

Performance Corporate Scorecard

Each year in the Annual Report, Fremantle Ports publishes a range of key targets covering economic, social and environmental performance. These performance 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.

How We Plan To Succeed	Target 2010/2011	Results
ECONOMIC		
Financial Results	\$ 7.1 m profit after tax	\$ 11.785 m profit after tax
Trade results		
Total trade - Annual growth rate	2.2%	-0.2%
Containers - Annual growth rate	2.0 %	7.4%
Service Delivery	Inner Harbour – Container Ships	
Minimise berthing delays	<i>Unavailability of Services</i>	
	Total vessels affected <1%	0.4%
	Average hours per delay <5	2.0
	<i>Unavailability of Berths</i>	
	Total vessels affected <12%	26%
	Average hours per delay <20	20
	Kwinana Bulk Terminal	
	<i>Unavailability of Services</i>	
	Total vessels affected <1%	1.4%
	Average hours per delay <5	5.0
	<i>Unavailability of Berths</i>	
	Total vessels affected <25%	61%
	Average hours per delay <80	158
	Kwinana Bulk Jetty	
<i>Unavailability of Services</i>		
Total vessels affected <2%	0	
Average hours per delay <5	0	
<i>Unavailability of Berths</i>		
Total vessels affected <25%	18%	
Average hours per delay <50	41	
Customer satisfaction	Maintain at least 80 to 90% overall customer satisfaction with agents/ shipping lines.	95% of shipping line customers satisfied or very satisfied with services provided by Fremantle Ports, based on shipping line/agents survey.

How We Plan To Succeed	Target 2010/2011	Results
BEST PRACTICE ENVIRONMENTAL, SAFETY AND OTHER SYSTEMS		
Compliance with international environmental standard ISO 14001	Continue to comply with ISO 14001, and further improve Environmental Management System	Certification to ISO 14001 maintained in external audit
Overall risk profile	Continue to implement treatment actions to ensure risk profile is reduced	Risk treatment actions continue. Greater focus on risk led to a reduction in risks rated greater than moderate, from 34 to 22.
Time lost to injuries	<p>Zero lost time injuries</p> <p>Overall target - 0.</p> <p>Improvement target -13.5 (i.e. 10% reduction in lost time injury frequency rate on previous year's target)</p> <p>Reduce workplace injuries.</p> <p>Maintain certification to AS/NZS 4801</p> <p>Implement safety culture improvements</p>	<p>11</p> <p>The lost time injury frequency rate was 19.4 compared with 16.9 in 2009/10.</p> <p>The number of workplace injuries was 74 compared with 70 in 2009/10.</p> <p>Certification to AS/NZS 4801 (Occupational Health and Safety Management Systems) was maintained following external audit.</p> <p>Safety for LIFE program was launched</p>
SOCIAL		
Community satisfaction	70 to 80% overall satisfaction	<p>Overall satisfaction, based on survey results:</p> <p>Inner Harbour 72%</p> <p>Outer Harbour 73%</p> <p>Support for the Inner Harbour in its role as a busy working port has increased significantly:</p> <p>Inner Harbour 91%</p> <p>Outer Harbour 94%</p>
Actions on complaints and suggestions	Follow up all complaints and continue to implement improvement opportunities	All complaints followed up. Industry working group continued to investigate and trial potential for reducing rail noise impacts.

Performance Service Delivery



Maersk Gironde at re-built Berth 10 on North Quay.

Deepening was essential to enable the port to accommodate bigger ships at full cargo-carrying capacity, thus retaining shipping services and maintaining compatibility with other national container ports.

Objective:

Providing reliable and efficient services that meet customer expectations

Key Outcomes Sought:

Understanding changing customer needs and being responsive to them
Completion of major infrastructure projects

Inner Harbour Deepening and Berth Works Completed

Fremantle Port's Inner Harbour and channel deepening and associated berth works were completed in April 2011. The \$250 million infrastructure project was achieved on budget and within two years of the works commencing. It was one of the biggest projects undertaken at the port since the opening of Fremantle Harbour in 1897 and was essential to enable the port to remain competitive.

The project involved constructing a 1 km sea wall extension at Rous Head to establish a reclamation area, dredging the Inner Harbour and Entrance Channel and realigning the Deepwater Channel, strengthening existing container Berths 4 to 9 on North Quay and reconstructing Berth 10 to enable it to handle container shipping. This berth now provides an additional 180 metres of operational wharf space for the port's container trade and received its first container ship, *Safmarine Meru* on 1 July 2010.

The average size of container ships calling at Fremantle Port has increased by more than 85 percent since the mid 1990s. Deepening was essential to enable the port to accommodate bigger ships at full cargo-carrying capacity, thus retaining shipping services and maintaining compatibility with other national container ports. Previously, some of the larger container ships calling at the port were unable to load to full capacity.

Phase 2 of the deepening, between August and November 2010 involved use of the cutter suction dredge *Phoenix* to break up clean limestone mainly from the harbour basin and Entrance Channel. The limestone was deposited via the trailer suction hopper dredge *Gateway* into an approved site about 7 kilometres offshore.

The final phase, completed in April 2011, involved the use of a small back hoe dredge to tidy up along the container berth faces on North Quay.



Margaret River Bridge arrives.

The project was undertaken with strict environmental conditions in place and an extensive monitoring program was implemented throughout to demonstrate compliance.

The deepening to 14.7 metres has increased the maximum draft capability for container shipping from the previous 12.7 metres to 14 metres, using Dynamic Underkeel Clearance draft-enhancing technology.

The ability to service the larger, more efficient ships fully loaded means the same volumes of cargo can be carried on fewer ship visits, with benefits in terms of economies of scale, fuel savings and reduced greenhouse gas emissions.

Early Contractor Involvement

Fremantle Ports used an early contractor involvement approach to plan the project with lead contractors Thiess Georgiou Joint Venture and international dredging specialist Boskalis Australia, before reverting to a series of lump sum contracts during the execution phases. The effective partnership ensured that the required engineering outcomes were achieved. Equipment and methodologies were carefully selected to meet the project objectives and to enable the project to be completed in a timely way without interruption to shipping.

Environmental Monitoring

The project was undertaken with strict environmental conditions in place and an extensive monitoring program was implemented throughout to demonstrate compliance. An independently-chaired and widely-representative Dredging Reference Group met regularly to oversee the implementation of the monitoring program and communication of results.

Virtual Navigational Aids

The realignment and deepening of the Deepwater Channel as part of the Inner Harbour deepening project meant that a number of floating navigational buoys would either not be required or would need to be relocated. The channel, used by all deep-draft commercial shipping, lies approximately five nautical miles north-north-west of North Mole. Its realignment has simplified the seaward approach into the Gage Roads shipping lane.

Using international guidelines and in close cooperation with the marine pilots, Fremantle Ports reviewed the floating buoys and has introduced virtual and synthetic navigational aids to increase vessel safety. There is an international trend towards use of such aids, which are essentially a fixed radio broadcast transmitting a set of known coordinates to mark hazards and channel boundaries.

Performance Service Delivery

The repair of a concrete tunnel severely damaged by a coal fire at the Kwinana Bulk Terminal in 2007 has been completed.



Tunnel repairs at the Kwinana Bulk Terminal.

The virtual navigation aids do not require any physical presence on the water. Synthetic aids are radio transmissions additionally marking a fixed or floating aid. Marine pilots guiding deep-draft ships through the channel see the virtual and synthetic aids on their navigational instruments and charting devices.

From its vessel traffic service, Fremantle Ports has established four virtual and two synthetic navigational aids that now mark the southern approaches to the Deepwater Channel. These types of navigational aids appear within the Australian Maritime Safety Authority's real-time national aids database. They have been used as an example of how navigational safety can be quickly and accurately enhanced in the operational environment at very little inconvenience or cost.

Maintenance and Facilities Upgrades

Reconstruction of Conveyor and Tunnel

The repair of a concrete tunnel severely damaged by a coal fire at the Kwinana Bulk Terminal in 2007 has been completed. The fire on the bulk materials storage pad also destroyed a conveyor and necessitated replacement of this equipment.

It is expected that the system will be ready for commissioning in August 2011.

Kwinana Bulk Terminal Shutdown

The first major maintenance shutdown of equipment at the Kwinana Bulk Terminal was carried out between 14 and 18 March 2011. This was the first time that maintenance shutdown activities were allocated to a fixed period in the shipping program, with shipping operations stopped to allow the work to occur. The main driver for this was the heavy shipping schedule in the previous six months with no significant gaps to complete essential works. All customers were advised well in advance.

New Fenders

Some of the fendering on J Berth was replaced in March 2011. This berth was constructed in the early 1970s. It was originally used by Stateships but for many years it has been the berth for the Inner Harbour tugs.

The replacement fendering consists of three panels fixed to the piles, with cylindrical rubbers between the panels and the wharf deck to absorb the berthing forces. The fender rubbers were recycled from the recent North Quay berth works.

Tenders have been called for the installation of new fendering on Berth 2 on North Quay, with the intention of having this work completed in 2011/12.



The Signal Station is situated at the top of the Administration Building.



Demolition of the large shed on Berth 12 began in April 2011.

Administration Building Refurbishment

Further work was undertaken during the year on renovations to the heritage-listed Fremantle Ports Administration Building on Victoria Quay. This landmark building was completed in 1964 and the harsh marine environment had taken its toll on the exterior cladding. The ceramic tiling had lost its lustre and in some cases its adhesion.

The tiles have been cleaned and coated with an epoxy long-life surface, colour matched as closely as possible to the original. Repairs have been undertaken to the windows of the building and the steel mast on the Signal Station has been refurbished. The work on the mast required extensive planning because of the communication and radar attachments.

