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ANNOUNCEMENTS FROM THE BRIDGE
By LLEW RUSSELL

Senior naval officer takes over at SAL

By the time you read these Announcements, I will be on leave following which I will retire next August. Commodore Rod Nairn, AM who was, until recently the Hydrographer of Australia, will be familiarising himself with the duties of the CEO’s position and meeting relevant contacts prior to taking up the acting CEO’s position on 1 May.

The Board of SAL is considering whether to recommend to members, the possible restructuring of the association and a decision on a permanent CEO replacement will be deferred pending finalisation of those deliberations.

I am very pleased that a person with such a distinguished career in the navy and maritime matters generally has agreed to be involved in taking the association forward into the future.

This is our bumper edition where we include our annual reports reviewing the activities of 2012. Again, another difficult year financially for the international shipping industry in almost all areas. This, in itself, is an ongoing challenge but it emphasises the impact of the increasing costs of servicing the Australian trades.

In this section of the magazine last March, I suggested that SAL would be proactive in pursuing three themes in 2012. They were:

- Togetherness
- Consistency
- Productivity improvements

SAL did its best to foster and encourage a greater collective approach to dealing, in particular with supply chain issues and ensuring that costs and other inefficiencies were not being simply passed down the chain rather than being addressed head on. In previous years there were problems with empty container parks, for example, but these dissipated in 2012 and we have welcomed the increased transparency of container park operations that has been evident since the introduction of the Containerchain system in Victoria and increasingly in NSW as well as other states.

Many of the problems associated with inland terminals and in particular the creation of inland ports in metropolitan areas such as Enfield and Moorebank in Sydney will
require all relevant stakeholders being involved in ensuring they can operate to optimum capacity. The development of state freight strategies, particularly in New South Wales and Victoria last year, are to be commended because they do propose a wide consultative mechanism in ensuring stakeholder viewpoints are fully considered. Therefore, on that point at least some progress was made.

Consistency, particularly in terms of state and territory jurisdictions adopting national standards which in turn should be consistent with international standards has been an issue that SAL has pursued since its formation. We have noted throughout 2012 that particularly in relation to DAFF Biosecurity and the Customs and Border Protection Service a greater degree in consistency and application than we have witnessed in the past but that is not to say that more does not need to be done in that area.

At the beginning of 2012 we released our intermodal study, carried out at the end of 2011 which set out some of the practical and commercial issues that need to be addressed if these inland ports, not only in Sydney but in other metropolitan areas are going to work effectively and efficiently. One of the challenges facing us this year is to engage more fully with the border agencies to ensure their co-operation and assistance in achieving that objective as well.

Later in the year we released the review of breakbulk shipping which provided the opportunity to update the 2009 Breakbulk Shipping study. This continues to be an area which does not always figure prominently in the public’s perception of the shipping industry and yet is becoming increasingly important, particularly in relation to the carriage of project cargoes.

A slightly new approach was taken to this study with the setting out of various case studies and the lessons to be learnt as well as a survey of Australian-based international break bulk operators and agents which again produced results which were very critical of the overall efficiency of the service provided by the ports in Australia when compared to ports overseas. Vessel turn-around times and availability of skilled labour were particular concerns that were identified. These factors would also be consistent with the respondents’ observations that berth congestion in Australian ports had become worse over the last three years.

When presented with these results, a number of ports identified a range of contributing factors, in Fremantle, for example, the experience of an increase demand on the breakbulk supply chain has served to highlight for port management that the contributing factors to operational effectiveness are cumulative. Such factors include cargo storage constraints which are compounded by consignees using the wharf for temporary storage, and pressure on trucking capacity compounded by the resistance of warehouses to increase the hours for deliveries.

It was recommended in the study that in future there should be ongoing monitoring which collates the current information on supply chain effectiveness in terms of the volume of cargo loaded and vessels queued at the port. Eventually such a database would provide greater transparency for all supply chain participants and function as a point of reference for developing performance benchmarks.

An ongoing issue of concern for Shipping Australia members during 2012 and continuing into this year was the additional levy that was applied to the Protection of the Sea Levy by the Australian Maritime Safety Authority to cover costs associated with the clean-up and commercial claims arising from the pollution caused by the Pacific Adventurer incident in March 2009 off the Queensland coast. An extra $0.03 per gross tonne is levied every quarter on every vessel visiting Australia but before the end of 2012 the balance in that account was sufficient to meet all claims and yet the additional levy is still being applied.

It is appreciated that the Convention on the Limitation of Maritime Claims does not often provide sufficient

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money to cover all costs associated with such an incident. The basis of this Convention was a shared responsibility for costs given that it is, in fact, an accident. In other words, it would not cover gross negligence or any deliberate acts but where the forces of nature, for example, were involved to the point where there is an accident and oil is spilt then it was recognised that the shipping industry and the country involved would observe the limitation limit. Australia does not accept that point and so we need to work with the government on developing a solution that meets the concerns of both the Commonwealth and state/territory governments but in the meantime it is important that the additional levy is withdrawn given the purpose for which it was levied has been fulfilled. We regard this as essential.

We have now some experience with the temporary licence system that was introduced under the new Coastal Trading (Revitalisation of Australian Shipping) Act, 2012 and overall the system appears to be working reasonably satisfactorily although, in Shipping Australia’s view, there could be some fine tuning required, in due course, to make it work even more effectively, particularly for those businesses that rely on the carriage of coastal cargo by sea.

One of the increasing concerns is the additional payment for foreign crew under the Fair Work Act or more specifically, Part B of the Australian Seagoing Award when coastal cargo is carried. A hearing will be held before a Vice President of the Fair Work Commission at the end of March to consider an application to vary significantly the terms and conditions of that Part B. Any additional costs that arise as a result of that hearing will impact very negatively on the coastal shipping business and undoubtedly result in more goods imported into the country rather than shipped around the country and/or more cargo being carried by road and rail compared to shipping.

Environmental issues are continuing to attract the attention of not only those directly in the industry but those many industries that are dependent on the maritime industry and one of those issues is the impending entry into force of the Ballast Water Management Convention. Importantly, the new DAFF Biosecurity legislation which is currently before parliament includes a chapter on ballast water management including the rules and regulations which will apply once the Convention enters into force. The international shipping, ship building associations and classification societies have all expressed serious concern at
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Water ballast schedule could cause chaos

Leading worldwide associations of shipowners, shipbuilders and classification societies are unanimous in their view that the timetable for retrofitting on-board ballast water treatment systems to the existing world fleet according to the Ballast Water Management Convention is unrealistic and there are problems with the systems that have already been approved by the IMO.

Many obstacles are expected as the Convention moves closer to ratification, eight years after its text was adopted. It was always going to be challenging to fit ballast water treatment equipment to all of the world’s 70,000 ships.

New technologies are needed to be explored and developed to treat the volume of water required by ocean-going ships as ballast. However, the slow pace of ratification by IMO member states has negated the carefully staged implementation program which was a feature of the original Convention. Now that the fixed timetable for implementation has passed without entry into force, it means that, as soon as the Ballast Water Management Convention does meet its ratification criteria, thousands of ships will need to be fitted with the new equipment in a very short time.

Not least of the problems is that the certified performance criteria of these new sophisticated treatment systems seems to fall short of testing requirements that may be applied by Port State Control authorities. Much more work still needs to be done by governments to rectify the current situation. Whilst strenuous efforts were made by industry, the current timetable will put unattainable demands on ship repair facilities, engineering capabilities and on the relatively small number of manufacturers that have developed suitable treatment equipment.

Serious concerns were also expressed about the type-A approval requirements set by IMO. The parties have stated that having now gained some experience with the current requirements, there are many serious shortcomings, now needing urgent attention. If nothing is done to address this situation, a very large quantity of treatment equipment, costing billions of dollars may be required to be installed on ships with the prior knowledge that these systems may not always work reliably to the demanded biological efficacy.

Despite requests from industry, the IMO decided not to reopen the original guidelines but asked the Bulk and Liquids Group to look into certification guidance on what are called the G8 guidelines with the aim of providing greater clarity on the operating conditions in which the new ballast water treatment systems are expected to operate. Factors to be taken into account include sea water salinity, temperature and sediment load, as well as operation at flow rates significantly lower than the rated treatment flow rate.

The IMO also asked member states to submit case studies with qualitative evidence of the systems failures to improve understanding of the areas of weakness within the approval process. Whilst this is a step in the right direction, the Ballast Water Management Convention was designed to assure the ability to meet the required standard by a treatment system installed on an operating vessel. Having requirements that ensure the equipment is fit for purpose is an important element in achieving successful implementation.

The industry is not only faced with the challenge in respect to the timetable but the lack of maturity of individual treatment systems. One mitigating factor would be to define existing ships as those having been constructed prior to entry into force of the Convention, and that retrofitting of type-approved ballast water management systems should not be required until the next full five year survey, rather than the next intermediate survey of vessels.

It would be so difficult to retrofit tens of thousands of ships within the timeline of two or three years of entry into force, as the Convention text currently requires, and it is vital that the log jam is eased by spreading the implementation over five years rather than two or three. The Convention is expected to enter into force in the relatively near future.

The associations of shipbuilders, classification societies and shipowners have agreed to jointly engage further with governments in order to explain the scale of the challenges faced by the ship building and repair community in order to cope with the vast number of ships that will be required to install the new treatment systems.

A major challenge for the industry is that any compliance action will not be taken against the treatment system manufacturer or test facility but rather taken against shipowners who in good faith may have installed a system Type-Approved by government. Given the current knowledge about apparent shortcomings in the testing and approval requirements when compared to the real life operating environment, the original guidelines must be updated. A type-approved system, costing between $1 million and $5 million per ship, should reasonably be expected to robustly operate effectively under all the normal operating conditions encountered by that ship.

The International Chamber of Shipping has been co-ordinating views of the various stakeholders and leading discussions on this issue in the IMO.

These concerns should not be taken to mean that the industry is not in full support of the IMO and the intentions behind the Ballast Water Management Convention but rather to highlight the serious implementation issues that will arise if current procedures are not amended. ▲
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In 2011/12 total container throughput was 2,036,142 TEUs, which marked the eleventh year of consecutive growth and second annual container throughput to exceed 2 million TEUs.

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2012’s impressive result of total revenue of $3.457 billion and EBITDA of $907.7 million. At its half year results in February 2013, Asciano reported a 74.4 per cent increase in net profit after tax on a 12 per cent increase in operating revenue (net of coal access). Not bad for a company which Mullen himself has described as being close to a near-death experience.

It’s not all him, he frequently points out; it’s the team he’s built since he came on board. But when a sporting injury gave him a near-death experience of his own just a year into the job, Asciano’s shares had a brief 3 cent wobble and Malcolm Broomhead, the company’s chairman, issued a statement to the market assuring investors that Mullen would be well again soon.

“Sporting injury” conjures visions of an epic tackle on some muddy field of valour; in fact Mullen was pinged by a jellyfish while on a holiday dive then had a horrifying reaction to the antitoxes given to him in hospital. His staff highlight what happened next as “A burst artery, internal bleeding, two cardiac arrests, blood transfusions, life support and intensive care.”

Despite all that he spent his recovery time working at home and holding meetings there every day. He apologised to his staff at the time for the inconvenience. Today, of course, he’s as good as new and as busy as he’s ever been.

The man himself is tall and languid in a slightly English way; he is softly spoken and immensely affable, chatting cheerfully with a delightful little girl accompanying her photographer dad to Asciano’s North Sydney boardroom. Child and tycoon appear equally comfortable in each other’s company.

Photographs of John Mullen are interesting: Many could easily be of different men and if you’ve met him only once, none of them are exactly like the bloke standing in front of you. Part of the reason for that, friends say, is the 20 kilos he shed during his illness. If that’s the case then, properly promoted and stripped of its deadly side-effects, The Jellyfish Sting could be the next big slimming fad.

At 57 and with the reins of Asciano firmly in hand, Mullen’s greatest days might be still ahead. Certainly his track record over many years shows a trend to ever bigger and better things.

Since deciding in 1984 that Australia would be the family base for his
world-ranging career he has lived for extended periods in a dozen countries but Sydney has always been the home from where he commuted to postings around the world. Sometimes he flew to St Ives; sometimes the kids and Jacqui, their mum, flew to wherever he was. “We wanted a permanent base,” he says, “so that our son and daughter could have the same friends at their 21st birthday party as they did at their first.”

Educated at Surrey University in England, John graduated in 1978 with a BSc in hotel, catering and tourism management. His first job was with a Dutch pipeline contractor building a gas pipeline in the Sahara Desert. Then he had two years with Compagnie Internationale de Restauration, an on-site catering company that provided logistics for mining and construction in remote locations. After a year with them in Marseille, he was posted to Australia, which led him in turn to a 10-year career with TNT.

“Sir Peter Abeles, TNT’s founder and managing director, was like a father to me,” he recalls.

Certainly John Mullen’s career took off at TNT and launched him into the world of international freight and logistics. Stints as general manager of TNT’s air cargo, Ansett Air Freight and other airfreight divisions led to his appointment as chief operating officer of TNT Limited. In 1991 this led to his posting to Amsterdam as CEO of TNT Express Worldwide.

Come 2005 he had joined DHL Express USA as its CEO based in Florida. DHL had invested $5 billion in the company which had some 50,000 employees and contractors. Within a year he was promoted to global head of DHL Express responsible for all aspects of the company worldwide. It was a role that came to involve dramatic restructuring needed to improve the financial performance.

Seven years later he is looking ahead to Asciano’s long-term future and predicts a need to expand beyond its present rail and coal businesses if it is to make a step-change from a $4 billion company to a $10 billion business.

He recognises this as a major task. Even the culture changes he has already achieved weren’t universally popular at first. At least two Asciano stalwarts – Chris Keast, head of Pacific National Rail, and Paul Garaty, head of Patrick Ports – resigned within a year of his arrival.

In a revealing article published in the Financial Review’s Boss magazine he was quoted around that time saying that resistance within the company made a cultural revamp a more complicated exercise than he had imagined and that he felt he was making headway only when he had put together his present leadership team.

“If they don’t believe, there’s no chance of them convincing those below,” he said.

“To improve our businesses we’ve got to make some good calls on technology, which we’re doing, but ultimately we’ll be successful if we get the 8000 people we’ve got here all believing in the vision and wanting to come to work with a spring in their step.”

Results prove it’s working and he’s a popular leader to his workforce and outsiders with whom he works. Even Paddy Crumlin, the MUA’s charismatic national secretary, has described Mullen as “a reasonable, mature, decent sort of bloke, a sophisticated thinker.”

Despite that, Paddy described himself as “flabbergasted” when Asciano announced its automation plans for Port Botany and their likely impact on waterfront workers without first consulting the unions.

Latest reports and the recent signing of a new enterprise agreement with the MUA appear to have restored Paddy and John’s good opinions of each other, a situation that would have been flabbergasting in itself 20 years ago.

Mullen is no stranger to industrial opposition on a massive scale. Before retiring to Australia in 2010 his last job as worldwide CEO of the massive DHL Express covered more than 140,000 employees over every country in the world and with revenues of €13.6 billion.

On May 28, 2008, he gave evidence to a House of Representatives committee on the package delivery industry. The gist of it was that DHL looked like closing Airborne Express, its loss-making mainland USA business, including its central airbase at Wilmington, Ohio. Six months later the base was closed and DHL laid off its 8000 employees, 3000 of whom were residents of Wilmington, population 12,500.

In numerous broadcasts and video messages Mullen explained that despite millions of dollars poured into the business, operations within the USA had proved unsaveable. When it was all over 30,000 jobs had gone and Mullen, as company CEO, came in for massive criticism from workers. Opinions expressed by them on the Internet would have been unprintable in any other medium.

In his Boss interview he said: “I never want to go through something like that again. But it had to be done. As a result DHL today is a powerhouse.”

After the restructuring, DHL’s global operations outside the USA continued under Mullen’s leadership to deliver record financial results every year including 2008 when the global financial crisis was at its most difficult.

So John Patrick Mullen, the affable tycoon with the gentle smile for little children, has nerves of steel when tough decisions are needed. Back in Australia he’s up to his eyes transforming Asciano and turning it into a dividend-paying company with a payout ratio aiming at the top end of 20-30 per cent.

Asciano’s chairman, Malcolm Broomhead, who originally nominated Mullen for the Asciano job, says: “He’s done a lot to get the company on a sound footing, to develop a coherent strategy. He’s tough but in a manner which is a delight to have him leading the company.”

**John Mullen and Asciano ... a work in progress.**
It’s steady as we go in most of the nation’s powerhouses

Examining our yesterdays can sometimes give a wonderful view of tomorrow. So with business becoming more optimistic by the week, now may be a good time to look back over our shoulder to see what’s happened since last we wrote about them.

Of the towns, districts, and even particular industries whose activities have caught our eye, all bar one are living up to or beyond expectations. Leading the field is Gladstone – or GASTown as we called it.

Its three big LNG plants are well and truly into their significant construction cycle. Work is 45 per cent complete and on schedule. Peak construction is expected by the end of next year when some 8800 workers will be preparing for the first gas flow in 2015. Its fourth possible gas plant, by Shell, is still at the EIS stage with various approvals still to come before it’s a certain starter.

So that’s $45 billion in the bag and another $15 billion looking good while work continues on developing its coal port as one of the biggest in the world despite clear indications that China is about to trigger a massive reduction in its demand for coal.

The port dredging is still in full swing to develop the western basin whose 30 new wharves will service Gladstone’s State Declared Development Areas and WICET, Gladstone’s Wiggins Island Coal Export Terminal, which is still being built. When complete it will more than equal the port’s current 70,000 tpa output from its RG Tanna terminal.

There has been massive impact on the harbour from the Australia Day flooding and everyone is waiting to see what the outcome will be. The floodwaters have changed the harbour’s salinity and interfered with its fish causing activists to blame pollution from the dredging and surrounding industry.

But research dismisses that theory saying that the flood of fresh water spilling over the top of the Boyne dam is simply killing some of seagrass on which they feed. The water quality is being constantly monitored, however, to ensure its purity.

Accommodation remains a major nightmare for all emerging industrial communities but so far as Gladstone’s housing goes, there are cranes everywhere and accommodation is increasing by the day. There’s a lot of unit development with private investors coming from everywhere and helping to create big new suburbs.
Former city mayor Peter Corones, a fanatical supporter of his little city which with a population of 60,000 within its greater area isn’t all that little any more, says: “What other city of this size would be pumping $93 billion into the economy?”

Up north in Darwin, the $34 billion Ichthy gas project is under construction and injecting a lot of money into Darwin’s economy.

The jab is not quite as potent as was expected when we announced the signing of what was originally touted as a $50 billion deal. But what’s $16 billion when your city is flat out ramping up infrastructure to become our showcase to Asia!

Housing is still under pressure as the government tries to balance supply and demand while keeping land reasonably affordable. Rentals are as high as in Sydney.

People in Darwin talk about a new developmental paradigm that’s all about the North where governments will need to kick-start the development of infrastructure for the big ticket items such as offshore gas for which there has recently been a 90 per cent increase in exploration, some of it highly prospective.

The new American military presence is barely noticeable with only 200 personnel arrived so far and them spending most of their six months here out in the bush doing what military people do.

“We get more people in a day off a cruise ship,” one Darwinite said. The next rotation will bring 1100 this year and people with anxieties about it are told that it’s unlikely to be noticed in the streets or pubs.

Economics studies show no noticeable effect from their presence and speak of hearing favourable news of their good community work in remote settlements.

Flashing from the sublime to the ridiculous we learn that the chaotic opal-mining township of Andamooka has experienced unprecedented progress. Its streets have just been named and sealed.

One result is gossip in the air that Andamooka will now go ahead. That’s doubtful, alas, but whatever direction it does take, the destination will now be clearly labelled. Previously all thoroughfares were dusty easements labelled “Government Road” which you strayed from at your peril for fear of falling down an opal mineshaft.

Just an hour’s drive south on the Stuart Highway lies Roxby Downs. A beautiful little oasis that’s doing it tough with “even-tougher” almost certain to come.

Roxby Downs is the residential town for BHP Billiton’s Olympic Dam cornucopia of uranium, copper, gold and silver ores. This time last year its 4500 population was soon expected to double as the mine developed into an open pit big enough to swallow the city of Adelaide.

Today its atmosphere is pretty sombre with the mine’s expansion plans on indefinite hold. More than 80 homes are vacant as a result. Rents are down and home prices have fallen by about $10,000. An excellent 4-bed home goes for $450,000. There have been hundreds of lay-offs at the mine; only last week 80 jobs were cancelled and many contractors have had to leave town and the township is just waiting for the next round of job cuts. The cuts are cuts impacting not just local homeowners but also families with children at boarding schools in Adelaide.

The company does have a redeployment scheme and many laid-off workers are hoping to benefit from that. If not then they will need to leave their homes which are owned by the mine.

Many skilled families have already moved to WA where the Roxby Downs workers’ plight is well known in the Pilbara’s iron mines.
Complaints are that BHP Billiton has made little investment in community morale until recently and there have been demands for it to be more open in telling employees what their future is. Community spirit in Roxby Downs remains strong, however, and it recently raised $10,000 for the McGrath Foundation.

The difference between retrospective and prospective has rarely been finer in reporting that massive gas deposits recently announced at Coober Pedy, only 180 clicks up the Stuart Highway, have not gone un-noticed in Roxby whose recent confidence is currently somewhat dishevelled.

Coober Pedy is reported to have between 3.5 and 233 billion barrels of oil with a potential upper-end value of $20 trillion.

According to a Brisbane company, Linc Energy, its drilling and seismic exploration in the Arckaringa Basin surrounding the opal town has discovered oil prospects several times bigger than all the rest of the oil in Australia.

Linc’s managing director, Peter Bond, is reported as saying that Barclay’s Bank is looking for an investment partner with up to $300 million to invest in the next stage of exploration.

While Barclay’s rattles the kitty around the world many of Olympic’s threatened miners are eagerly watching, ready to pounce at the first hint of skilled employment opportunities. You’d be surprised how few workers on a mine site are miners in comparison to the number of mechanics, electricians, welders, plumbers and admin staff.

Peter Bond says Linc has already invested $130 million drilling four deep wells and many shallower wells. “If Arckaringa plays out the way our independent reports show, it's one of the key prospective territories in the world,” he told Cameron England, of The Advertiser newspaper.

The fact is that in the real worlds of our major cities the average man and woman in the street would have no idea of where Roxby Downs and Olympic Dam are. When one tells friends who are doctors, retirees, or in small business that you have just visited Roxby Downs few of them have the faintest idea of what you’re talking about.

Now, as retrospective really does turn into prospective, names crop up such as Carpentaria, Calapatina, Hillside and Braemar and the average person’s eyes glaze with bafflement disguised as polite indifference.

Yet these strange words are the names of just some of the significant new prospects that keep Adelaide sentiment fairly positive despite the Olympic Dam catastrophe making a lot of people sit up and think.

Attracting the most attention to date is probably Hillside, on the Yorke Peninsula near Ardrossan in the heart of Adelaide’s holiday playgrounds. Historically famous for its barley, the region’s new profile is based on iron, gold and uranium discoveries. The button has yet to be pushed for developing any of them but while that process becomes due, the estimated size of the deposits grows.

Many of them are in the same geology as Olympic Dam and three or four others are of similar provenance. The Carpentaria prospect, for example, was discovered by South Australian identity Rudi Gomez who drilled some test holes, found them to be rich in copper, gold and uranium and on-sold the lot for a reported $150 million.

Then there’s Calapatina mention of which to a Defence Department person only a year ago brought the response: “Where’s that?” Answer: Not very far from the big ghost town of Woomera whose excellent homes lie empty, whose wide streets swelter in solitude waiting for something to happen.

Calapatina is reported as having copper, uranium, and gold resources exceeding even those of the nearby Olympic dream. Unfortunately they are a long way down which may put them below current event horizons. But they all provide conversation to Adelaide people who are now comfortable and understanding of their new status as citizens of a mining town rather than a city of churches. No longer are the city’s fortunes all in the one bag of Olympic Dam. Sentiment in South Australia remains strong and its economy continues on a roll.

With bulk minerals hogging so much of the financial highlight we hear from Bill Willis, one of the leading agriculture innovators in the far north-west of NSW. Cotton farmer, pastoralist, grazier, you name it and he’s famous up Moenie River Way with his Bullammon Plains property reputed as a leading cotton innovator.

While irrigation water continues to be a hot topic on the Murray-Darling, Willis describes the recent torrential rain in the Riverland area as a beautiful flood for cotton growers like him who need 28 days pumping water to bring their cotton to harvest.

His new-style irrigation system installed in 2011 will produce 20,000 bales of cotton come the April harvest. “Better make that 15,000 bales,” he says on second thought.

This season’s prices of around $400-a-bale are ‘way down on the $600 record of two years back but it should still be a good season for Australia’s cotton growers. A powerful prosperity indicator for the industry is that Joan Willis, Bill’s 93-year-old mother, has just bought herself a brand new, bright yellow four-wheeled motor bike for getting around the property.

While Bullammon Plains is a significant property it is dwarfed by Cubbie Station which is not only Australia’s biggest farm but is our biggest cotton grower.

For years it has been for sale and surrounded by one controversy after another including voluntary administrators being appointed in 2009. Soon after that the drought broke leading to record crops, more controversy surrounding the departure of its so-called saviour and managing director John Grabbe.

After being on the market for years with an asking price reputed to be $400 million, Cubbie Station was finally sold recently for around $240 million to CS Agriculture, a consortium financed by Chinese textile maker Shandong Ru Yi.
Keith de Lacy, Cubbie’s outgoing chairman and former Queensland treasurer, described the sale price as a steal. He’s probably right considering the 96,000 hectare Cubbie’s first harvest after the drought returned $80 million EBIT.

**Now that Olympic Dam has abdicated its position as the elephant in the boom, it’s hard not to give that honour to The Pilbara.**

Its mining boom continues unabated despite growing threats from cheaper ore from Africa, Brazil and Mongolia eating into its China market. But one can read about that any day, what of the people of the Pilbara and their red dust-shrouded living?

Back in 2010 the big news was plans for a billion-dollar civic makeover for Port Hedland and Karratha, centres for the fortune-making iron ore ventures of BHP Billiton and Rio Tinto respectively. The West Australian Government with a lot of help from unspecified friends were going to transform them from fly-in-fly-out specks of ramshakledom to generous tropical cities that would attract people to retire there and become grandparents of a new generation that would call these places home.

Even in 2010 there were doubts about the Pilbara’s denizens’ ability to provide the leadership and genius to achieve such a massive task. Today it’s hard to assess progress towards the dream. Everyone’s busy but...

Back then Port Hedland had a mayor, Kelly Howlett, who spoke enthusiastically of a future as “a destination of choice with all levels of housing small houses, luxury homes, apartments, unit blocks, and so-on.”

Today Mayor Howlett has stood down as mayor while she campaigns for election to the WA Parliament.

“For me to comment would be inappropriate,” she says primly. “Ask the acting mayor, councillor George Deccache.”

George is a genial bloke who picks up his mobile after three or five calls, as distinct from “rings”, to explain that he can’t talk now as he’s dashing to a meeting. Two days later and he’s dashing to Perth but one of his assistants has emailed “all the information.”

Fortunately “all the information” had already arrived. It boils down to a slender document one of whose main points is that the Hedland council is still not happy with its level of access to the WA Government, an issue raised many years ago in this magazine and apparently still unresolved. “A more inclusive approach to the process would result in better understanding of development impacts and enhanced local outcomes,” it says.

Other parts of the document list:
- A shortage of affordable retail and commercial space is significantly impeding Port Hedland’s economic growth and 4300 square metres are needed immediately for new cafes, restaurants, and retail establishments.
- Lack of accommodation is causing Port Hedland to lose experienced staff at an unacceptable rate, negatively impacting the ability to deliver and maintain key infrastructure.
- $70.5 million will be spent over the next five years to modernise the city’s international airport which already handles more than 450,000 passengers a year.
- Some $40 million will go to reshape the centre of Port Hedland’s twin town/distant suburb of South Hedland.
- Funding commitments of $250 million are in place for economic diversification and tourism including boating facilities, recreation, leisure and cultural components for the local community and a viewing platform/tower to give visitors a close look at the workings of the world’s largest bulk port.
- All government services including education, health, police, and child protection should have all positions filled so they can provide the level of service required.

In the beginning Mayor Howlett had a civic twin in the shape of Nicole Lockwood, President of the Shire of Roeburn and resident of Karratha which is to Rio Tinto’s iron mines what BHP Billiton is to Port Hedland.
President Lockwood spoke at length about the need to make her town a habitat loved by retirees and other residents for life. Today she has gone, back to Perth and her profession as a lawyer.

Her successor, President Fiona White Hartig, is carrying the flag of optimism. Three rings of her mobile and she picks up. Asked if there’s any sign of boom times ending she replies: “There’s no downturn showing here."

She knows all about the people from Roxyby Downs moving in her direction. “People fly in, fly out of here from all over the place,” she says. “Roxyby, Sydney, Melbourne, New Zealand and even Bali where many mine workers have chosen to make their homes.”

Karratha has tackled its accommodation problem head-on with construction of its highest building, the $120 million, nine-storey Telago building whose 130 apartments sit atop a retail ground floor.

“All the apartments – one, two and three bedroomed – were snapped up as soon as they were put on sale,” President White Hartig says. “A one-bedroom apartment rents for about $1100-a-week.

“Work has already begun on a second stage which is up to its 3rd storey. Purchasers come from all over the place – mining companies, private investors, owner-occupiers and more land is being released for development.

“Hotel building applications currently number five of which a Hilton is the biggest with a proposed eight floors. A resort-style development – the Ranger – has completed its Stage 1 with accommodation for about 130 tourists and transit workers. It has already applied for Stage 2.

“Two $10 million civic centres are being built in the suburbs to accommodate family services and another $10 million is going to create a new sports complex.”

Karratha’s airport has now outstripped the one at Port Hedland with almost a million passengers a year. Council is considering a $33 million upgrade to international standard.

Fiona’s shire has a current population of 22,500 and she predicts double that to come. Married to a former Roebourne police officer she’s lived in the Pilbara for 20 years now which must be close to some kind of record.

But she doesn’t rise to the bait when asked about the concept of having third-generation residents in her shire, parents of mineworkers happily helping to raise grandchildren. “We don’t have a big aged population here yet because health facilities are still limited and we don’t have a lot of aged care,” she says.

And with Woodside’s nearby LNG plant at Dampier about to add a new gas train will Karratha experience protests like those dogging Broome’s James Price Point project refinery? “Everyone here’s too busy for protests,” she says. “Broome’s a nice place to be an activist. Beautiful weather and the dole laid on.”

Mention of Broome is a perfect way to end this retrospective by telling you that Broome has tranquillity and an aura that Somerset Maugham would have killed for.

But there’s nothing surer than the looming presence in its geographical area of a billion-dollar gas industry. Such work attracts men and women whose idea of leisure is not confined to singing in the church choir. Thousands of them in the construction stage at least.

Broome has a charming reputation for other-worldliness where virtues like sobriety, chastity, frugality, virginity, modesty are thinly distributed. But after 10,000 construction workers have been through the place even the meaning of these words will have been forgotten.

So go-see now before it’s too late. Make it your tomorrow!
Welcome to the port waters of Geelong

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

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

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

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

The VRCA welcomes ships visiting the Port of Geelong.

Victorian Regional Channels Authority
Llew Russell’s farewell

Almost 80 friends and colleagues gathered on the historic South Steyne to farewell Llew Russell on his retirement as chief executive officer of Shipping Australia. Among the guests were the NSW minister for ports, The Hon Duncan Gay, and Llew’s successor, Commodore Rod Nairn. SAL Chairman Ken Fitzpatrick presented Llew with a Shimano surf rod and reel plus a painting of the SS City of Manchester that hung on Llew’s office wall.
Hutchison Port Holdings’ new container terminal in the Port of Brisbane might still look like a construction site, but it is ready for business.

The distinctive HPH blue quay cranes have been installed, shuttles and reach stackers are ready for action, operational procedures are in place, the final touches have been made to the truck appointment system that operates in conjunction with the 1-Stop system and HPH’s IT terminal system, nGen, is ready to go.

“We are confident the terminal can provide a good service now with Berth 11 which is ready for business, and we are continuing works on Berth 12, scheduled for completion in 2014,” said Isnan Rahman, terminal manager at Brisbane Container Terminals.

BCT is currently fitted out with two new quay cranes, six Automated Stacking Cranes (ASCs), six straddle carriers and two reach stackers.

“A separate stack area at the terminals has been created which enables us to commence operations and service ships now, while we continue to commission the ASCs on the permanent stacks,” Mr. Rahman said. “We plan to have the ASCs fully operational in the second quarter of this year.”

“We have much greater flexibility in offering berthing windows to suit individual lines’ scheduling preferences because we are a greenfield operation,” Mr Rahman added.

Brisbane Container Terminals will be HPH’s first Australian container terminal and the first operator in Australia deploying ASCs.

Sydney International Container Terminals, another new container terminal also being developed by HPH at Port Botany is due to come on line later this year. It will use similar technology.

Mr Rahman understands the importance of being in the vanguard and the challenge of breaking into a market dominated by two well-established players. He has been working on the Brisbane operation since construction began. He is now focussed on providing a level of service that ensures customers’ expectations are met and to introduce capabilities to attract new business to the port.

HPH, a subsidiary of the multinational conglomerate Hutchison Whampoa Limited, is the leading port investor, developer and operator in the world. Its network of 52 ports across 26 countries handles some 13 per cent of the world’s marine cargo.

Hutchison Whampoa is a global conglomerate operating in 52 countries with more than 250,000 employees. Its six core businesses are ports and related services, property and hotels, retail, infrastructure, energy and telecommunications.

“Understandably, there has been a lot of interest in the largest port operator in the world coming to Australia and to a market that for many years has been dominated by two companies,” said Mr Rahman. “We want to make sure we get it right from the start so our customers notice and value...
the difference between us and the incumbents.”

The new container terminal occupies berths 11 & 12 and 26 hectares of reclaimed land at the Port of Brisbane.

The terminal is being developed in phases. The first phase covers 14 hectares, has a quay line of 350 metres and a depth alongside of 14 metres.

The two new post-panamax quay cranes on site stand 109 metres high, weigh over 850 tonnes each and are capable of reaching 18 container rows across. Two additional quay cranes are currently on order.

The ASCs are one-over–five models, and operate in pairs, with each pair providing fast and efficient shuffling of containers. ASCs enable higher and more densely packed container stacks without any manual handling.

The ASCs lift inbound containers from low level shuttles which have in turn collected them from underneath quay cranes. The ASCs then place containers in fenced-off stacks of up to five containers high and nine containers wide.

When required, the stacking cranes move the containers to the landside transfer points and place them on trucks. The last metre of the truck-loading/unloading operation is remotely controlled from the operations centre by an operator. The reverse process is used for export containers. Each stack has five bays for trucks. For driver safety during loading/unloading, truck drivers stand on a pressure pad near the front of the truck. Moving off the pad before the loading/unloading process is complete will halt the process.

Unlike the conventional straddle configurations used in Australian ports, the ASCs do not need room between each container row and their height limit is five containers high rather than three. Consequently, the terminal’s stacking capacity is dramatically increased.

Furthermore, because the cranes are automated, they work at a steady pace 24/7. These elements combined, provide the capability to better manage peak periods and reduce equipment damage. Because the ASCs are electrically driven, noise level will be much lower than other types of operations. Employee safety and container security is also improved because there is no personnel activity within the stack.

Six low level shuttles have been commissioned at the site with two reachstackers capable of stacking five containers high. BCT will eventually bring in 16 ASCs to the yard and deploy more equipment as the terminal develops in response to customer demand.

While the new quay cranes and ASCs might be the most noticeable features of BCT, it is HPH’s advanced IT system, nGen, at the core of the operations that provides the ability to manage container throughput more effectively than conventional approaches allow.

HPH has become one of the world’s most advanced port operators through decades of investment and research in improving operational efficiency.

Mr Rahman said: “nGen is the platform for the terminal operating system, developed by HPH.

“Developed initially for HPH’s Yantian International Container Terminals in China and Hong Kong International Terminals in Hong Kong, nGen has since been rolled-out to other HPH ports and is gradually being introduced across its network. The most recent example of nGen at work in 2012 is at HPH’s first semi-automated container terminal – Barcelona Europe South Terminal (BEST) in the Port of Barcelona where nGen enables the terminal to achieve an average productivity rate of 30 moves per crane per hour. BEST is the first terminal where HPH showcases this proven technology – a successful integration of ASCs with nGen, and followed by BCT,” said Mr. Rahman.

At Brisbane Container Terminals, nGen will track and manage the movement of containers in and out of the terminal. The nGen system will also operate the ASCs and the automated processing of truck manifests at the entry and exit gates. The system automatically adapts and reacts to the current work load to marshal the resources it has on hand to place the container at the right place at the right time.

Mr Rahman said that establishing a new container terminal from scratch was a major undertaking.

“HPH is investing more than $250 million in the development of the container terminal in Brisbane. At first sight it might seem we’re still a construction site. But we are ready to go, and will continue to ramp up over the coming months.”
2013 is shaping up to be a massive year

By BRETT JARDINE, general manager, International Cruise Council Australasia

This year heralds the start of the global roll out of Cruise Lines International Association (CLIA) and will see the International Cruise Council Australasia (ICCA) join forces with other cruise industry associations around the world to form one unified body which will act as the single voice and the advocacy leader of the burgeoning worldwide industry.

It’s a natural progression for the region and recognises not only the strong sustained growth of the Australian and New Zealand cruise industries but also the commonality of interests amongst cruise associations and their members around the globe.

While association cruise line members may differ slightly from North America to the Netherlands, our issues and our objectives are similar the world over.

Under a new name, CLIA Australasia, we will be strengthened by the new global structure and supported by greater resources to better service our travel agent and cruise line members.

Becoming part of this new global association allows us to speak with a single voice on issues such as safety, security, the environment, sustainability and health.

There will be a raft of significant benefits for cruise lines, travel agents and partners as we’re able to better leverage their investment in association membership.

Here in Australia and New Zealand, it’s an important move which will see our growing industry benefit from the experience and knowledge of our international colleagues.
Modern logistics never sleeps.

This is why we are always on the move for you, around the clock, around the globe. In more than 130 countries you can rely on Hapag-Lloyd’s top service and staff expertise, whether for standard shipments, temperature-sensitive products, or even special and heavy cargoes.
New Burmese days: the road to recovery

By TIM HARCOURT

The lifting of sanctions is great news for Burma, but doing something about its bloated military must come next.

Tim Harcourt maps out the reforms necessary in the wake of Burma’s first steps towards democracy, and the role Australia can play.

The world economy is used to surprises – usually on the downside. But one on the upside over the past year has been the reforms in Burma and the lifting of economic sanctions.

The surprise reforms of the new Burmese government of President Thein Sein, the election of Aung San Suu Kyi to parliament and the latter’s call for Burma to open up to trade and investment have been monumental changes given Burma’s recent past.

Australian Foreign Minister Bob Carr was one of the first foreign politicians to visit Burma following the new developments and other western nations have lifted sanctions and made (tentative) moves to invest in and trade with Burma under the new regime.

But what is the economic impact of sanctions and what happens to economies after sanctions are lifted?

The economic evidence is mixed when looking at trade sanctions against South Africa, Southern Rhodesia (now Zimbabwe), Cuba, Fiji and now recently Burma.

According to Yale University economist Philip Levy the economic sanctions against South Africa were more ‘psychologically hurtful’ to the apartheid regime than economically damaging, although there is evidence that disinvestment by major institutions like Chase and Barclays had more of an impact than trade sanctions.

As in the case of Cuba and Southern Rhodesia, trade sanctions did not have as much impact as restrictions to foreign investment and in any case the economic distortions in the domestic economy (like South Africa’s apartheid labour market distortions) were as damaging as external sanctions.

Levy believes that the collapse of the Soviet Union was the key factor in enabling the white minority government to start negotiating with Nelson Mandela and the African National Congress, making South Africa a ‘special case’ in terms of effectiveness of sanctions.

But what about Burma? Will it be a special case?

It is clear that Burma has some big mountains to climb economically
Turnell has identified ‘low hanging fruit’ such as providing visa-on-arrival for tourists, eliminating export taxes and import licences, allowing banks to lend to farmers, and deregulating interest rate ‘caps’ and other financial regulations.

But ultimately, economic development must come in the agricultural sector and in resources and Burma needs to develop institutions in areas like banking and finance where there is almost no viable sector to speak of. And that's all dependent on the capacity of Burma to reduce the military presence in the economy and society and create ‘room’ for other sectors.

In a country where the armed forces have had so much control for so long, that’s a big ask.

**So can Australia play a key role?**

Bob Carr gave Aung San Suu Kyi a strong assurance that Australia was willing and able to play an important role in Burma’s return to democracy and long-term economic viability.

Australia has a big role to play in infrastructure given the need for roads, rail, ports and telecommunications to serve its 62 million plus population, BHP Billiton can help in the development of oil and gas, and ANZ can play a similar role to its Pan Asian banking strategy in neighbouring Vietnam, Laos and Cambodia, and Australia’s education institutions can help with human capital development.

But most of all Australia's comparative advantage in agriculture, as well as our expertise in education and tourism, means we are well placed to help with Burma’s capacity building in the same was as we’ve helped the developing economies of Burma’s neighbours in the Mekong Delta. But it will be gradual and ‘softly, softly’ as the world investment community monitors the progress of the pro-democracy reforms.

It will take years to recover from what has happened in Burma since the 1960s, economically, politically and psychologically, but the lifting of sanctions and some lukewarm (but positive) responses from investors and exporters (including from Australia) may signify some small steps to recovery on the new road to Mandalay.

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

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Golden temple dot hillsides all over Burma.
QUBE and the challenges ahead

By MAURICE JAMES, managing director, Qube Holdings Limited.

Qube has laid the foundation in 2012 for continued growth in 2013 with several acquisitions and investment in organic growth of the underlying businesses. The year ahead will no doubt have many challenges but the management team is focused on growth and improving customer service levels across its various business activities.

As a company whose primary function is the efficient and cost effective movement of goods through our ports, one of Qube’s core businesses is Qube Ports which stevedores commodities such as automotive, general cargo and bulk products in 29 different ports around Australia.

From these activities Qube gets a first-hand view of the state of Australia’s economy and associated levels of trade. New car sales in Australia are continuing to rise with record volumes in 2012. Import volumes through our ports increased during the second half of the 2012 calendar year and Qube anticipates this will continue during 2013.

Australia’s massive investments in resource related projects such as gas related projects in Western Australia and Queensland has seen volumes of project related and associated general cargo increase dramatically in recent years. This is not expected to decline through 2013.

Through an acquisition in 2011, Qube has grown its activities in the oil and gas sector with more and more activity offshore.

Whilst commodity prices declined dramatically to a low point in September 2012, they have continued to climb since that time. Qube’s biggest exposure to bulk commodities is to iron ore through the largest bulk export port in the world at Port Hedland.

Qube Ports invested into the Utah Point Stockyard 1 and developed the bulk receival terminal which achieved annualized volumes exceeding 12 million tonnes in late 2012. Again, Qube expects volumes to be strong through this facility in 2013.

During 2012 Qube invested heavily through acquisitions to gain access to the movement of bulk products form “mine to port” to complement its stevedoring activities in regional ports. One of the investments was the acquisition of Giacci Bros Pty Ltd, based in Bunbury Western Australia, which is a road based bulk logistics company. Approximately 60 percent of Giacci’s activities are Western Australia based with the remaining 40 percent of its business in South Australia, Northern Territory and New South Wales. Products handled include mineral sands, iron ore, coal, etc.

During 2012 Qube completed development of and successfully trialed its light weight rotating spreader known as the Rotabox. This innovative solution handles specially designed containers with lids that carry specialized cargo such as copper concentrates and nickel. The major advantages of this equipment are that vessels with ships gear can load bulk cargo without the need for shore-side cranes. The Rotabox lifts
the container, removes the lid and rotates the container in the hold of a vessel thus eliminating all spillage on the wharf or in the water and virtually eliminates all dust emissions.

