

2012



FREMANTLE PORTS | ANNUAL REPORT





Fremantle Inner Harbour



Hon
Troy Buswell
MLA

To the Hon Troy Buswell MLA

Minister for Transport

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 2012.

Jim Limerick

Chairman,
Board of Directors

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Overview Executive Summary

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Fremantle Ports' container trade has grown by on average of 5.5 per cent annually over the past decade.

Highlights

STRONG TRADE GROWTH

Trade through the port was at record levels, with the increase in container volumes more than double the forecast, a huge increase in Fremantle Ports' bulk business and strong growth also in non-containerised general cargo.

\$44 MILLION

A \$44 million upgrade of export infrastructure at the Kwinana Bulk Terminal increased capacity and efficiency for the export of iron ore and coal, with significant benefits for the Western Australian economy in terms of jobs and royalties.

SHIP VISITS

The number of commercial ship visits increased by 149 or 7.6 per cent to a total of 2101.

NEW LAND RECLAIMED

Following the deepening of the Inner Harbour, development of new land reclaimed at Rous Head was progressed, with detailed design work undertaken for roads and services and an Expressions of Interest process completed for leasing.

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Kwinana Bulk Terminal underwent extensive upgrading in 2011.

BERTH 2 STRENGTHENED

Re-fendering was completed at a cost of \$5.9 million to strengthen common-user Berth 2 on North Quay for general cargo shipping.

INCREASED EFFICIENCY

The share of containers travelling by rail continued to build, removing the equivalent of 75,000 truck movements from link roads with the port and other strategies were developed to increase efficiency in the supply chain.

HIGH CUSTOMER SATISFACTION

Customer satisfaction remained high, with 94 per cent of shipping lines very or quite satisfied with Fremantle Ports' services.

FOCUS ON SAFETY

Certification to international environmental, quality and safety standards was maintained following an external audit, and increased focus on safety contributed to reduced lost time injuries.

20,000 PEOPLE

An estimated 20,000 people attended the increasingly popular Celebrate Maritime Day expo on Victoria Quay, an event which promotes maritime achievements and career opportunities.



Dr Jim
Limerick

Inner Harbour container volumes rose by 9.8 per cent to just under 657,000 twenty foot equivalent units (TEU), while non-containerised break-bulk cargo was up 18.7 per cent, with strong growth in imports of industrial vehicles and machinery.

Chairman's Report

Strong trade growth through Fremantle Ports during the past financial year, combined with expenditure control, resulted in substantially improved financial performance, particularly in regard to profit and return on assets. In 2011-12 profit increased by 64.3 per cent to \$19.364 million and Return on Assets increased from 4.8 per cent to 7.2 per cent.

Inner Harbour container volumes rose by 9.8 per cent to just under 657,000 twenty foot equivalent units (TEU), while non-containerised break-bulk cargo was up 18.7 per cent, with strong growth in imports of industrial vehicles and machinery.

The new bulk loading facility at Kwinana Bulk Terminal, built under a commercial agreement between Fremantle Ports and Mineral Resources Limited, was operational by November 2011 and will enable the export of up to 4.4 million tonnes of iron ore annually, as well as other mineral products.

Fremantle Ports is committed to improving safety outcomes and maintaining high standards of environmental management. It is pleasing this year to see a fall in our lost time injury frequency rate to 15.3 lost time injuries per million man hours worked, but this level remains unacceptably high and further significant effort is required in this area to achieve substantial improvement.

In February, the State Government announced the outcome of its review of the governance arrangements for State-owned ports in Western Australia. The review confirmed that the commercialisation model set out in the *Port Authorities Act 1999* is the appropriate governance model and also confirmed that trade facilitation should remain as WA ports' primary objective. While 19 regional ports will be consolidated into four regional port authorities, the Government determined that Fremantle would continue as a stand-alone business.

After considering the outcome from a separate Western Australian Regional Freight Transport Plan, the Minister for Transport also determined that Esperance would be the preferred export port for the majority of the iron ore that is proposed to be mined in the Yilgarn region.

These decisions, combined with a Government decision in June 2011 to commit to retaining the Fremantle Inner Harbour as the State's principal container port up to a capacity of around 1.2 million TEU, have clarified the Government's intentions in regard to Fremantle Ports' future. These decisions have also given port lessees the confidence to invest in new infrastructure. Accordingly, Fremantle Ports will be looking in the future for opportunities to enter into an increasing number of commercial arrangements with the private sector to fund infrastructure needed for business growth.

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The new bulk loading facility at Kwinana Bulk Terminal, built under a commercial agreement between Fremantle Ports and Mineral Resources Limited, was operational by November 2011 and will enable the export of up to 4.4 million tonnes of iron ore annually, as well as other mineral products.



Project-related machinery and equipment accounts for much of the growth in break-bulk cargo.

We are now in the process of implementing a range of initiatives in the Inner Harbour Port Development Plan to ensure that facilities will be available to meet future customer needs and that port land is used in a manner that promotes trade and port efficiency and has synergies with other commercial port operations. In this context, the process of allocating 27 hectares of land reclaimed last year with dredge spoil at Rous Head has reached an advanced stage, with leases being signed for truck transport-related and container handling uses. Some businesses will be relocated to enable the rail terminal to be lengthened and negotiations are proceeding with the preferred tenderer for the Rail Services Terminal Management and Train Operations contract.

The share of container traffic being moved on rail has increased steadily over the past eighteen months, exceeding 15 per cent in June this year. This compares very favourably with other Australian capital city ports and equates to approximately 75,000 avoided truck movements.

Fremantle Ports remains very conscious of its “port within a city” status and is working assiduously to increase rail share, especially as trade volumes grow. We seek to maintain close and open dialogue with Local Government and State agencies to ensure that appropriate planning is put in place to provide for future transport corridors to be secured well in advance.

Planning for the long-term future of the container trade, beyond the capacity of the Inner Harbour, will take a major step forward in the coming year after the Government announced in June 2012 that the Western Australian Planning Commission will undertake studies to guide future land use planning in Cockburn Sound needed for additional container port options. These studies will include land required for efficient road and rail linkages to cargo handling and storage facilities, as well as port operations. The findings are due to be presented to Government in May 2013.

I would like to thank my fellow Directors for their diligence and, on behalf of the Board, I wish to thank the Minister for Transport, the Hon. Troy Buswell MLA for his strong support throughout the year. I also wish to commend the CEO, Chris Leatt-Hayter and his executive team for leading the organisation to achieve successful outcomes on many fronts during the year and to thank all Fremantle Ports employees who have contributed to that success.

Jim Limerick
Chairman



Chris
Leatt-Hayter

Achieving better integration in the supply chain, of which Fremantle Ports is a critical part, is of huge importance and it is pleasing to note the collaborative inter-agency and industry effort being given to designing and implementing strategies for improved coordination of logistics.

Chief Executive Officer's Report

The strength of the Western Australian economy, reflected in the very positive trade and business outcomes for Fremantle Ports in 2011-12, underlines the importance of a forward looking approach.

We have continued to liaise closely with our existing and potential new customers to see where we can add value and open up opportunities. The successful partnering with the private sector to install new and upgraded export infrastructure at the Kwinana Bulk Terminal has been a significant demonstration of that this year. Timing was critically important from the customer perspective and we were very pleased to play our part in enabling the system to be up and running in time for the first scheduled shipment of iron ore.

In continuing to look to the longer term, the focus, as our Chairman has highlighted, is on strategies and projects that will help accommodate future growth in all areas of our business: container trade, non-containerised cargo and bulk commodities.

From an operational perspective, and as recognised by the State Government, the Inner Harbour at Fremantle has the capacity to handle significantly more trade than it does at present through efficient land use, improved infrastructure, new technology and better integration of services.

A number of our priority projects progressed have been designed to help ensure that the Inner Harbour can reach its potential. The new land at Rous Head presents an outstanding opportunity, enabling increased efficiency in truck handling, more efficient layout of other essential port facilities such as container depots and reduced risk of congestion at peak times.

Achieving better integration in the supply chain, of which Fremantle Ports is a critical part, is of huge importance and it is pleasing to note the collaborative inter-agency and industry effort being given to designing and implementing strategies for improved coordination of logistics. In that regard, Fremantle Ports is continuing to work with the Department of Transport, the WA Port Operations Task Force, the WA Freight and Logistics Council, container terminals and others.

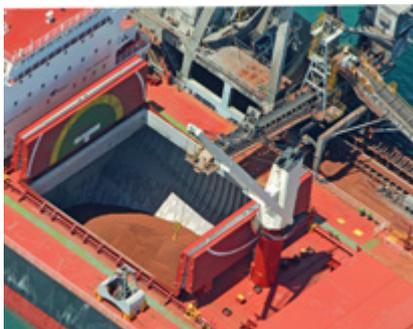
We saw some of this co-operation when an urgent response was called for to deal with significant container congestion resulting from unprecedented volumes of containerised imports during the traditionally busy pre-Christmas peak. The inter-agency work done to reduce freight rail noise for Fremantle Inner City residents has also been effective and is continuing, with very positive feedback from relieved neighbours.

Increased supply chain efficiency helps to keep freight costs down but has benefits also in terms of sustainability, helping to minimise the impacts on the community as trade grows. Understanding and being responsive to community needs continues to be a high priority and this is reflected in the Business Principles which are being used to guide our decision making.

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Understanding and being responsive to community needs continues to be a high priority and this is reflected in the Business Principles which are being used to guide our decision making.



Loading iron ore.

Port watchers who followed the harbour dredging works completed last year will likely be noticing the increase in the size of some of the container ships now calling at Fremantle.

They may also have noticed the big increase in new motor vehicle imports and project-related cargo, both reflecting sustained economic growth and prosperity. With this upward trend set to continue, Fremantle Ports is working with break-bulk customers on ways to increase efficiency in cargo handling and to expand capacity through more innovative storage.

An important aspect of our role as strategic port manager is the maintenance of assets. Good progress has been made in asset management planning to achieve a more systematic approach to taking care of port infrastructure and equipment. Re-fendering undertaken on North Quay Berth 2 and upgrading of electrical systems were among the achievements this year.

How well we perform as an organisation and how we are perceived depends greatly on how well we work internally as a team. Along with safety in the workplace, building a positive organisational culture continues to be amongst our top priorities, with further implementation this year of programs to foster leadership and role modelling, encourage positive behaviours and identify emerging talent.

I am pleased that in a busy year, many of our people have made time to be involved in community events and activities, among them the ISAF World Sailing Championships, Purple Haze with the Fremantle Dockers, the Celebrate Maritime Day expo on Victoria Quay, schools events and environmental projects.

In conclusion, I would like to add my thanks to the Hon Troy Buswell MLA, Minister for Transport for his support for key initiatives. Similarly, thanks are due to our Chairman, Dr Jim Limerick and Directors of the Fremantle Ports Board for their guidance and strategic input on a wide range of port matters. I have very much appreciated, also, the contribution made by fellow members of the Executive Team and thank them and all our employees for their part in this successful year.

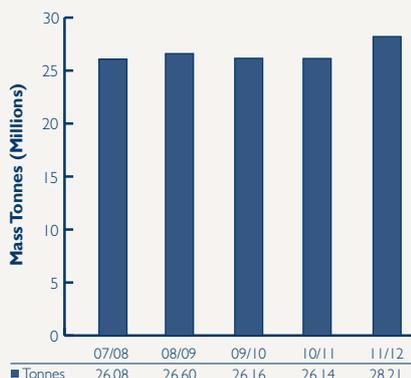
Chris Leatt-Hayter
Chief Executive Officer

Overview Executive Summary

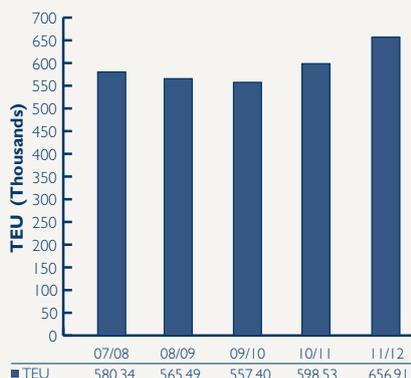
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Key Business Results

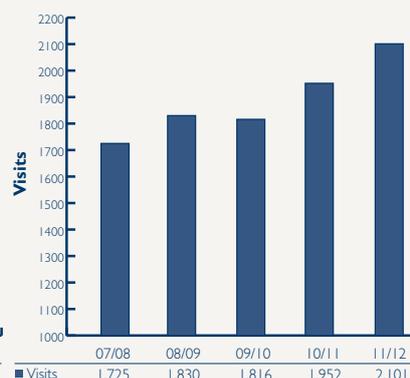
Total Port Trade (Mass Tonnes)
Comparison 2007/2008 to 2011/2012



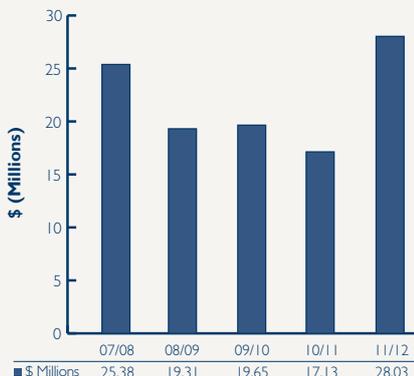
Total Container Trade - TEU
Comparison 2007/2008 to 2011/2012



Total Ship Visits (excluding Naval)
Comparison 2007/2008 to 2011/2012



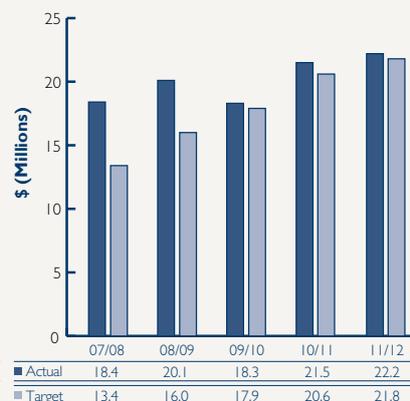
Operating Profit (Loss) Before Income Tax Equivalent
Comparison 2007/2008 to 2011/2012



Economic Rate of Return on Assets
Comparison 2007/2008 to 2011/2012

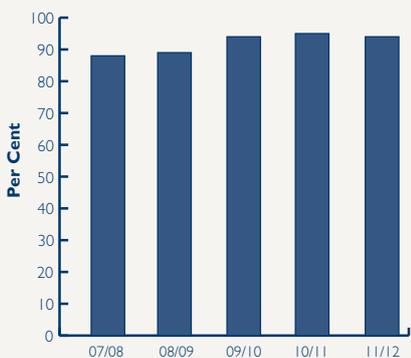


Fremantle Ports - Contributions to State Government 2007/2008 to 2011/2012



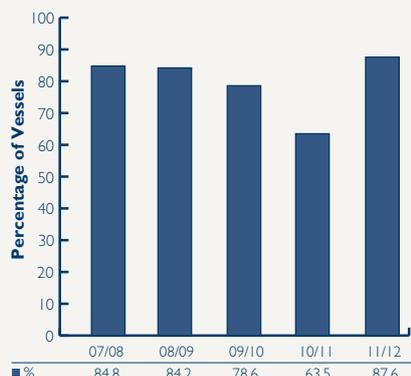
For comparative purposes the above figures exclude individually significant items. (pre 2000/2001 known as abnormal items)

Shipping Line/Agent - Survey Services - 2007/2008 to 2011/2012
Level of Overall Satisfaction with Fremantle Ports' Services

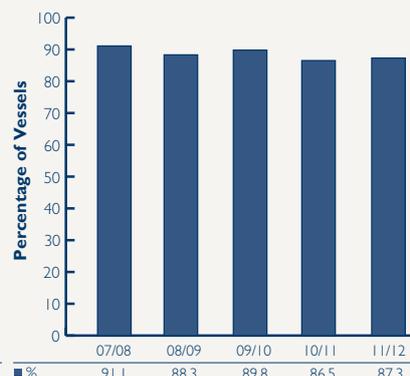


In 2011/12, 94% of respondents were satisfied or very satisfied. Target range 80-90%

Time Awaiting Berth - Container
Comparison 2007/2008 to 2011/2012
% of Container Vessels with Zero Waiting Time



Time Awaiting Berth - Non Container Inner Harbour
Comparison 2007/08 to 2011/12
% of Vessels with Zero Waiting Time



Port Profile

Fremantle Port, within the Perth metropolitan area, is Western Australia's largest container and general cargo port as well providing facilities for the import and export of bulk commodities.

It is well located geographically to service shipping on major international trade routes, particularly between Australia, southern Asia, southern Africa, the Middle East and Europe.

The Fremantle Inner Harbour was established in 1897 within the mouth of the Swan River and has been progressively deepened, strengthened, expanded and modernised over the years to meet shipping and trade needs. As well as servicing almost all of the State's container trade, it caters for the growing trade in new motor vehicle imports and for other break bulk cargoes such as machinery, steel products and livestock exports.

Fremantle is also growing in popularity as a cruise destination.



Kwinana Bulk Jetty.

The Outer Harbour 20 kilometres to the south at Kwinana, has State-owned and private sector port facilities. It was established in the mid 1950s and today handles a wide range of bulk imports and exports such as petroleum, grain, alumina, iron ore, coal, mineral sands, fertilisers and sulphur.

Two of the five Outer Harbour jetties, the Kwinana Bulk Terminal and the Kwinana Bulk Jetty are owned and operated by Fremantle Ports. The three private sector jetties are operated by BP Refinery, Alcoa and Co-operative Bulk Handling.

Legislative Framework

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

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

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



Board of Directors

Fremantle Ports' governing body is a Board of five Directors appointed by and responsible to the Minister for Transport. Details of the Directors are included in the Directors' Report on Page 55 of this report.

Directors may hold office for up to three years, and are eligible to be re-appointed. They are remunerated out of Fremantle Ports' funds, with remuneration and allowances determined by the Minister.

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

The enabling legislation sets out the roles, responsibilities and powers of the Board and the Chief Executive Officer, who is appointed by the Board and responsible for day to day management.

Internal Audit

Internal audit is an integral part of the corporate governance framework by which Fremantle Ports maintains effective systems of accountability and control at all levels. It assists Fremantle Ports in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the organisation's risk management, control and governance processes.

The Internal Audit Charter was reviewed and updated during the year. The aims were to ensure that Internal Audit is in line with considered best practice and aligned with the International Professional Practices Framework for Internal Auditing, including the international standards and code of ethics.

The Audit Committee of the Board has been renamed the Audit and Risk Management Committee.

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Contractors work alongside Fremantle Ports personnel in areas such as infrastructure maintenance.

Vision, Mission and Values

The [Vision and Mission](#), developed with staff input, describe Fremantle Ports' business intent. With the Corporate Values and Business Principles they provide the foundation for strategic planning and decision making, helping to prioritise and work towards common goals.

Vision:

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

Mission:

To facilitate trade in a sustainable way

Values:

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

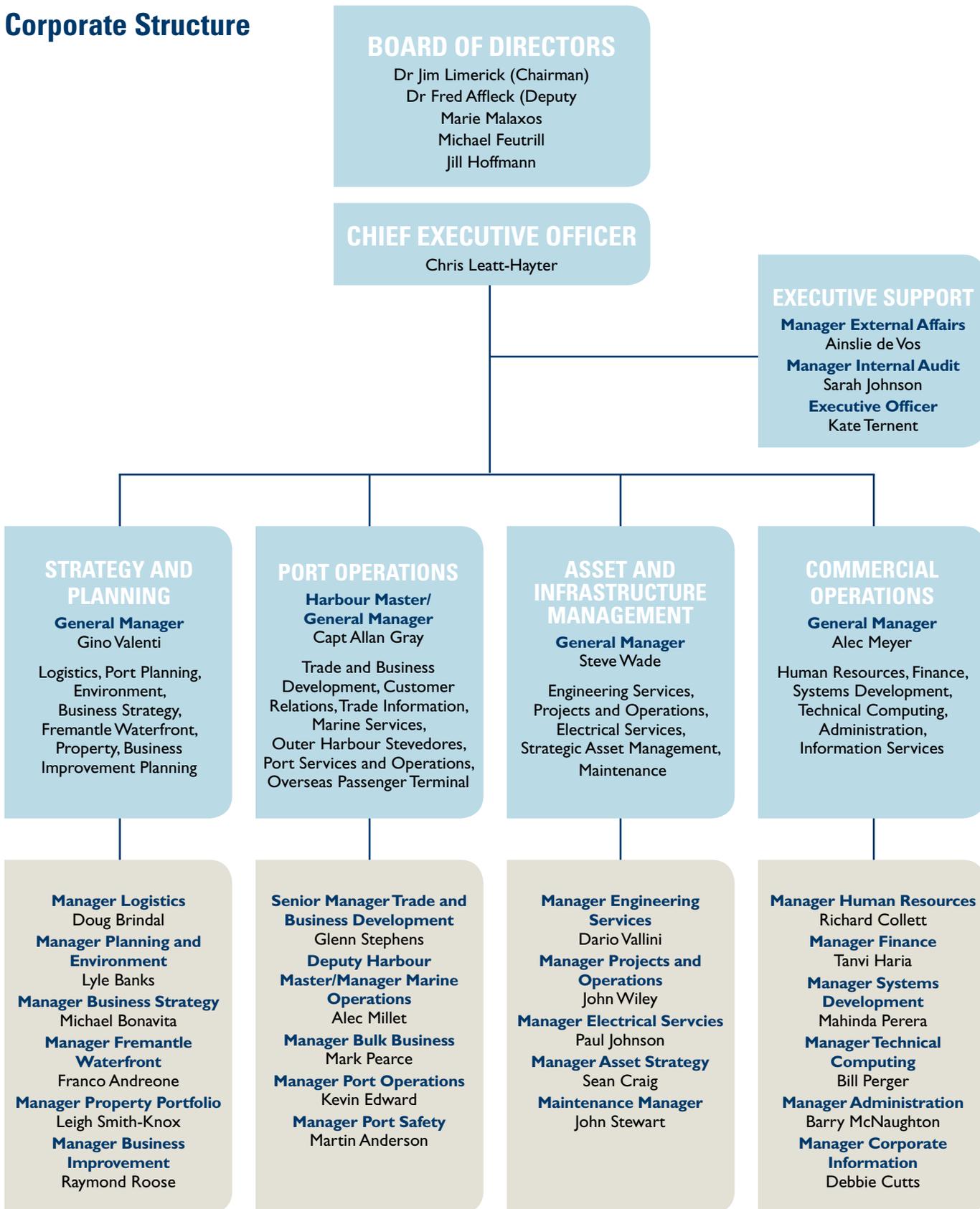
Business Principles

Fremantle Ports' [Business Principles](#), each with a nominated champion, guide planning and decision making. They are aligned with the corporate values and take into account and build on the organisation's previous sustainability framework. The Business Principles have a strong focus on understanding the needs and expectations of key stakeholders, including ensuring commercially sound and justifiable outcomes, protecting the environment, reducing or minimising land transport impacts and being supportive of local communities.

Overview Operational Structure

FREMANTLE PORTS ANNUAL REPORT 2012

Corporate Structure



Board

Details of Directors of the Fremantle Ports Board are in the Directors' Report on pages 55 to 56.

Executive Team

Chris Leatt-Hayter

Chief Executive Officer



Chris Leatt-Hayter

Chris Leatt-Hayter, who joined Fremantle Ports in 1992, has tertiary qualifications in economics. He previously worked at the State Treasury and Department of Transport and has wide ranging experience in transport policy development, contract negotiations, economic and financial evaluation and business development planning. Chris was appointed to the position of CEO in December 2008 after serving 13 years as General Manager Strategic and Commercial Development. He has played a major role in planning for the future growth of the port so it can effectively fulfil its role of trade facilitation. He was also involved in the commercialisation of Fremantle Ports' operations to achieve a more commercial orientation and customer focused approach.

He is currently a Deputy Chairman of Ports Australia, a Board member of The West Australian Motor Industry Foundation and a member of the Freight and Logistics Council of Western Australia. Chris is also a member of the Chartered Institute of Transport, Australian Institute of Management and the Australian Institute of Company Directors.

Alec Meyer

General Manager Commercial Operations



Alec Meyer

Alec Meyer, who joined Fremantle Ports in 1988, brings extensive commercial business experience to his position at Fremantle Ports. He has tertiary qualifications in accounting and is a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors and is the Chief Financial Officer.

Steve Wade

General Manager Asset and Infrastructure Management



Steve Wade

Steve Wade, who has tertiary qualifications in engineering, joined Fremantle Ports in 1995. Before 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

Gino Valenti

General Manager Strategy and Planning

Gino Valenti has tertiary qualifications in chemistry and joined Fremantle Ports in 1998. Before 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.



Captain
Allan Gray

Captain Allan Gray

Harbour Master and General Manager Port Operations

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



Glenn
Stephens

Glenn Stephens

Senior Manager Trade and Business Development

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

Performance Management Framework

The Western Australian Government's broad, high level goals are supported at an agency level by specific outcomes. The following table shows the alignment between relevant Government goals 1,2, 3 and 5. Fremantle Ports' strategic objectives, targeted outcomes and measures are as follows:

Government Goals	Fremantle Ports Objectives	Key Outcomes Sought	Measures
Goal 1. Building strategic infrastructure that will create jobs and underpin Western Australia's long-term economic development	Providing reliable and efficient facilities and services that meet customer expectations Ensuring sound planning for all aspects of our business, including resources, services and infrastructure	Understanding changing customer needs and being responsive to them Completing important planning and infrastructure projects critical to the port's future and the prosperity of the State	Customer survey outcomes Reviewing progress against Strategic Plan
Goal 2. Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector	Promoting and facilitating trade and business growth opportunities	Maintaining existing trade and business and capturing new trade and business opportunities Favourable financial outcomes	Trade and financial results against targets
Goal 3. Greater focus on service delivery areas for the benefit of all Western Australians	Ensuring appropriate and cost effective resources, processes and systems to support service delivery	Efficient and effective services provided to users Support services focused on achieving priority projects	Customer satisfaction survey outcomes Quarterly progress reporting on Strategic Plan.
Goal 5. Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State	Ensuring business sustainability through excellent performance, innovation, business improvement and community and other stakeholder engagement	Maintaining certification to international environmental, safety and quality standards Improved safety performance Maintaining stakeholder support	External audits for ISO 14001, ISO 9001, AS/NZ 4801 Annual customer and community survey outcomes

Shared Responsibilities

Fremantle Ports has shared responsibilities with a number of State Government agencies in areas such as emergency response, security, planning and environmental management. These agencies include the Department of Transport, Main Roads Western Australia, the Department of Planning, Fire and Emergency Services, Western Australian Police Service and the Department of Environment and Conservation.

Performance Corporate Scorecard

FREMANTLE PORTS ANNUAL REPORT 2012

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

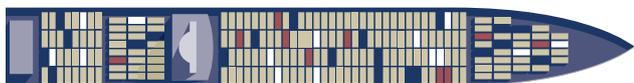
How We Planned To Succeed

Economic

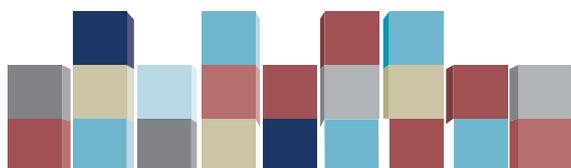
TARGET

RESULT

Trade Results



Total trade - Annual growth rate



Containers - Annual growth rate



Financial Results

TARGET

\$13.346m
profit after tax

RESULT

\$19.364m
profit after tax

Customer Satisfaction

TARGET 80-90%

Maintain at least 80 to 90% overall customer satisfaction with agents/shipping lines.

RESULT 94%

94% of shipping line customers satisfied or very satisfied with services provided by Fremantle Ports, based on shipping line/agents survey.

