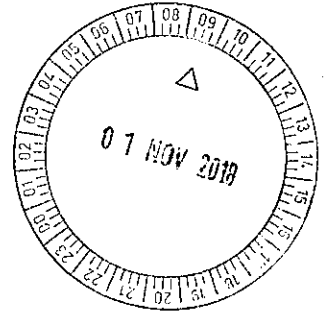LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

2017-18 ANNUAL REPORTS QUESTIONS PRIOR TO HEARINGS

Fremantle Port Authority

The Committee asked:

1. How frequently do you review your

    (a)   key performance indicators

          Answer:

          Quarterly

    (b)   key performance indicator targets?

          Answer:

          Annually

2. When were your key performance indicators last reviewed?

    Answer:

    October 2018

3. Can you provide any documentation from your last review of your key performance indicators?

    Answer:

    See attachment 1.

4. Can you list any new key performance indicators for this year?

    Answer:

    There are no new indicators this year.

5. In relation to credit and debit card payments

    (a)   Do you allow a person to pay for goods and services with credit or debit card

          Answer:

          Yes

(b)   If so, when a person pays a fee or fine by credit or debit card

    (i)   What surcharge do you apply to process that card payment

        Answer:

        No

    (ii)   Do you impose the same surcharge irrespective of which type card is used

        Answer:

        Not applicable

    (iii)   Is that surcharge authorised by a legislative Instrument, for example, by regulations

        Answer:

        Not applicable

    (iv)   What steps have you taken to ensure compliance with Reserve Bank of Australia Standard No. 3 2016 titled 'Scheme rules relating to merchant pricing for credit, debit and prepaid card transactions'

        Answer:

        Not applicable

    (v)   As per the Standard, is your surcharge no greater than the average cost of acceptance of the lowest cost system, not an average of all cost systems?

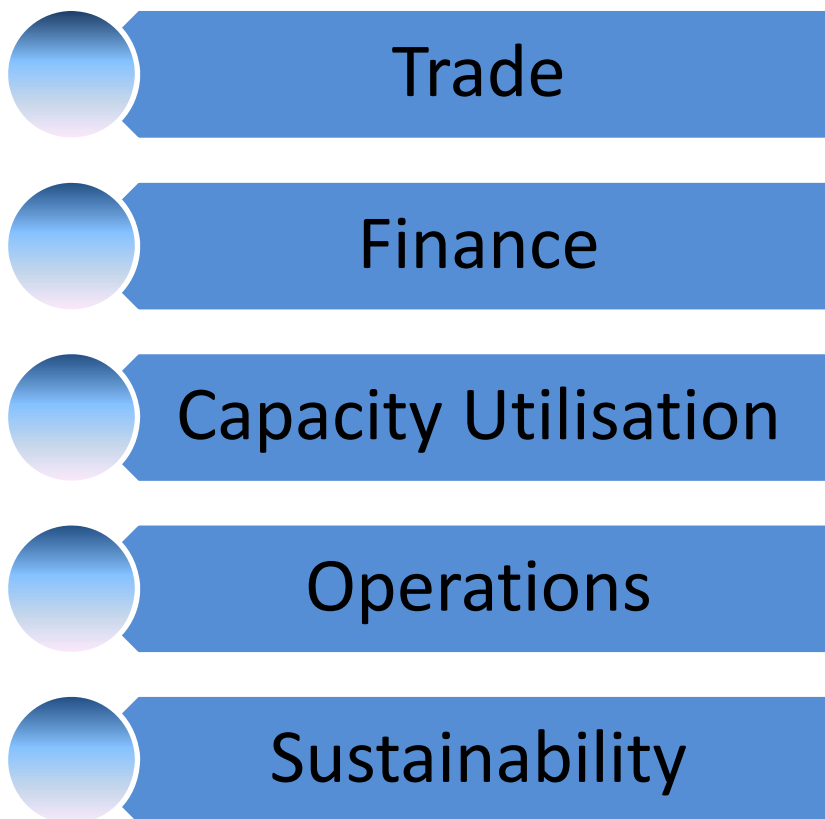   Answer:

        Not applicable

Mission: Create value by connecting Western Australia to global markets.

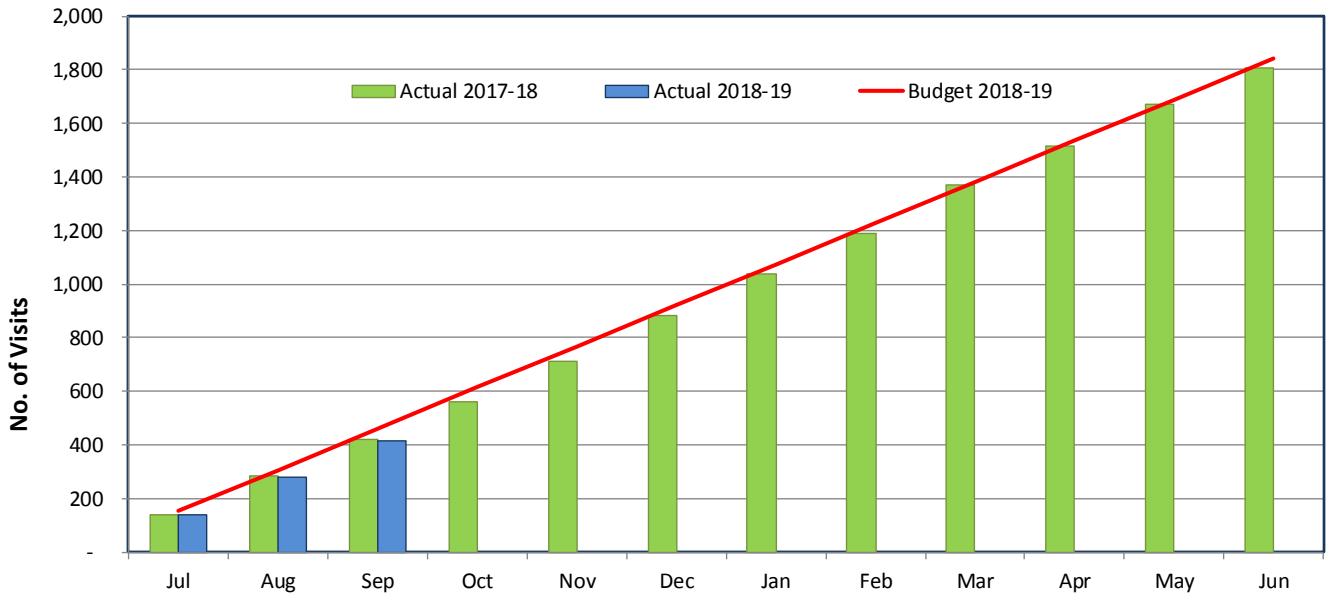# Quarterly Scorecard

September Quarter 2018

Trade

Finance

Capacity Utilisation

Operations

Sustainability

Record: 1395116

Trade

Ship Visits Year-to-Date (excludes Naval Vessels)

Legend: Actual 2017-18 (green), Actual 2018-19 (blue), Budget 2018-19 (red line). Y-axis: No. of Visits (0 to 2,000). X-axis: Jul through Jun.

Date of last update: October 2018

Purpose - To monitor the number of ship visits to understand the impact on budget as a key impact on revenue.
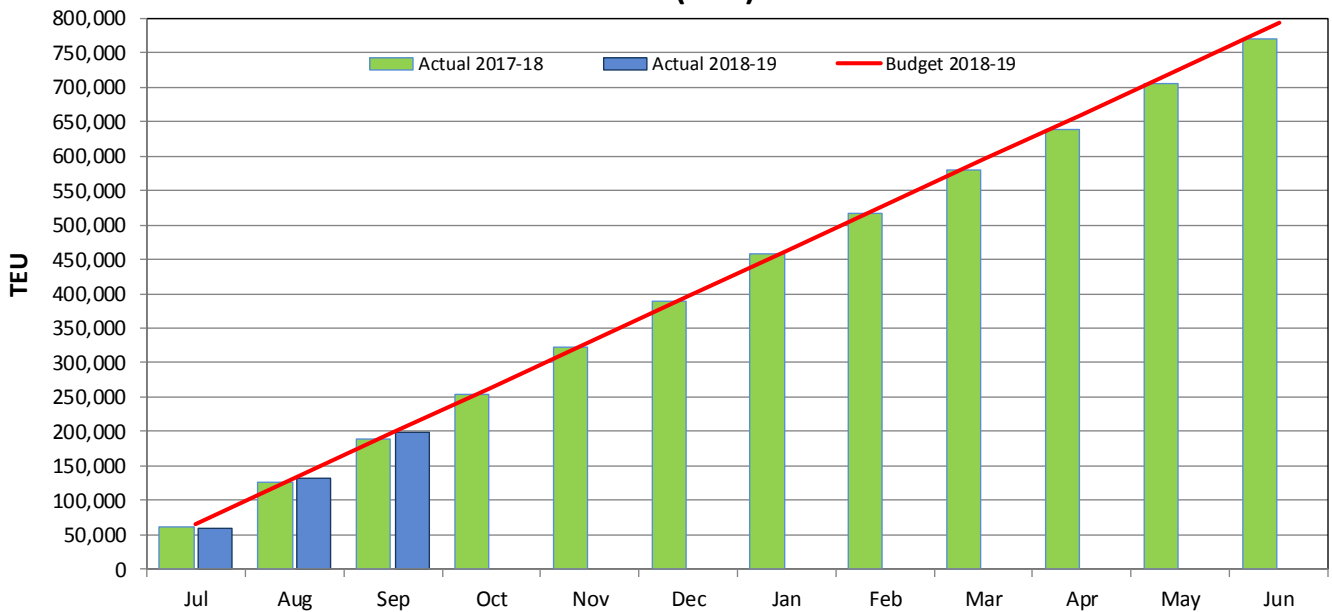
Target - 1,840 visits budgeted.

