

mpa annual report 2012

MPA Annual Report 2012



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INTRODUCTION

Before Knotty the octopus decided on a year-long internship in Maritime Singapore, he wanted to know more about the Maritime and Port Authority of Singapore (MPA). His friends Pozzie and Keesh thought that the best way to do that would be to take Knotty through MPA and Maritime Singapore's achievements and highlights over the past year.



Keesh

Pozzie

Knotty

CHAIRMAN'S MESSAGE

Introduction - Port of Singapore's Performance in 2012

The financial situation in Europe and other global economic factors in 2012 translated into difficulties faced by shipping lines, but the Port of Singapore continued to perform well. We maintained our global lead in annual vessel arrival tonnage with 2.25 billion gross tons, and reached record highs in container and cargo throughput. Singapore remained the world's top bunkering port with total volume of bunkers sold at 42.7 million tonnes, and the Singapore Registry of Ships continues to rank among the top 10 worldwide with total tonnage of ships under our register increasing to 65 million gross tons. We also maintained our

"White List" status under both the Tokyo and Paris MOUs on Port State Control.

Accolades and Awards

The Port of Singapore and MPA garnered many accolades and awards in 2012 - the Port of Singapore won the "Best Seaport in Asia" Award for the 24th time and the "Best Green Service Provider - Seaport" Award for the 2nd time at the Asian Freight and Supply Chain Awards (AFSCA). Our seafarers' drop-in centre at Keppel Terminal won the "Drop-In Centre of the Year" Award at the International Committee on Seafarers' Welfare Awards. MPA emerged top in the annual Pro-Enterprise Survey and was awarded the top PEP-SBF Pro-Enterprise Award.

Building for the Future

In developing Singapore as a premier global hub port and building for the future, we

successfully launched the new Marina South Wharves, and re-commissioned our newly upgraded Port Operations Control Centre - Vista. The new centre uses an upgraded Vessel Traffic Information Management System (VTIS) with the ability to handle up to 10,000 vessel tracks at any one time, twice the capacity of the VTIS before upgrading works.

We also made good progress on the Pasir Panjang Terminal Phases 3 and 4 project and the first few parcels of land had been leased to the terminal operator. MPA also continued with our planning and preliminary works for Tuas Port, and worked with the Singapore Maritime Institute to launch the US\$1 million Next Generation Container Port Challenge.

International Maritime Centre

As part of our International Maritime Centre mission objective, we enhanced the Maritime Sector Incentive (MSI) framework as part of Budget 2012, continued to grow the number of shipping conglomerates in Singapore,

and encouraged the expansion of maritime service providers in Singapore. Singapore was also included as an arbitration venue, alongside London and New York, in all of the Baltic and International Maritime Council's (BIMCO) new and revised shipping forms.

Singapore brought the international maritime community together during the 7th Singapore Maritime Week (SMW), which saw 25 events held in April 2012. We continued to organise public outreach events during SMW, including the Amazing Maritime Challenge, a container design competition and a public exhibition that celebrated Singapore's 40 years of containerisation. SMW 2012 attracted over 40,000 people to its various events.

Maritime Talent

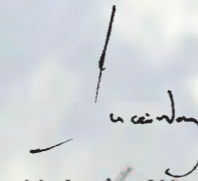
To develop Singapore's pool of maritime talent, more than 4,000 people were trained under MPA's Maritime Cluster Fund co-funding schemes. Further, in support of maritime research and development, a total of \$62.8 million from the Maritime Innovation and Technology (MINT) Fund has been spent or committed to date.

International Engagement

On the international front, Singapore played active roles at the International Maritime Organization (IMO) and contributed to the advancement of various issues, in particular on greenhouse gas and maritime security. We worked with ReCAAP and the IMO to enhance maritime security and with littoral states and user states to enhance safety of navigation and environmental protection in the Straits of Malacca and Singapore. We signed a new headquarters agreement with the ReCAAP ISC to host and support the operations of the ReCAAP Information Sharing Centre in Singapore for a further 5 years.

Conclusion - thank you

I wish to thank all our stakeholders for their support and the MPA Board, management and staff for their valuable contributions in ensuring the continued success of Maritime Singapore.



Mr Lucien Wong
Chairman, MPA





CE'S MESSAGE

2012 was once again an eventful year for Maritime Singapore and MPA.

MPA continued to keep the Port of Singapore safe and efficient at all times. Our Vessel Traffic Management (VTM) officers, Port Inspectors, Lightkeepers, Marine Officers and other colleagues worked tirelessly round the clock and through the year to keep the Singapore Strait and our port waters safe and open to navigation. We responded swiftly and effectively to various incidents in our port waters and organised various multi-agency exercises to sharpen our edge and ensure that all agencies are ready to deal with any emergencies in our port. We also introduced compulsory pilotage for vessels using the Special Bunkering Anchorages and launched a fleet of six new patrol craft to enhance our operational capabilities.

Two events in 2012 in particular stand out for me. The first is the decommissioning of our Port Operations Control Centre – Tanjong Pagar Complex (POCC-TPC) after 28 years of faithful service in helping to keep the Singapore Strait and the Port of Singapore safe. I would like to thank the pioneers who were instrumental in setting up our first POCC and the many VTM officers who faithfully kept watch round-the-clock at POCC-TPC from 1984 to 2012.

The second is the change to Singapore's maritime fire fighting structure with the transfer of the maritime fire fighting function and our Marine Emergency Officers and Marine Emergency Assistants from MPA to the Singapore Civil Defence Force. I would like to thank our

Marine Emergency Officers and Marine Emergency Assistants for their contributions to MPA over the years, and look forward to continue working with them in keeping the Port of Singapore safe.

To enhance our position as the world's top bunkering hub, MPA enhanced the Singapore Standards for Bunkering SS600 and SS524, developed an industry guide for the adoption of mass flow meters, and introduced an information sheet on bunker suppliers and the 1800-BUNKERS hotline. We also saw the first commercial bunker delivery in Singapore using a mass flow metering system and the successful organising of the 17th Singapore International Bunkering Conference and Exhibition (SIBCON) which attracted a record of over 1,600 delegates from 50 countries.

Efforts to develop and promote Singapore as an International Maritime Centre continued with MPA working with the shipping community and Classification Societies to enhance the quality of Singapore-flagged ships, and implementing the Manila amendments to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW). As a responsible Flag State, we also contributed actively to the work on various issues at the International Maritime Organization.

To promote Singapore as a maritime knowledge hub, MPA worked with the Singapore Maritime Institute on the setting up of maritime institutes in our institutes of higher learning. We also continued to invest in maritime R&D through

the Maritime Innovation and Technology (MINT) Fund, and signed an MOU on Maritime Environment and Clean Energy with BW Ventures and the Singapore Maritime Institute. 2012 also saw the extension of the MOU on Maritime Research and Development, Education and Training between MPA and the Research Council of Norway.

On the international front, we hosted key meetings including the 5th Co-operation Forum, 5th Project Coordination Committee, 37th Tripartite Technical Expert Group Meeting and the Consultative Shipping Group Meeting.

In partnership with the industry, MPA officially opened the Singapore Maritime Gallery in September 2012 to showcase the Maritime Singapore story to students and the general public. We also worked with our MaritimeONE partners on various outreach and branding efforts for Maritime Singapore.

To promote manpower development and productivity improvements, we worked with our terminal operators on various productivity initiatives and conducted studies on the manpower needs of the maritime sector. MPA continued to support and encourage manpower development through the Maritime Cluster Fund (MCF) and enhanced the co-funding level for manpower development under the MCF from 50% to 70%. We also launched the Certificate of Competency Marine Engineer Officer (Special Limits) Programme and enhanced the funding support for the Certificate of Competency

Deck Officer (Special Limits) Programme.

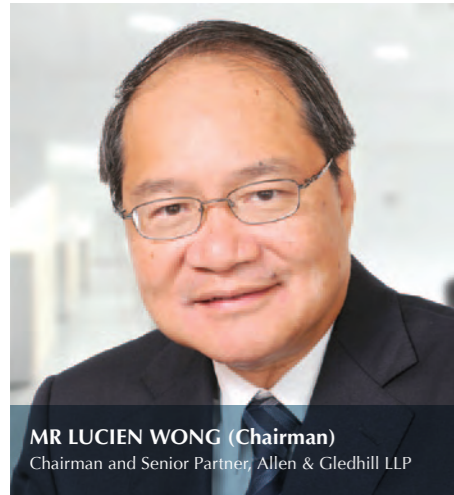
In 2012, MPA continued to put a strong emphasis on engaging, nurturing, developing and caring for our people. In partnership with our union AUSBSE and guided by our Total Rewards for Employee Effectiveness (TREE) Framework, we made various enhancements to our career proposition. We introduced Parent Care Leave and Back to School with Parents Leave, and enhanced our Learning and Development Framework with initiatives like key milestone development programmes and Sponsorship for Part-Time Studies.

Our Corporate Activists Network (CAN) continued to bring to us many activities and initiatives, helping to make MPA a great place to work in. Our activists worked hard over the year and brought us many interesting activities and initiatives such as Learning Journeys, community involvement and fund raising activities, Well-On-Worklife (WOW) Week, InnovFest, Family Day and monthly fruit days and lunch outings.

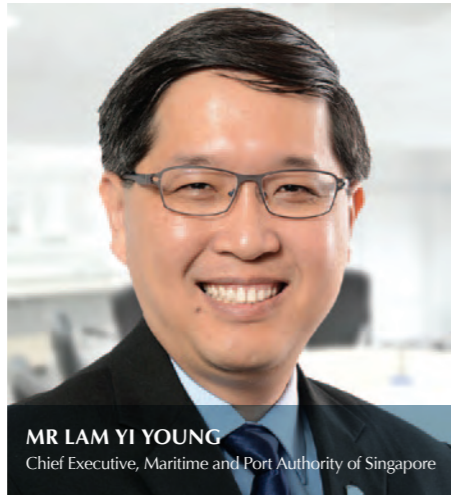
I am grateful to everyone who played a part in contributing to Maritime Singapore and MPA in 2012. I look forward to all of us working together as one to tackle the challenges and seize the opportunities that 2013 may bring.

Mr Lam Yi Young
Chief Executive, MPA

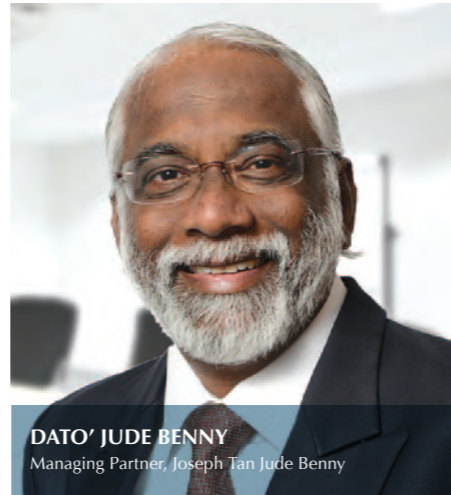
BOARD OF DIRECTORS



MR LUCIEN WONG (Chairman)
Chairman and Senior Partner, Allen & Gledhill LLP



MR LAM YI YOUNG
Chief Executive, Maritime and Port Authority of Singapore



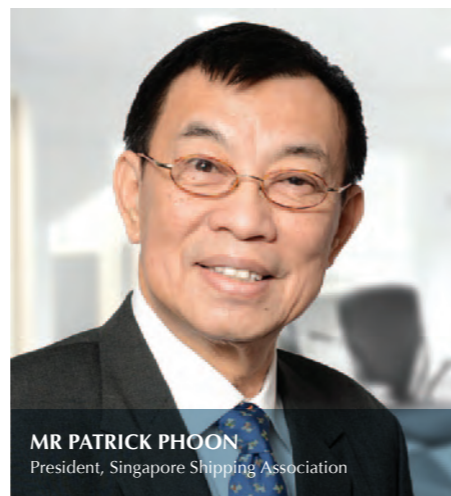
DATO' JUDE BENNY
Managing Partner, Joseph Tan Jude Benny



MR VINCENT LIEN
Director, Wah Hin & Company Pte Ltd



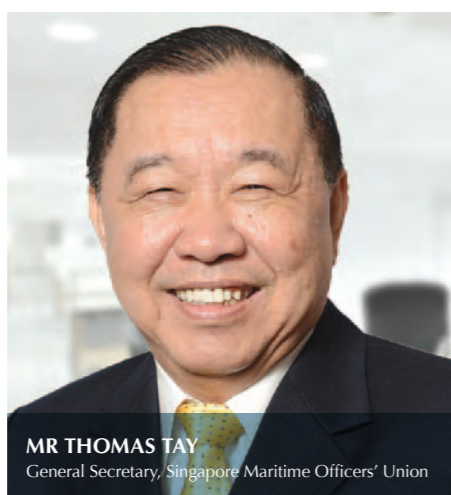
RADM NG CHEE PENG
Chief of Navy, Republic of Singapore Navy



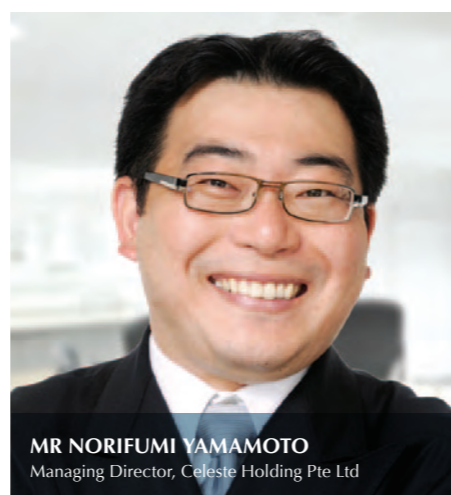
MR PATRICK PHOON
President, Singapore Shipping Association



MR WONG WENG SUN
President / CEO, SembCorp Marine Ltd



MR THOMAS TAY
General Secretary, Singapore Maritime Officers' Union



MR NORIFUMI YAMAMOTO
Managing Director, Celeste Holding Pte Ltd

BOARD COMMITTEES From 2 Feb 2012 to-date

INVESTMENT COMMITTEE

Chairman
Mr Lucien Wong

Members
Mr Lam Yi Young
Mr Vincent Lien
Mr Patrick Phoon
Mr Wong Weng Sun

Secretary
Deputy Director (Corporate Services2)

AUDIT REVIEW COMMITTEE

Chairman
Dato' Jude Benny

Members
Mr Vincent Lien
RADM Ng Chee Peng
Mr James Wong
Dr Robert Yap

Secretary
Senior Manager (Internal Audit)

WELFARE COMMITTEE FOR SEAMEN

Chairman
Mr Norifumi Yamamoto

Members
Dato' Jude Benny
Mr Thomas Tay

SSA
Capt Anuraj Singh
Crew Personnel Manager
NYK Shipmanagement Pte Ltd

PSA Corporation
Mr Goh Keng Meng, Anderson ceased wef
31 Jan 2013
Terminal Manager

Mr Toh Kok Seng Ronald, wef 1 Feb 2013
Keppel Terminal Manager

Jurong Port Pte Ltd
Captain Hemant Gupta
Senior Manager
Operations Department

Seamen's Missions
Rev Peter Manimuthu
Port Chaplain
Mission to Seafarers

Rev Eva Marie Jansvik
Senior Pastor/ Port Chaplain
Norwegian Seamen's Mission

MPA
Director (Corporate Services)
Director (Shipping)

Secretary
Assistant Director (Resource Management)

REGISTRATION COMMITTEE

Chairman
Mr James Wong

Members
BG(NS) Ishak Ismail
Mr Thomas Tay
Mr Norifumi Yamamoto

Secretary
Director (Shipping)

MINT FUND STEERING COMMITTEE

Chairman
Mr Wong Weng Sun

Members
Mr Lam Yi Young
RADM Ng Chee Peng
Mr Patrick Phoon
Dr Robert Yap

Industry representative
Prof Lui Pao Chuen
Advisor
National Research Foundation

Secretary
Director (Technology)

SENIOR PERSONNEL BOARD

Chairman
Mr Lucien Wong

Members
Mr Lam Yi Young
BG(NS) Ishak Ismail

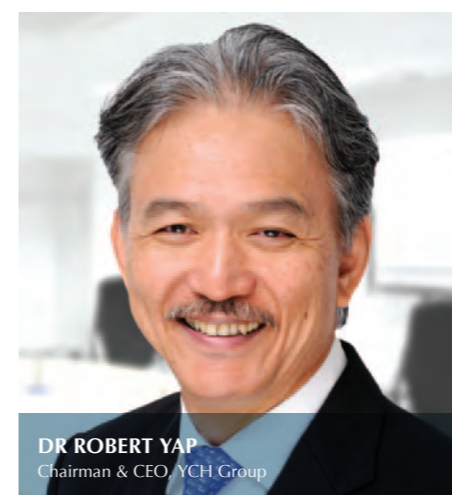
Secretary
Director (Corporate Services)



