



FREMANTLE
PORTS



FREMANTLE PORTS **Annual Report**
2019

Welcome

The aim of this report is to inform our customers, the community and our stakeholders about our organisation, its performance, strategic direction, priorities and governance arrangements for the 2018-19 financial year.



Statement of Compliance



Hon
Alannah
MacTiernan
MLC

To the Hon Alannah MacTiernan MLC

Minister for Regional Development; Agriculture and Food; Ports;
Minister assisting the Minister for State Development, Jobs and Trade

In accordance with the provisions of the *Port Authorities Act 1999* and other relevant legislation, I hereby submit for your information and presentation to Parliament the Annual Report for the Fremantle Port Authority, which trades as Fremantle Ports, for the year ended 30 June 2019.

Jill Hoffmann

Chair
Board of Directors

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Overview

EXECUTIVE SUMMARY



2018-2019 Highlights

COMMERCIAL RESULTS



Fremantle Ports achieved an operating profit before tax of **\$70.8 million**, above a target of \$60.4 million, enabling total contributions to Government of **\$68.0 million**.

RAIL SHARE



With Western Australian Government support, the share of containers transported on rail grew from 16 per cent last year to 20 per cent. Rail share peaked at 23 per cent at its highest during the year, taking an estimated

105,000 trucks off the roads and continuing the downward trend in port-related road traffic.

TRADE

The total value of trade handled by Fremantle Ports for the year was

\$32.8 billion.

While overall trade for the year was down 1 per cent, container trade rose 2.3 per cent.



AUSTRALIA'S MOST EFFICIENT CONTAINER PORT

When measured by crane rate and average truck turnaround time, the Port of Fremantle performed better than any other capital city container port in the country.

WESTPORT



Fremantle Ports assisted the Westport Taskforce in its work to identify and assess future port and related freight link options to serve the metropolitan area for the longer term. This involved contributing planning, operational and environmental expertise toward this Government priority.

LEASES



Important new lease agreements were pursued for the North Quay container terminals and a licence agreement for operation of the North Quay Rail Terminal. Setting such agreements in place in 2019-20 will play a key role in facilitating investment to deliver ongoing efficiencies in container terminal operations.

INDUSTRIAL RELATIONS



There were no disruptions to services or port operations as a result of industrial stoppages.

LARGER SHIPS



Fremantle's Inner Harbour received record-sized container vessels. The harbour is able to handle the biggest container ships visiting any Australian port.

AWARDS



- Fremantle Ports won awards for
- its Quay to Summer place activation program on Victoria Quay;
 - its part in an innovative State-wide bio-security program;
 - excellence in annual reporting; and
 - national and State awards for freight and logistics innovation.

COMMUNITY

Two new websites were created, for Fremantle Ports and Victoria Quay, while a proactive new social media strategy was put into action to better deliver timely information for the public.



CRUISE SHIPPING

A \$3.25m refurbishment of the Fremantle Passenger Terminal was completed, enhancing the passenger experience and improving operational and security effectiveness.



VICTORIA QUAY

The State Government established the Victoria Quay Steering Group to oversee the creation of a vision for the redevelopment of the historical area.



I am pleased to report that Fremantle Ports has again performed strongly in financial and operational terms this year, making sound gains in a steady economic climate.

Jill Hoffmann

Chair's Foreword

Overall port trade was down 1 per cent, however the container trade rose 2.3 per cent and full container exports were up 9.8 per cent, reflecting a resilient Western Australian economy.

Financially, Fremantle Ports did well despite a downturn in some trades, achieving a before-tax profit of \$70.8m, significantly above its budget target.

Fremantle Ports has a central role in facilitating trade for the State and remains committed to its vision to be Australia's best maritime gateway. Indeed, its performance against a number of measures for container operations demonstrates it is already leading Australia's major ports.

All ports are subject, of course, to the vagaries of fluctuations in international trade, however these challenges are now matched in some respects by how well those operating ports respond to the demands for innovation, asset maintenance and ensuring the workforce is appropriately equipped and enabled to move forward in a positive and agile manner.

The total value of trade through the Port of Fremantle was \$32.8 billion, representing an average hourly value of \$3.8 million for the year.

The year presented a range of opportunities and challenges for Fremantle Ports, which I am satisfied have been met head on by the organisation in its strategic planning and operations.

A recurring point of focus this year was Fremantle Ports' continuing collaboration with, and provision of expertise to, the Westport Taskforce. Fremantle Ports is committed to assisting this process deliver the best planning outcome for Western Australia and it will continue to play that partnering role as the Westport process advances to more nuanced considerations for Western Australia's future port needs.

While Westport's work continues, Fremantle Ports remains obligated to ensure it not only meets the current trade task set for it, but actively ensures it can grow trade well into the future. It maintains its resolve to work closely with all port

partners, tenants, industry and Government agencies to ensure it achieves the role set down for it - connecting Western Australia to global markets.

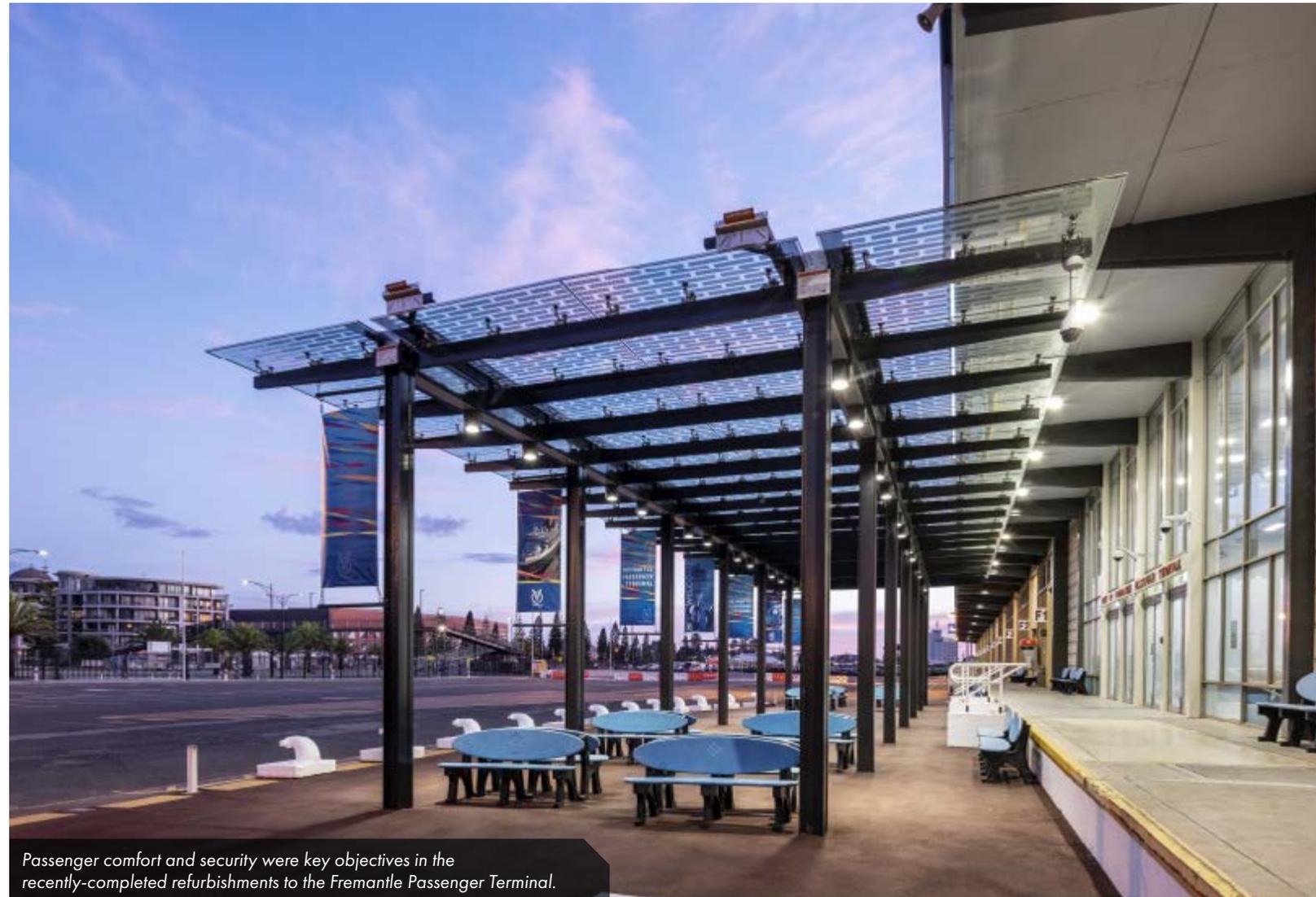
Fremantle Ports remained vigilant in its approach to safety with five lost-time-injuries recorded for the year. Safety remains an area in which the organisation can further improve, most particularly in reporting of hazards and near-misses, which is essential to avoiding future injuries. Environmental management was strong and incidents well-handled. The creation of a Sustainability Committee by the Board will provide greater focus on environment, safety and people and culture.

It was pleasing to note that this year's community satisfaction survey returned strong results in terms of overall satisfaction with Fremantle Ports and support by members of the surrounding community for the Inner Harbour remaining as a working port. The results are an acknowledgement of Fremantle Ports' commitment to minimise the impact of its operations upon the areas in which it operates, but also deliver positive benefits to local communities through employment, partnering and support for grass-roots organisations.

There was one change to Fremantle Ports' Board during the year with the appointment of Carmelina Fiorentino as a Director in January. I wish to thank former Deputy Chair Helen Cook for her valued contribution during her term. I would also like to acknowledge all Directors for their valued input and commitment to the organisation's operations during the year.

Finally, I wish to thank both our former Minister, the Hon Rita Saffioti MLA, and incoming Minister, the Hon Alannah MacTiernan MLC, and their respective staff for their support during 2018-19. Similarly, my appreciation is extended to Chief Executive Officer Chris Leatt-Hayter, the executive leadership team and all at Fremantle Ports for their dedication, hard work and consistent advice and service to the Board.

Jill Hoffmann
Chair
Board of Directors



Passenger comfort and security were key objectives in the recently-completed refurbishments to the Fremantle Passenger Terminal.



Fremantle Ports has successfully come through a year of varied challenges, confirming once again its capacity for strong financial performance, while retaining a sharp focus upon strategic issues that will define its success into the future.

Chris Leatt-Hayter

Chief Executive Officer's Report

In the face of an uncertain international trade environment, Fremantle Ports' commercial performance this year was notable. The total contribution to the State was \$68.0 million, slightly above the budget target of \$66.3 million.

Two major tender processes occurred, relating to the two North Quay container terminal leases and the North Quay Rail Terminal. These have been important matters for Fremantle Ports to address, not just because of their operational criticality but also because of the confidence their finalisation will deliver to the wider port community. In both cases, there has been a strong focus on outcomes that deliver efficiency, innovation and the ongoing maintenance and further development of these assets.

The significant increase in the share of containers being transported on rail from 16.1 per cent to 20 per cent reduced the number of truck movements on roads into and out of the Inner Harbour and on key arterial routes in the metropolitan area. Despite an upward trend in container trade, port-related road traffic movements continued to fall, reducing the port's impact on the surrounding communities' roads. In total, 16,000 fewer containers

(twenty-foot equivalent units) travelled by road compared with last year. A clear commitment by Government to replace the ageing Fremantle Traffic Bridge, including duplication of the rail crossing, will ultimately make the rail option more efficient.

Planning and collaboration by Fremantle Ports with the Westport Taskforce continued, as it undertook its Multi-criteria Analysis (MCA) Stage 1 to identify future port options. Fremantle Ports will continue this support in the coming year by providing high-level advice on port planning options, freight and logistic implications, and environment considerations in MCA Stage 2.

A large amount of time was invested in developing a strategy for Fremantle Ports' bulk business operations at Kwinana Bulk Terminal. That work included consideration of capital investment options and will continue during 2019-20.

This year saw the creation of the Victoria Quay Waterfront Steering Group by the Western Australia Government, with the strong support of Fremantle Ports. The group has wide representation and is charged with preparing a vision for



Return to Government

\$68.0m

Contribution back to the State of Western Australia, as Fremantle Ports' sole shareholder



Rail share up

20%

Highest share of containers moved on rail for any Australian port



Minimised road impact

16,000

The fall in number of containers moved by road, on previous year.

Victoria Quay as a vibrant 'people place' in the future. It builds upon existing planning outcomes and consultation, with Government and Fremantle Ports united in their desire to see appropriate and exciting development at the western end of the quay.

We also completed improvement works to the value of \$3.3 million at the Fremantle Passenger Terminal, further contributing to another successful cruise season during which the Port of Fremantle received 35 cruise ship visits.

Our program of asset maintenance remained on schedule, with work completed on sea walls, berths, loading and unloading infrastructure, as well as other assets.

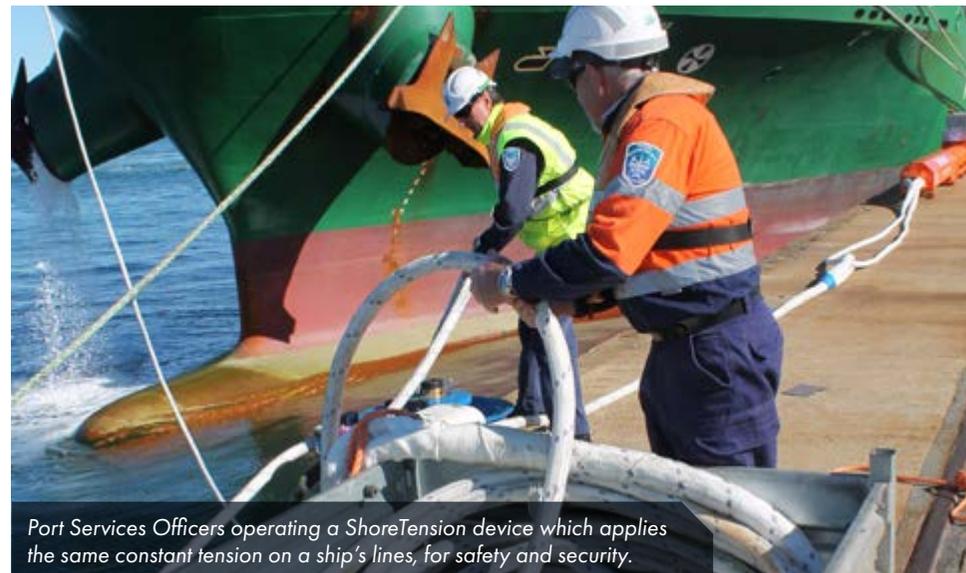
Participation in the State Government's reform program for Government Trading Entities continued, with Fremantle Ports providing input into deliberations on how such organisations can best play their roles in the public interest, while preserving the importance of them operating commercially and profitably.

In May, Fremantle Ports commenced a review of its business plan, which has prepared it for how best to address priorities into the future, while employees

also worked hard to further refine our approaches to risk management and contract management activities. Developing the organisation's culture to its full potential was a priority. In January, Fremantle Ports commissioned an engaged performance survey of its workforce to assess its levels of employee engagement, enablement and effectiveness. This was in line with our strategic goal of achieving a safe, agile and high-performing organisation. The survey recognised the organisation has an engaged workforce, but also identified areas for improvement. Initiatives are already underway to further enable staff to perform at their best.

The year saw many IT projects undertaken, with a common theme of providing our workforce with great information tools to carry out their roles successfully. Similarly, the organisation saw new initiatives in the community relations field, not least being improvements in web services, social media content delivery and strong sponsorship support to many worthy organisations in the community.

Planning was finalised for the organisation's Enterprise Resource Planning project, which aims to upgrade and consolidate key business systems. This work will continue with vigour in the new year, once the scope of this project is finalised.



Port Services Officers operating a ShoreTension device which applies the same constant tension on a ship's lines, for safety and security.

Fremantle Ports once again was successful in the Lonnie Awards for annual reporting, including being awarded the Margaret Naudebaum Trophy for best annual report in the Government Enterprise Sector, for the fifth year in succession.

The Board, led by Chair Jill Hoffmann, addressed many complex and demanding matters this year, and its deliberations have strongly contributed to sound decision-making and overall leadership of Fremantle Ports.

In conclusion, I wish to thank my colleagues across the entire organisation for their commitment to strong service provision and ensuring Fremantle Ports remains a high-performing organisation. Their input is essential to our success, both today and into the future.

Chris Leatt-Hayter
Chief Executive Officer

Operational Structure

LEGISLATIVE FRAMEWORK

Fremantle Ports is a Government Trading Enterprise responsible to the Minister for Ports. It operates under the *Port Authorities Act 1999*.

INFRASTRUCTURE, SERVICES AND TRADE

Fremantle Ports' Inner Harbour has served Western Australia's maritime trade needs effectively since 1897 and continues today as the fourth-largest container port in Australia and its most efficient by a number of measures (Waterline report, BITRE, Government of Australia).

Aside from its container trade, it also handles vehicle imports and non-containerised cargo such as machinery, steel, heavy equipment, livestock and scrap metal. The heritage-listed and recently-renovated Fremantle Passenger Terminal - Australia's largest - can handle two ships simultaneously and is owned and operated by Fremantle Ports.

The Outer Harbour at Kwinana, comprising Kwinana Bulk Jetty (KBJ) and Kwinana Bulk Terminal (KBT), handles bulk commodities including

bauxite, alumina, grains, petroleum products, mineral sands, bitumen, fertilizers 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, navigation aids, seawalls, road and rail infrastructure within the port environs and the full complement of supporting infrastructure to allow the port, its users and tenants to conduct their operations.

Other services provided include ship monitoring and scheduling, berth allocation, mooring, port communications, security, pilot transport over water, hazardous cargo services, quarantine, waste disposal, property management services, stevedoring, and bulk terminal receipt and dispatch.

The private sector partners with Fremantle Port in the provision of overall port services, by delivering 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' revenue is, in part, derived from more than 100 tenancies, most of which are located on North Quay and on reclaimed land at Rous Head.

STAKEHOLDERS

Fremantle Ports has an extensive range of stakeholders in government, business and the community. It works with, and alongside, relevant local governments, the WA Government and its agencies, the Australian Government, customers, tenants, port service providers, shipping companies, industry peak bodies, educational institutions, unions, special interest groups, recreational users of its waters and land, as well as the public.



VISION

Our vision is to be Australia’s best maritime gateway. This vision can be further understood as:

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



VALUES

Fremantle Ports values:

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

MISSION

Our mission is to create value by connecting Western Australia to global markets. We create value for the State, our customers and partners, our community and our colleagues.



North Quay’s fairy tern sanctuary enjoyed a bumper, largely-trouble free, breeding season last summer.

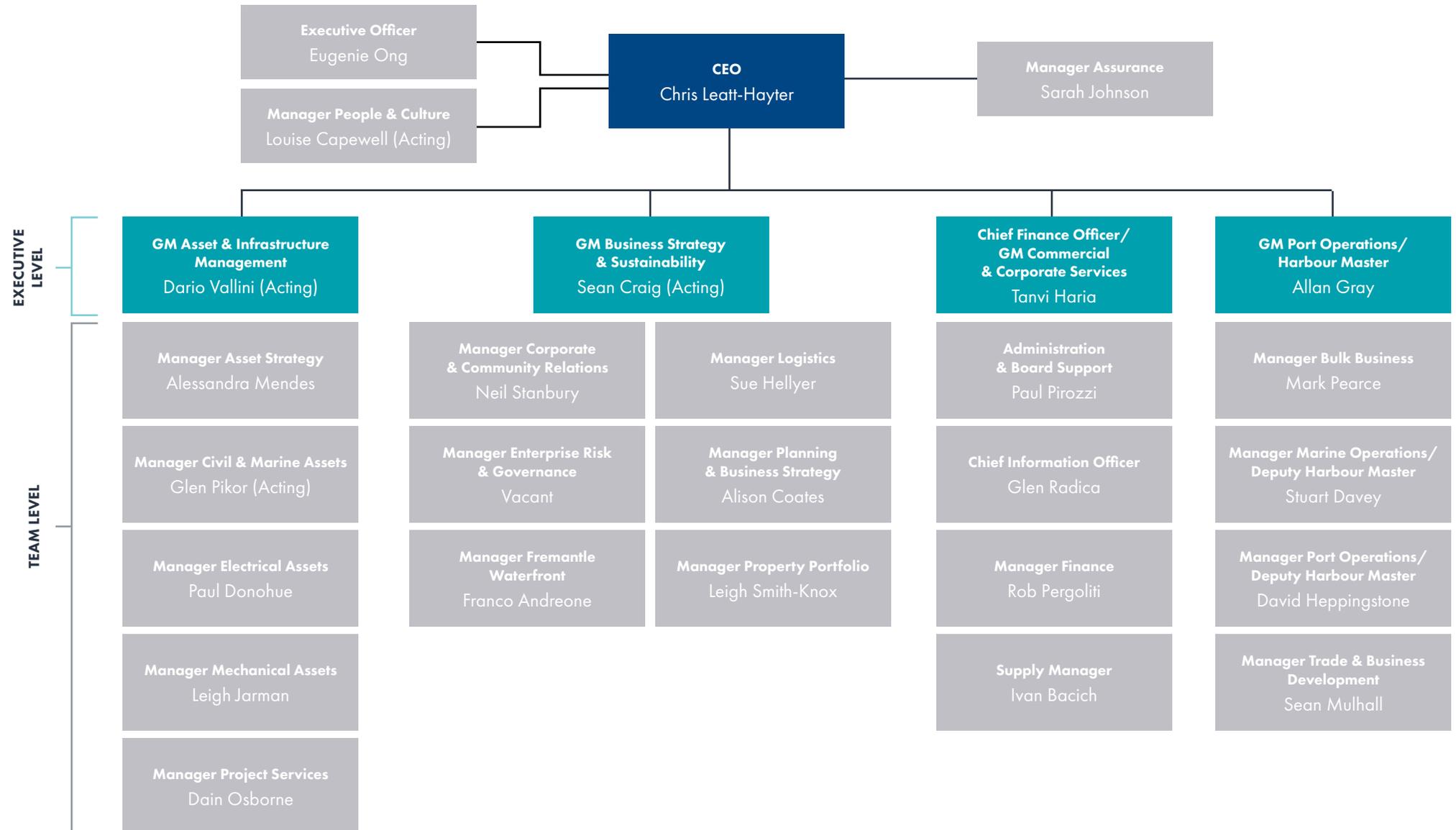
BUSINESS PRINCIPLES

- 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 Western Australian Government as our shareholder, our regulators, our customers, other port users, our tenants, port and landside service providers and the community.

FREMANTLE PORTS STRUCTURE - CURRENT



Board



JILL HOFFMANN (CHAIR)

Jill Hoffmann was appointed Chair of the Board on 1 July 2018, having served as a director from May 2011. Jill is an experienced executive with a focus on commercial related roles and is currently the Senior Vice President, Power at Woodside Energy Ltd. Her previous executive roles at Woodside include Senior Vice President Marketing and Trading, Vice President Commercial and Vice President Environment and Heritage. Jill's former directorships are in the oil and gas industry. She has a Bachelor of Business Studies, a Master of Business Administration and is a Fellow of the Australian Institute of Company Directors.

Expiry of present term: 31 December 2019



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, 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.

Deputy Chair since 1 January, 2019

Expiry of present term: 31 December 2019



HELEN COOK

Helen Cook joined the Board on 1 July 2014. She was National Partner in charge of KPMG's Energy and Natural Resources Group and a leader in KPMG's Asian Mining group until December 2013, when she retired from the partnership to take on commercial and not-for-profit Board directorships. She is currently Director of the Minerals Research Institute WA, Non-Executive Director of RAC Holdings Pty Ltd and RAC Finance Ltd, a member of the University of Western Australia's Mining Energy and Natural Resources Law Advisory Board, a Councillor of the National Gallery of Australia, Director of the Cruthers Art Foundation and Chair of the Chamber of Arts and Culture WA. She is also a Councillor of the Australian Institute of Company Directors (Western Australia) and a member of the Major Performing Arts Panel of the Australia Council, overseeing significant federal funding for Australia's major performing arts companies. Helen is past Chair of the Art Gallery of Western Australia, Director of the Perth Theatre Trust and has held board positions in key not-for-profit organisations for 20 years.

Deputy Chair until 31 December 2018

Term expired: 31 December 2018



CARMELINA FIORENTINO

Carmelina Fiorentino, appointed to the Board in January 2019, has more than 25 years' experience 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 and is the Finance Facilitator/Mentor on the UWA IQX Growth Programs. She is currently on the board of the Gaming and Wagering Commission of Western Australia and previously served on a number of boards in the arts, education and community sectors. Carmelina has a Bachelor of Commerce and a Master of Business Administration (Advanced) with Distinction and is a Chartered Accountant. She has completed the AICD Company Directors' Course and is a regular speaker for the Governance Institute of Australia.

Expiry of present term: 31 December 2021



CARMEL MCLURE AC, QC

Carmel McLure, appointed to the Board in February 2018, is the former President of the Court of Appeal of the Supreme Court of Western Australia, with 16 years' experience on the bench and more than 30 years in the law. A graduate of the University of Western Australia and Oxford University, she served as Private Secretary to the Commonwealth Attorney-General before joining a corporate law firm, becoming a partner in 1984. In 1995, she went to the independent bar and was appointed Queen's Counsel in 1997. Carmel is a member of the Ralph and Patricia Sarich Neuroscience Research Institute Advisory Board and has previously served on the Governing Council of the Judicial Council of Australia, the Rhodes Scholarship Selection Panel, the WA Academy of Performing Arts and as President of the Friends of the Art Gallery of WA. She was appointed a Companion of the Order of Australia in 2016.

Expiry of present term: 31 December 2020



KARLIE MUCJANKO

Karlie Mucjanko, who was appointed to the Board in February 2018, is an experienced company executive specialising in strategic communications and government and stakeholder relations. She has managed large-scale, complex stakeholder relationships, corporate reputations and communications across a range of areas, including agriculture, processing, fertilizers, regional development, transport and infrastructure. Karlie has almost 20 years' experience in industry advocacy, publishing and research and development, including 10 years with Australia's largest agribusiness, the CBH Group, as General Manager Grower and External Relations. Karlie is currently Deputy Chair of the Western Australian Regional Development Trust and serves as a Board member of the Guildford Grammar School Foundation. She holds a Bachelor of Arts and Master of Business Administration (Executive) and is a member of the Australian Institute of Company Directors.

Expiry of present term: 30 June 2020



ANNE NOLAN

Anne Nolan, appointed to the Board in February 2018, was Director-General of the Department of Finance in Western Australia. Anne has had extensive experience leading and developing public sector agencies which have had a 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 Western Australian 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: 30 June 2021



JOHN YOVICH AM

Professor John Yovich, appointed to the Board on 1 July 2018, has extensive chief executive and director experience. He is Managing Director of the Western Australian Turf Club and a Council member of the Royal Institution of Australia. He was Vice-Chancellor and President of Murdoch University from 2002-11 and prior to this Executive Dean of Murdoch University's Division of Veterinary and Biomedical Sciences. His previous Board roles include the National Rural Industries Research and Development Corporation, Deputy-Chair of the Western Australian Totalisator Agency, the Racecourse Development Trust WA, Racing and Wagering Western Australia, the Australian Science Media Centre, the Australian-American Fulbright Commission (AAFC), IDP Education Australia and the Business-Industry-Higher Education Collaboration Council. John was awarded a Centenary Medal in 2001 for service through veterinary science and university administration and made a Member of the Order of Australia in 2006 for services to tertiary education, veterinary science and the community. John has international specialist veterinary qualifications.

Expiry of present term: 31 December 2019

Executive Team



CHRIS LEATT-HAYTER

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



ALISON COATES

Manager Planning and Business Strategy. Alison Coates joined Fremantle Ports in 2014 as Manager Business and Port Planning 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.



SEAN CRAIG

Acting General Manager Business Strategy and Sustainability. Sean joined Fremantle Ports in 2008 and, prior to his current position, held various roles, including General Manager Asset and Infrastructure Management and was responsible for the development of the organisation's strategic asset management capability, several commercial projects and organisational strategic planning. He has specialised in ports management for the past 15 years, with previous roles in both the public and private sector in Queensland and Western Australia. Sean has tertiary qualifications in engineering, natural resource management, economics and finance, and business administration. He is a graduate member of the Australian Institute of Company Directors.



ALLAN GRAY

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



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 has more than 25 years of broad business experience in 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. She is a strong advocate of philanthropy and was a member of the Princess Margaret Hospital Foundation inaugural Emerging Leaders in Philanthropy program. Tanvi is a Councillor of the CPA Australia WA Divisional Council and a Board member of Muscular Dystrophy WA.

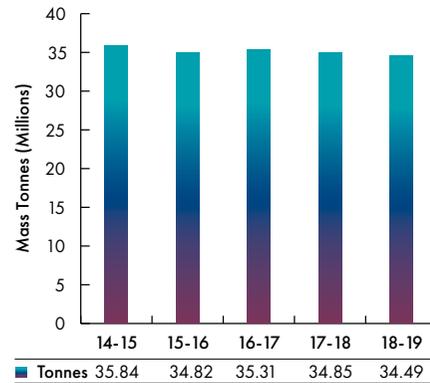


DARIO VALLINI

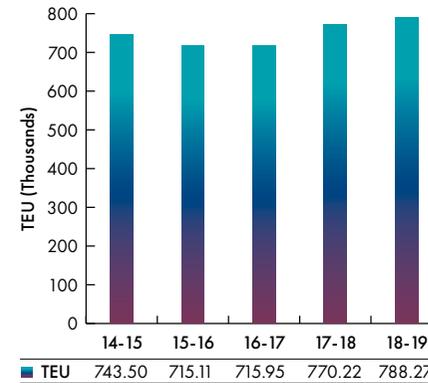
Acting General Manager Asset and Infrastructure Management. Dario Vallini joined Fremantle Ports in 1989 as a civil engineer at the time of a major engineering project, which was the deepening of the Fremantle Inner Harbour and reclamation of a significant area of land in Rous Head. Since then he has played an important role in the development of major civil and structural capital projects in the Inner Harbour and at the two jetty terminals in the Outer Harbour. These included further deepening of the Inner Harbour in 2009-10 and associated reclamation and strengthening of the container wharf structures on North Quay. Dario is a Chartered Professional Engineer and has tertiary qualifications in civil engineering.

Key Business Results

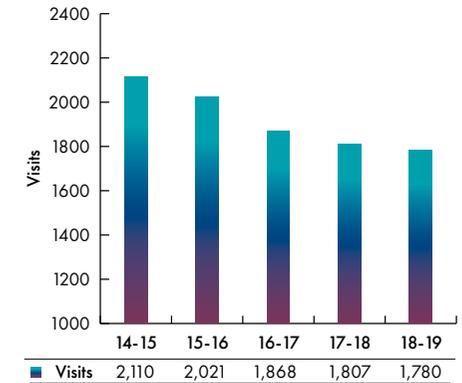
Total Port Trade



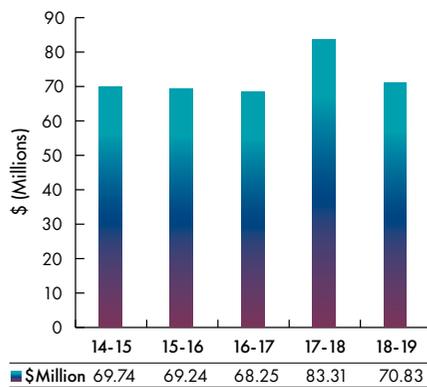
Total Container Trade - TEU



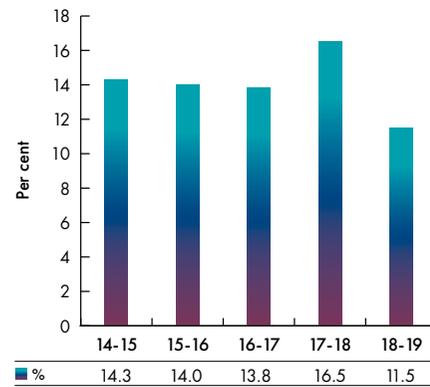
Total Ship Visits (excluding Naval)



Operating Profit Before Income Tax Equivalent (Millions)

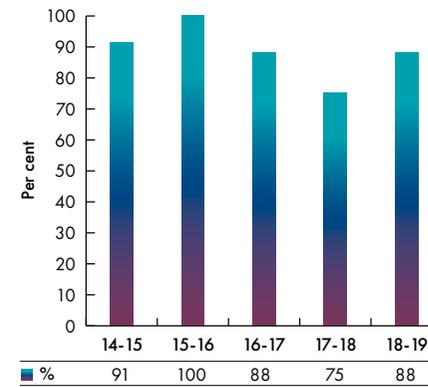


Economic Rate of Return on Assets



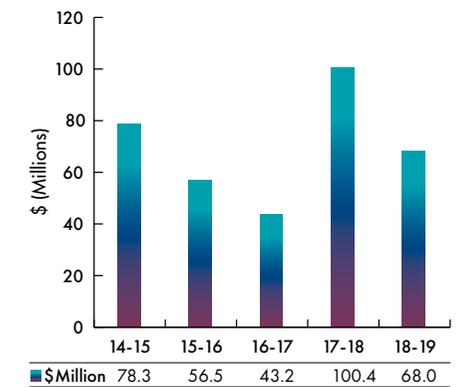
The Economic Rate of Return is based on assets valued at deprival value.

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



In 2018-19, 88% of respondents were satisfied or very satisfied. Target range 80-90%.

Fremantle Ports' Contribution to State Government



Performance

PERFORMANCE MANAGEMENT FRAMEWORK

Government Goals

The State Government's broad, high-level goals are supported by Fremantle Ports through the delivery of specific outcomes. The following tables demonstrate how Fremantle Ports' objectives, measures and results align with what the State Government seeks to deliver for Western Australians.



The 317m-long Celebrity Solstice in the Inner Harbour during summer.