Development of the Rotabox and investment in Giacci has enabled Qube to offer "mine to port and onto vessel solutions for specialized cargoes. The first contract won was a five-year Sandfire Resources contract to haul copper concentrate 700 kilometres from mine to port and stevedore onto vessels in Port Hedland and Geraldton using specially designed road trains capable of carrying 140 tonnes per truck. In 2013 Qube expects new contracts like this will be won.

The Qube Logistics business primarily focuses on the movement of containers in and out of ports by both road and rail. This industry segment is traditionally very fragmented across different service providers and across different activities in the container logistics chain.

The development of integrated solutions involving activities such as road and/or rail transport, empty container parks, warehousing and distribution for importers, container preparation and packing for exporters and freight forwarding to become a single point of contact for the customers has been a major focus for Qube.

The container industry needs to establish larger facilities that provide multiple services and build economies of scale which will drive efficiencies and lower unit costs. Integrating the different activities within the container logistics chain is where the opportunities to deliver efficiencies and savings for customers exist.

Qube has steadily been growing its rail services and capability, initially through the acquisition of South Spur Railways and more recently through investment in new locomotives and wagons. Rail is becoming a very important part of the future movement of freight in and out of ports.

In 2012 Qube completed the acquisition of MacKenzie Intermodal in Adelaide, Westgate Ports in Melbourne and Independent Transport Group (MIST) at Minto in Sydney. All these businesses provide Qube with large intermodal sites with rail sidings, warehousing and hardstand areas for associated container related activities. The year ahead will see the full integration of these businesses into Qube and growth in activities.

2013 and Beyond

Each port in Australia is facing its own challenges in handling growing volumes and the associated distribution of the cargo to and from importers and exporters.

In some cases, especially in our capital city ports, we are facing urban encroachment and significant road congestion and in response governments and toll road operators are now talking about peak period tolling to spread the demand.

In other cases, our regional ports often have impacts on local communities such as rail lines or intermodal terminals in the middle of
town causing unnecessary traffic and noise problems.

When we look at our capital city ports, we can see that existing infrastructure within each port generally has considerable surplus capacity to handle growth in volumes.

Take Port Botany, it’s currently handling in the order of 2 million TEU which is expected to double to 4 million TEU in 10 years.

The Sydney Ports Corporation has invested in excess of $1 billion to provide new berths and associated infrastructure and a third terminal operator is investing in development of the terminal which is expected to commence operations in 2013.

It could be argued that in some ports excessive unnecessary infrastructure is being built to satisfy competition regulators – this is particularly evident in Brisbane where there will be three terminal operators handling a total port volume of approximately 1 million TEU – about the same volume currently being handled by one terminal in Melbourne or Sydney.

Contrast this with Melbourne which is the largest container port in Australia currently handling some 2.5 million TEU. It won’t have a third terminal operator in place until late 2016 or early 2017 at which time the port is expected to be handling in excess of 3 million TEU.

Having said that, I am very confident that our capital city ports will have adequate infrastructure to handle a doubling of volumes over the next 10 years and beyond.

BUT,

The biggest challenge for our industry and governments is how we are going to move this freight in and out of the ports.

Infrastructure connecting our ports is generally poor, in the case of roads where congestion is reaching critical levels in our capital cities or in the case of rail where it is very old or just doesn’t exist – despite governments spending huge amounts of capital on parts of the rail network.

Take Port Botany again with forecasts of 4 million TEU in 10 years and perhaps 5 million TEU in 15 years, one can be confident that the port infrastructure will cope in servicing ships but you can be sure that the existing road and rail infrastructure won’t.

Qube supports the NSW Government and Sydney Ports Corporation together with the recent recommendations of Infrastructure NSW relating to the initiatives around the provision of intermodal terminals servicing the growing freight volumes by rail to and from Port Botany.

Qube Logistics operates several intermodal hubs of its own, such as Yennora and Minto in Sydney, MacKenzie Intermodal in Adelaide and North Dyon, Sommerton and Victoria Dock in Melbourne.

Most controversially, Qube has been at the centre of debate about its proposal to build a port rail shuttle capable of handling one million containers on an annual basis at its 83 hectare property in Moorebank, a highly strategic location for Port Botany freight traffic in Sydney’s west.

Just to recap quickly, Moorebank in south western Sydney was identified by the Howard Government nearly 10 years ago as the best place to build new intermodal freight facilities which would allow trains to service Port Botany. A port shuttle would remove hundreds of thousands of trucks each year from an already gridlocked motorway network, improve air quality and improve efficiency at Port Botany.

It’s a great idea and Qube has offered to build it on our land using our own money. It’s a $1 billion project to build an open access freight shuttle and warehousing on land owned by Qube and Aurizon at Moorebank.

All we need from the current government is rail access to our site which is surrounded by commonwealth land.

The Commonwealth Government has however decided to build its own terminal across the road from our site. They are in the process of establishing a Government Business Enterprise (GBE) to oversee the development and then ask the private sector to build and operate a terminal identical to the one Qube is proposing to build.

It is fair to say that for nearly three years now, Qube has been trying to encourage the government to think about the design and layout for the whole Moorebank precinct. We believe there is a more efficient and cost effective way of developing an open access terminal which could save taxpayers hundreds of millions of dollars. Unfortunately the Commonwealth Government has chosen not to discuss it with us and have focused on the development of an intermodal terminal on their site and their site only.

Qube is hopeful that during 2013 the Government’s new GBE takes the initiative and seeks to discuss a whole of precinct approach and how Sydney can get its much-needed Moorebank intermodal terminal as soon as possible. We believe it can be done with creative and cooperative thinking, something which is at the heart of Qube’s approach to the business of solving Australia’s growing freight challenges.
MODERNISING Maritime Law

The new *Navigation Act 2012* will modernise the way international shipping is regulated by AMSA, providing for high levels of safety and protection of the marine environment through transparent and flexible regulation. It has been written to reflect contemporary conditions and practices, remove unnecessary and outdated provisions, and to provide much-needed confidence and certainty for industry.

The Act includes new international standards for seafarer living and working conditions required by the Maritime Labour Convention 2006. These standards will be consistently applied by all maritime administrations.

www.amsa.gov.au
An unusual exercise

By ALAN MAFFINA,
General manager of business,
Australian Reef Pilots

Recently the state-of-the-art DOF Subsea offshore gas and oil ship Singapore Scandi made a brief visit to Cairns, North Queensland. The 107-metre Scandi stopped about 5 km off Yorkey’s Knob to facilitate a crew change over on its way to New Zealand. The Australian Reef Pilot launch Malu Mai transferred personnel from the Scandi, then onto a dive boat the Underwater Explorer, which has previously been used by the ARP as a floating pilot station in PNG, but is now based in Cairns. Once all the transfers were complete, the dive boat took the crew back to Cairns.

In all, 30 new crew were delivered to the Scandi, and 18 taken off in an operation which took about three hours. As you can see by the photos, the conditions were said to be “like a millpond”.

The new crew will use the trip to Taranaki Basin to familiarise themselves with the Scandi.
Australia’s national centre for maritime training, education and research

- **Maritime engineering** - naval architecture, ocean engineering and marine & offshore engineering (including sustainable design and risk).

- **Maritime business & international logistics** - business degrees with a competitive edge available by distance (including a specialised MBA).

- **Marine environment** - aquaculture, fisheries management, marine conservation and aquatic animal health.

- **Coastal & international seafaring** - a full range of engine, deck and shore-based qualifications.

- **Postgraduate maritime studies** - with a range of specialisations including maritime policy and safety.

- **Commercial services** - AMC Search offers a wide range of short courses, customised maritime-related training and consultancy.
NSW STATE COMMITTEE CHRISTMAS LUNCHEON.

NSW Minister for Roads and Ports, Duncan Gay, was guest of honour at SAL’s NSW State Committee Christmas luncheon at Tattersall’s Club, in Sydney.

The major sponsor was Sydney Ports Corporation. Other contributing sponsors were Australian Container Freight Services, DP World and Patricks.

Guests were entertained by the well known comedian, Vince Sorrenti who was kindly sponsored by Maritime Container Services.

The Hon Duncan Gay, MLC, Minister for Roads and Ports, Bob de la Lande of Sydney Ports Corporation, Ross McAlpine of MSCA and Hon. John Ajaka MLC Parliamentary Secretary for Transport and Roads

Ted Van Bronswijk, Elaine Norris, Richard Sandeman-Gay and Elizabeth Sandeman-Gay all of the Company of Master Mariners

Emma Gaukrodger, Russell Young, Nicole McCorquodale and Magnus Lindberg all of Wallenius Wilhelmsen Logistics

Trevor Brown of Port Kembla Port Corporation, Wilma Kippers of Ports Australia, Rod Nairn of Shipping Australia, Susan Fryde-Blackwell of Ports Australia, Andrew Dunne and Kell Dillion of Port Kembla Port Corporation

Geoff Greenwood, Darren McNamara and Sharon O’Hanlon all of Hamburg-Sud

Michael Chu and David Dillon of PB Towage, Gerd Koeller of Swire Shipping, Tony Cousin, Peter Wu and Miada Martz of PB Towage, Connie Chen of HFW, Vera Ni and Sammy Russo of PB Towage

Gordon Han, Cam Tran and Nikita Khatri of 1-Stop Connections
THE WINNERS: Simon Gardiner, Zeljko Blazic, and John Crijak, all of Hamburg Sud with (far left) Paddy Hore who presented the trophy on behalf of Macquarie Telecom.

Steve Moxey, our publisher, cooks up a storm

Dom Figliomeni of Port Kembla Port Corporation

Mick Cavanagh of K-Line and Leanne Lewis of InSync Personnel

SAL CELEBRATES ITS 11TH GOLF DAY

Some 70 players turned out at Roseville Golf Club, in Sydney, earlier this month for a great day of golf followed by a BBQ. Our generous sponsors included: Macquarie Telecom (our lead sponsor), Mediterranean Shipping Company, Patrick Stevedores, Asialworld Shipping, PB Towage and DP World.

Peter Bowden, Ian McAlister, Ken Fitzpatrick, Tom Charter all of Asialworld

Aaron Kruizinga, Nigel Ruiss, Erik Samuelson, Phil King, Paddy Hore all of Macquarie Telecom

THE RUNNERS-UP: Matthew Brown, of InSync Personnel; Stuart Hetherington, of Colin Biggers and Paisley; Nick Robertson and Mick Cavanagh, both of K-Line.
A new Hydrographer of Australia

On 18 January there was a change in command at the Australian Hydrographic Office in Wollongong. Commodore Rod Nairn, AM, RAN stepped down as Australia’s longest serving Hydrographer and was relieved by Commodore Brett Brace, RAN.

Rod Nairn will be acting in the SAL CEO’s role officially from 1 May 2013.

Commodore Brace comes to the role of Hydrographer with an impressive record of seagoing Navy hydrographic ship commands and staff appointments. He has also worked with Australia’s Maritime Safety Authority where he was responsible for implementing a real time under-keel clearance management system for the Torres Strait to improve safety of deep draught ships transiting this shallow and important shipping route.

The Royal Australian Navy operates six hydrographic survey ships (four Paluma Class and two Leeuwin Class) and a laser airborne depth sounder aircraft.

**Switzer to ratchet up safety on tugs to offshore levels**

SVITZER Australia is currently upgrading safety management systems to those of the offshore oil and gas industry as part of a global effort to better protect people, marine assets and the environment.

Alastair Martin recently joined the organisation from Maersk Tankers - in Copenhagen - charged with introducing a tanker/offshore safety and quality management mindset to the Australian towage and barge operations.

A new department, Marine Standards, will endeavour to ensure the delivery of all-round marine services with a purview broader than occupational health and safety and environmental management. It will encompass quality-based principles in training, establish and assess crew competencies and have a focus on change management, audit and inspection and environmental care.

Such water-tight management will ensure tugs contracted to perform certain tasks, such as fire fighting, are equipped and manned to the letter of contracts and the relevant regulations and statutes.

**Deficiencies Identified in Use of Electronic Chart Display and Information System (ECDIS)**

AMSA has identified a wide range of deficiencies in the case of ECDIS since May 2011. The deficiencies cover a wide range of issues; including the use of unofficial charts, insufficient or no evidence of training, incorrect settings and system errors.

In total, 103 vessels had ECDIS deficiencies and 64 vessels had to rectify the deficiencies before departure. Forty five per cent of the deficiencies identified related to the use of inadequate, insufficiently collected or unofficial Electronic Navigation Charts.

AMSA has quite rightly highlighted these deficiencies and the industry has taken note of the need to ensure that they fully understand the requirements for ECDIS and the need for specialised training on the new systems.

**Second MOL Vessel to have a Ballast Water Treatment System Installed**

A very large cruise carrier will be the second MOL vessel to undergo the fitting of a ballast water treatment system. The first was a pure car carrier. The system is a JFE-designed system.

Commodore Rod Nairn congratulates Commodore Brett Brace on his appointment as Hydrographer of Australia
The installer of these systems is part of the Ballast Water Management Convention which is due to come into force when countries representing at least 35 per cent of the world tonnage have ratified it. At the end of last year, the figure stood at 29 per cent.

The international supply industry, shipbuilders and classification societies have been highly critical of the proposed timetable for the installation of these systems once the Convention enters into force. In this view, the required installation on around 70,000 vessels will not meet the deadlines (please refer to the Viewpoint article in this magazine).

International Shipping Federation Launches New Guide on ILO Maritime Labour Convention

To ensure compliance with the ILO Maritime Labour Convention, which will enter into place in August 2013, the ISF has published new and comprehensive guidelines on the application of the ILO MLC.

The new guide takes ship operators through their obligations under the Convention and provides guidance on applying the ILO standards on board their ships in a practical manner.

This includes MLC requirements relating to seafarers’ contractual arrangements, oversight of manning agencies, work and rest hours, health and safety, crew accommodation, catering standards and new requirements covering on-board complaints procedures. Compliance with all relevant standards can also be checked with a detailed checklist which can be printed via an accompanying CD.

An important feature of the guidelines is the overview that it provides relating to the MLC certification process. This includes an example of the new Declaration of Maritime Labour Compliance.

The Convention (when in force) will be implemented in Australia under the new Navigation Act which is expected to enter into force in March this year.

The ISF guidelines on the application of the ILO MLC can be purchased from Marisec publications for £95 (includes airmail postage) at http://www.ICS-shipping.org/ILO-MLC-Guide-Order-Form.pdf.

TAFE NSW – Sydney Institute Launches Five Day Electronic Chart Display and Information System Training Programme

The training programme utilises the marine simulator at Ultimo College, being one of just two simulators in NSW approved by AMSA.

Sydney TAFE’s five-day ECDIS training is developed to align with the 2010 revision of IMO model course 1.27. Training focuses on detailed chart operations and bridge simulator exercises. The system simulates the wind, waves, tides, time of day, ocean currents, visibility and vessel traffic in computer-generated waterways, creating different training scenarios.

To find out more, please go to www.sydneytafe.edu.au/ecdis.

Maldon to Dombarton rail link: Next stage underway

Federal Infrastructure and Transport Minister, Anthony Albanese and the NSW Minister for Ports, Duncan Gay have jointly announced that the Maldon to Dombarton rail link project has now moved to the next stage with the awarding of contracts to Parsons Brinkerhoff and GHD for vital engineering, planning and environmental works.

Parsons Brinkerhoff will do the engineering work of investigating design, safety and operational issues involved in completing the rail link while GHD will investigate the environmental issues in the rail corridor and surrounding areas, which will be critical in securing planning and environmental approvals before any construction could start.

The Federal Government has set aside $25.5 million to fully fund the planning and pre-construction design work for this rail link through their national building programme.

The Maldon to Dombarton rail link will involve laying around 35 kilometres of track with multiple passing loops and new bridges over the Nepean and Cordeaux rivers as well as constructing one of Australia's longest rail tunnels.

The next stage will involve the appointment of a specialist cost planner. SAL supports the completion of this rail link on the basis that it is a viable proposition.

Key Studies Commence for Hastings Port Development

The next step towards building Melbourne’s much needed second container port is now underway with the commencement of key studies into Westport, its natural environment and port design.

The three studies consisting of a hydrodynamic model, ecological risk management assessment and port design options will lay the foundations for the future expansion of the Port of Hastings.

Minister for Ports, Denis Nappine has pointed out that the Victorian freight task is expected to massively increase by 2035. Action was necessary now to safeguard this industry which is the cornerstone of the Victorian economy and to remain on track to deliver Victoria’s second container terminal within the next 10 to 15 years.

The Minister has also noted that the opening of tenders for key packages of work was an important milestone and a major step forward for the Port of Hastings Development Authority which is a government owned entity established under the Transport Integration Act 2010 to facilitate the development of the Port of Hastings to increase capacity and competition in the container ports sector servicing Melbourne and Victoria.

Australian Reef Pilots Win Prestigious Icon of Industry Award

The Marine pilotage company, Australian Reef Pilots (ARP) has received one of Queensland’s most prestigious business awards in acknowledgement of more than a century of dedication and service to the state’s maritime industry. The company was presented with the Australian Industry Groups 2012 Icon of Industry award by the Queensland Premier.

ARP is a Corporate Associate Member of SAL and we congratulate them on this well-deserved award.

UK P&I Club Emphasises Importance of Reducing Risks

Late last year, the UK P&I Club released a new DVD that places a specific focus on the bow tie concept – a comprehensive risk assessment initiative which helps members identify and prioritise risk across their whole fleets.
The DVD, titled *No room for risk* will be, in their view, a very effective form of communication when conveying the club’s risk prevention messages to the ships’ crews and managers, opening up their risk management process to everyone.

The fifteen minute DVD features various ship board and office locations and illustrates the Club’s innovative approach to risk management, the bow tie analysis of hazards and their potential consequences, if uncontrolled.

Thomas Miller are the Club’s Managers. Thomas Miller (Australia) is a Corporate Associate Member of Shipping Australia.

The DVD can be viewed on the loss prevention section of the UK Club website http://www.UKPandi.com/loss-prevention - where further materials explaining the methodology can be downloaded.

### 1-Stop Delivers ‘Container Control’ to Enhance Container Road Moves.

Thousands of hours of development and three months of live testing culminated in early February with the launch of Container Control, Sydney-based transport ICT company 1-Stop Connections latest market offering. Container Control is a web-based application which aims to provide greater transparency to on road container moves and facilitate the most efficient container allocation. The product launch was held at NICTA and attended by the Minister for Roads and Ports Duncan Gay.

Utilising Container Control road transport companies will be able to work with shipping lines to optimise the use of containers, reduce wear & tear on their vehicles, remove unnecessary road trips and reduce costs associated with containers transiting or being stored in Empty Container Parks. The three features Container Control makes available are:

- **Triangulation** – is the ability for industry to request to reuse empty import container for an existing export booking.
- **Virtual Container Park (VCP)** – is the ability for approved industry participants to store empty containers to be used for future export bookings.
- **Redirection** – the ability for road transporters to request return of empty import containers to a different depot than previously specified.

The release of Container Control, the roll out of Containerchain in Sydney and the announcement of another impending offering, Container Live, indicate a significant investment in technological is now being applied to empty container positioning. SAL will be keep track of these latest innovations and follow the results and progress with interest.

### Training

Training courses for the maritime industry continue to be an important part of the portfolio of services Shipping Australia offers to the industry.

Besides the on-line courses *Introduction to Shipping and Fundamentals of the Maritime Industry* that currently offer training at an introductory and advanced level, programs are available that are tailored more to individual company needs.

During 2012 Shipping Australia was able to respond to the demand for these programs and engaged Robert Dick to develop and present courses that were specific to the needs of different organisations covering a range of topics as these examples of presentations in 2012 show.

#### Brisbane

Queensland Sugar Limited (QSL) is a public company based in Brisbane with most of its employees located in regional centres in Queensland. QSL is responsible for sugar storage and handling, logistics and trading, finance and marketing of more than 90 per cent of Australia’s total raw sugar exports. Australia is the world’s third largest supplier of raw sugar with Queensland exports loaded through six bulk sugar export terminals on the Queensland coast all operated by QSL.

Attendees at the two day course included experienced terminal managers from the export ports. The course - *Shipping Fundamentals*, was therefore aimed at widening and expanding their knowledge of shipping.

### Melbourne

Touton SA is a privately owned, international, commodity trading company that has been supplying its global customers since 1848. Touton is a global trader of cocoa beans, coffee, vanilla, spices, and grain.

Touton Australia is primarily focused on grain trading activities, with a strong presence in both the domestic and export markets and is an active exporter, in both bulk and containers, to south east and northern Asia.

Wanting to ensure that their trading and logistic staff continually receive quality and relevant training in all areas of shipping SAL was engaged to present a *Bulk Shipping Fundamentals* course structured over two half-days. Touton was pleased with SAL’s response to their needs in providing relevant information to all levels of company experience.

The expertise of Shipping Australia was ideally placed to deliver a face-to-face training program for Port of Melbourne Corporation to provide employees in specialist fields with a broader understanding of the maritime industry both in the Australian and international trading environment.

Presented over two days, twelve employees attended the course which was customised to meet PoMC’s training requirements. Topics ranged from international trade, maritime logistics and the maritime regulatory regime to an introduction to chartering and liner trade operations.

![Neil Temperley, Future Logistics Living Lab, Peter Creeden, managing director Hamburg Sud, Duncan Gay, NSW Minister for Roads and Ports, Michael Bouari, CEO 1-Stop, Rob Fitzpatrick, director NICTA at the Container Control launch.](image-url)
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NYK LINE
www.nyk.com
New thinking that delivers beyond the bottom line

By SONIKA ANDRADE, Campaign and Communications Manager, Maersk Line

The shipping industry is no stranger to challenges. The past few years in particular have been wrought with industry-wide problems that have eaten away at carriers’ bottom lines, resulting in losses or unacceptably low profit margins. These industry wide issues require industry wide solutions and, therefore, a longer term approach and a level of cooperation between lines to resolve.

When we look at the export challenges that the grain industry is facing in Australia we at Maersk Line believe there is a lot we can do, relatively quickly, if we work together.

Let’s take the most basic of issues for grain exporters – the availability of containers.

Firstly we have a very imbalanced container trade in Australia where imports tend to be dominated by 40’ boxes carrying light cargo and exports by 20’ boxes carrying heavy cargo. In other words we get more containers in than we need to carry our exports out and they are the mostly the wrong type of container for our exports anyway. This means that carriers need to spend a lot of time and money moving empty containers around so that we have the right containers where they are needed, which is very costly. In fact from a carriers’ global perspective it is more cost effective and sustainable to move equipment back to Asia for use in larger East-West trades.

For the grain industry this imbalance is even more pronounced as the export peak season for grain is traditionally the low season for imports and vice versa.

Added to this general imbalance is the availability of containers that can be easily upgraded to Food Quality containers. With much of the cargo we import in Australia, Food Quality containers are certainly not a necessity and generally only about 60 per cent of our import boxes are of the high standard required for a Food Quality upgrade. At first this might seem really low considering the amount of food and agricultural products we move but there often seems to be an apparent disconnect between the standard required in Australia for grain exports and the rest of the world. At Maersk Line for example we spend on average over four million dollars each year upgrading containers for Food Quality exports – much more than anywhere else in the world, and double what is spent in New Zealand!

An exciting initiative that Maersk Line has been working on in conjunction with the Department of Agriculture Fisheries and Forestry (DAFF) is the use of adhesive container liners. After many months of research, customer input and technical development we now have a product that may well change the face of Food Quality upgrade ability in Australia. We are taking a lead in the industry to develop a product to make our containers, cleaner, more reliable, and cost effective.

Container Lamination is a patented and DAFF approved transparent film that is applied to the interior walls of a container to upgrade it to a food quality container. This will ensure customers have a stable and reliable food quality container supply chain thereby expanding their business opportunities and increasing profit.

Andrew Cummings, Operations Manager for Maersk Line explains “This initiative significantly improves the reliability of food grade containers and reduces situations in which customers need to arrange urgent expensive transportation, alternative sourcing or accept lost production/sales opportunities. It reduces the inconvenience of having to book with several carriers, removes complexity in their logistics, allowing customers to dedicate all their time and energy on their own business rather than on transportation”.

He adds “We certainly hope that initiatives like these can help the grain industry maintain its competitiveness in overseas grain trade and increase the sustainability of grain exports for Australia. But there is also much that the grain industry can do to help carriers in this quest. DAFF have been extremely committed on developing new solutions to increase efficiencies, and have been instrumental in working with us to be a strong and visible driving force in promoting this initiative and thereby a more sustainable industry.

The bottom line is that the grain and shipping industries need to work together on finding solutions to reduce the cost involved in containerised exports, to ensure the sustainability of Australian grain exports into the future.
Think **Inside** the Box!

New thinking that delivers beyond the bottom line

Our Container Lamination initiative is a patented and DAFF* approved transparent film that is applied to the interior walls of a container to upgrade it to a food quality container. This will ensure you have a stable and reliable food quality container supply chain, thereby expanding your business opportunities and increasing profit.

* Department of Agriculture, Fisheries and Forestry: DAFF

Visit: [www.maerskline.com/australia](http://www.maerskline.com/australia)

Email: [response.australia@maersk.com](mailto:response.australia@maersk.com) and quote ‘Container Lamination’ in the subject.
Just one idea in a jumble of paper that could maybe, possibly, perhaps change our world

NORTHERN AUSTRALIA AND THEN SOME by Gina Rinehart
Executive Media, $36.00, 220 pages

YOU’RE probably making some kind of history by reading this because it’s possibly the only review of this publication by Gina Rinehart, or Mrs Rinehart as she refers to herself, that has much good to say about it.

The “good” is that she advocates creating Special Economic Zones in Australia’s far north that will be able to exploit specific areas’ mineral, industrial, and agricultural potential.

Entrepreneurs in these zones would enjoy massively reduced taxes to develop mega investment projects that could change our history for ever. Such projects, she writes, are currently log-jammed by outrageous amounts of red and green tape, over-priced labor, over-regulation, compliance burdens and governments blind to the danger our mining industry is in from competing nations unhindered by any of that.

So that’s the glint of gold amidst a mass of inadequately expounded harangue about the big red northland where she was brought up and where her father, Lang Hancock, discovered the ore that now forms the nation’s iron industry that today makes her the world’s richest woman.

None of which is new!

What is new is her advocacy of a practical, manageable solution to the 100-year old catchcry that we must populate our north. Until now the idea has always been simply too big. A great idea that involves too much land, too much planning, too much money, too much everything for anything ever to be done about it.

But a group of Special Economic Zones, planned and developed one-by-one for sites with sustainable mineral wealth is a very much simpler task. Certainly it sucks - Hi Ho, Hi Ho.”

But apart from that and similar unhelpful commentary, what she has to say about her Special Economic Zones just might have legs.

And while “the north” has progressed in the past 60 years, every traveller through it must marvel at how much more could be done to develop its archipelago of tiny ill-provided outposts of civilisation such as Hedland, Dampier, Katherine, Kunnunurra, even The Alice. They include the terrifying fly-in, fly-out mining camps where white grandparents simply don’t exist – all have long-since flown out to full society again.

The female mayors of Dampier and Port Hedland talked-up changing all that four or five years ago but nothing on the scale of a Special Economic Zone. In fact few people would even know what one is far less how to create its infrastructure.

An economic zone is what one reads about in Dubai, China, and Hong Kong. It’s far beyond anything contemplated in Australia.

But if the Arabs can do it in their equally harsh climate and desert, Gina’s book does turn one’s mind to the question: Why not us? Nothing so vast as “populating the North” but just simply locating then building one Special Economic Zone and taking it from there.

That’s where Mrs Rinehart and her book fall down, alas, because they voice the dream but no How To Do It plan. Doing it is the cat that must be belled. Mrs Rinehart side-steps that task.

One really cannot honestly recommend anyone to buy this book. But then again, there is that one suggestion that might one day prove a winner. You just might want to learn more about it. Don’t waste time looking in a bookshop; phone the publisher on 03 9600 4744, ask for Rachel and have your credit card ready. – Archie Bayvel.
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Glenn Stephens, Senior Manager Trade and Business Development, on 08 9430 3377 or email Glenn.Stephens@fremantleports.com.au
A ustralian shipping is embarking on a golden age following the passage through Parliament of the most ambitious reform program in our nation’s maritime history. It is indeed a new era, one that should spell the end of the dark days of the past that saw the near death of our national shipping industry. Given that Australia is an island nation flanked by 60,000 kilometres of coastline, placing our business in the hulls of foreign vessels simply made no sense. That is why the Federal Labor Government committed itself to the tough task of resurrecting Australian shipping.

At the heart of the reform program is a taxation package that includes a zero tax rate, accelerated depreciation and roll-over relief, a refundable tax offset for employers hiring Australian seafarers and the removal of the Royalty Withholding Tax. This places Australian shippers in an exceptional position compared to their international competitors. This will encourage industry confidence that should translate in time into the purchase of new and better ships to rejuvenate our ageing fleet.

These reforms cannot happen fast enough. Shipping underlies our trade with 99 per cent of volume carried on the seas. We have the fourth largest task in the world with more than a billion tonnes of iron ore, coal, wheat and other goods moving through our ports each year. The value of that cargo is around $200 billion dollars and this trade is only going to get much bigger. The Bureau of Resources and Energy Economics forecasts that exports of liquid natural gas alone will more than triple to 63 million tonnes per year by 2016. Our overall trade is expected to triple over the next two decades. It makes good economic sense for the Australian economy to enjoy the full benefits of this growth.

So let us look at the position that Australia faced when this Government was elected in 2007.

At the time only 30 registered Australian trading vessels existed and they were aged on average 20 years. With so few ships and an ageing fleet, we were facing a tipping point where an Australian industry would simply cease to exist. The previous Howard Government had abandoned Capital Grants Assistance, accelerated depreciation and the PAYE rebate scheme. At the same time it had tripled the number of trading permits to foreign-flagged crews which had grown from 1,000 in 1999 to more than 3,000 in 2008.

Most major shipping nations such as...
the United Kingdom, Japan, China and Denmark had already completed extensive reform programs. When the UK Government introduced a tonnage tax in 2000, for example, its fleet almost doubled in size over the following seven years. By 2007, the revived industry was contributing almost $16 billion to the UK economy. So while other maritime nations were employing a list of tax measures and policies to keep their sectors afloat, ours was in sinking into oblivion.

One of my first acts as Federal Transport Minister was turn this around. In early 2008 I asked a parliamentary committee to look at coastal shipping and recommend ways of improving competitiveness and sustainability. On the basis of its unanimous (and bipartisan) report, I then established an advisory group to look more broadly at international shipping made up of industry leaders from Rio Tinto Marine, Teekay Shipping, ANL Container Lines, the MUA, Jebsons International, the Australian Shipowners’ Association, ASP Ship Management and the National Farmers’ Federation.

Bringing the collective intelligence of people from across the maritime sectors paid dividends. The resulting reform package follows no precedent or formula. It is uniquely crafted to suit the complexities of a sector that employs Australians, but for the most part operates internationally.

While tax reform is at the core of the package, there are several other critical aspects.

**An Australian International Shipping Register**

We have changed a century of outdated custom by establishing a new licensing regime. It offers the clarity needed for long-term planning and sets the boundaries around the necessary and continuing role of foreign vessels in our coastal trade.

Such a register had been floated as a ‘good idea’ for decades by previous governments and is now a reality in Australia. It addresses the cost disadvantage faced by Australian ships. Similar registers operate in most other successful maritime nations.

Companies with vessels on the register will be eligible to receive the new tax and fiscal incentives. Under the deal, crews operating via the register work according to the terms and conditions of the International Maritime Convention. When vessels work the domestic coastal route, Australian workplace laws apply.

The combination of a zero tax rate and internationally competitive employment conditions means vessels on the Australian International Shipping Register can now compete with other maritime nations without reducing our enviable safety and environmental standards.

**A better skilled workforce**

With almost half Australia’s seafarers aged at least 50, there is an urgent need to make a career in shipping once again attractive. To work out the best way of achieving this, an industry-led Maritime Workforce Forum was formed to help create a national training program and to advise on how best to tap into existing Federal Government skills programs and funding sources.

Existing education funding programs will be extended to train seafarers and major training providers such as the Australian Maritime College in Launceston, while TAFEs in Perth and Newcastle will join the national training program.

**A skilled maritime workforce is in the national interest. This was recognised in the 2008 Defence White Paper which saw enhancing our maritime capability as important to security and necessary to help address the significant workforce challenges faced by the Australian Defence Force. A highly experienced seafaring workforce creates career opportunities in both the navy and commercial shipping sector.**

**Keeping our waters clean**

There are good environmental reasons for a healthy Australian shipping industry. 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. That leaves the roads safer for those of us who have to use them. A greater proportion of safer, cleaner Australian ships carrying our substantial trade load also means that disasters such as the grounding of the Shen Neng 1 on the Great Barrier Reef in 2009 are less likely.

The Federal Government has put in place a variety of safety controls to respond to the growth in vessel movements and to protect ships, crew, cargo and - most importantly - the environmental values of the Great Barrier Reef, the Torres Strait and the Coral Sea. While the risk of marine damage is now much reduced with the help of under-keel clearance programs and e-Navigation, all large ships are tracked by radio and satellite 24 hours per day. They must also regularly report their location and route.

A shipping management plan covering our north-west waters is in operation and the Australian and Queensland Governments are finalising a similar plan for the waters of the north-east.

**Re-writing the Navigation Act and a National Regulator**

There has been a massive re-write and overhaul of the Navigation Act 1912, the primary law by which the Australian Government regulates the maritime industry, particularly large vessels. The changes are backed by the introduction later this year of the Maritime National Safety Regulator, overturning more than a century of costly, burdensome and often contradictory State, Territory and Commonwealth laws. In their place will be one single national regulator, in effect a one-stop shop for commercial shippers, offering savings in compliance, accreditation and licensing fees.

So, one maritime safety regulator and one law – Commonwealth law – applying to all commercial vessels in Australian waters. The productivity benefits are immense.

**The future**

Australian shipping has been in such severe decline that these reforms will not revive the industry overnight. Ship owners need time to consider the new arrangements before committing themselves to the considerable cost of new vessels. But already there are hopeful signs. For example, the international carrier, Jebsons, recently introduced a new multi-purpose vessel from a Chinese shipyard to service its contract with the WA Government, along the WA coast.

“Part of the overall evaluation in the decision for this vessel was the Federal Government shipping initiatives and in particular the withdrawal of the Royalty Withholding Tax,” says Jebson’s CEO Grant Williams.

Australia now has a future as a shipping nation. No longer must we depend on foreign vessels to carry our giant freight task. With the world’s fastest growing economic region lapping at our territorial doorstep, there is nothing stopping us becoming a leading maritime player. A strong and competitive national shipping industry makes economic sense. It makes environmental sense. There are security benefits as well. More than anything, it means many more jobs and opportunities for Australians right along the supply chain.

The Australian Government has played its part in creating a brighter future for shipping. We scoured the world picking the best practises of our competitors. The right regulatory and fiscal framework is now in place. Australian shipping is open for business.
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CMA CGM & ANL Agencies (Australia & New Zealand)
Evergreen Marine Australia Pty Ltd
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Goodman Fielder Limited
Gulf Agency Company (Australia) Pty Ltd
Hamburg Sud Australia Pty Ltd
Hapag-Lloyd (Australia) Pty Ltd
Hetherington Kingsbury Pty Ltd
Hyundai Merchant Marine (Australia) Pty Ltd
Inchcape Shipping Services Pty Limited
“K” Line (Australia) Pty Limited
LBH Australia Pty Ltd
Mediterranean Shipping Company (Aust) Pty Limited
Mitsui OSK Lines (Australia) Pty Ltd
Monson Agencies Australia Pty Ltd
NYK Line (Australia) Pty Ltd
OOCL (Australia) Pty Ltd
Pacific Asia Express Pty Ltd
PB Towage (Australia) Pty Ltd
RCL (Australia) Pty Ltd
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Darwin Port Corporation
DP World Limited
Field & Associates Pty Ltd
Flinders Ports South Australia
Fremantle Ports
GHD Meyrick
Holman Fenwick Willan HFW
Hutchison Ports Australia
HWL Ebsworth
K & L Gates LLB
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Macquarie Telecom
Maritime Container Services
Middletons
Newcastle Port Corporation
Newcastle Stevedores Pty Ltd
Norton Rose Australia
Norton White Lawyers & Notaries
OMC International Pty Ltd
Patrick Containers
Peter McQueen Pty Limited
Port Kembla Gateway Pty Ltd
Port Kembla Port Corporation
Port of Brisbane Pty Ltd
Port of Melbourne Corporation
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QUBE Ports Pty Ltd
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Visy Logistics

Individual members
Mr John Knowles
Mr Frank Needs
Board of directors left to right

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

Nicolaj Noes
Managing director, Maersk Australia Pty Ltd

Ken Fitzpatrick
Managing director, AsiaWorld Shipping Services Pty Ltd

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

Kevin Clarke
Managing director, Mediterranean Shipping Company (Aust) Pty Limited

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

Insert

Eddy DeClercq
Managing director, OOCL (Australia) Pty Ltd

Resigned 30/3/2012

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

Resigned 27/12/2012

Michael Phillips
Non-executive director, Hetherington Kingsbury Shipping Agency
The Policy Council outside the SAL office in Sussex Street, Sydney

From left: Denis Speyer The China Navigation Company Pte Ltd, T Chiu RCL (Australia) Pty Ltd, Simon Aynsley CMA CGM & ANL Agencies, Ross McAlpine Mediterranean Shipping Co (Aust) Pty Ltd, Peter Wallace Seaway Agencies Pty Ltd, Bill Rizzi SAL NSW State Committee chairman, Kushy Authureliya SAL Council secretary, Geoff Greenwood Hamburg Sud Australia Pty Ltd, Steve Horton Hetherington Kingsbury Shipping Agency, Colin Hall Hyundai Merchant Marine (Australia) Pty Ltd, Alan Miles K Line Australia Pty Ltd, Kevin Clarke SAL Director, Phil Coolican Gulf Agency Company (Australia) Pty Ltd, Ken Fitzpatrick Asiaworld Shipping Services Pty Ltd and SAL Council chairman, Mike Slee Wallenius Wilhelmsen Logistics, Nicolaj Noes Maersk Australia Pty Ltd, John Bradley Hapag-Lloyd (Australia) Pty Ltd, Tony Cousins PB Towage (Australia) Pty Ltd

Absent: Bernie Yu APL Lines (Australia), Christophe Grammare Austral Asia Line Pte Ltd, Murray Read Evergreen Shipping Agency (Australia) Pty Ltd, Danny Rees Inchcape Shipping Services, Johnny Tam LBH Australia Pty Ltd, Mark Austin Mitsui OSK Lines (Aust) Pty Ltd, Rob Davis Monson Agencies Australia Pty Ltd, Brook Paviour NYK Line (Australia) Pty Ltd, Eddy Declercq OOCL (Australia) Pty Ltd, Michael Horsburg Pacific Asia Express Pty Ltd, Kirsty Ellison Ship Agency Services Pty Ltd, Mark Malone Svitzer Australia Pty Ltd, Adrian Peterson Wilhelmsen Ships Service, Peter Creeden SAL Container Steering Group chairman, Llew Russell SAL chief executive officer
SAL ORGANISATIONS

SAL staff
FRONT ROW (FROM LEFT) Matthew Whittle, policy advisor (insert), 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 (left 24 February 2012) 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: Denis Speyer
- Public Relations Steering Group
  - Chairman: Ross McAlpine
- Technical Steering Group
  - Chairman: Ross McAlpine

State committees
- New South Wales State committee
  - Chairman: Bill Rizzi
  - Secretary: Kushy Athureliya
- Queensland State committee
  - Chairman: David Hislop
  - Secretary: Bill Guest
- South Australia State committee
  - Chairman: Geoff Rose
- Victoria State committee
  - Chairman: Peter Bartlett
  - Secretary: Phil Kelly
- Western Australia State committee
  - Chairman: Michael Connolly
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

Contact Details

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**Kevin Swaine**
Trade policy advisor
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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 9 member lines offering Australian exporters a variety of services from both the east and west coasts of Australia.

Between the 9 member lines of the TFA, six weekly services are deployed from south and east coast of Australia comprising 34 vessels that provide 313 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
- Hyundai Merchant Marine www.hmm21.com
- 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 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.

- **Hamburg Sud**  www.hamburgsd.com
- **Mitsui O.S.K Lines Ltd**  www.molpower.com
- **Orient Overseas Container Line Ltd**  www.oocl.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.hamburgsd.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**

- **ANL**  www.anl.com.au
- **CMA CGM S.A.**  www.cma-cgm.com
- **Hamburg Süd**  www.hamburgsd.com
- **Hapag Lloyd AG**  www.hapag-lloyd.com
- **Maersk Line**  www.maerskline.com
- **MSC Mediterranean Shipping Company S.A**  www.msc.com.au

**Service details - west coast USA**

The member lines operate a vessel sharing agreement utilizing 11 vessels sailing between Australia and west coast USA. 75 sailings per year 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**

- Tacoma, Los Angeles, 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, 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, Charleston and Philadelphia and other ECNA/Gulf ports via transhipment at a hub port en route.
he phrase “baptism by fire” has a new meaning for me after reflecting upon my first year as Chairman of SAL. It has been a demanding year for all involved at a time of severe financial pressure on the worldwide shipping industry.

Nevertheless, I am pleased to report that SAL has met the challenges in terms of providing many submissions and dealing with the serious level of reform in our industry, both at the federal level but also major changes at the state level, particularly in New South Wales and Victoria.

As with most years, we have had our successes and failures but it is important to dwell on the positive:

**Legislation**

We finally were able to engage the federal government in detail in January/February regarding the proposals for the revitalisation of Australian shipping and it was clear to us that the Department of Infrastructure & Transport, in particular, very much welcomed the practical problems that we raised from the initial consideration of an extensive range of draft Bills.

The Bills that were presented to Parliament still had the minimum of five voyages for the initial application for a temporary licence under the Coastal Trading Bill and also a minimum of five voyages for a major revision to that licence application. In terms of container shipping, the voyages have been defined as port to port so that may not be such a burden as it would be for the bulk and breakbulk shipping areas. We also had serious concerns, along with many other stakeholders, in terms of trying to forecast 12 months ahead to apply for a temporary licence.

It has worked reasonably satisfactorily but the real test will be when applicants re-apply for their temporary permits based on the experience of this financial year. Overall, we continue to support the direction of that reform and commend the government for seeking to level the playing field in terms of international competition on the basis of our support for a viable and internationally competitive Australian merchant marine.

We believe that the legislative package should be based on an industrial compact as required by the Government between employers and employee associations to promote productivity and competitiveness but this compact has not been made public, and should have been a key initiative in this reform process.

We also await the recommendations of the Taskforce that has been established to make recommendations to the government regarding future education and training in the maritime industry.
Intermodal Study
At the beginning of the year, we released the intermodal study that had been prepared by Shipping Australia and is on our website which has also been upgraded. That study set out many of the challenges that need to be addressed, particularly from a commercial and practical perspective, if these new inland ports are going to live up to their promise of improving freight carried on rail and achieving their optimal capacity utilisation. Whilst the development of the intermodal terminal at Enfield and eventually Moorebank, for example, will attract some business it will certainly not live up to expectations (in terms of optimising its potential) unless we have the right policy settings regarding road versus rail pricing and in terms of rail efficiency, for example, utilising shuttle trains. This will also apply in Victoria, although one would expect High Performance Road Vehicles to play a greater part, initially, in Victoria than would be the case in Sydney.

Breakbulk study
We released in November, a breakbulk shipping study which builds on our previous study in 2009 and one of the recommendations is that we should develop a monitoring system, particularly in relation to port facilities and procedures in Australia which were found to be lacking in comparison with relevant ports overseas.

e-Learning
In other successes, I would include our new e-learning course, “Fundamentals of the Maritime Industry” which I believe we need to market a little better than we have to date. Nevertheless, we have been pleased with the general response to that course as well as the other e-learning course, “Introduction to the Maritime Industry” which we established some years ago.

