

FREMANTLE PORTS Annual Report 2020



About this Report

Thank you for taking the time to review our Annual Report. The aim of this report is to inform you - our customers, communities and stakeholders - about us as an organisation, our performance, strategic direction, priorities, significant issues and governance arrangements for the 2019-20 financial year.

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

Statement of Compliance



*Hon
Alannah
MacTiernan
MLC*

To the Hon Alannah MacTiernan MLC

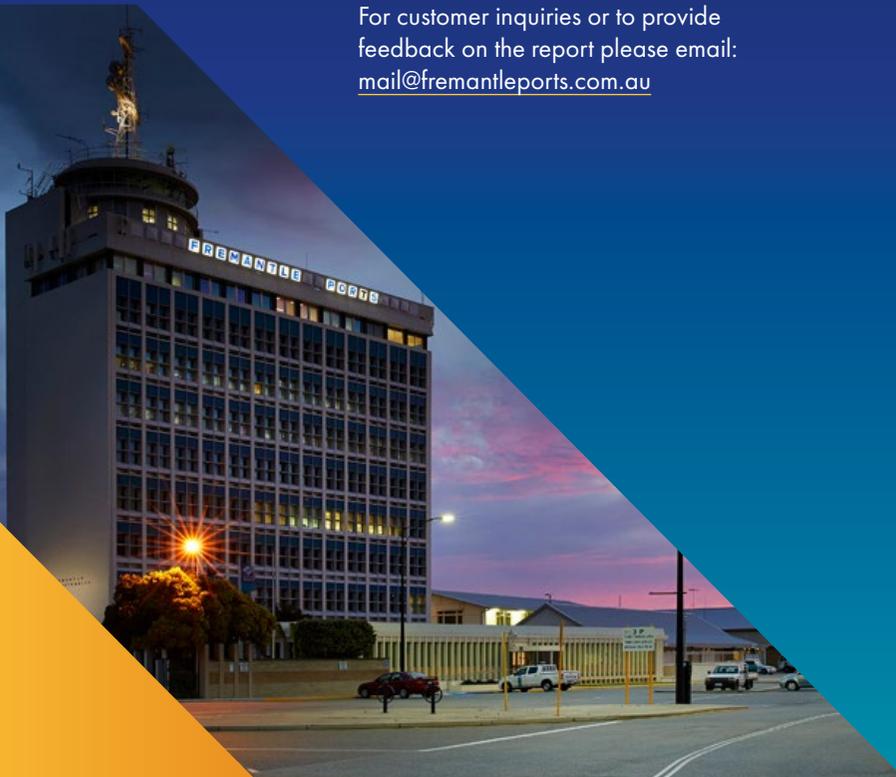
Minister for Regional Development; Agriculture and Food; Ports;
Minister assisting the Minister for State Development, Jobs and Trade.

In accordance with the provisions of the *Port Authorities Act 1999* and other relevant legislation, I hereby submit for your information and presentation to the Parliament of Western Australia the annual report for the Fremantle Port Authority, which trades as Fremantle Ports, for the year ended 30 June 2020.

Ross Love

Chair
Board of Directors

*Cover photo: Kwinana Bulk Terminal
import stacker, by Ashley Ryan*



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Overview

EXECUTIVE SUMMARY



2019-2020 Highlights

COMMERCIAL RESULTS

Fremantle Ports achieved an operating profit **before tax of \$66.1 m**, marginally below the target for the year.



COVID-19

Shipping operations remained uninterrupted throughout the pandemic, ensuring essential imports and exports into and out of Western Australia during this health emergency. We worked closely with State and Federal agencies and port partners to successfully prevent any transmission of the virus through the Port of Fremantle.



RAIL SHARE

The share of containers transported on rail met the **Government target of 20%**, peaked at **23%** and resulted in a reduction of around 105,000 trucks on the roads for the year.



SOCIAL LICENCE

In a challenging year, 72 per cent of people in the Fremantle community supported the Inner Harbour as a busy working port and **64 per cent were quite satisfied or very satisfied** with Fremantle Ports.



RECONCILIATION ACTION PLAN

Fremantle Ports developed a Reconciliation Action Plan to guide future engagement and relations with Aboriginal and Torres Strait Islander peoples. This plan will be **launched late in 2020**.



TRADE

The total value of trade handled by Fremantle Ports was **\$31.2 billion**.

Despite COVID-19, the important container trade declined less than 1 per cent on the previous year.



EFFICIENCY

We remained one of Australia's **best-performing container ports**, by a number of efficiency measures, as assessed by the Australian Government's Bureau of Infrastructure, Transport and Regional Economics.



WESTPORT

Fremantle Ports continued its ongoing advice to, and involvement with, the Westport Taskforce in its work to identify and assess future port and related freight link options, with the objective being the best possible planning outcome for Western Australia.





RENT RELIEF

Rent relief was made available by Fremantle Ports to many small business tenants, based upon their circumstances, during the COVID-19 pandemic. The organisation undertook these measures in support of the Western Australian and national economies.

COMMUNITY

More than **40 community organisations or initiatives** were supported through Fremantle Ports' community investment program, providing practical assistance to local sporting, arts, grass-roots community and environmental groups.



ENVIRONMENTAL

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

VICTORIA QUAY



Considerable preparatory work was done to deliver the refurbishment of the heritage-listed A Shed as a commercial project, to spur further development in the precinct.



SMART PORT

Fremantle Ports continued to lead the way with its **Smart Port project**, which is developing innovative digital tools to support increased port efficiency.



While trade uncertainties and the operational responses required by the pandemic were a particular focus for the Board, Fremantle Ports also continued its forward business-planning and contribution to strategic trade and infrastructure issues.

Ross Love

Chair's Foreword

Like a great many Western Australian organisations, Fremantle Ports was required to face considerable challenges this year as a result of the COVID-19 pandemic. The scale of this worldwide health crisis had an unprecedented impact upon port operations, trade and our people's normal work practices.

I am pleased to report that Fremantle Ports responded quickly and professionally to the risks presented by the pandemic, dealing effectively with the real threat of the transmission of the virus into the community via visiting ships. Ports around Australia became, and continue to be, a true front-line in the nation's battle against an insidious disease. Sound operational procedures, which continue to be adapted to changing circumstances, together with the firm resolve, flexibility and open communication demonstrated by all of our staff and management have been able to prevent transmission of COVID-19 into our community through this port, while maintaining vital import and export supply lines - so far. We need to continue to be vigilant, but in the meantime I want to record my and the Board's sincere appreciation for the ongoing commitment and work of the entire Fremantle Ports team, including its many tenants, contractors and suppliers.

Total port trade was down 5.3% in volume compared to the previous year, principally due to lower grain exports and crude petroleum imports. The cruise industry was also badly affected, as we all know. Total container trade however declined by a mere 0.6% despite the impact of COVID-19 on global trade, even in its earliest stages. The total value of trade through the Port of Fremantle this year was \$31.2 billion.

While trade uncertainties and the operational responses required by the pandemic were a particular focus for the Board, Fremantle Ports also continued its forward business-planning and contribution to strategic trade and infrastructure issues. Significant effort was put into initiatives to further improve the efficiency and safety and reliability of port operations, as well as active engagement in the deliberations of the Westport Taskforce.

The Board notes the Government's announcement of the way forward for the development of a new container port in Cockburn Sound. Fremantle Ports will continue to work with all relevant parties in the planning of a modern, state-of-the-art new container port to meet future trade needs, and in particular in meeting our common objectives of achieving more capacity at lower cost, and with higher environmental sustainability, for Western Australia. Meanwhile, we remain committed to continually improving the efficiency of container operations at the Inner Harbour for the benefit of consumers and producers in Western Australia, including further developing some of the solutions and technologies that will be required, until such time as those operations cease.

The ambition to revitalise Victoria Quay's west end, as a destination for locals and visitors alike, and as a more meaningful connection for Fremantle with its historic harbour, took a big step forward with the recent announcement of the redevelopment of the heritage-listed A Shed as a family friendly restaurant, bar and micro-brewery property by the very appropriately named Gage Roads Brewing Company, already our near neighbours in Palmyra. I am

confident this development will be a turning point in the precinct's transformation, and it is an indicator of a very exciting future.

In this tumultuous period, it was pleasing to note the community's level of satisfaction with Fremantle Ports and its operations remained high. The organisation's major annual community satisfaction survey in July demonstrated once more that there is considerable support for our operations and an acknowledgement that the organisation undertakes its business effectively.

The local and wider Western Australian community benefit greatly from an effective port operation and it was reassuring that this is recognised. No organisation is perfect of course, but we hope we will continue to respond to issues that arise with integrity, transparency and a commitment to continuous improvement. We also recognise that there is a great deal of attachment to the history, as well as the contemporary economic impact, of a working port at Fremantle. We have set ourselves the challenge of maintaining that attachment, and that positive economic impact in our immediate neighbourhood, as we manage the transformation of the port over the coming decades.

Heading into a new year, the ongoing ramifications of COVID-19 will remain with us. It is likely that trade will be negatively disrupted to a further extent in 2020-21, due to a downturn in world trade and the potential for reduced domestic demand. However, there are opportunities for Fremantle Ports to pursue increases in bulk trades, in conjunction with other ports in the south-west of the state, and these are the subject of much ongoing work. I am also buoyed by the prospect of the company taking new steps in innovation, particularly in port logistics, and the Board and Executive intend pursuing these opportunities in the year ahead. I am confident of Fremantle Port's capacity to be a world leader in some respects, in this field, and look forward to outcomes from foundations laid by the organisation this year.

I have been pleased since my appointment in February to receive great advice and considerable support from Fremantle Ports' executive and management team, as well as of course from the entire Board, which is as strong as it is diverse and has performed at the expected high standard throughout 2019-20. On behalf of the Board, I wish to sincerely thank departing Chair Jill Hoffmann and Director John Yovich

for their strong contributions during their respective periods on the Board. I would also like to welcome Professor Kate Lewins to the Board. Her wealth of experience in all matters maritime has already proven to be of great value to our work.

Finally, I wish to thank the Minister for Ports, the Hon Alannah MacTiernan MLC, and her ministerial staff, as well as the many government agencies and other stakeholders involved with Fremantle Ports, for their support during the year. Their willingness to engage in the many challenges and opportunities we are working with has been a welcome contribution and has made a meaningful difference to Fremantle Ports' performance this financial year.

Ross Love
Chair
Board of Directors



We again retained certification to international environmental standard ISO 14001:2015



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's Report

In one of the most challenging years for Fremantle Ports in recent memory, our organisation was able to complete the year without severe impact from COVID-19 upon trade, operations and our employees.

A reduction in container trade volumes evident in the second half of the year resulted in total container trade declining by 0.6% compared to the previous year. This was largely due to a decrease in full container exports of 8.5%. Full container imports were up by 2.8%. Inner Harbour non-containerised trade was down 7.0% compared to the previous year, predominantly due to the decline in new motor vehicle imports. The total bulk business trade declined by 3.0%.

Revenue was less than expected and expenditure managed accordingly, resulting in an operating profit before tax of \$66.1m, which was only marginally below the target for the year. Yet in the face of this, after consideration of interim dividend factors, Fremantle Ports made a total contribution to the State of \$43.2 million, which was close to the set target.

Commercial ship visits totalled 1,575, down by 151 visits compared with the previous year, with this largely attributable to a drop in bulk grain vessels and container vessels,

due to the amalgamation of some services and the utilisation of larger vessels.

COVID-19 did lead to wide-ranging changes to operations and administrative activities and I am proud to note that our people responded extremely well to these challenges. A large proportion of office-based staff were forced to work remotely or in social-distancing circumstances, in response to the Government's emergency advice, yet this transition occurred smoothly and without disruption, and with little impact upon productivity. Operationally, there were safety procedural issues to overcome, principally around ship-handling and port entry permissions, in order to protect employees, but also to protect Western Australians from COVID-19 transmission via arriving vessels. Staff both identified potential risks and issues and were highly adaptable in implementing their responses.

Two ships with COVID-19 aboard were identified and effectively managed. The introduction of a total shore-leave ban for international crew was an important

CONTRIBUTION TO THE STATE

\$43.2m

Total contribution back to the State Government, close to the set target.



WESTPORT

We sustained our high level of input into the Westport Taskforce review of future port needs.



TOTAL CONTAINER TRADE

-0.6%

As a result of COVID-19, total container trade fell, but only by 0.6%, less than reductions experienced by other States.



measure, though the existence of such bans in ports around the world has led to a humanitarian issue for ship crews, which remains to be fully addressed.

The Fremantle community's tolerance and support of Fremantle Ports in dealing with ships of concern at berth was highly appreciated. Similarly, we worked in a strategic manner with key port partners and the wider freight industry to share information, in the best interests of the industry sector and the community.

Fremantle Ports continued its high-level degree of input into the Westport Taskforce review of future port needs and gave consideration to how it would contribute in future stages of this policy and planning work.

The complex process to secure new leases for North Quay container terminals continued. While good progress was made in negotiations, continued effort will be made toward finalising negotiations in early 2020-21. The finalisation of these leases is important to provide certainty to industry generally.

On Victoria Quay, Fremantle Ports strongly supported the work of the Victoria Quay Waterfront Steering Group to develop a vision for the future development of this part of the port, particularly the west end which is not used for port operations. The group was chaired by Simone McGurk

MLA, Member for Fremantle, and included a range of relevant stakeholders. The group identified a range of short-term initiatives to further enhance the commercial development of the west end of Victoria Quay and make it a more vibrant and attractive destination. The initiatives included the redevelopment of A Shed which will be progressed by Fremantle Ports and Gage Roads Brewing Company in 2020-21.

In the people and culture arena, we continued to focus on progressively building a strong and resilient workplace culture, focusing upon the introduction of a high-quality quality performance and staff development framework, succession planning and considered recruitment. Such work is incremental and received continual attention throughout the year from the Executive Team. The organisation responded proactively to the identification of an isolated case of serious misconduct, which led to a range of initiatives to strengthen procurement controls and protections against corruption. While disappointing, the organisation will be in a stronger position as a result of these reforms.

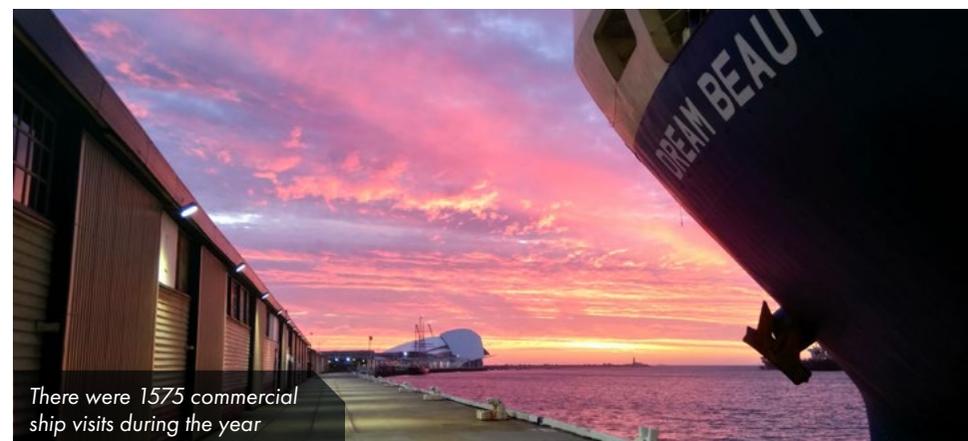
Fremantle Ports continued its attention to asset maintenance and improvement. A significant upgrade of the mixed-gauge turnout rail siding at the Kwinana Bulk Terminal was undertaken as well as major

works to improve the facility's import stacker as one measure toward improving our capacity to handle bulk trades. At the same location, new offices and workshops were opened by the Minister and these facilities have without doubt improved employee effectiveness and safety on-site.

The role played by the organisation in facilitating optimal freight and logistics continued, with detailed work done on how Fremantle Ports can make best use of data hub methodology, other technologies and innovative policy settings regarding road and rail linkages. The goal is, of course, ensuring the Port of Fremantle does all that it can to run as efficiently as possible, with the least impact upon surrounding communities and the environment.

At the completion of a year that brought significant challenges, I am proud of the manner in which the organisation and its people have responded, particularly at moments in time when sound decision-making and strong follow-through were vital. I wish to thank staff at all levels for their dedication and hard work, often in circumstances over and above what was asked of them. Also, I wish to acknowledge the Board of Directors, whose deliberations and experience further strengthened our overall approach and outcomes in 2019-20.

Chris Leatt-Hayter
Chief Executive Officer



There were 1575 commercial ship visits during the year

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 (WA) maritime trade needs effectively since 1897 and continues today as the fourth largest and one of the most efficient container ports in 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.

Kwinana Bulk Jetty (KBJ) and Kwinana Bulk Terminal (KBT), in the Outer Harbour, handle bulk commodities including bauxite, grains, petroleum products, silica sands, bitumen, fertilisers 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, and 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 Ports 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.

STAKEHOLDERS

Fremantle Ports has an extensive range of stakeholders in government, business and the community. It works with, and alongside, relevant local governments, the Western Australia 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. To fulfil this vision, we will become:

- ◆ 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

Fremantle Ports’ defining principles complement our values and imbue our whole approach to what we do. In this manner, we strive to:

- ◆ Deliver with excellence
- ◆ Be energetic and optimistic
- ◆ Be future-focused
- ◆ Be a trusted partner



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.

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.

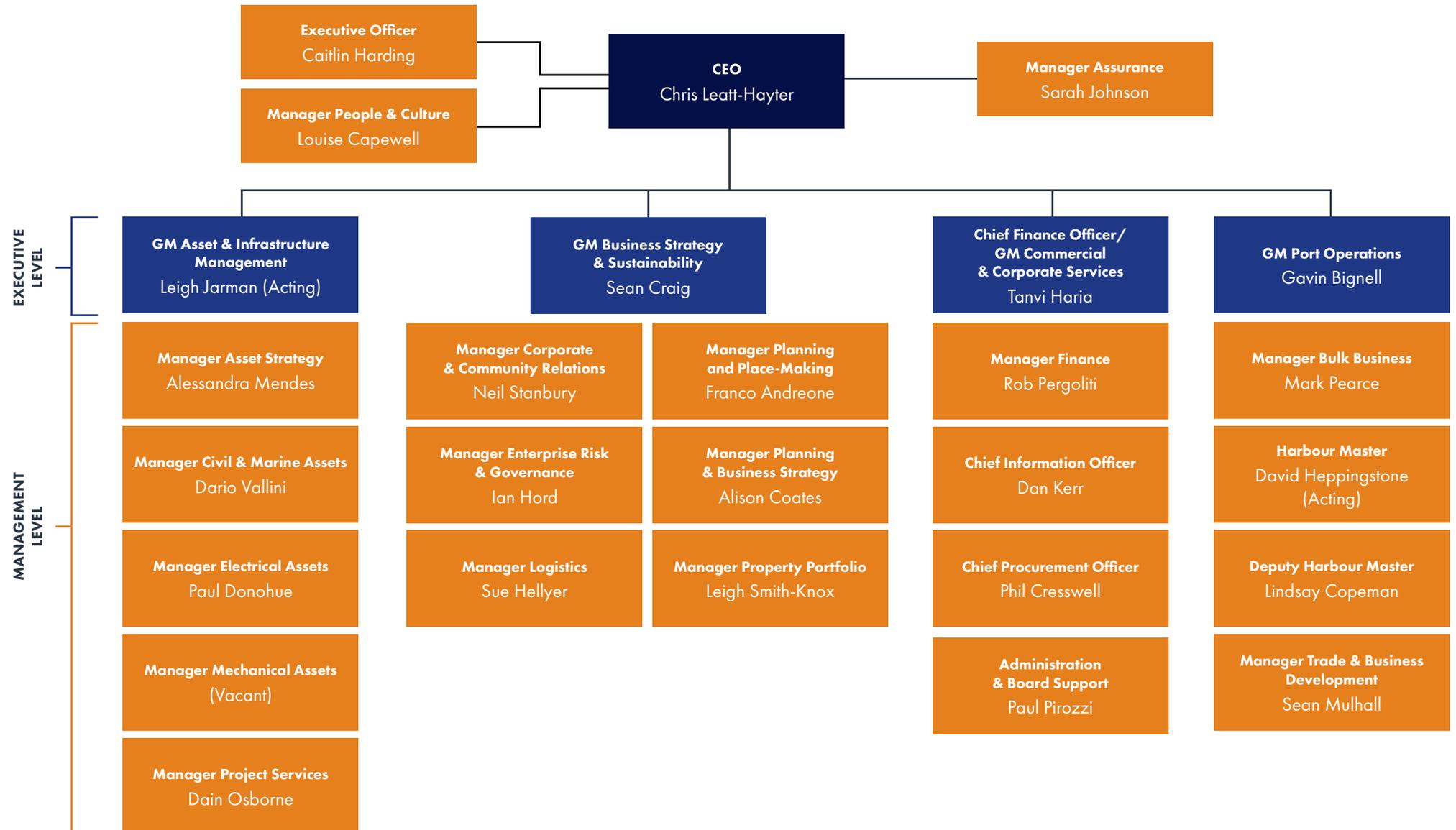
- ◆ Contributing to the aspirations and growth of our people and the port community.
- ◆ Capitalising on opportunities and managing risks.

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.



Minister Alannah MacTiernan MLC opened Kwinana Bulk Terminal’s new office complex and workshop

FREMANTLE PORTS STRUCTURE - CURRENT



BOARD

**ROSS LOVE (CHAIR)**

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

Expiry of present term: 31 December 2022

**KIM HORNE AM (DEPUTY CHAIR)**

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

*Deputy Chair since 1 January 2019
Expiry of present term: 30 June 2021*

**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 Fellow 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

**JILL HOFFMANN**

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.

*Term expired: 31 December 2019
(one month extension)*

**KATE LEWINS**

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

Expiry of present term: 31 December 2021

**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**

Karlíe 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, fertilisers, regional development, transport and infrastructure. Karlíe 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. Karlíe 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.

*Term expired 30 June 2020
(three-month extension)*

**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, 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.

*Term expired: 31 December 2019
(one month extension)*

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.

**GAVIN BIGNELL**

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

**ALISON COATES**

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

**SEAN CRAIG**

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.

**TANVI HARIA**

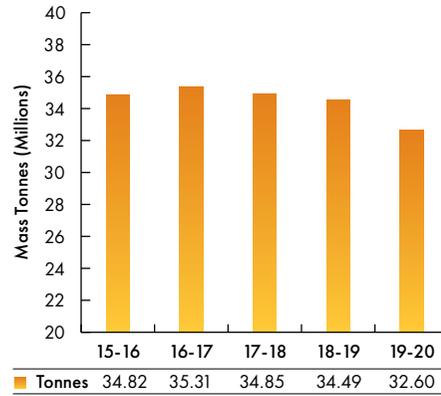
Chief Finance Officer and General Manager Commercial and Corporate Services. Tanvi Haria has been Chief Finance Officer, General Manager Commercial and Corporate Services and Secretary to the Board of Directors since 2013. She has more than 25 years of broad business experience in strategy, corporate 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. Tanvi is a Councillor of the CPA Australia WA Divisional Council, Board member and Treasurer of Muscular Dystrophy WA and a member of the Resources Committee at Edith Cowan University.

**LEIGH JARMAN**

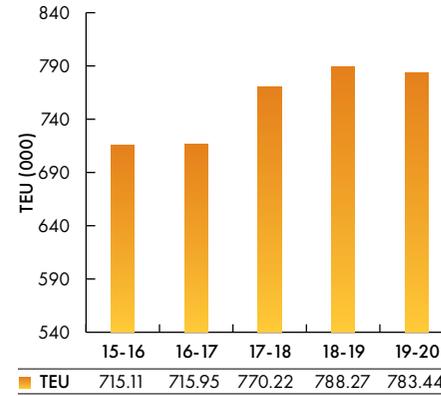
Acting General Manager Asset and Infrastructure Management. Leigh Jarman joined Fremantle Ports in 2019 as Manager Mechanical Assets with over 15 years' experience in maintenance and asset management across various mining operations and infrastructure facilities. Leigh has experience in both establishing maintenance departments from commencement and optimising existing operations. Since joining Fremantle Ports, Leigh has completed numerous asset-life extension mechanical projects at KBT, including major structural projects integral to the terminal's operations. He has also initiated improvement projects within asset strategy and integration processes between finance and procurement. Leigh has tertiary qualifications in mechanical engineering and petroleum engineering.

Key Business Results

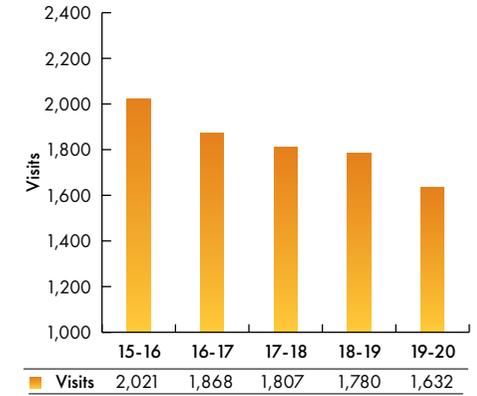
Total Port Trade



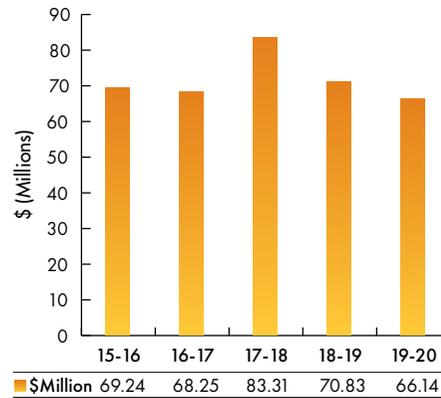
Total Container Trade - TEU



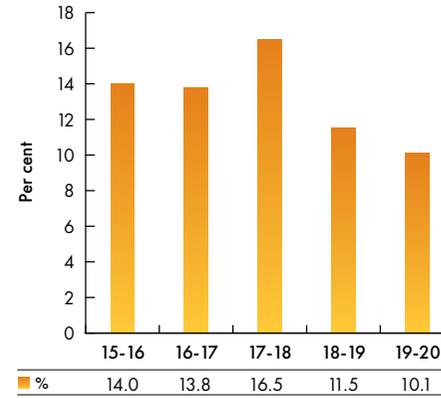
Total Ship Visits (excluding Naval)



Operating Profit Before Income Tax Equivalent

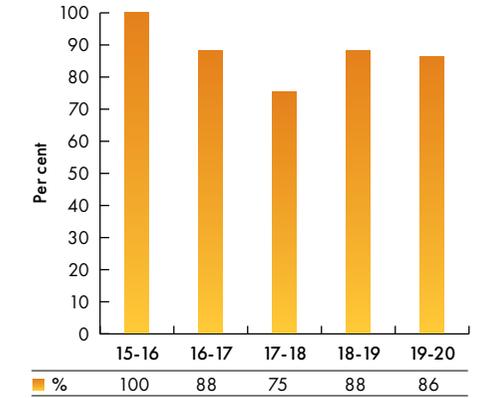


Economic Rate of Return on Assets



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

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



Performance

PERFORMANCE MANAGEMENT FRAMEWORK



Government goals

State Government organisations work together to achieve four high-level goals in support of the State Government's desired outcomes. The following tables outline Fremantle Ports' specific objectives, the key outcomes sought, how those are measured and how we performed this year.

	Fremantle Ports' objectives	Key outcomes sought	Measures	Results
<p>GOAL: SUSTAINABLE FINANCES</p>  <p>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 10.1% below our target of 10.8% ◆ Before-tax profit of \$66.1 million marginally below target ◆ A contribution to Government of \$43.2 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 ◆ High levels of customer satisfaction ◆ Highly efficient port operations 	<ul style="list-style-type: none"> ◆ Annual customer survey results ◆ Ship unloading rates ◆ Truck/container turnaround times ◆ Rail share of container trade 	<ul style="list-style-type: none"> ◆ 86% of shipping lines satisfied with Fremantle Ports' services ◆ Fremantle's crane rate of 34.6 containers handled per hour for the period was well above the five-ports average in Australia of 31.1 ◆ The leading container turnaround time (landside) of Australia's five major container ports at 12.7 minutes* ◆ Rail share for container freight was 20%, achieving the State Government's target and highest proportion on rail of any Australian container port* ◆ Fastest truck turnaround time of any Australian container port, of 21.7 minutes*

◆ *Above data sourced from Waterline 65 report. Dec 2019. Department of Infrastructure, Transport, Cities and Regional Development, Australian Govt.

