



FREMANTLE
PORTS

2018

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 2013.

Jim Limerick

Chairman,

Board of Directors

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Total containers handled increased by 2 per cent in 2012-13 compared with the previous year.

HIGHLIGHTS

Strong trade growth

Trade overall was at record levels, up by 13.2 per cent on the previous year with particularly strong growth in bulk and certain break-bulk trades.

\$37 million

A strong financial performance resulted in an after tax profit of \$37.042 million, well ahead of forecast.

Landside logistics strategies developed

Landside logistics strategies developed in consultation with industry to improve coordination in the supply chain are making a difference, with less congestion occurring at peak periods.

Leasing of new land

Leasing of new land reclaimed at Rous Head through harbour dredging was finalised and construction of roads and services well advanced by year end.



Above: Construction of roads and other infrastructure on Rous Head land began in January 2013.
Top right: Electrical substation is lifted into position at Rous Head.
Bottom right: Maritime Day has become a major event on the port calendar.

Fremantle Port handled \$30.0 billion in trade in 2012-2013.

North Quay electrical network upgrade

The electrical network on North Quay was substantially upgraded with replacement of high-voltage switch gear and substation.

Increased efficiency

Detailed planning was undertaken for the extension of the North Quay Rail Terminal to increase the efficiency and capacity of rail freight operations, with State and Federal Government funding secured and tenders called.

Improved energy usage

A Greenhouse Gas and Energy Management Policy and framework have been adopted, formalising Fremantle Ports' commitment to the responsible management of energy use and reduction of greenhouse gas emissions.

High-level precinct plans

Development of high-level precinct plans with the City of Fremantle and the Public Transport Authority has been progressed in consultation with key stakeholders and wider community for the commercial precinct area on Victoria Quay, land adjacent to the Fremantle Train Station and Pioneer Park to achieve improved linkages and revitalisation of this area.

Worksafe 2012 Safety Award

Fremantle Ports won the Worksafe 2012 Safety Award for the Best Safety and Health Management System in the Public Sector and was a finalist in the Economic Development category of the 2012 Premier's Awards for the Inner Harbour deepening project.

20,000 people

Fremantle Ports' annual Maritime Day in August 2012 was an outstanding success, strongly supported by the Royal Australian Navy and port community and attracting an estimated crowd of 20,000 to Victoria Quay.



Dr Jim
Limerick

CHAIRMAN'S REPORT 2013

Fremantle Ports looks back on another year of growth in terms of trade, profit and return on assets.

Total port trade was up by 13.2 percent. This was well ahead of the forecast and was mainly due to iron ore exports at the Kwinana Bulk Terminal as well as a significant increase in grain shipments. Trade growth, strong budgetary control and proceeds from the termination of the Hismelt agreement contributed to a strong financial performance with an after tax profit in 2012-13 of \$37.042 million, an increase of 91.3 per cent over the previous year. A rate of return of 10.4 per cent on the deprival value of assets represents a substantial improvement on previous years.

After an increase of 9.7 per cent in container volumes in 2011-12 financial year, container trade growth eased back to two per cent this year. The high Australian dollar undoubtedly contributed to the growth in container imports in the previous financial year and the downward trend this year will have been a factor in the 2012-13 container trade outcome, with box imports decreasing. A pleasing outcome was the resurgence in containerised exports which increased by 8.6 per cent.

Fremantle Ports' trade in motor vehicle imports performed strongly again this year, up by 18.1 per cent. There has been fluctuation in this trade over the past five years in response to economic circumstances and although the Western Australian economy is continuing to perform well, the signs are for more modest growth in this trade over the next few years.

Getting more container freight on rail for transport to and from the Inner Harbour is a high priority and Fremantle Ports is working with the Department of Transport and private industry on strategies to increase the rail share of the freight task. At 14 per cent for 2012-13, the rail share is slightly ahead of last year's average and the State Government's decision to continue to subsidise containers on rail for five years has helped to provide some certainty for rail operators. A competitive tender process undertaken during the year for the provision of rail services and operation of the rail terminals at North Quay and Kewdale/Forrestfield put significant emphasis on efficiency improvements and strategies to achieve further growth in the market share for rail.

Commonwealth and State Government funding of \$38m has been secured for development of rail infrastructure enabling planning to proceed for expansion of the North Quay Rail Terminal and development of a "passing loop" at Spearwood. Tenders were called for the rail terminal extension in 2013 and both projects are due for completion by mid-2014.

Getting more container freight on rail for transport to and from the Inner Harbour is a high priority and Fremantle Ports is working with the Department of Transport and private industry on strategies to increase the rail share of the freight task.



The WA Port Governance Review, released by the State Government in March 2012, encouraged ports to identify and actively pursue opportunities for the private sector to invest in port infrastructure and to deliver port services, although privatisation of ports was ruled out. Fremantle Ports for some years past has entered into arrangements with the private sector, but during the year in review the Board and management have been looking closely at Fremantle Ports' business model to closely examine opportunities for further private investment and this will continue in 2013-14.

Another area of great importance is that of safety and it was very pleasing to see Fremantle Ports' efforts in this area acknowledged with receipt of the 2012 Work Safety Award for the Best Public Sector Workplace Safety and Management System (Worksafe WA). The Board and Executive have continued to focus on safety risk management and on ensuring that the culture of workplace safety permeates the whole organisation. We are still seeing lost time injuries, and achieving greater commitment and involvement from managers across the organisation is one of the strategies being implemented to help lower workplace safety risks.

Of significant concern in October and December 2012 were industrial stoppages related to negotiations for enterprise agreements. The issues were resolved but not before delays to shipping. Any interruption to shipping in Western Australia's capital city port is a severe blow to importers and exporters, with the community bearing the costs of the significant flow on effects.

Board members farewelled Ms Marie Malaxos during the year. Marie brought valuable experience to the work of the Board and her contribution during her term as a Director was highly valued. Fiona Lander, who joined the Board in August 2012, has a strong background in corporate affairs, human services and public policy development.

In conclusion, I thank fellow Directors of the Board and the Fremantle Ports Executive Team for their contribution over the past year. On behalf of the Board, I also thank the Hon Troy Buswell MLA, Minister for Transport for his keen interest in the port and the time and support he has given.

Jim Limerick
Chairman



Iron ore shipments from the Kwinana Bulk Terminal are contributing significantly to growth in Fremantle Ports' bulk business.



Chris
Leatt-Hayter

A major focus in terms of infrastructure is the development of the 27 hectares reclaimed at Rous Head through dredging. The additional land is an important opportunity for the port both to expand its cargo-handling capacity and to achieve efficiencies in landside logistics.

CHIEF EXECUTIVE OFFICER'S REPORT

As a government trading enterprise, Fremantle Ports' principal role is to ensure that trade needs both now and in the future can be met in a sustainable way. In the past year, we have progressed a number of important initiatives to that end, working closely with the Department of Transport, other State Government agencies, our customers and port industry.

A major focus in terms of infrastructure is the development of the 27 hectares reclaimed at Rous Head through dredging. The additional land is an important opportunity for the port both to expand its cargo-handling capacity and to achieve efficiencies in landside logistics. This expanse of white sand dredged from the ocean floor is undergoing transformation into a port operational area and by year end, the new truck marshalling area and associated truck stop facilities were in use. Installation of roads and services was well advanced and development of the lease areas by tenants is expected to be progressed during 2013-14. In planning for this area, community needs have also been well considered and the development provides for much safer public access to the ever-popular North Mole, along with other amenities.

The development of the Rous Head Industrial Park and extension of the North Quay Rail Terminal on adjacent land will help to ensure that Inner Harbour growth can be achieved with improved efficiency of freight movement.

The Western Australian Planning Commission's *Directions 2031* recognises the strategic role of the Fremantle Ports' Inner Harbour as a working port, with better integration of the supply chain a critical part of that. There have been some pleasing results this year from the co-operative effort put into this aspect of port operations, particularly in relation to reducing congestion at traditionally busy periods of the year. Further details are in the Landside Logistics section of this report.

Industry information is important in developing strategies for improving supply chain efficiency. An importer survey undertaken in 2012 has provided valuable insight into the level of involvement of importers in the supply chain processes, their issues and experiences.

General and break-bulk trades, which are handled at common user berths on North Quay and Victoria Quay, have continued to perform well, underwritten by the strength of the WA economy and, in particular, the requirements of resources projects such as Chevron's Gorgon gas project taking shape off the North West coast.

The growth in the break bulk sector of our business is resulting in competition at times for cargo-stacking space. In consultation with customers we have undertaken further work this year on identifying options to meet the growing demand in this sector. We have been looking at the viability of introducing some multi-level decking for motor vehicle imports when they are discharged at Victoria Quay and also at how operational systems could be adjusted to reduce dwell times for break-bulk cargo and thus free up wharf space.



Asset management and maintenance is also a high priority to ensure that we operate efficiently and cost effectively in servicing our customers and trade growth. One of the targeted areas this year was the Kwinana Bulk Terminal with major upgrades and modifications to infrastructure. New export chutes on the jetty conveyor will increase the load out rates for coal and iron ore. The well-executed maintenance shutdown to allow this work to go ahead required significant planning and consultation, with credit due to those concerned.

We have also undertaken significant consultation this year in relation to the development of high-level precinct plans for the commercial precinct at the western end of Victoria Quay and adjacent areas of Public Transport Authority and City of Fremantle land. The consultative approach has been well received and at the time of preparation of this report, the detailed planning was continuing.

We are heartened by the continuing strong community support with 83 per cent of people surveyed in the Inner Harbour area in favour of the ongoing operation of Fremantle's working port and we are very pleased that so many thousands came down to Victoria Quay for our Maritime Day in August 2012. This is now a well-established annual event, giving people a chance to get to know more about the port and to learn more about maritime careers.

Youth and education are areas we focus on in our community links, and among the initiatives supported this year were WA Surf Lifesaving's Life Skills for Life program in local schools and the iWomen program developed by the Kwinana Industries Council to encourage more female students to consider industry careers.

Many of our employees have volunteered their time this year in support of the community, from helping with fundraising events to coaching junior sporting teams, participating in environmental projects and serving on a myriad of committees and boards.

I take this opportunity to acknowledge Alec Myer who retired this year from his position as General Manager Corporate Operations. Alec gave exemplary service over 25 years and was held in high esteem and affection in our organisation. In 2006, he was the inaugural winner of the Chief Financial Officer of the Year Award in the WS Lonnie Awards.

In conclusion, I take this opportunity to add my appreciation to our Minister, the Hon Troy Buswell MLA for his support for key initiatives and to acknowledge our Chairman, Dr Jim Limerick and Directors of the Board for their valuable input on so many projects and issues. A warm thank you also to our very capable Executive Team and to employees across our organisation, many of whom have gone above and beyond to help achieve this year's success.

Chris Leatt-Hayter
Chief Executive Officer

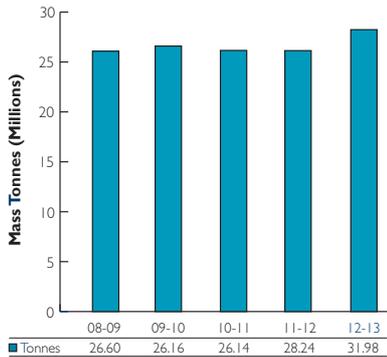


As growth occurs, increased space will be required for vehicle imports and other break bulk trades.

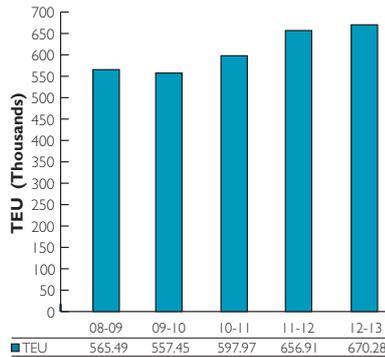


KEY BUSINESS RESULTS

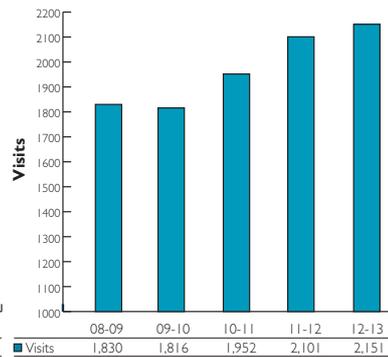
Total Port Trade (Mass Tonnes)
Comparison 2008-2009 to 2012-2013



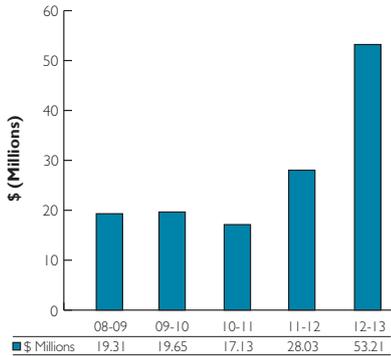
Total Container Trade - TEU
Comparison 2008-2009 to 2012-2013



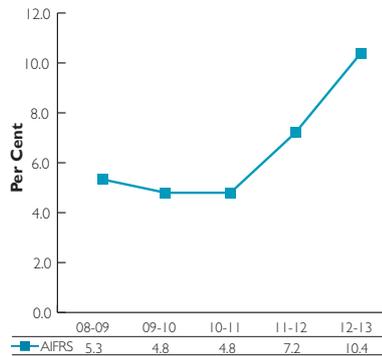
Total Ship Visits (excluding Naval)
Comparison 2008-2009 to 2012-2013



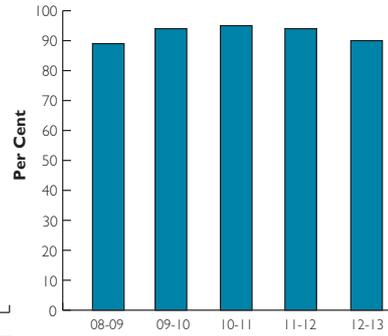
Operating Profit (Loss)
Before Income Tax Equivalent
Comparison 2008-2009 to 2012-2013



Economic Rate of Return on Assets
Comparison 2008-2009 to 2012-2013

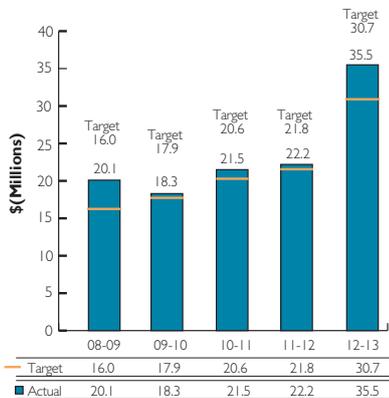


Shipping Line/Agent - Survey Services - 2008-2009 to 2012-2013
Level of Overall Satisfaction with Fremantle Ports' Services



In 2012-13, 90% of respondents were satisfied or very satisfied. Target range 80-90%

Fremantle Ports - Contribution to State Government 2008-2009 to 2012-2013





Fremantle Inner Harbour showing changed profile of Rous Head, with new land created through dredging



Kwinana Bulk Jetty

PORT PROFILE

Fremantle Port, within the Perth metropolitan area, is Western Australia's largest container and general cargo port as well as 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.

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.

The Inner and Outer Harbours are linked by rail to the intra-state and interstate rail networks.

Fremantle Ports provides and maintains shipping channels, navigation aids, cargo wharves, roads and rail infrastructure within the port area, moles and seawalls and other port infrastructure. Other services provided by Fremantle Ports include ship scheduling and berth allocation, port communication, pilotage (through a contract with Fremantle Pilots), pilot transport over water, mooring, stevedoring at the Kwinana Bulk Terminal berth, security services, emergency response, hazardous cargo services over common user berths, trade advisory services, property services and quarantine and waste disposal services.

Fremantle Ports has the ability under the *Port Authorities Act 1999* to license a range of port services. Non-exclusive licence agreements for towage services are in place.



View to Inner Harbour from East Fremantle

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 62 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.

Fremantle Ports' Board adopted a *Directors' Code of Conduct* in March 2013. This sets out the principles and desired behaviours for Directors. It is aligned with the *Fremantle Ports Code of Conduct* for employees and is in keeping with the guidelines issued by the Australian Institute of Company Directors, the Institute of Chartered Accountants and the Western Australian Public Sector Commission.



INTERNAL AUDIT

In accordance with the International Standards for the Professional Practice of Internal Auditing (standards) an external quality assessment of the Internal Audit function was undertaken in 2012 to confirm conformance to the standards, the Institute of Internal Auditor’s Code of Ethics and the Internal Audit Activity’s charter. This was undertaken by independent validation of Fremantle Ports’ Internal Audit Activity’s self assessment. Independent validation was provided by Sutherland Rose.

During 2012-13 the Audit and Risk Management Committee also reviewed and revised its Charter. This has subsequently been approved by the Board of Directors.

Fremantle Ports’ Internal Audit function is performed by internal and external personnel to provide the Board with an independent appraisal of the operation and effectiveness of systems and controls. It also helps Fremantle Ports to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the organisation’s risk management, control and governance processes.

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

Key operational reviews and audits undertaken during the year included:

- Fremantle Waterfront tenant compliance management
- Management of 2011-12 Kwinana Bulk Terminal construction phase
- Infrastructure security in relation to operational IT systems
- Security over mobile devices
- Information technology controls
- General ledger
- Training
- Post-implementation review of Port Management Information System and Voyager vessel management systems
- Risk management in projects
- Management of standing offer arrangements

Voyager, which was part of the audit program, is a port management information system for ship scheduling and managing resources for shipping movements.

VOYAGER Fremantle Ports port management system

Public Traffic Board
Traffic Vessels At Berth

Move #	Ship	Ship Type	Move Type	Move Status	Move Start	From Location
20131650	PHUETHON	TANKER	Remove	Completed	29/08/2013 02:29	No. 3 D.4.2
20131583	SCT VIETNAM	CONTAINER SHIP	Arrival	Completed	29/08/2013 02:30	SEA
20131664	BAGLE MILAN	TANKER	Arrival	Completed	29/08/2013 04:52	SEA
20131648	KONJUZ	TUG	Arrival	Completed	29/08/2013 05:45	SEA
20131650	TERAS 251	BARGE	Arrival	Completed	29/08/2013 05:45	SEA



Access to Victoria Quay's western end for fishing is valued by the community.

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, are an important part of the governance framework and continued to be applied this year to guide strategic and project planning, risk management and decision making, particularly in terms of policy development and testing the options.

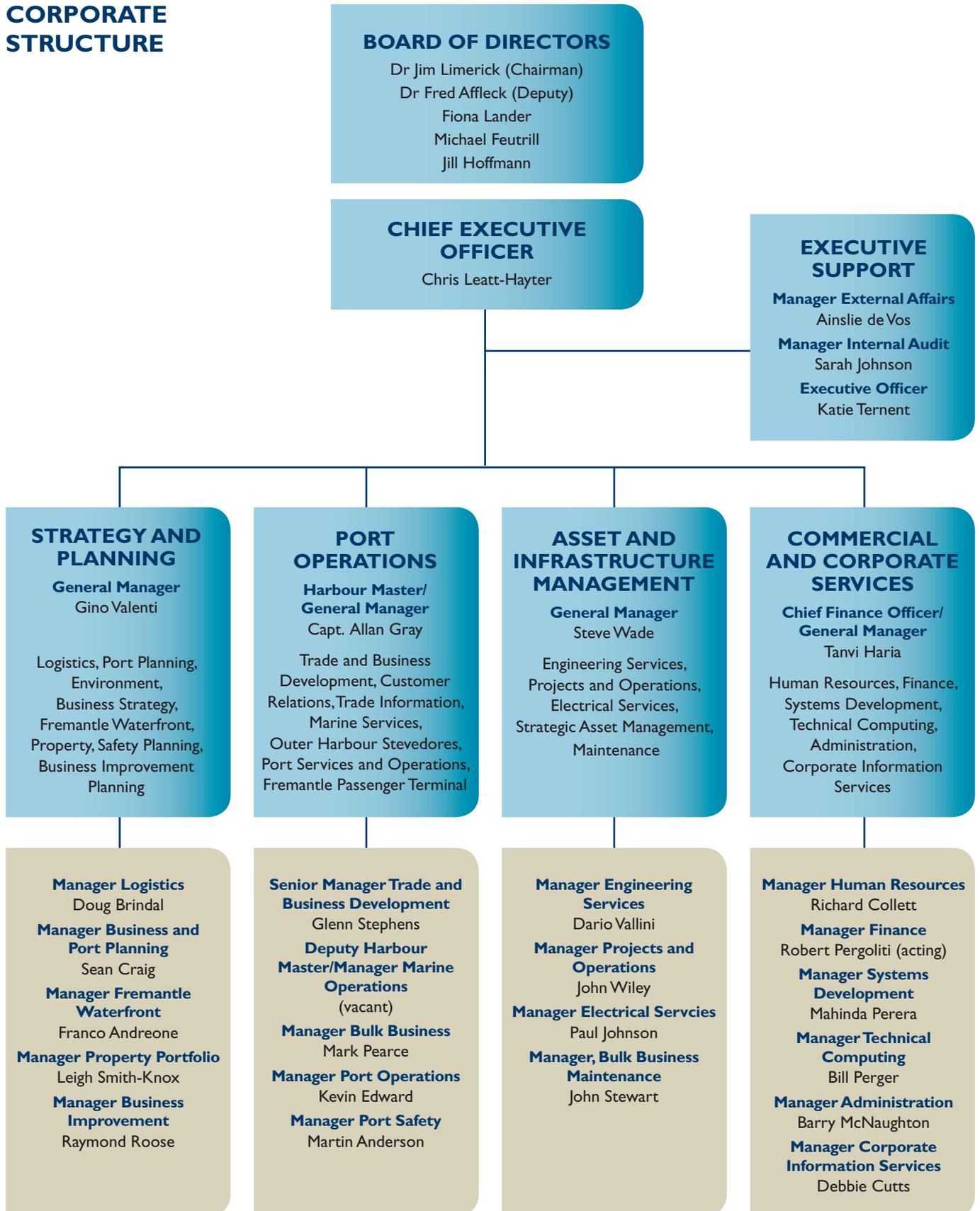
The Business Principles, which are aligned with the Corporate Values, have a strong focus on understanding the needs and expectations of key stakeholders, including ensuring commercially sound and justifiable outcomes, protecting the environment, reducing or minimising land transport impacts and being supportive of local communities.

Overview Operational Structure



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CORPORATE STRUCTURE





BOARD

Details of Directors of the Fremantle Ports Board are in the Directors' Report on pages 62 to 64.

EXECUTIVE TEAM



Chris
Leatt-Hayter

Chris Leatt-Hayter

Chief Executive Officer

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

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



Tanvi Haria

Tanvi Haria

Chief Finance Officer and
General Manager Commercial and Corporate Services

Tanvi Haria was appointed to Fremantle Ports' Executive Team in the positions of Chief Finance Officer/General Manager Commercial and Corporate Services and Secretary to the Board in February 2013. Tanvi brings more than 25 years of broad business and commercial experience in strategic and corporate governance and financial management gained in a variety of industries. She joined Fremantle Ports in 1998 and held the position of Manager Finance for over 12 years. Tanvi has tertiary qualifications in business and accounting, is a Certified Practising Accountant and an Affiliate Member of the Australian Institute of Company Directors.



Steve Wade

Steve Wade

General Manager Asset and Infrastructure Management

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 immediate past 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, 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.



Alec Meyer

Alec Meyer

General Manager Commercial Operations and Chief Finance Officer
(until February 2013)

Alec Meyer, who joined Fremantle Ports in 1988, retired in February 2013 as General Manager Commercial Operations and Chief Finance Officer after 25 years' service in this role. Alec brought 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.

Overview Performance Management Framework



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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.
	Results: Rous Head Industrial Park infrastructure construction well advanced. 90 per cent of shipping lines and agents surveyed were satisfied with Fremantle Ports' services.		
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.
	Results: Total port trade up by 13.2 per cent. After tax profit of \$37.042 million, well ahead of forecast.		
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.
	Results: Landside logistics focus achieved improved supply chain coordination. Tenders called for North Quay Rail Terminal extension.		
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 surveys.
	Results: Certification to Standards maintained. WA WorkSafe Award in 2012.		

Results of the measures are reported on in the relevant sections of this report.



A number of State Government agencies, including Fremantle Ports, the Public Transport Authority and Office of State Heritage are participating in the current precinct planning for the Commercial Precinct on Victoria Quay and adjacent land shown above.

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, Department of Planning, Fire and Emergency Services, Western Australian Police Service and the Department of Environment and Conservation. Examples of areas in which there has been close liaison with other agencies this year are:

- Rous Head infrastructure development
- Improvements to landside logistics
- Port security
- Environmental monitoring,
- Fremantle Waterfront precinct planning.

Performance Corporate Scorecard



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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

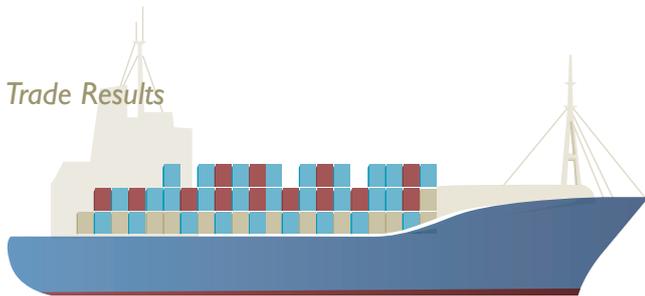
Financial Results

Target

\$24.696m
profit after tax

Result

\$37.042m
profit after tax



Trade Results

Total trade - Annual growth rate

6.5 %

13.2%



Containers - Annual growth rate

2.0%

4.0%

Customer Satisfaction

Target 80-90%

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

Result 90%

90% of shipping line customers satisfied with services provided by Fremantle Ports, based on shipping line/agents survey.

Service Delivery

Inner Harbour – Container Vessel

Unavailability of Services

<1%

0

<5

0

Total vessels affected

Average hours per delay

Unavailability of Berths

<12%

6.3%

<20

18.3

Total vessels affected

Average hours per delay

Kwinana Bulk Terminal

Unavailability of Services

<1%

0.01%

<5

25.3

Total vessels affected

Average hours per delay

Unavailability of Berths

<25%

49.3%

<80

112

Total vessels affected

Average hours per delay

Kwinana Bulk Jetty

Unavailability of Services

<2%

2.9%

<5

19

Total vessels affected

Average hours per delay

Unavailability of Berths

<25%

17.8%

<50

73.8

Total vessels affected

Average hours per delay



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>
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<p>Overall risk profile</p>	<p>Target Continue to implement treatment actions to ensure risk profile is reduced.</p>	<p>Result The total number of risks rated greater than 'moderate' was 11. Over the past five years, risks greater than moderate have been reduced by 73 per cent from a peak of 42 in 2008.</p>
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<p>Time lost to injuries</p> 	<p>Target Zero lost time injuries.</p>	<p>Result 14</p>
	<p>Target Reduce workplace injuries.</p>	<p>Result The number of workplace injuries was 43 compared with 64 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 external audit.</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 73% Outer Harbour 58% Support for the Inner Harbour in its role as a busy working port was: Inner Harbour 83% Outer Harbour 82%</p>
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<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. Attention given to reducing truck traffic impacts for East Street residents.</p>
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OBJECTIVE:

Providing reliable and efficient services that meet customer expectations

Key outcomes sought:

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



Work undertaken at the Kwinana Bulk Terminal has improved operational efficiency.

Bulk Terminals maintenance

A shutdown of the Kwinana Bulk Berth 2 occurred from 15 to 27 March 2013 to enable major upgrades and modifications to the ship loader and unloader, conveyors and infrastructure.

The works carried out were to:

- improve load out rates to match optimal landside cargo handling rates
- upgrade ageing infrastructure
- reduce the risk of product spillage.

The deconstruction of a ship unloader which had been used to unload products for CSBP's fertiliser plant was a significant project completed this year. The unloader had passed its service life, was expensive to maintain and had been unused for the past two years. CSBP is currently using either Fremantle Ports' Siwertell auger-style unloader or ships' gear and hoppers to unload their cargo from ships at this jetty.

