



# Fremantle Ports

2010 ANNUAL REPORT



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Hon Simon O'Brien MLC,  
Minister for Transport

## To the Hon Simon O'Brien MLC

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 2010.

## Alan Birchmore

Chairman | Board of Directors

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# OVERVIEW

## EXECUTIVE SUMMARY

### Performance Snapshot

- The fallout from the global economic downturn continued to have an impact on trade results, with overall trade volume 2.3 per cent below last year's result. The decline in some areas, particularly some bulk trades was significant, but container trade made up some of the lost ground.
- The better than expected results in some key Inner Harbour trades combined with careful management of the budget enabled financial targets to be met, with a return of \$18.3 million to the State Government in income tax equivalents and dividends.
- Phase 1 of the Inner Harbour and channel deepening to cater for bigger ships was completed, with the dredged sand used to create 27 hectares of additional land at Rous Head for port-related purposes.
- As part of the \$250 million Inner Harbour deepening and berth works project, Berth 10 on North Quay was rebuilt, providing an additional 180 metres of wharf for container shipping and work began on strengthening the other container berths on North Quay.
- A concept plan for the North Quay/Rous Head area was prepared to guide development towards a desired future layout and preparations were made to advertise the newly-created land at Rous Head for Expressions of Interest.
- Preparations for the introduction of the Voyager Port Management Information System, an improved system to support ship scheduling, berth allocation, pilotage and other operations, were completed.
- A very successful cruise shipping season generated approximately \$95.2 million into the metropolitan economy, with 39 cruise ship visits, compared with 28 the previous year.
- Restoration and refurbishment of historic B Shed on Victoria Quay was undertaken to develop a ferry terminal for ferry operators and the estimated 200,000 passengers who access their services annually. By year end this work was well advanced.
- Fremantle Ports retained its Safety, Environment and Quality certification to international standards following an external audit of its management systems.
- Annual survey results showed that 94 per cent of shipping line customers were satisfied or very satisfied with Fremantle Ports' services, and community support for the continuing role of the Inner Harbour as a working port remained strong.
- Planning began for an education/interpretive centre in B Shed and links with schools were strengthened as part of Fremantle Ports' commitment to youth education and building understanding of the port's economic importance.



# OVERVIEW

## EXECUTIVE SUMMARY



### Chairman's Report

Fremantle Ports has registered another strong financial result, recording a profit before tax of \$19.652 million, while at the same time maintaining nationally competitive prices to our users. Dividends and tax returned to the Government of Western Australia will amount to \$18.3 million while industry statistics show that through efficiency and tight cost control, we met our essential role as trade facilitators for Western Australia's exporters and importers.

The clouds of a global financial crisis continued to create uncertainty around the world, but Western Australia showed its resilience and a faster than expected return to higher levels of activity. Thanks are due to the leadership and teamwork at Fremantle, which enabled more to be done with less over that difficult time.

A simultaneous challenge was the commencement of the largest infrastructure project undertaken at Fremantle for many decades. The increasing size of container vessels, in particular, demanded that the harbour be deepened, berths strengthened and facilities upgraded. The alternative was to allow the new class of larger ships to bypass Fremantle at a huge penalty to the economy of our State and country.

An additional 180 metres of quay length was created at Berth 10, and Phase 1 of the deepening project proceeded, on time and on budget, with no lost time injuries. These activities, involving clever engineering solutions and detailed planning were completed over 14 months, while \$30bn of trade carried on undisturbed around the work. A remarkable effort by all involved.

The dredging in particular was met with concern and heavy questioning from some sections of the media and community. But these concerns had been addressed by a Port team well ahead of the project start. The widest conceivable range of community groups, councils, government authorities, local media, surf clubs and the like were briefed with frank explanations of plans and precautions. Once the project commenced, there was regular provision of project news and all water quality results were posted on Fremantle Ports' website.

To guarantee that the hard questions were asked and competently addressed, 100 per cent transparency of the project was fully opened to public scrutiny by the appointment of an independent dredging reference group, chaired by Dr Bernard Bowen, a previous chairman of Western Australia's Environmental Protection Authority. That reference group is expert and unbiased, adding greatly to community comfort about health and safety. Its valuable work is acknowledged here with grateful thanks.

A valuable by product of the dredging campaign was the creation of an additional 27 hectares of land for port use. It is estimated to be worth at least the cost of the dredging, leaving the State with the double benefit of a more capable port and added public land at no net cost.

An international port Harbour Masters conference on the subject of sustainability was held in Perth earlier this year. It was this body's first conference in Australia and only the second time it was held in the southern hemisphere. As host Chairman, I was asked to give the opening address expressing Fremantle's view of our sustainability and duties:

*"Our operations must be capable of being reliably repeated, decade after decade, at a competitive cost, safely and without undue impact on the people, land, sea and air around us. In that way we can reasonably expect to satisfy our responsibilities to our owners, the government of Western Australia, customers, employees and the community, in whatever we do now and in our planning for the future. The goodwill of all those people is essential for our continued existence and operation."*



Alan Birchmore, Chairman,  
Fremantle Ports Board

# OVERVIEW

## EXECUTIVE SUMMARY

This coming year will see the opening of historic B Shed. Refurbished to reflect its rich heritage, the building will soon be opened to the public, with upgraded ferry facilities and a range of entertainment, education and information to engage the community and visitors. In particular it will address students, young and old, on the waterfront and shipping, how it operated in the past, some of what it offers now and insights into its exciting future.

We are fortunate to have a highly supportive Minister, the Hon Simon O'Brien, who has been a friend and ally throughout. Our management, staff and colleagues on the Board have never fallen short with their enthusiasm for the task, their kindness and their professionalism. They have all contributed greatly and in this, my last term as Chairman of Fremantle Ports, I offer my sincere thanks. It has been an honour.

### **Alan Birchmore**

Chairman



*Inner Harbour and channel deepening will enable access for container ships of up to 14 metres draft.*

# OVERVIEW

## EXECUTIVE SUMMARY



### Chief Executive Officer's Report

While overall trade through the port was slightly below last year's result, Western Australia's improving economy and return to market confidence resulted in significant growth in some areas. A notable example amongst Inner Harbour trades was motor vehicle imports, up by 26 per cent on the 2008-09 figure.

The container trade has also picked up more quickly than expected and has made up some of the ground lost as a result of the global downturn.

Although some bulk trades across Fremantle Ports' Kwinana import-export facilities have fared less well this year, there is keen interest from a number of potential new customers and options are being explored.

Further growth in container volumes and growth in trades such as steel imports is expected in the coming year with the ramping up of major infrastructure projects such as the huge Gorgon gas joint venture in the North West of the State, projected recovery in the housing industry and economic recovery of some of our trading partners.

The projected growth underlines the importance of ensuring that this busy port has the infrastructure and systems in place to service trade needs. The deepening of the Inner Harbour and associated berth works will enable the larger container ships now in Australian service to access the port fully loaded. This is important for the competitiveness of imports and exports, with benefits passed on to consumers.

The new land created at Rous Head as part of the dredging will also contribute to the capacity and efficiency of our Inner Harbour operations. In evaluating Expressions of Interest for this area, our aim will be to ensure that future uses provide essential services to the working port, help to enhance supply chain requirements and integrate well with adjoining port activities.

A joined-up approach to the transport of freight by sea, road and rail is increasingly important for port efficiency. Working with industry and other government agencies towards the goal of a seamless logistics chain continues to be a priority.

One of the strategies for improvement in trucking productivity is to achieve increased two-way loading of trucks. As well as contributing to freight efficiency, reduction in empty running of trucks reduces road freight impacts on the community and as a member of the WA Port Operations Task Force, Fremantle Ports has worked closely with the container terminal operators to develop an initiative to give preferential treatment to trucks doing dual runs.

Urban encroachment, particularly where it is occurring in relation to existing or planned freight routes, is an issue of continuing concern to Fremantle Ports, as it is with many other ports in urban settings. We have undertaken consultation with a number of local authorities and relevant State Government agencies on this subject this year to draw attention to this matter and to discuss what might be done to reduce the likelihood of this occurring.

Retention of our certification to international standards for Safety, Quality and Environment following a rigorous external audit was a reflection of the close attention we pay to these aspects of our business. In evaluating our progress, the auditors are looking for evidence that as well as maintaining our systems, we can also show that we are continuously improving. The feedback from the survey was very positive and we will continue to pursue further improvement opportunities in these critically important areas.

We also received complimentary feedback from our port and wider communities in relation to a number of events undertaken this year, in particular the afternoon of entertainment on Victoria Quay to acknowledge the maiden visit of *Queen Mary 2* and the inaugural Celebrate Maritime event in the Fremantle Passenger Terminal last September.



*Chris Leatt-Hayter  
Chief Executive Officer*



# OVERVIEW

## EXECUTIVE SUMMARY

The large numbers of visitors for those occasions is testament to the high level of community interest in this busy working port.

In conclusion, I extend a personal thanks to our Minister, the Hon Simon O'Brien and his staff for their support and assistance this year. I acknowledge, too, the keen interest, support and valuable input given by our retiring Chairman, Mr Alan Birchmore and Directors of the Board. The constructive way our customers and community representatives have worked with us has also been greatly appreciated.

This has been a busy and at times challenging 12 months and I take this opportunity to publicly acknowledge the contribution of our employees. The commitment and teamwork has been outstanding.

### **Chris Leatt-Hayter**

Chief Executive Officer



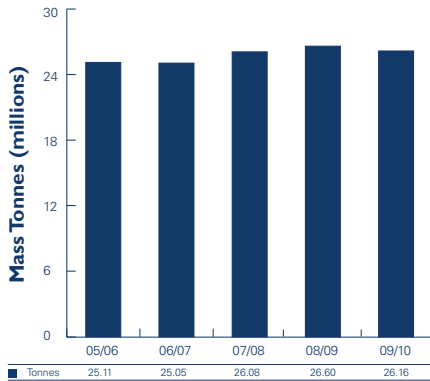
*Container handling operations on North Quay.*

# OVERVIEW

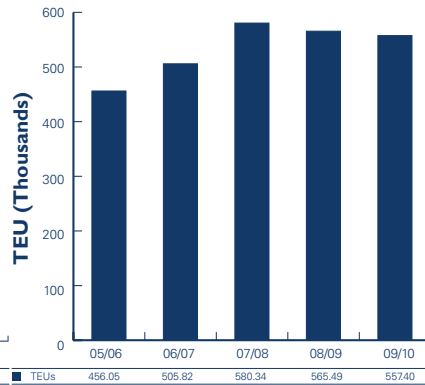
## KEY BUSINESS RESULTS



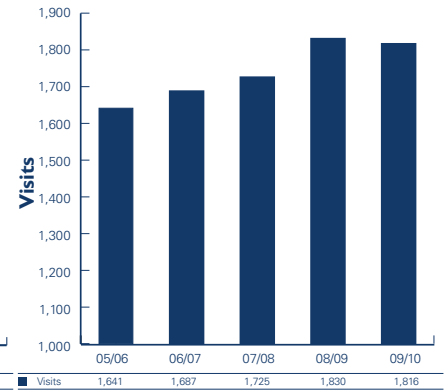
**Total Port Trade (Mass Tonnes)**  
Comparison 2005/2006 to 2009/2010



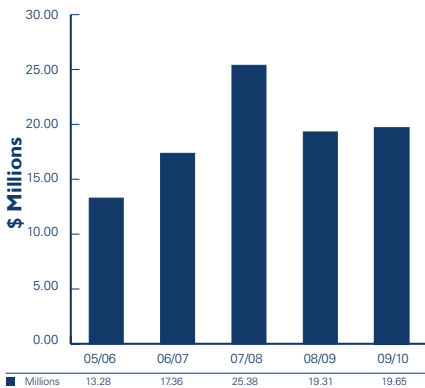
**Total Container Trade - TEU**  
Comparison 2005/06 to 2009/10



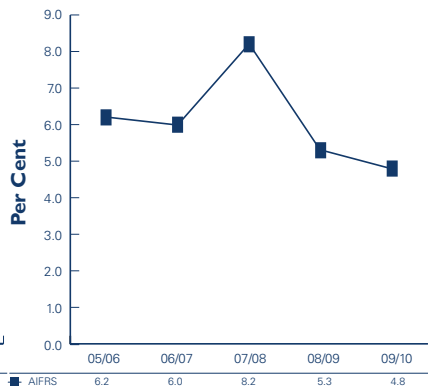
**Total Ship Visits (excluding Naval)**  
Comparison 2005/06 to 2009/10



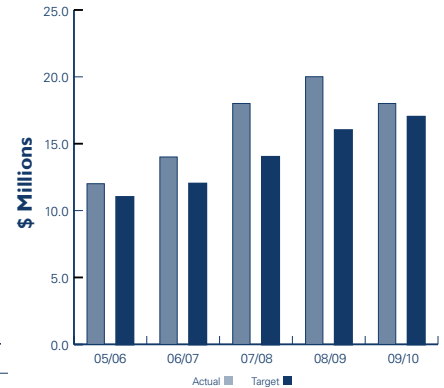
**Operating Profit (Loss)**  
Before Income Tax Equivalent  
Comparison 2005/06 to 2009/10



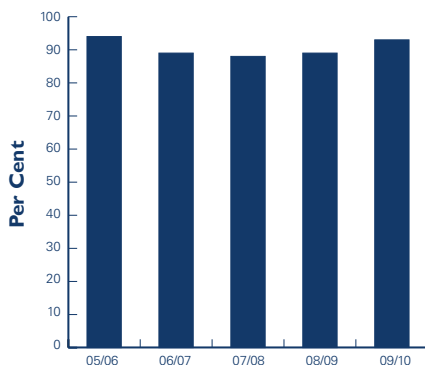
**Economic Rate of Return on Assets**  
Comparison 2005/06 to 2009/10



**Fremantle Ports - Contribution to State Government**  
2005/06 to 2009/10

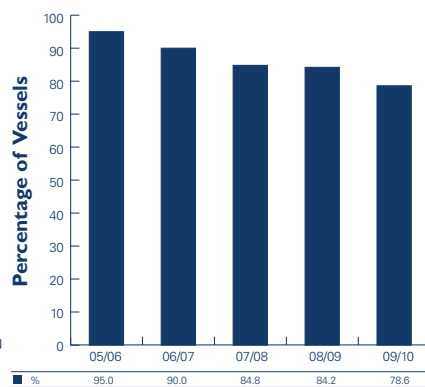


**Shipping Line/Agent Survey Services**  
2005/06 to 2009/10  
Level of Overall Satisfaction with Fremantle Ports' Services

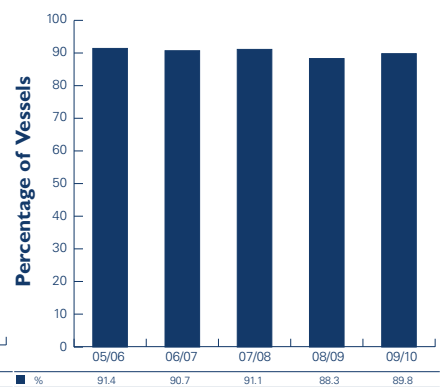


In 2009/10 94% of respondents were satisfied or very satisfied. Target range 80-90%

**Time Awaiting Berth - Container**  
Comparison 2005/06 to 2009/10  
% of Container Vessels with Zero Waiting Time



**Time Awaiting Berth - Non-Container Inner Harbour.**  
Comparison 2005/06 to 2009/10  
% of Vessels with Zero Waiting Time





# OVERVIEW

## OPERATIONAL STRUCTURE

Fremantle Ports operates on commercial principles as a Western Australian Government Trading Enterprise with responsibility for facilitating trade through the State's biggest general cargo port.

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

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

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

Three of the jetties in the Outer Harbour are operated by private companies, generally under Special Agreement Acts with the State. They are the Alcoa, BP and CBH jetties. The Kwinana Bulk Jetty and the Kwinana Bulk Terminal are operated by Fremantle Ports.

Services such as towage, pilotage (under contract to Fremantle Ports), line boats and bunkering are provided by the private sector.

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

### 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 48 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. A half yearly report is also submitted to the Minister.

# OVERVIEW

## OPERATIONAL STRUCTURE



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.

**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*



*Directors of the Board left to right: Eve Howell, Jim Limerick, Alan Birchmore (Chairman), Marie Malaxos, Robert Pearce (Deputy Chairman).*

# OVERVIEW

## CORPORATE STRUCTURE





# OVERVIEW

## EXECUTIVE TEAM



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



### Alec Meyer

#### General Manager Commercial Operations

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



### Steve Wade

#### General Manager Marine and Technical Services

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

#### 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.



### Capt Allan Gray

#### Harbour Master and General Manager Port Operations

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



### 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 National Institute of Australia and a member of the Australian Institute of Company Directors. Glenn has also represented Fremantle Ports on the Board of Cruise Down Under since its formation in 1997.



# OVERVIEW

## PERFORMANCE MANAGEMENT FRAMEWORK

The Western Australian Government’s broad, high level goals are supported at an agency level by specific outcomes. The following table shows the alignment between four of the Government goals, Fremantle Ports’ strategic objectives and targeted outcomes.

Government Goal	Fremantle Ports Objective	Key Outcome
<p>Goal 1.</p> <p>Building strategic infrastructure that will create jobs and underpin Western Australia’s long-term economic development.</p>	<p>Providing reliable and efficient facilities and services that meet customer expectations.</p> <p>Ensuring sound planning for all aspects of our business, including resources, services and infrastructure.</p>	<p>Understanding changing customer needs and being responsive to them.</p> <p>Completing important planning and infrastructure projects critical to the port’s future and the prosperity of the State.</p>
<p>Goal 2.</p> <p>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.</p>	<p>Promoting and facilitating trade and business growth opportunities.</p>	<p>Maintaining existing trade and business and capturing new trade and business opportunities.</p> <p>Favourable financial outcomes.</p>
<p>Goal 3.</p> <p>Greater focus on service delivery areas for the benefit of all Western Australians.</p>	<p>Ensuring appropriate and cost effective resources, processes and systems to support service delivery.</p>	<p>Efficient and effective services provided to users.</p> <p>Support services focused on achieving priority projects.</p>
<p>Goal 5.</p> <p>Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.</p>	<p>Ensuring business sustainability through excellent performance, innovation, business improvement and community and other stakeholder engagement.</p>	<p>Maintaining certification to international environmental, safety and quality standards.</p> <p>Maintaining stakeholder support.</p>

### 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, Department of Planning, Fire and Emergency Services, Western Australian Police Service and the Department of Environment and Conservation.

# PERFORMANCE

## CORPORATE SCORECARD



Each year in the Annual Report, Fremantle Ports publishes a range of corporate targets covering economic, social and environmental performance. The following corporate scorecard shows the extent to which these business objectives were achieved.

How We Plan To Succeed	Target 2009/2010	Results
<b>Economic</b>		
Financial Results	\$ 10.5 m profit after tax	\$ 14.7 m profit after tax
Trade results		
▪ Total trade - Annual growth rate %	0.3	-1.6
▪ Containers - Annual growth rate %	-4.5	-1.4
Service Delivery		
Minimise berthing delays		
Inner Harbour – Container Vessels		
<i>Unavailability of Services</i>		
Total vessels affected <1%		0
Average hours per delay <5		0
<i>Unavailability of Berths</i>		
Total vessels affected <12%		15
Average hours per delay <20		16
Kwinana Bulk Terminal		
<i>Unavailability of Services</i>		
Total vessels affected <1%		0
Average hours per delay <5		0
<i>Unavailability of Berths</i>		
Total vessels affected <25%		32
Average hours per delay <80		58
Kwinana Bulk Jetty		
<i>Unavailability of Services</i>		
Total vessels affected <2%		0
Average hours per delay <5		0
<i>Unavailability of Berths</i>		
Total vessels affected <25%		17
Average hours per delay <50		36



# PERFORMANCE

## CORPORATE SCORECARD

How We Plan To Succeed	Target 2009/2010	Results
Customer satisfaction	Maintain at least 80 to 90% overall customer satisfaction with agents/shipping lines.	94% of shipping line customers were satisfied or very satisfied with services provided by Fremantle Ports, based on shipping line/agents survey.
<b>Best practice environmental, safety and other business systems</b>		
Compliance with international environmental standard ISO 14001	Continue to comply with ISO 14001, and further improve Environmental Management System.	Certification to ISO 14001 was maintained in external audit of safety, environment and quality management systems.
Overall risk profile	Continue to implement treatment actions to ensure risk profile is reduced.	Risk treatment actions continued, and a greater focus on risk led to a reduction in risks rated greater than "moderate", from 41 to 34.
Time lost to injuries	Zero lost time injuries.	Lost time injury frequency rate was 11.3 compared with 14.1 the previous year. Downward trend evident over previous 10 years.
	Reduce workplace injuries.	The number of workplace injuries was 69 compared with 62 the previous year.
	Maintain certification to AS/NZS 4801.	Certification to AS/NZS 4801 (Occupational Health and Safety Management Systems) was maintained following a triennial audit in May.

# PERFORMANCE

## CORPORATE SCORECARD



How We Plan To Succeed	Target 2009/2010	Results
	Implement safety culture improvements.	Significant improvements made in priority areas via Safety Strategy and new safety structure embedded. Lead indicators show improving trends.
<b>Social</b>		
Community satisfaction	70 to 80% overall community satisfaction.	Overall satisfaction (based on survey results): Inner Harbour 65% Outer Harbour 69% Support for the Inner Harbour in its role as a busy working port: Inner Harbour 78% Outer Harbour 87%
Actions on complaints and suggestions	Follow up all complaints and continue to implement improvement opportunities.	All complaints followed up. Industry working group investigating potential for reducing rail noise impacts on local community.

# PERFORMANCE

## SERVICE DELIVERY

### 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.

### Deepening the Inner Harbour

Phase 1 of the deepening of Fremantle Port's Inner Harbour, Entrance Channel and Deepwater Channel began in January 2010 and was completed in March.

With the associated berth works, this is one of the largest infrastructure projects undertaken in the Port of Fremantle since the harbour opening in 1897.

The trend towards bigger ships is impacting ports worldwide, particularly where there are draft constraints.

The average size of container ships calling at Fremantle Port has increased by more than 85 percent over the past fifteen years.

Deepening of the Fremantle Inner Harbour is essential to maintain compatibility with other national container ports and to ensure that global shipping lines servicing the Australian trade can continue to call at Fremantle.

Without harbour and channel deepening, the larger container ships inevitably would have bypassed Fremantle, a situation which have reduced competitiveness of Western Australia's imports and exports, with adverse impacts for consumers.

Deepening of the Inner Harbour will enable container ships up to 14 metres draft to access the port fully loaded. Use of the draft enhancing technology known as Dynamic Under Keel Clearance reduces the extent of deepening that would otherwise have been required.

The dredging is being closely monitored in accordance with the conditions of approval. Results of monitoring during Phase 1 confirmed the pre-dredging testing results which showed that toxicant levels within the dredged material would be within guidelines for public health and marine ecological protection.

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

The dredging is being undertaken by international dredging specialist, Boskalis Australia.



*Dredge Cornelis Zanen at work in the Inner Harbour during Phase 1 of the deepening.*



*D.P. World took delivery of a \$12.5m post-panamax crane from China in March 2010. The ship was also carrying cranes for other ports.*



# PERFORMANCE

## SERVICE DELIVERY



### Rous Head Reclamation

Approximately 2 million cubic metres of dredged sand from the harbour basin and channels was pumped from the dredge *Cornelis Zanen* into reclamation behind a one km extension of the seawall at Rous Head, creating an additional 27 hectares of land for port-related purposes.

Land availability in the Inner Harbour area has been at a premium with the significant trade growth of the past 20 years. The reclaimed land is equivalent to about 20 per cent of the area of the existing North Quay/Rous Head precinct. Its availability represents a significant opportunity to improve trade efficiency and for future port growth.

Starting with a call for expressions of interest, Fremantle Ports will undertake a 12-month process for leasing out and developing the new site. This process is likely to extend beyond the reclaimed land to consider existing operational areas of the North Quay/Rous Head area. The aim is to move towards an optimal layout for the port as a whole and to finalise lease arrangements by early next year. A concept plan for the Rous Head/North Quay precinct has been developed to guide development towards a desired future layout.

The development of key infrastructure, including roads and service corridors, on the reclaimed land is expected to be completed by mid 2011.



*Newly reclaimed land at Rous Head will be used for port-related purposes.*

### Inner Harbour Berth Works

Associated with the deepening has been the rebuilding of the 52 year old Berth 10 on North Quay to enable it to handle container shipping. Completed in May 2010, this was a complex engineering project involving deconstruction of the old berth while building the new one.

The project has added another 180 metres of quay length for container shipping and its timely completion by contractors Thiess Georgiou Joint Venture will help minimise disruption to shipping while work proceeds on the strengthening of the other container berths on North Quay without interrupting ship scheduling.

New, deeper sheet piling is being installed along the length of the container berths to retain the batter slopes beneath the wharves. The berths are being strengthened to handle the weight of the heavier ships and the larger cranes required to service them.



*Berth 10 reconstruction adds to container trade capacity.*

The plan is to complete the deepening in November 2010 and all other works by April 2011.

Thiess Georgiou Joint Venture is the lead contractor for the berth works and seawall construction

# PERFORMANCE

## SERVICE DELIVERY

### **Improving Customer Service**

#### *Voyager upgrade*

Preparations for the introduction of the Voyager Port Management Information System for Fremantle Ports staff and customers were completed in June, with a go-live date of 1 July 2010. The previous system, which, although well used, had outdated technology and was no longer “best of breed”.

The key users of the Voyager PMIS are the port’s Vessel Traffic Service Officers and shipping agents. The system is used to schedule all shipping movements and to request services such as pilots, tugs, and mooring. It provides other Fremantle Ports staff with access to trade reports, shipping and financial reports, billing administration and manifest processing. The enhanced system is also being used by external agencies such as Australian Customs and the Australian Quarantine Inspection Service.

Other users, including the general public, can access Voyager PMIS through the internet to view shipping schedules and general shipping information,

Two of the main advantages over the previous system are greater flexibility and the increased control the new system gives shipping agents and customers over their information.

The introduction of Voyager-PMIS has been a huge exercise for many people over many months.

#### *Motor vehicle trade workshop.*

A facilitated workshop was hosted by Fremantle Ports in July 2009 for the motor vehicle trade to discuss any recurring, new or potential issues.

Areas identified for further consideration included wharf and stevedoring operations, transport and delivery of vehicles, communication, and planning for growth in new motor vehicle imports. These matters are being addressed in consultation with industry.

### **Maintenance and Facilities Upgrades**

#### *Navigational Marks*

Navigational marks and navigational aids are vital for the safe passage of commercial shipping within port waters and help Fremantle Ports in maintaining its obligation to the protection of life, environment and infrastructure.

This year, Fremantle Ports has been investigating the use of low maintenance strip LED lighting for lit lead marks while also assessing the latest in sector light technology. These are all in accordance with the International Association of Lighthouse Authorities standards.

Additionally, a recent vessel traffic service software acquisition has given Fremantle Ports the ability to establish virtual navigational marks. This emerging trend allows a navigational mark to be placed in a certain location that will appear on a commercial vessel’s chart plotter but may have no physical presence. These virtual marks are a huge advantage when a particular feature needs to be marked very quickly to assist in immediate vessel safety. There is also the ability to electronically mark an unlit or out of service buoy or beacon remotely.

#### *Pile Protection*

The ongoing program of protecting the port’s steel piles continued with the wrapping of 95 piles at Berth 12 on North Quay and installation of additional cathodic protection for piles in the Inner Harbour and at the Kwinana Bulk Jetty.

Cathodic protection sends an electrical current through the piles to protect them from corrosion that results from concentrated bacterial action.

# PERFORMANCE

## SERVICE DELIVERY



### *Berth Repairs and Reinforcement*

The decks on Berths 1 and 2 on North Quay and E Berth on Victoria Quay are concrete structures supported on timber beams. As these berths become more heavily used there has been some deterioration of the timber beams causing the concrete slab to crack and subside. Sections of the decking on all these berths were repaired during the year.

Repairs were carried out to timbers on Berth 1, 2, B and E in the Inner Harbour.

On H Berth, Victoria Quay, a 36 metre section of the existing concrete deck was removed and a new heavy duty pad constructed. This enables the larger roll on-roll off (Ro-Ro) ships to use this berth to discharge heavy cargo.

A concrete ramp and storage area for tracked vehicles has been constructed to prevent these vehicles breaking up the asphalt on the stacking area. The construction of the new pad means that H Berth is now available as alternative to North Quay Berths 11 and 12 for large Ro-Ro ships.

