 per cent and Singapore imports decreased by 1,557 units or 58.7 per cent. Imports from Europe totalled 15,974 units, an increase of 268 units or 1.7 per cent; however, new motor vehicle imports from Germany decreased by 1,596 units or 31.5 per cent when compared with 2014-15.



Motor vehicle imports are mainly handled at the eastern end of Victoria Quay.

New Motor Vehicles

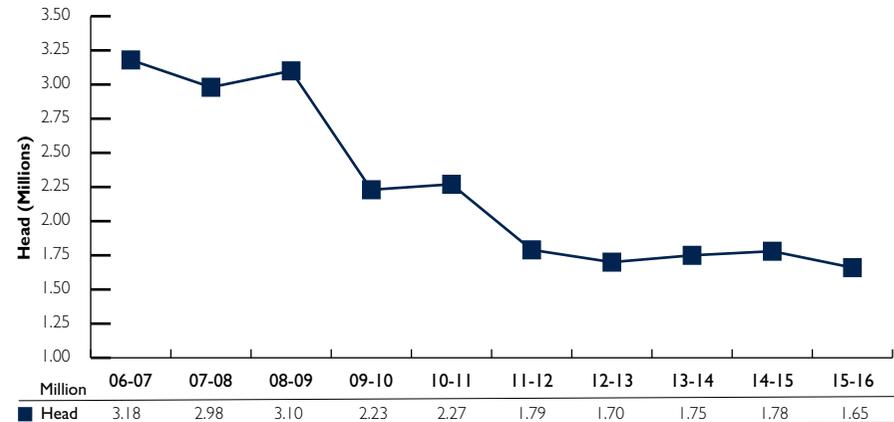
Imports 2006-07 to 2015-16





Live Sheep Exports

2006-07 to 2015-16



Livestock vessel Rahmeh at Berth 1 North Quay

LIVE SHEEP EXPORTS

Exports of live sheep in 2015-16 through the Port of Fremantle decreased by 132,543 head or 7.4 per cent compared with 2014-15.

Exports from Fremantle to the Middle East contributed 98.8 per cent of total sheep exports. Kuwait was the largest export market for Australian live sheep in 2015-16 with 0.73 million head exported, followed by Qatar, United Arab Emirates, Bahrain and Israel. Trade to the Middle East fell by 4.2 per cent due to decreased exports to Bahrain and Jordan.

LIVE CATTLE EXPORTS

Live cattle exports from Fremantle reached 166,545 head in 2015-16, an increase of 39,297 head or 30.9 per cent compared with 2014-15. Trade with South East Asia increased by 32,413 head or 86.6 per cent with exports to Vietnam and Indonesia experiencing the largest growth in this region, increasing by 161.6 and 89.6 per cent respectively.

PERFORMANCE TRADE AND FUTURE CAPABILITY



The Kwinana Bulk Jetty is one of two bulk handling facilities owned by Fremantle Ports at Kwinana

BULK CARGO

Bulk cargo contributed 27.2 million mass tonnes or 78.0 per cent of total port trade in 2015-16, 0.8 per cent higher than last year. Bulk exports decreased by 0.24 million tonnes or 1.5 per cent and imports decreased by 0.26 million tonnes or 2.4 per cent. Fremantle Ports' principal bulk cargo, petroleum products, increased by 0.28 million tonnes to 8.95 million mass tonnes or 3.2 per cent in 2015-16 when compared with the same period last year. Refined petroleum exports (includes bunkers) were up 0.47 million

tonnes or 25.4 per cent compared with 2014-15. Refined petroleum imports decreased by 0.25 million tonnes or 31.3 per cent. Crude petroleum imports totalled 6.1 million tonnes, up by 0.06 million tonnes or 1.0 per cent. The top three bulk exports were iron ore, wheat and alumina which accounted for 76.2 per cent of total bulk exports. Iron ore increased by 0.47 million tonnes or 9.7 per cent, wheat decreased by 0.63 million tonnes or 13.9 per cent and alumina increased slightly by 39,243 tonnes or 1.3 per cent.

TRADE BY CARGO CLASS (MASS TONNES)

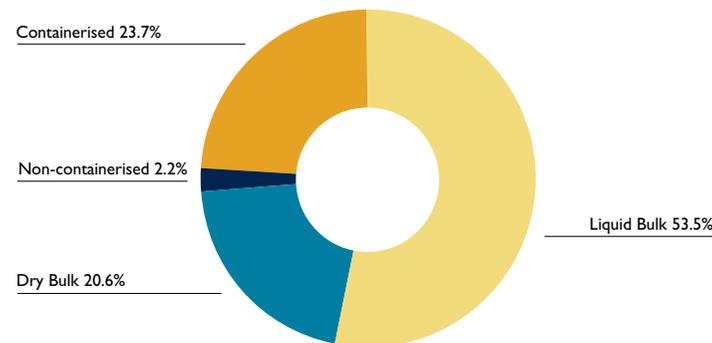
CARGO	Imports	Exports
Liquid Bulk	7,855,382	2,420,744
Dry Bulk	3,029,393	13,911,971
Non-Containerised	324,654	489,622
Containerised	3,473,550	3,408,893
Total	14,682,979	20,225,230



Loading wheat at the CBH Kwinana Grain Terminal

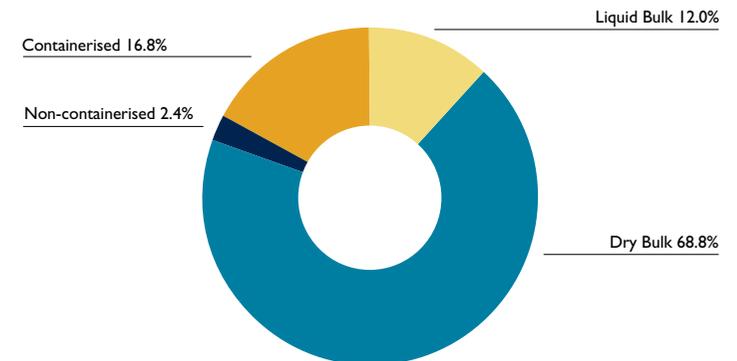
Trade by Cargo Class

Imports 2015-16 (Mass Tonnes)



Trade by Cargo Class

Exports 2015-16 (Mass Tonnes)





The container terminals at North Quay operate around the clock.

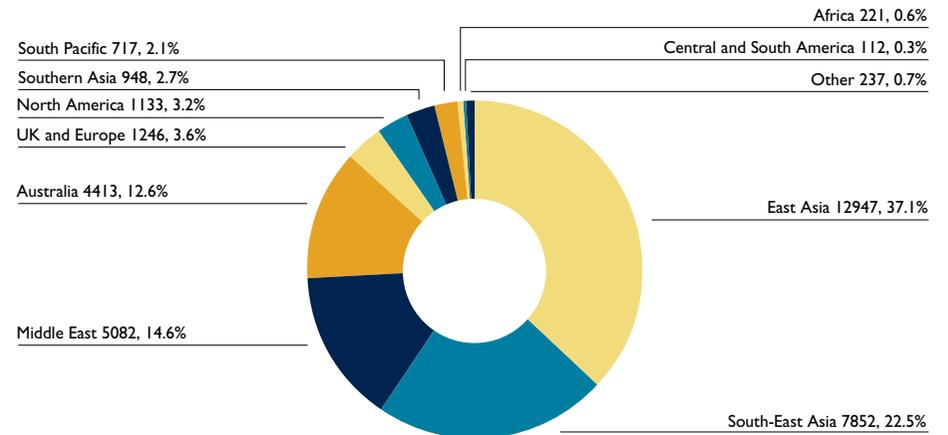
MAJOR OVERSEAS TRADING REGIONS

Trade with East, South East and Southern Asia amounted to 62.3 per cent of total port trade in 2015-16, 2.1 percentage points lower than 2014-15. Trade with East Asia decreased by 3.6 per cent compared with last year mainly due to a decline in trade with China and Japan. South East Asia trade has decreased by 7.5 per cent mainly due to reduced bulk petroleum imports from Malaysia. Coastal trade increased by 0.6 million tonnes or

15.9 per cent, interstate trade increased by 23.0 per cent and intrastate trade fell slightly by 1.5 per cent. Middle Eastern trade decreased by 4.9 per cent, UK and Europe increased by 3.8 per cent and North American trade fell 11.6 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 in the Statistical Information section of this report.)

Principal Areas of Trade

2015-16 Mass Tonnes (000's)





Iron ore carrier at Fremantle Ports' Kwinana Bulk Terminal

20 MILLION TONNES OF IRON ORE EXPORTED

Since beginning iron ore exports from the Kwinana Bulk Terminal in November 2011, Fremantle Ports has loaded 20 million tonnes for its customer Mineral Resources Ltd at the Kwinana Bulk Terminal (KBT).

The milestone (representing a total of 430 shipments) was reached during the loading of bulk carrier *Themistocles* on 18 June.

In 2011, Kwinana Bulk Terminal underwent a \$44 million Fremantle Ports and private sector upgrade to increase the facility's capacity and improve efficiency for the export of iron ore and other bulk commodities. Tonnages handled at the Kwinana Bulk Terminal have increased from 2.1 million tonnes in 2010-11 to 6.2 million tonnes in 2015-16.

TRADE OUTLOOK FOR 2016-17

Though container trade fell in 2015-16. It has had an average annual growth of 3.6 per cent over the past five years. The total container throughput in 2016-17 is forecast to increase by 2.0 per cent.

As forecast, new motor vehicle imports in 2015-16 were similar to the previous year. In 2016-17 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.

Bulk cargo tonnages handled at Fremantle Ports' Kwinana Bulk Jetty and Kwinana Bulk Terminal represent around 32.8 per cent of total bulk cargo volumes through the port. Trade throughput at the Kwinana Bulk Jetty is forecast to decline in 2015-16 by 8.0 per cent to 2.4 million tonnes.

The total trade throughput at the Kwinana Bulk Terminal in 2016-17 is forecast to be around the same level as 2015-16 (6.5 million tonnes).

Petroleum product, Fremantle Port's major bulk commodity, is forecast to be around 8.6 million tonnes in 2016-17, and dry bulk alumina exports are expected to remain at levels similar to 2015-16 (3.1 million tonnes).

This season, initial grain forecasts have increased due to recent significant winter rainfall. It is expected that bulk grain exports from Cooperative Bulk Handling's Kwinana grain terminal in 2016-17 will exceed 5.5 million tonnes, compared with 5.2 million tonnes this year.

ADDING VALUE FOR CUSTOMERS

Fremantle Ports sees its role as leading and facilitating achievement of overall port competitiveness and value for money from a customer perspective. To meet these objectives, understanding the needs and expectations of our customers has been

undertaken through various means this year within a systematic framework involving:

- an annual customer survey
- a formal customer liaison program that has involved scheduled meetings with customers and their representatives throughout the year
- bulk customer vessel debriefs
- industry briefings to share strategic plans and obtain customer and port service provider input on strategic issues related to port operations and service provision; and
- responding to customer complaints.

The customer survey carried out in 2016 showed that 100 per cent of shipping line customers were satisfied or very satisfied with Fremantle Ports' services.

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. Industry workshops have also contributed to improvement projects. Value chain analysis is one of the means used to establish opportunities for efficiency improvements for customers. This process has been applied this year with discussions on topics such as optimising berth utilisation, bulk unloader protocols, and vessel scheduling.



North Quay Rail Terminal



Overall truck productivity is improving.

LANDSIDE LOGISTICS

RAIL

The Inner Harbour container rail services carried 104,000 TEU (twenty-foot equivalent units) in 2015-16, the first time rail has exceeded the 100,000 mark. This represents a market share for rail of 14.5 per cent, up from 13.2 per cent last year. Since 2009-10, when the effect of the Global Financial Crisis had hit rail hard, rail volumes have grown at a compound rate of nearly 10 per cent annually, well above trade growth over that period.

In late 2015, Fremantle Ports worked closely with the Department of Transport and Intermodal Link Services on a rail development strategy for submission to Government. This formed the basis of a decision by Government in the 2016 budget to extend the financial assistance to the rail services until 2021-22.

ROAD

Recognising the central importance of road transport for the Inner Harbour and surrounding communities, Fremantle Ports conducts a truck survey each year to monitor numbers of truck movements and identify trends in trucking productivity. The September 2015 survey found:

- Container truck numbers fell by 11 per cent compared with 2014, reflecting, in part, that container trade

for the period of the survey was down 6.0 per cent compared with the previous year.

- Average TEU (twenty-foot equivalent units) per truck, including empty movements, increased from 1.32 to 1.35, largely due to fewer trucks travelling unladen.
- Overall, productivity (in terms of the number of trucks required to move 1,000 TEU) rose 2.3 per cent.

These were encouraging results given the large amount of work done by Fremantle Ports, with the WA Port Operations Task Force, to focus on removing or reducing obstacles to efficient truck movements. To continue the momentum for improvement in this crucial component of the supply chain, Fremantle Ports' logistics team will be working with industry early in 2016-17 to review and update the Truck Productivity Strategy developed in 2014.

In general, trucking operations at the Inner Harbour have been operating smoothly with few significant delays being experienced and average truck turnarounds remaining at very good levels by Australian standards.

Fremantle Ports has been promoting Port Community Systems for some time as a means of speeding up communication, avoiding paperwork and its attendant issues

(such as transcription errors and misplaced documents) and providing for more efficient flow through the container parks. Port Community Systems, already in operation in major ports around the world, are electronic platforms that allow supply chain participants to rapidly and securely exchange information after a single submission of data by the owner, for example a shipping line.

PORT OPERATIONS TASK FORCE

The WA Port Operations Task Force is a long-standing forum comprising industry and government agency representatives. It continues to provide an ongoing channel to identify and examine issues confronting the supply chain and to promote effective solutions.

Fremantle Ports has hosted and funded the Task Force since 2010. Through Fremantle Ports' Logistics Branch, it also provides the essential resources to address supply chain issues identified through discussion with industry.

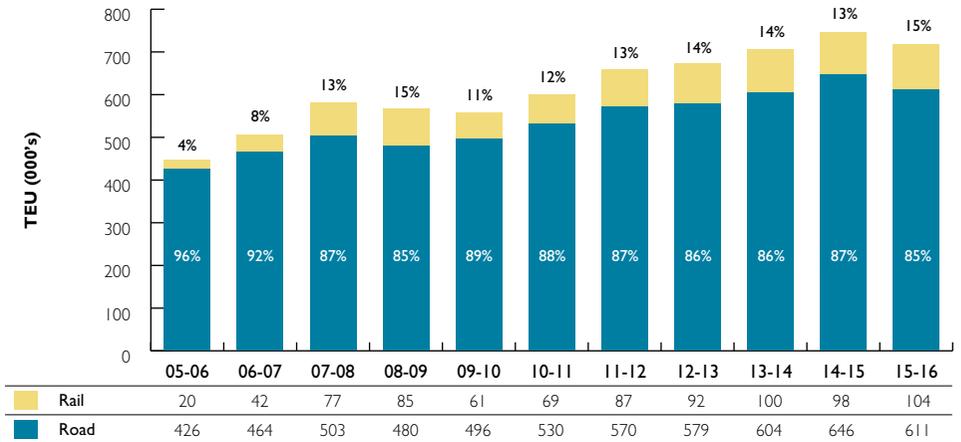
With the Task Force, Fremantle Ports has continued to focus attention on the critical Christmas season to ensure that this peak period is handled smoothly. The initiatives which have been developed over the past few years have continued to prove successful, with very few problems at the port or in the rest of the supply chain.

PERFORMANCE TRADE AND FUTURE CAPABILITY



Market Share of Containers on Rail

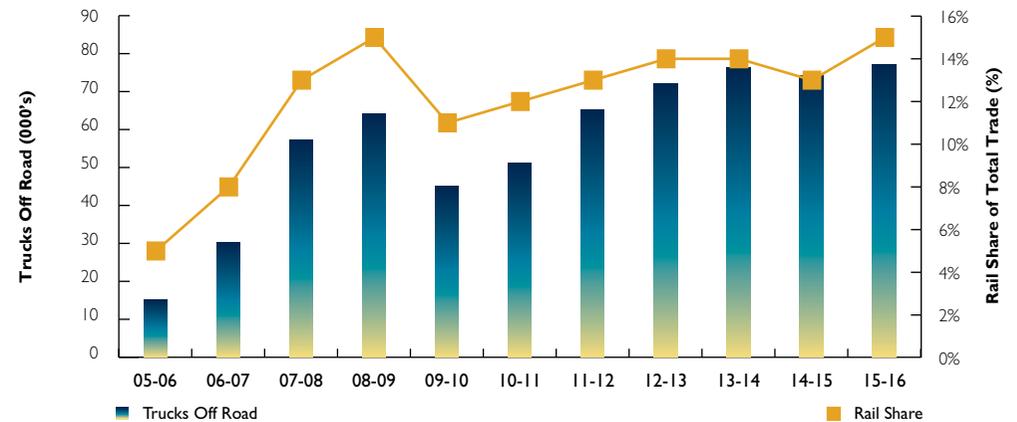
2005-06 to 2015-16 (TEU)



Rail Share and Trucks Off Road

2005-06 to 2015-16

Increased use of rail for container freight movement to and from the port is reducing the rate of growth of truck traffic.





Busy North Quay container terminals

During the year, Fremantle Ports assisted the Task Force to address significant industry issues such as the new Chain of Responsibility legislation and the new global requirement for certified weighing of export containers (Marine Order 42 in effect in Australia under the *Navigation Act 2012*). The latter initiative has created challenges for the supply chain around the world and the Task Force invested considerable time and effort to work with the Australian Maritime Safety Authority and industry to ensure exporters were properly prepared for the advent of the new regulations in early 2016-17. This included conducting an industry workshop which attracted 160 participants, as well as providing advisory material to assist exporters and their agents in preparing for the new regulations.

INNER HARBOUR DEVELOPMENT

All but one of the sites on the land reclaimed during the Inner Harbour deepening project have been developed and are now fully operational. All sites have been designed to be of sufficient size and having the right shape and layout to support efficient operations currently and to provide capacity for expansion in the future as trade grows.

Integral to the precinct's development have been road design and control systems which ensure that truck queuing on roads which has created many congestion and access problems within the precinct in the past does not occur.

An important component of this has been the development of a purpose-designed truck facility including truck marshalling capability, casual parking, driver amenities and re-fuelling services. With Fremantle Ports' Congestion Management System and the appointment of a Traffic Coordinator to patrol the area, there are now very few congestion issues in the precinct.

MONITORING PERFORMANCE AND PROMOTING HIGHER STANDARDS OF SERVICE DELIVERY

Consistent with the need to continually promote higher standards of operation at the port, key performance indicators are being incorporated into any new leases associated with port trade. To minimise workload both within the port and for tenants, the Tenant Operating Performance System has been developed to facilitate management of both data collection and analysis associated with the Key Performance Indicators. This is now fully operational and being used with a number of tenants and will be expanded to involve new leases as they are negotiated.

Fremantle Ports sees this initiative as a significant opportunity to use its ability to influence a key part of the supply chain for the benefit and betterment of WA trade. Early results from application of KPIs have been very positive. They have contributed meaningfully to the smooth functioning of the Inner Harbour.

VICTORIA QUAY WATERFRONT

Enabling precinct plans for this area and adjacent Public Transport Authority land around the Fremantle Railway Station were endorsed by the Western Australian Planning Commission (with conditions) in mid-2015. The future development of these precincts is seen as a key to revitalising the Victoria Quay waterfront and connecting the waterfront to the Fremantle central business district as articulated in the Fremantle Waterfront Masterplan. The current oversupply of commercial office space and consequent low rental rates have made it difficult to build a sound business case for a go-ahead at this time on the proposed development of the commercial precinct on Victoria Quay.

Although this proposed development is currently on hold, Fremantle Ports has been continuing to focus on existing business opportunities at Victoria Quay's western end. B Shed is becoming increasingly popular as an events venue and the E Shed Markets are under new management following a call for tenders in August 2015.



