

New South Wales

By KUSHY ATHURELIYA, secretary



Bill Rizzi continues to lead the Committee as Chairman, taking time off from his very busy schedule to represent Shipping Australia at various forums to ensure that the interests of the shipping industry and their principals are safeguarded. This not only includes aspects with respect to costs, but also operational and regulatory matters which could impinge on the efficiency and workload of employees of shipping companies. The Committee was most grateful for the contributions made to the industry by the Vice Chairman, Alex Katona, during his involvement in the Committee. He will be leaving his current employer on 31 October 2014.

We are extremely pleased with the attendance of members at State Committee meetings and the robust discussions that ensue during these assemblies that assist the secretariat in developing industry policies on all key issues. During the year the opportunity was taken by members to visit and tour the facilities available in Port Kembla, and the Committee was indebted to Jason McGregor, Marketing & Trade Manager of NSW Ports, for arranging the visit.

During the year, Andrew Karas represented the Committee on the NSW Ports Cargo Facilitation Committee. Committee is extremely grateful to the Port coordinators in Newcastle and Port Kembla, Greg Bateman and Fiero Mammone, for time and effort they dedicate attending to industry matters on

behalf of the members of SAL.

Port Logistics Contribution Charge

Despite several approaches made to NSW Ports and the New South Wales State Government to withdraw the Port Logistics Contribution Charge applied to full containers, which NSW Ports had absorbed since 01 June 2013, the charge was passed on to shipping companies with effect from 01 March 2014.

The Minister's office advised that the PLC is a charge payable by NSW Ports to reflect an ongoing contribution of the cost to the State of maintaining landside infrastructure that benefits the port operator. The Government is making significant investment in landside infrastructure. For example, \$252 million is being invested in roads in the vicinity of the port, via the WestConnex enabling works that will improve traffic flow and access to Port Botany.

Port Botany - Container weighing charge

SAL had been unsuccessful in its efforts to get the State Government to review the imposition of the weighbridge fee by the Stevedores in Port Botany on shipping lines, and seeking the charge being applied direct to vehicles through the Vehicle Booking System. The State Government does not wish to get involved in commercial matters, although in mid-2012 it had acquiesced to a review of the arrangements in 12 months.

Ports Authority of NSW (Sydney) - Tariff increase

Sydney Ports Corporation (now Port Authority NSW) had announced a 9.64 per cent price hike on pilotage, navigation and site occupation. SPC had claimed that this extraordinary rise was rate recovery, but pilotage fees have exceeded CPI by 4.5 per cent over the past 14 years. SAL acknowledged that navigation charges have not kept pace with CPI but were of the opinion that it should not increase at that rate, as these costs are fixed and not dependent on the number of ship movements. Revenue is ship and tonnage based, and has increased considerably over the past 14 years, so there is no justification for a CPI catch-up price rise.

Shipping Australia sought a review of the 9.64 per cent tariff increase and a deferral of the effective start date. SPC subsequently deferred the commencement date of the price

increase until 1 August, but did not provide any relief on the rate increase. SAL has also written to the Minister for Freight refuting the justifications for the recent 9.64 per cent rise in these charges, and seeking assurances that future price rises are kept below CPI.

NSW Ports – 30 Year Master Plan

NSW Ports is preparing a 30 Year Master Plan for its port and intermodal assets. The Master Plan will: forecast 30 year trade volumes; consider efficient and sustainable port and intermodal operational requirements; and identify land use and infrastructure requirements to support future demand. NSW Ports is keen to work with stakeholders in the development of the Master Plan to ensure that the most up to date information is used in developing the plan and that the Master Plan has adequately captured all relevant requirements in the long term interest of the ports and intermodal terminals. In this way, NSW Ports intends to deliver a robust Master Plan that will guide future decision making. The plan is expected to be released mid-2015.

NSW freight and ports strategy

The New South Wales Government released its strategy and has acknowledged that transport of freight is critical to the State economy, and the efficiency of the transport network contributes to the success and growth of New South Wales, and that future transport corridors, and land for logistics facilities, need to be protected.

It was heartening to note that the strategy now encompasses coastal shipping, as recommended by SAL in its submission. Coastal shipping offers significantly lower per kilometre costs and less environmental impacts, compared to road or rail freight. Although New South Wales accounts for a significant portion of national coastal freight flows, over the past 10 years, the volume of freight moved by coastal shipping in New South Wales has declined from 19.6 million tonnes in 2000/2001 to 16.2 million tonnes 2010/2011. The Strategy asserts that the role of coastal shipping in New South Wales at this time appears to be limited, and growth will continue to be restricted by insufficient landside capacity, vessel availability, and cost. Transport for NSW will work with industry to identify opportunities for facilitating the role of coastal shipping.

Use of Rail for the movement of containers

Transport for NSW conducted a series of industry workshops, as part of the *Fast Tracking Freight – Container Rail Mode Share Program*, to identify and prioritise options to increase the share of containers on rail through New South Wales ports, in order to achieve targets detailed in the *NSW Freight & Ports Strategy and NSW 2021*. Plan is a target to double the proportion of container freight movement by rail through New South Wales ports by 2020. This equates to 800,000 TEU being carried to and from New South Wales ports by rail in 2020, based on the projected throughput.

The Committee had met and provided input to the consultants appointed by Transport for NSW to select options for improving rail mode share from a shipping company perspective.