### *Administration Building Upgrade*

Work was undertaken this year on refurbishing the steel tower at the top of the Administration Building on Victoria Quay. The tower, which is mainly used today to support various communication antennae, was erected in the 1960s. Its exposure to the marine environment had resulted in some corrosion but the repair and repainting will ensure many more years of service.

Further restoration work on the exterior of the building was also undertaken.

### *Road and Pavement Repairs*

Asphalt repairs have been carried out to the intersections in Rous Head and the corner adjacent to the intersection of Port Beach Road and Rudderham Drive. The camber of this corner has been increased to make the corner safer for heavily laden container trucks which have a high centre of gravity.

Extensive asphalt replacement and repairs have been carried out to the stacking areas behind Berths 1 and 2 on North Quay to improve the safety of cargo transfers. This area is subject to heavy wheel loads from the forklifts and the surface was becoming uneven.



*Administration Building repairs have been necessary to counter the impacts of weathering.*



*Kwinana Bulk Berth 2 at Fremantle Ports' Kwinana Bulk Terminal.*



# PERFORMANCE

## SERVICE DELIVERY

### *Power Supply*

During 2009-10, the power network on Victoria Quay was upgraded with the installation of new substations, high and low voltage cabling and switch boards. These changes allow for planned developments on Victoria Quay.

In April, Western Power's main North Fremantle substation was damaged by fire leaving North Quay and Rous Head without power for 24 hours. A rapid response transformer was deployed by Western Power to the substation to restore power as quickly as possible and ensure continuity of supply. Phase 1 of the substation repairs have been completed and final repairs to the damaged switchyard are expected to be completed towards the end of 2010.

### *Kwinana Bulk Terminal Works*

The dust extraction system on the conveyors and transfer chutes in Transfer Tower T2 at the Kwinana Bulk Terminal has been improved and improvements have been made to the chutes and conveyors to stop spillage which had also been creating dust.

A contract has been awarded for repair and replacement works for a Kwinana Bulk Terminal conveyor seriously damaged by a coal fire in 2007. This conveyor is located in a tunnel under a bulk material storage area and has 26 feed gates and chutes onto the conveyor allowing the material to be loaded from the storage area to the ship. The reconstructed conveyor system is scheduled to be commissioned in December 2010.

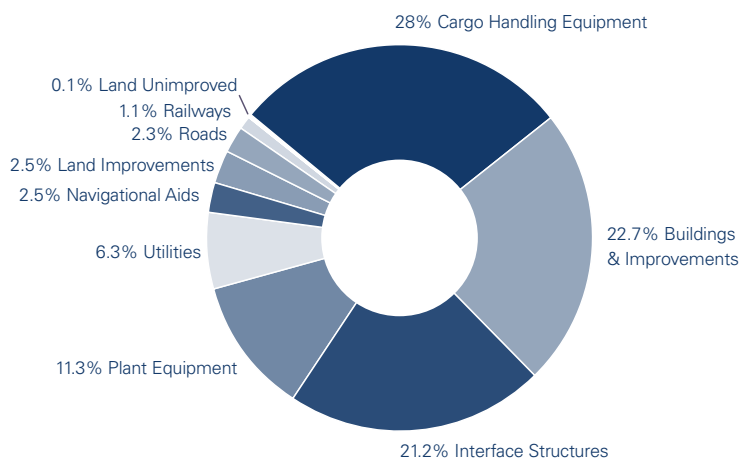
### *Maintenance Dredging*

Each year, Fremantle Ports conducts hydrographic surveys of all berths and channels used for commercial shipping. These surveys provide accurate data to help monitor and maintain safe navigable depths. Maintenance dredging is carried out if necessary in specified areas, using a sweep bar and in some cases a dredge.

The Wangara Shoal at the eastern end of the Inner Harbour required some maintenance dredging this year to remove a build up of sandy material which had been transported from further upstream and deposited during strong ebb tides.

Maintenance dredging was also undertaken at a number of berths in Cockburn Sound and to remove dead wrack which accumulates in the Success and Parmelia Channels.

### **Asset Maintenance & Service Costs 2009/2010**





# PERFORMANCE

## CAPABILITY FOR THE FUTURE



### Objective:

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

### Key Outcomes Sought:

Completing important planning projects critical to our future.

### Planning for Additional Port Facilities

#### Kwinana Quay

Working with the Department of Transport and other agencies, further planning and environmental studies were undertaken this year in relation to the Kwinana Quay proposal for additional container and general cargo port facilities.

Based on trade forecasts, the additional capacity is expected to be required by about 2020.

Fremantle Ports has had significant input to the work of the Fremantle Ports Optimum Planning Group which was established in March 2009 by the State Government to make recommendations on port and associated planning to meet needs over the next 50 years. The Optimum Planning Group's work is currently with the State Government for consideration.



Kwinana Quay offshore proposal for additional container and general cargo port facilities.

Building on a decade long process of involving Indigenous groups in Fremantle Ports' planning, consultation occurred with Indigenous family groups as part of the Kwinana Quay project. The consultation identified majority support for the offshore port plan. The plan together with the Indigenous groups' feedback was submitted for assessment to the Department for Indigenous Affairs under Section 18 of the *Aboriginal Heritage Act 1972*. This resulted in approval being granted by the Minister for Indigenous Affairs for the Kwinana Quay offshore port plan. Importantly, this represents one of the first key approvals for the project.

An amendment to the Metropolitan Regional Scheme will be required for the Kwinana Quay proposal, and this has been approved for advertising.

#### Inner Harbour Port Development Strategy

Work is underway on the Inner Harbour Port Development Strategy which will provide strategic direction for the Inner Harbour over the next 20 to 30 years.

This strategy will be used for making land use and development decisions and will form the basis of further detailed planning within the port. It will assist landowners around the port to make decisions with an understanding of the future of the working port. Local and State Government agencies will be able to use it to assist their planning processes. It will also help residents and community groups in the Fremantle region to understand how the port functions and its future direction.

Within the port boundary the Inner Harbour Port Development Strategy will be the guiding document to assist Fremantle Ports in decision making.

#### MRS Amendment - Inner Harbour

At Fremantle Ports' request, the Western Australian Planning Commission initiated an amendment the Metropolitan Region Scheme to assist in Inner Harbour planning. The aim is to bring all Fremantle Ports owned land under the Port Installation reservation. This includes several sites such as the Cold Stores on Tydeman Road as well as the reclaimed land at Rous Head.

# PERFORMANCE

## CAPABILITY FOR THE FUTURE

The proposed amendment, which has been advertised for submissions, is important as it allows external parties to understand that the future of this land is for working port purposes.

### *Development Guidelines and Development Assessment Process*

Development Guidelines and a Development Assessment process have been prepared to optimise the use and development of land and waters within Fremantle Port boundaries. The intention is to provide an integrated planning package to assist Fremantle Ports and its customers.

The aim of the Development Assessment process is to ensure that:

- optimal decisions are made with a strong internal and external customer focus;
- all development proposals are treated in a consistent and transparent manner;
- all development proposals are subject to the same level of assessment; and
- legislative requirements are met.

The Development Guidelines provide the basis against which developments, including new development and the upgrading of existing structures, are assessed. The aim is to:

- provide a clear understanding of development and land use requirements within the boundary of the Port of Fremantle;
- ensure that development is consistent with Fremantle Ports' mission;
- encourage land uses and development that contribute to the economy;
- assist to optimise efficient port operations; and
- integrate new developments, existing land uses and the transport network.

### **Strategic Asset Management**

Fremantle Ports continued to develop a more mature and strategic approach to asset management, with substantial components of the strategic asset management project now underway.

Fremantle Ports is currently developing a best practice strategic asset management system to help minimise the costs of providing and maintaining the organisation's asset portfolio. The system will provide asset managers with the information and resources to make commercially driven decisions while maintaining high levels of service for customers.

### **Major initiatives completed during 2009-2010 included:**

- A project steering group, combining significant engineering, financial, operational and commercial development expertise, was formed in July 2009 to guide the strategic direction of the project.
- The strategic asset management project plan, which outlines a strategic framework for asset management and a comprehensive work plan for the next two years, was agreed and is being implemented.
- A Levels of Service guide was developed to help ensure that Fremantle Ports continues to deliver an asset portfolio which meets customer needs.
- A draft asset expenditure prioritisation framework was developed and will be implemented in 2010-11. The aim is to optimally allocate financial resources based on the expected benefit cost ratio of proposed asset management tasks.

Fremantle Ports has been instrumental in establishing a community of best practice for strategic asset management for Australian ports. The aim is to provide opportunities for sharing best practices and pooling resources for the collective development of ports-specific costing models.

# PERFORMANCE

## TRADE AND BUSINESS GROWTH



### Trade and Business Growth

#### Objective:

Promoting and facilitating trade and business growth opportunities

Key Outcomes Sought: Maintaining existing trade and business and capturing new trade and business opportunities

#### Bulk Handling Capacity

Fremantle Ports is seeking an extension of its existing environmental approval relating to long held plans for an additional berth at the Kwinana Bulk Jetty.

The original environmental approval to extend capacity at the jetty was granted in July 2000. As the project was not implemented within 5 years, further extensions to the environmental approval were granted whilst negotiations with potential customers occurred.

Negotiations have recommenced with a number of parties interested in having access to the export capability that an additional bulk berth would provide. As the negotiations are not sufficiently progressed to enable a substantial start on the development of the proposed additional berth, a further extension of the environmental approval is being sought.

Reconstruction of the currently decommissioned Kwinana Bulk Berth 1 at Fremantle Ports' Kwinana Bulk Terminal is also under consideration, with the timeframe for this yet to be decided.

#### New Shipping Services

A new service by Jepsens Coastal Shipping Services was introduced in March 2010, providing a direct link between Fremantle, Broome, Wyndham and Darwin. The *Spirit of the Kimberley* (the nominated vessel) has a 17 day rotation on this service which replaces the coastal service previously provided by Seacorp.

United Arab Shipping Company (UASC) announced in June that it would launch a new service in September 2010, covering the trade lane from Australia to South East Asia, including calls at Fremantle.

The Asia Australia Container Service 1 will be operated jointly by UASC, Hapag Lloyd, Hyundai Merchant Marine, and China Shipping Container Lines with 2,200 - 2,300 TUE vessels deployed by each carrier.

The rotation will cover Port Klang, Singapore, Fremantle, Melbourne, Sydney, Adelaide and Jakarta.

#### Cruise Calls

Servicing the growing cruise shipping industry in Western Australia is an important part of Fremantle Ports' business, with flow-on benefits to the community.

Over recent years, cruise ship visits have increased significantly with 39 cruise ship visits in 2009-10 compared with 28 calls the previous year.

Seasonal basing of cruise ships, where there is a complete passenger transfer when ships call at Fremantle, increased this year. Three ships *Athena*, *Pacific Sun* and *Sun Princess* operated from Fremantle as their home base for



*Sun Princess was a regular visitor in 2009 -10.*

# PERFORMANCE

## TRADE AND BUSINESS GROWTH

expanded cruise programs. This seasonal basing of ships is contributing to the growth of WA's tourism industry and injecting millions of dollars annually into the State's economy.

The growth in seasonal basing demonstrates the confidence of the cruise companies in the WA market and the ability of Fremantle Ports and other agencies to provide the necessary services at a high standard.

A \$2 million, two-year upgrade of facilities at the heritage-listed Fremantle Passenger Terminal was completed. The work included upgraded security equipment and traffic management facilities, improved signage and interior refurbishment, including painting and upgraded amenities.

### *QM2 Visit*

A highlight of the cruise season was the maiden call of Queen Mary 2, the largest ship to visit Australia. Thousands of spectators lined vantage points to see the arrival at dawn and departure in the late afternoon on 14 March.

An estimated 100,000 people visited the port throughout the day to see the ship and to enjoy a host of attractions arranged by Fremantle Ports, including live entertainment on three stages. Fremantle businesses reported a very successful day's trading.



*Queen Mary 2 enters the Inner Harbour.*

### **Landside Logistics**

The reclamation at Rous Head associated with the harbour deepening provides a unique opportunity not only to expand the availability of Inner Harbour land but to plan the area to improve landside access and efficiency. Fremantle Ports has undertaken extensive planning work and consulted with key parties in the supply chain to ensure that the future layout of the port precinct meets a range of requirements for the future. The key aims are to:

- provide adequate capacity for key functions for the ultimate throughput of the port;
- provide for lot sizes which support efficient scale of operations;
- maximise the separation of the public and heavy vehicle traffic;
- co-locate facilities which have high degree of traffic interaction between them, to minimise travel distances and ease road congestion;
- establish a heavy vehicle precinct to facilitate use of high productivity vehicles;
- improve the interface between the rail terminal and the container terminals;
- provide a truck area which efficiently caters for trucking operations and driver amenities;
- provide flexibility to accommodate possible future changes.

The new land also provides an opportunity to tackle the persistent problem of truck queuing. Fremantle Ports has put significant effort into controlling truck movements and operations in the port precinct but inevitably queues build up at times, for a range of reasons.

Availability of the reclaimed land has enabled attention to be focused on planning for the development of a truck marshalling area together with communication and control systems to direct heavy vehicle flows. The ultimate aim will be to have no on-road queuing in the precinct, though it may be necessary to move progressively towards this over the next couple of years.



# PERFORMANCE

## TRADE AND BUSINESS GROWTH



### Rail

Increasing the volume of containers moved by rail to and from the port continues to be a strategic priority for Fremantle Ports.

During 2009-10, rail received a market share of 11 per cent. The rail volume represents a fall compared with the previous year (15 per cent share in 2008-09) and this was due to difficult trading conditions associated with the global recession.

Rail has been hit hard by closure of some mines and by extremely tough competition from road carriers who are also suffering from reduced volumes. Changes in regulations governing the export of grains has also resulted in a swing away from use of containers to bulk movements and this has adversely impacted on a key part of the rail business.



The volumes moved by rail represented about 45,000 truck journeys, relieving pressure on roads servicing the port. This also contributed to reducing congestion at the wharf.

Rail continues to receive financial support from the State Government in recognition of the vital role it plays and the inherent difficulty rail has in competing with road transport over short distances. The longer term objective is for rail to become self sustaining as it becomes more established in the market place, interface problems at the wharf are overcome and volumes grow, allowing economies of scale to be realised.

The ultimate aim is for rail to achieve a 30 per cent market share. If the Inner Harbour reaches its assessed capacity of over one million containers, such a market share would equate to over a quarter of a million truck movements each year. This underlines the importance of the role that rail can play in the future of the Inner Harbour. With this in mind, work commenced during the year on several initiatives aimed at improving rail's competitiveness and future capacity:

- expressions of interest for development of intermodal terminal capacity in the Kewdale/Forrestfield area;
- assessing future requirements at the North Quay Rail Terminal;
- ensuring future planning of the Rous Head area complements and supports rail development through adjacent container terminal and container park development;
- investigating the optimum train service arrangement to meet future volume requirements.



The proximity of the freight rail line to residential

# PERFORMANCE

## TRADE AND BUSINESS GROWTH

development in Fremantle City's west end has resulted in concerns about rail noise and Fremantle Ports has established an industry and inter agency working group to address this.

### *Container Terminals and the Vehicle Booking System*

The landside performance of Fremantle's container terminals compares well in relation to the general situation at Australia's container ports. According to national published statistics, average truck turnaround time at Fremantle is 30 minutes compared with the national average of 38 minutes.

There are, however, a number of issues relating to the interface between carriers and the terminals in Fremantle, as with the other Australian ports. The primary issues relate to: the costs faced by carriers when delays occur at the wharf; the availability of daytime slots at terminals; the difficulty of efficiently using night time slots; and concerns regarding effective and timely communication on a range of matters.

Fremantle Ports has been working closely with the industry to address these issues through groups such as the WA Port Operations Task Force and also convened meetings with affected parties on specific issues. The unanimous view of those involved was that these meetings had contributed to a significant improvement in the level of communication and cooperation between carriers and the terminals.

### *Two-Way Loading of Trucks*

Fremantle Ports sees improvements in trucking productivity as critical to both managing impacts on the community and enhancing the efficiency of the container supply chain. Reduction in empty running by trucks is central to productivity improvement.

Accordingly, Fremantle Ports as a member of the WA Port Operations Task Force has been actively involved in the development of an initiative with container terminal operators, DP World and Patrick, to increase dual running through preferential treatment for trucks that are two-way loaded.

The initiative is subject to ACCC authorisation because of the involvement of both stevedores. Subject to this, it is expected that the new arrangement will be introduced in the coming financial year.

## **Fremantle Waterfront**

### *Ferry Terminal for B Shed*

Restoration and refurbishment of B Shed on Victoria Quay began in October and has progressed well. This historic building, adjacent to O'Connor Landing where the ferries call, was constructed in 1925 for general cargo storage.

An area of about 600 metres at its eastern end will house a ferry terminal. Refurbishment works include repair and reconstruction (including completely rebuilding some of the giant doors along the northern side), upgrading essential services, offices for the ferry operators, a café with an al fresco area, and heritage interpretation and signage.



*B shed has been externally painted in its original colours.*

# PERFORMANCE

## TRADE AND BUSINESS GROWTH



Project consultants are Fremantle-based company Brooking Design (lead designer), Philip Griffiths Architects (heritage architect), Turner Design (signage), and Lovell Chen Architects and Lookear (heritage interpretation). The plans were approved by the Heritage Council.

Refurbishment is expected to be completed in 2010 -11.

The proposed development of an interpretive/education centre in the middle section of B Shed is in its early stages, and the Leeuwin Ocean Adventure will continue to occupy the western end of the building.

### *Commercial Precinct*

Planning for a Commercial Precinct development on Victoria Quay is proceeding, although, the developer, ING, has delayed starting major work on the site and has until March 2011 to substantially commence development.

Approval has been received from the Public Transport Authority and the Office of Rail Safety in relation to the technical design of the pedestrian and vehicular crossings which will help to improve linkages between the west end of Victoria Quay and the Fremantle city centre.

### *Planning for Victoria Quay's western end*

Fremantle Ports has been liaising with the City of Fremantle on planning in relation to the western end of Victoria Quay. The work has involved looking broadly at potential future land uses within the various precincts defined in the Fremantle Waterfront Masterplan. It has taken into account the work of the Victoria Quay Planning Committee, including the very useful input received from the community.

The aim is to produce a strategic land use policy and implementation guide for the further revitalisation of Victoria Quay's western end.



*Victoria Quay*

# PERFORMANCE

## TRADE AND BUSINESS GROWTH

### Trade Results

Total port trade reached 26.2 million tonnes in 2009/10, a 1.6 per cent decrease on the record 26.6 million mass tonnes in 2008/09. The main reason for the decrease in trade volume in 2009/10 was a decrease of 5.0 per cent in Inner Harbour commodities, particularly containerised wheat exports.

Total imports decreased by 0.44 million tonnes or 3.5 per cent and total exports increased by 0.1 per cent for this period.

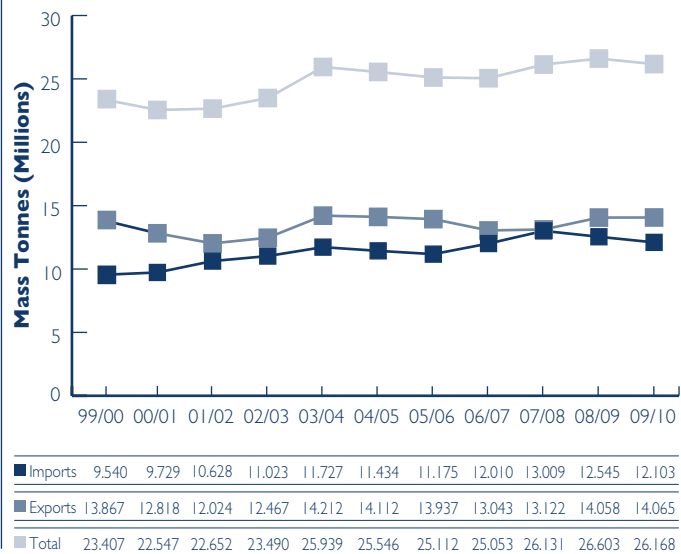
Bulk cargo contributed 19.5 million mass tonnes or 74.3 per cent of total port trade in 2009/10, 0.4 per cent lower than last year. Bulk grains and oilseeds exports increased by 0.2 million tonnes or 3.7 per cent following receipts by CBH of just over 11.0 million tonnes in 2009/10. The port's principal bulk cargo, petroleum products, increased from 8.2 million mass tonnes in 2008/09 to 8.4 million mass tonnes in 2009/10. Crude petroleum imports increased by 0.4 million tonnes or 6.9 per cent compared with last year. Refined petroleum imports decreased by 26.5 per cent and refined petroleum exports (includes bunkers) increased by 0.7 per cent.

Inner Harbour imports and exports decreased by 3.7 per cent and 6.2 per cent respectively. Total containers handled decreased by 1.4 per cent in 2009/10 falling to 557,443 TEU, a decrease of 8,048 TEU on the previous year. Container trade is almost five times the level in 1989/90, representing an average annual growth of 7.5 per cent for this period.

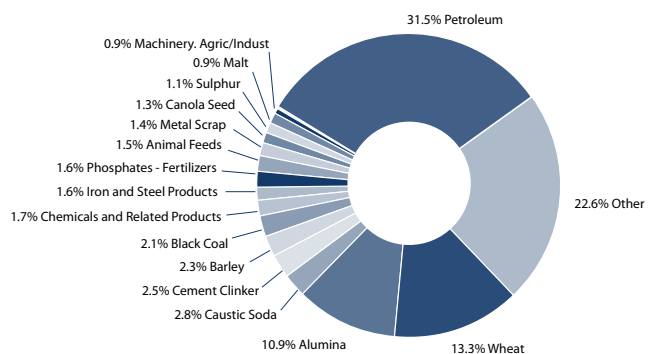
Non container cargoes to show strong growth in the Inner Harbour were new motor vehicles and metal scrap. Iron and steel, refined petroleum and industrial and agricultural machinery were the non container imports to decrease significantly.

In volume terms the port's principal export commodities are grain, alumina and refined petroleum, which together account for 71 per cent by volume of total exports.

**Total Port Trade 1999/00 to 2009/10**



**Principal Commodities Imports/Exports - 2009/2010**





# PERFORMANCE

## TRADE AND BUSINESS GROWTH



### Major Trading Regions

Trade with East, South East and Southern Asia amounted to 59 per cent of total port trade in 2009/10, seven percentage points higher than 2008/09. Over the period 1999/00 to 2009/10, trade with East, South East and Southern Asia has grown from 45 per cent to 59 per cent of Fremantle's total trade. Increase in trade with China has boosted trade with East Asia by 9 per cent in contrast to 2008/09. South East Asian trade rose by 12.4 per cent due to increases in trade with Malaysia and Brunei. In interpreting this figure, a cautionary note is that some of the increase could reflect cargo trans-shipped through Singapore to and from other destinations. Australian coastal cargo accounts for 16 per cent of total port trade, the Middle East accounts for 15 per cent, North America three per cent, Africa two per cent and UK and Europe four per cent. Again, these figures could be deflated because of trans-shipments through Singapore. (A graphical presentation showing the link with world trade is shown in the appendix of Statistical Information).



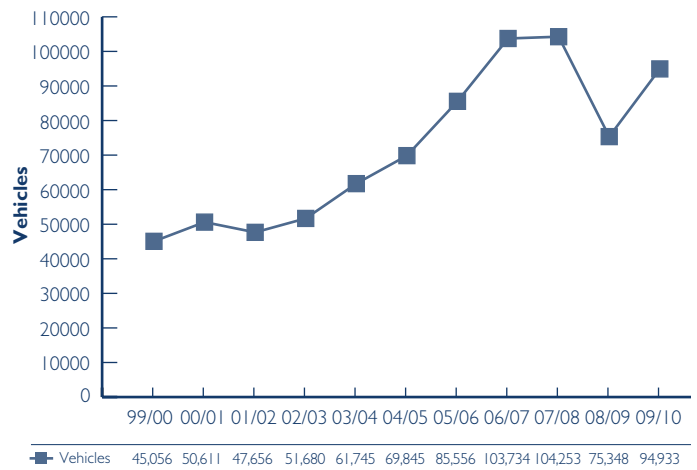
New motor vehicle imports grew strongly in 2009-10.

### Imports

Total imports decreased by 3.5 per cent during 2009/10 to 12.1 million tonnes. Inner Harbour imports decreased by 3.7 per cent mainly due to falls in iron and steel products, industrial and agricultural machinery and refined petroleum. Outer Harbour imports decreased by 3.5 per cent due to a decline in refined petroleum, phosphates, sulphur, ammonia, coal and iron ore. Overall petroleum product imports (crude and refined) increased by 2.6 per cent compared with last year.

New motor vehicle imports through Fremantle Ports totalled 94,933 units in 2009/10, an increase of 19,585 units or 26 per cent compared with last year. New motor vehicle sales in Western Australia increased by 19.9 per cent in 2009/10 compared with 2008/09 due to increased economic activity in Western Australia. New motor vehicle imports from Japan and Thailand increased by 32 per cent and 28 per cent respectively in 2009/10 compared with last year. Imports from South Korea increased by 43 per cent. Japan's share of total motor vehicle imports was 39.3 per cent in 2009/10 compared with 37.6 per cent last year. Imports from Thailand and South Korea accounted for 23.2 per cent and 19.4 per cent of the total respectively.

### Motor Vehicles – New Imports 1999/2000 to 2009/2010



# PERFORMANCE

## TRADE AND BUSINESS GROWTH

### Import Cargoes Classified According to Cargo Class - Thousands of Tonnes

Commodity	Bulk	Container	Non Container General Cargo	Port Total 2009/10	Port Total 2008/09
Petroleum Crude	5,578	0	0	5,578	5,220
Caustic Soda	735	0	0	736	670
Cement Clinker	656	0	0	656	646
Petroleum Refined	566	37	0	603	802
Iron and Steel Products	0	247	166	412	471
Phosphates - Fertilisers	383	22	0	405	526
Chemicals and Related Products	11	301	0	312	325
Sulphur	279	0	0	279	409
Urea	207	1	0	208	193
Paper, Paperboard and articles of Paper Pulp	0	196	0	197	152
Machinery - Agricultural, Industrial	0	158	27	185	188
Slag Residue ex Steel Furnace	163	0	0	163	109
Motor Vehicles - New	0	1	151	152	118
Manufactures of Metal	0	139	13	152	169
Ammonia	124	0	0	124	165
Bricks, Tiles, Pavers, etc	0	117	0	117	123
Unclassified Goods	0	108	7	115	121
Plastic Wares and Other Manufactures	0	111	0	111	80
Fabricated Construction Materials	0	110	0	110	100
Ale, Beer and Stout; Cider (Alcoholic)	0	107	0	107	88
Furniture and Parts thereof	0	105	0	105	89
Urea Ammonium Nitrate (UAN)	102	0	0	102	69
Gypsum	87	0	0	87	88
Vehicles - Industrial and Agricultural	0	9	75	84	116
Rubber Manufactures	0	76	6	82	78
Miscellaneous Manufactured Articles	0	68	2	71	62
Newsprint	0	57	0	57	95
Fruit and Vegetables (Preserved, Canned, Bottled or Frozen)	0	55	0	55	57
Glass	0	53	0	53	45
Other Food Preparations	0	46	0	46	46
Other Transport Equipment and Parts	0	33	13	45	45
Cork and Wood Manufactures	0	40	0	40	54

# PERFORMANCE

## TRADE AND BUSINESS GROWTH



### Import Cargoes Classified According to Cargo Class - Thousands of Tonnes

Commodity	Bulk	Container	Non Container General Cargo	Port Total 2009/10	Port Total 2008/09
Sugar	0	38	0	38	48
Logs and Timber	0	33	1	34	44
Non Alcoholic Beverages	0	34	0	34	33
Coke	29	0	0	30	23
Other Crude Materials	0	23	3	26	20
Non Ferrous Metals	0	25	0	25	23
Textile Yarn, Fabrics, Made up Articles and Related Products	0	23	1	23	22
Other Commodities	14	329	2	345	811
<b>Totals</b>	<b>8,934</b>	<b>2,701</b>	<b>468</b>	<b>12,103</b>	<b>12,544</b>

Note: Figures in the above table are subject to rounding

### Exports

Total exports increased by 0.1 per cent during 2009/10 to 14.07 million tonnes. Inner Harbour exports decreased by 6.2 per cent mainly due to substantial falls in containerised wheat exports. Containerised wheat exports decreased by 57.1 per cent or 12,271 TEU in 2009/10 mainly due to competitive bulk shipping rates. Other Inner Harbour exports to decline were waste paper, oats, crude minerals, sheep, and animal foods. Inner Harbour commodities to increase significantly were metal scrap, malt, titanium dioxide, mineral sands, chemicals and related products and ships bunkers. Outer Harbour exports increased by 2.5 per cent, mainly due to the initial export of bauxite to China. Other Outer Harbour increases were bulk grains, alumina, sulphuric acid and ship bunkers. Outer Harbour exports to fall slightly were refined petroleum, coal, canola and ammonium nitrate.