	Fremantle Ports' objectives	Key outcomes sought	Measures	Results
<p style="text-align: center;">GOAL: SUSTAINABLE FINANCES</p>  <p style="text-align: center;">Responsible financial management and better service delivery</p>	<p>Achieve financial targets in line with State Government expectations</p>	<ul style="list-style-type: none"> • Increased trade and revenue • Optimised overheads and costs 	<ul style="list-style-type: none"> • Trade outcomes compared to budget and forecasts • Government targets are met • Financial performance: rate of return and profit • Financial contributions to Government 	<ul style="list-style-type: none"> • Rate of return of 11.5% exceeded our target of 10.1% • Before-tax profit of \$70.8 million exceeded our target of \$60.4 million • A contribution to Government of \$68.0 million in tax equivalents, dividends, other taxes and fees
	<p>Provide reliable and efficient services to meet customer needs and add value</p>	<ul style="list-style-type: none"> • Work collaboratively with key joint service providers to deliver more holistic services • High levels of customer satisfaction • Highly efficient and capable port operations in all trade sectors 	<ul style="list-style-type: none"> • Annual customer survey results • Truck turnaround times • Ship unloading rates • Rail share of container trade 	<ul style="list-style-type: none"> • 88 per cent of shipping lines satisfied with Fremantle Ports' services • Fremantle's crane rate of 34 containers handled per hour for the period was significantly higher than the five-ports average in Australia of 28.1 • Fremantle had the best average truck turnaround times of Australia's five major container ports • Rail share for container freight rose to 20%, up from 16.1% last year, the highest proportion of any of Australia's five major container ports

	Fremantle Ports' objectives	Key outcomes sought	Measures	Results
<p>GOAL: FUTURE JOBS & SKILLS</p>  <p>Grow and diversify the economy, create jobs and support skills development</p>	<p>Positively contribute to the growth and diversity of the Western Australian economy</p>	<ul style="list-style-type: none"> • Conditions that support investment and technological advancement in the port by service providers and other key stakeholders • New trade and business opportunities captured • Efficient supply chain 	<ul style="list-style-type: none"> • New and expanded trades through the port • Number of trucks required to move 1,000 TEU • Introduction of efficiency improvements and incentives 	<ul style="list-style-type: none"> • Developed bauxite as a new major export in the Outer Harbour, and increased volumes by 81.8% • Number of trucks required to move 1,000 TEU was reduced to 661 compared to 693 two years' prior • Negotiation to introduce operating agreements to incentivise increased efficiency of container and rail terminals underway • Infrastructure improvements implemented to facilitate more bulk cargo handling
	<p>Provide meaningful employment and training opportunities</p>	<ul style="list-style-type: none"> • A great place to work with competitive working conditions for all staff • Skilled and high performing staff 	<ul style="list-style-type: none"> • Number of staff employed • Number of new jobs created • Employment of apprentices, graduates and trainees • Employment of interns, undergraduates and work experience students 	<ul style="list-style-type: none"> • Employed 320 people, an increase of nine over the year • Employed two apprentices, four trainees, three interns, four undergraduates and two work experience students

	Fremantle Ports' objectives	Key outcomes sought	Measures	Results
<p>GOAL: BETTER PLACES</p>  <p>A quality environment with liveable and affordable communities and vibrant regions</p>	<p>Improve environmental performance and avoid significant detrimental effects on the environment</p>	<ul style="list-style-type: none"> • Maintain environmental management system (EMS) to international best practice • Impacts on the environment considered in decision making 	<ul style="list-style-type: none"> • Maintain EMS ISO accreditation • Marine and air quality monitoring programs in place 	<ul style="list-style-type: none"> • Continued our longstanding marine quality monitoring program • Introduced a new air quality monitoring program for the Inner Harbour • Maintained ISO 14001 accreditation for our EMS • Responded effectively to a significant ship oil spill in the Inner Harbour, protecting the environment
	<p>Manage container supply-chain related impacts on the community</p>	<ul style="list-style-type: none"> • Increase share of containers transported by rail • Reduce number of trucks required for road freight task • Increase off peak running of container trucks 	<ul style="list-style-type: none"> • Rail share of container trade • Number of trucks required to move 1,000 TEU • Percentage of unladen trucks visiting the port • Introduction of incentives for off peak running • Community support for the Inner Harbour as a busy working port 	<ul style="list-style-type: none"> • Rail share for container freight rose to 20%, up from 16% last year • Number of trucks required to move 1,000 TEU was reduced to 661 compared to 693 two years prior • Percentage of unladen trucks decreased from 24% to 21% • Negotiation to introduce off peak running incentives underway • 78% of Inner Harbour community members support the busy working port
	<p>Activate Victoria Quay as a vibrant community destination</p>	<ul style="list-style-type: none"> • Increased public visitation to Victoria Quay • Refresh vision for Victoria Quay development • Fremantle Passenger Terminal upgraded 	<ul style="list-style-type: none"> • Implementation of Victoria Quay activation strategy • Victoria Quay visits • Progress on the refresh of the Victoria Quay development vision • Progress of capital upgrade works 	<ul style="list-style-type: none"> • Our first 'Quay to Summer' activation initiative was completed successfully with 14 events over 38 days • Approximately 4,600 people visited Victoria Quay during the Quay to Summer program • Cross-organisational Victoria Quay Steering Group established to review the development vision • Fremantle Passenger Terminal upgrade works completed

	Fremantle Ports' objectives	Key outcomes sought	Measures	Results
<p style="text-align: center;">GOAL: STRONG COMMUNITIES</p>  <p style="text-align: center;">Safe communities and supported families</p>	<p>Improve safety performance, to keep our people safe</p>	<ul style="list-style-type: none"> • Maintain safety management system with international best practice 	<ul style="list-style-type: none"> • Maintain safety management system ISO accreditation • Lost time injuries 	<ul style="list-style-type: none"> • Successfully transitioned to the new ISO45001 safety management system standard • No major non-conformances identified in our annual safety management system audit • Lost time injuries were limited to 5, but this was an increase from 4 in the previous year
	<p>Maintain strong relationships with our communities</p>	<ul style="list-style-type: none"> • Reduced community complaints • Continue community satisfaction survey • High quality community relationships 	<ul style="list-style-type: none"> • Community complaints • Community satisfaction survey • Community liaison meetings held 	<ul style="list-style-type: none"> • Total number of complaints decreased by 30% from 69 to 48 • Successfully completed our annual community satisfaction survey • Four Inner Harbour Community Liaison Group meetings held
	<p>Invest in our communities</p>	<ul style="list-style-type: none"> • Maximised positive impact of community investment program 	<ul style="list-style-type: none"> • Number of community initiatives supported 	<ul style="list-style-type: none"> • Invested in 47 community enrichment, education, environmental leadership, and arts and culture initiatives

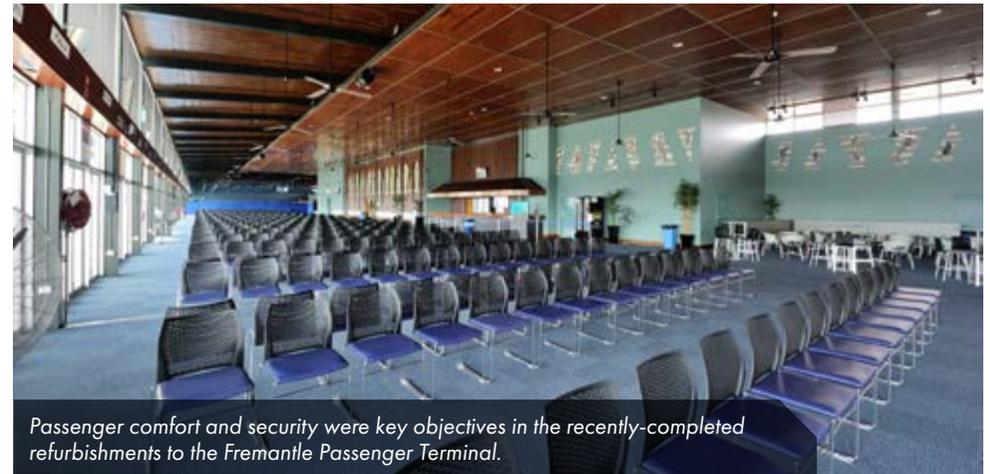
Shared Responsibilities

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

These agencies include the Department of Transport; Main Roads WA; Public Transport Authority; Treasury Corporation; Landcorp; Western Australia 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 with a range of planning, transport and other agencies as part of a wider commitment to the Westport Taskforce project, that continues to examine future port and environs needs for the State.
- Working with the Department of Transport, LandCorp and Department of Jobs, Tourism, Science and Innovation on the future vision for Victoria Quay.



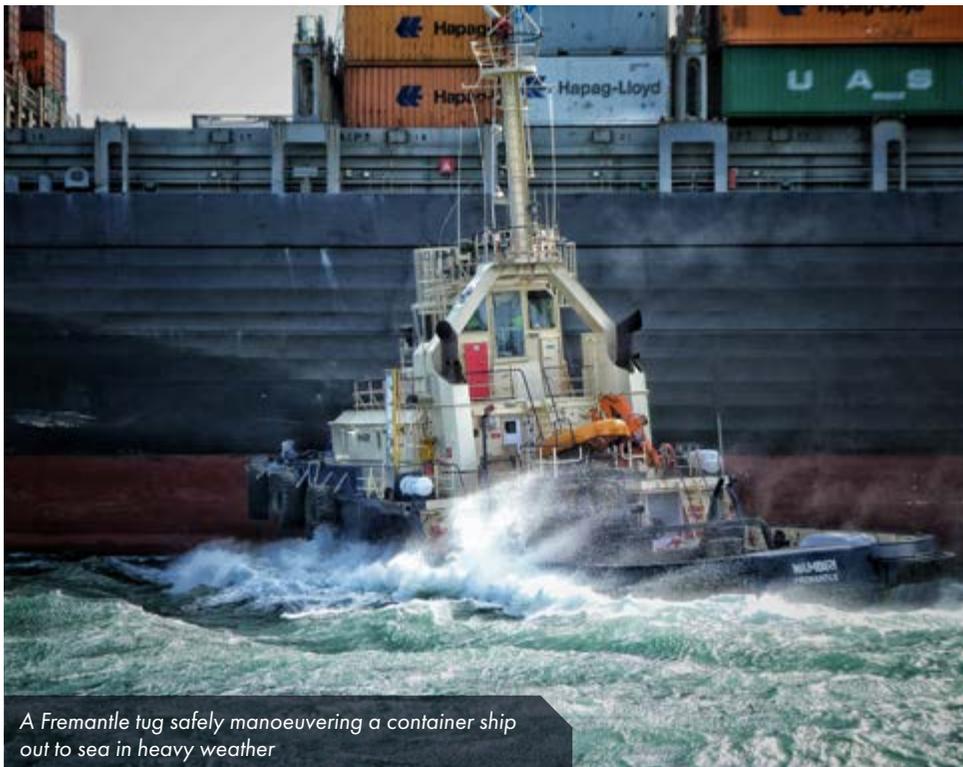
Passenger comfort and security were key objectives in the recently-completed refurbishments to the Fremantle Passenger Terminal.

- Department of Water and Environmental Regulation on environmental testing.
- Department of Transport and Department of Fire and Emergency Services in response to the Nauma oil spill in the Inner Harbour and ongoing training and exercising for incidents.
- State Heritage Office on upgrading of the Fremantle Passenger Terminal and maintenance of listed buildings and assets.
- LandCorp in relation to property acquisition and development solutions.
- The State Records Office regarding the retention of records, loans and digital archiving.
- Western Australia Police Force regarding emergency management, public safety and road safety matters.
- Tourism WA and the WA Cruise Committee on providing the right infrastructure, promotion and policy settings for an efficient and vital WA cruise industry.
- Digital Government WA on the implementation of a new Security Information and Event Management System.
- Main Roads Western Australia and the Department of Transport on a new container movement study.

CORPORATE SCORECARD

How we planned to succeed

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



A Fremantle tug safely manoeuvring a container ship out to sea in heavy weather

ECONOMIC		
	Target 2018-19	Results
FINANCIAL RESULTS 	\$60.4m Profit before tax	\$70.8m Profit before tax
TRADE RESULTS Bulk/non-containerised Trade - annual growth rate 	-17.7%	-16.7%
Containers - annual growth rate 	3.0%	2.3%

SERVICE DELIVERY					
		Unavailability of services		Unavailability of berths	
		Target 2018-19	Results	Target 2018-19	Results
INNER HARBOUR - container ships					
	Total vessels affected	Less than 1%	0	Less than 12%	3.9%
	Average hours per delay	Less than 5	0	Less than 20	26.5
KWINANA BULK TERMINAL					
	Total vessels affected	Less than 1%	0	Less than 40%	65.2%
	Average hours per delay	Less than 5	0	Less than 120	78.2
KWINANA BULK JETTY					
	Total vessels affected	Less than 2%	0	Less than 25%	47.2%
	Average hours per delay	Less than 5	0	Less than 50	63.2

CUSTOMERS SATISFIED		
Customers satisfied	Target 2018-19	Results
<p>Degree to which shipping line customers are satisfied with Fremantle Ports' services</p> 	Maintain at least 80 to 90% overall customer satisfaction with agents/shipping lines	88% of shipping line customers satisfied with services provided by Fremantle Ports, based on a shipping line/agent survey

BEST PRACTICE ENVIRONMENTAL, SAFETY & OTHER BUSINESS SYSTEMS		
Certification to international environmental, safety and quality standards maintained	Target 2018-19	Results
<p>Certifications achieved or maintained</p>	Continue to comply with ISO 14001 and ISO 9001 and ISO 45001 and continuous improvement of our environmental, safety and quality management systems	Certification to ISO 9001, ISO 14001 and ISO 45001
<p>Time lost to injuries</p>	0 lost-time injuries	5
<p>Lost time injury frequency rate</p>	2.7 lost-time injury frequency rate	6.5

SOCIAL		
Community satisfaction	Target 2018-19	Results
<p>Degree to which community satisfied with Fremantle Ports</p> 	70% overall satisfaction	<p>Inner Harbour 62% overall satisfaction</p> <p>Outer Harbour 65% overall satisfaction</p> <p>Support of Inner Harbour as a busy working port 78%</p>
<p>Actions on complaints and suggestions</p> 	Follow up all complaints and continue to implement improvement opportunities	All complaints followed up and actions monitored electronically

FINANCIAL AND ECONOMIC

Aim:

Improve our financial and economic contribution to deliver to the expectations of government, our customers and the broader community.

POSITIVE FINANCIAL RESULTS

Fremantle Ports achieved positive financial results during the year, with operating profit before tax of \$70.8 million and an economic rate of return of 11.5 per cent, both above the target for the year. This represents Fremantle Ports' ongoing commitment to achieving its financial targets in line with State Government expectations. Total contributions to government of \$68.0 million were made during the year, comprised of tax equivalents, dividends, other taxes and fees.

Fremantle Ports continues to focus on expenditure control initiatives and well-governed procurement practices. A review of procurement and contract management practices was undertaken. Other initiatives planned and underway include improved governance oversight, processes, IT systems, and training and education needs. A key objective will be to identify where Fremantle Ports can align with international best practice, across the procurement and contract management lifecycle.



Kwinana Bulk Terminal, with new workshops in the foreground.

LAND ACQUISITION

Fremantle Ports acquired a parcel of land adjacent to KBT to provide greater certainty for the strategic future of the bulk business. The purchase significantly increases the business's total land-holding and creates the opportunity to accommodate trade growth and allow a better overall configuration and usability of the site.

ASSET MANAGEMENT AND MAINTENANCE

An objective during the year was to increase the capacity and lengthen the life of Fremantle Ports’ existing assets and facilities, through operational and asset management improvements. Life cycle management plans are developed for each asset class. This year, there was a focus on improvements at KBT and examining the feasibility and cost of replacing or refurbishing cargo-handling infrastructure both there and at KBJ in support of the bulk business strategy. Overall, Fremantle Ports delivered around \$30.2m in asset management, engineering and maintenance activities and services.

NEW KWINANA FACILITIES

The construction of new \$3.9 million offices, amenities and workshops at KBT commenced this year and will be completed in late-2019. These replace facilities that are well past their useful life and will improve operational efficiencies. A range of works were undertaken at KBJ, including a new fixed firefighting system, bulk cargo hoppers, construction of a bitumen pipeline and wastewater tanks. The KBT bulk-handling system was transitioned from iron ore to bauxite, taking nominal rates from 1200 tonnes per hour (tph) to 2000tph as well as enabling silica export, in readiness for trials commencing soon.

PORT PRICING

Port pricing and charges are reviewed on an ongoing basis to ensure their continued appropriateness in support of Fremantle Ports’ objective to provide cost effective and efficient infrastructure and services at the most competitive price possible.

PASSENGER TERMINAL

Supporting the Western Australian Government’s plans to foster cruise trade to the State, refurbishments and improvements to the Fremantle Passenger Terminal were completed. These included enhancements to improve the passenger experience as well as upgrade security arrangements.

NAVIGATION AIDS

The reliability and effectiveness of navigation aids is pivotal to port efficiency and safety. Fremantle Ports successfully delivered the first year of a three-year rolling navigation aid asset replacement program, delivering several key technical improvements, including live monitoring, the resolution of long- term sequencing issues and an early-warning system for shipping movements into the harbour. Ensuring continual safe and smooth passage for vessels remains a foundation of Fremantle Ports’ business success.

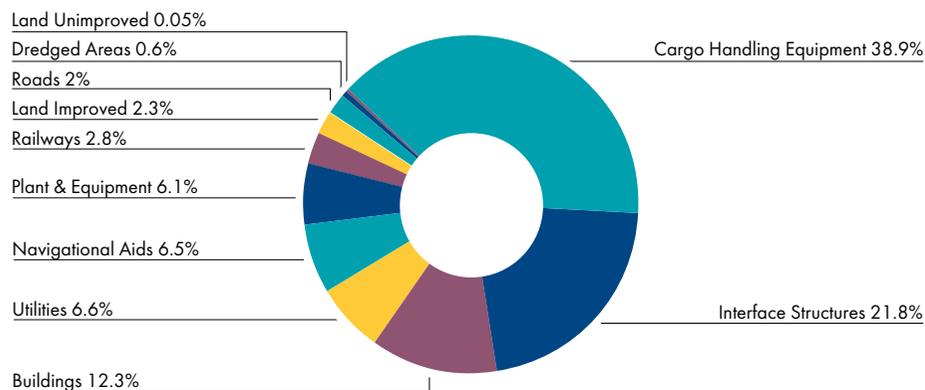
SERVICE OPTIMISATION

We continued to focus on improvements to services that matter to our customers and port service providers. Two examples of such improvements during the year were:

- Upgrading the high voltage electrical installation at KBJ to make it safer, more reliable and provide increased load capacity for future additional equipment; and
- The installation of new environmentally-friendly and energy-efficient LED lighting on the western side of Rous Head, making night operations safer and more efficient for tenants and our logistics stakeholders. This involved installing 65 new light columns and 3,100m of underground electrical conduit.

Asset Maintenance and Service Costs

2018-19



CUSTOMER FOCUS

Aim:

Provide first-rate services to our customers, where we can add value for them and for potential customers. This will strengthen our reputation, grow our business and improve our broader economic contribution.

CUSTOMER RELATIONSHIP MANAGEMENT

Fremantle Ports operates a systematic customer relationship management process, with relationships allocated to specific personnel at senior and operational levels. At an industry level, relationships were sustained through the WA Port Operations Taskforce, membership of the Freight and Logistics Council of WA and Fremantle Chamber of Commerce and via direct engagement with specific industry associations. During the year, we commenced a project to review aspects of our customer and stakeholder relationship management approaches to ensure these remain best-practice. The project will be finalised in 2019-20.

BUILDING TRADE OPPORTUNITIES

While the subdued nature of economic growth in Australia and around the world has presented a challenge for Fremantle Ports, work has continued toward pursuing new trade opportunities, and also cementing existing trade relationships with current customers.

Within this context of conservative growth, new trade obtained included the importation of windmill turbines and blades, working cooperatively with the

Australian Marine Complex. Fodder was another cargo category in which new trade was identified, while Fremantle Ports is in the final stages of negotiating a three-year contract for the exportation of silica and industrial sand.

Fremantle Ports has continued to work on proposals for the importation of caustic soda, in support of the lithium industry. Opportunities have also arisen in relation to the export of biomass/woodchips, spodumene and potash.



Annual marine quality testing in the Inner and Outer Harbours includes use of mussels to identify any signs of contaminants.

SERVICE IMPROVEMENTS

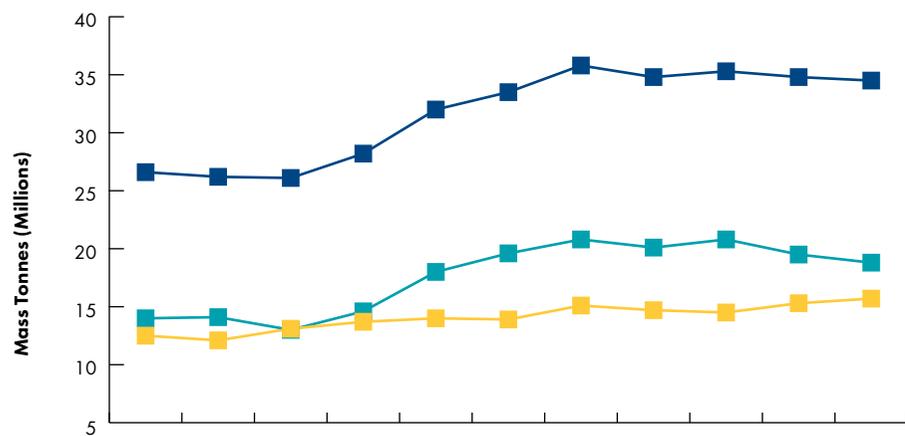
A range of other service improvements during the year also contributed to further improvements to customer service by Fremantle Ports. Some of the more notable were:

- The commissioning of two new websites and associated high-definition 360-degree webcams to better inform Inner Harbour stakeholders and the public of activities and ship presence.
- The introduction of five ShoreTension berthing devices, to enhance safe berthing and reduce manual handling for port services officers.
- Increasing water depths at KBJ from 13.4 to 14.0 metres, to allow access by vessels with deeper drafts, facilitate cargo-handling and reduce delays.
- The implementation of an online crew registration system, for better security via streamlined management of crews' photographic IDs.

TRADE OUTCOMES

Total Port Trade

2008-09 to 2018-19



	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19
Imports	12.5	12.1	13.1	13.7	14.0	13.9	15.1	14.7	14.5	15.3	15.7
Exports	14.0	14.1	13.0	14.6	18.0	19.6	20.8	20.1	20.8	19.5	18.8
Total	26.6	26.2	26.1	28.2	32.0	33.5	35.8	34.8	35.3	34.8	34.5

TOTAL TRADE

Total port trade in 2018-19 decreased by 1.0 per cent to 34.5 million tonnes, 0.4 million tonnes down compared with the previous fiscal year. This was predominantly due to the cessation of iron ore exports from the Outer Harbour in July 2018.

IMPORTS

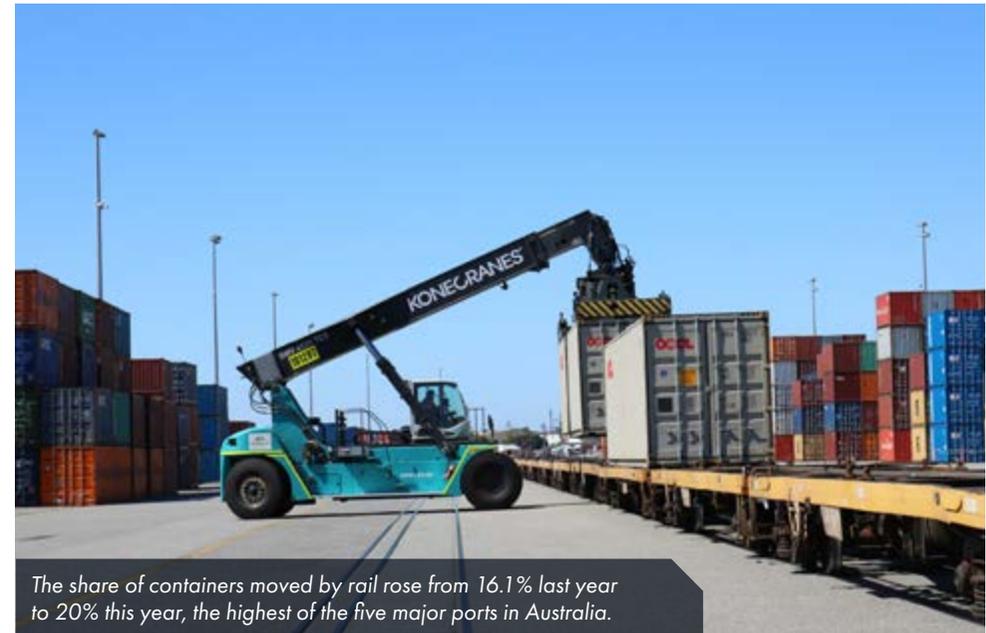
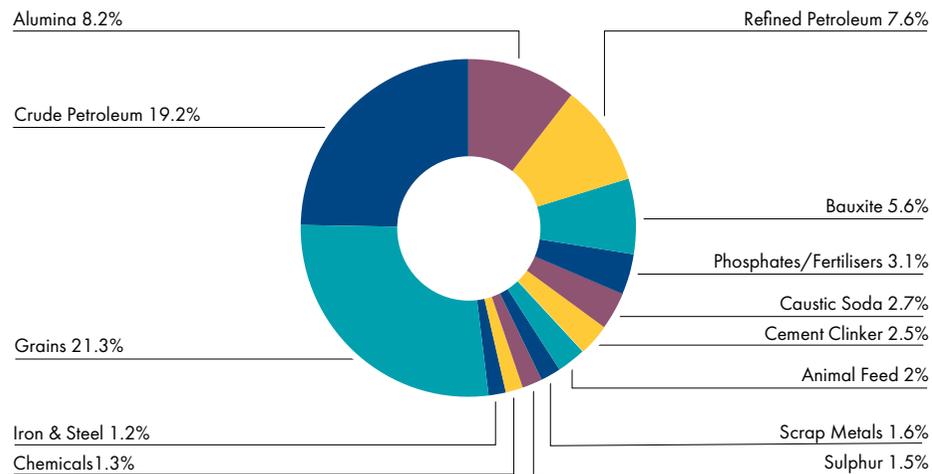
Total imports in 2018-19 increased by 0.3 million tonnes, or 2.2 per cent, compared with the previous financial year. The increase was predominantly due to the throughput of cargo in the Outer Harbour, particularly KBT. Imports at KBT increased by 0.39 million tonnes or 57.3 per cent compared to 2017-18. In the Inner Harbour, total imports decreased slightly by 0.1 million tonnes or 1.1 per cent.

EXPORTS

Total exports in 2018-19 decreased by 0.7 million tonnes or 3.6 per cent compared with the same period last year. This decrease was attributed to the termination of iron ore shipments from Kwinana, however was offset by the increase of bulk grain by 1.8 million tonnes or 40.4 per cent compared with 2017-18. Inner Harbour exports increased by 0.5 million tonnes or 10.1 per cent when compared with 2017-18.

Principal Commodities 2018-19

% of Total Trade (Mass Tonnes)



The share of containers moved by rail rose from 16.1% last year to 20% this year, the highest of the five major ports in Australia.

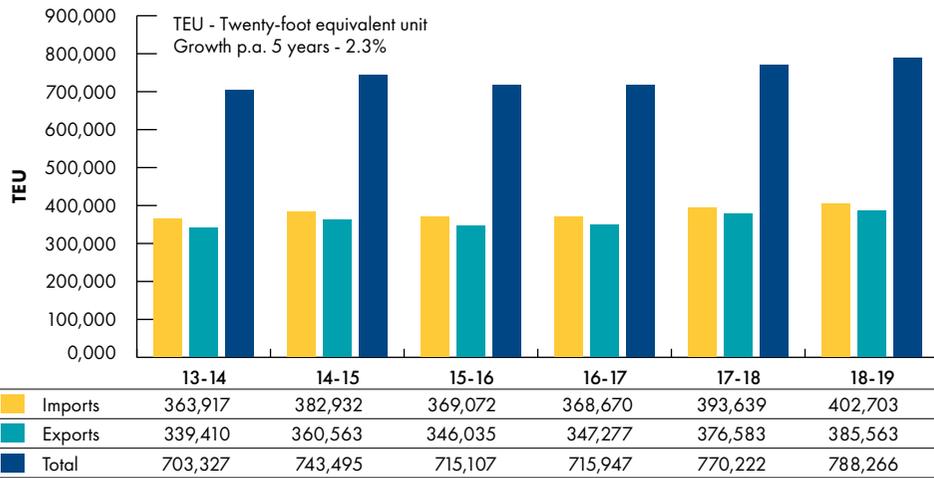
CONTAINER TRADE

When compared with 2017-18:

- Total container trade increased by 2.3 per cent or 18,044 TEU. Exports increased by 2.4 per cent and imports increased 2.3 per cent.
- Total full container trade increased by 2.9 per cent or 17,633 TEU. Full container exports increased by 9.8 per cent and full imports decreased by 1.5 per cent.
- Empty container exports decreased by 10.1 per cent and empty imports increased by 56.6 per cent.
- Coastal container throughput increased by 13.1 per cent or 12,826 TEU. Coastal full container throughput totalled 75,056 TEU, a decrease of 2.7 per cent. Coastal empty container throughput increased by 14,900 TEU or 70.8 per cent.

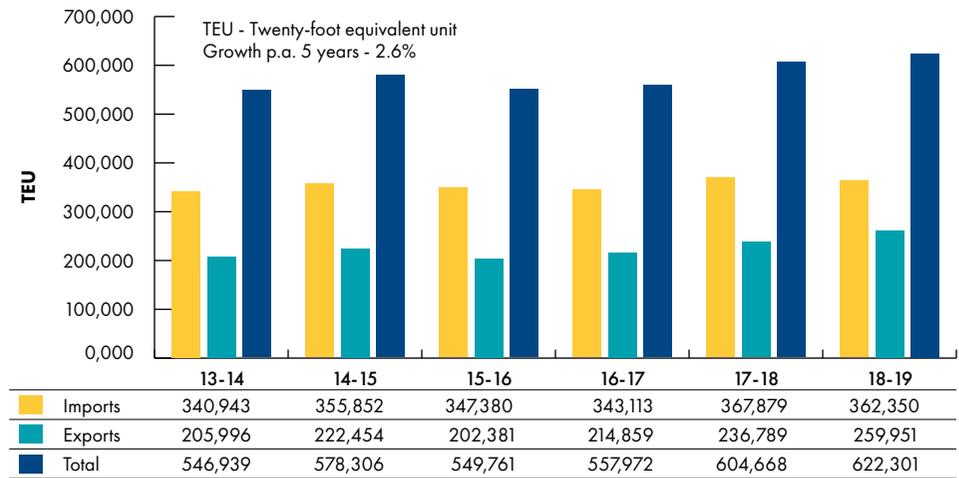
Total Container Trade

2013-14 to 2018-19



Full Container Trade

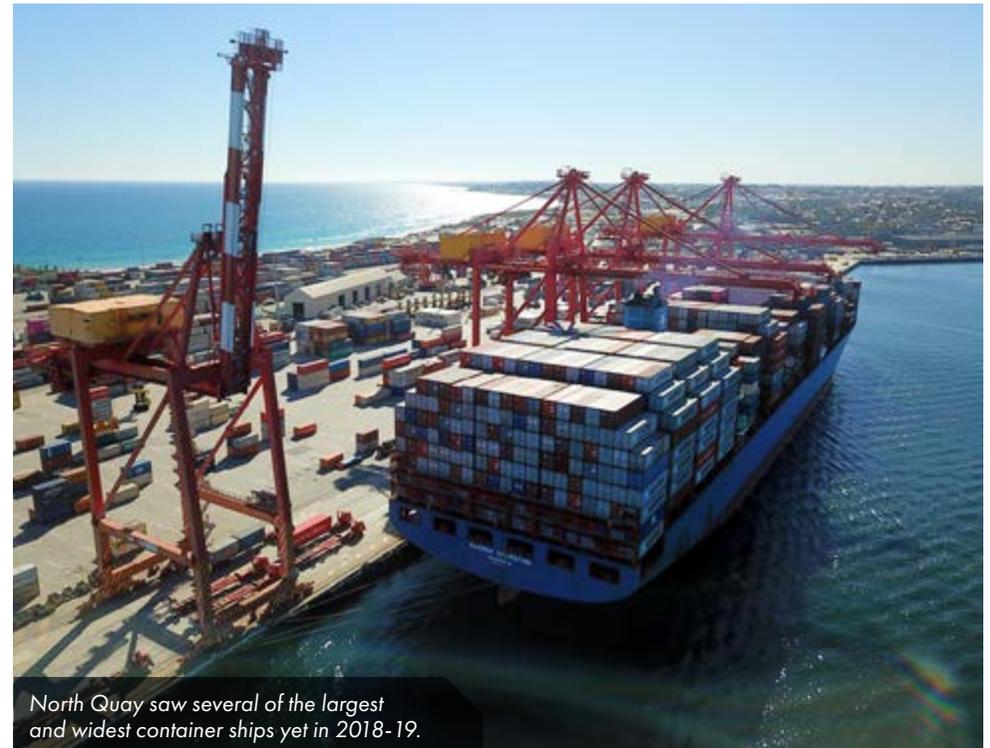
2013-14 to 2018-19



TOP TEN CONTAINER TRADING PARTNERS		
Total Full Container Trade (TEU)		
COUNTRY	2017-18	2018-19
China	171,357	179,186
Australia (coastal trade)	76,167	74,618
Japan	36,854	35,976
Malaysia	32,332	34,935
South Korea	28,908	29,451
Thailand	31,117	29,177
India	21,463	23,953
Indonesia	26,450	23,940
Vietnam	16,465	20,251
Singapore ¹	18,748	18,255
Top 10 Countries percentage of Full Container Trade	76.2%	75.6%

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

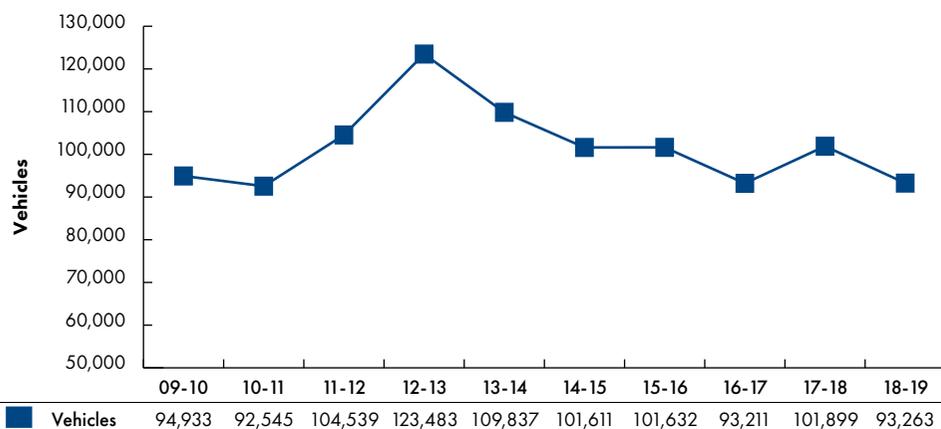
The total throughput of break-bulk cargo in the Inner Harbour during 2018-19 was 849,568 mass tonnes, an increase of 1.7 per cent compared with the previous year. Imports increased by 7.5 per cent, mainly due to the commodities iron and steel and also as a result of industrial and agricultural vehicles. Exports decreased by 5.6 per cent compared with last year, mainly due to the decrease in the live sheep trade.

