

# ABOUT THIS REPORT

Thank you for taking the time to review this year's annual report.

Its function is to inform you - our customers, communities, stakeholders and all Western Australians - about us as an organisation, our financial and operational performance, our strategic direction, priorities, contribution to the economy, significant issues and challenges, as well as our governance arrangements.

This report provides a comprehensive account of Fremantle Ports' activities during the 2020-21 financial year.

The report was provided to the Minister for Transport, Planning and Ports and later tabled before the Parliament of Western Australia.

Fremantle Ports acknowledges the Noongar peoples as the traditional custodians of port land and waters and pays respect to their elders, past and present.



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# **OVERVIEW**

## Vision



Our vision is to be Australia's best maritime gateway. We define that as:

- The best place to do business
- The best neighbour
- The best place to invest
- The best place to work



## Mission

Our mission is to create value by connecting Western Australia to global markets

## **Values**



These are our core values:

- Respect and integrity
- Safety and wellbeing
- Responsiveness and delivery
- Continuous improvement
- Sustainability

## About us

Fremantle Ports is a government trading enterprise with the Western Australian Government as its sole shareholder. Its purpose is to facilitate trade. Fremantle Ports is responsible for the operation of Western Australia's largest general cargo port, comprising the Inner Harbour adjacent to the city of Fremantle and Outer Harbour facilities in Cockburn Sound.

The Port of Fremantle handles more than 99 per cent of Western Australia's container trade and is the fourth-largest and one of the most efficient container ports in Australia. The Inner Harbour also facilitates vehicle imports, cruise ships, non-containerised cargo such as machinery, steel, heavy equipment, livestock and scrap metal, as well as research and specialist vessels or those ships that are laid-up.

The heritage-listed Fremantle Passenger Terminal - Australia's largest - can handle two ships simultaneously and is owned and operated by Fremantle Ports.

Kwinana Bulk Jetty (KBJ) and Kwinana Bulk Terminal (KBT) in the Outer Harbour at Cockburn Sound handle bulk commodities including bauxite, grains, petroleum products, silica sands, bitumen, fertilisers, iron ore and sulphur. KBJ and KBT are owned and operated by Fremantle Ports, while separate facilities in Cockburn Sound are privately operated by Alcoa, BP and CBH Group.

Fremantle Ports provides and maintains shipping channels in Gage Roads and Cockburn Sound, navigation aids, seawalls and road and rail infrastructure within the port environs that allow port users to conduct their operations effectively.

Other services provided include pilotage, towage, ship monitoring and scheduling, berth allocation, mooring, port communications, security, hazardous cargo services, quarantine, waste disposal, property management services, stevedoring, and bulk terminal receival and dispatch.

Fremantle Ports operates predominantly according to a landlord port model that is common worldwide, working hand in hand with private sector partners in the overall provision of port services. A modern port is a complex operation with significant logistical integration both within and outside of the port precinct.

Such services provided by private sector partners include container stevedoring,

non-containerised and bulk cargo stevedoring, towage, line boats, bunkering, shipping agencies, ship provisioning, road and rail transport, freight forwarding, customs clearance and fumigation.

Under the Port Authorities Act 1999, Fremantle Ports licenses a range of port services, including non-exclusive contracts with the private sector for towage and pilotage.

Fremantle Ports is also responsible for the development and activation of the heritage-listed west end of Victoria Quay, as a vibrant civic and commercial space.

A 24/7 operation, Fremantle Ports is administered from its headquarters on Victoria Quay in Fremantle and has a direct workforce of 318 people, though the total number employed in the wider Port of Fremantle by port partner organisations is far larger.

## A snapshot of our year



## COMMERCIAL RESULTS

## \$77.8m

Fremantle Ports achieved a before-tax profit of \$77.8m and returned total contributions to the State Government of \$68.87m - both well above target.





## **TRADE**

\$31,336,820,338

Despite an international downturn in maritime trade due to COVID-19, we achieved a record container trade volume of 807,061 TEU and imported of more than 100,000 motor vehicles (up 29.4%). Total non-containerised Inner Harbour trade increased by 12%. Overall port trade totalled 30.4m tonnes, however, was down 7.0% or 2.3m tonnes, due to a decline in bulk grain and bulk crude petroleum imports and petroleum exports following the cessation of refining operations at BP Kwinana. The total value of trade was \$31,336,820,338.



## COVID-19

## O transmissions through the port

Shipping operations continued uninterrupted throughout the year despite COVID-19, ensuring essential imports and exports in and out of Western Australia. Strong preventative actions by Fremantle Ports and WA Health resulted in zero transmission of the virus through the port, even though two ships with confirmed COVID-19 cases and one with a suspected case were required to call at Fremantle for medical aid.



## **RAIL SHARE**

## 103,000 trucks off the roads

We led Australia with the share of containers transported on rail averaging 18.4% for the year and peaking at 22.4%. This equated to taking 103,000 trucks off the roads for the year.





#### COMMUNITY SUPPORT

The community's overall satisfaction with Fremantle Ports remained strong, with 64% of residents around the Inner Harbour area and 66% of Outer Harbour area residents satisfied overall. Both measures had risen on the previous year's results. The same survey showed 87% of respondents were familiar with what Fremantle Ports does - a significant rise on the previous year's outcome.





#### CONTAINER LEASES

Leases for the two container terminals on North Quay were finalised, providing certainty for industries reliant on efficient container operations. Our work included introducing Australia's most desirable and innovative fee structure framework, to facilitate access by industries to these services



#### MICROBREWERY DEVELOPMENT

Fremantle Ports leased the historic A Shed to Gage Roads Brewing, which commenced work to develop the heritage building into a waterfront microbrewery and eatery. The facility is scheduled to open to the public this summer.



### **EFFICIENCY**

We remained one of Australia's top-performing container ports, as independently assessed by the Australian Government's Bureau of Infrastructure, Transport and Regional Economics' Waterline 66 report, posting the biggest improvements this year of any Australian container port for:

ship rate (17.5%)

crane rate (4%)

and labour rate (11.4%)



#### ASSET INVESTMENT

We developed an ambitious asset investment plan and delivery process, that will see key existing port assets in the Inner and Outer Harbours revitalised and new ones developed.



## **WESTPORT**

Fremantle Ports continued actively working with the Department of Transport and other government agencies to plan for the delivery of new container facilities in the Outer Harbour. At the same time, we made strong progress on broader port master planning for the next 50 years

## **RENT RELIEF**

We continued to provide rent relief during the ongoing COVID-19 pandemic to business tenants in need, according to their individual circumstances. The organisation undertook these measures in support of the Western Australian and national economies.



## VICTORIA QUAY

In a year when Rottnest ferry passenger numbers ebbed due to COVID-19, we took the opportunity to undertake considerable maintenance work on Victoria Quay's wharf structure, to protect the asset and enhance its future value as a civic and commercial precinct.





## COMMUNITY

We invested in 39 grassroots community organisations and initiatives this year and also launched the new Friends of Fremantle Ports volunteer program.



## **CLEAN AND GREEN**

We undertook important preliminary work on new sustainability initiatives, including preparatory work for a large solar energy array on the Fremantle Passenger Terminal, a project to trial hydrogen-electric trucks, and forming a coalition with 30 other ports worldwide on sustainable operations.



A comprehensive new environmental strategy was developed and endorsed, with new performance measures, targets and activities. The strategy included measures to address community and climate change concerns.



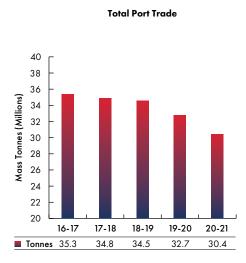
## **AWARDS**

We won two important Institute of Public Administration Australia awards - the Margaret Nadebaum Trophy for best annual report by a Government Trading Enterprise, for the seventh year in a row. In conjunction with other WA ports, we also won the Best Practice in Collaboration across Government Agencies Award, for our part in the Statewide Array Surveillance Program environmental initiative.



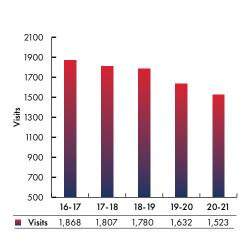
**Total Ship Visits (excluding Naval)** 

## Key business results

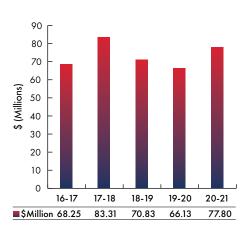


840 790 740 640 590 16-17 17-18 18-19 19-20 20-21

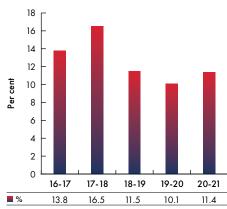
**Total Container Trade - TEU** 



Operating Profit Before Income Tax
Equivalent



**Economic Rate of Return on Assets** 

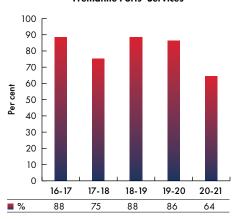


The Economic Rate of Return is based on assets valued at deprival value.

Shipping Line/Agent Survey Level of Overall Satisfaction with Fremantle Ports' Services

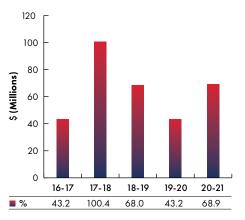
783.44 807.06

715.95 770.22 788.27



In 2020-21, 64% of respondents were satisfied or very satisfied. Target range 80-90%.

Fremantle Ports'
Contributions to State Government





## Chair's Foreword

It is with significant pleasure that
I can report that the organisation responded strongly, ensuring trade was able to continue without interruption.

Ross Love

In the shadow of a worldwide pandemic, ensuring the operations of the port would be able to continue effectively and adequately support the Western Australian economy was the priority for the board and management at the commencement of this year.

Twelve months ago, considerable uncertainty existed regarding the future outlook for international trade and naturally this extended to contemplation regarding what implications this might have for Fremantle Ports. It is with significant pleasure that I can report that the organisation responded strongly, ensuring trade was able to continue without interruption and allowing imports and exports to move successfully through the Port of Fremantle.

Most critically, despite a small number of COVID-19 affected ships having to enter the port, not one single case of transmission of the virus through the port occurred, despite it being at the effective front line of COVID-19. It was pleasing to see trade, in many respects, remain strong and in some cases grow during 2020-21 - a remarkable outcome by Fremantle Ports and the State and one of which other ports in other States would be envious.

I want to pay enormous thanks to all staff, particularly frontline staff, contractors, suppliers and partners for their ongoing commitment in a troubled global economic environment. For our employees it has required discipline and hard work, for which I am grateful.

My deep acknowledgement goes to former CEO, Chris Leatt-Hayter, who retired mid-year after 12 years as CEO during which time the port saw stability, prosperity and growth, in direct proportion to his leadership. I welcome incoming CEO Michael Parker to the role and look forward to working alongside him on new challenges in the coming year and beyond. My thanks also to Sean Craig for acting in the senior executive role for four months and ensuring the transition was a smooth

A change in leadership coincides with emerging opportunities for the business. The planned new container port in Kwinana (Westport) presents a 100-year opportunity to create the most efficient container supply chain possible for Western Australia - one that is highly-effective, low-cost, has zero emissions and a much-reduced community impact.

The vision is clear and exciting, though there is much work to be done yet, including having a deep understanding of the potentialities of a highly-integrated supply chain that isn't just seen as within the port's boundaries, but reaching far into the community and allowing us to facilitate trade as well as possible and businesses to maximise their success.

We must continue to improve our efficiency, effectiveness and safety of current operations, plan for the transition of containers, examine how best to support other maritime trades and support planning for a port footprint that will help Western Australia build sustainable cities for the future.

That will require visionary and committed staff and leaders and a continual commitment to the development of critical maritime, engineering and other skills to deliver the right outcomes.

I wish to thank my fellow directors and especially Deputy Chair Kim Horne, for their commitment and engagement during an especially busy year for Fremantle Ports. The support of outgoing Minister, Alannah MacTiernan MLC and her successor in the role, Rita Saffioti MLA and their respective offices was genuinely welcomed and appreciated throughout the year.

## Ross Love Chair

Board of Directors





## Chief Executive's Report

The organisation's future will be defined by its capacity to be future-focused, continue to understand and support the needs of our customers and continually promote and facilitate best-practice in supply chain efficiency.

Michael Parker

In a year when businesses around the world were sorely tested, Fremantle Ports' achievements have been considerable and numerous.

Most importantly, during 2020-21, the ships continued to come and go at Fremantle without interruption from COVID-19 and, in many respects, were largely unaffected by economic downturn. Business confidence in Western Australia remained predominantly buoyant and this was reflected in our performance.

The Port of Fremantle recorded a total trade throughput of 30.38m tonnes and saw a total container figure of 807,053 TEU, in a year when forecasts told us outcomes were likely to be more conservative. Bulk, break-bulk, vehicle and other trades such as steel performed strongly and continually throughout the 12-month period.

This translated into an operating profit of more than \$77m and a return to Government of \$68.8m. Operations may seem to have continued without a hitch, however the threat of COVID-19 transmission through the port remained a constant background threat throughout the year.

It is with gratitude that I thank staff, and frontline operational personnel in particular, for their constant vigilance. Adherence to COVID-19 safety protocols was not easy but I have no doubt that our people's discipline ensured there was no transmission of the virus from visiting ships into Fremantle.

The public would not have seen considerable work done this year on a range of projects that I am confident will position Fremantle Ports for future success. New container terminal lease agreements were negotiated to give confidence to industry in the years ahead, while much work was done on asset improvements and replacements that are essential.

On Victoria Quay, a significant development opportunity was secured, by way of the redevelopment of the historic A Shed as a microbrewery and eatery. This and other enhancements and developments on Victoria Quay, including the proposal for a film studio, are very likely to see a true transformation of this precinct as a vibrant community and commercial space.

New safety and environmental plans were developed, both of which are highly aspirational and will be key in how the business goes forward. There were great steps taken toward achieving a higher level of maturity in risk and governance matters, which certainly underpin strong organisational performance and resilience.

I believe the organisation's future will be defined by its capacity to be future-focused, continue to understand and support the needs of our customers and continually promote and facilitate best-practice in supply chain efficiency. In my short time with Fremantle Ports,
I have recognised the great potential of the organisation and a desire by our people to identify and embrace the opportunities ahead of us. Of course, that will require further investment in and development of our people, as the single most influential ingredient in achieving success. This year, we have seen an influx of new ideas and experiences through our recruitment activities that will add to the bank of knowledge the business already holds.

I thank the community for its continual support, our own employees, as well as Fremantle Ports' board for the opportunity to play a part in exciting times ahead.



## **Michael Parker**

Chief Executive Officer



# **OPERATIONAL STRUCTURE**

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

Our principles are applied in our operations, in planning and in decision-making, with a strong focus on creating value by understanding and responding to the needs and expectations of the Government of Western Australia as our sole shareholder, our regulators, our customers, other port users, our tenants, port and landside service providers and the community.



## Legislative framework

Fremantle Ports is a
Government Trading
Enterprise responsible
to the Minister for Ports
and established under the
Port Authorities Act 1999.
Our operations require us
to comply with these State
and Federal statutes:

Aboriginal Heritage Act 1972

Australian Maritime Safety Authority Act 1990

Biosecurity Act 2015

Commercial Tenancies (COVID-19 Response) Act 2020

Commercial Tenancy (Retail Shops) Agreements Act 1985

Contaminated Sites Act 2003

Corporations Act 2001

Corruption, Crime and Misconduct Act 2003

Customs Act 1901

Dangerous Goods Safety Act 2004

Disability Services Act 1993

Equal Opportunity Act 1984

Emergency Management Act 2005

Environmental Protection Act 1998

Fair Work Act 2009

Freedom of Information Act 1992

Financial Management Act 2006

Heritage Act 2018

Industrial Relations Act 1979

Maritime Transport and Offshore Facilities Security Act 2003

Mines Safety and Inspection Act 1994

Minimum Conditions of Employment Act 1993

Modern Slavery Act 2018

Occupational Safety and Health Act 1984

Planning and Development Act 2005

Port Authorities Act 1999

Procurement Act 2020

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

Salaries and Allowances Act 1975

State Records Act 2000

Statutory Corporations (Liability of Directors) Act 1996

Workers' Compensation and Injury Management Act 1981.

## Our Board



ROSS LOVE (Chair)

Ross Love, appointed as Chair in February 2020, recently retired after 25 years with the Boston Consulting Group where he was most recently Managing Partner for New York, Prior to that he held a number of positions in the Western Australian Government, including Chief of Staff to the Premier between 1990 and 1993. He is a graduate of UWA (BA Hons), Harvard's Kennedy School (MPA2) and the London Business School (ADP). Ross's experience bridges both corporate and government sectors, including airlines and airports, commuter rail, retail and resources. His focus has been on strategy development and execution, including large-scale organisational transformations. He is also a member of the WA Regional Development Trust and Chair of the Water Corporation Board.

Expiry of present term: 31 December 2022



KIM HORNE AM (Deputy Chair)

Kim Horne, appointed to the board in February 2018, has worked in Western Australia and internationally as a senior executive in the mining industry for Alcoa for almost 45 years. He has extensive history in industry groups, and non-profit and government organisations in non-executive roles. Kim has chaired boards for privately owned transport and mining contracting companies. He has previously served on the Esperance Port Authority Board and is currently Deputy Chair of Synergy's Board. Kim is a graduate of the University of Western Australia's management education program and has completed numerous courses in most aspects of business management. Kim is Chair of the Board's Sustainability Committee.

Expiry of present term: 31 December, 2023



**DEBRA BLASKETT** 

Debra Blaskett, appointed to the board in January 2021, was previously an Executive at Perth Airport where she was responsible for Corporate Services including risk, governance, safety, environment, people and culture, and corporate affairs. Prior to joining Perth Airport, Debra held several senior positions in the Commonwealth public service across the portfolios of Australian External Territories Administration, aviation, maritime and offshore oil and gas security regulation. Debra has also previously been the Deputy President of the Board of the Tourism Council of WA and is a Commissioner with the WA Forest Products Commission. Debra holds Bachelor of Jurisprudence, Bachelor of Laws, and Bachelor of Arts (Hons) degrees, and is a Graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

Expiry of present term: 31 December 2022



### CARMELINA FIORENTINO

Carmelina Fiorentino, appointed to the board in January 2019, has over 25 years' experience specialising in finance and governance, including finance executive experience with Lotterywest and consulting experience with innovation start-ups, property, tertiary education, and government trading sectors. Carmelina leads the Business Advisory team at Business Foundations, is on the board of the Gaming and Wagering Commission of WA and has previously served on several boards in the arts. education, and community sectors. Carmelina is a Fellow Chartered Accountant, has an MBA (Advanced) with Distinction, Bachelor of Commerce, and has completed the AICD Company Directors Course.

Expiry of present term: 31 December 2021



### KATE LEWINS

Kate Lewins, appointed to the board in February 2020, is a Professor of Law at Murdoch University. Kate has specialised in shipping and transport matters for 30 years. Kate was a senior associate at a national law firm before joining Murdoch University in 1997. Kate completed her undergraduate law studies at UWA, holds an LLM (specialising in maritime law) from University of Southampton, and a PhD from Murdoch University. Her PhD topic was the intersection between commercial maritime law and the Trade Practices Act 1974. Kate is Academic Fellow of the Centre for Maritime Law at the National University of Singapore, where she teaches into their specialist LLM. She is a member of the Maritime Law Association of Australia and New Zealand, and Women's International Shipping and Trading Association.

Expiry of present term: 31 December 2021



## **GLEN MCLEOD**

Glen McLeod, appointed to the board in November 2020, is a lawyer with more than 40 years' experience in environmental, town planning, government and development law. He has held senior positions in major law firms in Perth and London, In 2012, he established Glen McLeod Legal, which continues to operate. He is a member of the WA Environmental Protection Authority and the International Bar Association's Council for the Section on Energy, Environment Resources and Infrastructure Law. He is also a member of the WA Law Society's Environment Town Planning and Local Government Committee and is a Fellow of the Royal Society of Arts. Glen is an Adjunct Professor at Murdoch University, where he teaches environmental and town planning law.

Expiry of present term: 30 June 2023



### ANNE NOLAN

Anne Nolan, appointed to the board in February 2018, was Director-General of the Department of Finance in Western Australia. Anne has extensive experience leading and developing public sector agencies with focus on economic and financial matters. She has had responsibility for areas as diverse as industry and resource development, economic and tax policy, energy policy, economic forecasting, intergovernmental relations, infrastructure and public administration. Previous positions include: Director-General. Department of State Development; Deputy Director-General, Department of the Premier and Cabinet; Coordinator of Energy and Executive Director (Economics), Department of Treasury. Anne is currently Adjunct Professor of Economics at the University of Western Australia, a board member of the WA Symphony Orchestra and UWA Business School, and a member of Chief Executive Women. Anne was appointed Chair of the Audit and Risk Management Committee on 1 January 2019.

Expiry of present term: 31 December 2023

## Our Executive

Leadership Team



MICHAEL PARKER
Chief Executive Officer

Michael Parker was appointed CEO in May 2021. He was formerly Business Unit President and Managing Director/ Chairman of Alcoa Alumina and Alcoa of Australia between 2015 and 2019. Michael has spent the majority of a career of more than 25 year with Alcoa and has an extensive background in global business operations, commercial management and supply chain. He is a passionate advocate on gender equality, diversity and workplace culture. Michael was previously Director Business Development and Marketing and Vice-President Alcoa Materials Management in Knoxville, Tennessee, USA - a role with responsibility for the company's North American road, rail and shipping transportation. He has held a range of executive and non-executive directorships and is a graduate of the Australian Institute of Company Directors.



ROGER MAKINS
General Manager Asset and
Infrastructure Management

Roger Makins joined Fremantle Ports in July 2020 and previously held senior management roles in both the public and private sector. Prior to his current role, he was Head of Engineering at the Water Corporation WA. He has extensive experience in developing and leading teams undertaking and providing asset management services in power utilities, mining and mineral processing organisations, and water utilities. Roger has masters level tertiary qualifications in mechanical engineering and business administration respectively and is a graduate member of the Australian Institute of Company Directors.



SEAN CRAIG General Manager Business Strategy and Sustainability

Sean Craig joined Fremantle Ports in 2008 and, prior to his current position, held various leadership roles across the business in strategic planning, commercial management, port development and preparing for the previously planned privatisation, with a growing focus on strategy development and execution, and management systems and organisational improvement. Sean has a background in consulting and ports management, with previous roles in both the public and private sector in Queensland and Western Australia. Sean has undergraduate degrees in environmental engineering and natural resource management, postgraduate degrees in international trade and business administration, and is a graduate of the Australian Institute of Company Directors.



TANVI HARIA
Chief Finance Officer and General
Manager Commercial and
Corporate Services

Tanvi Haria has been Chief Finance Officer, General Manager Commercial and Corporate Services and Secretary to the Board of Directors since 2013. She possesses more than 25 years of broad business experience in leadership, strategy, corporate governance and commercial and financial management gained in a variety of industries. She has tertiary qualifications in business and accounting, is a Fellow of CPA Australia and a member of the Australian Institute of Company Directors. Tanvi is an elected councillor of the CPA Australia WA Divisional Council, board member and treasurer of Muscular Dystrophy WA and a member of the Resources Committee at Edith Cowan University.



LOUISE CAPEWELL Executive Manager People and Culture

Louise Capewell has worked with Fremantle Ports since 2015 in a variety of roles across the business, including a leading role in the previously planned privatisation, as well as the development and implementation of the organisation's five-year strategic plan. Louise brings more than 20 years' experience in commercial roles since graduating with a Bachelor of Commerce. Her early career commenced with the State Government followed by over 12 years with CSC Australia in various roles including consulting, seven years as the WA Commercial Manager and two years as the account director for resource sector clients. From 2013, Louise provided consulting services across the WA ports sector.



GAVIN BIGNELL
General Manager Port Operations

Gavin Bignell was appointed General Manager Operations in March 2020 having previously worked in a number of roles across operations, business transformation, commercial management, trading and external affairs. Most recently Gavin has held senior management positions with the CBH Group, including as Operations Manager where he led a transformation program across CBH's port assets. Gavin holds a Bachelor of Agriculture Science (Honours), a Graduate Diploma in Applied Finance and Investment (KAPLAIN) and is a Graduate of the Australian Rural Leadership Program.

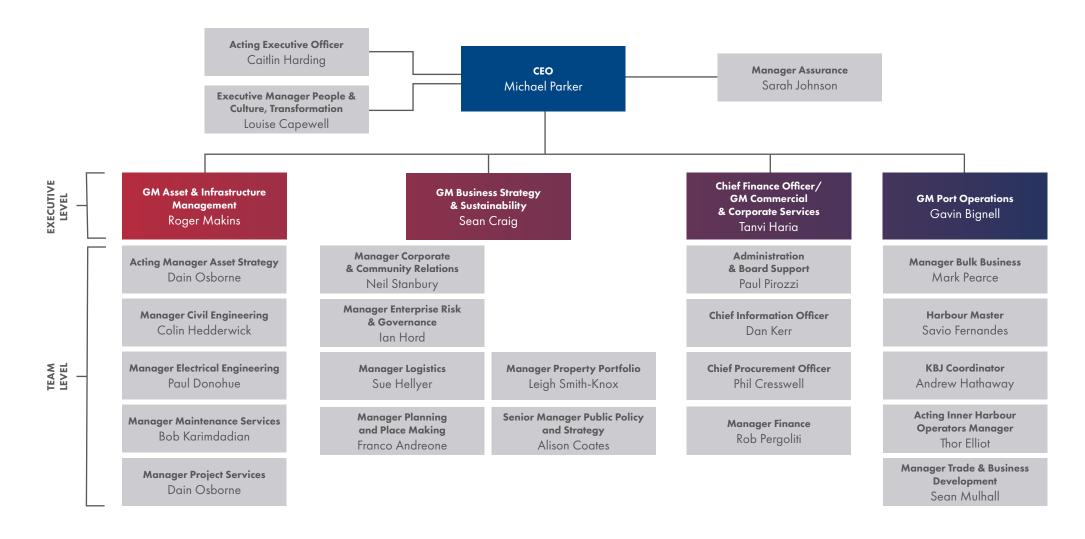


ALISON COATES
Senior Manager Public Policy
and Strategy

Alison Coates joined Fremantle Ports in 2014 and has more than 25 years' experience in the government sector, mainly working in the transport portfolio across a range of areas including major transport projects, marine safety, regional services, licensing, corporate development and public transport. Alison has a Bachelor of Business, majoring in marketing and finance.

## Organisational structure

**OPERATIONAL STRUCTURE** 







# Performance management framework

## Government goals

State Government organisations work together to achieve four high-level goals in support of the State Government's desired outcomes. Government goals are an expression of high-level policies and/or priorities that support the State Government's vision.

