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SHIPPING AUSTRALIA

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   International Cruise Council Australasia
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Announcements from the Bridge

By the time you receive this magazine, we will be almost through the first quarter of 2012. I would hope for all our readers that 2012 is turning out better than 2011 which was a very difficult year for our members in many respects. We propose this year to be more proactive in pursuing three themes:

- Togetherness
- Consistency
- Productivity improvements

It is essential that all stakeholders become involved in tackling supply chain problems and obstacles to ensure that costs and other inefficiencies are not simply being passed down the chain rather than being addressed head on. In the past, this has definitely been the case with a number of issues including proposals to increase the efficiency and productivity of the operation of empty container parks and other issues associated with the sea land interface. It also impacts on infrastructure issues such as the building of weigh-in-motion systems in container terminals for weighing import containers. SAL this year will increase its efforts to foster and encourage a greater collective approach to dealing with these issues.

A mantra of SAL members is the adoption of international standards on a national basis or, at the very least, the adoption by state and territory jurisdictions of national standards. There are a number of areas that will continue to be addressed this year such as biofouling of hulls, dealing with the on-board treatment of ballast water, more broadly the regulatory activities of our border agencies, which should all be applied on a more nationally consistent basis. SAL continues to work with government departments and government agencies to achieve that result.

There was a lot of debate at the beginning of this year in the media regarding the review of the Fair Work Act and the fact that productivity was not specifically included in the terms of reference for that review. Furthermore, in recent industrial disputation on the waterfront the question of productivity improvements to offset some of the increases in wages and conditions was a bone of contention between the union and the employer. Workplace relations are only part of the productivity continuum, albeit an important part, and a more holistic approach is required involving investment, infrastructure and development generally, even extending to training and education in terms of raising the overall productivity platform in Australia. This is essential if we are to become more internationally competitive and if we are to achieve the economic development in this country that is necessary to raise our standards of living.

In this edition, we include our annual review and whilst, as mentioned above, it was a very difficult and challenging year, a number of important achievements can be identified. We completed the intermodal terminal study in the metropolitan areas of Sydney and Melbourne which was undertaken by

a Masters graduate from the Institute of Transport and Logistics Studies at Sydney University. Copies of that report were circulated at the end of January. The major message in that study, is that simply adopting the "build it and they will come" approach is not going to optimise the utilisation of the inland port concept in achieving greater freight carriage on rail compared to road. An increase in the carriage of freight on rail is being promoted by the New South Wales and Victorian Governments.

The Enfield Intermodal Logistics Centre is currently being built and Infrastructure NSW is pushing the federal government to transfer defence land to facilitate the building of an intermodal terminal at Moorebank as soon as practicable. One reason is that the terminal would help maximise the price when Port Botany is privatised (on the basis of a 99-year lease) in mid 2013.

SAL is highly supportive of the benefits that these intermodal terminals in our major metropolitan centres can bring to bear on reducing the serious congestion as our container terminals struggle to meet forecast demand in the future.

A great deal of work needs to be undertaken to optimise their utilisation, particularly in terms of the pricing and efficiency of rail vs road, at least as far as Sydney is concerned. A fully utilised Enfield should be able to take 120,000 truck trips off the roads and there are media reports that Moorebank could take up to 1 million trucks a year off the M5 motorway.

Infrastructure NSW has not consulted the shipping industry on how all stakeholders can work together to commercially promote the use of these inland ports in Sydney and Melbourne, and eventually Fremantle, to achieve their potential. Brisbane at its Fisherman Islands facilities does not have the same problems as other capital cities regarding this issue and it will be some time before Adelaide needs to address this issue.

If the intermodal terminals were operating at full capacity, the New South Wales Government could in fact achieve around 40 per cent of the freight being carried on rail to and from Port Botany rather than lowering that objective to 28 per cent which they did towards the end of last year. As a result of the study, SAL is hopeful that taskforces can be established in both Sydney and Melbourne to work out a strategy on how to make these intermodal terminals work to optimal capacity.

In other achievements, in 2011 Shipping Australia was pleased to have hosted an international conference in October of 82 delegates from 28 countries, all members of the Federation of National Associations of Shipbrokers and Agents and the week-long meeting had a very extensive agenda and there was also a comprehensive social programme.

It is pleasing to report that Young Shipping Australia is very active in both NSW and Victoria. We were also able to progress the more advanced e-learning course entitled *Fundamentals of the Maritime Industry*. This will complement our current e-learning course *Introduction to Shipping*.

In December last year, the Victorian Government introduced into their parliament a Bill that provides for a port licence fee for the Port of Melbourne Corporation to raise $75 million in the financial year 2012/13 with the objective of raising $1 billion over a 10 year period. The Port of Melbourne Corporation in January requested stakeholders to consider their proposals to meet this objective and SAL remains totally opposed to the concept of taxing the supply chain and to spreading the burden across all users of the port. This is the subject of our Viewpoint article.

BHP Billiton's Olympic Dam mine goes far beyond the export of uranium and our feature writer, Archie Bayvel, visited the region and called it The Archipelago of Dreams.

At the end of last year, the Adelaide to Darwin rail link was washed out at Edith River, just north of Katherine, and Archie followed up on the effect of the temporary interruption of this important transport link through the middle of Australia.

Our profile is on Maurice James, who is the managing director of Qube Logistics. Qube is increasingly becoming a major force in container supply chains and in general stevedoring short of being involved in the container stevedoring industry. They are on the expansion and acquisition trail. We are grateful for Maurice James' agreement to speak to us on those plans.

Last year, the International Association of Ports and Harbors joined with the World Shipping Council, International Chamber of Shipping and BIMCO in an effort to encourage the International Maritime Organisation to amend the Safety Of Life At Sea Convention to require, as a condition for stowing a loaded container on-board a ship, that the ship and the port facility have verified the actual weight of the container. In September 2012, the IMO's Dangerous Goods, Solid Cargoes and Containers Sub-Committee will consider this requirement. SAL is strongly supportive of this development and is seeking to assist the World Shipping Council in providing case studies of overloaded containers and mis-declared weights in containers which can also impose problems in the supply chain by affecting safety on-board ships, safety in the handling of containers in ports and safety on our roads.

With the introduction into Parliament of legislation for Australia last year to ratify the Maritime Labour Convention which is expected to enter into force this year, there is increased focus on the welfare of crew and this includes safety aspects and how to avoid injuries at sea or working cargo on land and the Seacare Authority addresses these issues in an article in this edition.

In the Scene we cover the New South Wales State Committee Christmas luncheon at the end of November last year as well as the SAL golf day which was held on 7 March this year.

Clearly, 2012 is going to be not only challenging but also present many opportunities for the industry to advance its interests. Hopefully, this time next year we will look at 2012 as being a watershed year which has resulted in significant productivity improvements, more consistent application of regulations nationally, and a more collective and united approach in tackling supply chain problems.

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Governments should not treat shipowners as cash cows and tax collectors

VIEWPOINT

Given the Victorian Government's determination to raise $1 billion extra from the Port of Melbourne Corporation (PoMC) over 10 years to initially support delivery of the Government's objectives, which are vaguely mentioned as infrastructure projects, it is surprising that there is no mention of the funds being spent on the port or on connections to and from the port.

This effective tax on trade is poor public policy and is simply wrong on all counts. Shipowners should not be tax collectors for the Victorian Government. Raising taxes by taxing the supply chain is a costly, inefficient and burdensome way of raising taxes for infrastructure. It is administratively costly because as the charges pass down the chain, there are additional administrative costs which need to be recovered.

If the Victorian Government was unhappy with the dividends paid by the PoMC then they should have raised their dividend requirement rather than applying a charge which is proposed to raise $75 million in its first year, 2012/13. In fact, SAL calculations based on the information provided by PoMC shows that they would be raising a much higher level of revenue than $75 million even in the first year. Whilst we have had to make some assumptions which we are happy for the PoMC to challenge, our calculations show over $81 million will be raised in the first year. This raises the question of how over-recoveries of the tax because of trade growth exceeding forecasts will be treated!

Melbourne is Australia's largest container port but now it will be the most costly for port users. An unenviable reputation which will impact severely on the international competitiveness of Victoria's exporters and importers. There are broader effects too, for example, reduced tourism as a result of taxing passengers on visiting cruise vessels.

It is also essential that this new impost not be integrated into the general charges of the PoMC which they have advised will increase not only by the annual CPI but by an additional 1.5 per cent. SAL is strongly recommending to PoMC that a special account be created for the application of the port licence fee which can be audited by the Essential Services Commission of Victoria to ensure there is no over-recovery of funds and that the CPI applies in future and not any additional charges.

SAL urged the previous government, which was looking at applying a freight infrastructure charge on trucks accessing the port, that if it proceeded, it was essential that a special government account be established to receive these funds which would then be directed to infrastructure projects directly benefiting the port. Equally, we will be urging the current Victorian Government not to put these funds into consolidated revenue but into a special account.

It is also not clear why other ports in Victoria are not contributing to the billion-dollar fund for infrastructure which presumably could be spent anywhere in Victoria. Geelong, Portland and Hastings could contribute, lessening the size of the impact on the Port of Melbourne's charges.

In SAL's view, the freight and infrastructure charge was as wrong as is the port licence fee. Two wrongs do not make a right and SAL will urge the Victorian Government to withdraw its legislation and remove this proposed tax on trade. Alternatively, it should ring fence these funds to ensure they are purely spent on infrastructure and developments within the Port of Melbourne or improving the road and rail connections to and from the port. Furthermore, the trucking industry serving the Port of Melbourne has gone from an estimated additional charge of around $160 per truck to access the port to no contribution at all to this proposed tax.

If the Government insists that PoMC must meet this obligation, then SAL will be urging the port corporation to recover the funds through wharfage on full containers and other commodities related to international trade. It has to be recognised that eventually importers and exporters in Victoria will have to pay this additional impost and a simpler way would be to recover it through wharfage on full containers which will meet the Victorian Government's professed objective that the port licence fee be relatively cheap to implement and efficient to administer.

Importantly, there is no link between this proposed fee and any specific cost elements and no incentive to increase productivity in the port. There is no specified date in the Bill before the Victorian Parliament for the tax to be withdrawn. This is a recipe for complacency due to lack of transparency in the process and the inability to link to productivity gains.

We would urge the PoMC/Victorian Government to re-structure and implement the tax to drive behavioural change and promote efficiency. This could be achieved by charging the users that will benefit from the expected upgrade in land transport infrastructure supporting the Port of Melbourne, i.e. the logistics companies, trucking and rail service providers. The tax could be lower for service providers accessing the port after business hours, double handling containers by trucks and discounts for increased rail freight taking trucks off the roads etc.

Such changes in behaviour would at least be identifiable benefits arising from this tax!

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PROFILE

Maurice James, managing director Qube Logistics



No corner for a Svengali in this Qube!

One point on which Maurice James is particularly emphatic is that Chris Corrigan does NOT interfere in Qube's management despite the media's fascination with the idea that he plays a Svengali role in the company's management from his faraway eyrie in Switzerland.

He's referring to events at Port Kembla a few months ago when Qube helicoptered staff into the port to by-pass strikers' picket lines and the press harped gleefully back to how Corrigan fixed his difficulties with the unions.

James downplays the Port Kembla incident as simply a strategy to bring company staff into the port at a time when it was strike-bound. "There were union pickets on the gates and we didn't want our staff to be the focus of demonstrations so we flew them in," he says.

"Media reportage of the incident tended to see it as some sort of master stroke by our chairman but in fact Chris Corrigan is not involved day-to-day in Qube's business and all the decisions are made at our corporate head office here in Sydney."

Not, mind you, that Corrigan's physical presence is necessary. His thinking must be hard-wired deep in the cerebral lobes of James and Qube's 100 other employees who worked for Corrigan over the years.

He joined Patrick in 1994 as its Victoria manager and terminal manager at East Swanson and stayed there for 12 years until 2006 and the takeover by Toll. By then Maurice was Patrick's director of operations with responsibility for all its container terminals and logistic businesses and sat on the company's board.

"My time at Patrick was unforgettable," he says. "We built a really good business through hard work, long hours, and investing for growth. The people were great, Chris Corrigan was great ... It was a fantastic part of my career.

"In 1994 Patrick was capitalised at $200 million. In 2006 it was sold to Toll for $6 billion."

If his time at Patrick was unforgettable, events that went before set the scene for what at 55 has become a most successful career. Melbourne born and bred, James' father was a toolmaker, his mother a mum and he was educated at Oakleigh Technical School and Caulfield Institute of Technology, now Monash University, from which he graduated as a civil engineer.

"Right from my primary school days I wanted to be an engineer or a builder and Oakleigh Tech gave me the right background to make that come true," he says.

"I began work in 1979 as a graduate civil engineer with the Port of Melbourne and spent 15 years there during which I graduated with an MBA from Monash University, ending up as the port's manager of commercial operations. I worked on the planning, design and construction/project management of port infrastructure, planning of the port's relocation from the Docklands and the port's vacation of the area to move to its present location downriver. I was also responsible for the port's property portfolio and the privatisation of Swanson Dock.

"My port authority years were a great grounding. They gave me an appreciation of business, investment decisions, and an understanding of infrastructure."

In 2006, with Patrick sold and after rejecting a job offer with the new owners, Maurice had a year off from executive life then went to work with Sam Kaplan, of Kaplan Funds Management. Back in 1997 Kaplan and Chris Corrigan had set up a new fund to purchase logistics businesses which was KFM Infrastructure and Logistics Fund. It was rebranded as Qube in September 2010 and corporatized with its own board and internal management appointed in September 2011 and Maurice was appointed managing director.

Today Qube's corporate office is in Sydney but Maurice also works out of its office in Melbourne where his home is. He shares his time between there and Sydney.

Leadership of Qube is a new role for him and he's taking a new view of the company's future direction. "We want to grow,' he says, "and we see lots of opportunity in the import-export area where people have not focussed before. Its markets have traditionally been fragmented with multiple players competing against each other with historically low margins. We want to create economies of scale.

"For the past 10 years ports have traditionally focussed on waterfront and stevedoring industries. Our next focus is on how we move goods in and out of the ports.

"It involves enormous issues because the ports will grow only if it can be demonstrated that cargo can be moved in and out with adequate community and commercial acceptance.

"My job is to drive this growth. Relationships are a very important part of this business – you need to have the confidence of the people you work with. Qube's management team works well; some of us have known each other for many years from the Patrick days.

"My strengths are managing people with different backgrounds and the fact that I've got a very good understanding of the ports business.

"Two areas of special interest are our NSW terminals at Moorebank and at Minto. Currently these properties are rented to other businesses while we go through the planning and approval process to develop them.

"We want to create an intermodal port-rail terminal at Moorebank, an 80-hectare site in south-west Sydney that is owned 30 per cent by us, 55 per cent by Stockland, and 15 per cent by QR.

"Qube will continue to grow organically and through acquisitions and investment in new projects. The mining space is one example that we looked at and as a result have, for example, established a completely new business at Utah Point, Port Hedland with a bulk receival, storage and out-loading infrastructure for mid tier miners. It's a multi-user facility.

"Our figures speak for themselves. Qube was capitalised at around $200 million when launched in 2007; today it is around $1.3 billion!"



Qube's new terminal at Utah Point, Port Hedland

Olympic Dam

The Olympic Dam Show, behind-the-scenes of the world's biggest mine

In this Archipelago Of Dreams only Truman is missing

By ARCHIE BAYVEL, at Roxby Downs, South Australia

THEY form a little archipelago of dreams, the motley collection of tiny towns and hamlets that sit atop Earth's greatest deposit of nuclear fuel and copper to say nothing of gold and silver in quantities that make Ali Baba's cave seem no more than storage space for big jars.

They are Roxby Downs, Olympic Dam, Hiltara, Andamooka, Woomera, and Pimba.

It's red semi-desert country fringing the great salt Lake Torrens some 550 kilometres north of Adelaide and 10 minutes' drive from the security fence and check-point that guards entry to the vast BHP Billiton mine they call Olympic Dam.

Roxby Downs is the archipelago's ground zero with almost all its 4500 residents being workers and their families employed at the mine. Population is scheduled to double within the next seven years.

It's a model town built and owned by the mine to house its core workers. Oddly for a desert settlement, it has plenty of water and its streets are fringed in green while comfortable houses and a civic centre nestle among its plentiful trees. Its residents are more than prosperous by city standards although not so ludicrously rich as their counterparts in the Pilbara. It also has a modern hospital and spacious cemetery.

But no babies are born in Roxby Downs and its cemetery is empty. You get that pregnant or that sick and the ultimate meaning of fly in:fly out becomes brutally apparent.

It's a flash of reality, shared by other towns in the archipelago, that is slightly reminiscent of Jim Carrey's role in The Truman Show, a 1998 satirical movie in which Truman Burbank's entire life is very different from what he thinks it is. He's happy and completely unaware that his life's focus is actually a reality TV show aired since his birth and of which he is the unwitting star. Everyone else, including his wife, is a paid actor. All goes well until he decides to go see the world ... and something happens.



Warning signage at the beginning of the Oodnadatta track just outside Roxby Downs



Part of the Olympic Dam mine site. *Photo: BHP Billiton*

Andamooka, an opal town for this 80 years past, is a shambolic settlement 70 kilometres up the track from Roxby. Its maze of nameless streets wend through piles of cream-colored mullock, abandoned machinery, wattle-and-daub shanties, and modern mini-mansions. Its 400-or-so denizens have no running water, sewage, or local government. Surrounded by vast cream-colored slag heaps it seems inevitable that it will soon become another dormitory for Olympic Dam's mine workers.

Andamooka's cemetery is well populated, many of its denizens appearing to have lived in this ridiculous place all their working lives, scrabbling for opal and many dwelling in structures that would be rejected as henhouses anywhere else.

Until recently it also had a brothel but the Andamookies, with 3000 single men only 45 minutes' drive away, didn't recognise a good thing when they saw it and ran its bikie proprietors and their girls out of town.

Hiltara, closer to the actual mine, doesn't exist yet but when it does it will come with a rush that brings 10,000 mine and construction workers, prefab housing for them and a ready-to-click-together shopping centre. It will be a temporary town specifically to house those involved in the construction stages of the mine's expansion.

Pimba is a speck settlement currently of around 50 people about 10 minutes' drive from Woomera and at the junction of the two transcontinental rail lines, one leading to Perth, t'other linking Adelaide and Darwin. One of the preliminaries to Olympic Dam's big leap forward is construction of a rail link from the mine to the great north line that will carry its billions of dollars-worth of ore to Darwin for export through its port at East Arm.

As for Woomera, about 100 kilometres down the track from Roxby Downs, it's the rocket town that put Australia into the space age. For a while. Today it's a ghost town, its 6000 scientists, rocket technicians, American airmen, imprisoned illegal immigrants and their dependents long gone. In their place are just 147 residents most of whom are Federal Government contractors from Transfield Services employed to keep the town spick and span, ready for almost instant population.

But the ghost will walk again. It's just a matter of time before Roxby Downs' acute housing shortage has workers who are prepared to drive 50 minutes each way to work every day eyeing Woomera's vacant homes. And a little known fact is that Woomera sits near its own massive mineral deposits at Carrapateena that could someday rival those of Olympic Dam.

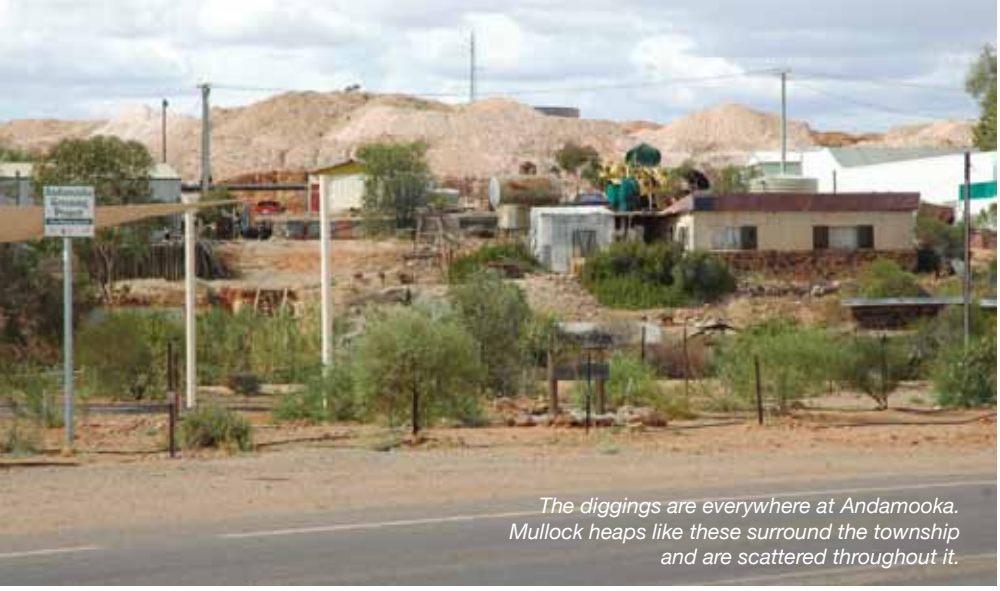
So what's it all about, this strange and remote archipelago of dreams?

The Mine...

Olympic Dam is by far the world's largest uranium deposit and the world's fourth-largest copper lode. It produces highly refined copper cathodes, gold and silver ingots, and uranium yellowcake from its existing underground operation. The current proposed expansion alone will take 11 years although the deposit is so much larger than that it has a possible lifetime of centuries. Current quoted life expectancy is around 60 years.

The new open pit will eventually consume the existing underground mine with its miles of tunnels, caverns, and shafts. When complete it will be a kilometre deep and have an area bigger than the city of Adelaide.

The ore deposit was discovered by Western Mining Corporation in 1975 near Roxby Downs sheep station and took its name from a stock watering hole which was known as the Olympic to commemorate the 1956 Melbourne Olympics. It now belongs to BHP Billiton, which acquired WMC in 2005.



The diggings are everywhere at Andamooka. Mullock heaps like these surround the township and are scattered throughout it.

Basically it's about the trillion dollars the Olympic Dam mine is predicted to generate over the next 45 years. Is that, you may wonder, $US or $A? Who cares, it's a sum that'll transform already-booming Adelaide into one of the world's richest mining towns and give South Australia an annual boost to its economy guessed at $100 million per annum.

The South Australian Parliament recently passed the Roxby Downs Indenture Act that has enabled BHP Billiton to go ahead and spend the $1.2 billion its board has approved for preliminary work and equipment for expanding the Olympic Dam mine – the work that needs to be done to get things going.

The Indenture, as it is known, also provides for BHP Billiton to pay royalties of between 3.5 per cent and 5 per cent on its copper, uranium, gold and silver production for the next 45 years. After that, who knows? The expansion is a $30 billion job and its ore lodes are believed to be extensive enough to possibly maintain the mine for two, three, maybe five hundred years.

All that remains to be done before they begin to dig is BHPB board approval to proceed. That's expected sometime in this second quarter and with that $1.2 billion already committed and being spent as you read this, it seems almost certain to go ahead.

When it does, expect a torrent of development and the inevitable excitement that goes with it to hit Adelaide and spread throughout South Australia which now has 18 mines approved or in construction where only eight years ago there were only four.

Today world demand for uranium alone seems insatiable with a world production shortfall of some 11,000 tonnes; the gap being largely made up by cannibalising nuclear warheads that, since glasnost, have been deemed surplus to requirement. Too much death in the bunkers, what luck to find a ready new market for it.

But a lot can happen in 45 years, never mind a few hundred, when "a lot" can include nobody wanting uranium and copper any more. In America, for example, millions are reported as being poured into a highly secret process that will allow uranium fuel to be burnt to its last atom before being spent; instead of being discarded with only a few per cent of its energy having been accessed

The new process that most folk have never heard of involves creating an alloy of uranium and beryllium, a metal that's No. 4 on the Periodic Table just one below lithium which was something else not many had heard about until a couple of years ago and of which most people are now well aware.

But beryllium's still well over this story's event horizon so let's get back to what's staring South Australia in the face today, the elephant in SA's back room that looks to put The Pilbara, Darwin's gas bonanza, Gladstone's industrial revolution, and everything else we can think of right into the shade.

The expansion of the existing Olympic Dam mine will eventually obliterate everything that stands today, subsuming the present mine in giant open cut pit. The ore body lies 350 metres underground and not a single outcrop of any of its four main minerals breaks the earth's surface.

One wonders exactly how the lode was discovered.

The answer is: By a lot of genius, a lot of exploration, even more faith, and a financial investment so vast and over so many years that one wonders how Western Mining Corporation's shareholders put up with it from about 1930 until 1975 when the deposit was discovered and finally confirmed. During the 1960s and 70s WMC spent an average 56 per cent of its profits on exploration before hitting the jackpot a few kilometres north-west of Roxby Downs.

A trillion dollars –$1,000,000,000,000 – is a fair-sized whack of moolah and the estimated value of the Olympic Dam mines' production in the next 45 years.

So it seems fair enough to wonder which of Olympic Dam's products is going to be the main earner? The prime answer is uranium to service growing world demand for energy whose production doesn't add to world warming.

Next question: Who exactly is going to use all this uranium?

As you read this the world has 433 nuclear reactors, another 62 are being built, 156 more will be built by 2020, and yet another 343 by 2025. A grand total of 994.

China and India alone will account for 260 of them while Russia alone has 12 reactors under construction with 14 more planned. Only Germany is officially abandoning nuclear power; although its nine plants will stay open for another 10 years, their closure will be more than offset by the hundreds of new plants being constructed elsewhere.

China says it will increase its atomic capacity eight times by 2020, while India says it will increase production 13 times by 2030, and South Korea aims to get 60 per cent of its energy from nuclear power by then. These three countries are likely to use more uranium over the next 20 years than the United States, Japan, France, and Germany combined.

That of course is when Olympic Dam's glory days will really take off as the world's reactors clamour for uranium and even the beryllium-extended version of it could be pushed to meet demand.

It will be interesting to see what happens to BHP Billiton's share price in the years ahead. Currently short-term share fluctuations – ranging from $43.80 to $37.34 at time of writing – appear to be the result of a focus on the price of iron ore and BHPB's order book for it. Most outsiders have little or no understanding of the vast wealth being created by the Olympic Dam development even though it has devoured potential dividends since 1975 when Western Mining discovered the lode that makes Lasseter's golden dreams seem like custard.

Next big earner will be copper which Olympic Dam produces to the highest grade of refinement from its own on-site refinery. It will be exporting raw copper ore too and future world demand seems assured although its high price not necessarily so. There was a mini recession in the late 70s the beginning of whose recovery was preceded by that of the international copper market. But with all that wire around and its role as the world's greatest conductor of electricity, copper seems pretty safe for a long time to come. But when one thinks of a mine operating for centuries, who knows? It's not that long ago in the grand scheme of things since toad livers and bats' wings seemed indispensible to medicine and copper's main use was to make bronze.

While Olympic Dam's gold and silver production is already worth millions of dollars a year it will remain only a profitable sideline earner. It's a uranium and copper mine we're really talking about.

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What makes a remote mining township tick?

One can't sensibly turn to Andamooka to describe this because the mere fact that it still exists defies all civic logic – much as the flight of a bumble bee defies the aeronautical science which proves it can't fly.

We must turn therefore to Roxby Downs which is completely owned by BHP Billiton under the terms of its Indenture to the South Australian Government. The town has no conventional municipal council but is run by an official administrator appointed by the Government and BHP Billiton.

The current incumbent of this potentially dictatorial office is Mr Bill Boehm, a professional public service executive who's been in the job for 13 years. He loves it and the fact that the town apparently unanimously loves him, does exactly what he tells it, and is a model community says all about his management style.

Plus the fact that he wouldn't be in the job all that time if the stakeholders didn't have confidence in the job he's doing.

He answers directly to BHP Billiton and the South Australian Government. The town's council is appointed by the administrator with a focus on community development as a major activity. His role allows much greater scrutiny than might be exerted in the traditional elected mayor-council arrangement.



Roxby Central, the town's only shopping centre.



Bill Boehm, administrator of Roxby Downs

When he came to Roxby housing, education, and recreation were priorities with other major projects including to increase community activity, to establish an independent local newspaper, launch a local radio station, and build a community website.

"These projects have all been achieved and are now independent self-supporting operations," Boehm says.

"If they lead to everyone's average stay here extending from four years to five years, it will be a significant civic achievement. There is no apprenticeship to social acceptance here and the settlement was deliberately designed so all suburbs would be equal with managers living next to workers.

"Earnings here are not exceptionally high but equally the cost of living is lower than in many mining towns and work conditions are superior in many

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Main Street, Woomera, during rush hour!

ways with generous rosters at the mine. On their days off many families run private businesses such as carpet cleaners, hairdressers, and homeware retailing.

"The agreement between BHP-Billiton and the SA Government is that Roxby Downs is under the company's care and control with it using its best endeavours to care for non-employees who live or settle here."

With the town now gearing up to double its population to 9000, all design and infrastructure will be provided by BHP Billiton although the town's council, all of whose members are appointed by the administrator, needs to approve all the plans.

Revenue from household rates helps to provide the town's essential services and any shortfall is shared between the mine company and the SA Government.

Bill Boehm says: "We have a world class mine so we need to have a world-class town. This is a special place where thousands of men and women gain experience that's valued around the world."

BHP Billiton appears to be a generous if autocratic landlord. A recent donation of $1.295 million to install lights on the sports ground is just one of its very many donations to local lifestyle.

Its houses are two, three, and four-bedroom and mostly prefabricated off-site for local businesses to fit-out and landscape on-site. BHP-Billiton controls the property market by limiting new homes to match its current labour needs. The houses can be bought by its employees with a few for purchase by private individuals deemed desirable additions to the town's infrastructure. In such a tightly controlled market there is no opportunity for speculators although 80 per cent of property is now privately owned.

Olympic Dam may not be the highest-paid mine in Australia but there are compensations for that. Undergraduate trainees begin on $70-$80,000 a year and it's common for 20-year-olds to be able to buy a home. Prices range between $390,000 (weatherboard) and $800,000 (brick) with four-bedroom homes having sold recently for as little as $470,000.

The company has just released 107 new houses. Despite that, the property situation is dire with retail workers, for example, who aren't connected with the mine and don't have large salaries having to live in shared accommodation if they can find it. "Annexes" which are really a self-contained lean-to are not uncommon and are described sometimes unkindly as "dongas".

Virtually nothing is available to rent and the going price is about $700 a week, cheap perhaps compared to the $1200 at, say, Port Hedland where a view of the ocean is thrown in.

And that's about the only smirch on Roxby Downs' paradise factor although, according to some dissidents, Friday night at the town pub is known as Fight Night and it seems to be a significant social attraction for would-be combatants and spectators alike.

Overall, however, the town exactly fits Bill Boehm's aspirations for it as a happy as well as prosperous community. "It's so sociable here, it's ridiculous," one young woman says. Young men are less convinced and complain that there's a shortage of single women.

Compared to Roxby Downs, Andamooka is a forgotten town beyond the pale. Outside the incorporated areas of South Australia and its governing body, the Outback Communities Authority, it is unable to charge rates to upgrade what little infrastructure the shambolic hamlet has.

Somehow the settlement slipped through the net of civilisation in the course of 80 years of people digging for opal anywhere they liked – in their back yard, in your back yard – and building temporary homes nearby. The local cemetery shows that many lived into their 60s and ended up staying for eternity.

Now the South Australian Government is making noises like "My goodness, you're there" and is making plans to send paid government officials to run the place. One can imagine a handful of clean-cut young lads arriving full of official vigour then deciding to do a bit of digging in their spare time, selling a chunk of opal now and then over the years, gradually becoming cream-coloured like everything else in town before joining the ranks of dearly beloveds on the cream-coloured hill.

Just how one would acquire a beloved in a place like Andamooka is the riddle of the archipelago.

Andamooka relies on BHP Billiton to supply water from its Olympic Dam desalination plant. That water is piped in and distributed by truck to residents, who are at times left dry. The population would like the mining company to do more but the miner points out that Roxby Downs, not Andamooka, is its host community and home to most of its workforce.

It told a recent government inquiry: "The best option for Andamooka is to seek an agreement with the state government to become part of a local government area where they can get funding before they look to the company as a panacea."

That seems to have happened because the town has since elected an Andamooka Town Management Committee to draft a proposal to introduce a community contribution scheme, similar to council rates, to fund infrastructure and services. Imagine how that'll go down in a community that preferred to live in squalor for almost 100 years rather than spend a cent on civic affairs!

WOOMERA: Once the town of every space cadet's dreams today is now a ghost town albeit perfectly maintained.

But for what is it maintained? - Ostensibly to house visiting scientists observing the infrequent launches of space vehicles. A thousand scientists is a lot of people with specs and beards and they stay only a few weeks and go nowhere near filling a town that at its peak housed 6000 people.

Just such a space launch is scheduled exactly a year from now. Scramjet-1 is a 1.8-metre spacecraft that will be rocketed to an altitude of 34 kilometres and radio its scientific findings to earth before hurtling down to break apart on re-entry and send its bits crashing into the surrounding desert.



Heath-robinson contraptions such as this and an overturned caravan complete with teddy bears and kids toys litter the roadside at Andamooka.

One must hope that Woomera has a better future than just picking up the pieces and waiting for the next lot. And it seems extremely likely that it has.

Its surrounding countryside is still a prohibited military area; there are roads where you don't get far without being ordered to turn back- there are even special turning bays to help you do just that. But it will soon be opened up for mining and some $35 billion-worth of iron ore, gold and uranium are expected to be developed around there within the next 10 years. Some even talk of it being the site of another Olympic Dam-sized mine.

Certainly at only 100 km from Roxby Downs, less than an hour's drive on the perfect link road, it would be a perfect dormitory suburb for Olympic workers prepared to accept the daily drive. Perfect, but only in the short term if/until the mirage of Carrapateena materialises.

In the meantime its 147 residents, like Roxby Downs' 4500 and Andamooka's 400, live happily ever after with a lifestyle with little or no resemblance to the outside world. Ideal really and strongly reminiscent of Truman Burbank's life until that something happened ...



Rocket Park is Woomera's major tourist attraction with a huge collection of missiles from its space heyday.

Here's what it will take to build the dream

By ARCHIE BAYVEL

Even if nothing else happens in The Archipelago Of Dreams apart from the development of Olympic Dam that little bit of Australia is never going to be the same again. And the same goes for the P&L pages of BHP Billiton's Australia operation.

Contemplate this: In 2011 Olympic Dam's underground mine produced 194,100 tonnes of copper, 4,045 tonnes of uranium oxide, 111,368 ounces of refined gold and 982,000 ounces of refined silver. When its giant new, kilometre-deep pit has been dug out it will have an eventual target annual output of 750,000 tonnes of copper, 19,000 tonnes of uranium, 800,000 ounces of gold and 2 million ounces of silver.

The infrastructure needed to build the mine, far less keep it running, will impact the whole of South Australia and the Northern Territory requiring as it will:

- Vast new water supplies both for the industrial process and for human consumption. Current mine water demand is 12 billion litres p.a. which comes from the Great Artesian Basin. An additional 44 billion litres p.a. will come from a desalination plant to be built at Port Bonython and piped north to the mine.
- New roads to transport new machinery from Southern Ocean ports to the mine site, 560 kilometres inland. The next 10 years will see some 11,500 over-dimensional loads between Port Augusta and Olympic Dam. Fifteen passing bays on the Stuart Highway and the Olympic Way give non-mine drivers the comfort of knowing that any delays are not predicted to last longer than 45 minutes. That may, of course, seem longer to caravan-loads of grey nomads trapped on a 45 °C day.
- A new port near Port Augusta to handle 280 equipment-supply vessels over the first seven years of construction.
- A new 105-kilometre rail link to connect Olympic Dam to the Adelaide-to-Darwin railway at Pimba. Predicted traffic is two trains each day between Port Adelaide and Olympic Dam and one train a day between Olympic Dam and Darwin.
- Large new facilities – sheds, loaders and unloaders - at Port Adelaide and at Darwin's East Arm port to handle both import and export traffic.
- Expansion of Roxby Downs' present airport or construction of a completely new one to handle international Boeing-737-size planes 24/7.
- A leap in Australia's diesel consumption by 70 per cent over the next four years to keep all the new machinery running. Clearing that giant, 3 cubic kilometre hole in the ground and scattering its 100 million tonnes of waste will use 6.6 million tonnes of diesel alone over four years.
- Construction of a new electricity power generator to keep the lights on not just at the mine itself but throughout the archipelago. This means either a transmission line from Port Augusta or/and a gas pipeline from Moomba, in Queensland, to Olympic Dam.
- Increasing the size and admin of Roxby Downs from just under 5000 people to 9000 PLUS building the nearby 10,000-denizen temporary town of Hiltaba to house the construction workers.

Imagine if you were an industry manager given the task of co-ordinating all that. It's so vast and complex that accomplishing it would probably be the crowning achievement of your career. You'd be a big wheel by any standards. It gives a good idea of the size of the BHP Billiton organisation that, despite all that, you'd just be a barely visible cog in its vast admin machine. And you wouldn't be within cooee of digging an ounce of ore which is, after all, the sole reason for any of it existing!

South Australia's Mining Pipeline
January 2012



MAJOR MINES

1. *Olympic Dam (Cu-U-Au-Ag)
2. #Challenger (Au)
3. Beverley (U_3O_8)
4. *Middleback Ranges (Iron Ore)
5. Leigh Creek (Coal)
6. *Malu (Prominent Hill Open Cut) (Cu-Au)
7. *Angas (Pb-Zn)
8. *Honeymoon (U_3O_8)
9. Jacinth-Ambrosia (HM)
10. Beltana (Zn)
11. White Dam (Au)
12. Cairn Hill (Fe_2O_3)
13. Iron Chieftain (Iron Ore)
14. Ankata (Prominent Hill Underground) (Cu-Au)
15. Kanmantoo (Cu, Au, Ag)
16. Beverley North (U_3O_8)
17. Peculiar Knob (Fe_2O_3)
18. *Wilgerup (Fe_2O_3)
19. Wilcherry Hill (Fe_3O_4)

* PACE Co-funded # Mine expansion

ADVANCED PROJECTS

*Arckaringa (CTL)
Beverley South (U_3O_8)
*Bird-in-Hand (Au)
Bramfield (Fe_2O_3)
*Carrapateena(Cu-Au)
Clinton (CTL)
Crocker Well (U_3O_8)
Flinders-Reliance (Zn)
*Four-Mile (U_3O_8)
FuturGas (CTL)
Gum Flat (Fe_2O_3)
Hawks Nest (Fe_2O_3)
Hillside (Cu, Au)
*Kalkaroo (Cu-Au-Mo)
*Menninnie Dam (Pb-Zn-Ag)
Mutooroo (Cu-Co)
Mutooroo (Fe_2O_3)
Oban (U_3O_8)
Olympic Dam Expansion (Cu-U-Au-Ag)
Poochera (Kaolin)
*Portia (Au)
Project Magnet Phase 2 (Fe_2O_3)
Razorback (Fe_3O_4)
*Samphire (U_3O_8)
Tripitaka (HM)
*Tunkillia (Au, Ag)
Warramboo (Fe_3O_4)

* PACE Co-funded

PROSPECTS

Acropolis (Cu-U-Au-Ag)
*Alvey (Pt, Pd)
*Aphrodite (U_3O_8)
Aristotle (Zn)
Armchair (U_3O_8)
Aroona 2 (Zn, Pb)
Atacama (HM)
*Baggy Green (Au)
Bagot Well (Cu)
Bald Hill Iron (Fe)
*Barns (Au)
*Barton West (HM)
Becaroo (U_3O_8, REE)
Big Lake 20 (U_3O_8)
Big Lake 28 (U_3O_8)
*Black Hills (Au)
Blanchewater (U_3O_8)
Blinman (Cu)
*Blue Rose (Cu, Au)
Bungalow (Fe_3O_4)
Burra (Cu)
Carrow (Fe)
*Claude Hills (Ni)
*Coolybring (Fe_3O_4)
Deloraine (Au)
*Dromedary (HM)
*Emmie Bluff (Cu)
Emmie North (Cu)
Eurelia (Diamonds)
Eurinilla Dome (Cu, Au)
Flinders Island (Diamond)
Giffen Well (Fe_2O_3)
Glenrae (IOCG)
Golf Bore (Au)
Goulds Dam (U_3O_8)
Greenpatch (Fe_3O_4)
*Hercules (Fe_3O_4)
Hicks Hill (Fe)
Jamieson Tank (Mn)
Junction Dam (U_3O_8)
*Jungle Dam (Ag, Au, Fe)
*Kangaroo Dam (Pt, Pd, Au)
Kenmore II (Ni, Cu)
Kopi (Fe)
Lady Jane (Au)
Lilydale (Fe)
Lock (Coal)
Mainwood (Au)
Malache (Zn, Pb)
Maldorky (Fe)
Melton (Cu, Au)
Minbrie (Fe)
Miranda (Cu)
Mojave (HM)
*Mongolata (Au)
Monsoon (Au)
*Moonta (Cu)
Moorilyanna (Cu)
Mount Brady (Fe, Cu, REE)
*Mount Caroline (Ni, Cu, Pt, Pd)
Mount Christie Siding (Cr_2O_3)
Mount Cora (Fe)
Mount Davies (Ni)
Mount Distance (U_3O_8)
*Mount Gunson (Cu, Co)
Mount Torrens (Cu-U-Au-Ag)
*Mount Woods (IOCGU)
Mulyungarie (U_3O_8)
Mutooroo Iron (Fe)
Netherleigh Park (Cu)
*Netley Hill (Cu, Mo)
North Kalkaroo (Cu, Au)
North Portia (Cu, Au)
Notrab (HM)
*Oakdale (Zn, Cu)
Parara (IOCGU)
Paris (Ag)
*Parkinson Dam (Ag, Zn, Cu, Au)
Pindari (Ni, Cr)
Pollinga (Mn)
Princess Royal (Cu)
*Prospect Hill (Sn)
*Pundinya (U_3O_8)
Punt Hill (Cu, Au)
Radium Hill (U_3O_8, Th, Ra)
Sequoia (Fe, U_3O_8)
Sheoak (Au, Ag)
Shylock (Cu, Au)
Skye (Au, Ag)
Snaefell (Fe)
Springfield (Diamond)
*Stuart (IOCGU)
Taurus (Pt, Pd, Cu)
Telephone Dam (Pb, Zn)
*Titan (Cu, Au)
Tomahawk/Tunkillia area 191 (Au)
Toondulya (Cu, Au)
Torrens South JV (Cu, Au)
Typhoon (Au)
Typhoon (HM)
Ultima Dam (Au, U_3O_8)
Victory (U_3O_8, REE)
*Vulcan (Cu, Au, U_3O_8)
Weednanna (Pb, Zn, Ag, Cu, Au)
Wheal Ellen (Zn, Pb, Ag)
Willamulka (Cu, Au)
Willy Willy (HM)
Winjabbie East (Cu, REE)
Wirrda (Cu, Au)
*Yadglin (U_3O_8)
Yanyarrie (Ba)
Yarramba (U_3O_8)
Zeus (Cu, Ni)

PROSPECTS
Anomalous drillhole intersections, and encouraging geochemical and/or exploration results.

PROJECTS
JORC Resource. Possibly undertaking or have completed feasibility studies. Possibly progressing mine proposals, assessment and approvals stages.

MAJOR MINES
Operating or under construction.

204155-001

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Advertorial

From the AUSTRALIAN HYDROGRAPHIC SERVICE

Are you ready for compulsory electronic navigation charts?

An update from the Australian Hydrographic Service, Royal Australian Navy. What is ECDIS?

In 2009, the International Maritime Organization (IMO) approved amendments to the International Convention for the Safety of Life at Sea (SOLAS) whereby it will be compulsory to fit Electronic Chart Display Information System (ECDIS). The amendment to SOLAS means that all large passenger, tanker and cargo ships will be obliged to fit ECDIS on a rolling timetable that begins in July 2012.

In order to meet these timelines, it is critical that owners and operators seriously reflect on what this means for their fleets. Whilst ECDIS can offer safety and efficiency improvements when used by suitably trained operators, it is by no means a 'set and forget' bridge tool. Transitioning to ECDIS will require owners and operators to seriously consider the implications of the new carriage requirements. One of the most important is the completion of IMO generic ECDIS training then type-specific system training so that ships' officers are able to fully understand the capabilities and limitations of ECDS and ENCs.

YOUR CHECKLIST - When you develop an ECDIS implementation strategy, be sure to include these factors:

- Find out when each different ship is required to carry ECDIS.

  Timeline varies from newbuild and existing vessels.

- Decide on a dual or single ECDIS. IMO standards require all ships provide a backup option in case of system failure - either a second ECDIS (dual) or a paper chart portfolio (single). At least one major tanker fleet is being fitted with triple systems as the hardware costs are significantly outweighed by the ability to continue the full voyage with full (primary and secondary) systems still in place.

- Ensure that your Electronic Navigational Charts are official and compliant and apply the latest Notices to Mariners (NtMs). Updates to AusENCs contain all Permanent, Temporary and Preliminary NtMs, so mariners only need to load the latest updates to keep their ENCs current. Also ensure you have Raster Navigational Charts (RNC) for areas where there are no ENCs. Note: Australian Hydrographic Service electronic products have new product branding and the products formerly known under the "Seafarer" logo - RNC, Tides, Viewer, GeoTIFF - have changed name to align with the new AusENC product under the "Australian Hydrographic Service" logo. The new names are AusRNC, AusTides, AusChartviewer and AusGeoTIFF. The Australian Hydrographic Service, part of the Royal Australian Navy, is the only producer of official Australian ENCs and has more than 800 ENCs available, covering all Australian and PNG ports and trade routes.

- Train your crew with generic ECDIS and type-specific training. Ensure you are able to satisfy Government and any independent audit authorities that your crews are competent in the use of ECDIS to maintain safety of navigation.

- Paperwork - Obtain Letter of Equivalency from your Flag State, ensure the ECDIS Type-Approval Certificate is accepted, and talk to your insurance agency to see if they have specific requirements.

- Demonstrate compliance for Port Authorities through physical demonstrations of crew competency, and of onboard safety management systems.

- Conduct a full analysis of how ECDIS will change your modes of operating onshore and re-write your company's safety management system.

- Don't delay, start today! Training and certification can take up to three months.

For more information visit www.hydro.gov.au for the S-66 "Facts about Electronic Charts and Carriage Requirements" approved by the International Hydrographic Organization.

Australian Government
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AUSTRALIAN HYDROGRAPHIC SERVICE



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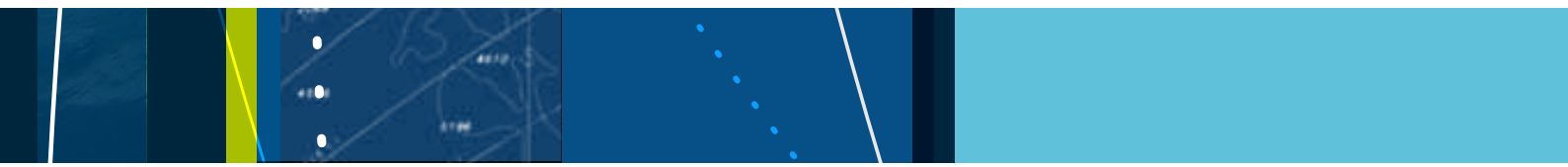
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NAVY

It's the people who stand out and here's what they had to say in our big stories of the year

By ARCHIE BAYVEL

Looking back on the past year it is some of the things people have said in our stories as much as what they've actually done that sticks in the mind. For example:

- "*Only when we can say that everyone is comfortable can we say that India's living standards have risen.*" - Captain Barrington Fernandes, process improvement manager at DP World's Nhava Shiva International Container Terminal, in Mumbai.
- "*I don't have a career. I have a job with great responsibility not just to our passengers but also to the 13,000 people who work for MSC Cruises. That means 13,000 families depend on us. I just work. It never stops and my greatest luxury is to find time with my family.*" - Pierfrancesco Vago, now world head of MSC Cruises whose father pulled him out of Cambridge University and set him to work because he was enjoying uni too much.
- "*I don't blame you for not understanding what I've told you; I've had a dozen men with years of cotton farming experience sit around this same kitchen table and they don't get it either.*" – Bill Willis of Bullamon Plains, a big cotton farmer famous up Moonie River way, graciously excusing an inability to understand details of his new 1000-acre irrigation scheme that will have come into production this season adding to his existing 4500 acres under cotton.
- "*We came originally from Kenmore, a little fishing village in County Kerry, Ireland. I went there recently and as the plane banked over the green country I burst into tears. I couldn't stop. I just wept and wept and wept! I'd found how our aborigines feel about their land.*" - Donna Stewart, mayor of the Balonne Shire and civic queen of St George township in Queensland's part of The Riverland.
- "*Our yellowtail kingfish have enteritis, an infection of their intestines.*" – Craig Foster, CEO of Clean Seas, the beleaguered Port Lincoln fisheries company whose world-first captive breeding of southern blue-finned tuna saw its first-born fingerlings die from bashing their heads against the sides of their tank.



Donna Stewart, mayor of Balonne Shire



Pierfrancesco Vago, head of MSC Cruises

- "*Economic growth, believe it or not, is tracking a little above the long-term trend rate. And that's why there is reason to be confident about our economic future ... Overall it's good news. We have a relatively strong economy compared with the rest of the world.*" – Sean Aylmer writing in the Sydney Morning Herald on February 12.

FROM MUMBAI we reported on the super efficiency of DP World's Nhava Shiva International Container terminal and its MD, Alpesh Sharma. Just one of Mumbai's three terminals, it was shifting 1.8 million teu back in June, heaven only knows what that's up to now.

But it's Barrie Fernandes' comment that lingers top of mind...words that should be printed in large letters, framed and hung on a wall facing every economist. Because the truth is that while many more Indians now acquire cars and consumer goods, the people of the streets are everywhere. Their home a tarpaulin lean-to or even just a blanket.

Wherever one goes in tourist Mumbai what one sees is a mirage ... grand buildings, wide boulevards, green parks. Yet as close as the nearest back street lies the truth in mountains of rubbish, building debris, empty black and condemned buildings, crowded black and condemned buildings and neighbours who ...

People who die in the open have a distinctive way of lying on the ground: crumpled like a discarded bag of garbage and that's what thousands of the neighbours look like. Except, to parody Monty Python's recumbent parrot, they are only sleeping. Their standard of living rises dramatically every year the monsoon ends and the rain stops drenching their blankets. Then the rains come again and it's not so good for them again.

Then there was the night the bombs went off and the experience of being in a city that had already experienced one devastating terrorist attack ... The thoroughness and extent of the measures to prevent it happening again: High gates to the hotel grounds swinging shut, stout bollards rising out of the ground to prevent any vehicle moving in or out, the cordon of security guards surrounding the building, and the extensive personal searches of every visitor.

IN GENEVA, so much of what Pierfrancesco Vago had to say defined new ways of thinking about the international cruise industry. He believes that it faces such a strong future that it will prosper even during downturns.

Most importantly for us he predicted that the arrival of MSC cruise vessels in Australian waters was not a matter of "if" but rather of "when".

And the interview with Vago led on to St Nazaire, once home port to Germany's fleet of submarine raiders. Today it's home to the vast STX shipyard, the biggest in Europe, and the mysterious giant liner, the X32, that is abuilding there for an as-yet unknown owner.

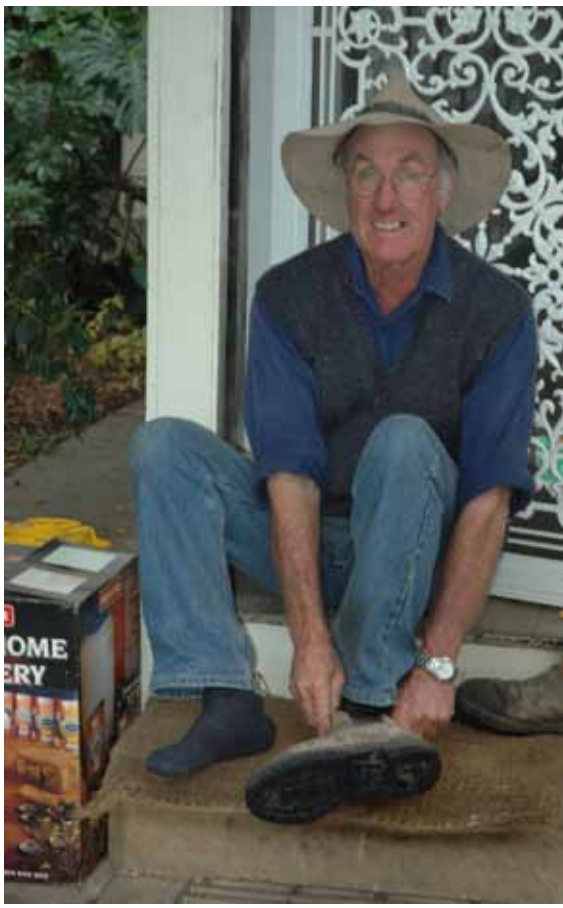
UP THE MOONIE RIVER at Bullamon Plains is about as far from Geneva and St Nazaire as imagination can take you. But it's at the heart of The NSW Riverland where Australia's cotton industry is booming even as you read this.