BG (NS) ISHAK ISMAIL
CEO - Defence Services, CWT Limited



MR JAMES WONG
Deputy Secretary (Policy), Public Service Division, PMO



DR ROBERT YAP
Chairman & CEO, YCH Group

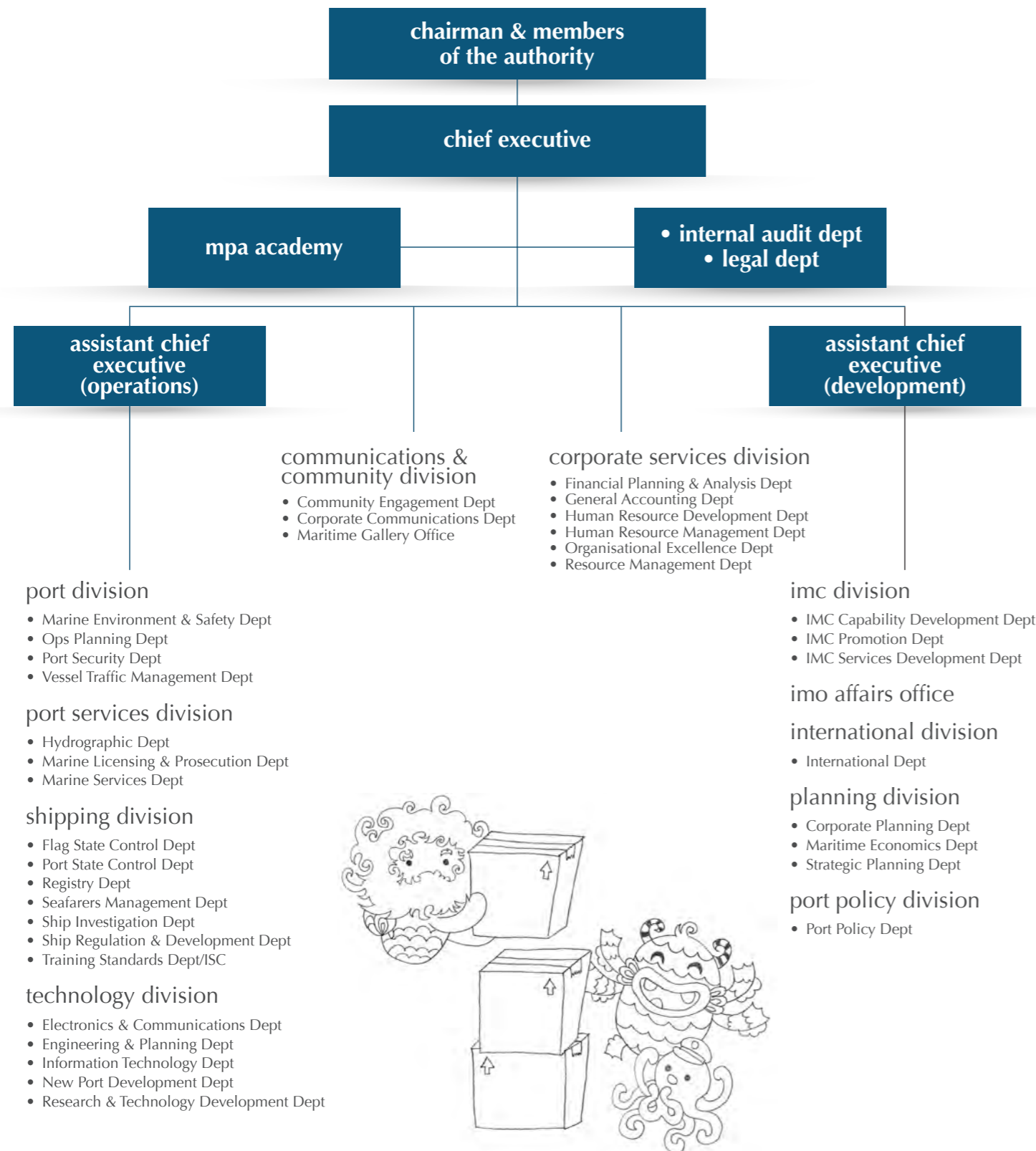
SENIOR MANAGEMENT



From left to right:

1. MR LAM YI YOUNG Chief Executive, Maritime and Port Authority of Singapore	3. MS TAN BENG TEE Assistant Chief Executive (Development)	5. MR CHEONG KENG SOON Director, Port Division / Director, Shipping Division	7. MS WENDY LOO Director, Planning Division	9. MR LAM WEE SHANN Director, Communications & Community Division	11. MR TAN CHENG PENG Director, Port Policy Division
2. CAPTAIN KHONG SHEN PING Dean, MPA Academy	4. CAPTAIN M SEGAR Assistant Chief Executive (Operations)	6. MRS LEANNA LIM Director, Corporate Services Division	8. DR PARRY OEI Director, Port Services Division	10. MR TOH AH CHEONG Director, Technology Division	12. MS ANGELA PNG Director, International Division

MPA'S ORGANISATIONAL STRUCTURE



MPA'S MISSION, VISION & VALUES

our mission

To develop and promote Singapore as a premier global hub port and an international maritime centre, and to advance and safeguard Singapore's strategic maritime interests.

our vision

A leading maritime agency driving Singapore's global maritime aspirations.

our values

FORWARD THINKING

To be proactive and innovative. We will harness the best technologies and practices so as to stay relevant, efficient and competitive.

INTEGRITY

To act responsibly, honestly and to be morally courageous in carrying out our duties. We will be fair and above board in all our business dealings and relationships.

RESPECT

To respect the feelings of the individual and to appreciate his dignity and self-worth, his time and effort, and his need to balance work and family life.

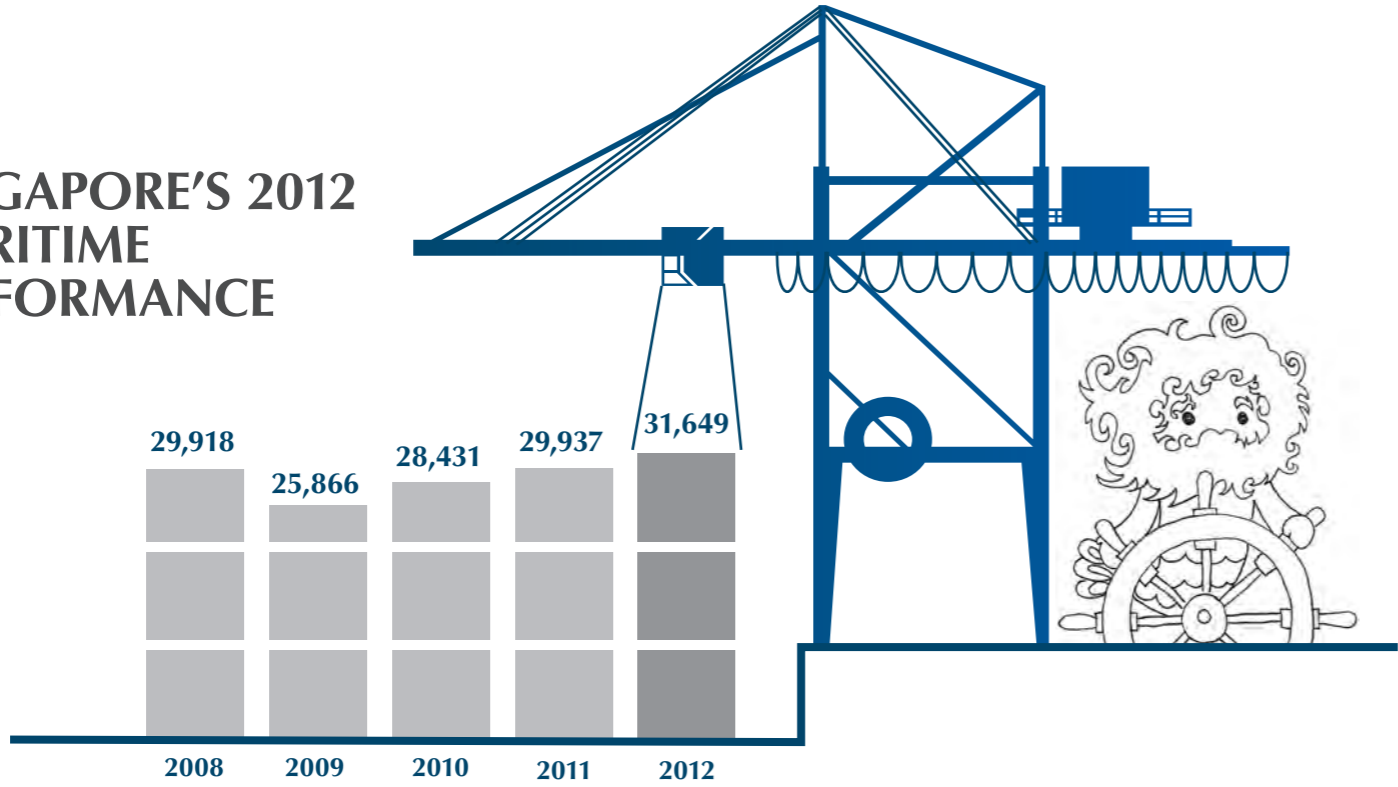
SERVICE EXCELLENCE

To strive to serve our customers competently, courteously and efficiently. We shall persevere to excel in all areas of our work through continual learning and a positive work attitude.

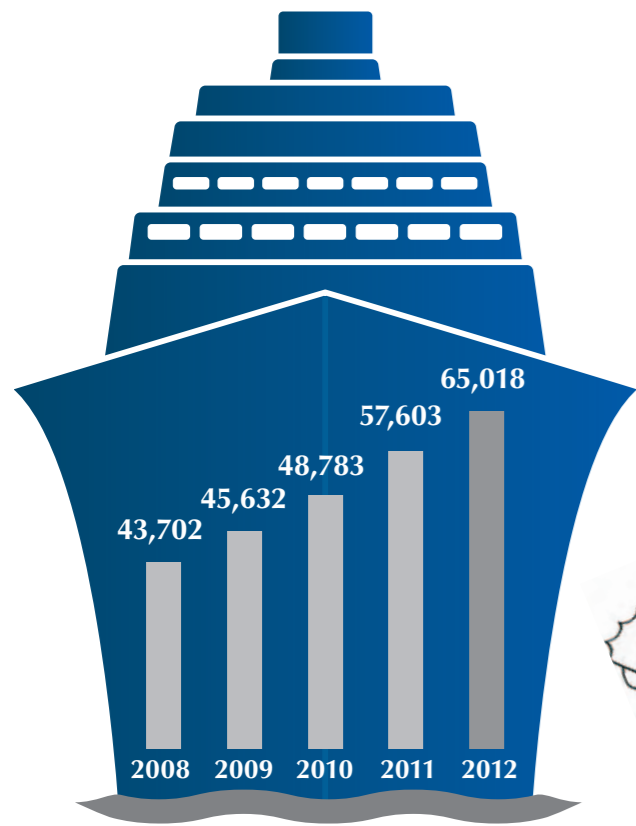
TEAMWORK

To value teamwork, harmony and unity in our working relationships. We shall do our work with steadfastness and consideration for our colleagues and customers.

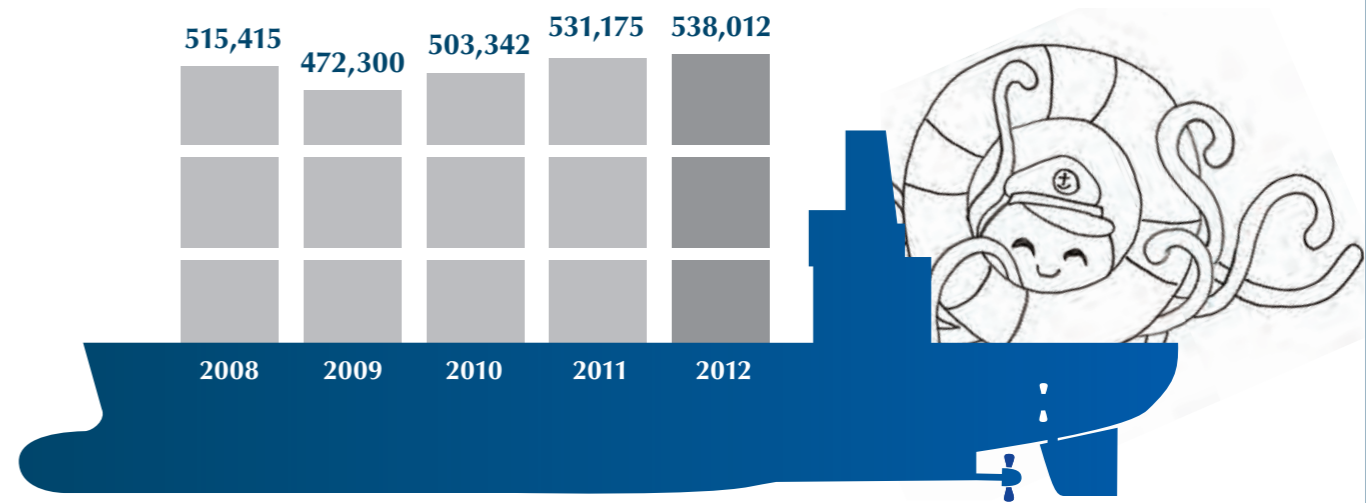
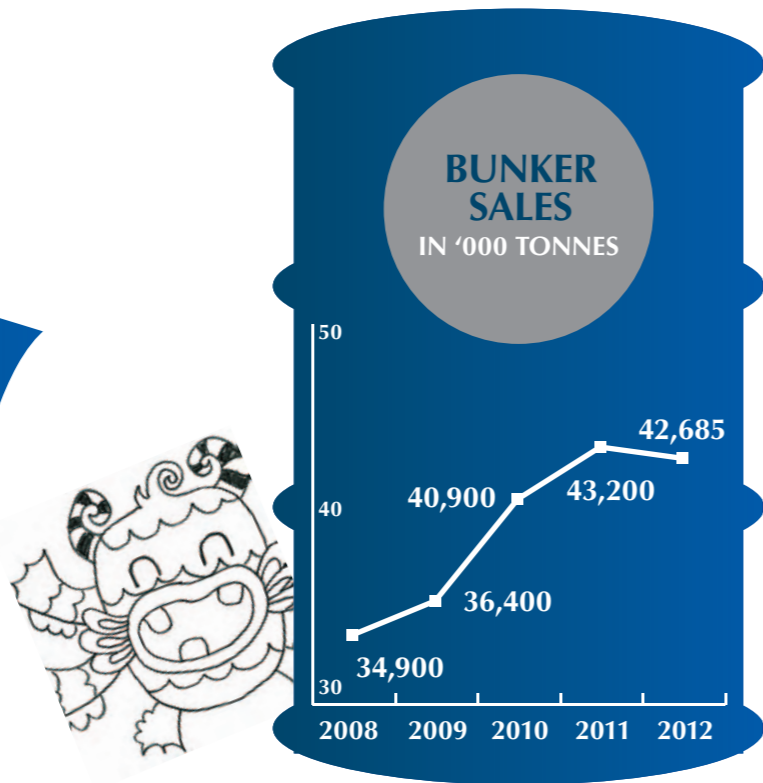
SINGAPORE'S 2012 MARITIME PERFORMANCE



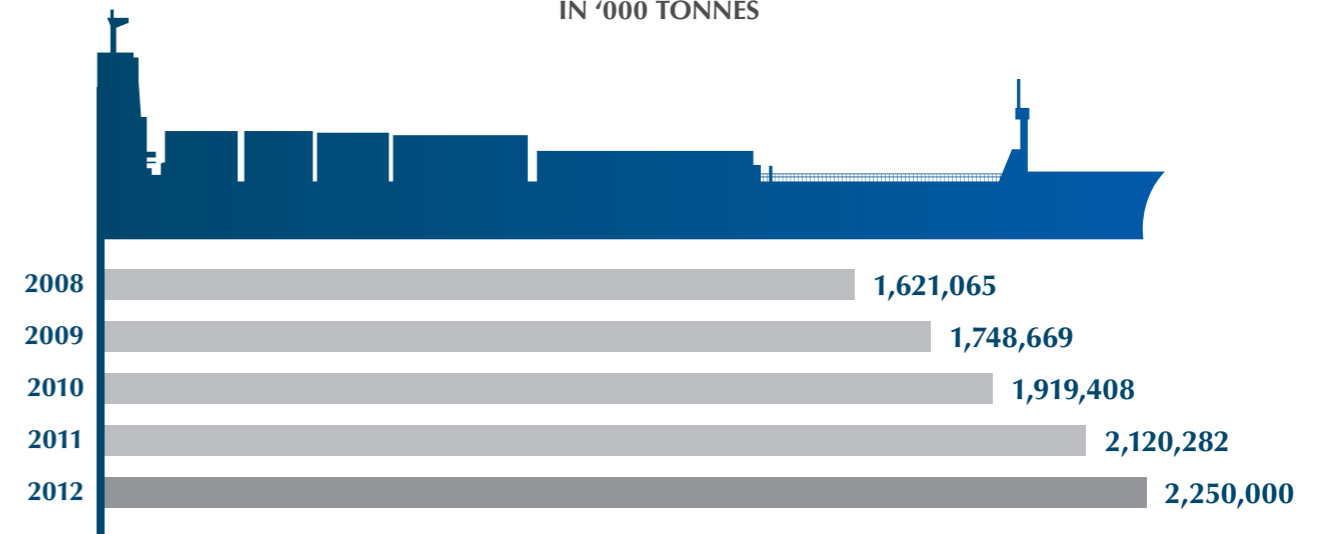
TOTAL CONTAINER THROUGHOUT
IN '000 TEUs



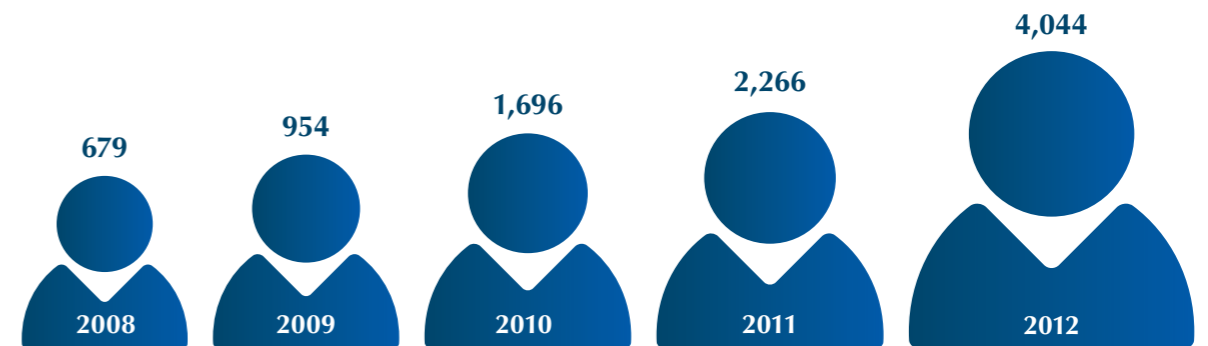
SINGAPORE REGISTRY OF SHIPS
TOTAL TONNAGE UNDER SINGAPORE FLAG
(IN '000 GROSS TONS)



TOTAL CARGO TONNAGE
IN '000 TONNES



VESSEL ARRIVAL TONNAGE
IN '000 GROSS TONS



PARTICIPANTS IN MARITIME TRAINING PROGRAMMES
UNDER MARITIME CLUSTER FUND CO-FUNDING SCHEME

Counting 2012's Accolades

4



2

1



26th AFSCA Awards 2012

The Port of Singapore was again recognised as Asia's port of choice when it bagged the 'Best Seaport in Asia' award for the 24th time and the 'Best Green Service Provider - Seaport' award for the second time at the 26th Asian Freight and Supply Chain Awards (AFSCA) in Shanghai.



Capt Lee Cheng Wee, Port Master, MPA receives 'Best Seaport in Asia' award at the 26th AFSCA in Shanghai.

Drop-In Centre of the Year 2012: International Drop-In Centre for Seafarers

During the 2012 International Seafarers' Welfare Awards ceremony at the International Maritime Organisation in London, Keppel Terminal, Port of Singapore was awarded the Drop-In Centre of the Year 2012. The International Committee on Seafarers' Welfare (ICSW) Awards recognises excellence in the provision of welfare facilities and services for seafarers.



