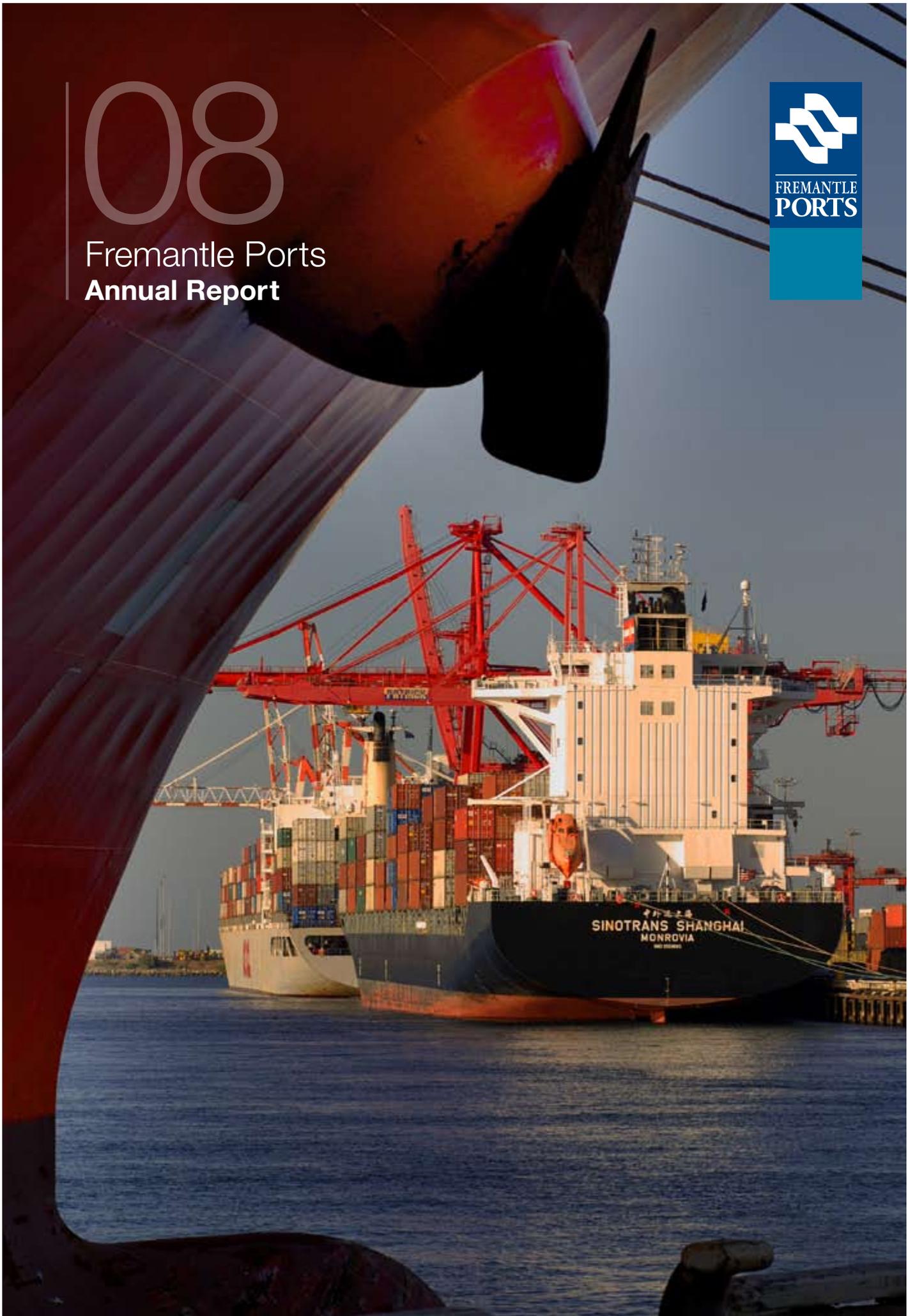


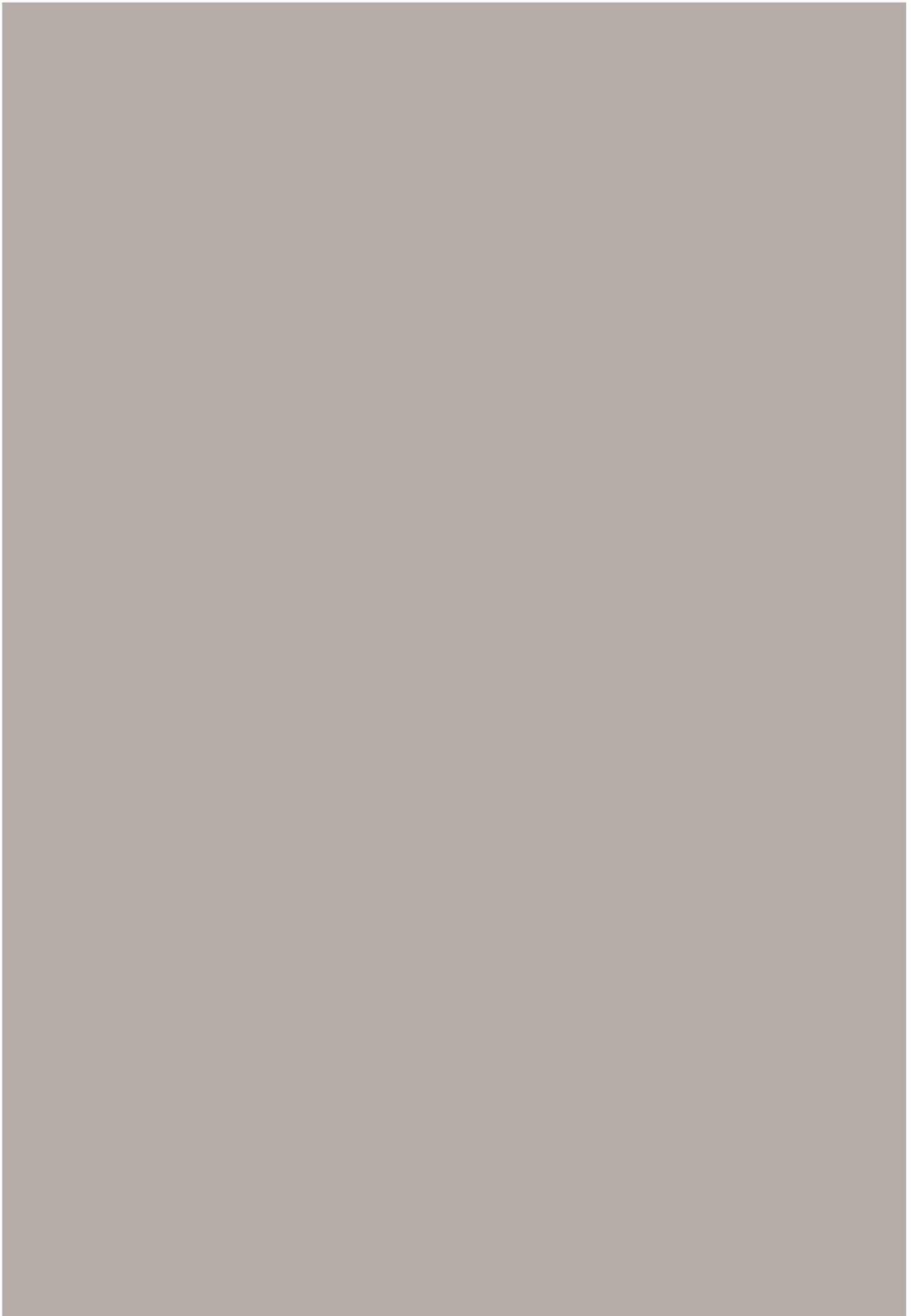
08

Fremantle Ports
Annual Report



FREMANTLE
PORTS







To The Hon Alannah MacTiernan MLA

Minister for Planning and Infrastructure

In accordance with section 68 and clauses 34 and 35 of Schedule 5 of the Port Authorities Act 1999, I hereby submit for your information and presentation to Parliament, the Annual Report of the Fremantle Port Authority which trades as Fremantle Ports for the year ended 30 June 2008.

Alan Birchmore

Chairman | Board of Directors

Table of Contents

02 Overview

- 02 Performance Highlights
- 03 What We Do
- 04 Chairman's Report
- 06 Chief Executive Officer's Report
- 08 Corporate Scorecard
- 10 Key Business Results

11 Performance

- 11 Service Delivery
- 15 Capability for the Future
- 21 Trade and Business Growth
- 37 Support Services
- 40 Business Excellence and Sustainability

50 Significant Issues and Trends

- 50 Strategic Issues

52 Disclosures and Legal Compliance

- 52 Corporate Governance
- 52 Board of Directors
- 58 Directors' Report
- 63 Organisational Structure
- 64 Executive Team
- 65 Financial Statements
- 104 Directors' Declaration
- 105 Financial Audit Opinion
- 106 Financial Performance Indicators
- 109 Key Performance Indicators

116 Statistical Information

- 128 Inner and Outer Harbour Maps
- 129 About this Annual Report



Performance Highlights

- Fremantle Ports' container trade totalled 580,000 TEUs (twenty foot equivalent units) which was an increase of 14.7 per cent on the previous year's total. Container trade growth has averaged 9.7 per cent annually since 1990/91.
- Fremantle Ports' strong trading performance enabled a contribution of \$18.4 million in taxes, tax equivalents and dividends to Government.
- Adding to the extensive array of studies completed already, further environmental and technical studies were initiated in relation to the proposed development of the Kwinana Quay container and general cargo port facilities, with this important project now in the statutory approvals phase.
- Progress was made towards approvals for planned deepening of the Inner Harbour to accommodate larger ships, with a number of technical studies completed, a contract awarded to a locally based company for the supply of steel sheet piling and an early contractor involvement model adopted.
- The rail share of the container transport task to and from Fremantle for the period from 1 January 2008 to 30 June 2008 averaged about 14.5 per cent, up from the 13.3 per cent for 2007/08 as a whole. This compares with just 2 per cent in 2002.
- Results of the 2008 shipping line survey indicated a continuing high level of overall satisfaction with Fremantle Ports' services over recent years, with 88 per cent of respondents either very or quite satisfied.
- The Development Application for the ING Commercial Precinct project on Victoria Quay received conditional approval from the WA Planning Commission.
- A new role for B shed as a combined use ferry terminal was announced, with selection of a preferred proponent to undertake the development.
- Significant progress was made in establishing closer links with primary and secondary schools in the port area with the aim of achieving improved understanding of the role and importance of the port.

What We Do

The Port of Fremantle is vital infrastructure for Western Australia, a state dependent on trade for its economic performance. Operating from Fremantle and Kwinana, it is WA's biggest general cargo port.

Fremantle Ports, a Government trading enterprise, is the strategic manager, with its role being to ensure the port can efficiently cater for trade and operate in a sustainable manner with the support of its customers and the community.

Fremantle Ports' functions include the facilitation of trade, planning and co-ordination of services, construction and maintenance of infrastructure and planning for future growth and development.

The Inner Harbour at Fremantle handles almost all of the container trade for Western Australia. It also provides facilities for handling livestock exports, motor vehicle imports, other general cargo trades, cruise ships and visiting naval vessels.

The Outer Harbour, about twenty kilometres to the south at Kwinana, is one of Australia's major bulk cargo ports handling grain, petroleum, liquid petroleum gas, alumina, iron ore, coal, fertilisers, sulphur, pig iron and other bulk commodities.

The port is a mix of facilities and services managed by Fremantle Ports and private operators. Fremantle Ports provides and maintains shipping channels, navigation aids, cargo wharves at common user areas and leased terminals, the Fremantle Passenger Terminal, road and rail transport infrastructure in the port area, moles and seawalls and other port infrastructure such as storage sheds, water, power and public amenities.

Three of the jetties in the Outer Harbour at Kwinana are operated by private companies, generally under Special Agreement Acts with the State. They are the Alcoa, BP and CBH jetties. The Kwinana Bulk Jetty and the Kwinana Bulk Terminal are operated by Fremantle Ports. Services such as towage, pilotage (under contract to Fremantle Ports), line boats, bunkering and providing of ships are provided by the private sector.

Fremantle Ports also co-operates with Commonwealth Government agencies responsible for customs, quarantine and maritime safety.

How We Work

Fremantle Ports' Vision and Mission describe our business intent. With our Corporate Values they provide the foundation for our strategic planning and decision making, helping us to prioritise and work towards common goals.

Our Vision

To be valued by our customers and the community for our leadership and excellence.

Our Mission

To facilitate trade in a sustainable way

Fremantle Ports sees its people, customers, environment, community and success as important. In recognising this, the Corporate Values agreed by staff are:

- Respect and Integrity
- Safety and Wellbeing
- Responsiveness and Delivery
- Continuous Improvement and Innovation
- Sustainability

Chairman's Report

The successful performance of the national economy and the quality of life we enjoy in Australia depend heavily on trade and the efficiency of the trading gateways. That is particularly so in Western Australia, where the regional ports to our North and South carry out the essential task of getting Western Australia's basic materials to market. They do that very well and our State's trade performance is the envy of all others.

Fremantle's task is different, but no less crucial than those pure resources ports. An impressive \$24 billion in exports and imports passed through our various facilities last year. The cargoes were mixed, reflecting the incoming industrial and domestic needs of our society and a significant percentage of exports. The flow on benefits to the community from these activities has been dramatic. This year the Fremantle Ports contribution to the Western Australian economy was \$1.36 billion, local household income from this source was over \$377 million, representing the equivalent of 5,374 full time jobs.

Western Australia continues to grow and this port complex which comprises four separate port run facilities, plus marine responsibilities for a further four, in all, extending 30 kilometres from North Fremantle almost to Rockingham, is gearing up to meet ever expanding needs in a safe, well planned and transparent way. The rigorous approvals process for an effective doubling of port capacity with the first stage to be in place in 2015 has commenced to allow the national and State trade demands to be delivered, effectively and on time. But we are good listeners and in this process we will give close attention to the views of our neighbours and be caring of the environment and the history, heritage and amenity of Fremantle, Kwinana, Cockburn and their surrounding communities.

This year, the Board has an added task to appoint a new Chief Executive Officer for Fremantle Ports. Kerry Sanderson AO's name has become synonymous with the successful management of this complicated enterprise, which she has governed and managed with dedication, success and style. Her time at the wheel has covered an amazing 17 years in which this highly talented executive has met every challenge forthrightly, with enthusiasm, competence and outstanding success.

Kerry has been appointed Agent General for Western Australia in London, an important responsibility which she will meet with the accustomed courage and dedication for which she has become well known. The employees and directors of Fremantle Ports are united in our thanks to Kerry for her outstanding contribution and wish her every success in her new international role.

The port is in very good shape. Its infrastructure and equipment is managed and maintained by well trained personnel who apply the highest levels of care for the land, water, air and community in which we operate. That high standard of care and development through training is applied even more rigorously to our employees, who represent our intellectual capital and that account is in substantial credit.



North Quay

Chairman's Report

Safety should be a priority of every industrial undertaking and it is very pleasing for me to join this Port as Chairman to find excellent results from the safety programs. However; safety is an ongoing responsibility, requiring constant vigilance and further improvement will always be high on the agenda.

The Port has many friends, our Minister the Honourable Alannah MacTiernan MLA has been a champion of Western Australia's ports while also being a defender of the rights of those affected by major development which a booming economy has required. We thank her for her support and deep interest. The Mayors of Fremantle, Kwinana and Cockburn and a number of councillors have shown a willingness and interest to become involved and contribute their views and advice to our expansion plans. The Maritime Union of Australia represents many of our employees and a constructive and productive relationship has developed with that Union. The Port's users are our lifeblood and we thank them for the constructive and cooperative relationship we enjoy with them all.

I am looking forward to our future at Fremantle Ports with considerable enthusiasm; it will not always be an easy ride. We will have a new CEO. The Port must come to grips with handling the new generations of larger faster shipping and the daunting task of doubling our task within seven years. New facilities will be constructed on our land in the form of the ING development which will breathe new life into a previously quiet area of the waterfront. Planning and consultation has also started to further develop West Victoria Quay, in a way in which it can become an even more integral part of Fremantle - an active and exciting area for residents and visitors alike. In association with the WA Planning Commission, the Fremantle City Council and the local community, this effort specifically includes the concerns and suggestions of the local people and a detailed process has commenced to do that. We look forward to an exciting and productive year.

Alan Birchmore

Chairman

15 August 2008

Chief Executive Officer's Report

In another busy year, it is pleasing to report that we have been able to not only achieve a number of key performance targets but in some cases exceed them. In all major segments of our business, workload issues have meant that we have needed to focus on priorities and pleasingly we have seen significant progress on projects identified as being strategically important for our ongoing success and sustainability.

Trade growth in some areas has been well beyond predicted levels. Container volumes, for example, were 14.7 per cent above last year's record figure and iron and steel break-bulk imports have been another trade reflecting the buoyancy of the State's economy with an increase of 8.5 per cent compared with 2006/07.

There has been strong growth also in some of the bulk trades handled at our two bulk facilities at Kwinana, notably coal, cement clinker, iron ore, gypsum, sulphur, phosphates and urea. Wheat exports were down by

1.0 million tonnes but other grains were up significantly and motor vehicle imports were slightly up after doubling over the preceding five years.

The healthy trade outcomes combined with business strategies made possible in part by our commercialised status, have enabled Fremantle Ports to return \$18.4 million to the Western Australian Government in dividends, taxes and tax equivalents. However the high rates of increase in the price of steel and other inputs to our maintenance and capital works continue to create challenges in containing costs. In that regard the 25.3 per cent increase in the non-residential building construction index in Western Australia over the past two years highlights some of these cost pressures, and the recent increase in steel prices of about 60 per cent with further steep escalation expected means it is more difficult to contain construction and maintenance costs and that we are now needing to spend considerably more to achieve the same maintenance outcomes.

A busy port indicates flow on benefits for household income and the State's economic health overall. Trade growth, however, inevitably brings challenges, and in the Inner Harbour the need to address land freight issues is one of the most significant. Further progress has been made this year in landside logistics, with co-operation from industry and strong support from the State Government to get more containers on rail. By year end around 14.5 per cent of the container trade travelling to and from the port was handled in this way, some seven times the figure six years ago. Further details of this and other strategies related to the 2002 Freight Network Review's six point plan for increasing the efficiency of freight management are included elsewhere in this report.

The progress being made in landside logistics, as with other aspects of our operations, is critically dependent on a co-operative relationship with the key parties and this was well demonstrated in the successful efforts in late 2007 to put in place strategies to avoid container congestion in the busy pre-Christmas period.

We have worked closely with our customers throughout the year to meet their needs, using value chain analysis to gain a very detailed understanding of what makes a real difference to their business outcomes and our ability to deliver the best possible service.



Bulk product stockpiles of gypsum (light) and nutcoke (dark) at the Kwinana Bulk Terminal.

Chief Executive Officer's Report

The results of our customer annual surveying show that 88 per cent of shipping lines and agents are very or quite satisfied with the services we provide compared with 89 per cent in the previous year. We appreciate the customer feedback because the surveys and other aspects of our customer liaison highlight further opportunities to improve, and strategies are being put in place to address these in a systematic way.

Retaining certification to our environmental, quality and safety standards was another target achieved. There was recognition of the progress made since our last survey 12 months previously and identification of future priorities. Priority continues to be given to safety and the environment, and it is particularly pleasing to see the progress in safety in terms of improving our systems and reducing lost time injuries.

Bailey Marine Group's proposed development of B Shed as a common user ferry terminal is a logical re-use of this historic building and we look forward to seeing a start on this work within the next few months.

The new Fremantle Waterfront Planning Committee headed by the Chairman of the WA Planning Commission is focusing strongly on early input from the community for other aspects of the Fremantle Waterfront Masterplan implementation, with interpretation of the economic and social history of the port recognised as being an important part of this.

As I prepare to move on from my role at Fremantle Ports to take up the post of Agent General for Western Australia in London, I look back with great pride in the achievements of Fremantle Ports over the past seventeen years and particularly recognise the team effort behind this. I have enjoyed being at the helm as CEO, appreciating the chance it has given me to help our importers and exporters, and I am leaving behind a strong organisation which recognises the need for support from customers and the community. Many projects have been successfully completed and others are well on the way to successful outcomes but I have no doubt that there will continue to be many challenges ahead.

I am indebted to our Minister, the Honourable Alannah MacTiernan MLA and her staff for their support, and I take this opportunity to say how helpful this has been in carrying out my role. I extend sincere thanks also to the directors of Fremantle Ports' Board for their support and guidance, and in particular acknowledge the contribution of Mr Joe McKay who retired earlier this year after three and a half years as Chairman and a total of ten years' service on the Board, and our new Chairman Mr Alan Birchmore.

To our customers, port service providers, others in the port industry and government agency representatives, thank you for partnering with us and best wishes for future success. I also want to thank our community and in particular the members of Fremantle Ports' Inner Harbour and Kwinana Community Liaison Groups who have given their time over more than a decade as participants in these forums for information sharing. Community understanding and support is so critically important to the sustainability of this dynamic working port.

Lastly but very importantly, I have very much appreciated the fantastic and very professional team we have at Fremantle Ports and I would like to acknowledge our General Managers and other members of staff for their loyalty and commitment over so many years, in fair and sometimes stormy weather.

Kerry Sanderson

Chief Executive Officer

15 August 2008

Corporate Scorecard

Each year in our Annual Report, we publish a range of corporate targets covering economic, social and environmental performance and the extent to which we managed to achieve these business objectives.

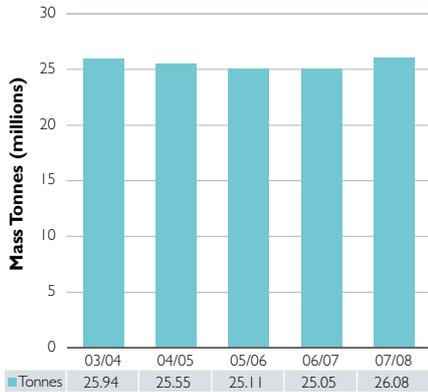
How We Plan To Succeed	Target 2007/2008	Results
Economic		
Financial Results	\$10.7.m profit after tax profit	\$17.9 m profit after tax
Trade results		
▪ Total trade	29.0 m mass tonnes	26.1 m mass tonnes
▪ Containers	534,000 TEUs	580,000 TEUs
Service Delivery		
▪ Minimise berthing delays	<p>Inner Harbour – Container Vessels</p> <p>Unavailability of Services</p> <p>Total vessels affected <1% 0.2</p> <p>Average hours per delay <5 6.1</p> <p>Unavailability of berths</p> <p>Total vessels affected <12% 10</p> <p>Average hours per delay <20 18</p> <p>Kwinana Bulk Terminal</p> <p>Unavailability of Services</p> <p>Total vessels affected <1% 0</p> <p>Average hours per delay <5 0</p> <p>Unavailability of berths</p> <p>Total vessels affected <25% 44</p> <p>Average hours per delay <80 75</p> <p>Kwinana Bulk Jetty</p> <p>Unavailability of Services</p> <p>Total vessels affected <2% 0</p> <p>Average hours per delay <5 0</p> <p>Unavailability of berths</p> <p>Total vessels affected <25% 18</p> <p>Average hours per delay <50 75</p>	
▪ Customer satisfaction	Maintain at least 80 to 90% overall customer satisfaction with agents/ shipping lines.	88% of shipping line customers were satisfied or very satisfied with services provided by Fremantle Ports, based on shipping line/agents survey.

Corporate Scorecard

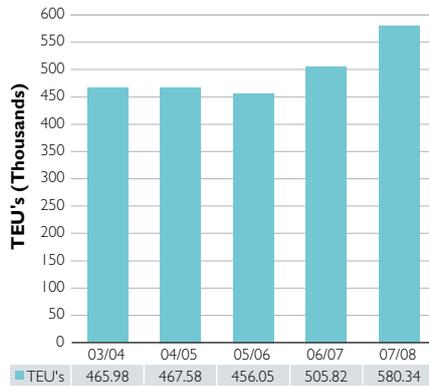
How We Plan To Succeed	Target 2007/2008	Results
Best practice environmental, safety and other business systems		
Compliance with ISO 14001	Continue to comply with ISO 14001, and further improve Environmental Management System.	Certification to ISO 14001 maintained in external audit of safety, quality and environmental management systems.
Australian Business Excellence Framework	Follow up recommendations from SAI Global Evaluation Team Report and continue to implement Business Improvement Plan.	Consolidated the improvement suggestions and identified priorities which are now being addressed.
Overall risk profile	Continue to implement treatment actions to ensure risk profile is reduced.	Risk treatment actions continued and greater focus on risk led to an increase in greater than moderate risks assessed of 9 to 39.
Time lost to injuries	Zero tolerance of lost time injuries. Reduce workplace injuries. Maintain certification to AS/NZS 4801. Implement safety culture survey.	Lost time injury frequency rate was the lowest on record at 7.57 compared with 20.72 the previous year. Certification to AS/NZS 4801 (Occupational Health and Safety Management Systems) maintained.
Employee commitment and satisfaction	Further follow up Employee Opinion Survey outcomes. Development of succession plans, leadership development strategies.	Leadership competencies assessed for 80 staff and succession management development plans being progressed.
Social		
Community satisfaction	70 to 80% overall community satisfaction.	Overall satisfaction (based on survey results) Inner Harbour community 66% Outer Harbour 60%. Support for the Inner Harbour in its role as a busy working port: Inner Harbour community 78% Outer Harbour 82%.
Actions on complaints and suggestions	Follow up all complaints and continue to implement improvement opportunities.	All complaints followed up. Significant reduction in North Quay traffic complaints, reflecting improvements in traffic management.

2008 OVERVIEW KEY BUSINESS RESULTS

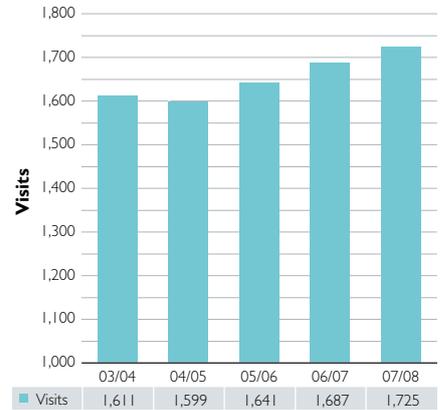
**Total Port Trade (Mass Tonnes)
2003/2004 to 2007/2008**



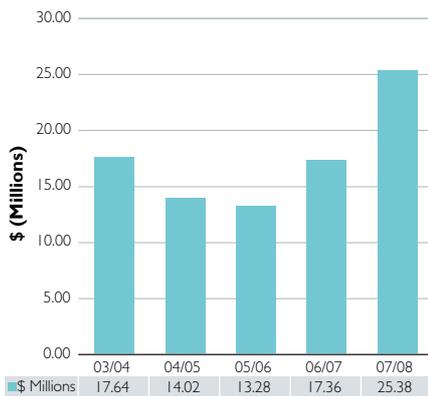
**Total Container Trade - TEUs
2003/2004 to 2007/2008**



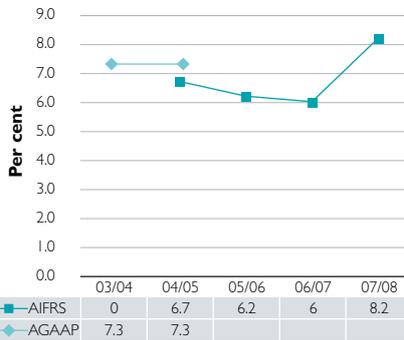
**Total Ship Visits -
2003/2004 to 2007/2008**



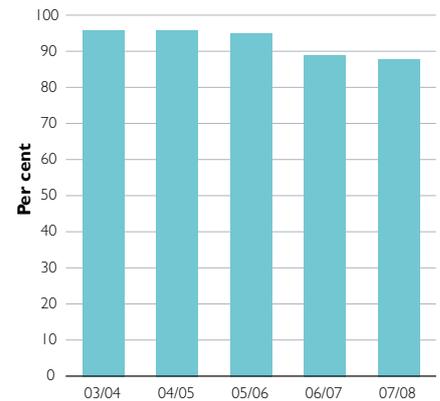
**Operating Profit (Loss)
Before Income Tax Equivalent
Comparison 2003/2004 to 2007/2008**



**Economic Rate of Return on Assets
Comparison 2003/2004 to 2007/2008**



**Shipping Line/Agent - Survey Services -
2003/2004 to 2007/2008
Level of Overall Satisfaction
with Fremantle Ports' Services**

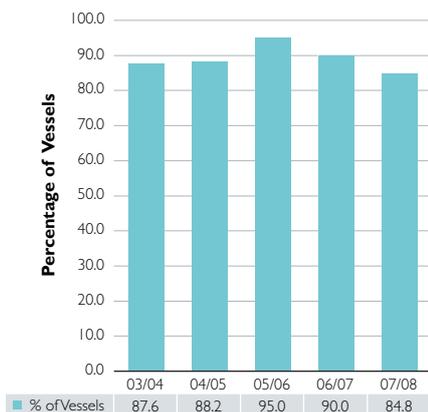


For comparative purposes the above figures exclude individually significant items.

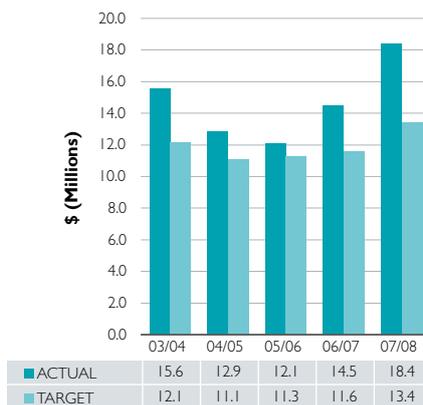
The Economic Rate of Return is based on assets valued at depreciable value. With effect from 2005/06, Fremantle Ports financial statements are prepared in compliance with Australian International Financial Reporting Standards (AIFRS). The 2004/05 figures which were previously reported under Australian Generally Accepted Accounting Principles have now been restated under AIFRS.

In 2007/08, 88% of respondents were satisfied or very satisfied. Target range 80-90%.

**Time Awaiting Berth -
% of Container Vessels With Zero Waiting
Time 2003/2004 to 2007/2008**

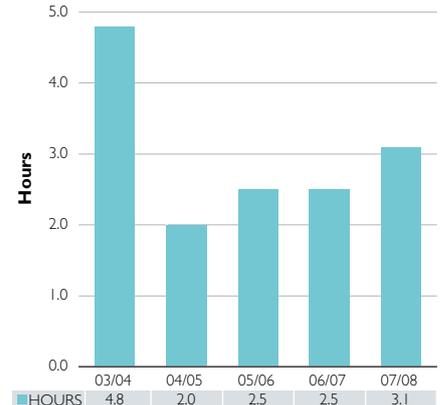


**Fremantle Ports - Contributions to State
Government 2003/2004 to 2007/2008**



**Total Vessels Inner Harbour
(Excl Naval & Bunker Vessels)
2003/2004 to 2007/2008**

Average Delay per Ship Visit - Hours



Objective 1 Service Delivery

To provide exceptional services that exceed customer expectations

Outcomes Sought:

Understanding customer needs

Meeting or exceeding customer expectations

Availability and reliability of all services and facilities

Responsiveness

A consultative approach

In the past 12 months, we have facilitated three trade forums to identify the priorities for resolving issues for customers. These workshops were for the imported motor vehicle trade, container trade and break bulk industries.

We have also worked closely this year with bulk customers on the issue of high berth utilisation which occurs at times at our Kwinana bulk berths. The aim has been to identify improvements which we and our customers can implement to help reduce delays and increase productivity.

The value chain analysis being used by Fremantle Ports to provide a more efficient and customer-focused service was extended this year, with six customers involved, including one repeating the process. Value chain analysis helps Fremantle Ports to better understand customer needs and to help customers understand what is important to Fremantle Ports.

Through a series of workshops with each customer, all the processes relating to their shipments are reviewed. The process enables the customer and Fremantle Ports to create an action list of improvements.