With a record crop of more than 4 million bales last year, this season's coming harvest is expected to exceed that by a million bales. Great news for the industry, even better news for the Bill Willis' of the world who are seeing their bank balances topped up in line with their lake-sized dams.

Hovering in the background of their prosperity, however, is the question of how much of The Riverland's water can be diverted from the cotton industry to revive the dying Darling and Murray rivers. The Murray-Darling Basin Authority continues its endless deliberations with its main job so far as growers are concerned being to set the amount of water they can draw off for irrigation.

It seems that the irrigation take-off has to be reduced by at least 3-4000 gigalitres (a gigalitre equals 20 Beijing Olympic swimming pools) to give the Murray as well as the Darling half-a chance of surviving with viable ecosystems containing plants, fish and running water.

AT ST GEORGE, capital of Queensland's part of The Riverland, Donna Stewart and her electorate are currently battling floods caused by the tremendous recent La Niña rains. With all the massive projects afoot in Australia right now one wonders how long it will take to



Bill Willis, cotton farmer

come to grips with the too-much-water years.

IN PORT LINCOLN, the little city on The Bight with its population of fishing millionaires, when we first reported from there the fish world was agog with the news of tuna millionaire Hagen Stehr's plans to breed southern bluefin on shore. It was even more agog when it turned out he'd actually build the scientific infrastructure to do it.

Hagen himself travelled the world spruiking his plan and the progress it had made. His Clean Seas Tuna company went public to fund the project and investors poured in to what seemed a well-thought, well-executed experiment that would soon make tuna quotas unnecessary.

Soon after that the first fingerlings hatched; soon after that they began to die from a variety of reasons, not all of which are understood even now. To date no land-bred tuna have lived long enough to even approach the $50,000 price a great fish can fetch on the Japanese market.

Miraculously however the project continues and fishermen and scientists all over the world watch with interest.

IN BRIDGE OF ALLAN, a tiny Brigadoon-like village on the fringe of the Scottish Highlands, an exhausted tennis player is curious about his recent opponent's Australian connections. "I don't suppose," he asks, " you'd know a bloke called Hagen Stehr?" The tennis player is a fisheries research fellow at nearby Stirling University. The Clean Seas legend has reached even there.

The extraordinary decline of Scotland, its vast new underclass of people held together by the dole, lavish medical services, innumerable aluminium appliances and prosthetics provided by these services, and a native cunning based on "you'd never guess what I've just got for free."

IN EDINBURGH, the most astonishing information in the



Bert Easthope, MD of Genesee & Wyoming

The wash away of the Adelaide-Darwin line at Edith River, some 80 km north of Katherine

course of researching Scotland's current shipbuilding status was that its world-famous Forth Road Bridge is falling apart. Built in 1964 to last 120 years, it is expected to be little more than a bicycle track by 2016 and to be closed even to that as early as 2020! Its suspension wires are giving way in what must surely be the greatest construction scandal in Scottish history since the collapse of the Tay Railway Bridge in 1879.

A new road bridge – The Forth Crossing – is already under construction for a tendered price of £790 million, well below the original estimate of £1.2 billion. Sounds like a bargain as the Road Bridge tender probably did too at the time. Alas, it has resulted in a product whose life is now predicted to be over 80 years too early. The Forth Rail Bridge, built in 1890, still stands with around 200 trains crossing it every day.

BACK IN SYDNEY, Sean Aylmer cuts to the real chase when summarising the state of the economy back home in Australia. It confirms this writer's personal on-the-spot observations that the country is booming with the real industries rock solid and with full order books. The fact that financial services industries are having the vapours should be of no concern to real people although I doubt that Aylmer would necessarily endorse that opinion.

Do you remember FreightLink, founding operator of the Adelaide-to-Darwin railway? While the name has long-since gone the railway itself is going strong under the name of its new owners Genesee & Wyoming who bought it in late 2010 for $334 million, a bargain price considering it had cost $1.38 billion to build.

Just a few weeks back the world's biggest investor in resources – Blackrock, the international funds manager - just doubled its shareholding in Genesee & Wyoming. Reason for the plunge is that the Adelaide-to-Darwin railway is the planned route for ore exports from Olympic Dam, the world's biggest mine. When the mine's new open-cut operation hits its straps around 2019 it will send a daily trainload of copper and uranium products up the line to Darwin for export.

Bert Easthope, Genesee and Wyoming's MD in Australia says: "Over the past 12 months we've invested heavily in the north-south corridor. We've bought seven new locomotives, five of which have been delivered and the other two will arrive next month.

"We've also invested in the track and the terminals at Alice Springs and Darwin, previously run for us by Pacific National, have been brought in-house. We've also purchased three new heavy container lifters.

"We're still growing; partly incremental, partly from new business as new mines open and come into production. Our container traffic continues to be predicated on supplying Darwin."

It doesn't seem all that long ago since many shipping people nodded wisely as they said the north-south railway would never fly!



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TREASURY WINE ESTATES

Welcome to Treasury Wine Estates

Treasury Wine Estates (TWE) is a unique global wine company with a leading international portfolio of new world wines.

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With over 11,000 hectares of vineyards, sales totalling over 33 million cases of wine annually, and revenues of about AU$1.8 billion, TWE employs more than 3,500 winemakers, viticulturists, sales, distribution and support staff across 12 countries.



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AGRICULTURAL COMMODITIES



Falling prices and heightened volatility are expected through this year

By MICHAEL CREED, economist – agribusiness, National Australia Bank

Prices for agricultural commodities managed to outperform most other asset classes during 2011. A combination of factors, such as extreme weather conditions, export restrictions, high oil prices and ongoing developing economy demand saw stocks of most agricultural commodities hit critically low levels.

Reflecting these developments, global food prices surged, with the UN FAO Food Price Index hitting record levels in early 2011. Since then prices have generally been pulling back as the global response begins to materialise. Yet the maxim that agricultural commodity prices take the elevator up and the stairs down holds. It took just 10 months for prices to break through from their decade average to their peak. Based on current production and macroeconomic projections, it is likely to take around two years for prices to fall from their peak back to levels consistent with their long-run trend.

Looking ahead, a gradual decline in prices is how we generally expect the agricultural commodity story to play out. A massive production response to high prices in early-mid 2011 is well underway. Reflecting this, record acreage for a number of crops were sown, including corn, cotton and soybeans.

At the same time, record harvests are slowly being realised, with recent USDA estimates suggesting record global harvests for corn, cotton and wheat. While the production response is hugely important, it is the stocks situation that matters most for prices. Consumption of agricultural commodities is also increasing, buoyed by ongoing (albeit weaker) growth in per capita incomes in the developing world. This implies that stocks levels of a number of agricultural commodities are still expected to remain relatively tight through 2012, despite record production levels.

At the same time, risk is ever present on the weather front. Already this is the second consecutive year in which we have experienced a La Niña event and although it was considerably weaker than last year's, it is still causing problems in South America. Similarly, the northern hemisphere winter crop is currently in its dormancy phase, implying that a lot of unknowns are likely to persist for grains markets, while livestock flocks and herds have been vulnerable in some key exporters.

With some of these concerns evident and still historically low stocks levels, volatility in prices is likely to persist. Generally speaking, when stocks are low, price sensitivity to weather events tends to be elevated. Outside markets are also likely to spur additional volatility.

A recession in the Euro-zone is pencilled in by most analysts (NAB included) and a poor run of macroeconomic data releases could fuel further bearish sentiment. Similarly, conditions in the United Kingdom have been deteriorating, thereby increasing chances of recession there, while economic growth in China has slowed.

The big risk for prices from the macroeconomic front is if conditions in Europe spill over to the rest of the world, particularly the big developing economies, which have generally provided price support.

By commodity, livestock prices are set to remain fairly strong through 2012. In Australia, despite a high AUD, the Japanese nuclear disaster and disruptions to live exports, cattle prices managed to increase more than 12 per cent in 2011. While we expect prices to fall, they should stabilise at a relatively high level.

Global beef production is set to decline for a fifth consecutive year in 2012, while the United States' cattle herd is currently at its lowest level in 60 years. This bodes extremely well for exporters, where we see a solid rise in export demand just as the Australian cattle herd expansion is well and truly entrenched.

Similarly, lamb prices are likely to be buoyed by solid export demand through 2012. Two key markets to watch will be China, which accounted for four-fifths of the growth in Australian exports in 2011, and the United States, which will need to import more Australian lamb to meet domestic requirements. Despite this, prices are likely to fall as an increased Australian flock sees more offerings at saleyards. However, they should settle at a relatively high level underpinned by tightening global flocks and a solid export pace.

Dairy prices appear to be on a downward trajectory on the back of rising global production in response to high prices in 2011. According to recent statistics, milk production among the major exporters has performed solidly so far this season, with increases in New Zealand, Europe, the United States and Australia. However, much of this increased production is likely to be absorbed through increasing demand.

The recent New Zealand-China Free Trade Agreement is likely to boost Chinese demand for New Zealand milk powder. According to the agreement, the first 115,473 tonnes of milk powder will attract a tariff of 5.8 per cent instead of the usual 10 per cent. Further support is also likely to be provided by increased Russian imports of cheese and butter, as increased Russian dairy production so far has been largely in fluid milk and milk powders. Indian and Indonesian demand should also help provide some support. Nonetheless, the global market does appear well supplied so this should point to a lower season-average price this year.

Prices for fibres continue to be supported by a very tight supply situation. Cotton prices still sit well above normal levels as the acreage response from prices above 200 USc/lb was not sufficient to restore the stocks situation to more normal levels. Similarly, Chinese State Reserve buying has added additional support to the market.

Looking ahead, it appears that prices are likely to weaken given the global production outlook although we see some near-term upside risk. Should China actually ship its recent export purchases from the United States, the stocks situation there could get particularly tight. Similarly, some concerns have been raised around the crop in Maharashtra, due to the relatively slow pace of deliveries.

Nonetheless, global stocks are set to be added to this year and considerable downside risk is evident, as fibres tend to be a little more responsive to macroeconomic ructions than other commodities. Similarly, wool prices are also likely to weaken through the year as weak retail sales of clothing in the big developed economies holds down demand growth. While some of this is likely to be offset by rising Chinese demand, conditions still point to weaker wool demand through the year.

However, global stocks of raw wool and greasy wool are extremely tight, and the production response to high prices has been weak at best. To us, this suggests that prices are likely to weaken a little further and then settle at a relatively high level.

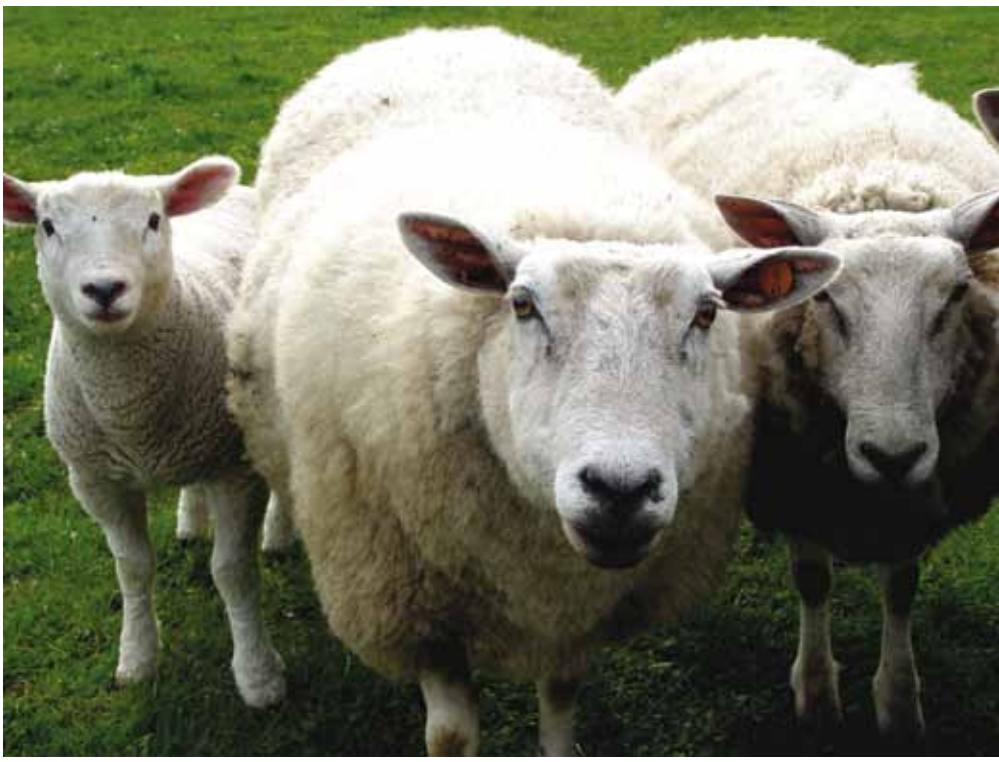
Prices for grains have begun 2012 on a positive note, with concerns being raised about the South American corn and soybean crops. Mounting concerns surrounding the northern hemisphere winter crop, where much colder than normal temperatures have restricted exports from some key ports and have caused concerns around winter kill, providing some support to wheat prices recently.

Much of the movement in wheat prices is likely to continue to be driven by movements in corn prices. With the corn market still tight, demand for feed wheat in Asia is likely to lift, therefore supporting wheat prices and offering some respite to Australian producers sitting on considerable stocks of feed wheat.

On balance, however, the global wheat market appears well supplied, with increasing stocks pointing to a lower average price this year. Similar to wheat, sugar prices are likely to be supported in the near term given current tightness in the physical market. However, most analysts are forecasting a surplus for 2012-13, which is conducive to a lower price environment although this does discount the risk to the production outlook and the potential for a rebuild in demand at lower price levels.

In a lower stocks environment, any news surrounding production prospects, particularly in Brazil, are likely to have a fairly large impact on prices.

When all the factors are taken together, however, the outlook for agricultural commodities in the year ahead is one of lower prices on average, with considerable bouts of volatility thrown up by weather and macroeconomic events.





ACCIDENT PREVENTION

Occupational health and safety performance in our shipping industry

By GERARD NEWMAN, director, Seacare Management Section, Seacare Authority

The Australian shipping industry is undergoing a process of dramatic change. The Australian Government's reform agenda to revitalise the Australian shipping industry and other related policy reforms mean that the industry is facing a perfect storm of change and renewal. During this time of change it is important for the industry not to lose sight of its responsibilities for the health and welfare of the people without whom the industry would not exist – Australian seafarers.

The Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority) is responsible for regulating the occupational health and safety of Australian seafarers. The Seacare Authority is assisted in this by the Australian Maritime Safety Authority (AMSA) which performs the OHS inspectorate for the Seacare scheme. The Seacare scheme covers seafarers employed on Australian registered vessels engaged on interstate or overseas voyages and on vessels engaged in the coastal trades and vessels declared under the Navigation Act 1912. In 2010-11, the Seacare scheme covered some 7100 seafarers employed on 250 vessels by 36 employers.

The Seacare Authority's legislative mandate is derived from the Occupational Health and Safety (Maritime Industry) Act 1993 (the OHS(MI) Act). The OHS(MI) Act imposes duties of care on operators of vessels in relation to their employees. The Seacare Authority is responsible for ensuring that the obligations imposed on employers and others under the OHS(MI) Act are complied with.

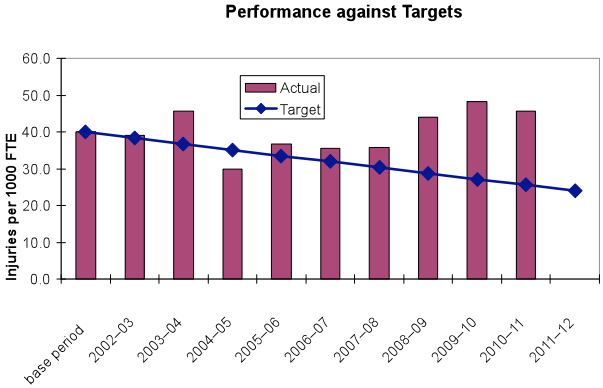
The task of improving the occupational health and safety performance of the Australian shipping industry faces many challenges. Not the least of which is the nature of the industry itself. Some of the distinguishing features of the industry from an OHS perspective are:

- The robust industrial relations environment of the industry,
- Workplace culture somewhat resistant to change,
- Can-do approach to risk taking
- Remote location of workforce,
- Continuous exposure to risk while on a vessel, and
- Ageing workforce.

While the above features of the industry present challenges to operators and employers they also present challenges to the bodies responsible for regulating the OHS performance of the industry.

The OHS challenge facing the shipping industry can be best illustrated by the performance of the scheme against National OHS Strategy targets.

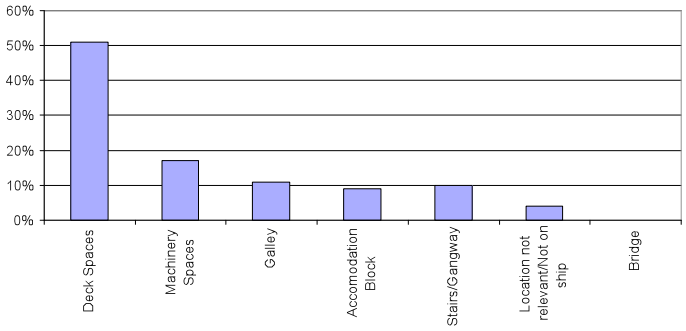
The Seacare scheme has not performed particularly well against injury prevention targets. In 2010-11, the scheme recorded an injury incidence rate of 45.7 (lost time injuries per 1000 full time equivalent employees) compared to a target rate of 25.5. With one year of the strategy remaining it is extremely unlikely that the Seacare scheme will meet the target of 23.9 by 2011-12. The lack of improvement in safety performance in the Seacare scheme remains a significant challenge to the Seacare Authority, AMSA and employers alike.



The Seacare Authority collects a range of statistical information on injuries to seafarers in the Seacare scheme. The data is primarily derived from workers' compensation claims lodged by injured seafarers with their employers. From this data source a wealth of information on the nature of injuries sustained by seafarers can be obtained. The following charts illustrate the location, cause, and nature of injuries sustained by seafarers that resulted in accepted workers' compensation claims in 2010-11.

In terms of the location on the vessel where injuries are most likely to occur, deck spaces are by far the most dangerous location with over 50 per cent of injuries occurring there. Other dangerous locations are machinery spaces followed by the galley and stairs and gangways. The bridge is the safest location on the vessel.

Injuries by Location on Vessel



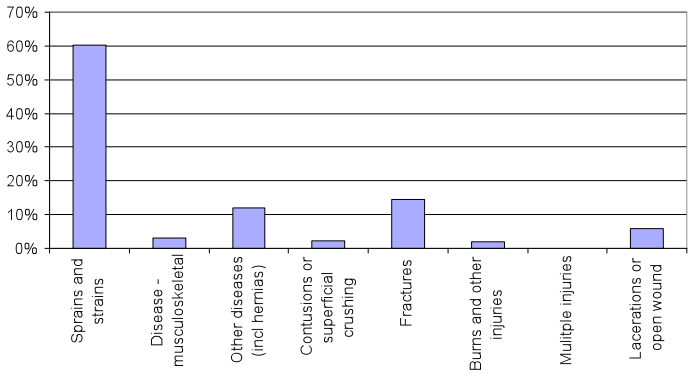
The underlying causes of any industrial accident are many and varied and are often not easily identified. One way to analyse the cause of an accident is to look for what is known as the mechanism of incident. The mechanism of incident attempts to identify the overall action, exposure or event that best describes the circumstances that resulted in the injury. The three most significant mechanisms of incident for injuries on vessels are body stressing (muscular stress resulting from lifting or being hit by objects), falls, slips and trips, and hitting or being hit by moving objects. Other mechanisms of incident (sound and pressure, heat, electricity and environmental factors, chemicals and biological factors and mental stress) are not significant as causes of accidents on vessels.

Injuries by Cause



Consistent with the most common causes of accidents, the most common nature of injury sustained by seafarers is sprains and strains (traumatic joint/ligament and muscle/tendon injury), which accounted for 60 per cent of the injuries

Injuries by Nature of Injury

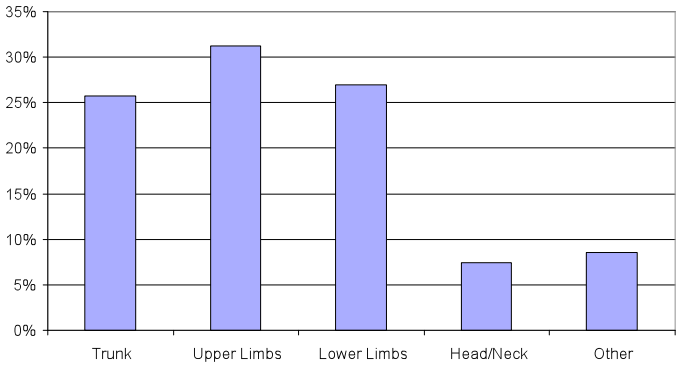


received in 2010-11. Other significant injuries received include fractures and other diseases (particularly hernias).

In terms of the part of the body most affected by injuries, the three most common locations are, upper limbs, trunk and lower limbs. Fortunately, the neck and head do not appear to be significant locations of injuries sustained in 2010-11.

The Seacare Authority publishes the above data and other information relating to workers' compensation claims and OHS incidents in its Annual Report as part of its statutory responsibility to publish information in relation to workers' compensation and OHS. In addition the injury data is used by the Authority to inform decision making on the need for

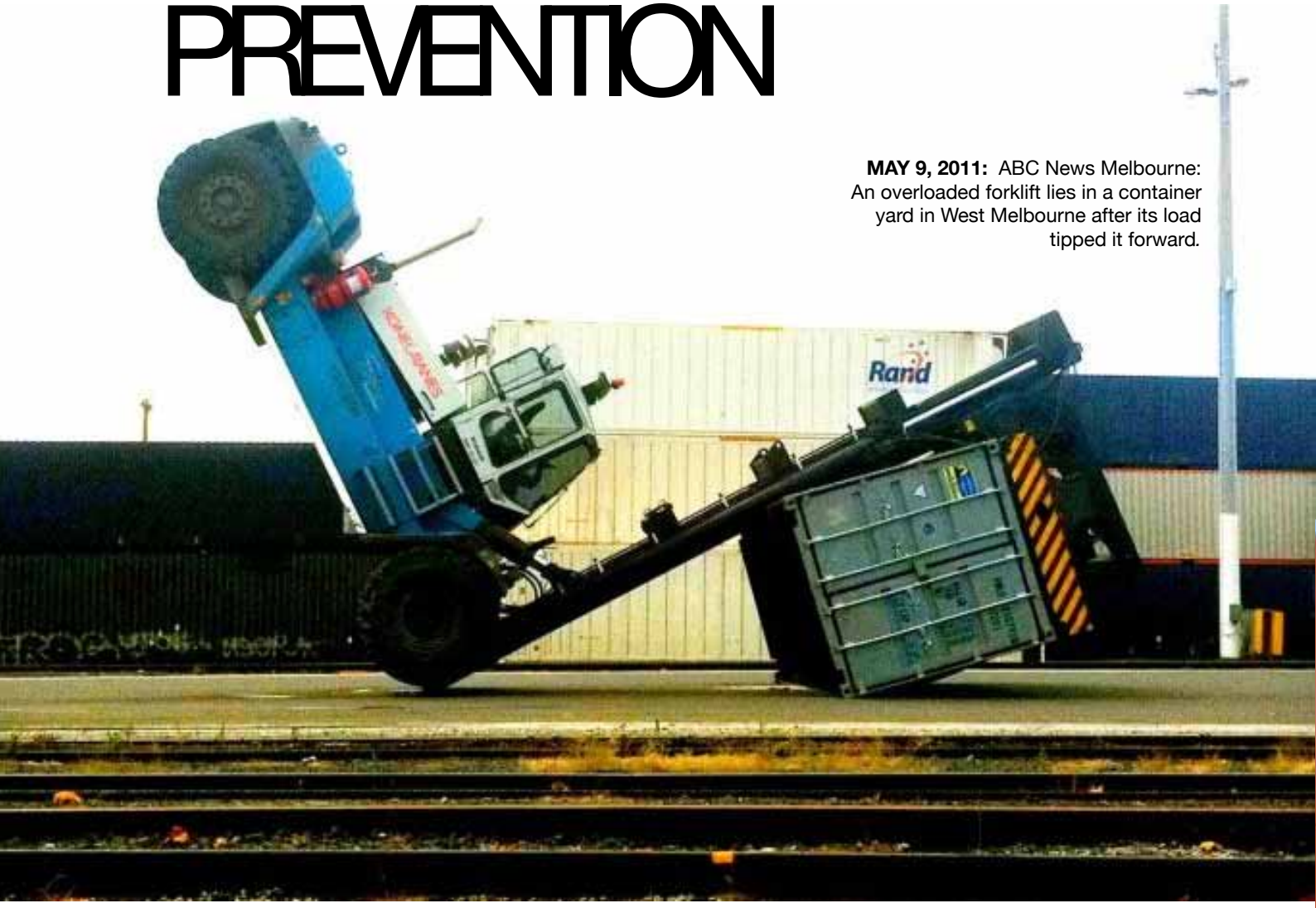
Injuries by Body Location



guidance material on workplace health and safety issues. The data is also used by AMSA to inform its decision making in regard to workplace inspections. The Seacare Authority has recently provided claims incidence data to employers in the scheme to enable them to compare their own injury performance against scheme benchmarks. Employers with a safety record that is significantly worse than the scheme as a whole have been asked to explain reasons for the difference and to provide details of any remedial actions to be undertaken to improve injury performance.

The Seacare Authority has recently adopted a strategic plan, Seacare 2015, to provide strategic direction for the scheme leading to 2015. A central feature of the plan is to reduce the incidence of workplace disease and injury in the Seacare scheme. In doing so, the Authority will not only improve the health and wellbeing of Australian seafarers but also contribute to improved efficiency in the Australian shipping industry by reducing the incidence of workplace injuries and the cost of workers' compensation insurance.

ACCIDENT PREVENTION



MAY 9, 2011: ABC News Melbourne: An overloaded forklift lies in a container yard in West Melbourne after its load tipped it forward.

Ports and Harbors joins campaign for weighing loaded containers

The International Association of Ports and Harbors has joined efforts to encourage the International Maritime Organisation to amend the Safety of Life at Sea Convention to require as a condition of stowing a container that the ship and the port facility have a verified weight of it.

The association represents some 230 ports in 90 countries and its members handle nearly 80 per cent of world container traffic.

Dr Geraldine Knatz, executive director of the Port of Los Angeles, said: "Weighing containers is the right operational and safety practice. There is substantial experience in the United States that this is feasible on a technological and commercial basis. It's time to make this global safety practice."

Torben Skaanild, secretary-general of BIMCO, said: "There is no sound reason to continue the wilful toleration of ignorance about containers' actual weights." BIMCO represents more than 120 countries with members drawn from a broad range of stakeholders including managers, brokers, and agents.

The World Shipping Council, the International Chamber of Shipping and BIMCO have already committed their support.

FEBRUARY 25, 2011: Longshore & Shipping News: 'Near miss' at Australian wharf as 28-tonne container falls. "The container that fell 12 metres and narrowly missed two workers was severely overloaded and the third accident this month at Darwin Port. Two workers at the Darwin Port had to run to avoid a shipping container crashing onto East Arm Wharf at the weekend, the Maritime Union of Australia says. The container was listed as four tonnes, but the Maritime Union says it weighed 28 tonnes and exceeded the crane's load limit."



JUNE 2011: Container ship *Deneb* in Algeciras:
The ship in this picture suffered a significant stability incident. A review after the incident found that out of the 168 containers on the load list, 16 – or roughly 1 out 10 - containers had actual weights far in excess of the declared weights. The actual weights exceeded the declared weight in a range from between 1.9 times as much as the declared weight to as much as 6.7 times the declared weight. The total, actual weight of these 16 containers was more than 278 tons above their total, declared weight of about 93 tons or 4 times higher than their declared weight.





FEBRUARY 2007: Container ship in Damietta: Container stack collapse due to stack overweight. The master's incident report to the authorities notes that: "Excessively heavy units loaded in the upper tiers and that the maximum stack weight had been exceeded considerably in some rows. The effect of the overweight units was to impose excessive forces on the lashings. Further, exceeding permissible weight distribution and/or exceeding the maximum stack weight in any stack, results in overstressed stowage/securing elements and overstressed containers". The actual container weights were established by the devices on the gantry crane when lifting and shifting the collapsed containers. The actual container weights exceeded the declared weights by 362% (Row 08), 393% (Row 06), 407% (Row 04) and 209% (Row 02) in Bay 52 where the collapse occurred.

JANUARY 2007: *MSC Napoli*
"About 660 containers stowed on deck, which had remained dry, were also weighed. The weights of 137 (20%) of these containers were more than 3 tonnes different from their declared weights. The largest difference was 20 tonnes, heavier than on the cargo manifest" (Source: "Report on the investigation of the structural failure of MSC Napoli", U.K. Marine Accident Investigation Branch, Report 9/208, April 2008, p.28)





STATE HAPPENINGS
NEW SOUTH WALES



The good, the bad and the indifferent

BILL RIZZI chairman of the NSW State Committee talks to a special correspondent

"Good, bad and indifferent things for cargo interests and ship owners and agents are happening in New South Wales," **Bill Rizzi says.**

The good things

After protracted negotiations there have been resolutions of the problems which beset the negotiations for new workplace agreements on the Port Botany and Port Kembla waterfronts.

The completion of the new rail lines in DP World's Port Botany terminal will greatly facilitate the movement of containers into and out of this terminal.

Hutchison Port Holdings has announced that contracts have been let for the supply of cargo working equipment and that their Port Botany terminal should become operational

in early 2013. Thanks to the efforts by those involved with PBLIS the average time for a truck movement (i.e. gate in to gate out) at the Port Botany terminals was 38 minutes for the month of January. There are signs that this figure can be maintained.

The bad things

Port productivity gained in 1998 has been lost. It's interesting to look at recent figures which show a decline in the crane rate of over 30 per hour to around 20/21 at the present time. This compares with a rate of 40 in Singapore. It's also interesting to compare costs. In Singapore the cost is about US$150 per lift whilst at Port Botany the cost is about US$350 per lift.

Bill says "I don't mind paying for an efficient service but I find it unacceptable to have third-world productivity. Unfortunately we have yet to find the answer to improved crane rates."

He is concerned about vessel delays due to structural work at the Patrick terminal. Old cranes are being dismantled and will be replaced by much more efficient units. Unfortunately this will reduce the number of berths available for the average-size container ships now calling at Port Botany from three to two for an uncertain period of time. It is not always possible for a vessel to be switched from Patrick to DP World so delays are on the cards and cargo interests need to be aware that there may well be times when Sydney cargo is discharged at another port.

Lack of understanding by cargo interests of laws covering the carriage of goods by sea and the Australian Competition and Consumer Act of 2010 is seen as a bad thing as it causes unnecessary friction between ship owners and their clients.

Bill says "It is realised that delays to ships mean delays to cargo. Whilst every effort will be made to minimise delays, cargo interests should make themselves aware of the Bill of Lading terms and conditions and make sure they have appropriate insurance cover should a force majeure situation develop."

The indifferent things

Cargo interests need to be aware that it is likely compulsory weighing of every import container to check axle weights on trucks will come into effect 1 April 2012. It has yet to be decided who will pay for the weighing service which will be provided by the stevedores. It has also yet to be decided what is to happen if the weight limit is exceeded.



Importers are encouraged to use more rail

The government target for rail movements is 30 per cent of the total flow. Bill does not see this being achieved for a long while unless importers start to use rail.

With regard to inland terminals Bill says "I believe much needs to be done to influence cargo interests to use inland terminals." He recommends that readers obtain a copy of the SAL Metropolitan Intermodal Terminal Study which is available on application to the secretariat.

Other things

Bill said that he considered the decision by the State Government not to release port land in Newcastle for development as a coal terminal was wise. "Although there is no immediate need for a container terminal in the port one never knows what is around the corner and there is always the need for breakbulk facilities," he went on to say.

The 2011/2012 cruise season is about over. It will end up being a record year for vessel calls at Sydney and successful visits were made to Newcastle. Shore excursions to the Hunter Valley vineyards and the Port Stephens area injected welcome cash flow into the Hunter region.

At the time of writing there is a ship alongside the Port Kembla coal loader, 12 ships at anchor awaiting the berth and others are on the way. Now that the industrial problems at the loader have been resolved it is expected that the vessel queue will be cleared by mid/end March.

Bill pointed out that much of the Sydney import container cargo ends up in the south west area at places such as Minto. The Government's intentions for the building of the Dombarton/Maldon rail line are being watched carefully in relation to the future potential of Port Kembla as the place of discharge for this cargo.

Behind the scenes changes to deliver better services

AQIS is now DAFF – Biosecurity

The Australian Quarantine and Inspection Service (AQIS) has changed its name to the Department of Agriculture, Fisheries and Forestry – Biosecurity (DAFF – Biosecurity). This represents an important change by the organisation away from just border protection and quarantine to embrace the management of biosecurity risks across the biosecurity continuum – offshore, at the border, and onshore. It has also been accompanied by changes to DAFF's organisational structure which integrates science, policy and operational aspects of biosecurity and aims to provide better service and delivery. For AQIS clients, the name change will not affect the authority under which audit, inspection and certification activities are conducted and you may continue to see AQIS used for some time while we transition as a department.

The department will also be working with trading partners during the transition period. Nothing is going to change immediately in our markets overseas. The integrity and reputation attached to Australian Government export certification is important to our trading partners. The new identity has the advantage of an unambiguous association with the Australian Government. Any changes we make will be implemented carefully and it may take some time before there are any material changes in overseas markets.



There have also been changes at a local level which will continue to improve the way we engage with industry and our understanding of the import cargo and shipping industry sectors. This includes establishment of a network of regional DAFF Biosecurity managers, and a Regional Stakeholder Engagement Calendar to coordinate and improve engagement with stakeholders in your region. This means DAFF Biosecurity officers will be working more closely with you to prevent avoidable biosecurity and administrative problems.

The issues you raise through DAFF Biosecurity staff and through our website will be prioritised and addressed at a local level for more routine operational issues, and at a national level for issues of broader concern and/or national impact. This will include referral of some issues to the DAFF Cargo Consultative Committee which was formerly known as the AQIS-Industry Cargo Consultative Committee (AICCC).

Together these changes will help industry and government build on our partnership to improve our approach to biosecurity together.

2012 priorities

In 2011 DAFF Biosecurity introduced a risk-based approach to shipping clearance so that not all vessels require physical inspection. This approach involves assessment of documents, data and history of vessels which DAFF calls Pratique Documentary Clearance (or PDC). Between July and December 2011, a total of 1,694 vessels were eligible for PDC which directly saved shipping lines over $420,000 in DAFF fees. Pre-arrival risk assessment has also helped avoid flow-on costs of any delays associated with inspections.

The move to PDC has, however, come at a cost to DAFF Biosecurity operations. We have experienced significant rises in baseline employee and facility costs, training and new systems. We need to ensure that we retain skilled staff in a highly competitive employment market. This is particularly important to prevent unnecessary delays in inspections in growth ports around Australia.

We have listened to and understand the numerous financial pressures on the shipping industry and have found a number of efficiencies to minimise increases in expenses.

In order to help fund and maintain the momentum for reform and efficiency, an increase to just one class of inspection has been proposed. The proposal would see the pratique (2 hour) inspection fee for 'higher risk' vessels over 25 metres increase from $1,050 to $1,320 as from 1 July 2012. Importantly, the PDC fee will remain at $800. In this way, eligible vessels demonstrating a history of good compliance will be rewarded with less regulatory intervention and lower costs.

This is the first increase in biosecurity fees for two years and is consistent with a risk-based approach. Better resourcing will help deliver further efficiencies in profiling, processing and risk management of vessels. The proposed increases should also help avoid reactive increases in fees should economic factors change in the near future.

We look forward to reporting more regularly on the issues of concern to the shipping industry and demonstrating how we can work even more efficiently together to protect Australia's biosecurity.

Australian Government

Department of Agriculture, Fisheries and Forestry

Biosecurity

Be aware of the risks. Help protect Australia.

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DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

AG57069



CRUISING



Record season and more on the way

By BRETT JARDINE, general manager, International Cruise Council Australasia

There is no greater evidence of just how much cruising is booming in Australia than the record cruise season we've just experienced.

February, aptly dubbed a Festival of Cruising by one cruise operator, heralded the busiest ever month of cruising in Sydney. A record 26 ships made 33 visits to the harbour over 29 days representing the highest number of cruise ships ever to visit Sydney in one month.

For agents, it was a good opportunity to see the varied flotilla presently on offer for Australians wanting to cruise from their doorstep.

Among the 26 ships was the biggest that's ever visited Australia, Cunard's 151,400-tonne *Queen Mary 2;* one of the smaller but most luxurious ships at sea, *Seabourn Odyssey*; and even visitors from the UK, P&O World Cruising sisters *Oriana, Arcadia* and *Aurora*.

Worldwide, there is more choice than ever for cruise passengers but unlike before, the parade of ships is coming to Australia's shores.

Sydney, with its world-renowned harbour, acts as a gateway to the country, welcoming the most traffic and heralding the tourism success story, which is increasingly being told all around the nation as cruising continues to boom.

Sydney's impressive performance in recent years has helped make Australia one of the world's fastest growing cruise markets.

In 2010-11, there were 157 ship calls to Sydney with 210 calls forecast for 2011-12 and 246 scheduled for 2012-13.

As Sydney is recognised by the international cruise industry as one of the most attractive harbour approaches in the world, the figures really shouldn't come as a surprise.

What is more notable is that while many of the world's industries slow, the local cruise industry appears to be defying the odds.

A Deloitte Access Economics study released by Australia's largest cruise operator, Carnival Australia, at the beginning of the year revealed that by the 2019-20 season, the total spend by the cruise industry in Sydney will reach $1.3 billion.

Total turnover in the 2010-11 year was almost $400 million.

According to the study, a significant increase in capacity in Sydney in the medium term will drive average annual expenditure growth of 43 per over the next two years, with total expenditure surging to $1.039 billion in 2015-16 and continuing to grow to $1.284 billion in 2019-20.

Cruise-related employment is predicted to nearly triple from 3150 to 10,000 over the same period of time.

Meanwhile, the added value of the industry is predicted to rise from $350 million to more than $1.1 billion over the next eight years.

We're eagerly awaiting the next round of the International Cruise Council Australasia's cruise statistics for 2011, which are due at the end of April.

According to the Cruise Council's latest figures, the number of Australians who took a cruise holiday in 2010 reached a record 466,692 – a 27 per cent increase on the previous year's figure of 366,721.

The 100,000 rise in passenger numbers represented the biggest increase in the number of Australians choosing a cruise holiday on record.

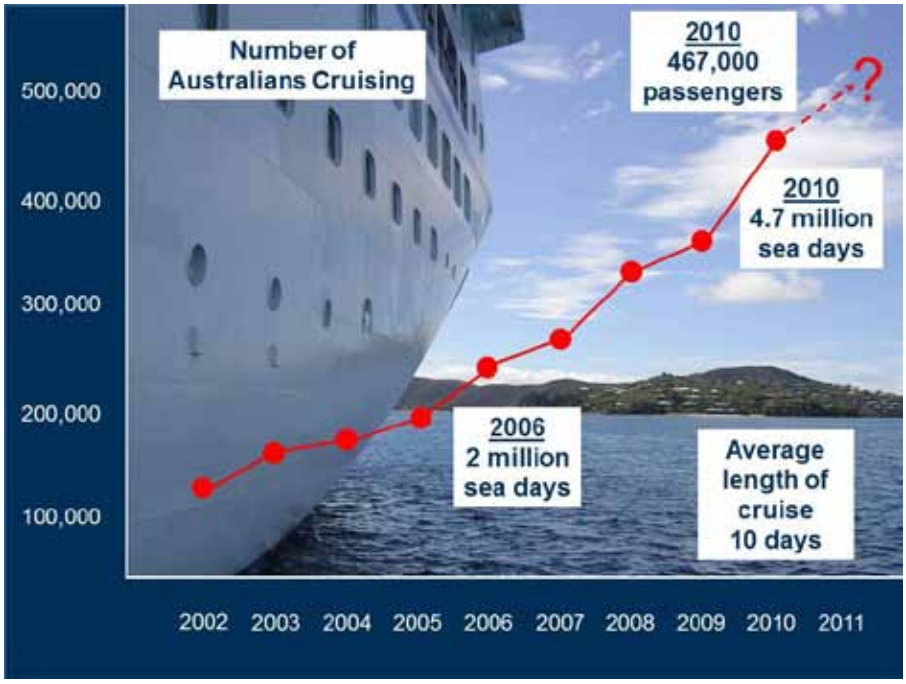
It was also the eighth consecutive year of growth for the Australian cruise industry since the Cruise Council's passenger statistics were first compiled in 2002.

Overall numbers have grown by 306 per cent since 2002 (116,308) with an average annual growth rate of 19 per cent. What an incredible success story!

Most encouragingly, the 2010 figures revealed that 2.1 per cent of the Australian population took a cruise in 2010 up from 1.7 per cent in 2009.

However, clearly there is still much scope for growth.

It's incredible to look back, even just 15 years, to when cruising in Australia was a well-kept secret. There was one ship sailing our waters full-time and a small



passing parade of international ships each summer. How times have changed.

With every year that passes, more ships come to our shores, providing ever more reasons for Australians to take to the seas. And cruise lines are increasingly taking notice of the value of our local industry.

For the first time, *Queen Mary 2*, one of the largest ocean liners in the world, not only visited Australia this year but spent a whole month here.

Queen Mary 2's maiden circumnavigation of Australia in February represented the first time the liner had been based outside her northern hemisphere homeports of Southampton and New York.

Her three week voyage around Australia offered a very attractive alternative to the traditional "grey nomad" caravan route.

But it's not only the itineraries that appeal – modern day cruise ships are a destination in themselves.

On Royal Caribbean's *Voyager of the Seas*, passengers can go ice skating or play mini golf while *Carnival Spirit*, which has recently undergone a multi-million dollar refurbishment to suit the Australian market, where it will soon be based, offers the world's biggest waterslide at sea.

As the number of Australian cruise passengers continues to grow, we've also seen an expansion in the type of cruise experiences available and that's set to continue in 2012.

As well as traditional ocean cruising, river cruising is becoming a success story in its own right. A decade ago, river cruising wasn't even on the map but now, not only are Australians one of the key source markets of passengers, but Australian operators are driving the innovation in this sector in terms of both ship design and marketing.

There are a lot of very new, very stylish ships sailing the rivers of Europe now and they are a real drawcard.

While ocean cruising continues to be popular, adventure cruising, or expedition cruising, in remote areas around Australia and in Asia is definitely on the rise.

But it's the lure of the nearby South Pacific that remains strongest.

According to the Cruise Council's latest figures, the South Pacific, with 37 per cent of the market, remains the favourite cruise destination, while Australia ranked second with a 19 per cent share of the market.

New Zealand, only a short trip across the Tasman, accounted for 10 per cent of the market.

With most destinations around the globe experiencing growth, it's becoming more and more evident that cruising is the best way to see the world. While we know Australia has been experiencing a boom, the number of Australians cruising Europe also grew significantly, rising 51 per cent from 2009-2010, while passengers cruising the Americas increased 71 per cent.

Asia has traditionally been a continent explored by land but as more cruise lines offer scenic sailings around the coast and along the rivers, more travellers are opting to cruise the region.

Both ocean cruising and river cruising have been experiencing steady growth.

Overall, the estimated annual sea days rose by 18 per cent to 4.72 million, according to the Cruise Council's 2010 figures.

At a time when world economies are slowing, cruise lines are moving full steam ahead in Australia. It's the good news story keeping the tourism industry afloat and I look forward to many more years of impressive figures as Australia continues to embrace the great value, relaxing holiday, that is a cruise.

Advertorial

From TASPORTS

TASPORTS' CUSTOMERS THE HEART OF DECISIONS



Tasports is committed to improving its ports to maximise opportunities for customers and support value-adding business development and supply chain efficiencies.

After two years at the helm of the Tasmanian Ports Authority, chief executive Paul Weedon has steered the business towards a customer oriented strategy promoting port development aligned to customer needs.

"It was critical for Tasports to recognise the value in working with its market segments to understand infrastructure requirements for the short, medium and long term to ensure our port planning was taking an approach consistent with our customers' future directions," he said.

"A good example of this was recognising our cruise and Antarctic customers and stakeholders' vision for Hobart as a primary destination for cruise vessels and home to southern polar research.

"We identified that our infrastructure would need to be developed to attract and sustain this particular market segment.

"After months of planning and consultation with our customers and key stakeholders in this segment, the relevant planning approvals have been obtained, and construction work will commence in May 2012 to redevelop Macquarie Wharf Shed No. 2 as a dedicated facility for cruise and Antarctic customers.

"We have embraced a strong ethos of stakeholder and customer engagement to drive results, and it's this style of business development we're embedding across our ports and processes."

Customers inform port development opportunities

Tasports is responsible for 11 ports across Tasmania including the Bass Strait islands and has four primary ports which form critical transport links with almost all import and export freight moved by sea.

With Hobart celebrated as Tasmania's home to cruise and Antarctic it means core shipping business is primarily managed by the northern ports: Bell Bay Port, Port of Devonport and Port of Burnie.

Burnie has sufficient capacity to cope with forecast growth in commodity segments and the focus is on improving the efficiency of port and rail-road interchange for container and bulk commodities.

Our Burnie Plan centres on:

- Expansion plans in response to customer demand and stakeholder consultation; and
- A reconfiguration of the port-rail interface to provide more efficient service delivery of freight consistent with other transit points in Tasmania for consistency and compatibility.

Devonport, while just an hour east of Burnie handles 24 per cent of the State's total freight including cement, fuel and containers, and is home to major passenger ferry *Spirit of Tasmania*.

In the past year at Devonport, Tasports has:

- Upgraded infrastructure to support wharf based operations to benefit customers;
- Upgraded the TT-Line upper-deck loading ramp to handle increased highway truck loads; and
- Conducted dredging of berths and channelling silt levels to support the ongoing ability to meet water depths required for current vessels' berthing.

Not restricted to seaports, Tasports also owns the Devonport Airport, and has recently started a major refurbishment of the airport terminal, as well as upgraded security and passenger amenities. Tasports is confident that this investment in the airport will provide a great environment to further facilitate commercial opportunities for customers, and positive flow-on benefits for the northwest community.

In Bell Bay Port Tasports' operations centre around lift on-lift off containers and cargo, with a long-term emphasis on supporting short-sea container movement. Much of Bell Bay's focus is on woodchip export and processed aluminium.

Long-term infrastructure planning

Tasports has developed a 10-Year Infrastructure Plan informed by a highly comprehensive asset review and condition report.

With an extensive asset portfolio across its ports Tasports is focused on achieving an efficient management system to prioritise projects and have a robust forward-planning schedule to save on operating costs.

Protecting people, assets and the environment

At Tasports we strive to achieve a zero balance when it comes to risk to our people, customers, assets and the environment.

Tasports Safety Management System has been externally certified and recognises our continued improvement of safety systems, working towards a zero-harm target.

Our new target comes on the back of a remarkable reduction rate over the past five years in LTIFR and MRIR.

Since 2006 Tasports has achieved an 86 per cent reduction in Lost Time Injury frequency rate, and our Medical Referral Injury rate has decreased by 50 per cent.

The future

With a number of port enhancement projects coming out of the design phase and redevelopment opportunities moving into the construction phase, Tasports is preparing for the real work to begin.









Tasmania's tradelink to the world

Operating over 11 ports in Tasmania, we are committed to our customers, and superior service delivery. Paramount is the safety of our employees and our customers.

Our vision is focused on the development of Tasmania's ports as global trade links for the benefit of Tasmania's economy and community. We believe in investing in our infrastructure for the growth of Tasports and Tasmania.

www.tasports.com.au 1300 366 742

TasPorts

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EDUCATION and TRAINING

We are all probably familiar with the remark that learning often best comes with actually doing the job. That there is much more value in doing something rather than just being told about it. That is as valid a point of view about the shipping industry as it is about any other. That 'doing' does not have to be a physical action as perhaps in the case of training in the seagoing part of the industry, that is one method of learning. With shore-side jobs the accumulation of information and ideas gained through targeted training programs is another method. The application of ideas and use of information gained is the actual "doing". We learn from the outcomes and our future behaviour is changed – that, after all, is what learning is.

The new on-line course *Fundamentals of the Maritime Industry* that Shipping Australia will soon be launching focuses on building a foundation of shipping knowledge that will increase understanding of the industry and inform action and decision-making. In 10 subject areas the course will present in an easily accessible form, a comprehensive coverage of the maritime industry as summarised below.

International trade

International trade is a complex and dynamic activity and having some understanding of the trading environment helps explain the link between trade and shipping. The benefits countries gain from trading and the extent of involvement of countries in trade despite some impediments that globalisation aims to reduce are explained. The patterns of global seaborne trade activity in different cargo groups are outlined. Australia's position as a trading nation in terms of goods traded and relations with trading partners are detailed.

Seaborne trade and shipping

In terms of volume transported, international trade is vast and the nature of the goods moved, extremely varied. While other transport modes are involved in that movement, shipping by far has the largest share. This subject describes the composition of the world fleet that carries that share and explains differences in type and size. The origin of the demand for shipping is outlined and examples of how demand for shipping can be measured and considerations in the supply of extra shipping capacity examined. Important aspects of building trade capacity from a maritime perspective are also explained.

Ship characteristics

This subject concentrates more on the ship itself describing characteristics of each type and different sectors of employment. How ships are measured and various methods of expressing a ship's capacity for cargo explained and factors that enable the cargo capacity of some ships to be calculated are outlined. International conventions that regulate draught and tonnage as well as the role of classification societies examined. Various waterways that are critical to international seaborne trade are identified and their importance in relation to voyage planning included. Much use is made of shipping vocabulary.

International maritime logistics

The role of shipping as a facilitator of trade and its position as a link in the supply chain are emphasised. An explanation of supply chain management and logistics and how this works with cargo shipped in a container is demonstrated in a supply chain mapping exercise for the student. Ways in which a liner trade service can integrate itself into a supply chain are detailed which includes an extended description of the operation of an inland logistics centre. Containerisation, how it works and advantages and disadvantages explained. The application of supply chain management techniques to the movement of liquid and dry bulk cargoes are outlined.

Ports – the vital link

This subject concentrates on the function of a port as an integral component of the

global supply chain. Australia's ports are located and the different ways in which ports might be classified which includes port ownership and management, are examined. The responsibilities of the port authority listed and the services to be found in most ports and what their function is are covered. Port statistics for major overseas ports in terms of mass tonnage and for containers are provided and compared with Australian ports. Cargo handling operations for containers, break bulk cargo, liquid bulk, dry bulk and RoRo are described.

The liner trade – cargo shipment

This subject introduces the commercial aspect of cargo shipped in a liner trade vessel and associated documentation. The functions typically found in a liner company branch office are explained and how the company might promote its activities. Important features of the sales contract between the exporter and importer are explained and how responsibilities might be clarified by the use of Incoterms. Various risks in trade are noted and how they might be covered by insurance. Cargo claims procedure is outlined. Detailed explanation of the functions, terms and conditions and clauses of a Bill of Lading including General Average and carrier liability and when a Letter of Indemnity might be used are outlined.

Shipbroking and chartering

The role of the broker as an intermediary in the chartering business is examined as well as other areas of broker activity. Why ships are chartered and the process leading up to the fixing of the ship and the various ways in which a ship can be chartered are explained as well as ship management. Differing responsibilities of the shipowner and the charterer are identified particularly in relation to voyage charters, laytime, despatch and demurrage. Examples of charter party forms, differences in the uses and important clauses are explained. The workings of the shipping market, some of the characteristics of the market and how market information is obtained and used are outlined. Reasons for the fluctuating demand for ships to charter are suggested and differences in tanker chartering are explained as well as extra measures charterers undertake to ensure the suitability of a tanker available for chartering.

The maritime directory

This subject aims to identify the major organisations that form part of the maritime industry or have some involvement in maritime affairs. How international maritime decisions are developed and how government considers these and, if agreed, become part of Australian law and enforced by various departments, is explained. The responsibilities of relevant government departments and border agencies in regard to shipping are outlined as well as those of state governments. Organisations that provide services to shipping including stevedores and cargo handling companies and those with shipping connections are identified and their services explained. The functions of P&I insurance companies and other similar organisations as well as important international organisations are examined.