Service Delivery

Inner Harbour – Container Vessel

Unavailability of Services



Total vessels affected



Average hours per delay

Unavailability of Berths



Total vessels affected



Average hours per delay

Kwinana Bulk Terminal

Unavailability of Services

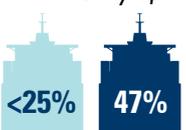


Total vessels affected

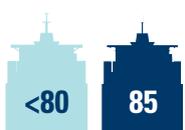


Average hours per delay

Unavailability of Berths



Total vessels affected



Average hours per delay

Kwinana Bulk Jetty

Unavailability of Services



Total vessels affected



Average hours per delay

Unavailability of Berths



Total vessels affected



Average hours per delay

Performance Corporate Scorecard

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Best practice environmental, safety and other business systems

<p>Compliance with international environmental standard ISO 14001</p>	<p>TARGET Continue to comply with ISO 14001, and further improve Environmental Management System</p>	<p>RESULT Certification to ISO 14001 was maintained in external audit of safety, environment and quality management systems.</p>
<p>Overall risk profile</p>	<p>TARGET Continue to implement treatment actions to ensure risk profile is reduced</p>	<p>RESULT The number of risks rated greater than moderate increased from 22 to 27, with the increase largely attributable to a revision of risk ratings in this category.</p>
<p>Time lost to injuries</p> 	<p>TARGET Zero lost time injuries</p>	<p>RESULT 9</p>
	<p>TARGET 20% reduction in lost time injury frequency rate.</p>	<p>RESULT Lost time injury frequency rate was 15.3 compared with 19.4 the previous year.</p>
	<p>TARGET Reduce workplace injuries.</p>	<p>RESULT The number of workplace injuries was 64 compared with 74 the previous year.</p>
	<p>TARGET Maintain certification to AS/NZS 4801</p>	<p>RESULT Certification to AS/NZS 4801 (Occupational Health and Safety Management Systems) was maintained following a triennial audit in May 2012.</p>

Social

<p>Community satisfaction</p> 	<p>TARGET 70 to 80% overall satisfaction</p>	<p>RESULT Overall satisfaction (based on community survey results): Inner Harbour 59% Outer Harbour 69% Support for the Inner Harbour in its role as a busy working port was: Inner Harbour 77% Outer Harbour 87%</p>
<p>Actions on complaints and suggestions</p>	<p>TARGET Follow up all complaints and continue to implement improvement opportunities</p>	<p>RESULT Complaints followed up with actions electronically monitored. Good progress made in reducing rail noise impacts with water spray used to lubricate the tracks.</p>



New export conveyor at the Kwinana Bulk Terminal

The \$44 million project has improved export capacity and efficiency at this terminal, which is owned and operated by Fremantle Ports. It represents major benefits to Western Australia in terms of jobs creation, mining royalties and local spend on infrastructure, equipment and services.

OBJECTIVE:

Providing reliable and efficient services that meet customer expectations

KEY OUTCOMES SOUGHT:

- Understanding changing customer needs and being responsive to them.
- Successful completion of major projects.

New Export Opportunity Realised

Upgrading of export infrastructure at the Kwinana Bulk Terminal was completed during the year following the signing of commercial agreements with Australian-based company Mineral Resources Limited and Indian business conglomerate Lanco Infratech, new owner of Griffin Coal.

The \$44 million project has improved export capacity and efficiency at this terminal, which is owned and operated by Fremantle Ports. It represents major benefits to Western Australia in terms of jobs creation, mining royalties and local spend on infrastructure, equipment and services.

Mineral Resources contributed most of the funding, with most of the installation of the new system undertaken by its construction arm, Crushing Services International.

Significant infrastructure works were required to provide the required increase in capacity at the terminal for handling iron ore. This included reinstatement of rail to accept standard gauge rolling stock, upgrading the train unloading system, new and upgraded conveyors, new product sample and weigh station, installation of a stacker, ship loader upgrading and provision of services such as electrical and water.

Under agreement with Fremantle Ports, Mineral Resources will export up to 4.4 million tonnes of iron ore, principally from its Carina mine site north east of Koolyanobbing in the Yilgarn Shire. The ore is railed to the Kwinana Bulk Terminal and the first shipment went out on 16 November 2011.

Griffin Coal has a capacity allocation for the export of 750,000 tonnes of coal annually for four years via the Kwinana Bulk Terminal and also contributed to the cost of the upgrading.

The project was delivered with a high level of local content and minimising impacts on other users of the terminal and the community was a priority in planning and implementing the works program.



Reclaimed land at Rous Head.



Preliminary ground works were scheduled to begin July 2012.

Rous Head Development

At year end, plans were well advanced for leasing the new land reclaimed at Rous Head as a by-product of the 2010-11 Inner Harbour and channel deepening.

The 27 hectares, representing about 20 percent of the overall area of Rous Head, have provided an important opportunity to expand the availability of Inner Harbour land and to plan the area to improve landside access and efficiency. The overall aim is to ensure that the land uses complement port activity and contribute to operational efficiency.

Designs of works and services were completed during the year and preliminary ground works began in June 2012.

The reclaimed land has been split into five main parcels. One of these will be used as the truck marshalling area with an associated service station and truck stop amenities. The truck parking facility will provide much-needed improvement to traffic flows within the Rous Head area, especially during times when truck congestion occurs.

Two of the other areas will be used for container logistics, storage and short term warehousing and the others will be developed as empty container parks. Also included in the development will be a new public road along the seawall to improve community access to the North Mole.

Leasing and development of the new land is expected to be completed by the end of 2013.

Through the Western Australian Planning Commission, Fremantle Ports initiated an amendment to the Metropolitan Region Scheme to change the reservation for the newly reclaimed land at Rous Head from Waterways to Port Installation. This amendment has now come into effect.



Diagram shows new areas for leasing and development.



Electrical Substation Upgrading

A project to replace a high voltage sub station on North Quay is in progress. The sub station, which is beyond its economic serviceable life, will be replaced by two sub stations. This means that if there is a failure in one there will be automatic transfer to the secondary sub station, thus avoiding costly outages to port customers and tenants.

Remote switching capability will replace manual high voltage switching, removing electrical employees from the risk of apparatus failure during switching operations. Long - term service life and the installation of smart metering are among other benefits. Changes being made will enable more detailed reporting of energy consumption to help users reduce their carbon emissions.

The target completion date is December 2012

Fendering

Upgrading of the fendering system on North Quay Berth 2 was completed in May 2012.

This common user berth, which is used for livestock exports and break bulk cargo such as steel and machinery imports, was built in 1949. The condition of the fendering, which protects the wharf from the impact of ships, had deteriorated to the point where replacement was essential.

The new system has been designed to be independent of the existing berth, which consists of a reinforced concrete deck supported by a timber sub-structure. The fendering can be incorporated into any future new wharf structure.

Fendering at the O'Connor Landing on Victoria Quay is subject to quite heavy wave action and had been loosened and damaged by ferries since the landing was constructed in 2001. Additional support to the fendering has been provided this year.

Unloader Damage

Fremantle Ports' high capacity Siwertell ship unloader at the Kwinana Bulk Jetty was damaged in mid 2011. The vertical arm was bent when it slewed and came in contact with a ship's hatch.

Temporary repairs involving some replating were carried out. A replacement conveyor arm has been manufactured locally and is due to be installed in October 2012.



Berth 2, North Quay has new fendering.



Temporary repairs enabled the *Siwertell* to go back into service.



Rail Bridge Protection

Fremantle Ports participated in a risk assessment conducted by the Public Transport Authority (PTA) on the potential for vessels to collide with the Fremantle Rail Bridge. This followed an incident on 3 May 2011 when the bunkering vessel *Parmelia I* up came up against the bridge while manoeuvring in a strong tide and damaged the overhead power supply, putting the passenger and freight rail service out of action.

The PTA plans to install protective piers on either side of the bridge to reduce the risk of any future such marine incident occurring. Fremantle Ports is working with the PTA on the design development and will oversee the project under a Memorandum of Understanding.

A simulation study undertaken by the Harbour Master has confirmed that vessels with greater than 7 metres draft could not hit this bridge because of the protection provided by the Wangara shoal within the Harbour.

Woodman Point Lighthouse

The Woodman Point Lighthouse, which assists the navigation of shipping, has been fitted with a more modern lighting system.

A green LED (light emitting diode) light with a range of 8 nautical miles was installed in May 2012 to replace the existing navigation light. The sector light delineates safe passage and is used by marine pilots to guide shipping into Woodman Channel, one of the two channels that can be used to access the Australian Marine Complex in Henderson and Alcoa at Kwinana.

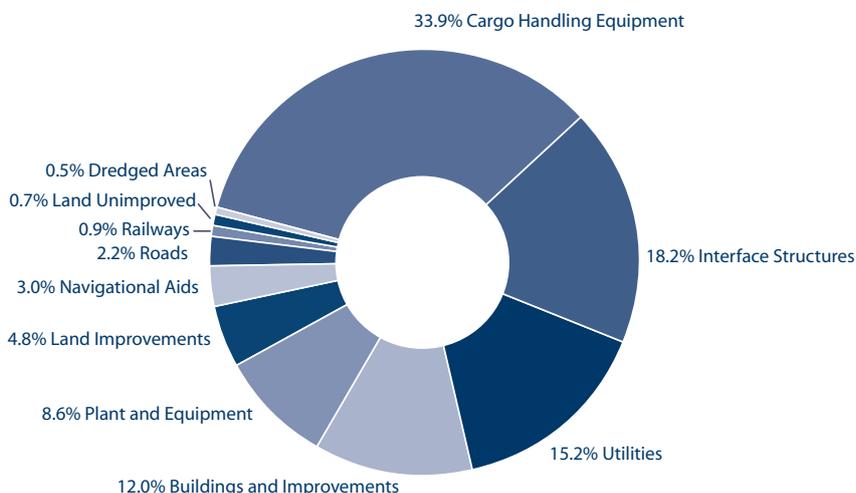
A sector light facing Gage Roads has also been replaced with a green/white/red LED sector light that can be seen at night from a distance of 18 nautical miles.

This advanced navigational technology will increase reliability and reduce maintenance costs.



The Woodman Point Lighthouse was constructed in 1902.

Fremantle Ports Asset & Infrastructure Management Division Asset Maintenance & Service Costs 2011/2012





Maritime Security Identification Cards

Fremantle Ports is an issuing agency for [Maritime Security Identification Cards](#) (MSIC), which are required under federal legislation for access to maritime security zones within the port area. Applications for the MSIC are referred to ASIO and the Australian Federal Police for background checks.

The total number of Fremantle Ports MSIC processed in 2011-12 financial year was 4676, with a further 6294 processed for regional ports in Western Australia.

Since the introduction of the Maritime Security Identification Card system on 1 May 2006, Fremantle Ports' MSIC Service Centre has processed more than 50,000 applications.

To make the card renewal year process easier for MSIC holders at larger companies, Fremantle Ports has continued to operate a mobile unit so that applicants do not have to leave their workplaces to lodge their forms.



Development planned for Rous Head will improve efficiency in container handling.

OBJECTIVE:

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

KEY OUTCOMES SOUGHT:

- Understanding future requirements of our various trade sectors
- Successful completion of important planning projects critical to our future

Port Planning

Fremantle Ports released its Inner Harbour Port Development Plan in 2000 to guide the growth and development of Fremantle Harbour. Over the past decade, key initiatives have been implemented to ensure Fremantle Ports remains a sustainable 21st century port able to efficiently handle trade needs for the foreseeable future.

Planning was progressed this year on some of the remaining elements including:

- developing land at Rous Head and improving road layout (described in more detail elsewhere in this report);
- extending the rail terminal on North Quay to handle longer trains; and
- extending container terminal stevedoring areas to provide direct access to the rail terminal.

These initiatives will be implemented over the coming years.

Looking ahead to 2031, further planning has occurred this year to set out the priorities, challenges and opportunities. This work is taking into account State and local government planning documents and is being prepared to be consistent with broader planning as set out by Infrastructure Australia and the WA Planning Commission.

Based on current forecasts the Inner Harbour is likely to reach capacity by 2025, although this will depend on trade trends and other factors, and additional port facilities will be needed beyond that time to supplement its activities.

The State Government last year confirmed the long-term role of the Inner Harbour as a container and general cargo port and announced on 29 June 2012 that it was proceeding with a comprehensive assessment of the planning, environmental, transport and community issues associated with container port operations in the coastal areas from Naval Base to James Point. Extensive research undertaken by Fremantle Ports and other



agencies over many years has identified this coastal area as the most suitable location for additional container-handling port facilities.

The Western Australian Planning Commission will engage a consultant to assess the project proposals that have been identified to date.

Victoria Quay Waterfront

The Victoria Quay Waterfront Working Group, chaired by Stuart Hicks AO, was formed by Fremantle Ports in 2011 to review and consider new opportunities relating to the Commercial Precinct site on Victoria Quay as well as exploring development options for other sites within the Fremantle Waterfront Masterplan.

The Group's report, which has been completed, sets out the key imperatives as seen by the Group to achieve the best possible outcomes for the onward development of the western end of Victoria Quay, mindful of the need to ensure that any development is compatible with the needs of the working port. Significant attention has been paid to the important aim of achieving successful integration with the Fremantle Railway Station and the City of Fremantle, and key learnings from the work to date on the development of the Victoria Quay Waterfront are included.

Some specific consultation on the potential development of the Commercial Precinct site will be the next step, with stakeholder groups and individuals invited to participate in this discussion.

Meanwhile, Victoria Quay branding, developed in consultation with community representatives, has been launched.

Planning Guidelines Reviewed

Fremantle Ports' [Planning Guidelines](#) for land use and development in the Inner and Outer Harbour areas have been reviewed and simplified.

The new version, completed in June 2012, is clearer and more user friendly, setting out the development criteria and how to make application to Fremantle Ports for planning approval.

The Planning Guidelines have been designed to:

- assist with the development and use of land within the port;
- ensure that development and uses within Fremantle Port boundaries are consistent with Fremantle Ports' strategic plans and policies; and
- guide development and growth over the short and longer terms.

Landscape Style Guide

A [Landscape Style Guide](#) has been produced by Fremantle Ports to help achieve a cohesive character in the working port environment.



A series of heritage banners has been produced as part of the Victoria Quay branding.



Catering for trade growth is a focus of customer liaison.

OBJECTIVE:

Promoting and facilitating trade and business growth opportunities

KEY OUTCOMES SOUGHT:

- Maintaining existing trade and business and capturing new trade and business opportunities
- Improving landside logistics performance

Working with Customers

Fremantle Ports has continued to liaise closely with customers to understand their current and future needs. Regular meetings are held, with value chain analysis one of the techniques being used to understand what is critically important for business success for individual customers and how we can add value for them.

In the bulk business area, where there has been strong trade growth, we have continued to explore further opportunities to increase capacity through improved services and more efficient use of facilities. Planning for further development of the Kwinana Bulk Jetty has been put on hold following the State Government's commitment to increase export capacity at the Port of Esperance.

Fremantle Ports is also working with customers to increase the efficiency of use of the on-berth storage areas for break-bulk (non-containerised) cargoes. Break-bulk trades contribute significantly to the port's economic performance particularly when that contribution is measured in terms of dollar value per square metre of wharf space occupied. This is another sector of our business continuing to experience strong growth, creating unprecedented demand for stacking space.

The demolition of a large shed on common-user Berth 12 on North Quay was completed in September 2011, opening up more space for cargo handling and enabling improved efficiency in cargo discharge and loading.

The feasibility of tiered decking for temporary storage of new motor vehicles is being explored to create more stacking space for that industry on Victoria Quay and to free up more space for the increasing volume of project-related cargo being imported through Fremantle.

Forums organised by Fremantle Ports for break bulk customers this year have been useful in understanding what is working well and where there are issues of concern, with suggestions for improvement.

Customer satisfaction levels measured in annual surveying this year were within or above target ranges.

New Customer Relationship Management System

A new and much improved information technology system for tracking customers, other contacts and stakeholders was developed during the year. Replacing an older, less efficient system, the new web-based Contact Relationship Management System makes it easier to maintain contact details and to keep track of interaction with customers and other stakeholders.

Two of the big advantages of the system are its capacity to integrate with other data systems used by Fremantle Ports and the ease with which information can be retrieved in useable formats.

The new system, which is being progressively introduced, integrates with Microsoft Outlook, making it easy to access and quick to update as details change and new information needs to be included.

Landside Logistics

Fremantle Ports has continued to work with the Department of Transport, Main Roads WA, the Public Transport Authority and industry on a number of activities to make freight transport to and from the port more efficient.

One of the key strategies is to increase the amount of freight moved by rail. This reduces the growth of truck traffic, reduces road congestion and is important for the amenity of people living near road links to the port.

The rail share for container trade travelling to and from the port has made up ground lost in the trade downturn which occurred as a result of the global financial crisis. The volume of container trade on rail this year averaged 13 per cent, up from 11.5 per cent last year. This is the equivalent of some 85,000 standard containers, compared with 69,000 the previous year. In the last quarter of this financial year, the rail share was about 15 per cent.

Despite the continuing per box subsidy from the State Government, current commercial realities favour road over rail, hence the importance of other strategies such as increased efficiency to make rail commercially more attractive for users and service providers. A competitive tender process was undertaken during the year for the provision of rail services and the operation of rail terminals at North Quay and Kewdale/Forrestfield. In evaluating proposals, considerable weight has been given to efficiency improvements and strategies for achieving market share growth. A preferred tender has been identified.



Increased use of rail for container freight transport compares favourably with other Australian capital city ports.

Performance Trade and Business Growth



Improved truck productivity increases port efficiency and reduces community impacts.

Significant rail infrastructure development is planned to meet future increase in rail volume and to improve competitiveness. This includes the extension of the North Quay Rail Terminal to take longer trains and provision for a crossing loop for trains on the North Fremantle/Cockburn line to improve line capacity.

Improvements in truck productivity have focused on the container terminal vehicle booking system to improve scheduling. A key aim, working with industry, is to increase two-way loading of trucks (delivering a container and departing with another on the same journey).

The newly-reclaimed land at Rous Head offers a unique opportunity to improve the overall supply chain through planning and design of lots, selection of the right blend of functions on these lots and the use of lease provisions to promote operations that will contribute to overall supply chain efficiency. The tendering process for this land progressed during the year to a point where key developments are expected to begin during 2012-13.

Discussions are continuing with industry to address empty container park issues, in particular the scope for developing more inland container parks. This would reduce the need for trucks to come to the port to pick up or deliver empty containers. Other significant initiatives include the introduction of a booking system to smooth out the flow of trucks to the parks, and shifting high volume container movements to off-peak times to reduce demand on container parks and terminals.

Such measures involve changes to long-standing industry practices and require significant consultation and development. Fremantle Ports will continue to work with other members of the WA Freight and Logistics Council, the WA Port Operations Task Force, Department of Transport and industry to achieve the necessary changes.

Market Share of Containers on Rail TEUs 2002/03 to 2011/12



Freight Studies

A new study to provide current information on the origin and destination of containers travelling to and from Fremantle Port was completed in March 2012.

The work was undertaken by Fremantle Ports with assistance from the Department of Transport, Main Roads WA and the Freight and Logistics Council of Western Australia. It updates information from the March 2004 Origin and Destination Study which has provided the basis for Fremantle Port-related supply chain decision making since that time.

The main aim of the [Fremantle Ports Container Movement Study 2012](#) was to gain an up-to-date understanding of the transport, storage and distribution of full import and export containers as well as the movement of empty containers. The findings will assist in improving industry planning.

On behalf of the WA Port Operations Task Force, Fremantle Ports also undertook a study of exporters of containerised cargo using Fremantle Inner Harbour.

The aim of the [Fremantle Port Exporter Survey 2011](#) was to better understand exporter views on the container export chain and, in particular, to explore the potential for development of off-port facilities.

One of the primary ways in which congestion can be managed is to develop more container handling facilities away from the port, thus reducing the need for importers and exporters to send trucks to Fremantle. At present, the only significant off-port facilities are the rail terminal and associated container park located at Forrestfield. Until recently, these have been under-used but at current rates of growth, their capacity will start to be challenged over the next 12 to 19 months (hence the importance of the rail initiatives mentioned).

Rous Head Marina

Fremantle Ports, in consultation with the WA Department of Transport, has been actively progressing plans for the development of a recreational marina at Rous Head. This is in support of the State Government's commitment to address the need for more boat pens.

Following preliminary planning and feasibility analysis by Fremantle Ports, 11 proposals were received in response to a public request for expressions of interest.

Short-listed proponents were invited to prepare more detailed proposals under a request for proposals process, which concluded in September 2011.

Negotiations with a preferred proponent for development of the proposed marina have begun. The focus is on agreeing the terms of a development agreement and associated long term lease under which the proponent will develop and operate the proposed facility.

Performance Trade and Business Growth

FREMANTLE PORTS ANNUAL REPORT 2012



Crystal Serenity and Celebrity Century were in port on 17 February 2012.

The integrated marina will combine high quality recreational boating facilities with complementary landside commercial development.

Cruise Shipping

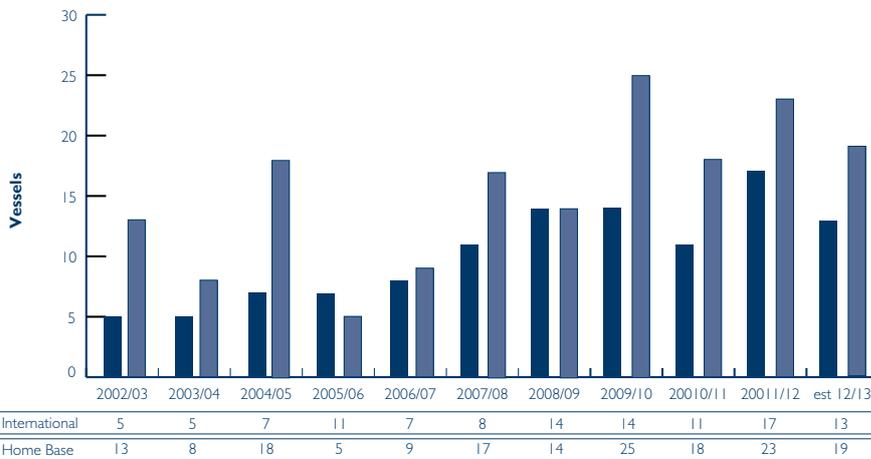
The popularity of Fremantle Port as a destination for cruise ships is continuing, with 40 visits in 2011-12.

The total number of calls was impacted by the cancellation of nine planned visits by the *Pacific Sun* in the second half of 2012, with a further nine that had been scheduled for 2013. This followed an announcement by Carnival Australia that the ship had been sold and her cruises in Australia would cease in July 2012.

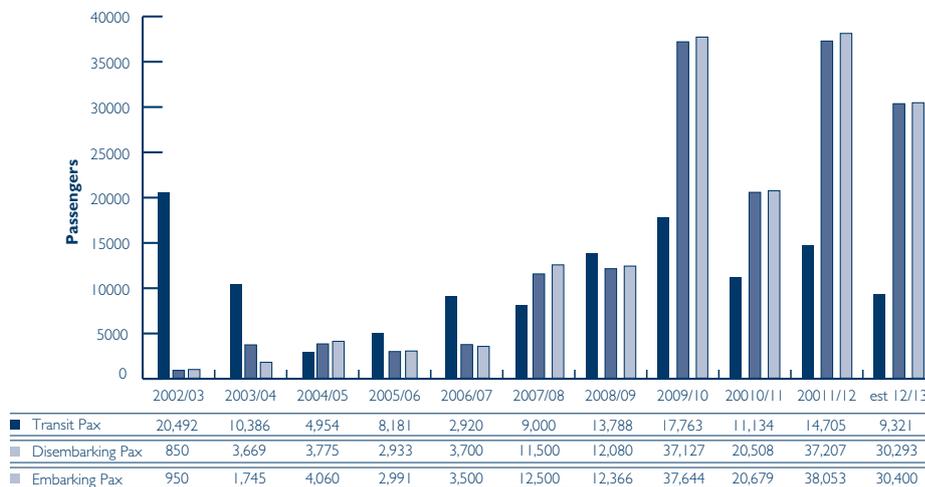
Among the highlights were two visits from *Queen Mary 2* on 8 and 28 February and first time visits from *Celebrity Century* and *Costa Deliziosa*.

At the time of preparation of this report, 32 cruise ship visits had been scheduled for 2012-13. One of the visitors calling for the first time at Fremantle will be the huge cruise liner, *Voyager of the Seas*, which carries up to 3,500 passengers.

Cruise Vessels Visiting Fremantle Port



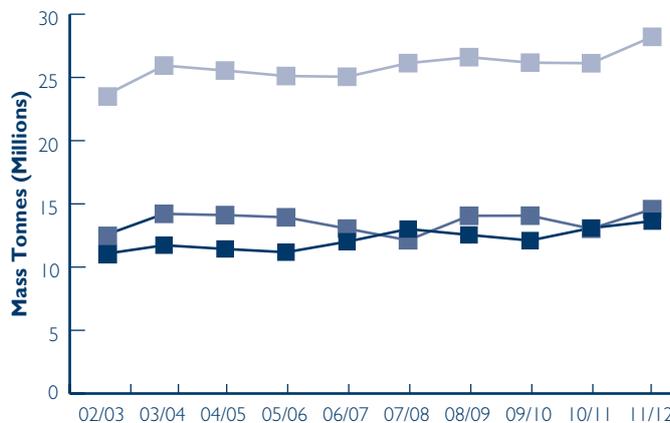
Passengers through Fremantle Port



Performance Trade and Business Growth

FREMANTLE PORTS ANNUAL REPORT 2012

Total Port Trade 2002/2003 to 2011/2012



Imports	11.023	11.727	11.434	11.175	12.010	13.009	12.545	12.103	13.091	13.632
Exports	12.467	14.212	14.112	13.937	13.043	13.122	14.058	14.065	13.032	14.580
Total	23.490	25.939	25.546	25.112	25.053	26.131	26.603	26.168	26.123	28.212

Trade Results

Total port trade reached a record 28.2 million tonnes in 2011-12, 7.9 per cent up on the 26.1 million mass tonnes in 2010-11. The main reason for the increase in trade volumes in 2010-11 was a rise in Outer Harbour bulk exports, particularly iron ore and grain exports.

Total imports increased by 0.5 million tonnes or 4.1 per cent and total exports increased by 1.5 million tonnes or 11.8 per cent for this period.

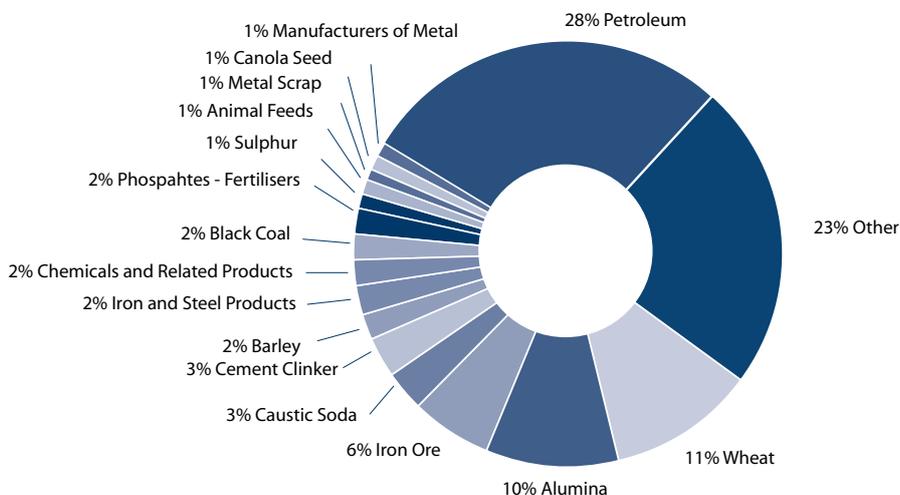
Bulk cargo contributed 20.9 million mass tonnes or 74.2 per cent of total port trade in 2011-12, 0.5 per cent higher than last year. Bulk grains and oilseeds exports increased by 1.1 million tonnes or 41.4 per cent following the Western Australian crop of around 15 million tonnes in 2011-12. The port's principal bulk cargo, petroleum products, decreased from 8.6 million mass tonnes in 2011-12 to 8.1 million mass tonnes in 2011-12. Crude petroleum imports were at a similar level to last year. Refined petroleum imports increased by 23.8 per cent and refined petroleum exports (including bunkers) decreased by 20.4 per cent.

Total value of trade through Fremantle Ports in 2011/12 was \$30.1 billion.

Inner Harbour imports increased by 15.5 per cent and exports decreased by 5.5 per cent. Total containers handled increased by 9.8 per cent in 2011-12 to 656,912 TEU, an increase of 58,378 TEU on the previous year. Container trade is almost five times the level in 1991-92, representing an average annual growth of 8.4 per cent for this period.

Non container cargoes in the Inner Harbour increased by 10.2 per cent compared with the previous year. Imports increased significantly by 43.6 per cent compared with the previous year, mainly due to industrial and

Principal Commodities Imports/ Exports 2011/2012



Coal and iron ore stockpiles at the Kwinana Bulk Terminal.

agricultural vehicles, other transport equipment, new motor vehicles and iron and steel products. Exports decreased by 12.8 per cent compared with last year mainly due a decline in animal feeds and livestock.