Against those goals, this table outlines Fremantle Ports' objectives, key outcomes sought, how those outcomes are measured, and how we performed this year.





### **GOAL:** SUSTAINABLE FINANCES

Responsible financial management and better service delivery



## FREMANTLE PORTS' OBJECTIVES

#### **KEY OUTCOMES SOUGHT**

## **MEASURES**

#### **RESULTS**

Achieve financial targets in line with State Government expectations

- Increased trade and revenue
- Optimised overheads and costs

- Government targets are met
- Financial performance: rate of return and profit
- Financial contributions to State Government
- Rate of return of 11.4%, up on the target of 8.3%
- A contribution to Government of \$68.87m million in tax equivalents, dividends, other taxes and fees
- Total port trade down 7.6%, yet total container trade up 3.0%.
- Non-containerised Inner Harbour trade up 12%. Bulk trade up 9.5%.
- Before-tax profit of \$77.8m

Provide reliable and efficient services to meet customer needs and add value

- Work collaboratively with key joint service providers
- High levels of customer satisfaction
- Highly efficient port operations

- Annual customer survey results
- Ship unloading rates
- Truck/container turnaround times
- · Rail share of container trade

- 64% of shipping lines satisfied with Fremantle Ports' services
- Average container lift per berth hour up 11.9%\*
- Australia's fastest wharf-side crane rate.
- Australia's fastest average container turnaround time (landside)\*
- Australia's second highest percentage of containers on rail, averaging 18.4%

<sup>\*</sup>Above data sourced from Waterline 66 report. June 2020. Department of Infrastructure, Transport, Cities and Regional Development, Australian Govt.





## **GOAL:** FUTURE JOBS AND SKILLS

Grow and diversify the economy, create jobs and support skills development



FREMANTLE PORTS' OBJECTIVES	KEY OUTCOMES SOUGHT	MEASURES	RESULTS
Positively contribute to the growth and diversity of the Western Australian economy	<ul> <li>Conditions that support investment and technological advancement in the port by service providers and other key stakeholders</li> <li>New trade and business opportunities captured</li> <li>Efficient supply chain</li> </ul>	<ul> <li>Number of trucks required to move 1,000 TEU</li> <li>Introduction of efficiency improvements and incentives</li> </ul>	<ul> <li>Number of trucks required to move 1,000 TEU increased to 694, up from 676 last year</li> <li>New and innovative operating agreements secured for container terminals</li> <li>Kwinana Bulk Terminal clinker circuit project approved</li> </ul>
Provide meaningful employment and training opportunities	<ul> <li>A great place to work with competitive working conditions for all staff</li> <li>Skilled and high performing staff</li> </ul>	<ul> <li>Number of staff employed</li> <li>Number of new staff on-boarded</li> <li>Courses and training run</li> </ul>	<ul> <li>318 people (300 FTE) employed</li> <li>98 recruitment events, including new employees, contractors, internal promotions and secondments</li> <li>Workplace training and development opportunities delivered across all divisions</li> <li>New performance framework introduced</li> </ul>





#### **GOAL: BETTER PLACES**

A quality environment with liveable and affordable communities and vibrant regions



## FREMANTLE PORTS' OBJECTIVES

#### **KEY OUTCOMES SOUGHT**

## **MEASURES**

#### RESULTS

- Minimise environmental risks, protect the environment and prevent pollution
- Maintain environmental management system (EMS) to international best-practice
- Protect the marine and terrestrial environments
- Prevent pollution of land and groundwater
- Development of suitable plans
- Maintain EMS ISO certification
- Marine, terrestrial and air quality monitoring programs implemented
- Contaminated sites management program implemented

- · New environmental management plan endorsed
- Maintained ISO certification for our EMS
- Continued our marine quality and pest monitoring programs
- Completed our baseline air quality monitoring program for the Inner Harbour
- Implemented terrestrial biosecurity management programs
- Ongoing implementation of our contaminated sites monitoring program

- Manage container supply-chain related impacts on the community
- Increase share of containers transported by rail
- Reduce number of trucks required for road freight task
- Community's support for Inner Harbour maintained
- Rail share of container trade
- Number of trucks required to move 1,000 TEU
- Percentage of unladen trucks visiting the port
- Community support for the Inner Harbour as a busy working port
- Degree to which smell, noise and traffic negatively impact upon Inner Harbour residents
- Rail share for container freight averaged 18.4%, for the year, taking 103,000 trucks off roads
- Number of trucks required to move 1,000 TEU increased to 694 from 676 last year
- Percentage of unladen trucks increased from 24% to 25%
- 66% of Inner Harbour community members support the busy working port
- Noise, smell and traffic impacts all surveyed as lower than last year

- Activate Victoria Quay as a vibrant community destination
- Increased public visitation to Victoria Quay
- A plan for staged development of Victoria Quay
- A key new development on Victoria Quay
- A place activation strategy implemented
- Victoria Quay visits
- Progress on the refresh of the Victoria Quay development vision
- Capital works

- Initiated A Shed microbrewery development
- Conducted third Quay to Summer activation program over 15 days
- Held Fremantle Passenger Terminal open day
- Undertook significant works on A Shed, C Shed and berth decks





## **GOAL: STRONG COMMUNITIES**

Safe communities and supported families



FREMANTLE PORTS' OBJECTIVES	KEY OUTCOMES SOUGHT	MEASURES	RESULTS
Provide safe and healthy working conditions to prevent work related injury and ill-health	Maintain safety management system with international best practice	<ul> <li>Maintain safety management system ISO accreditation</li> <li>Lost time injuries</li> </ul>	<ul> <li>Maintained ISO 45001 accreditation for our safety management system</li> <li>Lost time injuries limited to 5, the same as last year</li> </ul>
Maintain strong relationships with our communities	<ul> <li>Reduced community complaints</li> <li>Continue community satisfaction survey</li> <li>High quality community relationships</li> </ul>	<ul> <li>Community complaints received</li> <li>Community satisfaction survey conducted</li> <li>Community liaison meetings held</li> </ul>	<ul> <li>Total number of complaints fell this year from 63 to 49, with 100% addressed to the extent no further action could be taken</li> <li>Undertook our annual community satisfaction survey, informing us of issues and trends</li> <li>Implemented new Strategic Relationship Engagement system</li> <li>Three Inner Harbour Community Liaison Group meetings held</li> </ul>
Invest in our communities	<ul> <li>Strong face to face engagement and education on Victoria Quay</li> <li>A positive impact from our community investment program</li> </ul>	<ul> <li>Number of Port Walks and harbour tours conducted</li> <li>Number of community initiatives supported</li> </ul>	<ul> <li>Launched the Friends of Fremantle Ports volunteer program, delivering 55 port walks and 12 harbour tours</li> <li>Invested in 39 community enrichment, education, environmental leadership, and arts and culture initiatives</li> <li>Supported grass-roots youth, mental health and indigenous causes through funding</li> </ul>

## Shared responsibilities

Fremantle Ports shares responsibilities with a range of Western Australian Government departments and agencies, including those responsible for planning, emergency management, transport, environmental compliance, health, heritage, records management, tourism and trade development.

These agencies include WA Health;
Department of Transport; Main Roads
WA; Public Transport Authority; Western
Australian Treasury Corporation;
DevelopmentWA; WA Police Force;
Department of Fire and Emergency
Services; Department of Water and
Environmental Regulation; Department of
Biodiversity, Conservation and Attractions;
Department of Planning, Lands and
Heritage; Department of Mines, Industry
Regulation and Safety; and Department of
Jobs, Tourism, Science and Innovation.

During the year, the range of collaborative activities with these organisations included:

- Working particularly closely with WA Health and the WA Police Force on measures to prevent the transmission of COVID-19 into the community.
- Working with a range of planning, transport and other agencies to participate in the Westport project to progress plans for new container facilities in the Outer Harbour.
- Working with the Department of Transport, DevelopmentWA, Department of Jobs, Tourism, Science and Innovation, Department of Finance, Western Australian Museum and local government on enhancing the western end of Victoria Quay.
- Department of Water and Environmental Regulation on environmental testing.

- Heritage Council of Western Australia on Victoria Quay's inclusion on the permanent register of heritage places, as well as the maintenance of listed buildings and assets on Victoria Quay.
- DevelopmentWA in relation to property acquisition and development solutions.
- The State Records Office regarding the retention of records, loans and digital archiving.
- Tourism WA and the WA Cruise Committee on suitable arrangements and infrastructure for the WA cruise industry.
- Main Roads WA on the Swan River Crossings project, to replace the end-of-life Fremantle Traffic Bridge and construct a second rail bridge.







## Corporate scorecard

## How we planned to succeed

Each year in its annual report, Fremantle Ports publishes a range of key targets, covering economic, social, environmental and other performance. The targets put in to focus those areas where we strive to improve. This corporate scorecard sets out the extent to which Fremantle Ports was able to meet those targets.





## **ECONOMIC**

FINANCIAL AND TRADE	TARGET 2020-21	RESULTS
Financial results	\$72.38m profit before tax	\$77.8m profit before tax
Trade results		
Bulk/non-containerised Trade - annual growth rate	-0.2%	12%
Containers - annual growth rate	-9.9%	3%
Number of ship visits	n/a	1546

## **CUSTOMER SATISFACTION**

CUSTOMERS SATISFIED	TARGET 2020-21	RESULTS
Degree to which shipping line customers satisfied with Fremantle Ports services	Maintain at least 80% to 90% overall customer satisfaction with agents/shipping lines	64% of shipping line customers satisfied with services provided by Fremantle Ports, based on a shipping line/agent survey









## **SERVICE DELIVERY**

		UNAVAILABILITY OF SERVICES		UNAVAILABILITY OF BERTHS	
		TARGET 2020-21	RESULTS	TARGET 2020-21	RESULTS
Inner Harbour container shine	Total vessels affected	Less than 1%	0%	Less than 12%	5.9%
Inner Harbour container ships	Average hours per delay	Less than 20	0	Less than 20	32.3
Kwinana Bulk Terminal	Total vessels affected	Less than 1%	0%	Less than 40%	66.3%
KWINANA DUIK TERMINAT	Average hours per delay	Less than 5	0	Less than 120	127.5
Kwinana Bulk Jetty	Total vessels affected	Less than 2%	0.6%	Less than 25%	51.9%
	Average hours per delay	Less than 5	21.1	Less than 50	89.0





# BEST PRACTICE ENVIRONMENTAL, SAFETY AND OTHER BUSINESS SYSTEMS



# CERTIFICATION TO INTERNATIONAL ENVIRONMENTAL, SAFETY AND QUALITY STANDARDS

MAINTAINED	TARGET 2020-21	RESULTS
Certifications achieved or maintained	Continue to comply with ISO 9001, ISO 14001 and ISO 45001, and continuous improvement of our environmental, safety and quality management systems	Certification to ISO 9001, ISO 14001 and ISO 45001
Lost time injuries	0	5
Lost time injury frequency rate	5.8	6.7



## SOCIAL



COMMUNITY SATISFACTION	TARGET 2020-21	RESULTS
Degree to which community satisfied with Fremantle Ports	70% overall satisfaction	62% overall satisfaction (Inner Harbour 64%, Outer Harbour 66%) overall satisfaction
		Support of Inner Harbour as a busy working port 66%
Actions on complaints and suggestions	100% of complaints followed up until no further action required	100% of 49 complaints received logged and followed up until no further action required.

## Trade focus

In a period during which world maritime industry activities were significantly disrupted by COVID-19, it was pleasing that Fremantle Ports continued to provide sound trade results beyond what was forecast at the start of the financial year.

While overall trade through the Port of Fremantle was down 7.0% primarily due to reduced bulk crude and bulk refined petroleum imports, the facilities over which we exercise more control had a successful year. Wheat through the Kwinana Grain Jetty was down 4.6%. As always, trade performance was changeable depending upon the various sectors and their particular circumstances, however trade generally reflected a strongly-performing and relatively resilient WA economy.

### **Container trade**

Total container trade reached an all-time record for the Port of Fremantle of 807,061 TEU, an increase of 23,624 TEU on the previous year and above the five-year average.

The main drivers of this trend included an increase in the number of outgoing empty containers and ongoing domestic consumption which was likely linked to:

- Western Australians' increased discretionary income as a result of reduced travel and entertainment, with funds instead spent on consumables and home items;
- State and Federal government stimulus spending.

The overall increase in TEU was even more remarkable given a 15% reduction in containerised exports of grain, hay, waste paper and animal feeds, which are significant cargo categories in the Inner Harbour's throughput.



## Vehicles and break-bulk

Near-record levels of imports of motor vehicles and heavy machinery, including mining and agricultural equipment, were achieved, with the importation of used vehicles increasing 130.6% on last year's figures. The growth in the importation of used cars and steel supported the Australian coastal marine supply chain, as most used vehicles transited from Australia's eastern states to Fremantle.

Discussions with industry indicate that the roll-on-roll-off (RORO) trade is expected to continue at similar levels during the 2021-22 financial year. The high levels of demand for motor vehicles, mining and agricultural equipment and steel pushed the capacity of landside facilities to support these cargoes, in terms of moving them on to berths then away from the port before the arrival of subsequent vessels, however Fremantle Ports undertook a range of measures to optimise the use of its landside facilities at a time of high demand.



One measure adopted was closure of the Fremantle Ports-owned Peter Hughes Drive to the public for a week to allow it to be used as overflow storage. We also spent significant time engaging with the industry to identify ways to mitigate delays. In the coming year, Fremantle Ports will consider changes to its pricing structure and practices to encourage more efficient use of laydown areas. We are also investigating how berth capacity might be increased, by way of strengthening existing facilities.

Another development in relation to the RORO trade was the closure of the Autocare inspection and washdown facility on Victoria Quay. The facility serviced only a small number of vehicles and its closure means any vehicles requiring treatment or inspection will now go to one of the privately-operated facilities on Rous Head. Fremantle Ports is engaging with industry to better understand industry requirements in terms of quarantine washdown and inspection facilities.

## **Livestock**

Livestock exports of cattle, sheep and associated loaded fodder declined significantly. This industry has expressed concerns to Fremantle Ports as to the lack of appropriate berth space at the Port of Fremantle. The issue arises as, due to social licence considerations, Fremantle Ports can only really support this trade from Berths 1 and 2 on North Quay. These berths are becoming more expensive for the livestock industry to use for two reasons, being:

- the increasing size of container ships, meaning wide vessels on Berth 1 must vacate the berth to allow a concurrent container vessel to enter or leave the port; and
- 2. operating restrictions arising from the condition of Berth 2, that require the industry to use larger and more expensive cranes during loading.

Fremantle Ports carried out several engineering reviews of the berths and is continuing to undertake repairs to extend the life of these berths. The berths are under regular review and we will continue to engage with industry.

## Market innovation

COVID-19 stimulated market innovation, involving Fremantle. This year, shipping line ANL/ CMA-CGM began offering a regular west to east coastal trading option. In addition, the lack of airfreight space associated with the reduction in international air travel, created transport issues for Western Australian fresh produce exporters typically favouring air freight.

In response, global logistics and supply chain company Tigers International Solutions worked with the Western Australia Government and Austrade in April to establish a pilot programme to support local fresh produce exporters dispatching to Singapore. Rather than needing to completely fill containers themselves, producers with similar temperature requirements were allocated space in shared containers. If the ongoing pilot proves successful, it may be expanded to other Asian destinations.

## **Stakeholder satisfaction**

This year, Fremantle Ports' customer survey in June found 64 per cent of shipping line customers were satisfied or very satisfied with our services, which was a decline on the previous year's survey result. Record levels of some trades have resulted in increasing waiting times for certain categories of vessels, particularly those using KBJ and KBT. We recognise these issues and, early in 2021-22 will consult with industry partners to understand in more detail the drivers behind this result.

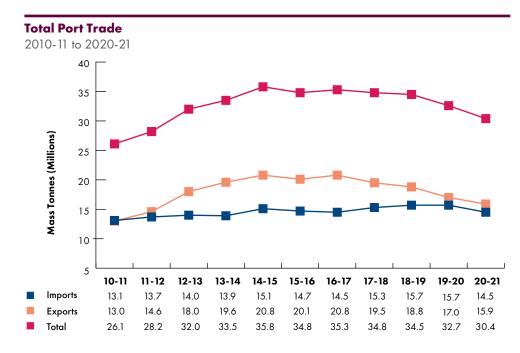
Fremantle Ports engaged regularly with Inner and Outer Harbour customers and continued to play a key facilitating role for the Inner Harbour-focused Port Operations Task Force.

## Fuel and liquid bulk

With BP ceasing to refine crude petroleum at its Kwinana facility in February, there was increased interest by major fuel companies in gaining access to shore-side fuel storage terminals over KBT.

In one particular case, Puma Energy is well advanced in its project to construct a significant fuel storage facility at Kwinana Bulk Jetty, which is expected to be operational in the first quarter of 2022. The facility will import fuel through KBJ via a new pipeline under construction. The refined fuel will be imported directly from overseas and will supply a range of fuel providers.

In addition, Coogee Chemicals completed the construction of a 300mm stainless steel pipeline that services Berths 3 and 4 at KBJ. This pipeline can be used to import a range of products, with the initial import being UAN, which is an important liquid fertiliser for the agricultural industry. This line is also capable of supporting the importation of caustic soda, which is an input into the processing of lithium.



## **Total trade**

Total port trade in 2020-21 decreased by 7.0 per cent to 30.4 million tonnes, 2.3 million tonnes down compared with the previous fiscal year. This was predominantly due to the decline of bulk refined petroleum exports and bulk crude petroleum imports.



**Imports** Total imports in 2020-21 decreased 1.24 million tonnes or 7.9 per cent compared with the previous financial year. The large decrease in imports is essentially due to the cessation of BP's Refinery in Kwinana. Imports of crude petroleum ceased as from February 2021, declining by 3.27 million tonnes or 53.1 per cent from the previous year. The strengthening of other major commodities such as, refined petroleum, iron and steel and urea ammonium nitrate partially offset the impact from crude petroleum. In the Outer Harbour imports decreased by 1.45 million tonnes or 12.9 per cent compared to 2019-20. In the Inner Harbour, total imports increased by 0.21 million tonnes or 4.6 per cent.

## **Exports**

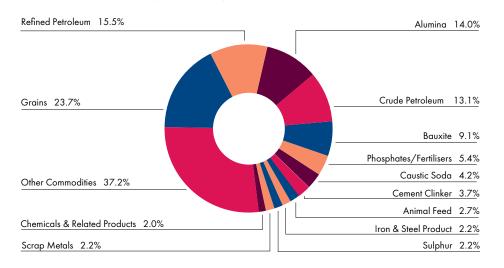
Total exports in 2020-21 decreased by 1.03 million tonnes or 6.1 per cent compared with the same period last year. This was predominantly due to shipments of refined petroleum from BP Kwinana decreasing by 1.03 million tonnes or 52.1 per cent. Inner Harbour exports decreased by 0.25 million tonnes or 5.5 per cent due to a fall in full container trade.





## **Principal Commodities**

2020-21 % of Total Trade (Mass Tonnes)



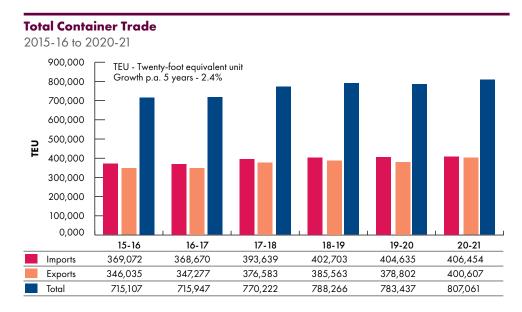


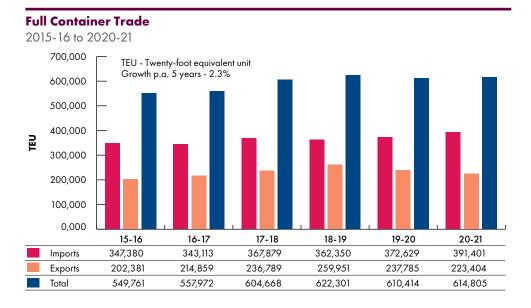


### **Container trade**

When compared with 2019-20:

- Total container trade increased by 3.0 per cent or 23,624 TEU. Exports increased by 5.8 per cent and imports increased 0.4 per cent.
- Total full container trade increased by 0.7 per cent or 4,391 TEU. Full container exports decreased by 6.0 per cent and full imports increased by 5.0 per cent.
- Empty container exports increased by 25.7 per cent and empty imports decreased by 53.0 per cent.
- Coastal container throughput decreased by 32.5 per cent or 33,696 TEU. Coastal full container throughput totalled 56,965 TEU, a decrease of 18,089 TEU or 24.1 per cent. Coastal empty container throughput decreased by 15,607 TEU or 54.6 per cent.









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**

The total throughput of break-bulk cargo in the Inner Harbour this year was 972,063 mass tonnes, an increase of 21.1 per cent compared with the previous year. Imports increased by 37.7 per cent, mainly due to increases in new and used motor vehicles, iron and steel and industrial and agricultural vehicles. Exports decreased by 3.0 per cent compared with last year, mainly due to the decrease in live sheep and cattle exports.





#### **Motor vehicles**

The total import in 2020-21 of new motor vehicles was 100,907 units, an increase of 22,945 units or 29.4 per cent. The combined total of vehicles imported from Japan, Thailand and South Korea accounted for 80.1 per cent of total imports, all of which encountered an increase in units by 8,705 (28.8%), 7,649 (39.2%) and 3,075 (26.5%) respectively.

Imports from China increased significantly by 3,505 units or 459.4 per cent, though USA imports decreased by 1,368 units or 51.9 per cent.

## Live sheep exports

Exports of live sheep totalled 0.57 million head. Trade with the Middle East was responsible for 99.1 per cent of live sheep exports from Fremantle, though exports fell

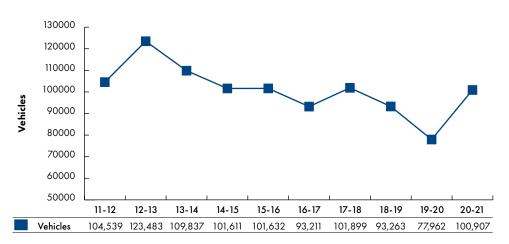
by 0.38 million head or 40.2 per cent when compared to last year. Exports to Kuwait, the largest market for live sheep in 2020-21, decreased by 64,321 head or 16.3 per cent. The shipment of live sheep to Qatar declined by 87.8 per cent or 0.22 million head and Jordan received no shipments, compared to 0.15 million head in 2019-20.

## Live cattle exports

Live cattle exports totalled 99,017 head, a decrease of 58,799 head or 37.3 per cent compared with 2019-20. Trade with Vietnam decreased by 4,264 head or 10.1 per cent and Israel declined by 29,746 head or 52.1 per cent. Exports to China declined by 10,373 head or 54.8 per cent.



2011-12 to 2020-21



#### **Live Sheep Exports** 2011-12 to 2020-21 2.00 1.75 1.50 1.25 1.00 0.75 0.50 0.25 11-12 12-13 13-14 14-15 15-16 16-17 17-18 18-19 19-20 20-21 1.79 1.70 1.75 1.78 1.65 1.60 1.56 0.97 0.96 0.57 Head

# **Bulk cargo**

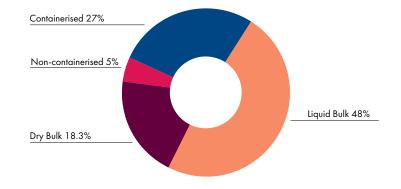
Bulk cargo contributed 21.6 million mass tonnes or 71.1 per cent of total port trade in 2020-21. Bulk exports decreased by 0.83 million tonnes or 6.6 per cent and imports decreased by 1.41 million tonnes or 12.5 per cent. Fremantle Ports' principal bulk cargo, petroleum products, decreased to 6.4 million mass tonnes in 2020-21 - a fall of 27.4 per cent or 2.43 million tonnes when compared with the same period last year. Refined petroleum exports were down by 1.03 million tonnes or 52.1 per cent and imports rose by 1.68 million tonnes or 235.7 per cent. Crude petroleum imports reduced to 2.88 million tonnes in 2020-21, down by 3.27 million tonnes or 53.1 per cent. The top five bulk exports were alumina, wheat, bauxite, barley, and refined petroleum which accounted for 87.7 per cent of total bulk exports. The export of bulk grain from CBH Kwinana decreased by 0.22 million tonnes or 4.6 per cent, mainly due to a decline in barley by 0.15 million tonnes or 11.9 per cent.

Total trade at the Kwinana Bulk Jetty (KBJ) increased by 0.48 tonnes to 3.57 million tonnes in 2020-21 primarily due to the import of bitumen, urea ammonium nitrate and refined petroleum. The total trade throughput at the Kwinana Bulk Terminal (KBT) increased by 0.23 million tonnes or 7.3 per cent to 3.43 million tonnes. This was solely due to the commencement of iron ore exports.

Trade by Co	argo Class (Mass Tonnes)	
Cargo	Imports	Exports
Liquid Bulk	7,023,153	1,253,621
Dry Bulk	2,844,295	10,467,933
Non - Containerised	679,058	372,191
Containerised	3,908,731	3,831,978
Total	14,455,237	15,925,722

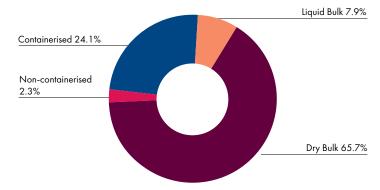
## **Trade by Cargo Class - Imports**

2020-21 (Mass Tonnes)



# Trade by Cargo Class - Exports

2020-21 (Mass Tonnes)



# Major overseas trading regions

In 2020/21 trade with Asia totalled 19.0 million tonnes, which accounted for 62.5 per cent of total port trade. Trade with Asia increased by 0.47 million tonnes or 2.5 per cent in 2020-21 when compared with 2019-20. Trade with East Asia decreased by 94,560 tonnes or 1.0 per cent and trade with South East Asia and Southern Asia increased by 0.44 (5.7%) and 0.12 (11.0%) million tonnes, respectively. Trade with the United States of America decreased by 2.0 million tonnes or 65.5 per cent solely due to the decline of crude petroleum imports. Additionally, trade with Malaysia and United Arab Emirates declined, primary due to crude petroleum shipments ceasing to Kwinana. Middle Eastern trade rose by 0.21 million tonnes or 5.8% predominantly due to the commencement of barley exports to Saudi Arabia of 0.7 million tonnes.

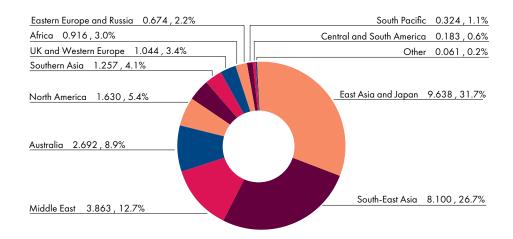
Trade with Western Europe increased by 0.19 million tonnes or 21.7 per cent, exports increased by 0.16 (45.1%) million tonnes and imports increased by 27,663 (5.5%) tonnes, respectively.

