

## New South Wales

By MELWYN NORONHA, secretary



February 2015, saw me take over the con as secretary of the Committee from an industry icon, Kushy, who retired late year. The Committee continues to steam “full ahead” under the chairmanship of Bill Rizzi with enduring enthusiasm.

The majority of the meetings were held at SAL’s head office, with the final meeting for the year held at the NSW Ports office in Port Botany. Consistent with previous years, this year the committee was provided an opportunity to visit the Patrick Terminal at Port Botany and witness the newly installed *Liebherr* cranes and Autostrad technology in action. The committee is grateful to Jason McGregor, marketing and trade manager, NSW Ports, for arranging the venue for the meeting, and to Len Phillips, commercial and contracts manager, Terminals and Logistics, Patrick, for organising the tour arrangements.

### Patrick automation

Following the February meeting, where Peter Nash, general manager sales and marketing, and Len Philips, manager commercial and contracts, provided committee members with a presentation on the terminal developments and automation, the Patrick Port Botany terminal was commissioned in June 2015.

The developments at the terminal saw:

- Four new *Liebherr* cranes installed,
- Use of AutoStrad technology best

suited to the Australian environment facilitating truck turnaround times,

- Cultural change to the waterfront in servicing the outcomes for customers, and
- Cost savings and safer operations.

The developments resulted in a reduction in employee numbers, which was efficiently handled by Patrick management with minimal disruptions to terminal users.

### NSW Ports – 30 year Master Plan

In November 2015, NSW Ports presented their 30 year Master Plan and a complementary sustainability plan to shipping and logistics industry leaders at Molyneux Point, Port Botany.

Chairman Paul McClintock AO highlighted the responsibility of his corporation as the custodians of Port Botany and Port Kembla, and noted that his board had a strong social wellbeing agenda.

The plan hits all the expected buttons and especially recognises the need to accommodate larger vessels. It notes that while the port can currently take 8,000 TEU vessels 95 per cent of the time, targeted dredging or the installation of a dynamic under keel clearance system would allow 10,000 TEU ships without tidal restrictions.

The plan identifies five enduring objectives:

1. Provide efficient road connections to the ports and intermodal terminals,
2. Grow rail transport of containers,
3. Use land and infrastructure efficiently,
4. Grow port capacity, and
5. Protect the ports and intermodal terminals from urban encroachment.

The Master Plan focuses on economic sustainability and the ability to reduce costs and improve productivity across the port supply chain. It aims at getting the most out of existing port-related infrastructure before investing in new ones.

### NSW EPA - managing non-road diesel emissions

In February 2015, the NSW EPA released its Strategy on Reducing Non-Road Diesel Emissions. It was initially encouraging to note that the Strategy acknowledged the international regime in place at the IMO for the control of

shipping pollution under MARPOL. It undertook to look at more studies before prescribing regulations and a DNV GL study was commissioned.

However in March 2015, the New South Wales Government, as part of its election campaign, made a commitment to reduce emissions by banning cruise ships from using high-sulphur fuels in New South Wales ports by the middle of 2016. It promised that the maximum allowable sulphur content of the fuel would be reduced to 0.1 per cent from 3.5 per cent by July 1 next year, if it were re-elected.

In May 2015 the Port Authority of New South Wales imposed a moratorium that all overnight cruise ship visits to White Bay would be suspended until the NSW EPA regulation in relation to the use of ultra low-sulphur fuel by such vessels had been implemented. Whilst the majority of SAL members were not affected, the process adopted lacked sound evidence as the findings of the DNV GL report had not been yet been released. Further, in June 2015, the EPA proceeded to release draft regulations, to which SAL made a submission raising concerns about the unilateral approach of the New South Wales Government. SAL is not opposed to the implementation of environmentally sound policies but emphasised that they should be consistent with international norms and be introduced over reasonable phase-in periods.

SAL supports the implementation of a local restriction on sulfur content if emissions from cruise ships were shown to be having a deleterious health impact on local residents and the implementation was allowed sufficient time. However, there appeared to be no evidence linking the presence of cruise ships at White Bay with any harmful or adverse health effects.

On 4 September 2015, a regulatory amendment of the New South Wales Protection of the Environment Operations (Clean Air) Regulation 2010 was made to limit the sulfur content of fuel used by cruise ships in Sydney Harbour.

