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THE OFFICIAL JOURNAL OF SHIPPING AUSTRALIA LIMITED

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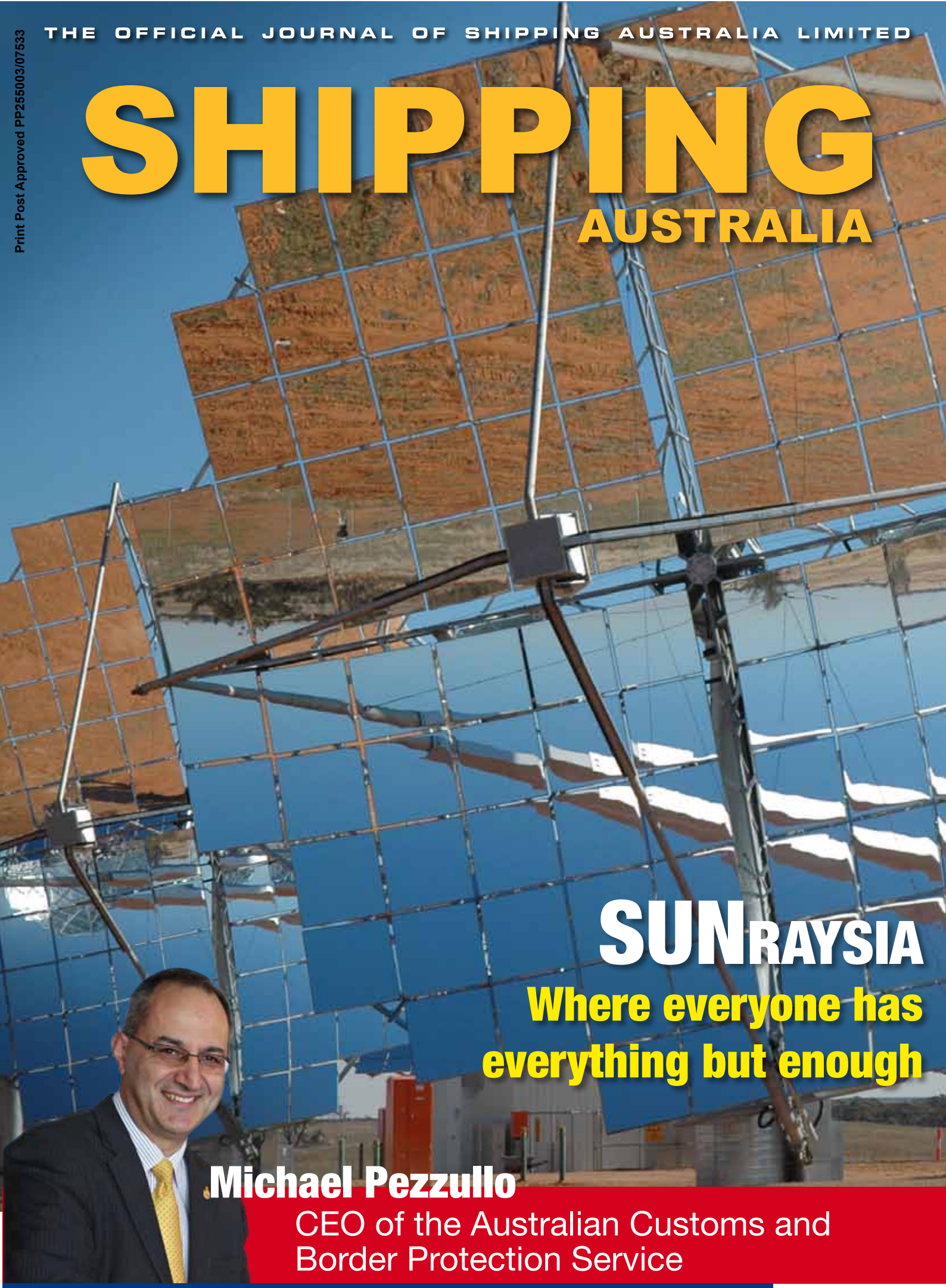

Michael Pezzullo
CEO of the Australian Customs and Border Protection Service

THE TITANIC IS GONE BUT THE LEGACY REMAINS

WINTER 2013

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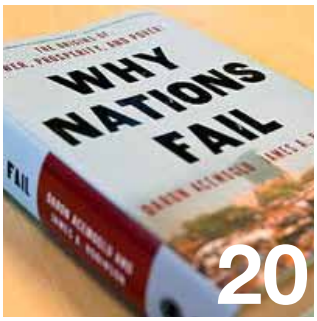

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Front Cover:
The solar energy array at Carwarp near Mildura, in Victoria

Profile: Michael Pezzullo, CEO, Australian Customs and Border Protection Service

From the bridge

Streamlining the way we tell you what's on

By ROD NAIRN, acting CEO, Shipping Australia Limited

I have the ship! That first watch after assuming command is always challenging and certainly keeps you on your toes. You have been given a handover on the passage plan and surrounding dangers and you've been introduced to the key members of the crew, so how hard can it be? Surely a ship is a ship? The equipment is pretty much the same: a radar, gyro-compass, engine telegraphs and navigation chart. There is a box for binoculars, a radio or two, AIS transponder, ECDIS, the navigation lights and alarm panel. They are all there, but in different places, with different switches, knobs and dials….so until you really learn the ropes and can find everything quickly in the dark, you certainly hope that there will be no emergencies, but you can't count on it…..

For a start let me thank Llew Russell for handing over Shipping Australia in good trim and on a steady course, Ken Fitzpatrick, our chairman, for his mentoring and leadership, and the SAL crew for the strong support that I have received from this very experienced team. In his annual report, Ken described his first year as chairman as a baptism of fire, and after a few months here at SAL I am convinced that we have had the same spiritual experience. Soon after joining SAL in January the action started with calls on government officials and responses to media on matters such as the national stevedoring code of practice and the relative merits of future port developments in Hastings or Bay West in Victoria. After a period of double-dating I completed my permanent Navy service on 30 April and was formally appointed as acting CEO on 1 May. So far I have found the role both interesting and challenging. I have enjoyed meeting our members and stakeholders and am excited about the future. It's good to be aboard.

I note that Llew has emphasised the themes of togetherness, consistency and productivity improvements as a focus for our efforts over the past 12 months and I intend to continue on this journey. In addition I will be placing a special emphasis on communication and consultation. The strength of Shipping Australia stems from the diversity and experience of our members. Our ability to influence government policy and the practices and policies of the industries we work closely with, is greatly enhanced by tapping into the knowledge of our members. One of my key goals is to improve the way that we communicate with our membership, to meet their needs and to increase the two way communications that will enable us to formulate more robust and substantive policy positions on matters that affect shipping.

As a first step, in the coming months you will see the introduction of a new electronic Signal which will streamline the way in which information is provided to our membership. The headline page will be distributed widely to our full stakeholder group but link to our website for access to more detailed information which can be access controlled to different levels of membership. In response to suggestions from our Young Shipping Australia group we are looking at ways to

provide the facility to allow readers to comment and develop an active debate on stories of interest in Signal and our flagship Shipping Australia magazine.

The theme of togetherness leads me to our recent announcement of working together with Australian Shipowners Association. The intent of this initiative is to provide added benefit to the members of both organisations by presenting a stronger voice to government which will have greater influence in policy development. It will also enable us to have greater exposure to the government consultative groups and advisory bodies across the shipping sector, such as the Maritime Workforce Development Forum of which ASA is a member. As a tangible example of our cooperation so far, SAL and ASA have appeared as joint respondents in Fair Work Commission hearings relating to the Seafarer's Modern Award and we are currently working together to provide a consolidated industry response to DAFF on their proposed amendments to bio-fouling legislation.

The ability of SAL to engage with members and stakeholders is significantly enhanced by its structure as a national organisation with regional committees. During April and May I was pleased to attend the state committee meetings in NSW, Victoria and Queensland. There was very good attendance at all of these meetings, excellent information sharing and each meeting fostered effective engagement with local government agencies and commercial stakeholders. By the time you receive this edition I will have also met with our representatives in South Australia and will be attending the State committee meeting in Western Australia.

I hope that our readers have taken the opportunity to digest the excellent articles in our mammoth Annual Review, published in conjunction with our autumn edition in April. I have received excellent feedback from a number of sources on the quality and scope of content. This confirms my own opinion that Shipping Australia magazine is held in very high regard across government and industry and is seen as the pre-eminent source of information and opinion relating to maritime trade in Australia.

We are now approaching 12 months since the Coastal Trading (Revitalising Australian Shipping) Act 2012 entered force along with the introduction of the Australian International Shipping Register. Unfortunately for all of us, the objectives of the much touted shipping reform package have failed to materialise. There is not one ship on the AISR and indications are that the main impact of the package of reforms has been to significantly reduce the amount of domestic cargo being carried by sea. There are at least two distinct problems: the combination of requirements under the Coastal Trading Act, Fair Work Act and the Seagoing Industry Modern Award are just too confusing and so a number of shipping companies have withdrawn from the coastal trade, and the additional wage costs that must be paid when transporting domestic cargo are not economically viable unless cargo volumes are very large.

The unfortunate result is that shipping: the safest, most environmentally friendly and, which should be, the most cost effective form of long distance transport, is being replaced for the movement of domestic cargo by road and rail. In other cases, such as for bulk cargos, domestic product is being replaced by imports because it has become cheaper to import from half way around the world than to move cargo around the Australian coast! SAL has recently established a working group to look into policy changes that could overcome these unfortunate consequences of what was a well-intended reform package. You can be certain that our proposals will be shared with both sides of politics before the next federal election.

By now you are all well aware of the NSW Government's sale of Port Botany and Port Kembla to NSW Ports Consortium. There is no doubt that after paying $5.07 billion for the 99 year leases the purchaser will want a good return on investment and this will put upward pressure on port charges and levies. The monopolistic power of a private port will no doubt get some scrutiny by the ACCC but this is something we all need to watch closely. This issue's Viewpoint expands on this theme.

SAL has previously sought assurance from the NSW Government that there will not be double charging of the levy to fund the Port Botany Landside Improvement Strategy as the $10.24 per TEU charge will be retained by NSW Ports Consortium while the NSW Government retains responsibility for PBLIS. Minister for Ports, Duncan Gay's response that: "The NSW Government will retain the PBLIS landside logistics regulatory function and will continue to be responsible for coordinating the efficient movement of freight, subject to normal budgetary processes" seems to provide the assurance that we were seeking.

I will finish by welcoming you to the winter edition of Shipping Australia magazine. Our special features in this issue include a profile of the recently appointed chief executive officer of Australian Customs and Border Protections Service, Michael Pezzullo, and Archie Bayvel's look at the current industry and developments in Sunraysia.

STOP PRESS

Signal goes e

Our regular back page feature SIGNAL will be augmented from July by an electronic newsletter e-SIGNAL which will allow urgent industry news to be sent to you as it happens. Special members-only items will be included through links to the members section of the Shipping Australia website. Watch out for details of how to subscribe at www.shippingaustralia.com.au.

VIEWPOINT

Our winter of development

A chill morning wind blew through the streets of Perth last week signalling the arrival of winter. But it was not just the wind that seemed to chill the air in this city so recently famous for its optimism and the most expensive cappuccinos in Australia. The air seemed to hold fears of an impending economic winter with large projects being shelved and the talk was of the end of the so called mining boom. The fear that the good times are coming to an end is something this city has not experienced for some time, as project after project was unveiled in the State's bountiful north west.

The newspaper headline that morning was one seen regularly over here, comparing the tax contributions of Western Australia to the other states. The Western Australian population was calculated to have paid about $6500 per person last year in tax to the Federal coffers. These sorts of headlines often appear when times are getting tough. A little further into the newspaper was an article about the forthcoming WA budget which declared that in the current fiscal year income grew 6 per cent whilst spending grew 9 per cent leading to the inevitable conclusion that sooner or later the state would run out of money if this continues.

The Treasurer and Minister for Ports was reported as saying that no longer was the State able to fund port expansion and suggested that it was time to consider the private sector chipping in for future infrastructure. The word 'privatisation' was carefully avoided but the underlying threat was there. Is this yet another state preparing to flog off its ports for a one-off financial shot in the arm? No doubt all States which still have control of their ports watched with great interest the 'lease' of the ports of Botany and Port Kembla recently, which fetched a staggering $5.07 billion between them. No doubt there are already discussions taking place about the future of Newcastle which must be a prime asset waiting to go out to tender, probably in the next term of Government.

The Queensland Government has already flagged the potential to sell the ports of Gladstone and Townsville with others no doubt to follow if there is enough interest from potential buyers. Victoria's ports of Geelong and Portland were privatised many years ago. The South Australian Government privatised all of its ports, now operating as Flinders Ports.

The trend is clear and the pathway inevitable as state governments look for ways to free up cash for other projects. Western Australia, Tasmania and the Northern Territory have so far managed to resist the temptation to go for the cash. But for how long? It certainly seems that Western Australia is being tempted.

What does port privatization mean for Australia? Some will argue that removing the bureaucratic management of ports will make them more efficient. That may well be true and it is certainly a trend that the assets are more vigorously worked under private management than they possibly were before. However the historic reason for governments to manage ports was that governments could take a long term view of port assets in terms of return as a compromise to engaging international trade for the port and the state. The cost of the infrastructure was considered necessary to allow for wealth to be generated for the state via trade through the port. Private enterprise has no such altruistic consideration. If it does not improve the bottom line over a reasonable time then the funding for new infrastructure simply does not get board approval.

Port development these days is now a pure business deal. If the guaranteed forecast income of a project over say a 10 year return can be justified, then the development stands a good chance to go ahead. If the income is either not guaranteed or has too many variables, the project simply does not get off the ground. Private ports are in the business or making money not offering opportunity without a known reward.

This makes me think about the plight of exporters who have good potential to develop potentially long term export contracts but cannot make firm guarantees about either contract life or minimum throughput. At a recent conference in Broken Hill the number of what we call 'junior' miners expressed concerns not just about the lack of port facilities for them to start exporting, but also the increasing demands from Governments and environmental groups which are enormously time consuming and increasingly expensive to meet. One mine had all its permits in place (Federal and State) but was then attacked by a relatively unknown local environmental group and is now forced to spend millions of dollars in legal costs fighting an organisation which gets Federal funding support. The mine is in a location where unemployment is one of the highest in Australia.

Which brings about the next problem. The minefield of approvals, especially environmental, to develop new port assets make the task these days almost impossible for a greenfield development. Add to that the exorbitant cost of labour working in remote areas in Australia, then the prospect of getting new port facilities, and therefore developing new export opportunities, verges on the impossible. The recent cancellation of plans for a coal export terminal on Balaclava Island in Queensland plus the deferment of the Outer Harbour project in Port Hedland and the cancellation of the James Price Point terminal are all victims of these hurdles.