The regulatory regime

The objectives of international maritime regulations are discussed as well as the role of the IMO. Examples of major international conventions and their purposes are outlined. Australian legislation including the Navigation Act 1912 is identified and important parts of that legislation explained. Australian coastal shipping reform is mentioned and conditions for registration of Australian ships outlined. The advantages of Open Registers and the perception of sub-standard ships under these registers are explained in conjunction with Port State Control measures. Maritime security regulations and one example of the complex regulations included in the UN Convention of the Law of the Sea, outlined.

The importance of shipping to Australia in many aspects cannot be overstated. In a relatively small industry in terms of the number of people employed, the value also of having people knowing more about the industry in which they work and applying that knowledge in the workplace also cannot be overstated. Shipping Australia has taken a big step in developing a training program that in its comprehensive coverage of the industry provides a flexible learning opportunity that is not only accessible but also provides the foundation of shipping knowledge the industry needs.

Further Education

For those looking to progress their career in the maritime industry, further education and development is essential. Shipping Australia's *Introduction to Shipping* online course provides a solid foundation to those new to the industry and often teaches a thing or two to those who already have experience. To build on that foundation of knowledge gained in the Introduction course the new *Fundamentals of the Maritime Industry* course will be of benefit to anyone wishing to further increase their understanding of the maritime industry and SAL is proud to have its courses recognised by the Australian Maritime College in the form of course credits for further education.

Students who successfully complete both the *Introduction to Shipping* and *Fundamentals of the Maritime Industry* courses, are at least 18 years of age and have worked for one year in the maritime industry, will meet the entry criteria for the Bachelor of Business (Maritime and Logistics Management) or the Bachelor of International Logistics (Freight Forwarding) degrees.

Both degrees are available for full-time or part-time study in either on-campus mode or by distance education and students who successfully complete the *Introduction to Shipping* and *Fundamentals of the Maritime Industry* courses will receive one credit, *Introduction to the Maritime Industry* (JNB 156) into either Bachelor Degree course.

Information on each of the Degrees and the nested Diploma and Associate Degree can be found at http://www.amc.edu.au/courses/logistics/undergraduate.

Thescene



Brook Paviour of NYK, Colin Hall of Hyundai, Phil Coolican of GAC Australia and Denis Speyer of Swire Shipping.



Yip Nai Kong of RCL and Bill Rizzi NSW State Committee Chairman.

NSW STATE COMMITTEE CHRISTMAS LUNCHEON.

The Hon. Duncan Gay, MLC, Minister for Roads and Ports, Robert Furolo, MLA, Shadow Minister for Roads and Ports Shadow Minister for Citizenship & Communities and The Hon. John Ajaka MLC Parliamentary Secretary for Transport and Roads, were the guests of honour at the annual Christmas luncheon which Minister Gay described as the best event of the year. Major sponsor Sydney Ports Corporation, surprise gift sponsor Patrick, ACFS, DP World and Feliba provided further support to make this event a memorable one.



SAL CEO Llew Russell presenting outgoing Chairman Michael Phillips with his gift.



Jason McGregor of Sydney Ports Corporation and Paul Nicholson of Seaway Agencies.



Nicolaj Noes of Maersk, John Bradley of Hapag Lloyd and Peter Wallace of Seaway Agencies.



Richard Arrage, Melissa Collins and Stephen Thompson of Middletons.



Nathan Cecil, Robert Wilson, Charles Street and Claire Morgan of Norton White.

SAL GOLF CELEBRATES ITS 10TH GALA DAY

Some 90 golfers and supporters turned out for our 10th golf day. Held at Roseville Golf Club earlier this month the competition was won by Macquarie Telecom's three-man team of Aaron Kruizinga, Anthony Gooding, and Paddy Hore. Close runner-up was SAL's own team led by Steve Moxey, our publisher, plus Matthew Whittle, Kevin Swaine, and Archie Bayvel, our writer. Third came the Hamburg Sud quartet of Geoff Greenwood, Simon Gardiner, Zeljko Blazic, and John Cirjak. Despite met reports threatening rain all day, not a drop fell until all players had finished their round and were back at the clubhouse. Then it rained and didn't stop for 24 hours. A great day made even better by our generous sponsors who included: Macquarie Telecom (our lead sponsor), Mediterranean Shipping Company, Patrick Stevedores, ANL Container Line, Wilhelmsen Ships Service, Svitzer Australia, Thomas Miller, Sydney Ports Corporation, PB Towage, DP World.



The winning team from Macquarie Telecom: Aaron Kruizinga, Anthony Gooding, and Paddy Hore.


SAL Chairman Ken Fitzpatrick, of Asiaworld Shipping, gets ready for the fray.


David Dillon, Denis Speyer, Tony Cousins, and Mark Todd - The PB Towage team.


Captain Lin, of Five Star Shipping, Andrew Karas, of MSC, Claude Varnier, of Patrick, and Mark Rigoni, of Five Star Shipping


Mark Bellears, of DP World, and Jeremy Tadman, of Hapag Lloyd.


Geoff Greenwood, of Hamburg Sud, hits the first ball of the day.


Mal Hart, Andrew O'Neill, Rolf Rasmussen, and Brian Wright - All of ANL Shipping.


Gary Beadle, of ANL, and Frank Needs - master of ceremonies and co-organiser of the golf day, with Andrew Chittenden, of SAL.

Signal

APSA appoints new executive president

At the AGM of the Australian Peak Shippers Association held last December, Robert Coode was elected executive president. He had spent many years previously at Australia's largest container exporter, Murray Goulburn.

We welcome Robert's appointment and look forward to working with him for many years.

He replaced Frank Beaufort who was the inaugural executive president of APSA and held that post for 20 years. Frank made a very significant and effective contribution to protecting the interests of container exporters in this country. We wish him a long, healthy and enjoyable retirement.

New rubber tyred gantry cranes for Port Botany

DP World Australia took delivery of four new state-of-the-art rubber tyre gantry cranes at its Port Botany container terminal last November.

Ganesh Raj, senior vice president and managing director, DP World, ANZ region pointed out that the new RTGs, valued at more than $7.5 million, were fitted with the latest control technology giving improved operational speeds which will deliver increased efficiency at their Sydney terminal. They will complement the 20 existing RTGs at the terminal.

The RTGs incorporate fuel efficient variant speed generator engines, UniQ diagnostics tools, automatic steering and a container position verification system.

This investment builds on the 2010 acquisition of two post-panamax quay cranes and in addition DP World has purchased two new reach stakers for greater rail efficiency plus two new dedicated forklifts for empty container handling at the terminal.

T & L Transport and Logistics Industry Skills Council elects new chair and launches a rebranded TLISC

At its AGM on 23 November 2011, the TLISC board elected Laurie D'Apice, president human resources,

Royalty launches new Svitzer tug

Her Royal Highness, Crown Princess Mary of Denmark launched on 24 November 2011 Svitzer Australia's newest tugboat *Svitzer Marysville* at Docklands in Melbourne, in honour of the bushfire-devastated township of Marysville in country Victoria. The ceremony was also attended by His Royal Highness Crown Prince Frederik of Denmark. The managing director of Svitzer Australasia, Mark Malone, also attended the ceremony.

The *Svitzer Marysville* was built in Victoria, weighs 250 tonnes, has a bollard pull of 68 tonnes, is 24.5 metres long and has a service speed of 12.5 knots. She is powered by twin caterpillar 3516C engines.



Linfox as its chair. One of Laurie's first official duties was to launch the new TLISC branding and associated website.

The organisation is implementing its new strategic directions 2011-2014 policy.

Queensland Transport and Logistics Council appoints chief executive officer

On 14 December 2011, the QTLC announced the appointment of Dr Rebecca Michael as CEO.

The council has worked closely with the Queensland Department of Transport and Main Roads to deliver the Queensland integrated freight strategy released earlier in the month, with multiple national and state freight policy reforms currently underway across all modes, the council's workload is expanding rapidly.

The chairman, Neil Findlay noted that Dr Michael's strong credentials in government relations and economics will significantly expand the council's capacity to participate and contribute to these critical reform processes.

SAL's recent submissions

Since the beginning of the year, SAL has made the following submissions:

(a) Provided comments on an exposure draft of the Coastal Trading Bill and the Consequential/Transitional Provisions Bill.

(b) Responded to the request by the ACCC for comments on the Svitzer application that the ACCC should revoke the exclusive harbour towage notifications for the ports of Gladstone and Townsville on the basis that they have both grown in size to support a second towage operator and the exclusive licencing of towage services at the ports no longer outweighs the public detriments. SAL supported the Svitzer application.

(c) Provided comments on the proposed Australian bio-fouling management requirements.

(d) The IMO Sub-Committee on Ship Design and Equipment meeting No. 56 was scheduled to be held 13-17 February 2012 and SAL has provided comment to AMSA on numerous papers submitted to IMO for discussion at that meeting to assist Australia's representatives to determine the position Australia should adopt at that symposium.

(e) Made representations to Denis Napthine, the Victorian Minister for Ports on the proposed imposition of a port licence fee on the Port of Melbourne Corporation (PoMC) which is intended to raise $75 million in 2012/13 but at least $1 billion dollars over 10 years to fund infrastructure development in Victoria.

A submission was also made to the PoMC on the proposed method of collection of this tax.

(f) Comments on the Australian delegation brief to the 16th meeting of the International Maritime Organisation's (IMO) Sub-Committee on Bulk Liquid and Gases (BLG) which was scheduled to be held on 30 January to 3 February 2012.

(g) The review of the Fair Work Act.



Exploding refrigerated containers

Shipowners were extremely concerned at reports of exploding refrigerated containers in September 2011. It was initially thought that some refrigerated containers that were pre-trip inspected in Vietnam may have been re-gassed with "propane contaminated" refrigerant gas, and it was understood that the explosions of the compressors were related to a contaminated refrigerant cycle.

Apparently, refrigerant manufacturers have found counterfeit refrigerant also in the Middle East and the Philippines.

It has now been proven that refrigerant R40 was used instead of R134a. The chemical reaction with the aluminium components of the cooling system had resulted in an explosive substance being found.

Currently there is still no safe method available to check the refrigerant of "at risk" units. SAL has approached the Government seeking approval to carry out a halide test on refrigerant gas bottles to detect counterfeit refrigerants. It does involve the purposeful emission of a minute amount of gas. SAL believes there is a strong case for exemption from the Ozone Protection and Synthetic Greenhouse Gas Management Act 1989 to be granted to carry out halide tests.







SHIPPING

AUSTRALIA LIM

Annual Review fo



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Anthony Albanese

MINISTER'S INTRODUCTION

It's been a milestone year

Last year – 2011 - was a milestone year for maritime and land transport reform. The Gillard Government released Australia's first National Ports Strategy and a draft National Freight Strategy. We added new measures to protect our marine environment and established a single national maritime safety regulator. We began rewriting the 100 year old *Navigation Act*. And we announced the most significant reforms to the Australian shipping industry in our nation's history.

This year will see us consolidate these reforms as we work with State and Territory governments, industry, unions and the community to reap the productivity benefits of the Labor Government's $36 billion nation building program, the largest and most far reaching of its kind Australia has ever seen.

This is a national agenda aimed squarely at boosting and sustaining the ongoing productivity of our economy, and the liveability that makes us the envy of the world.

National ports strategy

Trade at our ports is predicted to triple over the next two decades so it makes great economic sense that the Australian economy enjoys the benefits from this growth. Two hundred and twenty four years after Captain Arthur Phillip off-loaded his cargo of people, animals and stores at Port Jackson the need for efficient and certain supply lines into and out of our ports is undiminished.

When this Government was elected, we realised that productivity was being severely hindered by bottlenecks at our ports, rendering them incapable of servicing the resources boom costing us billions of dollars in lost export revenue.

Of the 42 major ports along our coastline, 20 carry more than 90 per cent of our shipping trade servicing the needs of our mining, manufacturing and primary production sectors. Given the economic importance of our ports we asked Infrastructure Australia, in partnership with the National Transport Commission, to consult across the sector and create a National Ports Strategy to ensure that our ports are served by world-class infrastructure with the flexibility to respond to growth.

The National Ports Strategy is not a federal takeover or a one-size-fits-all approach; nor does it create new bureaucratic hurdles for the commercial sector. But it does position us for the future and remove yet another obstacle towards forging a seamless, national approach to Australia's shipping and land and portside infrastructure. The strategy is expected to be endorsed by the Council of Australian Governments (COAG) early this year.

Shipping reform

Addressing bottlenecks and improving port infrastructure and capacity is only part of the story.

Without reform to our shipping sector, we will continue to be the customers of others with no maritime capacity of our own. Australia's burgeoning commodity export markets provide the opportunity to move up the value chain and expand our involvement in the international shipping industry. Other developed countries have embarked on extensive and successful programs to rebuild their shipping industries. They have all recognised that a healthy competitive shipping sector brings great economic, security and environmental benefits.

We are not the first Labor government to recognise the importance of shipping reform. It was the Labor Government of Ben Chifley that in 1946 set up the Australian Coastal Shipping Board, later called ANL, (the Australian National Line) to revive coastal freight shipping. This was at a time when ships were in short supply and private companies were sceptical of the future profitability of coastal services.

Today, almost seven decades later, we find ourselves coming almost full circle with Australian shipping now perilously close to extinction. The sobering fact is that there are only 20 Australian registered major trading ships engaging in the coastal trade. Only four Australian registered vessels are dedicated to international.

Our ports manage 10 per cent of the world's entire sea trade. Although 99 per cent of our own trade is carried by sea, only 0.5 per cent of that cargo travels on Australian-flagged ships.

The Gillard Government is tackling this head on. No-one questions Government involvement in our road and rail - they expect it. A viable shipping industry should be no different. Ships are the lowest carbon emitters of any transport mode and the more goods we carry along the blue highway, the fewer trucks crowd our national highways.

The shipping reform package that I announced last September has been four years in the making and has benefited from the expert input of both industry and unions.

It has four key elements and these will come into effect on 1 July:

- **tax reform** – a zero tax rate to encourage investment in new and more efficient ships;
- **an Australian international shipping register** to help build our international fleet;
- **a new licensing regime** to provide clarity and transparency, to enable long-term planning and set clear boundaries around the necessary role of foreign vessels in our coastal trade; and
- **the establishment of a Maritime Workforce Development Forum** to help build a highly-skilled maritime workforce.

The reform package also addresses labour productivity. We are committed to aligning Australian productivity practices with the best in the world. A positive working compact between industry and unions is essential to the reform agenda.

The broader shipping industry reform agenda

With our reforms to coastal shipping underway, we have also been busy on other maritime fronts.

National regulator

No longer will operators of commercial vessels have to navigate inconsistent rules and standards across Australia. From 2013, one national maritime regulator will deliver one set of laws, replacing a myriad of State and Territory legislation. Gone will be the costly, time-consuming situation whereby operators crossing territorial waters between – say – Queensland and the Northern Territory require separate insurance, crew approvals and seaworthy certificates. The importance of this hard-fought for reform cannot be over-estimated. The determined commitment of transport leaders at COAG under the leadership of Prime Minister Gillard has produced the most significant regulatory reform to the maritime sector since Federation.

Navigation Act Rewrite – 1912 to 2012

This year marks the 100th anniversary of the sinking of The Titanic. It is also 100 years since Australia's Navigation Act came into being. This Act is now outdated, the provisions convoluted and the language archaic. Drafting is under way on a modern plain-English robust regulation with the flexibility to respond to changes in national and international safety standards. A draft version of the new Bill is available for public comment and the new legislation will be presented to Parliament this year.

Protection of the marine environment

Australia imposes high safety standards on ships to protect our environment . That is why we are extending the reach of the ship tracking system (REEFVTS) to cover the entire Great Barrier Reef. All large ships must regularly report their location and route with their progress tracked by radio and satellite 24 hours per day, seven days per week.

Our efforts to protect the reef don't stop there. Last November Parliament passed reforms to existing legislation designed to protect our marine environment. These significantly toughen the penalties for breaches of our maritime and environmental laws. These new penalties deliver on our 2010 election promise to protect the marine environment from future incidents such as the grounding of the Shen Neng 1. They are a clear disincentive to reckless or careless behaviour.

In January this year a ceremony was held at Commonwealth Bay to commemorate the 100th anniversary of Sir Douglas Mawson's heroic Antarctic expedition. Australia owes Mawson and his expeditioners immense and lasting gratitude for staking our claim to this pristine, dangerous environment. Ships navigating Antarctic waters still face risks including icebergs, sea ice and uncharted waters. As such, the possibility of an oil spill is relatively high. That is why the Australian Parliament late last year passed laws banning ships from carrying heavy grade oils through Antarctica.

Maritime labour convention

We have ratified the International Labour Organization's Maritime Labour Convention (MLC) to protect the working conditions of crews working in Australian waters. The convention modernises more than 60 international labour standards going back eight decades.

It will help ensure good working conditions are maintained on Australian ships and that international seafarers entering Australian ports are protected by the same conditions.

International maritime organization participation

We have long recognised that the safety and security of international shipping is vital to global prosperity and requires international consensus. That's why Australia is a foundation member of the International Maritime Organization (IMO). We have actively participated in the development of IMO instruments for more than 60 years and have served on the IMO Council for more than 40 years. Our support for the adoption and implementation of IMO Conventions is almost unparalleled. As a result of the elections held in London last year, we retained our seat on the council with the re-election of John Dauth, Australia's Permanent Representative to the IMO and High Commissioner to the United Kingdom.

The changes we are bringing to Australian shipping have not been easy

Our reform package has been complex and hard-fought. We are not doing it on a whim but because it is in our nation's long term interest. Our maritime industry embodies economic, environmental and security challenges and rewards. The need for a strong and internationally competitive Australian shipping industry is obvious.

The Gillard Government's multi-faceted reform package positions Australian shipping to take advantage of the opportunities provided by our burgeoning export market and increased domestic transport task. It creates a platform for rejuvenation with new jobs, opportunities and prosperity that will benefit all Australians.



CHAIRMAN'S REPORT

Michael Phillips

The most challenging year of our time...

It has indeed been a privilege to have been chairman of Shipping Australia for the past six years. It has grown into a strong organisation, well equipped to promote all aspects of the maritime industry in Australia and globally and importantly meet the requirements of its large and varied membership for an efficient and effective national industry association.

Its ability to face and respond to the many challenges faced by the industry is not only because it has a very active and experienced secretariat including state secretaries in Queensland and Victoria but also because of the active participation of many of our individual members in the Policy Council, steering groups, state committees and chairmen of these committees in each mainland state. I am indebted to them for their selfless contributions.

In my view, 2011 has been a year when SAL has faced the most challenges since its formation in 2003. The most pressing challenge was the serious congestion experienced in the container terminals at Port Botany which has cost the industry many millions of dollars and has had a cascading effect not only on other ports in Australia but ports of call overseas. In the last part of the year, SAL was actively engaged with the stevedores and with Sydney Ports Corporation in trying to find a short term solution. In October, we compiled cost data to reinforce our message to the State and Federal governments regarding the severity of this problem that we have endured for close to 18 months. Whilst congestion surcharges assist in offsetting some of the costs they are only a contribution to the overall costs incurred. SAL welcomed the final resolution after 12 months of the Patrick/MUA negotiations on a new Enterprise Based Agreement but suffered subsequently as a result of industrial disputation and work stoppages, bans and other work limitations affecting general stevedoring and DP World container facilities throughout Australia.

SAL has sought on a number of occasions to be part of the consultation process regarding shipping policy reform. Both Ports Australia and the Australian Shipowners' Association were actively involved in the task forces established to provide detailed recommendations to the Minister on his reforms which he released on 9 September 2011. The details of, for example, the application of the Australian International Shipping Register will, in my view, be less than optimal as the Government did not have the benefit of the collective wisdom of our members on that particular issue and on the coastal shipping regime. We did provide information to the Department but it was unfortunate we weren't represented, at least on the regulation task force.

However, SAL was and appreciated being represented at the industry briefing sessions that were held in Canberra on 30

November and 10 December. Whether these reforms will, in fact, lead to a viable and internationally competitive Australian merchant marine which SAL supports cannot be determined until we have assessed the detail of the reform and also what productivity gains can be achieved as a result of the proposed industrial compact between unions and employers.

In relation to the current coastal shipping regime, the Fair Work Act still applies to single or continuous voyage permits issued to foreign flag vessels if more than two single voyage permits were used in the previous 12 months. Despite many representations to the Government, they have refused to amend the Regulations, despite the increased cost burden and lower service levels being borne by the consignors and consignees of Australian domestic cargo carried by sea.

The decision to sell Port Botany on a long term lease basis

Shipping Australia was concerned at the decision by the NSW Government to sell Port Botany by 2013 on the basis of a 99-year lease similar to what occurred in Brisbane. SAL disagreed with the sale of the Port of Brisbane and given the subsequent cost increases by stevedores and empty container parks, as a result (in their view) of very significant increases in land rentals, it appears to us that concern was justified. The major container ports in Australia are in a very strong market position with the exception of Adelaide which competes with Melbourne. There is some marginal competition, for example, exports from northern NSW can go through Brisbane, rather than Sydney and similarly exports in the southern region of NSW can go via Melbourne. For container imports and many exports there is no real alternative to Sydney. We look forward to discussing this issue further with the NSW Government. There was no consultation with any stakeholders, as far as we can understand, prior to the decision being taken. In particular, we would like to know whether other options such as a possible public private partnership arrangement were considered.

Another issue of significance is how the current Port Botany Landside Improvement Strategy which is backed by government regulation will be applied in a pure private enterprise environment.

Australian ports and infrastructure

Shipping Australia was supportive of the national port development strategy and we welcome the recommendations being accepted by the Council of Australian Governments. We are also working with Infrastructure Australia on the national freight development strategy.

The development of a third container terminal at Port Botany was a major achievement for the Government and in particular, Sydney Ports Corporation. Whilst a third stevedore should be operating in both Brisbane and Sydney by early 2013, we continue to have concerns regarding the capacity to accept a third stevedore in the Port of Melbourne. SAL has held a number of discussions with the Victorian Minister for Ports, Denis Napthine and we look forward to an announcement from the Victorian Government in relation to this important issue. Interestingly, the ACCC 2010/11 report on stevedoring operations warned of risks of capacity running short at the Port of Melbourne by around 2015.

In the submission SAL made on the proposal to relocate motor vehicle importing and exporting from the Port of Melbourne to the Port of Geelong, we supported the creation of a third container terminal at Webb Dock East and recommended relocation of motor vehicles to Webb Dock West. There were a lot of issues raised in that submission that would need to be resolved if Geelong is to be developed to efficiently and productively provide for the significant motor vehicle trade that currently uses Melbourne.

During the year, the Victorian Government announced the proposal to scrap the previous government's Freight Infrastructure Charge on trucking companies serving the Port of Melbourne and instead impose a new port licence fee on the Port of Melbourne Corporation to be recovered via their normal fees and charges. Legislative backing for the proposed licence fee was introduced into the Victorian Parliament in December last year.

The PoMC has written to all stakeholders on setting out their current views on a possible scheme to increase charges to raise the funds required ($75 million in the first year but the objective is understood to be a collection of $1 billion over 10 years). SAL objects to taxing the supply chain to raise infrastructure funds. In fact, there is no assurance that the funds will be spent on infrastructure because it will all go into consolidated revenue. Taxing the supply chain in this fashion is inefficient, lacks transparency and is a costly way of raising government revenue.

As I mentioned last year, SAL members remain concerned at the increasing port costs around Australia, and in particular, the infrastructure charges levied by empty container parks and the charges by the stevedores in Brisbane on the trucking companies. We published a list of the port cost increases over the last three years in the Spring edition of the Shipping Australia magazine.

Overloaded containers

As mentioned in last year's report, SAL has been actively engaged with all stakeholders including the previous Road and Traffic Authority of NSW (now Roads and Maritime Services) regarding the requirement to build weighbridges in the container terminals at Port Botany. The new NSW Government took an active interest in this issue and we commend the Minister for Roads and Ports for his



intervention which resulted in agreement on weigh-in motion systems rather than static weighbridges being built in the terminals which is a much more practical and less costly result. Weighing will only apply to import containers. SAL has been supportive of the Australian Government urging the International Maritime Organisation to take up the issue of compulsory weighing of export containers by all its members and the IMO has agreed to include that proposal in their work programme. This initiative is also strongly supported by the International Chamber of Shipping, the World Shipping Council, the International Association of Ports and Harbors and BIMCO.

Empty container parks

The Victorian Transport Association has continued to pressure SAL on extending the working hours at empty container parks. Only two parks have extended their operating hours and whilst SAL supports such an extension, it has to be at a cost that can be absorbed by the shipping lines and has to lead to increased volumes of empty containers in the park itself otherwise there will be additional costs without increased revenue. As a first step, SAL has been very supportive of the Containerchain system being introduced to increase transparency of park operations and provide the parks with the means to determine demand for their services on an hourly basis.

Nine empty container parks in Melbourne made applications to the ACCC seeking immunity from the "third line forcing" provisions of the Competition and Consumer Act 2010 in regard to this system which requires container transport operators to notify truck arrival times at the parks for the pick up or drop off of empty containers. The ACCC was satisfied that the likely benefit to the public of the notified conduct will outweigh the likely detriment to the public.

SAL continues to monitor introduction of the Containerchain system very closely and is concerned that any fee should not be applied to bulk runs to container terminals because there is only one booking and not multiple bookings. Nevertheless, SAL believes that there will be a substantial improvement in the handling of empty containers in parks as a result of this initiative. We also look forward to its application in Sydney, on the basis of its successful operation in Victoria.

In the latter part of this year, serious congestion arose in the empty container parks in Sydney as a result of the inability for a period of time of Patrick Stevedores to accept any reasonable volume of empties through their container terminal. Sydney Ports Corporation organised a meeting which was attended by SAL to seek ways and means of improving communications between all stakeholders to manage this final part of the container supply chain.

The border agencies

SAL continues to closely engage with border agencies such as the Australian Maritime Safety Authority, Customs and Border Protection, Australian Quarantine Inspection Service (now called Department of Agriculture, Fisheries and Forestry – Biosecurity), Office of Transport Security, Border Protection Command and the Department of Immigration & Citizenship.

Over the year, SAL was also actively involved with many government departments, especially the Department of Infrastructure and Transport at the federal level and many departments at the state level. Contact has been maintained with many government agencies and the Australian Transport Safety Bureau is a case in point.

We have also made many submissions to government and parliamentary enquiries during 2011.

Changes to the application of GST

The ATO has issued a draft fact sheet stating that in the case of a non-resident seller arranging delivery of a container, the place of consignment is defined by the sales contract as, in the ATO's view, it is the overarching agreement. The draft fact sheet defines the place of delivery as a ships rail in a CIF arrangement. SAL has closely consulted Ernst and Young and it is clear that the only workable resolution will arise as a result of meeting with both Treasury and ATO in Canberra which may necessitate a small legislative change.

An issue has also arisen in the bulk trades with shipping agents acting on behalf of non-resident ship operators and claiming GST import tax credits. The ATO is continuing its work to identify whether it is feasible to develop a declaration form with a non-resident shipping operator, advising their GST registration status and stating that they will not claim any import tax credits for that voyage allowing the Australian based agent to claim the import tax credits and remove any confusion and liability.

The time that has been taken to resolve these issues is difficult to understand.

Container statistics

SAL is working with MariTrade and Ports Australia to review the Australian Bureau of Statistics trial on international shipping container movements, 2009-2010. SAL is very supportive of this collection being available in the future but it should also include export containers and not just import containers.



Tsunami off the eastern coast of Japan

Following the devastating floods in Queensland at the beginning of last year, we witnessed the terrible earthquake and tsunami off the eastern coast of Japan on 11 March 2011 and the subsequent damage to the Fukushima Dai-ichi Nuclear Power Plant in Japan. Warnings and information on possible repercussions were subsequently issued to merchant shipping in that area. Fortunately, as far as Australia was concerned no major problems were encountered. Our thoughts and prayers go with the families of those killed and the thousands that still remain missing.

Sale of Tradegate Services

During the year, the board of Tradegate sold its electronic commerce transaction business to a management buyout team headed up by former employees Faulkner MacDonald, Dominic Coles and Stephen

Ware. This was the same team that had provided Tradegate's electronic commerce services for the past decade or more. The new company, Commerce Plus Pty Ltd will continue to operate and support the following services: smart imports, import net, hazardous cargo, export net, Transcode, Manage mail/message Direct, internet services and payments.

The new company will also have a help desk and Commerce Plus had agreed to maintain existing prices for Tradegate members for a period of 12 months. The new limited by guarantee company, the Australian International Trade and Transport Development Fund Limited, effectively takes over the existing Tradegate Development Fund following Tradegate's dissolution. It will fund future projects/developments in the international trade and transport industry.

FONASBA annual meeting

SAL was proud to have organised the forty-second annual meeting of the Federation of National Associations of Ship Brokers and Agents over the week 10-14 October in Sydney. The 82 delegates from 28 countries enjoyed the social programme involving a city orientation tour, a welcome at Icebergs at Bondi Beach, a dinner cruise on the harbour, a trip to the Blue Mountains and the Taronga Zoo as well as a gala dinner on the Friday at the Cruising Yacht Club of Australia.

It was not all play, and the vigorous discussions in the working group sessions resulted in decisions/recommendations to promote the interests of both ship brokers and shipping agents.

Important issues for Australia were the discussion on 24 hours prior reporting for the loading of containers and the development of a single window in ports which allows one entry but many users rather than the current duplication of documentation and reporting. In addition, the future availability and cost of low sulphur bunker fees, the development of the IMO biofouling issue for ships hulls as well as the possible future mandatory requirement for the weighing of export containers being debated in the IMO were also discussed.

Other topics of interest included an update on the possible ratification of the Rotherdam Rules and an update on the US requirement for 100 per cent container x-rays in countries exporting to the US.

There were many other issues discussed and presentations made on the current "state of play" in the container, dry bulk and tanker markets both globally and in Australia. The FONASBA quality standard scheme for shipbrokers and agents was also highlighted.

A seminar was organised for 14 October with presentations by the Australian Quarantine and Inspection Service, the Ministry of Agriculture and Forestry in New Zealand and Sydney Ports Corporation which all resulted in an active question time.

Finally, at the gala dinner, Mr Takazo Iigaki, chairman of the Japan Association of Foreign-Trade Ship Agencies was made an honorary member of FONASBA, the highest award the federation can bestow.

I would particularly like to thank our prime sponsors Sydney Ports Corporation and the Australian Quarantine and Inspection Service. In addition, our thanks go to our member sponsors Hetherington Kingsbury and McArthurs, Asiaworld Shipping, Gulf Agency Company, LBH Australia, Inchcape Shipping Services, Middletons, Newcastle Stevedores and ITIC. AMSA, the Institute of Chartered Shipbrokers Australia and New Zealand Branch, Svitzer (Australia) and the Australian Maritime College were also sponsors.

Re-structuring of SAL/new chairman for 2012

During the year, the board of directors recommended to the Policy Council that the Border Agencies and Port Services Steering Group be dissolved along with the eCommerce Steering Group and a new General Steering Group be created that will meet when requested by members or if it has specific issues to address rather than scheduling meetings through the year. A decision was made to also merge the Container Technical and Technical Steering groups but on subsequent reflection and comments by members, it was decided to retain these two separate steering groups.

Currently we have 38 member lines with McArthurs deciding not to re-join. Fortunately, on 1 July we had a new member, Hyundai Merchant Marine and we certainly welcome them to the SAL team.

On 30 November last year, I stood aside as SAL chairman and the board of directors unanimously elected Ken Fitzpatrick as the 2012 chairman. I congratulate Ken on that appointment.

I appreciate the demands on all our time and the increasing workload with limited staff resources. As mentioned in the introduction, I would like to express my sincere appreciation for all those that go beyond the call of duty and dedicate their time to promoting the interests not only of Shipping Australia itself but of the maritime industry in Australia and its massive contribution to Australia's international trading task. I also wish to



Ken Fitzpatrick - new chairman of Shipping Australia Limited

thank my fellow directors, Simon Aynsley, Royce Brain, Kevin Clarke, Eddy Declerq, Ken Fitzpatrick, Geoff Greenwood and Nicolaj Noes.

Most sectors of the shipping industry reported losses in 2011. A notable exception is the cruise shipping industry which has grown from strength to strength. It is hoped that demand will pick up in 2012 but it has to be said that the outlook at the present time is not favourable. Importantly, increasing land based costs and the regulatory burden on shipowners serving the Australian trades will only add to the losses and threaten the future viability of the operators concerned. One major liner operator who has been involved in these trades for a very long time announced in 2011 that from mid 2012 it would be withdrawing from the liner trades world-wide.

In these challenging times, a united and strong national industry association is even more important. I am confident that SAL is certainly up to the task but increasing its membership and influence will only make it even more effective. I invite those shipping lines and shipping agents that have not joined SAL to consider doing so as a matter of priority.

I will retain an active interest in the affairs of SAL and do what I can to support the new chairman as a director of SAL.



CEO'S REPORT

Llew Russell

Some good points in a dreadful year

2011 was a tough year for the shipping industry in almost every respect. The global economic outlook worsened, almost all sectors of the shipping industry suffered financially especially with the increasing oversupply of tonnage, serious industrial disruption in Australian ports and port congestion in Sydney all added to our woes.

Nevertheless, there is always some light on the horizon and I expressed the hope in this report last year that we would see some action from the seemingly endless reports and submissions that dominated 2010. There was progress in some quarters, especially in the Federal Government releasing its measures aimed at revitalising the Australian merchant marine, and the decision not to create a separate biosecurity agency as recommended in the Beale Inquiry but to retain functions within the Department of Agriculture, Fisheries and Forestry (DAFF). The Australian Quarantine Inspection Service was re-named DAFF - Biosecurity but it had already introduced a number of initiatives in its Seaports programme that were beneficial to the industry, in particular clearing low-risk vessels on documents alone, a greater use of the electronic transmission of reports and the creation of the National Co-ordination Centre which has delivered a higher level of national consistency in terms of quarantine intervention.

On the export side, progress has been achieved in working towards clearing grain ships at anchor in a number of ports rather than at the berth which will speed up the loading process. In addition, new procedures have been introduced by Customs and Border Protection to speed up the vessel clearance process.

Shipping policy reform

On 9 September 2011 the Minister for Infrastructure and Transport, Anthony Albanese announced the shipping reform package comprising four key elements:

- Tax reforms to remove barriers to investment in Australian shipping and to foster the global competitiveness of the shipping industry;
- Strengthen and simplify the regulatory framework with a transparent licencing regime for coastal shipping supported by clearly stated objectives;
- Establishment of an Australian International Shipping Register to encourage Australian companies to participate in the international trades;
- Establishment of a Maritime Workforce Development Forum to progress key maritime skills and training priorities.

The centrepiece of the taxation package was the introduction of a tax exemption regime for Australian ship operators which delivered an effective tax rate of zero

on the qualifying elements of corporate income tax. Other components of the tax regime for Australian shipping included:

- A tax scheme combining a reduction in the depreciation period from 20 to 10 years, a balancing charge deferral and relaxed capital gains tax provisions.
- Exemption from Royalty Withholding Tax liability for foreign owners of vessels where the vessel is leased under a bareboat charter to an Australian company; and
- Ensuring Australians can work in international seafaring by providing seafarers' tax concessions for resident employers of Australian resident seafarers, who spent 91 days or more on international voyages on qualifying vessels in an income year.

The new licencing regime comprises:

- A general licence providing Australian flag vessels with unrestricted access to the coastal trades for a period of up to five years.
- A temporary licence enabling foreign flag vessels to operate in the coastal trades, subject to time, trade and/or voyage conditions. These licences will be available for a period of up to 12 months.
- An emergency licence limited to cargo or passenger movements in emergency situations.

Features of the Australian International Shipping Register were outlined including access to the tax exemption and other tax incentives and arrangements enabling employment of foreign seafarers at internationally competitive rates and conditions, consistent with the Maritime Labour Convention and other international labour treaties. There will be a requirement for a minimum of two senior Australian seafarers, preferably the master and chief engineer. The Maritime Workforce Development Forum will be established comprising experienced representatives from across the maritime and skills industries and unions to work with the Australian Government to improve skills outcomes.

The Minister pointed out that the package was dependent on the unions and employers reaching an industry compact that will deliver increased productivity and the details of that compact had not been made available by the end of last year. A working group in which SAL was represented met in Canberra on 30 November and again on 10 December to work through some of the details of this important initiative.

Metropolitan Intermodal Terminal Study

Chi Thai, a Masters graduate from the Institute of Transport and Logistics Studies (ITLS) at the University of Sydney joined Shipping Australia in January 2011 as part of the ITLS postgraduate work experience programme. Shipping Australia has hosted two previous graduates for work experience which has been most successful. The graduates work on a project and Chi's project was how we can maximise the potential of these inland ports or intermodal terminals, in Sydney and Melbourne in terms of advancing their commercial benefits and their efficiency of operation, especially in terms of the rail operation. Her initial paper led to us applying for project funds from the Tradegate/Australian Chamber of Industry and Commerce Cargo Automation Development Fund to extend her placement for another six months in order to develop the ideas which emerged from her initial paper. Chi completed her project just before the end of 2011. She carried out extensive research and prepared the report on the basis of the information made available to her as a result of a thorough literature review and interviews.



Aerial view of Enfield IMT site. Image courtesy of Sydney Ports Corporation

The importance of fully utilising these IMTs will increase in time as the container ports at both Sydney and Melbourne try to cope with the increased volume of container traffic. In Sydney, the report found that impediments to IMT development include the mismatch between the stevedores' time windows and the rail paths, the lack of standardisation of siding lengths and excessive shunting activities at stevedores' terminals regardless of the length of the train. Melbourne's rail performance was further disadvantaged by the complexity of its rail system and significantly low lifting productivity performed at the port. In order to provide viable and regular rail services that effectively utilise the IMT asset, the development of rail infrastructure, improvement of rail handling capacity and establishment of an efficient rail interface are considered essential. Financial support from government in the early period leading to increased utilisation of the rail service may be required.

To transport the expected throughput of 300,000 TEUs per year through the proposed Enfield Intermodal Logistics Centre, it will be necessary to run at least seven 600-metre train shuttles through the port daily with 60 per cent of the train loaded to achieve 108 TEUs per round trip. It would result in a saving of almost 330 truck trips per day or 120,000 truck trips per year if the IMT was operating at peak efficiency.

The rail reforms that Sydney Ports Corporation has been working on to improve rail efficiency, once effectively implemented, together with the recommended areas for improvement in this report will definitely increase the viability of the Enfield IMT.

It appears that although Melbourne's rail capacity is limited, its road infrastructure makes feasible the operation of high productivity vehicles to and from the ports. Initial development of both road-rail and road-road IMTs is reasonable considering current rail performance; however, in the long term the report's conclusion is that Melbourne's rail task has to be developed to effectively relieve the number of containers moved by trucks to extend the life of the Port of Melbourne. The report identified the following areas for improving intermodal terminals' viability;

- Better aligning of rail paths and time windows
- Streamlining shunting and inspection activities
- Allowing automatic underbond movements
- Considering whether government financial support for the early years is required
- Keeping an eye on opportunities for double stacking of containers, where feasible
- Investing in IT infrastructure and establishing operational standards

- Constructing dedicated rail freight lines that link to the IMTs and;
- Identifying solutions to increase train utilisation.

The report includes the recommendation that major stakeholders should be invited to join taskforces both in Melbourne and Sydney to address the obstacles identified in this report and to consider other areas to improve the viability of IMTs given their potential to extend the life of existing container terminals and also to radically improve the efficiency of the sea-land interface.

The border agencies/environment

Customs and Border Protection has advised SAL that they are in the process of developing electronic pre-arrival PDF forms with writeable fields for pre-arrival vessel and crew electronic reporting. Until these electronic forms are available, Customs will accept email copies of the pre-reporting forms and work is being done to make sure consistency is achieved nationally. A similar form is being developed for pre-arrival advanced passenger processing which are required from cruise vessels and which include crew sign on/off forms. It is also worth noting that Customs have relaunched "Frontline" under the new title of "Customs Watch" with all contact numbers remaining the same.

After very lengthy discussions and negotiations, agreement was finally reached on new administrative guidelines to apply to the AQIS Industry Cargo Consultative Committee. This included new terms of reference and a confidentiality agreement to be signed by persons appointed to this committee by AQIS (now Department of Agriculture, Fisheries and Forestry - Biosecurity). This is seen as a model form of industry consultation which AQIS hopes will apply to other consultative committees. SAL is hopeful that this will allow a greater concentration on more substantive issues as far as AQIS is concerned. AQIS has taken on board the feedback provided by SAL on the new electronic S-cargo and GAS processing procedures and the AQIS seaports programme held industry information sessions to discuss the expanded rollout of its streamlined clearance procedures, termed pratique documentation clearance. AQIS is examining new and innovative ways of clearing more vessels by documentation rather than actual inspection on a risk assessed basis. AQIS is discussing with SAL a proposed increase in fees.

SAL has attended two meetings of the AMSA Advisory Group in the past 12 months. It has also been heavily involved in the stakeholder group reviewing Australia's national plan and national maritime emergency response arrangements. A risk analysis and assessment report has been prepared and SAL looks forward to the finalisation of this review. SAL was also represented at a regional dialogue on the Maritime Labour Convention which was held in Cairns in May of this year. It has been called a Seafarer Bill of Rights and it is a complicated instrument which will be a major change for Port State Control inspectors from being a safety inspector to looking after seafarer welfare and meeting all the requirements of the Convention. SAL is supportive of Australia signing and ratifying this Convention which is yet to enter into force.

We are pleased to report that with regard to the additional $0.03 per gross tonne levy which was applied to the AMSA pollution levy as a result of the *Pacific Adventurer* incident in March last year, the clean-up and damages have hopefully now been repaid and the levy will be reduced by $0.03 per gross tonne in the second quarter of 2012.

SAL continues to liaise closely with the Office of Transport Security, both in terms of their strategic forum and the meetings of the consultative forum. The focus this year has been looking at future challenges from a security perspective and how best to handle them. In addition, SAL made a detailed submission to the Parliamentary inquiry into serious and organised crime on the waterfront. The report for the Government's consideration contained 22 recommendations but SAL did not agree that the Maritime Transport and Offshore Facilities Security Act, 2003 should include serious and organised crime. We stated that taskforces along the lines of that established in NSW to tackle crime on the waterfront should be replicated in other states and territories as they are purely focussed on that particular and important issue. In addition, SAL is opposed to the use of criminal intelligence to determine if a Maritime Security Identification Card should be issued without a strong appeal provision which would negate its use in the first place.

During the year, SAL made a submission in relation to the proposed code updating the in-water cleaning guidelines that were introduced to replace the ANZECC Code of Practice for Antifouling and In-water Hull Cleaning and Maintenance, 1997. We have urged the early adoption of these revised guidelines to assist vessels that may be required to clean their hulls while in port but it is essential that the states and territory accept these revised in-water cleaning guidelines so they can be applied uniformly on a national basis.

SAL was appreciative of being consulted on the proposed Regulation Impact Statement for new Australian biofouling management requirements which it is proposed will be introduced within the next four years. Australia is supportive of a regime that reduces the risk of exotic pests being introduced into Australia but it is really essential that this be introduced internationally on a mandatory basis to ensure the majority of vessels adhere to the new standards. The State of California in the US is considering a regime which has been highly criticised by the World Shipping Council and these criticisms have been brought to the attention of the Department of Agriculture, Fisheries and Forestry.

International developments

Action is being taken within the IMO which is strongly supported by the Australian Government for an evaluation of how the voluntary guidelines for biofouling management are being adhered to and SAL has urged the Australian Government to wait for the results of those assessments prior to introducing a mandatory scheme in Australia.

The IMO has also finally approved a number of systems for the on-board treatment of ballast water which would be consistent with the Ballast Water Convention when it enters into force. The question of federal and state and territory jurisdictions accepting the operation of these systems and how they will be measured is an issue for ongoing debate.

At the climate change conference held in Durban in December last year, there was debate about the role of shipping in reducing C02 emissions. It was pointed out at the conference that with the full support of industry, governments and IMO have now adopted global regulations for technical and operational measures to reduce ships' emissions which will enter into force in January 2013 and that will apply to at least 90 per cent of the world's tonnage. This will greatly assist the industry in meeting its commitments for a 20 per cent efficiency improvement by 2020 and a 50 per cent improvement by 2050.

Global Shipowners' Associations are united in the view that these matters should be considered within the IMO to avoid any regional solutions being applied which would undermine an international standard being established. As the International Chamber of Shipping has pointed out, market based measures are controversial amongst shipowners but there is an argument that the high cost of fuel, which with the introduction of low sulphur fuel is now set to increase dramatically means that shipowners already have every incentive to improve their efficiency. Governments must also avoid the possibility of a modal shift, as excessive costs added to shipping could see a greater use of less carbon-efficient shore-based transport modes which would generate additional C02. Industry recognises it must play a constructive part in these discussions. The clear preference of the majority of the shipping industry is for an IMO compensation fund linked to fuel consumption, rather than a system based on emissions trading. This could also support research into further efficiency improvements in the maritime sector. Importantly, any contribution must be proportionate to shipping's share of total emissions and reports of a proposal for shipping to pay $25 billion a year to a green fund would be totally inequitable and seen by many as a tax on trade.

Education and training

The SAL *Introduction to Shipping* course continues to be attractive to those who are entering the industry for the first time and we saw considerable progress in 2011 towards the development of a more advanced e-learning course entitled *Fundamentals of the Maritime Industry*. This will provide more detail and be more attractive for those who have had some initial experience but wish to advance their knowledge.

SAL remains very interested in upgrading skills and education for the maritime industry in Australia and we will follow very closely the deliberations of the Maritime Workforce Development Forum.

Young Shipping Australia

2011 was an eventful and productive year for Young Shipping Australia with both New South Wales and Victoria holding a number of well attended events. Highlights for YSA NSW include the annual CEO event with guest speakers Geoff Greenwood, managing director of Hamburg Sud and Nicholaj Noes, Managing Director of Maersk Australia who both provided some invaluable advice to the very receptive audience. Two other significant events held by YSA NSW were the PBLIS briefing and the overwhelmingly popular Intermodal and Container Logistics Tour which gave YSA members the opportunity to see firsthand the operations at P&O Trans Australia's Yennora Intermodal Terminal and their Port Botany Logistics Terminal.

Membership for YSA Victoria reached an impressive 80 members as a result of the highly successful events held which included a tour of a RO/RO vessel, a station pier tour, port cruise and an information evening on hazardous cargo with guest speakers from AMSA and Maritime Law.

YSA has also been recognized with several members receiving nominations for the Lloyds List Australia New Generation award. Paul Alexander of SAL was the proud winner of the award for his work with both YSA groups and highly commended certificates were awarded to all nominees including Emmanuel Papagiannakis, YSA NSW chairperson and Jesse Van der Tang, YSA Victoria chairperson.

The hard work of both committees will undoubtedly continue into 2012 with many exciting events and a revamped presence on the new Shipping Australia website to help promote and spread awareness of YSA.

Shipping Australia is proud of the work and effort of both YSA groups and continues to support this fantastic opportunity for young professionals to foster networking and collaboration opportunities within the shipping industry.

Mental Health of Seafarers

This is a project started by the Rotary Club of Melbourne South, working with the Melbourne Port Welfare Association, BeyondBlue, the Anglican missions to seafarers and the Catholic Apostleship of the Sea. The project has produced booklets (for masters) and leaflets (for non-officers) in four languages – English, Chinese, Tagalog and Russian - which covers about 85 per cent of all seafarers visiting Australia. The publications feature checklists to identify depressed seafarers, how they can be helped, and telephone hotline numbers for assistance.

Distribution by ship visitors to seafarer centres started late 2009 in Victoria and in September 2011 by ships agents members of SAL who were instrumental in distributing the booklets in Dampier, Hedland, Fremantle, Adelaide, Kembla, Sydney, Newcastle, Brisbane, Gladstone, Mackay, Townsville and Cairns. The material has been put on board about 2,000 ships with this total expected to increase markedly with other ships agents also distributing the booklets and leaflets. There have been cases of seafarers seeking help as a result of these publications. The Australian Maritime Welfare Society paid for the printing of an additional 5,000 of these booklets and leaflets and the project has been spear-headed by Robert Iverson, who was a former fishery biologist with the US National Marine Fisheries Service and now lives in Melbourne.



Alongside the overseas passenger terminal in Sydney

Other issues

Seafarer safety
During the year, SAL made a submission to the Seacare Authority regarding its 2015 review and I attended a seminar in Fremantle on how to avoid accidents on board vessels.

Cruise terminals in Sydney
The future capacity of Sydney to handle the future growth in cruise vessel visits continued to be discussed last year. It has been estimated that up to half the cruise vessels visiting Sydney in 2015/16 may not be able to fit under the Harbour Bridge. Action is being taken by the Sydney Ports Corporation to upgrade the Overseas Passenger Terminal and other strategies are being considered to try and cope with the surge in demand. However, more long-term solutions are required and the Federal Government initiated a review by Dr Alan Hawke regarding the suitability of using the normal facility at Garden Island for another cruise terminal east of the bridge. The results of that review are still pending.

Meanwhile, construction of a new cruise terminal west of the bridge at White Bay has begun which will replace the temporary facilities at Barangaroo.

I would like to take this opportunity of expressing my appreciation for all those representatives of our membership who give so readily of their time and effort in furthering the interests of the industry as a whole. I am also very appreciative of the dedication of SAL staff including the state secretaries in Queensland and Victoria for often going "beyond the call of duty".

Equally, we are greatly assisted by a very supportive board of directors and our chairman has provided strong leadership over the past six years. I thank the directors, including Michael Phillips for his support and encouragement throughout 2011. I look forward to working closely with the new chairman, Ken Fitzpatrick, and I am confident that we are up to the task of meeting the many challenges that we will undoubtedly face this year.

I mentioned last year that we could not exist without the support of all our members, including our corporate associate members and I express again, my very sincere appreciation of that support.



STATE COMMITTEE REPORTS NEW SOUTH WALES

By KUSHY ATHURELIYA, state secretary

The year under review followed the pattern of previous years, with meetings being held to discuss matters of interest to members and increasing the profile of Shipping Australia and its activities. Meetings of the committee were also held in the SPC Port Botany Expansion Office and the SPC project office located at the intermodal logistics centre at Enfield to enable members to view developments. The NSW State Committee under the chairmanship of Bill Rizzi, ably supported by Peter Creeden the vice chairman, were able to garner the interest of the membership of SAL, which was aptly demonstrated by the significant attendance of members at the meetings.

The committee is extremely grateful to Andrew Karas who represents the committee on the Sydney Ports Cargo Facilitation Committee, the port coordinator in Newcastle, Ian Dwyer and Port Kembla coordinator, Fiero Mammone for their tireless efforts in attending to industry matters on behalf of members.

Port Botany expansion

The 63-hectare third terminal named Sydney International Container Terminal (SICT) and the berths named 'Hayes Dock' has been handed over to Hutchison Port Holdings (HPH) for operator works. It is anticipated that the first ship will be on the berth in early 2013.

The State Government has announced that it is reviewing its ports' strategy and has sought approval to expand Port Botany to handle 7 million containers a year. It currently has approval for 3.2 million containers per year.

Port Botany Landside Improvement Strategy (PBLIS)

The State Government has introduced regulations and mandatory standards in support of the Port Botany Landside Improvement Strategy.

After the final industry trial to allow stevedores and truck carriers to adapt to the new performance management framework, the system became fully operational with financial penalties on 28 February 2011.

Trucks visiting Port Botany are now fitted with a Radio Frequency Identification Device (RFID) which allows the capture the movements of each truck in the port precinct enabling measurement of truck turnaround time independently and more accurately. The truck tracking system went 'live' in May, empowering terminals to view the status of trucks. The transparency presented by this system is no doubt of great assistance to the terminals.

A preferred location for the Truck Marshalling Area, which will accommodate the marshalling of up to 50 trucks, has been selected and is expected to be operational during 2012.

Shipping Australia had continually supported the objectives of the strategy to improve productivity and efficiency of both truck and rail handling in the terminals, but had concerns that devoting resources to handling road and rail within stevedoring terminals may detract from the efficient handling of vessels. This concern was perhaps justified as the vessel productivity had been affected throughout the year. The loss in productivity cannot be totally attributed to the lack of allocating resources to handle vessels, as there had been considerable industrial issues with the labour force engaged at both container terminals.

Whilst the share of containers carried by road has increased over the years, it appears that the share of containers carried by rail has not kept pace with the increase in trade and is now down to 14 per cent of the total trade, compared to 21 per cent in 2005/6.

