SHIPPING
AUSTRALIA

WINTER 2010

- Fair Work Act explained
- Coal feature
- Viewpoint: Forgotten links
- Profile: John Bradley
- Tradegate News

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Dear reader, it is hard to believe that the year is half over already and it seems to lend weight to the suggestion that time is in fact speeding up.

Another explanation is that we are all so busy that time seems to go faster and undoubtedly, as far as Australian trade is concerned, there has been considerable improvement in the demand for shipping this year compared to last year. Nevertheless, there are still issues with the major trades, in particular the international container trades.

Whilst it is expected that worldwide container volumes could grow by as much as eight per cent, with the highest ever level of new ship deliveries expected this year it is not expected that the international container market will reach a healthy balance between supply and demand until 2013 according to the chief executive of Maersk Line, Eivind Kolding.

Alphaliner has acknowledged that with the idle fleet still remaining high at 10.4 per cent of the total international cellular container fleet, this can only be exacerbated by the new deliveries expected in 2010. Nevertheless, eight per cent growth is a significant improvement compared to the fall of around 10 per cent in container volumes last year. Also more recently, the charter rates for capesize vessels have again fallen.

Turning closer to home, both the media and politicians expressed outrage at the grounding of the Chinese owned and operated coal carrier the Shen Neng 1 which grounded on 3 April 2010 about 50 miles north of the entrance of the port of Gladstone. The initial finding of the Australian Transport Safety Bureau was that officer fatigue may have been a factor in the grounding and this will be investigated further, including other matters such as bridge resource management practices.

Fortunately, only a small amount of oil was spilt during the grounding and there was a successful transfer of the remaining bunker fuel from the vessel. A very successful salvage operation was performed on 12 April and the vessel was refloated and taken to a location off Great Keppel Island where Svitzer Salvage Australasia further assessed the damage. The owners of the vessel cooperated fully with all relevant authorities and have expressed their apologies for the grounding. Shipping Australia, amongst others, expressed concern at the time that the Vessel Tracking System, which operates traffic monitoring and surveillance systems in the Great Barrier Reef from its location in Townsville, has its southern most limit about 120 miles north of Gladstone. SAL and others argued that the Vessel Tracking System should extend to south of Gladstone and we commend the Australian Government for its announcement on 18 April that the system which requires all ships to regularly report their location and passage and hopefully avoided the deviation from its proposed route to authorities, backed up by real-time radio and satellite tracking of their progress, will be extended to the southern portion of the Great Barrier Reef Marine Park by July 2011.

In addition, the Minister for Infrastructure, Transport, Regional Development and Local Government, Anthony Albanese initiated a review of the offences under the Protection of the Sea (Prevention of Pollution from Ships) Act, 1983 and the Navigation Act, 1912 with the view to toughening the penalties for breaches. Shipping Australia looks forward to debating with the Government the requirement for an increase in these penalties. SAL also commends the Government for arresting a vessel shortly after this incident that did not participate in the mandatory reporting system and for the subsequent fines which were levied against the master and the chief officer. In the case of the Shen Neng 1, contact with the VTS would have avoided the deviation from its proposed passage and hopefully avoided the grounding.

You will have received by now, a copy of our new look magazine and annual report which was circulated in early April and any readers comments in relation to the layout or content of articles is, of course, most appreciated. There was a misprint of an article written by Nathan Cecil in the legal section of the annual report so we will reprint a corrected version in this edition. We regret that Michelle Taylor’s article on the Rotterdam Rules published in the 2009 March edition of the Shipping Australia magazine was inadvertently combined with Nathan’s article.

In this edition, we profile John Bradley, managing director of Hapag Lloyd Australia, who originated from New Zealand and is on his second posting to Australia. The commodity under review is coal which we have reported on in the past but in this edition, we focus on the Hunter Valley
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coal chain from the mine owners’ perspective and those of relevant service providers.

We have also provided a summary of a seminar given by Middletons Lawyers on the application of the Fair Work Act to shipping agents.

Following on from the grounding of the Shen Neng 1, we bring you a suggestion by the Australian Reef Pilots that a voluntary system of using coastal pilots could prevent further reef disasters if the crew were not familiar with Australia’s unique waters and reefs. Australian Reef Pilots have been operating a voluntary safety pilot programme with about a quarter of the bulk ships which transit the reef. Under the programme, the pilot boards in Papua New Guinea waters and remains on board the vessel while it travels either through or around the reef.

Readers will have most likely read in the media concern, especially expressed by trucking companies and their associations, regarding the lack of capacity to handle peak loads in empty parks in our major capital city ports, in particular in Sydney, Melbourne and Fremantle. The view has been expressed that shipping lines actually run the terminals and can dictate to them how they operate but whilst shipping lines are the contractors, in only a few cases do shipping lines have any financial involvement in the container parks. Nevertheless, our Viewpoint article in this edition outlines the ways and means that all stakeholders can work together to significantly improve this situation, particularly when we return to more normal growth levels in container volumes.

An issue that never seems to go away and has never been completely tackled is the issue of overweight or, in particular, misdeclared weight in containers and in this edition we outline the history to this issue and potentially ways we can move forward to significantly reduce this problem.

Young Shipping Australia continues to blossom in Sydney and Melbourne with the strong backing and support of SAL. On 25 February this year, Young Shipping Australia in New South Wales organised a seminar on what senior managers are looking for in recruiting young people to their organisation given by one ex-senior SAL member and two currently serving senior representatives of members. One of those senior representatives was Mr Eddy Declercq, the managing director of OOCL Australia who is also chairman of the SAL Human Resources Steering Group and a Director of SAL. We have published an extract of his excellent speech on this topic. YSA in Victoria is also very active and on 16 April, for example, organised a tour of Port Melbourne.

A revitalisation of Australian coastal shipping remains a priority for the Federal Government and we bring you an important contribution that is currently being made to this debate by Dr Helen Bendall of Maritrade in Australia and Prof Mary Brooks from Dalhousie University in Canada who has recently visited Australia to join with Dr Bendall in producing an excellent paper on Short Sea Shipping: Lessons For or From Australia?

All in all, a good winter read and hopefully the articles will stimulate you to write to the editor with your own views.
The MNCC that is to be located in Adelaide will merge all pre-arrival activities for vessels greater than 25 metres arriving into Australia. This will assist in achieving a nationally consistent approach in the way AQIS processes the required documentation and will improve the level of service provided to industry. The MNCC will be a one-stop-shop for all pre-arrival documentation and a direct point of contact for all shipping agents for activities prior to the vessel’s arrival. From 1 July 2010 the MNCC will commence processing quarantine pre-arrival information in a phased approach and it is expected to be fully implemented by early September 2010.

The introduction of the electronic Quarantine Pre-Arrival Report (eQPAR) will coincide with the commencement of MNCC operations. eQPAR will improve and streamline responses from AQIS using:
- an automated Approval to Berth if vessel is assessed as low risk;
- automated response questions relating to health issues if illness and death are reported on the eQPAR.

To find out more visit www.aqis.gov.au/shipping

MNCC:
Phone 1300 004 605
Fax 1300 005 882
Email maritimncc@aqis.gov.au

Seaports Program:
Phone 02 6272 5557
Fax 02 6272 3200
Email seaports@aqis.gov.au

Helping protect Australia is everyone’s responsibility.
Despite capacity problems being experienced at empty container parks, particularly in Sydney, Melbourne and Fremantle in recent peak periods of high container import demand, there has been insufficient attention given to reforming this vital part of the container supply chain in these ports. Empty container parks have generally suffered from the lack of investment in their facilities and the lack of transparency of information, in fact to the point where they cannot really determine demand from day to day for their services and over the last twenty years, there has seen a significant decline in the number of available empty parks. What other link in the supply chain does not know when trucks are going to turn up and how difficult does this make planning for the efficient operation of such facilities?

Twenty years ago in Melbourne, for example, there were 28 empty container parks but in 2010 there are only 11 parks serving an increase in international container trade over that period of almost 150 per cent. Over the last few years some shipping lines, but certainly not all, have experienced problems in repatriating empty containers overseas as a result of a significantly lower demand due to the global financial crisis.

Only a small number of shipping lines have any financial involvement with the empty container parks in our major metropolitan cities and yet there seems to be a prevailing view that the problems of the empty parks have been caused by the shipping lines. Shipping lines have to compete in a highly competitive market that often sees freight rates fall while costs are increasing and similarly, empty container parks have to compete in a highly competitive market. In an effort to
recover the high rental costs that have been sought by some port corporations in recent years, a number of empty parks have introduced an infrastructure charge.

The challenge is to prepare now for the renewed growth in container volume and the likely increased pressures this will apply to empty parks. The Victorian Transport Association and Shipping Australia Limited jointly hosted a meeting of industry and government stakeholders on 10 March this year to discuss how we can meet this challenge. As a result it was agreed to establish two working groups, one primarily concerned with information visibility and exchange and the other to discuss park operations to find a commercially workable solution to the extension of container park operating hours and to assist the park operators in effective truck queuing management.

Regarding the information visibility exchange, Shipping Australia has been working closely with Tradegate Australia which will provide visibility of stocks held in the parks at any given time. A trial is underway in Melbourne designed to:

- enable transport companies to check the volume of containers expected to be returned and/or picked up from shipping company nominated empty container parks and to also enable them to nominate a pick up/return date and time to the park itself;
- enable container parks to receive in advance, electronic advice of export container releases from the shipping lines and also returns from road carriers and;
- provide an empty return forecast for shipping lines for better container usage in terms of both release for export or empty container repatriation overseas.

The benefits identified were fewer futile truck trips to empty container parks, less queuing and substantially less need for telephone communication with parks by trucking companies.

Another company called Maximas made a presentation at the meeting. Maximas provides a fully automated empty container park management system and has developed a web based business to business application across the transport chain known as “Container Chain”. It is anticipated that there will be other providers as well but what is important is that urgent attention be given to establishing a cost effective and more transparent information system that will allow the parks to achieve these beneficial objectives. Hopefully, viable solutions developed in Melbourne can be used in other major container ports.

Shipping Australia pointed out at the Melbourne meeting that problems being experienced by trucks at individual parks should be communicated to the shipping lines concerned at the earliest possible opportunity so that problems can be considered on a case by case basis and remedial action taken where necessary.

The empty container parks form a vital link in supply chains and it is incumbent upon all stakeholders to urgently embrace the initiatives that will emerge from the working groups in Melbourne especially enhancing the flow of information electronically and expanding empty container park capacity.

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t: 02 4275 0100
e: enquiries@portkembla.com.au
www.portkembla.com.au
Is the security blanket hiding our industry from public interest?

Every publicist or media manager in shipping knows how hard it is to get mainstream press – never mind TV and radio – remotely interested in stories about the industry.

Shipping just isn’t sexy, the editors say, and we gnash our teeth and wonder why, because that’s not how it used to be when every paper had daily shipping news.

John Bradley, Hapag-Lloyd’s managing director in Oceania, believes it’s because today’s demands for high security has put ships and their sailors out of public sight behind high fences and closed gates.

“The docks are closed to tourists and casual visitors and it’s too hard now for ordinary people to look first-hand at those who go down to the sea in ships,” he says. “It’s a pity and one result is that public awareness of shipping has died and interest with it.

“Astonishing stories go unreported because the mainstream media have lost sight of an industry that used to be daily news in Australia. The news still happens but it’s all locked up behind the security.”

John Bradley himself has his own quiet stories to tell; stories that begin with him as a young teenager on his parents’ property north of Auckland, deciding that mustering wasn’t going to be his end-game. So he went to sea as an apprentice aboard the Steamship Company of New Zealand’s SS Komata on a monthly wage of $26.

He spent 14 years at sea, mostly with Shaw Saville, and left with a master’s ticket in the mid 1970s, a time he describes as a depression in the sea sector of the maritime industry with many ships being sold because of the advent of containerisation.

Landmarks in his time at sea include the wrecking of New Zealand’s inter-island ferry, the Wahine, when it was swept ashore in a great storm on the night of Wednesday, April 10 1968, and 51 people drowned and the ferry was lost. (Almost 20 years later the death toll rose to 53 when two survivors eventually succumbed to injuries sustained that night.)

As first officer on the SS Climatic he was in charge of a lifeboat trying to rescue people from the water amid winds gusting to 275 kph.

The next year, he experienced another exceptional storm when he was aboard Shaw Saville’s SS Camatic at Nagoya, on Japan’s Inland Sea. The typhoon was so big they had to put to sea to find a safe anchorage but even with anchors out they still had to keep the engines running ahead to hold position.

“It was quite traumatic,” he recalls, “with the surface of the sea being sucked up by the wind and filling the air with flying spray.”

When he first came ashore, he became a ship planner at Wellington’s new container terminal before moving into operations and container management with the East Asiatic Company which, at that time, was bigger than Maersk but ended up being swallowed by it.

He joined his present company, Hapag-Lloyd, in Auckland in 1985 and his first major job with them came 10 years later when he was given the task of setting the company up as a separate entity in New Zealand and detaching it from its existing role as part of the Seabridge consortium. This involved recruiting new staff and setting up offices in Auckland, Wellington and Christchurch.

John first arrived in Sydney in 1997 to head Hapag-Lloyd there and was succeeded in 2004 by Francois Portauborde, now in Paris as managing director of Hapag-Lloyd in France, while John moved on to become the
company’s managing director for South-east Asia and Malaysia. Based in Kuala Lumpur, he was responsible for trade with Malaysia, Indonesia, Papua-New Guinea, Vietnam, Cambodia, Burma and the Philippines. During his time there John travelled extensively in areas behind the so-called bamboo curtain.

On his first visit to Burma, his plane touched down on the day of Rangoon’s one and only bomb explosion. It was set off at a market place early in the morning and nobody was hurt. Believed to be a warning statement by a disaffected group, it had no apparent repercussions.

“Burmese are very well mannered people,” he says, “but trade is very limited to agricultural products to India and a few textiles to Europe by strict US and UN sanctions on anyone who trades with the regime, all of which would be lifted were free elections allowed.

“When I first visited Cambodia the country was still coming to terms with the aftermath of the Vietnam war and had only a limited clothing trade with Europe and America through its small old colonial port of Kampang Sung on the Gulf of Siam.