The Container Rail Mode Share Program (CRISP) has now been developed to identify and prioritise options to increase the share of containers on rail through New South Wales ports by improving the operational and economic competitiveness of rail services. The next stage of the CRISP analysis has been initiated and will involve the development and assessment of options that achieve mode share demand outcomes and economic feasibility, which would support business cases for future funding.

Port Authority of New South Wales - Amalgamation of port corporations

The Port Authority of New South Wales was established on 01 July 2014, with the amalgamation of Sydney Port Corporation, Newcastle Port Corporation and Port Kembla Port Corporation, and has the regulatory responsibility for ports of Yamba and Eden.

SAL agrees with the State Government that amalgamating the three port corporations into one, will achieve a more efficient and robust ports business for New South Wales, with the benefits of commercial discipline that the state-owned-corporations model provides. We hope that the management takes advantage of the synergies and rationalisation to deliver economies to port users in the future, although initially we imagine that there will be some challenges following the long-term lease of the ports with some staff employment guarantees.

NSW Environment Protection Authority (NSW EPA) - Managing non-road diesel emissions

The NSW Environment Protection Authority appears to be contemplating implementation of regulations, inconsistent with the international approach, ahead of international conventions entering into force for managing diesel emissions in NSW from non-road users (which include shipping), which could adversely impact Australia's

maritime trade.

Shipping is an inherently international industry, which depends on a global regulatory system to operate efficiently. Members of SAL are opposed to unwelcome unilateral or regional regulation with respect to all aspects of shipping. SAL supports the ratification by the Australian Government of key maritime treaties, which are crucial to the implementation of an effective global regulatory regime for shipping.

SAL supports the framework of global conventions and regulations that have been developed by the United Nations' International Maritime Organization (IMO). Implemented and enforced, through a combination of flag State inspection and port State control, directly contributing to the improvement of shipping's environmental performance worldwide.

Vessel owners are looking at every avenue to reduce their GHG emissions by improving the efficiency of ships using modern shipbuilding practices, and optimising vessel operations both at sea and in port.

There are a number of issues that still remain unresolved. Such as the availability of compliant fuel, capacity for Australian refineries to produce such fuel, massive cost implications on shipping by the introduction of low sulphur fuel usage. The cost of supplying bunkers in Australia is already significantly higher than most ports worldwide.

Members are concerned that if New South Wales imposes additional cost or regulatory measures on shipping, which are specific to the State, it would result in significantly higher costs for vessels calling at New South Wales ports, compared to other ports that compete for the same business, with the consequence of New South Wales potentially losing cargo to other States, and become less competitive internationally.

Long-term lease of NPC

The New South Wales Government has agreed to lease the Port of Newcastle to a consortium of financial investors for 98 years in a \$1.75 billion deal. The New South Wales Government reached an agreement with Port of Newcastle Investments for the lease following a competitive five-month bidding process. The consortium of Port of Newcastle Investments is comprised of two members – Hastings Funds Management and China Merchants.

The New South Wales Government will continue to retain regulatory oversight of the Port of Newcastle, as well as retain responsibility for a range of maritime safety and security functions, including emergency response, Harbour Master, Port Safety Operating Licence and pilotage functions.

Captain Kushlan Athureliya

After 45 years in the maritime industry and 19 years, 8 months and 24 days with Shipping Australia Limited and its predecessor, the Australia Chamber of Shipping, our NSW Secretary, Kushy, retired on 27 December.

His broad experience in many sectors of the industry, as a Master and harbour pilot with experience in container ships and tankers, as a marine surveyor, and as a maritime administrator, was the perfect background for his work with the Australian Chamber of Shipping and Shipping Australia Limited.

Kushy has long been considered the font of all knowledge maritime, a walking "Google Maritime". But combine this with his energy and enthusiasm, his no-nonsense approach to delivering results, and his work output has been second to none. Kushy, has punched well above his weight and provided prodigious support to our members and stakeholder groups.

But productivity is only one aspect. Kushy's congeniality, his exuberant, effervescent personality, and his unfailing humility and respectfulness have affected everyone in the industry. These characteristics have ensured that he has become known and loved by so many associated with the shipping industry, particularly in his home state of New South Wales.

Kushy, the staff, members, and associates of Shipping Australia Limited thank you for your exceptional contribution to shipping over nearly 24 years with the company. We sincerely wish you a long and happy retirement.

Fair winds and following seas.

Further information on Kushy's career was published in Profile winter 2006 available from our website.

Functions

Members and their guests enjoyed meeting in a relaxed atmosphere at the usual social events organised by the Committee. The State Parliament House Luncheon was hosted by the Hon Duncan Gay, Minister for Roads and Freight. The Hon Warren Truss, MP, Deputy Prime Minister, Minister for Infrastructure and Regional Development was the speaker at a luncheon in September 2014. The biennial "Port Kembla Luncheon" was held in July 2014, with Nicholas Whitlam, Chairman of the Ports Authority of New South Wales, as the guest of honour and speaker. The Christmas luncheon, as usual, is overbooked. The Committee is extremely appreciative of the sponsors and the support of members and guests, which assists in making these functions 'fun for all'. ▲

Queensland

By BILL GUEST, secretary



Overview for 2014

This annual report inevitably opens with some comment on the impact of heavy weather early in the year and 2014 was no exception, albeit that the port of Brisbane was not a casualty. Cyclonic conditions in north Queensland closed most ports for a short period of time with Hay Point, Gladstone and Karumba suffering the most. Ship delays notwithstanding, there were no casualties nor infrastructure damage following the pre-emptive and preventative approach taken by Maritime Safety Queensland (MSQ) in conjunction with other emergency response services. As a seasonal inevitability of varying degrees, MSQ has reviewed their defensive procedures to ensure the least possible disruption to commercial shipping during extreme weather events.