So having spent the last 60 years forging ahead of the rest of the world, are we now looking at the prospect of spending the next 60 years watching the rest of the world go past us because of our own self imposed restrictions? Have we reached the point where new port development, and equally, new mining opportunity, is just too hard?

WELCOME to Sydney

APRIL 2014						
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IAPH Mid-term Conference and Board Meeting 6–10 April 2014: Sydney, Australia

Sydney Ports can't wait to show you Australia's greatest city and play host to the IAPH Mid-term Conference and Board Meeting in April 2014.

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Advertorial

Port development on the Upper Spencer Gulf, to break the commercial deadlock facing mining customers, is gathering pace, writes Vincent Tremaine, Chief Executive Officer of Flinders Port Holdings Pty Ltd.

South Australia's mining and exploration companies have been facing a "Catch 22" situation. In order to achieve financial close on projects, emerging iron-ore miners need advance orders from their overseas customers to secure project funding. But landing forward orders without viable export facilities is a problem. The ports division, Flinders Ports has been analysing both the short and long term port options to solve this conundrum.

Securing the Pit to Port Supply Chain

Developing a new deep water shipping terminal at Port Bonython is the long term solution. It would be specifically designed to handle large volumes of iron-ore exports. Significantly this infrastructure would be common-user, providing all miners in the region with a viable export solution. Port Bonython would be capable of accommodating Capesize vessels carrying up to 180,000 tonnes of iron-ore. Product could be loaded directly to vessels via a shiploader and the resulting economies of scale would be a major drawcard for mining companies.

An Environmental Impact Statement (EIS) for Port Bonython is underway and we expect it to be released for public comment later this year. Providing all required environmental approvals are secured, construction of the bulk export facility could begin in 2015. The build phase is expected to take three years, with export operations potentially commencing during 2018, subject to financial close.

With completion of a new port for mining customers still several years off, we understand that we must find interim solutions to meet their needs. To combat the longer lead time on the Port Bonython project, we are analysing a range of interim solutions for iron-ore exports from our existing port at Port Pirie. Road and rail links from the north, south and east of the State already serve this port. Suitable electricity, water and telecommunications are also in place.

The berths at Port Pirie can accommodate Handysize vessels which can carry up to 25,000 tonnes of iron-ore. Feasibility studies are being conducted into developing new storage areas, so that transhipment barges can feed Panamax or Capesize vessels berthed offshore in deeper water. The Port Pirie scheme could be operational in less than two and a half years. It would enable miners to secure pre-orders for iron-ore and gain some economies of scale across the supply chain in advance of the Port Bonython facility coming on stream. In this way the Port Pirie and Port Bonython export solutions complement each other and will enable us to provide mining customers with a much needed export supply chain.

Investment driving best practice and growth

In addition to proposals for Port Bonython and Port Pirie, investment is taking place across the rest of the group. At the container business, Flinders Adelaide Container Terminal (FACT), plans for two new container cranes are advancing with

final tenders under consideration and orders imminent. The benefits for our customers will be increased productivity and capacity.

At Flinders Logistics, the logistics business, investment is also supporting expanding throughputs. A new mobile harbour crane has been ordered and should be delivered by the end of 2013. This crane is the second mobile harbour crane that Flinders Logistics has purchased in two years – the first was commissioned in January 2012. The investment comes as Flinders Logistics has secured another minerals customer and as its profile as a leading bulk mineral logistics provider continues to grow.

In April this year, Flinders Logistics won the South Australian Premier's Award for Excellence in Environmental Management. The award was given in recognition of Flinders Logistics' consistently effective method for minimising dust emissions along the pit to port supply chain. This State level recognition cements Flinders Logistics reputation for high standards and the company is seeking to roll-out its best practice approach to other locations around Australia. The first half of 2013 has been vigorous. Looking forward, opportunities and growth interstate are on the horizon.

Profile

MICHAEL PEZZULLO, CEO Australian Customs and Border Protection Service

A very solemn vocation for a lifetime of power without much glory

By ARCHIE BAYVEL

If Australia had warlords, robber barons or even, at a stretch, a Good King Arfur, the headquarters of our Customs Service would make an excellent home for whoever was king of the castle.

From street-level it has an imposing situation on the high side of Constitution Avenue, in Canberra's CBD. Wide steps lead from flanking oak trees to a high leafy plaza, well set-back and on which stands the white 13-storey building itself.

It's probably Canberra's most impressive office. Not White Hall, Delhi's Central Secretariat, L'Hotel de Ville, nor even the Pentagon you understand, but plenty good enuff for Oz and certainly up to the dreams of the average official ransacking our bags at the airport.

The foyer is beyond disappointing, alas. Due either to lack of imagination or excess of thrift by its architects, it avoids anything too flash that might arouse envy and hatred from the money launderers, smugglers and politicians among the department's visiting clientele.

First sight of a remarkably tattooed security officer raises the fleeting thought that in choosing Mike Pezzullo, supreme head of this massive bureaucracy, we might have picked the less interesting of available Profile options.

It's but a fleeting thought, however, before an unremarkable lift takes us to an unremarkable upper floor and we are ushered into an unremarkable meeting room.

For the heart and nerve centre of this nation's most powerful bureaucracy it's a significant let-down from what one might reasonably expect to be the mother nest of those wresting refugees from the dangers of the sea, routing drug smugglers from the bowels of great ships. It's a far cry even from its big Ops Room and array of spy screens that we know exists just a gentle stone's throw away on the other side of Constitution Avenue.

It's all so bland that one fears the master of all this might appear wearing some kind of uniform! Like his passport-stamping minions but, of course, with gold braid, or worse, in the sinister green garb of his Border Protection officers.

But when he appears, it is in a conservative business suit and his demeanour is of a friendly sort of bloke in a carefully measured sort of way – no backslapping, yo-ho-ho, or joviality but a certain earnest of goodwill; although his critics, and he has them, imply that can turn nasty if thwarted. Which is good news because one wouldn't really want the holder of arguably the most powerful public office in the land to be a wimp.

Asked what he'd like to talk about, he wonders whether we're looking for a Woman's Day-type article or something else? Answer: "Let's talk and see where it takes us." He seemed gravely happy enough with that ...

Born 49 years ago and brought up in Kogarah, NSW, Michael Pezzullo is the son of a labourer. As a young man he became interested in political science, military affairs and big history such as campaigns and strategies of major events.

On graduating from Sydney University in 1987 with an honours degree in modern European history he swithered between an academic career targeting a university professorship or a career in the public service. His choice changed his life and that of his family as he went on to become one of our great mandarins with a salary that substantially outmatches that of the Prime Minister and an authority that makes him a most influential unelected politician.

So what's it like being king of the Customs castle?

On the home front he has been married to Lynne for nearly 25 years and they have three sons and a daughter aged 13 to 23, all of whom he describes as being their own people. His wife is a managing partner at a Canberra consulting firm.

"Most days I'm up and at it around 6am with an exercise session," he says. "I'm training for a mountaineering holiday in Morocco so my morning workout concentrates on stair work. At the end of that I feel invigorated and get to the office by seven o'clock. That's my time for self-initiated actions and I try to get through them by nine.

"By then I've had my creative thoughts for the day and can get down to the routine work of the job. That means work, work, work, lunch at my desk, then work, work, work again until about seven if I have a function to attend. Normally I'm home by nine with time to watch a movie before going to bed at midnight.

"Fridays are DVD nights, Saturday is home chores including shopping which I enjoy and do from memory – no lists, Saturday nights I cook dinner while Sunday nights are family BBQ.

"At home I've got five books on the go just now: The second instalment of Gough Whitlam's memoirs, a history of Napoleon's road to power, William Pitt the Younger's biography, a history of the French Foreign Legion around Morocco, and a book by Stephen Parker on the decline of violence over the ages."

On the work front he says: "I oversee this department of 5100 people and we have a big agenda of reforms through my executive powers.

"My whole philosophy privately and as a government person is to act for the public good. Work dominates my five-year appointment but I'm not driven by commercial metrics.

"It's a very solemn vocation to which Specified Statutory Officers like myself dedicate 40 to 50 years of our lives.

"Specified Statutory Officers are appointed by the Governor-General for a fixed term – five years in my case - and cannot be dismissed nor interfered with by politicians although they have to obey the law. "

[Currently there are five Specified Statutory Officers with salaries determined by the Remuneration Tribunal. As at July 1, 2011, they are: The Chief of Defence $679,500

pa, Auditor-General ($613,500), The Statistician ($613,500), Commissioner of Taxation ($665,500), CEO of Customs ($625,000). All have power to make regulations and to impose penalties. Their terms of office range from three years for Defence to 10 years for the Auditor-General. Pezzullo's is five years. All except the Auditor-General are eligible for re-appointment.]

Questioned on what he thought of suggestions that Australia's drug problems could be solved by making drugs freely available – heroin, for example - for sale like sugar and flour at the corner store, Pezzullo replies: "I'd say you'd be in for a long wait.

"You can't just have opinions in a job like this. My duty is to ensure that the current government's policies are carried out by this department in accordance with the law of the land rather than to anyone's personal opinion.

"Customs is separate from politics; we're in the service of the government of the day so we're very careful not to get entangled in political debates such as decriminalisation of drugs and the outcome of elections."

Indeed, the department's ethics are so strict that during last year's investigation of suspected corruption at Sydney Airport and before his appointment as CEO, Michael Pezzullo was officially informed that he was to be excluded from all briefings and information on the investigation simply because his brother – who was not suspected of being involved -- happened to work at the airport.

Soon after that Pezzullo, who had been promoted to CEO by then, told the National Security Conference about a major transformation programme, a new workplace model for his department's future. "There is no place within the service for criminal behaviour, corruption, or serious misconduct. There will be zero tolerance," he said.

Today he says that programme has three major roles:

1. To protect our borders
2. To ensure streamlined international flows of goods and travellers
3. To support our open economy by applying internationally agreed trade rules.

He says: "Criminal syndicates are getting more sophisticated but the answer is not to become more heavy-handed with industry. My experience is that if you provide people with increasingly clear language of what the rules are, generally they are looking for opportunities to conform.

"There's no way there's going to be a swing to reinforcement at the expense of industry."

In his Security Conference address, Pezzullo said: "Our contribution to economic policy is to ensure compliance with the rules of trade."

On the subject of integrity issues within his department which have led to court appearances he says: "I wasn't exactly surprised but many of my staff were dismayed. We are near to resolving what we need to do to fix our problems."

"Most people I encounter get their job satisfaction from protecting the community and that's not something that's drilled into them. It's genuinely from their hearts. It's like what you see in soldiers, police, firemen when they've had a win for the community.

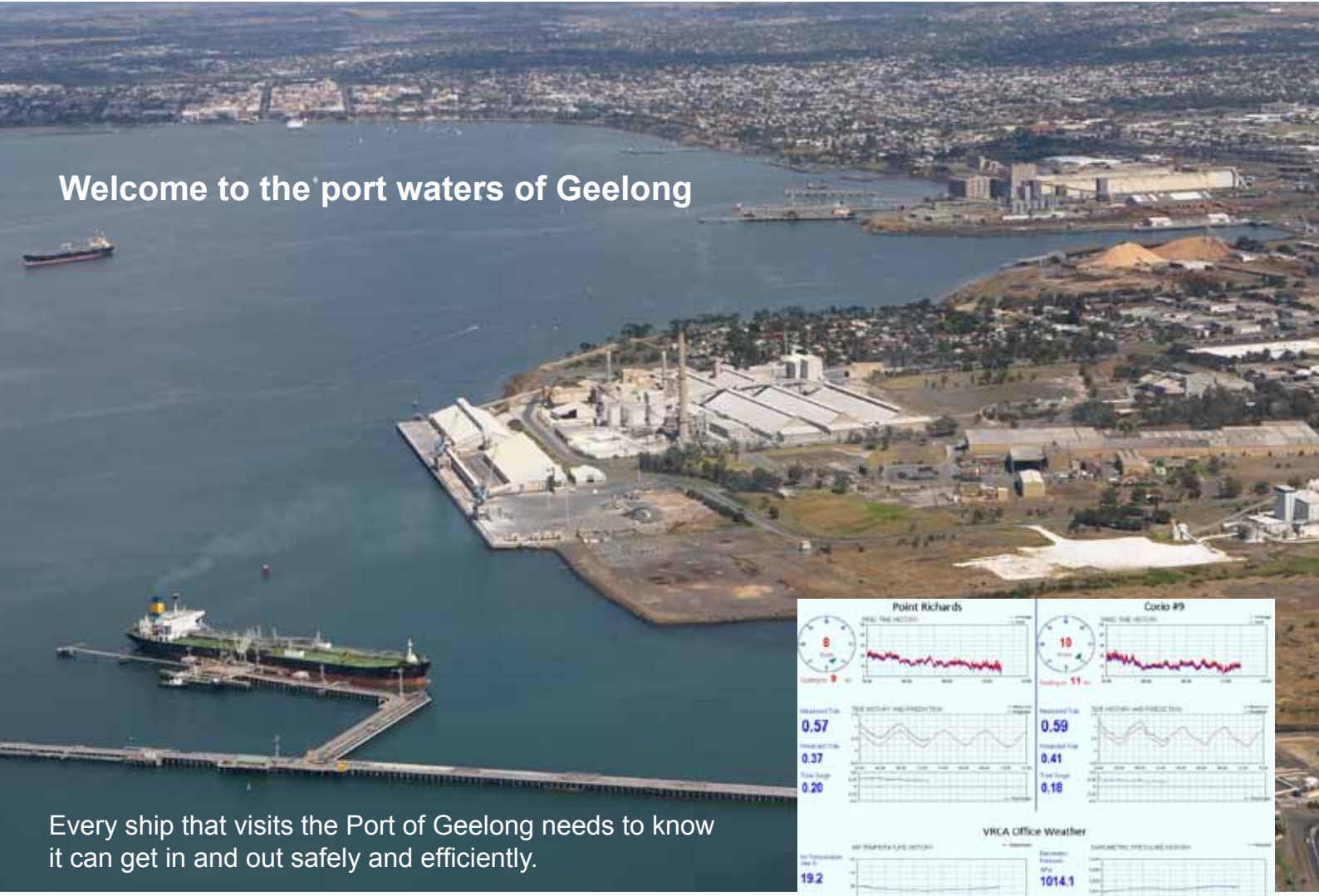
"We offer a good pay package with extra rewards for dangerous or extended work. We're very competitive in attracting career workers."

Time alone will record the mark Michael Pezzullo leaves on Australia in his rise from modest but apparently comfortable beginnings to being one of the most powerful people in the nation.

It's power without glory, however, and bears no relation to the commercial dictatorships of business oligarchs whose wealth permits instant gratification of whim or passion. Neither does it support grandiose good deeds however modestly performed.