A cautionary note is that some of these figures could be deflated because of trans-shipments through Singapore. (A graphical representation showing the link with world trade is shown in the appendix, Statistical Information.)



## **Principal Areas of Trade**

2020-21 Mass Tonnes (Millions)



# Maritime operations

#### COVID-19

We continued to closely monitor COVID-19-related information for all ships arriving at Fremantle, along with other State and Federal agencies, to prevent community transmission from ships. Fremantle Ports worked side by side with WA Health and the WA Police Force in particular, in the management of ships that arrived in port for the treatment of crews and passengers aboard. Throughout, we maintained strong communications with shipping companies, shipping agents, Fremantle Pilots, towage contractors and other maritime stakeholders on pandemic-related matters.

# **Efficiency**

With our commitment to maintaining a strong customer focus, we continued enhancing performance monitoring measures for all services providers, to improve port efficiency.

## Safety of ships

To ensure a safe harbour and anchorage for ships calling at Fremantle, regular and periodical hydrographic surveys are conducted to confirm declared depths. Significant refurbishment of navigation aids around the harbour was undertaken and will continue into the new financial year. This included the procurement and roll-out of 96 sets of 'Sealite' lamps. The heritage-listed North and South Mole lighthouses - dating to 1903 and 1906 respectively - underwent renovations and were re-painted. The cast-iron lighthouses, designed by C.Y. O'Connor and manufactured by Chance Brothers of Birmingham, remain important working elements of our everyday navigation aid network, by marking the entry to the Inner Harbour.

To enhance safe conduct of pilotage, Fremantle Ports contracted the use of new and state of the art portable pilotage units, especially for manoeuvring large ships in the Inner Harbour. Pilots continued high-level and regular in-service training, including on digital simulators located in Fremantle.









## **Cruise shipping**

Normally a hub for both locally-based cruise ships and longer-passage vessels, Fremantle Passenger Terminal remained quiet this year, as COVID-19 continued to affect the cruise industry worldwide.

Due to Australian Government COVID-19 restrictions which restricted entry of foreign-flagged cruise vessels, just one Australian-flagged cruise vessel, the Coral Adventurer, visiting the Inner Harbour between March 6-10, 2021.

The ban on international cruise vessels commenced on 17 March 2020 and was further extended beyond that, to 17 September 2021 at the time of this report.

Conscious that cruising will eventually return, Fremantle Ports continued working with the cruise industry, both in Western Australia and nationally, to be prepared for the resumption of operations when the ban is lifted and safety for the public and crews is assured.

We took the opportunity to schedule further improvement works to the heritage-listed Fremantle Passenger Terminal, including the replacement of its ageing escalators and lifts. These works are scheduled to be completed in the coming year.

## **Swimming events**

We continued facilitating the two major mass-participation open-water swim events - the Rottnest Channel Swim and Port to Pub - to both ensure the continued safe and effective operations of shipping movements and the safety of these events' swimmers and support craft personnel.

There was, however, a very significant increase during the year in solo swim crossings across port waters between the mainland and Rottnest, which brought with it a number of instances where public and ship safety in navigation channels was of concern. For this reason, a pause was put on solo swim crossing approvals and we proactively engaged with solo-swim organisers to work on appropriate measures that will make solo crossings safe for all.

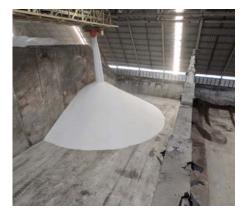
These negotiations will continue in the new financial year, with the objective of achieving a framework for safe solo swim crossings to occur. An incident relating to solo swim crossings is detailed in the complaints section of this report.

# Logistics

# Container terminal operating agreements

Fremantle Ports concluded negotiations with Patrick and DP World for new leases and associated operating agreements over the two existing container terminals in Fremantle. The new operating agreements took effect from January 2021.

The leases are for a ten-year term, with potential for Fremantle Ports to extend the term by up to a further 11 years. The new container terminal operating agreements have been introduced with associated incentives to encourage improvement in landside and quayside performance with the development and introduction of key performance indicators (KPIs). Rail transport



## **Rail transport**

Rail transport is critical to the movement of containers at Fremantle Inner Harbour, with rail share for container freight averaging 18.4% for the year, but peaking at 22.4% in May 2021 (refer Figure 1). Increasing rail mode share is a key Government priority, enabling significant numbers of containers to be transported safely and efficiently, while contributing to reduced congestion on our roads, with each loaded train removing up to 60 truck movements. In the 2020-21 financial vear, almost 150,000 TEU were moved on rail, which equates to a reduction of over 100,000 truck movements on roads to and from the port.

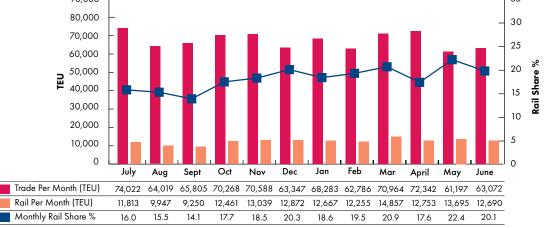
Rail volumes have almost doubled over the last ten years, and the Port of Fremantle consistently records the highest rail market shares across all capital cities in Australia.

There are currently between six to seven trains coming in and out of the port every

day. These trains can carry up to 90 twenty-foot containers transporting a range of items, from large amounts of agricultural product such as grain and malt, to our day-to-day import items.

# Monthly Rail Share

2020/2021 90,000 \_



## **Empty container parks**

Empty container congestion occurred at many major ports around the world at the height of the pandemic in particular because of unprecedented consumer demand driven by a COVID-induced shift from spending on services to spending on goods. Within Australia, the extent of the container imbalance was particularly evident in New South Wales where the situation was exacerbated by inclement weather and industrial action.

Fremantle Ports convened an Empty Container Park Working Group with key stakeholders from the Port Operations Taskforce in response to increased empty container holdings at Fremantle's Inner Harbour over a six-month period, throughout the year. The objective was to take a proactive and preventative approach to dealing with the container issue.

Empty container congestion eased after several sweeper vessels visited Fremantle to specifically evacuate empty containers. Holdings have now returned to normal levels at around 50 to 65 per cent utilisation on average across all facilities, after peaking in February at over 90 per cent.

## Swan river crossings project

The Swan River Crossings Project to replace the existing Fremantle Traffic Bridge, constructed in 1938, progressed during the year, with Fremantle Ports having active input into this Main Roads WA project, regarding any likely impact upon port operations. The project, led by Main Roads WA, includes a new passenger rail bridge which will provide an opportunity to expand freight rail access into the port via creation of a second rail crossing.

Consultation was undertaken by Main Roads WA (MRWA) on bridge alignment options, including an online invitation on their project website to "Have Your Say" and a series of public forums held in late 2020 and early 2021. Following alignment selection, MRWA will undertake design development work throughout 2021, and will actively seek stakeholder and community participation into heritage interpretation, bridge aesthetics, public amenity outcomes and the connectivity of pedestrian and cycling paths.

## High street upgrade project

The High Street upgrade project commenced in early 2020 and will continue in 2021, with a new roundabout to replace the existing intersection as well as other improvements between Stirling Highway and Carrington Street. The intersection changes by Main Roads WA will improve efficiency for heavy vehicles accessing the port, and address safety concerns associated with the current intersection, including reducing the risk of truck rollovers.





## **Annual truck survey**

Fremantle Ports conducts an annual truck survey to monitor the activity of vehicles coming in and out of Fremantle's Inner Harbour North Quay.

The following key observations were made based on the 2020 survey:

- Container trucks continue to represent just 10% of overall traffic on Tydeman Road and 2% on Port Beach Road.
- The number of containers being carried per loaded truck remains at 1.93 twenty-foot equivalent units (TEU)
- Trucks traveling unladen to the port increased by 4.2% reaching 25%, and the overall truck loading decreased from 1.48 TEU (2020) to 1.44 TEU per vehicle.

## **Digital initiatives**

Fremantle Ports has developed a Smart Port suite of digital initiatives, designed to deliver integrated solutions to optimise and enhance end-to-end supply chain and port efficiency, while reducing community and environmental impacts. While the suite of initiatives has progressed, two initiatives worthy of particular note include the 3D Digital Twin and the Supply Chain Data Intelligence Hub.

## **3D digital twin**

The Fremantle Ports 3D Digital Twin progressed this year from proof of concept to production stage and now displays live vessel tracking information for both the Inner and Outer Harbours. The next instalment of live tracking data will be integrated, following the procurement of video analytics. In addition, software recognition technologies are being explored to detect and analyse all truck

and train movements, including the number of containers being carried to and from the port, which will significantly improve the capture of data on a real-time basis.

# Supply chain data intelligence hub

The Supply Chain Data Intelligence Hub (data hub), developed in March 2020, gathered much interest throughout the year from key supply chain stakeholders including importers and exporters, government agencies, and other ports who have leveraged the trade insights it provides to inform decision making. Further development of the data hub is underway to unlock its full potential and promote broader use.

# Assets and infrastructure

2020-21 was a year of significant change for the Asset and Infrastructure Management Division, including the on-boarding of new senior personnel, a strengthening of asset management capability and the progression of projects of high importance to the organisation's operational capability.

We set new key priorities to:

- develop organisation design and capability to improve asset management and asset delivery functions.
- rebuild the civil engineering capability following retirements and departures,
- improve asset condition reporting on critical assets,
- improve asset risk management on critical assets,
- align asset investment plans with asset condition and asset risk, and
- maintain progress on critical projects in the Outer Harbour (KBT jetty refurbishment, KBT clinker import system, KBT HV upgrade), and in the Inner Harbour (VQ redevelopment and refurbishment works, berth upgrades).
- Undertake a high-level benchmarking exercise to determine best practice for asset condition reporting and risk management.

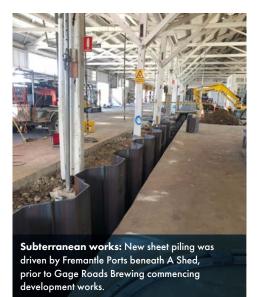


Several best practice improvements were subsequently implemented and included in the State of Assets Report 2020 as follows:

- overall asset condition rated on highest critical maintainable component condition.
- asset condition and risk reported by operational site, and
- asset replacement value used for benchmarking sustaining capital expenditure.

Risk treatment plans have been developed for assets that were identified with the highest operational risk profiles, and a significantly larger asset investment program has been approved for the next four years.

During the year, several significant projects were progressed in the Outer Harbour (KBT jetty refurbishment, KBT clinker import system, KBT HV upgrade), and in the Inner Harbour (building refurbishment and infrastructure upgrades).



# A shed foundation upgrade and redevelopment works

A shed sheet piling and foundation works inside and around A Shed were completed in preparation for the redevelopment of the shed by the proponent Gage Roads.

Following the securing of a lease agreement, Gage Roads Brewing appointed ICS Australia as principal contractor for the works on A Shed and detailed design and execution planning commenced. ICS's works commenced with the removal and replacement of the non-friable asbestos cement roof. The roof removal process was undertaken by a licensed asbestos removal subcontractor and occurred without incident. The new corrugated steel roof was fitted by the end of the year, with the facility expected to open to the public towards the end of 2021.

# Victoria quay berth sheet pile works

The significant age of sections of subterranean sheetpiling required ongoing renewal of several sections between the historic transit sheds. Sheetpiling renewals were completed between B and C Sheds, A and B sheds and also between C and D Sheds.

# C shed stabilisation and refurbishment

Significant building structural refurbishment works were carried out on C shed. The works included building structure stabilisation, removal of asbestos roof sheeting, and installation of a temporary roof. Additional foundation and sheet pile renewals works are planned.













## **KBB2** jetty repairs

Urgent concrete refurbishment works were carried out on 19 critical elements on the KBT jetty, comprising seven headstocks and 12 longitudinal beams.

## **KBT** berth lighting

Upgrades to the berth lighting at the Kwinana Bulk Terminal (KBT) were completed to improve site safety and working conditions on the jetty.

## KBT high voltage upgrade

Significant progress was made on upgrading the high voltage network at KBT under a capital works program to replace the aged switchgear and mineral oil-cooled transformers. This project upgrades the high voltage equipment at the site to the same standard as that presently in use at North Quay, Victoria Quay and KBJ. Once completed, all our high voltage

switchgear will be capable of being remotely operated from outside of the relevant sub-station, using a Supervision, Control and Data Acquisition (SCADA) system.

#### **KBT** clinker bins

Major repairs were undertaken on the KBT clinker bins to improve the structural of the bin casings. The works involved extensive cleaning, scaffolding and non-destructive testing to identify areas for repair. The repair works included the installation of new stiffening plates on the bin casings.

# Stakeholder engagement and social licence

As one of Western
Australia's most important
strategic assets, the port's
future sustainability
depends on the support
of the local and wider
WA community for its
operations. For that reason,
we strive to support the
economic, social and
environmental aspirations
of the communities in which
we operate, with a view to
building sustainable futures
together.

This year, we engaged with the community via a range of communication channels, including electronic newsletters, social media, news media, public events, community meetings, our volunteer program and through our community investment and education programs.

We directly reached out to key community stakeholders too, through the independently- chaired Inner Harbour Community Liaison Group, which met three times this year, with a sharing of information and views. Its members represent a wide range of local organisations and precincts and minutes of its meetings are lodged on our website for the public to read.

## **Community investment**

Fremantle Ports has built a strong reputation for being a trusted partner with local communities. We supported projects and activities through our community investment program throughout the geographical area in which we operate, including Fremantle and surrounding suburbs, as well as in

Cockburn, Kwinana, Rockingham and their environs.

This year, we supported 39 community initiatives or activities that aligned with our four greas of focus:

- · community enrichment
- education
- environmental leadership
- arts and culture.

In every case, our decisions were based on assessments of how those initiatives or projects would make a difference, reflect the relevant community's own priorities, and create opportunities for interaction with Fremantle Ports, Victoria Quay or port employees.

Arts and culture activities included sponsoring two awards at the City of Rockingham's Castaways Sculpture Award in October. All sculptures in the competition are created with recycled materials; this creative re-use aligns with our priority of environmental sustainability.

# Fremantle Ports supported and sponsored 39 community initiatives, programs or activities this year in our local communities.

Fremantle Ports supported two concerts in B Shed, Victoria Quay in March. First was the Fremantle Chamber Orchestra followed by Perth Symphony Orchestra with a celebration of the spiritual connection West Australians have with the Indian Ocean through a bespoke mix of music and ocean soundscapes, interwoven with stories told by WA individuals.

A new flexible art space was supported for development at Koorliny Arts Centre Kwinana and it hosted its first exhibition in January. Fremantle Ports was a major sponsor of the inaugural *OMG! Fringe Kwinana* which was postponed from February to April-May because of COVID-19 reasons.

We sponsored the stage at the extremely-popular inaugural South Fremantle Festival of Lights (Diwali) on a Sunday in November.

Fremantle Ports sponsored two open-water swims in December: the Fremantle Ports Swim Thru held by the Fremantle Masters Swimming Club at South Beach and the Christmas 10K Swim organised by Cockburn Masters Swimming Club at Coogee Beach.

Fremantle Ports sponsored informative signage throughout the ClimateWatch trail at Piney Lakes Environmental Education Centre, in Winthrop. This signage enables citizen science by encouraging people to walk the trail and observe and record information about the response of plants and animals to climate change. Another environmental initiative was sponsoring the WA Fairy Tern Network (Conservation Council of WA) \$10,000 for monitoring bird predators at Rous Head and McKinnon Point (Bunbury) and supporting a conservation strategy for the lower south-west region (Fremantle to Bunbury).

Two business award events were sponsored - the Rockingham Kwinana Chamber of Commerce Business Awards 2020 and the Fremantle Chamber of Commerce Business Awards 2020.

Fremantle Ports played a major part in attracting, sponsoring and hosting an international conference on ports, harbours and boating infrastructure in Fremantle in December. It was the first Asia-Pacific conference for PIANC, the World Association for Waterborne Transport Infrastructure, and attracted about 100 face-to-face delegates plus 90 delegates online from 10 overseas countries. The conference's theme of "Port, harbour and recreational boating for today and tomorrow" reflected growing worldwide recognition of placing the natural environment at the forefront of marine infrastructure projects, as well as a growing emphasis on social licence issues.

We were a founding sponsor of Impact 100 (Fremantle Foundation) and in 2020 the Australian Dental Health Foundation won the major \$100,000 grant. The world-class clinic at St Patrick's Community Care Centre in Fremantle was able to employ a permanent highly-qualified nurse, assisting in creating a sustainable free dental service for people experiencing homelessness.

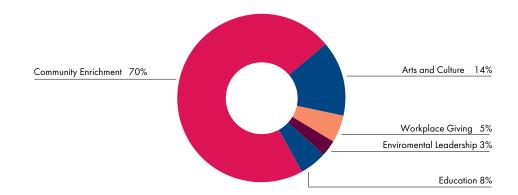
Other sponsorships included the Fremantle Ports Touch and Learn Wildlife Space at the Coogee Live festival and helping Fremantle Surf Life Saving Club fund a new surf boat, ready for this coming summer.

The local indigenous choir, the Walyalup Kannajil Community Choir, was funded for weekly singing lessons, writing workshops and performance and interactive sessions.



Harbour tours: We ran 12 free on-water tours of the Inner Harbour for the public over summer.

# Community Sponsorship Breakdown - Paid only 2020-21



#### **Friends Of Fremantle Ports**

In a new move to engage the public, we initiated the Friends of Fremantle Ports volunteering program, which was launched in October by then-Minister for Ports Alannah MacTiernan MLC and Member for Fremantle Simone McGurk MLA. Thirteen volunteers were selected from the local community - many with a background in marine or related operations and all with a strong interest in the port's operations and history - to help educate and inform the public about port operations and celebrate the rich history of Victoria Quay.

Since the program's launch, the Friends of Fremantle Ports have become expert in the port's past and present operations, and now run regular, free Port Walks along Victoria Quay on history, trade and logistics, architecture and maritime operations. Since October, the Friends have so far volunteered more than 203 hours, conducted 55 port walks for community members and education groups, and conducted 12 harbour tours in a special on-water summer series. Participants are very regularly surveyed and consistently showed a high degree of satisfaction and appreciation for these walks and tours.





# Volunteering and workplace giving

Fremantle Ports' employees were encouraged to volunteer their time or donate to charitable partners during the year, through the WAVE program. This year, the two identified recipient organisations were the Fremantle Foundation's COVID-19 WA Relief & Recovery Fund and WA Wildlife (formerly Native ARC), which rescues, treats and cares for injured or displaced native animals. Staff can access two days per year for volunteering. In one example, a group revamped Native Arc's worm farms and compost bays and created a new magpie enclosure.

#### **Education**

This year, we strengthened our partnerships with Aboriginal student centres at Curtin and Murdoch universities. Students from Curtin University's Centre for Aboriginal Studies and Murdoch University's Kulbardi Aboriginal Centre both visited for mentoring and port education sessions, which included on-water tours of the Inner Harbour.

#### **Port events**

Fremantle Ports' principal annual public event, Maritime Day, is usually held in November but was unfortunately postponed for COVID-19 reasons as it usually attracts many thousands of people. The next Maritime Day is scheduled for 12 March 2022. Partly to replace Maritime Day and because people had often expressed a wish to see inside the Fremantle Passenger Terminal, we opened the doors to this iconic 1960s building on Sunday 15 November and invited

the public to take a guided tour, see the extensive collection of Howard Taylor artwork and enjoy an immigration-era fashion parade. The Fremantle Passenger Terminal Then and Now open day was very successful with more than 1,500 people attending.

In response to public interest in the Fremantle Passenger Terminal, we held a successful open day, Fremantle Passenger Terminal; Then and Now on Sunday, November 15. Attendees were able to inspect the building and take tours regarding its history, heritage features and current operational role. A wide range of community groups and government partners took part in the day, which attracted several thousand people.

Regular one-hour free port walks along Victoria Quay were conducted and, for the first time, free one-hour harbour tours were offered over four Sundays in March and April. A 25-metre charter vessel with seating for 40 ran three





times a day from the East Street Jetty in East Fremantle, touring the harbour and returning to the same location. The tours covered everything from the river mouth's indigenous history, the harbour's construction, its role in trade, immigration and war-time, as well as how maritime and container operations occur.

Activation on Victoria Quay included the third annual Quay to Summer program of events, which this year included the E Shed Christmas Carnival; Victoria Quay Free Movie Marathon over 15 nights in January, Sunday Sessions at B Shed, and two concerts in B Shed in March, both sponsored by Fremantle Ports.

Celebrated sailor Jon Sanders' return to Western Australia was celebrated by Fremantle Ports on 31 January. The solo sailor ended his 11th circumnavigation of the globe with a victory lap of the Fremantle Inner Harbour, which was well-attended.

## **Indigenous reconciliation**

Work continued on Fremantle Ports' first Reconciliation Action Plan, which will be launched in 2021. This initiative has taken longer than expected, however we are committed to ensuring this process is built upon sound consultation and research, then undertaken well. A core deliverable of the plan is company-wide cultural awareness training for staff, which is scheduled to commence in August 2021. The plan also aims to increase employment and training opportunities for Aboriginal and Torres Strait islander people.

# Our people

In a period of rapid change, the knowledge, capability and commitment of our people is essential to us achieving our vision to be Australia's best maritime gateway. We aim to consistently attract, retain and develop our people to meet the multitude of challenges we face both operationally and corporately in our daily work.

We employ 318 people, which equates to 300.12 full time equivalent (FTE) employees. The total number of people employed remained steady in 2020-21, rising just slightly from 314 in 2019-20. In addition, a further 44 people constituted a contractor workforce across the organisation, rising from 23 the previous year.

The total workforce growth (permanent, fixed term and contractor) of 7.42% can be attributed to an increase in asset maintenance works and other transformation project work across our organisation.

Our attrition rate this year was 11.63%, which is considered healthy by industry standards.

All employees who left for reasons other than dismissal or redundancy were given the opportunity to complete an exit interview. 86% of those who completed an exit interview were satisfied with their direct manager, the availability of flexible work practices and working in an open and accepting work environment. In 57% of cases, employees said they would recommend Fremantle Ports as an employer to others.

In total, 98 recruitment events were completed in 2020/21, including new employees, contractors, internal promotions and secondments. We placed a high degree of focus on 'right organisational



fit', in addition to skills, qualifications and experience. Recent recruitment programs in Port Operations sought to increase gender diversity in the operational workforce.

Significant appointments in senior leadership roles were finalised this year, including the positions of:

- Chief Executive Officer
- General Manager, Asset and Infrastructure Management
- Harbour Master
- Deputy Harbour Master
- Manager Civil Engineering
- Manager Maintenance Services

We continued to review retention strategies and other initiatives in our workforce plan, emphasising succession planning and paying attention to how we intend strengthening leadership capability going into 2021-22. We believe streamlined recruitment and onboarding, as well as a focus on employee experience, will enhance our value proposition to potential external candidates, while ensuring career path opportunities remain strong for our current employees.

## **Employee relations**

**PERFORMANCE** 

Negotiations continued for the Bulk and General Stevedoring Enterprise Agreement and the Operations and Services Enterprise Agreement, both of which expired in April 2020. Continued negotiations will be required in 2020-21.

Negotiations also commenced for the Administration and Management Enterprise Agreement, which expired in June 2021. A vote by affected employees early in 2021-22 resolved to roll over the agreement.

# Performance development review

This year, we launched our new continuous performance and development framework enabling managers and employees to set both performance and development goals. This presented new opportunities for our people to make meaningful contributions to Fremantle Ports as well as their own personal development. Our new performance and development framework is supported by a digital platform that supports regular conversations, giving and receiving of feedback and a review of progress against performance goals.

An ongoing learning campaign across the year and continuing next year is aligned to the organisation's business cycle. We believe it will strengthen leadership capability and individual employee accountability for performance and individual development.

## On-boarding new employees

People and Culture implemented a fully-automated online onboarding program. Recognising that the employee experience begins before our new employees arrive at Fremantle Ports, this portal allows them to pre-submit relevant data prior to commencement, minimising administrative transaction time and enabling new starters to immediately interact with their new teams and internal stakeholders. The system has been positively welcomed by both the organisation and new staff.

#### **Code of conduct reviewed**

Every two years, employees acknowledge their understanding of, and commitment to, our Code of Conduct and their compliance with legislation, internal policies and professional standards of conduct.

This year, we completely reviewed the code, updating the language and making it more relevant and accessible to readers. The new code will be published in early 2021-22, supported by both face-to-face and online awareness sessions.

# Our employees believe they are paid fairly and feel supported in achieving a good work life balance.

## **Employee survey**

In our 2021 employee survey, measuring engagement and enablement, our employees told us they feel their jobs provide them the opportunity to do challenging and interesting work, makes use of their skills and abilities and that Fremantle Ports provides good physical working conditions that are safe. Our employees believe they are paid fairly and feel supported in achieving a good work life balance.

Opportunities to improve decision making and simplifying processes to make it easier for employees to undertake their roles were shared, along with a need to support cross team collaboration and communication. Building trust in senior leadership so that our employees feel confident that the business is being effectively managed and well run will be a key focus for Fremantle Ports in 2021-22.

Aligning the feedback from our employees, we will focus on simplifying our processes

where possible to support more effective decision making. We will communicate progress against our organisational priorities regularly whilst ensuing safety remains our highest priority.

## **Employee assistance program**

Many factors impact the lives of our employees outside of work. To help manage these external factors, staff sometimes require additional assistance or resources to support their mental and physical wellbeing. Fremantle Ports' confidential employee assistance program is available and supports our employees during these times. Services offered include independent counselling, advice and support for a full range of life issues. This program is extended to immediate family members of our employees.

#### Wellness

Recognising that our employees spend a significant amount of their time at work, we offer a range of wellness initiatives including:

- A strongly-promoted COVID-19 vaccination program and annual flu vaccinations
- Professional ergonomic assessments
- First aid training
- Lunch and learn sessions on superannuation and salary sacrifice options
- On site gym
- Time to provide blood donations

# Volunteering and workplace giving

Fremantle Ports provided employees with opportunities to contribute to two local charities - the Fremantle Foundation Covid-19 WA Relief and Recovery Fund and native animal sanctuary, WA Wildlife (formerly Native ARC). Staff have the option to contribute either through direct donations or volunteering, for which they can utilise up to two days' paid volunteer leave.

This year, more than \$15,500 was donated to our two nominated charitable partners and many hours volunteered.

Expanding opportunities for our employees to support a broader range of charities that are meaningful to them, both through financial contributions and paid volunteering leave is a focus for 2021-22.