Inner Harbour and Rous Head (February 2016)

PERFORMANCE TRADE AND FUTURE CAPABILITY



BUSY CRUISE SEASON

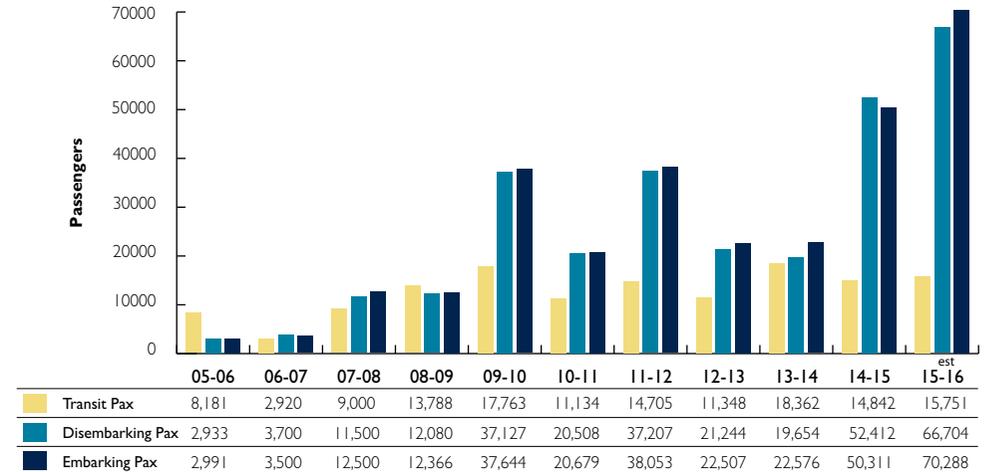
The 2015-16 cruise season was the busiest since the early 1970s. There were 58 ship visits (compared with 43 last year), with a total of 152,743 passengers. Highlights were the maiden visits of *Legend of the Seas*, *Explorer of the Seas*, *Costa Luminosa* and *Pacific Eden*.

Pacific Eden and *Astor* homeported from Fremantle for the season, together totalling 27 calls.

At year end, 60 ship visits were scheduled for 2016-17.

Passengers through Fremantle Port

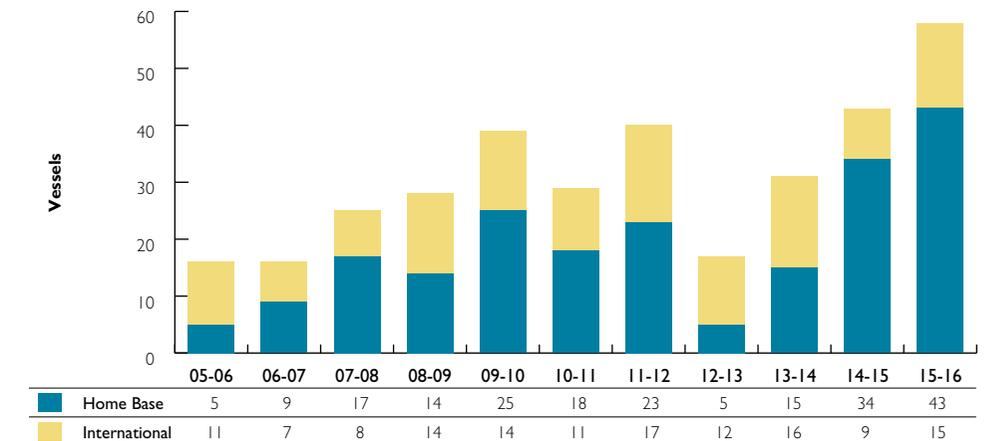
2005-06 to 2015-16



P&O Cruises' *Pacific Eden* homeported in Fremantle for a three-month program of cruising.

Cruise vessels visiting Fremantle Port

2005-06 to 2015-16





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 2016 was 307 compared with 322 last year. This reduction was largely attributable to not filling vacancies brought about by retirements and resignations unless essential. The natural attrition rate was 2.3 per cent and resignations comprised 3.6 per cent. The total attrition rate was 5.9 per cent.

EMPLOYEE RELATIONS

Negotiations were finalised for the replacement of the Maritime Services Agreement and at year end, negotiations were progressing for a replacement Bulk & General Stevedoring Enterprise Agreement and Operations & Services Enterprise Agreement (both expiring mid-2016).

For the first time, Fremantle Ports is using Interest Based Bargaining as a mechanism for negotiations. This process involves an independent facilitator being present at meetings and is designed to focus on shared interests.

ORGANISATIONAL CAPABILITY, DEVELOPMENT AND GROWTH

A leadership training and skills development program introduced in early 2015 has helped to build capacity for improved business performance across the organisation. At year end, 19 employees had completed the course and seven of the graduates are applying this knowledge and experience towards completion of a Diploma of Leadership and Management. The leadership development program has focused largely on positive psychology in the workplace; providing insights into engagement, what motivates people and what leadership styles work well.

Creating an environment where employees can flourish by using their strengths is important in achieving our organisational objectives. A strengths program has been another focus for workplace development. Almost all of the management team and 29 per cent of Fremantle Ports' employees have completed strengths profiling.

Consolidating and expanding skills for employees who have completed facilitation training was another aim this year. As well as contributing to employee development, being able to call on in-house facilitators is helping with projects and saving facilitation costs. Fremantle Ports received a Facilitation Impact Award for the facilitation training program and the deployment of facilitation within the organisation. This is global recognition through the International Association of Facilitators.

HEALTH AND WELLNESS

Fremantle Ports' long-established health and wellness program has continued to support the mental, physical and emotional health and wellbeing of all employees. Among services provided this year were skin cancer and eye checks, flu vaccinations, first aid training and superannuation information for retirement planning.

Aware that uncertainty associated with the proposed leasing of the port had the potential to dampen morale, particular attention was paid to this aspect. Employee engagement and wellbeing were closely monitored and programs on mindfulness, meditation and stress management were offered. Activities encouraging cross-divisional cooperation and connection have also been helpful.

WORK EXPERIENCE AND TRAINEESHIPS

Fremantle Ports created work experience and graduate placement opportunities during the year for six graduates in the areas of Small Craft, Safety, Environment and Administration.



Work experience student, Todd Campbell from Rockingham Senior High School with Fremantle Ports' Diving Coordinator, Jim Coubrough. Todd's dream is to become a professional diver.



Close attention to all aspects of safety, including working at heights, has brought about a significant reduction in lost-time injuries.

OCCUPATIONAL HEALTH AND SAFETY

STRATEGIC APPROACH

In working to maintain the health of its employees and contractors, Fremantle Ports recognises the importance of mature systems and a mature safety culture to achieve optimum safety results. Safety policy is built on best practice and legal compliance and in the year under review there was a continuing process of ensuring effective safety leadership through:

- increased accountability and inspections
- reviewing and introducing effective management systems, training and communication programs
- improving the risk management system, and
- measuring safety behaviour and impact of safety initiatives.

The increased investment in safety over a number of years is paying dividends, with the 2015-16 results showing a general downward trend across the board. Improvements include a downward trend in the number of lost time injuries, with a reduction of 60 per cent in 2015-16 compared with the previous year. The Lost Time Injury Frequency rate (LTIFR) has trended down over the past 10 years as has the number of sprains and strains. This continues to be the highest category of injuries and a strategy targeting this area for further reduction is being developed.

Safety programs implemented in 2015-16 included raising awareness of Fremantle Ports' Incidents, Complaints and Improvements system; job analysis; planned general inspections; and a Working at Height certificate for hazard identification and risk management.

Thirteen audits to assess compliance against Fremantle Ports' Critical Risk Standards were conducted in 2015-16.

MAINTAINING STANDARD CERTIFICATION

Fremantle Ports' practice of regularly reviewing its safety systems and submitting them to external audit has set high performance levels to meet industry and government expectations. During the year, Fremantle Ports was recertified to the Australian Standard AS/NZS 4801, which it has held since 2004. The independent audit conducted in May 2016 by standards compliance agency SAI Global provides external recognition that Fremantle Ports' staff and contractors are continually improving their safety culture.

GETTING THE MESSAGE ACROSS

Consultation and communication with staff and contractors continue to contribute to the success of the Safety for Life program, with themes reinforced by regular safety articles and headline pages in the monthly staff newsletter. Work areas have updated their pre-start meeting safety agendas and a number of short videos and PowerPoint presentations on specific hazards are being

used to promote discussions at toolbox meetings. These reflect Fremantle Ports' belief that personal communication is one of the most effective tools for reaching individuals.

Regular Occupational Safety and Health Committee meetings held with employee representatives this year have focused on reviewing hazards, incident reports and injury management.

Awareness sessions on Fremantle Ports' Incidents, Complaints and Improvements system have improved employee confidence in using the system. Job analysis sessions have reinforced to all employees the need to follow risk-based procedures. The effect has been an improvement in safety culture by increasing employee awareness of existing procedures and giving our people the knowledge and skills to prepare effective job analyses to manage risks appropriately.

SITE INSPECTIONS

Site visits are helping to increase the focus on safety in the workplace. A regular program of Board and management visits to workplaces is implemented, and management participation in safety inspections is above target for the year. Safety observations from frontline workers also exceeded targets.

Fremantle Ports works closely with the regulators Worksafe, the Department of Mines and Petroleum, and also with Ports Australia to ensure its systems meet standards and legal requirements.



LOST TIME INJURIES AND LOST TIME INJURIES FREQUENCY RATE

While not achieving the target of zero, this year's result for the total number of lost time injuries was a significant improvement on the previous year's result and was equal to the best result attained in the preceding 10 years. The number of lost time injuries for Fremantle Ports' employees and contractors decreased significantly from 10 to 4 (Figure 1). The four LTIs were soft-tissue related.

This year's Lost Time Injury Frequency Rate (LTIFR) was better than the improvement target of 10.4 and the previous year's result, falling from 12.1 to 5.1. It was also the best result achieved in the preceding 10 years.

The proportion of sprains and strains in 2015-16 (48 per cent) was lower than the 10-year period average of 54 per cent; however, an ageing workforce and manual activities such as mooring continue to contribute to risk of injury. A prevention program will raise further awareness of these risks.

Figure 1 - Lost Time Injuries Annual Improvement (10-year comparison)

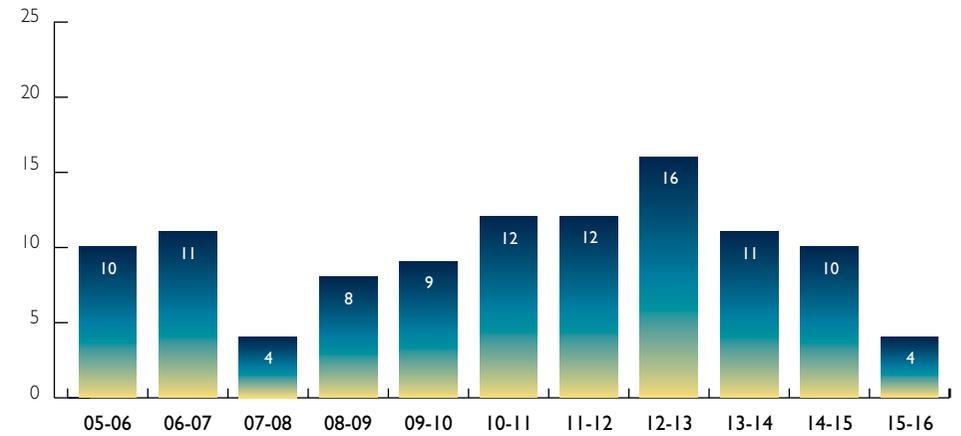
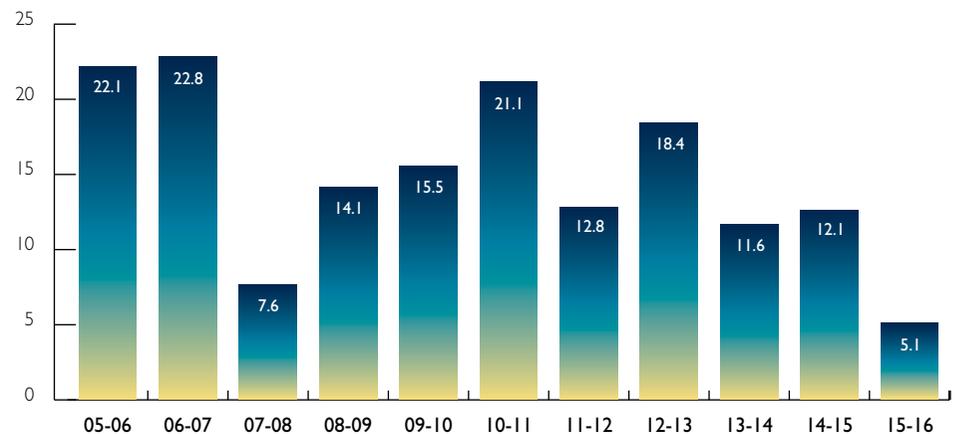


Figure 2 - The Annual LTIFR result for 2015-16 compared with the preceding 10 years





Performance against the targets outlined in the *Public Sector Commissioner's Circular 2015-05: Code of Practice: Occupational Safety and Health in the Western Australian Public Sector* is as follows:

Measure	Actual results		Results against target	
	2013-14	2015-16	Target	Comment on result
Number of fatalities	0	0	0	Target achieved
Lost time injury and/or disease incident rate*	11.6	5.1	0 or 10% reduction	Target achieved
Lost time injury and/or disease severity rate*	27.3	0	0 or 10% reduction	Target achieved
Percentage of injured workers returned to work:				
i. within 13 weeks	73%	100%	(Actual result to be stated)	
ii. within 26 weeks	82%	100%	Greater than or equal to 80%	Target achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	80%	93%	Greater than or equal to 80%	Target achieved

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

LOOKING AHEAD

A new occupational health and safety management system standard, ISO 45001, is due to replace AS/NZS 4801 in 2017 and Fremantle Ports is working to be ready for the changeover. The Safety and Health Steering Committee intends to conduct an online safety culture survey to gauge improvements in Fremantle Ports' safety culture in the past three years.

Audits on compliance with Critical Risk Standards will be ongoing throughout 2016-17.

Sprains and strains injuries remain an area requiring further examination. Of the 43 injuries recorded last year, 20 were attributed to sprains and strains. A strategy is being developed in consultation with management and employees to reduce these types of injuries.

Work will continue to embed core safety behaviours through workplace programs and the Port Safety Branch will run a program to coincide with National Safe Work Month in October 2016. This is an initiative of Safe Work Australia to encourage employers and workers to participate in events and activities that raise awareness of work health and safety and reduce workplace injury and illness.



An app developed by Fremantle Ports provides information on international requirements for certifying weights of export containers.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

There was a strong focus in 2015-16 on enhancing the robustness, security, stability, user experience and sustainability of information technology systems. This has involved activities to strengthen controls and improve processes to ensure that Fremantle Ports' network, computers and information are protected and continue to deliver innovative systems, technology and information management in a constantly changing ICT landscape.

Several projects have been completed or are underway to replace ageing ICT systems and infrastructure to maintain the currency of Fremantle Ports' technology and add value by streamlining key business processes. These are described below and cover a wide range of aspects such as technology innovation, emerging trends, security and maintaining technological currency.

INNOVATION IN ICT

- There has been excellent take-up of Fremantle Ports' first public mobile app, introduced last year to help transport operators comply with new Chain of Responsibility legislation. The app

has since been enhanced to provide information on Safety of Life at Sea (SOLAS) requirements for certifying weights of export containers. A second app, to help employees identify and make online reports of safety hazards while in the field, is at the scoping stage. The intention is to later make this app available to supply chain participants using Fremantle Ports' services and facilities.

- An e-learning system implemented in December has delivered convenience and flexibility for employees in the way they undertake corporate training. The system is cost-efficient and enables the monitoring that is particularly important where the courses are mandatory, for example, training on critical policies, *Code of Conduct* and cyber security.
- A data transfer project has been implemented to enable Fremantle Ports to provide Automatic Identification System (AIS) shipping data to WeatherZone (weather maps for port operations) and to Hazman (a risk management system for marine operations). This has enabled Fremantle Ports to make greater use of cloud services that need to be integrated with on and off site systems.

SUPPORT FOR LANDSIDE LOGISTICS

A number of projects helping to increase efficiency in landside logistics have required ICT expertise this year. These include:

- development of the Tenant Operating Performance System
- enhancement of the already-operational congestion management system for trucking
- an exercise with Main Roads WA, the Department of Transport and Transport Certification Australia to test the use of telematics to provide real-time information on port traffic and congestion conditions directly to truck operators in their vehicle cabins.



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 for Fremantle Ports and its strategic priorities



With Fremantle Ports' Infinity Award for waste management are (from left) Waste Authority WA Chair Marcus Geisler, and Port Environmental Advisors Marko Pasalich, Rebecca James and Adam van der Beeke

BUSINESS IMPROVEMENT

Fremantle Ports has mature business improvement processes and continues to apply the principles of the Australian Business Excellence Framework as part of its normal business practices. In the recertification to safety, environmental and quality (SEQ) standards this year, the very detailed audit by risk management and standards compliance organisation SAI Global found no major non-conformances.

Among areas noted by the auditors as being commendable were:

- strong senior management commitment to the SEQ management systems and the improvement of these over time
- good evidence of two-way communication throughout the organisation
- good overall evidence of continuous improvement and gap closure against areas identified in the 2015 audit
- significant improvement in the Outer Harbour's records management processes
- 'impressive' management review processes for measuring and monitoring results against key indicators for use in decision making.

ENVIRONMENTAL MANAGEMENT

Fremantle Ports' approach to environmental management is set out in its environmental management system which identifies environmental risks within the port area and the controls that are required to protect the environment. Regular surveillance audits are undertaken to ensure the system's continued effectiveness. An external audit this year resulted in recertification to the international standard ISO 14001.

CRUISE SHIP SURVEY

Throughout the cruise season, Fremantle Ports undertook regular surveys and inspections of cruise ships in port to gain a better understanding of the emerging trends in fuel use, emission reduction technology and global standards. The cruise ship survey will continue for the next cruise season to capture ships not yet surveyed.

WASTE MANAGEMENT

Fremantle Ports was named the top State Government agency for waste management at the Waste Authority WA Infinity Awards in November 2015. Our winning submission described how a consistent approach to waste management has been developed for employees, volunteers and tenants. Well-developed waste management systems have been in place for many years.

In a further step during the reporting period, a waste management guide was produced to help employees deal with the many waste streams. Project managers looked for improved options for management of wastes; for example, logs and rubber fenders were donated to Richmond Primary School for its new nature playground, and clean sawdust for dust suppression and lawn clippings for worm farms are now donated to local community garden East Freo Farm. Providing this information to our tenants raised their awareness and allowed easy implementation of similar systems, often with cost-saving efficiencies. Lessons learned have been shared with other industry bodies.



Support for research into Little Penguins is helping to provide data on how far they are having to travel to forage for food.

SUPPORTING WILDLIFE RESEARCH

TRACKING LITTLE PENGUINS

Fremantle Ports has provided some funding to cover the cost of satellite tags to enable tracking of the Little Penguins to understand their regular locations and the depth of water they are using for travelling and feeding. Little Penguins are known indicators of how well coastal marine systems are functioning. Murdoch University research has concluded that higher sea temperatures are adversely affecting breeding rates on Penguin Island, south of Fremantle. The penguins are having to spend more time foraging for food (bait fish) when incubating eggs compared with penguins at other Australian colonies.

DOLPHIN STUDY

A new dolphin study, funded by Fremantle Ports, is looking at foraging behaviour and the effects of pile driving in the Fremantle Inner Harbour. The study is being conducted by Curtin University's Centre for Marine Science and Technology.

FAIRY TERN SANCTUARY

Since 2014 when Fremantle Ports established a 3,400 square metre nesting sanctuary for fairy terns, there have been two breeding seasons. The sanctuary is within public open space on reclaimed land at Rous Head.



The nesting sanctuary established at Rous Head by Fremantle Ports for fairy terns is attracting increasing numbers of these vulnerable little birds in the breeding season.

Regular monitoring of fairy tern numbers has been undertaken to evaluate the effectiveness of the sanctuary as a breeding habitat. The adult breeding population increased from 180 adults in 2014-15 to 320 adults in 2015-16. Before the 2010 reclamation at Rous Head, fairy tern breeding in the area was sporadic, with smaller numbers.

BITOU BUSH ERADICATION

The annual survey of the highly invasive Bitou Bush found 59 plants at the Kwinana Bulk Terminal and neighbouring premises. The CSIRO has provided Fremantle Ports with geographic information files to help with mapping and monitoring. The two organisations will continue to work together on the eradication program of this species which is regarded as one of eastern Australia's worst environmental weeds.



Fremantle Ports' staff and Victoria Quay tenants collected warm clothing, blankets and other items for St Patrick's Community Support Centre in Fremantle.

VALUING OUR COMMUNITY

Consultation, responsiveness and support underpin the good relationship we maintain with our community as a key element of our business sustainability. We engage with the community in many ways, for example through the annual Maritime Day, liaison groups and support for a wide range of organisations and educational institutions.

The Fremantle Ports Inner Harbour Community Liaison Group met four times during the reporting period. The independently-chaired group has more than 30 members representing community organisations and precinct areas. Information and views are exchanged to help with mutual understanding of priorities. This knowledge is taken into account in Fremantle Ports' strategic planning.