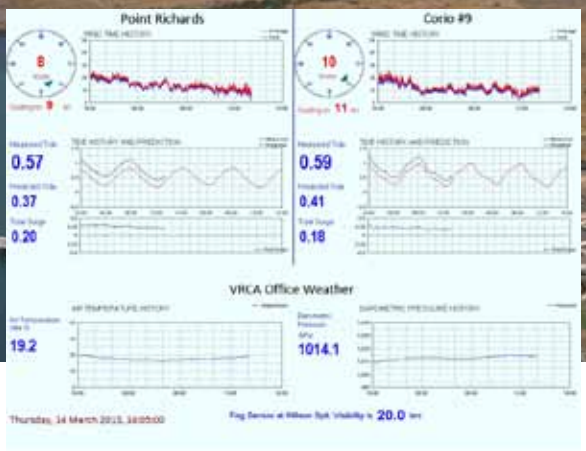
It is based instead on those 40-50 years of devotion to excel in a career of service to the Australian public. Moreover, it's a career which has at least another 15 years to run.

Customs House: Home for the king of the castle



Welcome to the port waters of Geelong

Every ship that visits the Port of Geelong needs to know it can get in and out safely and efficiently.



The port handles more than 700 ships and about 13 Million tonnes of bulk cargo. The Victorian Regional Channels Authority has invested in marine logistics and control systems to ensure safe access for all ships.

The channel has high-visibility GPS controlled lights and beacons. The VRCA's 24/7 marine traffic management system uses equipment such as automated ship identification (AIS), very high frequency radio (VHF), mobile telephony, satellite communications and state-of-the-art real-time tide and wind sensors, available online.

A Smart Dock system enhances the ability of even the biggest ships to berth safely in all weathers. The VRCA also commissions annual hydrographic surveys.

The VRCA welcomes ships visiting the Port of Geelong.

Victorian Regional Channels Authority

Level 2/235 Ryrie St, Geelong / GPO Box 1135, Geelong, VIC 3220 03 5225 3500
admin@regionalchannels.vic.gov.au www.regionalchannels.vic.gov.au

EFFICIENCY OPPORTUNITY IN RECLAIMED LAND AT FREMANTLE

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

Fremantle Ports is progressing the development of land which was reclaimed at Rous Head during the most recent deepening of the Inner Harbour and channels. Leasing is nearing completion and infrastructure works are well underway.

The 27 hectares will be used primarily to support the container trade at North Quay. As well as trucking facilities, there will be container storage, quarantine service facilities and logistics operations.

In January this year, Fremantle Ports awarded a $13m contract to civil and mining contractor Brierty Ltd to construct roads and install services on the site. The works include construction of a number of roads, including a public access road and cycle path along the new seawall, and construction of a new truck marshalling area.

The additional land provides an opportunity to create safer and more efficient traffic flow in the busy Rous Head area. The development will improve freight-handling efficiency, reduce truck congestion, particularly at peak periods, and improve road safety for trucks and light vehicles.

An all-hours Caltex truck stop, located adjacent to the new truck marshalling area, will incorporate light and heavy vehicle refuelling, a convenience store, dine-in and takeaway facilities and driver amenities. The truck stop is expected to open in June 2013.

PORT HISTORY ACKNOWLEDGED IN NEW STREET NAMES

New streets on the reclaimed land at Rous Head will be named after a former Fremantle Port Authority General Manager, an early container ship and a passenger ship that became a troop carrier during WWII.

Captain Beresford Noble (1914-98), who was General Manager of the Fremantle Port Authority from 1972-84, oversaw port changes to accommodate containerisation.

Kooringa, which first visited Fremantle in 1964, was the world's first fully cellular, purpose built container ship. Manoora, built in Scotland in 1935, provided the Cairns-Fremantle passenger run for the Adelaide Steamship Company. During WWII, the ship moved troops and undertook patrols off Malaysia, New Guinea and India.

New crane arrives on 15 May 2013

FOURTH POST-PANAMAX CRANE FOR FREMANTLE

Crane ship Zhen Hua 21 was an impressive sight as it entered Fremantle Port's Inner Harbour to deliver a new container crane to Asciano's Patrick Terminal at North Quay.

The mega-sized delivery was one of four cranes on board the ship, which made the long journey from China.

The other three cranes were bound for Patrick's container shipping terminals in Brisbane and Melbourne.

The cranes, manufactured by ZPMC of Shanghai, are used to load and unload containers from large container ships. They are 104.5m high and 31m wide, with an outreach of 50m and a backreach of 18m. They will provide world-class crane operation, improving capacity at three Patrick terminals.

Asciano's new crane at Fremantle Port is Fremantle's fourth post-panamax crane and Patrick's third with the other at container terminal DP World.

TELSTRA SWITCHES ON 4G AT FREMANTLE'S INNER HARBOUR

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

Telstra Area General Manager Guy Champion said provision of the latest 4G technology in the area would be of enormous benefit for commercial shipping and recreational boating.

"It means that if you have a compatible mobile phone, tablet or data modem you can now access typical mobile download speeds up to five times faster than 3G networks," he said.

"Local shipping, recreational boat operators and nearby residents can now download and upload large files like photos, weather data and information more quickly, stream video with less buffering, search the internet faster and in general do things more quickly on their mobile devices."

Where everyone has everything but enough ...

From ARCHIE BAYVEL
in Mildura

Glenn Milner, a prominent grower of table grapes which are the big new export.

It's like being on the moon. The spaciousness, the silence. Nobody about. It's Sunday noon in Mildura.

An elegant fountain plays softy in its Grand Hotel which is also spacious, silent and invisibly populated. Even receptionists are out of sight preferring to notice visitors through one-way glass rather than from the desk.

To the east the great boulevard of Deakin Avenue languishes in the sun. Lime Avenue on the west is much the same but for sparsely attended pavement tables and a sex shop – a sex shop 1031 miles west of Sydney! You gotta be joking! – being the most visibly open commercial premises.

But explore awhile and you discover that Mildura's reclusive 53,000 denizens are the core of Sunraysia's 60,000 regional population that has both everything and not enough.

The everything becomes quickly visible in its 15 grand avenues, 15 wide cross-streets and all the lesser roads and lanes between; the not-enoughs soon emerge in conversation

with the main and recurring one being that there are not enough $Acents to the $US.

Noting the sparse streets, it would be easy to think another thing this part of the world doesn't have enough of is get-up-and-go. But when Sunday's gone and Monday is working, one finds that most Mildurians work hard and energetically for which not enough of them really get enough money.

And these massively wide empty avenues never really have enough people in them because most folk here live on farms or in outlying parts of the region. They're spread throughout a region that covers 23,000 sq kms, a tenth of Victoria. Come Monday mornings their cars, SUVs and other vehicles of affluent society line the streets and avenues from cafe-open to cafe-close.

This is an oasis in a pink-soil semi-desert. With only 10 cm of rain a year it depends on irrigation from the Murray River, on whose south bank the town sits, to grow its millions of oranges, lemons, grapefruit and bunches of grapes. Despite the power of its citrus growing, it is the grapes who will be the heroes of this commentary. Simply because they are always there. Whichever way you turn there's vine.

New girl on the block is Olam Australia which is estimated to earn $100 million from export almonds this, its first harvest year. The company is a subsidiary of Olam International, a top-40 Singapore SX company which bought 11 Sunraysian orchards from the ruins of Timbercorp in 2009. A couple of months ago it launched its new $60 million processing plant at Carwarp, a village about 20 km from Mildura.

But it's still the vines that entwine at Mildura, a low-rise city that spreads over a lot of dirt; room for another 50,000 people and still feeling like a country town. Despite being 500km from Melbourne and 1031 from Sydney it has a sophisticated infrastructure that enables its growers to send their luscious fruits to almost every country in the world - except Chile and South Africa who are Mildura's deadly rivals in producing plum-sized grapes that glisten even in their box.

As if screw-tops replacing corks was not a big enough blow to lovers of the grape, boxes and not bottles have become the preferred container for products of the vine. Following the world-wide surplus of wine, table grapes have become the big new thing.

And the Mildura area's right on to it, sending millions of cases of the world's finest, tastiest, glitziest table grapes all over the world. How they get there is a shipping story in itself, the story of a big logistics centre, home of Iron Horse Intermodal that is the launch pad for almost everything that is grown or mined – yes, mined - around Mildura.

The only thing Iron Horse and its parent company Wakefield Transport, now owned 51 per cent by Seaway Agencies, doesn't distribute is the electricity generated by Australia's biggest array of solar mirrors which are already on-line to the national grid.

Last but not least of what's happening around Mildura is Australia's still under-estimated export: Tourism. Go to Wentworth just across the NSW border from Mildura and you're in a special place where our 2995km longest river, the Murray, meets the Darling.

It's not Sydney, Melbourne, or even Paris but it ain't Dogpatch either. Many Mildurians have travelled widely. Some visit their international markets several times in a season. More often they are growers who have saved for a lifetime to escape the endless plain of The Mallee for just a few weeks but bring back memories that are forever.

Don McKinnon, 67 and the Mayor of nearby Wentworth, is a Scotsman by heritage and has dreamed all his life about going there. By the time you read this his bags will be packed and him raring to go. A non-drinker, he'll be in for some shocks.

One dried fruit grower recounts his own culture shock while visiting the vineyards of Greece. "It was amazing," he said. "These people did exactly what we do but they worked for a few hours in the morning, took a break, worked again, then it was siesta time after which they sometimes worked again. Then they went out to the cafe and spent the night playing cards and drinking coffee and wine."

If it was worth the Greeks' time to attract Australians and send them home with lifetime memories, then the reverse should be true for us. There's more to our outback than The Bridge and The Cup.

The Murray isn't exactly exciting. No infestation of crocodiles nor hippos like the Nile, nor any of the Amazon's piranhas; not even the rollicking glamour of the Mississippi's showboats, Miz Kitty at de helm. None of that on the Murray, just ole man river rollin' along. Peacefully for the most part so there must be some foreign exchange there, even at parity!

Any problems in this Garden of Eden? Alas, one doesn't search far to find serpents.

One is the cost of water in the Victoria sector. It's a hot topic which has led to adverse comparisons of $280,000 salaries paid to water authority executives while growers struggle to break even.

Anne Mansell (Nee Rainbow) is the CEO of the Mildura Development Corporation and she reckons the whole area is a good news story with the only future challenges being return of the drought (not enuff rain) and the high $A

"Grape harvests here have just come back into balance," Anne says, "and we've got rid of oversupply although prices are not all that brilliant.

"Major wine markets are USA and Britain with sales to China making inroads on a market still dominated by French wines. We're coming to terms with China's citrus protocols and table grapes are the new thing.

"Chile and South America generally are stiff competition because they have a free trade agreement with China while our wines carry a 45 per cent import tax.

Anne Mansell

"We also have a lot to offer the world in R&D and quality technology for good food and beverages. Countries in the same latitude as us are showing interest with China interested in producing grain in semi-arid regions like our Mallee.

"Two miners export Ilimnite, rutile and titanium after having invested some $200 million. Cristal, Saudi Arabian owned, exports its minerals through Port Augusta and Iluka Resources sends its sands to Hamilton for processing and then export through Portland.

"Mildura has a strong reputation for grain and horticulture as well as for fruit and growers have received a $120 million grant from the federal government for irrigation works."

Glen Milne, Mayor of Mildura for the umpteenth year and now on a salary of $69,325, is a former truck driver, crane driver, freelance press photographer, business diplomate, father of eight, and all-round Mr Good Guy.

"The price of water is our huge issue," he says. "Just across the river in NSW it costs only a third what it does in Mildura. Ditto in South Australia which is only a few kilometres away. The same crops, the same markets, the same water but very different prices.

"We are extremely efficient farmers but face costs that other countries do not eg OH&S, various other compliances, and high wages compared to Asia where labor costs $20-a-day max.

"The USA is using cheap Mexican labor who don't get four weeks' holiday pay, there's no dole and generally a low tolerance for the unemployed while ours are comparatively well off. A bottle of Chilean sauvignon blanc costs $2 a bottle in Australia; there's no money in competing with that.

"Fortunately our wine is on its way back and remains a huge industry. Going back to the 1980s, grapes attracted incredible prices - $1500 - $2000 a tonne. Then came the surplus and today these growers are almost back to making a living. We are extremely efficient farmers but many rival countries have a huge domestic market on their doorstep.

"We need to get our roads done up and a much better rail link that doesn't slow our fruit trains to 10 kph on some stretches of the track.

"The Murray is the gateway to the outback and we are its business hub that extends across the state border to Wentworth in NSW.

"We have plenty of water, plenty of power, we're attracting large international corporations like Olam, land is cheap, communications are excellent, and we have about nine daily flights in and out at, if you book ahead, reasonable prices. Mildura still has huge potential."

Glen Milne

If you follow Mildura's 15th Street to its eastern end then chuck a right you find yourself at Greg Milner's 100 acres. He is a specialist table grapes grower and agrees with Glen Milne on water costs.

"The Lower Murray Water authority is making prices almost unaffordable," he says. "We pay $150 per megalitre while growers in the South Australia Riverland pay only $48.

"It's the difference between government and private management. Growers' recent vote of no-confidence in the authority was passed unanimously; now we're trying to force the Victoria Government to replace the board with a committee of irrigators.

"River desalination is working and nearly every property is on drip irrigation; inundation is a thing of the past and I don't see how we can become more efficient."

As one drives around the area you see large gaps in the hedgerows revealing perfectly levelled vacant land obviously lasered for inundation but now fallow. Occasionally great piles of uprooted vines await disposal, relics of culling during the surplus.

Just what would all these orchardists think were they to travel a few hundred kilometres north and see the massive inundations by cotton farmers from their ocean-size dams? "Ah but cotton needs inundation," its moguls say. Just like we used to hear about all the other crops 12 years ago before the drought.

Greg's main market is SE Asia. He says: "Early fruit goes by air but 75 per cent goes by ship. There are some good air deals where a freighter is loaded out of Sydney to, say, Singapore for distribution. But more flights are going direct to the market as quantities increase. Buyers organise the freight and the growers secure it for the road sector to the airport.

"We pre-cool our grapes in our own shed to around 0 degrees them put it in reefers at 8 deg. They keep for three or four months.

"Aquis is making our business more difficult with a shed licence for DAFF inspection now costing $1500 a year compared to $150 ten years ago and $360 only two years ago. The year after next it will rise to $8000.

"Prices are down 25-30 per cent this year to turn a good year into a survival year. I was selling for about $26 a case and some sales have been as low as $18. On the domestic market a box is 10 kilos and sells in the supermarket for about $1.60 a kilo and the growers are close to going broke."

Henry Tankard is a dried fruit grower and at 77 has just completed his 62nd harvest and has a grandson working on his farm who is 6th generation in the business.

A career horticulturalist who removed all his citrus and avocados during the drought, Henry is something of a dinosaur inasmuch as his once mighty dried fruit industry has pretty well dried up itself.