	Fremantle Ports' objectives	Key outcomes sought	Measures	Results
<p>GOAL: FUTURE JOBS AND 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"> ◆ Number of trucks required to move 1,000 TEU ◆ Introduction of efficiency improvements and incentives 	<ul style="list-style-type: none"> ◆ Number of trucks required to move 1,000 TEU was approximately 676, up from 661 last year. ◆ Negotiations to introduce operating agreements to incentivise increased efficiency of container terminals continued ◆ A new seven-year management agreement instituted for North Quay Rail Terminal ◆ 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 staff on-boarded ◆ Courses and training run 	<ul style="list-style-type: none"> ◆ 310 persons employed ◆ More than 40 roles filled during year ◆ Workplace training delivered across a range of areas and professional development opportunities offered

<p>GOAL: BETTER PLACES</p>  <p>A quality environment with liveable and affordable communities and vibrant regions</p>	Fremantle Ports' objectives	Key outcomes sought	Measures	Results
	<p>Minimise environmental risks, protect the environment and prevent pollution</p>	<ul style="list-style-type: none"> ◆ Maintain environmental management system (EMS) to international best-practice ◆ Protect the marine and terrestrial environments ◆ Prevent pollution of land and groundwater 	<ul style="list-style-type: none"> ◆ Maintain EMS ISO certification ◆ Marine, terrestrial and air quality monitoring programs implemented ◆ Contaminated sites management program implemented 	<ul style="list-style-type: none"> ◆ Maintained ISO certification for our EMS ◆ Continued our marine quality monitoring program ◆ Implemented our marine pest monitoring program ◆ Completed our baseline air quality monitoring program for the Inner Harbour ◆ Implemented terrestrial biosecurity management programs ◆ Ongoing implementation of our contaminated sites monitoring program
	<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 ◆ Community's support for Inner Harbour maintained 	<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 ◆ Digital opportunities in port logistics maximised ◆ Community support for the Inner Harbour as a busy working port 	<ul style="list-style-type: none"> ◆ Rail share for container freight averaged 20%, for year, taking around 105,000 trucks off the roads ◆ Number of trucks required to move 1,000 TEU was contained to 676 compared with 661 last year ◆ Percentage of unladen trucks decreased from 24% to 21% ◆ Digital port strategy developed ◆ 72% 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 ◆ A plan for staged development of Victoria Quay ◆ A key new development on Victoria Quay 	<ul style="list-style-type: none"> ◆ A place activation strategy implemented ◆ Victoria Quay visits ◆ Progress on the refresh of the Victoria Quay development vision ◆ Capital works 	<ul style="list-style-type: none"> ◆ Conducted second Quay to Summer program with 12 events over 78 days, attracting 18,000 people ◆ Victoria Quay Waterfront Steering Group work completed ◆ A Shed redevelopment planned and lease secured

Fremantle Ports' objectives	Key outcomes sought	Measures	Results
<p>Provide safe and healthy working conditions to prevent work related injury and ill-health</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"> ◆ Maintained ISO 45001 accreditation for our safety management system ◆ Lost time injuries limited to 5, the same as last 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 received ◆ Community satisfaction survey conducted ◆ Community liaison meetings held 	<ul style="list-style-type: none"> ◆ Total number of complaints increased from 48 to 63 ◆ Undertook our annual community satisfaction survey ◆ Implemented new Strategic Relationship Engagement system ◆ Four Inner Harbour Community Liaison Group meetings held
<p>Invest in our communities</p>	<ul style="list-style-type: none"> ◆ Maximised positive impact from our community investment program 	<ul style="list-style-type: none"> ◆ Number of community initiatives supported 	<ul style="list-style-type: none"> ◆ Invested in 41 community enrichment, education, environmental leadership, and arts and culture initiatives

**GOAL:
STRONG COMMUNITIES**



Safe communities and supported families

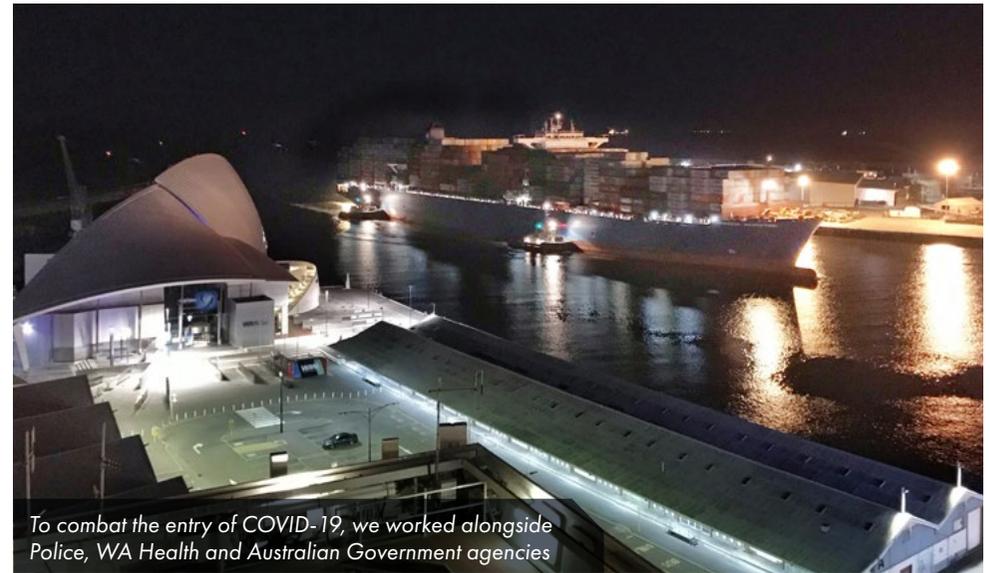
Shared Responsibilities

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

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

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

- ◆ Working particularly closely with WA Health and the WA Police Force on measures to prevent the transmission of COVID-19 into the community.
- ◆ Working with a range of planning, transport and other agencies to participate in the Westport Taskforce project, that continues to examine future port and environs needs for the State.



- ◆ Working with the Department of Transport, DevelopmentWA, Department of Jobs, Tourism, Science and Innovation, and local government on the vision for Victoria Quay.
- ◆ Department of Water and Environmental Regulation on environmental testing.
- ◆ Heritage Council of Western Australia on issues relating to the maintenance or development of listed buildings and assets on Victoria Quay.
- ◆ DevelopmentWA in relation to property acquisition and development solutions.
- ◆ The State Records Office regarding the retention of records, loans and digital archiving.
- ◆ Tourism WA and the WA Cruise Committee on suitable arrangements and infrastructure for the WA cruise industry.
- ◆ Main Roads WA on the planned new Swan River crossing, to replace the end-of-life Fremantle Traffic Bridge and construct a second rail bridge.

CORPORATE SCORECARD

HOW WE PLANNED TO SUCCEED

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



ECONOMIC		
	Target 2019-20	Results
FINANCIAL RESULTS  \$66.9m Profit before tax		\$66.1m Profit before tax
TRADE RESULTS Bulk/non-containerised Trade - annual growth rate 	2.7%	-4.5%
Containers - annual growth rate 	2%	0.6%

SERVICE DELIVERY					
		Unavailability of services		Unavailability of berths	
		Target 2019-20	Results	Target 2019-20	Results
INNER HARBOUR - container ships					
	Total vessels affected	Less than 1%	0.2%	Less than 12%	4.1%
	Average hours per delay	Less than 5	16.3	Less than 20	18.7
KWINANA BULK TERMINAL					
	Total vessels affected	Less than 1%	0	Less than 40%	63.3%
	Average hours per delay	Less than 5	0	Less than 120	71.4
KWINANA BULK JETTY					
	Total vessels affected	Less than 2%	2.1%	Less than 25%	50.0%
	Average hours per delay	Less than 5	55.6	Less than 50	98

CUSTOMER SATISFACTION		
Customers satisfied	Target 2019-20	Results
<p>Degree to which shipping line customers satisfied with Fremantle Ports services</p> 	Maintain at least 80% to 90% overall customer satisfaction with agents/ shipping lines	86% of shipping line customers satisfied with services provided by Fremantle Ports, based on a shipping line/agent survey

BEST PRACTICE ENVIRONMENTAL, SAFETY AND OTHER BUSINESS SYSTEMS		
Certification to international environmental, safety and quality standards maintained	Target 2019-20	Results
<p>Certifications achieved or maintained</p> 	Continue to comply with ISO 9001, ISO 14001 and ISO 45001, and continuous improvement of our environmental, safety and quality management systems	Certification to ISO 9001, ISO 14001 and ISO 45001
Lost time injuries	0	5
Lost time injury frequency rate	2.6	6.4

SOCIAL		
Community satisfaction	Target 2019-20	Results
<p>Degree to which community satisfied with Fremantle Ports</p> 	70% overall satisfaction	<p>Inner Harbour 64% overall satisfaction</p> <p>Outer Harbour 66% overall satisfaction</p> <p>Support of Inner Harbour as a busy working port 72%</p>
<p>Actions on complaints and suggestions</p> 	Follow up all complaints and continue to implement improvement opportunities	100% of 63 complaints received logged and followed up until no further action required.

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, recording an operating profit before tax of \$66.1 million and a rate of return of 10.1 per cent, both closely aligned to 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 \$43.2 million were made during the year, comprising tax equivalents, dividends, other taxes and fees.

Fremantle Ports continues to focus on expenditure control initiatives and well-governed procurement practices. Procurement and contract management practices continue to be reviewed, and 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 life cycle.



A stable container trade contributed to positive financial results

VALUE OF TRADE THROUGH FREMANTLE PORTS 2019-20

Value by Time	\$
per hour	\$3,552,904
per minute	\$59,215
per second	\$987

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 efficient infrastructure and services at the most competitive price possible.

DELEGATED AUTHORISATIONS

The Board approved a revised Delegated Authorisations policy and associated matrix. The policy is a requirement under the *Port Authorities Act 1999* and applies to all members of staff and persons engaged by, and subject to, the directions of Fremantle Ports.

Delegated authorisations are central to the governance of an organisation and a cornerstone of accountability, setting out which roles have authority to make various decisions. The revised policy and matrix changed existing financial approvals and delegations across the organisation and reflected improvements made during 2019-20 to procurement and payment processes. The new delegated authorisations came into effect on 1 August 2020.

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.

STAKEHOLDER RELATIONSHIP ENGAGEMENT

Fremantle Ports completed the introduction of a new approach and plan for effective stakeholder relationship engagement. The objective was strengthening relationships with strategic partners, by building better communication and emphasising genuine constructive and proactive dialogue about common issues. Stakeholders were allocated relationship managers within Fremantle Ports, who were encouraged to fully understand those partners' needs and expectations, while considering Fremantle Ports' own objectives. Through this systemised approach, relationship managers are provided with advice and support to undertake this role effectively.

This year, Fremantle Ports' customer survey found 86 per cent of shipping line customers were satisfied or very satisfied with our services, a stable result compared with the previous year's result of 88 per cent.

Fremantle Ports initiated a forum for Kwinana Bulk Jetty customers and held regular customer forums for Kwinana Bulk Terminal industry partners. We continued to play a key facilitating role for the Inner Harbour-focused Port Operations Task Force. During the response to COVID-19, we initiated a valuable Port

Ecosystem Group, which became a major communications hub for stevedores, logistics firms and others in the port community to share information and fine-tune their responses to challenges brought about by the pandemic.

BUILDING TRADE OPPORTUNITIES

Puma Energy is well advanced in its project to construct a significant fuel storage facility at Kwinana Bulk Jetty, which is expected to be operational in the first quarter of 2022. The facility will import fuel through KBJ via a new pipeline under construction and an existing Fremantle Ports pipeline. The refined fuel will be imported directly from overseas and will supply a range of fuel providers. Fremantle Ports also engaged with Puma and others to develop a model of KBJ to help inform assessments of proposals to construct additional pipelines to support new trades, such as caustic soda, which would in turn support the lithium industry.

Shipping Line ANL CMA/CGM established a regular west-east coastal shipping service, connecting Fremantle with Sydney and Brisbane. This initiative demonstrated how coastal trade can work to support the Australian economy and reduce the impact of the supply chain on Australian roads and the environment.

Fremantle Ports was a finalist in the category of Best Seaport in Oceania, in the Asia Cargo News Asian Freight, Logistics and Supply Chain (AFLAS) Awards.

ASSETS AND INFRASTRUCTURE

A range of asset improvement projects were progressed during the year to improve the effectiveness, efficiency of assets and, in some cases, extend their operable life-spans. Combined, these works assist Fremantle Ports and its customers and stakeholders to operate more effectively.

KWINANA BULK TERMINAL RAIL SIDING IMPROVEMENTS

In a complex and large shutdown, the turnout at the junction of the main line and the Fremantle Ports rail siding was replaced. The former turnout was on timber bearers and had reached the end of its design life. The new turnout is a heavier-specification (60kg) rail on concrete bearers and has a design life of 25 years.



The new 60kg mixed-gauge turnout

KWINANA BULK TERMINAL IMPORT STACKER

Major structural repairs were completed on the terminal's import stacker, addressing stiffening of the counterweight boom, back stay pendent, top wire sheave mounts and lower counterweight. These works were required to ensure that the machine complies to updated Australian Standard design codes. In this project, the opportunity was taken to complete additional repairs while access was available. Further works were scheduled for 2020-21.



Replacement of the import stacker back stay pendent

KWINANA BULK TERMINAL GUARDING

Additional guarding was fabricated and installed for all site conveyors. Jetty conveyors had guards completed along all return rollers and additional fencing and barricading installed, making operations safer. Further works were planned and budgeted for, to upgrade other conveyors on-site in future.

VICTORIA QUAY ROAD ENHANCEMENTS

An important section of Peter Hughes Drive on Victoria Quay, between D Shed and the Fremantle Passenger Terminal, was widened to improve the safety of traffic movements at this location. The works will allow for safer and more efficient transit of tourist coaches and car-carriers.



Peter Hughes Drive was realigned for efficiency and safety

SHEET PILE WORKS

Plans were developed and approved to undertake sheet pile remedial works on Victoria Quay, at berths A, B and C. The sheet pile walls, which are a component of the total wharf structure, were constructed in the 1930s and are approaching the end of their useful life. These works will be undertaken in the first quarter of 2020-21.

SAFETY IMPROVEMENTS AT PORT BEACH

Concerns about the safety of pedestrians and cyclists adjacent to port land at the northern end of Port Beach Road in North Fremantle were addressed, through the installation of perimeter fencing around a 400m stretch of road. The sandy surface of the northern portion of the site was also treated to control wind-driven dust.



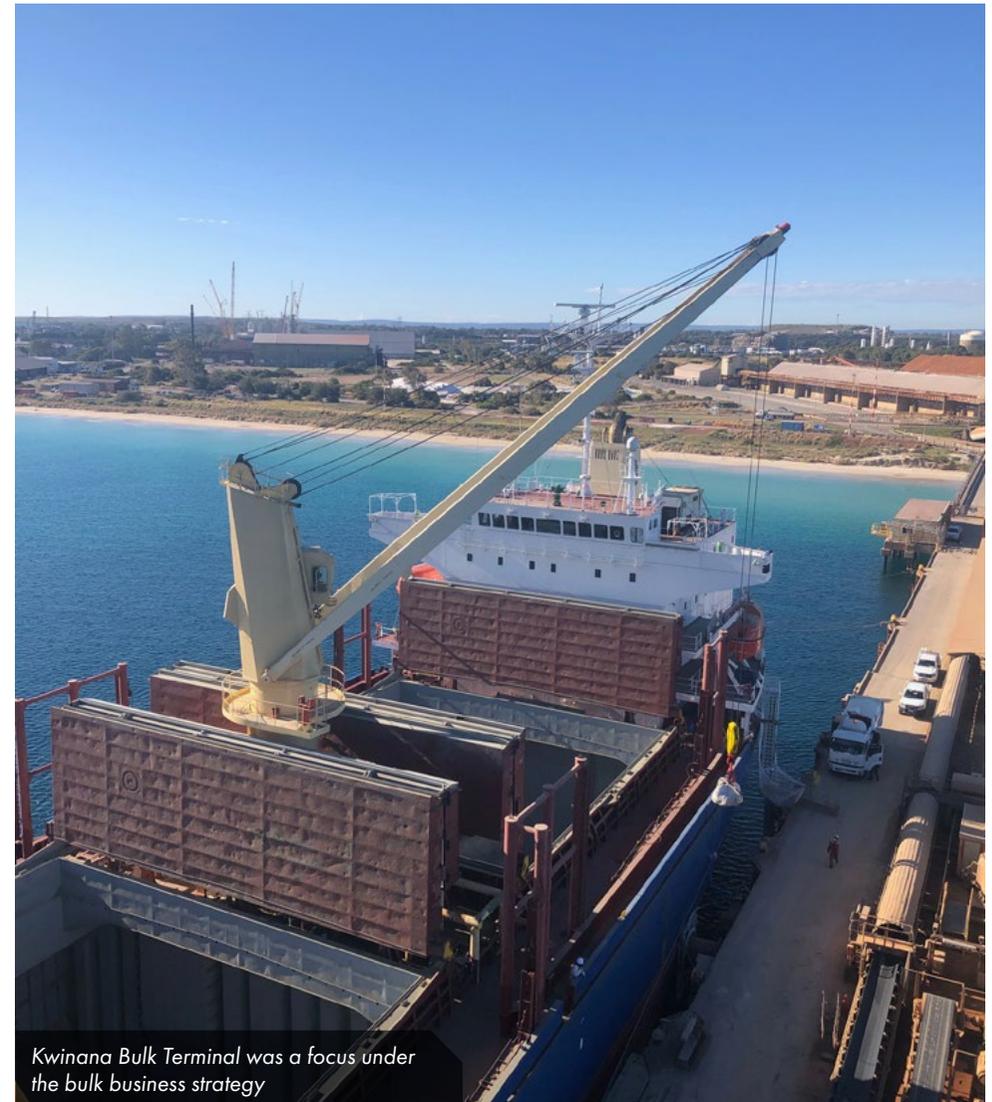
Land on Port Beach Road was fenced, to aid pedestrian safety.

WATER MAIN REFURBISHMENT

Victoria Quay was impacted by essential Water Corporation works to upgrade Fremantle subterranean main pipes. The upgrade east of E Shed was required to ensure main drains meet Water Corporation operating licence conditions and are suitable to convey peak flows during major storm events. Further works are scheduled for the Cliff Street area of Victoria Quay in 2021.

Other capital projects included:

- ◆ development of a business case and subsequent approvals of A Shed foundation remediation and Victoria Quay sheet piling renewal works in preparation for the heritage shed's transformation;
- ◆ detailed electrical design, business case development and approval for Kwinana Bulk Terminal's high-voltage system renewal program;
- ◆ preliminary design and business case development to renew the Kwinana Bulk Terminal clinker import circuit, resulting in successful state capital budget approval;
- ◆ completion of a feasibility study for the proposed new unloader/loader replacement for Kwinana Bulk Terminal.

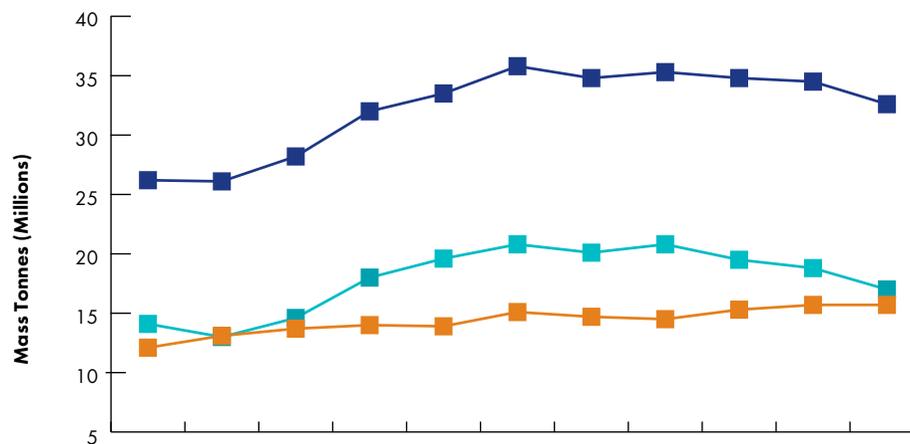


Kwinana Bulk Terminal was a focus under the bulk business strategy

TRADE

TRADE OUTCOMES

Total Port Trade



	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20
Imports	12.1	13.1	13.7	14.0	13.9	15.1	14.7	14.5	15.3	15.7	15.7
Exports	14.1	13.0	14.6	18.0	19.6	20.8	20.1	20.8	19.5	18.8	17.0
Total	26.2	26.1	28.2	32.0	33.5	35.8	34.8	35.3	34.8	34.5	32.6

TOTAL TRADE

Total port trade in 2019-20 decreased by 5.3 per cent to 32.66 million tonnes, 1.84 million tonnes down compared with the previous fiscal year. This was predominantly due to the decline of bulk grain exports and bulk crude petroleum imports.

IMPORTS

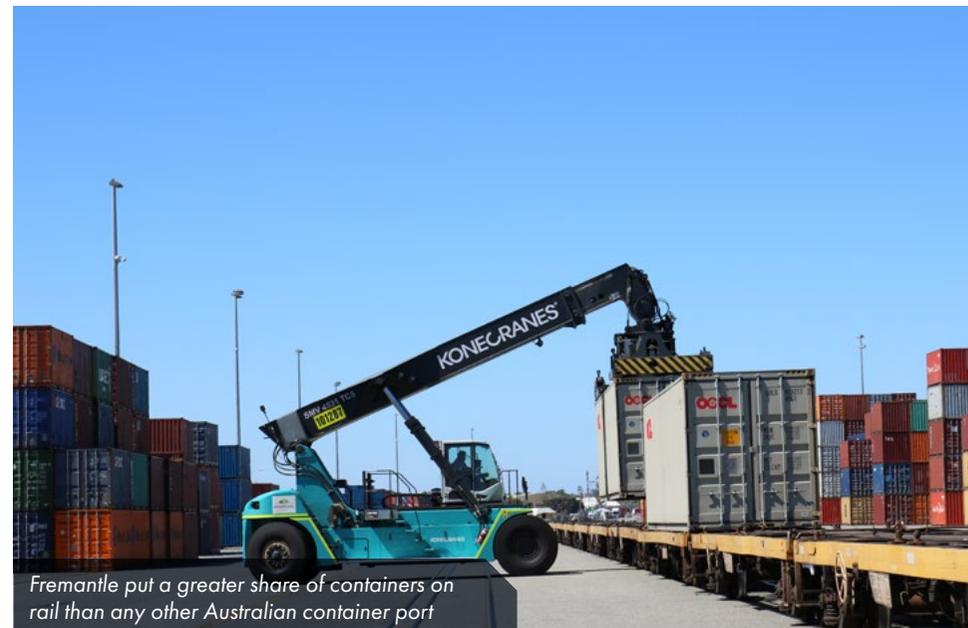
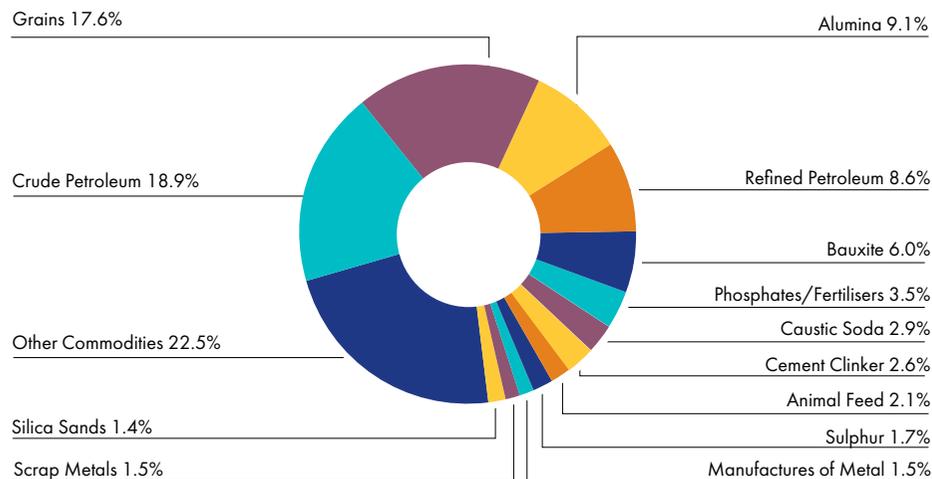
Total imports in 2019-20 increased marginally by 8,071 tonnes or 0.1 per cent compared with the previous financial year. Despite the decrease of crude petroleum by 7.2 per cent or 0.5 million tonnes, the strengthening of other major commodities such as urea, metal products and refined petroleum helped to produce a positive outcome for total imports. In the Outer Harbour imports decreased by 0.13 million tonnes or -1.1 per cent compared to 2018-19. In the Inner Harbour total imports increased by 0.14 million tonnes or 3.4 per cent.

EXPORTS

Total exports in 2019-20 decreased by 1.85 million tonnes or 9.8 per cent compared with the same period last year. This decrease was mainly due to shipments at CBH Kwinana decreasing by 1.35 million tonnes or 21.7 per cent. Inner Harbour exports decreased by 0.41 million tonnes or 8.5 per cent due to a fall in container trade.

Principal Commodities

2019-20 % of Total Trade (Mass Tonnes)



Fremantle put a greater share of containers on rail than any other Australian container port

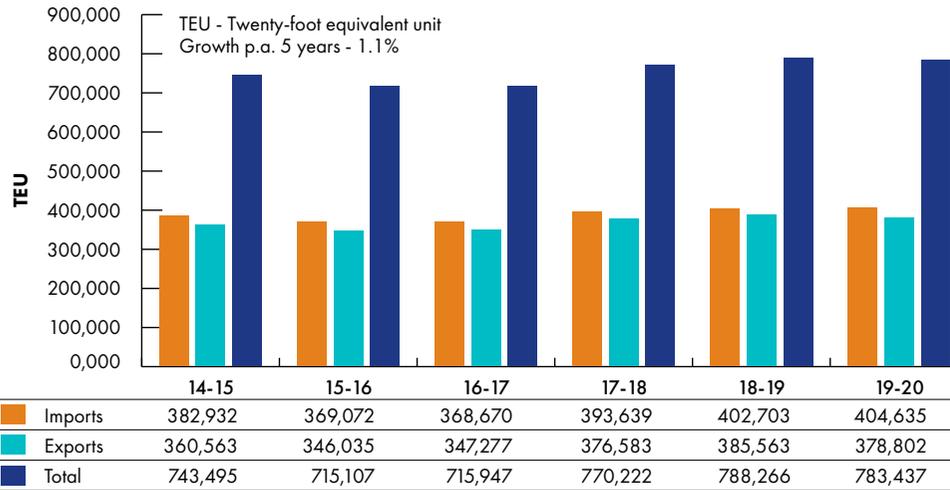
CONTAINER TRADE

When compared with 2018-19:

- ◆ Total container trade decreased by 0.6 per cent or 4,829 TEU. Exports decreased by 1.8 per cent and imports increased 0.5 per cent.
- ◆ Total full container trade decreased by 1.9 per cent or 11,887 TEU. Full container exports decreased by 8.5 per cent and full imports increased by 2.8 per cent.
- ◆ Empty container exports increased by 12.3 per cent and empty imports decreased by 20.7 per cent.
- ◆ Coastal container throughput decreased by 6.6 per cent or 7,360 TEU. Coastal full container throughput totalled 75,054 TEU, a diminutive decrease of 2 TEU. Coastal empty container throughput decreased by 7,358 TEU or 20.5 per cent.

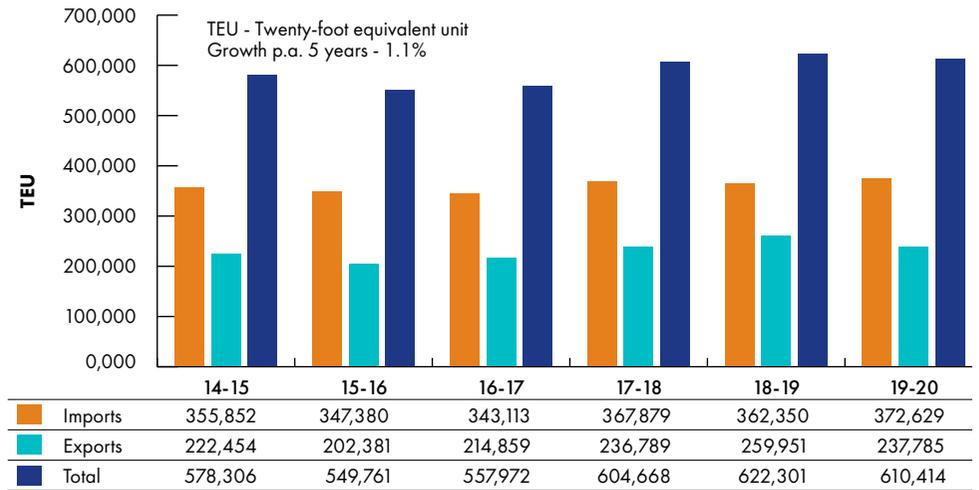
Total Container Trade

2014-15 to 2019-20



Full Container Trade

2014-15 to 2019-20



TOP TEN CONTAINER TRADING PARTNERS

Total Full Container Trade (TEU)

COUNTRY	2018-19	2019-20
China	179,186	182,257
Australia (coastal trade)	74,618	75,010
Japan	35,976	36,247
Malaysia	34,935	30,748
South Korea	29,451	30,714
Thailand	29,177	27,692
India	20,251	22,342
Indonesia	23,973	22,324
Vietnam	23,940	20,663
Singapore ¹	17,340	18,114
Top 10 Countries percentage of Full Container Trade	75.5%	76.4%

Excludes all trans-shipment and empty containers

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

BREAK-BULK CARGO

The total throughput of break-bulk cargo in the Inner Harbour 2019-20 was 802,385 mass tonnes, a decrease of 5.6 per cent compared with the previous year. Imports decreased by 2.0 per cent mainly due new motor vehicles. Exports decreased by 10.3 per cent compared with last year, mainly due to the decrease in scrap metal.

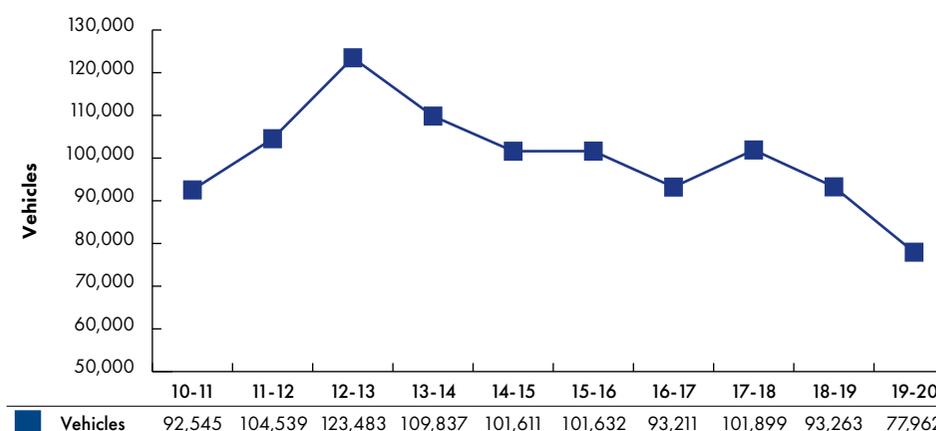
MOTOR VEHICLE IMPORTS

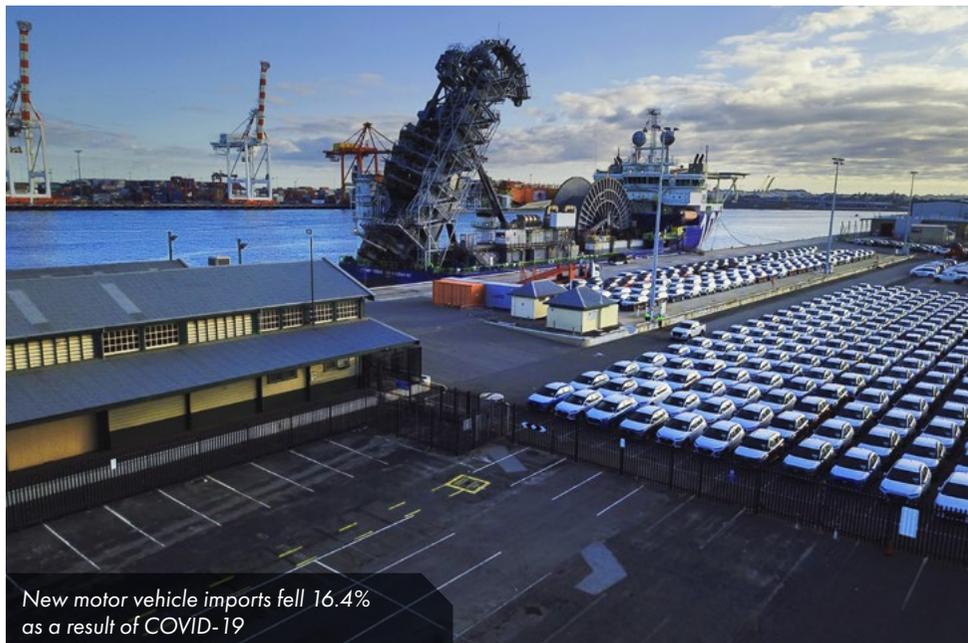
The total import in 2019-20 of new motor vehicles was 77,962 units, a decrease of 15,301 units or 16.4 per cent. The combined total of vehicles imported from Japan, Thailand and South Korea accounted for 79.0 per cent of total imports, all of which encountered a decline in units by 2,348 (7.2%), 7,810 (28.6%) and 2,140 (15.6%) respectively.

Imports from India increased significantly, by 492 units or 321.6 per cent, while Chinese imports increased by 325 units or 74.2 per cent.