Fremantle Ports provides monetary and in-kind sponsorship for a wide range of community organisations and projects 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

Fremantle Ports' long-standing partnership with the Fremantle Dockers and the Starlight Children's Foundation raised a record amount of \$189,904 this year. Fremantle Ports' staff, their families and friends contributed to the fundraising effort along with some of Fremantle Ports' business partners. The money raised will provide activity programs for about 4,500 seriously ill children in hospital. Since the first Purple Haze event in 2003, this initiative has raised over \$1 million. Fremantle Ports has been involved for the past 11 years.

With support from Fremantle Ports, among other contributors, a micro-farm is being established on an unused North Fremantle Bowling Club green. The project has been made possible through a Fremantle Foundation Impact 100 'game changing' grant to a not-for-profit organisation, Growing Change. The Fremantle Social Farm project will provide 100 horticultural scholarships for 100 vulnerable people in Fremantle over two years. Fremantle Ports was a founding sponsor of the Fremantle Foundation.

Fremantle Ports was a sponsor of Surf Life Saving Western Australia's Beach SAFE Initiative 2015 and also sponsored an invitation belt and reel race at the Fremantle Surf Lifesaving Club's HMAS Sydney II commemoration in November.

Continuing the aquatic theme, Fremantle Ports was a Gold Sponsor of the 20th Anniversary Coogee Jetty to Jetty Swim organised by Cockburn Masters Swimming Club and sponsored the annual Fremantle Ports Swim Thru at South Beach.

PORT EVENTS

Fremantle Ports' 8th annual Maritime Day on 31 October attracted many thousands of visitors to Victoria Quay. This highly successful, collaborative event is designed to build greater awareness of the value of WA's largest general cargo port, the roles and contribution of the wider maritime sector and career pathways.



Fremantle Ports' annual Maritime Day, held in association with the Company of Master Mariners of Australia and the port community, attracted an estimated 15,000 people to Victoria Quay to learn more about trade and employment in the maritime industry.



Fremantle Ports, in association with United Way, welcomed Workplace Giving beneficiaries, The Dyslexia-SPELD Foundation of WA and HAART.

SUPPORT

VOLUNTEERING AND WORKPLACE GIVING

Fremantle Ports' workplace volunteering program provided significant help to the community during the year. Employees were each allowed up to two days of volunteering during work time. There were five staff volunteering events, involving 60 Fremantle Ports volunteers, 300 plus employee-hours spent, and more than 700 individuals and families helped in our community. Events

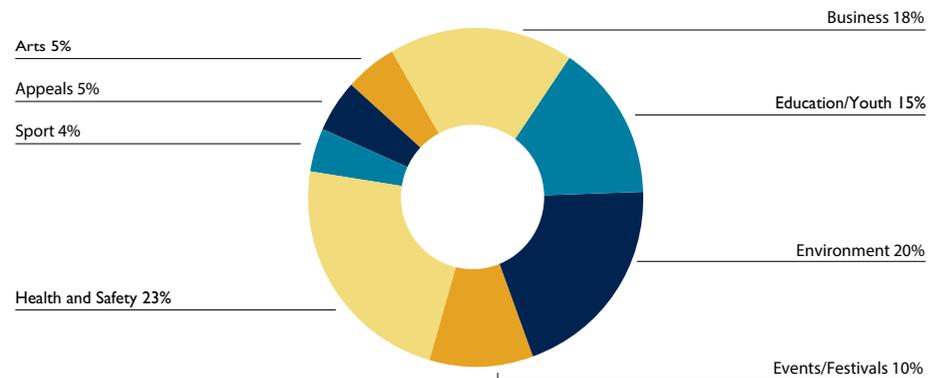
included providing respite for Wanslea Grandcare grandparents looking after children on visits to the Perth Zoo and Melville Superbowl, making up literacy packs for the Dyslexia/SPELD Association's BOOST program and packing Christmas hampers for St Patrick's Community Care Centre.

The two charities supported by Fremantle Ports' workplace giving program were the Dyslexia-SPELD Foundation (DSF) of WA and the Homeless and Abused Animal Rescue Team Inc.

Fremantle Ports sent \$10,000 to help Yarloop fire victims, after staff raised close to \$5000 in January through payroll donations and work raffles, and Fremantle Ports matched the funds raised.

Volunteers from Fremantle Ports once again made their contribution to Anzac Day commemorative events. Wreaths were laid at the Rockingham, North Fremantle and Fremantle morning services. Later, more than 1800 flags were handed out to people lining the streets of Fremantle for the parade.

**Community Sponsorship
2015-16**





A harbour tour was one of the highlights of a port visit by students participating in the Kwinana Industries Council's iMen education partnership program.



A lesson in climbing the rigging aboard the Sail Training Ship Leeuwin at Victoria Quay was part of the Maritime Careers Day organised by Fremantle Ports with the support of other organisations within the port area.

EDUCATION SUPPORT

With the support of the port community, a highly successful Maritime Careers Day was hosted for 81 secondary students from 20 schools. The students selected had expressed a strong interest in learning more about education, training and employment opportunities within the maritime sector. The event provided targeted information workshops and visits to worksites around the port, including a Svitzer tug, Challenger Institute of Technology, STS Leeuwin, IFAP Offshore and Marine Training facility and TAMS Group. Other participating organisations were the Royal Australian Navy, Australian Border Force, FARSTAD, Company of Master Mariners of Australia, Murdoch University (dolphin research) and the Flying Angel Seafarers Club.

Fremantle Ports maritime scholarships were provided at Hillman Primary School and Rockingham Senior High School. Student achievement awards for Aboriginal Bridging Course graduates at Curtin University and an achievement award in Maritime Studies at Challenger Institute of Technology were also sponsored. Garden projects at Hillman and Beaconsfield primary schools were provided with some funding. Fremantle Ports was also a sponsor of the Kwinana Industries Council Youth Art Awards held in March. Water safety education was provided at a number of schools through sponsorship of the Paraplegic Benefit Fund's (PBF) Aqua Program.

Nine students received Discover Your Potential scholarships in April for their studies at Murdoch University's Rockingham campus in 2016. The scholarship program provides students with up to \$10,000 towards a university education that might otherwise have been beyond their reach financially. The recipients are a mix of school leavers with high ATAR scores, mature-aged students, those who have completed bridging courses, new starters and second-year students. As well as sponsoring a three-year scholarship, Fremantle Ports has been supporting the program since 2011 through support for fundraising activities. Fremantle Ports has a representative on the university's Rockingham Education Development Group, which oversees the scholarship program.

In 2015, Fremantle Ports' sponsorship enabled about 2400 students at Phoenix (Hamilton Hill), Samson and South Lake primary schools, and Lance Holt School (Fremantle) to enjoy performances from Musica Viva's Live Performance Plus Program.

Fremantle Ports remains actively involved with various educational institutions including participating in the Kwinana Industry Council's iWomen, iMen, iDiversity and iScience education partnership programs, with 80 students visiting the port under those programs in the past year.

VISITORS

Fremantle Ports hosted many diplomatic, community and industry visits during the year.

A delegation from the Port of Fremantle's sister port, Port of Nagoya visited this year. The two ports have been affiliated since 1983 to promote friendship and cultural understanding, and exchange economic and technical information.

Fourteen retired telephone technicians from the Post Master General class of 1963 visited Fremantle Ports in May to see our current communication systems and equipment, plus old maps and registers.

Among other visitors to the administration building were the Mosman Park Combined Probus Club, a group of Indonesian students studying in WA on a tour hosted by the Public Sector Commission, and the Scandinavian Association.



Kazuhiro Noritake (left), Manager, Canal and River Management, Nagoya Port Authority with Katsuhiko Fukaya, Vice Chairman, Nagoya Port Assembly visiting on 20 January



COMPLAINTS MANAGEMENT SYSTEM

Fremantle Ports willingly acknowledges 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 were reviewed in early 2016. An e-learning module about complaints handling is being developed for all staff.

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.

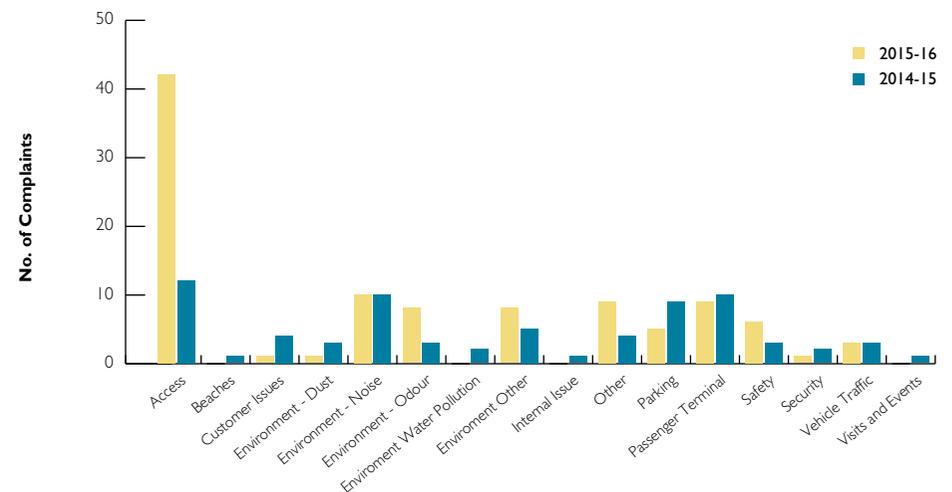
Complaints and incidents were reported and discussed at the Inner Harbour Community Liaison Group quarterly meetings this year and those details were included in meeting minutes posted on the website. The group members represent a wide range of community organisations and precinct areas.

The Board reviews complaints on a regular basis, with particular with attention drawn to trends.

Fremantle Ports - Complaints Register

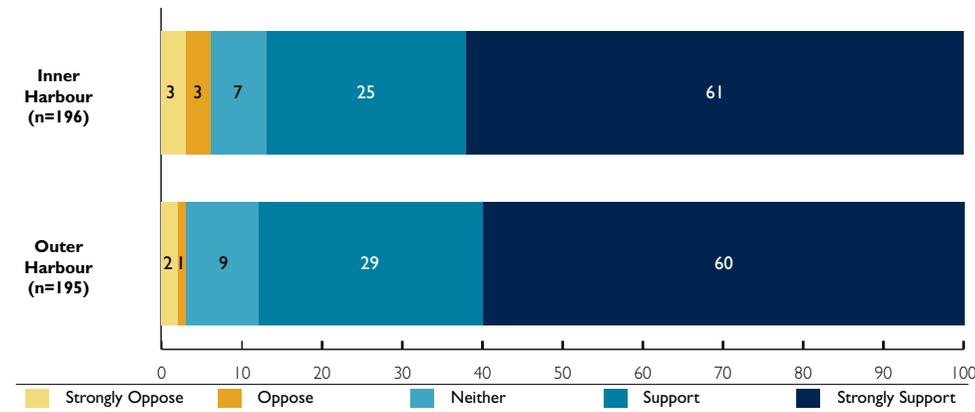
2015-16 compared with 2014-15

Note: The new complaint category 'Parking' has been established to segregate complaints previously shown in 'Vehicle Traffic'. The figures for 2014-15 have been adjusted to reflect these changes.





Community Support for Increased Use of Rail



Please note : Percentage figures were subject to rounding.

The North Mole gates are closed when weather produces dangerous conditions. After a big storm, the gates remain closed until any damage is assessed and repaired. Some fishers and others complain about mole closures even if Fremantle Ports is ensuring their safety.

RAIL NOISE IN SOUTH FREMANTLE

The water spray system introduced in 2012 to wet the tracks when trains approach the Roundhouse at Fremantle has greatly reduced the number of rail noise complaints from local residents.

For some time now, complaints have been received from residents who live close to the freight line at South Fremantle.

The number of level crossings in this section is a factor in noise generation, both in terms of how the trains travel and the safety requirement for blowing the horn.

The WA Freight and Logistics Council has taken up the issue of rail noise, with the intention of looking at this from a 'whole of network' perspective and bringing together the relevant State Government and industry representatives to discuss the best approach.

Although the rail noise is an issue for some, the annual community survey conducted for Fremantle Ports shows continuing strong support for increased use of rail for transporting containers to and from the Inner Harbour.



Actions undertaken this year have helped to resolve truck access issues that had generated complaints.

COMPLAINTS RECEIVED

Fremantle Ports received 103 complaints this year, up from 78 last year. By the end of the reporting period, 95 complaints were able to be addressed to a point where no further action was required in terms of follow-up.

Five complaints relating to smoke/soot emissions from ships berthed in the Inner Harbour were received in 2016. Fremantle Ports continues to monitor this situation closely, issuing formal warnings to shipping for any emissions that may be in breach of legislation. Routine surveying of visiting cruise ships to gather information on topics such as types of fuels and emissions reduction technology was introduced in 2015.

Analysis of the 'vehicle traffic' category complaints registered the previous year

showed that 11 of the 24 were actually 'access' issues for trucks at North Quay and seven were related to parking at Victoria Quay and the North and South moles.

The company operating the new container park that had been the subject of access complaints has installed an automated electronic gate, improving the flow-through of trucks. Renewal of handling equipment has helped resolve the access issue for trucking.

People camping overnight at North and South moles have been an intermittent but recurring problem over the past four years. A 'red card' is now issued by parking inspectors to campers who overstay the three-hour limit, warning them that they will be penalised if they camp there again.

DISCLOSURES AND LEGAL COMPLIANCE

DIRECTORS' REPORT for the year ended 30 June 2016



The Board of Directors of the Fremantle Port Authority (Fremantle Ports) has pleasure in submitting its report for the financial year ended 30 June 2016.

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 (including non-face-to-face meetings pursuant to Schedule 2 of the *Port Authorities Act 1999*) held during the financial year ended 30 June 2016 was:

	Eligibility to attend Meetings of Directors	Meetings of Directors	Eligibility to attend Audit and Risk Management Committee	Audit and Risk Management Committee
Number of meetings held		16		5
Numbers of meetings attended by				
Jim Limerick	16	16	-	-
Helen Cook	16	16	-	-
Michael Feutrill	16	15	-	-
Jillian Hoffmann	16	16	5	5
Fiona Lander	16	15	5	5
David Smith	16	15	5	5

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 \$69.236 million (2015: \$69.737 million). The income tax expense attributable to the profit for the financial year was \$16.912 million (2015: \$21.662 million).

DISCLOSURES AND LEGAL COMPLIANCE

DIRECTORS' REPORT for the year ended 30 June 2016



DIVIDENDS

In respect of the financial year results for the year ended 30 June 2015, a payment of \$8.458 million (2015: \$Nil) after interim dividend, representing the balance of the final dividend totalling \$30.692 million (2015: \$24.470 million) was made by 31 December 2015.

Interim dividends were introduced effective July 2014 after amendments to Section 84 of the *Port Authorities Act 1999*. An interim dividend of \$20.973 million (2015: \$22.237 million) for the year ended 30 June 2016 was declared by the Board and approved by Government. This interim dividend was paid by 30 June 2016.

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:

	2016 \$'000	2015 \$'000
Profit before income tax	69,236	69,737
Income tax expense	(16,912)	(21,662)
Profit for the period	52,324	48,075
Other comprehensive loss	(401)	(806)
Retained earnings at 1 July	167,739	167,177
	219,662	214,446
Dividends paid in the financial year	(29,431)	(46,707)
Retained earnings at 30 June	190,231	167,739

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*.

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.

DISCLOSURES AND LEGAL COMPLIANCE

DIRECTORS' REPORT for the year ended 30 June 2016



LIKELY DEVELOPMENTS AND EXPECTED RESULTS

At the State Budget in May 2015, Government announced the potential divestment of Fremantle Ports. Over the past year, Fremantle Ports has worked closely with Treasury and its asset sales advisers to assist in achieving the outcomes sought by the State Government in the proposed divestment of the port by way of a long-term lease.

Enabling legislation was introduced into the Legislative Assembly in May 2016 and at the end of the fiscal year was at the second reading stage. 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	84	8	92
Deputy Chair	H Cook	12 months	47	4	51
Director	M Feutrill	12 months	42	4	46
Director	J Hoffmann	12 months	47	4	51
Director	F Lander	12 months	44	4	48
Director	D Smith	12 months	44	4	48

*The period of membership column refers to the Board member's membership during the 2015-16 financial year.

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.

DISCLOSURES AND LEGAL COMPLIANCE

DIRECTORS' REPORT for the year ended 30 June 2016



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	450	6	67	523
S Wade	348	5	51	404
A Gray	360	6	34	400
G Valenti	359	5	34	398
T Haria	358	5	34	397

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 2016



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 19 August 2016.

Chairman

Director

29 August 2016

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS for the year ended 30 June 2016



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Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

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 3. Profit before income tax
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DISCLOSURES AND LEGAL COMPLIANCE

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2016



	Note	2016 \$'000	2015 \$'000
Revenue	2	223,337	229,754
Expenditure			
General administration		(39,085)	(37,611)
Port operations expenses		(31,857)	(32,779)
Asset maintenance		(31,512)	(36,418)
Depreciation and amortisation expense	3	(16,589)	(16,044)
Finance costs	3	(11,400)	(13,908)
Marine expenses		(9,221)	(8,809)
Rates and taxes		(8,258)	(8,083)
Port utilities		(5,021)	(5,168)
Environmental expenses		(604)	(719)
Other expenses		(554)	(478)
Profit before income tax		69,236	69,737
Income tax expense	4	(16,912)	(21,662)
Profit after income tax for the period		52,324	48,075
Other comprehensive loss			
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement losses on defined benefit plans	11.4	(573)	(1,151)
Income tax effect	4	172	345
Total other comprehensive loss		(401)	(806)
Total comprehensive income for the period, net of tax		51,923	47,269

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 2016



	Note	2016 \$'000	2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.1	51,387	34,170
Trade and other receivables	6.2	26,221	28,582
Inventories	6.3	3,241	2,260
Total current assets		80,849	65,012
Non-current assets			
Receivables	7.1	5,560	6,134
Property, plant and equipment	7.2	440,279	448,161
Deferred tax assets	4	26,607	28,520
Total non-current assets		472,446	482,815
Total assets		553,295	547,827
LIABILITIES			
Current liabilities			
Trade and other payables	8.1	12,524	15,850
Interest bearing borrowings	8.2	1,308	1,186
Current tax liability	4	1,387	3,494
Provisions	11.1	13,630	13,061
Other liabilities	12	1,359	1,400
Total current liabilities		30,208	34,991

	Note	2016 \$'000	2015 \$'000
Non-current liabilities			
Interest bearing borrowings	8.2	208,136	220,840
Provisions	11.2	18,206	17,726
Other liabilities	12	1,455	1,472
Total non-current liabilities		227,797	240,038
Total liabilities		258,005	275,029
Net Assets		295,290	272,798
EQUITY			
Contributed equity	13	105,059	105,059
Retained earnings	13	190,231	167,739
Total equity	13	295,290	272,798

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 2016



	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2014		105,059	167,177	272,236
Profit for the period		-	48,075	48,075
Other comprehensive loss		-	(806)	(806)
Total comprehensive income for the period	13	-	47,269	47,269
Transactions with owners in their capacity as owners				
Dividends paid	5	-	(46,707)	(46,707)
Balance at 30 June 2015	13	105,059	167,739	272,798
Balance at 1 July 2015		105,059	167,739	272,798
Profit for the period		-	52,324	52,324
Other comprehensive loss		-	(401)	(401)
Total comprehensive income for the period	13	-	51,923	51,923
Transactions with owners in their capacity as owners				
Dividends paid	5	-	(29,431)	(29,431)
Balance at 30 June 2016	13	105,059	190,231	295,290

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 2016



	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers		243,768	247,429
Payments to suppliers and employees		(151,339)	(149,793)
Interest received		2,874	2,873
Interest paid		(12,080)	(13,968)
Income tax paid		(16,935)	(17,093)
Net cash inflow from operating activities	14	66,288	69,448
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,362)	(15,059)
Proceeds from sale of property, plant and equipment		539	-
Net cash outflow from investing activities		(6,823)	(15,059)
Cash flows from financing activities			
Repayment of borrowings		(12,775)	(15,818)
Payment of finance lease liabilities		(569)	(467)
Proceeds from finance lease receivable		527	483
Dividends paid	5	(29,431)	(46,707)
Net cash outflow from financing activities		(42,248)	(62,509)
Net increase/(decrease) in cash and cash equivalents		17,217	(8,120)
Cash and cash equivalents at 1 July		34,170	42,290
Cash and cash equivalents at 30 June	6.1	51,387	34,170

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 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 19 August 2016 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 2016.

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.