While it used to produce 100,000 tonnes nationally, of which 95 per cent was grown around Mildura, this

season is classed as quite good with 17,000 tonnes. A few years back it bottomed at 10,000 tonnes.

Fellow horticulturist Andrew Gordon explains that many growers jumped ship in the early 1990s when the more lucrative wine boom was on. Growing grapes is a simpler task than painstakingly setting up trelliswork to dry them then tending them until the process is complete.

"Many who decamped were our most progressive growers," Andrew says. "That left the conservatives running the industry and that led to us producing the best dried fruit in the world.

"We now have the potential to become big producers again but not many are keen to invest the cash and effort. Remaining growers are in their 60s and 70s and their kids are long gone having seen how hard their parents worked and decided 'This is not for us.'"

Henry Tankard explains that dried fruit was popular in the early days because it could withstand transport delays when riverboats were the main transport.

"South Africa with its cheaper labour made up the world shortfall created by our absence from the market," he says. "Today Turkey and the USA are market leaders with China suddenly taking an interest in producing."

Just across the Victoria/ NSW border sits the small town of Wentworth and Don McKinnon who is mayor of the surrounding shire which has an area almost as big as Mildura's but less than a tenth of its population.

McKinnon is asking the NSW Government to encourage the owners of fallow plots to plant at least 40 of them with market garden crops. While table grapes are the current flavour here too, new crops are being tested such as figs and even prickly pear fruit.

"We need some grand schemes," he says. "We're too Sydney-centric. I'd like to see a rail built that brought the Mildura line through Wentworth and on to join the Adelaide to Darwin transcontinental railway only 150 kilometres away. We need to get involved in economic development again.

"Everyone's obsessed with the river but the river's fine and there's plenty of land just a short pipeline away that could easily be developed."

Uprooted vines on a clear block that awaits a new purpose.

The two biggest businesses in Sunraysia are probably the Mildura Fruit Company and the Wakefield Transport Group which includes its quaintly named Iron Horse Intermodal division.

MFC is the world's biggest exporter of oranges and a leading citrus packer receiving fruit from some 150 Sunraysia growers. It is also a major exporter of table grapes.

Its marketing manager, Ferdi Bergamin, says: "We've been expanding every year for 10 years from about 1 million cases of fruit to 4 million cases of which 70-80 per cent is for export. Cold sterilisation in transit to combat fruit fly is standard protocol for exports to China but meeting these requirements adds about $1500 per container to the growers' costs.

"Some of the world's best oranges come from here and they need to be to obtain premium prices to cover the high costs of Australian labour and our distance from market. Growers are answering the challenge with new varieties with higher colour, easier peeling, more kid-friendly. "

At Wakefields, its Iron Horse division specialises in cold chain intermodal management of perishable containerised cargo by rail to the Port of Melbourne and to Adelaide.

It is the only containerised rail service in Sunraysia and its manager is Glenn Collihole – allegedly the busiest man in Mildura. Glenn used to be a truck driver but when the railway intermodal experiment began in 1992 he was asked if he'd like to run it. "I said I'd give it a go and here I am," he says.

Today the Melbourne to Mildura rail is a single *chemin de fer* that snakes through the town criss-crossing its avenues and streets to Wakefield's HQ at Merbein, 15km away.

"Air travel killed rail as passenger transport," Glenn says. "Then the railway people approached us. Until then we'd never had rail containers. Everything went aboard trucks and I was one of the drivers. But it gave our owners of what was then a family

Ferdi Bergamin

Glenn Collihole in one of the chillrooms at Wakefield Transport

business an idea.

"They discussed it with other trucking companies who all decided to stick with road transport while we went into the railfreight business. We did a couple of trial runs with two then four wagons. Then we upped it to six a week.

"Today we have three 40-wagon trains, each up to 1.2 kilometres long, every week. With three railway sidings we're running at full capacity in potentially one of our biggest years.

"We've also expanded to cater for product that just needs to be moved but with no need for cooling. That includes grain – we have our own grain siding, cotton and about 5000 containers of mineral sands.

"Trucks bring fruit from growers to our complex where we prepare and chill it for wherever in the world it's going. We have cold storage for 4000 pallets and four DAFF inspectors on-site and since the arrival of the table grape market we host Chinese inspectors on three or four-week fly-in/fly-out rotations.

"Once chilled to the required temperature, the fruit is kept there throughout its time in our care. That includes the few minutes when it is transferred from cool room to reefer.

"Mainly we use 40ft containers for grapes, citrus, almonds and cotton. Bulk wine generally travels in 20 ft containers.

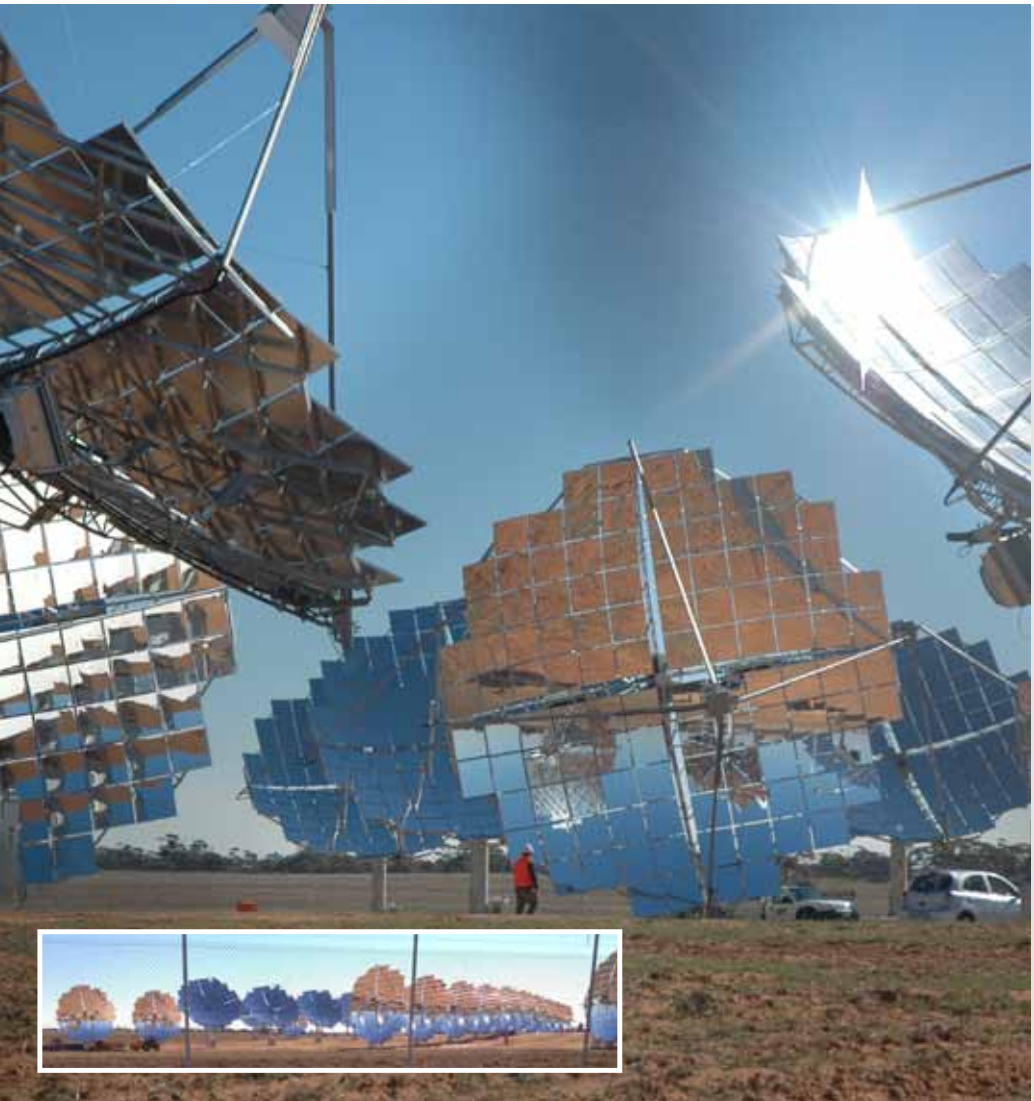
"When the train is loaded it takes 12 to 14 hours from here to Patrick's Appleton loading facility on the Melbourne waterfront.

"Our packing cycle for grapes began in February and has just ended, citrus began a few weeks ago, cotton will come on-line in a few weeks and continue until Christmas by which time grain is in full swing. But growers are holding their grain harvest on their properties until the $A comes down; prices just now are quite weak.

"We need our rail line upgraded so trains can travel at 80 – 100kph with none of the 10kph stretches they face now. There's also a push to have a passenger train again so the potential from upgrading the line is high."

Glenn wouldn't be part of a farming community if he couldn't complain about there not being enough of something. This time it's rain. "We're close to being back in drought again with the soil beginning to crack," he says as he sees me to the door.

Outside, rain is bucketing down and continues to do so all of this mild autumn day and night. Glenn smiles ear-to-ear and says it's the best rain for six months. Almost enough, like.



Electricity from space

This solar array of 40 giant mirrors is a demonstration facility at Carwarp, some 25km out of Mildura. Believed to be first of its kind in the world, it is owned by Silex Systems to demonstrate its new system to turn sunrays directly into electric energy. Other systems use the rays to boil water and then use the resulting steam to power turbines which then generate the electricity.

When complete later this year it will power 500 homes; Stage II next year will increase this to 45,000 homes. Its electricity has been bought by Diamond Energy and is already flowing into the national grid. The project is financed by Silex Systems and grants of up to $75 million from the national government plus $50 million from Victoria.

Why other nations fail (but Australia succeeds)

By TIM HARCOURT*

Scholars point to Australia as a country that got it right. We owe our success to our inclusive and democratic institutions, not dumb luck.

There's a lot of handwringing about our nation, with plenty of introspection and self-doubt before we become a collective nation of worry-warts about budget deficits, productivity, the NBN and other topics of the day (or rather the 24-hour news cycle).

I have a blessed professional life and have had the chance to observe a variety of different economies. At last count I have been to about 57 countries in the past five years, including emerging economies as diverse as Colombia, Mongolia and Kazakhstan, as well as more established economies in North America, Europe and Asia.

Every time I return home I am amazed at how well the Australian economy stacks up, despite the noisy pessimism in the media.

Can I really tell how things are in a country with a flying visit of a few days? Well, you'll never never know if you never never go - and being an airport economist is preferable to being an armchair economist.

But now thanks to a new book by

two Harvard/MIT scholars, Daron Acemoglu and James A Robinson, I have some solid back-up for my initial observations. In Why Nations Fail, Acemoglu and Robinson basically take a journey through the history of the world to see why some nations have succeeded economically and others have been disasters, even if they had similar climates, historical cultures or endowments of natural resources.

The central thesis of their argument is that nations who build inclusive and democratic political and economic institutions will do better economically than nations that don't. It doesn't matter if a nation has an abundance of mineral wealth and natural resources; if they don't get the institutions right - with democratic inclusivity, fairness and the protection of property rights so citizens have the incentive to invest, save and innovate - the nation can squander its inheritance.

And here's the good news. In the Why Nations Fail analysis, Acemoglu and Robinson point to Australia as a nation that got it right.

Firstly, in the convict era of the late 1700s, because of a shortage of labour, the penal colony of New South Wales granted convicts the right to be entrepreneurs and hire other convicts. As the colony developed, the ambitions of the squattocracy to deny others property and democratic rights failed as inclusive political institutions were developed.

In fact, by the mid-nineteenth century, the Australian colonies were the first place to introduce an effective secret ballot. The convict colony was very different to the slavery of the Americas and Africa, and ended up developing more democratic institutions than in the old world.

Secondly, in the 1850s, at the Eureka rebellion in Ballarat in the Victorian gold fields, inclusive institutions won again. As Acemoglu and Robinson explain:

Instead of setting up a monopoly, Australian authorities allowed anyone who paid an annual mining license fee to search and dig for gold.

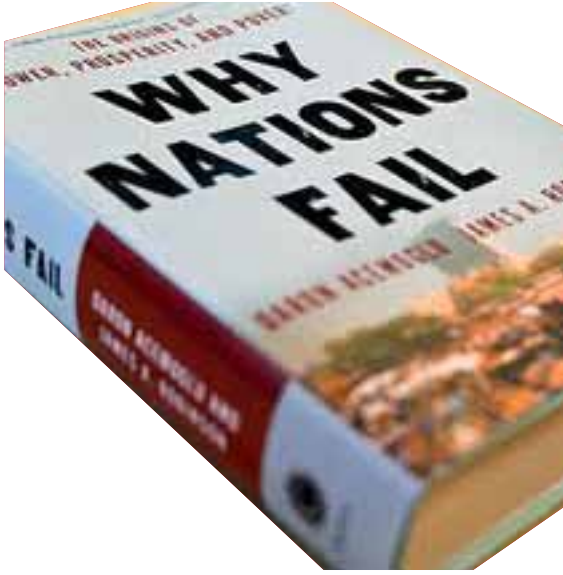
By contrast, in Sierra Leone in Africa, extractive institutions denied miners property rights and, mixed in with slavery, the result was disaster under both colonial and post colonial rule. In Australia, the Eureka diggers ended up being part of a democratic political movement for universal suffrage and the secret ballot.

Thirdly, later on, in the 1980s, as we hit a rough path in terms of the shifts of the global economy, we reformed our institutions while other nations languished or made things worse. It is now 30 years since the float of the dollar by the Hawke government and this, together with a number of fundamental reforms by Bob Hawke and Paul Keating and colleagues (with the support of John Howard in opposition), enabled Australia to prosper in the Asian Century, turning our historical 'tyranny of distance' position into 'the power of proximity'.

As Acemoglu and Robinson show, the contrast with Argentina, a similarly resource-endowed southern hemisphere economy, couldn't be greater. A century ago, both Argentina and Australia (and Buenos Aires and Melbourne in particularly) were two of the richest nations in the world. But while Australia developed inclusive institutions and resisted the squattocracy, Argentina allowed land-owning oligarchs to flourish, with extractive and exclusive institutions which forced the mass of the population to support Peronist policies.

Even in recent times, while Hawke and Keating floated the dollar, enabling our economy to have a shock absorber while we reformed our economic structures, Argentina fixed the peso to the US dollar, making exports too expensive and imports cheap, which, coupled with debt and default, destroyed confidence in Argentina's institutions and security in their property rights and banking system. Now Argentina knows it needs to rebuild trust and confidence in its institutions, so it can take full advantage of its natural resources and highly educated sophisticated workforce.

So what are the lessons for the future? As Acemoglu and Robinson



point out, for nations to succeed, they need to defend and constantly improve their inclusive institutions. The authors note that the US's institutions came under attack from the 'Robber Barons' in the late nineteenth/early twentieth century and it took some strong anti-trust legislation and a free media to resist this.