It appears that the New South Wales Government made a knee-jerk response to public media campaign by local interest groups. To implement this restrictive regulation in such a short time-line brings into question the New South Wales Department of Planning and Environment’s approval process and ignores the results of the Ports Authority of New South Wales air quality monitoring

regime and the advice of the New South Wales Health Department.

The Regulation amendment addresses cruise ship emissions in Sydney Harbour in two stages:

- Stage 1 requires the use of low-sulfur fuel (0.1 per cent or less) while berthed in Sydney Harbour from 1 October 2015; and
- Stage 2 requires the use of low-sulfur fuel (0.1 per cent or less) while in Sydney Harbour (including while berthed) from 1 July 2016.

Exceptions from the requirement to use low-sulfur fuel are provided in some circumstances, for example, ship safety and emergency situations or technical problems. Ships may seek approval from the NSW Environment Protection Authority (EPA) to use alternative methods to achieve an equivalent reduction in sulfur oxide and particulate matter emissions, for example, the use of exhaust scrubbers.

NSW EPA have indicated that further consultation will be undertaken with communities in regional New South Wales ports about the broader application of the low-sulfur fuel requirements. The New South Wales Government is also assessing possible options for reducing emissions from the broader shipping sector in New South Wales waters.

SAL urges State governments across Australia to examine all vectors in the fuel chain (nationally and internationally) before progressing to respond to public sentiment by prescribing legislation.

#### **Declaration of shipping channel service at Port of Newcastle - Glencore application to National Competition Council**

On 14 May 2015, Glencore Coal Pty Ltd submitted an application under Part IIIA of the Competition and Consumer Act 2010 (CCA) seeking declaration of shipping channel services at the Port of Newcastle. The National Competition Council (NCC) had previously set the precedent in the Victorian Access Regime for Commercial Shipping Channels, and SAL agreed that by declaring the shipping channels a monopoly it would improve the competitive conditions for coal exporters.

SAL provided a submission supporting the declaration, on the basis that the current arrangements for the provision of shipping channel access and related navigation service charge has no statutory oversight and independence for price monitoring.

In July 2015 the Council released its draft recommendation on the application recommending that the service not be declared. The Council also reached the view that the designated Minister for this matter was the Commonwealth Minister. The Council received further submissions in response to the draft recommendation, which included Glencore.

In September 2015, the Council gave the notice to the Port of Newcastle (PON) requesting specific information, which included a description of the nature and extent of any vertical integration between PON and shipping services provided by China Merchants Group (CMG) who has a bulk carrier fleet and is one of the 50 per cent owners of PON. In addition, it requested PON provide the process undertaken to set prices for the navigation and wharfage charges, including reasons as to whether its changes to these charges would or would not affect coal mining production in the Hunter Valley generally or on any particular mines or mining operator specifically.

PON have responded to the NCC notice and at the time of writing, the final decision is yet to be determined by the NCC.

#### **Verified container weight – SOLAS amendments**

In November 2014, the IMO's Maritime Safety Committee (MSC 94) officially adopted a new SOLAS requirement that as a condition for vessel loading, the weight of a packed export container be verified by the shipper using either of the two permissible methods. The SOLAS container weight verification requirement will enter into force on 1 July 2016.

From this date, a container cannot be loaded onto a ship unless a verified actual gross mass of the container is provided by the shipper in advance, and the shipping documentation states the method used for that verification. Delays could occur at the ship-shore interface if incorrect declarations are made, and shippers would bear the resulting costs.

Since the beginning of 2015, SAL's Technical Working Group has been actively involved engaging with the regulator, AMSA, to identify the issues and ensure a smooth implementation process. In April SAL facilitated a meeting with AMSA who provided a brief to SAL members and initially indicated that they would not be monitoring compliance.

In September SAL facilitated another meeting of shipping representatives, shippers, freight forwarders and AMSA.

Use of existing shipping documentation, such as the electronic Pre-Receipt Advice (PRA) and the Shipper's Letter of Instruction to capture the new IMO prescribed declaration requirements, was agreed as most efficient. Stakeholders using other systems, including paper-based systems, would also need to amend them to reflect the IMO requirements.

AMSA accepted that amendments to Marine Order 42 and 44 would be made, and that declarations of verified container weights will be periodically audited as part of its Port State Control regime.