The previous state government had a target of moving 40 per cent of freight by rail; this has been now been reduced to 28 per cent.

The Federal Government had announced a new strategy aimed at improving the capacity of ports to cope with an expected tripling of trade in the next 20 years and prevent bottlenecks that have hindered export growth. This was welcomed by members, as it could accelerate work on NSW infrastructure projects such as the M5 expansion and other freight hubs around Sydney. To increase rail's share of freight haulage, the national strategy recommends higher charges for road users. The strategy advocates state governments and port authorities having provision for buffer-zones, to protect corridors of access to ports.

The Council of Australian Governments has referred this matter to the Australian Transport Council (now called the Standing Council for Transport and Infrastructure) for consideration.

New Ports Minister

SAL has met with the Hon. Duncan Gay, who was appointed as the new Minister for Roads and Ports after the State election, to discuss issues affecting the shipping industry. SAL has had a close working relationship with him in the past, when he was Shadow Minister for Roads, Ports and Waterways between May 2007 and December 2008.

Privatisation of Port Botany

The State Government has announced plans to refinance state-owned assets at Port Botany and has commenced a scoping study to investigate proceeding to market with a 99-year lease. The funds raised will be used to fund infrastructure projects such as an upgrade of the Pacific Highway.

SAL will monitor the situation and endeavour to impress on the Government that price monitoring must be included in lease conditions, as there is little doubt that the buyer will be interested in a high return on investment. Members are apprehensive that port costs will escalate

before the port is leased to encourage potential lessors.

Weigh bridging of containers

The Chain of Responsibility legislation imposes obligations on the key roles or positions within the transport chain to take reasonable steps to prevent breaches of the legislation. Currently, around 42 trucks per day are in breach of allowable axle weight limits (severe breaches).

SAL has been represented in a working group established to consider the problems that will be faced by the industry in NSW with regard to the proposed weigh-bridging of import containers and has met with the Minister for Ports. Given the congestion at the container terminals in Port Botany, members were pleased that the NSW RTA had agreed to implement the systems following the peak period at the end of the calendar year in order to minimise disruption to industry.

Both terminals are in the process of installing weigh in motion systems to meet the conditions of the improvement notices issued by the NSW RTA (now called Roads and Maritime Services).

Cruise shipping

153 cruise ships visited Sydney in the 2010/11 cruise season and it is estimated that there will be 214 vessels in the 2011/12 season. This number is expected to reach 450 a year by 2025.

Planning approval was given in early 2011 for the construction of a cruise passenger terminal at White Bay to cater for up to 170 ships per year, subject to a number of strict conditions, most significantly to protect community amenity.

The new State Government had conducted a review into the contentious Barangaroo development, when it came into power. The review supported the headland park backed by the previous government and the decision to relocate the cruise ship terminal to White Bay.

With the ever increasing sizes of cruise vessels, with a number of new vessels being unable to transit under the Harbour Bridge, the industry is very keen that a new cruise facility is built east of the bridge that could accommodate the needs of all cruise vessels. Members of SAL welcomed the Federal Government's launch of a review into cruise ship access to Garden Island.

Port productivity

The committee had raised concerns with regards to berthing congestion and stevedore performance in Sydney, with the SPC and the terminals on a regular basis throughout the year. A working group was formed to identify and work on the main causes for the delays and poor productivity. Members have been providing SPC with individual stevedore performance data, which have been collated by SPC and gives an overall picture of the stevedores' performance at the two terminals.

The delays at DP World following the introduction of a new operating system in November 2010 continued into the beginning of 2011.

Delays at the terminals had also been aggravated by atrocious weather experienced at Sydney in July, which resulted in the port being closed for about 68 hours; failing infrastructure (crane rails at Patrick); high trade volumes; a portion of the stacking area for containers being unavailable due to planned resurfacing; lack of labour due to sick and other leave; and industrial action taken by the Maritime Union of Australia.

During this period Patrick had introduced measures to ameliorate the impact of these delays and vessel bunching with the goal of returning the terminal to normal operating mode, including vessel exchange being capped to below proforma volumes and empty evacuations being cancelled or reduced.

Asciano and DP World have now reached in principle agreement with the Maritime Union of Australia that will cover employees at its container terminals under a new Enterprise Based Agreement.

MUA is still negotiating with Patrick Bulk & General Stevedoring division as well as QUBE/POAGS. Following a breakdown in negotiations MUA members went on strike in December affecting POAGS terminals at Melbourne, Port Kembla, Fremantle, Port Hedland and Bunbury. This resulted in POAGS locking out 320 workers at Fremantle and Bunbury and Port Kembla on that day after claiming bans imposed by the Maritime Union of Australia had rendered parts of its business unviable.

Productivity remained an issue at Port Botany Container Terminals that had resulted in some shipping lines omitting the port and others choosing to put their freight onto rail between ports in an effort to prevent further delays to importers and exporters whose businesses rely on consistent services.

Moorebank Intermodal Terminal Facility

A feasibility study is being conducted into the potential development of an intermodal terminal at Moorebank to handle container traffic from Port Botany and interstate, with $70 million in Commonwealth Government funding.

It will look at the development of former defence land at Moorebank in three stages and will ultimately comprise of; a rail link connecting the site to the Southern Sydney Freight Line; an intermodal terminal with a capacity to handle up to 1 million TEUs per annum; warehousing and distribution facilities comprising approximately 300,000 m^2 of warehouses with ancillary offices; and a freight village of approximately 8,000 m^2 of support services.

Enfield Intermodal Logistics Centre

The operation of the Enfield Intermodal Logistics Centre has been awarded to Hutchison Port Holdings, which currently operates a number of intermodal centres across Asia and Europe, including inland container depots. Leighton Contractors which had recently completed early works at the site, which included the construction of a vehicular bridge over the adjacent railway marshalling yards and drainage and earthworks for the construction of a frog habitat area at a cost of $17 million, has been awarded a $115 million contract to deliver the main construction phase.

Expressions of interest will be called to lease out the land at Enfield, not controlled by Hutchinson, for construction of warehouses etc.

Southern Sydney Freight Line

The Australian Rail Track Corporation has begun construction on the Southern Sydney Freight Line, which will provide a dedicated freight line for a distance of 36 kilometres between Macarthur and Sefton allowing passenger and freight services to operate independently and improve the efficiency of rail freight services on the major rail corridor linking Melbourne, Sydney and Brisbane.

Northern Sydney Freight Corridor Program

The NSW and Federal governments have signed an intergovernmental agreement on the $1.1 billion jointly funded project to commence work on the Northern Sydney Freight Corridor program, which will commence in February 2012 and be complete by 2016.

The Northern Sydney Freight Corridor Program is an initiative to improve capacity and reliability for freight trains on the Main North Line between North Strathfield and Broadmeadow, Newcastle. The program will reduce the potential for delays on the rail network caused by freight and passenger trains competing for the same tracks between Sydney and Newcastle.

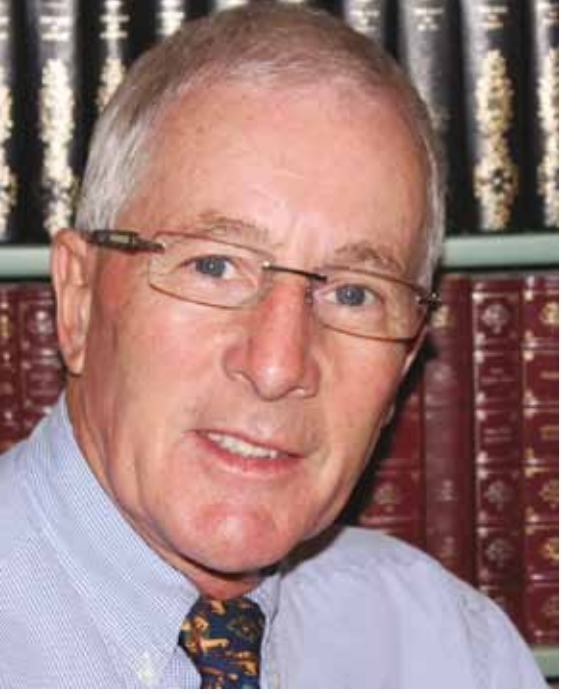
Other issues

This year's Parliamentary Luncheon was hosted by the Hon. Duncan Gay, MLC, Minister for Roads and Ports. At the luncheon held in Newcastle the Hon. John Ajaka, MLC, Parliamentary Secretary for Transport and Roads gave the key note address on behalf of the Hon. Duncan Gay.

The Port Kembla Port Corporation and Newcastle Port Corporation will be providing reports and as such they have not been included in this report to avoid duplication.



Bill Rizzi, chairman, NSW state committee



STATE COMMITTEE REPORTS QUEENSLAND

By BILL GUEST, state secretary

In October 2011 David Hislop (Hetherington Kingsbury) replaced Sharon Ralph (American President Line) as chairman of the SAL Queensland State Committee for a two year tenure. David is now chair of the Steering Committee which comprises Sharon Ralph (APL), John Widdis (MISC), Steve Pelecanos (Brisbane Marine Pilots), Matt Hollamby (Patrick Terminals), Peter Keyte (Port of Brisbane) and Bill Guest as secretary. With Mark Austin (Mitsui OSK) relocating to Sydney his valuable input to the Steering Committee was lost and it is pleasing that Russell Stuart, now with Gulf Agency Co, has rejoined the committee.

The normal six bimonthly meetings for 2011 were reduced to 5 (with the cancellation of the October meeting) and consideration is to be given to just holding quarterly meetings with urgent/ timing issues to be either handled by the Steering Committee or appointed sub committees.

Again SAL is grateful to the new port owners, the Port of Brisbane Pty Ltd (PBPL), for the provision of most venues and supporting services for State Committee meetings.

The routine of these meetings, commencing with presentations on issues relevant to the shipping and transport industries, continued. Presentations made included:

Paul Brandenburg (principal manager - vessel traffic management) of Maritime Safety Queensland (MSQ) provided details of the MSQ VTM system from development to the regional extension as a result of the *Shen Neng 1* grounding in the Douglas Shoal area of the Great Barrier Reef.

Peter Keyte (general manager trade services PBPL) on the Brisbane post-flood recovery position. A great effort both by MSQ and PBPL in returning the port to full operation within five days of the January floods.

Jim Huggett (director pilotage and hydrographic services MSQ) presented arguments relating to the justification for increased Queensland port pilotage rates.

Russell Smith (CEO of Port of Brisbane Pty Ltd) addressed members and industry associates on the 'Port of Brisbane – Opportunities for the Future'. While there were fewer presentations than in previous years the objective remains to ensure subjects of industry relevance to gain the most for members and invitees. Those invitees include senior representatives from the AC&BPS, AQIS and MSQ whose input adds further value to these meetings.

Overview

The 2009 decision of the Queensland Government to sell selected state-owned assets included the Port of Brisbane Corporation with a 99-year lease being awarded to Q Port Holdings (owners of the Port of Brisbane Pty Ltd) who took control in December 2010.

With a full year now under PBPL management it was unfortunate that the time started so disastrously with devastating floods which engulfed much of south east Queensland in January. While there was the inevitable apprehension about how any new owner would respond, it can be recorded that PBPL port management, with MSQ, brought the port back to virtually full working order within five days of the flood peak. Given the huge amount of debris (including 400 pontoons, 250 leisure boats, water tanks etc) deposited at the Fisherman Islands port entrance and the silting impact, the accelerated recovery was a real compliment to those involved and much appreciated by the shipping community. Of added relevance was the fact that port users were best placed to make business decisions by being kept fully up to date as the recovery phases progressed.

It should also be noted that the 'baton change' between the Port Corporation and private enterprise has been accomplished with only marginal impact on the SAL Queensland secretariat/membership. While the inevitable structural changes took place within the PBPL, lines of communication and cooperation with port management have remained open and constructive. Equally the PBPL have continued to be supportive of SAL major networking events.

Despite the flood impact (and that of the Japan tsunami) Brisbane cargo throughputs powered ahead both in imports and exports. Container volumes increased with the million TEU record mark (albeit empties included) being achieved in the latter part of the year. For exports, both cotton and coal dominated with import volumes (white goods and electrical products) benefitting from the strong Australian dollar. Further detail can be obtained from the PBPL website – www.portbris.com.au

On the downside, container ship owners/ agents especially suffered as margins continued to be eroded. Service provision charges (port pilotage etc) increased with the addition elsewhere of various smaller 'access', 'infrastructure' and 'facility' fees which all add up!

The arrival of the third stevedore (Hutchison Port Holdings (HPH)) in mid 2012 should strengthen the competitive element and hopefully help to stabilise container handling costs. None the less those in the container trade are likely to do it tough for some time. That statement is supported by the decision of the Malaysian International Shipping Co. (MISC) to totally withdraw from the container trade by mid 2012!

2011 issues

Queensland Shipping Information and Planning System (QShips)
This web-based ship management system, made mandatory in 2009, has been progressively upgraded by MSQ and with input from the QShips User Group has become an essential tool for all involved with ship movements. MSQ are to be commended for the effort devoted to this project.

In conjunction with MSQ, the QShips data base has been utilised by the PBPL to develop the PortBris Vessel Tracker system. This system, which has been refined during the year, enables users to track vessels within port limits in real time. Data is displayed through Google Earth and users are able to click on individual vessels to obtain more detailed information. This system is extensively used by the PBPL with more (pilots, stevedores, surveyors) coming on board as the management value is recognized.

In the 2010 review it was noted that QShips users had been lobbying for the elimination of the Arrival/Departure Report which is submitted by agents who duplicate the same information within QShips. It is pleasing to advise that this report was abolished in late 2011.

SAL has also been pressing MSQ for the introduction of electronic invoicing (EI). Invoices from MSQ (pilotage and conservancy dues) are posted to agents for each ship in/out movement and there are obvious time and economic advantages by moving to an email process. It was accepted however that computer systems issues, associated with the amalgamation of the Department of Transport with Main Roads, would need to be resolved before the EI project could get any traction. That now achieved it is disappointing that little progress has been made even with suggested short-term solutions (scanned accounts being emailed to agents in PDF form) being rejected by MSQ. While MSQ have stated the difficulties in reaching the full EI process, SAL will continue to pursue to that end.



David Hislop, chairman, Queensland state committee

Harbour control

The success of the PBPL and MSQ with the flood recovery process has been acknowledged with members being kept informed of adjustments to the channel depths following dredging operations.

Other impacting issues in 2011 centered on mooring gang sizes and spacing between ships alongside.

Mooring gangs – this became both a safety and operational issue when Brisbane port pilots reported inadequate numbers within some mooring gangs. Understandably neither the PBPL or MSQ wanted to unnecessarily impose fixed numbers and, following a moratorium on the issue, the Port Procedures Manual was amended to reflect that 'the master/owner of a vessel is responsible for the safety and number of mooring crews required to moor and unmoor his vessel safely'. There have been no adverse reactions from ship operators.

Spacing between ships – again for safety and operational reasons the regional harbour master considered it prudent to increase the distance between berthed vessels from 15 to 20 metres. Although there were initial objections from stevedores it was determined that the extra distance would not unduly impact ship operations. The new regulation applies from 1 January 2012.

Queensland ports pilotage

SAL members have had to contend with two rate increase in 2010 (April 10 per cent and Oct 10 per cent) and a further 10 per cent from 1 July 2011. Consultation has been intense with MSQ who have presented 'justification' costings which have included some 'catch up' inclusions. This has meant reluctant but inevitable acceptance although with the acknowledgement from MSQ that SAL would prefer lower more predictable rate increases over frequent (yearly) timing rather that substantial hikes over a longer period. Liaison with MSQ continues to be positive and it is expected that the next rate increase will not be before July 2012.

Star pilots

This organisation, which was set up in the interests (safety and fatigue) of pilots transiting the Great Barrier Reef and Torres Strait, remained 'on hold' in 2011. That position will continue at least until the completion of the Australian Transport Safety Bureau (ATSB) study into pilotage operations within the GBR. The study results should be presented in early 2012.

Meantime it is worth noting the increased GBR coverage of MSQ Vessel Traffic Management which was extended south in mid 2011 as a consequence of the *Shen Neng 1* grounding on the GBR Douglas Shoal in April 2010.

Port incidents - PBPL

Apart from the well documented flood impact and recovery operation there were no major Brisbane port incidents during 2011.

Brisbane port security - PBPL

It might well be that the absence of any threat (terrorist or otherwise) has created a more relaxed attitude by those holding a Maritime Security Identification Card (MSIC). The Federal Government remains focused however and in December 2010 introduced an updated list of background check offences which would prevent certain applicants from acquiring an MSIC.

Additionally the outcomes from a more recent Federal Parliamentary Joint Committee Review has suggested even tighter controls by making it mandatory for all employees of a company to hold MSICs even if only a single employee needs one for business purposes. This has been rejected by the shipping industry and remains under debate. Meantime with the approach of the five year expiry period for the original uptake Office of Transport Security (OTS) inspectors are to issue infringement notices and fine those within a security zone who do not hold a valid MSIC.

> ***If your MSIC is close to expiry then renew it!***

Landside Logistics Forum (LLF)

Initiated and chaired by the PBPL and includes industry stakeholders with the main objective of improving transport efficiencies within the port environs.

LLF/PBPL initiatives for 2011 included:

a) An automated weighbridge being established at the Brisbane Multimodal Terminal (BMT). This was in recognition of the risks involved in the road transport of 'perceived' overweight containers into or out of Fisherman Islands. More recently approval from the Queensland Department of Transport and Main Roads (DTMR) was close to being given for the movement (via ongoing class permits) of such containers within the port environs. This will reduce the onus on Fisherman Islands terminal operators from having to install their own weighbridges to mitigate chain of responsibility issues.

b) Problems associated with container park congestion were thoroughly examined within this forum. Suggested solutions were numerous but what favoured one section was not acceptable to another and with any form of vehicle booking system (VBS) being rejected by container park operators. A unanimous agreement to work on improved communications was endorsed and bolstered by the use of the 1 Stop messaging system. The visual position was also enhanced by added CCTV (webcam) coverage at the entrance



Brisbane River in flood

gate of a major Fisherman Islands container park.

c) An update to 'A guide to the Efficient Movement of Containers at the Port of Brisbane' was completed at end 2011.

A major item for the LLF agenda is to determine transport planning for the future. With cargo volumes doubling over the next 10 years – how to cope/plan for both road and rail? Rail especially requires early attention as cargo movement to the port travels through the passenger network which will also feel the strain of increased volumes. Possibly a new rail corridor to the port?

Queensland Transport & Logistics Council (QTLC)

Although statewide, the QTLC objectives (promoting the efficiency and development of Queensland transport and logistics) are aligned with those of the LLF with whom close working relations occur. By end 2011 the QTLC was close to completing the Queensland Integrated Freight Strategy which should be launched early in 2012.

It is appropriate to congratulate Dr Rebecca Michael on her recent appointment as CEO of the QTLC.

Australia Customs and Border Protection Service. (AC&BPS).

SAL values the presence of senior AC&BPS representation at SAL State Committee meetings. This was especially relevant when discussing AC&BPS attendance of first port ship arrivals at which times they represent the Federal Department of Immigration & Citizenship. An SAL member had been severely reprimanded for a ship's master proceeding ashore before the Immigration Clearance was issued. This despite no Customs presence until some nine hours after berthing!

While acknowledged that **no** crew member is to leave a ship before the Immigration Clearance is issued, matters of timing and flexibility were also affirmed (minuted) for mutual acceptance.

SAL was pleased to be represented on a group focus panel to revitalize and rebrand the AC&PBS Frontline publication. The end product 'Customs Watch' was launched late in 2011 with the objective of improving the security and commercial interests of the Australia community by intercepting prohibited substances at the border.

> ***The public are encouraged to use 1800 06 1800 to report any suspicious behaviour.***

Australian Quarantine & Inspection Service (AQIS)

AQIS personnel regularly attend State Committee meetings and SAL is supportive of their risk assessment approaches and the objective to maximize electronic initiatives to gain added efficiencies.

Speedier clearances for at-risk Giant African Snail (GAS) containers have resulted as has a more streamlined and centralized Pratique Documentation Clearance (PDC) process.

It is believed that the Federal Government decision to absorb AQIS within the Department of Agriculture, Fisheries and Forestry (DAFF) will add further productive reforms which include more partnership agreements with industry.

Coastal cargo

The restrictions of coastal cargoes being lifted by international trading vessels has been more thoroughly covered in the CEO's Report and especially the impact of the Fair Work Act. From the local perspective the Queensland Government has recognised the need for an intrastate shipping policy due to the more frequent pressures on both road and rail infrastructure and extreme weather events (floods etc) in the north of the state. 2012 will see this policy being developed through the Queensland Department of Transport & Main Roads..

Training

SAL supports industry training and while the two-day face to face '*Introduction to the Maritime Industry*' courses will no longer be held, that course is to be converted to a web-based format to be available in early 2012.

Events

With the dearth of corporate events, SAL continued to hold networking functions for the membership and shipping community during the year.

In April the SAL Golf Day was held at the Pacific Golf Club in Carindale and in October the 20th Anniversary SAL Shipping Industry Ball at Moda Events Portside was attended by 326 for a memorable evening.

In December SAL was additionally fortunate to have Russell Smith (CEO of PBPL) address members/industry at a luncheon. His presentation 'The Port of Brisbane – Opportunities for the Future' provided valuable insights of PBPL forward planning.

Initiatives to get Young Shipping Australia (YSA) underway in 2011 stalled but plans are in place to initiate activities in 2012.

2012 objectives

Any perceived concerns over the privatisation of the Port of Brisbane have not come to fruition and working relations with the PBPL remain satisfactory. Indeed SAL is appreciative of the support and cooperation of port management.

The SAL secretariat will continue to assist members to legitimately resist or mitigate cost increases. Aspects of 'justification' are to be questioned as earlier noted the number of 'ancillary' service charges is on the increase.

Welcome to the port waters of Geelong



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

The port handles more than 600 ships and more than 12 Million tonnes of bulk cargo. The Victorian Regional Channels Authority has invested in marine logistics and control systems to ensure safe access for all ships.



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

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



The VRCA welcomes ships visiting the Port of Geelong.



Victorian Regional Channels Authority

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



STATE COMMITTEE REPORTS SOUTH AUSTRALIA

By GEOFF ROSE, vice chairman

South Australia has a mainland coast line of 3,816 km with nine commercial ports.

Flinders Ports Pty Ltd operates the following six ports under a lease agreement with the South Australian Government: Port Adelaide, Thevenard, Port Lincoln, Port Pirie, Wallaroo, and Port Giles.

Ardrossan is owned and operated by Viterra Limited. Port Bonython is operated by Santos. Whyalla is operated by Onesteel Manufacturing.

Currently there are fifteen owner or liner agents and seven bulk/tramp ship agents based in Adelaide.

South Australia State Steering Committee effective 1 January 2012:

The SAL steering committee consists of Mr A Brundish, Five Star Shipping and Agency Co Pty Ltd (chair) together with Messrs G Rose, Hetherington Kingsbury Shipping Agency (vice chair); and P Bates, Mitsui OSK Lines (Australia) Pty Ltd; I Henderson, Hamburg Sud Australia Pty Ltd; P Paparella, Asiaworld Shipping Services Pty Ltd.

The SAL Steering Committee continues to meet on both a regular and when-required basis, to promote a close working relationship with the Australian Customs and Border Protection Service (ACS); Australian Maritime Safety Authority (AMSA); DAFF - Biosecurity (DAFF); SA Department for Transport, Energy and Infrastructure (DTEI) and Flinders Ports SA (FPSA).

Members serve on the SA Freight Council (SAFC), Executive Committee (Chair/ Vice Chair) and the Container Terminal Monitoring Panel (CTMP).

State Committee Meetings continue to be held quarterly at Flinders Ports premises. Flinders Ports also convene a quarterly meeting for agents for which the minutes are distributed to all shipping companies and agents.

Projects/matters that have been raised and are still to be resolved during 2012:

Department of Agriculture, Fisheries and Forestry - Biosecurity

- Problems supplying vessel hold inspectors and grain terminal labour, when the grain season/shipping program is in full swing.
- Inspection of grain vessels at anchor so as to be granted permission to load prior to berthing.

We are hoping both of the above matters may be solved with the outcome from the Ministerial Task Force which was conducted during 2011 and ongoing at the time of preparing this report.

SAL are hoping the introduction of AAOs (AQIS approved officers) will alleviate any labour shortage issues and result in the commencement of vessel grain loading inspection at anchorage.

If a vessel is able to conduct full/ all surveys whilst at anchorage it will improve the ship's turnaround time once alongside and improve the shore side loading productivity.

SA Department of Environment and Natural Resources

Due to public pressure South Australia's newly appointed premier, Mr Jay Weatherill has requested a complete review of the proposed South Australian Marine Park Management Plans.

SAL were awaiting for the review outcomes at the time of preparing this report.

Year under review

Container Terminal Monitoring Panel (CTMP): Messrs I Henderson and K Fox are the SAL representatives on this committee along with a broad cross section of the industry. As the minutes of these meetings are not for circulation, the SAL representative on this committee provides a general update for members as and when required. Any issues from the CTMP are raised at each quarterly SAL meeting.

Functions:
SAL incorporated a Christmas luncheon with invited guests into the quarterly meeting held on 8 December 2011. SAL-SA Division was able to make a small donation to the local British and International Seafarers Society with the proceeds from the luncheon.

Port Security
Flinders Ports manages all security issues and any issues are bought to the industry's attention in a general update as required and the subject is also raised at SAL's quarterly meetings.

Berth Updates
Berths 1-4 Outer Harbour - This whole area, including Passenger Terminal (Berth No. 2) is now to cater for handling cars, Ro/Ro operations and cruise ships. Other vessels may lay up at these berths for repairs and cleaning but no other cargo operation is generally accepted at these berths.

General Items: 2011 cargo volumes

Motor vehicles (units)	
Imports:	35,870
Exports:	13,298
All Cargo (metric tonnes)	
Imports:	6,691,117
Exports:	16,559,857

Number of port calls for 2011 was 1848.

Berths 6 and 7:
(DP World container terminal)

Additional pavement for IMX operations was completed in January 2011. Since then no major capitals works projects have been undertaken in the past 12 months. Four straddle carriers, two reach stackers, two empty container handlers and three RAM revolving spreaders were commissioned through the year for IMX operations. Operational labour increased by 16 per cent during the past 12 months to facilitate manning nine crane gangs every 24 hours

Liner Shipping
Volumes continued to increase with 246,992 full TEU loading through the container terminal in 2011.

In late 2011 MSC announced they would adjust their direct European service - Euro Service to call Gioa Tauro (Italy) and relay European exports through this Mediterranean hub. In early January, MSC announced they would commence calling Adelaide on their Capricorn Service. This service is likely to attract Asian imports as well as New Zealand exports (coverage of North and South Islands) and has the ability to hub North American cargo through New Zealand ports.

The terminal currently has five weekly services and the size of the vessels calling Adelaide has increased considerably in the past 12 months, up to 4500 TEU capacity.

Other berths

Berth 8 Outer Harbour - (Viterra Grain Terminal) – This purpose-built Panamax capable grain loading berth was opened on 21 January 2010 and is now fully functional.

Osborne Techport Australia Inner Harbour (Defence SA owned)] - The Australian Air Warfare Destroyers (AWD) are being constructed in this area.

Osborne No 1 Inner Harbour - This berth is used for chemical tankers.

Berth 29 Inner Harbour - The new BHP Billiton 10,000 m2 shed, roads, weigh bridge and rail network is now complete. Flinders Ports has decided that this berth, wharf area and surrounding land will be used as a bulk precinct. The precinct will handle heavy metal consentrates (hmcs) and iron ore for export plus import bulk shipments such as sulphur, which is used in the mining industry.

Exports of hmcs and iron ore will be done by using three-quarter height containers fitted with lids which will be loaded using a mobile shore crane purchased by Flinders Ports and adapted with a rotating spreader. The first vessel to load utilizing the new crane and three-quarter height container was the *MV Minervagracht* on 8 February 2012.



Flinders Ports' new rotating spreader loading iron ore, utilising three-quarter height containers

No. 29 berth has previously been the preferred berth to handle scrap steel, livestock and other vessels where the operations involved a large number of truck movements (including B Doubles) as the wide wharf apron is suited for good traffic management.

Shipping Australia is concerned that as vessel traffic for hmcs and iron ore increase general cargo and bulk vessels will be restricted from using No. 29 berth. General cargo and bulk vessels will then only have berths 18, 19 and 20 available to perform operations which will create difficulty to perform some operations due to these wharves having a narrower wharf apron.

Whilst 18, 19 and 20 berths are in a line they only give a total length of 509 metres meaning three large vessels cannot berth alongside at once. Over the years general cargo tramp vessels have lost the ability to use wharves at 1 – 4 Outer Harbour (now dedicated to motor vehicle imports/exports). If they lose the ability to use No. 29, it leaves only three berths remaining for bulk ships and general cargo ships operations.

Regional Ports
Thevenard handles the most variety of cargoes compared to other bulk loading plants/berths in South Australia. Unfortunately the entrance channel is only 8.2 metres deep placing a restriction on the amount of cargo a vessel can lift.

Port Lincoln – Mainly imports petroleum products and fertilizer with main exports being grains and seeds. Centrex Metals was looking at using the main jetty in Port Lincoln to export their iron ore however Centrex is now considering building a purpose built loading facility at Sheep Hill which comprises of 260 acres of land located approximately 21 km north east of Tumby Bay. Centrex proposes to develop a multi-user deep water bulk commodities port facility at the site. The site was chosen due to the close proximity of deep water (20 m) capable of loading Cape sized vessels. The distance from the shoreline to this depth is only 500 metres. This would allow loading of vessels of >160,000 tonnes capacity with bulk commodities. Currently, South Australia has no ports capable of loading such volumes. The port is said to be named Port Spencer. Centrex is also considering other users for this facility.

Whyalla - Mainly imports dolomite and coal and exports iron ore and iron and steel. Project Magnet whereby Cape-size vessels are loaded off shore in Spencer Gulf using barges has been operating successfully for a number of years now with future expansions planned.

Port Bonython – Mainly exports crude oil, condensate, propane and butane.

Due to the mining boom a number of mining companies are looking at ways of exporting their products but currently South Australia lacks such infrastructure.

The Spencer Gulf Port Link Consortium are looking at building a loading facility at Port Bonython. The proposal would be to either to modify the existing wharf used to load Santos products or build a separate wharf to convey ore to the ships. We understand there may be marine-related environmental issues to be addressed as this area is a major breeding ground for the Giant Cuttlefish.

Port Pirie – Main imports coal, hmcs, parageothite. Main exports, hmcs.

Western Plains and Flinders Ports P/L signed an agreement to ship ore through Port Pirie. WPG Resources planned to spend $50 million-plus on a train unloading and storage facility for export of their iron ore. However following the sale of their iron ore assets in July 2011 the project has been put on hold.

Unfortunately the entrance channel is only 6.4 metres deep placing a restriction on the amount of cargo a vessel can lift.

Port Giles – Main exports grains and no imports. It is a grain loading facility capable of loading Panamax vessels with a restriction of daylight berthing only in place. Unfortunately due to volumes and seasonal nature of the port it does not pay to position tugs on site, so tugs to handle ships in Port Giles have to transit to and from Port Adelaide. Port Adelaide vessel movements take preference over any movement requirements at Port Giles. The same applies for the port of Ardrossan. This has resulted in some vessels having faced lengthy delays in obtaining tugs because the tugs were occupied elsewhere during daylight and when the tugs did become available it was night and vessels can only berth at Port Giles in daylight. We understand Flinders Ports is aware of this issue and they are reviewing the daylight berthing only procedure in an effort to avoid costly delays to shipping and SAL is appreciative of this review.

Ardrossan – main exports dolomite and no imports. Dolomite is exported by Onesteel on both international and coastal vessels.

The port is operated by Viterra Limited. Due to the port's parameters, vessels of particular configuration/specifications are best suited to call this port.

Wallaroo – Main import cargo is fertilizer. Main exports grain and seeds.

Wallaroo is located in a large grain growing area with a major grain silo complex. Unfortunately entrance channel and berth depth places restrictions on the amount of cargo a vessel can lift.

South Australia's 2011 grain harvest was estimated to be 7.9 million tonnes, the fourth largest on record.

Future port infastructure

Mining exploration is at an all-time high but there there is no infrastructure in place at areas close to mine sites to handle future export products. The mining industry prefers deep water ports with belt loading facilities capable of loading cape size vessels quickly to reduce handling and transport costs.

Most Australian ports have dredged channels to make them deeper for the new generation container ships, but some channels that handle tramp, bulk and general vessels have been left unchanged.

Ports must attract container operators where as tramp, bulk and general cargo business is somewhat captive where import vessels have to call at the port/s declared in the charter party to discharge and often with exports the nature of the cargo and costs restricts the positioning of the cargo to a more efficient port.

Shipping in South Australia needs to go to the next level. The infrastructure in place has served the state well over the past 30–40 years but, it will not serve the shipping industry's demands for the next 30 years and this matter needs to be addressed.

We still have ports for which we cannot load a full load of grain on a handy max vessel which results in a two-port call, which is expensive and adds to taking away Australia's competitiveness.

Ships have got larger, drafts deeper, lifting more cargo and the infrastructure needs to be altered or new infrastructure added to handle such vessels and cargos. One must also remember the lead time to put these facilities in place is lengthy.

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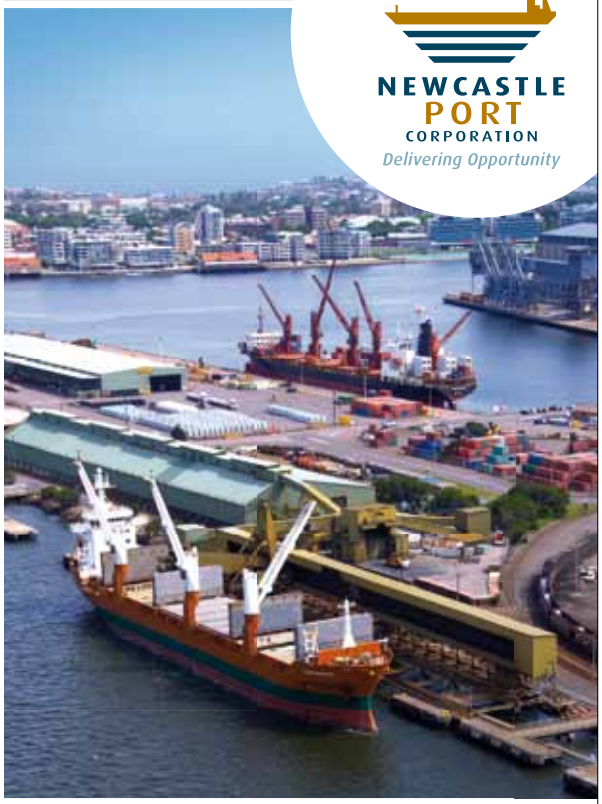
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STATE COMMITTEE REPORTS VICTORIA

By PHIL KELLY, OAM, state secretary

Office bearers

At its meeting on 13 December 2011, the Victorian State Committee unanimously re-elected Peter Bartlett, state manager of Asiaworld Shipping Services as its chairman for 2012. Kon Makrakis, state manager of Mediterranean Shipping Company (Aust) Pty Ltd, was elected vice-chairman.

Immediately upon his election, Peter Bartlett paid tribute to the retiring vice-chairman Rodney Begley, thanking him for his dedication and enormous contribution throughout the previous five years as vice-chairman, chairman and yet again as vice-chairman in 2011.

Meetings

The Victorian State Committee (VSC) comprises the senior officers in Victoria of all member lines and agencies and by invitation, corporate associate members. It meets at two-month intervals.

Our State Committee meetings have been enriched by the presence of AQIS (DAFF Biosecurity) and AMSA representatives, who also regularly attend by invitation. This facilitates the understanding and resolution of all tasks of mutual concern.



Peter Bartlett, chairman, Victorian state committee

The Victorian Steering Committee comprises six members with expertise in a broad range of shipping related areas. It meets on alternate months to VSC and is the source of SAL representation on a number of State Government departmental committees and working groups.

Membership of 'outside' and port-related working groups

Victorian Freight & Logistics Council (VFLC)

VFLC is funded by both State and Commonwealth Governments, is chaired by a senior industry figure and maintains an independent secretariat. At the invitation of the Victorian Government, David Munro (ANL Container Line) has been a VFLC member since its formation in 2005.

There are two other committees established under the aegis of VFLC in which SAL Victoria is involved:

Infrastructure Working Group (IWG),

Formed originally as the Channel Deepening Working Group and most successful in that role, IWG's role was broadened to ascertain and report on the condition and adequacy of road and rail infrastructure both in metropolitan and regional Victoria. Peter Bartlett has represented SAL since 2009.

Freight Intermodal Efficiency Group (FIEG)

The prime objective of this group is to generate 'whole of chain' input and collaboration between industry and government to identify and recommend practical operational improvements to intermodal efficiency across Victoria's freight and logistics system. Tony Keunen (MOL) and Phillip Edgley (Five Star) jointly represent SAL.

Among the topics studied and pursued during 2011 were:

- Freight Infrastructure Charge and its proposed replacement Port Licence Fee.
- Growing freight on rail with consequent feedback to industry.
- Food quality container shortages for grain cargoes.
- Industry engagement with Department of Transport to improve communications between the two organisations. It is anticipated that FIEG will be given advice in advance of proposed government studies to enable it to fulfill its role of providing timely advice by its parent body, VFLC.
- Empty container parks and implementation of ContainerChain system.
- Port of Hastings development workshop.

Whole of Port Health, Safety & Environment Committee. (WoPHSEC)

This group is hosted by PoMC and comprises a wide range of business and support services within the port of Melbourne. Most of its delegates have a connection with OH&S or the environment. Mike Dawkins of Hamburg Sud represents SAL.

Customs Logistics Chain Consultative Committee, Victoria (CLCCC Vic)

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

Expert in this and in other wide-ranging fields, Meredith Adams (MOL) and Mark Molloy (Five Star) jointly represent SAL.



Minister Denis Napthine, Stephen Bradford of Port of Melbourne Corporation and John Lines of ANL

Engagements with Department of Transport (DoT)

There was reason for the State Committee to engage with the incoming Minister for Ports and senior officers of DoT on two occasions during the year.

(1) The previous government plan to introduce a Freight Infrastructure Charge (FIC) drew adverse comment from virtually all sectors of the delivery chain. SAL expressed its full support for the Victorian Transport Association's and exporters' and importers' argument that there was a complete lack of transparency as to where these funds, amounting to $1 billion generated over 10 years, would be expended. Moreover, the proposed methodology for collection was cumbersome, to say the least, and unjustifiably, the onus would be upon cartage contractors in a highly competitive environment, to recover the FIC from their clients.

In its submission, SAL also argued against the intention for empty container movements being included in the charge, pointing out their role as ship's equipment inherent in the containerisation concept. Empty containers provided facilitation for exports and imports, incurring re-positioning costs without generating revenue. This argument was rejected without any explanation of the rationale behind the decision to impose the FIC on empty containers.

With the advent of a change in State Government came an announcement by the Minister for Ports, that the FIC concept would not proceed. However, the Minister for Ports gave a forewarning that prior to the election, Treasury had already included the anticipated revenue in its Forward Estimates and it would be necessary to replace the FIC with a scheme which would generate a similar sum, viz $1 billion over ten years.

Towards the close of 2011, it was announced by PoMC that the replacement scheme would take the form of a Port Licence Fee (PLF) and that PoMC would shortly announce its proposal as to the methodology for its collection. This advice quickly followed.

Having assessed the alarming impact of increased port charges and grey areas in relation to the predicted yield, SAL and some of its members have since made submissions to PoMC. There are grave concerns which have been succinctly outlined in Viewpoint in the early part of this edition of the SAL Magazine.

It is anticipated that PoMC will provide an opportunity for frank discussion during the month of February 2012.

(2) The Feasibility Study into the possible relocation of the port of Melbourne Car trade and some break-bulk cargo to Geelong Port has caused much consternation amongst on overwhelming proportion of stakeholders.

Readers will recall that this topic and the disadvantages of such a re-location were the subject of my article published in the Summer edition of this magazine. SAL and several of its members made submissions urging Government to reconsider its goal in light of the many financial and logistical detractions if the relocation were to proceed.

It is understood that the Minister for Ports, Regional Cities, Major Projects and Racing will announce his decision in the first quarter of 2012.

Efficacy of Empty Container Parks (ECPs) in and around Melbourne

Following upon the work commenced early in 2010, PoMC continued to host meetings of the ECP Working Group, the break-through manifesting itself in the staged introduction of the ContainerChain electronic system of data exchange. By the end of 2011, nine of 11 parks have connected to the system. It can be said in confidence that all parties are experiencing the benefits of transparency made possible by data exchange.

There remains room for improvement in all sectors and for its part, SAL has again emphasised to lines, the importance of adopting EDI messaging.

Container trade through the port of Melbourne

Despite prolonged global anxiety in the fiscal scene, the port of Melbourne continues to reflect steady growth in trade through the port, particularly notable in containerised cargoes. In summary, a comparison of the calendar years ending 31 December 2011 and the previous year portrays increased volumes with no signs of stalling. The following data does not include empty containers either imported or exported.

- For the calendar year ending 31 December 2010, total full TEUs passed through the port numbered 1,863,387.
- For the calendar year ending 31 December 2011, total full TEUs numbered 2,004,274.

This indicates a 7.6 per cent increase in container trade in the immediate past year and strengthens the view that in light of population growth and the 15 years of remarkably similar sustained growth just prior to the 2009 global downturn, planning for additional handling capacity within the port of Melbourne should proceed without inordinate delay.

SAL has already made its concern known to State Government that the uncertainty for the development of Webb Dock could hinder sea carriers' ability to introduce even larger and longer container ships. A prompt decision in the affirmative would also provide an opportunity for a third container terminal operator to compete at major Australian ports in the area of stevedoring charges and productivity.

SAL has profound confidence in PoMC to provide facilities which will optimise the port's capacity to handle predicted trade over the next 15 years and perhaps beyond that time.

The port of Hastings, Western Port

The Victorian State Committee was pleased to learn late in the year that preliminary planning has commenced for the development of a container terminal at the port of Hastings. Forward projections for growth in container trades indicate a need for an alternative port of discharge circa 2025 and it is assumed that the newly-appointed Port of Hastings Authority already has this date in mind.

John Clarebrough of the Department of Transport Victoria, Don Smithwick of POAGS and Peter Bartlett, SAL Victorian state committee chairman



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INTERNATIONAL LINER SERVICES

Agreements registered under Part X of the Competition and Consumer Act 2010

Australia/North & East Asia Trade Facilitation Agreement

Australia/South East Asia Trade Facilitation Group

Australia/Fiji Discussion Agreement

Australia & New Zealand – United States Discussion Agreement

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Australia/north and east Asia Trade Facilitation Agreement (TFA)

The TFA, which was registered in May 1998, aims to promote efficient and economic shipping service from Australia to north and east Asia. The TFA is an association of 10 member lines offering Australian exporters a variety of services from both the east and west coasts of Australia.

Between the 10 member lines of the TFA, six weekly services are deployed from south and east coast of Australia comprising 33 vessels that provide 312 voyages annually with fast transit times and the most comprehensive port coverage in north and east Asia.

Member lines

Enquiries concerning specific service details should be directed to individual member's websites.

ANL Singapore Pte Ltd	www.anl.com.au
China Shipping Container Line	www.cnshipping.com.au
COSCO Container Line	www.cosco.com.au
Hamburg Sud	www.hamburgsud.com.
Hyundai Merchant Marine	www.hmm21.com
Kawasaki Kisen Kaisha ("K" Line)	www.kline.com.au
MSC Mediterranean Shipping Company S.A	www.msc.com.au
Mitsui O.S.K Lines (MOL)	www.molpower.com
Nippon Yusen Kaisha (NYK)	www2.nykline.com
Orient Overseas Container Line (OOCL)	www.oocl.com

Service details

The range of ports covered by members south and east coast services is as follows:

Load ports

Melbourne, Sydney and Brisbane (Note: Adelaide and Tasmanian ports are served via Melbourne)

Discharge ports

- China – Shekou, Xiamen, Yantian, Qingdao, Shanghai, Ningbo and Nansha
- Hong Kong
- Taiwan – Kaohsiung
- Japan – Yokohama and Osaka
- South Korea – Busan

Other ports are served by transhipment.

Additionally, various TFA members provide exporters a wide choice of weekly sailings from Fremantle to ports across the north and east Asia region via Singapore

Australia / south east Asia Trade Facilitation Group (TFG)

The primary objective of the TFG, which was registered in 1997, is to promote efficient and economic shipping service from Australia to south east Asia. The TFG is an association of nine member lines offering Australian exporters varied shipping services from both the east and west coasts

of Australia to points in Singapore, Malaysia, Indonesia, Thailand, Vietnam, Cambodia and Brunei. The scope of the agreement also covers south Asian and Gulf region destinations: Myanmar, Bangladesh, Pakistan, Sri Lanka, UAE and Saudi Arabia.

Member lines

Please visit member lines' websites for detailed service information.

ANL Singapore Pte Ltd	www.anl.com.au
APL Lines (Australia)	www.apl.com
Kawasaki Kisen Kaisha, Ltd	www.kline.com.au
Maersk Line	www.maerskline.com
Mitsui O.S.K Lines Ltd	www.molpower.com
Nippon Yusen Kabushiki Kaisha	www2.nyk.com.au
Orient Overseas Container Line Ltd	www.oocl.com
Pacific International Lines	www.pilship.com
RCL Feeder Private Ltd	www.rclgroup.com

Service details

Ports serviced by TFG member lines

Load ports

Sydney, Melbourne, Adelaide, Brisbane and Fremantle

Discharge ports

Singapore, Port Kelang, Tanjung Pelepas, and Jakarta.

Other ports in south east Asia, south Asia, The Gulf and Red Sea are served by transhipment.

Australia / Fiji Discussion Agreement - AFDA

The AFDA is an association of ocean carriers, whose agreement was registered in 2000, providing liner services from Australia to Fiji. Member lines offer two comprehensive services to shippers utilizing six vessels from Melbourne, Brisbane, Sydney and Port Kembla, Australia to Suva and Lautoka.

The main objective of the agreement is to provide adequate, economical and efficient services from Australian east Coast ports to Fiji.

Member lines

Enquiries concerning specific service details should be directed to individual members' websites.

Hamburg Süd	www.hamburgsud.com
Neptune Pacific Agency Australia Pty Ltd	www.neptunepacific.com
Pacific Forum Line (NZ) Ltd	www.pflnz.co.nz
The China Navigation Co. Pte Ltd	www.swireshipping.com

Australia & New Zealand - United States Discussion Agreement (ANZUSDA)

ANZUSDA is an association of ocean carriers registered under part X of the Competition and Consumer Act 2010 and also with the US Federal Maritime Commission. The carriers provide liner shipping services from Australia and New Zealand to the USA. The main objective of the agreement is to promote adequate, economical and



efficient direct services from Australia and New Zealand to a range of ports on the west and east coasts of the USA, and to other points and ports via transhipment.

Member lines

Hamburg Süd	www.hamburgsud.com
Hapag Lloyd AG	www.hapag-lloyd.com
Maersk Line	www.maerskline.com
ANL	www.anl.com.au
CMA CGM S.A.	www.cma-cgm.com

Service details - west coast USA

The member lines operate a vessel sharing agreement utilizing 11 vessels sailing between Australia and west coast USA. 78 sailings per year are provided (52 weekly and 26 fortnightly) with a comprehensive port range and optimum transit times. The service is divided into two port rotation strings: Pacific north west,and Pacific south west.

Load ports

Sydney, Melbourne, Adelaide , Auckland and Tauranga.

Note: Fremantle and Tasmania are served via Melbourne. Brisbane is served via Sydney or Tauranga/Auckland.

Discharge ports

Seattle, Long Beach, Oakland, and Honolulu.

Service details - east coast USA

The member lines provide a total of 78 sailings per year on their various services to the US east coast . Hamburg Süd and Maersk Line operate a vessel sharing arrangement utilizing 10 vessels on a weekly service. Hapag Lloyd has a slot charter arrangement with Maersk Line. ANL and CMA CGM separately deploy six vessels to provide a fortnightly service.

Load ports

Sydney, Melbourne, Timaru, Port Chalmers, Napier, Auckland and Tauranga.

Note: Fremantle and Tasmania are served via Melbourne, and some lines service Brisbane via Sydney or Tauranga or Auckland. Wellington is serviced via Napier and Nelson via Auckland.

Discharge ports

Savannah and Philadelphia and other ECNA/Gulf ports via transhipment at a hub port en route.

