



2018

FREMANTLE PORTS Annual Report



Welcome

The aim of this report is to inform our customers, community and other stakeholders about our organisation, its strategic priorities, performance and governance for the 2017-18 financial year.

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



Statement of Compliance



Hon
Rita Saffioti MLA

To the Hon Rita Saffioti MLA

Minister for Transport; Planning; Lands

In accordance with the provisions of the *Port Authorities Act 1999* and other relevant legislation, I hereby submit for your information and presentation to Parliament the Annual Report for the Fremantle Port Authority which trades as Fremantle Ports for the year ended 30 June 2018.

Jill Hoffmann

Chair
Board of Directors

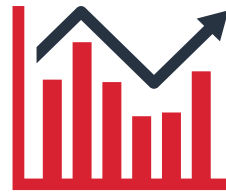
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2017-2018 Highlights

COMMERCIAL RESULTS

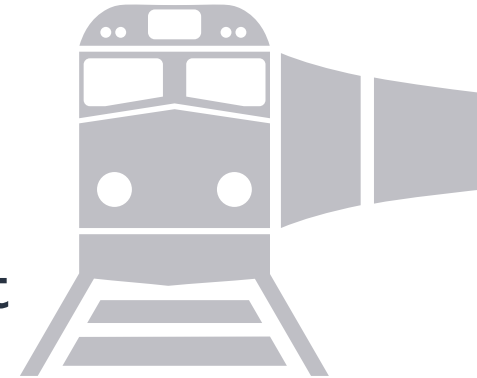


Positive commercial results were achieved, well ahead of forecasts, enabling contributions to Government of **\$100.4 million.**

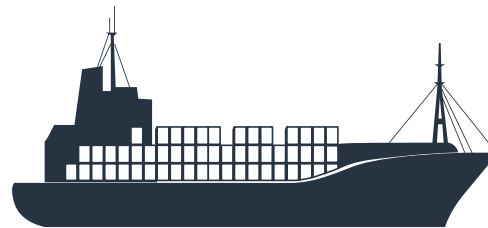
RAIL SHARE

With increased WA Government support, the rail share for transporting container freight

grew to 16.1 per cent and was at 18 per cent for the last three months of the year.



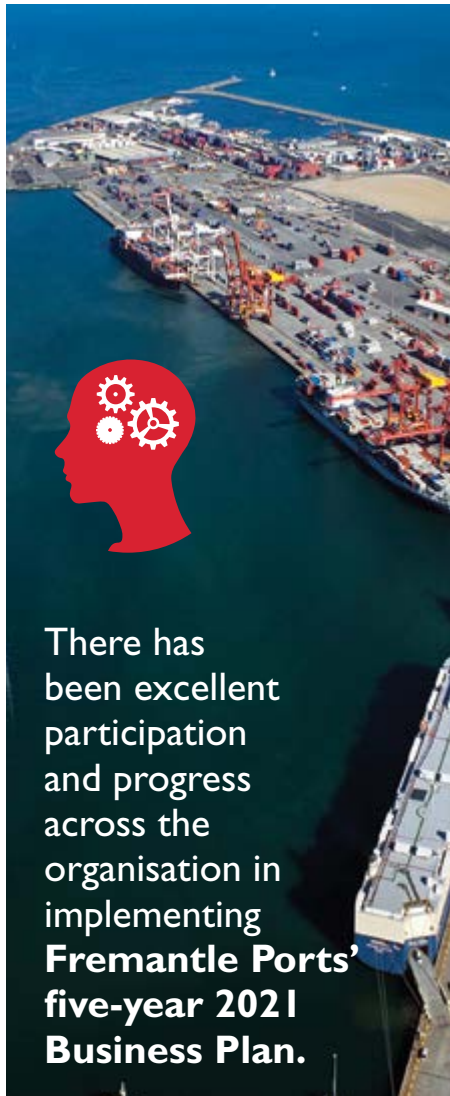
TRADE



Although trade overall was marginally down, total container trade was up by 7.5 per cent, which was well ahead of forecast and the non-containerised sector in the Inner Harbour also performed well overall.



A \$3 million upgrading and refurbishment of the Fremantle Passenger Terminal is on course for completion towards the end of 2018 to improve security and visitor experience.



There has been excellent participation and progress across the organisation in implementing **Fremantle Ports' five-year 2021 Business Plan.**

BULK TRADES



Thorough market analysis in our bulk business has identified new business opportunities and capital works projects have **increased capacity and efficiency in this sector.**

EXTERNAL AUDIT



Certification to international safety, environmental and quality standards was retained following a rigorous external audit.

COMMUNITY



Fremantle Ports' education program with schools was expanded and Maritime Day on Victoria Quay attracted an estimated **15,000 visitors.**

IT STRATEGY



Deployment of an integrated strategy to **modernise communication technology systems** has progressed well, with attention to ensuring robust governance processes.

Chair's Foreword



Jill Hoffmann

Fremantle Ports has delivered another strong financial and operational performance. There has been success across many fronts against key targets.

Although trade overall was slightly below the 2016-17 result, container trade was up by 7.5 per cent, well ahead of projections and signalling growth in consumer confidence as the Western Australian economy improves. Our financial results are strong, with Fremantle Ports achieving an after-tax profit of \$58.043 million.

Fremantle Ports' vision is to be Australia's best maritime gateway, adding value for our customers, contributing to the State's economic growth, operating safely, minimising our environmental footprint and supporting our communities. These are the pillars that underpin our 2021 business plan as we have continued this year to strive for excellence in all aspects of our operations.

Ports operate within an ever-changing marketplace, both globally and domestically, with their success and sustainability dependent on how well they anticipate, interpret and respond to trends, challenges and opportunities. Fremantle Ports' strategic planning priorities and goals have been selected, endorsed and are being implemented on this basis.

Most of the goods we depend on for our way of life in Western Australia come through this busy port and it is essential to ensure that future trade needs can be met efficiently. The total value of trade was \$28.45 billion, which represents an hourly average of \$3.25 million. Fremantle Ports is providing input to the development of the Westport: Port and Environs Strategy. This project of the Western Australian Government is examining how best to meet the future trade task for the metropolitan area and the potential role for the Port of Bunbury.

Other examples of the many ways in which Fremantle Ports works collaboratively with Government agencies and industry can be found further on in this report.

We are very aware that relationships with our external world are part and parcel of our success in operating this port. Throughout the year, we have continued to engage with our customers, service providers and community to build a shared understanding of priorities, to provide support, respond to issues and create opportunities. It is pleasing to note that the key performance indicators of customer and community support remain strong.

Fremantle Ports has also continued its focus on occupational safety and health. There has been substantial progress in this vitally important aspect of our business, with most performance indicators met, but our target of further reducing the number of lost time injuries was not achieved. This was disappointing, particularly given the emphasis on the need for vigilance in identifying and notifying safety risks and seeking immediate medical assistance when an injury occurs.

A significant factor in what has been achieved this year is the level of commitment and engagement across

the organisation as the people of Fremantle Ports work towards the goals that have been set. As well as drawing on the existing depth of talent and experience within Fremantle Ports, an organisational restructuring in the administrative areas is nearing completion as part of the business plan. This has brought in new skills in areas such as IT, logistics and project management to meet changing business needs. The organisational review and refresh has also created an opportunity to achieve better integration of roles and activities directly supporting our risk and governance frameworks.

It has been a year of change in the Board membership. I take this opportunity to acknowledge the contribution made by our outgoing Chairman, Dr Jim Limerick. During his nine years with Fremantle Ports, initially as a Director and as Chairman for the past eight years he served the Board with great dedication. His strategic insights and his understanding of the dynamics in which this port operates have been of enormous value in the Board's deliberations and decision making. We also farewell two of our Directors, Michael Feutrill and David Smith who gave valuable service over periods of seven and three years respectively.

Adding to the Board's depth of knowledge and experience are four new non-executive Directors appointed during the year: Kim Horne AM, Carmel McLure AC, QC, Karlie Mucjanko and Anne Nolan. I also extend a warm welcome to Professor John Yovich AM who was appointed as a non-executive Director on 1 July. In my new role as Chair, it will be a privilege working with such a highly qualified and experienced Board.

I thank our Minister, the Hon Rita Saffioti MLA and her ministerial staff for their support during the year. Appreciation is extended also to our Chief Executive Officer Chris Leatt-Hayter and his Executive Leadership Team for their contribution to Fremantle Ports' 2017-18 achievements.

Jill Hoffmann

Chair
Board of Directors

The growth in container trade was a key factor in Fremantle Ports' strong financial performance.



Chief Executive Officer's Report



Chris
Leatt-Hayter

Fremantle Ports has kept to its charted course this year, making good headway with its strategic priorities.

As a Government Trading Enterprise, we are expected under legislation to operate commercially and profitably. While keeping our port charges competitive and ensuring appropriate allocation of expenditure budgets, our financial performance overall was the best on record. The pre-tax profit of \$83.3 million was 22 per cent above last year's figure.

The total contribution to the State Government in tax equivalents, dividends, other taxes and fees was \$100.4 million, demonstrating the value the port generates for Western Australians.

Jobs creation is another example, with some 2000 jobs directly linked to the operations of Fremantle Ports (public and private sector) and some 6000 jobs indirectly. The public and private sector development of 27 hectares of land reclaimed at Rous Head in our 2009-10 Inner Harbour deepening has been completed, generating employment opportunities in logistics and other operations related to container trade.

The current container terminal leases operated by stevedoring companies DP World and Patrick are due to expire in mid 2019. Accordingly, a competitive process of re-leasing has been embarked on with initial terms of seven years and the potential for extensions.

The procurement process aims to provide confidence to industry and the community that appropriate action is being taken to ensure trade growth over the next decade can be accommodated.

Container trade levels are essentially driven by economic and population growth. The pick up this year in Fremantle's box trade after a relatively subdued few years indicates the recovery beginning to occur in the State's economy.

The upswing in our container sector results has been timely, helping to offset a loss of revenue resulting from the supply-based decision by major bulk customer Mineral Resources Limited to discontinue iron ore exports via our Kwinana Bulk Terminal. We have also been successful in identifying some new trades for this bulk handling facility and this is helping to take up the spare capacity. The proactive approach we are taking in seeking out markets extends more broadly as part of our business plan.

While thinking ahead in relation to growth in our trade sectors, ensuring that our cargo handling equipment, wharves, seawalls and other assets are being maintained optimally is essential. Asset management has been a strength, with some substantial maintenance and upgrading projects completed this year.

A project progressing well on Victoria Quay is the refurbishment and upgrading of our heritage-listed Fremantle Passenger Terminal. This work, which is due for completion ahead of the next cruise season, will enhance the visitor experience as well as improving security.

Building on previous planning work, Fremantle Ports has a refreshed vision for the future of the Victoria Quay waterfront's western end. We will work with LandCorp and the City of Fremantle over 2018-19 to develop and deliver on the opportunities in the vision which will improve community amenity and linkages with the city centre.

The eastern end of Victoria Quay, with reinforced wharves for the heavy car carriers, is required for motor vehicle and machinery imports. There has been growth in these trades this year, again reflecting WA's improved economic outlook.

In the IT area, where keeping pace with change is critical to our business success, we have made some excellent progress in the modernisation of systems. Transforming our IT architecture is enabling us to dispense with legacy systems, simplify, improve our business outcomes and save costs.

Our organisational restructuring has enabled us to build our capabilities in some key areas and it has been very pleasing to see the way in which remaining staff have responded and adapted to changes occurring. An important aim is to ensure all people working at Fremantle Ports feel motivated, valued and included.

As well as ensuring that people have a clear understanding of how their work contributes to the achievement of organisational goals, we have given emphasis to the role that positive culture plays in the success of our business. Two areas that are bringing people together as well as helping our community are our very successful workplace giving and workplace volunteering programs.

All at Fremantle Ports are delighted that Captain Allan Gray, our Harbour Master and General Manager Port Operations, has been elected to the prestigious and influential role of President of the International Harbour Masters' Association. We are also proud that Fremantle Ports has achieved recognition for excellence in several aspects of our work, contributing positively to our reputation as an organisation that aims for and achieves high standards.

In conclusion, I thank our outgoing Chairman, Dr Jim Limerick, our new Chair, Jill Hoffmann and Directors of our Board for their guidance and strategic contribution in this busy year. With many complex matters to consider, their counsel has been highly valued. I also thank my fellow members of the Executive for their ongoing support and contribution.

Thanks are due also to all our employees for the part they have played in meeting what is expected of the port in day-to-day operations as well as working towards achievement of our high-level business goals. In the coming year, we will be taking further steps together towards our vision of being Australia's best maritime gateway, encouraging innovation, working with our industry partners, with government and with our community.

Chris Leatt-Hayter

Chief Executive Officer



Her Excellency the Honourable Kerry Sanderson AC, Governor of Western Australia (former Chief Executive Officer of Fremantle Ports) with Chris Leatt-Hayter at the 2018 WS Lonnie Awards for annual reporting.

Operational Structure

LEGISLATIVE FRAMEWORK

Fremantle Ports operates successfully as a Western Australian Government trading enterprise, responsible to the Minister for Transport, Planning and Lands. Its primary role of facilitating trade through the State's largest general cargo port is in accordance with the provisions of the *Port Authorities Act 1999*.

INFRASTRUCTURE, SERVICES AND TRADE

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

Bulk commodities such as petroleum, grain, alumina, bauxite, mineral sands, fertilisers and sulphur are handled through the Outer Harbour at Kwinana, about 20 kilometres to the south. Fremantle Ports owns and operates the

Kwinana Bulk Terminal and the Kwinana Bulk Jetty. The three other bulk port facilities at Kwinana are privately operated by Alcoa, BP Refinery and CBH Group.

Fremantle Ports provides and maintains shipping channels, navigation aids, cargo wharves, seawalls, road and rail infrastructure within the port area and other port infrastructure. Other services provided by Fremantle Ports include ship scheduling and berth allocation, port communications, pilot transport over water, mooring, stevedoring at the Kwinana Bulk Terminal, security services, emergency response, bulk product receipt and dispatch services, hazardous cargo services over common-user berths, trade advisory services, property services and quarantine and waste disposal.

Services provided in the port by the private sector include container stevedoring, non-containerised and bulk cargo stevedoring, towage, line boats, re-fuelling, ship provisioning, road and rail transport, shipping agencies, freight forwarding, customs clearance and fumigation. Two container stevedoring companies, DP World and Patrick operate under lease agreements with Fremantle Ports.

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

In 2017-18, the port handled 61.1 per cent of the State's seaborne imports and 10.1 per cent of seaborne exports.

Fremantle Ports' revenue base also includes income from some 100 tenancies, most of which are located on North Quay and reclaimed land at Rous Head. Tenants on port-owned land pay rates to local government.

STAKEHOLDERS

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



VISION

To be Australia's best maritime gateway.

- Best place to do business
- Best place to invest
- Best neighbour
- Best place to work



VALUES

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

MISSION

To create value by providing competitive access to global markets.



View from the Round House, Western Australia's oldest public building, to the Fremantle Ports Administration Building on historic Victoria Quay

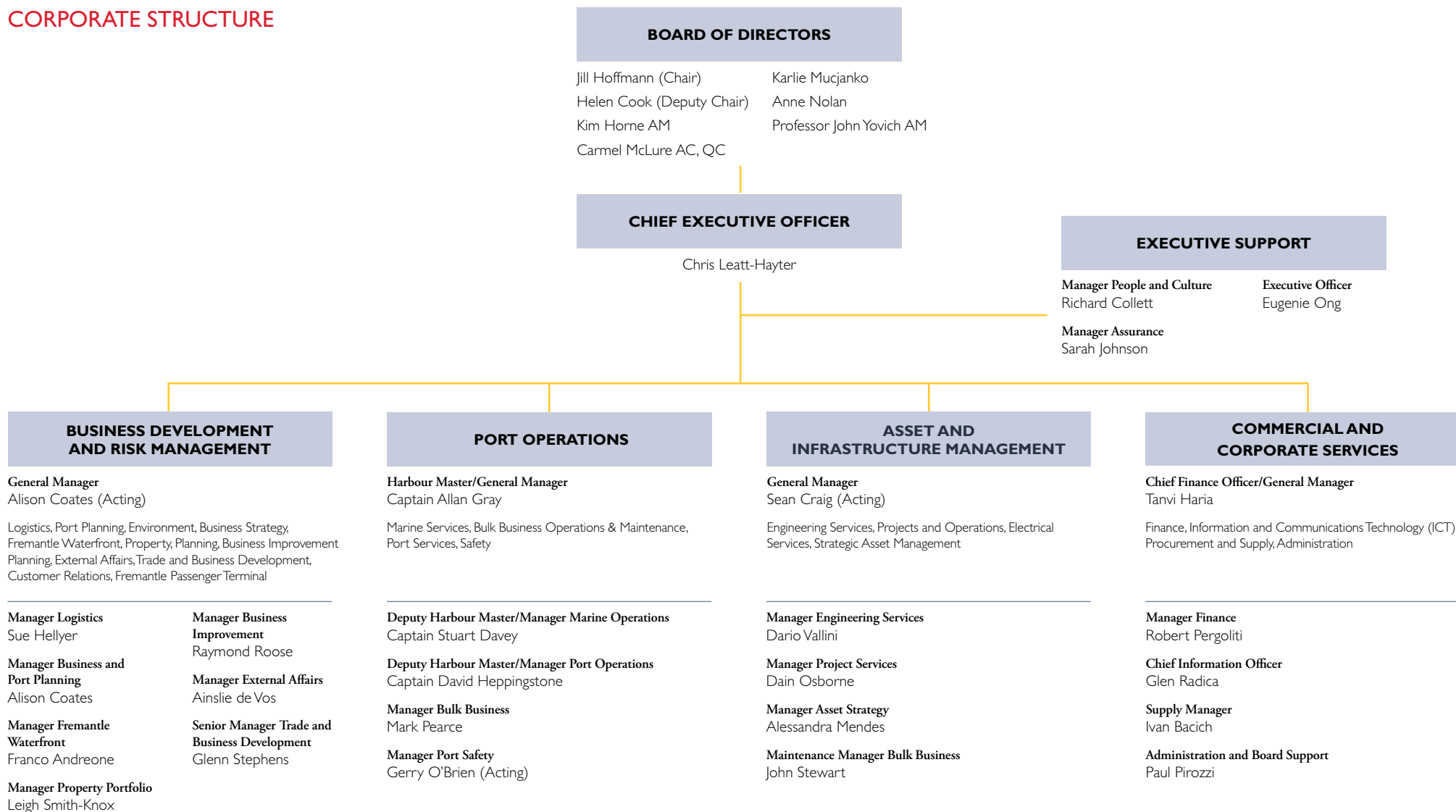
BUSINESS PRINCIPLES

- 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 community.

CORPORATE STRUCTURE



Board



JILL HOFFMANN (CHAIR)

Jill Hoffmann was appointed Chair of the Board on 1 July 2018, having served as a Director from May 2011. She has chaired the Audit and Risk Management Committee since July 2014. Jill also holds the role of Senior Vice President, Energy and Marketing Strategy 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 has extensive and broad executive experience, as well as former directorships, primarily in the oil and gas industry in the United Kingdom and Australia. She has a Bachelor of Business Studies, a Master of Business Administration and is a Fellow of the Australian Institute of Company Directors.

Expiry of present term: 31 December 2019



HELEN COOK (DEPUTY CHAIR)

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

Expiry of present term: 31 December 2018



KIM HORNE AM

Kim Horne, appointed to the Board in February 2018, has worked in Western Australia and internationally as a senior executive in the mining industry for Alcoa for almost 45 years. He has extensive history in industry groups, non-profit and government organisations in non-executive roles. Kim has chaired boards for privately owned transport and mining contracting companies. He has previously served on the Esperance Port Authority Board and is currently the Deputy Chair of Synergy. 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.

Expiry of present term: 31 December 2019



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

Expiry of present term: 31 December 2020



KARLIE MUCJANKO

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

Expiry of present term: 31 December 2020



ANNE NOLAN

Anne Nolan, appointed to the Board in February 2018, is Director General of the Department of Finance, WA. 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.

Expiry of present term: 31 December 2019



PROFESSOR JOHN YOVICH AM

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

Expiry of present term: 31 December 2019



DR JIM LIMERICK (CHAIRMAN TO 30 JUNE 2018)

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

Term expired: 30 June 2018



MICHAEL FEUTRILL

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

Term expired: 31 January 2018



DAVID SMITH

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

Term expired: 31 January 2018

Executive Team



CHRIS LEATT-HAYTER

Chief Executive Officer

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



TANVI HARIA

Chief Finance Officer and General Manager Commercial and Corporate Services

Tanvi Haria has been Chief Finance Officer (CFO), General Manager Commercial and Corporate Services and Secretary to the Board of Directors since 2013. She has more than 25 years of broad business experience in strategy, corporate governance and commercial and financial management gained in a variety of industries. She has tertiary qualifications in business and accounting, is a Fellow of CPA Australia and a member of the Australian Institute of Company Directors. She is a strong advocate of philanthropy and was a member of the Princess Margaret Hospital Foundation inaugural Emerging Leaders in Philanthropy program. Tanvi is a Councillor of the CPA Australia WA Divisional Council and a Board member of Muscular Dystrophy WA.



SEAN CRAIG

Acting General Manager Asset and Infrastructure Management

Sean joined Fremantle Ports in 2008 and, prior to his current position, held various roles, including responsibility for the development of the organisation's strategic asset management capability, several commercial projects, preparing the organisation for the previously proposed privatisation, 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.



ALISON COATES

Acting General Manager Strategy and Planning

Alison Coates joined Fremantle Ports in 2014 as Manager Business and Port Planning and, more recently, acting as General Manager of the Strategy and Planning Division. Alison 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.



CAPTAIN ALLAN GRAY

Harbour Master and General Manager Port Operations

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



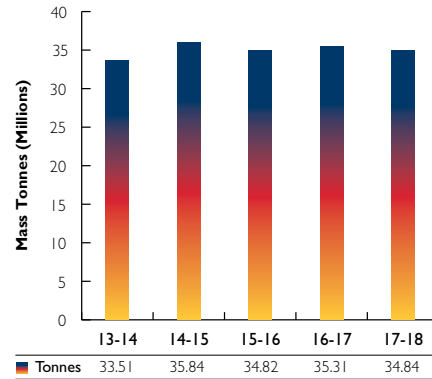
GLENN STEPHENS

Senior Manager Trade and Business Development

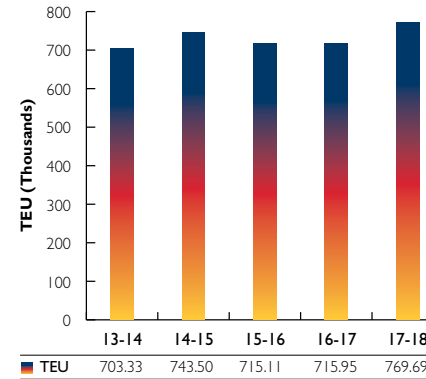
Glenn Stephens joined Fremantle Ports in 1971 and has gained extensive experience in a range of areas within the organisation. He has tertiary qualifications in business and accounting and is a Certified Practising Accountant, Fellow of the Institute of Public Accountants and a member of the Australian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

Key Business Results

Total Port Trade (Mass Tonnes)
Comparison 2013-14 to 2017-18

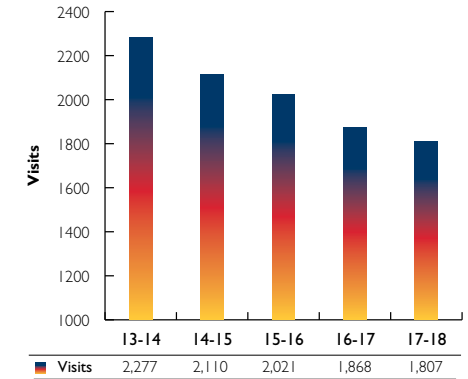


Total Container Trade - TEU
Comparison 2013-14 to 2017-18



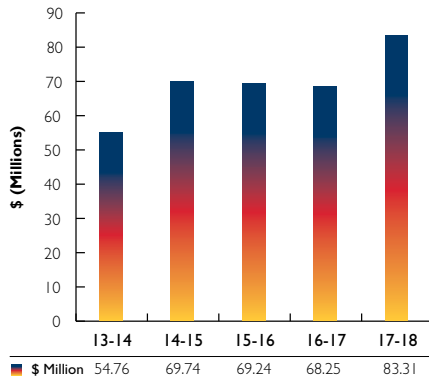
The Statement of Corporate Intent forecast for total container trade in 2017-18 was annual growth of 2.0 per cent

Total Ship Visits (excluding Naval)
Comparison 2013-14 to 2017-18

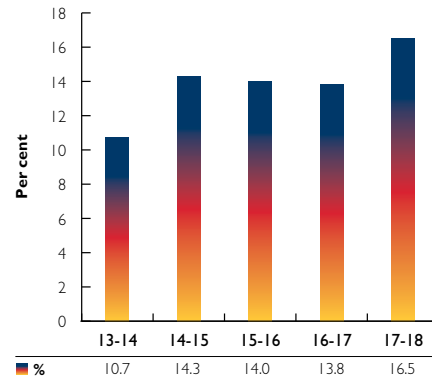


Note: Naval vessels not included. The statement of Corporate Intent forecast for total ship visits in 2017-18 was 1,707.

Operating Profit Before Tax
Comparison 2013-14 to 2017-18

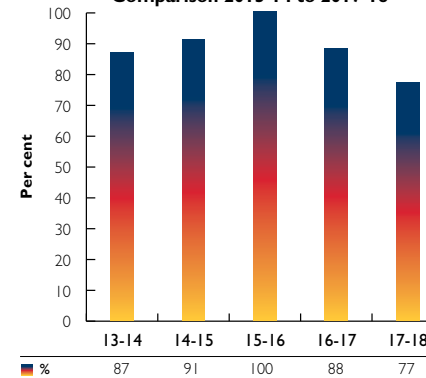


Economic Rate of Return on Assets
Comparison 2013-14 to 2017-18



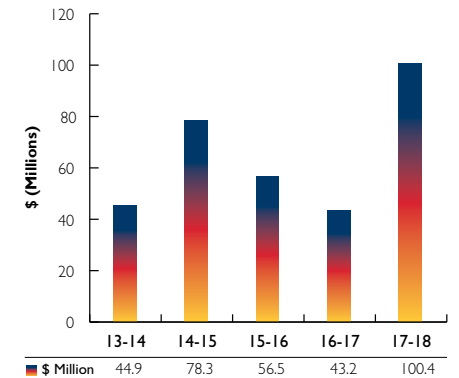
The Economic Rate of Return is based on assets valued at deprival value.

Shipping Line/Agent Survey Level of Overall Satisfaction with Fremantle Ports' Services
Comparison 2013-14 to 2017-18





In 2017-18, 77% of respondents were satisfied or very satisfied. Target range 80-90%.



Fremantle Ports Contribution to State Government
Comparison 2013-14 to 2017-18



Government Goals

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

<p style="text-align: center;">Goal</p> <p style="text-align: center;">SUSTAINABLE FINANCES</p>  <p style="text-align: center;">Responsible financial management and better service delivery</p> 	<p style="text-align: center;">Fremantle Ports’ Objectives</p>	<p style="text-align: center;">Key Outcomes Sought</p>	<p style="text-align: center;">Measures</p>	<p style="text-align: center;">Results</p>
	<ul style="list-style-type: none"> ■ Achieve financial targets in line with State Government expectations ■ Provide reliable and efficient services to meet customer needs and add value ■ Establish an optimised and flexible organisation with minimised overheads and costs ■ Work collaboratively with key joint service providers to deliver more holistic services 	<ul style="list-style-type: none"> ■ Implement opportunities for increasing trade and revenue ■ Minimise overheads and cost structure ■ Deliver high levels of customer satisfaction ■ Increased efficiency and capability of port operations in all trade sectors 	<ul style="list-style-type: none"> ■ Government targets are met ■ Financial dashboard - expenditure, income, profit, rate of return, maintenance expenditure, capital works expenditure ■ Trade outcomes compared to budget and forecasts ■ Annual customer survey results ■ Loading/unloading rates ■ Truck turnaround times ■ Rail share of container trade ■ Equipment and berth availability at Kwinana Bulk Terminal and Kwinana Bulk Jetty 	<ul style="list-style-type: none"> ✓ After-tax profit of \$58.04 million well above forecast. Contribution to government of \$100.40 million in tax equivalents, dividends, other taxes and fees ✓ Substantial cost savings identified and achieved through expenditure review ✓ Recognised by the State Auditor General in 2017 as among the top 20 best practice large State Government agencies for financial reporting and financial controls ✓ Responses to annual customer survey show 77 per cent of shipping lines and agents satisfied with Fremantle Ports’ services. ✓ New trades confirmed for bulk business sector, helping to compensate for loss of iron ore exports ✓ Rail share for container freight was 16.1%, up from 15.2% last year ✓ Fremantle has the best crane rate and fastest truck turn around time among the five capital city ports. (Waterline, Bureau of Regional Infrastructure and Transport Economics)

	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>	<ul style="list-style-type: none"> ■ Create conditions that support investment and technological advancement in the port by service providers and other key stakeholders. ■ Develop new trade and business opportunities (Inner and Outer Harbours and Rous Head) 	<ul style="list-style-type: none"> ■ Improve business outcomes in all trade and service areas ■ Identify and implement opportunities to develop and improve facilities in line with longer term plans ■ Plan to accommodate technology changes and innovations 	<ul style="list-style-type: none"> ■ Container terminals re-leasing process ■ Land vacancy rates ■ Activation level of Victoria Quay's west end 	<ul style="list-style-type: none"> ✓ Competitive tendering process for container terminal re-leasing underway ✓ Rous Head Industrial Park fully leased and developed, creating additional jobs in the private sector ✓ Opportunities for increasing the capacity of the bulk business sector explored
<p>Goal BETTER PLACES</p>  <p>A quality environment with liveable and affordable communities and vibrant regions</p>	<ul style="list-style-type: none"> ■ Creating certainty for our stakeholders and customers by planning how the port will be developed in the future 	<ul style="list-style-type: none"> ■ Proactively engaged with the Westport process examining future port and landside infrastructure options and opportunities ■ Implementing Fremantle Ports' refreshed vision for Victoria Quay. ■ Refurbishment and upgrading of the VQ Passenger Terminal 	<ul style="list-style-type: none"> ■ Meeting our commitments to the Westport process to help ensure optimal outcomes to meet future needs for industry and community ■ Stakeholder support for Victoria Quay visioning 	<ul style="list-style-type: none"> ✓ Strong contribution from Fremantle Ports to the Westport Taskforce, committees, workstreams and consultative processes ✓ Engagement with LandCorp and the City of Fremantle on staged renewal of Victoria Quay's western end ✓ Passenger Terminal upgrading well advanced

Goal
STRONG COMMUNITIES



Safe communities and supported families



Fremantle Ports' Objectives	Key Outcomes Sought	Measures	Results
<ul style="list-style-type: none"> ■ Maintain our safety, environmental and quality management systems in line with best practice and our existing certifications 	<ul style="list-style-type: none"> ■ Improve safety and environmental performance ■ Work with government and industry to increase supply chain efficiency and minimise community impacts ■ Engage with the community and promote the overall value of the port to ensure continued broad support 	<ul style="list-style-type: none"> ■ Environmental incident management ■ Lost-time injury rate ■ Community feedback ■ Complaints trends ■ Risk profile 	<ul style="list-style-type: none"> ✓ Certification to international environmental, quality and safety standards retained following external audit ✓ Lost time injury target not achieved despite additional work on safety awareness ✓ Emergency response and business continuity refresher training conducted ✓ Majority of survey respondents satisfied with Fremantle Ports and supportive of the role of the Inner Harbour as a busy working port ✓ Fremantle Ports' Inner Harbour Community Liaison Group meetings constructive and well attended, with positive feedback ✓ Development of two new internet websites (corporate and Victoria Quay) well advanced ✓ Targeted sponsorship program implemented, aligned with community interests ✓ New Enterprise Risk Framework developed

Shared Responsibilities

Fremantle Ports has shared responsibilities with a number of Western Australian Government agencies in areas such as planning, trade development, emergency response, environmental compliance, freight transport, tourism, heritage and records management.