MOTOR VEHICLE IMPORTS

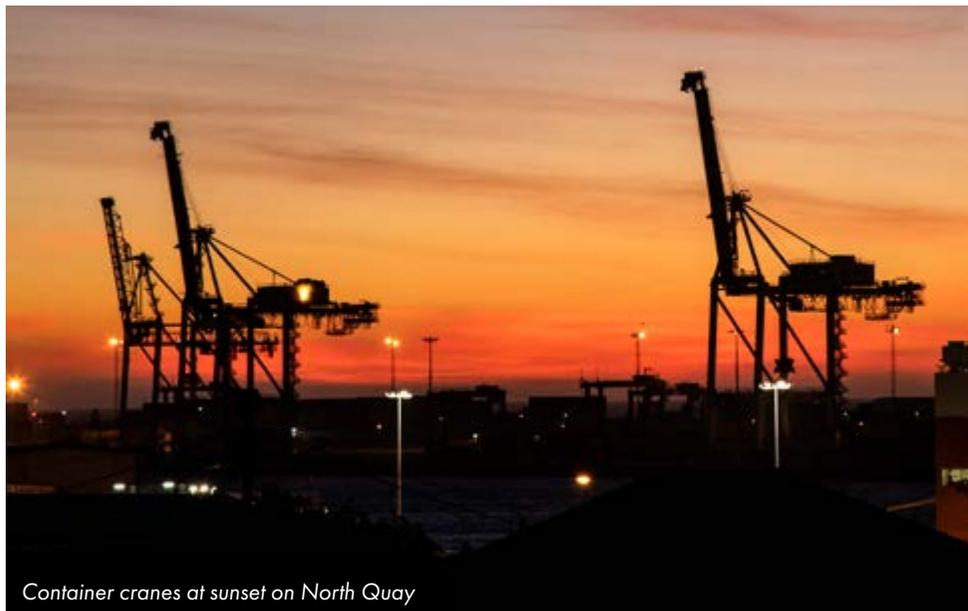
In 2018-19 the import of new motor vehicles was 93,263 units, a decrease of 8,636 units or 8.5 per cent. The combined total of vehicles imported from Japan, Thailand and South Korea accounted for 79.0 per cent of total imports, however the only increase was from Japan by 234 units or 0.7 per cent. Imports from Thailand fell by 13.6 per cent or 4,296 units and from South Korea by 11.6 per cent or 1,803 units. Motor vehicle imports from the USA increased by 1,208 units or 56.8 per cent and European imports decreased by 598 units or 4.9 per cent.

New Motor Vehicles - Imports

2009-10 to 2018-19



The import of new motor vehicles decreased this year by 8.5 per cent. Most arrived from Japan, Thailand and South Korea.



Container cranes at sunset on North Quay

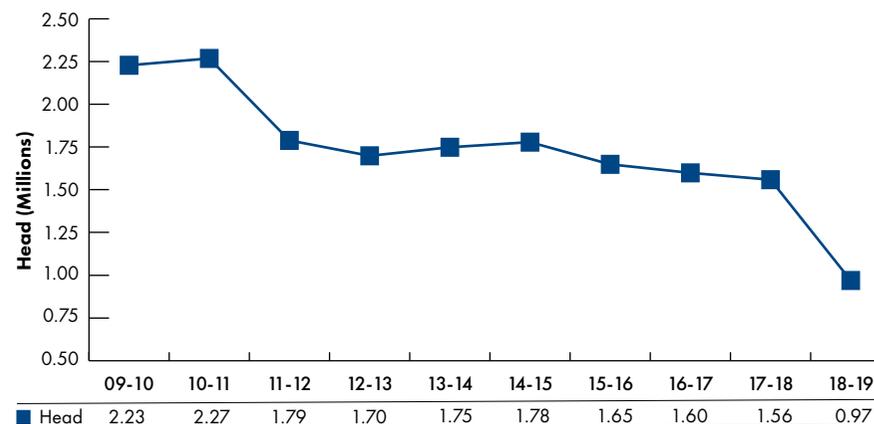
LIVE SHEEP EXPORTS

Exports of live sheep totalled 0.97 million head and accounted for 96.0 per cent of Australia's live sheep exports. The Middle East was the destination for 98.2 per cent of exports from Fremantle, however exports to the Middle East declined by 22.5 per cent or 0.28 million head.

The country of Kuwait was the largest single market for live sheep in 2018-19 with 0.37 million head exported, however this was a decline of 14.7% compared with 2017-18. Exports to Qatar decreased by 0.24 million head, whilst exports to Jordan increased by 0.11 million head or 260.9 per cent compared with 2017-18.

Live Sheep Exports

2009-10 to 2018-19



LIVE CATTLE EXPORTS

Live cattle exports totalled 137,069 head, a decrease of 9,619 head or 6.6 per cent compared with 2017-18. Trade with Israel increased by 37,782 head or 101.8 per cent and China increased by 3,099 head or 20.8 per cent. Exports to Vietnam and Indonesia decreased by 7,197 head or 21.7 per cent and 6,390 head or 35.9 per cent respectively.

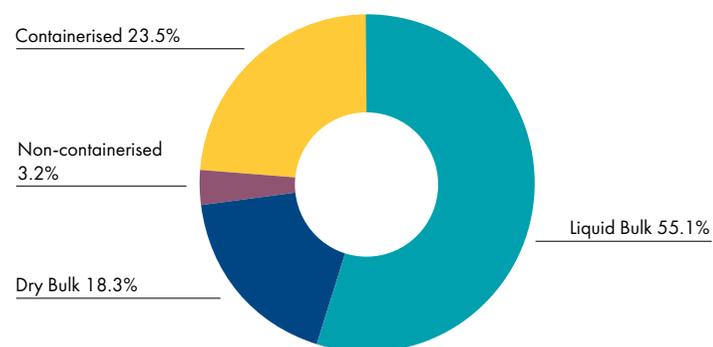
BULK CARGO

Bulk cargo contributed 25.5 million mass tonnes or 73.9 per cent of total port trade in 2018-19. Bulk exports decreased by 1.1 million tonnes or 7.5 per cent and bulk imports increased by 3.1 per cent. Fremantle Ports’ principal bulk cargo, petroleum products, decreased to 9.2 million mass tonnes in 2018-19, a fall of 5.1 per cent or 0.49 million tonnes when compared with the same period last year. Refined petroleum exports were down by 0.39 million tonnes or 16 per cent compared with 2017-18. Refined petroleum imports increased by 0.05 million tonnes or 11.8 per cent. Crude petroleum imports totalled 6.6 million tonnes, down by 0.2 million tonnes or 2.2 per cent. The top five bulk exports were wheat, alumina, refined petroleum, bauxite and barley, which accounted for 88.7 per cent of total bulk exports. The major increases by major commodities were wheat by 1.0 million tonnes or 36.2 per cent, bauxite by 0.9 million tonnes or 81.8 per cent and barley by 0.8 million tonnes or 75.7 per cent.

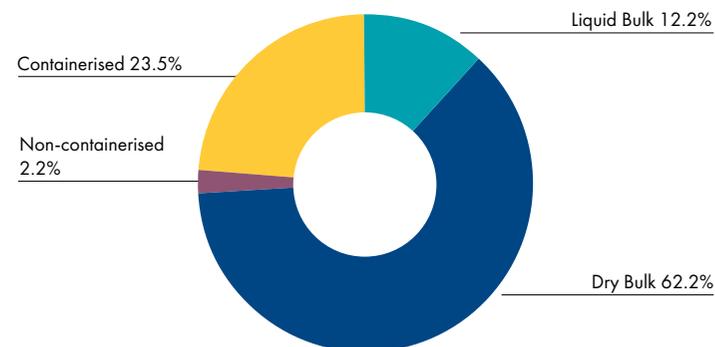
Total trade at KBJ increased by 0.1 million tonnes to 3.0 million tonnes in 2018-19, primarily due to the import of urea ammonium nitrate and fertilizer increasing by 0.1 million tonnes and 0.2 million tonnes respectively. The total trade throughput at KBT decreased by 2.0 million tonnes or 37.4 per cent to 3.4 million tonnes in 2018-19. This was due to the cessation of iron ore exports, however imports at KBT increased by 0.4 million tonnes or by 57.3 per cent compared with 2017-18.

Trade by Cargo Class (Mass Tonnes)		
Cargo	Imports	Exports
Liquid Bulk	8,634,143	2,285,828
Dry Bulk	2,864,325	11,696,935
Non-Containerised	501,322	406,599
Containerised	3,683,010	4,416,387
Total	15,682,800	18,805,748

Trade by Cargo Class - Imports
2018-19 (Mass Tonnes)



Trade by Cargo Class - Exports
2018-19 (Mass Tonnes)



MAJOR OVERSEAS TRADING REGIONS

In 2018-19 trade with Asia totalled 18.9 million tonnes which accounted for 54.7 per cent of total port trade. Trade with Asia decreased by 3.6 million tonnes or 16.1 per cent in 2018-19 when compared with 2017-18. Trade with East Asia decreased by 2.8 million tonnes or 23.3 per cent due to iron ore exports to China and South East Asia decreasing by 0.7 million tonnes or 7.6 per cent. North American trade increased by 0.38 million tonnes or 30.3 per cent mainly due to the import of crude petroleum from the USA. Trade with Western Europe decreased marginally by 17,267 thousand tonnes or 1.5 per cent, primarily due to a decline in canola seed exports.

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.)

EMERGING SHIPPING TRENDS

In its environmental scanning, Fremantle Ports identified a range of emerging trends in international shipping which are anticipated to have potential impacts on Fremantle Ports in the future.

These include:

- Reducing greenhouse gas emissions from ships - The International Maritime Organisation is seeking alternative fuels to facilitate reduced sulphur emissions. From January 1, 2020 ships must have energy efficiency measures in place, either using low-sulphur fuels or scrubbers.
- Alternative fuels - Bio-fuels will initially be used to replace fuel-oil, however LNG and hydrogen are expected to be increasingly utilised. Fremantle Ports has an LNG bunker provider licence - one of just two ports in Western Australia to provide this service.
- Vessel automation - Autonomous vessel operations are being explored overseas, with a focus on ensuring this can occur safely, securely and without impacting the environment. The world's first fully autonomous ferry has already been demonstrated in Finland. While not expected soon in Western Australia, such innovation would

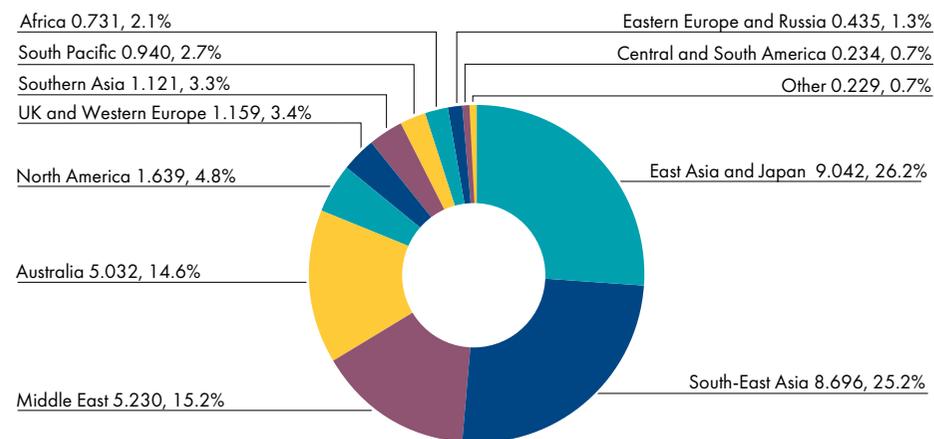
introduce new considerations for vessel management, pilotage, mooring and other matters.

- Larger container ships - Fremantle Ports is currently able to handle the largest container ships arriving in Australia and is prepared and equipped to manage ships of up to 350m in length with a capacity of 8000-9500 TEU. The largest vessel so far has been 317m in length.

- Electronic data exchange - In April, a mandatory requirement for national governments to introduce electronic information exchange came into effect, to make cross-border trade simpler and the supply chain more efficient. Ships can declare their intentions by sharing information such as its route prior to port call. The port is progressing towards port-call optimisation through the development of digital products capable of data-handling and sharing.

Principal Areas of Trade

2018-19 Mass Tonnes (Millions)



TRADE OUTLOOK FOR 2019-20

The outlook for container export growth in 2019/20 is forecast to be positive. Hay, a principal export commodity, increased by 9.1 per cent in 2018/19. Hay exports have increased annually since 2016/17 due to the higher demand from China and South Korea and are forecast to increase in 2019/20. Exports of wheat increased sharply by 16,411 TEU or 366.2 per cent, the highest growth of all commodities during 2018/19, was due to the poor wheat harvest in the eastern states. However, following receipt of feedback from major grain exporters in relation to their outlook, wheat exports are expected to steadily decline to normal levels over the next two year as markets regress back to the east coast.

Full container imports decreased by 1.5 per cent in 2018/19, mostly across numerous minor commodities. Major commodities remained at similar numbers to 2017/18. Through discussion with major shipping customers, slight growth is being forecast for 2019/20 mainly in relation to mining and agriculture commodities.

New motor vehicle imports for 2018/19 totalled 93,263 units, compared to 101,899 in 2017/18. This represents a decrease of 8,636 units or 8.5 per cent reflecting a tightening of consumer

spending and current economic conditions. However, in consideration of the recent growth in WA's mining industry, new motor vehicle imports are forecast to increase by 2.0 per cent in 2019/20.

In 2018/19 imports of iron and steel products totalled 136,785 tonnes, an increase of 26,880 tonnes or 24.5 per cent compared to 2017/18. Coastal imports increased to 56,389 tonnes or 26.7 per cent and accounted for 44.3 percent of the total increase. Imports of iron and steel are forecast to increase by 8.2 per cent in 2019/20.

Total trade at the KBJ increased by 77,391 tonnes or 2.6 per cent to 3.0 million tonnes in 2018/19. Imports of urea ammonium nitrate (UAN) increased by 125,095 tonnes or 117.8 per cent and imports of urea by 79,294 tonnes or 38.0 per cent.

The principal commodities at KBJ are phosphates and other fertilizer imports which increased by 163,882 tonnes or 20.0 per cent. The import of fertilizer in 2019/20 is forecast to decrease to 914,300 tonnes or 6.9 per cent. The commencement of bitumen imports has resulted in throughput of 76,405 tonnes which is expected to double over the next five years.

Total trade throughput at KBJ is forecast to decrease in 2019/20 to 2.8 million tonnes or by 6.5 per cent mainly due a decrease in UAN by 166,320 tonnes or 72 per cent. Cement clinker imports are expected to return to KBT in 2019/20.

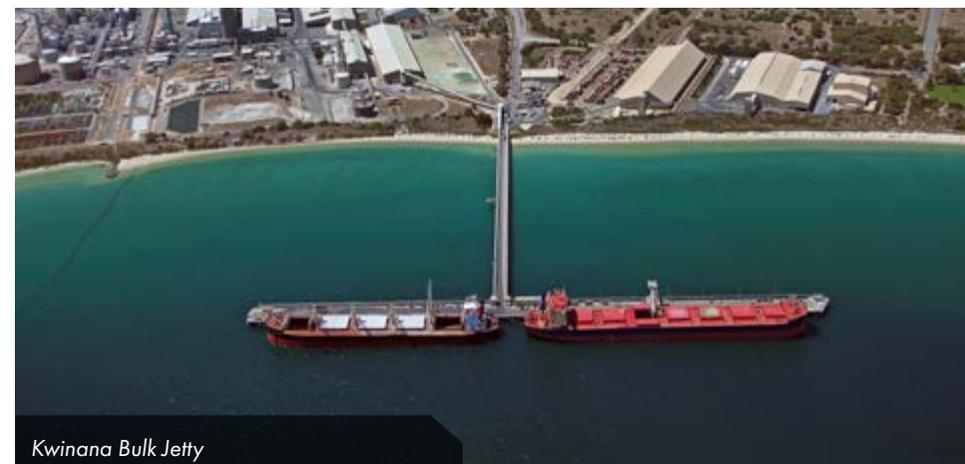
Total KBT trade throughput in 2018/19 decreased by 2.0 million tonnes or 37.4 per cent to 3.3 million tonnes, predominantly due to the cessation of iron ore exports. With the return of all cement clinker imports and the commencement of silica sands exports, an increase in total trade of 0.5 million tonnes or 15.1 per cent is forecast for 2019/20.

Total private jetty throughput amounted to 18.9 million tonnes in 2018/19 which represents 55.0 per cent of total port trade.

Petroleum products at BP's facilities (Fremantle Ports' major bulk commodity) are forecast to remain at a similar level to 2018/19 or 9.0 million tonnes in 2019/20.

Alcoa alumina exports are forecast to increase by 0.16 million tonnes to 3.0 million. The import of caustic soda at Alcoa for 2019/20 is forecast to decrease by 39,022 tonnes to 800,000 tonnes.

Exports of grains from CBH Group's Kwinana terminal increased by 1.8 million tonnes in 2018/19. This was due to greater harvest yields in 2018 though grain shipments from Kwinana in 2019/20 are conservatively forecast at 5.0 million tonnes, due to uncertainty of future seasonal weather conditions.



Kwinana Bulk Jetty

STAKEHOLDER ENGAGEMENT AND SOCIAL LICENCE

Aim:

Take a proactive approach to stakeholder engagement to ensure strong ongoing support for our operations and plans for future development.

SUPPORTING OUR COMMUNITY

Fremantle Ports strives to support the economic, social and environmental aspirations of communities in which it operates. As one of Western Australia’s most important strategic assets, the port’s future sustainability depends in part upon the support of the local and wider WA community for its operations.

The independently-chaired Inner Harbour Community Liaison Group met four times during the year in order to share with the community information about port activities and any impact from these. Minutes from these meetings were made available online. We also engaged with the community in a number of other ways: through our education program, regular editions of Portfolio magazine, participation in forums, and support for a wide range of projects and programs. The port’s principal public event, Maritime Day on Victoria Quay, attracted an estimated 15,000 people in October. This event involved many other maritime industry stakeholders, schools and community groups.

Fremantle Ports’ community, education and information initiatives take into account the organisation’s values, as well as community priorities identified through annual surveying and consultation.

PROMOTING THE PORT’S ECONOMIC CONTRIBUTION

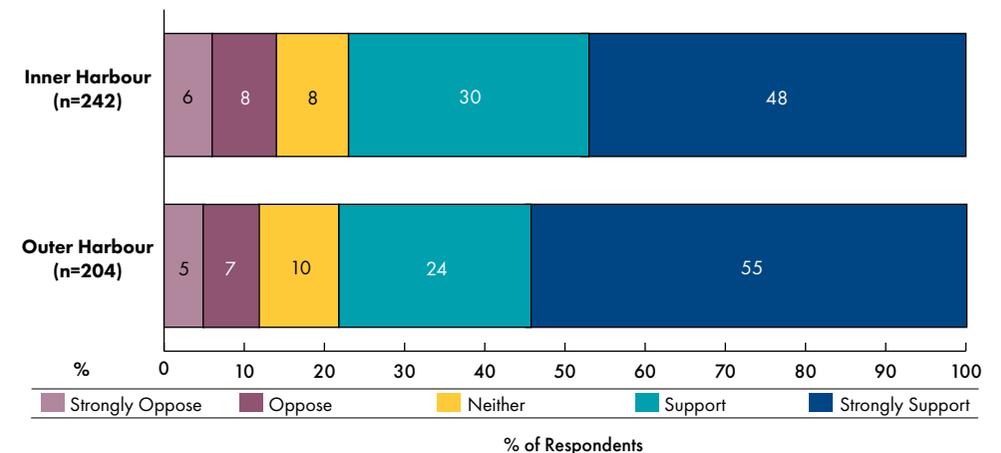
Increasing community understanding of what Fremantle Ports needs for its future success and sustainability is important and we have introduced a number of communication strategies to achieve this aim as part of our 2021 Strategic Business Plan.

In October 2018, two new websites were launched - a contemporary corporate site and a community-focused site in support of Victoria Quay place-activation strategies. These sites replaced a single, outdated, corporate website. The corporate website provides information on the port,

the corporate organisation, shipping operations, trade, security, history, landside operations, community investment, and safety and environmental management. The Victoria Quay site promotes and provides information to the public about the waterfront as a visitor destination and is expected to be a key element of future place-activation promotion and awareness.

In the same month, social media platforms were activated and new-format electronic newsletters for Fremantle Ports and Victoria Quay subscribers launched. Short video was also introduced as a new communications format.

To what extent do you support the ongoing of Fremantle Port’s Inner Harbour as a busy working port?



COMMUNITY INVESTMENT

Fremantle Ports sponsors a wide range of organisations and initiatives locally, through its Community Investment Program, which was reviewed during the year to ensure its focus and proactivity. The program has four focus areas: community enrichment, education, environmental leadership, and arts and culture. This year, Fremantle Ports supported more than 40 organisations and events.

Support for community enrichment included community swimming events at Fremantle and Coogee, with the

Fremantle Ports Swim Thru raising \$7000 for two local charities. Business awards in Rockingham and Fremantle were supported through the areas' chambers of commerce. The Fremantle Volunteer Heritage Guides Association, which provides guides at the Roundhouse, was supported to increase volunteer numbers and maintain services. The two-day Coogee Live 2019 festival was also supported.

Support for environmental initiatives included research into fairy tern and little penguin species, Plastic Free July 2018

and community gardens in East Fremantle and Hilton. Arts and culture support included the City of Rockingham's 2019 Castaways Sculpture Awards, the Fremantle Chamber Orchestra and the Watercolour Society of WA. We helped Perth Festival produce the popular 'Five Short Blasts' tours on the Swan River and also provided sponsorship for the upcoming Fremantle Biennale and Woylie Writers' Development Program - a unique, Fremantle-based, initiative to develop the skills of emerging Aboriginal writers.

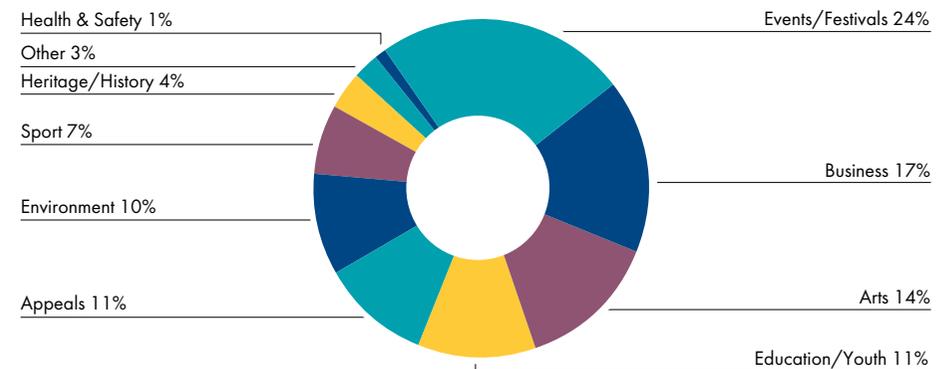


Newly-hatched chicks waiting to be fed at the North Quay fairy tern sanctuary



We were pleased to be the major sponsor of the Fremantle Ports Swim Thru.

Community Sponsorship Breakdown 2018-19





Staff contributed time and made salary contributions to identified charities through the WAVE program.

VOLUNTEERING AND WORKPLACE GIVING

Through Fremantle Ports' Workplace Altruism Volunteering Employee (WAVE) program, staff also contributed their money and own time to chosen charitable organisations. A total of 194 hours of volunteering effort were given to Native ARC, the Perth Children's Hospital Foundation, Guide Dogs WA, St Patrick's Community Care and OzHarvest Cooking for a Cause. Staff also donated more than 50 Christmas food hampers to St Patrick's.

A total of \$19,413.25 was presented to our 2018-2019 workplace-giving charity partners, Native ARC and Perth Children's Hospital Foundation. This amount was comprised of \$9,920.75 payroll-giving, fundraiser events and \$9,492.50 from matched Fremantle Ports contributions. New recipient organisations are introduced annually. The WAVE program has been highly beneficial in terms of encouraging staff engagement with the community and efforts have been made within Fremantle Ports to align WAVE closely with the community investment program, for best overall community benefit.



Animal refuge Native ARC was one of Fremantle Ports' WAVE beneficiaries.



Fremantle Ports signed a memorandum of understanding with neighbour Notre Dame University, to encourage cooperation on research and other initiatives.

EDUCATION

Fremantle Ports and the University of Notre Dame Australia signed a memorandum of understanding to support cooperation between the two organisations on research, training and graduate opportunities. This new agreement includes the provision by Fremantle Ports of some student prizes, shared use of facilities, professional development opportunities for our staff and internships for Notre Dame students.

Partnerships with Aboriginal student centres at Curtin and Murdoch universities were further strengthened. Students from Curtin University's Centre for Aboriginal Studies and Murdoch University's Kulbardi Aboriginal Centre visited for mentoring and port education. Other education visitors included 250 Perth Modern students for Year 9 studies.



Perth Modern School students inside Fremantle Ports' administration building foyer.



Emmanuel Catholic College students.

Through our support, 244 primary students from five schools attended theatre performances at Spare Parts Puppet Theatre in Fremantle, some for the first time ever. Schools included Caralee, Coo loongup, Southwell, Spearwood and Bungaree.

At Emmanuel Catholic College, support provided the opportunity for Year 8 students to work with a Noongar artist to create six wooden poles illustrating the Noongar seasons. We also supported the Autumn Harvest Fair at Spearwood Alternative School and a Story Dog program at Fremantle Primary School, which is a unique and popular program where dogs visit the classroom to assist children gain confidence in reading aloud.

PORT EVENTS

An estimated 15,000 visitors celebrated the 10th Fremantle Ports Maritime Day on 27 October and visited the 80-plus exhibits throughout Victoria Quay and in B Shed. Maritime Day is a joint initiative of Fremantle Ports and the WA branch of the Company of Master Mariners of Australia. It is strongly supported by maritime sector businesses and organisations. Fremantle Ports hosted the launch of a history book chronicling the life of Captain George Forsyth, the Port of Fremantle's fifth harbour master and first harbour master for the Colony of Western Australia.

Fremantle Ports also received a number of international and national visitors, most notably HRH The Duke of York, who unveiled a Commonwealth Walkways Plaque on Victoria Quay in November. The Netherlands' Ambassador to Australia visited the Inner Harbour in June.



Quay to Summer brought food, entertainment and other activities to the quay.

QUAY TO SUMMER

To further activate Victoria Quay as a 'people place', Fremantle Ports conducted its inaugural, award-winning, Quay to Summer place-activation program between December 2018 and March 2019. The primary objectives of the programme were to:

- establish Victoria Quay Waterfront as a destination
- build a place activation brand to enhance public awareness
- connect Victoria Quay to Fremantle
- attract new audiences to the Victoria Quay Waterfront

- foster a partnership with the City of Fremantle and Victoria Quay tenants.

Quay to Summer included:

- Indoor/outdoor movies
- Two Merchants' Mess afternoon food markets
- Children's activities, including fishing classes and arts and crafts programmes
- Portside Traders - a large outdoor market with food, clothing, plants, vintage collections and other attractions
- Two 'pop-up' bars at B Shed for extended periods during summer.



Quay to Summer won the City of Fremantle Leadership Award for best destination marketing campaign in the Fremantle Business Awards 2019. Fremantle Ports is now developing a detailed place-activation strategy for the next 6-24 months and associated implementation plan for the port's southern side, with the goal of further activating the Victoria Quay precinct through events and community participation.



New and vibrant place activation branding was introduced for Quay to Summer, featuring 'Vicky'

CAPACITY FOR FUTURE TRADE GROWTH

Aim:

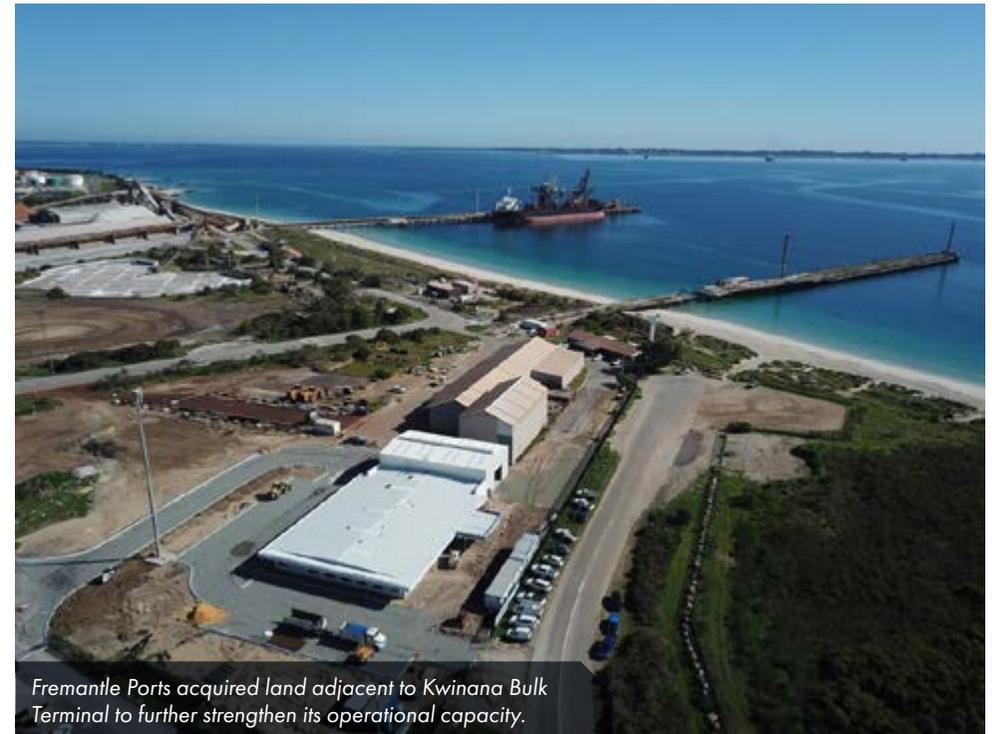
Plan how the port and its land transport connections will cater for future demand, as well as provide certainty for government, our customers and other stakeholders. This will promote investment in the port and ensure we deliver on our financial and customer service goals.

PORT PLANNING FOR FUTURE GROWTH

Fremantle Ports has a responsibility under the Port Authorities Act 1999 to manage the long-term planning of infrastructure, services and facilities to support and accommodate maritime trade.

This year, Fremantle Ports supported the State Government's Westport Port and Environs Strategy, which is tasked with examining the future port and associated freight and logistics needs for Western Australia in the next 50 years. Fremantle Ports provided expertise, information and resources to Westport, including past technical studies and data for consideration during its Multi-Criteria Analysis 1 stage. The Westport Taskforce is expected to report on its progress to the State Government in 2019-20.

While Westport's work continued, Fremantle Ports continued to plan for future growth at both the Inner and Outer Harbours and on how best to optimise these assets. In the Inner Harbour, procurement for both the North Quay container terminal and future management of the North Quay Rail Terminal incorporated consideration of the required best outcomes for Fremantle Ports and Western Australia in the years ahead.



Fremantle Ports acquired land adjacent to Kwinana Bulk Terminal to further strengthen its operational capacity.

In the Outer Harbour, Fremantle Ports acquired land adjacent to KBT which will enhance capacity to accommodate future trade growth at this facility.

CONTAINER TERMINAL LEASING

Significant attention and resources were given to allocating leases for the Inner Harbour’s two container terminals, with this procurement process close to finalisation by the end of the financial year. Existing tenants DP World and Patrick Terminals were identified as preferred proponents and were engaged in detailed negotiations. Fremantle Ports intends to grant new seven-year leases with options for extension at its discretion. The two container terminals will be the last major container handling facilities within the port precinct to have operating agreements in place.

The operating agreements aim to incentivise good performance, such as rapid turnaround of vehicles and increase of night operations. This will be a significant milestone, with all major sites having key performance indicators in place.

NORTH QUAY RAIL TERMINAL

Similarly, Fremantle Ports undertook a procurement process for a new management agreement for the operation of the North Quay Rail Terminal. The process is ongoing and is scheduled to be finalised in the first quarter of 2019/20. It is proposed through the new Management Agreement

to achieve operational efficiencies that will assist the further growth in the volume of containers transported by rail.

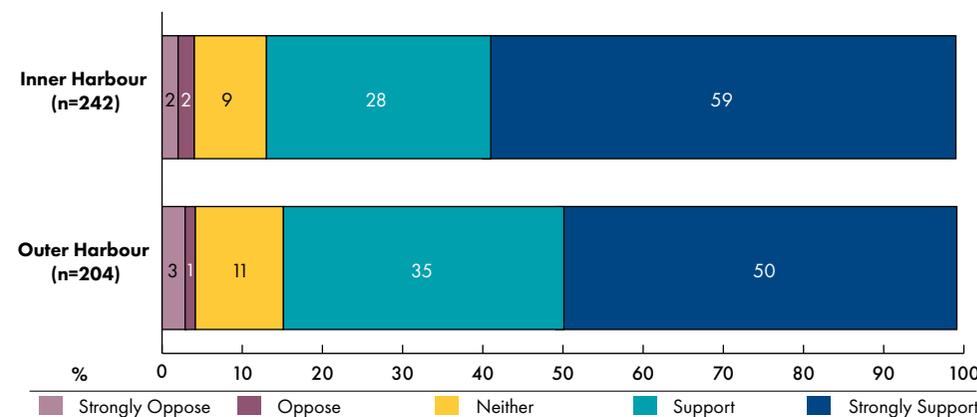
RAIL SHARE UP

Rail transportation represents a critical element of the overall container freight task and is a Government priority. The year saw significant increases in the share of containers being transported by rail, rising from 16% in 2017-18 to a 20% market share this financial year. Fremantle puts a greater share of containers on rail than any other of Australia’s five major container ports.

An additional 34,000 TEU were handled via the service this year and, as a result, 105,000 fewer truck movements occurred, significantly lessening the port’s impact upon overall traffic congestion. Each 1% rise in container trade on rail equates to approximately 5000 fewer truck movements on roads.

New monthly records were set multiple times throughout the year, with the highest-ever monthly volume of 23.7 per cent handled in April. Results of Fremantle Ports’ latest annual community survey showed nearly nine out of 10 Inner Harbour community residents surveyed support the use of rail for container freight to and from the port.

Community Support for Increased Use of Rail



Please note : Percentage figures were subject to rounding.

LANDSIDE LOGISTICS

Fremantle Ports undertook a range of studies to better understand how to maximise efficiencies and minimise community impact, including truck productivity studies, North Quay truck surveys, container movement studies and container importer/exporter surveys. While container movements overall have continued trending upwards, in the past four years, port-related truck movements have trended downwards. Fremantle Ports is committed to continuing efforts to improve truck efficiency.

TRUCK PRODUCTIVITY STRATEGY

Fremantle Ports and the freight and logistics community continued working on the initiatives arising from the Truck Productivity Strategy review of 2017/18. Among those finalised are:

- Improved rail access to the port through the use of the “back gate” interfaces at empty container parks and terminals; and
- Rail import notifications in advance of vessel arrivals.

Other initiatives which saw significant progress in the last year included:

- Improved service time reliability at empty container parks;
- The near-term introduction of the Truck Control System “smart-camera” trailers and wireless mesh network, as the final stage of the Fremantle Ports’ award winning Vehicle Detection System (three-time National and two-time State Supply Chain and Innovation Award winner in 2018);
- Modifications to Containerchain (container booking system) to allow changes to container numbers;
- More inland intermodal facilities, with discussions started with Main Roads WA and the Department of Transport regarding common-user road-to-road intermodal terminals; and
- Investigating the case for new technologies in the port precinct, including initiatives with the Sustainable Built Environment National Research Centre at Curtin University, looking at autonomous vehicles and a SmartPlate system that has the potential to provide traffic light priority for heavy vehicles at intersections.