Electrical substations upgrading

Work is well advanced on the upgrading of high-voltage electrical infrastructure across North Quay. This is a major project which is necessary to improve the security of electricity supply to port tenants and to minimise operational risk to employees undertaking the high-voltage switching. It also involves installation of electrical infrastructure to service the new tenancies on land reclaimed at Rous Head and now being developed.

Three new 11kV intake substations from Western Power are now fully operational as part of the overall project, with the overall project scheduled for completion in the first half of 2014.



Pilot boat *Parmelia* undergoing re-fit.



Parmelia back in action.



Licensing of towage services was first introduced in Fremantle Port in 2001.

Small craft capability

The pilot boat *Parmelia* was fitted with two new engines. This vessel, one of two operated by Fremantle Ports to transfer marine pilots to and from shipping, has been in service for ten years. The new engines are smaller than those replaced but have a higher horsepower, enabling fuel economy without loss of performance.

The engine replacements and other refurbishing have avoided the cost of replacing *Parmelia* with a new pilot boat for some years to come.

A new 3D mapping system installed on Fremantle Ports' response vessel *FP Response* is enabling harbour maintenance dredging to be done more simply and accurately.

The combined 2D plotting system and 3D mapping system takes depth soundings and when it has enough information it builds a 3D topographical profile of the bottom that is accurate to within 10 centimetres. This gives a very accurate image of the harbour floor, with fine details of the depths of the berths and showing any high spots that need to be smoothed out.

Towage licences issued

Non-exclusive towage licences for a maximum term of seven years were finalised in June 2013 with Svitzer Australia, Total AMS and PB Towage Australia. A further licence has been issued to Defence Maritime Services for towage services to naval vessels. The licences will expire on 31 May 2020.

Fendering and wharf decking

A damaged section of decking on North Quay Berth I was replaced with a new section of deck. As well as installing a new timber beam, this involved the installation of three new piles along the front of the deck, steel beams to support the new structure, and new deck steel reinforcement.

Work of this kind requires careful scheduling to enable the maintenance to be carried out in a way that does not interrupt shipping requirements.

Design work was completed and tenders called for installation of new fendering for E Berth on Victoria Quay and part of D Berth.

In 1997, almost two thirds of the D Berth timber fendering was replaced with steel piles, steel beams and conical rubber fenders. With the increased size of ships now using these berths, the remaining section of wooden fendering on D Berth and all of the E Berth fendering will be replaced.

The new fendering system has been designed to be totally independent of the existing wharf and thus able to be incorporated into any future new wharf structure. It is expected to be completed in April 2014.



The new buoy being trialled has better stabilisation, safer storage of electronics and batteries, advanced communication and monitoring technology for maintenance purposes and tracking and rubber mooring, which keeps the buoy in correct position.



Core sampling for geotechnical analysis at the Fremantle Rail Bridge.

Increasing reliability of navigation aids

Fremantle Ports' navigational lighting system of buoys and beacons is critically important for the safe passage of ships in and out of port. Three navigation buoys and their associated mooring systems have been replaced as part of a three-year program to improve the efficiency, reliability and longevity of navigation aids.

A new buoy type being trialled has a wider base, which stabilises movement in rough weather conditions and makes working conditions safer for technical personal when carrying out maintenance. Improved electronics within the buoys provide intelligent monitoring of battery voltage, solar power and light condition.

A new mooring system being trialled for the navigation buoys uses rubber ties which have a longer lifespan than chain. As the rubber is continually stretching, there is also less marine growth.

Rebuilt conveyor system commissioned

An underground conveyor system destroyed by a coal stockpile fire in 2007 has been completely rebuilt to be safer and more efficient and is now operating with iron ore fines at the Kwinana Bulk Terminal.

The newly reconstructed tunnel and conveyor system commissioned during the year includes an automated feed chute, cameras for remote operation, and construction to current Australian Standards and legislation. The automated system reduces the exposure of staff to potential injury and cameras provide immediate visual feedback to the control room on the effect of any changes to belt speed or product feed rate.

Rail Bridge protection

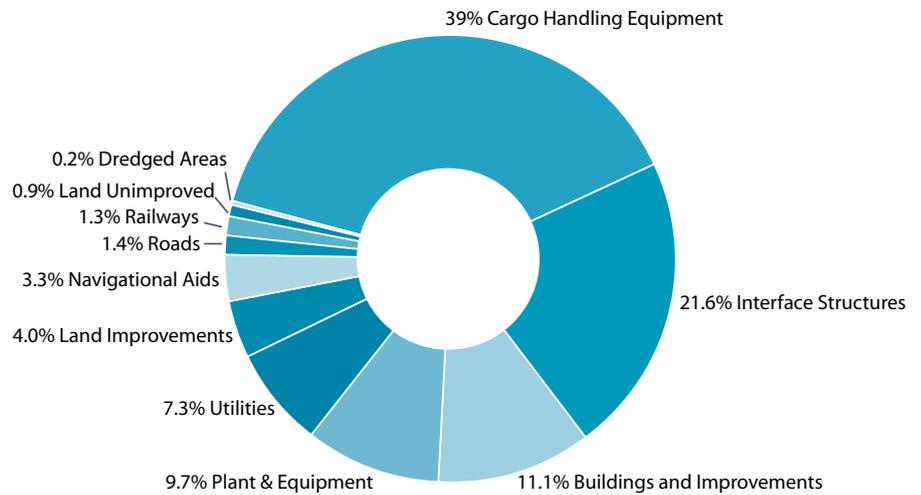
In preparation for constructing some protective piling to prevent vessel collisions damaging the Fremantle Rail Bridge, geotechnical work was undertaken to test soil composition and design was finalised.

This is a Public Transport Authority project, with Fremantle Ports assisting. Statutory consultation with Aboriginal elders was completed in relation to the planned installation of the protective piling and an application under Section 18 of the *Aboriginal Heritage Act 1972* was granted.

Fremantle Ports has made some procedural changes to reduce the risk of vessel collision with the bridge and at the time of preparation of this report the timing and urgency for the project were under review by the PTA.



**Fremantle Ports
Asset and Infrastructure
Management Division
Asset Maintenance
and Service Costs
2012-2013**



Woodman Point Jetty safety work

Although the Woodman Point Jetty is no longer in Fremantle Ports' waters, urgent work was undertaken in January 2013 for the safety of the public.

The two wings which formed part of the tee head at the seaward end of the jetty were demolished, with the steel support piles cut off at seabed level. Some local areas of concrete damage were also repaired.

The demolition works were agreed with the Department of Transport as a necessary public safety step in light of the difficulty in maintaining a prohibited access zone. Barricading and fencing previously installed to keep people out of the unsafe seaward end of the jetty had twice been vandalised.

The long-term future of the jetty is being considered.

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 2012-13 financial year was 3473, with a further 5791 processed for regional ports in Western Australia.

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.

Security systems enhancements to the MSIC system were implemented this year to directly support the Federal Government's continuing measures to strengthen security at the nation's sea ports.



Telstra Area General Manager Guy Champion (left), Harbour Master/General Manager Port Operations Captain Allan Gray (centre) and Phil Scanlon, of Fremantle Sea Rescue, check out the 4G capacity on their mobile phones at the Signal Station.

4G mobile network

Mobile communications in and around the Inner Harbour have been significantly enhanced with Telstra's installation of 4G mobile network technology on the observation deck of Fremantle Ports' administration building.

Those with compatible mobile phones, tablets or data modems now have much faster access to the internet, with significant benefits for commercial shipping and recreational boating. Information such as tidal movements and weather data can be downloaded at speeds up to five times faster than 3G networks.

Anemometer refurbished

From its location on the signal station tower, Fremantle Ports' anemometer measures Inner Harbour wind speed and direction. The device had become worn over time and was serviced this year to ensure accuracy of the data streams to Fremantle Ports' Signal Station and Administration Building foyer.

The data is used by Vessel Traffic Services Officers assessing requirements for safe navigation of ships entering and departing port.



Hydrographic Coordinator, Jay Illingworth organised the anemometer servicing.



OBJECTIVE:

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

Key outcomes sought:

- Completing important planning projects critical to our future.

Bulk business

Work has been completed on investigating designs and cost estimates for Kwinana Bulk Terminal import and export infrastructure upgrade projects to facilitate additional trade.

Rous Head Industrial Park development

Development of new land reclaimed at Rous Head as a product of harbour and channel deepening is progressing well. The 27 hectares represents about 20 per cent of the overall area of Rous Head and has provided an important opportunity to expand availability of Inner Harbour land and to plan the area to improve landside access and efficiency.

Following an Expressions of Interest process, agreements have been reached with proponents to establish new or expanded port-related developments. The new leases include a range of performance measures aimed at improving the efficiency of landside logistics associated with Inner Harbour operations.

Part of the land will be used for truck marshalling to provide improvement to traffic flows, especially when truck congestion is occurring. Other land uses include container logistics, storage, short-term warehousing and empty container parks. The design of the area will improve traffic flows and allow for the consolidation of some operations onto larger sites. The relocation of some operations will also release land to allow for the extension of the North Quay Rail Terminal so that longer trains can be handled.

The new truck marshalling area (TMA) and associated Caltex truck stop, with improved amenities for drivers were opened in June 2013. The TMA has an electronic call-up system for drivers to let them know when it is their turn to enter the container terminals to deliver or collect sea containers.

Fremantle Ports awarded a \$13m contract to local civil and mining contractor Brierty Ltd to construct roads and install services on the reclaimed land. Construction of the roads and other infrastructure started in January 2013 and is expected to be completed towards the end of 2013.



A new vehicle fuelling centre and truck stop facility were completed at Rous Head.



Truck marshalling area.



A new public access road with dual use pedestrian/cycle path is currently under construction, providing improved and safer public access to the very popular North Mole. The Rous Head development also includes plans for a landscaped public area with seating, shade and a viewing platform next to the southern end of Port Beach.

Fremantle Ports has registered the Rous Head Industrial Park construction works for an Infrastructure Sustainability rating with the Australian Green Infrastructure Council. This is a member-based industry association committed to the delivery of more sustainable, innovative outcomes in the planning, design, engineering, environmental, financial, construction and social aspects of infrastructure development. Members include both public and private organisations.

Landside Logistics

Rail

A tender process to determine the future operator of the North Quay Rail Terminal was finalised, and Intermodal Link Services (ILS) was appointed for the next five years. The tender covered the management and operation of the North Quay Rail Terminal, growth of rail volumes, and development of intermodal facilities in the Kewdale/Forrestfield area.

In association with this, the State Government accepted recommendations that financial assistance to rail services should be maintained for another five years. This provides some certainty to rail operators that government support will continue, rather than having the funding on a year-to-year basis only.

While ILS has forecast strong growth in rail volumes over the five-year period, slower than expected trade growth and strong road competition has so far limited rail expansion.

Commonwealth and State Government funding of \$38m was secured for development of rail infrastructure, enabling planning to proceed for expansion of the North Quay Rail Terminal and development of a “passing loop” at Spearwood. Both projects are due for completion by mid-2014.



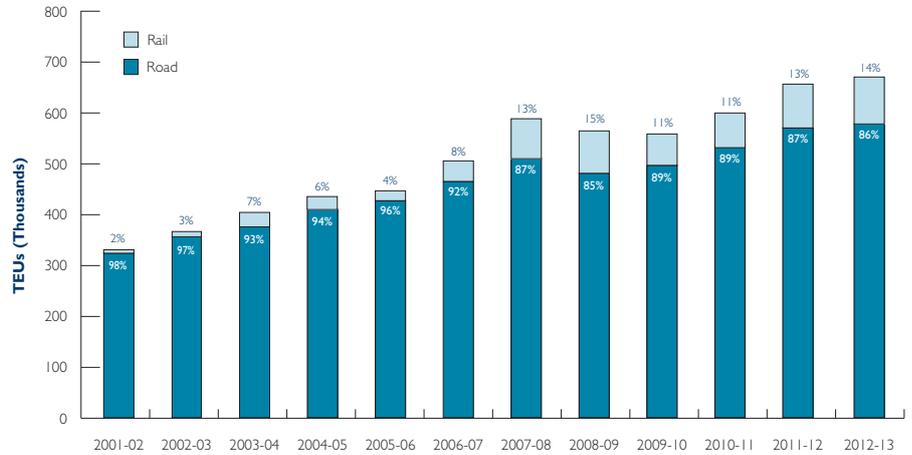
Increased use of rail for transporting containers to and from the Inner Harbour terminals is a key strategy for managing trade growth in a sustainable way.

Performance Capability for the Future



FREMANTLE PORTS ANNUAL REPORT 2013

Market Share of Containers on Rail TEUs 2001-02 to 2012-13



Road

The annual truck survey carried out in September indicated a lower level of truck productivity than in previous years, due mainly to an increase in empty running. In discussion with industry a number of possible causes for this were suggested but most of this was based on anecdotal and partial evidence. As a result, Fremantle Ports has begun a thorough investigation into trucking operations at the port and possible means to improve productivity. This study is due for completion in late 2013.

Significant steps were taken to improve the servicing of trucks through the container terminals and empty container parks (ECPs). A booking system for trucks at ECPs is now fully operational and has resulted in more orderly truck arrivals to the benefit both of park operators and road carriers. Changes to terminal operating procedures have resulted in historically low truck turn times, significantly better than the Australian average.



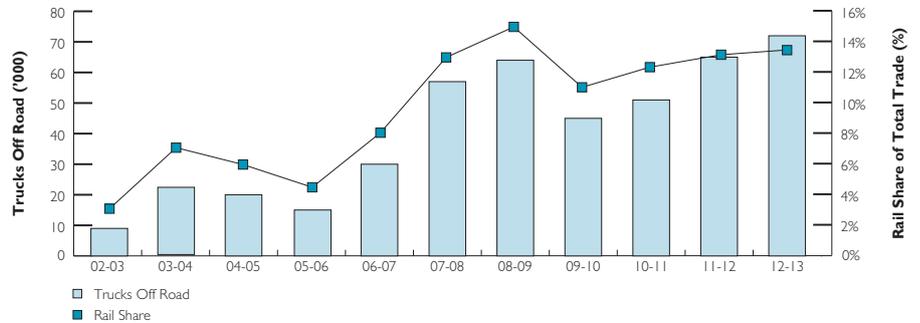
Reducing average turnaround times is one of the goals in overall improvement of truck productivity.



Variable messaging signs are in use to provide directions for trucks in normal and congestion conditions.



Trucks off road and rail share



Peak Season

Following a difficult Christmas peak season in 2011 due to an unprecedented spike in import volumes, Fremantle Ports worked closely with industry through the WA Port Operations Task Force to ensure the 2012 peak operated smoothly. A range of measures was introduced and these proved successful. The general consensus was that 2012 was one of the best-managed peak seasons for a number of years.

Importer Survey

Following on from the exporter survey conducted in 2011-12, Fremantle Ports undertook a survey of container importers via an online survey and face-to-face interviews with major participants. The survey focused on operations at importer premises, peak season planning considerations and issues related to container logistics.

The importer sector is notoriously difficult to communicate effectively with due both to the large number of small businesses involved and the fact that most importers prefer to leave port-related matters to their agents. Despite this, a response rate of almost 50 per cent was achieved, a good result for this type of survey.

Workshops were held with industry participants to discuss survey findings and prioritise future actions. One of the major findings related to the lack of engagement of the importer sector with the supply chain and a range of actions was identified to address this. A working group of industry participants is being set up to take these actions forward.



Senior Logistics Analyst Jennifer Hall ran a series of industry workshops in April, relating to the importer survey.



Monitoring performance and promoting higher standards of service delivery



Zhen Hua arrives from Shanghai with a new crane for Asciano's Patrick Terminal at North Quay. Three other cranes on board were bound for Patrick terminals in Brisbane and Melbourne.

The opening up of a number of new sites on the reclaimed land at Rous Head has provided an opportunity to incorporate key performance indicators into new leases. These indicators will enable performance of port service providers to be monitored on a continuous basis. Incentives and penalties will be applied to maintain and, where possible, improve performance. Fremantle Ports' aim is to widen the application of key performance indicators as existing leases come up for renewal.

Post-panamax cranes delivered

Two new cranes were delivered to Asciano's Patrick Terminal at North Quay during the year. The cranes, manufactured in China, are used to load and unload containers from large container ships now calling at Fremantle.

Victoria Quay Waterfront

Precinct plans take shape



The enabling precinct plans being developed will provide a greater level of land use detail and will be used as a framework in the future to assess specific development proposals.

Fremantle Ports engaged Fremantle-based CODA Studio to provide urban design services in the preparation of three precinct plans for the Commercial Precinct area of Victoria Quay, and the areas surrounding the Fremantle Train Station and Pioneer Park.

In co-operation and close consultation with the Public Transport Authority and the City of Fremantle, and in consultation with community, the aim is to achieve further revitalisation of these areas. Achieving improved links and integration with Fremantle city central is another important aim and opportunity.

The three plans being developed will provide a framework that will guide future development proposals for the areas nominated. It is envisaged that when ultimately developed, the Commercial Precinct on Victoria Quay will include an office component, an appropriate level of retail uses, cafes and restaurants as well as public spaces, walkways and plazas.

Key issues analysed include town planning, urban design, transport and traffic, economic development, land uses, social, cultural and heritage issues and environmental considerations.

There has been wide-ranging community input into the development of the high-level plans. Consultation undertaken included meetings with community representatives, a community workshop and a planning development and design forum, followed by design studio and community feedback sessions.

Interested members of the community and other stakeholders will be invited to attend community open days once the preferred plans have been developed to a stage where they are ready for presentation.



Students at the University of Notre Dame were among those consulted on the precinct planning.



OBJECTIVE:

Promoting and facilitating trade and business growth opportunities

Key outcomes sought:

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



Fremantle Ports' Inner Harbour handles almost all of Western Australia's container trade.



There were 216 visits from vehicle carriers during the year.

Working with Customers

Fremantle Ports has continued to conduct a regular formal customer liaison program. This has been successful in developing positive relationships and customer loyalty. The information provided by customers during the year has allowed Fremantle Ports to understand not only the priority areas when dealing with customers but also to assist in forward planning for port infrastructure such as cargo-handling equipment.

Fremantle Ports has introduced quarterly catch-up meetings with major customers and this has been successful in improving communication.

In the 2012-13 annual survey of shipping lines, 90 per cent of respondents were satisfied or very satisfied with Fremantle Ports' services.

A motor vehicle forum held in August 2012 with representatives from the imported motor vehicle industry examined the value chain and agreed actions towards achieving improvements.

As a result of findings in a break-bulk customer forum, a break-bulk reference group with the assistance of industry conducted trials with steel imports which involved importers remaining open longer and an off-wharf distribution centre which proved successful. However, industry was reluctant to continue trials due to extra costs involved.

The motor vehicle import trade increased by 18.1 per cent over the past 12 months, exceeding forward projections. An increasing factor in availability of stacking space on Victoria Quay is the use of the specially constructed heavy-duty ramp on H Berth for roll-on roll-off project imports which take up considerable stacking area. There is a need to provide sufficient stacking to cater for anticipated growth in new motor vehicle imports and the ability to handle shipments of up to 6000 vehicles.

Fremantle Ports has undertaken further investigation this year on the feasibility of introducing multi-level car decking and is also looking at how to achieve greater efficiency in discharge operations to reduce the number of days it takes to clear a large shipment from Victoria Quay.



Re-commencement of lead exports

Rosslyn Hill Mining (previously Magellan Metals) began lead exports from Fremantle Ports' Inner Harbour in April 2013.

The product arrives at the port by rail in double-bagged form within locked sea containers which have been inspected independently at the mine site before departure. There are strict compliance conditions associated with the Ministerial approval for the export of the lead. The company is reporting its monitoring results to Fremantle Ports which then forwards these on to its Inner Harbour Community Liaison Group. The results of monitoring are publically available on the company's website.

The company estimates the annual tonnage through Fremantle to be 95,000 to 98,000 tonnes.

Cruise Shipping

Fremantle Port had 17 visits in 2012-13 compared with 40 the previous year.

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. Also contributing to the reduced number of calls was the cancellation of *Athena's* summer cruise season in Australia when the operator, Classic International Cruises went into voluntary administration.

One of the visitors calling for the first time at Fremantle was the huge cruise liner, *Voyager of the Seas*. This ship, which carries up to 3,800 passengers, called on 9 March. *Celebrity Solstice* called at Fremantle Port on 15 February for the first time and *Queen Mary 2* was back for a fourth visit on 26 March.

Fremantle Ports looks forward to welcoming a new cruise liner to Fremantle in December 2013, when the 620-passenger capacity *Astor* arrives for its inaugural seasonal basing. The *Astor*, which is on charter for three years to privately owned cruise operator Cruise and Maritime Voyages, will make 15 calls in its first season based in Fremantle.

Complimentary wi-fi for cruise ship passengers

Fremantle Ports, with support from Tourism WA, has installed a wireless connection for cruise ship passengers and the visiting public while they are in and around the Fremantle Passenger Terminal on Victoria Quay.

The complimentary internet connection helps passengers to plan their day in WA as well as enable them to check their emails and social media while off the cruise vessel.



Queen Mary 2 departs port, with STS Leeuwin the foreground.

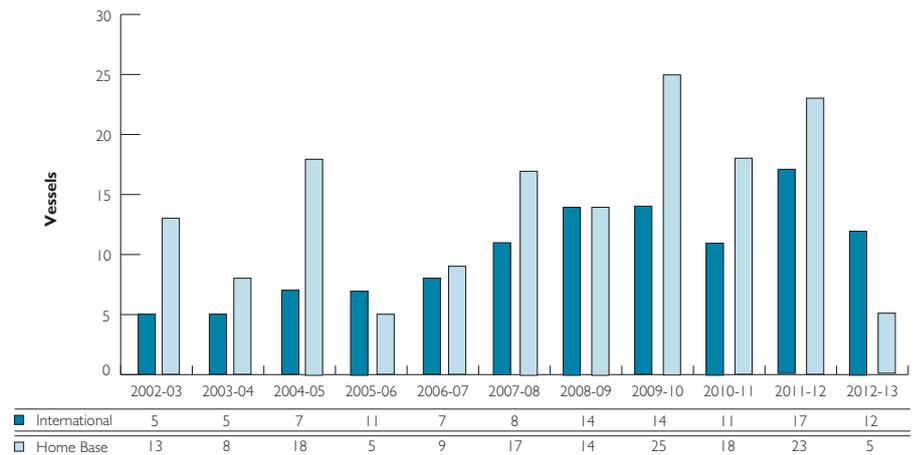


Fremantle Ports has received positive feedback on the availability of wi-fi in the Fremantle Passenger Terminal.

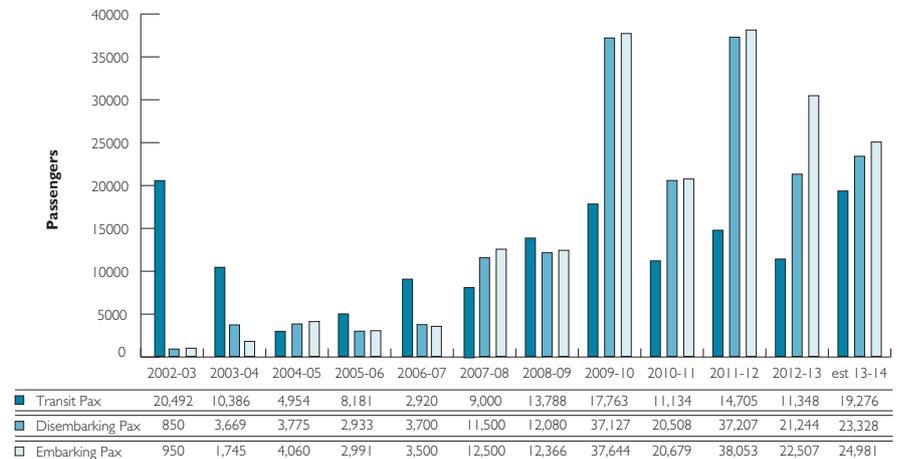


Passengers can also make the most of their Fremantle visit by downloading Tourism WA's free 'Experience WA Mobile App', which has information on thousands of places to see and explore in the metropolitan area and around the State.

Cruise vessels visiting Fremantle Port



Passengers through Fremantle Port



Property management

Since taking over the management of the E Shed Markets in 2011, Fremantle Ports has undertaken significant upgrading of the premises.

Promotion of E Shed Markets as a visitor destination has also been stepped up and Fremantle Ports has initiated and coordinated a number of free activities to attract patrons.



E Shed Markets, Victoria Quay

An internal team was established to review Fremantle Ports' property inspection program and to make recommendations in relation to the nature of any future programs, including type and frequency of inspections and the process of managing follow-up actions.

The outcome sought is to ensure that tenants' and Fremantle Ports' obligations in respect to leases are discharged, contributing to improved safety and environmental performance, improved relationships, reduced liability risk and protection of assets.

Rous Head Marina

Fremantle Ports is continuing to progress plans for the development of a new recreational marina within Rous Head Harbour. Following a multi-stage public request for expressions of interest process, Fremantle Ports selected a preferred proponent for the development in 2012. Negotiations have been continuing since to finalise a development agreement and long-term lease under which the proponent will develop and operate the proposed facility.

While there are a number of significant challenges associated with the project that still need to be overcome, Fremantle Ports is confident that the agreements will be finalised in the near future and that a development application will be submitted to the Western Australian Planning Commission. Current plans for the site allow for the provision of more than 150 marina pens, 400 dry storage pens and a substantial commercial development that will potentially include cafés, restaurants and other marina-related businesses.

Flotel visit

The first floating hotel (flotel) and service vessel in the world to be built exclusively for the offshore oil and gas industry visited Fremantle for a few days in February. *MV Edda Fides* can accommodate up to 600 people and has a 1400m² deck area, hospital and helicopter deck. The ship was working in Bass Strait before arriving in Fremantle and leaving for Singapore.



MV Edda Fides was an unusual visitor to the Inner Harbour.

Duyfken returns

The Premier, the Hon Colin Barnett MLA visited Victoria Quay on 23 September 2012 to welcome the *Duyfken* back to Western Australia. The Fremantle-built replica of this 17th century ship will be home-based in Western Australia for the next 10 years with financial support from the State Government.



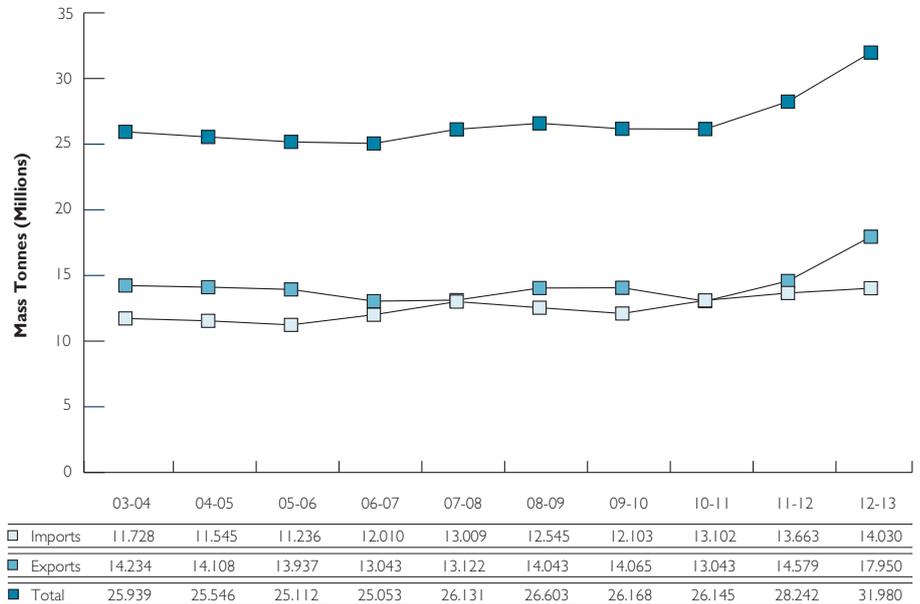
The Duyfken 1606 replica received a warm reception on return to Fremantle.