These agencies include, among others, the Department of Transport; Main Roads WA; Public Transport Authority; Treasury Corporation; Department of Fire and Emergency Services; Western Australia Police; 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.

The following are some examples of areas in which there has been liaison and cooperative effort with other State Government agencies this year:

- Providing input to the development of the WA Government's Westport: Port and Environs Strategy
- Working with the Department of Jobs, Tourism, Science and Innovation on trade development initiatives and meeting Government objectives on value add projects for lithium
- Department of Water and Environmental Regulation for water quality monitoring and Kwinana Bulk Terminal and Kwinana Bulk Jetty licensing compliance
- Main Roads Western Australia and the Department of Transport on a new container movement study

- Department of Transport, Main Roads WA and the Freight and Logistics Council on development and implementation of the Inner Harbour Freight Supply Chain Strategy
- Working with WA State Government Chief Information Officer in developing a cyber security strategy for State Government agencies
- Involved with Tourism WA and the WA Cruise Committee in promoting cruise ship visits to Fremantle as well as to regional areas in WA
- State Heritage Office on Fremantle Passenger Terminal upgrading
- Department of Fire and Emergency Services, Western Australia Police Force and Department of Transport on emergency and incident management and training; and
- State Records Office on records holding, loans, digital archiving.






The updated container movement study undertaken during the year with the involvement of Main Roads WA and the Department of Transport will provide valuable insights into Fremantle Port's landside logistics supply chain.

How we planned to succeed

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



The North Quay terminals in the Inner Harbour handle almost all of Western Australia's container trade.

	TARGET 2017-18	RESULTS
Economic		
FINANCIAL RESULTS 	\$42.844m profit after tax	\$58.043m profit after tax
TRADE RESULTS Bulk/Non-Containerised Trade - annual growth rate 	4.5%	5.1%
Containers - annual growth rate 	2.0%	7.5%

UNAVAILABILITY OF SERVICES

UNAVAILABILITY OF BERTHS

TARGET 2017-18

RESULTS

TARGET 2017-18

RESULTS

Service Delivery

INNER HARBOUR - CONTAINER SHIPS

TOTAL VESSELS
AFFECTED

<1%

0.4

<12%

2.8

AVERAGE HOURS
PER DELAY

<5

8.0

<20

16.0

KWINANA BULK TERMINAL

TOTAL VESSELS
AFFECTED

<1%

0.7

<40%

76.3

(some delays due to vessels
arriving ahead of schedule)AVERAGE HOURS
PER DELAY

<5

2.3

<120

89.8

KWINANA BULK JETTY

TOTAL VESSELS
AFFECTED

<2%

0.0

<25%

44.3

AVERAGE HOURS
PER DELAY



<5

0.0

<50

66.9

	TARGET 2017-18	RESULTS
<h2>Customer Satisfaction</h2>		
	Maintain at least 80 to 90% overall customer satisfaction with agents/shipping lines.	77% of shipping line customers satisfied with services provided by Fremantle Ports, based on shipping line/agents survey
<h2>Best practice environmental, safety and other business systems</h2>		
Certification to international environmental, safety and quality standards maintained	Continue to comply with ISO 14001, ISO 9001 and AS/NZ 4801 standards and further improve environmental, safety and quality management systems	Certification to ISO ISO 14001:2015, ISO 9001 and AS/NZ 4801 was maintained in external audit
Time lost to injuries	Zero lost-time injuries 3.7 lost-time injury frequency rate	5 compared with 3 the previous year 6.8 compared with 4.1 the previous year; an increase of 65.8%
		

	TARGET 2017-18	RESULTS
<h2>Social</h2>		
Community satisfaction	70% overall satisfaction (based on community survey results)	Overall satisfaction: Inner Harbour: 62% Outer Harbour: 61% Support for the Inner Harbour in its role as a busy working port: Inner Harbour: 76% Outer Harbour: 76%
		
Actions on complaints and suggestions	Follow up all complaints and continue to implement improvement opportunities	All complaints followed up with actions electronically monitored
		

Aim

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

ACHIEVING COST SAVINGS

The main elements of Fremantle Ports' cost base are port operations, asset maintenance, administration, financing and depreciation. An expenditure review was initiated as a priority project as part of our 2021 Business Plan to validate that our spending is delivering value for money and to identify potential savings that can be achieved without compromising our operations.

Although better than expected container trade growth has been the largest factor in our positive financial results this year, a focus on reducing discretionary expenditure has also contributed. Further opportunities for savings are being considered on a cost-benefit basis.

A related workstream within the business plan aims to ensure that cost effective, well governed procurement processes are in place for our organisation. A review of our procurement and contract management practices has included: governance oversight, policies, the operating model and supporting structure, practices, processes, IT systems and training and education needs.

A key objective was to identify where Fremantle Ports can align with international best practices across the procurement and contract management lifecycle. The next phase will be to

implement a series of recommended improvements across our newly developed procurement and contract management framework.

PORT PRICING

Fremantle Ports' pricing strategies are subject to ongoing review in the context of changing competitive conditions, trade levels and operating results while considering the need to fund infrastructure projects, provide appropriate returns to government and ensure long-term financial viability.

A review of port pricing and charges was undertaken during the year to ensure their continued appropriateness and to highlight any areas for adjustment.

ASSET MANAGEMENT AND MAINTENANCE

Fremantle Ports has some 600 assets to manage and maintain, from buildings, roads and rail lines to workboats, wharves, seawalls and cargo-handling equipment.

Asset condition and risk have continued to be monitored systematically, with the information used to identify current and future maintenance requirements to ensure that asset condition meets the level of service requirements of our customers. This approach to asset management enables development of life

cycle management plans for each asset class. These plans optimise expenditure over the long term to meet our customers' current and future levels of service requirements.

Asset maintenance is prioritised using a cost benefit rating system which ensures maximum return on maintenance investment and data trends in the maintenance program help with analysis and decision making on options to maintain, upgrade, replace or dispose of assets. Activities this year to enhance our asset management capability include, among others:

- Completing a maturity assessment against ISO 55001, the international standard created in 2014 to guide best practice in asset management. A road map has been prepared to ensure our practices are, as much as practicable, aligned with this standard to ensure we meet the necessary performance and safety requirements.
- Improving our condition assessment tools and prioritisation process
- Strengthening our maintenance management system to ensure data continues to inform our decision-making; and
- Centralising our capital and maintenance planning, resulting in improved life cycle planning with a focus on responsible investment.



Electrical shutdown checks.



Seawall repairs.

The total asset maintenance expenditure for 2017-18 was just under \$28.7 million.

Among works completed:

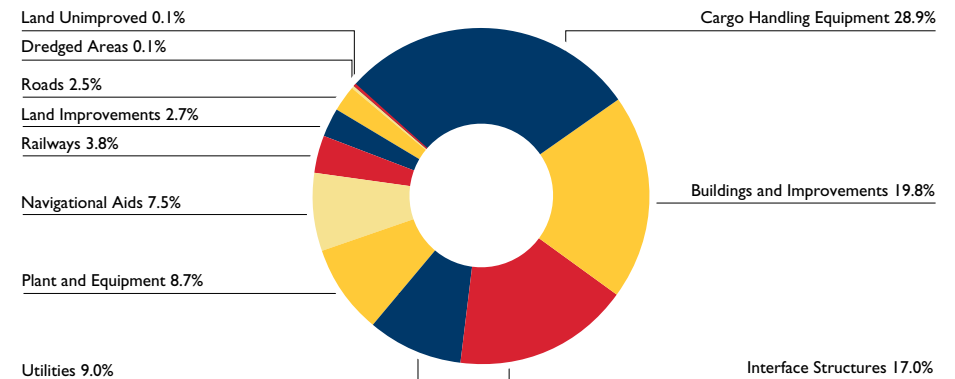
- Fremantle Ports' biggest ever planned electrical shutdown, enabling high voltage maintenance work to be carried out with minimal disruption on Victoria Quay and at South Metropolitan TAFE
- Repairs to seawalls in the Inner Harbour area and to the batters (sloped retaining walls) that protect and reinforce the sheet piling at Berth 8, North Quay.
- A new road constructed at the Kwinana Bulk Terminal, providing safer access for mobile cranes and heavy-lifting equipment
- Concrete repairs to the underside of the Kwinana Bulk Jetty wharf
- A new pipeline for importing bitumen via the Kwinana Bulk Jetty
- High voltage electrical upgrades at the Kwinana Bulk Jetty, including three new substations which allow safe, automatic high voltage switching

IMPROVED FIREFIGHTING CAPABILITY

A \$3.7 million upgrading of the Kwinana Bulk Jetty system was undertaken to improve firefighting effectiveness and safety by providing a remotely operated, shore-based system.

Asset Maintenance and Service Costs

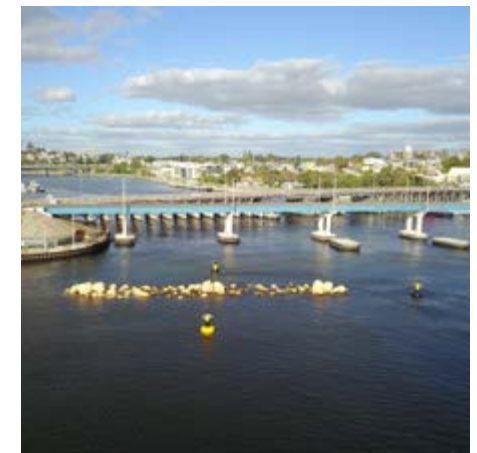
2017-18



PROTECTING THE RAIL BRIDGE

Construction of an underwater rock mound as an added insurance to protect the Fremantle Rail Bridge from risk of vessel collision has been completed.

The mound design was modelled in a hydraulics simulator and refined to ensure wash from the propellers of tugs would not cause the rock armour to become unstable. With just the top of the rocks visible, it is sited in an area where it will not impact on ship manoeuvring and is well signed with navigational warning markers. As well as its safety value, the rock mound is now popular with cormorants.



The rock mound constructed off North Quay provides additional bridge protection against the risk of vessel impact.

Aim

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

CUSTOMER RELATIONSHIP MANAGEMENT

Fremantle Ports implements a mature and robust customer relationship management system. Individual consultation at head office and operational levels has occurred throughout the year. There has been engagement also through our liaison with and input to peak national and State industry bodies and via our regular participation in a range of multi-agency forums such as the WA Port Operations Task Force and the Freight and Logistics Council of Western Australia.

SERVICE OPTIMISATION

Through our liaison, we have continued to build our understanding of the issues with the greatest impact on our customers and port service providers. In doing so, we have sought to:

- optimise existing operations that contribute directly to customer service and asset performance targets
- work collaboratively with customers and port service providers
- ensure that our investment in facilities and services is targeted in areas that are of real value to our customers
- identify opportunities for growth, partnering with existing and potential customers in new trade and other business development opportunities.

Some examples of our work this year to meet customer needs and optimise services are:

- creating further opportunities for bulk customers to export commodities
- reviewing all cargo handling methods at the Kwinana Bulk Terminal and Kwinana Bulk Jetty to identify improvement opportunities

- exploring potential for construction and operation of additional rail, storage and transhipping via the Kwinana Bulk Terminal; and
- developing options to further reduce peak truck movements, increase spread hours of operation and mitigate congestion investigated, with recommendations arising.

Fremantle Ports' 2018 customer survey showed that 77 per cent of shipping line customers were satisfied or very satisfied with Fremantle Ports' services.

We have found the insight gained from value chain analysis useful in understanding the elements that bring greatest value to a business partnership. We plan to do more of this detailed work in the year ahead to further improve our services and to create conditions that support co-investment in the port by joint service providers and other key stakeholders and to identify further opportunities to improve.



Loading bauxite at the Kwinana Bulk Terminal for shipment

BUILDING TRADE OPPORTUNITIES

Fremantle Ports has been successful this year in identifying some new trades for our bulk handling facilities and adding value for some existing customers.

A number of activities, including market place analysis, workshops and one-on-one discussions were undertaken with the aim of creating increased demand for and use of our facilities and services.

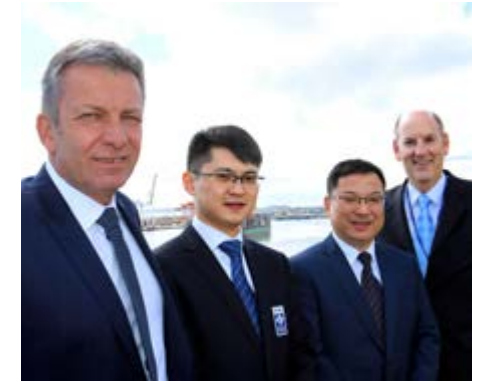
At the Kwinana Bulk Terminal, where the cessation of iron ore shipments is a significant loss to our bulk business, this has been particularly important. Some of the spare capacity has been taken up by the export of bauxite and silica sands.

Preparation of a new strategic and business development marketing plan is another element of our trade development strategy.

In building trade opportunities, Fremantle Ports has been working directly this year with importers and exporters as well as shippers to provide logistics solutions that will facilitate trade, increase demand for port facilities and strengthen our competitiveness. Our aim is to establish Fremantle Ports as a strategic partner with expertise and excellence in providing on-site logistics and supply chain solutions, creating value and helping to grow our trade.

NINGBO PORT LINK

Fremantle Ports has entered a Memorandum of Understanding with the Ningbo Zhoushan Port Group CO Ltd (JZ Seaport) in China to explore a sister port relationship with the Port of Ningbo. The Ningbo Port Group handles about 900 million tonnes of bulk products and 20 million containers (twenty-foot equivalent units) annually, making it one of the world's biggest container ports.



Ningbo Group Deputy General Manager Ni Chenggang (third right) and Investment and Development executive Chen Jun, with Chris Leatt-Hayter and past Fremantle Ports Chairman Dr Jim Limerick

LIVE SHEEP EXPORTS HIATUS

Licensing and regulatory issues that have arisen since the April 2018 television screening of severely heat-stressed sheep aboard a livestock vessel resulted in a halt in live sheep shipments from Fremantle, avoiding the Middle Eastern summer.

The issue has generated significant political, industry and community debate and several protests calling for an end to the trade have been held on Victoria Quay this year.

The trade is regulated federally by the Department of Agriculture and Water Resources. The WA Department of Primary Industries and Regional Development has a role in the regulation of the trade through State-based animal welfare legislation.

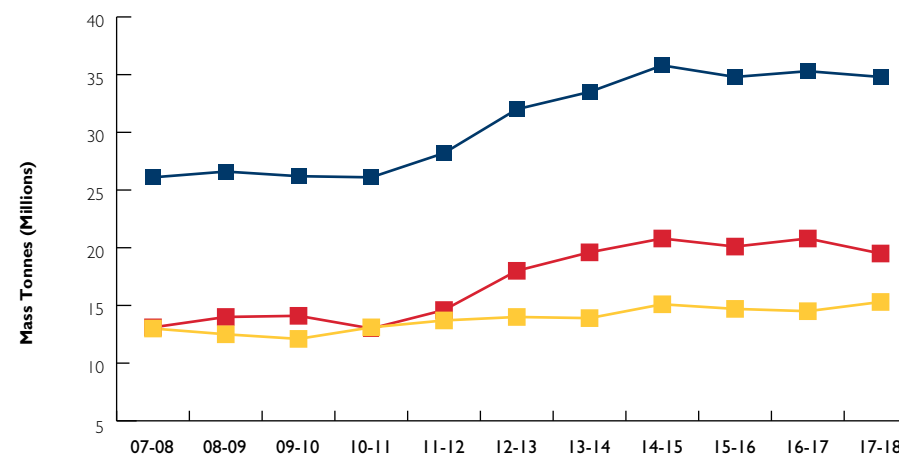


Increased consumer confidence as the WA economy begins to improve has translated into an increase in container imports.

TRADE OUTCOMES

Total Port Trade

2007-08 to 2017-18



Imports	13.0	12.5	12.1	13.1	13.7	14.0	13.9	15.1	14.7	14.5	15.3
Exports	13.1	14.0	14.1	13.0	14.6	18.0	19.6	20.8	20.1	20.8	19.5
Total	26.1	26.6	26.2	26.1	28.2	32.0	33.5	35.8	34.8	35.3	34.8

TOTAL TRADE

Total port trade in 2017-18 decreased by 1.3 per cent to 34.84 million tonnes, 0.48 million tonnes down compared with the previous fiscal year. This was mainly due to the decrease in bulk grain and iron ore exported from the Outer Harbour.

IMPORTS

Total imports in 2017-18 increased by 0.87 million tonnes or 6.0 per cent compared with the previous financial year. This is mainly due to the increases in Inner Harbour trade and crude petroleum in the Outer Harbour. In the Inner Harbour, containerised and non-containerised trade both increased compared with 2016-17.

Full container trade increased by 0.29 million tonnes or 8.7% while non-containerised trade increased by 0.16 million tonnes or 34.5% compared with the same period last year. The import of crude petroleum in the Outer Harbour increased by 11.8% or 0.72 million tonnes compared with 2016-17.

EXPORTS

Total exports in 2017-18 decreased by 1.35 million tonnes or 6.5 per cent compared with the same period last year. In the Outer Harbour, bulk grain decreased by 1.24 million tonnes or 30.8 per cent and iron ore decreased by 1.16 million tonnes or 27.0 per cent compared with 2016-17. Inner Harbour trade increased by 0.33 million tonnes or 7.9 per cent when compared with 2016-17.

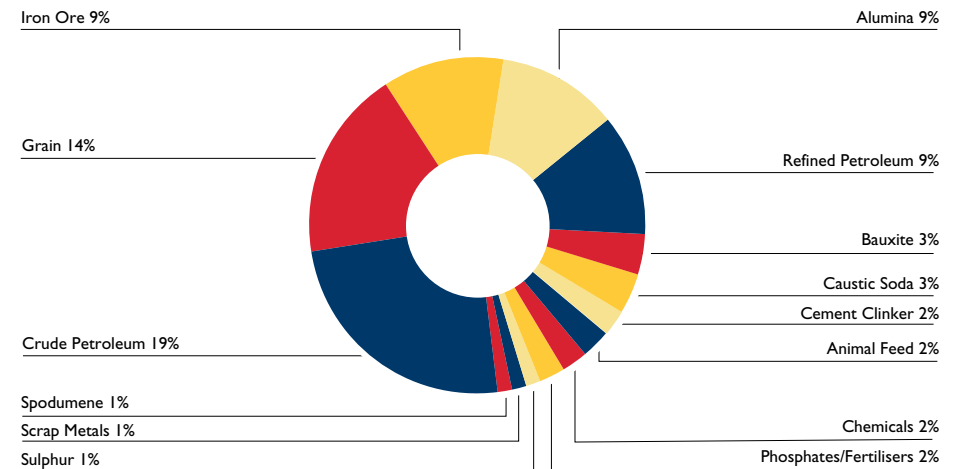


In the past six years, Fremantle Ports' Kwinana Bulk Terminal has exported more than 25 million tonnes of iron ore for Mineral Resources Ltd.



Gypsum is imported through Fremantle Ports' Kwinana Bulk Terminal. It is used for making plasterboard.

Principal Commodities Import/Exports 2017-18



CONTAINER TRADE

When compared with 2016-17:

- Total container trade increased by 7.5 per cent or 53,739 TEU. Exports increased by 8.4 per cent and imports increased 6.7 per cent.
- Total full container trade increased by 8.3 per cent or 46,160 TEU. Full container exports increased by 10.1 per cent and full imports increased by 7.1 per cent.
- Empty container exports increased by 5.6 per cent and empty imports increased by 0.8 per cent.
- Coastal container throughput increased by 5.6 per cent or 5,166 TEU. Coastal full container throughput totalled 76,594 TEU, an increase of 13.0 per cent. Coastal empty container throughput decreased by 3,639 TEU or 14.7 per cent.



Further growth is expected in the container sector in 2018-19.

TOP TEN CONTAINER TRADING PARTNERS

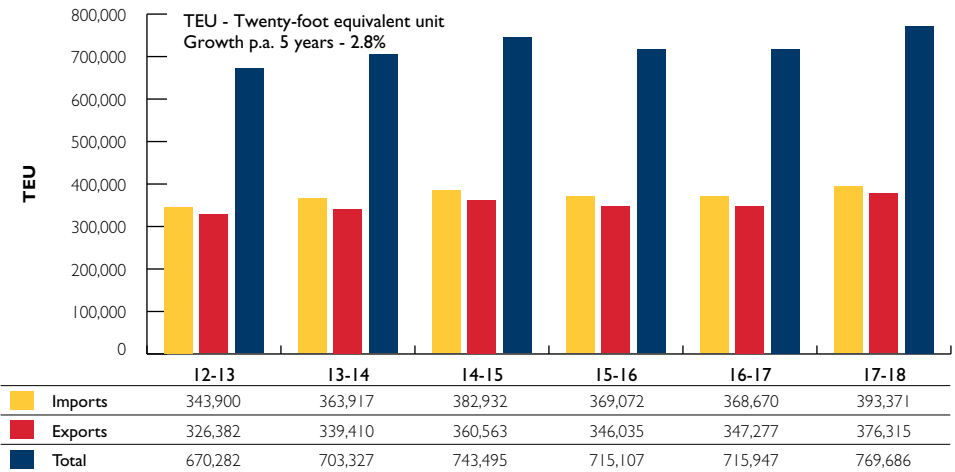
Total Full Container Trade (TEU)		
COUNTRY	2016-17	2017-18
China	157,846	171,428
Australia (Coastal Trade)	67,789	76,594
Japan	33,845	36,864
Malaysia	31,531	32,572
Thailand	28,803	31,129
South Korea	26,617	28,912
Indonesia	25,562	26,452
India	16,463	21,463
Singapore ¹	17,707	18,765
Vietnam	17,022	16,466
Top 10 Countries percentage of Full Container Trade"	75.8%	76.2%

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.

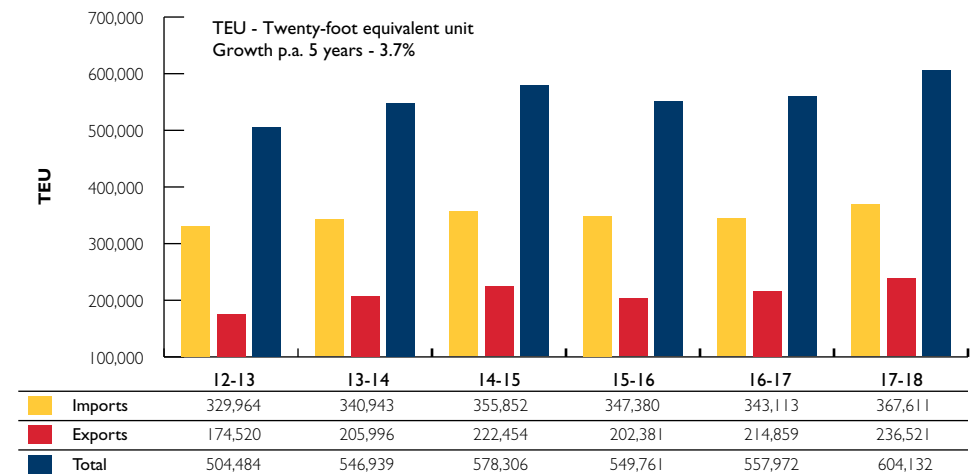
Total Container Trade

2012-13 to 2017-18



Full Container Trade

2012-13 to 2017-18





Non-containerised (break bulk) imports have surged after a relatively subdued performance the previous year.

BREAK-BULK CARGO

The total throughput of break-bulk (non-containerised) cargo in the Inner Harbour 2017-18 was 835,561 mass tonnes, an increase of 20.0 per cent compared with the previous year. Imports increased by 35.2 per cent mainly due to the commodities iron and steel, new motor vehicles and industrial and agricultural vehicles. Exports increased by 6.1 per cent compared with last year mainly due to an increase in scrap metal by 36,390 tonnes or 20.3 per cent.

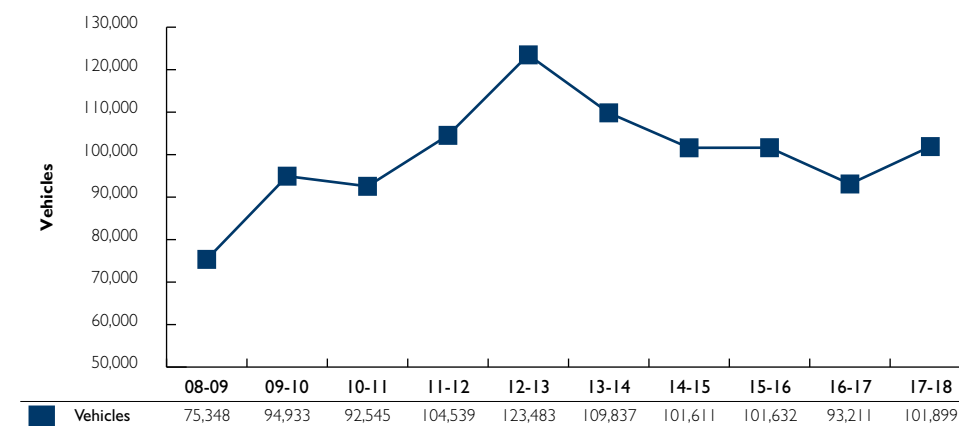
MOTOR VEHICLES IMPORTS

In 2017-18 the import of new motor vehicles was 101,899 units, an increase of 8,688 units or 9.3 per cent. The combined total of vehicles imported from Japan, Thailand and South Korea made up 78.1 per cent of total imports, with all three countries' imports increasing in 2017-18. Motor vehicle imports from Japan increased by 2,220 units or 7.4 per cent, Thailand by 18.8 per cent or 4,995 units and South Korea by 6.1 per cent or 889 units. Motor vehicle imports from the USA decreased by 1,117 units or 22.3 per cent and European imports decreased by 1,322 units or 9.7 per cent.



Motor vehicle imports increased by 9.3 per cent.

New Motor Vehicles - Imports 2008-09 to 2017-18



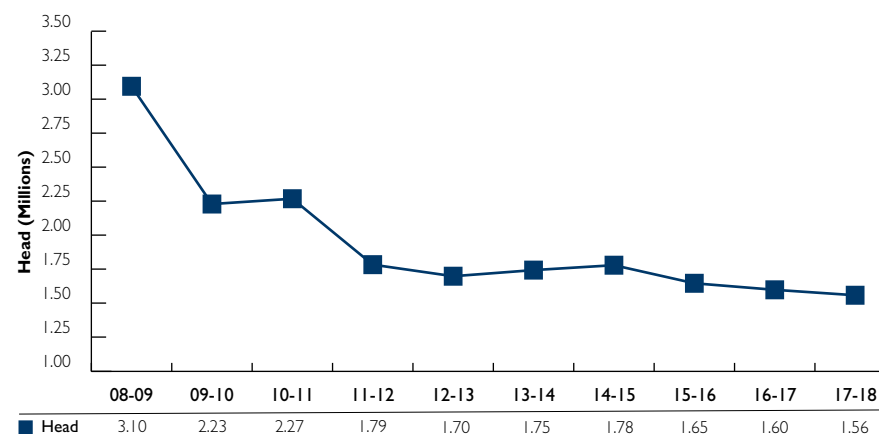
LIVE SHEEP EXPORTS

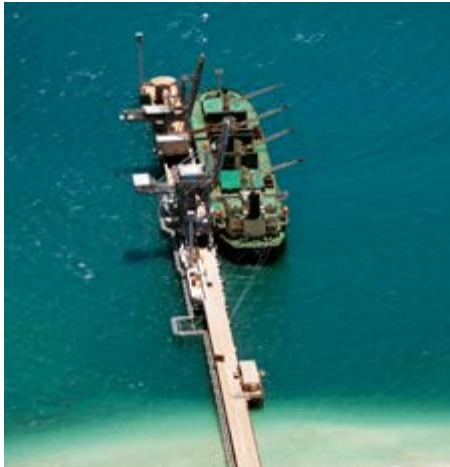
Exports of live sheep totalled 1.56 million head and accounted for 82.3 per cent of Australia's live sheep exports. The Middle East was the destination for 78.5 per cent of exports from Fremantle; however exports to the Middle East declined by 22.6 per cent or 0.36 million head. Qatar was the largest market for live sheep in 2017-18 with 0.50 million head exported. Exports to Kuwait decreased by 0.15 million head compared with 2016-17. Exports to Turkey were nil in 2016-17 although in 2017-18 0.3 million head were shipped.