Showing - The number of visits for the September quarter totalled 417, seven visits fewer than the same period last year. This was mainly due to less vessels in the Inner Harbour, particularly livestock carriers.

How the current results used for decision making - One of a number of inputs used for decision making regarding the budgeted shipping forecast. No specific action was deemed necessary as a result of the current quarterly results.

Container Trade (TEU) Year-to-Date

Legend: Actual 2017-18 (green), Actual 2018-19 (blue), Budget 2018-19 (red line). Y-axis: TEU (0 to 800,000). X-axis: Jul through Jun.

Date of last update: October 2018

Purpose - To monitor the container trade year-to-date and understand its impact on budget revenue.

Target - 795,859 TEU budgeted.

Showing - Container trade for the September quarter was 5.6% higher than the same period last year. Full imports were up 2.7% and full exports were up 5.6%.

How the current results used for decision making - Trade below budget estimates would result in discussions with container shipping customers regarding the trade results. No specific action was deemed necessary as a result of the current quarterly results.

Inner Harbour Non Containerised Cargo (excludes Live Sheep)
Revenue Tonnes Year-to-Date
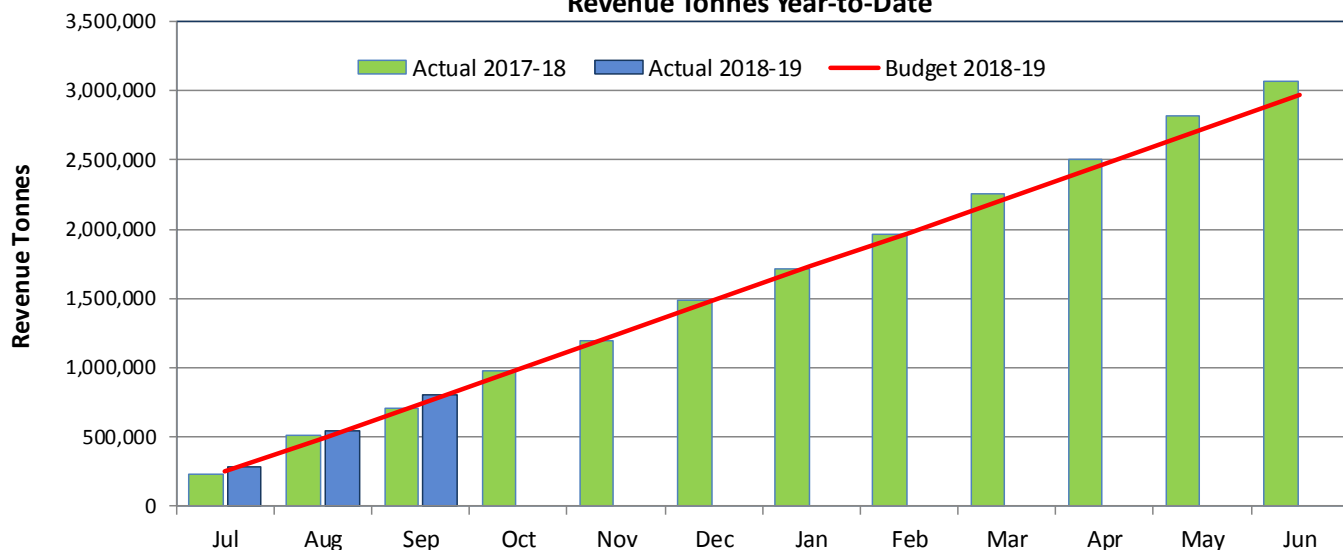
Date of last update: October 2018
Purpose - To monitor the non-container trade year-to-date and understand its impact on budget revenue.
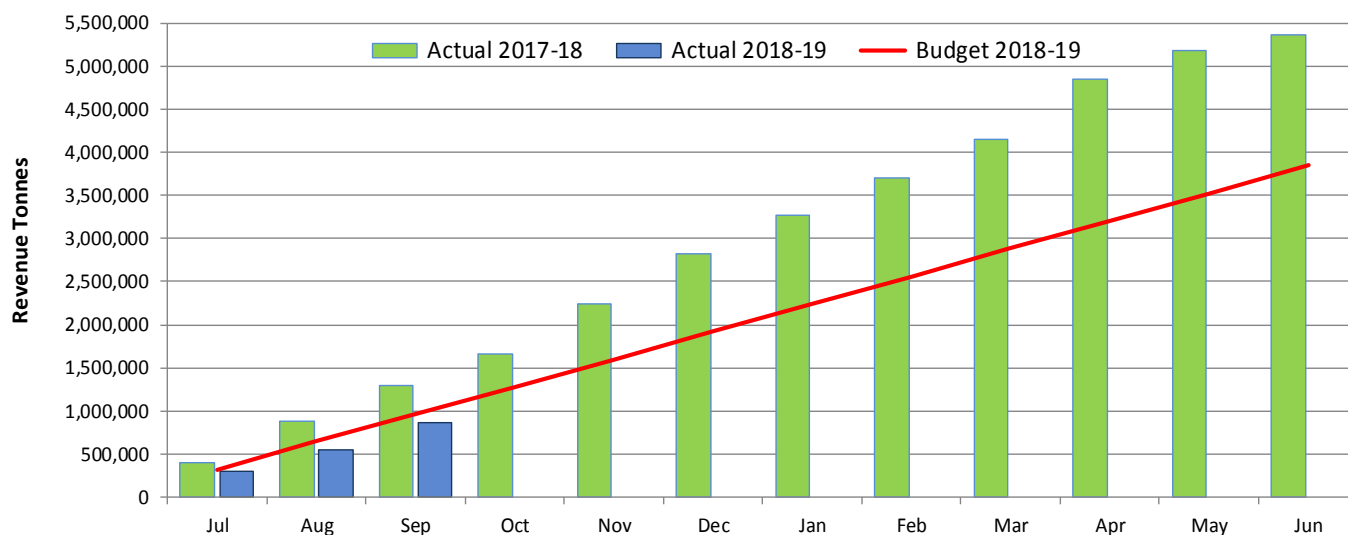**Target** - 2.97 million revenue tonnes budgeted.
Showing - Throughput of non-containerised cargo in the September quarter was up by 96,850 revenue tonnes or 13.8% when compared to same period last year. This is mainly due to increased imports of new motor vehicles, industrial vehicles and other transport equipment.
 How the current results used for decision making - Trade below budget estimates would result in discussions with customers regarding the trade results. No specific action was deemed necessary as a result of the current quarterly results.

Kwinana Bulk Terminal
Revenue Tonnes Year-to-Date

Date of last update: October 2018
Purpose - To monitor the throughput of trade at the Kwinana Bulk Terminal and understand its impact on budget revenue.
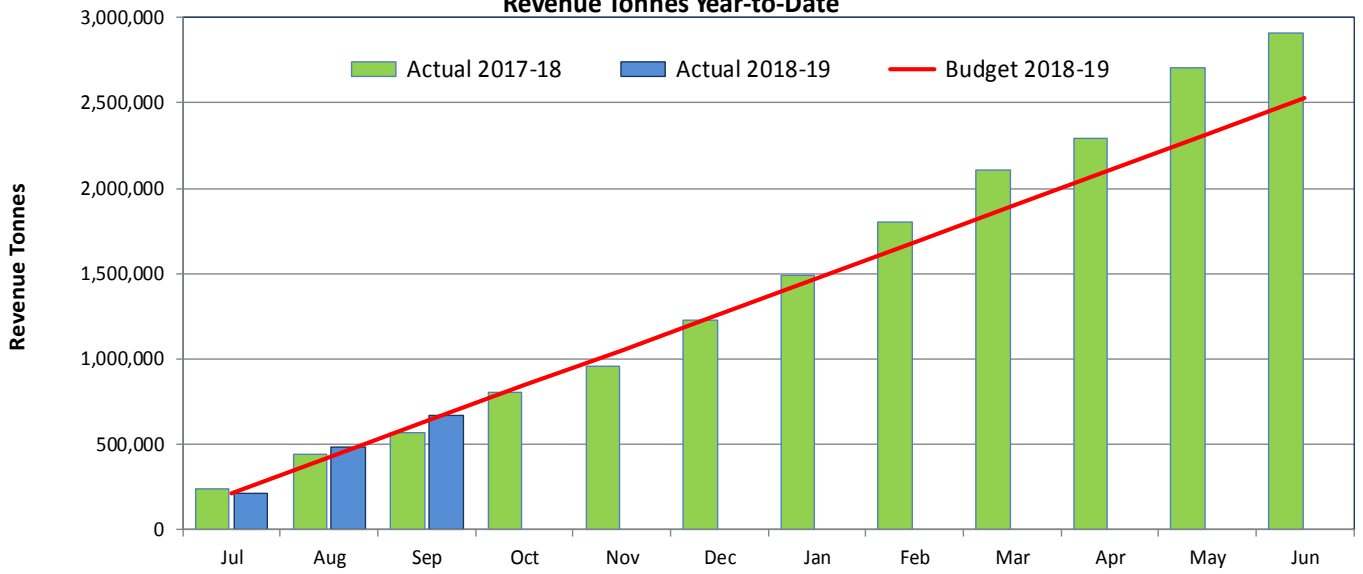**Target** - 3.85 million revenue tonnes budgeted.
Showing - Total throughput at KBT in the September quarter was down 98,744 revenue tonnes or 10.3 percent compared to budget. Bauxite exports were down 140,210 or 25.5% compared to budget.
How the current results used for decision making - Trade below budget estimates would result in discussions with customers regarding the trade results. Whilst investigation of new trade opportunities is ongoing, no specific action was deemed necessary as a result of the current quarterly results.