Performance Trade and Business Growth



FREMANTLE PORTS ANNUAL REPORT 2013

Total Port Trade 2003-2004 to 2012-2013



Loading iron ore for export at the Kwinana Bulk Terminal.



Equipment for the mining industry is an increasingly significant component of break-bulk cargo handled through Fremantle Port.

Trade Results

Total port trade reached 32.0 million tonnes in 2012-13, 13.2 per cent up on the 28.2 million mass tonnes in 2011-12. The main reason for the increase in trade volumes in 2012-13 was a rise in Outer Harbour bulk exports, particularly iron ore and grain exports.

Total imports increased by 0.4 million tonnes or 2.7 per cent and total exports increased by 3.4 million tonnes or 23.1 per cent for this period.

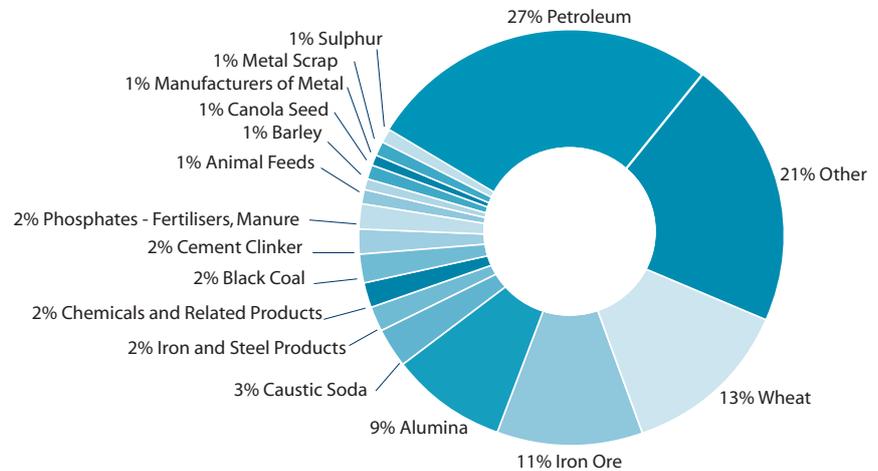
Bulk cargo contributed 24.6 million mass tonnes or 77.0 per cent of total port trade in 2012-13, 2.8 per cent higher than last year. Bulk grains and oilseeds exports increased by 1.1 million tonnes or 28.9 per cent and iron ore exports increase by 1.7 million tonnes or 93.9 per cent. The port's principal bulk cargo, petroleum products, increased from 8.0 million mass tonnes in 2011-12 to 8.6 million mass tonnes in 2012-13. Crude petroleum imports were up 0.2 million tonnes or 3.5 per cent compared with 2011-12. Refined petroleum imports increased by 7.6 per cent and refined petroleum exports (including bunkers) increased by 16.0 per cent.

Inner Harbour imports decreased by 1.3 per cent and exports increased by 3.8 per cent. Total containers handled increased by 2.0 per cent in 2012-13 to 670,282 TEU (twenty-foot equivalent units), an increase of 13,370 TEU on the previous year. Full container trade increase by 2.8 per cent in 2012-13 compared with 2011-12.

Non-container cargoes in the Inner Harbour decreased by 4.4 per cent compared with the previous year. Imports decreased slightly by 0.9 per cent compared with the previous year mainly due to reductions in industrial and agricultural vehicles, other transport equipment and iron and steel products. Exports decreased by 8.5 per cent compared with last year, mainly due a decline in metal scrap.



Principal Commodities Imports/Exports 2012-2013



In volume terms the port's principal export commodities are grain, iron ore, alumina, refined petroleum and coal which together account for 80.8 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 2012-13, 2.1 percentage points higher than 2011-12. Over the period 2001-02 to 2012-13, trade with East, South East and Southern Asia has grown at an annual rate of 6.8 per cent. Trade with East Asia increased by 16.5 per cent compared with last year, mainly due to an increase in trade with South Korea and China. South East Asia trade has increased by 10.7 per cent mainly due to trade with Malaysia and the Philippines.

Australian coastal cargo accounts for 12 per cent of total port trade, the Middle East for 16 per cent, UK and Europe 4 per cent, North America 3 per cent, Africa 2 per cent and New Zealand 1 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).

Imports

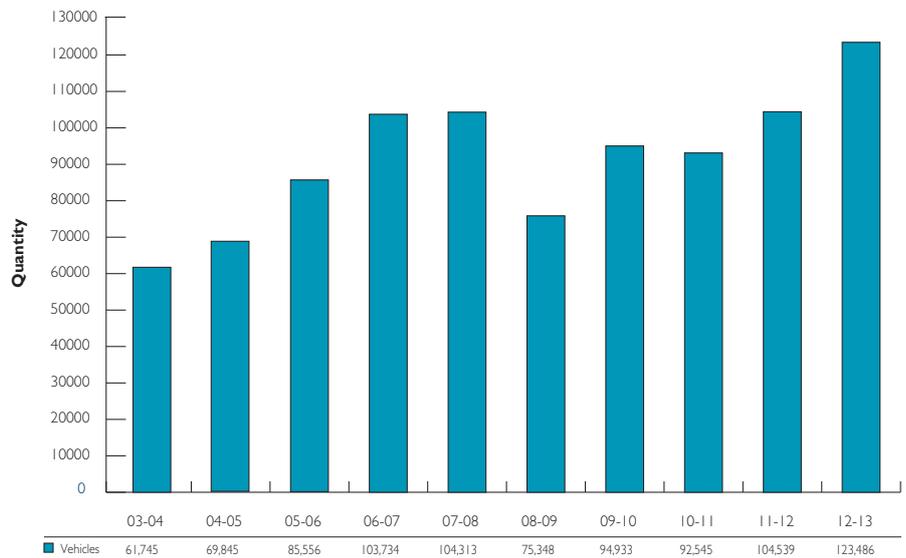
Total imports increased by 2.7 per cent during 2012-13 to 14.0 million tonnes. Inner Harbour imports decreased by 1.3 per cent, mainly due to a decline in non-containerised cargo. Imports in the Outer Harbour increased by 4.4 per cent mainly due to a rise in crude petroleum and sulphur.



The motor vehicle trade is handled principally on Victoria Quay, with facilities for on-wharf detailing in preparation for delivery to dealerships.

New motor vehicle imports through Fremantle Ports totalled 123,486 units in 2012-13, an increase of 18.1 per cent on the previous year. New motor vehicle imports from Thailand increased by 15,433 units or 92.9 per cent in 2012-13 compared with last year. Japan's share of total motor vehicle imports was 33.6 per cent in 2012-13 compared with 42.0 per cent last year. Imports from Thailand and South Korea accounted for 26.0 per cent and 14.1 per cent of the total respectively. Motor vehicle imports from Europe increased by 19.8 per cent compared with last year and accounted for 14.1 per cent of the total.

New Motor Vehicles - Imports 2003-2004 to 2012-2013





Import Cargo Classified According to Cargo Class - Thousands of Tonnes

Bulk	2011-12	2012-13
Crude Petroleum	5,360	5,546
Refined Petroleum	920	991
Caustic Soda	790	897
Cement Clinker	797	737
Sulphur	348	478
Phosphates - Fertilisers, Manures	541	454
Slag Residue	191	276
Urea	193	189
Ammonia	128	151
Urea Ammonium Nitrate (Uan)	143	109
Other	213	252
Totals	9,624	10,080



Common user Berths 1 and 2 on North Quay are used for some break-bulk cargo.

Non Container General Cargo	2011-12	2012-13
New Motor Vehicles	167	201
Iron and Steel Products	175	159
Vehicles - Industrial and Agricultural	188	151
Machinery - Agricultural, Industrial	37	64
Other Transport Equipment and Parts	57	33
Manufactures of Metal	16	17
Rubber Manufactures	15	17
Ammonium Nitrate	20	8
Miscellaneous Manufactured Articles	20	0
Unclassified Goods	3	3
Other	7	8
Totals	705	661



Asciano's Patrick terminal, North Quay

Container	2011-12	2012-13
Iron and Steel Products	375	317
Chemicals and Related Products	353	335
Manufactures of Metal	256	317
Paper, Paperboard and Articles of Paper	167	184
Machinery - Agricultural, Industrial	163	147
Plastic Wares and Other Manufactures	150	142
Furniture and Parts Thereof	128	123
Rubber Manufactures	114	123
Bricks, Tiles, Pavers	117	115
Ale, Beer and Stout; Cider (Alcoholic)	111	112
Other	1,399	1,373
Totals	3,333	3,288



Exports

Total exports increased by 23.1 per cent during 2012-13 to 17.9 million tonnes. Inner Harbour exports increased by 3.8 per cent compared with the previous year. Containerised cargo increased by 4.5 per cent in 2012-13 mainly due to increases in hay, other cereals and non-ferrous metals. Non-containerised cargo decreased 8.5 per cent in 2012-13 mainly due to metal scrap and bunkers.

Outer Harbour exports increased by 29.1 per cent mainly due to the rise in grain and iron ore. Bulk wheat exports increased by 38.3 per cent or 1.1 million tonnes in 2012-13. Iron exports increased by 1.7 million tonnes or 93.9 per cent compared with the previous year.

In 2012-13, Fremantle Ports' major overseas export markets by volume (percentage of total exports) were China, 29.9 per cent, South Korea 7.6 per cent, Indonesia 6.7 per cent, India 6.1 per cent, Japan 6.0 per cent, Singapore 4.3 per cent, Malaysia 3.7 per cent and Philippines 3.3 per cent. Exports to China increased by 13.0 per cent in 2012-13 and represent 5.4 million tonnes or 29.9 per cent of total exports, making China Fremantle's principal export trading partner. Iron ore and alumina are the major exports to China representing 3.4 million tonnes and 0.75 million tonnes respectively in 2012-13. Iron ore exports to China are estimated to grow to 4 million tonnes within a few years.

Exports to other Australian ports were 2.3 million tonnes in 2012-13, 7.5 per cent higher than last year, predominantly due to an increase in alumina shipments to the ports of Geelong and Portland.



DP World Terminal, North Quay



Export Cargo Classified According to Cargo Class - Thousands of Tonnes

Bulk	2011-12	2012-13
Wheat	2,877	3,977
Iron Ore	1,828	3,545
Alumina	2,877	2,894
Refined Petroleum	1,678	2,017
Black Coal	488	689
Barley	619	461
Canola Seed	328	347
Ships Bunkers	155	110
Sulphuric Acid	200	82
Animal Feeds	77	71
Other	205	364
Totals	11,332	14,557

Non Container General Cargo	2011-12	2012-13
Metal Scrap	313	285
Sheep	89	85
Cattle and Calves	30	32
Vehicles - Industrial and Agricultural	8	12
Machinery - Agricultural, Industrial	6	8
New Motor Vehicles	3	7
Ammonium Nitrate	8	4
Other Transport Equipment and Parts	3	3
Manufactures of Metal	1	3
Other Crude Minerals	11	0
Other	4	5
Totals	476	444

Container	2011-12	2012-13
Animal Feeds	246	338
Waste Paper	229	236
Mineral Sands	147	193
Non Ferrous Metals	117	178
Malt	174	157
Titanium Dioxide	174	137
Oats	103	133
Chemicals and Related Products	125	127
Metal Scrap	93	118
Fresh Fruit and Vegetables	106	96
Other	1,224	1,235
Totals	2,738	2,948

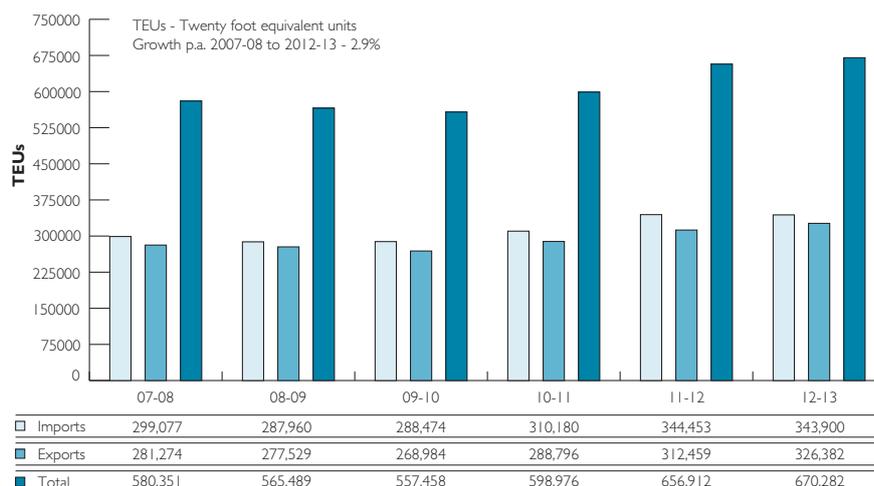


Container Trade

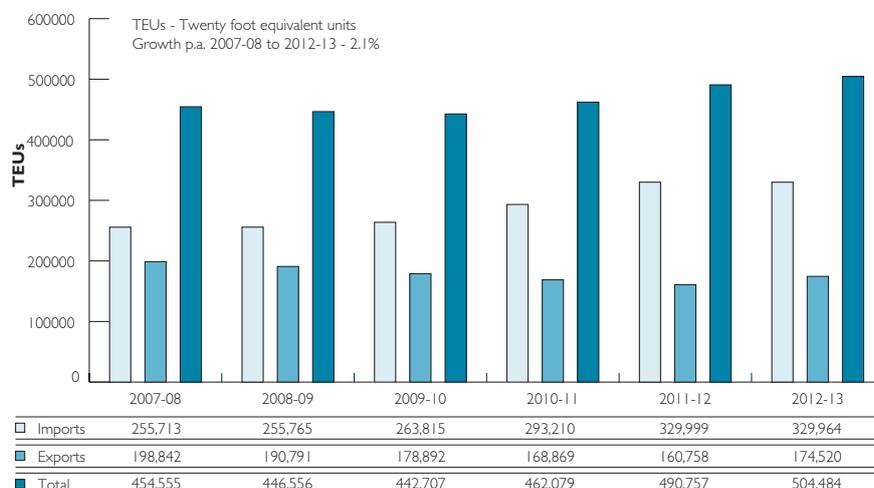
When compared with 2011-12:

- Total container trade increased by 2.0 per cent. Exports increased by 4.5 per cent and imports decreased 0.2 per cent.
- Full container exports increased by 8.6 per cent or 13,762 TEU and full imports decreased marginally by 35 TEU.
- Empty container exports increased by 0.1 per cent and empty imports decreased by 3.6 per cent.
- Coastal container throughput decreased by 9.4 per cent or 6,986 TEU. Coastal full container throughput totalled 57,701 TEU, a decrease of 7.3 per cent.

Container Trade Comparison 2007-2008 to 2012-2013



Full Container Trade Comparison 2007-2008 to 2012-2013





Top Ten Container Commodities Imported and Exported



Major Container Commodities Imported - TEU

Commodities	2011-12	2012-13	Variance %
Furniture	30,768	29,966	-2.61%
Manufactures of Metal	25,352	29,001	14.39%
Iron and Steel Products	25,180	21,210	-15.77%
Machinery - Agricultural, Industrial	21,923	20,213	-7.80%
Chemicals and Related Products	19,995	19,370	-3.13%
Paper, Paperboard and Articles of Paper Pulp	17,362	19,540	12.54%
Plastic Wares and Other Manufactures	18,327	18,161	-0.91%
Rubber Manufactures	16,342	17,974	9.99%
Household Appliances	12,832	14,323	11.62%
Fabricated Construction Materials	10,262	10,589	3.19%
Unclassified Goods	10,572	9,004	-14.83%
Total	208,915	209,351	0.21%
Percentage of Total Full TEU Imports	63.3%	63.4%	

Major Container Commodities Exported - TEU

Commodities	2011-12	2012-13	Variance %
Animal Feeds	19,165	26,790	39.79%
Waste Paper	19,969	21,197	6.15%
Malt	12,567	10,500	-16.45%
Chemicals and Related Products	7,574	7,619	0.59%
Titanium Dioxide	8,423	6,691	-20.56%
Oats	6,417	7,807	21.66%
Mineral Sands	5,947	7,662	28.84%
Non Ferrous Metals	5,482	8,034	46.55%
Fresh Fruit and Vegetables	6,887	6,500	-5.62%
Metal Scrap	5,319	7,118	33.82%
Fresh Meat - Chilled or Frozen	4,556	5,661	24.25%
Unclassified Goods	5,761	3,835	-33.43%
Total	108,067	119,414	10.50%
Percentage of Total Full TEU Exports	67.2%	68.4%	



DP World terminal, North Quay

Fremantle's Trading Partners

Fremantle Ports' top 10 overseas trading partners collectively account for 66.3 per cent of total non trans-shipment full container trade (refer table below). Australian coastal container trade accounts for a further 11.3 per cent.

TOP TEN CONTAINER TRADING PARTNERS

Percentage of Total Full Container Trade		
Country	2011-12	2012-13
China	133,452	144,925
Japan	28,847	32,479
Malaysia	25,491	27,447
South Korea	24,662	25,406
Indonesia	21,801	23,083
Thailand	21,339	22,587
United States of America	21,300	21,614
Singapore (1)	18,579	16,740
Vietnam	10,165	9,829
India	9,045	9,083
Top 10 Countries percentage of Total Country Trade	64.1%	66.3%

Excludes all trans-shipment and empty containers

(1) Hub Port: May include cargo trans-shipped through Singapore to and from other destinations and origins.

Livestock

LIVESTOCK EXPORTS 2012-13

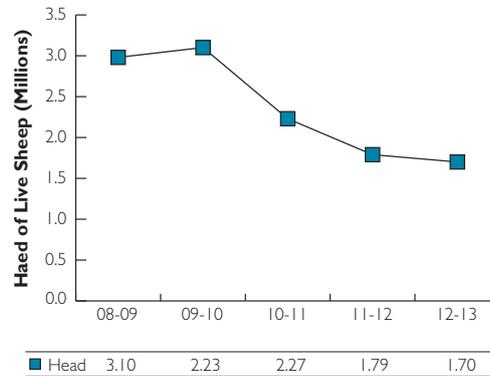
Destination	Sheep	Cattle	Other Livestock	Total No.	% of Total
Africa		656		656	0.04%
Asia East		3,550		3,550	0.20%
Asia South-East	4,187	17,297		21,484	1.19%
Asia Southern		1,627		1,627	0.09%
Indian Ocean - Mauritius		1,600		1,600	0.09%
Mediterranean - Turkey	76,017	15,412		91,429	5.06%
Middle East	1,620,102	63,309		1,683,411	93.24%
Russia		1,701		1,701	0.09%
Totals	1,700,306	105,152		1,805,458	100%

Live sheep

1,700,306 head of live sheep were exported through the Port of Fremantle in 2012-13, a decrease of 85,014 head or 5.0 per cent compared with 2011-12.



Live Sheep Exports 2008-2009 to 2012-2013



Livestock carrier *Ocean Outback* arrives to take on stock.

Fremantle Ports' share of total Australian live sheep exports was 83 per cent in 2012-13, compared to 70 per cent in 2011-12 and 77 per cent in 2010-11. The value of live sheep exports through Fremantle Ports in 2012-13 was \$A164 million.

Exports from Australia during 2012-13 were 2.06 million head, 19.5 per cent lower than the previous year. The Middle East was the destination of almost all of Australian live sheep exports in 2012-13.

Kuwait was the largest export market for Australian live sheep in 2012-13 with 0.7 million head exported, followed by Qatar, Jordan, Turkey, Israel, Saudi Arabia, Bahrain, United Arab Emirates and Oman.

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

Live Cattle

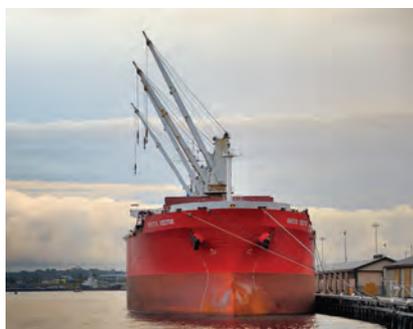
Live cattle exports from Fremantle reached 105,152 head in 2012-13, an increase of 8,248 head or 8.5 per cent on the 2011-12 total.

Fremantle Ports' share of total Australian live cattle exports was 11.6 per cent in 2012-13. The value of live cattle exports through Fremantle Ports in 2012-13 was \$A80.5 million.

In 2012-13, the largest export markets served from Fremantle were Israel and Turkey which account for 65.3 per cent of total live cattle exports.

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

Source of information on live sheep and cattle trade: Meat and Livestock Australia, Australian Cattle and Sheep Industry Projections 2013 and ABARE - Australian Commodities Forecasts and Issues June Quarter 2013.



Navios Vector departs Victoria Quay.

OUTLOOK

Treasury projections

Average growth in the State's main trading partners is expected to be stronger than for the rest of the world, but there are several risks to this outlook that could impact Western Australia. Three key risks include a sharper than expected slowing in China's economic growth, the risk that sovereign debt concerns in the euro area could worsen, and the possibility that early signs of recovery in the US economy are not sustained.

The Western Australian economy is expected to undergo a transition from business investment-led growth to export driven growth over the medium-term. This change is reflected in a forecast moderation in domestic economic growth (which includes business investment, household spending and dwelling investment) and a stronger contribution to growth from the external trade sector.

Consistent with a high Australian dollar reducing price pressure on imported goods, and modest quarterly CPI growth over the year, Perth's CPI increased by 2.3% in 2012-13. Perth's CPI is forecast to increase by 2.5% in 2013-14 and beyond. This is in line with national CPI forecasts by the Reserve Bank of Australia (RBA), though slightly higher than projections by the Commonwealth Treasury for 2013-14 and 2014-15. The difference in forecasts reflects the recent depreciation of the Australian dollar, which (all else equal) will increase the price of imported goods.

Data: Government of WA 2013-2014 Budget, Economic and Fiscal Outlook, Budget Paper No. 3.

Trade outlook for 2013-14

Fremantle's total full container trade increased by 2.8 per cent in 2012-13. Full container imports in 2012-13 were similar to 2011-12 with zero percent growth. The nil growth in import containers was driven to a large extent by weaker domestic demand and slower growth in several key emerging market economies. Full container exports increased by 8.6 per cent mainly due to a strong hold on markets for commodities hay and waste paper. The total container throughput in 2013-14 is forecast to increase by 13,353 TEU or 2.0 per cent.

Fremantle Port's new motor vehicle imports increased by 18.1 per cent in 2012-13 compared with 2011-12. Further growth is expected in new motor vehicle imports in 2013-14 though the Federal Government's recent changes to fringe benefit tax have impacted on previous more optimistic forecasts. Non-containerised imports in 2012-13 have steadied after imports increased significantly in 2011-12, predominately due to the growth in North West development. Non-containerised cargo is forecast to decrease in 2013-14 mainly due to the slowing of Western Australia's mining boom.



Iron ore carrier at Kwinana Bulk Terminal



Loading grain at the Kwinana Grain Jetty

Fremantle's live sheep exports decreased by 4.8 per cent to 1.7 million head in 2012-13. The forecast for 2013-14 is for this trade to decrease to 1.2 million head. The forecast for Australia for live sheep exports is for a decrease to around 2.0 million head in 2013, the lowest for more than 20 years. Meat and Livestock Australia has predicted that this total figure could decline further if seasonal conditions improve, especially in Western Australia, to the point where flock retention becomes a more viable option, or if there is a substantial increase in wool prices in 2013.

Fremantle Ports' Kwinana Bulk Jetty and Kwinana Bulk Terminal bulk cargo tonnages represent around 29.6 per cent of total port bulk cargo volumes. Kwinana Bulk Jetty trade increased by 0.1 million tonnes or 4.6 per cent to 2.1 million tonnes in 2012-13. The increase was mainly due to rises in imports of sulphur and refined petroleum. Trade throughput at Kwinana Bulk Jetty is forecast to be around 2.1 million tonnes in 2013-14.

The total trade throughput at Kwinana Bulk Terminal increased by 1.8 million tonnes or 55.0 per cent to 5.2 million tonnes in 2012-13, predominantly due to increases in iron ore exports. An increase in total trade at KBT of 0.25 million tonnes is expected in 2013-14 mainly due to cement clinker imports.

Exports of grains from Co-operative Bulk Handling's Kwinana terminal reached 5.0 million tonnes in the 2012-13, an increase of 1.1 million tonnes compared with 2011-12. While Western Australia's 2012-13 winter crop harvest decreased by an estimated 35 per cent compared with 2011-12, grain shipments from Kwinana reached the highest level in seven years. The winter crop report by ABARE has forecast winter crop production to increase by 25 per cent to 13.6 tonnes following the very dry season in 2012-13. The export of grain throughput at CBH in Kwinana is forecast to be around 4.5 million tonnes in 2013-14.

Petroleum product, Fremantle Port's major bulk commodity, is forecast to be around 8.5 million tonnes in 2013-14, and dry bulk alumina exports are expected to remain at levels similar to 2012-13 or 2.9 million tonnes.



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



Sean Ireland (right) receives his Certificate IV in Vessel Traffic Service from Deputy Harbour Master Alec Millett.

Our People

Staffing

Fremantle Ports' full-time equivalent employees total at 30 June 2013 was 334, compared with 338.65 last year. The natural attrition rate was 1.5 per cent and resignations comprised 4.19 per cent. The total attrition rate was 5.59 per cent.

Organisational Culture and Capability

Fremantle Ports' *People Plan*, first developed in 2006, helps set strategic direction for human resource management at Fremantle Ports. It was revised this year to reflect the organisation's business objectives and targets. The 2013-2018 *People Plan* focuses on growing Fremantle Ports' constructive culture and performance effectiveness with key objectives of developing and maintaining a high performing team culture, living the corporate values, commitment to success and attracting and keeping the right people.

Since the assessment of Fremantle Ports' leadership culture in 2012, each division has developed actions to address the opportunities identified. Of particular relevance is the need to continue to focus on building cooperative and collaborative relations and practices organisation-wide. Extensive coaching of managers and other employees has focused on developing personal and leadership skills linked with 360 degree feedback.

Succession planning forms part of the *People Plan*, with this process strongly linked with planned retirements of people in key positions and developing potential successors.

Employee Relations

Two new enterprise agreements for Bulk and General Stevedoring and Operations and Services employees were approved by Fair Work Australia during the past year. Negotiations will begin in the second half of 2013 for the replacement of the Administration and Management Enterprise Agreement 2010 due to expire in January 2014.



Occupational Safety, Health and Injury Management

This topic is covered in the Disclosures section of the Report on Page 130.

Health and Wellness

A wide-ranging program was offered to employees again this year on health and wellness awareness opportunities. These included skin cancer checks, flu vaccinations, heart checks and first aid training. Topics for awareness sessions included mental health, ergonomics, stress management, fatigue and sleep management, nutrition and healthy eating choices, hydration and working in high temperatures, glaucoma and other eye diseases and back care. The program was expanded to include financial health, with a financial education program on offer.

Fremantle Ports has continued to offer an offsite confidential employee assistance program for employees and immediate family members experiencing personal problems. In addition, a recently introduced program focuses on building constructive and resilient thinking and behaviours.

Employee Professional Development

The Employee Development Program has been revised recently, resulting in a simpler and more flexible approach in reviewing and monitoring people performance, professional development and aligning individual employee plans and development to strategic and business plans and objectives.

Work experience and traineeships

Fremantle Ports has hosted 14 work experience students in the past year, significantly up on previous years and has drawn people into short-term graduate roles.



Fremantle Ports entered a crew in the Fremantle Rowing Club Corporate Challenge.



Training in facilitation for 16 employees has increased Fremantle Ports' ability to provide in-house support where facilitation skills are required.



Technical Computing trainee, Emily Williamson with Help Desk Officer Roseann Blackburn.

Michelle Lee spent the second semester of 2012 at Fremantle Ports as an intern in the External Affairs branch. She has since achieved a Bachelor of Marketing and Public Relations degree from Notre Dame University.



Information systems and technology

The focus of Fremantle Ports' information systems development in 2012-13 was on providing new capability to users while increasing the robustness, stability and sustainability of existing systems.