Australia should be wary of our own 'Robber Barons' or 21st century squatters trying to take monopoly rights over not only resources but also the media itself. As Acemoglu and Robinson show, Australia needs to continue to develop institutions that protect property rights and enable a fair sharing of our mineral wealth. We should therefore avoid weakening inclusive institutions like the arbitration system (in its present form, Fair Work Australia) that have helped maintain both efficiency and fairness in our economic system to the benefit of both capital and labour.

Australia's not perfect - far from it, especially in terms of Indigenous disadvantage and the need to support reconciliation - but as Why Nations Fail shows, we have developed the right institutions that could build a future Australian nation that could really be a lucky country for all.

** Tim Harcourt is the JW Nevile Fellow in Economics at the Australian School of Business, UNSW in Sydney and author of The Airport Economist.*

Wallenius Wilhelmsen Logistics and Green Shipping

Delivering a sustainable future – this is one of the main focuses that Wallenius Wilhelmsen Logistics (WWL) has in order to achieve the vision of one day having a zero emissions supply chain. WWL are an environmental frontrunner in the shipping industry and are implementing the necessary strategies required, to reduce environmental impacts and remain competitive in a global marketplace. In order to achieve these goals, WWL follow their 5-part strategic environmental framework.

WWL focuses on high impact changes

WWL is constantly looking for ways to reduce the CO2 emissions from vessels to improve environmental performance. In 2012, WWL reduced relative CO2 emissions (grams per tonne km) by 2% compared to 2011. This was a result of improved utilisation, energy efficiency and new buildings entering the fleet. WWL's new generation Mark V vessels entered the fleet with 15% to 20% reduced CO2 emissions per transported unit. These improvements are encouraging developments to take the operational, technical and design steps forward to deliver a more energy efficient and sustainable supply chain.

WWL hold themselves accountable and transparent in their environmental commitments

WWL believe that accountability and transparency must be a key focus area supporting stakeholder demands; whether it be regulators, customers, or local communities. As a consequence, WWL's CO2 inventory reporting is

Mark V vessel Salome

WWL's Environmental Sustainability Report 2012 (with CO2 information)

verified by Det Norske Veritas (DNV), to comply with the Greenhouse Gas (GHG) Protocol. WWL was the first shipping company to receive formal 3rd party verification of its inventory processes for GHG emissions. This has allowed WWL to develop a robust reporting framework that is used as an internal management tool to measure performance and prepare for future regulations. It also enables WWL to provide credible CO2 emissions information to their stakeholders.

WWL exceed their responsibilities for environmental performance

Since 2004, WWL has maintained the average global sulphur content of the bunker fuel used on vessels at 1.5% or less. The accumulated result of WWL's low sulphur fuel policy since 2001 has meant that WWL has saved 186,500 tonnes of sulphur from being emitted over the past 12 years. This is a result of WWL's global low sulphur fuel policy.

WWL invest in future technologies

WWL's E/S Orcelle concept vessel and Castor Green Terminal concept represent WWL's zero emission ambition, at sea and on land. A roadmap towards the concept of a zero emissions vessel has been developed describing the technology, operational and energy needs for this type of ambition towards 2040. The Castor Green Terminal on the other hand is based on technologies which are available or soon to be available but not yet commercially viable. WWL are working towards realising their vision by 2020.

WWL cultivate partnerships with stakeholders to develop sustainable solutions

In a recent study with an Indian auto manufacturer; TATA motors, WWL were able to jointly recognise that the amount of emissions per vehicle from factory to dealer, which is approximately 562 kg of CO2 could be reduced by 17%. This could be achieved through redesigning the distribution network in South Africa that also delivered cost savings. Also some short term initiatives such as reduced fuel filling, improved driver training, truck design could have an estimated carbon emission reduction of approximately 7%, relative to current supply chain performance.

With the long foreseen stepping up of global Emission Control Areas* & associated regulations limiting the sulphur emissions from commercial vessels, much of the 350 million tons of ordinary bunker consumed every year by the shipping industry will have to be replaced with other fuels or used in conjunction with abatement systems. WWL is working along four different streams and leveraging their 9-year experience using low-sulphur bunker across the globe to find the most sustainable compliance solution.

WWL will continue to be an environmental frontrunner and deliver sustainable and innovative solutions for their customers. For further information visit the website www.2wglobal.com

* Emission Control Areas (known as ECA's) are specific geographic boundaries that have mandated control on sulphur content in fuel. Such areas include the North and Baltic Seas and the United States that sees a 200 nautical mile boundary with a requirement for 1% sulphur content in fuel. In 2015, the regulation will become tighter and see 0.1% sulphur content in fuel permitted in these waters. This radically affects the shipping industry where low sulphur fuel supply and cost is seen as key challenges.


Castor Green Terminal Concept

WALLENIUS WILHELMSEN LOGISTICS

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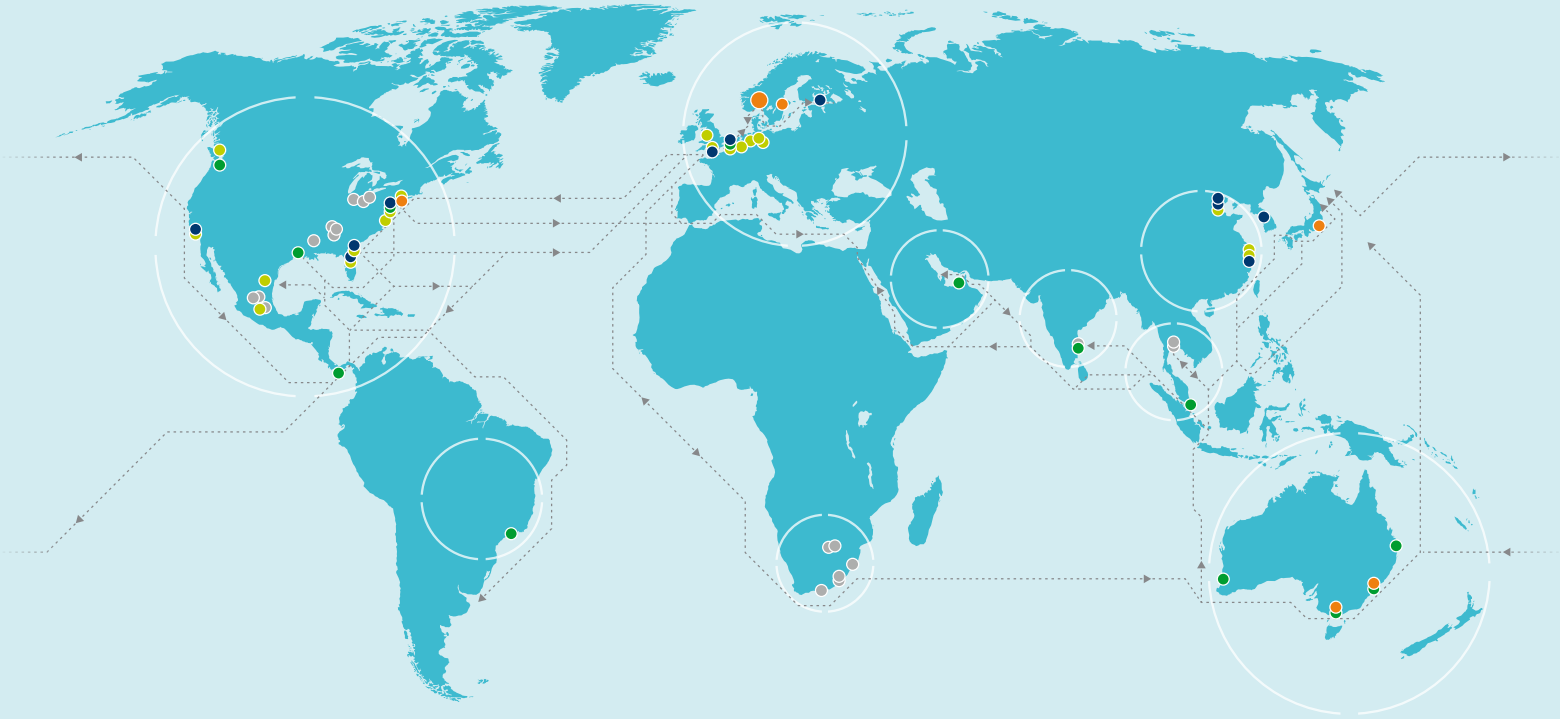

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Negativity seems unfounded in the big picture

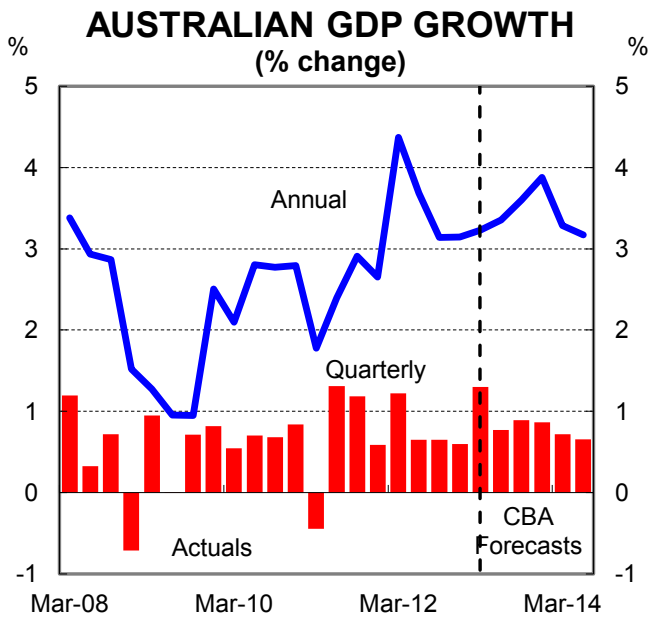
By GARETH AIRD, economist, Commonwealth Bank of Australia.

Late last year, I returned to Australia after three years living and working in London. During that time, Europe and the US had experienced a recession; a European banking crisis had become a sovereign debt crisis; and central banks were undertaking unconventional monetary policy in the form of quantitative easing (i.e. injecting huge amounts of monetary policy stimulus into the financial system by buying government bonds and other financial assets). When I returned to Australia I was struck by how well the domestic economy was performing in the context of the global economic environment. The economy was growing around its 20 year average, inflation was modest and the unemployment rate was relatively low. And yet despite this, there appeared to be feelings of negativity and pessimism around the economy, particularly within sections of the media. This trend has continued. A lot of the negativity seems unfounded when you look at the total Australian package. And to an extent, it is also unconstructive as it impacts on both consumer and business sentiment.

In summary, the Australian economy is in good health and has been performing well. But before we pat ourselves on the back, it is important to recognise that a lot of our solid performance can be attributed to good fortune. Australian has been a beneficiary of a resources boom which has continued despite the downturn in Europe and the US. China, to a certain extent, has been able to decouple from the US and Europe due to sufficient internal demand and this has extended the resources boom to the benefit of Australia. There are, of course, other factors that enabled Australia to avoid the downturn experienced in Europe and the US. Namely, a well-capitalised banking system, a Government balance sheet in reasonable health and significant fiscal and monetary policy stimulus applied at the time the global financial crisis (GFC) began. But these "other" factors supported the economy, rather than drove it. Without question, the resources boom has been the driver of the domestic economy and to that extent, Australia has been "lucky". But will it continue and what is the outlook for the Australian economy?

Interestingly, there is a degree of uniformity in the forecasts for economic growth over 2013 and 2014. Most commentators expect domestic growth to be a little below trend over the next two years. We agree with those views at the Commonwealth Bank of Australia (CBA), though we sit a little above the median forecast. And when thinking about the risks to economic growth, we feel there are a number of upside growth risks (i.e. events that may occur that contribute to higher-than-expected outcomes) that are not getting a lot of air play. Most commentators are tending to emphasise the downside risks at the moment (i.e. events that may occur that produce lower-than-expected outcomes).

Discussion about the economic outlook for Australia invariably revolves around the peak in mining investment, which is looming. Business investment, driven by mining investment, has been a key driver of the domestic economy in recent years. Business investment has been around its highest level as a share of GDP for over a century. But there are genuine concerns that there will be a growth "pothole" once we hit the peak in mining. Whilst these fears are valid, they are somewhat overdone because the peak is more likely to be a "plateau" rather than a "cliff". Of



the $268bn of committed resource projects, some $195bn is in Liquefied Natural Gas (LNG). These projects are of long duration and will support mining construction over a number of years. Therefore, resource investment is likely to track sideways after its peak. The other important thing worth noting is that about half of mining investment is met through imports. That means that from a growth perspective, a one dollar reduction in mining investment is partially offset by a fifty cent reduction in imports. So the impact on GDP growth is essentially halved.

Notwithstanding, other parts of activity in the economy will need to step up to generate domestic growth and absorb labour market slack resulting from the winding down in mining investment. Residential construction activity offers a major source of alternative growth and the economic fundamentals support housing construction. For a number of years, housing construction has fallen short of demographic requirements. That is, the population has been increasing by more than the stock of dwellings required to meet the increase in Australian residents. The supply and demand imbalance has been supportive of property prices. But it has also meant that, on our estimates, a significant pent-up demand for dwellings exists. We are starting to see some of the pent-up demand unlocking due to an improvement in affordability courtesy of lower interest rates. Building approvals, which are a leading indicator of housing construction, have been trending up, particularly approvals for units. But there is still a way to go. Our forecasts suggest dwelling commencements will rise from around 145k in 2012 to 160k in 2013 which will support the domestic economy. Spending on renovations is also likely to lift due to low interest rates. As well as the direct economic growth generated from housing construction, there are second-round effects that generate spending elsewhere in the economy.

Other areas like non-mining business investment will also need to lift to offset the impacts of a plateau in mining capex. The RBA has commented on this for some time. At the moment, business confidence is relatively shaky due to concerns about the global economy. And this is having an impact on non-mining capex. Some sectors outside of manufacturing are showing encouragement, but overall non-mining business investment is relatively weak.

Of course, this would be helped significantly if the Australian dollar weakened. The local currency has been stubbornly high since the end of 2010. It has traded for the majority of that time a little over parity compared to the US dollar. The high dollar has hindered those sectors that have a direct exposure to international competition like manufacturing and tourism. In short, a strong local currency makes it harder for these sectors to compete internationally. Over 2012, under normal circumstances, when commodity prices were falling, the Aussie dollar would have declined too. But due to the huge monetary policy stimulus applied from overseas central banks, we've been stuck with a stubbornly high Aussie dollar. There are some benefits of course to a stronger currency, such as productivity improvements in those sectors competing with international businesses. And it also means cheaper imported items for consumers and businesses. But on the whole, the strong dollar has held back some sectors of the economy. As such, a moderate fall in the dollar would be welcome. This looks unlikely to be the case, in the short to medium term, and we think the Aussie dollar will trade around its current levels for the rest of the year.