SAL magazine
I wish to also compliment the team including Ross McAlpine from MSC and individual member Frank Needs on the production of the quarterly Shipping Australia magazine which is of a high standard, and it helps us to promote our views widely, not only in Australia but also internationally and the feedback both domestically and internationally has been first-class.

Challenges
In terms of our challenges in 2012, there have been many, not least the large number of submissions that I mentioned above. Whilst industrial disputes have been lower in 2012 than we have experienced in the previous 18 months to 2 years in our major ports, there was an ongoing dispute regarding general stevedoring strikes associated with the re-negotiation of certain EBAs in Fremantle and particularly protected industrial action being taken by the pilots in Port Kembla.

There was also the Code of Practice for stevedoring, both onshore and on board vessels which only came to our notice mid-way through the year, although it had been subject to ongoing discussions under Safe Work Australia for the last couple of years. The Maritime Union of Australia has accused Shipping Australia of undermining the intentions and objectives of what they saw as almost a finalised Code of Practice but SAL, along with stevedores and other industry groups had serious problems with the way the Code had been structured because of its inflexibility and potential mandatory nature which, in a number of stakeholders’ views, would’ve reduced safety rather than increased it. In particular, we had concerns that it detracted from Marine Order 32 which covers this area and at the time of the preparation of the report, discussions were ongoing to hopefully try and find a resolution which would meet at least most of the concerns of individual parties. Needless to say, the members of the shipping industry are extremely concerned about safety and we are keen on a Code that enhances, rather than detracts from that objective.

Submissions
During the year we made submissions in relation to a complete re-write of the Navigation Act including its incorporation of the Maritime Labour Convention which will now enter force in July 2013 and in itself will have a major impact on all vessels visiting Australia from the date of its implementation. It is hoped that such vessels do have a recognised certificate and are able to avoid any potential delays arising from a lengthy AMSA inspection for those countries that are not party to the Convention and therefore do not meet its requirements.

In addition, we made submissions on the proposed Maritime Powers Bill which brought together a number of Acts regarding the activities of Border Agency officers in terms of their interaction with vessels but overall it wasn’t a major problem for our members.

We have also been heavily involved in the preparation of the Exposure Drafts of the DAFF Biosecurity Bills which are seeking to re-write the 1908 Quarantine Act on the basis of the recommendations in the Beale report two years ago. This is very extensive legislation that includes the implementation of a new Ballast Water Management strategy including dealing with the application of the Ballast Water Convention when it enters into force.

There were other submissions relating to amendments to the Maritime Transport and Offshore Facilities Security Act 2003. The NSW Government released both a draft NSW freight and ports strategy as well as a discussion document on a review of the NSW rail access regime in the latter part of 2012.

Other Developments
In other developments, there was an investigation by the ACCC regarding exclusive towage arrangements in the Port of Gladstone and Townsville which concluded that existing arrangements should continue. In NSW, there were ongoing developments with the Port Botany Landside Improvement Strategy including the creation of a truck marshalling yard. SAL objected strongly to its members having to pay for the weigh-in-motion systems at Port Botany to comply with the NSW Chain of Responsibility legislation in an effort to avoid over-weight or over-axel weight limits for container imports. SAL met with the Minister for Ports for NSW, the Honorable Duncan Gay and following extensive investigation, the Minister concluded that the systems should be paid for by the shipping companies but he would review the matter after 12 months of its operation.

SAL looks forward to the results of that review as they remain firmly of the view that these facilities are essential for other stakeholders to fulfil their obligations under the legislation which does not involve ship operators. SAL is nevertheless supportive of the legislation. However, we believe that each country’s export containers should be weighed and supports the Australian government pursuing this matter in the International Maritime Organisation. This would negate the need for the current weigh-in-motion systems for import containers in Australia.
Similarly, SAL has had extensive involvement in the decision to refinance Port Botany and Port Kembla in 2013. Whilst consulted early in the process, the Port Assets Bill that was introduced to the House contained many issues that were not subject to consultation with SAL and so discussions were held with the independent Shooters and Fishers Party in the Upper House to try and achieve some amendments to the legislation, in particular, regarding some oversight of future prices to be charged by the private operator, particularly if they were found to be unsubstantiated. These representations were unsuccessful and the Bills were passed unamended.

In Victoria, we were particularly pleased that the Minister for Ports announced during the year that motor vehicles would not be moved to Geelong from Webb Dock East but that Webb Dock would be redeveloped to create a new car and breakbulk terminal at Webb Dock West and a new container terminal and road links etc in Webb Dock East. These are policies that have been long advocated by Shipping Australia, particularly for the larger container ships which could be handled at Webb Dock East without having to go up the Yarra River and turn in a relatively tight turning circle to access Swanson Dock. Tenders have been let for the operation of the third terminal and SAL awaits the outcome of that process with great interest. We will also be closely monitoring disruption to berthing due to upgrade work on some Melbourne berths in advance of the construction of the new facilities.

In Fremantle we spent some time trying to find a better procedure for the R&A process at the general cargo facilities at berths 11 and 12 during a period where project materials were causing serious congestion in the wharf area.

I would refer readers to the reports of the various SAL State Committees. As you will see, they are very active on a whole range of issues at the State level. I would particularly like to thank Bill Guest, Kuyath Athureliya and Phil Kelly for all their assistance and support for the State Committees in Queensland, New South Wales and Victoria respectively.

The Chairman of each Committee in each mainland state also do a sterling job and their contributions on behalf of the industry as a whole are most appreciated as are the members that participate and support SAL.

The Border Agencies /Environment

It is worth commenting here that we have ongoing and close relations with Customs at various levels including at a senior executive level and we note that the CEO, Michael Carmody resigned in August 2012. There are a number of issues regarding imported vessels that are issued with an intrastate permit by a State government as well as armed customs officers boarding ga ships which continue to be issues that we are discussing with Customs and Border Protection.

The CEO of SAL was reappointed to the DAFF Cargo Consultative Committee and we continue to be heavily involved in those issues as DAFF Biosecurity moves to a more risk-assessed basis and cost recovery, particularly for the Seaports Program which is an ongoing issue for debate. Equally, we have enjoyed very good relations and consultation with the Office of Transport Security and the Australian Maritime Safety Authority in terms of the AMSA Advisory Committee and many other committees involving AMSA operations.

Changes to the Application of GST

It is pleasing to report that in the latter part of the year the Australian Tax Office and Treasury have finally put out a discussion paper on the application of GST, in particular relating to land based charges prior to container delivery, particularly those that occur before the container terminal gate. Ernst and Young have been assisting industry stakeholders in relation to this matter and discussions have been held in Canberra with the ATO and Treasury which we continue to hope will lead to final resolution. It is highly likely that it will take considerable time for the legislative changes to be put in place even though they are considered to be minor, but once there is agreement between industry and Government on how the GST should actually be applied, it will provide that much needed element of certainty for our members even if we have to wait for the required legislative change.

Other Challenges

Other challenges remain for SAL as we enter the new year, in particular the extra $0.03 per Gross Tonne that was added to the Protection of the Sea Levy as a result of the clean-up costs and commercial claims arising from the Pacific Adventurer accident off Queensland in March 2009. There was a late claim from Maritime Safety Queensland which is being considered by AMSA as the fund has over collected the initial recovery costs and this is a serious matter for Shipping Australia which we will continue to pursue with AMSA.

There have also been a number of resignations from the Discussion Agreements that comprises parties to agreements in the international liner trade, that receive certain exemptions from Part IV of the Australian Competition and Consumer Act, 2010. By the end of the year, a number of these Lines had re-joined the major Discussion Agreements.

As Chairman, I have been giving a great deal of thought to and working with the SAL Policy Council to determine how SAL can become more relevant and to revitalise our Council in terms of its deliberations. As members will be aware, our long serving CEO, Llew Russell will be retiring after taking long service leave at the beginning of February this year and we have been examining how SAL could be restructured following his departure.

Membership

Much of what has been achieved over the last 12 months could not have been achieved without the strong support we have received from our members and the Board of Directors and I would very much like to express my appreciation for their contribution and assistance during the year.

The work of the steering committees has been instrumental in assisting SAL and I thank each and every member of those steering groups. I would particularly like to mention that I was indeed pleased that from July 2012 we have a new West Australian State Committee and Mr Michael Connolly, Regional Director of Wilhelmsen’s Ships Service is the Chairman and we wish them every success in the future.

During the year, I accepted the resignation of Royce Brain of Inception Shipping Services from the SAL Board and I wish to record my appreciation for his significant contribution as an SAL Director. His replacement is Phil Coolican and I wish him well for the future. In addition, at the end of the year, I received the resignation of Michael Phillips from the Board. We are indeed sorry to lose Michael’s excellent contribution and SAL owes him a lot given his active involvement since the formation of SAL and his very effective chairmanship over six years to 2011.

ANL resigned from 1 July and the Malaysian International Shipping Corporation left the international liner trades on a world-wide basis. This was disappointing but understandable in terms of the financial pressures currently being faced by the global industry. Whilst Quay Shipping had only been a member of SAL for a short while, it was disappointing that they also resigned.

The workload at SAL in the past 12 months has been intense and I cannot stress enough the throughput we have achieved has been very much due to the executive team in SAL who have worked exceptionally hard during the year. My sincere thanks go to Llew and his team for a job well done in 2012.

Nevertheless, I am confident that SAL will grow in strength and influence and I look forward to the future with confidence.

Finally I would like to comment on the retirement of Llew Russell in August this year. Llew will take long service and annual leave as mentioned above from the beginning of February until his official working time at SAL concludes. This year I have had to work much more at close quarters with Llew and have gained a considerably better understanding of the demands and issues that confront the SAL staff on a daily basis. But what I certainly did gain was an insight into the knowledge and experience Llew has built up in his many years in the industry and his unique ability to manage the workload and deal with issues both on the spot as well as planning for the longer term. Llew will be sadly missed in his capacity as CEO of SAL and I know the Board members and Llew’s friends and colleagues wish him the very best in retirement. ▲
OPPORTUNITIES for Australian Ships

The Australian International Shipping Register was created in July 2012. Alternative crewing arrangements and tax incentives are designed to provide vessel owners with a competitive alternative to international registers. It facilitates Australian participation in international trade and revitalises the Australian shipping industry and maritime skill base.

The AMSA-managed register maintains Australia’s international reputation for high-quality maritime safety and environmental standards.
The hallmarks of 2012 were historical reform as far as the transport industry was concerned, including the maritime industry as well as an increased focus on freight and logistics strategies.

On 1 July, the Acts revitalising Australian shipping came into force which readers of this magazine will recall comprised 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 (AISR) to encourage Australian companies to participate in international trades;
- Establishment of a maritime workforce development forum to progress key development 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. There was also a reduction in the depreciation period, exemption from royalty withholding tax liability and ensuring Australians can work in international seafaring by providing tax concessions for resident employers of Australian seafarers.

The new licencing regime that was put in place comprised:

- A general licence providing Australian flag vessels with unrestricted access to the coastal trades and a transition period of five years (which can be extended) for vessels that were licensed under Part VI of the old Navigation Act.
- A temporary licence enabling foreign flag vessels and AISR vessels to operate in the coastal trades under certain conditions for a period of 12 months. Licences would only be issued for a minimum of five voyages and if there was a variation to increase these voyages that variation would also have to be in blocks of five voyages.
- An emergency licence limited to cargo or passenger movements in real emergency situations.
As mentioned in the Chairman’s report, other major transport reforms involved
the complete re-write of the 1912
Navigation Act which should come into
force in March 2013 as well as a heavy
vehicle regulator and more coordination
in respect of rail transport.

New biosecurity bills were introduced
into parliament being a complete re-
write of the 1908 Quarantine Act and
SAL expressed its concern that part of
the main Bill included the right to seize
and sell a vessel if a biosecurity invoice
remained unpaid. In our view, cross
reference should’ve been made to
Admiralty Law which already provides
for these kinds of situations without
the need for such draconian action
being contemplated. There was also a
chapter on ballast water management
which includes implementation of the
Ballast Water Management Convention
when it enters into force and this is
expected in the not too distant future.
The timetable for all vessels to be fitted
with on-board ballast water treatment
systems is very optimistic according to
the international shipping industry and
efforts are being made to persuade the
IMO to provide for a longer transition
period.

During the year, SAL made many
submissions which appears to be an
increasing feature of our workload
and we provided submissions in
relation to the public consultations
on Australia’s sanctions relating to
Iran and Syria where we had some
concerns concerning protection and
indemnity and hull insurance in respect
of any vessel that carries bunker fuel
or crude or other petroleum products
originating in Syria or Iran or transport
such products, with a load in or outside
Syria or Iran.

As mentioned in the Chairman’s
report, we also made submissions on
the Maritime Powers Bill 2012 and
the Maritime Powers Consequential
Amendments Bill, 2012. We made
a submission on the proposed
amendments to the Admiralty Rules
1988 (Cth) as well as a submission
on the Australian Transport Safety
Bureau’s new confidential reporting
regulations and the international
casualty investigation code.

In other submissions, we supported
the development of the T3 project to allow
for export of up to 60 million tonnes per
annum of coal delivered by a standard
gauge rail line from new lines located
in the hinterland of the Galilee Basin to
the Port of Abbot Point in Queensland.

We also made a submission on
the enquiry into the operation of
Queensland’s workers compensation
scheme, on the basis that SAL
supported any scheme that
has national uniformity and we
recommended the Queensland scheme
should mirror the arrangements in the
Commonwealth and other jurisdictions.

As the Chairman has outlined, Shipping
Australia continues to face many of
the challenges that originated in 2012. At
the top of the list was the introduction
of a Port Licence Fee at the Port
of Melbourne which will amount to
around 75 million dollars in the 2012/13
financial year and most likely high
amounts thereafter.

This tax on trade remains a serious
concern to Shipping Australia
and we have made a number of
representations to both the Federal
and State Governments expressing
our concern and at the very least
asking that the Victorian Government
allocate the funds raised to improving
infrastructure within the Port of
Melbourne or on connections to and
from the port. Regrettably, this tax
on trade does nothing to increase
productivity in the Port of Melbourne
or to enhance its and the State’s
international competitiveness.

In the Victorian Government’s 2008
freight futures paper, the original
Freight Infrastructure Charge was
supposed to:

- Promote the increased use of rail
transport to and from the port precinct
and the charge would not apply to
trucks travelling to or from one of
the rail terminals in the Dyonon precincts;
- Encourage off-peak use of roads
accessing the Port of Melbourne to
reduce peak hour congestion around
the port;
- Promote increased use of High
Performance Rate of Vehicles and
increase truck utilisation in terms of
two-way loading.

These would have important
productivity benefits compared to the
Port Licence Fee which, as it currently
stands, is a tax on trade as the revenue
will not necessarily be spent on the
port or on connections to and from the
port.

The application of this policy is also in
conflict with the endorsement by COAG
on 9 July, 2012, of the road reform plan
which concluded that “reform is viable
if user charges are directly linked to the
provision of roads for heavy vehicles”.
Consistency with that policy would
require the Port Licence Fee to be
spent on the Port of Melbourne access
and facilities.

Productivity

Productivity has been a strong feature of
the economic debate in Australia
in 2012 or more accurately, the lack
of it. This is particularly relevant
for port productivity and such data
has been collated by Sydney Ports
Corporation for some time which has
been appreciated by our members.
SAL wrote to other ports to ascertain
if similar data could be collated by
the major container ports in Australia.
The Port of Melbourne Corporation
has a port system performance
monitoring framework working group
but this appears to concentrate on
the land side receival and delivery of
containers. The Port of Fremantle
and Flinders Ports have agreed to
provide data and whilst the Port of
Brisbane was unable to adopt the
same formats as Sydney Ports they
have been working with Infrastructure
Australia and the National Transport
Commission to find a uniform solution
for port productivity measurements
to provide more meaningful data for
comparative purposes, and their focus
remains on ensuring this work delivers
the outcomes required. This initiative
certainly has the support of SAL.
During the year, the Australian Competition and Consumer Commission published its 14th Container Stevedoring Monitoring Report which showed that rates of return by stevedores increased from 24.2 per cent in 2010/11 to 2011/12 to 29.2 per cent but unit costs increased by 1 per cent and labour productivity fell from 41.4 containers an hour in 2010/11 to 39.6 in 2011/12.

On 24 August, Shipping Australia held a joint seminar with the Australian Export Council on the theme of increasing competitiveness and the productivity in Australia’s international trade and maritime industries. Dr Craig Emerson, the Federal Minister for Trade and Competitiveness gave the keynote address and a very interesting address was also given by the Shadow Minister for Infrastructure and Transport, Warren Truss.

In addition, presentations were given by Professor Stephen Martin, CEO of CEDA, Mark Evans, Global Head of Trade and Supply Chain, ANZ Bank, Professor David Widdowson, CEO for the Centre of Customs and Excise Studies as well as Andrew Wilson, Deputy Secretary, Department of Infrastructure and Transport, Rona Mellor, Deputy Security, Biosecurity, Department of Agriculture, Fisheries and Forestry, Michael Kilgariff, Managing Director of the Australian and Logistics Council, Mark Malone, Managing Director of Svitzer Australia, David Anderson, CEO Ports Australia and our Chairman, Ken Fitzpatrick.

All the speakers addressed the current challenges facing Australia in terms of increasing our competitiveness and productivity but also recognised the comparative advantages we do have and how we can learn from other countries, particularly in our region.

**International Developments**

An important international development as far as SAL is concerned has been the ongoing debate on trying to develop an international solution to the weighing of all export containers which would avoid the need for countries to weigh inward containers as happens at Port Botany with our weigh-in-motion systems as mentioned by the Chairman in his report.

There is strong international support for this development, not only from ship owners but also port operators and labour unions, the governments of Australia, Denmark, Netherlands, US, Bimco, the International Chamber of Shipping, the International Transport Workers Federation and the World Shipping Council. The European Shippers Council is opposed to the mandatory weighing of all export containers. However, the IMO sub committee on Dangerous Goods, Solid Cargoes and Containers discussed the topic at their meeting in September. The sub committee invited the World Shipping Council, the International Chamber of Shipping and BIMCO to propose specific amendments to the SOLAS Convention along with supporting guidelines. A working group of these associations, interested IMO member states and other industry parties was established to progress the proposal.

SAL has the view that not only should there be a certificate of weight for each container provided by the packer, but also a checking mechanism to ensure the accuracy of that weight and to ensure that the weight distribution within a container is even. In this latter respect, SAL is of the opinion that the IMO/IL0/UN/EC guidelines for the packing of cargo transport units should be stringently adhered to.

To assist with compliance, it has been suggested to use existing technology, for example using a fibre optic sensor embedded in the twist lock or load cell using conventional strain gauges to weigh containers. The weigh bridge process is more complex since allowance has to be made for the conveyance (road rig or rail car) and there is the problem of weighing two or more 20 foot containers carried on the one conveyance.

In other international developments, the House Committee on Homeland Security in the United States has extended the 1 July 2012 deadline for 100 per cent container screening by an additional two years to 1 July 2014, citing a number of technology based challenges as well as the existing multi-layer national cargo security screening programme. A private members bill has also been introduced to determine the costs and benefits of proceeding with this requirement which were mandated in the US Safe Port Act 2006.

On 6-14 October I attended the annual meeting of the Federation of National Associations of Shipbrokers and Agents (FONASBA) in Venice and as usual, there was very active discussion on the current state and forecast demand for services in the dry bulk, international liner industries and chemical tank industries, as well as a discussion of many of the joint problems currently being experienced by shipping agents and ship brokers around the world.

There was good representation at the conference from the 50 countries represented by FONASBA and members were reminded of the quality standard that is promoted by FONASBA and Shipping Australia who has the ability to provide the standard to its members that request such an accreditation and meet the relevant criteria.

I also chaired the new West Pacific Indian Ocean Range Committee meeting which comprised representatives from the relevant associations in China, Japan, Philippines, Indonesia, Kenya, Mauritius, South Africa, India and Sri Lanka as well as Australia.

The potential licencing of shipping agents was a controversial topic discussed. Members were urged to complete the port procedures survey which is most comprehensive and Shipping Australia has been a contributor. It was recognised that there were many challenges facing the shipping industry but there is an increasing emphasis on the importance of the shipping agent to facilitate ship visits and enhance the international trading capacity of any country.

The General Manager of FONASBA, Jonathan Williams, has written about a number of these issues in the Annual Report section of this magazine.

**Technical Issues**

One of the issues that have been absorbing the attention of the Container Technical Steering Group during the year was the revision of the SAL document “Standards for Food Quality Shipping Containers” which was completed in association with representatives from DAFF Biosecurity and the Industry Working Group on Quarantine. The aim was to establish a single standard for empty container inspections across all commodities. At the moment, the standard is segmented by commodity groups, meat, fish, diary, plants, eggs and processed foods. The SAL “Standards for Food Quality Shipping Containers” has been prepared to align with the DAFF level 2 standard for consumable plant and plant products. Acceptance of the plant commodities level 1 and 2 standards by the commodity groups is the first step towards a single container cleanliness standard.

**Young Shipping Australia**

In 2012 the Victorian Committee of Young Shipping Australia (YSA Victoria) continued to provide quality networking and education opportunities for young professionals in the maritime industry notwithstanding several committee member changes. Highlights of the year included a 50-member boat tour of the Port of Melbourne which
incorporated Victoria, Appleton, Holden, Webb and Swanson Docks; a presentation of video plans for the redevelopment of Webb Dock into Melbourne’s third container terminal; Spring and Christmas Networking Events, and a tour of ABA’s bulk facility at Port of Melbourne’s Appleton Dock F, including a visit on board bulk carrier the Ocean Phoenix. The YSA Victoria Steering Committee and event supporters are to be congratulated for their efforts during 2012 which have provided a solid foundation for a strong 2013.

YSA New South Wales continues to be an important group for enabling the next generation for shipping industry leaders to gain experience of and exposure to a broad range of issues emerging in the industry. In 2012 the YSA NSW successfully conducted another busy calendar of events which engaged members and friends with a variety of industry sectors and developments. Highlights included a tour of Patrick’s Sydney container terminal combined with a tour of the Living Logistics Lab at NICTA and presentations of developments such as the introduction of Sydney Port Corporation’s Weigh in Motion technology and Container Chain into NSW container depots. Presentations providing legal and economic perspectives were another highlight as was the wisdom bestowed from guest speakers, Ken Fitzpatrick and Ted Buttiah. The NSW YSA also made a presentation to the next generation of potential shipping industry recruits at a career day for high school students organised by Transport for New South Wales, ‘Green Light Day’.

YSA Queensland – With NSW and Victoria chapters already established, it is pleasing to record that YSA is now well underway in Queensland. Young Shipping Australia Queensland maintains the objective of providing networking and learning opportunities for younger (35 years and under) SAL members.

A visit to the Maritime Safety Queensland Operations Centre by a small group in August provided the momentum for a larger number in October to view the MSQ Ship Simulator. Additionally Young Shipping Australia Queensland members took a table at the 2012 SAL Shipping Industry Ball with feedback guaranteeing many more for the 2013 function.

These events have been both informative and useful networking experiences with that added social connection for cementing relationships within the shipping industry. Attendees have ‘spread the word’ with membership now exceeding 40. Further detail is contained in the Queensland report.

Other Issues
The capacity to handle increasing cruise visits to Sydney and the need for additional terminal capacity still remains to be developed. During the year it was announced that from 1 July 2013, there would be substantial increased costs for cruise vessels berthing in Sydney.

Shipping Australia was pleased to receive the draft NSW Ports and Freight Strategy and we provided our comments on the draft strategy last month.

I have been appointed to a Ministerial Freight and Logistics Council in Victoria which is chaired by the Victorian Minister for Roads and the Victorian Minister for Ports which is involved in the development of a freight strategy for Victoria.

Alan Miles, Managing Director of K Line Australia was appointed to represent SAL on the Port Capacity Liaison Group in Melbourne which is a consultation group concerned with the expansion of Swanson Dock and also the development of East and West Webb Dock.

The NSW Parliament during the year passed the Port Assets (Authorised Transactions) Act 2012. Shipping Australia had concerns regarding the proposals for the refinancing of Port Botany and Port Kembla, particularly in relation to ministerial involvement in price setting in the future if, for example, IPART investigated the pricing proposals and found them to be unsubstantiated. Port Botany, in particular, is in a very strong market position and therefore has the potential to exploit that market power. There was also concern that the Port Botany Landside Improvement Strategy will be handled by the Department, Transport for New South Wales, but the revenue raised to support it will be part of the wharfage arrangements that presumably will be levied by the new owners. This latter point is a matter SAL has taken up with the NSW Minister for Ports.

Border Agencies
At the AMSA Natship conference which was held in August, I spoke on shipping in the Great Barrier Reef and in particular, the potential environmental impact of the anticipated significant growth in ship numbers using the inner passage. It is relevant to that issue that a North-East Shipping Management Plan is being developed for future shipping management in the Great Barrier Reef world heritage area, Torres Strait and the Coral Sea. An inter-governmental north-east shipping group has formed a working group to look at the technical aspects and SAL has participated in that group which is looking at charts, navigation, anchorages, pilot boarding grounds etc. The plan should be released shortly for public consultation and Braemar Seascaper is conducting a study on the potential increase in vessel numbers with the various port developments on the North-East coast.

Similarly, an AMSA Marine Notice (15/2012) provides advice on the introduction of a network of shipping fairways off the North-West coast of Australia. The use of these three nautical mile wide fairways is strongly recommended but they are not mandatory. AMSA is conducting a six month traffic analysis of the region to
ascertain shipping adherence to the fairways.

Shipping Australia has continued to liaise closely with Border Agencies and other stakeholder groups such as the Australian Shipowners Association, Ports Australia and the National Bulk Commodities Group.

Regarding maritime security, I attended a high level meeting held on 18 August where the proposal to develop new legislation separate from the maritime security legislation was discussed. This arose from an announcement in May last year by the Minister for Justice, Jason Clare regarding the next stage of work to tackle organised crime on the waterfront following the 2010 establishment of taskforce Polaris. It was pointed out that since 2010 there had been 16 arrests, resulting in 77 charges, the seizure of over 12 tonnes of illicit substances and precursor chemicals and almost 115 tonnes of loose leaf tobacco and 93 million individual cigarettes.

As a result of recommendations from the taskforce, the Federal Government announced a major expansion of the work of law enforcement agencies targeting organised crime on the waterfront in Melbourne, Brisbane and Fremantle as well as Sydney and a number of major reforms to make it harder for organised criminals to exploit and infiltrate the waterfront and private sector supply chains.

Shipping Australia is highly supportive of many of the measures announced by the Government but has concerns regarding the use of the Maritime Security Identification Card as a weapon in this ongoing fight. The main issue is that the MSIC only has limited application on the waterfront, i.e. in security regulated areas and there are many other areas in ports, non-security regulated ports and in the container supply chain, for example, where MSIC’s are not required. Therefore the coverage from an organised crime point of view would not be as broad as it should be.

SAL has continued throughout the year to liaise closely with the Australian Customs and Border Protection Service and is particularly supportive of the increased momentum towards investigating a reduction in the amount of paper reports and type of reporting currently having to be provided in favour of a streamlined electronic system. During the year the Government released draft legislation to amend the Customs Act. The Customs Amendment (Miscellaneous Measures) Bill 2012 made a number of changes to the Customs Act concerning:

- Entry of ships or aircraft for home consumption or warehousing
- Valuation of imported goods
- Warehouse licences
- Notification of particulars of cargo reporters
- Accredited client program
- Electronic cargo reporting

It was not considered that the proposed changes had any significant impact on our members.

A lot of the foundation work in the development of policy by the SAL Policy Council is undertaken by the steering groups and State Committees. A lot of this work goes “under the radar”! SAL, and the industry generally would be the poorer without their significant contribution and I wish to officially thank all those that participated in the work of those committees in 2012.

Whilst a number of the issues that were addressed by those committees have been addressed in this and other reports in the annual review, I would like to mention all the marine notices that are circulated to the Technical Steering Group, for example, and to note that SAL had provided comments to the amendments made to the following Marine Orders:

- Part 50 – Special purpose ships
- Part 21 – Safety of navigation and emergency procedures
- Part 2 – Australian International Shipping Register

It is worth noting that following implementation of the Navigation Act, 2012 Marine Orders will undergo review processes to further improve readability. This initiative by AMSA is to be commended. All of the changes to the Marine Orders resulting from the Navigation Act rewrite will be implemented through one modification Marine Order – Marine Order 4 that will have attached schedules for each Marine Order detailing the changes required. Eight fact sheets have also been issued by AMSA in relation to the Navigation Act, 2012.

**Shipping Australia Limited**

It has indeed been a very busy year for SAL but what we have achieved, which I believe is substantial, has really only been achieved as a result of the strong participation and support that the secretariat receives from the SAL membership. I wish to thank all those members who have given so readily of their time and effort in furthering the interests of the industry as a whole. I am also appreciative of the dedication of SAL staff including the State secretaries in Queensland and Victoria for often going “beyond the call of duty”.

The SAL Board of Directors has also been most supportive and as the Chairman noted in his report, he has indeed undergone a “Baptism of Fire” in his first year as Chairman.

This will be my last report as CEO of Shipping Australia but I am confident the organisation will go from strength to strength given the strong support that the organisation has from its members and Board of Directors. In whatever future direction SAL takes, I personally wish it success and the ongoing enhancement of its ability to meet and promote members’ requirements.
Welcome to Treasury Wine Estates

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

From the establishment of Australia’s Penfolds in the mid 1840s to the 1876 founding of Beringer Vineyards, a winemaking legacy has been created. The TWE portfolio includes iconic brands such as Beringer, Chateau St. Jean, Lindeman’s, Wolf Blass, Penfolds, Rosemount, Wynns Coonawarra Estate, Stags’ Leap Winery, Matua Valley, Etude, Castello di Gabbiano, Seppelt, Coldstream Hills, and Devil’s Lair.

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.

Greg Phillips
National Business Manager
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Throughout 2012 the NSW State Committee made regular contact with multiple authorities to ensure that shipping industry interests were safeguarded. The excellent working relationship developed over the years between the port corporations in NSW and the State Committee continued under the leadership of chairman Bill Rizzi and vice-chairman Peter Creedon.

Meetings of the committee were held in the Sydney Ports Corporation (SPC) boardroom to cater for increased attendance by members, whose input at these meetings was most welcome.

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

**Industrial Issues**

In the early part of the year vessel handling productivity levels at Port Botany were seriously affected by industrial action and high absenteeism in the workforce, causing vessels to be restricted at times to handling only a certain percentage of their pro forma and evacuation of empty containers. This resulted in increased vessel operating costs.

Members were relieved when Asciano and DP World reached agreement with the Maritime Union of Australia (MUA) in respect of a new enterprise agreement for employees at their container terminals.

In July, Asciano announced an expansion plan that would result in around 270 redundancies at Patrick’s Port Botany terminal by mid-2014. The MUA promptly lodged a claim in the Federal Court to have Patrick’s Port Botany automation plans delayed. This is an ongoing issue.

Vessel movement at Port Kembla were acutely affected by the industrial action of PKPC Marine Pilots over a lengthy period during the year. SAL members were beholden to Port Kembla Port Corporation for managing the movement of vessels in extremely trying circumstances with the limited number of pilots available for duty. It is understood the parties finally came to an agreement on outstanding issues, with pilot services returning to some normality by the end of December.

**Port Productivity**

Committee members continued to participate in the Sydney Quayside Congestion Workshops arranged by SPC. These workshops proved invaluable during the early part of the year, when productivity at the terminals was pitiful. Members were very appreciative of the information collated by SPC, with monthly summaries of average gross berth moves per hour very helpful in determining trends in productivity. Members were delighted with the improvements in productivity achieved by the terminals in the latter part of the year. It is pleasing to note that record productivity levels were achieved at the Patrick Terminal in Port Botany, with almost 3300 lifts being realised in a 24-hour period. Members believe the introduction of new equipment assisted the terminal in achieving these targets and hopes this trend will continue into the future.

**Port Botany Landside Improvement Strategy**

With the introduction of PBLIS and the regulation and mandatory standards that support the Operational Performance Measures (OPM) at Port Botany there was concrete evidence that the receipt and delivery operations of containers at the terminals improved significantly. Truck turnaround times reduced substantially from previous levels. A review conducted by Deloitte Access Economics found the net present value of the PBLIS road reforms was expected to be 142 per cent higher than originally estimated following a successful first 12 months of PBLIS. These savings will benefit all parts of the industry and the NSW economy as a whole.

The Truck Marshalling Area (TMA), which opened in June and operates around the clock providing amenities for drivers, resulted in fewer queues around the Port Botany precinct.
SPC levied a $10.24 per TEU charge – to cover the costs of implementation of PBLIS, the information technology solutions to support OPM infrastructure, establishment of the TMA, and the cost of administering the OPM and TMA – by increasing wharfage on full imports and exports.

Members questioned SPC on the timeframe for reducing/removing this charge once capital cost items have been covered.

As per the Port Assets (Authorised Transactions) Act, 2012 the existing charge on wharfage of $10.24 per TEU to pay for the costs of the PBLIS will be part of the total wharfage to be eventually charged by the long-term lessor of Port Botany, whereas the costs arising from implementation of the strategy presumably will now be part of the NSW Department of Transport budget. SAL’s CEO wrote to the NSW Ports Minister seeking assurances that the industry would not be charged again for the costs of implanting PBLIS.

**Introduction of Weigh in Motion Systems for Containers**

Following the detection of overweight vehicles leaving the Port Botany terminals in 2011 and the issuance of improvement notices to the terminals by Roads and Maritime Services (RMS), both terminals installed Weigh In Motion (WIM) scales to weigh all trucks before they leave the terminal. Hutchison Port Holdings (HPH) has factored WIM scales into their terminal design and will commence operations in 2013 with this same capability to manage axle-mass breaches.

Following the decision by both terminals to levy shipping companies for the provision of this service, the secretariat sought and obtained clarification from them on how the charge for the WIM system was calculated.

The secretariat spent considerable time and effort on behalf of members protesting against shipping companies being held responsible for paying for the establishment of these WIM systems. Members continued to argue that the most efficient way was to add the charge to the Vehicle Booking System, which already gets passed down the chain quickly by trucking companies to the importer.

They also met with the minister who had been of the view that the ultimate objective of managing overladen import containers is to change the behaviour of the people ordering and packing the containers. To achieve that, he supported shipping lines playing their role equitably in the supply chain and doing what they can to discourage the overloading or uneven packing of containers at source and thereby contribute to the chain of responsibility legislation. The minister agreed to review the charging regime in 12 months’ time.

It was established that the current non-compliance rate was approximately 10 per cent (down from 26 per cent). About 1.5 per cent of trucks were found to be severely over the limits and were not allowed to exit the terminal, with the affected containers subsequently delivered by rail, low-loaders or re-handled. Members were concerned that some trucks in the substantial breach category were apparently not proceeding to a container freight station for rectification. RMS indicated that it would evaluate the data received from the terminals to establish which parties did not take remedial action when advised of non-compliance. Terminals have had no problems with delays or productivity due to the introduction of the WIM process.

**Empty Containers**

The management of empty containers was a significant issue for members, particularly in Sydney, as empty containers accounted for around 564,000 TEU of a total container trade of some 2 million TEU. With empty depot space being at a premium in the Sydney region, shipping companies must manage their empty containers in an efficient manner to enable timely and efficient delivery. This is particularly important during peak periods in trade. Empty evacuation statistics provided by SPC together with the depot capacity figures from International Intermodal Repairers Australia are of momentous value to members.

Bulk runs of empty containers are not included in PBLIS and as such there are no penalties for failure to handle them in a timely manner at the terminals. Members are of the view that turnaround times for bulk runs cannot be regulated meaningfully because of problems associated with forecasting such moves in advance. Following discussions with the stevedores, the issue of delays in servicing bulk runs has now been resolved to a great degree.

Empty evacuation restrictions imposed by the terminals during the periods of poor wharf productivity impacted severely on members at the beginning of the year.

Some Sydney depots have introduced a web-based information and visibility portal named Containerchain for the container logistics community. This system provides the tools needed for the industry to take control of the management of empty containers. It allows participants to view and transact empty container movements by road, thereby improving the overall efficiency of these movements and ultimately reducing costs for all port users. Since its introduction in Melbourne and Fremantle in 2011 SAL nationally has fully supported this initiative. The benefits to shipping companies are significant, with more efficient operations eliminating a vast number of futile trips.

**Rail**

DP World upgraded the rail capacity at Port Botany by opening a third operational siding and a dual entry and exit point for rail at its terminal. This additional capacity offered new rail windows, providing up to 500 additional rail moves per week.

Bill Rizzi, chairman
The NSW State Committee welcomed the establishment of a Rail Operations Coordination Centre (ROCC) as part of the Sydney Ports Rail Strategy. The ROCC will oversee the introduction of key operational performance measures to benchmark performance in the port rail supply chain to encourage efficiency and consistency through improved transparency of operation. Major benefits of the ROCC will include improved rail network utilisation and stevedore window utilisation with effective coordination, increased transparency through provision of operational performance reporting, and easier data and communication exchange across the port rail supply chain.

Rail windows and paths were still an issue with most trains arriving out of window at terminals and a lack of confidence for using rail, but the Port Botany Rail Team worked to ensure better uptake of rail. Exports decreased but imports increased with the modal share remaining constant. It is hoped that rail volumes will escalate when the Enfield Intermodal Terminal is operational.

The current Rail Access Regime remains virtually unchanged since 1996. Transport for NSW released an issues paper to review the NSW Rail Access Regime. The State Government wishes to double to percentage of containers moved into and out of Port Botany by rail. The challenge is that there is an estimated passenger usage growth of about 40 per cent by 2031.

New rail regulations will be enforced from 1 January 2013 with a two to three year transition period. This will mean that all private rail sidings will need to be accredited if they wish to handle cargo. The accreditation process is not only very costly but also time-consuming.

The Federal Government budget allocation of $26 million for the construction of a new passing loop at Hexham, which is on schedule for completion in 2013 and forms part of the Northern Sydney Freight Corridor upgrade, was a refreshing development.

**Long Term Lease of Port Botany and Port Kembla**

The NSW State Government confirmed that it would proceed with a 99-year lease of Port Botany as part of the re-financing deal, as well as the transfer of the Enfield and Cooks River logistics sites currently owned by SPC and Port Kembla, in order to increase funds for priority infrastructure projects across NSW. SPC will retain a “significant maritime role” at Botany and ownership of the ports of Eden and Yamba. SPC will be responsible for maritime security and emergency response functions, pilotage, navigation and the NSW government will retain its functions surrounding PBLIS.

It is expected that the lease will result in an estimated $2.5 billion income for the government. Of the $500 million expected to be generated from the Port Kembla lease, $100 million will be spent on infrastructure in the Illawarra. There are concerns that the leasing will threaten the planned $600-million expansion of Port Kembla’s outer harbour, but the Ports Minister has stated that the successful lessee would be contractually required to develop the site over the long term.

Members were naturally concerned that the incumbent would have no restrictions in maximising profits by increasing port charges and wrote to the NSW Treasurer expressing concern. The Treasurer advised that a price monitoring regime will be established to ensure transparency on pricing outcomes, similar to other major Australian capital city ports.

Shipping lines are of the view that the price monitoring scheme will not be effective in restraining unwarranted price increases. Although the Minister can, under other Acts, refer the matter to IPART, he has limited power to act to limit price increases even with an adverse finding by IPART.

**Intermodal Terminals**

Shipping Australia supports the concept of operating intermodal terminals in the suburbs, with shuttle trains linking IMTs to the port to ease traffic congestion in the vicinity of the port. IMTs would also assist in overcoming the difficulties resulting from receipt and delivery of containers being limited to a few daylight hours while the shipping industry and ports work around the clock.

SPC is on track to hand over the Enfield Intermodal Logistics Centre facility to HPH by the end of July 2013 or earlier. HPH is aiming for a soft opening of the IMT in early 2014.

Members were delighted that work on the next stage of the $172 million Port Botany Rail Upgrade project had commenced, expanding the Enfield rail yard so it can accommodate more trains at any one time and adding capacity by increasing the number of containers that can be transported along the line from 700,000 to around 1,000,000 a year.

Qube Group acquired a further 55 per cent stake in the Moorebank project (Sydney Intermodal Terminal Alliance or SIMTA). This 83-hectare site is currently occupied by the Defence National Storage and Distribution Centre. Although Defence has an option to remain at this site SIMTA hopes plans to move will soon be announced.

The Federal Government’s project at Moorebank is on the 220-hectare site housing the Defence Department’s School of Military Engineering. The government spent $70 million on plans to move the school and on a business case for a freight terminal on the site. It will now seek tenders from the private sector to design, build and operate the $1.6 billion Moorebank freight terminal. Subject to planning and environmental approvals, the terminal will be operational in 2017.

Essentially two competing intermodal projects are being proposed for the two Moorebank sites. The business case before cabinet argues for a larger facility to manage the expected growth in freight in and out of Port Botany for decades to come. It also argues for open access at the site, which would enable different logistics companies to compete for the right to operate parts of the hub. Some believe that competition issues would emerge if Qube Logistics was allowed to control distribution at Moorebank.

According to a detailed business case prepared for the government, the IMT is expected to take 1.2 million truck trips off Sydney’s roads each year and generate $10 billion worth of economic benefits, resulting in improved productivity. It is also expected to create an estimated 2625 construction jobs for the port.

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The above text is adapted from the Autumn 2013 edition of *Shipping Australia Limited*.
shuttle and interstate terminals and a further 1700 jobs for the south-western Sydney region.

SIMTA rightfully questioned why the Federal Government has no interest in looking at the private sector proposal which can be delivered earlier and at no cost to federal or state taxpayers, and which would provide freight and rail infrastructure urgently needed in NSW.

Moorebank is an ideal location for an IMT because of its proximity to major connecting routes such as the M5 and the Southern Sydney Freight Line and is central to achieving the State Government target of 28 per cent of the freight to Port Botany being moved by rail.

Qube Logistics has acquired the Macarthur Intermodal Shipping Terminal (MIST).

NSW Sea Freight Industry Group
Committee chairman Bill Rizzi has been appointed to the NSW Sea Freight Industry Group. This body provides the Minister for Roads and Ports and the Minister for Transport with strategic-level industry insight and expert advice on the development of the NSW Freight and Ports Strategy as well as on-going advice on the implementation of a program of works arising from the strategy, with particular reference to freight transport issues that impact efficiency and productivity.

Cruise Shipping
Thirty-three cruise ships visited Sydney Harbour in February 2012 – the highest number of cruise ships to ever visit the city in one month – with 214 vessels calling in the port during the season.

During 2012-13 $87 million will be invested in cruise facilities (about $57 million for the new White Bay Cruise Passenger Terminal and about $30 million to improve the Overseas Passenger Terminal). Construction of the cruise terminal at White Bay is expected to be completed by March 2013, with the official opening on 22 April 2013.

Prime Minister Julia Gillard announced at the NSW Labour conference that the federal government would guarantee three cruise ships a berth each at Garden Island over the next two cruise seasons. This came after a review by former defence department secretary Dr Allan Hawke found the Garden Island proposal to be incompatible with the future needs of the navy. He recommended cruise ships be located in other areas such as Port Botany.

SPC announced a major revision to site occupation charges for cruise vessels in Sydney Harbour applicable from 1 July 2013. The committee discussed the proposed charging regime with SPC, including suggesting a phased approach to price increases, and reiterated members’ concerns without much success. The port charges for cruise vessels ($670 per hour site occupancy charge was reduced to $250 per hour in 1996 to assist the growth of the cruise sector) had not been increased for quite some time and the NSW Treasury is now seeking return on investment.
David Hislop (Hetherington Kingsbury) continued as Chairman of both the SAL Queensland State Committee and Steering Committee. Geoff Daigleesh (K Line) has been appointed Deputy Chairman and will head up each committee when David relinquishes his position in October 2013.