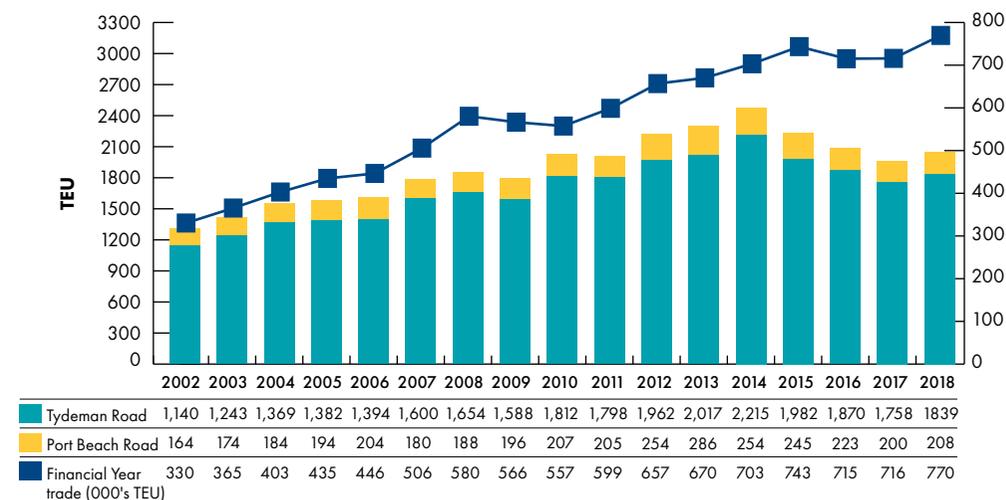
NORTH QUAY TRUCK SURVEY

For the past 17 years, a two-week visual truck survey has been undertaken annually in the port precinct to monitor container truck numbers, the proportion of container trucks in traffic flow, container truck types, and loading factors such as empty running and containers per truck movement. The survey informs the development of measures to address issues and leverage opportunities related to land use, environmental impacts and urban traffic congestion.

The 2018 annual truck survey findings are positive and highlight significant improvements resulting from the collective and collaborative efforts of port landside supply chain operators and industry. The positive improvements in port supply chain efficiency contribute to enhanced community mobility within the port precinct and, on the broader road network, reduced environmental impacts and optimised use of intermodal freight infrastructure.

Container truck numbers increased by five per cent in 2018 reflecting the growth in trade over the last 12 months. However, since 2014, truck numbers have fallen on average by five per cent per annum (refer to Figure 1).

Figure 1. Container Truck Numbers (column) and Trade Volumes (line)



Due to declining general traffic on Tydeman Road, this increase in container trucks also saw an increase in container trucks as a percentage of overall traffic from 10 per cent to 11 per cent in 2018 (refer to Figure 2).

Importantly, container truck numbers in 2018 remained at 2010 levels, despite trade levels having increased by 38 per cent over this time. This reflects both more efficient use of trucks and a greater use of rail.

Figure 2. Container Trucks vs General Traffic on Tydeman Road

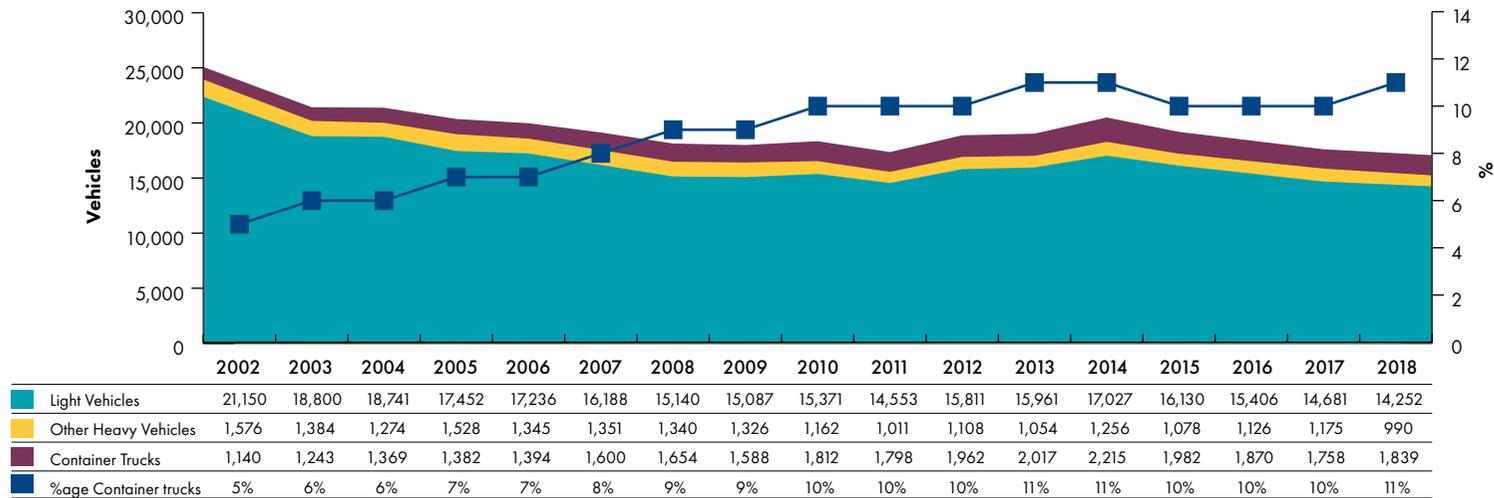
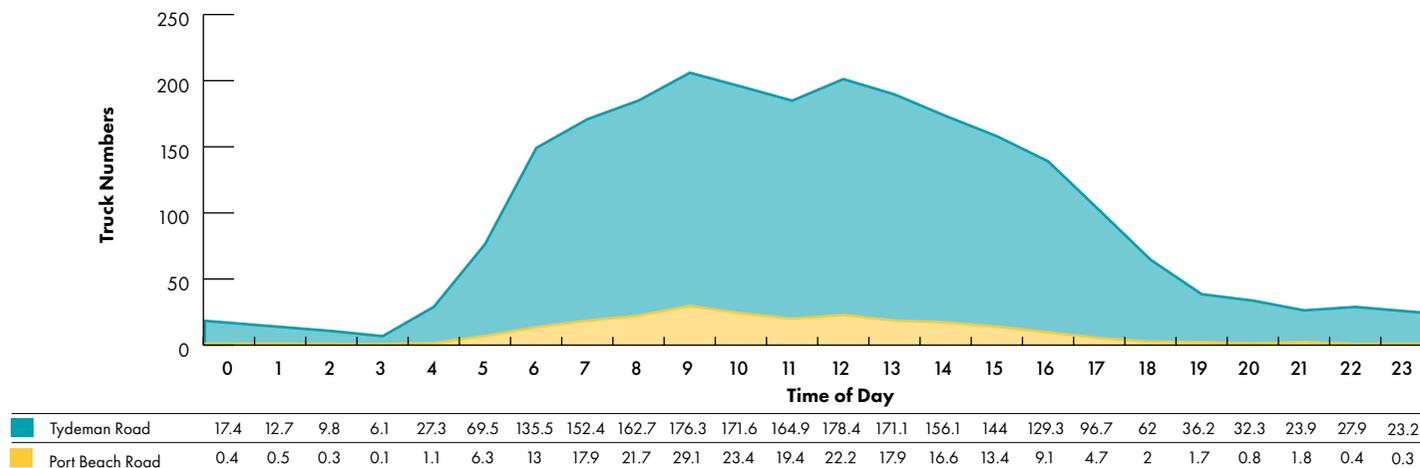
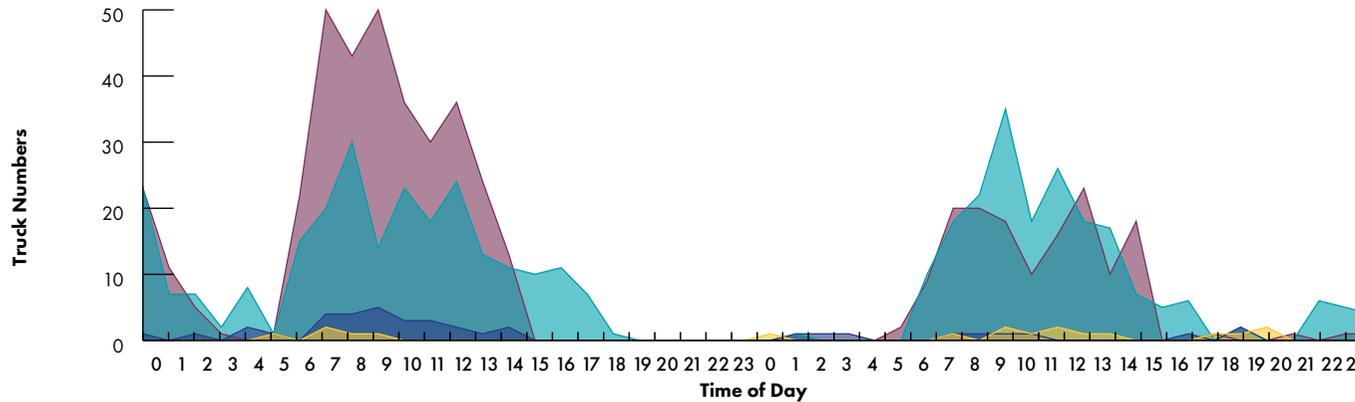


Figure 3. Weekday Container Truck Activity



Truck activity remains concentrated within normal working hours during weekdays, with 85 per cent of all container trucks operating between 6.00am and 6.00pm (refer to Figure 3).

Figure 4. Weekend Container Truck Activity



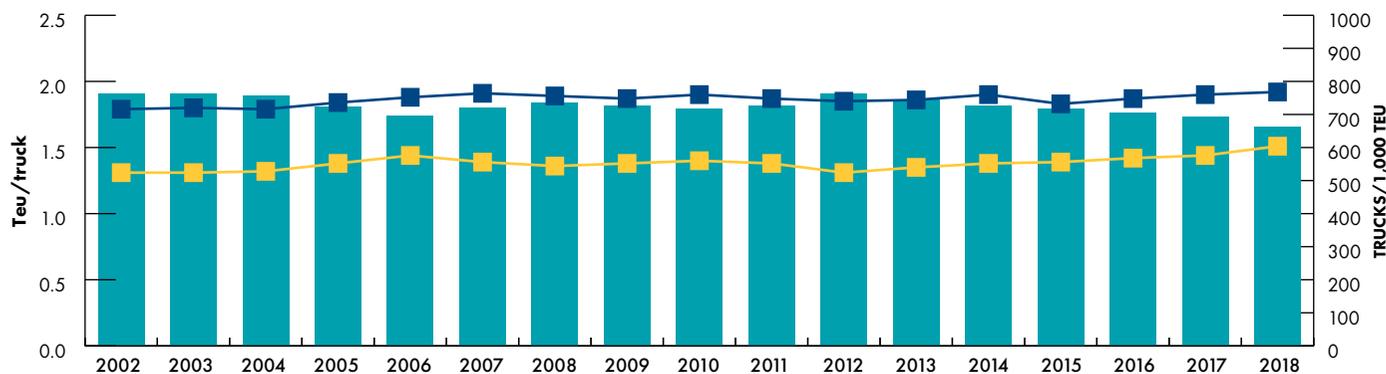
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Tydemans Road week 1	23	7	7	2	8	1	15	20	30	14	23	18	24	13	11	10	11	7	1	-	-	-	-	-
Tydemans Road week 2	23	11	5	1	-	1	22	50	43	50	36	30	36	24	13	-	-	-	-	-	-	-	-	-
Port Beach Road week 1	-	-	-	-	1	-	2	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Port Beach Road week 2	1	-	1	-	2	1	-	4	4	5	3	3	2	1	2	-	-	-	-	-	-	-	-	-

There was a notable overall productivity improvement, with survey results showing:

- A lower proportion of unladen trucks (21 per cent compared to 24 per cent in 2017)
- Increased rates of loading for laden trucks (1.92 TEU compared to 1.90 in 2017) and all (laden and unladen) trucks (1.51 TEU per truck compared to 1.44 in 2017 - refer to Figure 5)
- A reduced number of trucks required to move 1000 TEU (661 trucks per 1000 TEU compared to 693 in 2017).

The above are the best figures recorded since the commencement of the survey.

Figure 5. Truck Loading



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
TEU per loaded truck	1.79	1.80	1.79	1.84	1.88	1.91	1.89	1.87	1.90	1.87	1.85	1.86	1.90	1.83	1.87	1.90	1.92
TEU per truck	1.31	1.31	1.32	1.38	1.44	1.39	1.36	1.38	1.40	1.38	1.31	1.35	1.38	1.39	1.42	1.44	1.51
Trucks required to move 1000 TEU	762	762	756	724	695	720	736	725	716	727	762	743	725	718	705	693	661

CONTAINER MOVEMENT STUDY

Fremantle Ports completed a container movement study during the year, which was the first time in Australia that such a significant examination of the landside logistics environment of the international container supply chain has been repeated. Results from the study indicated that:

- About 80 per cent of both import and export full container movements were staged at intermediate facilities in 2018 compared with 65 per cent (full imports) and 45 per cent (exports) in 2011.
- Aside from the port precinct, the two major import container destinations were in the vicinity of Canning Vale/Jandakot/Bibra Lake and Welshpool/Kewdale/Forrestfield, with the latter area expanding east to Hazelmere and other suburbs in the north-east metropolitan area.
- The study also highlighted the importance of regional WA to the State's export container supply chain, in the geographical distribution of pack locations.

- Port precinct operations witnessed significant improvement in after-hours activity, because of extended operating hours and mass, largely-intra-port movements in the form of stack or bulk runs.
- Tuesday proved the busiest import day of the week, but Saturdays and Sundays have risen significantly in container movements since 2011.
- The reintroduction of the Kalgoorlie rail service has assisted in attracting freight from distant locations.
- Rail assisted in taking trucks off roads and also reducing pressure on core receipt and delivery hours at container terminals, with most containers moving between the terminals and North Quay Rail Terminal after 4pm.

The container movement study results provide the basis for further investigations into landside supply chain efficiency improvement.

PEAK SEASON PLANNING

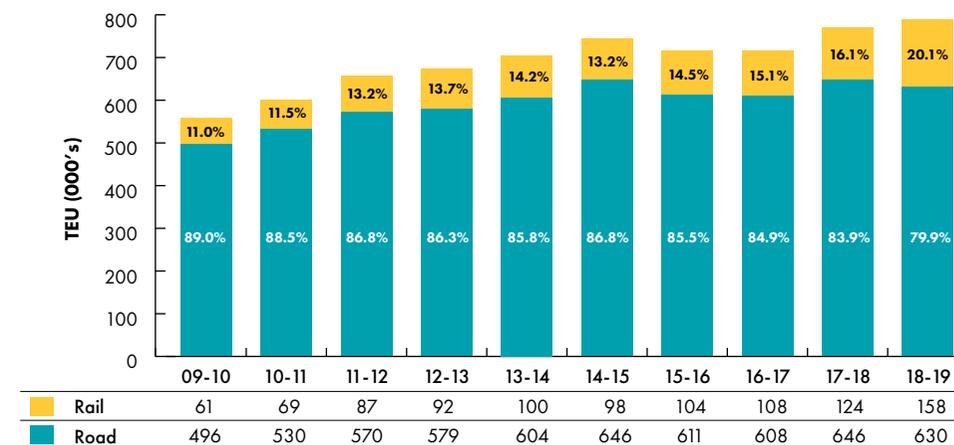
The work involved in expanding capacity in the landside supply chain through new sites with operating agreements and award-winning technologies resulted in a noticeable lessening of the tensions experienced in previous peak season periods. Further measures such as proactive discussions with terminal

operators concerning vessel scheduling and possible landside impacts were among new initiatives which added to the success of this year's efforts.

Members of the Port Operations Taskforce again confirmed the comparative ease with which operations coped with record container trade demand.

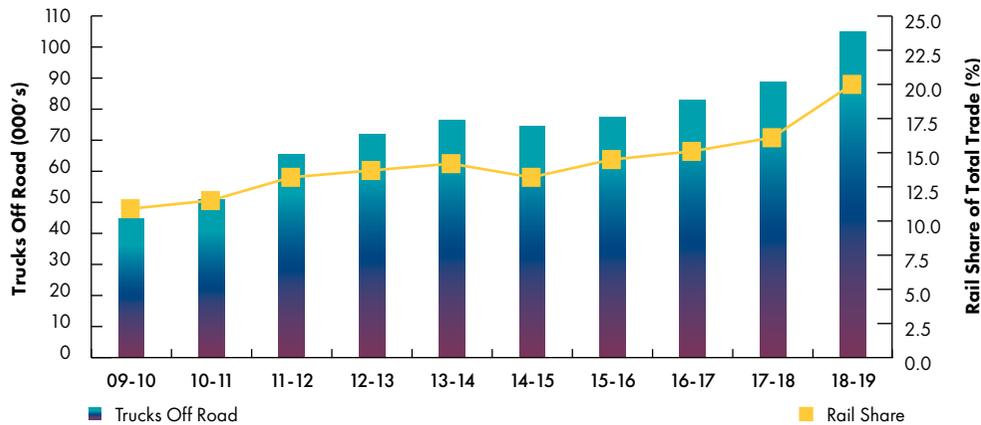
North Quay Rail and Road Service Volumes (TEU 000's)

2009-10 to 2018-19



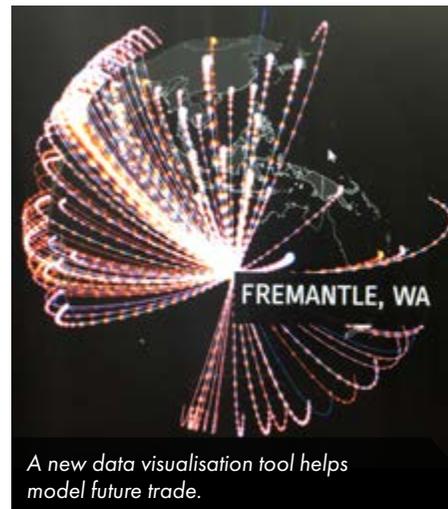
Rail Share and Trucks Off Road

2009-10 to 2018-19



INNOVATIONS

The organisation worked further on other future-focused initiatives, including a three-dimensional 'digital twin' of the Inner Harbour, to portray a virtual representation of the port and its physical assets. This tool, once completed, will enable real-time decision-making in a manner not previously possible. Other projects underway include an interactive trade data visualisation tool to help model future trade, and a new land-use modelling tool to aid future land-use decisions, optimise port capacity and further sharpen supply chain efficiency.



BULK BUSINESS STRATEGIC PLAN

Achieving a high-performing bulk business is a priority for Fremantle Ports, with development of a detailed new Bulk Business Strategy underway. This strategy examines customer demand and how the business may facilitate potential trade growth. It is apparent from market analysis that there is a high degree of certainty with our import trades with long term customers. The focus of the strategy is to obtain greater certainty around export trades that will support investment in infrastructure upgrades and generate sustainable commercial outcomes for the business.

KWINANA BULK TERMINAL

Endorsement was obtained to make material-handling infrastructure improvements at KBT and review other infrastructure replacement or refurbishment feasibility and costs. Fremantle Ports developed a bulk logistics system to provide greater efficiencies and enhanced availability of data for interpretation and analysis. The construction of new offices, amenities and workshops advanced significantly and will be completed in 2019-20. The contract to design and construct these facilities was awarded to Pindan in October 2018, with completion scheduled for October 2019.

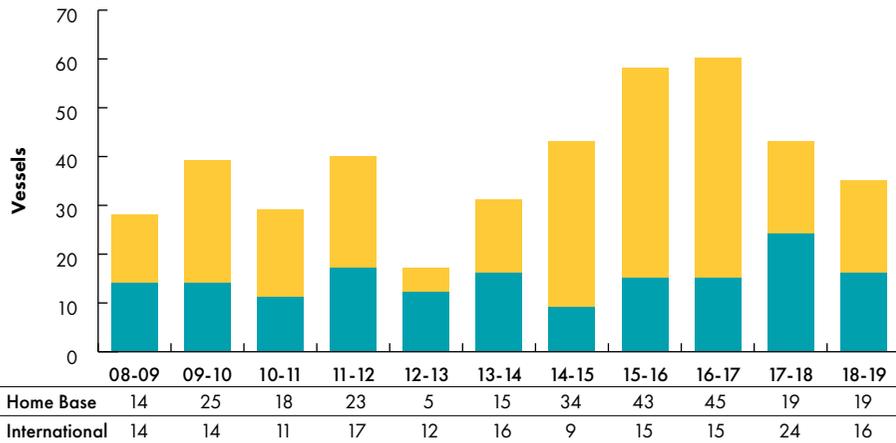
KWINANA BULK JETTY

Improvement works at KBJ included:

- Installation and commissioning of a fixed firefighting system, including training for Fremantle Ports staff and berth operators.
- Commissioning of new CSBP bulk cargo hoppers, to considerably improve efficiency and environmental controls.
- Major upgrades to the high-voltage network.
- Construction of a bitumen pipeline.
- Replacement of wastewater tanks.
- A stainless-steel pipeline for CSBP product.

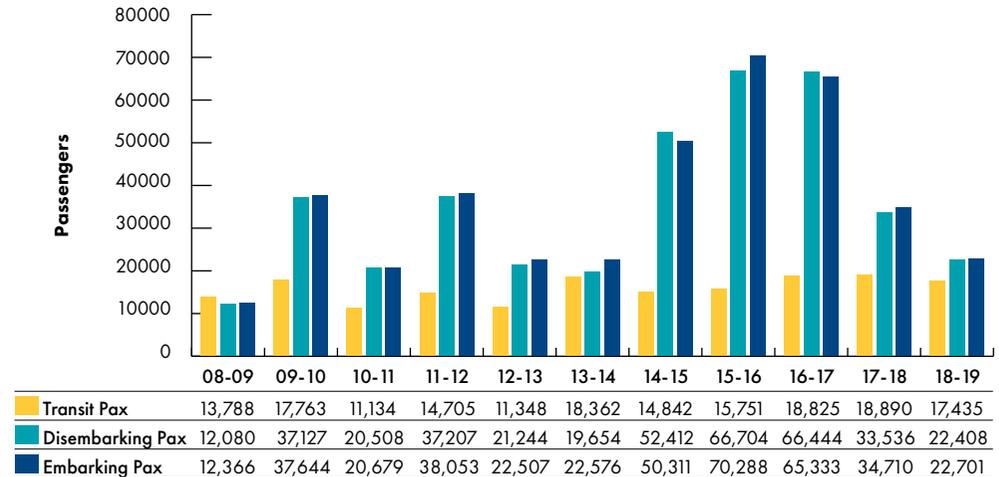
Cruise Vessels visiting Fremantle Port

2008-09 to 2018-19



Passengers through Fremantle Port

2008-09 to 2018-19



CRUISE SHIPPING

Overall cruise ship visits to Fremantle declined in 2018-19 due to the reduction of the number of home-based vessels to 13 from 19 in the previous year. However, overall planned arrivals in the 2019-20 season are scheduled to rise once again.

Improvement works valued at \$3.3m were completed at the heritage-listed Fremantle Passenger Terminal to enhance the passenger experience. The terminal remains Australia’s largest passenger

terminal, capable of receiving two ships simultaneously. In support of the State Government’s efforts to further develop the cruise industry in WA, Fremantle Ports continued its active participation in the Cruising WA committee, contributing to a range of projects.



The cruise season saw Victoria Quay full at times.

SAFE, AGILE AND HIGH-PERFORMING ORGANISATION

Aim:

Become a high-performing organisation, to enable us to achieve all other goals.

WORKFORCE

Fremantle Ports' full-time equivalent employee total at 30 June 2019 was 304, compared with 311 last year. The natural attrition rate was 3.4 per cent, of which resignations represented 2.8 per cent. The total attrition rate was 6.3 per cent which remains consistent with the average rates of 4 to 6 per cent for each of the last six years. The one exception was in 2018 when the attrition rate was 10.5 per cent primarily due to voluntary separations which occurred as part of organisational restructuring.

STRATEGIC WORKFORCE PLAN

Fremantle Ports developed a new Strategic Workforce Plan endorsed by the Board's newly established Sustainability Committee. The plan seeks to provide a clear direction and focus for how Fremantle Ports will leverage and support its workforce to achieve the organisation's 2021 strategic business plan objectives. Five priority initiatives were agreed for 2019-20 and the implementation plan was developed and approved.



Fitters and boilermakers renewing the head-end frame on the KBT conveyor in February.

CULTURAL GROWTH AND PEOPLE DEVELOPMENT

Fremantle Ports' Defining Principles - Deliver with Excellence, be Energetic and Optimistic, be Future Focused and be a Trusted Partner - continued to provide a growth pathway for cultural improvement in 2018 as the organisation strived to embed and model these principles in the way it works, and ensure all employees know how to individually contribute towards realising our vision to be Australia's best maritime gateway.

Fremantle Ports invested extensively in leadership capability to support and optimise the effectiveness of our people leaders. Emotional intelligence competencies were incorporated into the leadership capability framework and participants benefited from individual profiling, coaching and competency training. Similarly, 183 employees across the business participated in 'strengths profiling', while 13 work teams collectively explored their team strengths and incorporated learnings into business unit and project plans. Looking forward, there will be an emphasis on employee performance and development - one of five priority initiatives under our Strategic Workforce Plan and a response to employee feedback.

EMPLOYEE ENGAGEMENT AND PERFORMANCE

In late January 2019, Korn Ferry conducted an Engaged Performance Survey across the business to measure employee engagement, enablement and effectiveness. With a higher than average participation rate of 82%, the survey results represent a reliable and fair representation of the workforce.

Overall, results of the survey place Fremantle Ports close to the Australian norm and general industry norm, yet less than that of the high-performing organisation norm, which is where we aspire to be. Pleasingly, highly favourable results include employees identifying that:

- the business has a clear and promising direction
- their work areas are safe
- there is respect and recognition in the workplace
- they understand the results expected of them in their jobs
- they are supported in achieving a reasonable work life and personal life balance.

The areas identified with the greatest opportunity for improvement related to performance management, timely



This year, three female port services officers successfully entered this traditionally male-oriented work area.

decision making and decision making at the right level.

Communication of the results across the organisation was extensive, with CEO briefings direct to staff and more than 40 team workshops. Whilst the Executive Leadership and Management teams developed and continue to implement action plans for the top three improvement opportunities as identified by our people, business unit teams are also actioning their own plans in alignment with their team results.

GENDER DIVERSITY

Fremantle Ports successfully recruited three female Port Services Officers into the Port Operations team - a traditionally male-dominated work area.

EMPLOYEE RELATIONS

Negotiations began for the replacement of the Maritime Services Enterprise Agreement which expires in December 2019. Planning will also commence for the replacement of the Bulk & General Stevedoring Enterprise Agreement and the Operations & Services Enterprise Agreement, both due to expire in April 2020.

HEALTH AND WELLNESS

Fremantle Ports continues to offer a diverse health and wellness program that supports the positive mental and physical health and wellbeing of all employees. Programs during the year included skin cancer checks, flu vaccinations, first-aid training, ergonomic assessments and, in conjunction with the Safety Team, supporting positive mental health in the workplace training for all leaders, supervisors and managers. The current employee assistance program is also well utilised by employees and family members, with positive links to overall workplace performance.

WORK EXPERIENCE, TRAINEESHIPS AND EDUCATION SUPPORT

Fremantle Ports continued to assist young people gain an understanding of career opportunities within the maritime industry. In 2018-19 we employed four undergraduates, two apprentices, four trainees, facilitated three paid internships and supported two work experience students.

Fremantle Ports signed a memorandum of understanding with Notre Dame University to pursue collaboration on a range of issues. One of the first initiatives was a cooperative program between the Port Services Team and the university's School of Human Movement in a bid to reduce manual-handling and other work-related minor injuries, through specialised exercise programs for team members.

Fremantle Ports also continued its partnership with Murdoch University in support of the Kulbardi Aboriginal Mentoring Program, which aims to assist Aboriginal students successfully undertake a university bridging course.



Aboriginal students participating in Murdoch University's Kulbardi mentoring program visited Fremantle Ports to better understand the maritime industry.

OCCUPATIONAL SAFETY AND HEALTH

SAFETY AUDITS

The safety, environment and quality management systems audit was completed by SAI Global in May 2019. This year the safety management system successfully underwent a transition audit to the new ISO 45001 standard. Noteworthy efforts included:

- Excellent review and mapping of the safety management system requirements to the new standard.
- Strong evidence of good housekeeping across all sites visited.
- Comprehensive internal and systems audit program.
- Good process for managing risks in the Outer Harbour.
- Evidence of continuous improvement since the last audits in May 2018 and gap-closure against minor non-conformances identified then.

The auditor identified one minor non-conformance which will require corrective action within 12 months.

An audit of the Outer Harbour identified maintenance work instructions needed to

better identify hazards and risk control measures, which has led to a highly-consultative project involving teams, management and supervisors to make necessary improvements to approximately 600 instructions. The Safety team will report to the Safety and Health Steering Group quarterly.

SAFETY CULTURAL SURVEY

After a gap of some years, another safety culture survey was conducted to better understand employees' perceptions about how we practice safety at Fremantle Ports. The results showed strengths and weaknesses, also highlighting areas where the organisation can improve. Importantly, the survey confirmed employees believe their employer cares about safety. Since the survey, Fremantle Ports has:

- added additional training programs on technical matters;
- emphasised weather conditions and risk assessment parameters relating to the boarding and mooring of vessels in rough weather; and
- Improved communication to operators and maintenance personnel in the Outer Harbour regarding infrastructure improvements at KBT.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

Recognising the growing requirement for modern ports to have high-performing information systems, a significant number of projects were progressed in the IT domain. These included:

- Implementation of a new world-leading security information and event management system. The new system adds further strength to our cyber posture and compliments Fremantle Ports' continuing relationships with cyber-security partners.
- As reported earlier in this report, the ageing Fremantle Ports website was replaced by two new sites - one a corporate site and the other an information hub regarding Victoria Quay. Both allow the public and stakeholders to view the Inner Harbour in real-time from two 360-degree high-definition harbour cams.
- Replacement of an outdated intranet with a new product that allows staff to access key systems, information and news.
- An enterprise architecture was adopted after significant planning. A foundational element of the IT strategy now lays out IT and technology investment decision-making for the future.
- A large-scale upgrade of the Outer Harbour supervisory control and data acquisition system was performed, introducing the latest processing informatics. This has significantly improved real-time monitoring, tracking and reporting of services to vessels.
- Upgrading of the enterprise-wide document management and HR systems, and introduction of a new IT ticketing system using software as a service.
- Other significant changes included the upgrade of the customer relationship management system, completion of the installation of all fibre links and the operationalisation of a new enterprise service bus.

ENVIRONMENTAL MANAGEMENT

Fremantle Ports again retained certification to international environmental standard ISO 14001:2015 following an audit by compliance and risk consultants SAI Global. This certification has been sustained since 2001 and re-certification attained every three years since. This demonstrates that Fremantle Ports' environmental management system is being implemented effectively, to address potential and real impacts on the environment of port operations.

Fremantle Ports also complies with its legislative obligations, government policy requirements, industry codes of practice and endeavours to quickly apply new technology and innovation in its environmental approach. A new environmental management plan was developed which outlines Fremantle Ports' environmental values, objectives and performance indicators on air quality, climate change and waste. Performance reports are provided regularly to the Board's Sustainability Committee.



MARINE QUALITY MONITORING

Annual marine quality testing this year showed that port-related activities are not having a significant detrimental effect on the marine environment. In 2019, monitoring occurred at 28 sites in the Inner and Outer Harbour, as has been done previously. Results of the monitoring of water, sediment and mussels are provided to the Department of Water and Environment Regulation and the Cockburn Sound Management Council.

AIR QUALITY MONITORING

Air quality monitoring by Fremantle Ports in the vicinity of the Inner Harbour found no evidence of air pollution due to port operations. Results from the first three months of a 12-month trial monitoring program found all air quality parameters generally below the applicable National Environment Protection (Ambient Air Quality) Measure air quality criteria.

The ongoing program tests for a range of air pollutants, including nitrogen dioxide, sulphur dioxide, carbon monoxide, ozone

and particulates. Three monitoring stations are located in Fremantle, with a fourth in Kwinana as a calibrating instrument, adjacent to a regulatory air-pollution measuring device there. Analysis included cross-referencing shipping movements and weather conditions. Air quality testing will continue and the results published on Fremantle Ports' website.

OIL SPILL

Fremantle Ports responded to a significant heavy fuel oil spill in the Inner Harbour on January 12th, 2019 resulting in 40,000 litres of oil leaking from a berthed ship, the *Nauma*, due to a corrosion-related crack in a bunker fuel tank. As a result of an effective and fast response by Fremantle Ports employees and the Department of Transport, the oil was contained around the vessel and recovered in subsequent days. A significant clean-up of ships' hulls and wharf infrastructure followed and water, sediment and mussel-tissue sampling later took place. This testing demonstrated negligible impact upon the Swan River system. Recovery phase end-point criteria for environmental management were met. Post-incident reports found the rapid-response, weather conditions and nearby availability of oil-spill equipment were critical factors in preventing the spill becoming more serious.

CRUISE SHIP WASTE

Research this year showed all waste from cruise ships visiting Fremantle had been going to deep burial and no recycling was occurring. An initiative by Fremantle Ports to bring relevant parties together resulted in recyclables on some cruise ships being recycled.

Environmental officers found that cruise ships visiting Fremantle had sophisticated waste separation systems on board but limited opportunity to offload materials at Australian ports for recycling. To meet Australia's strict biosecurity requirements, all separated recyclables were being

combined with other garbage when offloaded and deep-buried in compliance with a biosecurity agreement with the Department of Agriculture and Water Resources (DAWR). Fremantle Ports liaised with DAWR to find a recycling solution that would ensure biosecurity risks were still managed, while allowing recyclables to be recycled instead of going to landfill. Since November 2018, a resource management company has been sending approved recyclables from some cruise ships offloading in Fremantle to recycling. Work will continue to encourage other cruise lines to follow suit.



Efforts by Fremantle Ports have resulted in on-ship waste management by cruise operators being converted into a greater degree of on-shore recycling.



Fremantle Ports staff sharing in the Golden Gecko environmental award with co-winners from other WA ports.

BIO-SECURITY AWARDS

A number of Western Australian ports jointly received a Golden Gecko Award for Environmental Excellence, after developing the State-Wide Array Surveillance Program. A world-first in the use of molecular techniques in a marine application, the biosecurity surveillance network can more rapidly detect the potential incursion of introduced marine pests. Fremantle Ports has been involved in the program since a pilot in 2010. It was initially established in three Western Australian ports and has since evolved into a viable and cost-effective surveillance across the State. Fremantle Ports also received an Australian Biosecurity Award from DAWR for the same program.

FIREFIGHTING FOAMS

Fremantle Ports voluntarily transitioned towards non-fluorinated firefighting foams, commencing with replacement

of all aqueous film-forming foams at KBJ, North Quay and D Shed. KBT front-end loader fire suppression systems were also modified. This program will continue in 2019-20.

SUPPORTING WILDLIFE RESEARCH

Support continued for key wildlife research. The port's North Quay fairy tern site is now the most significant breeding sanctuary in the south-west of Western Australia. Murdoch University researchers consider the site vital to understanding population movements for the endangered species in the State. This year, around 250 bird pairs made the Rous Head site their preferred breeding location.