Capt M Segar, Assistant Chief Executive (Operations), MPA receives the 'Drop-In Centre of the Year 2012' award from Mr Koji Sekimizu, Secretary General of the International Maritime Organization.



Mr Lam Yi Young, Chief Executive, MPA receives the PEP-SBF Pro Enterprise Awards from Mr Teo Ser Luck, Minister of State for Trade and Industry.

PEP-SBF Pro Enterprise Awards 2012

MPA clinched the top spot in the PEP-SBF Pro Enterprise Awards 2012. The PEP-SBF Pro Enterprise Awards 2012 is an inaugural awards event organised by the Pro-Enterprise Panel and the Singapore Business Federation, that recognises public agencies which have been assessed to be pro-enterprise by their customers based on the Pro-Enterprise Ranking Survey conducted annually since 2004. This year, 26 agencies participated in the 9th annual survey, which assessed government agencies with regulatory function on how business friendly they were.

Singapore HEALTH Awards 2012

MPA was awarded the gold award during the Singapore HEALTH Awards 2012. The Singapore HEALTH (Helping Employees Achieve Life-Time Health) Award is presented by the Health Promotion Board to give recognition to organisations with commendable Workplace Health Promotion programmes.



MPA was awarded GOLD for the Singapore HEALTH Awards 2012.

“These awards are a testament to the good support that we have received from the industry and stakeholders to develop Singapore into a choice port of call. We will continue to invest in infrastructure and introduce initiatives to ensure that the Port of Singapore remains a premier global hub port and a preferred port of call.”

MPA's Chief Executive,
Mr Lam Yi Young

Public Service Milestone Award

The Public Service Milestone Award was awarded to MPA for achieving the Singapore Quality Class, People Developer and ISO certification. Agencies which attain this cluster of business excellence standards have achieved a base level of excellence, marking a significant milestone in the start of their journey towards organisational excellence.



Mr Lam Yi Young, Chief Executive, MPA receives the Public Service Milestone Award from Mr Peter Ong Boon Kwee, Head of Civil Service.

Minister for Home Affairs Awards 2012

MPA was awarded the Minister for Home Affairs Award at the Home Team National Service Awards Presentation Ceremony 2012 in recognition of its commitment and efforts towards supporting its National Servicemen employees.

28th Community Chest Awards

MPA was awarded the Community Chest Special Events Silver Award in recognition of MPA contributions towards Community Chest's fund-raising efforts. In December 2011, MPA raised S\$65,000 for the Community Chest from over 30 organisations through the MPA 15th Anniversary Go Kart Challenge.



Muchamed Elfian Bin Harun, MPA receives the Special Events Silver Award from Mr Chan Chun Sing, Acting Minister for Social and Family Development at the 28th Community Chest Awards.

Developing Singapore as a Premier Global Hub Port.

Singapore sits strategically at the crossroads of trade, and as a global hub port, has been ranked as the world's busiest port in terms of shipping tonnage. In 2012, over 120,000 vessels called at the Port of Singapore. In addition to offering a range of reliable, value-added and cost-efficient marine services and facilities, Singapore is also the world's top bunkering port.



POCC-Vista Re-commissioned

The re-commissioning of the Port Operations Control Centre (POCC)-Vista in September 2012 marked the completion of the \$10 million upgrading project which began in August 2011.

Equipped with the next generation Vessel Traffic Information System (VTIS) that is used in POCC-Changi, the upgraded POCC-Vista can now handle up to 10,000 vessel tracks at any one time, which is double its previous capacity. This state-of-the-art VTIS is able to integrate data from various sources such as radars, the Automatic Identification System, Harbour Craft Transponder System, Closed Circuit Television System and ship databases, thereby enhancing the safety and efficiency of navigation in the Port of Singapore and the Singapore Strait.

With the upgraded POCC-Vista, vessel traffic management operations will henceforth be conducted at POCC-Vista and POCC-Changi. These two Centres are manned round the clock and are fully integrated to serve as a mutual back-up to each other. Each Centre is independently equipped to be able to assume control of all operational areas in times of an emergency affecting one Centre.



The new upgraded POCC-Vista is now equipped with a state-of-the-art Vessel Traffic Information System and enhanced capabilities.

MPA Decommissioned Singapore's first Port Operations Control Centre

Following the commissioning of the new POCC-Changi in July 2011 and the re-commissioning of POCC-Vista in September 2012, MPA officially decommissioned the POCC at Tanjong Pagar Complex (TPC) in December 2012.

The decommissioning ceremony was attended by officers who served at POCC-TPC over the years, including those who have since retired from service. The decommissioning of POCC-TPC marked the retirement of Singapore's first POCC after more than 28 years of faithful service in ensuring navigational safety of vessels in the Singapore Strait and Singapore's port waters.



Mr Lam Yi Young, Chief Executive, MPA and Capt M Segar, Assistant Chief Executive (Operations), MPA unveiling the commemorative wall plaque at POCC-TPC.

New VTM Competency and Training Framework

A new Vessel Traffic Management (VTM) Competency and Training Framework to enhance the skills and capabilities of MPA's VTM staff was implemented in December 2012. Under the framework, VTM staff working in the Port Operations Control Centre will be systematically trained and certified to operate the Vessel Traffic Information System, and to provide traffic information service to ships to enhance navigational safety in our port waters and the Singapore Strait.

More Singapore-Registered Ships

With a total tonnage of 65.0 million gross tons (GT), the Singapore Registry of Ships (SRS) ranks amongst the world's top 10 registries. In 2012, the SRS grew by 7.7 million GT, and this can be attributed to the strong support and commitment from existing SRS owners who continued to increase their fleet tonnage under the Singapore Flag, as well as a significant increase in the number of new ship owners who have chosen to fly the Singapore flag.

As a quality flag, the SRS continues to recognise that maintaining high shipping standards in terms of safety of operations and marine pollution prevention, as well as a low detention rate in the major Port State Control regimes, are critical to the reputation and attractiveness of the registry.



The SRS ranks amongst the world's top 10 registries.

Future Development of the Port of Singapore

In October 2012, Mr Lui Tuck Yew, Minister for Transport, announced a long-term plan to consolidate Singapore's container port activities at Tuas. Tuas is a suitable location because of its sheltered deep waters and proximity to both major industrial areas and international shipping routes. To maintain Singapore's hub port leadership, the new Tuas Port will be progressively developed to handle up to 65 million TEUs per annum to meet the long-term needs of the industry.

The first set of berths at Tuas is expected to be operational in about 10 years' time. As with the expansion of Pasir Panjang Terminal, MPA will develop Tuas Port in a sustainable manner and take all necessary steps to address any environmental impact from the port development and operations.



Minister for Transport, Mr Lui Tuck Yew, unveiled the plan to consolidate Singapore's container port activities at Tuas in October 2012.

Extension of Port Dues Concession

To maintain Singapore's competitiveness as a transshipment hub port and as part of continued commitment to support the container business, MPA extended the 20% port dues concession for container ship for another 2 years from 1 July 2012 to 30 June 2014. The concession scheme applies to container ships calling at Singapore with port stays of 10 days or less, and is estimated to provide cost savings of \$10.8 million annually to shipping lines.



The Marina Bay Cruise Centre Singapore was officially opened in October 2012.

Launch of Marina Bay Cruise Centre Singapore

Singapore's second cruise terminal, Marina Bay Cruise Centre Singapore, welcomed its first cruise ship in May 2012 and was officially opened in October 2012. The new terminal, together with the existing International Passenger Terminal at HarbourFront, has doubled Singapore's cruise berth capacity.

Pasir Panjang Terminal Phases 3 and 4

The expansion of Pasir Panjang Terminal (PPT) is proceeding as planned. About 85% of the land works for PPT Phases 3 and 4 has been completed and we are on track to complete the remaining works by 2014.

The first berths at PPT Phase 3 are expected to be operational in 2014. When fully completed with 15 berths by 2020, PPT Phases 3 and 4 will increase Singapore's total container handling capacity by about 50 per cent to 50 million TEUs. This will strengthen Singapore's position as the world's largest transshipment hub.

Launch of Marina South Wharves

The new Marina South Wharves (MSW) was officially opened in September 2012 by Mr Pang Kin Keong, Permanent Secretary, Ministry of Transport. Developed by MPA at a cost of S\$16 million, MSW complements the existing lighter terminal at Penjuru. Operated by Jurong Port Pte Ltd, MSW is particularly useful for lighter operators serving ships in the Eastern anchorages, given the shorter travelling distances and thus lower operating costs.

MSW has in place a new Lighter Wharf Management System (LWMS) that streamlines transactions, reduces paper consumption and eliminates manual processes. MSW is also equipped with wireless internet coverage to enable mobile transactions via the LWMS.



The Marina South Wharves was officially opened in September 2012.

Joint Oil Spill Exercise

MPA organised a full deployment, multi-agency joint oil spill exercise, code-named "JOSE 2012", in October 2012 to test and demonstrate Singapore's readiness to respond to oil spills at sea. The exercise - which saw close co-operation between MPA, relevant government agencies and industry partners - aimed to familiarise responding agencies to the Oil Spill Contingency Plan for combating major oil spills at sea. 200 personnel from various agencies participated in JOSE 2012.



JOSE 2012: Recovery of oil using a heavy duty oil recovery system.



JOSE 2012: Dispersant spraying craft combating the oil spill.

Ferry Rescue Exercises – Blue Dolphin and Heron

MPA organised a ferry rescue exercise - FEREX Blue Dolphin - in May 2012 to practise the readiness of various agencies to respond to ferry mishaps in the Port of Singapore. To inject a greater sense of realism, FEREX Blue Dolphin was an unscripted exercise where the date, time and location of the exercise were not made known to agencies beforehand. Two new facilities, namely the Marina Bay Cruise Centre Singapore and Marina South Wharves, were involved in this exercise. Taking part in the exercise were more than 300 staff from 13 agencies including the Singapore Armed Forces, Singapore Civil Defence Force, Singapore Police Force, Ministry of Health, Immigration and Checkpoints Authority, People's Association, Jurong Port, SATS-Creuers Cruise Services, Batam Fast Pte Ltd and Singapore Island Cruise Pte Ltd.



FEREX Blue Dolphin was an unscripted exercise where the date, time and location were not made known to agencies beforehand.



FEREX Blue Dolphin: SCDF personnel evacuate injured passengers.

In the second half of 2012, MPA organised another ferry rescue exercise codenamed FEREX Heron. This exercise was carried out to test the readiness of various agencies to respond to ferry mishaps in the Port of Singapore, including the procedures in handling mass casualty incidents. More than 350 personnel from nine agencies participated in FEREX Heron.



FEREX HERON: Passengers being evacuated to a Republic of Singapore Navy craft.



FEREX HERON: Medical personnel tending to injured passengers.



MPA's new patrol craft displaying its oil spill response capabilities.



MPA unveiled its brand new fleet of six patrol craft in February 2012 to further enhance safety in Singapore's port waters.

New patrol craft

MPA unveiled a new fleet of six patrol craft in February 2012 to further enhance safety in Singapore's port waters. These patrol craft have enhanced features and functionalities such as low-emission engines, streamlined hull design coated with environmentally friendly marine paints, user-friendly navigation systems and a top speed of 20 knots with reduced energy consumption. The new fleet of six patrol craft will help MPA's team of Port Inspectors who patrol the busy waterways round the clock to carry out their duties more efficiently and effectively.

Border Health Control Exercise

MPA conducted a border health control exercise at the Marina Bay Cruise Centre Singapore in July 2012 to test the setting up of thermal scanners and the management of febrile passengers. The Ministry of Health, Singapore Police Force, Immigration and Checkpoints Authority, SATS-Creuers Cruise Services, SATS Auxiliary Police Force, Medical Service Provider (Parkway Shenton), Omnisense and MPA participated in the exercise.

AIS Base stations at Loyang and Marsiling

Two more Automatic Identification System (AIS) base stations have been installed along the northern coastline at Loyang and Marsiling at the end of 2012. These stations have improved the AIS coverage of the East Johor Strait and thus enhancing navigational safety and security in this Strait.

New Flotsam Jetty at Woodlands

MPA completed the construction of the Flotsam Reception Jetty at Woodlands in October 2012. This provides a new custom-built landing point for garbage and flotsam collection craft to transfer collected garbage and flotsam to shore for proper disposal.



The 17th SIBCON officiated by Minister for Transport Mr Lui Tuck Yew in October 2012 at Resorts World Sentosa.

SIBCON 2012 – Achieving Sustainable Solutions for Marine Fuels

The 17th Singapore International Bunkering Conference and Exhibition (SIBCON) organised by MPA saw a record turnout of 1,614 delegates at Resorts World Sentosa. Opened by Mr Lui Tuck Yew, Minister for Transport, the biennial event is a platform for bunkering and shipping professionals to connect with industry thought leaders.

Prominent members of the maritime industry delivered keynotes and industry addresses throughout the four day event on market drivers and how the industry should respond to the challenges. Speakers also commented on pressing issues affecting the marine fuels industry, including market projections, the use of Liquefied Natural Gas as bunker fuel, and compliance with international regulations. Various initiatives were introduced at SIBCON to enhance the quality of bunkering in Singapore. The event also offered numerous networking opportunities for participants including a golf challenge and networking cocktail session.

Amendments to Code for Bunkering

MPA and SPRING Singapore amended the Singapore Standard Code of Practice for Bunkering (SS 600:2008), and the Singapore Standard Specification for Quality Management for Bunker Supply Chain (QMBS) (SS 524:2006). The amendments take effect from January 2013, and will tighten the quality of bunker deliveries in Singapore.



Minister for Transport, Mr Lui Tuck Yew touring the SIBCON exhibition.



Mr Kwa Chong Seng, Chairman, NOL Group delivered a keynote address on charting a new course for global shipping.

Enhancing quality of bunkering in Singapore

During the opening ceremony of SIBCON 2012, Mr Lui Tuck Yew, Minister for Transport, announced the introduction of an information sheet on licensed bunker suppliers. Available on MPA's website, the information sheet allows shipowners to make more informed decisions in appointing bunker suppliers by providing details on sales performance, technical performance and other value-added propositions.

MPA also established a bunkering assistance hotline – 1800-BUNKERS – for the industry to contact MPA for on-site assistance in the event of bunker disputes. Started in November 2012, the 24/7 hotline enhances the bunkering experience offered in the Port of Singapore by facilitating bunker dispute management.

In addition, MPA embarked on a study of frothed bunkers which aims to verify the presence of frothed bunkers and the impact of such frothing during the custody transfer of bunker fuel. This ongoing study is expected to be completed in 2013.

Joint Industry Project on LNG Bunkering

MPA participated in a Joint Industry Project (JIP) on the Operational Feasibility of LNG Bunkering in Singapore. The JIP, which was co-funded and supported by MPA's Maritime Innovation and Technology (MINT) Fund, covers issues like technical feasibility, best practices, safety and regulations relating to LNG bunkering in Singapore.

The JIP is in line with MPA's commitment to promote clean and green shipping in Singapore, and the results of the study will provide MPA and the industry with operational and technical information necessary to implement LNG bunkering in Singapore. A total of 21 organisations took part in the JIP.

ExxonMobil first to use Mass Flow Metering System

A custody transfer between ExxonMobil-chartered bunker tanker MT Emissary and container ship Kota Layang in July 2012 marked the first transfer using a mass flow metering system approved by MPA for bunker fuel delivery. To achieve this significant milestone for the industry, MPA worked with SPRING Singapore, the Singapore Shipping Association and various industry players to test and develop procedures for the use of mass flow meters in bunkering operations in Singapore.



Launch of the first mass flow metering system for commercial delivery in Singapore in July 2012.



Bunker tanker MT Emissary alongside Kota Layang for the first commercial delivery with the mass flow metering system.

MPA Hands Over Fire Fighting and Rescue Functions to SCDF

In April 2012, MPA handed over the marine fire-fighting and rescue functions to the Singapore Civil Defence Force (SCDF). To ensure a seamless transition, both agencies worked closely on the transfer of manpower and assets, including the training of relevant SCDF personnel in marine fire-fighting and rescue skills.

SCDF has since established a dedicated unit - the Civil Defence Marine Command – to enhance its capabilities to respond to marine fire and rescue incidents. The transfer of the marine fire-fighting function to the SCDF will also pool Singapore’s fire-fighting resources within one agency, hence enhancing the level and type of service rendered.



SCDF took over the marine fire-fighting and rescue functions in April 2012.



Mr Lucien Wong, Chairman, MPA presenting hampers to the shipping industry.

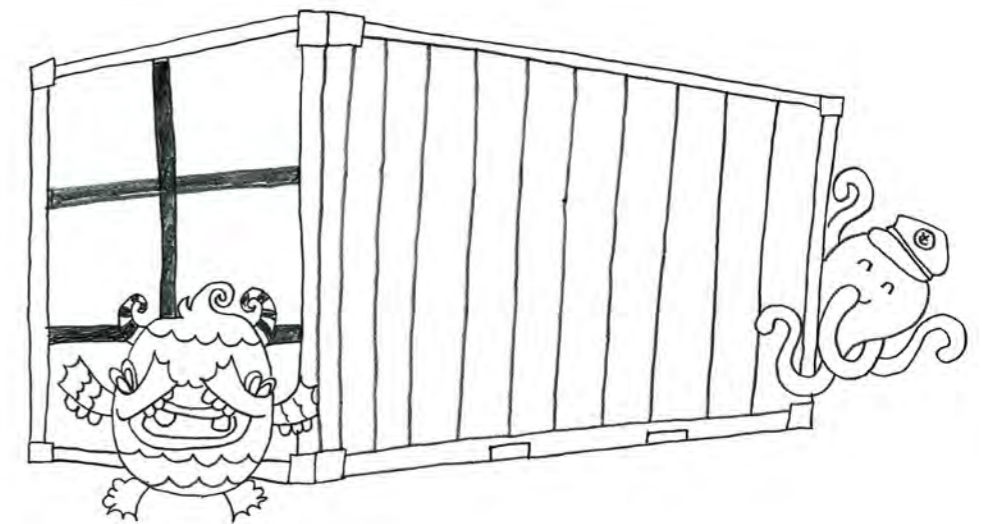
Recognising Seafarers' Contributions on World Maritime Day

To celebrate World Maritime Day 2012, MPA, the Singapore Maritime Officers' Union (SMOU) and Singapore Organisation of Seamen (SOS), jointly distributed 600 hampers to ships have called at Singapore. This initiative recognises the important contributions of seafarers in the maritime industry, and demonstrates the strong co-operation between MPA and the seafarer unions in promoting the interests and welfare of the seafarers. Mr Lucien Wong, Chairman, MPA, presented hampers to 30 representatives from the shipping industry.