Kwinana Bulk Jetty
Revenue Tonnes Year-to-Date

Date of last update : October 2018
Purpose - To monitor the throughput of trade at the Kwinana Bulk Jetty and understand its impact on budget revenue.
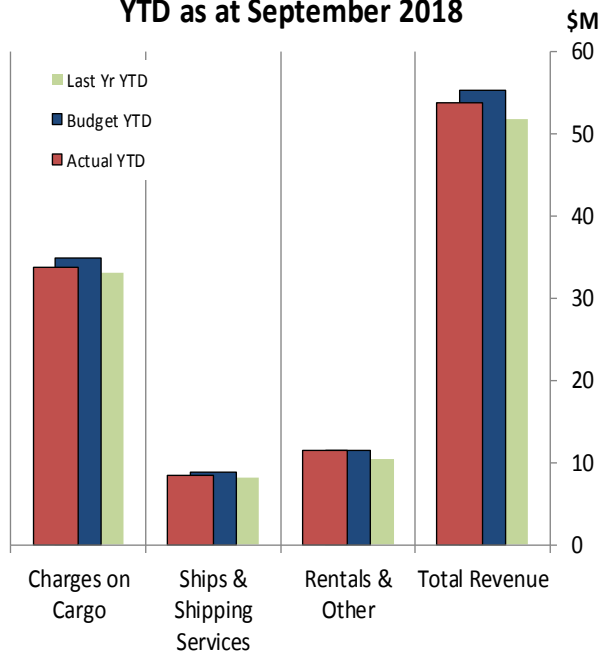**Target** - 2.53 million revenue tonnes budgeted.
Showing - Trade at KBJ in the September quarter was up 97,879 revenue tonnes or 17.2% compared to the same period last year. This is mainly due to increases in imports of urea, ammonium nitrate and ammonia.
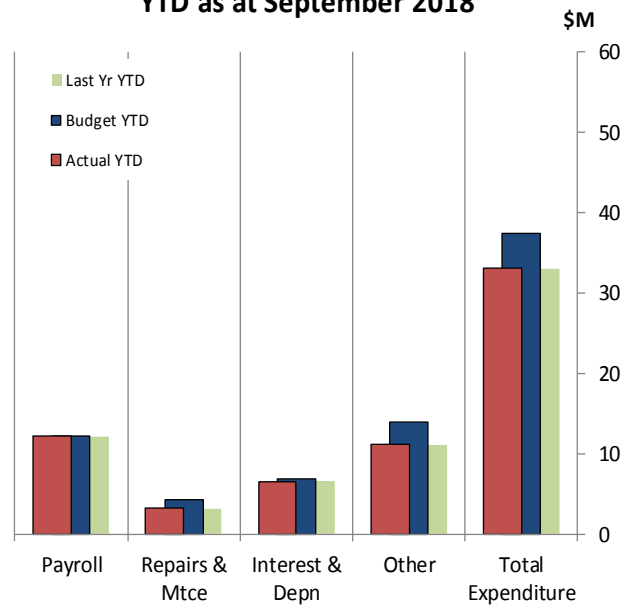**How the current results used for decision making** - Should performance be trending below budget this would trigger the need for causal investigation with external customers. No specific action was deemed necessary as a result of the current quarterly results.
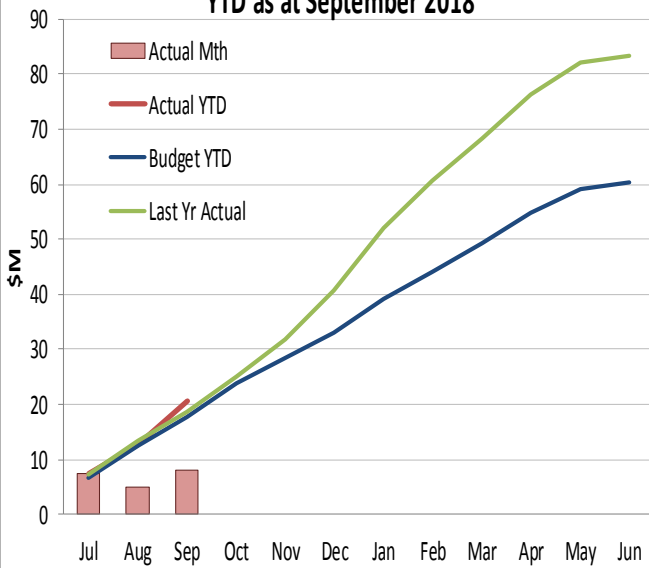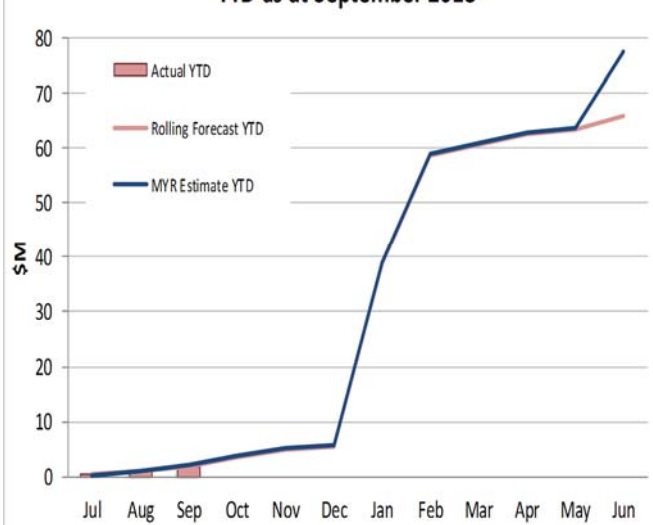
Total Revenue
YTD as at September 2018

$M

Legend:
- Last Yr YTD
- Budget YTD
- Actual YTD

Categories: Charges on Cargo, Ships & Shipping Services, Rentals & Other, Total Revenue

Total Expenditure
YTD as at September 2018

$M

Legend:
- Last Yr YTD
- Budget YTD
- Actual YTD

Categories: Payroll, Repairs & Mtce, Interest & Depn, Other, Total Expenditure

Operating Profit (before tax)
YTD as at September 2018

$M

Legend:
- Actual Mth
- Actual YTD
- Budget YTD
- Last Yr Actual

Months: Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun

Capital Works Expenditure
YTD as at September 2018

$M

Legend:
- Actual YTD
- Rolling Forecast YTD
- MYR Estimate YTD

Months: Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun

Date of update: October 2018 (Budget figures reflect the Mid Year Review)

Purpose - To monitor and report on the Port's financial performance

Target - To achieve or exceed budgeted outcomes

Showing - Total revenue was lower than budget due to wharfage and handling revenue from Outer Harbour tonnages which were lower than budget. Total expenditure was lower than budget mainly due to timing reflecting lower expenditure in Asset Maintenance and Commercial Management cost centres as compared to budget.