In volume terms the port's principal export commodities are grain, alumina, iron ore, refined petroleum and coal which together account for 76.9 per cent by volume of total exports.

Major Trading Regions

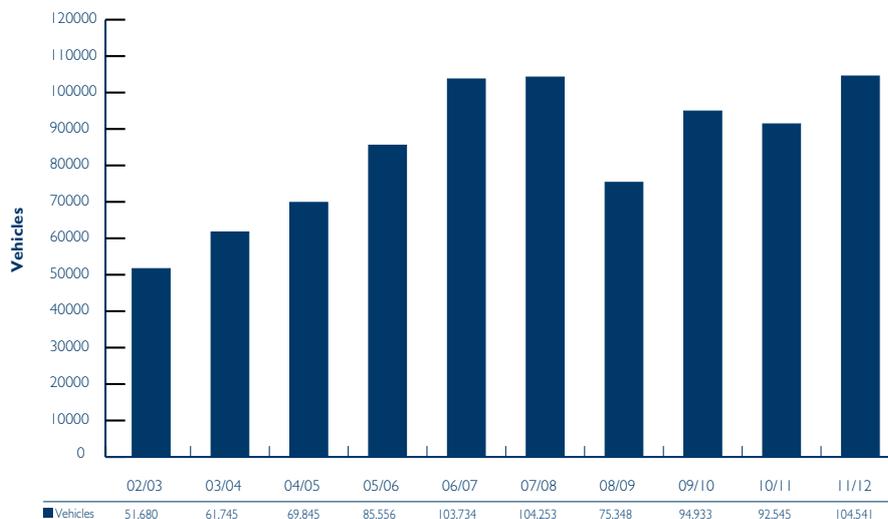
Trade with East, South East and Southern Asia amounted to 58.9 per cent of total port trade in 2011-12, 1.9 percentage points higher than 2010-11. Over the period 2001-02 to 2011-12, trade with East, South East and Southern Asia has grown from 45 per cent to 59 per cent of Fremantle's total trade.

Trade with East Asia increased by 40.1 per cent compared with last year due only to an increase of 70.3 per cent in trade with China. Trade with Japan, South Korea and Taiwan decreased compared with last year. South East Asia trade has by increased by 1.3 per cent mainly due to trade with Thailand and Vietnam. Trade with Indonesia, Malaysia and Singapore decreased compared with last year.

Australian coastal cargo accounts for 13 per cent of total port trade, the Middle East accounts for 16 per cent, UK and Europe five per cent, North America four per cent, Africa two per cent and New Zealand one per cent.

A cautionary note is that some of these figures could be deflated because of trans-shipments through Singapore. (A graphical presentation showing the link with world trade is shown in the appendix of Statistical Information).

New Motor Vehicles - Imports 2002/2003 to 2011/2012



Vehicle imports temporarily stored on Victoria Quay

Imports

Total imports increased by 4.1 per cent during 2011-12 to 13.6 million tonnes. Inner Harbour imports increase by 15.5 per cent mainly due to a rise in containerised and non containerised cargo.

The main commodities responsible for the increase are industrial and agricultural vehicles, manufactures of metal and iron steel products. Imports in the Outer Harbour decreased by 0.2 per cent mainly due to crude petroleum and cement clinker. Outer Harbour commodities to increase significantly were refined petroleum, urea ammonium nitrate, and fertilisers.

New motor vehicle imports through Fremantle Ports totalled 104,451 units in 2011-12, an increase of 13.0 per cent on the previous year. New motor vehicle imports from Japan and South Korea increased by 28.2 per cent and 18.7 per cent respectively in 2011-12 compared with last year. Japan's share of total motor vehicle imports was 42.0 per cent in 2011-12 compared with 37.0 per cent last year. Imports from South Korea and Thailand accounted for 18.3 per cent and 15.9 per cent of the total respectively. Motor vehicle imports from Europe increased by 39.0 per cent compared with last year and accounted for 11.2 per cent of the total.

Performance Trade and Business Growth

FREMANTLE PORTS ANNUAL REPORT 2012

Import Cargo Classified According to Cargo Class - Thousands of Tonnes



Loading gypsum at the Kwinana Bulk Terminal



Unloading from a roll-on roll-off (Ro-Ro) ship at North Quay

Bulk	2010-11	2011-12
Petroleum Crude	5,536	5,360
Petroleum Refined	743	920
Caustic Soda	784	790
Cement Clinker	959	766
Phosphates - Fertilisers	447	541
Sulphur	418	348
Urea	116	193
Slag Residue Ex Steel Furnace	194	191
Urea Ammonium Nitrate (UAN)	36	143
Ammonia	117	128
Other	268	212
Totals	9,619	9,594

Non Container General Cargo	2010-11	2011-12
Vehicles - Industrial and Agricultural	83	187
Iron and Steel Products	157	175
Motor Vehicles - New	145	167
Other Transport Equipment and Parts	24	57
Machinery - Agricultural, Industrial	29	37
Miscellaneous Manufactured Articles	2	20
Ammonium Nitrate	0	20
Manufactures of Metal	7	16
Rubber Manufactures	9	15
Lime	6	4
Other	9	6
Totals	471	706

Container	2010-11	2011-12
Iron and Steel Products	312	375
Chemicals and Related Products	356	353
Manufactures of Metal	169	256
Paper, Paperboard and Articles of Paper Pulp	197	167
Machinery - Agricultural, Industrial	174	163
Plastic Wares and Other Manufactures	136	150
Furniture	119	128
Bricks, Tiles, Pavers, etc	126	117
Rubber Manufactures	89	114
Ale, Beer and Stout; Cider (Alcoholic)	101	111
Other	1,234	1,400
Totals	3,013	3,334

Exports

Total exports increased by 11.8 per cent during 2011-12 to 14.6 million tonnes. Inner Harbour exports decreased by 5.5 per cent compared with the previous year. Non containerised cargo decreased 12.8 per cent in 2011-12 mainly due to livestock and animal feeds. Containerised cargo decreased by 3.6 per cent in 2011-12 mainly due to falls in mineral sands, titanium dioxide and wheat.

Outer Harbour exports increased by 18.5 per cent mainly due to the increase of coarse grains and iron ore. Bulk wheat exports increased by 19.3 per cent or 465,159 tonnes in 2011-12. Bulk exports of barley and canola seed increased by 505,492 tonnes and 169,405 tonnes respectively compared with the previous year.

In 2011-12 Fremantle Ports' major overseas export markets by volume (percentage of total exports) were China, 32.6 per cent, Japan 7.6 per cent, South Korea 6.3 per cent, Indonesia 6.1 per cent, Malaysia 3.5 per cent, Singapore 3.4 per cent and Thailand 3.2 per cent. Exports to China increased by 13.6 per cent in 2011-12 and represent 4.75 million tonnes or 32.6 per cent of total exports, making China Fremantle's principal export trading partner. Iron ore and alumina are the major exports to China representing 1.8 million tonnes and 1.2 million tonnes respectively in 2011-12. Iron ore exports to China are estimated to grow to 4 million tonnes within 5 years.

Exports to other Australian ports were 2.1 million tonnes in 2011-12, 8.7 per cent lower than last year, predominantly due to a decrease in refined petroleum exports.



Livestock exports decreased significantly in 2011-12.

Performance Trade and Business Growth

FREMANTLE PORTS ANNUAL REPORT 2012

Export Cargo Classified According to Cargo Class - Thousands of Tonnes

Bulk	2010-11	2011-12
Wheat	2,412	2,877
Alumina	2,800	2,877
Iron Ore	91	1,828
Petroleum Refined	2,154	1,678
Barley	113	619
Black Coal	1,133	488
Canola Seed	159	328
Sulphuric Acid	260	201
Ships Bunkers	150	155
Hay, Chaff, Fodder (for consumption on voyage)	110	78
Other	252	205
Totals	9,634	11,334

Non Container General Cargo	2010-11	2011-12
Metal Scrap	288	314
Sheep	126	89
Cattle and Calves	63	30
Other Crude Minerals	1	11
Ammonium Nitrate	29	9
Vehicles - Industrial and Agricultural	6	9
Machinery - Agricultural, Industrial	7	6
Other Transport Equipment and Parts	2	4
Iron and Steel Products	1	4
Motor Vehicles - New	5	3
Other	12	4
Totals	540	482

Container	2010-11	2011-12
Hay, Chaff, Fodder Peas (Stock Feed) - Cargo	266	246
Waste Paper	217	229
Malt	176	174
Titanium Dioxide	192	173
Mineral Sands	207	147
Chemicals and Related Products	85	125
Wheat	136	118
Non Ferrous Metals	99	117
Fresh Fruit and Vegetables	87	106
Oats	86	103
Other	1,314	1,224
Totals	2,865	2,763

Container Trade

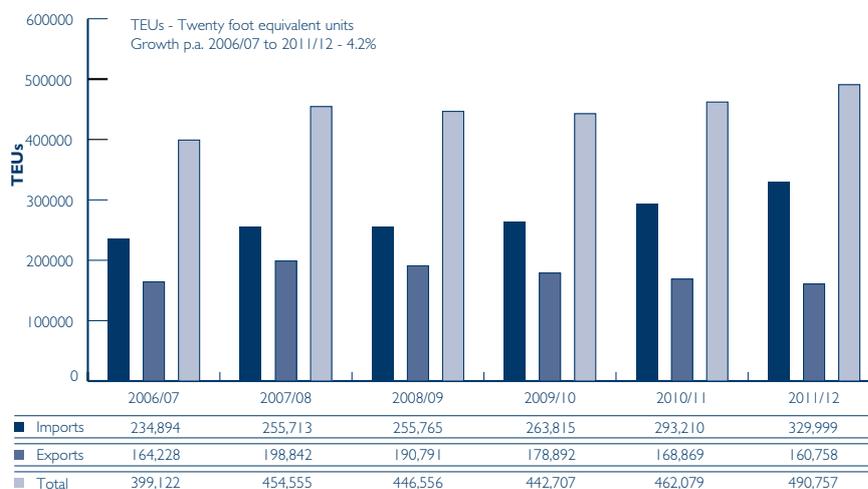
When compared with 2010-11:

- Total container trade increased by 9.8 per cent. Exports increased by 8.4 per cent and imports increased 11.0 per cent.
- Full container exports decreased by 4.8 per cent or 8,111 TEU and full imports increased by 12.5 per cent or 36,789 TEU.
- Empty container exports increased by 27.0 per cent and empty imports decreased by 14.8 per cent.
- Coastal container throughput increased by 9.0 per cent or 6,112 TEU. Coastal full container throughput totalled 62,276 TEU, a decrease of 0.8 per cent.

Container Trade Comparison 2006/2007 to 2011/2012



Full Container Trade Comparison 2006/2007 to 2011/2012



Performance Trade and Business Growth

FREMANTLE PORTS ANNUAL REPORT 2012

Top Ten Container Commodities Imported and Exported



The strong Australian dollar was a significant factor in the growth in containerised imports.

Major Container Commodities Imported - TEU

Commodities	2010/2011	2011/2012	Variance %
Furniture	27,811	30,768	10.63%
Manufactures of Metal	16,975	25,352	49.35%
Iron and Steel Products	20,402	25,180	23.42%
Machinery - Agricultural, Industrial (i)	30,660	21,923	-28.50%
Chemicals and Related Products	20,273	19,995	-1.37%
Plastic Wares and Other Manufactures	17,027	18,319	7.59%
Paper, Paperboard and Articles of Paper Pulp	20,171	17,324	-14.11%
Rubber Manufactures	12,985	16,341	25.85%
Household Appliances (i)	-	12,832	-
Unclassified Goods	13,593	10,679	-21.44%
Fabricated Construction Materials	9,277	10,262	10.62%
Total	189,174	208,975	10.47%
Percentage of Total Full TEU Imports	64.5%	63.3%	

(i) Machinery - Agricultural, Industrial - excludes Household Appliances as from 01/07/2011

Major Container Commodities Exported - TEU

Commodities	2010/2011	2011/2012	Variance %
Waste Paper	19,349	19,969	3.20%
Hay, Chaff, Fodder Peas (Stock Feed) - Cargo	20,993	19,165	-8.71%
Malt	11,995	12,567	4.77%
Titanium Dioxide	9,391	8,423	-10.31%
Chemicals and Related Products	6,052	7,574	25.15%
Fresh Fruit and Vegetables	6,108	6,887	12.75%
Oats	5,522	6,417	16.21%
Mineral Sands	8,664	5,947	-31.36%
Unclassified Goods	4,131	5,761	39.46%
Non Ferrous Metals	4,695	5,482	16.76%
Metal Scrap	5,308	5,319	0.21%
Wheat	5,681	5,066	-10.83%
Total	107,889	108,577	0.64%
Percentage of Total Full TEU Exports	63.9%	67.5%	

Fremantle's Trading Partners

Fremantle Ports' top 10 overseas trading partners collectively account for 64.1 per cent of total non trans-shipment full container trade (refer table below). Australian coastal container trade accounts for a further 12.7 per cent.

Top Ten Container Trading Partners		
Percentage of Total Full Container Trade		
Country	2010/2011	2011/2012
China	119,338	133,452
Japan	34,711	28,847
Malaysia	22,494	25,491
South Korea	19,617	24,662
Indonesia	22,690	21,801
Thailand	20,729	21,339
United States of America	17,496	21,300
Singapore (i)	22,367	18,579
Vietnam	9,917	10,165
India	8,521	9,045
Top 10 Countries Percentage of Total Country Trade	62.9%	64.1%

Excludes all trans-shipment and empty containers

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

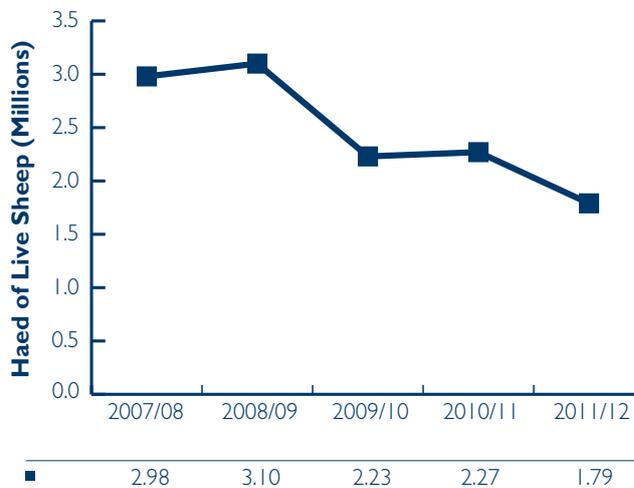
Livestock

Livestock Exports 2011/2012					
Destination	Sheep	Cattle	Other Livestock	Total	% of Total
Africa		2,093		2,093	0.11%
Asia - East		1,071		1,071	0.06%
Asia - South-East		12,539		12,539	0.67%
Asia - Southern		1,635		1,635	0.09%
Indian Ocean - Mauritius	1,366	4,887		6,253	0.33%
Russia		2,531		2,531	0.13%
Middle East	1,649,616	55,432		1,705,048	90.59%
Mediterranean - Turkey	134,338	16,716		151,054	8.03%
Totals	1,785,320	96,904	0	1,882,224	100%

Live sheep

1,785,320 head of live sheep were exported through the Port of Fremantle in 2011/12, a decrease of 484,421 head or 21.3 per cent compared with 2010/11.

Live Sheep Exports 2007/2008 to 2011/2012



Fremantle Ports’ share of total Australian live sheep exports was 70 per cent in 2011/12, compared with 77 per cent in 2010/11. The value of live sheep exports through Fremantle Ports in 2011/12 was \$239 million. Exports from Australia during 2011/12 were 2.56 million head, 12.2 per cent lower than the previous year. The Middle East was the destination of almost all of Australian live sheep exports in 2011/12.

Kuwait was the largest export market for Australian live sheep in 2011/12 with 0.9 million head exported, followed by Qatar, Bahrain, Jordan, Turkey, Israel and United Arab Emirates.

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

Live Cattle

Live cattle exports from Fremantle reached 96,904 head in 2011/12, a decrease of 113,613 head or 54.0 per cent on 2010/11.

Fremantle Ports’ share of total Australian live cattle exports was 14.3 per cent in 2011/12. The value of live cattle exports through Fremantle Ports in 2011/12 was \$A86 million.

In 2011/12, the largest export markets served from Fremantle were Israel, Indonesia and Turkey which account for 84.2 per cent of total live cattle exports.

Source of information on live cattle trade: Australian Bureau of Statistics; Meat and Livestock Australia.

Outlook

Treasury Projections

The Western Australian economy continues to outperform the rest of Australia, reflecting strong global demand for the State’s resource exports. Business investment and exports are dominant influences on the State’s

economic growth, resulting in strong labour demand and wage growth, and above-average population growth.

The demand for Western Australia's resource commodities has led to a number of major LNG and iron ore projects currently under construction, as firms seek to develop and expand capacity.

Household spending in Western Australia has increased at a faster pace than the rest of Australia, supported by low unemployment, higher incomes due to strengthening real wages, and a high Australian dollar. By contrast, housing demand has been soft over the past year, reflecting the large balance of household debt, heightened levels of household caution, and tight lending conditions. However, a strong recovery in dwelling investment is forecast for 2012-13 as underlying demand improves, supported by strong population growth.

Consequently, Gross State Product (GSP) is forecast to increase by a robust 4.75% in 2012-13. Increases in business investment over this period are likely to be offset to some extent by higher imports of capital machinery and equipment imports. Export volumes are expected to pick up in the out years, as major iron ore and LNG projects commence production.

Data: Government of WA 2012-2013 Budget, Economic and Fiscal Outlook, Budget Paper No. 3.

Trade in 2012-13

International trade growth in Western Australia's major export markets is expected to remain robust, and stronger than the rest of the world. Nonetheless, the weak demand from advanced economies is likely to weigh on growth in emerging economies, with growth in China expected to soften slightly this year.

The growth in exports in 2011-12, reflected strong demand for Western Australia's iron ore export and other exports, including a significant pick-up in agricultural exports resulting from improved weather conditions over 2011. Western Australia now accounts for around 45 per cent of Australia's exports.

Imports grew strongly in 2011-12. The growth in imports also reflects stronger household consumption and the historically high Australian dollar, which is forecast to stay close to parity with the US dollar in both years.

Following a slight decrease in 2010-11, Fremantle Ports' new motor vehicle imports increased by 13.0 per cent in 2011-12 compared to 2010-11. Further growth is expected in new motor vehicle imports in 2012-13. Non-containerised imports of other transport equipment increased by 135.6 per cent. Imports in industrial and agricultural vehicles and prefabricated buildings also increased significantly, predominately due to the growth in Nor West development. The increase in imports of non-containerised cargo is forecast to continue in 2012-13.

Performance Trade and Business Growth

FREMANTLE PORTS ANNUAL REPORT 2012



Heavy lift ships at Victoria Quay are servicing Chevron's Gorgon natural gas project.

Fremantle Ports' Kwinana Bulk Jetty and Kwinana Bulk Terminal bulk cargo tonnages represent around 25.4 per cent of total port bulk cargo volumes. Kwinana Bulk Jetty trade increased by 0.3 million tonnes or 16.0 per cent to 2.0 million tonnes in 2011-12. The increase was mainly due to rises in imports of urea, ammonium nitrate and fertilisers. Trade throughput at Kwinana Bulk Jetty is forecast to be around 2.3 million tonnes in 2012-13 an increase of 8.5 per cent over 2011-12.

Kwinana Bulk Terminal trade increased by 0.8 million tonnes or 30.2 per cent to 3.3 million tonnes in 2011-12, mainly due to the commencement of iron ore exports from November 2011. Trade throughput at this facility in 2012-13 is forecast to be at around 4.8 million tonnes.

Co-operative Bulk Handling's Kwinana grain terminal exported 3.8 million tonnes in the 2011-12 financial year compared to 2.7 million tonnes in 2010-11. The increase of 1.1 million tonnes is due to Western Australia's record harvest crop of 15 million tonnes in 2011-12. The increase in exports in 2011/12 will continue into 2012-13 as CBH expects exports at the Kwinana Grain Terminal to reach around 5.5 million tonnes in 2012-2013.

Petroleum product, Fremantle Port's major bulk commodity, is forecast to be around 8.2 million tonnes in 2012-13, and dry bulk alumina exports are expected to remain at levels similar to 2010-11 or 2.9 million tonnes.



Navigational lighting maintenance is an essential element of asset management.

OBJECTIVE:

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

KEY OUTCOMES SOUGHT:

- Support services are focused on improvements in service delivery and organisational culture

Strategic Asset Management

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

- A series of asset investigation workshops was held to develop a baseline risk and condition assessment across all of Fremantle Ports' assets. These workshops brought together engineering, maintenance, commercial and operational staff to share and document their knowledge of the organisation's assets;
- Using the data from the asset investigation workshops, Fremantle Ports' first annual state of the assets report was prepared and presented to the Fremantle Ports Board, Executive Team, and all finance, engineering, operations and commercial staff. This report provided stakeholders with a high level snapshot of asset performance across the organisation with respect to asset condition, risk and expenditure.
- Asset roles and responsibilities were defined and documented for all assets, such that there is now a defined asset owner and an asset manager for each of Fremantle Ports' assets.
- An industry asset investment benchmarking exercise was conducted, in which Fremantle Ports collected data from eight Australian ports to compare the ongoing costs of asset ownership across the industry.
- The first asset class planning process was completed for Fremantle Ports' 24 wharves and jetties. This involved the documentation of the current and future levels of service needed to deliver to customers, and the development of a life cycle cost model, which enables Fremantle Ports to forecast the long term costs of asset ownership and to identify the optimal replacement age for each asset. The wharves and jetties asset class management plan is currently being finalised.



Operating the water truck.

The principal strategic asset management focus for 2012-2013 will be the development of asset class management plans for each of Fremantle Ports' other critical asset classes, including the navigation aids, rail, electrical services and cargo handling equipment assets.

Human Resources

Staffing

Fremantle Ports' full time equivalent employees total at 30 June 2012 was 338.65, compared with 318.98 last year. The natural attrition rate was 1.4 per cent and resignations comprised 2.66 per cent. The total attrition rate was 4.14 per cent.

People Plan

Fremantle Ports' People Plan 2006-2011 was developed to provide focused, strategic guidance at all levels to enable the attraction, retention and development of staff and to assist in meeting our Fremantle Ports' mission of facilitating trade in a sustainable way.

The plan is now being reviewed and reassessed to determine what has been achieved and what is still to be achieved, and to assess the success of the initiatives already implemented. The objective will be another five-year 'People Plan' that has been recalibrated based on the changes the organisation has undergone in the past five years and is projecting for the next five years.

Organisational Culture and Capability

Over an extended time frame, Fremantle Ports has invested significantly in measuring, assessing and developing a positive employee culture. Fremantle Ports recognises that a focus on elements which drive and motivate employees will ultimately flow on to drive and motivate the organisation towards improved business outcomes.

This investment is clearly visible through a range of programs and activities on topics such as leadership development, developing high performance teams, high potential employee recognition, succession planning, cultural and attitude surveys, and employee recognition schemes. This indicates the focus and commitment by senior management and the Board to developing the employee base in a positive manner, recognising, fostering and encouraging the desirable behaviours and discouraging the less desirable.

While these programs have been successful in their own right, Fremantle Ports will now work to embed the cultural values they embody more clearly within the policies, processes, procedures and daily operations of our organisation.

Over the past 12 months, Human Resource advisors have been assigned to each Branch and actively participate in communication sessions, business continuity and sustainability meetings, and crisis management development.

Members of the HR Team have now also joined the Occupational Health and Safety Committees to further enhance the HR Branch's ability to integrate more closely in supporting all business activities.

Employee Relations

A new enterprise agreement for the Marine Services, the Fremantle Ports Marine Services Enterprise Agreement was approved by Fair Work Australia to operate from 2 March 2012.

Negotiations are continuing for new enterprise agreements with two employee groups: Fremantle Ports' Bulk and General Stevedoring Employees; and Fremantle Ports' Operations and Services Employees.

Health and Wellness

Fremantle Ports has continued to focus on the wellbeing of all employees this year through an extensive range of initiatives, recognising that good physical and mental health builds satisfaction and happiness for employees and contributes to our business success.

Specific activities around health include skin cancer checks, weight loss programs, first aid training, understanding anxiety, depression and suicide, ergonomics, stress management, fatigue and sleep management, nutrition and healthy eating choices, hydration and working in high temperatures, glaucoma and eye diseases and healthy heart checks.

Fremantle Ports offers an offsite confidential Employee Assistance Program for employees and immediate family members.

Additionally, an extensive program is in place to build constructive and resilient thinking and behaviours at the individual and group level.

Succession Planning

Succession planning and knowledge transfer remain crucial areas given our ageing workforce. Considerable work has been undertaken to identify critical positions in the organisation and develop succession planning initiatives for those positions in the context of the retirement plans of the incumbents. This has involved identifying potential internal candidates and fostering their development under the Performance Review and Development System.

Organisational capability is an ongoing focus, with numerous activities directed towards supporting, maintaining, and enhancing the ability of the organisation and the total workforce to meet business needs.

Occupational Safety, Health and Injury Management

This topic is covered in the Disclosures section of the Report on page 121-122.



Environment
ISO 14001



Health &
Safety
AS 4801



Quality
ISO 9001

OBJECTIVE:

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

KEY OUTCOMES SOUGHT:

- Financial targets are met
- Improved stakeholder and community support
- Improved safety and environmental performance

Annual Safety, Environmental and Quality (SEQ) Certification Audits

Fremantle Ports successfully retained triple-certification to the international standards for our Safety, Environmental and Quality (SEQ) systems following annual surveillance audits by SAI Global in May.

The Auditors noted that overall, employees showed a good level of understanding of the procedures associated with their work operations, and noted significant improvements since the previous audits in 2011. These included better evidence of close-out of actions from the previous audit across the three systems, evidence of a strong and enthusiastic team-based improvement culture across all areas visited during the audit and good evidence of corporate audits planned and conducted on key risk areas.

The assessors' report will be used in improvement planning for the coming 12 months.

Risk Management Improvements

Fremantle Ports' risk management strategy includes a project to improve use of the Operational Risk Register by managers and supervisors. This has extended our focus from risks rated "substantial" and above, to risks rated below "substantial".

Risk owners have been reviewing and assessing their lower level risks, commencing with a review of 138 operational risks rated "moderate". There has been good progress to date and in October 2012 it is planned to consider extending this initiative to review "small" and "very low" risks.

Business Excellence

Fremantle Ports works within the Australian Business Excellence Framework (ABEF) and the past year has seen significant progress made in the annual business improvement planning cycle.

A total of 215 improvements was identified across the organisation in 2011 in the fields of improved or simplified processes, improved customer or stakeholder services and funds earned or saved. This annual summary recognises and highlights the importance of continuous improvement across the organisation and captures improvements over time.

As part of our continuous improvement measurement, an external assessment was conducted in March against the two ABEF Categories in which Fremantle Ports scored lowest in the 2007 ABE Awards Assessment (Information and Knowledge; and Process Management Improvement and Innovation). The assessment report noted our current strengths and validation of improvements made since 2007. It also identified short-term improvement opportunities to allow “quick wins” and longer-term improvement opportunities for potential input into Fremantle Ports’ next two-year business improvement planning cycle.

Fremantle Ports continues to review its processes to ensure they remain relevant and current. A rigorous initiative to review and improve our corporate performance indicators, including what is measured; improved engagement by managers with Key Performance Indicators; and how the indicators are linked to the organisation’s Strategic Plan, resulted in the development of new Key Indicators aligned with the Strategic Plan. These indicators are now in place and have been allocated owners and targets. A reporting process also is in place to monitor progress.

A further review involved the systematic re-evaluation and improvement of five critical business processes in Operational Divisions. These were: environmental (spillage/dust/lack of containment in the bulk business); management of environmental issues associated with Common User berth agreements; statutory inspections compliance and assurance; ship scheduling; and the identification and inspection of critical assets.

Business Continuity planning for times of crisis has included a series of facilitated workshops with owners of Fremantle Ports’ critical business activities, focusing on response options for those critical activities as well as on continuity in the four key areas of accommodation, IT systems, telecommunications and data/ records in times of crisis.

Reporting on a desktop crisis scenario test for members of the Crisis Management and Business Continuity Teams, the consultant’s feedback noted that: “Fremantle Ports has well developed and tested response and recovery plans and procedures, and managers and support staff are trained and rehearsed in the application of the plans. This achievement accords with best-in-class practices”.