However, in November AMSA released a discussion paper and held a workshop

of key stakeholders. The discussion paper reflected a minimalistic compliance approach from AMSA in relation to monitoring compliance from shippers, with no mention of enforcement.

The IMO guidelines (MSC Circular 1475) at section 15 – **Enforcement** clearly articulates that *"Like other SOLAS provisions, the enforcement of the SOLAS requirements regarding the verified gross mass of packed containers falls within the competence and is the responsibility of the SOLAS Contracting Governments. Contracting Governments acting as port States should verify compliance with these SOLAS requirements"*.

The Port State agency in the Australian context is AMSA and not Shipping Lines, and SAL members firmly believe that shipping lines are not responsible for undertaking a Port State Control function.

An article on this issue has been published in SAL's Spring/Summer 2015 edition.

#### **Svitzer/Smit – Agreement**

In July, Smit Lamnalco and Svitzer announced that they had entered into a service level agreement for the provision of towage services in the ports of Newcastle, Port Botany and Melbourne.

Effective since 1 September, Svitzer operates sufficient tugs in these named ports to meet both Svitzer and Smit Lamnalco towage commitments, and Smit effectively sub-contracts Svitzer to provide manned tugs to meet their towage requirements. This arrangement is for three years but either party may withdraw from the agreement in a reasonably short notice period.

Both Svitzer and Smit Lamnalco continue to provide competitive towage services in the three ports and actively compete for new work contracts. Other ports are not affected by this arrangement.

In a separate agreement, Svitzer has bareboat chartered six of Smit Lamnalco's tugs for a period of five years. Svitzer is using this to bring forward their tug upgrade programme and increase their towage capability; consequently Svitzer will remove some existing tugs from service. Either party can withdraw from this agreement at short notice – allowing flexibility in future towage provision arrangements.

SAL understands that, whilst ACCC approval was not required, they (ACCC) were interested in these new arrangements and that separate meetings were held with Svitzer and Smit Lamnalco.

The arrangements seem reasonable and should allow for a removal of duplication and overcapacity in some areas, thereby potentially reducing operating costs by maximising asset utilisations at the same time as upgrading the capability of the towage fleet.

## Functions

The Committee arranged four sensational lunches during the year.

In May a lunch was hosted for the Hon Warren Truss, Deputy Prime Minister, and Minister for Infrastructure and Regional Development, at which the Government outlined its plans to simplify the Coastal Shipping Regulation. Held at short notice, the Thomas Keneally Room of the Sydney Harbour Marriott was a full house. Later that month, the State Parliament House Luncheon was hosted by the Hon Duncan Gay, Minister for Roads and Freight.

The biennial Newcastle Luncheon was held in July 2015 at the picturesque Newcastle Club. The event attracted attendance of over 120 shipping industry executives, including the Mayor of Maitland City Council. Sponsored by the Port of Newcastle (PoN) with support sponsorship from Svitzer and Newcastle Stevedores, the event had two guest speakers in the, Geoff

Crowe, CEO of PON and Hennie du Plooy, CEO, Port Waratah Coal Services (PWCS). Recently appointed as CEO of PON, having served as a Director of the Hunter Valley Coal Chain Coordinator and held leadership roles with PWCS, Geoff Crowe reflected on the topical port pricing as well as the application to the NCC for the declaration of the shipping channels, a decision which is in waiting. He commented on the potential utilisation of the port, identifying box throughput, bulk liquids, fertiliser and cruise shipping as opportunities for growth.

As CEO since 2011, Hennie du Plooy provided a brief summary of the changes at PWCS including an update of the development at Terminal 4. In acknowledging the downward trend in coal prices he emphasised that coal would continue to be part of the world's energy mix.

In September, the New South Wales leader of the Opposition, Luke Foley, hosted a lunch at State Parliament House,

sponsored by Patrick. Whilst attendance was small due to the school holidays, the Opposition Leader provided, amongst other things, an interesting insight into privatisation of government businesses and how a Labour led government would establish public disclosure arrangements applicable to those businesses.

The Christmas luncheon held in early December was again a resounding success. Sponsored by NSW Ports, with the entertainment and gifts sponsored by Maritime Container Services and Patrick respectively, members and their guests enjoyed the fine dining and sights of Sydney Harbour from Doltone House, Darling Island in Pyrmont.