Feedback has been positive, with one company saying the process addressed major and difficult issues, and another saying it was "like gold" to them. Fremantle Ports believes value chain analysis helps customer relations through two-way consultation and achievement of mutually beneficial outcomes.

Understanding our customers

Understanding and being responsive to customer needs continues to be a priority. Our customer relationship management system has been further improved this year, to allow better data collection and follow up.

Responsibility for the system is vested in a cross-divisional customer satisfaction team. The systematic and structured framework enables us to gather information on what is important to our customers, how well we are meeting their needs and what opportunities there may be for us to add further value. Processes include annual customer surveys, a detailed customer liaison program and user group forums for customers in particular market or industry segments.



Fremantle Ports staff consult closely with customers, such as car importers, to ensure their needs are met.

Service Delivery

The customer liaison program has been in place for several years and has successfully met the audit requirements of Standards Australia as part of Fremantle Ports' International Standards Organisation (ISO) accreditation for safety, environment and quality. The program has been successful in developing positive relationships and customer loyalty. In the year under review, 88 per cent of shipping line customers were satisfied or very satisfied with Fremantle Ports' services. 94 per cent of shipping line customers also indicated that they would recommend Fremantle Ports in terms of services.

As well as enabling Fremantle Ports to understand the priority areas when dealing with customers the information assists with forward planning of port infrastructure.

Port management information upgrade

Progress was made towards the introduction of an improved port management information system to support shipping operations such as ship scheduling, berth allocation, pilotage and booking of tugs. The system, identified through a tender process, will provide a higher level of service to port users. A base model of this software from the Netherlands is currently being tested and consultation is occurring with port service providers in relation to optional features.

The new system will replace the now out of date PortAMS system which has been in use since 1996. It will support a wider range of processes, streamline and simplify current practices and improve planning of services and responsibilities between Fremantle Ports, service providers and customers.

As well as improving services to customers, the system has the potential to save costs by reducing the risk of delays that can result from lack of coordination. Other important features are its ability to interface with the Dynamic Underkeel Clearance system used at Fremantle to maximise draft capability for the bigger ships and the Automatic Identification System operated from the Signal Station to identify ships entering port waters. Integrated invoicing is another of the benefits.

It is expected that the new port management information system will be fully implemented in the first half of 2009.

Improving security in common user areas

A new web application is being developed to provide stevedore controlled access to common user berth landside restrictive zones areas in the Inner Harbour. This system will replace the current system which gives unrestricted access to common user areas provided the individual has a maritime security identification card, port access permission from Fremantle Ports and has completed an occupational health and safety induction.

The decision to introduce stevedore controlled access to common user areas will address concerns raised by the stevedores about the need for better security for cargoes and to ensure that people accessing common user berths adhere to the occupational health and safety policies of the stevedoring companies. The new access regime giving stevedoring companies using a particular common user berth area control over granting of access to that area will be implemented later in 2008.



Fremantle Ports' work boats, such as the pilot craft Parmelia, also perform a security role.

Portable pilotage units installed

To reduce risk and enhance the ability of marine pilots to manoeuvre larger and deeper draft vessels, Fremantle Ports has purchased two portable pilotage units (PPUs) for use in confined waters and in general navigation.

PPUs use the latest in satellite technology together with wireless connectivity to assist with the safe precise positioning of ships and to indicate to marine pilots the berthing velocities of vessels in fractions of metres per second. The PPU, consisting of a robust laptop computer and GPS receivers, help marine pilots to safely navigate into and out of harbours and other areas where obstacles may otherwise impede the progress of the vessel.



Using the portable pilotage unit in Fremantle's Inner Harbour.

Installation of the system and training has been completed as part of the project and the units are being deployed dependant on the size of the vessel.

Additional support for operational needs

The Marine and Port Operations Branch was restructured during the year and an Operations Business Manager, Operations Manager and Vessel Traffic Manager were appointed to help drive quality outcomes in strategic management, maritime security, operations at common user berths and the Passenger Terminal and traffic management.

Ensuring traffic within the port is managed in a way that reduces congestion and minimises the impact on surrounding businesses and households continues to be a priority. To help with this, we have engaged the services of a traffic management group to maintain a presence within port boundaries and to focus on minimising queuing, directing traffic and responding to any blockages which may impact industry operations.

Developing closer and more co-operative links with the stevedores, tenants and the trucking industry on traffic management, with improved communication, is also helping to improve traffic management.

New weighbridge

A new weighbridge has been installed to ensure trucks can check loads before leaving Fremantle Ports' Kwinana Bulk Jetty.

Designed after consultation with customers, the trade-certified weighbridge enables trucks to weigh each axle load individually. It is helping to ensure Fremantle Ports' customers can meet their duty of care and chain of responsibility legislative requirements.



The new weighbridge at the Kwinana Bulk Jetty.

Customers have been trained in using the weighbridge, which includes a system for downloading data back at the customer's office.

Service Delivery

Quarantine truck purchased

A specially-designed truck to replace the previous truck and maintain the high-quality quarantine waste collection service Fremantle Ports provides to customers was purchased during the year. The \$300,000 truck was designed with input from Fremantle Ports employees.

Fremantle Ports' quarantine staff have received accolades and awards from AQIS in past years for the high quality of their work.

Maintenance and upgrading

Fendering system

Berth 1 on North Quay is being improved with the installation of a new fender system designed to absorb berthing forces independently of the existing berth structure. Site works commenced with the removal of the old fender panel system and steel piles have been driven into the seabed as part of the improvements.

The need for improvement follows an increase in demand for the berth over the past four years. The berth is used for bitumen and steel imports and tallow, scrap metal and livestock exports, as well as other break bulk cargoes.

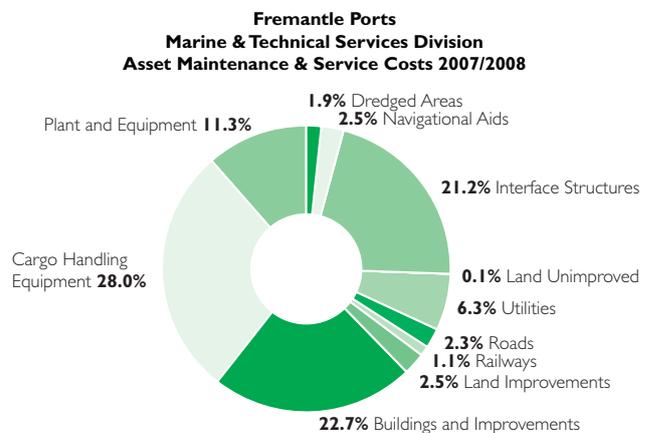
Tackling pile corrosion

Fremantle Ports had previously identified severe corrosion (caused by water borne bacteria) on the steel piles of several marine structures, both in the Inner Harbour and the Outer Harbour, and is progressing with the installation of the impressed current cathodic protection system. This is very effective in the control of this type of corrosion.

The steel pile corrosion phenomenon appears to be on the increase world-wide and is common now to many ports. Fremantle Ports is an active participant in a global technical network that is monitoring and researching the problem. Around 2 per cent of our maintenance budget is spent on interface structures which include berths and piles.

Our maintenance spend increased substantially in 2007/08, reflecting not only the higher cost of maintenance but also our wish to spend what we can afford to maintain the functionality and performance of our assets.

We continue to focus on improving the condition of our cargo handling assets. Recent improved performance trends at the Kwinana Bulk Terminal have been a demonstration in part of the benefit of good maintenance programs feeding directly into improved productivity.



Objective 2 Capability for the Future

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

Outcomes sought:

Relevant planning is undertaken across all areas

Port infrastructure and services are appropriate for current and future trade needs

Catering for bigger ships

Fremantle Ports is progressing environmental approvals for deepening of the Inner Harbour and berth works to accommodate the bigger ships now wanting to call have commenced.

The average size of container ships calling at Fremantle has increased by more than 75 per cent since 1992/93, making the deepening of the container terminal berths and approach channels essential to enable the port to adequately service customers' needs. In that regard, the size of ships in the Australian trade is expected to continue to grow significantly, making deepening of the Inner Harbour and approach channels a high priority for business as usual.



The Inner Harbour has been deepened on three previous occasions, in 1897 when it was built, again in 1917 and in 1988.

Fremantle can currently berth ships with a maximum draft of 12.8m in the Inner Harbour. The other maximum drafts at container ports in Australia are 13.8m in Sydney, 13.5m in Brisbane, 14.2m in Adelaide and Melbourne 12.1m (but now undergoing deepening). The Inner Harbour deepening project is planned to accommodate ships of 14 metres maximum draft and associated with this is the reclamation of an area adjacent to Rous Head to increase the port's operational area and to dispose of the dredged material.

Berth works are being undertaken concurrently and they involve wharf strengthening, reconstruction of Berth 10 on North Quay to handle container shipping and the possible extension of Berth 4 to further increase quay length.

Subject to approvals, it is expected the construction phase will begin in early 2009, with completion in 2010.

With the aim of achieving better value and improved performance, Fremantle Ports has adopted an early contractor involvement model for this project. The earlier involvement of the contractor



Capability for the Future

or contractors allows more scope for innovation, improved risk management, better forward planning of resource requirements and better ability to recruit and focus on reduced impacts during construction.

At the time of preparation of this report, evaluation of responses received in response to a request for proposals was underway.

Kwinana Quay approvals

The Kwinana Quay project for additional container and general cargo berths to supplement the capacity of the Inner Harbour is now well into the statutory approvals phase.

This is a project of national importance and a vital element of the forward planning to meet the needs of the State’s exporters and importers. Bringing forward approvals was identified by the State Government’s *2002 Metropolitan Freight Network Review* as being of high strategic priority.

Based on current trends, additional facilities to supplement the Inner Harbour operations will be needed in 2015, when Fremantle is expected to reach its optimal capacity. The new facilities will operate in tandem with the Inner Harbour, as both will be needed.

One of the two options approved by State Cabinet to proceed for statutory planning and environmental approval is an island design about one kilometre offshore and linked by an open spanned bridge to an extension of Rowley Road, just north of the Alcoa refinery. The other is a partially land-backed facility located just south of Alcoa that would include reclamation of the foreshore and an island component with a freight link via Anketell Road.

Each of the options has an estimated annual capacity of up to 1.7 million containers, and the first stage of each is estimated to cost \$1.3 to \$1.5 billion including cost escalation anticipated to project completion.

The new facilities need to be on the metropolitan coast because 90 per cent of the State’s container trade travels within 50 kilometres of Fremantle. Kwinana was selected as the location for the additional container and general cargo berths following more than 50 technical and planning studies conducted over two decades as part of the process of optimal planning for expanded facilities. It is today the only remaining location on the metropolitan coast suitable for these facilities.



Fremantle Ports’ Kwinana Quay offshore option in the Outer Harbour.



Fremantle Ports’ Kwinana Quay land-backed option in the Outer Harbour.

The two options are now undergoing detailed environmental, planning and economic studies and further consultation is being undertaken to determine which will provide the best outcomes. The level of assessment for this project has been set by the Environmental Protection Authority as an Environmental Review and Management Plan and it is anticipated that a decision on which of the two options should be built will be made by Cabinet towards the end of 2009.

The berth length of each option for Kwinana Quay is 2 kilometres, the same as the berth length for North Quay in Fremantle.

Fremantle Ports and the Department for Planning and Infrastructure are jointly managing the Kwinana Quay project on a triple bottom line basis taking into account economic, environmental and social factors.

Strategic port development

With the help of consultants Meyrick and Associates, Fremantle Ports has begun work on a Port Development Strategy for the Inner Harbour, to complement the *Port Development Plan*. This plan guiding the further development of the Inner Harbour was completed in 2000 and has proved a useful guide for the development of the port over the past decade. A number of the initiatives included in the plan have been implemented, with a notable example being the improved rail access to North Quay.

While the *Port Development Plan* is still valid, Fremantle has seen a number of changes in recent years. Some trades, in particular the container and motor vehicle trades, have grown more quickly than expected and some new challenges have emerged, most notably the need for early deepening of the Inner Harbour to cater for the accelerating trend towards bigger ships. Another important change has been progress made in planning for Kwinana Quay to provide additional container and general cargo port facilities to supplement the Inner Harbour operations. There have also been a number of important changes in the external planning environment.

The purpose of the current project which began in 2007 is to work through the implications of these and other changes. The final outcome will be a Port Development Strategy for the Inner Harbour that will complement the *Port Development Plan*.

This task is to be largely undertaken in 2008 with the final plan being prepared in 2008/09. Once completed, the plan will be one of the essential planning documents to guide the future of the Inner Harbour, enabling optimal decisions to be made regarding use of land and waters.

As well as accommodating the deeper draft ships and expanding the capacity of the container terminals, maximising the efficiency and capacity of the common user areas continues to be very important to provide for the needs of break-bulk cargo trade.



Indigenous consultation is being undertaken for the Kwinana Quay project.

Rous Head structure planning

To assist with the future planning of the Rous Head area, a structure plan has been developed for the reclamation area associated with the Inner Harbour deepening. Focusing on port operational needs, the plan will integrate land use and transport planning in a sustainable context. The dredged material from the deepening will be used to create this new land area.

The structure plan will be advertised for public comment as part of the Inner Harbour deepening project.



Rous Head.

Planning policies developed

Two additional policies have been added to the suite of planning policies developed and adopted by Fremantle Ports to ensure optimal planning within port boundaries. The most recent policies relate to Outer Harbour waters and Fremantle Ports' two bulk handling facilities: the Kwinana Bulk Terminal and the Kwinana Bulk Jetty.

Under the *Port Authorities Act* Fremantle Ports has a responsibility to plan the port to the best level possible. Planning policies are being developed for all land and waters within Fremantle Ports' boundaries to ensure that the Port of Fremantle is planned in the best possible manner.

Planning policies previously adopted relate to the Inner Harbour Waters, North Quay, East Victoria Quay and Rous Head.

The policies, developed with consultation and available on our website at www.fremantleports.com.au provide guidelines for planning decisions and will be applied to all new developments, uses or activities within the port boundary.

Implementing the Fremantle Waterfront Masterplan

Commercial Precinct

The Development Application for the ING commercial precinct proposal at the western end of Victoria Quay received approval from the Western Australian Planning Commission on 21 December 2007, subject to conditions. The application had been lodged in June 2007 via the City of Fremantle.

This planned development is an important element of the revitalisation of the western end of Victoria Quay as part of the *Fremantle Waterfront Masterplan*. It involves a mix of modern office accommodation, retail and cafes with associated parking and public open space. Three significant heritage buildings within the precinct will undergo restoration and re-use as part of the development.



The site set aside for the proposed Commercial Precinct.

The ING proposal has undergone extensive consultation over several years. In response to community concerns, it has been significantly reduced in height and bulk, enabling view corridors to be retained.

The WA Planning Commission's conditions related to design; site works, standards and operations; signage and provision for bicycles; and infrastructure and services. The development approval conditions also incorporated fifteen conditions recommended by the Heritage Council of Western Australia and included ten advice notes.

While accepting the majority of conditions, ING Real Estate lodged an appeal with the State Administrative Tribunal to seek clarification of the intent of some of the conditions and because ING could not perform the obligations of certain conditions which related to matters outside its control or to matters relating to a third party.

Conditions which were appealed against related to architectural expression, activation of street frontages, view corridors and access through the development. ING Real Estate and the WA Planning Commission have addressed all the issues requiring clarification and full agreement on all conditions was reached by the parties with the tabling of a Consent Order with the State Administrative Tribunal on 16 May 2008.

Meanwhile in April 2008, Fremantle Ports received WA Planning Commission approval for the two Development Applications submitted for the Stages 1 and 2 infrastructure works. These works involve the construction of an extension to Peter Hughes Drive as well as the installation of basic services such as power, telecommunications, water supply, gas and stormwater.

Stage 2 infrastructure works involve the construction of a new pedestrian and vehicle rail crossing at Pakenham Street and the construction of a new at-grade pedestrian crossing from Phillimore Street in the vicinity of the western end of the Fremantle Train Station. The upgrade to the pedestrian and vehicle crossings at Cliff Street (as identified in the *Phillimore Street Integrated Masterplan*) also forms part of this work.

Ferry terminal for B Shed

A common user ferry terminal with a café and other tourism related tenancies is the concept put forward by Fremantle Ports' preferred proponent for the future long term lease of B Shed on Victoria Quay

The proposal for the restoration, upgrading and re-use of this historic waterfront building was submitted by Baileys Marine Group (BMG) and selected as a result of an Expressions of Interest process which concluded in December 2007.

BMG has a successful history of operating common user marine facilities in Australia and purchased Rottneest Express earlier this year. The Group's submission is an excellent fit with the uses identified for B Shed within the *Fremantle Waterfront Masterplan's* Ferry Precinct. B Shed is ideally situated adjacent to the O'Connor Ferry Landing, and the aim is to see this area developed into a world class ferry precinct.



B Shed is adjacent to O'Connor Landing.

Capability for the Future

As well as servicing the Inner Harbour's growing river and island ferry operations, this proposed development in B Shed, with its mix of tourism related activities, will complement other existing or planned developments at the western end of Victoria Quay.

Leeuwin Ocean Adventure which occupies space at the western end of B Shed will continue under its separate tenancy agreement and the scope to better integrate this activity with the other planned activities in B Shed will be further explored.

Fremantle Ports understands from the BMG submission that currently there are approximately 200,000 people annually using Victoria Quay as a departure point for ferry journeys.

Sensitive restoration in compliance with B Shed's heritage status will be part of the upgrading of the building.

Proposals submitted in response to Fremantle Ports' call for Expressions of Interest were thoroughly assessed against a number of criteria. The panel was chaired by Fremantle Ports' then Chairman, Mr Joe McKay and included a representative from Tourism WA.

Fremantle Ports has since entered into detailed discussions with the Baileys Marine Group to further develop the detail of the Group's proposal. This includes the preparation of a more detailed scope for the restoration works planned and this will be discussed with the Heritage Council of Western Australia and the City of Fremantle once prepared. Donaldson and Warn architects have been appointed to investigate the connectivity and integration of B Shed with the City of Fremantle, the proposed Commercial Precinct, the *Phillimore Street Integrated Masterplan* and the rest of the waterfront area.

Victoria Quay Planning Committee

At the suggestion of the Minister for Planning and Infrastructure, the Western Australian Planning Commission established the Victoria Quay Planning Committee in February 2008 with the aim of achieving better integrated and more transparent planning for future non-port activities at the western end of Victoria Quay and adjacent associated land.

The committee is chaired by Mr Jeremy Dawkins, Chairman of the WA Planning Commission. Other members are Mr Peter Tagliaferri, Mayor of Fremantle; Mr Richard Muirhead, Chief Executive Officer of Tourism WA; Mr Alan Birchmore, Chairman of Fremantle Ports; and Mr Richard Longley, architect. Its key objectives are to investigate strategic policy directions for the western end of Victoria Quay and associated areas, to confer with stakeholders, interested parties and experts and to provide advice to the WAPC on these matters.

As an early step, the Committee undertook some consultation in June with the various stakeholders and interested parties to understand their aspirations for this area and to discuss the process and way forward. It is planned to hold a community forum on the Fremantle Waterfront implementation planning within the next few months.

Conservation Policy and heritage interpretation

Heritage architects have completed the west end of Victoria Quay Conservation Policy. The final document has been provided to the Heritage Council of WA.



The Heritage Council assisted in selecting the consultants and reviewing the report as it was prepared. The Conservation Policy will be one of the key documents to guide heritage planning in the study area.

An internal working group has been formed to investigate the most suitable process to adopt to commence with the heritage interpretation for the western end of Victoria Quay. Community consultation will be an important part of this aspect of the Fremantle Waterfront implementation.

Objective 3 Trade and Business Growth

To promote and facilitate trade and business growth opportunities

Outcomes sought:

Trade growth

Meeting or exceeding customer expectations for customer growth initiatives

Business Growth

Kwinana bulk business expands

Significant investment has occurred in recent years at our two bulk handling sites, the Kwinana Bulk Jetty and the Kwinana Bulk Terminal (KBT) and we are planning further investment to meet the current and future needs of customers.

Since the upgrading of cargo handling facilities at the KBT to meet the requirements of HIs melt Stage One and other major customers, there have been further projects associated with expansion of bulk handling capacity. Facilities for exporting coal have been improved and we have done further planning work on the reconstruction of the currently decommissioned Kwinana Bulk Berth 1 at this terminal.

At the Kwinana Bulk Jetty, an extension to the existing common use pipeline has been completed. This means that ships discharging bulk liquids can now use either of the two berths at this jetty. The new pipeline will ensure there are adequate facilities to cope with expected fuel imports in the future and will potentially reduce delays for shipping and the associated costs for demurrage.

Construction of a third berth at the Kwinana Bulk Jetty is part of our forward infrastructure planning, with environmental approvals previously received. The jetty has a deep draft and modern facilities, making it increasingly attractive to customers.

To maximise the use of the Kwinana Bulk Jetty and to provide flexibility in bulk cargo handling arrangements, planning is underway to develop wharf to truck loading facilities on the shore by extending the existing conveyor and installing truck loading bins.



Fremantle Ports' Kwinana Bulk Jetty.

Accommodating growth in break bulk cargoes

Break bulk shipping services and their associated non containerised trade continue to be a growth area in Fremantle Ports' trade. Break bulk cargoes include steel, machinery and other products which because of their size or the nature of the cargo make them unsuitable for shipment in containers.

Both imports and exports of break bulk cargo require significant stacking area and we have continued to work with shipping lines to introduce improved cargo handling management plans at the common user berths in the Inner Harbour.

Austral Asia Line (AAL) launched a new service from North Asia through South East Asia to Western Australia, returning to Asia via east coast ports. The Brisbane based AAL employs a 30,500 dwt multi purpose vessel which will carry unitized cargo, containers, project cargo, heavy lifts and other general cargo. AAL joins Wilhelmsen, Spliethoff and Post as regular break bulk services to Fremantle.

With the break bulk trade expected to continue to grow strongly in future years, expenditure is planned to upgrade berths in the Inner Harbour to continue to accommodate this trade in the future.

Workshop leads to improvements

Following a break bulk workshop held in June 2007, progress has been made on a number of priorities identified through this consultation, one of them being the need for improved data collection on shipping and cargo handling delays.

In response, we have introduced an email connection via our Voyager ship booking system which enables a shipping line to quickly advise Fremantle Ports of any actual or potential shipping delay incident. We are encouraging shipping lines and service providers to use the system so delays can be investigated promptly and, where appropriate, addressed.

Making more efficient use of the wharf stacking areas on common user berths was another of the issues followed up and additional resources have been allocated to this.

Increased storage for vehicle imports

The expansion of the stacking area on Victoria Quay as a result of recently acquired railway land enables Fremantle Ports to accommodate single ship discharges of over 4,000 vehicles. Despite this increased capacity, on-wharf temporary storage for new motor vehicles remains an issue at times, particularly when one shipment is quickly followed by another. Our capital works program includes a new project involving decking part of the wharf stacking area to provide extra storage at the eastern end of the quay.

Landside logistics

Significant increases in container trade volumes have created a number of challenges for the landside logistics chain servicing the Inner Harbour. These pressures tend to be exacerbated during traditionally busy peak periods such as the lead up to Christmas. Following problems experienced in 2006, Fremantle Ports worked closely with other stakeholders to ensure that



Break bulk cargoes can range from ferries on shipboard to steel, vehicles and livestock.

Trade and Business Growth

record trade levels were handled more efficiently in the 2007 season. Significant contributing factors to the success of this campaign were:

- General industry awareness reinforced by the publicity campaigns identified as a priority at an industry workshop which was run by Fremantle Ports with the W.A Port Operations Task Force, Sea Freight Council of W.A. and associated industry groups
- The greater volume handled by rail which relieved pressure on road transport and terminals by facilitating out of hours movements into and out of the container terminals
- Improvements within the container terminals including night and Saturday shifts and additional handling equipment
- Clarification and publicising of shipping line container detention policies and a preparedness on the part of some lines to grant extensions.

Despite a 16 per cent increase in container volumes in the September to December period compared with 2006, feedback from industry is that, while there were some exceptions, the 2007 Christmas season went relatively smoothly with few of the problems of the preceding year.

A similar campaign will be mounted this year with Fremantle Ports, the WA Port Operations Task Force and Sea Freight Council of WA continuing to work with industry to implement remaining actions from the container trade workshop, including emphasising the need to plan early, and address other emerging issues.

Some other important issues receiving attention are:

- The vehicle booking system at the container terminals

Strong trade growth has resulted in intense competition for vehicle booking system slots, particularly during the day, and this has attracted criticism from operators whose clients only open during regular business hours. Initiatives are being pursued with the stevedores, including measures to improve two-way loading of trucks. It is inevitable, however, that the industry will need to adjust to a longer operating window at the port as has occurred in the Eastern States. Fremantle Ports will be working with industry to facilitate this adjustment.

- Container park capacity

Container park capacity has also been stretched by trade growth and in early 2008 a number of parks were at or near maximum capacity. The opening of the Forrestfield intermodal facility with its associated container park will provide an important additional site for empty containers but again will require some adjustment to long-established operating procedures within industry.

- Shortages of 20ft export containers

Rapid growth in containerised exports, particularly grain, coupled with the growing dominance of 40ft containers in the import trade has resulted in significant shortages of 20ft containers. Fremantle Ports has worked with shipping lines to facilitate greater use of 40ft containers for



Pressure on road transport has been relieved by greater carriage of containers by rail.

trades such as grain that generally use the smaller containers (due to their product density). While this will only be suitable for some parts of the market it could provide important additional capacity for export industries. The Sea Freight Council of WA is also undertaking some work on the issue.

Rail services

During 2007/08, nearly 80,000 TEUs (standard containers) were moved by rail, almost double that of the previous year. Solid growth occurred during the year and over the last 6 months, rail carried an average of 1650 TEUs per week, representing a market share of over 14.5 per cent.

This is in line with the interim target set by the Metropolitan Freight Network Strategy. The ultimate target is a 30 per cent market share by 2012/13 reflecting the central role which rail will need to play in reducing the future impact of heavy vehicles on the community. It is worth noting that in 2002 rail carried 7,000 TEUs and had a market share of just 2 per cent.

In July 2007, following a tender process, Intermodal Link Services (ILS) was awarded management and operational rights at the North Quay Rail Terminal. ILS has strong connections with Cooperative Bulk Handling (CBH) and has established an intermodal terminal at CBH's grain facility at Forrestfield.

The significant expansion in the containerised grain trade has been one of the main drivers behind the growth of rail volumes to the port. At the same time, ILS has been successful in attracting sufficient import containers to rail to achieve the balanced loadings in both directions which are essential to rail viability. In addition to the ILS business other rail operations from Kewdale and Kalgoorlie have assisted in achieving over 20 train services per week to the port.

An essential contributor to the success of rail has been financial support from the State Government. This support, which is consistent with the Government's aim of promoting rail to reduce community impacts from trucks, is required to enable rail to compete effectively with road transport in the metropolitan market.

Most of WA's containers have their origin and destination within the metropolitan area and consequently the haul distances to and from the port are quite short. Typically, rail is a mode of transport better suited to long haul operations.

The financial support provided so far has been of an interim nature. The aim in the longer term will be to reduce the assistance required and the economies that will accompany increasing rail volumes should contribute significantly to this.



Busy cruise season

Fremantle Ports had one of its busiest cruise seasons since the early 1970s with a total of 25 ship visits.

Significant preparation went into the planning for this, particularly in relation to the seasonal basing of the *Sun Princess*. Each of the visits by this large cruise ship involved embarking 2000 passengers with a similar number disembarking. This was a large logistical exercise equivalent in passenger numbers to five international jumbo jets landing and five taking off within a nine-hour period, except that the passengers have more luggage than air travellers and there were 900 crew members.

Although the Passenger Terminal is a large building, it was designed for an earlier era with much smaller passenger exchanges and much less emphasis on security and other checking systems.

The late arrival of the *Sun Princess* on several of the visits due to delays elsewhere created additional challenges because the shorter turnaround meant embarking and disembarking passengers were in the Terminal at the same time. Congestion at times was difficult to avoid despite the best efforts of our Passenger Terminal team, and even the 1000 chairs provided were less than was required at times for the numbers.

The *Funchal* and *SuperStar Gemini* were also based in Fremantle for the season.

Overall around 37,000 passengers disembarked, boarded or were in transit through the Fremantle Passenger Terminal. This figure is expected to grow next year and Fremantle Ports will continue to work with the other agencies involved and the cruise ships on service and system improvements, with some upgrading of the heritage listed Passenger Terminal also planned, subject to approvals.

Fremantle Ports has continued to play a very active role within Australia's peak cruising body, Cruise Down Under, both promoting Fremantle as a cruise ship destination and helping to market the region. This participation is helping not only to increase the number of cruise ship visits to Fremantle but to ensure that the interests of WA regional ports are appropriately represented.



The Sun Princess enters Fremantle's Inner Harbour with a dolphin escort.



The QEII departs on its last voyage from Fremantle on 5 March 2008.

Trade and Business Growth

Trade performance

Total port trade reached its highest growth rate in four years, up 1.0 million tonnes or 4.1 per cent to a record 26.1 million mass tonnes in 2007/08. Since 1990/91, total port trade has grown by 60 per cent.

Total imports increased by 1.0 million tonnes or 8.0 per cent and exports increased by 0.07 million tonnes or 0.6 per cent for this period.

Bulk cargo contributed 18.5 million mass tonnes or 71.1 per cent of total port trade in 2007/08, a similar level to last year.

Although bulk imports increased by 0.7 million tonnes, bulk grains and oilseeds exports decreased by 1.0 million tonnes or 28.7 per cent in 2007/08 compared to last year due to the lowest levels of grain production for two consecutive seasons in 20 years.

The port's principal bulk cargo, petroleum products, decreased from 8.7 million mass tonnes in 2006/07 to 8.5 million mass tonnes in 2007/08. Crude petroleum imports increased by 0.3 million tonnes or 5.2 per cent compared to last year. Refined petroleum imports decreased by 32.1 per cent and refined petroleum exports (including bunkers) decreased by 6.3 per cent.

Inner Harbour imports and exports increased by 10.1 per cent and 21.9 per cent respectively. Total containers handled increased by 14.7 per cent in 2007/08 to reach 580,345 TEUs, an increase of 74,526 TEUs on the previous year. Container trade is almost five times the level in 1990/91, representing an average annual growth of 9.7 per cent for this period.

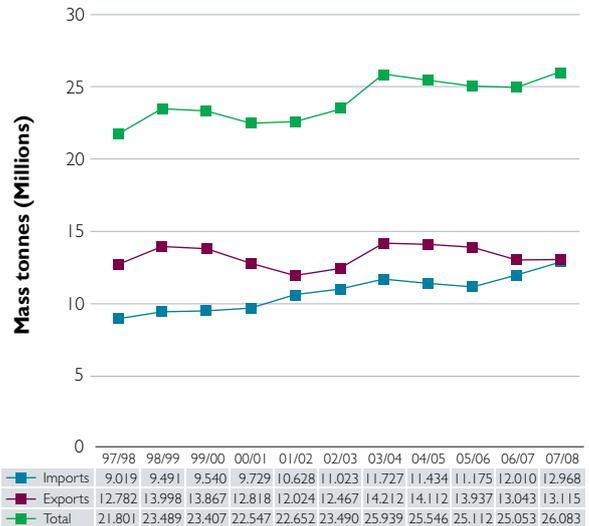
Non containerised cargoes to show strong growth in the Inner Harbour were imports of industrial and agricultural machinery, iron and steel, refined petroleum and industrial and agricultural vehicles. Non container exports to increase significantly were scrap metals and refined petroleum.

In volume terms the port's principal export commodities are grain, alumina and refined petroleum, which together account for 72 per cent by volume of total exports.