“We also opened an office in Saigon and that was a different exercise because we had been represented there by government-owned agents and all the infrastructure was already well established; Vietnam still has a communist government and, until the late 1990s, one had to be represented there by a local organisation but as its economy grew, the situation eased and opportunities arose for companies like us. By the time the business was well established the relationship changed to a joint venture in which the agency held a majority share for a few years.

“Like the Burmese, Vietnamese people are very polite and conscientious and when I visited Sarawak I found an old-style of doing business where a gentleman’s word was his bond and deals are settled by a handshake.

“In the Philippines, its maritime environment sees big reefer trade with exports being pineapples and seafood to Asia, Europe and the USA.”

John Bradley returned to Sydney last year as Hapag Lloyd’s MD for Oceania reporting to a regional managing director in Singapore who is responsible for the region east of Suez. Oceania covers Australia, New Zealand and the South Pacific islands of Tahiti, Fiji, and New Caledonia – all the islands have substantial imports from Europe and the USA and Fiji Water is a prominent export to America where it is quite famous.

“The Australian scene has improved a lot since the 1990s,” Bradley says, “particularly port and terminal productivity. I welcome Sydney’s new third terminal and look forward to Melbourne achieving the same.

“Our company is investing carefully in systems and technology for container tracking systems as well as in ship and engine design which have all brought in a lot of efficiencies and improved production.

“A hot issue in my view is State government ownership of ports and their different, and sometimes conflicting, regulations while constant increases in costs flow through at a time when the international economic situation is still difficult. In my view, uniform federal jurisdiction would be preferable.

“A looming issue is coastal shipping policy and application of the new Fair Work Act to foreign-going ships carrying coastal cargo. The bureaucratic complexity of working out and administering Australian pay and entitlements to foreign crew spending, say a week, on the Australian coast may see more companies pull out of the coastal permit trade. Hapag-Lloyd, for example, doesn’t carry Australian coastal freight.

“The development of Tradegate and Portbiz and their marine data systems is a big step forward, particularly this year’s new tracking system of container availability.

“One thing that hasn’t changed is that small customers are still as demanding as the giants.”

In a personal note on the subject of change we should perhaps note that none of John’s four offspring ran away to sea but two of his daughters ran away to air! They are Qantas flight attendants flying out of London.
Ship queue takes a backseat as mines, railways and terminals get acts together

**Readers are warned that this article contains disturbing facts, offensive conjectures and a sexual reference**

The Hunter Valley Coal Chain is entering a new era as demand for its coal continues to exceed supply and history-making back-to-back contiguous contracts came into effect on January 1 this year.

The contracts link mines, rail providers, terminal operators and their port landlord to ensure most effective operation and growth to meet that demand.

The resulting discovery appears to be that it’s the trains, not the ships that make or break an efficient coal chain and it’s the terminals rather than the port that make Newcastle the world’s biggest coal exporter.

Next piece of good news is that the Newcastle Coal Infrastructure Group, the city’s second coal-terminal operator, is now up and running towards its first throughput target of 33 million tonnes per annum.

A critical fact emerging from all these successes is the realisation that whether there are 20 or 70 ships queued off Newcastle matters not a whit to the outside world so long as the coal gets out on schedule.

The much vaunted and tinkered-with Vessel Arrival System may well remain the focus of the media – a floating offshore suburb is hard to ignore– but is unlikely to be the focus of anyone’s interest for much longer.

That is because the current vessel arrival system trials are either succeeding or they are failing. Many influential people believe failure, after more than six years’ of tweaking the ships’ queue, will trigger such an industry outcry that drastic steps will be needed.
The timing of such an upheaval is hard to predict because it’s unlikely Ports Minister Paul McLeay would rock his brief ministry so close to an election that may terminate it anyway. Similarly, it would be a brave incoming minister, should the government change, who would rock the boat in their first year on the job.

Which raises the question of whether any of that will be necessary: How’s the trial going? It officially began on June 1 after six months’ official preparation, papers, papers, papers, meetings and meetings much flying to and fro. Interestingly, the numbers attending overseas meetings were drastically cut no doubt in a commendable bid for economy.

The new system is based on satellite positioning of incoming coalships in the western Pacific so that only 15 are ever anchored off Newcastle beaches and their stay is limited to 48 hours before proceeding up-river to load. Twenty days after the trial began the ship queue stood at 48.

The answer to “How’s it going?” is that nobody knows because the Port of Newcastle hierarchy is too busy for phone and email inquiries and the chief media man is on leave. The resulting information clamp-down is described by a disgruntled figure as typical of an organisation that can make even agents feel persona non grata.

But the fat lady at the hotel bar offers her opinion that Japanese coal customers, the major players, have agreed to the VAS trial while the Koreans and Taiwanese are not so sure and wait to see what Japan says in the end.

While that’s as maybe, the fact is that being too busy for too long invariably ends in one appearing unbecomingly frazzled. It’s not a best look when careful planning and good execution by the other elements in the Hunter Valley coal chain have revolutionised their efficiency and the port’s coal throughput has soared from 60 million tonnes per annum through 100mtpa to this year’s predicted 140mtpa.

Customers’ demand for coal remains very robust and at an average price of $100 - $104 per tonne, the miners want to meet that demand.

This is a landmark year for the coal chain with the Newcastle Coal Infrastructure Group’s $1.1 billion Stage 1 operation coming on line on March 24 – a week ahead of schedule – when it loaded its first shipment of export coal on the SS Global Splendour.

Situated on Kooragang Island, right next to Port Waratah Coal Services’ huge and long established terminal, NCIG aims to add about 33mtpa to PWCS’ 107.6 million tonnes ASAP and a further 30 million tonnes when its second stage is complete in a few years.

And if that’s not enough to keep too-busy port managers even busier, PWCS is well advanced with its T4 project which means building its third Newcastle terminal (its second is long established at Carrington on the other side of the river). One would predict T4’s potential throughput at around 66 mtpa, bringing the Port of Newcastle’s total output of coal to 236mtpa by about 2020 with plenty of demand and enough space to reach 300mtpa.

The delicious irony in all that is that the key reason for the coal chain’s new efficiency is the two-way agreements signed by the miners, the terminal operators, and the rail operators with the NSW Government represented by the Newcastle Port Corporation.

It came into effect only on January 1 and stipulates that from the day a mine requests guaranteed new or extra port capacity, the port is obliged to provide it within 2½ years.

So one can see how draconian government intervention and accompanying public scandal seems almost inevitable should preoccupation with the shipping queue keep the port too busy to keep up.

Colin Randall

What about the mines? Can they keep up their end of the coal chain by boosting supplies? Colin Randall, publisher of the long-established Hunter Valley Coal Report asks: Where’s the coal going to come from to reach a 200mtpa target?

He predicts that small producers will continue to be taken over and that only the big mining companies can afford new projects.

But he quotes an example of the growth capacity of small operations: The Warkworth mine, at Mt Thorley, that produced just 2½mtpa when it was founded in 1981 and is now putting out 28mtpa.

Will the Government’s super minerals tax be a threat? Only one person interviewed for this article mentioned significant curtailment of development despite the uproar from the iron ore sector and he said it would never happen. Everyone is too engaged, as distinct from too busy, in preparing for massively increased overseas coal orders.

The mines’ future seems assured with big HR issues sorted out following the big miners’ strike of the 1990s when bad practices on both sides were mostly eliminated from the industry.

There’s no shortage of coal either with Whitehaven Coal, to quote just one example, racking up its new Narrabri underground longwall to enter in June with a 6mtpa capacity. There are probably another 20+ less advanced black coal projects in the NSW pipeline with a provisional capex estimate of $15 billion.

David Marchant, chief executive of the Australian Rail Track Corporation, reports it has committed $1.4 billion to ensure the Hunter’s below-rail capacity stays ahead of demand from the mines.

Equity funding of $580 million came from the Australian Government and ARTC is supplementing the balance with debt equity.

Improvements in the design and manufacture of new and more flexible mining equipment, particularly introduction of big track-mounted excavators has had a big affect in growing production.

But if one must pick a particular link
in the chain where the improvement is most noteworthy one would turn to the railway system, both above and below rail that has long been blamed for slowing growth.

David Irwin, Pacific National’s coal general manager in the Hunter Valley, describes the January 1 agreement as a watershed event because it provided certainty to the coal producers, the rail operators and to the port.

Irwin points out that there was no previous link between the port and the rail operators but now there is a real framework for the coal’s carriage.

It is based on the mines agreeing to 10-year take-or-pay contracts with the rail operators. This has the effect of underwriting the rail companies’ investment in new rolling stock to carry the increasing coal production required by soaring demand. The contracts permit mines to trade any excess as a buffer against production interruptions caused by things such as weather, longwall breakdowns and suchlike.

Already, only six months into the agreement, Pacific National has committed to introducing five new trains at a cost of some $40 million each by the end of this year.

Until recently Pacific National has enjoyed a monopoly of the Hunter’s coal traffic but Queensland Rail has arrived on the scene and now has some 18 per cent of the traffic.

Other competitors for rail contracts include boutique operations by Freightliner, a giant operator from the UK who has been signed up by Xstrata to operate three trains each of three locomotives and 91 wagons by next year. Laden with up to 8500 tonnes of coal each, they will be pulled under contract by Pacific National.

And Whitehaven Mines has also bought its own train of three locomotives and 86 wagons which will also be operated for it by Pacific National.

The arrival of QR has sparked significant change by introducing competition to the Hunter rail system and some people see it as a breath of fresh air. Being new on the scene, the Queenslanders are aggressively active and customer-focused in their sales pitch.

But David Irwin is unfazed and says: “Coal is the growth engine of Asciano, our owner, which has a new board focusing on return on capital, well-priced contracts that deliver acceptable returns and fund our growth.

“We have very transparent pricing and our customers understand that and are very supportive.

“Pacific National is making its own inroads on Queensland’s coal haulage market, recently winning a 10-year contract to haul 10.9mtpa from Anglo American Metallurgical Coal’s German Creek mine.”

A David Marchant report titled Hunter Valley Capacity Improvement Strategy describes one $134 million project to construct an additional 10.8 km track alongside the existing double track on Minimbah bank between Whittingham and Belford.

The third track will have an easier gradient enabling trains to maintain more consistent speeds, reducing journey times and fuel consumption as well as providing a passing loop for faster trains.

Other major projects include construction of a third track at Nundah, upgrading a major junction at Drayton and provision of a rail by-pass of Werris Creek. Five new passing loops will also be built and several others extended.

“Between Muswellbrook and Guilgong alone, $100 million will be invested to cover the design and construction of 11 new passing loops to be commissioned progressively by December 2012,” he says.

The ownership

All shareholders are significant coal producers who have guaranteed sufficient reserves and projects to materially increase their aggregate production by at least 30 million tonnes during the next five to 10 years. They produce coal from some 18 mines scattered up and down the Hunter from Narrabri in the north and Mudgee in the west almost to the doorstep of Newcastle itself. Their percentage ownership and their related mines are:

• BHP Billiton (35.5%) - Mount Arthur
• Centennial Coal (8.8%) – Awaba, Mandalong, Mannering, Myuna
• Donaldson Coal (11.6%) – Donaldson, Tasman, Abel
• Felix Resources (15.3%) – Ashton, Moolarben
• Peabody Energy (17.7%) – Wambo, Wilpinjong
• Whitehaven Coal (11.1%) – Canyon, Tarrawonga, Werris Creek, Narrabri North, Belmont, Sunnyside.

BHP’s shareholding is through Hunter Valley Energy Coal, Peabody’s through Excel Coal, and Felix Resources is now owned by China’s Yancoal.

One of the Hunter’s new trains
If you are still reading this story only because you want to find out what's happening with the vessel arrival system, please be patient. The story, like the show, is never over until the fat lady sings. 

Event of the year has to be the opening of NCIG's new terminal whose first few drops of coal are seen on this magazine's front cover as they hit its stockpile site.

Tony Galligan, chairman of NCIG
At time of going to press it was loading its 12th vessel and closing on its million-tonne mark.

This year will see it add 33 million tonnes to add to the 107.6 million-tonne throughput of Newcastle's long-established Port Waratah Coal Services' existing two terminals at Carrington and Kooragang Island.

NCIG's chairman, Tony Galligan, says: "We're at the settling-in stage of making sure everything works. For our first shipment we had only one of our two stacker-reclaimers commissioned; now both are operating – one at the dump station and the other loading ships.

"Our wharves still need dredging to accommodate capesize ships and until BHP completes that around October next year, our terminal is limited to panamax vessels.

"As you'd expect from a brand-new facility, NCIG's terminal is different to Port Waratah in some respects. One is our two-in-one machines perform both stacking and reclaiming to give greater operational flexibility and fewer machines in the yard.

"Our two stacker-reclaimers will handle our Stage I target and beyond to its eventual target of 66mtpa which will be achieved in a two-step Stage II programme that will see an initial growth of 23 mtpa followed by a second step of 13 mtpa.

"We also have a different stackyard system with each customer having their own designated stockpile with a 2 million tonne minimum capacity and the option of dividing their area into two so that one can be building while the other is being loaded.

"To speed throughput, customers will also be limited in the number of coal brands they can stockpile.

"Because we are the newcomer to the port we have been able to build-in all the latest developments in the business and have eliminated most of the difficulties traditionally associated with cargo assembly.

"We are now out in the market to close off finance for Stage II expansion and we expect that to happen very soon. The expansion phase will take a further couple of years. Financing of Stage I was bankrolled by every shareholder nominating its customer mines who in turn had to verify they could supply coal on target for 10 years. So the project was underwritten by assured resources with eight banks from Australia, Europe, and Asia providing finance."

Rob Yeates, project director for NCIG's massive establishment operation sums up the project to date: "Generally things are working pretty well," he says, "and eventually NCIG will have 140mtpa at full blast."

Meanwhile back at the ranch, Old Faithful, Winter 2010

The PWCS ownership

Port Waratah operates as a completely self-funding service department for its owners on a cost structure based on a dollars-per-tonne handling fee. This covers all expenses and any surplus is directed to paying off expansion loans.

The company's chairman and CEO are appointed by Rio Tinto and management employees were recently given the choice of being employed by Rio or by PWCS. The full ownership is:

- Rio Tinto – 30 per cent
- Newcastle Coal Shippers – 30%
- Japanese steel interests – 30%
- Bloomfield – 4%
- Other coal producers – 6%

Terminal stats ...