There were several noteworthy achievements including:

- enhanced reporting of safety key performance indicators and analysis and mapping of safety procedures;
- implementing a new customer relationship management system which is improving engagement between Fremantle Ports, its customers and other key stakeholders;
- delivery of systems initiatives and improvements covering safety and customer relationship management;
- introduction of payments to suppliers by electronic funds transfer;
- developing and piloting a new key performance indicator program to enhance operational reporting in Fremantle Ports' bulk business and improve the capability for "root cause" analysis, leading to improved customer service; and
- significantly enhancing the stability, resilience and the performance of the port operations information management system, in particular the processing of manifest.



Windows 7 software was introduced this year. Team members for the roll-out, Bill Perger, Emily Williamson and Kylie Black with a bank of new computers.

There were several other achievements with enhancements and underlying technology platform upgrades to systems that are needed by internal and external users to undertake their core business operations and tasks. These included areas such as MSIC Security, Corporate Budgeting, Maintenance Management, Job Planning and progressing with the implementation of the Business Intelligence systems strategy.

Strategic Asset Management

Fremantle Ports continues to develop and implement a best-practice strategic and asset management framework. When fully developed and integrated with Fremantle Ports' business practices, this will provide a simple, logical and innovative approach for optimising the whole of life cost of asset delivery in meeting the agreed level of service whilst minimising risk exposure.

The strategic asset management project continues to be a corporate priority project. Initiatives implemented over the past 12 months, include:

- review of the condition and risk data for all of Fremantle Ports' assets determined through a new series of asset investigation workshops;
- preparation of the second edition of the State of the Assets report, incorporating revised data from the asset investigation workshops to provide a high-level snapshot of asset performance with respect to asset condition, risk and expenditure;

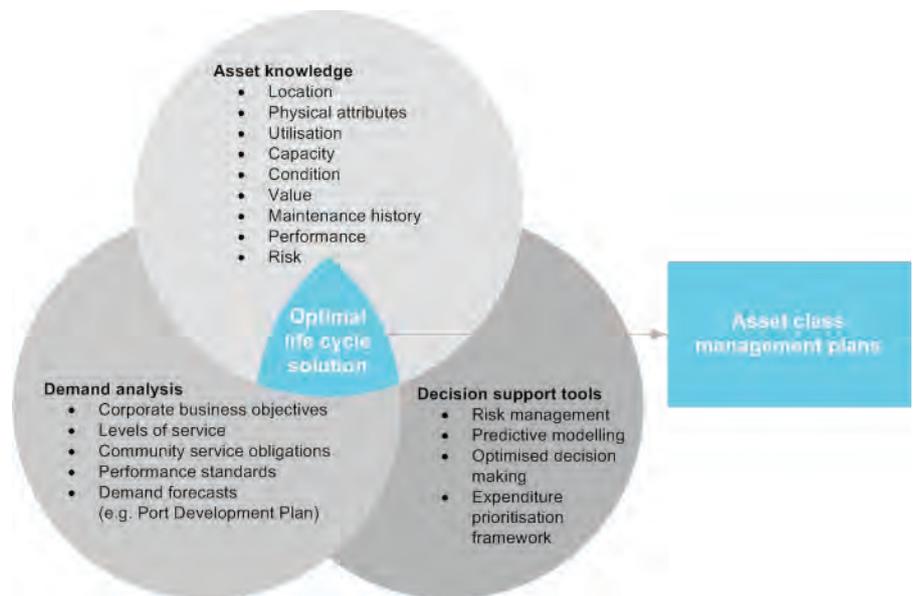


- completion of the first asset class management plan. Covering wharves and jetties and provides guidance on an agreed life cycle management plan for the entire asset class (includes long-term capital and maintenance forecasts, providing the basis for annual corporate budgeting processes, key performance indicators and recommended intervention points);
- development of asset class management plans for Fremantle Ports' railways, navigational aids and cargo handling equipment, with progress well underway and completion expected by December 2013;
- review of the strategic asset management framework against the proposed ISO 5500 International Standard for Asset Management is underway to ensure Fremantle Ports' strategic asset management plan is developed in accordance with world best-practice guidelines; and
- collaboration with other Australian ports to develop a wharf structures condition assessment manual to achieve a more strategic approach to collecting and analysing condition assessment data for port assets through standardisation; this will enable the exchange of condition data between ports, creating an increased knowledge base, linking condition assessments with rehabilitation options to minimise cost of ownership and decrease cost of ownership of port assets by optimising intervention strategies.



Lisa Cortez and Raj Saddi were part of the team which worked on enhancements to Fremantle Ports' Labour Resource Module, a timesheet management and costing system for operations and maintenance employees.

The main focus of strategic asset management for the 2013-14 year will be the completion of asset class management plans for Fremantle Ports' railways, navigational aids, cargo-handling equipment and electrical services.





Occupational Health and Safety
AS/NZS 4801 LicOH202645
SAI Global



Certified Environmental Management
ISO 14001 LicCEM20114
SAI Global



Quality Endorsed Company
ISO 9001 LicQEC20949
SAI Global

OBJECTIVE:

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

Key outcomes sought:

- Favourable financial outcomes;
- Maintaining stakeholder support;
- Contributing to the community and maintaining community support;
- Organisational Safety;



Environmental Advisor Matt Oswald preparing to dive for mussel samples and cores in the Inner Harbour.



The dedicated permit control room at Kwinana Bulk Terminal has led to a clear reduction in risk levels on site.

Safety, Environmental and Quality (SEQ) Certification Audits

Fremantle Ports' safety, environmental and quality management systems have been undergoing development since 1994. Certification of the environmental management system to the International Standard ISO 14001 was first achieved in 2001 and this was subsequently extended to include safety (AS/NZS4801 and quality (ISO9001).

The tri-ennial external audit by SAI Global of these three systems in April-May 2013 found zero non-conformances. Re-certification was achieved.

The auditors found there had been significant improvements since the last audits, with good evidence that issues identified had been followed up and closed-out.

Among numerous good practices commented on were:

- an "impressive" process for managing customer relationships
- plans for strategic asset management at a very high level
- mature and well deployed management review processes
- evidence of a strong and enthusiastic team culture
- rigorous and effective permit to work system in the Outer Harbour
- real-time continuous dust monitoring processes at Kwinana facilities.

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



Policy and procedure reviews

A review of Fremantle Ports' Safety, Environment and Quality Policy was undertaken to ensure that it remains appropriate to current business needs, operations and targets. The policy was circulated to a wide group of internal and external stakeholders inviting feedback and this was consolidated, reviewed and incorporated as appropriate.

The Procedure Control System was reviewed, with some consolidation of policies, reclassification and archiving occurring as a result. The high-level Corporate Process Map, which helps managers to meet their responsibilities and to document, understand and communicate the key processes and priorities to their staff, was also reviewed and updated.

Marine Safety plan

Fremantle Ports' Marine Safety Plan, which is required under the *Port Authorities Act 1999*, was updated during the year for approval by the Board and submission to the Minister for Transport.

The plan applies to all marine operations and activities within the Port of Fremantle limits, including commercial shipping operations and marine operations undertaken by any support or service organisation, such as towage and pilot transport. The interaction between commercial shipping and recreational craft is also included.

The plan covers:

- marine safety objectives
- quality and environmental systems
- controls in place to manage marine risks and incidents
- responsibilities for marine safety.

Business Continuity

Further work has been done over the past 12 months on Fremantle Ports' Business Continuity System. This is about well-planned response and recovery strategies to reduce the impact of an emergency or other significant event on critical business activities. A particular focus has been on identifying resources.

Business continuity management in ports was one of the topics looked at in the Western Australian Auditor General's Public Sector Performance Report 2012. This assessment concluded that Fremantle Ports' business continuity management was the most advanced of the four ports studied and had reached a high level of maturity.



Safe transfer of marine pilots from Fremantle Ports' pilot boats is a skilful operation that requires experience and precise timing.



The audit found that there was clear Board and Executive commitment to the process and that Fremantle Ports had identified critical business activities and maximum allowable outage times. Response plans had been developed and tested for the most critical areas, key responsibilities had been identified and responsible staff had been trained. Business continuity was linked to the broader risk management processes of the port and resource requirements had been identified.

Environmental Management

Saving energy

A *Greenhouse Gas and Energy Management Plan* developed by a cross divisional team led by the Manager Electrical Services is being implemented with the help of the Energy Management Team. The plan outlines Fremantle Ports' objectives and strategies for energy management and emissions reduction in line with Fremantle Ports' *Climate Protection and Energy Management Policy*. It incorporates a *Greenhouse Gas and Energy Management Framework* which is intended to be a living or dynamic document that will be further developed as it is implemented.

The *Greenhouse Gas and Energy Management Plan* builds on previous work on energy management and will help enable Fremantle Ports to achieve its vision of becoming a carbon neutral organisation.

A survey of staff has been undertaken to test the level of awareness of energy conservation opportunities and to capture suggestions.

Reducing Waste

Fremantle Ports also has a new *Waste Management Plan* to ensure that the more than 30 separate waste sources are both measured and minimised.

The scope of waste covered includes all waste generated at Fremantle Ports' three sites: Inner Harbour, Kwinana Bulk Terminal and Kwinana Bulk Jetty. It also includes all quarantine waste collected by Fremantle Ports and disposed of under agreement with AQIS (Australian Quarantine Inspection Service).

A Waste Management Team will work to promote and help achieve the plan's objectives. Its key functions include monitoring and reporting on waste disposal, identifying best-practice waste management, implementing programs to minimise waste and securing the support of management and staff.

Addressing Clinker Dust

Upgrading the shed used to store clinker imports at the Kwinana Bulk Terminal has improved the management of dust emissions at this site. Clinker is a dusty product and management of the dust when the product is being loaded had been an issue of concern.

Extensions to the load-out bays ensures the trucks are enclosed during clinker loading and plans are in place to extend dust extraction equipment into the loading bays.



Installation of energy efficient LED lighting at E Shed.



Solar powered lighting tower installed at Kwinana Bulk Terminal.



The Fremantle Chamber Orchestra received support from Fremantle Ports for a concert series.



Eliza and Elizabeth Oxenburgh with their artworks at East Fremantle Primary School's art exhibition in B Shed, Victoria Quay.

Lighting efficiencies

A solar-powered lighting tower has been installed on the Kwinana Bulk Terminal iron ore and coal stock pad. As well as the savings on diesel fuel, solar-powered lights have a reduced requirement for servicing and eliminate noise and exhaust emissions. They are lighter than conventional diesel generator towers and can easily be manoeuvred and positioned.

LED lighting is being progressively introduced through the port, with environmental benefits as well as being cheaper to run. On Victoria Quay, LED lighting has now been installed at B Shed Café, in the car park, Slip Street, Fleet Street, Peter Hughes Drive, in the Administration Building, around the workshop sheds, in E Shed Markets and on the Signal Tower mast. The lights are very bright, use less power and require less maintenance.

Seven of the nine electronic variable messaging signs for trucks in the Rous Head area are now solar-powered. The signs, on key approach roads, provide container redirection messaging as well as diverting trucks in congestion situations to a truck marshalling area.

Valuing our Community

Fremantle Ports engages with the community through community liaison groups and via involvement with a wide range of organisations. Information and views are shared to help with mutual understanding of priorities and this information is taken into account in strategic planning. The Fremantle Ports Inner Harbour Community Liaison Group met four times during the reporting period.

Specific consultation with the community was undertaken late in 2012 for planning for three precincts areas: the Commercial Precinct on Fremantle Ports' Victoria Quay, the Public Transport Authority land around the Fremantle Train Station and the City of Fremantle's nearby Pioneer Park. The extensive consultation, principally hosted by Fremantle Ports, took place to provide wide-ranging input into the development of precinct plans. Further information on this project is available on page 31.

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 as well as community priorities identified through surveys and other consultation.

Employees volunteered for a number of events, including handing out free Australian flags at the Fremantle Anzac Day parade, working at the annual port expo and tin rattling at the Fremantle Dockers Starlight Purple Haze Game.



Coastal planting at Kwinana Bulk Terminal has improved dune protection on the foreshore.



Dressing up for the camera was popular at Maritime Day 2012. The theme of the event was safety of life at sea reflecting the International Maritime Organisation's World Maritime Day theme for 2012: "IMO: One hundred years after the Titanic".



B Shed was an atmospheric setting for the Vintage Vixens and Vamps Fair.

Thirty employees took part in a coastal planting day held in association with Coastcare at the Kwinana Bulk Terminal in August. The planting session was held to participate in National Tree Day as well as improve dune protection of the foreshore area following storms. Staff also collected rubbish from the beach.

Dolphin research

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. Regularly updated information about the project is provided on Fremantle Ports' website.

Port events

Each year the port's expo continues to grow. The fourth Celebrate Maritime Day expo in September 2012 was a great success with about 20,000 visitors attracted to the industry booths and numerous displays and activities around B Shed on Victoria Quay.

Community events

Fremantle Ports has been the anchor sponsor for the Fremantle Football Club's Starlight Purple Haze Game for eight years. This year's fundraising tally was a record \$106,100. The Starlight Children's Foundation brightens the lives of seriously ill and hospitalised children in WA.

Other sponsorships and support have included Sculpture@Bathers art exhibition, the Fremantle Festival, the Kwinana Festival, the Fremantle - East Fremantle Heritage Festival, the inaugural V Adventure Race, the Fremantle Ports Swim Thru and the Coogee Jetty-to-Jetty Swim.

Education support

Fremantle Ports is committed to working with organisations and schools in the Fremantle, Cockburn, Kwinana and Rockingham areas to support education and to increase understanding of the role of the maritime industry and the port.

Fremantle Ports provided one of six inaugural Discover Your Potential Scholarships for students graduating from secondary schools in the Rockingham-Kwinana region and starting degrees at Murdoch University's Rockingham Campus in 2013. Each student will receive \$2,500 a year over four years to help support their studies. Fremantle Ports is represented on the Rockingham Education Development Group which oversees the scholarships.



Sophie Wall with her winning art work, *Disconnected*, at the Kwinana Industries Youth Art Awards.

Fremantle Ports funded a special Junior Master Mariner Course at South Fremantle Senior High School during second semester 2012. The course comprised six one-hour sessions on the marine ecosystem, navigation, working in maritime industries, Fremantle Marine Sea Rescue, marine sustainability and dive skills plus a presentation ceremony for participants and parents.

For the second time, Fremantle Ports coordinated the Kwinana Industries Youth Art Awards, an event that supports visual arts in secondary schools in the Kwinana, Cockburn and Rockingham areas. The artwork of 140 finalists from 11 schools was selected from about 1500 entries. About 340 people attended the awards presentation evening in March 2013.



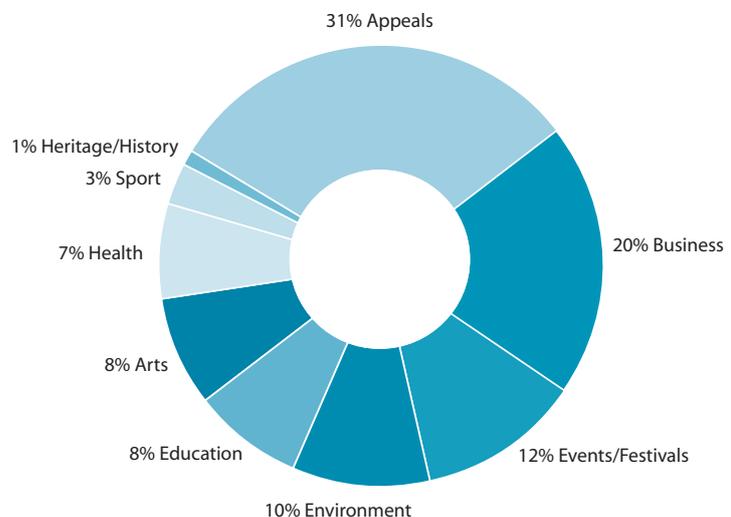
Fremantle Ports supported the purchase of an inflatable rescue boat for the Fremantle Surf Lifesaving Club this year.

A group of 23 Year 10 female students from 10 schools visited Fremantle Ports in April 2013 as part of the iWomen Project, a Kwinana Industries Council partnership program to provide the girls with an understanding of the breadth of industry in the Kwinana Industrial Area and the broad range of career options available. The students enjoyed a harbour tour and discussions with female employees about their careers.

Scholarships have been provided for students entering Gilmore College and maritime and marine studies programs at Rockingham and South Fremantle senior high schools. As well, there was support for the North Fremantle Community Arts Development Spring Concert and a Musica Viva program for primary school students.

Sponsorship continued for Surf Life Saving WA's Life Skills for Life (first aid) education program being delivered to 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.

Community Sponsorship 2012-2013

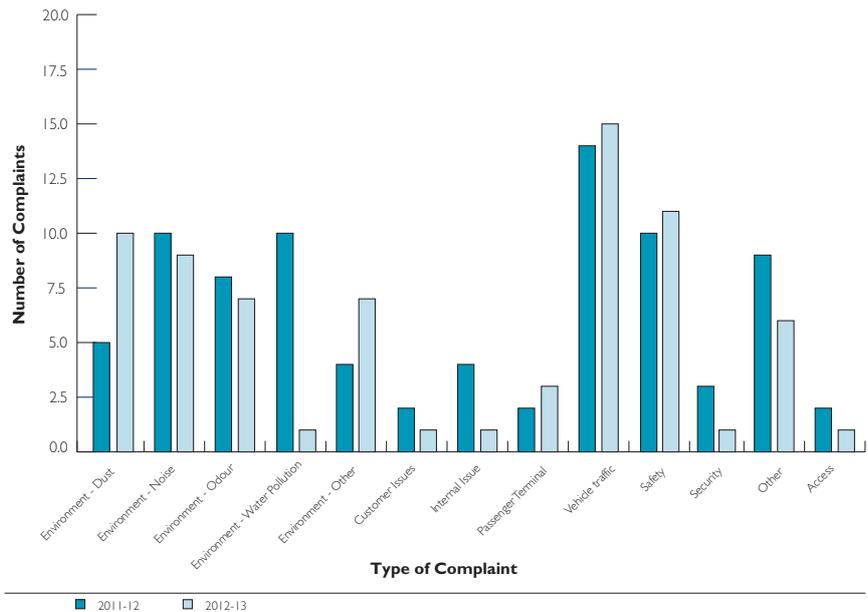




Complaints Management

Fremantle Ports received 73 complaints in 2012-13 compared with 83 the previous year. Of these, 35 were environmental complaints (principally noise, odour and dust), 15 related to traffic issues and 10 related to safety.

Fremantle Ports - Complaints Register 2012-13 compared to 2011-12



The height restriction bar installed at Gate 3, Victoria Quay is proving effective in reducing truck traffic at the lower end of East Street.

Modifications to Gate 3, Victoria Quay

In response to community concerns about the use of East Street by trucks entering and exiting Victoria Quay's eastern end via Gate 3, a number of traffic control changes have been made in recent years and further modifications were undertaken in 2012-13.

Main Roads WA, in discussion with Fremantle Ports, has installed bollards and extended the curbing at the entrance to the cargo gate. The changes were designed to force the large trucks to turn right when leaving Victoria Quay rather than turning east from Gate 3 into Beach Street and then up East Street.

As an additional measure, plans were put in place for a height restriction bar to be installed by Main Roads WA so that even the smaller trucks have to turn right into Beach Street when leaving Gate 3 and then use the link road to Canning Highway.



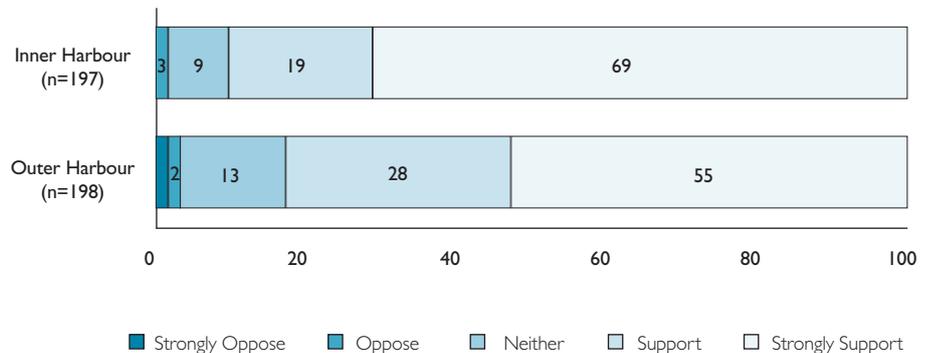
Community satisfaction with rail noise response

A warm letter of thanks was received, written on behalf of Fremantle inner city residents who live near the Roundhouse and very close to the rail freight line. This was to acknowledge the efforts of Fremantle Ports, the Public Transport Authority and rail operators to successfully resolve the issue of rail noise. A water spray system which automatically turns on as trains approach the section of track on the Roundhouse curve has dramatically reduced wheel squeal.



Container train negotiates the relatively tight curve of the freight line as it passes the Roundhouse at Fremantle.

Community Support for Increased Use of Rail 2013



Significant Issues



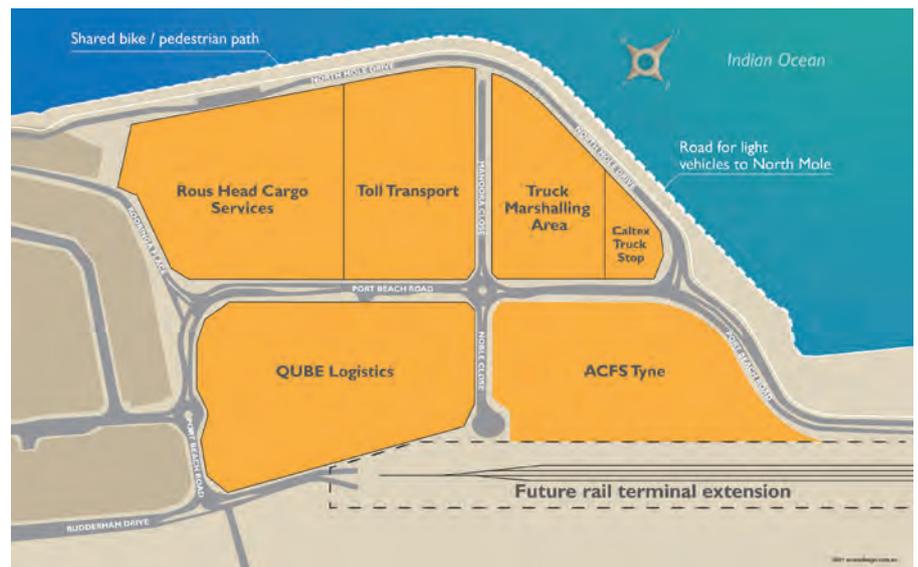
With the State Government’s confirmation of the long-term role of the Inner Harbour in its core function as a container and general cargo port, it is essential to ensure that optimum capacity can be achieved. A number of current or planned initiatives are directed to that strategic objective.

Rous Head opportunity for improved efficiency

By volume and value, container trade is the largest component of the trade passing through the Inner Harbour and although expected to slow in the coming financial year, growth has averaged 4.5 per cent annually over the past decade. One of the current projects designed to further assist the growth of the Inner Harbour trade is the development of new land at Rous Head. Described in more detail earlier in this report, this development has been planned carefully to ensure that land uses complement port operations and maximise the opportunity for increased efficiency.

Where possible, particular attention has been paid to locating sites with a high degree of interchange, for example having empty container parks, the rail terminal and the container terminals next to each other. This takes traffic off roads in the precinct and maximises the efficiency of the interchange channels.

The key performance indicators for the new sites have been tailored for the varying functions and performance issues associated with the different sites within the Rous Head Industrial Park but cover key operational aspects such as truck turnaround times, on-road queuing, promotion of off peak operations and increased use of rail services for container freight.





The rail freight link, which has dual gauge for interstate and intrastate cargo, is vitally important infrastructure for Fremantle Ports.

Promoting greater use of rail

On an annualised basis, the 14 per cent of container volumes currently transported by rail reduces truck movements to and from the Inner Harbour by some 72,000. As well as contributing to the efficiency of landside logistics, this reduces the impact of port-related truck traffic on the community.

The first stage of the North Quay Rail Terminal, providing direct access to the Patrick container terminal, was opened in 2006. Its second stage extension which is due for completion in mid-2014 will help to improve competitiveness as a means of growing the percentage of container trade carried by rail. It will:

- provide the DPWorld container terminal with direct access
- reduce the train cycle time (time taken from entering to leaving the port)
- decrease train loading and unloading times
- reduce interface costs with container terminals and container parks.

The North Quay Rail Terminal extension is one of suite of projects aimed at maximising the use of the rail system for container delivery between Fremantle Port's Inner Harbour and the Kewdale/Forrestfield industrial area. Another key element is working with the Department of Transport and industry to promote development and greater use of off-port facilities (hubs and container parks) to relieve pressure on the port.

Disclosures and Legal Compliance

Directors' Report for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

The Board of Directors of the Fremantle Port Authority (Fremantle Ports) has pleasure in submitting its report for the financial year ended 30 June 2013.

DIRECTORS

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

Dr 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. In May 2013 he was elected Chairman of Ports Western Australia. 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 2015

Dr 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. He was formerly Chair of the Western Australian 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 and the Australian National Railways Commission. 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 end 2013



FREMANTLE PORTS ANNUAL REPORT 2013



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 2014



Jillian
Hoffmann

Jillian Hoffmann

Ms Hoffmann was appointed to the Board on 17 May 2011. Since 1 August 2013 she has been the Vice President Upstream Commercial at Woodside Energy Ltd, Australia's largest oil and gas company. Prior to that she was the Vice President Environment and Heritage at Woodside Energy Ltd. 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 2015



Fiona Lander

Fiona Lander

Ms Lander was appointed to the Board on 24 August 2012. She is the Executive General Manager Corporate Affairs and Organisation Development, Perth Airport Pty Ltd. Before joining Perth Airport in 2010, she was the Executive Director Policy and Learning with the Western Australian Department for Child Protection. She has worked for State and Federal Members of Parliament, and has held a number of senior roles in human services portfolios in the WA public service. She has a Bachelor of Arts (Politics) and an Executive Master in Public Administration. She is a member of the State Government's Women's Advisory Council and the Youth Focus Board.

Expiry of present term: 30 June 2014

Disclosures and Legal Compliance

Directors' Report for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013



Marie Malaxos

Marie Malaxos

Ms Malaxos served as a Director from 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 also held the posts of General Manager Production and Development and Chief Operating Officer at Buru Energy. Ms Malaxos is a member of the Australian Institute of Company Directors, immediate past President of the Petroleum Club of Western Australia and a Director of Ready to Work.

Marie Malaxos's term ceased on 24 August 2012

DIRECTORS' MEETINGS

Attendance by Directors at meetings held during the financial year ended 30 June 2013 was:

	Eligibility to attend Meetings of Directors	Meetings of Directors	Eligibility to attend Audit and Risk Management Committee	Audit and Risk Management Committee
Number of Meetings Held		13		4
Numbers of Meetings attended by:				
Jim Limerick	13	13	-	-
Fred Affleck	13	12	4	4
Marie Malaxos	2	2	1	1
Michael Feutrill	13	11	4	4
Jillian Hoffmann	13	13	3	3
Fiona Lander	11	11	-	-

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.

Disclosures and Legal Compliance

Directors' Report for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

RESULTS

The profit before income tax for the financial year was \$53.213 million (2012: \$28.031 million). The income tax expense attributable to the profit for the financial year was \$16.171 million (2012: \$8.667 million).

DIVIDENDS

The Board of Directors provided \$10.903 million (2012: \$6.146 million) for dividends in respect of the results for the financial year ended 30 June 2012. This dividend was paid in the financial year ended 30 June 2013.

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:

	2013 \$'000	2012 \$'000
Profit before income tax	53,213	28,031
Income tax expense	(16,171)	(8,667)
Profit for the period	37,042	19,364
Retained earnings at 1 July	121,988	108,770
	159,030	128,134
Dividends paid in the financial year	(10,903)	(6,146)
Retained earnings at 30 June	148,127	121,988

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.