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 Fremantle Ports' accounting policies.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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

The following most relevant 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
AASB 15	<p>Revenue from Contracts with Customers</p> <p>AASB 15 <i>Revenue from Contracts with Customers</i> replaces the existing revenue recognition standards AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i> and related Interpretations (Interpretation 13 <i>Customer Loyalty Programmes</i>, Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, Interpretation 18 <i>Transfers of Assets from Customers</i>, Interpretation 131 <i>Revenue—Barter Transactions Involving Advertising Services</i> and Interpretation 1042 <i>Subscriber Acquisition Costs in the Telecommunications Industry</i>). AASB 15 incorporates the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i> issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 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. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ol style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation 	1-Jan-2018

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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
AASB 15 - continued	<p>Revenue from Contracts with Customers - continued</p> <p>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application 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>	1-Jan-2018
AASB 9	<p>Financial Instruments</p> <p>AASB 9 (December 2014) is a new standard which replaces AASB 139. This new 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 adoption.</p> <p><i>Classification and measurement</i></p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.</p> <p>The main changes are described below.</p> <p><i>Financial assets</i></p> <p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p>	1-Jan-2018

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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
AASB 9 - continued	<p>Financial Instruments (continued)</p> <p>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p><i>Financial liabilities</i></p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.</p> <p>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss <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 or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p>	1-Jan-2018

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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
AASB 9 - continued	<p>Impairment</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>Hedge accounting</p> <p>Amendments to AASB 9 (December 2009 & 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. 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. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.</p>	1-Jan-2018

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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
AASB 16	<p>Leases</p> <p>The key features of AASB 16 are as follows:</p> <p><i>Lessee accounting</i></p> <ul style="list-style-type: none"> Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 contains disclosure requirements for lessees. <p><i>Lessor accounting</i></p> <ul style="list-style-type: none"> AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. <p>AASB 16 supersedes AASB 117 <i>Leases</i>, Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>, SIC-15 <i>Operating Leases—Incentives</i> and SIC-27 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 <i>Revenue from Contracts with Customers</i>, has been applied, or is applied at the same date as AASB 16.</p>	1-Jan-2019

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 to the extent that the service is provided at the Statement of Financial Position date. Where a 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.

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.6 FINANCE COSTS (continued)

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, 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 goodwill or 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.

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.8 INCOME TAX (continued)

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.

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.10 RECEIVABLES (continued)

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 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.

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.12 PROPERTY, PLANT AND EQUIPMENT (continued)

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	-	16.67
Buildings and improvements	2.22	-	20.00
Plant and equipment	2.50	-	20.84
Berths, jetties and infrastructure	2.00	-	25.00
Plant and equipment under lease	19.14	-	57.03

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 4 years (2015: 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.

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.15 FINANCIAL INSTRUMENTS (continued)

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.

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.

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 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. The present value calculation assumed estimated employee wage and salary rates with an average of 3.00% (2015: 4.00%).

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.18 EMPLOYEE BENEFITS (continued)

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.

Fremantle Ports' total superannuation liability has been actuarially assessed as at 30 June 2016.

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.19 EMPLOYEE SUPERANNUATION (continued)

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.

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 short term deposits with original maturities of three months or less.

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 the amount received is recognised directly as a credit to contributed equity.

I.25 COMPARATIVE FIGURES

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

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



2. REVENUE AND OTHER INCOME

Revenue consists of the following items:

	2016 \$'000	2015 \$'000
Revenue		
Charges on cargo	144,474	152,986
Rentals and leases	20,900	19,878
Charges on ships	20,856	19,770
Miscellaneous revenue	14,241	13,828
Shipping services	12,789	12,978
Port utilities and services	7,238	7,318
	220,498	226,758
Interest		
Interest receivable from cash equivalents	1,241	1,759
Interest receivable under finance leases	980	1,004
Other interest receivable	618	233
	2,839	2,996
Total revenue	223,337	229,754

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



3. PROFIT BEFORE INCOME TAX

	Note	2016 \$'000	2015 \$'000
(I) EXPENSES			
Profit before income tax includes the following specific expenses:			
Finance costs			
Finance charges payable under finance leases		35	35
Borrowings		11,365	13,870
Other finance costs		-	3
Total finance costs		11,400	13,908
Depreciation and amortisation			
Channels and breakwaters		4,180	4,158
Land improvements		728	622
Buildings and improvements		880	872
Plant and equipment		2,975	2,882
Berths, jetties and infrastructure		7,285	7,044
Plant and equipment under lease		541	466
Total depreciation and amortisation		16,589	16,044
Net loss on derecognition of property, plant and equipment		234	432
Other charges against assets			
Impairment reversal of trade receivables	6.2	(11)	(523)
Impairment of trade receivables	6.2	-	155
Impairment loss on property, plant and equipment	7.2	-	84
		(11)	(284)
Rental expense relating to operating leases		495	448

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



3. PROFIT BEFORE INCOME TAX (continued)

	Note	2016 \$'000	2015 \$'000
(II) EMPLOYEE BENEFITS EXPENSES			
Wages and salaries		41,649	40,413
Workers' compensation		1,555	1,483
Pension costs		4,183	4,013
Employee benefits		555	377
Retirement benefit obligations		637	1,313
		48,579	47,599

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



4. INCOME TAX EXPENSE

Major components of income tax expense for the year are:

	2016 \$'000	2015 \$'000
Statement of Comprehensive Income		
Current income tax:		
Current income tax charge	(19,911)	(19,511)
Adjustments in respect of previous years	5,084	204
Deferred income tax:		
Deferred income tax charge	(2,085)	(2,355)
Income tax expense reported in the Statement of Comprehensive Income	(16,912)	(21,662)
Other Comprehensive Income		
Deferred tax related to items recognised in other comprehensive income during the year:		
Net loss on actuarial losses	172	345
Income tax benefit charged to Other Comprehensive Income	172	345

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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:

	2016 \$'000	2015 \$'000
Profit before income tax	69,236	69,737
Tax at statutory income tax rate of 30% (2015: 30%)	(20,771)	(20,921)
Tax effect of amounts which are taxable in calculating taxable income:		
Depreciation	(310)	(319)
Sundry items	(18)	(141)
	(21,099)	(21,381)
Adjustments in respect of previous years	4,187	(281)
Income tax expense	(16,912)	(21,662)

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



4. INCOME TAX EXPENSE (continued)

	2016 Statement of Financial Position \$'000	2015 Statement of Financial Position \$'000	2016 Statement of Comprehensive Income \$'000	2015 Statement of Comprehensive Income \$'000
Deferred tax liabilities				
Finance lease receivables	(1,840)	(1,998)	158	145
Others	(543)	(537)	(6)	72
Gross deferred tax liabilities	(2,383)	(2,535)		
Deferred tax assets				
Employee benefits	8,065	7,707	358	466
Accelerated depreciation for accounting purposes	17,698	19,703	(2,005)	(424)
Prepaid rental	1,080	1,067	13	29
Deferred income	-	-	-	(2,498)
Others	2,147	2,578	(431)	200
Gross deferred tax assets	28,990	31,055		
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,383)	(2,535)		
Net deferred tax assets	26,607	28,520		
Deferred tax charge			(1,913)	(2,010)

Current Tax Liabilities

The current tax liability of \$1.387 million (2015: \$3.494 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 2016



5. DIVIDENDS

	2016 \$'000	2015 \$'000
Dividend paid in the financial year	29,431	46,707

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% (2015: 65%) of after tax profits, adjusted for special circumstances as approved by Government. 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 2016, an interim dividend of \$20.973 million (2015: \$22.237 million) for the year ended 30 June 2016 was declared by the Board and approved by Government. The interim dividend was paid by 30 June 2016.

In respect of the financial year results for the year ended 30 June 2015, a payment of \$8.458 million (2015: Nil) representing the balance of the final dividend totalling \$30.692 million (2015: \$24.470 million) was made by 31 December 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 Short Term Deposits with original maturities of three months or less. Funds surplus to operational requirements have been invested in At Call Deposits and Term Deposits to maximise earnings.

	2016 \$'000	2015 \$'000
Cash at Bank and Cash on Hand	741	519
At Call Deposits	5,646	2,651
Term Deposits	45,000	31,000
Cash and cash equivalents in the Statement of Cash Flows	51,387	34,170

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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 2016 was 1.97% (2015: 2.38%).

Interest on At Call Deposits was at prevailing rates. The weighted average interest rate at 30 June 2016 was 1.72% (2015: 2.31%).

The weighted average interest rate for Term Deposits at 30 June 2016 was 2.33% (2015: 2.80%). 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 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	2016 \$'000	2015 \$'000
Trade Debtors		22,611	24,775
Less: Provision for Impairment of Receivables		(855)	(987)
		21,756	23,788
Other Debtors		448	592
Accrued Income		2,286	2,223
Finance Lease Receivable	10.2	574	527
Prepayments		1,157	1,452
Balance at 30 June		26,221	28,582

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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:

	2016 \$'000	2015 \$'000
Balance at 1 July	987	1,394
Impairment loss recognised	-	170
Impairment loss recovered	(12)	(575)
Amount written off	(120)	(2)
Balance at 30 June	855	987

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

	2016 \$'000	2015 \$'000
Not more than 3 months	159	142
More than 3 months but less than 6 months	-	2
More than 6 months but less than 1 year	-	4
	159	148

(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 2016



6. CURRENT ASSETS (continued)

6.3 INVENTORIES

	2016 \$'000	2015 \$'000
Stores - at cost	3,241	2,260

7. NON-CURRENT ASSETS

7.1 RECEIVABLES

Receivables represent Finance Lease Receivable

	Note	2016 \$'000	2015 \$'000
Finance Lease Receivable	10.2	5,560	6,134

(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 2016



7. NON-CURRENT ASSETS (continued)

7.2 PROPERTY, PLANT AND EQUIPMENT

	2016 \$'000	2015 \$'000
Channels and Breakwaters		
At Cost	164,064	164,064
Less: Accumulated Depreciation	(45,358)	(41,178)
	118,706	122,886
Land		
At Cost	45,994	45,994
	45,994	45,994
Land Improvements		
At Cost	28,503	27,046
Less: Accumulated Depreciation	(5,250)	(4,581)
	23,253	22,465
Buildings and Improvements		
At Cost	29,296	28,423
Less: Accumulated Depreciation	(13,308)	(12,629)
	15,988	15,794
Plant and Equipment		
At Cost	72,768	69,195
Less: Accumulated Depreciation	(35,276)	(33,335)
	37,492	35,860

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



7. NON-CURRENT ASSETS (continued)

7.2 PROPERTY, PLANT AND EQUIPMENT (continued)

	2016 \$'000	2015 \$'000
Berths, Jetties and Infrastructure		
At Cost	256,775	255,214
Less: Accumulated Depreciation	(65,787)	(58,973)
	190,988	196,241
Leased plant and equipment		
At Cost	2,325	1,890
Less: Accumulated amortisation	(1,235)	(991)
	1,090	899
Total Property, Plant and Equipment at net book value	433,511	440,139
Add: Work in Progress (at cost)	6,768	8,022
Total Property, Plant and Equipment	440,279	448,161

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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:

	2016 \$'000	2015 \$'000
Land		
At Cost	13,911	13,993
	13,911	13,993
Buildings and Improvements		
At Cost	7,555	8,485
Less: Accumulated depreciation	(3,145)	(3,138)
	4,410	5,347
Included in Accumulated depreciation above is the depreciation charge for the year	295	293

Reconciliations of carrying amounts

	2016 \$'000	2015 \$'000
Channels and Breakwaters		
Carrying amount at 1 July	122,886	126,528
Transfer from work in progress	-	516
Depreciation for the year	(4,180)	(4,158)
Carrying amount at 30 June	118,706	122,886

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



7. NON-CURRENT ASSETS (continued)

7.2 PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations of carrying amounts (continued)

	2016 \$'000	2015 \$'000
Land		
Carrying amount at 1 July	45,994	45,994
Carrying amount at 30 June	45,994	45,994
Land Improvements		
Carrying amount at 1 July	22,465	20,383
Additions	865	335
Transfer from work in progress	662	2,369
Disposals	(11)	-
Depreciation for the year	(728)	(622)
Carrying amount at 30 June	23,253	22,465
Buildings and Improvements		
Carrying amount at 1 July	15,794	15,490
Additions	190	595
Transfer from work in progress	1,155	1,052
Disposals	(271)	(408)
Depreciation for the year	(880)	(872)
Impairment	-	(63)
Carrying amount at 30 June	15,988	15,794

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



7. NON-CURRENT ASSETS (continued)

7.2 PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations of carrying amounts (continued)

	2016 \$'000	2015 \$'000
Plant and Equipment		
Carrying amount at 1 July	35,860	37,330
Additions	388	-
Transfer from work in progress	4,549	1,431
Disposals	(330)	-
Depreciation for the year	(2,975)	(2,882)
Impairment	-	(19)
Carrying amount at 30 June	37,492	35,860
Berths, Jetties and Infrastructure		
Carrying amount at 1 July	196,241	184,573
Additions	394	-
Transfer from work in progress	1,832	18,738
Disposals	(194)	(24)
Depreciation for the year	(7,285)	(7,044)
Impairment	-	(2)
Carrying amount at 30 June	190,988	196,241

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



7. NON-CURRENT ASSETS (continued)

7.2 PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations of carrying amounts (continued)

	2016 \$'000	2015 \$'000
Leased plant and equipment		
Carrying amount at 1 July	899	971
Additions	732	394
Amortisation for the year	(541)	(466)
Carrying amount at 30 June	1,090	899
	433,511	440,139
Work in Progress		
Carrying amount at 1 July	8,022	17,069
Additions	7,394	15,059
Transfers to property, plant and equipment	(8,198)	(24,106)
Disposals	(450)	-
Carrying amount at 30 June	6,768	8,022
Total Property, Plant and Equipment	440,279	448,161

Impairment of property, plant and equipment

In the financial year ended 30 June 2015 an impairment loss of \$0.084 million was recognised 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 2016



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.

	2016 \$'000	2015 \$'000
Trade creditors and Amounts payable	7,743	9,700
Accrued expenses	4,781	6,150
	12,524	15,850

(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 2016



8. CURRENT AND NON-CURRENT LIABILITIES (continued)

8.2 INTEREST BEARING BORROWINGS

	Note	2016 \$'000	2015 \$'000
Current			
Special borrowings		825	775
Lease liabilities	10.2	483	411
		1,308	1,186
Non-Current			
Direct borrowings		196,481	208,481
Special borrowings		11,030	11,855
Lease liabilities	10.2	625	504
		208,136	220,840

FINANCING ARRANGEMENTS

Fremantle Ports has access to the following lines of credit:

	2016 \$'000	2015 \$'000
Total facilities available:		
Liquidity facility, direct and special borrowings	216,935	238,677
Facilities utilised at the end of the reporting period:		
Liquidity facility, direct and special borrowings	208,336	221,111
Total facilities not utilised at the end of the reporting period:		
Liquidity facility, direct and special borrowings	8,599	17,566

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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 2017 of \$215.575 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 2016 on the loan portfolio is 4.24% per annum (2015: 4.91% 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 are payable quarterly. Interest rates on the Special Borrowings are fixed and range from 6.22% to 6.39% per annum (2015: 5.65% to 6.24% per annum).

The interest rates implicit in the Lease Liabilities range from 2.33% to 5.78% (2015: 2.33% to 5.78%).

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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 reporting date by maturity periods is set out in the following table.

2016	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	
Interest Bearing Borrowings									
Direct borrowings	4.24%	196,481	-	-	-	-	-	-	196,481
Special borrowings	6.31%	-	825	877	932	991	1,054	7,176	11,855
Lease liabilities	3.52%	-	483	353	213	59	-	-	1,108
		196,481	1,308	1,230	1,145	1,050	1,054	7,176	209,444

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	
Interest Bearing Borrowings									
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

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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.

	2016		2015	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Special borrowings	11,855	14,244	12,630	14,668

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).

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



9. FINANCIAL INSTRUMENTS (continued)

9.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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:

2016	Carrying Amount \$'000	+0.50% change Profit \$'000	+0.50% change Equity \$'000	(0.50%) change Profit \$'000	(0.50%) change Equity \$'000
Financial Assets					
Cash and cash equivalents	51,387	257	257	(257)	(257)
Financial Liabilities					
Interest bearing borrowings	196,481	(982)	(982)	982	982
Total (Decrease)/Increase		(725)	(725)	725	725

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

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.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



9. FINANCIAL INSTRUMENTS (continued)

9.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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 2016



9. FINANCIAL INSTRUMENTS (continued)

9.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

2016	Carrying Amount \$'000	Including Interest			Total \$'000
		< 12 months \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial liabilities					
Trade and other payables	12,524	12,524	-	-	12,524
Interest bearing borrowings	209,444	11,770	42,599	251,120	305,489
	221,968	24,294	42,599	251,120	318,013

2015	Carrying Amount \$'000	Including Interest			Total \$'000
		< 12 months \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial liabilities					
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

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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	2016 \$'000	2015 \$'000
Financial assets			
Cash and cash equivalents	6.1	51,387	34,170
Trade and other receivables	6.2	26,221	28,582
Receivables (non-current)	7.1	5,560	6,134
Financial Liabilities			
Trade and other payables	8.1	12,524	15,850
Interest bearing borrowings:			
Obligations under finance leases	10.2	1,108	915
Variable rate borrowings	8.2	196,481	208,481
Fixed rate borrowings	8.2	11,855	12,630

10. COMMITMENTS

10.1 CAPITAL WORKS

Capital Commitments

	2016 \$'000	2015 \$'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	464	5,437

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



10. COMMITMENTS (continued)

10.2 LEASE COMMITMENTS

Finance Leases Payable

	2016 \$'000	2015 \$'000
Future minimum lease payments in relation to finance leases payable at the end of the reporting period are as follows:		
Within one year	510	436
Later than one year but not later than five years	642	523
Minimum lease payments	1,152	959
Future finance charges	(44)	(44)
Present value of lease liabilities	1,108	915

Representing Lease Liabilities

	Note	2016 \$'000	2015 \$'000
Current	8.2	483	411
Non-current	8.2	625	504
		1,108	915

Finance leases payable are in respect of computer and office equipment and security equipment, expiring within 1 to 4 years (2015: 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 2016



10. COMMITMENTS (continued)

10.2 LEASE COMMITMENTS (continued)

Operating Leases Payable

	2016 \$'000	2015 \$'000
Future minimum rentals payable in relation to operating leases payable at the end of the reporting period but not recognised as liabilities payable are as follows:		
Within one year	264	318
Later than one year but not later than five years	116	132
	380	450

Operating leases payable are in respect of motor vehicles.

Finance Lease Receivable

	2016 \$'000	2015 \$'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	3,056	4,135
	8,450	9,529
Unearned finance income	(2,316)	(2,868)
Present value of minimum lease payments receivable	6,134	6,661

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



10. COMMITMENTS (continued)

10.2 LEASE COMMITMENTS (continued)

Representing Finance Lease Receivable

	Note	2016 \$'000	2015 \$'000
Current	6.2	574	527
Non-current	7.1	5,560	6,134
		6,134	6,661

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% (2015: 8.59%) per annum.

Operating Leases Receivable

	2016 \$'000	2015 \$'000
Future minimum rentals receivable for operating leases at the end of the reporting period but not recognised as assets:		
Within one year	15,037	14,861
Later than one year but not later than five years	26,630	22,891
Later than five years	46,781	19,603
	88,448	57,355

Operating leases receivable are in respect of property rentals.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



II. PROVISIONS

II.1 CURRENT

	2016 \$'000	2015 \$'000
Fringe Benefits Tax	35	25
Employee Benefits	11,553	10,910
Retirement Benefit Obligations	497	386
Other	1,545	1,740
	13,630	13,061

II.2 NON-CURRENT

	2016 \$'000	2015 \$'000
Employee Benefits	4,169	4,257
Retirement Benefit Obligations	10,662	10,136
Other	3,375	3,333
	18,206	17,726

II.3 AGGREGATE EMPLOYEE BENEFITS

	2016 \$'000	2015 \$'000
Current Liability	12,050	11,296
Non-Current Liability	14,831	14,393
	26,881	25,689

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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:

	2016 \$'000	2015 \$'000
Within 12 months of the end of the reporting period	3,319	3,103
More than 12 months after the end of the reporting period	745	489
	4,064	3,592

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:

	2016 \$'000	2015 \$'000
Within 12 months of the end of the reporting period	1,464	1,568
More than 12 months after the end of the reporting period	4,778	4,673
	6,242	6,241

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:

	2016 \$'000	2015 \$'000
Within 12 months of the end of the reporting period	1,748	1,565
More than 12 months after the end of the reporting period	3,668	3,769
	5,416	5,334

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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 Scheme 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).

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



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.