Port Waratah currently handles an average of 3½ ships a day and hopes to raise this to four soon.

1077 coalships loaded last year, 19 more than in 2008

Average shipment in 2009 was 86,175 tonnes

The company’s Carrington shiploaders run at 2500 tonnes per hour and those at Kooragang Island run at 5000tph – too fast for some older vessels which have to use Carrington.

Carrington has four lines of stockpile each 400metres long.

Kooragang terminal has two lines of stockpile each 3 kilometres long and another two each of 1.4 km.
Black coal exports 2008 – 2009 in millions of tonnes

<table>
<thead>
<tr>
<th>Destination</th>
<th>Qty</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>104.8</td>
<td>39.8</td>
</tr>
<tr>
<td>Korea</td>
<td>43.1</td>
<td>16.3</td>
</tr>
<tr>
<td>Taiwan</td>
<td>26.1</td>
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<td>China</td>
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</tr>
<tr>
<td>India</td>
<td>24.7</td>
<td>9.4</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Turkey</td>
<td>2.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Other Asia</td>
<td>1.5</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total Asia</strong></td>
<td><strong>233.5</strong></td>
<td><strong>88.6</strong></td>
</tr>
<tr>
<td>Netherlands</td>
<td>4.2</td>
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<tr>
<td>UK</td>
<td>3.9</td>
<td>1.5</td>
</tr>
<tr>
<td>France</td>
<td>3.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Italy</td>
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<td>0.8</td>
</tr>
<tr>
<td>Spain</td>
<td>1.9</td>
<td>0.7</td>
</tr>
<tr>
<td>Benelux</td>
<td>1.8</td>
<td>0.7</td>
</tr>
<tr>
<td>Germany</td>
<td>1.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Sweden</td>
<td>1.0</td>
<td>0.4</td>
</tr>
<tr>
<td>Other Europe</td>
<td>0.9</td>
<td>0.3</td>
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<tr>
<td><strong>Total Europe</strong></td>
<td><strong>20.9</strong></td>
<td><strong>7.9</strong></td>
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<tr>
<td>Brazil</td>
<td>4.1</td>
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</tr>
<tr>
<td>Mexico</td>
<td>2.5</td>
<td>0.9</td>
</tr>
<tr>
<td>South Africa</td>
<td>1.0</td>
<td>0.4</td>
</tr>
<tr>
<td>Other</td>
<td>1.5</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total others</strong></td>
<td><strong>9.1</strong></td>
<td><strong>3.4</strong></td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>263.4</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

TOTAL VALUE: 58,373
Av $A/tonne: 221.58

aka Port Waratah Coal Services – the world’s real biggest coal terminal (as distinct from port), has contracted with its client mines, railroad, and the NSW Government’s agents ie the Port of Newcastle Corporation to a throughput this year of 106.7 million tonnes compared to 94 million last year.

Shuan Sears, a PWCS manager, explains how throughput of its two terminals is calculated in advance: “Individual mines nominate their needs for a coming year,” he says. “Then we add them all up, compare the total with our terminals’ capacity and then align the figure with the rail contracts and demand to ensure all are in harmony. “All our mine contracts, for example, are in place for 10 years with capacity for new contracts.

“The supply chain agreement may take a couple of years to bed down so that unrealistic expectations and flow differentials can be calculated. The ARTC’s submission on its below-rail undertaking, for example, has not yet been approved by the ACCC although that is not holding up anything at this stage.

“Because we’re a river port, the channel could become a restraint on future throughput but we’re working on ways to overcome this by:

- Moving vessels differently eg we can move three rather than two large vessels on the one high tide. Currently 30 per cent of ships are Cape class that can move in and out only at high tide. Long-term we hope to increase this to 4 vessels and two recently acquired tugs in port will help;
- By increasing the depth of the channel and possibly installing a standby berth;
- The port is also planning a turning circle for sometime in the future.

“Our own expansion proposal is to raise our Kooragang terminal capacity to 113 mtpa, then to 128 mtpa. That will involve more stacking space and a fourth berth. Concept study for it, our T4 project, is under way and construction expected to begin next year just upriver of the NCIG’s new terminal. Expansion costs run at about $458 million for every 11 million tpa of capacity.

“Expectations are that future demand will require Newcastle terminal capacity of 300mtpa – almost triple present capacity.”

So it’s all go on the railways, the mines are booming, NCIG has blossomed and PWCS is producing new tricks that show the world it’s not anything like an old dog. Then there’s the vessel arrival system Its Impact will be a historic event according to Greg Burk, Inchcape’s operations manager. “It introduces third party’s rules and regulations,” he says, “that impact on commercial sensitivities in the traditional relationship between vessel operator and its cargo receivers. In this case that third party is the port of Newcastle.”

Even graver reservations are held by other senior people who, like Paul McLeay, are waiting to see the September review.

It’s a time when Newcastle’s latest iteration of a VAS is looking more and more like a last throw of the dice under the current State government. A score of 1 or even 5 would have to give pause to the government’s thoughts on the whole affair ... Regardless of whether these thoughts are of the present incumbents or of Liberal successors who might think in terms of new brooms.

As it is, the industry is at the wait-see stage and surely there wouldn’t be a shipping person anywhere who doesn’t have their fingers crossed and wish Newcastle well.

Part of the disquiet is caused by the lack of quality, quickly-understandable information on what’s going on.

What should be the bible, the primer on that is the VAS working group’s reports, the February edition of which runs to 100+ screens. It contains tide and wave diagrams, what looks like a PWCS PR brochure, and possibly a kitchen sink as well.

Few among those interested in the Port of Newcastle and involved enough to be influenced by events would have read beyond its first few screens.
Buried in its pages is the outline of a system for coalships inward bound for Newcastle to pass the time currently spent anchored off Newcastle by drifting in the open ocean as far away as Papua New Guinea.

When they are between 14 and seven days out from Newcastle they must log daily reports with the port stating among other things, their estimated position (despite the VAS claiming to be based on satellite positioning), their speed, and their engine RPM. Fortunately all that can be done by an apprentice with a mobile phone and a rev counter. What the apprentice can’t do, of course, is correlate all the ensuing pieces of paper flowing into Newcastle. Don’t ask what they’re too busy with there!

A second drifting area is some 220 km NNE of Newcastle and it is the last stage before being allowed into the sacred burial ground that the Newcastle anchorage is being treated as since the once-in-a-century incident with the Pasha Bulker.

The idea of it all is to end up with about 15 vessels max off Newcastle at any one time and to be there for no more than two days. Masters are expected to be delighted because they are said to say that they hate the shore anchorage.

Right now the port is in the middle of a very suck-it-and-see stage. At a time when every other link in the Hunter Valley Coal Chain is looking good the NSW Government’s agency on the spot, ie the Newcastle Port Corporation, would attract raised eyebrows around the world were it not to come up roses too.

If Mussolini could fix Italy’s railways surely Newcastle can fix one problem with its port. But then again, look what happened to Mussolini!

Since beginning this article the ship queue has grown to 51 vessels.

Back at the hotel, the fat lady has slumped down on the bar’s piano stool on hearing this and is fiercely clearing her throat. It looks like she is about to sing.  

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Employers need to keep a keen eye on the new Fair Work Act

By MARK HOWARD, a partner at Middletons

The Rudd Government’s Fair Work Act 2009 brought about the dismantling of Work Choices, and introduced a new era of fair work in Australia. This has had considerable impact on the shipping industry, particularly in relation to terms and conditions of employment.

One of the key planks in the reforms was a safety net of minimum terms and conditions consisting of modernised awards and national employment standards, both of which came into effect on 1 January, 2010.

The modern awards, together with the employment standards and the national minimum wage order, provide a safety net of terms and conditions of employment. Modern awards typically deal with matters including:

• Minimum wages
• Arrangements for when work is to be performed
• Overtime and penalty rates
• Annualised wages or salary
• Allowances
• Leave and leave loading
• Superannuation
• Consultation obligations.

How do employers in the shipping industry know if a modern award applies to their business? There are now 122 modern awards which have replaced over 1,700 Federal and State awards, so finding the correct modern award or awards can be complex. It will depend on many factors, including the industry in which a business operates, the principal duties of an employee and any exclusions that apply in the new and previous Federal and State award coverage. Every employer will need to review the coverage and classification clauses in potentially relevant awards to determine whether one or more will apply to any part of their operations.

There are a number of industry awards that may apply to employers operating within the shipping industry, including the following sectors:

• Seagoing
• Maritime, offshore oil and gas
• Port, harbour and enclosed water vessels
• Marine towage
• Port operators
• Dredging.

If there is not a relevant industry award, then consideration will need to be given to a potentially relevant occupational award, for example the Clerks – Private Sector Award.

Once an employer has ascertained that a modern award applies, you must strictly comply with its terms regardless of whether or not it pays employees well in excess of award rates. If an employer wishes to avoid the requirement to strictly comply with an award, it will need to consider the options including an annualised salary, an individual flexibility agreement or an offset clause in a contract of employment.

Modern awards may not apply to high income earners who earn more than $108,300 (indexed 1 July), however it is necessary for an employer to enter into a guarantee of annual earnings with the relevant employee, which can be reflected in a written agreement between the employer and the employee.

To lessen the impact of the new awards, under transitional arrangements there will be a phase-in period, generally of wages and conditions, commencing on 1 July 2010 over five years for key terms such as minimum wages, casual and part-time loadings, penalty rates and shift allowances.

Importantly, the national employment standards apply to all employees in the shipping industry regardless of their occupation or how much they are paid and regardless of whether they are covered by a modern award or an enterprise agreement. The 10 new standards replace the previously legislated safety net known as the Australian Fair Pay and Conditions Standard (which contained five standards).

A brief overview of key standards and new entitlements to flexible work arrangements that will have a significant impact on employers in the shipping industry includes:

Requests for flexible work arrangements:

Employees, including those within the shipping industry who have 12 months’ continuous service and who care for young children, will have the right to request flexible work arrangements until their children reach school age or until the age of 18 in the case of a child with a disability. For example, employees may ask to work part time instead of full time, change their start and finish times or days and/or change their location of work. Requests must be made in writing, stating the change sought and explaining why it is needed.

Employers must respond to requests in writing within 21 days of receiving a request and can only refuse such requests on reasonable business grounds. Factors likely to be taken into account include the effect of accommodating the request on the workplace and the employer’s business,
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Sydney’s ports currently facilitate over $50 billion of trade each year, with an annual contribution to the New South Wales economy in excess of $2.5 billion. The $1 billion Port Botany container terminal expansion, due to be completed in 2012, will provide increased port capacity to meet the future demands of growth in international trade.

“We’re expanding Sydney’s gateway to world trade”
cost, impact on efficiency, productivity, customer service, the employer’s ability to reorganise work arrangements and the needs of the business. These are all very relevant factors to employers in the shipping industry and their employees.

Flexible work arrangements may have some ramifications for the way in which employers who operate within the shipping industry carry on their daily operations. Such employers will need to consider which flexible arrangements best suit their business and the ways in which such arrangements can successfully be implemented into the workplace. This could prove difficult for employers given the responsibilities and the nature of the work that employees within the shipping industry typically undertake.

**Statutory entitlement to redundancy pay**

An entitlement to redundancy pay has now been extended to non-award employees, providing for severance payments based upon the standard award provisions.

Employees, regardless of status or remuneration, who have more than 12 months continuous service and who work for an employer of 15 or more employees have a statutory right to receive a redundancy payment of up to 16 weeks pay where their job is terminated owing to restructuring, insolvency or bankruptcy of the employer. The entitlement does not extend to casual employees, those employed for a specified time, task or season, employees to whom a training arrangement or apprenticeship applies nor to an employee covered by an industry-specific redundancy scheme in a modern award or enterprise agreement, nor to one who is terminated because of serious misconduct.

Importantly, any service prior to 1 January 2010 does not count as service for the purpose of calculating an employee's redundancy entitlement unless the employee had a redundancy entitlement immediately before that date.

Redundancy pay is calculated using an employee’s base rate of pay and by reference to his/her length of service. To complicate things more, an employee will not be entitled to redundancy pay in a situation where they reject an offer of employment made by another employer on terms substantially similar to and no less favourable than their existing terms and which recognises service with the first employer in calculating redundancy entitlements. Fair Work Australia can order a lesser amount of pay if the employer finds the employee similar alternative employment or is unable to pay.

**Fair Work Information Statement**

Employers have an obligation to provide a copy of a statement to all new employees before or as soon as practicable after the commencement of employment. The statement sets out employee rights regarding the NES, modern awards, agreement making, termination of employment and the role of Fair Work Australia and the Fair Work ombudsman. Employers should have documentary evidence to show compliance.

Compliance with the national employment standards is essential given that contravention attracts prosecution and penalties of up to $6600 for an individual and $33,000 for a company for each and every breach of the standards (subject to limited exceptions). Similar consequences apply to a breach of modern awards. However, there is an additional exposure to back-pay claims that may well include additional penalties going back six years. Investigations, audits and prosecutions are not uncommon as are actions for underpayments of small and large sums of money. There is now an active Inspectorate and employers are on notice that breaches, inadvertent or otherwise will not be tolerated.

As a consequence of the new awards and standards, all employers in the shipping industry must review all policies and procedures and contracts of employment to ensure they comply. Employers should consider which modern awards apply to any part of their business and if so, whether they are complying with them. If not, immediate steps should be taken.

Determining award coverage and compliance can be a complex process. Understanding their coverage and implications will be a challenge but there are serious consequences for failure to do so!
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The grounding of the Sheng Neng 1 earlier this year pushed the important job of reef pilots into the media spotlight and sparked an international debate about how to prevent future environmental disasters, while tackling escalating costs in the shipping industry and continuing to ensure pilot safety.

Australian Reef Pilots (ARP) has become an industry leader in these areas by forming a partnership with PNG Ports Corporation Limited and making it possible for pilots to stay on board for a vessel’s entire voyage through Australian waters and into PNG waters.

It’s a new service that around 40 per cent of the shipping arrivals at the Australian coal loading ports of Hay Point and Dalrymple Bay have taken up, and it’s helping to address the rising costs of helicopter boardings, new helicopter safety legislation and growing concern about shipping threats to our Great Barrier Reef Marine Park.