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Chairman



Michael Phillips

Non-executive director, Hetherington Kingsbury Shipping Agency



Simon Aynsley

Managing director, CMA CGM & ANL Australia Pty Ltd Agencies

Directors



Royce Brain

Senior vice-president Australia/Asia, Inchcape Shipping Services



Kevin Clarke

Managing director, Mediterranean Shipping Company (Aust) Pty Limited



Eddy DeClercq

Managing director, OOCL (Australia) Pty Ltd



Ken Fitzpatrick

Managing director, Asiaworld Shipping Services Pty Ltd



Geoff Greenwood

Managing director marketing and sales, Hamburg Sud Australia Pty Ltd



Nicolaj Noes

Managing director, Maersk Australia Pty Ltd

POLICY COUNCIL MEMBERS FOR 2011



FRONT ROW (FROM LEFT)

Kushy Athureliya, General manager technical services of Shipping Australia Limited

Llew Russell, AM, Chief executive officer of Shipping Australia Limited

Ken Fitzpatrick, Managing director of Asiaworld Shipping Services Pty Ltd

Gary Beadle, General manager commercial of ANL Singapore Pte Ltd

Michael Phillips, Non-executive director of Hetherington Kingsbury Shipping Agency

SECOND ROW (FROM LEFT)

Darren Dumbleton, Managing director of Quay Shipping Australia Pty Ltd

Geoff Greenwood, Managing director marketing and sales of Hamburg Sud Australia Pty Ltd

Ross McAlpine, Mediterranean Shipping Company (Aust) Pty Ltd

Alan Miles, Managing director of K Line Australia Pty Ltd

Brook Paviour, Director of NYK Line (Australia) Pty Ltd

THIRD ROW (FROM LEFT)

Nai Kong Yip, Managing director of RCL (Australia) Pty Ltd

John Bradley, Managing director of Hapag-Lloyd (Australia) Pty Ltd

Colin Hall, General manager and NSW state manager of Hyundai Merchant Marine (Australia) Pty Ltd

Denis Speyer, Regional operations manager, Oceania of Swire Shipping

Mark Rigoni, General manager of Five Star Shipping and Agency Company Pty Ltd

BACK ROW (FROM LEFT)

Steve Horton, Chief executive officer of Hetherington Kingsbury Shipping Agency

Mike Slee, Vice president of Wallenius Wilhelmsen Logistics

John Clawley, General manager finance of Wilhelmsen Ships Service

Phil Coolican, Managing director of Gulf Agency Company (Australia) Pty Ltd

Bill Rizzi, State manager NSW of Mediterranean Shipping Company (Aust) Pty Ltd

Peter Wallace, Managing director of Seaway Agencies Pty Ltd

ABSENT

Mark Austin, Managing director Australia/New Zealand of Mitsui OSK Lines (Aust) Pty Ltd

Simon Aynsley, Managing director of CMA CGM & ANL Australia Pty Ltd Agencies

Royce Brain, Senior vice-president Australia/Asia of Inchcape Shipping Services

Tony Cousins, Managing director of PB Towage (Australia) Pty Ltd

Rob Davis, Monson Agencies Australia Pty Ltd

Eddy DeClercq, Managing director of OOCL (Australia) Pty Ltd

Kirsty Ellison, Manager of Ship Agency Services Pty Ltd

Michael Horsburgh, General manager or Pacific Asia Express Pty Ltd

Mark Malone, Managing director of Svitzer Australasia Pty Ltd

Frank O. Mueller, General manager AUWC of Austral Asia Line

Ted Muttiah, Managing director of APL Lines Australia Pty Ltd

Nicolaj Noes, Managing director of Maersk Australia Pty Ltd

Melissa Poon, General manager of MISC Agencies Australia Pty Ltd

Murray Read, Chief operating officer of Evergreen Shipping Agency (Australia) Pty Ltd

Gavin Smith, Managing director of Royal Caribbean Cruises Australia

Johnny Tam, Managing director of LBH Australia Pty Ltd

SAL MEMBERS FOR 2011

Members as at 30 June 2011

ANL Singapore Pte Ltd

APL Lines (Australia)

Asiaworld Shipping Services Pty Ltd

Austral Asia Line

CMA CGM & ANL Australia Pty Ltd Agencies

Evergreen Shipping Agency (Australia) Pty Ltd

Five Star Shipping & Agency Co Pty Ltd

Goodman Fielder Limited

Gulf Agency Company (Australia) Pty Ltd

Hamburg Sud Australia Pty Ltd

Hapag-Lloyd (Australia) Pty Ltd

Hetherington Kingsbury Shipping Agency

Hyundai Merchant Marine

Inchcape Shipping Services

Indian Ocean Shipping Agencies

K Line (Australia) Pty Ltd

LBH Australia Pty Ltd

Maersk Australia Pty Ltd

McArthur Shipping & Agency Co Pty Ltd

Mediterranean Shipping Co (Aust) Pty Limited

MISC Agencies (Australia) Pty Ltd

Mitsui OSK Lines (Aust) Pty Ltd

Monson Agencies Australia Pty Ltd

NYK Line (Australia) Pty Ltd

OOCL (Australia) Pty Ltd

Pacific Asia Express Pty Ltd (PAE)

PB Towage (Australia) Pty Ltd

Quay Shipping Australia Pty Ltd

RCL (Australia) Pty Ltd

Royal Caribbean Cruise Lines

Seaway Agencies Pty Ltd

Ship Agency Services Pty Ltd

Svitzer Australasia Pty Limited

The China Navigation Company Pte. Ltd. (Australian Branch)

Wallenius Wilhelmsen Logistics

Wilhelmsen Ships Service

Contributing members

China Shipping Container Liner Co. Ltd

Hanjin Shipping

Neptune Shipping Line Pty Ltd

Pacific Forum Line (NZ) Ltd

Corporate associate members

Access Records Management

AGS World Transport

Associated Marine Insurers Agents Pty Ltd

Australian Amalgamated Terminals (AAT)

Australian Maritime College

Australian Ship Suppliers Association Inc (ASSA)

Australian Shipping Consultants Pty Ltd

Brisbane Marine Pilots Pty Ltd

Chalmers Industries Pty Ltd

CLSA Australia Services Pty Ltd

Colin Biggers & Paisley

Coogans & Co

Darwin Port Corporation

DP World

Feliba Pty Ltd

Field & Associates Pty Ltd

Flinders Ports South Australia

Fremantle Ports

GHD Meyrick

Holman Fenwick Willan HFW

Hutchison Ports Australia

HWL Ebsworth

Macpherson + Kelley Lawyers

Macquarie Telecom

Middleton Moore Bevins

Newcastle Port Corporation

Newcastle Stevedores Pty Ltd

Norton White Lawyers & Notaries

NSW Maritime

OMC International Pty Ltd

Patrick Containers

Peter McQueen Pty Limited

POAGS Pty Ltd

Port Kembla Gateway Pty Ltd

Port Kembla Port Corporation

Port of Brisbane Pty Ltd

Port of Melbourne Corporation

Port Phillip Sea Pilots Pty Ltd

QR National

Sea Transport Solutions

Sydney Ports Corporation

Thompson Clarke Shipping Pty Ltd

Thomas Miller (Australasia) Pty Ltd

Torres Industries Pty Ltd

Tradegate Australia

Visy Logistics

Viterra Ltd

SAL ORGANISATIONS



Staff

FRONT ROW (FROM LEFT)

- Sharyn Flood, executive assistant to chief executive officer
- Clare Haskew, clerical assistant

MIDDLE ROW (FROM LEFT)

- Kushy Athureliya, general manager technical services
- Llew Russell, chief executive officer
- Paul Alexander, policy advisor

BACKROW (FROM LEFT)

- Bryan Sharkey, company secretary financial controller
- Kevin Swaine, trade policy advisor
- Andrew Chittenden, general `manager, liner services

Steering Groups

General Steering Group

- Chairman: Llew Russell

Container Technical Steering Group

- Chairman: Peter Creeden

Human Resources Steering Group

- Chairman: Eddy DeClercq

Maritime Legal Steering Group

- Chairman: Ken Fitzpatrick

Public Relations Steering Group

- Chairman: Ross McAlpine

Technical Steering Group

- Chairman: Ross McAlpine

State Committees

NSW State committee

- Secretary: Kushy Athureliya
- Chairman: Bill Rizzi

Queensland State committee

- Secretary: Bill Guest
- Chairman: David Hislop

South Australia State committee

- Chairman: Alan Brundish

Victorian State committee

- Secretary: Phil Kelly
- Chairman: Peter Bartlett

BORDER AGENCIES

Australian Customs and Border Protection Service



Challenges, achievements and opportunities

By MICHAEL CARMODY, chief executive officer

In 2011, the 10 year anniversary of the September 11 terrorist attacks in the US was commemorated. Those attacks were the first of a number of events within the last decade that have had a significant impact both internationally and domestically. For the Australian Customs and Border Protection Service (Customs and Border Protection), the events of the last 10 years have not only shaped where we are today, but also influence our future direction.

Prior to 2001, the Australian Customs Service (as it was then known) was focussed on some of the more traditional roles of customs administrations, such as the facilitation of trade and travel and collection of revenue. September 11 and the Bali bombings in 2002, along with other terrorist attacks, led to an increased focus on national security.

As a result, the importance of border security to national security was recognised in 2008 when the agency was renamed Customs and Border Protection. This change reflected our expanded role as the lead border protection agency and also the importance of developing a holistic approach to coordinated border management, taking into account traditional customs processes, national security, organised crime and other forms of criminality.

The terrorist attacks also changed our approach in thinking about risks and threats and the impact for Australia of events occurring in other countries. The idea of the border has expanded to be a continuum that encompasses activities that occur before people board a plane or goods are loaded onto a ship destined for Australia, during the journey and activities that happen in Australia.



This approach corresponded with the increased movement towards a global economy, creating both challenges and opportunities for border management. During the past decade globalisation, and resultant increases in trade and travel, has been the driver for many changes. Trade has not only increased in volume, but in complexity, with goods being sourced from, and travelling through more ports than ever before.

Consumer spending patterns have also evolved, creating further changes to traditional trade models. The global financial crisis has spurred us (and many others) to work more efficiently and effectively.

In response to these challenges, Customs and Border Protection has continually looked for opportunities to improve our business model. Over the past 10 years we have moved to an intelligence-led, risk-based framework that enables us to be more responsive to current and emerging threats. We also developed the Integrated Cargo System, with integrated risk management capabilities.

To further support the risk management approach, we implemented the Cargo Intervention Strategy to balance resources appropriately across known and emerging risk areas and to reduce the proportion of low risk cargo inspected, ensuring legitimate trade is not unnecessarily interrupted.

Customs and Border Protection has invested in partnerships, both internationally and domestically, across both government and industry.

All of these factors have shaped today's operating environment. Throughout 2011, we have continued to balance our border protection responsibilities while facilitating legitimate trade.

2011 Challenges and achievements

Floods in January 2011 affected a number of states in Australia, most notably Queensland. In times of natural disasters, it is critical that border agencies have in place contingency plans to effectively cope with and respond to the challenges created by such events.



Customs x-ray examination facility

During and after the floods we went to considerable effort to maintain essential Customs and Border Protection services, to support disaster response and to provide assistance to affected industry members to enable them to meet their obligations while they were recovering from the impact of the flooding.

Working in partnership with industry, we also worked hard to ensure that all goods required to support the emergency effort were processed quickly – including food, health and medical supplies, clean-up tools and public infrastructure equipment.

The Japanese tsunami in March 2011 and the resulting nuclear incident at Fukushima, demonstrated the impact of an international event on Australia. Throughout this period, Customs and Border Protection worked in consultation with relevant authorities to closely monitor and assess the developing situation. We acted to provide up-to-date information to the cargo industry of the potential risks posed by cargo coming from Japan and border management responses to those risks.

Our response to these events demonstrates the commitment of our officers who work hard to meet our responsibilities, while supporting communities in need.

An important milestone was reached on 20 July 2011 when the millionth container was x-rayed at one of our Container Examination Facilities (CEF), an event witnessed by the Minister for Home Affairs at the Melbourne CEF. Over the previous 13 months, detections at CEFs around the country have included:

- 448 kilograms of heroin and opium
- 396 kilograms of cocaine
- 174 kilograms of amphetamines and chemical precursors
- 82 million cigarette sticks
- 258 tonnes of tobacco

In October 2011 Customs and Border Protection launched Customs Watch, the new Community Participation Program to replace Frontline and Hotline. Customs Watch is an intelligence-led program that facilitates industry partners and community members to report information about suspicious activity at the border. Through the new



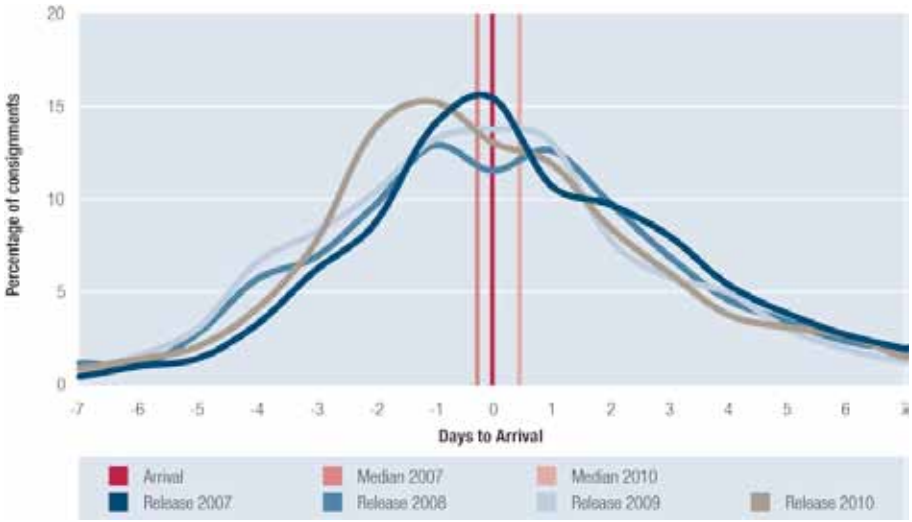


Figure 2.6 - Distribution of cargo release relative to arrival has changed over the last four years.

program, engagement with industry will be more targeted, seeking to draw on their knowledge and expertise.

Customs Watch was designed following consultation with industry stakeholders. The new tagline "Help protect Australia's border" demonstrates the agency's focus on border protection and the value of the partnership with industry and the community.

Enhanced Trade Solutions

The Enhanced Trade Solutions program was developed in 2009 as a response to current and future challenges in the end to end cargo environment. Included in this initiative was a forward work program that included undertaking an annual Time Release Study (TRS), consideration of an Authorised Economic Operator (AEO) scheme and the review of cargo control and clearance processes.

The TRS measures the average time between the arrival of goods at the border and the time permission is given for the goods to enter home consumption. The 2010 TRS was published in September 2011 and is Customs and Border Protection's fourth annual TRS. The study continues to confirm that border agency processes are not an impediment to import trade.

The study found that the average elapsed time from arrival to release for sea cargo is approximately 14.5 hours, an improvement of 16 hours from the 2007 measurement.

For air cargo, the interval is around four hours and forty five minutes, an average improvement of more than two hours.

The TRS has demonstrated that early reporting supports early clearance, by enabling border agencies to complete risk assessment before the cargo has arrived. In return, early clearance provides traders with predictability and time to pre-arrange collection and inland transport. Earlier identification of high risk cargo means that legitimate trade is unimpeded.

A copy of the 2010 TRS can be found on the Customs and Border Protection website using the following link: http://www.customs.gov.au/site/page6067.asp.

The Authorised Economic Operator (AEO) scheme is an element of the World Customs Organization's Framework of Standards to Secure and Facilitate (SAFE) global trade. In 2011, a survey was conducted with importers and exporters to determine attitudes towards an AEO. Results of the survey indicate that there is not a significant need for an Australian AEO scheme currently.

These results confirm that attitudes towards an AEO have not changed since previous studies in 2007 and 2008. International developments with regard to AEO schemes will continue to be monitored by Customs and Border Protection.

We recognise the importance of working with industry and our key partner agencies to pursue improvement opportunities that deliver enhanced border management and trade facilitation outcomes. In 2011, we engaged with industry to identify potential enhancements to current cargo control and clearance arrangements.

Through this process a joint body of work was initiated to address vulnerabilities and impediments relating to the movement of uncleared cargo. This included a focus on promoting the link between early reporting and early clearance, while minimising the proportion of uncleared cargo moving through the community.

One of the outcomes of this work included the publication of Australian Customs Notice (ACN 2011/58) designed to increase awareness and emphasise the importance of timely and accurate reporting. During the coming year we will be doing further work with industry to improve compliance of industry reporting



and undertaking further scrutiny of consignments where there has been no declaration lodged within the statutory timeframe.

Opportunities

Low value threshold

The impact of the global financial crisis in 2008 was wide and varied. The high Australian dollar, the rise of online shopping by individuals and increases in international mail volumes led to a focus on the low value import threshold. Customs and Border Protection was a key contributor to the Productivity Commission's 2011 report into the future of the Australian retail sector.

In response to the Productivity Commission's report, the Government established a taskforce to investigate options to improve the efficiency of processing low value imported parcels. The taskforce will consult the views of expert stakeholders, including the Customs and Border Protection, the Department of Agriculture, Fisheries and Forestry; Australia Post; the Conference of Asia Pacific Express Carriers; and other stakeholders, including consumers, small business and representatives groups such as the Fair Imports Alliance.

Anti dumping measures

Consultation with industry was a cornerstone for improvements to Australia's anti-dumping system that were announced by the Government in 2011. The improvements have been designed to ensure that the system is effective, modern, balanced and fair. Key features of the improvements include:

1. Better access to the anti-dumping system
2. Improved timeliness of the system
3. Improved quality of decision making
4. Greater consistency with other countries
5. Stronger compliance with anti-dumping measures

Australia's trade environment is shaped by relevant agreements under the World Trade Organization. These agreements have been established to provide remedies to domestic manufacturers and producers being injured by dumped or subsidised imports.



The improvements to the anti-dumping system reaffirm Australia's commitment to liberalised trade, which benefits Australian consumers and businesses alike and helps to keep the economy strong.

Port infrastructure and intermodals

Close engagement with industry, including port and planning authorities at all levels of government continued to be important in 2011. Customs and Border Protection is committed to working with stakeholders as they pursue infrastructure improvements to port precincts as well as intermodal solutions. Last year we contributed to, and supported the approach adopted in the National Ports Strategy for forward planning of port infrastructure and improved landside efficiency, reliability and safety. Initiatives under the Ports Strategy, along with planning relating to intermodals, provide the agency with an opportunity to address how our existing and future border management processes can be best aligned with regional and national port developments and strategies.

Future challenges

The future border environment presents us with many challenges. It is anticipated that there will continue to be significant growth in the volume of import cargo. Sea cargo is projected to reach nearly 5 million import consignments by 2020, an increase from 2.2 million in 2009-10. Air cargo is projected to increase to 21.7 million consignments by 2020, up from 11 million in 2009-10. These projected increases have a broad impact across a number of industries. There are also capacity issues relating to port environments and transport infrastructure that need to be addressed by both government and industry.

We need to meet these challenges today, while planning for the future. In 2011-12, our strategic priorities include:

- **Border Risk Priorities** – maintaining our operational focus on areas of highest risk to the border.
- **Workforce** – continue to support staff so they have the skills to do their job, and engage with the workforce at every level of the organisation.
- **Risk-based Planning** – further embed the intelligence-led risk based approach into our strategic planning processes.
- **Intelligence and Targeting** – evolve our intelligence and targeting function so that we analyse information quickly and accurately.
- **Information Management Capability** – deliver the systems and services needed to meet our knowledge and information needs.

In meeting these challenges, we recognise that we do not work alone at the border and the issues we face require a collaborative and integrated response from a range of agencies. We are currently working with partner agencies to develop the 2012 Strategic Border Management Plan, which will further examine our future challenges and identify and prioritise our capability requirements.

As we work with partner agencies, we also continue to work with industry to pursue initiatives and refine processes to ensure legitimate trade is facilitated.



The future of nautical charting and navigation

By MIKE PRINCE, director charting services

Many ship owners and operators will, by now, have heard of 'ECDIS' and have been exposed to electronic charts in some form. Many will have also considered this to be something 'for the future'. However, the news is that for vessels operated under the SOLAS Convention, the phased IMO timeline for mandatory carriage of Electronic Chart Display and Information Systems (ECDIS) and use of Electronic Navigational Charts (ENCs) starts this year.

The timelines for mandatory carriage extend from 2012 to 2018 in a phased process across a range of vessel types and tonnages.

Why electronic charts

The earliest discussions within the IMO on requirements for electronic chart systems date back to 1986, with a clear focus on improving maritime navigation safety.

A key value-added objective was a reduction in navigational workload in comparison to use of paper charts through:

- Real time positioning – a ship's position to be displayed in real time in relation to the dangers and features around it.
- Anti-grounding alarms – automatic generation of alerts based upon a ship's parameters, its planned course and forecast movement, as well as depths and other factors which may affect its passage.
- Appropriate information levels – automatically scaled levels of detail based upon the selected 'zoom' level, as well as layering of information to permit features not relevant to immediate activities to be hidden and recalled as required by the navigator.

In recent years, studies by Det Norske Veritas and a series of Formal Safety Assessments targeting particular



sections of the maritime industry went a long way in identifying the benefits of ECDIS and ENCs for IMO consideration.

These industry sectors included passenger ships, oil tankers, product tankers and bulk carriers along 11 different major trading routes, the nearest being from Newcastle (Australia), to China. It was these studies that led to the IMO's decision to introduce mandatory carriage requirements from 2012.

An Australian study backs up these claims. This study was undertaken by assessing the 240 marine accident investigation reports published by the Australian Transport Safety Bureau (ATSB) over the period 1982 to 2007. Of the full range of incidents investigated, from collisions to lapses in cargo handling, 71 resulted in grounding, the largest single category. A breakdown of the primary cause of groundings is shown in the table below.

In summary, 36 out of the 71 groundings investigated by the ATSB since 1982 could have been avoided by the correct use of an ECDIS using up to date ENC, if the technology had been available - a potential 50 per cent improvement.

A few examples where real time positioning in relation to dangers as well as the look ahead functions available in ECDIS include the *MV Peacock* and the *Bunga Teratai Satu*.



Other benefits

Additionally, it was interesting to note comments made during presentations at the most recent International ECDIS Conference.

Speakers from a number of major shipping companies advised a reduction in operating costs in using ECDIS and official ENCs, when compared to using traditional paper charts.

This is because they no longer need to maintain a team of chart correctors ashore to update chart folios for Notices to Mariners, the ability to load ENCs onto more than one system versus the need to acquire multiple copies of key charts, and because of the more flexible short term licensing arrangements possible with ENCs versus the upfront cost of outfitting a ship with paper charts.

Australia publishes around 1300 Notices to Mariners annually, each of which have to be applied by hand to every copy of a paper chart. It is just one of many nations that contribute charts for international shipping. Correcting charts is an extremely time consuming task. In contrast, when using ENC, keeping them up to date is as simple as loading a single update disk each fortnight.

Where to from here?

Ship owners and operators will need to develop an implementation plan for ECDIS to meet their particular target timeframes.

Step 1 – *Find out how your fleet will be affected*

The timetable for new build vessels is based on the date the vessel's keel is laid. Existing vessels will be required to fit ECDIS in advance of the first survey after the implementation date. There are no requirements for existing cargo vessels of less than 10,000 gross tons. Flag States may exempt vessels that will be taken permanently out of service within two years of the implementation date.

Loss of situational awareness (lost, no fixes on chart, inaccurate DR / EP, loss of fixing marks, wrong fixing marks, not paying attention)	36
Ship handling (wrong wheel orders, wrong rudder applied)	10
Machinery failure (propulsion, steering)	9
Poor bridge procedures (Ignored charts, no charts or corrections, falling asleep)	8
Weather (dragging anchor, excessive leeway)	5
Uncharted rocks or obstructions	3

Table 1: *A breakdown of the primary cause of groundings in Australian waters, 1982 – 2007. Source: Australian Transport Safety Bureau*

Step 2 – *Consider your implementation strategy*

The first step for any shipping company or ship manager is to have a management-level strategy in place for adoption that takes into account the timetable for fitting, certification of systems, training of crew and the fact that there will be an overlap of ships both ECDIS and traditionally fitted. If over-reliance is a risk at sea, under-estimation is a risk ashore, and that applies to the deadlines for fitting ECDIS. The experience of shipping companies indicates that planning, preparation, installation and training can take at least 18 months.

Step 3 - *Choose the correct fit*

Under the SOLAS revisions, the decision must be made either to fit vessels with dual or single ECDIS. Both must comply with the ECDIS performance standard. For example, by 2009, Stolt-Nielsen had fitted 33 dual systems across their fleet, as well as five triple systems, all SOLAS compliant, plus 13 single systems to improve crew familiarity in non-certified ships. The rationale for the triple systems is simple - even if one fails, the ship can still leave port and continue its voyage and avoid lost productivity. Given charter rates, the cost of an additional ECDIS is significantly less than even one day's unscheduled down-time. Additionally, it's worth noting that installation of dual or triple systems does not double or triple the number of ENCs required. This is quite unlike paper charts where, if you want two copies, you buy two copies.

Step 4 - *Choose the right chart supply solution*

The number of options for supply of ENCs is considerably greater than for paper charts. For paper charts it was simple – if you wanted it, you bought it, and if you needed it, it had to be bought before leaving port. The difference with ENCs is that there is now flexibility – although prices are based around the cost of a one year licence, there are options for cheaper licences of three months and less, as well as options to carry a full portfolio of ENCs, but only pay for the ones actually used. These options provide significantly greater options for rerouting ships away from standard routes, and even in the event of diversion in an emergency.

The right supply chain solution, including requirements for communications and downloads, is what will ultimately reduce overall costs.

Step 5 – *Get the crews trained (and keep track of which ones are trained)*

The demand for ECDIS training is such that scheduling sufficient officer courses could take three to six months. Key points are completion of the generic ECDIS course based upon the IMO model. Make sure this includes significant hands-on time. Thereafter, crews will require type specific training provided by the manufacturer as, even though different systems are intended to meet the same functions, wide differences in menus, sub-menus and screen layout can be confusing until a certain level of familiarity is reached.

A good example was highlighted by the grounding of the *M/V CFL Performer* on Haisborough Sand off England's east coast. To quote from the U.K.'s Marine Accident Investigation Branch report of May 2008:

"The ship's course had been laid directly over the shallow water of the Sand. The ship's Electronic Chart Display Information System (ECDIS) was the primary means of navigation. Unfortunately, ***none of the ship's officers had been trained in the use of the particular model of ECDIS installed****. Thus, features on the ECDIS that might have prevented this grounding were not utilized."*

Unfortunately, although crew training had been provided to the original bridge team prior to putting the ship into service, by the time of the grounding, all of this original team had been rotated out.

Step 6 – *Get Flag state certification*

It is essential that you understand your Flag state's requirements for certification, preferably before settling on a particular system and back-up arrangement. The Australian Maritime Safety Authority will accept certification from any of nine different major classification societies around the world. For further information, refer to the Australian Maritime Safety Authority website, or ring the manager, ship inspections at AMSA in Canberra.

Step 7 - *Demonstrate compliance for Port State Inspection*

As well as having to satisfy the initial Flag State requirements when installing ECDIS, Port State Control will be checking to ensure compliance. Inspections might require demonstrations of competency by appropriate members of the crew, as well as evidence of inclusion of ECDIS and back-up arrangements in onboard safety management procedures. For Australian vessels, or vessels trading to or from Australian ports, this will be a requirement. For further information, contact AMSA's manager of ship inspections..



Conclusion

In conclusion, it's worth noting:

The costs of implementing a full ECDIS solution, using double or even triple installations, are no more expensive than the costs associated with paper charts, as long as shipping companies research their options.

Generic and type-specific training is essential if the benefits of ECDIS are to be realised.

Remember what ECDIS and ENCs add: the ability to significantly improve situational awareness and reduce workload in increasingly larger ships and more constrained waterways.

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BORDER AGENCIES

Australian Maritime Safety Authority



2011 – AMSA's year in review

By GRAHAM PEACHEY, chief executive officer

In 2011, the Australian Maritime Safety Authority (AMSA) progressed and completed many key projects and initiatives.

At the beginning of 2012 it is therefore timely to look back at these achievements and how they will benefit not only the Australian shipping industry, but the broader international maritime community.

Maritime reform – a single jurisdiction

2012 is an important year for AMSA, as we complete arrangements for our transition to the national regulator on 1 January 2013.

Work towards this has been ongoing for some time, with the intergovernmental agreement on proposed national maritime reforms for domestic commercial vessels being signed by the Council of Australian Governments on 19 August 2011.

The agreement provides for:

- a new Maritime Safety National Law Act that will apply to the operations of the domestic maritime commercial vessel fleet
- a new National System for Commercial Vessel Safety that will operate in all states and territories from 1 January 2013
- AMSA becoming the national regulator of the national system from 2013.

For AMSA, this reform measure will mean increasing our regulatory scope and stakeholder base, and coordinating all state/territory commercial vessel regulation. Much of this will rely on the ongoing close cooperation with all jurisdictions.

We have been conducting nationwide consultations on the new system. These will continue throughout 2012. A discussion paper on the content of the National Law Bill has also been released for public comment, with the text of this Bill released in early 2012.

AMSA continues to work closely with the Department of Infrastructure and Transport in progressing these reforms as well as the re-write of the *Navigation Act 1912* and wider shipping industry reforms.

International cooperation

In 2011 we continued to work closely with our regional and international counterparts in progressing key maritime issues.

Of particular note is the International Labour Organization's (ILO) Maritime Labour Convention (MLC), 2006. This convention is an international global maritime priority, setting minimum working and living conditions



MLC Regional Dialogue delegates with Mr Graham Peachey, AMSA Chief Executive Officer; Dr Cleopatra Doumbia-Henry, Director of the International Labour Standards Department of the ILO; and Minister for Infrastructure and Transport, the Hon Anthony Albanese MP.

standards for the world's 1.2 million seafarers. It covers conditions of employment, hours of work and rest, accommodation, recreational facilities, food and catering, occupational health and safety protection, medical care, welfare and social security protection. In December Australia became the 22nd country to ratify the convention, which enters into force 12 months after ratification by 30 countries.

In May we hosted the 'Asia-Pacific - A Regional Dialogue on the Maritime Labour Convention' conference in Cairns which brought together 100 delegates from 20 Asia-Pacific nations. During the conference, The Hon. Anthony Albanese MP signed an Accord with leaders of the ILO and International Maritime Organization (IMO), identifying areas of cooperative action to achieve rapid and widespread ratification and effective implementation of the MLC within the region.

During 2012 we will work with the shipping industry towards implementing requirements of the Convention for Australian flagged ships and continue to prepare for the increased responsibilities the Convention will bring for our port state control role on foreign ships in Australian ports.

Australia's commitment to the enhancement of international maritime cooperation and the activities of the IMO was recently recognised in our re-election to Category C of the IMO Council.

The elections were held during the 27th session of the IMO General Assembly in London, with the then Secretary-General of the IMO, Mr Efthimios E. Mitropoulos, making the announcement on Friday 25 November 2011.

Australia is a founding member of the IMO and has actively participated in the development of IMO instruments for more than 60 years. We are supportive of the IMO as an organisation that responds to new challenges. We are also supportive of the engagement of emerging maritime states and strongly encourage their participation at all IMO meetings.

Review of National Plan and maritime emergency response arrangements

We are continuing our review of the National Plan to Combat Pollution of the Sea by Oil and other Noxious and Hazardous Substances (National Plan) and National Maritime Emergency Response Arrangements (NMERA).

The contract for the review was awarded to Parsons Brinckerhoff and Thompson Clarke Shipping, both of which have extensive knowledge of the National Plan. The review is expected to be completed in the first half of 2012 and takes into account recommendations arising from the incident reports for both the *Pacific Adventurer* and Montara Wellhead incidents, as well as a number of recommendations of the Montara Commission of Inquiry.

It will determine if current arrangements are adequate to provide an effective response to marine casualties and pollution of the sea by oil and chemicals, and where deficiencies are identified, make recommendations to rectify them.

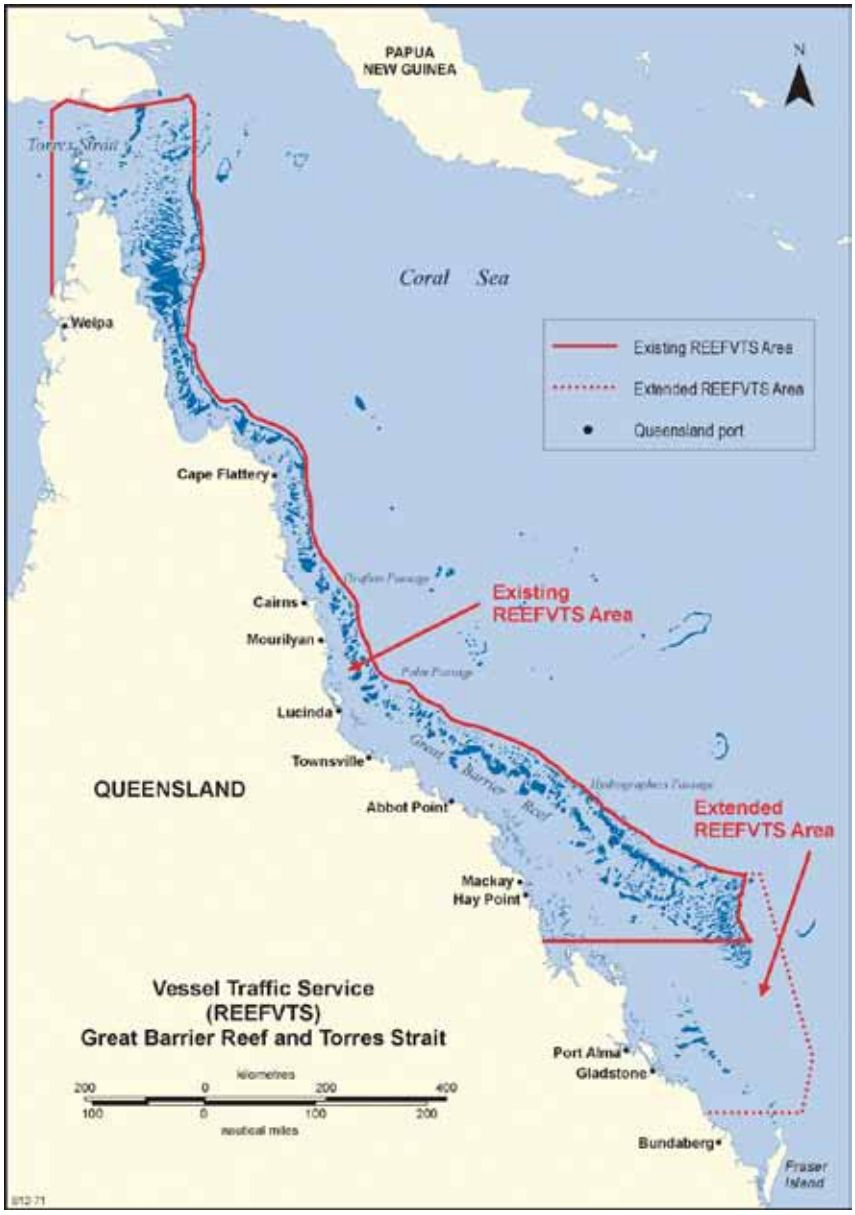
The risk assessment for maritime oil spills in Australian waters, which provides important data to be taken into account in the review was completed by Det Norske Veritas in late 2011.

Levies – an easier way to pay

In 2011 we launched our new Levy Payment Portal. The portal enables shipping agents and owners to check the status of levies and make payments online, negating the need to visit Australian Customs and Border Protection Service offices for the purpose of paying their levies.



The Hon. Anthony Albanese MP presents the keynote address at AMSA's 21st Anniversary Charity Ball.



Boundaries of the extended REEFVTS area.

The portal simplifies the process for the payment of levies, which is now achieved through credit card, direct debit authority and electronic funds transfer payment options with electronic receipting.

Great Barrier Reef protection measures

The Australian Government introduced a number of measures in 2011 to strengthen the protection of the Great Barrier Reef.

These measures will improve maritime safety and protect the marine environment for one of Australia's most precious environmental assets.

The measures include:

- The extension of the coverage of the Great Barrier Reef and Torres Strait Vessel Traffic Service (REEFVTS) to the southern boundary of the Great Barrier Reef Marine Park.
- A revision of the regulation for coastal pilotage, Marine Orders Part 54, which came into force on 1 July 2011. This strengthens measures to enhance safety, including an increased emphasis on safety management plans and fatigue management.
- The enhancement of aids to navigation in the Great Barrier Reef with a major refurbishment of North Reef Lighthouse including the installation of vessel tracking and voice communications equipment.
- The implementation of an under keel clearance management system for the restricted waters of the Torres Strait.
- A review of the offences under the *Protection of the Sea (Prevention of Pollution from Ships) Act 1983* and the *Navigation Act 1912* is currently underway, with a view to toughening the penalties for breaches.
- The establishment of a Great Barrier Reef Shipping Management Group, which is tasked with monitoring effectiveness of current measures to enhance maritime safety and protection of the reef and recommending mitigation measures to deal with risks posed by future traffic growth.

Ship inspections

2011 was a busy year for Australian ports with around 23,800 visits made to 74 ports by 4900 foreign flagged ships.

Undertaking its risk-ranking to assist in the selection of ships for inspection, AMSA conducted 3002 initial port state control (PSC) inspections of 2660 individual foreign ships.

In these inspections, a total of 8406 deficiencies were found (of many types, and representing varying degrees of seriousness), with ships detained on 275 occasions. That is, 9.2 per cent of PSC inspections resulted in detention of the ship.

In addition, AMSA undertook 84 flag State control (FSC) inspections of 63 Australian ships in 2011, resulting in the detention of six ships.

These PSC and FSC inspections were part of some 7930 inspections of 20 different types (covering ships and cargoes) which were undertaken by AMSA last year.

Emergency response and safety education

2011 was a busy year for AMSA's Rescue Coordination Centre (RCC Australia). More than 1100 lives were saved by RCC Australia in the year, an average of approximately three lives per day.

A key aspect of search and rescue is community awareness and safety education. AMSA provides ongoing advice to the Australian community through its presence at boat, aviation and 4WD shows, its website and programs such as the Torres Strait Marine Safety Program (TSMSP).

With a community liaison officer permanently based in the Torres Strait for the past two years, AMSA, together with its TSMSP partners (Maritime Safety Queensland, Torres Strait Regional Authority, Queensland Police Service and National Maritime Safety Authority of Papua New Guinea), has been able to increase safety education in the region, resulting in a reduction of the number of search and rescue incidents. The TSMSP involves many



An AMSA marine surveyor conducts a port State control inspection in Adelaide.

components including school visits, maritime studies, boating safety campaigns and Torres Strait Boatsafe and Indigenous Small Boat licensing courses.

AMSA remains committed to improving boating safety in the Torres Strait and will continue to work closely with its partner agencies to further promote and enhance safety within the region.

AMSA celebrates its 21st anniversary

On 21 October 2011, we celebrated our 21st anniversary by hosting a Charity Ball at the National Museum of Australia in Canberra.

It was a great occasion which brought together current and former AMSA staff, government and industry representatives and members of the broader maritime community. The event acknowledged the contribution made by the maritime sector during AMSA's 21-year history and recognised the dedication of Australia's key seafarer welfare organisations.

The ball raised over $89,000 with the proceeds divided equally amongst the three seafarer welfare beneficiaries - Apostleship of the Sea Australia, The Australian Mariners' Welfare Society and the Mission to Seafarers Australia.

Looking forward

As we look forward to 2021, AMSA's 30th year, we have identified several key challenges facing the authority and the broader maritime sector during this period.

These include:

- managing an expected international shipping growth of 20 per cent, particularly traffic into Australia's north-west and east coast resource ports
- managing emissions and changing environmental risks profiles that result from the expected shipping growth
- effectively implementing, administering and enforcing a growing range of international instruments designed to improve ship and seafarer safety, including provisions of the Maritime Labour Convention, 2006
- responding to expected significant increases in sports aviation and recreational boating leading to growth in search and rescue activity and costs
- managing the transition and implementation to a single national regulator for all commercial vessels.

We will continue to work closely and consult with the Australian industry and regional and international counterparts to ensure these challenges are addressed to ensure a safe, sustainable and efficient maritime sector.



Adrian Davidson, AMSA's Community Liaison Officer in the Torres Strait, addresses a community meeting in Katatai Village, Papua New Guinea.

AMSA working to increase awareness of OHS notifications

By ALLAN SCHWARTZ, general manager maritime operations division

AMSA working to increase awareness of incident reporting.

Through AMSA, the Australian Government implements and enforces a number of legislative requirements for the shipping industry, including the requirements of the *Navigation Act 1912* and the *Occupational Health and Safety (Maritime Industry) Act 1993 (OHS(MI) Act)* and their associated regulations.

AMSA performs the inspectorate role under the OHS(MI) Act and therefore, in addition to its normal roles within the maritime industry (such as verifying compliance with legislation), we now also have advisory functions.

In fulfilling our functions, we continually review our methods and monitor trends within the maritime industry.

Generally speaking, the OHS(MI) Act has limited scope in regard to its application to the ships operating on the Australian coastline, but the *Navigation Act* is broader and not only extends to more ships, but has wider requirements for incident reporting .

In regard to safety of seafarers specifically, both Acts cover safe operations and incident reporting. The OHS(MI) Act addresses this with specific provisions and the Navigation Act does so through similar provisions but also by mandating the International Safety Management Code.

The *Navigation Act* will be further strengthened in this regard with the amendments to enact the Maritime Labour Convention 2006.

In our analysis of OHS incidents reported under the *OHS(MI) Act*, and through consultation with the Seacare Authority, we are concerned that the rate of OHS incident notifications received from industry appears very low compared with that of other OHS regulators. This may be due to both the complexity of jurisdiction over ships which are mobile workplaces and a lack of awareness of incident notification requirements.

AMSA and the Seacare Authority are taking steps to increase maritime industry awareness of incident types and reporting obligations.

AMSA has developed an information package titled 'Incident Notification Guide under the OHS(MI) Act'. This guide outlines incident notification requirements and when an incident should be notified to AMSA. The package includes a notification flowchart, a helpful tool to assist operators in their decision making, and an explanation of the terms used in the legislation.

AMSA encourages industry and interested parties to access the package from our website at: http://www.amsa.gov.au/Shipping_Safety/OHS/

So what are notifiable incidents?

AMSA recognises it can be difficult for operators to determine which incidents are notifiable. The *OHS(MI) Act* and associated regulations define the following notifiable incidents:

Death - a work-related death of any person including a member of the public, a contractor or an employee.

Serious Personal Injury (SPI) - an injury to, or disease in, any person that is caused by an accident at a workplace and for which the person is:

- given emergency treatment on the prescribed ship on which the accident occurred
- given emergency treatment in another place by a registered medical practitioner
- admitted to a hospital
- treated in a hospital as a casualty, without being admitted to the hospital.

Incapacity - an accident that causes an employee who performs work in connection with the undertaking to be incapacitated from performing work for five or more successive working days.

Dangerous Occurrence - An occurrence that occurs at a workplace and results from operations that arose from an undertaking conducted by or for the operator of the workplace; and could have caused:

- the death of, or SPI to, any person
- the incapacity of an employee for a duration of five or more successive working days.

but as a result of which death, SPI or incapacity did not occur.

In cases where an incident is not notifiable to AMSA, operators should still maintain their own internal reporting mechanisms and utilise this information to improve their OHS systems and health and safety culture.

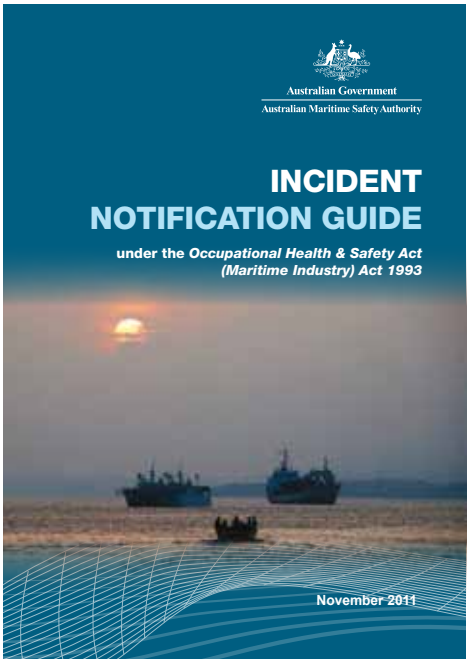




Figure 1

In some instances, the incident will be outside AMSA's jurisdiction, but another OHS regulator may still need to be notified.

Where there is any doubt, we advise operators and masters to submit a notification. AMSA can then make a determination or contact the operator directly to discuss the incident.

The importance of notifying incidents

AMSA uses notification information for a number of purposes.

In the first instance, it assists AMSA to establish whether immediate medical or evacuation assistance is required or if the incident needs to be investigated.

AMSA also uses the information to gain an understanding of current and potential safety issues under our jurisdiction.

Also, under the *OHS(MI) Act*, AMSA is required to report incident statistics to the Seacare Authority. This allows both AMSA and the Seacare Authority to identify any incident trends and direct education and other resources to those areas of concern.

Providing timely and accurate incident notification allows AMSA and industry to work together to identify trends and to enable prompt preventative measures to help reduce incidences of workplace harm. The concept of a shared responsibility for safety benefits both the regulator and industry as a whole.

AMSA and other regulators working together

There are instances where jurisdictional boundaries between a state/territory OHS regulator and AMSA are unclear, particularly in the case where an incident occurs on ships in port.

To identify jurisdictional boundaries and ensure industry is regulated by the appropriate OHS regulator, AMSA has developed Memorandum of Understandings (MOUs) in consultation with other state and territory OHS regulators. This arrangement aims to provide consistency in the management of OHS issues on the waterfront.

Currently AMSA has MOUs with New South Wales, Northern Territory, South Australia, Victoria, Tasmania and Queensland. The template for these MOUs can be found at the AMSA website at: http://www.amsa.gov.au/Shipping_Safety/OHS/OHSMOUs.asp

Incident trend analysis and responses

Notifiable incident trends help AMSA develop Marine Notices, target OHS educational awareness programs and may also lead to legislative changes being made. In recent years the Occupational Health and Safety (Maritime Industry) (National Standards) Regulations 2003 have changed to include regulations for best practice in confined space entry training and the adoption of an approved code of practice for manual handling for the maritime industry.

The term "safety culture" is commonly used and various definitions exist. Whichever definition you want to use, we believe the issue of reporting is a very good indicator of safety culture. It demonstrates the commitment to safety from those at the reporting end and the commitment to safety from those at the executive end of an organisation.

Research has been conducted into the relationship between actual incidents and dangerous occurrences or near-misses. Obviously the relationship varies from one industry to another, generally dependent upon the risk level of the industry. Regardless of what the actual ratio is, the relationship is that significantly more near-misses occur than actual incidents. This is logical and can be represented in the "accident pyramid" Figure 1.

The statistics AMSA have show the ratio is the opposite.

AMSA's OHS incident statistics from 2005 to 2010 indicate that SPIs increased during the period. However, incapacity, or the severity of injury, decreased during the period and employees required less than five days off work post injury – a very positive sign however this changed in 2011.

Dangerous occurences over the same period seemed significantly low and AMSA is particularly concerned about under-reporting of these. The levels of reporting are reflected in Figure 2.

To establish if our concerns were justified, AMSA recently carried out a comparison of OHS incidents reported to other OHS regulators.

The comparison showed:

- Reported SPIs were relatively even across industries
- Incapacity was higher in AMSA, however this can be partly explained by the defined incapacity period in OHS(MI) being five days or more, whereas other jurisdictions range from seven to 30 days or more. On this basis, it could be expected the OHS(MI) scheme would have more reports in this category.
- Dangerous occurrences were significantly lower under OHS(MI) than other industries. The comparison indicated that OHS(MI) dangerous occurrence reporting was lower by as much as 79 per cent.

The issue of under-reporting of dangerous occurrences, or 'near-misses', is particularly concerning. This type of reporting is the warning of what could have happened and has the potential to prevent incidents in the future. If as an industry we do not acknowledge that dangerous occurrence reporting is more important than actual incident reporting, this is an indication of a low level of safety culture maturity.

AMSA can establish no clear reason explaining this trend, other than lack of reporting. This could result from complexities in procedures or low awareness of regulations.

Whether it be under OHS(MI) or the ISM Code requirements, receiving dangerous occurrence reports, analysing them and putting in place appropriate controls is not only a critical step in allowing operators and seafarers to meet their statutory duty of care obligations, but it also allows those involved to actually prevent injuries to seafarers.

Remaining within the 'reactive area' shown in Figure 1, and not using the volume and wealth of information available from dangerous occurrence reporting, is an ineffective use of resources and misses valuable opportunities to improve safety.

In this regard the role of management and onboard safety committees is critical. I encourage those at all levels, and particularly those participating in committees overseeing safety, to be very mindful of what could have happened, not just what did happen, and when considering responses, to be innovative in applying the well-known hierarchy of controls.

At AMSA, we encourage all levels of reporting and particularly of dangerous occurrences, both internally and to organisations such as ours. We also strongly encourage operators to view such reporting as an opportunity to improve. There are any number of ship operators who openly acknowledge that a small investment in safety can give large rewards.

It is far better to prevent an incident ever happening than to stop it happening again.

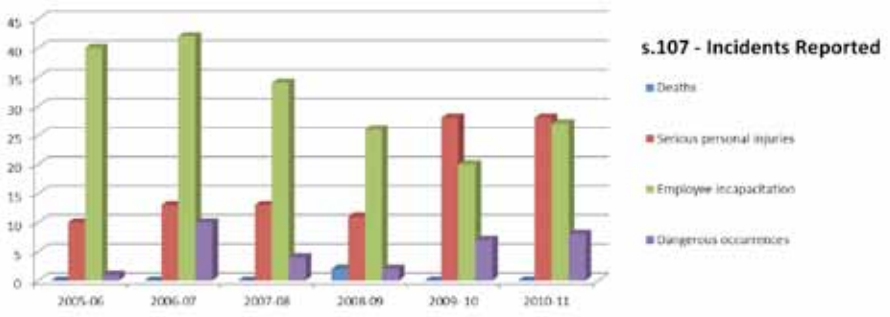


Figure 2

BORDER AGENCIES

Australian Transport Safety Bureau



Fatal accident prompts safety review in Australian ports

By MARTIN DOLAN, chief commissioner and CEO

As Australia's national transport safety investigator, the Australian Transport Safety Bureau (ATSB) investigates marine and other transport accidents to identify contributing factors with a view to reducing the risk of a similar accident happening in the future. A major part of this investigative role involves looking at organisations' safety systems to see how effectively these systems detect and manage the factors that lead to accidents in the first place.

The ATSB's recent investigation into a fatal stevedoring accident on board a ship berthed in Port Botany has revealed a number of issues associated with the safety system of one of Australia's largest port operators. The lessons learnt as a result of identifying these safety issues are not limited to that facility or operator. The investigation has highlighted important things that need to be considered when building and implementing effective safety systems in the workplace.

The accident

On 28 March 2010, the Antigua and Barbuda registered cellular container ship *Vega Gotland* was berthed at the Patrick Terminal in Port Botany, New South Wales. During the late afternoon and early evening, the ship was loading containers, using shore portainer cranes (portainers) and stevedoring labour. The stevedores included a team of eight lashers (men whose task it was to lash the deck containers after loading).



During the evening, while the stevedores were in the process of loading a forty-foot container on to one of the ship's hatch covers, a twistlock foundation on the hatch cover separated while the container was being repositioned by the portainer driver. As a result, the container swung aft towards a bay of containers which had been loaded earlier in the evening.

The lashing team leader was standing at the after end of the container being loaded, ready to lock the manual twistlocks that would hold the containers to the hatch cover. He could not escape the swinging container and was crushed between it and the other loaded containers. He was killed instantly.

What the investigation found

During the extensive investigation, ATSB investigators found that the lashing team leader had placed himself in a position of danger. Consequently, when the twistlock foundation separated during the repositioning of the container, he was unable to get clear of the swinging container.

As part of their induction, new employees were given instruction on the dangers of working between a moving container and a fixed object. As a measure of its importance, during their interviews with the ATSB investigators, the lashers stated that it was 'drummed' into them just how critical these safety practices were. In this instance, the lashing team leader had placed himself in an unsafe location, seemingly ignoring or forgetting his training and experience, or simply failing to take it into account.



At the time of the accident there was a safety system in place in the terminal which was designed to keep the safety fresh and foremost in stevedores' minds. However, what might have been a poor choice or unthinking action on the part of one man could have greater implications, and required further examination during the ATSB investigation, both into the way in which safety lessons were taught, and the way that they were learned.

The ATSB investigation also found that the issue of standing between a moving container and a fixed object was not specifically covered or reinforced in the company's safe work instructions (SWIs), or properly identified in the company's hazard identification and associated risk control processes. In addition, what was taught during the induction training was not always followed by the stevedores on board the ships berthed at the terminal. Flaws existed in both the contents and implementation of the safety system.

Effective safety systems are crucial

At the time of the accident, the New South Wales state occupational health and safety (OH&S) laws and regulations



applied in the terminal. These required Patrick to, so far as reasonably practicable, ensure the health, safety and welfare of all its employees while they were at work.

To support fulfilment of its obligations under New South Wales' OH&S laws, the company had implemented a safety management system (SMS) software package, known as a 'Safety Accountability Program'. To state the obvious, however, any SMS is only as good as its implementation. Effective safety management means that organisations need to ensure they are looking at all the risks within the organisation as a single system, rather than having multiple, competing safety management 'silos'. If safety is not seen holistically, it can interfere with the prioritisation of improvements or even result in safety issues being missed.

An effective safety system needs to have a review and continuous improvement process. This ensures operations are being conducted in accordance with procedures and that the procedures themselves properly reflect the way workplace operations are carried out. If they do not, then one or the other, or both, need to be changed.

Monitoring safety compliance

The ATSB investigation revealed that Patrick's safety system was focused on training and supervision. However, despite having SWIs aimed at reducing the risk of an accident, and an extensive training regime for new employees, at the time of the accident Patrick did not have any process in place, such as compliance auditing, to ensure its stevedores were following the training they had received and the guidance contained in the SWIs.

It is likely that the unsafe work practices, or routine violations of the SWIs, which had made their way into the working practices of the stevedores, were the result of many years following the same or similar practices where there were few or no safe operating procedures/instructions and a lack of processes in place to monitor compliance with policies, procedures and training. Unfortunately, it was not uncommon for new employees, after they had finished their induction training, to be exposed to these unsafe work practices during the on-the-job experience phase of their training and this no doubt had an influence on how they did their job.

A strong 'reporting culture'

Another fundamental component of any effective safety system is the reporting of risk-related events. These events include near misses, non-conformities, unsafe acts, risk events, incidents, accidents and hazardous occurrences. Reporting risk-related events is a proactive strategy because it can initiate remedial action to prevent a serious incident. The reaction to incidents usually involves addressing safety issues that could have been identified earlier from near misses. In addition, a valuable component of any reporting culture is the 'just reporting' aspect. This form of reporting allows employees to make reports of concerns without any fears of suffering retribution.

Patrick did have a system in place for its employees to report the risk-related events observed by its stevedores in the terminal. In fact, in the 24 months before the accident on board *Vega Gotland*, Patrick Port Botany terminal management received 270 'hazard/fault' reports. However, these were predominantly concerned with fault reporting connected with terminal equipment or machinery. In addition, all 270 reports were submitted by stevedores working in the terminal, driving the straddle carriers or driving the portainers. There were no reports from any stevedore working on a ship berthed alongside.

The comradeship between stevedores in Australia is a particularly strong one. It is possible that the stevedores did not submit risk-related event reports because they thought that making a report might result in action being taken against one of their colleagues. Consequently, two critical parts of an effective safety system, which had a direct impact upon its ability to effectively manage safety in the terminal, the 'reporting' culture and the 'just' culture, were either not present or were misunderstood in Patrick's safety system.

Since the accident, Patrick Terminals has, in consultation with its workforce, continued to review, reassess and refresh protocols, training and relevant safe work instructions as necessary. It is expected that these initiatives should increase employees' focus on and understanding of accurate and regular incident/hazard/near-miss reporting to ensure a safe workplace for everyone, and to encourage employee participation in the company's own internal investigations in the future.

Following the investigation, the ATSB acknowledged the safety actions taken by Patrick to address the safety issues identified by the ATSB during its investigation and was satisfied that, over time, they would reduce the risks associated with those issues.