# Safety, environment and sustainability

This year, we doubled down on efforts to improve safety and built foundations for future sustainability.

# Occupational Safety and Health

In late 2020 a three-year Work Health and Safety Strategy, with the objective of addressing key opportunities to improve Fremantle Ports' capacity and capability to manage its safety risks, was approved. It is now in the implementation phase and will:

- Provide greater alignment and clarity of accountability for safety outcomes across all areas of the business
- Provide workers, supervisors and managers with evidence-based safety systems, processes, tools and training
- Reduce 'safety clutter' (administrative and other processes with little or no safety return on investment)

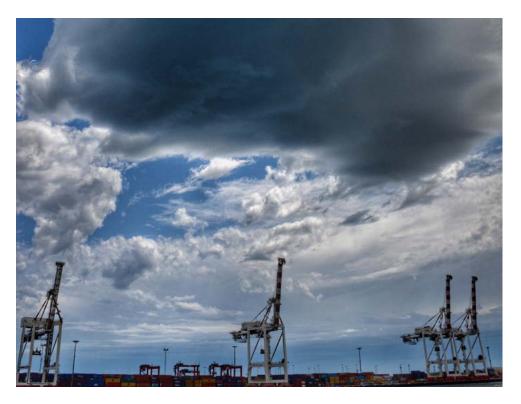
A key initiative of the strategy is to replace Fremantle Ports' legacy safety software systems with a contemporary cloud-based system that is effective, user-friendly and has mobility options.

## **Safety collaboration**

In June 2020, we hosted the first Ports WA Occupational Safety and Health Working Group meeting since the COVID-19 pandemic.

Safety managers and advisors from four of WA's port authorities and Darwin Ports participated. In the spirit of collaboration and shared learning, the working group addressed a range of operational safety matters including but not limited to:

- mechanisms for all WA ports to share safety alerts and incident lessons
- improved frameworks for contractor management
- muscular skeletal injury (sprains and strains) risk reduction
- new technology solutions for frontline risk assessments



## Safety system re-certification

The annual re-certification audit of Fremantle Ports' safety, environment and quality management systems was completed in May 2021 by Lloyd's Register. Due to the COVID-19 pandemic, the audit was conducted remotely over two and a half weeks.

Fremantle Ports retained its safety, environment and quality management certification to ISO 45001, ISO 14001 and ISO 9001. The auditors recognised noteworthy efforts in maintenance coordination and management of dangerous goods.





## **Environmental management**

Fremantle Ports adopted a new environmental strategy this year, for the period 2021-23, to document the organisation's strategic intent with respect to environmental management. The strategy is a significant step forward in the way it brings together in one plan against the key themes of 'people', 'air', 'natural environment' and 'circular economy' the factors within them:

- Air quality
- Greenhouse gas emissions
- Marine
- Terrestrial
- Waste
- Port people and culture; and
- Community

#### **AIR QUALITY**

challenges: The Fremantle community is on the doorstep of the Inner Harbour and there is a perception that air quality around ports is poor due to ship emissions, Visible emissions from port operations and odour from livestock vessels. There is also inadequate availability of reliable data to measure and better understand potential impacts on community health and wellbeing. Fremantle Ports handles dry bulk cargoes in the Outer Harbour which has potential to generate dust that impacts air quality, amenity and environmental values.

#### WHAT WE'VE ACHIEVED: We

implemented the dust strategy at Kwinana Bulk Terminal, which is classified as a Prescribed Premise under the *Environmental* Protection Act 1986 and operates under a Part V environmental licence.

Under condition 14 of the licence, Fremantle Ports is required to complete continuous monitoring of total suspended particulates (TSPs) at four locations around the site boundary.

Dust emissions can affect the health and amenity of surrounding industry and the environment, therefore dust management on site is important.

We report annually to the Department of Water and Environmental Regulation (DWER) and there were no exceedances of the reportable event criteria this year. In the Inner Harbour, we continued work towards establishing permanent air-monitoring stations, following a successful period of trial stations, which identified negligible air pollution emanating from port operations.

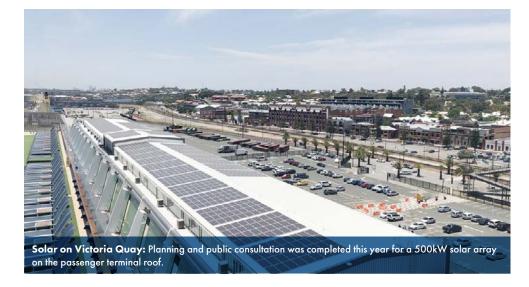
#### **GREENHOUSE GAS EMISSIONS**

**CHALLENGES:** As trade grows, alternative forms of energy will be required to meet national and global reduction targets.

WHAT WE'VE ACHIEVED: Since 2009 we have mapped our energy consumption and carbon emissions, however despite the wide availability of port carbon inventory and emission reduction guidance documents, no published methodologies currently exist for the development of port forecasting for the same. To resolve this, we worked with a Masters student from Murdoch University to develop a forecasting methodology by a process of review and experimentation with established forecasting techniques. A 'base case' approach was adopted, which has allowed us to develop long-term energy and emission projections to 2050 for the Inner Harbour, KBT and KBJ.

We also completed planning for a 500kW photovoltaic (solar panel) system on the roof of the Fremantle Passenger Terminal. Due for completion in early 2022, this array will provide about 15 per cent of Victoria Quay's energy needs, or all of the energy needs of the passenger terminal during cruise ship visits. The solar panels will reduce 15,000 tonnes of CO2 over 25 years, equivalent to the planting of 85,000 trees.

Fremantle Ports also completed a comprehensive climate change impact and risk assessment that included reviewing predictions for, and the likely effect, of changes to mean sea level, storm, ocean waves and current and extreme rain and flooding events. This informed a risk analysis of key port infrastructure and operations.



In June we joined more than 30 global ports in forming the Global Ports Hydrogen Coalition. Coordinated by the International Energy Agency, these ports will work together to accelerate and 'scale up' clean hydrogen production and demand in ports and coastal industrial clusters. The first meeting of the coalition is scheduled for late 2021.

#### MARINE

**CHALLENGES:** Perceptions exist that port marine quality is poor due to port operations.

WHAT WE'VE ACHIEVED: In yet another win for a highly-collaborative environmental strategy by WA Ports, the Statewide Array Surveillance Program (SWASP) won the Institute of Public Administration's Best Practice in Collaboration across Government Agencies Award. SWASP counters the risk of introduced marine species through



Program wins major award: Fremantle Ports teamed up with other WA ports in winning a major

ports via bio-fouling on ship hulls or in ballast water. Settlement arrays are submerged next to wharves and allowed to collect growth over two months. The arrays are then retrieved and subjected to DNA analysis to identify organisms at microscopic or larval levels, which can be vital in eradicating pests early.

environmental award for the Statewide Array Surveillance Program.

The port continued its marine quality monitoring program, first established in 2001 with a single annual summer survey of water quality, sediment quality and mussel tissue quality across sites in the Inner Harbour, Rous Head, shipping channels and Outer Harbour.

#### **TERRESTRIAL**

**CHALLENGES**: Contamination from past industrial land uses and ageing infrastructure needs to be managed to protect human health and the environment. As trade grows, there is an increased biosecurity threat from shipping and cargo.

what we've achieved: We sponsored the development of a fairy tern conservation strategy for the lower south west of WA, which will be released in September 2021. This project aligns with Fremantle Ports ongoing work at its Rous Head sanctuary for vulnerable migratory Australian Fairy Terns. Unfortunately, this year the fairy tern population chose not to

nest at the usually-successful Fremantle site, most likely due to cyclical site-selection to counter predation.

We continued our resolve to eradicate African bitou bush from Kwinana Bulk Terminal, which was first detected there in 2012. In the eastern states, bitou bush infestations have decimated native dune vegetation. From a peak of 1268 identified plants in 2012 we reduced it to just one identified plant in the 2021 survey. To manage the risk of reinfestation at KBT, it is prohibited to remove soil or vegetation

matter from KBT without environmental approval. Machinery also has a 'clean on exit' requirement.

We supported the Department of Primary Industries and Regional Development in its efforts to conduct surveillance for, and eradicate three invasive ant species on port land - red imported fire ants (Solenopsis invicta), browsing ants (Lepisiota frauenfeldi) and African black sugar ants (Lepisiota incisa). Further rounds of post-treatment surveillance and eradication are planned for October 2021.









going to landfill

#### WASTE

**CHALLENGES:** WA has the highest rate of waste generation per-capita in Australia and the equal-second lowest rate of resource recovery. Fremantle Ports' goal is to reduce waste generation, re-use materials and increase recycling, in support of the WA Government's 2030 waste strategy targets.

what we've achieved: In January, we introduced new event waste guidelines, to reduce single-use plastic generation at events in port areas. After a six-month rollout and stakeholder liaison, the guidelines became mandatory after June 2021. Fremantle Ports also introduced a new corporate waste action plan.

Works on Rous Head resulted in the stockpiling of large quantities of old asphalt and limestone fill. To avoid these materials ending up in landfill, Fremantle Ports identified options to recycle both the asphalt and limestone, successfully diverting over 1000 square metres of waste and saving more than \$280,000 in disposal fees.

#### PORT PEOPLE AND CULTURE

**CHALLENGES:** There are significant challenges in influencing our operational workforce to establish an effective first line of defence against pests, and also play an active role themselves in environmental performance.

WHAT WE'VE ACHIEVED: The Environment Team developed and delivered a workshop for Outer Harbour staff, covering a range of environmental topics and issues, including environmental licence requirements, waste management and hazardous material management. The aim was to strengthen the Outer Harbour workforce's capability to be more effective and a strong first line of defence for environmental management.

#### COMMUNITY

**CHALLENGES:** The Inner Harbour is a 24/7 operational port, adjacent to communities, with associated heavy vehicle and train movements, occasional smells from livestock vessels and noise from ships and port operations. Fremantle Ports works hard to minimise all of these potential impacts on the community.

what we've achieved: Annual community concern about vehicles, noise and smell associated with the port all reduced this year, as measured in our annual community satisfaction survey, compared with previous years' surveys.

- 15 per cent of respondents felt they were negatively impacted by noise, down from 17 per cent the previous year.
- 28 per cent of respondents felt they were negatively impacted by smell, down from 38 per cent the previous year.
- 42 per cent of respondents felt they
  were negatively impacted by the
  movement of trucks to and from
  the port, down from 54 per cent
  the previous year, despite a record
  increase in annual container numbers
  through the port.

We are currently developing a noise management strategy to improve our approach to mitigating noise from Inner Harbour operations. To optimise this, we engaged acoustic specialists to provide recommendations on how to best measure and manage noise sources at the port, as well as engaging with Ports Australia to investigate opportunities for consistent approaches by ports across Australia.



# **SIGNIFICANT ISSUES AND CHALLENGES**

#### COVID-19

Fremantle Ports continued its efforts this year to successfully prevent the transmission of COVID-19 through the Port of Fremantle, since the pandemic's commencement. With ports high-risk in terms of being potential points of entry for the virus, protocols and personal protection measures were optimised during the year and proved successful, despite multiple challenges.

We successfully managed three vessels with suspected COVID-19 this year - the Al Messilah and Key Integrity in October - with a total of 26 people aboard these two vessels who were proven to have the virus. The third - the bulk carrier Allegra in May 2021 - was suspected to have one person aboard with the virus but this later proved to be a 'false-positive' circumstance. During the year, a total of 1520 other ships visited the Port of Fremantle without being shown to have COVID-19 aboard.

Each of the three COVID-19 ship instances brought different considerations and dynamics, including the impact upon ship scheduling and ensuring the safe management of ships in port when - in some cases - their crews were depleted due to individuals being confined to hotel quarantine or medical treatment ashore.

More broadly and throughout the entire year, shore leave for ships' crews continued to be banned, while boarding of vessels by pilots, shore crews, stevedores and others was minimised. In all circumstances, personal protection equipment was made mandatory during vessel handling and boarding. Vaccination for all port employees was fast-tracked across Australia and Fremantle Ports staff took full advantage of this, in most cases. In some situations, individuals with direct contact with affected ships who had not been immunised presented concerns for port operations.

In two cases, ships were brought into the Inner Harbour to allow WA Health to effectively and safely provide medical assistance to sick crew and conduct testing of others aboard. In every case, WA Health, the WA Police Force and Fremantle Ports worked cooperatively to ensure strict compliance and separation of the vessels and crew from the community. Fremantle Ports' Operations Division participated regularly in WA Government emergency management standing committees, when required.

Like others in the community, Fremantle Ports staff adapted successfully to new working arrangements during lockdown periods, with a large proportion of office-based staff working from home on instruction, as required.

## **Enterprise agreements**

Fremantle Ports entered into industrial negotiations following the expiration of two enterprise agreements in April last year - the Bulk and General Stevedoring Enterprise Agreement 2017 and the Operations and Services Enterprise Agreement 2017. Industrial action arising in relation to this caused vessel delays and affected customer performance. Throughout, Fremantle Ports sought fair and reasonable outcomes that would underpin a viable and competitive business. Negotiations continued into 2021-22.



# DISCLOSURES AND LEGAL COMPLIANCE

# Directors' Report FOR THE YEAR ENDED 30 JUNE 2021

The Board of Directors of the Fremantle Port Authority (Fremantle Ports) has pleasure in submitting its report for the financial year ended 30 June 2021.

#### **DIRECTORS**

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

#### Ross Love (Chair)

Director since 1 February 2020 Chair since 1 February 2020

#### Kim Horne AM (Deputy Chair)

Director since 1 February 2018
Deputy Chair since 1 January 2019

#### **Anne Nolan**

Director since 1 February 2018

#### **Carmelina Fiorentino**

Director since 1 January 2019

#### **Professor Kate Lewins**

Director since 1 February 2020

#### Glen McLeod

Director since 16 November 2020

#### **Debra Blaskett**

Director since 1 January 2021

Directors whose terms expired during the financial year were:

#### Carmel McLure AC, QC

Director since 1 February 2018 Term Expired 30 December 2020

#### Karlie Mucjanko

Director since 1 February 2018 Term Expired 30 September 2020

Directors' biographies are shown on pages 15 - 16.

#### **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 2021 was:

	Eligibility to attend meetings of Directors	Meetings of Directors	Eligibility to attend Audit and Risk Management Committee	Audit and Risk Management Committee	Eligibility to attend Sustainability Committee	Sustainability Committee
Number of meetings held		10		4		3
Number of meeting	gs attended l	oy:				
Ross Love	10	10	-	-	-	-
Kim Horne	10	10	-	-	3	3
Carmel McLure	6	6	-	-	1	1
Karlie Mucjanko	3	2	-	-	1	1
Anne Nolan	10	9	4	4	-	-
Carmelina Fiorentino	10	10	4	4	-	-
Professor Kate Lewins	10	10	4	4	-	-
Glen McLeod	5	5	-	-	2	2
Debra Blaskett	4	4	2	2	2	2

## DIRECTORS' REPORT For the year ended 30 June 2021



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 \$77.797 million (2020: \$66.136 million). The income tax expense attributable to the profit for the financial year was \$23.292 million (2020: \$19.887 million).

#### **DIVIDENDS**

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 be recommended by the Board. An interim dividend for the year ended 30 June 2021 was not required to be declared by the Board (2020: \$nil).

During the financial year ended 30 June 2021, \$34.686 million was paid representing the full year dividend in respect of the financial results for the year ended 30 June 2020. For the year ended 30 June 2020, \$12.796 million was paid representing the balancing payment of the final dividend of \$36.659 million for the year ended 30 June 2019.

#### **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:

	2021 \$′000	2020 \$′000
Profit before income tax	77,797	66,136
Income tax expense	(23,292)	(19,887)
Profit for the period	54,505	46,249
Other comprehensive income/(loss)	846	(358)
Retained earnings at 1 July	265,101	232,006
	320,452	277,897
Dividends paid in the financial year	(34,686)	(12,796)
Retained earnings at 30 June	285,766	265,101

#### 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.

## DIRECTORS' REPORT For the year ended 30 June 2021

#### =

#### **EVENTS SUBSEQUENT TO REPORTING DATE**

#### Impact of COVID-19

The COVID-19 global pandemic and subsequent social distancing measures and restrictions imposed by the Western Australian, Australian and other overseas governments have caused disruption to business and economic activity. Fremantle Ports has managed, and continues to actively manage, the risks arising from COVID-19 including a review of its financial forecasts incorporating scenario and contingency planning. There have not been any significant adverse operational or financial impacts as a result of COVID-19 to date and any known impacts have been reflected in the 30 June 2021 financial statements.

As at the date these financial statements are authorised for issue, the Directors of Fremantle Ports consider that the financial effects of any potential changes cannot be reasonably estimated for future financial periods due to evolving changes in government policy and economic activity. The Directors consider that the general economic impacts arising from COVID-19 and potential lower levels of forecast activity may negatively impact the financial results in the near term.

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

#### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Fremantle Ports will continue to operate the business and work closely with its customers and stakeholders to fulfil its trade facilitation role.

Fremantle Ports has been working with a range of planning, transport and other agencies to participate in the Westport project to progress plans for new container facilities in the Outer Harbour as announced by the State Government in August 2020.

#### **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*	Short-term benefits Board and committee fees	Post- employment benefits Superannuation	Total
			\$′000	\$′000	\$′000
Chair	R Love	12 months	93	9	102
Deputy Chair	K Horne	12 months	52	5	57
Director	A Nolan	12 months	47	5	52
Director	C Fiorentino	12 months	45	4	49
Director	G Mcleod	7 months	27	3	30
Director	K Lewins	12 months	45	4	49
Director	D Blaskett	6 months	22	2	24
Director**	C McLure	6 months	-	-	-
Director	K Mucjanko	3 months	11	1	12

<sup>\*</sup> The period of membership column refers to the Board member's membership during the 2020/21 financial year.

<sup>\*\*</sup>Not eligible for fees in accordance with the WA Government policy on State Government Boards and Committees.

## DIRECTORS' REPORT For the year ended 30 June 2021

#### **DIRECTORS' BENEFITS**

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

#### **EXECUTIVES' EMOLUMENTS**

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

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

Details of emoluments provided to senior executives:

Name \$′000	Salary \$'000	Other \$′000	Post- employment benefits Superannuation \$'000	Other long-term benefits Long service leave \$'000	Total \$′000
	419	3 000		· .	
S. Craig <sup>2</sup>	419		40	14	474
T. Haria	381	1	36	14	432
G. Bignell	314	1	30	8	353
R. Makins	310	1	28	-	339
C.Leatt-Hayter <sup>1</sup>	263	1	41	19	324
M. Parker³	95	-	8	-	103

- 1. Chris Leatt-Hayter ceased as the Chief Executive Officer ("CEO") on 17th January 2021.
- 2. Sean Craig was the acting CEO from 25th December 2020 to 4th May 2021.
- 3. Michael Parker was appointed CEO from 5th May 2021.

#### **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".

#### 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 20 August 2021.

Ross have
Chair

**Director** 

27 August 2021

# Financial Statements FOR THE YEAR ENDED 30 JUNE 2021

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FINANCIAL STATEMENTS For the year ended 30 June 2021

# Directors' Declaration

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

- (a) the financial statements and notes, set out on pages 68 to 111 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 2021 and its performance 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 20 August 2021.

Ross hore Chair

Director

27 August 2021

FINANCIAL STATEMENTS For the year ended 30 June 2021

# Statement of Comprehensive Income FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$′000	2020 \$′000
Revenue	A.1	226,067	217,939
Expenditure			
General administration		(38,738)	(39,325)
Asset maintenance		(33,401)	(32,670)
Port operations expenses		(28,590)	(31,598)
Depreciation and amortisation expense	A.2	(16,996)	(17,429)
Marine expenses		(9,016)	(9,081)
Rates and taxes		(8,743)	(8,659)
Finance costs	A.2	(5,874)	(7,124)
Port utilities		(5,330)	(5,406)
Other expenses		(1,150)	(1,159)
Environmental expenses		(432)	648
Profit before income tax		77,797	66,136
Income tax expense	A.4	(23,292)	(19,887)
Profit after income tax for the period		54,505	46,249
Other comprehensive income/(loss)			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans	D.2	1,209	(511)
Income tax effect	A.4	(363)	153
Total other comprehensive income/(loss)		846	(358)
Total comprehensive income for the period, net of tax		55,351	45,891

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

# Statement of Financial Position AS AT 30 JUNE 2021

	Note	2021 \$′000	2020 \$′000
ASSETS			
Current assets			
Cash and cash equivalents	C.2	108,326	93,510
Trade and other receivables	E.1	22,716	20,283
Inventories	E.2	3,992	3,878
Current tax asset	A.4	-	268
Total current assets		135,034	117,939
Non-current assets			
Receivables	E.1	1,824	2,704
Property, plant and equipment	B.1	436,792	441,757
Intangible assets	B.2	140	327
Deferred tax assets	A.4	25,564	27,354
Total non-current assets		464,320	472,142
Total assets		599,354	590,081
LIABILITIES			
Current liabilities			
Trade and other payables	E.3	17,437	16,430
Interest bearing borrowings	C.3	1, <i>7</i> 80	1,694
Current tax liability	A.4	1,947	-
Provisions	D.1	14,477	13,929
Other liabilities	E.4	<i>7</i> 11	1,049
Total current liabilities		36,352	33,102

	Note	2021 \$′000	2020 \$'000
Non-current liabilities	,		
Interest bearing borrowings	C.3	157,888	169,023
Provisions	D.1	13,434	15,857
Other liabilities	E.4	855	1,939
Total non-current liabilities		172,177	186,819
Total liabilities		208,529	219,921
Net Assets		390,825	370,160
EQUITY			
Contributed equity	C.6	105,059	105,059
Retained earnings	C.6	285,766	265,101
Total equity	C.6	390,825	370,160

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

FINANCIAL STATEMENTS For the year ended 30 June 2021

# Statement of Changes in Equity FOR THE YEAR ENDED 30 JUNE 2021

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019		105,059	232,006	337,065
Profit for the period		-	46,249	46,249
Other comprehensive loss		-	(358)	(358)
Total comprehensive income for the period	C.6	-	45,891	45,891
Transactions with owners in their capacity as owners				
Dividends paid	A.3	-	(12,796)	(12,796)
Balance at 30 June 2020	C.6	105,059	265,101	370,160
Balance at 1 July 2020		105,059	265,101	370,160
Profit for the period		-	54,505	54,505
Other comprehensive income		-	846	846
Total comprehensive income for the period	C.6	-	55,351	55,351
Transactions with owners in their capacity as owners				
Dividends paid	A.3	-	(34,686)	(34,686)
Balance at 30 June 2021	C.6	105,059	285,766	390,825

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

FINANCIAL STATEMENTS For the year ended 30 June 2021

## Statement of Cash Flows FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$′000	2020 \$′000
Cash flows from operating activities			
Receipts from customers		246,937	242,004
Payments to suppliers and employees		(150,224)	(151,827)
Interest received		963	1,461
Interest paid		(6,095)	(7,436)
Income tax paid		(19,650)	(24,683)
Net cash inflow from operating activities	A.5	<i>7</i> 1,931	59,519
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,521)	(17,454)
Proceeds from sale of property, plant and equipme	ent	-	9
Net cash outflow from investing activities		(11,521)	(17,445)

	Note	2021 \$′000	2020 \$′000
Cash flows from financing activities			
Repayment of borrowings		(11,054)	(3,491)
Principal elements of lease		(662)	(1,049)
Proceeds from finance lease receivable		808	742
Dividends paid	A.3	(34,686)	(12,796)
Net cash outflow from financing activities		(45,594)	(16,594)
Net increase in cash and cash equivalents		14,816	25,480
Cash and cash equivalents at 1 July		93,510	68,030
Cash and cash equivalents at 30 June	C.2	108,326	93,510

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

### Notes to the Financial Statements FOR THE YEAR ENDED 30 JUNE 2021

#### **ABOUT THESE STATEMENTS**

Fremantle Port Authority ('Fremantle Ports') is a not-for-profit reporting entity for the purposes of Australian Accounting Standards (AASs). The nature of operations and principal activities are described in the Directors' Report.

#### STATEMENT OF COMPLIANCE

The financial statements are general purpose financial reports prepared in accordance with AASs (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB). The financial statements also comply with the financial reporting provisions of the *Port Authorities Act 1999*.

#### **BASIS OF PREPARATION**

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.

#### ROUNDING

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

#### **COMPARATIVE FIGURES**

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

#### **CURRENCY**

The functional and presentation currency of Fremantle Ports is Australian dollars.

# CHANGES IN ACCOUNTING POLICIES, NEW AND AMENDED STANDARDS AND INTERPRETATIONS

In the current year, Fremantle Ports has adopted all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period.

# ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Fremantle Ports did not early adopt any new amended AASs and Interpretations issued but not yet effective. Refer to Note F.8 for additional information on new and amended AASs and interpretations issued but not yet effective.

#### OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The notes are organised into the following sections:

		Page
A.	Performance for the year	74 - 80
В.	Property, Plant and Equipment and Other Assets	81 - 85
C.	Capital Management	85 - 92
D.	Employee Benefits	93 - 101
E.	Other Assets and Liabilities	102 - 105
F.	Other Items	105 - 111

#### **KEY ESTIMATES AND JUDGEMENTS**

In applying the Fremantle Ports' accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the organisation. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances known to management. Actual results may differ from those judgements, estimates and assumptions.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies are:

Note	Area of judgement	Page
F.5	Provision for environmental remediation	107
D.2	Defined benefit plans	95
E.1	Impairment losses	103
D.1	Annual leave, sick leave and long service leave	93

#### FINANCIAL AND CAPITAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Fremantle Ports risk management framework. The Audit and Risk Management Committee has oversight of Fremantle Ports' internal control system and risk management processes, including the oversight of the internal audit function.

Fremantle Ports' management of financial and capital risks is aimed at ensuring that available capital, funding and cash flows are sufficient for Fremantle Ports.

The below risks arise in the normal course of Fremantle Ports' business. Risk information can be found in the following sections:

Note	Description	Page
C.	Capital risk	86
C.	Liquidity risk	86
C. & C.3	Interest rate risk	85
C.	Credit risk	86

### A. Performance for the year

#### In this section

This section addresses financial performance for the reporting period including, where applicable, the accounting policies applied, and the key estimates and judgements made. The section also includes the tax position of Fremantle Ports for and at the end of the reporting period.

#### A.1 REVENUE AND OTHER INCOME

#### Recognition and measurement

Revenue is recognised in the Statement of Comprehensive Income at the transaction price as Fremantle Ports satisfies a performance obligation by transferring a promised service or goods to a customer. An asset is transferred when or as a customer obtains control of that asset.