The chairman is extremely appreciative of the continued support and interaction between all members at the meetings and their input on issues that impact the shipowners and agents. ▲

# STATE COMMITTEE REPORTS

## Queensland

By BILL GUEST, secretary



Recent annual reviews have tended to commence with the outcomes of severe weather conditions that impact on ports and trading as the rainy season gathers momentum in Queensland. 2015 was different as weather gave away to State politics, albeit with comparable consequences.

The Qld Liberal National Party (LNP) Government, with a huge parliamentary majority, advocated the sale (long-term lease) of State government assets. That policy was strongly resisted by the Queensland Labor Opposition despite the fact that it was promoted by them when previously in power, and during which time the Port of Brisbane (Corporation) was privatised.

Prior to the Queensland State election in January 2015, it was forecast that the LNP would easily retain power, although with a reduced majority, and thus the long-term lease of both Gladstone and Townsville ports would go ahead.

Surprise. Surprise. There was a massive turnaround against the LNP (and against asset sales) and the Palaszczuk Labor Government was able to form a minority government with the support of one Independent.

It will be appreciated that the lack of a clear majority will hamper the speed at which any government can progress legislation and that position is still very apparent.

In the shipping/transport arena it is especially relevant when considering the work already completed by Maritime Safety Queensland (MSQ) in the expectation of the long term lease of

Gladstone and Townsville. Now it is back to the drawing board, with the added complication that factors within the lease impact on other MSQ issues associated with the devolvement of port pilotage. More on this subject follows below.

This review has focussed on Qld issues as national factors particularly covering Coastal Shipping Reform; Container Weight declarations (MO42) and Part X of the Trade Practices Act are included in the CEO's report.

### Administration

While Queensland State Committee chairman Geoff Dalgliesh (K Line) was due to complete his term in January 2016, he has agreed to extend by one year.

Four meetings of the State Committee are held annually, supplemented by more frequent meetings of the Steering Committee as more pressing matters dictate.

While subjects addressed at these meetings focus primarily on operations effecting the port of Brisbane, broader Queensland issues are not overlooked. Townsville berthing priorities are one example.

It should be noted that senior



representatives from the Department of Agriculture (Dept of Ag), MSQ, Queensland Department of Transport and Main Roads (TMR) and Australian Border Force (ABF) attend and have valuable input to these meetings.

SAL is most appreciative of that level of collaboration, which helps all to gain greater insight into industry issues and cooperative problem solving.

The objective is for each of the quarterly meetings to commence with a key speaker presenting on a subject of relevance to the shipping industry. As such:

- Claudia Brumme-Smith (general manager Trade and Property – Port of Townsville) provided SAL members with ‘**Port of Townsville – Northern Australia’s Transport Hub**’.
- Michael Stewart (Inspector, Supply Chain & Logistics) of the Australian Border Force (ABF), covered ABF responsibilities since merging with the Federal Department of Immigration, on the 1 July 2015.
- Michael added information on the establishment of the ABF **Australian Trusted Trader** programme, which like many other government instrumentalities is developing risk management strategies to more efficiently use (and/or cost effectively reduce) established resources.

There is no doubt that intense competition within the shipping industry, with resultant downward pressure on freight rates, is continuing to force agencies to further reduce costs, yet still achieve satisfactory levels of customer service.

Centralisation and outsourcing has diminished local agency ranks, as the solution to meeting a customer’s needs becomes far more cost-related than that of personal service. Perhaps the future will be strictly on line with face-to-face relationships seen as both unnecessary and unaffordable?

Meantime, SAL will forge ahead and do all possible to meet the needs of members and preserve the collective camaraderie that this industry has in Queensland, via quarterly meetings and networking events.

In May a full field played in the annual SAL Shipping Industry Golf Day at Wynnum Golf Club, with funds distributed to the Brisbane Mission to Seafarers and Stella Maris Apostleship of the Sea.

On 16 October the annual SAL Shipping Industry Ball was attended by 270, at Moda Events Hamilton, and over \$13,000.00 was raised for Disability Bayside. That purely voluntary organisation encourages those with

disabilities to attain self-esteem and pleasure by taking up the challenges of sailing.

SAL are proud to be involved but that financial outcome would not have been possible without the ongoing financial support of the Port of Brisbane Pty Ltd, Chalmers Industries, Patrick Terminals and Svitzer. Added sponsorship funding from Brisbane Marine Pilots, the ACE Waste Group and PortGate Logistics was also appreciated.