LIVE CATTLE EXPORTS

Live cattle exports totalled 146,688 head, an increase of 10,090 head or 7.4 per cent compared with 2016-17. Trade with Israel decreased by 6,325 head or 14.6 per cent and Indonesia decreased by 16,683 head or 48.4 per cent. There was significant growth in exports to Vietnam. The 17,495 head of cattle shipped to that destination represented an increase of 112.1 per cent.

Live Sheep Exports 2008-09 to 2017-18





Throughput at Fremantle Ports' Kwinana Bulk Terminal was 5 per cent below the previous year's total, mainly due to a decrease in iron ore exports.

BULK CARGO

Bulk cargo contributed 26.3 million mass tonnes or 75.4 per cent of total port trade in 2017-18. Bulk exports decreased by 1.7 million tonnes or 10.2 per cent and imports increased by 0.45 million tonnes or 4.2 per cent. Fremantle Ports' principal bulk cargo, petroleum products, increased by 1.0 million tonnes to 9.7 million mass tonnes or 11.7 per cent in 2017-18 when compared with the same period last year. Refined petroleum exports (includes bunkers for ship refuelling) were up 0.30 million tonnes or 11.4 per cent compared with 2016-17. Refined petroleum imports decreased by 0.3 million tonnes or 41.8 per cent.

Crude petroleum imports totalled 6.8 million tonnes, up by 0.72 million tonnes or 11.8 per cent. The top three bulk exports were iron ore, alumina and wheat which accounted for 58.9 per cent of total bulk exports. Iron ore decreased by 1.2 million tonnes or 27.0 per cent, alumina decreased by 0.16 million tonnes or 5.2 per cent and wheat decreased by 1.2 million tonnes or 30.8 per cent.

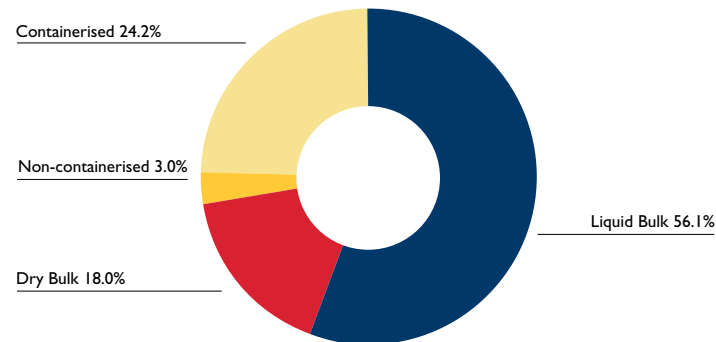
Total trade at the Kwinana Bulk Jetty (KBJ) increased by 0.47 million tonnes to 2.85 million tonnes in 2017-18. This was mainly due to silica sands exports and sulphur and cement clinker imports. Silica sands exports increased by

0.23 million tonnes or 177.4 per cent and sulphur and cement imports increased by 0.13 million tonnes or 37.2 per cent and 0.12 million tonnes or 77.5 per cent respectively. The principal commodities handled at the Kwinana Bulk Jetty are phosphates and other fertilisers. These decreased by 0.2 million tonnes or 20.5 per cent. The total trade throughput at the Kwinana Bulk Terminal (KBT) decreased by 0.28 million tonnes or 5.0 per cent to 5.3 million tonnes in 2017-18, mainly due to decreases in iron ore exports. Exports of iron ore totalled 3.1 million tonnes in 2017-18, a decrease of 1.2 million tonnes or 27.0 per cent.

TRADE BY CARGO CLASS (MASS TONNES)		
CARGO	Imports	Exports
Liquid Bulk	8,604,787	2,695,120
Dry Bulk	2,549,768	12,426,173
Non - Containerised	466,233	450,934
Containerised	3,718,137	3,926,111
Total	15,338,924	19,498,339

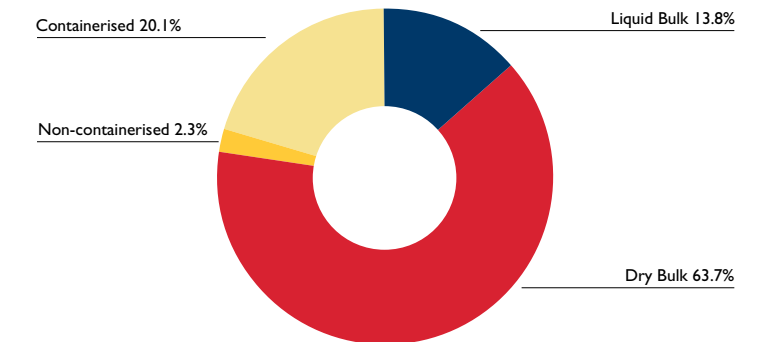
Trade by Cargo Class - Imports

2017-18 (Mass Tonnes)



Trade by Cargo Class - Exports

2017-18 (Mass Tonnes)





Wheat shipped from the CBH grain terminal at Kwinana was one of the top three bulk exports.

MAJOR OVERSEAS TRADING REGIONS

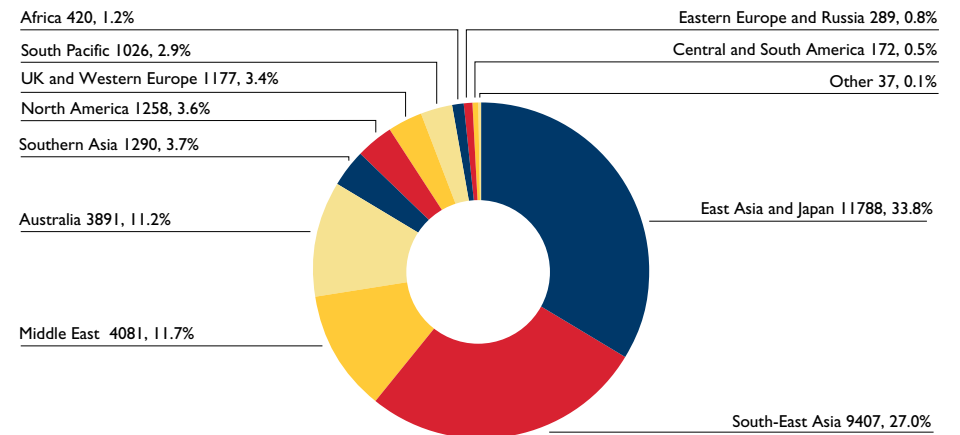
In 2017-18, trade with Asia totalled 22.5 million tonnes which accounted for 64.5 per cent of total port trade. Trade with Asia decreased by 0.3 million tonnes or 1.3 per cent in 2017-18 when compared with 2016-17. South East Asia increased by 0.5 million tonnes or 5.7 per cent and trade with Southern Asia increased by 83,416 tonnes or 6.9 per cent. Trade with East Asia decreased by 0.9 million tonnes or 7.0 per cent. This decline was mainly due to a reduction in iron ore exports to China and grain exports to both China and South Korea. Trade with North America

increased by 0.11 million tonnes or 9.7 per cent, mainly due to an increase in sulphur imports from Canada. Trade with Western Europe decreased by 0.22 million tonnes or 15.9 per cent, primarily due to a decline of 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 Statistical Information section of the report.

Principal Areas of Trade

2017-18 Mass Tonnes (000's)





A strong demand for hay and oats exports is forecast for 2018-19.

TRADE OUTLOOK FOR 2018-19

Container exports in 2018-19 are expected to continue the upward trend. Hay, the principal export commodity in Fremantle's container trade sector, was the top performer with further growth expected. Oaten hay harvests in 2018 are expected to be favourable due to good rainfall. Also, the hay is high quality and well-sought after by overseas markets. Higher demand for grain and hay exports from Western Australia is likely because of expected low yields in the drought-affected Eastern States.

The containerised export of spodumene (source of lithium) is also expected to increase significantly over the next year and into the future.

Imports from our top 10 trading partners make up nearly 80 per cent of total full container imports. Overseas imports from China and coastal imports within Australia together accounted for 63.2 per cent of total import growth in 2017-18. Coastal import cargo increased by 11.4 per cent or 7,528 TEU (31.0 per cent of total import growth).

Further growth is forecast for container trade due mainly to renewed confidence in WA's mining and resources sector. The total TEU throughput is forecast to increase by 3 per cent in 2018-19.

New motor vehicles imports, which increased by 8,688 units or by 9.3 per cent, are also forecast to increase, with an expected 3.0 per cent gain.

Total trade at the Kwinana Bulk Jetty (KBJ) increased by 475,402 tonnes or 19.4 per cent to 2.93 million tonnes in 2017-18.

Exports of silica sands increased by 226,513 tonnes or 177.4 per cent and imports of sulphur and cement clinker imports increased by 131,889 tonnes or 37.2 per cent and 117,156 tonnes or 77.5 per cent respectively.

The principal commodities handled at KBJ are phosphates and other fertiliser imports which decreased by 211,101 tonnes or 20.5 per cent. The import of fertiliser in 2018-19 is forecast to increase to 840,000 tonnes or 2.6 per cent.

Total trade throughput at KBJ is forecast to decrease in 2018-19 to 2.5 million tonnes largely influenced by transfer of imports of cement clinker to Kwinana Bulk Terminal (KBT) and no export of sulphuric acid.

Total trade at KBT in 2017-18 decreased by 0.28 million tonnes or 5.0 per cent to 5.4 million tonnes mainly due to decreases in iron ore exports.

Exports of iron ore totalled 3.1 million tonnes in 2017-18, a decrease of 1.1 million tonnes or 27.0 per cent. There are no expected iron ore exports in 2018-19, however in 2018-19 all imports of cement clinker will return to KBT from KBJ and the exports of silica sands will commence. These will partially offset KBT's loss of iron ore exports. The total trade forecast for KBT in 2018-19 is 3.9 million tonnes.

Total private jetty throughput totalled 17.8 million tonnes in 2017-18 which represents 51.0 per cent of total port trade.

Petroleum products handled through BP facilities are Fremantle Port's major bulk commodity and are forecast to decrease by 0.25 million tonnes to around 9.25 million tonnes in 2018-19.

Alcoa alumina exports are forecast to increase to the facility's alumina capacity of 3.1 million tonnes. The import of caustic soda for 2018-19 is forecast to increase to 810,000 tonnes.

Exports of grains from Co-operative Bulk Handling's Kwinana terminal decreased by 2.3 million tonnes in 2017-18. This was mainly due to low harvest yields in 2017. Grain shipments from Kwinana are expected to increase to 5.0 million tonnes due to expected higher yields in 2018-19.



Peace Boat, which operates the cruise ship Ocean Dream is an international NGO based in Japan.

CRUISE SHIPPING

Carnival Australia's decision, announced in May 2017, to cease homeporting P&O and Princess cruise line services out of Fremantle from 2018 resulted in a decrease of overall cruise ship visits in 2017-2018; however, the number of international ship visits increased. In total, ship visits were down from 60 in 2016-17 to 43 but international visits increased from 15 to 19. The 43 visits were by 21 individual ships. The 24 homeporting visits included 16 visits by Astor and five visits by Sea Princess.

Carnival's decision related to WA regional ports, not facilities at Fremantle, and in October 2017, the State Government announced funding for addressing issues at Broome Port so that large cruise ships would have access in all tides. In addition, with advice and assistance from Fremantle Ports, Geraldton Port purchased two ShoreTension hydraulic mooring units to keep ships more securely at berth in adverse weather conditions.

Cruise ships *Regatta*, *Ocean Dream*, *Azamara Journey*, *L'Austral*, *Seven Seas Navigator* and *Golden Princess* made

debut visits in 2017-18. *Ocean Dream* is chartered by the Peace Boat organisation, a Japan-based international non-governmental and non-profit entity that works to promote peace, human rights, sustainable development and respect for the environment.

Megaliners *Ovation of the Seas*, the biggest cruise ship to ever visit Australia, and *Queen Mary 2* returned to Fremantle in December and February respectively.

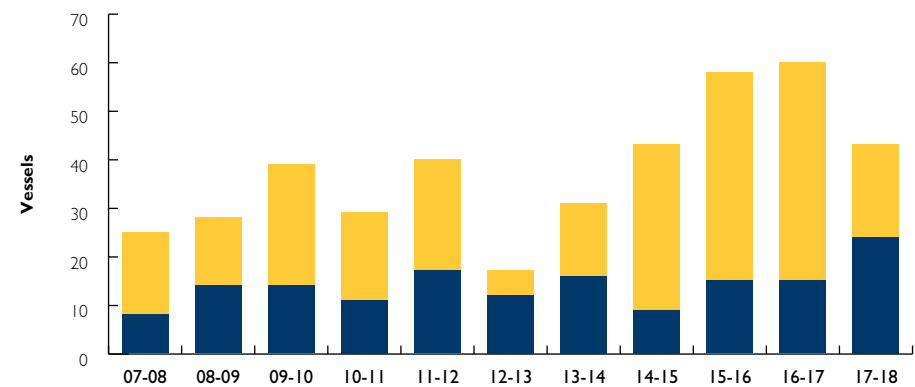
There are 34 cruise ship visits scheduled for 2018-19.



Cruise ship Silver Shadow heads into port.

Cruise Vessels Visiting Fremantle Port

2007-08 to 2017-18



Home Base	17	14	25	18	23	5	15	34	43	45	19
International	8	14	14	11	17	12	16	9	15	15	24



Artist's impression showing the new canopy to be installed as part of the Passenger Terminal refurbishment.

PASSENGER TERMINAL UPGRADING

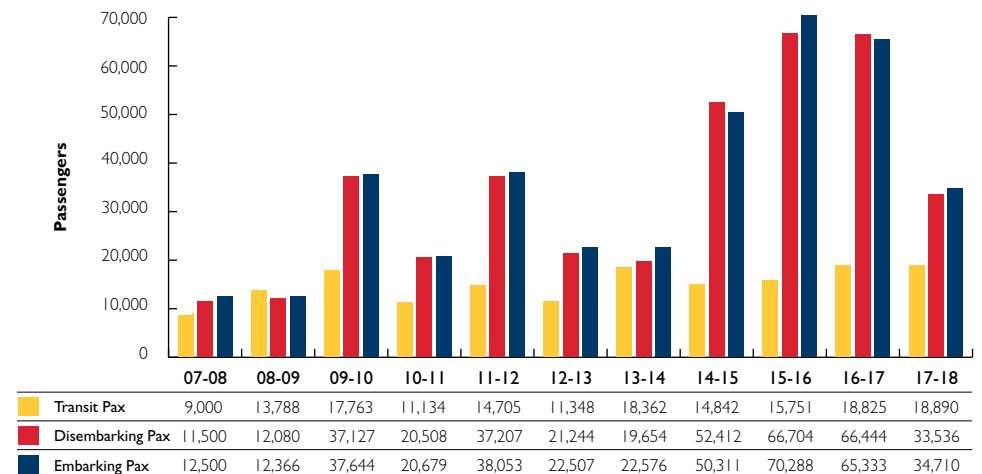
Fremantle Ports engaged architects Cox Howlett + Bailey Woodland to prepare a strategic refurbishment plan for the heritage-listed Fremantle Passenger Terminal on Victoria Quay. The aim is to:

- enhance the passenger experience
- improve operational aspects of the terminal; and
- increase security performance.

The \$3 million improvement works include the installation of a central canopy to provide shade and shelter at the entrance, re-painting the exterior facade, new security screens, upgrading the ground floor foyer and new furniture for the transit area in the first-floor function hall.

State Heritage Office approval was obtained. The works began in early March 2018 and are expected to be completed by October 2018 in time for the cruise season.

Passengers Through Fremantle Port 2007-08 to 2017-18



Aim

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

MANAGING KEY RELATIONSHIPS

Understanding the needs and interests of our stakeholders and building open and respectful working relationships is essential in maintaining strong support for our operations. It is also essential in identifying opportunities for growth and understanding how we can do better in respect to the services we provide.

Consultation and engagement have occurred with a wide range of stakeholders in the government sector, industry, business and community as part of our stakeholder management plan. As well as project-specific interactions, we have participated in numerous operational, business and community forums that create opportunities to exchange information, discuss ideas and resolve issues.

An important aim of this engagement is to ensure we are well across and able to respond to changing economic and social conditions, industry trends, technological advancements and community perspectives.

VALUING OUR COMMUNITY

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, our future success is related to a large extent on the support of the local and wider WA community for our operations.

Our independently-chaired Inner Harbour Community Liaison Group met four times during the year, with a sharing of information and views. We engaged with the community in a number of other ways: through our expanding education program, our annual Maritime Day, participation in forums and support for a wide range of projects and programs.



More than 130 first-year School of Design students from the University of Western Australia visited Fremantle Ports in five groups in August. The students were completing a unit entitled 'Architecture of the Seas', exploring how maritime travel and exchange influences cultures and the environment.

PROMOTING THE PORT'S ECONOMIC CONTRIBUTION

Fremantle Ports operates in an area of changing demographics and at times competing priorities. In this situation and more broadly, it is vitally important to ensure that the value of the port's contribution, both locally and to wider Western Australia is well understood. Increasing community understanding of what the port needs for its future success and sustainability is also important and we are implementing a number of communication strategies to achieve these aims as part of our 2021 Business Plan.

A project that will help make it easier for people to get to know us and what we do is the development of two new internet websites (corporate and Victoria Quay). At year end, the work on these sites was well advanced, with the aim of going live in October 2018.



Artist Jo Darbyshire's projection entitled Ships that Pass in the Night drew inspiration from poet Henry Wadsworth Longfellow.

COMMUNITY SUPPORT

Fremantle Ports' support to the community reflects our priorities and values as well as community priorities identified through annual surveying and consultation.

This year, we supported orchestral concerts in Fremantle and in Kwinana. Other community events and charities supported included the Fremantle Festival, Impact 100 Fremantle, Rockingham Community Fair, Rockingham's Castaways Sculpture Awards, Coogee Jetty to Jetty Swim and the annual Fremantle Ports Swim Thru, an open-water swimming event which raised funds for two Fremantle charities.

A dolphin sculpture from Perth Children's Hospital Foundation's The Big Splash WA project was purchased for Victoria Quay. The funds will contribute to new therapies to support children and youth with mental health issues.

A site-specific artwork sponsored as part of the High Tide 17 inaugural art biennale held in Fremantle involved a choreographed projection onto the northern façade of Fremantle Ports' Administration Building.

VOLUNTEERING AND WORKPLACE GIVING

Our workplace giving and volunteering program provided funding and volunteering help to the community.

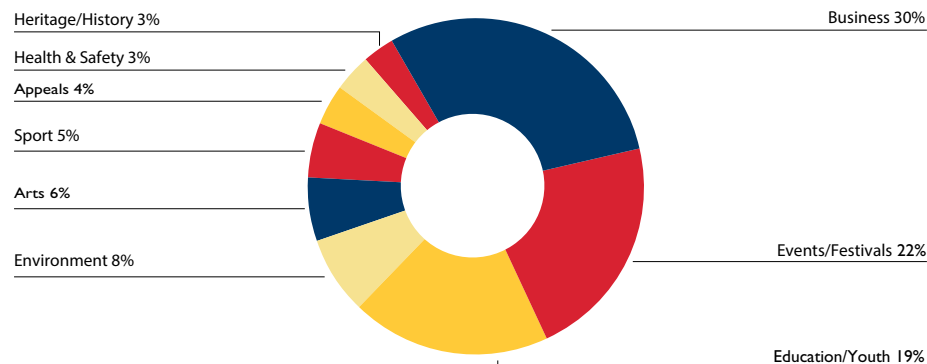
Staff contributed a total of 206 hours of volunteering to benefit OzHarvest: Cooking for a Cause, Guide Dogs WA and St Patrick's Community Care Centre. Staff also donated more than 50 Christmas hampers to St Patrick's.

More than \$21,000 was presented to our 2017-18 workplace giving charity partners Paint Kwinana REaD and Guide Dogs WA. This amount comprised more than \$11,000 from payroll giving and fundraising events, and \$10,000 from Fremantle Ports. Staff also donated more than 360 books to Paint Kwinana REaD.

Volunteers contributed to Anzac Day commemorative events, distributing Australian flags and participating in wreath laying services.

Community Sponsorship

2017-18



Volunteer employees from Fremantle Ports cooked at the kitchen of food rescue organisation OZHarvest to provide nutritious and tasty meals for people in need.



Fremantle Ports staff donated 335 books to Paint Kwinana REaD.



Our workplace giving program this year supported the Guide Dogs WA's purchase of a puppy for training as a guide dog. He answers to Skipper.

EDUCATION PROGRAM

Fremantle Ports' education support program, with a focus on careers and mentoring, continues to grow. During the year numerous visits were hosted, involving hundreds of secondary and tertiary students from metropolitan and regional areas.

Partnerships with Aboriginal bridging programs at Murdoch and Curtin universities have resulted in regular visits and good outcomes for students.

Support for Spare Parts Puppet Theatre's Schools Inclusion and Access Program enabled students from eight primary schools to attend cultural performances that they otherwise might not have had an opportunity to experience. The inaugural Aboriginal Australian Kids Story Festival (Woylie Festival) in Fremantle was also sponsored.

Sponsorship of an eight-week Dismantle BikeRescue program for a group of Fremantle Fast Track - North Lake Senior Campus students provided engagement and opportunities for strong mentorship.

Fremantle Ports Maritime Scholarships were provided at Hillman Primary School and Rockingham Senior High School. Student achievement awards for

Aboriginal Bridging Course graduates at Curtin University and an achievement award in Maritime Studies at Challenger Institute of Technology were sponsored. We also continued to sponsor a Discover Your Potential scholarship at Murdoch University's Rockingham campus.

Fremantle Ports has continued to make a significant contribution to the Kwinana Industries Council's internationally-awarded education development program and was again the major sponsor of the annual Kwinana Industries Youth Arts Awards.

PORT EVENTS

An estimated 15,000 visitors celebrated the 9th Fremantle Ports Maritime Day in November and visited the 80-plus exhibits throughout Victoria Quay and in B Shed.

Maritime Day is a joint initiative of Fremantle Ports and the WA branch of the Company of Master Mariners of Australia. It has grown to become Australia's largest port open day event and is strongly supported by maritime sector businesses and organisations.



Students from the Curtin University Centre for Aboriginal Studies visited the port in April to participate in Fremantle Ports' student mentoring program.



A display of historic photographs was a popular feature of Maritime Day 2017 on Victoria Quay.

Aim

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

PORT PLANNING FOR FUTURE GROWTH

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

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

Westport objectives are to:

- Plan for a modern port to meet Perth and surrounding region's future growth for the next 50–100 years
- Provide land-use and transport plans that support port operations, compatible land uses, port users, community needs and economic growth
- Assess the commercial implications and logistics opportunities of future port infrastructure
- Identify expansion of industrial areas and technology parks to support economic development and future employment opportunities
- Ensure port and landside development is compatible with the environment
- Engage with stakeholders and the community at all stages



View to Patrick and DP World container terminals, North Quay.

Meanwhile, Fremantle Ports continues to actively assess assets and facilities and identify future scope for increasing capacity to ensure future trade growth can be accommodated. Analysis of berth usage and opportunities for optimisation in the Outer Harbour to release capacity was one of the projects given close attention during this year.

CONTAINER TERMINAL LEASING

In an open-market process, Fremantle Ports called for expressions of interest in May 2018 for the re-leasing of its two container shipping terminals on North Quay. The current leases held by DP World

and Patrick have been in place since 1996 and are due to expire in June 2019.

The intention is to grant new seven-year leases with options for extensions at the discretion of Fremantle Ports.

The approach being taken supports investment in and the optimisation of the Inner Harbour in the short to medium term, to meet the State's container trade needs in the period prior to any new facilities being available if a decision is taken to proceed with such development. It will facilitate ongoing improvements in the efficiency of port operations and the transport of containers to and from the Inner Harbour.



The North Quay Rail Terminal is a modern facility efficiently servicing Fremantle Ports' container trade.



The 2107 truck survey shows improvement in trucking productivity, with increased two-way loading.

NORTH QUAY RAIL TERMINAL

A new Management Agreement for the operation of the North Quay Rail Terminal will also be put in place through a procurement process for which planning has commenced.

LANDSIDE LOGISTICS

Fremantle Ports continues to invest in systems to improve the efficiency of supply chain activities in the port precinct, with positive results. Its innovative, problem solving approach was acknowledged with two awards at the 2018 Western Australian Supply Chain and Logistics Awards.

The Innovation Award and the Excellence in Transport Planning, Supply Chain and Logistics Award were both received for Fremantle Ports' Truck Control System which has been developed at North Quay over the past few years. The system has several interconnecting elements which work together to increase visibility of supply chain activities in the port precinct and improve coordination.

The integrated technologies that make up the Truck Control System add value for supply chain participants in several ways. Operational efficiency is increased through improved communication, availability of data for better coordination and the ability

for the port and supply chain participants to work together to resolve issues such as congestion as they are detected.

Other activities this year include:

UPDATED CONTAINER MOVEMENT STUDY

- A new study to provide information on the origin and destinations of containers being transported to and from Fremantle Port has been undertaken. The results, updating findings of a similar study in 2012, will enable the port to highlight logistics developments of significance to our supply chain partners. It will assist in providing direction for further in-depth work to improve supply chain efficiency.

ROUS HEAD INDUSTRIAL PARK LEASES

- All large, longer term staging sites and empty container parks have been leased and are operating with Operating Agreements including ICL, Qube Rous Head and the recently opened Tyne-ACFS empty container park, the last major development site in the Rous Head Industrial Park. Both Tyne-ACFS and Qube Container Park (QCP) are adjacent to the

North Quay Rail Terminal, providing direct access and reducing the number of on-road vehicles. The aim of Operating Agreements is to incentivise good performance in areas such as quick turnaround of vehicles, increased night operations and use of rail.

ANNUAL TRUCK SURVEY

- Recognising the central importance of road transport for the Inner Harbour and surrounding communities, Fremantle Ports conducts a truck survey each year to monitor truck movement volumes and identify trends in trucking productivity. The 16th Annual Truck Survey was conducted over a two-week period in August 2017 and indicated an increase in overall productivity with lower empty running. Fewer small trucks were also recorded serving the port (meaning more TEU is being carried per truck accessing the port precinct).

Until 2014, truck numbers (between 6am and 6pm) increased broadly in line with trade growth. Since then, observed numbers have declined in the face of growing trade, indicating higher productivity, increased off peak operations, and reduced empty running supported by a progressive transition to rail.



Additional volumes of container freight on rail have been achieved and additional services have been provided.

TRAFFIC SIGNAGE UPGRADES

- This project brought all traffic-related signage in North Quay up to Australian Standards, allowing increased clarity of operation for all road users.

PEAK SEASON MANAGEMENT

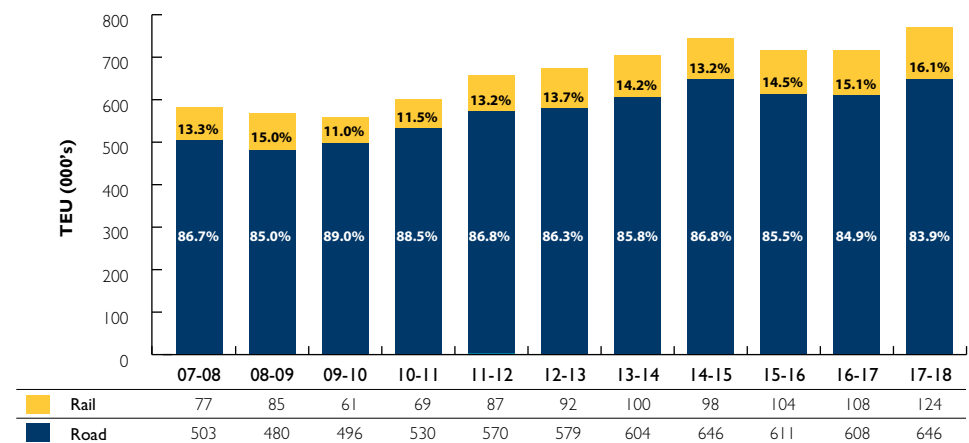
- There was industry-wide agreement that the peak season, pre-and post-Christmas 2017, was again a success. Minimal disruption over the core period can be attributed to key supply chain operators working together to reduce the risk of congestion in the lead up to the peak period.

INCREASED USE OF RAIL FOR CONTAINER FREIGHT

The State Government has implemented its election commitment to increase the rail subsidy from \$30 to \$50/TEU (20 ft equivalent container) to generate additional volumes on rail and reduce truck movements on the road network. This has contributed to achieving additional volumes on rail (an annualised 16.1 percent share of container trade in 2017-18) and an increased number of rail services being provided.