ARP has provided pilotage services in the Torres Strait and the Great Barrier Reef (GBR) for more than 125 years. In more recent times, the company has witnessed the growth and modernisation of the shipping industry, the introduction of compulsory pilotage districts for the Inner Route and Hydrographers Passage, and in 1993, the deregulation of its industry. In October 2006, Torres Strait also became a compulsory pilotage district.

By 2008 the company had become concerned that tariffs for compulsory pilotage in the Hydrographers Passage may escalate out of its control.

Hydrographers Passage is the longest marine pilot transfer by helicopter in the world with a return flight of approximately 240 nautical miles. The helicopter transfers are by a twin engine helicopter, requiring two aviation pilots flying for just under three hours.

By ALAN MAFFINA, general manager, Australian Reef Pilots

More pilotage options in the Great Barrier Reef

Australian Reef Pilot launch
Consequently, a high percentage of the pilotage cost is related directly to the running of the helicopter.

The Australian Maritime Safety Authority (AMSA) began reviewing guidelines to helicopter operations under Marine Orders Part 57 relating to the strength of ships’ hatches with regard to capability to receive land-on helicopters.

As a consequence of this review, AMSA will be issuing a revised marine order that is likely to restrict the land-on capability of some vessels. With this in mind, ARP started to look for a safer, more comprehensive and cost effective way of providing pilotage through the compulsory Hydrographers Passage.

This involved ARP forming strong relationships with the Papua New Guinea Government. After trial voyages between Hay Point and PNG waters, the gazetting of a pilot boarding ground at Torlesse Island was arranged together with the establishment of a mother ship and pilot launch service (two launches) from the Deboyne Lagoon.

By mid-December 2008, ARP in conjunction with partners, PNG Ports Corporation Limited, started its new pilotage concept through Hydrographers Passage between Hay Point, Dalrymple Bay, Mackay and Jomard Entrance.

ARP pilots now remain on board between Hay Point, Dalrymple Bay, Mackay and PNG waters and the benefits to its clients were quickly identified.

ARP considers its pilot boardings and landings to be safer as they are now done by launch at the gazetted Jomard pilot boarding ground at Torlesse Island (10° 48’ S, 152° 07’ E), just north of Jomard Entrance.

The pilotage cost is less expensive than the previous helicopter method of boarding/landing marine pilots at Blossom Bank for Hydrographers Passage pilotages.

Clients have also welcomed the opportunity to steam the shortest possible route with the comfort of receiving additional pilot assistance at no cost while transiting Jomard Entrance and Diamond Islets.

**The new safety pilot option has worked so well ARP has included a number of new routes from Jomard to eastern Australian ports from Jomard, such as Cape Flattery, Cairns, Townsville, Abbot Point and Gladstone.**

Vessels previously unable to accept land-down helicopters have until now been forced to steam the longer routes, via Palm Passage and then inside the Great Barrier Reef when en route to Hay Point, Dalrymple Bay and Mackay. This entailed an additional 150 miles and a delay of around 12-hours in arriving at the destination.

As pilots now board at Jomard and remain on the ship, more vessels can take the most direct route to Mackay or Hay Point, via the Hydrographers Passage. It’s good news for the bottom line, particularly for Australian companies relying on these ships to transport their goods to/from their overseas destinations quickly and economically.

Vessels sailing from North Asia routing via Jomard to eastern Australian ports, rather than via Rossel Spit, are also making considerable savings in distance and time, minimising fuel burn.

**The below table outlines the distances saved from major shipping ports.**

<table>
<thead>
<tr>
<th>Destination</th>
<th>Via Rossel Spit</th>
<th>Via Jomard Ent.</th>
<th>Saving</th>
<th>@ 13 knots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan, Bung Suido</td>
<td>3664 miles</td>
<td>3614 miles</td>
<td>50 miles</td>
<td>3.8 hours</td>
</tr>
<tr>
<td>Korea, Cheju-Do</td>
<td>3854 miles</td>
<td>3749 miles</td>
<td>105 miles</td>
<td>8.1 hours</td>
</tr>
<tr>
<td>China, Shanghai</td>
<td>3866 miles</td>
<td>3720 miles</td>
<td>146 miles</td>
<td>11.2 hours</td>
</tr>
<tr>
<td>Taiwan, Kaohsiung</td>
<td>3641 miles</td>
<td>3443 miles</td>
<td>198 miles</td>
<td>15.2 hours</td>
</tr>
<tr>
<td>China, Hong Kong</td>
<td>3905 miles</td>
<td>3768 miles</td>
<td>137 miles</td>
<td>10.5 miles</td>
</tr>
<tr>
<td>Singapore</td>
<td>4114 miles</td>
<td>4018 miles</td>
<td>96 miles</td>
<td>7.4 hours</td>
</tr>
</tbody>
</table>

There are wider implications for the industry as well, particularly after incidents earlier this year saw the world’s media attention focused on shipping and its routes through Australia’s largest marine park, the Great Barrier Reef.

On 3 April 2010, the panamax bulker M/V Sheng Neng 1 grounded on Douglas Shoals soon after sailing from Gladstone with a full cargo of coal. The following day M/V Mimosa incorrectly entered into the Great Barrier Reef Marine Park via Flinders Passage en route to Abbot Point to load coal and as a result was convicted and fined for entry into a restricted area.

While the passages between Jomard and both Gladstone and Abbot Point transit non-compulsory pilotage waters, the option of an affordable voluntary pilotage is now available to shipowners or operators in all areas of the Great Barrier Reef.

ARP hold Queensland coastal pilotage licences issued by AMSA, as well as pilotage licences for PNG waters issued by the country’s National Maritime Safety Authority.

Australia is not alone in wanting to look after its world heritage protected marine parks. The PNG National Maritime Safety Authority and PNG Ports are equally concerned about their pristine environment and island communities which depend on the sea for their livelihood.

This is why ARP and PNG Ports have collaborated so closely on this project. The environmental benefits are obvious. In addition to local knowledge, up to date Australian navigation charts are available for the ships at the PNG pilot boarding ground before entering Australian waters.

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**The table outlines the distances saved from major shipping ports.**
A by-product of the service is the benefit of having a pilot on board at the beginning and end of the passage, allowing the ARP’s marine pilots to assist the Master with inward and outward Australian Customs formalities.

Coverage of the Shen Neng 1 and Mimosa incidents saw much discussion about the possible expansion of compulsory GBR pilotage areas and the dangers associated with allowing chartered bulk carriers to visit GBR waters for the first time without a bridge team on board that has had experience navigating the region.

These vessels are the higher risk end of the market and many in the industry acknowledge that more attention needs to be given to this sector of the market before they enter Australian and PNG waters.

ARP’s Jomard service now gives shipowners an option to make better use of coastal pilots who have an in-depth knowledge of the area and can guide them expertly into and out of Australian waters.

A reef pilot not only mitigates the risk of damage to both the vessel and the environment, but can also be cost effective for the owner and charterer. As per the above table, it is possible to save up to 15 hours on a voyage by having a pilot on board who can provide local knowledge and navigate ships safely through the Reef using the most direct route. This can achieve significant fuel savings and cut costs on charter rates.

In the past 18 months, the company has provided its extended safety pilot service to about 40 per cent of all the bulk ships transiting reef environs to Hay Point and Dalrymple Bay. The service is now also regularly used for ships steaming through compulsory pilotage districts to the silica sand exporting port of Cape Flattery. In addition, some shipowners and operators have opted to use the service through the non-compulsory service into Townsville, Abbot Point and Gladstone. Pilots have boarded in PNG waters and remained on board for the duration of the vessel’s passage either through or around the Reef.

At the end of May this year almost 800 ships had taken advantage of this more comprehensive service, with the industry benefitting substantially through greater risk mitigation and cost savings.

ARP has been pleased to fill a service void with the availability of the above-mentioned expanded service. With the possibility of increasing demand subsequent to recent events, ARP stands ready to recruit and train more pilots to fill the expected demand. Despite a diminishing skill pool within Australia, ARP has recruited all their new entrant pilots nationally and as such has been a major provider of employment of Australian seagoing personnel.

**Distances to east coast Australian ports from Jomard**

- **Jomard Entrance** - 34 nautical miles
- **Cape Flattery** - 471 nautical miles
- **Palm Passage SRS** - 542 nautical miles
- **Blossom Bank SR** - 553 nautical miles
- **Townsville** - 600 nautical miles
- **Hay Point / Mackay Limits** - 666 nautical miles
- **Abbot Point Pilot** - 694 nautical miles
- **Gladstone Pilot** - 868 nautical miles
- **Brisbane Pilot** - 976 nautical miles

Map of Jomard and pilotage routes
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Enabling safe navigation
Misdeclared cargo in containers puts lives at risk

By Llew Russell

The shipping industry raised misdeclared container weights as an issue back in 1997 and we were subsequently involved in the Transport Workers Union call for all containers to be weigh-bridged. Thirteen years later, we still have similar problems. The reason for the shipping industry’s concern is not necessarily containers over road weight limits (although this is clearly of concern) but rather misdeclared weights which can see the wrong size truck being delivered to pick up the container and this issue creates other cargo handling problems.

Road traffic authorities appear to be more interested in import rather than export containers but the shipping industry is vitally concerned with both. This issue affects almost all links in the through transport container chain from ships stability to overloading trucks, possibly contributing to serious stevedoring accidents and so on.

In February this year, the Dutch Lashing@Sea project was released after four years of research and identified a number of issues relating to the safety of container stacks when cargoes were not loaded in accordance with load plans. The study found that problems such as misdeclared container weights could directly influence a vessel’s stability more than previously realised.

The study found that there was an impact on the surrounding stacks and therefore, the dynamic stability of a container vessel. A single container weighing three times more than first understood can easily affect the forces on the stack of boxes in which it is stowed.

Why are containers over loaded?

Whilst there could be cases of deliberate overloading e.g. to reduce the total number of containers required, a more rational explanation in many cases is simply lack of concern or care by failing to properly calculate weights taking into account, different units of different products, packaging, dunnage, and the tare weight of the container.

There were the famous cases in 2008 of the Annabella and the MSC Napoli which highlighted the problems of overweight containers and the problems they cause for vessels and crews. In the case of the Annabella the stack of 30 foot containers collapsed into the hold of the 868 container feeder vessel, because load limits had been exceeded for the non-standard sized containers.

The incident could have been far more serious as the top three containers in the stack were carrying butylene gas. During a UK conference on the Annabella, the interesting point was made that crew also needed to be included in the information chain and SAL is of the view that the crew must be kept fully informed on developments regarding the incident of this nature.

The UK Maritime Accident Investigation Branch (MAIB) report on the MSC Napoli found misdeclaration of weights and contents of containers was a contributing factor in the accident. An estimated 5-10 per cent of all boxes loaded were misdeclared.

Overweight (misdeclared) boxes influence stack weight, changing metacentric height (GM) calculations, affecting stability and safety of vessels in heavy weather. Source Safe Transport of Containers by Sea, Marisec Publications.
carried were overweight.

More recently, a container stack toppled over while the chartered 950 teu Husky Racer was being unloaded in Bremerhaven resulting in 18 boxes being lost overboard. The resulting investigation found the top containers in seven of the nine stacks, which were supposed to be empty, actually weighed between 15 to 30 tonnes. It was caused by an information system problem that did not update the loading plan.

The vessel had been chartered by Maersk Line who are now developing new software to help identify weights appropriate to the commodities being shipped.

In the early part of the last decade, the then National Road Transport Commission (now the National Transport Commission) developed the National Compliance and Enforcement model legislation which incorporated the chain of responsibility concepts. Under this concept, it would not simply be the truck driver and/or trucking company that would be fined for overloading but it would include those responsible for the consignment, those responsible for loading the truck and so on. There were escalating penalties for repeat offenders. There were also defences if reasonable steps had been taken to prevent such an occurrence.

However, it is disappointing that the legislation enacted in each State jurisdiction was different as no State took up the model legislation in its entirety. For example, in some States, operators will have access to the ‘reasonable steps defence’ for all breaches while in others, it will only apply for small breaches or possibly not at all. New South Wales, for one, does not give legal recognition to codes of practice which can assist in a ‘reasonable steps defence’.

Early in 2004, SAL worked with Meyrick and Associates in developing a voluntary code of practice for our industry. The purpose of the voluntary code of practice was to provide relevant parties with access to an agreed framework and guidelines as a means of ensuring the accurate transmission of container weight information to road carriers and drivers. SAL continues to promote its observance as a means of mitigating potential liability. The code can be accessed via the SAL website www.shippingaustralia.com.au, Library, SAL publications.

The compliance and enforcement legislation needs to be implemented in conjunction with action by those arranging road transport, for example, a careful examination of commercial documents prior to producing the Container Weight Declaration is advisable. In SAL’s view, consignees and consignors should be made more responsible. It should also be remembered that the legislation relates to overloading not accurate weights. Consignees should ensure overseas suppliers include content and tare weight on packing lists for all shipments.

Sometimes it is difficult to even determine what is supposed to be the average weight of a container if a number of containers are included on the one Bill of Lading and only an overall weight may be provided. It is important that the weight of each container is accurately identified.

Compliance issues

In 2008, SAL wrote to the National Transport Commission (NTC) urging stricter enforcement of the legislation in each jurisdiction. The CEO replied outlining briefly the intention of the legislation to meet NTC’s chain of responsibility approved and outlined the communications programme that was associated with rollout of the model legislation.

NTC acknowledged the point made by SAL that there needs to be a continuous education of parties
influencing the transport chain under this legislation and the NTC pointed to a number of jurisdictions that were taking such a proactive approach.

The NTC pointed out that these operational matters are guided by the resources and operational directives of each jurisdiction but NTC did pass on our concerns through the peak standing group for the Compliance and Enforcement legislation, the Transport Agencies Compliance Committee, at its meeting in mid February 2008. The NTC also shared SAL’s view that successful prosecution for persistent offenders under the provisions of the legislation will have a positive educative and behavioural effect on parties in the transport chain.