Improving safety for all stevedores

Meanwhile, progress is being made to improve the safety of the entire Australian stevedoring industry. In 2010, Safe Work Australia established a Stevedoring Temporary Advisory Group to look at the issue of safety in the Australian stevedoring industry. The group consists of representatives from industry stakeholders (including employers and the Maritime Union of Australia), federal and state maritime and safety jurisdictions (including the Australian Maritime Safety Authority and Safe Work Australia), and subject matter experts. The role of the group is to identify the risks posed to workers in the Australian stevedoring industry and then to decide on how best to manage those risks to make the Australian waterfront a safer place to work.

At the time that the ATSB's investigation report was published, the group was continuing to meet to consider safety issues facing stevedores on the Australian waterfront and to evaluate the need for further regulatory or guidance material.

The ATSB investigation report 273-MO-2010-002: Independent investigation into the stevedore fatality on board the Antigua and Barbuda registered container ship Vega Gotland at Port Botany, New South Wales, on 28 March 2010 is available on the ATSB web site at: www.atsb.gov.au

BORDER AGENCIES

Department of Agriculture, Fisheries and Forestry – Biosecurity

Spotlight on biofouling

In recent decades ballast water has been the focus of global efforts to minimise the spread of marine pests by the international shipping industry. Marine growth on ship hulls, or 'biofouling', is now the subject of increasing global scrutiny and may pose a greater risk than ballast water when it comes to the movement and establishment of marine pests (Hewitt et al., 2010).

Once established, marine pests are notoriously difficult and expensive to eradicate and have the potential to cause significant damages including: loss of revenue for coastal fisheries, aquaculture industries and tourism; reduction in native marine biodiversity; and increased vessel drag, fuel costs and GHG emissions.

Without appropriate management strategies, the risks associated with biofouling on vessels are likely to increase with increased shipping numbers, fishing and recreational activities.

International push to manage biofouling

Last year the International Maritime Organization (IMO) adopted the first set of international guidelines to manage biofouling.

The guidelines are currently voluntary and focus on four areas to reduce biofouling risks:

- biofouling management plan and record book
- antifouling coatings system selection, installation and maintenance
- in-water inspection, cleaning and maintenance
- ship design and construction.

In addition to these voluntary guidelines, some governments are starting to develop regulations for biofouling management, such as New Zealand and California.

Biofouling management in Australian waters

Since 2009, Australia has had voluntary domestic biofouling management guidelines. The guidelines were developed in consultation with marine industry stakeholders and provide practical methods to help vessel operators manage biofouling on their ships. The guidelines can be downloaded for free from www.marinepests.gov.au.

The Australian Government is now focused on identifying and managing the risk of marine pests from biofouling on internationally arriving vessels.

A regulation impact statement (RIS) has been released that considers two policy options– regulatory and voluntary measures – which are intended to balance business risks with biological risks and would be practical and effective to implement. The effectiveness, costs and benefits of each option were analysed in the RIS.

The regulatory measure would require internationally arriving vessels to undertake appropriate biofouling management practices and to be free from a suite of marine pest species before being granted pratique in Australian waters. The voluntary measure would include the promotion of existing Australian biofouling management guidelines through an extensive and targeted communication campaign.

The Australian Government held a series of public meetings to discuss the biofouling management policies during December 2011, as part of a three month public consultation period ending 29 February 2012. The meetings were attended by representatives from the shipping, petroleum and aquaculture sectors, conservation councils, paint manufacturers, marine consulting companies and Australian and state governments.

Written submissions, as well as feedback and comments received during the public sessions, are being considered and further information on the proposed policy options will be available in mid 2012.

What can you do?

Vessel operators can make a difference by regularly reviewing their existing biofouling management plans to ensure that risks are appropriately addressed. The most important thing is to regularly assess the biofouling risk posed by your ship and, if necessary, to take remedial action prior to departing from a port or zone. High risk factors include:

- vessel hulls without effective anti-fouling coatings;
- extended periods of time without hull inspection or treatment activities (including to niche areas);
- lack of internal seawater treatment systems; and,
- long duration of consecutive days spent in international coastal waters.

For further information on good biofouling management practices visit the marine pests website: www.marinepests.gov.au.



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BORDER AGENCIES

Office of Transport Security



Efficient maritime security regime relies on strong partnerships

By STEVE DREEZER, general manager – Maritime, Identity and Surface Security Branch

The Australian Government works closely with domestic and international maritime agencies to uphold and strengthen security at Australia's sea ports, oil and gas platforms and coastal borders. This partnership underpins our strong and efficient security regime, in place to stop a terrorist attack. However, the threat to Australia's maritime sector has not diminished and government and industry must remain vigilant and adaptive in keeping Australia's maritime sector secure.

Continuous improvement is a priority for the Office of Transport Security (OTS) Division of the Department of Infrastructure and Transport. As Australia's preventive security regulator for the maritime sector, the OTS is continually looking for ways to improve the preventive security measures in place and reduce the risk of a terrorist attack. Good regulatory practice requires constant review and refinement of policy settings in response to changes in the security environment and feedback from industry. In evaluating the maritime security legislative framework, OTS considers not only its impact in achieving desired security outcomes but also its potential impact on the operations of the maritime industry. The past year has seen further engagement with industry in ensuring the development of policies which are in line with industry practices, to provide the optimal security outcomes.

Passenger ship security enhancements

The recent exponential growth of the cruise ship sector in Australia has highlighted the fact that passenger ships are now both regular and highly visible at capital city and regional ports. Due to the number of passengers involved and the potentially dramatic imagery that a terrorist attack would generate, cruise ships continue to present an attractive terrorist target and as such they are a policy priority for OTS. However OTS does recognise that not all passenger ships present the same risk profile.

In recognition of the differences in the risk profiles the Government amended the Maritime Transport and Offshore Facility Security Regulations (2003) (MTOFSR) on 11 September 2011, to make the maritime security framework more flexible and adaptable to changing risk and industry circumstances. Passenger ships are now divided into three different categories that represent different levels of risk and have different operational requirements. The regulations now provide for small passenger ships (150 passengers and below), large passenger ships (151 and above); passenger and vehicle ferries, and other security regulated ships. Consultation with industry has confirmed that this differentiation is beneficial as it allows different security measures to be developed for different ship categories and it also relieves some of the regulatory burden on lower-risk operators.

After extensive industry consultation a Maritime Screening Notice for Large Passenger Ships was served on capital city port operators on 26 September 2011 and it came into effect on 30 January 2012. The notice essentially formalises the existing arrangements for passenger and baggage screening for cruise ships at capital city ports. These arrangements have been in place for some years, and ports retain the flexibility to enter into a Declaration of Security with cruise ships that have a screening capability to screen on their behalf. This is an example of the OTS commitment to consulting with industry at all stages of policy development, and working together to achieve an effective outcome. OTS has also been working closely with industry stakeholders throughout 2011 to introduce national screening standards for passengers, baggage and vehicles travelling on passenger and vehicle ferries, and small passenger ships, which will continue into 2012.

Other regulatory amendments in 2011

Several other refinements of the maritime security regime were carried out in 2011. MTOFSR was also amended to allow exemptions from the requirement for ships to hold a Ship Security Plan and/or International Ship Security Certificate (ISSC), in exceptional low risk circumstances. Such circumstances would not include activities directly related to the usual commercial activities of the vessel, such as carrying passengers or cargo. An example would be for a vessel, which usually trades on an intrastate

basis, which undertakes an overseas or interstate voyage once every five years for maintenance purposes.

The regulations were also amended to allow recognition of exemption certificates given to security regulated foreign ships from having Ship Security Plans and ISSCs. There was previously no provision to allow exemption certificates issued by contracting governments to be recognised. These changes reduce costs and the regulatory burden on industry while continuing to support the Australian maritime maintenance and vessel repair sector. These amendments were made after extensive consultation with industry and contributed to a more flexible, risk-based and outcomes-focused maritime security regime.

Maritime Security Identification Cards (MSICs)

2011 marked the fifth anniversary of the establishment of the MSIC scheme, and many early card holders have started applying to have their cards renewed. OTS strongly encourages every MSIC holder whose card is due to expire in 2012 to renew early.

During 2011 we also saw the most significant changes to the MSIC scheme since it was established in 2006. This included the tightening of the eligibility criteria for MSICs, and the introduction of two yearly background checks for card holders.

I am pleased to report that AusCheck, the branch of the Attorney-General's Department which is responsible for coordinating background checks relating to MSIC applicants, has managed the spike in applications very well with the majority of applications being finalised within five working days.

However, some checks do take longer, especially where applicants have common names and/or serious criminal records. As such, all MSIC applicants, including those applying for renewals, are encouraged to liaise with their respective MSIC issuing bodies as early as possible.

During 2012 we will see further industry discussion on a range of issues relating to MSICs including how to best ensure that MSIC issuing bodies manage the risks associated with identity checking and card security, and what the costs and benefits of the current devolved MSIC model are as contrast to a more centralised model for delivering the MSIC scheme.

International maritime security

On the international front, Australia successfully retained its seat on the International Maritime Organization (IMO) Council (Category C) following a highly contested election. The Council is the executive arm of IMO and is responsible, under the Assembly, for supervising the work of the organisation.

Australia is a founding member of the IMO and has actively participated in the development of IMO instruments for more than 60 years. Australia's re-election is recognition of our ongoing support of the activities of the IMO, and our commitment to the enhancement of maritime cooperation not only in the Asia-Pacific region, but internationally.



Piracy continues to dominate the IMO maritime security agenda

Piracy continues to dominate the maritime security agenda of the IMO and, unfortunately, does not appear to have diminished as a threat, in particular in the Gulf of Aden and off the coast of Somalia. The International Maritime Bureau's (IMB) Piracy Reporting Centre (PRC) records that in 2011 there were 421 incidents of piracy and armed robbery at sea against ships and 42 ships were hijacked. Attacks in the Gulf of Aden and off the coast of Somalia accounted for 231 of these incidents, 23 of the ships hijacked and saw 450 people taken hostage. Currently, 10 vessels are still held by Somali pirates and 172 hostages remain captive.

It is evident that the risk of piracy to global maritime transport is real, persistent and continues to evolve. As a result, the piracy question continues to be discussed extensively within the United Nations framework, international meetings, amongst industry and in academic circles and the media. The IMO declared piracy as its theme for World Maritime Day 2011 and has devoted considerable time and resources to the issue including development of interim guidance to flag states, port states and ship owners, operators and masters on the use and employment of privately contracted armed security personnel. This guidance will be discussed at the IMO Maritime Safety Committee (MSC) meeting in May 2012.

While Somali-based piracy may seem remote to Australian shipping, the potential impacts of piracy to Australia's interests are manifest and include the threats to Australian cargo, seafarers and passengers as well as the economic costs. That is why OTS continues to support and engage in international efforts to combat piracy, in particular industry developed and IMO endorsed Best Management Practices (BMP4) for protection against Somali-based piracy.

Offshore oil and gas

Australia's oil and gas industry continues to have a significant role to play in ensuring continued supply of energy to the Australian domestic market, and to the Australian export economy. The significance is brought into context in light of decreasing natural resources in a competitive market and instability in a number of oil producing regions around the world. At the same time the energy sector, in particular oil, may appeal to terrorists groups as a potential target given the profound impact any disruption to supply could have on national economies.

Australia has had security regulated offshore oil and gas facilities around the country since 2005, and OTS works constructively with the industry on preventive security measures through the Offshore Oil and Gas Security Forum. The forum met twice in 2011, in June and November and discussed a range of issues relating to offshore oil and gas security arrangements including the effectiveness of security zones, piracy and the Inspector for Transport Security's Inquiry into the security of the sector. Addressing security for offshore facilities and noting that the shipping sector services these facilities is critical to the maintenance of supply.

What does 2012 hold?

Together government and industry have made some great advances in our maritime security regime during 2011 and we can rightly be proud of our achievements. The threat to Australia's maritime sector, however, has not diminished and OTS and industry must continue to be innovative in seeking to achieve cost effective solutions to security issues into 2012 and beyond. Good basic protective security measures, coupled with an effective maritime security culture, are the keys to future success. The same level of commitment from OTS and industry that made 2011 successful will be required to meet the emerging challenges of 2012. In 2012 we will be continuing our focus on passenger ship security and screening enhancements, increasing the flexibility of our screening regime through our work on recognising cleared status of passengers and baggage, and conducting a review of our waterside security measures policy to identify any alternative measures which could achieve the same security outcome. I look forward to working with you to meet these challenges throughout the year.



PORTS AUSTRALIA



Implementation of the National Ports Strategy – success requires an all agency approach

By DAVID ANDERSON, chief executive officer

On 4 November 2011 the inaugural meeting of the Standing Council on Transport and Infrastructure (SCOTI) was convened in Canberra.

Although it went relatively unannounced this meeting represented a significant and logical step towards securing a more cohesive and broader based policy approach to national port issues. SCOTI, which was established as part of the COAG initiatives to reform the ministerial councils structure, now for the first time brings transport, planning and infrastructure ministers from the Commonwealth, states and territories into the one forum. It replaces a number of ministerial councils which all went their separate ways on national approaches to issues which nevertheless have important linkages, for example efficient transport systems on the one hand and land use planning on the other.

To quote the Communique:

> *"The new Standing Council for the first time brings together responsibilities for strategic planning with infrastructure and transport policy and regulation. Bringing these functions together under the umbrella of one Ministerial Council provides a unique opportunity for the development of integrated solutions to address national infrastructure and transport planning and delivery challenges."*

A further important development was that industry representatives were invited to the meeting, and at the discretion of the chairman, the Hon. Anthony Albanese, to make interventions. Industry was thereby provided with an opportunity to directly contribute to, and to encourage, particular outcomes at the highest level.

It was on this occasion that I was able to personally witness Ministers approve the National Ports Strategy to go forward to COAG as well as their agreement to the first national heavy vehicle bill and the national rail safety law, which also committed each jurisdiction to proceed with adopting nationally based transport arrangements.

The National Ports Strategy – an effective change agent

The success of the National Ports Strategy (NPS) to this point has been twofold. Firstly it has enabled the ports community to engage with governments and other stakeholders on a comprehensive menu of port issues that are key to port efficiency and sustainability.

Secondly, and of equal significance, the NPS has created a conversation involving many players that has ramped up port and port-related issues on both the public policy and political agenda. It has agencies involved in transport, planning, and land use who were not previously much engaged with port issues now understanding that port efficiency and future capacity must be integral, rather than peripheral, to their thinking and that the functionality of cities and communities is inseparable from the functionality of ports and freight distribution. It is by this means that only now are we finally securing some traction with key issues such as urban encroachment, the protection of road and rail access and port and freight precincts for future capacity development, and the right to dredge.

This improvement in appreciation of the importance of port issues is encouraging but the hard yards are still to come. Implementation of key elements of the NPS, and commitment at the right levels to implementation, is now the challenge immediately in front of us and 2012 will be the year that determines the measure of success in securing momentum in what is a long term process.

Implementation – where to from here?

Currently Ports Australia is working closely with Infrastructure Australia, the National Transport Commission and the Department of Infrastructure and Transport on the best means of progressing key elements of the NPS. One of the key milestones is to work in collaboration with these agencies with a view to positioning the Department to champion agreement to proceeding with a small set of key priorities at the next ministerial council meeting in the first half of this year.

As a further step two key Commonwealth research agencies, the Bureau of Infrastructure and Regional Economics (BITRE) and the Bureau of Resources and Energy Economics (BREE) are carrying out research projects on future demand and on port and supply chain indicators to support productivity measures in the NPS, and to support the port master planning process.

The expert panel envisaged as part of the NPS implementation is now also fully up and running and its membership includes two very well-credentialed Ports Australia nominees, the Hon. Dr David Hamill, who is a former Queensland Treasurer and Transport Minister with expertise also in infrastructure funding and development, and Mr Des Powell who has an outstanding record of experience in the transport industry, in public policy, and in industry consultation. This group has met on two occasions and has articulated how it considers it can operate to best assist Infrastructure Australia to facilitate NPS outcomes in the areas of port planning, logistics and regulation. It certainly has a very strong view that it would like to add value where it is best equipped to do so, and that it should not simply add another level of monitoring to the NPS.

From hereon however, it is critical to the success of the NPS that it increasingly become an all-of-government endeavour. Put another way, that the enabling of ports to do their task as effectively as possible, become part of the routine of government. The NPS has been endorsed at Commonwealth level by the Prime Minister and her Cabinet and openly articulated as a policy priority. At state and territory level it has likewise been endorsed by ministers and accordingly embraced as policy. It is accordingly not at the discretion of any agency of government to “reject” the NPS (and by implication good policy and the economic imperatives of their respective governments) as inconsistent with their culture or way of thinking. It is encouraging that a number of transport and central agencies in our various jurisdictions now see the NPS for what it is – a simple opt-in proposition advocating good policy and regulatory settings for their respective port communities.

Finally, it is important that we give every encouragement, that regulatory review processes such as that currently underway for the EBPA Act, do not sideline the aspirations of governments that their ports operate as efficiently as possible.

The matrix of actions that accompany the published NPS is fairly exhaustive and, at first glance, daunting. Ports Australia sees as its task this year to assist where possible in getting on with implementing those elements which are immediately achievable and we acknowledge that this will only be accomplished by equal effort on the part of both industry and government.In particular the ports community is looking to progress the port master planning process. A small number of our members have already achieved this with active community and other stakeholder involvement and ownership. Ports invariably have very well-developed precinct plans and it is now a question of accessing the benefits of other stakeholder involvement which, among other things, can lead to strengthened recognition of the port as a key regional economic driver and employer, to broader acknowledgement of the port’s legitimate aspirations to have room to grow and to protect its access corridors, and to further development of its supply chains and to increased business opportunities. It can also lead to improved understanding that ports endeavour to be sound environmental citizens and apply a lot of resources to this area and good science to what they do.

In the master planning process individual ports will proceed at varying pace and in different ways in accordance with their own particular relationships, governance models and so on. One of the great benefits of our current collaboration with Infrastructure Australia and the National Transport Commission, and our strong connection with the expert panel, is that they will lend support and resources to any port that requests it - their preference for a facilitating and support role is strongly supported by Ports Australia.

To this end Infrastructure Australia is working with a number of our members on developing collaboration with community and supply chain stakeholders to establish a common vision about the strategic development of their respective ports.

We have commented previously that the NPS provided an opportunity for the ports community to address, under the one banner, those key issues of access, regulation and planning that have for some time been at the top of our strategic policy agenda. We have also previously pointed out that this must involve seriously addressing key issues such as the right of ports to dredge their channels, about which there is now serious misinformation abroad, and which some agencies see as a privilege rather than an economic necessity, and believe, contrary to due process, that it can come at any regulatory cost because the resources boom can afford it.

We have reached the point where we have secured broad base political support for the NPS which now needs to be translated into effective agency behaviour to permit it to happen.



PORTS BRISBANE

Located in one of Australia's fastest growing regions, South East Queensland, and with over $34 billion-worth of cargo crossing its wharves every year, the Port of Brisbane Pty Ltd (PBPL) manages and develops Queensland's largest multi-cargo port under a 99-year lease from the Queensland Government.

PBPL is responsible for developing the port and related facilities, and for the provision of key services such as maintaining navigable access to the port for commercial shipping, and the operation of the Brisbane Multimodal Terminal.

PBPL is focused on driving trade and business growth by working with customers to enhance logistics chain solutions via Brisbane, deliver outstanding development outcomes, facilitating efficiencies and innovation, and striving to accommodate new opportunities.

One year as a private enterprise

December 2011 marked the one year anniversary of the Port of Brisbane's privatisation following acquisition by Q Port Holdings (QPH), a majority Australian-owned consortium of four of the world's largest and most experienced infrastructure investors.

In its first year of Port of Brisbane ownership, QPH has successfully promoted efficiencies of trade across the port's wharves and facilities, allowing PBPL to improve cargo handling efficiencies, increase the use of the port's multi-user facility, and experience solid trading over a diversity of commodities. Although trade results were strong, PBPL did however experience a number of escalated costs in 2011, particularly in relation to the January flood clean-up and associated dredging costs.

Positive trade results

The Port of Brisbane has seen solid trading across a number of commodities in the last six months of 2011. The diversity of the commodities handled by the port has helped to sustain its trade results, with total trade to December 2011 increasing 7.3 per cent to 18.4 million tonnes. Coal exports increased 4.2 per cent to 4.1 million tonnes and container trade increased 5.4 per cent to 542,000 teus, compared to the same period last year.

While trade remained positive, the January 2011 floods resulted in extensive damage to a number of the port's supply chains, with hundreds of road and rail lines damaged or isolated, meaning some commodities faced extensive delays. The shipping and stevedoring industries also had a difficult task, with a backlog of ships causing ongoing scheduling disruptions. Much of these flood-related costs were absorbed by PBPL.

Container trade positive

Throughout 2011, the Port of Brisbane saw growth in containerised agricultural export commodities including cotton, sorghum, chickpeas, cottonseed and beef. Favourable seasonal conditions, consistent rainfall and good soil were the major contributors to this trend, which is expected to remain consistent for the next two to three years.

Figures indicate that in the 2011 calendar year, the Port of Brisbane's container throughput was approaching one million teus, as compared with 953,095 teus in the 2010 calendar year.

The completion of wharves 11 and 12, in 2012 and 2014 respectively, will increase the port's container handling capacity by 25 per cent, and take the number of dedicated container berths to nine.

Coal exports expected to grow

Queensland produces 60 per cent of total Australian coal exports, and around 50 per cent of the world seaborne trade in coking coal used in steelmaking.

Positive coal exports through the port in 2011 were encouraged by high global prices and strong demand, as well as coal miners committing significant capital into capacity expansions. Both Queensland and Australian exports are expected to continue to grow over coming years.

Brisbane a hub for project cargo

The Port of Brisbane provides a range of facilities to handle the diverse and often unique requirements of project and heavy-lift cargo. PBPL works with customers to ensure Brisbane can offer an integrated solution no matter how complicated or unusual the job is.

PBPL is actively pursuing project and heavy-lift cargo as major infrastructure, mining and renewable energy projects get underway across Queensland. Our diverse range of handling facilities, available storage facilities, and direct rail and road connections make it an ideal landing port for staging delivery of major equipment.

New container terminals for the port

Construction of the port's newest container facilities, Berths 11 and 12, is progressing on schedule. Berths 11 and 12 will be operated by the port's new stevedore, Hutchison Port Holdings (HPH), through its local subsidiary, Brisbane Container Terminals (BCT).

In December 2011, HPH awarded the construction tender for the Berth 11 yard area to Baulderstone, signalling the immediate commencement of civil works.

The works include ground improvements, in-ground infrastructure, pavement works and rail beams, all of which are critical to the creation of dynamic container port operations. In addition to the civil works, HPH has procured advanced container handling equipment, which is expected to be delivered to the terminal in mid-2012.

Berth 11 is scheduled to be operational in the fourth quarter of 2012 with Berth 12 to follow in 2014.

PBPL has invested $90 million in the development of the facility and HPH will invest significant capital in the development of terminal 11.

Port of Brisbane weighbridge

Port users now have access to a new, automated truck weighbridge. The weighbridge provides auditable records of a vehicle's weight, including individual axle weights, which assist with legislative requirements such as Container Weight Declarations.

Captain Bishop Bridge upgrade

In August 2011, PBPL completed a major project to duplicate the Captain Bishop Bridge, which included construction of a duplicate bridge, replacement of the existing bridge, and an upgrade of the Lucinda Drive and Port Drive interchange. Completion of this project and ongoing works means the port is now equipped to handle current and future loading requirements for heavy/wide-load truck traffic, and to manage the demands of increasing trade, with a safer and more efficient road network.

PBPL will continue to further improve road access, with maintenance works due to begin on the Kite Street intersection and other associated road networks in early 2012.

GrainCorp truck marshalling area up and running

GrainCorp's new truck marshalling area at the Port of Brisbane opened for operation in 2011. Construction of the marshalling area added extra space to accommodate a minimum of 16 B-doubles at any one time. Extra lighting means the facility can also now operate 24 hours-a-day.

The increase to five lanes, online booking system and improved signage allows for better control of truck movements, and the addition of CCTV cameras has improved both safety and security. The marshalling area also meets Chain of Responsibility requirements for truck drivers using the facility.

Looking ahead

Over the next 12 months, work will continue on Berths 11 and 12 in preparation for HPH to begin its operations as the port's third stevedore. PBPL will continue to focus on growing trade through the port and producing strong performance across all facets of the organisation. Enhancing the logistics linkages with our hinterland will remain a key focus for the port including facilitating improved road and rail access through direct investment and leadership of the logistics chain feeding trade through the port.

Moving forward, the Port of Brisbane is well positioned with the resilience and leadership to be here for the future as Australia's leading port.



Wherever you look around the Port of Brisbane, you'll see that we're planning, building and expanding for a sustainable future. What does a sustainable future mean for you? It means the confidence of dealing with a port that invests for your needs, now, and in the future.

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PORT of BRISBANE
Here for the future



PORTS DARWIN

The Port of Darwin is Australia's northern gateway of choice and is the only port between Townsville and Fremantle with full access to multi-modal transport services to handle Australia's expanding trade.

Strategically positioned in close proximity to the fast growing economies of Asia and the oil and gas fields in the Timor and Arafura seas, the port is rapidly developing as a major oil and gas industry hub, and is the import and distribution destination for most cargoes used in the seas off northern Australia.

Located within Darwin's East Arm Logistics Precinct, the Port of Darwin's East Arm Wharf is also the northern terminus of the AustralAsian Railway and is set to play a key role in supporting the forthcoming Marine Supply Base.

With construction set to commence on the $34 billion Inpex Ichthys facility, the second LNG plant to be located in Darwin harbour, the Port of Darwin is expanding to support other major projects within the mining and oil & gas sectors. These include Shell Prelude and Falcon Oil and Gas and increased volume forecasts for Territory Resources iron ore mine and OM Manganese Bootu Creek project.

Darwin Port Corporation CEO, Terry O'Connor, says the corporation has successfully managed rapid and significant changes to infrastructure, trade and corporate strategies in order to provide superior services and additional capabilities to its customers and stakeholders.

"The corporation is in the process of securing leading edge systems and technology for harbour management, which will ensure harbour safety, particularly as recreational boats interact with large ships. It will also improve our approach to environmental sustainability and our capability to support upcoming major projects and a growing Defence presence.

"Our harbourmaster is key to the preparation for increased harbour traffic and will oversee the introduction of Port Rules, which will drive the implementation of a state-of-the-art Vessel Traffic Service,' Terry O'Connor said.

The Port of Darwin is the regional transport and logistics hub that links Australia with its Asian trading partners. Its ability to service and supply the growing needs of Australian trade and the resources industry ensures its position as the port of choice and a key player in the economic development of the Northern Territory and Australia.

PORT of DARWIN

Australia's northern gateway of choice







Strategically located half way between Sydney and Singapore, the **Port of Darwin** is Australia's nearest port to Asia, the terminus of the AustralAsian Railway and the only port between Townsville and Fremantle with full access to multi-modal transport services.

The Port provides 754 metres of continuous deepwater berths capable of handling containers, bulk liquids, live export, general and project cargoes. There is also a dedicated bulk materials handling facility with a 2,000 tph shiploader and a 1,500 tph rail dump.

Darwin is fast becoming the oil and gas capital of Australia with the construction of a second LNG plant and a purpose-built world class Marine Supply Base to service the region's offshore industry.

With significant investment in capital infrastructure to support major projects, the Port of Darwin is gearing up to meet Australia's future trade needs.

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Northern Territory Government

DARWIN PORT CORPORATION



Ship Loading using Gottwald crane and rotainer system

PORTS FLINDERS



VINCENT TREMAINE,
chief executive officer

Multiple ports. Multiple supply chain solutions.

Flinders Ports is a private company operating seven ports in South Australia … Port Adelaide, Port Lincoln, Port Pirie, Thevenard, Port Giles, Wallaroo and Klein Point.

Flinders Ports is committed to improving port services to the benefit of existing trades and assisting in the development of new business. The company continues to expand its port facilities to meet the demands of its customers.

Berth 29 Bulk Precinct - Inner Harbour Port Adelaide

The rapid growth of the resources sector has seen an unprecedented rise in demand for shipping options from South Australia. This demand was driven by start-up mining companies looking for key port attributes including:

- road and rail connectivity.
- deep water to cater for the required vessel size (Panamax).
- suitable storage area.
- environmental solutions that guarantee minimal impact on the environment and local community.

Faced with these issues, Flinders Ports looked to leverage off its existing infrastructure whilst exploring innovative and non-conventional cargo handling systems.

Due to the vagaries of handling large volumes of minerals and concentrates through a large metropolitan port, Flinders Ports was conscious of ensuring its methodology satisfied all environmental and community needs. In addition the system needed to provide a low capital and economically sustainable solution for high volume iron ore exports.

The resultant, bulk storage and handling system developed by Flinders Ports' logistic division, Flinders Logistics, has been recognised by its peers as both unique in its process and best practice.

This system was developed through extensive trialling and research over a three year period. The research culminated in a working model for an iron ore export programme, shipping 2 million tonnes of cargo per annum from Port Adelaide. Overcoming the environmental and community issues was the key to the success of the project.

The key components of the process are as follows;

- lease or purchase specialised containers in standard 20' configuration
- containers are filled with product at mine site
- containers are delivered to the port and stacked awaiting shipment
- during vessel loading the containers are delivered under the crane by either ITVs or straddles
- a rotating container tippler locks onto the container and lowers the unit into the hold of the vessel for discharge
- a specialised misting system has been developed and is attached around the hatch of the vessel
- the rotating container tippler has the ability to remove the lid from the container whilst in the hold of the vessel during its product discharge rotation, and re-attach the lid prior to leaving the vessel's hold
- the empty containers are delivered to a lay down area stacked, and returned to the mine.

The iron ore operations in Port Adelaide involved intensive consultation with the Environmental Protection Agency to obtain approvals for the operation. Subsequent monitoring has met all expectations from an environmental and safety perspective. Over 1 million tonnes of iron ore were successfully exported in 2011 with no port related environmental impact.

Since the establishment of iron ore operations in late 2010, Flinders Ports has refined the process for two concentrates exporters. This refinement has involved the construction of rail facilities to improve the economics of transport to the port, the acquisition of a Gottwald crane and container handling equipment, an extension of the hard stand area available for container stacking and a redesign of the containers to include a lid. This containerised solution will significantly improve the management of the environmental and OH&S risk associated with the handling of these commodities.

Successful trials have been undertaken for the suitability of these products under this handling model and the purchase of equipment and long-term operations are commenced during the fourth quarter of 2011.

Other major environmental, OH&S and productivity improvements in handling these sensitive products include:

- the reduction of extensive clean down of sophisticated conveyor and reclaim systems
- reduction of fugitive product collected through a traditional conveyor system
- significant reduction in wash down water treatment and disposal
- improved risk management of product contamination issues related to multiple products in a single vessel load
- sequencing of different products is merely a selection of a customer's unique container for each hold for multiple customers. In addition, product blending/grades for each export program is based simply on the assays of each unique container
- the ability to trace individual container contents, weights, assay/sampling
- maximising transport efficiencies
- reduction in capital requirements at the port – no storage shed and conveying systems required
- engineered solution to reduce product hang-up
- significant reduction in product loss through the supply chain from mine site to loading on board the vessel
- reduction to the exposure of product contamination
- elimination of the need for employee contact with toxic products and airborne respirable contaminants during shed management and conveyor system operations
- environmental management is significantly enhanced with the product being totally contained from mine site through to the hold of the vessel
- high payload per container.

These Adelaide operations are carried out in a general precinct adjacent to grain loading facilities, public marinas and general housing. The system had to pass a rigorous monitoring program to satisfy state and local government authorities. Subsequent monitoring has met all expectations from an environmental and safety perspective leading to the Environmental Protection Agency providing approval for limited monitoring after the first year of operation as no significant dust was generated from the operations.

The methodology is simple but elegant and flexible. It can be applied to most commodities. In developing the methodology all aspects of the supply chain and regulatory regimes have been considered.

The dust suppression system is a specialised misting system that has been developed and is attached around the hatch of the vessel. Flinders Ports in conjunction with dust management specialists has developed misting systems for differing products. The system used for copper concentrates has been in use for sulphur dust suppression for the past year by Flinders Ports with excellent results. Product moisture is tracked through the yard system and the water suppression system is metered to ensure that product moisture limits are accepted by the ship's master and international standards for shipping.

The methodology has been recognised by its peers (Lloyds List and Chartered Institute of Logistics and Transport 'CILTA' award winning system) as both unique in its process and best practice.

The Flinders Ports owned regional ports of Port Lincoln, Thevenard and Port Pirie are also being considered for development to meet the demands of the mining industries in these regions.





PORTS FREMANTLE

Infrastructure projects increase capacity and operational efficiency

Fremantle Port plays a vital economic role for Western Australia, servicing most of the State's container trade as well as other general cargo, bulk imports and exports and cruise shipping.

In 2010/11, container trade was at a record level of just under 600,000 teu and the value of trade through Fremantle was almost $26 million. Total trade throughput was more than 26 million tonnes and the port handled a total of 1705 commercial vessel visits.

Kwinana Bulk Terminal upgrading completed

A $44 million upgrading of infrastructure completed towards the end of 2011 at Fremantle Ports' Kwinana Bulk Terminal has improved operational efficiency, with significant benefits for Western Australia.

The installation of new and upgraded export conveyors and associated facilities followed the signing of commercial agreements last year for the export of iron ore and coal.

Mineral Resources, a diversified Australian-based company, provided most of the funding and will export up to 4.4 million tonnes of iron ore annually.

There will be approximately 68 shipments of iron ore annually over the next four years, handling a total of approximately 3 million tonnes of iron ore annually. The number of vessel visits is expected to increase to some 100 calls annually when the export total increases to 4.4 million tonnes annually.

The first shipment of iron ore from Mineral Resources' Carina mine site in the Yilgarn region of Western Australia went out on 19 November 2011. This was followed by a second shipment in January 2012, when the Jia Xiang Shan was loaded with 50,167 tonnes of iron ore in just under 36 hours. It was a record loading of a bulk carrier from this terminal and an achievement made possible through the excellent cooperation from all concerned.

Iron ore was previously imported through the Kwinana Bulk Terminal for the now terminated HIsmelt project.

The recent upgrading was delivered with a high level of local content and the project created some 500 direct employment opportunities (including port, mine site activities and rail operations) during the construction phase. There will be some 220 jobs directly associated with the mining and rail transport aspects during the first three years of operation.

As well as jobs creation, there are significant benefits in terms of mining royalties to the State and revenue flowing to Western Australia from iron ore sales.

The upgrading has also serviced the continued export of coal via the Kwinana Bulk Terminal. Fremantle Ports signed an agreement in 2011 with Indian conglomerate Lanco Infratech, owners of Griffin Coal, for the export of 750,000 tonnes of coal annually over four years.

Coal exports have been handled through the Kwinana Bulk Terminal since 2007 and the new agreement with Lanco Infratech is helping to maintain continuity of employment for Collie coal miners until planned new facilities are developed at Bunbury or elsewhere.

The new and improved infrastructure has significantly improved operational efficiency at the Kwinana Bulk Terminal, with a continuing strong focus on environmental management. Fremantle Ports is triple certified to international environmental, quality and safety standards and is committed to ongoing environmental improvement in all its operations.



Providing deeper, stronger berths for bigger ships

Fremantle Ports' Inner Harbour deepening and berth works project, successfully completed in 2011, was one of the biggest projects undertaken at the port since the opening of Fremantle Harbour in 1897.

It involved constructing a sea wall at Rous Head to establish a reclamation area; dredging the Inner Harbour, entrance channel and deep water channel; reconstructing Berth 10 on North Quay and strengthening North Quay Berths 4 to 9 on North Quay.

"The $250 million infrastructure project was achieved on budget, within two years of the works commencing and with a high level of safety," said Fremantle Ports chief executive officer, Chris Leatt-Hayter.

"The work was essential to enable the port to remain competitive.

"It will ensure Fremantle Port remains an efficient, modern working port able to handle current and future vessel requirements and trade needs.

"Studies by transport economic specialists showed that failure to deepen Fremantle Harbour in line with other Australian capital city ports would have led to a loss of major direct shipping services, with larger ships bypassing Fremantle and travelling to the eastern seaboard.

"The infrastructure works have contributed significantly to the long-term sustainability of Fremantle Port's Inner Harbour as a major gateway for national and international trade and will ensure that Western Australian business continues to have access to major direct shipping services."

Following the deepening of the Inner Harbour and upgrading of the existing container berths at North Quay, the port is able to provide access for the larger container ships which were previously unable to load to full capacity. The award winning reconstruction of Berth 10 enables it to handle container shipping and provides an additional 180 metres of operational wharf space for the port's container trade.

The 27 hectares of new land reclaimed at Rous Head through dredging, will be used for purposes which complement and enhance the efficiency of Inner Harbour operations. Planning for this area is well advanced.

Infrastructure works for common user berths

The general cargo handling operations at Berth 2 on Fremantle Port's North Quay are an important element of the Inner Harbour operations for common users.

Installation of a new fendering system for this berth at a cost of some $5 million began towards the end of 2011. It will enable continued operation of the berth and has been designed to be incorporated into any future new wharf structure.

Berth 2 cargoes include steel pipe, steel plate, scrap metal and livestock, among others.

Behind common user Berth 12 at the eastern end of North Quay, the removal of a very large but under-used shed has opened up more wharf space for cargo handling and improved the efficiency of general cargo discharge and loading.



Passenger terminal upgrading

Fremantle Port is now an established destination and seasonal port for international cruise ships, with Fremantle Ports represented on Cruise Down Under, Australia's peak body for the cruise industry.

A $2 million-plus program to upgrade the Fremantle Passenger Terminal on Victoria Quay has improved facilities for passengers and cargo handling while respecting the heritage significance of this very large 1960s building.

The work involved a series of upgrades to ensure the terminal continued to meet modern cruise shipping needs as well as relevant security, Customs, quarantine and occupational health and safety requirements.

The refurbishment of the terminal has received heritage award recognition for excellence in conservation.



PORTS MELBOURNE



Strong trade sets the tone for a busy year

By STEPHEN BRADFORD, chief executive officer

Trade update

Buoyed by good rains and strong population growth, container trade through the Port of Melbourne reached a milestone in 2011, passing through the 2.5 million container mark to record a throughput of 2,506,726 twenty foot equivalent units (TEU) in the full calendar year, up 6.6 per cent on the 2010 result. In terms of the financial year to date ending 31 December, total container volumes have increased 9.2 per cent.

Against the background of a high Australian dollar, perhaps the biggest success story of these figures is the strong performance of full export containers which have outstripped imports increasing 9.8 per cent and 12.9 per cent in the financial year to date.

Dry bulk trade increased 19.5 per cent for the financial year to date while liquid bulk trade also increased 25.7 per cent. Overall, break bulk cargo also increased 9.7 per cent for the financial year to date while new motor vehicle trade remained below last year's levels to be down 9.4 per cent.

In short, the port is now handling an additional 500,000 containers since reaching the 2 million TEU milestone in 2007. This equates to around 6800 TEU per day on average – or 280 TEU per hour.

We warmly congratulate all port stakeholders including service providers and terminal operators, who have contributed to underpinning Melbourne as Australasia's leading maritime trade hub.

Port capacity

Strong trade growth inevitably prompts the question about the next tranche of container capacity. As the shipping industry is aware, having previously provided their input through submissions to an initial market sounding process, Port of Melbourne Corporation (PoMC) has prepared a detailed discussion paper which outlines options for increasing container capacity which is currently being reviewed by the Victorian Government. Naturally, we will keep shipping industry stakeholders updated on progress.

Hastings

Having earmarked the Port of Hastings for development as a future container terminal, the Victorian Government has established the Port of Hastings Development

Authority (PoHDA) to oversee that port's development. The new PoHDA took control of the Port of Hastings on 1 January 2012.

As a result, PoMC's former responsibilities for the Port of Hastings have been transferred to the new entity.

Port Licence Fee

At the time of writing, legislation for the introduction of a Port Licence Fee is still being discussed in the Victorian Parliament after the Victorian Government introduced the Port Management Amendment (Port of Melbourne Corporation Licence Fee) Bill 2011 into Parliament on 6 December.

The Bill proposes that PoMC be required to pay an annual Port Licence Fee (PLF) to the Victorian Government at a starting rate of $75 million in 2012-13 which will increase annually by the Consumer Price Index (CPI) in subsequent years. The Bill is expected to become legislation in the upcoming quarter and will impact PoMC's pricing structure to come into effect from 1 July.

To ensure fairness and equity, it is PoMC's intention, subject to customer feedback, that the fee will be allocated across the broadest customer base possible and will be applied to all prices and charges levied by PoMC across all trade sectors. This approach is considered the most appropriate given that the exemption of any trade sector would result in higher recovery charges for the remaining trade sectors.

The only current charges to be excluded from this application will be the Infrastructure Fee and PoMC land rental charges to existing tenants at 1 December.

PoMC's intention is to collect the PLF by an appropriate increase in fees and charges outlined in the Reference Tariff Schedule (RTS).

Our aims are twofold - to recover a fee of $75 million in the first year and remain a cost competitive port taking into account the supply chain as a whole. Given the relative pricing of other major ports, we believe these aims are not mutually exclusive.

PoMC is acutely aware that the introduction of the PLF represents a major change in the costs associated with the operation of the Port of Melbourne. To signal and clearly communicate the prospective changes to the RTS, PoMC has sought to provide customers and stakeholders with an open and transparent understanding of the fee and PoMC's approach to its implementation and collection across all trade sectors.

Having invited industry views, we have been very pleased with the submissions provided which we will closely consider in structuring the implementation of the fee and we thank all stakeholders for their contributions.

Maintenance dredging

As industry stakeholders will be aware, maintenance dredging is a critical part of port operations. Yet, the public discussion about the health of our waterways and bays means that the benchmarks for delivering dredging programs necessitates a revised approach which puts the protection of marine assets at the forefront of our thinking.

The experience of the Channel Deepening Project has been invaluable in shaping our approach to maintenance dredging and to stakeholder relations more generally. It is also provided real time in situ data and modelling which enables PoMC to safely and accurately forecast potential impacts of dredging, particularly with respect to turbidity.

With this information, PoMC sought the appropriate approvals to conduct maintenance dredging in parts of the South Channel of Port Phillip Bay to remove sand accretion which reduced declared depths by up to 0.6 of a metre.

This work commenced on 7 February with the arrival of the trailing suction hopper dredge, Brisbane, which will carry out dredging of approximately 330,000 cubic metres of clean sand over a period of around 35 days. By way of comparison, this volume represents approximately 2 per cent of the material dredged from the South Channel during the Channel Deepening Project.

All works will be governed by an approved Environmental Management Plan (EMP) and our detailed modelling indicates that it will not be long lasting and that the limited nature of this program does not pose a threat to marine life or public amenity.

There's something about Mary

In late November, Melbourne turned on glorious weather to welcome Their Royal Highnesses, the Crown Prince and Princess of Denmark, for the naming of Svitzer's new high performance tugboat, aptly named *Marysville.*

PoMC's newly appointed chairman, Mark Birrell, joined executives from Svitzer and representatives from the fire-devastated town of Marysville to formally welcome Their Royal Highnesses before the vessel was christened with champagne by Princess Mary under blue skies at Melbourne's Docklands.

The Crown Prince and Princess toured the vessel, heading to the wheelhouse while the Svitzer sister tugboat, the *Keera*, shot her water cannon in a salute to the Danish Royal couple.

The *Marysville*, represents a significant investment by Svitzer and the state-of-the-art, high performance, vessel will undoubtedly become the flagship of Svitzer's Melbourne operations and PoMC congratulates them on their vision.

In March, the Port of Melbourne will welcome another royal 'Mary' when the Cunard cruise vessel *Queen Mary 2* makes her maiden call to Station Pier.

PoMC has completed simulations for the transit and berthing of the majestic vessel which, at 345 metres, will be the longest cruise vessel to berth at Station Pier. We expect heightened public interest to warmly welcome the vessel to Melbourne.

Steer Clear

Port Phillip Bay is a shared commercial and recreational asset for Victorians. It is the gateway for the 3350 vessels calling at the Port of Melbourne each year and a haven for anglers and boating and yachting enthusiasts.

With rising boat ownership (there are over 160,000 registered recreational boat owners in Victoria) there is a growing need to communicate the dangers of anchoring and mooring in shipping channels. Although this issue is not unique to Melbourne, PoMC has bolstered its 'Steer Clear' campaign over the summer which is arguably one of the strongest boating safety campaigns of its type for raising the awareness of the potential dangers of blocking or impeding the passage of large commercial ships.

For the summer period, PoMC commissioned Geoff Cox from 'Coxy's Big Break' to provide the voice for a series of advertisements on commercial radio station 3AW which have been well received. The campaign also extends to eight community radio stations around Port Phillip Bay, together with regular advertising during relevant fishing, boating and sports-related programs on community television station Channel 31.

Working in conjunction with the Victoria Water Police, Parks Victoria and Transport Safety Victoria, PoMC has backed up this campaign with the deployment of authorised officers to educate, warn and, where necessary, fine recreational boat operators for anchoring in commercial shipping channels.

5th Intermodal Asia Conference

Last month PoMC was pleased to host and sponsor the 5th Intermodal Asia Conference which attracted shipping and logistics delegates from around 20 nations across the globe, together with strong representation from Australia.

Hosted at the Intercontinental in Collins Street, the conference was formally opened by PoMC deputy chairman, James Cain, and featured a wide range of expert speakers and decision makers. Victorian Minister for Ports, The Hon. Denis Napthine, provided the keynote address outlining the Government's vision for the four commercial ports.

To provide delegates with an insight into the port's operations, PoMC hosted a boat tour of the port's facilities which provided the backdrop to our working context as a city port.

The conference represented another coup for PoMC's international relations outreach which also encompasses meaningful and sister and partner port relationships, particularly in the Asia Pacific region. In our view, PoMC benefits from the diversity of views and approaches made possible by these relationships and through industry forums like the 5th Intermodal Asia Conference. They help connect us to a wider world of new thinking and fresh approaches to tackling the many issues, opportunities and challenges our industry shares.



PORTS NEWCASTLE



A strong focus on strategic planning coupled with continued trade growth and investment in new port facilities has set a strong foundation.

By GARY WEBB, chief executive officer

Newcastle Port Corporation's purpose is to provide safe, effective and sustainable port operations and deliver efficient port development that enhances the economic growth of the Hunter Region and New South Wales.

A major focus for Newcastle Port Corporation is to communicate its long-term vision for the port. The vision seeks to:

- ensure future growth and development of the port;
- provide key stakeholders with a clear understanding of how the port will grow and develop, and also identify the future infrastructure needs to support improvements in the efficiency of the port and related supply chain;
- ensure that the planning, growth and development of the port has regard to the interests of the community in which it operates and the principles of ecologically sustainable development; and
- provide a strategic framework for decision making with regard to investment, development and the promotion of trade opportunities.

Newcastle Port Corporation is forecasting strong growth in both its coal and non-coal trades through expansion of existing businesses and delivering opportunities for new port customers. Trade of more than 250 million tonnes is envisaged by 2020 which presents a tremendous opportunity for the port and maritime industry as well as the regional, state and national economies.

Part of planning for growth includes understanding the economic, social and environmental trends that will influence both the future operations and trade opportunities of the port. This understanding, together with detailed export forecasting, has given Newcastle Port Corporation the ability to commence executing its vision with confidence.

The division of the port into four distinct precincts allows the corporation to co-ordinate and plan areas with similar constraints and opportunities. This precinct level provides a practical framework for the improved utilisation of land and berths, the identification of infrastructure priorities and scoping for niche market opportunities.

The Carrington Precinct is one of oldest parts of the port still in operation. It handles a diverse range of commodities including coal, grain, mineral concentrates and break bulk cargo. It also contains a significant marine services and ship building zone, and is serviced by a

designated heavy vehicle route and berth face rail access.

The Mayfield Precinct presents a unique opportunity for growth, with direct water frontage and the potential for deepwater berthing. Within the precinct is the Mayfield Portside Lands, the largest vacant port land site on the eastern seaboard.

The Kooragang Precinct is the Port of Newcastle's primary coal precinct. Planning is currently underway to construct the first stage of the Terminal 4 coal terminal which will expand the port's coal export capacity in response to global demand.

The Walsh Point Precinct is principally used for non-coal commodities and products including bulk solids and liquids and a variety of small scale industrial uses. The availability of berths at Kooragang 2 and Kooragang 3 for multiple users provides a strong incentive for boutique trade types to locate in this precinct. Detailed precinct planning will be a focus for the corporation in the next 12 months, with a view to maximising the utilisation of land, reviewing infrastructure requirements and investigating the potential of the North Arm Channel.

Trade growth

The export of coal is the port's core trade, however more than 40 different commodities are handled through the port including alumina, aluminium, cement, fertiliser products, forestry products, grain, mineral concentrates, petroleum products and steel.

Infrastructure within the port can accommodate all types of cargo including dry bulk, bulk liquids, break bulk, project cargo and containers, as well as cruise passengers. The port is a critical supply chain interface for the movement of cargo and includes 19 operational berths, 11 of which are allocated to handling a range of cargoes and eight dedicated to the handling of coal (a ninth coal berth, known as K10 on Kooragang Island, is planned for completion in 2013).

An important component in future trade growth and diversification is our Mayfield development site, Mayfield Portside Lands. The site is located on 90 hectares of prime riverfront land on former BHP Steelworks land in the Mayfield Precinct.

Newcastle Port Corporation has a Concept Plan for development of the site which identifies five key land-based operational precincts :

- Bulk Liquid Precinct – storage, blending and distribution of high quality fuels and biofuels
- Container Terminal Precinct – trade volume of 1 million twenty-foot equivalent units per annum
- General Purpose Precinct – handling and storage of cargo containers, heavy machinery, roll-on roll-off and break bulk cargo
- Bulk and General Precinct – handling non-hazardous dry bulk products including grain, briquettes and coke cargoes
- Newcastle Port Corporation Operations – office, storage sheds, dredging vessel, pilot cutters and helipad

NSW Premier, Barry O'Farrell, recently stated that the NSW Government supported the Mayfield site being used to handle multi-product, container, general cargo and bulk terminal freight. The Premier said the government, wanted to maintain the existing long term strategy for developing a diversified Newcastle Harbour for multiple commodities.

Trade statistics

The Port of Newcastle recorded its 11th consecutive record trade year in 2010-11 when 114.57 million tonnes of trade valued at $17.38 billion passed through the port.

Coal exports for the financial year amounted to 108 million tonnes valued at $13.55 billion while non-coal trade of 6 million tonnes had total value of $3.83 billion.

The financial year statistics have just been further emphasised by results for the 2011 calendar year where a new coal export record of 114.1 million tonnes was set.

New facilities

I mentioned previously that our strong focus on strategic planning and continued growth and diversity of trade is being coupled with investment in new port operational facilities.

Construction is nearing completion of a new $3.5 million operations centre to be known as 'Port Centre' which will house the Vessel Traffic Information Centre, marine pilots' office, Port Services offices, a training room, workshops and other facilities.

The facility has been designed to provide greater functionality for operational services provided by Newcastle Port Corporation and is being constructed on the eastern side of the current Pilot Station. The current two-storey building has been in use since 1959 but is no longer capable of accommodating port services required by the increased trade and shipping in Newcastle.

Newcastle Port Corporation also recently commissioned a $2.5 million pilot cutter to upgrade its fleet. The 16-metre *Henry Newton* is an aluminium vessel named in honour of the second longest serving harbour master for the Port of Newcastle. Captain Henry Newton was first employed as a marine pilot in the Port of Newcastle in 1873 and later became harbour master, a position he filled for 22 years.

The new vessel, constructed by the Port Macquarie-based company, Birdon, has a speed of 28 knots and is capable of operating in open sea conditions equivalent to gale force winds and high swells.

About 20 per cent of marine pilot transfers are completed by pilot cutter (the other 80 per cent by helicopter) and *Henry Newton* replaces the *E C Close* which has been in service since 1989.

Future dredging works

As part of its long-term port planning, Newcastle Port Corporation is preparing an environmental assessment to gain development approval for the future dredging of shipping berths in the Port of Newcastle.

The environmental assessment, which has been submitted to the NSW Department of Planning and Infrastructure as part of a development application seeking consent to undertake the works, is required to assess the impacts of the project.

The future dredging project involves 10 vessel berths in the South Arm of the Hunter River, the proposed works including river bank stabilisation, dredging of berth pockets and disposal of dredged material (primarily off shore).

Newcastle Port Corporation is anticipating development approval later this year for the future dredging works which will facilitate trade growth through the Port of Newcastle.

Increased cruise activity

Two visits by the 279-metre *Rhapsody of the Seas* provided a strong start to the 2011-12 cruise season for Cruise Hunter, the unit operating within Newcastle Port Corporation to attract cruise ships and naval vessels to Newcastle.