Other members of the Steering Committee are Sharon Ralph (APL), Russell Stuart (Gulf Agency Co), Gary Wotherspoon (Hyundai MM), Steve Pelecanos (Brisbane Marine Pilots), Matt Hollamby (Patrick Terminals), Peter Keyte (Port of Brisbane Pty Ltd). Bill Guest remains as Secretary.

It was disappointing to lose John Widdis from the Committee following the decision of Malaysia International Shipping Corporation (MISC) to withdraw totally from container shipping and close their Brisbane office.

The Steering Committee was expanded to compensate for the decision made mid-year to reduce the number of State Committee meetings from bi-monthly (six) to quarterly (four). As such the objective is for the Steering Committee to promptly cover the more urgent issues.

Equally the intention remains that each State Committee meeting will commence with an address by a speaker on a subject of special relevance to the shipping/transport industry. Presentations in 2012 included –

Damian Garske (PBPL) – operation and benefits of the PBPL Vessel Tracker system which covered ship movements between Port Cartwright and Breakfast Creek in real time. Data acquired from on board AIS transponders via Google Earth and includes QShips input.

Brenton Winn (Brisbane Marine Pilots) - demonstrated the new inclusions of the BMP website which had been revamped to provide better operational data for the many ships that now had internet access. The website also provides details of the various port procedures (including passage planning etc) and is intended to be a useful aid (with links also to MSQ) for ships visiting Brisbane.

Greg Messiter (Regional Programme Manager DAFF) – in presenting ‘Changing DAFF – The Way Ahead’ Greg explained that earlier Biosecurity threats (Foot & Mouth, Asian flu etc) against Aust called for 100 per cent intervention at the border (airports, seaports, mail) and this committed substantial resources. The new mission is to provide a stronger DAFF public presence (get the stakeholders involved) and to pursue a rational risk return approach to Biosecurity issues.

Allan Uhllmann (TMR Project Manager) and Deb Daly (Communications Officer) provided details of the Port Connect Project which centres on the upgrade of the Port of Brisbane Motorway. This State Government funded venture starts at the Gateway Bridge and duplicates much of the present roadway by increasing to two lanes in each direction and then building a four lane extension to Prichard St, Lytton. Completion will be mid 2013 and from there (the port boundary) it will be the responsibility of PBPL to construct the matching extension when projected cargo growth justifies.

Bevan Moore (Manager of Operations Business. Queensland Fire and Rescue Service) clarified the processes for both the operational procedures and financial consequences (recoveries) following a 000 call. It was stressed that the key objective of the QFRS is the protection of life, property and the environment. Such governed the level of response to any perceived emergency which may be difficult to initially interpret and would be dependent on the reliability of the information flow. An emergency requires immediate action and, in accordance with the Fire Act, that is to take all reasonable measures to deal with danger that could (or maybe) caused to any persons, property or to the environment.

Isnan Rahman (Manager – Brisbane Container Terminal - BTC) provided a breakdown of the substantial worldwide activities of Hutchison Whampoa Limited (WHL) of which Hutchison Port Holdings, (and hence BTC) is a subsidiary.

For ports and related services under the HPH banner there are seven regions globally. Australia is within the Australia North Asia (ANA) division and defined as Hutchison Port Australia (HPA) which is responsible for operations in Brisbane and Sydney (incl Enfield).

For Brisbane, berths 11 and 12 (total quay line for 11 and 12 is 660 metres) are likely to have 5 cranes to service 8 container stacks (9 across and up to 5 high) with further expansion then
dependent on business opportunities. Depth along the quay line will be 14 metres. Six automatic stacking cranes are to be delivered and assembled by early Jan 2013.

It should be also noted that invitees to State Committee meetings regularly include senior representatives from MSQ, DAFF and the AC& BP Service. Their input is valuable and feedback confirms the benefits they also receive by gaining broader industry knowledge.

2012 Overview

Despite ongoing trading and competing challenges among the container operators, which has seen the demise of MISC, cargo volumes through the Port of Brisbane continued to show positive growth. The million container throughput in early 2012 was another milestone with export volumes being supported by substantially improved liftings of cotton, grains and cereals plus reefer products (beef). The Asian region, especially China, was the main export destination.

Improvements in imports can again be attributed to the ongoing strength of the Australian dollar and CSG/ LNG projects (machinery/pipes etc). The strong Australian dollar continues to facilitate import growth especially in white goods and motor vehicles and puts yet another nail in the coffin of Australian based manufacturers with the inevitable escalation in unemployment levels.

Shipping agents have also released staff in Brisbane with Maersk making the decision to relocate their Customer Service Centre to Sydney by mid 2013 with many employees being unable to move interstate. SAL is only too pleased to assist local employment by circulating CVs to members and the shipping/transport industry.

Employment issues are also impacting on Queensland and Federal Government instrumentalities with whom we closely work. Since the election in March of the LNP Newman Government, Maritime Safety Queensland (MSQ) has been downsized and relocated within the Department of T&MR under the Safety and Regulation Division. SAL works cooperatively with MSQ and expects to be involved when MSQ move to a purely regulator role for port pilotage services – refer Queensland Ports Pilotage below for further details.

Both DAFF and the AC&BP Service adopted sound risk assessment policies during the year in response to the timely reexamination of their processes/procedures and the inevitable pressures on resources. More details follow under respective subject headings.

2012 Issues

Queensland Shipping Information and Planning System (QShips) progressive upgrades in reaction to user needs has ensured the reliability of this web based ship management system. MSQ has developed useful ‘add ons’ and more recently electronic invoicing (pilotage and conservancy accounts) has been successfully introduced. Design started in 2002 with the system becoming mandatory in 2009. Since then a number of refinements has improved the functionality of the system albeit that this essential tool does remains short of a ‘one stop shop’.

Harbour Control

Some siting of the shipping channels still occurs well after the disastrous Jan 2011 floods. The PBPL keeps the industry informed of depths and dredging activities but has stressed the need for agents to provide at least 14 days notice to the PBPL/RHM of deep draft ship arrivals/departures. Mooring Gangs – the size of gangs at some facilities became a safety and operational issue in 2011. In an effort not to enforce fixed (and possibly excessive) numbers the Port Procedures Manual was amended to read ‘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 were no related issues in 2012.

Passing Restrictions – SAL members raised concerns that passing restrictions within the Brisbane River had not been reviewed for a number of years and that the current rules were resulting in some ship delays. It was acknowledged that the more modern and larger container ships had not been factored into the regulations. The Regional Harbour Master, with Bris Marine Pilots and SAL input, is presently reviewing with any changes likely to be implemented by April 2013.

Pilotage – Queensland Ports

Following substantial rate increases in 2010 and 2011, which included some ‘catch up’ inclusions, there has been acknowledgement by MSQ that rate adjustments should provide ample warning to industry and be more in line with CPI movement. Service users would prefer lower but more predictable rate increases over frequent (yearly) timing rather than substantial increases over a longer period. Rates did increase by 5.5 per cent on 1st July 2012.

Further to the Overview comment, it should be noted that since 2002 MSQ have been both the regulator and service provider for Queensland ports. This is with the exception of Brisbane where Bris Marine Pilots (BMP) provides services under contract with MSQ.

It is the objective of MSQ to return strictly to the regulator role and careful examination is now being given to such issues as the provision of pilots, service delivery, pricing mechanism and safety regulation.

While the safety regulator would definitely be MSQ, the ‘provision’ and ‘delivery’ elements both are presently under intense review and no decision has yet been made on the preferred model. The ‘pricing mechanism’ questions present more difficult solutions in that while port specific charges are preferable that would make some remote ports uneconomical to service. Industry has acknowledged the legitimacy of some cross subsidisation but the influence of a number of pilot providers has to be worked through and that will take time!

SAL will have input and will continue to stress the need for rate transparency and that MSQ revenue derived from the pilotage services be directed back into that industry.

Once recommendations are made and accepted by the Queensland Government there will need to be legislation changes and that is unlikely before the early/mid 2013. Meantime the MSQ contract with BMP is due for renegotiation but with the regulator role for MSQ still be defined an extension until 2017 is probable for current contract conditions.

It is to be noted that MSQ presently control the Brisbane Smartship simulator commissioned in 2012. This facility offers courses for Marine Pilot training and may not ‘fit’ the regulator role of MSQ. A decision concerning this Queensland State asset is yet to be made.

Pilotage – Coastal

In late 2010, as a consequence of the 2009 grounding in the Torres Strait of the ‘Atlantic Blue’, the Australian Transport Safety Bureau (ATSB) identified deficiencies in the safety management of Queensland coastal
pilotage operations. At the request of AMSA the ATSB then initiated an investigation to ensure that the processes set by the three service providers adequately minimises the risks of shipping accidents in the Great Barrier Reef and Torres Strait.

In fact the service providers initiated many corrective actions, especially related to a series of MO54 amendments, well before the release of the final ATSB report in October 2012.


Brisbane Port Security

The Maritime Security Identification Card (MSIC) remains under ongoing review with conditions tightening to exclude applicants convicted of more serious criminal offences. This has resulted from recommendations made by a task force headed up by State Attorneys General which examined the adequacy of maritime (and aviation) security measures to combat serious and organised crime at Aust (airports) seaports.

As a consequence background checks are more in depth and at additional expense to applicants.

Many MSICs are now in the time scale to renew or if not then each must be returned to the MSIC issuing centre.

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.

2012 issues include:

Overdimensional Cargoes - Procedures for OD loads on PBPL roads were confirmed. All OD vehicles (4.5 width and over) travelling on gazetted public access roads at the Port of Brisbane must apply for a police permit and have a police escort (when available). PBPL can assist when police are unavailable to escort such loads. In this instance, PBPL is required to forward a Traffic Plan to Police, and, subject to police approval, supply Traffic Controllers. The costs for this are borne by the freight forwarder or cargo owner.

Overweight Cargoes – while the availability of a fully automated weighbridge at the BMT has helped to reduce the risks of OW cargo/containers exiting Fl, more corrective incentives will be encouraged when the Department of Transport and Main Roads positions weigh in motion (WIM) facilities in both directions on Port Connect. These WIM units should be in operation in March 2013 and will complement similar WIM devices being installed at the DP World Fl terminal.

During 2012, PBPL negotiated a mass concession for vehicles exiting the stevedore terminals which allows them to exceed statutory limits within the Port precinct. This is designed to allow overloaded vehicles to proceed to facilities within the port precinct to resolve the overload by weighing the vehicle, unpacking the container, or changing the truck or trailer.

Port Motorway – with the completion of Stage 2, the PBPL is now examining the timing and options for the upgrade of Port Drive. While it is pleasing that the motorway will cope with projected traffic for some years the same cannot be said for rail.

It is of concern that, with cargo doubling over the next ten years, rail access into the port will be constrained by competition from passenger trains and lack of capacity west of Ipswich. The PBPL is actively pursuing this important issue with the Queensland Government.

PBPL/TMR/QLTC Import/Export Logistics Chain Study - has been underway since Sept 2012 and a draft report will be produced by late January 2013. The major objectives of this study are to gain a clear understanding of the landside movement of containerized and non containerized commodities and their supply chains. Also establish current and contestable boundaries for each commodity plus identify current and future restrictions in these supply chains.

Australian Customs and Border Protection Service (AC&PBS)

A cooperation relationship continues between SAL and the AC&PBS in Brisbane. The Chairman and Secretary met early in the year with Dr Ben Evans who, as the incoming Queensland Regional Director for the service, expressed his intention of being ‘hands on’ with the shipping community. That has occurred with Dr Evans attending a SAL Queensland State Committee meeting and later addressing members and industry participants at an SAL luncheon.

It is pleasing that the AC&PBS has set a national objective of moving from the manual compilation of Customs documents to a more streamlined web based system. As such responsive PC programs are being developed. SAL input is to be sought along with other industry consultation early in 2013.

Meantime in respect to other local issues

Immigration Clearances – Customs firm that for first port callers the immigration clearance will NOT be issued until first line and the actual arrival notification is to the ICS. Until then no one can disembark. This issue was raised initially as some agents
had assumed that for a ship berthing out of hours, and no Customs officer in attendance within a reasonable period, then a clearance had been issued albeit not delivered!

Berthing times – changes to be advised to Customs (by email or phone) within 12 hours prior to arrival as corrections some four to six hours out are not always reflected within QShips.

Crew Lists - Customs prefer provision in PDF format but are prepared to accept in Excel.

Section 15 – extended to cover the new HPH berths at Fl 11 and 12.

Attendance Hours – industry kept informed of adjustment to Customs ship attendance hours where routinely the local office is not attended between 2215 and 0500 hours daily. As such there is cooperation re the issuing of pre clearances (incl Immigration) when it is known that vessels will be departing outside those working hours.

In respect to ships at anchor, a Form 175 only is required rather than Customs needing to be present to witness crew changes. Additionally amendments to Form 5 (Ships Stores and Bond Store releases) mean that Customs officers now no longer attend commercial vessels for every bond store release.

Department of Agriculture, Fisheries and Forestry (DAFF) – the Federal Government decision to absorb AQIS within DAFF has brought positive results along with the objective for DAFF to strengthen the interface with industry. That has certainly happened and SAL is appreciative of the DAFF approach to risk management and keeping industry well informed of further initiatives.

SAL have been involved with the consultative process regarding new biosecurity legislation (coupled with the drafting of the 100 year old Quarantine Act) which is to be introduced in July 2013.

Pratique fees were to increase in October 2012 but have been put on hold as corrections to be DAFF Vessel Monitoring System (VMS) are made. Within the DAFF risk assessment approach there will be financial incentives for ships to become ‘compliant’ and thus less likely for inspection.

**Training**

While SAL are not now conducting face to face training, the new web based ‘Fundamentals of the Maritime Industry’ provides a convenient substitute. Details are located on the SAL website under Courses and Careers.

Industry Networking – it is pleasing to report that Young Shipping Australia Queensland (YSQAQ) got off to a good start in August with a visit by seven to the MSQ Vessel Traffic Office at Pinkenba. This generated more interest in YSAQ where currently membership is over the 40 mark from 10 different agencies. The lead role has been taken by James Kurz of PAE who organised a YSAQ table at the SAL Shipping Industry Ball on the 12th October, followed by a visit on the 22nd October to the MSQ Smart Ship AEq Simulator at the Airport precinct.

Further functions are in the pipe line with the inaugural AGM planned for Feb 2013. That will be to elect the leadership committee and set the fee structure to support future YSAQ activities.

**Events**

In the interests of maintaining social interaction within the shipping/transport industry, SAL continued to hold networking functions during the year.

In May the SAL Golf Day was held at the Pacific Golf Club in Carindale and in October the SAL Shipping Industry Ball at Moda Events Portside was attended by 280 for an enjoyable evening.

Each event received great sponsorship support from which financial contributions were made to the Brisbane Mission to Seafarers and Stella Maris Apostleship of the Sea organisations – both worthy recipients.

SAL Luncheons for members and industry participants. Guest speakers

In August – Dr Ben Evans (Regional Director Queensland) of the AC&BPS. Subject - ‘The Boarder towards 2025’.

In November – Llew Russell AM (CEO of SAL). Subject – ‘What can 31 years in shipping teach us about the future’?

SAL is grateful that the Queensland Minister for Transport and Main Roads the Hon Scott Emerson has made his time available to speak on the 11th April 2013. Details will be advised closer to the date. Anyone wishing to receive invitations to SAL Functions should make contact with the Queensland Secretary Bill Guest on 07 3378 2477.

**Objectives for 2013**

To continue to make a positive contribution to the Queensland shipping community in the interests of SAL members. With the reorganisation of Queensland State Committee meetings and the increase in Steering Committee members, SAL Queensland can more quickly respond to the urgent issues.

There is no doubt that all parts of the industry will continue to feel financial pressures during 2013 and the Secretariat will work with members to mitigate the effects. It is noted that the Maersk Customer Service Centre (at Toowong) will relocate to Sydney by mid 2013 and for staff unable to move, SAL can distribute CVs through the industry to assist reemployment.
South Australia has a mainland coast line of 3,816 kilometres with nine commercial Ports capable of handling international trade cargoes.

Flinders Ports P/L operates the following six ports under a lease agreement with the Government of South Australia - 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.

South Australia State Steering Committee effective 1st January 2012:

The SAL steering committee consists of Mr Geoffrey Rose, Hetherington Kingsbury Shipping Agency (chair), A Brundish, Five Star Shipping & Agency Co Pty Ltd (COSCO) (vice chair) together with Messrs; 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 meets on a when required basis, to promote a close working relationship with Australian Customs and Border Protection Service (ACS), Australian Maritime Safety Authority (AMSA), DAFF Bio Security (DAFF), SA Department for Transport, Energy and Infrastructure (DTEI) and Flinders Ports SA (FPSA).

Messrs G. Rose serves on the SA Freight Council (SAFC), Executive Committee as Vice Chair with Mr Brundish as the alternate SAL representative.

Messrs I Henderson and K Fox are the SAL representatives on the Container Terminal Monitoring Panel 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.

The quarterly SAL - State Committee Meetings have been cancelled due difficulty in getting members to attend. The meetings also doubled up with information from the “South Australian Port Users Group” meeting held quarterly by Flinders Ports which covers port related matters including facility operations. SAL members are still kept up to date with any important SAL issues via email.

South Australian cargo volumes and vessel call information
(Supplied courtesy of Flinders Ports P/L)

2012 Cargo Volumes (Calendar Year):
Motor Vehicles (Units) Imports 42,277 Exports 14,828

Liner Shipping

- Total Import & Export Container volumes for calendar year 2012, including empty units was 330,724 TEU.

IMX Resources Iron Ore exports

- 34 vessels loaded 2,569,524mt of Iron Ore A/C IMX Resources in calendar year 2012, averaging a lift of 75,574mt per vessel.

- This cargo is loaded via three quarter high open top containers at the Flinders Adelaide Container Terminal (FACT) using a Rotainer Spreader.

Grain, Stock Feed and Legumes

- South Australia exported the following in calendar year 2012:
<table>
<thead>
<tr>
<th>Port</th>
<th>Vessel Class</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pt Adelaide</td>
<td>Container</td>
<td>327</td>
</tr>
<tr>
<td></td>
<td>Dry Bulk</td>
<td>455</td>
</tr>
<tr>
<td></td>
<td>General - NES</td>
<td>128</td>
</tr>
<tr>
<td></td>
<td>Livestock</td>
<td>10</td>
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<tr>
<td></td>
<td>Passenger</td>
<td>20</td>
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<tr>
<td></td>
<td>Tanker - (Petroleum / Other)</td>
<td>174</td>
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<tr>
<td></td>
<td>PCC &amp; RO/RO</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1252</strong></td>
</tr>
<tr>
<td>Port Giles</td>
<td>Dry Bulk</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>General - NES</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
</tr>
<tr>
<td>Port Lincoln</td>
<td>Dry Bulk (Grain/ Seeds)</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>General - NES</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Passenger</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Tanker - (Petroleum / Other)</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
</tr>
<tr>
<td>Port Pirie</td>
<td>Container &amp; Bulk Cargo</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Dry Bulk</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>General - NES</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>61</strong></td>
</tr>
<tr>
<td>Thevenard</td>
<td>Dry Bulk</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>General - NES</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td>Wallaroo</td>
<td>Dry Bulk</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>General - NES</td>
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</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
</tr>
</tbody>
</table>

**Total Numbers Port Calls - 1596**

- **Grain** 5,859,249 mt
- **Stock Feed** 65,847 mt
- **Vegetable Legume & Oil Seeds** 6,592,317 mt

**Occurrences during the year 2012**

- Flinders Ports purchased the remaining 60 per cent in the Adelaide container terminal on 2nd July 2012 from DPW.
- The container terminal was re-named Flinders Adelaide Container Terminal (FACT). There was an immediate improvement with the container receival and delivery process at the container terminal once taken over by Flinders Ports.
- Fact are currently reviewing the layout of the terminal with possible re-designing on the cards to improve throughput and efficiency.
- On 17 December 2012 it was announced that Glencore International had completed all the pre-buying tasks and was buying Viterra P/L, South Australia largest storage and grain handling company.
- Viterra’s loading plant at berth - Outer Harbor No 8 suffered major breakdown damage on 21 July 2012. Viterra called “Force Majeure” on the incident. The remaining SA grain loading ports and plants had to handle the extra vessels and cargoes as a result of the breakdown.
- The plant was repaired and commissioned with the loading of the M/V Thersea Shandong on 21 December 2012, five months after the incident.
Office bearers

At its meeting on 13 December 2012, the Victorian State Committee elected Peter Bartlett (State Manager, AsiaWorld Shipping Services) as its Chairman for 2013; his third consecutive year in this role.

Kon Makrakis (State Manager, Mediterranean Shipping Company Aust P/L) was elected Vice Chairman for a second consecutive year.

Meetings

The Victorian State Committee (VSC) comprises the senior officers in Victoria of member Lines and Agencies and by invitation, corporate Associate members. State committee meets at two-month intervals.

In the past two years, the scope of VSC meetings has been widened and enhanced with the presence and significant contribution of DAFF Biosecurity and Australian Maritime Safety Authority representatives. In a recent initiative, Australian Customs and Border Protection personnel were invited and attended the meeting in October. As their contribution was both germane and of much interest, it is hoped that Customs will participate in State Committee meetings throughout 2013.

The Victorian Steering Committee comprises six members with expertise in a wide range of shipping-related arenas. It meets on alternate months to VSC and is the source of SAL representation on a number of industry-related sub-committees and working groups.

SAL Victoria membership of ‘outside’ industry and port-related groups

Ministerial Freight Advisory Council (MFAC)

In June 2012, Minister for Ports Denis Napthine and Minister for Roads Terry Mulder jointly announced the establishment of MFAC, at the same time announcing the closure of the Victorian Freight and Logistics Council.

The joint statement confirmed that former VFLC Chairman John Begley would chair MFAC in the ensuing year and that the Council would comprise a number of industry leaders. Amongst others, SAL Chief Executive Llew Russell was appointed and has served on MFAC since its inaugural meeting.

Its Charter is to provide opportunities for Government to work closely with industry on initiatives for improving the efficiency and productivity of Victoria’s freight and logistics sector. The joint statement went on to say:

“We are facing many challenges in Victoria with a rate of growth in freight that is surpassing population and economic growth. Being able to tap into existing industry expertise will help us shape future plans, such as the Victorian Freight and Logistics Plan, to deliver the infrastructure needed to handle the growth”.

“MFAC will assist Government as it tackles the challenges of increasing port capacity with the $1.2 billion development being undertaken by PoMC including a new container terminal at Webb Dock and the development of Hastings as a new container port.”

“MFAC is being established to replace the existing VFLC and will provide advice directly to Government.”

The Victorian State Committee of SAL applauds the establishment of MFAC and envisages that its direct link with the two Ministries will be an invaluable conduit for Government and industry to engage. However, it is the opinion of State Committee that the demise of the Victorian Freight and Logistics Council (VFLC) leaves a gap in the disbandment also of its sub-committees, Freight Efficiency Group and Infrastructure Working Group.

Victoria’s Freight Efficiency Group (FEG) was a long-standing working group of VFLC until the latter was replaced by MFAC.

From 2004 until 2011, FEG had provided critical industry feedback to Government and led several intermodal projects including for example, the landmark Business Activity Harmonisation Study which involved over 500 companies working together to increase import/export supply chain awareness to overcome inefficiency and logistics chain disconnects emanating at the port of Melbourne.

In 2011, the group decided to change the way it operated and to focus wholeheartedly on providing timely advice to the Victorian Government on its many (usually port-related) projects that actually or potentially could impede supply chain efficiency.

When providing advice on the port of Hastings development for example, FEG highlighted many significant commercial and landside industrial logistics issues which at the time may not have been welcome.

When the VFLC ended in July 2012, the Group found itself with no formal purpose and no formal link to Government. There was a possibility it would fold, but the reverse is true. The group has been reinvigorated by its new found freedom and in December decided to take on a new name, broaden its membership and continue supporting whole of industry issues that have always been close to the heart; whole of supply chain efficiency and productivity and objective, commercially accurate advice to Government about what works and won’t work for Victoria and Australia’s supply chains and the industry at large.

The group involves representatives from businesses at each point of the supply chain and the main operator associations including SAL Victoria. It is expected that there will be an announcement in March 2013, heralding a new era in this group’s history.
Port Capacity Project Liaison Group (PCPLG)

This group was formed in mid-year by PoMC and comprises a wide range of expert representation both from port-related industry and community-based organisations. It is not a decision-making group, rather, its role is to identify and table any areas of concern which port extension might have the potential to impact on the community. It remains the prerogative of PoMC and other relevant State instrumentalities to evaluate and decide upon the issues raised.

SAL is represented on PCPLG by Alan Miles of K-Line Australia Pty Ltd and the Alternate is Michael Stee of Wallenius Wilhelmsen Logistics.

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 the delegates have a connection with OH&S or the environment. SAL is represented by Aaron Bridgeman of Hamburg Sud and the Secretary.

Customs Logistics Chain Consultative Committee Vic (CLCCCV)

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

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

Victoria’s commercial ports

It can be said in truth that SAL and its member lines and agencies take much pride in the facilities provided by all of Victoria’s commercial ports and their proactive approach to future development. For geographical reasons, it has been difficult to have regular meetings with regional port Authorities but it is the intention to establish regular discussion during the course of 2013.

Port of Melbourne Corporation (PoMC)

In addition to the already mentioned initiatives undertaken by PoMC, SAL has taken part in PoMC’s engagement with port-related industry in other areas:

Marine risk assessment is being undertaken of all marine activities within PoMC’s jurisdiction following a substantial increase in commercial ships’ traffic post channel deepening and a vast increase in the number of recreational boating activity.

The assessment is reviewing all marine activities related, but not limited to:

- The management, movement and interaction of commercial and recreational vessels within PoMC waters.
- Regulatory compliance to safety of navigation for all users of port waters.
- The management of port-related assets and infrastructure, including channels, navigational aids, etc.
- Emergency response services.
- The impact of ship movements in PoMC waters on adjacent areas and other users of Port Phillip Bay.

The Victorian Steering Committee has already had a wide-ranging interview with the consultants and regard the exercise inter alia, as a most effective way to create guidelines for the conduct of the ever-increasing traffic, particularly in the channels.

Empty Container Park Working Group (ECP WG)

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

At that time, PoMC undertook the role of independent chair, also making its premises and other resources available. SAL Vic takes this opportunity to express members’ appreciation of the stewardship shown by PoMC in this and so many other avenues of port administration.

The dramatic change in the situation is a tribute to Containerchain and this vast improvement portrays the degree of cooperation which has been displayed by all parties.

Amongst the unfinished business is the need for all Lines and Agencies to adopt EDI messaging when communicating with their respective empty container parks. It is apparent that most member lines have adopted this practice albeit, in some instances, the change to EDI is incomplete and it is hoped that Lines will move towards a complete change to EDI as soon as possible.

Port Licence Fee (PLF)

It cannot be denied that the PLF is unpopular. PoMC and indeed the Minister for Ports are well aware of this. However, SAL fully understands the circumstances which led to its introduction and the role being played by PoMC with regard to its collection.

SAL has expressed its disappointment that the yield is not hypothesised toward a fund for the provision of infrastructure specifically related to the improvement of road and rail access to and egress from the port of Melbourne.

Young Shipping Australia (YSA Victoria)

A recent initiative by our Chairman failed to materialise when the Chair-person and a colleague of YSA Victoria were unable through work commitment, to attend a State Committee meeting as observers.

It is anticipated that early in 2013, YSA Victoria will be able to avail itself of this opportunity to view proceedings as observers and present an overview of YSA’s planned activity for 2013.

Functions

Luncheons are traditionally held in the idyllic Jim Stynes Room at the Melbourne Cricket Ground and two such Luncheons were held in June and October. The guest speakers were Stephen Bradford, CEO of PoMC and Maurice James, Managing Director of Qube Holdings respectively. On both occasions, these gentlemen spoke to capacity gatherings; all present making it obvious by the attention paid, that both dynamic presentations had attracted intense interest.

The Annual SAL Industry Golf Day was held in March at the Waterford Valley Golf Club and yet again, was a great success.
In July 2012 Michael Connolly accepted the position of Western Australia’s State Committee Chairman. Michael is currently the Western Australian General Manager for Wilhelmsen Ships Service and brings to the table a wealth of experience.

Michael’s 19 years in the international shipping industry extends through the America’s, Africa and the Far East. His solid involvement and understanding of the various shipping segments from offshore construction, resource exports and Break-bulk shipping represents a wealth of diversified knowledge of the entire Shipping Industry.

Western Australia has the longest coastline of any state in Australia extending for 12,500 kilometres. Shipping in Western Australia is broken down into five regions, the Kimberley, the Pilbara, Mid West, Metro and the South West. Western Australia also leads the national seaborne trade with the Port Hedland and Dampier Port Authorities ranked as the top two largest tonnage ports in Australia, additionally Port Hedland holds the title of the largest export port in the world.

**Kimberley Region**

The ports of Broome and Wyndam are the main ports in the Kimberley region and handle live cattle, mining and other agricultural commodities which are exported with general cargo and fuel that is in turn imported. Facilities at the Port of Broome have improved with the establishment of support facilities for the offshore oil and gas industry.

The INPEX Ichthys Field project is the largest project in the region and is focused on the LNG available offshore the Kimberley region. The project will introduce new jobs, business opportunities, infrastructure and advanced technology broadening the nation’s energy industries, capacity and infrastructure.

**Pilbara Region**

The Pilbara region is forever expanding with the number of iron ore and Liquefied Natural Gas (LNG) projects increasing. With this increase there has been concern about the Pilbara’s capacity to handle the expansion and to prevent severe shortage’s of berth space.

As a result a number of the established shippers are expanding their private berths, and future projects such as Roy Hill have plans to build private facilities. The Port Hedland Port Authority (PHPA) is also committed to supporting the junior minors with access to the bulk export market with the construction and expansion of Utah Point.

In addition to Utah Point the government is working in conjunction with the PHPA to solve the insufficient handling capacity for Break-bulk cargo to assist all project expansions. At present there are feasibility studies underway for Lumsden Point to determine the next stage of the expansion. The intention is to provide the needed infrastructure such as laydown areas, a ship lift, slipway, and loading facilities for industry including housing, defence paramilitary, marine and resource sectors.

Dampier the other major Pilbara port is a vital link for the region extending inland for iron ore and seaward to the oil and gas fields of the North West Shelf. Dampier Port Authority is focused on expanding the ports boundaries to include the proposed new deep water port Anketell and the Ashburton North development for the export of LNG and other hydrocarbon products.

**Mid West Region**

The Mid West region is focused around the port of Geraldton
which in 2012 saw Crosslands Resources cease iron ore exports and junior resource company Karara Mining commence hematite exports. This year Karara is focused and working on its plans for commissioning and increasing exports from Geraldton to 8 Mtpa. Karara has plans to further boost exports in the future as their mining operations increase.

The Mid West region suffered a large blow at the end of 2012 as the plan for the development of Oakajee, a new proposed deepwater port north of Geraldton was put on hold. Mitsubishi the owner of the Oakajee development advised that it was due to volatile commodity prices, uncertainty in the global metals market as well as significant cost blowouts.

**Metro Region**

In the coming years Fremantle Port is expected to see a number of changes given the government’s commitment in retaining Fremantle Port as the primary container port in Western Australia. As trade in the port has increased across all cargoes the Port Authority is thinking beyond the capacity of the inner harbour.

This year the government is expected to release studies looking into future land use planning in Cockburn Sound which would be required for additional container port options, when the inner harbour reaches capacity.

The share of traffic between road and rail is an essential aspect of increased container business. Fremantle Port has been focusing on this and by increasing rail business steadily they have avoided an excess of approximately 75,000 truck movements. These and other strategies are being developed by Fremantle Port and will contribute to their supply chain efficiency over time and a successful expansion.

**South West Region**

The South West region consists of the Ports of Bunbury, Albany and Esperance with expansion plans in place for both Bunbury and Esperance.

Bunbury is currently looking into the construction of a coal export terminal which is being sought by Lanco Infratech, the parent company of Griffin Coal. The intention is to develop Berth 14A with coal storage and loading facilities to allow coal exports to India from Griffin Coal’s Collie mines by 2014.

Esperance is currently working closely with the private sector determining the viability to develop a new multi user iron ore facility to cater for future exports from the Vdgarn Region. A number of options have been put forward to the Port Authority and should the project prove viable, it will presented to the state government. The Port Authority is looking to be proceeding to the procurement stage at the end of this year.

**Port Consolidation**

The West Australian State Government is focused on consolidating seven of the states eight port authorities into four regional port authorities. Included in this consolidation will be the Shipping and Pilotage Act ports (like Cape Lambert) previously run by the Department that will go to the nearest new port authority. The consolidation of these ports will take place in stages with a number of legislative amendments required. These requirements are planned to be drafted and presented to state parliament this year with port consolidation expected to commence in 2014.

- The Kimberley Ports Authority will comprise of the ports of Broome, Derby, Wyndham, Cockatoo Island, Koolan Island and the proposed port at James Price Point.
- The Pilbara Ports Authority will comprise of the ports of Port Hedland and Dampier, proposed ports at Anketell and Ashburton North, and the Shipping and Pilotage Acts (SPA) ports at Port Walcott, Cape Preston, Varanus Island, Barrow Island, Airlie Island, Thevenard Island and Onslow.
- The Mid West Ports Authority will comprise of the port of Geraldton, proposed port of Oakajee, and SPA ports at Cape Cuvier and Useless Loop.
- The Southern Ports Authority will comprise of the ports of Bunbury, Albany and Esperance.
- The Fremantle Port Authority will remain as a standalone port.

- The government believes that the consolidation will improve economic development, infrastructure management, capital funding, fiscal management and environmental management.

All Port Authorities are presently reviewing the legislative amendments required to facilitate the consolidation.

Western Australia’s overall expansion continues to look promising and it will be interesting to see how many of these projects come to fruition.
When Australia became a federation in 1901, one of the first Commonwealth departments to be established included a customs service. While a core role of the customs service over time has been the collection of revenue and clearance of goods, perhaps the more enduring role has been responding and adapting to new challenges.

Over the past 100 years, there have been major world changes that have affected our operating environment, including the introduction of containerised shipping, passenger aircraft and computer technology.

Customs and Border Protection faces many challenges in today’s complex world such as increasing volumes of trade and travel, operating in a tight fiscal environment and countering the threat from people and criminal networks who are working to circumvent border controls.

In order to meet these challenges, there has been a focus on coordinated border management which has seen a higher level of collaboration and integration between border agencies, domestically and internationally over the past decade. In addition to working with partner agencies, we continue to rely on the support and insight we receive from industry members.

The role of Customs and Border Protection is to protect the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure collection of border-related revenue and trade statistics.

Our role is multi-faceted. We work ahead of the border, at the border and post border to prevent crime such as people smuggling and the illicit movement of drugs, dangerous goods and dangerous people.

Intelligence led approach

Customs and Border Protection is working closely with both national security and law enforcement agencies more than ever before to ensure the protection of our border and communities. The effective sharing of intelligence with our partner agencies is a key element in our efforts to protect our border, given the high volume of imported goods, it is not feasible or necessary for Customs and Border Protection to check every container or parcel that comes across the border.

Customs and Border Protection uses an intelligence-led risk-based approach to cargo intervention. This means that we use intelligence gained to identify consignments that are high risk and examine one hundred per cent of those consignments. A number of detections have demonstrated the success of this approach such as in July last year, a joint operation with the Australian Federal Police resulted in a detection of over half a tonne of illicit drugs, including crystal methamphetamine and heroin.

This layered, risk-based approach is a process that begins long before people or goods depart for Australia. Border clearance processes are pushed back as close as possible to the point of origin. In dealing with organised crime Customs and Border Protection’s efforts are driven by strong tactical and strategic intelligence. Part of this approach involves learning more about criminal entities rather than individual transactions at the border.

If Australia is to reap both the economic and cultural benefits from the international economy and to keep our nation secure we need to find the right balance between security and facilitation. To achieve this Customs and Border Protection will continue to work at and beyond the border with
Australian and international partners. Perhaps our biggest challenge is to build on advances already made or underway so as to radically enhance our ability to identify and target high risk cargo and travellers at and before the border.

The threat from criminal entities, including serious and organised crime groups, cannot be underestimated. Criminal groups are involved in the illicit movement of a wide range of goods, including drugs and precursors, protected wildlife, counterfeit products and prohibited firearms and weapons.

Operation Polaris, a multi-agency taskforce, was commissioned in July 2010 to investigate criminality on the waterfront in Sydney, Newcastle and Port Kembla. The task force is comprised of officers from the Australian Federal Police, the Australian Crime Commission, New South Wales Police, New South Wales Crime Commission as well as Customs and Border Protection. Operational results include: 30 arrests, the seizure of over 12 tonnes of illicit substances and precursor chemicals, the seizure of 119 tonnes of loose leaf tobacco and 92 million cigarette sticks (which represent around $77 million in potential revenue evasion) and seizure of over $1 million in cash and ten firearms and three stun guns.

Earlier in 2012, the taskforce identified significant vulnerabilities to infiltration and exploitation by serious and organised crime groups, and made a number of recommendations focused on making it more difficult for organised criminals to operate at the waterfront and influence the cargo supply chain.

As a result of this, in May 2012 the Minister for Home Affairs announced a number of whole of government measures to strengthen the maritime environment. These measures impact a wide range of Customs and Border Protection stakeholders.

One finding by Polaris was that criminal groups were using the information about the status of goods in the Integrated Cargo System (ICS) to track the movement of containers holding illicit substances as well as interest from law enforcement in certain containers. In response to this, an ICS update was implemented to ensure that only those users with a direct and legitimate interest in goods can view the status of those goods.

In addition to this, we have amended the licence conditions for depots, warehouses and customs brokers. The new conditions make it the responsibility of the licensee to ensure that Customs and Border Protection systems or information, are not used for any unauthorised purpose or to assist, aid, facilitate or participate in any unlawful or illegal activity. A legislative change program is progressing, which will place obligations on cargo terminal operators and stevedores, similar to those that exist for depots and warehouses.

Customs brokers are also now subject to a system of mandatory continuing professional development. The professional development scheme has been established in consultation with industry members and requires brokers to participate in courses, seminars and other educational activities. Of the three development streams, the first stream has a focus on:

- ensuring brokers have a heightened capacity to understand their obligations;
- the risks they run if they fail to meet those obligations; and
- the ethical principles that should guide them in the conduct of their activities as a customs broker.

2012 challenges and achievements

Operating in a tight fiscal environment with an increased operational tempo, in all aspects of our business, meant that 2012 was another busy and challenging year for Customs and Border Protection.

During the previous financial year Customs and Border Protection continued to respond to increases in trade volumes that exceeded forecasts. Air cargo consignments increased from 14 million in 2010 11 to 18.4 million in 2011-12 and sea cargo volumes increased to 2.5 million. Ongoing economic uncertainty for industry saw businesses seek increased levels of trade support. We experienced a 12 per cent increase in applications for Tariff Concession Orders and an increase in anti-dumping applications from 11 in 2010 11 to 30 in 2011 12.

During 2011 12 Customs and Border Protection made a significant number of detections at our container examination facilities (CEF) nationwide, some of these include:

- 10,000 litres of hypophosphorous acid detected in Sydney
- 271 kilograms of cocaine detected in Melbourne
- 240 litres of safrole liquid, a precursor for MDMA detected in...
Sydney

- 129.7 kilograms of liquid methamphetamine and 14 kilograms of cocaine detected in Melbourne
- 118.4 kilograms of pseudoephedrine precursor chemical detected in Sydney
- 97.7 kilograms of heroin detected in Sydney.

In addition to detections of illicit drugs and precursors, there was a total of 175 tonnes of illicit tobacco and 122 million illicit cigarettes sticks detected at our CEFs nationwide.

In today’s environment, Customs and Border Protection faces the complex challenge of balancing our national security and law enforcement roles with facilitation. We facilitate the movement of legitimate goods and people, support international trade and contribute to the protection of our environment and natural resources, such as fish stocks.

Customs and Border Protection’s intelligence-led, risk-based approach, which supports the timely movement of legitimate cargo, is essential as cargo volumes continue to increase. The Time Release Study (TRS), which has been published annually since 2007, measures the time between the arrival of goods at the border and the time they are given permission to enter into home consumption. The TRS has consistently highlighted the visible and direct link between early reporting of documents (such as the cargo report and import declaration) and earlier clearance of goods.

The provision of information about goods, and their movement, enables Customs and Border Protection to begin risk assessment processes. The results of the 2011 TRS show that for sea cargo, documents are currently lodged more than four days before arrival, an improvement of close to two days since 2007. Clearance of goods now occurs within half a day of arrival, an improvement of almost one and a half days.

The border environment and future challenges

Australia is increasingly interconnected with global markets. International trade is vital for the Australian economy, tourism and business travel are also significant contributors. Customs and Border Protection is facing significantly increased trade and passenger volumes in coming years, the programs we deliver today are in response to the changes in our operating environment over the past decade. Ten years ago we cleared 4.2 million air cargo consignments, in 2011 12 we cleared more than 14 million air cargo consignments.

The volume of transactions at the border, both cargo and people is expected to increase markedly over the coming decade, cargo trade is projected to almost double in the next eight years: incoming sea container volumes will rise from 2.5 million to 5 million and air cargo consignments to 22 million.

Customs and Border Protection faces many challenges in managing the border. Typically, we have very short intervention times to detect prohibited goods and prevent illegal movements. Our risk assessment draws on strategic, operational and tactical intelligence. This includes information that importers, brokers, cargo reporters, freight forwarders and air and shipping lines provides to Customs and Border Protection.

Customs and Border Protection will continue to face a number of security threats. The threats faced in relation to terrorism, organised crime and people smuggling are just three that will likely endure in the foreseeable future.

The illicit economy is driven by the same factors as the legitimate economy towards globalisation. New alliances are working together to diversify criminal activities. In a complex trading environment, taking advantage of legitimate business structures becomes increasingly attractive to criminal.

The increasing sophistication of technology will provide opportunities for enhanced law enforcement and service delivery capabilities. However, it will also provide opportunities for those that look to circumvent border controls as they adapt to new technology.

It is essential to keep pace with technological advancements to stay ahead of these threats.

Customs and Border Protection will need to continue to balance our national security responsibilities while further enhancing trade facilitation. The environment that we operate in will continue to evolve and we will continue to respond to the challenges as they arise. This will be achieved by relying on a collaborative and integrated response from all partner agencies as well as a continued partnership with industry.
AMSA manages Australia’s National Plan for Maritime Environmental Emergencies. In 2012 we consulted extensively with all plan stakeholders to review existing arrangements. Seventy recommendations were accepted including a new governance system, enhanced pollution response stockpiles and revised emergency towage arrangements.
Three key areas of reform will impact our business

By GRAHAM PEACHEY, chief executive officer, Australian Maritime Safety Authority

In 2012, the Australian Maritime Safety Authority’s (AMSA) twenty-second year, we continued to progress many key projects and initiatives. In fact, it was one of the busiest periods in our history, as we completed the final steps to becoming the National Regulator in 2013. It is therefore timely to review our achievements and how these will benefit the maritime industry.

Maritime reform

Legislation passed by parliament in August establishes AMSA as the National Regulator for domestic commercial vessels in Australian waters and allows for the implementation of the new National System for Domestic Commercial Vessel Safety. As the National Regulator, we will be responsible for the administration of legislation governing all Australian commercial vessels, as well as the development and implementation of commercial vessel standards. In terms of sheer numbers alone, this will increase our responsibilities from around 6000 to 36,000 vessels. We will also be responsible for around 100,000 seafarers.

There are three other key areas of reform that directly affect our business at AMSA. Firstly, the new Navigation Act 2012 will modernise the way international shipping is regulated by AMSA, providing for high levels of safety and protection of the marine environment through transparent and flexible regulation. Secondly, legislative revisions were adopted on 21 June to establish the Australian International Shipping Register. The International Register, managed by our Ship Safety Division, formally came into existence on 1 July 2012. This register was implemented to facilitate Australian participation in international trade and growth of the Australian shipping industry.