USD 1 Million Next Generation Container Port Challenge

The Next Generation Container Port (NGCP) Challenge, jointly organised by MPA and the Singapore Maritime Institute, was launched in April 2012. Local and overseas companies and research institutes were invited to submit proposals that would help to bring forth quantum improvements in port performance, productivity, and sustainability for the next generation of container ports. Results will be announced during Singapore Maritime Week 2013. The winning submission stands to receive the top prize of US\$1 million.





Promoting Singapore as an International Maritime Centre.

With a thriving ecosystem of marine and port services, strong economic links and connectivity to major world markets, Singapore is where the international maritime community congregates, and where ideas and opportunities abound.

Growing the pool of shipowners and operators

2012 saw a number of shipping companies expanding their operations in Singapore. These range from companies involved in traditional shipping to those in the offshore sector. 14 new shipping groups were awarded the Maritime Sector Incentive – Approved International Shipping Enterprise (“MSI – AIS”) award, bringing the total number of international shipping groups in Singapore to about 130.



Mr Jason Waldie from Douglas Westwood at the MPA-SGX LNG Shipping Workshop for Analysts.

Developing our maritime services

Besides the pool of shipowners and operators, the cluster of maritime service providers also continued to grow, with 4 new companies being awarded the Maritime Sector Incentive – Shipping-related Support Services (“MSI-SSS”) award in 2012.

Singapore is home to 4 International Group Protection & Indemnity Clubs as well as the Lloyd’s Asia platform, which comprises about 20 Lloyd’s Syndicates writing marine and/or offshore energy business. In the area of risk management, MPA supported the SGX AsiaClear in successfully developing and launching Forward Freight Agreement (FFA) Options clearing capabilities. In raising awareness and understanding of shipping, MPA collaborated with the Singapore Exchange (SGX) to organise the “SGX-MPA Shipping Workshop for Analysts”, which was attended by some 90 equity analysts, bank executives and issue managers.

Singapore’s shipbroking sector also continued to grow, with some of the leading Singapore-based shipbrokers expanding their operations in Singapore. Singapore also made good progress in the maritime arbitration scene with the Baltic and International Maritime Council (BIMCO) including Singapore as a third seat of arbitration, after London and New York, in all its new and revised forms.

More clean energy projects

In April 2012, MPA, BW Ventures (BWV) and the Singapore Maritime Institute (SMI) signed a Memorandum of Understanding on Maritime Environment and Clean Energy to develop a Green Marine Innovation Centre (GMIC) to support R&D of clean energy technologies with maritime applications.

The GMIC will provide shared resources, including administrative functions, R&D personnel and laboratory facilities for green technology companies housed within the centre. Through GMIC, BWV will encourage its portfolio companies to develop R&D capabilities in Singapore, with the aim to improve on and commercialise their technologies. Under the MOU, MPA and BWV each pledged S\$5 million over the next five years to support projects driven by the GMIC.



(From left) Mr Andreas Sohlen-Pao, BWV Director and BW Maritime CEO, Mr Lam Yi Young, Chief Executive, MPA and Mr Heng Chiang Gnee, Executive Director, SMI at the MOU signing ceremony.

Manpower Development

To address industry concerns about manpower growth, development and talent retention, MPA enhanced manpower development programmes under the Maritime Cluster Fund (MCF) by enlarging the scope of supportable activities. MPA also enhanced its MCF co-funding support for manpower development activities from 50% to 70% for a period of three years. In 2012, more than 900 companies and 4,000 individuals benefitted from the MCF-Manpower Development programme.

As part of enhancing the maritime education landscape to meet the industry's manpower needs, MPA supported the conceptualisation of the Higher Nitec in Shipping Operations and Services course which would be launched by the Institute of Technical Education (ITE) in 2013.

To attract more youths to consider seafaring as a career, MPA, together with shipping companies and local seafaring unions, awarded 12 seafaring scholarships to sponsor students' pursuit of maritime diplomas and professional qualifications. MPA and the Singapore Maritime Officers' Union also organised two Young Mariners' Networking Events for seafaring scholars to bond and strengthen their network.



Young Mariner's networking event for seafaring scholars to bond and strengthen their network.

As part of the Maritime Outreach Network's (MaritimeONE) efforts to increase awareness of the maritime industry as well as the education and career opportunities available to students, MPA organised the first MaritimeONE Teacher Outreach Event, and supported the inaugural Maritime Open House led by SSA.

The maritime careers portal was also revamped to include new features such as a resume deposit function for job seekers. The website is a one-stop portal providing information on the diverse range of maritime education and training programmes available in Singapore, as well as the exciting career prospects in the maritime industry. The portal also serves as an outreach platform, allowing people to view maritime-related articles and videos to deepen their understanding of the maritime industry.

Over S\$7 million pledged to groom local industry talents

MPA, Singapore Workforce Development Agency (WDA) and e2i (Employment and Employability Institute) pledged more than S\$7 million to launch two initiatives to attract locals to the harbour craft sector.

The first initiative is a new traineeship programme to train Singaporeans to work as engineers on board ships that ply within "Special Limits" in and near Singapore. Serving on board such ships involve shorter voyages, allowing officers to spend more time with their families. Launched in October 2012, this 13-month programme is pegged to the Certificate of Competency (CoC) (Special Limits) framework and will cover marine engineering studies, basic safety skills, and ship board training.

The second initiative is an increase of training allowances for Marine Engineer Officers cadets and Deck Officers cadets under the "Special Limits" programmes. From October 2012, each cadet will receive up to \$1,400 a month as he progresses through the programme.

Singapore Maritime Gallery opens!

The Singapore Maritime Gallery was officially opened by Minister for Transport, Mr Lui Tuck Yew in September 2012. Developed by MPA, the modern and interactive Gallery showcased the diversity and vibrancy of Singapore's maritime industry. Highlights include a ship bridge simulator, where visitors will be able to experience being a seafarer for a day and learn how to steer and berth a ship under various sea conditions, and a Vessel Traffic Information System console where visitors will learn how to handle challenging vessel traffic management operations. The Gallery was developed with the support and assistance of key partners from the maritime industry.



Singapore Maritime Gallery was officially opened in September 2012.



Mr Lui Tuck Yew, Minister for Transport toured the Gallery.



Families of the maritime industry and associates visited the Gallery during the opening.



MPA staff and family members spent an enjoyable afternoon at the Gallery.



"Our Maritime Cluster is now a healthy ecosystem with more than 5,000 companies contributing some 7% to Singapore's GDP."

Minister of State for Finance and Transport,
Mrs Josephine Teo

Singapore Maritime Week 2012

Launched on 22 April 2012 by Mr Lui Tuck Yew, Minister for Transport, the 7th Singapore Maritime Week (SMW) gathered the international community for a week of conferences, dialogues, exhibitions and social events, in celebration for all things maritime. SMW 2012 saw a total of 25 events with over 40,000 participants.



The 7th Singapore Maritime Week was launched in April 2012 by Mr Lui Tuck Yew, Minister for Transport at VivoCity.

Your Colourful World of Containers

A design competition themed “Your Colourful World of Containers” was jointly organised by MPA and the Nanyang Academy of Fine Arts as part of SMW’s public outreach activities as well as to celebrate 40 years of containerisation in Singapore. A total of 466 entries from both the NAFA category and the Open category were received. The winner of the Open category was Ms Liew Chia Chyun for her entry “A to Z Ingredients for Singapore”. Her creation was an illustration of 26 items – from A to Z – carried in containers that are needed for nation building and creating a successful business hub.



SMW Exhibition



To raise awareness of Maritime Singapore, SMW 2012 incorporated various outreach events to engage the public. The Walk through Maritime Singapore exhibition held at VivoCity attracted over 28,000 visitors with its display of colourful container designs, interactive panels on various facets of Maritime Singapore and fun activity corners. Visitors to the exhibition could also design their own cardboard containers and stamp their exhibition passports at each panel. These activities turned out to be a huge draw for the young, who were game for art-and-craft sessions while learning more about the maritime industry.



Amazing Maritime Challenge

The Amazing Maritime Challenge, jointly organised by MPA, the Singapore Maritime Foundation, the Singapore Shipping Association and the Association of Singapore Marine Industries, was another well-received SMW outreach event. Over 800 people from all walks of life participated in nine maritime-themed game stations in and around the Maritime Experiential Museum at Sentosa. Participants were put through nine stations, which challenged them in activities such as manoeuvring remote control boats and spotting maritime signal flags.



Maritime Learning Journeys

More than 400 students, maritime employees and selected fans of the SMW Facebook page had the rare opportunity to go on the Maritime Learning Journeys held during SMW. They visited the Integrated Simulation Centre at Singapore Polytechnic, and went for a sea tour which led them to Raffles Lighthouse. Participants were also treated to a rare glimpse of the maritime operations carried out in the Port of Singapore and got a firsthand experience of Singapore’s dynamic maritime industry and the career opportunities available.





6th Singapore Maritime Lecture

Mr Koji Sekimizu, Secretary-General of the International Maritime Organization (IMO), delivered the 6th Singapore Maritime Lecture to key maritime leaders, in which he shared his views on the future challenges of international shipping and the IMO.



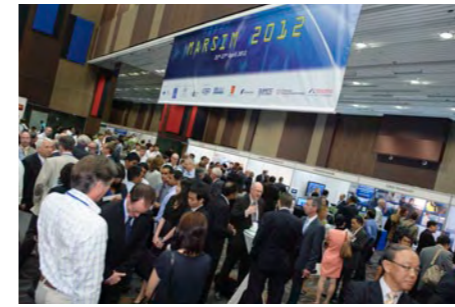
ReCAAP Conference on Piracy

To further promote the safety of vessels at sea, the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) Information Sharing Centre hosted a conference that was themed "Safeguarding Seafarers: A Shared Responsibility".



BIMCO Annual General Meeting

The 2012 BIMCO Annual General Meeting conference, themed "Perspectives in Shipping – Survival through Innovation", and the BIMCO reception were held in conjunction with SMW 2012.



MARTECH/MARSIM 2012

The Singapore Maritime Academy celebrated 55 years of maritime education and training this year, and hosted MARSIM 2012 in line with its biennial MARTECH series.

Sea Asia 2013 launch

The Sea Asia 2013 Launch Party took place on 24 April 2012. Themed "The Asian Voice in World Shipping – Here To Stay", Sea Asia 2013 will take place from 9 to 11 April 2013, in conjunction with Singapore Maritime Week 2013. Over 180 sponsors, maritime partners and exhibitors joined in the joyous occasion. The fourth edition of Sea Asia aims to attract 14,000 participants, both locally and around the world.

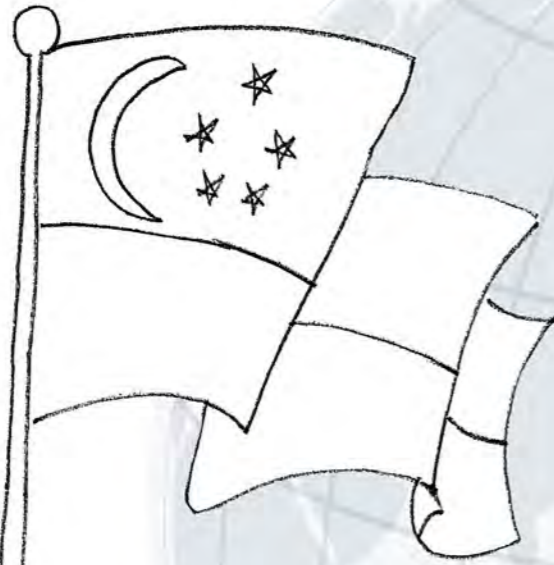


Other SMW 2012 events includes (from left) BIMCO reception, Singapore Maritime Institute (SMI) International Advisory Panel Meeting and Consultative Shipping Group (CSG) and International Chamber of Shipping (ICS) Shipping Policy Seminar.

"We are heartened by the excellent response and support from the maritime community and the general public to our Singapore Maritime Week outreach activities. We hope that through these activities, we are able to share with the wider community about Singapore's dynamic and exciting maritime sector."

Chief Executive of MPA, Mr Lam Yi Young.





Advancing and Safeguarding our Strategic Maritime Interests

is central to Singapore's continued success as a global hub. MPA continues to build sound relationships with the international community, nurturing existing partnerships and forging new ones in the region and around the world.



Singapore to host the ReCAAP ISC for another 5 years

In March 2012, Singapore reaffirmed its commitment to international co-operation to combat piracy and armed robbery against ships in Asia, as Mr Lam Yi Young, Chief Executive, MPA and Mr Yoshihisa Endo, Executive Director of the Regional Co-operation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia (ReCAAP) Information Sharing Centre (ISC), signed a Headquarters Agreement where Singapore renewed its commitment to host the ReCAAP ISC for another five years. The signing was witnessed by Mr Lui Tuck Yew, Minister for Transport, and VADM Edmund Tan, then Chairperson of the ReCAAP ISC Governing Council and Philippines Governor to the ReCAAP ISC.



Mr Lam Yi Young, Chief Executive, MPA and Mr Yoshihisa Endo, Executive Director of the ReCAAP signed the Headquarters Agreement.

Leadership positions at IMO

At the 91st session of the IMO Maritime Safety Committee (MSC) in November 2012, MPA's Assistant Chief Executive (Operations), Capt Muhammad Segar, was unanimously re-elected as the Vice-Chairman of the MSC for 2013. Singapore also chaired three Working Groups at the IMO in 2012 – "Passenger Ship Safety", "Reducing Administrative Burdens", and "Capacity Building Needs Analysis". These achievements reflect Singapore's strong standing at the IMO.

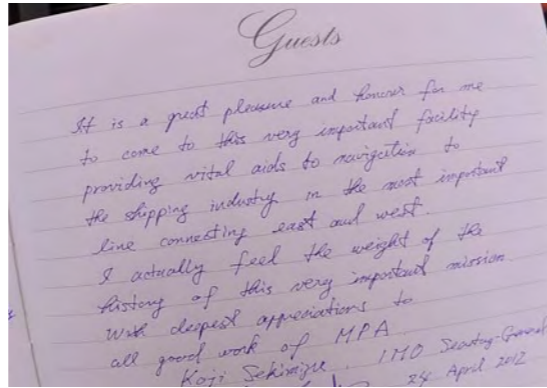
"As a global hub port and a major flag state, Singapore is committed to combating piracy and armed robbery at sea. This new Headquarters Agreement will enable the ReCAAP ISC to strengthen its partnership with governments and the industry towards safe and secure shipping in Asia."

Minister for Transport,
Mr Lui Tuck Yew.

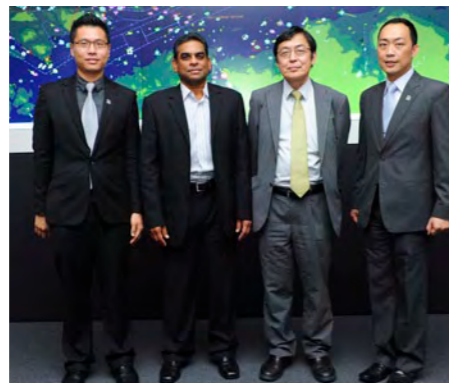
Distinguished Visitors Programme

MPA hosted five key maritime officials under the MPA Distinguished Visitors Programme (DVP) in 2012. The DVP was established in 1997 to engage and strengthen relations between MPA and leaders of the international maritime community. It provides a platform to exchange views and ideas on important maritime issues.

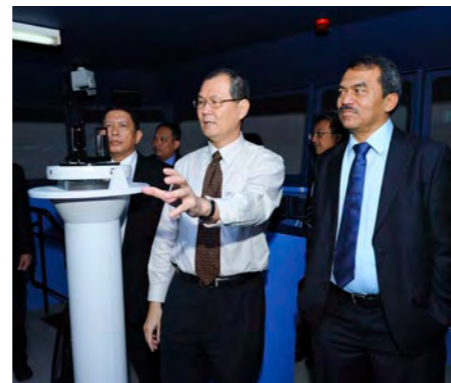
The five officials hosted under the DVP in 2012 were Mr Norifumi Idee, then-Policy Adviser to the Minister, Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Japan; Mr Leon Muhamad, then-Director-General, Directorate General of Sea Transportation (DGST), Ministry of Transportation of the Republic of Indonesia; Mr Koji Sekimizu, Secretary-General, IMO; Vice Admiral Enrique Larrañaga Martin, Director-General, Directorate of Maritime Territory and Merchant Marine (DIRECTEMAR), Republic of Chile; and Admiral Robert J. Papp, Jr., Commandant, United States Coast Guard. During their visits, the officials met with key officials from the Ministry of Transport and MPA, and visited key MPA facilities.



Admiral Robert J. Papp, Jr. called on Minister for Transport, Mr Lui Tuck Yew.



Mr Norifumi Idee visited the Port Operations Control Centre.



Mr Leon Muhamad visited the Integrated Simulation Centre.



Mr Lam Yi Young, Chief Executive, MPA presented a memento to Vice Admiral Enrique Larrañaga Martin.



MPA hosted Mr Koji Sekimizu at Raffles Lighthouse.

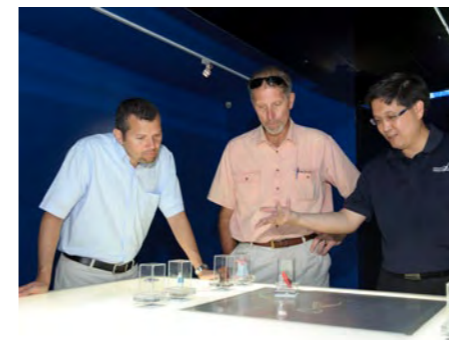


MPA hosted Mr Jo Espinoza, Director of Administrative Division, IMO.

Maritime Visitors Programme

The Maritime Visitors Programme (MVP) was established in 2010 to complement the Distinguished Visitors Programme (DVP). Under the MVP, MPA plays host to influential maritime personalities and facilitates the exchange of views and ideas on important maritime issues.

In 2012, MPA hosted Mr Jo Espinoza, Director of Administrative Division, IMO; Mr Jeffrey Lantz, Director of National and International Standards, United States Coast Guard, and the IMO Council Chairman; and Mr Arsenio Dominguez, Technical Adviser, Panama Maritime Authority, and the IMO Marine Environment Protection Committee (MEPC) Vice-Chairman.



Mr Arsenio Dominguez and Mr Jeffrey Lantz visit the Singapore Maritime Gallery.

Maritime Co-operation in the Straits of Malacca and Singapore

In September 2012, MPA hosted the 5th Co-operation Forum (CF), 5th Project Coordination Committee (PCC) Meeting and the 37th Tripartite Technical Experts Group (TTEG) Meeting. Together with the Aids to Navigation Fund, the CF and the PCC form the three pillars of the Co-operative Mechanism on Safety of Navigation and Environmental Protection in the Straits of Malacca and Singapore (SOMS).