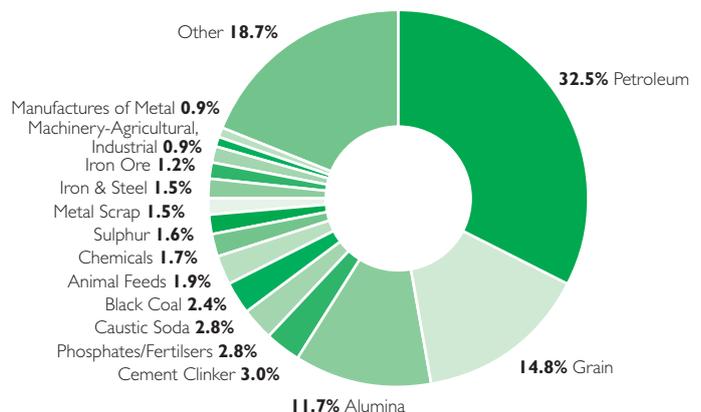
Major trading regions

Trade with East, South East and Southern Asia amounted to 48 per cent of total port trade in 2007/08, a similar level to 2006/07. Over the period 1997/98 to 2007/08, trade with East, South East and Southern Asia has grown from 43 per cent to 48 per cent of Fremantle's

Total Port Trade 1997/98 to 2007/08



Principal Commodities Imports/Exports 2007/2008



Trade and Business Growth

total trade. Significant increases in trade with Saudi Arabia and the United Arab Emirates have boosted trade with the Middle East by 23.6 per cent. South East Asian trade rose by 8.9 per cent due to increases in trade with Malaysia and Vietnam. In interpreting this figure, a cautionary note is that some of the increase could reflect cargo trans-shipped through Singapore to other destinations. Australian coastal cargo accounts for 22 per cent of total port trade, the Middle East accounts for 17 per cent, North America four per cent, Africa two 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).

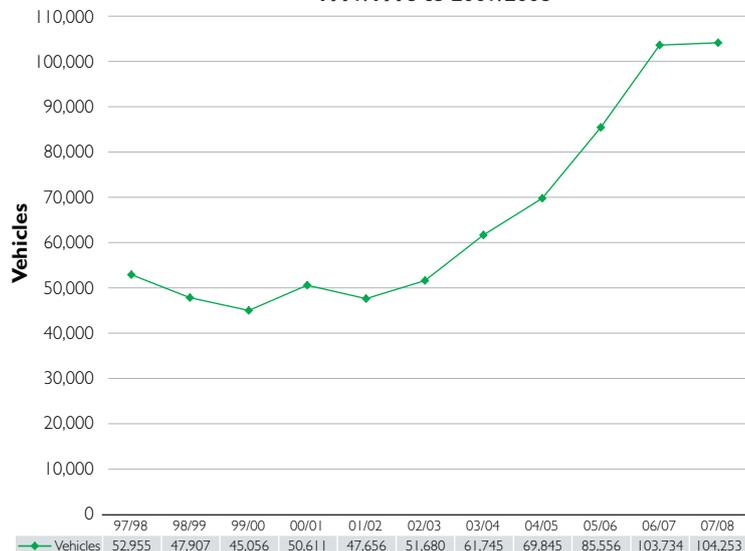
Imports

Total imports increased by 8.0 per cent during 2007/08 to 13.0 million tonnes. Inner Harbour imports increased by 10.1 per cent mainly due to a significant rise in container and break-bulk trades. Outer Harbour imports increased by 7.2 per cent due to increases in crude petroleum, cement clinker, caustic soda, phosphates, sulphur, iron ore, coal, gypsum and urea. Imports of refined petroleum declined by 48.4 per cent compared to last year.



New motor vehicle imports through Fremantle Ports totalled 104,253 units in 2007/08, an increase of 519 units or 0.5 per cent compared to last year, with the number of imports doubling over the past 5 years. New motor vehicle imports from Japan and South Korea accounted for 42.6 per cent and 12.2 per cent of total new motor vehicle imports respectively. Thailand's share of total motor vehicle imports was 20.5 per cent in 2007/08 compared to 18.4 per cent last year. Imports from Western Europe and South Africa accounted for 10.2 per cent and 5.3 per cent of the total respectively. New motor vehicle sales in Western Australia grew by 0.5 per cent in the year to May 2008.

**Motor Vehicles - New Imports
1997/1998 to 2007/2008**



IMPORT CARGOES CLASSIFIED ACCORDING TO CARGO CLASS - Thousands of Tonnes -					
Commodity	Bulk	Container	Non Container General Cargo	Port Total 2007/2008	Port Total 2006/2007
Petroleum Crude	5492			5492	5223
Cement Clinker	785			785	645
Caustic Soda	724	1		725	637
Phosphates- Fertilisers, Manures	672	28		700	617
Petroleum Products	425	31		456	693
Sulphur	422	0		423	332
Iron and Steel Products		181	198	379	359
Chemicals and Related Products	16	319	0	335	288
Iron Ore	308	0		308	165
Coal	217	4		221	90
Machinery-Agricultural, Industrial		159	34	193	156
Paper, Paperboard and Articles of Paper		169		169	153
Motor Vehicles - New		1	165	166	161
Bricks, Tiles, Pavers etc		159	0	159	253
Manufactures of Metal		151	4	155	144
Gypsum	153			153	88
Vehicles Industrial and Agricultural		23	125	148	112
Unclassified Goods		111	2	113	15
Urea	109	1		110	64
Newsprint		107		107	97
Fabricated Construction Material		92	15	107	101
Slag Residue Ex Steel Furnace	102			102	94
Furniture and Parts		97		97	95
Miscellaneous Manufactured Articles		92	0	92	189
Rubber Manufactures		72	11	83	75
Cork and Wood Manufactures		71	1	72	66
Plastic Wares and Other Manufactures		71	0	71	104
Other Transport Equipment and Parts		54	9	64	62
Sugar		59		59	41
Urea Ammonium Nitrate (UAN)	58			58	106
Glass		57		57	45
Fruit and Vegetables (Preserved, Canned, etc)		57		57	36
Ale, Beer and Stout: Cider (Alcoholic)		54		54	33

IMPORT CARGOES CLASSIFIED ACCORDING TO CARGO CLASS - Thousands of Tonnes -					
Commodity	Bulk	Container	Non Container General Cargo	Port Total 2007/2008	Port Total 2006/2007
Ammonia	54	0		54	29
Other Food Preparations		41		41	39
Logs and Timber		36	2	39	41
Non Ferrous Metals		33	0	33	33
Fresh Fruit and Vegetables		32		32	43
Other Cereals and Cereal Preparations		28		28	21
Coke	26	1	0	27	20
Other Commodities	43	392	12	446	447
TOTALS	9,605	2,783	580	12,968	12,010

Note: Figures in the above table are subject to rounding

Exports

Total exports increased by 0.6 per cent during 2007/08 to 13.1 million tonnes. Inner Harbour exports increased by 21.9 per cent mainly due to substantial increases in containerised wheat exports. Containerised wheat exports more than doubled this financial year compared to last year, due to the deregulation of the containerised grain trade in August 2007. Other Inner Harbour exports to increase were scrap metals, waste paper, non ferrous metals, other crude minerals and oats. Outer Harbour exports decreased by 7.6 per cent, reflecting significant decreases in

bulk wheat, which decreased by 1.5 million tonnes or 47.7 per cent due to the poor harvests in two consecutive seasons and wheat exports moving from bulk to container. Outer Harbour commodities to increase significantly were alumina, barley, coal and canola seed.

In 2007/08 Fremantle Ports' major overseas export markets by volume (percentage of total exports) were China, 18.9 per cent; Japan, 14.4 per cent; Malaysia, 8.2 per cent; Indonesia, 6.7 per cent; Saudi Arabia, 6.7 per cent; India, 5.1 per cent; South Korea, 5.4 per cent; Singapore, 4.9 per cent; and New Zealand, 4.3 per cent. Exports to Saudi Arabia doubled mainly due to barley exports being almost three times higher than 2006/07. Exports to Malaysia also increased significantly due to a 53.5 per cent increase in wheat exports. Exports to China represent 1.9 million tonnes or 18.9 per cent of total exports making that country Fremantle's principal export trading partner. Alumina was the major export to China representing 1.4 million tonnes in 2007/08.

Exports to other Australian ports reached 2.5 million tonnes in 2007/08, a similar level to last year.



Container export volumes continue to grow.

EXPORT CARGOES CLASSIFIED ACCORDING TO CARGO CLASS - Thousands of Tonnes -					
Commodity	Bulk	Container	Non Container General Cargo	Port Total 2007/2008	Port Total 2006/2007
Grain - Wheat	1,670	910		2,580	3,582
- Barley	650	77		727	357
- Oats	28	125		153	93
- Canola Seed	131	17		148	16
- Lupins		15		15	13
Alumina	3,035	15		3,050	2,813
Petroleum - Refined (Including Bunkers)	2,534	2		2,537	2,710
Coal	410	1		411	42
Scrap Metals etc		59	333	392	324
Animal Feeds	129	337	2	468	458
Malt	74	148		222	234
Waste Paper		181		181	153
Titanium Dioxide		175		175	176
Sheep			150	150	157
Non Ferrous Metals		134		134	93
Other Crude Minerals		132		132	75
Chemicals and Related Products	25	91		116	113
Pig Iron	108	2		110	74
Mineral Sands		110		110	122
Fresh Meat-Chilled or Frozen		105		105	104
Fresh Fruit and Vegetables		89		89	100
Wool		74		74	85
Manufactures of Metal		70	1	71	49
Nickel Matt and Concentrates		58		58	129
Liquified Petroleum Gas [LPG]	52			52	71
Machinery-Agricultural,Industrial		37	6	42	33
Unclassified Goods		38	2	40	6
Bricks, Tiles, Pavers, etc		40		40	44
Cattle and Calves			37	37	37
Dairy Products		36		36	46
Hides and Skins		34		34	32
Phosphates - Fertilisers, Manures etc	15	15	1	31	42
Tallow	26	4		30	28
Fruit and Vegetables (Preserved, Canned, etc)		29		29	4

EXPORT CARGOES CLASSIFIED ACCORDING TO CARGO CLASS - Thousands of Tonnes -					
Commodity	Bulk	Container	Non Container General Cargo	Port Total 2007/2008	Port Total 2006/2007
Other Animal Foods Prepared or Manufactured		22		22	28
Logs and Timber		21		21	18
Other Cereals and Cereal Preparations		19		19	7
Cork and Wood Manufactures		17		17	24
Miscellaneous Manufactured Articles		17		17	52
Sulphuric Acid	17			17	24
Iron and Steel Products		14		16	16
Paper, Paperboard and Articles of Paper		15		15	14
Spodumene and Non Metallic Mineral Product		12		12	14
Other Commodities	27	330		379	431
TOTALS	8,930	3,630	555	13,115	13,043

Note: Figures in the above table are subject to rounding

Container trade

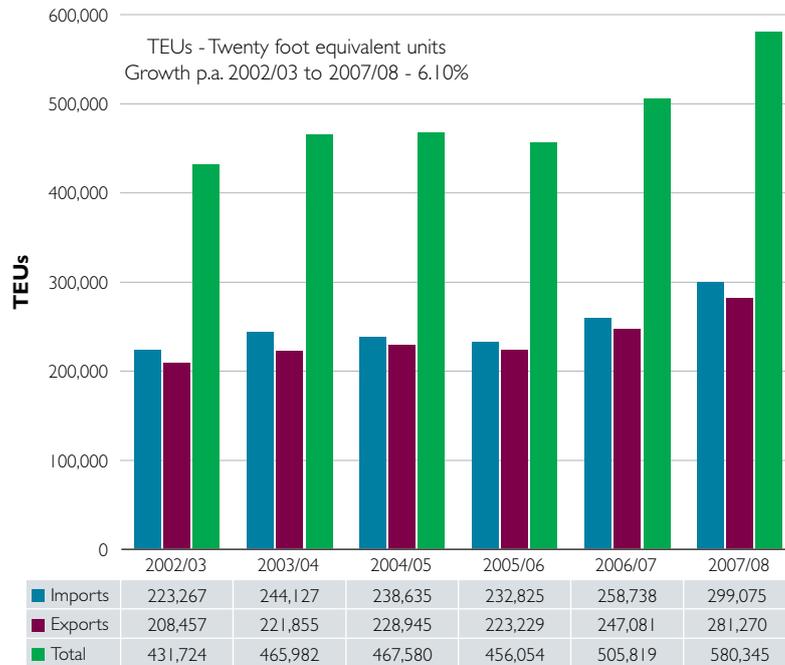
When compared with 2006/07:

- Non trans-shipped full container exports increased by 20.5 per cent and non trans-shipped full imports by 8.5 per cent
- Total container exports and imports increased by 13.8 per cent and 15.6 per cent respectively
- Full container exports (including trans-shipments) increased by 21.1 per cent and full imports (including trans-shipments) increased by 8.9 per cent
- Empty container exports decreased by 0.5 per cent and empty imports increased by 81.9 per cent
- Coastal container throughput totalled 85,167 TEUs, an increase of 8.9 per cent on 2006/2007. Coastal non trans-shipment full container throughput totalled 61,607 TEUs, 1.0 per cent down on 2006/07
- Full trans-shipment container throughput reached 2,558 TEUs, almost five times higher than last year.

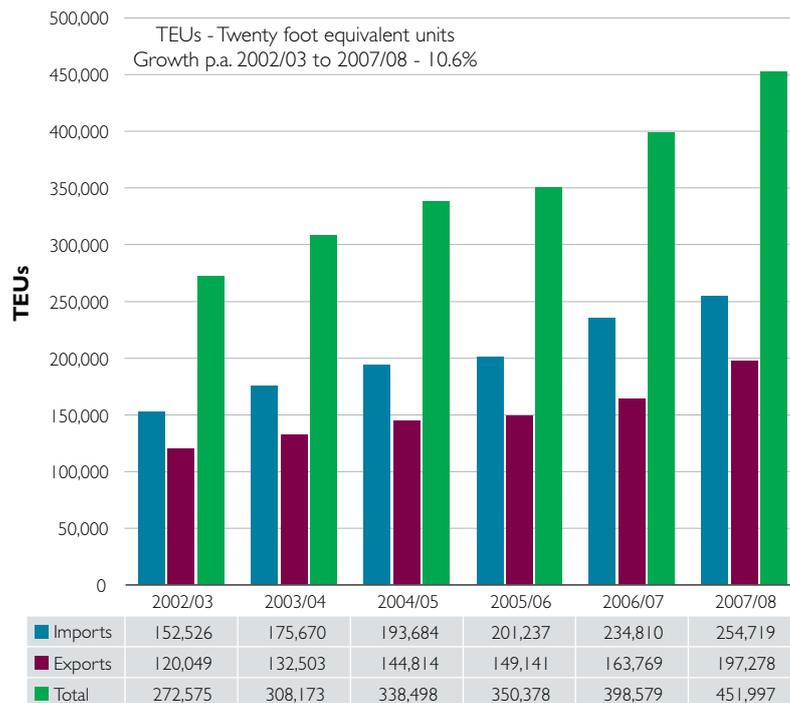


Trade and Business Growth

**Container Trade
Comparison 2002/2003 to 2007/2008**



**Full Non Trans-shipment Container Trade
Comparison 2002/2003 to 2007/2008**



Top ten non trans-shipment container commodities imported and exported

MAJOR CONTAINER COMMODITIES IMPORTED -TEUS			
Commodities	2007/08	2006/07	Variance %
Machinery-Agricultural, Industrial	27,833	23,140	20.28%
Furniture and Parts Thereof	23,406	22,550	3.80%
Chemicals and Related Products	18,267	14,411	26.76%
Paper, Paperboard and Articles of Paper Pulp	14,969	13,536	10.59%
Manufactures of Metal	14,094	14,341	-1.72%
Miscellaneous Manufactured Articles	11,535	18,297	-36.96%
Iron and Steel Products	11,153	10,146	9.93%
Unclassified Goods	10,937	1,235	785.59%
Rubber Manufactures	10,052	8,792	14.33%
Bricks, Tiles, Pavers, etc	9,209	12,802	-28.07%
TOTAL	151,455	139,250	8.76%
PERCENTAGE OF TOTAL FULL TEU IMPORTS EXCLUDING TRANS-SHIPPED TEUS	59.5%	59.3%	

MAJOR CONTAINER COMMODITIES EXPORTED -TEUS			
Commodities	2007/08	2006/07	Variance %
Wheat	37,780	16,008	136.01%
Hay, Chaff, Fodder Peas[Stock Feed]-Cargo	26,548	24,865	6.77%
Waste Paper	15,282	12,468	22.57%
Malt	9,140	9,596	-4.75%
Titanium Dioxide	8,600	8,528	0.84%
Fresh Meat-Chilled or Frozen	7,919	7,919	0.00%
Oats	7,215	5,012	43.95%
Non Ferrous Metals	6,019	4,456	35.08%
Other Crude Minerals	5,573	3,219	73.13%
Fresh Fruit and Vegetables	5,503	6,589	-16.48%
TOTAL	129,579	98,660	31.34%
PERCENTAGE OF TOTAL FULL TEU EXPORTS EXCLUDING TRANS-SHIPPED TEUS	65.7%	60.2%	

Fremantle's trading partners

Fremantle Ports' top 10 overseas trading partners collectively account for 71.2 per cent of total non trans-shipment full container trade (refer table below). Australian coastal container trade accounts for a further 13.1 per cent.

TOP-TEN CONTAINER TRADING PARTNERS		
Percentage of Total Full Container Trade		
Country	2007/2008 %	2006/2007 %
China	23.7%	21.9%
Japan	9.6%	11.0%
Malaysia	8.5%	8.2%
Indonesia	7.1%	7.3%
Singapore (1)	5.6%	6.1%
Thailand	4.8%	5.1%
Vietnam	4.4%	3.1%
United States of America	3.8%	3.9%
South Korea	3.8%	3.7%
Taiwan	2.3%	2.5%
Top 10 Countries Percentage of Total Country Trade	73.6%	72.9%

Excludes all trans-shipment and empty containers
 Note: (1) Hub port: May include cargo trans-shipped through Singapore to and from other destinations and origins.

LIVESTOCK EXPORTS 2007/2008					
Destination	Sheep No.	Cattle No.	Other No.	Total No.	% of Total
Africa		5,924		5,924	0.2%
Asia - East and South-East	11,062	41,141	5,714	57,917	1.9%
Central America	15	712		727	0.0%
Eastern Europe		1,985		1,985	0.1%
Indian Ocean - Mauritius	178	1,427		1,605	0.0%
Middle East	2,966,356	68,338		3,034,694	97.8%
Southern Asia		99		99	0.0%
Totals	2,977,611	119,626	5,714	3,102,951	100.0%

Live sheep

2,977,611 head of live sheep were exported through the Port of Fremantle in 2007/08, a decrease of 204,503 head or 6.4 per cent compared with 2006/07.

Fremantle Ports' share of total Australian live sheep exports was 75 per cent in 2007/08, compared to 77 per cent in 2006/07 and 80 per cent in 2005/06. The value of live sheep exports through Fremantle Ports in 2007/08 was \$A210 million.

Exports from Australia during 2007/08 were 4.1 million head, 3.1 per cent lower than the previous year. The Middle East was the destination of 99.2 per cent of Australian live sheep exports in 2007/08.

Saudi Arabia was the largest export market for Australian live sheep in 2007/08 with 1.0 million head exported, followed by Kuwait, Oman, Bahrain, Jordan, Qatar, United Arab Emirates, and Israel.

A reduction of sheep flocks in Western Australia, in preference to cropping, has contributed to an increase in shipments during the first half of 2008 compared to the same period last year. While a surge in the supply of sheep in WA may have alleviated short term supply issues and boosted exports so far in 2008, the historically low Australian sheep flock is likely to place long-term constraints on Australia's live sheep exports.

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

Live cattle

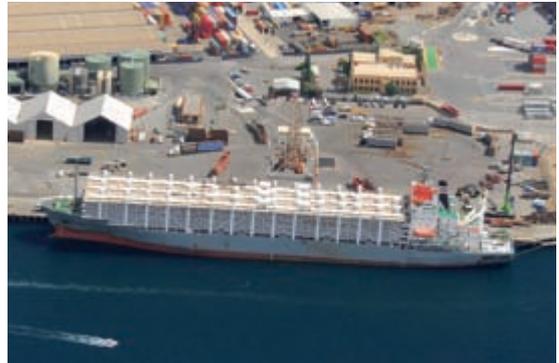
Live cattle exports from Fremantle reached 119,626 head in 2007/08, an increase of 5,177 head or 4.5 per cent on 2006/07.

Fremantle Ports' share of total Australian live cattle exports was 16.0 per cent in 2007/08. The value of live cattle exports through Fremantle Ports in 2007/08 was \$A77 million.

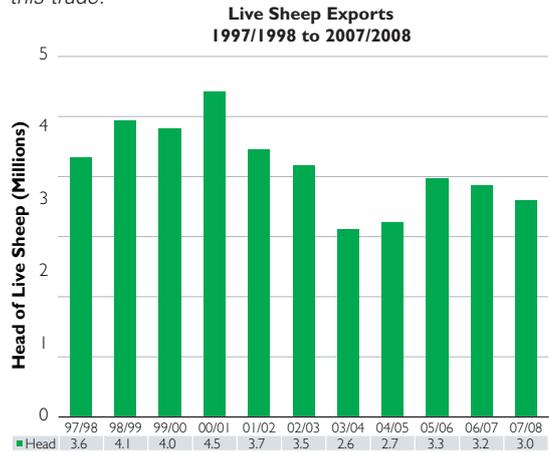
In 2007/08, the largest export markets served from Fremantle were Indonesia, Saudi Arabia and Israel. Trade with Indonesia and Israel decreased by 1.5 per cent and 24.0 per cent respectively, whilst trade with Saudi Arabia increased by 35.8 per cent to 34,424 head. Exports of cattle to Malaysia almost doubled to 6,345 head.

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

Source of information on live sheep and cattle trade: Meat and Livestock Australia, Australian Cattle and Sheep Industry Projections 2008 and ABARE - Australian Commodities Forecasts and Issues June Quarter 2008.



Fremantle's share of 75 per cent of Australia's total live sheep exports makes it the nation's major port for this trade.



Outlook

Treasury projections

Western Australia's growth in 2007/08 is estimated to be 7.5 per cent, significantly higher than the long-term average growth rate of 4.5 per cent. Economic growth in 2007/08 has been driven by both international trade and domestic activity. The Western Australian economy is expected to continue growing strongly in 2008/09, with growth of 6.25 per cent forecast. The external sector's contribution to overall growth is forecast to rise to 3.6 percentage points, while growth in domestic demand is forecast to slow to 4.0 per cent, mainly due to weaker growth in household consumption and business and dwelling investment.

Data: Government of WA 2008-2009 Budget, Economic and Fiscal Outlook, Budget Paper No. 3.

Trade in 2008/09

The Port of Fremantle's full container trade has shown strong growth in 2007/08 and over the past 10 years. Full non trans-shipment containers grew by 13.4 per cent in 2007/08 mainly due to significant growth in trade with East Asia and South East Asia. Full container trade with China increased by 25.6 per cent in 2007/08. China is forecast to sustain strong growth based on rising domestic investment and consumption, despite falling import growth in the USA and rising volatility in global financial markets.



The World Bank cut its forecast for China's economic growth for 2008 to 9.4 per cent, down from a 9.6 per cent forecast in February 2008. Economic growth in China has been a major driver of Western Australian investment and exports in recent years. China is now Fremantle's major container trading partner. Wheat exports to South East Asia almost trebled in 2007/08 due to the deregulation of containerised wheat exports in August 2007 and this market is expected to remain strong in 2008/09. Fremantle's container trade is expected to show continued growth in 2008/09 based on forecasts for strong growth for the Western Australian economy.

New motor vehicle imports increased by 519 units or 0.5 per cent in 2007/08 compared to last year. New motor vehicle imports doubled over the past five years but have slowed in 2007/08. New motor vehicle sales in Western Australia grew by 0.5 per cent in the year to May 2008, compared to a national increase of 2.6 per cent. Imports growth is expected to slow in 2008/09 and this trend reflects the expected easing of household consumption and business and dwelling investment.

In 2008/09, Australia's live sheep exports are forecast to decrease by around 12 per cent to around 3.7 million head. Fremantle's exports are forecast to decrease from 3.0 million head in 2007/08 to around 2.8 million head in 2008/2009. Assuming a return to average seasonal conditions in 2008/09, the supply of sheep for live export is expected to decline as producers rebuild flocks.

Fremantle Ports' Kwinana Bulk Jetty and Kwinana Bulk Terminal bulk cargo tonnages represent around 21.7 per cent of total port bulk cargo volumes. Kwinana Bulk Jetty trade declined by 0.04 million tonnes or 2.0 per cent to 1.9 million tonnes in 2007/08, mainly due to

decreases in imports of refined petroleum by a major customer. Trade throughput at Kwinana Bulk Jetty is forecast to be around 2.0 million tonnes in 2008/09.

Kwinana Bulk Terminal trade increased by 0.8 million tonnes or 56.2 per cent to 2.1 million tonnes in 2007/08, due to increases in cement clinker, iron ore and coal imports. Exports to increase were coal and pig iron. Trade throughput at this facility is expected to increase by around 0.4 million tonnes to 2.5 million tonnes in 2008/09 due to increases in HIs melt raw material imports and pig iron exports.

Co-operative Bulk Handling's Kwinana grain terminal exported 2.6 million tonnes in the 2007/08 financial year compared to 3.6 million tonnes in 2006/07. The area sown to wheat is forecast to increase by around 27 per cent to 5.2 million hectares in 2008/09, a record wheat area for Western Australia. Wheat production is forecast to be 8.3 million tonnes, two million tonnes greater than the previous year. The total winter crop production forecast estimated by the Australian Bureau of Agriculture and Resource Economics (ABARE) is 11.5 million tonnes compared to total production of 9.6 million in 2007/08.

Petroleum product, Fremantle Port's major bulk commodity, is forecast to grow to around 8.8 million tonnes in 2008/09, and dry bulk alumina exports are expected to remain at levels similar to 2007/08 (2.8 to 3.0 million tonnes).

Objective 4 Support Services

To ensure that appropriate and cost effective resources, processes and systems are in place to support service delivery

Outcomes Sought:

Right people, with the right skills at the right time

Positive "can do" attitude

Support services are efficient and effective

Efficient information systems

Effective knowledge management and strategic planning

Internal capability

Staffing

Fremantle Ports' fulltime equivalent staffing level at 30 June 2008 was 298.6, with the increase reflecting the expansion of our business in both the Inner and Outer Harbours and major projects to handle that growth.

Our attrition rate has increased to 11 per cent and reflects both an increase in retirements and in resignations linked to Western Australia's resources boom. Recruitment for electrical engineers, senior contract officers and dredging specialists continues to pose a challenge in the current competitive market.

Leadership development

Fremantle Ports' leadership development program known as Leading Lights continues to be implemented. Sixty employees at the senior and mid management levels are currently undertaking a leadership training course comprising 10 modules. A third cohort is due to begin in August 2008. With a total of 85 people, this represents more than one quarter of

the workforce participating in this leadership development initiative.

As part of the Leading Lights program, Fremantle Ports is also continuing to offer leadership development profiling to managers and supervisors, to help them to do their jobs more effectively. To date, more than 60 employees have completed this profiling with associated coaching and the preparation of individual development plans. The feedback on the value of the coaching sessions has been positive.

Capturing and sharing knowledge

The use of information and knowledge for decision making is emphasised in our Corporate Values and leadership model. We realise the importance of corporate knowledge for our short and long term business success, and further work has been done this year on strategies to enable our employees to pass on what they know and what they have learned to their colleagues.

Our goal is to become a mature “knowledge-driven” organisation in which the capture, transfer, retention, and usage are embedded into our management and work processes.

Focus on training

Training continues to be a priority with concentrated and continuous training occurring in the operations areas to ensure all employees are appropriately skilled in the required tasks and use of plant and equipment. Cross skilling to provide capability for mutual support is proving successful.

A broad range of external training programs during 2007/08 covered areas such as management development, project development, contract management, negotiation and interviewing skills, customer service, innovation, investigation and report writing skills and facilitation skills.

Our Employee Development System for professional, technical and administrative employees continues to be focal system in individual work planning and reporting.

For operational employees, the Skills Development System continues to be expanded, with links to critical procedures requiring training and certification.

Equal opportunity and diversity

Fremantle Ports continues to proactively support employees balancing work and family responsibilities with flexible hours, availability of purchased leave, part-time work opportunities, working from home arrangements and paid maternity and paternity leave.

This year, we engaged two indigenous trainees. During their one year traineeship, they will gain experience in records management, customer service and personnel records management. Currently recruitment is underway for further indigenous trainees for our operational areas.



Computer training is provided to all new staff.

Promotion of health and wellness

Fremantle Ports' Health and Wellness program has continued to provide employees with educational and lifestyle opportunities to improve their health and well being. This year's program included a range of ongoing initiatives such as: influenza vaccinations, skin cancer screening, first aid and CPR training and healthy lifestyle awareness sessions on issues such as menopause, cancer, diet and nutrition and stress management.

Health and fitness are promoted via pre-placement and annual and bi-annual medicals and fitness testing. Employees have access to the Social Club's gymnasium and many participate in the Heart Foundation's Climb to the Top competition and lunch time power walking.

Safety in the home continues to be encouraged with awareness sessions on avoiding common accidents and demonstrations on correct use of garden tools and equipment.

New policies introduced

Alcohol and drugs

Fremantle Ports' Alcohol and Other Drugs Policy was completed and is being communicated to staff. All employees are required to attend training.

The policy and procedure are expected to come into effect formally in September 2009. Alcohol self-testing units will be provided at locations within the port to enable employees to test themselves before starting work if they feel they may be affected by alcohol.

Random testing has not been included in the current policy and procedures. However, testing for alcohol or other drugs can be required for anyone involved in a significant incident or if a person shows signs of being under the influence of alcohol or other drugs. This "for cause" testing is based on the model put forward by the Maritime Union of Australia.

Fremantle Ports developed the policy and procedure as part of its obligation to ensure that it provides a safe workplace for its employees, visitors and contractors.

Bullying and intimidation

A policy on bullying and intimidation has been developed and all employees have been enrolled to attend awareness sessions.

Employee relations

Negotiations for a *Fremantle Ports Administration and Management Workplace Agreement 2008* and a separate *Fremantle Ports Marine Services Workplace Agreement 2008* covering Vessel Traffic Officers and Small Craft Masters took some time and were successfully concluded with considerable co-operation and support from all involved during the year.

Objective 5 Business Excellence and Sustainability

To ensure business sustainability through our excellent performance in all areas, innovation, business improvement and community and stakeholder engagement

Outcomes sought:

Embedding of the Australian Business Excellence Framework and Fremantle Ports' Sustainability Principles

Business Improvement

Innovation

Competitiveness of services

Financial viability

Triple bottom line decision making

Safety and protection of the environment

Understanding of community and stakeholder requirements



An Innovation Steering Group has been created as part of the Business Improvement Plan.

Implementing our Business Improvement Plan

Improvement opportunities highlighted by SAI Global evaluators who visited us in 2007 as part of our application for a Business Excellence Award under the Australian Business Excellence Framework are progressively being consolidated and priority areas worked on as part of our Business Improvement Plan.

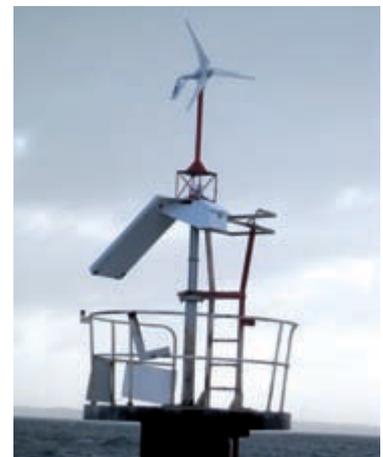
It was very pleasing to be acknowledged at the top Gold Award level in 2007 but we recognise that the main value derived from participating in this rigorous business excellence program is the opportunity it provides to undergo external evaluation, with benchmarking against best practice.

Addressing sustainability

Fremantle Ports' sustainability will be determined by the extent to which we add value for our customers and stakeholders while caring for our people, the community and the environment.