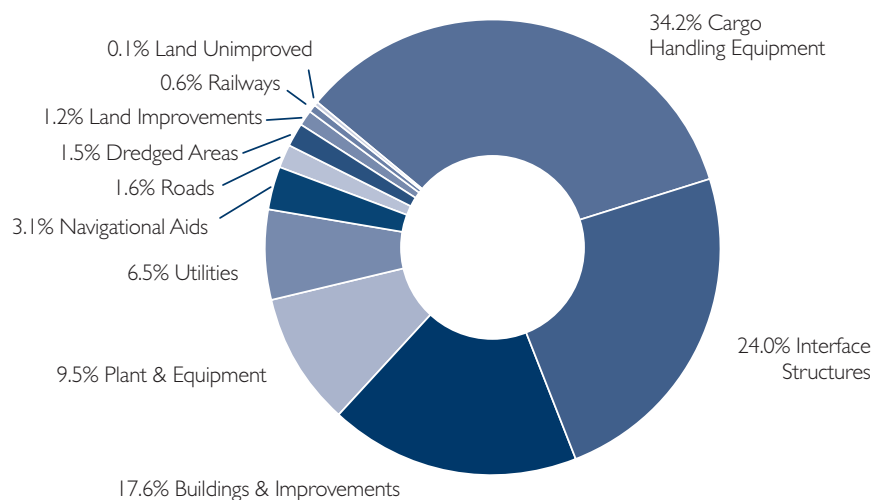
Changes in organisational structure in 2010 brought about the need for relocation of some branches. This required changes to office layouts and in 2011 some interior refurbishment was also undertaken.

Shed Demolition

Tenders were called in November 2010 for the demolition of the overhead transit shed behind common user Berth 12 on North Quay. This very large, high shed was constructed for Fremantle Port's first container terminal in 1969. For many years it has served as storage for cargoes such as imported steel, but use of the shed has remained relatively low, with high maintenance costs.

Removal of the shed will open up more wharf space for cargo handling and will improve the efficiency of general cargo discharge and loading.

Asset Maintenance & Service Costs 2010/2011



Performance Service Delivery

Increase in MSIC Applications

Federal Government changes this year to enhance the Maritime Security Identification Card (MSIC) scheme had flow on impacts for Fremantle Ports' MSIC Service Centre.

Under Australia's *Maritime Transport and Offshore Facilities Act 2003*, MSICs are required for people working within or needing to enter maritime security zones.

As well as a tightening of eligibility criteria from 1 July 2010, the validity period for an MSIC has been reduced from five years to four. Also, 2011 is the 5th anniversary of the MSIC scheme, making it the renewal year for people issued with the card in 2006.

In response to a related increase in new applications and the large number of applications for renewals, Fremantle Ports has introduced a mobile MSIC unit, taking the service to industry. As well as the convenience for applicants, this increases the rate of throughput.

An online tracking system has been introduced to enable clients to log in to see whether their MSIC is ready for collection.

Since 1 May 2006 Fremantle Ports' MSIC Service Centre has processed more than 42,000 applications for Fremantle and regional ports in Western Australia.

Port Incidents

Unloader Damage

On 26 June 2011, Fremantle Ports' auger-style unloader on the Kwinana Bulk Jetty was damaged when the vertical arm contacted the side of a ship's hatch and continued to slew for several seconds. An investigation was undertaken and temporary repairs will enable the equipment to be put back in use until a new arm can be manufactured and installed.

Rail Bridge Collision

Commuter services on the Fremantle passenger rail line were interrupted significantly when a bunkering vessel, *Parmelia I*, was caught in a strong tidal current and collided with the pylons of the Fremantle rail bridge. The collision resulted in damage to a mast for the overhead powerlines for the rail system.

The incident was the subject of a Department of Transport investigation.

Performance Capability for the Future

Objective:

Ensuring sound planning for all aspects of our business, including resources, services and infrastructure

Key Outcomes Sought:

Completing important planning projects critical to our future

Significant work has been carried out to define land uses and plan the infrastructure for this area.



Reclaimed land at Rous Head.



The Kwinana Bulk Jetty is one of two bulk cargo facilities owned and operated by Fremantle Ports at Kwinana.

Rous Head Planning

As a by-product of the first of the two major dredging campaigns, 27 hectares of reclaimed land is now available at Rous Head.

This new land is equivalent to about 20 per cent of the area of the existing North Quay/Rous Head precinct. Reclaimed land at Rous Head presents a significant opportunity to increase capacity and to enhance port efficiency in areas such as road and rail operations.

Starting with a call for Expressions of Interest, which closed on 15 September 2010, Fremantle Ports is working towards the leasing and development of this new site, and planning is well advanced. Significant work has been carried out to define land uses and plan the infrastructure for this area.

A tender process for allocating the new land was commenced and development of key infrastructure, including roads and service corridors on the reclaimed land is expected to be completed in 2012.

As well as providing scope to improve the port layout and capacity, the reclaimed land presents an opportunity to incorporate performance requirements in new leases which will promote overall industry efficiency. Fremantle Ports will be working closely with industry to establish key performance indicators and benchmarks for assessing operational efficiency and transparency.

Kwinana Bulk Jetty

Fremantle Ports has been granted an extension of its existing environmental approval relating to long-held plans for an additional berth at the Kwinana Bulk Jetty.

Work has recommenced to assess the export capability that an additional bulk berth would provide and the way in which this multi-user infrastructure might be provided is currently being explored.

Performance Capability for the Future

Fremantle Ports is finalising a strategic asset management improvement plan which will be implemented over the next two years.

Strategic Asset Management

Asset ownership is a significant cost to Fremantle Ports and developing a best-practice strategic asset management system continues to be a corporate priority. Over the past 12 months Fremantle Ports has developed and implemented a number of strategic asset management improvements including:

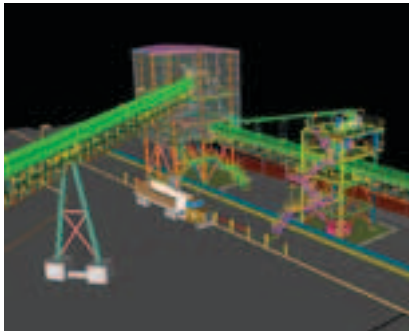
- a new expenditure prioritisation model for optimising allocation of funds, using cost-benefit analysis;
- a condition-rating manual (developed in partnership with the Port of Melbourne Corporation) to provide a standardised approach for assessing and rating the condition of port assets; and
- levels of service guidelines for identifying and documenting current and future needs of customers and how these needs can be met efficiently through asset investment and maintenance programs.

Fremantle Ports is finalising a strategic asset management improvement plan which will be implemented over the next two years. Management, financial, economic and engineering practices are being developed for each critical class of asset.



Siwertell unloader, Kwinana Bulk Jetty.

Performance Trade and Business Growth



New export infrastructure at the Kwinana Bulk Terminal will include covered conveyors.



Kwinana Bulk Berth 2.

Fremantle Ports acquired the Kwinana Bulk Terminal from BHP Billiton in 2002 and since then has spent over \$39 million upgrading infrastructure and service capability.

Objective:

Promoting and facilitating trade and business growth opportunities

Key Outcomes Sought:

Maintaining existing trade and business and capturing new trade and business opportunities

Kwinana Bulk Terminal Upgrade

During the year, Fremantle Ports thoroughly assessed the merits of various proposals for use of available capacity at the Kwinana Bulk Terminal (KBT). This took into account commercial, operational and other factors.

Mineral Resources Limited, a diversified Australia-based company with a history of success in the mining industry emerged as the preferred proponent. A commercial agreement for the export of up to 4.4 million tonnes of iron ore was completed in May 2011. As part of this agreement, Mineral Resources will fund the majority of a significant upgrading of export infrastructure at the terminal. The iron ore will be sourced initially from the company's Carina mine near Koolyanobbing and will be railed to the port.

It was also seen as important that capacity be made available to existing customer, Griffin Coal (now owned by Indian business conglomerate Lanco Infratech) to continue its coal exports from KBT to cover the transition period until new facilities for handling coal are built at Bunbury or elsewhere. On this basis Fremantle Ports has concluded negotiations with Griffin Coal for a capacity allocation of 750,000 tonnes of coal annually for four years, with that company also contributing to the cost of the planned upgrading. The agreement with Griffin Coal will help to maintain continuity of employment for Collie coal miners.

An application for works approval lodged with the Department of Environment and Conservation was advertised for public comment in June and other consultation with customers, neighbouring industries, local government and community was undertaken.

Fremantle Ports acquired the Kwinana Bulk Terminal from BHP Billiton in 2002 and since then has spent over \$39 million upgrading infrastructure and service capability. The current program at KBT, involving a \$44 million investment of private and public sector funding, will further improve export capacity and efficiency, with the works expected to be completed before the end of 2011.

Performance Trade and Business Growth

A commercial agreement for the export of up to 4.4 million tonnes of iron ore annually was completed in May 2011.