New Motor Vehicles - Imports

2010-11 to 2019-20





New motor vehicle imports fell 16.4% as a result of COVID-19

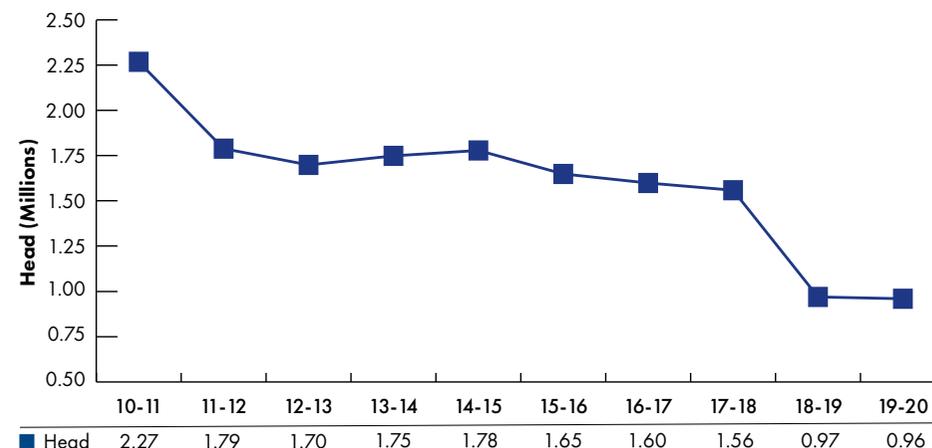
LIVE SHEEP EXPORTS

Exports of live sheep totalled 0.96 million head and accounted for 98.0 per cent of Australia’s live sheep exports. Trade with the Middle East was responsible for 99.2 per cent of exports from Fremantle, though exports fell slightly by 3,305 head or 0.3 percent when compared to last

year. Exports to Kuwait, the largest market for live sheep in 2019-20 increased by 21,880 head or 5.9 per cent. The shipment of live sheep to Israel declined by 8.3 per cent or 25,465 head and exports to Oman increased by 157.0 per cent or 23,212 head.

Live Sheep Exports

2010-11 to 2019-20



LIVE CATTLE EXPORTS

Live cattle exports totalled 157,816 head, an increase of 20,747 head or 15.1 per cent compared with 2018-19. Trade with Vietnam increased by 16,174 head or 62.4 per cent and Indonesia increased by 8,695 head or 76.2 per cent. Exports to Israel declined by 17,815 head or 23.8 per cent.

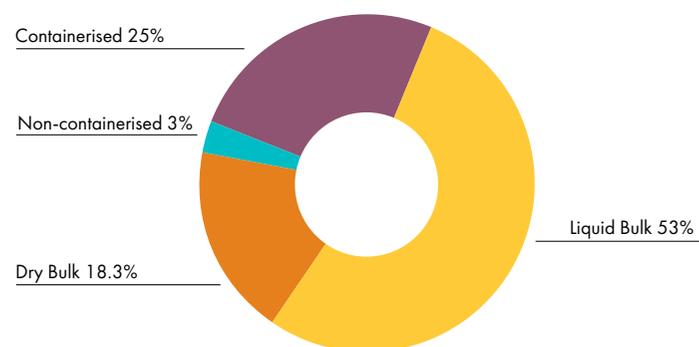
BULK CARGO

Bulk cargo contributed 23.8 million mass tonnes or 73.0 per cent of total port trade in 2019-20. Bulk exports decreased by 1.43 million tonnes or 10.3 per cent and imports decreased by 0.25 million tonnes or 2.0 per cent. Fremantle Ports' principal bulk cargo, petroleum products decreased to 8.83 million mass tonnes in 2019-20, a fall of 3.6 per cent or 0.33 million tonnes when compared with the same period last year. Refined petroleum exports were down by 0.08 million tonnes or 4.0 per cent and imports rose by 0.23 million tonnes or 49.1 per cent. Crude petroleum imports reduced to 6.1 million tonnes in 2019-20, down by 0.48 million tonnes or 7.2 per cent. The top five bulk exports were wheat, alumina, refined petroleum, bauxite and barley which accounted for 89.3 per cent of total bulk exports. The major decreases by export commodities are wheat by 0.77 million tonnes or 20.3 per cent and barley by 0.49 million tonnes or 27.5 per cent.

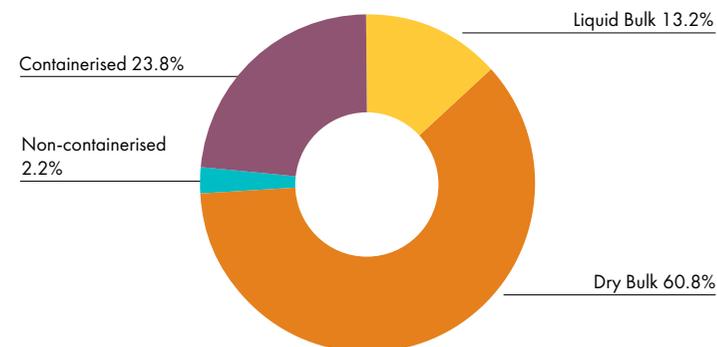
Total trade at the Kwinana Bulk Jetty (KBJ) increased by 78,683 tonnes to 3.1 million tonnes in 2019-20 primarily due to the import of urea increasing by 0.12 million tonnes or 43.0 per cent. The total trade throughput at the Kwinana Bulk Terminal (KBT) decreased by 0.15 million tonnes or 4.5 per cent to 3.2 million tonnes. This was solely due to the cessation of spodumene (lithium) exports.

TRADE BY CARGO CLASS (MASS TONNES)		
Cargo	Imports	Exports
Liquid Bulk	8,333,226	2,233,184
Dry Bulk	2,940,962	10,315,303
Non - Containerised	546,371	374,180
Containerised	3,870,314	4,035,191
Total	15,690,873	16,957,858

Trade by Cargo Class - Imports
2019-20 (Mass Tonnes)



Trade by Cargo Class - Exports
2019-20 (Mass Tonnes)



MAJOR OVERSEAS TRADING REGIONS

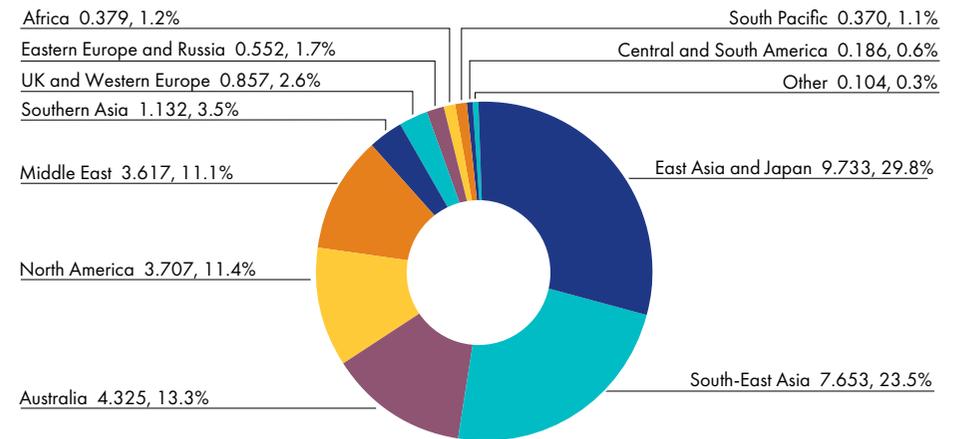
In 2019-20, trade with Asia totalled 18.5 million tonnes which accounted for 56.7 per cent of total port trade. Trade with Asia decreased by 0.33 million tonnes or 1.8 per cent in 2019/20 when compared with 2018/19. Trade with East Asia increased by 0.69 million tonnes or 7.6 per cent mainly due to bulk alumina exports to China rising by 0.52 million tonnes or 328.3 per cent.

Trade with South East Asia decreased by 1.0 million tonnes or 11.9 per cent. Bulk exports of wheat to the Philippines declined by 0.48 million tonnes or 46.2 per cent and bulk crude petroleum imports from Malaysia decreased by 0.76 million tonnes or 37.1 per cent. Trade with North America increased by 2.1 million tonnes or 126.2 per cent purely due to crude petroleum imports from the USA growing from 0.4 million tonnes in 2018-19 to 2.5 million tonnes 2019-20.

Middle Eastern trade declined by 1.6 million tonnes or 30.2 per cent predominantly due to the fall in crude petroleum by 1.3 million tonnes or 47.8 per cent and trade with Western Europe decreased by 0.3 million tonnes or 26.0 per cent, primarily due to a decline in alumina and 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 of Statistical Information.

Principal Areas of Trade 2019-20 Mass Tonnes (Millions)



TRADE OUTLOOK

Despite the impact on COVID-19 on container trade, full container imports remained above last year figures. Full container exports declined significantly by 8.5 per cent, however containerised wheat being the major contributor, falling 40 per cent as exports returned to the eastern states due to the end of drought.

The last quarter of the financial year was impacted most heavily by the pandemic, particularly the month of May where total container trade fell by 12,001 TEU or 17.5 per cent. As the result of the uncertainty COVID-19 will have on container trade in 2020-21, a 10 per cent decrease is forecast.

The importation of new motor vehicles declined by 16.4 per cent to 77,962 in 2019-20. In the last quarter of 2019/20 imports plummeted by 34 per cent due to COVID-19 and imports in 2020-21 are forecast to further decline.

Live sheep exports in 2019-20 remained at similar levels to last year and are forecast to maintain into 2020-21. Live cattle exports increased in 2019-20 though, as the pandemic continues to evolve and demands soften, exports in 2020-21 are forecast to decline by 15 per cent.

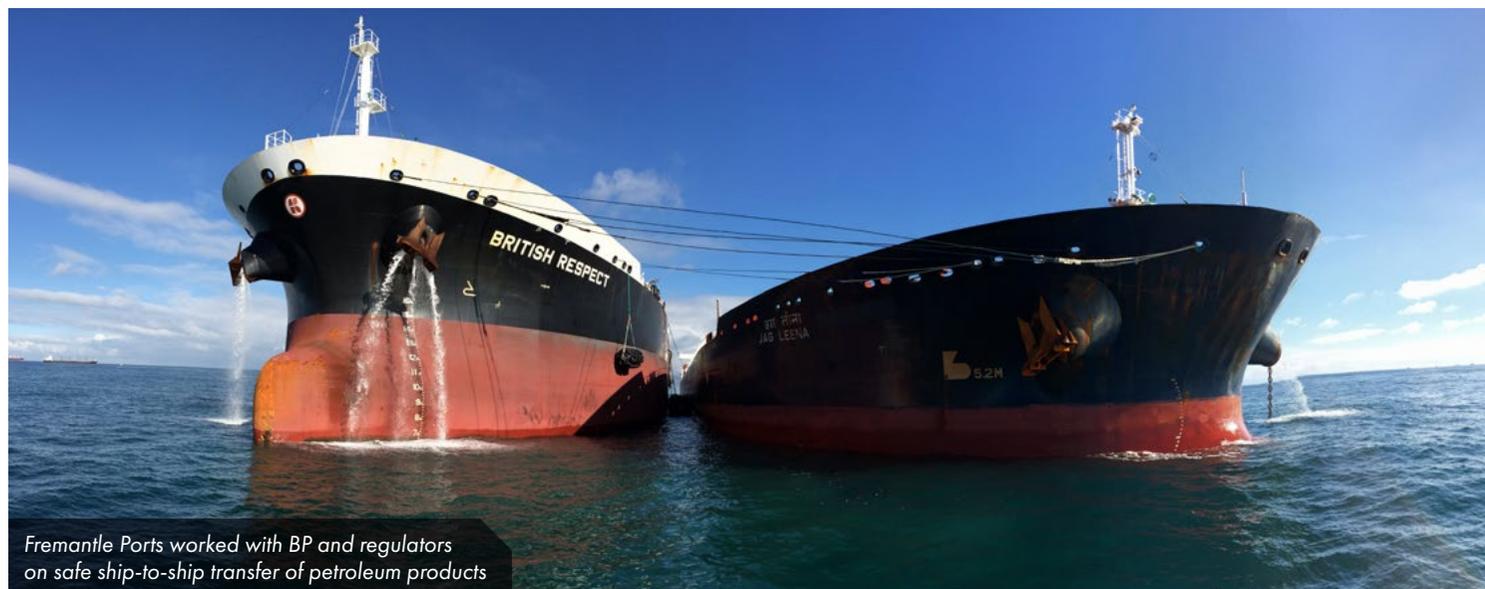
Bulk cargo tonnages at Fremantle Ports'

Kwinana Bulk Jetty and Kwinana Bulk Terminal represent 26.1 per cent of total bulk cargo volumes through the Port of Fremantle. The throughput of cargo in 2020-21 at Kwinana Bulk Jetty is forecast to decline by 34.8 per cent to 2.0 million tonnes. Total trade throughput at Kwinana Bulk terminal is expected to increase between 25 to 35 per cent in 2020-21 mainly due to silica sand exports. Total private jetty throughput totalled 17.5 million tonnes in 2019-20, which represented 53.4 per cent of total port trade.

Petroleum products handled through BP facilities are Fremantle Port's major bulk commodity and forecast to decline, due to lower demand for certain fuel types such as aviation fuel, which has been severely impacted by COVID-19. Alcoa alumina exports are expected to remain at similar levels as last year, as are imports of caustic soda.

Exports of grain at the CBH Group jetty in 2019-20 totalled 4.9 million tonnes. Wheat exports decreased by 20.3 per cent to 3.0 million tonnes and barley decreased by 27.5 per cent to

1.3 million tonnes. The fall in grain exports is generally attributable to reasons other than COVID-19, in the main lower yields due to seasonal weather conditions. More favourable growing conditions have been forecast for 2020-21 and grain yields are expected to increase, however, exports depend on international markets conditions and how Western Australia responds to COVID-19.



Fremantle Ports worked with BP and regulators on safe ship-to-ship transfer of petroleum products

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 has been supporting its local communities for a long time. In November 2019, the Lucy Saw Centre Association celebrated 40 years of service. The association helps to empower women and children to live free from family and domestic violence. In its early years, Fremantle Ports provided the association with premises at Kwinana Beach virtually rent free. Now, the association is a leading service agency running refuges in Rockingham and Fremantle and outreach services over a widespread geographical area.

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

Fremantle Ports engaged the community this year using a variety of communication channels, including electronic newsletters and social media, public events, media liaison, community meetings, face to face engagement and through its community investment and education programs.



The independently-chaired Inner Harbour Community Liaison Group met four times during the year, where Fremantle Ports shared information about its activities and plans with community group representatives. Group members were then able to relay this material back to their organisations' memberships.

The support of, and engagement with, the community by Fremantle Ports reflects our priorities and values, as well as communities' own priorities, as identified through annual surveying and consultation.

COMMUNITY INVESTMENT

Fremantle Ports sponsors a wide range of organisations and initiatives locally, through its Community Investment Program.

This year, Fremantle Ports committed \$10,000 to St Patrick’s Community Support Centre’s ‘Doorstep Dinners’ pilot program, designed to support the growing food relief emergency created by the COVID-19 pandemic. Doorstep Dinners simultaneously boosted Fremantle’s hospitality sector at a time when it was most needed, through local food outlets providing the meals at cost, helping them in turn to sustain employment.

An engaging art activity was supported at Coogee Live that shone a light on child and adolescent mental health. Well-known indigenous artist Kevin Bynder worked with festivalgoers to paint a dolphin sculpture over the festival weekend in March. Fremantle Ports later donated the painted dolphin to Hillman Primary School in Kwinana.

Fremantle Ports contributed \$3,000 towards much-needed equipment: a new computer and projector system to support the Fremantle Camera Club’s education presentations. Photography was also supported through the 2019 Fremantle International Portrait Prize. The competition attracted 1850 photographs and raised money for two charities.

In November/December, Fremantle Ports proudly sponsored the main stage at the George Street Festival in East Fremantle, the People’s Choice Award at the Castaways Sculpture Awards in Rockingham, and the Kwinana Summer Symphony at Calista Oval. Fremantle Chamber Orchestra was supported to perform at B Shed in November.

The Fremantle Ports Swim Thru open-water swimming event was again supported at South Beach in December. For the first time, the event was held single-use plastic free, aligning with our priority of environmental sustainability. Fremantle Ports was also a major event partner for the Cockburn Christmas 10K Swim at Coogee Beach in December. The Fremantle Ports 10km Challenge (Solo) is Perth’s only full paddler-accompanied 10km ocean swim.

Fremantle Ports sponsored a major installation artwork for Sculptures at Bathers 2020, in Fremantle. Called *Seawall Bunker*, this giant sandbag structure on Bathers’ Beach encouraged reflection upon climate change and the connection between Nyoongar people and the Arthur Head coastal area. Fremantle Ports volunteers assisted artist Bruce Abbott with the creation of this installation.

Container - the Box that Changed the World was an interactive, solar-powered

exhibition from the Australian National Maritime Museum, presented by the WA Museum in partnership with Fremantle Ports and the Freight and Logistics Council of WA. The exhibition was housed in six colourful sea containers placed across Victoria Quay for five months.

Fremantle Ports threw its full weight behind the Fremantle Biennale’s *Undercurrent 19* program, with many of the Biennale art-in-place events occurring around the Fremantle Inner Harbour. We were a major sponsor of the Biennale, having worked steadily for months with organisers to plan at least five significant events in the program in the Victoria Quay precinct.

Other sponsorships included sponsoring the 1pm daily cannon-firing ceremony at the Round House, WA’s oldest remaining public building. The support was part of a new partnership between Fremantle Ports and the Fremantle Volunteer Heritage Guides Association (FVHGA), which provides daily tours and other tourism activities at the historic Round House.

The Hilton Harvest Community Garden was assisted with its weekend of 10th anniversary workshops and celebratory events.



The place activation strategies on Victoria Quay included a highly-popular Christmas family carnival



Winter donations for Fremantle's homeless



Port staff assisting Native Arc at their wildlife rehabilitation centre

VOLUNTEERING AND WORKPLACE GIVING

The WAVE (Workplace Altruism Volunteering Employee) Program continued to enable staff to volunteer and donate to charities to make a collective difference in our community. Fremantle Ports matches any funds raised up to \$10,000.

In 2019-20, more than \$18,000 was donated to our charitable partners Freo Street Doctor (\$9,617) and Guide Dogs WA (\$8,473).

Staff participated in several successful volunteering days to support organisations such as Native ARC, the Fremantle Biennale, Clean Up Australia Day 2020 and Sculptures at Bathers 2020. WAVE volunteers also coordinated 'Winter Warmer' and toiletry drives for Freo Street Doctor and continued the tradition of packing and donating Christmas food hampers for St Patrick's Community Support Centre.

Staff recently chose Native ARC and the Fremantle Foundation's WA Relief and Recovery Fund: COVID-19 as the two new WAVE charity partners for 2020-21.



Comet Bay Primary School art students were beneficiaries of Fremantle Ports' community investment program this year.

EDUCATION

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.

Funding for the Naragebup Rockingham Regional Environmental Centre enabled

the centre to hold a fantastic seven-week after-school program on Thursdays for 19 primary-aged students. Students had hands-on experience of native animals and learnt about the natural environment.

East Fremantle Primary School students had an added incentive to return to school in 2020 with a new nature playground, part-funded by Fremantle Ports.



Staff took part in constructing the Sculpture at Bathers art installation, Seawall Bunker



Through our education program, school students learned about the maritime industry

PORT EVENTS

Fremantle Ports' principal public event, Maritime Day on Victoria Quay, attracted an estimated 10,000 people in November. This event involved many other maritime industry stakeholders, schools and community groups with exhibits throughout B Shed, across Victoria Quay and on the water, including submarine HMAS Sheean berthed alongside.

To further activate Victoria Quay as a 'people place', Fremantle Ports conducted its second Quay to Summer place-activation program between December and March. The Quay to Summer 2019-20 series included the Victoria Quay Christmas Carnival on 7 December, the Victoria Quay Movie Marathon (over seven nights in January), the Victoria Quay Traders Market on 1 February, and the Victoria Quay Food Truck Sundays (three Sundays in February). All events were well attended and popular with the community.

A new event was introduced which proved very popular with the community. Port Walks were held on two Sunday mornings in August. Members of the public were invited to walk around Victoria Quay, stopping at various locations to hear staff talk on topics such as port history, landside logistics, port operations, environment and engineering. Morning tea was also

provided. Each time, the 100 places were oversubscribed. More Port Walks were planned for March and May 2020 but cancelled due to the COVID-19 pandemic. Port Walks will resume in 2020-21.

Perth Symphony Orchestra's Sound & Waves concert scheduled for 25 March at B Shed was also cancelled due to COVID-19 but is expected to be rescheduled and again supported by Fremantle Ports.

The first Paint the Port Community Day scheduled for 14 March was cancelled due to COVID-19 but judging still occurred behind closed doors and six prizes awarded as people had already entered photographs, paintings and drawings before the event.

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

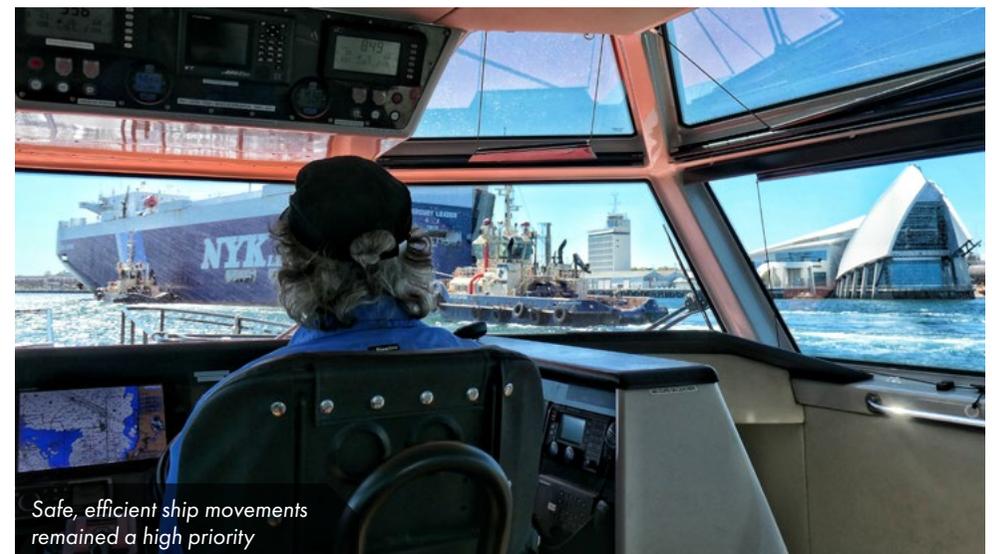
During the year Fremantle Ports continued to provide input to the State Government's Westport Taskforce in their examination of future port and associated supply chain needs for Western Australia. The taskforce completed its work during the year and presented its findings to the State Government.

Based on the taskforce's findings, two options were identified for the future, which the State Government has indicated will now be the subject of close examination to determine which option shall be progressed.

The first option is the existing Inner Harbour sharing the container trade task with a new port in Kwinana for a period of time. The second option is a full transition to a new container port in Kwinana in one move. Future planning will take into account the full range of considerations, including the needs of industry and the community, environmental impacts, planning, cost, financing, commercial strategies and optimising the supply chain. Fremantle Ports will continue to contribute its knowledge, expertise and experience, to deliver long-term certainty and security to stakeholders and ensure the ongoing facilitation of trade.



Cunard liner Queen Mary II departing Fremantle in January



Safe, efficient ship movements remained a high priority

CONTAINER TERMINAL LEASES

Fremantle Ports continued negotiations with DP World and Patrick towards completion of new leases and operating agreements for the container terminals on North Quay. There were delays in the finalisation of these arrangements due to the impact of COVID-19 and the importance of reaching suitable arrangements that will deliver the best outcomes for the port community as a whole.

It is expected that the new arrangements will be finalised early in the new financial year.



New container terminal lease negotiations continued.

PORT ECO-SYSTEM COORDINATION GROUP

In response to issues arising in relation to the COVID-19 emergency, Fremantle Ports was quick to act in setting up a Port Eco System Coordination Group, bringing together key members of the on-port community to expedite resolution of the various logistics and port operational issues.

The Group is working collaboratively to resolve impediments to the successful delivery of road, rail and sea freight transport operations through Fremantle Port to ensure critical supply chains are maintained. The main aim was to address issues as they occurred across the network, with a focus on the port container supply chain, to minimise the impact of the COVID-19 emergency on the efficient movement of containers through the port.

The collaborative process involves direct information sharing, assisting to provide solutions to issues presented both day-to-day as well as forward planning for potential future requirements, and safeguarding the freight logistics supply chain for Western Australia's premier container port.



During COVID-19 we worked closely with logistics companies to quickly address emerging common issues.

Some of the major items progressed through the group or by Fremantle Ports include:

- ◆ providing updates from various state and national working groups, ensuring stakeholders are well informed about contemporary issues, such as border closures, road/rail freight transport exemptions and how to access them, movement of maritime crews, and a Western Roads Federation driver exchange program.
- ◆ gathering intelligence from industry on expected container volumes to predict growth or decline over the coming months.
- ◆ discussing the use of personal protective equipment (PPE) for employees, including regular updates from Western Roads Federation on the sourcing of PPE for industry.
- ◆ installing portable amenities at the Rous Head truck marshalling area for after-hours driver use.
- ◆ investigating alternative container storage options in case global trade impacts flowing from the COVID-19 crisis result in on-port congestion or excess holdings.

SUPPLY CHAIN DATA INTELLIGENCE HUB

To ensure that critical supply chains are maintained for the State, it is important that supplies are understood and prioritised to areas of greatest need. At the commencement of the COVID-19 emergency, it was recognised there was a lack of credible and coordinated information relating to supply forecasts for inbound volumes, current storage levels and future demand required to supply the WA community during the emergency period. This lack of centralised information had the potential to impede Western Australia's capacity to manage the emergency and mitigate its impacts on our community.

Based on previous work of a similar nature relating to the Fremantle Ports 3D Digital Twin and Trade Globe Data Visualisation tool, Fremantle Ports was well placed to develop a central data hub, the *Fremantle Ports' Supply Chain Data Intelligence Hub*

(Data Hub), incorporating current and future freight activity to inform Government action on an ongoing and timely basis. The Data Hub hosts the necessary data and provides past, current and projected trade volumes that can be regularly updated with data from various supply chain sources. In addition to centralising data, the project involved complex modelling and visual dashboards (including charts and heatmaps) to support informed decision making within Government.

NORTH QUAY RAIL TERMINAL AGREEMENT

Following a request-for-proposal process undertaken last year, a new management agreement for the operation of the North Quay Rail Terminal was finalised with Intermodal Link Services. This new seven-year agreement will increase operational efficiencies to facilitate growth in rail volumes and provide certainty for rail operators and customers.

RAIL PERFORMANCE

Rail transportation is a key Government priority and represents a critical element of the overall container supply chain. The share of containers transported by rail this financial year again reached the Government target of 20 per cent.

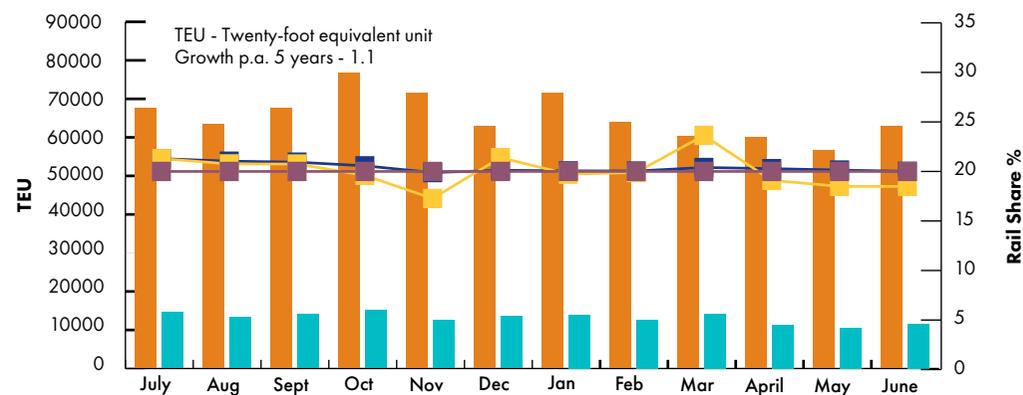
Despite the challenges faced in the latter part of this year regarding trade volumes, a new monthly record was set in October 2019 for the highest number of containers

ever handled on rail. The second-highest market share ever recorded was also seen this year, with March seeing a 24 per cent rail share.

Fremantle continues to put a greater share of containers on rail than any other of Australia's five major container ports and, last year, this resulted in around 105,000 fewer trucks on the road, reducing road congestion and increasing safety.

Monthly Rail Share

2019/2020



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June
Trade Per Month (TEU)	67,511	63,380	67,422	76,541	71,327	62,731	71,262	63,907	60,017	60,010	56,482	62,847
Rail Per Month (TEU)	14,376	13,159	13,991	15,007	12,317	13,422	14,056	12,715	14,189	11,462	10,446	11,620
Rail Share YTD %	21.29	21.04	20.94	20.57	19.89	20.12	20.06	20.04	20.40	20.28	20.14	20.01
Monthly Rail Share %	21.29	20.76	20.75	19.61	17.27	21.40	19.72	19.90	23.64	19.10	18.49	18.49
Target %	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00

SWAN RIVER CROSSING

The State and Federal Governments committed funding to the Swan River Crossings Project which will replace the existing Fremantle Traffic Bridge, constructed in 1938. The project includes construction of a new rail bridge, providing an opportunity to expand freight rail access into the port, consistent with the goal of reducing the impact of trucks on roads. The Swan River Crossing project is led by Main Roads WA, with Fremantle Ports represented on several working groups associated with the project. Environmental, heritage and geotechnical investigations and a community consultation program form part of the overall project. The construction schedule is subject to statutory and environmental approvals, though expected to take approximately two years to complete.

HIGH STREET INTERCHANGE

The High Street upgrade project commenced in early 2020, with a new roundabout to replace the existing intersection as well as other improvements between Stirling Highway and Carrington Street. The intersection changes will improve efficiency for heavy vehicles

accessing the port, and address safety concerns associated with the current intersection, including reducing the risk of truck rollovers. Fremantle Ports has provided advice and assistance to Main Roads WA on this project.

TRUCK SURVEY OUTCOMES

- ◆ Container trucks now represent just nine per cent of overall traffic on Tydemann Road and one per cent on Port Beach Road in North Fremantle.
- ◆ The number of containers being carried per loaded truck increased to 1.93 TEU, the highest level recorded during this year's survey, meaning fewer trucks are required to carry the same total number of containers, aiding efficiency and benefitting the community.
- ◆ In addition to increasing truck productivity, the growing volumes being handled via rail has resulted in growth in trade outstripping container truck growth since 2014.
- ◆ On average, trade has increased by an average of two per cent per annum, however, container truck numbers have declined by an average of four per cent per annum for the same period.



On average, trade has risen yet container truck numbers have fallen.

DIGITAL INITIATIVES

International trends have demonstrated ports of the future must be digital and innovative to remain relevant and sustainable in their activities and able to attract new business opportunities.

A key to success will be a port's synergy with adjacent smart cities and delivering integrated and optimised supply chain solutions, while at the same time minimising community and environmental impacts.