The two Queensland issues which stood out this year are the development (and consequences) of a long awaited coastal shipping policy, and the devolvement by MSQ of port pilotage services to Queensland port authorities (other than Brisbane and Abbott Point). Both matters will be further expanded later in this report.

Administration

SAL is thankful to David Hislop (Sturrock Grindrod) for his

chairmanship of the Queensland State Committee over the last two years, and welcomed Geoff Dalgliesh (K Line Aust) to that role until 1 January 2016.

It is also more than appropriate to acknowledge the help and cooperation received from Captain Richard Johnson who retired in late 2013 as Regional Harbour Master (Brisbane), after 16 years in that role. Congratulations are offered to Captain Glenn Hale, who has taken that position.

Additionally noted, is the retirement of the supportive RMH Gladstone, Captain Mike Lutze, who has been replaced by Captain John Fallon.

More recently the resignation of PBPL CEO Russell Smith has taken place and SAL are indebted for the strong support he has given, both as an SAL member, and as a sponsor of industry projects.

A 2013 reorganisation within the Queensland Department of Transport and Main Roads (DTMR) saw MSQ virtually 'buried' within the administrative structure. It was very pleasing that the DG DTMR has revised that configuration to ensure that MSQ, in consideration of their important role of managing Queensland waterways, regained its position as a stand-alone division under GM Patrick Quirk.

SAL undoubtedly benefits from MSQ input to Queensland State Committee meetings (4 per year) and is also appreciative of the contributions from Australian Customs & Border Protection Service (AC&BPS) and Department of Agriculture (Dept Ag), who are regular invitees to these meetings. The objective remains to open each Queensland State Committee meeting with a guest speaker who presents on matters of relevance to the shipping industry. This year SAL members were provided with a meeting venue at the MSQ Smart Ship Simulator together with a demonstration of this unique facility. Additionally networking lunches were organised immediately following State Committee meetings and we were fortunate to have well-informed speakers:

- Captain Richard Johnson – 'Reflections on a Maritime Career'
- Michael Carter (EVP Aurizon) – 'Aurizon – Delivering Resources to the World'

With so few industry networking events held now, SAL considers it important to maintain both the Shipping Industry Golf Day and the Industry Ball.

On the first Thursday in May a full field played at the SAL Golf Day at Wynnum Golf Club, with resultant funding going to the Brisbane Mission to Seafarers and the Stella Maris Apostleship of the Sea.

Over 300 attended the SAL Shipping Industry Ball at Moda Events Portside Hamilton, which raised \$15,000 towards the Brisbane Maritime Heritage Trail venture. This project, which has the support of the Queensland Government, is being coordinated by the Queensland Maritime Museum to preserve Brisbane's maritime legacy by erecting plaques (with relevant photos and history) on sites where wharves/depos/storage facilities once existed.

The sponsors who are helping to 'make this happen' are to be acknowledged with special gratitude to the Port of Brisbane Pty Ltd (PBPL) and also to PB Towage, Chalmers Industries and Svitzer Aust. The ongoing backing of Brisbane Marine Pilots and the Ace Waste Group adds to the great local support given each year to worthy industry projects.

It is pleasing to also record progress with Young Shipping Australia Queensland (YSAQ) under the guidance of President Jenny Ruffell Smith who, for the 35 years old and younger, would welcome new members from the industry. Jenny can be contacted on 0402 514 597.

Port of Brisbane

Generally, cargo flows through the port were flat during 2014 with drought conditions seriously impeding the export of agricultural goods, especially grain and cotton. Coal was also well down, more as the result of depressed international pricing, and there is little enthusiasm that this position will change in the foreseeable future.

Concerns over disposable income have translated into negative consumer sentiment for imports where containerised white goods etc., have been relatively stagnant for much of 2014. Indications are however, that the back end of the year will see some resurgence.

CEO of the PBPL (Russell Smith) has emphasised that Australia's freight movements are predicted to double by 2030 with Brisbane's task increasing at a greater rate. With around 95 per cent of port freight traffic moving by road Russell Smith has stressed the necessity for better rail and coastal shipping services to alleviate the massive road congestion that will otherwise result.

The PBPL has been lobbying strongly for a dedicated rail freight access linking south-western Queensland and the Port of Brisbane and, as part of the Inland Rail project, the Federal Government is financially supporting this venture. Agreement has been reached between the PBPL and the Australian Rail Track Corp (ARTC) to develop a plan, part of which will facilitate the coverage of prime agriculture and resource export commodities west of Toowoomba, to be railed direct into the port of Brisbane while bypassing the QR passenger network.

SAL is totally supportive of this objective and also sees the inclusion of **coastal shipping** as an integral part of easing landside freight congestion.

Coastal Shipping

Over the years, many attempts have been made to revitalise the coastal shipping trade, with the most serious endeavour being made by the Federal Labor Government, when last in power. However the restrictions they placed on the participation of international ships, the need to forecast five voyages in advance, and the conditions on joining the international shipping register, hindered, rather than helped, any resurgence.

Added to those deterrents was the imposition of the Fair Work Act, which meant that ships crews must be paid Aust wages (and conditions) for any leg of a voyage where coastal cargo was carried. The present Federal Liberal Government has recognised these shortcomings and pledged to initiate equitable reforms. Public hearings have been held in response to the Federal Government Options Paper – Approaches to Regulating Coastal Shipping in Australia. The SAL submission called for the repeal (or radical amendment) to the Coastal Trading Act 2012 and the exclusion of conditions under the Fair Work Act.