How are current results used for decision making? The results shown provide high level information to assist management in making decisions regarding resource allocation including spending. The information may also prompt further analysis in specific areas.
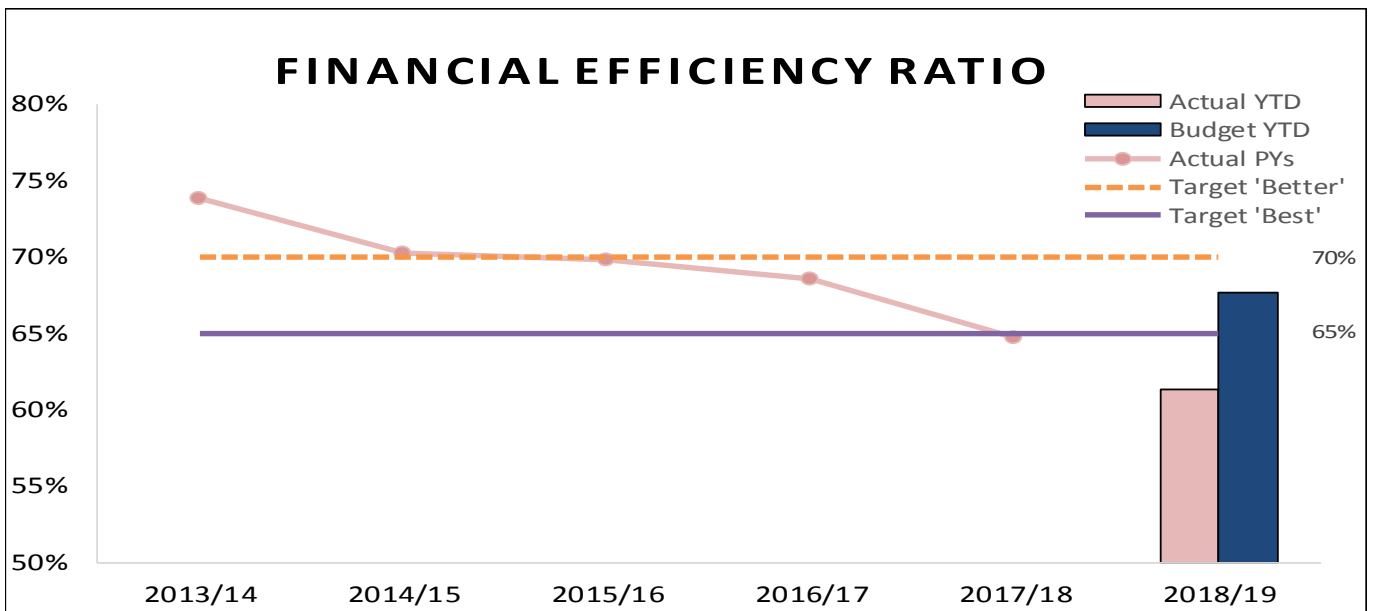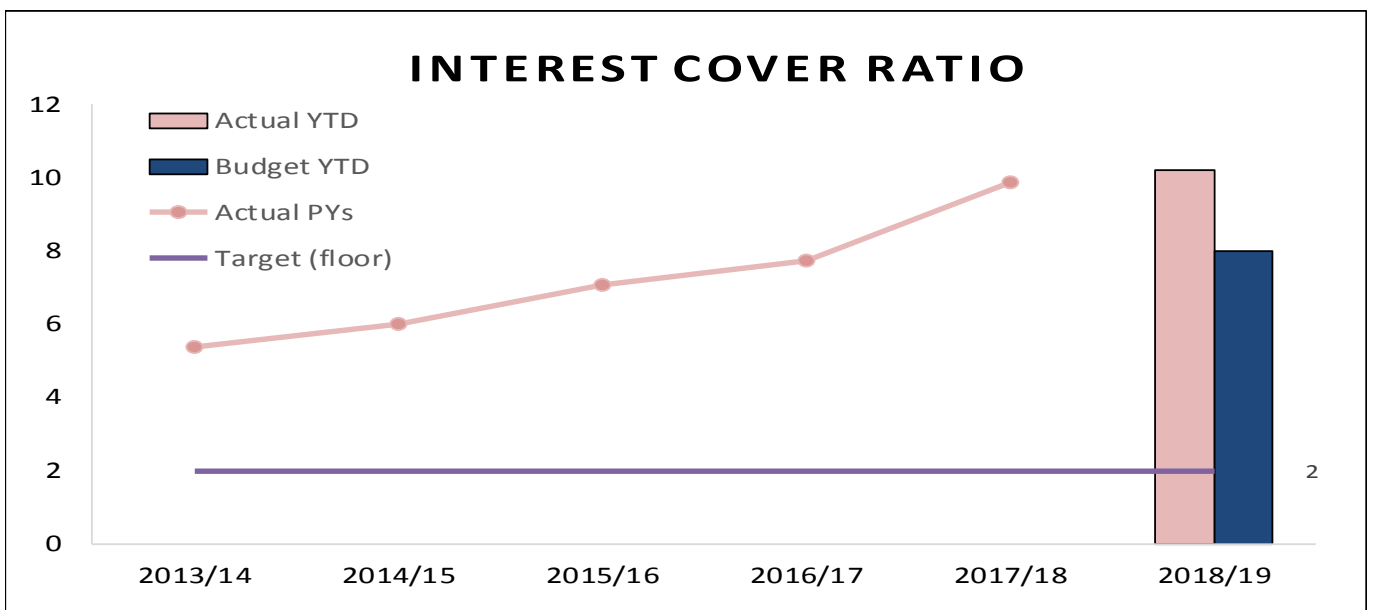
FINANCIAL EFFICIENCY RATIO

Date of update: October 2018 (Budget figures reflect the Mid Year Review)

Purpose - To measure the efficiency of the business in terms of the cost of generating revenue. It is calculated by dividing total expenditure by total revenue (adjusted for specific items to improve clarity of the measure where appropriate).
Target - To remain within budget, with a view towards the achievement of 'better' and 'best' outcomes.
Showing - The year to date financial efficiency ratio is favourable as compared to budget, mainly due to expenditure timing issues (delays as compared to budget).
How current results are being used for decision making - No specific action was deemed necessary as a result of the current quarterly results.
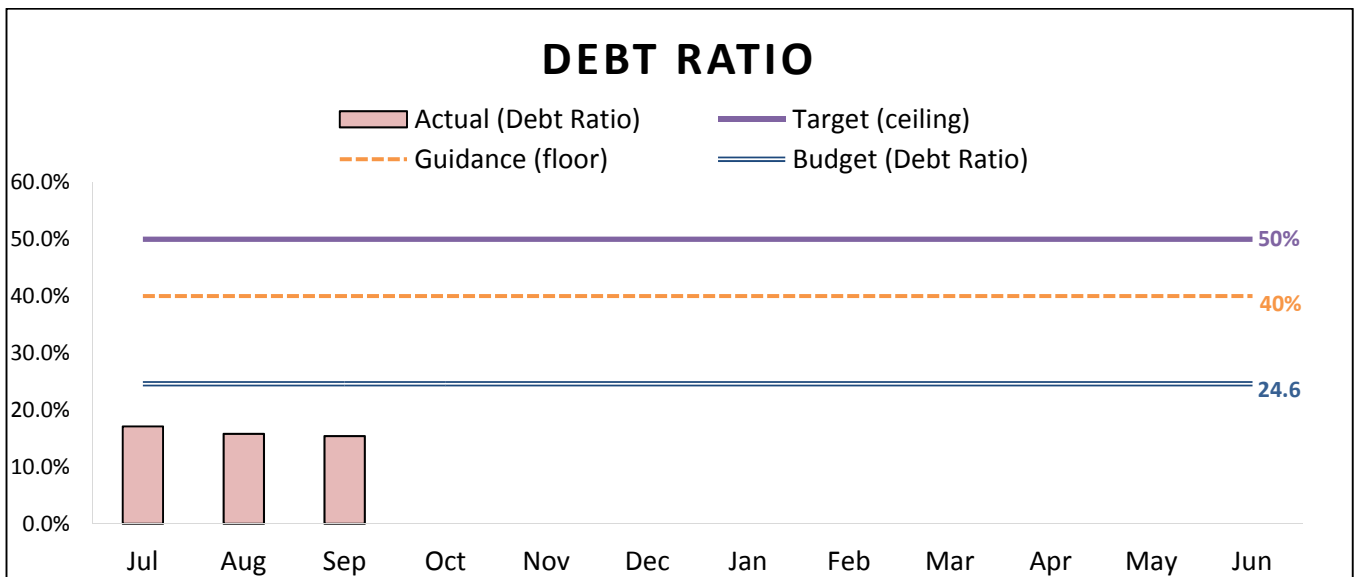
INTEREST COVER RATIO

Date of update: October 2018 (Budget figures reflect the Mid Year Review)

Purpose - To measure the debt servicing capacity of the business. The indicator is calculated by dividing Earnings Before Interest and Tax by total interest expenditure.
Target - To remain above 2.
Showing - The year to date interest cover ratio is well above the target and higher than budget due to higher operating profit before tax and as a result of expenditure timing issues (delays as compared to budget).
How current results are being used for decision making - No specific action was deemed necessary as a result of the current quarterly results.

DEBT RATIO

Legend:
- Actual (Debt Ratio)
- Target (ceiling)
- Guidance (floor)
- Budget (Debt Ratio)

Chart data (approximate values):
- Target (ceiling): 50%
- Guidance (floor): 40%
- Budget (Debt Ratio): 24.6

Actual (Debt Ratio):
- Jul: ~17.5%
- Aug: ~16%
- Sep: ~15.5%

X-axis: Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun
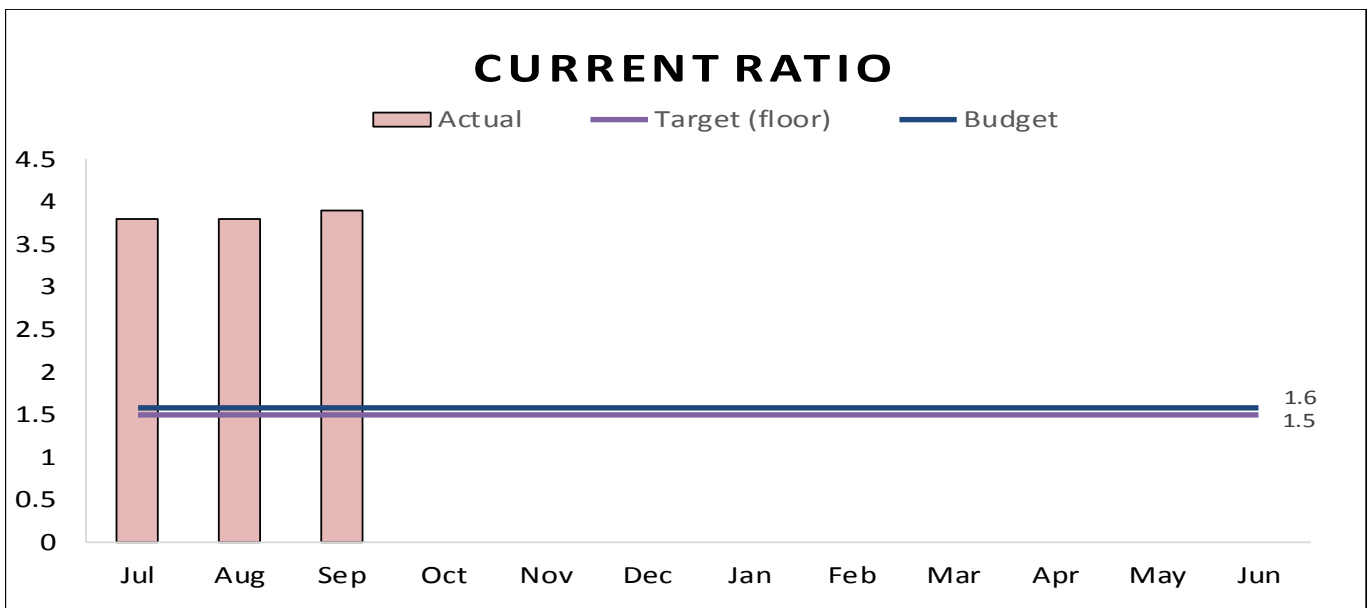Y-axis: 0.0% to 60.0%

Date of update: October 2018 (Budget figures reflect the Mid Year Review)

Purpose - To indicate safe and prudent levels of debt for the Port. The indicator is calculated by dividing interest bearing borrowings (from the WA Treasury Corporation) less cash by the total written down deprival value of assets.
Target - To remain below 50% but above 40% for optimal funding efficiency.
Showing - The closing debt ratio is below 50%, noting however that it is also below 40%.
How current results are being used for decision making - No specific action was deemed necessary as a result of the current quarterly results.