Our work in relation to sustainability is well advanced in a number of key aspects of our business in alignment with the sustainability principles and goals previously developed with input from staff, customers and community representatives. The progress we have made in areas such as safety, environmental management, customer focus and community contribution was noted by the evaluators from SAI Global.

Embedding sustainability into guidelines for building projects on port land has been an important step. This work is designed to ensure that decisions are made on a triple bottom line basis and importantly also to ensure that opportunities in areas such as energy efficiency are not overlooked.



Fremantle Ports now uses wind power on the two lead lights, which guide marine pilots to the centre of the Success and Parmelia channels.

A sustainability forum held in 2007 focused on the identification of the key material sustainability issues that our customers and stakeholders will use when assessing our performance in relation to sustainability. The value chain analysis and other consultations we are undertaking with our customers and our community consultation are helping to establish what those key material issues are.

Our aim is to ensure that our strategic planning includes the strategies needed to address these issues and that our staff have sufficient guidance on applying our sustainability principles on a day to day basis. The work will be ongoing.

Sustainable procurement

Fremantle Ports recognises that sustainable procurement can minimise environmental, social and economic impacts as well as benefitting society, the natural environment, and reducing overall operating costs. Our Supply Policy Manual was updated in March 2008, with sustainability one of the issues covered. Under this policy, social environmental and economic issues are to be taken into account in decision making on procurement of goods, works and services.

Performance in safety and environmental management

Overview

Fremantle Ports retained its certification to safety (AS/NZS 4801), environmental (ISO 14001) and quality (ISO 9001) systems after undergoing the annual audit in May 2007.

The two senior auditors from SAI Global noted the number of improvements made since their previous audit, particularly against identified gaps. They mentioned in particular the projects to improve import shed roof doors and the permit to work compliance at the Kwinana Bulk Terminal, and the significant improvements to "housekeeping" in both the Kwinana Bulk Jetty and Inner Harbour workshops. They also mentioned good monitoring and management of legal compliance, innovations in navigational aids and the Kwinana Bulk Terminal's real-time dust monitoring.

Areas noted for improvement included the need for more workplace inspections, contractor safety, checking and tagging of lifting gear, storage of chemicals and flammable substances, and the need for triggers to indicate when re-training was required.

In the safety area, progress included the employment of a new safety officer to support civil and structural maintenance activities, safety leadership training for the Executive and key operational managers and the deployment of the Voyager Stage 2 computer system for the management of dangerous cargoes. Machine risk assessments and physical condition evaluations were completed for the Kwinana Bulk Terminal in April 2008.

Certification to the rigorous international environmental standard ISO 14001 is a key tool used by Fremantle Ports to ensure we operate in a way that protects the environment.

In the area of environmental management this year, additional resources were applied, the Inner Harbour storm water risk management was reviewed and incident control training was undertaken in oil-spill contingency planning.

At the Kwinana Bulk Terminal, there were on-going initiatives to reduce dust and monitor air quality, a coal stockpile management plan and procedures were developed and dust sprinklers, foam induction and water sprays installed at strategic locations. Also at this bulk terminal, a new groundwater monitoring network was installed and ongoing groundwater monitoring was instituted at this site (as well as on Victoria Quay).

Two Environmental Field Notices associated with an incident at the Kwinana Bulk Jetty were issued by an Officer of the Department of Environment and Conservation in August 2007. One notice related to contractors working on the under-wharf containment system failing to effectively seal a cut in the pipework that collects wharf wash-down water, resulting in some of the wash down liquid containing sulphur to spill into the ocean. The other was the result of stevedores failing to ensure all deflector plates were in place between the ship and wharf to divert onto the wharf any spillage during ship unloading.

Due to the inert nature of solid sulphur, the spills were not considered to have caused any significant environmental impact, and investigation by a third party identified opportunities for improvement particularly in respect to contractor management and wharf inspections. Advice has not been received to date from the Department of Environment and Conservation on whether any breaches of the Environmental Protection Act will be alleged.

In 2007, Fremantle Ports engaged a third party environmental consultant to assess the extent to which compliance is being maintained with the conditions of licence for the two environmental licences held for our bulk business (Kwinana Bulk Terminal and Kwinana Bulk Jetty). The assessments proved very valuable in identifying a range of minor actions that could be taken to prevent potential breaches of licence conditions from occurring and consequently it has been agreed to conduct these assessments on an annual basis.

Air quality management

Our Kwinana Bulk Terminal air quality management system is a sophisticated network of monitors which relay dust and wind information in real time back to our control room monitors. We have also developed site specific alarm limits which inform the control room operator of conditions before the *Environmental Protection (Kwinana) (Atmospheric Wastes) Regulation 1992* limits are reached.



One of four real-time dust monitors installed at the Kwinana Bulk Terminal.

Our detailed procedure informs operators if immediate action is warranted depending on the alarm status and onsite activities. Training is provided to ensure Fremantle Ports' employees are aware of the procedures and ongoing requirements of the dust monitoring system.

This air quality management system is a valuable, proactive management tool which ensures our operations continue to have a minimal effect on the site and surrounding air quality.

Our annual report containing information from our dust monitoring system was submitted to the Department of Environment and Conservation in April 2008. There were only three occasions where the Environmental Protection Policy (EPP) limit was exceeded, with our comprehensive wind data enabling us to conclude that these instances were probably due to offsite activities. These results highlight the success we have had with real time dust monitoring and how effective this tool is for site management.

Further upgrading of equipment and further training is planned for this following year to ensure the system continues to improve Fremantle Ports' ability to minimise air emissions at the Kwinana Bulk Terminal.

Marine quality monitoring

Fremantle Ports undertakes voluntary marine quality monitoring involving the collection of water, sediment and mussel samples from the Outer Harbour, the shipping channels, Fremantle Inner Harbour, Rous Head Harbour and one location upstream in the Swan River which is used as a reference site.

The marine quality monitoring program was established under our Environmental Management System in 2001, with testing performed every six months. We work closely with the Department of Environment and Conservation, the Swan River Trust and the Cockburn Sound Management Council to ensure that accurate data is readily available to the community.

Outer Harbour results are presented as part of the Cockburn Sound Management Council Scorecard. 2007/08 results show the presence of some contaminants in sediment but levels remained below the maximum resampling criteria for all Inner Harbour locations. One location in the Outer Harbour exceeded the parameters for TBT. This is scheduled to be investigated further in the summer round of sampling.

Reducing energy use and carbon emissions

Fremantle Ports has cut the petrol consumption of its vehicle fleet by 37,000 litres over the past three years with an attendant reduction in carbon emissions. Carbon produced has dropped from 416 tonnes in 2003 to 331 tonnes last year. This was achieved by changing most of Fremantle Ports' six-cylinder vehicles to four-cylinder vehicles, many of which used diesel.

Fremantle Ports also supports the environment by sponsoring Men of the Trees, using a formula that calculates how many trees we need to donate to offset the amount of carbon dioxide generated. We have participated voluntarily in the tree offset scheme for the past four years.

After a recent successful trial, our two leading navigation lights have been powered by wind since June 2008. These two lead lights, which guide pilots to the centre of the Success and Parmelia channels, are located South-West of Woodman Point.

The trial proved wind generators would provide the two larger beacons with an increased and more reliable power source. Fremantle Ports' 50 navigational beacons have been solar powered for the past 16 years.

Managing waste

As part of our efforts to improve the sustainability of Fremantle Ports' operations, work commenced in 2008 on a waste management plan which will be customised for each of our sites and integrated in our Environmental Management System.

The waste management plan being developed will meet all relevant legislative requirements including the requirements of the Waste Avoidance and Resource Recovery Act 2007, as well as meeting the requirements of the Marpol 73/78 Protocol.

Contaminated sites management

To ensure compliance with the Contaminated Sites Act 2003 which came into effect on 31 May 2007, Fremantle Ports has a contaminated sites management program to investigate any contamination issues on its properties. Three of our four geographically separate sites have been classified under the Act. As a result, further soil and groundwater investigations are being undertaken to determine the extent of any contamination and possible remediation measures.

Business Excellence and Sustainability

Safety a high priority

Fremantle Ports is committed to maintaining a safe workplace, caring for the wellbeing of its people and eliminating work-related illness and injury.

We are certified to the occupational health and safety management system AS/NZS 4801, and our safety vision is to be recognised by our people as an industry leader for our excellence in safety.

We have a formal structure in place to ensure that safety is managed as a high priority with input from our employees. Our safety management structure includes a steering committee to provide guidance and to ensure line management responsibility for safety. The structure includes occupational health and safety committees for the Inner and Outer Harbour areas and specific sub-committees have been established to improve our processes for permit to work, formal observations, contractor safety, incident investigation and safety communication.

There were no work related fatalities in 2007/08.

Although there were four lost time injuries during the year, it is pleasing to note that the lost time injury frequency was significantly better than our 20 per cent improvement target for 2007/08. The rate of 7.57 was the lowest rate recorded at Fremantle Ports in the past 17 years.

The injury severity rate was also significantly better than the 20 per cent improvement target set by the Board for 2007/08.

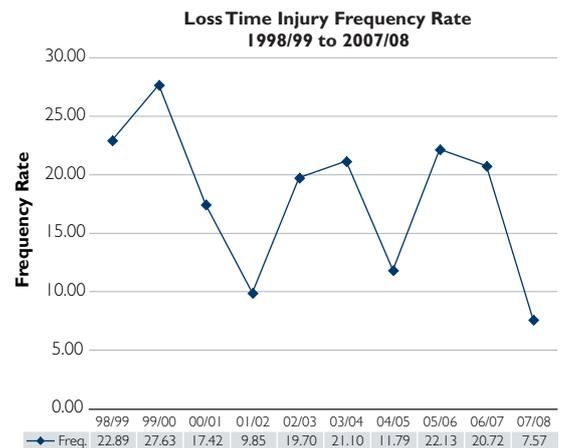
Fremantle Ports complies with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*.

Mooring

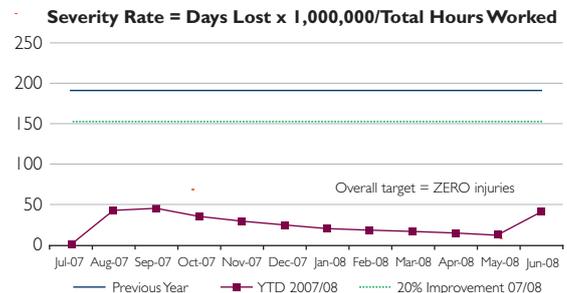
A mooring induction presentation has been developed to enable mooring crew staff to refresh their knowledge and skills. Many people receiving the induction have significant mooring experience but Fremantle Ports has initiated the training to minimise slips, trips and sprains.



Fremantle Ports staff are required to wear personal protective equipment in operational situations.



Note: $Lost\ Time\ Injury\ Frequency\ Rate = \frac{\text{number of lost time injuries} \times 1,000,000}{\text{total hours worked}}$



Fremantle Ports has been a world leader in establishing mooring procedures. At a shipping conference in Cape Town in 2002, Fremantle Ports Harbour Master, Captain Eric Atkinson, provided more than 100 copies of Fremantle Ports' mooring procedures to port representatives from around the world. Several of the world's biggest ports had no laid down procedures at all, to cover this potentially hazardous operation.

Fremantle Ports, working with Ports Australia and the International Harbour Masters Association, has also continued to demonstrate leadership to achieve improved safety of ships' mooring lines, pilot ladders and other associated equipment, lobbying the International Maritime Organisation to achieve regulation of such areas.

WA ports safety managers forum

Safety managers from all ports in Western Australia met in Fremantle for a forum to strengthen network and information exchange on best practice and port-specific occupational safety and health programs. The forum was the first of a set of such meetings arranged by the Western Australian Port Authorities Association, each on a different topic and each hosted by a different port.

The forum was seen as a place to exchange information and ideas, to encourage best practice and enhance expertise across Western Australian ports. The forum used tools from Fremantle Ports' Team Guide to identify future priority items, including contractor safety management, resistance to change, legal compliance, senior management commitment, alcohol and other drug policies, manual handling and mooring injuries, and the ageing workforce.

Maritime sector training

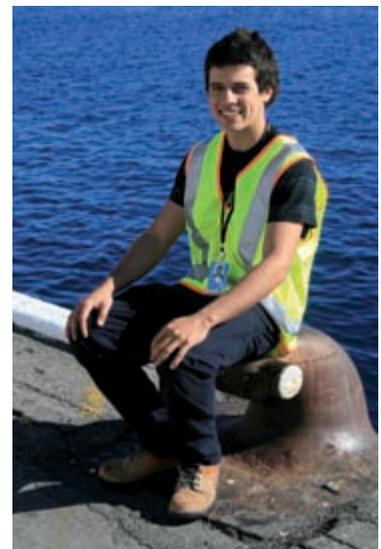
Australia is currently experiencing a shortage of skilled labour in many industry sectors and the maritime sector is no exception. Whilst the seagoing sector is struggling to attract new recruits, Fremantle Ports and regulatory sectors of the maritime industry have traditionally sourced their skilled people such as pilots, harbour masters and operational managers directly from the sea-going sector. This can not currently be supported and it is time for the industry to consider less traditional streams of training to source future demand.

The Western Australian Port Authorities Association supported development of a new training course by Challenger TAFE and the Australian Marine Pilots Association to focus on the needs of pilots and port management.

The course has been approved by the National Training Framework and Fremantle Ports has employed one Maritime Trainee. The course focuses on candidates achieving Master One equivalent academic standing with industry experience more appropriately focused on the port environment in which it is anticipated that they will be employed.

Seafarers workshop

Fremantle Ports hosted WA's first workshop into recruiting and retaining seafarers on World Maritime Day, 27 September 2007. The Australian Marine Pilots Association joined with the Master Mariners and Fremantle Ports to support the workshop with the aim of identifying strategies to encourage skills development in the maritime sector. More than 50 people attended.



Maritime Trainee Josh Gonsalves.

The strategies identified ranged from lobbying governments to align State and Federal certificate requirements, to increasing awareness among young people of the career opportunities within the maritime industry.

Japanese award for service

In November 2007, Fremantle Ports' Harbour Master Captain Eric Atkinson was awarded one of the Japanese Emperor's highest honours, The Order of the Rising Sun, Gold Rays with Rosette. Captain Atkinson received the award partly in recognition of his work in assisting the Japanese Antarctic research vessel *Shirase* over the past 25 years.

Shirase is an icebreaker which carried scientists to and from Antarctica as part of the Japanese Antarctic Research Expedition. Captain Atkinson worked closely with them on their arrivals and departures, and with security.



Harbour Master Eric Atkinson receives the Order of the Rising Sun, Gold Rays with Gazette, from the Japanese Consul General, Mr Hyosuke Yasui.

Understanding and responding to community priorities

Fremantle Ports recognises the importance of input from community and other stakeholders in the planning of projects and has continued to implement a structured program of community liaison.

Our Inner Harbour and Kwinana Community Liaison Groups established a decade ago to provide forums for information exchange and discussion on port-related issues have met regularly. Stakeholder consultation has been undertaken this year on a number of projects including the work towards approvals for the Kwinana Quay container port facilities, planned deepening of the Inner Harbour, the implementation of the Fremantle Waterfront Masterplan and port planning policies.

Contributing to our community

Starlight Purple Haze Game

For the third year, Fremantle Ports was the anchor sponsor for the Fremantle Football Club's Starlight Purple Haze Game and staff rallied to help seriously ill and hospitalised children, raising a record amount of money for the Starlight Children's Foundation. Before the game on 29 March, about 200 staff and family members attended a Purple Haze fund-raising breakfast with some of Fremantle's senior squad players. Staff volunteers also collected money from football supporters before the Starlight Purple Haze Game between Fremantle and Hawthorn.



Fremantle Ports volunteer tin-shakers at the Purple Haze game.

Altogether, a total of \$40,621 was raised for the Foundation, bringing the total to almost \$120,000 over Fremantle Ports' three years of support.

Education links

As part of the work to build understanding of and support for the role of the Fremantle Ports, we have been working over the past 18 months to establish closer relationships with a number of primary and secondary schools in the port area. A key achievement has been the development of a memorandum of understanding with Rockingham Senior High School and work towards establishing similar partnerships with South Fremantle Senior High School. Both these schools have a maritime studies stream.



Rockingham Senior High School scholarship winners.

A curriculum module on the Port of Fremantle developed by Rockingham Senior High School at the suggestion of Fremantle Ports and with our support is now in use and some other schools, have expressed an interest in adopting modified versions of this module.

We have also been working with Gilmore College at Kwinana in support of an environmental project which has a mentoring component to assist students from the nearby Orelia Primary School to make the transition to first year high school.

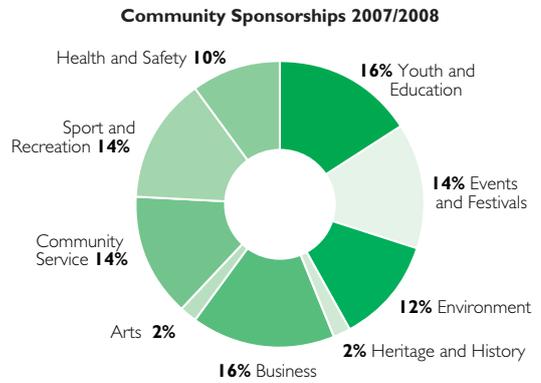
Support for a mentoring program conducted in association with the Aboriginal Bridging Course at Curtin University's Centre for Aboriginal Studies has been continued for 2008. Scholarships are also being provided again this year.



Fremantle Ports sponsors the butterfly house at the Naragebup Rockingham Regional Environment Centre. This special enclosure features the spectacular Monarch butterfly, a threatened local species. The display of cocoons and the hatching of butterflies is a popular attraction, delighting children and fascinating adults, according to Naragebup founder Bob Goodale (pictured).

Community sponsorship

Fremantle Ports supported a wide range of community projects this year. Our targeted sponsorship program is linked to priorities identified through ongoing community liaison. Educational and youth leadership programs, environmental projects, cultural projects with a local community focus and trade-related activities are among the themes.



Women in science

Fremantle Ports hosted the inaugural Women in Science in Government forum at the Western Australian Maritime Museum in March. The guest speakers were Professor Lyn Beazley, Chief Scientist for Western Australia, and Emma McCauley, Fremantle Ports' environmental advisor.



Dr Sue Sutherland (left) Department of Agriculture and Food; Susan Murphy, Water Corporation; and Professor Lyn Beazley, Chief Scientist for Western Australia, attended the Women in Science function.



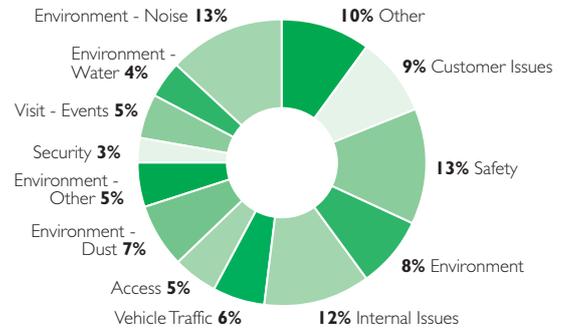
A giant skua rehabilitated at Native ARC is released from a Fremantle Ports' boat. Fremantle Ports supports Native ARC.

Complaints management

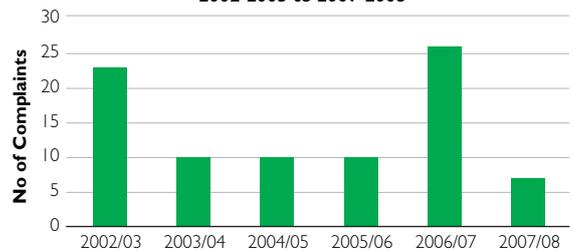
Fremantle Ports has an online system accessed via the Intranet to assist with complaints management. Complaints whether verbal or written, external or internal are registered as they occur. The person responsible for follow up is identified as part of this process and actions can be assigned electronically and tracked. Level of risk is calculated and trends are measured as a key performance indicator and reported to the Executive and Board on a monthly basis.

Measures introduced to improve traffic management in the North Quay/Rous Head area contributed to a significant reduction in traffic complaints in 2007/08.

Major Complaints - Percentage 2007/08



Complaints - Vehicle Traffic 2002-2003 to 2007-2008



Strategic Issues

Trade growth exceeds forecasts

International ports such as Fremantle operate in a dynamic, globalised environment and to be successful they need flexibility in planning to adjust to changing circumstances.

The economic success we have experienced in Western Australia in recent years, linked to the economic growth in countries such as China and India has resulted in some of our trades growing at rates well beyond the high growth scenarios modelled previously.

Our container, steel imports, new motor vehicle imports and some of our bulk trades are examples of this.



In responding, we have concentrated both on planning for increased capacity through the provision of new infrastructure and on projects designed to ensure that the infrastructure we have already at Fremantle and Kwinana can be used in an optimal way. Our work is aligned with both the Western Australian and Federal Governments' recognition of the importance of meeting infrastructure needs.

Implications of trend to bigger ships

Shipping and technological trends also influence our planning. Container ships visiting Fremantle are, on average, about 75 per cent bigger than they were fifteen years ago.

A study by transport sector economic specialists, Meyrick and Associates, has shown that failure to deepen in line with other Australian capital city ports would lead to a loss of major direct shipping services, with larger ships by passing Fremantle and travelling to the Eastern seaboard. Western Australia would have to rely on smaller feeder services transshipping cargo to and from other ports. A reduction in large size vessels calling at Fremantle would reduce the capacity available for cargoes to and from South East Asia and Europe which would mean that trade to and from those destinations would have to find alternative higher cost transport solutions with a subsequent loss of competitiveness of the Western Australian industry.

Once shipping services are lost, history shows that it is difficult to restore them and this is something we cannot afford to see happen, hence the need for the proposed Inner Harbour deepening.

Protecting vital infrastructure

The value of commercial ports and the scarcity of suitable deepwater sites for ports that handle international shipping are issues not always well understood. While ports such as Fremantle, located close to urban centres, need to place a high degree of importance on being a good neighbour, appropriate planning for any development in surrounding areas close to port operational areas is also critically important.

The buffer zones around the Inner Harbour and now incorporated into local authority planning schemes will be helpful, but we remain concerned that residential development very close to the working port has the potential to constrain port operations, with detrimental effects on port efficiency and the economy.

The massive North Port Quay proposal to accommodate up to 20,000 people plus schools, a hotel/convention centre and performing arts centre right on our boundary is a case in point. Fremantle Ports would find it difficult to support any such proposal in this location.

It is important that port planning for the Inner Harbour continues to take a long term perspective and that, through adopting a triple bottom line approach to planning and project development, the ultimate sustainable capacity of the Inner Harbour can be achieved.



Fremantle's Inner Harbour.

Corporate Governance

Legislative framework

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

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

The *Port Authorities Act 1999* adopts financial reporting provisions equivalent to those of Corporations Law and exempts Fremantle Ports from the *Financial Administration and Audit Act 1985*, with the exception of audit provisions, which means that the Auditor General continues to conduct annual audits.

The Minister may give directions in writing to the Board of Directors with respect to the performance of the functions prescribed by legislation. Any such directions must be laid before both Houses of Parliament within 14 days.

Board of Directors

Fremantle Ports' governing body is a Board of five Directors appointed by and responsible to the Minister for Planning and Infrastructure.

Directors may hold office for up to three years, and are eligible to be re-appointed. An objective is to provide a balance between ensuring that continuity of experience on the Board is maintained and obtaining input from a new perspective. In appointing a Director, the Minister must have regard to all relevant guidelines published, approved, endorsed or administered by the Minister for Public Sector Management. Directors are remunerated out of Fremantle Ports' funds, with remuneration and allowances determined by the Minister. Members of Fremantle Ports' staff are not eligible to be appointed as Directors.

Since proclamation of the *Port Authorities Act 1999*, the Board has revised and amended a number of guidelines and practices to ensure compliance of Directors and staff. The Board is empowered by legislation to determine its own procedures, and has established:

- Standing Orders to encourage maximum participation by Directors at meetings of the Board
- an introductory document covering the role and responsibilities of the Board for the benefit of new members. This emphasises the ethical, entrepreneurial and legal dimensions of the



Board of Directors: Alan Birchmore, Chairman (seated, right); Robert Pearce, Deputy Chairman (seated, left); Robert Edel (standing, left), Eve Howell and John O'Connor.

role of Directors, including useful information relevant to statutes which place substantial legal responsibility upon Board members

- appropriate levels of delegation to effectively manage Fremantle Ports' business with clear lines of accountability, consistent with the powers of delegation contained in the enabling legislation
- an Audit Committee, overseeing the internal audit programme, which includes three Board members
- an Employee Relations Committee, overseeing strategic employee relations, which includes three Board members.

Internal audit

Internal Audit continues to focus on working with management to improve Fremantle Ports' business and to provide reasonable assurance that activities are carried out effectively and efficiently in accordance with sound business practices, legislative and regulatory requirements.

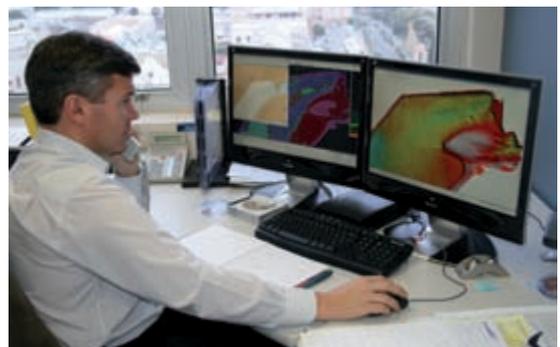
Internal Audit work during the 2007/08 year included reviews of: performance measures, purchasing and accounts payable processes, post implementation reviews of the Cognos Trade Reporting and Voyager Dangerous Goods systems; recruitment and selection, intranet, records management, contract administration, training and development, goods and services tax compliance; port security; risk management in projects; and safety and environment legal compliance processes. The internal audit reviews provided assurance to management as to the control processes in place, as well as suggestions for continued improvement.

Functions and performance

The functions of the Port Authority are extensive, and include: the facilitation of trade; having due regard to the safe and efficient operation of the port; maintenance and preservation of property; being environmentally responsible; and planning for future growth and development.

Fremantle Ports is required to operate in accordance with its Strategic Development Plan and its Statement of Corporate Intent. In complying with legislation and in line with accepted sustainability principles, Fremantle Ports strives to achieve measurable performance against economic, environmental and social objectives.

A five year Strategic Development Plan, and an annual Statement of Corporate Intent are submitted to the Minister each year for review and ultimate agreement between the Board and Minister, with the Treasurer's concurrence. The Strategic Development Plan is a confidential document covering a range of medium to long term objectives relating to economic, financial, environmental, competitive and other strategies. The Statement of Corporate Intent sets out the objectives and performance targets for the financial year ahead and is tabled in Parliament, following approval.



Fremantle Ports' Vessel Traffic Manager Alec Millett has been recognised by the Australasian Hydrographic Society for his voluntary efforts in promoting hydrography, which helps to maintain safe shipping channels.

Compliance with legislation

Many State, Federal and international laws, regulations, conventions, codes and standards affect the port and its operations. As part of Fremantle Ports' Risk Management Program, procedures are in place to monitor new or amended legislation and changes to codes, standards or conventions to ensure that appropriate consideration is given to any impact such changes might have upon port operations, and to implement appropriate practices for compliance.

During the year under review there were no amendments to the Regulations relating to Fremantle Ports.

Code of Conduct

Fremantle Ports has rewritten the Code of Conduct and, following consultation with the Commissioner for Public Sector Standards, has issued the revised code to all employees.

The Code of Conduct reflects Fremantle Ports' aim to maintain the highest ethical and behavioural standards. To support the introduction of the Code a number of HR policies have been reviewed and written to ensure compliance with all relevant legislation, regulations and industrial instruments.

The legislation under which we operate requires the Board to establish minimum standards to apply to staff with regard to merit, equity and probity, and in consultation with the Commissioner of Public Sector Standards to develop a Code of Conduct. The legislation requires a report to be submitted to the Commissioner for Public Sector Standards annually regarding the observance by members of the staff to this Code of Conduct.

Eighteen employees breached the Code of Conduct in the year under review. Each of the breaches have been dealt with and appropriate action taken to resolve the matters.

Fraud and Corruption Control Policy

In compliance with the State Government's requirement for agencies to take measures to reduce the risk of corruption and misconduct, Fremantle Ports has developed a Fraud and Corruption Control Policy. Under this policy, Fremantle Ports applies the Australian Fraud and Corruption Control Standard AS 8001-2003 to minimise loss. Fremantle Ports is a "notifying authority" for the purposes of the Corruption and Crimes Commission Act and the Public Interest Disclosure Act. There were three incidents requiring disclosure under this legislation during the year.

Human resource policies and procedures

These are available to all staff and are regularly reviewed to ensure they reflect best practice standards for a commercialised operation. The Manager Human Resources is responsible for ensuring compliance with standards, and the Human Resources Branch performs an advisory role and is part of the process for all recruitment, selections, transfers or secondments to ensure compliance.

Information management

Fremantle Ports takes a strategic approach to records and document management by integrating it into information and knowledge management and ensuring that all employees are aware of the importance of managing information appropriately. The 2006 - 2011 Strategic Plan, our Corporate Values and our Leadership Model all emphasise the importance of information management and learning. This approach is supported by embedding and promoting a learning culture within our organisation. Information and knowledge management projects are planned and progressed under the sponsorship of Executive Management.

Recordkeeping plan*Evaluation of the efficiency and effectiveness of Fremantle Ports' record keeping system*

Fremantle Ports regularly monitors and reviews the efficiency of its record keeping system and over the past two years the following reviews have taken place:

- Internal audit of Fremantle Ports' Record Keeping Plan and retention and disposal schedule together with a review of record keeping policies and procedures
- Internal customer survey
- An independent review of the TRIM electronic document and records management system including the TRIM business classification scheme and security model.

The results of these reviews identified that Fremantle Ports complies with its record keeping responsibilities under the State Records Act. Various improvement opportunities were also identified and the following improvement strategies have been put in place:

- The increased use of TRIM identified a gap relating to e-mail registration and management. In response, an e-mail management policy and procedure have now been implemented
- Customer feedback identified that a simplified TRIM user interface was required. This need was met through a TRIM system upgrade in 2007. Fremantle Ports understands that getting people to use its systems is as important as implementing the system itself. Accordingly, the user interface was designed in consultation with users. The review also found that Fremantle Ports' current business classification scheme could be improved to enable project documentation to be better managed through TRIM. An improved business classification scheme will be implemented in 2008.



Our training team ensures all staff are able to use the TRIM system.

The review of our Record Keeping Plan identified various improvement opportunities.

One related to preserving historical information within our website to comply with the State Records Commission Standard 8. A back-up of the complete internet now occurs nightly, which means that a "snapshot in time" of the web site can easily be produced either for legal or historical purposes.

Our Record Keeping Plan Review Report was sent to the State Records Commission for review. As a result of this review, an improved Record Keeping Plan has been submitted to the State Records Commission for approval. The new Record Keeping Plan, with actions and deliverables, will help Fremantle Ports in its goal of continuous improvement in managing records and documents.

Record keeping training programs: Induction, review of its efficiency and effectiveness, and assurance that Fremantle Ports' induction program addresses employee roles and responsibilities in regard to their compliance with Fremantle Ports' Record Keeping Plan

Fremantle Ports' Information Services branch, which oversees document and records management, provides record keeping training to all new employees during monthly induction sessions. A new training program has now been implemented which includes

a role play and quiz covering key information relating to Fremantle Ports' Record Keeping Plan, records management policies and procedures as well as information and knowledge management initiatives.

This improved record keeping training program addresses employees' roles and responsibilities at a high level. Inductees also receive a comprehensive information pack which includes links to our intranet site to locate records management policies and procedures, a copy of our Record Keeping Plan and contact details of key people for assistance. Feedback received from new inductees and the quiz results demonstrate that the new training program is effective. The role play will also form part of an information management road show which will be delivered to all employees over the next few years enabling a re-learning process to occur.