Environmental Management

Energy Saving Initiatives

Fremantle Ports is committed to the responsible management of energy use and greenhouse gas emissions in the provision and delivery of its services.

It is taking a proactive approach to addressing climate change and as part of this, adopted a Greenhouse Gas and Energy Management policy this year. The policy formalises Fremantle Ports' commitment, strategy and responsibilities for management of greenhouse gas emissions and energy use.

Supporting the policy is a Greenhouse Gas and Energy Management Plan developed this year to enable implementation of measures to manage energy use and carbon emissions. The five key strategies of the plan are:

- measuring energy use and calculating emissions;
- reducing energy use;
- switching to sustainable energy sources;
- offsetting residual emissions; and
- communicating with stakeholders.

An Energy Management Team has been established to encourage leadership and to identify and drive energy efficiency initiatives. The team is responsible for planning an integrated, organisation-wide response to energy conservation.

Further work was undertaken this year to improve energy efficiency and conservation including the installation of efficient LED lighting throughout most of the western end of Victoria Quay. Motion sensors have been installed in low usage areas.

Also well established is the current offset of emissions from Fremantle Ports' vehicle fleet through the Carbon Neutral Scheme. Through this scheme our fleet emissions have been 100 per cent offset since 2004 by planting native trees at various sites in Western Australia.

Addressing Clinker Dust

Planning and design work for upgrading the shed used to store clinker imports at the Kwinana Bulk Terminal has been completed. The aim of this project is to improve the management of dust emissions.

Clinker is a particularly dusty product and management of the dust when the product is being loaded by front end loaders has been an issue of concern as tonnages handled have grown. Extensions to the load-out bays will ensure the trucks are enclosed during clinker loading and dust extraction equipment will be installed in the loading bays.

The project is scheduled for completion in the first half of the 2012-13 financial year.

Voyager Dangerous Cargo System

This system is used to process electronic dangerous cargo manifests (cargo lists). It is a means of more effectively monitoring and managing the handling of dangerous cargo moving through Fremantle Ports.

Enhancements undertaken during 2011-12 have resulted in significantly increased uptake by customers. The electronic dangerous goods manifest submissions now account for 74 per cent of the containerised dangerous cargo trade through Fremantle Ports, up from around 12 per cent in March 2011. More recently, enhancements were made to the system to significantly improve the usability of the system for Fremantle Ports' Safety team.

Oil Spill Response

A Fremantle Ports oil spill response team worked with BP and Department of Transport personnel to recover fuel which leaked into the Inner Harbour in May. The source of the spillage was a small leak in a BP pipeline at North Quay.

Booms were deployed as soon as the alert was raised and the clean-up operation was successfully completed.

Fremantle Ports was represented in a WA team sent to New Zealand to provide expert assistance when the container ship *Rena* ran aground in October 2011 and spilled oil into the pristine Bay of Plenty area. Fremantle Ports' Harbour Master, Captain Allan Gray had an on-scene commander role.



Support was provided to help fund a beach wheelchair for people with disabilities.

Valuing our Community

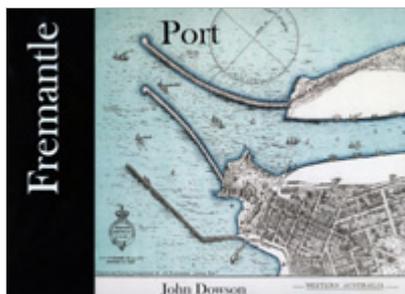
Fremantle Ports has continued to engage with the community through its two community liaison groups and via involvement with a wide range of organisations. Information and views are shared to help with mutual understanding of priorities, with this information taken into account in strategic planning.

Community Contribution

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

An enduring partnership has been our involvement over the past seven years as anchor sponsor of the Fremantle Football Club's Starlight Purple Haze Game. This year's fundraising tally to help brighten the lives of children in hospital was a record \$80,101, bringing the total raised during our Purple Haze partnership to \$358,896.

A pictorial anthology called *Fremantle Port* by Fremantle author John Dowson was sponsored by Fremantle Ports and released in December 2011. The book won the gold award in the Australia/New Zealand Best Regional Non-Fiction book category at the 2012 Independent Publisher Book Awards



Fremantle Port by John Dowson.

Performance Business Sustainability

FREMANTLE PORTS ANNUAL REPORT 2012

celebrated in New York in June 2012. Fremantle Ports also helped with research, including sourcing of images.

Significant support continued for a research project to ensure the long-term conservation of bottlenose dolphins in Perth metropolitan waters. The Coastal and Estuarine Dolphin Project (CEDP) is a collaborative project between Murdoch and Curtin universities.

Fremantle Ports is committed to working with organisations and schools in the Fremantle, Cockburn, Kwinana and Rockingham areas to support education and to increase understanding of the role of the maritime industry and the port. For the first time, Fremantle Ports coordinated the Kwinana Industries Youth Art Awards, an event that has been held for a number of years for students of secondary schools in the Kwinana, Cockburn and Rockingham areas. The artwork of almost 100 finalists from 10 schools was selected from about 1500 entries. About 380 people attended the awards presentation evening in March 2012.

Sponsorship continued for Surf Life Saving WA's Life Skills for Life (first aid) education program being delivered to 20 Year 7 classes a year in schools in the Fremantle and Rockingham - Kwinana areas and the Paraplegic Benefit Fund's PBFPREVENTION-aqua program in schools. This program aims to reduce serious injury in the aquatic environment through presentations to Years 6 and 7 students by a person who has sustained a permanent spinal cord injury due to an aquatic incident.

Scholarships have continued to be provided for students in maritime and marine studies programs at Rockingham and South Fremantle senior high schools. As well, support has continued for a Murdoch University Discover Your Potential Scholarship through the Rockingham Education Development Group and North Fremantle Community Arts Development. Fremantle Ports has also continued to sponsor achievements awards for graduates of the Bridging Course at Curtin University's Centre for Aboriginal Studies.

Education visits

Principals and Vocational Education and Training coordinators from 16 secondary schools in the Cockburn, Kwinana and Rockingham areas attended a networking forum at Fremantle Ports' administration building in March 2012 to learn more about the port and career opportunities for their students. The forum hosted by Fremantle Ports was one of a series of Kwinana Industries Council Education Partnership networking events. The Kwinana Industries Council (KIC) Workforce Education Committee also held an information forum on the vocational education and training (VET) framework and structure in schools at Fremantle Ports' Administration Building in June 2012. About 20 school principals, VET coordinators and KIC industry representatives attended.

A group of 20 Year 10 female students from seven schools visited Fremantle Ports in May 2012 to discover the port and maritime careers. The visit was



Dolphin and calf in Cockburn Sound.



My Dog, by Joshua Webb, was the winner of the 2012 Kwinana Youth Industries Art Awards.



HMAS Newcastle was open for viewing on Celebrate Maritime Day.



Women's match racing in the Inner Harbour.

part of the iWomen Pilot Project, a Kwinana Industries Council partnership program to provide the girls with an understanding of the breadth of industry in the Kwinana Industrial Area, the importance of its impact on the social and economic framework of the community, and the broad range of career options available.

Maritime Day Expo

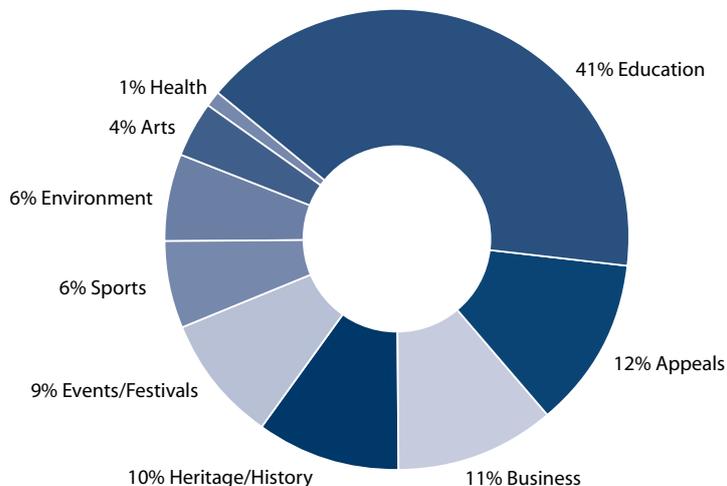
Fremantle's third Celebrate Maritime Day expo on Victoria Quay in August 2011 was a great success with thousands of visitors attracted to the 41 industry booths and numerous displays and activities. The Royal Australian Navy frigate HMAS Newcastle was one of the main drawcards.

Community events

In-kind support and sponsorship was provided for the Perth 2011 ISAF Sailing World Championships in Fremantle in December 2011, with the Women's Match Racing Competition held in Fremantle Inner Harbour. The event partnership also involved a Build a Boat in a Day Competition.

Support has also been given to a number of community festivals and projects.

Community Sponsorship 2011/2012



Complaints Management

Fremantle Ports received 83 complaints in 2011-12 compared with 103 complaints the previous year. Of these, 37 were environmental complaints (e.g. noise, odour and water pollution) and 14 related to traffic issues.

Of the 10 noise complaints, two were from North Fremantle residents complaining about noise from a vessel at the eastern end (Berth 12) of North Quay in September. Subsequent noise monitoring on a similar ship showed the noise level was well below the limit that is used by Fremantle Ports when classifying vessels as "noisy". Removal of the covered storage building at Berth 12 in July 2011 may have resulted in residents in nearby residential streets hearing more ship engine noise.

A number of the water pollution complaints were about a brownish plume in the river in January. Tugs performing manoeuvres near the eastern end of the port created a plume that travelled up river and under the Fremantle Traffic and Stirling bridges. A discharge from a livestock vessel in February also resulted in some complaints. This matter was dealt with promptly.

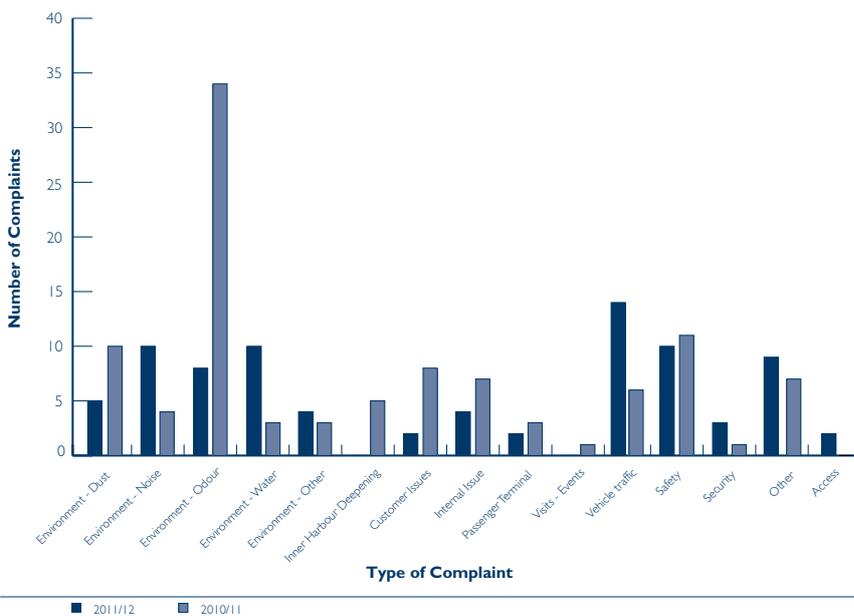
More than half of the traffic complaints were from residents on the corner of East and Beach streets in East Fremantle who are concerned about car-carrier trucks using East Street from Gate 3 on Victoria Quay. Traffic modifications at this gate channel trucks to the link road to Canning Highway but some drivers ignore the special kerbing and use East Street. Further modifications to Gate 3 to prevent this non-compliance have been planned for 2012-13.

The issue of freight rail noise impacting on Fremantle inner city residents, particularly those living near the Roundhouse, is being effectively dealt with and there have been very few complaints in recent months. A working group representing Fremantle Ports, the Public Transport Authority (PTA) and rail operators has met regularly, with further study undertaken to analyse the noise sources and potential solutions. Close contact has been maintained with representatives of the local resident group.

While the report of the most recent of the studies has yet to be completed, a water spray system has been re-introduced by the PTA as an interim measure to reduce wheel squeal and is proving to be highly effective, with very positive feedback from the community.

Fremantle Ports - Complaints Register 2011/2012

Compared to previous year





Container build-up on North Quay.

Reducing congestion risks

Container congestion which occurred at Fremantle in the pre - and post Christmas period this year was largely due to an unprecedented surge in container imports.

The December 2011 imports were 30 per cent higher than December 2010. There is traditionally a trade build-up in the pre-Christmas period, with the volume of containers then tapering off in January. This year, the trade build-up continued for longer than usual, resulting in delays in delivery to importers.

The WA Port Operations Task Force, Fremantle Ports and other industry participants identified a number of short term measures to ease the congestion, including the movement of containers at night between the container parks and container terminals, establishing some temporary sites for additional container storage and setting up a hotline to improve communication and speed up responsiveness when issues arose.

Avoiding container congestion is a whole of supply chain issue. Achieving better coordination within the supply chain to reduce the risk of congestion depends on cooperation from all involved. With the growth in container trade, one of the key issues is a mismatch between operational times for picking up containers from the port terminals and importers' more limited operating hours for receiving goods.

As well as putting in place some immediate measures to deal with the situation which occurred this year, significant attention has been given to longer term initiatives including:

- use of the newly reclaimed land at Rous Head to improve efficiency in container handling operations;
- reviewing the container terminal booking system to improve scheduling of trucks;
- developing inland container handling facilities to reduce the need for truck trips to the port;
- encouraging importers to order early for peak periods such as Christmas; and
- increasing the spread of warehouse opening times for receivals and despatch.

Disclosures and Legal Compliance

Directors' Report for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

The Board of Directors of the Fremantle Port Authority (Fremantle Ports) has pleasure in submitting its report for the financial year ended 30 June 2012.

Directors

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

Jim Limerick



Dr Jim
Limerick

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

Expiry of present term: 30 June 2012

Fred Affleck (Deputy Chairman)



Dr Fred
Affleck

Dr Affleck, who joined the Board as Deputy Chairman in August 2011, is also Chairman of the Freight and Logistics Council WA and the Planning and Transport Research Centre, and is a member of the Metropolitan Redevelopment Authority. He was formerly Chair of the WA Port Operations Task Force and Strategic Grain Network Review, and was a Commissioner on the National Transport Commission. For two decades until 2000 he was a senior executive in the National Rail Corporation Ltd. He is a graduate of the University of British Columbia and has a PhD from University College London. He is a Fellow of the Australian Institute of Company Directors and the Chartered Institute of Logistics and Transport.

Expiry of present term: 30 June 2014

Disclosures and Legal Compliance

Directors' Report for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012



Marie
Malaxos

Marie Malaxos

Ms Malaxos has served as a Director since 1 October 2009. She is an electronic engineer with a Post-Graduate Diploma in Business Management. She started her working career in the upstream side of the oil and gas industry, in a variety of technical, consulting and management roles on the Dampier to Bunbury, Goldfields and Parmelia pipelines in Western Australia. She joined ARC Energy Ltd in 2002 and was appointed Chief Operating Officer in 2006. In 2008, Ms Malaxos began a career consulting to the resources industry in WA and is the Principal of GM Woodmont Pty Ltd. In February 2012, Ms Malaxos was appointed General Manager Production and Development to Buru Energy. Ms Malaxos is a member of the Australian Institute of Company Directors and the current President of the Petroleum Club of Western Australia.

Expiry of present term: 30 June 2012



Michael
Feutrill

Michael Feutrill

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

Expiry of present term: 31 December 2012



Jillian
Hoffmann

Jillian Hoffmann

Ms Hoffmann was appointed to the Board on 17 May 2011. She is the Vice President Environment and Heritage at Woodside Energy Ltd, Australia's largest oil and gas company. Ms Hoffmann has more than 20 years' commercial experience in the oil and gas industry including working for Woodside Energy, Transfield Worley and Chevron U.K Ltd. She has a Bachelor of Business Studies and a Masters of Business Administration and is a Fellow of the Australian Institute of Company Directors.

Expiry of present term: 31 December 2012

Disclosures and Legal Compliance

Directors' Report for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012



Robert
Pearce

Robert Pearce (Deputy Chairman)

Mr Pearce served on the Board from 1 July 2004 and as Deputy Chairman from 14 September 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 Past President of the National Association of Forest Industries. He currently serves on the Freight and Logistics Council of Western Australia and the Biosecurity Council. He was previously Chairman of the Western Australian 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's term as Deputy Chairman and Director ceased on 22 August 2011

Directors' Meetings

Attendance by Directors at meetings held during the financial year ended 30 June 2012 was:

	Eligibility to attend Meetings of Directors	Meetings of Directors	Audit and Risk Management Committee
Number of Meetings Held		12	4
Numbers of Meetings attended by:			
Jim Limerick	12	12	-
Fred Affleck	10	9	3
Robert Pearce	2	2	1
Marie Malaxos	12	11	4
Michael Feutrill	12	11	4
Jillian Hoffmann	12	12	-

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 \$28.031 million (2011: \$17.127 million). The income tax expense attributable to the profit for the financial year was \$8.667 million (2011: \$5.342 million).

Disclosures and Legal Compliance

Directors' Report for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

Dividends

The Board of Directors provided \$6.146 million (2011: \$9.532 million) for dividends in respect of the results for the financial year ended 30 June 2011. This dividend was paid in the financial year ended 30 June 2012.

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:-

	2012 \$'000	2011 \$'000
Profit before income tax	28,031	17,127
Income tax expense	(8,667)	(5,342)
Profit for the period	19,364	11,785
Retained earnings at 1 July	108,770	106,517
	128,134	118,302
Dividends paid in the financial year	(6,146)	(9,532)
Retained earnings at 30 June	121,988	108,770

State of Affairs

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

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

Events Subsequent to Reporting Date

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

Likely Developments and Expected Results

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

Disclosures and Legal Compliance

Directors' Report for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

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 Limerick	50,000	4,500	54,500
F Affleck	28,187	2,537	30,724
M Malaxos	25,000	2,250	27,250
M Feutrill	25,000	2,250	27,250
J Hoffmann	25,000	2,250	27,250
R Pearce	5,500	495	5,995

Directors' Benefits

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

Executives' Emoluments

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

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

Disclosures and Legal Compliance

Directors' Report for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

Details of emoluments provided to senior executives:

	Salary \$	Other \$	Post-employment Super-annuation \$	Total \$
C Leatt – Hayter	388,655	10,439	54,997	454,091
A Meyer	316,036	5,315	45,638	366,989
G Valenti	312,704	5,416	28,143	346,263
S Wade	301,032	4,606	43,373	349,011
A Gray	292,606	5,258	26,335	324,199

Environmental Regulation

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

Environmental Management

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

Rounding of Amounts to Nearest Thousand Dollars

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

This report is made in accordance with a resolution of the Board on 17 August 2012.



Chairman



17 August 2012

Disclosures and Legal Compliance

Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

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Disclosures and Legal Compliance

Statement of Comprehensive Income for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

	Note	2012 \$'000	2011 \$'000
Revenue	2.1	180,234	152,239
General administration		(36,457)	(30,432)
Asset maintenance		(32,558)	(35,043)
Port operations expenses		(30,994)	(27,232)
Finance costs	3	(14,698)	(8,108)
Depreciation and amortisation expense	3	(13,844)	(11,922)
Marine expenses		(8,320)	(6,949)
Rates and taxes		(5,537)	(5,128)
Port utilities		(5,228)	(4,848)
Other expenses		(3,013)	(4,024)
Environmental expenses		(1,554)	(1,426)
Profit before income tax		28,031	17,127
Income tax expense	4	(8,667)	(5,342)
Profit for the period		19,364	11,785
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		19,364	11,785

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

Disclosures and Legal Compliance

Statement of Financial Position as at 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

	Note	2012 \$'000	2011 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.1	27,592	15,209
Trade and other receivables	6.2	27,885	22,017
Inventories	6.3	1,566	1,114
Total current assets		57,043	38,340
Non-current assets			
Receivables	7.1	7,588	7,995
Property, plant and equipment	7.2	397,416	397,974
Deferred tax assets	4	28,254	13,035
Total non-current assets		433,258	419,004
Total assets		490,301	457,344
LIABILITIES			
Current liabilities			
Trade and other payables	8.1	18,187	22,412
Interest bearing borrowings	8.2	1,482	1,514
Income tax payable	4	18,629	2,492
Provisions	11	13,011	9,152
Deferred income	12	-	1,000
Other	13	1,681	1,661
Total current liabilities		52,990	38,231
Non-current liabilities			
Interest bearing borrowings	8.2	241,960	239,653
Provisions	11	17,138	14,897
Other	13	1,525	1,543
Total non-current liabilities		260,623	256,093
Total liabilities		313,613	294,324
Net assets		176,688	163,020
EQUITY			
Contributed equity	14	54,700	54,250
Retained earnings	14	121,988	108,770
Total equity	14	176,688	163,020

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Disclosures and Legal Compliance

Statement of Changes in Equity for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2010		54,147	106,517	160,664
Total comprehensive income for the year		-	11,785	11,785
Transactions with owners in their capacity as owners:				
Capital contributions	14	103	-	103
Dividends paid	5	-	(9,532)	(9,532)
Balance at 30 June 2011	14	54,250	108,770	163,020
Balance at 1 July 2011		54,250	108,770	163,020
Total comprehensive income for the year		-	19,364	19,364
Transactions with owners in their capacity as owners:				
Capital contributions	14	450	-	450
Dividends paid	5	-	(6,146)	(6,146)
Balance at 30 June 2012	14	54,700	121,988	176,688

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Disclosures and Legal Compliance

Statement of Cash Flows for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts from customers		188,459	165,954
Payments to suppliers and employees		(137,127)	(131,214)
Interest received		2,016	1,990
Interest paid		(14,084)	(6,976)
Income tax paid		(7,749)	(3,901)
Net cash inflow from operating activities	15	31,515	25,853
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,806)	(96,005)
Proceeds from sale of property, plant and equipment		14	40
Net cash outflow from investing activities		(15,792)	(95,965)
Cash flows from financing activities			
Repayment of borrowings		(7,463)	(6,426)
Proceeds from borrowings		10,000	84,500
Payment of finance lease liabilities		(555)	(625)
Proceeds from finance lease receivable		374	343
Dividends paid	5	(6,146)	(9,532)
Equity contribution received	14	450	103
Net cash (outflow) / inflow from financing activities		(3,340)	68,363
Net increase / (decrease) in cash and cash equivalents		12,383	(1,749)
Cash and cash equivalents at 1 July		15,209	16,958
Cash and cash equivalents at 30 June	6.1	27,592	15,209

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

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

I. Summary of Significant Accounting Policies

The financial statements were authorised for issue on 17 August 2012 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 2012.

I.1 Statement of Compliance

These financial statements have been prepared as general purpose financial statements 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 assessed for application by Fremantle Ports in these financial statements:

- AASB 2009-12 *Amendments to Australian Accounting Standards* [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]. This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.
- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASBs 1, 7, 101, 134 and Interpretation 13]. This Standard emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.
- AASB 2010-5 *Amendments to Australian Accounting Standards* [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]. This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.
- AASB 1054 *Australian Additional Disclosures*. This Standard is as a consequence of phase I of the joint Trans-Tasman Convergence project of the AASB and FRSB. It relocates all Australian specific disclosures from other standards to one place and revises disclosure.
- AASB 2010-6 *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets* [AASB 1 & 7]. This Standard amends the disclosure requirements for transactions involving the transfers of financial assets.
- AASB 13 *Fair Value Measurement*. This standard establishes a single source of guidance for determining the fair value of assets and liabilities. The standard also expands the disclosure requirements for all assets or liabilities carried at fair value.
- AASB 119 *Employee Benefits*. This standard introduces a change in the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income.
- AASB 9 *Financial Instruments*. This Standard includes the requirement for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the current requirements of AASB 139.
- AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Other Comprehensive Income* [AASBs 1, 5, 7, 101, 112, 120, 121, 132, 134, 1039 & 1049]. This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.
- Annual Improvements 2009-2011 *Annual Improvements to IFRSs 2009-2011 Cycle*. This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.
- AASB 1053 *Application of Tiers of Australian Accounting Standards*. This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

1. Summary of Significant Accounting Policies (continued)

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.

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

According to AASB 101 *Presentation of Financial Statements*, expenses classified by nature are not reallocated among various functions within the entity. However, the Authority has allocated employee benefits expenses to various line items on the Statement of Comprehensive Income including marine expenses, port operations expenses, general administration, and asset maintenance. This allocation reflects the internal reporting structure of the Authority which allocates labour expenses to significant expense items in the Statement of Comprehensive Income based on the nature of the expenses incurred. The Authority believes that the allocation is more relevant to the understanding of the financial performance of the Authority and does not result in a function of expense presentation.

Total employee benefits expenses are disclosed in note 3(ii) to the financial statements.

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:

Provision for environmental remediation

Various assumptions are required in determining Fremantle Port's environmental rehabilitation obligations including the extent of environmental damages to be rectified and the methodology and timing for rectifications.

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.

Impairment losses

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

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

I. Summary of Significant Accounting Policies (continued)

I.4 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 Statement of Comprehensive Income in proportion to the stage of completion of the transaction at the Statement of Financial Position 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 includes 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 Statement of Comprehensive Income using the effective interest rate 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 Statement of Comprehensive Income 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.

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

I.5 Expenses by Nature

Operating expenses are presented in the Statement of Comprehensive Income using a classification based on the nature of expenses. Marine expenses include those expenses derived from water based activities, port operations expenses include those expenses related to land based support activities, whilst general administration expenses includes expenditure of an administrative nature.

I.6 Finance Costs

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

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

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

I.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.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

I. Summary of Significant Accounting Policies (continued)

I.8 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income 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 Statement of Financial Position 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 Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of 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 Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

I.9 Receivables

Trade receivables

Trade debtors are recognised and carried at the original amounts due less an allowance for any uncollectible 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.

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 end of the reporting period plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

Finance lease 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 Statement of Comprehensive Income.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

I. Summary of Significant Accounting Policies (continued)

I.10 Inventories

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

I.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. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

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

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

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

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

	Depreciation Rates (%)
Channels and breakwaters	1.9 - 3.7
Land improvements	1.9 - 10.0
Buildings and improvements	2.0 - 14.3
Plant and equipment	2.5 - 50.0
Berths, jetties and infrastructure	2.0 - 50.0
Plant and equipment under lease	20.0 - 33.3

I.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 where the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Fremantle Ports would, if deprived of the asset, replace its future economic benefits. In all other instances value in use is the present value of future cash flows expected to arise from the asset.

Impairment losses are recognised in the Statement of Comprehensive Income.

I.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.

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Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

I. Summary of Significant Accounting Policies (continued)

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 in the Statement of Comprehensive Income.

Leased assets held at the end of the reporting period are being amortised over periods ranging from 3 to 5 years (2011: 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 basis as the lease income. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term as this represents the pattern of benefits derived from the leased assets.

I.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 plus directly attributable transaction costs for assets not carried at fair value through profit and loss. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables approximates their carrying amount because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material. Gains or losses are recognised when the financial assets are derecognised or impaired.

I.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 end of the reporting period. Trade creditors are unsecured and are usually paid within 30 days of recognition.

I.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 Statement of Comprehensive Income when the liabilities are derecognised, as well as through the amortisation process.

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Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

I. Summary of Significant Accounting Policies (continued)

I.16 Interest Bearing Borrowings (continued)

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 Statement of Comprehensive Income using the effective interest method.

I.17 Employee Benefits

Annual Leave benefits represent present obligations resulting from employees' services provided to the end of the reporting period 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 benefits are 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 5.00% (2011: 5.00%) 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 benefits even though in some cases such amounts are currently not vesting.

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

I.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 is provided for at the end of the reporting period.

Fremantle Ports' total superannuation liability has been actuarially assessed as at 30 June 2012.

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 2009. From 16 April 2009, 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. On 30 March 2012, employees were granted with the opportunity to have their contributions paid to a complying superannuation fund of their choice. Those members not electing to nominate their own fund remain either in the WSS Schemes or the GESB Superannuation Scheme. Fremantle Ports makes concurrent contributions to the Government Employee Superannuation Board (GESB) on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish Fremantle Ports' liability for superannuation charges.

Defined benefit plan

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

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

I. Summary of Significant Accounting Policies (continued)

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

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 Statement of Comprehensive Income.

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

I.19 Dividends

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

I.20 Provisions

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

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

I.21 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, cash at bank, at call deposits and term deposits due within 30 days.