The Queensland LNP Government added their weight to the debate by commissioning a study into Coastal Shipping. A Queensland Ports Strategy (QPS) has been initiated to drive economic growth through the establishment of five Priority Port Development Areas (PPDAs),



Aerial view of Fisherman Islands

where port expansion would be concentrated while ensuring the safe and environmental coexistence with the Great Barrier Reef. These ports are Brisbane, Gladstone, Hay Point/Mackay and Townsville.

The QPS was the catalyst for an excellent draft paper 'The Sea Freight Action Plan' produced by the Queensland Department of Transport and Main Roads – albeit that the focus was mainly on intrastate cargoes.

Along with others (PBPL, Agforce etc), SAL responded with a submission to the Queensland Government much along the lines of the Federal Options Paper submission. The nub is, of course, where international shipping can legitimately play a part.

Now into the mix is the Federal Government initiated 'Shipping Emergency Response Capability Assessment Project' (SERCAP), which will study the potential for coastal shipping to mitigate landside supply chain disruptions brought about by extreme weather conditions. SAL HO has received Federal Government funding to complete this project over a 12-month period, and the 2015 Report will advise the outcome.

Meanwhile it can rightly be deduced from the above that there is still much work to be completed on the total coastal shipping issue, which has both Queensland and national implications. That includes a focus on Queensland ports for their 'fit for purpose' credentials, which takes in containerisation capabilities and infrastructure requirements to handle increased shipping – with international vessels! Updates will be provided via the SAL magazine.

Queensland Port Pilotage

It has long been the objective of Maritime Safety Queensland (MSQ) to restrict their role to purely that of a regulator, while setting the sustainable and safety directions for Queensland port pilotage services. In November 2013 the devolvement of these services to the relevant port authorities occurred, with the exception of Brisbane and Abbott Point, where arrangements are already in place. Operationally the transition of these services to port authorities has progressed smoothly enough BUT the development of a pricing model by MSQ has not.

MSQ are still in the process of creating a pricing model, which has all the complications of cross subsidisation (equity of access!) and the need to build in options governing the possible leasing of ports.

It will be a matter of 'watch this space' and meantime, noted that port pilotage rates increased by 3.5 per cent from 1 July 2014.

Objectives for 2015

While continuing to best represent SAL within the broader shipping community there will be an increased incentive to work closely with the DTMR and MSQ in respect to coastal cargo carriage and port pilotage issues. Consequently there must be a greater awareness of Queensland port operations, other than Brisbane, which remains our primary focus. As a case in point, we are already involved with the trialling of berthing protocols in Townsville. ▲

South Australia

By GEOFF ROSE, chairman



South Australia state steering committee

Due to most Port Adelaide Shipping/ Agency Offices having low staff numbers with heavy workloads, Shipping Australia Ltd – South Australia now operates with low representation and servicing members on an, as and when, required basis.

The SAL steering committee currently consists of Geoff Rose, Sturrock Grindrod Maritime (Aust) P/L. (chair); Ian Henderson, Hamburg Sud Australia Pty Ltd and Paul Paparella, Asiaworld Shipping Services Pty Ltd.

SAL continues to participate in a close working-relationship with Australian Customs and Border Protection Service; Australian Maritime Safety Authority; Department of Agriculture; South Australia Department for Planning, Transport and Infrastructure and Flinders Ports, and other industry bodies.

Geoff Rose also holds the “Sea Freight” representative position, as well as vice-chairperson on the South Australian Freight Council Executive Committee.

Year under review

Consultation with various industry bodies

No formal meetings were held. Most issues were dealt with during the

day-to-day operations, and directly between the parties involved.

SAL-SA, members and industry received regular updates from the various industry bodies.

Container Terminal Monitoring Panel (CTMP)

Susan Johnson (PAE P/L) was appointed, with Ian Henderson (Hamburg Sud Aust P/L) appointed as an alternate, representing SAL, to provide general information from meetings to members.

In July 2014 the Government announced reforms whereby they wanted every government board and committee abolished, which included the CTMP, to reform the way Government engages with industry and people, and speed up decision making. The various ministers would be responsible for recommending which boards and committees should be exempt from being abolished.

The CTMP members met on the future of the panel, in reply to the Government’s request. Despite strong lobbying to cease CTMP meetings, by some members, SAL lobbied hard to keep it active. A response was sent to Government to reflect this. We await the ruling on this issue.

Training and functions

There were no SAL courses or functions held in South Australia during 2014.

Port updates/information and security (Flinders Ports, Ports)

Flinders Ports commenced charging a “Security Fee” effective 1 July, based on a vessel’s Gross Revenue Tonnage. The charge is applicable to vessels calling at any Flinders Ports operated port/berths, except at the Flinders Adelaide Container Terminal, where security and the charge has always been supplied to users, as part of the terminal fee structure.

Flinders Ports manages all security issues. These are brought to the industry’s attention in a general update as required. The subject is also raised at the Flinders Ports quarterly “South Australian Port User Group” meetings, to which all port users, and both liner and tramp agencies, are invited to attend.

Berth updates (Flinders Ports, Ports)

Berths 1- 4 Outer Harbor

This area is used for handling cars, RoRo operations and Cruise Ships.

OH 4 berth has been upgraded as a common user fuel berth able to handle tankers up to a displacement of 56,000 metric tonnes, maximum. Tankers can either, fully or part, discharge their product via an underground pipeline to the new 85 million litre capacity tank farm, which increases South Australia’s capacity by 50 per cent; constructed on Pelican Point Road and operated by Terminals Limited.