In 2009/10 Fremantle Ports' major overseas export markets by volume (percentage of total exports) were China, 19.1 per cent, Japan, 11.7 per cent, Indonesia, 9.6 per cent, South Korea, 5.0 per cent, Singapore 4.7 per cent, Malaysia 3.9 per cent and India 2.7 per cent. Exports to China increased by 26.2 per cent in 2009/10 and represent 2.7 million tonnes or 19.1 per cent of total exports making that country Fremantle's principal export trading partner. Alumina was the major export to China representing 1.1 million tonnes in 2009/10, an increase of 10.8 per cent compared with 2008/09. Coal exports to China continue to grow with an increase of 78.9 per cent compared with 2008/09.

Exports to other Australian ports reached 2.5 million tonnes in 2009/10, 9.5 per cent lower than last year, predominantly due to a decrease in alumina exports.

# PERFORMANCE

## TRADE AND BUSINESS GROWTH

### Export Cargoes Classified According to Cargo Class - Thousands of Tonnes

Commodity	Bulk	Container	Non Container General Cargo	Port Total 2009/10	Port Total 2008/09
Grain - Wheat	3,254	228	0	3,482	3,724
Barley	556	54	0	610	630
Canola Seed	307	22	0	329	338
Oats	57	149	0	206	211
Lupins	68	18	0	86	31
Alumina	2,845	11	0	2,856	2,777
Petroleum Refined (Including Bunkers)	2,220	4	0	2,224	2,223
Black Coal	545	0	0	546	581
Animal Feeds	93	399	5	497	524
Metal Scrap	0	85	278	364	293
Malt	59	188	0	246	208
Waste Paper	0	206	0	206	217
Sulphuric Acid	192	0	0	192	162
Titanium Dioxide	0	183	0	183	141
Mineral Sands	0	154	0	154	96
Bauxite	129	0	0	129	0
Chemicals and Related Products	42	83	0	124	108
Other Crude Minerals	0	123	1	124	147
Sheep	0	0	112	112	155
Non Ferrous Metals	0	109	0	109	106
Fresh Fruit and Vegetables	0	93	0	93	94
Fresh Meat - Chilled or Frozen	0	81	0	81	106
Nickel Matt and Concentrates	0	69	0	69	39
Wool	0	64	0	64	68
Ammonium Nitrate	0	0	59	59	63
Liquified Petroleum Gas (Lpg)	54	0	0	54	55
Cattle and Calves	0	0	51	51	39
Iron Ore	44	0	0	44	0
Unclassified Goods	0	40	1	42	32
Machinery - Agricultural, Industrial	0	36	5	41	48



# PERFORMANCE

## TRADE AND BUSINESS GROWTH



Commodity	Bulk	Container	Non Container General Cargo	Port Total 2009/10	Port Total 2008/09
Dairy Products	0	39	0	39	34
Lead Carbonate Concentrate	0	31	0	31	0
Fruit and Vegetables (Preserved, Canned, Bottled or Frozen)	0	30	0	30	21
Bricks, Tiles, Pavers	0	29	0	29	24
Other Animal Foods Prepared or Manufactured	0	28	0	28	12
Hides and Skins	0	27	0	27	32
Other Cereals and Cereal Preparations	0	26	0	26	25
Logs and Timber	0	21	0	21	22
Other Commodities	52	387	20	460	673
<b>TOTALS</b>	<b>10,517</b>	<b>3,017</b>	<b>532</b>	<b>14,065</b>	<b>14,058</b>

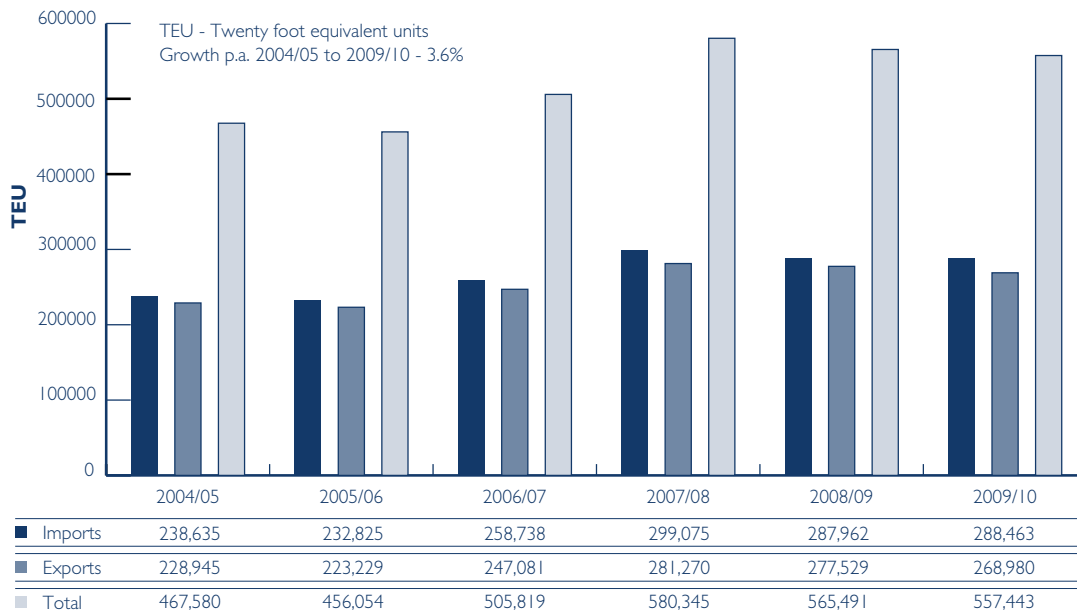
Notes: Figures in the above table are subject to rounding

### Container Trade

When compared with 2008/09:

- Total container exports decreased by 3.1 per cent and imports increased 0.2 per cent.
- Full container exports decreased by 6.2 per cent or 11,903 TEU (twenty foot equivalent units) and full imports increased by 3.2 per cent or 8,050 TEU. (Note: the reduction in full exports was attributable to a 15,755 TEU fall in the export of grain in containers).
- Empty container exports increased by 3.9 per cent and empty imports decreased by 23.5 per cent.

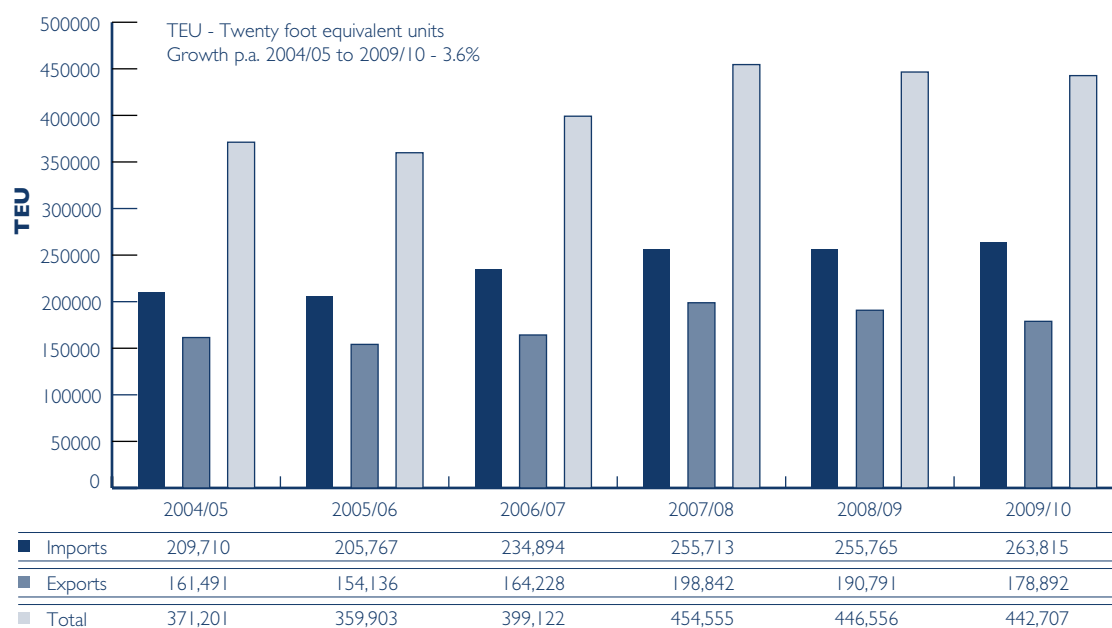
### Container Trade Comparison 2004/2005 to 2009/2010



# PERFORMANCE

## TRADE AND BUSINESS GROWTH

### Full Container Trade Comparison 2004/2005 to 2009/2010



- Coastal container throughput totalled 73,501 TEU, a decrease of 8.1 per cent on 2008/09. Coastal full container throughput totalled 65,884 TEU, 1.3 per cent down on 2008/09.

### Top Ten Container Commodities Imported and Exported

#### Major Container Commodities Imported - TEU

Commodities	2008/09	2009/10	Variance %
Machinery - Agricultural, Industrial	27,912	28,110	0.71%
Furniture and Parts Thereof	21,357	24,757	15.92%
Paper, Paperboard and Articles of Paper Pulp	13,989	18,695	33.64%
Chemicals and Related Products	17,980	17,328	-3.63%
Iron and Steel Products	14,858	15,951	7.36%
Manufactures of Metal	16,645	15,645	-6.01%
Plastic Wares and Other Manufactures	10,105	13,738	35.95%
Fabricated Construction Materials	9,039	11,940	32.09%
Rubber Manufactures	9,846	11,354	15.32%
Miscellaneous Manufactured Articles	9,780	9,905	1.28%
<b>Total</b>	<b>151,511</b>	<b>167,423</b>	<b>10.50%</b>
<b>Percentage of Total Full TEU Imports</b>	<b>59.2%</b>	<b>63.5%</b>	

# PERFORMANCE

## TRADE AND BUSINESS GROWTH



### Major Container Commodities Exported - TEU

Commodities	2008/09	2009/10	Variance %
Hay, Chaff, Fodder Peas [Stock Feed] - Cargo	32,106	31,437	-2.08%
Waste Paper	18,930	18,145	-4.15%
Malt	10,016	12,867	28.46%
Wheat	21,480	9,209	-57.13%
Titanium Dioxide	6,964	8,993	29.14%
Oats	9,197	8,894	-3.29%
Mineral Sands	4,250	6,494	52.80%
Fresh Fruit and Vegetables	6,053	6,080	0.45%
Fresh Meat - Chilled or Frozen	7,739	5,860	-24.28%
Chemicals and Related Products	4,713	5,262	11.65%
<b>Total</b>	<b>121,448</b>	<b>113,241</b>	<b>-6.76%</b>
<b>Percentage of Total Full TEU Exports</b>	<b>63.7%</b>	<b>63.3%</b>	

### Trading Partners

Fremantle Ports' top 10 overseas trading partners collectively account for 76.0 per cent of total non trans-shipment full container trade (refer table below). Australian coastal container trade accounts for a further 14.9 per cent.

### Top-Ten Container Trading Partners

Percentage of Total Full Container Trade

Country	2008/2009	2009/2010
China	92,376	103,407
Australia	66,671	65,799
Japan	37,370	38,455
Malaysia	25,506	22,212
Indonesia	22,293	22,054
Singapore (1)	16,779	18,637
Thailand	18,765	18,480
South Korea	17,647	17,820
USA	16,923	17,378
India	7,935	12,008
<b>Top 10 Countries percentage of Total Country Trade</b>	<b>72.2 %</b>	<b>76.0%</b>

Excludes all trans-shipment and empty containers

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

# PERFORMANCE

## TRADE AND BUSINESS GROWTH

### Livestock

#### Livestock Exports 2009/2010

Destination	Sheep No.	Cattle No.	Other No.	Total No.	% of Total
Africa	75,026	33,758	99	108,883	4.56%
Asia - South-East		42,917		42,917	1.80%
Indian Ocean - Mauritius	150	800		950	0.04%
Russia		6,341		6,341	0.26%
Middle East	2,155,485	75,083		2,230,568	93.34%
<b>Totals</b>	<b>2,230,661</b>	<b>158,899</b>	<b>99</b>	<b>2,389,659</b>	<b>100.0%</b>

### Live Sheep

2,230,661 head of live sheep were exported through the Port of Fremantle in 2009/10, a decrease of 866,517 head or 28.0 per cent compared with 2008/09.

Fremantle Ports' share of total Australian live sheep exports was 73 per cent in 2009/10, compared to 76 per cent in 2008/09 and 75 per cent in 2007/08. The value of live sheep exports through Fremantle Ports in 2009/10 was \$A298 million.

Exports from Australia during 2009/10 were 3.1 million head, 24.4 per cent lower than the previous year. The Middle East was the major destination of Australian live sheep exports in 2009/10.

Kuwait was the largest export market for Australian live sheep in 2009/10 with 0.6 million head exported, followed by Qatar, Jordan, Saudi Arabia, Bahrain, Oman, Libya, United Arab Emirates and Israel.

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

### Live Cattle

Live cattle exports from Fremantle reached 158,899 head in 2009/10, an increase of 30,215 head or 23.5 per cent on 2008/09.

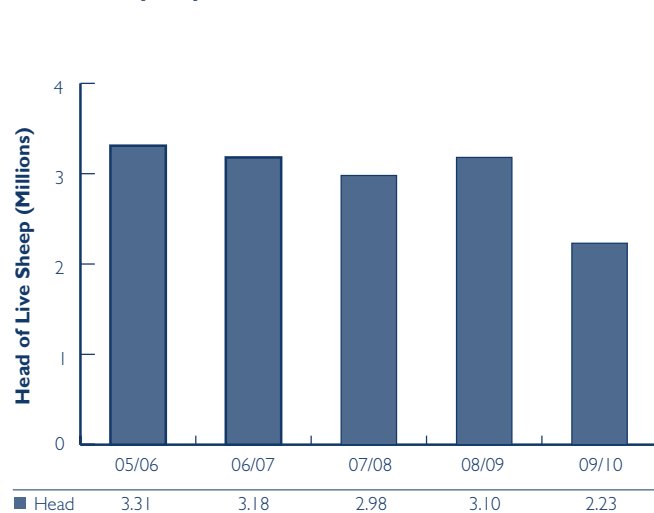
Fremantle Ports' share of total Australian live cattle exports was 17.4 per cent in 2009/10. The value of live cattle exports through Fremantle Ports in 2009/10 was \$A101 million.

In 2009/10, the largest export markets served from Fremantle were Indonesia and Israel, whilst trade to Egypt recommenced after no exports in 2008/09.

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 2010 and ABARE - Australian Commodities Forecasts and Issues June Quarter 2010.

Live Sheep Exports 2005/2006 to 2009/2010





# PERFORMANCE

## TRADE AND BUSINESS GROWTH



### Outlook

#### Treasury Projections

Western Australia weathered the impact of the global financial crisis better than most economies, but still felt its effects. In 2008/09, the state's economy grew by just 0.7 per cent. Since then global economic activity has picked up markedly. Reflecting this, the outlook for the Western Australian economy has improved, with growth of 3.75 per cent now expected for 2009/10. This will be driven by consumer spending and exports, as well as stronger housing activity. Growth is forecast to accelerate to 4.5 per cent in 2010/11 and 4.75 per cent in 2011/12. This rapid return to around long-run average growth largely reflects a rebound in business investment with a ramping up of construction on major projects including the \$43 billion Gorgon Liquefied Natural Gas Project.

Data: Government of WA 2009-2010 Budget, Economic and Fiscal Outlook, Budget Paper No. 3.

#### Trade in 2010/11

The International Monetary Fund's most recent forecasts show that growth in the State's major export markets should help support Western Australia's economic recovery over the next two years, with the weighted average economic output of these economies expected to grow by 6.4 per cent in 2010 and 6.5 per cent in 2011, compared with growth of just 2.5 per cent in 2009.

Fremantle Port's full container trade fell by 3,853 TEU or 0.9 per cent in 2009/10 compared with 2008/09. This was attributable to a reduction of 15,755 TEU in grain exports.



*Car carrier berthing in the Inner Harbour.*

# PERFORMANCE

## TRADE AND BUSINESS GROWTH

### Outlook (Cont.)

The port's container trade is expected to grow in 2010/11, based on Treasury forecasts for growth in the Western Australian economy and our major trading partners.

Following a substantial 27.8 per cent fall in 2008/09, Fremantle Port's new motor vehicle imports rose by 26.0 per cent in 2009/10 compared to 2008/09. New motor vehicle sales grew strongly in 2009/10 mainly due to increased economic activity in Western Australia. Further growth in new motor vehicle imports is expected in 2010/11.

Fremantle's live sheep exports fell by 28.0 per cent to 2.23 million head in 2009/10. Fremantle's exports are forecast to be at a similar level in 2010/11. Increased competition for sheep for export is expected to be particularly strong in Western Australia, where around 75 per cent of live sheep exports are sourced. The Western Australian sheep flock has declined significantly in recent years, which is expected to constrain live sheep exports in the short term.

Fremantle Ports' Kwinana Bulk Jetty and Kwinana Bulk Terminal bulk cargo tonnages represent around 12.1 per cent of total port bulk cargo volumes. Kwinana Bulk Jetty trade decreased by 0.5 million tonnes or 26.7 per cent to 1.5 million tonnes in 2009/10. The decrease was mainly due to falls in imports of phosphates, sulphur, ammonia, potash and petroleum products. Trade throughput at Kwinana Bulk Jetty is forecast to be around 2.0 million tonnes in 2010/11.

Kwinana Bulk Terminal trade decreased by 0.15 million tonnes or 8.1 per cent to 1.7 million tonnes in 2009/10, due to decreases in iron ore and coal imports. Exports to decrease were coal and pig iron. Trade throughput at this facility in 2010/11 is expected to at similar levels to last year.

Co-operative Bulk Handling's Kwinana Grain Terminal exported 4.3 million tonnes in the 2009/10 financial year compared with 4.1 million tonnes in 2008/09. CBH is forecasting receivals to be around 9-10 million tonnes with exports at the Kwinana Grain Terminal reaching around 3.8 million tonnes in 2010/2011.

Petroleum product, Fremantle Port's major bulk commodity, is forecast to be around 8.0 million tonnes in 2010/11, and dry bulk alumina exports are expected to remain at levels similar to 2009/10 (2.8 to 3.0 million tonnes).



*Fremantle Ports is planning to expand cargo handling capacity of the Kwinana Bulk Terminal for exporters.*

# PERFORMANCE

## SUPPORT SERVICES



### Objective:

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

### Key Outcomes Sought:

Support services are focused on achieving priority projects

### Maximising Local Content

An important objective of Fremantle Ports' supply services is to optimise local industry participation and local content. This includes considering local industry capabilities in the development of procurement plans and tender or quotation specifications while encouraging prime contractors to give local business every opportunity to participate in major projects.

Fremantle Ports also supports local business by applying a minimum weighted criterion of 20 per cent for local content when evaluating tenders which have an estimated value of \$750,000 or more.

A recent example of using these strategies was Fremantle Ports' awarding of a major contract to AMEC Services Pty Ltd to design and reconstruct a burnt out tunnel and conveyor system at the Kwinana Bulk Terminal. AMEC Services Pty Ltd is a local engineering company and was required to submit an Industry Participation Plan which showed how the company was maximising local business content.

Fremantle Ports' total expenditure on the supply of goods and services in 2009-10 was approximately \$180,000,000 and about 92 per cent of this was awarded to local Western Australian businesses.

### Occupational Safety, Health and Injury Management

Fremantle Ports places the highest priority on maintaining a safe workplace, caring for the well-being of its people, and eliminating work-related injury and illness. Fremantle Ports' Safety Vision is: *To be recognised by our people as a leader for our excellence in safety.* It equates safety excellence to no injuries, no harm and no damage.

Safety is managed through the Safety and Health Steering Group which comprises General Managers and senior managers, with assistance and advice from safety advisors. All employees are expected to comply with procedures and instructions given for safety and health; to wear provided personal protective equipment as required; to use equipment responsibly; to report hazards, incidents and injuries, and to cooperate with all actions Fremantle Ports takes to comply with both the *Occupational Safety and Health Act 1984*, and the *Mines Safety and Inspection Act 1994*.

A 2009-10 Safety Strategy was implemented. The key message is that: *at Fremantle Ports there is no job so urgent that we do not have the time to do it safely.* A key component of the strategy is to embed the new safety structure so that safety leadership increasingly comes directly from managers and supervisors to their teams. Branch Managers are required to develop and deploy branch-specific safety plans to address the key hazards associated



*Refresher training for staff in the use of fire fighting equipment was undertaken during the year.*

# PERFORMANCE

## SUPPORT SERVICES

with their areas, and this has led to site-specific plans which include matters such as dust, traffic and stockpile management, and infrastructure improvements.

The strategy has also led to significant improvements made against identified priority areas including permits to work; contractor safety; safety observation; improved incident investigation and root cause analysis; and improved safety communication.

As part of Fremantle Ports' ongoing drive to maintain high standards of safety, further priorities have been identified for inclusion in the 2010-11 Safety Strategy. These include development of specific safety standards to address the organisation's highest risks (including working in confined space and at heights; and with mobile plant and equipment); development and deployment of a consequences and accountability framework for breach of standards and golden rules; and specific safety leadership training for safety leaders based on the standards and consequences. (See also pages 110-111 Disclosures and Legal Compliance).

### *Employee Training and Development*

Fremantle Ports places a strong priority on leadership at all levels and worked throughout the year to help its people develop their leadership abilities and potential through opportunity, experience and training.

A new Life Style Inventory program has been used to provide a number of leaders with 360-degree feedback and awareness of their leadership styles from their staff, peers and managers. Subsequent coaching enabled these leaders to create personal plans to achieve positive, constructive behaviours. This tool has also been made available to a number of other staff members and has been introduced to new staff in the induction process.



Fremantle Ports' Leading Lights leadership program, which develops leadership skills in selected staff, enabled 10 employees to complete their Certificate IV in Frontline Management and Diplomas of Management.

Training to make the organisation more effective and efficient remains a priority at Fremantle Ports. Concentrated and continuous training, including cross skilling, has been pursued in the port operations areas to ensure all relevant employees are appropriately skilled in operations tasks, and use of plant and equipment.

A performance and appraisal system introduced the previous year, People, Performance and Development, was further refined.

### **Health and Wellness**

Fremantle Ports' Health and Wellness program was continued, providing a range of services to staff including: influenza vaccinations, first aid training, skin cancer screening and healthy lifestyle awareness sessions.



# PERFORMANCE

## SUPPORT SERVICES



The Employee Assistance program, which offers a 24 hour confidential counselling assistance on work related or family issues to employees and their families, has been expanded to include a provider who has a service in Fremantle and Spearwood. Rehabilitation support has allowed employees who received workplace injuries to return to duties reasonably quickly. Fremantle Ports continues to monitor general fitness for work in relation to fatigue management, hours of work and the physical level of work being undertaken by employees.

### **Employee Relations**

Negotiations were finalised for a new Operations and Services Enterprise Agreement, with employees in the Inner and Outer Harbours, including Port Services Officers, Facilities Services Officers, maintenance employees and some ancillary staff.

### **Employee Numbers**

At June 30, 2010, Fremantle Ports' full-time-equivalent employee total was 306.43. This was a slight decrease from 309.28 the previous year.

Fremantle Ports' attrition rate reduced this year to 5.23 per cent from 7.51 per cent last year. The last time the figure was at a similarly low level was in 2004, when the figure was 5.26 per cent.

# PERFORMANCE

## BUSINESS SUSTAINABILITY

### 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

### Triple Recertification

Fremantle Ports retained its Safety, Environment and Quality (SEQ) certification to international standards following a rigorous three-yearly audit of its management systems by two senior auditors from SAI Global.

The audit was conducted in May 2010. The auditors noted that Fremantle Ports has continued to maintain and improve the three management systems at all levels of the organisation in accordance with the requirements of standards AS/NZS 4801:2001, ISO 14001:2004 and ISO 9001:2008. The feedback report concluded that the three systems are being managed effectively to ensure that the quality of work complies with technical specifications and that occupational health and safety and environmental risks are minimised.

### Environmental Improvements

At the Kwinana Bulk Terminal, work continues on the implementation of dust management initiatives including the upgrading of monitoring equipment, introduction of dedicated cleaning crew and more frequent use of sweeper trucks.

Monitoring of groundwater has been ongoing at Victoria Quay, Kwinana Bulk Terminal and Kwinana Bulk Jetty, with some new monitoring wells installed.

Remediation of hydrocarbon impacted groundwater has been undertaken at Victoria Quay and further detailed site investigations of soil and groundwater undertaken at North Quay to ensure compliance with the *Contaminated Sites Act 2003*.

A baseline energy audit was undertaken to identify energy usage patterns so further initiatives can be implemented to reduce energy use.

Effective management of oil spills remains a high priority for the port. Activities this year have included oil spill response training for staff and contractors, training with the State Oil Response Team, assisting with the Montara Oil Rig response in the Timor Sea in March 2010 and the Shen Neng 1 bulk carrier grounding on the Great Barrier Reef in April 2010.

### Lead Exports

Magellan Metals began exporting lead carbonate through the Inner Harbour in September 2009. The lead is packed in double lined bulka bags inside steel shipping containers at the Wiluna minesite. It is transported to Fremantle by rail.

The Ministerial approval contains stringent conditions including baseline environmental monitoring for lead along the transport corridor. It also requires routine monitoring after the commencement of exports. All routine monitoring since September 2009 has shown that no Magellan lead has been detected along the transport corridor or in the port. Fremantle Ports has also carried out its own air and soil monitoring within the port to validate the Magellan sampling results, and continues to monitor the issue to ensure the ongoing safe export of lead through Fremantle.

# PERFORMANCE

## BUSINESS SUSTAINABILITY



### Understanding Community Priorities

Fremantle Ports has continued to maintain and build its links with the community via formal and informal liaison with a wide range of organisations and groups. The sharing of information and views is helpful in achieving mutual understanding of priorities, enabling these to be taken into account in strategic planning.

Consultation and communication on the Inner Harbour deepening was a major focus this year, with a widely representative Dredging Reference Group established and meeting regularly.

### 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.

#### Health and Safety

Fremantle Ports has been the anchor sponsor for the Fremantle Football Club's Starlight Purple Haze Game for five years. Tin rattling at this year's game and associated fundraising raised a record \$45,172 and brought the total raised over the past five years to \$208,447. The money is raised for Starlight Children's Foundation which assists seriously ill and hospitalised children.

Fremantle Ports is sponsoring the Paraplegic Benefit Fund's Aqua Program in schools. This sponsorship follows our sponsorship of PBF's youth road safety program in the 13 high schools in the Fremantle district for a number of years since 2005. The Aqua Program aims to reduce serious injury in the aquatic environment through presentations to Years 6 and 7 students by a person who has sustained a permanent spinal cord injury due to an aquatic incident. The program was offered free to primary schools in Fremantle Ports' catchment area in 2009 and continued in 2010.



*Purple Haze ambassador Chris Mayne with Jacqueline and Eric Gray, whose father is Harbour Master Captain Allan Gray, at Fremantle Ports' Purple Haze Breakfast in March 2010*

Support has continued for Fremantle Hospital. This year, sponsorship helped in the children's ward and provided shade for an outside play area.

#### Community Goals

Fremantle Ports' successful partnership with the Fremantle Football Club in support of the Purple Haze fundraising initiative has been expanded to provide support for the Community Goals element of the Club's community development program.

The program is built around youth and education and dovetails well with Fremantle Ports' focus on these areas. As well as promoting participation in sport, Community Goals objectives include helping young people to develop an understanding of leadership, healthy lifestyle, goal setting and social responsibility.

#### Youth Education

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. Partnerships with more schools have been formed this year and existing partnerships have been enhanced.

# PERFORMANCE

## BUSINESS SUSTAINABILITY

Providing support for schools in key areas of mutual interest, such as environmental sustainability, is another focus.

A successful ongoing partnership has been established with Hillman Primary School. Support was given for the development of a maritime studies curriculum module and the establishment of a whole-school gardening and recycling program. A professional development session on the port was held for the school staff in January.