For the purpose of the Statement of Cash Flows, cash equivalents consist of cash and cash equivalents as defined above.

I.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 Statement of Financial Position.

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

I.23 Contributed Equity

Fremantle Ports receives support from the WA Government (See Note 14). The amount received is recognised directly as a credit to contributed equity.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

2. Revenue and Other Income

2.1 Revenue

Revenue consists of the following items:

	2012 \$'000	2011 \$'000
Revenue		
Charges on cargo	118,796	90,744
Charges on ships	15,007	13,163
Shipping services	10,757	9,301
Rentals and leases	17,734	15,296
Port utilities and services	5,594	5,190
Miscellaneous revenue	10,300	16,576
	178,188	150,270
Interest		
Bank interest receivable	600	543
Interest receivable from cash equivalents	433	426
Interest receivable under finance leases	1,009	998
Other interest receivable	4	2
	2,046	1,969
Total revenue	180,234	152,239

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

3. Profit before Income Tax

	Note	2012 \$'000	2011 \$'000
(i) Expenses			
Profit before income tax includes the following specific expenses:			
Finance costs			
Finance charges payable under finance leases		57	81
Borrowings		14,641	11,917
Total finance costs		14,698	11,998
Less: finance costs capitalised		-	(3,890)
Total finance costs expensed		14,698	8,108
Depreciation and amortisation			
Channels and breakwaters		4,167	2,387
Land improvements		275	352
Buildings and improvements		868	606
Plant and equipment		2,574	3,080
Berths, jetties and infrastructure		5,427	4,868
Plant and equipment under lease		533	629
Total depreciation and amortisation		13,844	11,922
Net loss on derecognition of property, plant and equipment		1,541	-
Other charges against assets			
Impairment reversal / impairment of trade receivables	6.2	(95)	558
Impairment loss on property, plant and equipment	7.2	1,257	3,190
		1,162	3,748
Rental expense relating to operating leases		353	362
		2012	2011
		\$'000	\$'000
(ii) Employee benefits expenses			
Wages and salaries		39,645	33,918
Workers' compensation		399	133
Pension costs		4,365	3,286
Employee benefits		2,374	1,577
Retirement benefit obligations		2,911	684
		49,694	39,598

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Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

4. Income Tax Expense

Major components of income tax expense for the year are:

	2012 \$'000	2011 \$'000
Income tax expense		
Current income tax:		
Current income tax charge	(24,050)	(7,128)
Adjustments in respect of previous years	164	1,828
Deferred income tax:		
Deferred income tax charge	15,219	(42)
Income tax expense reported in the Statement of Comprehensive Income	(8,667)	(5,342)

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:

	2012 \$'000	2011 \$'000
Profit before income tax	28,031	17,127
Tax at statutory income tax rate of 30%	(8,409)	(5,138)
Tax effect of amounts which are taxable in calculating taxable income:		
Depreciation	(310)	(295)
Sundry items	(112)	(59)
	(8,831)	(5,492)
Adjustments in respect of previous years	164	150
	(8,667)	(5,342)

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

4. Income Tax Expense (continued)

Deferred tax

	2012 Statement of Financial Position \$'000	2011 Statement of Financial Position \$'000	2012 Statement of Comprehensive Income \$'000	2011 Statement of Comprehensive Income \$'000
Deferred tax liabilities				
Finance lease receivables	(2,399)	(2,511)	112	103
Others	(424)	(1,111)	687	2,382
Gross deferred tax liabilities	(2,823)	(3,622)		
Deferred tax assets				
Employee benefits	7,589	6,004	1,585	679
Accelerated depreciation for accounting purposes	20,002	7,034	12,968	(3,935)
Prepaid rental	1,031	999	32	87
Deferred income	-	1,380	(1,380)	1,380
Others	2,455	1,240	1,215	(738)
Gross deferred tax assets	31,077	16,657		
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,823)	(3,622)		
Net deferred tax assets	28,254	13,035		
Deferred tax charge			15,219	(42)

Current Tax Liabilities

The current tax liability of \$18.629 million (2011: \$2.492 million) represents the amount of income taxes payable in respect of current and prior financial periods.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

5. Dividends

	2012 \$'000	2011 \$'000
Dividend paid in the financial year	6,146	9,532

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% (2011: 65%) of after tax profits, adjusted for special circumstances as approved by Government. However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2012 have not been provided as they are expected to be approved by Government and declared by the Board after balance date.

A dividend of \$6.146 million (2011: \$9.532 million) in respect of the financial results for the year ended 30 June 2011 was paid by 30 June 2012.

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.

	2012 \$'000	2011 \$'000
Cash at Bank and Cash on Hand	432	922
At Call Deposits	14,160	6,287
Term Deposits	13,000	8,000
Cash and cash equivalents in the Statement of Cash Flows	27,592	15,209

(i) Significant Terms and Conditions

Interest on Cash at Bank was at prevailing rates. The weighted average interest rate at 30 June 2012 was 3.5% (2011: 4.15%).

Interest on At Call Deposits was at prevailing rates. The weighted average interest rate at 30 June 2012 was 3.48% (2011: 4.95%).

The weighted average interest rate for Term Deposits at 30 June 2012 was 4.40%. 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 and At Call Deposits represent their fair value.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

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 the end of the reporting period.

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

	Note	2012 \$'000	2011 \$'000
Trade Debtors		20,215	15,881
Less: Provision for Impairment of Receivables		(2,116)	(2,231)
		18,099	13,650
Other Debtors		252	2,961
Accrued Income		7,806	3,527
Finance Lease Receivable	10.2	407	374
Prepayments		1,321	1,505
Balance as at 30 June		27,885	22,017

(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:-

	2012 \$'000	2011 \$'000
Balance at 1 July	2,231	1,669
Impairment loss recognised	-	619
Impairment loss recovered	(105)	(12)
Amount written off	(10)	(45)
Balance at 30 June	2,116	2,231

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Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

6. Current Assets (continued)

6.2 Trade and Other Receivables (continued)

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

	2012 \$'000	2011 \$'000
Balance at 1 July	-	890
Impairment loss written off	-	(890)
Balance at 30 June	-	-

The impairment loss relates to a prepayment which has now been written off against the provision.

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

	2012 \$'000	2011 \$'000
Not more than 3 months	3,354	3,118
More than 3 months but less than 6 months	-	10
More than 6 months but less than 1 year	-	-
More than 1 year	383	-
	3,737	3,128

(iii) Fair Value

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

6.3 Inventories

	2012 \$'000	2011 \$'000
Current		
Stores – at cost	1,566	1,114
	1,566	1,114

7. Non-Current Assets

7.1 Receivables

Receivables represent Finance Lease Receivable

	Note	2012 \$'000	2011 \$'000
Finance Lease Receivable	10.2	7,588	7,995

(i) Fair Value

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

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Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

7.2 Property, Plant and Equipment

	2012 \$'000	2011 \$'000
Channels and Breakwaters		
At Cost	163,549	163,555
Less: Accumulated Depreciation	(28,708)	(24,541)
	134,841	139,014
Land		
At Cost	44,752	42,311
	44,752	42,311
Land Improvements		
At Cost	8,183	9,737
Less: Accumulated Depreciation	(3,632)	(3,497)
	4,551	6,240
Buildings and Improvements		
At Cost	27,447	20,361
Less: Accumulated Depreciation	(10,972)	(10,563)
	16,475	9,798
Plant and Equipment		
At Cost	59,606	55,668
Less: Accumulated Depreciation	(25,402)	(24,086)
	34,204	31,582
Berths, Jetties and Infrastructure		
At Cost	192,741	186,714
Less: Accumulated Depreciation	(41,026)	(35,599)
	151,715	151,115
Leased plant and equipment		
At Cost	1,937	2,613
Less: Accumulated amortisation	(1,222)	(1,657)
	715	956
Total Property, Plant and Equipment at net book value	387,253	381,016
Add: Work in Progress (at cost)	10,163	16,958
Total Property, Plant and Equipment	397,416	397,974

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Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

7. Non-Current Assets (continued)

7.2 Property, Plant and Equipment (continued)

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

	2012 \$'000	2011 \$'000
Land		
At Cost	14,968	14,176
	14,968	14,176
Buildings and Improvements		
At Cost	3,944	4,204
Less: Accumulated Depreciation	(2,056)	(1,920)
	1,888	2,284
Included in Accumulated Depreciation above is the depreciation charge for the year	142	142

Reconciliations of carrying amounts

	2012 \$'000	2011 \$'000
Channels and Breakwaters:		
Carrying amount at 1 July	139,014	19,543
Transfer from work in progress	(6)	121,858
Depreciation for the year	(4,167)	(2,387)
Carrying amount at 30 June	134,841	139,014
Land:		
Carrying amount at 1 July	42,311	41,549
Transfer from work in progress	2,441	762
Carrying amount at 30 June	44,752	42,311
Land Improvements:		
Carrying amount at 1 July	6,240	7,914
Transfer from work in progress	-	27
Disposals	(1,414)	-
Depreciation for the year	(275)	(352)
Impairment loss	-	(1,349)
Carrying amount at 30 June	4,551	6,240

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

7.2 Property, Plant and Equipment (continued)

Reconciliations of carrying amounts (continued)

	2012 \$'000	2011 \$'000
Buildings and Improvements:		
Carrying amount at 1 July	9,798	10,002
Transfer from work in progress	7,674	402
Disposals	(129)	-
Depreciation for the year	(868)	(606)
Carrying amount at 30 June	16,475	9,798
Plant and Equipment:		
Carrying amount at 1 July	31,582	35,532
Transfer from work in progress	6,465	774
Disposals	(12)	(41)
Depreciation for the year	(2,574)	(3,080)
Impairment loss	(1,257)	(1,603)
Carrying amount at 30 June	34,204	31,582
Berths, Jetties and Infrastructure:		
Carrying amount at 1 July	151,115	40,272
Transfer from work in progress	6,027	115,712
Disposals	-	(1)
Depreciation for the year	(5,427)	(4,868)
Carrying amount at 30 June	151,715	151,115
Leased Plant and Equipment:		
Carrying amount at 1 July	956	1,010
Additions	292	575
Amortisation for the year	(533)	(629)
Carrying amount at 30 June	715	956
	387,253	381,016
Work in Progress:		
Carrying amount at 1 July	16,958	160,726
Additions	15,806	96,005
Impairment loss	-	(238)
Transfers to property, plant and equipment	(22,601)	(239,535)
Carrying amount at 30 June	10,163	16,958
Total Property, Plant and Equipment	397,416	397,974

Due to the termination of a customer agreement, Fremantle Ports has reviewed specific Plant & Equipment in order to determine whether the Port will retain or dispose of the equipment and the effect, if any, on its recoverable amount.

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Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

7. Non-Current Assets (continued)

7.2 Property, Plant and Equipment (continued)

Impairment of property, plant and equipment

An impairment loss of \$1.257 million (2011: \$3.19 million) has been recognised in the Statement of Comprehensive Income for certain plant and equipment whose carrying value was considered to exceed its recoverable amount.

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 the end of the reporting period.

	2012 \$'000	2011 \$'000
Trade Creditors and Amounts Payable	9,877	16,008
Accrued Expenses	8,310	6,404
	18,187	22,412

(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.

8.2 Interest Bearing Borrowings

	Note	2012 \$'000	2011 \$'000
Current			
Special borrowings		1,076	1,013
Lease liabilities	10.2	406	501
		1,482	1,514
Non-Current			
Direct borrowings		217,347	213,797
Special borrowings		24,241	25,317
Lease liabilities	10.2	372	539
		241,960	239,653

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Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

8.2 Interest Bearing Borrowings (continued)

	2012 \$'000	2011 \$'000
Financing arrangements		
Fremantle Ports has access to the following lines of credit		
Total facilities available:		
Liquidity facility, direct and special borrowings	253,000	262,100
	253,000	262,100
Facilities utilised at the end of the reporting period:		
Liquidity facility, direct and special borrowings	242,664	240,127
	242,664	240,127
Total facilities not utilised at the end of the reporting period:		
Liquidity facility, direct and special borrowings	10,336	21,973

At reporting date, Fremantle Ports has an approved financing facility from Western Australian Treasury Corporation (WATC) for 2013 of \$345.60 million.

(i) Master Lending Agreement (MLA)

For the purposes of accessing more simplified and flexible borrowing arrangements, Fremantle Ports entered into a MLA with the WATC on 15 December 2006 which consolidates all of the existing agreements into one facility.

(ii) Significant Terms and Conditions

All interest-bearing borrowings, except for lease liabilities, are unsecured and guaranteed by the WA Government.

Interest repayments on Direct Borrowings are payable quarterly whilst the principal repayments are deferred as part of the loan product flexibility. The weighted average interest rate at 30 June 2012 on the loan portfolio is 5.43% per annum (2011: 5.65%).

Special Borrowings include amounts to fund the acquisition of a new bulk unloader and other assets at Fremantle Ports' Kwinana Bulk Terminal. Interest and principal is payable quarterly. Interest rates on the Special Borrowings are fixed and range from 5.65% to 6.24% per annum (2011: 4.74% to 6.24%).

The interest rates implicit in the Lease Liabilities range from 3.87% to 7.80% (2011: 4% to 7.80%).

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Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

8. Current and Non-Current Liabilities (continued)

8.2 Interest Bearing Borrowings (continued)

(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.

2012		Fixed interest rate						
	Variable interest rate	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	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest Bearing Borrowings:								
Direct borrowings	217,347	-	-	-	-	-	-	217,347
Special borrowings	-	1,076	1,142	1,213	1,288	1,368	19,230	25,317
Lease liabilities	-	406	259	87	24	2	-	778
	217,347	1,482	1,401	1,300	1,312	1,370	19,230	243,442
Weighted Average Interest Rate:								
Direct borrowings	5.43%	-	-	-	-	-	-	-
Special borrowings	-	6.02%	6.02%	6.02%	6.02%	6.02%	6.02%	-
Lease liabilities	-	5.60%	5.60%	5.60%	5.60%	5.60%	-	-

2011		Fixed interest rate						
	Variable interest rate	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	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest Bearing Borrowings:								
Direct borrowings	213,797	-	-	-	-	-	-	213,797
Special borrowings	-	1,013	1,076	1,142	1,213	1,288	20,598	26,330
Lease liabilities	-	501	324	172	41	2	-	1,040
	213,797	1,514	1,400	1,314	1,254	1,290	20,598	241,167
Weighted Average Interest Rate:								
Direct borrowings	5.65%	-	-	-	-	-	-	-
Special borrowings	-	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	-
Lease liabilities	-	5.90%	5.90%	5.90%	5.90%	5.90%	-	-

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

8. Current and Non-Current Liabilities (continued)

8.2 Interest Bearing Borrowings (continued)

(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.

	2012		2011	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Special borrowings	25,317	28,893	26,330	26,936
	25,317	28,893	26,330	26,936

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 cash and cash equivalent holdings and its long-term debt obligation. 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.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

9. Financial Instruments (continued)

(a) Financial Risk Management Objectives and Policies (continued)

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

		+0.50% change	(0.50%) change
2012	Carrying Amount \$'000	Profit \$'000	Profit \$'000
Financial Assets			
Cash and cash equivalents	27,592	138	(138)
Financial Liabilities			
Interest bearing borrowings	217,347	1,087	(1,087)
Total (Decrease)/Increase		(949)	949
		+0.50% change	(0.25%) change
2011	Carrying Amount \$'000	Profit \$'000	Profit \$'000
Financial Assets			
Cash and cash equivalents	15,209	76	(38)
Financial Liabilities			
Interest bearing borrowings	213,797	1,069	(534)
Total Increase/(Decrease)		(993)	496

Credit risk

Credit risk arises when there is the possibility of debtors defaulting on their contractual obligations resulting in financial loss to Fremantle Ports. Fremantle Ports measures credit risk on a fair value basis and monitors risk on a regular basis. With respect to credit risk arising from cash and cash equivalents, Fremantle Ports' exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents. Fremantle Ports manages credit risk on cash deposits by only holding funds at Australian financial institutions which have satisfactory credit ratings.

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

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

9. Financial Instruments (continued)

(a) Financial Risk Management Objectives and Policies (continued)

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, with regard to trade receivables, is further supported by rental agreements and sections 116 & 117 of the Port Authorities Act 1999. Section 116 refers to the liability to pay port charges in respect of vessels and Section 117 refers to the liability to pay port charges in respect of goods. Port charges are defined in Section 115.

Liquidity risk

Liquidity risk is the risk that a corporation will not be able to meet its financial obligations as they fall due.

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

The risk implied from the values shown in the table below reflects the cash outflows from leasing obligations, trade payables and other financial liabilities which mainly originate from the financing of assets used in the ongoing operations such as property, plant and equipment and investments in working capital e.g. inventories and trade receivables.

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

2012	Carrying Amount \$'000	Including interest			
		<12 Months \$'000	1-5 Years \$'000	>5 years \$'000	Total \$'000
Financial liabilities					
Trade and other payables	18,187	18,187	-	-	18,187
Interest bearing borrowings	243,442	15,481	61,020	300,507	377,008
	261,629	33,668	61,020	300,507	395,195

2011	Carrying Amount \$'000	Including interest			
		<12 Months \$'000	1-5 Years \$'000	>5 years \$'000	Total \$'000
Financial liabilities					
Trade and other payables	22,412	22,412	-	-	22,412
Interest bearing borrowings	241,167	15,419	63,621	309,838	388,878
	263,579	37,831	63,621	309,838	411,290

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

9. Financial Instruments (continued)

(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 except for special borrowings whose fair value is disclosed in Note 8.2 (iv).

	Note	2012 \$'000	2011 \$'000
Financial assets			
Cash and cash equivalents	6.1	27,592	15,209
Trade and other receivables	6.2	27,885	22,017
Receivables (non-current)	7.1	7,588	7,995
Financial liabilities			
Trade and other payables	8.1	18,187	22,412
Interest bearing borrowings:			
Obligations under finance leases	10.2	778	1,040
Variable rate borrowings	8.2	217,347	213,797
Fixed rate borrowings	8.2	25,317	26,330

10. Commitments

10.1 Capital Works

	2012 \$'000	2011 \$'000
Capital Commitments		
Commitments for the acquisition of property, plant and equipment contracted for at the end of the reporting period but not recognised as liabilities:		
Within one year	3,503	5,374

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

10.2 Lease Commitments

	2012 \$'000	2011 \$'000
Finance Leases Payable		
Future minimum lease payment in relation to finance leases payable at the end of the reporting period are as follows:		
Within one year	438	549
Later than one year but not later than five years	389	570
Minimum lease payments	827	1,119
Future finance charges	(49)	(79)
Present value of lease liabilities	778	1,040

	Note	2012 \$'000	2011 \$'000
Representing Lease Liabilities			
Current	8.2	406	501
Non-current	8.2	372	539
		778	1,040

Finance leases payable are in respect of computer and office equipment and security equipment with a carrying amount of \$0.778 million (2011: \$1.040 million) expiring within 3 to 5 years (2011: 3 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.

	2012 \$'000	2011 \$'000
Operating Leases Payable		
Future minimum rentals payable in relation to operating leases payable at the end of the reporting period but not recognised as liabilities payable are as follows:		
Within one year	302	298
Later than one year but not later than five years	135	176
	437	474

Operating leases payable are in respect of motor vehicles.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

10. Commitments (continued)

10.2 Lease Commitments (continued)

	2012 \$'000	2011 \$'000
Finance Lease Receivable		
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	7,370	8,449
	12,764	13,848
Unearned finance income	(4,769)	(5,474)
Present value of minimum lease payments receivable	7,995	8,369

	Note	2012 \$'000	2011 \$'000
Representing Finance Lease Receivable			
Current	6.2	407	374
Non-current	7.1	7,588	7,995
		7,995	8,369

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% (2011: 8.59%) per annum.

	2012 \$'000	2011 \$'000
Operating Leases Receivable		
Future minimum rentals receivable for operating leases at the end of the reporting period but not recognised as assets:		
Within one year	15,250	14,709
Later than one year but not later than five years	40,458	38,031
Later than five years	6,940	21,555
	62,648	74,295

Operating leases receivable are in respect of property rentals.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

II. Provisions

	2012 \$'000	2011 \$'000
(a) Current		
Fringe Benefits Tax	28	25
Employee Benefits	10,603	4,648
Retirement Benefit Obligations	370	467
Other	2,010	4,012
	13,011	9,152

	2012 \$'000	2011 \$'000
(b) Non-Current		
Employee Benefits	3,776	7,357
Retirement Benefit Obligations	10,548	7,540
Other	2,814	-
	17,138	14,897

	2012 \$'000	2011 \$'000
(c) Aggregate Employee Benefits		
Current Liability	10,973	5,115
Non-Current Liability	14,324	14,897
	25,297	20,012

	2012 \$'000	2011 \$'000
(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 <i>Employee Benefits</i> .		
<i>Amounts recognised in the Statement of Financial Position:</i>		
Present value of unfunded obligations	10,918	8,007
Fair value of plan assets	-	-
	10,918	8,007

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

11. Provisions (continued)

	2012 \$'000	2011 \$'000
(d) Retirement benefit obligations (continued)		
Surplus/deficit (continued)		
<i>Reconciliation of movement in the present value of the unfunded obligations recognised in the Statement of Financial Position:</i>		
Opening balance	8,007	7,279
Current service cost	-	66
Interest cost	410	387
Actuarial loss/(gain) on liabilities	3,528	442
Benefits paid (including expenses and taxes)	(1,027)	(167)
	10,918	8,007
<i>Amounts recognised in the Statement of Comprehensive Income:</i>		
Current service cost	-	66
Interest cost	410	387
Actuarial loss/(gain) recognised	3,528	442
	3,938	895
<i>Historic summary</i>		
Defined benefit plan obligation	10,918	8,007
Plan assets	-	-
	10,918	8,007
Experience adjustments arising on plan liabilities	3,528	442
Experience adjustments arising on plan assets	-	-
<i>Principal actuarial assumptions</i>		
Discount rate	2.84%	5.28%
Expected future salary increases	5.5%	4.5%
Expected future pension increases	2.5%	2.5%
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.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

11. Provisions (continued)

	2012 \$'000
(e) Reconciliations	
Reconciliations for the carrying amounts of each class of provision, except for employee benefits, are set out below:	
Fringe Benefits Tax	
Carrying amount at 1 July	25
Provisions made during the year	104
Amounts utilised in the year	(101)
Carrying amount at 30 June	28
Other	
Carrying amount at 1 July	4,012
Provisions made during the year	1,001
Amounts utilised in the year	(189)
Carrying amount at 30 June	4,824

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

12. Deferred Income

	2012 \$'000	2011 \$'000
Current		
Deferred Income	-	1,000
	-	1,000

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

13. Other Liabilities

	2012 \$'000	2011 \$'000
Current		
Prepaid Rental Income	1,668	1,633
Interest Received in Advance	13	28
	1,681	1,661
Non-Current		
Prepaid Rental Income	1,525	1,543

14. Equity

	Note	Contributed equity \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2010		54,147	106,517	160,664
Equity contribution in the year		103	-	103
Total comprehensive income		-	11,785	11,785
Dividends paid	5	-	(9,532)	(9,532)
Balance at 30 June 2011		54,250	108,770	163,020
Equity contribution in the year		450	-	450
Total comprehensive income		-	19,364	19,364
Dividends paid	5	-	(6,146)	(6,146)
Balance at 30 June 2012		54,700	121,988	176,688

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. There was no equity contribution on these borrowing costs for the year ended 30 June 2012 (2011: \$0.103 million) as the final equity contribution was received in October 2010.

On 22 February 2010, the Authority was granted in-principle approval from the WA Government to be re-imbursed the applicable tax payable on an estimated insurance settlement relating to a fire at the Kwinana Bulk Terminal, by way of an equity contribution. During the year ended 30 June 2012 an equity contribution of \$450,000 was received. Further contributions are anticipated as interim insurance settlements are received.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

15. Notes to Statement of Cash Flows

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

	2012 \$'000	2011 \$'000
Net Profit	19,364	11,785
Depreciation	13,311	11,293
Amortisation of leased assets	533	629
Net loss on derecognition of property, plant and equipment	1,541	-
Impairment loss on property, plant and equipment	1,257	3,190
Changes in assets and liabilities:		
Receivables	(6,019)	(2,922)
Inventories	(452)	5
Prepaid expenses	184	(433)
Payables	(4,225)	(4,185)
Prepaid rental income and interest received in advance	2	1,013
Employee benefits	5,285	2,261
Income tax payable	16,137	1,400
Deferred tax assets	(15,219)	42
Deferred income	(1,000)	1,000
Others	816	775
Net cash inflow from operating activities	31,515	25,853

16. Remuneration of Auditors

	2012 \$	2011 \$
Remuneration for audit of the financial statements	153,000	144,000

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

17. Related Parties

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

Dr. Jim Limerick, Chairman
Dr. Fred Affleck, (appointed as Deputy Chairman 22 August 2011)
Ms. Marie Malaxos
Mr. Michael Feutrill
Ms. Jillian Hoffmann
Mr. Robert Pearce, (ceased as Deputy Chairman 22 August 2011)

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

18. 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 all land owned, vested or leased by the Authority that is known to be, or is suspected of being, contaminated to the Department of Environment and Conservation (DEC). In accordance with the Act, the 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.

Except for those areas planned underway for remediation and for which a liability has been provided, a portion of the sites identified as 'contaminated – remediation required' are currently being assessed further and therefore it is not yet practicable to reliably estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows other than the necessary detailed site investigations.

At 30 June 2012, a provision for environmental remediation of \$3.523 million (2011: \$2.876 million) has been provided for sites classified by the DEC as 'contaminated – remediation required'.

19. Events subsequent to end of the reporting period

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

Disclosures and Legal Compliance

Directors' Declaration



FREMANTLE PORTS ANNUAL REPORT 2012

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

- (a) the financial statements and notes, set out on pages 61 to 98 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 2012 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Port Authorities Act 1999*; and
- (b) there are reasonable grounds to believe that the Fremantle Port Authority will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors on 17 August 2012.

Chairman

Director

17 August 2012

Disclosures and Legal Compliance

Financial Audit Opinion

FREMANTLE PORTS ANNUAL REPORT 2012



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

FREMANTLE PORT AUTHORITY

I have audited the financial report of the Fremantle Port Authority. The financial report comprises the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing Standards, and other relevant ethical requirements.

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 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Disclosures and Legal Compliance

Financial Audit Opinion



FREMANTLE PORTS ANNUAL REPORT 2012

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Fremantle Port Authority for the year ended 30 June 2012 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. I have not been engaged to report on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
31 August 2012

Disclosures and Legal Compliance

Financial Performance Indicators

FREMANTLE PORTS ANNUAL REPORT 2012

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

After adjusting for GST, this ratio is used to ascertain the extent to which current assets may be realised to meet current liabilities.

	2012 \$'000		2011 \$'000	
Total Current Assets	57,043	= 1.1	37,518	= 1.0
Total Current Liabilities	52,442		38,231	

Free Cash Flow – Graph 2

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

	2012 \$'000		2011 \$'000	
Net Cashflow from Operations (after interest)	31,515	= 69.1%	25,853	= 78.7%
Net Cashflow from Operations (before interest)	45,599		32,829	

Debtors Average Collection Period – Graph 3

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

	2012 \$'000		2011 \$'000	
Average Trade Debtors	16,456 x 366	= 30 days	16,155 x 365	= 35 days
Sales Revenue	198,710		166,871	

Disclosures and Legal Compliance

Financial Performance Indicators

FREMANTLE PORTS ANNUAL REPORT 2012

Interest Cover - Graph 4

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

	2012 \$'000		2011 \$'000	
Earnings Before Interest and Tax	42,730	= 2.91 times	25,235	= 3.11 times
Total Interest Costs	14,698		8,108	

Return on Assets – Graph 5

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

	2012 \$'000		2011 \$'000	
Earnings Before Interest and Tax	42,729	= 9.0%	25,235	= 6.1%
Average Total Assets	473,823		416,023	

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.