Benefits of the new trade opportunities include:

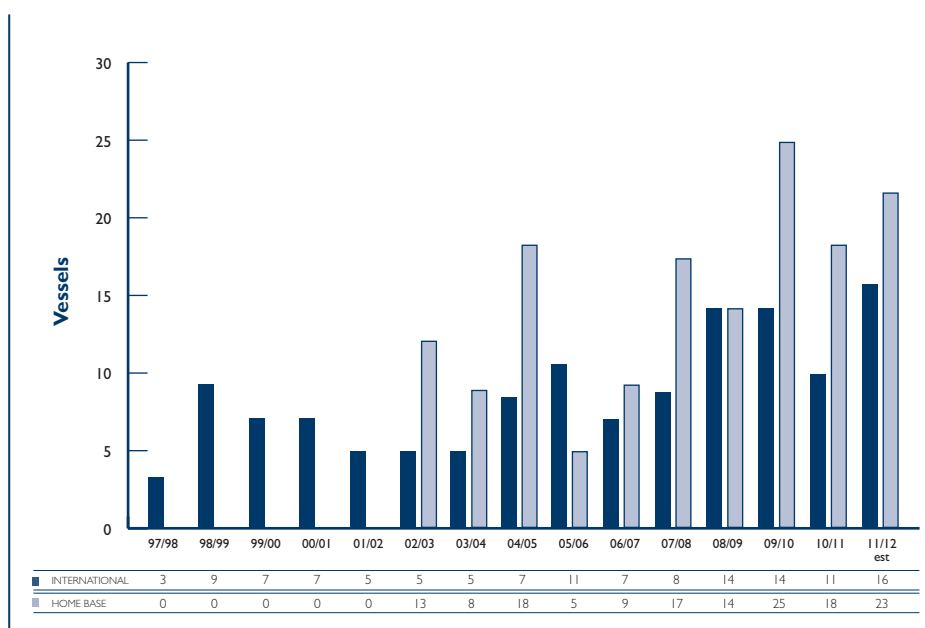
- investment by Mineral Resources Ltd at the mine and port, with a contribution to this investment by Griffin;
- significant local spend on infrastructure, equipment and services;
- significantly improved bulk trade handling operations in the Outer Harbour through improved export infrastructure at Kwinana Bulk Terminal;
- improved berth and rail capacity utilisation at the terminal;
- payment of mining royalties to the State (estimated by Mineral Resources Ltd at \$105 million in the first three years);
- revenue flowing to Western Australia from iron ore sales (Mineral Resources expects this to be approximately \$1.7 billion in the first three years of operation); and
- jobs creation.

Cruise Ship Visits

Cruising is now one of the most popular and fastest growing sectors of the tourism industry worldwide. Australia is regarded internationally as a growing destination and cruise lines are now assigning newer and larger vessels to the market where they are achieving good yields. Australian cruise industry passenger numbers quadrupled between 2002 and 2010.

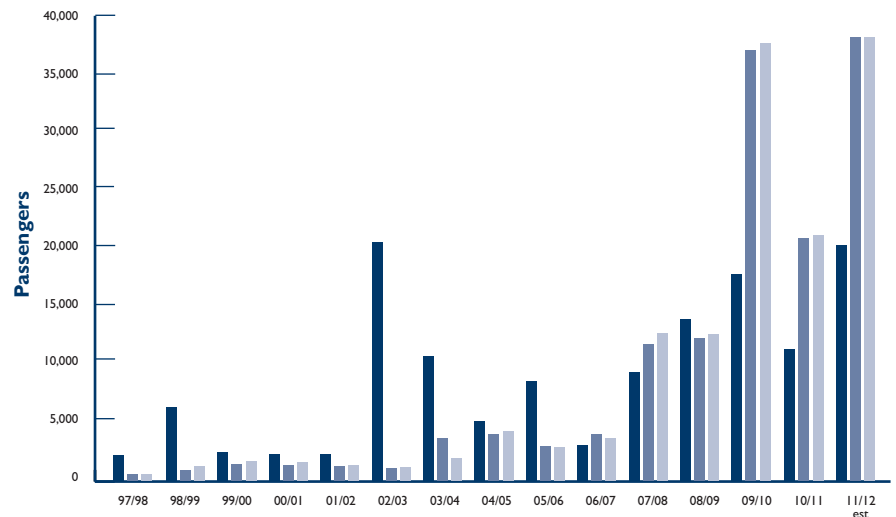
Fremantle is an established destination and home port for international cruise ships. Since 2002/03, the number of cruise vessel visits has grown with seasonal basing, which involves a complete passenger transfer when ships call.

Cruise Vessels Visiting Fremantle Port



In 2009/10, there were 39 ship calls with three ships seasonally basing in Fremantle. As only two ships (*Athena and Sun Princess*) seasonally based in 2010/11, the number of ship calls decreased to 29 but with *Pacific Sun* returning to seasonally base next financial year, there are 39 ship calls scheduled.

Passengers through Fremantle Port



■ TRANSIT PAX	1,862	6,000	2,234	2,093	2,024	20,492	10,386	4,954	8,181	2,290	9,000	13,788	17,763	11,134	20,000
■ DISEMBARKING PAX	459	750	1,241	1,162	1,056	850	3,669	3,775	2,933	3,700	11,500	12,080	37,127	20,508	38,000
■ EMBARKING PAX	487	993	1,490	1,395	1,260	950	1,745	4,060	2,991	3,500	12,500	12,366	37,644	20,679	38,000



Queen Elizabeth arrives in March 2011 for her first visit to Fremantle Port.

Passenger numbers at Fremantle decreased from 92,534 in 2009/10 to 52,321 in 2010/11 but are predicted to reach their highest level in recent times at 96,000 next year, based on current ship bookings.

Fremantle Ports is continuing to work with Australia's peak cruising body Cruise Down Under, the City of Fremantle, tourism bodies and other agencies to attract and maintain cruise line calls. This involves regular consultation with industry, investing in improvements to infrastructure, better informed management and targeted marketing and promotion.

Fremantle Ports has now participated in Cruise Down Under activities for more than 14 years and has helped to increase the number of cruise ship visits to Fremantle and also to ensure that the interests of WA regional ports are represented. A Fremantle Ports representative currently chairs Cruise WA.

Performance Trade and Business Growth

Highlights

Highlights of the cruise season were the second call of *Queen Mary 2*, the largest cruise ship to visit Australia, and the maiden visits of *Queen Elizabeth* and *Seabourn Sojourn*. Carnival Australia has announced that *Queen Mary 2* will make Australia its “home away from home” in 2012 and the ship will visit Fremantle twice in February 2012.

The departure of *Queen Elizabeth* from Victoria Quay on 1 March 2011 attracted thousands of people to farewell the ship.



The Fremantle Passenger Terminal, a landmark building on Victoria Quay, was opened in 1960.

The Fremantle Passenger Terminal has undergone significant renovation over the past two years.

Fremantle Passenger Terminal

The Fremantle Passenger Terminal has undergone significant renovation over the past two years. The \$2 million program to upgrade the Fremantle Passenger Terminal has improved facilities for passenger and cargo handling while respecting the building’s heritage significance. The program involved a series of upgrades to ensure the terminal continued to meet modern cruise shipping needs as well as relevant security, Customs, quarantine and occupational health and safety requirements.

Cruise lines have expressed high satisfaction with the terminal in meeting cruise ship and passenger needs and Fremantle Ports remains committed to undertaking ongoing improvements to facilities and processes at the terminal while respecting the heritage requirements in any works.

Refurbishment of the terminal won the Award for Conservation of a Heritage Place – Non Residential at the 2011 City of Fremantle and City of East Fremantle Heritage Awards. The terminal project was also a finalist in the Outstanding Non-residential Conservation category of the 2011 Western Australian Heritage Awards.

To mark the 50th anniversary of the opening of the first stage of the terminal in December 2010, a commemorative booklet was produced and was awarded a Commendation in the Fremantle - East Fremantle Local History Award – Publication category.

Fremantle Waterfront

Commercial Precinct

Fremantle Ports is continuing to explore a way forward for the development of a commercial precinct on Victoria Quay, taking into account community feedback on previous plans.

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The modern office accommodation in the new ferry terminal is free-standing.

Development approval for ING Real Estate's proposed mix of commercial, retail and café space lapsed in March 2011 and an extension of the approval will not be sought. The delay in getting this project underway as originally planned was linked to the impacts of the global economic downturn on property markets and resultant uncertainty regarding a future construction date.

Fremantle Ports remains keen to see commercial development in this area which is between the Fremantle train station and the waterfront.

Given the potential of the commercial precinct site in terms of reactivating the Victoria Quay Waterfront and the importance of this site within the greater urban context of the City of Fremantle, Fremantle Ports is exploring these options with the help of a high level working group. As well as Fremantle Ports personnel, the group has external representatives with experience in planning, design, architecture and economics.

The main objectives of the working group are to determine the key learnings from the previous ING proposal and to explore development options consistent with the Fremantle Waterfront Masterplan and the City of Fremantle's economic development and strategic planning directions. The outcomes of this work will be used as the basis for further consultation with key stakeholder groups.

Now that it will not be proceeding with the commercial development, ING has indicated its interest in selling its leasehold of the adjacent E Shed Markets and Fremantle Ports plans to take up this opportunity. Settlement is expected to be completed at the end of September 2011.

B Shed Ferry Terminal

Restoration and refurbishment of the eastern end of historic B Shed on Victoria Quay was undertaken by Fremantle Ports in 2010, and an area of about 600m² now houses a ferry terminal and café. The \$3.5 million restoration and refurbishment included repair and rebuilding of some of the giant doors, upgrading of essential services, installation of modern, free-standing offices for the ferry operators, development of a café with an alfresco deck, heritage interpretation elements and signage.

The B Shed Ferry Terminal won The Gerry Gauntlett Award for Excellence in Adaptive Reuse at the 2011 Western Australian Heritage Awards.

Leeuwin Ocean Adventure, which operates the sail training barquentine STS *Leeuwin II*, will continue to occupy the western end of the building.

Performance Trade and Business Growth

Port Discovery Centre

Fremantle Ports is investigating the possibility of developing a Port Discovery Centre in the middle section B Shed. Based on the overall theme, “if only the quay could talk” this centre would cater mainly for children and school groups and would be an interactive learning space.

The Victoria Quay Waterfront Interpretation Plan is being used to guide the selection of themes and stories to be included and a team of consultants has been appointed to assist with the planning, design and costing. Ensuring relevance to the national curriculum for primary schools has been an important consideration in planning the content. The journey through the centre is being designed to create a better understanding of Fremantle Port’s vital role in the lives of all Western Australians.

Discussions are also underway with potential community partners to help deliver the education programs and ensure a valuable experience for visitors.