From a shipping perspective, the outlook for the economy is very favourable. This is down to where we are in the mining "boom" cycle. The first part of the cycle was the rise in prices, which began around 2004. The peak in prices was more than a year ago. The second phase of the "boom" was the significant increase in mining sector investment (i.e. capex). We are approaching the peak of this phase. The third and final phase of the "boom" is the capacity to extract and export higher quantities of resources. This phase is underway for iron ore and coal, but it is largely still ahead of us, particularly for gas. With a huge pipeline of LNG construction to be completed, specialised LNG shipping companies stand to prosper the most. Natural gas is unusually difficult to ship and there is only a relatively small global fleet of LNG ships. Australian shipping companies with the capability to ship gas will benefit significantly as the export phase of the boom continues.

Finally, when considering the outlook for the Australian economy, it is worth considering two things related to the RBA and monetary policy: (i) rate cuts tend to have a lagged effect on economic activity and there is still mileage to go from the most recent rate cuts; and (ii) there is scope to cut rates further if necessary, to support demand. We think the RBA is likely to cut rates again in 2013. And from a policy perspective, it's comforting to know that the RBA still holds firepower in which to stimulate the economy if required.

The 2013 Australian BIOSECURITY AWARDS

By RONA MELLOR, Deputy Secretary Biosecurity, Department of Agriculture, Fisheries and Forestry

Photos by Steve Keough at the ABARES Outlook 2013 conference

"Biosecurity lies at the heart of our productivity, our resources and our position as an exporter of agricultural, fisheries and forestry products", says Rona Mellor, Deputy Secretary Biosecurity, Department of Agriculture, Fisheries and Forestry (DAFF).

"Australia's robust biosecurity system has kept us free from any of the pests and diseases present in other parts of the world. A system that quickly detects and responds to pest and disease risks is fundamental to avoiding severe disruptions and harm to our economy, environment, health and way of life.

"Our system relies on governments, industry, businesses and the community working together to be successful. There is no single party responsible for biosecurity – everyone benefits so everyone has a role to play.

"The 2013 Australian Biosecurity Awards recognise individuals and organisations who have made a significant contribution to maintaining Australia's biosecurity integrity across the continuum – offshore, at the border and onshore.

"Congratulations to all the award winners."

Awards went to;

Tim Porter (Roberi Pty Ltd), Daniel Aarons and Leo Quirk (Agri Australis), Trevor Mawhinney (Grenfell), Llew Russell (Shipping Australia Limited), Brett O'Donovan (MCJV EMT), Warren Twist and David Johnson (Origin Energy EMT).

Llew Russell recognised with Lifetime Biosecurity Achievement Award

The Lifetime Biosecurity Achievement Award recognises an individual who has made an outstanding contribution to biosecurity. The department paid tribute to Llew Russell for his outstanding contribution to biosecurity through his extensive work in the shipping industry.

Left to right: *Rona Mellor (Deputy Secretary, Biosecurity, Department of Agriculture, Fisheries and Forestry), Llew Russell (retiring Chief Executive Officer, Shipping Australia Limited) Senator the Hon Joe Ludwig (Minister for Agriculture, Fisheries and Forestry).*

Llew recently retired as the inaugural chief executive of Shipping Australia following a distinguished life of service to shipping, in both government and industry capacities. He has contributed significantly to promoting biosecurity awareness to the shipping industry and has helped develop a risk-based approach to biosecurity for cargo, biofouling, ballast water and ship borne insect threats, to name but a few.

Prior to joining the Australia to Europe Shipping Conference in 1981, Llew held a senior position in the Federal Department of Transport. He is a Fellow of the Institute of Logistics and Transport and a member of a number of professional associations. He is also a past president of the State Chamber of Commerce (NSW) and was the Chairman of the Sea Freight Council of NSW from 1999 to 2004. He has been a member of the Australian Logistics Council and a member of the Maritime Industry Security Forum.

He has been a member of the DAFF Cargo Consultation Committee (DCCC) and its predecessor, the AICCC since 1999, initially as the Australian Chamber of Commerce and Industry representative and from 2003 representing Shipping Australia.

He was a member of the National Introduced Marine Pest Coordination Group (NIMPCG) from 2006-2012, and continued as an observer when NIMPCG became the Marine Pest Sectoral Committee. Through these committees Mr Russell has contributed to the identification and consideration of marine pest risks and to the development of nationally harmonised policy approaches to address these risks.

Llew has shown industry leadership throughout a life of service to the shipping industry. He has been one of the major champions of biosecurity, in partnership with government, to protect Australia's vital biosecurity status.

The scene

VICTORIA GOLF DAY

The annual Victoria golf day was held at the Waterford Valley Golf Course, Rowville. There were 25 teams competing.

The major sponsor was Svitzer, other sponsors were Port of Melbourne Corporation, Patrick Terminals, Port Phillip Sea Pilots, DP World Melbourne, Holman Fenwick Willan, Hetherington Kingsbury Shipping Agency, Cosco Container Lines, Australian Amalgamated Terminals, Maersk Line, PB Towage.

Robert Chignell, Svitzer (major sponsor)

The winning group representing Patrick PAC & General Stevedoring: Rick Biedukiewicz, Lindsay McNair, Ken Takamura (absent from photo), Chris Free

Frank Ali representing Gavan Products.

David Anderson, Ports Australia; Ron Hoenig, MP; Susan Fryda-Blackwell, Ports Australia; Dom Figliomeni, Port Kembla Port Corporation

Zoe Reynolds, HIS Fairplay; Gerry Rodrigues and Paul Willard of Australian Customs & Border Protection Service

Ken Chapman, Asiaworld Shipping; Rod Nairn, Shipping Australia Limited

Natalie Puchalka and Stephen D'Emilio of Macpherson+Kelley Lawyers; David Uncle, Hamburg Sud; John Thomson, Mediterranean Shipping Company

Aaron Collings and Jacqui Low of Real Institute; Bill Drossos and Danny Ayoub of DSV; Paul Zalai, Real Institute

Peter Muscat, Warwick Krigstein, Greg Searson, Ben Wicks and Peter Rouse all of Patrick

John Thomson, Mediterranean Shipping Company; Nathan Cecil and Claire Morgan of Norton White; Nigel Oakley, SKULD; Charles Street, Norton White

NSW LUNCH AT PARLIAMENT HOUSE

Guest speaker at SAL's autumn lunch this year was John Robertson, MP Leader of the NSW Opposition and shadow minister for Western Sydney and the Illawarra. This well-attended function was hosted by Ron Hoenig, MP, NSW shadow minister for ports, and generously sponsored by Sydney Ports.

Ian Porter, Missions to Seafarers Sydney; Lachlan McDonald, Port Kembla Port Corporation; Steve Horton, Hetherington Kingsbury

QUEENSLAND GOLF DAY

Held at the Pacific Golf Club, this year's four man ambrose event was enthusiastically attended - Major sponsors were Chalmers Industries who subsidised the on-course drink cart and PB Towage who subsidised the post-game drinks.

Andrew Czislowski, Greg Akkers, Ian Hunter (holding the SAL Trophy), Ken Jackson and David Hislop (Chairman SAL Qld State Committee) who made the presentation

Peter Cusak, Tony Michel, Danita McMurray, Stuart Bracken

Dick Kennedy, Stewart Schloss, Greg Egan and Ken Madge

Gary Coulloupas, Steven Tzaneros, Nick Costi and Jim Theodorou

Paul Szumowski, Paul Dean, Chris Dickson and James Chalmers

Mark Spillane, Alan Moramora, Chris Warr and Kane Bygrave

Summary of selected port tariff increases

As in previous years SAL recent port cost increases given their potential effect upon our international competitiveness. Following are a list of port cost increases for 2011, 2012 and 2013 that have been notified to SAL.

Legend: NA - Not Assessed
NK - Not known or could not be determined due change in fee structure
N/A - Not applicable

Note: *Best endeavours have been made to ensure that this table is accurate, however, some distortions may arise through averaging of different components.*

Port	Service	1 July 2013 % Increase	2012 % Increase	2011 % Increase
Brisbane	Wharfage (avg)	2.3%	3.1%	3.0%
	Harbour Dues (avg)	2.8%	3.1%	3.0%
	Port Access Charge per TEU (avg)	4.7%	3.1%	$7.83
	Common User Wharf Fees (avg)	2.5%	3.1%	2.9%
	Security Charges (avg)	4.8%	3.1%	3.1%
	Towage	3.5%	6.8%	6.5%
	Pilotage all services	3.0%	5.5%	10.0%
	Vessel Utility Charge (Water)	2.5%	New Charge 2012	N/A
	Transfere Bulk Liquid Application Fee	2.5%	New Charge 2012	N/A
Flinders (SA Ports)	Cargo Service Charge	2.9%	1.9%	3.6%
	Harbour Services Charge	2.9%	2.8%	3.6%
	Navigation Charges	3.2%	1.8%	3.6%
	Pilot Charges	3.8%	NK	5.9%
Fremantle	Wharfage & Berth Hire	5.0%	5.0%	3.0%
	Tonnage (avg)	5.0%	5.0%	3.0%
	Pilotage (avg)	5.0%	10.0%	3.0%
	Port Improvement Fee per TEU (avg)	5.0%	5.0%	3.0%
Gladstone	Harbour Dues (avg)	4.4%	3.8%	3.6%
	Tonnage/Wharfage (avg)	4.8%	3.8%	3.6%
	Refuse Removal (avg)	6.5%	7.2%	3.6%
	Mooring dues (avg)	6.5%	7.2%	3.6%
	Towage (avg)	NK	5.50%	3.6%
	Security Charge (avg)	4.3%	4.0%	6.8%
Mackay	Ship Charges (Tonnage Dues)	3.1%	8.9% (avg)	NA
	Cargo Charges (Harbour Dues) avg	5.6%	8.3%	NA
	Service & Security Charges (avg)	3.8%	6.8%	NA
	Towage	2.0%	NK	4.6% avg

Port	Service	1 July 2013 % Increase	2012 % Increase	2011 % Increase
Melbourne	Wharfage Full Containers	5.2%	52.6%	4.4%
	Wharfage Empty Containers	5.3%	52.0%	4.2%
	Non-Containerised / General Cargo	5.2%	53.1%	4.7%
	Motor Vehicles	4.9%	53.0%	4.7%
	Dry Bulk	4.8%	52.8%	4.1%
	Bulk Liquid Cargo (avg)	13.3%	51.8%	4.3%
	Channel Fees (avg)	4.9%	43.7%	4.3%
	Berth Hire	5.2%	52.6%	4.5%
	Wharf Access	4.1%	54%	4.4%
	Area Hire (avg)	5.0%	52.6%	4.6%
	Towage	10.0%	10.0%	6.5%
	Security	5.0%	52.6%	4.1% avg
	Pilotage	3.0%	2.5%	5.0%
	Infrastructure Charge	0.0%	3.0%	3.0%
Newcastle	Navigation Services	2.8%	NA	NA
	Pilotage	2.8%	NA	NA
	Site Occupancy	2.8%	NA	NA
	Wharfage	2.8%	NA	NA
	Wharfage, Containerised cargo	2.5%	3.2%	2.4%
Port Botany & Sydney Harbour	Wharfage, Non-Containerised Cargo	0.0%	3.2%	2.4%
	Nav. Charge (ex pax, bulk, liquid & gas)	2.5%	3.2%	2.4%
	Navigation: Pax, bulk, liquid & gas	2.3%	3.2%	2.4%
	Pilotage (avg)	2.4%	3.0%	2.4%
	Towage	3.5%	6.0%	7.5%
Port Hedland	Tonnage	5.0%	59.4%	5.0%
	Wharfage	5.0%	5.0%	5.0%
	Berthage	5.0%	5.0%	5.0%
	Temporary Storage	7.7%	NA	NA
Port Kembla	Navigation	3.0%	5.0%	5.0%
	Pilotage	3.0%	5.0%	5.0%
	Site Occupancy	3.0%	5.0%	5.0%
	Wharfage	3.0%	5.0%	5.0%
	Coal Terminal & BlueScope Steel berths	3.0%	5.0%	5.0%
Townsville	Cargo Charges	5.5%	NA	NA
	Towage	4.0%	NA	2.9%

The **Titanic** is gone but the SOLAS convention is her legacy

By DORIAN MOGA, National Risk Analyst for MSC(A)

The White Star Lines' SS Titanic sank in the North Atlantic on April 15, 19012, after colliding with an iceberg on her maiden voyage from Southampton to New York. She was the largest ship afloat at the time and carrying 2223 people, 1514 of whom died in what was the deadliest maritime disaster in history. Today ships have changed enormously but the International Convention for the Safety of Life at Sea, enacted as a result of the disaster, remains the Titanic's most important legacy.

Things have changed a lot since the Titanic hit its iceberg as the picture on the right shows. Ships have become giants by comparison with what was then the world's biggest liner.

More important, however, are the changes that took place in safety regulations for shipping of all kinds; regulations which have been refined and up-dated to the present time.

Even before the Titanic's survivors arrived in New York, investigations were underway to discover what had happened and what could be done to prevent a recurrence.

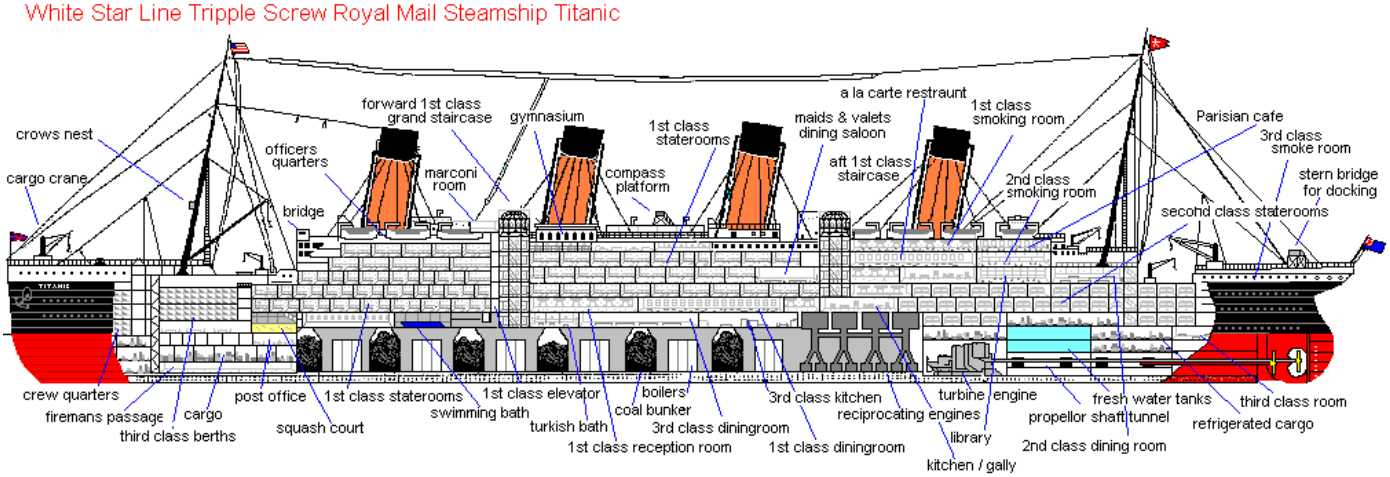
The inquiry was initiated by the United States Senate within four days of the disaster, took several months to complete and was soon followed by several other investigations. Each inquiry took testimony from both passengers and crew of the Titanic, the captain of the Carpathia (the main rescuing vessel) and other experts.