Fremantle Ports has continued to provide scholarships for students in maritime and marine studies programs at Rockingham Senior High School and South Fremantle Senior High School.

Fremantle Ports contributes to the Community Project Fund of the City of Cockburn's

Community Development Strategy. The fund was established to support local Cockburn projects that engage young people in environmentally-based initiatives. Schools which benefited from Fremantle Ports' funding included Bibra Lake Primary School, Coolbellup Community School, Southwell Primary School, Phoenix Pre-Primary, South Coogee Primary School, South Lake Primary School and Harmony Primary School. The projects ranged from the establishment of vegetable gardens at schools through to funding students to attend a World Environment Day event at the Wetlands Education Centre.

Fremantle Ports' commitment to assisting indigenous education included providing sponsorship for Clontarf Aboriginal College's North Fremantle hostel to assist with the setting up of a gym. The hostel provides accommodation for college students from regional areas such as the Kimberley and the Murchison. Many of the students attend Clontarf's Football Academy. Support also continued for the Centre of Aboriginal Studies at Curtin University.

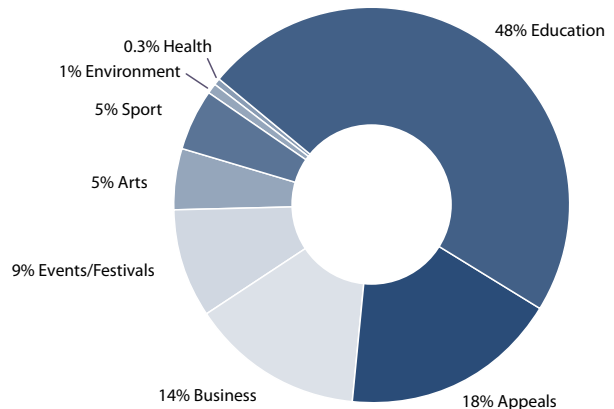
### *Maritime Day celebration*

An estimated 5000 people attended an inaugural Celebrate Maritime Day event at the Fremantle Passenger Terminal in September.



*Fremantle Ports provided sponsorship for Phoenix Pre-Primary to create vegetable garden beds, composting facilities and enable planting of local native plants.*

### Community Sponsorship 2009/10





# PERFORMANCE

## BUSINESS SUSTAINABILITY



About 40 stalls provided people with information on the port and maritime careers and education. Outside attractions included a tug and the Sail Training Ship *Leeuwin*. Exhibitors included, among others, the Australian Maritime College, Australasian Maritime Institute, the WA Maritime Training Centre, shipping companies and the Australian Navy.

The expo-type event was organised by Fremantle Ports, the Company of Master Mariners of Australia, the Australian Marine Pilots Association and the Nautical Institute. Major sponsors were Fremantle Ports, the Department of Transport's Marine Safety Business Unit, Svitzer and Moorsure.



*The Challenger TAFE Ship Simulator was a popular exhibit at the Celebrate Maritime Day expo.*

A similar event is planned for September 2010.

### *Arts, Festivals and Events*

Support was provided for the North Fremantle Community Arts Development Spring Concert, which featured children's string ensembles and a choir. Other community festivals and events that were sponsored included the Kwinana Festival, Rockingham Mussel Fest, the Fremantle Festival, the Fremantle Heritage Festival, the Blessing of the Fleet Festival, the Fremantle Ports Swim Thru and the Coogee Jetty-to-Jetty Swim.

### *Building Community*

Fremantle Ports provided sponsorship to the North Fremantle Bowls, Tennis and Community Centre to create an outdoor barbecue area, and to aid the development of a children's playground and improve the centre's interior.

# PERFORMANCE

## BUSINESS SUSTAINABILITY

### Complaints Management

Fremantle Ports has an online system accessed via the Intranet to assist with complaints management. Complaints, whether verbal or written, external or internal, are registered as they occur. Required follow up actions are assigned electronically and progress is tracked. Level of risk is calculated and trends are measured.

There were 117 complaints in 2009-10 compared with 120 the previous year and 151 in 2007-08.

A new category was established this year to capture complaints on the Inner Harbour deepening project. Most of the 27 complaints received in this category related to dredging plumes and, in particular, concerns about potential contaminants.

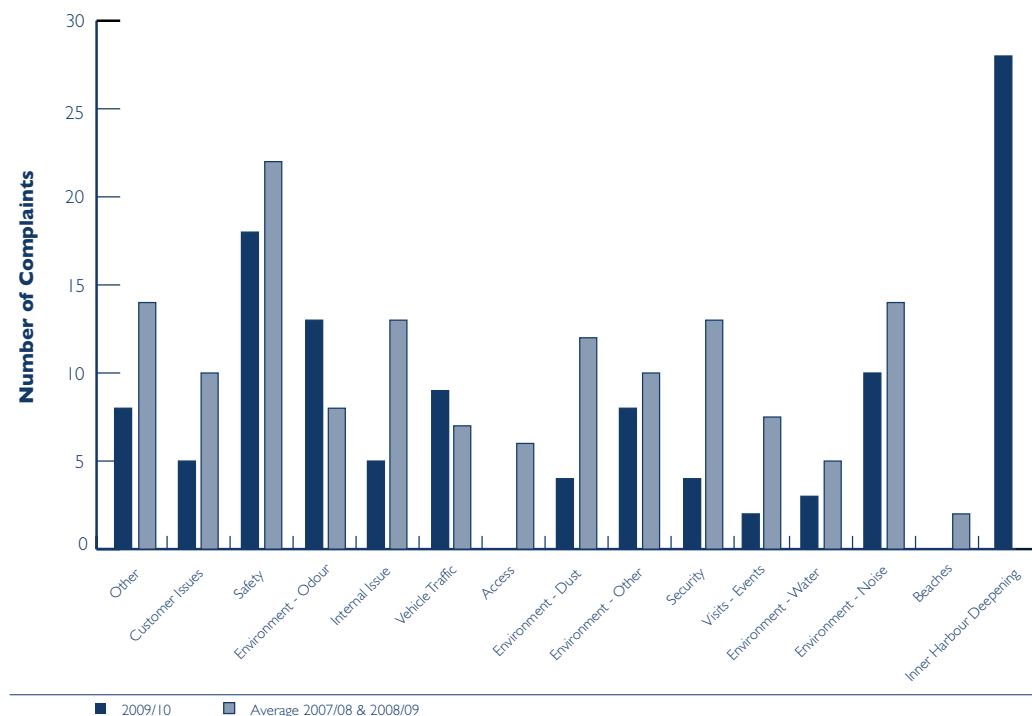
One of the performance indicators continuing to be maintained on complaints management is a comparison of the current year's complaints data with the average of the previous two years. As part of Fremantle Ports' Corporate Scorecard, the year-to-date indicator in this form is reported monthly to the Fremantle Ports Executive and Board with comments noting any significant trend.

Maintenance of this indicator enables tracking of trends in complaints and appropriate response where the trend indicates that there may be an issue. The monitoring also enables Fremantle Ports to see if there is a sudden cluster of complaints which may need to be investigated as an incident.

The complaints management system is linked to the electronic incident reporting system so that if an incident is also the subject of a complaint, this is recorded for follow up.

Details of all complaints with a risk score greater than "moderate" and how the complaints have been addressed are also reported monthly to the Board as part of a Loss Management report. This high level focus on the importance of complaints management helps ensure that Fremantle Ports is attentive to individual complaints and to trends as part of risk and reputation management.

### Fremantle Ports - Registered Complaints 2009/2010 Compared to average 2007/08 and 2008/09



# PERFORMANCE

## SIGNIFICANT ISSUES



### Urban Encroachment

Urban encroachment, particularly in relation to encroachment on existing or planned freight corridors continues to be a concern. Fremantle Ports has undertaken consultation with a number of State and local government agencies on this issue during the year with the aim of raising awareness of the issue and to explore ways of addressing it.

The growing pressure from sensitive uses such as dwellings locating in close proximity to ports is recognised in the draft National Ports Strategy. This is a national and international trend which has competitive and operational impacts on transport corridors and ports. The National Ports and Freight strategies currently being developed by Infrastructure Australia and the National Transport Commission will identify and propose responses to this challenge.

### Container Storage

Container parks, which store and empty containers and provide services such as cleaning and repairs, are a vital but often undervalued component of the supply chain. Essentially every loaded import and export container will need to pass through a container park at some stage.

Over the Christmas/New Year period the container parks servicing Fremantle experienced unprecedented stock levels largely as a result of the downturn in global trade. This effect was also experienced around the other Australian ports and was primarily due to shipping lines holding onto empty containers longer because of reduced demand in Australia and overseas.



The high stock levels significantly exceeded efficient operating levels and resulted in slower processing times for trucks, in turn creating extensive queuing along the port's roads and excessive truck waiting times which flowed onto the rest of the supply chain.

Fremantle Ports, with the WA Port Operations Task Force, worked with shipping lines and container parks to address these problems. It was not until late January, however, that stock levels started to decline to the point where normal operating efficiency was again possible and delays were avoided.

There are a number of key initiatives which have been identified to avoid repetition of these problems in the future. The following are the priority actions for the coming year:

- extending container park operating hours;
- planning for additional container park capacity at the port;
- encouraging development of more off-port park capacity; and
- developing a container park vehicle booking system, similar to that used at the container terminals, to provide for a more orderly flow of trucks to the parks.

# DISCLOSURES AND LEGAL COMPLIANCE

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

The Board of Directors of the Fremantle Port Authority (Fremantle Ports) has pleasure in submitting its report for the financial year ended 30 June 2010.

### **Directors**

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

#### **Alan Birchmore**

Mr Birchmore was appointed to the Board on 1 March 2008. He is a former Chairman of the Albany Port Authority.

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

Mr Birchmore was appointed as Chairman on 1 March 2008.

*Expiry of present term: 30 June 2010*

#### **Robert Pearce (Deputy Chairman)**

Mr Pearce joined the Board on 1 July 2004. He is a former Western Australian Government Minister for Transport and Planning who also held the portfolios of Education, Environment and Leader of the House. He is Executive Director of the Forest Industries Federation of WA and Past President of the National Association of Forest Industries. He currently serves on the Freight and Logistics Council and the Biosecurity Council.

He was previously Chairman of the WA Port Operations Taskforce and a member of the Sea Freight Council of WA. He has served on the board of the Fremantle Sailing Club.

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

*Expiry of present term: 30 June 2010*

#### **Eve Howell**

Ms Howell was appointed to the Board on 1 January 2006. She has over 30 years of technical and managerial experience in the petroleum industry in the UK and Australia. She is currently employed by Woodside as Executive Vice President, Health Safety and Security after serving over three years as Executive Vice President North West Shelf. She is also a Director of the West Australian Ballet. She has formerly been a Director of the Australian Mines and Metals Association (AMMA) where she also served as President.

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

*Expiry of present term: 31 December 2010*



# DISCLOSURES AND LEGAL COMPLIANCE

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

### **Jim Limerick**

Dr Limerick, who joined the Board in October 2009, 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 board member of LandCorp. He has been influential for over a decade in strategic planning for future industrial infrastructure in WA. In 2008 he was awarded the Australian Public Service Medal. He is now the Principal of Ramelton Consulting Pty Ltd.

He has an honours degree in science and a PhD from the University of NSW, a Graduate Diploma in Business from Curtin University and is a Graduate Member of the Australian Institute of Company Directors.

*Expiry of present term: 30 June 2012*

### **Marie Malaxos**

Ms Malaxos, appointed in October 2009, 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 WA. She joined ARC Energy Ltd in 2002 and was appointed Chief Operating Officer in 2006. In 2008 Marie began a career consulting to the resources industry in WA and is the Principal of GM Woodmont Pty Ltd. Marie is a member of the Institute of Company Directors.

*Expiry of present term: 30 June 2012*

### **John Joseph O'Connor**

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

*Expiry of present term: 30 September 2009*

### **Robert Edel**

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

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

*Expiry of present term: 30 September 2009*

# DISCLOSURES AND LEGAL COMPLIANCE

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

### Directors' Meetings

Attendance by Directors at meetings held during the financial year ended 30 June 2010 was:

	Eligibility to attend Meetings of Directors	Meetings of Directors	Audit Committee	Employee Relations
<b>Number of Meetings Held</b>	14	14	3	-
Numbers of meetings attended by:				
Alan Birchmore	14	14	-	-
Robert Pearce	14	14	3	-
Eve Howell	14	11	1	-
Jim Limerick	10	10	2	-
Marie Malaxos	10	10	-	-
John O'Connor	4	4	-	-
Robert Edel	4	2	1	-

### Principal Activities

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

### Results

The profit before income tax for the financial year was \$19.652 million (2009: \$19.311 million). The income tax expense attributable to the profit for the financial year was \$4.987 million (2009: \$5.591 million).

### Dividends

The Board of Directors provided \$6.860 million (2009: \$8.939 million) for dividends in respect of the results for the financial year ended 30 June 2009. This dividend was paid in the financial year ended 30 June 2010.

### 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:-

	2010 \$'000	2009 \$'000
<b>Profit Before Income Tax Expense</b>	19,652	19,311
Income Tax Expense	(4,987)	(5,591)
<b>Profit for the period</b>	14,665	13,720
Retained Earnings at 1 July	98,712	93,932
	113,377	107,652
Dividends paid in the financial year	(6,860)	(8,940)
Retained Earnings at 30 June	106,517	98,712

# DISCLOSURES AND LEGAL COMPLIANCE

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

### State of Affairs

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

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

### Events Subsequent to Reporting Date

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

### Likely Developments and Expected Results

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

### Emoluments

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

#### Directors' Emoluments

The Minister determines the emoluments of the Board of Directors.

Details of emoluments provided to directors:

	Primary Fees \$	Post-employment Superannuation \$	Total \$
A Birchmore	50,000	4,500	54,500
R Pearce	33,000	2,970	35,970
E Howell	25,000	2,250	27,250
J Limerick	18,750	1,688	20,437
M Malaxos	18,750	1,688	20,437
R Edel	6,250	563	6,812
J O'Connor	6,250	563	6,812

#### Directors' Benefits

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

#### Executives' Emoluments

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

# DISCLOSURES AND LEGAL COMPLIANCE

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

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

Details of emoluments provided to senior executives:

	Salary	Primary Bonus	Other	Post-employment Superannuation	Total
	\$	\$	\$	\$	\$
C Leatt – Hayter	367,600	7,214	9,436	47,161	431,411
A Meyer	290,370	5,716	5,119	36,828	338,033
S Wade	278,918	5,491	5,211	35,024	324,644
G Valenti	282,566	5,571	4,837	24,937	317,911
A Gray	243,390	4,795	5,501	21,430	275,116

### Environmental Regulation

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

### Environmental Management

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

### Rounding of Amounts to Nearest Thousand Dollars

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

This report is made in accordance with a resolution of the Board on 20 August 2010.



Chairman



Director

20 August 2010



# DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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# DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## STATEMENT OF COMPREHENSIVE INCOME

	Note	2010 \$'000	2009 \$'000
<b>Revenue</b>	2.1	133,009	125,910
Asset maintenance		(31,877)	(25,464)
General administration		(27,713)	(30,261)
Port operations expenses		(22,570)	(23,585)
Depreciation and amortisation expense	3	(8,288)	(7,992)
Marine expenses		(6,326)	(5,661)
Other expenses		(6,300)	(4,304)
Port utilities		(4,839)	(4,430)
Finance costs		(2,999)	(2,590)
Environmental expenses		(2,445)	(2,312)
<b>Profit before income tax</b>		<b>19,652</b>	<b>19,311</b>
Income tax expense	4	(4,987)	(5,591)
<b>Profit for the period</b>		<b>14,665</b>	<b>13,720</b>
Other comprehensive income for the period, net of income tax		-	-
<b>Total comprehensive income for the period</b>		<b>14,665</b>	<b>13,720</b>

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

# DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## STATEMENT OF FINANCIAL POSITION

	Note	2010 \$'000	2009 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6.1	16,958	31,885
Trade and other receivables	6.2	18,631	15,808
Inventories	6.3	1,119	827
<b>Total current assets</b>		<b>36,708</b>	<b>48,520</b>
<b>Non-current assets</b>			
Receivables	7.1	8,369	8,712
Property, plant and equipment	7.2	316,548	208,854
Deferred tax assets	4	13,077	12,962
<b>Total non-current assets</b>		<b>337,994</b>	<b>230,528</b>
<b>Total assets</b>		<b>374,702</b>	<b>279,048</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8.1	26,597	12,317
Interest bearing borrowings	8.2	6,943	1,995
Income tax payable	4	1,092	298
Provisions	11	7,846	6,883
Other	12	630	1,110
<b>Total current liabilities</b>		<b>43,108</b>	<b>22,603</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	8.2	156,200	88,643
Provisions	11	13,169	13,573
Other	12	1,561	1,579
<b>Total non-current liabilities</b>		<b>170,930</b>	<b>103,795</b>
<b>Total liabilities</b>		<b>214,038</b>	<b>126,398</b>
<b>Net assets</b>		<b>160,664</b>	<b>152,650</b>
<b>EQUITY</b>			
Contributed equity	13	54,147	53,938
Retained earnings	13	106,517	98,712
<b>Total equity</b>	<b>13</b>	<b>160,664</b>	<b>152,650</b>

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

# DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## STATEMENT OF CHANGES IN EQUITY

	Note	Contributed equity \$'000	Retained earnings \$'000
<b>Balance at 1 July 2008</b>		<b>53,726</b>	<b>93,932</b>
Total comprehensive income for the year		-	13,720
Transactions with owners in their capacity as owners:			
Capital contributions		212	-
Dividends paid	5	-	(8,940)
<b>Balance at 30 June 2009</b>	<b>13</b>	<b>53,938</b>	<b>98,712</b>
<b>Balance at 1 July 2009</b>		<b>53,938</b>	<b>98,712</b>
Total comprehensive income for the year		-	14,665
Transactions with owners in their capacity as owners:			
Capital contributions		209	-
Dividends paid	5	-	(6,860)
<b>Balance at 30 June 2010</b>	<b>13</b>	<b>54,147</b>	<b>106,517</b>

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



# DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## STATEMENT OF CASH FLOWS

	Note	2010 \$'000	2009 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		127,124	128,319
Payments to suppliers and employees		(86,375)	(90,496)
Interest received		1,837	2,177
Interest paid		(2,055)	(2,451)
Income tax paid		(4,308)	(8,735)
<b>Net cash inflow from operating activities</b>	14	<b>36,223</b>	<b>28,814</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(116,721)	(43,914)
Proceeds from sale of property, plant and equipment		2	43
<b>Net cash outflow from investing activities</b>		<b>(116,719)</b>	<b>(43,871)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(1,503)	(1,573)
Proceeds from borrowings		74,000	42,500
Payment of finance lease liabilities		(592)	(512)
Proceeds from finance lease receivable		315	289
Dividends paid	5	(6,860)	(8,940)
Equity contribution	13	209	212
<b>Net cash inflow from financing activities</b>		<b>65,569</b>	<b>31,976</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(14,927)</b>	<b>16,919</b>
<b>Cash and cash equivalents at 1 July</b>		<b>31,885</b>	<b>14,966</b>
<b>Cash and cash equivalents at 30 June</b>	<b>6.1</b>	<b>16,958</b>	<b>31,885</b>

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 2010

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 20 August 2010 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 2010.

#### I.1 Statement of compliance

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

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

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]*. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The impact, if any, is still to be assessed by Fremantle Ports.
- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]*. The revised Standard introduces a number of changes to the accounting for financial assets. The impact, if any, is still to be assessed by Fremantle Ports.
- AASB 2009-12 *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]*. This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The impact, if any, is still to be assessed by Fremantle Ports.

#### 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 the Authority's operations.

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

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

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

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 1.3 Use of estimates and judgements

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

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

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

##### *Provision for environmental remediation*

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

##### *Defined benefit plans*

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

##### *Impairment losses*

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

#### 1.4 Revenue recognition

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

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

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

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

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

#### 1.5 Expenses by nature

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

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### I.6 Finance costs

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

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

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

#### I.7 National Tax Equivalent Regime (Income tax)

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

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

#### I.8 Income tax

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

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

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

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

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

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

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



# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

#### I.10 Inventories

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

#### I.11 Property, plant and equipment

Property, plant and equipment purchased or constructed for port operations is recorded at the cost of acquisition less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

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

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

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

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### I.11 Property, plant and equipment (continued)

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

	Depreciation Rates (%)
Channels and breakwaters	1.9 - 3.7
Land improvements	1.9 - 10
Buildings and improvements	2 - 14.3
Plant and equipment	2.5 - 100
Berths, jetties and infrastructure	2 - 20
Plant and equipment under lease	20 - 57

#### 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.

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 against income.

Leased assets held at the end of the reporting period are being amortised over periods ranging from 1.75 to 5 years (2009: 1.5 to 5 years).

##### *Operating leases*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the 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.

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### I.14 Financial Instruments

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

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

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

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

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

#### I.15 Payables

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

#### I.16 Interest bearing borrowings

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

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

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised, as well as through the amortisation process.

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

Finance Lease Liabilities are recognised at the present value of the minimum lease payments. The interest expense is recognised in the Statement of Comprehensive Income using the effective interest method.

#### I.17 Employee benefits

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

Sick Leave and Long Service Leave liabilities were assessed on the basis of the present value of estimated future payments, discounted by the Commonwealth Government Bonds rates estimated to be applicable to the relevant period. A 4.50% (2009: 4.50%) per annum rate of increase in employee wage and salary rates was assumed in the present value calculations.

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

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

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

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 2010.

Employees who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2009. From 16 April 2009, employees who are not members of the Pension, GSS or WSS Schemes become non-contributory members of the GESB Superannuation Scheme (GESB Super), a taxed accumulation fund. Fremantle Ports makes concurrent contributions to the Government Employee Superannuation Board (GESB) on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Super Schemes.

##### *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 2010

### 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 due within 30 days.

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

#### I.22 Goods and services tax

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

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

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

#### I.23 Contributed equity

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

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 2. REVENUE AND OTHER INCOME

### 2.1 Revenue

Revenue consists of the following items:

	2010 \$'000	2009 \$'000
<b>Revenue</b>		
Charges on cargo	79,515	73,450
Charges on ships	12,669	12,426
Shipping services	8,236	7,519
Rentals and leases	14,904	13,732
Port utilities and services	4,448	4,183
Miscellaneous revenue	11,424	12,435
	131,196	123,745
<b>Interest</b>		
Bank interest receivable	721	575
Interest receivable from cash equivalents	113	432
Interest receivable under finance leases	979	988
Other interest receivable	-	170
	1,813	2,165
<b>Total revenue</b>	<b>133,009</b>	<b>125,910</b>

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 3. PROFIT BEFORE INCOME TAX

	2010 \$'000	2009 \$'000
<b>(i) Expenses</b>		
Profit before income tax includes the following specific expenses:		
Finance costs		
Finance charges payable under finance leases	79	89
Borrowings	5,864	3,177
Total finance costs	5,943	3,266
Less: finance costs capitalised	(2,944)	(676)
Total finance costs expensed	2,999	2,590
Depreciation and amortisation		
Channels and breakwaters	1,112	1,112
Land improvements	365	354
Buildings and improvements	572	532
Plant and equipment	2,911	2,896
Berths, jetties and infrastructure	2,732	2,543
Plant and equipment under lease	596	555
Total depreciation and amortisation	8,288	7,992
Net loss on sale of property, plant and equipment	106	221
Other charges against assets		
Impairment loss on trade receivables	1,413	90
Impairment loss on prepayments	890	-
Impairment loss on property, plant and equipment	341	661
	2,644	751
Rental expense relating to operating leases	350	339
<b>(ii) Employee benefits expenses</b>		
Wages and salaries	28,953	30,475
Workers' compensation	161	74
Pension costs	3,600	3,050
Employee benefits	728	1,064
Retirement benefit obligations	(386)	1,417
	33,056	36,080

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 4. INCOME TAX EXPENSE

Major components of income tax expense for the year are:

	2010 \$'000	2009 \$'000
<b>Income tax expense</b>		
Current income tax:		
Current income tax charge	(6,330)	(6,732)
Adjustments in respect of current income tax of previous years	65	313
Adjustment in respect of Research & Development claim	1,164	203
Deferred income tax:		
Deferred income tax charge	114	518
Adjustments in respect of deferred income tax of previous years	-	107
Income tax expense reported in the Statement of Comprehensive Income	(4,987)	(5,591)
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:		
Accounting profit before income tax	19,652	19,311
Tax at statutory income tax rate of 30%	(5,896)	(5,793)
Tax effect of amounts which are taxable in calculating taxable income:		
Depreciation	(295)	(297)
Sundry items	(25)	(17)
	(6,216)	(6,107)
Adjustments in respect of current income tax of previous years	65	313
Adjustment in respect of Research & Development claim	1,164	203
	(4,987)	(5,591)

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 4. INCOME TAX EXPENSE (continued)

### Deferred tax

	2010 Balance Sheet \$'000	2009 Balance Sheet \$'000	2010 Income Statement \$'000	2009 Income Statement \$'000
<b>Deferred tax liabilities</b>				
Finance lease receivables	(2,614)	(2,709)	95	86
Others	(3,493)	(1,978)	(1,515)	(1,610)
Gross deferred tax liabilities	(6,107)	(4,687)		
<b>Deferred tax assets</b>				
Employee benefits	5,325	5,223	102	745
Accelerated depreciation for accounting purposes	10,969	9,937	1,032	627
Prepaid rental	912	936	(24)	80
Others	1,978	1,553	425	590
Gross deferred tax assets	19,184	17,649		
Set-off of deferred tax liabilities pursuant to set-off provisions	(6,107)	(4,687)		
Net deferred tax assets	13,077	12,962		
Deferred tax charge			115	518

### Current Tax Liabilities

The current tax liability of \$1.092 million (2009: \$0.298 million) represents the amount of income taxes payable in respect of current and prior financial periods.



# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 5. DIVIDENDS

	2010 \$'000	2009 \$'000
Dividend paid in the financial year	6,860	8,940

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 50% of after tax profits. However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2010 have not been provided as they are expected to be approved by Government and declared by the Board after balance date. Government Financial Policy with respect to dividends has changed to 65% of profits after tax relating to financial results for the financial year 2010 onwards.

A dividend of \$6.860 million (2009: \$8.940 million) in respect of the financial results for the year ended 30 June 2009 was paid by 30 June 2010.

### 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.

	2010 \$'000	2009 \$'000
Cash at Bank and Cash on Hand	433	521
At Call Deposits	8,025	31,364
Term Deposits	8,500	-
Cash and cash equivalents in the Statement of Cash Flows	16,958	31,885

#### (i) Significant Terms and Conditions

Interest on Cash at Bank was at prevailing rates. The weighted average interest rate at 30 June 2010 was 4% (2009: 2.75%).

Interest on At Call Deposits was at prevailing rates. The weighted average interest rate at 30 June 2010 was 4.73% (2009: 3.30%).

The weighted average interest rate for Term Deposits at 30 June 2010 was 5.4%. Term Deposits are held until their maturity dates and are normally held for a period of 30 days.

#### (ii) Fair Value

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

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 6. CURRENT ASSETS (continued)

#### 6.2 Trade and other receivables

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

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

	Note	2010 \$'000	2009 \$'000
Trade Debtors		13,925	11,883
Less: Provision for Impairment of Receivables		(1,669)	(115)
		12,256	11,768
Other Debtors		2,271	427
Accrued Income		2,689	2,890
Finance Lease Receivable	10.2	343	315
Prepayments		1,962	408
Less: Provision for Impairment of Prepayments		(890)	-
		1,072	408
Balance as at 30 June		18,631	15,808

#### (i) Significant Terms and Conditions

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

#### (ii) Impairment losses

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

	2010 \$'000	2009 \$'000
Balance at 1 July	115	171
Impairment loss recognised	1,574	115
Amounts written back	(20)	(171)
Balance at 30 June	1,669	115

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 6. CURRENT ASSETS (continued)

#### 6.2 Trade and other receivables (continued)

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

	2010 \$'000	2009 \$'000
Balance at 1 July	-	-
Impairment loss recognised	890	-
Balance at 30 June	890	-

The impairment loss relates to a prepayment where recovery has been considered. Alternatives for the recovery of this amount, including litigation proceedings to recover this amount, are currently being considered.