CURRENT RATIO

Legend:
- Actual
- Target (floor)
- Budget

Chart data (approximate values):
- Budget: 1.6
- Target (floor): 1.5

Actual:
- Jul: ~3.8
- Aug: ~3.8
- Sep: ~3.9

X-axis: Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun
Y-axis: 0 to 4.5

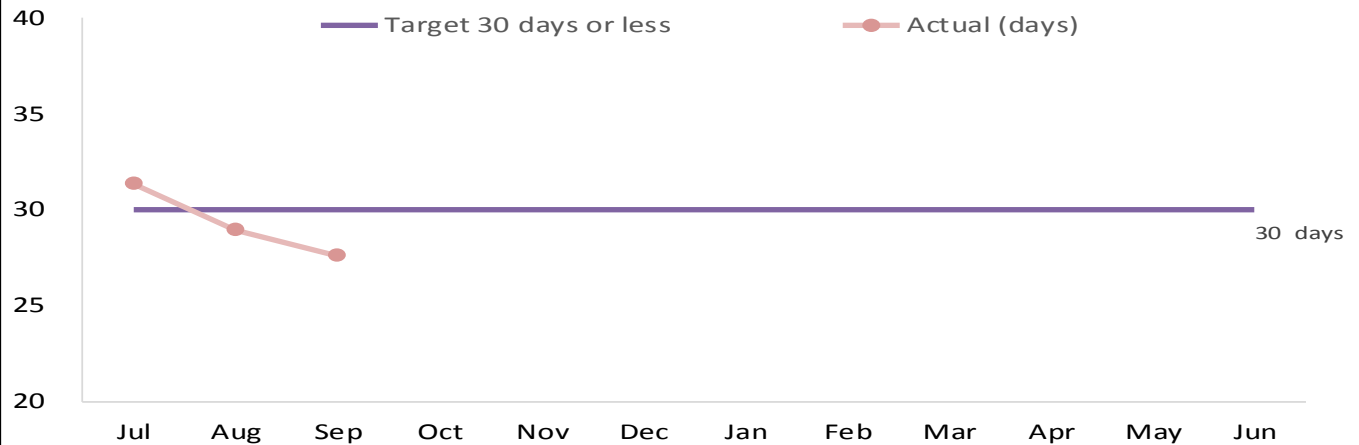Date of update: October 2018 (Budget figures reflect the Mid Year Review)

Purpose - To indicate the extent to which current assets may be realised to meet current liabilities. The indicator is calculated by dividing total current assets by total current liabilities.
Target - To remain above 1.5.
Showing - The year to date current ratio is well above the target and budget and is mainly due to higher closing cash and cash equivalents balances as compared to budget.
How current results are being used for decision making - No specific action was deemed necessary as a result of the current quarterly results.

DEBTOR AVERAGE COLLECTION PERIOD

Date of update: October 2018 (Budget figures reflect the Mid Year Review)

Purpose - To monitor the approximate time taken to receive payment from trade debtors. The indicator is calculated as the number of days in the period YTD, multiplied by the average accounts receivable balance divided by YTD sales revenue.
Target - To maintain an average collection period of 30 days or less.
Showing - The debtor average collection period is within the target.
How current results are being used for decision making - No specific action deemed necessary as a result of the current results.

RATE OF RETURN
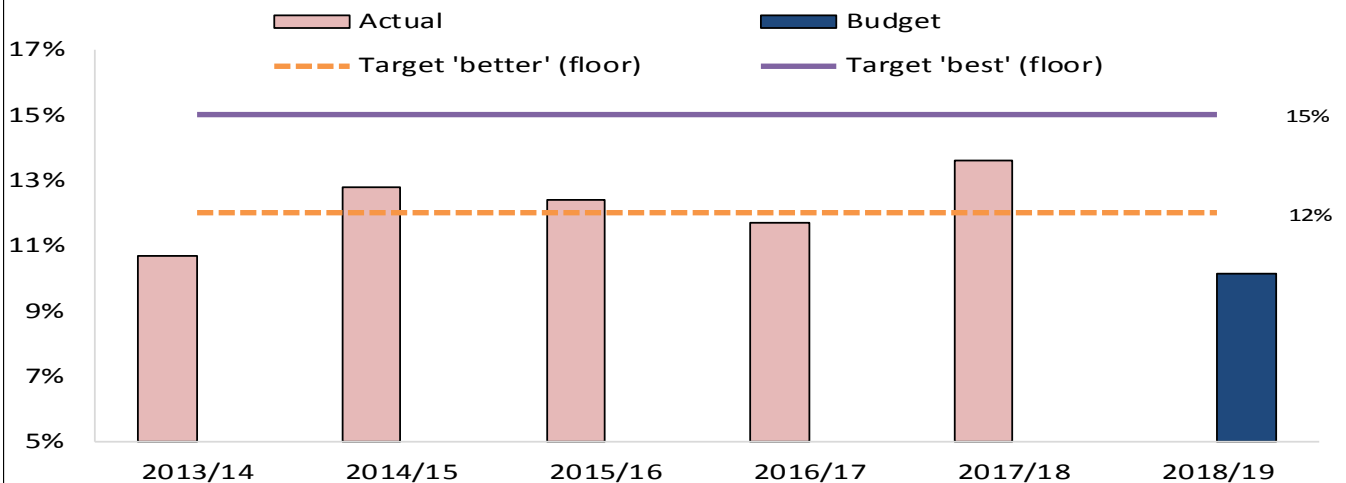
Date of update: October 2018 (Budget figures reflect the Mid Year Review)

Purpose - To measure the effective management and allocation of resources. The indicator is calculated by dividing Earnings Before Interest and Tax by average current assets plus average non-current assets measured at deprival value (excluding gifted assets). In accordance with Government's revised rate of return policy commencing 1 July 2018, the calculation of the rate of return now includes current assets. For comparison purposes, the rates of return for the financial periods up to and including 2017/18 have been amended to reflect the revised policy.
Target - To meet budget, with a view towards the achievement of 'better' and 'best' outcomes.
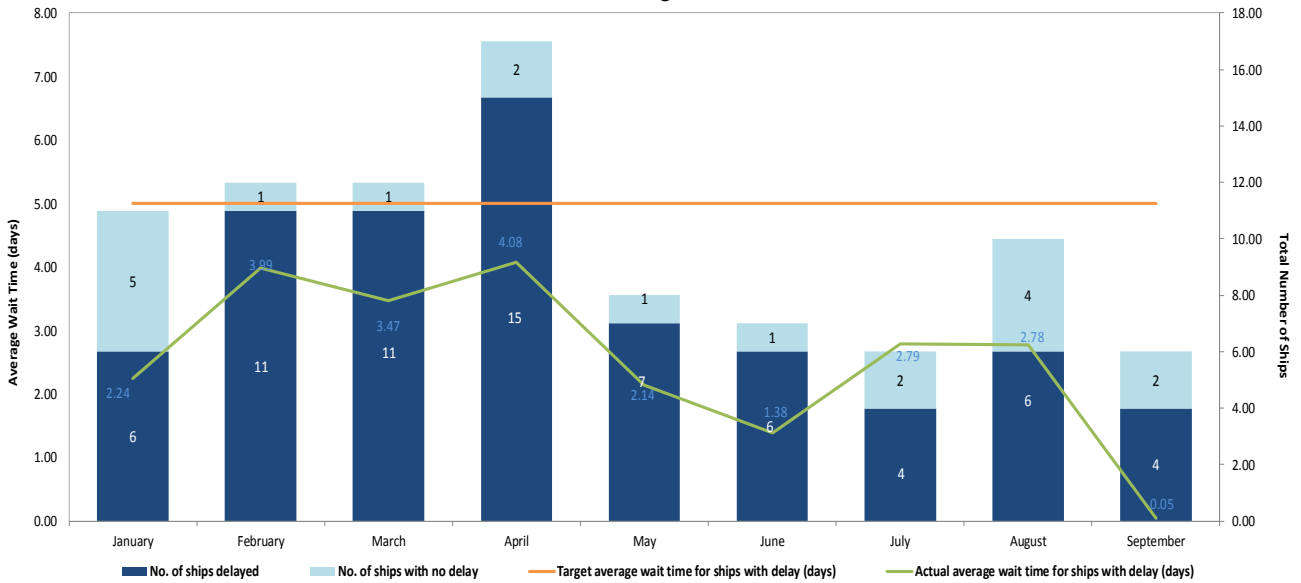**Showing** - The rate of return is an annual performance measure and the actual will only be reported at 30 June (financial year end).
How current results are being used for decision making - No specific action was deemed necessary as a result of the current results.