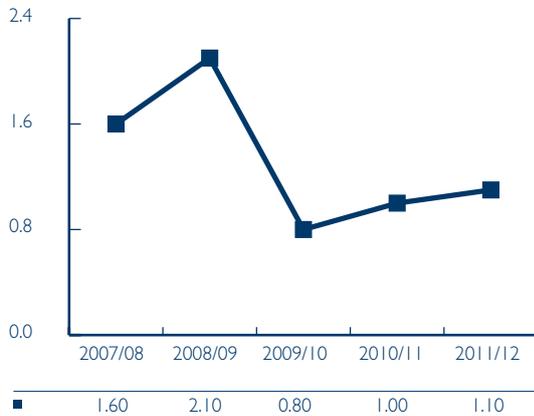
	2012 \$'000		2011 \$'000	
Operating EBIT (excluding significant items) + Depreciation – Deprival Value Depreciation	42,093	= 7.2%	26,348	= 4.8%
Current Assets + Deprival Value of Assets – Accumulated Deprival Value Depreciation	582,360		549,302	

Disclosures and Legal Compliance

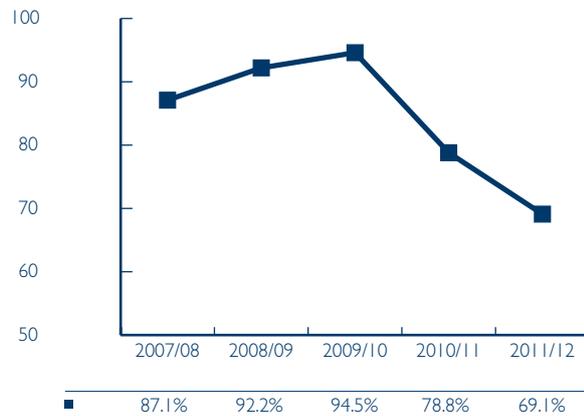
Financial Performance Indicators

FREMANTLE PORTS ANNUAL REPORT 2012

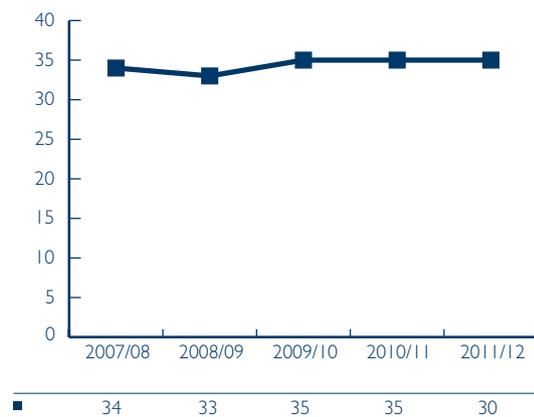
Graph 1: Current Ratio
Comparison 2007/2008 to 2011/2012



Graph 2: Free Cash Flow
Comparison 2007/2008 to 2011/2012



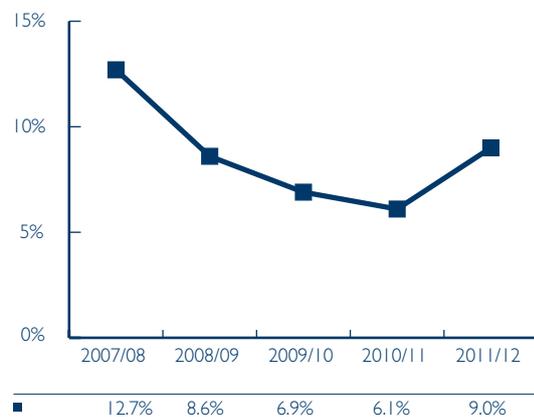
Graph 3: Debtors Average Collection Period
Comparison 2007/2008 to 2011/2012



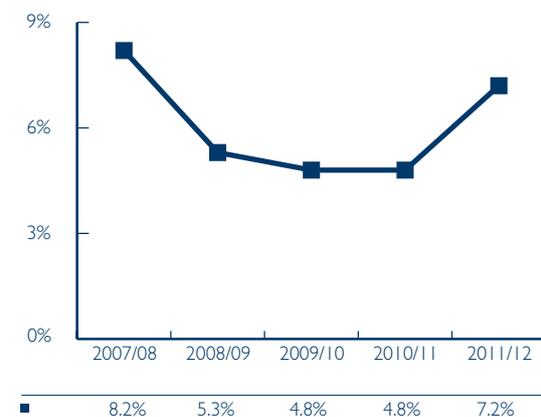
Graph 4: Interest Cover
Comparison 2007/2008 to 2011/2012



Graph 5: Return on Assets
Comparison 2007/2008 to 2011/2012



Graph 6: Economic Rate of Return
Comparison 2007/2008 to 2011/2012



Disclosures and Legal Compliance

Key Performance Indicators for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

Service Delivery

Our Objective

- Providing exceptional services that exceed customer expectations

Outcomes Sought

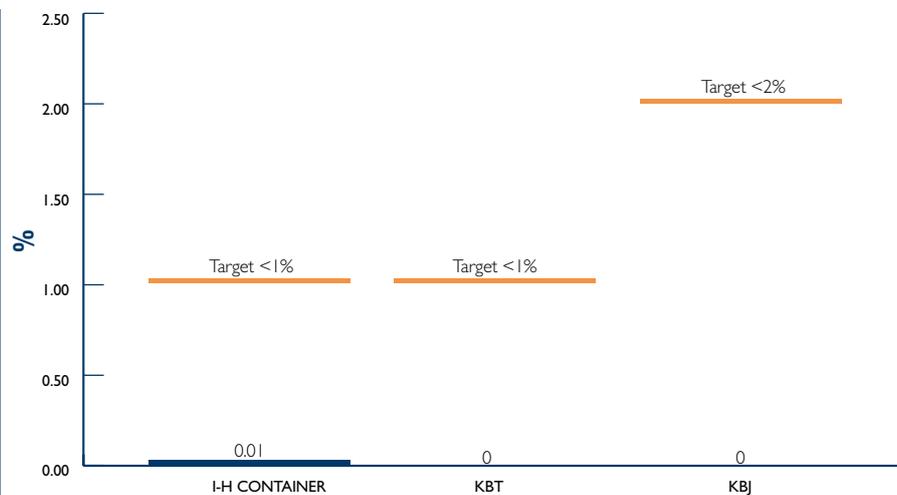
- Understanding of customer needs
- Meeting or exceeding customer expectations
- Availability and reliability of all services and facilities
- Responsiveness

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 for all vessels at Fremantle Ports’ Kwinana Bulk Terminal and Kwinana Bulk Jetty in the Outer Harbour. Services include pilotage, towage and mooring. This performance indicator measures the percentage of ships affected and the average hours per delay for unavailability of services and berths.

Figures 1 and 2 show that Fremantle Ports did better than its target with no vessel delays recorded as a result of the unavailability of shipping services at both Kwinana Bulk Terminal and Kwinana Bulk Jetty. In the Inner Harbour, the percentage of vessels affected and the average delay time due to the unavailability of shipping services were below target.

Fig 1. Delays to Incoming Vessels due to Unavailability of Shipping Services 2011/12
% of total vessels affected



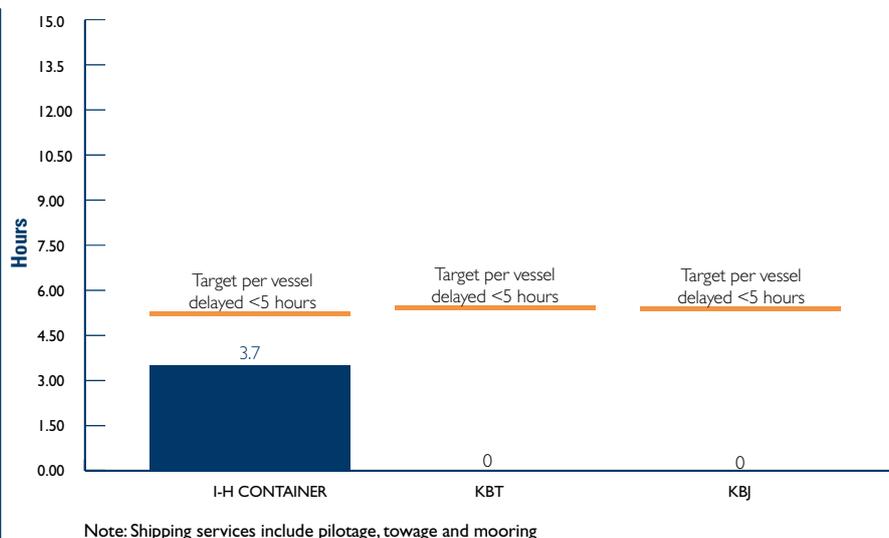
Note: Shipping services include pilotage, towage and mooring

Disclosures and Legal Compliance

Key Performance Indicators for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

Fig 2. Delays to Incoming Vessels due to Unavailability of Shipping Services 2011/12
Average hours of delay per vessel delayed

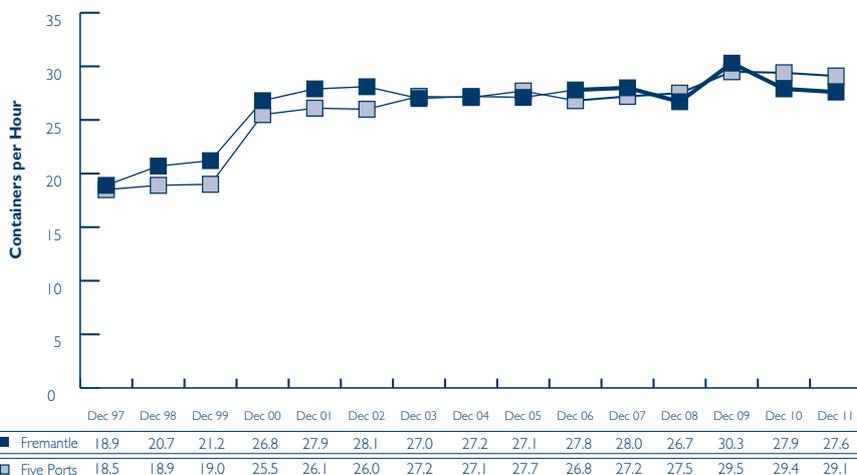


Crane Rates

Container stevedoring in Fremantle Ports is carried out by Patrick and DPWorld. 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 3 shows that crane rates measured in containers per hour have increased by 57.3 per cent from the December Quarter 1997 to the December Quarter 2011 (latest figures released by Waterline). Productivity in Fremantle was 5.4 per cent lower than the five port average in the December Quarter 2011. Productivity has been below the five port average from the March quarter 2010 to the December quarter 2011.

Fig 3. Container Terminal Performance Indicators Comparison of Crane Rates between Fremantle and Five Ports Average
December 1997 to December 2011
Containers per hour



Source: Waterline, Bureau of Infrastructure, Transport and Regional Economics
Figures for March and June quarter 2012 not available due to Waterline being published in November 2011 and May 2012.

Disclosures and Legal Compliance

Key Performance Indicators for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

The Ship Rate in Fremantle decreased from 40.9 containers per hour in December 2001 to 37.6 containers per hour in December 2011, a decrease of 8.8 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.

Productivity rates have decreased for the two operators at Fremantle, DP World and Patrick. Fremantle Ports will continue to work with the stevedores to help facilitate ongoing productivity improvements and also to work with them to facilitate investment in new infrastructure and accommodate future trade growth. Inner Harbour deepening was essential to enable the port to accommodate bigger ships at full cargo-carrying capacity, thus retaining shipping services and maintaining compatibility with other national container ports.

The ability for Patrick and DP World to service larger, more efficient ships with new generation cranes will improve productivity. The average size of container vessels has increased from 27,291 gross tons (GT) in 2000-2001 to 40,757 GT in 2011-12, an increase of 49.3 per cent over that period.

The average number of containers exchanged per container vessel increased by 27.2 per cent over the year, from 1,078 TEUs per vessel in 2010-11 to 1,371 TEUs per vessel in 2011-12.

The Vessel Working Rate (the number of containers handled divided by the Elapsed Labour Time) in the port for the December quarter 2011 was 27.6 containers per hour, a decrease of 4.8 per cent compared with the figures for the December quarter 2001.

Customer Satisfaction

Fremantle Ports conducted a survey of shipping lines in June 2012. The survey was conducted as part of Fremantle Ports' customer liaison program with major lines and agents. A total of 18 shipping lines were surveyed and the response rate was 86 per cent.

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

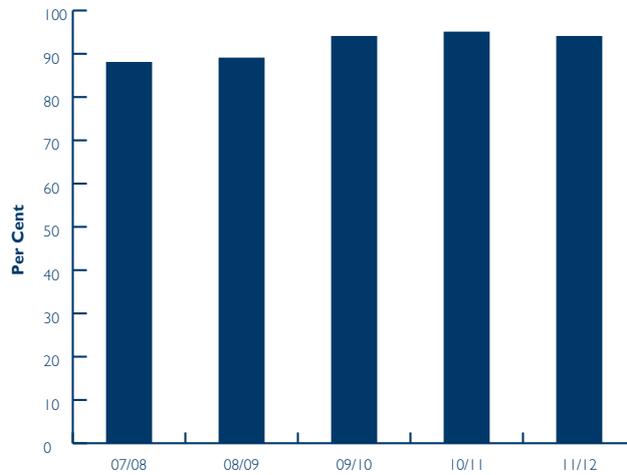
Figure 4 shows that 94 per cent of respondents were satisfied or very satisfied with services provided by Fremantle Ports which was above the target range of 80-90 per cent.

Disclosures and Legal Compliance

Key Performance Indicators for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

Fig 4. Shipping Line/Agent Survey Services 2007/08 to 2011/12
Level of Overall Satisfaction with Fremantle Ports' Services



Note: In 2011/12, 94% of respondents were satisfied or very satisfied. Target range 80-90%.

Disclosures and Legal Compliance

Key Performance Indicators for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

Capability for the Future

Our Objective

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

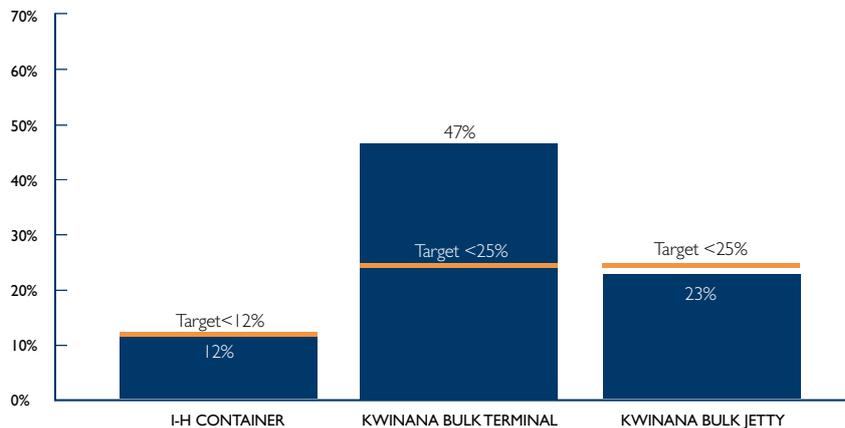
Outcomes Sought

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

Figure 5 shows that 12 per cent of Inner Harbour container vessels incurred delays due to unavailability of berths (percentage of total vessels affected). Container vessels were equal to the target. Unavailability of berths at Kwinana Bulk Terminal was higher than target at 47 per cent

Trade at the Kwinana Bulk Terminal increased by 0.8 million tonnes or 30.2 per cent in 2011-12 compared with 2010-11. Unavailability of berths at Kwinana Bulk Jetty was lower than target at 23 per cent.

Fig 5. Unavailability of Berths 2011/12
% of total vessels affected



Disclosures and Legal Compliance

Key Performance Indicators for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

Fig 6. Unavailability of Berths 2011/12
Average hours of delay

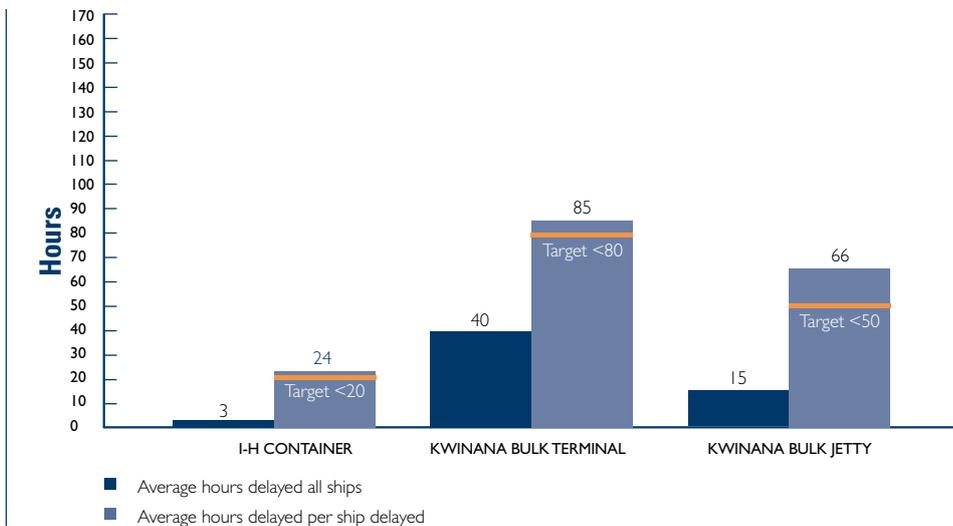


Figure 6 shows that Fremantle Ports was above its target for average hours of delay - Unavailability of Berths in the Inner Harbour and the Outer Harbour (Kwinana Bulk Terminal and Kwinana Bulk Jetty). Average hours of delay at Kwinana Bulk Terminal decreased significantly in 2011-12, but still remain slightly above the target. Average hours of delay at the Kwinana Bulk Jetty were above the target and increased by 61.0 per cent compared with 2010-11.

Trade levels at the Kwinana Bulk Jetty increased by 0.3 million tonnes or 16.0 per cent in 2011-12 compared with 2010-11 and berth utilisation increased to 62.0 per cent compared with 38.0 per cent in 2010-11.

Trade and Business Growth

Our Objective

Promoting and facilitating trade and business growth opportunities

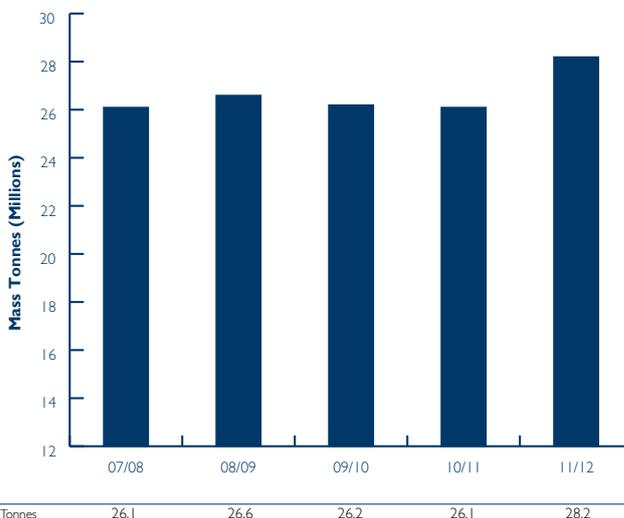
Outcomes Sought

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

Total Port Trade (Mass Tonnes 000's)

Figure 7 shows that total port trade (total imports and exports), was 2.1 million tonnes or 7.9 per cent higher than last year. Total exports increased by 1.5 million tonnes or 11.8 per cent to 14.6 million tonnes in 2011-12 while total imports increased by 0.5 million tonnes or 4.1 per cent to 13.6 million tonnes.

Fig 7. Total Port Trade (Mass Tonnes)



Note: The Statement of Corporate Intent forecast for total trade in 2011/12 was annual growth of 7.3 per cent.

Disclosures and Legal Compliance

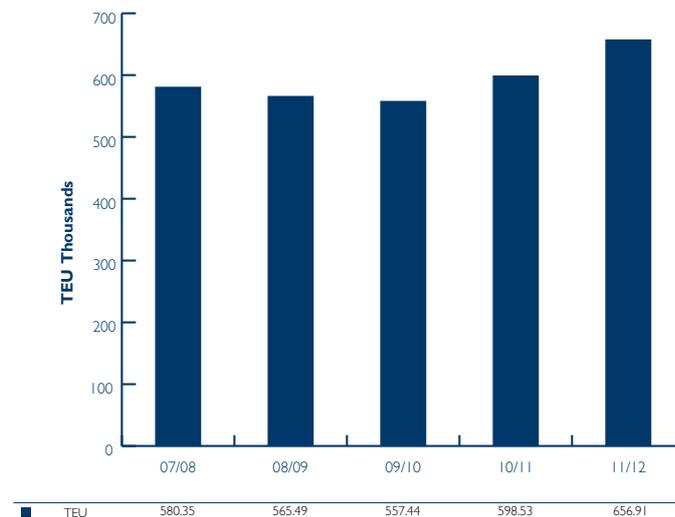
Key Performance Indicators for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

Inner Harbour exports decreased by 5.5 per cent in 2011-12 mainly due to a fall in full container trade and livestock exports. Container exports of crude minerals and mineral sands decreased by 50.4 per cent and 28.9 per cent respectively. Live sheep exports decreased by 0.48 million head or 21.3 per cent and live cattle exports decreased by 33,550 tonnes or 53.0 per cent. Outer Harbour exports increased by 18.5 per cent mainly due to the commencement of iron ore shipments from November 2011 and bulk grain shipments.

Inner Harbour imports increased by 15.6 per cent mainly due to rises in industrial and agricultural vehicles, iron and steel products, manufactures of metal, other transport equipment and rubber manufactures. Outer Harbour imports decreased slightly by 0.2 per cent mainly due to the decline in crude petroleum and cement clinker.

Fig 8. Total Container Trade - TEU



The Statement of Corporate Intent forecast for total container trade in 2011/12 was annual growth of 4.0 per cent

Total Container Trade

Figure 8 shows that container trade increased by 9.8 per cent over the 12 months to 30 June 2011.

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

- Total container exports increased by 8.4 per cent and imports increased by 11.0 per cent.
- Full container exports decreased by 4.8 per cent or 8,111 TEU (twenty foot equivalent units) and full imports increased by 12.5 per cent or 36,789 TEU.
- Empty container exports increased by 27.0 per cent and empty imports decreased by 14.8 per cent.

Disclosures and Legal Compliance

Key Performance Indicators for the year ended June 2012

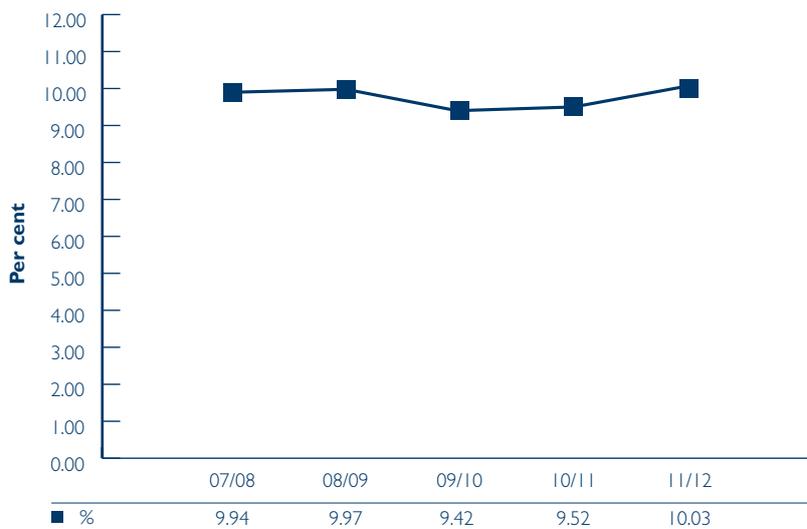
FREMANTLE PORTS ANNUAL REPORT 2012

- Coastal container throughput totalled 74,682 TEU, an increase of 9.0 per cent on 2010-11. Coastal full container throughput totalled 62,276 TEU, 0.8 per cent down on 2010-11.
- The number of container vessel visits to Fremantle Port decreased from 555 visits in 2010-11 to 479 visits in 2011-12. The average size of container vessels has increased to 40,757 gross tons (GT) or by 6.0 per cent compared with 2010-11.
- The average number of containers exchanged per container vessel increased by 27.2 per cent over the year, from 1,078 TEU per vessel in 2010-11 to 1,371 TEU per vessel in 2011-12.

Container Trade - Market Share

Figure 9 shows that Fremantle Ports' market share, measured as the number of containers through Fremantle as a percentage of Australian capital city ports (excluding Hobart), increased by over 0.5 per cent to 10.03 per cent over the previous year.

Fig 9. Container Trade Fremantle 2011/2012
Market Share % Australian Container Trade

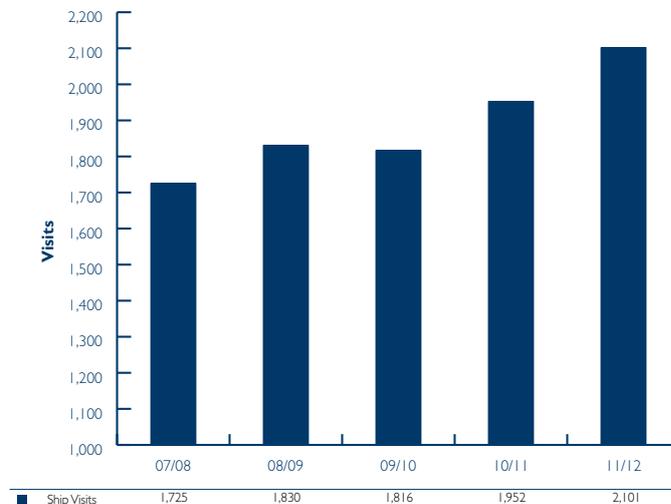


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Key Performance Indicators for the year ended June 2012

FREMANTLE PORTS ANNUAL REPORT 2012

Fig 10. Total Ship Visits



Note: Naval vessels not included. The Statement of Corporate Intent forecast for total ship visits in 2011/12 was 1,995

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 7.6 per cent over the 12 months to 30 June 2012.

Commercial ship visits decreased by 25 visits in the Inner Harbour and increased by 49 visits in the Outer Harbour.

The Inner Harbour decrease in ship visits was mainly due to fewer container vessel visits. Container visits decreased by 76 visits or 13.7 per cent. This decrease is due to larger container vessels with greater TEU capacity being able to access the port since the deepening of the Inner Harbour.

In the Outer Harbour commercial ship visits increased by 49 visits or 7.1 per cent mainly due to the 36.7 per cent increase in grain vessel visits and exports of iron ore shipments commencing from November 2011.

Non-trading vessel visits increased by 87 visits or 36.5 per cent mainly due to the increase in vessels carrying equipment for the Gorgon gas project.

Business Sustainability

Our Objective

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

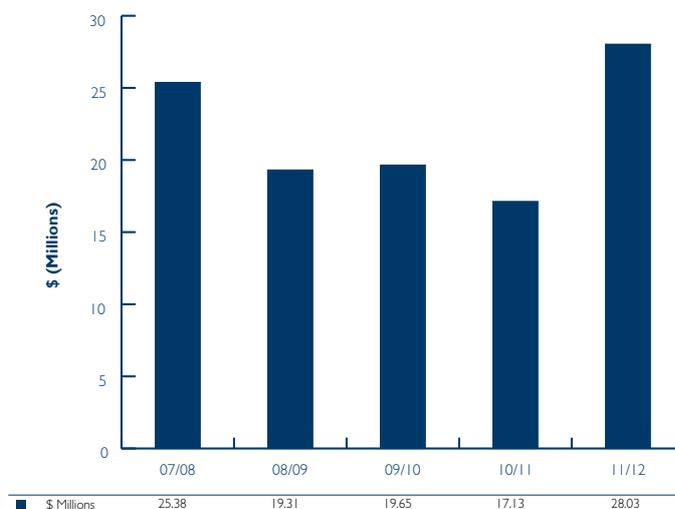
Outcomes Sought

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

1.1. Fremantle Ports' Profit before Income Tax Equivalent (Excluding Individually Significant Items)

Figure 11 shows that operating profit before income tax equivalent reached 28.0 million in 2011/12, 63.6 per cent higher than 2010/11.