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

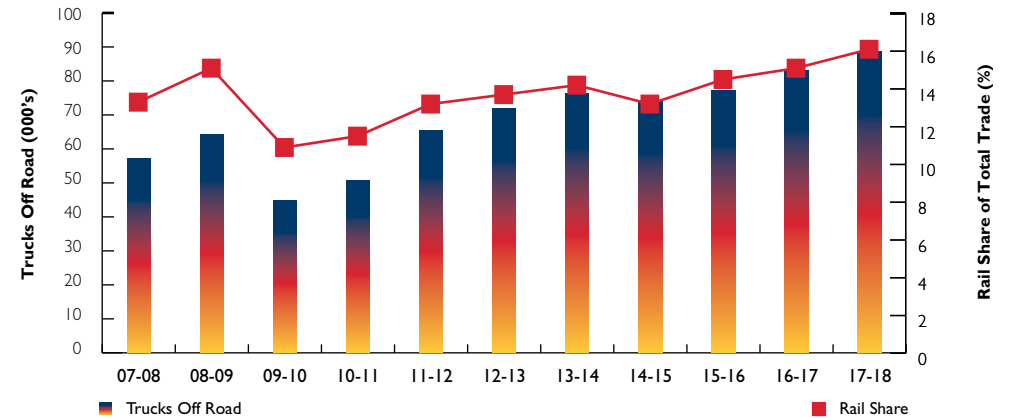
2007-08 to 2017-18



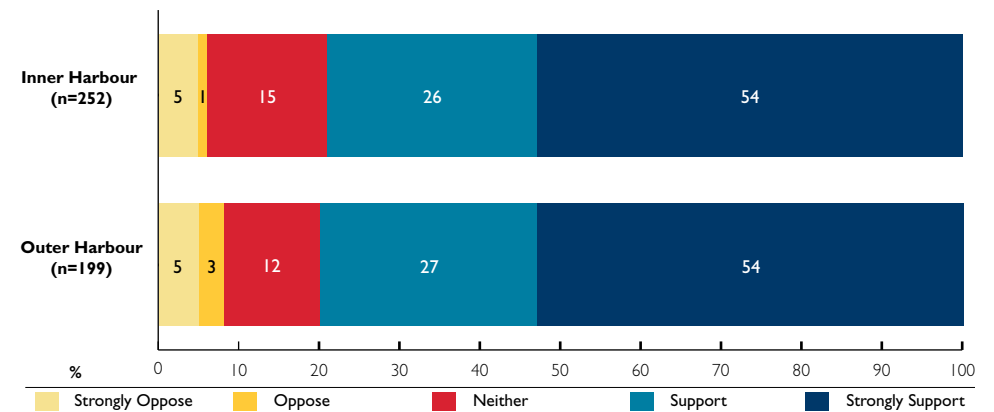
Rail Share and Trucks Off Road

2007-08 to 2017-18

Increased use of rail for container freight travelling to and from the port reduces the rate of growth of port-related truck transport and continues to have strong community support.



Community Support for Increased Use of Rail



Please note : Percentage figures were subject to rounding.

PLANNING FOR LARGER SHIPS

Fremantle Ports is working with Fremantle Pilots to model the handling characteristics of larger vessels expected in the future so that possible vessel size constraints can be identified and appropriately addressed. The pilot company has also been assisting Fremantle Ports with navigation modelling as part of the planning of future port developments.

Fremantle Ports and Fremantle Pilots have an alliance contract for the provision of pilotage services in the port. The contract focuses on the strategic benefits and synergies between the two organisations and the need for a collaborative approach to expanding port capacity with increasing vessel size and complexity.

Currently, Fremantle Ports can handle the largest container ships servicing Australian ports and modelling has shown that there is capacity to accommodate further increase in vessel size.

Fremantle Ports' Navigation Policy Committee has continued this year to investigate and adopt the optimal use of modern navigational and mobile computing and communications technology to enhance safe and environmentally sound shipping operations.

The potential for use of drones to assist with and monitor the safe turning of large vessels in the harbour is being explored.

VICTORIA QUAY WATERFRONT

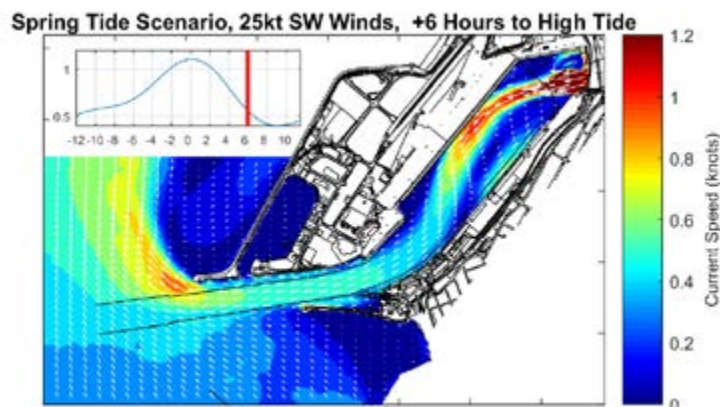
The western end of Victoria Quay is an important public, historical and cultural area linking the port with the city of Fremantle.

Fremantle Ports has identified some additional opportunities for development, aligned with the *Fremantle Waterfront Masterplan* and complementing planning that has been undertaken in recent years with significant consultation.

As well as concepts for re-use of existing buildings and development opportunities, the refreshed visioning looks at improving the connections between the Fremantle Passenger Terminal and the city and with Bathers Beach. In developing an implementation plan and activation strategy, Fremantle Ports is working with LandCorp and the City of Fremantle.

A *Current Atlas* developed this year provides supplementary information to support safe navigation of vessels arriving and departing Fremantle Ports' Inner Harbour.

Hydrodynamic data was collected and applied to a two-dimensional model which takes into account the latest bathymetric and structural information from the bridges and quay piles as well as geometric detail from the newly installed underwater rock mound in the Inner Harbour. The modelled data defines the typical current flow patterns for a range of different environmental conditions between the Entrance Channel and Rail Bridge.



The Dock, a pop up wharf bar at B Shed, was popular over the festive season and returned again for a month in March.

Aim

- **Becoming a high performing organisation is a key step towards achieving our vision and is a fundamental enabler to achieving all other goals. As a high performing organisation, we will outperform similar teams and exceed expectations.**

OUR PEOPLE

STAFFING

Fremantle Ports' full-time equivalent employees total at 30 June 2018 was 311, compared with 322 last year. The natural attrition rate was 2.7 per cent and resignations comprised 7.8 per cent. The total attrition rate was 10.5 per cent compared with 5.6 percent the previous year. This increase was a result of voluntary separations that occurred as part of organisational restructuring.



A group of volunteer Contact Officers from Fremantle Ports undertook training conducted by the Equal Opportunity Commission. Contact Officers provide information about complaint resolution options within and outside the organisation, ensure employees receive appropriate support to make informed decisions about how to resolve complaints, and provide general information on processes to supervisors, managers and colleagues.

ORGANISATIONAL REDESIGN

The organisational restructuring for administrative and management staff began in November 2017. The changes are aimed at ensuring there is a clear focus on areas critical to achieving our Vision and Mission with the right people, required skill sets and the appropriate culture.

The restructuring will help to bring about organisation-wide improvements by addressing changing business requirements and ensuring contemporary management practices. While most of the changes proposed are now in place, others are still to be made, particularly in the newly defined Business Development and Risk Management division. There are also some key appointments to progress over the coming months.

CULTURAL GROWTH

Growing Fremantle Ports' culture to deliver our vision of being Australia's best maritime gateway has been a priority, involving all areas.

As a starting point, Bringing Our Vision to Life workshops were held to build an understanding of what 'best' means for Fremantle Ports and how it translates into the delivery of services focused on our

customers, stakeholders, community and employees. These workshops identified five key themes:

- People
- Culture
- Leadership
- Long-term planning
- Infrastructure

As part of our strategy of involving all employees in our cultural journey, teams have been formed to further explore and make recommendations on implementing the following Defining Principles seen as essential to our cultural success:

- Deliver with excellence
- Energetic and optimistic
- Future Focused
- Trusted Partner

The Defining Principles have been incorporated into key processes within the port and will contribute to Fremantle Ports' employee selection, development and retention activities.



The Supervisors' Handbook produced this year is a guide for Fremantle Ports' maintenance and operational supervisors. It is a 'one-stop shop' bringing together critical information from our Code of Conduct, policies, procedures and enterprise agreements.



Fremantle Ports provides on-water transport for marine pilots servicing the port. Our small craft crews apply their training, skills and experience to operate around the clock in all weathers.

EMPLOYEE PROFESSIONAL DEVELOPMENT

Complementing our existing records on employee qualifications we are expanding our database of employee skills and competencies. The skills and competencies data will be used in developing a new Workforce Plan, with a shift from the current organisation chart focus to one of organisational need, forecasting and developing talent pools.

EMPLOYEE RELATIONS

The previous Administration and Management Enterprise Agreement covering approximately 160 employees expired on 20 January 2018. A replacement agreement was put to the vote, accepted by a clear majority of affected employees and is in the final stages of completion. The proposed Agreement is consistent with the WA Government Wages Policy.

There were no disputes or notified grievances during the year.

HEALTH AND WELLNESS

Our Health and Wellness program was implemented, with activities such as mental health awareness morning teas with our Employee Assistance Providers, mindfulness, meditation sessions and healthy life style sessions, general fitness activities, opportunities for skin checks and flu vaccinations and access to superannuation guidance.

Use of our Employee Assistance Program for work-related and non-work-related matters continued to be monitored as a potential indicator for employee well being.

Ergonomic assessments were introduced for all new employees as a standard process to ensure that workstation set-up promotes good ergonomic practices and employees have a heightened awareness of positive ergonomics within their working environment.

WORK EXPERIENCE, TRAINEESHIPS AND EDUCATION SUPPORT

Fremantle Ports has continued to host work experience placements and to provide opportunities for students to gain an understanding of career opportunities within the maritime industry.

POSITIVE OUTLOOK

This is a stimulating time for employees as we work together to create not just the optimal work environment and culture, but also Australia's best maritime gateway.

Measurement of our culture, planned for late in 2018, will highlight opportunities to further build on our strengths.



Curtin University of Technology Bachelor of Chemical Engineering student Ben Bordin completed an internship with Fremantle Ports, working on the design of a conveyor belt washing system for the Kwinana Bulk Terminal.



First aid training



Fire warden training

OCCUPATIONAL SAFETY AND HEALTH

Fremantle Ports maintains a strategic approach towards maintaining the safety and health of its employees and contractors, recognising that good systems and a positive safety culture are essential to achieve optimum safety results. Our practice of regularly reviewing safety systems and submitting them to external audit has set high performance levels that continue to demonstrate a robust safety system that meets industry expectations. (See also page 129 for the compliance with occupational safety, health and injury management reporting chart.)

COMMITMENT TO OSH MANAGEMENT

Our occupational safety and health (OSH) objectives, as listed in our *Safety, Environment and Quality Policy* are: striving for a safer workplace, caring for and supporting the well-being of our people, and eliminating work-related injury and illness.

Our Safety and Health Steering Group met quarterly during the reporting period. The group's purpose is to steer the safety and health efforts of the organisation, provide safety and health leadership and direction, recommend the corporate

Safety Strategy annually and ensure our safety vision is achieved. The group provides guidance to and liaises with the Executive and Board and ensures senior and line management play an active role.

The Board and Executive maintain a close watch on safety performance and with management take a strong leadership role towards achieving and maintaining a safe workplace. A safety report is provided monthly to the Board with key lead and lag indicators and including information on safety programs, watch points and people incidents.

Under 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 exceeded the improvement targets for the 2017-18 period.

Auditing to assess compliance against Fremantle Ports' critical risk standards is continuing. A total of 19 such audits were completed this financial year and a new risk matrix has been developed to align with the incident management and action management processes.

The safety training attendance monthly average was above the current year's target.

CONSULTATION WITH EMPLOYEES

Consultation and communication with staff and contractors are reinforced by regular safety articles in the monthly staff newsletter.

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 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 committee structures meet 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 met bimonthly under an agreed constitution with elected and trained safety and health representatives. A formal agenda during the meeting ensured all the functions of the committee and constitution were adhered to and achieved; this included the resolution of OSH issues through a successful action management system.



A Diamond Wire Saw, a hydraulically powered, remotely operated pile cutter, is used to cut piles at the seafloor, removing the need to have divers in the water to manually cut the piles.

COMPLIANCE WITH INJURY MANAGEMENT REQUIREMENTS

In accordance with the *Workers' Compensation and Injury Management Act 1981*, Fremantle Ports has developed written return-to-work programs for all employees who have sustained a workplace injury. The programs are designed to assist employees achieve a positive and timely return-to-work outcome and are regularly monitored and updated on a case-by-case basis.

EXTERNAL ASSESSMENT

Fremantle Ports has adopted the *AS/NZS 4801:2001 Occupational health and safety management systems* standard for its occupational safety and health management system. Annually, the accrediting authority SAI Global assesses our OSH management system against this standard. The May 2018 assessment was completed with no major and three minor non-conformances identified. These minor non-conformances will become agreed actions that will be completed before the next annual assessment.

OSH INITIATIVES

As a continuing part of its *Safety for Life* program, Fremantle Ports has introduced several OSH initiatives in the past year to ensure the high level of safety and health, for which the port has been recognised, is maintained:

- A mental health strategy and training program was introduced to provide managers and employees with the knowledge, capabilities and resources to optimise mental well-being.
- An online course on fatigue management was introduced to raise employee awareness of the risks associated with fatigue, how to recognise the signs and identify the steps that can be taken to minimise the risk.
- Job-specific stretching exercises were identified for operational employees to reduce the likelihood of sprain and strain type injuries from tasks involving physical activity such as mooring ships.
- 'Fact or Fiction' quizzes have been used during team meetings to stimulate discussion on relevant safety topics and promote core safety behaviour.

PORT SECURITY

Fremantle Ports has continued to deliver efficient and effective security outcomes consistent with the *Maritime Transport and Offshore Facilities Security Act 2003* (Cth) and Regulations and the *International Ship and Port Facility Security Code*. Security measures are set according to requirements under national 'alert' levels set by the Federal Government.

Our security system continues to be reviewed in line with advances in technology and changes to national policy for maritime security.

We continue to contribute to national policy development through participation in national committees and forums such as the Maritime Industry Consultative Forum and the Ports Australia Security Working Group.

Fremantle Ports is an approved Issuing Body under the *Maritime Transport and Offshore Facilities Security Regulations 2003* (Cth) for receiving, processing and printing the Maritime Security Identification Cards (MSICs). In 2017-18, there were 2,860 MSIC applications processed, compared with 3,178 the previous year. MSIC staff also processed 478 external port access applications.



The introduction of a smart metering system has increased efficiency and accuracy in electricity billing as well as making it easier to track energy consumption for administration, street lighting and general services.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

Since the appointment of a Chief Information Officer in 2017, the IT area has seen significant organisational and systems changes as a new IT strategy and associated controls are implemented. The aim is to modernise, simplify, standardise and lower the cost of the IT environment.

One of the more complex and technically challenging projects was completing phase one of a multiphase move of Fremantle Ports' data centres. Making use of the WA State Government GovNext contracts to reduce costs and improve services, IT moved some of the production environments and all the disaster recovery environment to two new datacentres in Perth.

New wide area network links with back-up systems have been established to support the move and improve Fremantle Ports' disaster recovery readiness. This project will continue with the move of the remaining production systems during 2018-19.

Integrating our systems more fully will improve operational support and is a priority. This year, we introduced a middleware system (software that links existing programs) designed to remove the complexity involved in supporting multiple systems that communicate and share information.

A change management process has been built into the IT systems upgrading and modernisation.

SYSTEMS RENEWAL

- A new internet-based telephone system was implemented making use of Voice over Internet Protocol to replace the legacy PABX system.
- Microsoft Office 365 (a Web-based version of Microsoft's Office suite of business applications) was introduced.
- Our customer relationship management system was upgraded from an on-premise system to a cloud-based solution. This links closely with the Office 365 upgrade, providing staff with secure access on and off site.

IT SECURITY

A cyber security training program implemented across the organisation as a set of online training modules has helped ensure the importance of this topic is front of mind for all employees and how their behaviour can reduce the risks. Additionally, a cyber security managed service contract was put in place to monitor and protect our organisation from cyber threats such as penetration of systems.

A new mobile device management system is helping to ensure that port information is protected and that there are restrictions on the type of information allowed on the devices. A new secure wireless network has been installed with commissioning expected in early 2018-19.

A Data Loss Prevention policy was approved this year with an associated training regime.



Port Services Officers undertaking refresher training on the use of oil recovery equipment.



The Envirocart system, a world first, has been the recipient of numerous awards for environmental excellence and innovation in marine biosecurity.

ENVIRONMENTAL MANAGEMENT

Certification to the international environmental standard ISO 14001:2015 was retained following an audit by compliance and risk specialists SAI Global. No major non-conformances were identified. Certification was first achieved in 2001 and re-certification has been achieved every three years since. The regular surveillance audits demonstrate that our Environmental Management System (EMS) is being implemented effectively to address the potential environmental impacts of port-related activities.

In implementing the EMS and monitoring results, Fremantle Ports considers its legislative obligations, government policy requirements, industry codes of practice, technological opportunities, the needs of port users and the expectations of the community.

A new Environmental Management Plan is being developed, based on a framework setting out Fremantle Ports' environmental values and objectives and proposing positions on issues such as air quality and climate change.

MARINE QUALITY MONITORING

Results of Fremantle Ports' annual marine quality monitoring program showed that port-related activities are not having a significantly detrimental effect on the marine environment. In 2018, monitoring was undertaken at 28 sites in the Inner and Outer harbours. Results of the monitoring of water, sediments and mussels are provided to the Cockburn Sound Management Council and the Department of Water and Environment Regulation.

SHIP SURVEY

Environmental survey of ships visiting Fremantle is helping Fremantle Ports to understand the technical capabilities of vessels and what emerging technologies are being implemented in line with global initiatives to reduce shipping emissions. The surveying was introduced initially for cruise ships but has since been extended on a voluntary basis to all vessel types visiting the port.

The online surveying allows efficient analysis of collected data. In addition to questions regarding fuel and emissions, the survey topics include ballast water systems; hull cleaning; general waste storage; noise management; and environmental certifications.

The International Maritime Organisation (IMO) has a global program in place to progressively reduce emissions from ships. This includes reducing sulphur in bunker fuels to 0.5 per cent by 1 January 2020. In anticipation to the changes occurring, Fremantle Ports plans to introduce an air quality monitoring program for the Inner Harbour in early 2018-19.

IN-WATER HULL CLEANING

Following a rigorous approvals process, an innovative hull cleaning technology developed by Australian company GRD Franmarine (now CleanSubSea) has been approved by Fremantle Ports for use at common user berths at the Australian Marine Complex and two anchor points in port waters.

The Envirocart system is a fully enclosed capture and containment technology that cleans the hulls of large vessels in the water.

Development approval conditions included a requirement to obtain Department of Environment Regulation approval in the form of a licence or registration under the *Environmental Protection Act 1986*, compliance with the Department of Primary Industries and Regional Development (previously Department of Fisheries) marine biosecurity requirements and the development of an Operational Environmental Management Plan.



Little Penguin fitted with satellite tracking tag.



With the involvement of the Conservation Council of WA, banding is undertaken to monitor fairy tern numbers and movements.

SUPPORTING WILDLIFE RESEARCH AND CONSERVATION

Fremantle Ports has continued to support research into dolphins, Little Penguins and fairy terns.

Bottlenose dolphins use Fremantle Inner Harbour daily for foraging and upstream access. Fremantle Ports has been supporting dolphin research over many years. A recently completed study conducted by Curtin University's Centre for Marine Science and Technology has looked at dolphin foraging strategies and the response to underwater noise such as pile driving in the Inner Harbour.

Support is also being provided for Murdoch University research into the resilience of penguins near the Perth metropolitan area (Penguin and Garden islands) to climate change and coastal development. Little Penguins are the smallest of all penguin species and known indicators of the health of coastal marine systems. Studies indicate that higher sea temperatures are adversely affecting breeding on Penguin Island, south of Fremantle. Parent birds in this area are having to spend more time foraging for food while incubating eggs. Some of the funding provided has been directed to the purchase of satellite tags to monitor how far the birds are travelling for food to feed their chicks.

Fremantle Ports' breeding sanctuary for fairy terns is making a strong contribution to the conservation of these vulnerable little birds in Western Australia and has received international recognition. PIANC (World Association for Waterborne Transport Infrastructure) awarded the project a prestigious Working with Nature Certificate in 2018.

The number of breeding pairs has grown significantly since the sanctuary at Rous Head was established on port land by Fremantle Ports in 2012. This year there were about 250 breeding pairs, compared with 90 in 2013-14.

Fremantle Ports is continuing to work closely with the Conservation Council of WA to monitor the success of the sanctuary and is supporting a Murdoch University photographic research project aimed at improving understanding of the breeding and feeding ecology of the species.



Dolphins use wharf structures in Fremantle Ports' Inner Harbour to herd fish.



Briefing for members of the Westport Reference Group.

INFLUENCING PLANNING OUTCOMES

Planning within and outside the port boundary is critical to ensuring the Port of Fremantle remains viable, productive and continues to contribute to the State's economy.

Fremantle Ports will continue to work with State Government planning-related agencies, local government and individuals to ensure appropriate input to the various planning instruments that could impact on the long-term sustainability of the port.

The opportunity to participate in the development of the Westport: Port and Environs Strategy enables Fremantle Ports to provide information to the project team developing the strategy on matters relevant to port and landside development over the long term.

Providing certainty for our customers, port service providers and other key stakeholders within the supply chain and more broadly is essential to promote increased investment.

LANDSIDE LOGISTICS OPTIMISATION

Landside operations will have a major impact on the future throughput of Fremantle Port's Inner Harbour, the efficiency of the State's international trade and the acceptability of the port's operations to the community. An Inner Harbour Freight and Supply Chain working group has been created, consisting of Fremantle Ports, the Department of Transport, Main Roads WA and the Freight and Logistics Council of WA. The group is identifying and investigating key initiatives and progressing associated actions to enhance landside freight efficiency at the port.



Increasing off peak logistics chain operations and achieving a greater spread in hours of operation within the supply chain are important in achieving increased efficiency.

Key areas being addressed in this strategy are:

- Innovation
 - Identifying new technology to improve efficiency and achieve better use of the system
- Road infrastructure
 - Improving road transport efficiency
- Rail transport
 - Promoting greater use of the rail system for freight transport
- Intermodal
 - Developing intermodal terminals and freight villages
- Funding
 - Sourcing funds required for future port-related landside initiatives

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018

The Board of Directors of the Fremantle Port Authority (Fremantle Ports) has pleasure in submitting its report for the financial year ended 30 June 2018.

DIRECTORS

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

Jill Hoffmann (Chair)

Director since 17 May 2011
Chair since 1 July 2018

Helen Cook (Deputy Chair)

Deputy Chair since 1 July 2014

Kim Horne AM

Director since 1 February 2018

Carmel McLure AC, QC

Director since 1 February 2018

Karlie Mucjanko

Director since 1 February 2018

Anne Nolan

Director since 1 February 2018

Professor John Yovich AM

Director since 1 July 2018

Directors whose terms expired during the financial year were:

Dr Jim Limerick (Chairman)

Director since 1 October 2009
Chairman since 1 October 2010
Term expired 30 June 2018

Michael Feutrill

Director since 1 December 2010
Term expired 31 January 2018

David Smith

Director since 1 January 2015
Term expired 31 January 2018

Directors' biographies are shown on pages 13 to 15.

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 2018 was:

	Eligibility to attend Meetings of Directors	Meetings of Directors	Eligibility to attend Audit and Risk Management Committee	Audit and Risk Management Committee
Number of meetings held		12		4
Numbers of meetings attended by:				
Jill Hoffmann	12	12	4	4
Helen Cook	12	10	4	4
Kim Horne	5	5	2	2
Carmel McLure	5	3	-	-
Karlie Mucjanko	5	5	-	-
Anne Nolan	5	4	-	-
Dr Jim Limerick	12	12	-	-
Michael Feutrill	7	6	-	-
David Smith	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 \$83.306 million (2017: \$68.247 million). The income tax expense attributable to the profit for the financial year was \$25.263 million (2017: \$20.692 million).

DIVIDENDS

In accordance with Government Financial Policy, Western Australian (WA) Ports are required to pay dividends of 75% (2017: 75%) of after tax profits, adjusted for special circumstances as approved by Government. From 1 July 2014, an amendment to Section 84 of the *Port Authorities Act 1999* came into effect which provides for Government to request an interim dividend be recommended by the Board. An interim dividend of \$29.838 million was recommended by the Board for the year ended 30 June 2018. An interim dividend was not required to be recommended by the Board for the year ended 30 June 2017.

In respect of the financial year results for the year ended 30 June 2017, a payment of \$35.149 million representing the total final dividend was made by 31 December 2017. During the financial year ended 30 June 2017, \$12.362 million was paid representing the balancing payment of the final dividend of \$33.335 million in respect of the final results for the year ended 30 June 2016.

REVIEW OF OPERATIONS

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

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

	2018 \$'000	2017 \$'000
Profit before income tax	83,306	68,247
Income tax expense	(25,263)	(20,692)
Profit for the period	58,043	47,555
Other comprehensive income/(loss)	318	(251)
Retained earnings at 1 July	225,173	190,231
	283,534	237,535
Dividends paid in the financial year	(64,987)	(12,362)
Retained earnings at 30 June	218,547	225,173

STATE OF AFFAIRS

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

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

EVENTS SUBSEQUENT TO REPORTING DATE

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

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

EMOLUMENTS

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

DIRECTORS' EMOLUMENTS

The Minister determines the emoluments of the Board of Directors.

Details of emoluments provided to Directors:

Position	Name	Period of Membership*	Short-term benefits Board and committee fees	Post-employment benefits Superannuation	Total
			\$'000	\$'000	\$'000
Director	J Hoffmann	12 months	47	5	52
Deputy Chair	H Cook	12 months	49	5	54
Director	K Horne	5 months	18	2	20
Director**	C McLure	5 months	-	-	-
Director	K Mucjanko	5 months	18	1	19
Director**	A Nolan	5 months	-	-	-
Chairman	J Limerick	12 months	84	8	92
Director	D Smith	7 months	30	3	33
Director	M Feutrill	7 months	28	3	31

* The period of membership column refers to the Board member's membership during the 2017/18 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 become 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	Other	Post-employment benefits Superannuation	Other long-term benefits Long service leave	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
C Leatt-Hayter	434	14	69	14	531
A Gray	358	14	35	12	419
T Haria	349	13	35	12	409
S Craig	366	-	33	6	405
A Coates	273	4	26	9	312

ENVIRONMENTAL REGULATION

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

ENVIRONMENTAL MANAGEMENT

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

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

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

This report is made in accordance with a resolution of the Board on 17 August 2018.



Chair



Director

31 August 2018

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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 63 to 109 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 2018 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Port Authorities Act 1999*; and
- (b) there are reasonable grounds to believe that the Fremantle Port Authority will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors on 17 August 2018.



Chair



Director

31 August 2018

Statement of Comprehensive Income FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Revenue	A.1	228,854	214,056
Expenditure			
General administration		(35,616)	(34,066)
Port operations expenses		(31,297)	(30,750)
Asset maintenance		(28,724)	(29,514)
Depreciation and amortisation expense	A.2	(16,971)	(16,762)
Finance costs	A.2	(9,374)	(10,145)
Marine expenses		(9,161)	(9,080)
Rates and taxes		(8,128)	(8,181)
Port utilities		(5,561)	(5,332)
Environmental expenses		(404)	(372)
Other expenses		(312)	(1,607)
Profit before income tax		83,306	68,247
Income tax expense	A.4	(25,263)	(20,692)
Profit after income tax for the period		58,043	47,555
Other comprehensive income/(loss)			
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains/(losses) on defined benefit plans	D.2	455	(358)
Income tax effect	A.4	(137)	107
Total other comprehensive income/(loss)		318	(251)
Total comprehensive income for the period, net of tax		58,361	47,304

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

Statement of Financial Position AS AT 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	C.2	84,296	96,173
Trade and other receivables	E.1	20,472	22,333
Inventories	E.2	3,507	3,366
Total current assets		108,275	121,872
Non-current assets			
Receivables	E.1	4,254	4,935
Property, plant and equipment	B.1	424,624	426,097
Intangible assets	B.2	130	217
Deferred tax assets	A.4	23,293	25,774
Total non-current assets		452,301	457,023
Total assets		560,576	578,895
LIABILITIES			
Current liabilities			
Trade and other payables	E.3	15,202	14,306
Interest bearing borrowings	C.3	1,502	1,373
Current tax liability	A.4	3,213	2,075
Provisions	D.1	13,315	14,064
Other liabilities	E.4	1,509	1,358
Total current liabilities		34,741	33,176

	Note	2018 \$'000	2017 \$'000
Non-current liabilities			
Interest bearing borrowings	C.3	184,615	196,455
Provisions	D.1	16,195	17,595
Other liabilities	E.4	1,419	1,437
Total non-current liabilities		202,229	215,487
Total liabilities		236,970	248,663
Net Assets		323,606	330,232
EQUITY			
Contributed equity	C.6	105,059	105,059
Retained earnings	C.6	218,547	225,173
Total equity	C.6	323,606	330,232

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 2018

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2016		105,059	190,231	295,290
Profit for the period		-	47,555	47,555
Other comprehensive loss		-	(251)	(251)
Total comprehensive income for the period	C.6	-	47,304	47,304
Transactions with owners in their capacity as owners				
Dividends paid	A.3	-	(12,362)	(12,362)
Balance at 30 June 2017	C.6	105,059	225,173	330,232
Balance at 1 July 2017		105,059	225,173	330,232
Profit for the period		-	58,043	58,043
Other comprehensive gain		-	318	318
Total comprehensive income for the period	C.6	-	58,361	58,361
Transactions with owners in their capacity as owners				
Dividends paid	A.3	-	(64,987)	(64,987)
Balance at 30 June 2018	C.6	105,059	218,547	323,606

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 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts from customers		248,620	237,514
Payments to suppliers and employees		(146,008)	(139,679)
Interest received		3,104	2,691
Interest paid		(9,526)	(10,349)
Income tax paid		(21,781)	(19,064)
Net cash inflow from operating activities	A.5	74,409	71,113
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,484)	(1,978)
Proceeds from sale of property, plant and equipment		23	16
Purchase of intangible assets		-	(260)
Net cash outflow from investing activities		(9,461)	(2,222)

	Note	2018 \$'000	2017 \$'000
Cash flows from financing activities			
Repayment of borrowings		(11,877)	(11,757)
Payment of finance lease liabilities		(586)	(560)
Proceeds from finance lease receivable		625	574
Dividends paid	A.3	(64,987)	(12,362)
Net cash outflow from financing activities		(76,825)	(24,105)
Net (decrease)/increase in cash and cash equivalents		(11,877)	44,786
Cash and cash equivalents at 1 July		96,173	51,387
Cash and cash equivalents at 30 June	C.2	84,296	96,173

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 2018

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 17 August 2018 by the Board of Directors of Fremantle Ports.