Roy Cummins, who early this year replaced Russell Smith as CEO of the Port of Brisbane Pty Ltd, will address SAL members and industry invitees at a luncheon on 10 December 2015. Roy’s considerable experience in running international ports will be of special interest.

Young Shipping Australia Queensland (YSAQ) continues on course, with corporate membership now offered for non-SAL members. President Jennifer Ruffell-Smith and the YSAQ committee have organised many networking and educational events during the year. Jenny can be contacted on 0402 514 597 for membership enquiries.

#### **Port of Brisbane Pty Ltd (PBPL)**

The Port of Brisbane’s trade results during 2015 were positive across most of the diverse commodity base. While the overall total trade tonnage achieved in 2015 was slightly below 2014, this is due in most part to major structural changes in the fuel industry. The port’s import container sector, motor vehicles, and refined oils all achieved positive growth, while export opportunities remained positive for containers, despite the impact of drought on agriculture. Demand remains high for cereals and beef from key markets including Asia, North America and the Middle East.

One of the very positive initiatives taken by the PBPL is their annual (usually mid-August) Safety Forum. It was well attended again this year, with the 220 listening to presentations and case studies from well-qualified speakers on the theme of ‘Building Resilience and Mental health at Work’.

Valuable lessons were learnt about coping with all manner of psychological stress in both the workplace and home environment.

#### **Landside Logistics Forum (LLF)**

The LLF is conducted by the PBPL and meets quarterly to develop and strengthen landside operations for the benefit of all port users. SAL are represented and benefit both from input and the logical extension of the ship to shore interface.

Subjects under discussion include :

1. Mandatory Weighing of Export Containers – Under MO42 as a ship stowage safety issue this will become mandatory from 1 July 2016.

2. Chain of Responsibility issues – those in the supply chain that are aware of a breach can be held responsible for the consequences of inaction.

#### **Port and Rail Forum**

This forum, held mid-Aug by the PBPL, was primarily based on rail accessibility to trading ports (mainly for containers) with emphasis on the proposed rail link between the Port of Melbourne and the Port of Brisbane. When considering road congestion (including serious accidents) it adds weight to the rail focus when statistically only 13 per cent of containers nationally, are delivered to wharf terminals by rail.

Much was centred on the need for accurate data upon which vital decision-making could be based. This lack was frustrating for those who are aware that such data existed but was not readily volunteered. As such it was acknowledged that those in the supply chain must work closer together for the national economic benefit and most of those present endorsed the need for an ‘Economic Regulator’ to bring it all together.

It now remains for those in authority to make it happen!!!

#### **Maritime Safety Queensland (MSQ)**

##### **Queensland port pilotage**

The objective of MSQ, since the devolvement of port pilotage services in November 2013 (except Brisbane and Abbott Point), has been to act as ‘regulator’ while setting sustainable and safety requisites. As indicated above, there have been plausible delays preventing MSQ from developing a pricing model for the other major ports.

The political scene, which has meant that Townsville and Gladstone are no longer considered for long-term leasing, plus influences governing the Brisbane lease, has meant that final options are unlikely to be available until end 2015.

##### **Sustainable Ports Development Bill**

The covering committee have reported to the Queensland Parliament. The complete report can be viewed via <http://www.parliament.qld.gov.au/documents/committees/IPNRC/2015/SPDB2015/05-rpt-1Sep2015.pdf>

While the impacts on Brisbane and Bundaberg ports are more academic than actionable, the same cannot be said for northern ports, especially those bordering the Great Barrier Reef (GBR) where dredging (either maintenance or capital) is inevitably involved.

This is a major issue for those priority ports (Abbot Point, Gladstone, Hay Point/Mackay and Townsville), especially in terms of capital dredging and accepting that the Bill was introduced to 'provide for the protection of the Great Barrier Reef World Heritage Area (GBRWHA) through managing port-related development in and adjacent to the area'.

Allowing for the environmental and political sensitivities that are very evident, every opportunity must be taken to impress upon the Queensland Government the vital importance of developing these priority ports for their regional prosperity and continued

viability.

#### **Brisbane Port Welfare Committee (BPWC)**

The inaugural meeting of the BPWC was held on 24 August 2015. This meeting was encouraged by International Seafarers Welfare and Assistance Network (ISWAN) and organised by Captain Ross Nicholls of Brisbane Marine Pilots (BMP), who has agreed to act as interim chairman.