Fig 11. Operating Profit Before Income Tax Equivalent Payments



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

Disclosures and Legal Compliance

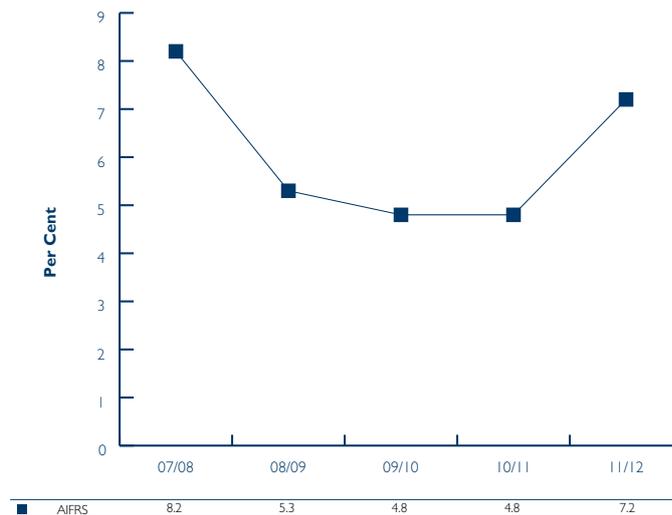
Other Legal Requirements

FREMANTLE PORTS ANNUAL REPORT 2012

Economic Rate of Return on Assets

Figure 12 shows that the Economic Rate of Return on Assets was 7.2 per cent for the financial year 2011-12. This compares with a target of 6.5 per cent for the year, as agreed by the State Government.

Fig 12. Economic Rate of Return on Assets



Note: The economic rate of return on assets valued at deprival value

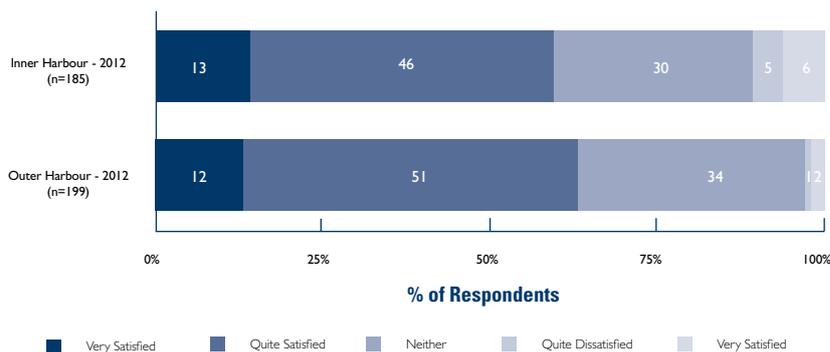
Community Satisfaction

Fremantle Ports conducted a community satisfaction survey in June 2012 as part of its community liaison program. This involved a telephone survey with 200 residents in the Inner Harbour area (North Fremantle, South Fremantle, East Fremantle, and Fremantle) and 200 residents in the Outer Harbour (Cockburn, Kwinana, and Rockingham). The overall results were analysed by a firm of marketing and communications research consultants.

Figure 13 shows that 59 per cent of respondents in the Inner Harbour and 63 per cent in the Outer Harbour were very satisfied or quite satisfied with the performance of Fremantle Ports overall and that 30 per cent and 34 per cent respectively were neither satisfied nor dissatisfied.

Fig 13. Overall Satisfaction with Fremantle Ports - June 2012

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



Disclosures and Legal Compliance

Other Legal Requirements

FREMANTLE PORTS ANNUAL REPORT 2012

Ministerial Directives

The Minister may give directions in writing to the Board of Directors with respect to the performance of the functions prescribed by legislation. There were no Ministerial directives during the year.

Advertising and Market Research Expenditure

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

Advertising Agencies	NIL
Marketing Research Organisations	
Synovate Pty Ltd	\$49,000.00
Polling Organisations	NIL
Direct Mail Organisations	
Fremantle Herald (distribution of leaflets)	\$13,700.00
Community news (distribution of leaflets)	\$2,524.00
Media Advertising Organisations	
Fremantle Herald	\$2,223.00
Seek (recruitment adverts)	\$6,435.00
Acorn Design (includes tenders, recruitment adverts)	\$69,481.00
Optimum Media Decisions (OMD) (includes tenders, recruitment adverts)	\$26,173.00
Showcase Publications	\$1,500.00
Informa Australia	\$420.00
The Fremantle Book	\$1,700.00
Britel Enterprises	\$177.00
Adcorp Australia	\$88,261.00
Summit Publishing Pty Ltd	\$3,792.00
Chamber of Commerce & Industry	\$1,500.00
Total	\$266,866.00

Disclosures and Legal Compliance

Other Legal Requirements

FREMANTLE PORTS ANNUAL REPORT 2012

Disability Access

Fremantle Ports provides disability access to public areas of the Administration Building, the Fremantle Passenger Terminal and the recently completed ferry terminal within B Shed on Victoria Quay.

The Fremantle Ports redesigned website includes a new section on visiting the port. To help people with disabilities, this includes details on parking locations, ramps and building access, disabled fishing platform, toilets, public transport, including the fully accessible CAT bus service and taxi services available for passengers with disabilities.

Compliance with Public Sector Standards and Ethical Codes

Code of Conduct

A revised Code of Conduct was completed during the year with the help of a cross - divisional focus group. The aim was to ensure that the Code reflected the changing workplace environment while remaining consistent with Public Sector Commission guidelines.

The review process included benchmarking the existing Code with those of several other organisations in Australia, both public and private. Ultimately, the Public Sector Commission's Code was used as the fundamental guide in the review. A rollout and training plan was developed and is being implemented.

Fremantle Ports has detailed guidelines and processes in place which support these standards in human resource management. Human Resource policies and procedures are available to all staff and these are periodically reviewed to ensure they continue to reflect best practice in a commercialised environment and that there is compliance with them.

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

In 2011-12 there were no incidents involving reportable misconduct.

Disclosures and Legal Compliance

Other Legal Requirements

FREMANTLE PORTS ANNUAL REPORT 2012

Substantive Equality 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.

Fremantle Ports' Employee Assistance program continues to offer employees and their families with 24 hour confidential counselling assistance on work related or family issues.

Fremantle Ports Diversity 2007 - 2011 % Representation	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)
Management Tier 1 (Women)	100.0	100.0	0.0	0.0	0.0
Management Tier 2 (Women)	33.3	33.3	33.3	33.3	28.6
Management Tier 3 (Women)	9.1	9.5	8.7	15.0	15.0
Management Tier 2 & 3 combined (Women)	14.3	14.8	13.8	19.2	18.5
Indigenous Australians	0.3	0.6	0.5	0.5	1.0
People with disabilities	0.3	4.5	13.6	12.5	5.6
People from culturally diverse backgrounds	5.2	11.5	12.1	11.9	12.5
Youth (under 25 years)	1.7	3.6	3.4	3.2	4.2

Recordkeeping

Evaluation of the efficiency and effectiveness of the recordkeeping systems

Fremantle Ports' internal audit program includes a standard scope item for records management in all internal audits to ensure those audited consider their obligations under the *State Records Act 2000*. A formal internal audit of the recordkeeping systems is undertaken every three years with the most recent audit completed in March 2012. The audit confirmed that the Corporate Information Services' work program is adequately used to schedule and manage ongoing review and improvement of the recordkeeping systems, ensuring compliance with recordkeeping obligations.

The following improvement opportunities were identified and implemented to ensure continuous improvement in recordkeeping practices:

- A Web Management Policy has been implemented to ensure the new website is managed in accordance with the *State Records Act 2000*.
- A back-scanning project is underway to capture vital hard copy records electronically. This has bridged the gap between vital records and business continuity.
- A review of the offsite storage facilities has been undertaken to ensure there are no compliance or business continuity gaps.

Disclosures and Legal Compliance

Other Legal Requirements

FREMANTLE PORTS ANNUAL REPORT 2012

Fremantle Ports recently upgraded its recordkeeping system TRIM to TRIM 7 to take advantage of improved recordkeeping functions, including a more user-friendly approach to managing emails. TRIM usage continues to increase each year with employees becoming more confident in storing their corporate records.

Fremantle Ports also took part in a WA State Records Office review of all WA ports' retention and disposal authorities. A joint WA ports authority has been developed which is less complex and easier to use. The review also provided the WA ports' records managers with a networking forum. The final disposal authority is awaiting formal approval by the State Records Office.

Training and induction

Recordkeeping training is provided to new employees within the first week of employment. An in-depth training session covering recordkeeping policies and procedures follows and refresher training is provided on an as-needs basis. Computer application trainers follow up with one-on-one TRIM training to ensure all employees understand the importance of using TRIM as the sole source for efficiently managing corporate records. In addition, computer applications trainers undertake 'floor walking', enabling just-in-time assistance for employees. Marketing material, including newsletters, flyers and help sheets, is regularly promoted through the corporate intranet together with promotion of current or updated policies and procedures.

A mandatory monthly induction is provided to all new employees in the form of a role play, performed by the records management team, which provides new employees with an interesting way to learn their recordkeeping responsibilities. A knowledge and information management flip chart containing a section on recordkeeping has also been developed and is provided to new employees. The flip chart provides additional information in relation to the recordkeeping plan, together with links to the State Records Office and Office of the Information Commissioner websites, to further promote compliance requirements and the need for good recordkeeping practices.

Training program review

The knowledge and information management flip chart to promote recordkeeping compliance was developed after a recordkeeping training review identified a lack of promotional material in relation to employees' recordkeeping obligations. A corporate training review of key business information systems was also undertaken. This determined training needs and provided a better understanding of whether those systems were being used efficiently to manage corporate records.

In addition, the recent internal audit identified that the feedback form used to review employee training feedback did not capture the relevant training needs. An online feedback form is now available on the corporate intranet. Feedback is also received through emails and provided verbally to the records management team and computer applications trainers.

Disclosures and Legal Compliance

Other Legal Requirements

FREMANTLE PORTS ANNUAL REPORT 2012



The lockout box system is part of ensuring safe isolation of electrical and other plant.

Compliance with Occupational Safety, Health and Injury Management Reporting

Fremantle Ports is committed to integrating safety into all facets of its operation and providing a safe and healthy work environment for its employees, contractors and visitors. The organisation has clear safety targets, with the ultimate aim of no injuries, no harm and no damage. The Board and Executive Team have continued to take a strong leadership role in ensuring that achieving a safe workplace remains a top priority and incidents reports are on the agenda for every Board meeting.

In launching a revised version of the Safety and Induction Handbook in May 2012, Fremantle Ports' Chairman delivered a personal message to all employees on the need to follow safety procedures and to make a personal commitment.

The "Safety for LIFE" safety strategy introduced in 2011 is focusing on the positive performance indicators of active safety leadership at all levels in the organisation, recognising people for integrating safety into their daily tasks, action against the high potential hazards in the organisation and ensuring people have the right skills set to work in a safe and efficient manner.

Over 100 participants have since completed leadership training resulting in increased management engagement and participation with the workforce across the organisation.

A safety "scratch card" reward system introduced in 2011 has continued to reward employees and contractors who demonstrate desired safety behaviours.

In May 2012, as part of "Safety for LIFE", a Critical Risk Standards initiative was launched via awareness sessions to focus people's attention on fatality potential events which can occur in our industry. The Critical Risk Standards were identified through extensive consultation with Fremantle Ports' Inner and Outer Harbour Safety Committees. Areas covered are:

- pedestrian safety;
- mobile equipment;
- handling loads;
- working at heights;
- vessel operations; and
- isolation and tagging procedures for energy sources

Attendance at the awareness sessions on the Critical Risk Standards is compulsory and by year end 80 per cent of employees had participated. To further drive home the message, posters were displayed throughout the organisation, featuring sites which have inherent risks.

Elements of the Safety for LIFE strategy are: Safety Leadership; Safety Competency; Safety Behaviour; Safety Management System; and Critical Risk Standards, underpinned by the crucial element of Support.

Disclosures and Legal Compliance

Other Legal Requirements

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Over the year under review there has been an increased focus on managing contractor safety with the development of an audit program. Contractors' key performance indicators were collected for the first time so that their performance can be monitored and integrated with Fremantle Ports employees' performance.

SAI Global conducts annual surveillance audits on Fremantle Ports' safety and health management systems to ensure the organisation remains eligible for certification to the AS/NZS 4801 safety management standard. In May 2012, Fremantle Ports was audited against this standard and retained certification. A comprehensive Safety and Health Management System Framework, aligned to this internationally recognised safety standard was developed in mid 2011 and implemented in early 2012.

Indicator	Target and actual 2011-12
Number of fatalities	Target - 0 Actual - 0
Lost time injury frequency rate (number of lost time injuries by 1,000,000 per total man-hours worked)	Overall target - 0 Improvement target - 13.5 Actual - 15.3
Lost time injury severity rate (number of days lost through lost time injuries by 1,000,00 per total man-hours worked)	Improvement target - 127 Actual - 88
Percentage of injured workers returned to work within 28 weeks	Target - 100% Actual - 100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	Target - 100% Actual - 100%

* Note: The improvement targets are based on the Premier's improvement challenge of 10% pa, introduced to Public Sector agencies in July 2007.

Statistical Information

FREMANTLE PORTS ANNUAL REPORT 2012

FIVE YEAR SUMMARY					
Shipping	2007/08	2008/09	2009/10	2010/11	2011/12
No. of Ships: Inner Harbour	1,044	1,045	1,036	1,061	1,041
Outer Harbour	681	785	780	891	1,060
Naval	35	17	20	26	34
TOTAL	1,760	1,847	1,836	1,978	2,135
Gross Tonnage (000's): Inner Harbour	33,262	34,608	36,437	37,272	38,764
Outer Harbour	17,488	19,263	17,632	18,434	21,573
TOTAL	50,750	53,871	54,069	55,706	60,337
Turnover per linear metre of wharf Inner Harbour tonnage only - (i)					
Trade in Tonnes	2,461	2,293	2,178	2,236	2,350
Gross Tonnage	10,414	10,835	11,408	11,616	12,033
TRADE	Mass tonnes '000				
Total Port Trade	26,131	26,603	26,168	26,123	28,212
Imports: Inner Harbour	3,465	3,349	3,226	3,522	4,080
Outer Harbour	9,544	9,196	8,877	9,569	9,552
TOTAL	13,009	12,545	12,103	13,091	13,632
Exports: Inner Harbour	4,324	3,916	3,647	3,549	3,355
Outer Harbour	8,626	10,011	10,245	9,333	11,070
TOTAL	12,950	13,927	13,892	12,882	14,425
Bunkers: Inner Harbour	78	61	85	72	69
Outer Harbour	94	70	88	78	86
TOTAL	172	131	173	150	155
FINANCE	\$ Millions				
Revenue from ordinary activities	122.535	125.910	133.009	152.239	180.234
Operating expenses	86.280	96.017	102.070	115.082	123.661
Interest and depreciation charges	10.876	10.582	11.287	20.030	28.542
Profits from ordinary activities	25.379	19.311	19.652	17.127	28.031
Written down value of fixed assets	173.453	208.854	316.548	397.974	397.416
PERCENTAGE OF REVENUE	Per cent				
Charges on cargo	62.40	58.34	59.78	59.61	65.91
Charges on ships	8.94	9.87	9.53	8.65	8.33
Charges for shipping services	5.43	5.97	6.19	6.11	5.97
Charges for other services	23.23	25.82	24.50	25.63	19.79
Operating expenses	70.41	76.26	76.74	75.59	68.61
PERSONNEL	No.	No.	No.	No.	No.
Employees at 30th June (ii)	299	309	306	319	338

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

(ii) Full time equivalent employees.

Statistical Information

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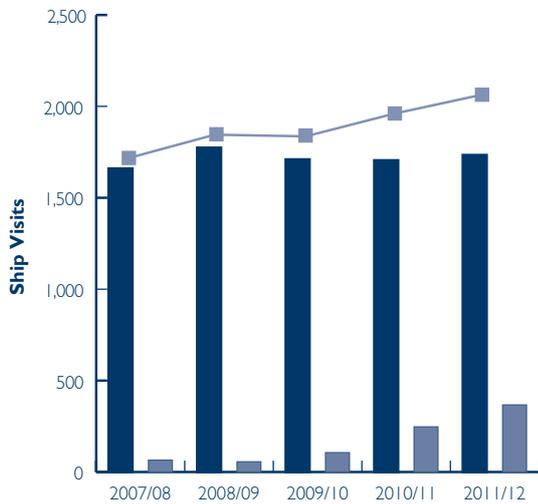
SHIP VISITS AND GROSS TONNAGE							
Year Ended 30 June	Commercial		Non Trading		Total Commercial & Non Trading		Naval
	No.	Gross Tonnage	No.	Gross Tonnage	No.	Gross Tonnage	No.
2008	1,660	50,496,789	65	253,628	1,725	50,750,417	35
2009	1,774	53,650,220	56	221,352	1,830	53,871,572	17
2010	1,710	53,818,582	106	250,225	1,816	54,068,807	20
2011	1,705	55,049,838	247	656,015	1,952	55,705,853	26
2012	1,734	58,749,125	367	1,587,759	2,101	60,336,884	34

SHIPS CLASSIFIED ACCORDING TO CARGO CLASS									
Cargo Class	2009/2010			2010/2011			2011/2012		
	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	99	1,177	11.9	109	1,212	11.1	139	1,611	13.7
Container	517	19,873	38.4	555	21,311	38.4	479	19,522	40.8
Multi Purpose	24	120	5.0	35	196	5.6	24	96.0	4.0
Roll-on/Roll-off	55	3,441	62.6	18	1,205	67.0	24	1,641	68.3
Vehicle Carrier	151	7,481	49.5	180	9,838	54.7	202	11,728	58.0
Livestock Carrier	68	1,611	23.7	70	1,662	23.7	50	1,311	24.2
Passenger	40	2,138	53.5	29	1,353	46.6	40	2,128	53.0
Tankers	256	7,796	30.5	266	8,104	30.5	260	7,922	24.0
Dry Bulk - Grain	154	3,409	22.1	81	2,244	27.7	114	3,564	28.2
Dry Bulk - Other	217	4,411	20.3	220	4,678	21.3	263	5,862	22.1
Bunkering Only	129	2,361	18.3	141	3,192	22.6	124	2,923	23.0
Other - (Fishing, Tenders, etc.)	106	250	2.4	248	711	2.6	382	2,029	1.8
Sub Total	1,816	54,068	29.8	1,952	55,706	28.5	2101	60,337	28.7
Naval	20			26			34		
Grand Total	1,836	54,068	29.8	1,978	55,706	28.5	2,135	60,337	28.7

Statistical Information

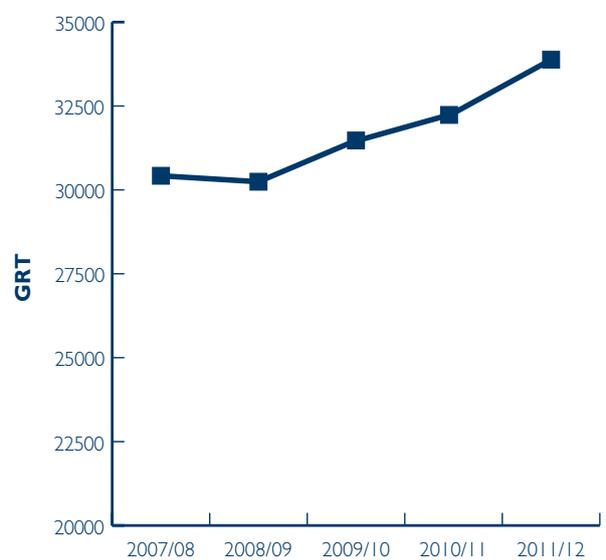
FREMANTLE PORTS ANNUAL REPORT 2012

Ship Visits 2007/2008 to 2011/2012 (Excluding Naval)



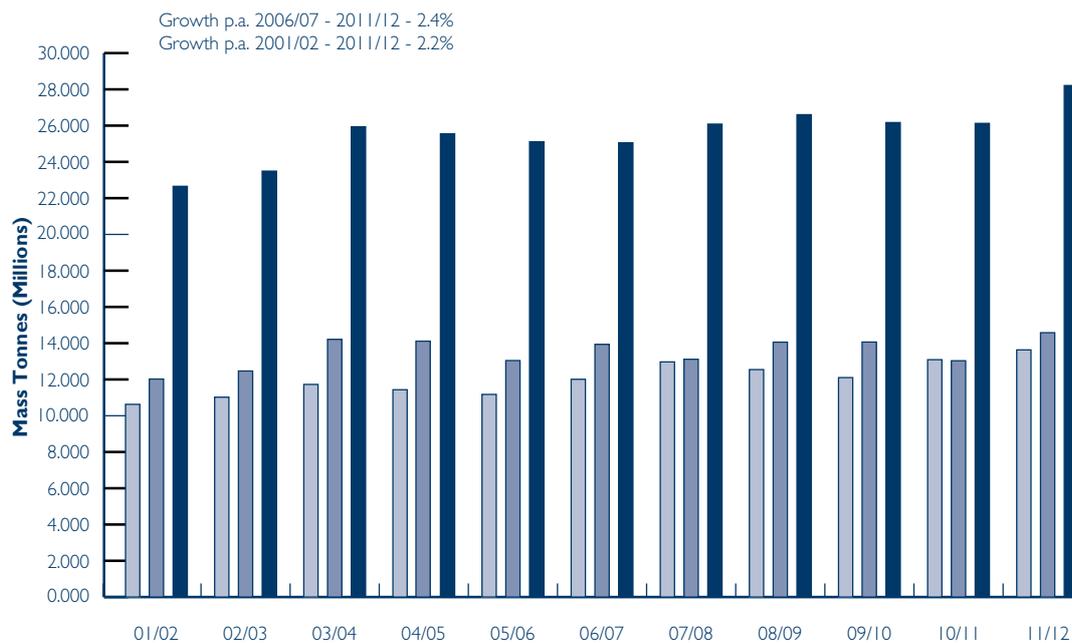
Commercial	1,660	1,774	1,710	1,705	1,734
Non-Trading	65	56	106	247	367
Total	1,725	1,830	1,816	1,952	2,101

Average Gross Registered Tonnage per Commercial Vessel 2007/2008 to 2011/2012



GRT	30,420	30,243	31,473	32,287	33,880
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Total Port Trade 2001/2002 to 2011/2012

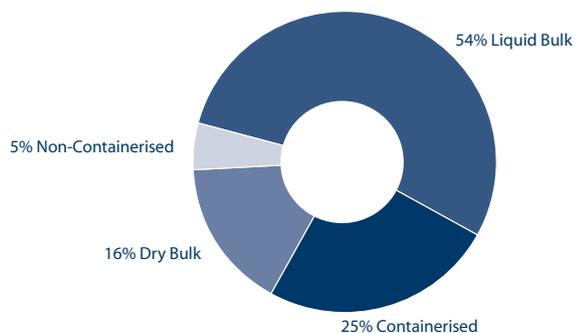


Imports	10,628	11,023	11,727	11,434	11,176	12,010	13,009	12,545	12,103	13,091	13,632
Exports	12,024	12,467	14,212	14,112	13,936	13,043	13,122	14,058	14,065	13,032	14,579
Total	22,652	23,490	25,939	25,546	25,112	25,053	26,131	26,603	26,168	26,123	28,211

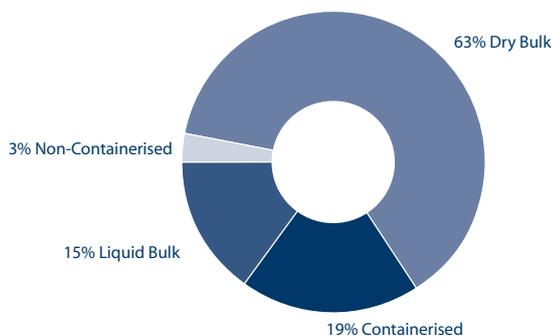
Statistical Information

FREMANTLE PORTS ANNUAL REPORT 2012

**Trade By Cargo Class
Imports 2011/2012 (Mass Tonnes)**



**Trade By Cargo Class
Exports 2011/2012 (Mass Tonnes)**



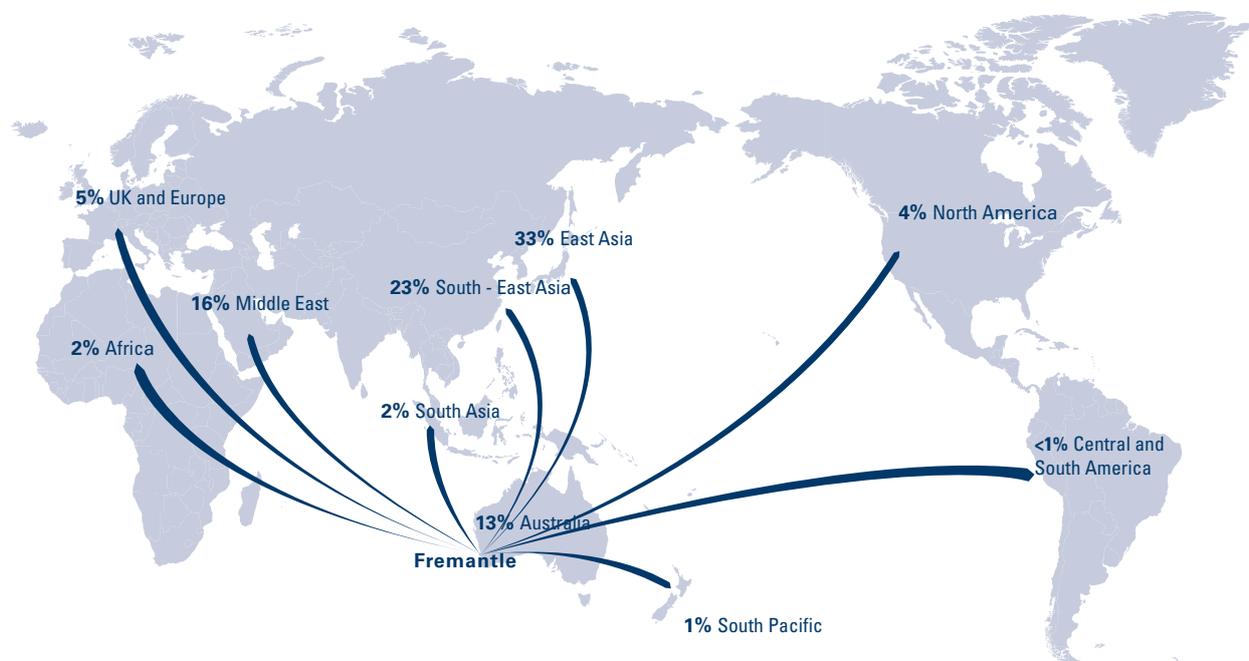
TRADE BY CARGO CLASS (MASS TONNES)

Cargo	Imports	Exports
Liquid Bulk	7,366,041	2,167,412
Dry Bulk	2,227,658	9,166,533
Non-Containerised	705,622	482,448
Containerised	3,333,531	2,762,577
Total	13,632,852	14,578,970

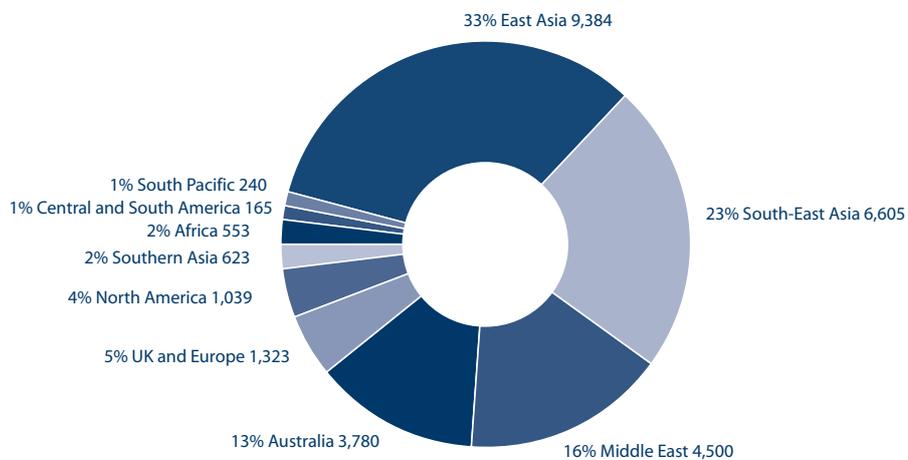
Statistical Information

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Links in World Trade

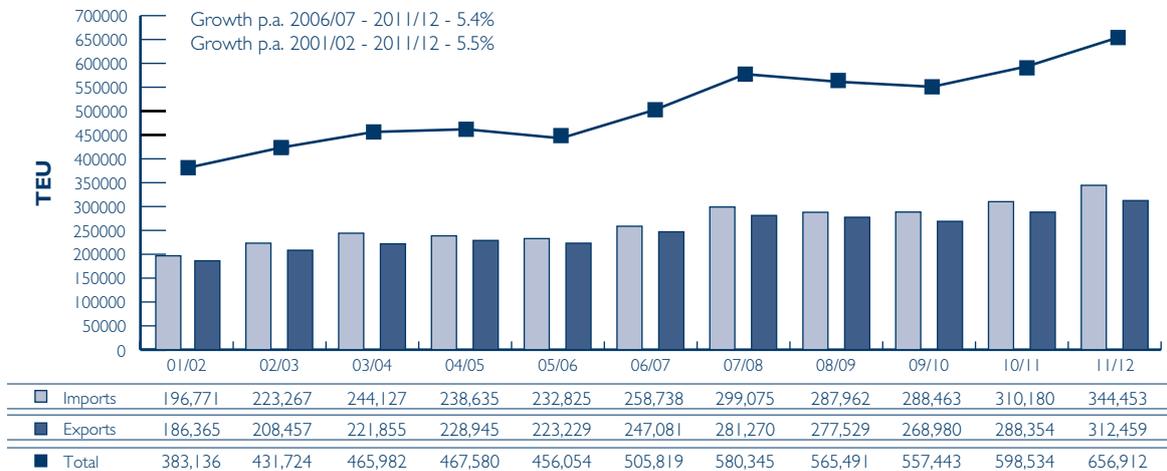


Principle Areas of Trade 2011/2012 Mass Tonnes (000's)