Description of significant events

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

Reconciliation of the Net Defined Benefit Liability

	2016 \$'000	2015 \$'000
Pension Scheme		
Defined Benefit Obligation	9,730	9,129
Fair value of scheme assets	-	-
Deficit	9,730	9,129
Adjustments for effect of asset ceiling	-	-
Net defined liability	9,730	9,129

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



II. PROVISIONS (continued)

II.4 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of the Net Defined Benefit Liability (continued)

	2016 \$'000	2015 \$'000
Gold State Super		
Defined Benefit Obligation	1,429	1,393
Fair value of scheme assets	-	-
Deficit	1,429	1,393
Adjustments for effect of asset ceiling	-	-
Net defined liability	1,429	1,393
<i>Reconciliation of the fair value of scheme assets</i>		
Pension Scheme		
Fair value of scheme assets at the beginning of the year	-	-
Employer contributions	219	171
Benefits paid	(219)	(171)
Fair value of scheme assets at end of the year	-	-
Gold State Super		
Fair value of scheme assets at the beginning of the year	-	-
Employer contributions	-	-
Benefits paid	-	-
Fair value of scheme assets at end of the year	-	-

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 2016



II. PROVISIONS (continued)

II.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

	2017 \$'000
Pension Scheme	
Expected employer contributions	232
Gold State Super	
Expected employer contributions	265

Maturity profile of defined benefit obligation

Pension Scheme

The weighted average duration of the Fremantle Ports defined benefit obligation is 16.3 years.

Gold State Super

The weighted average duration of the Fremantle Ports defined benefit obligation is 4.6 years.

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



II. PROVISIONS (continued)

II.4 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of the Defined Benefit Obligation

2016 changes in the defined benefit obligation and fair value of plan assets:

	1 July 2015	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 2016
		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		
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Pension Scheme defined benefit obligation	9,129	-	248	248	(219)	551	(4)	25	572	-	9,730
Gold State Super defined benefit obligation	1,393	-	35	35	-	(15)	(10)	26	1	-	1,429
Benefit liability	10,522			283	(219)	536	(14)	51	573	-	11,159

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



II. PROVISIONS (continued)

II.4 RETIREMENT BENEFIT OBLIGATIONS (continued)

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 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		
2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Pension Scheme defined benefit obligation	7,884	-	288	288	(171)	1,110	18	-	1,128	-	9,129
Gold State Super defined benefit obligation	1,326	-	44	44	-	8	15	-	23	-	1,393
Benefit liability	9,210			332	(171)	1,118	33	-	1,151	-	10,522

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



II. PROVISIONS (continued)

II.4 RETIREMENT BENEFIT OBLIGATIONS (continued)

Sensitivity Analysis

The defined benefit obligation as at 30 June 2016 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

2016 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%
Pension Scheme							
Discount Rate	2.26%	1.76%	2.76%	2.26%	2.26%	-	-
Pension increase rate	2.50%	2.50%	2.00%	2.00%	3.00%	-	-
Defined benefit obligation (\$'000)	9,730	10,551	9,000	9,056	10,475	-	-
Gold State Super							
Discount Rate	2.26%	1.76%	2.76%	-	-	2.26%	2.26%
Salary increase rate	3.50%	3.50%	3.50%	-	-	3.00%	4.00%
Defined benefit obligation (\$'000)	1,429	1,462	1,398	-	-	1,407	1,453

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



II. PROVISIONS (continued)

II.4 RETIREMENT BENEFIT OBLIGATIONS (continued)

Sensitivity Analysis (continued)

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%
Pension Scheme							
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	-	-
Gold State Super							
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

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 2016



II. PROVISIONS (continued)

II.4 RETIREMENT BENEFIT OBLIGATIONS (continued)

Significant Actuarial Assumptions at the Reporting Date

	2016 \$'000	2015 \$'000
Pension Scheme		
Assumptions to Determine Superannuation Expense for the Following Year		
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%
Assumptions to determine Defined Benefit Obligation at the Valuation Date		
Assumptions to Determine Superannuation Expense		
Discount rate (active members)	2.26%	2.74%
Discount rate (pensioners)	2.26%	2.74%
Expected salary increase rate	3.50%	4.00%
Expected pension increase rate	2.50%	2.50%
Gold State Super		
Assumptions to Determine Superannuation Expense for the Following Year		
Assumptions to Determine Superannuation Expense		
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%

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



11. PROVISIONS (continued)

11.4 RETIREMENT BENEFIT OBLIGATIONS (continued)

Significant Actuarial Assumptions at the Reporting Date (continued)

	2016 \$'000	2015 \$'000
Assumptions to determine Defined Benefit Obligation at the Valuation Date		
Assumptions to Determine Superannuation Expense	2.26%	2.74%
Discount rate (active members)	2.26%	2.74%
Discount rate (pensioners)	3.50%	4.00%
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.

The expected salary increase rate above is the long term rate. The salary increase rate for the first three years is assumed to be 2.50%

11.5 RECONCILIATIONS

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

	2016 \$'000
Fringe Benefits Tax	
Carrying amount at 1 July	25
Provisions made during the year	141
Amounts utilised in the year	(131)
Carrying amount at 30 June	35

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



11. PROVISIONS (continued)

11.5 RECONCILIATIONS (continued)

	2016 \$'000
Other	
Carrying amount at 1 July	5,073
Provisions made during the year	225
Amounts utilised in the year	(378)
Carrying amount at 30 June	4,920

12. OTHER LIABILITIES

	2016 \$'000	2015 \$'000
Current		
Prepaid Rental Income	1,310	1,365
Interest Received in Advance	49	35
	1,359	1,400
Non-Current		
Prepaid Rental Income	1,455	1,472

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



13. EQUITY

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2014		105,059	167,177	272,236
Total comprehensive income for the period		-	47,269	47,269
Dividends paid	5	-	(46,707)	(46,707)
Balance at 30 June 2015		105,059	167,739	272,798
Total comprehensive income for the period		-	51,923	51,923
Dividends paid	5	-	(29,431)	(29,431)
Balance at 30 June 2016		105,059	190,231	295,290

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



14. NOTES TO STATEMENT OF CASH FLOWS

RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX

	2016 \$'000	2015 \$'000
Profit after income tax	52,324	48,075
Non cash items		
Depreciation	16,048	15,578
Amortisation of leased assets	541	466
Net loss on derecognition of property, plant and equipment	234	432
Impairment loss on property, plant and equipment	-	84
Net Contribution of assets	(1,003)	(930)
Taxable items presented in Other Comprehensive Income		
Remeasurements of the net defined benefit liability	(401)	(806)
Changes in assets and liabilities		
Receivables	2,113	(814)
Inventories	(1,334)	522
Prepaid expenses	295	(69)
Payables	(3,326)	675
Prepaid rental income and interest received in advance	(58)	200
Employee benefits	1,192	1,689
Income tax payable	(2,107)	2,213
Deferred tax assets	1,913	2,010
Others	(143)	123
Net cash inflow from operating activities	66,288	69,448
Non-cash investing activities		
Acquisition of property, plant and equipment by means of finance lease	732	394

DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016



15. REMUNERATION OF AUDITORS

	2016 \$'000	2015 \$'000
Remuneration for audit of the financial statements	173	169

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

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 Regulation (DER). In accordance with the Act, the DER 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 2016



17. CONTINGENT LIABILITIES AND ASSETS (continued)

CONTAMINATED SITES (continued)

A provision for remediation expenses has been recognised for sites classified as 'contaminated – remediation required' or 'possibly contaminated - investigation 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 2016, a provision for environmental remediation of \$3.451 million (2015: 3.450 million) has been provided for sites classified by the DER as 'contaminated – remediation required' or 'possibly contaminated - investigation 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



DIRECTORS' DECLARATION

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

- (a) the financial statements and notes, set out on pages 55 to 123 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 2016 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 19 August 2016.

Chairman

Director

29 August 2016

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL AUDIT OPINION



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 2016, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, Notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

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:

- giving a true and fair view of the Authority's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

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 for the audit of the Financial Report

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.

Page 1 of 2

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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.

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 2016 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
30 August 2016

Page 2 of 2

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL PERFORMANCE INDICATORS for the year ended 30 June 2016



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.

	2016 \$'000		2015 \$'000	
Total Current Assets	80,849	= 2.8	64,943	= 1.9
Total Current Liabilities	29,144		34,991	

FREE CASH FLOW – GRAPH 2

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

	2016 \$'000		2015 \$'000	
Net Cashflow from Operations (after interest)	66,288	= 84.6%	69,448	= 83.3%
Net Cashflow from Operations (before interest)	78,368		83,416	

DEBTORS AVERAGE COLLECTION PERIOD – GRAPH 3

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

	2016 \$'000		2015 \$'000	
Average Trade Debtors	21,949 × 366	= 34 days	21,193 × 365	= 33 days
Sales Revenue	236,883		233,783	

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL PERFORMANCE INDICATORS for the year ended 30 June 2016



FINANCIAL PERFORMANCE INDICATORS (continued)

INTEREST COVER - GRAPH 4

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

	2016 \$'000		2015 \$'000	
Earnings Before Interest and Tax	80,636	= 7.07 times	83,645	= 6.01 times
Total Interest Costs	11,400		13,908	

RETURN ON ASSETS – GRAPH 5

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

	2016 \$'000		2015 \$'000	
Earnings Before Interest and Tax	80,636	= 14.7%	83,645	= 15.1%
Average Total Assets	550,561		553,042	

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.

	2016 \$'000		2015 \$'000	
Operating EBIT (excluding significant items) + Depreciation - Deprival Value Depreciation	79,386	= 14.0%	81,844	= 14.3%
Deprival Value of Assets - Accumulated Deprival Value Depreciation	566,610		570,785	

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL PERFORMANCE INDICATORS for the year ended 30 June 2016



GRAPH 1 - CURRENT RATIO COMPARISON

2011-12 to 2015-16

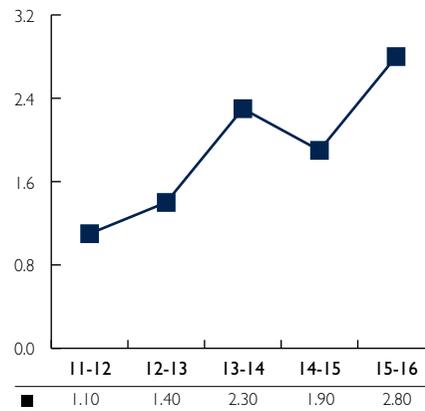
GRAPH 2 - FREE CASH FLOW COMPARISON

2011-12 to 2015-16

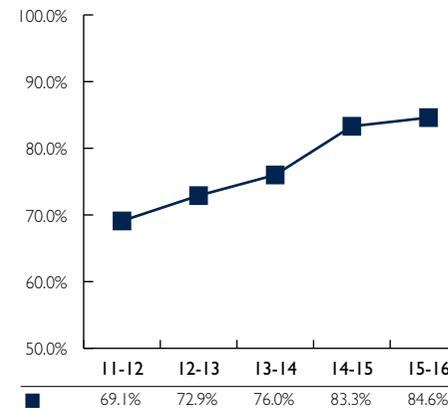
GRAPH 3 - DEBTORS AVERAGE COLLECTION PERIOD COMPARISON (DAYS)

2011-12 to 2015-16

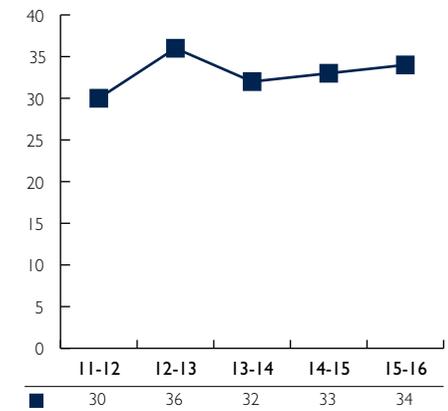
GRAPH 1



GRAPH 2



GRAPH 3



GRAPH 4 - INTEREST COVER COMPARISON (TIMES)

2011-12 to 2015-16

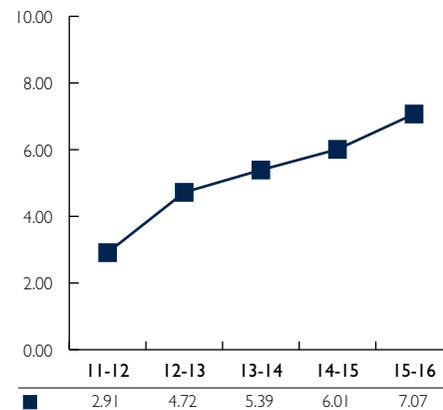
GRAPH 5 - RETURN ON ASSETS COMPARISON

2011-12 to 2015-16

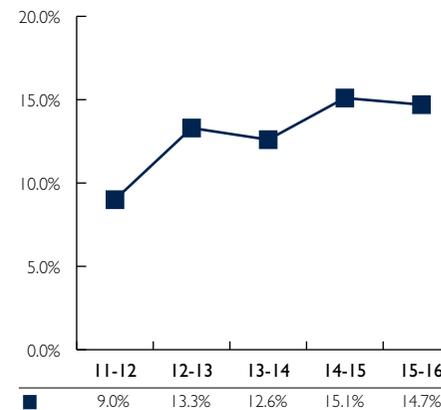
GRAPH 6 - ECONOMIC RATE OF RETURN COMPARISON

2011-12 to 2015-16

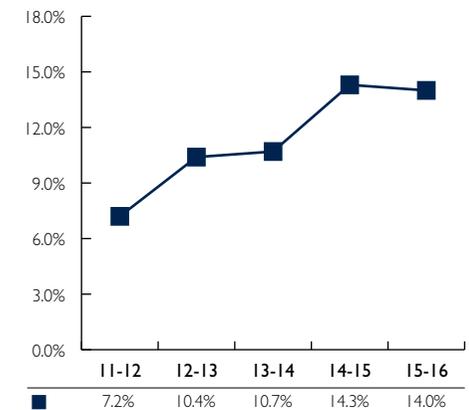
GRAPH 4



GRAPH 5



GRAPH 6



DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2016



SERVICE DELIVERY

OBJECTIVE:

Providing reliable and efficient services that meet customer expectations

Key outcomes sought:

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

CUSTOMER SATISFACTION

Fremantle Ports conducted a survey of shipping lines in 2016. The survey was conducted as part of Fremantle Ports' customer liaison program with major lines and agents. A total of 20 shipping lines were surveyed and the response rate was 100 per cent.

The overall results were analysed by a firm of marketing and communications research consultants.

Figure 1 shows that 100 per cent of respondents were satisfied or very satisfied with services provided by Fremantle Ports. (target range – 80-90 per cent.)

BERTHING DELAYS – INCOMING VESSELS

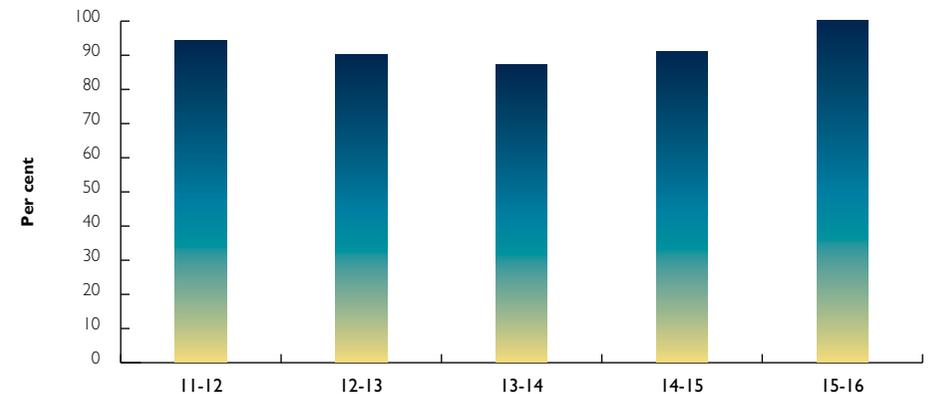
The performance targets for port operations include maximum berthing delays due to the unavailability of services and berths for container vessels in the Inner Harbour and for all vessels at Fremantle Ports' Kwinana Bulk Terminal and Kwinana Bulk Jetty in the Outer Harbour. Services include pilotage, 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 2 and 3 show that the Inner Harbour container shipping sector and the Kwinana Bulk Jetty achieved better than target with no incoming vessel delays recorded as a result of the unavailability of shipping services.

Figure 3 shows the Kwinana Bulk Terminal delays were comparable to target.

Fig 1. Shipping Line/Agent Survey Services

Level of Overall Satisfaction with Fremantle Ports' Services



In 2015-16, 100% of respondents were satisfied or very satisfied. Target range 80-90%.

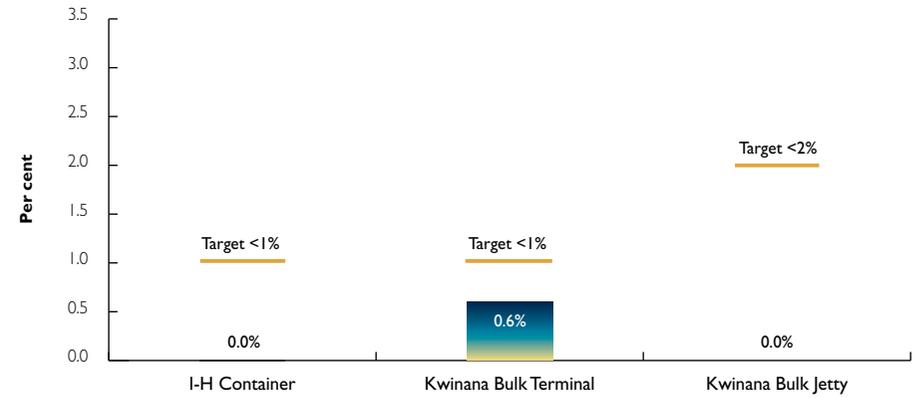
DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2016



Fig 2. Delays to Incoming Vessels due to Unavailability of Shipping Services 2015-16

Percentage of Total Vessels Affected



Shipping services include pilotage, towage and mooring

Fig 3. Delays to Incoming Vessels due to Unavailability of Shipping Services 2015-16

Average hours of delay per vessel delayed



Shipping services include pilotage, towage and mooring

DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2016



Fig 4. Unavailability of Berths 2015-16

% of total vessels affected

Figure 4 shows that 2.0 per cent of Inner Harbour container vessels incurred delays due to unavailability of berths (percentage of total vessels affected), which was well within target. The percentage of vessels affected at Kwinana Bulk Terminal was in excess of target at 82 per cent, mainly due to delays related to the increase of iron ore vessels in 2015-16. Kwinana Bulk Jetty percentage of 35 per cent exceeded target in 2015-16, mainly due to delays in the months of March and April caused by higher than average vessel numbers.

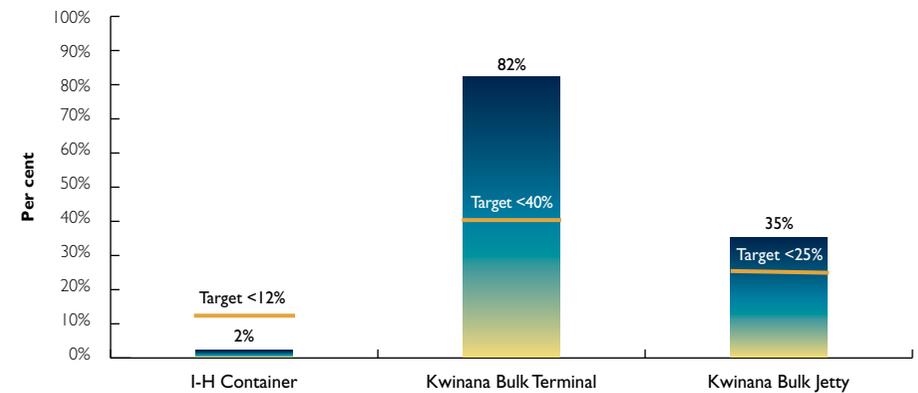
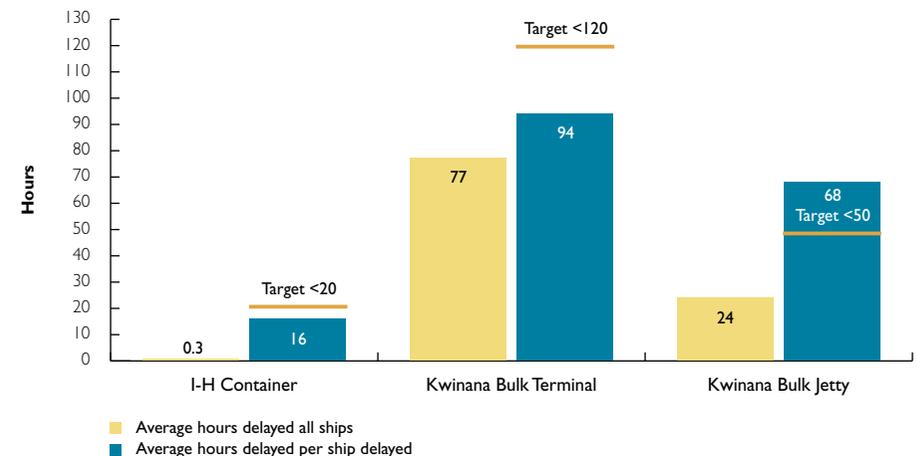


Fig 5. Unavailability of Berths 2015-16

Average hours of delay

Figure 5 shows that average hours of delay due to unavailability of berths at Kwinana Bulk Terminal and the Inner Harbour are within target. Kwinana Bulk Jetty hours of delays per ship delayed exceeded target due to higher than average vessel numbers in months of March and April.



DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2016



CRANE RATES

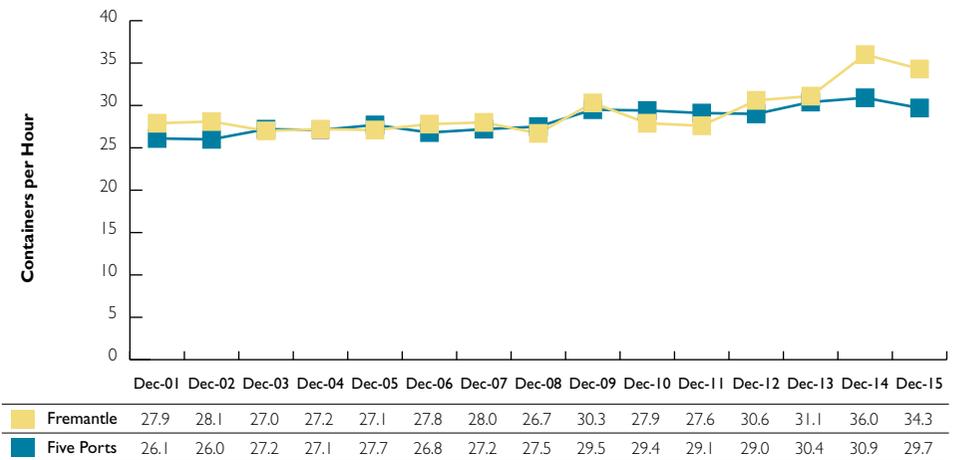
Container stevedoring in Fremantle Ports is carried out by Patrick (Asciano) and DP World. Crane rates are a measure of the productivity of the container terminal operators in the port. The crane rate is the number of containers handled divided by the elapsed crane time. The elapsed crane time is the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

Figure 6 shows that Fremantle Port's crane rates measured in containers per hour have increased by 22.9 per cent from the December Quarter 2001 to the December Quarter 2015 (latest figures released by Waterline).

Container Terminal productivity has been above the five port average from the December quarter 2012 to the December quarter 2015.

Fig 6. Container Terminal Performance Indicators Comparison of Crane Rates between Fremantle and Five Ports Average

December 2001 to December 2015
Containers per Hour



Source: Waterline, Bureau of Infrastructure, Transport and Regional Economics

DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2016



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 0.2 million tonnes or 1.8 per cent higher than last year. Total exports increased by 0.5 million tonnes or 7.8 per cent to 6.3 million tonnes while total imports decreased by 0.2 million tonnes or 4.3 per cent to 5.6 million tonnes.

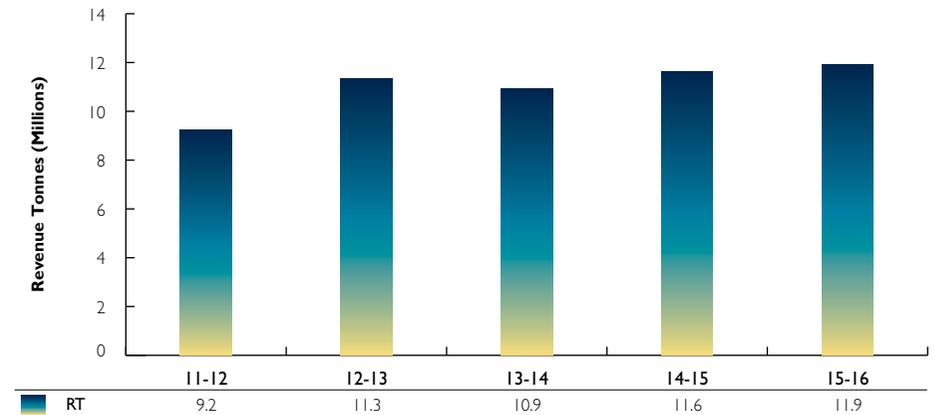
Total trade in the Outer Harbour (Kwinana Bulk Terminal and Kwinana Bulk Jetty) totalled 9.1 million tonnes, an increase of 0.4 million tonnes or 4.0 per cent. Exports in the Outer Harbour grew by 0.5 million tonnes or 9.5 per cent due to the increase of iron

ore exported from Kwinana Bulk Terminal. Imports in the Outer Harbour decreased by 3.9 per cent or 1.4 million tonnes mainly due to decreases in sulphur imports at Kwinana Bulk Jetty.

The increase in bulk and non-containerised trade was around 0.21 million tonnes or 1.8 per cent; however, this was predominantly due to increases in the Outer Harbour. The Inner Harbour non-containerised trade decreased by 0.14 million tonnes or 4.9 per cent. This resulted from a fall in iron and steel imports by 66,119 tonnes or 53.5 per cent and a decrease in exports of scrap metal by 81,323 tonnes or 33.8 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 2015-16 was annual growth of -3.5 per cent.

DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2016



TOTAL CONTAINER TRADE

Figure 8 shows that container trade decreased by 3.8 per cent over the 12 months to 30 June 2016.

The main features of the container trade over the past 12 months were as follows:

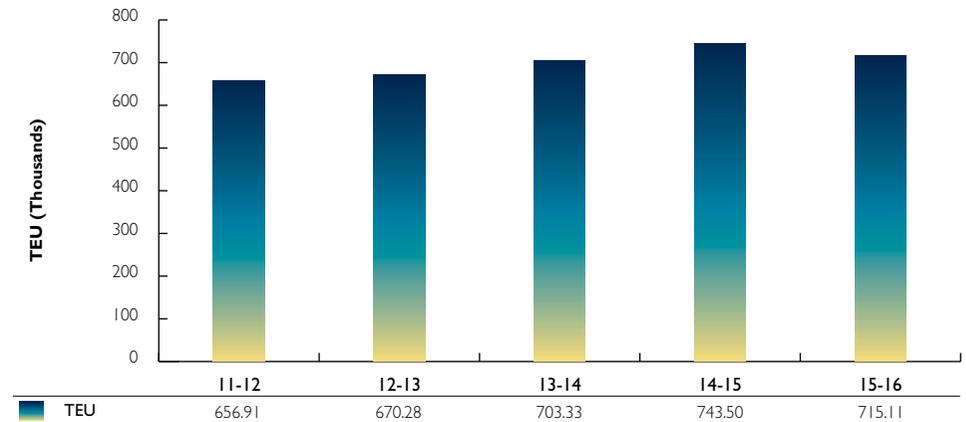
- Exports decreased by 4.0 per cent and imports decreased 3.6 per cent.
- Full container exports decreased by 9.0 per cent or 20,073 TEU and full imports decreased by 2.4 per cent or 8,472 TEU.
- The number of container vessel visits to Fremantle Port increased from 511 visits in 2014-15 to 515 visits in 2015-16.

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), decreased by 0.49 per cent to 9.91 per cent over the previous year.

Fig 8. Total Container Trade

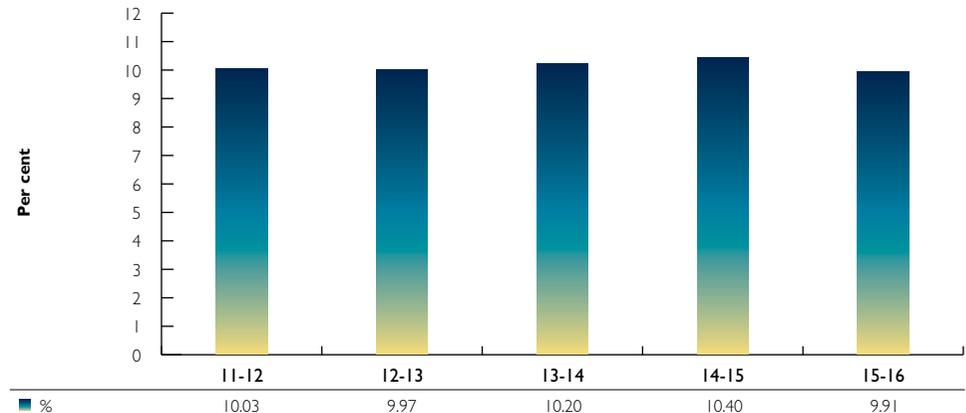
TEU Comparison



The Statement of Corporate Intent forecast for total container trade in 2015-16 was annual growth of 4.0 per cent

Fig 9. Container Trade Fremantle Ports Market Share Percentage

Australian Container Trade



DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2016



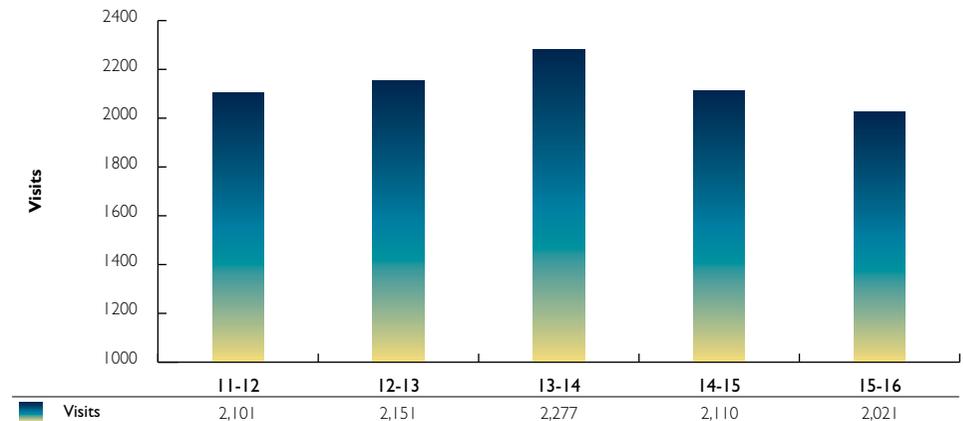
NUMBER OF SHIP VISITS

Figure 10 shows that the number of ship visits for commercial, non-trading and fishing vessels (naval vessels of war are excluded) decreased by 4.2 per cent over the 12 months to 30 June 2016.

Commercial ship visits decreased by 2 visits in the Inner Harbour and increased by 33 visits in the Outer Harbour.

The increase in commercial ship visits in the Outer Harbour was mainly due to an increase in vessels calling for bunkers (fuel oil). Non trading vessel visits have declined both in the Inner and Outer harbours over the past 12 months, predominantly due to fewer visits from tug and barges involved with the development of the North West Gorgon gas project.

Fig 10. Total Ship Visits
(excluding Naval) Comparison



Note: Naval vessels not included. The Statement of Corporate Intent forecast for total ship visits in 2015-16 was 1,971.

DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2016



BUSINESS SUSTAINABILITY

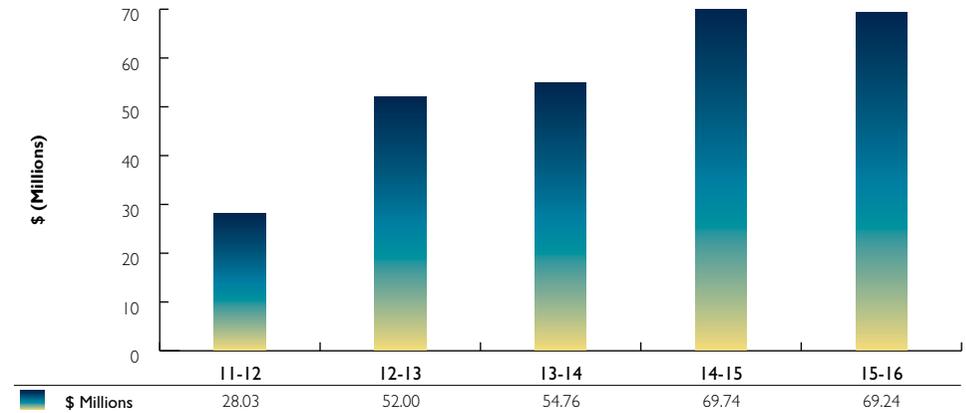
OBJECTIVE:

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 for Fremantle Ports and its strategic priorities

Fig 11. Operating Profit Before Income Tax Equivalent Comparison



FREMANTLE PORTS' PROFIT BEFORE INCOME TAX EQUIVALENT

Figure 11 shows that operating profit before income tax equivalent reached \$69.24 million in 2015-16 which was 0.72 per cent lower than 2014-15.

DISCLOSURES AND LEGAL COMPLIANCE

KEY PERFORMANCE INDICATORS for the year ended 30 June 2016



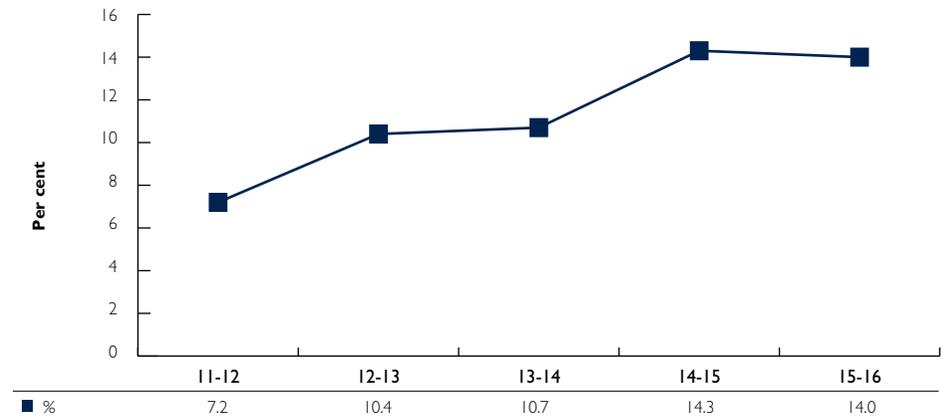
ECONOMIC RATE OF RETURN ON ASSETS

Figure 12 shows that the Economic Rate of Return on Assets was 14.0 per cent for the financial year 2015-16. This compares with a target of 11 per cent for the year, as agreed by the State Government.

COMMUNITY SATISFACTION

Fremantle Ports conducted an independent community satisfaction survey in June 2016 as part of its community liaison program. This involved a telephone survey with 200 residents in the Inner Harbour area (North Fremantle, Fremantle, South Fremantle and East Fremantle) and 200 residents in the Outer Harbour area (Cockburn, Kwinana and Rockingham). The overall results were analysed by a firm of marketing and communications research consultants. Figure 13 shows that 69 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 (target 70 to 80 per cent), and that 20 per cent and 24 per cent respectively were neither satisfied nor dissatisfied.

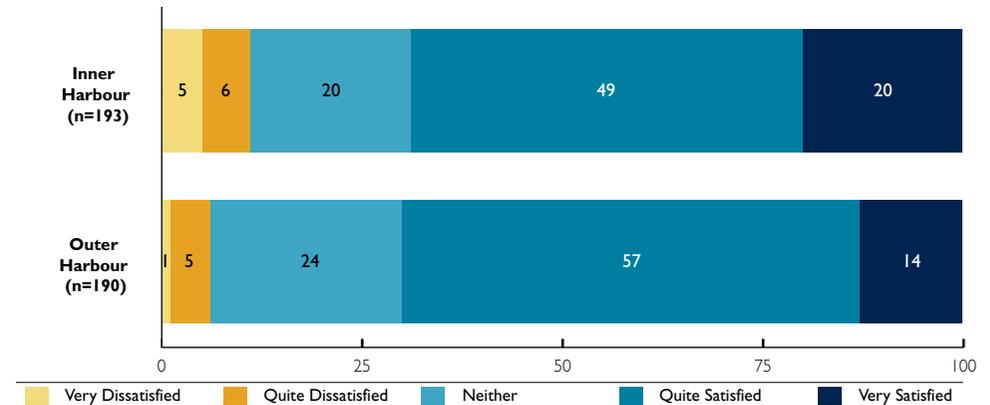
Fig 12. Economic Rate of Return on Assets Comparison



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

Fig 13. Overall Satisfaction with Fremantle Ports – June 2016

Q. How satisfied are you with the performance of Fremantle Ports overall.



Please note: Percentage figures were subject to rounding.

DISCLOSURES AND LEGAL COMPLIANCE

GOVERNANCE



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.

There are currently no legislative changes that would impact our Annual Accounts/financial reporting obligations.

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 reappointed.

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.



The C.Y. O'Connor Memorial is opposite the main entrance to the Fremantle Ports Administration Building.

DISCLOSURES AND LEGAL COMPLIANCE

GOVERNANCE



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 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

Following distribution of a revised Fremantle Ports *Code of Conduct* in hard copy to all employees, an e-learning module was introduced in the second half of 2015. This required all employees to read the Code and answer questions on it to ensure that obligations and responsibilities were understood.

The Code, developed in alignment with the Public Sector Commission guidelines and through an employee consultative process, defines the values and expected behaviours for the way we undertake our business, deal with each other and relate to our customers and the community within which we work.

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.

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.

In 2015-16, there was one incident which breached standards of behaviour required under Fremantle Ports' *Code of Conduct*.

GIFTS AND BENEFITS

Fremantle Ports' gifts and benefits policy, which sets out requirements for responding to offers of gifts, benefits or hospitality was reviewed during the year. This policy applies to all employees and Board members.

AUDITING SYSTEMS AND PROCESSES

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Board 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 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.

DISCLOSURES AND LEGAL COMPLIANCE

GOVERNANCE



INTERNAL AUDIT

Internal audit is an integral part of the corporate governance framework by which Fremantle Ports maintains effective systems of accountability and control at all levels. A revised and updated Internal Audit Charter was approved by the Board in June 2016. The Charter continues to be generally aligned with the International Professional Practices framework for internal auditing, international standards for international auditing and Fremantle Ports' *Code of Conduct*.

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 endorsed rolling Strategic Audit Plan and approved Annual Internal Audit Plan.

An independent peer review of the Internal Audit activity was undertaken in 2015. Improvements subsequently implemented during the year included:

- research and revision of Internal Audit reports and reports to the Audit and Risk Management Committee with the aim of streamlining while providing focused information
- updating the internal audit risk classification model
- development of a comprehensive risk assurance model that provides information across the four lines of defence (business processes, controls and systems; management monitoring; independent assurance - both internal and external; and governance).

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 currently outsourced this audit to RSM Australia Pty Ltd.

RISK MANAGEMENT

A number of improvements have been made to Fremantle Ports' risk management system this year. The system includes our risk database (risQuay and the recently-introduced Project Development Register), risk procedures and policy, risk identification, assessment, treatment, management and review.

A review of the Risk Policy in November 2015 found that there was good alignment with the principles of the ISO 31000 international risk management standard. There was also good evidence to confirm that the policy is well embedded and being applied.

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 was one Ministerial directive during the year.

DISCLOSURES AND LEGAL COMPLIANCE

GOVERNANCE



ADVERTISING AND MARKET RESEARCH EXPENDITURE – 2015-16

ADVERTISING AGENCIES	Nil
MARKETING RESEARCH ORGANISATIONS	
IPSOS Australia	\$52,665.00
POLLING ORGANISATIONS	Nil
DIRECT MAIL ORGANISATIONS	
Fremantle Herald (distribution of leaflets)	\$16,621.77
Community Newspaper Group (distribution of leaflets)	\$4,508.18
MEDIA ADVERTISING ORGANISATIONS	
Seek (recruitment adverts)	\$263.00
Acorn Design (includes tenders, recruitment adverts)	\$15,533.83
Optimum Media Decisions (OMD) (includes tenders, recruitment adverts)	\$20,861.71
HE Air Ads	\$1,050.00
The Fremantle Book	\$2,650.00
Turner Designs	\$680.00
Executive Media	\$2,294.55
Perth Expo Hire - Fascia sign	\$289.24
Ontime Publications	\$3,850.00
The West Australian	\$519.55
Angry Chicken Publishing	\$4,125.00
Fremantle Surf Club Annual Report	\$370.00
Sunday Times	\$414.04
Tourism WA Cruise Industry News	\$675.00
Tenderlink.com	\$850.00
Total	\$128,220.87

DISCLOSURES AND LEGAL COMPLIANCE

GOVERNANCE



DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

Fremantle Ports provides access for people with disabilities to public areas of the Administration Building, the Fremantle Passenger Terminal and the ferry terminal within B Shed on Victoria Quay.