While the work of the Brisbane Mission to Seafarers (BMS) and Stella Maris (SM) organisations is applauded, the overlying objective of the BPWC is to

involve the wider shipping community and coordinate those responses outside the influence either the BMS or SM.

#### **Contact**

Of necessity the contents of this review are more of an overview and I would be pleased to answer any queries that readers have on subjects requiring elaboration.

In the meantime wishing you a rewarding 2016.

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## STATE COMMITTEE REPORTS

### South Australia

By Paul Paparella, chairman



*News from the south is considerably briefer than in previous years as our long standing South Australian state chairman, Geoff Rose, was forced to step down this year down after a company reorganisation by his employer. Sincere thanks go to Geoff for his efforts to keep the shipping industry views in the forefront of the South Australian Freight Council (SAFC) and provide information on South Australian developments for SAL members.*

*Paul Paparella (Asiaworld Shipping) has now taken up leadership of the SAL presence in South Australia, and we welcome Paul to the role. Paul has also been appointed as the shipping representative on the SAFC so the industry view will continue to be heard. With minimum staff levels in members' offices the South Australian committee does not meet regularly and most common business and information sharing is conducted in conjunction with the port user group meeting.*

**ROD NAIRN, CEO**

South Australia has experienced some changes during the year. Flinders Ports has continued to invest, with one of the most significant being the upgrade of the container terminal with the addition of two new Liebherr post-panamax cranes in April. The cranes were supported by the introduction of crane simulators, which provided for initial and continuation training of crane drivers. This result has seen an increase from 24 to 30 gantry moves per month between March and November. The land footprint of the

terminal has also been increased to 2.4 hectares to accommodate future growth. It's a bit early to know whether this investment will translate into higher volumes. The terminal experienced negative growth of 4.6 per cent in the 2014/15 financial year, mainly on the back of leakage to Melbourne. On a brighter note, mining company CU-River Mining Australia is expected to resume iron ore exports from Port Adelaide in the first quarter of 2016.

Two new pilot boats also entered service at the port this year. The 16 metre vessels, Alert and Reliance have a beam of 5.4 metres and a top speed of 27 knots. Both new boats have a self-righting mechanism, and the beak-bow design provides enhanced sea handling characteristics, reducing stress and fatigue for the crew from the pitching and rolling of the vessel in rough waters. Also fitted is forward-looking infra-red, which provides added safety and efficiency when

working in the dark, in poor visibility, or during search and rescue operations. The boats bring enhanced safety, manoeuvrability and responsiveness to the Flinders Ports pilotage service.

The SAFC has addressed the most challenging element of the end to end logistics chain, and in November published its report, *Moving Freight – First and Last Mile*. While this report focusses on truck access and increased capacity, it could have major benefits to cargo terminals. SAFC has also launched a new sustainable freight website promoting a "whole of chain" approach to the environment, across the transport modes. The site is a conduit between the freight and logistics industry, customers, relevant environmental and sustainability resources, governments and the general public; it will encourage a more sustainable approach to freight movement. ▲

# STATE COMMITTEE REPORTS

## Victoria

By PHIL KELLY OAM, FCIT



### Office bearers

At its meeting in December 2014, the Victorian State Committee re-elected Kon Makrakis (State chairman for Mediterranean Shipping Company) for a second term, as its chairman for 2015. Huon Chambers of Svitzer Australia was elected Vice Chairman.

### Meetings

State Committee comprises senior officers of member Lines in Victoria, which include associate members, Port of Melbourne Corporation and Port Phillip Sea Pilots. Meetings are supplemented by senior representatives of Australian Border Force, Australian Maritime Safety Authority and the Department of Agriculture. The presence of the respective associate members and government instrumentalities has been enlightening and constructive in the way they have brought understanding and appreciation of the needs and goals of other port-related activity.

A Steering Committee of six member Lines nowadays plays the role of a consultative committee and meets on an ad hoc basis, as and when appropriate.