STATEMENT OF COMPLIANCE

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

BASIS OF PREPARATION

The financial statements have been prepared on an accrual accounting basis and in accordance with the historical cost convention. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

ROUNDING

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

COMPARATIVE FIGURES

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

CURRENCY

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

CHANGES IN ACCOUNTING POLICIES, NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

OTHER ACCOUNTING POLICIES

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

The notes are organised into the following sections:

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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
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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	79-80
C.	Liquidity risk	80
C. & C.3	Interest rate risk	79-80 & 83-85
C.	Credit risk	80

A. Performance for the year

IN THIS SECTION

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

A.1 REVENUE AND OTHER INCOME

Recognition and measurement

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

- **Revenue from services**

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

- **Contributed assets**

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

- **Interest revenue**

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

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

- **Deferred income**

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

- **Other revenue**

Miscellaneous revenue is recognised as the legal entitlement arises and is derived predominantly from the hire of facilities and equipment, recoupment of rates and taxes, insurance claims and revenue arising from the contribution of assets recognised in accordance with AASB 1004 *Contributions*.

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

A. Performance for the year (continued)

A.1 REVENUE AND OTHER INCOME (continued)

Revenue consists of the following items:

	2018 \$'000	2017 \$'000
Revenue		
Charges on cargo	141,407	134,770
Rentals and leases	26,403	23,634
Charges on ships	21,837	21,238
Miscellaneous revenue	15,359	11,829
Shipping services	12,718	12,495
Port utilities and services	7,976	7,563
	225,700	211,529
Interest		
Interest receivable from cash equivalents	2,246	1,583
Interest receivable under finance leases	908	944
	3,154	2,527
Total revenue	228,854	214,056

A.2 EXPENSES

Recognition and measurement

Finance costs

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

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

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

Classification

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

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

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

A. Performance for the year (continued)

A.2 EXPENSES (continued)

Total employee benefits expenses are disclosed below.

	Note	2018 \$'000	2017 \$'000
Expenses			
Profit before income tax includes the following specific expenses:			
Finance costs			
Finance charges payable under finance leases		31	28
Borrowings		9,343	10,117
Total finance costs		9,374	10,145
Depreciation and amortisation			
Channels and breakwaters	B.1	4,123	4,118
Land improvements	B.1	823	783
Buildings and improvements	B.1	1,000	900
Plant and equipment	B.1	3,089	3,133
Berths, jetties and infrastructure	B.1	7,254	7,249
Plant and equipment under lease	B.1	595	536
Intangible assets	B.2	87	43
Total depreciation and amortisation		16,971	16,762
Net loss on derecognition of property, plant and equipment		209	1,276

	Note	2018 \$'000	2017 \$'000
Other charges against assets			
Impairment reversal of trade receivables	E.1	(202)	-
Impairment of trade receivables	E.1	22	-
		(180)	-
Rental expense relating to operating leases		1,117	1,184
Employee benefits expenses			
Wages and salaries		40,705	39,808
Workers' compensation		289	977
Pension costs		4,571	4,263
Employee benefits		(931)	(501)
Retirement benefit obligations		(940)	225
		43,694	44,772

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	2018 \$'000	2017 \$'000
Interim dividend		29,838	-
Final dividend		35,149	12,362
Total dividends paid	C.6	64,987	12,362

In accordance with Government Financial Policy, Western Australian (WA) Ports are required to pay dividends of 75% (2017: 75%) of after tax profits, adjusted for special circumstances as approved by Government. From 1 July 2014, an amendment to Section 84 of the *Port Authorities Act 1999* came into effect which provides for Government to request an interim dividend be recommended by the Board. An interim dividend of \$29.838 million was recommended by the Board for the year ended 30 June 2018. An interim dividend was not required to be recommended by the Board during the year ended 30 June 2017.

In respect of the financial year results for the year ended 30 June 2017, a payment of \$35.149 million representing the total final dividend was made by 31 December 2017. During the financial year ended 30 June 2017, \$12.362 million was paid representing the balancing payment of the final dividend of \$33.335 million in respect of the final results for the year ended 30 June 2016.

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.

A. Performance for the year (continued)

A.4 INCOMETAX EXPENSE (continued)

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

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

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

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

Major components of income tax expense for the year are:

	2018 \$'000	2017 \$'000
Statement of Comprehensive Income		
Current income tax:		
Current income tax charge	(22,946)	(19,848)
Adjustments in respect of previous years	27	96
Deferred income tax:		
Deferred income tax charge	(2,344)	(940)
Income tax expense reported in the Statement of Comprehensive Income	(25,263)	(20,692)

	2018 \$'000	2017 \$'000
Other Comprehensive Income		
Deferred tax related to items recognised in other comprehensive income during the year:		
Net actuarial (gains)/losses	(137)	107
Income tax (benefit)/expense charged to Other Comprehensive Income	(137)	107

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:

	2018 \$'000	2017 \$'000
Profit before income tax	83,306	68,247
Tax at statutory income tax rate of 30% (2017: 30%)	(24,992)	(20,474)
Tax effect of amounts which are taxable in calculating taxable income:		
Depreciation	(265)	(280)
Sundry items	(45)	(32)
	(25,302)	(20,786)
Adjustments in respect of previous years	39	94
Income tax expense	(25,263)	(20,692)

A. Performance for the year (continued)

A.4 INCOMETAX EXPENSE (continued)

	2018 Statement of Financial Position \$'000	2017 Statement of Financial Position \$'000	2018 Statement of Comprehensive Income \$'000	2017 Statement of Comprehensive Income \$'000
Deferred tax liabilities				
Finance lease receivables	(1,481)	(1,668)	187	172
Others	(588)	(532)	(56)	11
Gross deferred tax liabilities	(2,069)	(2,200)		
Deferred tax assets				
Employee benefits	7,420	7,981	(561)	(84)
Accelerated depreciation for accounting purposes	14,574	16,621	(2,047)	(1,077)
Prepaid rental	1,146	1,059	87	(21)
Deferred income	76	75	1	75
Others	2,146	2,238	(92)	91
Gross deferred tax assets	25,362	27,974		
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,069)	(2,200)		
Net deferred tax assets	23,293	25,774		
Deferred tax charge			(2,344)	(940)
Deferred tax charge in Other Comprehensive Income			(137)	107
			(2,481)	(833)

Current Tax Liabilities

The current tax liability of \$3.213 million (2017: \$2.075 million) represents the amount of income taxes payable at the Statement of Financial Position date in respect of the current and prior financial period.

A. Performance for the year (continued)

A.5 NOTES TO THE STATEMENT OF CASH FLOWS

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

	2018 \$'000	2017 \$'000
Profit after income tax	58,043	47,555
Non cash items		
Depreciation	16,289	16,183
Amortisation of leased assets	595	536
Amortisation of intangible assets	87	43
Net loss on derecognition of property, plant and equipment	209	1,276
Net contribution of assets	(5,180)	(985)
Taxable items presented in Other Comprehensive Income		
Remeasurements of the net defined benefit liability	318	(251)
Changes in assets and liabilities		
Receivables	2,106	3,896
Inventories	(361)	(309)
Prepaid expenses	(196)	62
Payables	896	1,782
Prepaid rental income and interest received in advance	133	(19)
Employee benefits	(1,874)	(276)
Income tax payable	1,138	688
Deferred tax assets	2,481	833
Others	(275)	99
Net cash inflow from operating activities	74,409	71,113

	2018 \$'000	2017 \$'000
Non-cash investing activities		
Acquisition of property, plant and equipment by means of finance lease	760	683

B. Property, Plant and Equipment and Other Assets

IN THIS SECTION

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

B.1 PROPERTY, PLANT AND EQUIPMENT

Recognition and Measurement

Capitalisation/expensing of assets

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

Initial recognition and measurement

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

Subsequent measurement

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

Derecognition

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

Depreciation and amortisation

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

Class	Depreciation Rates (%)
Channels and breakwaters	1.92% - 3.70%
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%
Plant and equipment under lease	19.14% - 42.74%

Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If a trigger exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

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

Impairment losses are recognised in the Statement of Comprehensive Income.

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

B.1 PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Channels and Breakwaters \$'000	Land \$'000	Land Improvements \$'000	Buildings and Improvements \$'000	Plant and Equipment \$'000	Berth, Jetties and Infrastructure \$'000	Leased plant and equipment \$'000	Work in Progress \$'000	Total \$'000
COST										
At 1 July 2016		164,064	45,994	28,503	29,296	72,768	256,775	2,325	6,768	606,493
Additions		-	-	496	489	184	-	683	1,978	3,830
Transfer from Work in Progress		-	-	-	13	34	5,737	-	(5,784)	-
Disposals		-	(78)	-	(36)	(438)	(3,611)	(100)	-	(4,263)
At 30 June 2017		164,064	45,916	28,999	29,762	72,548	258,901	2,908	2,962	606,060
Additions		-	-	1,144	4,036	220	-	760	9,484	15,644
Transfer from Work in Progress		3,209	-	-	-	597	139	-	(3,945)	-
Disposals		-	-	-	-	(337)	(175)	(789)	-	(1,301)
At 30 June 2018		167,273	45,916	30,143	33,798	73,028	258,865	2,879	8,501	620,403
DEPRECIATION AND IMPAIRMENT										
At 1 July 2016		45,358	-	5,250	13,308	35,276	65,787	1,235	-	166,214
Depreciation and amortisation	A.2	4,118	-	783	900	3,133	7,249	536	-	16,719
Disposals		-	-	-	(34)	(366)	(2,470)	(100)	-	(2,970)
At 30 June 2017		49,476	-	6,033	14,174	38,043	70,566	1,671	-	179,963
Depreciation and amortisation	A.2	4,123	-	823	1,000	3,089	7,254	595	-	16,884
Disposals		-	-	-	-	(124)	(155)	(789)	-	(1,068)
At 30 June 2018		53,599	-	6,856	15,174	41,008	77,665	1,477	-	195,779
NET BOOK VALUE										
At 30 June 2017		114,588	45,916	22,966	15,588	34,505	188,335	1,237	2,962	426,097
At 30 June 2018		113,674	45,916	23,287	18,624	32,020	181,200	1,402	8,501	424,624

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 2016		-	-
Additions		260	260
At 30 June 2017		260	260
At 30 June 2018		260	260
AMORTISATION			
At 30 June 2016		-	-
Amortisation	A.2	43	43
At 30 June 2017		43	43
Amortisation	A.2	87	87
At 30 June 2018		130	130
NET BOOK VALUE			
At 30 June 2017		217	217
At 30 June 2018		130	130

C. Capital Management

IN THIS SECTION

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

KEY FINANCIAL AND CAPITAL RISKS IN THIS SECTION

Interest rate risk

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

Sensitivity analysis

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

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

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

	Carrying Amount \$'000	+0.50% change Profit \$'000	+0.50% change Equity \$'000	(0.50%) change Profit \$'000	(0.50%) change Equity \$'000
2018					
Financial assets					
Cash and cash equivalents	84,296	421	421	(421)	(421)
Financial liabilities					
Interest bearing borrowings	174,548	(873)	(873)	873	873
Total (decrease)/increase		(452)	(452)	452	452
2017					
Financial assets					
Cash and cash equivalents	96,173	481	481	(481)	(481)
Financial liabilities					
Interest bearing borrowings	185,548	(928)	(928)	928	928
Total (decrease)/increase		(447)	(447)	447	447

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	
2018					
Financial liabilities					
Trade and other payables	15,202	15,202	-	-	15,202
Interest bearing borrowings	186,117	10,225	37,615	222,983	270,823
	201,319	25,427	37,615	222,983	286,025
2017					
Financial liabilities					
Trade and other payables	14,306	14,306	-	-	14,306
Interest bearing borrowings	197,828	10,616	37,257	233,477	281,350
	212,134	24,922	37,257	233,477	295,656

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	2018 \$'000	2017 \$'000
Financial assets			
Cash and cash equivalents	C.2	84,296	96,173
Trade and other receivables	E.1	19,169	21,219
Receivables (non-current)	E.1	4,254	4,935
Financial liabilities			
Trade and other payables	E.3	15,202	14,306
Interest bearing borrowings:			
Obligations under finance leases	C.3	1,416	1,250
Variable rate borrowings	C.3	174,548	185,548
Fixed rate borrowings	C.3	10,153	11,030

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.

	2018 \$'000	2017 \$'000
Cash at Bank and Cash on Hand	866	968
At Call Deposits	2,430	3,205
Term Deposits	81,000	92,000
Cash and cash equivalents in the Statement of Cash Flows	84,296	96,173

Significant Terms and Conditions

Interest on Cash at Bank was at prevailing rates. The weighted average interest rate at 30 June 2018 was 1.50% (2017: 1.24%).

Interest on At Call Deposits was at prevailing rates. The weighted average interest rate at 30 June 2018 was 1.06% (2017: 1.14%).

The weighted average interest rate for Term Deposits at 30 June 2018 was 2.29% (2017: 2.38%). Term Deposits are held until their maturity dates, which are generally for periods of 60 days or less.

Fair Value

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

C. Capital Management (continued)

C.3 INTEREST BEARING LIABILITIES

Recognition and Measurement

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

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

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

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

	Note	2018 \$'000	2017 \$'000
Current			
Special borrowings		932	877
Lease liabilities	C.4	570	496
		1,502	1,373
Non-Current			
Direct borrowings		174,548	185,548
Special borrowings		9,221	10,153
Lease liabilities	C.4	846	754
		184,615	196,455

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 2018 on the loan portfolio is 4.13% per annum (2017: 4.19% 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 (2017: 6.22% to 6.39% per annum).

The interest rates implicit in the Lease liabilities range from 1.95% to 4.51% (2017: 2.05% to 5.78%).

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.

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

2017	Weighted Average Interest Rate	Variable interest rate \$'000	Fixed Interest Rate						Total \$'000
			1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	More than 5 years \$'000	
Interest Bearing Borrowings									
Direct borrowings	4.19%	185,548	-	-	-	-	-	-	185,548
Special borrowings	6.30%	-	877	932	991	1,054	1,120	6,056	11,030
Lease liabilities	3.28%	-	496	348	192	113	101	-	1,250
		185,548	1,373	1,280	1,183	1,167	1,221	6,056	197,828

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.

	2018		2017	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Special borrowings	10,153	11,715	11,030	12,834

C.4 LEASE PAYABLES

Recognition and Measurement

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

Finance leases

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

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

Leased assets held at the end of the reporting period are being amortised over periods ranging from 1 to 5 years (2017: 1 to 5 years).

Operating leases

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

Finance Leases Payable

	2018 \$'000	2017 \$'000
Future minimum lease payments in relation to finance leases payable at the end of the reporting period are as follows:		
Within one year	599	523
Later than one year but not later than five years	873	782
Minimum lease payments	1,472	1,305
Future finance charges	(56)	(55)
Present value of lease liabilities	1,416	1,250

Representing Lease Liabilities

	Note	2018 \$'000	2017 \$'000
Current	C.3	570	496
Non-current	C.3	846	754
		1,416	1,250

C. Capital Management (continued)

C.4 LEASE PAYABLES (continued)

Finance leases payable are in respect of computer and office equipment and security equipment, expiring within 1 to 5 years (2017: 1 to 5 years). Under the terms of the leases, Fremantle Ports has the option to return or upgrade the equipment at the expiry of the lease agreement.

C.5 FINANCING FACILITIES

Fremantle Ports has access to the following lines of credit:

	2018 \$'000	2017 \$'000
Total facilities available:		
Liquidity facility, working capital, direct and special borrowings	184,701	200,510
Facilities utilised at the end of the reporting period:		
Liquidity facility, working capital, direct and special borrowings	184,701	196,578
Total facilities not utilised at the end of the reporting period:		
Liquidity facility, working capital, direct and special borrowings	-	3,932

At reporting date, Fremantle Ports has an approved financing facility from WATC for 2019 of \$236.269 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 2016		105,059	190,231	295,290
Total comprehensive income for the period		-	47,304	47,304
Dividends paid	A.3	-	(12,362)	(12,362)
Balance at 30 June 2017		105,059	225,173	330,232
Total comprehensive income for the period		-	58,361	58,361
Dividends paid	A.3	-	(64,987)	(64,987)
Balance at 30 June 2018		105,059	218,547	323,606

D. Employee Benefits

IN THIS SECTION

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

D.1 PROVISIONS

Recognition and Measurement

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

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

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

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

Annual leave

Annual leave benefits are measured on a discounted basis (at a rate reflective of the maturity of future expected cash flows) and on the basis of remuneration rates expected to be paid when the liability is settled.

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

Sick leave and long service leave

Sick leave and long service leave benefits are assessed on the basis of the present value of estimated future payments, discounted by the Commonwealth Government Bond rate estimated to be applicable to the relevant period. The present value calculation assumed estimated employee wage and salary growth rates at an average of 2.85% (2017: 2.60%).

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	2018 \$'000	2017 \$'000
Fringe benefits tax	F.2	25	34
Employee benefits		11,398	11,785
Retirement benefit obligations	D.2	401	549
Other	F.2	1,491	1,696
		13,315	14,064
Non-Current			
	Note	2018 \$'000	2017 \$'000
Employee benefits		2,889	3,436
Retirement benefit obligations	D.2	10,043	10,835
Other	F.2	3,263	3,324
		16,195	17,595
Aggregate Employee Benefits			
		2018 \$'000	2017 \$'000
Current liability		11,799	12,334
Non-current liability		12,932	14,271
		24,731	26,605

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

	2018 \$'000		2017 \$'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	3,066	783	3,289	721
Long service leave	2,020	4,239	1,663	4,663
Sick leave	1,123	3,056	1,519	3,366
Total leave liabilities	6,209	8,078	6,471	8,750

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 2018.

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

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

Defined benefit plan

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

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

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

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

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

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

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

Key estimates and judgements

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

Nature of the benefit provided by the Schemes

Pension Scheme

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

Gold State Super

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

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

Description of the regulatory framework

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

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

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

As a constitutionally protected superannuation fund (as defined in the Income Tax Assessment legislation), the Schemes are not required to pay tax.

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

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

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

Description of risks

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

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

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

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

Description of significant events

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

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of the Net Defined Benefit Liability

	2018 \$'000		2017 \$'000	
	Pension Scheme	Gold State Super	Pension Scheme	Gold State Super
Defined benefit obligation	9,575	869	10,049	1,335
Fair value of scheme assets	-	-	-	-
Deficit	9,575	869	10,049	1,335
Adjustments for effect of asset ceiling	-	-	-	-
Net defined benefit liability	9,575	869	10,049	1,335

Reconciliation of the Fair Value of Scheme Assets

	2018 \$'000		2017 \$'000	
	Pension Scheme	Gold State Super	Pension Scheme	Gold State Super
Fair value of scheme assets at the beginning of the year	-	-	-	-
Employer contributions	232	504	232	147
Benefits paid	(232)	(504)	(232)	(147)
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

	2019 \$'000
Pension Scheme	
Expected employer contributions	236
Gold State Super	
Expected employer contributions	165

Maturity profile of defined benefit obligation

Pension Scheme

The weighted average duration of the Fremantle Ports defined benefit obligation is 16.0 years.

Gold State Super

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

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of the Defined Benefit Obligation

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

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

D. Employee Benefits (continued)

D.2 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of the Defined Benefit Obligation (continued)

2017 changes in the defined benefit obligation and fair value of plan assets:

	Note	1 July 2016 \$'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 2017 \$'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		9,730	-	217	217	(232)	(95)	429	-	334	-	10,049
Gold State Super defined benefit obligation		1,429	-	29	29	(147)	(22)	46	-	24	-	1,335
Benefit liability	D.1	11,159			246	(379)	(117)	475	-	358	-	11,384

Sensitivity Analysis

The defined benefit obligation as at 30 June 2018 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)

Sensitivity Analysis (continued)

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

2017 Sensitivity Level	Base Case	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
		Discount Rate		Pension Increase Rate		Salary Increase & Indexation Rate	
		(0.50%)	+0.50%	(0.50%)	+0.50%	(0.50%)	+0.50%
Pension Scheme							
Discount rate	2.26%	1.76%	2.76%	2.26%	2.26%	-	-
Pension increase rate	2.50%	2.50%	2.50%	2.00%	3.00%	-	-
Defined benefit obligation (\$'000)	10,049	10,902	9,292	9,289	10,897	-	-
Gold State Super							
Discount rate	2.26%	1.76%	2.76%	-	-	2.26%	2.26%
Salary increase rate	3.70%	3.70%	3.70%	-	-	3.20%	4.20%
Defined benefit obligation (\$'000)	1,335	1,361	1,311	-	-	1,314	1,358

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

	2018 \$'000	2017 \$'000		2018 \$'000	2017 \$'000
Pension Scheme			Gold State Super		
<i>Assumptions to determine start of year defined benefit obligation and defined benefit cost for the current year</i>			<i>Assumptions to determine start of year defined benefit obligation and defined benefit cost for the current year</i>		
Discount rate	2.26%	2.26%	Discount rate	2.26%	2.26%
Expected salary increase rate	1.5% for 17/18 1.1% for 18/19 1.0% for 19/20 and then 3.7%	2.50% for 16/17 2.50% for 17/18 2.50% for 18/19 and then 3.50%	Expected salary increase rate	1.5% for 17/18 1.1% for 18/19 1.0% for 19/20 and then 3.7%	2.50% for 16/17 2.50% for 17/18 2.50% for 18/19 and then 3.50%
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	2.60%	2.26%	Discount rate	2.60%	2.26%
Expected salary increase rate	1.5% for 18/19 1.5% for 19/20 1.5% for 20/21 and then 4.2%	1.50% for 17/18 1.10% for 18/19 1.00% for 19/20 and then 3.70%	Expected salary increase rate	1.5% for 18/19 1.5% for 19/20 1.5% for 20/21 and then 4.2%	1.50% for 17/18 1.10% for 18/19 1.00% for 19/20 and then 3.70%
Expected pension increase rate	2.50%	2.50%	CPI	2.50%	2.50%

The discount rate is based on the Government bond maturing in April 2026.

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 using an analysis of historical data to determine the level of risk and subsequent recovery of debts based on the age of amounts outstanding. Bad debts are written off when formally recognised as being irrecoverable.

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

	2018 \$'000	2017 \$'000
Trade debtors	17,424	17,838
Less: Provision for impairment of receivables	(610)	(808)
	16,814	17,030
Other debtors	362	394
Accrued income	1,312	3,170
Finance lease receivable	681	625
Prepayments	1,303	1,114
Balance at 30 June	20,472	22,333

Non-Current

	2018 \$'000	2017 \$'000
Finance lease receivable	4,254	4,935

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:

	2018 \$'000	2017 \$'000
Balance at 1 July	808	855
Impairment loss recovered	(222)	-
Impairment loss recognised	24	-
Amount written off	-	(47)
Balance at 30 June	610	808

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

	2018 \$'000	2017 \$'000
Not more than 3 months	770	2
More than 3 months but less than 6 months	228	45
More than 6 months but less than 1 year	-	-
	998	47

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

	2018 \$'000	2017 \$'000
Amounts receivable under finance leases:		
Within one year	1,079	1,079
Later than one year but not later than five years	4,315	4,315
Later than five years	898	1,978
	6,292	7,372
Unearned finance income	(1,357)	(1,812)
Present value of minimum lease payments receivable	4,935	5,560
	2018 \$'000	2017 \$'000
Current	681	625
Non-current	4,254	4,935
	4,935	5,560

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% (2017: 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.

	2018 \$'000	2017 \$'000
Stores - at cost	3,507	3,366

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.

	2018 \$'000	2017 \$'000
Trade creditors and Amounts payable	9,728	9,330
Accrued expenses	5,474	4,976
	15,202	14,306

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

	2018 \$'000	2017 \$'000
Current		
Prepaid rental income	1,101	915
Interest received in advance	156	193
Deferred income	252	250
	1,509	1,358
Non-Current		
Prepaid rental income	1,419	1,437

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

	2018 \$'000	2017 \$'000
Remuneration for audit of the financial statements	160	177

F. Other Items (continued)

F.1 RELATED PARTIES (continued)

Significant transactions with Government-related entities

Financial year ended 30 June 2018

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

Financial year ended 30 June 2017

Main Roads WA

Fremantle Ports transferred land with a carrying amount of \$77,526 to Main Roads WA, an agency controlled by the State of Western Australia. The transfer of the land took place in February 2017 for no consideration and was made so that the land could be dedicated as a road pursuant to section 168(5) of the Planning and Development Act 2005.

A loss of \$77,526 on derecognition of the land was recognised in Other expenses in the Statement of Comprehensive Income.

Department of Treasury

Fremantle Ports recovered costs totalling \$213,072 from the Department of Treasury, an agency controlled by the State of Western Australia. The amount recovered, recognised in Revenue in the Statement of Comprehensive Income, relates to consultancy charges incurred by Fremantle Ports in relation to Government consideration of the potential divestment of Fremantle Ports as part of the due diligence process.

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:

	2018 \$'000	2017 \$'000
Short-term employee benefits	2,312	2,330
Post-employment benefits	242	248
Other long-term benefits	55	72
Total compensation paid to key management personnel	2,609	2,650

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	2018 \$'000	2017 \$'000
Fringe Benefits Tax			
Carrying amount at 1 July		34	35
Provisions made during the year		90	136
Amounts utilised in the year		(99)	(137)
Carrying amount at 30 June	D.1	25	34
Other			
Carrying amount at 1 July		5,020	4,920
Provisions made during the year		67	155
Amounts utilised in the year		(333)	(55)
Carrying amount at 30 June	D.1	4,754	5,020

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

F.3 LEASE COMMITMENTS

Operating Leases Payable

	2018 \$'000	2017 \$'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	982	937
Later than one year but not later than five years	603	1,165
Later than five years	16	-
	1,601	2,102

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

Operating Leases Receivable

	2018 \$'000	2017 \$'000
Future minimum rental amounts receivable for operating leases at the end of the reporting period but not recognised as assets:		
Within one year	22,523	18,399
Later than one year but not later than five years	46,018	35,331
Later than five years	128,889	64,000
	197,430	117,730

Operating leases receivable are in respect of property rentals.

F. Other Items (continued)

F.4 CAPITAL COMMITMENT

	2018 \$'000	2017 \$'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	3,405	2,858

F.5 CONTINGENT LIABILITIES AND ASSETS

There are no contingent assets at reporting date.

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

Contaminated sites

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

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

At 30 June 2018, a provision for environmental remediation of \$3.400 million (2017: \$3.470 million) has been provided for sites classified by the DWER as 'contaminated – remediation required'.