Fremantle Ports again financially backed research into the little penguin species in Cockburn Sound, to better understand its capacity as a bio-indicator of the marine coastal eco-system, including examining the effect upon the population of consecutive warm waters.

In an associated move, Fremantle Ports' formally instituted 'environmental leadership' as one of four pillars of its community investment program, meaning community-led environmental initiatives are given strong weighting in assessment of sponsorship applications. This also recognises community-led work in the environmental field.

Significant Issues



Perth's leading architects and planners were involved in a workshop to validate and challenge ideas for a revitalised Victoria Quay.

WESTPORT

Fremantle Ports supported the Westport Taskforce review of Western Australia's future port and environs needs, as a member of the Steering Committee, Project Control Group and also supporting the project team. Westport, through its MCA 1 analysis, determined 25 port and associated freight and logistics options, which will be further reduced to a shortlist of five options in 2019-20.

This participation has allowed Fremantle Ports to contribute its planning, operations, logistics, environmental and other knowledge and expertise to Westport's deliberations.

While Westport has had a focus upon WA's long-term port needs, Fremantle Ports has at the same time focused on ensuring confidence in port operations for customers, port service providers and other stakeholders in the short-to-mid-term timeframe. This is important in facilitating necessary investment in services and infrastructure to meet trade demands. In particular, work this year on resolving leases for North Quay's rail and container terminals has been pivotal in ensuring ongoing confidence for the maritime, transport and associated industries.

VICTORIA QUAY WATERFRONT

The west end of Victoria Quay is open to the public and has seen some development since 2000 in accordance with the Fremantle Waterfront Masterplan, however the economic conditions since the Global Financial Crisis have not been conducive to major development.

In November 2018, the Minister for Transport approved terms of reference and membership of a steering group chaired by Hon Simone McGurk MLA and has as its objective the preparation of a high-level business case which outlines the potential development of Victoria Quay as a vibrant commercial waterfront area. This business case will build on the ideas, work and plans prepared and progressed in recent years to create a clear, achievable and considered plan that will address the following objectives:

- outline the drivers for development of Victoria Quay (economic, social, other)
- articulate a unique, unifying and distinctive identity that will guide the development
- prepare high level 'enabling' plans for Victoria Quay that are cohesive and consistent with the agreed identity and that can be implemented either as a whole or as viable, stand-alone parcels

- agree the range of land uses that will best result in the VQ Waterfront vision being achieved
- provide for the creation of supporting plans which will outline potential infrastructure works that will improve the connection between Victoria Quay and the broader city of Fremantle
- articulate implementation triggers that take into account:
 - the needs of the working port;
 - the outcomes of the Westport planning process; and
 - economic, commercial and social fundamentals that underpin the successful development and implementation of a vision of this nature.

OPTIMISING LANDSIDE LOGISTICS

Logistics specialists at Fremantle Ports continued their endeavours to drive further efficiencies in the Inner Harbour freight and logistics chain. Aside from commercial efficiencies and effectiveness, achieving improvements has a significant benefit to the community, through the optimisation of truck and train movements in and out of the harbour environs.

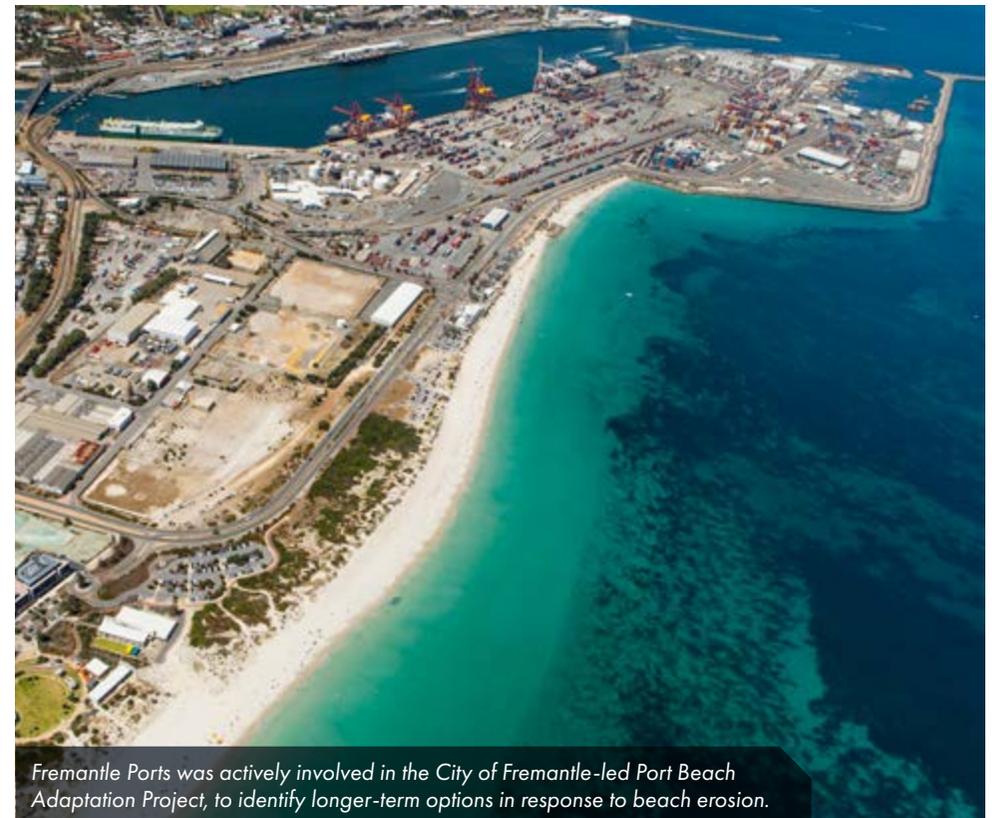
Fremantle Ports continued working with the Department of Transport, Main Roads WA and the Freight and Logistics Council WA, among others, to identify and prioritise initiatives. Port staff contributed to:

- Continuing to drive increased rail-share of container movements to a high of 20 per cent, thereby reducing truck movements on arterial roads.
- Planning for future replacement of the Fremantle Traffic Bridge and associated rail-line duplication.
- Ongoing work to better understand optimal use of intermodal terminals and off-peak use of transport infrastructure.
- Enhancements to High Street, to improve heavy vehicle flow, a safer road environment and reduced impact upon local residents.
- New driver information system technologies to enhance efficient running.

PORT BEACH

An active role was taken by Fremantle Ports in the City of Fremantle-led review of potential adaptation options to address erosion at Port Beach. Fremantle Ports was a member of the Project Working Team and part-funded a report by coastal

engineers. Substantial public consultation was a feature of the review, with the final report due to be presented to the City of Fremantle for consideration in early 2019-20. Fremantle Ports is committed to working collaboratively with others to ensure Port Beach remains a valued community resource.



Fremantle Ports was actively involved in the City of Fremantle-led Port Beach Adaptation Project, to identify longer-term options in response to beach erosion.

Disclosures And Legal Compliance

DIRECTORS' REPORT



The Board of Directors of the Fremantle Port Authority (Fremantle Ports) has pleasure in submitting its report for the financial year ended 30 June 2019.

DIRECTORS

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

Jill Hoffmann (Chair)

Director since 17 May 2011
Chair since 1 July 2018

Kim Horne AM (Deputy Chair)

Director since 1 February 2018
Deputy Chair since 1 January 2019

Carmel McLure AC, QC

Director since 1 February 2018

Karlie Mucjanko

Director since 1 February 2018

Anne Nolan

Director since 1 February 2018

Professor John Yovich AM

Director since 1 July 2018

Carmelina Fiorentino

Director since 1 January 2019

Directors whose terms expired during the financial year were:

Helen Cook (Deputy Chair)

Deputy Chair since 1 July 2014
Term expired 31 December 2018

Directors' biographies are shown on pages 11 - 13.

DIRECTORS' MEETINGS

Attendance by Directors at meetings (including non-face-to-face meetings pursuant to Schedule 2 of the *Port Authorities Act 1999*) held during the financial year ended 30 June 2019 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		11		4		1
Number of meetings attended by:						
Jill Hoffmann	11	11	2	1	-	-
Kim Horne	11	11	2	2	1	1
Carmel McLure	11	9	-	-	1	1
Karlie Mucjanko	11	11	-	-	1	1
Anne Nolan	11	9	2	2	-	-
Professor John Yovich	11	10	2	2	-	-
Carmelina Florentino	5	5	2	2	-	-
Helen Cook	6	6	2	2	-	-

PRINCIPAL ACTIVITIES

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

RESULTS

The profit before income tax for the financial year was \$70.829 million (2018: \$83.306 million). The income tax expense attributable to the profit for the financial year was \$21.425 million (2018: \$25.263 million).

DIVIDENDS

In accordance with Government Financial Policy, Western Australian (WA) Ports are required to pay dividends of 75% (2018: 75%) of after tax profits, adjusted for special circumstances as approved by Government. From 1 July 2014, an amendment to Section 84 of the *Port Authorities Act 1999* came into effect which provides for Government to request an interim dividend be recommended by the Board. An interim dividend of \$23.863 million was recommended by the Board for the year ended 30 June 2019 (2018: \$29.838 million).

During the financial year ended 30 June 2019, \$10.974 million was paid representing the balancing payment of the final dividend of \$40.812 million in respect of the financial results for the year ended 30 June 2018. In respect of the financial results for the year ended 30 June 2017, a payment of \$35.149 million representing the total final dividend was made by 31 December 2017.

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:

	2019 \$'000	2018 \$'000
Profit before income tax	70,829	83,306
Income tax expense	(21,425)	(25,263)
Profit for the period	49,404	58,043
Other comprehensive income/(loss)	(1,108)	318
Retained earnings at 1 July	218,547	225,173
	266,843	283,534
Dividends paid in the financial year	(34,837)	(64,987)
Retained earnings at 30 June	232,006	218,547

STATE OF AFFAIRS

There were no significant changes in the state of affairs of Fremantle Ports during the financial year under review.

Fremantle Ports operates in Western Australia under the provisions of the *Port Authorities Act 1999*.

EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2019, Fremantle Ports acquired land from LandCorp, a Western Australian Government Trading Enterprise.

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.

The development of the State Government-initiated Westport: Port and Environs strategy is underway and Fremantle Ports will continue to provide information on past studies and technical support to the Westport project team to assist in this work.

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 Super-annuation	Total
			\$'000	\$'000	\$'000
Director	J Hoffmann	12 months	86	8	94
Deputy Chair	K Horne	12 months	48	5	53
Director**	C McLure	12 months	-	-	-
Director	K Mucjanko	12 months	44	4	48
Director	A Nolan	12 months	44	4	48
Director	J Yovich	12 months	44	4	48
Director	C Fiorentino	6 months	23	2	25
Deputy Chair	H Cook	6 months	25	2	27

* The period of membership column refers to the Board member's membership during the 2018/19 financial year.

** Not eligible for fees in accordance with the WA Government policy on State Government Boards and Committees.

DIRECTORS' BENEFITS

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

EXECUTIVES' EMOLUMENTS

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

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

Details of emoluments provided to senior executives:

Name	Salary \$'000	Other \$'000	Post-employment benefits Superannuation \$'000	Other long-term benefits Long service leave \$'000	Total \$'000
C Leatt-Hayter	426	12	68	21	527
S Craig	374	-	35	42	451
T Haria	359	12	35	13	419
A Gray	351	12	35	13	411
D Vallini	268	3	38	9	318

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".

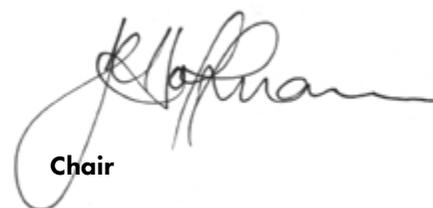
ENVIRONMENTAL MANAGEMENT

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 16 August 2019.



Chair



Director

30 August 2019

FINANCIAL STATEMENTS

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Directors' Declaration

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

- (a) the financial statements and notes, set out on pages 65 to 110 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 2019 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 16 August 2019.



Chair



Director

30 August 2019

Statement of Comprehensive Income FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Revenue	A.1	222,030	228,854
Expenditure			
General administration		(37,010)	(35,616)
Port operations expenses		(32,549)	(31,297)
Asset maintenance		(32,199)	(28,724)
Depreciation and amortisation expense	A.2	(16,969)	(16,971)
Marine expenses		(9,390)	(9,161)
Finance costs	A.2	(8,539)	(9,374)
Rates and taxes		(8,162)	(8,128)
Port utilities		(5,441)	(5,561)
Other expenses		(587)	(312)
Environmental expenses		(355)	(404)
Profit before income tax		70,829	83,306
Income tax expense	A.4	(21,425)	(25,263)
Profit after income tax for the period		49,404	58,043
Other comprehensive income/(loss)			
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains/(losses) on defined benefit plans	D.2	(1,583)	455
Income tax effect	A.4	475	(137)
Total other comprehensive income/(loss)		(1,108)	318
Total comprehensive income for the period, net of tax		48,296	58,361

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

Statement of Financial Position AS AT 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	C.2	68,030	84,296
Trade and other receivables	E.1	22,312	20,472
Inventories	E.2	3,660	3,507
Total current assets		94,002	108,275
Non-current assets			
Receivables	E.1	3,512	4,254
Property, plant and equipment	B.1	440,326	424,624
Intangible assets	B.2	557	130
Deferred tax assets	A.4	27,160	23,293
Total non-current assets		471,555	452,301
Total assets		565,557	560,576
LIABILITIES			
Current liabilities			
Trade and other payables	E.3	16,869	15,202
Interest bearing borrowings	C.3	1,497	1,502
Current tax liability	A.4	4,494	3,213
Provisions	D.1	13,054	13,315
Other liabilities	E.4	1,407	1,509
Total current liabilities		37,321	34,741

	Note	2019 \$'000	2018 \$'000
Non-current liabilities			
Interest bearing borrowings	C.3	172,423	184,615
Provisions	D.1	17,347	16,195
Other liabilities	E.4	1,401	1,419
Total non-current liabilities		191,171	202,229
Total liabilities		228,492	236,970
Net Assets		337,065	323,606
EQUITY			
Contributed equity	C.6	105,059	105,059
Retained earnings	C.6	232,006	218,547
Total equity	C.6	337,065	323,606

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

Statement of Changes in Equity FOR THE YEAR ENDED 30 JUNE 2019

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2017		105,059	225,173	330,232
Profit for the period		-	58,043	58,043
Other comprehensive income		-	318	318
Total comprehensive income for the period	C.6	-	58,361	58,361
Transactions with owners in their capacity as owners				
Dividends paid	A.3	-	(64,987)	(64,987)
Balance at 30 June 2018	C.6	105,059	218,547	323,606
Balance at 1 July 2018		105,059	218,547	323,606
Profit for the period		-	49,404	49,404
Other comprehensive loss		-	(1,108)	(1,108)
Total comprehensive income for the period	C.6	-	48,296	48,296
Transactions with owners in their capacity as owners				
Dividends paid	A.3	-	(34,837)	(34,837)
Balance at 30 June 2019	C.6	105,059	232,006	337,065

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

Statement of Cash Flows FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts from customers		239,439	248,620
Payments to suppliers and employees		(147,510)	(146,008)
Interest received		2,971	3,104
Interest paid		(8,766)	(9,526)
Income tax paid		(23,536)	(21,781)
Net cash inflow from operating activities	A.5	62,598	74,409
Cash flows from investing activities			
Purchase of property, plant and equipment		(31,696)	(9,484)
Proceeds from sale of property, plant and equipment		96	23
Purchase of intangible assets		(560)	-
Net cash outflow from investing activities		(32,160)	(9,461)

	Note	2019 \$'000	2018 \$'000
Cash flows from financing activities			
Repayment of borrowings		(11,932)	(11,877)
Payment of finance lease liabilities		(616)	(586)
Proceeds from finance lease receivable		681	625
Dividends paid	A.3	(34,837)	(64,987)
Net cash outflow from financing activities		(46,704)	(76,825)
Net decrease in cash and cash equivalents		(16,266)	(11,877)
Cash and cash equivalents at 1 July		84,296	96,173
Cash and cash equivalents at 30 June	C.2	68,030	84,296

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 2019

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.

The financial statements were authorised for issue on 16 August 2019 by the Board of Directors of Fremantle Ports.

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

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	71-77
B.	Property, Plant and Equipment and Other Assets	78-80
C.	Capital Management	81-88
D.	Employee Benefits	89-97
E.	Other Assets and Liabilities	98-101
F.	Other Items	101-109

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	104
D.2	Defined benefit plans	90 - 97
E.1	Impairment losses	98 - 100
D.1	Annual leave, sick leave and long service leave	89 - 90

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	81 - 82
C.	Liquidity risk	82
C. & C.3	Interest rate risk	81 & 85 - 87
C.	Credit risk	82

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 to the extent that it is probable that the economic benefits will flow to Fremantle Ports and the revenue can be reliably measured.

- **Revenue from services**

Revenue for services rendered is recognised to the extent that the service is provided at the reporting date. Where a contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

- **Contributed assets**

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

- **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.

- **Deferred income**

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

- **Other 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, insurance claims and revenue arising from the contribution of assets recognised in accordance with AASB 1004 *Contributions*.

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

A. Performance for the year (continued)

A.1 REVENUE AND OTHER INCOME (continued)

Revenue consists of the following items:

	2019 \$'000	2018 \$'000
Revenue		
Charges on cargo	135,988	141,407
Rentals and leases	27,684	26,403
Charges on ships	21,597	21,837
Shipping services	13,135	12,718
Miscellaneous revenue	12,043	15,359
Port utilities and services	8,527	7,976
	218,974	225,700
Interest		
Interest receivable from cash equivalents	2,189	2,246
Interest receivable under finance leases	867	908
	3,056	3,154
Total revenue	222,030	228,854

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 finance leases. The interest expense component of finance lease payments is also recognised in the Statement of Comprehensive Income using the effective interest rate method.

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

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

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.

A. Performance for the year (continued)

A.2 EXPENSES (continued)

Total employee benefits expenses are disclosed below.

	Note	2019 \$'000	2018 \$'000
Expenses			
Profit before income tax includes the following specific expenses:			
Finance costs			
Finance charges payable under finance leases		30	31
Borrowings		8,509	9,343
Total finance costs		8,539	9,374
Depreciation and amortisation			
Channels and breakwaters	B.1	4,031	4,123
Land improvements	B.1	842	823
Buildings and improvements	B.1	1,088	1,000
Plant and equipment	B.1	3,059	3,089
Berths, jetties and infrastructure	B.1	7,221	7,254
Plant and equipment under lease	B.1	595	595
Intangible assets	B.2	133	87
Total depreciation and amortisation		16,969	16,971
Net loss on derecognition of property, plant and equipment		289	209

	Note	2019 \$'000	2018 \$'000
Other charges against assets			
Impairment reversal of trade receivables	E.1	(5)	(202)
Impairment of trade receivables	E.1	36	22
		31	(180)
Rental expense relating to operating leases		1,084	1,117
Employee benefits expenses			
Wages and salaries		41,211	40,705
Workers' compensation		49	289
Pension costs		4,745	4,571
Employee benefits		(114)	(931)
Retirement benefit obligations		1,041	(940)
		46,932	43,694

A. Performance for the year (continued)

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	2019 \$'000	2018 \$'000
Interim dividend		23,863	29,838
Final dividend		10,974	35,149
Total dividends paid	C.6	34,837	64,987

In accordance with Government Financial Policy, Western Australian (WA) Ports are required to pay dividends of 75% (2018: 75%) of after tax profits, adjusted for special circumstances as approved by Government. From 1 July 2014, an amendment to Section 84 of the *Port Authorities Act 1999* came into effect which provides for Government to request an interim dividend be recommended by the Board. An interim dividend of \$23.863 million was recommended by the Board for the year ended 30 June 2019 (2018: \$29.838 million).

During the financial year ended 30 June 2019, \$10.974 million was paid representing the balancing payment of the final dividend of \$40.812 million in respect of the financial results for the year ended 30 June 2018. In respect of the financial results for the year ended 30 June 2017, a payment of \$35.149 million representing the total final dividend was made by 31 December 2017.

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.

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.

A. Performance for the year (continued)

A.4 INCOME TAX EXPENSE (continued)

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

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

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

Major components of income tax expense for the year are:

	2019 \$'000	2018 \$'000
Statement of Comprehensive Income		
Current income tax:		
Current income tax charge	(22,017)	(22,946)
Adjustments in respect of previous years	(2,800)	27
Deferred income tax:		
Deferred income tax charge	3,392	(2,344)
Income tax expense reported in the Statement of Comprehensive Income	(21,425)	(25,263)

	2019 \$'000	2018 \$'000
Other Comprehensive Income		
Deferred tax related to items recognised in other comprehensive income during the year:		
Net actuarial losses/(gains)	475	(137)
Income tax expense/(benefit) charged to Other Comprehensive Income	475	(137)

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:

	2019 \$'000	2018 \$'000
Profit before income tax	70,829	83,306
Tax at statutory income tax rate of 30% (2018: 30%)	(21,249)	(24,992)
Tax effect of amounts which are taxable in calculating taxable income:		
Depreciation	(228)	(265)
Sundry items	(18)	(45)
	(21,495)	(25,302)
Adjustments in respect of previous years	70	39
Income tax expense	(21,425)	(25,263)

A. Performance for the year (continued)

A.4 INCOME TAX EXPENSE (continued)

	2019 Statement of Financial Position \$'000	2018 Statement of Financial Position \$'000	2019 Statement of Comprehensive Income \$'000	2018 Statement of Comprehensive Income \$'000
Deferred tax liabilities				
Finance lease receivables	(1,276)	(1,481)	205	187
Others	(494)	(588)	94	(56)
Gross deferred tax liabilities	(1,770)	(2,069)		
Deferred tax assets				
Employee benefits	7,698	7,420	278	(561)
Accelerated depreciation for accounting purposes	17,901	14,574	3,327	(2,047)
Prepaid rental	1,157	1,146	11	87
Deferred income	77	76	1	1
Others	2,097	2,146	(49)	(92)
Gross deferred tax assets	28,930	25,362		
Set-off of deferred tax liabilities pursuant to set-off provisions	(1,770)	(2,069)		
Net deferred tax assets	27,160	23,293		
Deferred tax charge			3,392	(2,344)
Deferred tax charge in Other Comprehensive Income			475	(137)
			3,867	(2,481)

Current Tax Liabilities

The current tax liability of \$4.494 million (2018: \$3.213 million) represents the amount of income taxes payable 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

	2019 \$'000	2018 \$'000
Profit after income tax	49,404	58,043
Non cash items		
Depreciation	16,241	16,289
Amortisation of leased assets	595	595
Amortisation of intangible assets	133	87
Net loss on derecognition of property, plant and equipment	289	209
Net contribution of assets	(750)	(5,180)
Taxable items presented in Other Comprehensive Income		
Remeasurements of the net defined benefit liability	(1,108)	318
Changes in assets and liabilities		
Receivables	(1,790)	2,106
Inventories	(302)	(361)
Prepaid expenses	33	(196)
Payables	1,667	896
Prepaid rental income and interest received in advance	(120)	133
Employee benefits	927	(1,874)
Income tax payable	1,281	1,138
Deferred tax assets	(3,867)	2,481
Others	(35)	(275)
Net cash inflow from operating activities	62,598	74,409

	2019 \$'000	2018 \$'000
Non-cash investing activities		
Acquisition of property, plant and equipment by means of finance lease	329	760

Net contribution of assets relates to property inherited by Fremantle Ports from the expiration of trading agreements and accounted for in accordance with AASB 1004 *Contributions and Interpretation 18 Transfers of Assets from Customers*.

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.

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.

Derecognition

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

Depreciation 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. 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	1.92% - 16.67%
Buildings and improvements	2.22% - 20.00%
Plant and equipment	2.50% - 20.00%
Berths, jetties and infrastructure	1.25% - 20.00%
Plant and equipment under lease	19.34% - 42.74%

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. Property, Plant and Equipment and Other Assets (continued)

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	Leased plant and equipment \$'000	Work in Progress \$'000	Total \$'000
COST										
At 1 July 2017		164,064	45,916	28,999	29,762	72,548	258,901	2,908	2,962	606,060
Additions		-	-	1,144	4,036	220	-	760	9,484	15,644
Transfer from Work in Progress		3,209	-	-	-	597	139	-	(3,945)	-
Disposals		-	-	-	-	(337)	(175)	(789)	-	(1,301)
At 30 June 2018		167,273	45,916	30,143	33,798	73,028	258,865	2,879	8,501	620,403
Additions		-	19,387	54	697	149	-	329	12,309	32,925
Transfer from Work in Progress		-	-	-	1,665	2,139	6,652	-	(10,456)	-
Disposals		-	-	-	(114)	(2,384)	(362)	(511)	-	(3,371)
At 30 June 2019		167,273	65,303	30,197	36,046	72,932	265,155	2,697	10,354	649,957
DEPRECIATION AND IMPAIRMENT										
At 1 July 2017		49,476	-	6,033	14,174	38,043	70,566	1,671	-	179,963
Depreciation and amortisation	A.2	4,123	-	823	1,000	3,089	7,254	595	-	16,884
Disposals		-	-	-	-	(124)	(155)	(789)	-	(1,068)
At 30 June 2018		53,599	-	6,856	15,174	41,008	77,665	1,477	-	195,779
Depreciation and amortisation	A.2	4,031	-	842	1,088	3,059	7,221	595	-	16,836
Disposals		-	-	-	(44)	(2,154)	(275)	(511)	-	(2,984)
At 30 June 2019		57,630	-	7,698	16,218	41,913	84,611	1,561	-	209,631
CARRYING VALUE										
At 30 June 2018		113,674	45,916	23,287	18,624	32,020	181,200	1,402	8,501	424,624
At 30 June 2019		109,643	65,303	22,499	19,828	31,019	180,544	1,136	10,354	440,326

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. Property, Plant and Equipment and Other Assets (continued)

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%	

	Note	Computer Software \$'000	Total \$'000
COST			
At 30 June 2017		260	260
At 30 June 2018		260	260
Additions		560	560
At 30 June 2019		820	820
AMORTISATION			
At 30 June 2017		43	43
Amortisation	A.2	87	87
At 30 June 2018		130	130
Amortisation	A.2	133	133
At 30 June 2019		263	263
CARRYING VALUE			
At 30 June 2018		130	130
At 30 June 2019		557	557

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 finance leases (fixed interest rate).

Sensitivity analysis

Fremantle Ports' policy is to manage its finance costs using a mix of fixed and variable debt with the objective of achieving optimum returns 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.

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 Amount \$'000	+0.50% change Profit \$'000	+0.50% change Equity \$'000	(0.50%) change Profit \$'000	(0.50%) change Equity \$'000
2019					
Financial assets					
Cash and cash equivalents	68,030	340	340	(340)	(340)
Financial liabilities					
Interest bearing borrowings	163,548	(818)	(818)	818	818
Total (decrease)/ increase		(478)	(478)	478	478
2018					
Financial assets					
Cash and cash equivalents	84,296	421	421	(421)	(421)
Financial liabilities					
Interest bearing borrowings	174,548	(873)	(873)	873	873
Total (decrease)/ increase		(452)	(452)	452	452

C. Capital Management (continued)

KEY FINANCIAL AND CAPITAL RISKS IN THIS SECTION (continued)

Credit risk

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

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

	Carrying Amount \$'000	Including Interest			Total \$'000
		< 12 months \$'000	1 - 5 years \$'000	> 5 years \$'000	
2019					
Financial liabilities					
Trade and other payables	16,869	16,869	-	-	16,869
Interest bearing borrowings	173,920	9,102	33,355	208,100	250,557
	190,789	25,971	33,355	208,100	267,426

	Carrying Amount \$'000	Including Interest			Total \$'000
		< 12 months \$'000	1 - 5 years \$'000	> 5 years \$'000	
2018					
Financial liabilities					
Trade and other payables	15,202	15,202	-	-	15,202
Interest bearing borrowings	186,117	10,225	37,615	222,983	270,823
	201,319	25,427	37,615	222,983	286,025

C. Capital Management (continued)

C.1 FINANCIAL INSTRUMENTS

In addition to cash, 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.

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	2019 \$'000	2018 \$'000
Financial assets			
Cash and cash equivalents	C.2	68,030	84,296
Trade and other receivables	E.1	21,020	19,169
Receivables (non-current)	E.1	3,512	4,254
Financial liabilities			
Trade and other payables	E.3	16,869	15,202
Interest bearing borrowings:			
Variable rate borrowings	C.3	163,548	174,548
Fixed rate borrowings	C.3	9,221	10,153

C. Capital Management (continued)

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.

	2019 \$'000	2018 \$'000
Cash at Bank and Cash on Hand	1,335	866
At Call Deposits	2,695	2,430
Term Deposits	64,000	81,000
Cash and cash equivalents in the Statement of Cash Flows	68,030	84,296

Significant Terms and Conditions

Interest on Cash at Bank was at prevailing rates. The weighted average interest rate at 30 June 2019 was 1.50% (2018: 1.50%).

Interest on At Call Deposits was at prevailing rates. The weighted average interest rate at 30 June 2019 was 1.05% (2018: 1.06%).

The weighted average interest rate for Term Deposits at 30 June 2019 was 2.33% (2018: 2.29%). 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 and At Call Deposits represent their fair value.

C. Capital Management (continued)

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.

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

	Note	2019 \$'000	2018 \$'000
Current			
Special borrowings		991	932
Lease liabilities	C.4	506	570
		1,497	1,502
Non-Current			
Direct borrowings		163,548	174,548
Special borrowings		8,230	9,221
Lease liabilities	C.4	645	846
		172,423	184,615

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 2019 on the loan portfolio is 3.82% per annum (2018: 4.13% 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 (2018: 6.22% to 6.39% per annum).

The interest rates implicit in the Lease liabilities range from 1.38% to 3.78% (2018: 1.95% to 4.51%).

C. Capital Management (continued)

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.

2019	Weighted Average Interest Rate	Variable interest rate \$'000	Fixed Interest Rate						Total \$'000
			1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	More than 5 years \$'000	
Interest Bearing Borrowings									
Direct borrowings	3.82%	163,548	-	-	-	-	-	-	163,548
Special borrowings	6.30%	-	991	1,054	1,120	1,191	1,267	3,598	9,221
Lease liabilities	2.46%	-	506	361	264	20	-	-	1,151
		163,548	1,497	1,415	1,384	1,211	1,267	3,598	173,920

2018	Weighted Average Interest Rate	Variable interest rate \$'000	Fixed Interest Rate						Total \$'000
			1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	More than 5 years \$'000	
Interest Bearing Borrowings									
Direct borrowings	4.13%	174,548	-	-	-	-	-	-	174,548
Special borrowings	6.30%	-	932	991	1,054	1,120	1,191	4,865	10,153
Lease liabilities	2.91%	-	570	402	265	175	4	-	1,416
		174,548	1,502	1,393	1,319	1,295	1,195	4,865	186,117

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.

	2019		2018	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Special borrowings	9,221	11,044	10,153	11,715

C.4 LEASE PAYABLES

Recognition and Measurement

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

Finance leases

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

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

Leased assets held at the end of the reporting period are being amortised over periods ranging from 1 to 5 years (2018: 1 to 5 years).

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised by Fremantle Ports (as lessee) as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term as this represents the pattern of benefits derived from the leased assets.

Finance Leases Payable

	2019 \$'000	2018 \$'000
Future minimum lease payments in relation to finance leases payable at the end of the reporting period are as follows:		
Within one year	527	599
Later than one year but not later than five years	661	873
Minimum lease payments	1,188	1,472
Future finance charges	(37)	(56)
Present value of lease liabilities	1,151	1,416

Representing Lease Liabilities

	Note	2019 \$'000	2018 \$'000
Current	C.3	506	570
Non-current	C.3	645	846
		1,151	1,416

C. Capital Management (continued)

C.4 LEASE PAYABLES (continued)

Finance leases payable are in respect of computer and office equipment and security equipment, expiring within 1 to 5 years (2018: 1 to 5 years). Under the terms of the leases, Fremantle Ports has the option to return or upgrade the equipment at the expiry of the lease agreement.

C.5 FINANCING FACILITIES

Fremantle Ports has access to the following lines of credit:

	2019 \$'000	2018 \$'000
Total facilities available:		
Liquidity facility, working capital, direct and special borrowings	184,770	184,701
Facilities utilised at the end of the reporting period:		
Liquidity facility, working capital, direct and special borrowings	172,769	184,701
Total facilities not utilised at the end of the reporting period:		
Liquidity facility, working capital, direct and special borrowings	12,001	-

At reporting date, Fremantle Ports has an approved financing facility from WATC for 2020 of \$187.779 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 2017		105,059	225,173	330,232
Total comprehensive income for the period		-	58,361	58,361
Dividends paid	A.3	-	(64,987)	(64,987)
Balance at 30 June 2018		105,059	218,547	323,606
Total comprehensive income for the period		-	48,296	48,296
Dividends paid	A.3	-	(34,837)	(34,837)
Balance at 30 June 2019		105,059	232,006	337,065

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 2.85% (2018: 2.85%).

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. Employee Benefits (continued)

D.1 PROVISIONS (continued)

Current

	Note	2019 \$'000	2018 \$'000
Fringe benefits tax	F.2	16	25
Employee benefits		11,174	11,398
Retirement benefit obligations	D.2	409	401
Other	F.2	1,455	1,491
		13,054	13,315

Non-Current

	Note	2019 \$'000	2018 \$'000
Employee benefits		2,999	2,889
Retirement benefit obligations	D.2	11,076	10,043
Other	F.2	3,272	3,263
		17,347	16,195

Aggregate Employee Benefits

	2019 \$'000	2018 \$'000
Current liability	11,583	11,799
Non-current liability	14,075	12,932
	25,658	24,731

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

	2019 \$'000		2018 \$'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	3,225	792	3,066	783
Long service leave	2,071	4,157	2,020	4,239
Sick leave	1,093	2,835	1,123	3,056
Total leave liabilities	6,389	7,784	6,209	8,078

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 2019.

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

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.

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.

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

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 lighter than expected, resulting in pensions being paid for a longer period.
- Inflation risk - The risk that inflation is higher than anticipated, increasing pension payments, and the associated employer contributions.

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

- 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. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of the Net Defined Benefit Liability

	2019 \$'000		2018 \$'000	
	Pension Scheme	Gold State Super	Pension Scheme	Gold State Super
Defined benefit obligation	11,076	409	9,575	869
Fair value of scheme assets	-	-	-	-
Deficit	11,076	409	9,575	869
Adjustments for effect of asset ceiling	-	-	-	-
Net defined benefit liability	11,076	409	9,575	869

Reconciliation of the Fair Value of Scheme Assets

	2019 \$'000		2018 \$'000	
	Pension Scheme	Gold State Super	Pension Scheme	Gold State Super
Fair value of scheme assets at the beginning of the year	-	-	-	-
Employer contributions	323	486	232	504
Benefits paid	(323)	(486)	(232)	(504)
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

	2020 \$'000
Pension Scheme	
Expected employer contributions	328
Gold State Super	
Expected employer contributions	81

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 4.2 years.