Finally, the Maritime Labour Convention, 2006 (MLC, 2006) will enter into force internationally on 20 August 2013. We have been planning for the entry into force of the instrument and, as at the beginning of 2013, the draft Marine Order (to implement those parts of the MLC, 2006 to achieve full Australian compliance) is undergoing industry consultation. With the exception of the International Register, which is already

Scrap metal from MV Tycoon being loaded on the barge at Flying Fish Cove, Christmas Island
in place, all other reform measures will be implemented in 2013.

Marine environment protection

A major focus during the year for our marine environment officers was the completion of the review of the National Plan to Combat Pollution of the Sea by Oil and other Noxious and Hazardous Substances (National Plan) and the National Maritime Emergency Response Arrangements (NMERA). There is no doubt that the outcomes of the review represent a landmark in the almost 40-year history of the National Plan. The key outcome is that the National Plan and NMERA will be integrated into a single emergency response arrangement. These changes will, however, take time to implement, and we can expect the next year to be one of significant change for both the National Plan and NMERA. Following recommendations of the review, we developed a Memorandum of Understanding with the Commonwealth Scientific and Industrial Research Organisation (CSIRO). Under this memorandum, we will draw on the scientific knowledge and technical support of CSIRO before, during and after a maritime environmental incident (such as an oil spill), to help understand the impact of pollution on the surrounding marine environment.

Our oil spill response stockpiles received a boost in 2012, with the rollout of new state-of-the-art equipment to clean up and respond to oil spills more quickly and effectively. The equipment, worth some $13.5 million, was rolled out to National Resource Centres in Sydney, Melbourne, Devonport, Adelaide, Perth, Dampier, Darwin, Townsville and Brisbane.

The most significant environmental incident of 2012 occurred at the beginning of the year. On 8 January, the MV Tycoon broke free from its mooring at Flying Fish Cove and subsequently washed against the seawall and cliff face, spilling oil into the sea. AMSA and National Response Team members were involved in the clean-up until 17 February, when local control was delegated. On 16 April, the Australian Government announced its intention to step in to remove the wreck, after the owner failed to take practical action to commence a salvage or wreck removal operation. The wreck removal was undertaken by a contractor, and managed through a cooperative agreement between us and the Department of Regional Australia, Local Government, Arts and Sport. This operation concluded on 26 July, with salvors removing more than 1600 tonnes of scrap metal from the ocean.

Navigation and ship safety

To ensure the approach to shipping management in Australia’s north-east remains best practice, in 2012 the government created the North-East Shipping Management Group. Comprised of federal and state agencies, this group’s focus is managing the predicted growth in shipping traffic in one of the most pristine areas of our coast. It will constantly assess the effectiveness of current safety and management measures with a view to identifying additional or enhanced measures that may be needed in the future. The group is also working on a North-East Shipping Management Plan, which will recommend new and enhanced safety measures that might be needed as shipping activities increase.

On 31 July, the Hon. Anthony Albanese MP, Minister for Infrastructure and Transport, announced the creation of a network of Shipping Fairways off the north-west coast of Australia designed to improve the safe movement of ships in the area and protect our precious marine environment. The new Shipping Fairways are based on similar ship routing arrangements in Australia and overseas that have proven successful in reducing the risk of collision. They will be increasingly important, as shipping growth in Australia is anticipated to be in the order of 80 per cent in the next decade, mirrored by growth in our offshore sector.

As shipping traffic increases, so in turn does the workload of our marine surveyors. In 2012, our marine surveyors conducted around 8000 inspections of all types of ships and cargoes, with about 3150 initial and 850 follow-up port State control inspections. They also conducted some 80 initial and 30 follow-up flag State control inspections. We expanded our marine surveyor and specialist staff workforce during this period to allow a greater focus on specific risk areas and to address increasing workloads at higher growth ports.

Search and rescue

2012 posed a wide range of challenges to the Australian search and rescue system, with our Rescue Coordination Centre (RCC Australia) responding to thousands of incidents, including assistance to vessels, aircraft and people in distress around Australia, and passenger ferries in neighbouring regions. In total, we coordinated the rescue of 6228 people in distress at sea and on land.

Of particular note was the increased participation of merchant vessels in such incidents, demonstrating in each case commendable readiness and willingness to go to the aid of other mariners. The importance of selecting Merchant vessels and their crews play a vital role in the search and rescue system. For example, the crew of the MOL Summer (pictured) rescued 116 people from the sunken ferry MV Rabaul Queen in Papua New Guinea in February 2012. MOL Summer and four other vessels involved in the rescue received letters of commendation in the IMO’s Awards for Exceptional Bravery at Sea 2012.
this stage, the name AUSREP remains, and will officially change to MASTREP in phase two. Phase two, scheduled for July 2013, transfers all positional reporting for ships to AIS, manual reports will no longer be required and ships will only have to report particular information, enhancing shipping oversight and incident management. Phase three is tentatively scheduled to commence from July 2014. In this phase, Australia will work to introduce a ‘single window’ report in line with the principles of IMO Guidelines outlined in FAL.5/Circ.36. MASTREP allows for the provision of a more efficient and effective service to ships in line with IMO requirements, using mandated technology for ship tracking and reporting into the future.

In 2012 our work under the Torres Strait Marine Safety Program continued to flourish, due largely to the work of our Community Liaison Officer to the Torres Strait, Adrian Davidson. Adrian, in partnership with officers from Maritime Safety Queensland and TAFE, conducts numerous boating safety and licensing courses on Thursday Island, the outer islands and the Northern Peninsula area. Furthermore, he regularly travels to Papua New Guinea to assist the National Maritime Safety Authority in delivering safety programs. In late 2012, he assisted in presenting a round of BoatSafe – Train the Trainer programs designed to equip provincial government staff, school teachers, and qualified community leaders with the necessary skills to improve safety within the Papua New Guinean commercial small craft industry.

International and regional cooperation

Following Australia’s re-election to the International Maritime Organization (IMO) Council in November 2011, 2012 was another busy year for us at the IMO. We continued to provide representation at Council, sub-committee and working group meetings.

In June we signed a Memorandum of Understanding (MOU) with the IMO on technical cooperation. This memorandum formalises Australia’s contribution to IMO capacity-building activities, primarily in the Asia-Pacific region. Our officers are internationally respected and recognised for providing high-level training courses. We run, or assist with, numerous training courses in our region, predominantly in the areas of marine pollution response, port State control and search and rescue. Under the MOU we will continue to provide experts, host regional workshops and training courses and continue to explore opportunities for partnerships with the IMO and other regional Member States.

In August we hosted the seventh National Shipping Industry Conference, Natship12, in Melbourne. Although a national conference, our planning reflected the international character of the shipping industry. We were pleased to have a high-calibre of international speakers present including Koji Sekimizu, Secretary-General of the International Maritime Organization and Gary Prosser, Secretary-General of the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA). The Hon. Anthony Albanese MP, Minister for Infrastructure and Transport, also spoke at the conference, highlighting the importance of the government’s maritime reform process.

In 2013, we will host Spillcon 2013, the Asia-Pacific Oil Spill Prevention and Preparedness Conference, in Cairns. Also in Cairns, we will be hosting the 14th meeting of the Asia Pacific Heads of Maritime Safety Agencies Forum in July.

Looking ahead

Looking to the future, we expect the current pace of work to increase as we officially take on the role of National Regulator for domestic commercial vessels. Before, during and after this time, we will continue to work closely with industry and our state and territory counterparts. We will also maintain our high-level involvement within the IMO to ensure a sustainable and efficient Australian and international maritime industry. Furthermore, we will finalise the North-East Shipping Management Plan, to ensure future shipping growth is managed in this environmentally sensitive area.

The Hon. Anthony Albanese MP, Minister for Infrastructure and Transport, speaks at Natship12
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.

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In October 2012, the Australian Transport Safety Bureau (ATSB) released the final report of its safety issue investigation into Queensland Coastal Pilotage. The final report identified six significant systemic issues, including the central issue concerning organisational responsibility for the safety management of coastal pilotage.

The ATSB found that under the coastal pilotage regulations, no organisation, including the pilotage provider companies, had been made clearly responsible and held accountable for managing the safety risks associated with pilotage operations. As a result, responsibility for managing the most safety critical aspects of pilotage rested with individual pilot contractors rather than with an organisation that systematically managed safety risk.

The other safety issues identified by the ATSB were in relation to pilot training, fatigue management, incident reporting, competency assessment and use of coastal vessel traffic services.

The final report also documented the action that the Australian Maritime Safety Authority (AMSA) had taken or proposed to address the safety issues. The report included ATSB recommendations to AMSA and the pilotage providers for further action to be taken.

The safety issue investigation was sparked by the ATSB’s publication, in December 2012, of the findings of its investigation into the 2009 grounding of the piloted tanker Atlantic Blue. The nearly fully laden tanker was en route to Townsville with a cargo of petrol when it grounded on a sandy shoal off Kirkcaldie Reef in the Torres Strait. Although the ship was not damaged and there was no pollution, the potential consequences were concerning.

The environmentally sensitive Torres Strait is an internationally recognised Particularly Sensitive Sea Area and measures to protect it include mandatory pilotage.

The ATSB found that the Atlantic Blue grounded because its passage was not being properly monitored. Effective bridge resource management and passage planning would have prevented the grounding. Importantly, the investigation identified a safety issue with regard to AMSA’s system for checking the competency of pilots. In responding to this issue, AMSA advised that it was concerned that there might be broader systemic issues affecting the safety of coastal pilotage operations and that it would be pleased to see the ATSB investigate this matter.

The findings of previous ATSB investigations and a number of independent coastal pilotage reviews also indicated that there might be safety issues. Between 1993 and 2009, there had been five collisions and nine groundings (including the grounding of Atlantic Blue) during a coastal pilotage. All of those incidents were mainly the result of the inadequate management of the pilotage or navigation and were not due to extraordinary circumstances beyond the control of the pilot or crew. Consequently, the ATSB initiated a systemic safety issue investigation into Queensland coastal pilotage.

The GBR and Torres Strait are both Particularly Sensitive Sea Areas (PSSA) under the auspices of the International Maritime Organization. A PSSA is an area that needs special protection because of its significance for recognised ecological or socio-
economic or scientific reasons and which may be vulnerable to damage by international maritime activities. The criteria for the identification of particularly sensitive sea areas and the criteria for the designation of special areas are not mutually exclusive. In many cases a Particularly Sensitive Sea Area may be identified within a Special Area and vice versa.

To protect the Particularly Sensitive Sea Areas, Australia requires large ships to use the services of an AMSA-licensed coastal pilot when navigating the Torres Strait, the Inner Route of the GBR north of Cairns (Inner Route), the Hydrographers Passage off Mackay, or the Whitsunday Islands area.

All coastal pilotages are undertaken by a single pilot and, depending on a ship’s speed, an Inner Route transit takes between 25 and 40 hours, making it the longest single-handed pilotage in the world. Transits of the Torres Strait and the Hydrographers Passage, the two other main routes, take eight to ten hours and five to seven hours, respectively.

There are three providers of coastal pilotage services, and they operate in direct competition with each other. The two larger pilotage providers, Australian Reef Pilots and Torres Pilots, service all of the pilotage areas and, between them, have 95 per cent of the market share. Both of these companies were formed in 1993 from the former Queensland Government regulated monopoly pilot service when economic regulation was discontinued, thus allowing competition in coastal pilotage. Hydro Pilots, the smallest provider, was established in 1996 and services only the Hydrographers Passage.

In July 1993, when AMSA took over responsibility for coastal pilotage from the Queensland Government, an annual average of about 2,300 piloted ships transited the three main pilotage routes. In 2010, more than 4,700 piloted ships transited these routes. Piloted traffic in the region has, in fact, doubled in less than 20 years as the economies of Queensland and Australia have expanded. Shipping traffic in the region is forecast to increase at a greater rate, with traffic in the southern part of the GBR expected to double over the 10 years to 2020. A proportion of that increased traffic will transit the compulsory coastal pilotage areas and piloted traffic in the region will probably increase at a faster rate than that seen since 1993.

The ATSB investigation into the complex Queensland coastal pilotage sector required a thorough understanding of all its operations. Significant information-gathering was undertaken in order to build up a detailed picture of the culture and climate within the industry. This included a 92-question survey of all 82 coastal pilots. The survey questions were based on confidential, de-identified, pilot-reported safety concerns supplied by AMSA, matters identified in past reviews, various aspects of safety management and other relevant issues. Collectively, the pilots’ survey responses were a principal source of evidence for the investigation.

Following the survey, 22 pilots were interviewed by the investigation team. The ATSB held meetings with all key stakeholders, including AMSA and the three private pilotage providers authorised to assign licensed pilots to ships. The ATSB also obtained pilotage related records from AMSA and the pilotage providers. Fifteen stakeholders made submissions at the outset of the investigation.

The ATSB prepared a draft investigation report, identifying the safety issues, using the evidence collected. In December 2011, the report was provided to all stakeholders for comment. Eighty-nine submissions on the draft report were received from pilots and organisational stakeholders. Additional evidence and information provided in the submissions was included in the final investigation report.

At the time of the report’s release, AMSA had taken and proposed safety action to address the issues identified by the ATSB. Significant AMSA action included the publishing of standard passage plans for pilotage, and requiring pilotage providers to develop standard operating procedures for pilotage tasks undertaken by their contractor pilots. A review of the coastal pilotage regulations had been ongoing since July 2012. Action to address the issues concerning pilot training, fatigue management, incident reporting, competency assessment and use of vessel traffic services had also been taken and proposed.

Given the seriousness of the safety issues identified, the ATSB also featured them in its Safety Watch program— an online resource that highlights transport safety priorities and provides advice on what can be done to manage the risk.

The investigation report into the safety issue investigation into Queensland Coastal Pilotage (Investigation number 282-MI-2010-011) and the grounding of Atlantic Blue (Investigation number 262-MO-2009-001) are available on the ATSB website, www.atsb.gov.au, along with the Safety Watch information on the safety issues associated with coastal pilotage.
Managing biosecurity - no drop in the ocean

Seasonal Pests
Honey bees, Khapra Beetles and mosquitoes were among the most prevalent pests for 2012. The Pest Alert! Do you have stowaways on board? brochure was developed to inform crews and passengers of potential hitchhiking pests. The brochure is being circulated throughout Australian ports and has already received positive reviews from the maritime industry.

“DAFF continues to collect data to ensure we direct our resources to items which pose the highest biosecurity risk. This risk based approach, founded on evidence, allows us to recognise and respond to good compliance,” Mr Chapman said.

DAFF is implementing reforms to Australia’s biosecurity system to continue to deliver a modern system that is responsive and targeted.

In 2012 DAFF conducted a trial targeting the plant-destroying Asian Gypsy Moth (AGM). The trial assessed the biosecurity risk posed by vessels that were potentially harbouring the Asian Gypsy Moth.

“AGM larvae present a huge threat to rural and produce-growing areas, with the potential to cause billions of dollars of loss to the agriculture sector,” Mr Chapman said.

AGM are attracted to light and are most likely to deposit their eggs on vessels and cargo containers that are loaded at night. Larvae may feed on more than 600 different species of plant, including eucalyptus, apple and pear trees — all vital elements of Australia’s agricultural industry. AGM larvae can destroy thousands of acres of native bush and crops due to their immense feeding habits and are also able to travel huge distances as they disperse in windy conditions.

“Masters and crew now have a series of questions to identify whether AGM is present on their vessel. This means cleaning processes are available at berth upon arrival and reduced delays if AGM is found,” Mr Chapman said.

DAFF also expanded Burnt Pine Longicorn (BPL) data collection in 2012. Masters and crews were again asked to provide additional information on their pre-arrival documentation about the incidence of BPL on their vessel.

BPL is not established in Australia but they have the potential to cause millions of dollars in lost revenue for the Australian timber industry. BPL are attracted to cruise vessels which are often in port at night and brilliantly lit, creating a perfect environment for the light-loving beetles. The small, dark-brown beetles hitch a ride on vessels in the summer months on imported timber and cargo and present a threat to Australia’s forestry and construction industries. BPL larvae tunnel into timber, significantly reducing its quality and strength.
Effective communication with the shipping industry has led to more efficient and effective pre-arrival processing.

“The crew are in a perfect position to alert DAFF to the presence of seasonal pests before they arrive in Australia. We are continuing to work with the shipping industry to increase education about these biosecurity threats. The Masters and crews of vessels have a critical role to work in partnership with DAFF to prevent the introduction of pests and disease into Australia,” Mr Chapman said.

Vessel Monitoring System (VMS)
Technology will soon make entering Australia more efficient with the arrival of the new Vessel Monitoring System (VMS).

For over 20 years, the VMS has been the main receptacle for international vessels approaching Australia.

Under the current system, Masters and shipping agents use a combination of SmartForms and email to submit their pre-arrival documentation for entry into Australia.

“The shipping industry has highlighted some of the main issues with VMS. The department has found that the current VMS does not meet the needs of the shipping industry or our internal clients at DAFF. A new VMS is being developed to provide a modern, efficient and effective portal for vessel reporting and management for internal and external clients,” Mr Chapman said.

Enhanced features of the new system will include:
- automatic financial processes and better data capture to improve efficiency and effectiveness of invoicing
- increased efficiency for inspectors recording vessel inspection information
- more comprehensive recording of data for better targeting of high risk vessels and reduction in unnecessary intervention of compliant entities.

The system is still in development and is expected to ready for use in early 2014. Engagement with industry will be ongoing throughout the project.

Imported Cargo Processing Study
The Imported Cargo Processing Study showed that cargo release times have decreased every year since 2008.

“Importers who comply with biosecurity requirements can expect to have goods released more quickly — 16 times more quickly for sea cargo and 100 times more quickly for air cargo — than those who don’t comply,” Mr Chapman said.

Median arrival-to-release times for sea cargo have dropped 15 per cent, with release times for compliant cargo dropping to just under 17 hours.

However, the median of 264 arrival-to-release time for non-compliant cargo highlights the impact on the shipping industry when cargo does not meet Australia’s biosecurity requirements.

“DAFF helps people and goods move in and out of Australia while sharing responsibility for managing the biosecurity risks with industry, governments and the community,” Mr Chapman said.

DAFF works with importers and their agents to minimise time delays and costs of importation and the biosecurity risks of imported cargo are managed to protect animal, plant and human health.

“If biosecurity risks are appropriately managed and all pre-arrival documentation meets DAFF requirements, businesses can expect to save time and money at the berth — no matter what commodity they are importing,” Mr Chapman said.

Biosecurity legislation
Last year stakeholders, clients and the public were invited to provide comment on the proposed Biosecurity Bill 2012, published on the DAFF website.

The Biosecurity Bill 2012 includes new draft legislation and regulations to ratify the International Maritime Organization’s (IMO’s) ‘International Convention for the Control and Management of Ships’ Ballast Water and Sediments, 2004’.

DAFF is working with our stakeholders to develop policies, instructional guidelines and a revised data system for the introduction and acceptance of Ballast Treatment Systems.

The Office of Transport Security (OTS), within the Department of Infrastructure and Transport, manages the preventative security frameworks for Australia’s aviation, air cargo, maritime and offshore oil and gas sectors. As part of our intelligence-led, risk-based and outcomes-focused approach to regulatory management, OTS is always looking to improve the flexibility and efficiency of the maritime security framework.

Industry participation in this process is vital to producing effective and appropriate improvements. Part of this process includes implementing new amendments to the regulatory framework that will offer a more flexible port operating environment and strengthen the resilience of critical maritime infrastructure.

**Passenger Ship Security Measures**

OTS has worked closely with industry participants to provide greater flexibility in maintaining cleared status once people and baggage have been screened and cleared. With the increasing number of cruise ships visiting Australian ports, utilising cleared zones to maintain passenger and baggage clearance can become unwieldy as the operating environment can be affected by weather or tidal conditions, or last minute changes to berthing arrangements.

On 1 February 2013, amendments to the Maritime Transport and Offshore Facilities Security Regulations 2003 (MTOFSR) came into effect. These amendments enable persons and baggage to maintain clearance outside of the cleared zones if they are subject to supervision and control activities. The amendment defines supervision and control measures as continuous supervision by security personnel or via continuously monitored closed circuit television.

As with any security measure, the use of supervision and control measures will need to be included within an industry participant’s maritime security plan. Guidance on the application of these legislative changes can be obtained from your local OTS office in most capital cities.

**Critical Infrastructure Resilience**

In addition to the continuing development of maritime regulatory management, OTS provides secretariat support for the industry-led Trusted Information Sharing Network (TISN) Maritime Transport Sector Group (Maritime TSG).

The TISN is part of the Attorney-General’s Department’s Critical Infrastructure Resilience Program. The TISN includes seven sector groups...
comprising critical infrastructure owners and operators, including both private and government agencies at the Commonwealth and State/Territory levels. The TISN enables members to share information on threats and vulnerabilities and collaborate on measures to mitigate risk and increase resilience on an all-hazards basis.

Information shared at these meetings is treated as confidential with all attendees required to have a Deed of Confidentiality in place between all members and the TISN. There are three transport sub-groups in the TSGs comprising Maritime, Aviation, and Surface (buses, trucks, rail, ferries and freight) sectors.

In 2012 all three transport subgroups were involved in ‘Exercise Zephyr 2012’, an all TSG desktop discussion exercise series. The exercises, which were held in Sydney, Melbourne, Brisbane, Adelaide and Perth, supported discussions between transport operators and government agencies on how they would collectively respond to a major natural disaster that affected transport operations. Each exercise was tailored to the geographical area in which it was held to provide a more realistic scenario.

In addition to the desktop exercises, the Maritime TSG met in March (Sydney) and again in July (Adelaide) 2012 to discuss the resilience of the maritime sector and their organisations. Discussions focused on how to operate through, and recover from, a wide range of disruptive events. The next industry led meeting of the Maritime TSG is scheduled to take place in Sydney on 26 March 2013, in conjunction with the next Maritime Industry Consultative Forum. The meeting will include a desktop exercise considering the potential impact of serious and organised crime on the Australia seaports.

If you would like more information on membership to the Maritime TSG please contact TSG@infrastructure.gov.au.

Offshore Oil and Gas Resources Sector Security Inquiry

The Offshore Oil and Gas Resources Sector Security Inquiry report was released in June 2012 by the Inspector of Transport Security. The inquiry, conducted by the former Inspector of Transport Security, Mr Mick Palmer AO AMP, confirmed that the current security measures within the Australian offshore oil and gas resources sector reflect the standards of our international partners. In terms of the threat to the offshore oil and gas infrastructure, the report recognised that Australia is generally seen as a low-risk environment with a very high ‘security of supply’ reliability assessment by the international community. These two findings positively reinforce the efforts of OTS and industry since security regulation of the sector began in 2005.

Of course, this is not an excuse for complacency and OTS will continue to work in partnership with industry, through the broadly participative Oil and Gas Security Forum to ensure that Australia continues to be seen as a reliable source of strategic energy supply and a safe investment destination. There are areas for continuous improvement, as identified in the recommendations and options presented by the Inspector in his report, and OTS is committed to further strengthen the security of the offshore oil and gas sector where necessary.

International Maritime Security

Piracy remained the key focus of international attention on maritime security in 2012. The International Maritime Organization (IMO) Maritime Safety Committee meeting held in May last year placed a particular focus on addressing international concerns about continued incidents of piracy and armed robbery at sea.

Australia has considerable national interests in civil maritime security in the Indian Ocean High Risk Area (HRA). Cruise ship passengers, seafarers, imports and exports, and cargo of national security significance transit the HRA, in many cases directly to and from Australian ports. Therefore, it was pleasing to note that in 2012 there was a notable decrease in incidents of piracy and armed robbery at sea, both in the HRA and worldwide.

The suppression of Somalia-based pirate activity in 2012 has been attributed to enhanced naval activity, the broader adoption of ship security measures, and the use of armed guards. However, the use of armed guards continues to raise significant legal and operational concerns, which are still being considered through the IMO and the United Nations.

In 2013, OTS will continue participate in the international development of preventive ship security measures. This will ensure that guidance on counter-piracy measures supports flag states in their domestic regulatory decision-making process, and that guidance and IMO resolutions reinforce the importance of lawful prevention mechanisms.

In 2013, both OTS and industry will remain focused on maintaining and improving Australia’s internationally recognised maritime security framework. This will ensure the framework remains sufficiently flexible to deal with the varied nature of maritime industry operations, while at the same time ensuring that the maritime sector is secure from acts of terrorism and unlawful interference including piracy and armed robbery.
Improved settings for ports – the national ports strategy requires a more definitive approach

By DAVID ANDERSON, chief executive officer, Ports Australia

Implementing the National Ports Strategy

The approval last July of the National Ports Strategy (NPS) by the Council of Australian Governments (COAG) means that all jurisdictions have now formally endorsed pursuing the improved settings for ports envisaged by the strategy. It opened the way for some real progress in regulatory and policy improvements around port infrastructure and planning.

Over the course of the year Ports Australia worked at many different levels with many parties on the implementation of elements of the Strategy. These included a focus on the master planning process, minimising land use conflicts,
supply chain coordination, governance, approvals processes, and measurement and forecasting. We have utilised the platform provided by the Strategy to secure improvement where there are opportunities with like-minded partners to press ahead.

The NPS recognises that a collegiate approach to developing and supporting ports is critical to the national economic interest. Central to its success is the development and collective ownership of long term port plans accompanied by improvements to regulatory and governance settings applying to ports. Only through these improvements, along with an integrated, one-stop shop approach to freight and land use planning, will we see the long term sustainability of our seaports, and their ability to deliver the capacity indicated by future trade forecasts, assured.

Considerable resolve on the part of our governments, our agencies and on the part of industry is still required if we are to point to significant progress in these key areas. It is one thing for first Ministers to make the big bold decision to endorse the Strategy; it is entirely another thing to follow it through with resolve to ensure, for example, that new residential developments do not continue to spring up around our freight corridors. Agencies continue to pursue their own inward looking cultures notwithstanding, for example, that Ministers have endorsed the idea that channels are important pieces of national infrastructure and keeping them maintained and developed is an economic imperative, not some sort of corporate indulgence. We remain hopeful that freight and port strategies now being undertaken by states will unequivocally deliver these messages.

The initial impact of the NPS has in part been its role as an agent for change in the way governments and their agencies and other key stakeholders think and respond to port issues and their significance to the national and regional economies. They are now more prepared to embrace the Strategy as a sensible policy response to the increasing constraints to port efficiency and to timely development to meet the trade growth in prospect.

To be blunt, this means that various government agencies now have a formal imprimatur to put resources into implementing the Strategy or, as is the case in some particular instances, leaves them with no reason to fail to support it. To now be able to say that the NPS has the endorsement of all governments also provides some additional leverage with which to engage environmental and other regulatory agencies that have been problematical for port operators in the past.

In particular, and at national level, COAG endorsement has enabled Ports Australia to urge the Department of Infrastructure and Transport (DIT) to take on the mantle of champion for port efficiency, including in negotiation with other federal departments.

DIT has now agreed to a permanent Commonwealth Ports Forum to provide a framework for establishing an all-of-government approach to port issues. Meetings have been held within this framework also involving representation from the Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC) at very senior level and the Chairman of the Great Barrier Reef Marine Park Authority (GBRMPA) to take a sensible and cohesive approach to the myriad of environmental issues currently impacting on ports. This has also generated a very positive discussion about aligning strategic environmental assessments with port master plans.

Another development has been the ramping up of regular engagement with the Bureau of Infrastructure, Transport and Regional Economics (BITRE) on the ongoing improvement of the Waterline Series and port productivity measurement generally, and forecasting to support the development of port master plans.

For its part Ports Australia has undertaken a number of projects that will shortly be completed including the development of guidelines on master planning best practice, which will contain a policy dimension about the benefits that such an approach might deliver, and work that is intended to provide us the basis to make recommendations to ministers on effective approaches to protecting port land and port freight precincts.

The National Freight Strategy

Ports Australia has worked with Infrastructure Australia, with the involvement of the National Transport Commission, on the development of the National Land Freight Strategy - an update was released by the Minister for Infrastructure and Transport, Anthony Albanese in September, 2012.

The core purpose of the Strategy is to secure government and industry agreement about the long term national goals or imperatives to address and manage the land transport freight task. The NPS, and the essential requirement for connectivity between the land transport freight network and ports, has always been an essential building block of the National Freight Strategy. Its importance to the ports community lies, among other things, in the underlying imperative to provide this connectivity.

The Strategy provides for a single integrated network embracing long term planning and regulatory improvements to increase the productivity of the network. Ports Australia’s position has been that this should not be made more complex than it needs to be. An essential and contiguous
network of mainline freight rail, arterial roads, and intermodal and other inland terminals, with adequate and efficient access to international gateways, has been relatively easily identified.

State and local government need to ensure the connectivity of regional and local economies to this network. This is being supported by endeavours to reform the management and pricing of existing infrastructure to ensure that road and rail freight can perform efficiently. Finally access to suitable financing models, supported by regulatory certainty, is an important element in the future development of the network.

The Strategy envisages formalised agreements between government and industry and approval by COAG of a high level implementation plan.

Supply Chains and International of Competitiveness

The National Ports Strategy recognises the increasing role that port corporations are playing in supply chain performance. The strategic imperative to ensure that the different players in our supply chains act in unison to lift the efficiency and capacity of freight infrastructure is now very much upon us and there are good models such as the Hunter Valley Supply Chain Coordination Model to emulate. This has rapidly become a critical factor in Australia’s ongoing competitiveness.

Recent work carried out by the OECD also indicates that the way to develop more highly skilled and efficient industries is through integrated supply chains. Our future ability to become part of international supply chains, adding value where we have an advantage, is seen as the goal to pursue.

For example, a computer may be manufactured in one country but some components have been imported from another country. This also challenges the traditional view that imports threaten domestic jobs. Understanding how these global value chains work to a country’s benefit are an important part of assessing the competitiveness of countries and the potential for productivity gains.

OECD statistics show, not surprisingly, that Australia has comparative economic advantages in resources and agriculture exports. However, it is well behind many Asian countries, with imported inputs contributing less than 10 per cent of exports by value, the lowest level of global integration in the OECD survey.

Machinery, metals and transport vehicles are the sectors where most foreign inputs are used to produce exports.

By contrast, 40 per cent of the value of South Korea’s exports can be attributed to imports and the OECD average is 28 per cent.

The OECD work implies that we are content dig it up or grow it and ship it out to our export markets, leaving it to them to add the value. Australians have become used to factories in China, Malaysia and other Asian countries turning our raw materials into value added products and selling them back to us.

We have in recent times seen our manufacturing industries impacted by the high Australian dollar. If one takes a view that we should not persist with a reliance on commodity exports then the development of efficient supply chains to support value added products for export becomes an important consideration.

This lack of integration can partially be attributed to Australia’s distance from markets, but more importantly it is also impeded by issues affecting productivity – labour and transport costs, inefficient landside connections to our ports, and a slow take up of pricing and other policies to improve the performance of our infrastructure.

The revitalisation of manufacturing and value adding industries has begun to emerge as an important discussion in Australia, however this must be accompanied by a more competitive cost structure associated with our service industries, amongst others.

We remain concerned that real increases in wage rates for workers at Australia’s ports have recently been substantial without any significant trade-offs in productivity gains. This development, and its accompanying disruption, has demonstrably cost jobs in the client industries of ports, and will be a big hit to the country’s GDP.

The aspirations of the ports community in the current difficult Industrial Relations environment are simple. We would like to secure productivity increases in our port operations in return for improved wages and conditions through a cooperative approach which also addresses the considerable challenges of achieving robust trade growth. The “class based” approach that port workers are deprived is demonstrably untrue so it is not a question of lack of fairness – ironically this trend will force the pace of the substitution of labour by technology in a number of port sectors including stevedoring and pilotage, to name just two.

It is a reasonable proposition that sensible opportunities for improved labour productivity be taken in return for good wages and conditions, which the port workforce enjoys, and to sustain an ongoing edge in international markets.

If not, as the resources boom fades and commodity prices soften, Australian ports will be left dangerously exposed by high and rigid cost structures and the burdens they impose on the competitiveness of our client industries.
In 2011/12 total container throughput was 2,036,142 TEUs, which marked the eleventh year of consecutive growth and second annual container throughput to exceed 2 million TEUs.

The $1 billion Port Botany Expansion is due to be operational in 2013, providing more options for importers and exporters.

For the latest information and port developments, please visit www.sydneyports.com.au
The challenges of community issues in a regional port

By BRAD WILLIAMSON, chief executive officer, Albany Port Authority

I was recently asked during a media interview to describe the relationship between a regional port, its community and the local media. Quite a complex question - I think I stumbled through an answer at the time, but it is worth considering the issues with the benefit of a bit more notice. No doubt many of these issues are not unique to Albany and can be found in regional ports throughout Australia.

But first some background about the port …

Albany Port is one of Western Australia’s smaller bulk product ports. The main trades are grain and woodchips, with total trade around three to four million tonnes per annum. It is the only non-mining bulk product port in the state.

Albany is situated as far south as it is possible to go in Western Australia, and enjoys a much milder climate.
than the rest of the state. At the time of writing this (New Year) Perth is enduring a week of temperatures around 40 degrees celsius, and Albany is peaking around 26 degrees celsius, so it is a popular place of refuge for retirees and holiday makers.

Traditionally the main industry has been agriculture, and that is still the case today, although there is certainly growth in the community from sea and tree changers. Albany is far away enough from Perth (410 kilometres) to make it too far for a weekend stay, so it has a much more regional flavour than say, the Margaret River area, which can comfortably attract large numbers of people from Perth. Over time, I expect that more and more people from Perth will see the attractions of Albany with its easy climate, good services and cheaper housing. Many of these people will come from a professional background, and not be used to having an industrial operation, such as the port, right in the heart of the town they live in.

Now onto the issues …

**There is genuine interest, and even affection for the port**

On the whole, most people are fascinated with the port and its operations. When working in the Pilbara in a previous job I found many locals and tourists were keenly interested in industrial activity, whether it is salt mining, iron ore exports or liquefying natural gas. People are interested in “big things” and ports have lots of big things like ships, tugs, cranes, slips, shiploaders and people doing work. People at work are interesting. And of course the maritime world has its own special mystique and customs, so ports are inherently fascinating places. A local resident once told me she thought the port was romantic and she had the port website as her home page. She said she discussed the shipping schedule with her children frequently, and they were interested in what ships were trading and where they were going. These sentiments are genuinely felt and would be envied by many other industries!

**There is little understanding of the maritime industry**

It continues to surprise me that although many people like the port, very few really know much about it. I guess that is understandable these days as we have to lock everyone out, due to security and occupational health and safety issues. While there is no going back to the old days, there is no doubt that locking everyone out has been a setback to port and community relations. Ports are now quite remote places, with forbidding signs and security systems.

To overcome this, Albany Port has close contact with the media and we run public tours of the port, which are well patronised. Despite this, many people don’t know “what the yellow stockpiles are” (they are woodchips), or what a pilot does, or that the big ships are not “tankers” (as described in some media articles) but bulk carriers, or indeed why the whole lot can’t be moved somewhere a bit further out of town (which some locals feel should be a straight forward task). It is certainly the job of ports to continually explain better what they do and how they do it.

**Ports are brown, not green industries**

I’m not keen to pretend that ports are green industries. Ports are industrial places that do industrial things and there should be no apologies for that. Ports generate truck and train traffic, noise, dust, light and odour; they interrupt views. In the future all these impacts in ports are more likely to increase, rather than decrease, as all ports are expanding. In Albany, all this is happening right in the middle of town, not in an outlying industrial area. Obviously this will cause conflict at times. Sometimes neighbours will complain about noise and dust, locals will complain about dredging and some new industries will cause concern and resistance. Close and quick attention to complaints will go a long way to addressing these issues, but it would be wrong to think that there won’t be times when some groups will be strenuously opposed to the port operating or expanding. In lifestyle towns these issues can become just as bitter as anywhere else, if not more so.

**Regional media are generally fair, but their city colleagues might not be**

Regional media have a tough job. There is really too much media chasing too little news (and maybe state media is the same). Because of this, the local media know that if they are unfair to you, they are alienating an important source of precious news. This allows more latitude in giving some “off the record” background to give a more comprehensive understanding to journalists about an issue. However, if a port story becomes a state or national story, there is less chance that the media will need your co-operation in the future (by then they or you might have moved on), so much more caution is needed in dealing with these people. The ability to talk confidentially to local media is a great benefit of regional life and makes the job of explaining contentious issues much easier.

**Port users are generally aware of community issues**

Certainly larger port customers or those who have been operating a long time are well aware of the community sensitivities of port operations. These customers are good to work with as they are prepared to make changes to their operations to reduce dust or noise, and understand the common interest with the port and themselves working together. Sometimes however, it is the new entrants to the port who do not have such a good understanding of how important these issues are. The public assume that a port authority can immediately regulate the activities of port customers, but of course the commercial world is not that simple, and this can cause problems if residents are experiencing the negative impacts of a trade and the port is seen as “not doing anything about it”.

In summary, the relationship between a regional port, its community and the media can be very positive. Albany Port has achieved a reasonable balance with these issues. Although the port industry can involve a conflict of values, ports also have some strong advantages compared to other industries, which should be appreciated.
Located in one of Australia’s fastest growing regions, South East Queensland, and with over $50 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 safety, trade and business growth by working with customers to enhance logistics chain solutions via Brisbane, delivering outstanding development outcomes, facilitating efficiencies and innovation, and striving to accommodate new opportunities.
Positive trade results

Trade through the Port of Brisbane remained strong in 2012 despite challenging economic conditions. The diversity of the commodities handled by the port has helped to sustain its trade results, with total trade to December increasing 11.7 per cent to 38.6 million tonnes.

Container trade increased by 4.3 per cent to reach 1.05 million teus – the first time the Port has exceeded one million teus in a calendar year.

Imports increased during the year by 1 per cent overall. This growth was due to modest economic growth in South-East Queensland over the last financial year and was led by project cargo, fertiliser, refined oil as well as motor vehicles. Demand weakened for timber, paper and wood pulp products, reflecting small growth in the building and newsprint markets.

Exports increased by 23 per cent overall, led by strong demand for coal, cements, scrap metal, and cotton to key markets including Japan, China, Taiwan, South Korea and South East Asia.

Record one million containers

In March 2012, PBPL for the first time recorded container throughput of more than one million teus handled during a 12-month period.

This achievement capped off a decade of solid growth in container trade for the Port of Brisbane, with a ten year average growth rate of 8 per cent.

The record results marked a significant milestone in the port’s history and demonstrated the extremely robust nature of the Port of Brisbane through its diverse trade base, strategic location and significant land holdings.

The results were driven by a strong increase in imports including household items, boosted by the strong Australian dollar.

Cereals and grains export best in 10 years

Good Australian growing conditions and a favourable market in 2012 resulted in the biggest bulk export tonnage of cereals and grains through the Port of Brisbane in the last 10 years.

More than 2.3 million tonnes were exported in bulk during 2012 – an increase of 55% on the previous year. Sorghum volumes were particularly impressive, reaching 818,000 tonnes – an increase of 113 per cent.

While traditional destinations such as Japan and Indonesia continued strongly, South Africa and Vietnam emerged as potential growth markets, each taking considerable tonnage in the past year.

Strong export numbers are predicted to continue in 2013, due to good growing conditions and continued international demand for high-quality Australian product.

Machinery imports grow, supporting Queensland projects

In 2012, the Port of Brisbane saw a significant increase in machinery imports as a result of major mining and resource projects underway in Queensland.

Agricultural and mining equipment imports including excavators, bulldozers and forklifts, increased by 28 per cent to December 2012, reaching 671,000 tonnes.

Most of these products are sourced from manufacturers in the United States, China, Japan and Germany, and arrive on roll-on/ roll-off or car and truck carrying vessels that berth at the AAT facility in Brisbane. This type of cargo is often large and heavy, and requires special handling at the wharf and on the road.

PBPL works closely with all sectors of this industry, ensuring the shipping lines, stevedores, importers and their trucking companies obtain the best logistical solutions to meet their needs.

Queensland CSG projects support cargo growth

During 2012 the Port of Brisbane continued to be a hub for project cargo, with major coal seam gas (CSG) and liquefied natural gas (LNG) projects underway across Queensland.

During the 12 month period, more than 852,000 tonnes of pipe and other project cargo was imported for CSG proponents Gladstone LNG (GLNG), Queensland Curtis LNG (QCLNG) and Australia Pacific LNG (APLNG). The imported cargo will support the construction of each proponent’s pipelines linking their CSG fields in the Surat Basin to their LNG plants on Curtis Island, Gladstone.

As a result of the large tonnage throughput, a GLNG Contractor took up a permit to occupy PBPL’s General Purpose Terminal to store cargo prior to it being trucked to site in the Surat Basin.

The cargo for the QCLNG pipeline is stored within the Port of Brisbane’s wharf overflow area before being loaded onto trains at the Brisbane Multimodal Terminal and delivered by rail to the Surat Basin, along with cargo for APLNG pipeline.

An Australian first for the Port of Brisbane Weighbridge

In 2012, the Port of Brisbane Weighbridge introduced two new features – 24-hour operation and a multi-platform weigh function.

The flexibility of a 24-hour operation means drivers are no longer restricted to business hours to weigh their loads. The new multi-platform function allows the total gross weight of the vehicle to be measured, as well as weighs each individual axle group. Both are recorded on a ticket, providing an audible record of the vehicle’s weight.

These two new features also help facilitate compliance with Chain of Responsibility legislation that imposes liability on all parties in the supply chain for breaches of road transport law.

The Public Weighbridge is the only automated weighbridge in Australia to provide 24-hour access and the only weighbridge in the port precinct that provides axle weight tickets.

First cranes arrive for HPH

In 2012, infrastructure development at the Port of Brisbane reached a milestone with the arrival of two 109 metre high quay cranes for the new Hutchison Port Holdings’ terminal, Brisbane Container Terminals (BCT).

The new cranes, weighing over 850 tonnes each, are capable of reaching across ships 18 containers wide.

BCT will begin initial operations in early 2013, marking the entry of Hutchison Port Holdings (HPH) into the Australian market.

By 2014, the Port of Brisbane will be the first port in Australia where all stevedores in operation – Patrick, DP World and Hutchison Port Holdings – have automated container handling equipment.

Supporting our community

In 2012, PBPL remained committed to making a positive contribution to the environment in which we operate, and focused on encouraging good social and environmental practice throughout the organisation. One of the ways we achieved this was through sponsorship of local and wider community initiatives including The Smith Family, Mangrove Watch, Ardoch Foundation, BABI and Crime Stoppers.

A new Community Grant Program was introduced to enable PBPL to more effectively deliver its Community Sponsorship Program and streamline the former sponsorship application and assessment process. PBPL also established a Community Consultative Committee Sponsorship Sub-Committee to assist in this process and to help identify opportunities and evaluate applications for sponsorship from the community.

Looking ahead

Over the next twelve months, PBPL will continue to focus on growing trade through the port and producing strong performance across all facets of the organisation. Enhancing logistics linkages with our hinterland and facilitating improved road and rail access to the port will be a focal point in 2013. Our Corporate Social Responsibility will remain front of mind and will include an expanded series of programs dedicated to improving the way we operate as responsible corporate citizens.

We will remain committed to operating a safe work environment, and continue to focus on building upon our solid safety performance.

With ongoing investment in infrastructure, the Port of Brisbane will remain in a strategic position as an engine for state economic growth.
PORTS FLINDERS

With a business that never stays still, the last year has been a dynamic one

VINCENT TREMAINE, chief executive officer

In 12 months Flinders Ports has taken an acquisitive tack, deepened its investment and commitment to its logistics and container businesses resulting in the creation of Flinders Port Holdings and a restructure for the group. With a multi-award winning logistics business and a new deep water port in its sights, Chief Executive Officer Vincent Tremaine, gives his insights into the dynamic South Australian based business and the key trends impacting the Australian ports and logistics sectors.