To assist with record keeping, TRIM training is undertaken by a dedicated computer applications trainer. A dedicated "TRIM Hotline" service is also provided by the records management team to deliver more timely TRIM assistance to users.

Financial Administration and Audit Act 1995

Section 91 of the Port Authorities Act 1999 gives effect to Schedule 5 of the Act, which contains provisions substantially based upon Corporations Law in matters related to financial administration and audit. Consequently, the provisions of the Financial Administration and Audit Act 1985 are limited in the application of the audit process only.

Freedom of Information

The provisions of the *Freedom of Information Act 1992* apply. During the year, we received two applications under the Act, both of which have been completed.

Regulations

Regulations provide for the efficient and orderly conduct of business activities within the Port of Fremantle, including safe and reliable port services, gazettal of regulated charges and general administrative requirements necessary for good management of the port and incidental activities.

The *Port Authorities Regulations 2001* became effective from 1 June 2001. These regulations are largely common to all port authorities in Western Australia, however there are separate schedules covering matters specific to individual ports.

Schedule 1 Division 5 applies specifically to Fremantle Ports, and the provisions contained in that Division of the Schedule specifically override, as far as Fremantle Ports is concerned, any similar provisions contained within the preceding part of the regulations. The most noteworthy difference in Schedule 1 Division 5 refers to the eligibility and issuing of Pilotage Exemption Certificates.

During the year under review there were no amendments to the Regulations relating to Fremantle Ports.

Advertising and market research expenditure

In compliance with section 175ZE of the Electoral Act 1907 the following information is supplied:

Marketing Research Organisations

Synovate Pty Ltd	\$52,640
------------------	----------

Polling Organisations	Nil
------------------------------	-----

Direct Mail Organisations

Fremantle Herald (<i>distribution of leaflets</i>)	\$4,766
--	---------

Media Advertising Organisations

Fremantle Herald	\$4,586
------------------	---------

Showcase Publications	\$5,700
-----------------------	---------

Community Newspaper Group	\$1,509
---------------------------	---------

RMJ Promotions	\$227
----------------	-------

Southwest Printing & Publishing	\$164
---------------------------------	-------

Seek (<i>recruitment adverts</i>)	\$5,120
-------------------------------------	---------

Acorn Design (<i>includes tenders, recruitment adverts</i>)	\$18,720
---	----------

Media Decisions (<i>includes tenders, recruitment adverts</i>)	\$114,248
--	-----------

WA Regional Papers	\$63
--------------------	------

Informa Australia	\$420
-------------------	-------

The Fremantle Book	\$850
--------------------	-------

Air Ads	\$990
---------	-------

Total	\$210,003
--------------	------------------

Directors' Report

For the year ended 30 June 2008

The Board of Directors of the Fremantle Port Authority (Fremantle Ports) has pleasure in submitting its report for the financial year ended 30 June 2008.

Directors

Details of the Board of Directors of Fremantle Ports during the financial year and until the date of this report are:

Alan Birchmore (Chairman from 1 March 2008)

Mr Birchmore was appointed to the Board on 1 March 2008. He is a former Chairman of the Albany Port Authority, which was awarded Lloyds List DCN Australian Port of the Year in 2006.

Mr Birchmore has occupied senior management and board appointments in Australia, the UK, Europe and the US, through a range of financial, industrial and mining operations. He came to Western Australia in 1979 as Managing Director of Amalgamated Industries and when this company was taken over by Bond Corporation, he was retained as an Executive Director to manage all Bond's industrial and mining interests. From 1984 he spent 12 years in the United Kingdom overseeing a range of European assets including international brewing, television, property developments and Airship Industries. He is currently a Director of United Minerals and a Fellow of the Australian Institute of Company Directors. Mr Birchmore is also a former Deputy Chairman of the Western Australian Ballet.

Mr Birchmore was appointed as Chairman on 1 March 2008.

Expiry of present term: 30 June 2010

Joe McKay (retired as Chairman on 29 February 2008)

Mr McKay was appointed to the Board in 1995. He served as Deputy Chairman from 17 October 1997 and as Chairman from 1 July 2004. He is self employed and previously was a founding partner, director and financial investment adviser with Healy McKay and Wright Investment Services. He has worked for the Australian Taxation Office and the Armstrong Jones Property Group, and was a past lead lecturer in Personal Investment and Financial Management at the Securities Institute of Australia. He is a Fellow of the Australian Institute of Company Directors and is a life member of the South Fremantle Football Club.

Mr McKay's term as Chairman and Director ceased on 29 February 2008.

Robert Pearce (Deputy Chairman)

Mr Pearce joined the Board on 1 July 2004. He is a former Western Australian Government Minister for Transport and Planning who also held the portfolios of Education, Environment and Leader of the House. He is Executive Director of the Forest Industries Federation of WA and President of the National Association of Forest Industries. He was previously Chairman of the WA Port Operations Taskforce and a member of the Sea Freight Council of WA. He has served on the board of the Fremantle Sailing Club.

Mr Pearce was appointed as Deputy Chairman on 14 September 2004.

Expiry of present term: 30 June 2010

Robert Edel

Mr Edel, a Perth-based partner in national law firm DLA Phillips Fox, was appointed to the Board on 1 February 2002. He is a graduate of The University of Western Australia and has a Master's degree in international commercial law from the University of London.

Mr Edel principally practises in the areas of mining and energy, project development, commercial litigation, construction and infrastructure, and trade practices. Other areas of his professional practice include international trade litigation, shipping and maritime law and risk management.

Expiry of present term: 31 December 2008

John Joseph O'Connor

Mr O'Connor was appointed to the Board on 1 January 2005. He is a former Australian Industrial Relations Commissioner and National President, State Secretary and Organiser/ Advocate of the TWU. Mr O'Connor is also a current Board member of Verve Energy and has completed tertiary workshops including mediation skills enhancement and alternative dispute resolution, law for decision makers and intensive alternative dispute resolution.

Expiry of present term: 31 December 2008

Eve Howell

Ms Howell was appointed to the Board on 1 January 2006. She has over 30 years of technical and managerial experience in the petroleum industry in the UK and Australia. She is currently employed by Woodside as Executive Vice President, North West Shelf. She is a Director of the Australian Mines and Metals Association (AMMA) where she also serves as President. She has formerly been an Australian Petroleum Production and Exploration Association (APPEA) Councillor and Chair of APPEA's Environmental Affairs Committee.

Ms Howell has a Bachelor of Science in Geology and Pure and Applied Mathematics from the University of London and an MBA from Heriot-Watt University, Edinburgh Business School.

Expiry of present term: 31 December 2010

Directors' meetings

Attendance by Directors at meetings held during the financial year ended 30 June 2008 was:

	Meetings of Directors	Audit Committee	Employee Relations
Number of Meetings Held	11	4	4
Numbers of Meetings attended by:			
Alan Birchmore*	3	-	-
Joe McKay **	8	3	-
Robert Pearce	11	4	4
Robert Edel	10	1	4
John O'Connor *	11	-	4
Eve Howell **	9	3	-

* Not members of the Audit Committee

** Not members of the Employee Relations Committee

Principal activities

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

Results

The profit before income tax for the financial year was \$25.379 million (2007: \$17.357 million). The income tax expense attributable to the profit for the financial year was \$7.500 million (2007: \$5.298 million).

Dividends

The Board of Directors provided \$6.030 million (2007: \$4.891 million) for dividends in respect of the results for the financial year ended 30 June 2007. This dividend was paid in the financial year ended 30 June 2008.

Review of operations

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

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

	2008 \$'000	2007 \$'000
Profit before income tax expense	25,379	17,357
Income tax expense	(7,500)	(5,298)
Profit for the period	17,879	12,059
Retained earnings at 1 July	82,083	74,915
	99,962	86,974
Dividends paid in the financial year	(6,030)	(4,891)
Retained earnings at 30 June	93,932	82,083

State of affairs

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

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

Events subsequent to reporting date

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

Likely developments and expected results

Fremantle Ports will continue to work closely with customers and stakeholders to fulfill its trade facilitation role. Major infrastructure projects planned for the Inner and Outer Harbours will be progressed and further work will be undertaken towards embedding of Fremantle Ports' sustainability principles.

Emoluments

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

Directors' emoluments

The Minister determines the emoluments of the Board of Directors.

Details of emoluments provided to directors:

	Primary Fees	Post-employment Superannuation	Total
	\$	\$	\$
J McKay	37,806	3,403	41,209
R Pearce	35,516	3,196	38,712
R Edel	27,764	2,499	30,263
J O'Connor	27,764	2,499	30,263
E Howell	27,764	2,499	30,263
A Birchmore	16,667	1,500	18,167

Directors' benefits

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

Executives' emoluments

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

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

Details of emoluments provided to senior executives:

	Salary	Primary Bonus	Other	Post-employment Superannuation	Total
	\$	\$	\$	\$	\$
K Sanderson	308,156	85,308	12,950	34,794	441,208
C Leatt – Hayter	256,816	14,845	11,045	28,356	311,062
A Meyer	248,210	14,289	5,956	26,260	294,715
S Wade	237,515	13,730	5,767	26,271	283,283
G Valenti	234,483	13,554	4,251	21,103	273,391

Environmental regulation

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

Environmental management

Fremantle Ports is committed to demonstrating that it is an environmentally responsible organisation and this commitment is reflected in its values and corporate priorities. In order to comply with environmental responsibilities and objectives, Fremantle Ports maintains an environmental management system certified to the international standard ISO14001 by external auditors.

Rounding of amounts to nearest thousand dollars

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

This report is made in accordance with a resolution of the Board on 15 August 2008.



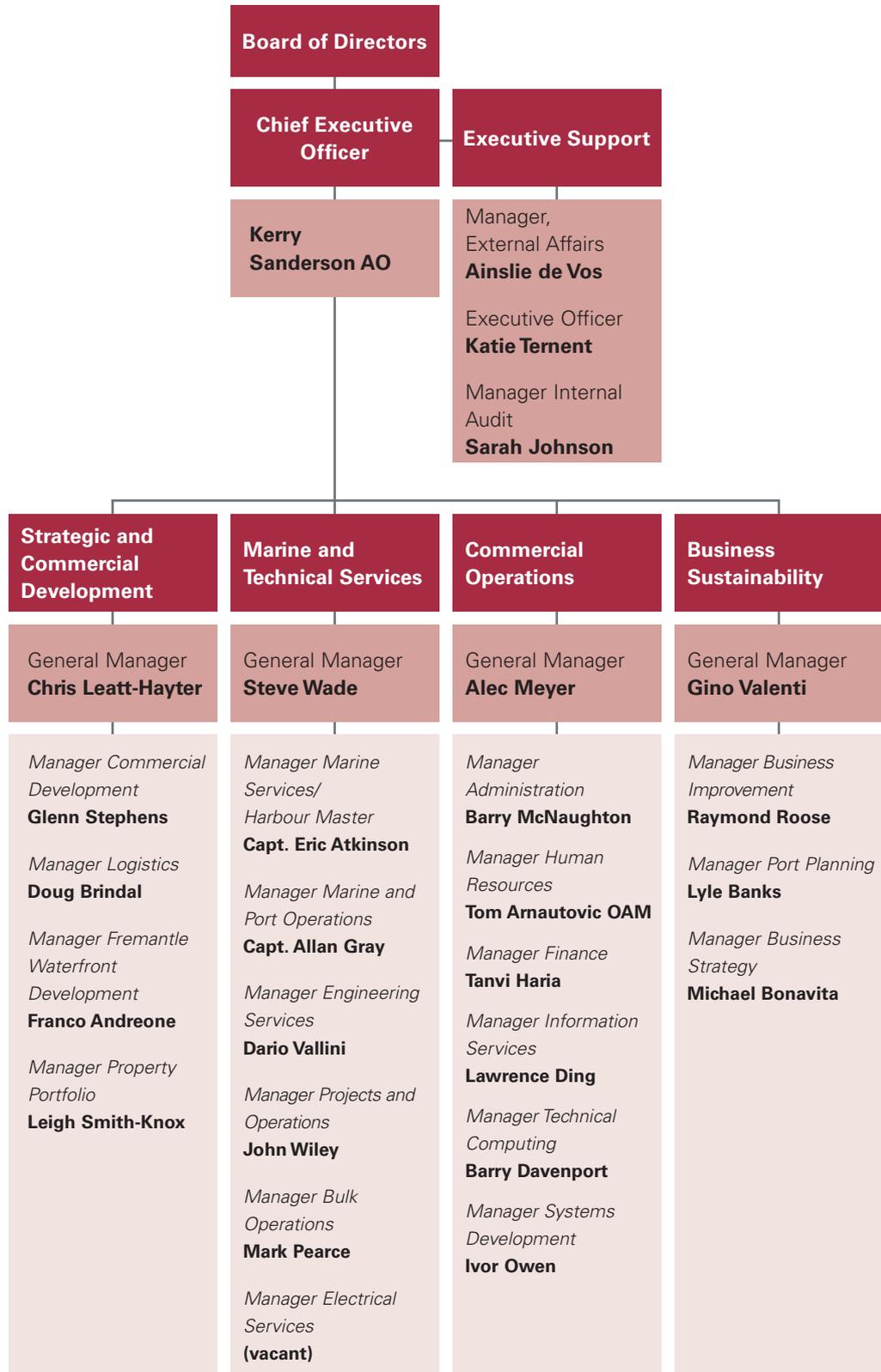
Chairman



Director

15 August 2008

Organisational Structure



Organisational Structure (as at 30 June 2008)

Executive Team



Kerry Sanderson - Chief Executive Officer

Kerry Sanderson AO, who has tertiary qualifications in science and economics, took up her present role at Fremantle Ports in late 1991 after four years as Deputy Director General of Transport in Western Australia. Prior to this, she held a senior position in the State Treasury. She is actively involved in a number of State and national forums. Kerry Sanderson will be leaving Fremantle Ports in October 2008 to take up an appointment as the Agent General for Western Australia, based in London.



**Chris Leatt-Hayter
General Manager Strategic and Commercial Development**

Chris Leatt-Hayter, who joined Fremantle Ports in 1992, has tertiary qualifications in economics. Prior to joining Fremantle Ports, he worked at the State Treasury and Department of Transport. He has wide-ranging experience in transport policy development, economic and financial evaluation and strategic and business development planning.



**Alec Meyer
General Manager Commercial Operations**

Alec Meyer brings extensive commercial experience to his position at Fremantle Ports. He has tertiary qualifications in accounting and has been closely involved with the re-organisation of Fremantle Ports to one of commercial orientation since his engagement in 1988.



**Steve Wade
General Manager Marine and Technical Services**

Steve Wade has tertiary qualifications in engineering, and joined Fremantle Ports in 1995. Prior to this, he worked with BHP and has wide ranging experience in construction and project management in Australia and overseas in the resources and manufacturing sectors.



**Gino Valenti
General Manager Business Sustainability**

Gino Valenti has tertiary qualifications in chemistry and joined Fremantle Ports in 1998. Prior to this he worked with the Department of Minerals and Energy in senior roles regulating the safe storage, handling and transport of explosives and dangerous goods and the management of major hazard facilities throughout Western Australia.



Income Statement	66
Statement of Recognised Income and Expense	67
Balance Sheet	68
Cash Flow Statement	69
Notes to and Forming Part of the Financial Statements	70
1. Summary of Significant Accounting Policies	70
2. Revenue	78
3. Profit before Income Tax	79
4. Income Tax Expense	80
5. Dividends	82
6. Current Assets	82
7. Non-Current Assets	84
8. Current and Non-Current Liabilities	88
9. Financial Instruments	92
10. Commitments	96
11. Provisions	98
12. Other Liabilities	100
13. Equity	101
14. Notes to Cash Flow Statement	102
15. Remuneration of Auditors	103
16. Related Parties	103
17. Contingent Liabilities	103
18. Events Subsequent to Reporting Date	103
Directors' Declaration	104
Financial Audit Opinion	105
Financial Performance Indicators	106

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
INCOME STATEMENT

	Note	2008 \$'000	2007 \$'000
Revenue	2.1	122,472	105,079
Other income	2.2	63	63
Operational expenses		(58,948)	(52,130)
Commercial management		(30,140)	(27,897)
Port utilities		(4,894)	(4,620)
Finance costs	3	(3,111)	(3,146)
Other expenses		(63)	8
Profit before income tax		25,379	17,357
Income tax expense	4	(7,500)	(5,298)
Profit for the period		17,879	12,059

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	2008 \$'000	2007 \$'000
Net income recognised directly in equity		-	-
Profit for the period		17,879	12,059
Total recognised income and expense for the period	13	17,879	12,059

Other movements in equity arising from transactions with the WA Government are set out in note 13.

The above Statement of Recognised Income and Expense should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
BALANCE SHEET

	Note	2008 \$'000	2007 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.1	14,966	21,061
Trade and other receivables	6.2	19,648	14,461
Inventories	6.3	721	702
Total current assets		35,335	36,224
Non-current assets			
Receivables	7.1	9,027	9,316
Property, plant and equipment	7.2	173,453	161,340
Deferred tax assets	4	12,444	11,899
Total non-current assets		194,924	182,555
Total assets		230,259	218,779
LIABILITIES			
Current liabilities			
Trade and other payables	8.1	11,316	11,813
Interest bearing borrowings	8.2	2,444	2,301
Income tax payable	4	2,925	2,168
Provisions	11	5,219	3,886
Other	12	583	982
Total current liabilities		22,487	21,150
Non-current liabilities			
Interest bearing borrowings	8.2	47,374	49,416
Provisions	11	11,144	11,003
Other	12	1,596	1,614
Total non-current liabilities		60,114	62,033
Total liabilities		82,601	83,183
Net assets		147,658	135,596
EQUITY			
Contributed equity	13	53,726	53,513
Retained earnings	13	93,932	82,083
Total equity	13	147,658	135,596

The above Balance Sheet should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
CASH FLOW STATEMENT

	Note	2008 \$'000	2007 \$'000
Cash flows from operating activities			
Receipts from customers		114,015	100,441
Payments to suppliers and employees		(85,155)	(71,939)
Interest received		2,725	2,469
Interest paid		(3,125)	(3,159)
Income tax paid		(7,289)	(5,559)
Net cash inflow from operating activities	14	21,171	22,253
Cash flows from investing activities			
Purchase of property, plant and equipment		(19,522)	(9,282)
Proceeds from sale of property, plant and equipment		163	165
Net cash outflow from investing activities		(19,359)	(9,117)
Cash flows from financing activities			
Repayment of borrowings		(1,946)	(1,875)
Proceeds from borrowings		-	-
Payment of finance lease liabilities		(409)	(318)
Proceeds from finance lease receivable		265	244
Dividends paid	5	(6,030)	(4,891)
Equity contribution	13	213	215
Net cash outflow from financing activities		(7,907)	(6,625)
Net (decrease) / increase in cash and cash equivalents		(6,095)	6,511
Cash and cash equivalents at 1 July		21,061	14,550
Cash and cash equivalents at 30 June	6.1	14,966	21,061

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 15 August 2008 by the Board of Directors of Fremantle Port Authority ('Fremantle Ports'). The following significant accounting policies have been adopted in the preparation of the financial statements for the year ended 30 June 2008.

1.1 Statement of compliance

These financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the financial reporting provisions of the Port Authorities Act 1999.

The following standards and amendments were available for early adoption but have not been applied by Fremantle Ports in these financial statements:

- AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income." The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for Fremantle Ports' 30 June 2010 financial statements. Fremantle Ports does not expect any financial impact when the standard is first applied.
- AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for Fremantle Ports' 30 June 2010 financial statements. Fremantle Ports already capitalises borrowing costs directly attributable to qualifying assets, therefore there will be no impact on the financial statements when the standard is first applied.

1.2 Basis of preparation

The financial statements have been prepared on an accrual accounting basis and in accordance with the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

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

1.3 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

Defined benefit plans

Various actuarial assumptions are required when determining Fremantle Ports' superannuation obligations. These assumptions and the related carrying amounts are discussed in note 1.18.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Changes in accounting policy

Initial application of an Australian Accounting Standard

Fremantle Ports has applied the following Australian Accounting Standard effective for annual reporting periods beginning on or after 1 July 2007:

- *AASB 7 Financial Instruments: Disclosures* (including consequential amendments in AASB 2005-10 *Amendments to Australian Accounting Standards* [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of Fremantle Ports' exposure to risks, including enhanced disclosure regarding components of Fremantle Ports' financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Fremantle Ports and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue for services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest revenue is recognised as it accrues using the effective interest method.

Miscellaneous revenue recognised as the legal entitlement arises is derived predominantly from the hire of facilities and equipment, recoupment of rates and taxes and insurance claims.

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

1.6 Net financing costs

Net financing costs comprise finance charges payable under finance leases and interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested and interest receivable under finance leases.

Interest receivable on funds invested includes interest on short-term investments and term deposits and is recognised as it accrues using the effective interest rate method. The interest receivable component of finance lease receivables is also recognised in the income statement using the effective interest rate method.

The interest expense component of finance lease payments is also recognised in the income statement using the effective interest rate method.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 National Tax Equivalent Regime (Income tax)

Fremantle Ports is subject to the National Tax Equivalent Regime (NTER).

The NTER is an administrative arrangement under which relevant Commonwealth Taxation laws are applied notionally to the NTER entities as if they were subject to those laws. Income tax equivalent liabilities are paid to the State Government.

1.8 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

1.9 Receivables

Trade receivables

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

The value of the provision for impairment loss is assessed using an analysis of historical data to determine the level of risk and subsequent recovery of debts based on the age of amounts outstanding. Bad debts are written off when formally recognised as being irrecoverable.

Trade and other receivables are stated at their cost less impairment losses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease receivables

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

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

1.10 Inventories

Inventories consist of stores which are stated at the lower of cost and net realisable value.

1.11 Property, plant and equipment

Property, plant and equipment purchased or constructed for port operations is recorded at the cost of acquisition less accumulated depreciation and impairment losses. This includes incidental costs directly attributable to the acquisition.

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

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

	Depreciation Rates (%)
Channels and breakwaters	1.92 - 3.7
Land improvements	1.92 - 10
Buildings and improvements	2 - 14.28
Plant and equipment	2.5 - 25
Berths, jetties and infrastructure	2 - 25
Plant and equipment under lease	20 - 50

1.12 Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If a trigger exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of assets is the greater of fair value less costs to sell and value in use. As Fremantle Ports is a not-for-profit entity, the value in use is the asset's depreciated replacement cost.

Impairment losses are recognised in the income statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Leased assets

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

Finance leases

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

Finance leased assets are amortised over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability so as to achieve a consistent rate of interest on the remaining balance of the liability with interest expense calculated using the interest rate implicit in the lease and recognised directly against income.

Leased assets held at the reporting date are being amortised over periods ranging from 2 to 5 years (2007: 3 to 5 years).

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term as this represents the pattern of benefits derived from the leased assets.

1.14 Financial instruments

In addition to cash, Fremantle Ports has three categories of financial instruments:

- Loans and receivables;
- Held to maturity investments; and
- Financial liabilities measured at amortised cost.

Refer to Note 9(b) for further information on the classification of financial instruments.

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

1.15 Payables

Payables, including trade creditors, amounts payable and accrued expenses, are recognised for amounts to be paid in the future for goods and services received prior to the reporting date. Trade creditors are unsecured and are usually paid within 30 days of recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.16 Interest bearing borrowings

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

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

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

Borrowing costs are expensed as incurred unless they relate to qualifying assets.

Finance Lease Liabilities are recognised at the present value of the minimum lease payments.

The interest expense is recognised in the income statement when the minimum lease payments are made.

1.17 Employee benefits

Annual Leave benefits represent present obligations resulting from employees' services provided to reporting date and are provided at nominal amounts calculated on the basis of remuneration rates expected to be paid when the liability is settled.

Sick Leave and Long Service Leave liabilities were assessed on the basis of the present value of estimated future payments, discounted by the Commonwealth Government Bonds rates estimated to be applicable to the relevant period. A 4.50% (2007: 4.50%) per annum rate of increase in employee wage and salary rates was assumed in the present value calculations.

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

Provisions are made for long service leave even though in some cases such amounts are currently not vesting.

Associated payroll on-costs are included in the determination of other provisions.

1.18 Employee superannuation

The Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme, are now closed to new members. Fremantle Ports is liable for superannuation benefits for past years' service of members of the Superannuation and Family Benefits Act Scheme who elected to transfer to the GSS Scheme. Fremantle Ports also accrues for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme.

The superannuation liability for existing employees with the pre-transfer service incurred under the Superannuation and Family Benefits Act Scheme who transferred to the GSS Scheme are provided for at reporting date.

Fremantle Ports' total superannuation liability has been actuarially assessed as at 30 June 2008.

Employees who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007. From 16 April 2007, employees who are not members of the Pension, GSS or WSS Schemes become non-contributory members of the GESB Superannuation Scheme (GESB Super), a taxed accumulation fund. Fremantle Ports makes concurrent contributions to the Government Employee Superannuation Board (GESB) on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Super Schemes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Defined benefit plan

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

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

The superannuation expense of the defined benefit plan is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plan are recognised immediately as income and expense in the Income Statement.

The superannuation expense of the defined contribution plan is recognised as and when the contributions fall due.

1.19 Dividends

Dividends are recognised as a liability in the period in which they are declared.

1.20 Provisions

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.21 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cash at bank, at call deposits and term deposits due within 30 days.

For the purpose of the cash flow statement, cash equivalents consist of cash and cash equivalents as defined above.

1.22 Goods and services tax

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

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to the ATO is included as a current asset or liability in the balance sheet.

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

1.23 Contributed equity

Fremantle Ports receives support from the WA Government (See Note 13). The amount received is recognised directly as a credit to contributed equity.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. REVENUE

2.1 Revenue

Revenue consists of the following items:

	2008	2007
	\$'000	\$'000
Revenue		
Charges on cargo	76,461	63,048
Charges on ships	10,950	10,064
Shipping services	6,649	5,990
Rentals and leases	12,994	12,436
Port utilities and services	4,114	3,752
Miscellaneous revenue	8,774	7,474
Interest		
Bank interest receivable	68	47
Interest receivable from cash equivalents	1,516	1,296
Interest receivable under finance leases	976	959
Other interest receivable	(30)	13
	2,530	2,315
Total revenue	122,472	105,079

2.2 Other income

Other income consists of the following items:

	2008	2007
	\$'000	\$'000
Other income		
Net gain on sale of property, plant and equipment	63	63

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. PROFIT BEFORE INCOMETAX

	2008	2007
	\$'000	\$'000
Expenses		
Profit before income tax includes the following specific expenses:		
Finance costs		
Finance charges payable under finance leases	83	48
Borrowings	3,028	3,098
Total finance costs	3,111	3,146
Depreciation and amortisation		
Channels and breakwaters	1,115	1,112
Land improvements	382	378
Buildings and improvements	499	510
Plant and equipment	3,012	2,644
Berths, jetties and infrastructure	2,305	2,244
Plant and equipment under lease	452	322
Total depreciation and amortisation	7,765	7,210
Other charges against assets		
Impairment loss on trade receivables	63	(8)
Provisions		
Employee benefits	860	75
Retirement benefit obligations	(145)	(185)
	715	(110)
Rental expense relating to operating leases	432	348
Employee benefits expense		
Wages and salaries	25,304	22,075
Workers' compensation	147	332
Pension costs	2,408	2,479
	27,859	24,886

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. INCOMETAX EXPENSE

Major components of income tax expense for the year are:

	2008	2007
	\$'000	\$'000
Income tax expense		
Current income tax:		
Current income tax charge	(7,937)	(5,542)
Adjustments in respect of current income tax of previous years	(41)	(58)
Adjustment in respect of Research & Development claim	478	302
Income tax expense reported in the income statement	(7,500)	(5,298)

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by Fremantle Port's applicable income tax rate is as follows:

	2008	2007
	\$'000	\$'000
Accounting profit before income tax	25,379	17,357
Tax at statutory income tax rate of 30%	(7,614)	(5,207)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non deductible depreciation	(308)	(315)
Sundry items	(15)	(20)
	(7,937)	(5,542)
Adjustments in respect of current income tax of previous years	(41)	(58)
Adjustment in respect of Research & Development claim	478	302
At effective income tax rate of 30% (2007: 31%)	(7,500)	(5,298)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. INCOME TAX EXPENSE (continued)

Deferred tax

	2008	2007	2008	2007
	Balance Sheet	Balance Sheet	Income Statement	Income Statement
	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities				
Accelerated depreciation for tax purposes	-	-	(3,630)	(2,031)
Others	(3,163)	(3,236)	75	7
Gross deferred tax liabilities	(3,163)	(3,236)		
Deferred tax assets				
Employee benefits	4,478	4,264	236	(31)
Accelerated depreciation for accounting purposes	9,310	9,207	4,233	3,688
Prepaid rental	856	888		
Others	963	776	(316)	22
Gross deferred tax assets	15,607	15,135		
Set-off of deferred tax liabilities pursuant to set-off provisions	(3,163)	(3,236)		
Net deferred tax assets	12,444	11,899		
Deferred tax charge			598	1,655

Current tax liabilities

The current tax liability of \$2.925 million (2007: \$2.168 million) represents the amount of income taxes payable in respect of current and prior financial periods.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. DIVIDENDS

	2008	2007
	\$'000	\$'000
Dividend paid in the financial year	6,030	4,891

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 50% of after tax profits. However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2008 have not been provided as they are expected to be declared by Government after balance date.

A dividend of \$6.030 million (2007: \$4.891 million) in respect of the financial results for the year ended 30 June 2007 was paid by 30 June 2008.

6. CURRENT ASSETS

6.1 Cash and cash equivalents

Cash and cash equivalents represent Cash at Bank, Cash on Hand, At Call Deposits and Term Deposits. Funds surplus to operational requirements have been invested in At Call Deposits and Term Deposits to maximise earnings.

	2008	2007
	\$'000	\$'000
Cash at Bank and Cash on Hand	314	1,078
At Call Deposits	1,652	1,983
Term Deposits	13,000	18,000
Cash and cash equivalents in the statement of cash flows	14,966	21,061

(i) Significant Terms and Conditions

Interest on Cash at Bank was at prevailing bank rates. The weighted average interest rate at 30 June 2008 was 6.45% (2007: 4.10%).

Interest on At Call Deposits was at prevailing rates. The weighted average interest rate at 30 June 2008 was 7.40% (2007: 6.20%).

Interest on Term Deposits was at prevailing rates. The weighted average interest rate at 30 June 2008 was 7.71% (2007: 6.37%).

Term Deposits are held until their maturity dates and are normally held for a period of 30 days.

(ii) Fair Value

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6. CURRENT ASSETS (continued)

6.2 Trade and other receivables

Receivables represent Debtors, Accrued Income, Finance Lease Receivable and Prepayments. Accrued Income includes accrued interest, charges on ships, cargo and services provided but not invoiced as at reporting date.

Fremantle Ports' exposure to credit risks related to trade and other receivables are disclosed in Note 9.

	Note	2008 \$'000	2007 \$'000
Trade Debtors		14,546	11,117
Less: Provision for Impairment of Receivables		(171)	(211)
		14,375	10,906
Other Debtors		529	535
Accrued Income		4,176	2,297
Finance Lease Receivable	10.2	289	266
Prepayments		279	457
Balance as at 30 June		19,648	14,461

(i) Significant terms and conditions

Trade debtors are generally settled within 30 days except for property rentals and finance lease receivables which are governed by individual lease agreements. Other debtors have a range of terms and conditions with various settlement periods.

(ii) Impairment losses

The movement in the provision for impairment losses in respect of trade debtors during the year was as follows:

	2008 \$'000	2007 \$'000
Balance at 1 July	211	220
Impairment loss recognised	51	-
Amounts written back	(91)	(9)
Balance at 30 June	171	211

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6.2 Trade and other receivables (continued)

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

	2008	2007
	\$'000	\$'000
Not more than 3 months	3,692	2,508
More than 3 months but less than 6 months	291	32
More than 6 months but less than 1 year	-	6
More than 1 year	-	66
	3,983	2,612

(iii) Fair value

The directors consider the carrying amounts of trade and other receivables represent their fair value.