Fremantle Ports made considerable strides in developing new digital initiatives, paving the way for the development of a Smart Port Digital Platform. The platform is a decision-making tool, driven by contemporary technology, to bring together many disparate sources of information. It comprises a range of component projects, all of which are digitally-based, and currently include:

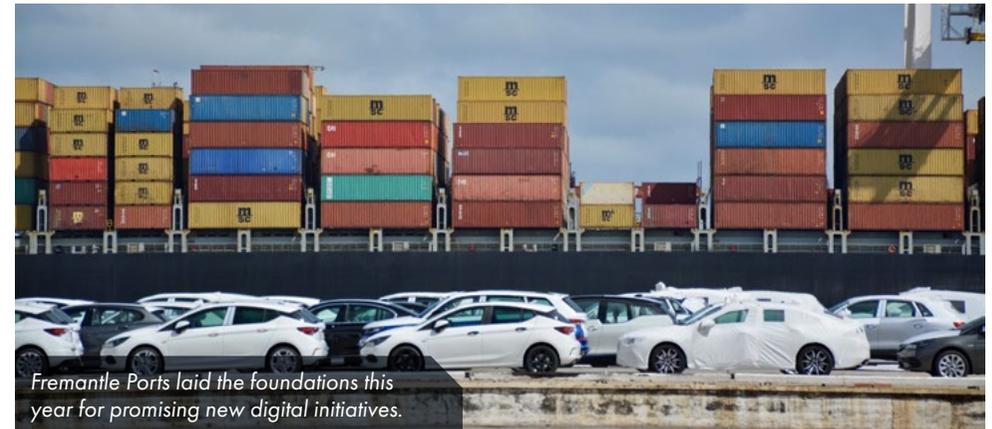
- ◆ 3D Digital Twin
- ◆ Trade Globe Data Visualisation and Prediction Tool
- ◆ Landside Logistics Activity Model
- ◆ Truck Survey Video Analytics
- ◆ Supply Chain Data Intelligence Hub.

The pandemic has heightened the need for technology, especially in the area of supply chain visibility and real-time information.

3D DIGITAL TWIN

There is much global discussion about developing digital twins in the port context. The ports of Rotterdam, Singapore, Los Angeles, and Valencia are all pursuing digital twins and in differing stages of development, predicting completion within the next five to ten years.

Fremantle Ports has developed a functioning 3D digital twin of our Inner Harbour, currently in pilot phase but progressing toward full production. Our digital twin is based on a mix of static and dynamic data sources, with the objective to capture and generate data in real-time, wherever possible, across the port and various supply chain modes. Once complete, the digital twin will enable live data visualisation on a single platform, based on real-time information. This will significantly assist Fremantle Ports in making the most informed decisions to contribute to supply chain efficiency, on and off-port, in the maritime environment and landside.



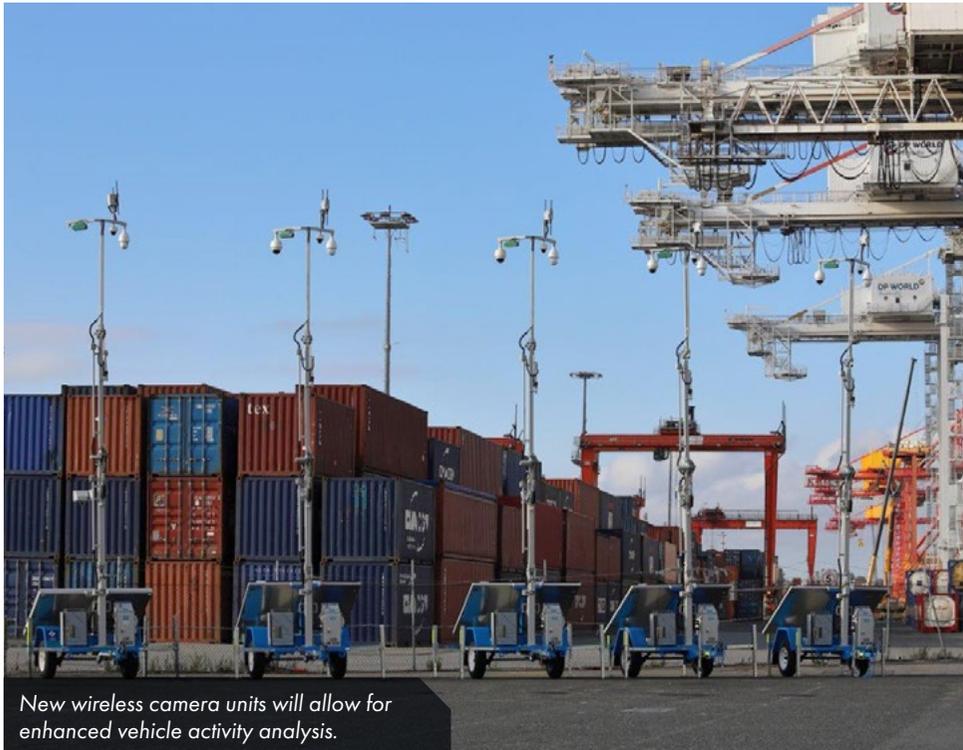
Fremantle Ports laid the foundations this year for promising new digital initiatives.

TRADE GLOBE DATA VISUALISATION AND PREDICTION TOOL

The Trade Globe enables 3D visualisation of our trade, bringing to life large data sets in an interactive and an innovative and digestible visual format. We can easily see our market reach in a geographical context, as well as in terms of volume of containers and value of bulk goods handled. We are currently working to include trade growth intelligence, using data analytics and artificial intelligence, to predict future growth or decline in commodities in the context of their origin and destinations.

LANDSIDE LOGISTICS ACTIVITY MODEL

In the context of long-term port planning and given the complexity of the port's operations, it is challenging to ensure we make the right decisions about the landside logistics activities that we allow at the Inner Harbour. We need to be sure we have adequate space for all the functions necessary to support the efficient operation of a port including container terminals, empty container parks, truck marshalling, quarantine and customs functions. Based on physics and complex mathematical equations, the Landside Logistics Activity Model enables fast and informed decision making relating to the permitted use of North Quay land to enhance Inner Harbour capacity and optimise landside logistics and port efficiency.



New wireless camera units will allow for enhanced vehicle activity analysis.

WIRELESS NETWORK CAMERA UNITS

This year, Fremantle Ports acquired trailer-mounted mobile camera units. It also became one of the first ports in the world to operationally deploy a military-grade Rajant wireless-mesh network. The Rajant network ensures continuous, remote connectivity for camera and other data transmission.

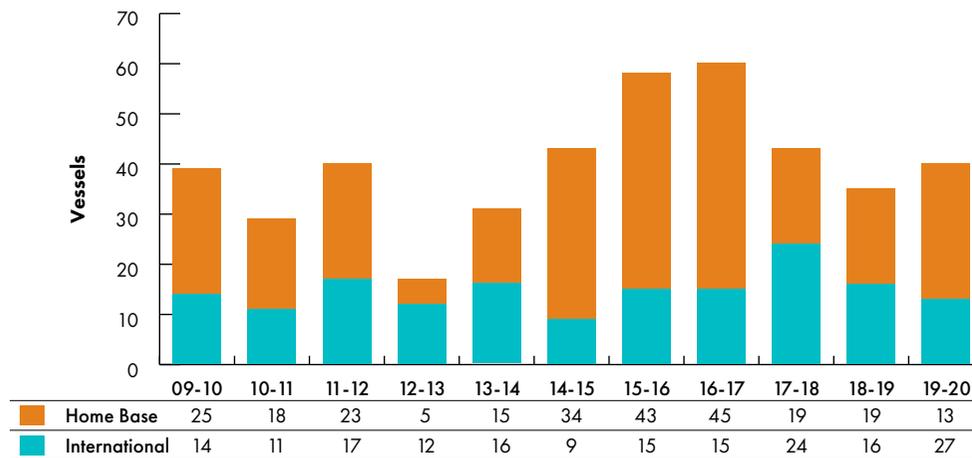
The new security system, when combined with these mobile and other fixed cameras, will provide optical character recognition and virtual geo-fencing for vehicle activity analysis, with complete deployment flexibility.

PORT TRADE COMMUNITY SYSTEM

Fremantle Ports established valuable links with the major international container visibility platform providers, including Tradelens, the Port of Rotterdam, and Optimizer. This work saw Fremantle Ports closely support the Port of Brisbane's work in exploring the development of a Trade Community System and contributed to support for the concept among several Australian ports.

The Trade Community System was postponed due to COVID-19, however a team continued work at national and international levels (Transport for New South Wales and Port of Auckland) to progress a viable, distributed ledger-based, trading platform.

Cruise Vessels visiting Fremantle Port
2009-10 to 2019-20



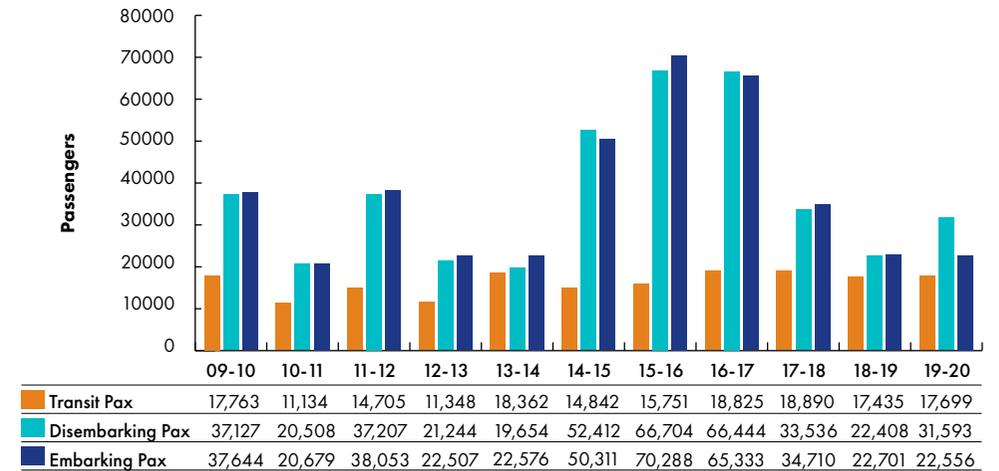
CRUISE SHIPPING

In 2019-20, there were 28 cruise ship visits scheduled which was an expected decrease from 35 the previous year. This decrease was mostly due to Astor being replaced by Vasco da Gama which can accommodate double the number of passengers as Astor. Whereas Astor made 13 visits in 2018-19, Vasco da Gama made five visits in 2019-20. However, with the COVID-19 pandemic disrupting the

cruise industry worldwide from February, Fremantle received 40 visits during the reporting period with the nature of the visits changing.

Due to ships avoiding Asian ports from February, two ships made extra visits to Fremantle: Queen Mary 2 on 18-19 February and Arcadia on 10-11 March. The remaining 10 visits in the financial year were either terminating visits (about 4,500 passengers in total disembarked)

Passengers through Fremantle Port
2009-10 to 2019-20



or no-one disembarked; no passengers embarked onto these ships. When Vasco da Gama visited 27-30 March, all passengers disembarked with local passengers sent to Rottnest Island to isolate.

The cruise ship Artania was berthed at the Fremantle Passenger Terminal from 27 March to 18 April on an unscheduled visit due to COVID-19 being onboard. As at 30 June, the Australian Government has

directed that no cruise ships are to come to Australia until 17 September 2020.

The Fremantle Passenger 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.

SAFE, AGILE AND HIGH- PERFORMING ORGANISATION

AIM:

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

OUR PEOPLE

STRATEGIC WORKFORCE PLAN

Five priority initiatives identified in the Strategic Workforce Plan were progressed through the year, overseen by the Board's Sustainability Committee:

- ◆ Employee performance and development.
- ◆ Engaged performance.
- ◆ Talent and succession planning.
- ◆ The People and Culture operating model, and
- ◆ The industrial relations strategy.

Fremantle Ports also implemented contemporary human resource practices, systems and processes, including commencement of a new operating model with a focus on performance and development management, onboarding and talent and succession planning. The focus was on modernisation of core People and Culture functions

Embedding the new approach to performance and development, including the roll-out of a new software tool, will continue to be a key focus of 2020-21. The change management and communication approach will incorporate a learning campaign structured over the year to align with the relevant business and performance cycle. The new succession planning framework was developed and implemented, with all critical roles assessed.

An online on-boarding system for new staff was introduced in readiness for use in 2020-21. Eliminating many paper processes, this will give incoming employees a more streamlined, consistent and contemporary introduction to commencing work with Fremantle Ports, while creating time-savings for staff to devote to other duties.

Fremantle Ports' review of the organisation's code of conduct commenced, involving research into, and assessment of, other similar codes adopted by government trading enterprises, public agencies and private organisations. The code will be updated and rolled out, with awareness sessions, during the next reporting period.

COVID-19

The People and Culture Branch took on unprecedented challenges in response to the pandemic, including developing and implementing new workforce policies and processes in alignment with public-sector changes, supporting staff working remotely, leading triage for employees on leave at the introduction of mandatory isolation, fielding considerable employee inquiries and ensuring a higher-than-normal level of communication to staff on issues of importance.

EMPLOYEE RELATIONS

Negotiations were finalised in February for the Marine Services Enterprise Agreement 2020, while negotiations commenced for the Bulk and General Stevedoring Enterprise Agreement and the Services Enterprise Agreement.



Our staff made donations to Guide Dogs WA through the WAVE program.

INJURY MANAGEMENT

The People and Culture team responsible for injury management made significant progress toward modernising and streamlining the workers compensation and injury management process. This included automating reporting forms and conducting awareness sessions for operational staff and leaders. The objective was to maximise effective injury management, so that employees might regain full fitness and return to work as soon as possible.

VOLUNTEERING AND DONATION PROGRAM

Fremantle Ports continued its Workplace Altruism Volunteering Employee program (WAVE), which identifies charities in the local community that will benefit from direct and in-kind donations by Fremantle Ports, including two days paid volunteer leave for employees. In 2019-20, more than \$18,000 was donated to our two nominated charitable partners, Freo Street Doctor and Guide Dogs WA. In addition, staff participated in several successful volunteering days.

WORKPLACE BEHAVIOURS

Well-received training was delivered across the organisation to more than 300 employees on workplace behaviours, focusing upon bullying, discrimination and harassment. Because of its learning value, this training incorporated the use of actors to portray challenging situations, followed by analysis and group discussion. This training generated considerable positive feedback from the workforce.

POLICY REVIEW

A review of policies in the organisation was commenced, with one objective being to ensure people-focused policies, in particular, reflect the cultural tone sought by Fremantle Ports. Better, clearer, policies are expected to build empowerment, accountability and trust within the organisation.

OCCUPATIONAL SAFETY AND HEALTH

While Fremantle Ports' occupational safety and health management system was once again re-certified as compliant with ISO 45001, the rate of safety performance improvement has slowed in recent years. An internal review identified opportunities to increase both Fremantle Ports' capability and capacity to manage its occupational safety and health risks and will reinvigorate safety performance improvement. A three-year Work Health and Safety Strategy was developed in 2019-20 with the objective of addressing key opportunities, including:

- ◆ greater alignment in accountability for operational outcomes and safety outcomes.
- ◆ improved understanding and implementation of evidence-based safety science, including human and organisational factors.
- ◆ improved management of safety-related data and information, to better support safety decision making by frontline workers, managers and executives.
- ◆ identification and reduction of 'safety clutter' (administrative and other processes with little or no safety return on investment).

The Work Health and Safety Strategy and its associated plans are scheduled to be finalised and approved for implementation before the end of 2020.

SAFETY AUDITS

SAI Global completed annual audits of our safety, environment and quality management systems in May 2020 to ensure we remained eligible to be certified to the respective international standards. The audit was completed via remote access during the COVID-19 crisis and our health and safety certification to ISO 45001 was retained and noteworthy efforts included:

- ◆ good evidence of continuous improvement since the last audits in May 2019.
- ◆ excellent change management process noted with our enablement of staff to work from home in response to COVID-19.
- ◆ impressive business continuity response to COVID-19 to minimise the risk to port operations.
- ◆ an opportunity for improvement to provide further action closure evidence cross-referencing for contractor audit corrective actions was identified and Fremantle Ports implemented the improvement during the audit period.



A Safety Team member was re-allocated to the Outer Harbour.

During 2019-20, a Safety Team member was re-allocated to the Outer Harbour to provide additional support for the health and safety management of contractors and subcontractors working at our higher risk premises of Kwinana Bulk Jetty and Kwinana Bulk Terminal.

Contractors are assessed regularly, the frequency depending on the assessed level of risk. Contractors undertaking high-risk work are audited at least once per year and those deemed lower risk audited at least once every two years.

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 ICT domain. These included:

- ◆ the creation and endorsement of a new ICT strategy which sets strategic direction for the next three years, with a focus on strengthening the foundations established and building towards the desired future state.
- ◆ progress on enterprise architecture, which continues to be developed, providing a platform that lays out ICT design and investment decision-making for the future.
- ◆ numerous systems migrated to the cloud in preparation for the decommissioning of the on-site Administration Building data centre.
- ◆ further strengthening of cyber security, including to the MSIC environment; the system is now compliant with the Australian Cyber Security Centre's Essential 8.

- ◆ upgrading of standard operating systems completed, with Fremantle Ports' desktop fleet now running Windows 10.
- ◆ a coordinated response to COVID-19 completed by ICT, resulting in the provision of equipment and facilities for our staff to work remotely and securely during the pandemic.

MARINE

MARINE SAFETY PLAN

A revised Marine Safety Plan was developed, replacing the plan in place since 2013. Due to increased container ship sizes, the introduction of ship-to-ship crude oil transfer and other changes in port operations, the document was reviewed and updated. The Marine Safety Plan is subject to regular review to ensure it remains current and relevant to operations.



Research continued into how dolphins use the Inner Harbour for foraging.

ENVIRONMENTAL MANAGEMENT

AUDIT OUTCOMES

Fremantle Ports again retained certification to international environmental standard ISO 14001:2015 following an audit of its environmental management system by compliance and risk certification consultants SAI Global. This certification has been sustained since 2001 and retained every three years since.

For the first time, in 2020 the auditor did not identify any non-conformances, acknowledged steps to effectively close gaps identified in the 2019 audits, and

also made note of Fremantle Ports' process for environmental monitoring and measurement as being industry best-practice.

Fremantle Ports also complies with legislative obligations, government policy requirements and industry codes of practice, and applies technology and innovation where possible. The port environmental management plan was reviewed and updated and outlines Fremantle Ports' environmental values, objectives and performance indicators on air and marine quality, climate change and waste. Performance reports are provided regularly to the Board's Sustainability Committee.

AIR QUALITY MONITORING

A 12-month air quality monitoring program was conducted in 2019 to measure the impacts of Inner Harbour activities on local air quality. The program measured air quality at three locations in and around the port and did not identify any detrimental impact on local air quality from port-related sources, including shipping. Fremantle Ports is currently exploring opportunities to implement a permanent air quality monitoring program.

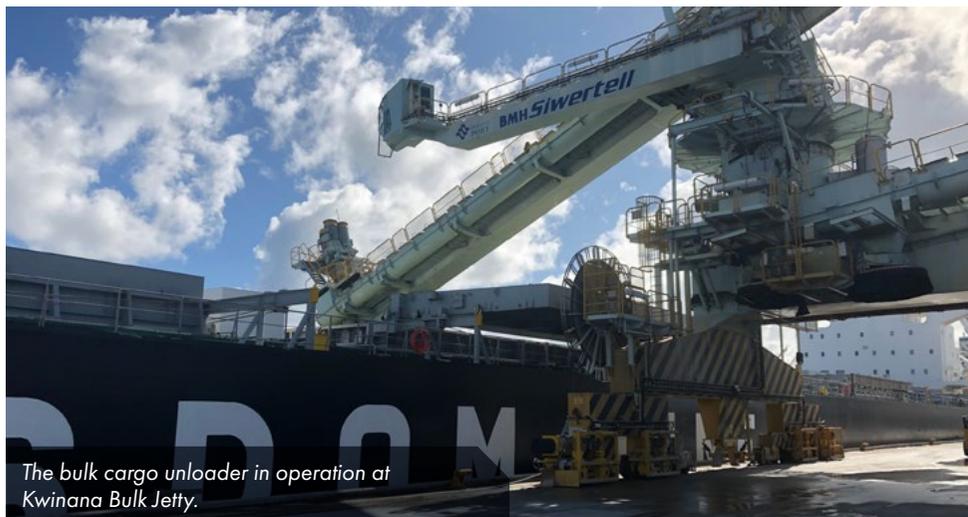
MARINE QUALITY MONITORING

Annual marine quality monitoring was again conducted this year and found port-related activities are not having a significant detrimental effect on the marine environment, either in the Inner Harbour or Outer Harbour. Monitoring occurred at 28 sites, involving laboratory analysis of water, sediment and mussels to ascertain the presence of pollutants. Results of the monitoring are provided to the Department of Water and Environment Regulation and the Cockburn Sound Management Council.

REDUCED SULPHUR FUEL

New International Maritime Organisation (IMO) requirements for low sulphur fuel came into effect on 1 January 2020. From that date, the sulphur content of fuel oil used or carried for use on board a ship was no longer permitted to exceed 0.50 per cent m/m. To comply with the new IMO limit, the Australian Maritime Safety Authority advised ships can use:

- ◆ fuel oil with a maximum sulphur content of 0.50 per cent m/m.
- ◆ alternative fuels such as LNG or compliant marine diesel oil with a sulphur content of 0.50 per cent m/m or less, or
- ◆ an alternative measure to reduce sulphur oxide emissions approved by the ship's flag State Administration in accordance with International Maritime Organization (IMO) requirements—provided the resulting emissions are equivalent. An Exhaust Gas Cleaning System (EGCS) or "scrubber" is the only alternative measure currently approved for use.



The bulk cargo unloader in operation at Kwinana Bulk Jetty.

ENERGY USE AND CARBON EMISSIONS

Fremantle Ports has an objective to reduce greenhouse gas emissions and has undertaken an account of energy use and carbon emissions for operational activities every year since 2002.

Since 2003, Fremantle Ports has offset 100% of emissions from its leased vehicle fleet through the purchase of biodiverse native trees in and shrubs in Western Australia's northern agricultural region, 400km north of Perth. In that period, the carbon emissions offset has equated to 5883 tonnes or 980 trees based on six tonnes per tree.

Energy use and greenhouse gas emissions have been measured using different methodologies since 2003. Fremantle Ports is developing a base case footprint against which future energy and emissions reductions can be demonstrated. This will include an analysis of historical energy usage and greenhouse gas emission trends.

SUPPORTING WILDLIFE RESEARCH

Support continued for key wildlife research. The port's North Quay fairy tern sanctuary, established in 2013, is now the most significant breeding sanctuary in the south-west of Western Australia, yet this breeding season saw the site unused as a result of periodic site rejection by the bird population as a strategy to reduce predation. It is expected fairy terns will return in the coming season. Fremantle Ports, through its community investment program and environmental research budget, provided further financial support to the Conservation Council of WA to develop a conservation plan for fairy tern colonies in the greater metropolitan area and also to research the effectiveness of anti-predation strategies at Rous Head. Predation has been the most common reason for colony failure in the metropolitan area.

Research continued into how dolphins use the Inner Harbour in their foraging strategies and also respond to underwater noise in adaptation to an urbanised harbour waterway. This continued a data set that commenced a decade ago, in association with researcher Dr Chandra Salgado Kent, Edith Cowan University and Curtin University.



We supported volunteers at Naragebup, the Rockingham Regional Environmental Centre.

This year, researchers focused on communicating new results from the ongoing research to the broader community. This was made possible through ongoing funding and in-kind support from Fremantle Ports. Publicity of

research outcomes attracted considerable public and media attention.

Fremantle Ports also sponsored the Piney Lakes Climate Watch Trail and the Naragebup Regional Environmental Centre junior program.

Significant Issues



WESTPORT

The State Government recently endorsed the location and design of a future container port in Kwinana. The Government has indicated that work will now proceed to determine the timetable for transitioning freight from Fremantle Port to Kwinana. It has indicated that the transition will occur either in one step by 2032 or over a phased period that will see both ports share the freight task for around a further 15 years. Work over the next four years will focus on detailed environmental assessments, port and supply chain design, thorough costings and business case development.

During 2019-20, Fremantle Ports extended extensive and high-level input to the Westport Taskforce review and is committed to continuing this in future planning phases. Throughout, the requirement for the Inner Harbour to continue operating effectively during any period of transition, in order to facilitate trade and deliver economic certainty for the State, will be a key consideration.

COVID-19

With the COVID-19 pandemic continuing at the end of this financial year, Fremantle Ports remained one of the critical 'hard borders' protecting Western Australia from the importation of COVID-19. It was essential that all operators within the Port of Fremantle, both Fremantle Ports and others, remained vigilant and continuously assessed the efficacy of multi-layered COVID-19 risk management procedures used to manage interactions between ship and shore crews.

To this end, regular consultation was held with representatives of facility providers, contractors and other stakeholders within the port. Fremantle Ports deployed a cross-disciplinary COVID-19 Response Team to support management with its emergency response.

At an operational level, new practices were introduced for pilots, port services officers, small-craft crews and others, based on the latest medical advice from the WA Government and Australian Government. Boarding of ships was reduced to the minimum necessary. Shore leave for arriving crews was banned.

More generally, Fremantle Ports' COVID-19 risk controls were similar to those implemented across the country and included:

- ◆ a large proportion of office staff working from home, with a focus supporting staff who are medically vulnerable.
- ◆ segregated operational teams and tele-handovers.
- ◆ closure of offices to the public.
- ◆ minimisation as far as practicable of non-essential personnel being on-site.
- ◆ staff advised not to come to work if unwell and get COVID-19 tested if they have cold/flu symptoms.
- ◆ hand hygiene and physical distancing.

Cases of COVID-19 identified aboard the cruise ship *Artania* and livestock vessel *Al Kuwait* were challenges, with Fremantle Ports required to work closely for extended periods with WA Health, the WA Police Force and Australian Government agencies. While transfers of ill people aboard these ships occurred, all

were done in a safe manner and did not result in transmission of COVID-19 to the community.

These two incidents, however, contributed to the further strengthening of Fremantle Ports' COVID-19 risk controls and information sharing with stakeholders including government agencies, suppliers and contractors.

Several strategic projects are underway in response to the ongoing impacts of the COVID-19 pandemic including a review of the lessons from having a large proportion of staff working remotely. This will inform possible changes to how staff do their work.

VICTORIA QUAY WATERFRONT

In November 2018, the Minister for Transport approved terms of reference and membership of a steering group chaired by Hon Simone McGurk MLA to undertake a high-level opportunity assessment for the future development of Victoria Quay as a vibrant civic and commercial waterfront area.

The Victoria Quay Waterfront Steering Group completed its work this year, which has provided further clarity regarding:

- ◆ the drivers for development of Victoria Quay (economic, social, other).
- ◆ what high-level remaining enabling plans for Victoria Quay are necessary to drive development.
- ◆ the range of land uses that are consistent with the Victoria Quay Waterfront vision.
- ◆ the implementation triggers, which take into account:
 - ◆ the needs of the working port
 - ◆ the outcomes of the Westport planning process
 - ◆ economic, commercial and social fundamentals.

Disclosures and Legal Compliance

DIRECTORS' REPORT



FOR THE YEAR ENDED 30 JUNE 2020

The Board of Directors of the Fremantle Port Authority (Fremantle Ports) has pleasure in submitting its report for the financial year ended 30 June 2020.

DIRECTORS

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

Ross Love (Chair)

Director since 1 February 2020
Chair since 1 February 2020

Kim Horne AM (Deputy Chair)

Director since 1 February 2018
Deputy Chair since 1 January 2019

Carmel McLure AC, QC

Director since 1 February 2018

Karlie Mucjanko

Director since 1 February 2018

Anne Nolan

Director since 1 February 2018

Carmelina Fiorentino

Director since 1 January 2019

Professor Kate Lewins

Director since 1 February 2020

Directors whose terms expired during the financial year were:

Jill Hoffmann (Chair)

Director since 17 May 2011
Chair since 1 July 2018
Term Expired 31 January 2020

Professor John Yovich AM

Director since 1 July 2018
Term Expired 31 January 2020

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 2020 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		13		4		3
Number of meetings attended by:						
Ross Love	6	6	-	-	-	-
Kim Horne	13	13	-	-	3	3
Carmel McLure	13	13	-	-	3	2
Karlie Mucjanko	13	12	-	-	3	3
Anne Nolan	13	12	4	4	-	-
Carmelina Fiorentino	13	13	4	4	-	-
Professor Kate Lewins	6	6	1	1	-	-
Jill Hoffmann	7	7	-	-	-	-
Professor John Yovich	7	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 \$66.136 million (2019: \$70.829 million). The income tax expense attributable to the profit for the financial year was \$19.887 million (2019: \$21.425 million).

DIVIDENDS

From 1 July 2014, an amendment to Section 84 of the *Port Authorities Act 1999* came into effect which provides for Government to request an interim dividend be recommended by the Board. An interim dividend for the year ended 30 June 2020 was not required to be declared by the Board (2019: \$23.863 million).

During the financial year ended 30 June 2020, \$12.796 million was paid representing the balancing payment of the final dividend of \$36.659 million in respect of the financial results for the year ended 30 June 2019. In respect of the financial results for the year ended 30 June 2019, \$10.974 million was paid representing the balancing payment of the final dividend of \$40.812 million for the year ended 30 June 2018.

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:

	2020 \$'000	2019 \$'000
Profit before income tax	66,136	70,829
Income tax expense	(19,887)	(21,425)
Profit for the period	46,249	49,404
Other comprehensive loss	(358)	(1,108)
Retained earnings at 1 July	232,006	218,547
	277,897	266,843
Dividends paid in the financial year	(12,796)	(34,837)
Retained earnings at 30 June	265,101	232,006

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

IMPACT OF COVID-19

The COVID-19 global pandemic and subsequent social distancing measures and restrictions imposed by the Western Australian, Australian and other overseas governments have caused disruption to business and economic activity. Fremantle Ports has managed, and continues to actively manage, the risks arising from COVID-19 including a review of its financial forecasts incorporating scenario and contingency planning. There have not been any significant adverse operational or financial impacts as a result of COVID-19 to date and any known impacts have been reflected in the 30 June 2020 financial statements.

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

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

The State Government has recently endorsed the location and design of a future container port in Kwinana. The Government has indicated that work will now proceed to determine the timetable for transitioning freight from Fremantle Port to Kwinana. It has indicated that the transition will occur either in one step by 2032 or over a phased period that will see both ports share the freight task for around a further 15 years. Work over the next four years will focus on detailed environmental assessments, port and supply chain design, thorough costings and business case development.

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 \$'000	Post employment benefits Super-annuation \$'000	Total \$'000
Chair	R Love	5 months	35	3	38
Deputy Chair	K Horne	12 months	52	5	57
Director	C Fiorentino	12 months	45	4	49
Chair	J Hoffmann	7 months	49	5	54
Director	K Lewins	5 months	17	2	19
Director**	C McLure	12 months	-	-	-
Director	K Mucjanko	12 months	45	4	49
Director	A Nolan	12 months	47	5	52
Director	J Yovich	7 months	26	3	29

* The period of membership column refers to the Board member's membership during the 2019/20 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	481	3	69	17	570
S Craig	396	1	37	14	448
T Haria	380	8	35	16	439
M Pearce	277	2	39	10	328
D Vallini	257	4	38	9	308

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 ISO14001 by external auditors.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

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

This report is made in accordance with a resolution of the Board on 21 August 2020.