As well as the interactive learning area, the centre will potentially include a multi-use function area and a viewing gantry for observation of the daily operations in the Inner Harbour.

Fremantle Ports has been progressing planning for a proposed marina at Rous Head.



W.A. Premier Colin Barnett announces the Rous Head Marina proposal with the Hon Simon O'Brien MLC.

Rous Head Marina

Fremantle Ports has been progressing planning for a proposed marina at Rous Head.

A call for expressions of interest was widely advertised in November 2010, seeking proposals from private proponents interested in developing and operating an integrated marina at the site. It is envisaged that the development will have recreational marina facilities, incorporating wet and dry boat pens, and a complementary landside development, potentially including cafés and restaurants, some retail, office space, a ferry terminal and other marine-related uses.

The response to the call for expressions of interest was strong, with a substantial number of high quality proposals received. Shortlisted proponents were invited to submit more detailed proposals.

A preferred proponent will be selected to progress the finalisation of commercial agreements, completion of site investigations and stakeholder consultation, and the submission of all necessary approval applications.

Fremantle Ports anticipates that construction of the marina could begin in late 2012, with a likely construction program of 18 to 24 months.

Magellan Lead Exports Halted

Ivernia Inc, parent company of Magellan Metals, announced on 5 April 2011 that the company had voluntarily halted its lead mining operations at Wiluna. This followed results of isotopic testing of a sample of dried mud on the bottom of a shipping container transported from the Magellan minesite to Fremantle Port.

In informing the Office of the Environmental Protection Authority, Magellan Metals said the result showed a high probability that some or all of the lead in the sample was from the Magellan mine. The result did not confirm whether the mud came from the mine site or from a rail yard at Leonora, where there may have been residual lead from previous operations of the Magellan mine between 2005 and 2007.

The decision to halt operations followed two earlier interruptions to the transportation of Magellan lead to the port. On 31 December 2010, the Minister for Environment issued a stop order to Magellan Metals to cease transporting its product from the Wiluna minesite after traces of airborne lead carbonate had been found within sealed sea containers used to transport lead.

Transportation of lead to the port resumed in late February, but on 15 March, Ivernia announced that Magellan Metals had voluntarily delayed the resumption of regular transport operations from the mine following revelations that a number of trains transporting lead had travelled on unauthorised routes.

The mine has since been placed under care and maintenance.

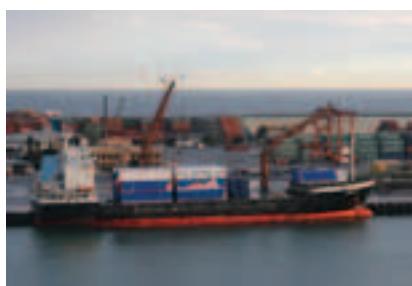
Trade Results

Total port trade reached 26.1 million tonnes in 2010/11. This was 0.2 per cent down on the 26.2 million mass tonnes recorded in 2009/10. The main reason for the decrease in trade volumes in 2010/11 was the fall in Outer Harbour exports, particularly grain exports.

Total value of trade through Fremantle Ports in 2010/11 was \$25.9 billion.

Total imports increased by 1.0 million tonnes or 8.2 per cent and total exports decreased by 7.4 per cent for this period.

Bulk cargo contributed 19.2 million mass tonnes or 73.7 per cent of total port trade in 2010/11, 0.6 per cent lower than last year. Bulk grains and oilseeds exports decreased by 1.5 million tonnes or 36.1 per cent following a Western Australian crop of around 7.0 million tonnes in 2010/11. The port's principal bulk cargo, petroleum products, increased from 8.4 million mass tonnes in 2009/10 to 8.6 million mass tonnes in 2010/11. Crude petroleum imports were at a similar level to last year.



Common user Berth 2 at North Quay.

Performance Trade and Business Growth

Total Port Trade 2001/2002 to 2010/2011



■ IMPORTS	10.628	11.023	11.727	11.434	1.175	12.010	13.009	12.545	12.103	13.091
■ EXPORTS	12.024	12.467	14.212	14.112	13.937	13.043	13.122	14.058	14.065	13.032
■ TOTAL	22.652	23.490	25.939	25.546	25.112	25.053	26.131	26.603	26.168	26.123



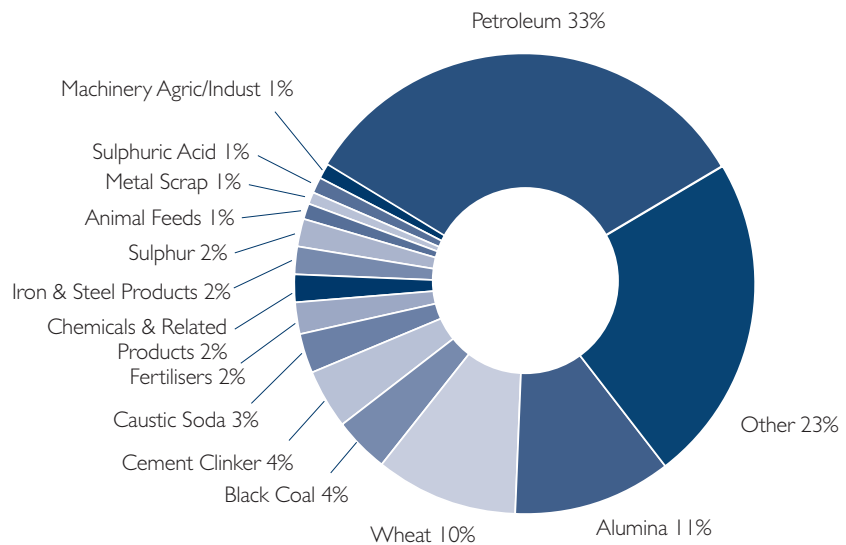
Unloading operations at North Quay.

Refined petroleum imports increased by 30.3 per cent and refined petroleum exports (including bunkers) increased by 3.8 per cent.

Inner Harbour imports increased by 9.2 per cent and exports decreased by 3.0 per cent. Total containers handled increased by 7.4 per cent in 2010/11 to a record level of 598,534 TEU, an increase of 41,091 TEU on the previous year. Container trade is almost five times the level in 1990/91, representing an average annual growth of 8.3 per cent for this period.

Non container cargoes in the Inner Harbour remained at similar levels compared with the previous year. Imports of other transport equipment and exports of animal feeds were the only significant increases compared with the previous year. Imports of iron and steel products decreased by 5.4 per cent compared with the previous year.

Principal Commodities Imports/Exports 2010/2011



In volume terms the port's principal export commodities are alumina, grain, refined petroleum and coal which together account for 72.0 per cent of total exports.

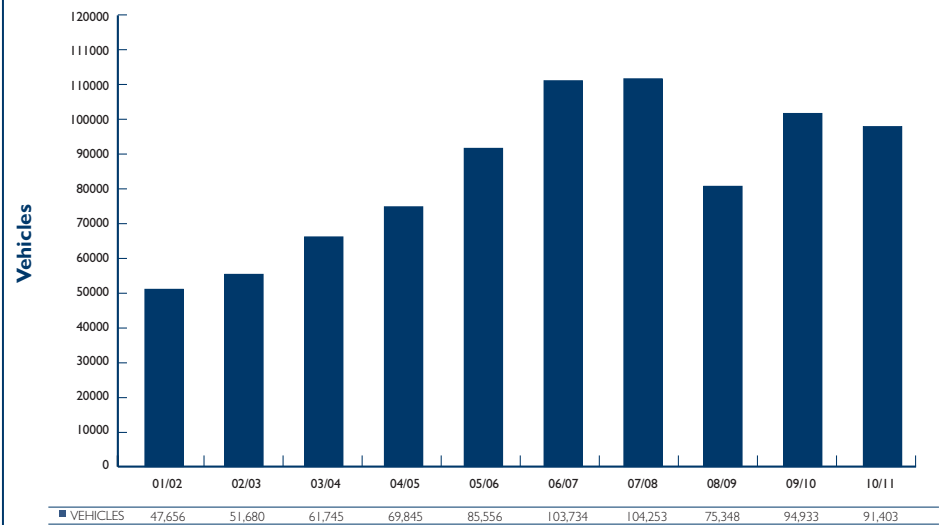
Major Trading Regions

Trade with East, South East and Southern Asia amounted to 57.0 per cent of total port trade in 2010/11, 1.6 percentage points lower than 2009/10. Over the period 2001/02 to 2010/11, trade with East, South East and Southern Asia has grown from 45 per cent to 57 per cent of Fremantle's total trade. Decrease in trade with Japan has deflated trade with East Asia by 1.7 per cent in contrast to 2009/10. South East Asian trade fell by 8.1 per cent due to a decrease in trade with Vietnam and Indonesia. In interpreting this figure, a cautionary note is that some of the decrease could reflect cargo trans-shipped through Singapore to and from other destinations. Australian coastal cargo accounts for 15 per cent of total port trade, the Middle East accounts for 17 per cent, North America four per cent, Africa one per cent, New Zealand one per cent and UK and Europe four per cent. Again, these figures could be deflated because of trans-shipments through Singapore. (A graphical presentation showing the link with world trade is shown in the Statistical Information section of this report).

Container trade for the year reached a record level, totalling 598,534 TEU.

Performance Trade and Business Growth

New Motor Vehicles - Imports 2001/2002 to 2010/2011



Most of the trade in new motor vehicles is handled at the eastern end of Victoria Quay.

Imports

Total imports increased by 8.2 per cent during 2010/11 to 13.1 million tonnes. Inner Harbour imports increased by 9.2 per cent mainly due to a rise in containerised iron and steel products and chemicals and related products. Outer Harbour imports increased by 7.8 per cent due to an increase in cement clinker, refined petroleum, sulphur and gypsum. Overall petroleum product imports (crude and refined) increased by 2.1 per cent compared with last year.