The three littoral States - Indonesia, Malaysia and Singapore - signed Letters of Acknowledgement to co-operate to achieve institutional sustainability of the Marine Electronic Highway (MEH).

The objective of the Co-operative Mechanism is to promote dialogue and facilitate close co-operation between the littoral States (Indonesia, Malaysia and Singapore), user States and other stakeholders.

At the 5th CF, the littoral States, user States and other stakeholders of the SOMS had a fruitful exchange of views and perspectives on safety of navigation and environmental protection in the SOMS. Indonesia, Malaysia and Singapore also signed Letters of Acknowledgement to co-operate to achieve institutional sustainability of the Marine Electronic Highway (MEH) through the Tripartite Technical Experts Group and Co-operative Mechanism. Some 150 delegates from 32 countries and 14 organisations attended the 5th CF.

At the 5th PCC meeting, good progress was seen in all ongoing projects. For the 37th TTEG Meeting, two projects were officially declared completed and a new Straits Project was established.



MPA hosted the Co-operation Forum from 24 to 25 September 2012.

2nd Maritime Public Leaders' Programme

Senior maritime representatives from 11 countries participated in the 2nd Maritime Public Leaders' Programme (MPLP) in October 2012. The MPLP seeks to provide a sharing and learning platform for senior administrators and up-and-coming maritime officials. It is organised by MPA, in partnership with the Nanyang Technological University, and supported by the Ministry of Foreign Affairs under the Singapore Co-operation Programme.

The 2nd MPLP covered diverse topics, ranging from port planning and management, shipping economics and finance, maritime law and security, to public leadership and governance. Lecturers and speakers for the programme included professors from various tertiary institutions, as well as influential personalities in the international maritime community. Participants also visited some of Singapore's maritime facilities to learn about the policies and processes that have facilitated the country's development as a global hub port.



Senior maritime representatives from 11 countries participated in the 2nd Maritime Public Leaders' Programme organised by MPA.

More countries in TCTP

In April 2012, International Maritime Organization (IMO) Secretary-General Koji Sekimizu and MPA Chief Executive, Mr Lam Yi Young exchanged letters to effect an expanded geographical coverage of the Memorandum of Understanding (MOU) between Singapore and the IMO on the Third Country Training Programme (TCTP). The expanded coverage includes Latin America and the Caribbean. The TCTP was first signed in September 1998 to provide for the joint delivery of technical assistance to developing countries in the Asia-Pacific and Africa.

In 2012, MPA conducted several TCTP workshops, including a Regional Voluntary IMO Member State Audit Scheme (VIMSAS) Workshop in Fiji, Regional Workshop on Marine Accident and Incident Investigation in Bangkok, Thailand, and Regional Workshop on Developing a Regional Strategy and Action Plan to Implement the Ballast Water Management Convention in Singapore.



Ballast Water Management Convention, one of the TCTP workshops conducted by MPA.



MPA hosted over 20 maritime students from 14 countries from 5 to 9 March 2012.

MPA hosts students from the World Maritime University

MPA hosted a group of over 20 maritime students from 14 different countries, who were pursuing the Masters Programme in Shipping and Port Management at the World Maritime University. The visit was aimed at helping the students learn about port operations and management in Singapore, and to exchange insights on the development of the shipping industry.

The five-day programme included visits to the PSA Institute, MPA's Port Operations Control Centre – Changi, and MPA's Integrated Simulation Centre. The students observed how maritime training for ship officers is conducted in Singapore through the use of simulators.

MPA has been hosting annual visits by World Maritime University students since 2004. These visits reflect MPA's commitment to contribute actively to the maritime community through the sharing of maritime expertise and capacity building.

Maritime Labour Convention

Preparations to implement the Maritime Labour Convention (MLC) continued in 2012. Aimed at safeguarding the welfare and interests of seafarers, the MLC will come into force in August 2013. As a party of the MLC, Singapore is committed to ensuring and improving the interests of seafarers in a wide range of areas such as employment conditions, health protection and minimum hours of rest, among others.

MPA is working with its tripartite partners – the Singapore Shipping Association, the Singapore Maritime Employers' Federation, the Singapore Maritime Officers' Union, the Singapore Organisation of Seamen and the Ministry of Manpower – to prepare for the smooth implementation of the MLC.

22nd PSCC meeting

The Tokyo Memorandum of Understanding (MOU) is a mechanism for regional Port State authorities in the Asia-Pacific region to work toward ensuring that ships visiting their ports comply with international shipping regulations. This is achieved through establishing an effective Port State Control regime through co-operation and harmonisation of activities.

Singapore chaired the 22nd Port State Control Committee (PSCC) meeting held in April 2012, which was attended by representatives from the Tokyo MOU and external observers. Key outcomes of the meeting included the acceptance of Peru as a co-operating member of the Tokyo MOU, and implementation of permanent measures against under-performing ships, including the publication of these ships' details on the Tokyo MOU website and the increased frequency and targeting of these ships by Tokyo MOU member Authorities.

Green light for night signals

The International Maritime Organization approved the littoral States' - Singapore, Malaysia and Indonesia - proposal on a display of night signals by ships. The signal - consisting of three vertical all-round green lights - is a recommended measure for vessels crossing the Traffic Separation Scheme and Precautionary Areas in the Singapore Strait, during the hours of darkness.

“The Singapore Government is committed to supporting the industry’s drive towards environmental sustainability.”

Emeritus Senior Minister,
Mr Goh Chok Tong.



ENC's Coverage Extended

As part of the East Asia Hydrographic Commission's (EAHC) efforts to improve navigational safety, the Commission embarked to increase Electronic Navigational Charts (ENC) coverage of the region for use with Electronic Chart Display and Information System (ECDIS).

MPA chaired the EAHC ENC task group that looked into the updating of the South China Sea ENCs. The latest South China Sea ENCs were launched in June 2012 in conjunction with the 2012 World Hydrography Day. To complement the South China Sea ENCs, the EAHC jointly produced small scale East Asia ENCs covering the wider East Asia region.

ENC production and quality assurance were jointly carried out by the 9 EAHC member States to provide users with official, up-to-date and harmonised information for navigation.

3rd Edition of Malacca and Singapore Straits Electronic Navigational Chart

In May 2012, the Hydrographic Offices (HOs) of the three littoral states of the Malacca and Singapore Straits, namely Indonesia, Malaysia and Singapore, together with the Japan Hydrographic Association (JHA), jointly announced the commercial release of the 3rd Edition of the official Malacca and Singapore Straits Electronic Navigational Charts (MSS ENC).

The availability of the official MSS ENC would benefit the shipping community as it provides mariners with important information on the area. The MSS ENC, together with ECDIS, will serve as a useful tool to aid ships as they navigate through the busy waterways. This would further enhance navigational safety, help minimise shipping casualties and protect the marine environment.

Maritime Singapore Green initiative

MPA continued to promote the Maritime Singapore Green Initiative with good results. The Maritime Singapore Green Initiative was launched by MPA in 2011 to reduce the environmental impact of shipping and related activities and to promote clean and green shipping in Singapore. It is a comprehensive initiative comprising three programmes – Green Ship Programme, Green Port Programme and Green Technology Programme. MPA pledged to invest up to \$100 million over a period of five years in the Maritime Singapore Green Initiative.

As of December 2012, 37 Singapore-flagged ships have been recognised as Green Ships under the Green Ship Programme, 369 ships have registered for the Green Port Programme and \$7.7 million of co-funding has been approved under the Green Technology Programme.

In 2012, 28 companies came together to sign the Maritime Singapore Green Pledge at two Maritime Singapore Green Pledge signing ceremonies facilitated by MPA. This brings the total number of signatories to 40.



In January 2012, 15 organisations signed the Maritime Singapore Green Pledge at the second Green Pledge signing ceremony.

- | | |
|--|--|
| 1. American Bureau of Shipping | 9. Nippon Kaiji Kyokai (ClassNK) |
| 2. Bureau Veritas Marine (Singapore) Pte Ltd | 10. NYK Bulkship (Asia) Pte Ltd |
| 3. China Classification Society | 11. NYK Group South Asia Pte Ltd |
| 4. Det Norske Veritas Pte Ltd | 12. RINA Hong Kong Limited Singapore Branch |
| 5. Germanischer Lloyd | 13. ST Shipping & Transport Pte.Ltd |
| 6. Korean Register of Shipping (KR) | 14. Tolani Shipping (Singapore) Pte Ltd |
| 7. Lloyd's Register Asia | 15. Wallenius Wilhelmsen Logistics AS (Singapore Branch) |
| 8. Masterbulk Pte Ltd | |



In October 2012, 13 organisations signed the Maritime Singapore Green Pledge at the third Green Pledge signing ceremony.

- | | |
|--|---|
| 1. ABB Private Limited | 8. Hanjin Shipping |
| 2. AET Shipmanagement (Singapore) | 9. IMC Industrial Group |
| 3. British Marine (Asia) Private Limited | 10. M.T.M Ship Management Private Limited |
| 4. BW Maritime | 11. Norgas Carriers Private Limited |
| 5. Evergas | 12. Ultrabulk Shipholding (Singapore) Private Limited |
| 6. Hamburg Süd Hong Kong Limited | 13. Wan Hai Lines |
| 7. Hong Lam Marine | |



Caring for our People

MPA is built on team effort, driven by the dedication and motivation of our people. In addition to skill and knowledge development programmes, MPA also sets out to provide a balanced and warm working environment for staff, and makes efforts to give back to the community.



ExCEL with heart

In November, MPA took part in the Ministry of Transport's PS21 ExCEL Convention at Gardens by the Bay. The event, themed "Together, ExCEL with a Heart", built on the key thrusts of the ExCEL movement, emphasised a single Public Service working in unison within, as well as with the public, in delivering excellent people-centric policy outcomes and services. The element of the "Heart" underscored the need to demonstrate care and empathy in policy formulation and service delivery.

MPA led the Learning Journeys Sub-Committee, which organised a total of 23 learning journeys to public and private organisations. MPA also showcased 2 projects: Anchorage View Management and the Singapore Maritime Gallery at the exhibition showcase held at Gardens by the Bay.



MPA organised learning journeys to public and private organisations.



MPA exhibited both the Anchorage View Management and Singapore Maritime Gallery projects at the exhibition.

Together, we CAN!

The MPA Corporate Activist Network (CAN) is part of MPA's commitment towards excellence in the key success areas of People, System, Resources, Partners and Customers. The key objective behind MPA CAN is to tap on the ideas, creativity and energy of staff and to empower our people to make MPA a great place to work in.

The **Communication Activist Network** continued to produce e-newsletter - *On the Deck* - to enhance communication within MPA while **Learning and Innovation Activist Network (LIAN)** introduced the innovation light bulb that focused on four sectors of innovation – structure, platforms, culture and knowledge. To spread the innovation message, staff were given a mouse pad with MPA's innovation message.



'doing it better' – a mouse pad communicates the innovation message.



On the deck: enhancing communication within MPA.

WOW Week

The annual Well-On-Work-Life (WOW) week jointly organised by the **Work-life Activist Network (WAN)**, **Staff Well-Being Activist Network (SWAN)** and **CARE** team is a week packed with activities to promote work-life harmony. Held in June, WOW Week comprised a series of activities including workplace emotional health activities, Junior@Work, learning journeys and fund raising activities.



Junior@Work: a day for MPA staff to bring their children to work and take part in fun activities and games.



MPA staff participation in WOW Week activities - Wellness roadshow and Ergonomic Demonstration.

MPA Learning Fiesta 2012

The 3rd MPA Learning Fiesta was jointly organised by MPA's Human Resource Department (HRD), LIAN, **Service Excellence Activist Network (SEAN)** and SWAN. Held in August, it featured an intensive week of learning, packed with a total of 16 diverse and interesting programme where staff had the chance to experience the four learning dimensions of OWL (Opportunities With Learning): Grow (structured class-room learning), Explore (experiential Learning), Aspire (additional learning for personal development) and Reflect (self learning through own reflection).



Learning Fiesta 2012 featured a week of diverse and interesting programmes from a Balloon Sculpting workshop to Learning Journeys.

Promoting work-life Harmony

As part of MPA's continuing efforts to promote work-life harmony, HRD and WAN introduced the 'Parent Care Leave' and 'Back to School with Parents Leave'.

Promoting life-long Learning

MPA In-Service Sponsorship Scheme for Part-Time Studies was also introduced as part of MPA's continual efforts to encourage life-long learning.

Promoting responsible environmental practices

MPA staff joined in the Singapore Green One (G1) Campaign organised by the Singapore Environmental Council - Singapore's largest environmentally-sustainable lifestyle event on 2 September. This year's theme, Live Green, is distinctive as it marries both "healthy living and the environment". This campaign hopes to reduce carbon footprint by increasing awareness of the issue.

The MPA Incredibles!

SWAN organised numerous fun events for staff during the year including the MPA Dinner and Dance in August 2012. With the Theme "The MPA Incredibles", MPA staff enjoyed an evening of entertainment and fun.



Family Day 2012

MPA Family Day 2012 was also organised by SWAN. Held at the Singapore Zoo, MPA staff and their families members bonded over carnival games and snack stalls as well as interactive corners where families gathered together to design craft works.



Healthy Lifestyle

Throughout the year, SWAN distributed fruits and shared health tips with staff on the first Wednesday of every month. To encourage a healthy lifestyle, SWAN also organised the quarterly Healthy Fun Day. Staff jogged or brisk walked at parks including the Singapore Botanical Gardens, Berlayer Creek at Labrador Park, MacRitchie Reservoir and East Coast Park. At the end of the session, staff were treated to a fruit feast.



Interest Groups Framework

To actively support staff in their pursuit of various interest and hobbies, SWAN and WAN introduced the MPA Interest Groups (IG) Framework. At the end of 2012, 17 IGs were formed with more than 400 staff participating in one IG or another.



CORPORATE SOCIAL RESPONSIBILITY

As the leading maritime agency driving Singapore's global maritime aspirations, MPA believes in being a responsible corporate citizen. We are committed to promoting responsible environmental practices, encouraging community involvement and caring for our employees.

MOT Family Charity Outreach 2012

To keep up with MPA's spirit of caring and striving to make a difference, MPA staff raised funds for the Community Chest of Singapore as part of the 'MOT Family Charity Outreach 2012' project. The total amount raised was presented by MOT to the Community Chest of Singapore, in a cheque presentation ceremony in September 2012.



MPA staff contributed over \$20,000 in cash and vouchers through the various activities organised by the CARE Team. The activities included MPA Cares Pledge, "Say it with Flowers" for Mother's Day, Flea Market during Well-On-Worklife (WOW) Week and e-bidding. Staff also donated shopping vouchers that they have received as part of the corporate gift and birthday gift. This amount raised is in addition to the \$17,000 that MPA staff contributed through the SHARE programme, an initiative which allowed staff to pledge a monthly donation which goes directly towards the beneficiaries of the Community Chest.



Spring cleaning for the elderly

20 volunteers from MPA rolled up their sleeves to spring clean homes belonging to seniors from the Seniors' Activity Centre (SAC), Asian Women's Welfare Association (AWWA) in February.



Mooncake Festival Charity Outreach

The CARE Team organised the mooncake festival charity outreach for clients of AWWA SAC and Redhill Moral SAC. MPA staff contributed mooncakes, pomelos and supermarket vouchers for the seniors. Volunteers interacted with seniors at a karaoke session and a mooncake-making competition.



New Year cheers!

MPA staff came together to help spread the new year cheers, to fulfill the New Year wish lists of clients of AWWA SAC, Redhill Moral SAC and Tanjong Pagar FSC.



LAST PAGE

This Annual Report is brought to you by the
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Ernie Leong
Shipping Division



Ashton Tan
Technology Division





mpa financial report 2012



STATEMENT BY BOARD OF MEMBERS

For the financial year ended 31 December 2012

In the opinion of the Board of Members,

- (a) the consolidated financial statements of The Maritime and Port Authority of Singapore and its subsidiary (the "Authority") set out on pages 4 to 54 are properly drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2012 and of the results of the business, changes in reserves and cash flows of the Authority for the financial year then ended in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Cap. 170A) and Statutory Board Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

The Board of Members has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Members,



Lucien Wong
Chairman

15 March 2013



Lam Yi Young
Chief Executive and Board Member

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF THE MARITIME AND PORT AUTHORITY OF SINGAPORE

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Maritime and Port Authority of Singapore and its subsidiary (the "Authority") set out on pages 4 to 54, which comprise the consolidated balance sheet as at 31 December 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and the consolidated statement of cash flows, for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Cap. 170A) (the "Act") and Statutory Board Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Authority are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2012, and of the results, changes in reserves and cash flows of the Authority for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Board whether purchased, donated or otherwise.