Chair



Director

27 August 2020

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 64 to 107 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 2020 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 21 August 2020.



Chair



Director

27 August 2020

Statement of Comprehensive Income FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
Revenue	A.1	217,939	222,030
Expenditure			
General administration		(39,325)	(37,010)
Asset maintenance		(32,670)	(32,199)
Port operations expenses		(31,598)	(32,549)
Depreciation and amortisation expense	A.2	(17,429)	(16,969)
Marine expenses		(9,081)	(9,390)
Rates and taxes		(8,659)	(8,162)
Finance costs	A.2	(7,124)	(8,539)
Port utilities		(5,406)	(5,441)
Other expenses		(1,159)	(587)
Environmental expenses		648	(355)
Profit before income tax		66,136	70,829
Income tax expense	A.4	(19,887)	(21,425)
Profit after income tax for the period		46,249	49,404
Other comprehensive loss			
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement losses on defined benefit plans	D.2	(511)	(1,583)
Income tax effect	A.4	153	475
Total other comprehensive loss		(358)	(1,108)
Total comprehensive income for the period, net of tax		45,891	48,296

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

Statement of Financial Position AS AT 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	C.2	93,510	68,030
Trade and other receivables	E.1	20,283	22,312
Inventories	E.2	3,878	3,660
Current tax asset	A.4	268	-
Total current assets		117,939	94,002
Non-current assets			
Receivables	E.1	2,704	3,512
Property, plant and equipment	B.1	441,757	440,326
Intangible assets	B.2	327	557
Deferred tax assets	A.4	27,354	27,160
Total non-current assets		472,142	471,555
Total assets		590,081	565,557
LIABILITIES			
Current liabilities			
Trade and other payables	E.3	16,430	16,869
Interest bearing borrowings	C.3	1,694	1,497
Current tax liability	A.4	-	4,494
Provisions	D.1	13,929	13,054
Other liabilities	E.4	1,049	1,407
Total current liabilities		33,102	37,321

	Note	2020 \$'000	2019 \$'000
Non-current liabilities			
Interest bearing borrowings	C.3	169,023	172,423
Provisions	D.1	15,857	17,347
Other liabilities	E.4	1,939	1,401
Total non-current liabilities		186,819	191,171
Total liabilities		219,921	228,492
Net Assets		370,160	337,065
EQUITY			
Contributed equity	C.6	105,059	105,059
Retained earnings	C.6	265,101	232,006
Total equity	C.6	370,160	337,065

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 2020

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

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 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		242,004	239,439
Payments to suppliers and employees		(151,827)	(147,510)
Interest received		1,461	2,971
Interest paid		(7,436)	(8,766)
Income tax paid		(24,683)	(23,536)
Net cash inflow from operating activities	A.5	59,519	62,598
Cash flows from investing activities			
Purchase of property, plant and equipment		(17,454)	(31,696)
Proceeds from sale of property, plant and equipment		9	96
Purchase of intangible assets		-	(560)
Net cash outflow from investing activities		(17,445)	(32,160)

	Note	2020 \$'000	2019 \$'000
Cash flows from financing activities			
Repayment of borrowings		(3,491)	(11,932)
Principal elements of lease (2019: finance lease)		(1,049)	(616)
Proceeds from finance lease receivable		742	681
Dividends paid	A.3	(12,796)	(34,837)
Net cash outflow from financing activities		(16,594)	(46,704)
Net increase/(decrease) in cash and cash equivalents		25,480	(16,266)
Cash and cash equivalents at 1 July		68,030	84,296
Cash and cash equivalents at 30 June	C.2	93,510	68,030

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 2020

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 21 August 2020 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 the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period.

Fremantle Ports revised its accounting policies as a result of adopting AASB 15 *Revenue from Contracts with Customers* (refer note A.1 Revenue and other income) and AASB 16 *Leases*. The impact on adoption of the revised accounting policies are described below. The other standards did not have a material impact to Fremantle Ports or require retrospective adjustments.

Adoption of AASB 16 Leases

AASB 16 *Leases* supersedes AASB 117 *Leases* and related Interpretations. AASB 16 *Leases* primarily affects lessee accounting. Fremantle Ports has adopted AASB 16 *Leases* from 1 July 2019 using the modified retrospective approach. As permitted under the standard, comparatives for the 2019 reporting period have not been restated. The reclassification and adjustments arising from adoption of AASB 16 *Leases* are recognised in the opening balance from 1 July 2019.

The main changes introduced by this standard include identification of a lease within a contract, and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) in the Statement of Financial Position as right of use assets and lease liabilities, except for two recognition exemptions; leases of 'low-value' assets (assets less than \$5,000) and short-term leases (leases with a lease term of 12 months or less). The distinction of lease as operating or finance no longer exists for lessee accounting.

Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset (previously operating lease payments were recorded directly in the Statement of Comprehensive Income). In the Statement of Cash Flows, payments of principal amount will be presented under financing activities whereas interest paid will be presented under operating activities.

Lease liabilities are measured at the present value of future lease payments, discounted using the rate implicit in the lease or the incremental borrowing rate if the implicit rate is not available. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.1%.

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

In relation to leased plant and equipment assets that were previously classified as finance leases, their carrying amount before transition was used as the carrying amount of the right of use assets and the lease liabilities as of 1 July 2019. The measurement principles of AASB 16 Leases are only applied after that date. No remeasurements to the lease liabilities were recognised as adjustments to the related right of use assets immediately after the date of initial application.

In applying AASB 16 Leases for the first time, Fremantle Ports has used the following permitted practical expedients:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Fremantle Ports elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before transition date Fremantle Ports relied on its assessment of AASB 117 Leases and Interpretation 4 Determining Whether an Arrangement Contains a Lease.

Lessor accounting under AASB 16 Leases is substantially unchanged from AASB 117 Leases. Lessors will continue to classify leases as either operating or finance leases. AASB 16 Leases did not have a material impact on Fremantle Ports as lessor.

The effects of adoption of AASB 16 Leases as at 1 July 2019 is as follows:

	\$'000
Right-of-use assets	914
Liabilities	
Current lease liabilities	476
Non-current lease liabilities	438
Lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019 as follows:	
Operating lease commitments payable	631
Discounted using Fremantle Ports' weighted average incremental borrowing rate	(24)
Add: contracts reassessed as leases	307
Lease liability recognised as at 1 July 2019	914

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	78-81
C.	Capital Management	82-89
D.	Employee Benefits	90-98
E.	Other Assets and Liabilities	99-102
F.	Other Items	102-107

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	105
D.2	Defined benefit plans	91-98
E.1	Impairment losses	99-101
D.1	Annual leave, sick leave and long service leave	90-91

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	82-83
C.	Liquidity risk	83
C. & C.3	Interest rate risk	82-87
C.	Credit risk	83

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

Until 30 June 2019, revenue was recognised in the Statement of Comprehensive Income to the extent that it was probable that economic benefits will flow to Fremantle Ports and the revenue could be reliably measured.

From 1 July 2019, revenue is recognised in the Statement of Comprehensive Income at the transaction price as Fremantle Ports satisfies a performance obligation by transferring a promised service or goods to a customer. An asset is transferred when or as a customer obtains control of that asset.

- **Revenue from services**

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

The total transaction price for services may include variable consideration.

- **Rentals and leases**

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

- **Miscellaneous revenue**

Miscellaneous revenue is recognised as the legal entitlement arises and is derived predominantly from the hire of facilities and equipment, recoupment of rates and taxes and insurance claims and revenue arising from the contribution of assets recognised in accordance with AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* (2019: AASB 1004 *Contributions*).

- **Contributed assets**

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

- **Deferred income**

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

- **Variable consideration**

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

- **Financing components**

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

A. Performance for the year (continued)

A.1 REVENUE AND OTHER INCOME (continued)

Other income

- **Interest revenue**

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

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

Revenue consists of the following items:

	2020 \$'000	2019 \$'000
Revenue		
Charges on cargo	131,688	131,682
Rentals and leases	32,789	32,502
Charges on ships	20,375	21,597
Shipping services	13,031	13,135
Miscellaneous revenue	10,156	11,531
Port utilities and services	8,382	8,527
	216,421	218,974
Interest		
Interest receivable from cash equivalents	689	2,189
Interest receivable under finance leases	829	867
	1,518	3,056
Total revenue	217,939	222,030

A.2 EXPENSES

Recognition and measurement

Finance costs

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

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

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

Classification

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

According to AASB 101 *Presentation of Financial Statements*, expenses classified by nature are not reallocated among various functions within the entity. However, Fremantle Ports has allocated employee benefits expenses to various line items on the Statement of Comprehensive Income including marine expenses, port operations expenses, general administration, and asset maintenance.

This allocation reflects the internal reporting structure of Fremantle Ports which allocates labour expenses to significant expense items in the Statement of Comprehensive Income based on the nature of the expenses incurred. Fremantle Ports believes that the allocation is more relevant to the understanding of the financial performance of Fremantle Ports and does not result in a function of expense presentation.

A. Performance for the year (continued)

A.2 EXPENSES (continued)

Total employee benefits expenses are disclosed below.

	Note	2020 \$'000	2019 \$'000
Expenses			
Profit before income tax includes the following specific expenses:			
Finance costs			
Finance charges payable under leases		44	30
Borrowings		7,080	8,509
Total finance costs		7,124	8,539
Depreciation and amortisation			
Channels and breakwaters	B.1	3,548	4,031
Land improvements	B.1	839	842
Buildings and improvements	B.1	1,177	1,088
Plant and equipment	B.1	3,151	3,059
Berths, jetties and infrastructure	B.1	7,430	7,221
Plant and equipment under lease	B.1	-	595
Right of use assets	B.1	1,054	-
Intangible assets	B.2	230	133
Total depreciation and amortisation		17,429	16,969
Net loss on derecognition of property, plant and equipment		148	289

	Note	2020 \$'000	2019 \$'000
Other charges against assets			
Impairment reversal of trade receivables	E.1	-	(5)
Impairment of trade receivables	E.1	501	36
		501	31
Rental expense relating to operating leases		592	1,084
Employee benefits expenses			
Wages and salaries		42,688	41,211
Workers' compensation		(597)	49
Pension costs		4,504	4,745
Employee benefits		420	(114)
Retirement benefit obligations		104	1,041
		47,119	46,932

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	2020 \$'000	2019 \$'000
Interim dividend		-	23,863
Final dividend		12,796	10,974
Total dividends paid	C.6	12,796	34,837

From 1 July 2014, an amendment to Section 84 of the *Port Authorities Act 1999* came into effect which provides for Government to request an interim dividend be recommended by the Board. An interim dividend for the year ended 30 June 2020 was not required to be declared by the Board (2019: \$23.863 million).

During the financial year ended 30 June 2020, \$12.796 million was paid representing the balancing payment of the final dividend of \$36.659 million in respect of the financial results for the year ended 30 June 2019. In respect of the financial results for the year ended 30 June 2019, \$10.974 million was paid representing the balancing payment of the final dividend of \$40.812 million for the year ended 30 June 2018.

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:

	2020 \$'000	2019 \$'000
Statement of Comprehensive Income		
Current income tax:		
Current income tax charge	(20,049)	(22,017)
Adjustments in respect of previous years	121	(2,800)
Deferred income tax:		
Deferred income tax charge	41	3,392
Income tax expense reported in the Statement of Comprehensive Income	(19,887)	(21,425)

	2020 \$'000	2019 \$'000
Other Comprehensive Income		
Deferred tax related to items recognised in other comprehensive income during the year:		
Net actuarial losses	153	475
Income tax benefit charged to Other Comprehensive Income	153	475

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:

	2020 \$'000	2019 \$'000
Profit before income tax	66,136	70,829
Tax at statutory income tax rate of 30% (2019: 30%)	(19,841)	(21,249)
Tax effect of amounts which are taxable in calculating taxable income:		
Depreciation	(80)	(228)
Sundry items	(32)	(18)
	(19,953)	(21,495)
Adjustments in respect of previous years	66	70
Income tax expense	(19,887)	(21,425)

A. Performance for the year (continued)

A.4 INCOME TAX EXPENSE (continued)

	2020 Statement of Financial Position \$'000	2019 Statement of Financial Position \$'000	2020 Statement of Comprehensive Income \$'000	2019 Statement of Comprehensive Income \$'000
Deferred tax liabilities				
Finance lease receivables	(1,054)	(1,276)	222	205
Others	(585)	(494)	(91)	94
Gross deferred tax liabilities	(1,639)	(1,770)		
Deferred tax assets				
Employee benefits	7,855	7,698	157	278
Accelerated depreciation for accounting purposes	18,051	17,901	150	3,327
Prepaid rental	1,113	1,157	(44)	11
Deferred income	-	77	(77)	1
Others	1,974	2,097	(123)	(49)
Gross deferred tax assets	28,993	28,930		
Set-off of deferred tax liabilities pursuant to set-off provisions	(1,639)	(1,770)		
Net deferred tax assets	27,354	27,160		
Deferred tax charge			41	3,392
Deferred tax charge in Other Comprehensive Income			153	475
			194	3,867

Current Tax Liabilities

The current tax asset of \$0.268 million (2019: \$4.494 million current tax liability) represents the amount of income taxes receivable/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

	2020 \$'000	2019 \$'000
Profit after income tax	46,249	49,404
Non cash items		
Depreciation	16,145	16,241
Amortisation of right of use/leased assets	1,054	595
Amortisation of intangible assets	230	133
Net loss on derecognition of property, plant and equipment	148	289
Impairment of trade receivables	501	31
Net contribution of assets	-	(750)
Taxable items presented in Other Comprehensive Income		
Remeasurements of the net defined benefit liability	(358)	(1,108)
Changes in assets and liabilities		
Receivables	1,388	(1,821)
Inventories	(218)	(302)
Prepaid expenses	209	33
Payables	(439)	1,667
Prepaid rental income and interest received in advance	180	(120)
Employee benefits	524	927
Income tax payable	(4,762)	1,281
Deferred tax assets	(194)	(3,867)
Others	(1,138)	(35)
Net cash inflow from operating activities	59,519	62,598

	2020 \$'000	2019 \$'000
Non-cash investing and financing activities		
Acquisition of right of use assets by means of lease	1,335	329

Net contribution of assets relates to property inherited by Fremantle Ports from the expiration of trading agreements and accounted for in accordance with AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* (2019: 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.

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

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

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

Subsequent measurement

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

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

Derecognition

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

Depreciation and amortisation

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

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

B. Property, Plant And Equipment And Other Assets (continued)

B.1 PROPERTY, PLANT AND EQUIPMENT (continued)

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

Class	Depreciation Rates (%)
Channels and breakwaters	1.92% - 2.63%
Land improvements	2.50% - 16.67%
Buildings and improvements	2.22% - 20.00%
Plant and equipment	2.50% - 20.00%
Berths, jetties and infrastructure	1.25% - 20.00%
Right of use assets	19.34% - 100.00%

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	Right of use / leased assets \$'000	Work in Progress \$'000	Total \$'000
Cost										
At 1 July 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
Adoption of AASB 16 - 1 July 2019		-	-	-	-	-	-	914	-	914
Additions		-	-	-	-	70	-	421	17,384	17,875
Transfer from Work in Progress		-	10,701	207	3,891	1,079	3,634	-	(19,512)	-
Disposals		-	-	-	(6)	(139)	(308)	(160)	-	(613)
At 30 June 2020		167,273	76,004	30,404	39,931	73,942	268,481	3,872	8,226	668,133
Depreciation and impairment										
At 1 July 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
Depreciation and amortisation	A.2	3,548	-	839	1,177	3,151	7,430	1,054	-	17,199
Disposals		-	-	-	(6)	(114)	(176)	(158)	-	(454)
At 30 June 2020		61,178	-	8,537	17,389	44,950	91,865	2,457	-	226,376
Carrying value										
At 30 June 2019		109,643	65,303	22,499	19,828	31,019	180,544	1,136	10,354	440,326
At 30 June 2020		106,095	76,004	21,867	22,542	28,992	176,616	1,415	8,226	441,757

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 2018		260	260
Additions		560	560
At 30 June 2019		820	820
Additions		-	-
At 30 June 2020		820	820
Amortisation			
At 30 June 2018		130	130
Amortisation	A.2	133	133
At 30 June 2019		263	263
Amortisation	A.2	230	230
At 30 June 2020		493	493
Carrying value			
At 30 June 2019		557	557
At 30 June 2020		327	327

Impairment of intangible assets

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

C. Capital Management

IN THIS SECTION

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

KEY FINANCIAL AND CAPITAL RISKS IN THIS SECTION

Interest rate risk

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

Sensitivity analysis

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

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

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	+0.50% change	(0.50%) change	(0.50%) change
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2020					
Financial assets					
Cash and cash equivalents	93,510	468	468	(468)	(468)
Financial liabilities					
Interest bearing borrowings	161,048	(805)	(805)	805	805
Total (decrease)/increase		(337)	(337)	337	337

	Carrying Amount \$'000	+0.50% change	+0.50% change	(0.50%) change	(0.50%) change
		Profit \$'000	Equity \$'000	Profit \$'000	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

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	
2020					
Financial liabilities					
Trade and other payables	16,430	16,430			16,430
Interest bearing borrowings	170,717	7,639	24,328	184,571	216,538
	187,147	24,069	24,328	184,571	232,968

	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

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	2020 \$'000	2019 \$'000
Financial assets			
Cash and cash equivalents	C.2	93,510	68,030
Trade and other receivables	E.1	19,200	21,020
Receivables (non-current)	E.1	2,704	3,512
Financial liabilities			
Trade and other payables	E.3	16,430	16,869
Interest bearing borrowings:			
Variable rate borrowings	C.3	161,048	163,548
Fixed rate borrowings	C.3	8,230	9,221

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.

	2020 \$'000	2019 \$'000
Cash at Bank and Cash on Hand	294	1,335
At Call Deposits	93,216	2,695
Term Deposits	-	64,000
Cash and cash equivalents in the Statement of Cash Flows	93,510	68,030

Significant Terms and Conditions

Interest on Cash at Bank was at prevailing rates. The weighted average interest rate at 30 June 2020 was 0.77% (2019: 1.50%).

Interest on At Call Deposits was at prevailing rates. The weighted average interest rate at 30 June 2020 was 0.32% (2019: 1.05%).

The weighted average interest rate for Term Deposits at 30 June 2020 was 1.42% (2019: 2.33%). Term Deposits are held until their maturity dates, which are generally for periods of 60 days or less.

Fair Value

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

C. 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.

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	2020 \$'000	2019 \$'000
Current			
Special borrowings		1,054	991
Lease liabilities	C.4	640	506
		1,694	1,497
Non-Current			
Direct borrowings		161,048	163,548
Special borrowings		7,176	8,230
Lease liabilities	C.4	799	645
		169,023	172,423

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 2020 on the loan portfolio is 2.89% per annum (2019: 3.82% 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 (2019: 6.22% to 6.39% per annum).

The interest rates implicit in the Lease liabilities range from 1.38% to 4.89% (2019: 1.38% to 3.78%).

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.

2020	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	2.89%	161,048	-	-	-	-	-	-	161,048
Special borrowings	6.30%	-	1,054	1,120	1,191	1,267	1,129	2,469	8,230
Lease liabilities	2.71%	-	640	516	152	101	30	-	1,439
		161,048	1,694	1,636	1,343	1,368	1,159	2,469	170,717

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

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.

	2020		2019	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Special borrowings	8,230	9,925	9,221	11,044

C.4 LEASE PAYABLES

Recognition and Measurement

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

Lease liabilities are measured at the present value of future lease payments, discounted using the rate implicit in the lease or, if that rate is not available the incremental borrowing rate. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. Lessees are required to remeasure the lease liability upon the occurrence of certain events (a change in the lease term, a change in future lease payments

resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

Right of use assets held at the end of the reporting period are being amortised over periods ranging from 1 to 5 years (2019: 1 to 5 years)

Leases payable are in respect of computer equipment, office equipment, security equipment, motor vehicles, a pilot vessel and vessel traffic system, expiring within 1 to 5 years (2019: 1 to 5 years). Under the terms of some of the leases, Fremantle Ports has the option to return or upgrade the property, plant and equipment at the expiry of the agreements.

Leases Payable

	2020 \$'000	2019 \$'000
Future minimum lease payments in relation to leases payable at the end of the reporting period are as follows:		
Within one year	672	527
Later than one year but not later than five years	827	661
Minimum lease payments	1,499	1,188
Future finance charges	(60)	(37)
Present value of lease liabilities	1,439	1,151

C. Capital Management (continued)

C.4 LEASE PAYABLES (continued)

Representing Lease Liabilities

	Note	2020 \$'000	2019 \$'000
Current	C.3	640	506
Non-current	C.3	799	645
		1,439	1,151

C.5 FINANCING FACILITIES

Fremantle Ports has access to the following lines of credit:

	2020 \$'000	2019 \$'000
Total facilities available:		
Liquidity facility, working capital, direct and special borrowings	187,778	184,770
Facilities utilised at the end of the reporting period:		
Liquidity facility, working capital, direct and special borrowings	169,278	172,769
Total facilities not utilised at the end of the reporting period:		
Liquidity facility, working capital, direct and special borrowings	18,500	12,001

At reporting date, Fremantle Ports has an approved financing facility from WATC for 2020/2021 of \$189.725 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 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
Total comprehensive income for the period		-	45,891	45,891
Dividends paid	A.3	-	(12,796)	(12,796)
Balance at 30 June 2020		105,059	265,101	370,160

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 2.40% (2019: 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	2020 \$'000	2019 \$'000
Fringe benefits tax	F.2	76	16
Employee benefits		12,156	11,174
Retirement benefit obligations	D.2	345	409
Other	F.2	1,352	1,455
		13,929	13,054

Non-Current

	Note	2020 \$'000	2019 \$'000
Employee benefits		2,437	2,999
Retirement benefit obligations	D.2	11,244	11,076
Other	F.2	2,176	3,272
		15,857	17,347

Aggregate Employee Benefits

	Note	2020 \$'000	2019 \$'000
Current liability		12,501	11,583
Non-current liability		13,681	14,075
		26,182	25,658

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

	2020 \$'000		2019 \$'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	3,422	1,163	3,225	792
Long service leave	1,719	4,630	2,071	4,157
Sick leave	903	2,756	1,093	2,835
Total leave liabilities	6,044	8,549	6,389	7,784

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 2020.

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

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

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

Description of significant events

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

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of the Net Defined Benefit Liability

	2020 \$'000		2019 \$'000	
	Pension Scheme	Gold State Super	Pension Scheme	Gold State Super
Defined benefit obligation	11,425	164	11,076	409
Fair value of scheme assets	-	-	-	-
Deficit	11,425	164	11,076	409
Adjustments for effect of asset ceiling	-	-	-	-
Net defined benefit liability	11,425	164	11,076	409

Reconciliation of the Fair Value of Scheme Assets

	2020 \$'000		2019 \$'000	
	Pension Scheme	Gold State Super	Pension Scheme	Gold State Super
Fair value of scheme assets at the beginning of the year	-	-	-	-
Employer contributions	331	234	323	486
Benefits paid	(331)	(234)	(323)	(486)
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	334
Gold State Super	
Expected employer contributions	11

Maturity profile of defined benefit obligation

Pension Scheme

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

Gold State Super

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

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of the Defined Benefit Obligation

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

2020	Note	1 July 2019 \$'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 2020 \$'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		11,076	-	153	153	(331)	152	(22)	397	527	-	11,425
Gold State Super defined benefit obligation		409	-	5	5	(234)	(1)	(15)	-	(16)	-	164
Benefit liability	D.1	11,485			158	(565)	151	(37)	397	511	-	11,589

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

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

2019	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		
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	<u>10,444</u>			266	(809)	1,870	(184)	(102)	1,583	-	11,485

Sensitivity Analysis

The defined benefit obligation as at 30 June 2020 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)

2020 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	0.85%	0.35%	1.35%	0.85%	0.85%	-	-
Pension increase rate	2.00%	2.00%	2.00%	1.50%	2.50%	-	-
Defined benefit obligation (\$'000)	11,425	12,399	10,562	10,591	12,355	-	-
Gold State Super							
Discount rate	0.85%	0.35%	1.35%	-	-	0.85%	0.85%
Salary increase rate	3.50%	3.50%	3.50%	-	-	3.00%	4.00%
Defined benefit obligation (\$'000)	164	169	158	-	-	159	169
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

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

	2020 \$'000	2019 \$'000		2020 \$'000	2019 \$'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	1.40%	2.60%	Discount rate	1.40%	2.60%
Expected salary increase rate	-	1.5% for 18/19	Expected salary increase rate	-	1.5% for 18/19
	1.5% for 19/20	1.5% for 19/20		1.5% for 19/20	1.5% for 19/20
	1.5% for 20/21	1.5% for 20/21		1.5% for 20/21	1.5% for 20/21
	and then 4.20%	and then 4.20%		and then 4.20%	and then 4.20%
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	0.85%	1.40%	Discount rate	0.85%	1.40%
Expected salary increase rate	2.0% for 2020/21	1.5% for 19/20	Expected salary increase rate	2.0% for 20/21	1.5% for 19/20
	2.0% for 2021/22	1.5% for 20/21		2.0% for 21/22	1.5% for 20/21
	and then 3.5%	and then 4.20%		and then 3.50%	and then 4.20%
Expected pension increase rate	2.00%	2.50%	CPI	2.00%	2.50%

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

E. Other Assets And Liabilities

IN THIS SECTION

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

E.1 RECEIVABLES

Recognition and Measurement

Trade receivables

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

The value of the provision for impairment loss is assessed based on the expected credit losses of trade receivables and is measured at the lifetime expected credit losses at each reporting date. Fremantle Ports utilises a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtor and the economic environment. Bad debts are written off when formally recognised as being irrecoverable. Movement in the allowance for impairment of receivables is disclosed in Note E.1.

Receivables represent debtors, accrued income, finance lease receivable and prepayments. Accrued income includes interest, charges on ships, cargo and services provided but not invoiced as at the end of the reporting period.

Fremantle Ports' exposure to credit risks related to trade and other receivables are disclosed in Note C.1.

Finance leases

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

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

Operating leases

Leases where Fremantle Ports (as lessor) retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income. Operating lease income is recognised as revenue in the Statement of Comprehensive Income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Key estimates and judgements

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

E. Other Assets And Liabilities (continued)

E.1 RECEIVABLES (continued)

Current

	2020 \$'000	2019 \$'000
Trade debtors	15,124	16,825
Less: Provision for impairment of receivables	(1,148)	(645)
	13,976	16,180
Other debtors	1,569	1,700
Accrued income	2,847	2,398
Finance lease receivable	808	742
Prepayments	1,083	1,292
Balance at 30 June	20,283	22,312

Non-Current

	2020 \$'000	2019 \$'000
Finance lease receivable	2,704	3,512

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:

	2020 \$'000	2019 \$'000
Balance at 1 July	645	610
Provision for impairment loss recognised	503	40
Impairment loss recovered	-	(5)
Balance at 30 June	1,148	645

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

	2020 \$'000	2019 \$'000
Not more than 3 months	225	77
More than 3 months but less than 6 months	59	-
	284	77

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

	2020 \$'000	2019 \$'000
Amounts receivable under finance leases:		
Within one year	1,079	1,079
Later than one year but not later than five years	3,056	4,135
Later than five years	-	-
	4,135	5,214
Unearned finance income	(623)	(960)
Present value of minimum lease payments receivable	3,512	4,254
	2020 \$'000	2019 \$'000
Current	808	742
Non-current	2,704	3,512
	3,512	4,254

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% (2019: 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.

	2020 \$'000	2019 \$'000
Stores - at cost	3,878	3,660

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.

	2020 \$'000	2019 \$'000
Trade creditors and amounts payable	10,815	10,862
Accrued expenses	5,615	6,007
	16,430	16,869

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

	2020 \$'000	2019 \$'000
Current		
Prepaid rental income	1,049	1,086
Interest received in advance	-	66
Deferred income	-	255
	1,049	1,407
Non-Current		
Prepaid rental income	1,384	1,401
Other	555	-
	1,939	1,401

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

	2020 \$'000	2019 \$'000
Remuneration for audit of the financial statements	162	162

F. Other Items (continued)

F.1 RELATED PARTIES (continued)

Significant transactions with Government-related entities

Financial year ended 30 June 2020

LandCorp

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

Financial year ended 30 June 2019

LandCorp

During the prior 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.

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:

	2020 \$'000	2019 \$'000
Short-term employee benefits	2,766	2,390
Post-employment benefits	308	263
Other long-term benefits	98	98
Total compensation paid to key management personnel	3,172	2,751

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	2020 \$'000	2019 \$'000
Fringe Benefits Tax			
Carrying amount at 1 July		16	25
Provision increase during the year		365	90
Amounts utilised in the year		(305)	(99)
Carrying amount at 30 June	D.1	76	16
Other			
Carrying amount at 1 July		4,727	4,754
Provision (decrease)/increase during the year		(1,167)	35
Amounts utilised in the year		(32)	(62)
Carrying amount at 30 June	D.1	3,528	4,727

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

	2020 \$'000	2019 \$'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
Later than one year but not later than five years	-	242
Later than five years	-	-
	-	632

From 1 July 2019, Fremantle Ports has recognised right of use assets and lease liabilities, except for short term and low value leases. Refer to changes in accounting policies, new and amended standards and interpretations, notes B.1 and C.4 for further information.

Operating Leases Receivable

	2020 \$'000	2019 \$'000
Future minimum rental amounts receivable for operating leases at the end of the reporting period but not recognised as assets:		
Within one year	17,114	17,445
Later than one year but not later than five years	46,856	54,528
Later than five years	123,913	137,879
	187,883	209,852

Operating leases receivable are in respect of property rentals.

F. Other Items (continued)

F.4 CAPITAL COMMITMENTS

	2020 \$'000	2019 \$'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	1,370	10,929
Later than one year but not later than five years	1,128	-
	2,498	10,929

F.5 CONTINGENT LIABILITIES AND ASSETS

There are no contingent assets at reporting date.

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

Contaminated sites

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

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

At 30 June 2020, a provision for environmental investigation, assessment and remediation of \$2.125 million (2019: \$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. Other Items (continued)

F.7 EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

Impact of COVID-19

The COVID-19 global pandemic and subsequent social distancing measures and restrictions imposed by the Western Australian, Australian and other overseas governments have caused disruption to business and economic activity. Fremantle Ports has managed, and continues to actively manage, the risks arising from COVID-19 including a review of its financial forecasts incorporating scenario and contingency planning. There have not been any significant adverse operational or financial impacts as a result of COVID-19 to date and any known impacts have been reflected in the 30 June 2020 financial statements.