New motor vehicle imports through Fremantle Ports totalled 91,403 units in 2010/11, a decrease of 3.7 per cent compared with the previous year. New motor vehicle imports from Japan and Thailand decreased by 8.0 per cent and 5.7 per cent respectively in 2010/11 compared with last year. Imports from South Korea decreased by 13.8 per cent. Japan's share of total motor vehicle imports was 37.5 per cent in 2010/11 compared with 39.3 per cent last year. Imports from Thailand and South Korea accounted for 22.7 per cent and 17.4 per cent of the total respectively. Japan's recent natural disaster is expected to cause delays in production of motor vehicles in Japan and Thailand due to the unavailability of factory parts.

**Import Cargo Classified
According to Cargo Class
- Thousands of Tonnes**

Bulk	2010-11	2009-10
Petroleum Crude	5,517	5,578
Cement Clinker	959	656
Caustic Soda	784	735
Petroleum Refined	738	566
Phosphates - Fertilisers	447	383
Sulphur	418	279
Slag Residue ex Steel Furnace	194	163
Gypsum	173	87
Ammonia	117	124
Urea	116	207
Other	130	155
Totals	9,594	8,934

Non Container General Cargo	2010-11	2009-10
Iron and Steel Products	157	166
Motor Vehicles - New	143	151
Vehicles - Industrial and Agricultural	83	75
Machinery - Agricultural, Industrial	27	27
Other Transport Equipment and Parts	23	13
Rubber Manufactures	9	6
Manufacturers of Metal	6	13
Lime	6	0
Fabricated Construction Materials	5	0
Miscellaneous Manufactured Articles	2	2
Other	4	15
Totals	465	468

Container	2010-11	2009-10
Chemicals and Related Products	356	301
Iron and Steel Products	311	247
Paper, Paperboard and Articles of Paper Pulp	196	196
Machinery - Agricultural, Industrial	174	158
Manufactures of Metal	169	139
Unclassified Goods	145	108
Plastic Wares and Other Manufactures	136	111
Bricks, Tiles, Pavers, etc	126	117
Furniture and Parts	119	105
Ale, Beers and Stout; Cider (Alcoholic)	101	107
Other	1,180	1,112
Totals	3,012	2,701

Performance Trade and Business Growth



Loading grain at the Kwinana Grain Jetty. Photograph courtesy Co-operative Bulk Handling

Containerised grain exports decreased by 41.4 per cent or 9262 TEU in 2010/11 mainly due to the poor grain crop and competitive bulk shipping rates.

Exports

Total exports decreased by 7.4 per cent during 2010/11 to 13.0 million tonnes. Inner Harbour exports decreased by 3.0 per cent mainly due to substantial falls in containerised grain exports. Containerised grain exports decreased by 41.4 per cent or 9262 TEU in 2010/11 mainly due to the poor grain crop and competitive bulk shipping rates. Other Inner Harbour exports to decline were oats and animal feeds. Inner Harbour commodities to increase were mineral sands, crude minerals and nickel matt.

Outer Harbour exports decreased by 8.9 per cent mainly due to the decrease of coarse grains. Bulk wheat exports decreased by 25.9 per cent or 842,115 tonnes in 2010/11. Outer Harbour commodities to increase were coal and sulphuric acid.

In 2010/11 Fremantle Ports' major overseas export markets by volume (percentage of total exports) were China, 19.0 per cent, Japan 11.0 per cent, South Korea 6.0 per cent, Singapore 5.7 per cent, Indonesia 5.2 per cent, India 4.2 per cent, Iraq 3.6 per cent, and Malaysia 3.3 per cent. Exports to China decreased by 8.0 per cent in 2010/11 and represent 2.5 million tonnes or 19.0 per cent of total exports, making that country Fremantle's principal export trading partner. Alumina was the major export to China representing 0.95 million tonnes in 2010/11, a decrease of 11.3 per cent compared with 2009/10. Coal exports to China continue to grow with an increase of 41.2 per cent compared with 2009/10.

Exports to other Australian ports were 2.4 million tonnes in 2010/11, 4.7 per cent lower than last year, predominantly due to a decrease in alumina exports.

**Export Cargo Classified
According to Cargo Class
- Thousands of Tonnes**

Bulk	2010-11	2009-10
Alumina	2,800	2,845
Wheat	2,412	3,254
Refined Petroleum	2,154	2,047
Black Coal	1,133	545
Sulphuric Acid	260	192
Canola Seed	159	307
Ships Bunkers	150	173
Barley	113	556
Iron Ore	109	93
Animal Feeds	91	44
Other	256	459
Totals	9,636	10,517

Non Container General Cargo	2010-11	2009-10
Metal Scrap	288	278
Sheep	113	112
Cattle and Calves	63	51
Ammonium Nitrate	29	59
Vehicles - Industrial and Agricultural	6	11
Motor Vehicles - New	5	2
Hay, Chaff, Fodder (for consumption on voyage)	5	5
Machinery - Agricultural, Industrial	4	5
Unclassified Goods	2	1
Other Transport Equipment and Parts	2	2
Other	3	7
Totals	521	532

Container	2010-11	2009-10
Hay, Chaff, Fodder Peas (Stock Feed) - Cargo	266	397
Waste Paper	217	206
Mineral Sands	207	154
Titanium Dioxide	192	183
Malt	176	188
Other Crude Minerals	149	123
Wheat	136	228
Non Ferrous Metals	99	109
Nickel Matt and Concentrates	99	69
Metal Scrap	91	85
Other	2,864	3,015
Totals	4,496	4,758

Performance Trade and Business Growth



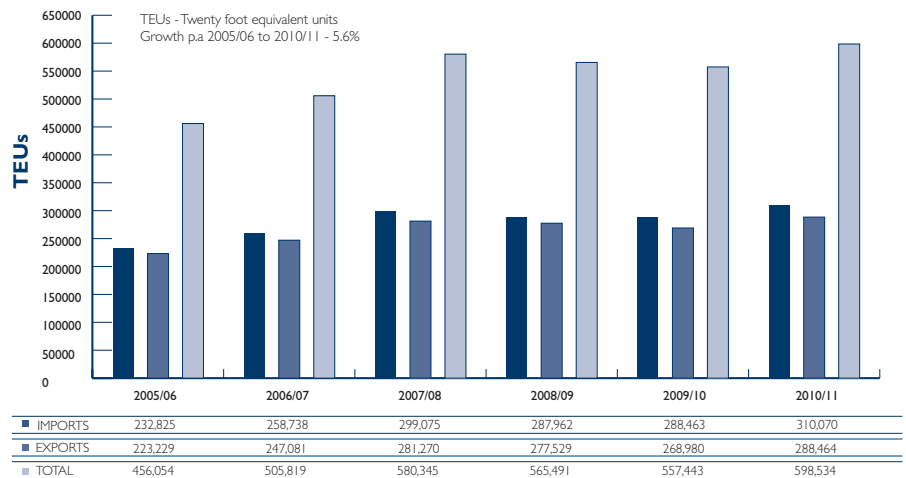
The container berths on North Quay have been strengthened to accommodate bigger ships.

Container Trade

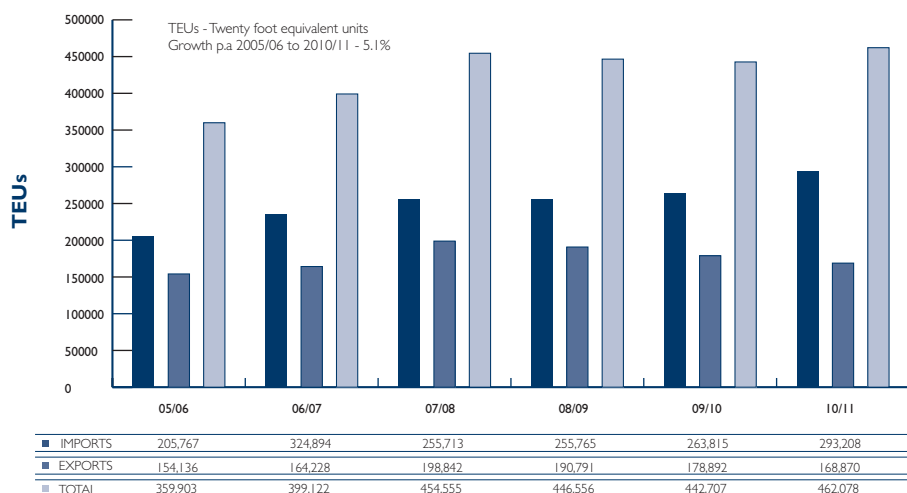
When compared with 2009/10:

- Container trade for the year reached a record level, totalling 598,534 TEU.
- Total container exports increased by 7.2 per cent and imports increased 7.5 per cent.
- Full container exports decreased by 5.6 per cent or 10,022 TEU and full imports increased by 11.1 per cent or 29,393 TEU.
- Empty container exports increased by 32.8 per cent and empty imports decreased by 31.6 per cent.
- Coastal container throughput totalled 68,731 TEU, a decrease of 6.5 per cent on 2009/10.