The channel to OH 4 is 14.20 metres with the berth box being dredged to 13.50 metres. Tankers will receive priority berthing over a car carrier. Some vessels will only part discharge at OH 4, so as to meet draft restrictions, before proceeding to discharge at other inner river berths.

Motor vehicle imports over the Outer Harbor berths are expected to increase from 2015 onwards.

Berths 6-7 Outer Harbor - Flinders Adelaide Container Terminal (FACT)

The Flinders Adelaide Container Terminal experienced solid growth in 2013/14 with container

volumes reaching 388,000 TEU, which was an 11 per cent increase in throughput compared to the previous financial year. Further to this, the container terminal continued to service the IMX iron ore contract, which equated to a further 110,000 TEU.

There was no change to the services calling.

Considerable capital investment was undertaken during 2013/14 with the finalisation of the purchase of two Liebherr Post Panamax cranes, five Terex straddle carriers, three Hyster Empty movers and an additional two hectares of hardstand to keep pace with increased volumes. The new cranes are due to arrive in January 2015, and commissioning should be completed by early April 2015.

Industry welcomes FACT’s continued focus on improving attitudes, upgrading of the site and the infrastructure investment, which will result in benefits for our port and its users.

General items

2013/14 Cargo Volumes Ex, South Australia (01/07/13 – 30/06/14)

(Courtesy of Flinders Ports P/L)

Reporting Group	Tonnes		
	Imports	Exports	Total
Cars	66,501	29,171	95,672
Cement/Clinker	27,084	729,957	757,041
Cereal Preparations	-	13,400	13,400
Chemicals/Acids	60,718	-	60,718
Coal	87,677	-	87,677
Concentrates	221,649	204,476	426,125
Copper and Uranium	-	268,466	268,466
Fertilisers	591,296	-	591,296
General Cargo	169,278	1,010	170,288
Grain	-	6,096,043	6,096,043
Gypsum	-	1,508,624	1,508,624
Iron and Steel	88,477	-	88,477
Iron Ore	-	1,581,456	1,581,456
Limestone	1,567,941	1,568,499	3,136,440
Livestock	-	29,315	29,315
Mineral Sands	-	1,097,181	1,097,181
Paragoethite	121,497	-	121,497
Petroleum and Gas	2,682,190	2,975	2,685,165
Salt	-	129,573	129,573
Scrap Metal	-	269,997	269,997
Soda Ash	154,728	-	154,728
Stock Feed	-	9,826	9,826
Sulphur	57,581	-	57,581
Tallow	-	27,900	27,900
Timber	-	78,300	78,300
Peas, Beans, Legumes and Oilseeds	55,771	519,515	575,286
Containers	1,560,691	2,940,660	4,501,351
Total	7,513,078	17,106,344	24,619,422

CONTAINER THROUGHPUT 2013-2014

	IMPORT		EXPORT	
	20ft	40ft	20ft	40ft
CONTAINERISED (TEUS)	49,211	90,634	78,680	79,386

MOTOR VEHICLE THROUGHPUT 2013-14

	IMPORT	EXPORT	TOTAL
MOTOR VEHICLE (UNITS)	41,306	16,124	57,430

NOTE:

(A) Above figures show cargo shipped through the Flinders Ports operated ports of Port Adelaide, Port Lincoln, Thevenard, Wallaroo, Port Pirie, Port Giles & Klein Point.

(B) Above figures do not include imports and exports from the ports of Port Bonython, Whyalla & Ardrossan, as these are privately operated ports.

Iron ore loading operations via Outer Harbor – Container Terminal

The exporting of Iron Ore by IMX Resources conducted at Flinders Adelaide Container Terminal (FACT), utilizing open top containers via a Rotainer Spreader and a Portainer crane, have ceased.

Due to the decline in iron ore prices, Termite Resources, owners of Cairn Hill mine, which was

51 per cent owned by IMX Resources in a joint venture with Taifeng Yuan Chang International Development Company, was placed into administration in June 2014. A number of other junior mining companies have faced difficulties with the decline in iron ore pricing.

The last remaining iron ore left on the wharf ready for shipment was exported under instructions of the appointed Administrator, at the end of October 2014.

Berth 8 Outer Harbor

This purpose built Panamax capable, grain loading facility, commissioned in January 2010 by Viterra Limited. It operates with a single loader spout capable of 2,000MTPH. Flinders Ports manages the actual berth structure.

Osborne No 1 Inner Harbour

This berth is used for chemical/product tankers, with Flinders Ports considering a possible Upgrade, so it can be used as a lay-by berth. Mariners were advise on 29 July 2014 that the working depth for No 1 Berth at Osborne has been reduced to a temporary working depth is 8.3 metres, as referred to Lowest Astronomical Tide (LAT).

Berths 18, 19, 20 and 29 Inner Harbor

Port Adelaide currently only offers three berths for general/bulk vessels to work, being Berths 18-20 and Berth 29, all situated in the inner river.

Berths 18-20 have become the main wharves available to handle general cargo and bulk vessels. Despite there being three berth numbers, due to the size of today's vessels, only two could be accommodated along the three berths, at the same time. These berths offer narrow wharf aprons between the wharf face and the sheds, making it difficult to perform some of today's changed cargo operations, whilst maintaining safety to personnel and cargo. The restricted available working area in some instances, adds time and cost to the vessel stay in port, and cargo handling.