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

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

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 2020 are outlined in the table below:

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 1059	<p><i>Service Concession Arrangements: Grantors</i></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. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided.</p>	1-Jan-2020 (deferred)	Fremantle Ports has completed the assessment and determined there is no impact.	1-Jul-2020 (deferred)
AASB 2019-2	<p><i>Amendments to Australian Accounting Standards - Implementation of AASB 1059</i></p> <p>The Standard amends AASB 16 <i>Leases</i> and AASB 1059 <i>Service Concession Arrangements: Grantors</i> to:</p> <ul style="list-style-type: none"> a) amend the modified retrospective method set out in paragraph C4 of AASB 1059; b) modify AASB 16 to provide a practical expedient to grantors of service concession arrangements so that AASB 16 need not be applied to assets that would be recognised as service concession assets under AASB 1059; c) include editorial amendments to the application guidance and implementation guidance accompanying AASB 1059. 	1-Jan-2020	Fremantle Ports has completed the assessment and determined there is no impact.	1-Jul-2020

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

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 2020, 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 2020 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 is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

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 2020 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on the website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
31 August 2020

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.

	2020 \$'000		2019 \$'000	
Total Current Assets	117,931	= 3.6	92,722	= 2.5
Total Current Liabilities	32,661		37,321	

FREE CASH FLOW – GRAPH 2

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

	2020 \$'000		2019 \$'000	
Net Cashflow from Operations (after interest)	59,519	= 88.9%	62,598	= 87.7%
Net Cashflow from Operations (before interest)	66,955		71,364	

DEBTORS AVERAGE COLLECTION PERIOD – GRAPH 3

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

	2020 \$'000		2019 \$'000	
Average Trade Debtors	18,425 x 366	= 28 days	17,101 x 365	= 26 days
Sales Revenue	240,435		236,178	

FINANCIAL PERFORMANCE INDICATORS (CONTINUED)

INTEREST COVER - GRAPH 4

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

	2020 \$'000		2019 \$'000	
Earnings Before Interest and Tax	73,260	= 10.28	79,368	= 9.29
Total Interest Costs	7,124	times	8,539	times

RETURN ON ASSETS – GRAPH 5

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

	2020 \$'000		2019 \$'000	
Earnings Before Interest and Tax	73,260	= 12.7%	79,368	= 14.1%
Average Total Assets	577,819		563,049	

ECONOMIC RATE OF RETURN - GRAPH 6

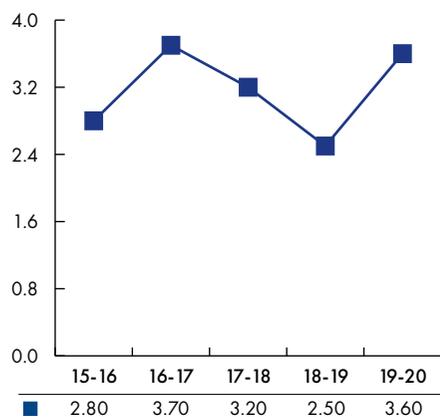
In accordance with Government policy, Fremantle Ports is required to report a rate of return on non-current assets valued at Deprival Value. This indicator quantifies the rate of return earned on average current and non-current assets of Fremantle Ports.

	2020 \$'000		2019 \$'000	
Operating EBIT (excluding significant items) + Depreciation - Deprival Value Depreciation	68,934	= 10.1%	76,748	= 11.5%
Average Current Assets + Written Down Deprival Value of Non-Current Assets	683,565		664,973	

Graph 1: Current Ratio Comparison

2015/2016 to 2019/2020

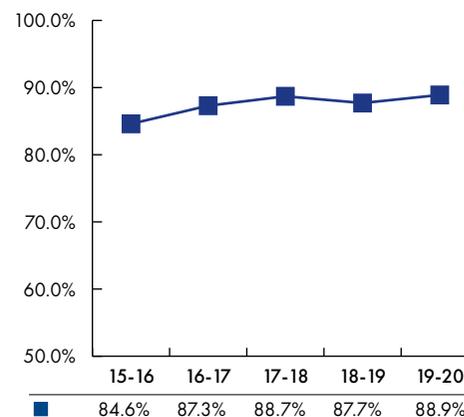
GRAPH 1



Graph 2: Free Cash Flow Comparison

2015/2016 to 2019/2020

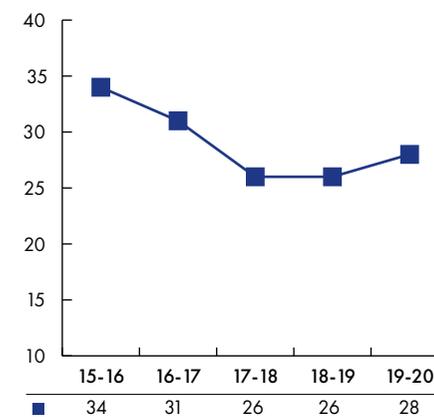
GRAPH 2



Graph 3: Debtors Average Collection Period Comparison

2015/2016 to 2019/2020

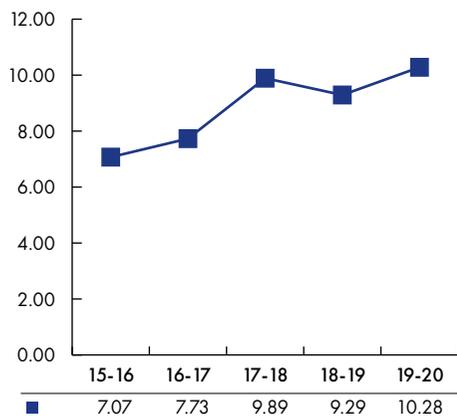
GRAPH 3



Graph 4: Interest Cover Comparison

2015/2016 to 2019/2020

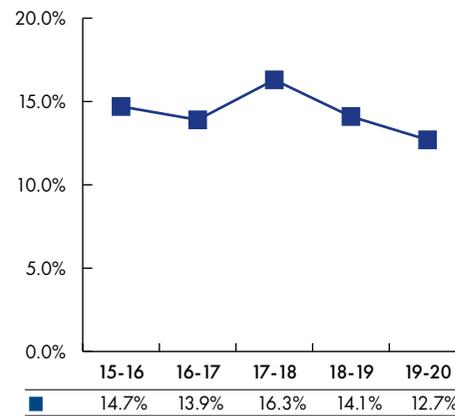
GRAPH 4



Graph 5: Return on Assets Comparison

2015/2016 to 2019/2020

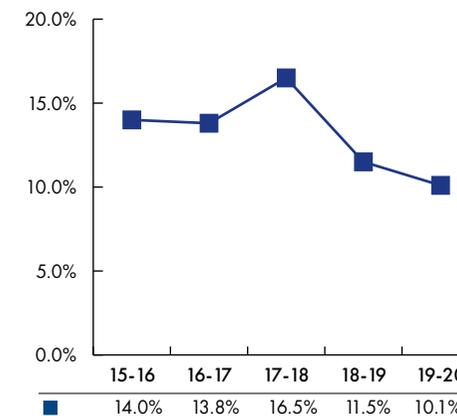
GRAPH 5



Graph 6: Economic Rate of Return Comparison

2015/2016 to 2019/2020

GRAPH 6



KEY PERFORMANCE INDICATORS

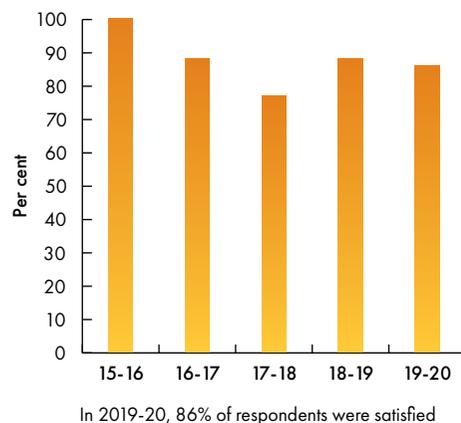
AIM:
Ensure strong, ongoing support by continuing to provide first-rate customer service and taking a more proactive approach to stakeholder engagement

CUSTOMER SATISFACTION

Fremantle Ports conducted a survey of shipping lines in 2020. 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. The survey found 86 per cent of respondents were satisfied or very satisfied with services provided by Fremantle Ports which was within the upper target range of 80-90 per cent.

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



BERTHING DELAYS – INCOMING VESSELS

The performance targets for port operations include maximum berthing delays due to the unavailability of services and berths for container vessels in the Inner Harbour and for all vessels at Fremantle Ports' Kwinana Bulk Terminal and Kwinana Bulk Jetty in the Outer Harbour. Services include pilotage, towage and mooring. This performance indicator measures the percentage of ships affected and the average hours per delay for unavailability of services and berths.

Figure 2 shows that the Kwinana Bulk Jetty slightly exceeded the target due to the unavailability of services. Inner Harbour container and Kwinana Bulk Terminal were within target percentage.

Fig 2. Delays to Incoming Vessels due to Unavailability of Shipping Services 2019-20

Percentage of Total Vessels affected

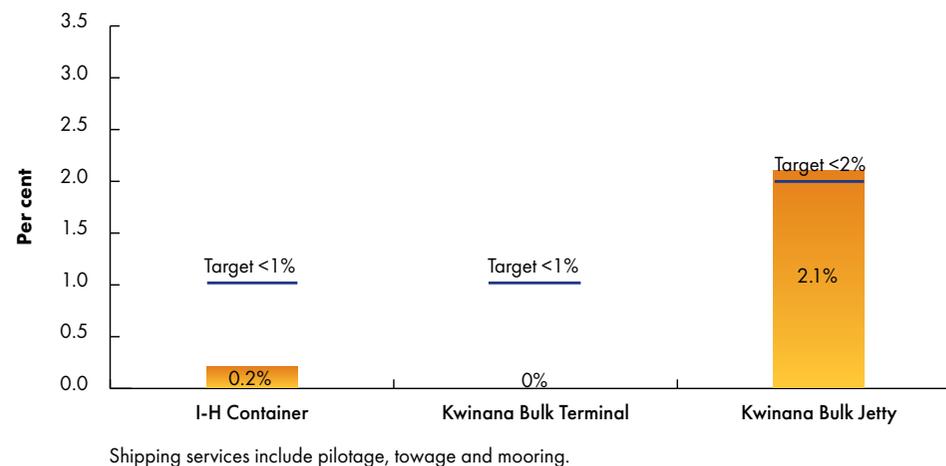
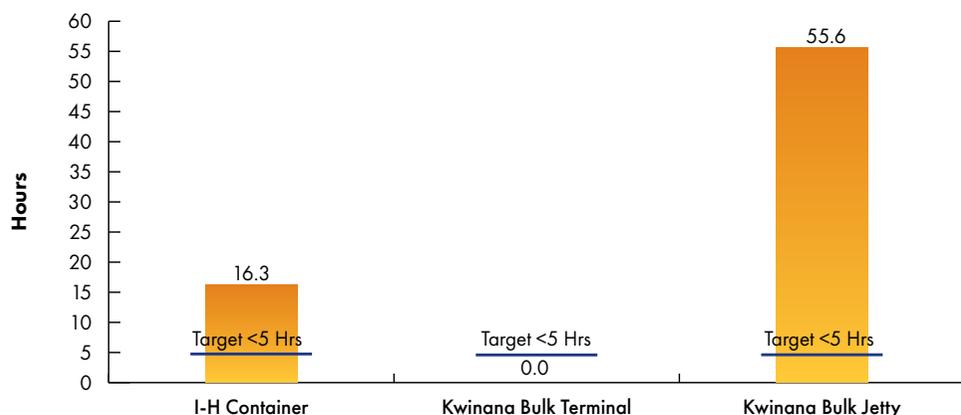


Figure 3 Inner Harbour container and Kwinana Bulk Jetty berthing operations exceeded target delay as a result of affected vessels awaiting pilot services. Kwinana Bulk Terminal had nil delays due to unavailability of services.

Fig 3. Delays to Incoming Vessels due to Unavailability of Shipping Services 2019-20

Average Hours of Delay per Vessel Delayed



Shipping services include pilotage, towage and mooring.

Figure 4 shows Kwinana Bulk Terminal and Kwinana Bulk Jetty incurred delays above target due to the unavailability of berths. Berthing delays at KBT exceeded target by 23.3 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 50 per cent, mainly due to the higher than average vessel numbers caused by seasonal imports of fertiliser in the latter half of 2019-20.

Fig 4. Unavailability of Berths 2019-20

Percentage of Total Vessels Affected

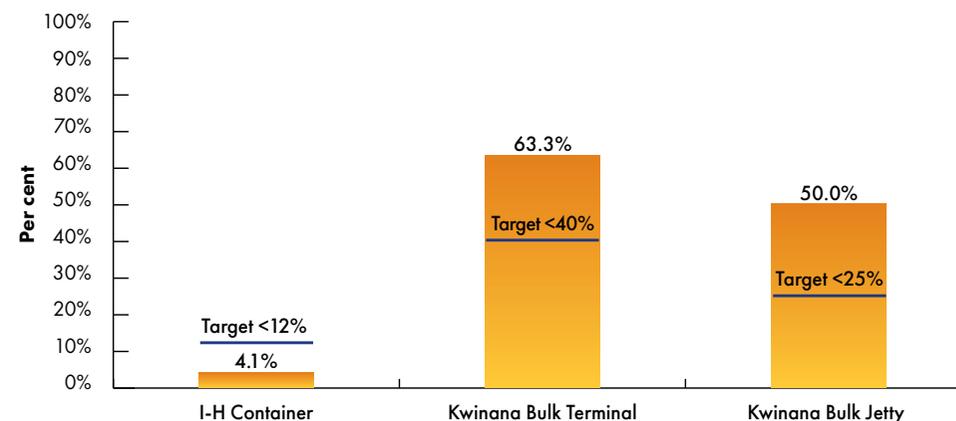


Figure 5 shows that the average hours of delay to the unavailability of berths at Kwinana Bulk Terminal and the Inner Harbour container berths were within target. Kwinana Bulk Jetty exceeded the target for the average hours of ships delayed, due to higher than average vessels number in the latter half of 2019-20.

Fig 5. Unavailability of Berths 2019-20

Average Hours of Delay

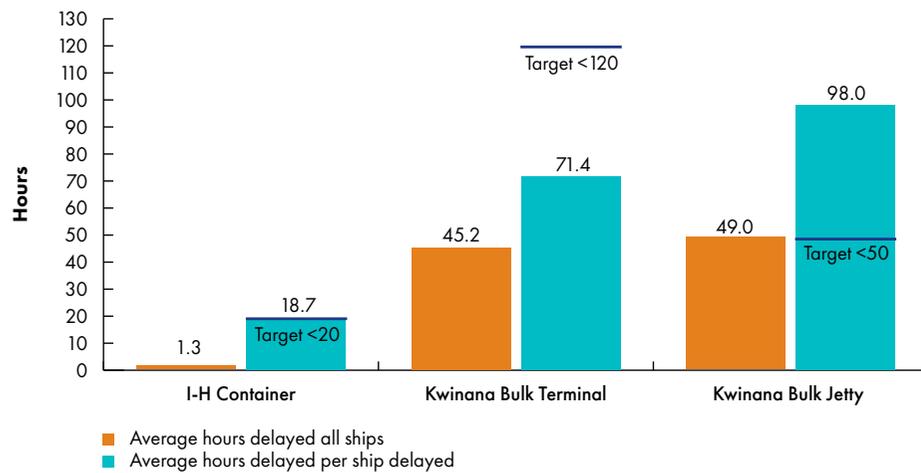
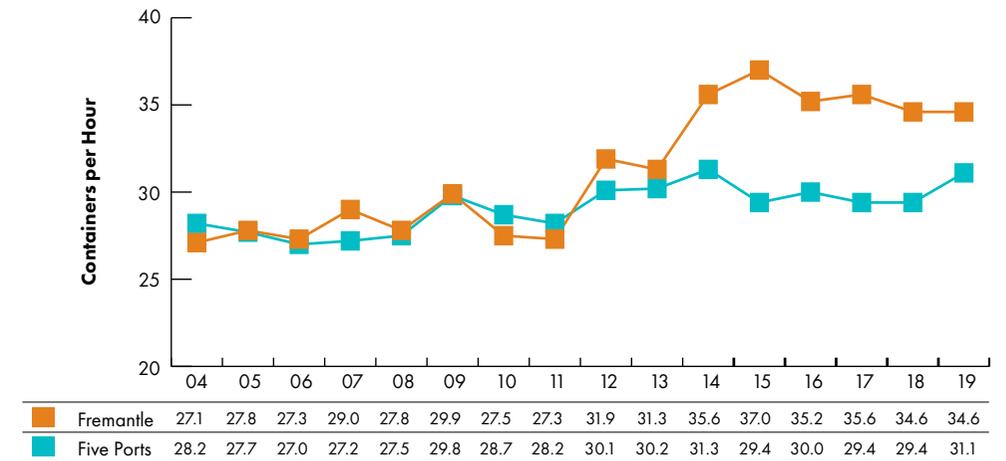


Figure 6 Container terminal performance indicators comparison of crane rates between Fremantle and Five Ports Average.

December Quarter 2004 to December Quarter 2019

Figure 6: Container Terminal Performance Indicators

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



BUSINESS AND TRADE DEVELOPMENT

TOTAL BULK AND NON-CONTAINERISED TRADE (REVENUE TONNES)

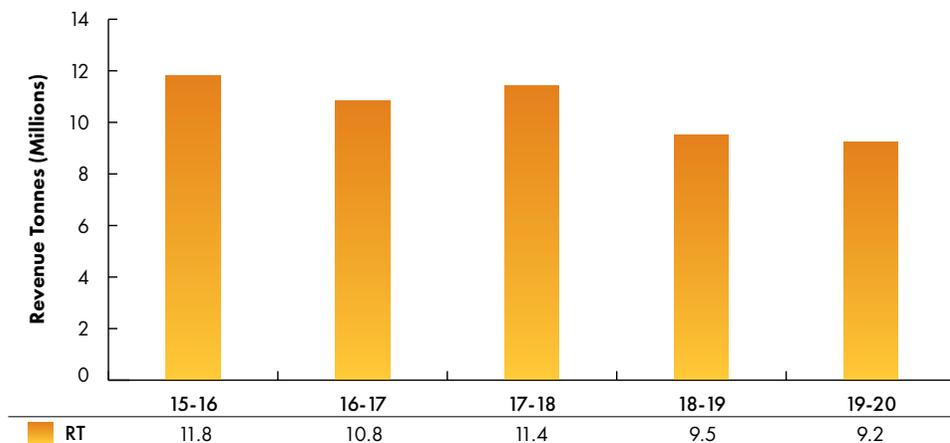
Total trade in the Outer Harbour (Kwinana Bulk Terminal and Kwinana Bulk Jetty) totalled 6.4 million tonnes, a decrease of 45,614 tonnes or 0.7 per cent. Exports in the Outer Harbour decreased by 0.1 million tonnes or 3.7 per cent due to the termination of spodumene exports from Kwinana Bulk terminal. Imports in the Outer Harbour increased by 60,280 million tonnes or 1.7 per cent mainly due to increases in urea.

The Inner Harbour non-containerised trade decreased by 0.23 tonnes or 7.3 per cent. This resulted from a decrease of imported new motor vehicles by 0.24 million tonnes or 16.8 per cent.

Figure 7 shows that the total chargeable bulk and non-containerised trade was 0.27 million tonnes or 2.9 per cent lower than last year. Total exports decreased by 0.15 million tonnes or 4.4 per cent to 3.2 million tonnes and total imports decreased by 0.12 million tonnes or 2.0 per cent to 6.0 million tonnes.

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

(Revenue Tonnes)



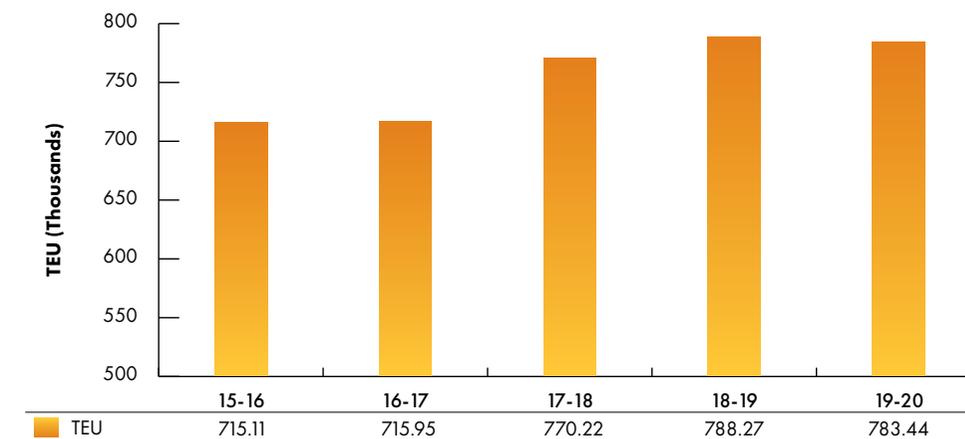
Note: The Statement of Corporate Intent forecast for Fremantle Ports trade in 2019-20 was annual growth of 2.7 per cent.

Figure 8 shows that container trade has decreased by 4,829 TEU or 0.6 per cent when compared with 2019-20.

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

- ◆ Exports decreased by 1.8 per cent and imports increased by 0.5 per cent.
- ◆ Full container trade decreased by 1.9 per cent or 11,887 TEU. Full exports decreased by 22,166 TEU or 8.5 per cent and full imports increased by 2.8 per cent or 10,279 TEU.

Fig 8. Total Container Trade - TEU

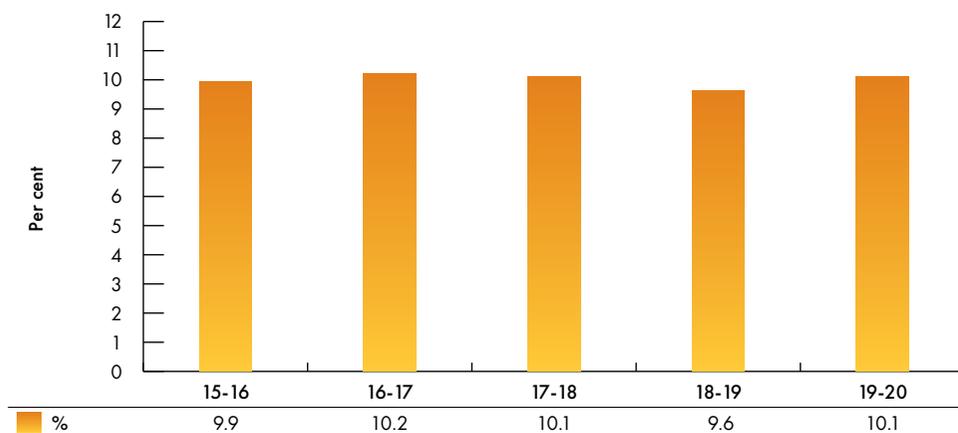


The Statement of Corporate Intent forecast for total container trade in 2019-20 was annual growth of 2.0 per cent

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), increased by 0.4 per cent to 9.9 per cent over the previous year.

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

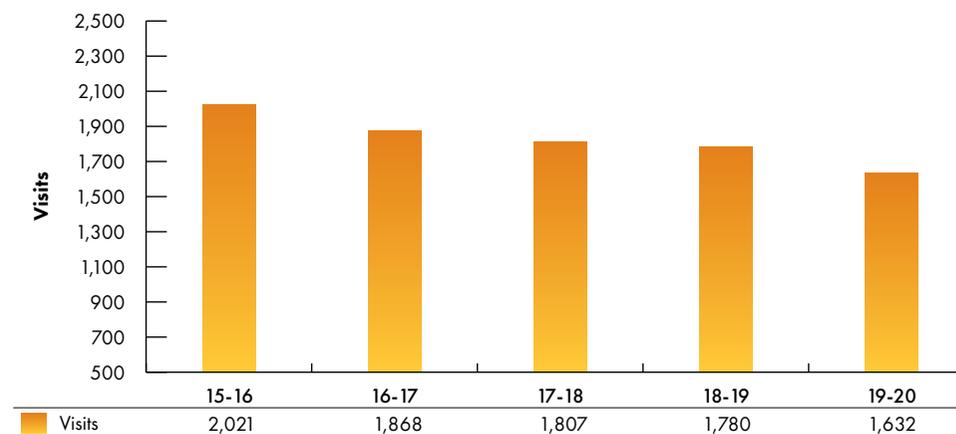


NUMBER OF SHIP VISITS

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 8.3 per cent over the 12 months to 30 June 2020.

Commercial ship visits decreased by 130 in the Inner Harbour and by 21 in the Outer Harbour. The decrease in commercial ship visits in the Inner Harbour was mainly due to a decrease in container vessels. The decrease in visits in the Outer Harbour was predominantly due to a reduction in bulk grain vessels.

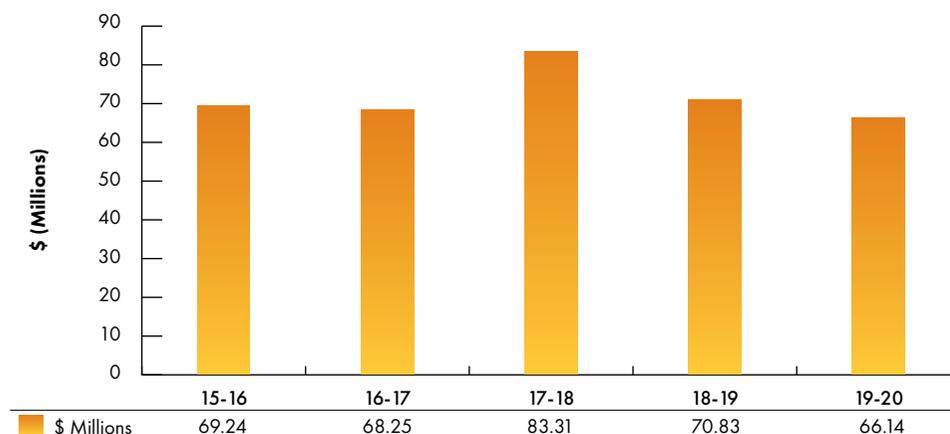
Fig 10. Total Ship Visits



FREMANTLE PORTS' PROFIT BEFORE INCOME TAX EQUIVALENT

Figure 11 shows that operating profit before income tax equivalent in 2019-20 decreased by \$4.7 million or 6.6 per cent compared with 2018-19.

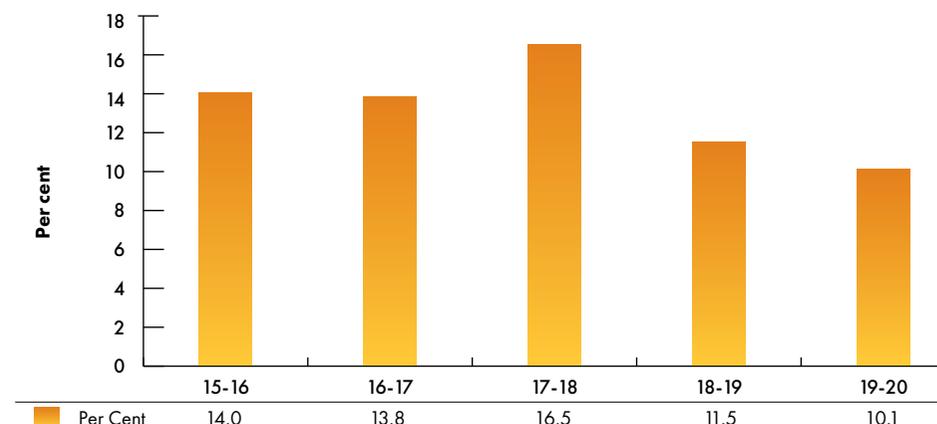
Fig 11. Operating Profit before Income Tax



ECONOMIC RATE OF RETURN

Figure 12 shows that the economic rate of return on assets was 10.1 per cent for financial year 2019-20. This compares with a target of 10.8 per cent for the year, as agreed by the State Government.

Fig 12. Economic Rate of Return on Assets



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

SAFE, AGILE AND HIGH-PERFORMING ORGANISATION

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

COMMUNITY SATISFACTION

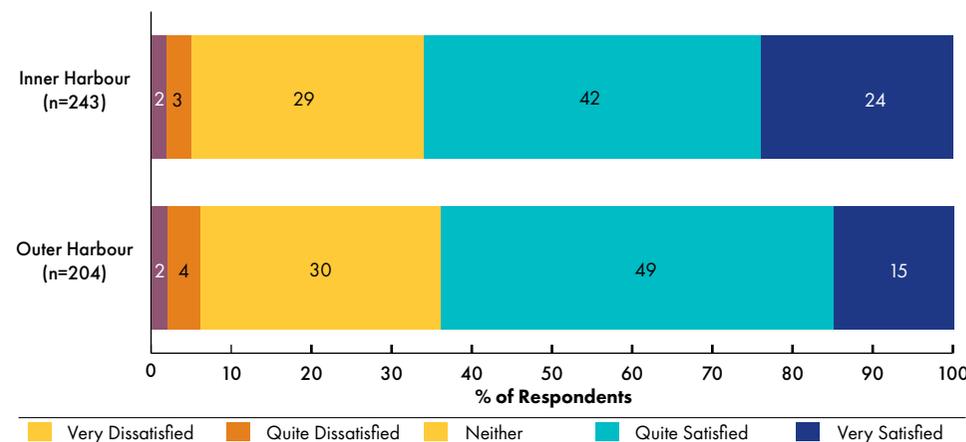
Fremantle Ports commissioned its annual independent community survey in July 2020, comprising telephone surveys of 240 community members of the Inner Harbour area (North Fremantle, South Fremantle, East Fremantle, Fremantle and nearby suburbs) and 190 community members of the Outer Harbour (Cockburn, Kwinana and Rockingham). This important annual survey allows Fremantle Ports to track community sentiment on a range of issues. It is then able to analyse how these issues can be addressed, or problems mitigated.

This year, the survey showed community satisfaction with Fremantle Ports, with 64 per cent of respondents in the Inner Harbour and 66 per cent in the Outer Harbour were either very satisfied or quite satisfied with the performance of Fremantle Ports overall. These results were stable compared with the previous year.

Outer Harbour residents continued to record increasing levels of satisfaction with the performance of Fremantle Ports. The survey was conducted by a firm accredited for its consultancy and fieldwork to ISO 20252.

Fig 13. Overall Satisfaction with Fremantle Ports - June 2020

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



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

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 also report annually to the Public Sector Commissioner.

The *Port Authorities Act 1999* adopts financial reporting provisions equivalent to those of Corporations Law and exempts Fremantle Ports from the *Financial Management Act 2006*, with the exception of audit provisions, which means that the Auditor General continues to conduct annual audits. There were no legislative changes in 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. 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, Chartered Accountants Australia and New Zealand and the Western Australian Public Sector Commission. A Board Charter is in place, setting out the responsibilities of the Board and Chief Executive Officer.



We gifted a dolphin to Hillman Primary School for their library.

SUSTAINABILITY COMMITTEE

Fremantle Ports' Sustainability Committee reviews 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.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODE

The Fremantle Ports Code of Conduct is provided in hard copy to all employees and an e-learning module is in place, requiring all employees to read the code and answer questions on it to ensure that obligations and responsibilities are understood.

The code, 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. People and Culture policies and procedures are available to all staff and these are periodically reviewed to ensure they continue to reflect best practice in a commercialised environment and that there is compliance with them.