6.3 Inventories

	2008	2007
	\$'000	\$'000
Current		
Stores – at cost	721	702

7. NON-CURRENT ASSETS

7.1 Receivables

Receivables represent Finance Lease Receivable

	Note	2008	2007
		\$'000	\$'000
Finance Lease Receivable	10.2	9,027	9,316

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. NON-CURRENT ASSETS (continued)

7.2 Property, plant and equipment

	2008	2007
	\$'000	\$'000
Channels and breakwaters		
At Cost	41,697	41,697
Less: Accumulated Depreciation	(19,931)	(18,816)
	21,766	22,881
Land		
At Cost	41,549	36,968
	41,549	36,968
Land Improvements		
At Cost	11,711	11,065
Less: Accumulated Depreciation	(3,424)	(3,042)
	8,287	8,023
Buildings and improvements		
At Cost	19,089	17,008
Less: Accumulated Depreciation	(8,880)	(8,410)
	10,209	8,598
Plant and equipment		
At Cost	56,759	55,022
Less: Accumulated Depreciation	(18,509)	(15,652)
	38,250	39,370
Berths, jetties and infrastructure		
At Cost	61,892	59,785
Less: Accumulated Depreciation	(26,112)	(23,936)
	35,780	35,849
Leased plant and equipment		
At Cost	1,848	1,443
Less: Accumulated amortisation	(691)	(291)
	1,157	1,152
Total Property, Plant and Equipment at net book value	156,998	152,841
Add: Work in Progress (at cost)	16,455	8,499
Total property, plant and equipment	173,453	161,340

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.2 Property, plant and equipment (continued)

Fremantle Ports, as lessor, derives operating lease income from the following leased assets included in the above:

	2008	2007
	\$'000	\$'000
Land		
At Cost	14,681	11,133
	14,681	11,133
Buildings and improvements		
At Cost	4,814	4,819
Less: Accumulated Depreciation	(1,550)	(1,831)
	3,264	2,988
Included in Accumulated Depreciation above is the depreciation charge for the year of	146	164

Reconciliations of carrying amounts

	2008	2007
	\$'000	\$'000
Channels and breakwaters:		
Carrying amount at 1 July	22,881	23,993
Depreciation for the year	(1,115)	(1,112)
Carrying amount at 30 June	21,766	22,881
Land:		
Carrying amount at 1 July	36,968	36,968
Transfer from work in progress	4,582	-
Disposals	(1)	-
Carrying amount at 30 June	41,549	36,968
Land Improvements:		
Carrying amount at 1 July	8,023	7,784
Transfer from work in progress	646	667
Depreciation for the year	(382)	(378)
Disposals	-	(50)
Carrying amount at 30 June	8,287	8,023

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.2 Property, plant and equipment (continued)

Reconciliations of carrying amounts (continued)

	2008	2007
	\$'000	\$'000
Buildings and improvements:		
Carrying amount at 1 July	8,598	8,644
Transfer from work in progress	2,114	464
Disposals	(4)	-
Depreciation for the year	(499)	(510)
Carrying amount at 30 June	10,209	8,598
Plant and equipment:		
Carrying amount at 1 July	39,370	40,221
Additions	84	7
Reclassification of inventory	(563)	70
Transfer from work in progress	2,518	1,760
Disposals	(147)	(44)
Depreciation for the year	(3,012)	(2,644)
Carrying amount at 30 June	38,250	39,370
Berths, jetties and infrastructure:		
Carrying amount at 1 July	35,849	36,519
Transfer from work in progress	2,267	1,583
Disposals	(31)	(9)
Depreciation for the year	(2,305)	(2,244)
Carrying amount at 30 June	35,780	35,849
Leased plant and equipment:		
Carrying amount at 1 July	1,152	420
Additions	457	1,067
Amortisation for the year	(452)	(322)
Disposals	-	(13)
Carrying amount at 30 June	1,157	1,152
	156,998	152,841
Work in progress:		
Carrying amount at 1 July	8,499	3,766
Additions	20,083	9,207
Transfers to property, plant and equipment	(12,127)	(4,474)
Carrying amount at 30 June	16,455	8,499
Total property, plant and equipment	173,453	161,340

Impairment of property, plant and equipment

As at reporting date, property, plant and equipment are considered recoverable.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8. CURRENT AND NON-CURRENT LIABILITIES

8.1 Trade and other payables

Trade and other payables represent Trade Creditors, Amounts Payable and Accrued Expenses. Accrued Expenses are comprised of interest and charges for goods and services received but not invoiced as at reporting date.

	2008	2007
	\$'000	\$'000
Trade Creditors and Amounts Payable	8,144	8,966
Accrued Expenses	3,172	2,847
	11,316	11,813

(i) Significant terms and conditions

Trade creditors payable are usually settled within 30 days.

(ii) Fair value

The directors consider the carrying amounts of Trade Creditors, Amounts Payable and Accrued Expenses represent their fair value.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.2 Interest bearing borrowings

	Note	2008 \$'000	2007 \$'000
Current			
Direct borrowings		599	599
Special borrowings		1,423	1,347
Lease liabilities	10.2	422	355
		2,444	2,301
Non-current			
Direct borrowings		12,347	12,947
Special borrowings		34,259	35,682
Lease liabilities	10.2	768	787
		47,374	49,416
		2008	2007
		\$'000	\$'000
Financing arrangements			
Fremantle Ports has access to the following lines of credit			
Total facilities available:			
Liquidity facility		10,000	10,000
Direct and special borrowings		53,776	56,415
		63,776	66,415
Facilities utilised at reporting date:			
Liquidity facility		-	-
Direct borrowings		12,946	13,546
Special borrowings		35,682	37,029
		48,628	50,575
Facilities not utilised at reporting date:			
Liquidity facility		10,000	10,000
Direct and special borrowings		5,148	5,840
		15,148	15,840

(i) Master Lending Agreement (MLA)

For the purposes of accessing more simplified and flexible borrowing arrangements, Fremantle Ports entered into a MLA with the Western Australian Treasury Corporation (WATC) on 15 December 2006. The MLA consolidates all of the existing agreements into one facility and specifies a limit of \$10 million for the Liquidity facility, with the balance shared between direct and special borrowings.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.2 Interest Bearing Borrowings (continued)

(ii) Significant terms and conditions

All interest-bearing borrowings are unsecured.

The interest and principal for the Direct Borrowings are payable quarterly. The weighted average interest rate at 30 June 2008 on the loan portfolio is 5.89% per annum (2007: 5.58%).

Included in Special Borrowings are amounts to fund the acquisition of a bulk unloader at Fremantle Ports' Kwinana Bulk Jetty and a new bulk unloader and other assets at Fremantle Ports' Kwinana Bulk Terminal. A portion of the borrowings is subject to interest only. Interest and principal is payable quarterly. Interest rates on the Special Borrowings are fixed and range from 4.74% to 6.24% per annum (2007: 4.74% to 6.24%).

The interest rates implicit in the Lease Liabilities range from 5.44% to 7.79% (2007: 5.44% to 6.68%).

(iii) Interest rate risk exposures

Fremantle Ports' exposure to interest rate risk on the interest bearing borrowings and the effective weighted average interest rate at year end by maturity periods is set out in the following table.

2008	Variable interest rate \$'000	Fixed interest rate						Total \$'000
		1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	More than 5 years \$'000	
Interest bearing borrowings:								
Direct borrowings	12,946	-	-	-	-	-	-	12,946
Special borrowings	-	1,423	1,503	6,426	1,013	1,076	24,241	35,682
Lease liabilities	-	422	386	254	119	9	-	1,190
	12,946	1,845	1,889	6,680	1,132	1,085	24,241	49,818
Weighted average interest rate:								
Direct borrowings	5.89%	-	-	-	-	-	-	-
Special borrowings	-	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	-
Lease liabilities	-	6.64%	6.64%	6.64%	6.64%	6.64%	-	-

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.2 Interest bearing borrowings (continued)

2007

	Variable interest rate \$'000	Fixed interest rate						Total \$'000
		1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	More than 5 years	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Interest bearing borrowings :								
Direct borrowings	13,546	-	-	-	-	-	-	13,546
Special borrowings	-	1,347	1,423	1,503	6,426	1,013	25,317	37,029
Lease liabilities	-	355	316	273	151	47	-	1,142
	13,546	1,702	1,739	1,776	6,577	1,060	25,317	51,717
Weighted average interest rate:								
Direct borrowings	5.58%	-	-	-	-	-	-	
Special borrowings	-	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	
Lease liabilities	-	6.18%	6.18%	6.18%	6.18%	6.18%	-	

(iv) Fair value

Unless disclosed below, the carrying amount of Fremantle Ports' current and non-current borrowings approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates.

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Special borrowings	35,682	33,515	37,029	35,428
	35,682	33,515	37,029	35,428

9. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

Fremantle Ports' principal financial instruments comprise receivables, payables, interest bearing borrowings, finance leases and cash and cash equivalents.

The main risks arising from Fremantle Ports' financial instruments are interest rate risk, liquidity risk and credit risk. Fremantle Ports' policies for managing each of these risks are summarised below.

Interest rate risk

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

Sensitivity analysis

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

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

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

	Carrying Amount \$'000	+0.50% change		(0.25%) change	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2008					
Financial assets					
Cash and cash equivalents	14,966	1,220	1,220	(1,107)	(1,107)
Financial liabilities					
Interest bearing borrowings	12,946	866	866	(764)	(764)
Total increase/(decrease)		354	354	(343)	(343)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

9. Financial instruments (continued)

	Carrying amount \$'000	+0.50% change		(0.25%) change	
		Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
2007					
Financial assets					
Cash and cash equivalents	21,061	1,419	1,419	(1,261)	(1,261)
Financial liabilities					
Interest bearing borrowings	13,546	824	824	(722)	(722)
Total increase/(decrease)		595	595	(539)	(539)

Credit risk

Credit risk arises when there is the possibility of receivables defaulting on their contractual obligations resulting in financial loss to Fremantle Ports. Fremantle Ports measures credit risk on a fair value basis and monitors risk on a regular basis. With respect to credit risk arising from cash and cash equivalents, Fremantle Ports' exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents.

Fremantle Ports operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 9(b).

Fremantle Ports follows stringent credit control and management procedures in reviewing and monitoring debtor accounts and outstanding balances as evidenced by the historical aged debtor balances. In addition, management of receivable balances includes frequent monitoring thereby minimising Fremantle Ports' exposure to bad debts. For financial assets that are either past due or impaired, refer to note 6.2 Trade and Other Receivables.

Fremantle Ports' credit risk management is further supported by rental agreements and sections 116 and 117 of the Port Authorities Act 1999. Section 116 refers to the liability to pay port charges in respect of vessels and Section 117 refers to the liability to pay port charges in respect of goods. Port charges are defined in Section 115.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

9. Financial instruments (continued)

Liquidity risk

Fremantle Ports' objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves and its borrowing facilities. Fremantle Ports manages its exposure to liquidity risk by ensuring appropriate procedures are in place to manage cash flows, including monitoring forecast cash flows to ensure sufficient funds are available to meet its commitments.

The table below reflects the contractual maturity of financial liabilities, including estimated interest payments. These include trade and other payables and interest bearing borrowings.

	2008	2007
	\$'000	\$'000
12 months or less	28,114	29,181
1 – 5 years	17,906	18,903
Over 5 years	36,901	39,517
	82,921	87,601

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the ongoing operations such as property, plant and equipment and investments in working capital e.g. inventories and trade receivables. These assets are considered in Fremantle Ports' overall liquidity risk.

Risk associated with the liability on borrowings is reduced by Fremantle Ports paying a guarantee charge. This charge guarantees payment to the WATC by the Government for outstanding borrowings in case of default.

	<12 Months	1-5 Years	>5 years	Total
2008	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	14,966	-	-	14,966
Trade and other receivables	19,648	1,440	7,587	28,675
	34,614	1,440	7,587	43,641
Financial liabilities				
Trade and other payables	11,316	-	-	11,316
Interest bearing borrowings	14,791	10,786	24,241	49,818
	26,107	10,786	24,241	61,134
Net maturity	8,507	(9,346)	(16,654)	(17,493)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

9. Financial instruments (continued)

	<12 Months \$'000	1-5 Years \$'000	>5 years \$'000	Total \$'000
2007				
Financial assets				
Cash and cash equivalents	21,061	-	-	21,061
Trade and other receivables	14,461	1,321	7,995	23,777
	35,522	1,321	7,995	44,838
Financial liabilities				
Trade and other payables	11,813	-	-	11,813
Interest bearing borrowings	15,248	11,152	25,317	51,717
	27,061	11,152	25,317	63,530
Net maturity	8,461	(9,831)	(17,322)	(18,692)

(b) Categories of financial instruments

Set out below are the carrying amounts of Fremantle Ports' financial instruments. The directors consider the carrying amounts of the financial instruments represent their net fair values.

	Note	2008 \$'000	2007 \$'000
Financial assets			
Cash and cash equivalents	6.1	14,966	21,061
Trade and other receivables	6.2	19,648	14,461
Receivables (non-current)	7.1	9,027	9,316
Financial liabilities			
Trade and other payables	8.1	11,316	11,813
Interest bearing borrowings:			
Obligations under finance leases	10.2	1,190	1,142
Variable rate borrowings	8.2	12,947	13,546
Fixed rate borrowings	8.2	35,682	37,029

The carrying amount, by maturity, of the interest bearing borrowings that are exposed to interest rate risk are disclosed in note 8.2

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10. COMMITMENTS

10.1 (a) Capital works

	2008	2007
	\$'000	\$'000
Capital commitments		
Commitments for the acquisition of plant and equipment and land contracted for at the reporting date but not recognised as liabilities:		
Within one year	3,834	2,225

(b) Other

Due to safety concerns, Fremantle Ports is required to relocate and remediate the E Shed crane currently located on Victoria Quay. It is estimated the work will cost \$0.835 million due to commence in the 2009 financial year.

10.2 Lease commitments

Finance leases payable

	Note	2008	2007
		\$'000	\$'000
Future minimum lease payment in relation to finance leases payable at reporting date are as follows:			
Within one year		493	420
Later than one year but not later than five years		835	865
Minimum lease payments		1,328	1,285
Future finance charges		(138)	(143)
Present value of lease liabilities		1,190	1,142

Representing lease liabilities

	Note	2008	2007
		\$'000	\$'000
Current	8.2	422	355
Non-current	8.2	768	787
		1,190	1,142

Finance leases payable are in respect of computer and office equipment and security equipment with a carrying amount of \$1.190 million (2007: \$1.142 million) expiring within 1 to 5 years (2007: 1 to 5 years). Under the terms of the leases, Fremantle Ports has the option to return or upgrade the equipment at the expiry of the lease agreement.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10.2 Lease commitments (continued)

Operating leases payable

	2008	2007
	\$'000	\$'000
Future minimum rentals payable in relation to operating leases payable at reporting date but not recognised as liabilities payable are as follows:		
Within one year	252	375
Later than one year but not later than five years	108	260
	360	635

Operating leases payable are in respect of motor vehicles.

Finance lease receivable

	2008	2007
	\$'000	\$'000
Amounts receivable under finance leases:		
Within one year	1,079	1,079
Later than one year but not later than five years	4,315	4,315
Later than five years	11,685	12,764
	17,079	18,158
Unearned finance income	(7,763)	(8,576)
Present value of minimum lease payments receivable	9,316	9,582

Representing finance lease receivable

	Note	2008	2007
		\$'000	\$'000
Current	6.2	289	266
Non-current	7.1	9,027	9,316
		9,316	9,582

Finance leases receivable are in respect of buildings and plant and equipment. The lease agreement expires in April 2024. Interest is charged at 8.59% per annum.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10.2 Lease Commitments (continued)

Operating Leases Receivable

	2008	2007
	\$'000	\$'000
Future minimum rentals receivable for operating leases at reporting date but not recognised as assets:		
Within one year	11,793	11,408
Later than one year but not later than five years	42,921	41,581
Later than five years	45,108	51,474
	99,822	104,463

Operating leases receivable are in respect of property rentals.

11. PROVISIONS

(a) Current

	2008	2007
	\$'000	\$'000
Fringe Benefits Tax	26	18
Employee Benefits	3,367	2,816
Retirement Benefit Obligations	417	394
Other	1,409	658
	5,219	3,886

(b) Non-Current

	2008	2007
	\$'000	\$'000
Employee Benefits	5,269	4,960
Retirement Benefit Obligations	5,875	6,043
	11,144	11,003

(c) Aggregate Employee Benefits

	2008	2007
	\$'000	\$'000
Current Liability	3,784	3,210
Non-Current Liability	11,144	11,003
	14,928	14,213

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

11. PROVISIONS (continued)

(d) Retirement benefit obligations

Surplus/deficit

The following is a summary of the most recent financial position of the Pension Scheme related to Fremantle Ports calculated in accordance with AASB 119 *Employee Benefits*.

	2008	2007
	\$'000	\$'000
Amounts recognised in the balance sheet:		
Present value of unfunded obligations	6,292	6,437
Fair value of plan assets	-	-
	6,292	6,437
Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet:		
Opening balance	6,437	6,622
Current service cost	40	115
Interest cost	379	362
Actuarial gain on liabilities	(268)	(98)
Benefits paid (including expenses and taxes)	(296)	(564)
	6,292	6,437
Amounts recognised in the income statement:		
Current service cost	40	115
Interest cost	379	362
Actuarial gain recognised	(268)	(98)
	151	379
Historic summary		
Defined benefit plan obligation	6,292	6,437
Plan assets	-	-
	6,292	6,437
Experience adjustments arising on plan liabilities	(268)	(98)
Experience adjustments arising on plan assets	-	-
Principal actuarial assumptions		
Discount rate	6.64%	6.06%
Expected future salary increases	4.50%	4.50%
Expected future pension increases	2.50%	2.50%
Anticipated return on plan assets	N/A	N/A

Expected contributions

Employer contributions are made to meet the cost of retirement benefit obligations as they fall due. For further details regarding the policy in respect of provision for retirement benefit obligations, refer to Note 1.18.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

11. PROVISIONS (continued)

(e) Reconciliations

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

	2008 \$'000
Retirement benefit obligations	
Carrying amount at 1 July	6,437
Provisions made during the year	151
Amounts utilised in the year	(296)
Carrying amount at 30 June	6,292
Fringe benefits tax	
Carrying amount at 1 July	18
Provisions made during the year	79
Amounts utilised in the year	(71)
Carrying amount at 30 June	26
Other	
Carrying amount at 1 July	658
Provisions made during the year	751
Amounts utilised in the year	-
Carrying amount at 30 June	1,409

Other provision is for on-costs related to employee benefits and for costs associated with Occupational Safety and Health requirements.

12. OTHER LIABILITIES

	2008 \$'000	2007 \$'000
Current		
Prepaid Rental Income	543	922
Interest Received in Advance	40	56
Other	-	4
	583	982
Non-Current		
Prepaid Rental Income	1,596	1,614

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

13. EQUITY

	Contributed equity	Retained earnings	Total equity
	\$'000	\$'000	\$'000
Balance at 1 July 2006	53,298	74,915	128,213
Equity contribution in the year	215	-	215
Total recognised income and expense	-	12,059	12,059
Dividends paid	-	(4,891)	(4,891)
Balance at 30 June 2007	53,513	82,083	135,596
Equity contribution in the year	213	-	213
Total recognised income and expense	-	17,879	17,879
Dividends paid	-	(6,030)	(6,030)
Balance at 30 June 2008	53,726	93,932	147,658

On 12 December 2000, Fremantle Ports entered into a fixed interest loan of \$5 million with the Western Australian Treasury Corporation which partially funded the acquisition of a bulk unloader at Fremantle Ports' Kwinana Bulk Jetty.

The WA Government has agreed to provide support on borrowing costs for this loan by way of equity contributions to Fremantle Ports. The amount of equity contributions made to Fremantle Ports is equivalent to the after tax cost of the borrowing costs paid by Fremantle Ports. The equity contribution on these borrowing costs for the year ended 30 June 2008 was \$0.213 million (2007: \$0.215 million). The period of the equity contribution is subject to a review in accordance with the terms of agreement between Government and Fremantle Ports.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

14. NOTES TO CASH FLOW STATEMENT

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

	2008	2007
	\$'000	\$'000
Net profit	17,879	12,059
Depreciation	7,313	6,888
Amortisation of leased assets	452	322
Net gain on sale of property, plant and equipment	(63)	(63)
Changes in assets and liabilities:		
Receivables	(5,342)	(1,791)
Inventories	(19)	(66)
Prepaid expenses	178	(167)
Payables	(497)	5,587
Prepaid rental income and income received in advance	(413)	(134)
Employee benefits	715	(110)
Income tax	757	1,335
Deferred tax assets	(545)	(1,597)
Others	756	(10)
NET CASH INFLOW FROM OPERATING ACTIVITIES	21,171	22,253

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

15. REMUNERATION OF AUDITORS

	2008	2007
	\$	\$
Remuneration for audit of the financial statements	130,000	130,000

16. RELATED PARTIES

The following persons held the position of director during the financial year and until the date of this report:

Mr. Alan Birchmore (Appointed as chairman on 1 March 2008)
 Mr. Joe McKay (Term ceased on 29 February 2008)
 Mr. Robert Pearce
 Mr. Robert Edel
 Mr. John O'Connor
 Ms. Eve Howell

There are no transactions in the year with the directors or other related parties.

17. CONTINGENT LIABILITIES

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

Contaminated sites

Under the Contaminated Sites Act 2003 (the Act), the Port is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as either contaminated – remediation required or possibly contaminated – investigation required, the Port may have a liability in respect of investigation or remediation expenses.

During the year the Port was advised by DEC of the identification of three suspected contaminated sites. These sites are currently being assessed and therefore it is not yet practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Fremantle Ports has applied for support from the Contaminated Sites Management Account.

18. EVENTS SUBSEQUENT TO REPORTING DATE

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
DIRECTORS' DECLARATION

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

- (a) the financial statements and notes, set out on pages 65 to 107, are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:
 - (i) giving a true and fair view of the financial position of the Fremantle Port Authority as at 30 June 2008 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Port Authorities Act 1999; and
- (b) there are reasonable grounds to believe that the Fremantle Port Authority will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors on 15 August 2008.



Chairman



Director

15 August 2008



Auditor General

INDEPENDENT AUDIT REPORT ON FREMANTLE PORT AUTHORITY

To the Parliament of Western Australia

I have audited the financial report of the Fremantle Port Authority, which comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Recognised Income and Expense and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

Board of Directors' Responsibility for the Financial Report

The Board of Directors of the Fremantle Port Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Port Authorities Act 1999. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Summary of my Role

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial report is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial report.

Audit Opinion

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

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Handwritten signature of Colin Murphy in black ink.

COLIN MURPHY
AUDITOR GENERAL
29 August 2008

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

FINANCIAL PERFORMANCE INDICATORS

In addition to the key performance indicators provided, the following financial performance indicators, which are not subjected to audit, are provided to assist users to assess the financial management performance of Fremantle Ports. The indicators selected are considered appropriate for use in either evaluating the performance of a Government Trading Enterprise or an entity in the private sector.

Current ratio – graph 1

This ratio is used to ascertain the extent to which current assets may be realised to meet current liabilities.

	2008		2007	
	\$'000		\$'000	
Total Current Assets	34,922	= 1.6	36,031	= 1.7
Total Current Liabilities	22,487		21,150	

Free cash flow – graph 2

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

	2008		2007	
	\$'000		\$'000	
Net Cashflow from Operations (after interest)	21,171	= 87.1%	22,253	= 87.6%
Net Cashflow from Operations (before interest)	24,296		25,412	

Debtors average collection period – graph 3

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

	2008		2007	
	\$'000		\$'000	
Average Trade Debtors	11,990	x 366	9,990	x 365
Sales Revenue	130,510	= 34 days	114,457	= 32 days

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

FINANCIAL PERFORMANCE INDICATORS

Interest cover - graph 4

Provides an indication of the Port's ability to meet interest costs from operating profit.

	2008		2007	
	\$'000		\$'000	
Earnings Before Interest and Tax	28,490	= 9.16 times	20,503	= 6.52 times
<hr/> Total Interest Costs	<hr/> 3,111		<hr/> 3,146	

Return on assets – graph 5

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

	2008		2007	
	\$'000		\$'000	
Earnings Before Interest and Tax	28,490	= 12.7 %	20,503	= 9.6%
<hr/> Average Total Assets	<hr/> 224,519		<hr/> 212,323	

Economic rate of return - graph 6

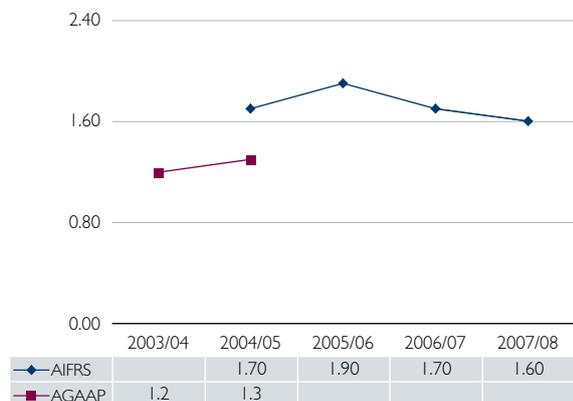
In accordance with the Government policy effective July 2000, Fremantle Ports is required to report a rate of return on non-current assets valued at Deprival Value. This indicator quantifies the rate of return earned on average current and non-current assets of the Port.

	2008		2007	
	\$'000		\$'000	
Operating EBIT (excluding significant items) + Depreciation – Deprival Value Depreciation	26,291	= 8.2%	17,952	= 6.0%
<hr/> Current Assets + Deprival Value of Assets – Accumulated Deprival Value Depreciation	<hr/> 321,740		<hr/> 301,407	

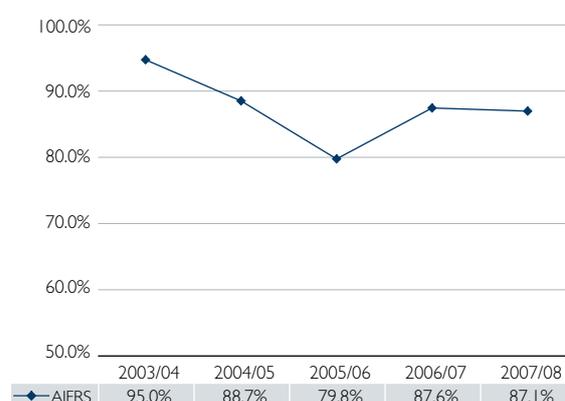
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

FINANCIAL PERFORMANCE INDICATORS

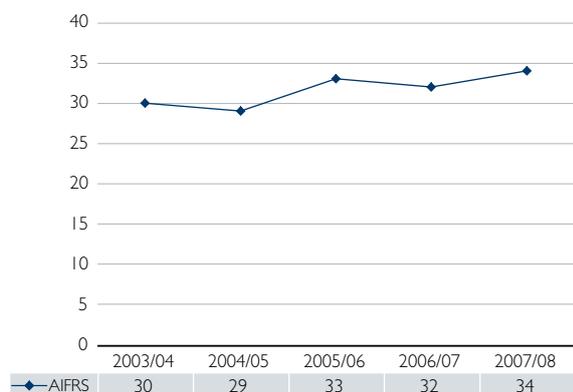
**Graph 1: Current Ratio
Comparison 2003/2004 to 2007/2008**



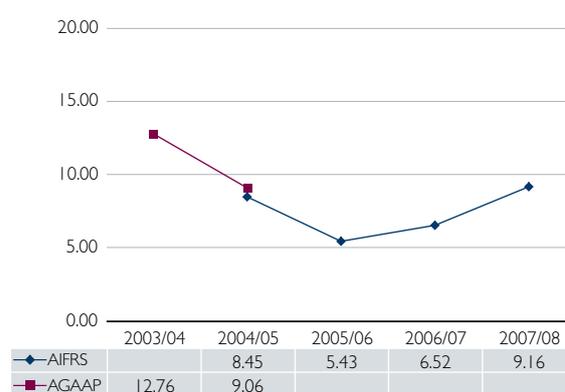
**Graph 2: Free Cash Flow
Comparison 2003/2004 to 2007/2008**



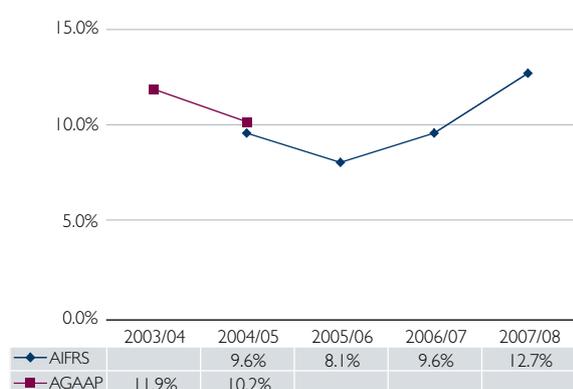
**Graph 3: Debtors Average Collection Period
Comparison 2003/2004 to 2007/2008**



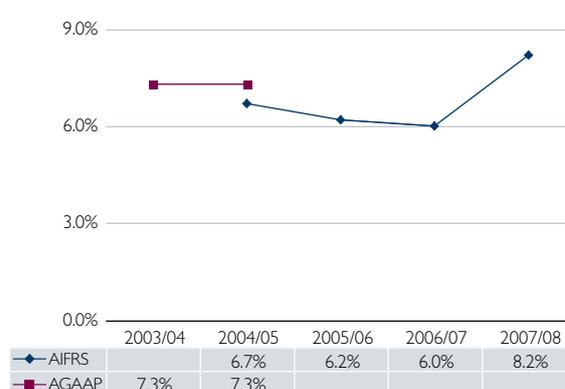
**Graph 4: Interest Cover
Comparison 2003/2004 to 2007/2008**



**Graph 5: Return on Assets
Comparison 2003/2004 to 2007/2008**



**Graph 6: Economic Rate of Return Comparison
2003/2004 to 2007/2008**



Key Performance Indicators

Service Delivery

Our objective

- Providing exceptional services that exceed customer expectations.

Outcomes sought

- Understanding of customer needs
- Meeting or exceeding customer expectations
- Availability and reliability of all services and facilities
- Responsiveness.

Berthing delays – incoming vessels

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

Figures 1 and 2 show that Fremantle Ports did better than its target with significantly less than 1% of vessels affected by delays due to the unavailability of shipping services in the Inner Harbour and at the Kwinana Bulk Terminal and less than 2% at the Kwinana Bulk Jetty. The hours delayed were also below the target at Kwinana Bulk Terminal and Kwinana Bulk Jetty but slightly higher for Inner Harbour Container vessels. It should be noted that there was only one container vessel delayed by shipping services in the Inner Harbour in 2007/2008.

Fig 1. Delays to Incoming Vessels due to Unavailability of Shipping Services 2007/08
% of total vessels affected

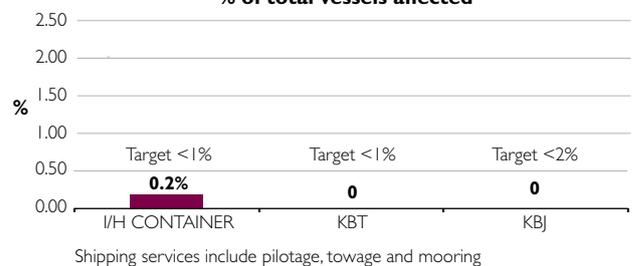
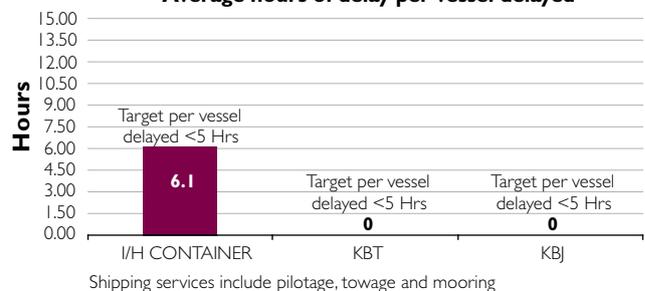


Fig 2. Delays to Incoming Vessels due to Unavailability of Shipping Services 2007/08
Average hours of delay per vessel delayed



Capability for the Future

Our objective

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

Outcomes sought

- Relevant planning is undertaken across all areas
- Providing appropriate infrastructure and services for current and future trade.