Disclosures and Legal Compliance

Directors' Report for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

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.

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 \$'000	Post-employment Superannuation \$'000	Total \$'000
J Limerick	50	5	55
F Affleck	33	3	36
M Feutrill	25	2	27
J Hoffmann	25	2	27
F Lander	21	2	23
M Malaxos	4	-	4

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.

Disclosures and Legal Compliance

Directors' Report for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

EXECUTIVES' EMOLUMENTS

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

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

Details of emoluments provided to senior executives:

	Salary \$'000	Retirement Benefits \$'000	Other \$'000	Post- employment Super- annuation \$'000	Total \$'000
A Meyer*	350	370	3	29	752
C Leatt- Hayter	405	-	12	60	477
G Valenti	326	-	11	30	367
S Wade	315	-	5	46	366
A Gray	314	-	8	28	350

* A Meyer retired on 1 February 2013

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.

Disclosures and Legal Compliance

Directors' Report for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

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 16 August 2013.

Director

16 August 2013

Disclosures and Legal Compliance

Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

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Disclosures and Legal Compliance

Statement of Comprehensive Income for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

	Note	2013 \$'000	2012 \$'000
Revenue	2.1	204,589	180,234
Expenditure			
Port operations expenses		(34,259)	(30,994)
Asset maintenance		(33,534)	(32,558)
General administration		(33,188)	(36,457)
Depreciation and amortisation expense	3	(14,152)	(13,844)
Finance costs	3	(13,976)	(14,698)
Marine expenses		(8,973)	(8,320)
Rates and taxes		(6,471)	(5,537)
Port utilities		(6,424)	(5,228)
Environmental expenses		(640)	(1,554)
Other expenses		241	(3,013)
Profit before income tax		53,213	28,031
Income tax expense	4	(16,171)	(8,667)
Profit for the period		37,042	19,364
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		37,042	19,364

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 2013



FREMANTLE PORTS ANNUAL REPORT 2013

	Note	2013 \$'000	2012 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.1	30,079	27,592
Trade and other receivables	6.2	24,147	27,885
Inventories	6.3	2,482	1,566
Total current assets		56,708	57,043
Non-current assets			
Receivables	7.1	7,144	7,588
Property, plant and equipment	7.2	413,298	397,416
Deferred tax assets	4	28,773	28,254
Total non-current assets		449,215	433,258
Total assets		505,923	490,301
LIABILITIES			
Current liabilities			
Trade and other payables	8.1	18,965	18,187
Interest bearing borrowings	8.2	1,575	1,482
Current tax liability	4	3,751	18,629
Provisions	11.1	13,705	13,011
Other liabilities	12	1,330	1,681
Total current liabilities		39,326	52,990
Non-current liabilities			
Interest bearing borrowings	8.2	226,181	241,960
Provisions	11.2	15,591	17,138
Other liabilities	12	1,508	1,525
Total non-current liabilities		243,280	260,623
Total liabilities		282,606	313,613
Net assets		223,317	176,688
EQUITY			
Contributed equity	13	75,190	54,700
Retained earnings	13	148,127	121,988
Total equity	13	223,317	176,688

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 2013



FREMANTLE PORTS ANNUAL REPORT 2013

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
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				
Equity contributions	13	450	-	450
Dividends paid	5	-	(6,146)	(6,146)
Balance at 30 June 2012	13	54,700	121,988	176,688
Balance at 1 July 2012		54,700	121,988	176,688
Total comprehensive income for the year		-	37,042	37,042
Transactions with owners in their capacity as owners				
Equity contributions	13	20,490	-	20,490
Dividends paid	5	-	(10,903)	(10,903)
Balance at 30 June 2013	13	75,190	148,127	223,317

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 2013



FREMANTLE PORTS ANNUAL REPORT 2013

	Note	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Receipts from customers		226,142	188,459
Payments to suppliers and employees		(144,767)	(137,127)
Interest received		2,608	2,016
Interest paid		(14,181)	(14,084)
Income tax paid		(31,569)	(7,749)
Net cash inflow from operating activities	14	38,233	31,515
Cash flows from investing activities			
Purchase of property, plant and equipment		(29,353)	(15,806)
Proceeds from sale of property, plant and equipment		2	14
Net cash outflow from investing activities		(29,351)	(15,792)
Cash flows from financing activities			
Repayment of borrowings		(15,898)	(7,463)
Proceeds from borrowings		-	10,000
Payment of finance lease liabilities		(491)	(555)
Proceeds from finance lease receivable		407	374
Dividends paid	5	(10,903)	(6,146)
Equity contribution received	13	20,490	450
Net cash outflow from financing activities		(6,395)	(3,340)
Net increase in cash and cash equivalents		2,487	12,383
Cash and cash equivalents at 1 July		27,592	15,209
Cash and cash equivalents at 30 June	6.1	30,079	27,592

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 2013



FREMANTLE PORTS ANNUAL REPORT 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 16 August 2013 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 2013.

I.1 Statement of compliance

In accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB), Fremantle Ports is a not-for-profit reporting entity that prepares general purpose financial statements. Fremantle Ports also complies with the financial reporting provisions of the *Port Authorities Act 1999*.

The following new and amended Australian Accounting Standards and Interpretations were available for early adoption but have not been assessed for application by Fremantle Ports in these financial statements:

		Operative for reporting periods beginning on/after
AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i> This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.	01-Jul-13
AASB 13	<i>Fair Value Measurement</i> Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	01-Jan-13
2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13</i> Amends AASB 1, 2, 3, 4, 5, 7, 9, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132 as a result of issuance of AASB 13 <i>Fair Value Measurement</i> .	01-Jan-13
AASB 119	<i>Employee Benefits</i> The amendments to this Standard eliminate the option for defined benefit plans to use the corridor approach to defer the recognition of actuarial gains and losses and introduce enhanced disclosures about defined benefit plans. The amendments also incorporate changes to the accounting for termination benefits.	01-Jan-13
2011-10	<i>Amendments to Australian Accounting Standards arising from AASB 119</i> Amends AASB 1, 8, 101, 124, 134, 1049, 2011-8 & Interpretation 14 as a result of the issuance of AASB 119 <i>Employee Benefits</i> .	01-Jan-13

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.1 Statement of compliance (continued)

		Operative for reporting periods beginning on/after
2012-2	<p><i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities</i></p> <p>This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the (potential) effect of netting arrangements. It also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.</p>	01-Jan-13
2012-5	<p><i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle</i></p> <p>This Standard makes amendments to AASB 1, 101, 116, 132, 134 & Interpretation 2 as a result from 2009-2011 Annual Improvements Cycle.</p>	01-Jan-13
2012-6	<p><i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i></p> <p>This Standard amends the mandatory effective date of AASB 9 <i>Financial Instruments</i> so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013.</p>	01-Jan-13
2012-3	<p><i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i></p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.</p>	01-Jan-14
AASB 9	<p><i>Financial Instruments</i></p> <p>Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.</p>	01-Jan-15
2009-11	<p><i>Amendments to Australian Accounting Standards arising from AASB 9</i></p> <p>Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.</p>	01-Jan-15
2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i></p> <p>Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010.</p>	01-Jan-15

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.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 Fremantle Ports' operations.

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

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.

I.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 Ports' 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.

Sick leave and long service leave

Various assumptions are required when determining Fremantle Ports' sick leave and long service leave obligations. These assumptions and the related carrying amounts are discussed in Note 1.17.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

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, interest receivable under finance leases and interest charged on overdue trade and other receivables. Interest receivable on funds invested includes interest on short-term investments and term deposits and is recognised as it accrues using the effective interest rate method. The interest receivable component of finance lease receivables is also recognised in the Statement of Comprehensive Income using the effective interest rate method.

Miscellaneous revenue is recognised as the legal entitlement arises and is derived predominantly from the hire of facilities and equipment, recoupment of rates and taxes 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 include expenditure of an administrative nature.

I.6 Finance costs

Finance costs comprise finance charges payable under finance leases, interest payable on borrowings calculated using the effective interest rate method and interest payable on overdue trade and other payables. 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 operates within the national tax equivalent regime (NTER) whereby an equivalent amount in respect of income tax is payable to the WA Government. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, Fremantle Ports is required to comply with AASB 112 *Income Taxes*.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.8 Income tax

Income tax expense/(benefit) on the profit or loss for the year comprises current and deferred tax. Income tax expense/(benefit) is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the Statement of Changes 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.

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

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 2013



FREMANTLE PORTS ANNUAL REPORT 2013

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

Capitalisation/expensing of assets

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

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

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

Subsequent measurement

Any subsequent cost of replacing/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.

Derecognition

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

Depreciation

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

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

Class	Depreciation Rates (%)
Channels and breakwaters	1.9 - 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

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 (2012: 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 9.2 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.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.14 Financial Instruments (continued)

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.

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

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

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

Annual leave

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

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

Sick leave and long service leave

Sick leave and long service leave benefits are assessed on the basis of present value of estimated future payments, discounted by the Commonwealth Government Bonds rates estimated to be applicable to the relevant period. A 5.00% (2012: 5.00%) per annum rate of increase in employee wage and salary rates was assumed in the present value calculations.

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Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I.17 Employee benefits (continued)

Unconditional sick leave and long service leave provisions are classified as current liabilities as Fremantle Ports does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional sick leave and long service leave provisions are classified as non-current liabilities because Fremantle Ports has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

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

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 2013.

Employees who were not members of either the Pension or the GSS Schemes became non contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007. From 16 April 2007, employees who 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.

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.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 generally due within 2 months.

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

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

I.24 Comparative figures

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

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

2. REVENUE AND OTHER INCOME

2.1 Revenue

Revenue consists of the following items:

	2013 \$'000	2012 \$'000
Revenue		
Charges on cargo	135,580	118,796
Rentals and leases	18,993	17,734
Charges on ships	17,485	15,007
Shipping services	12,327	10,757
Miscellaneous revenue	11,079	10,300
Port utilities and services	6,553	5,594
	202,017	178,188
Interest		
Bank interest receivable	380	600
Interest receivable from cash equivalents	1,049	433
Interest receivable under finance leases	994	1,009
Other interest receivable	149	4
	2,572	2,046
Total revenue	204,589	180,234

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

3. PROFIT BEFORE INCOME TAX

	Note	2013 \$'000	2012 \$'000
(i) Expenses			
Profit before income tax includes the following specific expenses:			
Finance costs			
Finance charges payable under finance leases		40	57
Borrowings		13,685	14,641
Other finance costs		251	-
Total finance costs		13,976	14,698
Depreciation and amortisation			
Channels and breakwaters		4,158	4,167
Land improvements		183	275
Buildings and improvements		950	868
Plant and equipment		2,768	2,574
Berths, jetties and infrastructure		5,646	5,427
Plant and equipment under lease		447	533
Total depreciation and amortisation		14,152	13,844
Net loss on derecognition of property, plant and equipment		21	1,541
Other charges against assets			
Impairment reversal of trade receivables	6.2	(581)	(95)
Impairment loss on property, plant and equipment	7.2	-	1,257
		(581)	1,162
Rental expense relating to operating leases		351	353
		2013 \$'000	2012 \$'000
(ii) Employee benefits expenses			
Wages and salaries		37,962	39,645
Workers' compensation		859	399
Pension costs		4,530	4,365
Employee benefits		590	2,374
Retirement benefit obligations		(1,536)	2,911
		42,405	49,694

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

4. INCOME TAX EXPENSE

Major components of income tax expense for the year are:

	2013 \$'000	2012 \$'000
Income tax expense		
Current income tax:		
Current income tax charge	(16,836)	(24,050)
Adjustments in respect of previous years	146	164
Deferred income tax:		
Deferred income tax charge	519	15,219
	(16,171)	(8,667)

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:

	2013 \$'000	2012 \$'000
Profit before income tax	53,213	28,031
Tax at statutory income tax rate of 30% (2012: 30%)	(15,964)	(8,409)
Tax effect of amounts which are taxable in calculating taxable income:		
Depreciation	(304)	(310)
Sundry items	(49)	(112)
	(16,317)	(8,831)
Adjustments in respect of previous years	146	164
	(16,171)	(8,667)

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

4. INCOME TAX EXPENSE (continued)

	2013 Statement of Financial Position \$'000	2012 Statement of Financial Position \$'000	2013 Statement of Comprehensive Income \$'000	2012 Statement of Comprehensive Income \$'000
Deferred tax liabilities				
Finance lease receivables	(2,276)	(2,399)	123	112
Others	(510)	(424)	(86)	687
Gross deferred tax liabilities	(2,786)	(2,823)		
Deferred tax assets				
Employee benefits	7,306	7,589	(283)	1,585
Accelerated depreciation for accounting purposes	20,824	20,002	822	12,968
Prepaid rental	1,028	1,031	(3)	32
Deferred income	-	-	-	(1,380)
Others	2,401	2,455	(54)	1,215
Gross deferred tax assets	31,559	31,077		
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,786)	(2,823)		
Net deferred tax assets	28,773	28,254		
Deferred tax charge			519	15,219

Current Tax Liabilities

The current tax liability of \$3.751 million (2012: \$18.629 million) represents the amount of income taxes payable in respect of current and prior financial periods.

5. DIVIDENDS

	2013 \$'000	2012 \$'000
Dividend paid in the financial year	10,903	6,146

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% (2012: 65%) of after tax profits, adjusted for special circumstances as approved by Government. In accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2013 have not been provided as they are expected to be approved by Government and declared by the Board after balance date.

A dividend of \$10.903 million (2012: \$6.146 million) in respect of the financial results for the year ended 30 June 2012 was paid by 30 June 2013.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

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.

	2013 \$'000	2012 \$'000
Cash at Bank and Cash on Hand	698	432
At Call Deposits	11,381	14,160
Term Deposits	18,000	13,000
Cash and cash equivalents in the Statement of Cash Flows	30,079	27,592

(i) Significant Terms and Conditions

Interest on Cash at Bank was at prevailing rates. The weighted average interest rate at 30 June 2013 was 3.13% (2012: 3.5%).

Interest on At Call Deposits was at prevailing rates. The weighted average interest rate at 30 June 2013 was 3.10% (2012: 3.48%).

The weighted average interest rate for Term Deposits at 30 June 2013 was 3.99% (2012: 4.40%). Term Deposits are held until their maturity dates, which are generally for periods of 60 days or less.

(ii) Fair Value

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

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	2013 \$'000	2012 \$'000
Trade Debtors		20,401	20,215
Less: Provision for Impairment of Receivables		(1,477)	(2,116)
		18,924	18,099
Other Debtors		895	252
Accrued Income		2,457	7,806
Finance Lease Receivable	10.2	444	407
Prepayments		1,427	1,321
Balance at 30 June		24,147	27,885

(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.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

6. CURRENT ASSETS (continued)

6.2 Trade and other receivables (continued)

(ii) Impairment losses

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

	2013 \$'000	2012 \$'000
Balance at 1 July	2,116	2,231
Impairment loss recovered	(639)	(105)
Amount written off	-	(10)
Balance at 30 June	1,477	2,116

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

	2013 \$'000	2012 \$'000
Not more than 3 months	3,794	3,354
More than 3 months but less than 6 months	36	-
More than 6 months but less than 1 year	501	-
More than 1 year	1,426	383
	5,757	3,737

(iii) Fair Value

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

6.3 Inventories

	2013 \$'000	2012 \$'000
Stores - at cost	2,482	1,566

7. NON-CURRENT ASSETS

7.1 Receivables

Receivables represent Finance Lease Receivable

	Note	2013 \$'000	2012 \$'000
Finance Lease Receivable	10.2	7,144	7,588

(i) Fair Value

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

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

7. NON-CURRENT ASSETS (continued)

7.2 Property, Plant and Equipment

	2013 \$'000	2012 \$'000
Channels and Breakwaters		
At Cost	163,548	163,549
Less: Accumulated Depreciation	(32,865)	(28,708)
	130,683	134,841
Land		
At Cost	45,571	44,752
	45,571	44,752
Land Improvements		
At Cost	8,746	8,183
Less: Accumulated Depreciation	(3,815)	(3,632)
	4,931	4,551
Buildings and Improvements		
At Cost	27,481	27,447
Less: Accumulated Depreciation	(11,916)	(10,972)
	15,565	16,475
Plant and Equipment		
At Cost	65,053	59,606
Less: Accumulated Depreciation	(28,066)	(25,402)
	36,987	34,204
Berths, Jetties and Infrastructure		
At Cost	196,511	192,741
Less: Accumulated Depreciation	(46,143)	(41,026)
	150,368	151,715
Leased plant and equipment		
At Cost	2,524	1,937
Less: Accumulated amortisation	(1,552)	(1,222)
	972	715
Total Property, Plant and Equipment at net book value	385,077	387,253
Add: Work in Progress (at cost)	28,221	10,163
Total Property, Plant and Equipment	413,298	397,416

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

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:

	2013 \$'000	2012 \$'000
Land		
At Cost	13,057	14,968
	13,057	14,968
Buildings and Improvements		
At Cost	7,317	3,944
Less: Accumulated depreciation	(2,594)	(2,056)
	4,723	1,888
Included in Accumulated depreciation above is the depreciation charge for the year	278	142

Reconciliations of carrying amounts

	2013 \$'000	2012 \$'000
Channels and Breakwaters		
Carrying amount at 1 July	134,841	139,014
Transfer from work in progress	-	(6)
Depreciation for the year	(4,158)	(4,167)
Carrying amount at 30 June	130,683	134,841
Land		
Carrying amount at 1 July	44,752	42,311
Transfer from work in progress	819	2,441
Carrying amount at 30 June	45,571	44,752
Land Improvements		
Carrying amount at 1 July	4,551	6,240
Transfer from work in progress	563	-
Disposals	-	(1,414)
Depreciation for the year	(183)	(275)
Carrying amount at 30 June	4,931	4,551

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Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

7. NON-CURRENT ASSETS (continued)

7.2 Property, Plant and Equipment (continued)

Reconciliations of carrying amounts (continued)

	2013 \$'000	2012 \$'000
Buildings and Improvements		
Carrying amount at 1 July	16,475	9,798
Transfer from work in progress	41	7,674
Disposals	(1)	(129)
Depreciation for the year	(950)	(868)
Carrying amount at 30 June	15,565	16,475
Plant and Equipment		
Carrying amount at 1 July	34,204	31,582
Transfer from work in progress	5,565	6,465
Disposals	(14)	(12)
Depreciation for the year	(2,768)	(2,574)
Impairment loss	-	(1,257)
Carrying amount at 30 June	36,987	34,204
Berths, Jetties and Infrastructure		
Carrying amount at 1 July	151,715	151,115
Transfer from work in progress	4,306	6,027
Disposals	(7)	-
Depreciation for the year	(5,646)	(5,427)
Carrying amount at 30 June	150,368	151,715
Leased plant and equipment		
Carrying amount at 1 July	715	956
Additions	708	292
Amortisation for the year	(447)	(533)
Disposals	(4)	-
Carrying amount at 30 June	972	715
	385,077	387,253
Work in Progress		
Carrying amount at 1 July	10,163	16,958
Additions	29,352	15,806
Transfers to property, plant and equipment	(11,294)	(22,601)
Carrying amount at 30 June	28,221	10,163
Total Property, Plant and Equipment	413,298	397,416

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

7. NON-CURRENT ASSETS (continued)

7.2 Property, Plant and Equipment (continued)

Impairment of property, plant and equipment

There were no indicators of impairment to property, plant and equipment at 30 June 2013.

An impairment loss of \$Nil (2012: \$1.257 million) has been recognised in the Statement of Comprehensive Income.

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.

	2013 \$'000	2012 \$'000
Trade creditors and Amounts payable	12,038	9,877
Accrued expenses	6,927	8,310
	18,965	18,187

(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	2013 \$'000	2012 \$'000
Current			
Special borrowings		1,142	1,076
Lease liabilities	10.2	433	406
		1,575	1,482
Non-Current			
Direct borrowings		202,525	217,347
Special borrowings		23,099	24,241
Lease liabilities	10.2	557	372
		226,181	241,960

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

8. CURRENT AND NON-CURRENT LIABILITIES (continued)

8.2 Interest Bearing Borrowings (continued)

Financing arrangements

Fremantle Ports has access to the following lines of credit:

	2013 \$'000	2012 \$'000
Total facilities available:		
Liquidity facility, direct and special borrowings	270,400	253,000
Facilities utilised at the end of the reporting period:		
Liquidity facility, direct and special borrowings	226,766	242,664
Total facilities not utilised at the end of the reporting period:		
Liquidity facility, direct and special borrowings	43,634	10,336

At reporting date, Fremantle Ports has an approved financing facility from Western Australian Treasury Corporation (WATC) for 2014 of \$308.96 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 2013 on the loan portfolio is 5.27% per annum (2012: 5.43% per annum).

Special Borrowings include amounts to fund the acquisition of a new bulk unloader and other assets at Fremantle Ports' Kwinana Bulk Terminal. Interest and principal is payable quarterly. Interest rates on the Special Borrowings are fixed and range from 5.65% to 6.24% per annum (2012: 5.65% to 6.24% per annum).

The interest rates implicit in the Lease Liabilities range from 3.13% to 7.80% (2012: 3.87% to 7.80%).

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Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

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.

2013			Fixed interest rate						
	Weighted Average 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	5.27%	202,525	-	-	-	-	-	-	202,525
Special borrowings	6.02%	-	1,142	1,213	1,288	1,368	1,453	17,777	24,241
Lease liabilities	4.73%	-	433	269	190	81	17	-	990
		202,525	1,575	1,482	1,478	1,449	1,470	17,777	227,756

2012			Fixed interest rate						
	Weighted Average 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	5.43%	217,347	-	-	-	-	-	-	217,347
Special borrowings	6.02%	-	1,076	1,142	1,213	1,288	1,368	19,230	25,317
Lease liabilities	5.60%	-	406	259	87	24	2	-	778
		217,347	1,482	1,401	1,300	1,312	1,370	19,230	243,442

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

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.

	2013		2012	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Special borrowings	24,241	26,646	25,317	28,893

9. FINANCIAL INSTRUMENTS

9.1 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.

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Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

9. FINANCIAL INSTRUMENTS (continued)

9.1 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:

2013	Carrying Amount \$'000	+0.50% change Profit \$'000	+0.50% change Equity \$'000	(0.50%) change Profit \$'000	(0.50%) change Equity \$'000
Financial Assets					
Cash and cash equivalents	30,079	150	150	(150)	(150)
Financial Liabilities					
Interest bearing borrowings	202,525	(1,013)	(1,013)	1,013	1,013
Total (Decrease)/Increase		(863)	(863)	863	863

2012	Carrying Amount \$'000	+0.50% change Profit \$'000	+0.50% change Equity \$'000	(0.50%) change Profit \$'000	(0.50%) change Equity \$'000
Financial Assets					
Cash and cash equivalents	27,592	138	138	(138)	(138)
Financial Liabilities					
Interest bearing borrowings	217,347	(1,087)	(1,087)	1,087	1,087
Total (Decrease)/Increase		(949)	(949)	949	949

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 9.2.

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.

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Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

9. FINANCIAL INSTRUMENTS (continued)

9.1 Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

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.

2013	Carrying Amount \$'000	Including Interest			Total \$'000
		< 12 months \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial liabilities					
Trade and other payables	18,965	18,965	-	-	18,965
Interest bearing borrowings	227,756	14,394	56,327	282,528	353,249
	246,721	33,359	56,327	282,528	372,214

2012	Carrying Amount \$'000	Including Interest			Total \$'000
		< 12 months \$'000	1 - 5 years \$'000	> 5 years \$'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

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Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

9. FINANCIAL INSTRUMENTS (continued)

9.2 Categories of Financial Instruments

Set out below are the carrying amounts of Fremantle Ports' financial instruments. The directors consider the carrying amounts of the financial instruments represent their net fair values except for special borrowings whose fair value is disclosed at Note 8.2(iv).

	Note	2013 \$'000	2012 \$'000
Financial assets			
Cash and cash equivalents	6.1	30,079	27,592
Trade and other receivables	6.2	24,147	27,885
Receivables (non-current)	7.1	7,144	7,588
Financial Liabilities			
Trade and other payables	8.1	18,965	18,187
Interest bearing borrowings:			
Obligations under finance leases	10.2	990	778
Variable rate borrowings	8.2	202,525	217,347
Fixed rate borrowings	8.2	24,241	25,317

10. COMMITMENTS

10.1 Capital Works

Capital Commitments

	2013 \$'000	2012 \$'000
Commitments for the acquisition of property, plant and equipment contracted for at the end of the reporting period but not recognised as liabilities:		
Within one year	10,581	3,503

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

10. COMMITMENTS (continued)

10.2 Lease Commitments

Finance Leases Payable

	2013 \$'000	2012 \$'000
Future minimum lease payments in relation to finance leases payable at the end of the reporting period are as follows:		
Within one year	467	438
Later than one year but not later than five years	583	389
Minimum lease payments	1,050	827
Future finance charges	(60)	(49)
Present value of lease liabilities	990	778

Representing Lease Liabilities

	Note	2013 \$'000	2012 \$'000
Current	8.2	433	406
Non-current	8.2	557	372
		990	778

Finance leases payable are in respect of computer and office equipment and security equipment, expiring within 1 to 5 years (2012: 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.

Operating Leases Payable

	2013 \$'000	2012 \$'000
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	253	302
Later than one year but not later than five years	169	135
	422	437

Operating leases payable are in respect of motor vehicles.

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Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

10. COMMITMENTS (continued)

10.2 Lease Commitments (continued)

Finance Lease Receivable

	2013 \$'000	2012 \$'000
Amounts receivable under finance leases:		
Within one year	1,079	1,079
Later than one year but not later than five years	4,315	4,315
Later than five years	6,292	7,370
	11,686	12,764
Unearned finance income	(4,098)	(4,769)
Present value of minimum lease payments receivable	7,588	7,995

Representing Finance Lease Receivable

	Note	2013 \$'000	2012 \$'000
Current	6.2	444	407
Non-current	7.1	7,144	7,588
		7,588	7,995

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% (2012: 8.59%) per annum.

Operating Leases Receivable

	2013 \$'000	2012 \$'000
Future minimum rentals receivable for operating leases at the end of the reporting period but not recognised as assets:		
Within one year	14,769	15,230
Later than one year but not later than five years	32,789	40,378
Later than five years	4,496	5,282
	52,054	60,890

Operating leases receivable are in respect of property rentals.

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Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

II. PROVISIONS

II.1 Current

	2013 \$'000	2012 \$'000
Fringe Benefits Tax	32	28
Employee Benefits	11,223	10,603
Retirement Benefit Obligations	374	370
Other	2,076	2,010
	13,705	13,011

II.2 Non-Current

	2013 \$'000	2012 \$'000
Employee Benefits	3,746	3,776
Retirement Benefit Obligations	9,008	10,548
Other	2,837	2,814
	15,591	17,138

II.3 Aggregate Employee Benefits

	2013 \$'000	2012 \$'000
Current Liability	11,597	10,973
Non-Current Liability	12,754	14,324
	24,351	25,297

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Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

II. PROVISIONS (continued)

II.4 Retirement benefit obligations

Surplus/deficit

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

	2013 \$'000	2012 \$'000
<i>Amounts recognised in the Statement of Financial Position:</i>		
Present value of unfunded obligations	9,382	10,918
Fair value of plan assets	-	-
	9,382	10,918
<i>Reconciliation of the present value of unfunded obligations recognised in the Statement of Financial Position:</i>		
Opening balance	10,918	8,007
Current service cost	-	-
Interest cost	305	410
Actuarial loss/(gain)	(1,209)	3,528
Benefits paid (including expenses and taxes)	(632)	(1,027)
	9,382	10,918
<i>Amounts recognised in the Statement of Comprehensive Income:</i>		
Current service cost	-	-
Interest cost	305	410
Actuarial loss/(gain) recognised	(1,209)	3,528
	(904)	3,938
<i>Principal actuarial assumptions</i>		
Discount rate	3.38%	2.84%
Expected future salary increases	5.00%	5.50%
Expected future pension increases	2.50%	2.50%
Anticipated return on plan assets	N/A	N/A

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FREMANTLE PORTS ANNUAL REPORT 2013

II. PROVISIONS (continued)

II.4 Retirement benefit obligations (continued)

	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
<i>Historic summary</i>					
Present value of unfunded obligations	9,382	10,918	8,007	7,279	7,662
Fair value of plan assets	-	-	-	-	-
(Surplus)/deficit in plan	9,382	10,918	8,007	7,279	7,662
Experience adjustments arising on plan liabilities - (gain)/loss	(123)	75	246	(24)	770
Experience adjustments arising on plan assets - (gain)/loss	-	-	-	-	-

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.