PricewaterhouseCoopers LLP

Public Accountants and Certified Public Accountants

Singapore, 15 March 2013

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

	Note	2012 \$	2011 \$
ASSETS			
Non-current assets			
Property, plant and equipment	4	125,486,485	80,944,243
Capital work-in-progress	5	8,013,659	51,616,366
Financial assets	7	404,098,975	296,864,196
		<u>537,599,119</u>	<u>429,424,805</u>
Current assets			
Financial assets	7	88,000	150,000
Trade receivables	8	35,357,675	43,462,241
Deposits, prepayments and other receivables	9	11,838,620	7,303,834
Cash and cash equivalents	10	850,735,956	828,654,891
		<u>898,020,251</u>	<u>879,570,966</u>
Total assets		<u>1,435,619,370</u>	<u>1,308,995,771</u>
EQUITY			
Capital and reserves			
Establishment account	11	147,375,155	147,375,155
Equity financing account	12	3,978,616	3,978,616
Fair value reserve		26,152,572	10,330,589
Accumulated surplus		1,165,521,804	1,055,290,310
Total capital and reserves		<u>1,343,028,147</u>	<u>1,216,974,670</u>
LIABILITIES			
Non-current liabilities			
Employment benefits	13	1,018,984	972,394
Deferred capital grant	14	25,977,244	27,170,148
		<u>26,996,228</u>	<u>28,142,542</u>
Current liabilities			
Trade and other payables	15	27,002,428	27,364,868
Advances, deposits and unearned income	16	16,004,916	12,426,874
Provision for contribution to Consolidated Fund	20	22,587,651	24,086,817
		<u>65,594,995</u>	<u>63,878,559</u>
Total liabilities		<u>92,591,223</u>	<u>92,021,101</u>
Total equity and liabilities		<u>1,435,619,370</u>	<u>1,308,995,771</u>
Funds managed/held on behalf of others	25	2,862,110	1,593,771
Funds' net assets managed/held on behalf of others	25	(2,862,110)	(1,593,771)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at 31 December 2012

	Note	2012 \$	2011 \$
Operating revenue			
Port dues and marine services		260,930,970	248,554,687
Shipping services		8,210,806	8,793,222
Rental income		3,788,299	3,155,661
Training		951,467	1,210,201
Miscellaneous revenue		464,208	1,372,862
		<u>274,345,750</u>	<u>263,086,633</u>
Operating expenditure			
Staff cost	17	62,348,453	54,870,209
Depreciation expense on property, plant and equipment	4	17,372,405	9,643,496
Hire of marine craft and sea garbage services		9,937,666	7,743,504
Fuel, repairs and maintenance		7,607,359	8,043,362
Other operating expenses	18	46,974,088	47,721,386
		<u>144,289,971</u>	<u>128,021,957</u>
Operating surplus		130,055,779	135,064,676
Other operating surplus	19	13,134,854	4,353,604
Surplus from operations		<u>143,240,633</u>	<u>139,418,280</u>
Amortisation of deferred capital grant	14	1,192,904	2,353,540
Surplus before contribution to Consolidated Fund		<u>144,433,537</u>	<u>141,771,820</u>
Contribution to Consolidated Fund	20	(34,202,043)	(24,101,132)
Surplus for the financial year		<u>110,231,494</u>	<u>117,670,688</u>
Other comprehensive income/(loss)			
Net change in fair value of:			
- Available-for-sale debt and equity securities placed by fund managers		14,990,150	(23,042,076)
- Available-for-sale equity securities managed internally		238,602	45,448
Transfer to income and expenditure on sale of available-for-sale debt and equity securities placed by fund managers		(1,218,109)	(1,393,392)
Impairment loss on available-for-sale debt and equity securities placed by fund managers transferred to income and expenditure	7a	1,811,340	3,923,573
Other comprehensive losses for the year		<u>15,821,983</u>	<u>(20,466,447)</u>
Total comprehensive income for the year		<u>126,053,476</u>	<u>97,204,241</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For the financial year ended 31 December 2012

	Establishment account \$	Equity financing account \$	Fair value reserve \$	Accumulated surplus \$	Total \$
2012					
Beginning of financial year	147,375,155	3,978,616	10,330,589	1,055,290,310	1,216,974,670
Total comprehensive income	-	-	15,821,983	110,231,494	126,053,477
End of financial year	147,375,155	3,978,616	26,152,572	1,165,521,804	1,343,028,147
2011					
Beginning of financial year	147,375,155	3,978,616	30,797,036	939,601,622	1,121,752,429
Total comprehensive income	-	-	(20,466,447)	117,670,688	97,204,241
Dividends paid	-	-	-	(1,982,000)	(1,982,000)
End of financial year	147,375,155	3,978,616	10,330,589	1,055,290,310	1,216,974,670

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Surplus before contribution to Consolidated Fund		144,433,537	141,771,820
Adjustments for:			
- Depreciation on property, plant and equipment	4	17,372,405	9,643,496
- Provision for employee benefits	13	46,590	33,992
- Amortisation of deferred capital grant	14	(1,192,904)	(2,353,540)
- Impairment loss/(write back) on trade receivables	18	298,120	(1,045,113)
- Impairment loss on unquoted equity and debt securities		365,434	581,370
- Net investment gain from funds with fund managers	19	(9,881,755)	(1,838,852)
- Interest income on bank deposits and staff loans	19	(2,253,807)	(1,921,248)
- Dividend income on equity securities	19	(179,520)	(293,140)
- Gain on disposal of property, plant and equipment	19	(449,578)	(45,872)
		148,558,522	144,532,913
Changes in working capital:			
- Trade receivables		7,806,446	(12,419,890)
- Deposits, prepayments and other receivables		2,696,748	922,762
- Trade and other payables		(5,983,269)	(20,064,091)
- Advances, deposits and unearned income		3,578,042	(1,124,314)
- Employment benefits	13	-	(806,552)
Cash generated from operations		156,656,489	111,040,828
Contribution paid to Consolidated Fund	20	(35,701,209)	(29,218,918)
Net cash provided by operating activities		120,955,280	81,821,910
Cash flows from investing activities			
Withdrawal/(placement) of industry funds with Accountant-General's Department		15,039,791	(190,182,539)
Proceeds from sale of property, plant and equipment		502,330	47,970
Proceeds from repayment of unquoted debt securities		12,000	-
Purchases of property, plant and equipment and capital work-in-progress		(12,843,337)	(19,840,331)
Proceeds from capital grants	14	-	769,324
Purchase of unquoted equity securities		-	(118,180)
Deposit of funds from fund managers		(41,190,399)	(15,997,282)
Interest received		1,544,570	1,895,084
Dividends received		179,520	293,140
Net cash used in investing activities		(36,755,525)	(223,132,814)
Cash flows from financing activities			
Dividends paid		-	(1,982,000)
Net cash used provided by/(used in) financing activities		-	(1,982,000)
Net increase/(decrease) in cash and cash equivalents		84,199,755	(143,292,904)
Cash and cash equivalents at beginning of financial year		145,796,904	289,089,808
Cash and cash equivalents at end of financial year	10	229,996,659	145,796,904

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Maritime and Port Authority of Singapore ("MPA") under the purview of Ministry of Transport, was established on 2 February 1996 under the Maritime and Port Authority of Singapore Act (Cap. 170A) with the merger of the following organisations:

- The National Maritime Board (NMB);
- The Marine Department (MD); and
- The regulatory departments of the Port of Singapore Authority (PSA).

MPA is domiciled in Singapore and the address of its registered office is 460 Alexandra Road, 19th Storey, PSA Building, Singapore 119963.

The principal activities of MPA include the control of vessel movements to ensure a safe and secure port, and also the regulation of the port and marine services and facilities. MPA is the champion agency to develop and promote Singapore as an International Maritime Centre. MPA also represents Singapore regionally and internationally to safeguard Singapore's maritime interests.

The principal activities of its subsidiary and associated companies are set out in Note 6.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Cap. 170A) and Statutory Board Financial Reporting Standards ("SB-FRS").

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SB-FRS requires management to exercise its judgement in the process of applying the Authority's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published Standards effective in 2012

On 1 January 2012, the Authority adopted the new or amended SB-FRS and Interpretations to SB-FRS ("INT SB-FRS") that are mandatory for application for the financial year. Changes to the Authority's accounting policies have been made as required, in accordance with the transitional provisions in the respective SB-FRS and INT SB-FRS.

The adoption of these new or amended SB-FRS and INT SB-FRS did not result in substantial changes to the Authority's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Group accounting

(a) Subsidiary

Subsidiaries are entities (including special purpose entities) over which MPA has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether MPA controls another entity. Subsidiaries are consolidated from the date on which control is transferred to MPA. They are de-consolidated from the date on which control ceases.

(b) Associated companies

Associated companies are entities over which MPA has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any. To the extent MPA's associated companies are limited by guarantee and it does not share in their profits or losses, MPA records its contributions to associated companies as grants in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.3 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Authority.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in income and expenditure. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

2.4 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Assets previously from the former National Maritime Board, the Marine Department and the regulatory departments of the Port of Singapore Authority were taken in at their transacted cost.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

Property, plant and equipment acquired and funded under Government grant are capitalised and depreciated over their useful lives so as to match the related accretion of deferred capital grant (please refer to Note 2.14).

(b) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income and expenditure when incurred.

(c) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land	Over the remaining lease period ranging from 4 to 59 years
Building structures	5 to 60 years
Wharves, hardstanding and roads	10 to 39 years
Renovations	5 years
Plant, machinery and equipment	3 to 15 years
Vehicles	5 years
Computers	3 to 5 years
Furniture and fittings	10 years
Floating crafts	5 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in income and expenditure when the changes arise.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in income and expenditure within "Other operating surplus".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.5 Capital work-in-progress

Capital work-in-progress is stated at cost. Expenditure relating to the capital work-in-progress are capitalised when incurred. No depreciation is provided until the capital work-in-progress is completed and the related property, plant and equipment are ready for use.

2.6 Impairment of non-financial assets

*Property, plant and equipment
Investment in subsidiary and associated companies*

Property, plant and equipment and investment in subsidiary and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income and expenditure.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income and expenditure.

2. Significant accounting policies (continued)

2.7 Financial assets

(a) Classification

The Authority classifies its financial assets in the following categories: loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. The Authority determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) Financial assets, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority has the positive intention and ability to hold to maturity. If the Authority were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(iii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the Authority intends to dispose of the assets within 12 months after the balance sheet date.

The Authority's investments in equity and debt securities, including equity and debt securities placed by fund managers, intended to be held on a continuing basis, are classified as financial assets, available-for-sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. **Significant accounting policies** (continued)

2.7 Financial assets (continued)

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Authority commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in income and expenditure. Any amount in the fair value reserve relating to that asset is reclassified to income and expenditure.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets, available-for-sale are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in income and expenditure and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

2. **Significant accounting policies** (continued)

2.7 Financial assets (continued)

(e) *Impairment*

The Authority assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables / Financial assets, held-to-maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income and expenditure.

The allowance for impairment loss account is reduced through income and expenditure in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(ii) Financial assets, available-for-sale

In addition to the objective evidence of impairment described in Note 2.7(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to income and expenditure. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through income and expenditure.

2.8 Leases

When the Authority is a lessee of an operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in income and expenditure on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in income and expenditure when incurred.

When the Authority is a lessor of an operating lease

Leases of leasehold land where the Authority retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in income and expenditure on a straight-line basis over the lease term.

Initial direct costs incurred by the Authority in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in income and expenditure over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in income and expenditure when earned.

2. Significant accounting policies (continued)

2.9 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Authority uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.10 Derivative financial instruments

The Authority engages external fund managers to manage some of its surplus funds. The Authority is exposed primarily to the financial risk of foreign exchange and interest rate fluctuations on debt and equity securities and cash and cash equivalents placed by the fund managers. The fund managers also hold derivative financial instruments to manage these risks. The use of hedging instruments is governed by the Authority's investment mandate which provides guidelines on the use of financial instruments consistent with the Authority's risk management strategy.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in fair value are recognised in income and expenditure.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.11 Employment benefits

Employment benefits are recognized as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are benefit plans under which the Authority pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Authority has no further payment obligations once the contributions have been paid.

(b) *Pension benefits*

Provision for pensions is made for the payment of retirement benefits to pensionable officers transferred to the Authority on 2 February 1996.

The cost of pension benefit due to pensionable officers is determined based on the estimated present value of the future cash outflows to be made in respect of services provided by these pensionable officers up to the balance sheet date.

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(d) *Short-term benefits*

Short-term employee benefit obligations, are measured on an undiscounted basis and are expensed in income and expenditure in the accounting period in which the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.12 Provisions

A provision is recognised when the Authority has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2. Significant accounting policies (continued)

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Authority's activities. Revenue is presented net of goods and services tax, rebates and discounts.

The Authority recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Authority's activities are met as follows:

(a) *Port dues and maritime welfare fees*

Port dues and maritime welfare fees are recognised as and when services are performed.

(b) *Marine services*

Marine services are recognised as and when services are performed.

(c) *Shipping services*

Shipping services, which comprise registration fees and seaman engagement and discharge fees, are recognised as and when services are performed.

(d) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over lease term. Lease incentives granted are recognised as an integral part of the total rental income to be received.

(e) *Interest income*

Interest income is recognised using the effective interest method.

(f) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.14 Government grants

Government grants received for the purchase or the construction of depreciable assets are accounted for as deferred capital grants. The deferred capital grants are amortised and charged to income and expenditure over the period necessary to match the annual depreciation charge of these assets or when the assets are disposed or written off. Where the grants relate to an expense item, it is recognised in income and expenditure over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate.

2.15 Funds managed/held on behalf of others

Funds are set up to account for contributions received from external sources for specific purposes.

The assets and liabilities of funds - Straits of Malacca and Singapore Revolving Fund Committee, Singapore Stranded Seafarers' Fund and agency funds held in trust for Ministry of Transport are presented as a line item at the bottom of the consolidated balance sheet of the financial statements as prescribed by SB-FRS Guidance Note 3 Accounting and Disclosures for Trust Funds. Income and expenditure relating to these funds are accounted for directly in these funds. Details of income, expenditure, assets and liabilities are disclosed in Note 25 to the financial statements.

2.16 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions, commercial papers, short-term bills and notes which are readily convertible to cash and which are subject to an insignificant risk of change in value, and bank overdrafts, except those which are managed by the fund managers or which are placed with the Accountant-General's Department. Bank overdrafts are presented as current borrowings on the consolidated balance sheet.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

(i) Useful lives of property, plant and equipment

The Authority reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded at each financial year. Changes in the expected level of use of the assets and the Authority's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets and therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the Authority's results. Refer to Note 4 for the carrying value of property, plant and equipment at the balance sheet date.

(ii) Uncertain tax position

The Authority is a registered business under the Goods and Services Tax Act. In determining the GST output tax payable and input tax claimable, management considers the implication of the type of services it provides, and the supplies it procures under the GST regulations ("uncertain tax positions").

As at 31 December 2012, the Authority has recorded non-claimable GST expenses of S\$6,040,171 pertaining to uncertain tax positions. Management believes that the positions undertaken are sustainable and the amount recorded is adequate based on the current interpretation of the regulations.

(b) Critical judgement

(i) Measurement of impairment losses for financial assets, available-for-sale

The Authority follows the guidance of SB-FRS 39 in determining when a financial asset is considered impaired. This determination requires significant judgement exercised by management. Refer to Note 7 for details on how the Authority determines the impairment of each class of financial assets, available-for-sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

3. Critical accounting estimates, assumptions and judgements (continued)

(b) Critical judgement (continued)

(ii) Accounting of investment in and contribution to associated companies

MPA has determined that it has significant influence on its associated companies based on the voting rights of 20% and above but not exceeding 50%, held by its representatives at the board of directors of the associated companies. As the associated companies are incorporated as companies limited by guarantee and MPA does not share in their profits or losses, MPA has recorded the contributions of S\$3,617,262 made to the associated companies as grant expenditure in the consolidated statement of comprehensive income.

4. Property, plant and equipment

	Leasehold land	Building structures	Wharves, hard-standing and roads	Renovations	Plant, machinery and equipment	Vehicles	Computers	Furniture and fittings	Floating crafts	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2012										
<u>Cost</u>										
Beginning of financial year	7,641,956	52,993,973	61,868,080	5,541,658	11,149,499	317,235	53,169,063	844,058	13,693,313	207,218,835
Additions	-	4,198,750	32,278,780	4,909,991	1,470,570	-	19,109,308	-	-	61,967,399
Disposals/write-off	-	(58,680)	-	-	(630,869)	(65,000)	(4,346,687)	(12,599)	(6,695,200)	(11,809,035)
End of financial year	7,641,956	57,134,043	94,146,860	10,451,649	11,989,200	252,235	67,931,684	831,459	6,998,113	257,377,199
<u>Accumulated depreciation</u>										
Beginning of financial year	2,051,849	27,855,659	28,981,345	4,496,172	9,271,696	313,995	39,968,742	529,993	12,805,141	126,274,592
Depreciation charge	241,296	1,750,352	7,455,033	1,014,320	664,526	3,240	5,530,676	48,990	663,972	17,372,405
Disposals/write-off	-	(58,080)	-	-	(593,557)	(65,000)	(4,332,447)	(11,999)	(6,695,200)	(11,756,283)
End of financial year	2,293,145	29,547,931	36,436,378	5,510,492	9,342,665	252,235	41,166,971	566,984	6,773,913	131,890,714
Net book value										
End of financial year	5,348,811	27,586,112	57,710,482	4,941,157	2,646,535	-	26,764,713	264,475	224,200	125,486,485
2011										
<u>Cost</u>										
Beginning of financial year	7,641,956	53,034,152	61,868,080	5,541,658	12,654,623	317,235	55,515,645	836,544	13,573,613	210,983,506
Additions	-	-	-	-	81,985	-	11,669,985	20,000	119,700	11,891,670
Disposals/write-off	-	(40,179)	-	-	(1,587,109)	-	(14,016,567)	(12,486)	-	(15,656,341)
End of financial year	7,641,956	52,993,973	61,868,080	5,541,658	11,149,499	317,235	53,169,063	844,058	13,693,313	207,218,835
<u>Accumulated depreciation</u>										
Beginning of financial year	1,810,553	26,150,612	26,413,969	3,809,220	10,228,236	307,515	50,998,428	487,995	12,078,811	132,285,339
Depreciation charge	241,296	1,745,226	2,567,376	686,952	630,569	6,480	2,986,855	52,412	726,330	9,643,496
Disposals/write-off	-	(40,179)	-	-	(1,587,109)	-	(14,016,541)	(10,414)	-	(15,654,243)
End of financial year	2,051,849	27,855,659	28,981,345	4,496,172	9,271,696	313,995	39,968,742	529,993	12,805,141	126,274,592
Net book value										
End of financial year	5,590,107	25,138,314	32,886,735	1,045,486	1,877,803	3,240	13,200,321	314,065	888,172	80,944,243

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

5. Capital work-in-progress

Capital work-in-progress relates to the cost of computer systems and maritime and port projects under development. Additions during the year amounted to S\$19,318,915.

6. Investment in subsidiary and associated companies

(a) Subsidiary

	2012	2011
	\$	\$
Cost of investment		
At beginning and end of financial year	<u>2</u>	<u>2</u>

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Authority	
		2012	2011
		%	%
MPA Venture Pte. Ltd.	Singapore	100	100

The principal activity of the subsidiary is to act as a holding company to own jointly intellectual properties and manage investments in maritime technology start-ups and companies and joint ventures with partners.

(b) Associated companies

(i) Singapore Maritime Institute

In January 2011, the Authority together with A*Star incorporated Singapore Maritime Institute ("SMI"), a company limited by guarantee. The principal activity of SMI is to develop strategies and programmes related to the academic, policy and research and development aspects of the maritime industry. As at 31 December 2012, the Authority had contributed a total amount of \$4.9 million of grants to SMI.

6. Investment in subsidiary and associated companies (continued)

(b) Associated companies (continued)

(ii) Singapore Chamber of Maritime Arbitration

Singapore Chamber of Maritime Arbitration ("SCMA") was reconstituted as a company limited by guarantee in May 2009. The principal activity of SCMA is to provide a framework for maritime arbitration in response to the needs of the maritime community. As at 31 December 2012, the Authority has not made any direct contribution to SCMA.