Sealing the deal
Vertical integration within the supply chain is a global trend for the maritime sector and Flinders Ports is part of that phenomenon. On 2 July 2012, Flinders Ports gained 100 per cent ownership of the Adelaide Container Terminal from DP World South Australia. Having rebranded the terminal as Flinders Adelaide Container Terminal (FACT), the move was a natural progression for Flinders Ports as we already owned 40 per cent of the terminal.
It will enable us to push forward with modernising the terminal and future investment in new cranes is high on the agenda for 2013. The terminal has been a strong performer comfortably exceeding its growth targets year-on-year. Post global financial trading conditions, including a strong Australian dollar, have benefitted the Adelaide container business. Cargo, which was previously hauled interstate to ports in the east coast, is now going on feeder services for transhipment via Singapore. South Australia is a net exporter, but the high dollar has helped the container trade by boosting volumes of imports and reducing backloads of empty containers.

A master plan is currently being created to strategically manage future growth. FACT has commissioned highly acclaimed container terminal architect, Smart Logistics. The aim is to maximise the potential to increase yard storage offering customers the greatest possible flexibility. The terminal will be ideally placed to attract new shipping services and we can offer our existing services opportunities to expand.

The changes at the terminal have meant an important skilled jobs boost for the local community in Port Adelaide. Fifteen new employees have been recruited and are currently undergoing induction and specialised training. We are driving a strong focus on occupational health and safety. The new recruits will undergo a rigorous six month program before being fully deployed.

**Port on the horizon?**

For many businesses across the board depressed trading conditions made 2012 a tough year. Flinders Ports bucked this trend with record tonnages of just over 22 million tonnes across its seven ports. A new harbour crane was brought into service at the start of 2012 to produce efficiencies for these higher throughputs.

With a bright future for oil and gas in South Australia, plans to develop a new fuel berth at Port Adelaide’s Outer Harbor are being finalised. The new berth would be in addition to the current facilities at the port’s Inner Harbour – M berth. The $12 million project to redevelop a brown-field site at Outer Harbor, will enable Flinders Ports to accommodate MR class vessels for the first time at Port Adelaide.

Flinders Ports is part of the Spencer Gulf Port Link Consortium. This consortium is working towards the development of a deep water common-user bulk export facility financial crisis trading conditions and the Spencer Gulf Port Link (SGPL) we have referred the project to the Commonwealth Government for consideration under the Environmental Protection and Biodiversity Act 1999.

Findings to date give us confidence that not only is Port Bonython the best location for a deep water port geographically and economically, but also environmentally. If this project is approved, it would mean cape-size vessels carrying up to 180,000 tonnes of cargo could sail from South Australian waters for the first time.

**New benchmark in environmental standards**

Arguably one of Australia’s most innovative logistics businesses, Flinders Logistics, has had many highlights during 2012. Rail operations for its bulk cargoes commenced in January 2012 and a month later in February the logistics business stevedored its first ship, the Minervagrat. In less than 18 months Flinders Logistics has netted no less than three awards for business excellence. The most recent accolade, “Lloyd’s List Environmental Transport Award”, which was presented to the firm in November 2012, was given in recognition of Flinders Logistics Enclosed Bulk System. Highly commended status was achieved in this award category. Flinders Logistics is proud of its green credentials. The Enclosed Bulk System has become the benchmark for the sector. The DF-Misting System, unique to Flinders Logistics, is an integral part of the Enclosed Bulk System. The environmental award acknowledged the improvements Flinders Logistics has made. In particular, the DF Misting System is capable of generating more mist to control dust, whilst using only one-third of the water previously required.

This environmental focus coupled with Flinders Logistics’ innovation and investment has enabled the company to offer a service which is unparalleled in its efficiency and flexibility. Through the in-house development of the Tippler Easyloader, Flinders Logistics has increased its productivity and safety. Using containers for bulk instead of traditional shed storage offers our customers maximum flexibility. Mining juniors have been able to hit the ground running and get their exports to market quickly and cheaply. Falling commodity prices, market volatility and a strong Australian dollar has meant mining juniors need to find efficiencies across the pit to port supply chain. As a result Flinders Logistics has doubled the tonnages of copper concentrate it has handled over the last 12 months. With a willingness to invest in the latest equipment and technology, Flinders Logistics is positioning itself to handle anticipated higher bulk exports as well as imported consumables for the mining sector this year. The company is also actively pursuing opportunities to expand interstate.

**Restructured and shipshape for 2013**

Ownership of the container terminal and exceptional growth across other parts of the business were the catalysts in the creation of Flinders Port Holdings, the parent company for our six wholly owned subsidiaries. Flinders Ports, Flinders Logistics and Flinders Adelaide Container Terminal (FACT) make up the group along with Flinders Port Management Services, Flinders Ports Land Development and Flinders Spencer Gulf Ports. It will allow greater focus on the individual business units and enhance the distinct and separate nature of each.

The new structure has meant personnel changes within the group. Stewart Lammin formerly General Manager of Business Development has become General Manager for the entire ports business - Flinders Ports. Andrew Peliizzi is General Manager of Flinders Logistics and Peter Cheers, former General Manager of Human Resources & Marine Services, is now General Manager of Flinders Adelaide Container Terminal Pty Ltd. We have a great team and I am proud of what we have achieved over the last year. The emphasis for the group in 2013 will be on improvement and efficiency. We will be modernising the business, investing in new equipment and driving growth. ▶
PORTS
FREMANTLE

Responding to shipping trends and opportunities for trade growth

RESPONSES to the need to provide for trade growth and the international trend towards bigger ships have seen significant changes in Fremantle Ports’ operations over the past two years. The timely deepening of the Inner Harbour, combined with increased quay length, wharf strengthening and introduction of bigger cranes enables the port to handle the larger container ships now servicing Australian ports.

The $250 million deepening and berth works undertaken by Fremantle Ports with the support of the Western Australian Government has increased port efficiency and capacity, helping to ensure that imports and exports through Fremantle remain competitive, with benefits passed on to consumers.

The innovative reconstruction of North Quay Berth 10 to provide the port with 180 metres of additional wharf space

CHRIS LEATT-HAYTER, ceo, Fremantle Ports
for container shipping received a Management of Engineering Award from Engineers Australia.

The Inner Harbour Deepening and Berth Works Project was also a finalist in the Developing the Economy category of the 2012 WA Premier’s Awards for Excellence in Public Sector Management.

The deepening takes the port’s maximum draft capability for container shipping from the previous 12.7 metres to up to 14 metres, ensuring that Fremantle can match the drafts of the major eastern seaboard ports.

The greater TEU capacity of the container ships now accessing the port fully loaded means that while container volumes are increasing, the number of container ship visits is lower.

“The State Government has confirmed that the Inner Harbour will continue to be a working container and general cargo port into the foreseeable future,” said Chris Leat-Hayer, Chief Executive Officer, Fremantle Ports.

“Fremantle Ports, working with the Department of Transport, other Government agencies and industry is taking a forward-looking approach to ensure that the Inner Harbour is able to achieve its potential in a sustainable way,” he said.

Catering for container trade growth

Fremantle’s container trade is now about five times the level handled in 1990-91, representing an average growth of 8.4 per cent annually for this period.

Container volumes last year were up by almost 10 percent, well above the forecast.

“This level of growth has eased in the first half of the current financial year, but the outlook for 2012-13 for this sector of our business remains very positive, with the high Australian dollar and the strength of the Western Australian economy contributing to this,” Chris Leat-Hayer said.

“Achieving better integration of the supply chain is of huge importance and it is pleasing to note the collaborative inter-agency and industry effort being given to designing and implementing strategies for improved coordination of logistics.

“Increased use of rail for transporting container freight to and from the port is among the key elements.”

The rail share for container trade travelling to and from the Inner Harbour continues to grow and is currently around 14 per cent, compared with just 2 per cent a decade ago. The WA State Government has recently confirmed the continuation of the rail subsidy introduced in 2006/07 to help increase the proportion of containers transported by rail.

Significant rail infrastructure development is planned to meet future increase in rail volume and to improve competitiveness.

This includes extension of the North Quay rail terminal to take longer trains.

Reclaimed land provides capacity and efficiency opportunities

New land reclaimed at Rous Head during the dredging is now being developed in a way that will increase the efficiency and safety of port operations.

The 27 hectares, represents about 20 percent of the overall area of Rous Head and has provided an important opportunity to expand availability of Inner Harbour land and to plan the area to improve landside access and efficiency.

Part of the land will be used for truck marshalling to provide improvement to traffic flows, especially when truck congestion is occurring. Other land uses include container logistics, storage, short-term warehousing and empty container parks.

Fremantle Ports awarded a $13m contract to local civil and mining contractor Brierty Ltd to construct roads and install services on the reclaimed land. Construction of the roads and other infrastructure started in January 2013 and is expected to be completed at the end of July 2013.

An expression of interest process was undertaken for leasing and development of the new land and the leasing is now nearing completion.

The project is registered to pursue an infrastructure sustainability (IS) rating through the Australian Green Infrastructure Council. The IS rating framework was developed through industry engagement and is currently being used on a number of infrastructure projects Australia wide to deliver sustainable project outcomes.

Strong WA economy fuels growth in project-related break bulk

Non-trading vessel visits to Fremantle Port increased by 87 visits, or 36.7 percent last year, due mainly to the increase in vessels carrying equipment for the Gorgon natural gas project off the North West coast of Western Australia.

Non-containerised break bulk cargo handled through the port was up 18.7 percent in 2011-12, with strong growth imports of industrial vehicles and machinery, and iron and steel products. There has also been very strong growth in new motor vehicle imports.

“The increase in break bulk cargo trade through the Inner Harbour is creating unprecedented demand for stacking space,” Chris Leat-Hayer said.

“We’re working with customers to increase the efficiency of use of the on-berth storage areas and we’re also exploring the feasibility of tiered decking for temporary storage of new motor vehicles.

“This would create more stacking space for that industry and free up space for the increasing volume of project-related cargo being imported through Fremantle.

Looking ahead beyond the capacity of the Inner Harbour

“From an operational perspective, the Inner Harbour has the capacity to handle significantly more trade than it does at present, through efficient land use, improved infrastructure, new technology and better integration of services,” Chris Leat-Hayer said.

“The Inner Harbour is not expected to reach capacity until sometime beyond 2020. The timeframe will depend on trade trends and a number of other factors such as maximising the efficiency of land use and improving overall efficiency in the supply chain, including road and rail links.

“To meet future demand, additional container handling facilities will be built in the Outer Harbour at Kwinana and the WA Planning Commission is assessing a number of container port sites.

“Any new facilities will supplement, not replace, the Inner Harbour container and general port facilities,” he said.

Increasing capacity and efficiency in Fremantle Ports’ bulk business

In the Outer Harbour at Kwinana, bulk handling capacity and efficiency has been increased.

Total bulk business throughput in the first half of the current financial year across Fremantle Ports’ two bulk terminals at Kwinana (Kwinana Bulk Jetty and Kwinana Bulk Terminal) was 83.4 per cent higher than the same year to date period the previous year. This builds on last year’s strong trade performance in the bulk sector.

Iron ore exports are the main contributor to the growth occurring in Fremantle Ports’ bulk business operations. A new bulk handling facility built under commercial agreements with Australian-based company Mineral Resources Ltd and Lanco Infratech (owner of Griffin Coal) has improved export capacity and efficiency at the Kwinana Bulk Terminal.

The $44m project has provided the necessary capacity for shipment of up to 4.4 million tonnes of iron ore annually as well as other mineral products. Griffin Coal has a capacity allocation for the export of 750,000 tonnes of coal annually for four years via this terminal.

The project represents major benefits to Western Australia in terms of jobs creation, mining royalties and local spend on infrastructure, equipment and services.

Customer satisfaction

Fremantle Ports continues to liaise closely with customers, using value chain analysis as one of the techniques to understand what is critically important for their business success.

In 2011-12, 94 per cent of respondents to Fremantle Ports’ annual survey of shipping lines were satisfied or very satisfied with Fremantle Ports’ services.
PORTS GERALDTON

Three million tonnes forecast for coming year

Located in the heart of Geraldton, one of Western Australia’s largest regional centres, the Geraldton Port serves the Mid West’s demand for connectivity to national and international markets. It also has an expanding role with the future development of Oakajee Port and the Oakajee Industrial Estate.

The port’s operations are guided by the dual objectives of facilitating trade movements to benefit the WA community and to provide leadership in supporting the development of sustainable infrastructure at Oakajee.

The Geraldton Port Authority is a statutory body, which performs its functions in accordance with the Port Authorities Act (1999). The

Peter Klein, chief executive officer
Act confers exclusive control of the port to the port authority, subject to any direction by the Minister for Transport. The authority is governed by a board, consisting of a Chairman, Deputy Chairman and three directors, all appointed by the Minister.

The Geraldton Port has experienced significant trade growth over the past 10 years. Total port trade has grown from 3 million tonnes in 2002 to forecast trade of 16 million tonnes in 2013. Infrastructure is currently available to support trade above 20 million tonnes per annum which the port expects to achieve over the next 18 months.

Trade highlights for 2012 include:

- sixth consecutive record trade performance;
- grain exports of 2.66 million tonnes following a record 3.55 million tonne harvest in the Geraldton catchment;
- total iron ore exports were 5.3 million tonnes (but are set to increase dramatically);
- stronger mineral sands and garnet trade (13 per cent higher); and
- increased exports of copper and zinc concentrate (6 per cent higher).

From a shipping perspective, vessels visiting Geraldton Port increased from 208 in 2002 to 384 in 2012, the port’s busiest year on record. In 2012, 16 Cruise ships called into Geraldton, bringing tourists and boosting the local economy.

The Mid West is one of Australia’s fastest growing economies and rapidly increasing demand for port services, particularly from the mining sector has generated a diversity of challenges for Geraldton Port management. It is generally considered that port management has successfully negotiated these challenges over the last decade and even improved its service levels to existing customers while overseeing unprecedented construction activity and new trade enquiries.

Without question the most significant recent development has been Karara Mining’s construction of its new port facilities at Geraldton. This construction program involved the expenditure of more than $250M on the development of a fully integrated facility incorporating rail infrastructure, a new 270,000 tonne storage shed, new berth (Berth 7) & shiploader and associated materials handling equipment.

These works have been delivered in close cooperation with the Port Authority’s project management team and this cooperative approach has delivered the works with a minimum of disruption to existing port users and few surprises.

Other major construction activities have been the upgrade works performed by Geraldton Bulk Handling to the Port Authority’s existing bottom dump train unloading facilities and the construction of a second iron ore storage facility at the port.

Both parties willingly cooperated with port management and collectively their combined efforts have resulted in the construction program being delivered with minimal interference to existing port operations. These two developments have laid the foundation to sustain trade at a higher level while preserving community amenity and positions the region to capitalises on the many employment and economic benefits that greater Geraldton Port activity brings to the Mid West.

As the port has grown and with growth forecast to continue, the provision of timely and efficient shipping services will become increasingly important. In preparation, the Geraldton Port has contracted the supply of a third tug boat and commenced the procurement of a new pilot boat.

Another measure taken in response to demand for export capacity was a restructuring of the maintenance and operation of Geraldton Port’s Berth 4 and 5 bulk handling facilities, which handle the mineral sands, concentrates, talc and iron ore, to local companies Maicon Engineering and Mercantile Marine with electrical support being provided by GCo Electrical.

The Port Authority has introduced a 24 hour operating presence with the employment of additional staff including supervisors, safety & procurement officers and maintenance planning staff to ensure that the port’s train unloading and Berth 4 & 5 shipping services continue to be delivered in an effective and timely manner.

Geraldton Port Authority Chief Executive, Peter Klein explained “our clear objective is to improve plant availability, production and response times and we feel the strongest way of achieving these objectives is to partner with these selected local companies while also enhancing our own internal capabilities”.

In addition to a strong focus on improving the operational efficiency of the port, port management continues to consolidate its integrated management system and successfully maintained certification of compliance with AS 4801 (safety management), ISO 14001 (environmental management) and ISO 9001 (quality management). Maintaining system compliance with these standards has taken
considerable effort and the on-going commitment to operating in accordance with system procedures and processes by Geraldton Port staff, contractors and other service providers has been appreciated by all port stakeholders.

The port authority has in place a range of environmental monitoring programs including a comprehensive air quality monitoring program, stormwater quality monitoring, harbour sediment monitoring and marine water quality monitoring as required.

Metal concentrates loading operations (copper, zinc and recently nickel) are carefully managed and monitored to ensure compliance with air quality emission limits and targets set by the Department of Conservation and Environment. To confirm there are no community health related risks associated with loading metal concentrates through Geraldton Port, a community air quality monitoring program commenced in March 2012. The program is a partnership arrangement between exporters and the port authority. Four monitoring stations are installed within the Geraldton community; three to represent potential community exposure and one control site. Results are published to GPA’s website once validated.

In addition to the port’s core efforts to protect the community through continually improving its operations, the authority seeks out opportunities to apply its skills, knowledge and financial support to back initiatives that enhance the amenity and culture of the Geraldton and Mid West regions. Some of the initiatives that have been supported by the Geraldton Port are:

- The joint appointment of a cruise coordinator with the City of Greater Geraldton.
- Partnering with the City of Greater Geraldton, Mid West Chamber of Commerce & Industry, Mid West Development Commission and the National Agriculture Catchments Council under a regional alliance to identify and deliver initiatives with broader regional benefit;
- Fostering a robust relationship with the City of Greater Geraldton through a mutual commitment to the Memorandum of Understanding;
- Supporting the Mission to Seafarers Building Expansion Project.

Much of the focus is on Geraldton Port as a commercial harbour however, the port authority also owns and manages a thriving Fishing Boat Harbour (FBH). This incorporates extensive wharfs, jetties, fuelling facilities and boat pens which service the fishing industry and increasingly the oil and gas industry. The harbour is home to 250 commercial fishing boats mostly involved in the Western Rock Lobster and wet lining industries.

Marine related industry in the FBH includes boat repairs yards, boat builders, seafood processors, boat lifters, boat engine sales, mechanical & hydraulic repairs services and a base for vessels servicing the oil & gas industry.

New iron ore storage facilities and in the foreground is the entrance to the Fishing Boat Harbour.

The Oakajee Mid West Development Project proposes to establish an integrated port, rail and industrial estate to support the development of the resources sector, principally iron ore in the Mid West and ensure the region’s long term prosperity.

The Oakajee site is greenfield and is located about 20 kilometres north of Geraldton, while the iron ore deposits that will support the development are located several hundred kilometres to the north-east and south-east of Geraldton.

The Western Australian State and the Australian Federal Governments have each committed $339M to support the development of Oakajee Port and of common user port infrastructure at Oakajee. Oakajee Port and Rail, 100% owned by Mitsubishi Development Corporation is currently refining project feasibility and financing arrangements.

Once operational Oakajee Port will complement the Geraldton Port and give the region a significant boost in port capacity. Geraldton Port is served by a narrow gauge rail network with up to 22 tonne axle loading and has a harbour draught of 12.4m at zero tide which is sufficient to serve Panamax size vessels which average maximum consignments of around 50,000 tonnes. In comparison Oakajee Port will be served by heavy gauge rail and boast Capesize capacity with maximum consignment sizes of 180,000 to 200,000 tonnes.

Mr Klein says, “the two ports of Geraldton and Oakajee will operate at significantly different scales with Oakajee serving the big volume iron ore exporters that Geraldton Port is unable to accommodate because of facility & land constraints and its proximity to the centre of Geraldton.

Geraldton Port Authority has and will continue to make a strong commitment to support the State Government’s efforts to finalise arrangements necessary for the commencement of Oakajee Port construction.
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PORTS
HASTINGS

Expansion will quadruple freight over next 30 years

After more than three quarters of a century operating as a commercial port 72 kilometres (45 miles) to the south-east of Melbourne, 2012 heralded a new beginning for the Port of Hastings as work commenced to establish it as Victoria’s second container port.

The planned expansion and development of the Port of Hastings is one of the Victorian State Government’s priority infrastructure projects, aimed at securing Victoria’s national leadership in freight and logistics and recognising the State’s critical role in Australia’s east coast freight network.

With freight volumes expected to quadruple over the next 30 years and larger vessels likely to be unable to access existing facilities, a second container port for Melbourne and Victoria is essential to cater for growth and to secure the State’s economic future.

The PoHDA

The establishment of the Port of Hastings Development Authority (PoHDA) in January 2012 was the first major milestone in this task. The Authority given a clear legislated mandate to oversee the fast-tracking
of port expansion and development over the next 10 to 15 years to provide additional capacity to handle Victoria’s forecast eight million TEU by 2035.

Under the leadership of an independent board of directors, headed by chairman Yehudi Blacher, the Authority is grounded in a wealth of knowledge and experience across the ports and freight, business, legal and finance sectors.

A new headquarters has been established in the centre of the Hastings township providing both profile for the new Authority and the space it will need to grow as work proceeds, as well as a dedicated space for community information about the project.

Why Hastings?
The Port of Hastings has a number of natural advantages that ideally suit its development. The Port of Hastings currently services major international and domestic shipping trade including oil, liquefied petroleum gas, unleaded petrol and general cargo import and exports. It has the following significant advantages:

- Natural deep water port
- Only two hours steaming time from main shipping channels
- Strongly supportive local community
- Proximity to fastest growing suburbs/regions of Melbourne and Victoria

The naturally deep shipping channel is 16 nautical miles long with 13.6 square kilometres (8.5 square miles) of additional anchorage. Adjacent to the port, is over 3,500 hectares (8,648 acres) of land, which is zoned specifically for port related uses.

The creation of a new “Port Zone” within the Victorian Planning Scheme, early in 2012, further secured the capacity of the Port to achieve its land use objectives. This critical step recognises the essential role ports play in sustaining Victoria’s economic growth and prosperity by protecting port zoned land from encroaching development and provides certainty for PoHDAs planning for the future.

The port is currently serviced by existing road and rail connections, enabling the smooth transportation of freight to and from the port. The future development will see the Westernport Highway corridor providing the primary connection to the port. Feasibility studies have already commenced under the auspices of the relevant agencies, to determine transport connections. The outcomes of this work will be critical inputs into PoHDAs planning for port development.

Hastings is also located within easy travelling distance of major manufacturing businesses in the south east of Melbourne and in close proximity to emerging Gippsland agriculture and other trades.

There is no doubt that as development proceeds, it will serve as a catalyst to further investment and growth in these key areas and stimulate local and regional economies.

**Working collaboratively with the community and stakeholders**

Strong, productive and enduring relationships with the community and stakeholders are a priority for the Authority as work proceeds. A dedicated community space in the Authority’s new head office will cater for engagement and communication sessions to be held to host a range of forums as the planning for the port occurs.

A new website has already been launched to provide information about the project and regular updates on activities in and around the port. The Authority is active in the business, manufacturing and industrial communities, raising awareness of the potential benefits the port’s expansion will bring and the benefits for local employment and investment.

This commitment to proactive engagement and collaboration also extends to the environment and the Port of Hastings Development Authority has provided a clear commitment to ensure that port planning properly accounts for any potential impacts so that these can be avoided or mitigated to preserve the environmental integrity of the site.

**Working with industry**

Late in 2012, five key packages of work, valued at more than $2 million, were awarded to successful tenderers. These work packages include an ecological risk management assessment, the development of a hydrodynamic model for Western Port, a risk management framework for PoHDA and development of a study to determine the demand forecasting, commercial and economic issues for the expansion of the port.

As well as providing a baseline for key project information going forward, these studies will also provide the Port of Hastings Development Authority with the information it needs to develop a pre-feasibility business case to take development planning to the next level. The findings will also assist with the development of PoHDA’s Port Development Strategy, which is earmarked for a draft to be delivered in late 2013.

These work packages were hotly contested and the strong interest and enthusiasm of the infrastructure development industry underscores the excitement the development of the Port of Hastings has generated.

The Port of Hastings Development Authority will continue to engage and work with industry throughout the port development planning process. This includes through both formal consultation and involvement, as well as monitoring the domestic and international shipping and trade scene to ensure that planning takes into account the needs and requirements of the sector going forward as well as future trends for possible exports and imports.

The freight task in Victoria is expected to grow at a rate faster than population to 2035 and roughly in line with economic growth. How the freight task is planned and managed will impact both economic productivity and the liveability of our communities and the Authority understands the value of seeking industry involvement in planning for this growth.

By doing so, Victoria stands to realise significant complementary investment in freight related activities and services, including intermodal facilities and other associated infrastructure, securing the state’s leadership in freight and logistics.

**Conclusion**

This year will also see the finalisation and release of other key strategies for Victoria that will also inform planning and development going forward. The Port of Hastings development will form an integral part of the overall plan for Victoria’s freight and logistics sector, as well as metropolitan and regional strategies that will underpin the economic growth of the state. These strategies will provide guidance and certainty for the business community, investors, and community at large, about the direction of freight and logistics planning for the future.

2013 promises to be another exciting year in the evolution of the Port of Hastings and the Port of Hastings Development Authority looks forward to bringing the vision to fruition.
Like any significant infrastructure project, there is a lot of behind-the-scenes work going on at the Port of Melbourne Corporation as part of the $1.6 billion Port Capacity Project.

Expanding Melbourne’s port capacity will create around 3000 jobs and enhance the economic future of the state by providing short to medium term container handling capacity, crystallising Victoria’s reputation as the freight and logistics capital of Australia.

Since the Project’s announcement by the Victorian Government in April 2012, enormous progress has been made and several significant milestones have already been achieved.
Work has commenced and I am pleased to say that to date we have not only accelerated the program but we have also established one of the state’s most stringent environmental controls for infrastructure delivery which has assisted in obtaining a number of approvals from both the State and the Commonwealth.

We are keen to keep this level of momentum going in order to protect Victoria’s future trade, and we have commenced the process of selecting leading contractors for the various maritime and civil work packages. These tenders form part of the largest landside development project undertaken at the Port in a generation.

In addition to the capital works, the Corporation has also embarked upon a rigorous competitive bidding process in which interested parties are competing for the rights to operate an international container terminal, an automotive terminal and a pre-delivery inspection hub at Melbourne’s Webb Dock.

Integral to this process, is the need to seek and deliver a range of benefits for Victorian importers and exporters including efficiency and productivity gains alongside the inclusion of new technologies and innovation.

It is expected that the successful bidder for the container terminal will be appointed enabling operations to start and the first ship to dock in late 2016. Operators for the pre-delivery inspection hub and the open access automotive terminal are expected to be appointed enabling expedited commissioning of the new facilities.

This competitive process requires the bidders to demonstrate a commitment to a range of matters including productivity, capacity, sustainability, amenity and traffic management. Essentially, bidders will have to offer the best solutions for wanting to do business at Australia’s premier port.

The redevelopment at Webb Dock consumes the last remaining significant parcel of land at the Port of Melbourne adding even further value and significance to the bidding opportunity.

The successful bidders will be responsible for developing and equipping their sites, while Port of Melbourne Corporation will develop the necessary ‘backbone’ infrastructure including arterial road connections.

The Corporation is also committed to ensuring a positive future for port users, shipping lines and businesses and is mindful of the need to carry out the works in a manner that minimises impacts on existing trade and shipping movements.

One of the many challenges with this Project will be to conduct the construction works without unnecessary disruptions to existing operations at Webb Dock. There must be some berth closures but the emphasis will be to carefully stage the works in order to ensure continuity of trade, including maintaining vital shipping links to Tasmania and other ports.

Some ship owners have also sought clarification of the container vessel design configuration for the Port Capacity Project. The reference design vessel for Webb Dock is a 300 metre LOA vessel with a 14 metre draught and a beam of 42.9 metres.

The Project

More than 15 years of overall trade growth together with forecast increases over at least the next decade have driven the need to expand capacity at the Port of Melbourne, Australia’s biggest container, automotive and general cargo port.

The Port Capacity Project will provide for the Port’s third container terminal at Webb Dock capable of handling at least 1 million TEU a year, and will complement the Port’s two existing international container terminals at Swanson Dock.

The new automotive terminal will have the capacity to handle more than 600,000 motor vehicles annually rising to around one million vehicles in 2040. In addition, the automotive pre-delivery inspection facilities will reduce the shuttling of imported vehicles between the Port, off-site custom factories and dealerships, further improving transport productivity.

As well as providing the necessary marine and landside infrastructure, the Project addresses critical landside linkages with new road connections, and provides for additional screening, visual buffers, noise walls, landscaping and enhanced public facilities around the entire Webb Dock precinct.

Traffic surveys and baseline consumer and business research has also been undertaken to ensure the most appropriate outcomes can be achieved.

The expansion of container and automotive capacity forms a significant part of our commitment to developing the Port, ensuring that Victoria’s trade demands are met for years to come.

We are ensuring that the Port remains commercially viable, sustainable, and conducive to private sector investment and is fully integrated with the long-term strategic needs of the city, the state and the nation.

Staying in touch

Visit www.portofmelbourne.com and click on the ‘Port Capacity Project’ link. Alternatively, for further information email capacity@portofmelbourne.com or telephone 1800 451 056.
PORTS NEWCASTLE

12 consecutive years of record growth

By GARY WEBB, chief executive officer, Newcastle Port Corporation

Newcastle Port Corporation will publish a Strategic Development Plan for the Port of Newcastle in 2013 that will guide the growth and development of the Port for the next 30 years.

This process involved a comprehensive stakeholder consultation program in February and March 2013 on the Draft Strategic Development Plan. The local community, business organisations and port customers were all invited to make submissions on the draft plan prior to publication of the plan later in the year.

The Port of Newcastle handled more than 140 million tonnes of trade in 2012 with throughput valued at more than $20 billion. Newcastle Port Corporation is committed to growing trade and improving productivity and efficiency in the port, and in the supply chains that support the port. Managing continued growth in trade will require careful planning: the Strategic Development Plan will communicate how the port will grow and develop over time.

The Strategic Development Plan will communicate the Corporation’s strategy for the long-term development of the port and will highlight opportunities for future investment in the port, identify future critical infrastructure needs and provide guidance for the sensitive and appropriate development of port uses. It also will demonstrate how Newcastle
Port Corporation is responding to the challenges of promoting port growth and trade within the context of a growing city, and a challenging physical landscape.

The Strategic Development Plan will:

- ensure that the future growth and development of the port reflects Newcastle Port Corporation’s purpose to provide safe, effective and sustainable port operations and to deliver efficient port development that enhances the economic growth of the Hunter Region and New South Wales;
- provide key stakeholders with a clear understanding of how the port may 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.

Part of our consultation program is a dedicated website www.newcastleportplan.com.au that is providing user friendly access to information and a process to provide feedback.

The Port of Newcastle

The Port of Newcastle is not only the world’s largest coal export ports but also a diverse port that services a diverse range of customers. With over 4,500 ship movements a year, the port provides major economic benefit to Newcastle, the Hunter Region and New South Wales.

The port handles more than 40 different commodities including alumina, aluminium, cement, fertiliser products, forestry products, grain, mineral concentrates, petroleum products and steel products.

Infrastructure within the port can handle all types of cargo including dry bulk, bulk liquids, break bulk, project, passenger and containers. The port is a critical supply chain interface for the movement of cargo and includes 20 operational berths, 11 of which are allocated to handling a range of general and bulk cargoes and nine allocated to the handling of coal.

Increased Trade

The port continues to set trade throughput records with the 2011-12 financial year being the 12th consecutive record year for trade growth.

More than 128.6 million tonnes of trade was registered in the port to be a 12.2 per cent increase on the previous year. The continuing strong demand for coal by Asian markets dominated the trade statistics with Japan, China, South Korea and Taiwan being the major export markets.

Whilst coal was the major trade commodity, there were pleasing results in other trade throughput for the port. Total imports and exports in commodities other than coal amounted to 6.7 million tonnes which was a 6 per cent increase on the previous financial year.

Trade in the 2012 calendar year has further reflected the growth with coal exports for the year exceeding 134 million tonnes, or a 17 per cent increase on 2011.

A new monthly coal export record of 13.2 million tonnes was achieved in December 2012 to beat the previous record of 12.7 million tonnes in July 2012. These records demonstrate the capacity of the coal supply chain when all of the supply chain participants work in a co-ordinated way.

Trade in non-coal commodities was also strong in the second half of the 2012 year and the port is on track to achieve increased growth in non-coal trade for the financial year ending June 2013.

New Port Projects

Two new projects worth about $58 million are currently being developed in the port that will increase trade in the non-coal sector. Stohlhaven Australia Pty Ltd is developing a $30 million bulk liquids terminal on the Mayfield site while Newcastle Agri Terminal is well advanced on a new grain export facility in Carrington.

The Stohlhaven project will have great benefit for the port and the Hunter Region and reflects the strength of the hunter economy and the underlying demand for the supply of fuel directly into the Port. The company has barged in three 20 metre high tanks with capacity of 18 million litres to its three hectare site on a bulk liquids precinct on portside land at Mayfield (former BHP Steelworks site).

The Stohlhaven project, scheduled to be operational in late 2013, is seen as a significant step in the development of the port as the terminal will reinforce bulk fuel product imports as a major long term commodity for the port.

Newcastle Agri Terminal (NAT) is constructing a grain terminal facility which includes rail receival facilities, conveyors, 2 x 20,000 tonne silos and 3 x 6,780 tonne silos, shipping facilities and ancillary office, control rooms, carpark, laboratory and inspection and sample rooms.

The terminal is being constructed on port land in Carrington and will be exporting grain products over the common user Dyke 2 berth.

NAT says the terminal design will bring new standards in safety, dust and noise management and also introduce fumigant capture technology which is a first for export grain terminals in Australia. The project provides an additional opportunity for grain growers in Northern New South Wales to export through a modern terminal in the Port of Newcastle.

The facility is the first major grain port development in NSW for more than 25 years and is expecting to be operational in late 2013.

The expansion of trade through the port resulting in over 4,500 ship movements in 2012 necessitates the Corporation providing modern operational facilities to handle an increasingly busy port.

NSW Minister for Roads and Ports, the Hon. Duncan Gay MLC, and the Chairman of Newcastle Port Corporation, Mr Paul Jeans, recently officially opened the $3.5 million Port Centre housing NPC’s Marine Pilots, Port Officers and Vessel Traffic Information Centre including state-of-the-art maritime vessel tracking systems for the port.

Minister Gay said the modern building ensures Newcastle Port Corporation will maintain its operational excellence and be able to handle the forecast increase in trade.

The Port Centre is built on the eastern side of the Pilot Station near the entrance to the Port of Newcastle. The building has been designed to provide greater functionality for NPC’s operational activities.

The Community and the Working Port

Newcastle Port Corporation has a strong association with the community that surrounds the port and enjoys its continued interest in a strategic asset that works day and night.

Each year Newcastle Port Corporation sponsors the Australia Day National Maritime Festival which in January this year attracted about 40,000 people to the harbour foreshore. Free port tours on a vessel chartered by the Corporation was one of the main attractions which were well patronised by the community.

The opportunity to see the working port and learn a little about its history and development is part of a community engagement program of which Newcastle Port Corporation is proud. It is important that the people of Newcastle and the Hunter Region continue to see their port delivering benefit for the whole region.

Newcastle Port Corporation’s new Port Centre has state-of-the-art maritime vessel tracking systems

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PORT HEDLAND

Exports of iron ore continue record growth

By ROGER JOHNSTON, chief executive officer, Port Hedland Port Authority

In recent years, the Port Hedland Port Authority (PHPA) has consolidated its status as the world’s largest bulk export port, thanks to the significant growth in iron ore export trade through the port.

The PHPA achieved a record throughput of 246.6 million tonnes (Mt) for the 2011/12 financial year, which was an increase in trade of over 23 per cent on the previous year.

As of the end of January 2013, the PHPA has seen a throughput of over 158Mt with the port on track to exceed last year’s record throughput.

With an increase in trade growth comes greater demand for port access and infrastructure. The PHPA manages the demand through a strategic and considered approach it takes to port planning and development with a number of key projects in
the advanced planning stages or underway.

In 2012, the PHPA conducted a review into port productivity and found under-utilised capacity and opportunities to access that capacity. Following the review, approval was granted for the development of additional bulk berths in the inner harbour, marking another significant step towards the port realising its target throughput capacity of 495Mtpa. Additionally, the port has developed its D-class vessel movement protocols, which will allow shippers to take advantage of the under-utilised capacity on an opportunistic basis.

**Lumsden Point – servicing the growth in general cargo**

Trade continues to grow across the PHPA's three public berths, which handle the port's general cargo. These berths are expected to reach their maximum operating capacity in the next 12 to18 months. With this in mind, plans are now underway for the development of additional general cargo berthing infrastructure at Lumsden Point, located north of the Wedgefield Light Industrial estate. Lumsden Point is ideally suited to accommodate future port support trades and services. The PHPA is currently conducting a market sounding process to identify private sector interest for the facility.

**Utah Point facility – facilitating export opportunities for the East Pilbara**

The development of Stockyard 2 at the PHPA's Utah Point Multi-User Bulk Export Facility is also well underway. The Utah facility, which was commissioned in September 2010, was developed to address the significant growth taking place at the port, and to provide small and expanding resource companies an opportunity to export their products. The facility has performed well above initial expectations, with Stockyard 1 currently operating above its design capacity. Last financial year saw throughput at Utah surpass 10Mtpa and proponents are regularly shipping through the facility in excess of their allocated tonnage.

**Vision to be the world’s leading port**

As vessel movements at the port continue to increase, the PHPA has kept pace through technological advances. The PHPA implemented state-of-the-art digital communications technology at its Shipping Control Tower to improve efficiency and effectiveness of port operations.

This new dispatch system enables the PHPA’s vessel traffic service officers to more effectively communicate with other PHPA staff and port users.

In 2012, Port Hedland Pilots (PHP) achieved certification for the International Standard for Pilotage Organisations Code 2011 (ISPO), and Det Norske Veritas (DNV). PHP is only the tenth organisation in the world to achieve this internationally recognised certification. The certifications are awarded to organisations demonstrating world-class operational quality and safety management systems and commitment to safe and efficient operations.

The recent introduction of an additional three rotor tugs by the PHPA’s tug providers is another measure to manage the ever increasing number of vessel movements at the port. A further three rotor tugs are expected to be delivered in March 2013.

**A year of growth and milestones**

The last 12 months has seen a number of noteworthy achievements attained by the PHPA. This includes being awarded “Port of the Year” at the Lloyd's List Australian Shipping and Maritime Industry Awards.

This award is the shipping and maritime industry’s recognition of excellence in specific port/terminal development projects, technical innovation, overall management achievements and commercial successes.

So far, 2013 looks set to continue the trend of last year's solid throughput performance. Throughput figures for the financial year-to-date (July 2012-Jan 2013) have increased by 13% year on year, with a total of 158.8Mt to date. Imports have grown 25% so far this financial year with a total of 1.15Mt, compared to 0.93Mt year on year.

The PHPA achieved another milestone when it set a new record for the largest tonnage of iron ore shipped on a single tide earlier this year. The new record of 1,059,740 tonnes was set on 15 January 2013 and beat the previous record set in June 2012 by more than 19,000 tonnes. It was also the first time six capesized vessels sailed on a single tide to achieve this milestone. The PHPA now regularly achieves the sailing of five tidally constrained ships on a single side, with throughput tonnages approaching one million tonnes. This level of productivity is made possible through the professionalism of the PHPA's marine pilots, towage service providers and operations team.

With growth set to continue, the PHPA's focus moving forward will be to build on the port's operational capabilities. As a gateway to the world markets for the resource rich East Pilbara region, the PHPA will continue to work closely with key stakeholders to ensure that the port's ongoing development and future planning aligns with the needs of current and future port users. ▲
Grain tonnage hits record of 2.9 million

By DOM FIGLIOMENI, chief executive officer, Port Kembla Port Corporation

**Trade Results - 2011/2012**

The 2011/2012 financial year proved to be another successful year for Port Kembla given the variability of economic conditions during the year.

Figures show that total trade in the 12 months ending June 30 2012 reached 32.2 million tonnes, down only slightly on the record 33.6 million achieved in 2010/2011. This was a good result for the port given the announcement by BlueScope Steel in August 2011 to significantly reduce their operations in Port Kembla.

The 32.194 million tonnes comprised 21.0 million tonnes of
exports and 11.2 million tonnes of imports. This figure was highlighted by Coal & Coke exports of 15.3 million tonnes, almost 1 million tonnes over the figures for the previous year.

A major contributor to this positive outcome for the year was grain exports. The grain trade saw a marked improvement with 2.9 million tonnes (a port record) being exported, (up significantly on the 1.6 million recorded last year). Port Kembla is the principal grain exporting port for producers in Southern and South-Western NSW and predictions for the coming year suggest continuing strong exports.

In terms of imports, motor vehicles and other machinery accounted for 4.8 million revenue tonnes which was up on the 3.8 million from the previous year.

Shipping numbers remained steady with 1010 vessel visits for the financial year. This is down only marginally from the record 1014 in 2010/2011. This figure is particularly impressive considering the 50 per cent reduction in activities at BlueScope Steel.

Significant Projects
In 2012, Port Kembla saw the commencement of some significant projects and the commissioning of some new facilities.

Outer Harbour Development
During the year, work progressed on the Outer Harbour Stage 1A Reclamation. Almost 1.3 million tonnes of fill material was used to reclaim approximately 8 hectares of land to accommodate new port customers.

Local company Australian Steel Mill services provided 1 million tonnes of uncrushed blast furnace slag, a waste product from the steel making process. PKPC also entered into an agreement with construction company GPT/Ward Civil to stockpile approximately 100,000 cubic metres of excavated rock from a major development in Wollongong’s CBD. This material will be used in the next part of the Outer Harbour reclamation.

In August 2012 the reclamation was completed ahead of time and on budget, allowing the site to be handed over to Cement Australia to commence construction of their new cement grinding mill. The remaining area will be available for development of other bulk or break bulk cargo facilities.

Tug Fleet Base Open for Business
A new permanent home for the tug fleet was completed in June 2012. The new facility has been constructed to safely and securely house the tug fleet that services the port of Port Kembla in all weather conditions.

On Friday the 8th June, NSW Minister for Ports Duncan Gay was joined by over one hundred port users and stakeholders to officially open Port Kembla’s new Tug Fleet Base.

Future port growth plans and the age of the existing tug jetty required a new all-weather base for the fleet and in 2010 the decision was made by the PKPC Board to replace the facility rather than spend the significant amount necessary to repair the old structure.

Construction of the facility included the building of a new breakwater of approximately 250m in length, with approximately 85 000 tonnes of interburden rock material used to form the core of the breakwater structure.

The use of floating pontoons in the design of the facility, as opposed to the previous rigid structure was preferred as it provides safe and secure access and egress to the tugs as the tugs and pontoons move up and down in tandem. The large steel pontoons that were used are approximately 80 tonnes in weight and 30m long with the widest being over 7m wide.

The facility will initially allow for the permanent berthing of four tugs with provision for a further two in the future, should they be required. There is also the capability to extend the facility to house other craft if required.

With the old jetty due to be demolished, PKPC has worked with local contractors to undertake a comprehensive archival recording consisting of historical plans, photos, oral recollections and details regarding the construction and use of the old jetty.

Rail Planning
Work on an Outer Harbour Rail Master Plan was completed at the end of 2011 and forwarded to
Transport for NSW for consideration. The objective of this plan was to investigate, analyse and recommend the optimum 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 ports future transport requirements. The Master Plan contributes to PKPC’s vision of providing integrated logistics solutions within the port and encourage modal shift where practical from road to rail.

Various rail track upgrades and renewal in the Inner and Outer Harbours during the year also recognise the importance that rail plays in the movement of freight to and from the port.

Bio Diesel Facility

In April 2012, a “ground breaking” ceremony took place to celebrate the beginning of geotechnical work on a soybean processing and biodiesel facility at Port Kembla. National Biodiesel Pty Ltd, a privately owned Australian company, will establish the Biodiesel production facility which will take up the last parcel of unused land in the Inner Harbour.

The facility will be the first integrated soybean processing and biodiesel production facility to be constructed in Australia. It will process imported soybeans to produce biodiesel, soybean meal and pharmaceutical grade glycerine (a by product).