Capacity Utilisation

KBT Vessels Awaiting Berth - KBB2 (Record: 1230318)

Chart data labels (Average Wait Time (days) on left axis, Total Number of Ships on right axis):

Month	No. of ships with no delay	Actual average wait time	No. of ships delayed
January	5	2.24	6
February	1	3.99	11
March	1	3.47	11
April	2	4.08	15
May	1	2.14	7
June	1	1.38	6
July	2	2.79	4
August	4	2.78	6
September	2	0.05	4

Legend: No. of ships delayed | No. of ships with no delay | Target average wait time for ships with delay (days) | Actual average wait time for ships with delay (days)

Date of last update: October 2018
**Purpose** - To monitor berth delays and to understand the impact of this on the efficiency of KBT
Target - For the average vessel waiting time per month not to exceed 5 days
Showing - The graph currently shows average vessel waiting times are well within the target.
How the current results are used for decision making? No specific action is deemed necessary from the current quarterly results.
Note - If a vessel arrives within its nomination window, the delay calculation is based on the date/time in which the vessel arrived at Gage Roads. If a vessel arrives before its nomination window, the delay calculation is based on the date/time of which the nomination window begins.

KBB2 Berth Occupancy (Record: 308109)

Legend: 2016 | 2017 | 2018 | Target
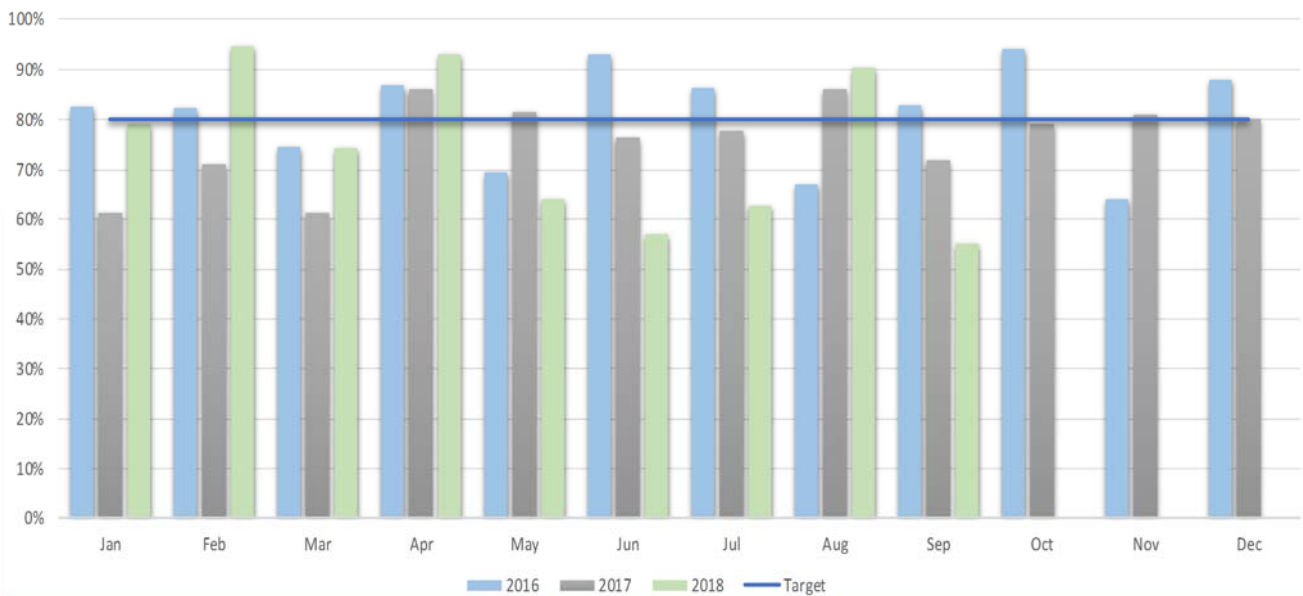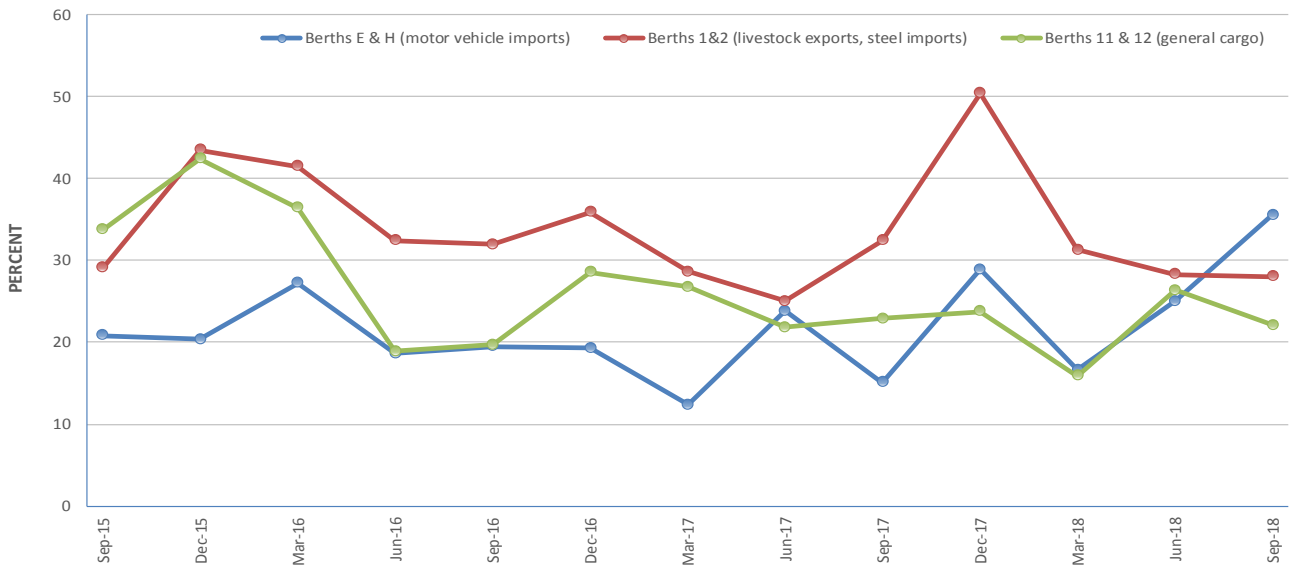
Date of Last Update: October 2018
Purpose - Monitor the berth occupancy rate to understand the effectiveness of our vessel scheduling and maintenance systems at KBT.
Target - Average 80%
Showing - Average berth occupancy for the 2018 year to date is 74%.
How the current results used for decision making? No specific action is deemed necessary as a result of the current quarterly results.

BERTH OCCUPANCY RATES
INNER HARBOUR COMMON USER BERTHS (RECORD: 770035)

Legend: Berths E & H (motor vehicle imports) — Berths 1&2 (livestock exports, steel imports) — Berths 11 & 12 (general cargo)

Y-axis: PERCENT (0 to 60)

X-axis: Sep-15, Dec-15, Mar-16, Jun-16, Sep-16, Dec-16, Mar-17, Jun-17, Sep-17, Dec-17, Mar-18, Jun-18, Sep-18

Date of last update: October 2018

Purpose - To monitor the berth occupancy rates at the Inner Harbour's Common user berths.

Target - 80% (Maximum acceptable occupancy rate)

Showing - Increase in utilisation of Berths E and H due to an increase of vehicle imports. Whilst berth occupancy for Berths 1 & 2 for the quarter has remained stable, utilisation has been affected by the ongoing campaign against the live export trade.

How the current results used for decision making? - The results allow us to establish patterns of usage to provide input into long term capacity planning. No specific action was deemed necessary as a result of the current quarterly results.

10

Container Exchange Rates
Minutes Per Container Exchanged (time alongside berth). Record: 770035

Date of last update: October 2018
Purpose - Monitor container exchange rates to understand the level of efficiency of the Terminal Operators.
Target - 2 Minutes per container
Showing - The spike in DP World figures are attributed to poor weather and resultant requests from vessels to remain alongside until the weather passes. There was also a compression of vessel arrivals causing vessels to remain alongside awaiting the labour required for cargo work.
How the current results used for decision making? - Whilst FPA has little influence over day to day decisions at the terminals, ongoing poor or average performance would typically trigger value chain-type assessments in the logistics chain with all stakeholders. This may also influence long term lease conditions. No specific action was deemed necessary as a result of the current quarterly results.

KBT DISCHARGE / LOAD SHIP PERFORMANCE
JULY 2018 TO SEPTEMBER 2018 (RM308109)

Date of Last Update: October 2018
Purpose - To monitor discharge & load performance of vessels at KBT.
Target - ≥ 100%.
Showing - The majority of vessels handled at KBT during the quarter have been favourable to the target level, with an average of 98.55% achieved.
How the current results are used for decision making - No specific action was deemed necessary as a result of the current quarterly results.