### Privatisation of the port of Melbourne

Prior to the State election late in 2014, both major parties declared their intention to sell or lease the port of Melbourne in their first term, and it therefore came as no surprise when such a proposal was announced by

the incoming Government. SAL members, both nationally and within Victoria, having accepted this inevitable outcome, in principle albeit, have nurtured fears that port pricing will escalate to unaffordable levels as was the case following the privatisation of Brisbane and Port Botany. These fears were brought to the attention of State Government and to the relief of SAL and other stakeholders, the State Treasurer announced at the SAL Victoria Luncheon on 2 June last, that certain restraints on port pricing would be reflected in the lease conditions, viz: annual tariff increases would be capped at CPI for at least the first 15 years of a 50-year lease. Furthermore, export wharfage would remain at the current level for the next 5 years.

It has been a matter of much concern that the draft Bill tabled and passed by the Lower House had no such protective clauses and the opportunity was taken by the CEO on 8 September to present a submission to a hearing of an Upper House Select Committee appointed to evaluate the Bill in fine detail.

Insofar as the future port pricing issue is concerned, a subsequently released Pricing Order is of reassurance to stakeholders albeit, there remain other issues which cause concern and a supplementary submission has been made by SAL CEO, Rod Nairn. In brief, these include:

- Fees for ships at anchorage will be unprotected by legislation and thus open to unreasonable escalation.
- Whilst the Government's compensation scheme will attract potential Lessees, it is a means of maximising the 'sale' price and thus add to the Aggregate Revenue Requirement and elevate price baselines.
- With the abandonment of the Hastings project, it appears that no thought is being given to the depth and length requirements of larger ships predicted to enter Australian trades within the next five years.

Worthy of mention is that in his address to those in attendance at the SAL Luncheon in June, State Treasurer Tim Pallas outlined those functions which will be retained within public ownership. It is understood, a yet to be formed **Victorian Ports Corporation**, will be responsible for the conduct of the following functions:

Port safety and security, savigation in Port Phillip, port environment, dangerous goods oversight, Station Pier, waterside emergency management, walkways and bike paths, statutory planning, marine pollution, the Harbour Master and Towage regulation.

The Victorian State Committee places on record its appreciation of the outstanding and on-going stewardship displayed by PoMC and its predecessors, ever since the establishment of Melbourne Harbour Trust in 1929. Were it not for their successive professional application and foresight, especially with the recent channel deepening and Webb Dock re-construction, Melbourne's rating as Australia's largest container port would have changed drastically had these projects not been addressed.

### Port Rail Shuttle

In October 2014, the Victorian Department of Transport, Planning and Local Infrastructure and Jacobs Engineering consultants outlined a project to SAL members in which a dedicated rail shuttle service could link the two Swanson Dock container terminals with inland intermodal terminals at Altona, Somerton, Dandenong and Lyndhurst, thereby providing enormous relief to the road system and greatly enhance throughput at the Swanson Dock terminals.

Initial studies indicated the need for a \$58 million contribution by Government towards assets, and the private sector would contribute assets, operate the system and undertake any operational risk. It is understood that preliminary planning is well advanced, albeit, is temporarily on hold pending the accomplishment of the long-term lease of the port of Melbourne.

Subject to the conduct of further cost studies, SAL is of the view that the concept is innovative and offers impetus to increased port capacity.

### Metropolitan Fire Brigade (MFB) Marine Unit

In December 2013, SAL Victoria learned of a proposal by MFB to establish a marine fire-fighting unit. This could only be achieved by conducting a series of training exercises in which groups of MFB officers would become familiar with the fundamentals of boarding ships at anchor, alongside and also underway. The project commenced in 2014 and having extended into 2015, has been hugely successful. Michael Campbell, MFB's acting Senior Station officer, Victorian Emergency Management Training Centre saw fit to write on 15 September 2015 expressing gratitude to SAL and its member Lines; also PoMC, through the Harbour Master, Port Phillip Sea Pilots and Water Police Unit, all of whom had shown commitment, professionalism and flexibility throughout a programme in which there had been no delays to ships, nor had there been any



reported injuries or damage.

Eighty MFB officers have been trained, with sixteen international and six coastal ships being involved in over three hundred and fifty boarding exercises. A purpose-built, wide ranging twelve metre fire-fighting cutter with high-capacity pumping capability has been added to a fleet of support vessels.

Commander of the Unit, Mark O'Connor, will address State Committee in the near future and will be seeking members' participation in the next phase; focussing on supporting operations with a skills maintenance programme, thus firmly establishing a much needed marine fire-fighting capability for the port of Melbourne

and its on and off-shore environs.