Rhapsody of the Seas, carrying nearly 2,500 passengers and 765 crew members, was the first of 11 cruise ship visits for the current season. *Spirit of Adventure* (16 December), *Pacific Pearl* (1 February), *Crystal Serenity* (6 February) and *Discovery* (9 February) completed maiden visits to Newcastle. The visit by *Discovery* was a special day for the port as two cruise ships berthed on the same day for the first time. The cruise ship was joined by *Pacific Sun* which is making six scheduled home port visits in February and March.

Part of the community

The Port of Newcastle is a thriving commercial port recognised as a major strategic asset for the New South Wales and Australian economies, and a generator of employment for thousands of people both directly and indirectly.

Newcastle Port Corporation supports the community through a diversified sponsorship program and recently had a great response when its free tours of the working port were filled to near capacity on Australia Day.

Newcastle Port Corporation's strategic planning will ensure the Port of Newcastle continues to deliver for the Australian economy as well as the people of Newcastle and the Hunter Region.



PORTS NORTH QUEENSLAND



Sustainable export growth on the Queensland coast

By JEFF STEWART-HARRIS, deputy CEO, North Queensland Bulk Ports

North Queensland Bulk Ports Corporation (NQBP) is delivering on its robust framework for growth, with planning underway that will see major expansions at Bowen's Abbot Point and at Dudgeon Point, near Mackay.

One of the challenges NQBP faces is to deliver these expansions while maintaining a high standard of environmental planning and practice.

While sustainable growth is an imperative for any responsible business, NQBP is taking a leading approach to environmental management.

This approach is based on implementing a proven framework, systems, and procedures; industry collaboration; engagement of leading experts; and innovation in design.

As part of our commitment to sustainable operations and responsible environmental management, we have continued to maintain and improve our Environmental Management System (EMS), which is certified under AS/NZS ISO14001:2004.

This certification, approved through Swiss group Det Norske Veritas (DNV), is a substantial achievement

for a port, much less for all four of NQBP's export ports.

Abbot Point

It is difficult to look past the Port of Abbot Point as NQBP's shining example when the term 'sustainable growth' is used.

As with a significant portion of the Queensland coast, Abbot Point is located in close proximity to the Great Barrier Reef.

It is a privilege and a responsibility that we take incredibly seriously, and our investment and initiatives reflect our commitment to managing our impacts.

While Abbot Point sits alongside the Great Barrier Reef Marine Park, its attributes also make it the ideal location for a major export hub.

It is removed from large populations, it has natural deep water, and it has the potential for expansion to meet the continued demand for resources.

At present, plans for Abbot Point indicate that capacity could reach 385 million tonnes per annum (Mtpa) once the coal terminal and the offshore Multi-Cargo Facility (MCF) are complete.

This is based on market information as determined through Expressions of Interest (EOI) for potential capacity.

Already we have delivered 50 Mtpa, with the X50 project completed in May 2011 (an additional 25 Mtpa capacity).

With multiple ways in which coal now moves in and out of the terminal, we are able to meet the export requirements of our customers more efficiently.

As we celebrated the first ship loading that month we were already progressing plans far beyond the 50 Mtpa project – meaning more customers and substantially greater coal exports.

In 2010 we awarded BHP Billiton and Hancock Coal with Preferred Developer status for the T2 and T3 terminals (previously known as X80 and X110).

Beyond the T2 and T3 terminals, in May 2011 we called an EOI to develop the T4 to T7 terminals (30 Mtpa each) to meet our coal customers' additional requests for capacity.

The response from industry was overwhelming and, as a result, we investigated engineering solutions to maximise terminal capacity at the site.

Based on the engineering studies, it was established that there was a potential for two additional terminals, so the EOI was modified accordingly.

The T4-T9 project now exists which, once implemented, would undoubtedly confirm Abbot Point's position as one of the most significant coal export facilities in the world.

The investment in this massive expansion project is currently expected to be about $9 billion.

Through the EOI, six preferred respondents were granted the right to negotiate with NQBP for one of the six potential terminals.

The preferred respondents are:

Anglo American Metallurgical Coal, Macmines Austasia, North Queensland Coal Terminal (consortium of Macarthur Coal, Peabody Energy, New Hope Corporation, Middlemount Coal and Carabella Resources), Rio Tinto Coal, Vale, and Waratah Coal.

Negotiations with these companies, if successful, will lead to preferred developer status which we anticipate to occur by mid 2012.

It is at this stage that we will commence discussions about planning and environmental requirements for the onshore terminals and the offshore MCF.





The Port of Abbot Point

The MCF itself is an environmental necessity. By progressing a shared terminal (as opposed to single user offshore berths), the MCF will minimize the need for several offshore expansions.

The MCF has been designed to provide a sheltered harbour capable of accommodating up to 12 Capesize berths to facilitate exports.

To meet future export requirements, the MCF will support diversification of the port and the development of industry at the designated State Development Area, adjacent to the port facilities. The MCF will cater for a range of bulk cargo.

At NQBP, we believe that Abbot Point represents one of the most significant industrial development opportunities ever in Queensland and Australia.

What is even more remarkable is that NQBP is also delivering Dudgeon Point, a project which has the potential to deliver capacity expansions of similar magnitude.

Dudgeon Point

Further south along the Queensland coast is Dudgeon Point, four kilometres from the Hay Point and Dalrymple Bay Coal Terminals, south of Mackay.

The Port of Hay Point is currently the world's largest coal export port.

Through the Dudgeon Point expansion, two new coal terminals are proposed which has the potential to add 180 Mtpa capacity to the port.

The project therefore has the potential to increase the capacity of the Port of Hay Point to 320 Mtpa, at a cost of about $10 billion.

This capacity is being assessed in the master planning process to ensure that all cumulative impacts are identified, assessed and managed.

The preferred proponents, the Adani Group and DBCTM, alongside NQBP, have worked collaboratively on the development of the draft Hay Point Development Master Plan.

Through a master planning approach we will be able to effectively and responsibly guide development for the next five to 10 years.

Some key draft development plan outcomes include the proposed scope, timeline, and other proposed development and operating details.

Outlined below is a summary of the timeline, dependent on completion of studies and approvals:

- draft EIS to be presented to the public in mid 2012;
- construction expected to commence in 2013; and
- exports expected to commence in 2015/16.

The broad proposed scope includes:

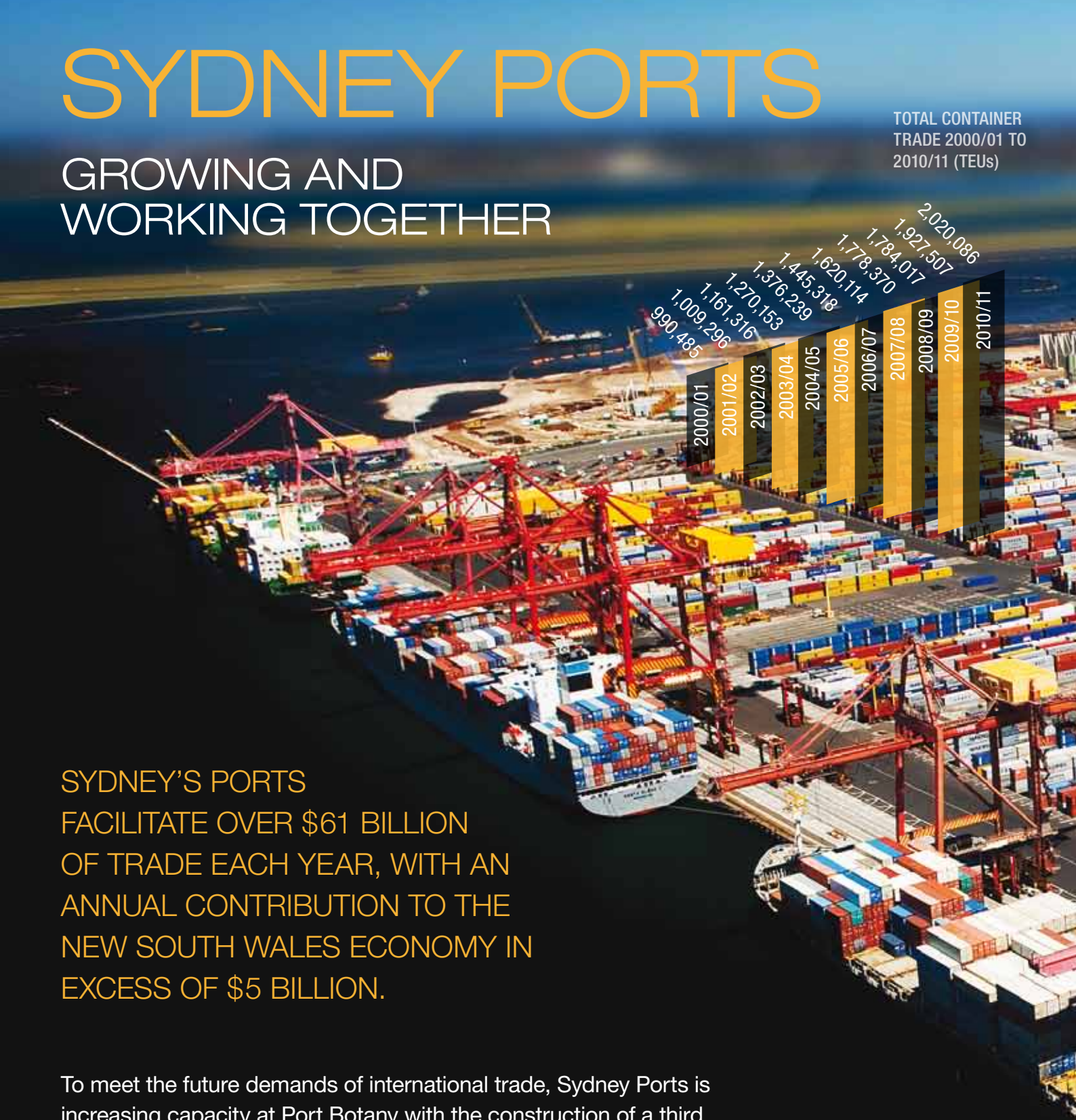
- six rail loops and dump stations;
- large stockyards using stacker reclaimers;
- eight new offshore berths and two jetties to the offshore wharves;
- rail spur line to Dudgeon Point;
- expansion of Half Tide Tug Harbour to accommodate extra tugs; and
- support infrastructure (roads, buildings etc.).

An additional outcome of the draft development plan is that the total allocated land for the terminals, with the exception of the buffer area and common use land, will be split between the two preferred proponents.

This is testament to the 'here and now' capacity demand that we are witnessing. And as evidenced in the Abbot Point expansion, this is not confined to the Goonyella system.

SYDNEY PORTS

GROWING AND WORKING TOGETHER



SYDNEY'S PORTS FACILITATE OVER $61 BILLION OF TRADE EACH YEAR, WITH AN ANNUAL CONTRIBUTION TO THE NEW SOUTH WALES ECONOMY IN EXCESS OF $5 BILLION.

To meet the future demands of international trade, Sydney Ports is increasing capacity at Port Botany with the construction of a third container terminal. The $1 billion Port Botany Expansion is due to be operational in 2012, providing more options for importers and exporters.

For the latest trade information and port developments please visit **www.sydneyports.com.au**

SYDNEY PORTS

www.sydneyports.com.au



PORTS
PORT KEMBLA



Records broken for both trade and vessel visits to the port

By DOM FIGLIOMENI, chief executive officer

Trade 2010/2011 - record figures

While attending PKPC's customer function in July 2011, NSW Minister for Ports Duncan Gay took the opportunity to announce another year of record numbers for Port Kembla. The 2010/2011 financial year saw the port again break records for both trade and vessel visits to the port.

Total trade of 33.6 million revenue tonnes saw an increase of 8 per cent on the 31.1 million achieved in 2009/2010. This was highlighted by total exports of 19.8 million tonnes, up 1.6 million tonnes on the volume in the previous year. Featuring in this was coal and coke exports of 14.3 million tonnes (up by 296,000 tonnes on 2009/2010), grain exports of 1.6 million tonnes (up by 949,000 tonnes on 2009/2010), and steel finished product exports of 3.3 million tonnes.

Total imports of 13.8 million tonnes (up by 910,000 tonnes) included raw material imports of 8.7 million tonnes (up by 807,000 tonnes on 2009/2010).

A slight decrease was recorded in the motor vehicles and other machinery category with figures showing 3,821 revenue tonnes passed through the port (down 103,000 on the 3,924 in the last year).

Vessel visits were again at an all time high for the port with 1014 vessel visits in the 2010/2011 year, slightly up on the 1001 for the 2009/2010 year.

Outer Harbour development begins

On the 29 August 2011, NSW Minister for Ports Duncan Gay joined Port Kembla Port Corporation chairman Nick Whitlam, as well as local members, port users and stakeholders to celebrate a significant milestone in the port's history.

A ceremony was held to commemorate the start of work in the development of Port Kembla's Outer Harbour. The work heralded the start of a significant investment in the future of the Illawarra region and the next phase of the port's development.

The Outer Harbour at Port Kembla is being developed to provide additional land and berthing facilities to cater for expected trade growth. The development will proceed in a staged fashion based on port user requirements and is anticipated to take 25-30 years to complete.

The work that began is just one component of Stage 1 of the Outer Harbour development. The reclamation works will create additional port land to accommodate new port customers. When this stage is completed the facilities will allow storage, handling and processing of bulk cargoes.

A significant portion of the reclamation will provide land for Cement Australia's proposed cement grinding mill. The remaining area will be available for development of other bulk or break bulk cargo facilities.

The location for this project has particular historical significance. In a case of "back to the future" for the port, the site for the Outer Harbour new port growth is the exact place where the port first started in 1898.

The project is a welcome development for the region, particularly given the announcement by BlueScope Steel to restructure its Australian operations. This project will create jobs for the Illawarra region and help to ensure the long term prosperity of both the Illawarra and NSW. The development of additional land in the Outer Harbour is crucial to ensure the current regional and state economic and employment function of the port continues well into the future.

New tug facility

During the year, work continued on the port's new all weather tug facility. The facility will initially allow for the all-weather berthing of four tugs with provision for a further two in the future.

The project included the construction of a new breakwater of approximately 250 metres in length, reclamation of approximately 3000 square metres of land and dredging of approximately 28,000 cubic metres of sandy clay. Work is nearing completion and it is expected that it will be operational as from April 2012.

Rail planning

Work to develop a rail simulation model to better understand the capacity and capability of the rail network serving the port was completed at the end of 2011. Undertaken by the University of Wollongong's SMART Infrastructure facility and the CSIRO, the project examined the supply chain of bulk products – including steel, grain and coal – to and from the port and investigated how the existing rail network can support the future expansion of the port. The research focussed on issues such as future demand and rail capacity, congestion points recognising that passenger and freight trains share the same tracks. Participants in the study included Port Kembla Coal Terminal, BlueScope Steel, NSW Transport, Australian Rail Track Corporation, RailCorp and PKPC as the project manager.

In conjunction with this work, was the development of the Outer Harbour Rail Master Plan. The objective of this plan was to investigate, analyse and recommend the optimal rail layout in the Outer Harbour to service the potential growth in bulk trades and containers. PKPC ownership of all major rail assets in the port ensures that rail is given a high priority in the consideration of the port's future transport requirements. The master plan contributes to the PKPC vision of providing integrated logistics solutions within the port and to encourage modal shift where practical from road to rail. It is expected that the Outer Harbour Rail Master Plan will be considered as part of the state's Freight Strategy.

Port Kembla Coal Terminal (PKCT) expansion planning

In 2011, the Port Kembla Coal Terminal (PKCT) announced a plan to upgrade its facility in order to meet the growing demand for coal exports from the port.

The 2010/11 financial year saw the facility handle 14.3 million tonnes. In May 2011, PKCT called for expressions of interest to ascertain demand for additional capacity, both from existing and prospective customers. Indications suggest volumes may increase to in excess of 30 million tonnes per annum by 2019.

In order to handle this increased demand, PKCT proposes to upgrade its facility in two stages:

Stage 1 will increase capacity to approximately 22.5 million tonnes by 2013. This stage of the work will involve replacing or upgrading existing plant and equipment. It is expected that this stage will be completed over an 18-month period.

Stage 2 will involve redevelopment of Berth 101 (which may include dredging and land reclamation), construction of a new ship loader and coal reclaim and ship loading conveyor system, extension of the existing coal stockpile area to the south and a new coal stockpile stacker. Stage 2 is forecast for completion around 2016 once the appropriate statutory approvals have been obtained.



PORTS SYDNEY



Port Botany expansion project a major milestone

By GRANT GILFILLAN, chief executive officer

The on-time on-budget hand-over last year of the billion dollar Port Botany Expansion project was a major milestone in the drive by Sydney Ports Corporation to achieve greater productivity and efficiencies in the way it does business.

The third terminal at Port Botany – to be operated by stevedoring company Hutchison Port Holdings - is one of the biggest infrastructure projects in this nation's history and when fully operational will almost double the capacity of the port.

This great achievement is tangible evidence that the three-year transformation of corporate culture at Sydney Ports is underwriting an entirely new and effective business model, moving from a landlord providing services like pilotage and navigation, to a supply-chain leader driving substantial reforms.

The project began in 2005 when Sydney Ports Corporation obtained Government approval for expansion of the existing port through reclamation of 60 hectares of land.

The expansion site is adjacent to the existing Patrick terminal and will provide significant additional capacity to meet projected long-term trade growth.

It features 1,850 metres of additional wharf face for five extra shipping berths, with depths of up to 16.5 metres. This involved dredging of approximately 7.8 million cubic metres of fill material to create shipping channels and berth boxes.

Other works include dedicated road access to the new terminal area, additional sidings to provide rail access to the new terminal area and additional tug berths and facilities.

As always, the environment and the community had high priority in the planning and construction phases. This includes $30 million for environmental works such as the rehabilitation and expansion of Penrhyn Estuary to create a secure estuarine environment.

For the community, that funding also provided facilities such as a large boat ramp, lookouts, pathways and a school gymnasium.

We recognised from the outset that doubling the port's capacity would greatly increase demand on local infrastructure

and challenge the efficiency of supply chains.

One way to address this was to build performance incentives into the stevedores' leases to encourage them to be more productive in the way they operate.

So if they outperformed they'd pay less rent or more if their performance was substandard.

Port Botany Landside Improvement Strategy (PBLIS)

We also developed and implemented the Port Botany Landside Improvement Strategy (PBLIS), which creates a commercial relationship between road transport carriers and stevedores to ensure there is an efficient and consistent level of service with minimal delays.

Sydney Ports had previously identified that the barrier to achieving the full capacity of our port footprint was the interface of the transport industry – trucks and trains – with the port.

Before we initiated PBLIS reform process, the truck turnaround time at Port Botany was unacceptably variable and unpredictable.

The net effect of PBLIS is that in the 12 months since implementation, truck turnaround times have come down from around 55 minutes to an average 30 minutes.

PBLIS has been highly successful; the penalties that flow back and forth through PBLIS between the transport companies and the stevedores, almost cancel each other out, so the net direct financial impact is minimal, and the whole industry now behaves more productively and cost effectively.

This strategy has worked because we not only have the NSW Government supporting us in the reform process, but also a team of people inside the corporation motivated to make a difference to the efficiency of the port - that is the great success story of PBLIS.

One of the next challenges for port and logistics is to look at the efficiencies of the empty container parks, which form a vital link in the supply chain – particularly understanding the correlation between truck trips made to empty container parks and then on to the port terminals.

We also need to increase our focus on shipside port congestion which has been exacerbated by events like severe weather, equipment reliability and industrial relations issues.

There is no single cure for all these issues but it is incumbent on all parties, including Sydney Ports, to work together to make our ports as efficient as possible and lift our global reputation which had been tarnished in 2011.

On the positive side, we have a new terminal and new operator in Hutchinson coming on stream in 2013 but in the interim, Sydney Ports is taking a leadership role with the two existing stevedores by encouraging them to improve their respective operational performance through new performances leases and also through close collaboration.

Our logistics chain improvements—through PBLIS—are also about sustainability on a massive scale. If Sydney Ports is able to bring all its logistic chain efficiency initiatives to fulfilment, it will massively cut its carbon emissions.

There will be more boxes on rail, more boxes per truck trip and trucks will be parked in a dedicated truck marshalling area so that they do not have to sit on the side of the road idling in community areas.

Sydney Ports is making a difference, because greater efficiency in transport means fewer emissions.

A key challenge facing the PBLIS team is lifting the rail mode share to and from the port.

Our rail strategy is to double the percentage of containers carried to and from the port by rail by 2021.

Intermodal Logistics Centre (ILC)

The proof of our commitment to rail is our current development of an Intermodal Logistics Centre (ILC) at Enfield to service the port via dedicated freight rail line access.

Construction is now underway and with Hutchison appointed the preferred operator, the ILC is expected to be up and running in mid 2013.

This 60-hectare site will incorporate an intermodal terminal, empty container storage facilities, distribution centres and warehouses.

This project is currently the largest fit-for-purpose facility of its kind in Australia and is integral to the efficient running of an expanded Port Botany.

The ILC will provide open access facilities close to the catchment of metropolitan import and export businesses and provide much needed empty container storage capacity for Sydney.

It is expected to achieve up to 300,000 Twenty Foot Equivalent Units (TEUs) of port-related throughput by rail once fully operational.

Bulk Liquids Berth (BLB2

In other important infrastructure, construction of a second Bulk Liquids Berth (BLB2) at Port Botany is also now underway.

Sydney Ports has operated a Bulk Liquids Berth (BLB1) at Port Botany since 1979 - the main products handled there include refined fuels, gases and chemicals.

This berth has been occupied on average between 50-60 per cent of the time for the past 10 years and more recently has experienced 60-65 per cent average berth occupancy.

With the growth in bulk liquids trade at double digits, ship queuing is likely to occur, increasing costs which are then passed on to industry and ultimately to NSW consumers.

The new BLB2 will provide sufficient capacity for the port well into the future..

It will be an open-access, multi-user berth, operating on a 24 hour/7 day per week basis and designed to accommodate 120,000 dead weight tonne vessels to a maximum of 270 metres length overall.

Sydney's cruise market

But one of the biggest challenges facing Sydney Ports this decade is the booming growth of Sydney's cruise market.

The number of cruise ship visits to Sydney Harbour this year will increase dramatically—yet again. Following 150 visits last year, 214 ship visits are scheduled for this year. That's a 43 per cent increase.

This extraordinary growth shows no sign of slowing, with 264 ship visits already booked for the following cruise season in 2012/13.

The Australian cruise industry is now the fastest growing segment of the tourism market, with Australian passenger numbers increasing by 27 per cent in 2010.

Sydney Harbour is Australia's premier cruise ship destination and the only city in Australia with two dedicated cruise passenger terminals.

February this year is the high point of the cruise season, with a new record of 33 ship visits, compared to 27 for February last year.

Sydney Ports is working with the cruise industry to provide the right services and infrastructure to support the growth in cruise shipping.

Work has begun on a new $57 million Cruise Passenger Terminal at White Bay and Sydney Ports is also developing a master plan to undertake a significant upgrade of services and infrastructure needs at the Overseas Passenger Terminal at Circular Quay over the next few years.

If the last three years have been transformational for Sydney Ports Corporation, this year will bring further improvement in how we perform—and more intensity.

There have undoubtably been many achievements in the past few years but few greater than the zero lost time injuries achieved by Sydney Ports staff and contractors in the last financial year.

Sydney Ports' staff worked hard to reach this milestone through direct involvement in regular workplace inspections and keeping safety as the first issue on any agenda.

The New South Wales Government has now begun to investigate the refinancing of Port Botany, looking to free up capital to reinvest in transport infrastructure as well as to bring in private investment.

One thing is certain - over the next three to four years, Sydney Ports is likely to be leaner and tighter in everything it does, but it will not lose its commitment to continuous improvement in managing and operating our working harbours and working with customers to meet their business needs, current and future.



PORTS TASMANIA

Tasports remains committed to infrastructure investment

Key projects

Despite a difficult trading environment in 2011, Tasports continued to invest in port infrastructure across Tasmania. Tasports' chief executive Paul Weedon announced the go-ahead for two major projects, committing $12 million to the Macquarie Wharf Shed No. 2 redevelopment in Hobart and Devonport Airport terminal upgrades, while also increasing its maintenance spend by 60 per cent in 2010/11. Detailed design phases have also been completed for two additional projects:

- Development for Burnie rail yards and port precinct to ease congestion and enhance the port rail productivity.
- Development of Bell Bay port-rail interface through upgrades to link roads, enhancement of rail crossings.

"All these capital projects will enhance customer experience and state-wide logistics efficiencies, with port-rail interfaces taking on consistent characteristics to rail hubs in other areas of the state," Mr Weedon said.

"Easing freight congestion at Burnie is core to the Burnie Port Development Plan, and creating a dedicated facility for cruise and Antarctic operations in Hobart will have significant benefits for this market sector.

"Tasmania has the largest number of Southern Ocean research scientists per capita of any Australian capital city, and is also enjoying a 150 per cent increase in cruise ship bookings over the past decade, with investments in infrastructure for this segment critical to Tasports and the Tasmanian community."

10 Year Plan

Tasports has a strong strategic plan with clear and measurable objectives to manage its diverse operations. Tasports' 10 Year Infrastructure Plan was also developed over the past year.

"The development of a comprehensive asset life-cycle database to aid the prioritisation of infrastructure, maintenance and business development programs is key to our 10 Year Plan," Mr Weedon said.

"It is built from commodity segment forecasts and a holistic condition assessment of wharf infrastructure, channels and berths, land buildings and fleet assets to recommend an optimal asset portfolio and the capital and funding requirements of the business."



With a number of significant projects in planning and implementation phases across the state, and a challenging market climate, Tasports' focus on its customers, stakeholders and the markets within which it operates, have never been more important.

Our customers and markets

Tasports has encountered significant market challenges this year, with some segments including forestry and containers undergoing major change. "The combined effect of these market changes is significant revenue, volume and activity downturn," Mr Weedon said. "However we have worked hard to secure sustainable cost efficiencies in response to this situation and remain responsive to any further changes.

"Our priority is to deliver on our maintenance schedule and key business projects to continue to improve our efficiencies and meet our customer requirements."

2011 also saw Tasports roll out a state-wide pricing structure. The first stage was completed in January 2011 and included new pricing for pilotage services and fuel wharfage fees across the state, with the second stage implemented in August with simplified tonnage rates and standardised wharfage rates.

"The new pricing structure has been a positive step towards achieving a consistent and simplified tariff across all ports to meet customer expectations, and the first since the ports amalgamated to become Tasports in 2006," Mr Weedon said.

The future

Despite the operating challenges Tasports faced in 2011, the company remains strong in its ability to deliver on critical infrastructure and maintenance projects. "It is important that we remain focused on our strategic objectives and purpose, particularly in these challenging times," Mr Weedon said.

"Efficiency and opportunity will very much remain the flavour of 2012, as we continue to progress our key projects and build on our customer relations to understand their requirements and plans.

"We need to ensure that we are in the strongest position to facilitate trade for the benefit of Tasmania, and remain critical in the state's logistics supply chain."



Architect impression of Macquarie Wharf Shed No. 2 redevelopment in Hobart



PORTS TOWNSVILLE



Few phrases invoke such a mixed reaction of excitement and caution as “record capital investment”.

By BARRY HOLDEN, chief executive officer

Port of Townsville Limited has, for some time now, been at the planning board, working hard behind the scenes to ensure Townsville is capable of handling a range of new products now, and into the future.

We are Queensland’s third largest multi-commodity port; the international gateway to rich and productive mineral and agricultural regions, industrial heartlands and regional population centres. And with this comes the blessing and challenge of having one of the most diverse regional commodity and customer bases in the nation.

Like every other port listed in this publication, we strive to be a leader in the provision of innovative, efficient, and effective port services. With such varied stakeholders – including a growing community – it is imperative our project pipeline remains ahead of the game.

In the last calendar year the Port of Townsville Limited team has made

significant progress on a range of capital projects that will add new dimensions to Townsville's already diverse range of services and facilities.

The $124 million Townsville Marine Precinct, for example, was opened by Queensland Premier Anna Bligh in November after 14 months of construction. This is a project in which we take great pride – the site has been reclaimed from inter-tidal mud flats to a carefully planned, integrated precinct that will serve north Queensland with state-of-the-art marine industrial facilities for the future.

The construction of the precinct also clears the way for the $190 million Townsville Port Access Road which is scheduled to be completed this year. This road is critical to the future development of the Port of Townsville as it will provide direct road access to the southern and western highways and allow longer, more efficient truck configurations to service the port.

The proposed $300 million Townsville Eastern Access Rail Corridor has likewise moved a step closer to realisation after the project ticked all the boxes in a Queensland Government preliminary evaluation study. The Government has announced it will now call for expressions of interest from private sector operators willing to build and operate the new rail link which will branch off from the existing and continue alongside the Port Access Road and into the port. Again this infrastructure investment will provide a strategic transport link that enhances port access, increases capacity and efficiency as well as improving the amenity and safety of residents.

October heralded the start of the Port of Townsville's quayside makeover, with Premier Bligh on hand to turn the first sod on the $118 million Townsville Port Inner Harbour Expansion (TPIX). The expansion encompasses the $85 million project to reconstruct and extend the port's existing Berth 10 and build a multi-purpose passenger terminal, as well as the $33 million upgrade of Berth 8. The new terminal facility will greatly increase the attractiveness of Townsville for cruise and military activities by providing certainty for visits and increasing ship scheduling flexibility and will provide additional commercial capacity.

The new ship loader Xstrata will install on Berth 8 meanwhile will have near triple the materials handling capacity of that it replaces, and will help secure the export future of mineral concentrates and fertiliser products from northwest Queensland valued at more than $3 billion a year.

In the background we have been progressing the planning and approvals for the $1.3 billion Port Expansion Project (PEP). This project involves the staged reclamation of 100 hectares of land and the construction of six additional berths over the next 20 years. Deepening and other minor modifications to the approach channels will also be required to improve accessibility for vessels and allow for increased shipping movements.





While not directly associated with the PEP, the next stage of seaward growth at the Port of Townsville is likely to come in the form of a new Berth 12, with the corporation currently in ongoing discussion with several prospective users of the facility.

Importantly, trade throughput continues to set records against this fervid backdrop of construction and planning activity. Total trade through the Port of Townsville in 2010-2011 reached 10.6 million tonnes – the highest volume ever traded through the Townsville Port in its 116-year history. Out of that performance we achieved a number of records, including a 20 per cent jump in TEU movements and value of international exports at $6.2 billion.

Looking forward, the prospects for sustained growth remain strong, with a number of new trades coming online this financial year and many others on the horizon. Already we have achieved record first-half trade throughput of 7.4 million tonnes, a remarkable effort made all the more impressive when one considers berths 8 and 10 are out of action for the TPIX project.

There are always challenges ahead.

But I am confident that by continuing to invest and by continuing to provide necessary infrastructure through planning and sustainable development that the Port of Townsville will have the foundation to remain northern Australia's port of choice for decades to come.



FONASBA annual meeting in Sydney a great success

By JONATHAN C. WILLIAMS, general manager, FONASBA

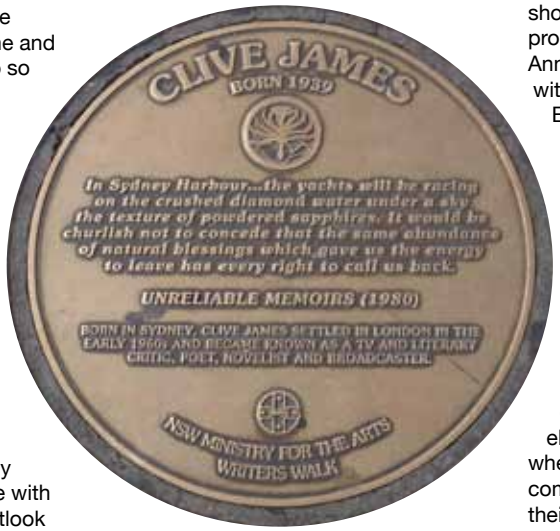
Five years of planning and organisation came together in October 2011 when FONASBA moved to Sydney for its 42nd Annual Meeting, an event that for many of us turned out to be one of the best for a very long time. Llew Russell reported on the meeting from SAL's perspective in the summer 2011 edition of this magazine and it now gives me much pleasure to do so from the FONASBA viewpoint.

For me at least, the realisation that we had finally made it to Australia came when I awoke for the first time in my room at the Four Seasons hotel after a very late arrival from London the night before. Without moving, I looked straight at Sydney Harbour Bridge. I didn't have to move very far before the Opera House, Circular Quay and the ferries, all bathed in the golden glow of another perfect morning, came into view. I have stayed in many hotels in many places during my time with FONASBA but have never had an outlook that even comes close to beating that one!

It certainly brought to life the words on author Clive James' plaque on Writers Walk at Circular Quay about the "yachts in Sydney Harbour racing on the crushed diamond water under a sky the texture of powdered sapphires" and although the abundance of natural blessings he went on to speak of had not played any part in sending me away the last time I was in Australia – the demands of my day job with Patrick Agencies did that - they had certainly been calling me back since my last visit in the late 1990s. I was therefore very pleased to have the opportunity to let my family and more than 75 other delegates and partners see what was so great about Sydney and, in many cases, other parts of the "wide brown land".

Sadly, the overwhelming desire to get out and see it all was constrained by the need to participate in the Annual Meeting but before starting we had the opportunity to get a feel for the city on a bus tour that took us through the city itself to Mrs Macquarie's Chair and then out via Woolloomooloo to South Head, the Gap and the Pacific Ocean.

Work began on Monday 10th with meetings of the boards of FONASBA's European Committee (ECASBA) and the main Executive Committee which took up the remainder of the day. Having assured ourselves that FONASBA was in excellent order, we moved over the following day to the Plenary Meetings of the FONASBA Standing Committees, covering Europe (ECASBA), Chartering & Documentary (C&D) and Liner & Port Agency (L&PA) matters.



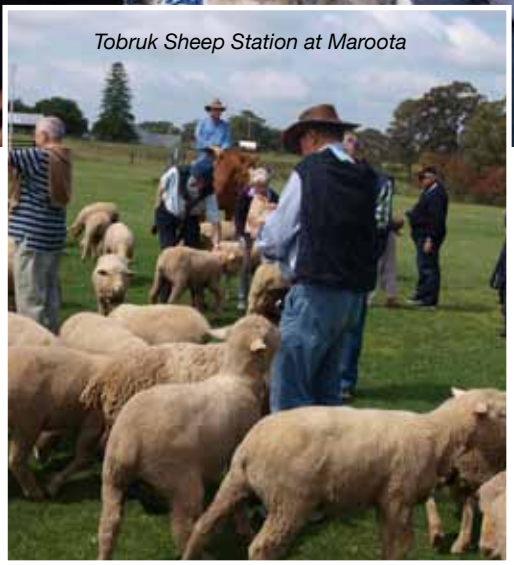
Given the global impact of maritime legislation and other measures applied in Europe, the ECASBA meeting is attended by delegates from all over the world. In order to bring everyone up to date, the agendum begins with a detailed summary of the European Commission's current policy actions and is followed by more in depth analyses of a number of the major topics including, this year, the Commission's Transport White Paper 2011. This projects the Commission's intentions for the future of European transport out as far as 2050 and proposes measures to enhance its efficiency and competitiveness as well as reducing the continent's dependency on oil by boosting its use of sustainable energy sources.

One of the most contentious issues currently being enacted in Brussels is the decision to limit the sulphur content of fuel used by ships operating in the Baltic and North seas to 0.1 per cent by 2015, a move that many, including ECASBA, fear will drive much of the cargo currently moving by sea back on to roads, thus undoing all the time and effort expended in recent years to succesfully develop short sea shipping. The measures proposed exceed those in MARPOL Annex VI and ECASBA is working closely with its partner organisations to bring the European legislation back into line with the MARPOL provisions.

Customs developments, including the 24 Hour Advance Cargo Declaration regime previously mentioned by Llew Russell, are a permanent ECASBA agendum item. Llew also mentioned the role of the agent as the port single window and the meeting received presentations from our Portuguese and Norwegian delegates on recent developments in electronic vessel reporting procedures where in both cases the agency community is fully engaged. Hopefully their success in keeping the agent at the centre of the port call will be replicated elsewhere in Europe and beyond as ship-reporting goes paperless.

The following day was the turn of the broking sector and the C&D Committee. The presentation by Dr David Bayne on future trends in world fleet development that Llew mentioned was extremely interesting and very well-received. That "bigger is not always better" – or indeed inevitable - came as something of a surprise to some delegates. The regular market sector reports, summaries of





Tobruk Sheep Station at Maroota

the activity undertaken by BIMCO and INTERTANKO's Documentary Committees and the ever-popular review of the issues causing claims against brokers and agents that form the core of this meeting were this year supplemented by a report from the Norwegian association on their collaboration with BIMCO to revise the industry standard "SALEFORM" sale and purchase form, and a detailed discussion on the revision of the IMO Bulk Cargo Code, with particular emphasis, as we were in Australia, on the liquefaction of iron ore and other cargoes.

If it is Thursday it must be time for agency matters to be discussed in the L&PA Plenary meeting. This committee oversees three of FONASBA's major projects, the Quality Standard, and the Port Procedures and Agents Remuneration surveys, all of which were discussed at length. Committee chairman Glen Gordon Findlay gave an online demonstration of the current status of the procedures survey and called on all FONASBA associations to provide information on their ports to make the survey as comprehensive as possible before it goes public later in 2012. The Agents Remuneration Survey has been developed as a guide to the range of charges being levied on bulk and container traffic throughout the membership. It doesn't include information on the charges being levied, but provides a very useful summary of what is out there. The impact of third party disbursements account service providers on agents also remains on the agendum.

Centrepiece of the afternoon session was a presentation by our colleagues from CASA on the rapid development of the third party logistics sector in China which, at the time of the meeting, already comprised some 30,000 logistics companies and 730,000 related operators! FONASBA's regional range committees met before the L&PA meeting and made short reports to the committee on the main issues in their regions. This year the established Inter-American (CIANAM) and Mediterranean & Black Sea (MABSA) committees were joined by the newly formed WestPac and Indian Ocean Committee whose inaugural members included Australia, China, Japan, the Philippines and South Africa.

The meeting ended with an open discussion on what the L&PA committee could do to support FONASBA's agent members, a presentation on the structure and membership profile of individual national associations and another on an initiative to provide a pension scheme and professional indemnity cover for Italian agents and brokers.

Llew has already covered in detail the excellent series of presentations that comprised the Friday morning seminar session so I will move on to the Council Meeting, the final meeting of the work programme.

Council is the Annual General Meeting of FONASBA and therefore covers internal administrative issues such as approving the accounts, the Governance Handbook and similar. This year, however, it also saw the granting of Honorary Membership of the federation to regional vice president for Asia Takazo Iigaki of Japan for his service to the federation including his excellent work in promoting and developing FONASBA in the strategically important Asia Pacific region. FONASBA has only bestowed the award on six members in 42 years and that is ample evidence, if required, of the importance of the award and Takazo was extremely proud to be so honoured. The award was actually made by president Chris Papavassiliou at the Gala Dinner held at the Cruising Yacht Club of Australia attended by around 140 delegates, partners and invited guests, including all our excellent sponsors.

The Gala Dinner was the culmination of an excellent social programme which also included visits by partners to the Blue Mountains and Taronga Zoo and in the evenings we all enjoyed the visit to Bondi Beach for the Welcome Reception, the dinner cruise on Sydney Harbour – the most spectacular place I have ever celebrated a birthday – and the excursion to the Tobruk Sheep Station at Maroota on the Saturday for sheep shearing, boomerang throwing, whip cracking and the opportunity to sample bush tucker!

The 42nd Meeting was also unique in that it saw the first wedding within FONASBA. Lars Petter Stofjord, chairman of the Norwegian Shipbrokers Association, made good on the promise he made in Varna, where they got engaged, that he and his fiancé Hilda Lovstrand would tie the knot in Sydney. With great ingenuity they managed to find a Norwegian church where, in full traditional wedding dress, the ceremony took place on Monday 10 October. They were supported during the ceremony by colleagues and friends from the Norwegian and Danish associations.

Sadly all good things must come to an end and eventually we all had to return home, either directly or via other parts of Australia. Irrespective of our routes home however, I hope that as a result of the meeting, everyone that attended now has some appreciation of the affection that I have for Australia and its people. Whilst not the overriding objective of our annual meetings, all our hosts hope, quite rightly, that some of their justifiable pride in their country will rub off on the visitors and they take fond memories back home with them. On that score, the Sydney meeting was an outstanding success. With it now just a very fond memory, we look forward to Venice in 2012.



Lars Petter Stofjord with his new bride



Navigating the politics of climate change

By SIMON BENNETT, director external relations, International Chamber of Shipping (ICS)

In July 2011, the 150 or more nations that belong to the International Maritime Organization (IMO) concluded a ground breaking agreement to reduce the shipping industry's CO2 emissions. This is the first such global agreement for an entire industrial sector. As a result of amendments to the MARPOL Convention, new ships will have to be built with an Energy Efficiency Design Index (EEDI), while from 2013 all ships, including existing ships, will have to utilise a Ship Energy Efficiency Management Plan (SEEMP) in order to improve fuel consumption and reduce emissions.

As a result of this IMO agreement on technical and operation measures, and the steps that ship operators are already taking to reduce fuel consumption, the industry is confident that it can deliver a 20% reduction in emissions per tonne/km by 2020 across the entire global industry. Objective observers might be forgiven for thinking that this is a very impressive achievement, especially as shipping is already, by far, the most energy efficient form of commercial transport. However, as will be explained, many governments still expect much more. In the context of the new Green Climate Fund that has been established by the United Nations Framework Convention on Climate Change (UNFCCC), the World Bank has actually proposed that shipping should pay US$25 billion a year for the privilege of transporting 90 per cent of the world's trade.

The IMO agreement on technical and operational measures enjoys the full support of the shipping industry. The International Chamber of Shipping (ICS) has recommended that all new ships currently covered by the regulations are delivered with an EEDI, even where flexibility exists to apply for flag state waivers (as agreed by IMO for political reasons, which are elaborated on below). Reducing CO2 emissions through reducing fuel consumption is a matter of enlightened self interest for ship operators, and the industry is fully engaged in the continuing discussions at IMO about refining the EEDI and extending it to ship types for which EEDI formulae have not yet been finalised due to the more problematic nature of the calculations.

Above all, the IMO agreement is strongly supported by shipowners because of the overriding need for global rules for a global industry. If different rules were to apply to ships at different ends of a voyage there would be chaos, inefficiency and serious market distortion. A regional approach to reducing ships' CO2 emissions would also be far less effective in actually reducing CO2 - climate change, of course, is a global and not a regional challenge.

However, notwithstanding the efforts by the industry to reduce its emissions through technical and operational measures, the industry is under pressure to accept the additional burden of so-called Market Based Measures (MBMs).

Market Based Measures to reduce CO2 remain a very controversial issue among shipowners. Some governments, including Australia, argue that MBMs will somehow incentivise shipowners to achieve further efficiency gains, and might bridge the gap they perceive between the significant efficiency improvements that shipping is already delivering and the expectations that total maritime trade will continue to expand in response to the (long term) predicted growth of the world economy.

But in the face of rising fuels costs, shipowners reasonably believe that they already have every incentive to improve their fuel efficiency. The introduction of low sulphur fuels, as part of a separate IMO agreement, is also expected to increase bunker costs by in excess of 50 per cent, and with 2012 looking like one of the most financially difficult years for shipowners in living memory, now is certainly not the time to introduce an MBM. Many in the industry actually think that governments may be more interested in how much money can be squeezed from shipping through MBMs, rather than any further emissions reductions that they might actually deliver.

The challenge for ICS, as the industry's principal international trade association, is that notwithstanding shipowners' justified suspicions about MBMs, it is necessary for the industry to address the politics of climate change and some difficult political realities.

The first of these is that high level discussions at UNFCCC about replacing the Kyoto Protocol, which is in large part driving the agenda. In addition, there are the significant, and some would argue unrealistic, commitments that have already been pledged by nations such as Australia, as well as European Union countries, to reduce their total CO2 emissions dramatically. Unless IMO can demonstrate that it is making real progress towards the development of

an international MBM for shipping, the industry is faced with the unwelcome prospect of regional regulation.

The other important political reality is the decision by the last UN Climate Change Conference in Durban, in December 2011, to establish the Green Climate Fund. This aims to generate US$100 billion a year by 2020, in order to help mitigation and adaption projects in developing nations. In crude terms this can as seen as the price of persuading developing nations to agree to continue negotiations on a new climate change accord, scheduled for adoption in 2015. This new agreement is meant to include carbon reduction commitments by emerging economies, not just from developed (or so called 'Annex I') nations as is the situation at present. Between now and the next UN Climate Conference, in Qatar, in December 2012, the UNFCCC members will have to determine how this money is going to be raised.

A year ago, a high level working group set up by the UN Secretary General, and chaired by the premiers of Norway and Ethiopia, appeared to suggest that some US$16 billion a year could be raised from international shipping. But in a more recent World Bank report, prepared for the G20 Summit in Cannes, it was suggested that shipping should contribute some US$25 billion a year. And the demands do not stop there. Some governments have publically suggested that only a proportion of any money collected from shipping should actually go into the Green Fund, and that a significant chunk should go straight into the coffers of the governments collecting it, implying that the charge imposed on shipping could actually be even more.

The position of the shipping industry, as represented by ICS, is that if governments decide that shipping should contribute to the Green Fund, then the payments should be proportionate to shipping's contribution to the worlds' total CO2 emissions (about 2.7 per cent according to the most recent IMO study). To contribute the kind of sums which the World Bank has suggested would be totally inequitable and almost certainly viewed by many emerging economies as a tax on trade – a kind of green protectionism.

However, the other important goal for the shipping industry is the avoidance of 'double charging' though contributions to the UNFCCC and via any MBM agreed by at IMO. There would therefore seem to be need for a linkage between any IMO MBM and any shipping contribution to the Green Fund.

The other political reality that shipping has to address is the UNFCCC principle of Common But Differentiated Responsibility (CBDR), whereby the emission reduction commitments accepted by developing nations must be less than those of mature economies. The challenge has been how to reconcile this with the IMO principle of uniform global rules. One the one hand, the European Union threatens regional action if IMO fails to deliver on CO2, while on the other, developing nations - led by China, India and Brazil - have been reluctant to support an IMO agreement that might prejudice their positions at the high level UNFCCC negotiations.

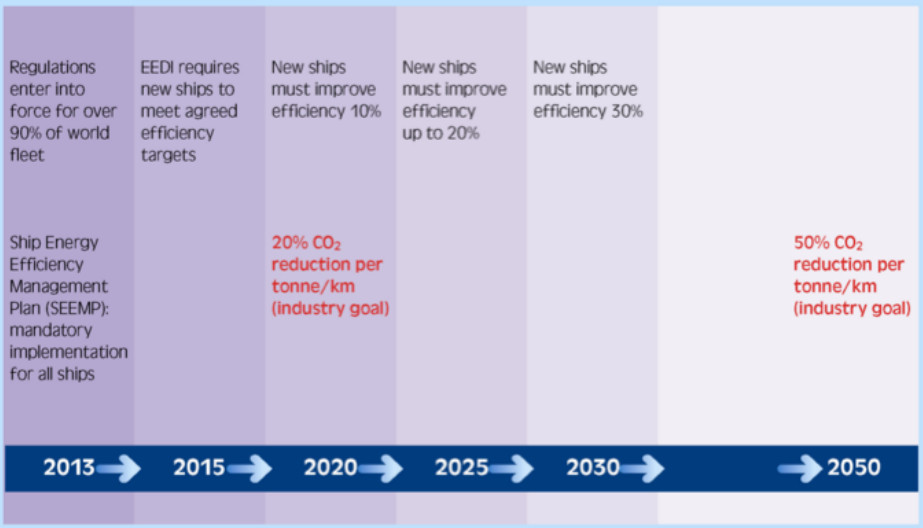
In the event, with the industry's full support, IMO has already proved itself to be eminently capable of delivering a global solution for shipping which can be reconciled with the CBDR principle. The July 2011 agreement, which adopted binding global regulations for technical and operational measures to reduce ships' emissions, will enter into force in January 2013 and apply to at least 90 per cent of the world's tonnage. To address CBDR, the agreement included regulations on technology transfer and technical assistance for developing nations, as well as the flag state waiver with respect to the EEDI mentioned above (although the industry has decided not to make use of this).

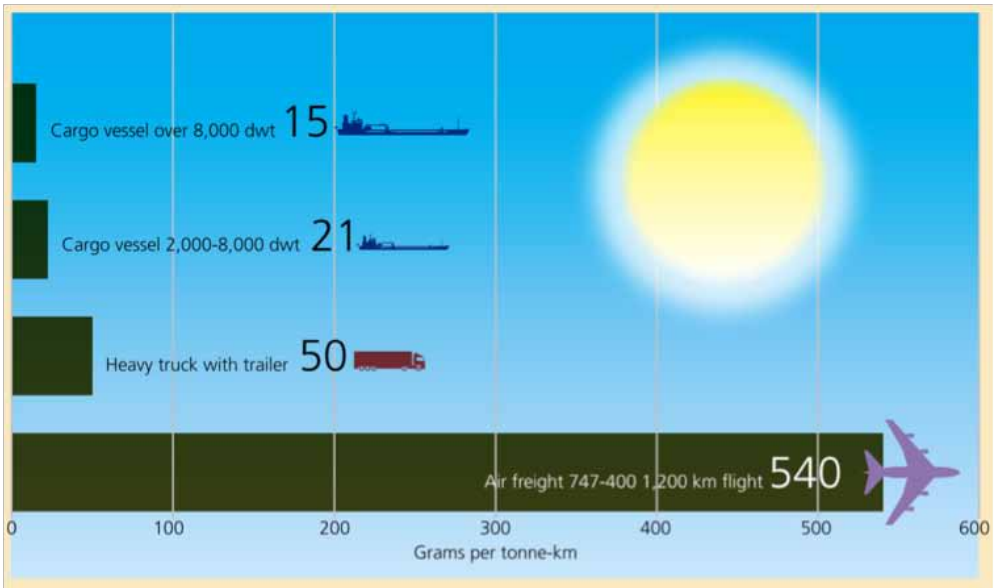
To gain the support of nations like China and India for an IMO MBM will also require account to be taken of CBDR. However, reconciling the CBDR principle with an IMO MBM, which must apply equally to ships of all flags in order to avoid market distortion, will not be an easy task. However, if any of the money collected by an IMO MBM was channelled to the Green Fund (perhaps via an IMO compensation fund into which money raised from shipping was paid) this could be a means of meeting the CBDR principle because developing nations would be getting out more than they were putting in, while preserving the level playing field for shipping.

ICS will continue to support IMO as the body where discussions about a shipping MBM, and any linkage to the Green Fund should take place. However, the industry will firmly resist any notion that it can be regarded as a cash cow, and will continue to emphasise that the best means of delivering meaningful CO2 emissions reductions will be through technical and operation measures, rather than a mechanism whose ulterior motive appears to be raising money.

IMO agreement on technical regulations will reduce ships' CO_2

MARPOL Annex VI, Chapter 4 adopted July 2011





Comparison of CO_2 emissions between different transport modes

Source: Swedish Network for Transport and the Environment



New Australian civil and criminal penalties for pollution by shipowners, charterers and operators

By ROBERT SPRINGALL, partner, Holman Fenwick Willan

The *Maritime Legislation Amendment Act 2011* (Cth) (**Act**) came into force on 5 December 2011.

The Act amends the *Navigation Act 1912* (Cth) **(Navigation Act**) and *Protection of the Sea (Prevention of Pollution from Ships) Act* 1983 (Cth) (**PSPPSA**) through the introduction of new offences and the expansion of liability and increase of penalties under existing offences.

Rationale for reform

The Act was introduced in response to two recent maritime environmental incidents, namely, the grounding of the *Shen Neng 1* in 2010 on the Barrier Reef (resulting in a spill of approximately 4 tonnes of heavy fuel oil) and spill of approximately 270 tonnes of heavy fuel oil from the *Pacific Adventurer* off Brisbane after 31 containers were lost overboard damaging the ship's hull.

The Act is also intended to bring current Australian Commonwealth legislation into line with the International Convention for the Prevention of Pollution from Ships (**MARPOL**), to which Australia is a signatory. MARPOL Article 4(4) requires member states to impose penalties that are sufficiently severe to discourage violation of the Convention and to ensure that the penalties must be equally severe no matter where violations occur. Formerly, Australian federal legislation implementing MARPOL was not consistent with legislation in individual Australian states, which imposed more onerous penalties for marine pollution offences.