In 2019-20, there were nine substantiated breaches of governance policies, in relation to Fremantle Port's Code of Conduct, Fraud and Corruption Policy, Alcohol and Other Drugs Policy, Use of Fremantle Ports Resources Policy, and the Workplace Harassment, Discrimination and Bullying Policy.

During the reporting year over 320 employees and contractors attended face-to-face awareness and education sessions on workplace harassment, discrimination and bullying. Compulsory e-learning training courses were held regularly on the topics of accountable and ethical decision-making, alcohol and drugs in the workplace, and the requirements of the Code of Conduct.

GIFTS AND BENEFITS

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

AUDITING SYSTEMS AND PROCESSES

AUDIT RISK AND MANAGEMENT COMMITTEE

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

The committee provides:

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

INTERNAL AUDIT

The Assurance/Internal Audit activity provides the Board with an independent appraisal of the operation and effectiveness of systems and controls. It also assists Fremantle Ports in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

The results of all audits are reported to the Executive and the Audit and Risk Management Committee (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 2020-21 in June 2020 and will periodically review the plan to ensure it remains responsive and adequately provides coverage of Fremantle Ports' activities in a changing environment.

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

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

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

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

EXTERNAL AUDIT

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

PROJECT APPROVALS AND FUNDING DECISIONS

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

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. This year, Fremantle Ports extended free parking on Victoria Quay to cars displaying government-issued Companion Cards. Companion Cards are usually used for ticketing not parking. This is over and above what is done in most other public parking locations in Western Australia. Fremantle Ports also worked with cruise operators to remind them of the importance of meeting the needs of disabled and mobility-impaired cruise passengers at the Fremantle Passenger Terminal.

SUBSTANTIVE EQUALITY AND DIVERSITY

Fremantle Ports promotes gender equality and diversity in all its human resource approach. The workforce profile this year (snapshot determined as at March 2020) was as follows:

Diversity



0.4%
People with disability

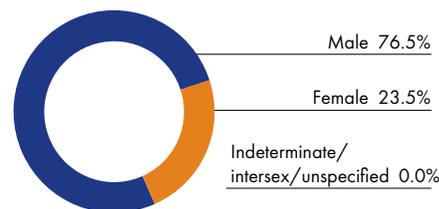


0.0%
Aboriginal and Torres Strait Islander

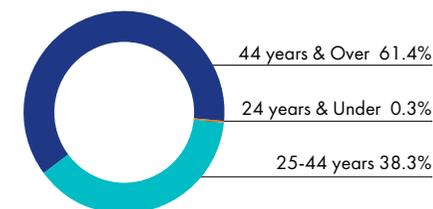


9.4%
Culturally and linguistically Diverse

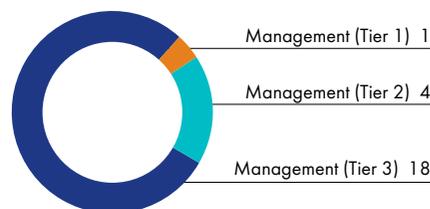
Gender



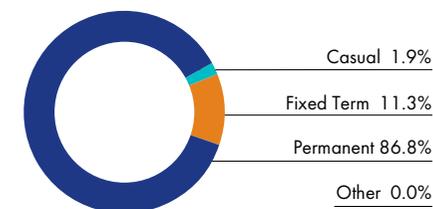
Age Profile



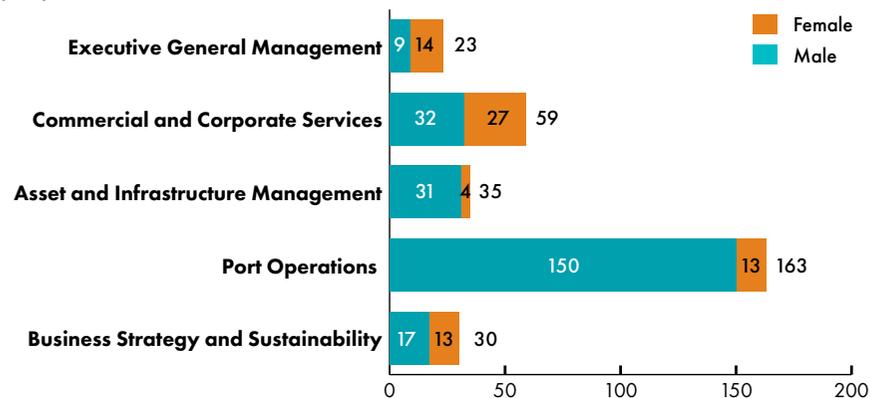
Management Tiers



Employment Type



Employee Numbers



* The above calculations exclude Board members, employees on leave without pay and casuals who worked less than one month.

ADVERTISING & MARKET RESEARCH EXPENDITURE 2019-20

ADVERTISING AGENCIES	
Marketing Research Organisations	
IPSOS Australia	\$53,361.50
Direct Mail Organisations	
Fremantle Herald (distribution of leaflets)	\$204.55
Media Advertising Organisations	
Fremantle Herald	\$4,000.00
Seek (recruitment advertisements)	\$5,435.00
Acorn Design (includes tenders, recruitment advertisements)	\$12,221.05
Optimum Media Decisions (OMD)(includes tenders, recruitment adverts)	\$32,208.09
Turner Designs	\$3,007.50
Perth Expo Hire Exhibition Stand	\$210.80
The West Australian	\$1,572.23
Angry Chicken Publishing	\$3,225.00

ADVERTISING AGENCIES	
Media Advertising Organisations Cont...	
Fremantle Surf Life Saving Club	\$5,745.46
Createsend/com	\$143.22
Facebook	\$2,337.09
Imagesource Banners	\$2,690.00
Social Meteor PTY LTD	\$300.00
Tenderlink.com	\$641.00
SAI Global Limited	\$225.49
Business News WA	\$4,500.00
Rottnest Express Ferry - (Quay to Summer place activation)	\$760.69
Buggybuddys - (Quay to Summer place activation)	\$382.22
Kids around - (Quay to Summer place activation)	\$425.00
Absolute Edge Media	\$910.00
oOH!media	\$1,500.00
Total	\$136,005.89

COMPLAINTS MANAGEMENT

Fremantle Ports is certified to the ISO 9001 Quality Management System standard, which includes the requirement to have a robust complaints management handling process in place. We use complaints and other stakeholder feedback as valuable input into our continuous improvement process. We willingly acknowledge that people have a right to complain about services or aspects of operations. Complaints provide an opportunity to improve services and operations, while at the same time alerting us to potential problems.

As in previous years, complaints were able to be submitted in multiple formats - in person, by phone, letter, email or online form. Both the Fremantle Ports corporate website and the Victoria Quay website have feedback links on their homepages, taking the complainant 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 Branch or an officer with subject-matter expertise. The Complaints Management Policy and associated procedures are regularly reviewed. All complaints in 2019-20 were logged into an electronic Complaints Management System so they may be tracked, given prompt attention and closed out once addressed.

The Board reviews complaints on a regular basis, with particular attention to trends in complaint type and nature. Complaints and incidents were reported and discussed at each of the Inner Harbour Community Liaison Group (IHCLG) quarterly meetings held by Fremantle Ports this year and those details included in meeting minutes posted on the corporate website. The group members represent a wide range of community organisations and precinct areas. At IHCLG meetings, open discussion about complaints to Fremantle Ports is encouraged.

COMPLAINTS RECEIVED

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

This year, there was a noticeable rise in complaints about noise emanating from the Fremantle Inner Harbour. Of 17 noise complaints, 16 concerned port noise (ship engines, sirens, horns and/or cargo movement). Our Environment Team follows up on complaints about ship engine noise by monitoring 'noisy' ships the next time they are in port.

Out of the 16 port noise complaints, five related to two ships that were each berthed for a number of weeks at the Fremantle Passenger Terminal because of COVID-19 on board. The livestock ship *Al Kuwait* and cruise ship *Artania* had to remain berthed at the Passenger Terminal so the WA Police Force and WA Health Department had access to the ships. The ships' generators were run continually to provide power for the ships and the terminal is close to nearby apartment buildings. Fremantle

Ports liaised with the ships' agents and investigated possibilities for reducing noise in both cases, yet were unable to find a solution in the short term. Fremantle Ports conducted a targeted letter-box campaign of apartments and businesses in Beach Street explaining the situation.

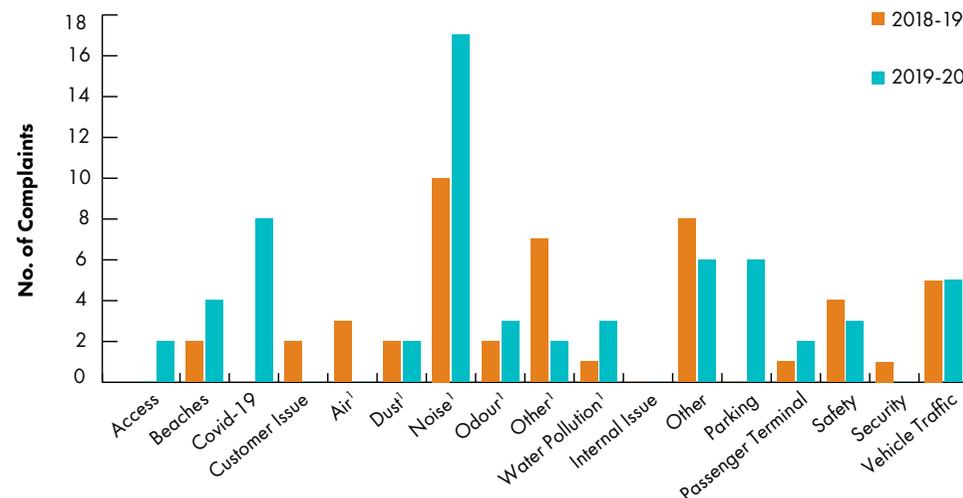
Freight rail noise complaints decreased from eight in 2018-19 to one this year.

We created a 'COVID-19' category this year to track complaints related to the pandemic and received eight related to *Al Kuwait* and *Artania* being allowed in port, and other cruise ships being allowed to berth in March 2020. At all times during COVID-19, Fremantle Ports was following government guidelines and complying with government directions.

Three of the six complaints about parking on Victoria Quay were from carers/companions of disabled people visiting the E Shed Markets' Friday evening disco. They had received parking infringement notices as they were under the mistaken impression that if they were attending the disco as a support worker they did

Fremantle Ports - Complaints Register

2019-20 compared to 2018-19



not have to pay for parking. Payment for parking is required on Victoria Quay from 8am-8pm every day except for cars with ACROD permits. The complainants did not have ACROD permits. After investigation and discussion with complainants, it was decided to extend free parking on Victoria

Quay to cars displaying government-issued Companion Cards. Companion Cards are usually only used for ticketing assistance not parking. This was very positively received by disabled patrons, their families and carers.

RECORDS MANAGEMENT

Recordkeeping is an essential part of Fremantle Ports' business activities. Records are captured, secured, retained and are accessible when required. Compliance with State Records Commission Standard 2, Principle 6, is attained, through regular reviews and improvement initiatives. The following continuous improvement projects have been undertaken and completed in the last 12 months:

- ◆ There was a review of Fremantle Ports' Record-keeping Plan which considered feedback from internal audits and assessments of records management activities.
- ◆ The Records Team worked with business units to ensure corporate records and information are registered into the Electronic Document and Records Management System (Content Manager), to protect and preserve our information assets.

RECORD-KEEPING TRAINING AND EFFECTIVENESS

Our record-keeping compliance induction program is presented to new employees and focuses on employee responsibilities in relation to good recordkeeping practices, compliance with the *State Records Act*, our record-keeping plan and effective use of Content Manager. In 2019-20, there were 139,938 new documents registered into Content Manager, an increase of two per cent on the previous year.

COMPLIANCE WITH OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT REPORTING

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

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

In accordance with the policy, the Executive Team is responsible for providing the leadership and resources to support the development and implementation of this policy. Executive, Board and Management participation and engagement in safety activities either met or exceeded the improvement targets for the 2019-20 period.

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

Fremantle Ports has Inner Harbour and Outer Harbour Safety Committees to facilitate the consultative process between employees, safety and health representatives and employer representatives. The committees are structured as per the requirements of the Commission for Occupational Safety and Health and its Mining Industry Advisory Committee's Guidance Note Formal Consultative Processes at the Workplace 2006.

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

In accordance with the *Workers Compensation and Injury Management Act 1981*, Fremantle Ports has further

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

Fremantle Ports has adopted the AS/NZS ISO 45001:2018 Occupational health and safety management systems - Requirements with guidance for use Standard for its occupational safety and health management system. Annually, SAI Global assesses Fremantle Ports' occupational safety and health management system. The assessment was completed in May 2020 and, for the first time, the audit did not identify any major or minor non-conformances.

The SAI Global assessment of Fremantle Ports' occupational safety and health management system results in any non-conformances becoming agreed actions. All agreed actions are completed before the following annual assessment.

MEASURE	ACTUAL RESULTS			RESULTS AGAINST TARGET	
	2017-18	2018-19	2019-20	Targets	Comment on result
Number of fatalities	0	0	0	0	Target achieved
Lost time injury and/or disease incidence rate*	6.8	6.4	6.4	0 or 10% reduction	Target not achieved
Lost time injury and/or disease severity rate	0	20	0	0 or 10% reduction	Target achieved
Percentage of injured workers returned to work:					
(i) within 13 weeks	80%	60%	60%	Greater than or equal to 80%	Target not achieved
(ii) within 26 weeks	100%	60%	100%	Greater than or equal to 80%	Target achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	92%	92%	95%	Greater than or equal to 80%	Target achieved

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

Appendices

STATISTICAL INFORMATION

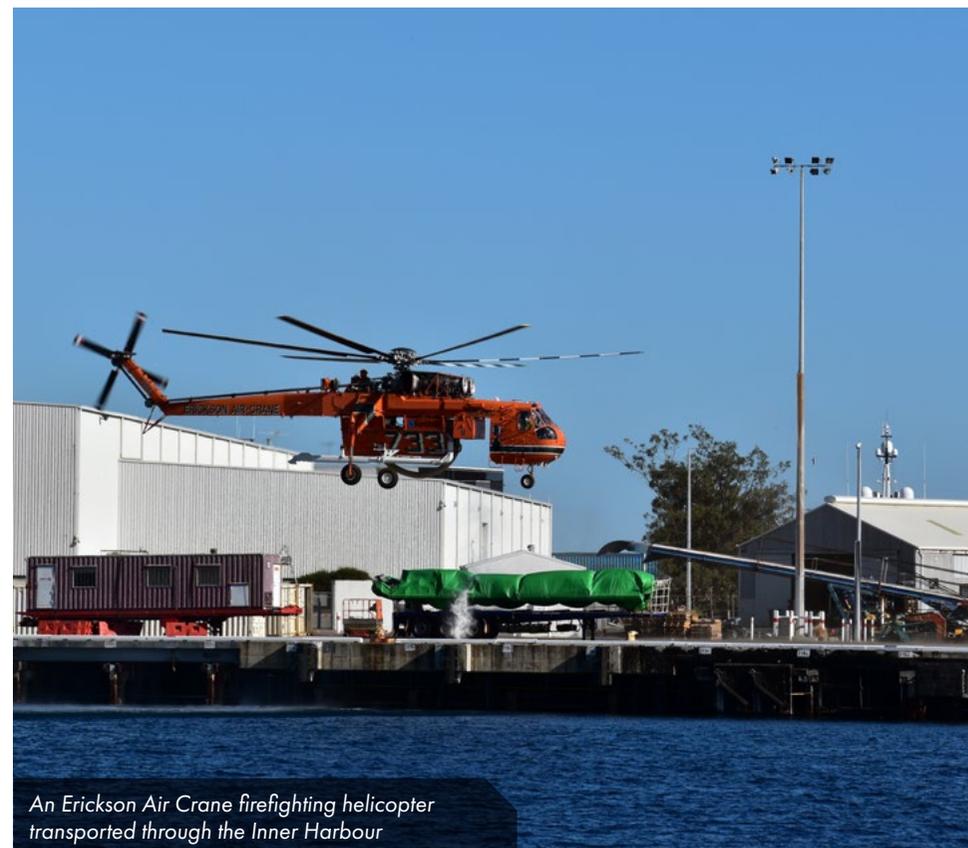


FIVE YEAR SUMMARY					
SHIPPING	2015-16	2016-17	2017-18	2018-19	2019-20
No. of Ships: Inner Harbour	1,037	991	1,003	993	850
Gross Tonnage (000's):					
Inner Harbour	43,500	45,372	48,363	46,160	41,207
Outer Harbour	25,743	25,638	23,569	22,331	21,721
TOTAL	69,243	71,010	71,931	68,491	62,928
Turnover per linear metre of wharf					
Inner Harbour Tonnage Only - (i)					
Trade in Tonnes	2,436	2,506	2,753	2,878	2,793
Gross Tonnage	13,619	14,205	15,142	14,452	12,901
TRADE	Mass tonnes '000				
Total Port Trade	34,823	35,314	34,845	34,489	32,656
Imports: Inner Harbour	3,873	3,891	4,350	4,302	4,447
Outer Harbour	10,811	10,578	10,993	11,380	11,251
TOTAL	14,684	14,469	15,343	15,683	15,698
Exports: Inner Harbour	3,894	4,064	4,444	4,890	4,475
Outer Harbour	16,226	16,674	15,059	13,915	12,483
TOTAL	20,120	20,738	19,502	18,806	16,958

FIVE YEAR SUMMARY					
	2015-16	2016-17	2017-18	2018-19	2019-20
FINANCE	\$ Millions				
Revenue from ordinary activities	223.337	214.056	228.853	222.030	217.939
Operating expenses	126.112	118.902	119.203	125.692	127.250
Interest and depreciation charges	27.989	26.907	26.346	25.509	24.553
Profits from ordinary activities	69.236	68.247	83.305	70.829	66.136
Written down value of fixed assets	440.279	426.097	424.624	440.326	441.757
PERCENTAGE OF REVENUE	Per Cent				
Charges on cargo	64.69	62.96	61.79	61.25	60.42
Charges on ships	9.34	9.92	9.54	9.73	9.35
Charges for shipping services	5.73	5.84	5.56	5.92	5.98
Charges for other services and interest	20.25	21.28	23.11	23.11	24.25
Operating expenses	56.47	55.55	52.09	56.61	58.39
PERSONNEL	No.	No.	No.	No.	No.
Employees at 30th June (ii)	307	322	311	304	296

(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.

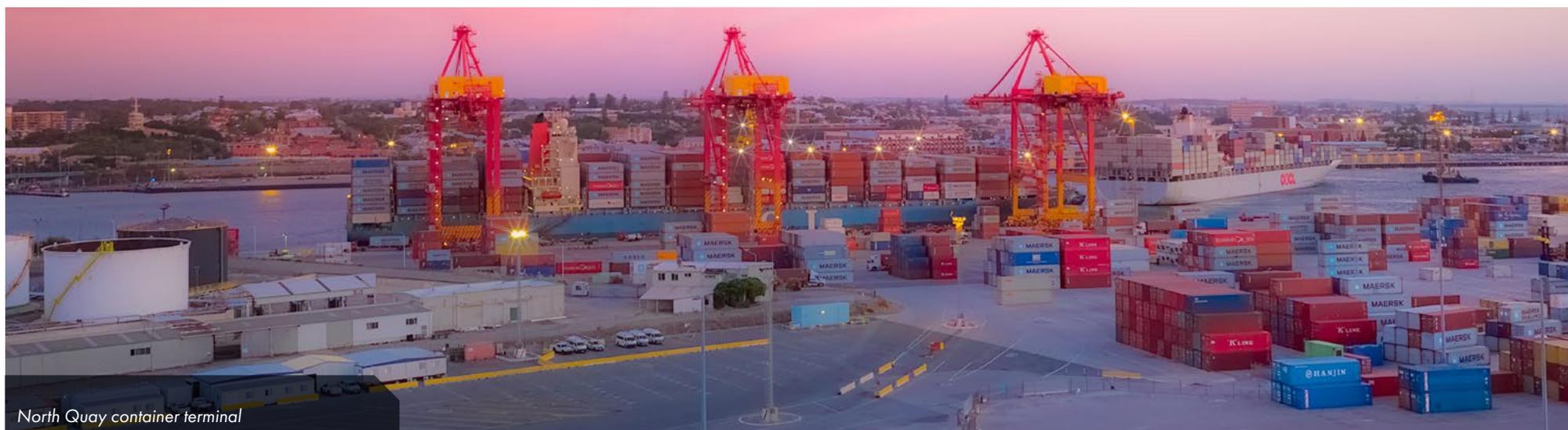
(ii) Full time equivalent employees.



An Erickson Air Crane firefighting helicopter transported through the Inner Harbour

SHIP VISITS AND GROSS TONNAGE

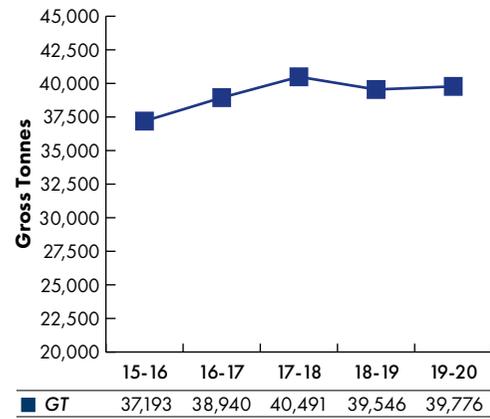
Year ended 30th June	COMMERCIAL		NON TRADING		TOTAL COMMERCIAL & NON TRADING		NAVAL
	No.	Gross Tonnage	No.	Gross Tonnage	No.	Gross Tonnage	No.
2014	1,874	65,298,549	403	1,138,781	2,277	66,437,330	35
2015	1,804	64,111,545	306	1,228,845	2,110	65,340,390	45
2016	1,837	68,324,318	184	919,875	2,021	69,244,193	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
2020	1,575	62,647,342	57	280,814	1,632	62,928,156	15



North Quay container terminal

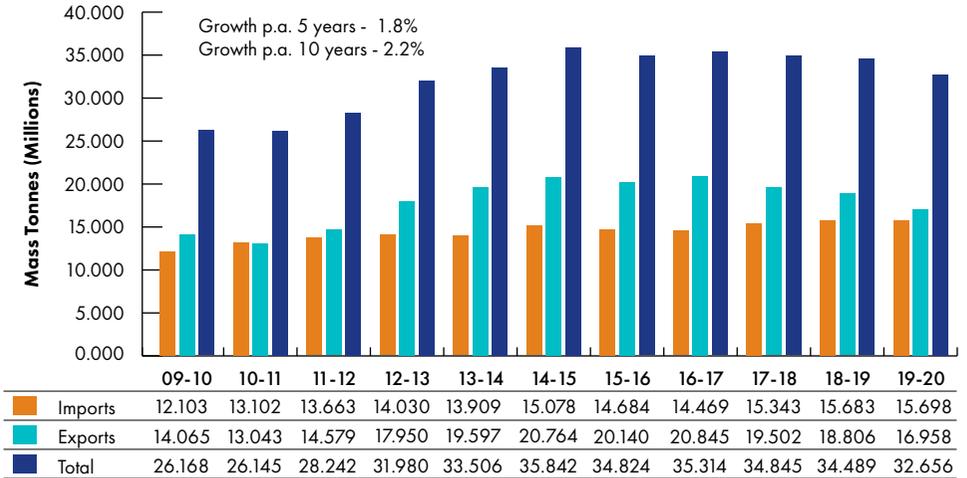
SHIPS CLASSIFIED ACCORDING TO CARGO CLASS									
CARGO CLASS	2017-18			2018-19			2019-20		
	No.	Gross Tonnage (000's)	Average per Ship (000's)	No.	Gross Tonnage (000's)	Average per Ship (000's)	No.	Gross Tonnage (000's)	Average per Ship (000's)
Break Bulk/General Carrier	86	961	11.2	68	923	13.6	72	985	13.7
Container	508	29,379	57.8	513	27,313	53.2	413	24,029	58.2
Other - Trading	7	128	18.3	14	231	16.5	13	239	18.4
Roll-on/Roll-off	21	1,499	71.4	23	1,633	71.0	20	1,432	71.6
Vehicle Carrier	218	12,558	57.6	218	12,763	58.5	186	10,592	56.9
Livestock Carrier	79	1,447	18.3	64	1,134	17.7	73	1,280	17.5
Passenger	44	2,253	51.2	35	1,762	50.3	40	2,551	63.8
Tankers	285	9,378	32.9	261	8,792	33.7	260	8,829	34.0
Dry Bulk - Grain	112	3,418	30.5	170	4,797	28.2	126	3,446	27.3
Dry Bulk - Other	292	7,344	25.2	253	6,160	24.3	260	6,374	24.5
Bunkering Only	115	3,219	28.0	107	2,747	25.7	112	2,890	25.8
Non Trading - Other	40	346	8.6	54	235	4.4	57	281	4.9
Sub Total	1,807	71,931	39.8	1,780	68,491	38.5	1,632	62,928	38.6
Naval	31			38			15		
Grand Total	1,838	71,931		1,818	68,491		1,647	62,928	

Average Gross Tonnage per Commercial Vessel
2015-16 to 2019-20

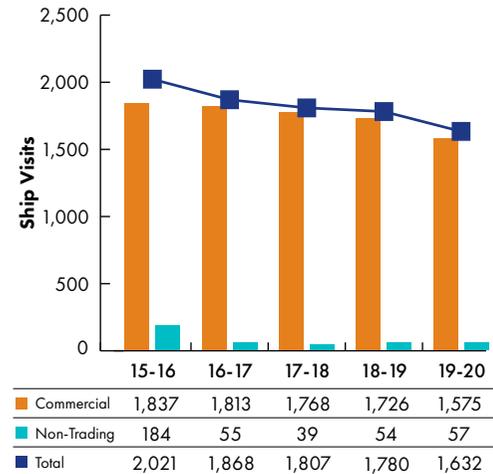


Total Port Trade

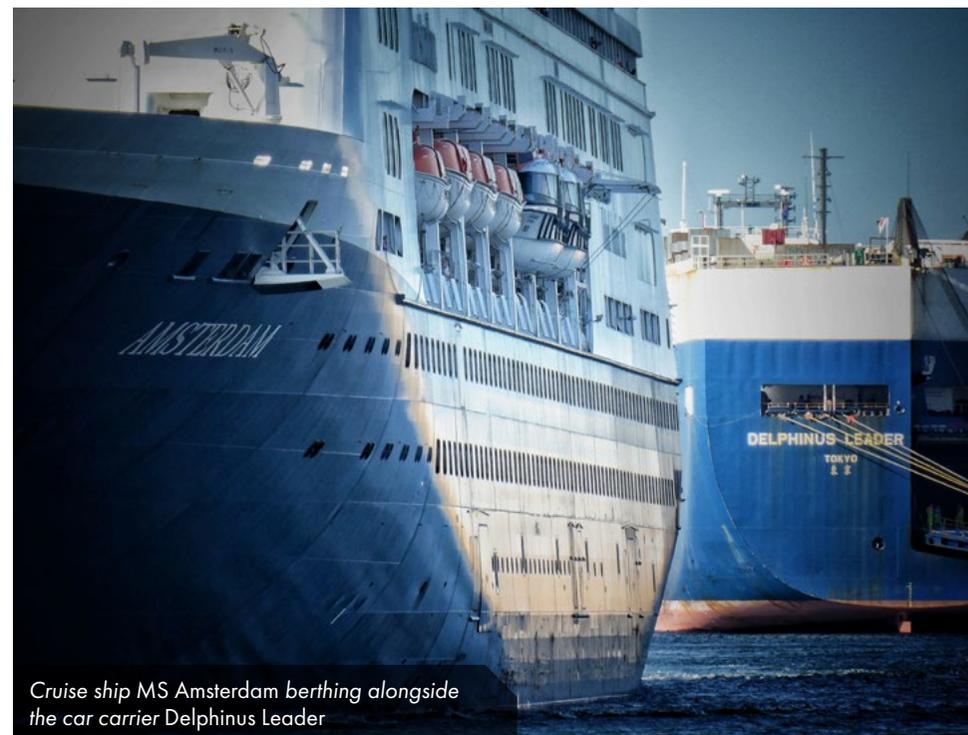
2009-10 to 2019-20



Ship Visits (Excluding Naval)

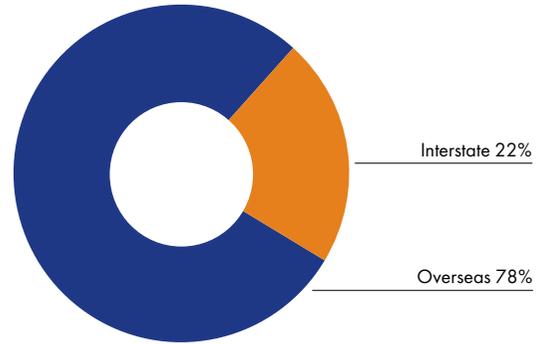


SYNOPSIS OF TRADE 2019-20			
CARGO	Inner Harbour Mass Tonnes	Outer Harbour Mass Tonnes	Port Total Mass Tonnes
Imports			
From Intrastate Ports	71	410,715	410,786
From Interstate Ports	1,000,160	215,608	1,215,767
From Overseas Ports	3,446,516	10,624,737	14,071,253
TOTAL IMPORTS	4,446,746	11,251,060	15,697,806
Exports			
To Intrastate Ports	260	83,090	83,350
To Interstate Ports	119,859	2,495,719	2,615,578
To Overseas Ports	4,354,854	9,904,075	14,258,929
TOTAL EXPORTS	4,474,973	12,482,885	16,957,858
TOTAL PORT TRADE	8,921,719	23,733,944	32,655,664