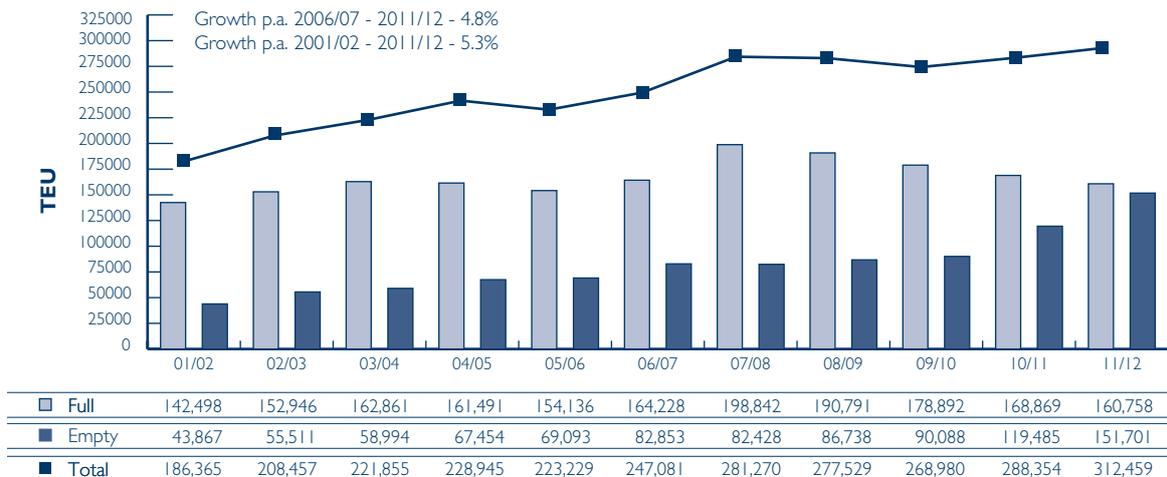


Statistical Information

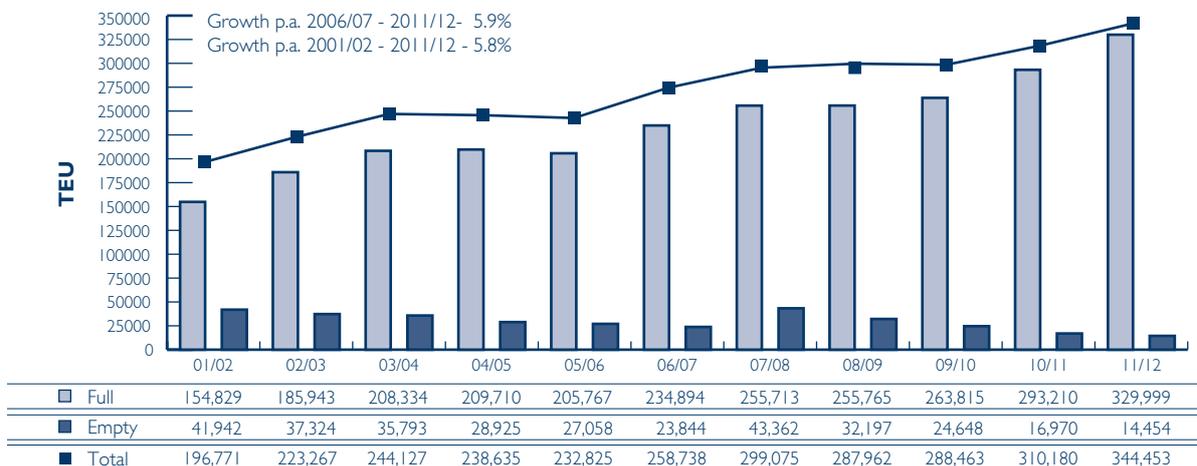
Total Container Trade - TEU 2001/2002 to 2011/2012



Export Container Trade - TEU 2001/2002 to 2011/2012



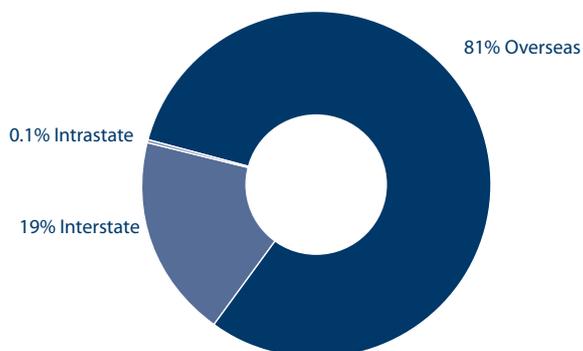
Import Container Trade - TEU 2001/2002 to 2011/2012



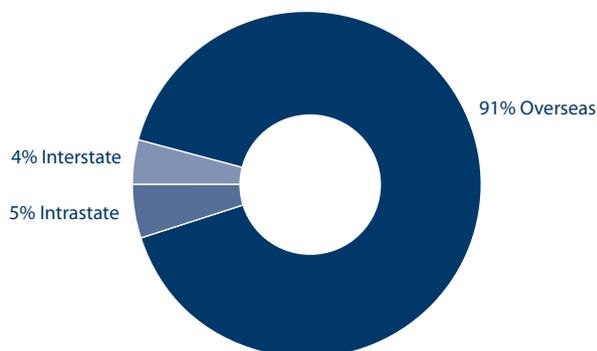
Statistical Information

SYNOPSIS OF TRADE 2011/2012			
Cargo	Inner Harbour Mass Tonnes	Outer Harbour Mass Tonnes	Port Total Mass Tonnes
Imports			
From Intrastate Ports	4,943	491,575	496,518
From Interstate Ports	784,462	330,442	1,114,904
From Overseas Ports	3,290,959	8,730,471	12,021,429
Total Imports	4,080,364	9,552,487	13,632,851
Exports			
To Intrastate Ports	19,643	145,146	164,789
To Interstate Ports	29,152	1,818,008	1,847,160
To Overseas Ports	3,306,074	9,105,458	12,411,532
Total Exports	3,354,869	11,068,612	14,423,480
Total Imports and Exports	7,435,233	20,621,099	28,056,331
Bunkers			
Fuel oil	69,309	86,181	155,490
Total Port Trade	7,504,542	20,707,280	28,211,822

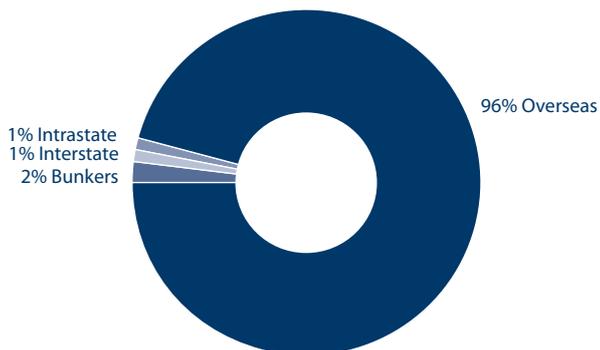
Inner Harbour Imports



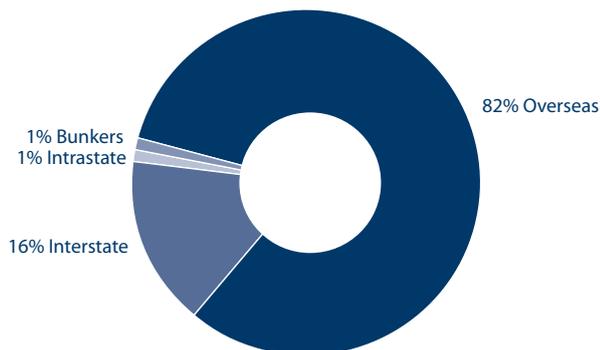
Outer Harbour Imports



Inner Harbour Exports



Outer Harbour Exports



Statistical Information

FREMANTLE PORTS ANNUAL REPORT 2012

PORT OF FREMANTLE CONTAINER TRADE - TEU JULY 1 2011 TO JUNE 30 2012							
COUNTRY	IMPORTS			EXPORTS			GRAND TOTAL
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL	
China	103,684	3,282	106,966	29,775	2,609	32,384	139,350
Singapore	10,586	4,413	14,999	8,005	93,799	101,804	116,803
Australia	61,148	3,918	65,066	1,128	8,493	9,621	74,687
Malaysia	16,432	384	16,816	9,062	29,130	38,192	55,008
Japan	6,863		6,863	22,008	1,174	23,182	30,045
South Korea	10,516	16	10,532	14,162	4,378	18,540	29,072
Indonesia	8,494	82	8,576	13,311	723	14,034	22,610
Thailand	16,031	113	16,144	5,308	437	5,745	21,889
United States of America	16,997	47	17,044	4,308	169	4,477	21,521
New Zealand	4,898	4	4,902	2,967	9,037	12,004	16,906
Vietnam	4,417		4,417	5,748		5,748	10,165
India	4,522		4,522	4,525		4,525	9,047
Taiwan	5,505	1	5,506	3,050	292	3,342	8,848
Germany	7,041	6	7,047	864	869	1,733	8,780
Hong Kong	2,235	921	3,156	4,917	1	4,918	8,074
United Kingdom	5,918		5,918	1,881	80	1,961	7,879
Italy	5,862		5,862	1,015	59	1,074	6,936
Belgium	4,708	27	4,735	1,765	413	2,178	6,913
United Arab Emirates	3,528		3,528	3,011		3,011	6,539
Netherlands	3,471	5	3,476	2,068	31	2,099	5,575
Philippines	1,130		1,130	3,926		3,926	5,056
South Africa	3,506	6	3,512	1,156	6	1,162	4,674
Mexico	3,172		3,172	292		292	3,464
France	2,687		2,687	187		187	2,874
Spain	1,957		1,957	718		718	2,675
Canada	1,971		1,971	586		586	2,557
Sri Lanka	292		292	1,530		1,530	1,822
Saudi Arabia	265		265	1,512		1,512	1,777
Finland	818		818	794		794	1,612
Sweden	1,487		1,487	71		71	1,558
Turkey	1,209		1,209	233		233	1,442
Israel	1,174		1,174	24		24	1,198
Christmas Island	33	530	563	598		598	1,161
Pakistan	474		474	571		571	1,045
Norway	350		350	546		546	896
Ghana	27		27	737		737	764
Qatar	160		160	599		599	759
Brazil	579		579	158		158	737
Other Countries	5,852	699	6,551	7,642	1	7,643	14,194
Grand Total	329,999	14,454	344,453	160,758	151,701	312,459	656,912

Statistical Information

FREMANTLE PORTS ANNUAL REPORT 2012

MAJOR EXPORTS BY COMMODITY 2011/2012			
Commodity	% Tonnes	Mass Tonnes	Principal Countries (% Commodity Total)
Grain (includes Barley, Canola Seed, Lupins, Oats, Malt, Wheat)	30.3%	4,320,714	China (24.8) Japan (18) South Korea (11.8) Indonesia (7.7) Thailand (7.6) Saudi Arabia (6.4) Netherlands (4.1) Germany (2.9) Philippines (2.6) Vietnam (2.2) Iraq (1.7)
Alumina	20.3%	2,893,691	China (39.3) Australia (11.2) Indonesia (10.9) Bahrain (10.1) India (5.6) Malaysia (4.8) United Arab Emirates (4.1) Japan (3.4) Qatar (2.3) Egypt (2.1)
Iron Ore	12.8%	1,828,644	China (100)
Petroleum Refined	11.8%	1,683,112	Australia (88.7) Singapore (10.5)
Black Coal	3.4%	487,789	South Korea (52.6) China (47.4)
Metal Scrap	2.9%	407,063	Malaysia (28.6) Vietnam (17.7) Thailand (15.4) Indonesia (13.7) China (11.5) South Korea (4.6) India (2.9) Singapore (2.9)
Animal Feeds	2.3%	325,857	Japan (45.5) South Korea (19.1) Kuwait (5.9) Qatar (5.7) Israel (4.6) Turkey (3.1) Vietnam (2.9) Taiwan (2.7) Sri Lanka (1.8) Jordan (1.7)
Waste Paper	1.6%	229,478	China (40.1) Indonesia (38.1) Hong Kong (13.7) Malaysia (4.7) Thailand (1.4)
Sulphuric Acid	1.4%	200,703	Australia (53.3) Indonesia (11.4) New Zealand (10.5) Chile (10.2) Argentina (9.5) Malaysia (5.2)

Statistical Information

FREMANTLE PORTS ANNUAL REPORT 2012

MAJOR IMPORTS BY COMMODITY 2011/2012			
Commodity	% Tonnes	Mass Tonnes	Principal Countries (% Commodity Total)
Petroleum Crude	39.4%	5,359,701	United Arab Emirates (48.1) Indonesia (15.2) Malaysia (12) Australia (8.8) Vietnam (5.2) Saudi Arabia (3) Nigeria (2)
Petroleum Refined	7.1%	968,433	Singapore (74) Australia (11.3) Netherlands (4.7) Thailand (2.6) Japan (2.6) Indonesia (2.1) India (2)
Caustic Soda	5.8%	790,487	China (35.3) Saudi Arabia (34) Taiwan (18.2) United States of America (9.4) Philippines (3.2)
Cement Clinker	5.6%	766,535	Japan (42.2) Indonesia (27.7) Thailand (24.2) India (3.5) Malaysia (2.3)
Phosphates - Fertilisers	4.2%	569,688	United States of America (42.6) Morocco (15.3) Australia (11.3) South Korea (11) China (5.4) Christmas Island (2.6) South Africa (2.3)
Iron and Steel Products	4.0%	549,473	China (23.7) Australia (15.9) Taiwan (9.9) Malaysia (8.6) South Korea (8.6) Singapore (8.5) Japan (4.6) Thailand (4.1) Indonesia (3.7)
Chemicals and Related Products	2.8%	377,874	China (24.5) Australia (12.4) Thailand (8.6) Singapore (7.4) South Korea (5.9) Taiwan (4.9) Malaysia (3.7) Belgium (3.7) United States of America (3.7) Indonesia (2.3) Germany (2.3)
Sulphur	2.6%	347,991	Canada (100)

Statistical Information

FREMANTLE PORTS ANNUAL REPORT 2012

MAJOR EXPORTS BY COUNTRY 2011/2012			
Country	% Tonnes	Mass Tonnes	Principal Commodities (% Country Total)
China	33.25%	4,745,172	Iron Ore (38.5) Alumina (24) Grain (22.6) Black Coal (4.9) Waste Paper (1.9) Mineral Sands (1.7)
Australia	15.07%	2,150,093	Petroleum Refined (69.4) Alumina (15) Ships Bunkers (7.2) Sulphuric Acid (5) Petroleum Crude (1.2)
Japan	7.76%	1,106,683	Grain (70.3) Animal Feeds (13.4) Alumina (8.9) Nickel Matt and Concentrates (1.5)
South Korea	6.36%	908,151	Grain (56) Black Coal (28.2) Animal Feeds (6.8) Metal Scrap (2) Titanium Dioxide (1.7) Alumina (1.5)
Indonesia	6.21%	886,808	Grain (37.5) Alumina (35.6) Waste Paper (9.9) Metal Scrap (6.3) Sulphuric Acid (2.6)
Thailand	3.23%	461,560	Grain (71.4) Metal Scrap (13.6) Titanium Dioxide (2.8) Alumina (2.7) Hides and Skins (1.4) Mineral Sands (1.3) Other Crude Minerals (1.2)
Malaysia	3.19%	455,398	Alumina (30.3) Metal Scrap (25.5) Grain (15.2) Titanium Dioxide (6.4) Fresh Fruit and Vegetables (3.9) Waste Paper (2.4) Sulphuric Acid (2.3)
Bahrain	2.24%	319,035	Alumina (91.2) Sheep (5.4) Fresh Fruit and Vegetables (1.3) Animal Feeds (1.3)
Singapore	2.17%	310,030	Petroleum Refined (56.7) Dairy Products (8.7) Grain (7.7) Fresh Fruit and Vegetables (4.9) Metal Scrap (3.8) Unclassified Goods (2.9) Machinery-Agricultural Industrial (2.1) Non Ferrous Metals (1.8) Tallow (1.7) Titanium Dioxide (1.7)
Saudi Arabia	2.10%	299,412	Grain (92.5) Fresh Fruit and Vegetables (3.7)
India	1.74%	248,349	Alumina (64.9) Grain (8.7) Titanium Dioxide (6.4) Metal Scrap (4.8) Chemicals and Related Products (4.3) Mineral Sands (2.9)

Statistical Information

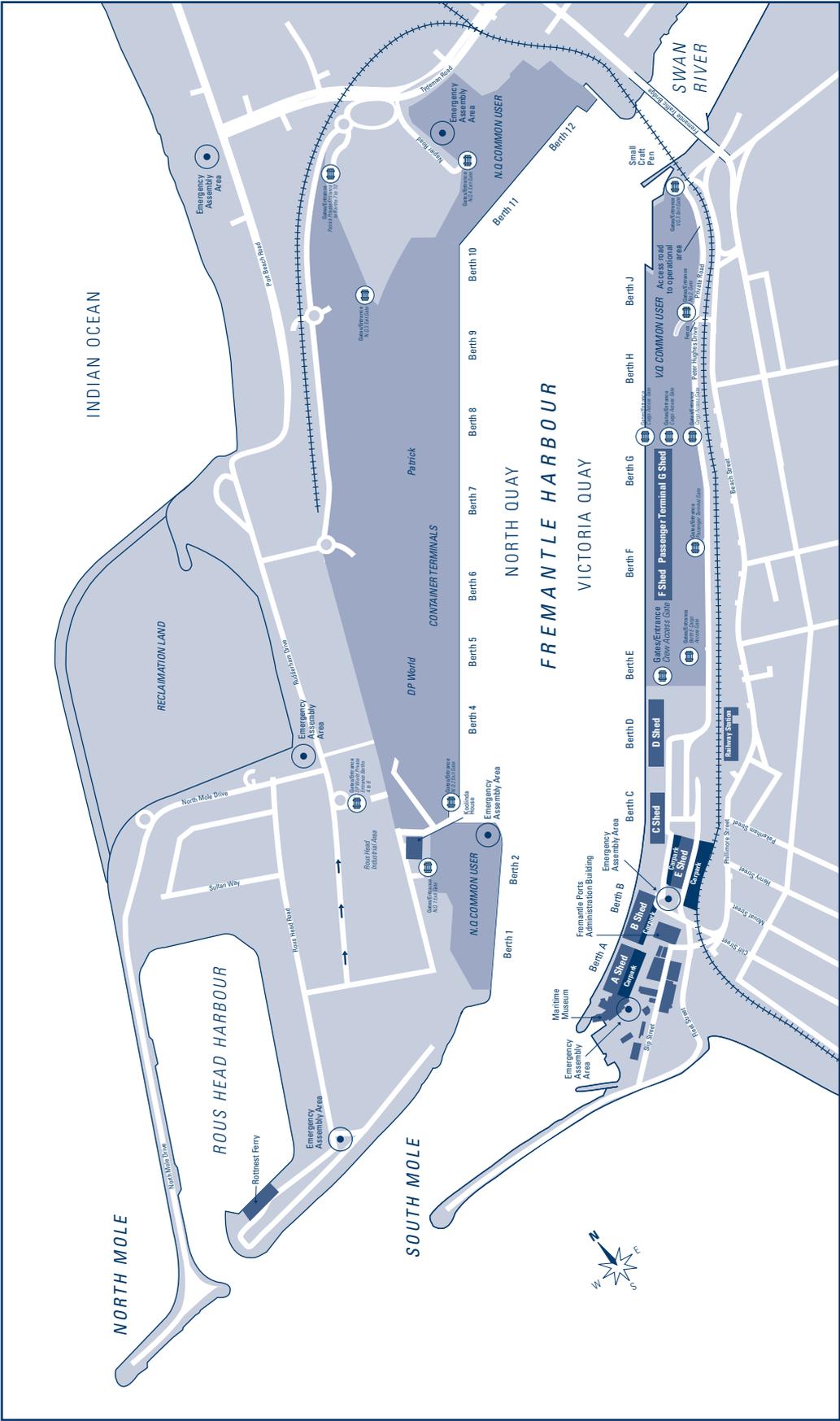
FREMANTLE PORTS ANNUAL REPORT 2012

MAJOR IMPORTS BY COUNTRY 2011/2012			
Country	% Tonnes	Mass Tonnes	Principal Commodities (% Country Total)
United Arab Emirates	19.5%	2,650,744	Petroleum Crude (97.3) Urea Ammonium Nitrate (Uan) (1)
Australia	11.8%	1,603,208	Petroleum Crude (29.3) Ammonia (7) Petroleum Refined(6.8) Iron and Steel Products (5.5) Paper, Paperboard and Articles of Paper Pulp (4.9) Fabricated Construction Materials (4.2) Phosphates - Fertilisers (4) Ale, Beer and Stout; Cider (Alcoholic) (3.1) Chemicals and Related Products (2.9) Manufactures of Metal (2.8)
China	8.8%	1,196,645	Caustic Soda (23.3) Iron and Steel Products (10.9) Manufactures of Metal (10.6) Chemicals and Related Products (7.7) Furniture and Parts (7.1) Machinery-Agricultural,Industrial (4.1) Bricks, Tiles, Pavers, (4) Miscellaneous Manufactured Articles (3.1) Plastic Wares and Other Manufactures (2.9) Rubber Manufactures (2.8) Phosphates - Fertilisers (2.6) Other Transport Equipment and Parts (2.1)
Indonesia	8.6%	1,171,764	Petroleum Crude (69.3) Cement Clinker (18.1)
Singapore	6.6%	896,287	Petroleum Refined (80) Iron and Steel Products (5.2) Petroleum Crude (3.5) Chemicals and Related Products (3.1)
Malaysia	6.3%	863,516	Petroleum Crude (74.4) Iron and Steel Products (5.5) Urea (2.8) Cement Clinker (2.1)
Japan	5.6%	756,195	Cement Clinker (42.8) Slag Residue Ex Steel Furnace (21.7) Motor Vehicles - New (9.6) Vehicles - Industrial and Agricultural (5.4) Gypsum (4.8) Rubber Manufactures (4.7) Iron and Steel Products (3.3) Petroleum Refined (3.3)
United States of America	4.4%	592,087	Phosphates - Fertilisers (41) Caustic Soda (12.5) Vehicles - Industrial and Agricultural (10) Potash (7.5) Machinery-Agricultural,Industrial (4.6) Other Transport Equipment and Parts (4.5) Rubber Manufactures (2.4) Chemicals and Related Products (2.3)
Thailand	3.5%	475,930	Cement Clinker (39) Gypsum (9.3) Chemicals and Related Products (6.8) Motor Vehicles - New (6) Petroleum Refined (5.2) Iron and Steel Products (4.8) Sugar (3.5) Manufactures of Metal (3.2) Plastic Wares and other Manufactures (3.1) Household Appliances (2.3)
Saudi Arabia	3.3%	449,374	Caustic Soda (59.9) Petroleum Crude (35.7)
Canada	2.7%	370,431	Sulphur (93.9)
Vietnam	2.4%	320,115	Petroleum Crude (86.3) Phosphates - Fertilisers (3) Furniture and Parts (2.1) Bricks, Tiles, Pavers, (2)

Statistical Information

Inner Harbour Map

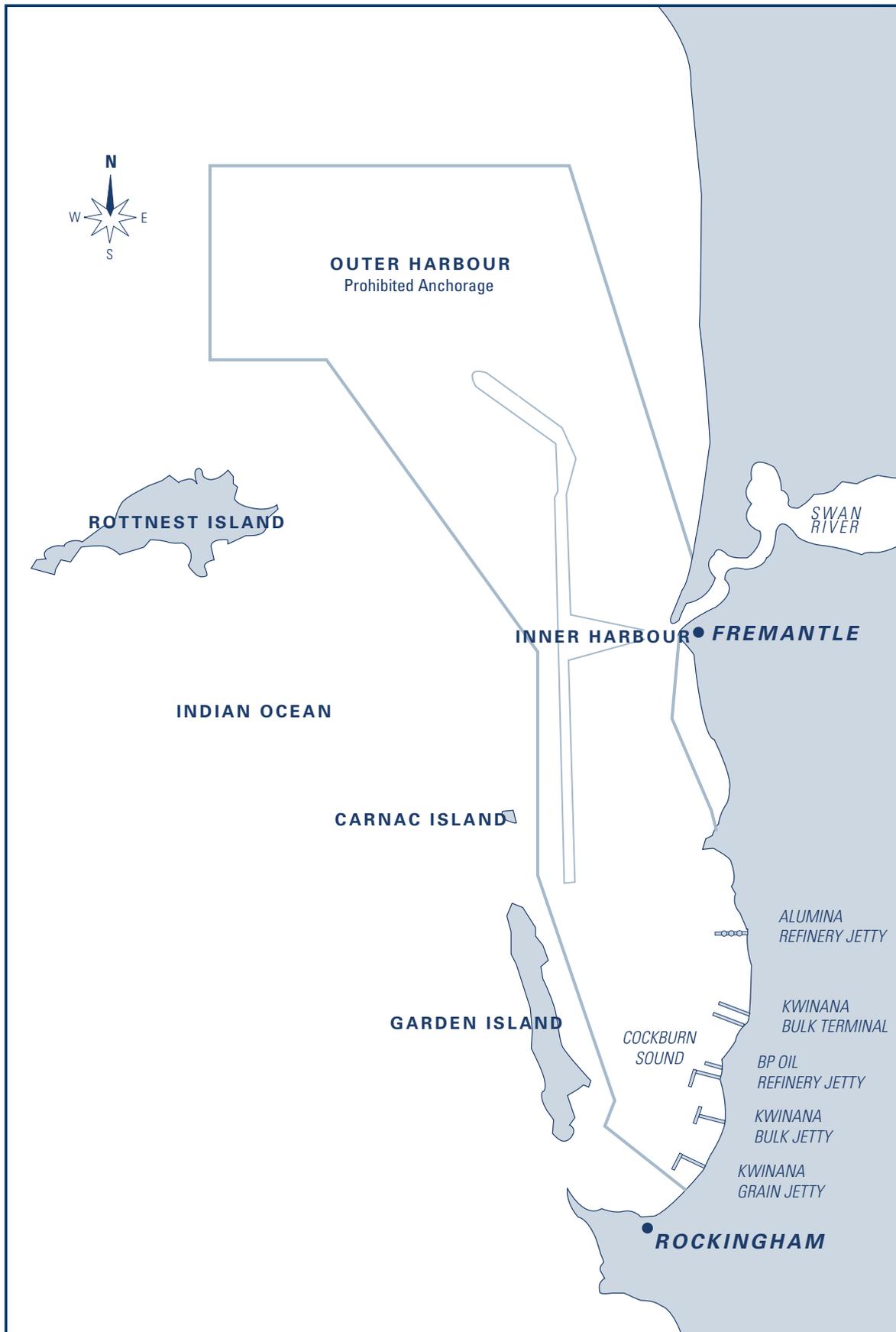
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Outer Harbour Map

FREMANTLE PORTS ANNUAL REPORT 2012



Publications, Abbreviations, Address

FREMANTLE PORTS ANNUAL REPORT 2012

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 can be reviewed and downloaded from 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

Contact

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

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

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

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

Phone: 61 (8) 9430 3555

Web: www.fremantleports.com.au and click on Contact Us

Mail: Write to us at
Fremantle Ports
1 Cliff Street, Fremantle
Western Australia 6160

Visit:
Fremantle Ports
1 Cliff Street, Fremantle
Western Australia 6160



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Fremantle Ports

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