Key estimates and judgements

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

F.6 GOODS AND SERVICES TAX

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

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

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

F.7 EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

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 2018 are outlined in the table below:

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 9, and relevant amending standards	<p>Financial Instruments</p> <p>AASB 9 replaces AASB 139 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.</p> <p>Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.</p> <p>There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.</p> <p>Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.</p> <p>For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.</p>	1-Jan-2018	No material impact expected	30-Jun-2019

F. Other Items (continued)

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

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 9, and relevant amending standards	<p>Financial Instruments (continued)</p> <p>All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.</p> <p>The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.</p> <p>The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.</p>	1-Jan-2018	No material impact expected	30-Jun-2019
AASB 16	<p>Leases</p> <p>AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 <i>Leases</i>. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p> <p>Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.</p>	1-Jan-2019	No material impact expected	30-Jun-2020

F. Other Items (continued)

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

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 16	<p>Leases (continued)</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p>	1-Jan-2019	No material impact expected	30-Jun-2020
AASB 15, AASB 2016-3, and relevant amending standards	<p>Revenue from Contracts with Customers Amendments to Australian Accounting Standards - Clarifications to AASB 15</p> <p>AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i>, AASB Interpretation 13 <i>Customer Loyalty Programmes</i>, AASB Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, AASB Interpretation 18 <i>Transfers of Assets from Customers</i> and AASB Interpretation 131 <i>Revenue – Barter Transactions Involving Advertising Services</i>) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 <i>Leases</i>, once applied).</p>	1-Jan-2019	Impact assessment not yet finalised	30-Jun-2020

F. Other Items (continued)

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

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 15, AASB 2016-3, and relevant amending standards	<p>Revenue from Contracts with Customers Amendments to Australian Accounting Standards - Clarifications to AASB 15 (continued)</p> <p>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:</p> <ul style="list-style-type: none"> • Step 1: Identify the contract(s) with a customer • Step 2: Identify the performance obligations in the contract • Step 3: Determine the transaction price • Step 4: Allocate the transaction price to the performance obligations in the contract • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>The amendments clarify the application of AASB 15 to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. The amendments also create two additional practical expedients available for use when implementing AASB 15:</p> <ol style="list-style-type: none"> 1. For contracts that have been modified before the beginning of the earliest period presented, the amendments allow companies to use hindsight when identifying performance obligations, determining transaction price and allocating transaction price to the satisfied and unsatisfied performance obligations. 2. Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented. 	1-Jan-2019	Impact assessment not yet finalised	30-Jun-2020

F. Other Items (continued)

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

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 1058, AASB 2016-8	<p><i>Income of Not-for-Profit Entities Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities</i></p> <p>AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.</p> <p>Consequently AASB 1004 <i>Contributions</i> is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.</p>	1-Jan-2019	Impact assessment not yet finalised	30-Jun-2020
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.</p> <p>The Standard applies to arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services.</p>	1-Jan-2019	Impact assessment not yet finalised	30-Jun-2020

F. Other Items (continued)

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

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 1059	<p>Service Concession Arrangements: Grantors (continued)</p> <p>The Standard requires the grantor to:</p> <ol style="list-style-type: none"> recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset. reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset; initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in AASB 13 <i>Fair Value Measurement</i>. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 <i>Property, Plant and Equipment</i> or AASB 138 <i>Intangible Assets</i>, as appropriate, except as specified in this Standard; recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator. The liability is recognised using either or both of the financial liability model or the grant of a right to the operator model. 	1-Jan-2019	Impact assessment not yet finalised	30-Jun-2020
AASB 2018-1	<p>Annual Improvements to IFRS Standards 2015-2017 Cycle</p> <p>AASB 2018-1 makes a number of relatively minor amendments to AASB 3 <i>Business Combinations</i>, AASB 111 <i>Joint Arrangements</i>, AASB 112 <i>Income Taxes</i> and AASB 123 <i>Borrowings Costs</i>.</p>	1-Jan-2019	Impact assessment not yet finalised	30-Jun-2020

F. Other Items (continued)

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

Pronouncement	Summary	Application date of standard	Impact on Fremantle Ports' Financial Statements	Application date for Fremantle Ports
AASB 2018-2	<p>Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement</p> <p>AASB 2018-2 amends AASB 119 <i>Employee Benefits</i> to specify how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments require an entity to use the actuarial assumptions used for the remeasurement of the net defined benefit liability or asset to determine the current service cost and the net interest for the remainder of the reporting period after a plan event occurs. This Standard also clarifies that, when a plan event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.</p>	1-Jan-2019	Impact assessment not yet finalised	30-Jun-2020

Financial Audit Opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

FREMANTLE PORT AUTHORITY

Opinion

I have audited the financial report of Fremantle Port Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2018, 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 2018 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

Responsibility of the Directors for the Financial Report

The directors of the Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and schedule 5 of the *Port Authorities Act 1999*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Fremantle Port Authority for the year ended 30 June 2018 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial report. If users of the financial report are concerned with the inherent risks arising from publication on website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
31 August 2018

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.

	2018 \$'000		2017 \$'000
Total Current Assets	108,275	= 3.2	121,872
Total Current Liabilities	33,989		32,612
			3.7

FREE CASH FLOW – GRAPH 2

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

	2018 \$'000		2017 \$'000
Net Cashflow from Operations (after interest)	74,409	= 88.7%	71,113
Net Cashflow from Operations (before interest)	83,935		81,462
			= 87.3%

DEBTORS AVERAGE COLLECTION PERIOD – GRAPH 3

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

	2018 \$'000		2017 \$'000
Average Trade Debtors	17,680 × 365	= 26 days	19,017 × 365
Sales Revenue	244,352		227,930
			= 31 days

INTEREST COVER - GRAPH 4

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

	2018 \$'000		2017 \$'000	
Earnings Before Interest and Tax	92,680	= 9.89	78,392	= 7.73
Total Interest Costs	9,374	times	10,145	times

RETURN ON ASSETS – GRAPH 5

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

	2018 \$'000		2017 \$'000	
Earnings Before Interest and Tax	92,680	= 16.3%	78,392	= 13.9%
Average Total Assets	569,736		566,095	

ECONOMIC RATE OF RETURN - GRAPH 6

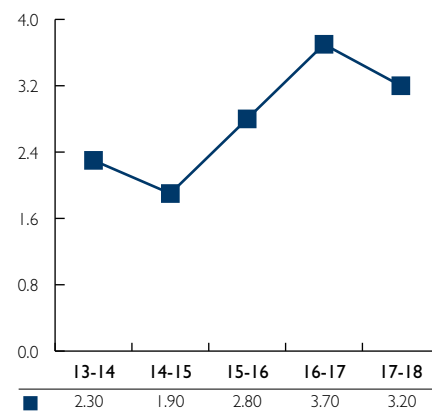
In accordance with Government policy, Fremantle Ports is required to report a rate of return on non-current assets valued at Deprival Value. This indicator quantifies the rate of return earned on average non-current assets of Fremantle Ports.

	2018 \$'000		2017 \$'000	
Operating EBIT (excluding significant items) + Depreciation - Deprival Value Depreciation	90,328	= 16.5%	76,484	= 13.8%
Average Written Down Deprival Value of Assets	549,063		552,967	

Graph 1: Current Ratio Comparison

2013/2014 to 2017/2018

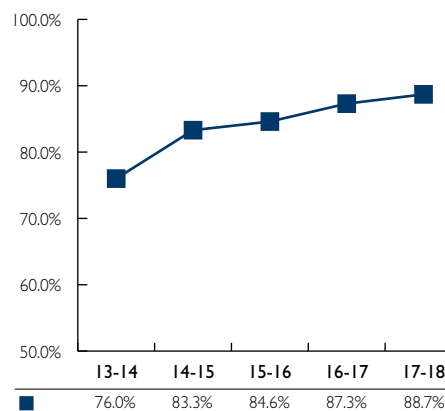
GRAPH 1



Graph 2: Free Cash Flow Comparison

2013/2014 to 2017/2018

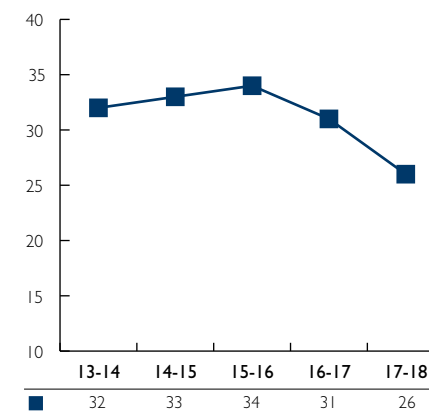
GRAPH 2



Graph 3: Debtors Average Collection Period Comparison (days)

2013/2014 to 2017/2018

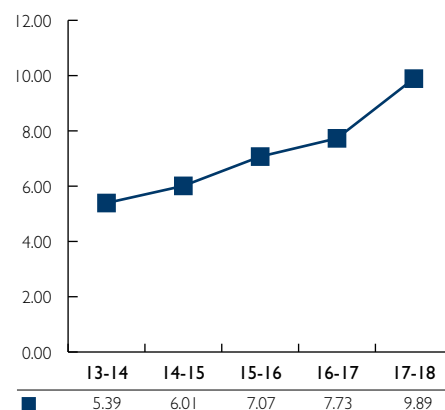
GRAPH 3



Graph 4: Interest Cover Comparison (times)

2013/2014 to 2017/2018

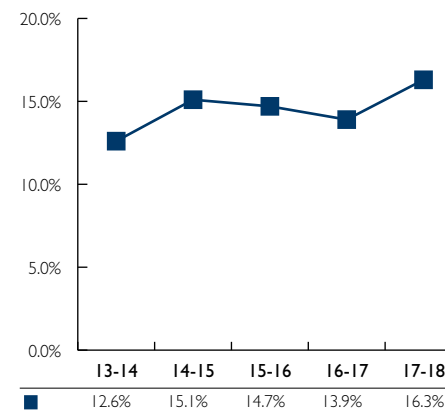
GRAPH 4



Graph 5: Return On Assets Comparison

2013/2014 to 2017/2018

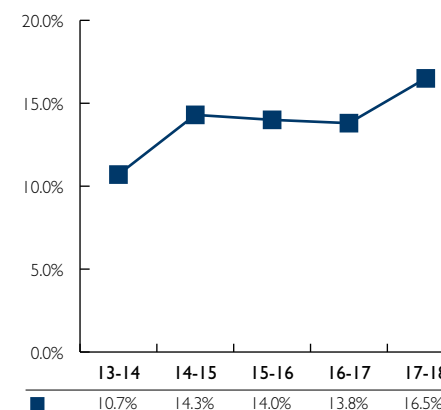
GRAPH 5



Graph 6: Economic Rate Of Return Comparison

2013/2014 to 2017/2018

GRAPH 6



Aim

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

CUSTOMER SERVICE AND ENGAGEMENT

CUSTOMER SATISFACTION

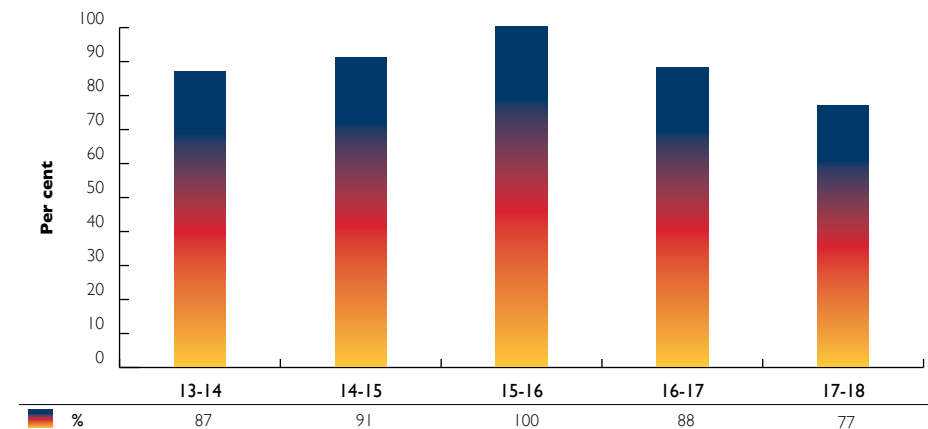
Fremantle Ports conducted a survey with major shipping lines and agents in 2018 as part of the customer liaison program.

The results were analysed by marketing and communications research consultants.

Fig 1. Shipping Line/Agent Survey Services

Level of Overall Satisfaction with Fremantle Ports' Services

Figure 1 shows that 77 per cent of respondents were satisfied or very satisfied with services provided by Fremantle Ports which was within the target range of 80-90 per cent.



In 2017-18, 77% of respondents were satisfied or very satisfied. Target range 80-90%.

BERTHING DELAYS – INCOMING VESSELS

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

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

2017-18 Percentage of Total Vessels Affected

Figure 2 shows that the Inner Harbour container, Kwinana Bulk Terminal and Kwinana Bulk Jetty shipping sectors achieved better than target.

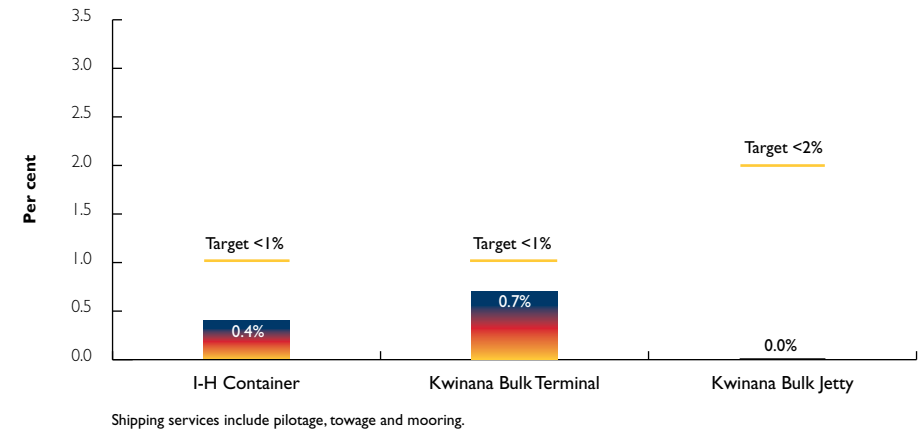


Fig 3. Delays to Incoming Vessels due to Unavailability of Shipping Services

2017-18 Average hours of delay per vessel delayed

Figure 3 shows the Inner Harbour container berthing operations exceeded target delay as a result of unavailability of shipping services. The delays were due to the affected vessels having to wait for pilot services.

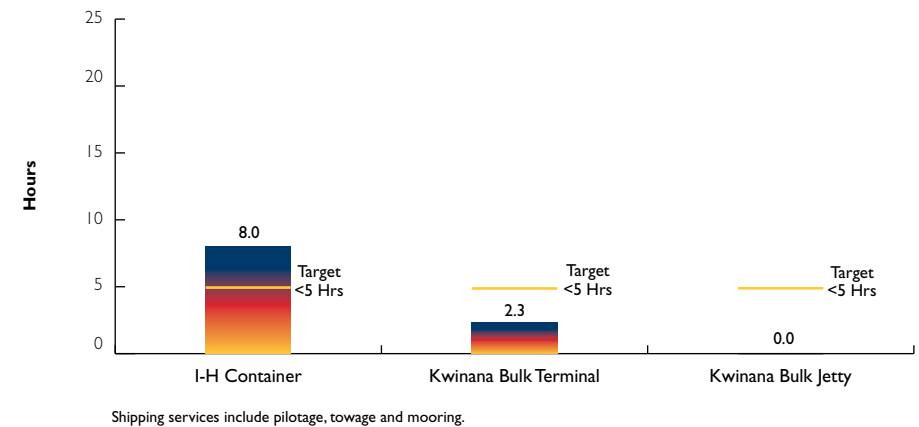


Fig 4. Unavailability of Berths

2017-18 Percentage of Total Vessels Affected

Figure 4 shows Kwinana Bulk Terminal and Kwinana Bulk Jetty incurred delays due to the unavailability of berths. Berthing delays at Kwinana Bulk Terminal exceeded target by 36.3 per cent, however, some of the delays were caused by vessels arriving before their nominated time for berthing. The Kwinana Bulk Jetty exceeded target at 44.3 per cent, mainly due seasonal imports of fertilisers in the latter half of 2017-18 resulting in higher than average vessel numbers.

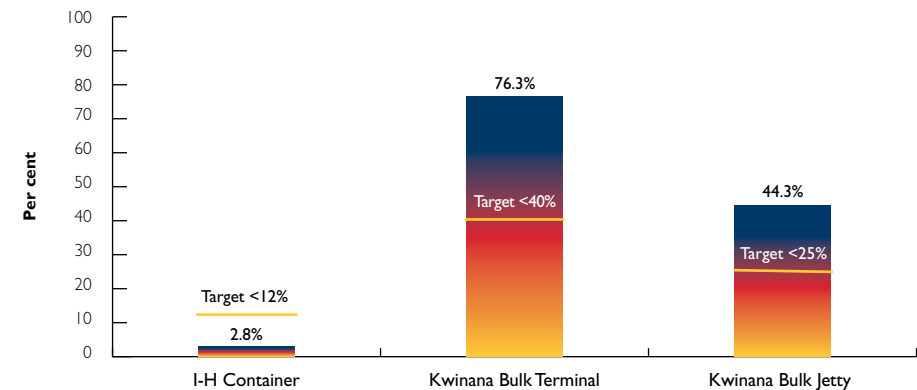


Fig 5. Unavailability of Berths

2017-18 Average Hours of Delay

Figure 5 shows that the average hours of delay due 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 vessel numbers in the latter half of 2017-18.

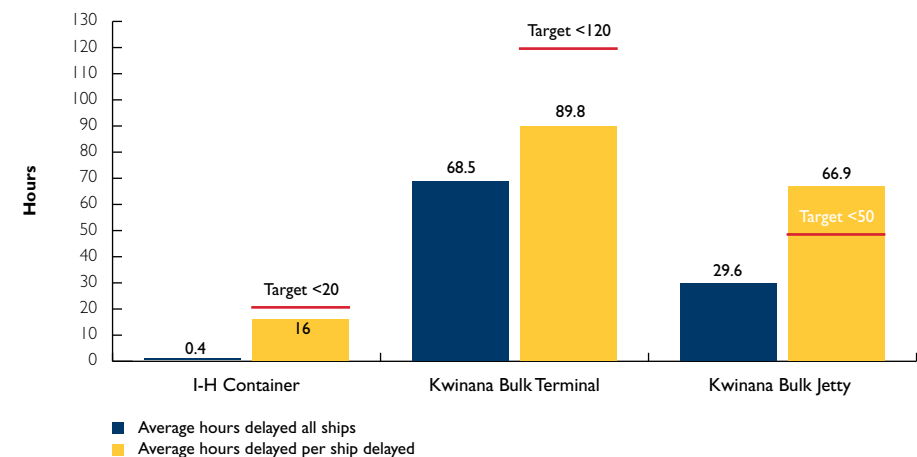
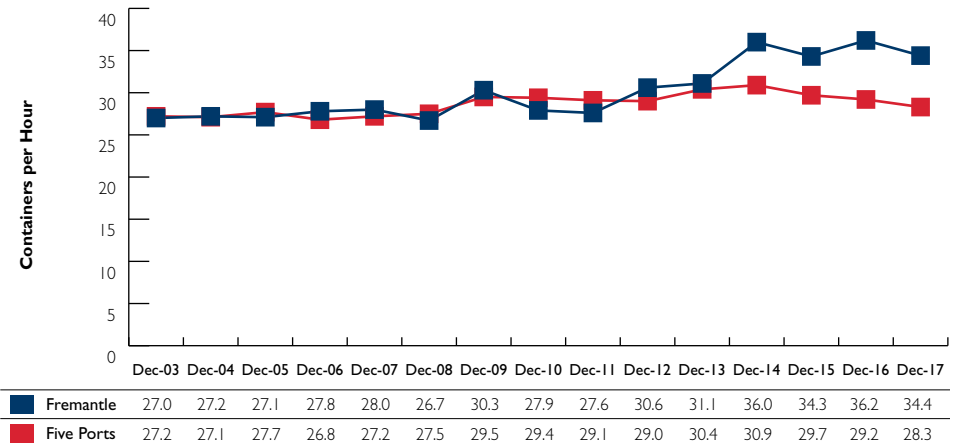


Fig 6. Container Terminal Performance Indicators Comparison of Crane Rates between Fremantle and Five Ports Average
December 2003 to December 2017
Containers per Hour



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

Aim

- Identify and capitalise on opportunities for trade and business growth
- Add value for existing and potential customers, building stronger relationships
- Create demand for our facilities and services
- Strengthen our competitive advantage

BUSINESS AND TRADE DEVELOPMENT

TOTAL BULK AND NON-CONTAINERISED TRADE (REVENUE TONNES)

Total trade in the Outer Harbour (Kwinana Bulk Terminal and Kwinana Bulk Jetty) totalled 8.3 million tonnes, an increase of 0.2 million tonnes or 2.4 per cent. Exports in the Outer Harbour increased by 0.1 million tonnes or 2.4 per cent due to the increase of bauxite, spodumene and silica sands exported from Kwinana Bulk Jetty and Kwinana Bulk Terminal. Imports in the

Outer Harbour increased by 72,818 tonnes or 2.4 per cent mainly due to increases in sulphur and cement clinker.

The Inner Harbour non-containerised trade increased by 0.4 million tonnes or 20.3 per cent. This resulted from an increase of imported new motor vehicles, industrial and agricultural vehicles and other transport equipment.

TOTAL CONTAINER TRADE

The key features of the container trade over the past 12 months were:

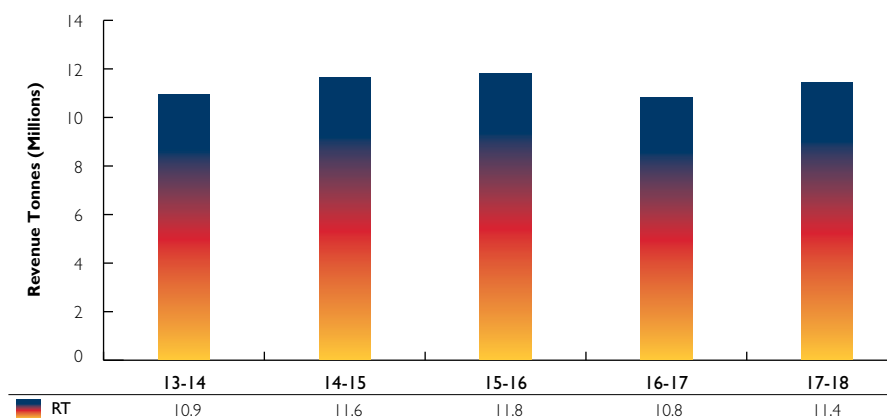
- Exports increased by 8.4 per cent and imports by 6.7 per cent.

- Full container trade increased by 8.3 per cent or 46,160 TEU. Full exports increased by 10.1 per cent or 21,662 TEU and full imports increased by 7.1 per cent or 24,498 TEU.
- The number of container vessel visits to Fremantle Port increased by one visit in 2017-18 to 508 visits. When compared with 2012-13, the average size or gross tonnage of a container vessel has increased by 16.5 thousand gross tonnes or 28.6 per cent to 57.1 thousand gross tonnes.

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

(Revenue Tonnes)

Figure 7 shows that the total chargeable bulk and non-containerised trade was 0.6 million tonnes or 5.1 per cent higher than last year. Total exports increased slightly by 59,525 tonnes or 1.0 per cent to 5.75 million tonnes while total imports increased by 0.5 million tonnes or 9.7 per cent to 5.65 million tonnes.

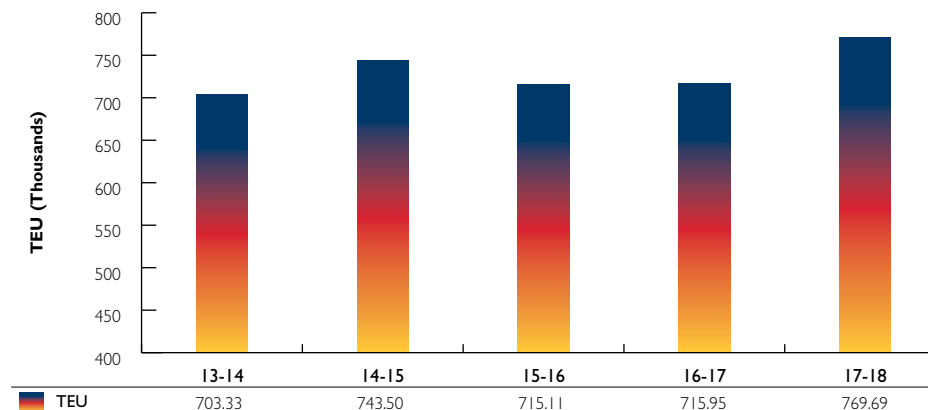


Note: The Statement of Corporate Intent forecast for Fremantle Ports trade in 2017-18 was annual growth of 4.5 per cent.

Fig 8. Total Container Trade

TEU

Figure 8 shows that container trade has increased by 53.74 thousand TEU or 7.5 per cent when compared with 2016-17.



The Statement of Corporate Intent forecast for total container trade in 2017-18 was annual growth of 2.0 per cent

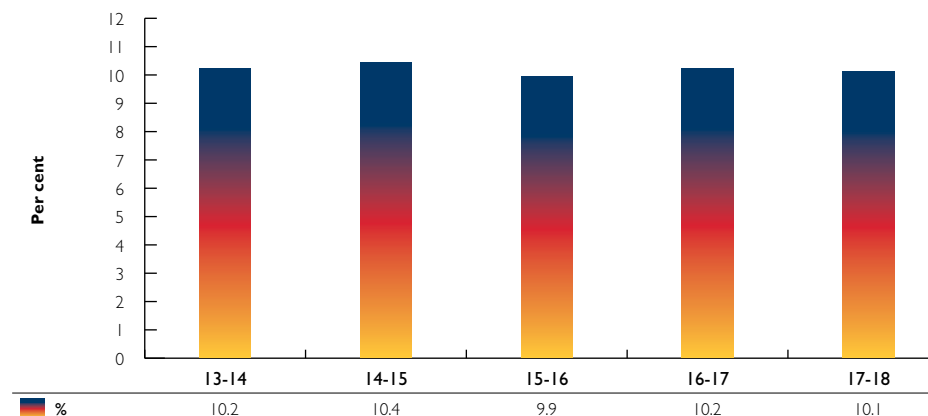
Fig: 9. Container Trade Fremantle Ports

Market Share %

Australian Container Trade

CONTAINER TRADE - MARKET SHARE

Figure 9 shows that Fremantle Ports' market share, measured as the number of containers through Fremantle as a percentage of Australian capital city ports (excluding Hobart), decreased slightly by 0.1 per cent to 10.1 per cent over the previous year.



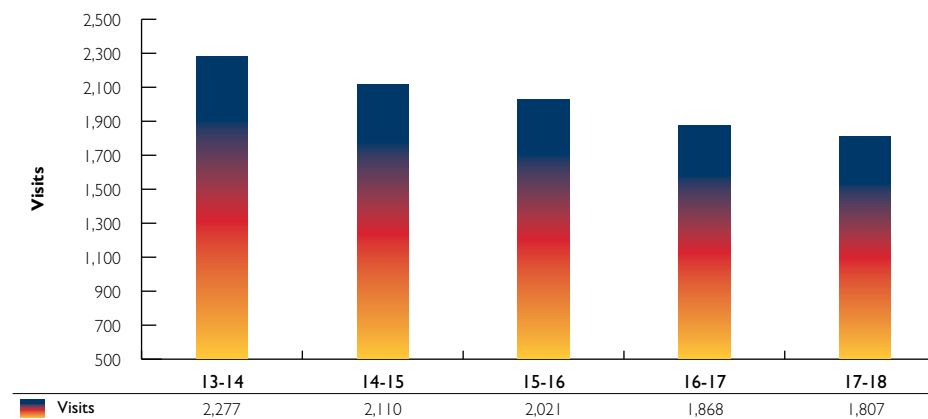
NUMBER OF SHIP VISITS

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 3.3 per cent over the 12 months to 30 June 2017.

Commercial ship visits increased by 11 visits in the Inner Harbour and decreased by 56 visits in the Outer Harbour.

The decrease in commercial ship visits in the Outer Harbour was mainly due to a decrease in bulk grain and iron ore vessels. When compared with 2016-17, visits by grain and iron ore ships declined by 52 and 25 visits respectively.

Fig 10.
Total Ship Visits



Note: Naval vessels not included. The Statement of Corporate Intent forecast for total ship visits in 2017-18 was 1,707

Aim

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

FINANCIAL AND ECONOMIC

Fig 11. Operating Profit Before Income Tax Equivalent Payments

FREMANTLE PORTS' PROFIT BEFORE INCOME TAX EQUIVALENT

Figure 11 shows that operating profit before income tax equivalent in 2017-18 increased by \$15.06 million or 22 per cent compared with 2016-17.

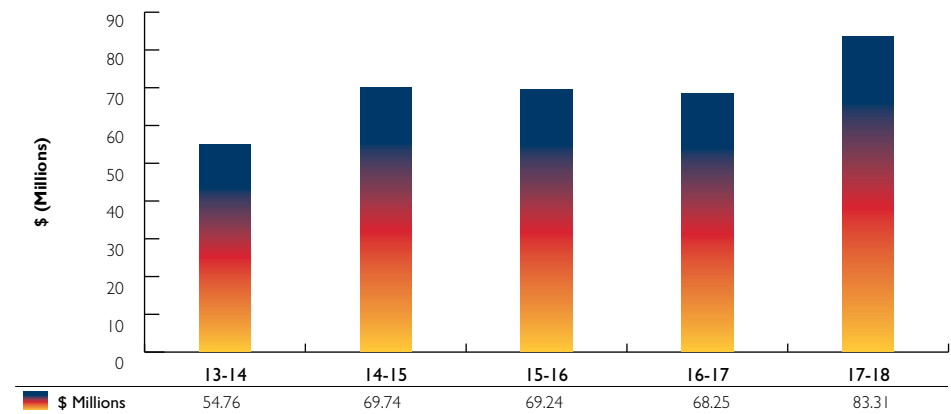
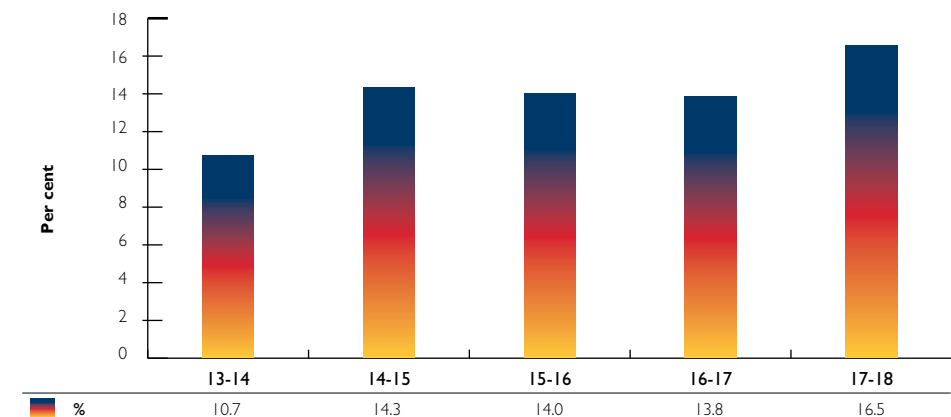


Fig 12. Economic Rate of Return on Assets

ECONOMIC RATE OF RETURN

Figure 12 shows that the economic rate of return on assets was 16.5 per cent for financial year 2017-18. This compares with a target of 12.3 per cent for the year, as agreed by the State Government.