#### Revenue from services

Revenue for services rendered is recognised to the extent that the performance obligation is provided at reporting date. Revenue for services includes charges on cargo, charges on ships, shipping services and port and utilities services. Revenue is recognised over time where the customer simultaneously receives and consumes the benefits. Charges on cargo and port utilities and services are generally recognised overtime, whereas charges on ships and shipping services are generally recognised at a point in time.

The total transaction price for services may include variable consideration.

#### • Rentals and leases

Rental income relating to operating leases is recognised overtime 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 where applicable.

#### Miscellaneous revenue

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 and revenue arising from the contribution of assets recognised in accordance with AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities.

#### Contributed assets

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

#### Deferred income

Deferred income contract liabilities represent income received in advance and is released to the Statement of Comprehensive Income as the performance obligations are satisfied over the course of the contract.

#### Variable consideration

Where consideration in respect of a contract includes a variable amount, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved and where it is highly probable that a significant reversal of revenue will not occur. The estimate is based on all available information including historic performance. Where a contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Third party rebates, volume rebates, discounts and commissions give rise to variable consideration.

### A. Performance for the year (continued)

#### A.1 REVENUE AND OTHER INCOME (continued)

#### Financing components

Fremantle Ports does not expect to have any contracts where the period between the transfer of the promised service or goods to the customer and payment by the customer exceeds one year. Therefore, Fremantle Ports does not adjust any transaction prices for the time value of money or other financing components.

#### Other income

#### Interest revenue

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.

#### Revenue consists of the following items:

	2021 \$′000	2020 \$′000
Revenue		
Charges on cargo	144,018	131,688
Rentals and leases	33,954	32,789
Charges on ships	18,369	20,375
Shipping services	11,663	13,031
Miscellaneous revenue	8,608	10,156
Port utilities and services	8,512	8,382
	225,124	216,421
Interest		
Interest receivable from cash equivalents	158	689
Interest receivable under finance leases	<i>7</i> 85	829
	943	1,518
Total revenue	226,067	217,939

### A. Performance for the year (continued)

#### A.2 EXPENSES

#### Recognition and measurement

#### Finance costs

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

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

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

#### Classification

The 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.

	Note	2021 \$′000	2020 \$′000
Expenses			
Profit before income tax includes the following specific expenses:			
Finance costs			
Finance charges payable under leases		39	44
Borrowings		5,835	7,080
Total finance costs		5,874	7,124
Depreciation and amortisation			
Channels and breakwaters	B.1	3,538	3,548
Land improvements	B.1	852	839
Buildings and improvements	B.1	1,181	1,177
Plant and equipment	B.1	3,008	3,151
Berths, jetties and infrastructure	B.1	7,512	7,430
Right of use assets	B.1	<i>7</i> 18	1,054
Intangible assets	B.2	187	230
Total depreciation and amortisation		16,996	17,429
Net loss on derecognition of property, plant and equipment		398	148
Other charges against assets			
Impairment of trade receivables	E.1	323	501
		323	501
Rental expense relating to operating leases		926	592

### A. Performance for the year (continued)

#### A.2 EXPENSES (continued)

Note	2021 \$′000	2020 \$′000
Employee benefits expenses		
Wages and salaries	41,625	42,688
Workers' compensation	(172)	(597)
Pension costs	4,471	4,504
Employee benefits	(249)	420
Retirement benefit obligations	(1,587)	104
	44,088	<i>47</i> ,119

#### A.3 DIVIDENDS PAID AND PROPOSED

#### Recognition and measurement

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

	Note	2021 \$′000	2020 \$'000
Interim dividend		-	-
Final dividend		34,686	12,796
Total dividends paid	C.6	34,686	12, <i>7</i> 96

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 be recommended by the Board. An interim dividend for the year ended 30 June 2021 was not required to be declared by the Board (2020: \$nil).

During the financial year ended 30 June 2021, \$34.686 million was paid representing full year dividend in respect of the financial results for the year ended 30 June 2020. For the year ended 30 June 2020, \$12.796 million was paid representing the balancing payment of the final dividend of \$36.659 million for the year ended 30 June 2019.

#### A.4 INCOME TAX EXPENSE

#### Recognition and Measurement

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*.

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.

2020

#### NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

### A. Performance for the year (continued)

#### A.4 INCOME TAX EXPENSE (continued)

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

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

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

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

Major components of income tax expense for the year are:

2021 \$′000	2020 \$′000
(22,014)	(20,049)
149	121
(1,427)	41
(23,292)	(19,887)
	\$ <b>7000</b> (22,014) 149

	2021 \$′000	2020 \$'000
Other Comprehensive Income		
Deferred tax related to items recognised in other comprehensive income during the year:		
Net actuarial (losses)/gains	(363)	153
Income tax benefit charged to Other Comprehensive Income	(363)	153

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:

	\$′000	\$′000
Profit before income tax	77,797	66,136
Tax at statutory income tax rate of 30% (2020: 30%)	(23,339)	(19,841)
Tax effect of amounts which are taxable in calculating taxable income:		
Depreciation	(81)	(80)
Sundry items	(26)	(32)
	(23,446)	(19,953)
Adjustments in respect of previous years	154	66
Income tax expense	(23,292)	(19,887)

### A. Performance for the year (continued)

#### A.4 INCOME TAX EXPENSE (continued)

	2021 Statement of Financial Position \$'000	2020 Statement of Financial Position \$'000	2021 Statement of Comprehensive Income \$'000	2020 Statement of Comprehensive Income \$'000
Deferred tax liabilities				
Finance lease receivables	(811)	(1,054)	242	222
Others	(589)	(585)	(5)	(91)
Gross deferred tax liabilities	(1,400)	(1,639)		
Deferred tax assets				
Employee benefits	7,304	<i>7</i> ,855	(551)	15 <i>7</i>
Accelerated depreciation for accounting purposes	16,497	18,051	(1,555)	150
Prepaid rental	873	1,113	(241)	(44)
Deferred income	1	-	1	(77)
Others	2,290	1,974	317	(123)
Gross deferred tax assets	26,965	28,993		
Set-off of deferred tax liabilities pursuant to set-off provisions	(1,401)	(1,639)		
Net deferred tax assets	25,564	27,354		
Deferred tax charge			(1,427)	41
Deferred tax charge in Other Comprehensive Income			(363)	153
			(1 <i>,7</i> 90)	194

#### **Current Tax Liabilities**

The current tax liability of \$1.947 million (2020: \$0.268 million current tax asset) represents the amount of income taxes payable/receivable at the Statement of Financial Position date in respect of the current and prior financial period.

### A. Performance for the year (continued)

#### A.5 NOTES TO THE STATEMENT OF CASH FLOWS

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

	2021 \$′000	2020 \$′000
Profit after income tax	54,505	46,249
Non cash items		
Depreciation	16,091	16,145
Amortisation of right of use/leased assets	<i>7</i> 18	1,054
Amortisation of intangible assets	187	230
Net loss on derecognition of property, plant and equipment	398	148
Impairment of trade receivables	323	501
Taxable items presented in Other Comprehensive Income		
Remeasurements of the net defined benefit liability	846	(358)
Changes in assets and liabilities		
Receivables	(1,662)	1,388
Inventories	(114)	(218)
Prepaid expenses	(1,076)	209
Payables	1,007	(439)
Prepaid rental income and interest received in advance	(1,422)	180
Employee benefits	(1,836)	524
Income tax payable	2,215	(4,762)
Deferred tax assets	1, <i>7</i> 90	(194)
Others	(39)	(1,138)

	2021 \$′000	2020 \$′000
Net cash inflow from operating activities	71,931	59,519
Non-cash investing and financing activities		
Acquisition of right of use assets by means of lease	-	1,335

### B. Property, Plant and Equipment and Other Assets

#### In this section

This section addresses property, plant and equipment and intangible assets including, where applicable, the accounting policies applied, and the key estimates and judgements made.

#### B.1 PROPERTY, PLANT AND EQUIPMENT

#### Recognition and Measurement

#### 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.

Right of use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payment made at of before the commencement date less and lease incentives received
- any initial direct costs, and
- restoration costs

Fremantle Ports elected not to recognise right of use assets and lease liabilities for short term leases (with a lease term of 12 months or less) and low value leases (assets less than \$5,000).

#### **Subsequent measurement**

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

The cost model is applied for subsequent measurement of right of use assets, requiring the asset to be carried at cost less any accumulated depreciation and impairment losses, adjusted for any re-measurement of lease liability.

#### **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.

#### B.1 PROPERTY, PLANT AND EQUIPMENT (continued)

#### **Depreciation and amortisation**

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.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets. Where Fremantle Ports is reasonably certain to exercise a purchase option, or the asset transfers to Fremantle Ports at the end of the lease term, the right of use asset is depreciated over the asset's useful life.

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

Class	Depreciation Rates (%)		
Channels and breakwaters	1.92% - 2.63%		
Land improvements	2.50% - 16.67%		
Buildings and improvements	2.22% - 20.00%		
Plant and equipment	2.50% - 25.00%		
Berths, jetties and infrastructure	1.00% - 20.00%		
Right of use assets	over life of lease		

#### **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 current 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.

#### B.1 PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Channels and Breakwaters \$′000	Land \$'000	Land Improvements \$'000	Buildings and Improvements \$'000	Plant and Equipment \$'000	Berth, Jetties and Infrastructure \$′000	Right of use / leased assets \$'000	Work in Progress \$'000	Total \$′000
Cost										
At 1 July 2019		167,273	65,303	30,197	36,046	72,932	265,155	2,697	10,354	649,957
Adoption of AASB16 - 1 July 2019		-	-	-	-	-	-	914	-	914
Additions		-	-	-	-	70	-	421	1 <i>7</i> ,384	1 <i>7,</i> 8 <i>7</i> 5
Transfer from Work in Progress		-	10 <i>,7</i> 01	207	3,891	1,079	3,634	-	(19,512)	-
Disposals		-	-	-	(6)	(139)	(308)	(160)	-	(613)
At 30 June 2020		16 <i>7</i> ,2 <i>7</i> 3	76,004	30,404	39,931	73,942	268,481	3,872	8,226	668,133
Additions		-	-	-	-	101	-	<i>757</i>	11,420	12,278
Transfer from Work in Progress		-	-	193	-	434	2,146	-	(2,773)	-
Disposals			-	-	(569)	(315)	(599)	(799)		(2,282)
At 30 June 2021		167,273	76,004	30,597	39,362	74,162	270,028	3,830	16,873	678,129
Depreciation and impairment										
At 1 July 2019		57,630	-	7,698	16,218	41,913	84,611	1,561	-	209,631
Depreciation and amortisation	A.2	3,548	-	839	1,1 <i>77</i>	3,151	7,430	1,054	-	1 <i>7,</i> 199
Disposals			-		(6)	(114)	(176)	(158)		(454)
At 30 June 2020		61 <i>,</i> 178	-	8,537	17,389	44,950	91,865	2,457	-	226,376
Depreciation and amortisation	A.2	3,538	-	852	1,181	3,008	<i>7</i> ,512	<i>7</i> 18	-	16,809
Disposals			-	-	(175)	(313)	(597)	(763)		(1,848)
At 30 June 2021		64,716	-	9,389	18,395	47,645	98,780	2,412	-	241,337
Carrying value										
At 30 June 2020		106,095	76,004	21,867	22,542	28,992	176,616	1,415	8,226	441,757
At 30 June 2021		102,557	76,004	21,208	20,967	26,517	1 <b>7</b> 1,248	1,418	16,873	436,792

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

There were no indicators of impairment to Property, plant and equipment in the current or prior reporting period.

#### **B.2 INTANGIBLE ASSETS**

#### Recognition and Measurement

#### Capitalisation/expensing of intangible assets

Intangible assets separately acquired and/or developed costing more than \$5,000 are carried at the cost of acquisition less any accumulated amortisation and impairment losses. Intangible assets acquired and/or developed 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 or the development of the intangible asset and, where developed, includes the cost of direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Research costs are expensed to the Statement of Comprehensive Income as incurred.

#### **Initial recognition and measurement**

Intangible assets are initially recognised at cost.

#### **Derecognition**

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

#### **Amortisation and impairment**

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income as amortisation expense.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis and is treated as a change in accounting estimate.

Class	Amortisation Rate (%)
Computer software	33.33%

#### B.2 INTANGIBLE ASSETS (continued)

		Computer		
	Note	Software \$'000	Total \$′000	
Cost				
At 30 June 2019		820	820	
Additions		-	-	
At 30 June 2020		820	820	
Additions		-	-	
At 30 June 2021		820	820	
Amortisation				
At 30 June 2019		263	263	
Amortisation	A.2	230	230	
At 30 June 2020		493	493	
Amortisation	A.2	187	187	
At 30 June 2021		680	680	
Carrying value				
At 30 June 2020		327	327	
At 30 June 2021		140	140	

#### Impairment of intangible assets

There were no indicators of impairment to intangible assets in the current or prior reporting period.

### C. Capital Management

#### In this section

This section addresses cash, debt and capital position including, where applicable, the accounting policies applied, and the key estimates and judgements made.

#### KEY FINANCIAL AND CAPITAL RISKS IN THIS SECTION

#### 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 obligations. Fremantle Ports' borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are either 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 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 whilst managing interest rate risk to protect against market uncertainty and volatility.

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

### C. Capital Management (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:

	Carrying	+0.50% change	+0.50% change	(0.50%) change	(0.50%) change
2021	Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	108,326	542	542	(542)	(542)
Financial liabilities					
Interest bearing borrowings	151,048	(755)	(755)	<i>7</i> 55	755
Total (decrease)/increase		(213)	(213)	213	213

2020	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	93,510	468	468	(468)	(468)
Financial liabilities					
Interest bearing borrowings	161,048	(805)	(805)	805	805
Total (decrease)/increase	•	(337)	(337)	337	337

#### Credit risk

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

Fremantle Ports operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to credit risk at Statement of Financial Position date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note C.1.

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 E.1.

Fremantle Ports' credit risk management, with regard to trade receivables, is further supported by rental agreements and sections 116 and 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 as they fall due.

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 WA Government for outstanding borrowings in case of default.

		Including Interest				
2021	Carrying Amount \$'000	< 12 months \$'000	1 - 5 years \$'000	> 5 years \$'000	Total \$′000	
Financial liabilities						
Trade and other payables	17,437	17,437	-	-	17,437	
Interest bearing borrowings	159,668	6,752	21,445	173,049	201,246	
	177,105	24,189	21,445	173,049	218,683	

		Including Interest				
2020	Carrying Amount \$'000	< 12 months \$'000	1 - 5 years \$'000	> 5 years \$′000	Total \$′000	
Financial liabilities						
Trade and other payables	16,430	16,430	-	-	16,430	
Interest bearing borrowings	170,717	<i>7</i> ,639	24,328	184,571	216,538	
	187,147	24,069	24,328	18 <i>4,57</i> 1	232,968	

#### C.1 FINANCIAL INSTRUMENTS

Fremantle Ports has three categories of financial instruments:

- Loans and receivables;
- Cash and cash equivalents; and
- Financial liabilities measured at amortised cost.

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

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

#### C.1 FINANCIAL INSTRUMENTS (continued)

#### 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 C.3.

Note	2021 \$′000	2020 \$′000
C.2	108,326	93,510
E.1	20,611	19,200
E.1	1,824	2,704
E.3	17,437	16430
C.3	151,048	161,048
C.3	7,177	8,230
	C.2 E.1 E.1 E.3	C.2 108,326 E.1 20,611 E.1 1,824 E.3 17,437 C.3 151,048

#### C.2 CASH AND CASH EQUIVALENTS

#### Recognition and Measurement

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. Funds surplus to operational requirements have been invested in At Call Deposits and Term Deposits to maximise earnings.

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

	2021 \$′000	2020 \$'000
Cash at Bank and Cash on Hand	707	294
At Call Deposits	13,619	93,216
Term Deposits	94,000	-
Cash and cash equivalents in the Statement of Cash Flows	108,326	93,510

#### Significant Terms and Conditions

Interest on Cash at Bank was at prevailing rates. The weighted average interest rate at 30 June 2021 was 0.50% (2020: 0.77%).

Interest on At Call Deposits was at prevailing rates. The weighted average interest rate at 30 June 2021 was 0.05% (2020: 0.32%).

The weighted average interest rate for Term Deposits at 30 June 2021 was 0.24% (2020: 1.42%). Term Deposits are held until their maturity dates, which are generally for periods of 60 days or less.

#### Fair Value

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

#### C.3 INTEREST BEARING LIABILITIES

#### Recognition and Measurement

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.

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.

	Note	2021 \$′000	2020 \$′000
Current			
Special borrowings		1,121	1,054
Lease liabilities	C.4	659	640
		1, <i>7</i> 80	1,694
Non-Current			
Direct borrowings		151,048	161,048
Special borrowings		6,056	<i>7</i> ,1 <i>7</i> 6
Lease liabilities	C.4	784	799
		157,888	169,023

#### 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.

#### 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 2021 on the loan portfolio is 2.43% per annum (2020: 2.89% 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 (2020: 6.22% to 6.39% per annum).

The interest rates implicit in the Lease liabilities range from 0.23% to 9.84% (2020: 1.38% to 4.89%).

#### C.3 INTEREST BEARING LIABILITIES (continued)

#### **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 is set out in the following table.

			Fixed Interest Rate						
2021	Weighted Average Interest Rate	Variable interest rate \$'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	Total \$′000
Interest Bearing Borrowings									
Direct borrowings	2.43%	151,048	-	-	-	-	-	-	151,048
Special borrowings	6.29%	-	1,121	1,191	1,267	1,129	525	1,944	7,177
Lease liabilities	2.39%	-	659	292	242	174	72	4	1,443
		151,048	1,780	1,483	1,509	1,303	597	1,948	159,668

			Fixed Interest Rate						
2020	Weighted Average Interest Rate	Variable interest rate \$'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	Total \$′000
Interest Bearing Borrowings									
Direct borrowings	2.89%	161,048	-	-	-	-	-	-	161,048
Special borrowings	6.30%	-	1,054	1,120	1,191	1,267	1,129	2,469	8,230
Lease liabilities	2.71%	-	640	516	152	101	30	-	1,439
		161,048	1,694	1,636	1,343	1,368	1,159	2,469	170,717

### C. Capital Management (continued)

#### C.3 INTEREST BEARING LIABILITIES (continued)

#### 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.

	20	21	2020		
	Carrying Amount \$'000	Fair Value \$′000	Carrying Amount \$'000	Fair Value \$'000	
Special borrowings	7,177	8,447	8,230	9,925	

#### C.4 LEASE PAYABLES

#### Recognition and Measurement

From 1 July 2019, the operating and finance distinction for lessees no longer exists. Leases (where Fremantle Ports is lessee) are recognised as a right of use asset and a corresponding liability at the date the leased asset is available for use by Fremantle Ports, except for two recognition exemptions; leases of 'low-value' assets (assets less than \$5,000) and short-term leases (leases with a lease term of 12 months or less), where lease payments are recognised directly in the Statement of Comprehensive income on a straight line basis.

Lease liabilities are measured at the present value of future lease payments, discounted using the rate implicit in the lease or, if that rate is not available the incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.1%. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

Right of use assets held at the end of the reporting period are being amortised over periods ranging from 1 to 5 years (2020: 1 to 5 years)

Leases payable are in respect of computer equipment, office equipment, security equipment, motor vehicles, a pilot vessel and vessel traffic system, expiring within 1 to 5 years (2020: 1 to 5 years). Under the terms of some of the leases, Fremantle Ports has the option to return or upgrade the property, plant and equipment at the expiry of the agreements.

#### **Leases Payable**

	2021 \$′000	2020 \$′000
Future minimum lease payments in relation to leases payable at the end of the reporting period are as follows:		
Within one year	686	672
Later than one year but not later than five years	807	827
More than five years	4	-
Minimum lease payments	1,497	1,499
Future finance charges	(54)	(60)
Present value of lease liabilities	1,443	1,439

#### **Representing Lease Liabilities**

	Note	2021 \$′000	2020 \$′000
Current	C.3	659	640
Non-current	C.3	784	<i>7</i> 99
		1,443	1,439

#### C.5 FINANCING FACILITIES

Fremantle Ports has access to the following lines of credit:

	2021 \$′000	2020 \$′000
Total facilities available:		
Liquidity facility, working capital, direct and special borrowings	206,526	187,778
Facilities utilised at the end of the reporting period:		
Liquidity facility, working capital, direct and special borrowings	158,225	169,278
Total facilities not utilised at the end of the reporting period:		
Liquidity facility, working capital, direct and special borrowings	48,301	18,500

At reporting date, Fremantle Ports has an approved financing facility from WATC for 2021/2022 of \$229.1 million.

#### C.6 EQUITY

#### Recognition and Measurement

Where Fremantle Ports receives support by way of equity from the WA Government the amount received is recognised directly as a credit to contributed equity.

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019		105,059	232,006	337,065
Total comprehensive income for the period		-	45,891	45,891
Dividends paid	A.3	-	(12,796)	(12,796)
Balance at 30 June 2020		105,059	265,101	370,160
Total comprehensive income for the period		-	55,351	55,351
Dividends paid	A.3	-	(34,686)	(34,686)
Balance at 30 June 2021		105,059	285,766	390,825

### D. Employee Benefits

#### In this section

This section addresses liabilities due to employees including, where applicable, the accounting policies applied, and the key estimates and judgements made.

#### D.1 PROVISIONS

#### Recognition and Measurement

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.

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 the present value of estimated future payments, discounted by the Commonwealth Government Bond rate estimated to be applicable to the relevant period. The present value calculation assumed estimated employee wage and salary growth rates at an average of 2.10% (2020: 2.40%).

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.

#### Key estimates and judgements

This assessment requires a determination of various assumptions as to future events and circumstances, in particular, wage increase rates, inflation rates and employee retention rates.

#### D.1 PROVISIONS (continued)

#### Current

	Note	2021 \$′000	2020 \$'000
Fringe benefits tax	F.2	64	76
Employee benefits		12,623	12,156
Retirement benefit obligations	D.2	401	345
Other	F.2	1,389	1,352
		14,477	13,929

#### Non-Current

	Note	2021 \$′000	2020 \$′000
Employee benefits		1,721	2,437
Retirement benefit obligations	D.2	9,601	11,244
Other	F.2	2,112	2,176
		13,434	15,857

### **Aggregate Employee Benefits**

Note	2021 \$′000	2020 \$′000
Current liability	13,024	12,501
Non-current liability	11,322	13,681
	24,346	26,182

Assessments indicate that actual settlement of the leave liabilities is expected to occur as follows:

	20 \$′0			020 000
	Within 12 months of the end of the reporting period	More than 12 months after the end of the reporting period	Within 12 months of the end of the reporting period	More than 12 months after the end of the reporting period
Annual leave	3,467	1,075	3,422	1,163
Long service leave	1,917	4,616	1, <i>7</i> 19	4,630
Sick leave	861	2,408	903	2,756
Total leave liabilities	6,245	8,099	6,044	8,549

### D. Employee Benefits (continued)

#### D.2 RETIREMENT BENEFIT OBLIGATIONS

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 2021.

Employees who were not members of either the Pension or the GSS Schemes became noncontributory members of the West State Superannuation Scheme (WSS), an accumulation fund, until 15 April 2007. From 16 April 2007, employees who were not members of the Pension, GSS or WSS Schemes became 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) or other fund providers on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish Fremantle Ports' liability for superannuation charges.

#### Defined benefit plan

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

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

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

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

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

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

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

#### Key estimates and judgements

This assessment requires a determination of various actuarial assumptions as to future events and circumstances, in particular, the pensioner mortality rate, discount rate and pension and salary increase rates.

#### D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

#### 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 WA 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 superannuation fund (as defined in the Income Tax Assessment legislation), the Schemes are 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).

#### **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 lower 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:

- Legislative risk The risk that legislative changes could be made which increase the cost of providing the defined benefits.
- 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.

#### **Description of significant events**

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

#### D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

#### Reconciliation of the Net Defined Benefit Liability

		000	\$′000		
	Pension Scheme	Gold State Super	Pension Scheme	Gold State Super	
Defined benefit obligation	9,979	23	11,425	164	
Fair value of scheme assets	-	-	-	-	
Deficit	9,979	23	11,425	164	
Adjustments for effect of asset ceiling	-	-	-	-	
Net defined benefit liability	9,979	23	11,425	164	

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

	\$10	000	\$′000		
	Pension Scheme	Gold State Super	Pension Scheme	Gold State Super	
Fair value of scheme assets at the beginning of the year	-	-	-	-	
Employer contributions	351	125	331	234	
Benefits paid	(351)	(125)	(331)	(234)	
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.

#### 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**

	2022 \$′000
Pension Scheme	
Expected employer contributions	401
Gold State Super	
Expected employer contributions	-

#### Maturity profile of defined benefit obligation

Pension Scheme

The weighted average duration of the Fremantle Ports defined benefit obligation is 16.2 years.

Gold State Super

The weighted average duration of the Fremantle Ports defined benefit obligation is 6.6 years.