Container Trade Comparison 2005/2006 to 2010/2011



Full Container Trade Comparison 2005/2006 to 2010/2011



Top Ten Container Commodities Imported and Exported

Major Container Commodities Imported - TEU

Commodities	2009/2010	2010/2011	Variance %
Machinery - Agricultural, Industrial	28,110	30,624	8.94%
Furniture and Parts	24,757	27,811	12.34%
Iron and Steel Products	15,951	20,332	27.47%
Chemicals and Related Products	17,328	20,273	17.00%
Paper, Paperboard and Articles or Paper Pulp	18,695	20,063	7.32%
Plastic Wares and Others Manufactures	13,738	17,031	23.97%
Manufactures of Metal	15,645	16,975	8.50%
Unclassified Goods	9,662	13,730	42.10%
Rubber Manufactures	11,354	12,985	14.36%
Fabricated Construction Materials	11,941	9,333	-21.84%
Total	167,181	189,157	13.15%
Percentage of Total Full TEU Imports	63.4%	64.5%	

Major Container Commodities Exported - TEU

Commodities	2009/2010	2010/2011	Variance %
Hay, Chaff, Fodder Peas (Stock Feed) - Cargo	31,437	20,993	-33.22%
Waste Paper	18,145	19,349	6.64%
Malt	12,867	11,995	-6.78%
Titanium Oxide	8,993	9,391	4.43%
Mineral Sands	6,494	8,664	33.42%
Other Crude Minerals	5,225	6,238	18.71%
Fresh Fruit and Vegetables	6,080	6,108	0.46%
Chemicals and Related Products	5,262	6,052	15.01%
Fresh Meat - Chilled or Frozen	5,860	5,997	2.34%
Wheat	9,209	5,681	-38.31%
Total	109,602	100,468	-8.33%
Percentage of Total Full TEU Exports	61.3%	59.5%	

Performance Trade and Business Growth

Fremantle's Trading Partners

Fremantle Ports' top 10 overseas trading partners collectively account for 64.6 per cent of total non trans-shipment full container trade (refer table below). Australian coastal container trade accounts for a further 13.6 per cent.

Top Ten Container Trading Partners		
Percentage of Total Full Container Trade		
Country	2009/2010	2010/2011
China	103,413	119,323
Japan	38,455	34,711
Indonesia	22,054	22,695
Malaysia	22,230	22,483
Singapore (I)	18,641	22,382
Thailand	18,480	20,733
South Korea	17,820	19,617
United States of America	17,383	17,497
Vietnam	10,778	9,920
Taiwan	9,076	9,279
Top 10 Countries Percentage of Total Country Trade	62.9%	64.6%

Excludes all trans-shipment and empty containers

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

Livestock

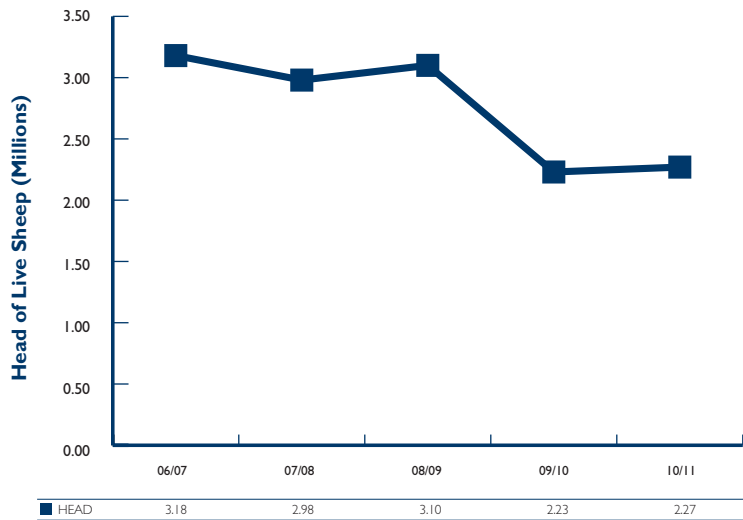
Livestock Exports 2010/2011					
Destination	Sheep	Cattle	Other Livestock	Total	% of Total
Asia - East		2,047		2,047	0.08%
Asia - South East	7,295	32,588		39,883	1.61%
Asia - Southern		1,189		1,189	0.05%
Indian Ocean - Mauritius	200	1,200		1,400	0.06%
Russia		1,569		1,569	0.06%
Middle East	1,910,725	71,383		1,982,108	79.91%
Mediterranean-Turkey	351,521	100,541		452,062	18.23%
Totals	2,269,741	210,517	0	2,480,258	100.0%

Live Sheep

2,269,741 head of live sheep were exported through the Port of Fremantle in 2010/11, a slight increase of 39,080 head or 1.8 per cent compared with 2009/10.

Fremantle Ports' share of total Australian live sheep exports was 75 per cent in 2010/11, compared with 73 per cent in 2009/10 and 76 per cent

Live Sheep Exports 2006/2007 to 2010/2011



The value of live sheep exports through Fremantle Ports in 2010/11 was \$A261 million.

in 2008/09. The value of live sheep exports through Fremantle Ports in 2010/11 was \$A261 million.

Exports from Australia during 2010/11 were 2.9 million head, 6.5 per cent lower than the previous year. The Middle East was the destination of almost all of Australian live sheep exports in 2010/11.

Kuwait was the largest export market for Australian live sheep in 2010/11 with 1.2 million head exported, followed by Bahrain, Turkey, Qatar, Jordan, Saudi Arabia, United Arab Emirates and Israel.

Live Cattle

Live cattle exports from Fremantle reached 211,000 head in 2010/11, an increase of 52,000 head or 32.5 per cent on 2009/10.

Fremantle Ports' share of total Australian live cattle exports was 27.9 per cent in 2010/11. The value of live cattle exports through Fremantle Ports in 2010/11 was \$A156 million.

In 2010/11, the largest export markets served from Fremantle were Turkey and Israel which account for 66 per cent of total live cattle exports.

Source of total Australian live cattle export statistics and value of trade: Australian Bureau of Statistics.

Performance Trade and Business Growth

OUTLOOK

Treasury Projections

Overall, the Western Australian economy has recovered well from the global economic downturn, with growth of 4.5 per cent forecast for 2011/12, following estimated growth of 4.0 per cent in 2010/11.

Western Australia's economy is expanding at a stable pace. Conditions in the resources sector are particularly strong, with robust demand from emerging economies and high commodity prices creating a substantial pipeline of investment activity. However, conditions in other sectors of the State's economy are more subdued.

Households continue to display a heightened level of fiscal restraint, resulting in modest growth in discretionary spending. Activity in the established housing market has softened markedly, partly in response to higher interest rates and the withdrawal of Commonwealth stimulus measures. At the same time, the agricultural sector has been affected by extreme weather conditions, and a number of industries are being challenged by the high Australian dollar.

Nevertheless, the overall outlook for growth is positive. Western Australia is in the midst of a major investment cycle, led by construction of the \$43 billion Gorgon Liquefied Natural Gas (LNG) project and several iron ore developments in the Pilbara and Mid West. Investment on these projects will underpin growth in the State's economy in 2011/12 and 2012/13, with exports becoming the major driver of growth from 2013/14.

Data: Government of WA 2011-2012 Budget, Economic and Fiscal Outlook, Budget Paper No. 3.

Trade in 2011/12

International demand for resources, particularly from China and other emerging economies remains very strong.

Imports are expected to grow strongly in coming years, largely driven by the projected upswing in business investment (including major items of capital equipment required to support the construction of the State's major resource projects). In addition, imports will be boosted by slightly stronger growth in household consumption.

However, there are a number of global risks which may impact on forecasts for growth in the Western Australian economy: concerns over Government debt levels in Europe, as well as the health of the US economy.

Fremantle Port's full container trade grew by 19,400 TEU or 4.4 per cent in 2010/11 compared with 2009/10. The port's container trade is

Imports are expected to grow strongly in coming years, largely driven by the projected upswing in business investment (including major items of capital equipment required to support the construction of the State's major resource projects).



Gypsum stockpile at Kwinana Bulk Terminal.

expected to grow in 2011/12 based on Treasury forecasts for growth in the Western Australian economy. Improvements in containerised grain exports are forecast in 2011/12 following a good start to the season.

Following a substantial 26.0 per cent rise in 2009/10, Fremantle Port's new motor vehicle imports declined by 3.7 per cent in 2010/11 compared with 2009/10. New motor vehicle sales remained strong in the first half of the year in 2010/11 while in the latter, sales decreased due to cautious consumer spending. Impacts from the earthquake and tsunami in Japan could continue to disrupt supply of new motor vehicles to Fremantle.

Fremantle's live sheep exports increased by 1.8 per cent to 2.3 million head in 2010/11. Fremantle's exports are forecast to increase to around 2.6 million head in 2011/12. ABARE (Australian Bureau of Agriculture and Resource Economics) forecasts live sheep exports will increase by around 7 per cent in 2011/12. Live sheep export prices are forecast to increase by 5 per cent in 2011/12 to \$120 per head. The forecast price increase reflects strong demand for Australian live sheep, especially from the Middle East.

Fremantle Ports' Kwinana Bulk Jetty and Kwinana Bulk Terminal bulk cargo tonnages represent around 22.0 per cent of total port bulk cargo volumes. Kwinana Bulk Jetty trade increased by 0.29 million tonnes or 20.1 per cent to 1.7 million tonnes in 2010/11. The increase was mainly due to rises in export of sulphuric acid and imports of phosphates, sulphur, gypsum and petroleum products. Trade throughput at Kwinana Bulk Jetty is forecast to be around 1.8 million tonnes in 2011/12.

Kwinana Bulk Terminal trade increased by 0.8 million tonnes or 49.5 per cent to 2.6 million tonnes in 2010/11, due to increases in coal exports, cement clinker and gypsum imports. Trade throughput at this facility in 2011/12 is forecast to be around 3.6 million tonnes. This increase in trade is due to a commercial agreement between Fremantle Ports and Mineral Resources Ltd (MRL) which will facilitate the export of iron ore through the Kwinana Bulk Terminal.

Co-operative Bulk Handling's Kwinana grain terminal exported 2.7 million tonnes in the 2010/11 financial year compared with 4.3 million tonnes in 2009/10. The decrease of 1.6 million tonnes is due to the poor harvest in 2010/11. Higher rainfall this year has boosted hopes of a Western Australian grain crop of around 11 million tonnes, after last year's crop of about 7 million tonnes. CBH expects exports at the Kwinana Grain Terminal to reach around 3.5 million tonnes in 2011/2012.