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

Aim

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

SAFE, AGILE AND HIGH PERFORMING ORGANISATION

COMMUNITY SATISFACTION

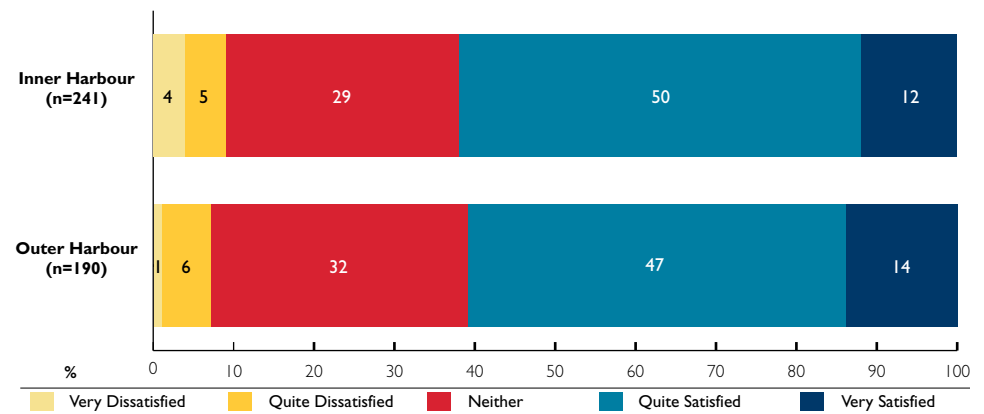
Fremantle Ports conducted an independent community satisfaction survey in June 2018 as part of its community liaison program. This involved a telephone survey with 254 residents in the Inner Harbour area (North Fremantle, South Fremantle, East Fremantle, Fremantle and nearby suburbs) and 201 residents in the Outer Harbour (Cockburn, Kwinana and Rockingham). The overall results were analysed by a firm of marketing and communications research consultants.

Figure 13 shows that 62 per cent of respondents in the Inner Harbour and 61 per cent in the Outer Harbour were very satisfied or quite satisfied with the performance of Fremantle Ports overall and that 29 per cent and 32 per cent respectively were neither satisfied nor dissatisfied.

Fig 13. Overall Satisfaction with Fremantle Ports

June 2018

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



Please note : Percentage figures were subject to rounding.



Fremantle Ports Administration Building on Victoria Quay with statue of Fremantle Harbour designer CY O'Connor.

LEGISLATIVE FRAMEWORK

Fremantle Port Authority, which operates under its registered business name, Fremantle Ports, is a commercialised trading entity under the *Port Authorities Act 1999*. The Act sets out a clear role for Port Authorities in facilitating trade in a commercially responsible manner and establishes clear lines of accountability with the State Government.

Under the Act, Fremantle Ports has a duty to act on commercial principles. The Act gives Fremantle Ports the powers to perform defined functions, including the power to hold and dispose of assets and enter into commercial arrangements. It exempts Fremantle Ports from the *Public Sector Management Act 1994*, but requires it to put in place minimum standards that reflect the principles of the Act and to report annually to the Commissioner for Public Standards.

The *Port Authorities Act 1999* adopts financial reporting provisions equivalent to those of Corporations Law and exempts Fremantle Ports from the *Financial Management Act 2006*, with the exception of audit provisions, which means that the Auditor General continues to conduct annual audits.

There were no legislative changes in 2017-18 that would impact our Annual Accounts or financial reporting obligations.

BOARD OF DIRECTORS

Fremantle Ports' governing body is a Board of Directors appointed by and responsible to the Minister for Transport. 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 13 to 15.

The enabling legislation sets out the roles, responsibilities and powers of the Board, and the Chief Executive Officer, who is appointed by the Board (subject to the Minister's agreement) and who is responsible for day-to-day management.

BOARD ROLE AND ACTIVITIES

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

Meetings of the full Board are held monthly.

DIRECTORS' CODE OF CONDUCT AND CHARTER

The Directors' *Code of Conduct* identifies the minimum standards of conduct required of all Directors of the Fremantle Port Authority in carrying out their duties and responsibilities. Directors agree to be bound by the Code, which covers professional and personal behaviour; communication and official information. It incorporates elements of the Fremantle Ports *Code of Conduct* and the guidelines issued by the Australian Institute of Company Directors, the Institute of Chartered Accountants and the Western Australian Public Sector Commission.

A *Board Charter*, setting out the responsibilities of the Board and Chief Executive Officer was signed by all Directors in April 2018.

NOMINATIONS COMMITTEE

To support the Board in succession planning, and appropriate composition and nomination recommendations to the Minister; a Nominations Committee has been formed, with the Board's Deputy Chair, Helen Cook the inaugural chair. A *Nominations Committee Charter* was approved in June 2017.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

Following distribution of a revised Fremantle Ports *Code of Conduct* in hard copy to all employees, an e-learning module has been implemented, 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 the Public Sector Commission guidelines and through an employee consultative process, defines the values and expected behaviours for the way we undertake our business, deal with each other and relate to our customers and the community within which we work.

A requirement for compliance with the *Code of Conduct* is included in employment contracts and is addressed at induction. Corporate Governance is also covered at induction of all new staff. Additionally, the *Code of Conduct* and organisational values are promoted via Fremantle Ports' intranet.

Fremantle Ports has detailed guidelines and processes in place which support the Code. Human Resources policies and procedures are available to all staff and

these are periodically reviewed to ensure they continue to reflect best practice in a commercialised environment and that there is compliance with them.

In 2017-18, there was one breach of the standards of appropriate behaviour and the Fremantle Ports *Code of Conduct*.

Compulsory e-learning courses on accountable and ethical decision-making and Alcohol and Drugs in the Workplace were implemented during the year. Such e-learning courses are re-introduced every two years.

GIFTS AND BENEFITS

Fremantle Ports' gifts and benefits policy, which sets out requirements for responding to offers of gifts, benefits or hospitality was reviewed and updated during the year. This policy, which applies to all employees and Board members, sets out minimum requirements for responding to offers of gifts, benefits or hospitality by an external party to ensure that the integrity of individuals, and of Fremantle Ports, is not compromised or perceived to be compromised.

To complement the updated policy, a compulsory e-learning awareness and training program was implemented.

AUDITING SYSTEMS AND PROCESSES

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Board has a minimum of three Directors and has been chaired since July 2014 by Ms Jill Hoffmann. The committee's role is to support and assist the Board of Directors and Chief Executive Officer in exercising due care, diligence and skill in fulfilling its corporate oversight and monitoring responsibilities. Specifically, it provides:

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

The revised Audit and Risk Management Committee Charter was approved in April 2018.

INTERNAL AUDIT

Fremantle Ports' Internal Audit function is currently performed using a co-sourced arrangement. The function provides the Board with an independent appraisal of the operation and effectiveness of systems and controls. It also assists Fremantle Ports in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the organisation's risk management, control, and governance processes.

The results of all internal audits are reported to the Audit and Risk Management Committee and include recommendations regarding the adequacy of financial, operational, administrative and system controls.

As part of Fremantle Ports' organisational redesign, the Safety, Environment and Quality Management System audit requirements will be incorporated with Internal Audit under the Assurance Section. This transfer will occur from July 2018.

Audits and 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 include:

- Management of corporate travel
- Tenant lease compliance
- Electricity agreements and invoicing
- Maintenance connection - process control design review
- Management of corporate credit cards
- Port security legislative compliance
- Use and control of the Project Development Register.
- Hire to Retire - end-to-end process review
- Ethics and fraud governance
- Records management
- Contract management

The Assurance Section was also heavily involved in the review and refresh of Fremantle Ports' enterprise risk management framework.

Fremantle Ports' Internal Audit Charter, which is aligned with the International Professional Practices Framework, was reviewed and endorsed by the Audit and Risk Management Committee in April 2018 and adopted by the Board.

EXTERNAL AUDIT

In compliance with the *Port Authorities Act 1999*, Fremantle Ports must 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.

PROJECTS 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 has systematically applied its risk management policy and framework to its day-to-day operations as well as to new projects and activities in accordance with the risk management standard AS/NZ ISO 3100. Responsibility for managing risks is assigned to relevant managers and updating of risks is monitored.

In 2017 -18, Fremantle Ports undertook an assessment of its existing Enterprise Risk Management Framework and processes with the aim of reviewing and redesigning the framework to be more contemporary and aligned with better practice. The assessment measured Fremantle Ports' current practices and processes against the international risk management standard ISO 31000 and other leading practices.

This has resulted in the development of a new Enterprise Risk Framework and initiatives identified as part of this are being progressed to ensure a well integrated risk management system. Under our revised organisational structure, risk management is consolidated within a new Business Development and Risk Management Division.

MINISTERIAL DIRECTIVES

There were no ministerial directives in the year under review.

ADVERTISING AND MARKET RESEARCH EXPENDITURE - 2017-18

Advertising Agencies	
Marketing Research Organisations	
IPSOS Australia	\$58,370.00
Polling Organisations	
Direct Mail Organisations	
Fremantle Herald	\$8,921.00
(distribution of leaflets)	
Community Newspaper Group	\$1,587.76
(distribution of leaflets)	
Media Advertising Organisations	
Fremantle Herald	\$5,923.47
Seek (recruitment adverts)	\$5,595.00
Acorn Design (includes tenders, recruitment adverts)	\$14,068.30
Optimum Media Decisions (OMD) (includes tenders, recruitment adverts)	\$56,487.27
The Company of Master Mariners of Australia	\$1,000.00
Air Ads	\$1,150.00
The Fremantle Book	\$850.00
Turner Design	\$20,689.50
Perth Expo Hire Exhibition Stand	\$490.00
Ontime Publications	\$4,500.00
The West Australian	\$590.91
Angry Chicken Publishing	\$1,375.00
Executive Media Pty Ltd	Nil
Informa Australia	Nil
Fremantle Surf Club Annual Report	\$320.00
Sunday Times	Nil
Tourism WA Cruise Industry News	Nil
PIRATE 88 FM	\$800.00
Tenderlink.com	\$2,354.00
Total	\$185,072.21

DISABILITY ACCESS

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

ACROD parking facilities provided in several locations on Victoria Quay have been expanded.

SUBSTANTIVE EQUALITY AND DIVERSITY

Fremantle Ports is a family friendly organisation continuing to support employees in balancing work and family responsibilities. As part of this, our organisation offers flexible hours, availability of purchased leave, part-time work opportunities, working from home arrangements and paid maternity and paternity leave.

Fremantle Ports supports and is actively involved in the Kwinana Industries Council iDiversity program, plus collaboration

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

Fremantle Ports is also providing in-kind and financial support for the Centre for Aboriginal Studies at Curtin University and Murdoch University's Kulbardi Centre.

EQUAL OPPORTUNITY PUBLIC SECTOR COMMISSION (PSC) SURVEY		
Summary of data for all employees	Representation	Equity Index
Women	22.1%	118
People from culturally diverse backgrounds	6.2%	190
Aboriginal Australians	0.0%	0
People with disability	0.7%	388
Youth	0.7%	n/a
Mature employees	63.2%	n/a
Women in tier 2 management	40.0%	n/a
Women in tier 3 management	26.3%	n/a

* based on responses received

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

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

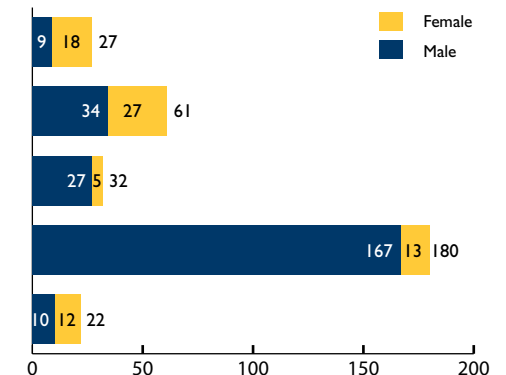


Felicity Horrocks, Acting Regional Commander, Australian Border Force, WA was guest speaker at an educational breakfast at Fremantle Ports in May 2018. Pictured here with members of WISTA Australia's WA Committee.

Gender profile as at 30 June 2018

	ACTUAL EMPLOYEE NUMBERS		
	Male	Female	Total
CEO Division	9	18	27
Commercial & Corporate Services	34	27	61
Asset & Infrastructure Management	27	5	32
Port Operations	167	13	180
Business Development & Risk Management	10	12	22
	247	75	322*

* Represents head count





Fremantle Ports holds a number of registers and other publications that provide a fascinating insight into the way in which the port was administered in earlier times.



Annual Report of the Fremantle Harbour Trust Commissioners to 30 June 1959 and some of the printing plates used to produce it.

RECORDS INFORMATION MANAGEMENT PROGRAMS

Recognising that our records are among our most important assets, Fremantle Ports continues to give close attention to how they are managed. As well as capturing data and information on our operations and transactions in a way that serves our business needs, systematic control of our records is essential to meet legislative requirements.

The electronic system in use ensures records are retrievable, with appropriate levels of accountability and security assigned where necessary. Compliance with State Records Commission Standard 2, Principle 6, is achieved, and often exceeded, through regular reviews and improvement initiatives. The following records management activities have been undertaken in the last 12 months:

- re-modelling of the services provided by the records management team as part of the restructuring of Fremantle Ports' Information and Communication Technology branch
- rollout of the Information Management and Data Classification policy, which has combined two policies on records retention and data classification

- introduction of content crawler software to improve search and retrieval capabilities within our electronic document and records management system. Upcoming accounting standard changes required the review of all contract and related documents for key words that indicate a potential change in the existing accounting treatment. While performing this task, a gap was identified in performing document content searches and this has since been remedied with the installation of the new software.

Other recordkeeping initiatives planned for the next 12 months include:

- upgrade of our electronic records and document management system Records Manager to Content Manager, due for completion by October 2018
- an Internal Audit of the Records Branch and Fremantle Ports' recordkeeping practices
- continuing the records reduction project to ensure hardcopy and electronic records are appraised for archiving or legal disposal
- a review of the Cloud Computing policy to ensure records are managed appropriately in moving forward with cloud-based technology

- an internal review of the Records Team procedures for any adjustments required as a result due to the recent restructure.

RECORDKEEPING TRAINING AND EFFECTIVENESS

Fremantle Ports' recordkeeping compliance induction program is presented to new employees in two ways. Within the first two weeks of commencement, a one-on-one session is held, focusing on employee responsibilities in relation to good recordkeeping practices and to ensure compliance with the *State Records Act* and Fremantle Ports' recordkeeping plan. This training includes the effective use of Records Manager covering registering, document naming, security and email management. At induction day, all new employees are also given a high-level reminder of Fremantle Ports' recordkeeping compliance requirements.

Statistics from Records Manager show that new documents are continually being registered in the system. Awareness and usage of Records Manager is continually promoted through education and training. Most staff understand the benefits of using Records Manager and this is clearly demonstrated as its usage continues to grow.

COMPLIANCE WITH OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT REPORTING

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

See pages 51 and 52 for other safety reports.

MEASURE	ACTUAL RESULTS			RESULTS AGAINST TARGET	
	2015-16	2016-17	2017-18	Targets	Comment on result
Number of fatalities	0	0	0	0	Target achieved
Lost time injury and/or disease incidence rate*	5.1	4.1	6.8	0 or 10% reduction	Target not achieved
Lost time injury and/or disease severity rate	0	0	0	0 or 10% reduction	Target achieved
Percentage of injured workers returned to work:					
(i) within 13 weeks	100%	100%	80%	Greater than or equal to 80%	Target achieved
(ii) within 26 weeks	100%	100%	80%	Greater than or equal to 80%	Target achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	93%	93%	92%	Greater than or equal to 80%	Target achieved

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



Roadside signs and electronic messaging remind drivers to limit vehicle noise where possible to reduce community impacts.

COMPLAINTS MANAGEMENT

Fremantle Ports is certified to the ISO 9001 Quality Management System standard, which includes the requirement to have in place a robust complaints management process. We use complaints and other stakeholder feedback as valuable input to 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, and can alert us to potential problems.

Complaints contact information is provided in community and industry publications where appropriate and the website homepage has a feedback link. The Complaints Management Policy and associated procedures were reviewed and updated in 2018.

All complaints in 2017-18 were logged into an electronic Complaints Management System for prompt action. Complaints were received in person or via phone, letter or email. An all-hours telephone number is available for emergency calls, including environmental issues. Calls taken during office hours and emails are promptly referred to the External Affairs team or a relevant officer.

Complaints and incidents were reported and discussed at Fremantle Ports' Inner Harbour Community Liaison Group quarterly meetings this year and those details were included in meeting minutes posted on the website. The group members represent a wide range of community organisations and precinct areas. The Board reviews complaints trends on a quarterly basis, with particular attention drawn to any spikes and what is being done about them.

COMPLAINTS RECEIVED

All 69 complaints received this year were addressed to the point where no further action was required in terms of follow up with those individuals.

An increase in noise complaints comprised five complaints about livestock ship generator noise, one about freight train noise and four about noise from trucks, including the use of air brakes in residential areas. Three of the five livestock ship generator noise complaints related to a ship that was berthed near the Fremantle Passenger Terminal in April for ventilation system testing and modifications required by Federal regulators.

Although the use of air brakes by trucks was legal, we provided complainants with links to Main Roads WA complaint procedures, reinstated regular messaging via our electronic messaging signs asking truck drivers to limit the use of air brakes in built-up areas and drew the issue to the attention of the Department of Transport, with a view to jointly providing information for industry on this matter.

The five odour complaints all related to livestock vessels, with three related to one ship one day in November.

Eleven complaints were received from transport companies about access and capacity in the empty container supply chain in March and three complaints related to public access to North Mole. The empty container supply chain problems, which resulted in delays for transport companies dropping off empty containers, were resolved by empty container park providers activating additional facilities and empty containers being redirected to available market capacity.

Two of the North Mole public access complaints were about Fremantle Ports temporarily closing the mole in July when a whale carcass was breaking up on the mole seawall and attracting sharks.

Rocks on Port Beach over summer and significant seasonal beach erosion in autumn led to several complaints and significant media coverage. This issue dates back to the 1890s when the Inner Harbour basin was created. Some eight million cubic metres of rocky material and sand were deposited at that time on the shoreline. Port Beach is essentially a reclaimed shore. Other potential contributors include material from various industrial sites in the past, previous erosion

of carpark and other coastal infrastructure, and natural accumulation of larger material due to sorting by beach processes. There is also anecdotal evidence of unauthorised tipping last century. Fremantle Ports has found no evidence to indicate fill material is migrating from the Rous Head reclamation area.

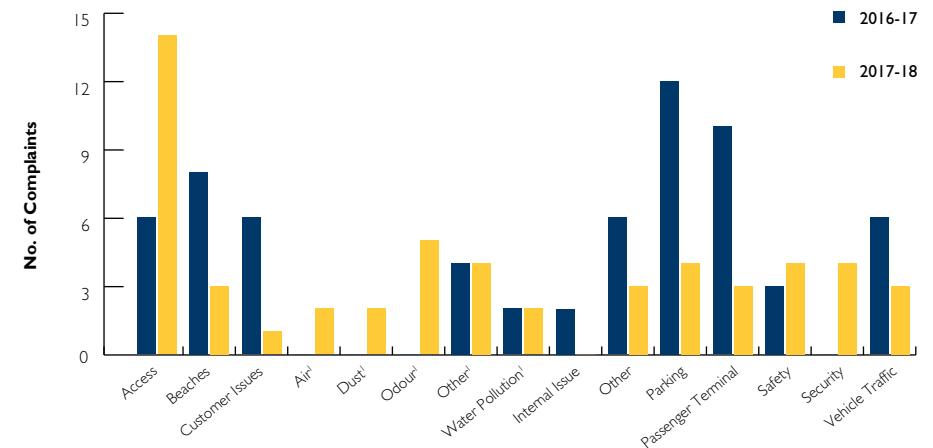
Fremantle Ports is part of a working group established with representatives from the City of Fremantle, the Department of Transport, Department of Lands, Planning

and Heritage and Department of Water and Environmental Regulation to assist in developing future erosion management strategies.

Fremantle Ports has engaged specialist coastal and port engineers to review available documents, reports and photographs related to the Port Beach rock issues and to deliver timeline summaries of relevant and key information.

Fremantle Ports - Complaints Register

2017-18 compared to 2016-17



Note (1) - Environment

Note: A new category of Environment - Air Pollution was added this year to track these complaints more easily.

FIVE YEAR SUMMARY					
SHIPPING	2013-14	2014-15	2015-16	2016-17	2017-18
No. of Ships:					
Inner Harbour	1,068	1,075	1,037	991	1,003
Gross Tonnage (000's):					
Inner Harbour	40,776	40,598	43,500	45,372	48,363
Outer Harbour	25,661	24,743	25,743	25,638	23,569
TOTAL	66,437	65,341	69,243	71,010	71,931
Turnover per linear metre of wharf					
Inner Harbour Tonnage Only - (i)					
Trade in Tonnes	2,531	2,604	2,436	2,506	2,751
Gross Tonnage	12,766	12,711	13,619	14,205	15,142
TRADE	Mass tonnes '000	Mass tonnes '000	Mass tonnes '000	Mass tonnes '000	Mass tonnes '000
Total Port Trade	33,506	35,842	34,823	35,314	34,837
Imports:					
Inner Harbour	3,903	3,994	3,873	3,891	4,346
Outer Harbour	10,006	11,084	10,811	10,578	10,993
TOTAL	13,909	15,078	14,684	14,469	15,339
Exports:					
Inner Harbour	4,137	4,265	3,894	4,064	4,415
Outer Harbour	15,354	16,393	16,226	16,674	15,030
TOTAL	19,491	20,658	20,120	20,738	19,445
Bunkers:					
Inner Harbour	44	58	14	50	24
Outer Harbour	62	48	6	57	29
TOTAL	106	106	20	107	53

FIVE YEAR SUMMARY					
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$ Millions	\$ Millions	\$ Millions	\$ Millions	\$ Millions
FINANCE					
Revenue from ordinary activities	204.48	229.754	223.337	214.056	228.853
Operating expenses	122.319	130.065	126.112	118.902	119.203
Interest and depreciation charges	27.404	29.952	27.989	26.907	26.346
Profits from ordinary activities	54.757	69.737	69.236	68.247	83.305
Written down value of fixed assets	448.338	448.161	440.279	426.097	424.624
PERCENTAGE OF REVENUE	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
Charges on cargo	65.95	66.59	64.69	62.96	61.79
Charges on ships	9.02	8.6	9.34	9.92	9.54
Charges for shipping services	6.15	5.65	5.73	5.84	5.56
Charges for other services	18.88	19.16	20.25	21.28	23.11
Operating expenses	59.82	56.61	56.47	55.55	52.09
PERSONNEL	No.	No.	No.	No.	No.
Employees at 30th June (ii)	321	322	307	322	311

(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.



General cargo shipping is handled at Fremantle Ports' common user berths in the Inner Harbour.



British anti-submarine warfare frigate HMS Sutherland arrives at Fremantle Port on 15 February 2018 at the start of an Australian visit.

SHIP VISITS AND GROSS TONNAGE							
Year Ended 30th June	COMMERCIAL		NON TRADING		TOTAL COMMERCIAL & NON TRADING		NAVAL
	No.	Gross Tonnage	No.	Gross Tonnage	No.	Gross Tonnage	No.
2012	1,734	58,749,125	367	1,587,759	2,101	60,336,884	34
2013	1,733	61,258,030	418	3,174,606	2,151	64,432,636	7
2014	1,874	65,298,549	403	1,138,781	2,277	66,437,330	35
2015	1,804	64,111,545	306	1,228,845	2,110	65,340,390	45
2016	1,837	68,324,318	184	919,875	2,021	69,244,193	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

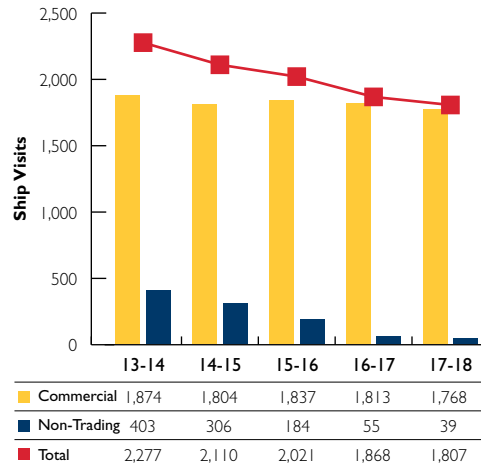


Vehicle carrier Trans Leader berthing at the eastern end of Victoria Quay where most of Fremantle Ports' trade in new motor vehicle imports is handled.

SHIPS CLASSIFIED ACCORDING TO CARGO CLASS									
Cargo Class	2015-16			2016-17			2017-18		
	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	97	1,040	10.7	84	847	10.0	86	961	11.2
Container	515	23,910	46.4	507	25,894	51.0	508	29,379	57.8
Other - Trading	44	355	7.9	16	390	23.8	7	128	18.3
Roll-on/Roll-off	24	1,706	71.1	23	1,633	71.0	21	1,499	71.4
Vehicle Carrier	184	11,195	60.8	194	11,183	57.6	218	12,558	57.6
Livestock Carrier	68	1,614	23.7	58	1,417	24.4	79	1,447	18.3
Passenger	59	3,614	61.2	60	3,483	58.0	44	2,253	51.2
Tankers	247	8,199	33.2	260	8,522	32.8	285	9,378	32.9
Dry Bulk - Grain	138	4,417	32.0	168	5,421	32.3	112	3,418	30.5
Dry Bulk - Other	323	8,456	26.2	304	7,834	25.7	292	7,344	25.2
Bunkering Only	137	3,811	27.8	139	3,972	28.6	115	3,219	28.0
Non Trading - Other	185	926	5.0	55	414	7.5	40	346	8.6
Sub Total	2,021	69,243	34.3	1,868	71,010	38.0	1,807	71,931	39.8
Naval	62			92			31		
Grand Total	2,083	69,243		1,960	71,010		1,838	71,931	

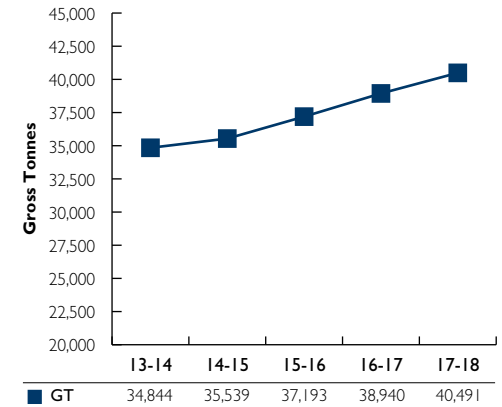
Ship Visits (Excluding Naval)

2013-14 to 2017-18



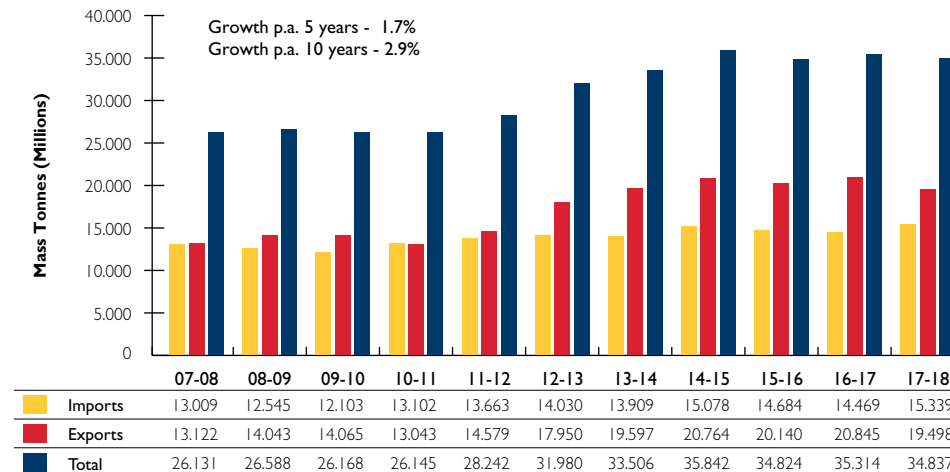
Average Gross Tonnage per Commercial Vessel

2013-14 to 2017-18



Total Port Trade

2007-08 to 2017-18

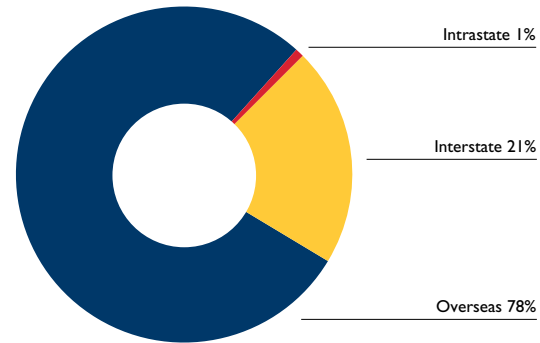




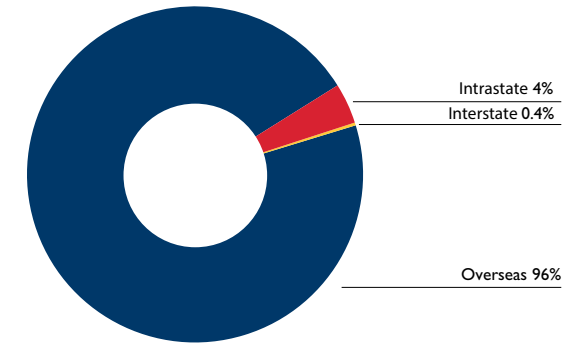
North Quay shipping

SYNOPSIS OF TRADE 2017-18			
CARGO	Inner Harbour	Outer Harbour	Port Total
	Mass Tonnes	Mass Tonnes	Mass Tonnes
Imports			
From Intrastate Ports	20,702	443,534	464,236
From Interstate Ports	929,770	46,415	976,184
From Overseas Ports	3,395,499	10,503,004	13,898,503
TOTAL IMPORTS	4,345,970	10,992,954	15,338,924
Exports			
To Intrastate Ports	2,498	454,458	456,956
To Interstate Ports	120,558	1,815,939	1,936,497
To Overseas Ports	4,292,177	12,759,376	17,051,554
TOTAL EXPORTS	4,415,233	15,029,773	19,445,006
TOTAL CARGO	8,761,204	26,022,726	34,783,930
Bunkers			
Fuel Oil	24,398	28,940	53,337
TOTAL PORT TRADE	8,785,601	26,051,666	34,837,267

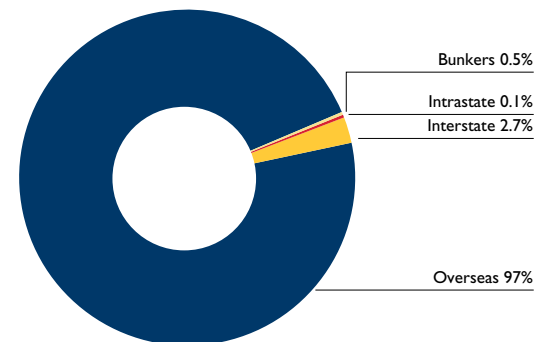
Inner Harbour Imports



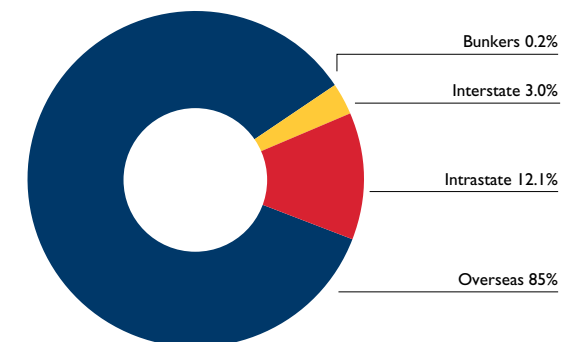
Outer Harbour Imports



Inner Harbour Exports



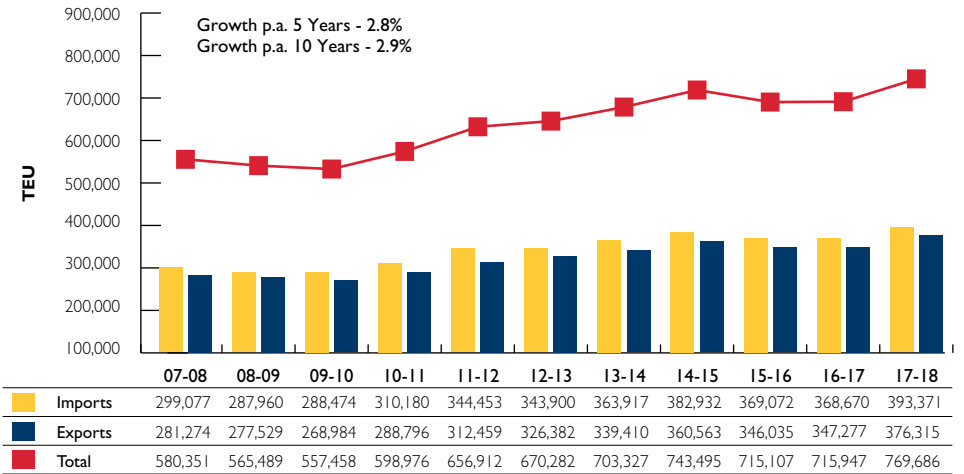
Outer Harbour Exports





DP World container terminal, North Quay.