II.5 Reconciliations

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

	2013 \$'000
Fringe Benefits Tax	
Carrying amount at 1 July	28
Provisions made during the year	118
Amounts utilised in the year	(114)
Carrying amount at 30 June	32
Other	
Carrying amount at 1 July	4,824
Provisions made during the year	212
Amounts utilised in the year	(123)
Carrying amount at 30 June	4,913

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Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

12. OTHER LIABILITIES

	2013 \$'000	2012 \$'000
Current		
Prepaid Rental Income	1,318	1,668
Interest Received in Advance	12	13
	1,330	1,681
Non-Current		
Prepaid Rental Income	1,508	1,525

13. EQUITY

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2011		54,250	108,770	163,020
Equity contribution during 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
Equity contribution during the year		20,490	-	20,490
Total comprehensive income		-	37,042	37,042
Dividends paid	5	-	(10,903)	(10,903)
Balance at 30 June 2013		75,190	148,127	223,317

In February 2010, Fremantle Ports was granted in-principle approval from the WA Government to be reimbursed the applicable income 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 2013 an equity contribution of \$1.650 million was received (2012: \$0.450 million). No further contributions are anticipated.

In May 2011, Fremantle Ports was granted approval from the WA Government to be reimbursed the applicable income tax payable on third party contributions associated with the upgrade of the Kwinana Bulk Berth 2, by way of an equity contribution. During the year ended 30 June 2013 an equity contribution of \$13.822 million was received (2012: \$Nil). No further contributions are anticipated.

In September 2012, Fremantle Ports was granted approval from the WA Government to be reimbursed the applicable income tax payable on third party contributions associated with the termination of a major commercial contract, by way of an equity contribution. During the year ended 30 June 2013 an equity contribution of \$3.547 million was received. No further contributions are anticipated.

In May 2013, Fremantle Ports was granted approval from the WA Government to be reimbursed for its share of costs associated with the Kewdale Intermodal Rail Supply Chain (KIRSC) capital project, by way of an equity contribution. During the year ended 30 June 2013 an equity contribution of \$1.471 million was received. Further contributions are anticipated as further works are performed on the KIRSC capital project.

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

14. NOTES TO STATEMENT OF CASH FLOWS

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

	2013 \$'000	2012 \$'000
Net Profit	37,042	19,364
Non cash items		
Depreciation	13,705	13,311
Amortisation of leased assets	447	533
Net loss on derecognition of property, plant and equipment	21	1,541
Impairment loss on property, plant and equipment	-	1,257
Changes in assets and liabilities:		
Receivables	3,881	(6,019)
Inventories	(916)	(452)
Prepaid expenses	(106)	184
Payables	778	(4,225)
Prepaid rental income and interest received in advance	(368)	2
Employee benefits	(946)	5,285
Income tax payable	(14,878)	16,137
Deferred tax assets	(519)	(15,219)
Deferred income	-	(1,000)
Others	92	816
Net cash inflow from operating activities	38,233	31,515

15. REMUNERATION OF AUDITORS

	2013 \$'000	2012 \$'000
Remuneration for audit of the financial statements	157,000	153,000

Disclosures and Legal Compliance

Notes to the Financial Statements for the year ended 30 June 2013



FREMANTLE PORTS ANNUAL REPORT 2013

16. 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, Deputy Chairman

Mr. Michael Feutrill

Ms. Jillian Hoffmann

Ms. Fiona Lander, (appointed 24 August 2012)

Ms. Marie Malaxos, (ceased 24 August 2012)

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

17. CONTINGENT LIABILITIES AND ASSETS

There are no contingent assets at reporting date.

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

Contaminated sites

Under the *Contaminated Sites Act 2003 (the Act)*, the Port is required to report all land owned, vested or leased by Fremantle Ports that is known to be, or is suspected of being, contaminated to the Department of 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 2013, a provision for environmental remediation of \$3.511 million (2012: \$3.523 million) has been provided for sites classified by the DEC as 'contaminated – remediation required'.

18. 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 2013

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

- (a) the financial statements and notes, set out on pages 70 to 108 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 2013 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 16 August 2013.

A handwritten signature in black ink, appearing to read 'J. Limerick', is written over a light blue grid background.

Chairman

A handwritten signature in black ink, appearing to read 'J. Ferragane', is written over a light blue grid background.

Director

16 August 2013

Disclosures and Legal Compliance

Financial Audit Opinion



FREMANTLE PORTS ANNUAL REPORT 2013



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 2013, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, 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.

Disclosures and Legal Compliance

Financial Audit Opinion



FREMANTLE PORTS ANNUAL REPORT 2013

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 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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 2013 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from 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
30 August 2013

Disclosures and Legal Compliance

Financial Performance Indicators



FREMANTLE PORTS ANNUAL REPORT 2013

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.

	2013 \$'000		2012 \$'000	
Total Current Assets	56,690	= 1.4	57,043	= 1.1
Total Current Liabilities	39,326		52,442	

Free Cash Flow – Graph 2

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

	2013 \$'000		2012 \$'000	
Net Cashflow from Operations (after interest)	38,233	= 72.9%	31,515	= 69.1%
Net Cashflow from Operations (before interest)	52,414		45,599	

Debtors Average Collection Period – Graph 3

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

	2013 \$'000		2012 \$'000	
Average Trade Debtors	21,791 × 365	= 36 days	16,456 × 366	= 30 days
Sales Revenue	223,039		198,710	

Disclosures and Legal Compliance

Financial Performance Indicators



FREMANTLE PORTS ANNUAL REPORT 2013

Interest Cover - Graph 4

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

	2013 \$'000		2012 \$'000	
Earnings Before Interest and Tax	67,189		42,729	
Total Interest Costs	13,976	= 4.81 times	14,698	= 2.91 times

Return on Assets – Graph 5

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

	2013 \$'000		2012 \$'000	
Earnings Before Interest and Tax	67,189		42,729	
Average Total Assets	498,112	= 13.5%	473,823	= 9.0%

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.

	2013 \$'000		2012 \$'000	
Operating EBIT (excluding significant items) + Depreciation – Deprival Value Depreciation	60,871		42,093	
		= 10.4%		= 7.2%
Current Assets + Deprival Value of Assets – Accumulated Deprival Value Depreciation	583,838		582,360	

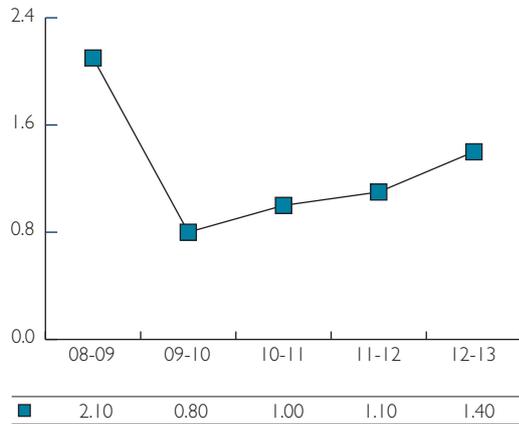
Disclosures and Legal Compliance

Financial Performance Indicators

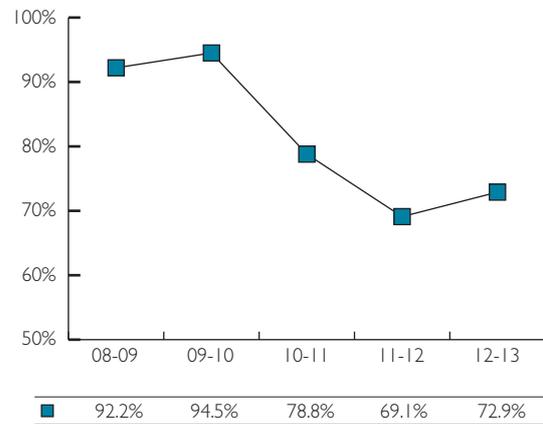


FREMANTLE PORTS ANNUAL REPORT 2013

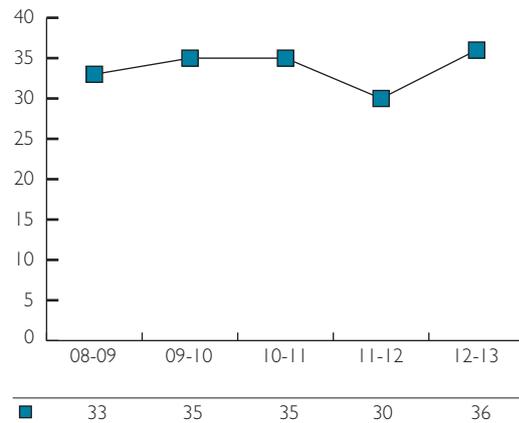
Graph 1: Current Ratio
Comparison 2008-2009 to 2012-2013



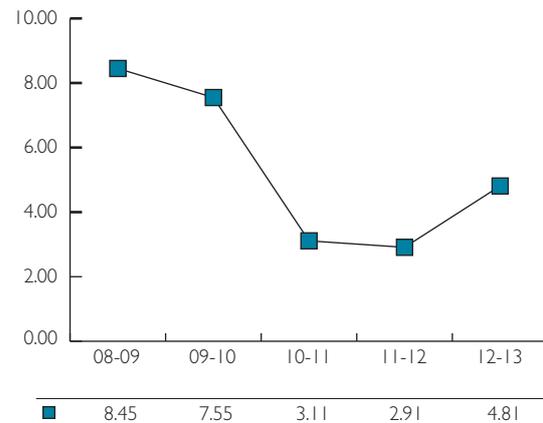
Graph 2: Free Cash Flow
Comparison 2008-2009 to 2012-2013



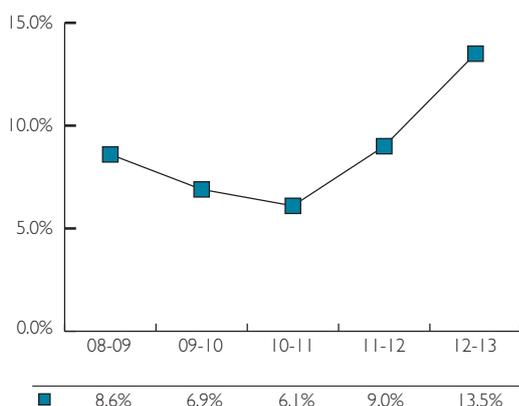
Graph 3: Debtors Average Collection Period
Comparison 2008-2009 to 2012-2013



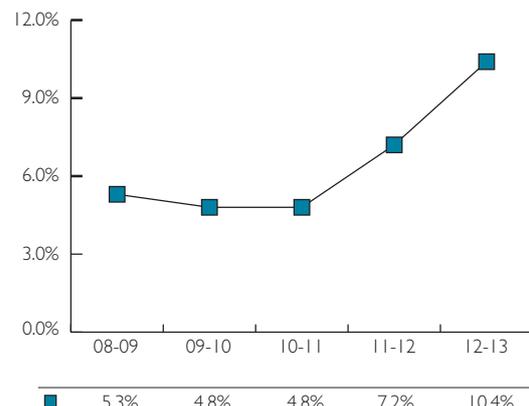
Graph 4: Interest Cover
Comparison 2008-2009 to 2012-2013



Graph 5: Return on Assets
Comparison 2008-2009 to 2012-2013



Graph 6: Economic Rate of Return
Comparison 2008-2009 to 2012-2013



Disclosures and Legal Compliance

Key Performance Indicators for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

SERVICE DELIVERY

OUR OBJECTIVE:

- Providing exceptional services that exceed customer expectations

Outcomes sought:

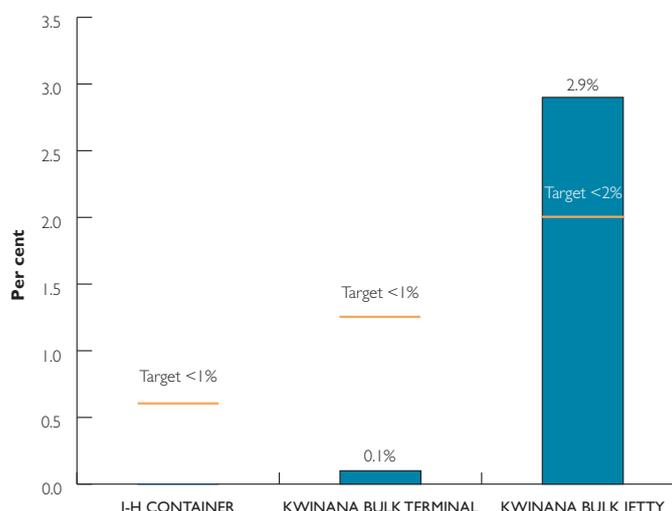
- Understanding of customer needs
- Meeting or exceeding customer expectations
- Availability and reliability of all services and facilities
- Responsiveness.

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 below show that in the Inner Harbour container shipping sector, Fremantle Ports' Inner Harbour did better than its target with no incoming vessel delays recorded as a result of the unavailability of shipping services. At the Kwinana Bulk Terminal, the percentage of incoming vessels affected due to the unavailability of shipping services was well within target but at the Kwinana Bulk Jetty, the target of < 2 per cent was exceeded. The average hours of delay per vessel delayed at the Kwinana Bulk Terminal and Kwinana Bulk Jetty were well above the target.

Fig 1. Delays to Incoming Vessels due to Unavailability of Shipping Services 2012-13
% of total vessels affected



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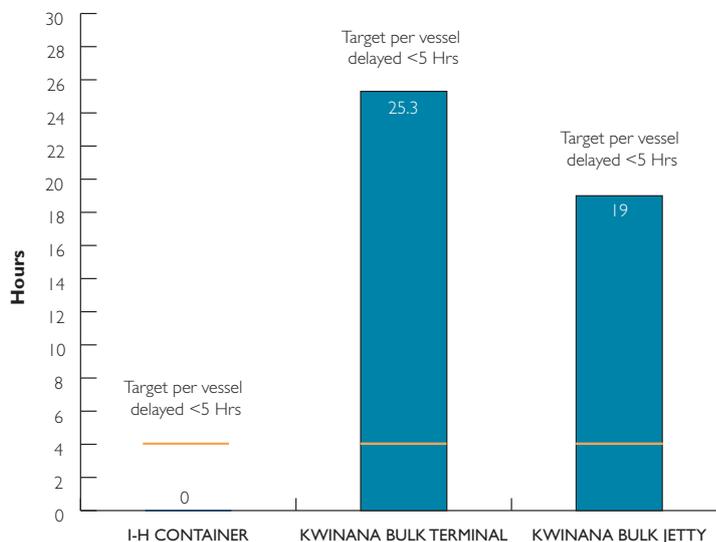
Key Performance Indicators for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

Fig 2. Delays to Incoming Vessels due to Unavailability of Shipping Services 2012-13

Average hours of delay per vessel delayed



Crane Rates

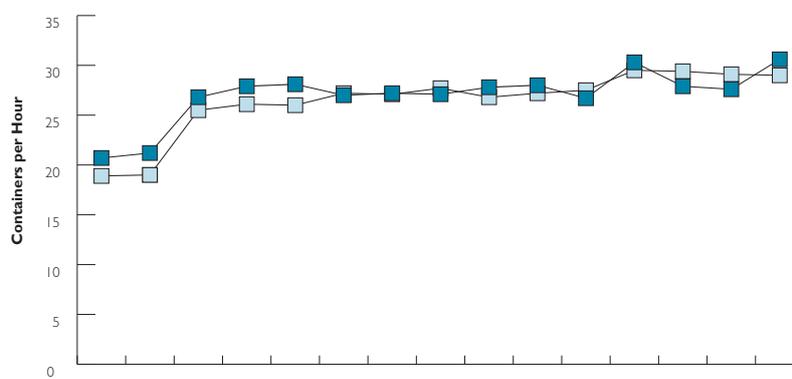
Container stevedoring in Fremantle Ports is carried out by Patrick (Asciano) and DP World. Crane rates are a measure of the productivity of the container terminal operators in the port. The crane rate is the number of containers handled divided by the elapsed crane time. The elapsed crane time is the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

Figure 3 shows that Fremantle Port's crane rates measured in containers per hour have increased by 47.8 per cent from the December Quarter 1998 to the December Quarter 2012 (latest figures released by Waterline).

Wharfside productivity in Fremantle (crane lifts per hour a vessel spent in berth) was 15.7 per cent below the five port average in the December quarter 2012, but Fremantle's vessel working rate (the number of containers handled divided by the elapsed labour time) in the port was 36.3 in the December Quarter 2012, an improvement of 37 per cent on the December quarter in 2011.

Fig 3. Container Terminal Performance Indicators Comparison of Crane Rates between Fremantle and Five Ports Average

Containers per hour



	Dec - 98	Dec - 99	Dec - 00	Dec - 01	Dec - 02	Dec - 03	Dec - 04	Dec - 05	Dec - 06	Dec - 07	Dec - 08	Dec - 09	Dec - 10	Dec - 11	Dec - 12
■ Fremantle	20.7	21.2	26.8	27.9	28.1	27.0	27.2	27.1	27.8	28.0	26.7	30.3	27.9	27.6	30.6
□ Five Ports	18.9	19.0	25.5	26.1	26.0	27.2	27.1	27.7	26.8	27.2	27.5	29.5	29.4	29.1	29.0

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

Disclosures and Legal Compliance

Key Performance Indicators for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

The ship rate in Fremantle increased from 37.6 containers per hour in December 2011 to 47.8, an increase of 27.1 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 to labour last leaving the ship.

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

The 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 41,272 GT in 2012-13, an increase of 51.3 per cent over that period.

The average number of containers exchanged per container vessel in 2012-13 was 1,354 TEU, which was the same as last year.

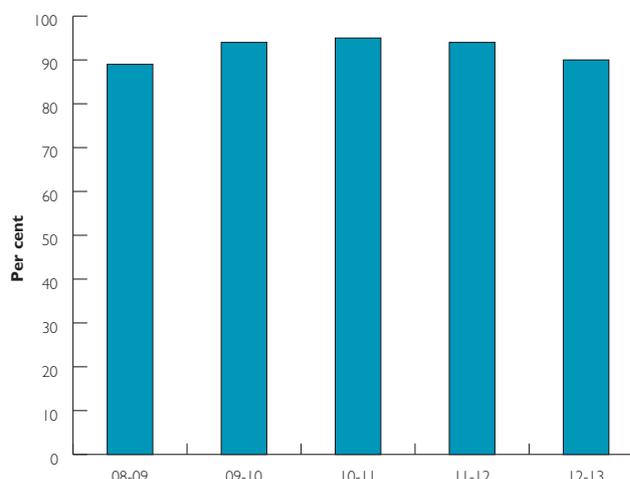
Customer Satisfaction

Fremantle Ports conducted a survey of shipping lines in June 2013. The survey was conducted as part of Fremantle Ports' customer liaison program with major lines and agents. A total of 19 shipping lines were surveyed and the response rate was 83 per cent.

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

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

Fig 4. Shipping Line/Agent Survey Services 2008-09 to 2012-13
Level of Overall Satisfaction with Fremantle Ports' Services



In 2012-13, 90% of respondents were satisfied or very satisfied. Target range 80-90%.

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Key Performance Indicators for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

CAPABILITY FOR THE FUTURE

OUR OBJECTIVE:

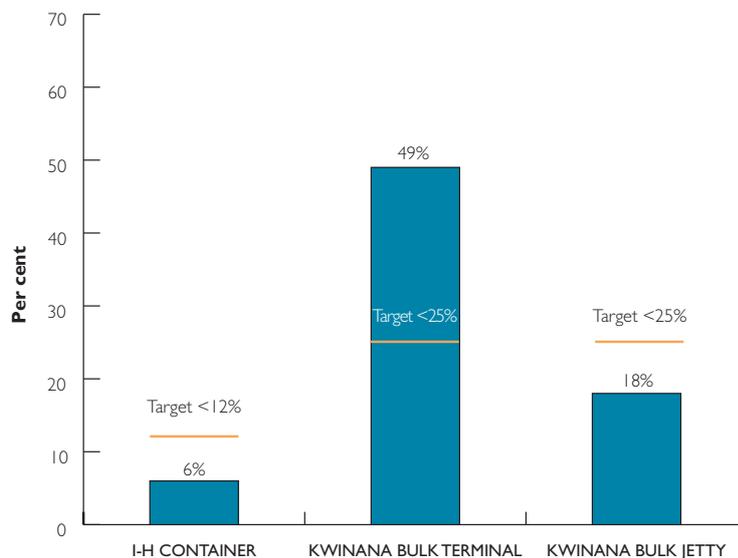
Ensuring sound planning for all aspects of our business including resources, services and infrastructure

Outcomes Sought:

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

Figure 5 shows that 6 per cent of Inner Harbour container vessels incurred delays due to unavailability of berths (percentage of total vessels affected), which was well within target. Unavailability of berths at Kwinana Bulk Terminal was higher than target at 49 per cent, but within target at the Kwinana Bulk Jetty. Trade at the Kwinana Bulk Terminal increased by 55.2 per cent in 2012-13 compared with 2011-12, mainly due to iron ore exports and trade at the Kwinana Bulk Jetty was up by 4.8 per cent.

Fig 5. Unavailability of Berths 2012-13
% of total vessels affected



Disclosures and Legal Compliance

Key Performance Indicators for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

Fig 6. Unavailability of Berths 2012-13
Average hours of delay

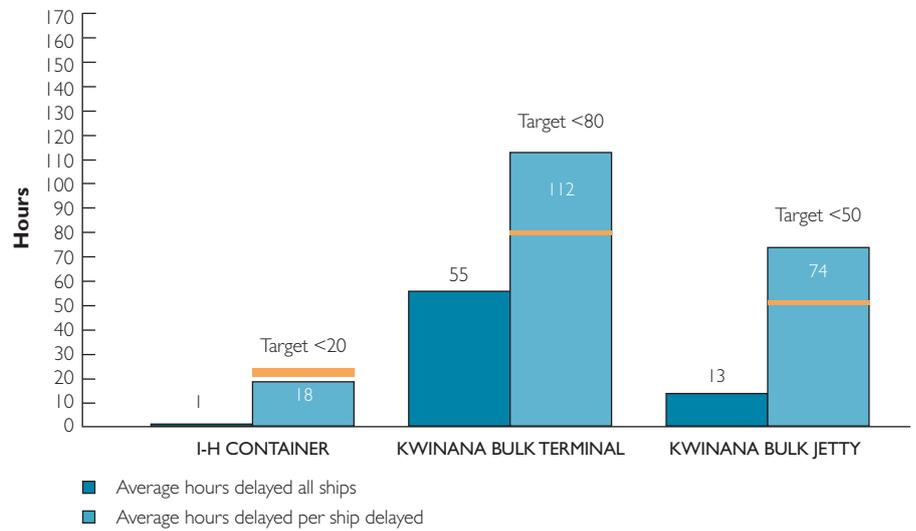


Figure 6 shows that Fremantle Ports was within its target for average hours of delay due to unavailability of berths in the Inner Harbour, but above target at the Outer Harbour (Kwinana Bulk Terminal and Kwinana Bulk Jetty).

Disclosures and Legal Compliance

Key Performance Indicators for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

TRADE AND BUSINESS GROWTH

OUR OBJECTIVE:

Promoting and facilitating trade and business growth opportunities

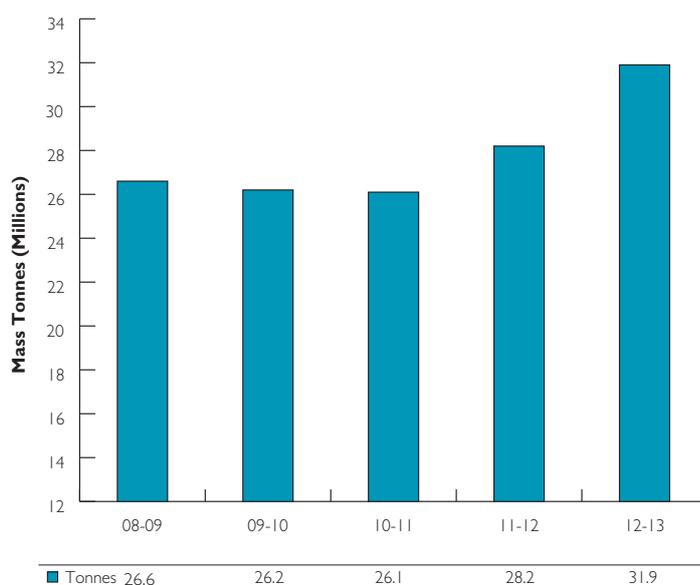
Outcomes Sought:

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

Total Port Trade (Mass Tonnes 000's)

Figure 7 shows that total port trade (total imports and exports), was 3.7 million tonnes or 13.2 per cent higher than last year. Total exports increased by 3.4 million tonnes or 23.1 per cent to 17.9 million tonnes in 2012-13 while total imports increased by 0.4 million tonnes or 2.7 per cent to 14.0 million tonnes.

Fig 7. Total Port Trade (Mass Tonnes)



Note: The Statement of Corporate Intent forecast for the total trade in 2012-13 was annual growth of 6.5 per cent.

Disclosures and Legal Compliance

Key Performance Indicators for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

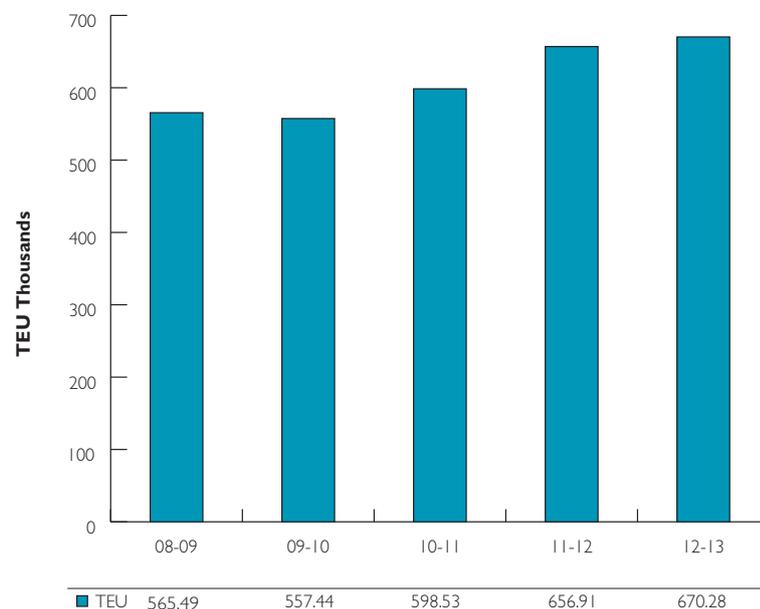
Inner Harbour exports increased by 3.8 cent in 2012-13 mainly due to an increase in full container trade. Container exports of hay increased by 39.8 per cent and non-ferrous metals and other cereals and mineral sands increased by 46.6 per cent and 180.7 per cent respectively. Live sheep exports decreased by 0.1 million head or 4.8 per cent and live cattle exports increased by 2,000 tonnes or 6.3 per cent. Outer Harbour exports increased by 29.1 per cent, mainly due to an increase of iron ore and bulk grain shipments.

Inner Harbour imports decreased by 1.3 per cent mainly due to falls in non-containerised goods of industrial and agricultural vehicles, iron and steel products and other transport equipment. New motor vehicles imports increased by 18,947 units or 18.1 per cent compared with 2011-12. Outer Harbour imports increased by 4.4 per cent mainly due to the increase in crude petroleum and sulphur.