A Disability Access Audit of O'Connor Landing adjacent to the ferry terminal has been undertaken. A number of recommendations arising from this audit to improve access for people with disabilities are being scheduled in liaison with the ferry operators.

ACROD parking facilities on Victoria Quay have been expanded.

SUBSTANTIVE EQUALITY AND DIVERSITY

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.

Fremantle Ports has continued its involvement in a number of external organisations to increase diversity and inclusion within the organisation including promoting an increased focus on women in leadership. The National Association of Women in Operations (NAWO), Women's International Shipping and Trading Association (WISTA) and the local Kwinana Industries Council (KIC) women's networks offer regular networking, learning and mentoring opportunities to enhance future growth and diversity.

SCHEDULE 1 - EQUAL EMPLOYMENT OPPORTUNITY PUBLIC SECTOR COMMISSION (PCS) SURVEY 2016

Summary of data for all employees	Representation	Equity Index
Women	26%	89
People from culturally diverse backgrounds*	11.9%	90
Aboriginal Australians *	0.0%	0
People with disability*	0.4%	81
Youth	0.9%	n/a
Mature Employees	60.94%	n/a
Women in tier 2 management**	40.0%	n/a
Women in tier 3 management***	22.7%	n/a

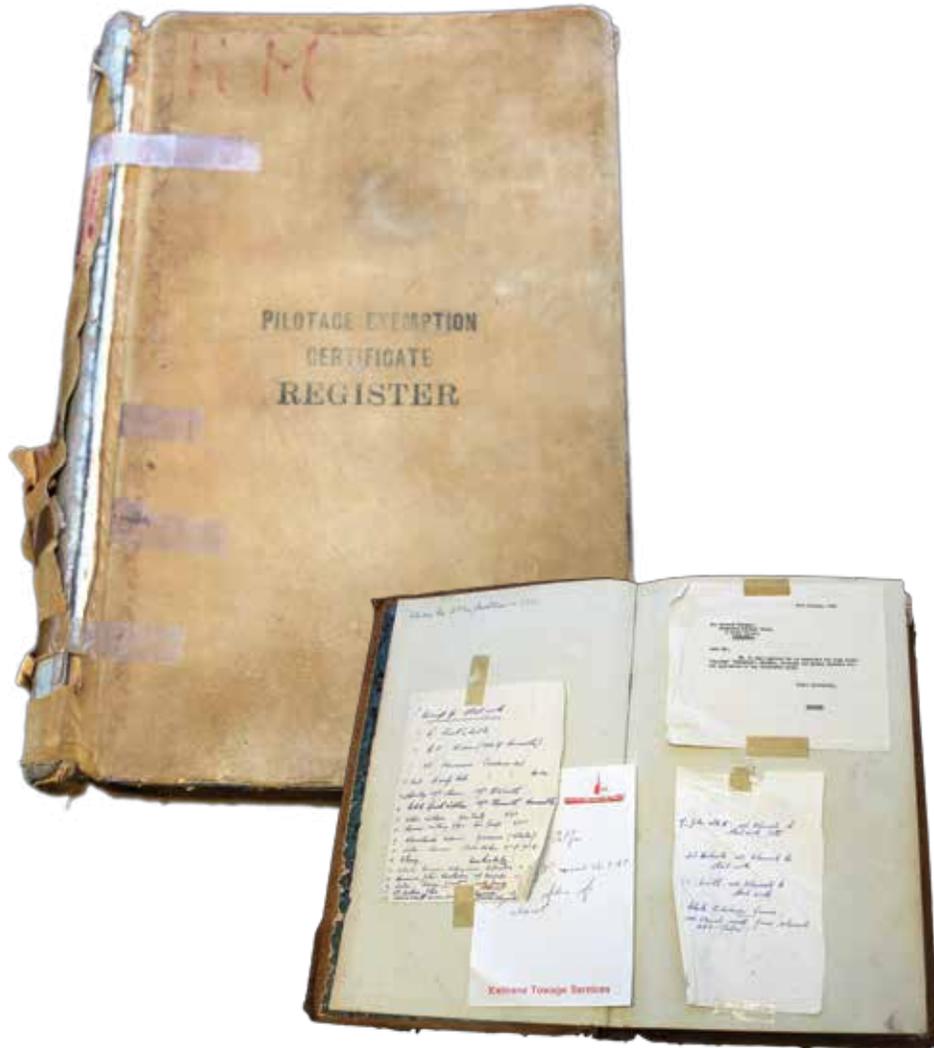
* based on responses received

** PSC Guidelines define tier 2 as managers reporting to CEO

*** Tier 3 defined as managers reporting to Tier 2 management

DISCLOSURES AND LEGAL COMPLIANCE

GOVERNANCE



The oldest state archives reported on last year dated back to 1903. This year, an old Pilotage Exemption Certificate Register was discovered containing handwritten certificates dating back to 1875.

RECORDS AND INFORMATION MANAGEMENT PROGRAMS

In addition to its regular reviews of records and information management systems and processes, Fremantle Ports has taken further steps in support of its commitment to best practice in this area.

The following continuous improvement projects have been undertaken in the past 12 months:

- Records reduction involving Outer Harbour records that have reached the end of their retention period is being implemented.
- The records management team is continuing to discover and catalogue historical records and identify State archival material for possible transfer to the State Records Office.
- A Data Loss Prevention Program has been developed, including a data classification policy and classification model to ensure Fremantle Ports' information is appropriately managed and handled through the data lifecycle.
- Objective Connect has been implemented for securely sharing records externally with third parties.
- Compulsory online cyber security training has been rolled out to all staff, including Board Directors.

RECORDKEEPING TRAINING

All relevant staff have now completed the online recordkeeping awareness training and all new staff are required to complete the course within three months of commencement.

Internal recordkeeping audits show that employees have a good understanding of the importance of good recordkeeping practices,

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 the highest priority and incidents reports are on the agenda for every Board meeting.

A detailed report on this topic is on pages 39-41.

STATISTICAL INFORMATION



FIVE YEAR SUMMARY					
SHIPPING	2011-12	2012-13	2013-14	2014-15	2015-16
No. of Ships: Inner Harbour	1,041	1,051	1,068	1,075	1,037
Outer Harbour	1,060	1,100	1,209	1,035	984
Naval	34	7	34	45	61
TOTAL	2,135	2,158	2,311	2,155	2,082
Gross Tonnage (000's):					
Inner Harbour	38,764	39,930	40,776	40,598	43,500
Outer Harbour	21,573	24,502	25,661	24,743	25,743
TOTAL	60,337	64,432	66,437	65,341	69,243
Turnover per linear metre of wharf					
Inner Harbour Tonnage Only - (i)					
Trade in Tonnes	2,350	2,374	2,531	2,604	2,450
Gross Tonnage	12,033	12,354	12,766	12,711	13,619
TRADE	Mass tonnes '000				
Total Port Trade	28,212	31,980	33,506	35,842	34,908
Imports: Inner Harbour	4,080	4,029	3,903	3,994	3,873
Outer Harbour	9,552	10,001	10,006	11,084	10,810
TOTAL	13,632	14,030	13,909	15,078	14,683
Exports: Inner Harbour	3,355	3,554	4,137	4,265	3,894
Outer Harbour	11,070	14,395	15,354	16,393	16,226
TOTAL	14,425	17,949	19,491	20,658	20,120
Bunkers: Inner Harbour	69	55	44	58	57
Outer Harbour	86	55	62	48	48
TOTAL	155	110	106	106	105

FINANCE	\$ Millions				
Revenue from ordinary activities	180.234	204.589	204.480	229.754	223.337
Operating expenses	123.661	123.248	122.319	130.065	126.112
Interest and depreciation charges	28.542	28.128	27.404	29.952	27.989
Profits from ordinary activities	28.031	53.213	54.757	69.737	69.236
Written down value of fixed assets	397.416	413.298	448.338	448.161	440.279
PERCENTAGE OF REVENUE	Percent	Percent	Percent	Percent	Percent
Charges on cargo	65.91	66.27	65.95	66.59	64.69
Charges on ships	8.33	8.55	9.02	8.6	9.34
Charges for shipping services	5.97	6.03	6.15	5.65	5.73
Charges for other services	19.79	19.15	18.88	19.16	20.25
Operating expenses	68.61	60.24	59.82	56.61	56.47
PERSONNEL	No.	No.	No.	No.	No.
Employees at 30th June (ii)	338	335	321	322	308

(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.

STATISTICAL INFORMATION



The CSIRO's new research vessel RV Investigator was at Victoria Quay in January as it prepared to depart for the Southern Ocean to research the link between active volcanoes on the sea floor and iron which supports life in that ocean.



The French Navy paid a visit to Fremantle in May when the frigate FS Guepratte docked for a week-long visit.

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	35
2015	1,804	64,111,545	306	1,228,845	2,110	65,340,390	45
2016	1,837	68,324,318	184	919,875	2,021	69,244,193	61

STATISTICAL INFORMATION



RoRo (roll on-roll off) ships transport a wide range of break-bulk (non-containerised) cargo.

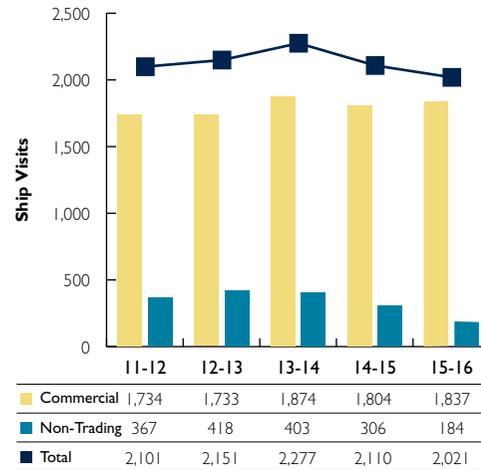
SHIPS CLASSIFIED ACCORDING TO CARGO CLASS									
Cargo Class	2013-14			2014-15			2015-16		
	No.	Gross Tonnage (000's)	Average Per Ship (000's)	No.	Gross Tonnage (000's)	Average Per Ship (000's)	No.	Gross Tonnage (000's)	Average Per Ship (000's)
Break Bulk/General Carrier	117	1,194	10.2	90	938	10.4	97	1,040	10.7
Container	502	22,014	43.8	511	22,340	43.7	515	23,910	46.4
Other - Trading	110	2,134	19.4	86	837	9.7	44	351	7.9
Roll-on/Roll-off	24	1,698	70.8	22	1,565	71.1	24	1,706	71.1
Vehicle Carrier	190	11,155	58.7	176	10,619	60.3	184	11,195	60.8
Livestock Carrier	65	1,372	21.1	57	1,398	24.5	68	1,614	23.7
Passenger	31	1,837	59.2	43	2,755	64.1	59	3,614	61.2
Tankers	255	8,100	31.8	235	7,747	32.9	247	8,199	33.2
Dry Bulk - Grain	164	5,076	30.9	172	5,199	30.2	138	4,417	32.0
Dry Bulk - Other	298	7,700	25.8	320	8,264	25.8	323	8,456	26.2
Bunkering Only	117	2,966	25.3	92	2,431	26.4	137	3,811	27.8
Non Trading - Other	404	1,185	2.9	306	1,241	4.0	185	926	5.0
Sub Total	2277	66,437	29.1	2110	65,340	30.9	2021	69,244	34.4
Naval	35			45			61		
Grand Total	2,312	66,437	29.1	2,155	65,340	30.9	2,082	69,244	34.4

STATISTICAL INFORMATION



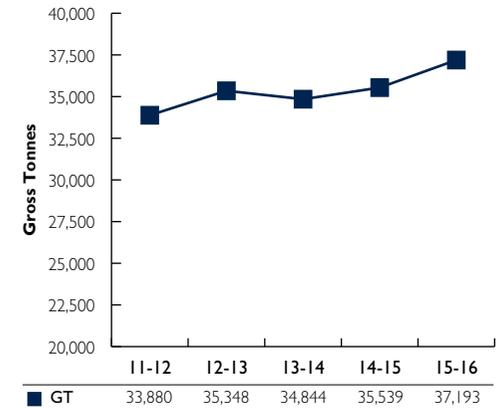
Ship Visits (Excluding Naval)

2011-12 to 2015-16



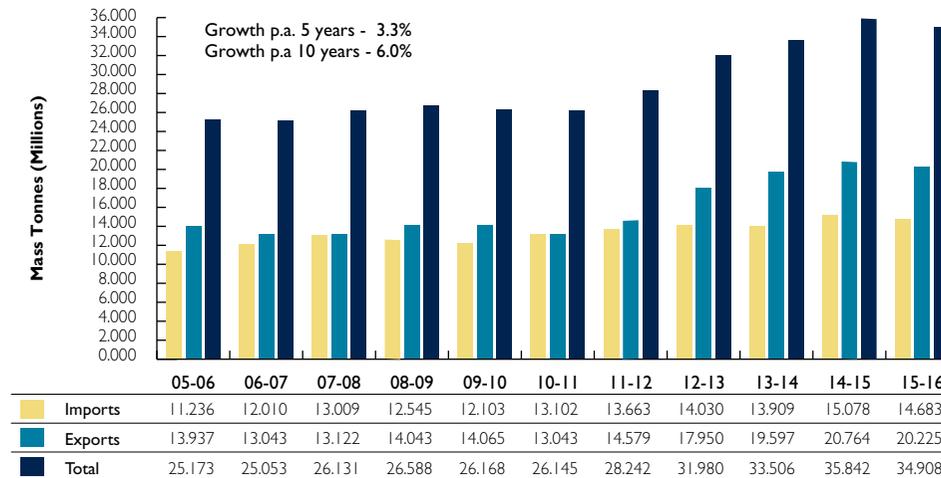
Average Gross Tonnage per Commercial Vessel

2011-12 to 2015-16



Total Port Trade

2005-06 to 2015-16



STATISTICAL INFORMATION



Loading at the Kwinana Bulk Terminal

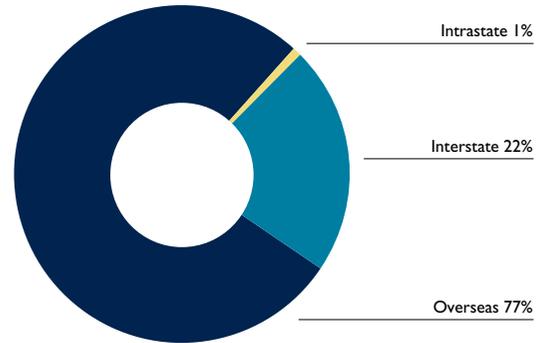
SYNOPSIS OF TRADE 2015-16

Cargo	Inner Harbour Mass Tonnes	Outer Harbour Mass Tonnes	Port Total Mass Tonnes
Imports			
From Intrastate Ports	30,470	128,767	159,237
From Interstate Ports	843,540	2,378,058	3,221,598
From Overseas Ports	2,998,714	13,719,037	16,717,751
TOTAL IMPORTS	3,872,724	16,225,862	20,098,586
Exports			
To Intrastate Ports	38,840	790,547	829,387
To Interstate Ports	30,991	66,383	97,374
To Overseas Ports	3,824,371	9,953,329	13,777,700
TOTAL EXPORTS	3,894,202	10,810,259	14,704,461
TOTAL CARGO	7,766,926	27,036,121	34,803,047
Bunkers			
Fuel Oil	56,958	48,208	105,166
Total Port Trade	7,823,884	27,084,329	34,908,213

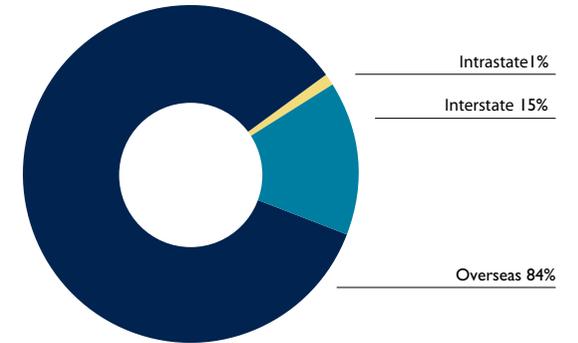
STATISTICAL INFORMATION



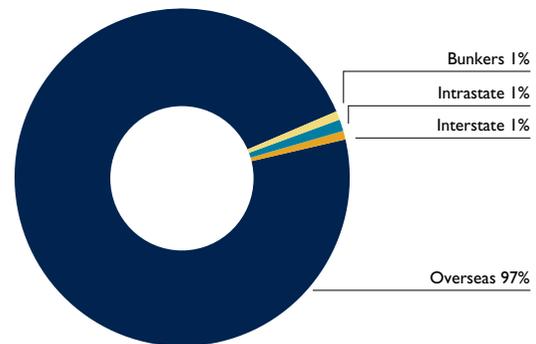
Inner Harbour Imports



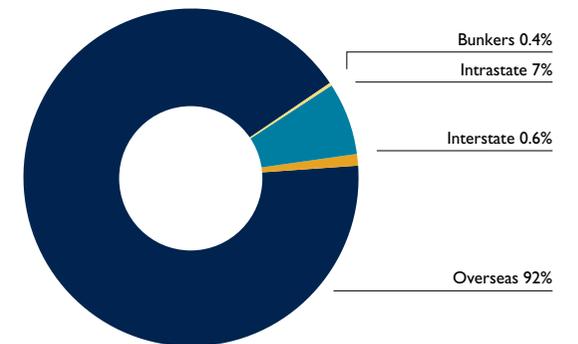
Outer Harbour Imports



Inner Harbour Exports



Outer Harbour Exports

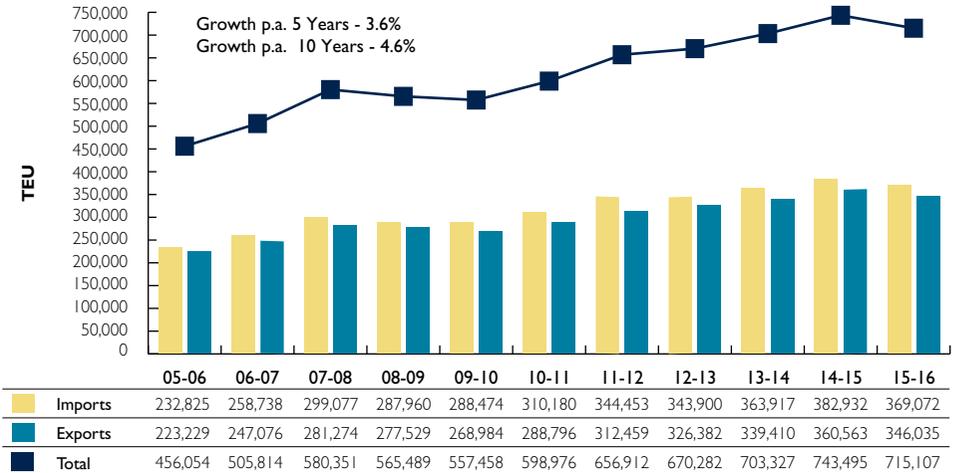


STATISTICAL INFORMATION



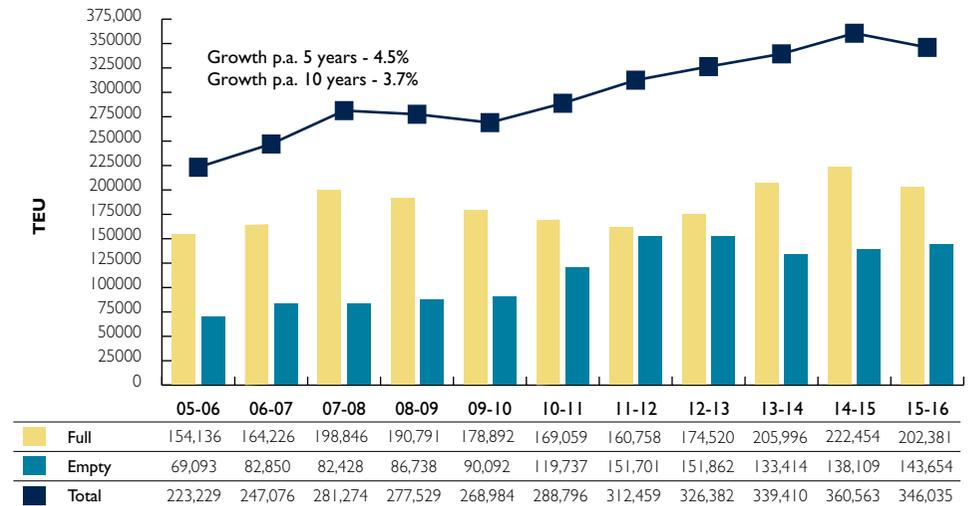
Total Container Trade - TEU

2005-06 to 2015-16



Export Container Trade - TEU

2005-06 to 2015-16



STATISTICAL INFORMATION



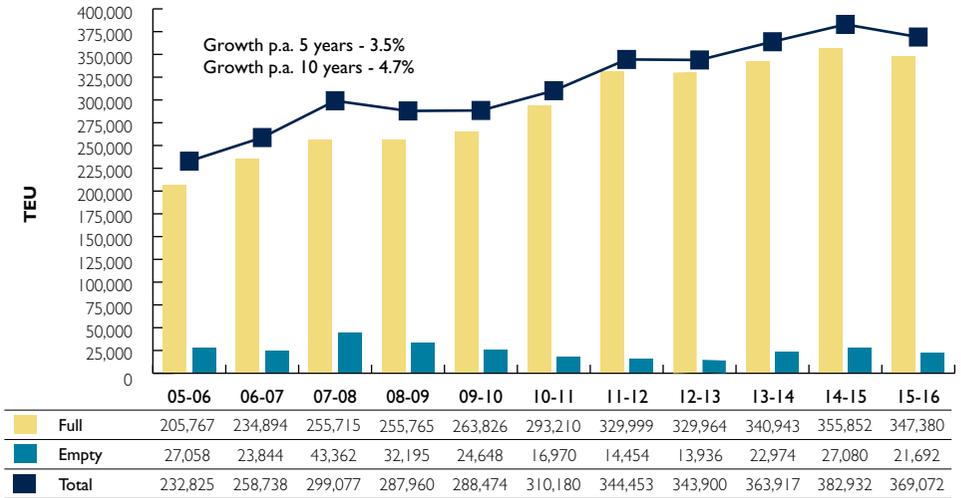
Early morning departure from the Inner Harbour