Graincorp faced fines of $18 to $23 million and allegations of 332 mass loading breaches for accepting overloaded trucks in 2005. An investigation in 2005 revealed that over 20 per cent of all truck deliveries of grain were overloaded. The NSW Roads and Traffic Authority lost the case in 2008 and appealed to the Supreme Court in 2009. This appeal was lost based on the view that for a consigner to turn away an overloaded truck puts it back on the road network which is a threat to infrastructure and safety. The RTA has not ruled out another appeal but it has stressed that the decision does not prevent the prosecution of other consignees in appropriate cases.

The Minister Assisting the Minister for Transport in New South Wales, David Borger stated that he was examining urgently whether the chain of responsibility laws in NSW should be further strengthened.

The International Chamber of Shipping and World Shipping Council have joined forces to produce a pamphlet on industry guidelines on best practices for shippers and container packers on the Safe Transport of Containers by Sea. The guidelines cover the correct packing, labelling and weighing of cargoes but validation problems remain. The guidelines can be accessed at www.marisc.org/containers. We agree with the approach in those guidelines that it is really the responsibility of the container packer to declare accurate weights of cargo in containers.

**Weighing of containers**

It is not necessarily a simple matter to get an accurate weight of the container and its contents in practise. Lifting equipment, whether it be gantry cranes, fork lifts or straddle carriers, are subject to stresses caused by unequal loading, wind and so on which can give false readings. Different truck weights and trailer weights along with the container could be consistent with overall gross limits but in effect, have a misdeclared weight of cargo in the container.

There needs to be a match with what is on the commercial documents which should be conveyed electronically at the time of weighing e.g. electronic weigh-bridges. Trucking companies could provide this information electronically prior to setting out to the container terminal. The important point is to develop procedures which will give reasonably accurate weight for the container as a whole i.e. the gross weight.

We support an international voluntary code but would have concerns with any mandatory action to make pre-weighing a legislative requirement; certainly in the absence of proper validation techniques and accuracy in terms of determining the actual weights. SAL continues to promote the code of practice to our industry as a means of encouraging all links in the supply chain to be vigilant and to detect any evidence of misdeclared weights in containers.

SAL will be actively pursuing a multi-disciplined approach to this issue including urging State jurisdictions to enforce the new legislation and determining how technology, including information technology, can assist in finding solutions that will not only inhibit our trade facilitation efforts. 

This article is an extract from address given by Llew Russell at the Marcus Evans APAC Maritime Safety Conference. Read his full speech at www.shippingaustralia.com.au.
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You would think that an island state like Australia would have no difficulty building a vibrant and highly efficient coastal shipping industry. With 60,000 nautical miles of coastline, and a regulatory environment that is liberal by international standards, Australia appears to have the wherewithal to be a global leader in coastal shipping. In 2009, when the International Transport Forum commissioned a paper to examine cabotage regimes in maritime transport, Australia’s looked to be a model that countries like Canada might emulate.

Liberalised regulatory environments throw fewer impediments in the path of building an industry. For a country with so much promise of ‘marine highway’ development, why is so little general merchandise moved domestically by sea? What are the challenges of building greater volumes in coastal shipping? In a greenhouse gas (GHG) constrained future, will there be a greater role for coastal shipping? These questions warrant consideration by both industry and governments.

Both Australian-flag ships and foreign-flag ones under license or permit supply coastal shipping services. According to the House of Representatives 2008 report, coastal shipping carries only 26 per cent of domestic freight volumes (down from 44 per cent in 1984-85). Shipping’s share has been steadily eroded as more and more freight is moved over road and rail alternatives. Rail has been particularly aggressive in its growth strategy. As of June 2008, the Perth–Melbourne corridor had 32 intermodal trains a week, the Melbourne–Brisbane corridor 33 trains a week, the Adelaide–Melbourne corridor 34, and Perth–Sydney 16 (BITRE, 2010).

Australian coastal shipping is primarily a bulk business. Bulk commodities make up 95 per cent of all coastal demand. Other than the subsidised Bass Strait and Western Australian coastal routes, there is currently no supply of coastal container operations except via foreign-flag ships under permit. In 2009, the number of TEUs carried under permit by foreign-flag operators was only about one per cent of all the TEUs handled at Australia’s ports.

A role for shipping in a GHG-constrained trading network

It is European transport policy to encourage modal switching to coastal shipping in order to assist countries in reducing their GHG emissions, delay road infrastructure investment, alleviate road congestion, and address concerns about road safety. In North America, concerns about road congestion (and accompanying air pollution) along with insufficient funds to invest in infrastructure development and renewal are driving the US and Canadian governments’ interest in ‘marine highway’ alternatives.

There is a commonly held belief in Australia that coastal shipping is only competitive in corridors exceeding 2200 road kilometres (much of this a result of earlier BITRE studies), and that ship cannot compete against rail in a shorter corridor. Such ‘facts’ should be more closely examined on a route-by-route basis, and with caution. North American research has uncovered corridors as short as 1000 kilometres where coastal shipping can compete with truck, particularly for that part of the market where just-in-time delivery is not required. Coastal shipping’s ability to compete against rail is a little more difficult, but not impossible. It all depends on market-specific conditions.

Other than the subsidised Bass Strait and Western Australian coastal routes, there is currently no supply of coastal container operations except via foreign-flag ships under permit. In 2009, the number of TEUs carried under permit by foreign-flag operators was only about one per cent of all the TEUs handled at Australia’s ports.

Mary R. Brooks holds the William A. Black Chair of Commerce at Dalhousie University, Halifax, Canada. From January to May 2010, she was a visiting scholar at the Institute of Transport and Logistics Studies at the University of Sydney, undertaking research on Australian coastal shipping and maritime reform. e-mail: m.brooks@dal.ca

Research by Helen Bendall and I at the University of Sydney recently looked at future prospects for coastal shipping (see ITLS WP-10-12). Among the questions we asked, two are particularly good starting points for examining future prospects for coastal shipping growth. First, is there a corridor where new business demand may be built in addition to existing sea carriage of containers? Second, what legislative or regulatory factors may impede or promote the development of short sea shipping in such a corridor?

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Which corridors have promise?

Critical to the development of coastal shipping in Australia is the identification
of suitable corridors. After a cursory analysis of the Government’s 2006 AusLink research, it became clear that some road corridors do not meet the minimum 1000 kilometres threshold identified in North America. Five corridors appear to be long enough (and possibly congested enough) to consider for further scrutiny. Melbourne–Brisbane, Sydney–Adelaide or Cairns–Brisbane are sufficiently long to be considered, although Cairns–Brisbane may not have sufficient volumes. Sydney–Perth and Melbourne–Perth do not appear to have adequate volumes on the road but do have rail volumes that might switch to shipping.

Our research identified that new traffic for coastal shipping services might come from three sources:

- attracting new business due to changes in foreign-flag lines’ network configuration so that a hub–and–spoke configuration is used (rather than a loop or shuttle configuration) and the cargo is transshipped to a coastal operator at one hub, thereby increasing cargo available for feeder operations;
- attracting existing traffic from that currently carried by foreign-flag container shipping line under a single or continuous voyage permit; and/or
- attracting new business from existing land operations offered by road or rail carriers.

As for the first of these, Australia is not a geographically natural international transshipment hub so this is an unlikely prospect. To examine the second of these, Helen Bendall and I sought port-pair permit data, in particular TEUs, from BITRE. In 2007-08, as can be seen in the table below, there was no permit traffic for two port-pairs, Brisbane–Melbourne and Adelaide–Sydney, and insufficient volume on the Brisbane Townsville corridor. The most promising volume routes were Melbourne–Brisbane and Melbourne–Fremantle. However, none of these volumes alone will provide enough vessel utilisation for a two-way sustainable operation. Therefore, modal switching must also be induced.

Modal switching is possible with the right service offering, and new volume may also be generated by altering the conditions in the market through regulation or by future increases in the price of fuel. As fuel prices rise, the cost of trucking increases more quickly than either rail or sea on a tonne-km basis. A similar result can be induced by the imposition of road tolls or carbon taxes. Finally, should road safety concerns reduce hours of service for truck drivers, the altered time competition might favour shipping.

This analysis suggests that research is needed to understand modal competition more clearly from the perspective of the provider of freight, and underscores the importance of modal choice research like that currently planned at the University of Sydney’s Institute for Transport and Logistic Studies.

**Regulatory issues**

Australian coastal shipping is governed by The Navigation Act 1912. The country streamlined its access to foreign ship operators in 1998 due to a lack of adequate freight services to serve demand (Meyrick and Associates, 2007). Access to domestic traffic is not reserved for vessels owned by Australian nationals; foreign-flag vessels may operate under license, and if licensed vessel is available within three days either side of the shipment date, foreign-flag vessels may carry cargo under permit.

In October of 2008, the House of Representatives Standing Committee

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### Port pair analysis of 2007-08 permits

<table>
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<tr>
<th>One-Way Port Pair (1)</th>
<th>CVP TEUs</th>
<th>CVP Voyages</th>
<th>SVP TEUs</th>
<th>SVP Voyages</th>
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</thead>
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<td>Melbourne–Brisbane</td>
<td>9851</td>
<td>162</td>
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<td>131</td>
<td>3</td>
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<tr>
<td>Adelaide–Sydney</td>
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<td>0</td>
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</tr>
<tr>
<td>Townsville–Brisbane</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Brisbane–Townsville</td>
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</tr>
<tr>
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<td>16</td>
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</tr>
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<td>1973</td>
<td>43</td>
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<tr>
<td>Fremantle–Melbourne</td>
<td>593</td>
<td>26</td>
<td>54</td>
<td>13</td>
</tr>
</tbody>
</table>

Note: (1) Fremantle is the port for Perth. We have substituted Townsville for Cairns as Townsville is the industrial centre on the corridor. SVP data includes Urgent SVP permits.

Source: BITRE in response to data request April 2010 by Bendall and Brooks. See [http://sydney.edu.au/business/itls/research/publications/working_papers, WP 10-12, Table 5](http://sydney.edu.au/business/itls/research/publications/working_papers, WP 10-12, Table 5).
Coastal Shipping

on Infrastructure, Transport, Regional Development and Local Government released its review of cabotage policy, calling for a tonnage tax regime and accelerated depreciation to enable Australian shipping companies to compete on a playing field similar to that faced by their foreign-flag competitors.

While such fiscal support appeared in the interim Henry Report on taxation, it seems that there has been little progress on moving Australian shipping towards a tonnage tax regime since. The same can be said of the necessary levelling of the playing field between shipping and land transport through the incorporation of social costs. Furthermore, the National Transport Commission failed to consider coastal shipping in its toolbox of solutions to GHG emissions from freight transport. In fact, the recent policy reversal of the Government on carbon pricing has been a step backward for the coastal shipping industry.

Since the House of Representatives policy review, the Fair Work Act (2009) has been implemented. This act will apply to foreign vessels under CVP permit and those using multiple SVP permits from 1 January 2011. While the intention is to ensure that all seafarers working regularly on ships in the coastal trades have the benefit of Australian workplace laws, the unintended consequence may be that foreign-flag operators cease to use permits, exit the market and no licensed operators step into the breach. As seen in the table, Western Australia will be hardest hit as Fremantle processes the most permit TEUs. Mark Brownell of the Department of Transport Western Australia reports that “the foreign lines are saying little publicly about their intent. However, private feedback is that they are disinclined to go through the administrative hoops for what is non-core cargo. The suggested loss of 1000-1500 TEU weekly [at Fremantle] reflects the uncertainty about how widespread among the lines this position might be.”

Key conclusions

- There is little research on what will happen as a result of the Fair Work Act implementation. It will not necessarily create new business for Australian coastal carriers. It is quite possible that it will result in a cargo owner either ceasing trading or making a decision to transport the freight via a land-based carrier, an unintended consequence for shipping.
- My research with Helen Bendall concluded that “there are few corridors on which coastal shipping might compete effectively against rail or road operations.” ... Future modal-switching studies should be corridor-specific so that all players can know what service attributes would best meet market conditions.
- Finally, a mode choice study of cargo interests to identify the key service requirements to induce mode switching to short sea operations from land-based transport operations is needed. Such a study could also be used to evaluate policy alternatives when Australia chooses to implement a GHG emissions charging scheme.
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A date to remember...

Note the date – Friday, June 18 – chosen to celebrate Royal Hydrographic Day which actually fell on Monday, June 21. But who ever heard of a big lunchtime knees-up on a Monday? So SAL, the party’s organiser, brought it forward and 270 of shipping’s finest gathered at Wollongong’s Beach Function Centre to hear Paul McLeay, NSW’s Minister for Ports, say a few words; Commodore Rodney Nairn, the RAN’s Hydrographer, say a few more words; and Dom Figliomeni, CEO of Port Kembla Port Corporation say more words than both. Dom came tops by a mile with his account of his port’s ambitious development plans for its outer harbor that will eventually add seven new berths and whose $63 million first stage begins this year. It was an inspiring speech for the day’s original celebration: The Battle of Waterloo, June 18, 1815.
celebrate hydrographers’ big day

Tonilee Andrews, Port Kembla Port Corporation; Peter Fitzgerald, KPMG.

Commodore Rodney Nairn, the RAN's Hydrographer, and Paul McLeay, NSW Minister for Ports and Waterways.

Ross McAlpine, MSC; Scott Henderson, Gulf Agency.

Lee Furness, Australian Hydrographic Society.

Michael Phillips, chairman Shipping Australia.

Noel Cornish, BlueScope Steel.

Liew Russell, CEO of Shipping Australia, and Sharon Bird, federal MP for Cunningham

Kell Dillon, Harbour master, Port Kembla, and Chris Geraghty, Port Kembla marine pilot.

Doyle Cook, Port Kembla Gateway; Danielle Starr, Northparkes Mines; David Barnsdall, Port Kembla Gateway; Jacques Labuschagne, Northparkes Mines; Peter Gould, Port Kembla Gateway.

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Price increases, congestion, delays, reports, regulation – Is this the return to the 1980s?

By Peter Blanchard I chief executive officer

The past few months have seemed like a ghastly repeat of groundhog day for the maritime freight industry – congestion, government reports, different parties blaming others for the problems, lack of a common vision for the industry, price increases and more regulation.

It seems like a repeat of the 1980s.

Despite the similarities, there has been much progress yet sadly, much remains to be done.