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

	2010 \$'000	2009 \$'000
Not more than 3 months	3,092	1,224
More than 3 months but less than 6 months	11	152
More than 6 months but less than 1 year	36	197
More than 1 year	63	96
	3,202	1,669

#### (iii) Fair Value

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

#### 6.3 Inventories

	2010 \$'000	2009 \$'000
<b>Current</b>		
Stores – at cost	1,143	827
Less: Provision for Obsolete Inventory	(24)	-
	1,119	827

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 7. NON-CURRENT ASSETS

### 7.1 Receivables

Receivables represent Finance Lease Receivable

	Note	2010 \$'000	2009 \$'000
Finance Lease Receivable	10.2	8,369	8,712

#### (i) Fair Value

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

### 7.2 Property, Plant and Equipment

	2010 \$'000	2009 \$'000
<i>Channels and Breakwaters</i>		
At Cost	41,697	41,697
Less: Accumulated Depreciation	(22,154)	(21,042)
	19,543	20,655
<i>Land</i>		
At Cost	41,549	41,549
	41,549	41,549
<i>Land Improvements</i>		
At Cost	12,057	11,980
Less: Accumulated Depreciation	(4,143)	(3,778)
	7,914	8,202
<i>Buildings and Improvements</i>		
At Cost	19,959	19,405
Less: Accumulated Depreciation	(9,957)	(9,404)
	10,002	10,001
<i>Plant and Equipment</i>		
At Cost	58,161	55,784
Less: Accumulated Depreciation	(22,629)	(19,903)
	35,532	35,881
<i>Berths, Jetties and Infrastructure</i>		
At Cost	71,010	69,654
Less: Accumulated Depreciation	(30,738)	(28,627)
	40,272	41,027

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 7. NON-CURRENT ASSETS

### 7.2 Property, Plant and Equipment (continued)

	2010 \$'000	2009 \$'000
<i>Leased plant and equipment</i>		
At Cost	2,436	2,172
Less: Accumulated amortisation	(1,426)	(1,167)
	1,010	1,005
Total Property, Plant and Equipment at net book value	155,822	158,320
Add: Work in Progress (at cost)	160,726	50,534
<b>Total Property, Plant and Equipment</b>	<b>316,548</b>	<b>208,854</b>
Fremantle Ports, as lessor, derives operating lease income from the following leased assets included in the above:		
<i>Land</i>		
At Cost	14,471	14,375
	14,471	14,375
<i>Buildings and Improvements</i>		
At Cost	4,198	4,558
Less: Accumulated Depreciation	(1,915)	(1,720)
	2,283	2,838
Included in Accumulated Depreciation above is the depreciation charge for the year of	142	172



# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 7. NON-CURRENT ASSETS (continued)

### 7.2 Property, Plant and Equipment (continued)

#### Reconciliations of carrying amounts

	2010 \$'000	2009 \$'000
<i>Channels and Breakwaters:</i>		
Carrying amount at 1 July	20,655	21,766
Depreciation for the year	(1,112)	(1,111)
Carrying amount at 30 June	19,543	20,655
<i>Land:</i>		
Carrying amount at 1 July	41,549	41,549
Carrying amount at 30 June	41,549	41,549
<i>Land Improvements:</i>		
Carrying amount at 1 July	8,202	8,287
Transfer from work in progress	77	269
Depreciation for the year	(365)	(354)
Carrying amount at 30 June	7,914	8,202
<i>Buildings and Improvements:</i>		
Carrying amount at 1 July	10,001	10,209
Transfer from work in progress	575	326
Disposals	(2)	(2)
Depreciation for the year	(572)	(532)
Carrying amount at 30 June	10,002	10,001
<i>Plant and Equipment:</i>		
Carrying amount at 1 July	35,881	38,250
Transfer from work in progress	2,604	1,450
Disposals	(42)	(262)
Depreciation for the year	(2,911)	(2,896)
Impairment loss	-	(661)
Carrying amount at 30 June	35,532	35,881

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 7. NON-CURRENT ASSETS (continued)

### 7.2 Property, Plant and Equipment (continued)

#### Reconciliations of carrying amounts (continued)

	2010 \$'000	2009 \$'000
<i>Berths, Jetties and Infrastructure:</i>		
Carrying amount at 1 July	41,027	35,780
Transfer from work in progress	2,043	7,790
Disposals	(66)	-
Depreciation for the year	(2,732)	(2,543)
Carrying amount at 30 June	40,272	41,027
<i>Leased Plant and Equipment:</i>		
Carrying amount at 1 July	1,005	1,157
Additions	601	403
Amortisation for the year	(596)	(555)
Carrying amount at 30 June	1,010	1,005
	155,822	158,320
<i>Work in Progress:</i>		
Carrying amount at 1 July	50,534	16,455
Additions	116,721	43,914
Derecognition	(890)	-
Impairment loss	(341)	-
Transfers to property, plant and equipment	(5,298)	(9,835)
Carrying amount at 30 June	160,726	50,534
<b>Total Property, Plant and Equipment</b>	<b>316,548</b>	<b>208,854</b>

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 7. NON-CURRENT ASSETS (continued)

### 7.2 Property, Plant and Equipment (continued)

#### *Impairment of property, plant and equipment*

An impairment loss of \$0.341 million has been recognised in the statement of comprehensive income for certain plant and equipment whose carrying value was considered to exceed its value in use (based on its depreciated replacement cost).

## 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.

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade Creditors and Amounts Payable	20,770	9,008
Accrued Expenses	5,827	3,309
	<b>26,597</b>	<b>12,317</b>

#### (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.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 8. CURRENT AND NON-CURRENT LIABILITIES (continued)

### 8.2 Interest Bearing Borrowings

	Note	2010 \$'000	2009 \$'000
<i>Current</i>			
Special borrowings		6,426	1,503
Lease liabilities	10.2	517	492
		6,943	1,995
<i>Non-Current</i>			
Direct borrowings		129,297	55,297
Special borrowings		26,330	32,757
Lease liabilities	10.2	573	589
		156,200	88,643
<i>Financing arrangements</i>			
Fremantle Ports has access to the following lines of credit			
Total facilities available:			
Liquidity facility, direct and special borrowings		198,800	89,629
		198,800	89,629
Facilities utilised at the end of the reporting period:			
Liquidity facility, direct and special borrowings		162,053	89,557
		162,053	89,557
Total facilities not utilised at the end of the reporting period:			
Liquidity facility, direct and special borrowings		36,747	72

At reporting date, Fremantle Ports has an approved financing facility from WATC for 2011 of \$340.8 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 Western Australian Treasury Corporation (WATC) on 15 December 2006 which consolidates all of the existing agreements into one facility.

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 8. CURRENT AND NON-CURRENT LIABILITIES (continued)

#### 8.2 Interest Bearing Borrowings (continued)

##### (ii) Significant Terms and Conditions

All interest-bearing borrowings are unsecured and guaranteed by the 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 2010 on the loan portfolio is 5.54% per annum (2009: 5.15%).

Included in Special Borrowings are amounts to fund the acquisition of a bulk unloader at Fremantle Ports' Kwinana Bulk Jetty and a new bulk unloader and other assets at Fremantle Ports' Kwinana Bulk Terminal. A portion of the borrowings is subject to interest only. Interest and principal is payable quarterly. Interest rates on the Special Borrowings are fixed and range from 4.74% to 6.24% per annum (2009: 4.74% to 6.24%).

The interest rates implicit in the Lease Liabilities range from 4.50% to 7.80% (2009: 5.44% to 7.80%).

##### (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.

2010	Fixed interest rate							
	Variable interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Interest Bearing Borrowings:</b>								
Direct borrowings	129,297	-	-	-	-	-	-	129,297
Special borrowings		6,426	1,013	1,076	1,142	1,213	21,886	32,756
Lease liabilities		517	350	167	52	4	-	1,090
	129,297	6,943	1,363	1,243	1,194	1,217	21,886	163,143
<b>Weighted Average Interest Rate:</b>								
Direct borrowings	5.54%	-	-	-	-	-	-	-
Special borrowings	-	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
Lease liabilities	-	6.36%	6.36%	6.36%	6.36%	6.36%	-	-



# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 8. CURRENT AND NON-CURRENT LIABILITIES (continued)

### 8.2 Interest Bearing Borrowings (continued)

2009	Fixed interest rate							
	Variable interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Interest Bearing Borrowings :</b>								
Direct borrowings	55,297	-	-	-	-	-	-	55,297
Special borrowings	-	1,503	6,426	1,013	1,076	1,142	23,100	34,260
Lease liabilities	-	492	354	180	47	8	-	1,081
	55,297	1,995	6,780	1,193	1,123	1,150	23,100	90,638
Weighted Average Interest Rate:								
Direct borrowings	5.15%	-	-	-	-	-	-	-
Special borrowings	-	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	
Lease liabilities	-	6.67%	6.67%	6.67%	6.67%	6.67%	-	

#### (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.

	2010		2009	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Special borrowings	32,756	33,546	34,260	33,916
	32,756	33,546	34,260	33,916

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 9. FINANCIAL INSTRUMENTS

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

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

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

##### *Interest rate risk*

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

##### *Sensitivity analysis*

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

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

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:

		<b>+0.50% change</b>	<b>(0.25%) change</b>
	<b>Carrying Amount</b>	<b>Profit</b>	<b>Profit</b>
<b>2010</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>			
Cash and cash equivalents	16,958	85	(42)
<b>Financial Liabilities</b>			
Interest bearing borrowings	129,297	646	(323)
<b>Total (Decrease)/Increase</b>		(561)	281

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 9. FINANCIAL INSTRUMENTS (continued)

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

		+0.50% change	(0.25%) change
	Carrying Amount	Profit	Profit
2009	\$'000	\$'000	\$'000
<b>Financial Assets</b>			
Cash and cash equivalents	31,885	159	(80)
<b>Financial Liabilities</b>			
Interest bearing borrowings	55,297	276	(138)
<b>Total Increase/(Decrease)</b>		(117)	58

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

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

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

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 9. FINANCIAL INSTRUMENTS (continued)

#### 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.

At 30 June 2010, the current liabilities of Fremantle Ports exceeded current assets by \$6.4 million. Fremantle Ports intends to meet its current liabilities obligations as and when they fall due for payment by drawing down on unused financing facilities and from funds generated from operating activities. The unutilised facilities available to Fremantle Ports are detailed in note 8.2.

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.

	Including interest				
	Carrying Amount	<12 Months	1-5 Years	>5 Years	Total
2010		\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>					
Trade and other payables	26,597	26,597	-	-	26,597
Interest bearing borrowings	163,143	15,849	45,042	200,794	261,685
	189,740	42,446	45,042	200,794	288,282

	Including interest				
	Carrying Amount	<12 Months	1-5 Years	>5 Years	Total
2009		\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>					
Trade and other payables	12,317	12,317	-	-	12,317
Interest bearing borrowings	90,638	6,576	29,012	107,185	142,773
	102,955	18,893	29,012	107,185	155,090

# DISCLOSURES AND LEGAL COMPLIANCE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 9. FINANCIAL INSTRUMENTS (continued)

#### (b) Categories of Financial Instruments

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

	Note	2010 \$'000	2009 \$'000
<i>Financial assets</i>			
Cash and cash equivalents	6.1	16,958	31,885
Trade and other receivables	6.2	18,631	15,808
Receivables (non-current)	7.1	8,369	8,712
<i>Financial liabilities</i>			
Trade and other payables	8.1	26,597	12,317
Interest bearing borrowings:			
Obligations under finance leases	10.2	1,090	1,081
Variable rate borrowings	8.2	129,297	55,297
Fixed rate borrowings	8.2	32,756	34,260

### 10. COMMITMENTS

#### 10.1 Capital Works

##### *Capital Commitments*

	2010 \$'000	2009 \$'000
Commitments for the acquisition of plant and equipment and land contracted for at the end of the reporting period but not recognised as liabilities:		
Within one year	69,403	34,036



# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 10. COMMITMENTS (continued)

### 10.2 Lease Commitments

	Note	2010 \$'000	2009 \$'000
<b>Finance Leases Payable</b>			
Future minimum lease payment in relation to finance leases payable at the end of the reporting period are as follows:			
Within one year		571	554
Later than one year but not later than five years		609	634
Minimum lease payments		1,180	1,188
Future finance charges		(90)	(107)
Present value of lease liabilities		1,090	1,081
<b>Representing Lease Liabilities</b>			
Current	8.2	517	492
Non-current	8.2	573	589
		1,090	1,081

Finance leases payable are in respect of computer and office equipment and security equipment with a carrying amount of \$1.090 million (2009: \$1.081 million) expiring within 1.75 to 5 years (2009: 1 to 5 years). Under the terms of the leases, Fremantle Ports has the option to return or upgrade the equipment at the expiry of the lease agreement.

	2010 \$'000	2009 \$'000
<b>Operating Leases Payable</b>		
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	316	294
Later than one year but not later than five years	219	199
	535	493

Operating leases payable are in respect of motor vehicles.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 10. COMMITMENTS (continued)

### 10.2 Lease Commitments (continued)

		2010 \$'000	2009 \$'000
<b>Finance Lease Receivable</b>			
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		9,528	10,607
		14,922	16,001
Unearned finance income		(6,210)	(6,974)
		8,712	9,027
	<b>Note</b>	<b>2010 \$'000</b>	<b>2009 \$'000</b>
<b>Representing Finance Lease Receivable</b>			
Current	6.2	343	315
Non-current	7.1	8,369	8,712
		8,712	9,027

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

		2010 \$'000	2009 \$'000
<b>Operating Leases Receivable</b>			
Future minimum rentals receivable for operating leases at the end of the reporting period but not recognised as assets:			
Within one year		12,428	11,890
Later than one year but not later than five years		43,779	41,900
Later than five years		22,939	29,105
		79,146	82,895

Operating leases receivable are in respect of property rentals.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## II. PROVISIONS

	2010 \$'000	2009 \$'000
<b>(a) Current</b>		
Fringe Benefits Tax	25	26
Employee Benefits	4,119	3,654
Retirement Benefit Obligations	463	459
Other	3,239	2,744
	7,846	6,883
	2010 \$'000	2009 \$'000
<b>(b) Non-Current</b>		
Employee Benefits	6,309	6,046
Retirement Benefit Obligations	6,860	7,250
Other	-	277
	13,169	13,573
	2010 \$'000	2009 \$'000
<b>(c) Aggregate Employee Benefits</b>		
Current Liability	4,582	4,113
Non-Current Liability	13,170	13,296
	17,752	17,409

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## II. PROVISIONS (continued)

### (d) Retirement benefit obligations

#### Surplus/deficit

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

	2010 \$'000	2009 \$'000
<i>Amounts recognised in the Statement of Financial Position:</i>		
Present value of unfunded obligations	7,279	7,662
Fair value of plan assets	-	-
	7,279	7,662
<i>Reconciliation of movement in the present value of the unfunded obligations recognised in the Statement of Financial Position:</i>		
Opening balance	7,662	6,292
Current service cost	64	39
Interest cost	398	404
Actuarial loss/(gain) on liabilities	(30)	1,539
Benefits paid (including expenses and taxes)	(815)	(612)
	7,279	7,662
<i>Amounts recognised in the Statement of Comprehensive Income:</i>		
Current service cost	64	39
Interest cost	398	404
Actuarial loss/(gain) recognised	(30)	1,539
	432	1,982
<i>Historic summary</i>		
Defined benefit plan obligation	7,279	7,662
Plan assets	-	-
	7,279	7,662
Experience adjustments arising on plan liabilities	(30)	1,539
Experience adjustments arising on plan assets	-	-
<i>Principal actuarial assumptions</i>		
Discount rate	5.48%	5.34%
Expected future salary increases	4.5%	4.5%
Expected future pension increases	2.5%	2.5%
Anticipated return on plan assets	N/A	N/A

#### *Expected contributions*

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

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 11. PROVISIONS (continued)

### (e) Reconciliations

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

	2010 \$'000
<i>Retirement Benefit Obligations</i>	
Carrying amount at 1 July	7,709
Provisions made during the year	4,929
Amounts utilised in the year	5,315
Carrying amount at 30 June	7,323
<i>Fringe Benefits Tax</i>	
Carrying amount at 1 July	26
Provisions made during the year	105
Amounts utilised in the year	106
Carrying amount at 30 June	25
<i>Other</i>	
Carrying amount at 1 July	3,022
Provisions made during the year	1,774
Amounts utilised in the year	1,557
Carrying amount at 30 June	3,239

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

## 12. OTHER LIABILITIES

	2010 \$'000	2009 \$'000
<i>Current</i>		
Prepaid Rental Income	599	1,110
Interest Received in Advance	31	-
	630	1,110
<i>Non-Current</i>		
Prepaid Rental Income	1,561	1,579



# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 13. EQUITY

	Contributed Equity \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2008	53,726	93,932	147,658
Equity contribution in the year	212	-	212
Total comprehensive income	-	13,720	13,720
Dividends paid	-	(8,940)	(8,940)
Balance at 30 June 2009	53,938	98,712	152,650
Equity contribution in the year	209	-	209
Total comprehensive income	-	14,665	14,665
Dividends paid	-	(6,860)	(6,860)
Balance at 30 June 2010	54,147	106,517	160,664

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

The WA Government has agreed to provide support on borrowing costs for this loan by way of equity contributions to Fremantle Ports. The amount of equity contributions made to Fremantle Ports is equivalent to the after tax cost of the borrowing costs paid by Fremantle Ports. The equity contribution on these borrowing costs for the year ended 30 June 2010 was \$0.209 million (2009: \$0.212 million). The period of the equity contribution is subject to a review in accordance with the terms of agreement between Government and Fremantle Ports.

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 14. NOTES TO STATEMENT OF CASH FLOWS

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

	2010 \$'000	2009 \$'000
<i>Net Profit</i>	14,665	13,720
Depreciation	7,692	7,437
Amortisation of leased assets	596	555
Net loss on sale of property, plant and equipment	106	221
Impairment loss on property, plant and equipment	341	661
Impairment loss on prepayments	890	-
Changes in assets and liabilities:		
Receivables	(2,131)	3,995
Inventories	(292)	(106)
Prepaid expenses	(664)	(129)
Payables	14,280	1,001
Prepaid rental income and income received in advance	(498)	510
Employee benefits	343	2,481
Income tax	794	(2,627)
Deferred tax assets	(115)	(518)
Others	216	1,613
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>36,223</b>	<b>28,814</b>

## 15. REMUNERATION OF AUDITORS

	2010 \$	2009 \$
Remuneration for audit of the financial statements	134,300	141,500

## 16. RELATED PARTIES

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

Mr. Alan Birchmore  
 Mr. Robert Pearce  
 Ms. Eve Howell  
 Mr. Jim Limerick (appointed 1 October 2009)  
 Ms. Marie Malaxos (appointed 1 October 2009)  
 Mr. Robert Edel (ceased 30 September 2009)  
 Mr. John O'Connor (ceased 30 September 2009)

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

# DISCLOSURES AND LEGAL COMPLIANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 17. CONTINGENT LIABILITIES

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

### Contaminated sites

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

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

At 30 June 2010, a provision for environmental remediation of \$1.944 million (2009: \$0.688 million) has been provided for sites classified by the DEC as 'contaminated – remediation required'. A provision for further detailed site investigations of \$0.300 million (2009: \$0.891 million) for other areas identified as 'contaminated – remediation required' has also been provided in order to more reliably estimate the amount, timing and methodology required to comply.

## 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

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

- (a) the financial statements and notes, set out on pages 54 to 92, 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 2010 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 20 August 2010.



**Chairman**



**Director**

20 August 2010

# DISCLOSURES AND LEGAL COMPLIANCE

## FINANCIAL AUDIT OPINION



### Auditor General

#### INDEPENDENT AUDIT REPORT ON FREMANTLE PORT AUTHORITY

##### To the Parliament of Western Australia

I have audited the financial statements of the Fremantle Port Authority. The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

##### Board of Directors' Responsibility for the Financial Statements

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

##### Summary of my Role

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial statements based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

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

##### Audit Opinion

In my opinion, the financial statements of the Fremantle Port Authority are 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 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Handwritten signature of Colin Murphy in black ink.

COLIN MURPHY  
AUDITOR GENERAL  
27 August 2010

# DISCLOSURES AND LEGAL COMPLIANCE

## FINANCIAL PERFORMANCE INDICATORS

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

### Current Ratio – Graph 1

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

	2010 \$'000		2009 \$'000	
Total Current Assets	34,617		48,232	
Total Current Liabilities	43,108	= 0.8	22,603	= 2.1

### Free Cash Flow – Graph 2

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

	2010 \$'000		2009 \$'000	
Net Cashflow from Operations (after interest)	36,223		28,814	
Net Cashflow from Operations (before interest)	38,278	= 94.6%	31,265	= 92.2%

### Debtors Average Collection Period – Graph 3

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

	2010 \$'000		2009 \$'000	
Average Trade Debtors	13,698	x 365	12,128	x 365
Sales Revenue	144,355	= 35 days	136,153	= 33 days



# DISCLOSURES AND LEGAL COMPLIANCE

## FINANCIAL PERFORMANCE INDICATORS

### Interest Cover - Graph 4

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

	2010 \$'000		2009 \$'000	
Earnings Before Interest and Tax	22,651	= 7.55 times	21,901	= 8.45 times
Total Interest Costs	2,999		2,590	

### Return on Assets – Graph 5

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

	2010 \$'000		2009 \$'000	
Earnings Before Interest and Tax	22,651	= 6.9%	21,901	= 8.6 %
Average Total Assets	326,875		254,654	

### Economic Rate of Return - Graph 6

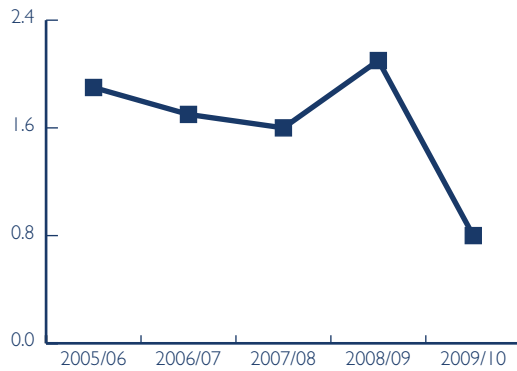
In accordance with the Government policy effective July 2000, Fremantle Ports is required to report a rate of return on non-current assets valued at Deprival Value. This indicator quantifies the rate of return earned on average current and non-current assets of the Port.

	2010 \$'000		2009 \$'000	
Operating EBIT (excluding significant items) + Depreciation – Deprival Value Depreciation	22,247	= 4.8%	20,291	= 5.3%
Current Assets + Deprival Value of Assets – Accumulated Deprival Value Depreciation	467,278		381,254	

# DISCLOSURES AND LEGAL COMPLIANCE

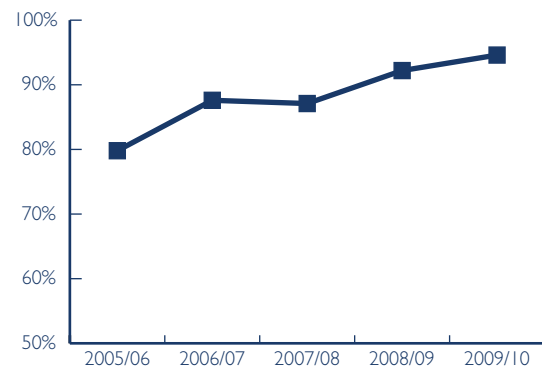
## FINANCIAL PERFORMANCE INDICATORS

**Graph 1: Current Ratio**  
Comparison 2005/2006 to 2009/2010



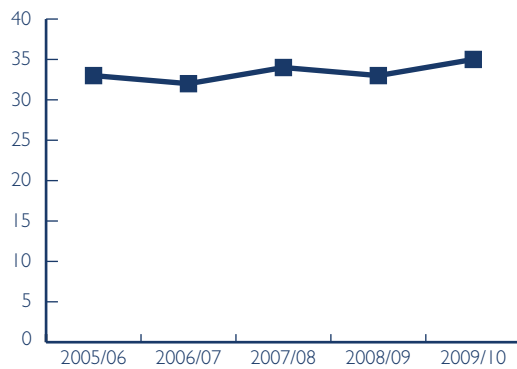
■	1.90	1.70	1.60	2.10	0.80
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**Graph 2: Free Cash Flow**  
Comparison 2005/2006 to 2009/2010



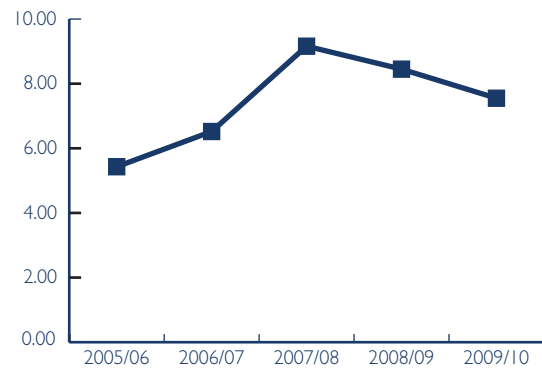
■	79.8%	87.6%	87.1%	92.2%	94.6%
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**Graph 3: Debtors Average Collection Period**  
Comparison 2005/2006 to 2009/2010



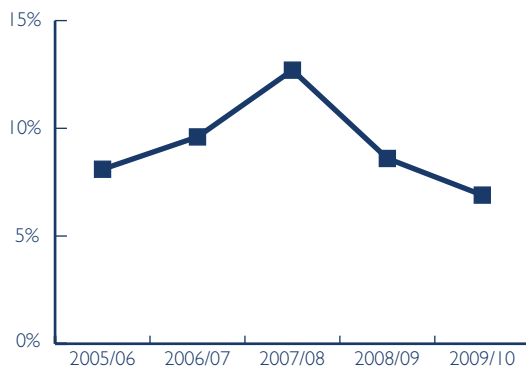
■	33	32	34	33	35
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**Graph 4: Interest Cover**  
Comparison 2005/2006 to 2009/2010



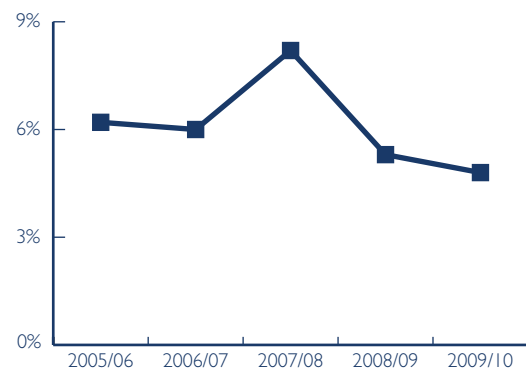
■	5.43	6.52	9.16	8.45	7.55
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**Graph 5: Return on Assets**  
Comparison 2005/2006 to 2009/2010



■	8.1%	9.6%	12.7%	8.6%	6.9%
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**Graph 6: Economic Rate of Return**  
Comparison 2005/2006 to 2009/2010



■	6.2%	6.0%	8.2%	5.3%	4.8%
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# DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE INDICATORS

### Service Delivery

#### Our Objective

- Providing exceptional services that exceed customer expectations.

#### Outcomes Sought

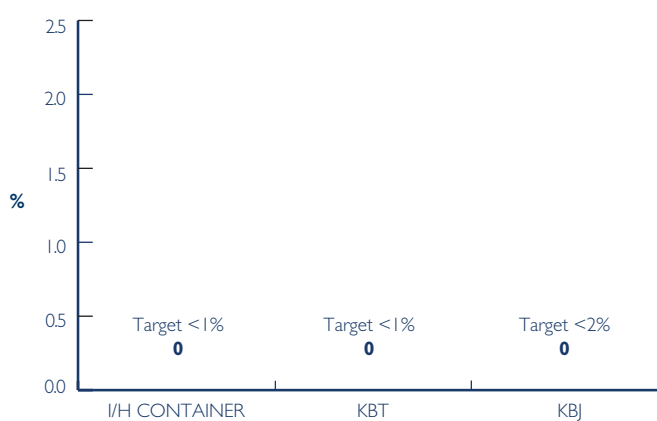
- Understanding of customer needs,
- Meeting or exceeding customer expectations,
- Availability and reliability of all services and facilities
- Responsiveness.

#### Berthing Delays – Incoming Vessels

The performance targets for port operations include maximum berthing delays due to the unavailability of services and berths for container vessels in the Inner Harbour and 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.