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of the Defined Benefit Obligation

2019 changes in the defined benefit obligation and fair value of plan assets:

	Note	1 July 2018 \$'000	Costs charged to Statement of Comprehensive Income (SoCI)			Benefits Paid \$'000	Re-measurement losses/(gains) in other comprehensive income (OCI)				Contributions by Employer \$'000	Total 30 June 2019 \$'000
			Service Cost \$'000	Net Interest \$'000	Subtotal incl. in SoCI \$'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		
2019												
Pension Scheme defined benefit obligation		9,575	-	246	246	(323)	1,850	(170)	(102)	1,578	-	11,076
Gold State Super defined benefit obligation		869	-	20	20	(486)	20	(14)	-	6	-	409
Benefit liability	D.1	10,444			266	(809)	1,870	(184)	(102)	1,584	-	11,485

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of the Defined Benefit Obligation (continued)

2018 changes in the defined benefit obligation and fair value of plan assets:

2018	Note	1 July 2017 \$'000	Costs charged to Statement of Comprehensive Income (SoCI)			Benefits Paid \$'000	Re-measurement losses/(gains) in other comprehensive income (OCI)				Contributions by Employer \$'000	Total 30 June 2018 \$'000
			Service Cost \$'000	Net Interest \$'000	Subtotal incl. in SoCI \$'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		
Pension Scheme defined benefit obligation		10,049	-	224	224	(232)	(555)	89	-	(466)	-	9,575
Gold State Super defined benefit obligation		1,335	-	27	27	(504)	(9)	20	-	11	-	869
Benefit liability	D.1	11,384			251	(736)	(564)	109	-	(455)	-	10,444

Sensitivity Analysis

The defined benefit obligation as at 30 June 2019 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

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

2019 Sensitivity Level	Base Case	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
		Discount Rate		Pension Increase Rate		Salary Increase & Indexation Rate	
		(0.50%)	+0.50%	(0.50%)	+0.50%	(0.50%)	+0.50%
Pension Scheme							
Discount rate	2.60%	2.10%	3.10%	2.60%	2.60%	-	-
Pension increase rate	2.50%	2.50%	2.50%	2.00%	3.00%	-	-
Defined benefit obligation (\$'000)	11,075	12,013	10,241	10,291	11,943	-	-
Gold State Super							
Discount rate	1.40%	0.90%	1.90%	-	-	1.40%	1.40%
Salary increase rate	4.20%	4.20%	4.20%	-	-	3.70%	4.70%
Defined benefit obligation (\$'000)	410	420	403	-	-	403	419
2018 Sensitivity Level	Base Case	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
		Discount Rate		Pension Increase Rate		Salary Increase & Indexation Rate	
		(0.50%)	+0.50%	(0.50%)	+0.50%	(0.50%)	+0.50%
Pension Scheme							
Discount rate	2.60%	2.10%	3.10%	2.60%	2.60%	-	-
Pension increase rate	2.50%	2.50%	2.50%	2.00%	3.00%	-	-
Defined benefit obligation (\$'000)	9,575	10,367	8,872	8,915	10,307	-	-
Gold State Super							
Discount rate	2.60%	2.10%	3.10%	-	-	2.60%	2.60%
Salary increase rate	4.20%	4.20%	4.20%	-	-	3.70%	4.70%
Defined benefit obligation (\$'000)	869	889	850	-	-	852	887

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

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

Significant Actuarial Assumptions at the Reporting Date

	2019 \$'000	2018 \$'000		2019 \$'000	2018 \$'000
Pension Scheme			Gold State Super		
<i>Assumptions to determine start of year defined benefit obligation and defined benefit cost for the current year</i>			<i>Assumptions to determine start of year defined benefit obligation and defined benefit cost for the current year</i>		
Discount rate	2.60%	2.26%	Discount rate	2.60%	2.26%
Expected salary increase rate	1.5% for 18/19 1.5% for 19/20 1.5% for 20/21 and then 4.20%	1.5% for 17/18 1.1% for 18/19 1.0% for 19/20 and then 3.70%	Expected salary increase rate	1.5% for 18/19 1.5% for 19/20 1.5% for 20/21 and then 4.20%	1.5% for 17/18 1.1% for 18/19 1.0% for 19/20 and then 3.70%
Expected pension increase rate	2.50%	2.50%	CPI	2.50%	2.50%
<i>Assumptions to determine defined benefit obligation at the valuation date</i>			<i>Assumptions to determine defined benefit obligation at the valuation date</i>		
Discount rate	1.40%	2.60%	Discount rate	1.40%	2.60%
Expected salary increase rate	1.5% for 19/20 1.5% for 20/21 and then 4.20%	1.5% for 18/19 1.5% for 19/20 1.5% for 20/21 and then 4.20%	Expected salary increase rate	1.5% for 19/20 1.5% for 20/21 and then 4.20%	1.5% for 18/19 1.5% for 19/20 1.5% for 20/21 and then 4.20%
Expected pension increase rate	2.50%	2.50%	CPI	2.50%	2.50%

The discount rate is based on the Government bond maturing in November 2027.

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.

On adoption of AASB 9 *Financial Instruments*, Fremantle Ports assessed there was no material impact for the period. 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

	2019 \$'000	2018 \$'000
Trade debtors	16,825	17,424
Less: Provision for impairment of receivables	(645)	(610)
	16,180	16,814
Other debtors	1,700	362
Accrued income	2,398	1,312
Finance lease receivable	742	681
Prepayments	1,292	1,303
Balance at 30 June	22,312	20,472

Non-Current

	2019 \$'000	2018 \$'000
Finance lease receivable	3,512	4,254

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:

	2019 \$'000	2018 \$'000
Balance at 1 July	610	808
Impairment loss recovered	(5)	(222)
Impairment loss recognised	40	24
Balance at 30 June	645	610

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

	2019 \$'000	2018 \$'000
Not more than 3 months	77	770
More than 3 months but less than 6 months	-	228
	77	998

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

	2019 \$'000	2018 \$'000
Amounts receivable under finance leases:		
Within one year	1,079	1,079
Later than one year but not later than five years	4,135	4,315
Later than five years	-	898
	5,214	6,292
Unearned finance income	(960)	(1,357)
Present value of minimum lease payments receivable	4,254	4,935
	2019 \$'000	2018 \$'000
Current	742	681
Non-current	3,512	4,254
	4,254	4,935

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% (2018: 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.

	2019 \$'000	2018 \$'000
Stores - at cost	3,660	3,507

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.

	2019 \$'000	2018 \$'000
Trade creditors and Amounts payable	10,862	9,728
Accrued expenses	6,007	5,474
	16,869	15,202

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

	2019 \$'000	2018 \$'000
Current		
Prepaid rental income	1,086	1,101
Interest received in advance	66	156
Deferred income	255	252
	1,407	1,509
Non-Current		
Prepaid rental income	1,401	1,419

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

	2019 \$'000	2018 \$'000
Remuneration for audit of the financial statements	162	160

F. Other Items (continued)

F.1 RELATED PARTIES (continued)

Significant transactions with Government-related entities

Financial year ended 30 June 2019

LandCorp

During the year, Fremantle Ports acquired land from LandCorp, a Western Australian Government Trading Enterprise. The land was acquired to facilitate Fremantle Ports' existing and future operations in the vicinity of its Kwinana Bulk Terminal. An asset of \$19.387 million has been recognised as Property, Plant and Equipment in the Statement of Financial Position.

Commissioner of State Revenue

Fremantle Ports paid \$1.605 million in transfer duty to the Commissioner of State Revenue, an agency controlled by the State of Western Australia. The duty was paid in relation to the completed land acquisition from LandCorp noted above, and a planned acquisition of land in the 30 June 2020 financial year. The duty paid has been recognised in Property, Plant and Equipment in the Statement of Financial Position.

Financial year ended 30 June 2018

Outside of normal day-to-day business operations, Fremantle Ports has no significant transactions with Government-related entities.

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:

	2019 \$'000	2018 \$'000
Short-term employee benefits	2,390	2,312
Post-employment benefits	263	242
Other long-term benefits	98	55
Total compensation paid to key management personnel	2,751	2,609

F. Other Items (continued)

F.2 OTHER PROVISIONS

Reconciliations

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

	Note	2019 \$'000	2018 \$'000
Fringe Benefits Tax			
Carrying amount at 1 July		25	34
Provisions made during the year		90	90
Amounts utilised in the year		(99)	(99)
Carrying amount at 30 June	D.1	16	25
Other			
Carrying amount at 1 July		4,754	5,020
Provisions made during the year		35	67
Amounts utilised in the year		(62)	(333)
Carrying amount at 30 June	D.1	4,727	4,754

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

F.3 LEASE COMMITMENTS

Operating Leases Payable

	2019 \$'000	2018 \$'000
Future minimum rental amounts payable in relation to operating leases payable at the end of the reporting period but not recognised as liabilities are as follows:		
Within one year	390	982
Later than one year but not later than five years	242	603
Later than five years	-	16
	632	1,601

Operating leases payable are in respect of motor vehicles, a pilot vessel and vessel traffic system.

Operating Leases Receivable

	2019 \$'000	2018 \$'000
Future minimum rental amounts receivable for operating leases at the end of the reporting period but not recognised as assets:		
Within one year	17,445	22,523
Later than one year but not later than five years	54,528	46,018
Later than five years	137,879	128,889
	209,852	197,430

Operating leases receivable are in respect of property rentals.

F. Other Items (continued)

F.4 CAPITAL COMMITMENTS

	2019 \$'000	2018 \$'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	10,929	3,405

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 investigation or remediation expenses.

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

At 30 June 2019, a provision for environmental remediation of \$3.400 million (2018: \$3.400 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.

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

Subsequent to 30 June 2019, Fremantle Ports acquired land from LandCorp, a Western Australian Government Trading Enterprise, as indicated at Note F.1.

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.

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 2019 are outlined in the table below:

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 15, AASB 2016-3, and relevant amending standards	<p>Revenue from Contracts with Customers Amendments to Australian Accounting Standards - Clarifications to AASB 15</p> <p>AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i>, AASB Interpretation 13 <i>Customer Loyalty Programmes</i>, AASB Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, AASB Interpretation 18 <i>Transfers of Assets from Customers</i> and AASB Interpretation 131 <i>Revenue – Barter Transactions Involving Advertising Services</i>) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 <i>Leases</i>, once applied).</p> <p>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:</p> <p>Step 1: Identify the contract(s) with a customer Step 2: Identify the performance obligations in the contract Step 3: Determine the transaction price Step 4: Allocate the transaction price to the performance obligations in the contract Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p>	1-Jan-2019	Fremantle Ports has completed the impact assessment on AASB 15 <i>Revenue from Contracts with Customers</i> and has concluded that overall, the impact of the Standard does not result in a material impact on Fremantle Ports' financial statements. The extent of the impact is limited to a reclassification of certain revenue from trading under the former AASB 118 <i>Revenue</i> to lease income under AASB 16 <i>Leases</i> and therefore results in a reclassification of revenue from Charges on cargo to Rentals and leases. This change does not result in any net profit impact on Fremantle Ports' financial statements.	30-Jun-2020

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
<p>AASB 15, AASB 2016-3, and relevant amending standards</p>	<p>Revenue from Contracts with Customers Amendments to Australian Accounting Standards - Clarifications to AASB 15 (continued)</p> <p>The amendments clarify the application of AASB 15 to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. The amendments also create two additional practical expedients available for use when implementing AASB 15:</p> <ol style="list-style-type: none"> 1. For contracts that have been modified before the beginning of the earliest period presented, the amendments allow companies to use hindsight when identifying performance obligations, determining transaction price and allocating transaction price to the satisfied and unsatisfied performance obligations. 2. Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented. 	<p>1-Jan-2019</p>		<p>30-Jun-2020</p>

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
<p>AASB 16</p>	<p>Leases</p> <p>AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., 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. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p>	<p>1-Jan-2019</p>	<p>Fremantle Ports has completed the impact assessment on AASB 16 Leases and has concluded that overall, the impact of the Standard does not result in a material impact on Fremantle Ports' financial statements. The impact will result in the recognition of leases on the Statement of Financial Position that were previously considered as operating leases under AASB 117 Leases. Future interest and depreciation expense will increase however these will be offset against a reduction in operating lease expenses throughout the term of the lease(s).</p>	<p>30-Jun-2020</p>

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
<p>AASB 1058, AASB 2016-8</p>	<p><i>Income of Not-for-Profit Entities</i> <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities</i></p> <p>AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.</p> <p>Consequently AASB 1004 <i>Contributions</i> is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.</p>	<p>1-Jan-2019</p>	<p>Fremantle Ports has completed the assessment and determined there is no impact.</p>	<p>30-Jun-2020</p>

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 1059	<p>Service Concession Arrangements: Grantors</p> <p>This Standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective.</p> <p>The Standard applies to arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services.</p> <p>The Standard requires the grantor to:</p> <ul style="list-style-type: none"> a) recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset. b) reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset; c) initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets, as appropriate, except as specified in this Standard; d) recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator. The liability is recognised using either or both of the financial liability model or the grant of a right to the operator model 	1-Jan-2019	Fremantle Ports has completed the assessment and determined there is no impact.	30-Jun-2020

Financial Audit Opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

FREMANTLE PORT AUTHORITY

Opinion

I have audited the financial report of Fremantle Port Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2019 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 the 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 Fremantle Port Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Responsibility 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*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole are 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.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Fremantle Port Authority for the year ended 30 June 2019 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 these financial report. If users of the financial report are concerned with the inherent risks arising from publication on 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
30 August 2019

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.

	2019 \$'000		2018 \$'000	
Total Current Assets	92,722		108,275	
Total Current Liabilities	37,321	= 2.5	33,989	= 3.2

FREE CASH FLOW – GRAPH 2

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

	2019 \$'000		2018 \$'000	
Net Cashflow from Operations (after interest)	62,598	= 87.7%	74,409	= 88.7%
Net Cashflow from Operations (before interest)	71,364		83,935	

DEBTORS AVERAGE COLLECTION PERIOD – GRAPH 3

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

	2019 \$'000		2018 \$'000	
Average Trade Debtors	17,101 x 365	= 26 days	17,680 x 365	= 26 days
Sales Revenue	236,178		244,352	

FINANCIAL PERFORMANCE INDICATORS (CONTINUED)

INTEREST COVER - GRAPH 4

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

	2019 \$'000		2018 \$'000	
Earnings Before Interest and Tax	79,368	= 9.29	92,680	= 9.89
Total Interest Costs	8,539	times	9,374	times

RETURN ON ASSETS – GRAPH 5

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

	2019 \$'000		2018 \$'000	
Earnings Before Interest and Tax	79,368	= 14.1%	92,680	= 16.3%
Average Total Assets	563,049		569,736	

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.

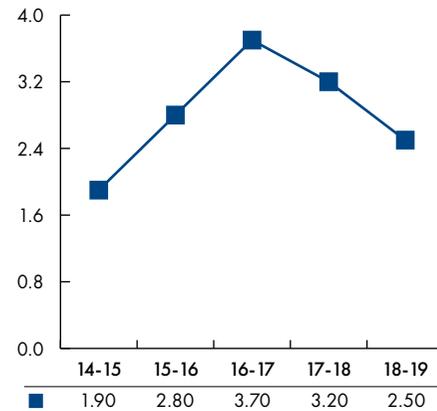
	2019 \$'000		2018 \$'000	
Operating EBIT (excluding significant items) + Depreciation - Deprival Value Depreciation	76,748	= 11.5%	90,328	= 16.5%
Average Current Assets + Written Down Deprival Value of Non-Current Assets	664,973		549,063	

*In accordance with Government's revised rate of return policy commencing 1 July 2018, the calculation of economic rate of return includes current assets.

Graph 1: Current Ratio Comparison

2014/2015 to 2018/2019

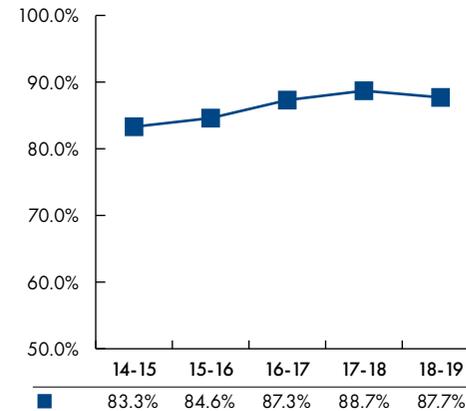
GRAPH 1



Graph 2: Free Cash Flow Comparison

2014/2015 to 2018/2019

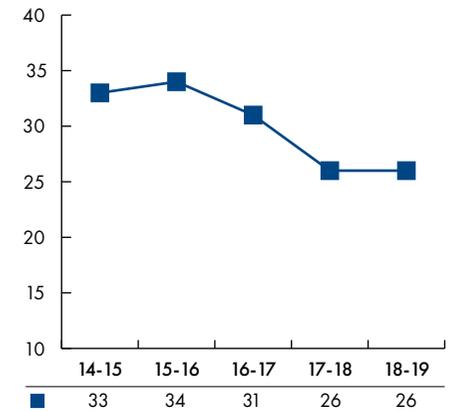
GRAPH 2



Graph 3: Debtors Average Collection Period Comparison (days)

2014/2015 to 2018/2019

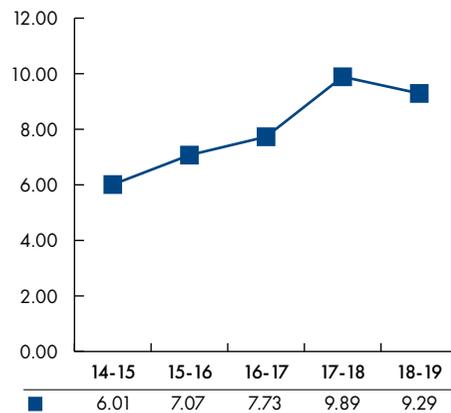
GRAPH 3



Graph 4: Interest Cover Comparison (times)

2014/2015 to 2018/2019

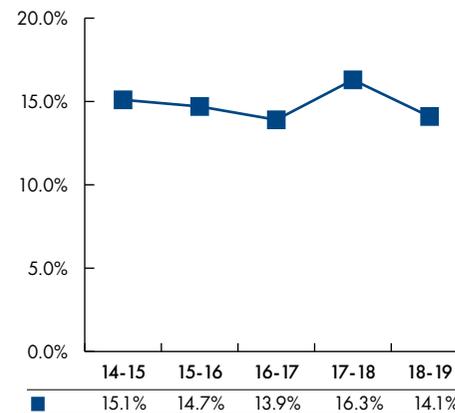
GRAPH 4



Graph 5: Return on Assets Comparison

2014/2015 to 2018/2019

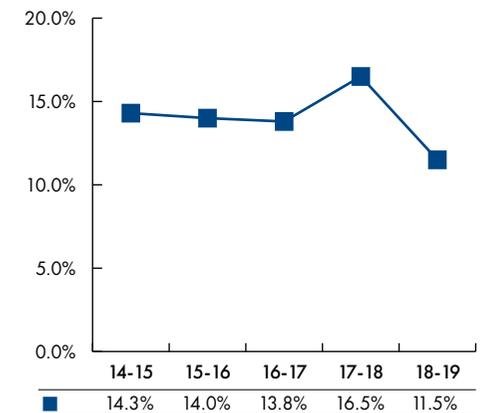
GRAPH 5



Graph 6: Economic Rate of Return Comparison

2014/2015 to 2018/2019

GRAPH 6



KEY PERFORMANCE INDICATORS

Aim:

Ensure strong, ongoing support by continuing to provide first-rate customer service and taking a more proactive approach to stakeholder engagement.

CUSTOMER SATISFACTION

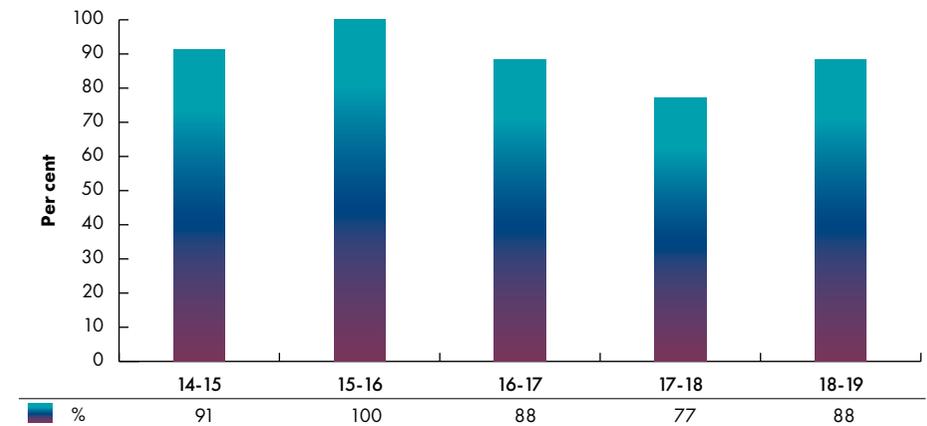
Fremantle Ports conducted a survey of shipping lines in 2018. The survey was conducted as part of Fremantle Ports' customer liaison program with major lines and agents.

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

Fig 1. Shipping Line/Agent Survey Services

Level of Overall Satisfaction with Fremantle Ports' Services

Figure 1 shows that 88 per cent of respondents were satisfied or very satisfied with services provided by Fremantle Ports, which was within the target range of 80 to 90 per cent.



In 2018-19, 88% of respondents were satisfied or very satisfied. Target range 80-90%.

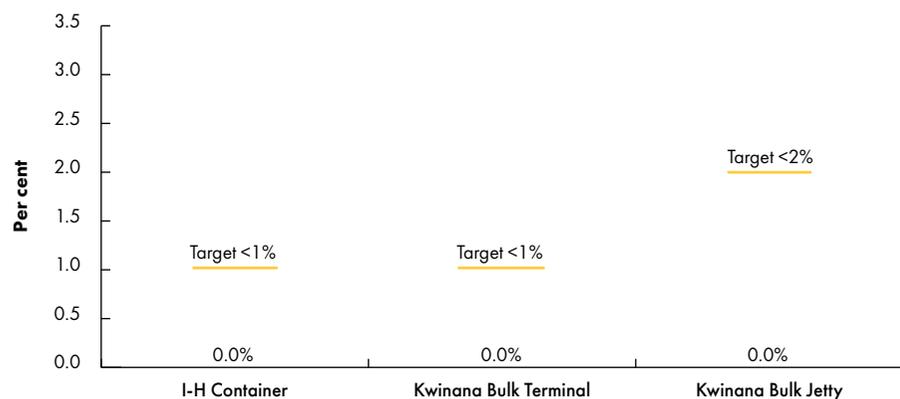
BERTHING DELAYS – INCOMING VESSELS

The performance targets for port operations include maximum berthing delays due to the unavailability of services and berths for container vessels in the Inner Harbour and for all vessels at Fremantle Ports’ KBT and KBJ 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.

Fig 2. Delays to Incoming Vessels due to Unavailability of Shipping Services 2018-19

Percentage of Total Vessels Affected

Figure 2 shows that the Inner Harbour container, KBT and KBJ shipping had nil delays from the unavailability of services.

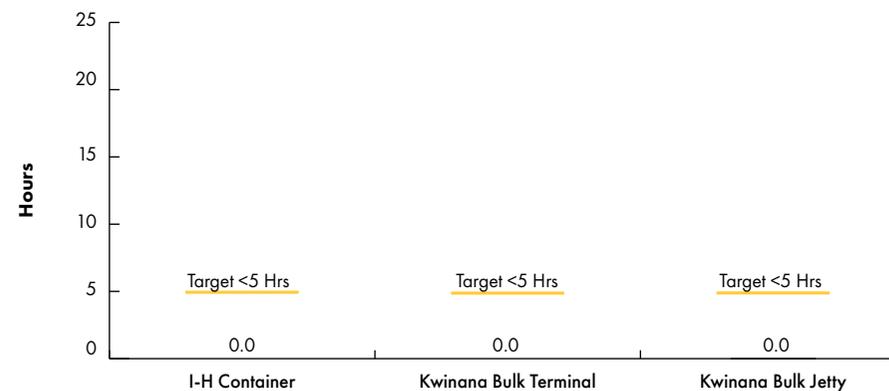


Shipping services include pilotage, towage and mooring.

Fig 3. Delays to Incoming Vessels due to Unavailability of Shipping Services 2018-19

Average hours of delay per vessel delayed

Figure 3 shows that the Inner Harbour container, KBT and KBJ shipping had nil delays from the unavailability of services.



Shipping services include pilotage, towage and mooring.

Fig 4. Unavailability of Berths 2018-19

Percentage of Total Vessels Affected

Figure 4 shows KBT and KBJ incurred delays above target due to the unavailability of berths. Berthing delays at KBT exceeded target by 25.2 per cent, however, some of the delays were caused by vessels arriving before their nominated time for berthing. KBJ was in excess of target at 47.2 per cent mainly due to an increase in fertilizers, silica sand and bitumen tonnages.

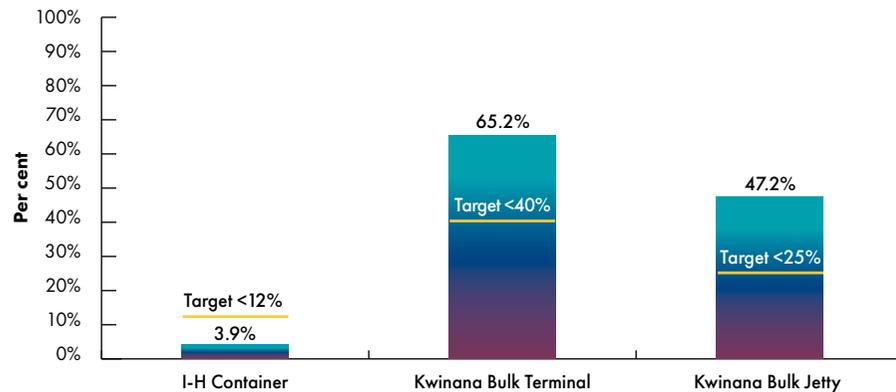
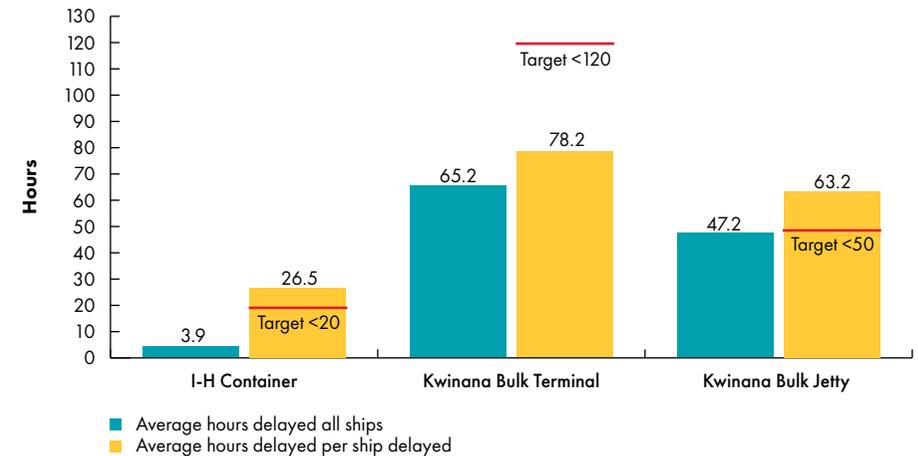
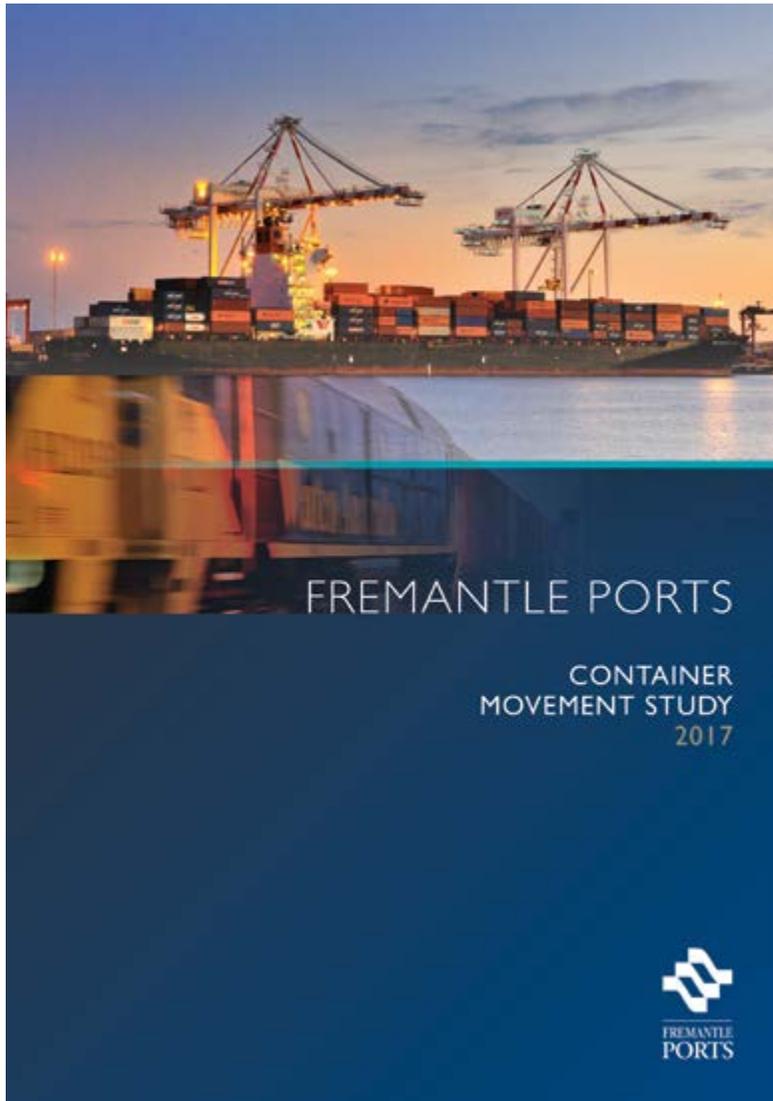


Fig 5. Unavailability of Berths 2018-19

Average Hours of Delay

Figure 5 shows that the average hours of delay to the unavailability of berths at KBT and the Inner Harbour container berths were within target. KBJ exceeded the target for the average hours of ships delayed due to restrictions in working concurrently with imports of ammonia and major new infrastructure works.





Container Movement Study booklet.

The annual container study was published, providing new insights into current trends and potential new efficiencies in the logistics chain.

Aims:

Identify and capitalise on opportunities for trade and business growth

Add value for existing and potential customers, building stronger relationships

Create demand for our facilities and services

Strengthen our competitive advantage

BUSINESS AND TRADE DEVELOPMENT

TOTAL BULK AND NON-CONTAINERISED TRADE (REVENUE TONNES)

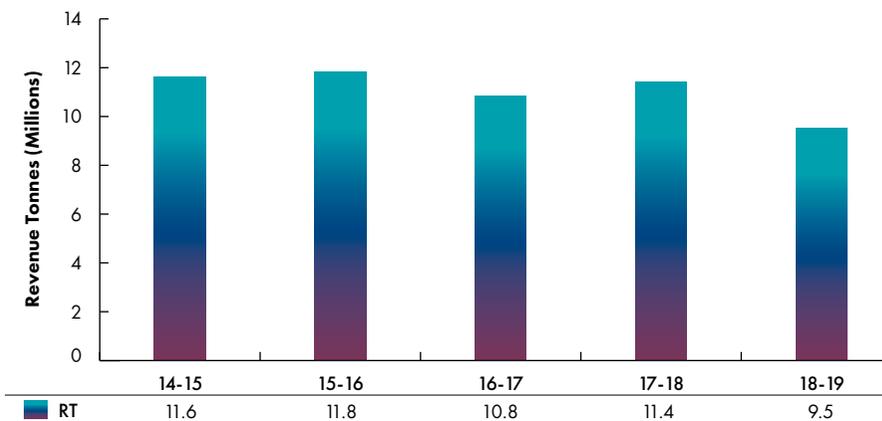
Total trade in the Outer Harbour (KBT and KBJ) totalled 6.4 million tonnes, a decrease of 1.9 million tonnes or 22.7 per cent. Exports in the Outer Harbour decreased by 2.3 million tonnes or 45.2 per cent due to the termination of iron ore exports from KBT. Imports in the Outer Harbour increased by 0.45 million tonnes or 14.2 per cent mainly due to increases in urea ammonium nitrate and other fertilizers.

Inner Harbour non-containerised imports decreased slightly by 46,477 tonnes or 1.9 per cent. This resulted from a decrease of imported new motor vehicles by 0.1 million tonnes or 6.4 per cent.

Fig 7. Fremantle Ports Bulk Business and Non-Containerised Trade

(Revenue Tonnes)

Figure 7 shows that the total chargeable bulk and non-containerised trade was 1.9 million tonnes or 16.6 per cent lower than last year. Total exports decreased slightly by 2.4 million tonnes or 41.4 per cent to 3.4 million tonnes while total imports increased by 0.5 million tonnes or 8.7 per cent to 6.1 million tonnes.



Note: The Statement of Corporate Intent forecast for Fremantle Ports trade in 2018-19 was annual growth of -17.7 per cent.

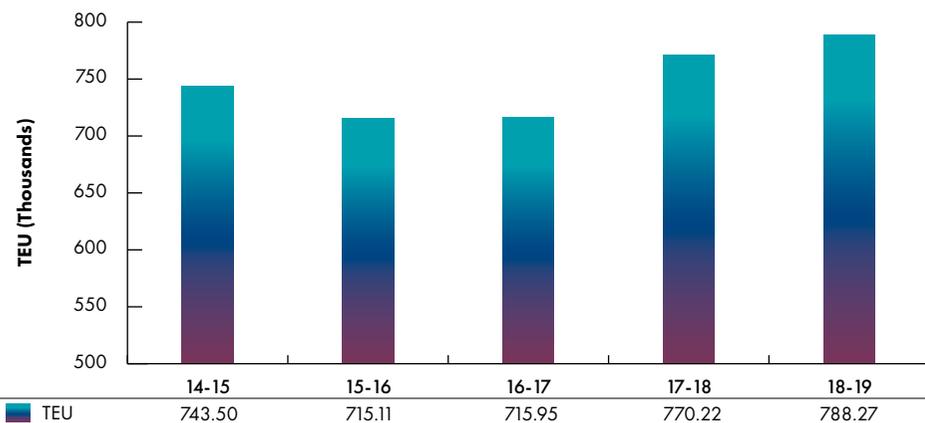
TOTAL CONTAINER TRADE

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

- Exports increased by 2.4 per cent and imports by 2.3 per cent.
- Full container trade increased by 2.9 per cent or 17,633 TEU. Full exports increased by 23,162 TEU or 9.8 per cent and full imports decreased by 1.5 per cent or 5,529 TEU.
- The number of container vessel visits to Fremantle Port increased by five in 2018-19, to 513 visits. When compared with 2013-14, the largest container vessel in terms of gross tonnage (GT) was 89,776 GT, 36.4 per cent or 23,984 GT larger.

Fig 8. Total Container Trade - TEU

Figure 8 shows that container trade has increased by 18,044 TEU or 2.3 per cent when compared with 2017-18.