Petroleum product, Fremantle Port's major bulk commodity, is forecast to be around 8.3 million tonnes in 2011/12, and dry bulk alumina exports are expected to remain at levels similar to 2010/11 (2.8 to 3.0 million tonnes).

Performance Support Services

Objective:

Ensuring appropriate and cost effective resources, processes and systems to support service delivery

Key Outcomes Sought:

Support services are focused on achieving priority projects

Staffing

Fremantle Ports' full time equivalent employees total at 30 June 2011 was 318.98, compared with 306.43 last year. The attrition rate is 9.14 per cent.

Organisational Culture and Capability

Within the framework of its People Plan, Fremantle Ports continues to focus on building a constructive and supportive culture. The aim is to maximise employee and organisational performance by building personal and professional capability and job satisfaction.

Since Fremantle Ports' last cultural survey in 2009, particular emphasis has been placed on improving internal customer relationships and service levels; understanding motivational drivers for employees; and getting better at performance management.

One of the key tools being used for managers and other key influencers is a 360 degree feedback system to enable people to better understand their thinking and behaviour and how this impacts on their work group and ultimately the culture of the organisation. About 80 per cent of managers have completed their profiles and there has been good take-up of follow-up coaching to assist with understanding of results, construction of development plans and exploration of constructive leadership styles.

The 360 degree feedback opportunity will be extended to team leaders and supervisors in the coming year and the Executive Team will be "re-testing" to note any changes in their effectiveness and to identify further behavioural leadership goals.

Other activities undertaken over the past 12 months to further build organisational capability have included:

- identifying critical, important and difficult to fill positions;
- exploring phased retirement;

A Safety Climate Survey in December 2010 found there had been a significant improvement in overall safety culture at organisational, management, supervisor and team levels since a 2005 baseline survey.

- considering potential for the introduction of a graduate program;
- revitalising the established mentoring program;
- team development and awareness-raising on what makes high performance teams;
- gaining better insight into what keeps people at the port;
- establishing a young people's network to encourage connection, engagement and mutual support; and
- fostering a "buddy" system for members of the Management Team, with an 86 per cent take-up.

Health and Wellness

Fremantle Ports' Health and Wellness program is designed to provide employees with educational and lifestyle opportunities to improve their health and well being. Internal surveying shows that it is greatly valued by employees. This year's program included a range of initiatives such as: influenza vaccinations; first aid training; skin cancer screening; and healthy lifestyle awareness sessions on topics such as meditation, skin cancer awareness and reducing the risk of spinal injury.

Good rehabilitation support has continued to allow employees injured at work to return to duties reasonably quickly. Fremantle Ports continues to monitor general fitness for work in relation to fatigue management, hours of work and the physical level of work being undertaken by employees.

Occupational Safety, Health and Injury Management

Fremantle Ports is committed to integrating safety into all facets of its operations and providing a safe and healthy work environment for its employees, contractors and visitors.

An internal review in 2010 concluded there needed to be a centralised accountability for safety improvement. Consequently, a Safety Branch was established in the Port Operations Division. The new position of Manager Safety was created with an appointment made in February 2011.

A Safety Climate Survey in December 2010 found there had been a significant improvement in overall safety culture at organisational, management, supervisor and team levels since a 2005 baseline survey. Decision-making, trust, veracity of safety standards, equipment provided and perceptions of macro risk had all improved considerably.



CPR training is regularly undertaken.

Performance Support Services

In May 2011, Fremantle Ports was audited against safety management standard ANZS4801 with zero non-conformances.



The external report noted a significant positive shift in perceptions that management and supervisors put safety first, and the perception that employees did not have to take safety risks or break rules to get the job done. Two key opportunities for improvement emerged: more positive recognition for good safety behaviour and performance was required and, comparing the survey results with 2005 data, staff felt slightly less empowered now to make improvements to their work.

A new “Safety for LIFE” strategy was introduced in 2011. The strategy focuses on the positive performance indicators of active safety leadership at all levels in the organisation, recognising people for integrating safety into their daily tasks, action against the high potential hazards in the organisation, maintaining AS/NZ 4801 safety management standard certification and ensuring people have the right skills sets to work in a safe and efficient manner.

A safety “scratch card” reward system has been introduced. Cards are awarded by supervisors to employees who demonstrate desired safety behaviours. The cards are then entered in a monthly draw for prizes.

SAI Global conducts annual surveillance audits on Fremantle Ports’ safety and health management systems to ensure the organisation remains eligible for certification to the internationally recognised ANZS 4801 standard. In May 2011, Fremantle Ports was audited against safety management standard ANZS 4801 with zero non-conformances.

Details of performance against health and safety targets are on page 131 of the Disclosures section of this report.

Employee Relations

The *Fremantle Ports Administration and Management Enterprise Agreement 2011* was the first of four Agreements to be negotiated for this round of bargaining. Twelve nominated bargaining representatives took part in the negotiation of the Agreement over a period of six months. With an 84 per cent response rate to the ballot, the yes vote received a majority of approximately 98 per cent. The Agreement was registered with Fair Work Australia on 3 March 2011 and was ratified effective from 4 April 2011.

The Agreement will operate for three years and an Administrative Management Consultative Committee has been formed as part of the Agreement.

Changes were implemented in the Maritime Security Identification Card system to meet new requirements by the Office of Transport Security to strengthen security at the maritime borders nationally.



The eastern end of Victoria Quay is a secure zone.

Information Systems

Fremantle Ports' Port Management Information System went on-line on 1st July 2011 as scheduled. The system provides improved coordination of port services to customers. Its introduction has ended dependency on ageing technology infrastructure for key operational information, technology and communication systems.

Making it easier to make sense of data and information is another important focus. Progress was made this year on improving the capability of Fremantle Ports' systems to transform data and information into readily available business intelligence for users.

Key systems enhancements and renewed efforts to expand the roll out of the Voyager Dangerous Cargo system resulted in increased customer use of the electronic submission facility for dangerous cargo manifests. During 2010/11, the uptake of this electronic facility increased from 15 per cent to 50 per cent of customers importing or exporting cargoes classified as hazardous goods.

Security Systems Improvements

Changes were implemented in the Maritime Security Identification Card system to meet new requirements by the Office of Transport Security to strengthen security at the maritime borders nationally. The Common User Berths Access (CUBA) System streamlines control of access to the Common User Berths. The system's application software was upgraded to enable MSIC personnel to increase their operational efficiency with enhanced usability of the system.

Ensuring Sustainability of Systems

Significant efforts were directed at improving key aspects of Fremantle Ports' information systems by successfully completing application software and platforms, upgrades and improvements to usability and robustness. These systems support several business groups across the organisation: Port Operations, Finance, Human Resources and Safety.

Performance Business Sustainability

Objective:

Ensuring business sustainability through excellent performance in all areas, innovation, business improvement and community and stakeholder engagement

Key Outcomes Sought:

Favourable financial outcomes

Maintaining stakeholder support

Annual independent external audits of environmental, safety and quality management systems continue to confirm Fremantle Ports' triple certification to internationally recognised standards.

Business Excellence

Fremantle Ports applies the Australian Business Excellence Framework as part of its normal business. Current priorities progressed during the year include: identification, updating and consolidation of procedures; business improvement through simplification and innovation; value chain analysis with customers; development and implementation of management plans for key stakeholders; whole-of process auditing; and deployment of Fremantle Ports' Business Principles.

Annual independent external audits of environmental, safety and quality management systems continue to confirm Fremantle Ports' triple certification to internationally recognised standards.

In the most recent survey, held in May 2011, the auditors from SAI Global noted that Fremantle Ports had continued to maintain and improve the three management systems at all levels of the organisation in accordance with the requirements of standards ISO 14001:2004 and ISO 9001:2008 and AS/NZS 4801:2001. The feedback report concluded that the three systems were being managed effectively to ensure that the quality of work complied with technical specifications and that occupational health and safety and environmental risks were minimised.

Reducing Dust and Spillage

Improvements continue to be made to dust emission and spillage controls at the Kwinana Bulk Terminal.

Recent capital improvements include upgrading of the dust extraction system on a feeder belt to one of the two unloaders, provision of dust curtains on a transfer tower conveyor, upgrading of equipment to improve the transfer of waste material and purchase of a new water truck.

A water monitoring system has been fitted to the containment system beneath Kwinana Bulk Berth 3 at the Kwinana Bulk Jetty to improve the way in which wash-down water is collected and stormwater is

Significant support from Fremantle Ports is helping to ensure the long-term conservation of bottlenose dolphins in Perth metropolitan waters.

managed. The system monitors pH and turbidity and allows the quality of the water in the containment system to be tested before it is released into Cockburn Sound.

New stainless steel strainer buckets have been obtained for drains on this berth to prevent bulk products entering the containment system. A filtration system has also been installed to remove bulk product from water in the containment system that cannot be pumped into waste tanks.

Understanding Community Priorities

Fremantle Ports engages with the community through its two community liaison groups, project-specific consultation and via involvement with wide range of organisations. Information and views are shared to help with mutual understanding of priorities and this information is taken into account in strategic planning.

Consultation and communication on the Inner Harbour deepening project continued to be a major priority in the second half of 2010. A community information evening about the second phase of the dredging was held in July 2010. The Dredging Reference Group continued to meet regularly throughout the year and regular updates were provided to the community through Fremantle Ports' Portfolio community newsletter, its electronic newsletter, the website and media.

Community Contribution

Fremantle Ports provides sponsorships and in-kind support for a wide range of community organisations in the Inner and Outer Harbour areas. This support reflects Fremantle Ports' priorities and values.

Dolphin Research

Significant support from Fremantle Ports is helping to ensure the long-term conservation of bottlenose dolphins in Perth metropolitan waters. The funding support is for the Coastal and Estuarine Dolphin Project, a collaborative project between Murdoch and Curtin universities. The research project is studying the health and ecology of the dolphins in the Swan River, Inner Harbour and Cockburn Sound.