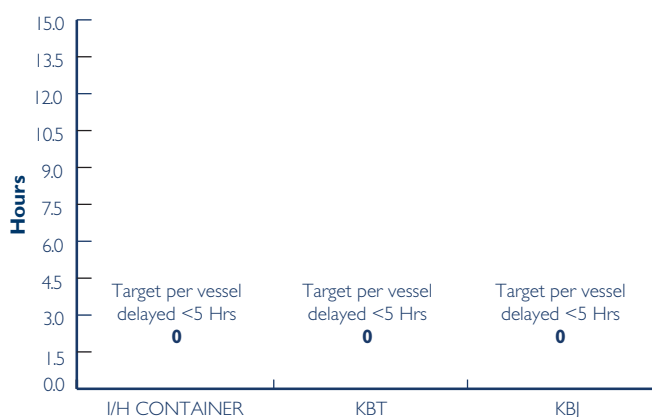
Figure 1 and 2 below show that Fremantle Ports did better than its target with no vessel delays recorded as a result of the unavailability of shipping services in the Inner Harbour, at the Kwinana Bulk Terminal and at the Kwinana Bulk Jetty.

**Fig 1. Delays to Incoming Vessels due to Unavailability of Shipping Services 2009/10 - % of total vessels affected**



Shipping services include pilotage, towage and mooring.

**Fig 2. Delays to Incoming Vessels due to Unavailability of Shipping Services 2009/10 - Average hours of delay per vessel affected**



Shipping services include pilotage, towage and mooring.

# DISCLOSURES AND LEGAL COMPLIANCE

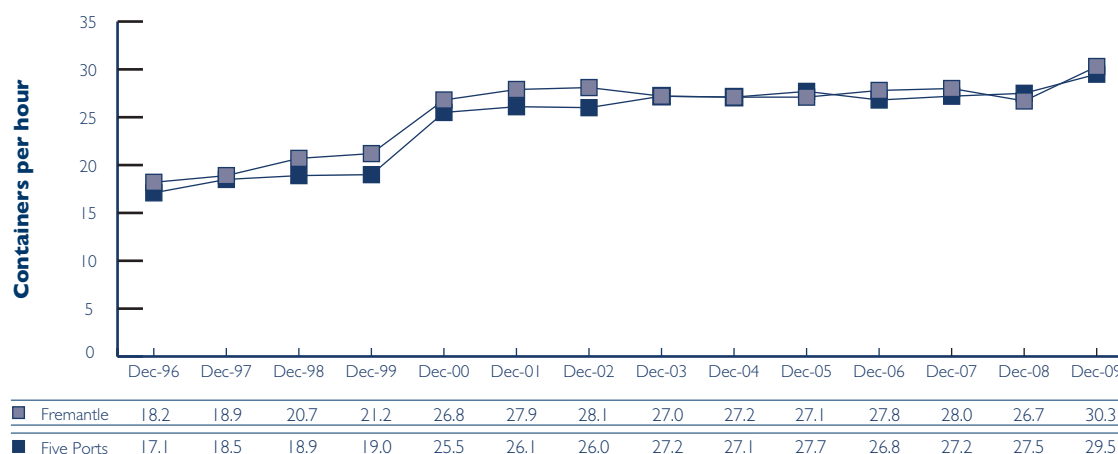
## KEY PERFORMANCE INDICATORS

### Crane Rates

Container stevedoring in Fremantle Ports is carried out by Patrick 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 crane rates measured in containers per hour have increased by 66.5 per cent from the December Quarter 1996 to the December Quarter 2009 (latest figures released by Waterline). Productivity in Fremantle was 2.7 per cent higher than the five port average in the December Quarter 2009. The crane rate for Fremantle was consistently above the five port average from the March quarter of 2006 to the December quarter 2009.

**Fig 3. Container Terminal Performance Indicators Comparison of Crane Rates between Fremantle and Five Ports average - December 1996 to December 2009 Containers per Hour**



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

Figures for March and June quarter 2010 not available due to Waterline being published in January and August.

The Ship Rate in Fremantle increased from 35.9 containers per hour in December 2000 to 47.8 containers per hour in December 2009, an increase of 33.1 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 and labour last leaving the ship.

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

Productivity rates have increased for the two operators at Fremantle, DP World and Patrick and they remain competitive with other Australian capital city ports. Fremantle Ports will continue to work with the stevedores to help facilitate ongoing productivity improvements and also to work with them to facilitate investment in new infrastructure and accommodate future trade growth. Patrick and DP World have already invested in new generation cranes in Fremantle capable of handling larger, wider beam vessels. The average size of container vessels has increased from 27,200 gross tons (GT) in 1998/1999 to 38,400 GT in 2009/2010, an increase of 41.2 per cent over that period.

# DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE INDICATORS

The average number of containers exchanged per container vessel increased by 3.6 per cent over the year, from 1,024 TEU per vessel in 2008/2009 to 1,061 TEU per vessel in 2009/2010.

The Vessel Working Rate (the number of containers handled divided by the Elapsed Labour Time) in the port for the December quarter 2009 was 34.4 containers per hour, an increase of 41.0 per cent compared to the figures for the December quarter 2000, which further highlights labour productivity over that period.

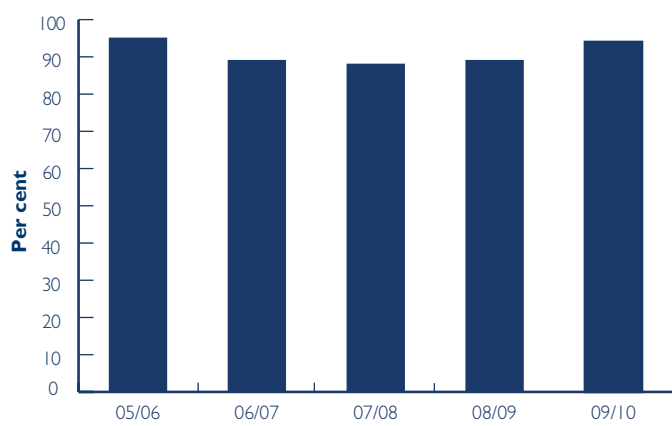
### Customer Satisfaction

Fremantle Ports conducted a survey of shipping lines in June 2010. The survey was conducted as part of Fremantle Ports' customer liaison program with major lines and agents. A total of 23 shipping lines were surveyed and the response rate was 78 per cent.

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

Figure 4 shows that 94 per cent of respondents were satisfied or very satisfied with services provided by Fremantle Ports which was above the target range of 80-90 per cent and above the level in the previous year when the satisfaction level was 89 per cent.

**Fig 4. Shipping Line/Agent Survey Services - 2005/2006 to 2009/2010 Level of Overall Satisfaction with Fremantle Ports' Services**



In 2009/10, 94% of respondents were satisfied or very satisfied. Target range 80-90%.

# DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE INDICATORS

### Capability for the Future

#### Our Objective

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

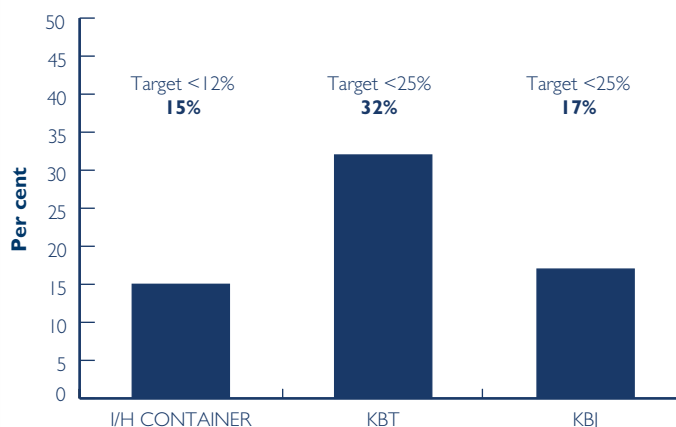
#### Outcomes Sought

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

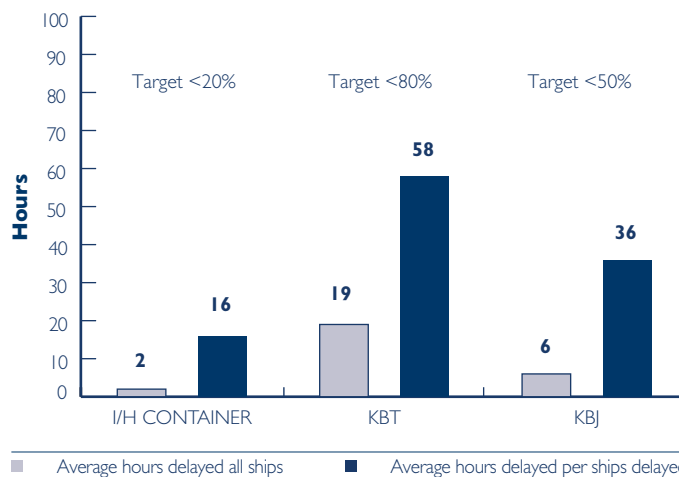
Figure 5 shows that 15 per cent of Inner Harbour container vessels incurred delays due to unavailability of berths (percentage of total vessels affected). Container vessels were above target but in the main it is due to vessels arriving early, ahead of their schedule. Unavailability of berths at Kwinana Bulk Terminal (KBT) was also higher than target at 32 per cent but less than the 37 per cent recorded last year due to decreases in berth utilisation and trade. Unavailability of berths at Kwinana Bulk Jetty (KBJ) was lower than target at 17 per cent. Berth Occupancy decreased by nine percentage points to 39 per cent and trade decreased by 26.7 per cent.

Figure 6 shows that Fremantle Ports was below its targets for average hours of delay - Unavailability of Berths in the Inner Harbour and the Outer Harbour (Kwinana Bulk Terminal and Kwinana Bulk Jetty). Average hours of delay at Kwinana Bulk Terminal have fallen in 2009/10 mainly due to a decrease in berth utilisation which is the result of trade reductions. Average hours of delay at the Kwinana Bulk Jetty were below the target and less than the 48 hours recorded in 2008/09 due to decreases in berth utilisation and trade.

**Fig 5. Unavailability of Berths 2009/2010**  
% of total vessels affected



**Fig 6. Unavailability of Berths 2009/2010 -**  
Average hours of delay





# DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE INDICATORS

### 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 initiatives
- Business growth

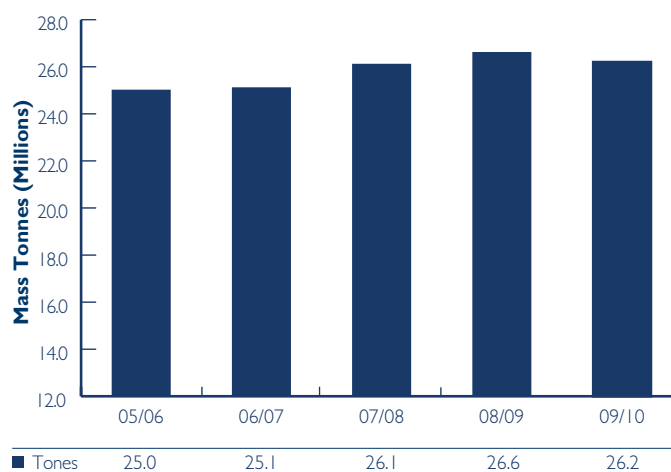
#### Total Port Trade (Mass Tonnes 000's)

Figure 7 shows that total port trade (total imports and exports), was 0.4 million tonnes or 1.6% lower than last year. Total exports increased by 0.01 million tonnes or 0.05 per cent to 14.1 million tonnes in 2009/10 while total imports decreased by 0.4 million tonnes or 3.5 per cent to 12.1 million tonnes.

Inner Harbour exports decreased by 6.2 cent in 2009/2010 mainly due to a significant fall in full container trade, particularly wheat exports which decreased by 56.6 per cent compared to last year. Outer Harbour exports increased by 2.5 per cent, influenced by growth in grain, alumina, sulphuric acid and bauxite exports.

Inner Harbour imports decreased by 3.7 per cent mainly due to falls in iron and steel products, industrial and agricultural machinery and refined petroleum. Outer Harbour imports decreased by 3.5 per cent due to a decline in refined petroleum, phosphates, sulphur, ammonia, coal and iron ore.

Fig 7. Total Port Trade (Mass Tonnes)



Note: The Statement of Corporate Intent forecast for total trade in 2009/10 was annual growth of 0.3 per cent.

# DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE INDICATORS

### Total Container Trade

Figure 8 shows that container trade has increased by 22.2 per cent since 2005/2006 and decreased by 1.4 per cent over the 12 months to 30 June 2010.

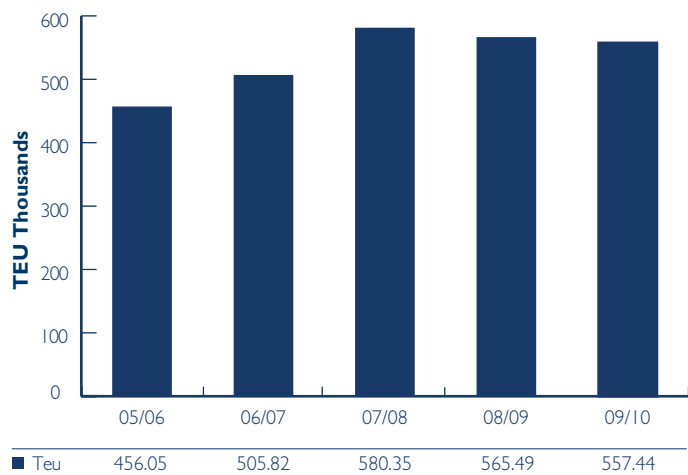
The main features of the container trade over the last twelve months were as follows:

- Total container exports decreased by 3.1 per cent and imports increased by 0.2 per cent.
- Full container exports decreased by 6.2 per cent or 11,903 TEU and full imports increased by 3.2 per cent or 8,050 TEU (Note: the reduction in full exports was attributable to a 15,755 TEU fall in the export of grain in containers)
- Empty container exports increased by 3.9 per cent and empty imports decreased by 23.5 per cent.
- Coastal container throughput totalled 73,501 TEU, a decrease of 8.1 per cent on 2008/09. Coastal full container throughput totalled 65,884 TEU, 1.3 per cent down on 2008/09.
- The number of container vessel visits to Fremantle Port decreased from 548 visits in 2008/2009 to 519 visits in 2009/2010.
- The average size of container vessels has increased from 36,900 gross tons (GT) in 2008/2009 to 38,400 GT in 2009/2010, an increase of 4.1 per cent over that period.
- The average number of containers exchanged per container vessel increased by 3.6 per cent over the year, from 1,024 TEU per vessel in 2008/2009 to 1,061 TEU per vessel in 2009/2010.

### Container Trade - Market Share

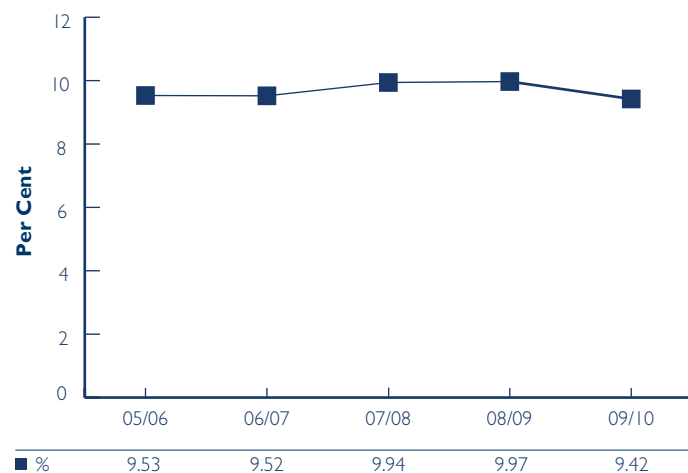
Figure 9 shows that Fremantle Ports' market share, measured as the number of containers through Fremantle as a percentage of Australian capital city ports (excluding Hobart), remained stable at around 10 per cent over the period 2005/06 to 2009/10.

**Fig 8. Total Container Trade - TEU**



The Statement of Corporate Intent forecast for total container trade in 2009/10 was annual growth of -4.5 per cent.

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



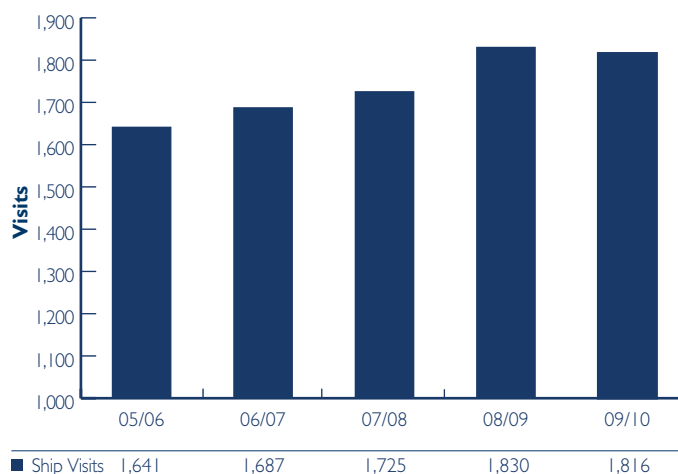
# DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE INDICATORS

### 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) decreased by 0.8 per cent over the 12 months to 30 June 2010. Commercial ship visits decreased by 17 visits in the Inner Harbour and 47 visits in the Outer Harbour. The Inner Harbour decrease in ship visits was mainly due to decreases in general cargo, container and livestock vessels. Car carrier visits increased by 24 visits or 18.9 per cent due to a 26.0 per cent rise in new motor vehicle imports. In the Outer Harbour, tankers and dry bulk vessels decreased by 3.4 per cent and 4.4 per cent respectively and non trading vessel visits increased by 42 visits or 140.0 per cent.

**Fig 10. Total Ship Visits**



Note: Naval vessels not included. The Statement of Corporate Intent forecast for total ship visits in 2009/10 was 1,765.

# DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE INDICATORS

### Business Sustainability

#### Our Objective

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

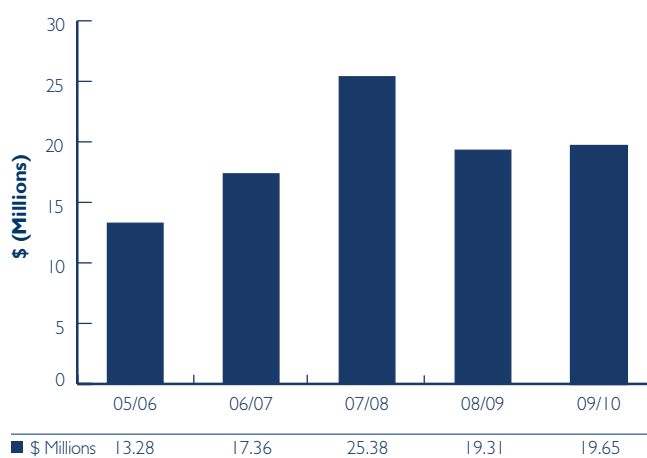
#### Outcomes Sought

- 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 stakeholder requirements.

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

Figure 11 shows that operating profit before income tax equivalent reached 19.7 million in 2009/2010, 1.8 per cent higher than 2008/2009.

**Fig 11. Operating Profit Before Income Tax Equivalent Payments**



For comparative purposes the above figures exclude individually significant items

# DISCLOSURES AND LEGAL COMPLIANCE

## KEY PERFORMANCE INDICATORS

### Economic Rate of Return on Assets

Figure 12 shows that the Economic Rate of Return on assets was 4.8 per cent for 2009/2010. This compares with the target of 3.5 per cent for the year. The target Rate of Return is agreed with the State Government annually. During the year the value of assets on which the rate of return is calculated increased by \$86 million or 22.6 per cent

### Community Satisfaction

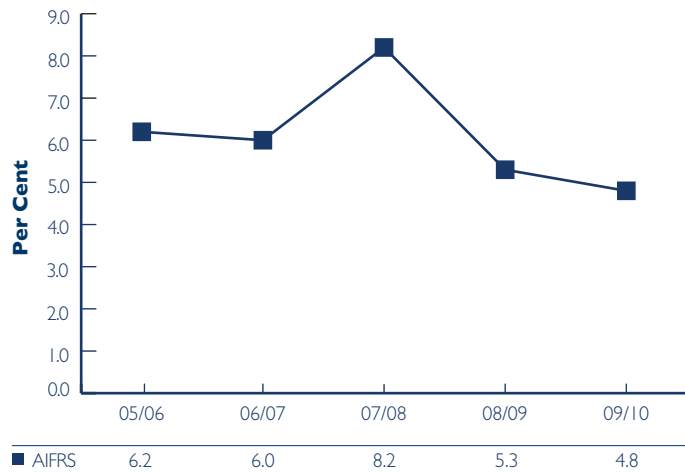
Fremantle Ports conducted a community satisfaction survey in June 2010 as part of its community liaison program. This involved a telephone survey with 200 residents in the Inner Harbour area (North Fremantle, South Fremantle, East Fremantle, and Fremantle) and 200 residents in the Outer Harbour (Cockburn, Kwinana, and Rockingham).

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

Figure 13 shows that 65 per cent of respondents in the Inner Harbour and 69 per cent in the Outer Harbour were very satisfied or quite satisfied with the performance of Fremantle Ports overall and that 21 per cent and 25 per cent respectively were neither satisfied nor dissatisfied.

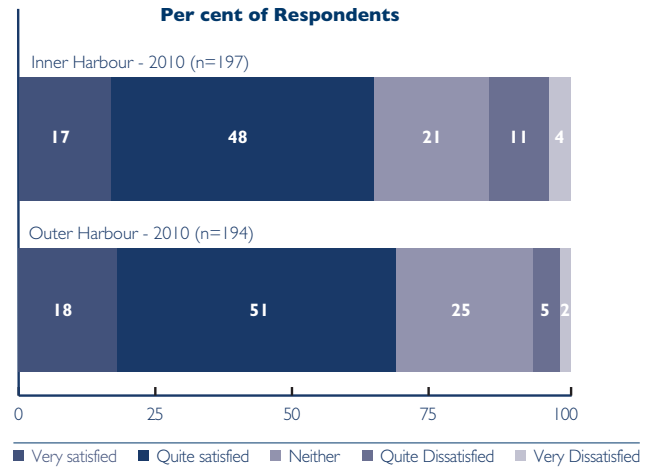
**Fig 12. Economic Rate of Return on Assets**

\*The Economic Rate of Return is based on assets valued at deprival value



**Fig 13. Overall Satisfaction with Fremantle Ports - June 2009**

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



# DISCLOSURES AND LEGAL COMPLIANCE

## OTHER LEGAL REQUIREMENTS

### 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:

<b>Advertising Agencies</b>	<b>NIL</b>
<b>Marketing Research Organisations</b>	
Synovate Pty Ltd	\$43,688
<b>Polling Organisations</b>	
<b>Direct Mail Organisations</b>	
Fremantle Herald (distribution of leaflets)	\$12,465
Community News (distribution of leaflets)	\$897
<b>Media Advertising Organisations</b>	
Fremantle Herald	\$3,486
Showcase Publications	\$6,270
Community Newspaper Group	\$3,278
RMJ Promotions	\$674
Seek (recruitment adverts)	\$2,688
Acorn Design (includes tenders, recruitment adverts)	\$23,911
Optimum Media Decisions (OMD) (includes tenders, recruitment adverts)	\$55,222
Informa UK	\$5,103
Informa Australia	\$420
The Fremantle Book	\$850
City of Fremantle	\$1,200
Adcorp Australia	\$4,096
Imarest	\$1,091
Alpha Property & Facilities Advertising for West Australian and Fremantle Herald	\$5,201
<b>Total</b>	<b>\$170,540</b>



# DISCLOSURES AND LEGAL COMPLIANCE

## OTHER LEGAL REQUIREMENTS

### **Disability Access**

Fremantle Ports provides disability access to public areas of the Administration Building and to the Fremantle Passenger Terminal.

### **Compliance with Public Sector Standards and Ethical Codes**

#### *Code of Conduct*

Fremantle Ports recognises that high standards of behaviour by staff are essential to earn the trust and respect of all stakeholders. The Fremantle Ports Code of Conduct Charter has been adopted by the Board, staff and management and encompasses the following principles:

- We will respect laws and each other and act accordingly
- We conduct ourselves with integrity and treat others with dignity
- We are responsible for our actions and accountable for their consequences
- We are fair and honest in all our dealings
- We do not place ourselves in situations which result in divided loyalties
- We use Fremantle Ports' assets (including funds, equipment and information) responsibly, efficiently and in the best interest of the organisation.

The Code of Conduct also includes provision for whistleblowers in line with the *Public Interest Disclosure Act 2003*.

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

In 2009-10 there were no incidents involving reportable misconduct.

### **Record Keeping Plans**

In accordance with Section 61 of the *State Records Act 2000*, Fremantle Ports provides the following information in support of compliance with the State Records Commission's Standard 2 Principal 6.

Fremantle Ports is strongly committed to continuous improvement and has implemented best-practice record keeping programs to ensure compliance with the *State Records Act 2000*. The organisation consistently reviews the external market to learn better ways to manage corporate records, and audits new technology to meet business and compliance requirements.

#### *Recordkeeping Program Review*

Fremantle Ports' record keeping policies and procedures were under review in June 2010 as part of a 12-month review cycle to take into account legislative changes and new information management initiatives.

Since 2009, Fremantle Ports has measured its performance against improvement initiatives, identified in an internal audit of the 2003 Record Keeping Plan and included as long-term actions in the 2009 Record Keeping Plan. This plan has a strategic information and knowledge management focus as well as seeking to meet or exceed the minimum requirements of the State Records Commission's Recordkeeping principles. Fremantle Ports' performance and achievement in implementing these initiatives is reported quarterly to its Executive and the Audit Committee, is a sub-committee of the Board of Directors.

# DISCLOSURES AND LEGAL COMPLIANCE

## OTHER LEGAL REQUIREMENTS

### *Record Keeping Plan Improvement Initiatives 2009-10*

- Special Conditions of Contract have been revised to ensure that Fremantle Ports' corporate records and documents are managed by contractors and consultants in accordance with the *State Records Act 2000*
- An improved records management scanning tool complements the electronic document and records management system (TRIM) by capturing and indexing incoming mail and other paper documents whilst capturing the scanned images in a high-quality, readable format for long-term retention.
- New projects that factor in best-practice record keeping. These include a workflow program using the intranet to approve on-line forms and TRIM workflow for documents and records requiring approval.

This online workflow program has significantly reduced paper forms and documents and accelerated the approval process. It has also enabled Fremantle Ports to capture and retain audit trails of electronic approvals in a searchable format in accordance with the Record Keeping Plan and Retention and Disposal Schedule. The Supply branch implemented an online process for purchase order requests to replace a paper-based request for purchase book.

Since early 2010, more than 1400 online purchase request forms have been processed with significant time saving, reduced paper use and the facility to conduct electronic searches retrospectively for purchase order requests. As more online forms are introduced, the risks associated with searching and retrieving records requiring approval will be minimised.

### *Record Keeping Training and Induction Programs*

A monthly induction and training program is delivered to new employees and covers employees' record keeping responsibilities and compliance with Fremantle Ports' Record Keeping Plan. Records management training is conducted regularly by Records Management officers; TRIM and intranet training is delivered individually by computer applications trainers and targeted to the way people work. A training and awareness program is being developed using hypothetical cases to help employees to understand and apply best practice record keeping principles. This program is expected to take 12 months to implement. It will give Fremantle Ports an understanding of its record keeping culture and enable improvements to be implemented.

### *Record Keeping Training Effectiveness*

The effectiveness of Fremantle Ports' approach to training can be seen through TRIM statistics and employee feedback after induction sessions which showed that employees prefer this less formal approach to records management training.

More than 68,000 additional documents were registered to TRIM by the end of 2009, an increase of 10,000 documents over the previous year, demonstrating that that 68,000 documents could easily be searched, retrieved and validated utilising TRIM's sophisticated search methods.

# DISCLOSURES AND LEGAL COMPLIANCE

## GOVERNMENT POLICY REQUIREMENTS

### Substantive Equality

Fremantle Ports continues actively to 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 offers employees and their families a 24 hour confidential counselling assistance on work-related or family issues.

### Occupational Safety, Health and Injury Management

#### *Compliance with Occupational Safety, Health and Injury Management Reporting*

Fremantle Ports is committed to providing a safe and healthy work environment for its employees.

In the event an employee is injured or ill due to their work a structured systematic approach to injury management and rehabilitation has been established to support the earliest possible return to work. Integral to this process is the involvement of the injured employee's manager/supervisor and the Ports Injury Management Coordinator.

General fitness for work in relation to fatigue management, hours of work and the physical level of work being undertaken by employees continues to be monitored.