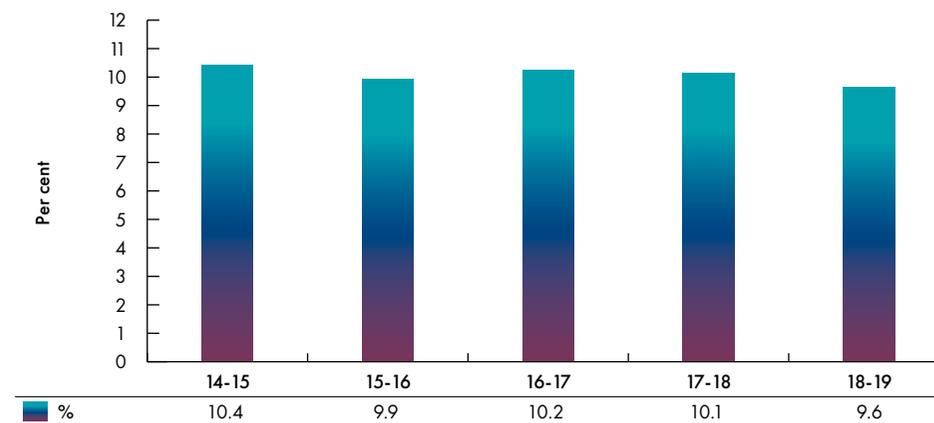
The Statement of Corporate Intent forecast for total container trade in 2018-19 was annual growth of 3.0 per cent

CONTAINER TRADE - MARKET SHARE

Figure 9 shows that Fremantle Ports' market share, measured as the number of containers through Fremantle as a percentage of Australian capital city ports (excluding Hobart), decreased by 0.5 per cent to 9.6 per cent over the previous year.

Fig: 9. Container Trade Fremantle Ports - Market Share %

Australian Container Trade



NUMBER OF SHIP VISITS

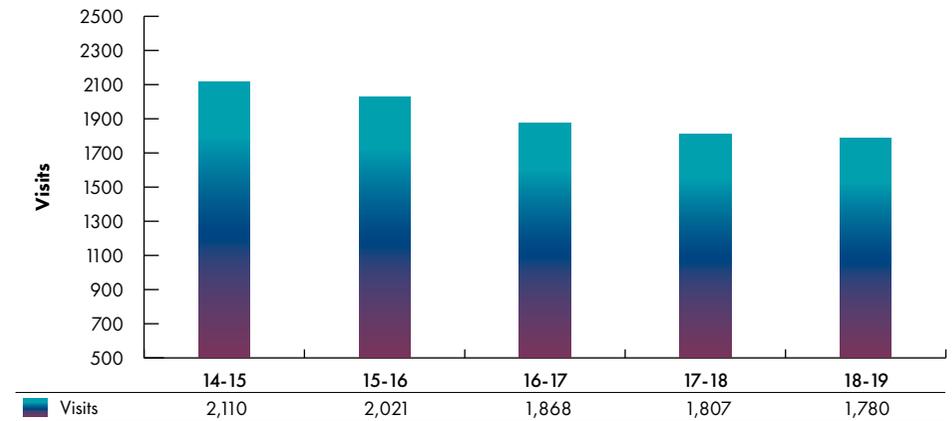
Figure 10 shows that the total number of ship visits for commercial, non-trading and fishing vessels (naval vessels of war are excluded) decreased by 1.5 per cent over the 12 months to 30 June 2018.

Commercial ship visits decreased by 28 in the Inner Harbour and by 14 in the Outer Harbour. The decrease in commercial ship visits in the Inner Harbour was mainly due to a decrease in liquid bulk petroleum vessels. The decrease in visits in the Outer Harbour was predominantly due to a reduction in iron ore vessels.



More than 93,000 new motor vehicles were imported during the year.

Fig 10. Total Ship Visits



Note: Naval vessels not included. The Statement of Corporate Intent forecast for total ship visits in 2018-19 was 1,840

Aim:

Improve our financial and economic performance to deliver to the expectations of our shareholders, customers and the broader State.

FINANCIAL AND ECONOMIC

FREMANTLE PORTS' PROFIT BEFORE INCOME TAX EQUIVALENT

Figure 11 shows that operating profit before income tax equivalent in 2018-19 decreased by \$12.48 million or 14.9 per cent compared with 2017-18.

ECONOMIC RATE OF RETURN

Figure 12 shows that the economic rate of return on assets was 11.5 per cent for financial year 2018-19. This compares with a target of 10.1 per cent for the year, as agreed by the State Government. In accordance with Government's revised rate of return policy commencing 1 July 2018, the calculation of economic rate of return includes current assets.

Fig 11. Operating Profit before Income Tax

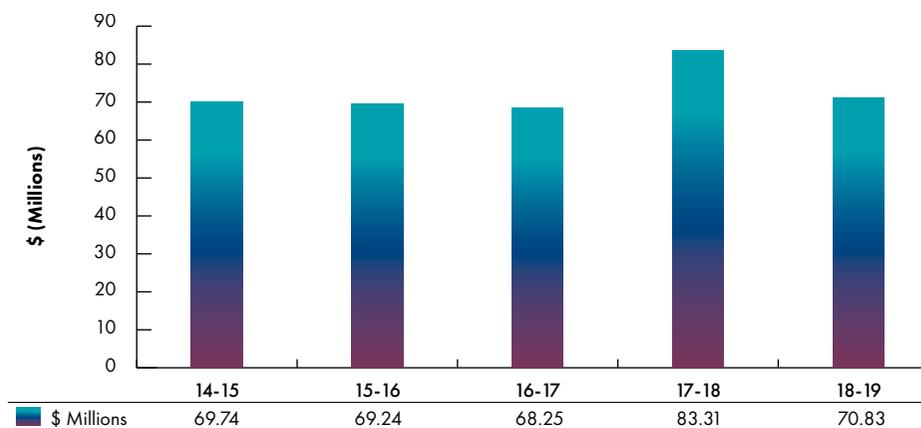
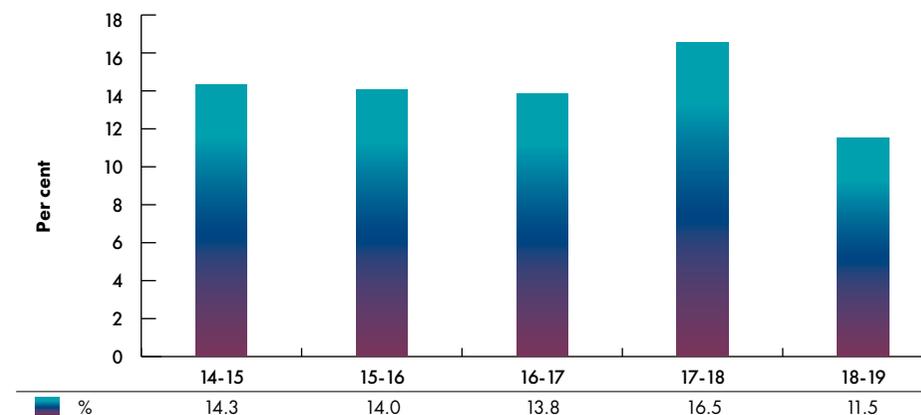


Fig 12. Economic Rate of Return on Assets



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

Aim:

Attain and maintain high levels of performance in safety and all other aspects of our work to support achievement of current and future goals

SAFE, AGILE AND HIGH PERFORMING ORGANISATION

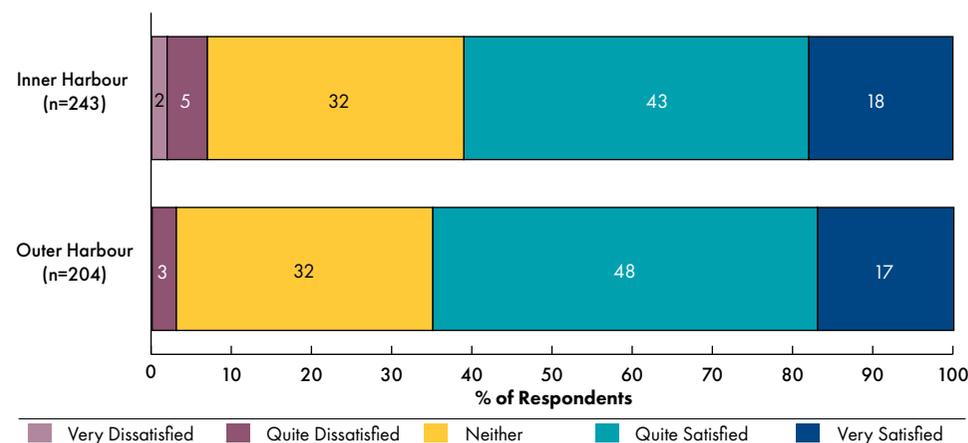
COMMUNITY SATISFACTION

Fremantle Ports again conducted its annual independent community satisfaction survey during June 2018, comprising telephone surveying of 244 community members of the Inner Harbour area (North Fremantle, South Fremantle, East Fremantle, Fremantle and nearby suburbs) and 206 community members of the Outer Harbour (Cockburn, Kwinana and Rockingham).

Figure 13 shows 61 per cent of respondents in the Inner Harbour and 65 per cent in the Outer Harbour were very satisfied or quite satisfied with the performance of Fremantle Ports overall and that 32 per cent in both areas were neither satisfied nor dissatisfied. For both the Inner and Outer Harbours, the proportion of people quite dissatisfied or very dissatisfied fell, compared with last year's survey. The survey was conducted by a firm accredited for its consultancy and fieldwork to ISO 20252.

Fig 13. Overall Satisfaction with Fremantle Ports - June 2019

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



Please note : Percentage figures were subject to rounding.



During the year, 1780 ships visited Fremantle Ports, including cruise, container, bulk, break-bulk and other vessels.

GOVERNANCE

LEGISLATIVE FRAMEWORK

Fremantle Port Authority, which operates under its registered business name, Fremantle Ports, is a commercialised trading entity under the *Port Authorities Act 1999*. The Act sets out a clear role for port authorities in facilitating trade in a commercially responsible manner and establishes clear lines of accountability with the State Government. Under the Act, Fremantle Ports has a duty to act on commercial principles. The Act gives Fremantle Ports the powers to perform defined functions, including the power to hold and dispose of assets and enter into commercial arrangements. It exempts Fremantle Ports from the *Public Sector Management Act 1994*, but requires it to put in place minimum standards that reflect the principles of the Act and to report annually to the 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 2018-19 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 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 11 to 13. The enabling legislation sets out the roles, responsibilities and powers of the Board, and the Chief Executive Officer, who is appointed by the Board (subject to the Minister's agreement) and who is responsible for day-to-day management.

BOARD ROLE AND ACTIVITIES

The Board sets the strategic direction of Fremantle Ports, agreeing goals for management and monitoring the achievement of those goals. Directors agree the key objectives and strategies through a five-year Strategic Development Plan and an annual Statement of Corporate Intent which requires approval by the Minister. Quarterly progress reports are submitted to the Minister and each of these plans is updated annually. Meetings of the full Board were held monthly.

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, the Institute of Chartered Accountants and the Western Australian Public Sector Commission. A Board Charter is in place, setting out the responsibilities of the Board and Chief Executive Officer.

SUSTAINABILITY COMMITTEE

Fremantle Ports introduced a Sustainability Committee during the year to review and make recommendations to the Board in relation to sustainability matters. Sustainability encompasses how Fremantle Ports conducts its business, now and in the future, including through the pursuit of workplace health and safety, minimising the organisation's impact on the environment and maintaining a safe, agile and high-performing workforce. The inaugural meeting of the committee was held in April 2019.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODE

Following distribution of a revised Fremantle Ports Code of Conduct in hard copy to all employees, 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, developed in alignment with Public Sector Commission guidelines and through an employee consultative process, defines the values and expected behaviours for the way we undertake our business, deal with each other and relate to our customers and the community within which we work. A requirement for compliance with the Code of Conduct is included in employment contracts and is addressed at induction. Corporate Governance is also covered at induction of all new staff. Additionally, the Code of Conduct and organisational values are promoted via Fremantle Ports' intranet. Fremantle Ports has detailed guidelines and processes in place which support the Code. Human Resources policies and procedures are available to all staff and these are periodically reviewed to ensure they continue to reflect best practice in a commercialised environment and that there is compliance with them. In 2018-19, there was one

breach of the standards of appropriate behaviour and Fremantle Ports' Code of Conduct. Compulsory e-learning courses on accountable and ethical decision-making and Alcohol and Drugs in the Workplace are in place and re-introduced every two years.

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 in use and regularly reviewed by Executive. This is supported by regular communication to staff on compliance requirements.

AUDITING SYSTEMS AND PROCESSES

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Board has a minimum of three Directors and was chaired by Kim Horne 1/7/2018 to 31/12/2018. Anne Nolan was appointed Chair from 1/1/2019.

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. Specifically, it:

- Provides independent and objective non-executive overview and monitoring of Fremantle Ports' governance, financial reporting process, risk and internal control framework, performance of internal audit and other assurance processes for monitoring compliance with legal, regulatory, policies (including Code of Conduct and industry standards).
- Gives direction and oversight to the Internal Audit activity.
- Creates an open avenue of communication between the Audit and Risk Management Committee, Board of Directors, Executive, Senior Management, External Audit and Internal Audit.

INTERNAL AUDIT

At the beginning of this financial year the Safety, Environment and Quality Management system audit requirements were integrated with the internal audit function within the Assurance Section. The assurance/internal audit function provides the Board with an independent appraisal of the operation and effectiveness of systems and controls.

It also assists Fremantle Ports in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the organisation’s risk management, control, and governance processes.

The results of all audits are reported to the Executive and the Audit and Risk Management Committee (sub-committee 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 2019/20 in May 2020 and will periodically review the plan to ensure it adequately provides coverage of Fremantle Ports’ activities.

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 audits of Navigational Aids and Electrical Maintenance.
- Process audits of KBT wharfside and on-vessel management and KBT terminal management.
- A review of the effectiveness of Audit and Risk Management Committee reporting.

- Maritime Security Identification Card cyber assessment.
- IT Governance.
- Website compliance with the government digital security policy.
- Specific system element audits from the Safety, Environment and Quality Management system standards.
- Compliance with cloud policy.
- Revenue invoicing, accounts receivable and credit control.
- Fringe benefits tax compliance.
- Information Technology general controls.
- Property management.
- Process audit of vessel traffic management and ship scheduling.
- Compliance to the gifts and benefits policy.
- Contract/ Agreement management.

In addition, to increase the value the area 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, review of the corporate business process map, and implementation of the enterprise resource planning system.

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

RISK MANAGEMENT

Fremantle Ports applied its risk management policy and framework to day-to-day operations as well as new projects and activities in accordance with risk management standard AS/NZ ISO 3100. Responsibility for managing risks is assigned to relevant managers and updating of risks is monitored. Fremantle Ports utilises an Enterprise Risk Framework, while risk management is consolidated within the Business Strategy and Sustainability Division.

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.



Navigation marker KB1 receiving some attention during this year’s maintenance and renewal program of our navigation aids, carried out to an international standard.

SUBSTANTIVE EQUALITY AND DIVERSITY

Fremantle Ports promotes gender equality and diversity in all of its human resource approach. The gender profile this year was as follows:

ACTUAL EMPLOYEE NUMBERS			
	Male	Female	Total
CEO Division	7	16	23
Commercial & Corporate Services	34	25	59
Asset & Infrastructure Management	32	4	36
Port Operations	158	14	172
Business Strategy & Sustainability	16	14	30
Total	247	73	320¹

Note ⁽¹⁾ Represents head count

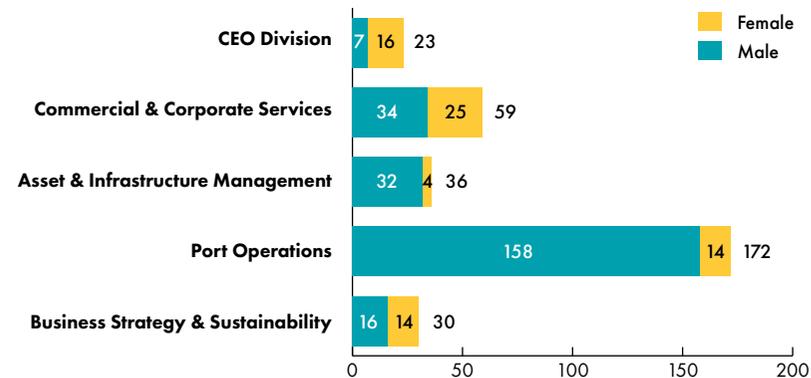
EQUAL OPPORTUNITY PUBLIC SECTOR COMMISSION (PSC) SURVEY		
Summary of data for all employees	Representation	Equity Index
Women	23.9%	102
People from culturally diverse backgrounds*	6.7%	167
Aboriginal Australians*	0.0%	0
People with disability*	0.3%	45
Youth	2.1%	n/a
Mature employees	61.3%	n/a
Women in tier 2 management**	33.3%	n/a
Women in tier 3 management***	21.4 %	n/a

* based on responses received

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

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

Employee Numbers



ADVERTISING & MARKET RESEARCH EXPENDITURE 2018-19

ADVERTISING AGENCIES	
Marketing Research Organisations	
IPSOS Australia	\$54,152.50
Media Advertising Organisations	
Seek (recruitment adverts)	\$4,580.00
Acorn Design (includes tenders, recruitment adverts)	\$10,305.60
Optimum Media Decisions (OMD) (includes tenders, recruitment adverts)	\$55,192.81
Air Ads	\$1,150.00
Turner Designs	\$19,845.00
The West Australian	\$409.09
Angry Chicken Publishing	\$2,750.00
Britel Enterprises Pty Ltd	\$163.64
Createsend/com	\$154.26
Facebook	\$269.78
Risk Management Inst Aus	\$500.00
Governance Institute	\$550.00
Imagesource Banners	\$1,994.16
The Finishing Touch	\$1,965.91
Social Meteor Pty Ltd	\$4,000.00
Tenderlink.com	\$1,926.00
Total	\$159,908.75

COMPLAINTS MANAGEMENT

Fremantle Ports is certified to the ISO 9001 Quality Management System standard, which requires us to have a robust complaints management handling process. We use complaints and other stakeholder feedback as valuable input into our continuous improvement process and acknowledge people have a right to complain about services or operations. Complaints provide an opportunity to improve services and operations, and also alert us to actual or potential problems.

Complaints this year were received in person, via phone, letter, email and online. The new corporate and Victoria Quay websites launched in October 2018 have feedback links on the homepages 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 other relevant officer. The Complaints Management Policy and associated procedures are regularly reviewed. All complaints in 2018-19 were logged into an electronic complaints management system for prompt action and review.

Complaints and incidents were reported and discussed at all Inner Harbour Community Liaison Group quarterly meetings and those matters included in meeting minutes posted on Fremantle Ports' website. The group's members represent a wide range of community organisations and precinct areas. The Board also reviews complaints regularly and examines trends.

COMPLAINTS RECEIVED

More than half the complaints received were about environmental issues, relating to noise, odour, dust or other issues. Eight of the 10 noise complaints concerned freight train noise in the Fremantle area. Several of these coincided with intermittent failure of the Public Transport Authority's track water-spraying infrastructure in Fremantle's West End. The PTA was immediately notified on each occasion. Five of the complaints were received over several months in summer when people reported that rail noise appeared to have intensified. Fremantle Ports is actively participating in a whole-of-industry working group to look at ways to minimise rail noise.

One noise complaint related to a siren sounding during high winds in August. The complainant accepted that the siren was a necessary safety measure. Container terminal alarms are set to sound when the wind reaches 70kph.

A number of complaints classified as 'Environment - Other' were related to litter on port or nearby land. One complaint was about litter on a street verge which the complainant believed came from truck drivers. Fremantle Ports alerted truck drivers via electronic signs to dispose of litter responsibly and raised the issue with the WA Port Operations Taskforce.

Of the five complaints about dust or air pollution, three related to the Inner Harbour. While air quality monitoring has been occurring at Kwinana Bulk Terminal for a number of years, Fremantle Ports started a 12-month air quality monitoring trial in the Inner Harbour in January 2019. For more information, see the Environmental Management section on page 55.

Last year's problems with the empty container supply chain, which resulted in a spike in Access complaints did not arise this year, as a result of consultation with container parks and measures they subsequently took to ensure these issues did not re-occur.

Four of the five vehicle traffic complaints related to trucks. One complainant claimed tarpaulins on two trucks he had seen were being used to hide sheep from the public and he was concerned for the welfare of the sheep in the heat. Fremantle Ports reviewed CCTV footage for the period identified by the complainant which showed no sheep trucks with tarpaulins. It was explained to the complainant that he may have seen pocket trucks carrying pallets and not livestock, or pocket cattle trucks (a photo of this type of truck was provided) which have sides to capture excrement.

One complaint related to erosion at Port Beach. Fremantle Ports continues to work with representatives from the City of Fremantle, Department of Transport, Department of Lands, Planning and Heritage, and the Department of Water and Environmental Regulation to develop potential adaptation options. As part of this work, Fremantle Ports part-funded a further study by marine consultants. Community consultation as part of this process, led by the City, resulted in 217 public responses being submitted.

Five of the eight complaints classified as 'Other' related to harbourcams on the corporate website. In October 2018, the new corporate website was launched with new state-of-the-art harbourcams. Some

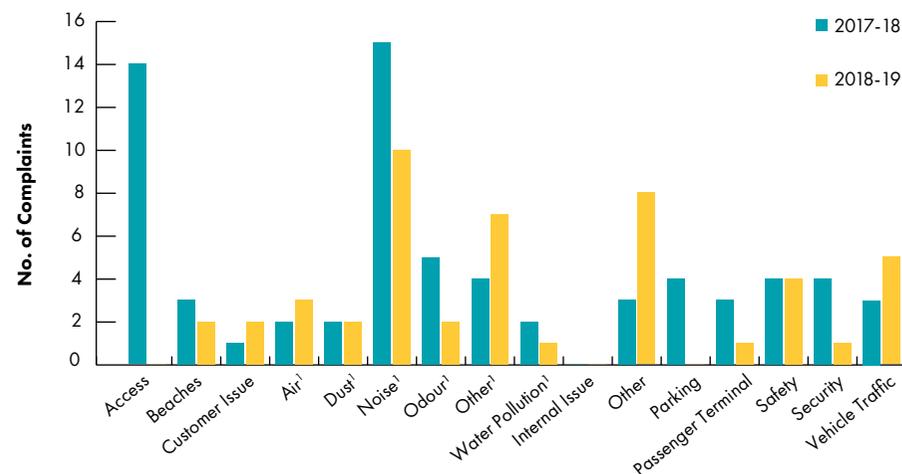
complaints related to the inadequacies of the old camera and some with problems accessing the new cameras. Internet browsers which some complainants were using were found to be not compatible, so these members of the public were provided with information on how to access the new cameras. We also received positive feedback about the new high-definition cameras.

All complaints are considered and thoroughly investigated. For example, a person fishing from a beach in Cockburn Sound complained his net was covered in a greasy film after a ship passed. Fremantle Ports takes environmental issues seriously and is not reluctant to fine or press charges against anyone found to be deliberately polluting the coastline or waters within port limits. However, after an investigation into weather and sea conditions at the time and the distance of the ship from shore, it was concluded the pollution did not originate from the ship, and the complainant advised.

All 48 complaints received this year were addressed to the point where no further action was required in terms of follow-up with those individuals.

Fremantle Ports - Complaints Register

2018-19 compared to 2017-18



Note (1) - Environment

RECORDS MANAGEMENT

Fremantle Ports endeavours to ensure records management is undertaken diligently and in accordance with legislative requirements. The electronic system utilised ensures records are retrievable, with appropriate levels of accountability and security assigned where necessary. Compliance with State Records Commission Standard 2, Principle 6, is achieved, and often exceeded, through regular reviews and improvement initiatives. Within the first two weeks of commencement, a one-on-one session

is held with new employees, focusing on employee responsibilities in relation to good recordkeeping practices and to ensure compliance with the State Records Act and Fremantle Ports' recordkeeping plan. This training includes the effective use of Records Manager covering registering, document naming, security and email management. At induction day, all new employees are also given a high-level reminder of Fremantle Ports' recordkeeping compliance requirements. Statistics from Records Manager show new documents are continually being registered in the system.

COMPLIANCE WITH OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT REPORTING

Fremantle Ports' Safety, Environment and Quality Policy objectives for safety and health are:

- Striving for a safer workplace
- Caring for and supporting the well-being of our people
- Eliminating work-related injury and illness.

Under the policy the Executive Leadership Team is responsible for providing the leadership and resources to support the development and implementation of this policy. Executive, Board and Management

participation and engagement in safety activities either met or exceeded the improvement targets for the 2018-19 period. The Board Chair recorded a video introduction to the compulsory safety induction for new employees, to reinforce the organisation's commitment to a positive safety culture.

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. A safety recognition system across the organisation is utilised to foster continual attention on, and discussion by, employees on safety matters.

Fremantle Ports has both Inner 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 every two months 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.

Fremantle Ports has adopted the AS/NZS ISO 45001:2018 Occupational health and safety management systems - Requirements with guidance for use standard for its occupational safety and health management system. Annually, the accrediting organisation SAI Global assesses Fremantle Ports' safety management system. The assessment was completed in May 2019 and no major and one minor non-conformance was identified. This year, the safety management system successfully underwent a transition audit to the new ISO 45001 Standard.

Performance against the targets outlined in the Public Sector Commissioner's Circular 2018-03: Code of Practice: Occupational Safety and Health in the Western Australian Public Sector is as follows:

Measure	Actual Results			Results against Target	
	2016-17	2017-18	2018-19	Targets	Comment on result
Number of fatalities	0	0	0	0	Target achieved
Lost time injury and/or disease incidence rate*	4.1	6.8	6.5	0 or 10% reduction	Target not achieved
Lost time injury and/or disease severity rate	0	0	0	0 or 10% reduction	Target achieved
Percentage of injured workers returned to work:					
(i) within 13 weeks	100%	80%	80%	Greater than or equal to 80%	Target achieved
(ii) within 26 weeks	100%	80%	100%	Greater than or equal to 80%	Target achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	93%	92%	92%	Greater than or equal to 80%	Target achieved

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

Appendices

STATISTICAL INFORMATION



FIVE YEAR SUMMARY					
SHIPPING	2014-15	2015-16	2016-17	2017-18	2018-19
No. of Ships: Inner Harbour	1,075	1,037	991	1,003	993
Gross Tonnage (000's):					
Inner Harbour	40,598	43,500	45,372	48,363	46,160
Outer Harbour	24,743	25,743	25,638	23,569	22,331
TOTAL	65,341	69,243	71,010	71,931	68,491
Turnover per linear metre of wharf					
Inner Harbour Tonnage Only - (i)					
Trade in Tonnes	2,604	2,436	2,506	2,753	2,878
Gross Tonnage	12,711	13,619	14,205	15,142	14,452
TRADE	Mass tonnes '000				
Total Port Trade	35,842	34,823	35,314	34,845	34,489
Imports: Inner Harbour	3,994	3,873	3,891	4,350	4,302
Outer Harbour	11,084	10,811	10,578	10,993	11,380
TOTAL	15,078	14,684	14,469	15,343	15,683
Exports: Inner Harbour	4,265	3,894	4,064	4,444	4,890
Outer Harbour	16,393	16,226	16,674	15,059	13,915
TOTAL	20,658	20,120	20,738	19,502	18,806

FIVE YEAR SUMMARY					
	2014-15	2015-16	2016-17	2017-18	2018-19
FINANCE	\$ Millions				
Revenue from ordinary activities	229.754	223.337	214.056	228.853	222.030
Operating expenses	130.065	126.112	118.902	119.203	125.692
Interest and depreciation charges	29.952	27.989	26.907	26.346	25.509
Profits from ordinary activities	69.737	69.236	68.247	83.305	70.829
Written down value of fixed assets	448.161	440.279	426.097	424.624	440.326
PERCENTAGE OF REVENUE	Per Cent				
Charges on cargo	66.59	64.69	62.96	61.79	61.25
Charges on ships	8.6	9.34	9.92	9.54	9.73
Charges for shipping services	5.65	5.73	5.84	5.56	5.92
Charges for other services	19.16	20.25	21.28	23.11	23.11
Operating expenses	56.61	56.47	55.55	52.09	56.61
PERSONNEL	No.	No.	No.	No.	No.
Employees at 30th June (ii)	322	307	322	311	304

(i) Lengths of berths A, B and C are excluded from turnover per linear metre of wharf calculations as these berths are not used for cargo purposes.

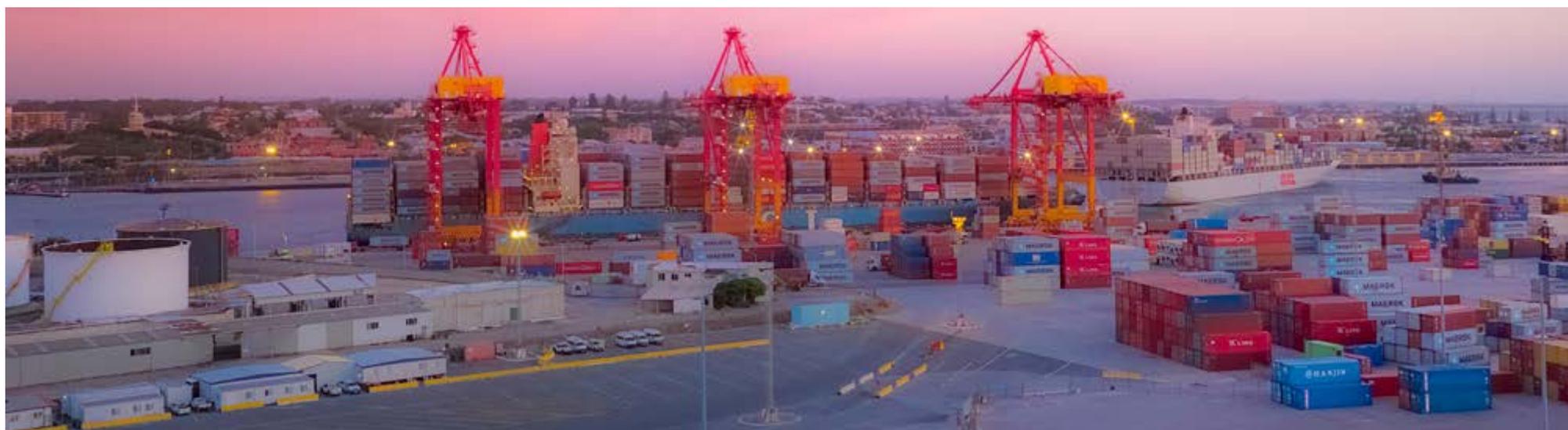
(ii) Full time equivalent employees.



The number of trucks required to move 1,000 TEU fell from 693 two years ago to 661.