2020

#### D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

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

2021 changes in the defined benefit obligation and fair value of plan assets:

			Costs charged to Statement of Re-measurement losses/(gains) in other comprehensive income (OCI)									
2021	Note	1 July 2020 \$′000	Service Cost \$'000	Net Interest \$′000	Subtotal incl. in SoCI \$′000	Benefits Paid \$′000	Actuarial changes arising from changes in Financial Assumptions \$'000	Actuarial changes arising from changes in Liability Experience \$'000	Actuarial changes arising from changes in Demographic Assumptions \$'000	Sub-Total incl. in OCI \$′000	Contributions by Employer \$'000	Total 30 June 2021 \$′000
Pension Scheme defined benefit obligation		11,425	-	96	96	(351)	(1,073)	(119)	-	(1,192)	-	9,979
Gold State Super defined benefit obligation		164	-	1	1	(125)	(2)	(15)	-	(17)	-	23
Benefit liability	D.1	11,589			97	(476)	(1,075)	(134)	-	(1,209)	-	10,002

PERFORMANCE

### D. Employee Benefits (continued)

#### D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

2020 changes in the defined benefit obligation and fair value of plan assets:

				arged to State hensive Incom			Re-measurement losses/(gains) in other comprehensive income (OCI)					
2020	Note	1 July 2019 \$′000	Service Cost \$'000	Net Interest \$′000	Subtotal incl. in SoCl \$′000	Benefits Paid \$′000	Actuarial changes arising from changes in Financial Assumptions \$'000	Actuarial changes arising from changes in Liability Experience \$'000	Actuarial changes arising from changes in Demographic Assumptions \$'000	Sub-Total incl. in OCI \$'000	Contributions by Employer \$'000	Total 30 June 2020 \$′000
Pension Scheme defined benefit obligation		11,076	-	153	153	(331)	152	(22)	397	527	-	11,425
Gold State Super defined benefit obligation		409	<u>-</u>	5	5	(234)	(1)	(15)	-	(16)	_	164
Benefit liability	D.1	11,485	_		158	(565)	151	(37)	397	511	-	11,589

#### **Sensitivity Analysis**

The defined benefit obligation as at 30 June 2021 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

**OVERVIEW** 

#### D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

		Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
2021		Discou	nt Rate	Pension Increase Rate		Salary Increase & Indexation Rate	
Sensitivity Level	Base Case	(0.50%)	+0.50%	(0.50%)	+0.50%	(0.50%)	+0.50%
Pension Scheme							
Discount rate	1.50%	1.00%	2.00%	1.50%	1.50%	-	-
Pension increase rate	2.00%	2.00%	2.00%	1.50%	2.50%	-	-
Defined benefit obligation (\$'000)	9,979	10 <i>,7</i> 52	9,289	9,310	10,720	-	-
Gold State Super							
Discount rate	1.50%	1.00%	2.00%	1.50%	1.50%	-	-
Salary increase rate	3.00%	3.00%	3.00%	2.50%	3.50%	-	-
Defined benefit obligation (\$'000)	23	24	22	22	24	-	-

		Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
2020		Discoun	t Rate	Pension Inc	rease Rate	Salary Increase &	& Indexation Rate
Sensitivity Level	Base Case	(0.50%)	+0.50%	(0.50%)	+0.50%	(0.50%)	+0.50%
Pension Scheme							
Discount rate	0.85%	0.35%	1.35%	0.85%	0.85%	-	-
Pension increase rate	2.00%	2.00%	2.00%	1.50%	2.50%	-	-
Defined benefit obligation (\$'000)	11,425	12,399	10,562	10,591	12,355	-	-
Gold State Super							
Discount rate	0.85%	0.35%	1.35%	-	-	0.85%	0.85%
Salary increase rate	3.50%	3.50%	3.50%	-	-	3.00%	4.00%
Defined benefit obligation (\$'000)	164	169	158	-	-	159	169

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

#### D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

#### Significant Actuarial Assumptions at the Reporting Date

	2021	2020		2021	2020
Pension Scheme			Gold State Super		
Assumptions to determine start of year defined benefit obligation and defined benefit cost for the current year			Assumptions to determine start of year defined benefit obligation and defined benefit cost for the current year		
Discount rate	0.85%	1.40%	Discount rate	0.85%	1.40%
Expected salary increase rate	2.0% for 20/21	1.5% for 19/20	Expected salary increase rate	2.0% for 20/21	1.5% for 19/20
	2.0% for 21/22	1.5% for 20/21		2.0% for 21/22	1.5% for 20/21
	and then 3.50%	and then 4.20%		and then 3.50%	and then 4.20%
Expected pension increase rate	2.00%	2.50%	CPI	2.00%	2.50%
Assumptions to determine defined benefit obligation at the valuation date			Assumptions to determine defined benefit obligation at the valuation date		
Discount rate	1.50%	0.85%	Discount rate	1.50%	0.85%
Expected salary increase rate	2.0% for 2021/22	2.0% for 2020/21	Expected salary increase rate	2.0% for 21/22	2.0% for 20/21
	2.0% for 2022/23	2.0% for 2021/22		2.0% for 22/23	2.0% for 21/22
	and then 3.00%	and then 3.5%		and then 3.00%	and then 3.50%
Expected pension increase rate	1.75% for 2021/22	2.00%	CPI	1.75% for 2021/22	2.00%
	1.75% for 2022/23			1.75% for 2022/23	
	and then 2.00%			and then 2.00%	

The discount rate is based on the Government bond maturing in November 2029.

#### E. Other Assets and Liabilities

#### In this section

This section addresses trade receivables, trade and other payables, and other assets and liabilities including, where applicable, the accounting policies applied, and the key estimates and judgements made.

#### E.1 RECEIVABLES

#### Recognition and Measurement

#### Trade receivables

Trade debtors and other receivables are initially recognised at fair value. Debtors are carried at the original amounts recognised due less an allowance for any uncollectible amounts. Trade 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 based on the expected credit losses of trade receivables and is measured at the lifetime expected credit losses at each reporting date. Fremantle Ports utilises a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtor and the economic environment. Bad debts are written off when formally recognised as being irrecoverable. Movement in the allowance for impairment of receivables is disclosed in Note E.1.

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 C.1.

#### Finance leases

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 receipts are allocated between interest revenue and a 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.

#### Operating leases

Leases where Fremantle Ports (as 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 income is recognised as revenue in the Statement of Comprehensive Income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

#### Key estimates and judgements

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

# E. Other Assets and Liabilities (continued)

#### E.1 RECEIVABLES (continued)

#### Current

	2021 \$′000	2020 \$′000
Trade debtors	18 <i>,57</i> 9	15,124
Less: Provision for impairment of receivables	(1,471)	(1,148)
	17,108	13,976
Other debtors	326	1,569
Accrued income	2,297	2,847
Finance lease receivable	880	808
Prepayments	2,105	1,083
Balance at 30 June	22,716	20,283

#### Non-Current

	2021 \$′000	2020 \$′000
Finance lease receivable	1,824	2,704

#### 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.

#### Impairment losses

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

	2021 \$′000	2020 \$′000
Balance at 1 July	1,148	645
Provision for impairment loss recognised	323	503
Balance at 30 June	1,471	1,148

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

	2021 \$′000	2020 \$′000
Not more than 3 months	83	225
More than 3 months but less than 6 months	308	59
More than 6 months but less than 1 year	115	-
More than 1 year	104	-
	610	284

#### Fair Value

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

### E. Other Assets and Liabilities (continued)

#### E.1 RECEIVABLES (continued)

#### Finance Lease Receivable

	2021 \$′000	2020 \$′000
Amounts receivable under finance leases:		
Within one year	1,079	1,079
Later than one year but not later than five years	1,978	3,056
Later than five years	-	-
	3,057	4,135
Unearned finance income	(353)	(623)
Present value of minimum lease payments receivable	2,704	3,512

	2021 \$′000	2020 \$′000
Current	880	808
Non-current	1,824	2,704
	2,704	3,512

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% (2020: 8.59%) per annum.

#### **E.2 INVENTORIES**

#### Recognition and Measurement

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

	2021 \$′000	2020 \$'000
Stores - at cost	3,992	3,878

#### E.3 TRADE AND OTHER PAYABLES

#### Recognition and Measurement

Trade and other 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. Accrued expenses comprise interest and charges for goods and services received but not invoiced as at the end of the reporting period.

	\$′000	\$′000
Trade creditors and amounts payable	10,319	10,815
Accrued expenses	<i>7</i> ,118	5,615
	17,437	16,430

#### Significant Terms and Conditions

Trade creditors are usually settled within 30 days.

#### Fair Value

The Directors consider the carrying amounts of trade creditors, amounts payable and accrued expenses represent their fair value.

### E. Other Assets and Liabilities (continued)

#### **E.4** OTHER LIABILITIES

	2021 \$′000	2020 \$′000
Current		
Prepaid rental income	689	1,049
Interest received in advance	17	-
Deferred income	5	-
	<i>7</i> 11	1,049
Non-Current		
Prepaid rental income	-	1,384
Other	855	555
	855	1,939

#### F. Other Items

#### In this section

This section addresses information on items which require disclosure to comply with Australian Accounting Standards and the Port Authorities Act 1999.

#### F.1 RELATED PARTIES

#### Related party transactions

Fremantle Ports is a Government Trading Enterprise that is wholly owned and controlled by the State of Western Australia.

Related parties of Fremantle Ports include:

- all WA Cabinet Ministers, their close family members, and their controlled or jointly controlled entities;
- all senior officers, their close family members, and their controlled or jointly controlled entities;
- other public sector entities, including their related bodies, that are included in the whole of Government consolidated financial statements;
- associates and joint ventures of an entity that are included in the whole of Government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

#### Remuneration of Auditors

	2021 \$′000	2020 \$'000
Remuneration for audit of the financial statements	166	162

### F. Other Items (continued)

#### F.1 RELATED PARTIES (continued)

#### Significant transactions with Government-related entities

#### Financial year ended 30 June 2021

There are no related parties' transactions for the current financial year.

#### Financial year ended 30 June 2020

LandCorp

Fremantle Ports acquired land from LandCorp, a Western Australian Government Trading Enterprise, as planned from the prior financial year. The land was acquired to facilitate Fremantle Ports' existing and future operations in the vicinity of its Kwinana Bulk Terminal. An asset of \$9.969 million has been recognised as Property, Plant and Equipment in the Statement of Financial Position.

#### Material transactions with related parties

Outside of general citizen type transactions and those disclosed above, Fremantle Ports had no other known related party transactions with key management personnel or their close family members, or their controlled or jointly controlled entities.

#### Compensation of key management personnel of Fremantle Ports

Fremantle Ports has determined that key management personnel include WA Cabinet Ministers and senior officers of Fremantle Ports. However, Fremantle Ports is not obligated to reimburse the compensation of Ministers and therefore no disclosure is required. The disclosures in relation to Ministers' compensation may be found in the *Annual Report* on *State Finances* published by the WA Government.

Total compensation of senior officers of Fremantle Ports for the reporting period is:

	2021 \$′000	2020 \$'000
Short-term employee benefits	2,813	2,766
Post-employment benefits	277	308
Other long-term benefits	76	98
Total compensation paid to key management		
personnel	3,166	3,172

#### F.2 OTHER PROVISIONS

#### **Reconciliations**

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

	Note	2021 \$′000	2020 \$′000
Fringe Benefits Tax			
Carrying amount at 1 July		76	16
Provision increase during the year		392	365
Amounts utilised in the year		(404)	(305)
Carrying amount at 30 June	D.1	64	76
Other			
Carrying amount at 1 July		3,528	4,727
Provision increase / (decrease) during the year		146	(1,167)
Amounts utilised in the year		(173)	(32)
Carrying amount at 30 June	D.1	3,501	3,528

Other provision is mainly for costs associated with environmental assessment and remediation and on-costs related to employee benefits.

## F. Other Items (continued)

#### F.3 LEASE COMMITMENTS

#### **Operating Leases Payable**

There are no operating leases commitments. From 1 July 2019, Fremantle Ports has recognised right of use assets and lease liabilities, except for short term and low value leases. Changes in accounting policies has been effected in the previous financial year, refer to notes B.1 and C.4 for further information.

#### **Operating Leases Receivable**

	2021 \$′000	2020 \$′000
Future minimum rental amounts receivable for operating leases at the end of the reporting period but not recognised as assets:		
Within one year	26,709	17,114
Later than one year but not later than five years	91,889	46,856
Later than five years	163,261	123,913
	281,860	187,883

Operating leases receivable are in respect of property rentals.

#### F.4 CAPITAL COMMITMENTS

	2021 \$′000	2020 \$′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	4,923	1,3 <i>7</i> 0
Later than one year but not later than five years	-	1,128
	4,923	2,498

#### F.5 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 Water and Environment Regulation (DWER). In accordance with the Act, the DWER 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 further investigation, assessment and/or remediation expenses.

As further investigation is required to determine the extent of, if any, potential remediation requirements, it is not yet practicable to reliably estimate the potential timing or financial effect. Estimates to undertake further detailed site investigations, assessment and remediation have been recognised.

At 30 June 2021, a provision for environmental investigation, assessment and remediation of \$2.125 million (2020: \$2.125 million) has been provided for sites classified by the DWER as 'contaminated – remediation required'.

#### Key estimates and judgements

This assessment requires management to make certain estimates and apply judgement in determining assumptions as to future events and circumstances, in particular, the extent of environmental damages to be rectified and the methodology and timing for rectification.

PERFORMANCE

## F. Other Items (continued)

#### F.6 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.

#### F.7 EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

#### Impact of COVID-19

The COVID-19 global pandemic and subsequent social distancing measures and restrictions imposed by the Western Australian, Australian and other overseas governments have caused disruption to business and economic activity. Fremantle Ports has managed, and continues to actively manage, the risks arising from COVID-19 including a review of its financial forecasts incorporating scenario and contingency planning. There have not been any significant adverse operational or financial impacts as a result of COVID-19 to date and any known impacts have been reflected in the 30 June 2021 financial statements.

As at the date these financial statements are authorised for issue, the Directors of Fremantle Ports consider that the financial effects of any potential changes cannot be reasonably estimated for future financial periods due to evolving changes in government policy and economic activity. The Directors consider that the general economic impacts arising from COVID-19 and potential lower levels of forecast activity may negatively impact the financial results in the near term.

Other than the matter discussed above, 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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

## F. Other Items (continued)

#### F.8 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been early adopted by Fremantle Ports for the financial year ended 30 June 2021 are outlined in the table below:

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current  AASB 2020-1 makes amendments to AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.  A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for the liability for at least 12 months after the reporting period. The AASB recently issued amendments at AASB 101 to clarify the requirements for classifying liabilities as current. Specifically:  • clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period;  • stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability;  • adding guidance about lending conditions and how these can impact classification; and  • including requirements for liabilities that can be settled using an entity's own instruments.	1-Jan-2022	Fremantle Ports has completed the assessment and determined there is no impact.	1-Jul-2022

STATISTICAL INFORMATION

## F. Other Items (continued)

#### F.8 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 2020-3	Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments  AASB 2020-3 amends the following Australian Accounting Standards:  AASB 1 First-time Adoption of Australian Accounting Standards (July 2015);  AASB 3 Business Combinations (August 2015);  AASB 9 Financial Instruments (December 2014);  AASB 116 Property, Plant and Equipment (August 2015);  AASB 137 Provisions, Contingent Liabilities and Contingent Assets (August 2015); and  AASB 141 Agriculture (August 2015).  These amendments arise from the issuance by the International Accounting Standards Board (IASB) in May 2020 of the following International Financial Reporting Standards:  Annual Improvements to IFRS Standards 2018–2020;  Reference to the Conceptual Framework (Amendments to IFRS 3);	1-Jan-2022	Fremantle Ports has completed the assessment and determined there is no impact.	1-Jul-2022
	<ul> <li>Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and</li> <li>Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)</li> </ul>			

STATISTICAL INFORMATION

## F. Other Items (continued)

#### F.8 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates  AASB 2021-2 amends the following Australian Accounting Standards:  AASB 7 Financial Instruments: Disclosures (August 2015);  AASB 101 Presentation of Financial Statements (July 2015);  AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (August 2015); and  AASB 134 Interim Financial Reporting (August 2015).  The Standard also makes amendments to AASB Practice Statement 2 Making Materiality Judgements (December 2017).  These amendments arise from the issuance by the International Accounting Standards Board (IASB) in February 2021 of the following International Financial Reporting Standards:  Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and  (b) Definition of Accounting Estimates (Amendments to IAS 8).	1-Jan-2022	Fremantle Ports has completed the assessment and determined there is no impact.	1-Jul-2023

Other amendments to existing standards that are not yet effective are not expected to result in significant changes to Fremantle Ports accounting policies.

## **Audit Opinion**



#### Auditor General

#### INDEPENDENT AUDITOR'S REPORT 2021 Fremantle Port Authority

To the Parliament of Western Australia

#### Opinion

I have audited the financial report of the Fremantle Port Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2021, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- a. giving a true and fair view of the Authority's financial position as at 30 June 2021 and of its performance for the year then ended; and
- b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Authority in accordance with the Auditor General Act 2006 and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including independence Standards) (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other Information

The directors are responsible for the other information. The other information comprises the information in the Authority's annual report for the year ended 30 June 2021, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

#### Page 1 of 2

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

#### Responsibilities of the directors for the financial report

The directors of the Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and Schedule 5 of 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 gives a true and fair view and is free from material misstatement. Whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

#### Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at <a href="https://www.auasb.gov.au/auditors\_responsibilities/ar4.pdf">https://www.auasb.gov.au/auditors\_responsibilities/ar4.pdf</a>. This description forms part of my auditors\_ponds.

#### Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Authority for the year ended 30 June 2021 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 the financial report. If users of the financial report are concerned with the inherent risks arising from publication on the 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.

Caroline Spencer Auditor General for Western Australia Perth, Western Australia 1 September 2021

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### **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 net GST receivable/payable, this ratio is used to ascertain the extent to which current assets may be realised to meet current liabilities.

	2021 \$′000	2020 \$′000
Total Current Assets	135,034 = 3.8	117,931 = 3.6
Total Current Liabilities	35,346	32,661

#### FREE CASH FLOW - GRAPH 2

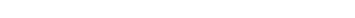
Measures the net cash flow available as a source of funds from operations after meeting interest costs.

	2021 \$′000			202 \$′00		
Net Cashflow from Operations (after interest)	<i>7</i> 1,931	= 92.2	%	59,519	=	88.9%
Net Cashflow from Operations (before interest)	78,026			66,955		

#### **DEBTORS AVERAGE COLLECTION PERIOD - GRAPH 3**

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

	2021 \$′000	2020 \$′000
Average Trade Debtors	18,532 x 365 = 27 days	18,425 x 366 = 28 days
Sales Revenue	247,811	240,435



#### **INTEREST COVER - GRAPH 4**

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

Earnings Before Interest and Tax	
Total Interest Costs	

2021 \$′000			20: \$'0		
83,671	_ =	14.24 times	73,260	_ =	10.28 times
5,874			7,124		

#### **RETURN ON ASSETS - GRAPH 5**

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

	20 \$′0
Earnings Before Interest and Tax	83,671
Average Total Assets	594,718

2021 \$′000			20: \$′0		
83,671	=	14.1%	73,260	=	12.7%
594, <i>7</i> 18	_		<i>577</i> ,819	_	

#### **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 current and non-current assets of Fremantle Ports.

Operating EBIT (excluding significant items) +
Depreciation - Deprival Value Depreciation

Average Current Assets = Written Down Deprival

Value of Non-Current Assets

2021 \$′00		202 \$′0		
81,124 709,202	= 11.4%	68,934 683,565	=	10.1%

OVERVIEW

OPERATIONAL STRUCTURE

PERFORMANCE

SIGNIFICANT ISSUES AND CHALLENGES

#### FINANCIAL STATEMENTS For the year ended 30 June 2021

#### Graph 1:

Current Ratio Comparison 2016/2017 to 2020/2021

#### Graph 2:

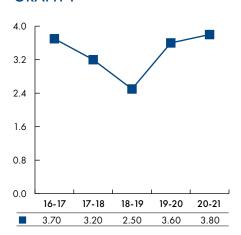
Free Cash Flow Comparison 2016/2017 to 2020/2021

#### Graph 3:

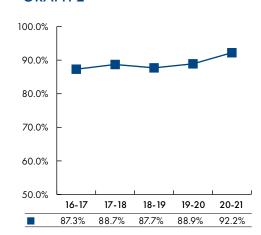
**Debtors Average Collection Period Comparison** 

2016/2017 to 2020/2021

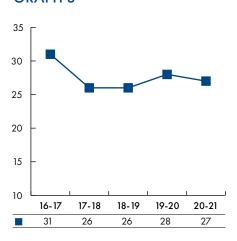
#### **GRAPH 1**



#### **GRAPH 2**



**GRAPH 3** 



#### Graph 4:

Interest Cover Comparison 2016/2017 to 2020/2021

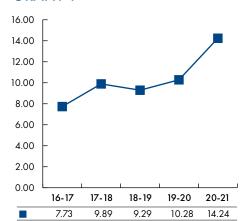
#### Graph 5:

Return on Assets Comparison 2016/2017 to 2020/2021

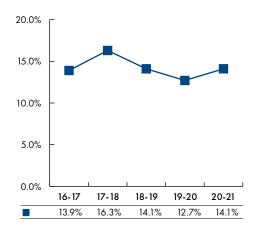
#### Graph 6:

Economic Rate of Return Comparison 2016/2017 to 2020/2021

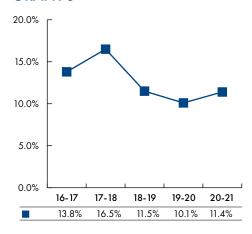
#### **GRAPH 4**



#### **GRAPH 5**



#### **GRAPH 6**



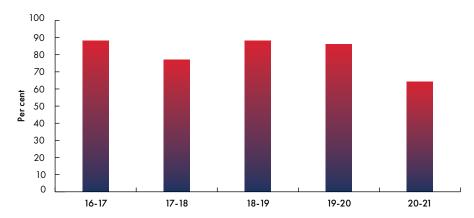
## Key performance indicators

#### **CUSTOMER SATISFACTION**

Fremantle Ports conducted a survey of shipping lines in 2021. The survey was conducted as part of Fremantle Ports' customer liaison program with major lines and agents. The overall results were analysed by an independent, accredited, firm of marketing and communications research consultants.

Figure 1 shows that 64 per cent of respondents were satisfied or very satisfied with services provided by Fremantle Ports which was within the target range of 80-90 per cent.

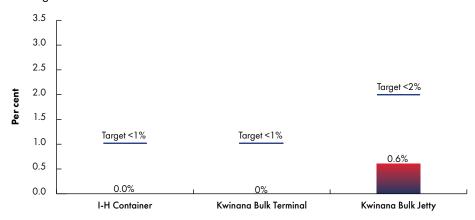
Fig 1. Shipping Line/Agent Survey Services Level of Overall Satisfaction with Fremantle Ports' Services



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.

Figure 2 shows that the Inner Harbour container and Kwinana Bulk Terminal had nil delays whilst KBJ remained within target percentage.

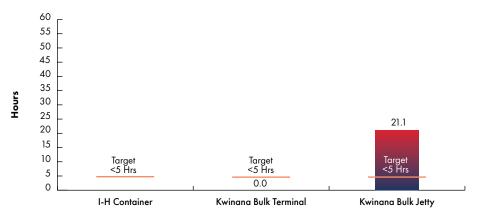
**Fig 2.** Delays to Incoming Vessels due to Unavailability of Shipping Services 2020-21 Percentage of Total Vessels affected



Shipping services include pilotage, towage and mooring.

Figure 3 Inner Harbour Container and Kwinana Bulk Terminal berthing operations had nil delays. Kwinana Bulk Jetty exceeded target percentage due to mooring services delays.

**Fig 3.** Delays to Incoming Vessels due to Unavailability of Shipping Services 2020-21 Average Hours of Delay per Vessel Delayed



Shipping services include pilotage, towage and mooring.

Figure 4 shows Kwinana Bulk Terminal and Kwinana Bulk Jetty incurred delays above target due to the unavailability of berths. Berthing delays at Kwinana Bulk Terminal exceeded target by 26.3 per cent, however, some of the delays were caused by vessels arriving before their nominated time for berthing. The Kwinana Bulk Jetty was over target, at 51.9 per cent, mainly due to an increase in tanker vessels.

**Fig 4.** Unavailability of Berths 2020-21 Percentage of Total Vessels Affected

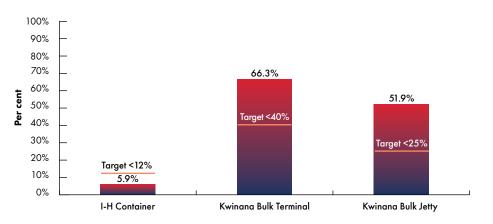


Figure 5 shows that the average hours of delay to the unavailability of berths in the Inner Harbour container exceeded the target. Kwinana Bulk Jetty exceeded the target for the average hours of ships delayed, due to an increase in tanker arrivals. Kwinana Bulk Terminal exceeded the target percentage due to sustained industrial action and adverse weather conditions.

**Fig 5.** Unavailability of Berths 2020-21 Average Hours of Delay

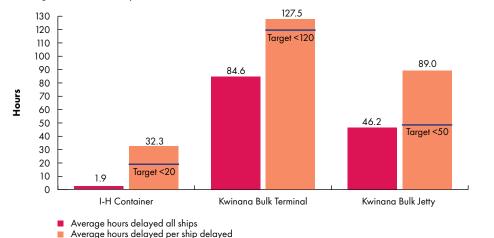
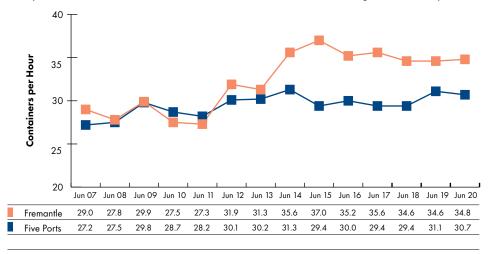
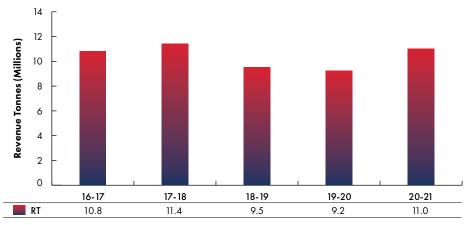


Fig 6. Container Terminal Performance Indicators

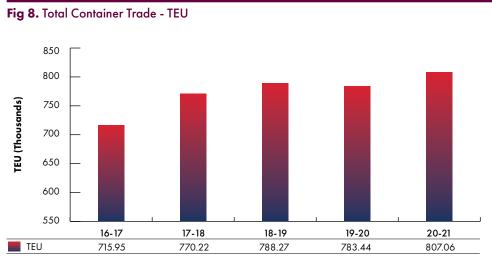
Comparison of Crane Rates between Fremantle and Five Ports Average Containers per Hour



**Fig 7.** Fremantle Ports Bulk Business and Non-Containerised Trade (Revenue Tonnes)



Note: The Statement of Corporate Intent forecast for Fremantle Ports trade in 2020-21 was annual growth of -0.2 per cent.



The Statement of Corporate Intent forecast for total container trade in 2020-21 was annual growth of -9.9 per cent.

Fig: 9. Container Trade Fremantle Ports - Market Share per cent

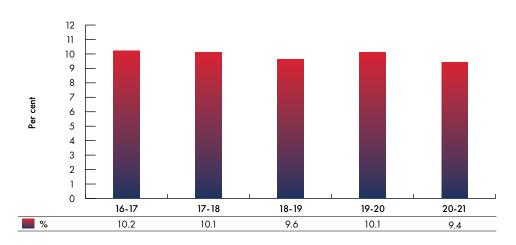


Fig 10. Total Ship Visits

2500
2300
2100
1900
1700
1500
1100
900
700
500

17-18

1,807

18-19

1,780

19-20

1,632

20-21

1,523

Fig 11. Operating Profit before Income Tax

16-17

1,868

Visits

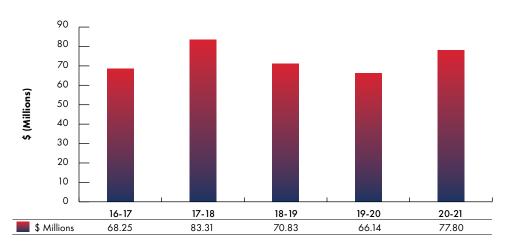
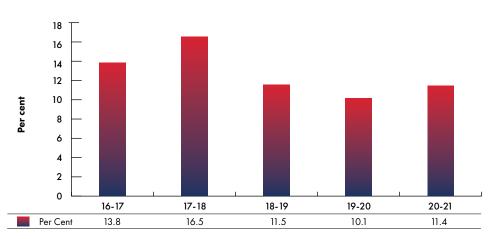


Fig 12. Economic Rate of Return on Assets



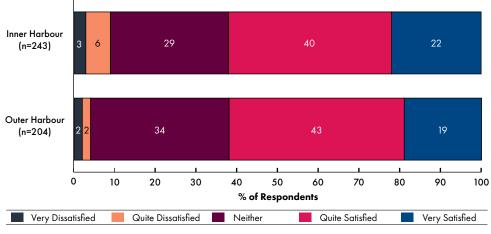
The Economic Rate of Return is based on assets valued at deprival value.