In this edition of Tradegate News we look at the recent Draft National Ports Strategy and its far-reaching observations and recommendations.

Many of the issues raised in the draft Strategy also surface in the recently released Victorian Department of Transport discussion paper Shaping Melbourne’s Freight Future.

One of the themes running through both of these reports is the need for better cooperation and coordination, and the necessity for improved information systems so that our future freight task can be carried out not only efficiently, but effectively without the congestion and externalities that are current.

The impact of information technology on the maritime logistics industry over the past 15 years has been substantial.

Information technology has risen substantially as a key component of the profit and loss. Many companies have moved to electronic receipt and despatch of information seeking cost containment and cost decreases.

Tradegate has assisted a number of companies within the shipping industry to enhance their electronic communications while substantially reducing costs. Faulkner Macdonald’s article “Reducing operation costs and improving customer service.” explores the benefits of outsourcing for shipping lines and highlights the interdependence of information within the maritime supply chain.

A National Ports Strategy

Infrastructure Australia’s recent release of its draft National Ports Strategy makes a genuine attempt to put some long-term thinking into the maritime logistics space.

The draft report is well constructed with its major recommendations likely to receive broad industry and community support. (See Box)

The draft strategy identifies a number of priorities of which “improving landside efficiency and reliability” is one. In its discussion of this priority the draft Strategy notes that costs are rising relatively quickly on the land side of container ports and that while there has been much research conducted, not all of this research has been made public.

The draft also identified the role that information technology could play in improving performance and that solutions should encourage interoperability among ports. This is a theme that Tradegate has consistently supported for the past 21 years.

One of the major recommended actions to improve the landside is for the National Transport Commission to advise the Australian Transport Council and for the Council to decide on the adoption of technological opportunities to improve real-time information systems for container ports and associated land transport. These are to:

• Allow more reliable movement of freight within ports, among ports and on land transport systems;

• Include port community systems that increase the scope of information exchange across a wider variety of transactions.
Draft National Port Strategy Recommendations for COAG

Recognise the critical importance of trade to Australia’s ability to develop a more productive and fairer society more able to meet the challenges of the future.

1. Recognise the central role of ports and related freight supply chains to the trade task and thus to Australia’s future.
2. Agree that Australia adopt a National Ports Strategy as part of a nationally coordinated approach to the future development and planning of Australia’s economic port and freight infrastructure.
3. That the Strategy be set out in public document including a vision, objectives and priorities.
4. Agree to establish an independent panel comprising up to 4 people with significant prior private sector leadership experience in port and freight logistics, including in the major sectors such as bulk commodities and general freight, but without current responsibilities in commercial or representational matters associated with ports and freight.
5. Agree that the independent panel and the National Transport commission oversee implementation of the Strategy.
6. Agree that the COAG Reform council, assisted by the independent panel and the NTC, make regular reports to jurisdictions, including the Commonwealth, on progress with implementation.
7. Agree to review the National Ports Strategy with a view to making any necessary changes within three years.
8. Agree that there be development of further strands of a national freight policy being A National Freight Network, jurisdictional freight plans and an overarching national freight strategy.
9. Governments note the economic focus of the Strategy.
10. Governments note the importance of continued attention to critical national interest matters including defence and national security, customs, Biosecurity and tourism. The proposed port planning regime will address these important issues.

- Allow compatibility with international trading partners.
- Incorporate empty container parks and intermodal terminals in to the systems.
- Achieve inter-operability across Australian container ports.
- Conform with relevant regulatory provisions.

It will not be surprising to Tradegate members and supporters that Tradegate strongly endorses this recommendation.

In particular Tradegate endorses the role envisaged for the National Transport Commission.

Tradegate has been a consistent advocate of the need for port community systems where all participants in the maritime supply chain can access their information.

The draft strategy notes that the Victorian Department of Transport and Ports Australia supported the implementation of a national port information system.


The White Paper argued that “The aim of such a portal would be to glue all these separate systems together, thereby allowing the timely exchange of information with all users and on an equal basis where the information is non-proprietary”.

MT return data is now available online

Tradegate’s PortBIS online community information system makes the actual return date of empty containers available to users of Tradegate’s Smartimports system.

Empty return information is available from 13 shipping lines and 63 container return locations across Australia.

Smartimports users can access this service and search for a container number which will display the return location and the date of that return.

Users can also electronically send a list of containers to the PortBIS service and automatically receive updated information.

For more information contact our Support Desk on 1300 552 393.

Adelaide and Brisbane vessel schedules added to PortBIS

PortBIS has been updated with new vessel arrival and departure information for the ports of Adelaide and Brisbane.

- Faulkner Macdonald

The existing global trend towards the reduction in communication and technology infrastructure costs encourages many businesses to centralize and relocate their administration and operation to low cost areas.

Thomas Friedman in his seminal work “The World is Flat” explores the technological realities that have made this possible. There are readily identifiable benefits associated with these moves to cost effective central facilities; there are also equally significant disadvantages.

Shipping Lines by the very nature of their
global structures were among the first in world business to adapt technology to their centralised planning; splitting administration into elements that could potentially be contracted out to third parties where economies of scale would introduce cost efficiency.

Multinational shipping lines benefit significantly in global operations through inhouse information exchange and fundamental cost saving in supporting single applications.

Disadvantage, however, becomes apparent when business needs require modification of complex rigid global applications to meet the requirements of local markets, particularly if the local markets are relatively small.

Shipping lines’ returns on investment are seriously challenged in these circumstances as companies need to revert to manual and/or pre technological processes as work around solutions to fit local requirements.

Tradegate has developed a model of efficient design, which has achieved outcomes. This program extracts data from the lines’ global application, and combines it with a business logic component to generate the required output format for each local application. No additional data entry is required by the shipping line throughout the process.

Two specific examples of these current processes are shown in Box 1 on the previous page.

Tradegate recognizes there is an active need within the shipping community for user friendly applications for many day to day operational procedures.

For over 20 years Tradegate has worked in conjunction with shipping lines, ACS, AQIS and the import / export community as a whole in developing a comprehensive knowledge of Australian land side requirements.

Subsequently Tradegate offers a range of products spanning complex data integration through high availability network solutions to assist shipping lines perform to their strengths in local markets.

**Tradegate offers tailored solutions to meet the needs of its shipping line customers without the customer being required to adjust operations to suit the available software.**

This diagram shows the messaging functionality currently generated using data extracted from Shipping Lines’ global application.

**An update on Haz, A national dangerous goods initiative**

As each of the port authorities moves towards mandatory electronic reporting of Dangerous Goods, Shipping Lines are being required to either:

Data entry all the information into each port authority’s website or Generate IFTDGN EDI in Protect 1.0, 2.0 and possibly 0.5 while also meeting the local port authority’s business rules.

**Shipping Australia together with Tradegate has developed a national dangerous goods system called Haz that allows this complexity to be removed.**

With the completion of the shipping line and exporter interface Tradegate is rolling out the functionality to assist consolidators and packers with dangerous goods reporting.

The new functionality for consolidators and packers includes:

- Creation and distribution of draft Multimodal Dangerous Goods Form
- Instructions for packing and segregation
- Validation of IMO rules, such as flash points, EMS and proper names
- Ability to sending EDI to the port authority, where appropriate, in the correct PROTECT release
- Easy distribution of MDGF status to all parties within the supply chain

This information can either be provided to the shipping line in a format that can be imported into their internal applications or be used to pre populate the line’s dangerous goods manifest for onward bound ports. This assists in reducing the time taking to approve and then report the Multimodal Dangerous Goods Form.

For a full description of benefits on outsourcing to Tradegate Australia or on our dangerous goods service please contact Brett Maginness, bmaginness@tradegate.org.au or 02 9283 1144.
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**Economy**

**Australia’s GDP growth is expected to average 10 per cent**

By JOHN O’CONNOR, an economist with the National Australia Bank

The most recent data out of China points to the economy stabilising or perhaps even moderating.

More hysterical analysts interpret this as a signal of an imminent collapse in the local economy, typically predicated on the assumption of overinvestment in fixed asset markets or manufacturing.

But such views are not borne out by the facts. Evidence of bubbles in key markets is scant at best, and while economic growth may well have plateaued, this most likely reflects the natural evolution of the economic cycle (growth doesn’t keep accelerating forever, even in China!) and deliberate attempts by authorities to control the expansion.

To put this in perspective, we still expect GDP growth to average 10 per cent in 2010, which isn’t bad even by China’s lofty standards.

Business investment continues to underpin economic growth in China. Capital spending has already increased by more than 30 per cent since the beginning of the year and the outlook for investment is for continued strong growth across the public and private sectors.

In particular, surveys of business conditions have improved persistently and excess productive capacity that opened up during the global downturn is being reabsorbed. Importantly, financing conditions for capital projects appears to be particularly healthy; business profitability is high and funding – via banks and capital markets – is readily accessible.

The China economic hawks that argue that fixed asset investment is running at an unsustainably high rate relative to the economy, miss the point that investment is concentrated in the tertiary sector - which tends to represent longer-lived, nation-building projects such as real estate, transportation and utilities – that are less prone to overcapacity than investments in the primary and secondary sectors.

Of course, ultimately, investment is only productive if there is sufficient industrial activity to utilise it, and in this regard, the slowdown in manufacturing thus far in 2010 has raised some legitimate concerns. After contracting in April, industrial production increased only marginally in May, and leading indicators suggest a further moderation in growth in the near term.

However, the reality is that production growth was always going to slow. The rapid recovery through 2009 partly reflected the transitory forces of inventory restocking (both domestically and internationally) and fiscal stimulus. And despite this, production is still growing at an annualised rate of 13 per cent so far in 2010, comparable with the average pace of growth over the past decade.

Importantly for the manufacturing sector, external demand has picked up sharply in line with the recovery in the global economy. Exports have risen by more than a third since the middle of last year, largely driven by a pick up in volumes with prices broadly flat. The outlook for exports remains favourable with the global recovery now more entrenched, notwithstanding recent concerns out of Europe. Indeed, it is a little appreciated point that growth in China’s major trading partners is likely to be broadly the same in the next few years as over the past decade.

On the household front, consumption has increased markedly in recent months following a weaker growth through the second half of 2009. The strength of the demand in this sector of the economy is clear in the demand for discretionary items, particularly new car sales, in 2010.

The main area of concern here surrounds the possibility of a housing bubble. We judge this to be a risk rather than, as widely reported, an imminent problem for the Chinese economy.

House prices have increased sharply over the past year. However there are good reasons to believe that recent house price inflation is fundamentally based; it has been regionally disparate as distinct from generalised across all cities, and perhaps most convincingly; affordability measures have not eroded much because household incomes have also risen strongly. Notwithstanding the possibility of some overbuilding, the risk of a widespread housing collapse seems remote. Moreover, the financial impact of such a scenario is more muted than in other economies, with Chinese borrowers generally well capitalised and banking exposure small.

Perhaps the surest sign that the Chinese economy is tracking along nicely is that its own authorities are tightening policy to foster more moderate but sustainable rates of growth.

The calibration of policy has been incremental and moderate to date, with some major policy leavers, such as the exchange rate, not yet employed. Stacked up against the objective for ‘sustainable but moderately fast growth’, the response by authorities appears well executed; growth has levelled off, inflationary pressures remain more or less benign and credit growth is on track to hit the annual target set by the banking regulator.

Given the favourable outlook for growth, fiscal and monetary policy will remain on a tightening bias through 2010. However, with evidence that tighter policy is starting to have its desired effect and given the increased uncertainty surrounding events in Europe, the urgency to normalise policy has faded slightly.
Ships and cargo need to be able to move in and out of the port of Geelong 24 hours per day, 365 days per year in all weathers.

VRCA has invested capital, expertise and effort to ensure that the port of Geelong meets the requirements of a modern marine logistics system.

The channels into Geelong boast state-of-the-art channel markers; highly visible day and night; GPS controlled and arranged to give the best possible guidance to ships, ship masters and pilots.

A completely upgraded radio system allows the port control to offer uninterrupted guidance to ships in the channels.

An Automatic Identification System gives the port control intelligence about the details of ships moving in the channels.

New tide and wind sensors provide ships with real-time access to important parameters affecting their passage and manoeuvring alongside their berths.

A SmartDock system enhances the ability of the biggest vessels visiting the port to berth safely in all weathers.

An education campaign for the operators of small craft alerts them to the need to keep a good lookout for big ships and to keep clear of big ships when they are transiting the channel.

The experienced, professional staff of the VRCA works closely with all of the port users, including Port Phillip Sea Pilots and Svitzer Towage to make Geelong a safe and efficient port.
Bridging the gap - A CEO’s view for young professionals in the shipping industry

WHEN Young Shipping Australia asked John Bradley, managing director of Hapag-Lloyd, Peter Dexter, managing director of Wallenius Wilhelmsen Logistics and myself as managing director of OOCL to provide our view on the past, present and future of the shipping industry and guidance on progression within the industry, it almost felt like going back in time, way back in time. It is amazing how time flies when you are having fun, and during the 28 years I have spent in shipping so far, the good days by far outnumber the bad days.

But back to the subject now. My part of the presentation was to focus on the issues surrounding the entry into and the junior development within the shipping industry with emphasis on progression within the industry, it almost felt like going back in time, way back in time. It is amazing how time flies when you are having fun, and during the 28 years I have spent in shipping so far, the good days by far outnumber the bad days.

My personal attraction to enter the shipping industry was largely based on the fact that I was fascinated by all aspects of transport and also by the global character of the industry. In the morning, we are dealing with the States, for the largest part of the day, we are in communication with our Asian colleagues and customers and when we start hitting ‘overtime’, we are on the phone to the sleepy voices of our European counterparts.

As far as the Sourcing and the Selection of candidates for our industry is concerned, there are a number of parameters that come into play:

- The Employment Principles such as e.g. being an equal opportunity employer. As a company we should embrace diversity and treat all applicants with fairness and respect, regardless of any factors that are not relevant to the job requirements;
- Companies may, and should, have strong preference for internal recruitment and advocate a development from within in selecting the right people for the right jobs on the basis of equal merit. This way, there is a mutual interest of business needs of the company and career development of the employees;
- The Candidate Sourcing is a process that identifies qualified candidates through the most cost-effective channels. Local newspapers are gradually losing out to the electronic sourcing of candidates like Seek.com, the electronic version of Lloyd’s List DCN and the often overlooked free advertising space to source candidates on the website of Shipping Australia. There are also the recruitment agencies when all of the above turn out ineffective. And why not make use of the government-sponsored trainees or the university students who are more than happy to get involved in specific projects.
- The Candidate Selection is largely based on a number of requirements and basic qualities:
  - Every company has its own core competencies i.e. customer focus, result orientation, achievement drive, teamwork and communication skills of the candidate;
  - Personal Integrity;
  - Education qualification;
  - English language proficiency;
  - Experience in using PC applications.