Port Events

Fremantle's second Celebrate Maritime Day expo in September 2010 was a great success with an estimated 9000 visitors and some 38 industry booths and numerous displays and activities. Building on the previous year's inaugural event, the Fremantle Passenger Terminal was a lively scene, with action also in the harbour.



Bottlenose dolphins are sighted frequently in the Inner Harbour.

Performance Business Sustainability



Learning about ropes at Celebrate Maritime Day.



Fremantle Ports employees donated soccer balls to children at Kulunga Kindergarten at Hilton Primary School, as part of a fund-raising event for the school.

Entertainment and attractions were also provided for the public at Victoria Quay for the inaugural visit of the cruise ship *Queen Elizabeth* in March 2011.

Support for Community Events

Fremantle Ports has been the anchor sponsor for the Fremantle Football Club's Starlight Purple Haze Game for six years. A series of fundraising activities at the port, including an official Purple Haze launch linked with the departure of *Queen Elizabeth* from Victoria Quay in March, Purple Haze parties held in the community and in schools, employee donations and the match-day tin-rattle, resulted in a record tally of almost \$71,000. The Starlight Children's Foundation brightens the lives of seriously ill and hospitalised children in WA and since Fremantle Ports began its involvement with Purple Haze activities, the total raised has been \$278,795.

Fremantle Ports was a major sponsor of the inaugural Rottneest Conservation Foundation Festival of Sail in April 2011. The aim of the regatta was to raise the profile of the Foundation's work in "conserving the essence of Rottneest" through funding environmental conservation works on the island.

Fremantle Ports also supported the Concert for Pakistan held in October at the Fremantle Arts Centre. This event raised more than \$15,000 for the Oxfam Pakistan Floods Appeal.

Other sponsorships and support have included the Fremantle Festival (including sponsorship of the Fremantle Proms concert), the Kwinana Festival, Rockingham Mussel Fest, the Fremantle - East Fremantle Heritage Festival, the Blessing of the Fleet Festival, the Fremantle Ports Swim Thru, the Coogee Jetty-to-Jetty Swim, and the 2011 Gimme Shelter Homeless Association concert.

Education Support

Fremantle Ports is committed to working with organisations and schools in the Fremantle, Cockburn, Kwinana and Rockingham areas to support education and to increase understanding of the role and importance of the maritime industry and the port. Providing support for schools in key areas of mutual interest, such as environmental sustainability is another focus.

A new partnership with Surf Life Saving WA is enabling the organisations Life Skills for Life education program to be delivered to 20 Year 7 classes a year in schools in the Fremantle and Rockingham - Kwinana areas. The program delivers valuable first aid and resuscitation education and introduces students to basic skills that will allow them to act quickly and appropriately in many first aid situations.

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Sponsorship continued for the Paraplegic Benefit Fund's Aqua Program in schools. The Aqua Program aims to reduce the risk of serious injury in the aquatic environment through presentations to Years 6 and 7 students by a person who has sustained a permanent spinal cord injury due to an aquatic incident.

Fremantle Ports is providing a four-year Murdoch University Discover Your Potential Scholarship through the Rockingham Education Development Group. The Group is aiming to encourage more students within the region to attend university by providing a scholarship for one Year 12 student from each of the 11 secondary schools in the Rockingham and Kwinana region.

Fremantle Ports has also given some support for research at the School of Arts and Sciences in the Notre Dame Fremantle campus.

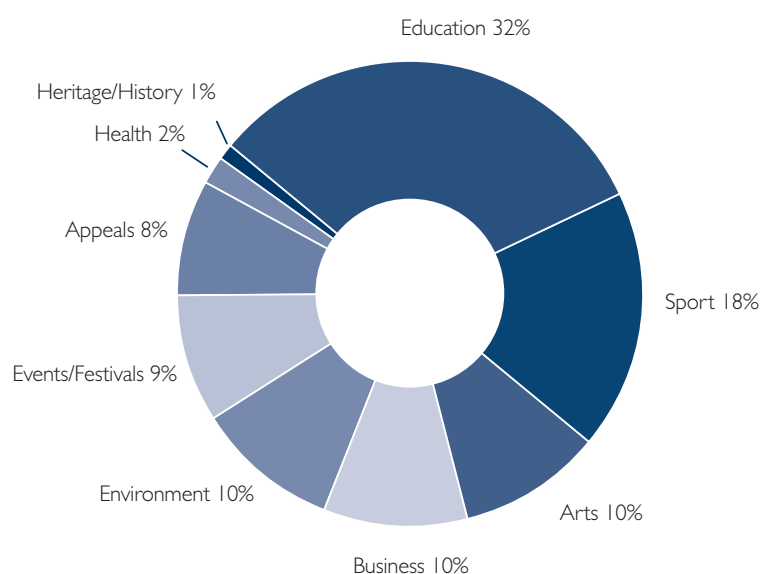
Sponsorship was provided for an achievement award at the annual 2011 Kwinana Industries Youth Art Exhibition and Awards held in March 2011. Scholarships have continued to be made available for students in maritime and marine studies programs at Rockingham and South Fremantle Senior High Schools. As well, support has continued for the Outstanding Student in Marine Studies award at the Challenger Institute of Technology.

Fremantle Ports has continued to provide support for the String Beans youth orchestra at North Fremantle.

Education Visits

Students from a number of schools and universities were provided with presentations on the port during the year.

Community Sponsorship 2010/2011



Performance Business Sustainability



Fremantle Ports' new Internet website was launched in May 2011.

New Website

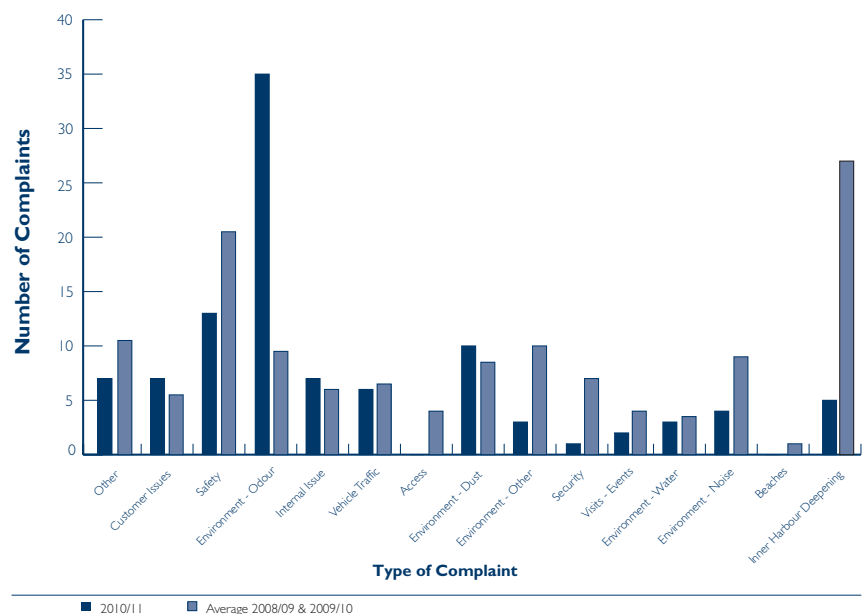
Fremantle Ports' Internet website was redeveloped during the year, introducing a new structure to make the site easier to navigate. A number of new features have been introduced.

Complaints Management

Fremantle Ports received 103 complaints in 2010/11 compared with 117 complaints in 2009/10. Of these, 35 were related to odour impacts, compared with 13 in this category the previous year.

Most of the odour complaints were generated by the impacts of livestock exports from the Inner Harbour at Fremantle and the significant increase was due mainly to two events. One of these was that four livestock vessels were loaded in the port in the four days leading up to Christmas Day, with weather conditions and the concentrated activity combining to create an odour issue. The other cluster of complaints occurred during the loading of the Bader III in March 2011. The ship had been undergoing repairs at Victoria Quay prior to loading and was also the subject of a dispute over crew pay and conditions. Once these matters were resolved, the ship was moved to Berth 12 on North Quay and the sheep were transferred from the holding feedlots. Under Fremantle Ports' preferred berthing policy for

Fremantle Ports - Registered Complaints 2010/2011 Comparison with average of previous two years



Monitoring of noise levels was undertaken to understand the effectiveness of various initiatives including rail and rolling stock maintenance, track lubrication systems and train speed.



Increased use of rail for container freight reduces the rate of growth of port - related truck traffic.

livestock vessels most loading takes place at North Quay Berths 1 and 2, the berths furthest from residential development. On this occasion, however, these berths were not available in the required timeframe.

Complaints relating to the Inner Harbour deepening project reduced significantly in 2010/11. Five complaints were received in this category, compared with 27 the previous year.

Case Study - Managing Rail Noise

Finding ways to reduce the impacts of rail noise on the community continues to receive attention as a high priority issue. An inter-agency working group on reducing rail noise was established and facilitated by Fremantle Ports in response to complaints received over time from local residents living near the railway line in the West End area of Fremantle.

The initial focus was on rail and rolling stock maintenance, track lubrication systems and train speed.

Monitoring of noise levels was commissioned in April 2010 by the Public Transport Authority to measure freight train pass-by noise levels at two residential properties opposite the Roundhouse. This study was unable to identify an optimal speed for reduced noise from train pass-bys and concluded that there were other contributing factors.

Since October 2010, the train speed limit through the area has been reduced on a trial basis from 25km/hr to 10km/hr.

Monitoring of noise levels was undertaken to understand the effectiveness of various initiatives including rail and rolling stock maintenance, track lubrication systems and train speed. An independent expert consultant was engaged to review results and make recommendations. These and other measures are currently being examined and tested to address this issue and the community representatives continue to be consulted and kept informed of progress.