#### **COMMUNITY SATISFACTION**

Fremantle Ports commissioned its annual independent community survey in July 2020, comprising an online survey of 475 residents of the Inner Harbour area (North Fremantle, South Fremantle, East Fremantle, Fremantle and nearby suburbs) and 190 community members of the Outer Harbour (Cockburn, Kwinana and Rockingham). This important annual survey allows Fremantle Ports to track community sentiment on a range of issues. It is then able to analyse how these issues can be addressed, or problems mitigated.

This year, the survey showed a strong level of familiarity with Fremantle Ports, though a general lack of awareness of the detail of our operations and our contributions to the community, apart from economic ones. Satisfaction with Fremantle Ports remained strong at 62%, not statistically different from last year's result.

Fig 13. Overall Satisfaction with Fremantle Ports - June 2020 Q. How satisfied are you with the performance of Fremantle Ports overall?



Please note: Percentage figures were subject to rounding. n = number of persons interviewed.

There were strong positive trends in terms of fewer people claiming to be negatively affected by traffic, smell and noise from the Inner Harbour. The same survey found that, in the Inner Harbour environment, there had been a decline in the percentage of respondents reporting that they had been negatively impacted by smell (down from 38 to 28%), noise (down from 17% to 15%) and traffic (down from 54% to 42%). The latter two reductions were statistically significant. 87 per cent of respondents in the Inner Harbour area were familiar or very familiar with Fremantle Ports, while in the Outer Harbour area, the figure was 74%. Those aged 55 or more and living in the Inner Harbour area were most familiar with Fremantle Ports' operations. Respondents listed Fremantle Ports as efficient (42%), safe (38%) and reliable (34%).

The survey was conducted by a firm accredited for its consultancy and fieldwork to ISO 20252.

## Governance

#### LEGISLATIVE FRAMEWORK

Fremantle Port Authority, which operates under its registered business name, Fremantle Ports, is a Government Trading Enterprise governed 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.

Fremantle Ports' governing body is a Board of Directors appointed by and responsible to the Minister for Transport, Planning and Ports. The board sets the strategic direction of Fremantle Ports, agrees on goals for management and monitors the achievement of those goals. The Chief Executive Officer is appointed by the board and is responsible for day-to-day management.

Fremantle Ports' obligations under the Act include operations within the Fremantle Inner Harbour and at Kwinana Bulk Terminal (KBT) and Kwinana Bulk Jetty (KBJ) in the Outer Harbour. Fremantle Ports is responsible for maintaining port property, port security, operating the ports, facilitating trade, minimising the impact of port operations on the environment and planning for future growth.

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 of ethics, conduct and human resource management that reflect the principles of the Act. It must also report annually to the Public Sector Commissioner.

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 were no legislative changes in 2019-20 that would impact our annual accounts or financial reporting obligations.

#### **BOARD OF DIRECTORS**

Fremantle Ports' governing body is a Board of Directors appointed by and responsible to the Minister for Transport, Planning and Ports. 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 15 to 16. 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 of the organisation.

#### **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. The board met on 10 occasions this year.

## DIRECTORS' CODE OF CONDUCT AND CHARTER

The Directors' Code of Conduct identifies the minimum standards of conduct required of all Directors of the Fremantle Port Authority in carrying out their duties and responsibilities. Directors agree to be bound by the code, which covers professional and personal behaviour, communication and official information. It incorporates elements of the Fremantle Ports Code of Conduct and the guidelines issued by the Australian Institute of Company Directors, Chartered Accountants Australia and New Zealand and the Western Australian Public Sector Commission. A Board Charter is in place, setting out the responsibilities of the board and Chief Executive Officer.

## AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management
Committee of the Board comprises three
Directors and has been chaired by
Anne Nolan since 1 January 2019. The
committee's role is to support and assist
the Board of Directors and Chief Executive
Officer in exercising due care, diligence
and skill in fulfilling its corporate oversight
and monitoring responsibilities.

The committee provides:

- independent and objective nonexecutive review and monitoring of Fremantle Ports' governance, financial reporting process, risk and internal control framework, performance of internal audit and other assurance processes, and process for monitoring compliance with legal, regulatory, policies and industry standards
- an open avenue of communication between the Audit and Risk Management Committee, Board of Directors, Executive, Senior Management, External Audit and Internal Audit.

#### SUSTAINABILITY COMMITTEE

The Sustainability Committee of the board comprises three directors and has been chaired by the Deputy Chair of the board, Kim Horne, since its inception in 2019. Sustainability encompasses how Fremantle Ports conducts its business, now and in the future, including the pursuit of workplace health and safety, minimising the organisation's impact on the environment and maintaining a safe, agile and high-performing workforce.

In relation to these three key areas, Fremantle Ports' Sustainability Committee is responsible for reviewing and making recommendations to the board on strategies, initiatives, targets, policies, frameworks, and management systems.

#### **GOVERNANCE FRAMEWORKS**

Our commitment to good governance was reinforced this year by the creation of a new Governance, Risk and Compliance Team staffed by subject matter experts with experience in both the public and private sectors. This team has driven the development and subsequent approval of key frameworks including:

- An enterprise risk management framework
- A compliance framework
- Governance documentation framework

- A delegated authorisations policy and associated matrix as required by the Port Authorities Act 1999
- A revised code of conduct

#### STATUTORY COMPLIANCE

Fremantle Ports' reputation is a significant asset. The early detection of statutory failures or potential failures is vital to ensure rectification is carried out without incurring reputational damage or future liabilities. Fremantle Ports has a strong compliance culture which ensures all our employees are aware of specific requirements for handling and reporting compliance failures.

Fremantle Ports is governed by licences, legislation, regulations, and codes covering many aspects of its operations. Personnel across the business are accountable for function-specific compliance activities. These activities are overseen by the Governance Risk and Compliance team to ensure a coordinated, consistent approach to compliance is maintained.

Fremantle Ports' compliance policy sets out its compliance objectives and our commitment to maintaining a culture of compliance. Achieving compliance objectives helps ensure Fremantle Ports sustains its social licence to operate and work effectively with key stakeholders, including the government, communities and

industry. A copy of the compliance policy is available on our website.

The key elements of the compliance framework include:

- the identification and management of Fremantle Ports' obligations and responsibility of relevant operational areas for ensuring compliance.
- risk assessment of compliance requirements to identify high-risk exposures and determine assurance efforts required to manage and monitor the compliance requirement.
- identification of compliance monitoring and assurance processes based on compliance risks
- review of compliance risks and report through to the Audit and Risk Management Committee

## ETHICAL AND RESPONSIBLE BEHAVIOUR

Our values, together with our code of conduct, set guiding behaviours expected of all people working in the business. The code was refreshed during the year to ensure that it continues to reflect the high standards of conduct expected by the Board and its commitment to ethics and integrity. A copy is provided to all employees and an e-learning module is in place, requiring all employees to read the code and answer questions on it to ensure that obligations and responsibilities are understood.

The code and values not only define expected behaviours for the way we undertake our business and deal with each other but also how we 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 sessions for all new staff.

Additionally, the code of conduct and organisational values are promoted via our intranet. We have detailed guidelines and processes in place which support the code. People and Culture 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 2020-21 there were 11 substantiated breaches of governance policies, in relation to Fremantle Port's Code of Conduct, Fraud and Corruption Policy, Alcohol and Other Drugs Policy, Use of Fremantle Ports Resources Policy, and the Workplace Harassment, Discrimination and Bullying Policy. Compulsory e-learning training courses were held regularly on the topics of accountable and ethical decision-making, alcohol and drugs in the workplace, and the requirements of the Code of Conduct.

Additional integrity program initiatives have been developed to align with the objectives modelled within the Public Sector Commission Integrity Strategy 2020-2023. These initiatives will integrate with the code to further enhance the corporate culture of Fremantle Ports.

#### **GIFTS AND BENEFITS**

Fremantle Ports maintains a gifts and benefits policy, which sets out requirements for responding to offers of gifts, benefits or hospitality. A gifts and benefits register is maintained and regularly reviewed by Executive. Its importance is reinforced by regular communication to staff on compliance requirements by the Chief Executive Officer. This year, there were no non-compliances in which gifts were accepted that were not in line with the policy.

#### **CONFLICTS OF INTEREST**

We manage actual and potential conflicts of interest in compliance with our conflicts of interest policy and procedure, to ensure that all decisions are made in the best interests of Fremantle Ports and its stakeholders. A centralised confidential register is maintained with oversight by the Audit and Risk Management Committee.

# WHISTLEBLOWING AND THE PUBLIC INTEREST DISCLOSURE ACT

The Public Interest Disclosure Act 2003 (PID Act) is legislation applying to Fremantle Ports which covers improper or unlawful conduct, mismanagement of public resources or an action involving a significant public health or safety risk. It provides protections for the person making the disclosure as well as rights to be informed of progress relating to any investigation. The Port maintains a Public Interest Disclosure policy and procedure and there are appointed PID officers who are trained to receive and confidentially manage disclosures of actual or suspected wrongdoing. There were no PID disclosures this year.

## AUDITING SYSTEMS AND PROCESSES

#### Internal Audit

The Assurance/Internal Audit activity 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 audits are reported to the Executive and the Audit and Risk Management Committee (subcommittee of the Board) and include recommendations regarding the adequacy of financial, operational, administrative and system controls.

The Audit and Risk Management Committee approved the Annual Audit Plan for 2020-21 in June 2020 and will periodically review the plan to ensure it remains responsive and adequately provides coverage of Fremantle Ports' activities in a changing environment.

Audit reviews are performed in accordance with an endorsed rolling Strategic Audit Plan and approved Annual Internal Audit Plan. Key reviews and audits undertaken during the year included:

- process audit dangerous cargo management
- project management
- workers' compensation and injury management
- · training and development
- process audit Kwinana Bulk Terminal wharf-side and on-vessel management
- Maritime Security Identification Card cyber assessment
- health check #1 of the Enterprise Resource Planning system implementation.
- specific system element audit environmental management system.
- procurement-to-payment function
- segregation of duties controls
- contract/agreement management.

Additionally, to increase the value the activity provides to the organisation, the Assurance Section has also been involved in an advisory/ consultancy capacity in the refresh of Fremantle Ports' enterprise risk management framework, implementation of the enterprise resource planning system, development of a compliance and policy framework, review of delegated authorisations, and implementation of government reform requirements.

Under the International Professional Practices Framework (IPPF) for Internal Auditing an external assessment is required to be undertaken at least every five years to assess conformance to the IPPF Standards. An external assessment was undertaken of Fremantle Ports' internal audit activity in 2020 with the assessor concluding that Fremantle Ports' internal audit activity generally conforms with the IPPF Standards.

#### **External Audit**

In compliance with the Port Authorities Act 1999, Fremantle Ports is required to have the financial report for the financial year audited by the Auditor General. The Auditor-General has currently outsourced this audit to Grant Thornton Australia Ltd.

## PROJECT APPROVALS AND FUNDING DECISIONS

Fremantle Ports follows rigorous, well-documented capital works approval processes. This ensures the validity of projects and protection of our assets through application of sound strategic asset management principles. A capital management policy is in place.

# ENTERPRISE RISK MANAGEMENT

Fremantle Ports has a holistic, integrated enterprise risk management framework which is integral to effective corporate governance, strategic and business planning, and optimal operations. Our approach is to manage risks within our risk appetite by achieving a balance between acceptable levels of risk and reward through the effective and efficient use of resources.

Clear enterprise risk management objectives are defined within the Boardapproved policy and delivered within a newly developed enterprise risk management framework that:

- defines the key attributes of Fremantle Ports' risk culture, risk appetite and integrated risk management approach
- provides an overview of the risk management process, including the risk treatment actions and the internal control effectiveness within Fremantle Ports
- describes roles and responsibilities for managing risk

A key component of the framework is recognition that introducing and refining the various elements required to implement and embed risk management represent a continuous journey. Our enterprise risk management policy is available on our website.

Key enterprise risk management activities undertaken during the reporting period include:

- Quarterly reviews of Fremantle Ports' strategic risk profile
- Asset and Infrastructure Management division commencing an asset risk assessment program
- Completing a review of the Harbour Master's Office operational risk profile
- Conducting Fremantle Ports' event risk assessments

#### **RESILIENCE**

During the reporting period, a review of the effectiveness of Fremantle Ports' response to marine based incidents and the COVID-19 pandemic was completed. Desktop exercises were conducted in December 2020 to test the response of the COVID-19 Business Continuity and Incident Management teams. Exercises and testing of response plans ensures that we:

- develop teamwork, competence, confidence and knowledge for team members with roles in responding to a disruption, and
- validate our response strategies and solutions.

#### MINISTERIAL DIRECTIVES

There were no Ministerial directives made during the year.

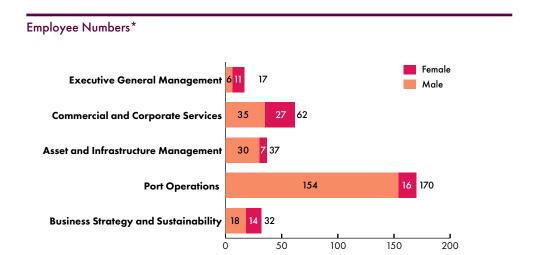
#### **DISABILITY ACCESS**

Fremantle Ports provides access for people with disabilities to public areas of the Administration Building, Fremantle Passenger Terminal and the ferry terminal within B Shed on Victoria Quay. ACROD parking facilities are provided in several locations on Victoria Quay. Fremantle Ports also works with cruise operators to remind them of the importance of meeting the needs of disabled and mobility-impaired cruise passengers at the Fremantle Passenger Terminal.

The E Shed Markets are a popular leisure destination for many disabled members of the public, particularly on Fridays and we actively support this use of Victoria Quay for community enjoyment.

# SUBSTANTIVE EQUALITY AND DIVERSITY

Fremantle Ports promotes gender equity and diversity in all its human resources approaches. The workforce profile this year was as follows:



\* The above calculation excludes board members, employees on leave without pay and casuals who worked less than one month.

#### ADVERTISING AND MARKET RESEARCH EXPENDITURE

In accordance with the *Electoral Act 1907 (s 175ZE)*, details of certain categories of expenditure are required to be disclosed. The following expenditures were made to advertising, market research and polling organisations during 2020-21.

Advertising Agency	
Marketing Research Organisations	
IPSOS AUSTRALIA PTY LTD	\$46,741.00
Direct Mail Organisations	
FREMANTLE HERALD	\$1,920.90
Polling Organisations	
NA	
Media Advertising Organisations	
OPTIMUM MEDIA DECISIONS WA (OMD)	\$22,005.00
SCOTT PRINT	\$8,275.50
SEEK LIMITED (recruitment advertisements)	\$7,832.00
ACORN DESIGN	\$5,318.85
TENDERLINK.COM (ILLION)	\$4,683.00
RUBIS GROUP PTY LTD (Quay to Summer place activation)	\$2,285.00
FREMANTLE CHAMBER OF COMMERCE (Windows Activation	\$2,135.68
Project)	
PARAGON DCN PTY LTD	\$1,950.00
ANGRY CHICKEN PUBLISHING PTY LTD	\$1,650.00
360 DEGREE AERIAL SURVEYING AND PHOTOGRAPHY	\$1,150.00
THE POSTER GIRLS (Port Walks and Then & Now event promotion)	\$1,130.00
DJITTI DJITTI TRUST t/as PIRATE88 MEDIA (Then & Now event)	\$880.00
HELLO PERTH	\$550.00
KIDS AROUND PERTH	\$280.20
FACEBOOK	\$270.23
FOXTEL	\$140.91
Total	\$109,198.27

#### COMPLAINTS MANAGEMENT

Fremantle Ports takes complaintsmanagement seriously, because it allows the organisation to identify issues and incidents of concern and improve its response to those matters.

Complaints may be received in a variety of ways - this year, complaints were received in person, by phone, letter, email and online. Both the Fremantle Ports and Victoria Quay websites have feedback links on the homepages that take the public to online forms. An all-hours telephone number is available for emergency calls, including environmental issues.

Complaints contact information is also provided in community and industry publications where appropriate. All complaints are promptly referred to the Corporate and Community Relations team or an officer with the relevant expertise to resolve the complaint. The Complaints Management Policy and procedure are regularly reviewed. It was determined this year that, from July 1 on, timeliness standards shall be further introduced, as follows:

- One working day from receipt of complaint to provide an initial acknowledgement to the complainant
- Two working weeks from receipt of complaint to close out the complaint.

Both will be managed manually, rather than automated.

All complaints in 2020-21 were once again logged into an electronic complaints management system, from which they were recorded, tracked, closed out and trends also identified. Fremantle Ports is certified to the ISO 9001 Quality Management System standard, which includes the requirement to have a robust complaints management handling process in place.

We use complaints and other stakeholder feedback as valuable input into our continuous improvement process. We willingly acknowledge that people have a right to complain about services or operations and give them multiple means to do so. Complaints provide an opportunity to improve our services and operations and can alert us to potential problems, including safety hazards.

The board reviews complaints on a regular basis, with particular attention drawn to trends. Complaints and incidents were reported and discussed at every Inner Harbour Community Liaison Group quarterly meeting this year and referenced in meeting minutes posted on the corporate website. The group members represent a wide range of community organisations and precinct areas.

#### **COMPLAINTS RECEIVED**

Complaints were down this year from 63 to 49. All complaints were addressed to the point where no further action was required in terms of follow-up with those individuals.

While, overall, real numbers were small, it was notable that complaints in the safety category this year rose significantly by share. Fremantle Ports has introduced a new workplace health and safety strategy and raised its vigilance to a higher degree on safety matters this year. All complaints are reviewable by the Safety Team. The age of the heritage-listed Victoria Quay precinct - most visited by the public - typically presents minor safety and maintenance issues and this was a challenge for the organisation this year. Maintenance works on Victoria Quay this year were a response, in part, to those complaints.

Of the seven noise complaints, six were related to ship noise, which was an upward complaint trend noticed last year.

A long-term East Fremantle resident rang to complain about vibrating engine-type humming noise coming from port. He said the noise was the worst it had been in over 35 years. A local East Fremantle Facebook site also had numerous posts about noise the same night. There were three container vessels at North Quay at that time. A

Fremantle Ports patrol investigated and reported it was difficult to determine which of the three ships the noise was coming from but suspected one of the ships. The Environment Branch investigated and confirmed unusual low humming from Victoria Quay which was noticeable from Cantonment Hill. A noise consultant attended and measured levels but due to multiple ships was unable to pinpoint the source. All three container ships were placed on a watch list to be measured next time in port.

Noise complaints this year spurred us to commence developing a noise management strategy to improve our approach to mitigating noise from Inner Harbour operations. As part of this, we engaged acoustic specialists to provide recommendations on how best to measure and manage noise sources at the port. We also engaged with Ports Australia, to investigate opportunities for consistent approaches by ports across Australia. In this way, all Australian ports will hopefully improve in this area in the years ahead.

The nine safety complaints included a container ship having to slow for a swimmer, two tripping incidents, vegetation on a busy North Fremantle truck route needing trimming to help cyclists see oncoming traffic, a pilot vessel passing too close to a recreational boat, potholes on

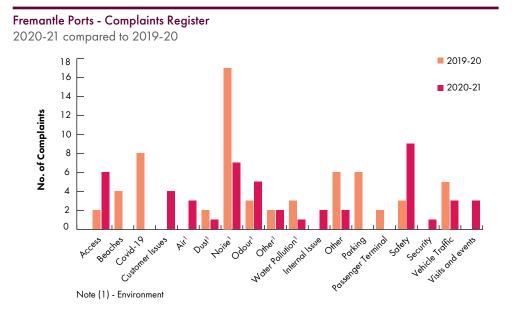
a port road, and safety fencing around works on port sheds impacting on footpath access. Potholes were filled and vegetation was trimmed. It was explained that safety fencing, while impacting on the footpath, was necessary. A sightseer on South Mole reported vermin, resulting in a pestmanagement response the following week.

There was a near-miss between a container ship and a solo Rottnest Channel swimmer early one morning. The support vessel for the swimmer failed to answer phone or radio messages from Fremantle Ports and did not have a GPS-locating device aboard which was required under Fremantle Ports' approval for the event. The ship had to reduce its speed due to channel constraints. After discussion with sporting groups, Fremantle Ports placed a moratorium on approving solo crossings until satisfied with safety processes by applicants. While this was not popular with some, solo-crossing applications have increased markedly in recent years, with 40 applications received in December-January. Fremantle Ports has a zero tolerance for safety breaches but remains confident a mutually-suitable outcome can be reached regarding solo swim crossings before summer 2021-22.

On South Mole, a man who tripped on the cement step at the entrance to the toilet block there suggested hazard tape be applied on the step to prevent another incident. Fremantle Ports painted the step white for better contrast. A man who tripped over a bench on O'Connor Ferry Landing, Victoria Quay while waiting for a ferry, broke his mobile phone. He was not concerned about falling but contacted us seeking damages for his broken phone; we did not accept liability for the broken phone.

A vehicle traffic complaint involved a truck that came from Victoria Quay swiping off a car side mirror. The complainant requested information on the truck. The truck was identified leaving Gate 3 just prior to the incident and the driver was identified as working for a trucking company, which was contacted. The complainant gave feedback that she was grateful for the assistance from Fremantle Ports.

An odour complaint related to a Rous Head company complaining about odour from a nearby crayfish processing company. Both companies are Fremantle Ports' tenants. The crayfishing company was contacted. A representative explained that there was increased processing due to China's embargo on live lobsters. The company said it would increase the frequency of cleaning its bins.



#### **RECORDS MANAGEMENT**

Recordkeeping is an essential part of Fremantle Ports' business activities. Records are captured, secured, retained and are accessible when required. Compliance with State Records Commission Standard 2, Principle 6, is achieved, and often exceeded, through regular reviews and improvement initiatives, some of which are outlined below.

The following continuous improvement projects were undertaken and completed in the last 12 months:

- State Records Commission approval was obtained for the updated Fremantle Ports Recordkeeping Plan.
- The Records Team worked with business units to ensure corporate records and information were registered into the Electronic Document and Records Management System (Content Manager), to protect and preserve our information assets.
- Records Management now sits within the newly created Architecture and Governance Team as part of the IT Branch. This has resulted in enhanced and improve Information and records management practices.

 We procured a new digital asset management system, HIVO, which will allow us to effectively store, track and retrieve our extensive collection of more than 150,000 heritage and contemporary photographs, film and digital video files.

#### **RECORD-KEEPING TRAINING**

Our record-keeping compliance induction program continued for new employees, emphasising their responsibilities in relation to good record-keeping practices, compliance with the State Records Act, our record-keeping plan and effective use of the tool Content Manager. In 2020-21, there were 103,817 new documents registered into Content Manager and 84 new employees provided with one-on-one training.

# COMPLIANCE WITH OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT REPORTING

Fremantle Ports maintains a strong commitment to occupational safety and health and injury management. Our Safety, Environment and Quality Policy objectives for safety and health are:

- operate the port in a safe manner
- care for and support the well-being of our people
- provide safe and healthy working conditions to prevent work related injury and ill-health.

In accordance with the policy, the Executive Team is responsible for providing the leadership and resources to support the development and implementation of this policy.

Consultation is emphasised in the Occupational Safety and Health Act 1984 and the Mines Safety and Inspection Act 1994, with an obligation placed on employers to consult employees and safety and health representatives, where they exist, on safety and health at the workplace.

Fremantle Ports has Inner Harbour and Outer Harbour Safety Committees to facilitate the consultative process between employees, safety and health representatives and employer representatives. The committees are structured as per the requirements of the Commission for Occupational Safety and Health and its Mining Industry Advisory

Committee's Guidance Note Formal Consultative Processes at the Workplace 2006.

The committees meet bi-monthly under an agreed constitution with elected and trained safety and health representatives. A formal agenda during the meeting ensures all the functions of the committee and constitution are adhered to and achieved; this includes the resolution of safety and health issues through a successful action management system.

In accordance with the Workers Compensation and Injury Management Act 1981, Fremantle Ports has further enhanced our managers and supervisors with the skills and practices required to assist in the development and active injury management to injured workers to achieve a safe and sustained return to work. All cases are uniquely designed to suit the pre-injury duties and the current fitness for work in consultation with the treating practitioner, manager and injury management coordinators. This creates a mutually agreeable and positive return to the workplace.

Fremantle Ports has adopted the AS/NZS ISO 45001:2018 standard for its occupational safety and health management system. Annually, Fremantle Ports' occupational safety and health management system is assessed by a certification body. The assessment was completed in May 2021. The assessment completed by Lloyds Register found no major non-conformances.

Measure			Results against T	arget
	2018-19	2019-20	Targets	Comment on result
Number of fatalities	0	0	0	Target achieved
Lost time injury and/or disease incidence rate*	6.7	8.0	0 or 10% reduction	Target not achieved
Lost time injury and/or disease severity rate	195.8	58.8	0 or 10% reduction	Target achieved
Percentage of injured workers returned to work:				
(i) within 13 weeks	60%	100%	Greater than or equal to 80%	Target not achieved
(ii) within 26 weeks	60%	100%	Greater than or equal to 80%	Target achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	92%	95%	Greater than or equal to 80%	Target achieved

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





# **STATISTICAL** INFORMATION

Trade graphs and tables

	FIVE YEAR S	UMMARY			
SHIPPING	2016-17	2017-18	2018-19	2019-20	2020-21
No. of Ships: Inner Harbour	991	1,003	993	850	<i>7</i> 26
Gross Tonnage (000's):					
Inner Harbour	45,372	48,363	46,160	41,207	34,110
Outer Harbour	25,638	23,569	22,331	21,721	21,675
TOTAL	<i>7</i> 1,010	<i>7</i> 1,931	68,491	62,928	56,511
Turnover per linear metre of wharf					
Inner Harbour Tonnage Only - (i)					
Trade in Tonnes	2,506	2,753	2,878	2,793	2,780
Gross Tonnage	14,205	15,142	14,452	12,901	10,680
TRADE	Mass tonnes '000	Mass tonnes '000	Mass tonnes '000	Mass tonnes '000	Mass tonnes '000
Total Port Trade	35,314	34,845	34,489	32,656	30,381
Imports: Inner Harbour	3,891	4,350	4,302	4,447	4,653
Outer Harbour	10,578	10,993	11,380	11,251	9,802
TOTAL	14,469	15,343	15,683	15,698	14,455
Exports: Inner Harbour	4,064	4,444	4,890	4,475	4,227
Outer Harbour	16,674	15,059	13,915	12,483	11,699
TOTAL	20, <i>7</i> 38	19,502	18,806	16,958	15,926

	FIVE YEAR S	UMMARY			
FINANCE	\$ Millions	\$ Millions	\$ Millions	\$ Millions	\$ Millions
Revenue from ordinary activities	214.056	228.853	222.030	217.939	226.067
Operating expenses	118.902	119.203	125.692	127.250	125.400
Interest and depreciation charges	26.907	26.346	25.509	24.553	22.870
Profits from ordinary activities	68.247	83.305	70.829	66.136	77.797
Written down value of fixed assets	426.097	424.624	440.326	441.757	436.792
Percentage of Revenue	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
Charges on cargo	62.96	61. <i>7</i> 9	61.25	60.42	63.71
Charges on ships	9.92	9.54	9.73	9.35	8.13
Charges for shipping services	5.84	5.56	5.92	5.98	5.16
Charges for other services &					
Interest	21.28	23.11	23.11	24.25	23.01
Operating expenses	55.55	52.09	56.61	58.39	55.47
PERSONNEL	No.	No.	No.	No.	No.
Employees at 30th June (ii)	322	311	304	296	300

<sup>(</sup>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.