11

IMPORTS - UNLOADER No. 5 AND CONVEYOR EQUIPMENT AVAILABILITY
JULY 2018 TO SEPTEMBER 2018 (RM 308109)

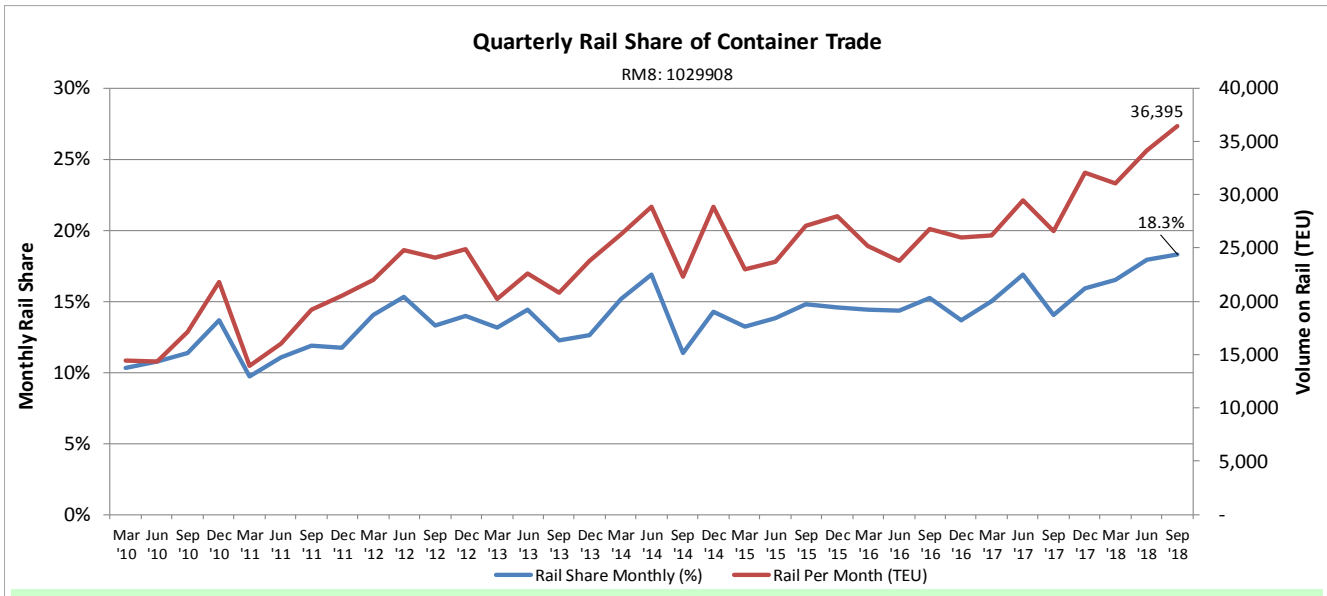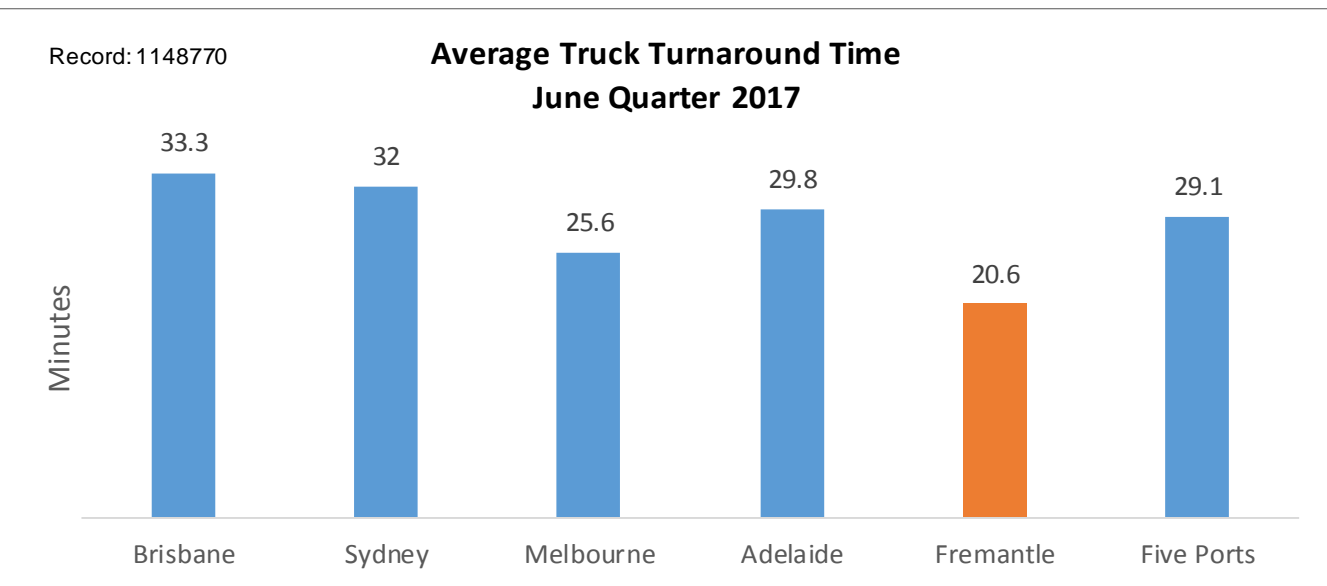Legend: AL05 — Conveyor — Equipment Target Rate
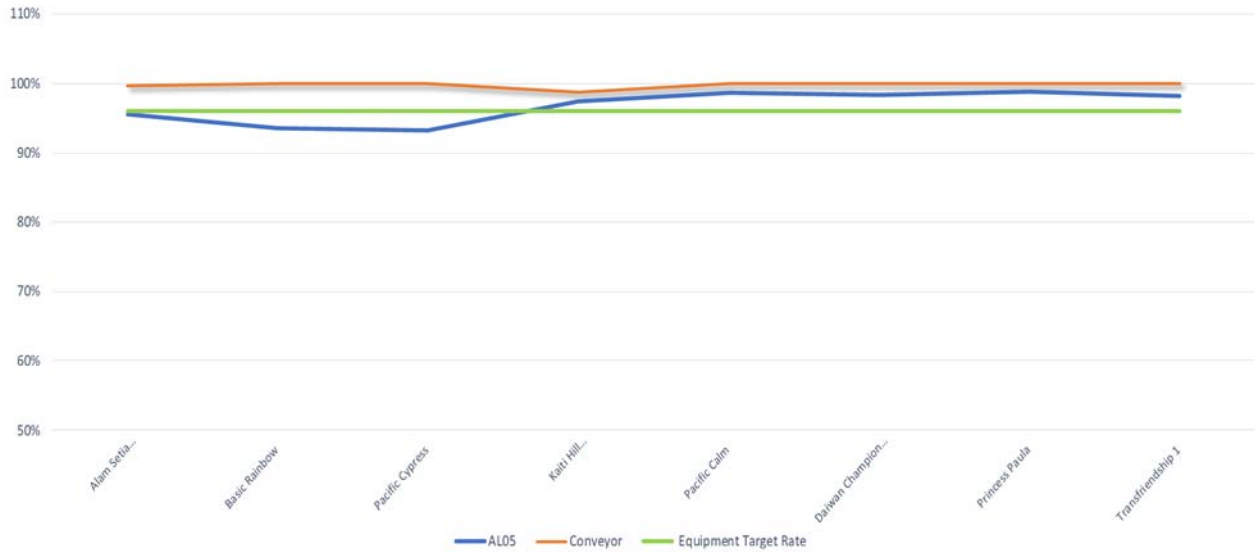
Date of Last Update: October 2018.
Purpose - To monitor the performance of KBT's import material handling system.
Target - ≥ 96% availability.
Showing - Performance of the ALO5 and Import Conveyor System was favourable to target averaging 98%.
How the current results used for decision making? No specific action was deemed necessary as a result of the current quarterly results.

EXPORTS - LOADER No. 4 AND CONVEYOR EQUIPMENT AVAILABILITY
JULY 2018 TO SEPTEMBER 2018 (RM 308109)

MV Kaithi Hill (2) - Spodumene - JC03 drive pulley collapsed

Legend: AL04 — Conveyor — Equipment Target Rate
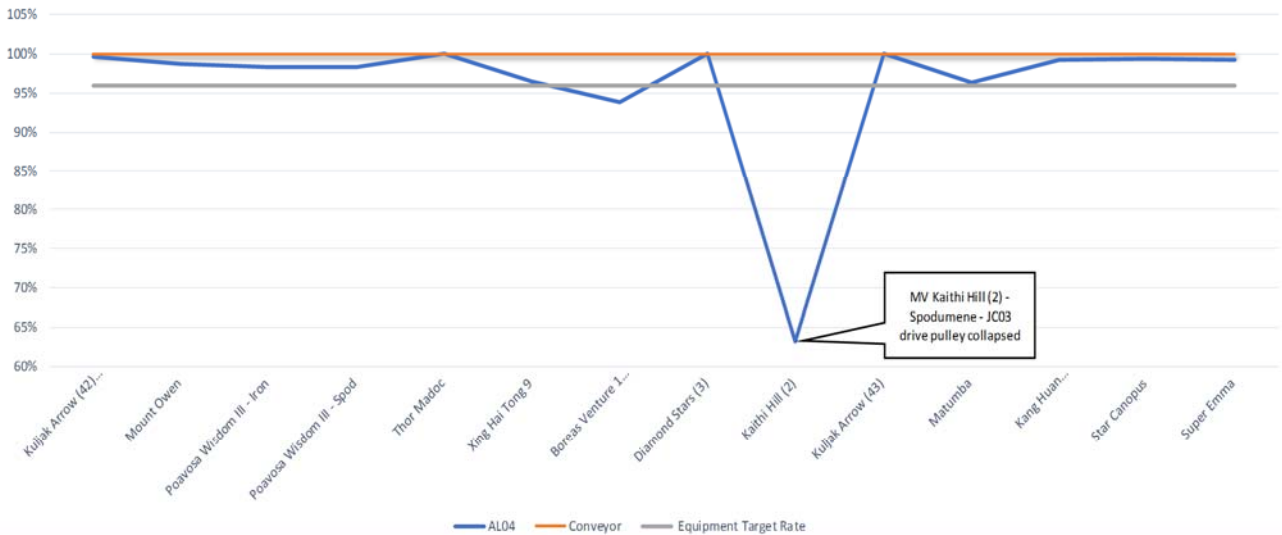
Date of Last Update: October 2018.
Purpose - To monitor the performance of KBT's export material handling system.
Target - ≥ 96% availability.
Showing - Performance of the Export Conveyor System was favourable to target averaging 100%. AL04 was marginally below target averaging 95.9%.
How the current results used for decision making? No specific action was deemed necessary as a result of the current quarterly results.