All reached broadly similar conclusions: The captain had failed to take proper care of ice warnings and the collision was the direct result of steaming into a dangerous area at too high a speed (the master's negligence and error in navigation); it was also found that the number of lifeboats that the ship was required to carry was inadequate.

The recommendations that followed included major changes in maritime regulations to implement new safety measures, such as, ensuring that more lifeboats were provided,

The White Star's ss Titanic was the world's biggest passenger in 1912 but is dwarfed by RCCL's Allure of The Seas and other modern cruise liners.

White Star Line Tripple Screw Royal Mail Steamship Titanic



that lifeboat drills were properly carried out and that communication equipment on passenger ships was manned around the clock.

Importantly, the maritime safety regulations were internationally harmonised for the first time. The resulting safety reforms culminated in the International Convention for the Safety of Life at Sea (SOLAS) which remains in force today. It is regarded as the most important international treaty concerning the safety of merchant and passenger ships.

The requirements for a minimum number of life vests on board are covered by Chapter III of SOLAS. Chapter V covers all aspects of safety of navigation. This chapter sets out the basic requirement that all vessels be sufficiently and efficiently manned from a safety point of view.

It places requirements on all vessels regarding voyage and passage planning, expecting a careful assessment of any proposed voyages by all owners or charters. Every mariner must take into account all potential dangers to navigation, weather forecasts, tidal predictions, the competence of the crew, and all other relevant factors.

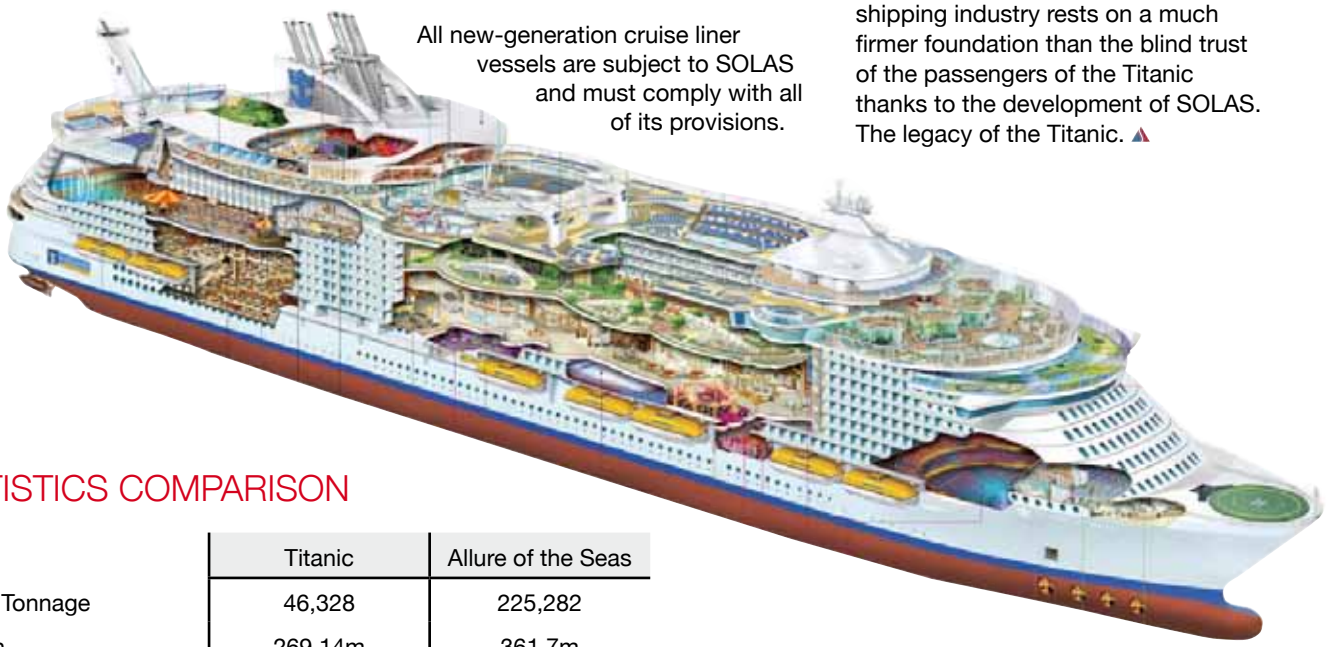
Chapter V differs from the other chapters in that it applies to all vessels and their crews, including yachts and private craft, on all voyages and trips including local ones.

All new-generation cruise liner vessels are subject to SOLAS and must comply with all of its provisions.

But can a repeat of the Titanic incident take place in today's world with all its technological advances?

Unfortunately, the recent sinking of the Costa Concordia on the shores of Italy provides a timely reminder that regulations alone may not be sufficient and ultimately an act of human error or poor judgment of the master can have disastrous consequences. Undoubtedly, the outcomes of the inquiry into this recent event will have added to the safety of future generations.

Australia is experiencing an exponential increase in the number of passenger liners visiting our shores. The confidence that exists today in the safety commitment of the cruise shipping industry rests on a much firmer foundation than the blind trust of the passengers of the Titanic thanks to the development of SOLAS. The legacy of the Titanic.



STATISTICS COMPARISON

	Titanic	Allure of the Seas
Gross Tonnage	46,328	225,282
Length	269.14m	361.7m
Max beam	28.3m	64.9m
Cruising Speed	22.5 knots	22.6 knots
Total crew	944	2,164
Passenger Capacity	2,603	5,402

Image by SAL member RCCL

ECDIS anomalies: What every mariner and ship operator should know about them!

By GILLES BESSERO, director, International Hydrographic Organization

Officially sanctioned in 1995 with the adoption by the International Maritime Organization (IMO) of the first edition of the Performance Standards for Electronic Chart Display and Information Systems, ECDIS is gradually replacing paper charts as the primary tool for navigating ships. The revised regulations of the International Convention for the Safety of Life at Sea (SOLAS) adopted in 2009 require the carriage of ECDIS on most large ships according to a phased schedule from July 2012 to July 2018.

In a recent communication to the French Marine Academy, the President of the French Association of Ship Masters praised ECDIS, calling it "intelligent equipment". He emphasised in particular the benefits of having all the information required to make good decisions in a single place.

There is no doubt that ECDIS is a powerful and valuable tool on the bridge of modern ships. The undeniable safety benefits of navigating with an ECDIS were recognised through a formal safety assessment submitted to the IMO and experience gained by voluntary use of ECDIS over many years. It is also a fact that ECDIS is the first complex, computer-based navigating system to be relied on in ships.

While the paper chart is a stand-alone document under the sole responsibility and control of the issuing Hydrographic Office, an ECDIS involves a mix of hardware, software and data under the responsibility of various different providers. It is important for the safety of navigation that the application software within the ECDIS works fully in accordance with the appropriate performance standards and is capable of displaying all the relevant digital chart information contained within the Electronic Navigational Chart (ENC). ECDIS is regulated by a series of interdependent standards maintained by three different organizations. The IMO is responsible for the overarching performance standards, the International Hydrographic Organization (IHO) looks after the standards related to the contents, portrayal and supply of the ENC database, and the International Electrotechnical Commission develops the standards related to conformity assessment (type approval testing). The successful implementation of all these standards involves the equipment manufacturer, the software source, the type approval authority, the ENC producers and the ENC service provider.

It is not surprising that as the use of a sophisticated and relatively new computer-based system such as ECDIS has increased, some unexpected behaviours should appear. The first report on so-called "ECDIS operating anomalies" was presented to the IMO Maritime Safety Committee at its 88th session in 2010. The Committee decided to issue a Circular inviting national administrations to collect, investigate and disseminate information about ECDIS anomalies. Considering its role in the development of ECDIS and its active support to IMO in the endorsement of a carriage requirement for ECDIS, the IHO took the lead in developing an action plan to address the issues.

The IHO has focussed on informing mariners and equipment manufacturers and has encouraged and monitored feedback through reports from mariners or ship operators, from national administrations and hydrographic offices as well as from manufacturers. The IHO has alerted mariners to those issues of navigational significance through NAVAREA warnings and Notices to Mariners. A series of specific workshops that brought together all the relevant parties was organized starting in February 2011. The analysis of the anomaly reports showed that some ECDIS equipment at sea did not perform optimally or as expected. This was because of a number of shortcomings such as the nature of some ENC data or through incorrect implementation of current IHO ECDIS-related standards in some softwares, or through various combinations of these and other factors. One of the outcomes was the development by the IHO of a simple user validation test, based on two fictitious ENCs, so that mariners could check that their ECDIS conformed to the current standards and provide their feedback to the IHO.

The IHO check dataset and the accompanying documentation have been made available to all ships using ENCs and were also placed on the IHO website for download in August 2011. 1,042 reports have been received from about 820 ships so far. They account for about 60 different ECDIS models from 20 different manufacturers and 200 different ECDIS software versions. Although the number of reports is relatively small, representing less than 2 per cent of vessels subject to SOLAS requirements, the IHO considers that they constitute a representative sample covering the majority of ECDIS models in use at sea. It is worth noting that the identification

by the mariner of a particular ECDIS model and software version does not seem to be straightforward; the relevant indications in the reports have sometimes been ambiguous or inadequate.

The check comprises 40 inspection points addressing four main areas of possible shortcomings:

- has the current edition of the IHO Presentation Library for ECDIS been implemented to take account of new navigation features adopted by the IMO, including "archipelagic sea lanes" (ASL), "particularly sensitive sea areas" (PSSA) and potential future "new objects"?

- do lights with complex characteristics display properly?

- do isolated wrecks and obstructions display properly?

- are objects such as land areas or areas to be avoided detected during "route checking" in voyage planning mode?

22 per cent of the reports indicate no problems. 49 per cent indicate no more than 3 (out of 40) abnormal detection points. Less than 3 per cent of the reports indicate more than 20 instances of anomalous behaviour across the four areas. The overall distribution of the anomalies reported shows that the most frequent anomalies relate to:

- the display of the "new object" introduced in the current edition of the IHO Presentation Library (40 per cent of the reports indicate an anomaly);

- the display of the period and range of all-round lights (anomalies in 30 per cent of the reports);

- the display of isolated underwater danger located on a depth contour (anomalies in 19 per cent of the report for the inspection point in standard display mode);

- the detection of objects by route checking in voyage planning mode with a rate of anomalies greater than 20 per cent for all objects and up to 47 per cent for the object "area to be avoided".

These results should be viewed with a certain amount of caution as there could be some ambiguity in the reporting. 61 of the reports relate to one ECDIS model and one software version but show a significant dispersion for the check points showing the highest rate of anomalies. The highest dispersion relates to the display of an isolated underwater danger located on the depth contour with half the reports indicating no anomaly and the other half indicating an anomaly. It has not been possible to ascertain whether this dispersion is caused by a different setting of the ECDIS, a misinterpretation of the check result or a misidentification of the software version.

Where there are issues relating to ambiguities in the IHO standards or inconsistencies in their implementation, these are being addressed by the IHO in cooperation with the principal ECDIS manufacturers.

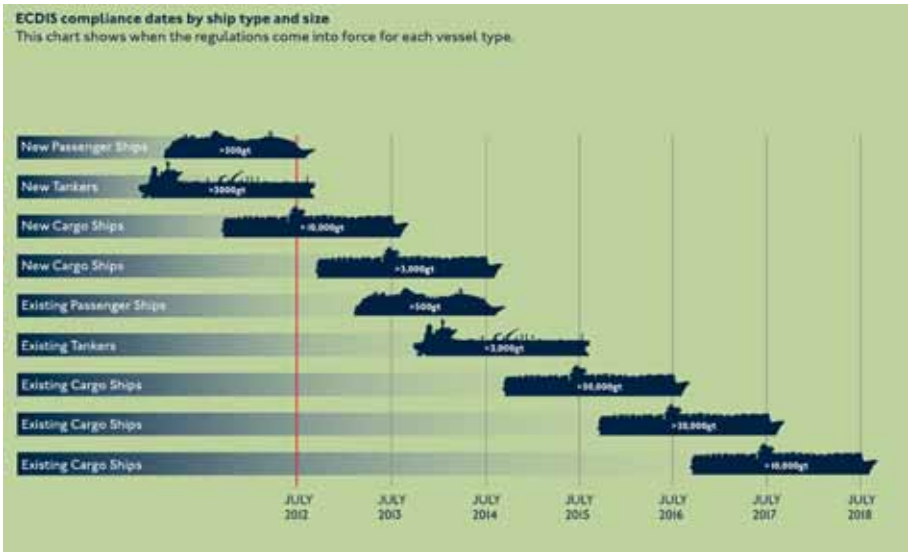
As far as mariners and ship operators are concerned, there are three points to heed from the review of ECDIS operating anomalies.

The first point is that the ECDIS, like any other software based system, needs to be maintained and periodically upgraded so that it runs with an up-to-date software version. In order to assist mariners and ship operators in identifying the status of their ECDIS software, the IHO maintains a list of contact information provided by ECDIS manufacturers on the "ENC & ECDIS" page of its web site (www.iho.int). 19 of the 30 ECDIS manufacturers listed have provided information.

The second point is that mariners should not be over reliant on their ECDIS. The traditional good navigator's practice to never completely rely on only one system is still relevant in the age of information technology. This includes checking the consistency of the information displayed on the ECDIS screen in different modes and at different scales and referring to the paper chart if it is available and when appropriate.

The third point is that anomalies should not go unreported if and when they occur. Reporting anomalies is an easy and useful way to contribute to the continuous improvement of ECDIS, the related standards, and the ENC data … and thereby reduce the risk of incidents caused by otherwise unexpected behaviour of the equipment. Most Hydrographic Offices, including the Australian Hydrographic Service, maintain an on-line feedback procedure, the e-based equivalent of hydrographic notes, which can be used for reporting anomalies. If needs be, the IHO Secretariat can be contacted at info@iho.int. In the meantime, the IHO invites mariners and ship operators who have not already done so to refer to the IHO check dataset.