#### *Formal Mechanism for Consultation with Employees on Occupational Safety and Health Matters:*

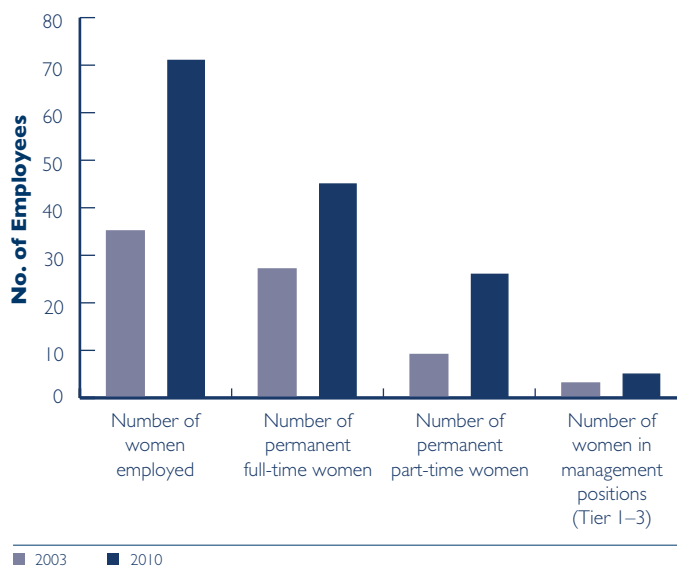
Fremantle Ports recognises that active participation by employees and contractors into the safety and health decision-making process is fundamental to an effective Safety Management System. It is the policy of Fremantle Ports that all employees / contractors are given adequate opportunity and encouragement to participate in safety and health matters relevant to their work.

Generally, occupational safety and health issues will be identified via incident reports and trend analyses, review of safety performance indicators, and changes to legislation. The Business Improvement Branch provides information to all employees and contractors for their review, discussion in their teams, comments and feedback. The Branch reviews feedback, develops and amends policies and procedures, makes recommendations to the Executive Team as necessary, and communicates changes to employees and contractors.

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

SAI Global conducts annual surveillance audits on Fremantle Ports' safety and health management systems (as well as its environment and quality systems) to ensure that we remain eligible for certification to the respective international standards. SAI's audit feedback identifies our opportunities for improvement, which are locked into action plans to ensure our continued improvement over time. In May 2010, Fremantle Ports was re-certified to the three standards, following a rigorous tri-ennial audit.

### Fremantle Ports - Women Employees 2003 Compared to 2010



# DISCLOSURES AND LEGAL COMPLIANCE

## GOVERNMENT POLICY REQUIREMENTS

Indicator	Target and actual 2009-2010
Number of fatalities	Target - Zero Actual - 0
Lost time injury frequency rate (calculated by number of lost time injuries per million man-hours worked).	Overall target - Zero Improvement target - 4.9* (i.e. 20% improvement on previous year's target)  Actual - 11.3 (unfavourable against our improvement target).
Lost time injury severity rate (calculated by days lost through lost time injuries per million man-hours worked)	Target - 26 (i.e. 20% improvement target on previous year's target)  Actual - 176 (unfavourable against our improvement target).
Percentage of injured workers returned to work within 28 weeks	Target - 100%  Actual - 100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	Target - 100%  Actual - 100%

\* Note that improvement target represents a significant 'stretch' target designed to drive improvement. Following the best result ever recorded at Fremantle Ports (7.57) in 2007-2008, the target for subsequent years was deliberately set at a 20% improvement on the previous year's target (not on the actual), hence the target in 08/09 was 6, and in 09/10 it was 4.8.

# STATISTICAL INFORMATION

FIVE YEAR SUMMARY					
Shipping	2005/06	2006/07	2007/08	2008/09	2009/10
No. of Ships: Inner Harbour	934	996	1,044	1,045	1,036
Outer Harbour	707	691	681	785	780
Naval	46	33	35	17	20
<b>TOTAL</b>	<b>1,687</b>	<b>1,720</b>	<b>1,760</b>	<b>1,847</b>	<b>1,836</b>
Gross Tonnage (000's): Inner Harbour	27,735	29,586	33,262	34,608	36,437
Outer Harbour	18,203	17,884	17,488	19,263	17,632
<b>TOTAL</b>	<b>45,938</b>	<b>47,470</b>	<b>50,750</b>	<b>53,871</b>	<b>54,069</b>
Turnover per linear metre of wharf Inner Harbour tonnage only - (i)					
Trade in Tonnes	1,895	2,113	2,461	2,293	2,178
Gross Tonnage	8,683	9,263	10,414	10,835	11,408
<b>TRADE</b>	<b>Mass tonnes</b>	<b>Mass tonnes</b>	<b>Mass tonnes</b>	<b>Mass tonnes</b>	<b>Mass tonnes</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Total Port Trade	25,044	25,053	26,131	26,603	26,168
Imports: Inner Harbour	2,669	3,146	3,465	3,349	3,226
Outer Harbour	8,567	8,864	9,544	9,196	8,877
<b>TOTAL</b>	<b>11,236</b>	<b>12,010</b>	<b>13,009</b>	<b>12,545</b>	<b>12,103</b>
Exports: Inner Harbour	3,317	3,550	4,324	3,916	3,647
Outer Harbour	10,373	9,333	8,626	10,011	10,245
<b>TOTAL</b>	<b>13,690</b>	<b>12,883</b>	<b>12,950</b>	<b>13,927</b>	<b>13,892</b>
Bunkers: Inner Harbour	65	55	78	61	85
Outer Harbour	53	105	94	70	88
<b>TOTAL</b>	<b>118</b>	<b>160</b>	<b>172</b>	<b>131</b>	<b>173</b>
<b>FINANCE</b>	<b>\$ Millions</b>	<b>\$ Millions</b>	<b>\$ Millions</b>	<b>\$ Millions</b>	<b>\$ Millions</b>
Revenue from ordinary activities (ii)	89.488	105.142	122.535	125.910	133.009
Operating expenses	66.877	77.429	86.280	96.017	102.070
Interest and depreciation charges	9.331	10.356	10.876	10.582	11.287
Profits from ordinary activities	13.280	17.357	25.379	19.311	19.652
Written down value of fixed assets	158.315	161.340	173.453	208.854	316.548
<b>Percentage of Revenue</b>	<b>Per cent</b>	<b>Per cent</b>	<b>Per cent</b>	<b>Per cent</b>	<b>Per cent</b>
Charges on cargo	58.94	59.96	62.40	58.34	59.78
Charges on ships	10.75	9.57	8.94	9.87	9.53
Charges for shipping services	6.07	5.70	5.43	5.97	6.19
Charges for other services	24.24	24.77	23.23	25.82	24.5
Operating expenses	74.73	73.64	70.41	76.26	76.74
<b>PERSONNEL</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
Employees at 30th June	269	272	299	309	306

(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

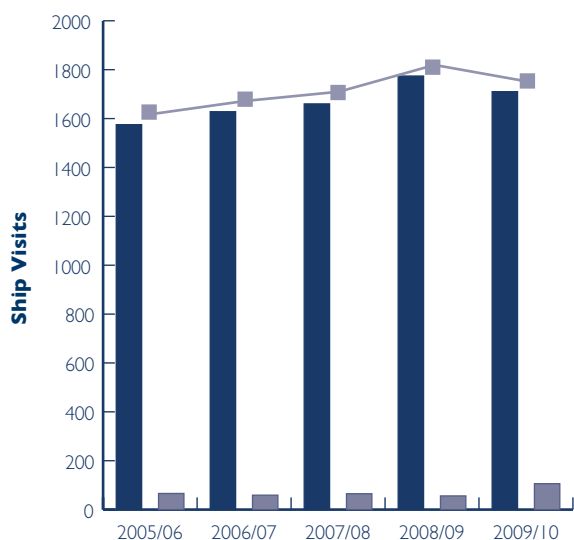
SHIP VISITS AND GROSS TONNAGE							
	Commercial		Non Trading		Total Commercial & Non Trading		Naval
Year Ended 30 June 2010	No.	Gross Tonnage	No.	Gross Tonnage	No.	Gross Tonnage	No.
2006	1,575	45,702,240	66	235,573	1,641	45,937,813	46
2007	1,628	47,297,066	59	171,991	1,687	47,469,057	33
2008	1,660	50,496,789	65	253,628	1,725	50,750,417	35
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

SHIPS CLASSIFIED ACCORDING TO CARGO CLASS									
	2007/2008			2008/2009			2009/2010		
Cargo Class	No.	Gross Tonnage (000's)	Average Per Ship (000's)	No.	Gross Tonnage (000's)	Average Per Ship (000's)	No.	Gross Tonnage (000's)	Average Per Ship (000's)
Break Bulk/ Gen Carrier	121	1,512	12.5	141	1,768	12.5	99	1,177	11.9
Container	519	18,855	36.3	548	20,214	36.9	517	19,873	38.4
Multi Purpose	33	166	5.0	28	153	5.5	24	120	5.0
Roll-on/Roll-off	34	1,868	54.9	53	3,105	58.6	55	3,441	62.6
Vehicle Carrier	170	7,592	44.7	127	5,894	46.4	151	7,481	49.5
Livestock Carrier	85	1,961	23.1	86	2,018	23.5	68	1,611	23.7
Passenger	25	893	35.7	29	1,208	41.7	40	2,138	53.5
Tankers	267	8,587	32.2	265	8,198	30.9	256	7,796	30.5
Dry Bulk - Grain	85	1,933	22.7	145	3,549	24.5	154	3,409	22.1
Dry Bulk - Other	216	4,540	21.0	227	4,485	19.8	217	4,411	20.3
Bunkering Only	105	2,590	24.7	125	3,058	24.5	129	2,361	18.3
Other - (Fishing, Tenders, etc.)	65	253	3.9	56	221	3.9	106	250	2.4
Sub Total	1,725	50,750	29.4	1,830	53,871	29.4	1,816	54,068	29.8
Naval	35			17			20		
<b>Grand Total</b>	<b>1,760</b>	<b>50,750</b>	<b>29.4</b>	<b>1,847</b>	<b>53,871</b>	<b>29.4</b>	<b>1,836</b>	<b>54,068</b>	<b>29.8</b>



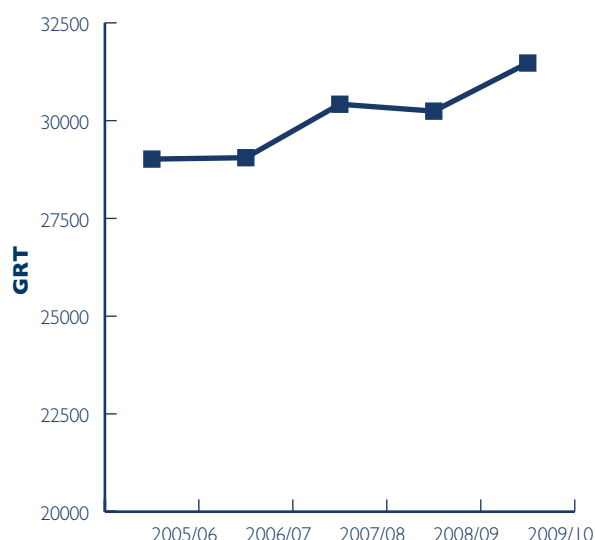
# STATISTICAL INFORMATION

**Ship Visits 2005/2006 to 2009/2010  
(Excluding Naval)**



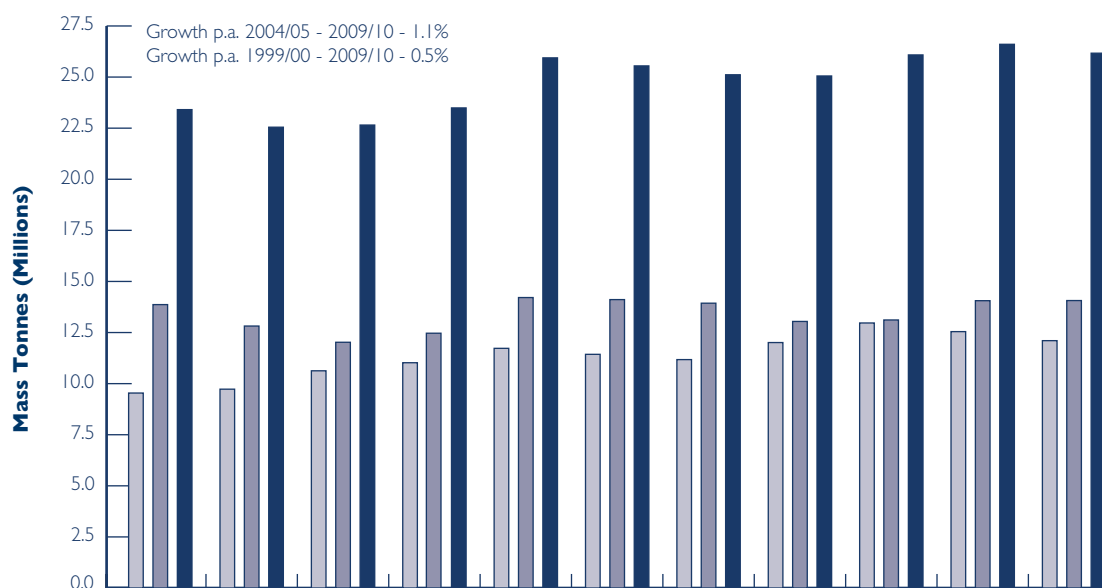
Commercial	1,575	1,628	1,660	1,774	1,710
Non-Trading	66	59	65	56	106
Total	1,641	1,687	1,725	1,830	1,816

**Average Gross Registered Tonnage per Commercial Vessel 1999/2000 to 2009/2010**



GRT	29,017	29,052	30,420	30,243	31,473
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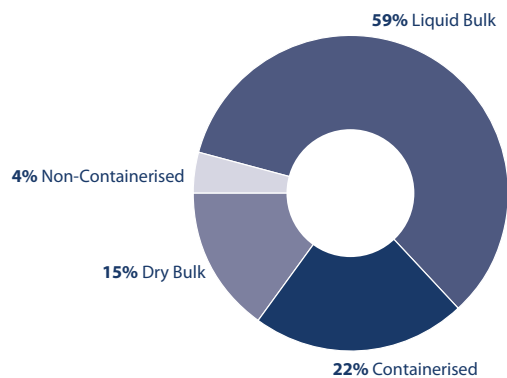
**Total Port Trade 1999/2000 to 2009/2010**



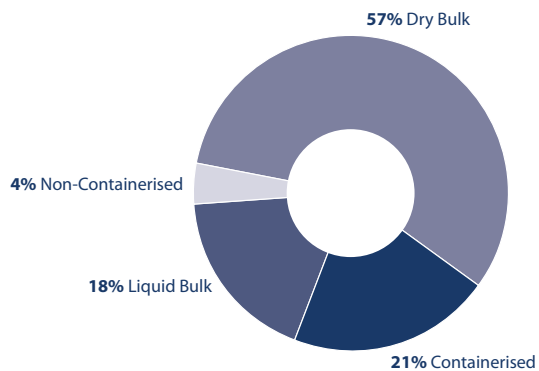
Imports	9,540	9,729	10,628	11,023	11,727	11,434	11,176	12,010	13,009	12,545	12,103
Exports	13,867	12,818	12,024	12,467	14,212	14,112	13,936	13,043	13,122	14,058	14,065
Total	23,407	22,547	22,652	23,490	25,939	25,546	25,112	25,053	26,131	26,603	26,168

# STATISTICAL INFORMATION

**Trade by Cargo Class Imports  
2009/2010 (Mass Tonnes)**



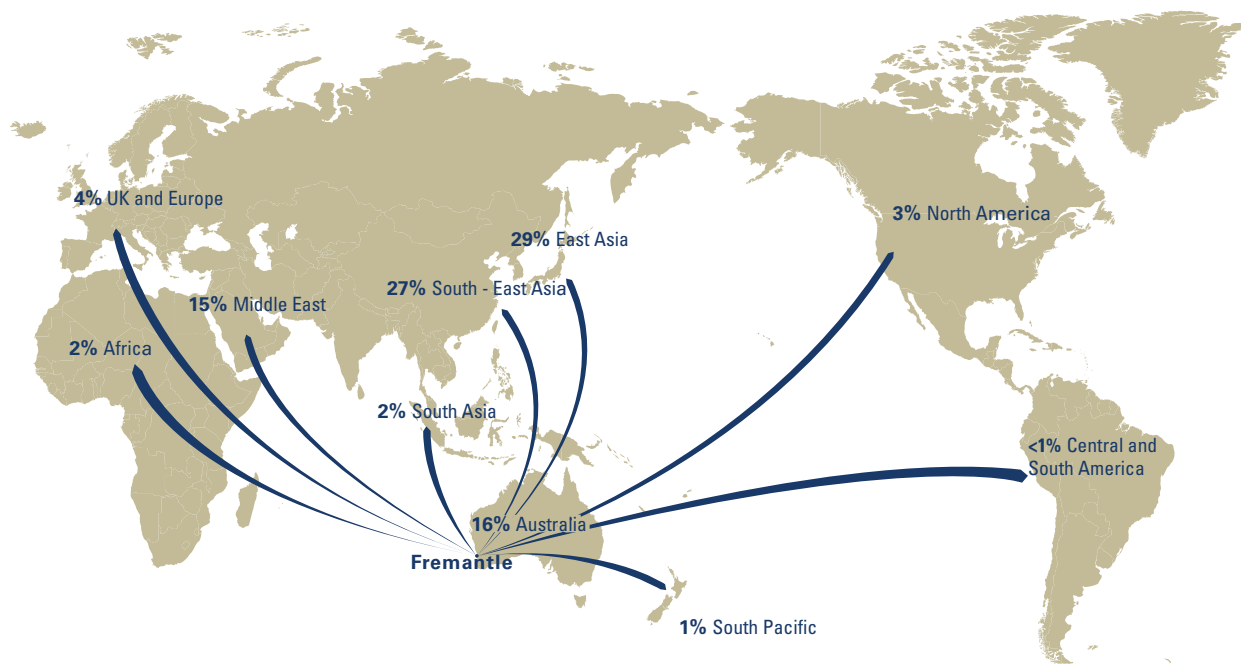
**Trade by Cargo Class Exports 2009/2010  
(Mass Tonnes)**



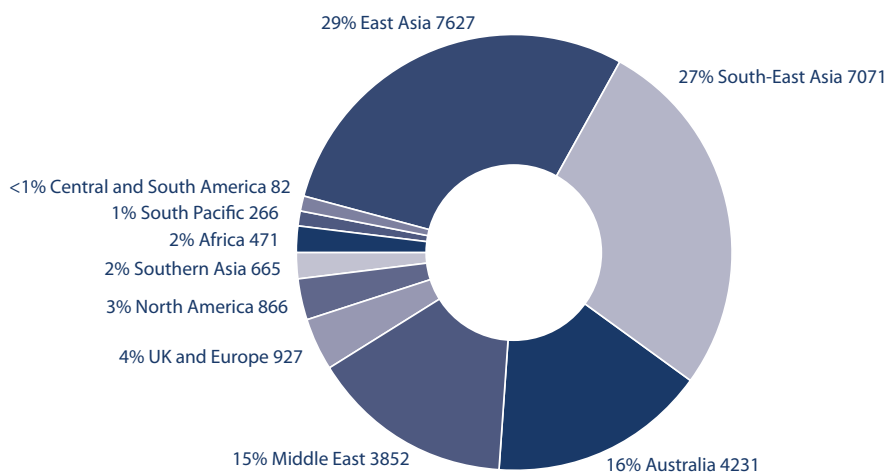
TRADE BY CARGO CLASS (MASS TONNES)		
Cargo	Imports	Exports
Liquid Bulk	7,116,030	2,543,655
Dry Bulk	1,818,290	7,973,210
Non-Containerised	467,704	531,576
Containerised	2,734,346	3,017,047
<b>Total</b>	<b>12,102,985</b>	<b>14,065,488</b>

# STATISTICAL INFORMATION

## Links in World Trade

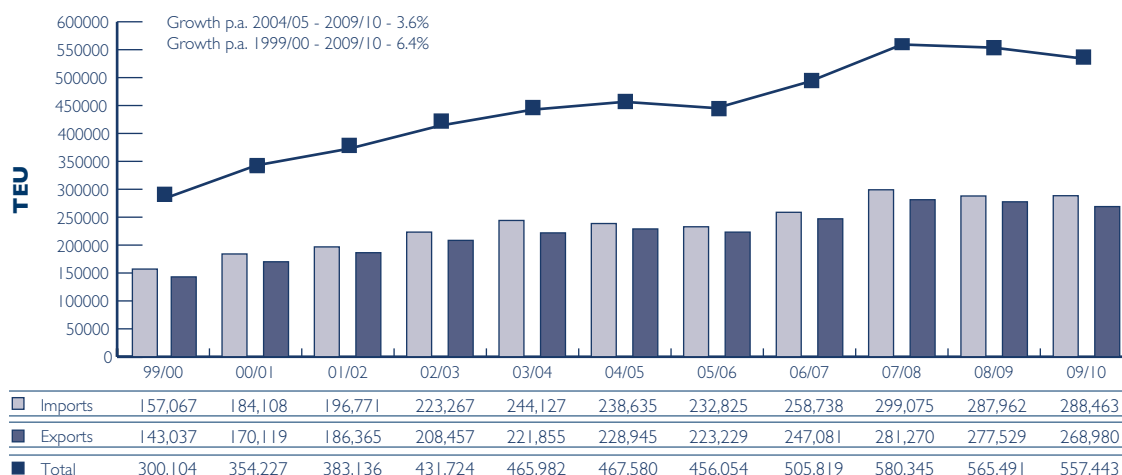


**Fremantle Port - Principal Areas of Trade**  
**Year Ended 30 June 2010 - Thousands of Mass Tonnes**

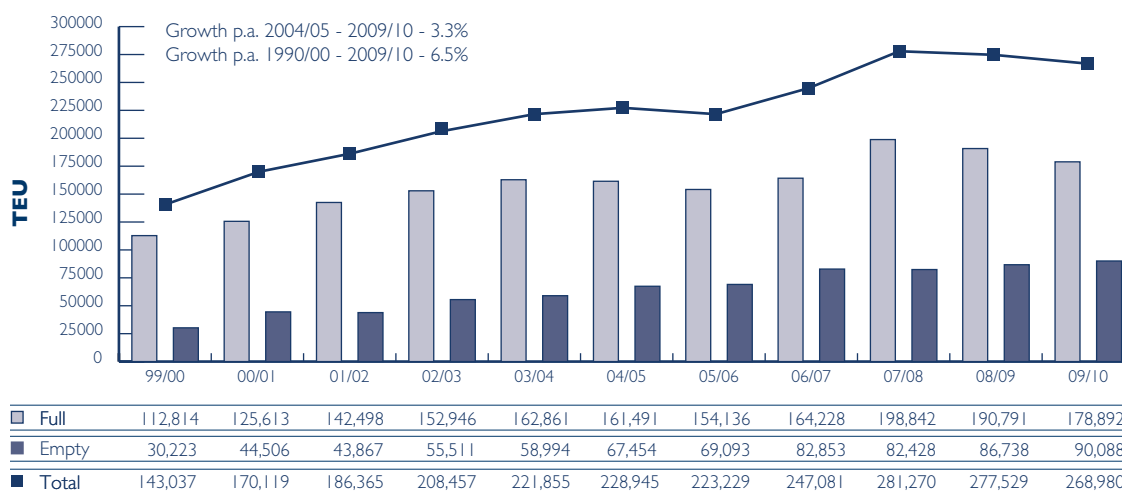


# STATISTICAL INFORMATION

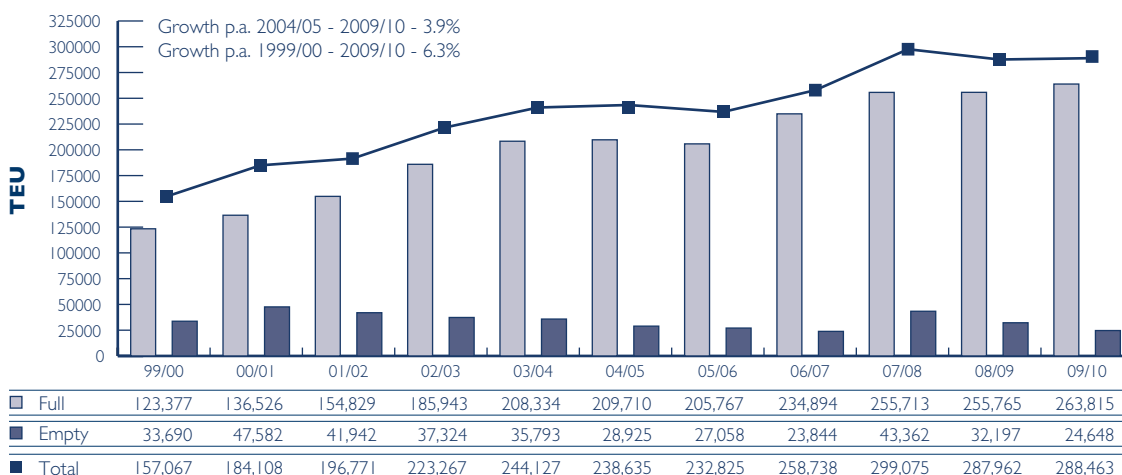
## Total Container Trade – TEU 1999/2000 to 2009/2010



## Export Container Trade – TEU 1999/2000 to 2009/2010



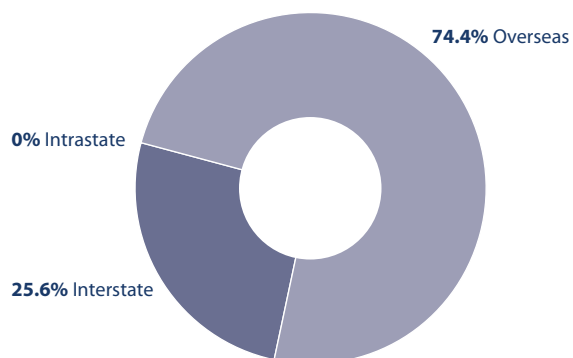
## Import Container Trade – TEU 1999/2000 to 2009/2010



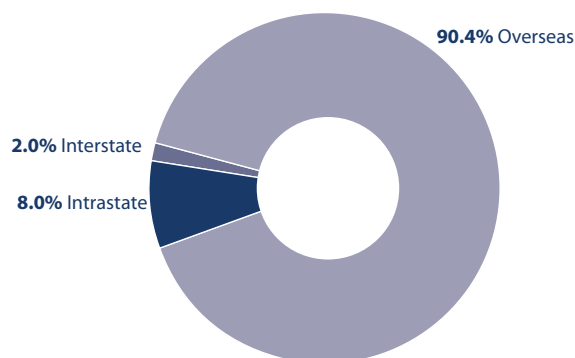
# STATISTICAL INFORMATION

SYNOPSIS OF TRADE 2009/2010			
CARGO	INNER HARBOUR MASS TONNES	OUTER HARBOUR MASS TONNES	PORT TOTAL MASS TONNES
<b>Imports</b>			
From Intrastate Ports	1,078	711,414	712,492
From Interstate Ports	826,074	148,339	974,413
From Overseas Ports	2,398,764	8,017,316	10,416,080
<b>Total Imports</b>	<b>3,225,916</b>	<b>8,877,069</b>	<b>12,102,985</b>
<b>Exports</b>			
To Intrastate Ports	8,040	207,124	215,164
To Interstate Ports	61,460	2,038,646	2,100,106
To Overseas Ports	3,577,255	7,999,942	11,577,197
<b>Total Exports</b>	<b>3,646,755</b>	<b>10,245,712</b>	<b>13,892,466</b>
<b>Total Cargo</b>	<b>6,872,671</b>	<b>19,122,781</b>	<b>25,995,452</b>
<b>Bunkers</b>			
Fuel Oil	84,816	88,206	173,022
<b>Total Port Trade</b>	<b>6,957,487</b>	<b>19,210,987</b>	<b>26,168,474</b>