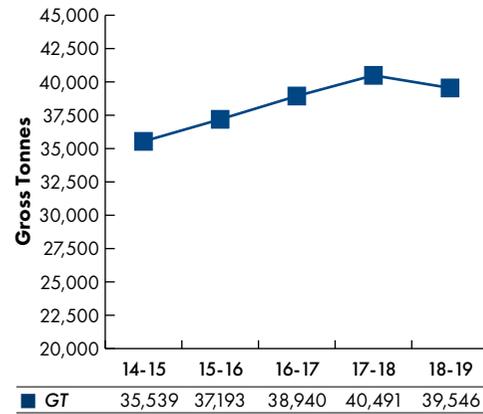
SHIP VISITS AND GROSS TONNAGE

Year ended 30th June	COMMERCIAL		NON TRADING		TOTAL COMMERCIAL & NON TRADING		NAVAL
	No.	Gross Tonnage	No.	Gross Tonnage	No.	Gross Tonnage	No.
2013	1,733	61,258,030	418	3,174,606	2,151	64,432,636	7
2014	1,874	65,298,549	403	1,138,781	2,277	66,437,330	35
2015	1,804	64,111,545	306	1,228,845	2,110	65,340,390	45
2016	1,837	68,324,318	184	919,875	2,021	69,244,193	62
2017	1,813	70,597,518	55	414,223	1,868	71,011,741	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



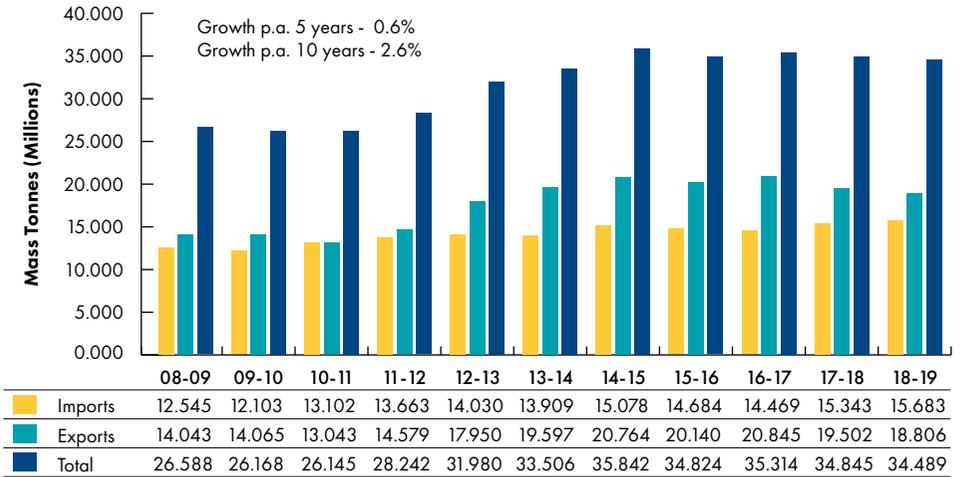
SHIPS CLASSIFIED ACCORDING TO CARGO CLASS									
CARGO CLASS	2016-17			2017-18			2018-19		
	No.	Gross Tonnage (000's)	Average per Ship (000's)	No.	Gross Tonnage (000's)	Average per Ship (000's)	No.	Gross Tonnage (000's)	Average per Ship (000's)
Break Bulk/General Carrier	84	847	10.0	86	961	11.2	68	923	13.6
Container	507	25,894	51.0	508	29,379	57.8	513	27,313	53.2
Other - Trading	16	390	23.8	7	128	18.3	14	231	16.5
Roll-on/Roll-off	23	1,633	71.0	21	1,499	71.4	23	1,633	71.0
Vehicle Carrier	194	11,183	57.6	218	12,558	57.6	218	12,763	58.5
Livestock Carrier	58	1,417	24.4	79	1,447	18.3	64	1,134	17.7
Passenger	60	3,483	58.0	44	2,253	51.2	35	1,762	50.3
Tankers	260	8,522	32.8	285	9,378	32.9	261	8,792	33.7
Dry Bulk - Grain	168	5,421	32.3	112	3,418	30.5	170	4,797	28.2
Dry Bulk - Other	304	7,834	25.7	292	7,344	25.2	253	6,160	24.3
Bunkering Only	139	3,972	28.6	115	3,219	28.0	107	2,747	25.7
Non Trading - Other	55	414	7.5	40	346	8.6	54	235	4.4
Sub Total	1,868	71,010	38.0	1,807	71,931	39.8	1,780	68,491	38.5
Naval	92			31			38		
Grand Total	1,960	71,010		1,838	71,931		1,818	68,491	

Average Gross Tonnage per Commercial Vessel
2014-15 to 2018-19

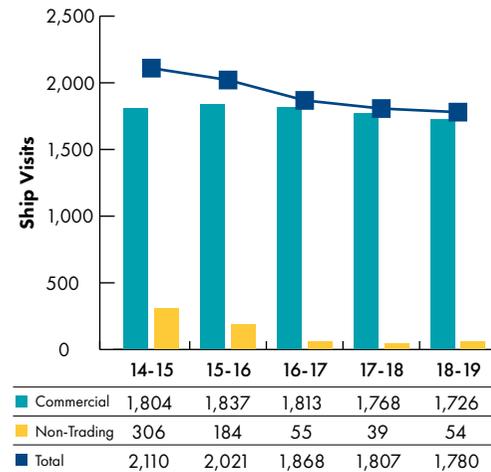


Total Port Trade

2008-09 to 2018-19



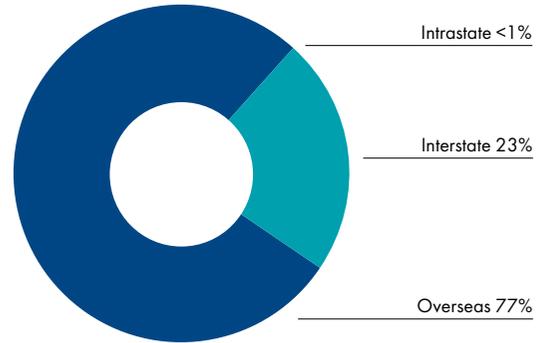
Ship Visits (Excluding Naval)



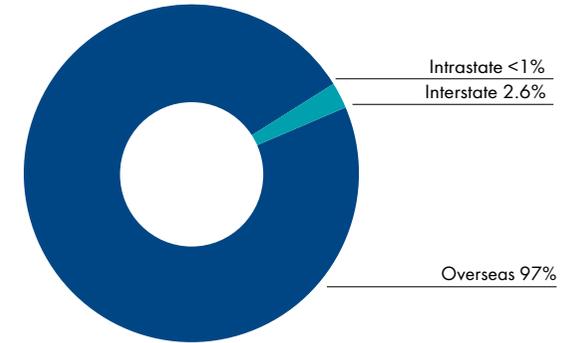
SYNOPSIS OF TRADE 2018-19			
CARGO	Inner Harbour Mass Tonnes	Outer Harbour Mass Tonnes	Port Total Mass Tonnes
Imports			
From Intrastate Ports	3,941	440,737	444,678
From Interstate Ports	979,075	45,535	1,024,610
From Overseas Ports	3,319,421	10,894,091	14,213,512
TOTAL IMPORTS	4,302,437	11,380,363	15,682,800
Exports			
To Intrastate Ports	53	263,213	263,266
To Interstate Ports	127,186	3,161,695	3,288,881
To Overseas Ports	4,763,242	10,490,360	15,253,602
TOTAL EXPORTS	4,890,481	13,915,268	18,805,749
TOTAL PORT TRADE	9,192,918	25,295,631	34,488,549



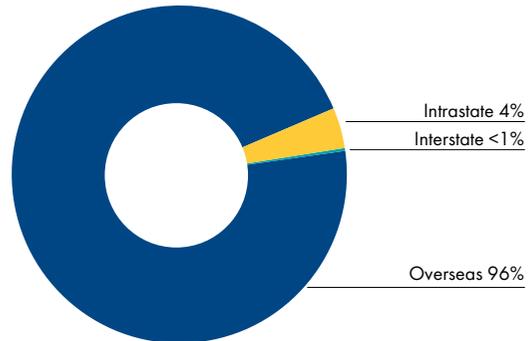
Inner Harbour Imports



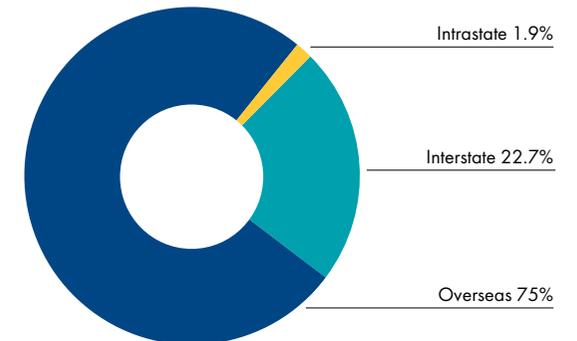
Inner Harbour Exports

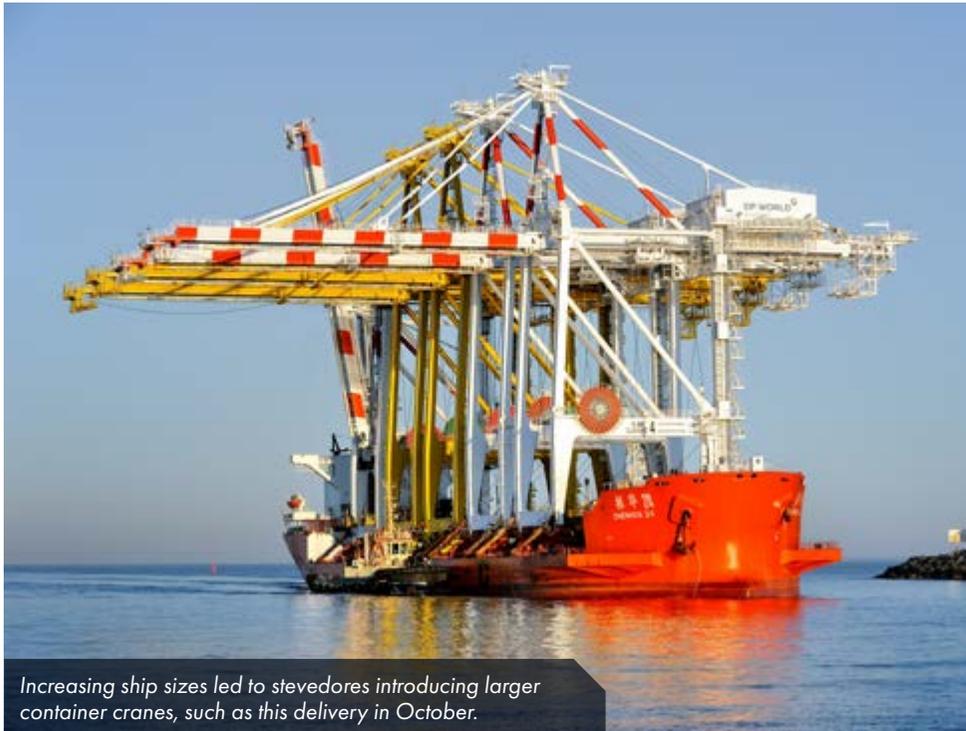


Outer Harbour Imports



Outer Harbour Exports

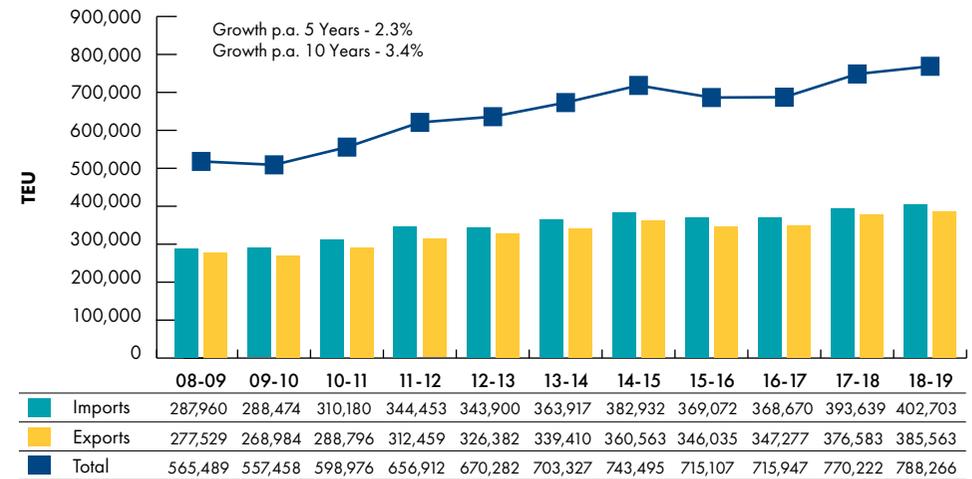




Increasing ship sizes led to stevedores introducing larger container cranes, such as this delivery in October.

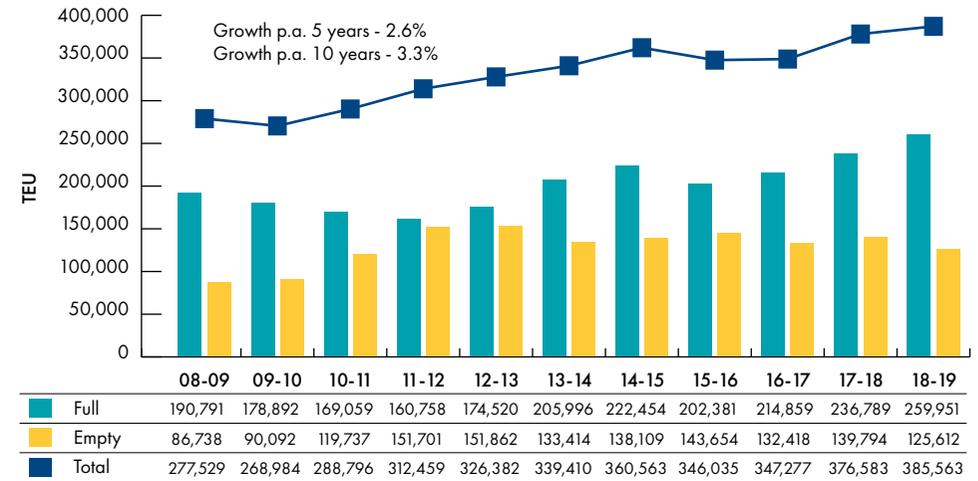
Total Container Trade - TEU

2008-09 to 2018-19



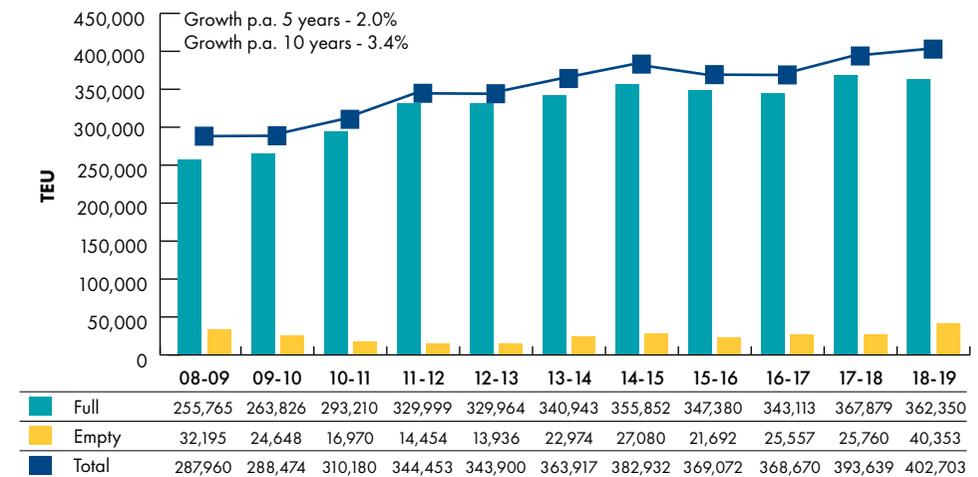
Export Container Trade - TEU

2008-09 to 2018-19



Import Container Trade - TEU

2008-09 to 2018-19



PORT OF FREMANTLE CONTAINER TRADE -TEU July 1 2018 to June 30 2019							
COUNTRY	Imports			Exports			Grand Total
	Full	Empty	Total	Full	Empty	Total	
China	122,225	835	123,060	57,229	2,495	59,724	182,784
Australia	72,266	28,985	101,251	2,790	6,948	9,738	110,989
Singapore	10,291	5,268	15,559	8,003	65,867	73,870	89,429
Thailand	20,275	154	20,429	8,927	32,850	41,777	62,206
Malaysia	16,908	418	17,326	18,029	11,472	29,501	46,827
Japan	7,785	49	7,834	28,192	54	28,246	36,080
Indonesia	8,125	641	8,766	15,820	5,203	21,023	29,789
South Korea	6,840	3	6,843	22,616	56	22,672	29,515
India	7,483	1	7,484	16,488	14	16,502	23,986
Vietnam	9,373	72	9,445	10,882	0	10,882	20,327
United States of America	12,044	17	12,061	5,316	0	5,316	17,377
China - Taiwan	4,452	3	4,455	7,072	14	7,086	11,541
New Zealand	5,272	33	5,305	4,482	107	4,589	9,894
United Arab Emirates	2,721	79	2,800	6,708	0	6,708	9,508
Netherlands	3,725	16	3,741	4,058	32	4,090	7,831
Germany	6,907	0	6,907	754	38	792	7,699
Philippines	707	24	731	6,810	0	6,810	7,541
Italy	6,542	0	6,542	579	1	580	7,122
Myanmar	59	0	59	6,729	0	6,729	6,788
United Kingdom	4,250	1	4,251	1,607	16	1,623	5,874
Other Countries	34,100	3,754	37,854	26,860	445	27,305	65,159
Grand Total	362,350	40,353	402,703	259,951	125,612	385,563	788,266

MAJOR EXPORTS BY COMMODITY 2018-2019			
COMMODITY	Total Exports %	Mass Tonnes	Principal Countries (% Commodity Total)
Grain (includes Barley, Canola Seed, Lupins, Oats, Malt, Wheat)	39.0%	7,330,233	Australia (16.2) Philippines (15.5) China (13.9) Japan (11.3) South Korea (7.5) Indonesia (5.5) Vietnam (4.5) Yemen Democratic Republic (3.7) Thailand (2.7) Myanmar (2.2)
Alumina	15.1%	2,842,940	India (14.4) Australia (13.2) Qatar (11.8) Malaysia (11.4) Indonesia (10.0) Egypt (6.6) United Arab Emirates (6.2) China (5.6) Norway (5.4) Bahrain (3.8) Japan (3.7) Canada (2.9)
Refined Petroleum	11.1%	2,090,642	Australia (88.4) Malaysia (8.8)
Bauxite	10.3%	1,945,534	China (100.0)
Animal Feed	4.1%	763,975	Japan (33.4) South Korea (25.6) China (22.8) Taiwan (2.7) Israel (1.9)
Metals Scrap	2.9%	545,939	Vietnam (29.0) Indonesia (23.8) India (20.5) Australia (5.1) United Arab Emirates (4.2) Bangladesh (3.4) Malaysia (3.3) Taiwan (2.3) China (2.1)
Silica Sands	2.1%	403,240	South Korea (81.8) Thailand (12.2) Japan (5.2)
Waste Paper	1.3%	245,047	China (42.1) Indonesia (21.8) India (15.2) Thailand (10.6) Malaysia (4.4) Vietnam (3.3) South Korea (1.2)
Spodumene	1.2%	234,642	China (88.7) South Korea (4.1) United States of America (3.6)
Titanium Dioxide	1.1%	199,439	India (16.2) China (14.9) South Korea (9.3) Thailand (9.2) Philippines (6.7) Indonesia (5.3) Belgium (5.0) Netherlands (4.0) Vietnam (3.6) United States of America (3.5) Japan (3.2) Malaysia (3.1) United Arab Emirates (2.1) New Zealand (2.1)

MAJOR EXPORTS BY COUNTRY 2018-2019			
COUNTRY	Total Exports %	Mass Tonnes	Principal Commodities (% Country Total)
China	21.4%	4,027,384	Bauxite (48.3) Grains (25.3) Spodumene (5.2) Animal Feed (4.3) Alumina (3.9) Waste Paper (2.6) Mineral Sands (1.9) Non Ferrous Metals (1.5) Wool (1.1) Fresh Meat - Chilled or Frozen (1.0)
Australia	18.9%	3,562,268	Refined Petroleum (51.9) Grains (33.3) Alumina (10.6) Ammonium Nitrate (1.1)
Japan	6.9%	1,298,946	Grains (63.5) Animal Feed (19.7) Alumina (8.2) Non Ferrous Metals (1.8) Silica Sands (1.6) Mineral Sands (1.0)
Philippines	6.5%	1,227,282	Grains (92.8) Liquefied Petroleum Gas (2.6) Titanium Dioxide (1.1) Animal Feed (1.0)
South Korea	6.4%	1,195,955	Grains (45.8) Silica Sands (27.6) Animal Feed (16.3) Alumina (3.1) Titanium Dioxide (1.6) Rubber Manufactures (1.3) Non Ferrous Metals (1.0)
Indonesia	5.1%	958,469	Grains (42.3) Alumina (29.7) Metals Scrap (13.5) Waste Paper (5.6) Sulphuric Acid (1.2) Titanium Dioxide (1.1) Fresh Meat - Chilled or Frozen (0.9)
Malaysia	4.9%	918,352	Alumina (35.3) Refined Petroleum (20.1) Other Crude Minerals (11.7) Grains (10.9) Fertilizer (5.0) Fresh Fruit and Vegetables (2.3) Metals Scrap (1.9) Other Cereals and Cereal Preparations (1.9) Waste Paper (1.2)
India	3.8%	715,732	Alumina (57.3) Metals Scrap (15.7) Waste Paper (5.2) Grains (4.9) Titanium Dioxide (4.5) Mineral Sands (3.1) Rubber Manufactures (2.0) Refined Petroleum (1.8) Liquefied Petroleum Gas (1.8) Other Cereals and Cereal Preparations (1.3)
Vietnam	3.2%	593,056	Grains (55.5) Metals Scrap (26.7) Liquefied Petroleum Gas (4.0) Animal Feed (2.0) Cattle and Calves (1.8) Refined Petroleum (1.7) Fertilizer (1.4) Waste Paper (1.3) Titanium Dioxide (1.2)
Thailand	2.4%	451,742	Grains (44.2) Silica Sands (10.9) Alumina (6.1) Waste Paper (5.8) Titanium Dioxide (4.1) Chemicals and Related Products (3.1) Liquefied Petroleum Gas (2.8) Metals Scrap (2.3) Mineral Sands (1.9) Fresh Fruit and Vegetables (1.0) Hides and Skins (1.0)
Qatar	2.2%	416,401	Alumina (80.9) Grains (11.2) Sheep (3.2) Fresh Fruit and Vegetables (2.9) Animal Feed (1.3)

MAJOR IMPORTS BY COMMODITY 2018-2019			
COMMODITY	Total Imports %	Mass Tonnes	Principal Countries (% Commodity Total)
Crude Petroleum	42.3%	6,629,236	United Arab Emirates (23.1) Malaysia (16.7) Papua New Guinea (6.9) United States Of America (2.6) Indonesia (1.1) Algeria (1.1)
Fertilizers	6.8%	1,065,241	United States Of America (28.1) China (15.6) Saudi Arabia (15.1) Qatar (12.4) Lithuania (5.7) Morocco (3.6) Australia (2.9) Korea, Republic Of (2.4) Singapore (2.4) United Arab Emirates (2.4) Jordan (2.0)
Caustic Soda	6.0%	944,881	Saudi Arabia (22.8) United Arab Emirates (19.9) United States of America (16.7) Qatar (9.1) Taiwan (8.9) South Africa (8.1) China (6.9) Japan (4.5)
Cement Clinker	5.9%	921,921	Indonesia (49.9) Japan (39.3) Malaysia (10.8)
Refined Petroleum	3.5%	545,414	Singapore (53.9) Indonesia (16.6) Oman (7.7) Australia (6.6) Malaysia (6.0) Thailand (3.2) India (3.2)
Sulphur	3.2%	501,042	Canada (99.9)
Iron and Steel Products	2.7%	427,305	Australia (36.0) China (16.5) South Korea (9.4) Taiwan (6.2) Singapore (5.4) Malaysia (5.0) Indonesia (3.3) Turkey (3.0)
Manufactures of Metal	2.4%	377,602	China (49.8) Australia (9.4) Thailand (6.6) India (5.8) Malaysia (4.5) Taiwan (3.5) South Korea (3.3) Indonesia (2.4) Singapore (2.2)
Chemicals and Related Products	1.9%	304,941	China (30.8) Australia (13.6) Indonesia (6.3) Thailand (6.2) Singapore (5.7) United States Of America (5.4) Malaysia (4.9) South Korea (4.4) India (3.9) Belgium (2.2) Taiwan (2.2)
Ammonia	1.9%	293,445	Australia (69.9) Malaysia (12.9) Singapore (8.7) Indonesia (5.1) Thailand (3.4)
Urea Ammonium Nitrate	1.8%	278,524	Russia (46.7) Estonia (34.2) United States of America (10.8) China (8.3)

MAJOR IMPORTS BY COUNTRY 2018-2019

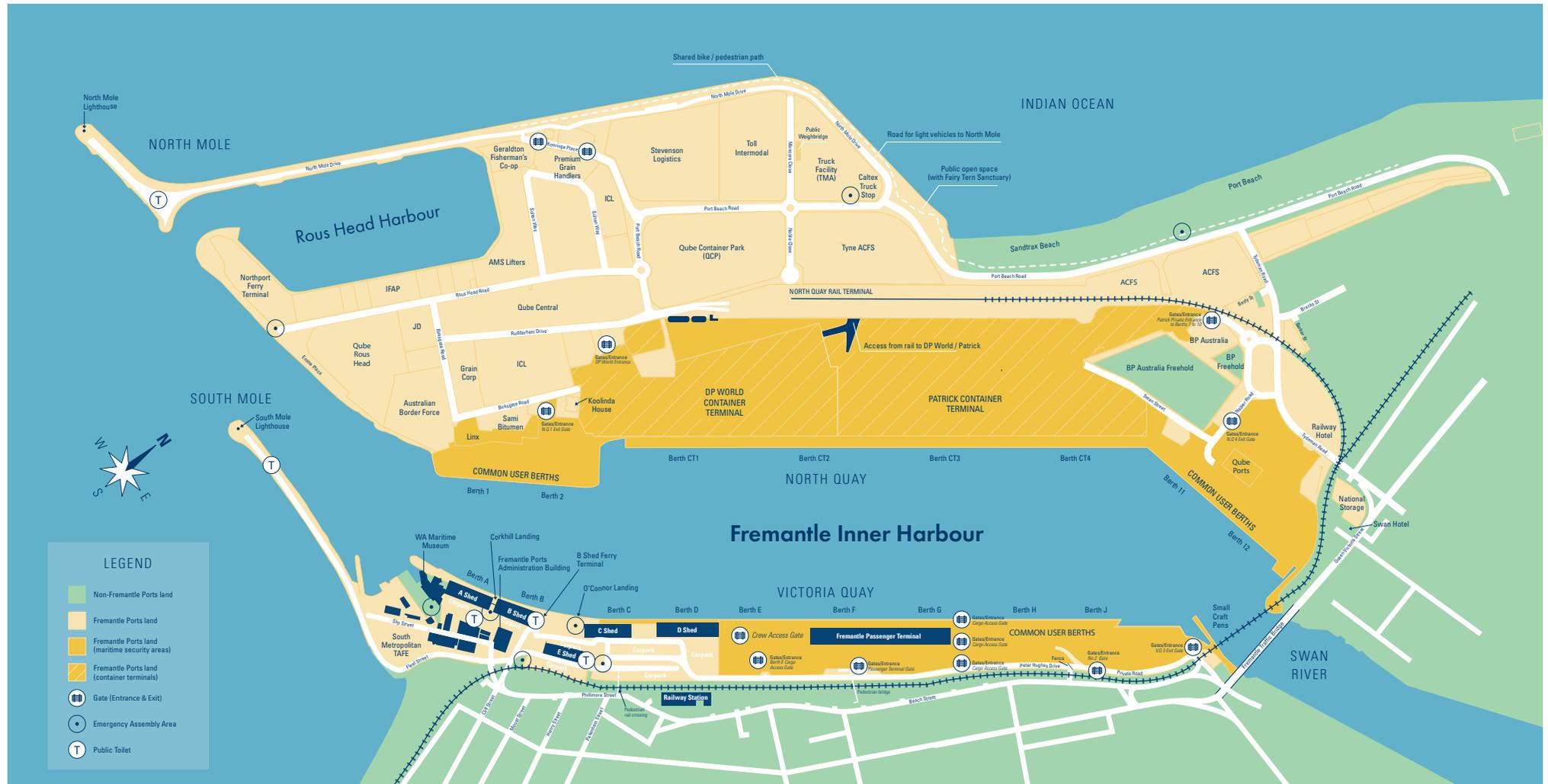
COUNTRY	Total Imports %	Mass Tonnes	Principal Commodities (% Country Total)
United Arab Emirates	19.6%	3,077,817	Crude Petroleum (92.1) Caustic Soda (6.1) Fertilizers (0.8)
Malaysia	15.3%	2,405,049	Crude Petroleum (85.3) Clinker (4.1) Ammonia (1.6) Refined Petroleum (1.4) Lime (1.1)
Australia	9.4%	1,469,288	Ammonia (14.0) Gypsum (10.7) Iron and Steel Products (10.5) Ale, Beer And Stout; Cider (Alcoholic) (8.7) Paper, Paperboard (7.0) Fabricated Construction Materials (4.1) Other Food Preparations (3.3) Chemicals and Related Products (2.8)
China	7.9%	1,241,392	Manufactures of Metal (15.1) Fertilizers (13.4) Chemicals and Related Products (7.6) Furniture and Parts Thereof (6.2) Iron and Steel Products (5.7) Caustic Soda (5.3) Bricks, Tiles, Pavers (4.6) Machinery - Agricultural/Industrial (4.0) Plastic Wares and Other Manufactures (3.8) Other Transport Equipment and Parts (3.5) Rubber Manufactures (3.1) Sanitary, Plumbing, Heating and Lighting Fixtures (2.5) Paper, Paperboard (2.3)
United States of America	6.0%	947,363	Crude Petroleum (33.2) Fertilizers (31.6) Caustic Soda (16.7) Urea Ammonium Nitrate (3.2) Vehicles - Industrial and Agricultural (2.2)
Papua New Guinea	5.4%	852,565	Crude Petroleum (99.8)
Indonesia	5.2%	812,548	Cement Clinker (56.6) Crude Petroleum (17.3) Refined Petroleum (11.1) Chemicals and Related Products (2.4) Fertilizers (2.2) Ammonia (1.8) Iron and Steel Products (1.7) Manufactures of Metal (1.1)
Japan	4.9%	766,748	Cement Clinker (47.3) Slag Residue (28.9) New Motor Vehicles (7.2) Caustic Soda (5.6) Rubber Manufactures (5.0) Vehicles - Industrial and Agricultural (2.7) Other Transport Equipment and Parts (1.2)
Canada	3.3%	521,676	Sulphur (95.9)
Singapore	2.9%	450,562	Refined Petroleum (65.3) Ammonia (5.7) Fertilizers (5.7) Iron and Steel Products (5.1) Chemicals and Related Products (3.8) Artificial Resin and Plastic in Primary Form (2.9)
Saudi Arabia	2.4%	379,275	Caustic Soda (56.8) Fertilizers (42.3)
Thailand	2.2%	345,402	Lime (22.0) New Motor Vehicles (14.8) Artificial Resin and Plastic in Primary Form (11.3) Manufactures of Metal (7.3) Chemicals and Related Products (5.5) Refined Petroleum (5.1) Limestone for Steel, Lime or Cement (3.6) Household Appliances (3.3) Rubber Manufactures (3.1) Ammonia (2.9) Plastic Wares and Other Manufactures (2.6) Other Food Preparations (2.6) Rice (2.1)

MAJOR CONTAINER COMMODITIES IMPORTED - TEU			
COMMODITIES	2017-18	2018-19	Variance %
Manufactures of Metal	31,038	31,018	-0.1%
Furniture and Parts Thereof	28,010	28,405	1.4%
Paper, Paperboard and Articles of Paper Pulp	21,897	23,391	6.8%
Plastic Wares and Other Manufactures	21,347	21,017	-1.5%
Rubber Manufactures	18,002	19,797	10.0%
Machinery - Agricultural, Industrial	18,873	19,594	3.8%
Iron and Steel Products	18,305	17,421	-4.8%
Chemicals and Related Products	24,860	16,931	-31.9%
Household Appliances	16,075	15,164	-5.7%
Ale, Beer and Stout; Cider (Alcoholic)	13,653	14,472	6.0%
Total	212,060	207,210	-2.3%
Percentage of Total Full TEU Imports	57.6%	57.2%	

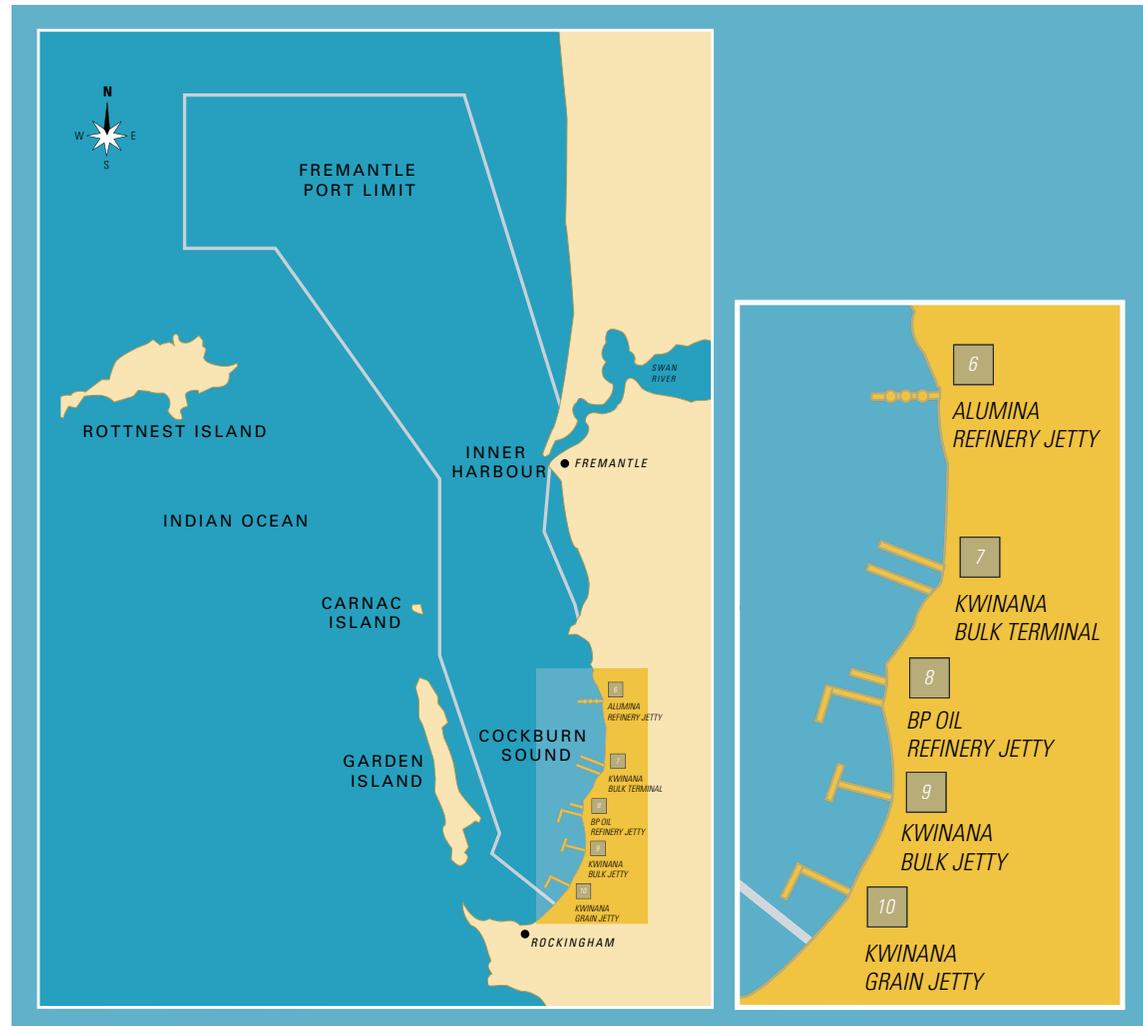
Major Container Commodities Exported - TEU			
COMMODITIES	2017-18	2018-19	Variance %
Animal Feed	49,463	54,198	9.6%
Wheat	4,482	20,893	366.2%
Waste Paper	21,656	20,856	-3.7%
Scrap Metals	16,407	18,832	14.8%
Oats	13,791	15,046	9.1%
Fresh Fruit and Vegetables	10,465	11,882	13.5%
Malt	12,553	11,140	-11.3%
Titanium Dioxide	10,843	9,724	-10.3%
Fresh Meat - Chilled or Frozen	7,872	8,823	12.1%
Chemicals and Related Products	8,000	8,461	5.8%
Total	153,861	179,855	16.9%
Percentage of Total Full TEU Exports	65.1%	69.2%	

LIVESTOCK EXPORTS 2018-19					
Destination	Sheep	Cattle	Other Livestock	Total Quantity	% of Total
Asia South-East	7,967	39,622	0	47,589	4.3%
East Asia - China	0	17,996	0	17,996	1.6%
Eastern Europe - Russia	9,073	1,142	0	10,215	0.9%
Middle East	951,289	78,309	0	1,029,598	93.1%
Totals	968,329	137,069	0	1,105,398	100.0%

INNER HARBOUR MAP



OUTER HARBOUR MAP





An estimated 15,000 attended Maritime Day, at which Ports Minister Rita Saffioti christened a new tug.

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 Ports, the Hon Alannah MacTiernan MLC, then tabled in the Parliament of Western Australia.

The Annual Report is intended to inform Parliament, the public, our stakeholders and others of Fremantle Ports' activities, performance, achievements and challenges during the financial year 2018-19.

The report is prepared by Fremantle Ports staff. Previous years' annual reports are lodged with the State Library of Western Australia and the current year's report available on Fremantle Ports' website.

ABBREVIATIONS

DAWR	Commonwealth Department of Agriculture and Water Resources
EMS	Environmental management system
FTE	Full-time equivalent
GT	Gross tonnes
KBJ	Kwinana Bulk Jetty
KBT	Kwinana Bulk Terminal
LNG	Liquefied natural gas
MCA	Multi-criteria analysis
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

OUR ADDRESS

Fremantle Ports
1 Cliff Street, Fremantle
Western Australia 6160

CONTACTS

Tel: 08 9430 3555
Fax: 08 9336 1391
Email: mail@fremantleports.com.au

TELL US HOW WE'RE PERFORMING

We are always keen to receive feedback on our performance, on any matter, including whether or not this annual report met your requirements.

This report is available online at www.fremantleports.com.au and you can also contact us if you require a hard-copy version or in an alternative format.

To give your comments, or make inquiries, you are welcome to contact us:

Tel: 08 9430 3555

Email: mail@fremantleports.com.au

Web: www.fremantleports.com.au

Mail: PO Box 95
Fremantle
Western Australia 6959

We welcome email subscribers to our free monthly online newsletter, Portfolio. You can subscribe to Portfolio on our website. You can also follow us on facebook @FreoPorts, on LinkedIn or on Instagram @fremantle_ports

THANK YOU

Fremantle Ports' success rests on the contribution of its people, so we'd like to thank everyone who was involved during the year.



Staff contributing to the food rescue charity OzHarvest, by preparing meals for disadvantaged communities.



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