Agents try to berth and work certain vessels and cargoes as much as possible at Berth 29, due to the larger

apron. But due to the berth being allocated as a priority to HMC's, sulphur and mineral sands vessels, on the basis of their arrival schedule, this results in other vessels, from time to time, that would prefer the berth, being held out until a suitable window opens, or they accept another berth. This places extra pressure on the remaining Berths 18-20, for which working some vessels and cargoes is made more difficult.

Currently, if possible, at Berths 18-20, most vessels try to position themselves to work in the gaps between the sheds. Livestock vessels equipped with various animal loading ramps and fodder loader points, have the greatest difficulty trying to position various loading. Some livestock vessels are not able to lower loading ramps, as the ramps are longer than the gap between the ship and shed(s).

The Stevedoring Companies and other users, have been requesting Flinders Ports improve both the working wharf area, as well as the cargo storage areas, at Berths 18-20, for a number of years now. Considerable monies have been spent by Flinders Ports with equipment and berth up-grades at both FACT Outer Harbor & Berth 29, but industry still awaits improvements to Berths 18-20.

Industry would like:

- Removal of one of the wharf sheds, to create a deeper wharf apron, better access, traffic management and improved safety.
- Removal of the old unused railway lines on the wharf surfaces.

- Bitumise some unsealed cargo storage areas behind the sheds, to create easier cargo handling, and eliminate summer dust bowls and winter mud pits.

Regional ports

No major infrastructure changes to report for the regional ports of Thevenard, Port Lincoln, Whyalla, Port Giles, Ardrossan or Port Bonython.

Proposed upgrades

Port Pirie - Nyrstar has reached an in-principle funding and support agreement with the South Australian and Commonwealth Governments to redevelop the Port Pirie smelter. The redevelopment includes investing in new technology to upgrade the facility to an advanced poly-metallic processing and recovery facility, capable of processing a wide range of high value, high

margin raw materials. The upgrade will also result in an improved environmental footprint and reduction in airborne metal and dust emissions, long awaited by the residents of Pt Pirie. The redevelopment/upgrade is expected to cost \$514 million, and is due to be completed by early 2016.

Port Bonython

Port Bonython is situated at Point Lowly (Port Bonython) on the Eyre Peninsula 31 kilometres north of Whyalla, on the western side of Spencer Gulf.

In mid-2012, the Spencer Gulf Port Link Consortium proposed building a multi-user loading facility, capable of loading capesize vessels via a three kilometre

long jetty, utilizing a conveyor loading system with an estimated volume 25+ million MTPA initially.

Development was granted major development status by the South Australian Government on 15 August 2013, and the Environment Impact Statement went on public display on 18 November 2013. However, at time of writing, there was no further news on this project, and it is suspected the current low iron ore prices are responsible.

In July 2014, Tokyo-based Mitsubishi Corporation announced it would establish a diesel import terminal at Port Bonython. This amounts to a \$110 million investment in South Australia, and will be the corporation's first entry into the Australian fuels market. Mitsubishi will share the existing jetty facility at Port Bonython, currently used by Santos. The facility, which is expected to be operational by mid-2016, will boost fuel security in South Australia, providing fuel to the State's resources and energy, transport and agriculture sectors.

General

People and industry are losing confidence in the South Australian economy.

In the last year: Penrice Soda Products closed; IMX ceased exporting iron ore, and General Motors is closing in 2017 (also affecting support industries). Many types of manufacturing industries in Australia are struggling. Recently in South Australia, Coroma Industries (GWA Group Manufacturer) bathroom and kitchen fittings, closed to move off-shore to China. Job losses were experienced at Arnott's Biscuit's due some biscuit lines now being manufactured in India, as well as Hills Industries and Aldinga Turkeys. Pacific Brands closed their Port Adelaide distribution centre, with it now being amalgamated with their Brisbane centre, resulting in some job losses, along with Custom Coaches at Royal Park winding down.

The future building of warfare destroyers and submarines in South Australia is subject to contracts being awarded by the Federal Government. The Australian Council of Trade has reporting more job losses, due to strong competition from China and India but neither they, nor the other levels of Government, are addressing matters to assist industry or create policy to minimise the impact.

The recent low commodity prices (iron ore has fallen 40 per cent in 12 months) are affecting our mining industry, with the feasibility of some current and future mines being assessed, as a result.

The South Australia Government is currently operating in debt, with plans of being in surplus by 2017, and researching other means of collecting



Port Adelaide's Berth 18-20 storage area in winter

more revenue from industry and households. Households are struggling with the high cost of living, mainly due to the costs of energy (electricity/gas), water, private health and the recent increase of the Emergency Services Levy (ESL), which all increased above the CPI.

Despite the above concerns, the South Australian 2014/15 grain harvest was estimated by PIRSA in September 2014, to be a total of 7.6 million tonnes, approx. 1.1 million tonnes less than the 2013/14 season but still good for the shipping industry, ports and grain facilities, many of which are located in regional areas.

Motor vehicle imports are expected to increase, with the closure of local manufacturers - General Motors, Ford and Toyota, in Australia.

In August 2012, BHP Billiton announced the delaying of the \$30 billion mega project planned for Olympic Dam, which was a blow to supply industries, service providers and the State's economy.

Since then the Federal Government has decided that the existing BHP environmental conditions currently



Port Adelaide's Berth 18-20 narrow wharf apron

covering the mine will be sufficient for trials of heap-leaching, a cheaper form of processing.

The construction of the trial site is planned for July 2016, with completion and trials to start in October 2016. Hopefully, future expansion will occur.