Total Container Trade

Figure 8 shows that container trade has increased by 18.5 per cent since 2008-09 and by 2.0 per cent over the 12 months to 30 June 2013.

Fig 8. Total Container Trade - TEU



Note: The Statement of Corporate Intent forecast for the total container trade in 2012-13 was annual growth of 4.0 per cent.

Disclosures and Legal Compliance

Key Performance Indicators for the year end 2013



The main features of the container trade over the last 12 months were as follows:

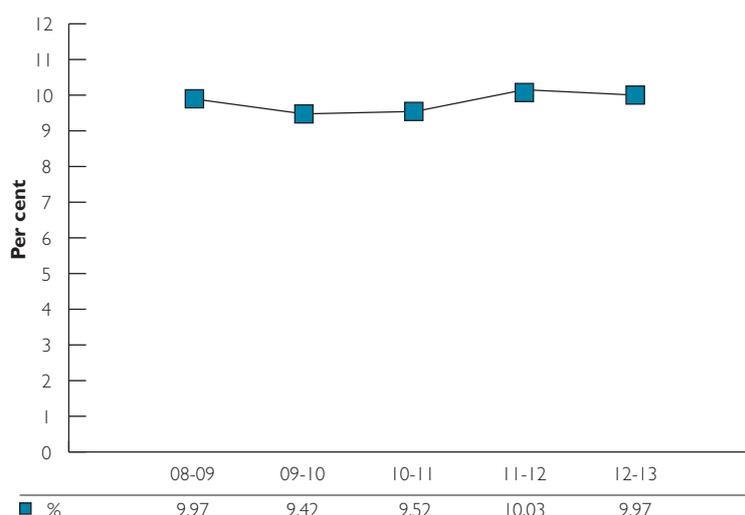
- Total container exports increased by 4.5 per cent and imports decreased by 0.2 per cent.
- Full container exports increased by 8.6 per cent or 13,762 TEU and full imports decreased by 0.01 per cent or 35 TEU.
- Empty container exports increased by 1.0 per cent and empty imports decreased by 3.6 per cent.
- Coastal container throughput totalled 67,646 TEU, a decrease of 9.4 per cent on 2011-12. Coastal full container throughput totalled 57,701 TEU, 7.3 per cent down on 2011-12.
- The number of container vessel visits to Fremantle Port increased from 479 visits in 2011-12 to 490 visits in 2012-13.
- The average size of container vessels has increased to 41,272 gross tons (GT) or by 1.2 per cent compared with 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), and decreased by 0.6 per cent to 9.97 per cent over the previous year.

**Fig 9. Container Trade
Fremantle 2012-2013**

Market Share % Australian
Container Trade



Disclosures and Legal Compliance

Key Performance Indicators for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

Number of Ship Visits

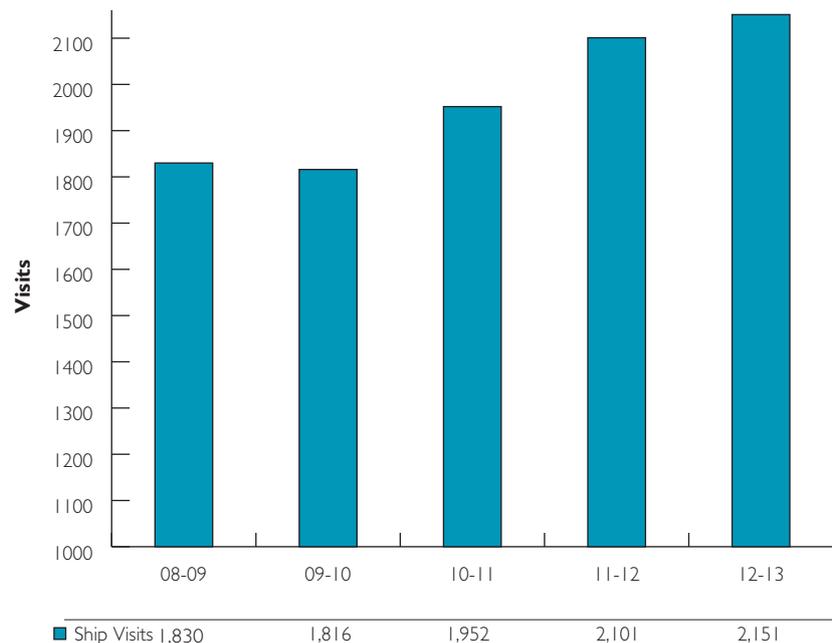
Figure 10 shows that the number of ship visits for commercial, non-trading and fishing vessels (naval vessels of war are excluded) increased by 2.4 per cent over the 12 months to 30 June 2013.

Commercial ship visits increased by only one visit in the Inner Harbour and decreased by two visits in the Outer Harbour.

The only significant changes to vessel numbers in the Inner Harbour were a decrease in passenger vessels by 23 visits and an increase of vehicle carriers by 14 visits. Container visits increased by 12 visits or 2.4 per cent.

In the Outer Harbour, commercial ship visits by dry bulk vessels increased by 37 visits or 10.1 per cent mainly due to the increase in grain vessel visits and exports of iron ore shipments. Vessel calls in the Outer Harbour for bunkers (fuel oil) decreased by 52 visits or 44.1 per cent when compared with 2011-12.

Fig 10. Total Ship Visits



Note: Naval vessels not included. The Statement of Corporate Intent forecast for total ship visits in 2012-13 was 2,093.

Disclosures and Legal Compliance

Key Performance Indicators for the year end 2013



FREMANTLE PORTS ANNUAL REPORT 2013

BUSINESS SUSTAINABILITY

OUR OBJECTIVE:

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

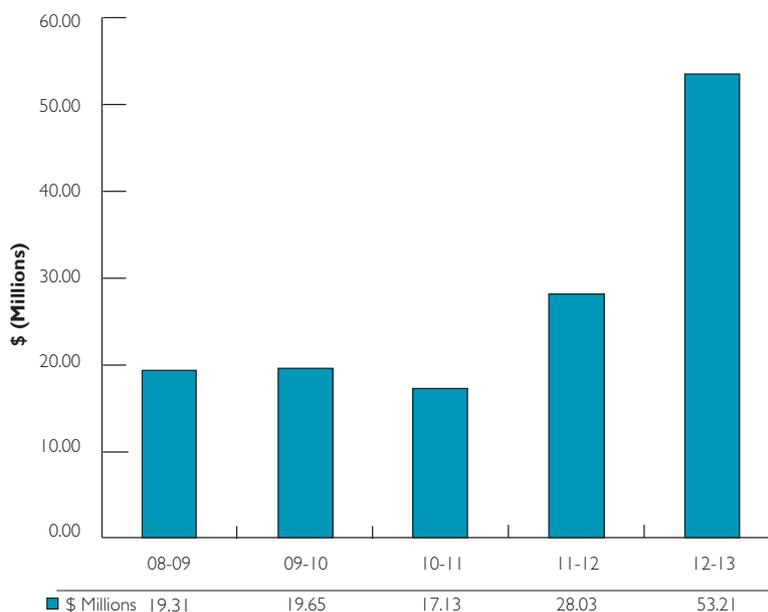
Outcomes sought:

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

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

Figure 11 shows that operating profit before income tax equivalent reached \$53.21 million in 2012-13 which was 89.8 per cent higher than 2011-12.

Fig 11. Operating Profit Before Income Tax Equivalent Payments



For comparative purposes the figures above exclude individually significant items.

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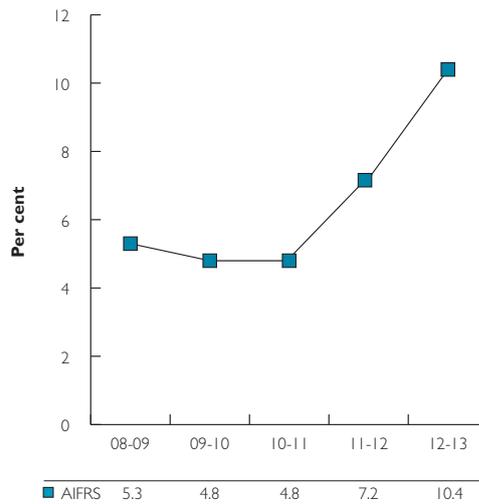
Key Performance Indicators for the year end 2013



Economic Rate of Return on Assets

Figure 12 shows that the Economic Rate of Return on Assets was 10.4 per cent for the financial year 2012-13. This compares to a target of 8 per cent for the year, as agreed by the State Government.

Fig 12. Economic Rate of Return on Assets



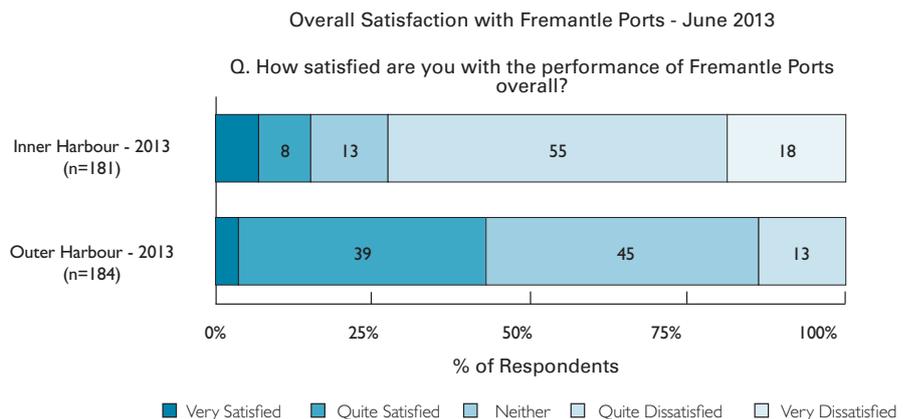
Note: The economic rate of return on assets valued at deprival value

Community Satisfaction

Fremantle Ports conducted a community satisfaction survey in June 2013 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 73 per cent of respondents in the Inner Harbour and 58 per cent in the Outer Harbour were very satisfied or quite satisfied with the performance of Fremantle Ports overall and that 13 per cent and 39 per cent respectively were neither satisfied nor dissatisfied.

Fig 13. Overall Satisfaction with Fremantle Ports - June 2013



Disclosures and Legal Compliance

Other Legal Requirements



FREMANTLE PORTS ANNUAL REPORT 2013

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 and Market Research Expenditure - 2012-13	
Advertising Agencies	NIL
Marketing Research Organisations	
Synovate Pty Ltd	\$65,010.00
Polling Organisations	
Direct Mail Organisations	
Fremantle Herald (distribution of leaflets)	\$11,490.05
Community Newspaper Group (distribution of leaflets)	\$4,831.62
Media Advertising Organisations	
Fremantle Herald	\$5,303.58
Community Newspaper Group	\$1,925.55
Seek (recruitment adverts)	\$5,068.75
Acorn Design (includes tenders, recruitment adverts)	\$28,797.78
Optimum Media Decisions (OMD) (includes tenders, recruitment adverts)	\$42,081.35
Ontime Publications	\$11,000.00
Country Wide Publications	\$1,810.01
Proton Promotional	\$459.38
Future media	\$1,825.07
Turner Designs	\$6,670.25
Informa Australia	\$420.00
Adcorp Australia	\$22,856.59
Summit Publishing Pty Ltd	\$1,895.95
Chamber of Commerce and Industry	\$2,100.00
Total	\$213,545.93

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DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

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

The Fremantle Ports website includes a 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 a taxi services available for passengers disabilities.

Fremantle Ports has contributed to the success this year of the Kwinana Industries Council's iWomen project to create greater awareness of industry career opportunities. The target group is female secondary school students in the port area.

Fremantle Ports is also contributing to the KIC's iDiversity program to reach out to secondary school students with disabilities, again to increase understanding of industry and careers.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

Code of Conduct

Fremantle Ports' Code of Conduct developed in alignment with the Public Sector Commission guidelines continues to be promoted and applied.

Fremantle Ports has detailed guidelines and processes in place which support the Code. 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. The most recent review was in 2012.

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.

Periodic hypothetical case studies are discussed with the Management Team covering a range of ethical issues in relation to *Fremantle Ports' Code of Conduct*.

In 2012-13 there were no incidents involving reportable misconduct.

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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 2008-2012 % Representation	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)
Management Tier 1 (Women)	100.0	0.0	0.0	0.0	0.0
Management Tier 2 (Women)	33.3	33.3	33.3	28.6	50.0
Management Tier 3 (Women)	9.5	8.7	15.0	15.0	9.1
Management Tier 2 and 3 combined (Women)	14.8	13.8	19.2	18.5	17.9
Indigenous Australians	0.6	0.5	0.5	1.0	0.5
People with disabilities	4.5	13.6	12.5	5.6	1.0
People from culturally diverse backgrounds	11.5	12.1	11.9	12.5	11.8
Youth (under 25 years)	3.6	3.4	3.2	4.2	2.6

RECORDKEEPING

Fremantle Ports continues to implement best practice recordkeeping initiatives to ensure that it continues to meet the legislative requirements of the *State Records Act 2000*. The following information is provided in accordance with the State Records Commission Standard 2, Principle 6.

Efficiency and Effectiveness of Fremantle Ports' Recordkeeping Systems

An Internal Audit is carried out every three years on Fremantle Ports' records management functions with the most recent audit being in 2012. The overall results indicated that Fremantle Ports' Records Management Framework including policies, procedures and practices complies with the requirements of the *State Records Act 2000*. In addition to the Internal Audit the following reviews were undertaken at the beginning of 2013:

- A Corporate Information Services branch survey to determine the quality and effectiveness of services provided by the branch to internal customers. There were 93 respondents. The results demonstrated that at least 80 per cent of the respondents were either quite satisfied or very satisfied with Fremantle Ports' Records Management and TRIM support services.

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FREMANTLE PORTS ANNUAL REPORT 2013

- A quality and environment audit was undertaken by external auditors. Although the audit identified that Fremantle Ports' document control procedures are available and current there was evidence of some opportunities for improvement in document control processes. A document control marketing program is now being developed based on the best practices outlined in ISO 9001:2008 and will be implemented in the second half of 2013.
- An audit of Fremantle Ports' basement hardcopy archives has been undertaken. All basement archives have now been categorised and labelled so that if any form of disaster occurs, important or vital hard copy records are prioritised and recovered based on their business or historical value.

A Disaster Recovery and Contingency Plan has been created which includes checklists and worksheets with built- in TRIM workflows to ensure the relevant review processes occur by the review dates. Three disaster recovery bins are now available in key areas across Fremantle Ports containing recovery equipment to help recover and protect damaged hard copy records. Records Management staff have attended training courses in using such equipment. The plan also includes detailed guidelines on how to minimise damage to hard copy records and ensures action is taken quickly to protect and recover any damaged records.

Recordkeeping Training and Induction Programs

An induction role play, focusing on a small number of key recordkeeping principles, is provided to new employees at monthly inductions. A recent review found that while the role play was effective, induction days are long and employees can experience information overload. Fremantle Ports has now implemented an online Recordkeeping Training and Awareness Program to complement the role play. This covers all aspects of best practice recordkeeping. This online training is mandatory for all new employees and is to be completed within the first two weeks of employment.

In addition to formal recordkeeping training, help sheets are available electronically to all employees and TRIM training is provided to new employees within the first week of employment. Featured TRIM training sessions are also offered on a monthly basis to all employees with regular follow up training and support provided.

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Training Effectiveness

The results of the branch customer survey demonstrate that the proactive training and just-in-time support services provided to employees are highly valued and effective. The survey results also show that 86 per cent of the respondents have adopted TRIM as their main document repository. This is further evidenced by the number of documents registered to TRIM over the past six years. In 2009 more than 68,000 documents were registered to TRIM whereas in 2012 there were 108,000 documents registered.

Although only a small number of staff so far have completed the online recordkeeping training course, feedback received from participants is positive. The long-term goal is to implement this online training program across the whole organisation with follow up training to be provided every 6 to 12 months.

Knowledge Management Projects

A Knowledge and Information Management program has been developed to help to foster a positive knowledge and information sharing culture and ensure important knowledge and information is captured and retained for future use. The following initiatives have been implemented over the last 12 months.

Connected Insights

This is a series of information-sharing sessions on important issues and projects relating to Fremantle Ports. Since Connected Insights began, there have been 10 well-attended sessions on topics such as Managing our Corporate Reputation, Smart Ports and European Insights, and a discussion on the Safety for Life project.

Port Talks

Port Talks are videoed interviews with employees at all levels but particularly people who have been at the port for more than 20 years, including those preparing for retirement. So far, there have been five such Port Talk interviews with key people. Employees are invited to attend screenings of the interviews which are also available on the corporate intranet site.

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Knowledge Mapping

Two Knowledge Maps have been created. These are graphical process maps which capture critical information and knowledge at a high level. The Knowledge Maps are useful as part of the handover from existing employees to new staff, especially those in critical roles. Knowledge Mapping is closely aligned to Fremantle Ports' succession planning process and is undertaken several months before the employee retires or leaves the port.

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. The Manager Port Safety reports to the Executive and formal occupational health and safety committees are in place for each of Fremantle Ports' three sites. Fremantle Ports' employees are also consulted on safety issues via branch and tool box meetings.

Fremantle Ports complies with the injury management requirements of the *Workers' Compensation and Injury Act 1981*, including the development of return to work plans.

Workplace safety

Fremantle Ports' ongoing and strong desire to maintain the safety and health of its staff, working in sometimes challenging environments, was clearly demonstrated over the reporting period.

Fremantle Ports won the Western Australian WorkSafe Award in 2012 for the Best Workplace Safety and Health Management System in the Public Sector. It won the award by exhibiting clear adherence to the criteria which required a demonstration of commitment to a continuous improvement of workplace Occupational Safety and Health (OSH) through a closed systems approach over the past two years.

In addition, Fremantle Ports declared itself as an organisation which sought internal recognition of safety as a major priority. Fremantle Ports considers such recognition gives staff a stronger buy-in to safety programs and to its Safety for Life initiative, the credo of which is: No Injuries; No Harm; No Damage. The Safety for Life initiative was reported on in 2011-12.

Disclosures and Legal Compliance

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The organisation's commitment to excellence in safety also has led it to seek and maintain certification to the AS/NZS 4801 OSH Management System for ten continuous years through the external certification body, SAI Global. Furthermore, Fremantle Ports has initiated and maintained separate, external verification of its Occupational Health and Safety Management System through a Legal Compliance (Safety) Annual Audit Program, managed for eight continuous years by SOS-Switched Onto Safety.

Key safety improvements achieved in the reporting period include:

- launch of the Safety System management Framework in July 2012
- success in safety legislative compliance; the annual audit demonstrated that the five-year safety audit schedule had been achieved in three years
- a major review of the Safety and Environment on-line induction program brought about completely revamped content and test questions designed to instil a greater level of safety awareness
- the safety roles and responsibilities of staff at each level within the organisation were defined, showing how each level will contribute to driving safety excellence
- ongoing deployment of the port's ergonomic and manual-handling program and the continuation of the "scratch card" initiative to recognise positive safety performance.

There also has been a continued focus on managing contractor safety with the refinement of an pre-engagement program introduced in 2011-12 to audit and rank contractors' safety performance. The program collects contractors' key performance indicators to monitor and integrate them with the performance of Fremantle Ports' employees.

Measure	Actual Results		Results against Target	
	2010-11	2012-13	Target	Comment
Number of fatalities	0	0	0	Target achieved
Lost time injury frequency rate	3.24	4.92	Overall target 0 Improvement Target 10.6	Above target
Lost time injury severity rate	3.77	7.14	Improvement Target 9.19	Target achieved
Percentage of injured workers returned to work:				
(i) within 13 weeks	91.66%	92.85%	100%	Not achieved
(ii) within 26 weeks	91.66%	92.85%	100%	Not achieved
Percentage of managers trained in occupational safety, health and injury management	90%	90%	80%	Target achieved

* 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



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FIVE YEAR SUMMARY					
SHIPPING	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
No. of Ships: Inner Harbour	1,045	1,036	1,061	1,041	1,051
Outer Harbour	785	780	891	1,060	1,100
Naval	17	20	26	34	7
TOTAL	1,847	1,836	1,978	2,135	2,158
Gross Tonnage (000's): Inner Harbour	34,608	36,437	37,272	38,764	39,930
Outer Harbour	19,263	17,632	18,434	21,573	24,502
TOTAL	53,871	54,069	55,706	60,337	64,432
Turnover per linear metre of wharf Inner Harbour Tonnage Only - (i)					
Trade in Tonnes	2,293	2,178	2,236	2,350	2,374
Gross Tonnage	10,835	11,408	11,616	12,033	12,354
TRADE	Mass tonnes '000				
Total Port Trade	26,603	26,168	26,123	28,212	31,980
Imports: Inner Harbour	3,349	3,226	3,522	4,080	4,029
Outer Harbour	9,196	8,877	9,569	9,552	10,001
TOTAL	12,545	12,103	13,091	13,632	14,030
Exports: Inner Harbour	3,916	3,647	3,549	3,355	3,554
Outer Harbour	10,011	10,245	9,333	11,070	14,395
TOTAL	13,927	13,892	12,882	14,425	17,949
Bunkers: Inner Harbour	61	85	72	69	55
Outer Harbour	70	88	78	86	55
TOTAL	131	173	150	155	110
FINANCE	\$ Millions				
Revenue from ordinary activities	125.910	133.009	152.239	180.234	204.589
Operating expenses	96.017	102.070	115.082	123.661	123.248
Interest and depreciation charges	10.582	11.287	20.030	28.542	28.128
Profits from ordinary activities	19.311	19.652	17.127	28.031	53.213
Written down value of fixed assets	208.854	316.548	397.974	397.416	413.298
Percentage of Revenue	Per Cent				
Charges on cargo	58.34	59.78	59.61	65.91	66.27
Charges on ships	9.87	9.53	8.65	8.33	8.55
Charges for shipping services	5.97	6.19	6.11	5.97	6.03
Charges for other services	25.82	24.50	25.63	19.79	19.15
Operating expenses	76.26	76.74	75.59	68.61	60.24
PERSONNEL	No	No	No	No	No
Employees at 30th June (ii)	309	306	319	338	335

(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 and Non Trading		Naval
	No.	Gross Tonnage	No.	Gross Tonnage	No.	Gross Tonnage	No.
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
2013	1,733	61,258,030	418	3,174,606	2,151	64,432,636	7

SHIPS CLASSIFIED ACCORDING TO CARGO CLASS

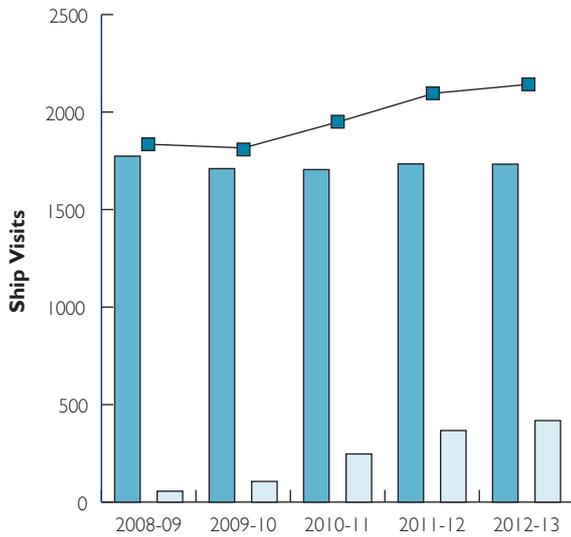
Cargo Class	2010-2011			2011-2012			2012-2013		
	No.	Gross Tonnage (000's)	Average Per Ship (000's)	No.	Gross Tonnage (000's)	Average Per Ship (000's)	No.	Gross Tonnage (000's)	Average Per Ship (000's)
Break Bulk/ General Carrier	109	1,212	11.1	139	1,611	13.7	109	1,264	11.6
Container	555	21,311	38.4	479	19,522	40.8	490	20,224	41.3
Multi Purpose	35	196	5.6	24	96.0	4.0	26	150.0	5.8
Roll-on/Roll-off	18	1,205	67.0	24	1,641	68.3	26	1,814	69.8
Vehicle Carrier	180	9,838	54.7	202	11,728	58.0	216	12,475	57.8
Livestock Carrier	70	1,662	23.7	50	1,311	24.2	55	1,240	22.5
Passenger	29	1,353	46.6	40	2,128	53.0	17	1,477	86.9
Tankers	266	8,104	30.5	260	7,922	24.0	281	9,083	32.3
Dry Bulk - Grain	81	2,244	27.7	114	3,564	28.2	148	4,686	31.7
Dry Bulk - Other	220	4,678	21.3	263	5,862	22.1	276	6,784	24.6
Bunkering Only	141	3,192	22.6	124	2,923	23.0	80	1,822	22.8
Other - (Fishing, Tenders, etc.)	248	711	2.6	382	2,029	1.8	427	3,413	8.0
Sub Total	1,952	55,706	28.5	2101	60,337	28.7	2151	64,432	30.0
Naval	26			34			7		
Grand Total	1,978	55,706	28.5	2,135	60,337	28.7	2,158	64,432	30.0

Statistical Information



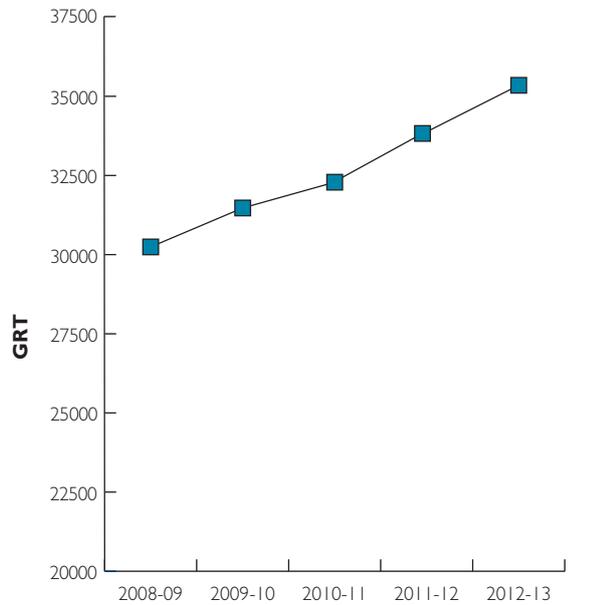
FREMANTLE PORTS ANNUAL REPORT 2013

Ship Visits 2008-2009 to 2012-2013 (Excluding Naval)



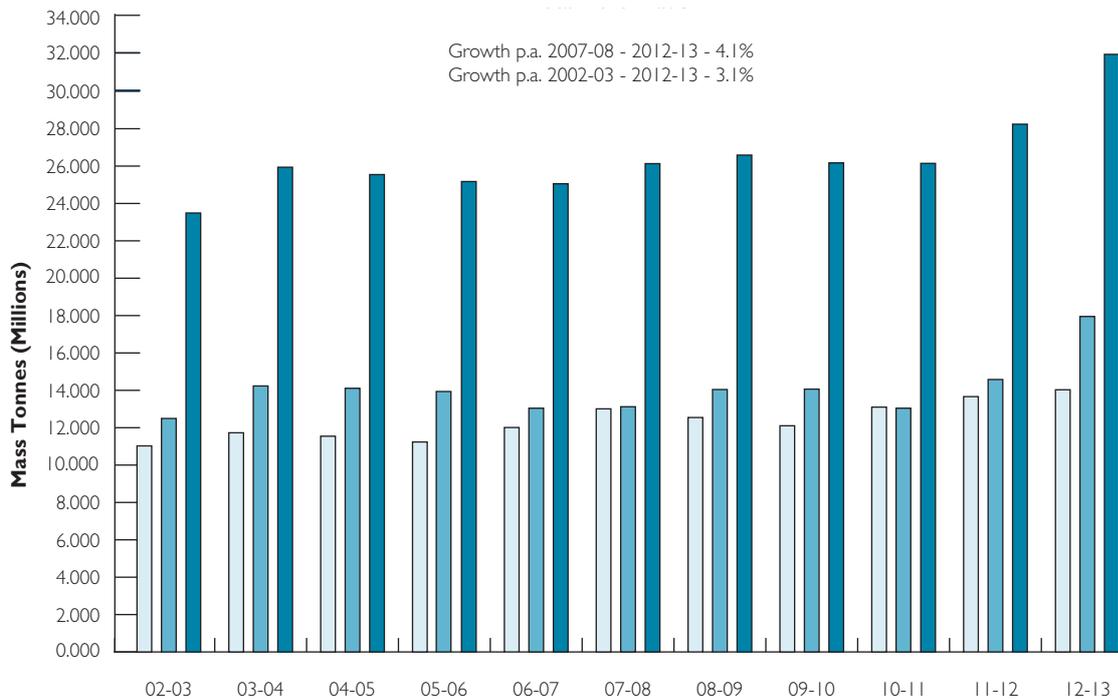
Commercial	1,774	1,710	1,705	1,734	1,733
Non-Trading	56	106	247	367	418
Total	1,830	1,816	1,952	2,101	2,151