All of the above are largely verified through the screening of applications, interviews, selection tests and a thorough check of the supporting documents. Considering how today’s world is developing, we should not be surprised to see the introduction of security checks and screenings within the near future.

I have recently read an article that was titled “Gen Y’s bad Work ethic” and it largely mentioned that Gen Y jobseekers “needed to learn their place, tone down the arrogance, use a spell-checker and also dress for the part”. The article went on to say that the Gen Y jobseekers have a more arrogant attitude in job interviews than past generations, conduct interviews with a sense of entitlement and that any employer would be privileged to have them and that if they have the skills, they will shine, no matter how they present or speak.

Based on my own experience and seeing all these youngsters coming through in a company like ours, I can assure you that I have every confidence in Gen Y and I firmly believe that...
they will most certainly do at least just as good a job, if not better, out of shipping, logistics and supply chain management than what our and previous generations have done. It is a generation that embraces change and is all up for innovation.

Even if our Gen Y colleagues may have a more casual attitude, the fact still remains that some employers also have to share some of the blame as they have been ‘falling all over themselves to please Gen Y’, as Kate Southam, the editor of Careerone.com.au, puts it.

As members of the older generation of the industry, most of us have had the ‘privilege’ of having to start at the bottom of the ladder, no matter whether you carried a university degree or not. The experience that we gathered, by following a career path that involved a number of years each in functions like documentation, customer service, landside and waterfront operations, internal sales, sales executives and later on in management positions, is priceless. In today’s fast-moving world and with the little patience that young applicants show, we are however ignoring and neglecting a very essential part of education and training in the various functions of the shipping industry ‘that makes things move’.

So, whilst the present generation has an obligation to invest in education and training of the next generations in our industry, the youngsters should equally ask themselves the honest question: “Do I ask what the company can do for you, but what you can do for the company?”.

There is a vast amount of self- and postgraduate study that can assist in making the career-path in shipping a smoother one. The knowledge of the shipping industry may no longer be enough. Shipping companies diversify into logistic companies. Some have customs clearance departments, some get involved in the operation of container depots or even terminal operations. These developments can open a wealth of opportunities.

Whilst studying is probably not the most appealing activity after a hard day’s work, there is still the possibility to read a good book to expand our (shipping) horizons. I still remember the wise words of OOCL’s previous Chairman, C.H. Tung, who told me that, no matter how busy you are, you should always make the time to read a book, especially a good biography. We can not live the lives of other great leaders, professionals and people with good vision for our industry, but in the span of a couple of days, we can learn so much from their experience that they have written down for us in their biographies, life stories and memoirs.

Having entered through the door of shipping is when the real hard choices hit you on how to move forward on a path in the industry that is most suitable for the new entrant:

- Am I part of a regional or national company? Or do I prefer the global attraction of an international company?
- Do I pursue a career in Sales, Operations, Customer Service on the landside or do I join the crew on board and live the adventure of the mariner.
- Am I happy to do a good job from 9 to 5 or do I have some serious ambitions and am I willing to sacrifice part of my personal time to reach the goals that these ambitions may involve?

Even when we don’t have the ambition to end up as one of the company’s managers or as an expat in a global organisation, some of our less ambitious colleagues will, by simply doing an excellent job, become such wizards in systems and processes, in organising projects or new set-ups that their company will highly estimate the skills that they have mastered and get them involved as ‘fire-fighters’, problem-solvers, both nationally and internationally.

At the start of the career, salary increases and fancy titles are fairly irrelevant, and there are better returns to be gained from active involvement in project groups and meetings, from good proposals and new ideas, no matter how trivial they sometimes may seem to be.

Not longer than 7 years ago, a brand-new ship made it into the Guinness Book of records with a capacity of 8,063 teus. Today, just over a handful of number of years later, ships are rolling off the shipyard and they can carry up to 15,000 teus, or almost double the size of the ships that were considered as megaships only 7 years ago.

Technological advancement has enabled continued innovation throughout the industry including improved ship design and efficiencies offered in the planning of cargo loading / unloading with new computer software. Advances have also enabled the production of reefer boxes offering greater temperature ranges and controlled atmosphere so that a wider range of foodstuffs, that would otherwise be unavailable, can be distributed around the world. Similarly electronic transactions have vastly improved the speed and reliability of information and document handling in the industry.

Containerisation, Globalisation, Internet and Innovation are the keywords that will make sure that the shipping industry will remain a major attraction for generations to come who want to build their career in shipping.

As a last recommendation for the next generation, I would strongly advise to have a good read of a book called “The Box That Changed the World – Fifty years of container shipping” by Arthur Donovan & Joseph Bonney.

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Coogans & Co specializes in providing advice in relation to maritime law, transport and international trade. The following represent a non-exhaustive list of areas where Coogans & Co can offer its assistance:

- Charterparty issues including hire, freight and demurrage due under the various forms of charterparties.
- Cargo recovery and defence claims including the application of the Hague, amended Hague and Hamburg rules.
- Collision, salvage, ship fires, stranding and groundings.
- Passenger and cruise ships issues.
- Monetary security for claims including arrest and release of assets from arrest.
- Marine insurance, general and particular average, total and constructive total losses.
- Commodity quantity and quality issues and disputes.
- Advice on CIF, FOB and letter of credit issues and disputes.
- General debt recovery including the collection of container demurrage.
Rule B Attachments R.I.P?

By NATHAN CECIL, senior associate, Norton White Lawyers

Perhaps the only thing to fall off faster than the post-GFC share market is the number of Rule B attachment proceedings filed in the Southern District of New York. A recent decision of the US Court of Appeals for the Second Circuit has overturned the notorious Winter Storm decision, holding that electronic funds transfers cannot be the subject of New York Rule B maritime attachment. This decision significantly restricts the effectiveness of the Rule B attachment in the maritime claimants’ arsenal.

Most shipping professionals are familiar with, or have heard of, New York “Rule B attachments”. Pursuant to Federal Supplemental Admiralty Rule B (“Rule B”), a claimant on a maritime claim is entitled to obtain orders for the attachment of a defendant’s property located within the Southern District of New York where the defendant is not itself otherwise ‘found’ (domiciled or conducting business) within that jurisdiction.

Rule B has provided a valuable weapon in the maritime claimants’ arsenal. Rule B provides a mechanism for a maritime claimant to obtain security for its claim in circumstances where it might not otherwise be able to obtain security through, for instance, the arrest of a vessel.

The popularity and (from a defendant’s point of view) devastating effect of Rule B attachments really exploded as a result of the Winter Storm decision in 2002. In Winter Storm, the United States Court of Appeals for the Second Circuit (overturning an earlier lower Court decision) held that electronic funds transfers (“EFT’s”) passing through New York intermediary banks were property within the jurisdiction of New York which could be the subject of Rule B attachment. This was so even where the defendant did not hold any New York bank account. That is, Rule B permitted funds to be intercepted and attached merely by virtue of the fact that they were in-transit through the New York banking system.

In Jaldhi Overseas, the US Court of Appeals overturned Winter Storm, following a recent trend of the US Courts to check the free rein given to Rule B attachments under Winter Storm.

The Court in Jaldhi Overseas specifically overturned Winter Storm on the issue of who has property in an EFT at the moment that it passes through a New York intermediary bank. It is a requirement of Rule B that only property belonging to the defendant can be attached. The principal proposition in Winter Storm was that EFT’s were capable of falling within the definition of property belonging to the defendant.

The Court in Jaldhi Overseas found to the contrary, holding that under New York law EFT’s are not the property of either the originator or beneficiary at the time that they pass through an intermediary bank and cannot, therefore, satisfy the requirements for Rule B attachment. The Court in Jaldhi Overseas emphasised that the processing of funds transfers by an intermediary bank was in fact a process of the exchange of payment orders and acceptances and was not an actual transfer of funds (in the sense of a basket of dollars).

The position following Jaldhi Overseas appears to be that funds belong to the originator up to the completion of the EFT, namely, the time at which the beneficiary bank accepts the EFT order for payment.

For shipping industry participants not located or conducting business in New York, this meant that most or all of their EFT’s were susceptible to attachment in relation to any maritime claim against them.

The dominance of the US dollar as the preferred currency for the majority of worldwide shipping transactions means that the majority of shipping transaction payments are routed through New York intermediary banks.
In addition to the Court's being Rule B proceedings. In the Southern District of New York, approximately one-third of all filings were Rule B applications, culminating in a storm of activity in the way of attachments. As, following the decision, there was a storm of activity in the way of Rule B applications, culminating in approximately one-third of all filings in the Southern District of New York being Rule B proceedings.

In addition to the Court's administrative overload, the New York banking system was inundated with administrative burden in responding to the ever increasing number of Rule B attachment orders, which were required to be repeatedly served on the intermediary banks afresh each day. A number of the New York intermediary banks were forced to hire additional staff just to respond to and administer the sheer volume of Rule B attachments served on each bank at any one time. As is typical in the legal industry, rather than thanking the industrious lawyers of the Southern District of New York for contributing to rising employment in these barren times, the Court in Jaldhi Overseas took these unintended consequences into account as further reason to overturn Winter Storm.

Maritime claimants may still be entitled to attach other property of a defendant that is found in New York, but this will now be limited to classes of physical assets and/or bank account balances held in New York, rather than funds merely in transit through New York.

Jaldhi Overseas also throws into question the validity of all existing Rule B attachments orders relating to EFT's and has already given rise to applications to have such existing orders set aside.

Whilst it is still possible to attach more traditional property (i.e. fixed property or funds actually deposited in New York banks), EFT's were perhaps the most significant subject of Rule B attachments, especially since Winter Storm. Their effective exclusion from the operation of Rule B, as a result of Jaldhi Overseas, effectively neutralises this once-effective weapon in the pursuit of maritime claims.

1. Winter Storm Shipping Ltd v Jaldhi Overseas Pte, Ltd TPI 310 F 3d 263, 278 (2d Cir 2002)
2. The Shipping Corporation of India, Ltd v Jaldhi Overseas Pte, Ltd 2009 US App LEXIS 22747

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**Advertorial**

**Clean hull, big savings**

In just five to eight months out of dry-dock, a ship's hull can build up a coverage of slime and algal growth on 100% of its underwater surface. According to research conducted by the Sea Systems Group at British Ministry of Defence in 2007, if a ship operating with this amount of hull growth uses 60 tons of fuel per day, then a clean hull would see that ship burning approximately 53 tons of fuel daily – a saving of 12 percent.

Until recently, hull cleaning has been undertaken with brushes or underwater water blasting. These methods typically damage a ship's antifouling paint, reducing its effective life, and also often resulting in contamination of the marine environment through foreign species that are physically removed from the hull.

Fortunately a solution to this problem has recently been introduced to the market called HST (Hull Surface Treatment). HST is an environmentally friendly treatment for removing growth from a ship's hull. It uses no chemicals, detergents or substances which are foreign or harmful to the marine environment. Instead, HST utilises thermal shock to instantly kill hull growth and its spores.

Thomas & Coffey’s marine division, T&C Marine, is the Australian licensee for delivery of HST. The System is completely safe, and unlike most traditional hull cleaning methods such as hull scrubbing, it has no negative impact on anti-foul coatings or the marine environment.

Features of HST include:
- Non-toxic
- Diverless operation conducted completely from the surface
- Removes all algal and spore contamination without any disturbance to hull paint system
- Dead algae and spores remain on hull until it leaves port and is abraded in open seas
- In-harbour application while ships are docked or at anchor
- Approved for use in Australian harbours, HST is perfect for ensuring a ship can maintain a consistently clean hull during the dry docking cycle and even possibly extend that cycle out. Applied every six months, HST has been producing great results for ship owners at a fraction of the cost of the resultant fuel savings and providing significant benefits to the environment.

For more information about Hull Surface Treatment, visit www.tcmarine.com.au

The HST trademark is owned by Commercial Diving Services.
SAL welcomes new third container terminal operator at Port Botany

Vale – John Jenkins

It is indeed with regret and condolences to his family that we report the passing away of John Jenkins on 7 May 2010, as he was a pioneer of the massive transition from conventional to container shipping in Australia and was always heavily involved in the stevedoring industry. Following his retirement in 1988 from the position of chairman and managing director of Overseas Containers Australia Ltd, he remained very active in the industry including working with the Hon Peter Morris on the development of the final warehouse to wharf report in 1995. Shortly thereafter, he became executive director of the Australian Chamber of Shipping until 1999 and, as readers will be aware, the chamber was one of the predecessors of Shipping Australia Limited. John made a significant and major contribution to the maritime industry in Australia which will be long remembered by all his friends and colleagues.

NSW Government announces Port Botany reforms

The NSW Minister for Ports, Paul McLeay announced, on 29 April this year, new regulations which are part of the Port Botany landside improvement strategy and which developed new performance benchmarks between stevedores and transport carriers as part of a reform package. It is aimed at a more efficient and transparent landside operation at Port Botany. The objective is to reduce congestion and eventually lead to a 24/7 supply chain operation. Both trucking companies and the stevedores will face financial penalties if they perform below the set standards.

There are many details yet to be developed in consultation with all parties and SAL has raised some concerns regarding the appropriateness of the proposed $10 increase in wharfage on full containers. For more read SAL’s press release at www.shippingaustralia.com.au.

Port developments in Victoria

The Victorian Government is seeking submissions by 30 September this year on a report released in April this year entitled Shipping Melbourne’s Freight Future which includes proposals for an intermodal solution to service Melbourne’s growing containerised freight task. The report proposes three rail-to-road terminals in the West, North and South-East, complemented by a number of road-to-road terminals sited to serve freight activity.