Olympic Dam is estimated to have copper, uranium, gold and silver worth \$1 trillion, with a life of 200 years.

I feel we, South Australia, are in for some difficult times, let's hope my report next year shows some improvement. ▲

STATE COMMITTEE REPORTS

Victoria

By PHIL KELLY OAM, secretary



Office bearers

At its meeting in December 2013, the Victorian State Committee elected Kon Makrakis (state manager, Mediterranean Shipping) as its chairman for 2014. Peter Bartlett (immediate past SAL Victorian chairman and state manager, Asiaworld Shipping Services) was elected vice chairman, until 30 June 2014. Upon Peter's retirement, Stephen Crundwell (Swire Shipping) was elected as vice chairman, on 17 June 2014.

Victorian State Committee records its deep appreciation of Peter Bartlett's astute and pro-active leadership throughout three consecutive years.

Meetings

The Victorian State Committee (VSC) comprises the senior officers of member lines and agencies in Victoria and, by invitation, corporate associate members. Among these are representatives from the Department of Agriculture and Australian Maritime Safety Authority, and Australian Customs and Border

Protection Service. It meets at two-monthly intervals.

The respective contributions of these organisations have been enlightening, and have broadened member lines' understanding and appreciation of the needs and goals of other port-related activity. This group offers a wide range of expertise, and is the source of SAL representation on a number of industry-related sub-committees and working groups.

Membership of 'outside' industry and port-related groups

- Ministerial Freight Advisory Council (MFAC)

The establishment of MFAC was announced in June 2012, with the closure of the Victorian Freight & Logistics Council.

MFAC's charter is to provide opportunities for Government to work closely with industry on initiatives for improving the efficiency and productivity

of Victoria's freight and logistics sector.

MFAC comprises a number of industry leaders. Amongst others, SAL CEO Rod Nairn sits at this round table, which meets at intervals with the Ministers. The MFAC's direct link with the two Ministries has been a useful conduit for Government and industry to engage.

- Customs Logistics Chain Consultative Committee (CLCCCV)

The Victorian Regional Office of the then, Australian Customs Service, established this committee in 2004, in order to harness the goodwill and expertise of all industry-related organisations, which have some reliance on Customs procedures.

Expert in this and many other fields, Meredith Adams (MOL) and Mark Molloy (Five Star Shipping), represent SAL.

Victoria's commercial ports

SAL and its member lines and agencies take pride in the facilities provided by all of Victoria's commercial ports and their administrators' proactive approach to future development. It is, regrettably, geographically difficult to have regular meetings with regional port authorities but it is the intention to re-establish regular discussion and/or a reporting arrangement, during the course of 2015.

Port of Melbourne Corporation (PoMC)

SAL has taken part in PoMC's engagement with port-related industry in a number of areas:

- Port Capacity Project Liaison Working Group (PCPLWG)

This group comprises a wide range of expert representation, both from port-related industry and community-based organisations. Its role is to identify and table any areas of concern in which port extension might have the potential to impact on the community. It remains the prerogative of PoMC and other relevant State instrumentalities, to evaluate and decide upon the issues raised.

SAL is represented on PCPLG by Alan Miles of K-Line Australia Pty Ltd.

- Webb Dock Relocation Working Group

As a consequence of the closure on 30 June 2014 of Berths 3, 4 and 5 Webb Dock for re-construction, a substantial number of vehicle-carrying ships are being directed to Appleton Dock. This is expected to put pressure on the availability of berths and under-cover landside facilities for break-bulk cargoes, a large proportion of which

consists of paper, steel and machinery; all of a weather-sensitive nature.

One member line has re-directed some of its ships to Geelong; an initiative which will, no doubt, ease but not necessarily eliminate, the potential for delays awaiting a suitable berth.

SAL is represented by Alan Miles of K-Line, and Steve Crundwell of Swire Shipping.

- Empty Container Park Working Group (ECP WG)

It will be recalled that by 2010, the situation at all ECPs had become untenable for all users, including the Parks' owner/operators. The long delays incurred by truck operators led to a somewhat boisterous meeting of all interests. Arising from this, the ECPs formed an association and, in due course, Containerchain Pty Ltd was commissioned to devise an electronic system, which now provides a transparent tool for all stakeholders to ascertain the whereabouts and availability for collection and/or delivery of empty containers.

At that time, PoMC undertook the role of independent chair, and has provided meeting facilities and other resources ever since. SAL Victoria takes this opportunity to express members' appreciation of the stewardship shown by PoMC in this, and so many other avenues of port administration.

The dramatic change in the situation is also a tribute to Containerchain, and this vast improvement reflects the degree of cooperation, which is nowadays displayed by all parties.

Amongst the unfinished business is the need for all lines and agencies to adopt EDI messaging, when communicating with their respective empty container parks. Whilst several member lines have adopted this practice, there remain instances where the change to EDI is either incomplete or non-existent, and it is hoped that lines will move towards a complete change to EDI as soon as possible.

- Whole of Port Health Safety and Environment Committee (WOPHSEC)

This group is hosted by PoMC and comprises a wide range of business and support services within the port of Melbourne; most of the delegates have a connection with occupational health and safety, or the environment.

SAL is represented by Aaron Bridgborn of Hamburg Sud, and the secretary.

- Port Licence Fee (PLF)

Since the introduction of the PLF in 2012-2013, PoMC has recovered in total \$153 million in relation to the PLF,

i.e., \$1.6 million more than the \$151.4 million PLF incurred.