Figure 3 shows that delays due to unavailability of berths (percentage of total vessels affected) in the Inner Harbour and at Kwinana Bulk Jetty in the Outer Harbour were below the maximum target. However, unavailability of berths at Kwinana Bulk Terminal was significantly higher than target due to increases in berth utilisation due to new customers and increased trade for existing customers and this has resulted in higher than targeted percentage of total vessels affected (44 per cent).

Figure 4 shows that Fremantle Ports was below its targets for unavailability of berths (average hours of delay) in the Inner Harbour and at Kwinana Bulk Terminal. Although the figures for the Kwinana Bulk Terminal are slightly below the target, the average hours of delay reflect increases in berth utilisation due to new customers and this has resulted in average hours per delay remaining high during 2007-08 with the average delay per vessel visit being 34 hours and the average delay per vessel delayed being 75 hours.

Customer satisfaction

Fremantle Ports conducted a survey of shipping lines in June 2008. The survey was conducted as part of Fremantle Ports' customer liaison program with major lines and agents. A total of 20 shipping lines were surveyed and the response rate was 85 per cent.

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

Figure 5 shows that 88% of respondents were satisfied or very satisfied with services provided by Fremantle Ports which was at the upper end of the target range of 80-90% and marginally below the level in the previous year when the response rate to the survey was 89%.

Fig 3. Unavailability of Berths 2007/2008
% of total vessels affected

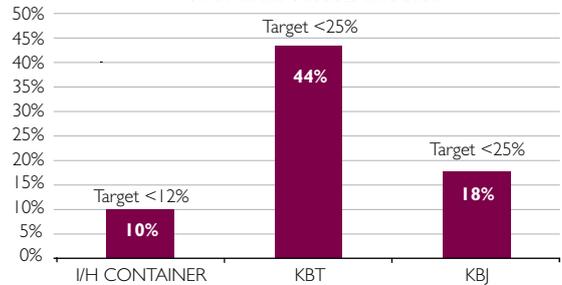


Fig 4. Unavailability of Berths 2007/2008
- Average hours of delay

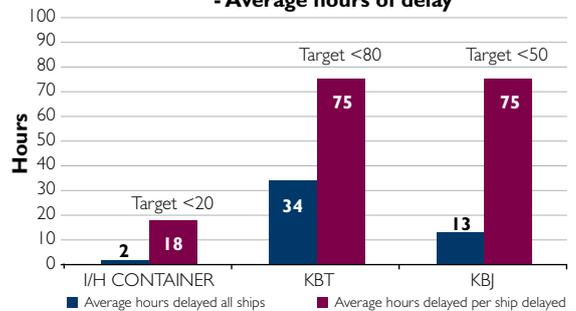
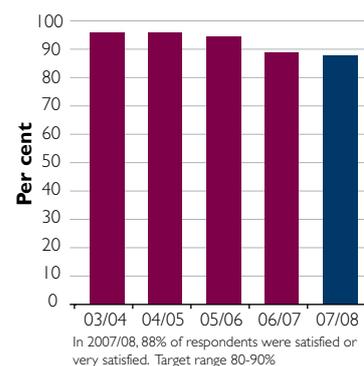


Fig.5 Shipping Line/Agent Survey Services - 2003/2004 to 2007/2008
Level of Overall Satisfaction with Fremantle Ports' Services



Crane rates

Container stevedoring in Fremantle Ports is carried out by Patrick and Dubai Ports World. Crane rates are a measure of the productivity of the container terminal operators in the port. The crane rate is the number of containers handled divided by the Elapsed Crane Time. The Elapsed Crane Time is the total allocated crane hours, less operational and non-operational delays.

Figure 6 shows that crane rates measured in containers per hour have increased by 72.8 per cent from the December Quarter 1995 to the December Quarter 2007 (latest figures released by Waterline). Productivity was significantly higher than the five port average in the June and September quarters of 2007. The crane rate for Fremantle was above the five port average from the March quarter of 2006 to the December quarter 2007.

The Ship Rate in Fremantle increased from 35.9 containers per hour in December 2000 to 46.8 containers per hour in December 2007, an increase of 30.4 per cent. The Ship Rate is defined as the crane rate multiplied by Crane Intensity. Crane Intensity is defined as the total number of allocated crane hours, divided by the elapsed time from labour first boarding the ship and labour last leaving the ship.

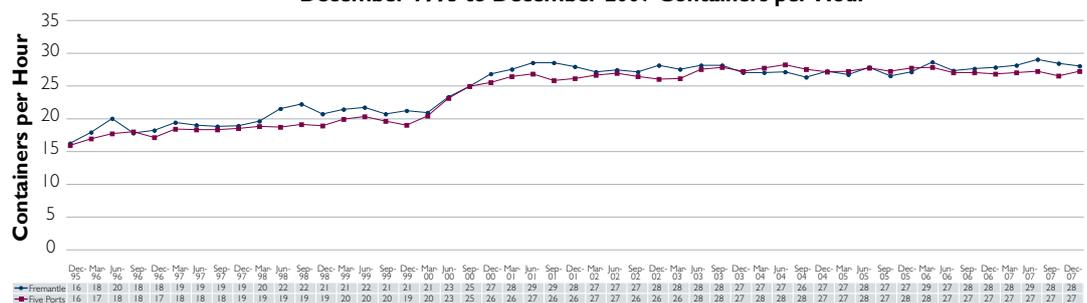
The number of cranes used by a stevedore to work a ship depends on a variety of factors including the size of the ship, the stowage pattern and number of containers to be exchanged, the total number of cranes at the terminal, crane availability, and the cost of using the cranes in terms of labour and maintenance.

The average size of container vessels has increased from 25,000 gross tonnes (GT) in 1997/1998 to 36,300 GT in 2007/2008, an increase of 45.2 per cent over that period. The arrival of a new quayside container crane at Patrick Terminals in late 2006 has contributed to improved crane rates in 2007/2008 and will ensure that the Port of Fremantle is capable of handling larger vessels in the future.

The average number of containers exchanged per container vessel increased by 7.3 per cent over the year, from 995 TEUs per vessel in 2006/2007 to 1,103 TEUs per vessel in 2007/2008. Total container throughput increased by 74,526 TEUs or 14.7% to 580,345 TEUs. Full container throughput increased by 13.9 per cent over the year.

The Vessel Working Rate (the number of containers handled divided by the Elapsed Labour Time) in the port for the December quarter 2007 was 34.9 containers per hour, an increase of 43.0 per cent compared to the figures for the December quarter 2000, which further highlights labour productivity over that period.

Fig 6. Container Terminal Performance Indicators
Comparison of Crane Rates between Fremantle and Five Ports Average
December 1995 to December 2007 Containers per Hour



Source: Waterline, Bureau of Transport and Regional Economics Figures for March and June quarter 2008 not available due to Waterline being published in January and August.

Trade and Business Growth

Our objective

- Promoting and facilitating trade and business growth opportunities.

Outcomes sought

- Trade growth
- Meeting or exceeding customer expectations for customer growth initiative
- Business growth.

Total port trade (mass tonnes 000's)

Figure 7 shows that total port trade (total imports and exports), was 1.0 million tonnes or 4.1% higher than last year. Total exports increased by 0.07 million tonnes or 0.6 per cent to 13.1 million tonnes in 2007/2008 while total imports increased by 1.0 million tonnes or 8.0 per cent to 13.0 million tonnes.

Inner Harbour exports increased by 21.9 per cent in 2007/2008 mainly due to strong growth in full container trade, particularly containerised wheat exports which more than doubled compared to last year. Outer Harbour exports decreased by 7.6 per cent, influenced by declines in wheat and refined petroleum. Bulk wheat exports decreased by 1.5 million tonnes or 47.7 per cent. Coal exports were almost 10 times the level of last year with 0.4 million tonnes exported and barley exports more than doubled to 0.7 million tonnes.

Inner Harbour imports increased by 10.1 per cent mainly due to the significant increase in full container and breakbulk volumes. Outer Harbour imports increased by 7.2 per cent due mainly to significant increases in coal, caustic soda, cement clinker, gypsum, iron ore, crude petroleum, phosphates, sulphur, and urea.

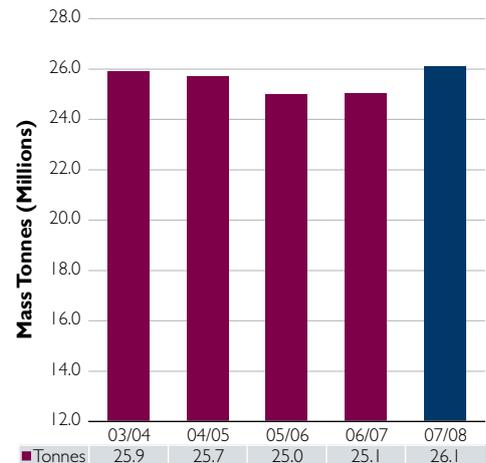
Total container trade

Figure 8 shows that container trade has increased by 24.5 per cent since 2003/2004 and by 14.7 per cent over the 12 months to 30 June 2008.

The main features of the container trade over the last twelve months were as follows:

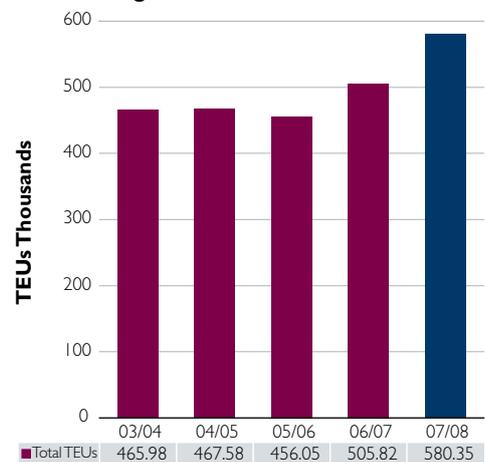
- Non trans-shipped full container exports increased by 20.5 per cent and non trans-shipped full imports by 8.5 per cent
- Total container exports and imports increased by 13.8 per cent and 15.6 per cent respectively

Fig.7 Total Port Trade (Mass Tonnes)



Note: The Statement of Corporate Intent forecast for total trade in 2007/08 was 29.0 million tonnes.

Fig.8 Total Container Trade - TEUs



Note: The Statement of Corporate Intent forecast for total container trade in 2007/08 was 534,000 TEUs.

Key Performance Indicators

- Full container exports (including trans-shipments) increased by 21.1 per cent and full imports (including trans-shipments) increased by 8.8 per cent
- Empty container exports decreased by 0.5 per cent and empty imports increased by 81.9 per cent
- Coastal container throughput totalled 85,167 TEUs, an increase of 8.9 per cent on 2006/2007. Coastal non trans-shipment full container throughput totalled 61,607 TEUs, 1.0 per cent down on 2006/2007
- Full trans-shipment container throughput reached 2,558 TEU's, almost five times higher than last year
- The number of container vessel visits to Fremantle Port increased from 497 visits in 2006/2007 to 519 visits in 2007/2008
- The average size of container vessels has increased from 34,600 gross tonnes (GT) in 2006/2007 to 36,300 GT in 2007/2008, an increase of 4.9 per cent over that period
- The average number of containers exchanged per container vessel increased by 7.3 per cent over the year, from 995 TEUs per vessel in 2006/2007 to 1,103 TEUs per vessel in 2007/2008

Container trade - market share

Figure 9 shows that Fremantle Ports' market share, measured as the number of containers through Fremantle as a percentage of Australian capital city ports (excluding Hobart), increased from 9.5 per cent in 2006/2007 to 9.9 per cent in 2007/2008. The significant rise in containerised grain exports was the main reason for the increase in market share in 2007/2008.

Number of ship visits

Figure 10 shows that the number of ship visits for commercial, non trading and fishing vessels (naval vessels of war are excluded) increased by 2.3 per cent over the 12 months to 30 June 2008. Commercial ship visits increased by 51 visits in the Inner Harbour and declined by 18 visits in the Outer Harbour. The Inner Harbour increase in ship visits was mainly due to increases in car carriers, general cargo vessels, and roll on roll off, passenger and container vessels. In the Outer Harbour, grain vessel visits declined by 33 or 28.0 per cent and vessel visits increased for dry bulk other and phosphate. Non trading vessel visits were at a similar level as the previous year.

Fig.9 Container Trade Fremantle - Market Share % Australian Container Trade

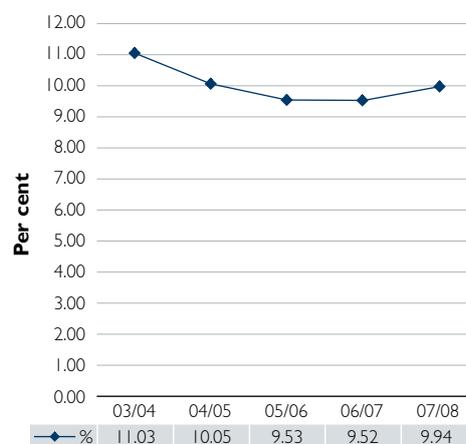
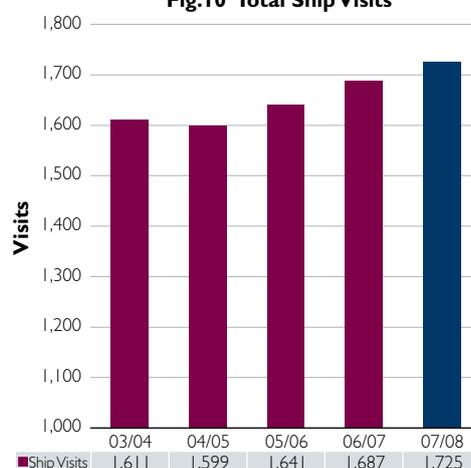


Fig.10 Total Ship Visits



Note: Naval vessels not included. The Statement of Corporate Intent forecast for total ship visits in 2007/08 was 1,775

Business Excellence and Sustainability

Our objective

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

Outcomes sought

- Embedding of the Australian Business Excellence Framework and our sustainability principles
- Business improvement
- Innovation
- Competitiveness of services and facilities
- Financial viability
- Triple bottom line
- Safety and protection of the environment
- Understanding of community and stakeholders requirements.

Fremantle Ports' profit before income tax equivalent (excluding individually significant items)

Figure 11 shows that operating profit before income tax equivalent reached \$25.4 million in 2007/2008, 46.2 per cent higher than 2006/2007.

Economic rate of return on assets

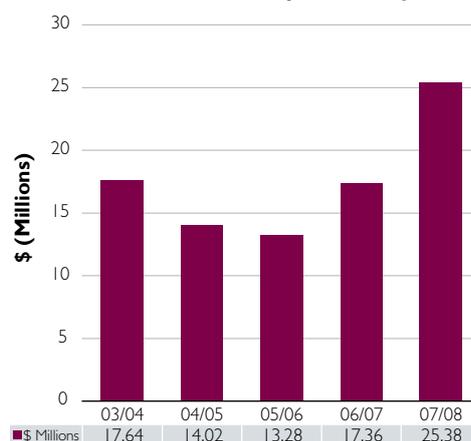
Figure 12 shows that the Economic Rate of Return on assets was 8.2 per cent for 2007/2008.

This compares with the target of 5.5 per cent for the year. The target Rate of Return is agreed to with the State Government annually. During the year the value of assets on which the rate of return is calculated increased by \$20.3 million or 6.7%.

Community satisfaction

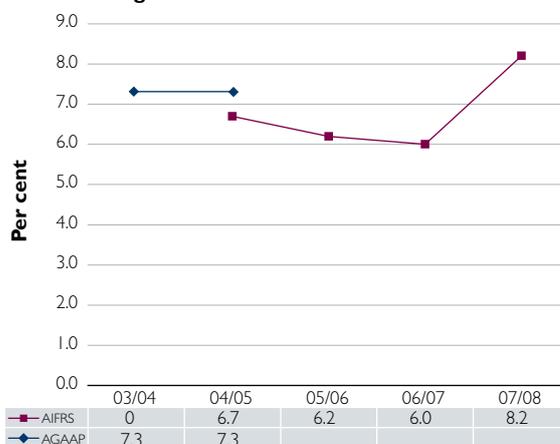
Fremantle Ports conducted a community satisfaction survey in June 2008. The survey was conducted as part of Fremantle Ports' community liaison program. This involved a telephone survey with 200 residents in the Inner Harbour (North Fremantle, South Fremantle, East Fremantle, and Fremantle) and 200 residents in the Outer Harbour (Cockburn, Kwinana, and Rockingham).

Fig 11: Operating Profit Before Income Tax Equivalent Payments



Note: For comparative purposes the above figures exclude individually significant items.

Fig 12 Economic Rate of Return on Assets



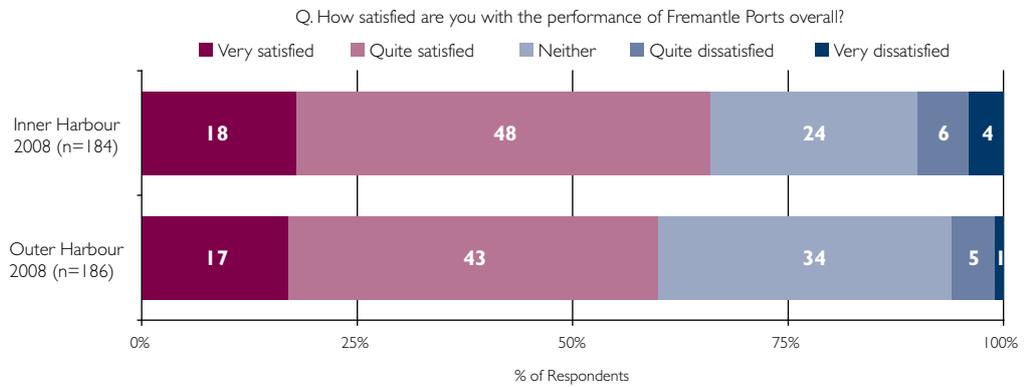
With effect from 2005/06, Fremantle Ports financial statements are prepared in compliance with Australian International Financial Reporting Standards (AIFRS). The 2004/05 figures which were previously reported under Australian Generally Accepted Accounting Principles have now been restated under AIFRS.

Key Performance Indicators

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

Figure 13 shows that 66 per cent of respondents in the Inner Harbour and 60 per cent in the Outer Harbour were quite satisfied or very satisfied with the performance of Fremantle Ports overall and that 24% and 34% respectively were neither satisfied nor dissatisfied. Whilst the majority of Inner and Outer Harbour residents are satisfied with Fremantle Ports' performance, there has been some shift from satisfaction to neutral ratings amongst Outer Harbour residents surveyed.

Fig 13. Overall Satisfaction with Fremantle Ports - June 2008



2008 STATISTICAL INFORMATION

FIVE YEAR SUMMARY					
SHIPPING	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
No. of Ships: Inner Harbour	898	902	934	996	1,044
Outer Harbour	713	697	707	691	681
Naval	55	49	46	33	35
TOTAL	1,666	1,648	1,687	1,720	1,760
Gross Tonnage (000's): Inner Harbour	26,449	25,385	27,735	29,586	33,262
Outer Harbour	17,953	17,373	18,203	17,884	17,488
TOTAL	44,402	42,758	45,938	47,470	50,750
Turnover per linear metre of wharf Inner Harbour tonnage only - (i)					
Trade in Tonnes	1,962	1,911	1,895	2,113	2,461
Gross Tonnage	8,281	7,948	8,683	9,263	10,414
TRADE	Mass tonnes				
	'000	'000	'000	'000	'000
Total Port Trade	25,939	25,657	25,044	25,053	26,084
Imports: Inner Harbour	2,796	2,712	2,669	3,146	3,465
Outer Harbour	8,931	8,833	8,567	8,864	9,503
TOTAL	11,727	11,545	11,236	12,010	12,968
Exports: Inner Harbour	3,283	3,279	3,317	3,550	4,317
Outer Harbour	10,774	10,635	10,373	9,333	8,627
TOTAL	14,057	13,914	13,690	12,883	12,944
Bunkers: Inner Harbour	94	111	65	55	78
Outer Harbour	61	87	53	105	94
TOTAL	155	198	118	160	172
FINANCE	\$ Millions				
Revenue from ordinary activities (ii), (iv)	76.886	84.181	89.488	105.142	122.535
Operating expenses (iv)	52.332	61.382	66.877	77.429	86.28
Interest and depreciation charges	6.919	7.587	9.331	10.356	10.876
Profits from ordinary activities (iv)	17.635	15.212	13.280	17.357	25.379
Written down value of fixed assets	115.299	149.500	158.315	161.34	173.453
PERCENTAGE OF REVENUE	Per cent				
Charges on cargo	54.27	55.18	58.94	59.96	62.40
Charges on ships	12.15	10.65	10.75	9.57	8.94
Charges for shipping services	6.99	6.24	6.07	5.70	5.43
Charges for other services	26.59	27.93	24.24	24.77	23.23
Operating expenses	68.06	72.92	74.73	73.64	70.41
PERSONNEL	No	No	No	No	No
Employees at 30th June (iii)	228	243	269	272	299

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

(ii) Revenue for ordinary activities for 2004/2005 includes a contribution of asset.

(iii) Full time equivalent employees.

(iv) With effect from 2005/06, Fremantle Ports financial statements are prepared in compliance with Australian International Financial Reporting Standards (AIFRS). In addition, 2004/2005 figures which were previously reported under Australian Generally Accepted Accounting Principals (AGAAP) have now been restated under AIFRS. 2003/04 figures are stated under AGAAP.

2008 STATISTICAL INFORMATION

SHIP VISITS AND GROSS TONNAGE

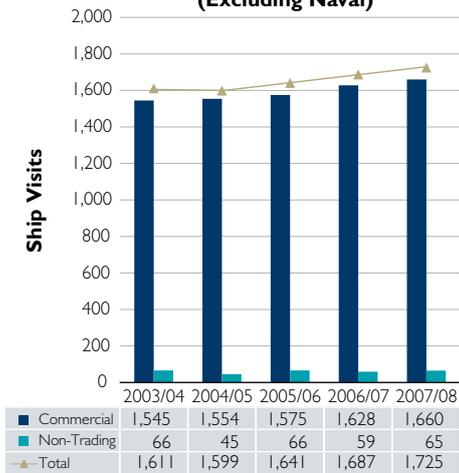
Year Ended 30 June	Commercial		Non Trading		Total Commercial and Non Trading		Naval
	No.	Gross Tonnage	No.	Gross Tonnage	No.	Gross Tonnage	No.
2004	1,545	44,214,976	66	186,423	1,611	44,401,399	55
2005	1,554	42,617,256	45	140,898	1,599	42,758,154	49
2006	1,575	45,702,240	66	235,573	1,641	45,937,813	46
2007	1,628	47,297,066	59	171,991	1,687	47,469,057	33
2008	1,660	50,496,789	65	253,628	1,725	50,750,417	35

SHIPS CLASSIFIED ACCORDING TO CARGO CLASS

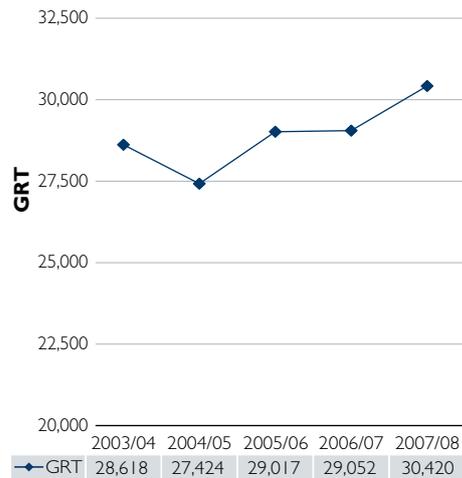
	2005/2006			2006/2007			2007/2008		
	No.	Gross Tonnage (000's)	Average Per Ship (000's)	No.	Gross Tonnage (000's)	Average Per Ship (000's)	No.	Gross Tonnage (000's)	Average Per Ship (000's)
Break Bulk/ Gen Carrier	83	826	10.0	100	1,168	11.7	121	1,512	12.5
Container	483	15,939	33.0	497	17,180	34.6	519	18,855	36.3
Multi Purpose	29	123	4.2	35	147	4.2	33	166	5.0
Roll-on/Roll-off	33	1,855	56.2	26	1,554	59.8	34	1,868	54.9
Vehicle Carrier	141	6,055	42.9	157	6,777	43.2	170	7,592	44.7
Livestock Carrier	76	1,934	25.4	95	1,953	20.6	85	1,961	23.1
Passenger	16	534	33.4	17	285	16.8	25	893	35.7
Tankers	274	8,253	30.1	270	8,801	32.6	267	8,587	32.2
Dry Bulk - Grain	160	4,042	25.3	118	2,629	22.3	85	1,933	22.7
- Other	190	3,948	20.8	200	4,083	20.4	216	4,540	21.0
Bunkering Only	86	1,977	23.0	110	2,651	24.1	105	2,590	24.7
Other (Fishing Tenders etc.)	70	452	6.5	62	241	3.9	65	253	3.9
Sub Total	1,641	45,938	28.0	1,687	47,469	28.1	1,725	50,750	29.4
Naval	46	-	-	33	-	-	35	-	-
Total	1,687	45,938	28.0	1,720	47,469	28.1	1,760	50,750	29.4

2008 STATISTICAL INFORMATION

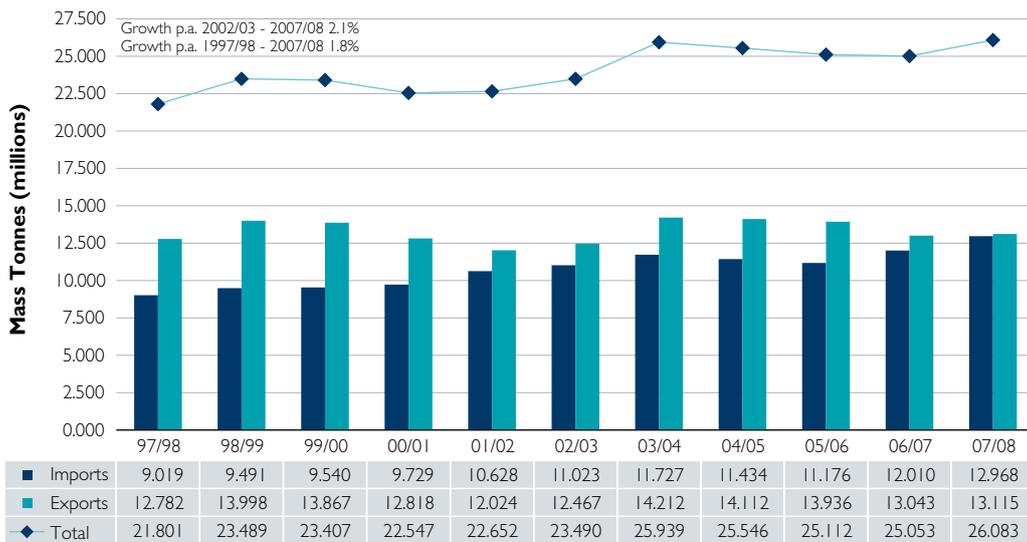
**Ship Visits 2003/2004 to 2007/2008
(Excluding Naval)**



**Average Gross Registered Tonnage
per Commercial Vessel
2003/2004 to 2007/2008**

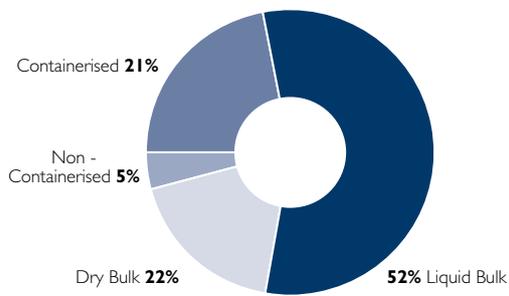


**Total Port Trade
1997/1998 to 2007/2008**

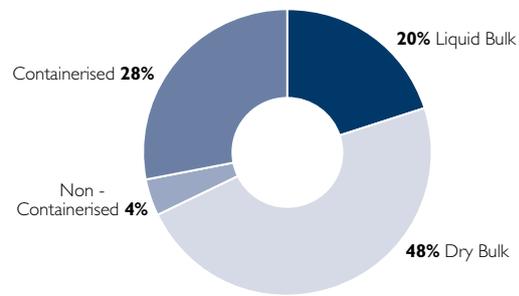


2008 STATISTICAL INFORMATION

**Trade by Cargo Class
Imports 2007/2008 (Mass Tonnes)**



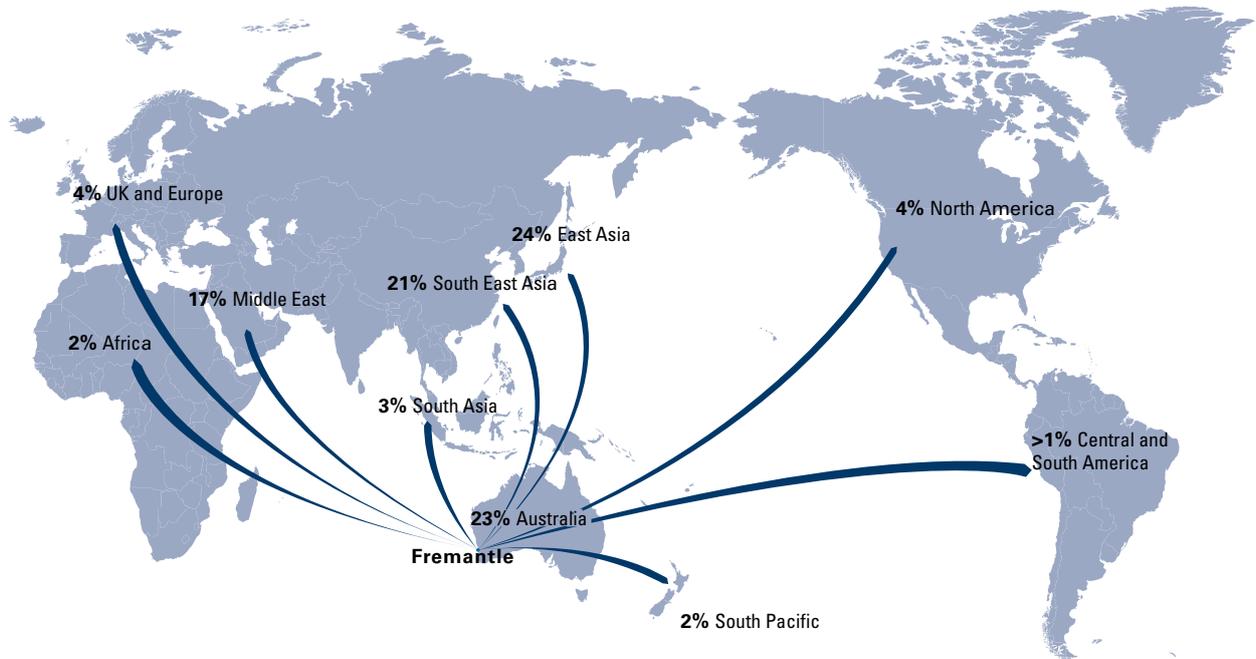
**Trade by Cargo Class
Exports 2007/2008 (Mass Tonnes)**