The IHO will continue to monitor the implementation and evolution of ECDIS and the associated standards, actively pursuing ways to resolve any future issues whenever they arise, whilst continuing to inform all stakeholders, including mariners and ship operators, through the appropriate channels. With the uptake of ECDIS continuing to rise with the entry into force of carriage requirements beginning on 1 July 2012, vigilance and attentiveness by mariners are as relevant in the use of ECDIS as they were with the use of paper charts.



e-learning with Shipping Australia's commercial maritime tutorials has wide appeal

Demand for e-learning courses continues to grow as our fast paced lifestyle limits opportunities for classroom teaching, specialist industry based qualifications are gaining greater acceptance and in real-life competition, who learns wins! The Shipping Australia e-learning courses were initially developed to provide new inductees in the shipping industry with convenient and accessible training with the flexibility to incorporate new developments and to present industry relevant material. While the courses continue to serve this purpose they have also become very popular with a wide range of people who are interested in developing their knowledge of the commercial shipping industry.

The complementary courses – 'Introduction to Shipping' and the 'Fundamentals of the Maritime Industry' – provide a seamless learning experience and are a highly recommended starting point for developing a greater understanding of an industry which underpins Australia's status as a trading nation. The groups of people who have undertaken the course in the past year include students of transport and logistics, professionals transferring their skills into the industry, new employees of shipping companies and even members of the Australian Navy who share and protect the waters in which commercial shipping operates. Such wide appeal is testament to the high standard of the relevant and informative course content that captures the fundamental principles of the industry.

The Introduction to Shipping course has been designed to introduce the major aspects of shipping focusing mainly on Australia, as well as internationally. The course can be completed in about four hours and is made up of eight modules examining three main subject groups:

- Trade shipping and cargoes
- Transporting different cargoes and port operations
- Industry structure and the shipment cycle.

The in-depth content of the 'Fundamentals of the Maritime Industry' course necessitates that the course is more rigorous. The course refines the domain of the international shipping industry into its key elements within ten, forty-five minute to one hour, training subjects. The fundamentals of the industry are examined from an Australian perspective with topics including international trade, shipping and logistics, ship characteristics, ship broking and chartering, ports and the roles of the main facilitators and regulators. The course content is brimming with practical information, examples and interactive activities.

The message to anyone interested in the courses is simple – "Study in your own time, anywhere in Australia, just go online and log in." The online format ensures easy accessibility and provides convenient functions such as the ability to log-on directly to the last point of activity. This provides a seamless progression through each course.The courses teach and assess, with progress measured to ensure the concepts have been understood with multiple choice questions at the end of each module. Accessibility to the content is maintained for a set period which allows students to scroll back to check references and to look up information at a later date.

The combination of quality content and accessibility has drawn praise for the courses from professionals with extensive maritime expertise outside commercial shipping, such as Lieutenant Commander R J Pearce RN, the senior instructor at the School of Navigation and Warfare, HMAS Watson:

"I found it a very useful and informative package. I thought the manner in which the information was presented was both relevant and clearly produced."

Shipping Australia's e-learning courses are a fantastic starting point for people who have a year's experience in the industry, as completion of the courses leads directly into the Bachelor of Business (Maritime and Logistics) and Bachelor of International Logistics (Freight Forwarding) undergraduate degrees offered by the Australian Maritime College. Credit is also granted for the introductory unit of these degrees which can be enrolled in either full-time or part-time and on-campus or by distance education.

Whether you are looking to take your first steps into a new career or your company would benefit from employees gaining a better appreciation of the industry, Shipping Australia's e-learning courses are a logical starting point. On successful completion of a course, students are issued a Certificate of Completion which can be downloaded and printed. Shipping Australia ensures the content is current and relevant by maintaining the accuracy of the information and regularly updating the course materials.

In summary, the Shipping Australia e-learning courses are great value and are still the best courses on commercial shipping available at this level.

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$110m to kick-start Hastings' growth

Victorian State Government backs Hastings Port development

Former Ports Minister and now Premier of Victoria Dr Denis Napthine and his successor David Hodgett made a joint announcement on 3 April that they would provide $110 million for preliminary studies supporting the development of the Port of Hastings.

"Containerised trade in Victoria is predicted to quadruple by 2035 and the only way to provide certainty to meet this expected demand is to invest in infrastructure. In the 1960s former Liberal Premier Sir Henry Bolte had the vision and foresight to set aside almost 4,000 hectares of land at Hastings for future port development. "With this land and Hastings' status as a naturally deep port, there is no doubt that this is the best option for development to meet our growing freight needs," Dr Napthine said.

SAL has greeted this announcement with cautious optimism seeing this investment as a small but a vital first step. This funding will only deliver scoping studies, design and preliminary environmental analysis and business plans and will not fund any physical development.

Hastings has the natural advantage of a deep water port with easy access to the ocean. Future shipping is expected to continue to increase in size with ships of 8000-9000 TEU expected to meet growing demand and improve efficiency.

Dr Denis Napthine

There are still some sectors promoting the development of Bay West. However the case for development of Bay West has not been properly made and further studies are needed. From a shipping perspective it does suffer from shallow water which would demand significant dredging and a long pilotage from the Port Phillip heads.

Sale of Port Botany and Port Kembla

On 12 April the NSW Government announced the long term lease of Port Botany and Port Kembla. The right to operate the ports for 99 years has been awarded to the NSW Ports Consortium for $5.07 billion. While the sale price is a windfall for the NSW Government, it is concerning that the need to provide returns to investors will put upwards pressure on fees.

NSW Ports Consortium is made up of Industry Funds Management, Australian Super and Tawreed Investments Limited, a wholly-owned subsidiary of the Abu Dhabi Investment Authority.

Sydney Ports Corporation and Port Kembla Port Corporation will continue to operate as government owned entities and retain responsibility for maritime safety, security, emergency response, navigations aids and vessel traffic control. Sydney Ports Corporation will retain responsibility for Sydney Harbour wharves and cruise ship management as well as the regional ports of Eden and Yamba. (source: http://www.treasury.nsw.gov.au)

Record attendance at Spillcon Cairns

Over 500 registrations from 28 countries for AMSA's Spillcon 2013 guaranteed a great event, and some excellent presentations covering all aspects of prevention, clean up and compensation kept the attendees interested and coming back for more. Of particular interest to shipping companies were presentations on the MV Rena clean up and salvage of the Costa Concordia.

A very thought provoking session on the adequacy and ethicality of oil spill compensation levels was chaired by Acting CEO Rod Nairn. Director of the International Oil Pollution Compensation Funds, José Maura, outlined the operation of the fund and three tiers of compensation available in case of oil tanker incident. Acting CEO of Australian Shipowners Association Angela Gillham discussed the practical application of conventions to shipping and highlighted the importance of appropriate, but fixed, levels of liability limitations for bunker spills; finally Professor Nick Gaskell, professor of maritime and commercial law at the TC Bernie School of Law, University of Queensland, took an unbiased look at the problem. Their presentations are available at: www.spillcon.com/speakers/asp.

The four day conference was rounded off by an impressive display of oil spill clean-up equipment in Trinity Inlet, with low flying aircraft, Pacific Responder demonstrating her manoeuvrability and small vessels operating dispersant and recovery systems. A static display of deployable equipment, and command and control systems accompanied the event.

Contenders for Melbourne 3rd stevedore operator announced

On 1st May Port of Melbourne Corporation let the cat out of the bag and announced the four bidders for the right to operate the new international container terminal at Webb Dock. The shortlist includes:

- a consortium comprised of CMA CGM S.A. - ANL Container Line Pty Ltd and Macquarie Specialised Asset Management Limited;
- Australian International Container Terminals Ltd (AICTL) – (a consortium comprised of International Container Terminal Services Inc. and Anglo Ports Pty Ltd);
- Hutchison Port Holdings (part of Hutchison Whampoa Limited); and
- Qube Holdings Limited.

All bidders will be required to lodge their proposals in September this year and the successful bidder is expected to be announced in early 2014.

The list of bidders shows a number of different approaches to this opportunity. Everyone expected Hutchinson to bid, as it was obvious that there competitive position in Sydney and Brisbane would be improved if they could offer services in Melbourne. The potential of vertical integration by Qube with their logistics distribution network, and CMA/CGM-ANL Macquarie with their shipping interests has certainly raised a lot of gossip across shipping interests.

2013 Federal Budget - no good news for sea freight

The budget, handed down by the Treasurer, Wayne Swan on 7 May did not contain any good news for the shipping industry. While it did attempt to address some infrastructure shortfalls, only the extensions of the M4/M5 in Sydney could help to improve the movement of imports and exports through our ports. Unfortunately, even the money allocated for those projects has many caveats and, as we have seen so many times in state/federal government partnerships, may never see the light of day.

With the nation needing to be more efficient and globally competitive in terms of imports and exports in the years ahead, federal infrastructure funding seems focused on urban transport needs rather than investing in streamlining freight movements to make the nation more efficient and cost effective.

As an island nation we have to rely on sea carriage for the vast majority of our overseas trade, and given the Government's admitted shortfalls in revenue, their focus needs to be on providing appropriate strategies and funding to ensure the planning and implementation of facilities to expand trade and improve overall revenue streams. "This year's budget is yet another missed opportunity for the Government to invest in improvements to shipping and industrial transport infrastructure that would pay back the investment many times over" Ken Fitzpatrick said.

Hidden in the fine print of this year's budget is the admission the Government has reneged on its promise that the special purpose levy to recover the additional costs relating to the Pacific Adventurer old spill clean-up would cease when the costs were recovered. Minister Albanese's press release of 19 February 2010 declared that "the Government will temporarily increase the Protection of the Sea Levy" and goes on to specify "until the clean-up costs have been met".

But now that the Government has over-recovered $2-3 million, the budget papers show this to be another broken promise. "The Government will retain the Protection of the Sea Levy (PSL) at its current rate of 14.25 cents per net registered tonne for defined vessels to establish a $10.0 million pollution response reserve which will enable the Australian Maritime Safety Authority (AMSA) to respond quickly to pollution incidents at sea".

"How can the shipping industry have any faith in the Commonwealth Government keeping their word?" Shipping Australia Limited Chairman, Mr Ken Fitzpatrick said. "The Government seems to see the shipping industry as the golden goose that they can just keep on squeezing but the reality is that every additional tax imposed on shipping makes Australian exports less competitive and weakens our economy.

Auspac Consortium brings first ship to call at Hutchison's Brisbane container terminal

The Neptune Pacific Line vessel, MV Captaine Tasman, is the first vessel to call at Hutchison's new terminal in

Brisbane. It arrived at the terminal on Friday 10 May.

BCT chief executive, Dr Stephen Gumley, says the arrival of the Captaine Tasman at the Brisbane terminal is a significant event in the development of Hutchison's Australian operations and an historic event for the Australian container shipping market.

"We're delighted that Neptune Pacific Line and Pacific Forum Line have elected to be the first to entrust us with their business," Dr Gumley said.

"We intend it to ensure their trust is well placed and that the arrival of the first ship marks the start of long and a mutually successful partnership.

"While our first client and first ship are very important to us, it also marks the introduction of more choice and competition in the market.

"Shipping lines now have a new option in Brisbane and soon in Sydney. While we intend that our entry into the market is a game-changer, we are under no illusions about how tough it is for companies breaking into markets dominated by two large players, particularly in Australia. This again underlines the importance to us of the agreements with Neptune Pacific Line and Pacific Forum Line," Dr Gumley said.

Neptune Pacific Line says it believes an additional terminal operator in Brisbane and Sydney would definitely be of benefit to its customers and the industry.

Opposition leader John Robertson comes out swinging at SAL NSW parliamentary luncheon

"A highly efficient shipping industry is critical to our ability to grow and our standard of living to rise" said leader of the NSW Opposition, John Robertson, MP in his address to a packed house at the Shipping Australia Parliamentary Luncheon on 27 May. The luncheon was hosted by Ron Hoenig, MP, Shadow Minister for Ports, at the Strangers dining room of NSW Parliament House and attracted more than 230 patrons.

John Robertson comes across as a practical, no nonsense kind of guy and his dynamic and engaging delivery

keep the attention of the room. He outlined previous Labor governments' support for the growth of NSW ports, notably the expansion of Port Botany and the movement of car trade to Port Kembla (which some might not classify as an achievement). He then went on the attack to criticise the O'Farrell Government's sale of Port Botany and Port Kembla, removing a strong future revenue stream for the Government, particularly without appropriate consultation in the process. Right or wrong, we now have to accept that this is water under the bridge.

His assessment of lack of adequate transport corridors in and out of Port Botany fell on sympathetic ears and his stated priorities of improving road access and increasing the target for freight movements by rail were strong on the 'what' but lacked any detail of the 'how'.

John Robertson summarised a state government's critical functions in relation to ports as: "Removing barriers to productivity; keeping transport costs low; and preparing the system for growth." and claimed that whilst Labor Government had seen a real decrease in port charges the future is likely to be a very different outcome and warned against the future sale of Newcastle.

A good venue, captivating speaker and excellent shipping industry turnout made for a very worthwhile event which was sponsored, for the last time, by Sydney Ports Corporation.

New Zealand goes it alone on shipping competition regulation

On 8 April the New Zealand Government announced that they would remove the current competition exemptions applying to shipping and bring shipping under the general rules applying under the Commerce Act. These exemptions were originally introduced to allow shipping lines to cooperate in order to provide regular level of shipping services to ports throughout New Zealand. There are strong concerns that the Government actions will backfire, reducing shipping regularity, adding major compliance costs and increasing charges to importers and exporters. The proposed legislative action will require special approvals to be sought for consortia and will prevent price setting arrangements.

Europe has also removed the exemption for shipping lines to make price setting arrangements but has continued to allow consortia to operate. New Zealand is at the end of the shipping route rather than in the middle of it like Europe so it is more likely to be impacted by these regulatory changes.

There are mixed opinions from all sectors that may potentially be affected, including exporters and shipping companies, and while only time will tell, this move has the potential to succeed marginally or fail on a grand scale.

Acting CEOs Rod Nairn (SAL) and Angela Gillham (ASA) kick of a new era of cooperation at the Australian Maritime Defence Council Meeting in Canberra.

Port fee hikes of more than 5 per cent, another nail in Australia's competitiveness coffin

"In this world nothing can be said to be certain, except death and taxes." Wrote Benjamin Franklin in 1789, and at this time of the year we can all see the wisdom of his words as ports scrambled to provide 30 day notice of their fee increases to apply for the 2013/14 financial year.

Port Hedland, Fremantle, Melbourne, Portland and Townsville have all announced rate rises in excess of 5 per cent despite a slowing of the economy and a cooling of the resources boom. Manufacturers and importers will all feel the pinch when these charges are passed on to the customer.

Most other ports have announced fee increases in line with their local CPI calculations and overall, with the possible exception of Darwin who have actually halved their full container wharfage rates, there seems to be little restraint despite the thin margins for shipping companies in the current economic climate.

THE COMMERCIAL MARITIME AND NAVAL

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