Quarterly Rail Share of Container Trade

RM8: 1029908

Legend: Rail Share Monthly (%) — Rail Per Month (TEU)

Average Truck Turnaround Time
June Quarter 2017

Record: 1148770

Lost Time Injury Frequency Rate (Record: 210520)
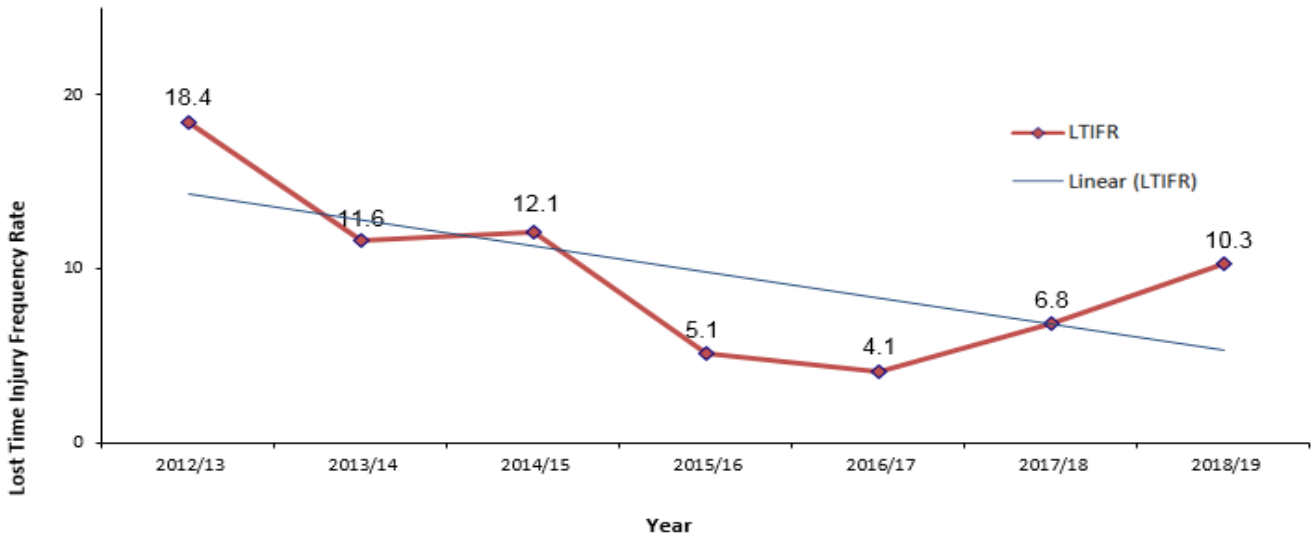
Lost Time Injury Frequency Rate = number of *lost time* injuries x 1,000,000 / total hours worked

Date of last update: October 2018.
Purpose - To monitor Fremantle Ports' Lost Time Injury Frequency Rate (LTIFR) result and to identify whether it is reducing over time.
**Target** - 2.7 (ie. manitaining the reduction target from the 2017/18 period).
Showing - 10.3 which is above target. Variable results are noted over time with an overall downward trend evident.
How the current results used for decision making? - Current results have identified the need to review recent lost time injuries to confirm whether current safety objectives and strategies are being effectively implemented, and whether any changes are required.

Fremantle Ports Environmental Incidents - Previous 12 Months
(Record: 1395484)
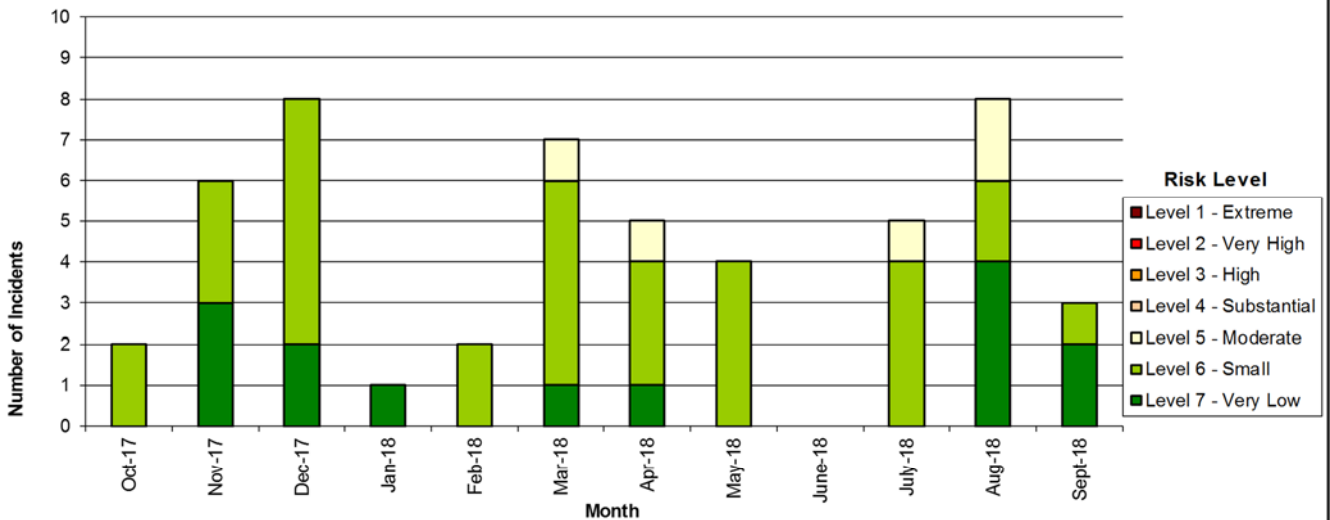
Date of last update: October 2018
Purpose - To monitor the number and severity of environmental incidents occurring at Fremantle Ports.
**Target** - Zero significant environmental incidents - zero environmental harm.
Maximum Acceptable Result - Environmental incidents with a risk rating of 'moderate'.
Showing - Favourable against maximum acceptable result for the September quarter 2018, with no incidents recorded with a risk rating above 'moderate'.
Decision making - Trends are monitored to identify emerging environmental issues and priorities. No trends were identified in the September quarter and no specific action was deemed necessary as a result of the current quarterly results.

Complaints Received September Quarter 2018 (Record No: 1398565)

Legend: ■ September Quarter 2018 ☐ September Quarter 2017 ■ Ave. of previous 2 years
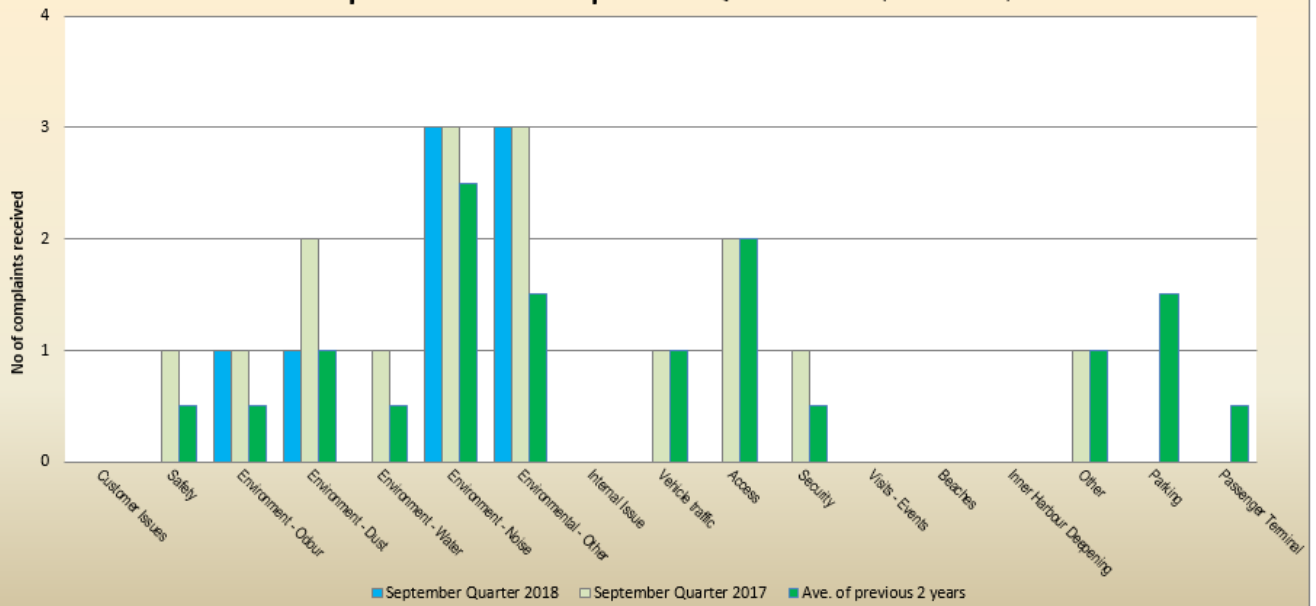
Date of last update: October 2018

Purpose - To monitor the number and type of external complaints received in relation to previous years.

Target - Decreasing trend over time in the number of complaints where practicable.

Showing - Two of three 'environment - noise' complaints related to train noise (one in the period after midnight, and the other relating to water sprays not working).

How are current results used for decision making? - The indicator informs Fremantle Ports where we need to focus attention to increase stakeholder satisfaction and support. All complainants in the current quarter have been responded to. As a result of the two 'environment - noise' complaints mentioned above, discussion is occuring with WA Freight Logistics Council to reinforce the particular social/environment impacts of train noise and vibration during the night. PTA has been contacted to fix the water spray issue.