This PLF over-recovery of 1 per cent has been factored into PoMC's pricing for 2014-2015. It cannot be denied that the PLF is unpopular; PoMC and indeed the Minister for Ports are well aware of this. However, SAL fully understands the circumstances which led to its introduction and the role being played by PoMC with regard to its collection.

SAL has consistently expressed disappointment that the yield, which is undeniably a tax on trade, is not hypothecated toward a fund for the provision of infrastructure specifically related to the improvement of road and rail access to, and egress from, the port of Melbourne.

Impending long-term lease or sale of the port of Melbourne

In the lead-up to forthcoming State elections on 29 November 2014, both the incumbent Government and Opposition announced plans to either lease (long-term) or sell the port of Melbourne in anticipation of a yield in excess of \$5 billion.

Metropolitan Fire Brigade Marine Response Group

In late 2013, MFB outlined its desire to train and establish a Marine Response Group. Following presentations to State Committee, SAL members have assisted by allowing access to ships in a series of trials, enabling MFB officers to receive training in boarding ships, both alongside the berth, and underway in Port Phillip.

The harbour master, Port Phillip Sea Pilots, and MFB and SAL have jointly coordinated the programme, and 90 officers now have expertise in boarding ships at sea.

Functions

In May and November this year, luncheons were held in the idyllic Jim Stynes Room at the Melbourne Cricket Ground. On both occasions, the guest speakers spoke to large gatherings; all present making it obvious by the attention paid, that both dynamic presentations had attracted intense interest.

The Annual SAL Industry Golf Day was held in March at the Waterford Valley Golf Club and yet again, was a great success. ▲

Western Australia

By PATRICK LOBO, chairman



In June, the Western Australian committee had their first meeting of 2014. Captain Patrick Lobo, port operations manager for Wallenius Wilhelmsen Logistics, took over the position of chair from Jamie Allardice, who has taken a new role as State general manager with SDV Australia.

Robert Boyce, State manager MSC, was appointed vice chairman of the committee.

2014 was an eventful year in Western Australia:

- We saw the amalgamation and consolidation of eight Western Australian ports into five port authorities, (Kimberley, Pilbara, Mid-west, Fremantle/Kwinana and Southern Ports).
- The State Government announced the sale of Kwinana Bulk Terminal and Port Hedland Utah Point terminal, as part of their asset sales strategy.
- During October the Fugro Discovery and Go Phoenix arrived in Fremantle for crew, before heading out to join the Indian Ocean search for MH370.
- Back in August, strong winds in the inner harbour caused a couple of cargo ships to break away from their berths, in Fremantle.

Interesting times ahead, as Transport Minister Dean Nalder announced that Fremantle ports will go to the market for leasing of container terminals on North Quay, with the current lease expiring in 2017.

Though vehicles, container and general

cargo volumes have been reported lower than last year, grain harvest has been very strong. We expect to see 13 to 14 tonnes of export this year. Steel imports have also shown growth in the latter half of the year.

Expressions of interest have been confirmed for the development of VIC Dock in Fremantle, and are now in the next stage of request for proposal. This will be an interesting development for general cargo and RoRo vessels, to ease congestion from Berths 11 and 12 in Fremantle.

This year's Maritime Day event held by Fremantle Ports, was a huge success. It was much bigger than the previous years, with a lot of sponsors and increased number of stalls. The perfect weather conditions during the day, drew huge crowds. The highlight of the afternoon was the Inner Harbour Classic yacht race.

A promising future for Western Australia's sheep industry

Western Australia will become a national leader in sheep industry development, with the establishment of a multi-million dollar Sheep Business Centre. Minister for Agriculture and Food, Ken Baston, announced the \$10 million investment into Western Australia's sheep industry during a visit to Katanning on 9 October.

The \$10 million Sheep Industry Business Innovation project is supported by State Government Royalties for Regions funds, as part of the Seizing the Opportunity in Agriculture initiative. The project will include the establishment of a sheep business centre at the Department of Agriculture and Food's (DAFWA) research facility in Katanning, providing a hub for information, research, training and innovation in the sheep industry. It aims to build industry growth and cultivate new markets for sheepmeat and live exports in Asia and the Middle East.

The centre "will play an important role in providing the science, skills and strategies to help the sheep industry improve capacity and supply chains to satisfy customer requirements for lamb, mutton and wool," Mr Baston said.

Around the State

- Bunbury has a new grain export facility, built by Bunge.
- In Exmouth, the State Government provided \$20 million funding for a 130 metre service wharf extension, to provide a supply and service base, for the oil and gas sector.
- In Port Hedland, iron ore production is reported to be up from 2013, however is offset by the falling price of the ore. Expressions of interest were called for a second towage provider. Presently towage is carried out by Teekay.
- In Dampier, QUBE is developing a transfer facility that will include a 100 metre transfer barge, and construction of a new 60 metre long barge berth and supporting hard stand cargo laydown area, next to the existing Dampier cargo wharf. This facility will provide the ability for vessels (heavy lift, RoRo, general cargo) to discharge at safe anchorage, direct to barge, and connect to the shore facility.

A mixed bag in all, and we hope the resource boom picks back up again in the near future to improve the economy globally, and in Western Australia.

A second meeting of the Western Australian committee was held at the Flying Angel Club in Fremantle on 21 October.

Looking forward to 2015, where our objective is to increase activity in Western Australia, with more regular and structured meetings, as well as a more active social calendar. ▲



The WA State Committee meeting held on 21 October 2014 was attended by the SAL ceo