As well as providing significant employment opportunities - the facility will generate demand for locally produced oilseeds which will contribute to rural economic growth in the domestic market. It is estimated that the facility will process 1.1 million tonnes of soybeans in the first year of operation growing to 1.36 million metric tonnes after five years. The plant is estimated to produce 288 million litres of biodiesel, along with 850,000 tonnes of soy bean meal annually.

NSW Premier the Hon. Barry O’Farrell was the guest of honour at a ceremony attended by over a hundred guests and industry leaders including Ed Dutton (Chairman of National Biofuels group) and representatives from PKPC.

Tender Awarded – First new Outer Harbour berth on the drawing board

In December 2012 a tender was awarded to commence the next phase in the development of Port Kembla’s Outer Harbour.

AECOM was awarded the tender for the detailed engineering design of the first new berth, dredging and further reclamation in the Outer Harbour. The work requires AECOM to work closely with the Port Corporation to produce detailed designs and technical specifications for:

- construction of the first wharf;
- construction of additional reclamation areas and all associated roads and services to complete a fully operational berth facility;
- hydrodynamic review of the Outer Harbour wave climate and mooring analysis;
- dredging of the shipping channel and berthing basins; and
- options for the disposal of dredge spoil.

The consultants will be required to assess alternatives so that the most cost effective options can be progressed. Where possible fill material sourced from various construction projects around the state will be utilised in the reclamation process. Work is expected to be completed in mid 2013.

Maritime Community Day

Following on from the success of similar events in previous years, PKPC hosted its third “Maritime Community Day” in October 2012.

The day provided an opportunity for the community to check out the port precinct, learn about the maritime and military heritage of the area and discover some of the environmental initiatives taking place in the port.

The feature attraction was the historical tall ship the “James Craig” which made its way from Sydney for the event and was open for visitors to explore. The vessel was a first time visitor to the port and in a unique opportunity, a handful of lucky passengers were able to join the crew on the vessel’s voyage from Sydney to Port Kembla or the return leg of the passage from Port Kembla to Sydney.

The day attracted approximately 4200 visitors, who enjoyed the free activities attractions, displays and entertainment on offer. This event was held in line with PKPC’s commitment to work with the community to ensure they are kept abreast of port developments and provided sufficient opportunity for input and consideration of thoughts, ideas and concerns.

Long Term Lease

In October 2012, the NSW Government introduced legislation to enable the private sector to enter into a 99-year lease for State-owned assets Port Botany and Port Kembla.

The lease will ensure private sector investment in the ongoing development of the port while allowing the Government to focus on delivering critical services and infrastructure including roads, school and hospital projects across NSW.

The process of seeking potential buyers (of a 99 year lease) is currently underway and is expected to be completed by the end of the 2012/2013 financial year.

New Pilot Vessel

In January 2013 the PKPC Board approved the purchase of a new pilot vessel for the port. The new vessel will replace the Corporation’s main heavy weather vessel the MV Governor Bourke which was built in 1987 and is nearing the end of its operational life. The new vessel, will work in tandem with PKPC’s second pilot vessel the “MV Shearwater” to ensure that service levels to all port users can be maintained in all weather conditions.

The new vessel will be designed and constructed to meet the specific operational requirements of the port and operate more efficiently, burning less fuel then the Governor Bourke. It is anticipated to commence service in late 2014.
Connecting Queensland trade to the World

The closest major container port to Australia's largest export market, the Port of Brisbane is up to five sailing days closer to Asia than Australia's southern ports.

With international trade worth over $50 billion annually, the Port of Brisbane is one of Australia's fastest growing and most diverse multi-cargo ports, with world-class cargo handling and warehousing facilities for containers, motor vehicles, and bulk and general cargo.

Free from urban encroachment and with ongoing investment in infrastructure, the Port of Brisbane, situated on more than 1,800 hectares of land, has room to grow.

With 7,200 meters of quay line accommodating 29 operating berths, and direct connectivity to national road and rail networks, the Port of Brisbane can provide tailored logistics solutions to meet all your cargo needs.

To find out how the Port of Brisbane can provide your business with opportunities to grow, visit www.portbris.com.au or contact Andrew Brinkworth, Trade Development Manager, on +61 7 3258 4888 or andrew.brinkworth@portbris.com.au.
In what has been a challenging two years involving volatile changes in its markets, Tasports continues to focus on cost efficiency and the delivery of its major infrastructure projects.

**CUSTOMER FOCUS**

Despite difficult operating conditions, Tasports’ Chief Executive Officer Paul Weedon says that the business continues to undertake the groundwork necessary in order to position itself to retain a sustainable business model to meet its customers’ needs.

“Over the last year we have continued to deliver on, if not increase, our focus on our customers and their requirements, taking a more deliberate approach to working closely with them and building strong and meaningful relationships.”

“A key challenge for us, however, is cyclical changes in our markets and global trends impacting on our business plans and strategies. In particular the Forestry segment continues to undergo major change, with consequent significant reductions in woodchip export volumes.”

**PORTS TASMANIA**

Tasports responds to changing markets

*PAUL WEEDON, chief executive officer*
“We do, however, have a strong Corporate Plan with clear and measurable objectives to manage our diverse operations, and we have worked hard in 2012 to continue to fine-tune our state-wide ports development plan to meet customers’ long and short-term infrastructure needs.”

Tasports has recently restructured its business activities following 2012’s market impacts in order to enhance business development and customer activities, and streamline operational teams. The appointment of Chief Operating Officer Craig Heron in July 2012 saw the previous Business Development and Operations divisions merge in order to provide better strategic alignment between operations and customer requirements.

“Craig’s portfolio encompasses towage, security and cargo operations, new business development, customer management, and property development.”

**KEY ACHIEVEMENTS AND PROJECTS**

Throughout 2012, Tasports was able to deliver on several key projects, and is in a strong position to continue to deliver on these priorities during the year ahead.

Tasports’ Board endorsed the 10 Year Infrastructure Plan, which guides Tasports’ strategic infrastructure, maintenance and business development programs.

“The future development of Tasports’ wharves, land based plant and equipment, tug and vessel fleet, together with customer plans, is framed by this 10 Year Plan, which represents a large body of work undertaken over the last 18 months.”

Despite a challenging year financially, Tasports was also able to invest $16 million across Tasmanian ports. “This is a significant achievement in that it is one of our largest infrastructure spends to date, and up from $13 million in the previous financial year,” Mr Weedon said.

“We made significant headway also on a number of our major projects, including completion of a $4.6 million upgrade to the Devonport Airport which involved an extensive refurbishment of the terminal building, security screening upgrades and improvements to passenger amenities and facilities.”

Redevelopment of Macquarie Wharf No 2 in Hobart is also well underway and set for completion by the end of March 2013, with Tasports investing $7 million to deliver a dedicated Cruise and Antarctic facility for its customers in these growing industries.

“We have worked very closely with our customers in these segments in order to understand their requirements and future plans, and there is every indication that we will continue to see these industries grow.”

“On the back of a bumper cruise season, our customers and stakeholders in this area have welcomed the facility, and are looking forward to the project’s completion early this year.”

Infrastructure upgrades at Burnie Port will be a key project for 2013, with Tasports working closely with Toll and TasRail to improve the efficiency of road and rail logistics and ease road congestion in the Burnie port precinct.

“Concept designs for this project are now complete, and construction work is set to commence this year on this vital project following a welcome $4 million allocation from the Federal Government to upgrade the port.”

**THE FUTURE**

Despite the increased operating challenges Tasports has faced over the last 12 months in particular, Mr Weedon says that he is confident the business can remain strong in its ability to deliver on critical infrastructure and maintenance projects, as well as investment in its assets.

“We will continue to develop and foster our Corporate Plan, promote new opportunities and pursue economic growth, allowing us to remain on track and focused on our proactive role in the development of State transport infrastructure and the effectiveness of the Tasmanian freight logistics chain.”
Inconsistencies are the norm in port procedures

By JONATHAN C. WILLIAMS FICS, general manager, FONASBA

S
o, another year has passed and it is once again a great pleasure to be invited to report on the activities of FONASBA over the last twelve months.

Perhaps the highest profile development by the Federation during this period was the public unveiling of our Port Procedures Survey in December 2012. This project began life as an internal exercise by our Brazilian member FENAMAR to codify all the procedures undertaken by a ship agent before, during and after a port call with the aim of using the data collected to demonstrate to the Brazilian authorities the lack of consistency in the application of statutory procedures around the coast. FENAMAR then suggested to FONASBA that the project might also prove beneficial to other associations and so the global survey was born. The project really gained momentum after a presentation by Liner & Port Agency Chairman, and FENAMAR President, Glen Gordon Findlay at the Sydney Annual Meeting in 2011 and at the time this article goes to press there are 37 FONASBA member states, including Australia, represented in the survey. The Australian ports covered to date are Port Adelaide, Brisbane, Fremantle, Melbourne, Port Hedland and Sydney.

The significant volume of data collected proves the hypothesis that the only thing that is consistent about port procedures is that they lack any consistency! The variation in what should be standardised national administrative procedures between one port and another in the same country, and quite often in the same local administrative region, is staggering. While it could be argued that this complexity of procedures is good for the agency sector in that it makes employing a qualified local agent a must for shipowners and operators, the counter argument is that dealing with all the variations across even a relatively narrow range of ports is time-consuming, expensive and an inefficient use of the agent’s time, which would be better spent proactively assisting the master to complete the port call as efficiently as possible. Another benefit of the survey is that it clearly demonstrates the number and variety of actions that a ship agent undertakes on behalf of the vessel, something that is perhaps overlooked by our principals when agency fee are discussed. Our European committee, ECASBA, had previously alerted the European Commission to the development of the survey to compliment their own actions to streamline and harmonise vessel reporting formalities across the Member States and the publication of the survey was welcomed, and FONASBA warmly congratulated, by the officials concerned.

The results of the survey to date can be found in the public area of the FONASBA website at www.fonasba.com. Of course this project will never be finished as there will always be a need to add more ports, update and expand on those ports already listed and add further functionality. We will therefore be relying on all our member associations, SAL included, to ensure that the data is as up to date, accurate and comprehensive as possible.

For more than ninety years our colleagues at Centro de Navegación in Argentina have published the River Plate Shipping Guide, which provides information on all the ports on the Rio del Plata as well as on agents and other port service providers. In 2011 they proposed using their expertise to produce a FONASBA Handbook which would bring together information on all the associations represented in membership, on the countries they represent and the goods and materials they import and export. Whilst all this information is available somewhere on the internet, this will be the first time that it is brought together in one comprehensive, professionally produced reference work. This is a major project for Centro, for FONASBA and for the member associations but the potential rewards in terms of information about the global agency and brokering sector and international recognition for FONASBA and its members is huge. The book will be launched at the Lima Annual Meeting in October this year and we hope that very soon it will become a “must-have” work of reference for shipowners, charterers and everyone else in the global maritime sector.

FONASBA’s website has also been comprehensively revised, both technically and in terms of content and is now the centrepiece of our external communications campaign that began early last year. The new site offers the most up to date operating technology, is fully compatible with all social media and
can be easily updated from the office or remotely through a laptop or smartphone. The volume of information is increasing steadily and we will also be working with our developers in the coming months to add increasing levels of functionality and thus boost the value of the site to our members and the outside world.

The website is just one aspect of our campaign to increase awareness of the Federation and its members, the issues they face, the role of the ship agent and ship broker and their value to the international maritime supply chain. We have also appointed one of the foremost maritime public relations companies, Navigate PR, to oversee and guide our efforts to enhance our public profile. These actions have already brought about increased awareness of FONASBA in the international maritime press and we anticipate this will continue as we go forward.

One of our most reported press releases related to FONASBA’s actions to support the container weighing initiative being taken through IMO by the joint industry and Member State group, an initial report of which appeared in the Autumn 2012 issue of this magazine. Whilst ship brokers and ship agents are not directly involved with the safety aspects of accidents involving overloaded containers, they are closely involved in the aftermath of such events and thus it was important that FONASBA actively endorsed the initiative. We were present at the plenary meeting of IMO’s Dangerous Goods, Solid Bulk Cargoes and Containers sub-committee (thankfully DSC for short) in September 2012 and participated in the working group that was established to take the issue forward. Some Member States voiced opposition to the requirement for all containers to be weighed and so the option for the weight to be assessed by obese a third party of the container to the weight of the contents AND the dunnage (a significant factor that is often overlooked) was added to the proposal. The issue is now with a correspondence group tasked with reporting its recommendations to the next DSC meeting in September 2014. FONASBA is a member of the correspondence group and will be actively participating in its work. Inaccurate weight is, however, just one element of the much wider subject of the mis-declaration of containers, an issue that is more directly relevant to our ship agent members, as in some countries they can be held liable for the consequences of any criminal actions that may come to light, for example cigarette and drug smuggling. FONASBA will therefore be putting a paper in to the 2013 DSC meeting to raise the issue and remind national governments that ship agents and shipping lines are no more in a position to independently verify the contents of the container than assess its weight.

Another press release that generated much media interest was the election, at the Venice Annual Meeting, of FONASBA’s first female President. Marygrace Collins is a partner in a broking firm based in White Plains in New York and is also a member of the board of ASBA, the US association. As an active broker, Marygrace is looking at the development of more initiatives for FONASBA’s broker members as a priority for her two-year term of office, although the range of actions supporting ship agents will of course continue. A new Executive Committee was also elected in Venice and details of the members of the committee are available on the website. The Committee has also been expanded through the election of Capt. Jakov Karmelic of Croatia as Vice President for Education, whose role will be to coordinate the educational activities of our members and to encourage dialogue between them. It is not the intention that FONASBA will offer its own education programmes - as those offered by the members already adequately cover the requirements - but bringing the providers together under the auspices of the VP Education will allow for exchanges of views and ideas which will ensure that the programmes remain relevant and comprehensive.

Retiring from the Executive Committee at the Annual Meeting was former President Tonny Poulensen of Denmark and his significant contributions to the development of FONASBA in recent years were recognised and acknowledged with his election to Honorary Membership. The 2012 meeting in Venice was one of the largest in recent years, with more than 170 delegates and partners attending. An active group of Young Members also participated for the first time and we anticipate that their presence will be a permanent feature of future meetings. One of the highlights of the week was the seminar organised by our hosts FEDERAGENTI. In a nod to the presentation by Dr. David Bayne in Sydney they year before, the subject was “Mega Ships – state of the art, are the ports able to take the challenge” and this was discussed by a panel of high-level experts from the Italian maritime sector. What made this event even more memorable, however, was that it took place in the stunning Doge’s Palace. The meeting of 21st century technology and 15th century architecture gave a few problems in the Council Meeting that followed but this was a small price to pay for the opportunity to enjoy one of the glories of Venice – and without the crowds!

My enjoyment of Venice, and that of my wife and many of our colleagues, was somewhat diminished by the realisation that it was probably the last time we would see Llew Russell and Lorraine at an Annual Meeting. Although they have only been members of the FONASBA family for a relatively short time, Llew and Lorraine have participated actively and enthusiastically in the business and social sides of the Federation and their contribution to the Sydney Annual Meeting, along with Michael and Virginia Phillips and the SAL staff, was a major factor in the success of that event. So, on behalf of everyone at FONASBA, we wish Llew and Lorraine a long, happy and healthy retirement and just possibly hold out the hope that there might be a role for them to play in SAL’s future participation in FONASBA?
Getting to grips with the Maritime Labour Convention

The first step is to understand the certification process

By PETER HINCHCLIFFE, International Chamber of Shipping

The International Shipping Federation (ISF) is the identity used by ICS when acting as the global employers’ organisation for shipowners. ISF co-ordinated the representation of maritime employers during the tripartite negotiations at the International Labour Organization (ILO) which resulted with the adoption of the ILO Maritime Labour Convention.

In August 2013, the ILO Maritime Labour Convention (MLC) will enter into force and ship operators will need to be ready. But what does this mean in practice?

The ILO MLC addresses a wide range of matters including the obligations of shipping companies with respect to seafarers’ contractual arrangements, oversight of manning agencies, working hours, health and safety, crew accommodation, catering standards, and seafarers’ welfare.

Provided they put in the work, the vast majority of companies should not have any difficulty complying with the substance of the Convention. In large part this is derived from existing ILO maritime standards and accepted good employment practice.

However, the enforcement mechanism is new. It will be important to avoid teething problems as some of the more detailed requirements are applied and interpreted by flag states, in consultation – as the Convention requires - with national shipowners’ associations and seafarers’ trade unions. (For Australian flag ships, the relevant national employers’ association is the Australian Shipowners Association).

The immediate challenge that shipping companies must get to grips with is the certification process. Ships registered with flag states, such as Australia, that have already ratified the Convention, will almost certainly find the process easier than those which have yet to ratify.

An important aspect of the MLC’s enforcement will be the issuance of a Maritime Labour Certificate to the ship. This will follow a flag state inspection, although this may be conducted by a recognized organization (RO) such as classification society.

In addition, there is a separate requirement for ships to prepare and maintain a Declaration of Maritime Labour Compliance (DMLC). The purpose of the DMLC is to ensure ongoing compliance with the MLC standards, and to help inspectors to check that national requirements are being properly implemented.

It is this particular aspect on which shipping companies may especially wish to focus between now and when the Convention enters into force next year, bearing in mind that compliance will also be subject to port state control as from August 2014.

The Maritime Labour Certificate is issued to the ship rather than the company, and is thus similar to the Safety Management Certificate issued to ships under the IMO ISM Code. The Certificate is prima facie evidence that a ship complies with the ILO Convention standards to the extent set out in the Declaration.

Certificates will normally be issued for five years, with an intermediate inspection between two and three years after the first flag state inspection.

The DMLC is meant to establish the national requirements implementing the Convention for the working and
living conditions on board the ship. The DMLC should be issued by the flag state as an attachment to the Maritime Labour Certificate and comprises two parts.

Part I of the Declaration should be prepared by the flag state in order to identify the matters for inspection. Part II of the Declaration should be drawn up and maintained by the company for each ship. This should identify the measures adopted by the company to ensure compliance between inspections.

To assist employers, The International Shipping Federation (ISF) has published new Guidelines on the Application of the MLC which will include a detailed example of Part II of this Declaration as it might be prepared by a company.

Flag states should be developing more detailed advice on what is required of shipowners when preparing the DMLC, and the particular format and content that they require. It will be especially important for companies to follow instructions from individual flag states which will differ from country to country, rather than only following any generic advice that might be offered by some ROs.

Given that there are tens of thousands ships requiring MLC certification, it is vital that flag states provide this advice to shipowners as soon as possible.

An important aspect of the Declaration is to set out where evidence of ongoing compliance of the detailed MLC requirements can be found on board the ship. This includes the records to be taken and verified, and the procedures to be followed when potential non-compliance is noted, such as a crew contract that might be inconsistent with MLC provisions.

Much of this information can be kept alongside the Safety Management System required by the ISM Code. This will hopefully simplify inspections and reduce unnecessary duplication between ISM and MLC requirements.

Given that the Declaration will also be of interest to port state control as well as flag state inspectors, it will be worthwhile for companies to take the time and effort to prepare the Declaration in a way that demonstrates adherence to the spirit as well as the letter of the MLC.

The number of detailed requirements within the Convention that need to be complied with should not be underestimated. Some things are new, such as the need to have properly documented on board complaint procedures for seafarers in order to protect their rights. There are several provisions within the MLC, however, that are already covered by the IMO STCW Convention and the ISM Code.

Bearing in mind that the 2010 amendments to the STCW Convention are already in force on a global basis, it is possible that many flag administrations may take relevant STCW requirements, such as those concerning minimum rest hours, as their primary reference point.

More specifically, there may be some degree of overlap between the well-established enforcement of ISM Code requirements and those of the ILO MLC. Documentation relating to compliance with several MLC requirements should already be broadly covered by the ISM Safety Management System.

The requirement for inspections (or external audits) leading to certification to be conducted every five years, with intermediate inspections between the second and third years, are the same under the ISM Code and the MLC. It therefore makes sense for these inspections to be scheduled at the same time.

As an official social partner under the tripartite ILO process, ISF was responsible for negotiating the text of the new Convention on behalf of maritime employers with governments and seafarers’ trade unions. ISF therefore has a very special interest in wanting to ensure the Convention’s smooth implementation.

With careful preparation - which includes flag states providing clear and timely advice about the national certification process – the entry into force of the MLC should help deliver the global level playing field of decent maritime labour standards that both shipowners and seafarers require.
The CMI and the harmonisation of maritime laws

By STUART HETHERINGTON

It has been a great honour to be appointed President of the Comité Maritime International at its assembly meeting at its 40th conference in Beijing on 19 October 2012. One of my predecessors as President of the CMI, Albert Lilar, said the following:

“The history of maritime law bears the stamp of a constant search for stability and security in the relations between the men who commit themselves and their belongings to the capricious and indomitable sea. Since time immemorial, the main principle which has inspired all the approaches to the problem has been the establishment of a uniform law. That is the primary object of CMI today. Universality or homogeneity is essential to enable shipowners and traders to operate in a benevolent environment. They seek certainty in the law.”

One must also be mindful of what was said by Louis Franck when explaining the concept of the founders of the CMI when he described the task of the lawyer as being:

“...to discern what in this maritime community was the general feeling, which, among these divergent interests, is common to all; to discern also which of the various solutions is the best; to contribute to the common work his science and his experience, but that ultimately the lawyer should hold the pen and that the man of practice should dictate the solution.”

The past

The CMI has had a magnificent history since its founding by a far sighted group of maritime lawyers in Western Europe, principally in Antwerp, at the end of the 19th century. Those lawyers who were from countries that had established maritime law associations, drafted what have become known as the Brussels Conventions:

- Collision (1910)
- Salvage (1910 and 1989)
- Maritime Liens and Mortgages (1926 and 1967)
- Limitation (1924 and 1957)
- Bills of Lading (1924 and 1968)
- Arrest (1952)

and more recently the draft of the Rotterdam Rules. This work exemplifies the difference between the CMI of this century and that which operated for the first half of the 20th century. In the first half of its existence the Brussels’ government called the Diplomatic Conferences, which adapted the drafts prepared by the CMI as a convention. Now it is invariably an arm of the United Nations which develops a convention. In the case of the Rotterdam Rules this was a project which CMI commenced at its conference in Paris in 1990 when the then President Francesco Berlingieri suggested that as the Hamburg Rules, (which had been prepared by UNCTAD and had not involved the CMI), did not appear to be garnering sufficient support to be likely to be an effective instrument in worldwide trade, the CMI should study the issue and, if it thought appropriate, draft a further convention.


The present

At the Beijing Conference there were two major projects which were on the agenda. One was a classic CMI project, in the sense that it involved
drafting of a potential international convention, Judicial Sale of Ships. The concern which governed the work by CMI on this topic was that when ships are sold by order of a court, a buyer expects to receive a clean title. Unfortunately some jurisdictions do not recognise such sales and buyers are faced with arrest of their newly acquired ship by a creditor of the previous owner in such a jurisdiction. Unfortunately time ran out at the conference and the delegates were unable to complete the drafting of what it is hoped might in time become a convention. The work will continue and hopefully, ultimately bring greater uniformity to this area of the law.

The second major project was a Review of the Salvage Convention 1989, which had been requested by the International Salvage Union (ISU). The 1989 convention had been drafted by the CMI at its conference in Montreal in 1980. The ISU had a number of concerns with the Salvage Convention but principally the provisions contained in Articles 13 and 14. Archie Bishop, the legal adviser to the ISU, had been advocating for some years that a new salvage reward should be available to salvors in what he described as an “environmental salvage reward”. The suggestion he made was that Article 14, which salvors considered had been eviscerated by the House of Lords in the Nagasaki Spirit [1997] AC 455, should be replaced by a separate award pursuant to which the salvors would be compensated for the work they had done to protect the environment. Article 13, it was proposed by the ISU, would not contain any element of reward in respect of environmental salvage and the new proposed Article 14 award would only be paid by the shipowners and their liability insurers.

SCOPIC, which had been negotiating between shipowners, salvors and property underwriters, to replace Article 14 where LOF was involved as a result of the Nagasaki Spirit decision, was not, the ISU argued, comparable to a salvage award and merely provided compensation in respect of costs expended. One of the principal concerns of salvors was that awards under Article 13 are limited to the value of the salvaged ship and its cargo. In circumstances in which an elderly vessel was involved (possibly a tanker which had the potential to cause substantial pollution damage) any award the salvor might obtain could be disproportionate to the large savings the shipowners might have been spared for oil pollution clean up costs and damage to third party property.

The ISU's proposals were strongly resisted by shipowners, represented by the International Chamber of Shipping (ICS), and the P&I Clubs which considered that the present system was working satisfactorily. In the event the delegates to the CMI conference in Beijing were not in favour of making such a significant amendment to the convention. Only one of the proposed reforms found favour with the delegates - that was to the definition of “damage to the environment” in Article 1(d) to enlarge the geographical scope of the definition. Delegates considered that the definition should be widened, compatible with the international conventions such as CLC, HNS etc, i.e. the Exclusive Economic Zone. It is unlikely the IMO would be interested in amending the convention by a protocol containing only this amendment.

The Beijing Conference also had a number of presentations on the topics upon which work is being done by International Working Groups (IWGs, see below). In addition there were sessions on: The Shipbuilding Industry in Asia: Problems and Challenges; and the Western and Eastern Cultural Influence on Maritime Arbitrations and its recent development in Asia. These sessions and those organised for “Young CMI” were extremely informative and well attended.

The future
What is the future of the CMI?
The CMI is the custodian of the York Antwerp Rules and has now initiated a major review of those rules by appointing a new International Working Group (IWG) under the chairmanship of Bent Nielsen. Amendments made in 2004 at the Vancouver conference have not received widespread support. The current rules which are most in use are the 1994 rules drafted in Sydney in that year at the conference.

Another topic which was debated at Beijing was “Offshore Activities”. CMI first worked on this in 1977 when it drafted an international Convention on Offshore Mobile Craft with a view to bringing uniformity to the offshore industry. The topic was abandoned when industry lost interest in the work. Since the Deepwater Horizon and Montara disasters, some states, especially Indonesia, have argued that something needs to be done in this area. Justice Steven Rares of the Federal Court of Australia has written eloquently on the subject and believes that an international convention modelled on the Civil Liability Convention (dealing with oil pollution) should be prepared. A new IWG under the chairmanship of Richard Shaw has been set up.

Other topics discussed at Beijing and which have IWGs working on them between conferences include Fair Treatment of Seafarers, Piracy and Maritime Violence, Marine Insurance, Cross Border Insolvency, and the Arctic and Antarctic Legal Regimes. All are extremely topical and require CMI to utilise the services of its worldwide network of maritime law experts.

A new initiative launched at the Beijing conference is the setting up of an IWG to investigate the possibility of joining with ICS and IMO to seek to have more conventions ratified. This has been the focus of a campaign by the ICS last year and is a major concern of the IMO Legal Committee. It is believed that National Maritime Law Associations could do much (in conjunction with the ICS worldwide offices) to educate states about such conventions that they have not ratified.

CMI has in the past worked with a publisher to produce a handbook containing the most significant maritime conventions. With the assistance of IMLI in Malta, work is being done to produce a new edition. At the same time consideration is being given to having that material posted on the CMI website. In recent years the CMI website (www.comitemaritime.org) has been considerably upgraded.

A further initiative is to explore the possibility of employing somebody to gather together important decisions worldwide on international conventions, which would be available on the CMI website. Francesco Berlingieri has already worked on this for some years, but it is thought that someone working full time on such a project could assemble very much more material and establish a network of volunteers around the world to gather such material in future.

Conclusion
Whilst there seems to be a lack of interest in the IMO Legal Committee to develop new conventions (about which the shipping community will no doubt sigh with relief), I hope I have demonstrated that maritime lawyers both within our own jurisdiction and internationally are still doing much work seeking to unify maritime law. I look forward to the Maritime Law Association of Australia and New Zealand continuing to play its part in the ongoing work of the CMI.
Challenging times in the coastal trade
The story so far for “Revitalising Australian shipping”

By HAZEL BRASINGTON, Partner, Holman Fenwick Willan*

The year 2012 was a year of significant legislative reforms. In 2013 the outcomes of the Coastal Trading (Revitalising Australian Shipping) Act 2012 (Act) will be better understood by the shipping community.

Access to the Australian cabotage trades is at the centre of the “Revitalising Australian Shipping” reforms.

Proceedings issued by CSL Australia Pty Ltd (CSL) (Proceeding) centre on temporary licences to engage in coastal trading. In a judgment handed down on 16 November 2012 Robertson J has analysed the discretionary powers created by the Act, and factors to be taken into account when the Minister or delegate decides whether to grant an application for a temporary licence.

The courts’ interpretation of the Act will determine some key commercial outcomes of the new coastal trading regime. Current litigation also turns a spotlight on how efficiently the temporary licence process is working.

Australian manufacturing and processing industries are facing difficult operating conditions, aggravated by a high Australian dollar. In such conditions, the cost of freight can be a vital element for shipper and receiver interests who have a coastal sea freight requirement. On the other hand, the cost equation for owners and operators is not favoured by prevailing high bunker costs and regulatory uncertainty. For a range of stakeholders, the interpretation placed on discretionary factors built in to the temporary licence process under the Act will have important ramifications. Appeals to the Full Court are expected to be heard by May 2013.

Licences to engage in the coastal trade

The Act introduced a regime to regulate the coastal shipping trades between Australian states (excluding intrastate voyages), replacing the previous licence and permit system of the Navigation Act 1912 (Cth). To engage in coastal trade, a vessel must operate under one of three kinds of licence - a general licence, a temporary licence or an emergency licence.

A general licence is available only if the vessel is registered on the Australian General Shipping Register; in broad terms, such a vessel must be an Australian-owned ship with each member of the crew being “an Australian citizen or the holder of a permanent visa or the holder of a temporary visa”. With a general licence, a vessel is allowed unrestricted access to Australia’s coastal trade.

A temporary licence may be granted for five or more coastal voyages at a time in a twelve month period. It enables those voyages to be performed by foreign flagged and crewed vessels.

The Act provides that general licence holders must be given notice of any temporary licence application (including a variation application) and afforded the opportunity to negotiate terms for one or more voyages that are the subject of the application.

In the event negotiations are not successful, the Minister or delegate will decide whether to grant or refuse the application.

The Act specifies factors which the Minister or delegate may take into account in reaching a decision, including at section 34(2)(f) the objects of the Act. Factors which the Minister or delegate must take into account include, at section 34(3) (d) the reasonable requirements of a shipper of the kind of cargo specified
in the application. It appears that stakeholders have widely divergent expectations of how this aspect was intended to operate.

The Proceeding

Negotiations between CSL and the licence applicant Rio Tinto Shipping Pty Ltd (Rio Tinto) were unsuccessful in regard to CSL's offer to fulfil four of the voyages in Rio Tinto's application. After consideration, an authorised delegate of the Minister granted the variation application as requested by Rio Tinto.

CSL immediately applied for an interlocutory injunction to restrain Rio Tinto from taking any steps to perform the four voyages in question. That application was refused in favour of Rio Tinto Shipping.

CSL then applied for declaratory relief by judicial review of the delegate’s decision to grant the temporary licence.

The Judgment

The judgment of His Honour Robertson J on CSL's application for judicial review has attracted general interest, in particular his Honour's reasons for rejecting CSL's submissions that, in granting the temporary licence, the delegate had failed to take account of the objects of the Act, or had misconstrued the objects of the Act.

CSL had argued that the exercise of “... any discretion under the Act which resulted in the issue or variation of a temporary licence when a general licence vessel was available and suitable either established or was strongly suggestive of an error of law” [by the delegate], and that “the delegate misconstrued the object of the Act ... by taking account of the economic interests, profitability and the costs of the shipper/receiver of the cargo”.

The Court disagreed with this proposition. Robertson J found that the object of the Act of “Promoting a viable Australian shipping industry is not the only or dominant object of the Act so as to make other considerations legally impermissible; such as the promotion of competition in coastal trading.”

The Court took note that the objects of the Act in section 3(1)(a) included providing a regular framework for coastal trading in Australia that promotes a viable shipping industry that contributes to the broader Australian economy. Robertson J found it significant that the word “Australian” did not appear in object 3(1)(a) in reference to “shipping industry”.

General implications of the decision - pricing

Robertson J held that pricing of freight offered by the general licence holder and the impact of the level of that pricing on the economic viability of a temporary licence applicant’s business operations, are not irrelevant considerations in the exercise of the Minister's or delegate's discretion. His Honour found that promoting a viable Australian shipping industry is neither the only nor the dominant object of the Act. The mere availability of general licence vessels which are suitable to perform voyages that are the subject of an application for the issue or variation of a temporary licence “... will not dictate the result of the exercise of the Minister's or delegate's discretion.”

CSL has appealed these findings, maintaining that the above findings are not consistent with the objects of the Act. Key issues for general licence holders are whether the Act permits the Minister or delegate to have regard to (a) the economic interests of the cargo parties and (b) the differential between the freight rates offered respectively by the general licence holder and by the temporary licence applicant.

Other implications – procedural fairness and time frames

A court decision can help streamline delegates’ decisions by clarifying the legislative parameters, however the current situation could have the reverse effect. Robertson J found that the relevant decision maker had denied CSL procedural fairness when she consulted the Australian Maritime Safety Authority in regard to some but not all potentially available material concerning a safety issue affecting the vessel's suitability.

Delegates are caught between opposed and strong commercial interests in this context. At all times, numerous applications are tracking through the administrative process and mandatory time frames apply. Adding to the work load, a high incidence of variation applications has been experienced, as applicants strive to meet the exigencies of their operations under constraints of the fixed dates and voyages for which temporary licenses are granted. (Any variation application must also undergo the entire publication, challenge, negotiation and then decision process.) If the response of delegates is defensive concerning anticipated legal challenges, this could tend to slow matters down while attention is directed to assurance of due process on all aspects of an application.

The time frames granted by the Act can be suspended while decision makers request additional information, and then assess whether the additional information is sufficient. In practice, the mandatory timeframes could be adding to the procedural burden without promoting speedier outcomes.

Other implications – uncertainty

The “Revitalising Australian Shipping” package of legislation aimed to incentivise investment in Australian ships. For any owner or operator weighing up the potential opportunity, the value of an income stream from cabotage trades is vital. While the availability and prospective value of cabotage freight trades are under a cloud of uncertainty, owners and operators will be unable to assess a business case to invest in Australian shipping.

Conclusion

Litigation currently before the Federal Court is significant across the spectrum of stakeholders. Ordinarily a period of uncertainty will follow the introduction of new and substantial reforming legislation. Testing the interpretation of new legislation through the courts is often the consequence. It is not surprising that access to coastal trading emerged as the front runner for a court challenge since it was the most difficult and contentious area of policy throughout the consultation stages of the reforms. The sooner some key points of interpretation are resolved, the clearer it will be to what extent the objectives of the reforms have been achieved. Meanwhile, the hoped for flow-through benefits of a vibrant shipping “cluster” in the Australian economy remain elusive.

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Between the devil and the deep blue sea: Cross-border insolvency in a cross-border industry

By DANELLA WILMSHURST, Partner and KRISTIN HIBBARD, Associate, HWL Ebsworth Lawyers

Introduction
As an island nation, the shipping industry is of vital importance to Australia. The law governing that shipping is of equal importance. Whilst shipping law is a broad and fascinating area of law, its defining feature is the ability to arrest a ship. From time immemorial, the seas have been used as a highway between nations, and shipping law and the action in rem has developed in response to the particular circumstances faced by those involved in the shipping industry.

In recent years, the global shipping industry has been under significant financial pressure as a consequence of the international economic climate. The economic circumstances faced by the shipping industry are akin to those the society as a whole has been facing. Predictably, this has led to insolvencies of shipowners across the globe.

The interaction between insolvency and admiralty laws becomes important when a shipowner falls into insolvency. The ability to arrest a ship may allow a maritime claimant to recover its claim against a ship independently of the ordinary insolvency process and unsecured non-maritime claimants.

Australian Action in Rem
Ships have long been recognised as posing a particular risk which requires a unique approach. Ships sail to all corners of the world and inevitably incur debts to people far away from their home. In response, international shipping law has developed over centuries to offer a suite of pragmatic legal solutions to those involved in the shipping industry.

Arresting a ship in Australia is comparatively straightforward and cost effective. An application for arrest does not require leave of the court and, generally, an arrest will occur within a couple of hours of an application being filed in Court. The Admiralty Marshals of the Court are available to arrest a vessel anywhere in Australia, any time on any day of the year.

Once admiralty jurisdiction is exercised, the arresting party becomes a secured claimant, having a secure claim over defined and quarantined property, the
ship. Unlike a maritime lien, a statutory right in rem is not a security interest when it arises but it becomes a secured claim when proceedings are instituted by the issue of a writ in rem.

The secured claim is then subject to the well known rules for the ranking and priority of maritime liens, general maritime claims, proprietary maritime claim and non-maritime claims against the security. Whilst maritime liens and claims are ranked, a secured claimant will always have priority in its access to the funds produced by the sale of an arrested ship over the claims of other unsecured non-maritime claimants.

By arresting a ship, a maritime claimant may be able to elevate itself above other non-secured creditors, and obtain priority outside the ordinary insolvency process, if a shipowner falls into insolvency.

**Insolvency Laws**

In the event of insolvency, and the absence of sufficient assets to pay all creditors in full, sound and logical insolvency laws are needed to ensure an orderly, efficient and fair collection, realisation and distribution of a debtor’s remaining assets. Insolvency laws prioritise some creditors over others.

Whilst admiralty law has a long international history, other areas of the law have only recently become international in character. Insolvency laws are such an example.

The United Nations Commission on International Trade Law recently developed the Model Law on Cross-Border Insolvency of the United Nations Commission on International Trade Law (Model Law) with a view to harmonising and unifying the national laws regarding international trade. Schedule 1 to the Cross-Border Insolvency Act 2008 (Cth) gives the Model Law force of law in Australia, as enacted. The aim of the Model Law is to regulate the conduct of cross-border insolvencies with the objective of making it more efficient to conduct cross-border insolvency proceedings, and to facilitate the recovery of assets from foreign jurisdictions, amongst other things.

A fundamental feature of the Cross-Border Insolvency Act is that there can only be one “main proceeding” in relation to the insolvent party. The “main proceeding” being the proceeding taking place in the state where the insolvent party has its “centre of main interests”. Pursuant to Article 20 of the Model Law, the recognition of a foreign insolvency proceeding as the “main proceeding” gives rise to an automatic stay of individual creditor actions and executions concerning the debtor’s assets, and a freeze on the debtor’s assets.

A foreign representative, such as an overseas liquidator, may apply to a court in Australia to obtain recognition by that court of a foreign insolvency law proceeding in which the foreign representative has been appointed.

Upon recognition of a proceeding as either a foreign main or foreign non-main proceeding, the Australian court may grant any appropriate relief “necessary to protect the assets of the debtor or the interests of the creditors”. Appropriate relief may include a moratorium of actions or proceedings in relation to the assets of the debtor (including the prevention of execution against the assets of the company). Such relief aims to preserve a ship from arrest in Australia, and that ship (or the security provided in its place) being held as security for the maritime creditor’s claim.

HWL Ebsworth has recently assisted representatives of foreign shipowners to apply to the Federal Court of Australia for orders for recognition of foreign proceedings and appropriate relief under the Model Law.

**Interaction between Admiralty and Insolvency Law**

Due to the operation of both admiralty and insolvency law, it is possible that a ship may concurrently be the subject of an arrest, and be an asset capable of liquidation in an insolvency proceeding.

The status of a maritime claimant in an insolvency proceeding largely depends on whether the maritime claimant is recognised as a secured creditor. A secured creditor may enforce a right not only against the debtor, but against its own property. In Re Aro Co Ltd (1980) 2 WLR 453, the court determined that the holder of a maritime lien ranked as a secured creditor under insolvency legislation, and was entitled to enforce its claim against its property.

The position of those with a general maritime claim, and statutory right of action in rem, is less certain. General maritime claimants may not rank as secured creditors under insolvency law, however it is arguable that a general maritime claimant may be elevated to the rank of a secured creditor on the arrest of a ship.

In Australia, an action in rem is an action directly against the ship itself. The ship is the defendant. It is not an action against the shipowner. In any event, the identity of the shipowner is often uncertain at any point in time, although in rem proceedings may induce a shipowner to appear and defend the ship. In the case of a maritime lien, the lien attaches to the ship automatically on the occurrence of certain act or events, and continues to attach to the ship notwithstanding any change in ownership. That is, a maritime lien survives the sale of a ship, even if the new owner is a bona fide purchaser for value. Only an Admiralty Court can sell a ship with clear title.

As it is only an Admiralty Court that can sell a ship with clear title, a sale by a liquidator or court exercising insolvency jurisdiction does not have the same effect as a sale by an Admiralty Court. If a ship is sold by a liquidator or court exercising insolvency jurisdiction, any existing maritime liens will continue to attach to the ship, and a lien holder may arrest the ship to enforce its lien. By guaranteeing clear title, the sale of a ship by an Admiralty Court maximises the price that may be obtained for the ship, and encourages finality of litigation.

**Summary**

Admiralty law is an ancient branch of law which has developed over a significant period of time to respond to the unique challenges of the shipping industry in a very practical way. Insolvency law has evolved to ensure the orderly administration of insolvencies and the fair distribution of assets among creditors. More recently, the Model Law has been developed to ensure the orderly administration of insolvencies across international boundaries.

The representative of a foreign shipowner may apply to the Federal Court of Australia for orders for recognition of foreign proceedings under the Model Law, and may seek a range of orders including a stay on individual creditor actions and executions concerning the debtor’s assets.

Whether an order made under the Model Law will prevent a maritime claimant from exercising a right in rem against an insolvent shipowner’s ship in less certain. Arguably, the holder of a statutory right of action in rem may be elevated to the status of a secured creditor by the issue of a writ in rem, before or during a shipowner’s insolvency. The long tradition of admiralty law, and the international recognition of admiralty jurisdiction and claims against a ship in rem, may persuade the courts to resolve this issue in favour of maritime creditors.

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Intermodal Terminals: Some Legal Issues

By STEPHEN THOMPSON, Partner, K&L Gates

Introduction
Continued concern over supply chain efficiency in the Australian economy has again turned the spotlight onto intermodal terminals, or “inland ports”.

In addition, the confirmation of federal government funding for a proposed Moorebank intermodal centre has triggered a heated debate about the merits of public and private ownership of facilities.

The discussion over intermodal terminals focuses mainly on port congestion, the modal shift from road to rail, and the optimum location of the facilities, relative to existing residential and other land use issues.

But there are significant legal issues associated with the movement of cargo away from a sea port to an intermodal terminal. These legal questions need to be addressed as an integral part of the planning for future inland facilities.

Definitions
The term “inland port” is used in two different but related ways to mean either:

- (a) a port on an inland waterway; or
- (b) an inland site carrying out some functions of a seaport (also referred to in the US as a “dry port”).

In the US and Europe in particular, with their relatively highly developed networks of river and canal traffic, the term is often used in the former sense.

In Australia, and in particular for the purposes of this discussion, we mean an inland intermodal terminal directly connected by road or rail to a seaport and operating as a centre for the transshipment of sea cargo to inland destinations.

In addition to their role in cargo transshipment, intermodal terminals or inland ports may also include facilities for storage and consolidation of goods, maintenance for road or rail cargo carriers, biosecurity inspections and customs clearance services. The location of these facilities at an intermodal terminal can relieve competition for storage and customs space at the seaport itself.

Examples of established or proposed intermodal terminals in Australia include:

- Kewdale Freight Terminal
- Minto Inland Port
- Ettamogah Inland Port
- Alice Springs intermodal terminal
- Dooen Inland Port
- Warrnambool Inland Port
- Shepparton Inland Port
- Altona Inland Port
- Somerton Inland Port
- Brighton Transport Hub
- Bolivar
- Moorebank IMEX
- Enfield ILC

Legislative recognition and identification
For Customs purposes, a port is only a port if it has been declared as such by the Chief Executive Officer of the Australian Customs Service. The CEO also sets the limits, or boundaries, of declared ports.