### The Trident Task Force

Without doubt, the eradication of illicit drug smuggling both by sea and air is one of the world's biggest challenges and this secretariat became aware in 2014 of the existence of the Trident Task Force. The group comprises members of Australian Border Force, Federal and Victoria Police, Australian Crime Commission, Australian Taxation Office and Australian Transaction Reports and Analysis Centre. It is assigned to the task of reducing and eventually removing the threat by illicit substances to the health and safety of citizens.

Detective Senior Sergeant Troy Thomson,

director, Strategic Support, addressed State Committee after which, he was invited to be guest speaker at a SAL Luncheon late in November 2014. The presentation was a thorough briefing on the work being achieved and the enormous challenges which lie ahead. The address was awe-inspiring and brought deep shock, not only at the large successes, but also in contemplation of the inestimably vast quantities of illicit substances which are not detected.

A letter of support, indicating Lines' abhorrence of these crimes and appreciation of the Trident Task Force was recently sent on behalf of members supporting Trident's submission for increased Federal funding. ▲

## STATE COMMITTEE REPORTS

### Western Australia

By ROBERT BOYCE, chairman



The SAL Western Australian State Committee held only one face-to-face meeting in September this year, which was kindly hosted by Fremantle Ports. It was a packed agenda. The meeting was addressed by Chris Leatt-Hayter, CEO Fremantle Ports, who updated the group on the process of privatisation; Mark Brownall, representing the Freight and Logistics Council, who detailed the options under consideration for Perth Freight Link, and Christian Sargent and Trenn Ritchie from the Department of Agriculture. SAL CEO provided the secretariat.

A pleasing outcome of the meeting was a

resolution to establish a Western Australian chapter of Young Shipping Australia. Joel Cockerell (Clyde & Co) volunteered to take the lead and a number of members indicated their support. This will provide a great opportunity for professional development and networking amongst the younger shipping industry fraternity.

At the meeting, the chairman Patrick Lobo (WWL) stood down at the end of a two-year term and following the meeting Robert Boyce (MSCA), the previous vice chairman, was confirmed as the new chairman. Thanks to Patrick for his efforts over the past two years, and to Robert for taking on the challenge as we look forward to more shipping action in Western Australia in 2016.

There has been plenty to think about from a shipping perspective in Western Australia. Topping the list are port privatisations. With Utah Point and Kwinana Bulk Terminal (a part of Fremantle Ports) under consideration at the beginning of 2015, the downturn in bulk sector margins has seen Point Utah given a stay of execution, but down south the scope of the sale was expanded to include the whole of the port of Fremantle.

Legislation to enable the sale was expected to be introduced to Parliament before the end of 2015 and despite a few delays along the way there is plenty of interest in this sale. One of those delays is the renewal of lease agreements for the two stevedore container operations in Fremantle, which were scheduled to expire in 2016, and calls for tenders were expected mid-2015, but due to the pending sale of Fremantle Port, the leases will not be offered to the market at this stage.

It's probably no coincidence then that

Fremantle Ports' Maritime Day held on 31 October attracted a record turnout from the public. That public interest also helps to fuel a growing cruise industry with 58 vessels scheduled to call at Fremantle and an estimated 142,500 cruise passengers setting new records through Fremantle Passenger Terminal.

Other significant activities have seen QUBE open a new container park in Rous Head (logically named QCP), which has to replace the QUBE Tyderman and QUBE Irene facilities, and an additional empty container park in Rous Head, which will be operated by ACFS/TYNE, is scheduled to open mid-2016.

Perth Freight Link with funding support by the Federal Government, has been announced to the community. This will allow for a better flow of trucks to the port, but has generated argument over the priorities between road and rail, as it is a complete change in policy from the State Government, who had previously been focussed on getting freight onto rail and were subsidising the movement of freight by rail. The project has two stages, with the first stage announced, but there are still uncertainties in stage two, which need to be resolved. The project appears not to be considering the last mile from the southern side of the river across to the north shore container terminals.

The fall in bulk commodity prices has not seen a lack of interest in the trade, quite the opposite. Iron ore export volumes continue to increase and the industry is encouraged by the call for tenders for a second towage operator at Port Hedland. Further south CBH loaded a record volume - 90,000 tonnes of canola on a mini-capacized vessel at Kwinana. ▲