On 12 June, the Victorian Minister for Ports, Tim Pallas, called for expressions of interest from industry on new ways to expand container capacity at the Port of Melbourne. The Minister said that “while development of Webb Dock and introduction of a third stevedore remains an option to meet growing container capacity at the port, we do want to go back to industry and examine some of the alternatives in greater detail”.

The Port of Melbourne Corporation has been requested to explore and provide advice on all options for the provision of additional container capacity at the port.

Progress on empty park congestion at Melbourne meeting

SAL was pleased that at the meeting with stakeholders, including the Victorian Transport Association, held in Melbourne on 10 March that it was agreed to establish two working groups; one aimed at improving the transparency of the supply chain information via electronic means and the other working group to concentrate on operational improvements that could ease congestion at the container parks in Melbourne.

SAL will participate with other stakeholders in the development of viable solutions which will hopefully, not only improve the situation in Melbourne, but could also improve empty park operation in other major container ports around Australia.

Importantly many maritime crew crew visas will expire in the second half of this year

The Department of Immigration and Citizenship has advised Shipping Australia to ensure that vessels arriving in Australia are made aware that many of the current maritime crew visas that foreign seafarers hold will expire between July and December 2010 as they reach the end of their three year validity. The Department has emphasised that the master of the vessel is responsible for ensuring all sea crew and supernumerary crew (except Australian and New Zealand citizens) on international voyages to Australia hold a valid MCV and a valid passport before the vessel enters Australian waters. Heavy penalties apply for crew members that arrive in Australia without a valid visa and it is relatively easy to check if a crew member has an MCV and the visa expiry date by visiting the Department’s online checking facility at www.immi.gov.au/sea/mcv and by entering the crew member’s passport number, nationality and date of birth.

Honour for OMC International founder

Dr Terry O’Brien has been awarded the Order of Australia medal for services to the maritime transport industry in the Queen’s birthday honours list announced on 14 June. Dr O’Brien founded the OMC shipping technology group in 1987 and its under-keel clearance technology has since been adopted by ports around Australia as well as several international ports. On 16 June, the group announced it had won a contract to install the system in Rio Tinto’s Western Australia Cape Lambert port and it includes extension of the existing system for Rio’s shipping operations at the port of Dampier.

Rail service challenges for Port Botany

On 22 April this year, Patrick Port Logistics announced that it will cease operating rail services to and from Port Botany from 30 June 2010. In their view, currently rail’s share of freight movements to and from the port remains poor at around 23 per cent and Patrick Container Ports Director, Paul Garaty, stated that the requirement to invest in their Camellia rail terminal to continue operations was a contributing factor in the decision.

It was noted that Patrick had subsidised rail in the past on...
Broome Port – Niche Support Base for the Browse Basin

Western Australia’s Broome Port is strategically located to support north-western Australia’s offshore oil and gas exploration, and is a growing break-bulk, general shipping and tanker intermodal hub for the Kimberley and adjacent Pilbara regions. With 600 metres of available wharf face and 10-metre alongside depth, Broome offers 24/7 cargo operations for multiple vessels and vessel types.

Supply vessels such as Lady Sandra regularly transit between Broome and the Browse Basin, and as far afield as the Carnarvon and Bonaparte Basins.

Fuel, water, other offshore supplies and 100-tonne cranes are available plus a wide range of logistic support infrastructure and equipment. Broome has a stockpile of OSR equipment available at short notice.

Broome’s handy geographic location and fast turnaround times can save an operator significant amounts of time and money throughout a drilling campaign.

Our experienced and well trained staff provides surety in the areas of operations, safety and availability. The Port won a major award for safety leadership in 2007 and has received praise from major clients.

The Broome township provides facilities required of a support base, including the busy regional airport linked to capital cities, large well equipped hospital, a commercial and industrial hub, primary road network to Dampier and Darwin, abundant accommodation, and oil field service/logistics industries.

To discuss quality shore-based support for your project, please call our Commercial Manager Sean Mulhall, or, for operational queries, our Operations Manager Rob Wilkinson.

For all inquiries phone (08) 9194 3100
E-mail info@broomeport.wa.gov.au
Website www.broomeport.wa.gov.au
the basis that it created greater throughput through its Port Botany terminal, but in their view the decision to build a third terminal had removed this requirement. The cessation of rail services has the potential to result in over 45,000 extra road movements annual per annum and reduce the overall rail share to 18 per cent. However Patrick said that it would reconsider its decision if circumstances change in the future.

Rise in the Protection of the Sea Levy of great concern
At the end of February this year, Shipping Australia expressed its concern at the announcement by the Government of a proposed tax on international shipping to contribute to clean up costs of the Pacific Adventurer oil spill off the Queensland coast in March 2009. The proposed 26.7 per cent increase in the existing levy was, in SAL’s view, unwarranted, particularly pointing out that it could take up to five years to recover the additional clean up costs over and above that paid out under the Convention of the Limitation of Liability for Maritime Claims, as well as an additional donation from Swire Shipping of $7.5 million. SAL expressed its frustration at the lack of accountability for expenditure from this fund and it appeared that the Government continued to view the shipping industry as having very deep pockets. For more please read SAL’s press release of 26 February at www.shippingaustralia.com.au.

SAL continues to support Frontline
Many Shipping Australia members are part of the Frontline programme where Customs and Border Protection works with industry to report any suspicious activity, particularly relating to the entry of illicit drugs into Australia. Given that members of SAL employ over 3,000 Australians in 240 offices around Australia, they are well placed to assist Customs and Border Protection in this major surveillance role.

New Vessel Traffic Services system for Sydney ports
In early March this year, Sydney Ports Corporation signed a contract for the delivery of a new world class vessel traffic services system for both Port Botany and Port Jackson. The CEO of Sydney Ports, Grant Gilfillan, stated that a leading global technology firm would supply the new system which will be based at Port Botany and be operational by May 2011. He said the investment was over $12 million in this latest technology which would improve the surveillance and tracking of all vessels, including over 4500 international ship movements a year. Sydney Port’s harbour master, Steven Young, said that the new VTS system will give SPC far greater ability to organise and manage traffic safety and will support the future projected growth of trade at the expanded Port Botany.
The Australian Maritime College’s National Centre for Ports and Shipping, is experiencing strong interest – both nationally and internationally - in the portfolio of logistics-related programs that are delivered through the National Centre’s Department of Maritime and Logistics Management. Maritime logistics - and logistics generally - are critical to the growth of the global economy and it is this that is driving interest. With increasing recognition among international businesses that global supply chains need to be viewed holistically to generate efficiencies, the specialised AMC postgraduate programs for emerging and current managers have become an indispensable foundation for career growth.

By focusing on the international aspect of modern business and the importance of efficient management of integrated global logistics, the Department’s postgraduate program addresses a highly specialised area that meets the need of managers seeking to broaden their industry knowledge and management skills.

The Postgraduate program provides three easy entry/exit points; four units for the Graduate Certificate, another four for the Graduate Diploma and a final four to round out the much sought after 12 unit MBA (Maritime and Logistics Management).

There is a strong emphasis on choice of units so students can tailor their own learning experience. Students are able to choose from a suite of 16 postgraduate units including International Trade, Business Logistics, Maritime Law, Maritime Economics, and International Maritime Policy. Whilst the focus is on the logistics sector, the program also provides a strong management foundation by offering subjects such as Strategic Management and Financial Resource Management.

The postgraduate courses are available on both a full-time and part-time basis and either on campus at AMC in Tasmania, by distance or in two week residential programs. On campus and distance study modes have three intakes per year and students are provided with comprehensive study packages that are complemented by online resources.

The residential program enables students to fast track the first four units of the MBA program by completing two on campus intensive seminar study blocks. Completion of these qualifies students for the award of Graduate Certificate in Maritime and Logistics Management. Each residential program includes two weeks of on-campus workshops, industry visits, and catered residential accommodation. In addition to the workshops, students receive comprehensive study packages. Having completed each residential block, students are given time to complete coursework and assessment tasks by distance.

AMC also offers the Master of Maritime Studies a program that provides students with in-depth exposure to a broad range of disciplines targeted on the needs of professionals already in the workforce. The program is available by distance and it is expected that most participants will choose to study on a part time basis. It is also intended that a number of units will be available in intensive residential format similar to that describe above.

The full Masters programme is the equivalent to three semesters (1.5 years) of full time study and adheres to what has become a standard structure for masters by coursework degree programmes. Students progress through the following awards:

- Graduate Certificate: consisting of 4 units (i.e. equivalent to one semester of full time study)
- Graduate Diploma: an additional 4 units (i.e. an additional semester of full time study)
- Masters degree: awarded after the completion of a dissertation equivalent to 1 semester of research undertaken after the Graduate Diploma.

- The Graduate Certificate in Maritime Studies (Maritime Safety) is available for enrolment now for studies commencing in Semester 1 2011 and examines ‘The Maritime Domain’; and International Maritime Policy, with other areas of study including Maritime Safety and International Shipping.

AMC focuses strongly on ensuring that its graduates have the skills and knowledge that they need to become highly effective managers in the maritime and maritime-related sectors. Because of this, it has developed a range of networks and committees to ensure that it understands the needs of these sectors -it then works hard to ensure its programs deliver on these. By doing this, AMC is also confident that its graduates are equipped with the expertise they need to be successful in their chosen career.
Government adopts new measures to protect the Great Barrier Reef

Following on from the grounding of the Shen Neng I in the Great Barrier Reef, the Federal Government has announced its plans to extend the existing system, whereby all ships regularly report their location and route to the authorities, to the southern portion of the Great Barrier Reef Marine Park. This is in line with SAL’s recommendations.

The proposal with be submitted to the IMO as 55 per cent of the proposed new coverage area is beyond Australia’s territorial waters. The new extended mandatory reporting scheme should begin in July, 2011 but preparatory work has already begun. A review of offences under the Protection of the Sea (Prevention of Pollution from Ships) Act 1983 and the Navigation Act 1912 has also been initiated to determine if they are tough enough.

Shipping Australia supports a draft national port strategy

SAL has been an active participant in the development of a draft strategy, having made a number of written submissions and attended both the workshops organised for stakeholders to comment on initial proposals.

SAL made another submission in support of the general and high level approach of the strategy but suggested that the ports of national significance should be identified now and secondly, it was noted that a lot more work needs to be undertaken following the release of the strategy. SAL’s view is that the Council of Australian Governments should request Infrastructure Australia and the National Transport Commission to further develop the strategy to provide more detail on the best means of implementing its laudable objectives.

Launch of new ISM Code Guidelines

The International Chamber of Shipping and International Shipping Federation have published a new edition of their widely used Guidelines on the Application of the IMO International Safety Management (ISM) Code with additional guidance on risk management, safety culture and environmental management. This update is timely given that amendments to the ISM Code will enter into force on 1 July this year. For details on how to obtain a copy please visit the website, www.marisec.org.

SAL training program

The second half of 2010 is shaping up to be a busy time for face to face courses. Government agencies are leading the charge in seeking training from SAL with a multiple number of inquiries into the Reefer Cargo Handling Course. The packages are being tailored to suit their needs, including in house presentations.

Our trainer, Robert Dick, although retired from SAL, still presents the training on our behalf. The versatility of his experience allows training packages to, not only be updated regularly, but tailored to put a focus on the different needs of the varied clientele, thereby, taking advantage of this excellent training.

The courses offered by SAL continue to be valuable tools that can be utilized in the induction of new staff. The online course Introduction to Shipping is the starting point, building a solid foundation of knowledge on which to progress. The convenience of this training method provides flexibility in completion, printable research material and recognition for successful completion.

The next step is the face-to-face course Introduction to the Maritime Industry. This course is for those who already have a basic knowledge of Shipping or have just completed the online course. For larger numbers this course can be provided in house, and manage traffic safety and will support the future projected growth of trade at the expanded Port Botany.

Training Dates

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<th>BRISBANE</th>
<th>SYDNEY</th>
<th>CANBERRA</th>
<th>MELBOURNE</th>
<th>FREMANTLE</th>
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<td>7/8 July</td>
<td>28/29 July</td>
<td>11/12 August</td>
<td>8/9 September</td>
<td>22/23 September</td>
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Also available subject to demand are Reefer Cargo Handling and Introduction to Chartering. Please direct any queries on training to Paul Alexander on (02) 9266 9916 or fax: (02) 92680230 and email: palexander@shippingaustralia.com.au.

Further news on training is available on the SAL website www.shippingaustralia.com.au. Start the online course anytime of the year. To register, go to our website and click on read more in the introduction to shipping box.

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Web: www.epsl.com.au
Newcastle Stevedores commenced operations on 3rd March 1997, and specialises in handling Bulk, Break-bulk, Project shipments as well as Containers. Newcastle Stevedores, through its extensive service provider relationships and sub-contractor management plan is equipped to provide clients with a total logistics package, and is happy to arrange the complete door to door movement of project and general freight should a client require extended services beyond the ‘traditional stevedoring realms’. Newcastle Stevedores is positioned to manage the whole transport chain responsibility, including Customs Clearances, thereby fulfilling a huge spectrum of customer needs.

GEOFF BEESLEY, MANAGING DIRECTOR, NEWCASTLE STEVEDORES

Geoff has had over 50 years experience in the shipping and stevedoring industries, the majority of which was spent with P&O. In 1997, after parting company with P&O, he saw the opportunity to start his own stevedoring business. He has managed Container Depots, Shipping Agencies as well as all facets of the industry. His experience covers all types of cargo.

JOHN WILLEBRANDS, GENERAL MANAGER, ILLAWARRA STEVEDORES

John left Rotterdam in 1958 as Second Officer on the passenger vessel Willem Ruys and stayed at sea until 1973 when he joined Conaust as Supervisor, General Cargo. John spent a further four years in Europe prior to joining Geoff in 1997. In June 1998 he moved to Port Kembla to manage Illawarra Stevedores.

Illawarra Stevedores is a “sister” company of Newcastle Stevedores. It commenced business in June 1998 and handled its first vessel in July 1998. Primarily it handles general cargoes such as steel, timber, paper pulp and bulk cargoes. Illawarra Stevedores can assist you with your cargo transhipments, or even handle them for you completely.

With recent changes in Port Kembla Illawarra Stevedores is ideally placed with expert stevedores who know their job and are the best available.
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John Willibrands, General Manager, Illawarra Stevedores

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