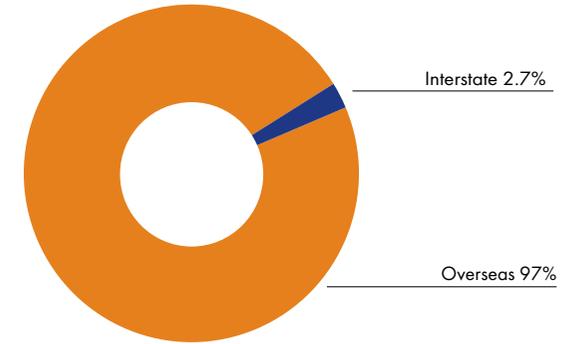


Cruise ship MS Amsterdam berthing alongside the car carrier Delphinus Leader

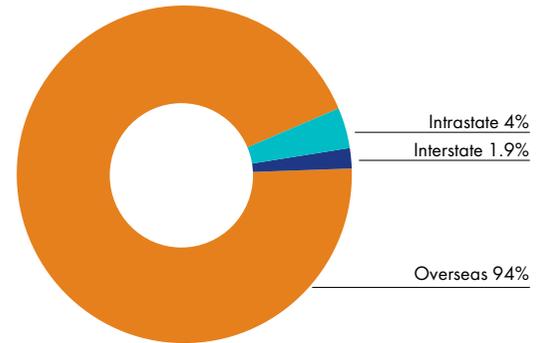
Inner Harbour Imports



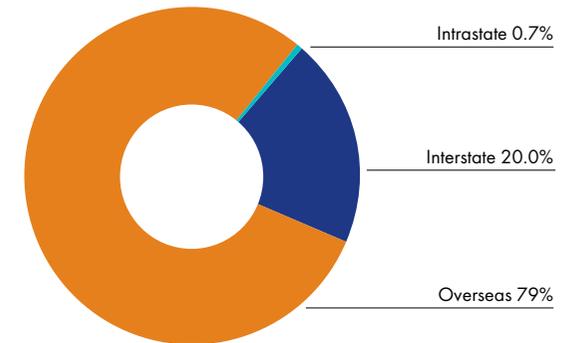
Inner Harbour Exports

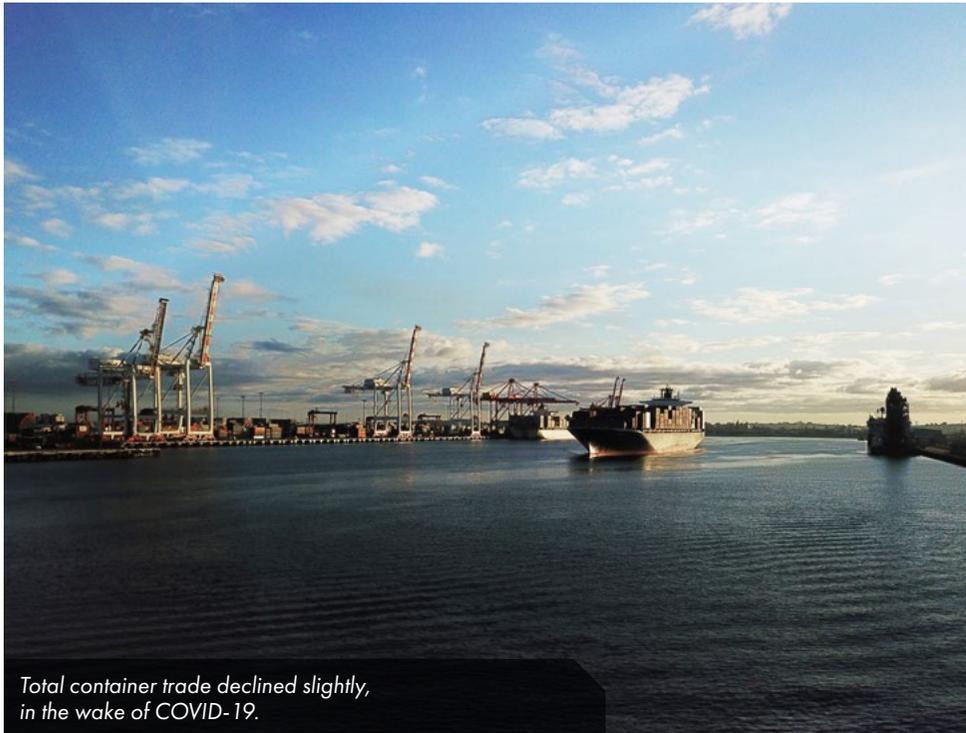


Outer Harbour Imports



Outer Harbour Exports

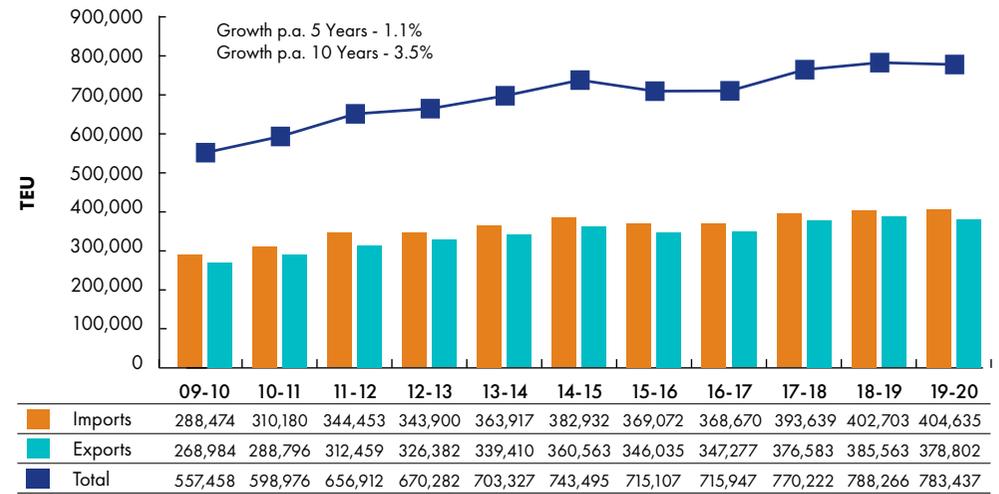




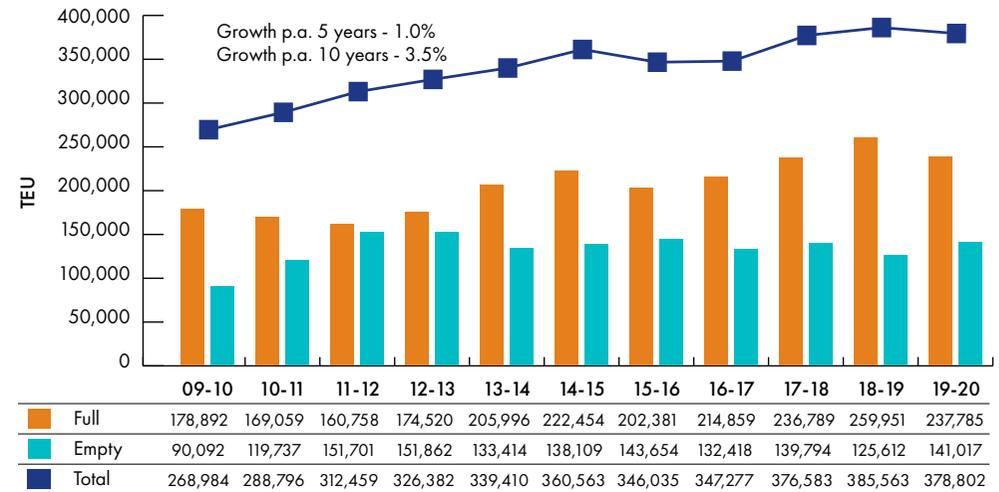
Total container trade declined slightly, in the wake of COVID-19.

Total Container Trade - TEU

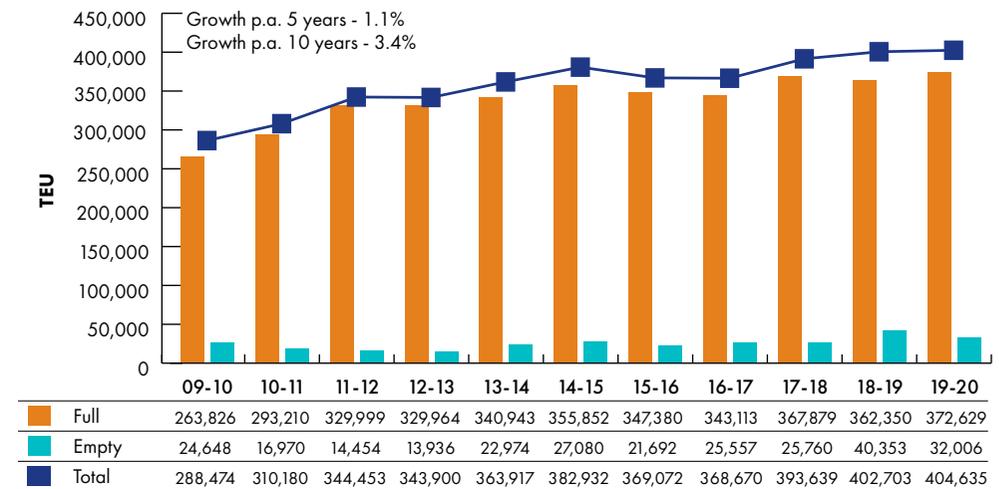
2009-10 to 2019-20



Export Container Trade - TEU
2009-10 to 2019-20



Import Container Trade - TEU
2009-10 to 2019-20



PORT OF FREMANTLE CONTAINER TRADE -TEU July 1 2019 to June 30 2020							
COUNTRY	Imports			Exports			Grand Total
	Full	Empty	Total	Full	Empty	Total	
China	128,853	750	129,603	53,405	3,485	56,890	186,493
Singapore	9,505	8,641	18,146	7,319	85,919	93,238	111,384
Australia	73,163	19,348	92,511	1,891	9,227	11,118	103,629
Malaysia	15,763	534	16,297	14,985	25,618	40,603	56,900
Japan	9,136	48	9,184	27,111	31	27,142	36,326
Thailand	20,369	136	20,505	7,323	7,590	14,913	35,418
South Korea	6,712	54	6,766	24,002	151	24,153	30,919
Indonesia	8,904	341	9,245	11,763	7,672	19,435	28,680
Vietnam	11,180	26	11,206	11,162		11,162	22,368
India	7,502	20	7,522	14,824		14,824	22,346
United States of America	12,953	1	12,954	5,169		5,169	18,123
Taiwan	4,544		4,544	8,543	19	8,562	13,106
New Zealand	5,128	122	5,250	4,074	768	4,842	10,092
United Arab Emirates	2,825	60	2,885	6,318		6,318	9,203
Germany	6,856	20	6,876	642	14	656	7,532
Philippines	673	17	690	6,264	3	6,267	6,957
Italy	6,374	154	6,528	402		402	6,930
Netherlands	3,822		3,822	3,048	21	3,069	6,891
United Kingdom	4,656	30	4,686	1,264		1,264	5,950
Belgium	3,920	4	3,924	920	33	953	4,877
Other Countries	29,791	1,700	31,491	27,356	466	27,822	59,313
Grand Total	372,629	32,006	404,635	237,785	141,017	378,802	783,437

MAJOR EXPORTS BY COMMODITY 2019-2020			
COMMODITY	Total Exports %	Mass Tonnes	Principal Countries /Regions (% Commodity Total)
Grains	33.9%	5,745,028	Japan (17.6) China (17.3) Australia (13.2) Philippines (10.9) South Korea (8.2) Indonesia (6.0) Thailand (5.8) Vietnam (3.5) Yemen (3.1) Netherlands (2.6) Malaysia (2.1)
Alumina	17.6%	2,976,508	China (22.8) India (12.6) Malaysia (12.4) Indonesia (10.7) Qatar (9.0) Russia (6.6) Egypt (6.5) Bahrain (6.3) Australia (4.6) Japan (4.0) South Korea (1.7) United Arab Emirates (1.1) Thailand (.9) Taiwan (.4)
Refined Petroleum	11.9%	2,018,498	Australia (80.1) Malaysia (9.7) Singapore (6.1)
Bauxite	11.5%	1,950,069	China (100.0)
Animal Feed	4.6%	772,476	Japan (34.4) South Korea (25.9) China (22.1) Australia (2.7) Taiwan (2.6) Vietnam (1.7)
Metals Scrap	2.8%	481,005	Bangladesh (21.6) India (16.7) Vietnam (14.1) Indonesia (11.4) Taiwan (9.3) Australia (6.2) Kuwait (4.7) South Korea (3.6) Malaysia (3.1)
Silica Sands	2.8%	468,719	South Korea (69.4) Thailand (12.4) Colombia (8.1) Malaysia (3.8)
Waste Paper	1.3%	221,937	Indonesia (36.1) China (22.4) India (17.6) Thailand (9.4) Vietnam (8.2)
Titanium Dioxide	1.2%	200,747	China (15.9) India (13.7) South Korea (12.8) Thailand (9.2) Netherlands (8.1) United States of America (4.8) Philippines (4.6) Indonesia (4.4) Vietnam (4.4) Japan (3.2) Belgium (2.6) Malaysia (2.6) New Zealand (2.4) United Arab Emirates (2.2)
Fresh Fruit and Vegetables	1.0%	166,959	United Arab Emirates (20.2) Singapore (16.2) Saudi Arabia (13.4) Malaysia (13.2) Qatar (7.2) Kuwait (3.5) Egypt (3.4) Hong Kong (3.0) Thailand (2.6) Taiwan (2.2) India (2.1) Philippines (1.5) Bahrain (1.4) Vietnam (1.1)

MAJOR EXPORTS BY COUNTRY 2019-2020			
COUNTRY	Total Exports %	Mass Tonnes	Principal Commodities (% Country Total)
China	25.2%	4,280,837	Bauxite (45.6) Grains (23.2) Alumina (15.8) Animal Feed (4.0) Mineral Sands (1.5) Fresh Meat - Chilled or Frozen (1.2) Waste Paper (1.2)
Australia	15.9%	2,698,929	Petroleum, Refined (60.9) Grains (28.3) Alumina (5.1) Ammonium Nitrate (1.5)
Japan	8.8%	1,489,817	Grains (68.0) Animal Feed (17.8) Alumina (8.0) Non Ferrous Metals (1.3) Silica Sands (1.0) Nickel Matt and Concentrates (.5)
South Korea	6.8%	1,145,606	Grains (41.3) Silica Sands (28.4) Animal Feed (17.5) Alumina (4.4) Titanium Dioxide (2.2) Scrap Metals Etc (1.5)
Malaysia	5.8%	984,315	Alumina (39.6) Petroleum, Refined (21.1) Grains (13.2) Other Crude Minerals (8.3) Fresh Fruit and Vegetables (2.4) Sulphuric Acid (2.1) Other Cereals and Cereal Preparations (2.1) Silica Sands (1.9)
Indonesia	5.5%	934,601	Grains (37.5) Alumina (34.5) Waste Paper (8.7) Scrap Metals Etc (6.0) Sulphuric Acid (4.2) Liquefied Petroleum Gas [Lpg] (2.6) Fresh Meat - Chilled or Frozen (1.2) Titanium Dioxide (1.0)
Philippines	4.0%	676,391	Grains (92.3) Other Cereals and Cereal Preparations (2.0) Animal Feed (1.4) Titanium Dioxide (1.4)
India	3.8%	641,523	Alumina (58.6) Scrap Metals Etc (12.5) Grains (6.4) Waste Paper (6.1) Titanium Dioxide (4.3) Rubber Manufactures (2.5)
Thailand	3.1%	519,235	Grains (66.2) Silica Sands (11.5) Alumina (5.2) Waste Paper (4.1) Titanium Dioxide (3.7) Non Ferrous Metals (2.3) Scrap Metals Etc (1.7) Fresh Fruit and Vegetables (.9)
Singapore	2.7%	460,994	Petroleum, Refined (43.1) Grains (12.7) Dairy Products (10.0) Fresh Fruit and Vegetables (9.4) Tallow (8.9) Non Ferrous Metals (3.1) Machinery - Agricultural, Industrial (1.6) Fresh Meat - Chilled or Frozen (1.4)
Vietnam	2.5%	416,882	Grains (48.4) Scrap Metals Etc (16.2) Liquefied Petroleum Gas [Lpg] (8.7) Petroleum, Refined (5.1) Cattle and Calves (4.8) Waste Paper (4.4) Animal Feed (3.1) Titanium Dioxide (2.1)

MAJOR IMPORTS BY COMMODITY 2019-2020			
COMMODITY	Total Imports %	Mass Tonnes	Principal Countries/Regions (% Commodity Total)
Crude Petroleum	39.2%	6,149,825	United States of America (41.0) United Arab Emirates (24.1) Malaysia (21.0) Australia (4.9) Papua New Guinea (3.2) Vietnam (3.0)
Fertilisers	7.1%	1,121,751	United States of America (21.9) Saudi Arabia (19.1) China (14.7) Indonesia (7.3) Qatar (6.7) Lithuania (4.0) Morocco (3.9) South Korea (3.7) Malaysia (3.6) United Arab Emirates (3.0)
Caustic Soda	6.0%	936,296	Saudi Arabia (49.2) Qatar (14.8) Taiwan (12.2) United States of America (9.9) China (6.2) Japan (4.2) Indonesia (3.3) Thailand (.1)
Cement Clinker	5.8%	903,464	Indonesia (47.8) Japan (46.4) Malaysia (5.8)
Refined Petroleum	5.0%	791,104	Singapore (54.9) Malaysia (13.7) India (10.8) Indonesia (7.4) Brunei (2.5) Taiwan (2.5)
Sulphur	3.5%	550,631	Canada (99.9)
Manufactures of Metal	3.0%	468,584	China (46.1) Australia (11.2) India (7.7) Malaysia (6.0) Thailand (4.7) South Korea (4.6) Indonesia (3.7) Singapore (2.2) Taiwan (1.9) Vietnam (1.8)
Iron and Steel Products	2.4%	368,938	Australia (36.8) China (15.6) South Korea (9.4) Taiwan (6.8) Turkey (4.6) Singapore (3.2) Malaysia (3.1) Indonesia (3.0)
Chemicals and Related Products	2.1%	335,655	China (37.5) Australia (13.8) Indonesia (6.3) Thailand (4.9) India (4.7) Malaysia (4.5) Singapore (4.2) United States of America (3.7) South Korea (3.0)
Urea Ammonium Nitrate	1.8%	285,394	Russia (80.27) Estonia (13.28) South Africa (3.65) China (2.8)
Slag Residue Ex Steel Furnace	1.6%	256,208	Japan (99.9)

MAJOR IMPORTS BY COUNTRY 2019-2020

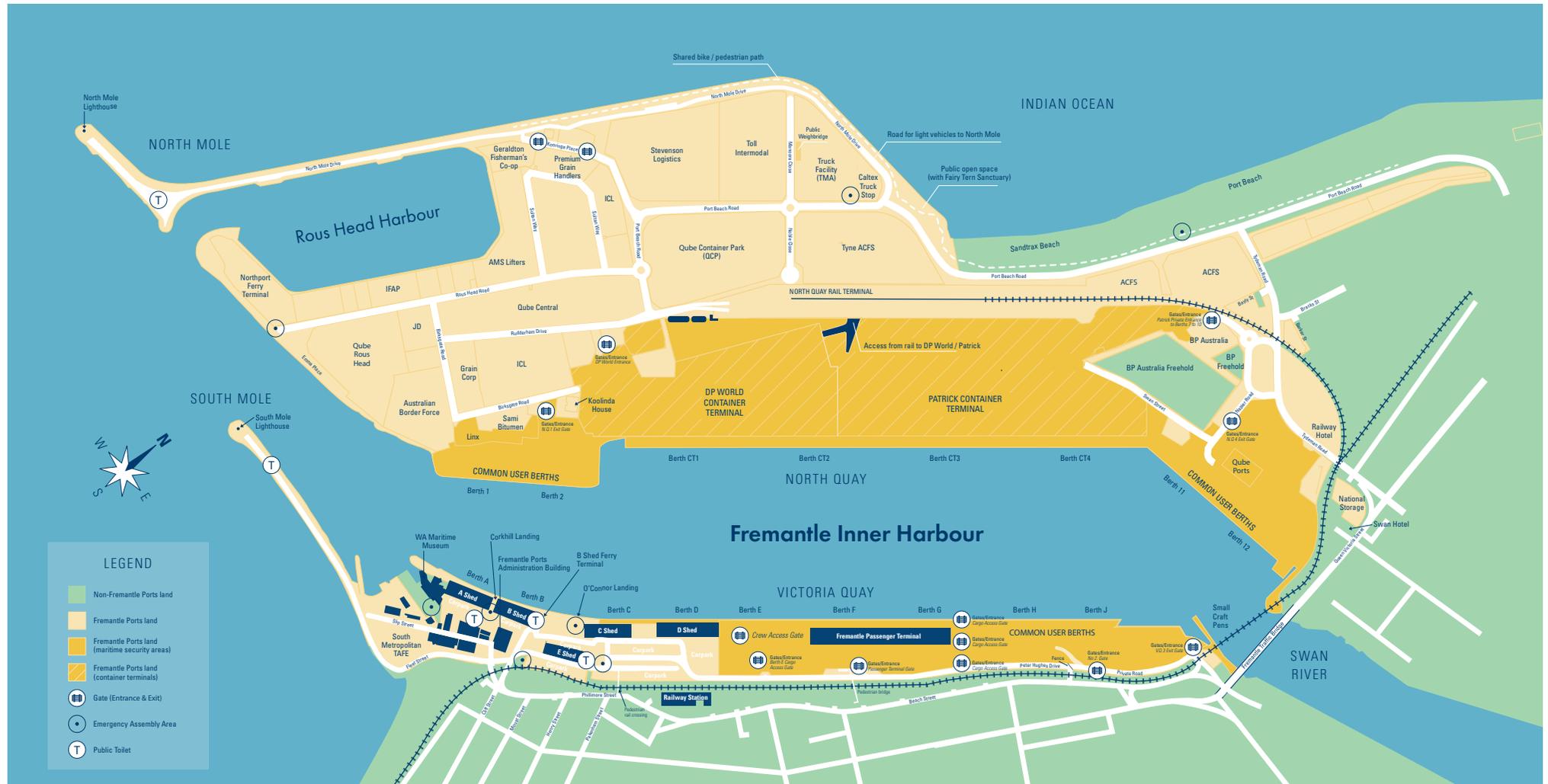
COUNTRY	Total Imports %	Mass Tonnes	Principal Commodities (% Country Total)
United States Of America	19.3%	3,021,959	Crude Petroleum (83.45) Fertilisers (8.11) Caustic Soda (3.1) Rubber Manufactures (1)
Malaysia	10.5%	1,650,370	Crude Petroleum (78.3) Refined Petroleum (6.5) Clinker (3.1) Fertiliser (2.4) Manufactures of Metal (1.7)
Australia	10.4%	1,626,553	Petroleum, Crude (18.9) Ammonia (11.9) Ale, Beer and Stout; Cider (Alcoholic) (9.7) Iron & Steel Products (8.5) Gypsum (6.9) Paper, Paperboard and Articles of Paper Pulp (5.9) Fabricated Construction Materials (3.6) Manufactures of Metal (3.3)
United Arab Emirates	9.8%	1,545,795	Petroleum, Crude (95.7) Fertiliser (2.2) Iron & Steel Products (.6) Manufactures of Metal (.4) Glassware (.3) Artificial Resin and Plastic in Primary Form (.2) Fabricated Construction Materials (3.6) Manufactures of Metal (3.3)
China	8.8%	1,384,331	Manufactures of Metal (15.6) Fertiliser (11.9) Chemicals and Related Products (9.1) Machinery - Agricultural, Industrial (6.5) Furniture and Parts Thereof (5.6) Caustic Soda (4.2) Bricks, Tiles, Pavers, Etc (4.2) Iron & Steel Products (4.2)
Japan	5.5%	859,110	Cement Clinker (48.8) Slag Residue Ex Steel Furnace (29.8) Motor Vehicles - New (6.0) Rubber Manufactures (5.7) Caustic Soda (4.5) Vehicles - Industrial & Agricultural (1.9) Other Transport Equipment and Parts (1.0) Iron & Steel Products (4.2)
Indonesia	5.0%	780,712	Cement Clinker (55.4) Fertiliser (10.4) Petroleum, Crude (7.5) Petroleum, Refined (7.5) Caustic Soda (4.0) Ammonia (3.0) Chemicals and Related Products (2.7) Manufactures of Metal (2.2) Iron & Steel Products (1.4)
Saudi Arabia	4.5%	712,607	Caustic Soda (64.7) Fertiliser (30.0) Ammonia (4.7) Artificial Resin and Plastic in Primary Form (.2)
Canada	3.8%	599,460	Sulphur (91.7) Fertiliser (4.5)
Singapore	3.5%	542,949	Petroleum, Refined (83.2) Chemicals and Related Products (2.7) Artificial Resin and Plastic in Primary Form (2.4) Iron & Steel Products (2.2) Machinery - Agricultural, Industrial (2.1)
Thailand	2.1%	327,595	Lime (23.7) Artificial Resin and Plastic in Primary Form (13.4) Motor Vehicles - New (11.3) Manufactures of Metal (6.7) Chemicals and Related Products (5.1) Petroleum, Refined (4.9)
Vietnam	2.1%	323,928	Petroleum, Crude (56.2) Lime (15.9) Machinery - Agricultural, Industrial (7.4) Manufactures of Metal (2.6) Furniture and Parts Thereof (2.6) Bricks, Tiles, Pavers, Etc (1.6)

MAJOR CONTAINER COMMODITIES IMPORTED - TEU			
COMMODITIES	2018-19	2019-20	Variance %
Manufactures of Metal	31,018	34,982	12.8%
Furniture and Parts Thereof	28,405	25,953	-8.6%
Paper, Paperboard and Articles of Paper Pulp	23,391	23,835	1.9%
Plastic Wares and Other Manufactures	21,017	23,020	9.5%
Machinery - Agricultural, Industrial	19,594	22,068	12.6%
Rubber Manufactures	19,797	21,543	8.8%
Chemicals and Related Products	16,931	18,377	8.5%
Iron & Steel Products	17,421	14,907	-14.4%
Household Appliances	15,164	15,813	4.3%
Ale, Beer And Stout; Cider (Alcoholic)	14,472	16,355	13.0%
Total	207,210	216,853	4.7%
Percentage of Total Full TEU Imports	57.2%	58.2%	

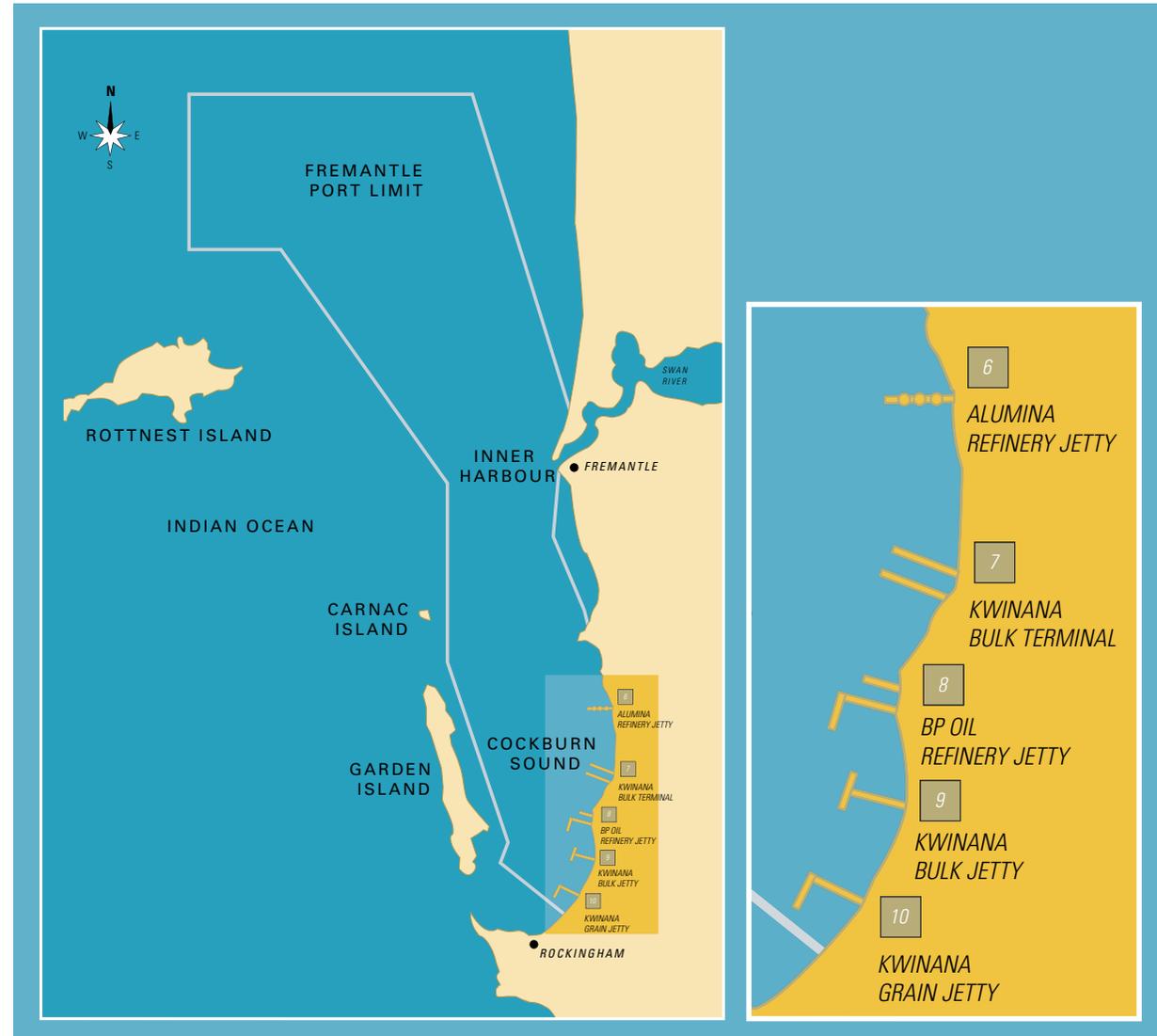
MAJOR CONTAINER COMMODITIES EXPORTED - TEU			
COMMODITIES	2018-19	2019-20	Variance %
Animal Feed	49,761	46,674	-6.2%
Waste Paper	20,856	18,935	-9.2%
Scrap Metals	18,832	16,644	-11.6%
Wheat	20,882	12,830	-38.6%
Oats	15,041	15,489	3.0%
Fresh Fruit and Vegetables	11,882	10,985	-7.5%
Malt	11,140	8,535	-23.4%
Titanium Dioxide	9,724	9,629	-1.0%
Fresh Meat - Chilled or Frozen	8,823	9,525	8.0%
Chemicals and Related Products	8,461	7,050	-16.7%
Total	175,402	156,296	-10.9%
Percentage of Total Full TEU Exports	67.5%	65.7%	

LIVESTOCK EXPORTS 2019-20					
DESTINATION	Sheep	Cattle	Other Livestock	Total Quantity	% of Total
Asia South-East	0	64,850	0	64,850	5.82%
East Asia - China	0	18,912	0	18,912	1.70%
Southern Asia	0	252	0	252	0.02%
Eastern Europe - Russia	7,916	7,478	0	15,394	1.38%
Middle East	947,984	66,324	0	1,014,308	91.07%
Totals	955,900	157,816	0	1,113,716	100.0%

INNER HARBOUR MAP



OUTER HARBOUR MAP



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 the Parliament of Western Australia, public, our stakeholders and others of Fremantle Ports' activities, performance, achievements and challenges during 2019-20.

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 is available on Fremantle Ports' website, at www.fremantleports.com.au

ABBREVIATIONS

DAWR	Commonwealth Department of Agriculture and Water Resources
EMS	Environmental management system
GT	Gross tonnes
ISO	International Organisation for Standardisation
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

By post:

PO Box 95
Fremantle WA 6959

OTHER WAYS TO CONTACT US

Tel: 08 9430 3555

Fax: 08 9336 1391

Email: mail@fremantleports.com.au

TELL US HOW WE'RE PERFORMING

The quality of this annual report to readers is important to us. We gratefully receive any feedback on our reporting performance, as this document should meet the needs of the public, our customers and stakeholders.

You can find this report online at www.fremantleports.com.au and you can also request it in a hard-copy version or in alternative format, if required. There is no objection by Fremantle Ports to this publication being copied in whole, or part, provided there is appropriate acknowledgement of any material quoted or reproduced.

To give your comments, or make inquiries, contact us at:

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' achievements in 2019-20 were the result of much hard work by staff. The organisation thanks them for their commitment.





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