7. Financial assets

	Note	2012	2011
		\$	\$
Non-current investments			
Available-for-sale securities:			
Quoted equity securities managed by fund managers	7(a), 21	110,504,835	85,375,795
Quoted debt securities managed by fund managers	7(b), 21	288,488,273	206,305,703
Quoted equity securities managed internally	7(c)	3,749,460	3,510,858
Unquoted equity securities managed internally	7(d)	1,356,407	1,671,840
		<u>404,098,975</u>	<u>296,864,196</u>
Current investment			
Unquoted debt securities		88,000	150,000
		<u>404,186,975</u>	<u>297,014,196</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

7. Financial assets (continued)

(a) Available-for-sale equity securities managed by fund managers

For available-for-sale equity securities that are listed in an active market, management believes that there is an objective evidence of impairment if there is a significant or prolonged decline in the fair value of the equity security below its acquisition cost. As at the balance sheet date, an equity security is considered to be impaired if its fair value declines in excess of 20% against its acquisition cost. The Authority holds a diversified portfolio of equity securities that spans across many industries in different geographical locations. Under this impairment assessment approach, the Authority recorded an impairment loss of \$1,811,340 (2011: \$3,923,573) during the current year. The impairment loss is presented under "Other operating surplus" in the current year's consolidated statement of comprehensive income.

(b) Available-for-sale debt securities managed by fund managers

For available-for-sale debt securities that are listed in an active market, management considers the debt security to be impaired if objective evidence indicates that one or more events ("loss events") occurring after its initial recognition have a negative impact on the estimated future cash flows of that asset.

Management considers the following as evidence that a financial asset may be impaired:

- (1) Significant financial difficulty of the issuer of the debt security;
- (2) Payment defaults of the issuer;
- (3) Renegotiation of terms of an asset due to financial difficulty of the borrower;
- (4) Significant restructuring due to the financial difficulty or expected bankruptcy;
- (5) Disappearance of an active market for an asset due to financial difficulties; or
- (6) Observable data indicating that there is a measurable decrease in the estimated future cash flows.

7. Financial assets (continued)

(b) Available-for-sale debt securities managed by fund managers (continued)

The composition of debt securities at 31 December comprises the following:

	<u>Original cost</u>	<u>Fair value</u>	
	\$	\$	%
2012			
Corporate bonds	220,676,579	221,059,805	77
Government bonds	65,347,399	67,428,468	23
	<u>286,023,978</u>	<u>288,488,273</u>	<u>100</u>
2011			
Corporate bonds	145,417,027	140,240,738	68
Government bonds	62,730,539	66,064,965	32
	<u>208,147,566</u>	<u>206,305,703</u>	<u>100</u>

The composition of debt securities by credit rating category at 31 December is as follows:

<u>Credit rating</u>	<u>Fair value</u>	
	\$	%
2012		
AAA/Aaa	53,675,341	19
AA/Aa	15,260,169	5
A/A	135,991,400	47
BBB+/Baa1	37,521,465	13
BBB/Baa2	27,791,521	10
BBB-/Baa3	3,757,548	1
Not rated	14,490,829	5
	<u>288,488,273</u>	<u>100</u>
2011		
AAA/Aaa	45,660,362	22
AA/Aa	7,112,811	3
A/A	92,619,497	45
BBB+/Baa1	31,182,903	15
BBB/Baa2	21,885,018	11
BBB-/Baa3	7,845,112	4
	<u>206,305,703</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

7. Financial assets (continued)

(b) Available-for-sale debt securities managed by fund managers (continued)

In determining whether a loss event has occurred, management, based on the criteria listed above, did not find any debt securities that indicated evidences of impairment.

A significant portion of the invested debt securities representing 71% (2011: 70%) are rated "A" and above by the credit rating agencies; and for the remaining debt securities rated "BBB+" and below, management is of the view that these debt securities remain "investment grade" and are not impaired.

Other considerations

The composition of government bonds by geographical region at 31 December is as follows:

	Fair value	
	\$	%
2012		
Asia (mainly Singapore and Malaysia)	38,980,213	58
European union	14,393,181	21
Australia	10,033,285	15
United States of America	4,021,789	6
	<u>67,428,468</u>	<u>100</u>
2011		
Asia (mainly Singapore and Malaysia)	36,948,790	56
European union	14,589,306	22
Australia	10,339,096	16
United States of America	4,187,773	6
	<u>66,064,965</u>	<u>100</u>

As part of the Authority's impairment assessment on these government bonds, management forms a view that despite the deficits faced by the government in the United States of America and certain European countries, there is no evidence of impairment on future contractual cash flows associated with these government bonds.

7. Financial assets (continued)

(c) Available-for-sale quoted equity securities managed internally

For available-for-sale equity securities that are listed in an active market, management believes that there is an objective evidence of impairment if there is a significant or prolonged decline in the fair value of the equity security below its acquisition cost. As at the balance sheet date, an equity security is considered to be impaired if its fair value declines in excess of 20% against its acquisition cost. Under this impairment assessment approach, no impairment loss has been recognised in the current year.

(d) Available-for-sale unquoted equity securities managed internally

The investments in unquoted equity securities amounting to \$1,356,406 (2011: \$1,671,840) are stated at cost less impairment losses. These securities represent investments in companies that are engaged in research and development activities and are involved in the commercial application of this knowledge. The fair value of these unquoted equity securities is not readily available as there are no quoted market prices in an active market. The recoverability of these investments is uncertain and is highly dependent on the outcome of the research and development activities, which cannot presently be determined. The Authority is also unable to disclose the range of estimates within which a fair value is highly likely to lie.

Impairment losses on unquoted equity securities

Certain investee companies continue to incur operating losses and recorded a deficit in shareholders' funds as at 31 December 2012. As the going concern of these investee companies continue to remain uncertain, the Authority continues to deem the fair value less costs to sell of these investee companies to be \$Nil. On this basis, an impairment loss of \$315,434 (2011: \$581,370) has been recognised in "Other operating surplus" in the current year's consolidated statement of comprehensive income.

8. Trade receivables

	2012	2011
	\$	\$
Trade receivables	36,172,804	44,181,330
Less: Allowance for impairment of receivables	(815,129)	(719,089)
Trade receivables – net	<u>35,357,675</u>	<u>43,462,241</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

8. Trade receivables (continued)

The Authority's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Authority's many varied customers, who are internationally dispersed. Due to the nature of the Authority's business, credit risk is not concentrated in any specific geographical region but concentrated in many shipping companies exposed to business cyclical fluctuations.

Trade receivables are mainly denominated in Singapore Dollar, which is the Authority's functional currency.

Impairment losses

The ageing of trade receivables at the reporting date is:

	Gross receivables	Impairment losses
	\$	\$
2012		
Not past due	27,350,305	1,098
Past due 0 - 30 days	3,694,436	1,132
Past due 31 - 60 days	362,898	569
More than 60 days	4,765,165	812,330
	<u>36,172,804</u>	<u>815,129</u>
2011		
Not past due	32,988,517	37,415
Past due 0 - 30 days	4,388,393	33,206
Past due 31 - 60 days	857,757	13,621
More than 60 days	5,946,663	634,847
	<u>44,181,330</u>	<u>719,089</u>

The change in impairment loss in respect of trade receivables during the year is as follows:

	2012	2011
	\$	\$
Beginning of financial year	719,089	2,186,628
Impairment loss recognised	815,129	719,089
Amount written back	(517,009)	(1,764,202)
Allowance utilised	(202,080)	(422,426)
End of financial year	<u>815,129</u>	<u>719,089</u>

Based on historical default rate, the Authority believes that, apart from the above, no impairment allowance is necessary in respect of other trade receivables outstanding at balance sheet date.

9. Deposits, prepayments and other receivables

	2012	2011
	\$	\$
Deposits	70,399	60,161
Prepayments	188,469	101,616
Other receivables	7,976,726	4,979,197
Allowance for impairment of other receivables	-	(165,000)
	<u>7,976,726</u>	<u>4,814,197</u>
Interest receivable	3,603,026	2,327,860
	<u>11,838,620</u>	<u>7,303,834</u>

Other receivables mainly comprise dividends receivable, receivables on sale of financial instruments, receivables from forward foreign exchange purchases and derivative assets.

As at the balance sheet date, other receivables and accrued interest receivable include the following items managed by fund managers:

	2012	2011
	\$	\$
Interest receivable (Note 21)	2,778,555	2,212,626
Receivables on sale of financial instruments (Note 21)	6,140,195	-
Forward foreign exchange purchases (net) (Note 21)	-	53,463
Other receivables (mainly dividend receivables and withholding tax receivables) (Note 21)	101,255	112,466
	<u>9,020,005</u>	<u>2,378,555</u>

10. Cash and cash equivalents

	2012	2011
	\$	\$
Cash at bank and on hand	23,718,324	16,119,686
Placements with Accountant-General's Department	787,726,500	726,218,907
Short-term bills and notes	21,990,135	43,295,084
Fixed deposits	17,300,997	43,021,214
	<u>850,735,956</u>	<u>828,654,891</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

10. Cash and cash equivalents (continued)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2012	2011
	\$	\$
Cash and bank balances (as above)	850,735,956	828,654,891
Less: Cash and cash equivalents managed by fund managers	(43,576,604)	(90,655,503)
Less: Placements with Accountant-General's Department	(577,162,693)	(592,202,484)
Cash and cash equivalents per consolidated statement of cash flows	<u>229,996,659</u>	<u>145,796,904</u>

The Authority's cash and cash equivalents (excluding those managed by fund managers) are primarily denominated in Singapore Dollar.

Placements with the Accountant-General's Department comprise \$210,563,807 (2011: \$134,016,423) which is centrally managed by the Accountant-General's Department under the Centralised Liquidity Management Framework ("CLM"), as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries, and industry funds of \$577,162,693 (2011: \$592,202,484) which is placed under the Capital Management Framework and is subject to certain restrictions.

As at the balance sheet date, cash and cash equivalents include the following managed by fund managers:

	2012	2011
	\$	\$
Cash at bank and on hand (Note 21)	4,285,472	4,339,205
Short-term bills and notes (Note 21)	21,990,135	43,295,084
Fixed deposits (Note 21)	17,300,997	43,021,214
	<u>43,576,604</u>	<u>90,655,503</u>

The effective interest rates of fixed deposits placed directly by the Authority vary from 0.60% to 0.67% (2011: 0.54% to 0.68%) per annum. Interest rates reprice at intervals of one, two, three or twelve months.

The effective interest rates of cash and cash equivalents managed by fund managers are as follows:

	2012	2011
	%	%
Short-term bills and notes	0.25 – 0.27	0.25 – 0.37
Fixed deposits	<u>0.09 – 0.48</u>	<u>0.05 – 0.14</u>

11. Establishment account

The establishment account comprises the net book value of assets transferred to the Authority from the former National Maritime Board, the Marine Department and the regulatory departments of the Port of Singapore Authority.

Capital management

The Authority defines "capital" to include establishment account and reserves. The Board's policy is to maintain a strong capital base to safeguard the ability to meet the long-term development needs of the Authority. The Board of Directors monitors the "Net Operating Surplus/Deficit" and the "Other Operating Surplus/Deficit" on a regular basis. The Board monitors the major capital expenditure which is strategic in nature and may draw on reserves.

There were no changes in the capital management approach during the year.

The Authority is not subject to externally imposed capital requirements.

12. Equity financing account

The Equity financing account refers to equity injections by the Minister for Finance ("MOF") in its capacity as shareholder under the Capital Management Framework for statutory boards, implemented with effect from 1 September 2004.

13. Employment benefits

	2012	2011
	\$	\$
Beginning of financial year	972,394	1,744,954
Provision made	46,590	33,992
Provision utilised	-	(806,552)
End of financial year	<u>1,018,984</u>	<u>972,394</u>

The Authority operates an unfunded employment benefit plan for a limited pool of employees under the provisions of the Pensions Act (Cap. 225). Benefits are payable based on the last drawn salary of the employees and the number of years of service with the Authority.

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For the financial year ended 31 December 2012

14. Deferred capital grant

	2012	2011
	\$	\$
Beginning of financial year	27,170,148	28,754,364
Capital grant received during the year	-	769,324
Amortisation to income	<u>(1,192,904)</u>	<u>(2,353,540)</u>
End of financial year	25,977,244	27,170,148

The above represents the unamortised portion of Government grant received in connection with certain property, plant and equipment acquired by the Authority.

15. Trade and other payables

	2012	2011
	\$	\$
Trade payables	584,760	5,479,148
Forward foreign exchange purchases (net) (Note 21)	119,090	-
Accrued capital expenditure	2,073,886	4,081,430
Accrued operating expenses	18,627,602	13,106,245
Other payables	5,597,090	4,698,045
	<u>27,002,428</u>	<u>27,364,868</u>

Trade payables are mainly denominated in Singapore Dollar, which is the Authority's functional currency. Payables on purchase of financial instruments, managed by fund managers, are mainly denominated in Singapore Dollar.

Accrued operating expenses include accrual for performance bonus and group bonus of \$9,086,644 (2011: \$5,950,000) and accrued administrative fee payable to the fund managers and custodian bank amounted to \$490,679 (2011: \$391,205).

The following are the expected contractual undiscounted cash outflows of the financial liabilities, including interest payments and excluding the impact of netting agreements:

	Undiscounted cash flows within 1 year
	\$
2012	
Non-derivative financial liabilities	
Trade and other payables	<u>(26,883,338)</u>
2011	
Non-derivative financial liabilities	
Trade and other payables	<u>(27,364,868)</u>

16. Advances, deposits and unearned income

	2012	2011
	\$	\$
Advances and deposits	2,035,467	3,014,713
Unearned operating lease income [Note (a)]	12,625,307	7,691,467
Unearned annual port dues and Maritime Welfare Fee [Note (b)]	<u>1,344,142</u>	<u>1,720,694</u>
	<u>16,004,916</u>	<u>12,426,874</u>

- (a) Unearned operating lease income mainly relates to sub-lease of a property to a third party for a period of 15 years (2011: 16 years).
- (b) Unearned annual port dues and Maritime Welfare Fee relate to certain customers under annual port dues scheme, and the advance payments of Maritime Welfare Fee. Ships that call frequently at the port are allowed to pay port dues on an annual basis in advance instead of on a per call basis.

Deposits due within 1 year approximate their carrying amount of \$1,850,241 (2011: \$1,818,599).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

17. Staff cost

	2012	2011
	\$	\$
Wages and salaries	51,504,580	45,151,890
Employer's contribution to Central Provident Fund	5,863,088	5,206,129
Employer's contribution to other defined benefit plans (Note 13)	46,590	33,992
Other benefits	4,934,195	4,478,198
	<u>62,348,453</u>	<u>54,870,209</u>

18. Other operating expenses

Included in other operating expenses are the following:

	2012	2011
	\$	\$
Project grants	10,203,292	8,653,241
Contribution to the Maritime Cluster Fund projects	7,001,280	5,680,701
Contribution to the International Maritime Organisation	2,797,444	2,486,890
Contribution to Merit Fund	-	705,844
Non-claimable Goods and Services Tax	333,682	6,767,828
Utility charges	4,182,712	4,142,637
Telecommunication charges	2,903,383	3,245,645
Service fees to port operator	2,068,598	2,366,143
Contracted services	1,886,523	1,991,053
Rental/maintenance fees for office premises	1,894,484	1,718,324
Provision for/(write back of) impairment loss on trade receivables, net	298,120	(1,045,113)
Property tax	1,065,632	1,028,181
Professional fees	843,629	933,098
Overseas travelling	735,551	819,423
Disaster recovery subscription costs	705,025	712,908
Corporate publications	565,763	624,813
Printing and stationery	661,424	414,164
Insurance	554,594	431,759
IT costs	4,290,965	1,103,030
Others	3,981,987	4,940,817
	<u>46,974,088</u>	<u>47,721,386</u>

19. Other operating surplus

	2012	2011
	\$	\$
Gain from sale of investments in:		
- Debt securities (a)	1,983,590	1,592,785
- Equity securities (a)	5,962,178	8,421,990
Realised loss on foreign exchange on disposal of available-for-sale financial assets – net (a)	(6,727,659)	(8,621,382)
Impairment loss on investments in available-for-sale equity securities (a)	(1,811,340)	(3,923,573)
Unrealised (loss)/gain on foreign exchange on debt securities and other monetary assets held by fund managers – net (a)	(2,277,023)	4,046,567
Impairment loss on investments in available-for-sale unquoted equity securities, managed internally	(365,434)	(581,370)
Net (loss)/gain on available-for-sale financial assets	(3,235,688)	935,017
Interest income:		
- Debt securities (a)	7,905,638	7,327,064
- Fixed deposits placed by fund managers (a)	33,483	38,405
- Fixed deposits and cash at bank	1,964,097	1,523,345
- Staff loans and trade receivables	289,710	397,903
Total interest income for financial assets that are not fair value through profit or loss	10,192,928	9,286,717
Fair value gain/(loss) on derivatives (a)	3,441,503	(8,132,989)
Investment expenses (a)	(1,822,438)	(2,052,771)
Dividend income for funds with fund managers (a)	3,193,823	3,142,756
Dividend income for internally managed equity securities	179,520	293,140
Net gain on disposal of property, plant and equipment	449,578	45,872
(Loss)/gain on foreign exchange on other monetary assets, held internally – net	(757)	1,804
Income from liquidated damages received	49,491	863,133
Others	686,894	(29,075)
	<u>13,134,854</u>	<u>4,353,604</u>

The total net investment gain from funds with fund managers amounted to \$9,881,755 (2011: \$1,838,852) (refer to (a) above).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

20. Contribution to Consolidated Fund

The contribution to the Consolidated Fund is made in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A). The contribution is based on 17% (2012: 17%) of the surplus for the year.

	2012	2011
	\$	\$
Beginning of financial year	24,086,817	29,204,603
Amount contributed*	(35,701,209)	(29,218,918)
Provision for the year*	34,202,043	24,101,132
End of financial year	<u>22,587,651</u>	<u>24,086,817</u>

*For 2012, there is an additional contribution of \$11.6m to the Consolidated Fund for the transfer of the Maritime Fire Fighting function to the Singapore Civil Defence Force in accordance with section 3(b) of Statutory Corporations (Contributions to Consolidated Fund) Act.

21. Funds with fund managers

The Authority places its surplus funds with fund managers to manage its investment portfolio under a balanced mandate. These fund managers are given discretion in managing their portfolio, subject to the investment guidelines set out in the fund management agreements.

As part of risk management activities, the fund managers use financial derivatives for hedging purposes. Derivative financial instruments are not used for trading purposes. The financial derivatives used include financial futures, swaps and forward foreign exchange contracts.