Average Gross Registered Tonnage per Commercial Vessel 2008-2009 to 2012-2013



GRT	30,243	31,473	32,287	33,880	35,348
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Total Port Trade 2002-2003 to 2012-2013



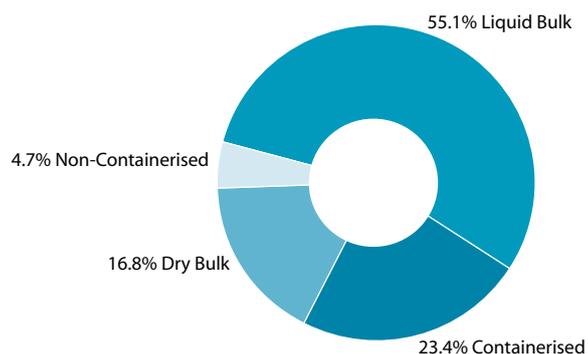
Imports	11,027	11,728	11,545	11,236	12,010	13,009	12,545	12,103	13,102	13,663	14,030
Exports	12,494	14,234	14,108	13,937	13,043	13,122	14,043	14,065	13,043	14,579	17,950
Total	23,490	25,939	25,546	25,173	25,053	26,131	26,588	26,168	26,145	28,242	31,980

Statistical Information

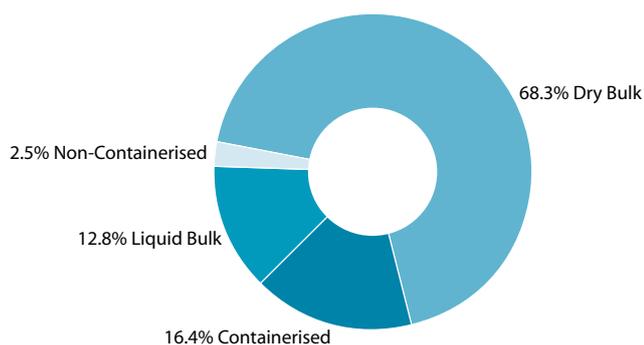


FREMANTLE PORTS ANNUAL REPORT 2013

**Trade By Cargo Class
Imports 2012-2013 (Mass Tonnes)**



**Trade By Cargo Class
Exports 2012-2013 (Mass Tonnes)**



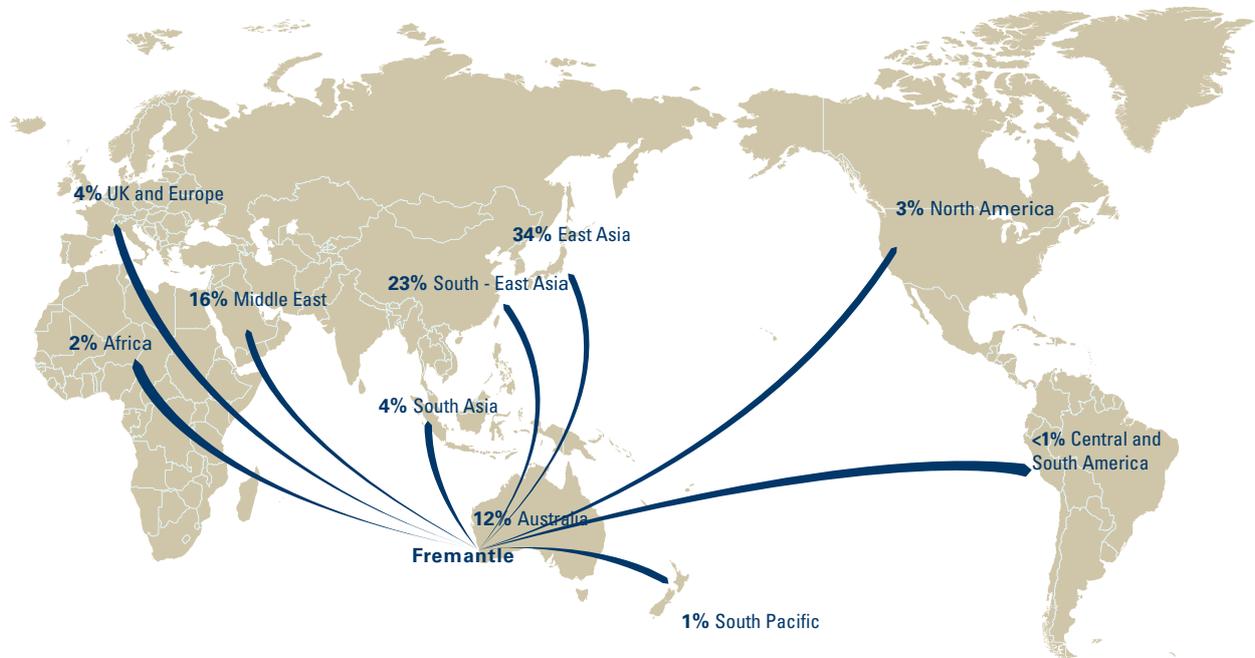
TRADE BY CARGO CLASS (MASS TONNES)		
Cargo	Imports	Exports
Liquid Bulk	7,726,320	2,291,994
Dry Bulk	2,354,332	12,265,164
Non - Containerised	661,071	443,948
Containerised	3,288,821	2,948,588
Total	14,030,544	17,949,694

Statistical Information

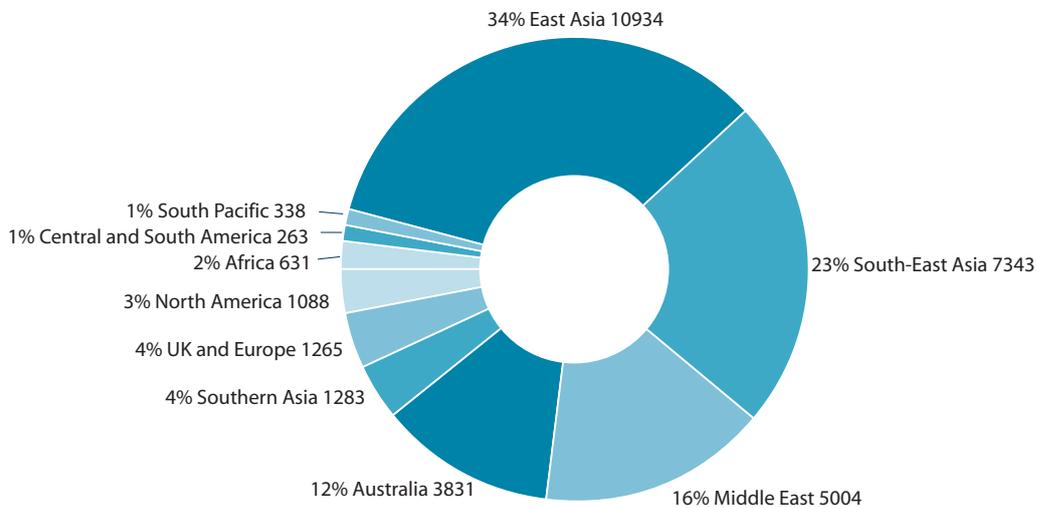


FREMANTLE PORTS ANNUAL REPORT 2013

Links in World Trade



Principle Areas of Trade 2012-2013 Mass Tonnes (000's)

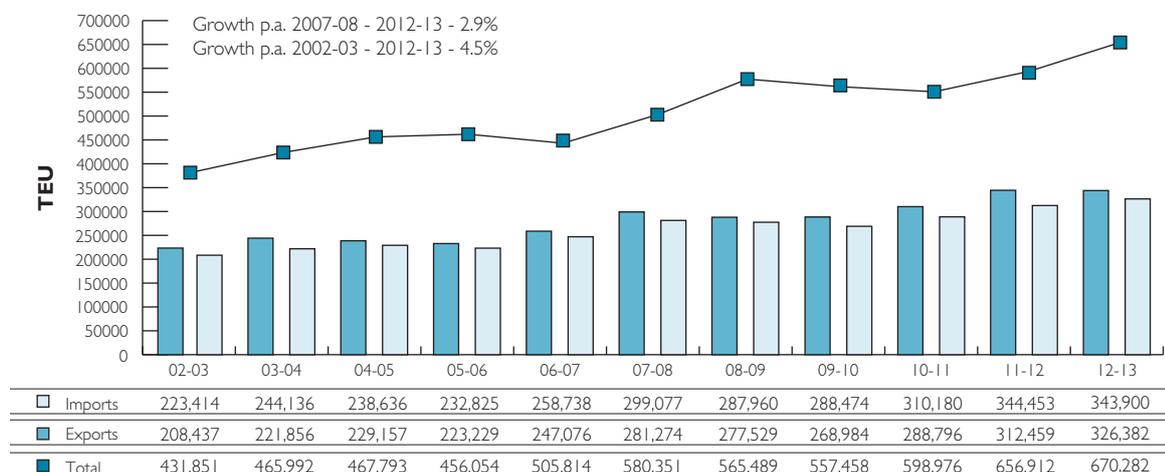


Statistical Information

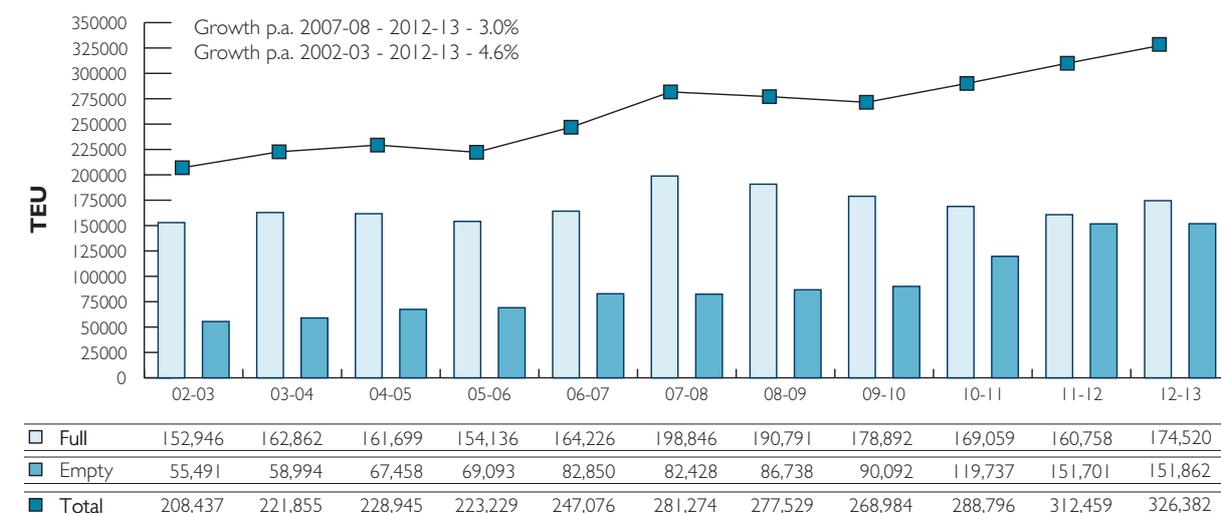


FREMANTLE PORTS ANNUAL REPORT 2013

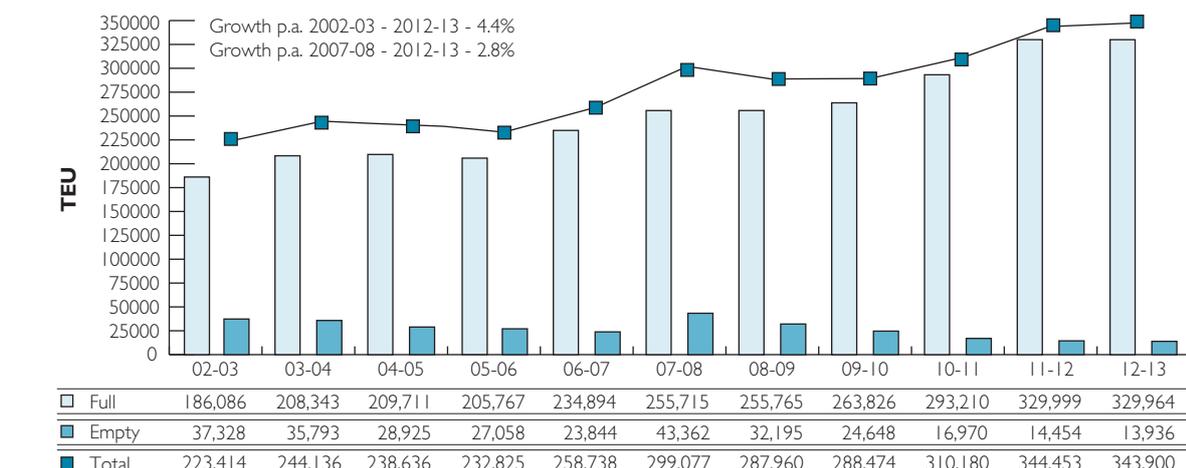
Total Container Trade - TEU 2002-2003 to 2012-2013



Export Container Trade - TEU 2002-2003 to 2012-2013



Import Container Trade - TEU 2002-2003 to 2012-2013



Statistical Information

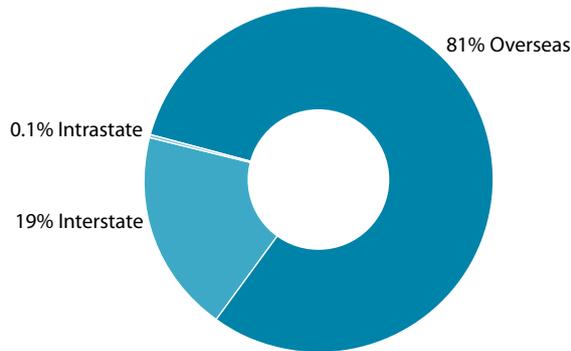


FREMANTLE PORTS ANNUAL REPORT 2013

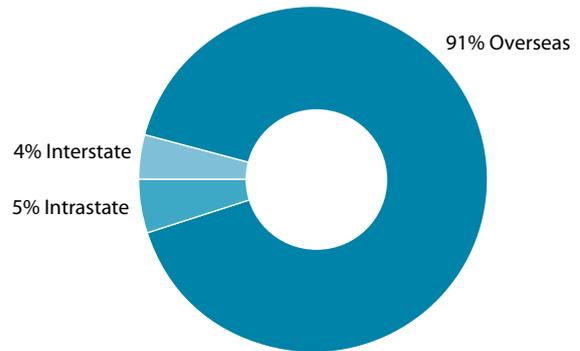
SYNOPSIS OF TRADE 2012-13

CARGO	Inner Harbour Mass Tonnes	Outer Harbour Mass Tonnes	Port Total Mass Tonnes
Imports			
From Intrastate Ports	16,561	654,305	670,866
From Interstate Ports	746,493	82,091	828,584
From Overseas Ports	3,265,687	9,265,408	12,531,095
Total Imports	4,028,741	10,001,804	14,030,545
Exports			
To Intrastate Ports	15,721	80,996	96,717
To Interstate Ports	35,938	2,086,207	2,122,145
To Overseas Ports	3,447,530	12,173,219	15,620,749
Total Exports	3,499,189	14,340,422	17,839,611
Total Cargo	7,527,930	24,342,226	31,870,156
Bunkers			
Fuel Oil	54,925	55,159	110,084
TOTAL PORT TRADE	7,582,855	24,397,385	31,980,240

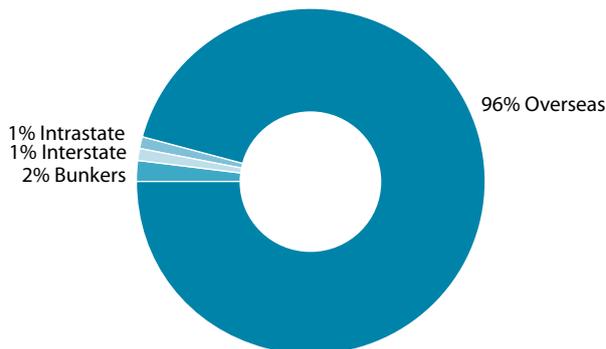
Inner Harbour Imports



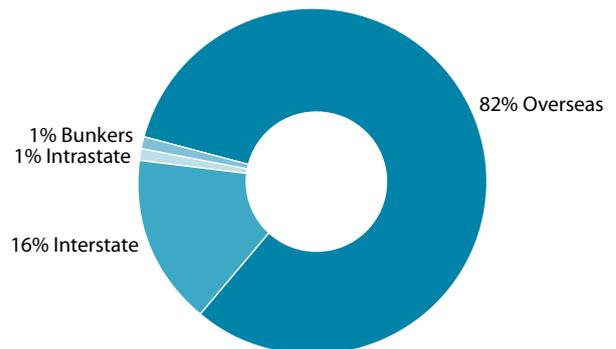
Outer Harbour Imports



Inner Harbour Exports



Outer Harbour Exports



Statistical Information



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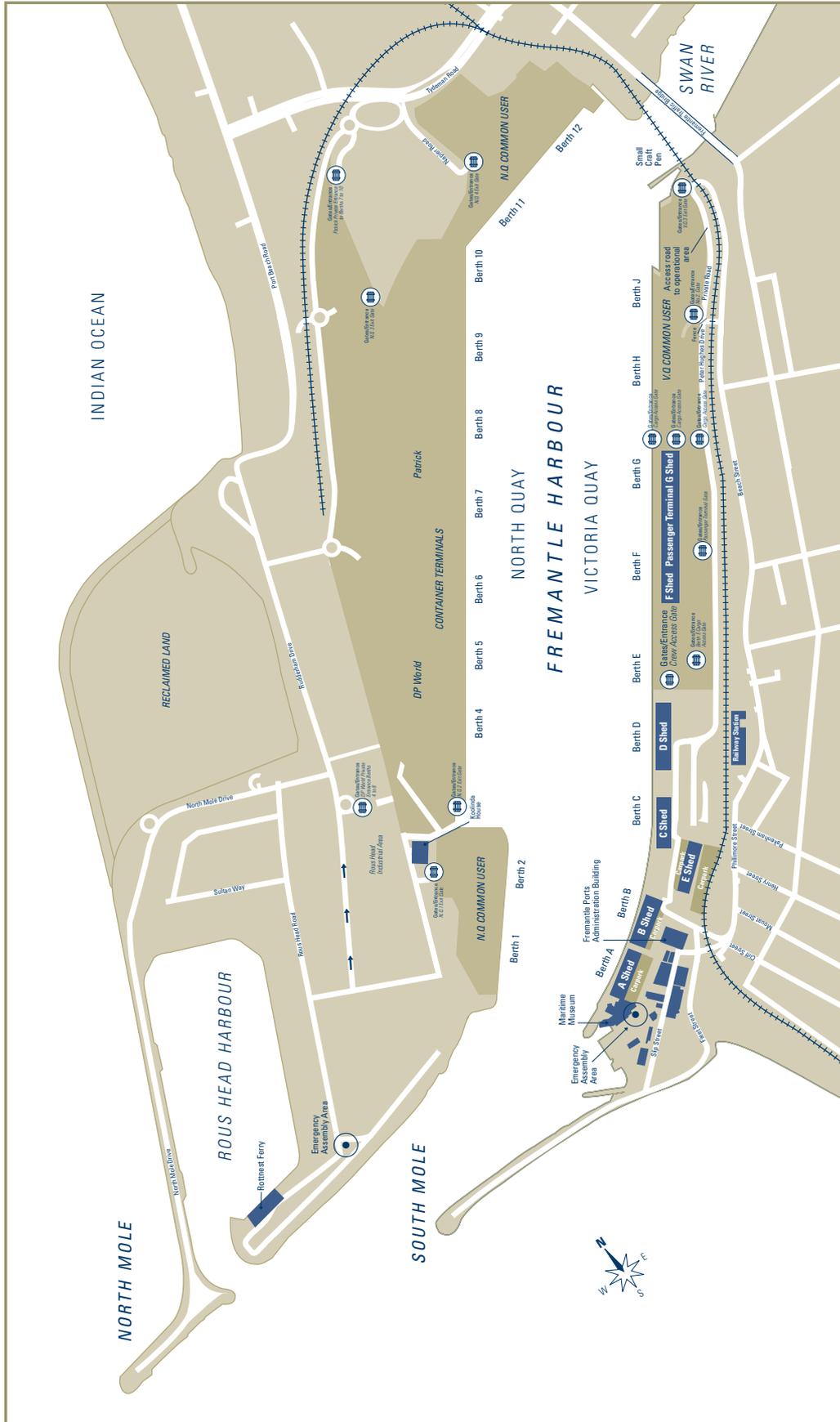
PORT OF FREMANTLE CONTAINER TRADE - TEU JULY | 2012 TO JUNE 30 2013

COUNTRY	IMPORTS			EXPORTS			GRAND TOTAL
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL	
China	105,763	2,622	108,385	39,367	5,022	44,389	152,774
Singapore	8,977	6,010	14,987	7,775	98,511	106,286	121,273
Australia	56,840	3,708	60,548	862	6,237	7,099	67,647
Malaysia	15,715	187	15,902	11,804	32,634	44,438	60,340
Japan	6,966		6,966	25,520	418	25,938	32,904
South Korea	9,658	1	9,659	15,794	2,886	18,680	28,339
Indonesia	9,646	187	9,833	13,580	387	13,967	23,800
Thailand	17,300	63	17,363	5,303	1	5,304	22,667
United States of America	17,876	82	17,958	3,744	362	4,106	22,064
New Zealand	6,079	10	6,089	2,720	2,928	5,648	11,737
Vietnam	4,360		4,360	5,601	88	5,689	10,049
Taiwan	5,540	2	5,542	3,872	46	3,918	9,460
Germany	7,247	20	7,267	1,161	864	2,025	9,292
India	4,212		4,212	4,896		4,896	9,108
United Kingdom	6,022		6,022	2,045	36	2,081	8,103
Italy	6,370	1	6,371	785	439	1,224	7,595
United Arab Emirates	2,714		2,714	3,611		3,611	6,325
Netherlands	4,090		4,090	2,036	22	2,058	6,148
Belgium	4,158		4,158	1,035	802	1,837	5,995
Philippines	1,058		1,058	4,171		4,171	5,229
South Africa	2,873	8	2,881	1,085	2	1,087	3,968
Hong Kong	2,083		2,083	1,654		1,654	3,737
Mexico	3,101		3,101	407		407	3,508
France	2,842		2,842	215	138	353	3,195
Spain	2,716		2,716	461		461	3,177
Canada	1,921		1,921	772		772	2,693
Saudi Arabia	355		355	1,689		1,689	2,044
Sweden	1,777		1,777	81		81	1,858
Christmas Island	30	631	661	911	5	916	1,577
Turkey	1,181		1,181	127		127	1,308
Sri Lanka	371		371	929		929	1,300
Israel	1,158		1,158	53		53	1,211
Qatar	306		306	882		882	1,188
Pakistan	566		566	378		378	944
Brazil	751		751	162		162	913
Finland	474		474	422		422	896
Bahrain	403		403	408		408	811
Poland	616		616	174		174	790
Other Countries	5,849	404	6,253	8,028	34	8,062	14,315
Grand Total	329,964	13,936	343,900	174,520	151,862	326,382	670,282

Statistical Information Inner Harbour Map



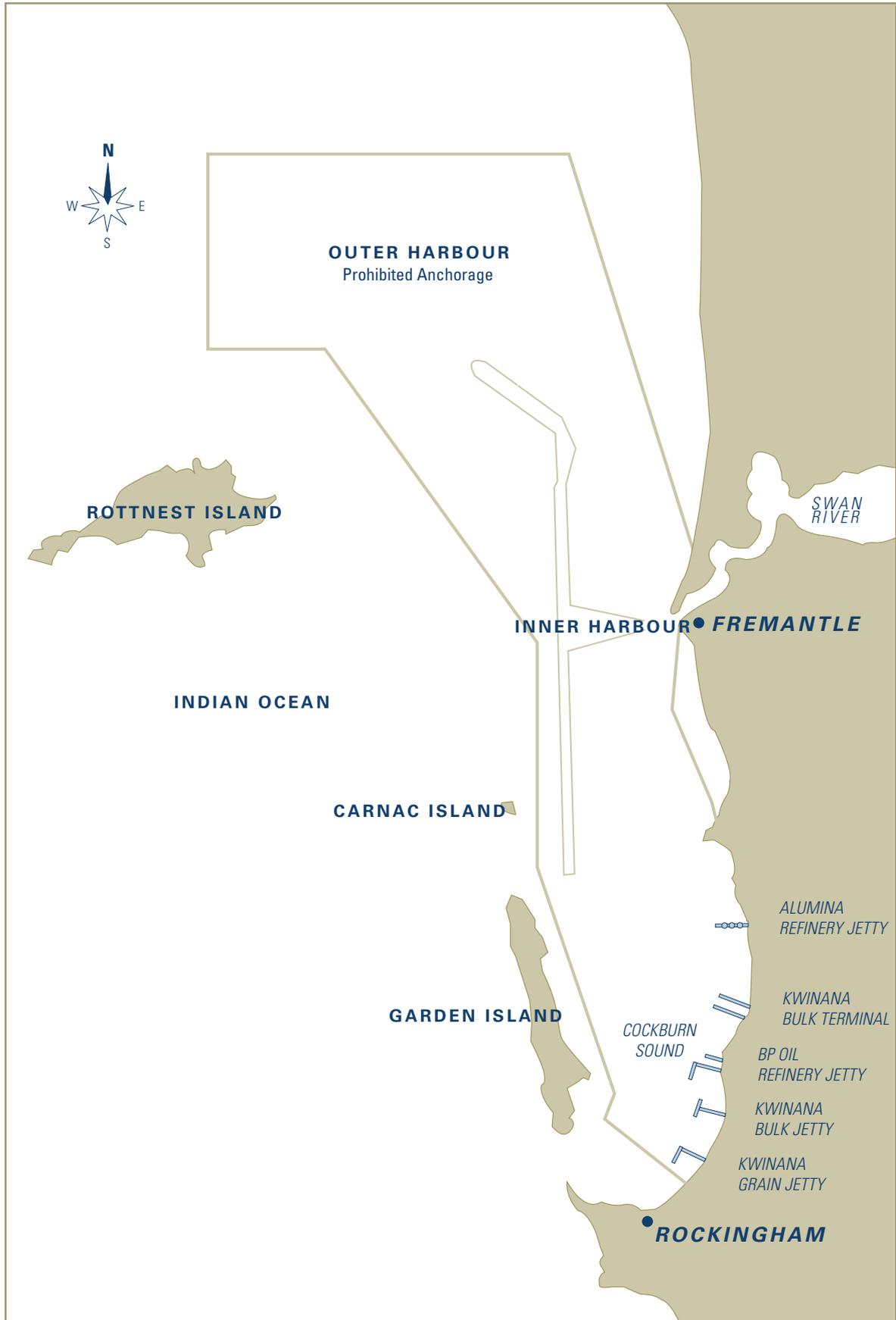
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Statistical Information Outer Harbour Map



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Publications, Abbreviations, Address



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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

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Tell us how we are going

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

As only limited printed copies of 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:

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