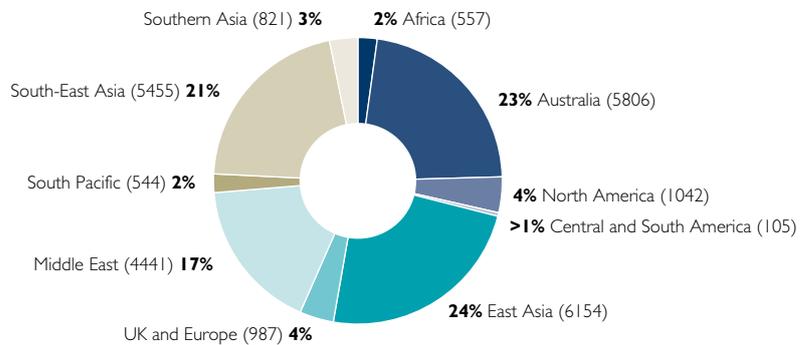
Trade by Cargo Class 2007/2008 (Mass Tonnes)

CARGO	IMPORTS	EXPORTS
Liquid Bulk	6,746,078	2,670,726
Dry Bulk	2,859,349	6,259,496
Non - Containerised	579,961	555,265
Containerised	2,783,082	3,629,954
Total	12,968,470	13,115,441

Links in World Trade

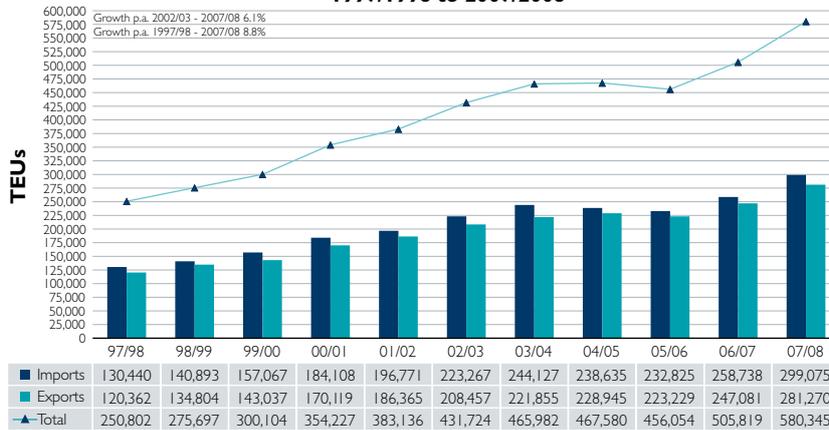


Fremantle Port - Principal Areas of Trade
Year Ended 30 June 2008 - Thousands of Mass Tonnes

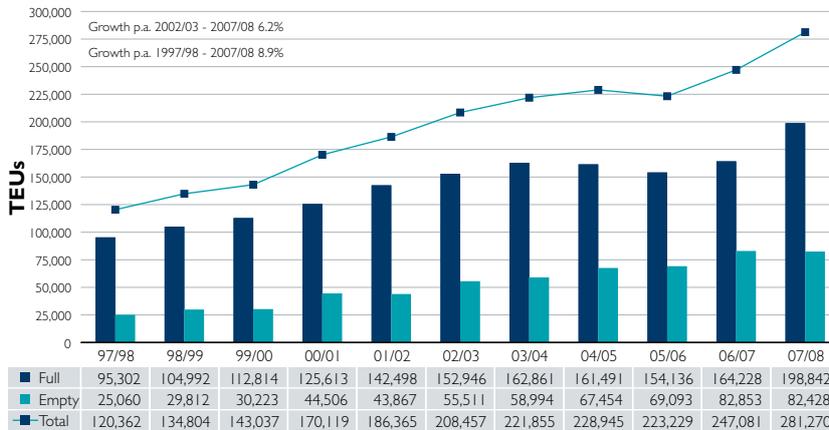


2008 STATISTICAL INFORMATION

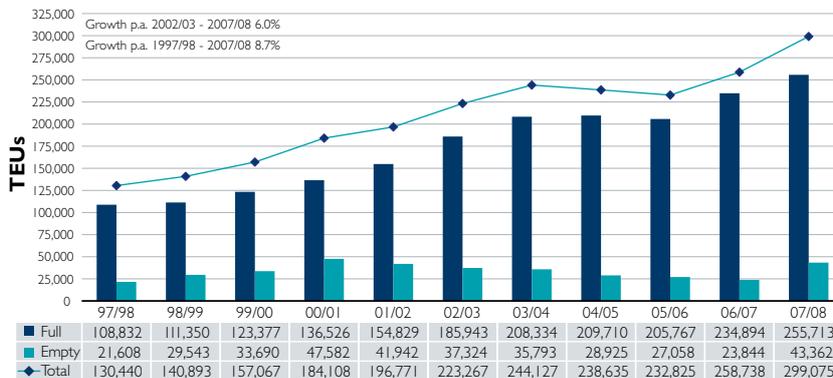
Total Container Trade - TEUs 1997/1998 to 2007/2008



Export Container Trade - TEU's 1997/98 to 2007/08



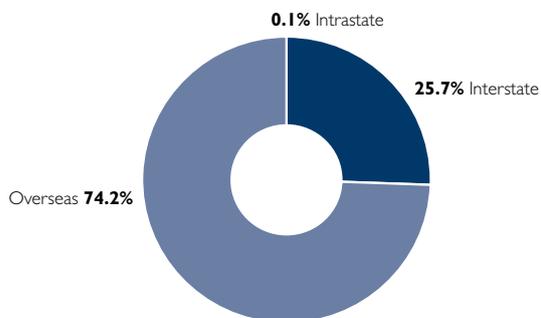
Import Container Trade - TEU's 1997/98 to 2007/08



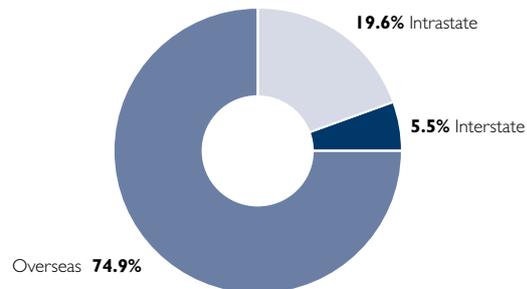
2008 STATISTICAL INFORMATION

SYNOPSIS OF TRADE 2007/2008			
CARGO	INNER HARBOUR MASS TONNES	OUTER HARBOUR MASS TONNES	PORT TOTAL MASS TONNES
Imports			
From Intrastate Ports	5,087	1,865,977	1,871,064
From Interstate Ports	889,736	523,893	1,413,629
From Overseas Ports	2,570,429	7,113,348	9,683,777
Total Imports	3,465,252	9,503,218	12,968,470
Exports			
To Intrastate Ports	26,713	405,220	431,933
To Interstate Ports	75,367	2,014,378	2,089,745
To Overseas Ports	4,215,303	6,206,913	10,422,216
Total Exports	4,317,383	8,626,511	12,943,894
Total Cargo	7,782,635	18,129,729	25,912,364
Bunkers			
Fuel Oil	77,318	94,229	171,547
Total Port Trade	7,859,953	18,223,958	26,083,911

Inner Harbour Imports



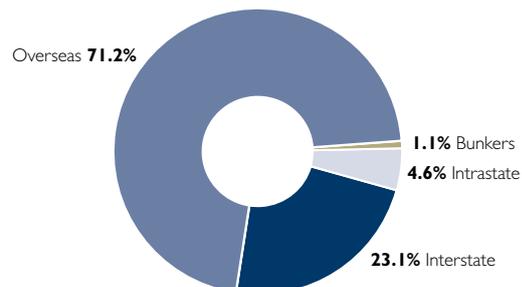
Outer Harbour Imports



Inner Harbour Exports



Outer Harbour Exports



2008 STATISTICAL INFORMATION

PORT OF FREMANTLE CONTAINER TRADE - TEUS JULY 1 2007 TO JUNE 30 2008							
COUNTRY	IMPORTS			EXPORTS			GRAND TOTAL
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL	
China	64,523	592	65,115	28,140	350	28,490	93,605
Singapore	11,176	20,993	32,169	10,794	48,678	59,472	91,641
Australia	59,765	19,777	79,542	3,090	2,535	5,625	85,167
Malaysia	13,109	206	13,315	20,071	10,762	30,833	44,148
Indonesia	11,154	9	11,163	16,658	13,926	30,584	41,747
Japan	7,173	21	7,194	30,364	852	31,216	38,410
Thailand	10,056		10,056	8,682	228	8,910	18,966
Vietnam	3,248		3,248	13,940	24	13,964	17,212
United States of America	11,269		11,269	3,718	10	3,728	14,997
South Korea	5,121	4	5,125	9,760	13	9,773	14,898
New Zealand	4,097	3	4,100	4,256	2,954	7,210	11,310
Taiwan	3,946	2	3,948	4,858		4,858	8,806
Italy	5,742	6	5,748	1,738	772	2,510	8,258
Germany	6,653	30	6,683	1,061	347	1,408	8,091
United Kingdom	4,463	1	4,464	1,846	1	1,847	6,311
India	2,608	1	2,609	3,453	19	3,472	6,081
United Arab Emirates	1,861		1,861	3,863	1	3,864	5,725
South Africa	3,457		3,457	2,127	3	2,130	5,587
Belgium	3,633	8	3,641	1,571	276	1,847	5,488
Hong Kong	2,993	2	2,995	2,314	6	2,320	5,315
Netherlands	2,957		2,957	1,983		1,983	4,940
Philippines	865		865	3,024		3,024	3,889
Spain	1,648	557	2,205	1,310		1,310	3,515
Finland	916		916	2,061		2,061	2,977
Bangladesh	81		81	2,145		2,145	2,226
Sri Lanka	273		273	1,263	648	1,911	2,184
Canada	1,711	1	1,712	255		255	1,967
Mexico	1,400		1,400	520		520	1,920
Saudi Arabia	198		198	1,710		1,710	1,908
Myanmar	56		56	1,840		1,840	1,896
France	1,710		1,710	104	3	107	1,817
Sweden	1,209		1,209	136		136	1,345
Pakistan	384		384	849		849	1,233
Mauritius	20	779	799	302		302	1,101
Israel	1,058		1,058	25		25	1,083
Ghana	25		25	877		877	902
Turkey	617		617	231		231	848
New Caledonia				791		791	791
Christmas Island	125	248	373	292	1	293	666
Brazil	561		561	86		86	647
Other Countries	3,852	122	3,974	6,734	19	6,753	10,727
Total	255,713	43,362	299,075	198,842	82,428	281,270	580,345

2008 STATISTICAL INFORMATION

MAJOR EXPORTS BY COMMODITY 2007/2008

COMMODITY	% TONNES	MASS TONNES	PRINCIPAL COUNTRIES (%COMMODITY)
Grain (includes Wheat, Lupins, Barley, Oats and Canola Seed)	28.01%	3,627,711	Japan (24.9) Saudi Arabia (15.2) Malaysia (11.1) South Korea (11.0) Vietnam (7.4) Indonesia (6.7) Yemen (5.4) Thailand (2.0) China (2.0) Kuwait (1.9) Netherlands (1.6) Pakistan (1.5) Singapore (1.3)
Alumina	23.56%	3,050,380	China (45.2) Australia (20.0) Russia (5.5) Indonesia (5.2) Egypt (4.4) India (4.3) United States of America (4.1) Japan (3.3) Bahrain (2.1) United Arab Emirates (1.7) Netherlands (1.3)
Refined Petroleum	19.59%	2,536,655	Australia (76.6) New Zealand (14.0) Singapore (7.9)
Animal Feed	3.61%	467,289	Japan (56.4) South Korea (9.1) Saudi Arabia (8.1) Kuwait (7.3) Oman (4.0) Taiwan (2.7) Bahrain (2.0)
Black Coal	3.17%	410,664	India (90.4) China (9.4)
Metal Scrap	3.03%	392,235	Malaysia (44.2) Indonesia (24.8) Thailand (13.3) Bangladesh (5.5) China (4.5) India (2.4) Australia (1.6) South Korea (1.6)
Malt	1.72%	222,109	Philippines (33.4) Japan (15.3) Thailand (14.5) Vietnam (10.2) Singapore (9.3) Malaysia (4.9) South Korea (4.5) Indonesia (4.0)
Waste Paper	1.40%	180,719	China (55.3) Indonesia (36.6) Philippines (2.4) Malaysia (2.4) Hong Kong (1.7)
Titanium Dioxide	1.36%	175,472	China (29.9) South Korea (11.4) Thailand (8.9) India (6.7) Hong Kong (6.2) Indonesia (5.6) Vietnam (4.4) Japan (4.3) Philippines (3.4) New Zealand (3.3) Singapore (2.8) Taiwan (2.6) Pakistan (2.2)
Sheep	1.16%	149,701	Saudi Arabia (34.8) Kuwait (17.7) Oman (17.3) Bahrain (13.1) Qatar (5.1) Israel (4.8) United Arab Emirates (3.8) Jordan (2.1)
Non Ferrous Metals	1.04%	134,380	United States of America (16.0) Netherlands (15.9) China (13.8) Singapore (8.8) Italy (6.8) Japan (6.1) United Kingdom (5.32) South Korea (3.6) United Arab Emirates (2.8) Belgium (2.7) Taiwan (2.5) Thailand (2.5) Finland (2.4)
Other Crude Minerals	1.02%	132,177	China (18.5) Spain (9.3) India (9.2) United Arab Emirates (6.4) Italy (6.0) South Korea (6.0) Netherlands (5.6) Japan (5.1) New Zealand (4.0) Singapore (3.5) Belgium (3.2) Germany (2.7) United Kingdom (2.6) Australia (2.4)
Chemicals and Related Products	0.89%	115,778	Taiwan (11.0) Ghana (10.4) Japan (9.7) China (7.4) Singapore (7.3) Australia (6.1) South Korea (5.6) Spain (4.9) Thailand (4.6) Senegal (4.1) Guinea (3.5) Peru (3.3) Tanzania (2.1) United States of America (1.8) New Zealand (1.8) South Africa (1.6) Belgium (1.3) Malaysia (1.3) Italy (1.2)
Pig Iron	0.85%	109,758	Malaysia (73.2) Thailand (24.9)

2008 STATISTICAL INFORMATION

MAJOR IMPORTS BY COMMODITY 2007/2008			
COMMODITY	% TONNES	MASS TONNES	PRINCIPAL COUNTRIES (%COMMODITY)
Petroleum Crude	42.35%	5,491,913	United Arab Emirates (44.8) Australia (29.4) Indonesia (9.9) Malaysia (4.1) South Korea (3.4) Algeria (2.1) Saudi Arabia (1.8)
Cement Clinker	6.05%	784,826	Indonesia (51.2) Japan (38.6) Malaysia (7.1) Philippines (3.1)
Caustic Soda	5.59%	724,595	Saudi Arabia (27.4) Taiwan (22.4) South Korea (20.5) United Arab Emirates (14.7) Japan (7.6) China (7.4)
Phosphates - Fertilisers	5.40%	700,047	United States of America (36.4) China (18.9) Morocco (15.1) Saudi Arabia (5.6) Israel (5.4) Malaysia (4.8) Australia (4.0) South Korea (3.7) Tunisia (2.6) Christmas Island (2.5)
Petroleum Refined	3.51%	455,801	Singapore (86.1) Thailand (5.8) Indonesia (2.7) Australia (2.1) Taiwan (1.9)
Sulphur	3.26%	422,563	Canada (99.0) Bahrain (1.0)
Iron and Steel Products	2.92%	378,861	China (18.6) Australia (17.8) Singapore (13.6) Taiwan (10.0) South Korea (8.1) Japan (7.2) Indonesia (5.7) Malaysia (4.4) Thailand (2.8) Belgium (2.3) Sweden (1.8)
Chemicals and Related Products	2.58%	334,608	China (19.3) Australia (16.1) United States of America (6.9) Indonesia (6.3) Thailand (6.1) United Arab Emirates (6.0) Singapore (5.1) Belgium (4.7) Taiwan (3.2) South Korea (3.0) Malaysia (2.8) Japan (2.3) South Africa (2.2) United Kingdom (2.0)
Iron Ore	2.37%	307,841	Australia (100)
Black Coal	1.70%	220,761	Australia (99.6) Indonesia (0.4)
Machinery - Agricultural, Industrial	1.49%	193,465	China (22.7) United States of America (8.9) Singapore (6.9) Germany (5.9) Thailand (5.8) Japan (6.0) Malaysia (5.1) Australia (5.0) Indonesia (5.0) South Korea (3.8) Italy (3.7)
Paper, Paperboard	1.31%	169,272	Australia (53.3) Indonesia (11.0) Finland (7.0) China (4.2) United States of America (3.9) Germany (3.6) Netherlands (3.1) South Korea (2.7) Singapore (2.2) Japan (1.7) Italy (1.4)
Motor Vehicles	1.28%	165,833	Japan (41.7) Thailand (20.6) South Korea (10.3) South Africa (5.8) Australia (5.0) Spain (4.6) Germany (3.2) United States of America (2.6) Belgium (2.5) United Kingdom (1.9)
Bricks, Tiles and Pavers	1.23%	158,956	Australia (27.5) China (23.5) Italy (11.6) Spain (5.8) Indonesia (5.5) Malaysia (4.9) Thailand (4.8) Vietnam (4.3) Turkey (1.6)
Manufactures of Metal	1.20%	155,431	China (33.1) Australia (18.7) Thailand (7.5) Malaysia (6.2) Singapore (4.4) South Africa (3.3) Indonesia (3.2) India (3.0) Taiwan (2.4) United States of America (2.1) Germany (2.0) South Korea (1.9)
Gypsum	1.18%	152,587	Australia (100)
Vehicles - Industrial and Agricultural	1.14%	148,023	Japan (25.6) United States of America (23.0) Germany (8.4) Australia (8.2) Belgium (5.6) United Kingdom (5.5) China (5.0) South Korea (3.8) Sweden (3.3) Singapore (1.8) Finland (1.6)

2008 STATISTICAL INFORMATION

MAJOR EXPORTS BY COUNTRY 2007/2008			
COMMODITY	% TONNES	MASS TONNES	PRINCIPAL COUNTRIES (% COUNTRY TOTAL)
Australia	20.53%	2,693,225	Petroleum Refined (72.3) Alumina (22.7) Grain(1.2) Phosphates-Fertilisers (1.0)
China	14.59%	1,913,128	Alumina (72.0) Waste Paper (5.2) Grain (3.7) Titanium Dioxide (2.7) Wool (2.5) Mineral Sands (2.1) Black Coal (2.0) Nickel Matt and Concentrates (1.7) Other Crude Minerals (1.3) Hides and Skins (1.1)
Japan	11.06%	1,450,969	Grain (62.2) Animal Feeds (18.2) Alumina (7.0) Liquefied Petroleum Gas[LPG] (3.4) Malt (2.3)
Malaysia	6.32%	829,420	Grain (49.7) Scrap Metals (21.5) Pig Iron (10.0) Alumina (3.8) Fresh Fruit and Vegetables (2.5)
Indonesia	5.20%	681,365	Grain (37.1) Alumina (24.5) Scrap Metals (14.9) Waste Paper (10.1) Cattle and Calves (1.8) Titanium Dioxide (1.5) Malt (1.3) Fresh Meat-Chilled or Frozen (1.3) Animal Feeds (1.1)
Saudi Arabia	5.14%	674,670	Grain (81.7) Sheep (7.7) Animal Feeds (5.6) Fresh Meat-Chilled or Frozen (1.7) Cattle and Calves (1.4)
India	4.35%	570,329	Black Coal (65.1) Alumina (22.9) Grain (2.4) Other Crude Minerals (2.1) Titanium Dioxide (2.1) Scrap Metals (1.6)
South Korea	4.14%	542,690	Grain (70.1) Animal Feeds (7.9) Titanium Dioxide (3.7) Alumina (2.2) Malt (1.9) Fresh Meat-Chilled or Frozen (1.8) Silica Sands (1.5)
Singapore	3.75%	491,712	Petroleum Refined (50.5) Grain (11.5) Malt (5.3) Dairy Products (4.3) Fresh Fruit and Vegetables (4.0) Non Ferrous Metals (3.0) Unclassified Goods (2.8) Mineral Sands (2.3) Miscellaneous Manufactured Articles (2.2) Chemicals and Related Products (2.1) Fresh Meat-Chilled or Frozen (1.5) Machinery-Agricultural, Industrial (1.4) Titanium Dioxide (1.2) Other Crude Minerals (1.2)
New Zealand	3.33%	436,692	Petroleum Refined (82.6) Bricks, Tiles and Pavers (5.9) Grain (1.6)
Vietnam	2.54%	332,621	Grain (80.6) Malt (6.8) Rubber Manufactures (2.4) Titanium Dioxide (2.3) Logs and Timber (1.1)
Thailand	2.15%	282,208	Grain (27.0) Scrap Metals (18.6) Malt (11.4) Alumina (10.8) Pig Iron (9.7) Mineral Sands (5.8) Titanium Dioxide (5.6) Chemicals and Related Products (1.9) Hides and Skins (1.6) Non Ferrous Metals (1.2)
Yemen	1.51%	198,661	Grain (98.5) Fruit and Vegetables (Preserved, Canned, Bottled or Frozen) (1.5)
United States of America	1.41%	185,550	Alumina (67.4) Non Ferrous Metals (11.6) Fresh Meat-Chilled or Frozen (6.4) Manufactures of Metal (2.4) Other Animal Foods Prepared or Manufactured (1.5) Iron and Steel Products(1.3) Chemicals and Related Products (1.1) Other Crude Minerals (1.1) Machinery-Agricultural,Industrial (1.06) Nickel Matt and Concentrates (1.0)
Russia	1.30%	170,216	Alumina (97.9) Fresh Meat-Chilled or Frozen (1.0)
United Arab Emirates	1.09%	142,386	Alumina (36.9) Grain (22.7) Fresh Fruit and Vegetables (8.5) Other Crude Minerals (6.0) Fresh Meat-Chilled or Frozen (4.7) Sheep (4.0) Mineral Sands (4.0) Animal Feeds (3.2) Non Ferrous Metals (2.6) Fruit and Vegetables (Preserved, Canned, Bottled or Frozen) (1.7) Fixed Vegetable Fats and Oils, Crude, Refined or Fractionated (1.0)

2008 STATISTICAL INFORMATION

MAJOR IMPORTS BY COUNTRY 2007/2008			
COMMODITY	% TONNES	MASS TONNES	PRINCIPAL COUNTRIES (% COUNTRY TOTAL)
Australia	25.33%	3,284,692	Petroleum Crude (49.7) Iron Ore (9.5) Black Coal (6.8) Gypsum (4.7) Newsprint (3.1) Paper and Paperboard (2.8) Iron and Steel Products (2.1) Fabricated Construction Materials (1.8) Sugar (1.7) Chemicals and Related Products (1.7) Bricks, Tiles and Pavers (1.4) Glass (1.1)
United Arab Emirates	20.00%	2,593,153	Petroleum Crude (94.8) Caustic Soda (4.1) Chemicals and Related Products (1.0)
Indonesia	8.59%	1,113,464	Petroleum Crude (48.9) Cement Clinker (36.1) Iron and Steel Products (1.9) Chemicals and Related Products (2.0) Paper and Paperboard (1.6) Ammonia (1.3) Petroleum Refined (1.1)
China	5.54%	718,105	Phosphates-Fertilisers (18.5) Iron and Steel Products (9.9) Chemicals and Related Products (9.0) Furniture and Parts (7.7) Caustic Soda (7.5) Manufactures of Metal (7.2) Machinery-Agricultural, Industrial (6.1) Bricks, Tiles and Pavers (5.2) Miscellaneous Manufactured Articles (3.7) Unclassified Goods (3.1) Rubber Manufactures (2.2) Plastic Wares and Other Manufactures (2.1) Cork and Wood Manufactures (1.8) Other Transport Equipment and Parts (1.8) Textile Yarn, Fabrics, Made Up Articles and Related Products (1.3) Toys, Games and Sporting Goods (1.3) Fabricated Construction Materials (1.3) Vehicles - Industrial and Agricultural (1.0)
Singapore	5.21%	676,128	Petroleum Refined (62.0) Petroleum Crude (11.5) Iron & Steel Products (8.1) Miscellaneous Manufactured Articles (3.4) Unclassified Goods (3.2) Chemicals and Related Products (2.7) Machinery-Agricultural, Industrial (2.1) Ammonium Nitrate (1.2)
Japan	4.93%	639,108	Cement Clinker (47.4) Slag Residue Ex Steel Furnace (12.1) Motor Vehicles - New (10.8) Caustic Soda (8.7) Vehicles - Industrial and Agricultural (5.9) Iron and Steel Products (4.3) Rubber Manufactures (4.0) Machinery-Agricultural, Industrial (1.7) Sulphuric Acid (1.6) Chemicals and Related Products (1.2)
Malaysia	3.68%	477,586	Petroleum Crude (48.0) Cement Clinker (11.7) Phosphates-Fertilisers (7.0) Urea (5.4) Furniture and Parts (3.7) Iron and Steel Products (3.5) Cork and Wood Manufactures (3.0) Machinery-Agricultural, Industrial (2.1) Manufactures of Metal (2.0) Chemicals and Related Products (1.9) Plastic Wares and Other Manufactures (1.8) Bricks, Tiles and Pavers (1.65)
South Korea	3.58%	463,997	Motor Vehicles - New (17.2) Chemicals and Related Products (13.4) Manufactures of Metal (9.0) Ammonium Nitrate (7.2) Machinery-Agricultural, Industrial (6.8) Non Ferrous Metals (5.7) Personal Effects (5.1) Iron and Steel Products (4.9) Mineral Sands (4.3) Vehicles - Industrial and Agricultural (3.7) Other Transport Equipment and Parts (3.0) Fruit and Vegetables (Preserved, Canned, Bottled or Frozen) (2.3) Paper and Paperboard (1.9) Cork and Wood Manufactures (1.6) Phosphates-Fertilisers (1.4)
Canada	3.40%	441,396	Sulphur (95.7) Chemicals and Related Products (0.9)
United States of America	3.18%	412,896	Phosphates-Fertilisers (61.7) Vehicles - Industrial and Agricultural (8.3) Chemicals and Related Products (5.6) Machinery-Agricultural, Industrial (4.2) Other Transport Equipment And Parts (3.0) Potash (2.0) Paper and Paperboard (1.6) Rubber Manufactures (1.6) Fresh Fruit And Vegetables (1.4) Motor Vehicles - New (1.0)
Saudi Arabia	2.93%	379,664	Caustic Soda (52.3) Petroleum Crude (25.8) Urea (11.3) Phosphates-Fertilisers (10.3)
Taiwan	1.91%	248,062	Caustic Soda (65.4) Iron and Steel Products (15.1) Chemicals and Related Products (4.3) Petroleum Refined (3.5) Machinery-Agricultural, Industrial (2.0) Manufactures of Metal (1.5)
Thailand	1.50%	194,198	Motor Vehicles - New (17.6) Petroleum Refined (13.5) Chemicals and Related Products (10.6) Fabricated Construction Materials (9.4) Manufactures of Metal (6.0) Machinery-Agricultural, Industrial (5.7) Iron and Steel Products (5.5) Bricks, Tiles and Pavers (3.9) Rice (3.8) Plastic Wares and Other Manufactures (3.5) Other Food Preparations (2.7) Fish Crustaceans and Molluscs (2.5) Glass (2.4) Unclassified Goods (2.0) Rubber Manufactures (2.0) Fruit and Vegetables (Preserved, Canned, Bottled or Frozen) (1.7)

INNER AND OUTER HARBOUR MAPS



About this Annual Report

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

The report is written and edited by Fremantle Ports staff.

The Annual Report may be seen on Fremantle Ports' website www.fremantleports.com.au
Additional copies may be obtained on disk from External Affairs, Telephone 61 (8) 9430 3555.

Abbreviations

FTE	-	Full Time Equivalent
GT	-	Gross Tonnes
KBJ	-	Kwinana Bulk Jetty
KBT	-	Kwinana Bulk Terminal
TEU	-	Twenty Foot Equivalent Unit

Address

Fremantle Ports
1 Cliff Street, Fremantle
Western Australia 6160

Postal Address

PO Box 95, Fremantle 6959

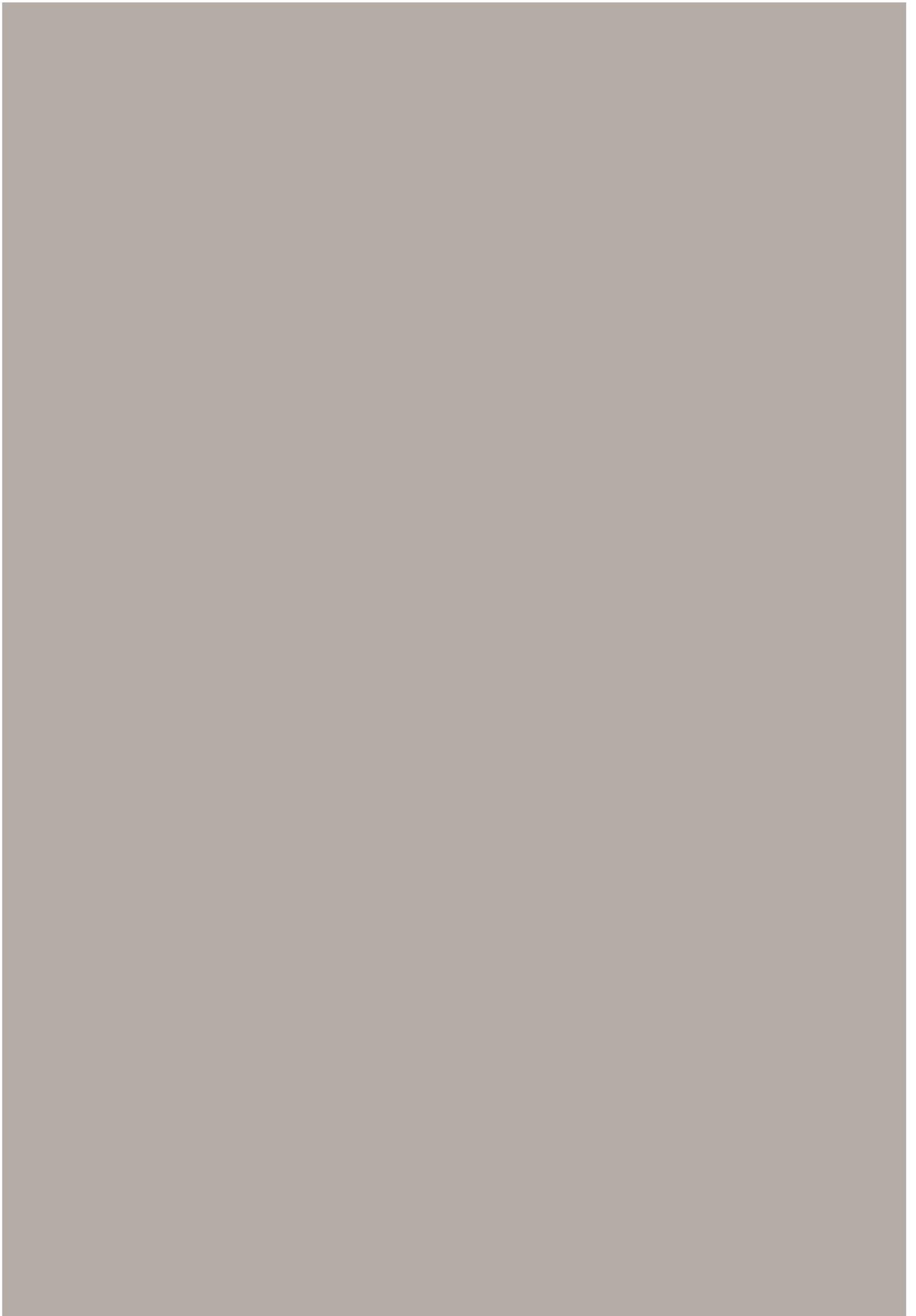
Telephone: 61 (8) 9430 3555

Main Fax: 61 (8) 9336 1391

Internet: www.fremantleports.com.au

E-Mail: mail@fremantleports.com.au

ISSN No 1320520X





Fremantle Ports
Annual Report 2008

1 Cliff Street, Fremantle
Western Australia 6160
Tel: +61 8 9430 3555
Fax: +61 8 9336 1391
Website: www.fremantleports.com.au
E-mail: mail@fremantleports.com.au