As at the balance sheet date, the funds placed with fund managers comprised the following assets and liabilities:

	2012	2011
	\$	\$
Debt securities (Note 7)	288,488,273	206,305,703
Equity securities (Note 7)	110,504,835	85,375,795
Interest receivables (Note 9)	2,778,555	2,212,626
Receivables on sale of financial instruments (Note 9)	6,140,195	-
Forward foreign exchange purchases (net) (Note 9)	-	53,463
Other receivables (mainly dividend receivables and withholding tax receivables) (Note 9)	101,255	112,466
Fixed deposits (Note 10)	17,300,997	43,021,214
Cash balances (Note 10)	4,285,472	4,339,205
Short-term bills and notes (Note 10)	21,990,135	43,295,084
Forward foreign exchange purchases (net) (Note 15)	(119,090)	-
Accrued administrative fees (Note 15)	(490,679)	(391,205)
	<u>450,979,948</u>	<u>384,324,351</u>

21. Funds with fund managers (continued)

As at balance sheet date, the notional amounts of the financial derivatives held by the fund managers are as follows:

	2012	2011
	\$	\$
Notional amounts		
Fixed income futures contracts	61,801,648	59,318,521
Foreign currency swap and forward contracts	<u>139,175,021</u>	<u>159,395,648</u>

22. Financial risk management

Financial risk factors

The Authority's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Risk management is integral to the whole operations of the Authority. The Authority has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Authority's risk management process to ensure that an appropriate balance between risk and control is achieved.

Funds with fund managers

In connection with the funds placed with fund managers, the funds placed with fund managers are exposed to a variety of financial risk: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk).

The fund managers appointed under the balanced mandate are held responsible in achieving the investment objectives set forth in their respective fund manager agreements entered with the Authority. All income and realised capital gains are to be reinvested by the fund managers unless otherwise instructed by the Authority.

The fund managers' overall risk management programme seeks to maximise the returns derived for the level of risk to which they are exposed and seeks to minimise the potential adverse effects on the fund managers' financial performance.

A significant proportion of the Authority's security investments present a risk of loss of capital except for the capital guaranteed portfolio of \$60 million where the exposure to market risk is capped at the Authority's cost of fund invested. The maximum loss of capital is represented by the carrying values of the security investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

22. Financial risk management (continued)

The management of these risks carried out by the fund managers is governed by the mandate set forth in the fund manager agreement approved by the Investment Committee of the Authority. The mandate provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments.

(a) Market risk

(i) Currency risk

The Authority invests in financial instruments and enters into transactions denominated in currencies other than its functional currency. Consequently, the Authority is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Authority's assets or liabilities denominated in currencies other than the functional currency.

The quoted equity securities managed by fund managers denominated in currencies other than the Authority's functional currency comprise the following:

	2012	2011
	\$	\$
Hong Kong Dollars	8,584,148	17,337,916
Thai Baht	9,245,066	16,539,951
Korean Won	21,152,114	10,444,840
Indonesian Rupiah	11,536,191	6,049,720
Ringgit Malaysia	-	784,393
Australian Dollars	2,519,240	-
Various other foreign currencies	2,101,441	1,345,994
	<u>55,138,200</u>	<u>52,502,814</u>

The quoted debt securities managed by fund managers denominated in currencies other than the Authority's functional currency comprise the following:

22. Financial risk management (continued)

	2012	2011
	\$	\$
US Dollars	95,518,011	69,961,793
Euro	36,487,670	27,241,178
Australian Dollars	14,988,051	14,069,443
Ringgit Malaysia	3,253,328	14,026,149
Chinese Yuan	32,078,472	13,722,158
Thai Baht	3,378,173	5,880,209
Sterling Pounds	-	-
Norwegian Kone	2,184,993	-
	<u>187,888,698</u>	<u>144,900,930</u>

Cash and cash equivalents managed by fund managers denominated in currencies other than the Authority's functional currency comprise:

	2012	2011
	\$	\$
US Dollars	1,273,087	1,502,624
Euro	246,936	442,436
Various other foreign currencies	140,413	602,298
	<u>1,660,436</u>	<u>2,547,358</u>

Available-for-sale equity securities, managed by fund managers

At the balance sheet date, if there is a +/-5% movement in exchange rates relative to the Singapore Dollar, with all other variables held constant and assuming that the equity securities are not impaired, the increase/(decrease) in the fair value of equity securities in other comprehensive income and presented as fair value reserve in the consolidated statement of changes in reserves would be as follows:

	+5% scenario	-5% scenario
	\$	\$
2012		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	2,756,910	(2,756,910)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

22. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

2011

Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	2,625,141	(2,625,141)
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Other monetary assets – debt securities, cash and cash equivalents

At the balance sheet date, if there is a +/-5% movement in exchange rates relative to the Singapore Dollar, with all other variables held constant, the increase/(decrease) in the fair value of monetary assets in income and expenditure would be as follows:

	+5% scenario \$	-5% scenario \$
2012		
Managed by fund managers		
Debt securities	9,394,435	(9,394,435)
Cash and cash equivalents	83,022	(83,022)
	<u>9,477,457</u>	<u>(9,477,457)</u>
Cash and cash equivalents, managed internally	249,859	(249,859)
	<u>9,727,316</u>	<u>(9,727,316)</u>
2011		
Managed by fund managers		
Debt securities	7,245,047	(7,245,047)
Cash and cash equivalents	127,368	(127,368)
	<u>7,372,415</u>	<u>(7,372,415)</u>
Cash and cash equivalents, managed internally	102,883	(102,883)
	<u>7,475,298</u>	<u>(7,475,298)</u>

22. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Authority holds debt securities and derivatives (swaps and futures) that expose the Authority to fair value interest rate risk.

Available-for-sale debt securities, managed by fund managers

At the balance sheet date, assuming that all other variables are held constant and no loss event has occurred, a 100 basis point increase/(decrease) in the interest rate would (decrease)/increase the fair values of the debt securities in other comprehensive income and presented as fair value reserve in the consolidated statement of changes in reserves by the following amounts:

	+100 basis point scenario \$	-100 basis point scenario \$
2012		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	<u>(10,619,536)</u>	<u>11,061,274</u>
2011		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	<u>(7,965,106)</u>	<u>8,270,200</u>

At the balance sheet date, assuming that all other variables are held constant, a 100 basis point increase/(decrease) in interest rate would increase/(decrease) the interest income of the floating rate debt securities recorded in income and expenditure by the following amounts:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

22. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	+100 basis point scenario \$	-100 basis point scenario \$
2012		
Income and expenditure	175,733	(120,970)
2011		
Income and expenditure	161,503	(128,200)

Derivatives (futures and swaps), managed by fund managers

At the balance sheet date, if interest rates had been 100 basis point higher/(lower) with all other variables held constant, the increase/(decrease) in the fair values of the derivatives (swaps and futures) in the income and expenditure would be as follows:

	+100 basis point scenario \$	-100 basis point scenario \$
2012		
Income and expenditure	3,572,953	(3,826,414)
2011		
Income and expenditure	3,347,212	(3,520,882)

The effective interest rates at balance sheet date of the debt securities held by the fund managers and the period in which they mature or reprice are as follows:

	2012 \$	2011 \$
Fixed rate		
Maturing in less than 1 year	11,082,676	9,194,416
Maturing between 1 to 5 years	151,576,211	87,919,653
Maturing in more than 5 years	119,631,119	91,146,734
Floating rate		
Repricing in less than 3 months	6,198,267	18,044,900
Repricing between 3 to 6 months	-	-
	<u>288,488,273</u>	<u>206,305,703</u>

22. Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

The Authority is exposed to equity price risk. This arises from investments held by the Authority for which prices in the future are uncertain. Where equity securities are denominated in currencies other than the functional currency of the Authority, the price initially expressed in foreign currency and then converted into the functional currency will also fluctuate because of changes in foreign exchange rates. Paragraph (a)(i) "Currency risk" sets out how this component of price risk is managed and measured.

The Authority's policy to manage price risk is via diversification and selection of securities and other financial instruments within specified limits set by the Investment Committee. The majority of the Authority's equity investments is publicly traded. The overall market position of these equity investments is monitored on a daily basis by the fund managers and is reviewed on a quarterly basis by the members of the Investment Committee. Compliance with the Authority's fund management mandate is reported to the members of the Investment Committee by an external investment consultant on a quarterly basis.

Impaired available-for-sale equity securities, managed by fund managers and managed internally

At the balance sheet date, assuming that all other variables are held constant, a 5% increase/(decrease) in the underlying equity prices would increase/(decrease) the fair values of the equity securities in other comprehensive income and presented as fair value reserve in the consolidated statement of changes in reserves and income and expenditure by the following amounts:

	+5% scenario \$	-5% scenario \$
2012		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	1,861,450	-
Income and expenditure	1,285,838	(304,605)
Equity securities, managed internally		
Income and expenditure	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

22. Financial risk management (continued)

- (a) Market risk (continued)
(iii) *Price risk* (continued)

	<u>+5% scenario</u>	<u>-5% scenario</u>
	\$	\$
2011		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	412,584	-
Income and expenditure	921,512	(508,928)
Equity securities, managed internally		
Income and expenditure	-	-

Available-for-sale equity securities, managed by fund managers and managed internally, not impaired

At the balance sheet date, assuming that all other variables are held constant, a 5% increase/(decrease) in the underlying equity prices would increase/(decrease) the fair values of the equity securities in other comprehensive income and presented as fair value reserve in the consolidated statement of changes in reserves and income and expenditure by the following amounts:

	<u>+5% scenario</u>	<u>-5% scenario</u>
	\$	\$
2012		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	4,880,647	(4,858,057)
Income and expenditure	-	(22,590)
Equity securities, managed internally		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	187,473	(187,473)
Income and expenditure	-	-

22. Financial risk management (continued)

- (a) Market risk (continued)
(iii) *Price risk* (continued)

	<u>+5% scenario</u>	<u>-5% scenario</u>
	\$	\$
2011		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	3,693,196	(3,107,471)
Income and expenditure	-	(585,725)
Equity securities, managed internally		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	175,543	(175,543)
Income and expenditure	-	(1,019,316)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Authority, as and when they fall due.

As at the balance sheet date, loans and receivables include the following items:

	2012	2011
	\$	\$
Trade receivable (Note 8)	35,357,675	43,462,241
Deposits (Note 9)	70,399	60,161
Other receivables (Note 9)	7,976,726	4,814,197
Interest receivable (Note 9)	3,603,026	2,327,860
Loans and receivables	47,007,826	50,664,459

The Authority has a credit policy in place which establishes credit limits for customers and monitors their balances on an on-going basis.

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

22. **Financial risk management** (continued)

(b) Credit risk (continued)

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Authority is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance amount is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Funds with fund managers

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Authority. The fund manager has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

At 31 December 2012, the following financial assets were exposed to credit risk: investment in debt securities, receivables on sale of financial instruments, forward foreign exchange purchases, cash and cash equivalents, derivative financial assets and other receivables. The total carrying amount of financial assets exposed to credit risk amounted to \$340,965,791 (2011: \$299,339,761).

The Authority limits its credit risk exposure in respect of investments in debt securities by restricting the fund managers to invest in debt securities that have a sound credit rating from Standard & Poor's and Moody's. Given these high credit ratings, except for the impaired securities as described in Note 7, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date, the geographical concentration of the investments in available-for-sale debt securities managed by fund managers is disclosed in Note 7(b). Other than the abovementioned, there are no other areas that the Authority is exposed to significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the consolidated balance sheet.

22. **Financial risk management** (continued)

(c) Liquidity risk

The Authority monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Authority's operations and to mitigate the effects of fluctuations in cash flows.

Funds with fund managers

The Authority's listed debt and equity securities are considered readily realisable, as they are listed on the major stock exchanges. The fund managers are required to comply with the restrictions and limitations as stipulated in the investment mandate. All transactions carried out by the fund managers are settled daily through Northern Trust Company, the Authority's custodian of the portfolio of investments placed by fund managers.

The fund managers may periodically invest in some debt securities and derivative contracts on behalf of the Authority that are traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Authority may not be able to liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or be able to respond to specific events such as the deterioration in the creditworthiness of any particular issuer.

(d) Fair value measurements

The table below analyses financial instruments carried at fair values, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At the balance sheet date, the Authority's equity and debt securities managed by fund managers, and quoted equity securities managed internally are classified as Level 1 fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

22. Financial risk management (continued)

(d) Fair value measurements (continued)

Derivatives used by fund managers

Futures contracts are marked to market daily using listed market prices with any gains or losses posted to the related variation margin accounts.

The fair value of forward exchange contracts is based on their listed market price and the fair value of swaps is based on quotations from independent third party vendors and sources that apply fair value techniques. These instruments are included in Level 2.

23. Commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2012	2011
	\$	\$
Property, plant and equipment	<u>9,957,515</u>	22,185,046

Operating lease commitments – Where the Authority is a lessee:

	2012	2011
	\$	\$
Within 1 year	1,148,769	748,750
After 1 year but within 5 years	<u>2,063,930</u>	3,899
	<u>3,212,699</u>	752,649

The Authority leases a number of office facilities under operating leases. The leases typically run for an initial period of two years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

23. Commitments (continued)

Operating lease commitments – Where the Authority is a lessor:

	2012	2011
	\$	\$
Within 1 year	3,011,346	1,489,950
After 1 year but within 5 years	4,543,832	3,335,921
After 5 years	<u>8,778,140</u>	5,248,356
	<u>16,333,318</u>	10,074,227

The Authority leases out rental space and buildings to non-related parties under non-cancellable operating leases.

24. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Authority and related parties at terms agreed between the parties.

(a) Sales of services

	2012	2011
	\$	\$
Provision of dumping and monitoring services to		
- Land Transport Authority	9,344,310	9,292,950
- Housing & Development Board	<u>12,869,885</u>	7,029,900

(b) Key management personnel compensation

Key management personnel of the Authority are those persons having the authority and responsibility for planning, directing and controlling the activities of the Authority. These key management personnel comprise the Board of Members and Executive Management Team of the Authority.

The compensation payable to key management personnel comprises:

	2012	2011
	\$	\$
Short-term employee benefits	3,311,875	3,087,136
Central Provident Fund	135,095	104,428
Directors' fees	<u>185,635</u>	146,810
	<u>3,632,305</u>	3,338,374

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

25. Funds managed/held on behalf of others - Funds held in trust

Funds held in trust and managed by the Authority comprise:

	2012	2011
	\$	\$
Singapore Stranded Seafarers' Fund	332,638	332,286
Agency funds held in trust of Ministry of Transport	2,519,472	1,261,485
	<u>2,862,110</u>	<u>1,593,771</u>

These funds are placed with financial institutions.

Singapore Stranded Seafarers' Fund ("SSSF")

- (a) The SSSF was set up in September 1999 (following the Authority's Board approval for its creation at an earlier board meeting in July 1999). The SSSF is managed by a Committee made up of representatives from the Authority and the unions, namely Singapore Maritime Officers' Union and Singapore Organisation of Seamen.

The Fund is humanitarian in nature. It shall be used only as a last resort when it becomes evidently clear that the ship owners concerned are no longer able to bear responsibility towards their ship crew, e.g. due to insolvency. It is used mainly to buy fuel (i.e. to run the ship's generators) and provide food and potable water to sustain the stranded ship crew onboard Singapore-registered ships stranded in Singapore or overseas, until such time they are repatriated or the dispute is settled.

- (b) The assets and liabilities of the SSSF as at 31 December are as follows:

	2012	2011
	\$	\$
Accumulated fund	<u>333,022</u>	<u>332,364</u>
Current asset		
Interest receivable	384	78
Cash and cash equivalents	<u>332,638</u>	<u>332,286</u>
	<u>333,022</u>	<u>332,364</u>

25. Funds managed/held on behalf of others - Funds held in trust (continued)

- (c) The results of the SSSF for the year ended 31 December are as follows:

	2012	2011
	\$	\$
Interest income	658	617
Surplus for the year	<u>658</u>	<u>617</u>
Accumulated surplus as at 1 January	32,364	31,747
Accumulated surplus as at 31 December	<u>33,022</u>	<u>32,364</u>

Agency funds held in trust of Ministry of Transport

- (a) On 11 March 2005, the Authority was appointed by Ministry of Transport ("MOT") as its managing agent in connection with the proposed land reclamation at Pasir Panjang Terminal Phases 3 and 4 and Tuas Port.
- (b) The assets and liabilities of the agency funds held in trust as at 31 December are as follows:

	2012	2011
	\$	\$
Accumulated fund	<u>15,537,459</u>	<u>24,331,384</u>
Current assets		
Cash at bank	2,529,472	1,261,485
Amounts due from various Government bodies	<u>17,403,461</u>	<u>26,366,079</u>
	<u>19,932,933</u>	<u>27,627,564</u>
Current liabilities		
GST payable	<u>(1,887,270)</u>	<u>(2,501,920)</u>
Amount due to various Government bodies	<u>(2,508,204)</u>	<u>(794,260)</u>
Net assets	<u>15,537,459</u>	<u>24,331,384</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

25. Funds managed/held on behalf of others - Funds held in trust (continued)

(c) The results of the agency funds held in trust for the year ended 31 December are as follows:

	2012	2011
	\$	\$
Grants received	183,378,152	313,897,361
Interest income	111,913	203,554
	<u>183,490,065</u>	<u>314,100,915</u>
Grants disbursed	(184,758,113)	(293,519,952)
Agency fees paid/payable	(7,525,877)	(3,649,515)
Surplus/(Deficit) for the year	(8,793,925)	16,931,448
Accumulated surplus as at 1 January	24,331,384	7,399,936
Accumulated surplus as at 31 December	<u>15,537,459</u>	<u>24,331,384</u>

26. Comparatives

Comparative figures in relation to the industry funds place with or withdraw from Accountant-General's Department is reclassified from cash flows from financing activities to cash flows from investing activities to conform to current year's presentation.

27. New accounting standards and interpretations not yet adopted

The Authority has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- Amendments to SB-FRS 1 *Presentation of Financial Statement*
- Amendments to SB-FRS 16 *Property, Plant and Equipment*
- Amendments to SB-FRS 32 *Financial Instruments: Presentation*
- Amendments to SB-FRS 34 *Interim Financial Reporting*
- Amendments to SB-FRS 101 *First-time Adoption of Statutory Board Financial Reporting Standards*

The Authority is evaluating the initial application of the above standards and interpretations for the impact on the Authority's financial statements. The Authority has not considered the impact of the accounting standards issued after the date of financial statements.

28. Authorisation of financial statements

These financial statements were authorised for issue by the Board of Members on 15 March 2013



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