Major changes

The Act increases the deterrence against pollution emanating from ships by:

(a) introducing into the Navigation Act new offences relating both to operating a ship in a manner that has or may cause pollution and failure to report ship movements in ecologically sensitive areas;

(b) setting out in the Navigation Act a formalised regime empowering AMSA to seek the imposition of pecuniary penalties for contraventions under the Navigation Act;

(c) extending the list of persons who may be charged with an offence under the PSPPSA in respect of oil discharge to include "charterers"; and

(d) increasing the maximum penalty for oil discharge offences under the PSPPSA from $55,000 to $2.2 million for individuals and from $275,000 to $11 million for corporations.

The legislation is silent as to whether the extension of liability to charterers includes all types of charterers or just a particular type (e.g. demise charterers). However, there is a real possibility that courts will apply a broader interpretation of "charterer" as there is no apparent legislative intent to restrict the term to any particular type of charterer.

As part of the new civil penalty regime, the Act also introduces an accessorial liability regime under which people who aid, procure, induce or are knowingly concerned in or conspire to cause a contravention of particular provisions of the Navigation Act are deemed to have committed the same contravention themselves.

Each of these changes are considered in further detail below.

New offences under the Navigation Act relating to actual or potential pollution or damage to the marine environment

The Act introduces into the Navigation Act several new offences aimed at preventing pollution in the coastal sea and exclusive economic zone of Australia (Protected Area) and beyond.

It is now an offence for:

(a) the master of any ship to operate the ship in a reckless or negligent manner that causes pollution or damage to the marine environment of the Protected Area;[1]

(b) the master of any ship to recklessly or negligently fail to ensure that the ship is operated in a manner that does not cause pollution or damage to the marine environment of the Protected Area;[2]

(c) the master of an Australian ship to operate the ship in a reckless or negligent manner that causes pollution or damage to the marine environment of seas that are beyond the Protected Area;[3] and

(d) the master of an Australian ship to recklessly or negligently fail to ensure that the ship is operated in a manner that does not cause pollution or damage to the marine environment of seas that are beyond the Protected Area.[4]

If any of the above offences are committed, the master is liable to pay a penalty. The maximum penalty for each offences is 600 penalty units, i.e. $66,000. In addition, each of the above offences can be deemed aggravated offences resulting in higher penalties. An aggravated offence is one deemed to have resulted in or had the potential to cause serious harm to the marine environment. The maximum penalty for an aggravated offence is 6000 penalty units, i.e. $660,000.

Whilst the master is the party liable for the offence, an owner or charterer or other accessory may also now be liable under the new accessorial liability provisions dealt with in detail below.

New offence under the Navigation Act relating to failure to report ship movements

Division 14 of Part IV of the Navigation Act allows regulations to be made requiring reporting of ship's movements in particular areas. The Great Barrier Reef Particularly Sensitive Sea Area is one such area.

Failure to report in accordance with regulations is now a strict liability offence rendering the master liable for a penalty. The maximum penalty for the offence is $26,400.[5]

Whilst the master is the party liable for the offence, an owner or charterer or other accessory may now also be liable under the new accessorial liability provisions (see below).

New civil pecuniary penalty and accessorial regime under the Navigation Act

The Act amends the Navigation Act such that it now includes a mechanism for AMSA to request the imposition of civil pecuniary penalties for breaches of sections of the Navigation Act that impose civil penalties (known as civil penalty provisions).[6] These civil penalty provisions include the new offences set out above.

The pecuniary penalty payable (known as a civil penalty order) must not be more than the penalty specified in the relevant section (in the case of an individual) or five times that penalty (for a corporation).[7]

The Act also introduces an accessorial liability regime similar to the one applying under the *Competition and Consumer Act 2011* (Cth) (formerly the *Trade Practices Act 1974* (Cth)). Now, a person who has:

(a) attempted to contravene a civil penalty provision;

(b) induced, aided, abetted, counselled or procured a contravention of a civil penalty provision;

(c) been directly or indirectly knowingly concerned or party to a contravention of a civil penalty provision; or

(d) conspired with others to effect a contravention of a civil penalty provision

is deemed to have contravened the civil penalty provision themselves, rendering them liable to the applicable penalty.

The new accessorial liability provisions could leave an owner or charterer liable for contraventions by the master where, in contravening the new offences the master acts on the instructions of the owner/charterer, and the owner/charterer has sufficient knowledge of the facts that would make the master's conduct a contravention of those provisions. The penalties that would apply to a corporation would be $330,000 for non-aggravated contraventions (i.e. $66,000 x 5) and $3.3 million for aggravated contraventions (i.e. $660,000 x 5) after applying the corporate penalty multiplier.

Extension of operation and increase of penalties under the PSPPSA

The Act amends the PSPPSA with a view to providing a stronger deterrent against pollution from the discharge of oil and oily residue from ships.

Under the PSPPSA it is currently an offence if:

(a) oil or an oily mixture is discharged into:

  (i) in the case of an Australian ship, any seas whatsoever other than waters of an Australian State (including the Northern Territory) with legislation giving force to MARPOL; and

  (ii) in the case of non-Australian ships, the Australian exclusive economic zone and waters near any Australian States (including the Northern Territory) without legislation giving force to MARPOL; or

(b) an Australian ship discharges oil residue into any waters other than waters of an Australian State (including the Northern Territory) with legislation giving force to MARPOL.

These strict liability offences are deemed to have been committed by both the master and owner of the ship. The maximum penalty was $55,000 in respect of the master and $275,000 in respect of the owner (assuming the owner is a corporation).[8]

The Act will add "charterer" to the master and owner as a person that is deemed to have committed any such offence. The term "charterer" is considered further below.



David Coogans, *partner*

There are some limited defences to the above offence, including where the oil or oily mixture "escaped from the ship in consequence of non-intentional damage to the ship or its equipment, and all reasonable precautions were taken after the occurrence of the damage or the discovery of the discharge..." (emphasis added). Whilst this may seem like a broad defence, it is significantly narrowed as the PSPPSA excludes damage caused by the mere negligence of master or owner (even if carried out without intent) from being classified as "non-intentional damage".[9] Further, non-intentional damage to the ship or its equipment does not include "deterioration resulting from failure to maintain the ship or equipment" or "defects that develop during the normal operation of the ship or equipment".[10]

Only NSW has followed the Commonwealth in amending corresponding state legislation giving effect to MARPOL such that the non-intentional damage defence expressly excludes negligently caused damage and wear and tear. However, in the other States and the Northern Territory "damage" does not include the consequences of wear and tear.[11]

The new Act also increases the maximum penalty to $2.2 million in respect of the master and $11 million in respect of the owner and charterer (assuming those entities are corporations).[12] The maximum penalties under the equivalent offences in State and Northern Territory waters (as at 6 December 2011) are set out in the table below.

Liability of the charterer

As stated above, the Act extends liability under the PSPPSA to the charterer. The Act is silent as to whether this is intended to apply to all or one specific type of charterer (e.g. demise charterers).

Neither the amended PSPPSA, Explanatory Memorandum or MARPOL define "charterer". None of the parliamentary debate discusses the concept of who are and are not charterers for the purpose of extended liability under the PSPPSA.

The term "charterer" is already used in the PSPPSA and equivalent State Acts concerning the obligation to report the occurrence of pollution incidents.[13] However, with regard to the failure to report, in the case of the charterer a defence is available where they were not aware of the incident or, where a master has failed to report, neither knew of nor suspected such failure.[14] There has been no judicial consideration of "charterer" in this context. With regard to the discharge of *oil or an oily mixture* it would appear that a charterer is limited to the same defences available to the master and owner, notwithstanding that they may have no involvement or control in relation to the ship's operations.

As a matter of statutory interpretation there does not appear to be any compelling reason why a court should read the word "charterer" in sections 9 and 10 of the PSPPSA as meaning something less than all forms of charterers. The court is required to apply the plain and ordinary meaning of a word in a statute unless the result of applying the ordinary meaning would be manifestly absurd or unreasonable. In the circumstances, it is possible that a court would find that applying "charterer" to mean all types of charterers is not manifestly absurd or unreasonable. With regard to this:

(a) the word "charterer", used on its own in section 17 of the *Admiralty Act 1988* (Cth) (Admiralty Act), has been construed by the court as meaning charterer of any kind;[15]

(b) the word "charterer" is already present in a subsequent section of the PSPPSA where a broad interpretation would not be in any way inconsistent with its purpose[16] and if a different interpretation was intended it could have been addressed expressly in the amendment; and

(c) notwithstanding that the offences are strict liability offences, Parliament's intention is to maximise the deterrence against pollution possibly by making all charterers, as parties interested in the *maritime adventure*, liable for prosecution regardless of their actual level of control over the ship from which a discharge occurs.

Against this a charterer could argue for a more limited reading of the word "charterer" on the basis that:

(a) with regard to the use of the word "charterer" in section 17 of the *Admiralty Act*, that word is used in a completely different context to that in the PSPPSA. ; and

(b) it is arguably manifestly absurd or unreasonable that a time, voyage or slot charterer should be criminally responsible for events over which it had absolutely no control, directly or indirectly. This is to be contrasted with the position in relation to the failure to report offence where a time or voyage charterer fails to report a pollution incident in circumstances where they are aware of the incident and knew or suspected that the master had not reported it.

It is not possible to provide a definitive view on how the courts will interpret the term charterer in the amended sections of the PSPPSA. However, it cannot be assumed that a court will restrict the term to a particular type of charterer (such as a demise charterer) who exercises some control over the operation of the vessel.

For more information, please contact David Coogans, partner, on +61 (0)2 9320 4601 or david.coogans@hfw.com or Robert Springall, partner, on +61 (0)3 8601 4515 or robert.springall@hfw.com or your usual contact at HFW.

State/Territory	Individual Penalty	Corporate Penalty
New South Wales	$500,000	$10 million
Northern Territory	$527,450 or imprisonment of not more than 5 years	$2,635,880
Queensland	$500,000	$10 million
South Australia	$200,000	$1 million
Tasmania	$325,000 or imprisonment of not more than 4 years	$1.3 million
Victoria	$244,280 or 2 years imprisonment or both	$1,221,400
Western Australia	$50,000	$250,000

[1]*Navigation Act 1912* (Cth) s267ZZI. [2]*Navigation Act 1912* (Cth) s267ZZJ. [3]*Navigation Act 1912* (Cth) s267ZZL. [4]*Navigation Act 1912* (Cth) s267ZZM. [5]*Navigation Act 1912* (Cth) s269E. [6]*Navigation Act 1912* (Cth) s399B. [7]*Navigation Act 1912* (Cth) s399B(5). [8]*Applying the penalty escalation provision for corporations in Crimes Act 1914* (Cth) s4B(3). [9]*Protection of the Sea (Prevention of Pollution from Ships) Act 1983* (Cth) s9(3)(b). [10]*Protection of the Sea (Prevention of Pollution from Ships) Act 1983* (Cth) ss9(3A)(a) and (b). [11]*Morrison v Peacock* (2002) 210 CLR 274. [12]*Applying the penalty escalation provision for corporations in Crimes Act 1914* (Cth) s4B(3). [13]*Protection of the Sea (Prevention of Pollution from Ships)* Act 1983 (Cth) s11(1B)(3). [14]*Protection of the Sea (Prevention of Pollution from Ships) Act 1983* (Cth) ss11(1B)(4)(a) and (b). [15]*Comandate Marine Corp v Ship Boomerang I* (2006) 234 ALR 169. [16]*Protection of the Sea (Prevention of Pollution from Ships)* Act 1983 (Cth) s11(3).

Queensland Government

smartship

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Flooding, drought, wildfires and their potential effect on carriers





By Jesper Martens, special counsel and Danella Wilmshurst, partner, HWL Ebsworth Lawyers

Not long ago, thousands of families lost their homes and crops as flood waters swept across Central America. In Thailand, huge tracts of farmland were recently submerged as the country faced its worst flooding in 50 years. Across the globe agricultural production is at risk as catastrophic flooding becomes a world-wide problem. Pakistan, Bangladesh, Vietnam, Australia, the UK and America have all fallen victim to catastrophic flooding in recent years. In 2010, drought and large-scale crop failures caused a wheat crisis in Russia and Ukraine, leading to embargoes.

More extreme weather events are expected to occur in the coming years due to climate change – man-made or not - and scientists concur that these events are likely to lead to more crop failures.

In Australia, severe flooding in 2010 and 2011 caused disruption to resource and other commodity production and made it difficult or impossible for exporters to keep up supply. Regrettably, it appears that flooding is affecting crops again in 2012.

These events are likely to have a "knock-on" effect on carriers, as shippers of commodities may seek to terminate, suspend or delay their obligations under charter parties for the carriage of these commodities.

This article briefly sets out the issues from the carriers' perspective under Australian law.

Force majeure and frustration

It is a fundamental principle of law that contracts are binding upon the parties. However, in certain limited circumstances a party may be excused from performing its obligations under an agreed contract. Force majeure and frustration may excuse one or both parties from performance.

Force majeure and frustration are different, but kindred concepts.

The main difference between the two is that force majeure is generally included and defined in contracts. In other words, the events that constitute force majeure are normally specifically defined and agreed in the contract. If an event of force majeure occurs, the parties are usually excused from

performance, although there are many different types of force majeure clauses which operate in different ways. The doctrine of frustration operates, as a matter of common law, to cancel a contract incapable of being performed and operates in a contract as an implied term of the contract.

The Australian approach to force majeure mirrors the English approach where force majeure clauses in contracts are valid.

Similarly, Australian law applies the same approach to frustration. In the words of Lord Radcliff in Davis Contractors v Fareham UDC [1956] AC 696 at p 728, "frustration occurs whenever the law recognises that without default of either party, a contractual obligation has become incapable of being performed because the circumstances in which performance is called for would render it a thing radically different from that which was undertaken by the contract." It is however a doctrine not to be lightly invoked to relieve one party of its contractual obligations.

Importantly, it is the party who wishes to rely on force majeure who must prove that the events constituted force majeure. Similarly, a party wishing to invoke the doctrine of frustration must prove that the elements were present to frustrate the contact. This is traditionally a difficult burden of proof to lift.

Charter parties, force majeure and hardship

There are many industry specific charter parties that are specifically drafted for carriage of commodities. Some are "charterer friendly" and contain provisions which give wide protection to the charterers against the consequences of circumstances which might impact on the supply of the cargo in question. By way of example, the Clarkson Australia form contains the relevant detailed clauses on Force Majeure (cl. 40) and "Hardship" (cl. 61). The "Hardship" clause provides that "If Charterers experience difficulties with any part of the production process, including but not limited to the mine, slurry pipeline, Transfer Vessel, mill or concentrator facility, they reserve the right to delay or decrease the quantity to be shipped under this Contract or to cancel the Contract without any financial consideration to either party." As a whole, the terms of this charter party are weighted strongly in favour of charterers. Other charter parties have similar "charterer friendly" clauses.

A force majeure clause does not necessarily protect a party from its liability in respect of all its contractual obligations. Callide Power Management Pty Ltd v Callide Coalfields (Sales) Pty Ltd [2008] QCA 182, concerned the construction of a contract between the appellant (CCS) and the respondent (CPM) for the supply of coal by CCS for use in CPM's power station. CCS gave notices of events of a force majeure. The contract provided that once the period of force majeure ceased, the party affected was to recommence performance of all its obligations under the contract. The Court of Appeal found that the force majeure clause limited the extent of obligations assumed for a defined period, but when the contract was construed as a whole, the force majeure clause did not operate so as to "discount" obligations under the contract. If CCS could not subsequently supply the amount of coal not delivered by reason of the force majeure event, it would be in breach of the contract and liable to CPM for damages.

Time for notifying reliance on force majeure or hardship clauses

Even in "charterer friendly" charter parties, the charterers normally have certain obligations to notify if they wish to rely on force majeure. If charterers are intending to rely on the "Hardship" clause mentioned above, they are required to notify owners as soon as they become aware that there has been "a material change which makes it unlikely that they will be able to meet the tonnage or timing agreed in this Contract". If charterers fail to provide details of the incident and an updated loading schedule to owners, they may be unable to rely on this clause.

Failure to give notice can have dire consequences for a party seeking to rely on the force majeure or hardship clause. AGL Sales (Qld) Pty Limited v Dawson Sales Pty Ltd [2009] QCA 262 provides an example of the consequences of failing to adhere to the notice requirements. The dispute concerned the failure of Dawson to supply agreed quantities of coal seam gas from the Moura Coal Mine to AGL due to geological conditions. The force majeure clause in question provided Dawson with relief from the interruption of the delivery of gas caused by "sudden and unpredicted events or combination of events". The onus was on Dawson to prove that the relevant facts and circumstances existed to invoke the force majeure clause, and that sufficient notice was provided. The Court of Appeal upheld the primary judge's decision that the force majeure clause was not invoked and also found that Dawson failed to issue a valid notice without delay as required by the contract.

Termination by carriers/owners

This article has primarily dealt with charterers' right to terminate. The occurrence of a force majeure event, or frustration, may also cause carriers to consider termination of charter parties, or to claim that their obligation to perform is discharged. In the event of a significant delay caused by force majeure or constituting frustration, it may be desirable for the carrier to terminate the charter party and re-charter its vessel to other charterers, (especially in a rising market), provided this can be done without incurring liability to the charterers for wrongful termination of the charter party. This can however only be done in certain circumstances, and it is a complex area of law.

Certain charter parties provide clauses excusing both parties from performance. The New York Produce Exchange Form 1993 (NYPE 93) provides a short, general exclusion in Clause 21 (Exceptions) which applies to owners and charterers alike. The Gencon charter regulates the parties' rights in the event of strikes, war or ice, but has no general force majeure clause. An owner wishing to terminate for other causes, such as flooding, must prove frustration.

When applying the doctrine of frustration, many disputed cases of frustration turn on whether delay or interruption of the voyage is sufficiently grave as to frustrate the adventure. There is no general rule about this and all must depend upon the circumstances of the individual case, and how long the interruption is compared with the contemplated length of the voyage. Increased costs of performance, even well in excess of those anticipated when the charter was concluded, will rarely, if ever, constitute frustration. However, the commercial purpose of the owner in entering into the charter is to provide remunerative employment for his ship. If the ship is kept waiting for an inordinate time outside a strike-bound port and without earning demurrage, this purpose may be frustrated, and the owner would generally be entitled to terminate. Also, often courts will find that a voyage charter owner is adequately compensated by demurrage clauses.

If a carrier terminates the charter, and it is determined that the charterers could have loaded the cargo within a sufficiently reasonable period of time, the carrier may be liable to the charterers for damages for breach of the carrier's obligations to provide a vessel.

Victoria

Industry events and networking maintain the momentum

Since the establishment of the Victorian chapter of Young Shipping Australia in 2009, YSA VIC have kept the momentum going through the planning and implementation of various industry events and social networking sessions.

The aim of YSA VIC is to promote the industry and provide an avenue for up-and-coming generations to keep up to date on industry innovations and broaden the knowledge of individuals on an ever expanding and evolving industry.

For 2011, the YSA VIC committee consisted of 11 individuals from Shipping Australia member companies. The committee included: Kate Wickett, PoMC; Andrew Mackay, ANL Container Line; Bilal Khan, ANL Container Line; Bernard Lloyd, HWL Ebsworth; Hugo Marshall, HWL Ebsworth; Jesse van der Tang, ANL Container Line; Reid Bettridge, Holman Fenwick Willan; Carolina Agudelo, APL Container Line; Matt Treeby, Pacific Asia Express Pty Ltd, Clare Schultz, WWL; and, Dany Holl, PoMC.

In 2011 the aim was to provide events that showed different facets of shipping which in our day-to-day roles we may not come across, for example, to learn more about break bulk shipping while one works for a container line.

YSA VIC kicked off 2011 with a port tour sponsored by Port of Melbourne Corporation followed by a tour of Station Pier. The members were given an up close and personal view of the Port of Melbourne in action with commentary on statistics and the port's facilities, as well as food and beverage to enjoy. The event was a huge success and even though it was a chilly Melbourne day, gave the attendees an opportunity to see how we all contribute to the success of the port and its supply chain.

Holman Fenwick Willan sponsored our next event generously providing their offices and food and drinks. The event focused on maritime law.

In the past we found this topic to be of interest which again was proven with the attendance.

Bernard Lloyd, HWL Ebsworth also gave an update on the ECO Terms and explained the significance and importance they play.

A highlight was a vessel tour arranged through WWL on one of their RORO vessels, after a few date changes to fit in with the vessel's schedule, the tour took place and based on the feedback, it was a one of the best events YSA VIC put on. Hopefully we will be able to do another vessel tour in 2012.

HWL Ebsworth sponsored the next information event, generously providing their offices and food and drinks. Malcolm Collins, principal regional port marine surveyor for maritime operations gave a delightful yet informative speech on local legislation enforcing the requirements for the safe carriage of dangerous goods, mandatory training requirements and AMSA-accepted training and awareness training.

The 2011 Christmas networking function was held at the Blue Diamond and was well attended by members. The stunning views of the city from the Blue Diamond provided a wonderful atmosphere to cap off the third successful year of YSA VIC.

The YSA VIC committee is looking forward to providing its members with innovative, informative and contemporary topics for discussion though an exciting calendar of events in 2012 and would also like to take this opportunity to say a big thank you to all who contributed to our cause.



New South Wales

State seeks to improve public awareness of industry issues

During 2011 YSA NSW held six events for its 60-plus members and guests. The first event was the CEO outlook, which has now become the keynote event. Over 80 people attended the event at NSW Parliament House to hear Maersk's managing director Nicolaj Noes and Hamburg Sud's managing director Geoff Greenwood. The speakers outlined what attracted them to the industry and their progression in the industry and offered excellent advice on how to get ahead in the shipping industry. Speakers also discussed industry trends, in particular the trend in global shipping growth and increased focus on efficiency. Lastly, James McIntyre, senior economist with CBA, provided an economic outlook, with a focus on sectors impacting shipping and trade growth.

In response to the increased focus on landside performance, YSA organised a briefing on the Port Botany Logistics Improvement Strategy (PBLIS) hosted by Sydney Ports in April. An overview and update of the strategy was presented, along with Sydney's plans for road, rail and port infrastructure. Participants' questions regarding general road and rail performance and landside issues were also addressed and Sydney Ports CEO Grant Gilfillan attended the briefing, which was well received.

In August, Emmanuel Papagiannakis as chairman represented YSA as an industry mentor at the inaugural Green Light Day held by the NSW Department of Transport. The event saw over 230 students from 23 schools come together to promote the transport and logistics industry. The level of interest was encouraging and it highlighted the relatively obscure profile the industry has, particularly in attracting school leavers as a career choice. On a positive note, the level of diversity in the industry mentors, from freight forwarding, Australian Defence Force, ports and shipping lines, also highlighted the wide range in career opportunities in the sector.

During September, we held a maritime presentation hosted by Middletons. The major topics included coverage of reforms to the Australian Maritime Regulatory Regime, UN trade sanctions to Iran, Syria, Libya and Cote d'Ivoire and the ever-controversial carbon tax and emissions trading scheme. Even though many aspects of the carbon tax were hard to swallow for some of the audience, the fabulous lunch provide by Middletons wasn't! The event was extremely well attended, with over 50 members and guests.



In November a half-day intermodal and container logistics tour was held and hosted by Qube Logistics. The first stop was the Yennora Intermodal Terminal, one of the largest freight facilities in Australia. An overview was provided highlighting the intermodal operations, rail, warehousing and distribution activities. Following the container movements from Yennora to Port Botany, we too finished at the POTA Port Botany Logistics Terminal. We had a bus tour through the site highlighting the intermodal siding, AQIS services and container freight services. Given the operational nature of the visit, we restricted the event to a busload of 25. After nine days of marketing the event, we received over 60 RSVPs and had to close RSVPs early. This clearly highlights there is a genuine interest in gaining a more hands-on experience of facilities in the chain and we will continue to provide such tours.

In addition to a social networking event, the Annual Dinner was held in December at a Lebanese restaurant. Guests mingled before enjoying a traditional Lebanese banquet and wine donated by Hamburg Sud, MSC, Seaway, OOCL and Patrick. After some heavy eating, a number of guests were seconded by the belly dancers and gave us all some entertainment to remember.

Economic

YSA was fully funded by memberships and sponsorship



Group photograph of the logistics tour party

from presenters. Whilst SAL is not in a position to provide any direct funding, accounting and other services are provided in support of YSA. Going forward, YSA will seek greater sponsorship of events. The membership fee has remained $50 per member since inception, with a special corporate membership of $300.

Media

YSA was well represented in the media with coverage of our major events. In addition an opinion article "New generation sees the positives of change in the shipping industry" was published in the LLDCN. YSA will continue to expand its media, website and external relations with related parties.

Strategic direction

There continues to be immense interest from freight forwarders to join YSA. Going forward, this will be an interesting development, as many shipping functions become commoditised or move offshore such as operations/vessel planning, with 3PL and 4PL opportunities continuing to flourish.

Going forward 2012

YSA has focussed on planning high quality events well in advance, with a full calendar already established. Apart from the annual CEO outlook event, a further six events have been scheduled including presentations on maritime law, importer supply chain, chain of responsibility/weighbridges and a container terminal/vessel visit. In addition, members will also receive a copy of each SAL magazine.

YSA will seek to improve the awareness of industry issues as they affect younger maritime professionals, through media and through the SAL HR Steering Committee, hence would encourage members for their input. A pressing requirement remains the establishment of educational resources for maritime professionals and we will work with SAL on this issue.

YSA will also work on providing greater member statistics and develop a closer working relationship with shipping lines' HR departments to deliver mutually beneficial events.

Lastly, we thank all YSA members and guests who have attended events, the committee for their hard work, importantly, those in the maritime community that by allowing staff to attend events, develop their staff, grow YSA and we hope, grow their companies' profitability.

Committee of 2011

- Emmanuel Papagiannakis, chairperson, Patrick Container Ports
- Hussein Chahine, vice chairperson, Seaway Agencies
- Alex Faliotti, treasurer, Hamburg Sud
- Nathan Cecil, secretary, Norton White Lawyers
- John Thomson, information officer, Mediterranean Shipping Company (Aust)
- Katherine Fleming, membership coordinator, OOCL
- Paul Alexander, policy advisor, Shipping Australia Limited

SmartShip Australia simulator

SmartShip Australia - the new marine simulator and training centre in Brisbane - is making good headway in providing pilot training and assisting port development projects.

The world-class facility has been open for business since May 2011. To date there has been very positive feedback from pilots who have undertaken training at the new facility.

SmartShip Australia provides marine pilots with a high fidelity simulation capability and unparalleled realism using the most sophisticated simulator equipment in Australia. The facility includes five simulators, numerous training rooms, a client's lounge, dining room, showers and change rooms for participants.

All five bridges can be integrated for a single exercise or operated individually as required. All the training rooms at the centre are fully equipped with play back functions and multi screen adaptors for all training needs.

The simulators are realistically replicating the bridges of some of the world's biggest international cargo and cruise vessels to assist marine pilots to hone their skills. The equipment used in each of the simulators is the same used onboard actual ships, to ensure the experience is as realistic as possible for pilots.

The simulators enable simulations to be conducted for:

- Ship manoeuvrability
- Ports and fairways
- Environmental factors such as wind, current, tide, rain, fog, day/night conditions

Although pilot training is a priority for SmartShip, the simulators are also being used to assist in port and fairway design studies. Given the unprecedented number of port developments currently underway in Australia, this capability will be crucial in ensuring optimal port design and reducing risk factors.

There are about 350 marine pilots in Australia, with over half of those operating as port or coastal pilots in Queensland. SmartShip is ideally located near Brisbane Airport and its commissioning is timely. The number of pilots in Australia is expected to increase significantly in the next 10 years with multiple port expansion projects coming on stream servicing increased export markets.

Pilotage is all about mitigating risk and SmartShip will set a new benchmark in achieving that outcome. SmartShip provides a capability for pilots to access training to the highest international standards.

SmartShip Australia has many courses and services on offer, including:

- Advanced Marine Pilot Training
- Advanced Bridge Resource Management
- Maritime / Bridge Resource Management
- Basic and Advanced Shiphandling for Pilots
- Pilot Assessment
- Competency Audit
- Tug Handling
- Combined Tug Master/Pilot training

Training of marine pilots is crucial to ensure marine safety and SmartShip Australia has no peer in achieving this objective.

SmartShip provides a modernised research and learning faculty to support the maritime industry in Australia and remain ahead of the many challenges facing the industry over the next decade.

EDUCATION AND TRAINING

Australian Maritime College

There's a certain buzz at the Australian Maritime College (AMC) heading into the new academic year.

AMC is looking forward to playing its part in driving the recently announced maritime reform agenda. As Australia's institute for maritime education, training and research, the college is positioning itself to be ready for the growth and benefits associated with the reforms, in particular, the shipping reform elements.

The maritime industry is confronting a dual challenge - an ageing workforce and an increase in shipping volumes. This will require more seafarers, safety professionals, harbour masters, pilots and other skilled workers to ensure Australia's maritime safety and environmental standards are maintained.

"Securing a long-term skills base is essential to a viable Australian shipping industry. At AMC, we are preparing for an increase in demand for training. Working closely with industry, we will need to maximise the efficiency and delivery of our training programmes to ensure we have both the human and physical resources needed to cope with this increased throughput," director of the National Centre for Ports and Shipping, Captain John Lloyd said.

To meet the expected growth in demand, AMC has been continuing to develop strategic partnerships interstate. In October, a three year Memorandum of Understanding was signed with a leading South Australian school, Le Fevre High School, to further develop the state's maritime high school curriculum to enhance maritime educational and training pathways.

A Heads of Agreement has also been signed with the Australian Maritime and Fisheries Academy (AMFA) who have campuses in Adelaide and Port Lincoln, enabling an expansion of international and coastal seafaring study opportunities in South Australia. In addition, a collaboration with Flinders University has been formed whereby students enrolled in maritime electronics or naval architecture will divide their time between Adelaide and Launceston. A similar collaboration for maritime engineering degrees has been established with Edith Cowan University in Perth, WA.

AMC is Australia's institute for maritime education, training and research. www.amc.edu.au

In addition, integrated ratings training is now being conducted interstate for the first time. Delivered in Melbourne, the largest single cohort of integrated ratings students is enrolled in this year's first intake.

"These developments in South Australia, Western Australia and Victoria represent a strategic opportunity for AMC to grow and provide much needed capacity to the maritime industry," acting principal Professor Neil Bose said.

AMC's capacity to provide quality distance education through online and part-time study options is also expanding. With AMC alumni spreading across almost 60 countries, the college is increasingly tailoring courses to suit the needs of people with busy lifestyles. They could be on a boat or onshore - anywhere in the world.

In addition to making courses as accessible as possible, AMC is also expanding its range of courses and training programmes to meet the demands of industry.

AMC is now offering a Master of Maritime Engineering degree to help address the global demand for maritime engineers. By offering part-time and distance options, the degree is designed for working professionals and is ideally suited to engineering professionals already in the workforce with limited exposure to the maritime engineering sector.

A new postgraduate degree in hydrographic surveying is also being planned for next year. It's the only civilian training program in hydrography in Australia. Certificate (Coastal Hydrography) and Diploma (Hydrography) courses are proposed using a flexible, distance delivery mode which will enable participation by a wide ranging audience and allows for studying whilst working. The courses are able to be completed in one year or over two to three years and conclude with a field week.

Another 'first' for Australia is AMC's Bachelor of International Logistics (Freight Forwarding) degree,



which is accepting its first student cohort this year. This expanded business and logistics programme was developed in partnership with the Australian Federation of International Forwarders (AFIF). The degree, offered over three years, full-time or part-time equivalent, will focus on relevant fields including freight forwarding, customs broking, cargo regulatory systems, logistics management and global procurement.

"Global trade is a central part of Australia's economy and demand for qualified staff in this critical area of international logistics is sure to exceed supply," head of Maritime and Logistics Management, Dr Stephen Cahoon, said.

Meanwhile the Co-operative Engineering Programme, rolled out last year, continues to provide companies with first access to talented undergraduate students as they carry out work experience under the guidance of a qualified maritime engineer (extending their three year degree by one year).

One of the most exciting developments within the National Centre for Ports and Shipping is the migration of courses linked to the professional Certificates of Competency from Advanced Diploma to Bachelor of Applied Science status.

"This will give greater recognition for the academic learning that takes place. It will attract a parallel stream of students interested in maritime careers, but not necessarily leading to work as a navigation or engineering officer on-board a ship. It will lead to possible careers in; ship operations, ports and terminal, and personnel management; vessel traffic service; operations and business-related activities in the maritime-related sector," Captain Lloyd said.

The program changes are a result of a dedicated course review process which occurred in 2011. It is expected the new course structure will take effect in 2013, with the first students likely to receive their Bachelor awards in 2017.

The courses, developed with considerable industry consultation and input from maritime employers and regulators, are currently being finalised.

Existing AMC courses are receiving even greater industry recognition: for example, IMarEst accreditation is now in place for all marine environment, maritime engineering and Bachelor of Applied Science (Marine Engineering) degrees. Maritime Engineering degrees are also accredited with Engineers Australia and the Royal Institute of Naval Architects.

Additionally, AMSA's annual audit of AMC seafarer programmes has recognised developments which have taken place in areas such as lifesaving appliances, global maritime





distress and safety simulation (GMDSS) and the enhancement to our engineering laboratories.

Companies from around the globe and government agencies utilise AMC's suite of world-class facilities for testing and research, and this means that students and staff are involved in research that has real-world application.

AMC's flagship, the 35-metre *Bluefin*, is capable of cruising all Australian waters with voyages tailored to the needs of study areas. It is also commercially chartered by maritime companies for diverse work such as rescuing stranded Antarctic scientists from Macquarie Island, minesweeping trials for the Royal Australian Navy and survey work for undersea cables in Bass Strait.

Since its multi-million dollar upgrade, the Centre for Maritime Simulations has been in constant industry demand used to meet a range of clients' needs such as: the evaluation of new and extended port designs; extending port operational parameters; handling of new, larger ships; standard operating/emergency procedures; simulation studies; and pilot training.

Among the ports and harbour designs and development projects, the suite of simulators were utilised to trial and test two of the world's biggest and most opulent cruise ships ahead of their arrival into Sydney Harbour. Utilising AMC's ship bridge and tug simulators, pilots were able to assess and manage the risks involved prior to the docking of the *Queen Mary II* and *Queen Elizabeth.*

AMC's capability to model port areas and ships 'in-house', through working directly with clients and meeting their specific needs, provides a level of quality and flexibility of service yet to be rivalled.

Clients have included Newcastle Port Corporation, Woodside Energy, Port of Melbourne Corporation, Rio Tinto, Flinders Ports, Sydney Ports, Port Kembla, Maritime Safety Queensland, TasPorts, Port of Napier (NZ) and South Port (NZ).

AMC's model test basin also remains in high demand - ideally suited for conducting hydrodynamic experiments with an emphasis on maritime operations within shallow water environments such as ports, harbours, rivers and coastal regions. The model test basin has played an integral part in the ongoing planning and development process for the Newcastle Port Corporation, with a recent study investigating the motions, mooring line and fender loads experienced by ships at existing and proposed berths.

The joint partnership with the Newcastle Port Corporation is one of many conducted through AMC's commercial arm, AMC Search, which raises funds that go directly back to the college to reinvest in its facilities. AMC Search also offers Nautical Institute-approved Dynamic Positioning courses at its DP units in Launceston (Tasmania) and Perth (WA) and has received two prestigious awards, including 'DP Training Centre of the Year' in the 2011 International Dynamic Positioning Excellence Awards.

Australia's National Hydrodynamic Research Centre has been utilised by Hobart-based shipbuilder Incat and Revolution Design, propulsion company Wartsila Netherlands and the Netherlands-based MARIN to develop propulsion for the next generation of Incat vessels.

In addition to this partnership, one of the international leaders in the ocean energy sector, Oceanlinx has been using these world-class facilities to further develop renewable energy technology that provides versatility for deployment in shallow and deep waters. The project will develop new ocean wave energy technologies for electricity generation and desalination.

Both industry focussed research projects are funded through the Australian Research Council (ARC) Linkage Project scheme.

AMC is also very excited to have recently secured its first ever US Navy's Office of Naval Research (ONR) grant. ONR is the world's largest funder of naval related research. The grant complements the collaborative work already undertaken with the defence industries.

But it's not just about AMC's facilities, programs and grants; it's about the people. AMC lecturers, researchers and facility staff bring a concentrated wealth of world-wide knowledge and expertise to all the projects they are involved in. One of many examples is aquaculture lecturer Ryan Wilkinson, who was recognised at the national Trailblazer awards, which explore the commercial potential of new concepts, by giving researchers the opportunity to pitch their ideas to a panel of judges with interests in venture capital, intellectual property management and industry engagement.

AMC is proud of its ability to provide maritime education, training and research relevant to industry needs. Under the guidance of acting principal, Professor Neil Bose, AMC will continue to build on its strengths and seize all available opportunities to enhance the maritime sector.

AMC Search is AMC's commercial arm, providing specialised maritime-related training and consultancy for a wide range of international and Australian organisations; and the largest range of maritime short courses in Australia. www.amcsearch.com.au

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TRANSPORT AND LOGISTICS



2011 was an exciting year for the NSW Transport and Logistics Workforce Advisory Group (TLWAG) and the newly created Transport for NSW. Deputy director general, policy and regulation, Tim Reardon provides an insight into the role of the new integrated transport authority and the important work of the NSW TLWAG.

Transport for NSW

Transport for NSW was officially formed on 1 November 2011 as a new integrated transport authority.

The establishment of the authority means, for the first time, planning and policy across all modes of transport, including roads, are fully integrated and sees policy and planning experts from all transport agencies working together.

The Transport for NSW divisions are:

- Customer Experience – which will make sure journeys are as simple and seamless as possible
- Planning and Programs – which will consolidate planning for all modes and develop a comprehensive transport masterplan
- Transport Services – which will ensure transport services cost effectively meet the current and future needs of customers
- Transport Projects – which will ensure major projects are delivered on time and on budget
- Freight and Regional Development – which will make sure freight services and facilities meet the needs of the State economy, with particular focus on regional NSW
- Policy and Regulation – which will develop and oversight policies and laws pertaining to transport across the State

Policy and Regulation Division

The Policy and Regulation Division at Transport for NSW drives strategic policy for the transport portfolio. It ensures that regulatory frameworks support NSW Government transport objectives and that national reforms benefit NSW. The division focuses on the key policy objectives of customer service, efficiency and effectiveness, safety and social access.

The division is Transport for NSW's interface with industry stakeholders on policy matters and reform processes.

The Policy and Regulation Division has a broad remit covering economic, social, safety and commercial policy. The division has a focus on safety policy across roads, boating, and passenger services and on the implementation of national regulation for rail, heavy vehicles and maritime. We will also provide coherent and efficient approaches to policy and legislative frameworks for areas such as passenger services, fares, concessions, accessibility, licensing and registration, and pricing and funding.

NSW Transport and Logistics Workforce Advisory Group (NSW TLWAG)

With members from key government agencies, industry groups (including Shipping Australia) and union representatives, the NSW TLWAG provides a mechanism and focus for facilitating collaboration and partnership between its members and the broader T&L Industry. Meeting quarterly, the TLWAG addresses workforce issues in the transport and logistics sector and focuses on five key themes:

- Collaboration and coordination



Green Light Day launch event compere David Whitehall

- Skills supply and labour market
- Education, training and qualifications
- Careers
- Safety and security

In addition to developing effective solutions and programs to address workforce issues, the TLWAG is also a means to network and share strategies, programs, ideas and resources with TLWAGs across the country.

2011 Green Light Day

The major focus in 2011 for the NSW TLWAG was the Green Light Day. The event was held on Friday, 26 August and saw over 230 students from 23 schools participating in four events across Sydney.

The launch event held at NSW Trade and Investment at the MLC Centre saw attendance by enthusiastic students, teachers, government and industry representatives from 25 state, national and international organisations coming together to celebrate the importance of the transport and logistics industry.

Concurrent with these events, open days were held at Axima Logistics in Smithfield, RAAF Base at Richmond and Qantas Centre of Service Excellence at Alexandria with support of local MPs, TAFE and the Australian Trucking Association where students learnt firsthand the variety and scope of careers available in the transport and logistics industry.

Additionally, students had the opportunity to win a 'money can't buy' transport and logistics experience, providing an awareness of the breadth of the industry and potential career opportunities available. Thank you to Shipping Australia, Svitzer and PB Towage for their support of this initiative.

Feedback from stakeholders after the inaugural Green Light Day has been overwhelmingly positive. Financial and in-kind supporters, participating schools, associated government departments and TLWAG members agree that the 2011 event was an important first step in raising awareness of the transport and logistics industry.

Transport for NSW and the NSW TLWAG are looking forward to expanding the event in 2012 with more students, schools, stakeholders and open days. Interested in taking part in this year's event? Keep an eye on our dedicated website www.greenlightday.com.au for updates or email NSWtlwag@transport.nsw.gov.au to register your interest.

2011 TLWAG highlights

Along with the success of Green Light Day, 2011 was a successful year for the NSW TLWAG with a number of projects completed including;

- The Illawarra Transport and Logistics Skills Pilot Program (ITLSPP), under the direction of the Transport and Logistics Industry Skills Council, is progressing well with a total of eight students having commenced school-based traineeships in the Illawarra with three of these at Bluescope Steel. This program will continue to be a focus for the NSW TLWAG with the possibility of expansion over the next 12 months. The ITLSPP provides students with the opportunity to develop the practical skills and knowledge required to work in the local transport and logistics industry by undertaking Certificate II qualifications and a work placement.
- NSW is a member of the Logistics Information and Navigation Centre (LINC) community following the website's relaunch in June 2011. The LINC portal provides the opportunity to showcase NSW TLWAG's transport and logistics skills and workforce initiatives as well as a platform to collaborate and share experiences with similar groups in other jurisdictions. Further information is available at www.the-linc.com.au.
- In conjunction with the Transport and Logistics Centre (TALC), the NSW TLWAG rolled out the Transport and Logistics Workforce Gauge in early 2011. The gauge is a survey developed by the Queensland TLWAG who have made it available for use by TLWAGs in other states and territories. The main objective in the provision of the T&L Workforce Gauge is to establish a highly relevant, low cost and flexible workforce survey program with a high level of industry participation. Participation in the survey will enable the industry to collect reliable data about the current and potential workforce issues in the transport and logistics industry in NSW. Encouragingly, there was a significant response from the shipping sector.

In 2012, the NSW TLWAG will focus predominantly on the growth and next phase of Green Light Day. Any organisation that is interested in getting involved in this exciting initiative or who have any questions about the NSW TLWAG or Transport for NSW should contact NSWtlwag@transport.nsw.gov.au.



What price safety?

By DR TERRY O'BRIEN, executive director, OMC International

Rio Tinto, BHP Billiton, Fortescue Metals Group. For those who read business stories online or in national and international newspapers, it's obvious these big mining companies are still enjoying big profits in Western Australia.

If you're time poor, just log onto Port Hedland Port Authority's (PHPA) website and read its 2011 media releases about tonnage records continuing to tumble for Port Hedland which is the world's largest bulk export port. On 15 November 2011, the Fortescue Metals Group (FMG) loaded vessel, the *Wugang Innovation*, broke the record for the largest iron ore shipment to leave Port Hedland. Loaded with 247,906 tonnes of iron ore, it broke – by 48 tonnes - the previous record set five months earlier when the *Cape Infinity*, a BHP Billiton loaded ship, left Port Hedland carrying 247,858 tonnes of iron ore.

What you often won't read is the real story behind the story – that these ships sailed under OMC International's DUKC (Dynamic Under Keel Clearance) advice. Our proven technology is so accurate that, under extreme weather conditions, a 250,000 tonne ore carrier can negotiate a channel within a metre's clearance to the seabed.

Just one centimetre of extra under keel clearance means 170 tonnes of extra cargo on a ship the size of the *Wugang Innovation* or, if you get it wrong, a touch-bottom incident! Our customised DUKC systems mathematically predict how much UKC ships require as they transit shallow channels and allow them, in most cases, to go deeper than allowed by static rules and therefore safely load more cargo.

So what is the introduction of OMC's technology worth? Just ask PHPA. Their website http://www.phpa.wa.gov.au/dukc_information.asp says that our system "generates in excess of $25 million dollars per annum in revenue to the state". PHPA also says: "It is initiative of this type that keeps PHPA to the forefront of bulk-handling ports." It has been estimated that the new system accounts for an average of 7 per cent of the tonnage shipped out of Port Hedland and the revenue generated will continue to increase as PHPA's throughput of iron ore continues to grow strongly during the coming years.

Other big news out west is that Cape Lambert is now fully commissioned as a licensed DUKC port. This development is significant because it is Rio Tinto's main growth port. In Rio Tinto's media release (8/02/2012) chief executive Sam Walsh announced a commitment of US$1.2 billion towards the extension of port and rail operations at Cape Lambert so as to take the capacity of its integrated Pilbara port operations from the present 225 Mtpa to 353 Mtpa before July 2015. Our technology will assist this rapid expansion by providing increased cargo uplifts on most sailings at Dampier and Cape Lambert, together with increased consistency in shipping operations across both ports and improved management of grounding risks.

A recent ministerial media statement (2/02/2012) announced that to improve efficiency WA ports will be consolidated under the control of four regional port authorities commencing in 2014. Port Hedland, Dampier, Cape Lambert and other proposed new ports in the Pilbara will be under the control of one such authority.

I see the interests of OMC and the Pilbara ports as increasingly aligned in maximising the operational cargo uplifts associated with the mammoth growth of these ports. OMC is investing considerable funding and endeavour in the development and refinement of new products such as DUKC Optimiser to more fully meet the evolving needs of these mega ports.

Torres Strait system operational

It's not all about big profits for the big players. After all, Australian Maritime Safety Authority (AMSA) installed our technology in Torres Strait to enhance the safety of deep draught vessels transiting these shallow and environmentally sensitive waters. These ships face many challenges to safe navigation due to the numerous reefs, shallow waters, complex tides and strong tidal streams. This is the first time that this system is being used in a complex and remote coastal environment in Australia.

AMSA is the first client to use our new web-based next generation product suite, DUKC Series 5, which allows accessibility via the internet. This advanced functionality gives authorised users worldwide easier access to the system. They can now execute UKC-related tasks via the web as well as the traditional desktop-based user interface. The new modular framework also enables users to access only the self-contained modules relevant to their specific needs, whether it be long-term voyage planning, real-time onboard pilotage applications, or shore-based monitoring of multiple vessels by VTS in real-time.

In its media release issued on 16 December 2011, AMSA declared this system was now operational and will allow "vessel operators and coastal pilots to plan the safe and efficient passage of deep draught vessels".

Following AMSA's lead, we believe a growing number of Australian and international ports and waterways will install, or upgrade to, our latest web-based Series 5 technology to allow easier access to our technology, thereby enhancing its use as an essential risk mitigation tool for UKC management.

Fremantle Port

Just last year, OMC helped Western Australia's Fremantle Port Authority with the inner harbour channel deepening project and reconfigured our software navigation system to allow the port to take full advantage of the dredging. According to Fremantle Port Authority's 2011 annual report, "The deepening to 14.7 metres has increased the maximum draft capability for container shipping from the previous 12.7 metres to 14 metres, using Dynamic

Underkeel Clearance draft-enhancing technology. The ability to service the larger, more efficient ships fully loaded means the same volumes of cargo can be carried on fewer ship visits, with benefits in terms of economies of scale, fuel savings and reduced greenhouse gas emissions."

Progress in South America

OMC is now starting to make headway in South America following meetings with various port authorities, regulatory bodies and pilotage providers in the region. This past year, our senior engineer and South American manager Dr Matthew Turner and myself have focussed on demonstrating the value of our technology for selected ports in Brazil and Argentina.

Given the many international headlines about the Very Large Ore Carriers (VLOC), also known as Valemax vessels, which are capable of transporting 400,000 metric tonnes of iron ore (with draught increase rates in excess of 200 tonnes/cm), there are obvious growth opportunities for DUKC in the Brazilian ports from which these giant ships will load in coming years.

North American 'Graveyard of the Pacific' contract

Last year, OMC announced the winning of our first North American contract, a DUKC desktop study, for the Columbia River Bar, a treacherous waterway known as 'the Graveyard of the Pacific'. This study was commissioned by the Columbia River Bar Pilots with funding from the Oregon Department of Transportation. This aptly nicknamed Bar, at the mouth of the Columbia River which flows into the Pacific Ocean, has claimed about 2000 ships and 700 lives since 1792.

Our maritime engineers are continuing to collect extensive data and measurements in Columbia River Bar during the North American winter as it is so important for the maritime industry to get such data in these particularly challenging conditions. We believe this valuable information is not available elsewhere in the world.

Mooring analysis, design and operation

OMC continues to be heavily involved in the analysis, design and operation of mooring systems where moored ships are exposed to swell or long wave effects, associated with the hydrodynamic forces caused by passing ships or ocean swell. Many of the new port developments along the West Australian coast, such as the outer harbour at Port Hedland and the proposed new berths at Cape Lambert B, have involved use of our technology as an essential component of the jetty design process.

In addition, our berth warning systems at the Kurnell offshore mooring facility at Botany Bay and at the port of Hay Point continue to provide real-time operational warnings on forecast wind and wave conditions which may cause vessels to break lines at the berth or damage fenders, causing unacceptable OH&S risks to personnel and damage to wharf structures and the vessel itself. These systems have been in operation since the late 1990s, the Kurnell system having been installed in late 1997 following the near-catastrophic breakout of the *World Kudos* during a severe swell event earlier that year. Recent developments in our swell forecasting models used in many of our DUKC systems are now available for use in our berth warning systems and will considerably enhance the operational value of these systems.



Terry O'Brien and his wife Pauline, Marco Gamaro from Samarco Mineração S.A, Dr Matthew Turner of OMC inspect Samarco's iron ore facility at Port of Ponta Ubu, in Espirito Santo, Brazil

A recent example where such forecasting in a berth warning system may have prevented a marine catastrophe is the recent loss of the *MV Tycoon* at Christmas Island in January 2012, apparently caused by a rapid growth in wind and ocean swell causing excessive vessel motions leading to breakage of ships lines, ending with the loss of the ship on the cliff face.

Product development

A significant proportion of OMC's earnings are invested each year in research and development of DUKC-related products.

OMC's staff of more than 30 highly trained engineers, naval architects and software engineering/IT personnel are continuing to work on bringing new products to market to improve the safety and efficiency of the Australian and international shipping industry. This includes a ship scheduling tool, DUKC Optimiser, which can schedule multiple ships on one tide, finding the solution that maximises total tonnage for the tide while observing constraints such as vessel priority protocols and tug availability.

This optimiser tool will allow ports to reduce the workload for their schedulers, and also increase their port capacity in the most cost-effective manner.

International industry standards

A major personal effort in 2011 has been with providing technical input to PIANC working groups dealing with development of international guidelines and standards for channel design (WG 49) and the use of hydro/meteo data for port operations, especially real-time determination of tidal windows for shipping channels (WG 54).

PIANC is widely regarded as the premier world authority on the design and operation of port structures and facilities. The reports of its various working groups on technical, economic and environmental aspects related to navigation in maritime and inland waterways form a body of knowledge which, in effect, are international industry standards for the safe and economic design and operation of port structures and facilities, such as shipping channels.

The first working group (WG 49) is tasked with updating the well-known PIANC guidelines on channel design (WG 30 report), taking account of the increase in ship size since publication of that report in 1997.

The second working group, which I have had the privilege of chairing during its work over the past four years, is a new area of interest for PIANC. It relates to the very important topic of measurement, forecasting and application of hydro/meteo data for UKC management tools such as DUKC as well as for the safe operation of moored vessels and other port marine activities such as the berthing/unberthing of vessels.

Both working groups have involved international experts in various related fields working together for several years, meeting at least twice a year, usually in Europe. It is expected that final reports from both working groups will be published by PIANC by the end of this year.

Push for standard safety implementation

We are grateful that the shipping industry acknowledges the extensively validated scientific evidence and safety track record of our proven, real-time UKC management systems and supports our quest for them to become standard safety requirements for UKC management around the world.

The growth of our WA iron ore ports and our east coast coal ports will put increasing pressure on the shipping regulators to use tides more efficiently and reduce dredging costs as cargo volumes ramp up.

Our systems have been safely operating in ports for nearly 20 years. In the world of shipping, the bottom line should always be safety before profits – whatever the price. After all, grounded ships blocking access channels will cost big time!

** In June 2010, in the Queen's Birthday Honours List, OMC founder and executive director Dr Terry O'Brien, who is a Melbourne engineer and former academic, was awarded a Medal of the Order of Australia (OAM) for services to the maritime transport industry.*



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