Container stacking, North Quay

Import Container Trade

2005-06 to 2015-16



STATISTICAL INFORMATION



PORT OF FREMANTLE CONTAINER TRADE - TEU JULY 2015 TO JUNE 30 2016							
Country	Imports			Exports			Grand Total
	Full	Empty	Total	Full	Empty	Total	
China	114,642	889	115,531	40,415	3,041	43,456	158,987
Singapore	11,013	5,119	16,132	9,731	90,985	100,716	116,848
Australia	70,270	9,524	79,794	4,490	3,846	8,336	88,130
Malaysia	17,858	294	18,152	14,564	35,496	50,060	68,212
Thailand	18,780	57	18,837	10,574	5,317	15,891	34,728
Japan	6,043	4	6,047	22,317	2,396	24,713	30,760
South Korea	8,319	4	8,323	15,713	823	16,536	24,859
Indonesia	8,722	453	9,175	11,485	277	11,762	20,937
United States of America	12,951	88	13,039	4,743	20	4,763	17,802
India	5,067	0	5,067	12,510	2	12,512	17,579
Vietnam	7,154	107	7,261	8,267	4	8,271	15,532
United Arab Emirates	4,257	524	4,781	6,472	1	6,473	11,254
Taiwan	5,239	87	5,326	4,198	21	4,219	9,545
New Zealand	4,134	0	4,134	3,806	336	4,142	8,276
Germany	7,035	46	7,081	743	216	959	8,040
Italy	6,770	120	6,890	419	119	538	7,428
Netherlands	3,934	4	3,938	3,402	23	3,425	7,363
United Kingdom	4,632	14	4,646	1,840	40	1,880	6,526
Belgium	3,183	26	3,209	1,185	354	1,539	4,748
Philippines	789	0	789	3,408	0	3,408	4,197
Other Countries	26,588	4,332	30,920	22,099	337	22,436	53,356
Grand Total	347,380	21,692	369,072	202,381	143,654	346,035	715,107

STATISTICAL INFORMATION



Working the iron ore stacks at the Kwinana Bulk Terminal

MAJOR EXPORTS BY COMMODITY 2015-16

Commodity	% Tonnes	Mass Tonnes	Principal Countries (% Commodity Total)
Grain (includes Barley, Canola Seed, Lupins, Oats, Malt, Wheat)	28.12%	5,686,415	China (19.5) South Korea (17.3) Japan (13.6) Indonesia (12.5) Vietnam (8.7) Kuwait (4.5) Malaysia (3.1) Philippines (2.2) Netherlands (2.2)
Iron Ore	26.6%	5,380,706	China (87.4) South Korea (8.4) Australia (4.2)
Alumina	15.6%	3,157,778	China (31) Australia (14) India (13.3) Malaysia (11.5) Indonesia (7.7) Japan (5) United Arab Emirates (4.3) Russia (3.2) Saudi Arabia (3.2) Qatar (3.1)
Refined Petroleum	11.0%	2,216,069	Australia (79.2) Singapore (20.2)
Metal Scrap	2.0%	399,357	India (23.8) Thailand (19.9) Vietnam (12.6) Indonesia (12) Pakistan (7.0) Kuwait (5.7) Bangladesh (5.1) China (5.1) Taiwan (2.6) South Korea (2.5) Malaysia (2.1)
Animal Feeds	1.8%	370,997	Japan (51.5) South Korea (23.4) China (18.1) Taiwan (3)
Waste Paper	1.2%	243,010	China (36.4) Indonesia (29.0) Thailand (22.4) Malaysia (3.7) India (2.9) Bangladesh (2.2)
Titanium Dioxide	0.9%	184,415	China (17.7) Malaysia (11.6) South Korea (11.5) India (10.3) Thailand (10.1) Indonesia (6.7) Philippines (6.6) Vietnam (4.6) Netherlands (3.8) Japan (3.4) United States of America (3.3)
Chemicals and Related Products	0.8%	168,483	United States of America (15.8) China (12.7) Japan (6) Netherlands (5.2) India (5.1) Belgium (4.9) Ghana (4.1) Taiwan (4.0) Chile (3.1) Mexico (2.6) Australia (2.3) Peru (2.3) Malaysia (2.2) Brazil (2.1) New Zealand (2.0) Saudi Arabia (2.0)

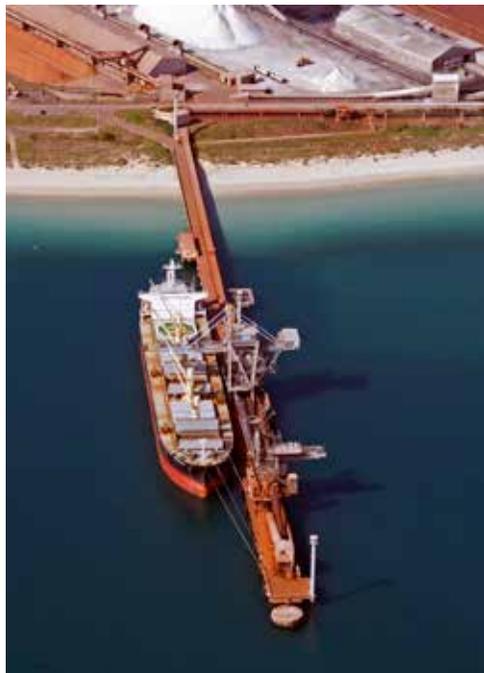
STATISTICAL INFORMATION



MAJOR EXPORTS BY COUNTRY 2015-16

Country	% Tonnes	Mass Tonnes	Principal Commodity (% Country Total)
China	36.63%	7,407,818	Iron Ore (63.5) Alumina (13.2) Barley (8.6) Wheat (5.2) Oats (1.2) Waste Paper (1.2)
Australia	13.26%	2,681,822	Refined Petroleum (65.4) Alumina (16.5) Iron Ore (8.5) Ships Bunkers (3.9) Ammonium Nitrate (2.7)
South Korea	8.23%	1,664,333	Wheat (57.5) Iron Ore (27.2) Animal Feeds (5.2) Alumina (1.9) Titanium Dioxide (1.3)
Japan	5.87%	1,187,465	Wheat (56.5) Animal Feeds (16.1) Alumina (13.2) Malt (2.4) Barley (2.2)
Indonesia	5.73%	1,159,464	Wheat (60.5) Alumina (21) Waste Paper (6.1) Metal Scrap (4.2) Ammonium Nitrate (1.3)
Malaysia	4.34%	877,938	Alumina (41.4) Wheat (18.6) Non Ferrous Metals (6.7) Other Crude Minerals (6.4) Other Cereals and Cereal Preparations (2.5) Fresh Fruit and Vegetables (2.5) Titanium Dioxide (2.4)
Singapore	4.23%	856,240	Refined Petroleum (52.3) Tallow (3.7) Dairy Products (3.4) Malt (3) Non Ferrous Metals (2.8) Fresh Fruit and Vegetables (1.9)
India	3.50%	707,619	Alumina (59.3) Metal Scrap (13.4) Wheat (4.7) Mineral Sands (4.6) Titanium Dioxide (2.7) Canola Seed (2.5) Other Cereals and Cereal Preparations (2.5)
Vietnam	2.98%	602,341	Wheat (72.6) Metal Scrap (8.4) Malt (7.6) Cattle and Calves (2.5) Titanium Dioxide (1.4) Barley (1.1)
Kuwait	1.76%	355,685	Wheat (55.2) Barley (17.4) Sheep (10.2) Metal Scrap (6.4) Animal Feeds (For Consumption On Voyage) (6.4) Other Cereals and Cereal Preparations (2.8)
United Arab Emirates	1.60%	322,987	Alumina (41.7) Wheat (22.7) Fresh Fruit and Vegetables (9.4) Barley (4) Other Transport Equipment and Parts (3.4) Oats (2.6) Sheep (2.1) Other Animal Foods Prepared Or Manufactured (2.1)

STATISTICAL INFORMATION



Kwinana Bulk Terminal

MAJOR IMPORTS BY COMMODITY 2015-16

Commodity	% Tonnes	Mass Tonnes	Principal Countries (% Commodity Total)
Crude Petroleum	41.4%	6,084,761	United Arab Emirates (42.8) Indonesia (15.9) Malaysia (13.7) Papua New Guinea (10.4) Australia (6.6) Vietnam (4.7) New Zealand (1.4) Brunei (1.4) Singapore (1.3)
Cement/White Clinker	8.0%	1,168,017	Japan (50.5) Indonesia (23.3) China (20.3) Malaysia (5.9)
Caustic Soda	6.2%	917,170	Saudi Arabia (49.7) United States of America (15.0) China (9.6) Taiwan (8.4) Qatar (5.9) South Korea (4.4) Japan (3.9) Netherlands (2.0)
Refined Petroleum	4.2%	609,611	Singapore (77.1) Papua New Guinea (13.0) Thailand (3.7) Malaysia (2.8)
Phosphates and fertilisers	4.1%	609,206	United States of America (37.0) Australia (15.1) Saudi Arabia (15.0) Jordan (10.5) China (6.0) Israel (4.1) South Korea (3.4) Morocco (2.0)
Sulphur	3.3%	481,757	Canada (99.9)
Chemicals and Related Products	2.5%	363,466	China (30.6) Australia (14.3) Thailand (11.8) Malaysia (5.4) Singapore (5.0) United States of America (5.0) Indonesia (4.7) South Korea (3.6) Belgium (2.1) Taiwan (2.0)
Urea	2.4%	345,824	Qatar (45.4) Saudi Arabia (34.9) United Arab Emirates (6.6) Indonesia (6.0) Australia (5.7)
Iron and Steel Products	2.3%	331,818	China (29.2) Australia (24) South Korea (9.6) Taiwan (8.2) Singapore (7.4) Thailand (3.2) New Zealand (2.2) Malaysia (2.1)
Manufactures of Metal	2.2%	317,270	China (45.5) Australia (18.1) Thailand (5.6) Malaysia (4.1) Indonesia (3.1) United Arab Emirates (3.0) South Korea (2.9) Singapore (2.6) India (2.5) Taiwan (2.1)

STATISTICAL INFORMATION



MAJOR IMPORTS BY COUNTRY 2015-16

Country	% Tonnes	Mass Tonnes	Principal Commodity (% Country Total)
United Arab Emirates	18.2%	2,673,822	Crude Petroleum (97.5) Urea (0.9)
Australia	11.8%	1,730,940	Crude Petroleum (23.2) Ammonia (13.5) Ale, Beer and Stout (5.4) Phosphates and fertilisers (5.3) Fabricated Construction Materials (5.1) Paper, Paperboard and Articles of Paper Pulp (4.8) Gypsum (4.7) Iron and Steel Products (4.6) Manufactures of Metal (3.3) Chemicals and Related Products (3.0)
Indonesia	9.2%	1,354,437	Crude Petroleum (71.4) Cement Clinker (20.1) Urea (1.5) Chemicals and Related Products (1.3)
China	9.0%	1,318,158	Cement Clinker (16.3) Manufactures of Metal (10.9) Chemicals and Related Products (8.4) Iron and Steel Products (7.3) Caustic Soda (6.7) Furniture and Parts Thereof (5.2) Bricks, Tiles and Pavers (5.0) Machinery - Agricultural and Industrial (3.3) Phosphates and fertilisers (2.8) Plastic Wares and Other Manufactures (2.7) Rubber Manufactures (2.4) Coke (2.3)
Malaysia	7.5%	1,097,526	Crude Petroleum (76.0) White Clinker (4.0) Cement Clinker (2.3) Chemicals and Related Products (1.8) Refined Petroleum (1.5)
Japan	6.2%	909,796	Cement Clinker (60.1) Slag Residue Ex Steel Furnace (19.2) Motor Vehicles - New (5.4) White Clinker (4.8) Caustic Soda (3.9) Rubber Manufactures (2.6)
Saudi Arabia	4.9%	723,823	Caustic Soda (63.0) Urea (16.7) Phosphates and fertilisers (12.6) Crude Petroleum (5.4) Ammonia (2.1)
Papua New Guinea	4.8%	711,622	Crude Petroleum (88.7) Refined Petroleum (11.1)
Singapore	4.7%	689,040	Refined Petroleum (68.2) Crude Petroleum (11.4) Slag Residue Ex Steel Furnace (4.0) Iron and Steel Products (3.6) Chemicals and Related Products (2.6)
United States of America	3.8%	554,801	Phosphates and fertilisers (40.6) Caustic Soda (24.7) Potash (9.1) Chemicals and Related Products (3.3) Machinery - Agricultural and Industrial (2.9) Vehicles - Industrial and Agricultural (2.7) Rubber Manufactures (2.3) Other Food Preparations (2.3)
Canada	3.4%	495,311	Sulphur (97.2)
Vietnam	2.5%	359,768	Crude Petroleum (80.3) Lime (8.4) Furniture and Parts Thereof (2.4)

STATISTICAL INFORMATION



MAJOR CONTAINER COMMODITIES IMPORTED - TEU

Commodities	2014-15	2015-16	Variance %
Manufactures of Metal	27,972	28,285	1.1%
Furniture	31,088	26,836	-13.7%
Chemicals and Related Products	21,142	20,256	-4.2%
Machinery - Agricultural and Industrial	19,441	19,922	2.5%
Paper, Paperboard and Articles of Paper Pulp	19,379	19,723	1.8%
Iron and Steel Products	21,947	17,867	-18.6%
Plastic Wares and Other Manufactures	17,475	17,197	-1.6%
Household Appliances	16,477	16,882	2.5%
Rubber Manufactures	16,543	15,681	-5.2%
Fabricated Construction Material	15,860	15,218	-4.0%
Total	207,324	197,867	-4.6%
Percentage of Total Full TEU Imports	58.3%	57.0%	

MAJOR CONTAINER COMMODITIES EXPORTED - TEU

Commodities	2014-15	2015-16	Variance %
Animal Feeds	33,974	29,111	-14.3%
Waste Paper	21,299	21,065	-1.1%
Scrap Metals	12,038	11,932	-0.9%
Malt	11,931	11,260	-5.6%
Other Cereals and Cereal Preparations	9,030	10,145	12.3%
Chemicals and Related Products	8,106	9,688	19.5%
Titanium Dioxide	10,154	8,979	-11.6%
Fresh Fruit and Vegetables	7,322	8,439	15.3%
Oats	10,527	7,977	-24.2%
Fresh Meat - Chilled or Frozen	7,065	7,006	-0.8%
Total	131,446	125,602	-4.4%
Percentage of Total Full TEU Exports	59.1%	62.1%	

STATISTICAL INFORMATION

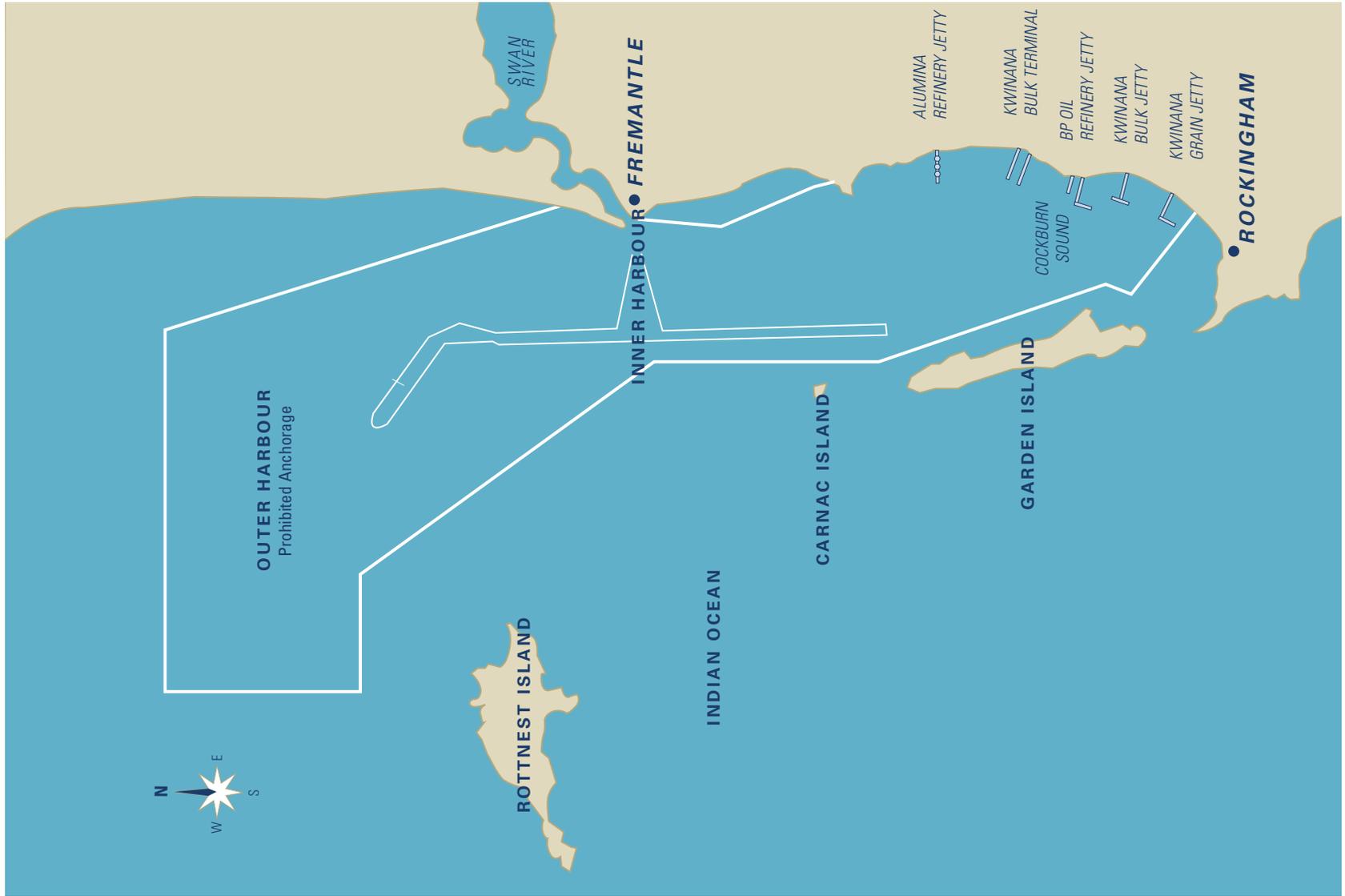


LIVESTOCK EXPORTS 2015-16					
Destination	Sheep	Cattle	Other Livestock	Total No.	% of Total
Africa	7,683	7,718	0	15,401	0.85%
Asia South-East	12,479	69,858	0	82,337	4.54%
East Asia - China	0	1,642	0	1,642	0.09%
Asia Southern	0	1,687	0	1,687	0.09%
Mediterranean - Turkey	0	14,701	0	14,701	0.81%
Middle East	1,628,273	69,017	0	1,697,290	93.52%
Russia	0	1,922	0	1,922	0.11%
Totals	1,648,435	166,545	0	1,814,980	100.00%

INNER HARBOUR MAP



OUTER HARBOUR MAP



PUBLICATIONS, ABBREVIATIONS, ADDRESS



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

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 website.

To provide your comments or ask a question, contact us by:

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