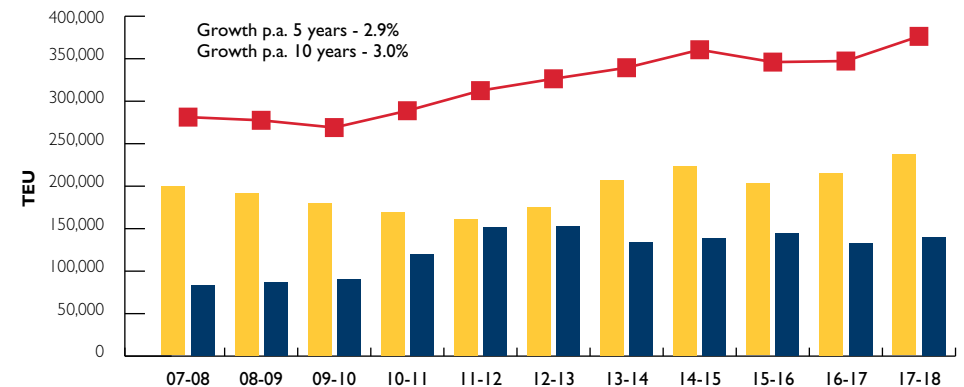
Total Container Trade - TEU 2007-08 to 2017-18



CMA CGM Bellini makes regular calls to the port.

Export Container Trade - TEU

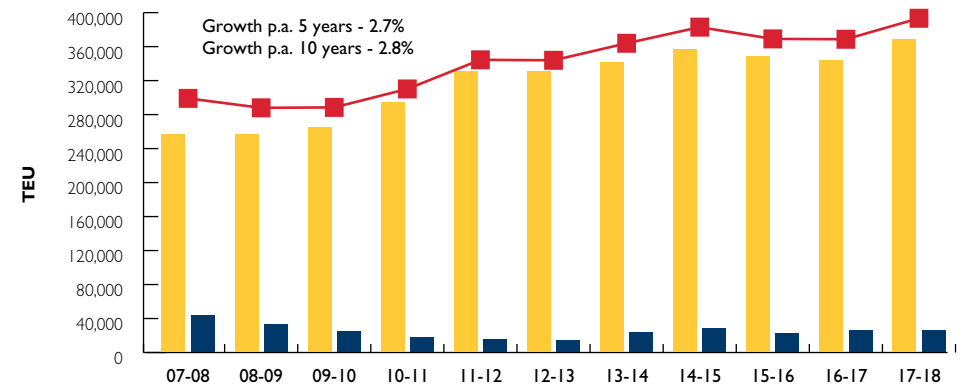
2007-08 to 2017-18



	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
Full	198,846	190,791	178,892	169,059	160,758	174,520	205,996	222,454	202,381	214,859	236,521
Empty	82,428	86,738	90,092	119,737	151,701	151,862	133,414	138,109	143,654	132,418	139,794
Total	281,274	277,529	268,984	288,796	312,459	326,382	339,410	360,563	346,035	347,277	376,315

Import Container Trade - TEU

2007-08 to 2017-18



	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
Full	255,715	255,765	263,826	293,210	329,999	329,964	340,943	355,852	347,380	343,113	367,611
Empty	43,362	32,195	24,648	16,970	14,454	13,936	22,974	27,080	21,692	25,557	25,760
Total	299,077	287,960	288,474	310,180	344,453	343,900	363,917	382,932	369,072	368,670	393,371

PORT OF FREMANTLE CONTAINER TRADE - TEU July 1 2017 to June 30 2018							
Country	Imports			Exports			Grand Total
	Full	Empty	Total	Full	Empty	Total	
China	123,256	524	123,780	48,172	7,765	55,937	179,717
Singapore	10,728	4,715	15,443	8,037	75,328	83,365	98,808
Australia	73,840	14,314	88,154	2,754	6,719	9,473	97,627
Thailand	21,303	173	21,476	9,826	37,838	47,664	69,140
Malaysia	18,367	443	18,810	14,205	9,525	23,730	42,540
Japan	7,438		7,438	29,426	602	30,028	37,466
South Korea	6,102	13	6,115	22,810	67	22,877	28,992
Indonesia	8,504	898	9,402	17,948	216	18,164	27,566
India	6,755		6,755	14,708		14,708	21,463
Vietnam	8,364	196	8,560	8,102		8,102	16,662
United States of America	12,197	1	12,198	4,224	97	4,321	16,519
Taiwan	4,655	30	4,685	7,014	14	7,028	11,713
United Arab Emirates	2,461	34	2,495	7,442		7,442	9,937
New Zealand	4,524	18	4,542	4,253	271	4,524	9,066
Netherlands	4,617	8	4,625	4,145	281	4,426	9,051
Germany	7,628	20	7,648	697	179	876	8,524
Italy	6,623	245	6,868	481		481	7,349
United Kingdom	4,407	16	4,423	1,508		1,508	5,931
Philippines	690		690	5,009		5,009	5,699
Belgium	4,145	5	4,150	983	110	1,093	5,243
Other Countries	31,007	4,107	35,114	24,777	782	25,559	60,673
Grand Total	367,611	25,760	393,371	236,521	139,794	376,315	769,686



BP Refinery, Kwinana. Petroleum products are Fremantle Ports' principal bulk cargo.



Metal scrap exports, shipped via the Inner Harbour, increased by 20.3 per cent in 2017-18.

MAJOR EXPORTS BY COMMODITY 2017-2018

Commodity	% Tonnes	Mass Tonnes	Principal Countries (% Commodity Total)
Grain (includes Barley, Canola Seed, Lupins, Oats, Malt, Wheat)	25.9%	5,047,810	China (30.3) Philippines (14.1) Japan (12.3) South Korea (10.3) Indonesia (5.6) Yemen Democratic Republic (3.7) Belgium (3.5) Germany (2.9) Vietnam (2.3)
Iron Ore	16.1%	3,138,529	China (95.8) South Korea (4.2)
Alumina	15.3%	2,986,466	India (24.6) Malaysia (17.1) United Arab Emirates (11.6) Indonesia (10.8) China (6.9) Australia (6.5) Bahrain (4.3) Egypt (3.9) Japan (3.6) Canada (3.2) Qatar (2.1)
Refined Petroleum	12.7%	2,466,771	Australia (80.6) Singapore (12.1) Malaysia (4.4) New Zealand (2.3)
Bauxite	5.5%	1,069,857	China (100.0)
Animal Feed	3.3%	649,538	Japan (40.5) South Korea (25.0) China (18.0) Taiwan (4.4) Kuwait (2.7) Turkey (2.3) United Arab Emirates (1.5) Israel (1.4)
Scrap Metals	2.5%	492,078	Indonesia (17.4) India (16.2) Vietnam (13.6) Taiwan (7.7) Kuwait (7.4) Thailand (6.8) Australia (5.9) Egypt (5.8) United Arab Emirates (4.0) China (3.6) Turkey (3.0)
Spodumene	2.1%	406,017	China (93.2) South Korea (3.1) United States of America (1.2)
Silica Sands	1.9%	366,261	South Korea (83.3) Thailand (8.1) Japan (6.3) Malaysia (2.2)

MAJOR EXPORTS BY COUNTRY 2017-2018			
Country	% Tonnes	Mass Tonnes	Principal Commodities (% Country Total)
China	34.9%	6,800,915	Iron Ore (44.2) Grain (22.5) Bauxite (15.7) Spodumene (5.6) Alumina (3.0)
Australia	12.5%	2,446,806	Refined Petroleum (81.2) Alumina (8.0) Ammonium Nitrate (2.7) Ships Bunkers (2.2) Bricks, Tiles, Pavers (2.0)
South Korea	6.7%	1,298,813	Grain (40.1) Silica Sands (23.5) Animal Feed (12.5) Iron Ore (10.3) Alumina (4.0) Titanium Dioxide (1.7)
Japan	5.7%	1,103,922	Grain (56.1) Animal Feed (23.8) Alumina (9.8) Silica Sands (2.1) Non Ferrous Metals (1.6) Nickel Matt and Concentrates (1.1)
India	5.2%	1,005,772	Alumina (73.0) Scrap Metals (7.9) Waste Paper (3.9) Titanium Dioxide (3.4) Grain (3.3) Mineral Sands (2.4) Sulphuric Acid (2.2)
Malaysia	4.8%	941,568	Alumina (54.2) Refined Petroleum (11.6) Other Crude Minerals (10.4) Grain (5.2) Ammonium Sulphate (2.8)
Indonesia	4.4%	863,542	Alumina (37.4) Grain (32.6) Waste Paper (12.4) Scrap Metals (9.9) Titanium Dioxide (1.4)
Philippines	3.9%	769,981	Grain (92.2) Titanium Dioxide (1.8) Dairy Products (1.8) Other Cereals and Cereal Preparations (1.4) Other Animal Foods Prepared or Manufactured (1.2)
Singapore	3.1%	607,163	Refined Petroleum (49.0) Grain (7.6) Dairy Products (5.2) Tallow (3.3) Fresh Fruit and Vegetables (3.1)
United Arab Emirates	2.6%	510,252	Alumina (68.1) Grain (13.9) Fresh Fruit and Vegetables (6.7) Scrap Metals (3.9) Animal Feed (1.9)
Thailand	1.8%	359,500	Grain (28.0) Waste Paper (10.7) Scrap Metals (9.3) Silica Sands (8.3) Alumina (6.9) Titanium Dioxide (4.8) Chemicals (3.3)

MAJOR IMPORTS BY COMMODITY 2017-2018			
Commodity	% Tonnes	Mass Tonnes	Principal Countries (% Commodity Total)
Crude Petroleum	44.19%	6,777,690	Malaysia (43.9) United Arab Emirates (31.3) Papua New Guinea (11.7) Singapore (8.8) Indonesia (4.0)
Caustic Soda	6.00%	920,532	Saudi Arabia (33.8) United States of America (15.7) Taiwan (12.5) China (12.4) Qatar (9.2) South Korea (8.4) Singapore (4.4) Australia (1.9)
Cement Clinker	5.70%	873,643	Japan (46.1) Indonesia (46.0) Malaysia (7.9)
Phosphates	3.39%	520,574	United States of America (34.5) China (18.1) Saudi Arabia (7.9) Jordan (7.4) Australia (6.9) South Korea (6.7) Togo (6.5) Morocco (6.1) Belgium (1.3)
Refined Petroleum	3.23%	494,922	Singapore (55.1) Malaysia (13.4) Australia (10.7) Indonesia (7.2) Papua New Guinea (4.6) Sri Lanka (3.0) Thailand (1.5) South Korea (1.4)
Sulphur	3.17%	486,700	Canada (99.9)
Chemicals and Related Products	2.86%	438,662	China (28.5) Thailand (16.5) Australia (10.1) Singapore (7.6) United States of America (5.7) Indonesia (4.8) South Korea (4.1) Malaysia (3.7) Taiwan (3.6) Belgium (2.4) India (2.0) Germany (1.7)
Iron and Steel Products	2.61%	400,118	Australia (29.7) China (18.5) South Korea (10.4) Taiwan (6.8) Singapore (6.2) Malaysia (4.8) Thailand (3.0) Turkey (2.4) Belgium (2.3) Spain (2.0) Indonesia (1.9) New Zealand (1.8) Sweden (1.6) India (1.6)
Manufactures of Metal	2.47%	379,571	China (44.8) Australia (16.4) Malaysia (5.5) India (5.2) Thailand (4.7) South Korea (4.2) Singapore (2.7) Indonesia (2.6) Taiwan (2.2) United States of America (1.7)
Ammonia	2.20%	338,203	Australia (81.1) United States of America (9.1) Ukraine (7.5) Saudi Arabia (2.2)

MAJOR IMPORTS BY COUNTRY 2017-2018

Country	% Tonnes	Mass Tonnes	Principal Commodities (% Country Total)
Malaysia	21.6%	3,312,239	Crude Petroleum (89.7) Refined Petroleum (2.0)
United Arab Emirates	14.0%	2,144,435	Crude Petroleum (98.9)
Australia	9.4%	1,444,411	Ammonia (19.0) Gypsum (8.4) Iron and Steel Products (8.2) Ale, Beer and Stout; Cider (Alcoholic) (7.2) Paper, Paperboard (6.9) Fabricated Construction Materials (4.6) Manufactures of Metal (4.3) Refined Petroleum (3.7) Chemicals (3.1) Non Alcoholic Beverages (3.0) Other Food Preparations (2.9) Sugar (2.9) Phosphates (2.5)
China	8.0%	1,227,513	Manufactures of Metal (13.8) Chemicals (10.2) Caustic Soda (9.3) Phosphates (7.7) Iron and Steel Products (6.0) Furniture and Parts Thereof (6.0) Bricks, Tiles, Pavers (4.8) Plastic Wares (3.9) Machinery - Agricultural, Industrial (3.8) Rubber Manufactures (3.1) Other Transport Equipment and Parts (2.8) Paper, Paperboard (2.3) Sanitary, Plumbing, Heating and Lighting Fixtures (2.3) Textile Yarn, Fabrics, Made up Articles (2.2) Household Appliances (2.1)
Singapore	6.9%	1,053,280	Crude Petroleum (56.4) Refined Petroleum (25.9) Caustic Soda (3.9) Chemicals (3.2) Slag Residue (2.6) Iron and Steel Products (2.3)
Papua New Guinea	5.3%	817,613	Crude Petroleum (97.1) Refined Petroleum (2.8)
Indonesia	5.2%	800,274	Cement Clinker (50.2) Crude Petroleum (33.7) Refined Petroleum (4.5) Chemicals (2.7)
Japan	4.7%	718,133	Cement Clinker (56.1) Slag Residue (23.4) New Motor Vehicles (7.4) Rubber Manufactures (5.0) Vehicles - Industrial and Agricultural (2.6) Caustic Soda (1.7)
United States of America	3.7%	573,771	Phosphates (31.3) Caustic Soda (25.2) Potash (14.0) Ammonia (5.4) Chemicals (4.4) Vehicles - Industrial and Agricultural (2.8) Rubber Manufactures (2.6)
Canada	3.3%	509,857	Sulphur (95.4)
Saudi Arabia	3.2%	493,620	Caustic Soda (63.1) Urea (25.7) Phosphates (8.4) Ammonia (1.5)
Thailand	2.3%	351,711	Chemicals (20.6) Lime (16.6) New Motor Vehicles (16.6) Manufactures of Metal (5.1) Plastic Wares (3.9) Household Appliances (3.5) Iron and Steel Products (3.4) Rubber Manufactures (3.2) Ammonium Nitrate (2.8) Limestone For Steel, Lime or Cement (2.7) Other Food Preparations (2.4) Refined Petroleum (2.2) Rice (2.1)
South Korea	1.6%	250,712	Caustic Soda (31.0) Iron and Steel Products (16.6) Phosphates (13.8) New Motor Vehicles (8.9) Chemicals (7.2) Manufactures of Metal (6.4) Paper, Paperboard (2.8) Refined Petroleum (2.7) Machinery - Agricultural, Industrial (2.1)

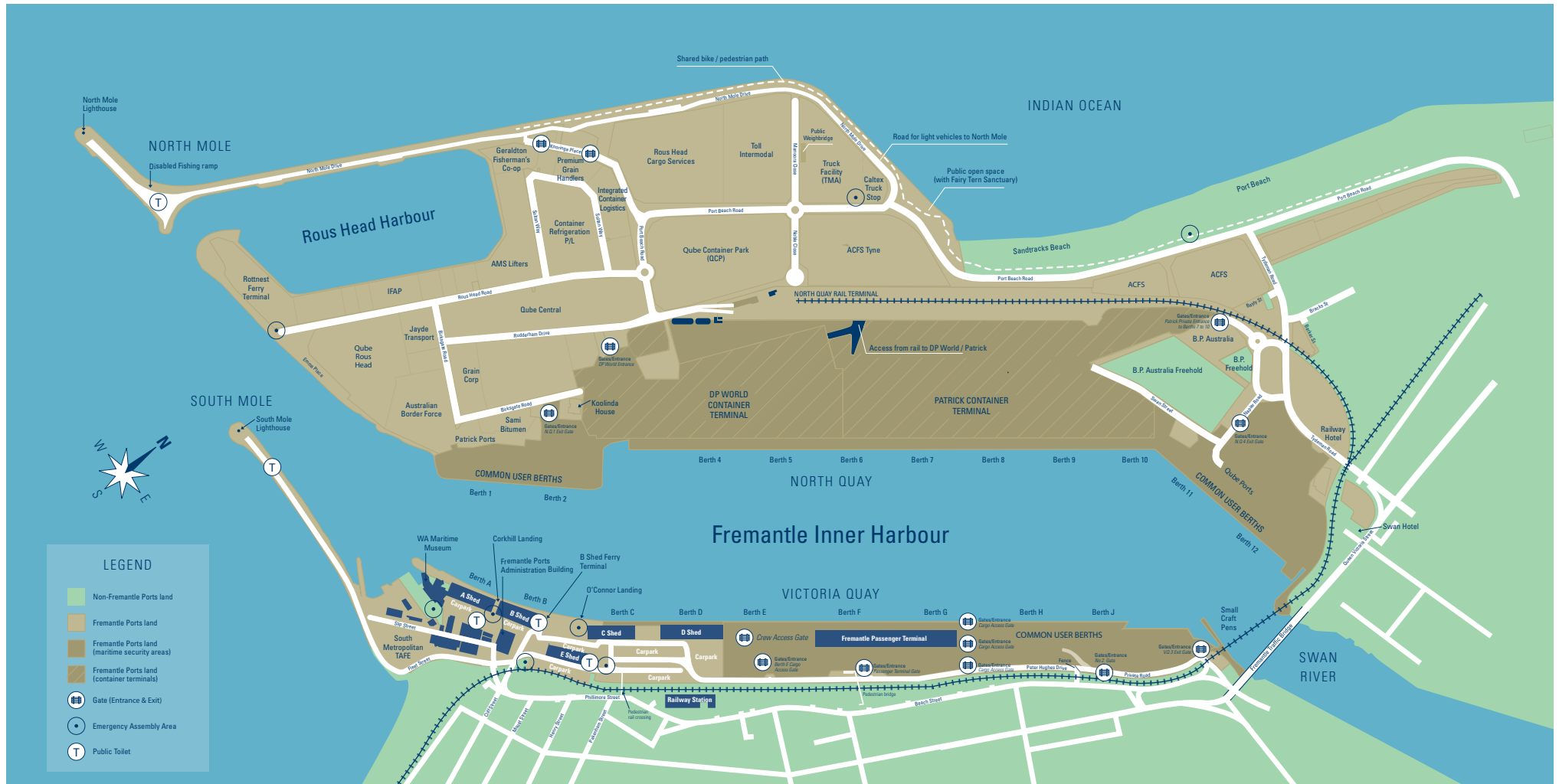
MAJOR CONTAINER COMMODITIES IMPORTED - TEU			
Commodities	2016-17	2017-18	Variance %
Manufactures of Metal	26,548	31,020	16.8%
Furniture and Parts Thereof	26,416	27,978	5.9%
Chemicals and Related Products	22,611	24,827	9.8%
Paper; Paperboard	20,379	21,897	7.4%
Plastic Wares and Other Manufactures	17,937	21,334	18.9%
Machinery - Agricultural, Industrial	18,489	18,872	2.1%
Iron and Steel Products	16,935	18,279	7.9%
Rubber Manufactures	16,841	18,000	6.9%
Household Appliances	16,923	16,063	-5.1%
Ale, Beer and Stout; Cider (Alcoholic)	10,946	13,653	24.7%
Total	194,025	211,923	9.2%
Percentage of Total Full TEU Imports	56.5%	57.6%	

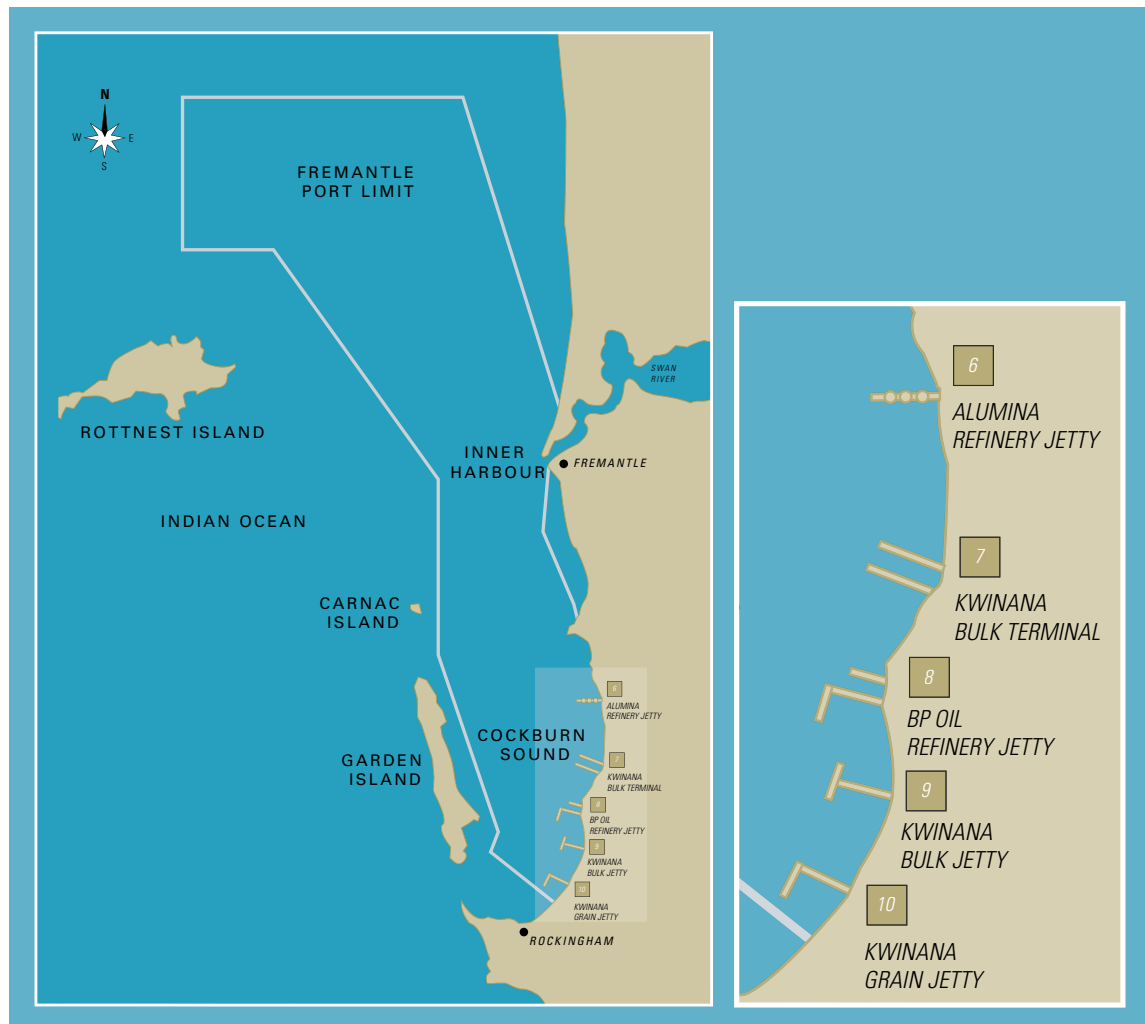
MAJOR CONTAINER COMMODITIES EXPORTED - TEU			
Commodities	2016-17	2017-18	Variance %
Animal Feed	38,483	45,628	18.6%
Waste Paper	21,486	21,656	0.8%
Scrap Metals	12,693	16,405	29.2%
Oats	12,541	13,791	10.0%
Malt	10,731	12,553	17.0%
Titanium Dioxide	10,481	10,843	3.5%
Fresh Fruit and Vegetables	8,870	10,465	18.0%
Chemicals and Related Products	9,911	7,967	-19.6%
Fresh Meat - Chilled or Frozen	7,070	7,872	11.3%
Non Ferrous Metals	6,397	6,681	4.4%
Total	138,663	153,861	11.0%
Percentage of Total Full TEU Exports	64.5%	65.1%	



Livestock carrier berthing at North Quay

LIVESTOCK EXPORTS 2017-18					
Destination	Sheep	Cattle	Other Livestock	Total No.	% of Total
Africa	20,000		0	20,000	1.2%
Asia South-East	4,500	52,300	0	56,800	3.3%
East Asia - China		14,897	0	14,897	0.9%
Eastern Europe - Russia	12,282	5,915	0	18,197	1.1%
Asia Southern		2,081	0	2,081	0.1%
Mediterranean - Turkey	298,884	32,183	0	331,067	19.4%
Middle East	1,227,355	39,312	0	1,266,667	74.1%
Totals	1,563,021	146,688	0	1,709,709	100.0%







Victoria Quay's western end.

ABOUT THIS ANNUAL REPORT

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

This Annual Report complies with the relevant legislation and is designed to inform the Parliament, the public, other stakeholders and customers about Fremantle Ports' services, achievements during the year under review and future directions.

The report is researched, written and edited by Fremantle Ports staff.

The Annual Report can be viewed and downloaded from Fremantle Ports' website www.fremantleports.com.au

Additional copies may be obtained on disk from External Affairs:

Tel: 61 (8) 9430 3555

ABBREVIATIONS

FTE	Full time equivalent
GT	Gross Tonnes
TEU	Twenty foot equivalent unit
KBT	Kwinana Bulk Terminal
KBJ	Kwinana Bulk Jetty

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TELL US HOW WE ARE GOING

We are interested in your feedback on our Annual Report and invite your queries on any aspect of the activities undertaken by Fremantle Ports.

As only limited printed copies of our Annual Reports are produced, electronic copies of this and previous years' reports are available from our website.

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

Tel: 61 (8) 94303555

Internet: www.fremantleports.com.au
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