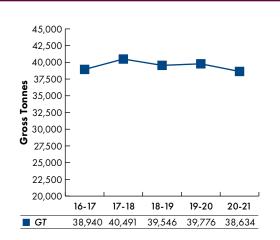
<sup>(</sup>ii) Full time equivalent employees.

SHIP VISITS AND GROSS TONNAGE								
Year ended	COA	COMMERCIAL		NON TRADING		TOTAL COMMERCIAL & NON TRADING		
30th June	No.	Gross Tonnage	No.	Gross Tonnage	No.	Gross Tonnage	No.	
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	62	
2017	1,813	70,597,518	55	414,223	1,868	<i>7</i> 1,011, <i>7</i> 41	92	
2018	1,768	71,588,860	39	342,462	1,807	71,931,322	31	
2019	1,726	68,255,990	54	235,074	1,780	68,491,064	38	
2020	1,575	62,647,342	57	280,814	1,632	62,928,156	15	
2021	1,429	55,207,983	94	577,415	1,523	55,785,398	15	



SHIPS CLASSIFIED										
		2018-19			2019-20			2020-21		
Vessel Class	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	68	923	13.6	72	985	13. <i>7</i>	84	977	39.5	
Container	513	27,313	53.2	413	24,029	58.2	357	20,466	<i>57</i> .3	
Other - Trading	14	231	16.5	13	239	18.4	4	24	5.9	
Roll-on/Roll-off	23	1,633	<i>7</i> 1.0	20	1,432	<i>7</i> 1.6	15	1,088	72.5	
Vehicle Carrier	218	12, <i>7</i> 63	58.5	186	10,592	56.9	178	10,452	58.7	
Livestock Carrier	64	1,134	1 <i>7.7</i>	73	1,280	17.5	48	835	1 <i>7</i> .4	
Passenger	35	1, <i>7</i> 62	50.3	40	2,551	63.8	3	7	2.4	
Tankers	261	8, <i>7</i> 92	33. <i>7</i>	260	8,829	34.0	237	6,979	140.2	
Dry Bulk - Grain	170	4,797	28.2	126	3,446	27.3	119	3,795	31.9	
Dry Bulk - Other	253	6,160	24.3	260	6,374	24.5	257	6,579	133.2	
Bunkering Only	107	2,747	25.7	112	2,890	25.8	129	4,075	66.2	
Non Trading - Other	54	235	4.4	57	281	4.9	92	508	7.4	
Sub Total	1 <i>,7</i> 80	68,491	38.5	1,632	62,928	38.6	1,523	55 <i>,7</i> 85	36.6	
Naval	38			15			15			
Grand Total	1,818	68,491		1,647	62,928		1,538	55 <i>,7</i> 85	36.6	

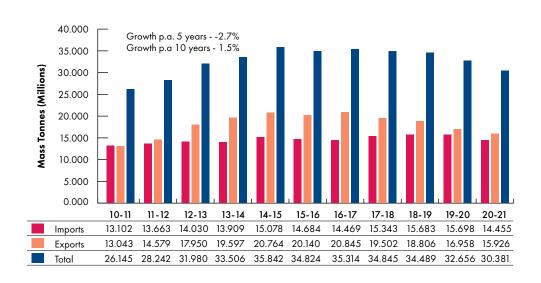
#### Average Gross Tonnage per Commercial Vessel 2016-17 to 2020-21



Ship Visits (Excluding Naval)



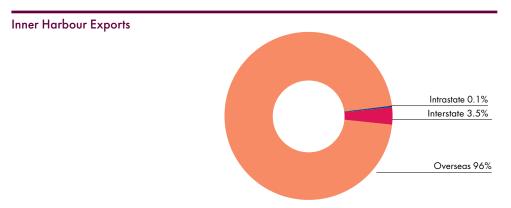
#### Total Port Trade 2010-11 to 2020-21

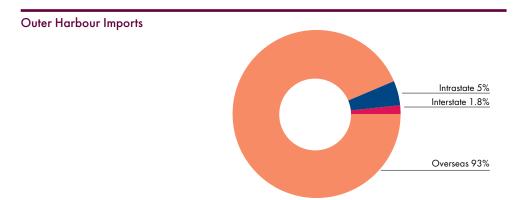


SYNOPSIS OF TRADE 2020-21								
CARGO	Inner Harbour Mass Tonnes	Outer Harbour Mass Tonnes	Port Total Mass Tonnes					
Imports								
From Intrastate Ports		469,746	469,746					
From Interstate Ports	833,085	175,966	1,009,051					
From Overseas Ports	3,820,275	9,156,165	12,976,439					
TOTAL IMPORTS	4,653,360	9,801,877	14,455,237					
Exports								
To Intrastate Ports	3,514	111,532	115,046					
To Interstate Ports	148,381	937,809	1,086,190					
To Overseas Ports	4,074,834	10,649,653	14,724,487					
TOTAL EXPORTS	4,226,729	11,698,994	15,925,722					
TOTAL PORT TRADE	8,880,089	21,500,871	30,380,959					







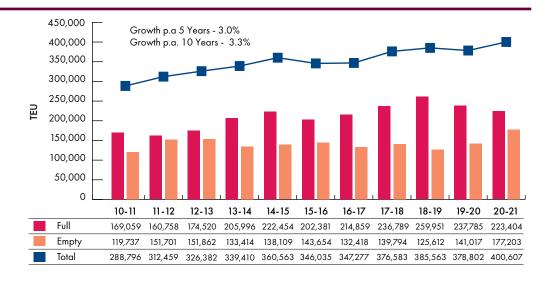






#### Total Container Trade - TEU 2010-11 to 2020-21 900,000 Growth p.a 5 Years - 2.4% Growth p.a. 10 Years - 3.0% 800,000 700,000 600,000 500,000 400,000 300,000 200,000 100,000 0 11-12 12-13 13-14 14-15 15-16 16-17 17-18 18-19 19-20 20-21 Imports 310,180 344,453 343,900 363,917 382,932 369,072 368,670 393,639 402,703 404,635 406,454 Exports 288,796 312,459 326,382 339,410 360,563 346,035 347,277 376,583 385,563 378,802 400,607 Total 598,976 656,912 670,282 703,327 743,495 715,107 715,947 770,222 788,266 783,437 807,061





Import Container Trade - TEU 2010-11 to 2020-21



	PORT OF FR	EMANTLE CONTA	INER TRADE -TEU	July 1 2020 to Ju	une 30 2021		
	Imports					Grand	
COUNTRY	Full	Empty	Total	Full	Empty	Total	Total
China	155,511	573	156,084	49,198	11,012	60,210	186,493
Singapore	9,803	8,651	18,454	6,094	88,643	94,737	111,384
Malaysia	17,637	99	17,736	15,071	48,523	63,594	103,629
Australia	<i>54,7</i> 92	4,192	58,984	2,173	8,776	10,949	56,900
Indonesia	9,766	358	10,124	14,260	9,580	23,840	36,326
Japan	7,833	97	7,930	25,500		25,500	35,418
Thailand	21,645	39	21,684	8 <i>,7</i> 18	101	8,819	30,919
South Korea	6,858	13	6,871	20,186	32	20,218	28,680
Vietnam	12,910	52	12,962	11,1 <i>7</i> 1	2,022	13,193	22,368
India	8,948	12	8,960	16,204	17	16,221	22,346
United States of America	11 <i>,7</i> 35	7	11, <i>7</i> 42	4,562	33	4,595	18,123
Taiwan	4,553	25	4,578	8,629	30	8,659	13,106
New Zealand	4,769	46	4,815	3 <i>,7</i> 41	4,266	8,007	10,092
United Arab Emirates	3,285	16	3,301	6,301		6,301	9,203
Germany	7,106		7,106	513	14	527	7,532
Italy	7,154	24	7,178	354	7	361	6,957
Netherlands	4,346		4,346	2,485	7	2,492	6,930
United Kingdom	4,558		4,558	1,146	2	1,148	6,891
Philippines	841		841	4,796		4,796	5,950
Belgium	4,024		4,024	<i>7</i> 15	194	909	4,877
Other countries	33,327	849	34,176	21,587	3,944	25,531	82,937
Grand Total	391,401	15,053	406,454	223,404	177,203	400,607	807,061

			MAJOR EXPORTS BY COMMODITY 2020-2021
COMMODITY	% Tonnes	Mass Tonnes	Principal Countries (% Commodity Total)
Grains	32.9%	5,246,715	Saudi Arabia (13.3) Indonesia (12.5) Japan (11.7) Vietnam (8.1) South Korea (7.9) China (7.5) Thailand (7.3) Philippines (5.7) Netherlands (3.6) Kenya (3.3) Kuwait (3.2) Malaysia (3.1) Germany (1.9)
Alumina	19.4%	3,096,573	China (20.9) India (17.3) Malaysia (11.5) Egypt (9.0) Bahrain (7.2) Indonesia (6.3) Russia (6.0) Australia (5.6) Qatar (4.2) South Korea (3.1) Japan (2.9) Norway (2.0)
Bauxite	12.7%	2,015,597	China (100.0)
Petroleum Refined	6.2%	982,459	Australia (78.2) Malaysia (11.6) Singapore (5.2) Vietnam (2.2) Christmas Island (2.0)
Animal Feed	4.2%	669,873	Japan (39.3) South Korea (22.8) China (17.2) Taiwan (6.2) Kuwait (2.2) Philippines (2.1) Vietnam (1.6)
Scrap Metals	3.0%	481,207	Vietnam (24.4) India (17.8) Australia (14.5) Bangladesh (10.1) Indonesia (9.1) Taiwan (5.6) Saudi Arabia (3.4) Thailand (3.3) Malaysia (3.1) United Arab Emirates (3.0)
Silica Sands	2.3%	360,850	South Korea (76.7) China (14.2) Japan (4.2) India (3.4)
Iron Ore	2.0%	318,566	China (88.4) Vietnam (11.6)
Waste Paper	1.3%	211,986	Indonesia (52.7) India (17.1) Thailand (9.6) China (7.9) Vietnam (6.4) Malaysia (5.4)
Titanium Dioxide	1.2%	183,523	China (18.2) India (18.1) South Korea (11.6) Thailand (7.2) Philippines (5.5) Vietnam (4.8) Indonesia (4.6) United States of America (4.3) Belgium (3.5) Netherlands (3.5) Malaysia (3.3) Japan (2.3)



MAJOR EXPORTS BY COUNTRY 2020-2021					
COUNTRY	% Tonnes	Mass Tonnes	Principal Commodity (% Country Total)		
China	25.2%	4,005,637	Bauxite (50.3) Alumina (16.2) Grains (9.9) Iron Ore (7.0) Animal Feed (2.9) Mineral Sands (1.7)		
Australia	7.6%	1,213,284	Petroleum Refined (63.3) Alumina (14.2) Scrap Metals(5.8) Sulphuric Acid (4.4) Ammonium Nitrate (4.2)		
Indonesia	6.7%	1,073,267	Grains (60.9) Alumina (18.2) Waste Paper (10.4) Scrap Metals (4.1)		
Japan	6.6%	1,054,979	Grains (57.9) Animal Feed (25.0) Alumina (8.6) Non Ferrous Metals (2.4)		
South Korea	6.4%	1,026,695	Grains (40.6) Silica Sands (26.9) Animal Feed (14.9) Alumina (9.2) Titanium Dioxide (2.1)		
Malaysia	6.3%	1,007,559	Petroleum Refined (63.3) Alumina (14.2) Scrap Metals (5.8) Sulphuric Acid (4.4) Ammonium Nitrate (4.2)		
India	5.3%	849,374	Alumina (63.0) Scrap Metals (10.1) Waste Paper (4.3) Titanium Dioxide (3.9) Mineral Sands (3.8) Grains (3.7) Sulphuric Acid (2.2)		
Saudi Arabia	4.7%	<i>7</i> 50,453	Grains (93.1) Fresh Fruit and Vegetables (3.1) Scrap Metals (2.2)		
Vietnam	4.5%	710,566	Grains (59.7) Scrap Metals (16.6) Iron Ore (5.2) Liquified Petroleum Gas (3.4) Petroleum Refined (3.0) Cattle and Calves (2.3) Waste Paper (1.9)		
Thailand	3.1%	500,801	Grains (76.5) Alumina (6.3) Waste Paper (4.1) Scrap Metals (3.2) Titanium Dioxide (2.6) Non Ferrous Metals (2.4)		
Singapore	2.2%	357,982	Petroleum Refined (14.2) Dairy Products (8.1) Tallow (7.4) Fresh Fruit and Vegetables (6.8) Grains (2.7) Non Ferrous Metals (2.0)		

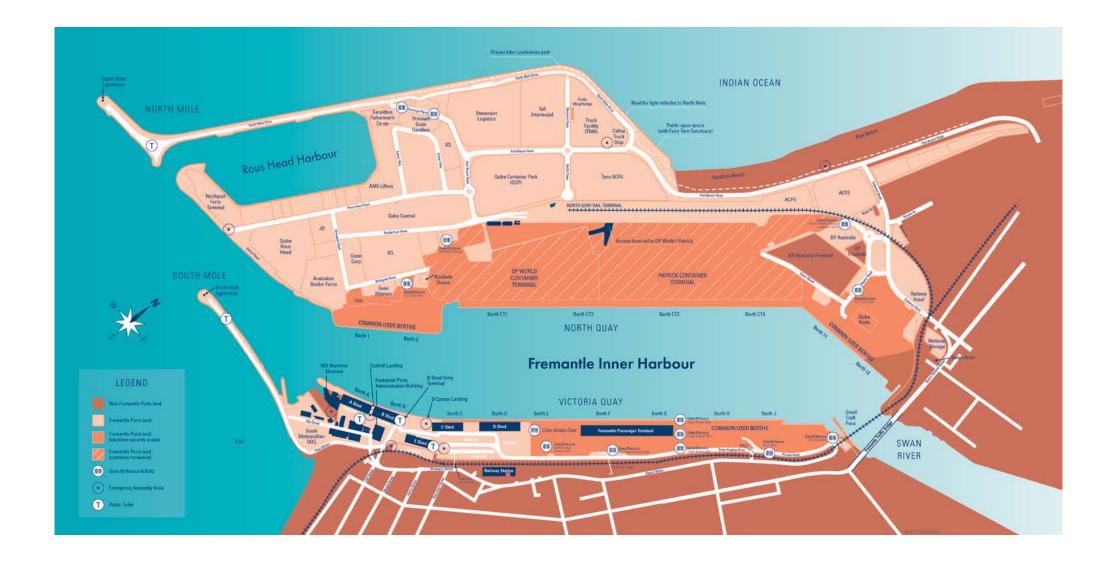
			MAJOR IMPORTS BY COMMODITY 2020-2021
COMMODITY	% Tonnes	Mass Tonnes	Principal Countries (% Commodity Total)
Petroleum Crude	20.0%	2,884,788	United Arab Emirates (45.7) Malaysia (19.4) United States of America (13.8) Australia (5.8) Papua New Guinea (5.2) Nigeria (4.0) Indonesia (3.5) Vietnam (2.5)
Petroleum Refined	17.0%	2,457,080	Singapore (54.3) Malaysia (10.4) China (7.5) South Korea (4.2) Brunei (4.0) India (3.9) Taiwan (3.4) Indonesia (2.9) Australia (2.4) United States of America (1.8)
Fertilser	8.1%	1,170,902	Saudi Arabia (20.4) United States of America (19.6) China (18.6) Qatar (8.5) Morocco (6.4) Indonesia (4.3) Canada (3.9) Australia (3.4) Lithuania (3.3) South Korea (2.5) Jordan (1.9) Germany (1.9)
Caustic Soda	6.4%	919,597	Saudi Arabia (33.9) Japan (23.8) Taiwan (16.8) United States of America (14.2) China (8.6) Qatar (2.2)
Cement Clinker	5.7%	817,120	Indonesia (44.3) Japan (43.5) Malaysia (12.2)
Sulphur	3.3%	483,106	Canada (100.0)
Iron and Steel Products	3.3%	481, <i>7</i> 36	Australia (34.5) China (17.8) South Korea (7.1) Turkey (5.7) India (4.6) Singapore (4.1) Thailand (4.0) Taiwan (3.7) Indonesia (2.4) United Arab Emirates (2.2) United States of America (2.0)
Urea Ammonium Nitrate	3.0%	433,018	Russia (66.9) Lithuania (17.2) Estonia (11.3) Singapore (2.3) United States of America (2.3)
Manufactures of Metal	2.9%	417,598	China (50.8) Malaysia (8.4) Australia (6.4) South Korea (4.1) India (3.8) Indonesia (3.6) Singapore (3.3) Thailand (3.1) Vietnam (2.8) United Arab Emirates (2.2)
Chemicals and Related Products	2.2%	319,005	China (41.9) Australia (9.5) Singapore (6.2) Indonesia (5.2) India (4.8) Thailand (4.4) Malaysia (4.1) United States of America (3.7) South Korea (3.2) Belgium (1.7) Germany (1.6)
Ammonia	1.8%	256,081	Australia (94.5) Bangladesh (5.5)

MAJOR IMPORTS BY COUNTRY 2020-2021			
COUNTRY	% Tonnes	Mass Tonnes	Principal Commodity (% Country Total)
China	12.4%	1,777,526	Fertilser (12.2) Manufactures of Metal (11.9) Petroleum Refined (10.4) Chemicals and Related Products (7.5) Furniture and Parts Thereof (6.3) Iron and Steel Products (4.8) Caustic Soda (4.5) Machinery - Agricultural, Industrial (4.2) Plastic Wares and Other Manufactures (3.9) Bricks, Tiles, Pavers (3.9) Other Transport Equipment and Parts (3.3) Rubber Manufactures (3.1) Household Appliances (2.6) Paper, Paperboard and Articles of Paper Pulp (2.4) Sanitary, Plumbing, Heating and Lighting Fixtures (2.4)
Singapore	10.4%	1,493,788	Petroleum Refined (87.1) Petroleum Residual Products (5.3) Chemicals and Related Products (1.3) Iron and Steel Products (1.3)
Australia	10.2%	1,469,815	Ammonia (16.5) Petroleum Crude (11.3) Iron and Steel Products (11.3) Gypsum (10.4) Ale, Beer and Stout; Cider (Alcoholic) (7.6) Paper, Paperboard and Articles of Paper Pulp (5.3) Petroleum Refined (4.0) Motor Vehicles - Used and Private (3.3) Fertilser (2.7) Fabricated Construction Materials (2.4) Vehicles - Industrial and Agricultural (2.2) Other Food Preparations (2.2)
United Arab Emirates	9.6%	1,382,643	Petroleum Crude (95.4) Petroleum Refined (1.8)
Malaysia	7.7%	1,101,978	Petroleum Crude (50.9) Petroleum Refined (23.1) Cement Clinker (9.1) Manufactures of Metal (3.2) Plastic Wares and Other Manufactures (1.5) Lime (1.3)
Japan	6.9%	991,165	Cement Clinker (35.8) Slag Residue (24.5) Caustic Soda (22.0) Motor Vehicles - New (6.8) Rubber Manufactures (3.9) Vehicles - Industrial and Agricultural (3.5)
United States of America	6.8%	972,585	Petroleum Crude (41.1) Fertilser (23.6) Caustic Soda (13.5) Petroleum Refined (4.5) Vehicles - Industrial and Agricultural (2.8) Other Transport Equipment and Parts (2.2) Rubber Manufactures (1.8) Machinery - Agricultural, Industrial (1.4)
Indonesia	4.8%	684,806	Cement Clinker (52.9) Petroleum Crude (14.7) Petroleum Refined (10.3) Fertilser (7.3) Chemicals and Related Products (2.4) Manufactures of Metal (2.2) Iron and Steel Products (1.7)
Saudi Arabia	3.9%	557,473	Caustic Soda (55.8) Fertilser (42.9)
Canada	3.8%	550,197	Sulphur (87.8) Fertilser (8.2) Machinery - Agricultural, Industrial (1.2)
Thailand	2.7%	394,434	Lime (21.2) Artifical Resin and Plastic In Primary Form (14.1) Motor Vehicles - New (13.6) Petroleum Residual Products (11.2) Iron and Steel Products (4.9) Household Appliances (4.1) Rubber Manufactures (4.0) Chemicals and Related Products (3.6) Manufactures of Metal (3.3) Limestone For Steel, Lime or Cement (3.0) Plastic Wares and Other Manufactures (2.1) Other Food Preparations (2.1)
Taiwan	2.1%	299,897	Caustic Soda (51.6) Petroleum Refined (28.1) Iron and Steel Products (6.0) Artifical Resin and Plastic In Primary Form (3.3) Manufactures of Metal (2.6)

Major Container Commodities Exported - TEU			
Commodities	2019-20	2020-21	Variance %
Manufactures of Metal	34,927	34,359	-1.6%
Machinery - Agricultural, Industrial	22,068	24,895	12.8%
Plastic Wares and Other Manufactures	23,020	23,339	1.4%
Rubber Manufactures	21,543	21,101	-2.1%
Paper, Paperboard and Articles of Paper Pulp	23,835	21,007	-11.9%
Iron & Steel Products	14,927	18,628	24.8%
Chemicals and Related Products	18,377	1 <i>7</i> ,301	-5.9%
Ale, Beer and Stout; Cider (Alcoholic)	16,355	13,329	-18.5%
Bricks, Tiles, Pavers, Etc	6,391	7,562	18.3%
Lime	5,010	4,645	-7.3%
Total	186,453	186,166	-0.2%
Percentage of Total Full TEU Imports	50.0%	47.6%	

Major Container Commodities Exported - TEU			
Commodities	2019-20	2020-21	Variance %
Animal Feed	46,674	42,505	-8.9%
Waste Paper	18,935	17,859	-5.7%
Oats	15,489	17,838	15.2%
Scrap Metals	16,644	15,669	-5.9%
Malt	8,535	11,292	32.3%
Fresh Fruit and Vegetables	10,985	11,244	2.4%
Other Cereals and Cereal Preparations	7,752	9,438	21.7%
Titanium Dioxide	9,629	8,753	-9.1%
Fresh Meat - Chilled or Frozen	9,525	8,752	-8.1%
Chemicals and Related Products	<i>7</i> ,050	8,132	15.3%
Total	151,218	151,482	0.2%
Percentage of Total Full TEU Exports	63.6%	67.8%	

LIVESTOCK EXPORTS 2020-21					
Destination	Sheep	Cattle	Other Livestock	Total Quantity	% of Total
Asia South-East	5,173	59,802	0	64,975	9.69%
East Asia - China	0	8,539	0	8,539	1.27%
Middle East	566,614	30,676	0	597,290	89.04%
Totals	571,787	99,017	0	670,804	100.0%





## Publications, Abbreviations, Address, Contacts

#### **ABOUT THIS ANNUAL REPORT**

In accordance with the provisions of the Port Authorities Act 1999 and other legislation, this Annual Report is provided to the Minister for Transport; Planning; Ports, the Hon Rita Saffioti, MLA, then tabled in the Parliament of Western Australia. The Annual Report is intended to inform the Parliament of Western Australia, public, our stakeholders and others of Fremantle Ports' activities, performance, achievements and challenges during 2020-21.

The report is prepared by Fremantle Ports staff. Previous years' annual reports are lodged with the State Library of Western Australia and recent years' reports available at www.fremantleports.com.au

#### **ABBREVIATIONS**

	· · · · · · · · · · · · · · · · · · ·
DPIRD	Department of Primary Industry and Regional Development
EMS	Environmental management system
GT	Gross tonnes
ISO	International Organisation for Standardisation
KBJ	Kwinana Bulk Jetty
KBT	Kwinana Bulk Terminal
LNG	Liquified natural gas
MAFI	MAFI trailers are wheeled platforms used on roll-on-roll-off vessels to move large static cargo
MCA	Multi-criteria analysis
RORO	Roll-on-roll-off vessels which predominantly carry vehicles and break-bulk cargoes
TEU	Twenty-foot equivalent unit container
tph	Tonnes per hour
UAN	Urea ammonium nitrate
WA	Western Australia
WAVE	Fremantle Ports' Workplace Altruism Volunteering Employee program

DAWR Commonwealth Department of Agriculture and Water Resources

#### **OUR ADDRESS**

Fremantle Ports

1 Cliff Street, Fremantle

Western Australia 6160

By post: PO Box 95

Fremantle WA 6959

#### OTHER WAYS TO CONTACT US

Tel: 618 9430 3555

Fax: 618 9336 1391

Email: mail@fremantleports.com.au

### TELL US HOW WE'RE PERFORMING

The quality of this annual report to you is important to us. We gratefully receive any feedback on our reporting performance, as we are committed to the principle that our annual reports should meet the needs of the public, our customers, stakeholders and the community.

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To give feedback, make inquiries or seek approvals for use, contact us at:

Tel: 08 9430 3555

Email: mail@fremantleports.com.au

Web: fremantleports.com.au

Mail: PO Box 95

Fremantle

Western Australia 6959

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Fremantle Ports' achievements in 2020-21 were the result of much hard work by staff and contractors, during an unusually challenging year most notable for the continuing COVID-19 pandemic.

We thank our customers, stakeholders, partners, community organisations and the public for their ongoing support.



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#### **FREMANTLE PORTS**

1 Cliff Street Fremantle Western Australia 6160 | T: +61 8 9430 3555 | F: +61 8 9336 1391 E: mail@fremantleports.com.au | www.fremantleports.com.au