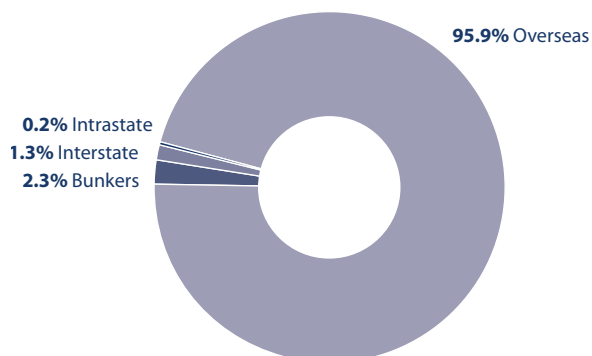
## Inner Harbour Imports



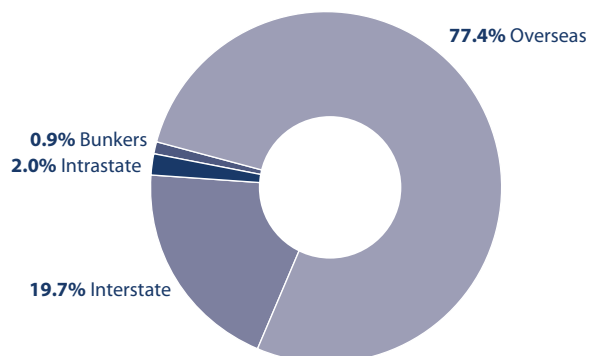
## Outer Harbour Imports



## Inner Harbour Exports



## Outer Harbour Exports



# STATISTICAL INFORMATION

PORT OF FREMANTLE CONTAINER TRADE - TEU JULY   2009 TO JUNE 30 2010							
COUNTRY	IMPORTS			EXPORTS			GRAND TOTAL
	FULL	EMPTY	TOTAL	FULL	EMPTY	TOTAL	
China	70,413	628	71,041	33,000	998	33,998	105,039
Singapore	9,422	13,446	22,868	9,220	64,972	74,192	97,060
Australia	64,010	4,954	68,964	1,874	2,663	4,537	73,501
Malaysia	14,426	333	14,759	7,804	18,066	25,870	40,629
Japan	5,656		5,656	32,799	92	32,891	38,547
Indonesia	9,385	86	9,471	12,669	103	12,772	22,243
Thailand	12,386		12,386	6,094	218	6,312	18,698
South Korea	5,512		5,512	12,308	78	12,386	17,898
United States of America	13,573	41	13,614	3,811	10	3,821	17,435
India	3,335		3,335	8,673		8,673	12,008
Vietnam	3,588		3,588	7,190	60	7,250	10,838
New Zealand	3,620	41	3,661	3,524	2,129	5,653	9,314
Taiwan	4,642	1	4,643	4,434	6	4,440	9,083
Hong Kong	2,230	53	2,283	5,285	154	5,439	7,722
Germany	5,738	14	5,752	911	127	1,038	6,790
Italy	4,655	671	5,326	741	10	751	6,077
United Arab Emirates	2,262		2,262	3,715	12	3,727	5,989
United Kingdom	3,837	4	3,841	1,588	66	1,654	5,495
Netherlands	3,395	71	3,466	1,507	23	1,530	4,996
Belgium	2,470		2,470	1,689	282	1,971	4,441
Philippines	740		740	3,380		3,380	4,120
South Africa	2,271	9	2,280	1,456	3	1,459	3,739
Reunion		2,666	2,666	210		210	2,876
Canada	2,183		2,183	267	14	281	2,464
Spain	1,364	4	1,368	684		684	2,052
Mexico	1,689		1,689	290		290	1,979
Saudi Arabia	264	321	585	1,273		1,273	1,858
France	1,403	58	1,461	197		197	1,658
Christmas Island	30	645	675	880		880	1,555
Qatar	85		85	1,253		1,253	1,338
Pakistan	358		358	771		771	1,129
Sweden	1,024		1,024	52		52	1,076
Myanmar	38		38	1,030		1,030	1,068
Israel	997		997	26		26	1,023
Sri Lanka	323		323	621		621	944
Finland	621		621	208		208	829
Ukraine	736		736				736
Mauritius	24	358	382	334		334	716
Other Countries	5,110	244	5,354	7,124	2	7,126	12,480
<b>Grand Total</b>	<b>263,815</b>	<b>24,648</b>	<b>288,463</b>	<b>178,892</b>	<b>90,088</b>	<b>268,980</b>	<b>557,443</b>



# STATISTICAL INFORMATION

MAJOR EXPORTS BY COMMODITY 2009/2010			
Commodity	% Tonnes	Mass Tonnes	Principal Countries (% Commodity Total)
Grain (includes Wheat, Lupins, Barley, Oats and Canola Seed)	33.47%	4,712,563	Japan (24.88) Indonesia (16.83) South Korea (10.54) China (7.79) Yemen Arab Republic (6.67) Malaysia (5.27) Vietnam (4.5) Thailand (3.05) Pakistan (2.95) Saudi Arabia (2.47) Belgium (1.88) India (1.69) Iraq (1.62) Australia (1.28) Netherlands (1.28) Taiwan (1.07)
Alumina	20.28%	2,856,081	China (37.29) Australia (17.65) Indonesia (9.07) Egypt (4.88) India (4.71) United States of America (4) Bahrain (3.98) Russia (3.6) United Arab Emirates (3.13) Japan (2.68) Malaysia (2.35)
Petroleum Refined	14.57%	2,051,293	Australia (79.37) Singapore (14.07) New Zealand (5.39)
Black Coal	3.87%	545,575	China (97.18) Australia (2.76)
Animal Feeds	3.52%	495,716	Japan (56.43) South Korea (13.94) Kuwait (5.36) Qatar (4.36) Taiwan (3.34) Saudi Arabia (2.32) United Arab Emirates (2.07) Israel (2.05) Jordan (1.74)
Metal Scrap	2.58%	363,846	Indonesia (30.69) China (20.43) Malaysia (19.1) Vietnam (10.74) Singapore (6.28) Australia (4.34) South Korea (3.4) India (2.82) Jordan (1.74) Japan (2.68) Malaysia (2.35) India (1.69)
Malt	1.75%	246,357	Philippines (24.59) Japan (19.01) Vietnam (16.96) Thailand (14.19) South Korea (9.9) Singapore (8.68) Indonesia (4.1)
Waste Paper	1.46%	206,213	China (38.63) Indonesia (37.52) Hong Kong (15.42) India (3.14) Malaysia (3.08)
Sulphuric Acid	1.36%	192,035	India (31.09) Chile (15.54) Australia (11.38) Peru (9.87) Brazil (7.17) Singapore (6.57) New Zealand (5.99) United States of America (4.66) Malaysia (4.17) Thailand (3.6)
Titanium Dioxide	1.30%	182,981	China (31.89) South Korea (12.73) Thailand (9.67) Philippines (7.49) India (6.83) Indonesia (5.31) Hong Kong (4.2) Vietnam (4.08) Japan (3.39) Singapore (2.96) Taiwan (2.31) New Zealand (2.16) Pakistan (2.0) Malaysia (1.28)
Mineral Sands	1.10%	182,505	China (54.98) Malaysia (9.27) India (9.16) South Korea (5.19) Thailand (4.34) Japan (2.63) Indonesia (2.61) Spain (2.42) Taiwan (2.09) Mexico (1.57) Singapore (1.56) Vietnam (1.31)
Bauxite	0.91%	173,022	China (100.0)

## STATISTICAL INFORMATION

MAJOR IMPORTS BY COMMODITY 2009/2010			
Commodity	% Tonnes	Mass Tonnes	Principal Countries (% Commodity Total)
Petroleum Crude	46.19%	5,577,827	United Arab Emirates (34.85) Malaysia (18.76) Indonesia (16.06) Australia (8.73) South Korea (6.53) Singapore (4.01) Brunei (2.72) Saudi Arabia (2.44) Vietnam (2.18) Algeria (1.58)
Caustic Soda	6.09%	735,517	Saudi Arabia (28.56) Taiwan (26.72) United Arab Emirates (19.58) United States of America (13.11) South Korea (10.82)
Cement Clinker	5.43%	665,932	Japan (59.58) Indonesia (34.3) Malaysia (6.12)
Petroleum Refined	4.99%	602,798	Singapore (59.67) Australia (7.66) South Korea (6.97) Taiwan (6.61) Malaysia (5.89) Japan (4.69) China (4.29) Thailand (2.19) India (1.43)
Iron and Steel Products	3.42%	412,425	China (28.21) Australia (17.99) Taiwan (9.85) Singapore (9.16) Malaysia (8.48) South Korea (6.72) Japan (3.91) Indonesia (3.8) Thailand (2.89) South Africa (1.55) Sweden (1.32) Belgium (1.12)
Phosphates - Fertilisers	3.35%	405,348	United States of America (37.49) China (15.78) Morocco (10.91) Australia (9.31) Colombia (6.94) Russia (3.72) Saudi Arabia (3.61) South Africa (3.08) Christmas Island (2.83) South Korea (2.18) Germany (1.9)
Chemicals and Related Products	2.58%	311,843	China (20.58) Australia (18.4) Singapore (6.5) Thailand (5.78) United States of America (5.59) Malaysia (4.46) South Korea (3.92) Indonesia (3.81) Taiwan (3.58) Belgium (2.94) United Arab Emirates (2.82) South Africa (2.18) India (1.92) Germany (1.63) United Kingdom (1.62)
Sulphur	2.31%	279,432	Canada (100.0)
Urea	1.72%	207,540	Qatar (32.89) Saudi Arabia (25.17) Australia (13.55) Oman (10.83) China (7.11) Malaysia (6.69) Kuwait (3.78)
Paper, Paperboard and Articles of Paper Pulp	1.63%	196,640	Australia (64.8) Indonesia (5.77) Finland (3.81) China (3.56) United States of America (3.26) Germany (2.64) Thailand (2.13) South Korea (1.97) Netherlands (1.82) Japan (1.74)
Machinery - Agricultural, Industrial	1.53%	185,337	China (25.14) United States of America (10.84) Thailand (6.62) Singapore (6.46) Germany (6.39) Australia (5.97) Malaysia (4.83) South Korea (3.5) Italy (3.24) Canada (2.7) Japan (2.52) South Africa (2.49) Taiwan (2.19) Netherlands (1.91) Indonesia (1.77) United Kingdom (1.76)
Slag Residue Ex Steel Furnace	1.35%	163,252	Japan (83.18) Australia (16.83)
Motor Vehicles - New	1.26%	151,703	Japan (39.75) Thailand (24.35) South Korea (16.84) Germany (4.57) South Africa (2.52) United States of America (2.35) Belgium (2.09) Australia (2.07) United Kingdom (1.8) Spain (1.03)
Manufactures of Metal	1.26%	151,687	China (42.71) Australia (13.32) Thailand (11.73) Malaysia (4.22) Taiwan (2.9) South Korea (2.74) Singapore (2.63) Indonesia (2.5) India (2.28) Germany (1.78) Netherlands (1.78) United States of America (1.76) Italy (1.68)
Ammonia	1.03%	124,188	Australia (99.9)

# STATISTICAL INFORMATION

MAJOR EXPORTS BY COUNTRY 2009/2010			
Country	% Tonnes	Mass Tonnes	Principal Commodities (% Country Total)
China	19.09%	2,688,760	Alumina (39.61) Black Coal (19.72) Grain (13.64) Bauxite (4.79) Mineral Sands (3.16) Waste Paper (2.97) Metal Scrap (2.77) Titanium Dioxide (2.18) Wool (1.96) Nickel Matt and Concentrates (1.76) Iron Ore (1.64)
Australia	17.67%	2,488,292	Petroleum Refined (65.44) Alumina (20.26) Ships Bunkers (6.96) Grain (2.42)
Japan	11.73%	1,651,885	Grain (70.96) Animal Feeds (16.92) Alumina (4.64) Malt (2.84)
Indonesia	9.60%	1,351,806	Grain (58.65) Alumina (19.16) Metal Scrap (8.26) Waste Paper (5.73) Ammonium Nitrate (2.27) Cattle and Calves (1.24)
South Korea	5.09%	716,812	Grain (69.3) Animal Feeds (9.64) Alumina (3.46) Malt (3.41) Titanium Dioxide (3.25) Phosphates - Fertilisers (2.24) Metal Scrap (1.73) Other Crude Minerals (1.31) Mineral Sands (1.12)
Singapore	4.66%	655,751	Petroleum Refined (44.01) Grain (7.22) Metal Scrap (3.49) Malt (3.27) Chemicals and Related Products (2.87) Dairy Products (2.86) Liquified Petroleum Gas[Lpg] (2.75) Fresh Fruit and Vegetables (2.2) Sulphuric Acid (1.93)
Malaysia	3.92%	552,367	Grain (44.91) Metal Scrap (12.58) Alumina (12.12) Liquified Petroleum Gas[Lpg] (3.8) Fresh Fruit and Vegetables (2.97) Mineral Sands (2.59) Petroleum Refined (2.14) Ammonium Nitrate (1.49) Sulphuric Acid (1.45) Waste Paper (1.15)
India	2.69%	379,175	Alumina (35.43) Grain (20.99) Sulphuric Acid (15.75) Other Crude Minerals (5.08) Mineral Sands (3.73) Titanium Dioxide (3.3) Other Cereals and Cereal Preparations (2.88) Metal Scrap (2.71) Fruit and Vegetables (Preserved, Canned, Bottled or Frozen) (2.13) Waste Paper (1.71) Fresh Fruit and Vegetables (1.57) Wool (1.42)
Vietnam	2.39%	337,015	Grain (62.86) Malt (12.4) Metal Scrap (11.59) Rubber Manufactures (3.35) Titanium Dioxide (2.22) Logs and Timber (1.74) Sulphur (1.32)
Yemen Arab Republic	2.25%	316,326	Grain (99.3)
Thailand	1.84%	259,542	Grain (55.36) Malt (13.47) Alumina (7.29) Titanium Dioxide (6.82) Sulphuric Acid (2.66) Mineral Sands (2.58) Hides and Skins (1.8) Other Crude Minerals (1.61)
New Zealand	1.41%	198,614	Petroleum Refined (55.66) Bricks, Tiles, Pavers, etc (9.14) Sulphuric Acid (5.8) Phosphates - Fertilisers (4.29) Chemicals and Related Products (4.04) Potash (3.08) Other Crude Minerals (2.71) Titanium Dioxide (1.99) Unclassified Goods (1.59) Alumina (1.13) Fabricated Construction Materials (1.12) Machinery - Agricultural, Industrial (1.02)
Bahrain	1.30%	182,597	Alumina (62.25) Grain (22.94) Sheep (8.27) Fresh Fruit and Vegetables (2.58) Animal Feeds (1.39)

# STATISTICAL INFORMATION

## MAJOR EXPORTS BY COUNTRY 2009/2010 (Continued)

Country	% Tonnes	Mass Tonnes	Principal Commodities (% Country Total)
United States of America	1.27%	179,532	Alumina (63.49) Non Ferrous Metals (13.49) Sulphuric Acid (4.99) Fresh Meat - Chilled or Frozen (3.12) Chemicals and Related Products (2.79) Other Crude Minerals (1.93) Other Animal Foods Prepared or Manufactured (1.58) Machinery - Agricultural, Industrial (1.27) Wine and Vermouth (1.03)
Egypt	1.18%	165,700	Alumina (83.99) Grain (9.67) Cattle and Calves (3.57)
Saudi Arabia	1.17%	164,532	Grain (70.57) Sheep (9.72) Animal Feeds (7.0) Fresh Meat - Chilled or Frozen (4.16) Fresh Fruit and Vegetables (3.51) Cattle and Calves (1.28) Chemicals and Related Products (1.14) Other Crude Minerals (1.13)
Pakistan	1.09%	154,050	Grain (90.16) Titanium Dioxide (2.37) Tallow (2.24) Animal Feeds (1.65) Fresh Fruit and Vegetables (1.63)
United Arab Emirates	1.08%	151,765	Alumina (58.81) Fresh Fruit and Vegetables (10.18) Grain (9.25) Animal Feeds (6.79) Other Crude Minerals (2.62) Fresh Meat - Chilled or Frozen (2.4) Sheep (1.6) Other Cereals and Cereal Preparations (1.36)

# STATISTICAL INFORMATION

MAJOR IMPORTS BY COUNTRY 2009/2010			
Country	% Tonnes	Mass Tonnes	Principal Commodities (% Country Total)
United Arab Emirates	17.49%	2,111,759	Petroleum Crude (92.05) Caustic Soda (6.82)
Australia	13.87%	1,674,926	Petroleum Crude (29.07) Paper, Paperboard and Articles of Paper (7.61) Ammonia (7.42) Gypsum (5.17) Iron and Steel Products (4.43) Fabricated Construction Materials (4.19) Chemicals and Related Products (3.43) Unclassified Goods (3.3) Ale, Beer and Stout; Cider (Alcoholic) (3.22) Petroleum Refined (2.76) Newsprint (2.75) Phosphates - Fertilisers (2.17) Urea (1.68) Slag Residue ex Steel Furnace (1.65) Fruit and Vegetables (Preserved, Canned, Bottled or Frozen) (1.59) Glass (1.48) Plastic Wares (1.36) Manufactures of Metal (1.21) Non Alcoholic Beverages (1.19) Sugar (1.12)
Malaysia	10.62%	1,282,003	Petroleum Crude (81.61) Cement Clinker (3.13) Petroleum Refined (2.77) Iron and Steel Products (2.73) Chemicals and Related Products (1.09) Urea (1.09)
Indonesia	10.17%	1,227,659	Petroleum Crude (72.95) Cement Clinker (18.33) Iron and Steel Products (1.28)
Singapore	6.14%	741,615	Petroleum Refined (48.5) Petroleum Crude (30.1) Iron and Steel Products (5.1) Chemicals and Related Products (2.74) Unclassified Goods (2.46) Machinery - Agricultural, Industrial (1.62)
Japan	5.96%	719,349	Petroleum Refined (24.62) Petroleum Crude (15.28) Iron and Steel Products (2.59) Chemicals and Related Products (1.39) Unclassified Goods (1.25)
China	5.73%	692,012	Iron and Steel Products (16.81) Manufactures of Metal (9.37) Chemicals and Related Products (9.28) Furniture and Parts Thereof (9.01) Phosphates - Fertilisers (8.88) Machinery - Agricultural, Industrial (6.74) Bricks, Tiles, Pavers, etc (5.71) Petroleum Refined (3.74) Miscellaneous Manufactured Articles (3.37) Plastic Wares (3.15) Rubber Manufactures (2.74) Urea (2.14) Glass (1.7) Other Transport Equipment and Parts (1.59) Toys, Games and Sporting Goods (1.55) Unclassified Goods (1.47) Cork and Wood Manufactures (1.35) Textile Products (1.31) Fabricated Construction Materials (1.15)
South Korea	4.94%	596,121	Petroleum Crude (61.09) Caustic Soda (13.35) Petroleum Refined (7.05) Iron and Steel Products (4.65) Motor Vehicles - New (4.29) Chemicals and Related Products (2.05) Phosphates - Fertilisers (1.43)
Saudi Arabia	3.43%	414,657	Caustic Soda (50.65) Petroleum Crude (32.71) Urea (12.6) Phosphates - Fertilisers (3.39)
United States of America	3.18%	383,808	Phosphates - Fertilisers (38.03) Caustic Soda (25.12) Vehicles - Industrial and Agricultural (6.17) Machinery - Agricultural, Industrial (5.24) Chemicals and Related Products (4.54) Fabricated Construction Materials (2.13) Rubber Manufactures (1.76) Paper, Paperboard and Articles of Paper Pulp (1.67) Other Transport Equipment and Parts (1.63) Ale, Beer and Stout; Cider (Alcoholic) (1.05)

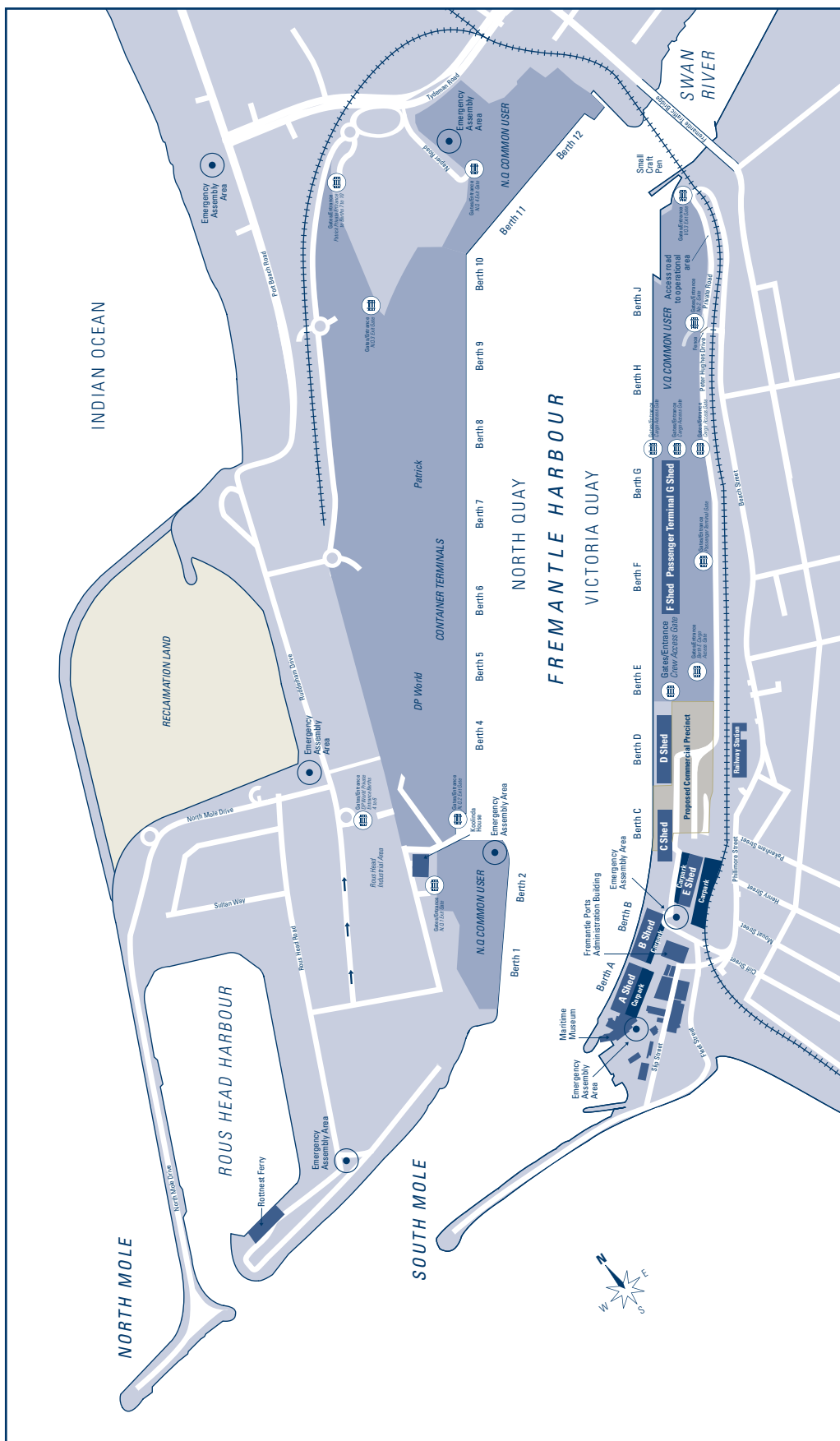
## STATISTICAL INFORMATION

MAJOR IMPORTS BY COUNTRY 2009/2010 (Continued)			
Country	% Tonnes	Mass Tonnes	Principal Commodities (% Country Total)
Taiwan	2.96%	357,533	Caustic Soda (54.96) Iron and Steel Products (11.36) Petroleum Crude (11.19) Petroleum Refined (11.15) Chemicals and Related Products (3.12) Plastic Wares (1.37) Manufactures of Metal (1.23) Machinery - Agricultural, Industrial (1.14)
Canada	2.48%	299,457	Sulphur (93.32) Machinery - Agricultural, Industrial (1.67) Chemicals and Related Products (1.52)
Thailand	1.66%	200,649	Motor Vehicles - New (18.41) Chemicals and Related Products (8.98) Manufactures of Metal (8.87) Sugar (6.71) Petroleum Refined (6.56) Machinery - Agricultural, Industrial (6.12) Iron and Steel Products (5.94) Plastic Wares (5.27) Rice (3.91) Bricks, Tiles, Pavers, etc (3.29) Other Food Preparations (2.67) Ale, Beer and Stout; Cider (Alcoholic) (2.29) Glass (2.28) Rubber Manufactures (2.22) Fish, Crustaceans and Molluscs (2.14) Paper, Paperboard and Articles of Paper Pulp (2.09) Miscellaneous Manufactured Articles (1.47) Limestone and Other Building Stone (1.32)
Vietnam	1.27%	153,844	Petroleum Crude (78.79) Bricks, Tiles, Pavers, etc (4.26) Other Crude Minerals (4.16) Furniture and Parts Thereof (2.98) Chemicals and Related Products (2.26) Fish, Crustaceans and Molluscs (1.78)
Brunei	1.26%	151,680	Petroleum Crude (99.95)



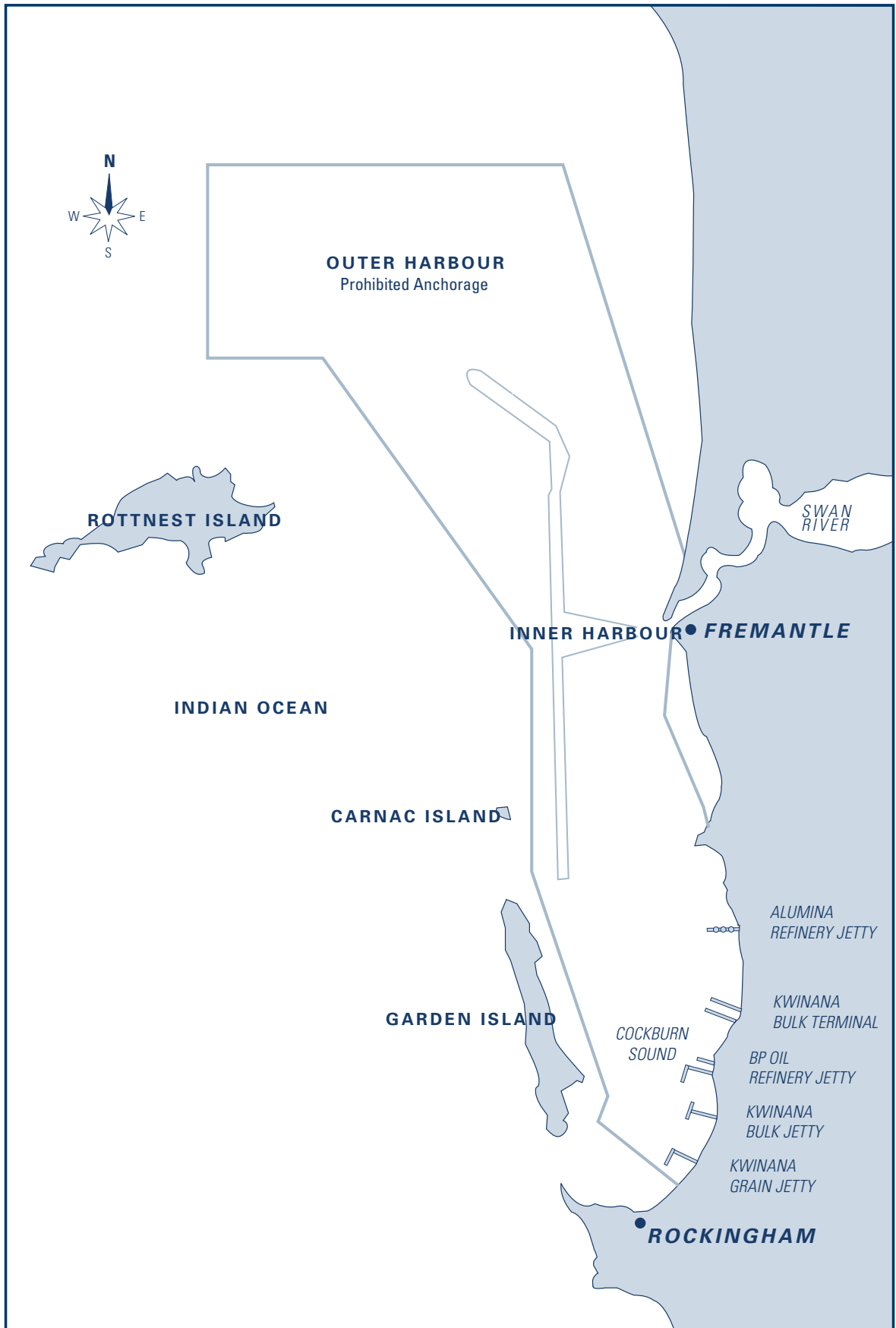
# STATISTICAL INFORMATION

## INNER HARBOUR MAP



# STATISTICAL INFORMATION

## OUTER HARBOUR MAP



# STATISTICAL INFORMATION

## 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](http://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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