The delineation of ports by the ACS has critical repercussions for the liability of ocean carriers under the Australian modified Hague-Visby
Rules. Under the HVR, the carrier is in charge of goods from the time they are delivered to the carrier, until they are delivered to the consignee, in each case “within the limits of a port”. The exact limits of a port are therefore critical in determining the extent and duration of the carrier’s liability for goods.

One of the criteria that may be taken into account by the CEO of ACS in making a determination is whether the port is covered by a security plan under the International Ship and Port Security Code, as in effect under the Maritime Transport and Offshore Facilities Security Act 2003.

The CEO of ACS has not yet declared any inland intermodal facilities as “ports”. Given the legislative significance given to security arrangements in the decision to declare a port, it may be unlikely that inland centres will qualify as ports. This will have a number of implications, including perhaps the abandonment of the term “inland port” in favour of “intermodal terminal”.

The Minister for Transport can make a declaration that a place is an “inland terminal”, for the purposes of extending the operation of Part X of the Competition and Consumer Act (previously Trade Practices Act) relating to liner conferences. Such a place must be outside a designated port area. A declaration has the primary purpose of extending to certain road haul operations to or from such an inland terminal, some of the protections afforded to liner conference carriers under Part X. These services are described as “inter-terminal transport services”.

**Investment issues**

Australia, through the Foreign Investment Review Board, regulates certain investments made by “foreigner persons” under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (FATA) and Federal Government Foreign Investment Policy.

FATA and the Policy impose reporting and approval thresholds for a range of investments and acquisitions, including in relation to land.

These thresholds are substantially increased, in the case of US investors, by the Australian-US free trade agreement, except in relation to “sensitive sectors”. These include, relevantly, transport including airports, port facilities, rail infrastructure, international and domestic aviation and shipping services.

As intermodal terminals are, by their very nature, land hungry facilities in a “sensitive sector”, there is every possibility that investment in them by non-Australian entities will require some form of FIRB scrutiny or approval.

If the facility is located in Queensland, there may be an additional level of reporting to the State under the Foreign Ownership of Land Register Act 1988 (Qld).

**Liability issues**

Who will be responsible for the transport of the goods from the sea port to the intermodal terminal?

If the importer takes delivery at the sea port and arranges transport to the intermodal terminal, not a great deal changes in terms of the distribution of liability for carriage of goods. But if the carrier, for reasons of convenience or customer service, decides it would be in its interest to move the goods way from the sea port quickly, to an inland distribution centre or intermodal terminal, it will not be delivering the goods to the consignee “within the limits of the port”, as required under the Australian HVR. This potentially extends, indefinitely, the responsibility of the carrier for the safe keeping of the goods. That is, if the goods are taken outside “the limits of the port” before being delivered to the consignee, there may never be an opportunity to effect delivery within “the limits of the port”. Carriers will need to be wary of these arrangements in deciding how to engage with inland operators.

A carrier’s contractual terms and conditions also become critically important if it is handling goods beyond the official limits of the port, as was so graphically demonstrated in the Siemens v Schenker litigation some years ago. Ocean carriers will need to ensure that their bill of lading include terms covering any period for which they may continue to be responsible for the goods, beyond the period of compulsory application of the Australian HVR or any similar applicable liability regime. Ocean carriers will need to weigh up the commercial attractions of offering combined or multi-modal transport options to customers against the potential increases in liability exposure that may arise as a result of the extended period of responsibility and residual ambiguities about the scope of the mandatory regimes.

**Customs issues**

Goods which have not yet been Customs cleared may be able to be transferred away from the ocean terminal, if they are able to be moved and stored under bond. This will require operators at intermodal terminals to obtain licences under s77G of the Customs Act.

Licensed depots may be established anywhere, subject to meeting the criteria specified in the Customs Act. Most licensed depots are within a 40 km radius of an ACS office because beyond that distance the depot operator bears the costs of inspections by ACS. However, the ACS recognises the impact of the legislation on logistic chains and is considering proposals for the establishment of international freight operations in regional centres.

The propagation of inland ports and intermodal hubs is likely therefore to see a sharp spike in the number of licenced facilities under s77G, and a resulting decentralisation of the customs clearance task. It remains to be seen what the practical ramifications of this will be.

**Biosecurity issues**

An associated issue will be the implications for AQIS quarantine control and inspection. If quarantine functions, like customs functions, are decentralised, there is a risk that the early detection of introduced foreign species and other prohibited imports important national security issue will be compromised.

**Conclusion**

Intermodal terminals are recognised as providing greater efficiency in the supply chain. For them to work effectively, careful consideration will need to be given to the legal issues associated with their development and use.
Is a houseboat a vessel? Is the largest dredge in the world or a floating casino a vessel? Historically less than 1 per cent of cases are granted leave to be heard on appeal by the Supreme Court of the United States. Then how do a group of law students persuade the judges of the highest Court in the United States to hear a $17,000 claim on discrete questions of maritime law?

The following article by Professor Davies reviews a recent case of the Supreme Court of the United States that considers these questions and what is a “vessel”. The case also gives an interesting insight into the operation of the Supreme Court of the United States, the equivalent to the High Court of Australia.

The Supreme Court of the United States decides cases of great national and political significance for the lives of the people of the United States: cases about freedom of speech, voting rights, abortion, gun control, the death penalty, same-sex marriage, the power of the executive to detain people without trial in Guantanamo Bay, and so on. On January 15th, 2013, the Supreme Court held, by a majority of seven to two, that a floating residence formerly owned by Fane Lozman, valued at about US$17,000, was not a “vessel” for the purposes of the admiralty jurisdiction. What on earth was going on here? Why would the Supreme Court take such a seemingly trivial case? The answer gives some interesting insights into the process of granting certiorari (or “granting cert”, as it is popularly called), which is the Supreme Court’s equivalent to the High Court of Australia’s process of giving special leave to appeal.

Some background about the case may add to the mystery of how it could have ended up before the Supreme Court, and how it could have prompted a quite testy exchange between the seven-member majority and the two-member minority. The petitioner, Lozman, bought a 60-foot by 12-foot (18.3 m by 3.7 m) house-like floating structure built upon a pontoon. It had a sitting room, a bedroom, a closet, a bathroom and a kitchen, and French doors on three sides. After buying it, Lozman had the structure towed 200 miles (322 km) to a marina in North Bay Village, Florida (thereby incidentally proving its ability to cope with navigation by water). After moving it twice more between local marinas, Lozman had the structure towed another 70 miles (113 km) to a marina owned by the city of Riviera Beach, Florida. There, he kept the structure docked, attached to the shore by mooring lines and electrical power cables.

Lozman then came into dispute with Riviera Beach about plans to redevelop the marina. In protest at the city’s plans, he refused to pay the docking fees for his berth in the marina. After several unsuccessful efforts to evict him, the city brought proceedings in rem against the structure, invoking the admiralty jurisdiction of the US District Court for the Southern District of Florida, claiming that it had a maritime lien for necessities. Under the Commercial Instruments and Maritime Liens Act, anyone who provides necessaries to a vessel on the order of the owner or a person authorised by the owner has a maritime lien.
over the vessel and may bring a civil action in rem against the vessel. Rivera Beach arrested Lozman’s floating structure pursuant to an in rem action, then had it towed to the court-appointed custodian to Miami, 80 miles (129 km) away. The next day, acting on his own behalf (pro se), Lozman filed an emergency motion to have the city’s claim dismissed on the grounds of lack of subject matter jurisdiction because Riviera Beach’s claim did not fall within the court’s admiralty jurisdiction. Lozman argued that the structure was not a “vessel”, and therefore an in rem proceeding in the court’s admiralty jurisdiction was not available. The district court denied Lozman’s motion for dismissal of the city’s in rem claim, and the US Court of Appeals for the Eleventh Circuit affirmed the district court’s decision, holding that the floating structure was a “vessel” and therefore subject to the court’s in rem jurisdiction in admiralty proceedings. Lozman petitioned for, and was granted, certiorari, allowing him to take his appeal to the Supreme Court of the United States, where he was principally represented by law students of the Supreme Court Litigation Clinic of Stanford Law School, although none of the students presented oral argument before the Court. (The City of Riviera Beach was principally represented by law students of the Supreme Court Litigation Clinic of the University of Texas Law School.)

How did this odd little dispute about a quarrelsome tenant and a debt of a few thousand dollars end up before the Supreme Court of the United States?

Originally, the Supreme Court was a court of mandatory jurisdiction, which meant that it was the principal appeal court for cases in the federal jurisdiction, hearing appeals as of right. After the Civil War, the Court’s docket grew dramatically, from 253 cases pending in 1850 to 1,816 cases pending in 1890, with the result that cases took up to three years to be heard. (See Felix Frankfurter & James Landis, The Business of the Supreme Court (1928), p 60.) Congress responded in 1891 by adopting the concept of a discretionary certiorari jurisdiction over a few types of cases. The Evarts Act of 1891 created intermediate federal courts of appeal, whose decisions were final in limited classes of cases, unless the Supreme Court was prepared to grant a writ of certiorari to bring the case before it for review if the circuit court did not itself certify a question for the Supreme Court to consider. Several more times in the early 20th century, but particularly in the Judiciary Act of 1925, Congress gave the Court more control over its docket, cutting back the Court’s mandatory jurisdiction and delegating its discretion through the certiorari process. (See Carolyn Shapiro, “The Limits of the Olympian Court: Common Law Judging Versus Error Correction in the Supreme Court”, 63 Wash. & Lee L. Rev. 271, 276 (2006).) Nevertheless, the Court’s docket continued to grow throughout the twentieth century, until Congress legislated, in the Supreme Court Case Selections Act of 1988, to eliminate virtually all of the Court’s mandatory jurisdiction, leaving the Court with virtually unfettered discretion to use the certiorari process as the means of setting its appellate docket. (See Kathryn Watts, “Constraining Certiorari Using Administrative Law Principles”, 160 U. Pa. L. Rev. 1 (2011).)

In recent years, the Court has granted less than 1 percent of certiorari petitions. In 2011, the Court considered 7,685 petitions for certiorari, and granted only 66, a success rate of 0.9 percent. (See, “The Statistics”, 126 Harv. L. Rev. 388 (2012).) The decision about whether or not to grant certiorari is largely the work of the Justices’ law clerks, who work in what is called the “cert pool”. (See Carolyn Shapiro, “The Law Clerk Proxy Wars: Security, Accountability, and Ideology in the Supreme Court”, 37 Fla. St. U.L. Rev. 101, 116-129 (2009).) The “cert pool” is made up of law clerks from each of the Justices, except Justice Alito, who has opted out of the process, and who asks his own clerks to make an independent assessment of “cert-worthy” petitions. From the “cert pool” of clerks from the remaining eight Justices, one law clerk is assigned to assess each certiorari petition. The pool clerk assigned to a certiorari petition reviews the petition and writes a memorandum recommending whether the Justices should grant or deny the petition. The pool memorandum is then circulated and the Justices, having read it, decide whether a petition should be placed on the “discuss list”. Any petition that has been selected for discussion at conference by at least one Justice is placed on the “discuss list”. Any petition that any number of petitions are denied without discussion, on the basis of the pool clerk’s memorandum. (See Ruth Bader Ginsburg, “Workshops of the Supreme Court”, 25 T. Jefferson L. Rev. 517, 519-20 (2003).) If a certiorari petition does make the “discuss list”, it is discussed by the Justices in conference, and whether clerks or aides in attendance. Certiorari is granted only if at least four justices vote to grant – a practice known as “the rule of four”. The vote is never disclosed, and the Court never gives reasons for granting or denying a petition. Fewer than four votes leads to denial of certiorari.

So how did Fane Lozman’s odd little case find its way through this procedure, and why did it overcome the Justices’ preference to one odds against it? One answer is that the case was not really about what it was about. The case was really about permanently moored commercial structures and, in particular, casino boats. In De La Rosa v St Charles Gaming Co, the US Court of Appeals for the Fifth Circuit held that a floating casino was not a “vessel” for purposes of invoking federal admiralty jurisdiction. Conversely, in Board of Commissioners of Orleans Levee District v M/V Belle of Orleans, the US Court of Appeals for the Eleventh Circuit held that a permanently moored commercial boat that was a “vessel” for purposes of invoking federal admiralty jurisdiction. Both circuit courts purported to apply the test for vessel status stated by the Supreme Court in Stewart v Dutra Construction Co. It had seemed to most maritime lawyers that Stewart had definitively settled the question of vessel status in 2005, but the diametrically opposed results in De La Rosa and the Belle of Orleans showed that that was not so. What was needed was a clarification of the Stewart test and a resolution of the circuit split in relation to casino boats. Lozman’s case provided an opportunity to address those issues, even though his indefinitely-moored structure was a very different kind of thing from a floating casino.

Stewart was concerned with a massive dredge, the largest in the world, named the Super Scoop, which was being used in what was called The Big Dig, a project to build a tunnel under Boston Harbor to connect downtown Boston to Logan Airport. (The project was supposed to be completed in 1998 at a cost of US$2.8 billion; it was eventually completed in 2007 at a cost of US$14.6 billion.) Stewart was injured on the Super Scoop and claimed that, from his employers under a federal statute (the Jones Act) that provides a fault-based remedy for a “seaman injured in the course of employment”. To be a “seaman” for purposes of the Jones Act, one must be employed on a “vessel in navigation”. Thus, the question in Stewart was: Was the Super Scoop “vessel in navigation”? The Supreme Court held unanimously that it was, because it was “used, or capable of being used, as a means of transportation on water”, a phrase used in the Rules of Construction Act (the equivalent of the Acts Interpretation Act 1901 (Cth)). As noted above, this decision seemed to have settled the questions. But, within a few years, circuit courts had begun to disagree with one another about its effect. Ironically, the decision in Lozman v City of Riviera Beach is unlikely to provide a definitive solution to the question of vessel status. At one level, of course, it does: whenever the Supreme Court decides a case, and whatever it says, its word is law, which must be applied by lower courts. However, the seven-member majority in Lozman adopted an entirely novel test, one that had never been used in any of the many previous cases in lower courts, nor considered in Stewart, nor even suggested in any of the briefs by the parties or amici curiae. Almost inevitably, then, the decision in Lozman will instigate a new wave of litigation about vessel status, as lower courts will be asked to revisit previous decisions in the light of the new, never-before-considered, Lozman test: Would a reasonable observer, looking at the physical characteristics and activities of the floating structure, consider it designed to a practical degree for carrying people or things over water?

The need to clarify the Court’s earlier decision in Stewart, and to resolve the circuit split between De La Rosa and the Belle of Orleans, was why no means a guarantee that certiorari would be granted in Lozman. Many circuit splits on maritime issues have continued unresolved for decades, as the Court seems singularly uninterested in maritime matters, despite the fact that the US Constitution gives it a special responsibility in that regard. Nevertheless, certiorari was granted. Whether for the reason this odd little case with considerable practical significance must have caught the eye of the cert pool clerk, fresh out of law school, thereby creating a new, and uncertain, future for the scope of the admiralty jurisdiction in the United States. Such are the vagaries of Supreme Court practice. ▲
Insurance brokers – the marine peril of not knowing the market

By NATHAN CECIL, partner, and Claire Morgan, foreign registered solicitor, Norton White

A recent decision of the Supreme Court of NSW has highlighted the need for marine insurance brokers to be familiar with the nature of their clients’ businesses and the limits and exclusions of marine insurance products on the market. In this case, the broker was found to have failed to have proper regard for these matters and held liable for the uninsured losses.

The specialised nature of the maritime industry, specific and unique risks associated with maritime operations, relatively high value of marine assets and high potential exposure to liability in the event of an incident mean that a marine insurance broker will routinely be appointed to advise on and source appropriate insurance cover for those operating in the industry. The same factors also mean that the consequences of inadequate cover can be very significant for those operating in the industry. Where a marine insurance broker has been engaged and has failed to ensure that appropriate cover is put in place, these consequences and any resulting losses may come to rest with the broker. It is therefore essential for all parties that marine insurance brokers are familiar with the nature of their clients’ businesses and operations or use of marine assets and the limits and exclusions of marine insurance products on the market.

Brokers’ Duty of Care

Insurance brokers owe their clients a common law duty of care when procuring insurance for their operations. This is usually held to include obligations on the part of the insurance broker to ensure that the cover obtained (a) is sufficient to respond to the likely risks posed by the operations of which the insurance broker is aware, (b) provides an adequate level of cover in respect of such risks and (c) advise their client as to the scope, limitations and exclusions of available policies. Due to the specialised nature of the marine industry, the high value of assets and potential risks, maritime operators are likely to be even more dependent on sound advice from marine insurance brokers than ordinary consumers in identifying their risk exposure and obtaining appropriate insurance cover.

Scope of the Policy – Business and/or Other Risks?

One of the critical matters of which marine insurance brokers must be aware is whether the proposed use of a marine asset or the assured’s operations require only specialised commercial cover or whether general cover for non-commercial use or operations is also required in order to cover all likely risks.

Whilst the rules and regulations regarding general insurance fall within the Insurance Contracts Act 1984, marine insurance is expressly excluded from the operation of this Act. True marine insurance matters fall under the Marine Insurance Act 1909.

The Insurance Contracts Act goes further to set out circumstances when the Marine Insurance Act will and will not apply. The overall position is that the Marine Insurance Act will not apply to insurance for pleasure craft, which are defined under the Act as being vessels...
used or intended to be used wholly for recreational activities, sporting activities, or both, and otherwise than for reward. A distinction is therefore drawn between a vessel used purely for recreation and a vessel which is used for business purposes. Insurance for a vessel that is a pleasure craft will be governed by the Insurance Contracts Act, whereas insurance for a vessel used commercially will be governed by the Marine Insurance Act.

Correspondingly, an insurance broker must consider whether the proposed use of a marine asset or the assured’s operations are such as to expose the assured only to risks in the conduct of business or also extends to risks arising from recreational and/or sporting activities. Where the risks faced by the assured relate to both business and pleasure, a marine insurance broker should properly recommend cover which responds to both areas of risk.

**Marine Insurance Broker Held Liable for Inadequate Cover**

The role of the marine insurance broker has been reviewed in recent case law in NSW. In the case of Rian Lane v Dive Two Pty Ltd, the Court considered the duties owed by the insurance broker to its client. The circumstances of this case are that Mr Todd, a sole director of Dive Two (a scuba diving business), engaged insurance brokers, Horsell, to recommend and source relevant insurance cover for the use of his vessel. As part of the engagement, Horsell was advised or should have appreciated that Mr Todd intended to use his vessel for both business and pleasure. Horsell placed a marine insurance policy in respect of liabilities arising through the use and operation of the vessel “in connection with the Insured’s business”.

On 29 July 2006, at 7.30 am, Mr Todd took out his vessel and picked up a group of divers who were customers of his business. The dives were conducted without incident. After the scheduled dives were completed, Mr Todd returned all divers to the start point, back on land, thereby concluding his business use of the vessel. Having completed his scheduled work for the day, Mr Todd then used the vessel for pleasure, picking up family members and friends for a cruise. Whilst cruising, Mr Todd was involved in a collision with another vessel, causing injury to a third party. Subsequently, Mr Todd faced a civil claim by the injured third party, as well as criminal charges for negligent navigation and causing grievous bodily harm. Mr Todd was held liable in respect of the injuries to the third party in the civil claim and pleaded guilty to the criminal charges. Mr Todd made a claim under his policy of insurance in respect of his liability for injury to the third party.

The insurer refused cover for the incident in relation to the payment of damages due to the injured party for a number of reasons. Relevantly, the insurer refused cover on the basis that cover for the vessel was restricted to the insurer's business use only and did not extend to circumstances where the vessel was being used for pleasure. This argument was accepted by the Court, leaving Mr Todd uninsured and having to bear liability himself.

Mr Todd therefore counter-claimed as against the insurance broker, Horsell, claiming that Horsell ought be liable for failing to arrange adequate insurance cover.

After hearing submissions from the parties, the Court concluded that because Horsell was asked to and gave advice on the adequacy of the policy and due to the fact that Horsell had special expertise in regard to the adequacy of marine insurance policy terms which Dive Two and/or Mr Todd could not reasonably be expected to possess, Horsell ought reasonably have understood that Mr Todd would rely upon Horsell to advise him as to the appropriateness and adequacy of the policy obtained.

Further, the Court found that it was an implied term of the engagement that Horsell would advise Mr Todd whether the insurance cover procured by it provided adequate liability insurance having regard to Horsell’s knowledge of the intended mixed use of the vessel and Horsell’s specialised knowledge of the limits and exclusions of the policies on the market. It was implied by the very nature of Horsell’s skills and expertise and Mr Todd’s lack thereof that Horsell would advise Mr Todd if the policy procured had any relevant limitation or exclusion which would leave Dive Two or Mr Todd exposed to uninsured liability.

The Court also found that Horsell positively represented to Mr Todd that the insurance cover sourced would provide adequate liability insurance for Mr Todd’s planned use of the vessel.

On these bases, the Court found Horsell to have been negligent and in breach of its duties by failing to warn Mr Todd of any relevant deficiencies in the insurance cover procured, namely, that the policy only responded to liabilities arising from the use and operation of the vessel “in connection with the Insured’s business”.

This case highlights the standard of care and advice that operators in the marine industry are entitled to expect from their specialised marine insurance brokers. The case clarifies that a broker owes its clients a duty to exercise due skill, care and diligence when procuring the most suited policy to their clients’ operations as they are known or advised to the broker.

Brokers must ensure that they discharge their duties by procuring the right product for the risk in question. In order to achieve this, brokers need to be knowledgeable of the market in which they operate, informed as to their clients’ business operations and risk and aware of the limits of the available insurance products.

If a broker is unable to source a policy which properly covers the risks faced by an assured, then the broker must clearly inform the assured of the limits of such policy.

Failure to procure a policy which provides adequate cover to an assured without giving clear and concise advice as to the shortfalls of such a policy could result in an insurance broker being held liable for any shortfall in cover in the event that cover is subject to limitations or exclusions and/or validly denied by the insurer.
Container detention after the High Court’s decision

Andrews v ANZ

Terri Bell, principal, Terri Bell & Co

Readers will no doubt recall that late last year Rolfe J of the District Court of NSW in Cosco Container Lines Co Ltd & Five Star Shipping & Agency Company Ltd v Unity International Cargo Pty Ltd 2012 NSWDC 122 (“Cosco”) considered the issue of container detention charges and whether such charges amounted to an unenforceable penalty.

By way of background, in that case the plaintiffs sought payment of container detention charges arising from the defendant’s failure to return the containers within the “prescribed time” in accordance with an ImportNet Agreement. The ImportNet Agreement incorporated two sets of terms, namely the Equipment Handover Agreement Terms and Conditions and the Bill of Lading Terms and Conditions.

Unity International Cargo Pty Ltd (“Unity International”) defended the proceedings on the basis that the charges were an unenforceable penalty.

The court held that the parties had agreed that the defendant could hire the containers at the agreed rate should it not return the containers within the “prescribed time”, and judgment was given in favour of the plaintiffs as claimed.

In coming to this decision Rolfe J considered the case of Ringrow Pty Limited v BP Australia Pty Limited [2005] HCA 71 citing Lord Dunedin at 86-87 as follows:

“2 The essence of a penalty is a payment of money stipulated as in terrorem of the offending party; the essence of liquidated damages is a genuine convenanted pre-estimate of damage ...”

Importantly he then went on to say:

32 “In applying the above principles, as a first step it is necessary for the defendant to establish that the contractual provision in question constitutes payment for breach of contract: AMCV-UDC Finance Ltd v Austin [1986] HCA 63; (1986) 162 CLR 170 at 185; Interstar v Integral [2008] NSWCA 310; (2009) 257 ALR 292 at 321 (emphasis added).

33 For their part, the plaintiffs submit that contractual provision they rely on does not fit this description.

34 The defendant submits that its failure to ensure the containers were returned on time is a breach of contract. Consequently, the obligation to pay the plaintiffs’ charges should be seen as a pre-estimate of the plaintiffs’ liquidated damages. I do not agree.

35 Although there was an obligation on the defendant to return the containers at the conclusion of the 10 days free time, there was no amount immediately payable by the defendant if this was not done. Rather, the parties agreed that the defendant would hire the containers until their return at the agreed contractual rate. In my opinion, this was a separate obligation, which was not contingent on any breach. Looking at it this way, therefore, the provisions relied on by the plaintiffs do not operate as a penalty.”

In my respectful view, Rolfe J correctly applied the current law as it was at that time. However, shortly after Rolfe J’s decision the High Court of Australia handed down another decision, namely Andrews v Australia and New Zealand Banking Group Ltd [2012] HCA 30 (“Andrews”).

The background to the Andrews case is as follows. In 2010 a representative action was brought against Australia and New Zealand Banking Group Ltd (“ANZ”) by some of its customers. ANZ’s customers argued that the fees payable were void or unenforceable as penalties. In determining the issue, the trial judge applied recent authority such as Interstar Wholesale Finance Pty Ltd v Integral Home Loans Pty Ltd (2008) 257 ALR 292 (“Interstar”) which provides that relief against penalties is only available where fees were payable upon a breach of contract. In effect the
trial judge applied the same reasoning as that of Rolfe J in Cosco. The matter was then removed to the High Court for consideration. The High Court unanimously held that the recent authority, such as Interstar, is incorrect on the basis that a charge can still be unenforceable as a penalty, even if the fee is not payable upon breach. Rather, the High Court found that the correct approach in determining whether a fee is a penalty is to consider whether the purpose of the fee is to secure performance of a primary obligation by the party subject to the fee, or, whether the fee is truly a fee for further services or accommodation.

As a result of the High Court’s decision, fees payable under the old law may now be capable of constituting an unenforceable penalty. A question therefore arises as to whether container detention charges might now be found to be unenforceable as a penalty.

In effect, the court found that it is the substance of the clause that matters, not the form, and a fee that once was not a penalty, may now be considered a penalty under the new law. For example, previously a bank charging a customer a dishonor fee for an overdrawn account in circumstances where the cost to the bank is only a fraction of that amount, may still not have been classified as a unenforceable penalty by reason of carefully worded terms and conditions. Under the new law, however, this may be different, because the court confirmed that it will look beyond the form of the contract.

However, importantly the High Court’s decision makes it clear that additional fees for services are not penalties. Accordingly, while the current law has changed, it is unlikely a different outcome would have ensued had the new law been applied in Cosco.

In Andrews, the High Court outlined and approved of the decision of Metro-Goldwyn-Mayer v Greenham [1966] 2 NSWLR 717 (“Greenham”). In that case the contract in question involved the hiring of films to exhibitors who had the right to screen each film once only. The contract then provided that a sum four times the original contract fee was payable for each additional screening. The court in that case held that the fee was not a penalty but rather a fee paid for the option to purchase the right to an additional screening.

The High Court cited Jacobs JA at [107] as follows:

“... There is no right in the exhibitor to use the film otherwise than on an authorized occasion. If he does so then he must be taken to have exercised an option so to do under the agreement, if the agreement so provides. The agreement provides that he may exercise such an option in one event only, namely, that he pay a hiring fee of four times the usual hiring fee”.

The facts in the Cosco case are similar to those in Greenham, notwithstanding that one case involves the exhibiting of films whereas the other involves the use of containers. Moreover, the use of the containers outside the prescribed time is analogous to the screening of a film more than once. Andrews is therefore useful to carriers because it provides more clarity around container detention charges, namely that consignees are entitled to use the containers for the “prescribed time” for free, after which such use attracts a fee for the additional service or accommodation.

In short, the effect of the High Court’s decision in Andrews is in my view likely to lead to the vast majority of carriers being in a better position with respect to container detention charges. However, it will depend on the circumstances of each case and carriers and their agents should still give consideration to their terms and conditions and practises to ensure they fall within the scope of the new law. 

Out of sight but not out of the woods!

Can a freight forwarder be held liable for charges even when it’s not a named party on the bill of lading?

As shipping lawyers we often receive instructions relating to outstanding charges under a contract of carriage. One such question I’ve often asked to consider is whether a freight forwarder can be liable for outstanding charges owed by the shipper or consignee, even when it is not a named party on the bill of lading.

While it will depend on the facts of each case, the short answer is yes.

I was recently involved in a matter where this was an issue. The other party was a freight forwarder who acted as the booking agent. The lawyer acting for the freight forwarder argued that under general principles of agency law, an agent is not responsible for the acts of its principal. Hence his client was not liable. The lawyer was apparently unaware of the NSW Court of Appeal decision of Australian Tallow & Agri-Commodities Pty Ltd v Malaysia International Shipping Corporation [2001] NSWCA 16.

In that case, the court held that where a party (in that case a freight forwarder) books cargo on behalf of a consignee as agent, the freight forwarder must be taken to have known the terms of the bills of lading. Therefore, since it acted on the shipper’s behalf and arranged the shipping, the freight forwarder was found to be a “Merchant” within the definition of the bill of lading terms and conditions, and thereby jointly and severally liable for the payment of the freight also by reason of the bill of lading terms and conditions.

The case, whilst over 10 years old, can be a useful tool for carriers who find themselves in a situation where the consignee and shipper have either wiped their hands of responsibility for payment, or have perhaps gone into liquidation. In those situations Freight Forwarders might consider assisting the carrier in recovering any outstanding money from the named parties failing which they might find themselves having to foot the bill.

Terri Bell is a trade and transport lawyer and the principal of Terri Bell & Co.
Ted Muttiah and Ken Fitzpatrick lead key event

By JOHN THOMPSON, NSW chairman, YSA

2012 proved to be another successful year for Young Shipping Australia NSW by hosting and participating at seven industry events, establishing YSA as the leading community group for young shipping professionals in New South Wales. YSA NSW has continued to provide its members and friends with valuable industry knowledge and opportunities to network with other young professionals.

Now established as its keystone event, the Shipping Industry Outlook event marked the beginning of YSA’s 2012 event calendar with presentations by APL’s managing director Ted Muttiah, SAL’s chairman Ken Fitzpatrick and CBA’s senior economist James Macintyre. The Shipping Industry Outlook event was held at the prestigious Parliament House and provided attendees with informative updates on the development and future of shipping in Australia as well as insightful and practical advice on how to progress a career within the industry.

Sydney Ports Corporation kindly hosted a briefing session for YSA in June to address the recent implementation of weighbridges at Patrick and DP World terminals in lieu of improvement action notices issued by NSW Roads & Maritime Services. Discussions focused around the new regulations for the mandatory weighing of import containers in NSW and how this will affect the industry at large. Presentations were made by Port Botany Landside Improvement Strategy (PBLIS) road manager Micah Clark, Patrick’s national logistics manager Gregory Winstanley and DP World’s national security manager Jock O’Hagan.

In August, Containerchain’s CEO Luke Duffy gave a presentation to YSA regarding a new initiative being developed to improve container logistics in Australia. In response to industry demand for greater visibility in relation to the empty container movements, Containerchain developed a paperless software system to manage empty container park queues and real time export release visibility as well as provide automated ‘days in transit’ tracking. The presentation was very well received and illustrated the move towards more technologically-advanced systems being used in the shipping industry.

In addition, in late August, Hussein Chahine as vice-chair represented YSA at the second annual Green Light Day held by the NSW Department of Transport. The event saw over 200 students come together in ‘meet and greet’ and mentoring sessions with industry leaders. Through these sessions, YSA supports educating students about the opportunities that a career in the maritime industry can provide.

The YSA tour bus hit the road again in October on a half day excursion to visit National ICT Australia Ltd’s (NICTA) Future Logistics Living Lab...
and Patrick’s Port Botany terminal. As always, the tour proved very popular and all seats were quickly filled. The first stop at NICTA included a guided tour of the Living Lab, where industry and research are able to work together to investigate real-world problems and demonstrate innovative technology that will provide logistics solutions for the future. At the next stop, Patrick provided an onsite exploration of the port during the loading of a container ship followed by a presentation made by commercial and contracts manager Emmanuel Papagiannakis highlighting the new developments at Port Botany.

Macpherson + Kelley Lawyers were the generous hosts of the fourth-annual YSA Maritime Law Seminar in October. Members and friends of YSA were treated to lunch and informative updates in relation to recent developments in industrial relations and maritime law. Drawing from their legal expertise, directors of M+K Tony Gooch and Geoff Farnsworth provided engaging and enlightening presentations on these ‘hot’ topics before holding an open forum where attendees were able to voice their views and have any questions answered. Again the maritime law event proved to be highly valuable for guests and YSA received great feedback.

Young Shipping Australia NSW celebrated the end of 2012 with flavour and style at Arabella Lebanese Restaurant in Newtown. The night was a great success and provided a relaxed atmosphere for young professionals within the shipping industry to enjoy a social evening with their peers. We were impressed with Arabella’s delicious banquet of traditional Lebanese cuisine and very entertained by their belly dancer show. Several guests were encouraged to get up from their seats and show off their dance skills.

**Farewells**

The end of 2012 also marked a significant change for Young Shipping Australia. Three longstanding members of the YSA NSW committee stepped down in December to move forward with new opportunities in the industry. Emmanuel Papagiannakis (Patrick), Hussein Chahine (Seaway) and Alex Faliotti (Hamburg Sud) have collectively served Young Shipping Australia for over 10 years and have been fundamental to the success of YSA. Their commitment and support of the committee has encouraged others to follow in their footsteps and has created a community within the shipping industry for young professionals to network with peers and develop career prospects. They each have made valuable contributions to the shipping industry and YSA wishes them all the best with their future endeavors, including reappearances at future YSA events!

**2013 Young Shipping Australia NSW Committee**

- John Thomson (MSC Australia) – Chairperson

**YSAs Statement**

Young Shipping Australia aims to provide young professionals within the shipping industry with career development and networking opportunities through relevant and educational industry events.

**YSAMembership**

Whilst YSA is primarily targeted at the ‘under 35s’ age group, there is no age restriction for YSA membership. Members of YSA benefit from discounted attendance and preferential selection to YSA events as well as a free subscription to the Shipping Australia magazine. Everyone interested in the shipping industry is welcome and encouraged to join Young Shipping Australia and attend events. 2013 is set to be another good year for YSA NSW with a proposed calendar of events beginning to fill quickly. Visit the Shipping Australia website today for more information on membership opportunities and don’t miss out on the first event for 2013, being the YSA Shipping Industry Outlook on 28 February at Parliament House.

![Carly Perry, NICTA, presenting at a YSA tour of Future Logistics Living Lab](image-url)
2012 was another successful year for the Victorian branch of Young Shipping Australia. We continue to provide our membership of young maritime professionals with networking opportunities, learning from industry experts, as well as a forum to share knowledge and experience in a fun and social environment. Our membership base is drawn from the full spectrum of Shipping Australia’s membership including shipping lines, agents, the Port of Melbourne Corporation, professional services and more.

The year’s activities got off to a great start with our now traditional gala event, a moonlight port tour aboard the MV Magic. Event sponsor the Port of Melbourne not only provided boat hire and quiz prizes for the hotly contested “Tour Quiz” but also representative speakers who provided insight into the port’s role in Australia’s economy. The port of Melbourne handles over a third of Australia’s container trade as well as a wide range of other trade and the tour was an excellent opportunity to get an up close view of the port’s operations from the water. We said a sad farewell at this event to our friends from ANL following ANL’s withdrawal from Shipping Australia. At the end of the evening a good time was had by all, including the boats crew who obviously got into the fun spirit of the YSA event and we look forward to kicking off 2013 in similar fashion.

The next event was very relevant to our YSA VIC audience as it was an interactive video presentation outlining the major redevelopment plan for the Port of Melbourne’s Webb Dock. The Port of Melbourne’s General Manager of Communications for the Port Capacity Project, Brian Wilson provided valuable insight into the future of the port of Melbourne and the efficiencies and benefits that the project will bring to port users and the wider community. We were provided with a visual presentation including a video with incredibly realistic modelling and a bird’s eye view of what the port will look like after redevelopment. Brian’s enthusiasm for the project and detailed knowledge of the developments ensured that all in attendance were well briefed on the subject. Following the presentation members took the opportunity to discuss the developments and socialise over finger food and drinks.

YSA’s spring networking event was a get together in cosy surrounds of the Emerald Peacock bar. The bar made an ideal setting for this social function where members were able to meet new faces and old friends in a relaxed environment. YSA members representing a range of SAL member companies attended the event and a great night was ensured.

The finale of YSA’s 2012 activities was our ever popular Christmas party held at The Bridge at South Wharf. This maritime setting combined with the festive spirit in the air was the perfect way for YSA VIC to finish a successful year. This event really embodied the mix of networking, sharing of ideas and fun that YSA VIC is all about. This event was a great opportunity for YSA VIC’s membership to unwind over drinks and finger food. A door prize of Norwegian Line Aquavit, (a traditional spirit which as part of its aging process crosses the equator twice onboard Wilhelmsen vessels) was given away to a lucky winner. It was obvious that the attendees enjoyed the function with may choosing to stay on well into the night.

The current committee is led by our Chairperson, Jen Bygrave (Port of Melbourne Corporation) who is supported by our Treasurer, Reid Bettridge (Holman Fenwick Willan) and other committee members Mae Vue (Holman Fenwick Willan), Bernard Lloyd (HDL Elsworth) and Nic Berry (Wilhelmsen Ships Service). The YSA Committee would like to thank our former committee members who made a valuable contribution in 2012. An extra big thanks to Jesse van der Tang for her fantastic work in the role of Chairperson. We’d also like to thank departing members Clare Schultz, Carolina Agudelo, Dany Holl, Claire Fowell and Guruh Sukowati for their contribution to the committee.

YSA VIC always welcome new members and interested employees of Shipping Australia Members aged under 40 are all encouraged to get onboard and join us in 2013.
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Three new degrees and a diploma for seafarers

By PROFESSOR NEIL BOSE, principal, Australian Maritime College

The last 12 months has seen the Australian Maritime College (AMC) cement its position as the national centre for maritime training, education and research with a series of initiatives designed to help achieve a consistent national framework for the conduct of seafarer training. These initiatives include a major program restructure – with enrolments now open for three new seafaring degrees and a new diploma – plus an agreement with Hunter Institute of TAFE (NSW) and Challenger Institute of Technology (WA) to raise the profile of seafarer training and support the Federal Government’s shipping policy reform.

In addition to this, we have introduced two new Master’s degrees for the postgraduate sector, with the aim of providing a pathway for qualified seafarers to pursue a shore-based career. These two new degrees complement our highly-regarded MBA (Maritime & Logistics Management) program, which is a business degree with a competitive edge for those wishing to further their careers within the maritime and logistics industries.

New seafaring programs identify clear educational pathways

AMC’s seafarer training programs have been restructured in consultation with industry to meet Australian and international best practice standards. The new format provides training across the vocational education and training (VET) sector and now, for the first time, seamless entry into a bachelor degree.

This is the first fully integrated pathway across all seafaring roles; commencing from school-leaver, entry-level training and integrated ratings (IR) to undergraduate and postgraduate degrees.

AMC is dedicated to providing the highest possible standard of training for seafarers; and the inclusion of a bachelor degree option into our ocean-going deck and engineering officer training will ensure that we continue to lead the way.

Students following the VET pathway can undertake a Diploma of Transport and Distribution (Maritime Operations) to become a Deck or Engineer Watchkeeper. These students will then be eligible for credit towards the bachelor degree to undertake the next level of studies.

The new higher education pathway offers the Bachelor of Applied Science (Nautical Science) and the Bachelor of Applied Science (Marine Engineering). Each of these
degree courses are approved by the Australian Maritime Safety Authority (AMSA) and incorporate
deck and engineering certificates of competency respectively.
These degrees also have nested advanced diploma level courses.
Also new to our course offerings this year is a shore-based degree with five specialisations. The
Bachelor of Applied Science (Maritime Operations) is
designed for those who wish

to work in a range of ship/shore interface positions with a
variety of employers, including
governments, ports and shipping companies.
This would suit school leavers
looking to enter the maritime
industry without the need to gain
time at sea, as well as seafarers
who are looking to make the
transition to shore-based
careers. Students undertaking
the degree can choose one of
two specialisations: maritime
operations – port interface;
marine piloting; marine surveying;
engineering; or electrotechnology.
These qualifications open up
the Australian maritime sector at a
time of fundamental reform.
The competence of seafarers is
critical to the safe and effective
operation of ships. Modern ships
are technically complex, so it is
critical that modern officers possess
a wide range of skills, including
a high level of decision making
and problem solving. Our new
degree programs help to deliver
such expertise, as well as set
employees up for independent
lifelong learning. This, in turn,
fosters graduates who have the
capacity to make a significant
impact on their workplace.

Educational partnership
benefits shipping industry
Last year saw AMC join forces
with two major interstate maritime
training providers to raise the
profile of seafarer training and
support the Federal Government’s
shipping policy reform.
AMC (Tasmania), Challenger
Institute of Technology (WA) and
Hunter TAFE (NSW) signed a
Memorandum of Understanding
to further strengthen and
develop cooperation in maritime
education, training and research.
This agreement is expected to
have far-reaching benefits for
students, the shipping industry
and the Australian government.
Hunter and Challenger graduates,
along with other students
studying at registered training
organisations, can now enter this
pathway. Also, existing graduates
can ensure their revalidation and
higher-order skills are recognised
by degree.
The agreement represents a new
era of cooperation and a national
approach to maritime education
and training that spans all levels of
vocational and higher education
qualification and locations across
Australia. The goal now is to meet
regularly and to implement the
actions agreed at these meetings.
Key points include:
• A streamlined credit transfer
arrangement, allowing students
undertaking Australian Maritime
Safety Authority accredited
courses to move between the
three institutes.
• All vocational units completed
at any of the institutes will be
applied as credit towards bachelor
degrees issued by the University
of Tasmania.
• Sharing of resources –
for example, skilled staff or
infrastructure located at one
institute may be used across
common curriculum or in new
ventures.
• Ensuring maritime vocational
training and education reaches
emerging regional and industry
demand.
• Cooperating with the Maritime
Workforce Development Forum,
established by the Minister for
Infrastructure and Transport,
to address skill areas that are fundamental to building a sustainable domestic maritime industry.

**Master’s degrees provide pathway to shore-based careers**

AMC this year introduced two new postgraduate degrees – Master of Applied Science and Master of Maritime Studies – designed for experienced seafarers wishing to pursue a shore-based career, as well as professional and technical personnel interested in entering the industry.

Both programs can be undertaken part-time and are delivered by distance with extensive use of AMC’s e-learning facilities. This allows students to balance their studies with their work and other commitments.

Both degrees also offer a Graduate Certificate and Graduate Diploma as entry or exit points.

Students undertaking the Master of Applied Science can choose to specialise in one of the following areas – shipyard operations, shipping operations management, maritime safety or marine engineering.

**Shipyard operations** – focuses on the knowledge and skills necessary for the effective management of operations in shipyards, dry docks, ship repair facilities. Students develop expertise in the commercial, production and planning functions and the application of Integrated Management Systems.

**Shipping operations management** – concentrates on subjects that are critical to the safe and effective management of commercial shipping. This specialisation is suitable for professionals undertaking an operational role in shipping companies, chartering, ports management, regulatory authorities and classification societies.

**Maritime safety** – considers the management of maritime operations from a safety perspective and also examines the impact the maritime sector has on the marine environment and strategies for mitigating this impact.

**Marine engineering** – develops the expertise required for managing or overseeing technical operations in shipping companies, the ship maintenance & repair sector, regulatory authorities and classification societies.

The Master of Maritime Studies is a general studies degree that has been structured as a vehicle to enable exploration of the “maritime space”.

In the context of this program, the maritime space consists of a number of interconnected elements that relate to or are dependent upon the sea:

- Maritime industries and associated services and infrastructures
- Government, defence and security
- Marine and coastal environment
- Maritime communities and culture: amenity and leisure, maritime art, history, literature and spirituality

The aim of the program is to provide a career development pathway for professionals involved with maritime management, administration or policy development.

**2013 and beyond**

AMC’s focus for 2013 and beyond is to continue working closely with maritime industries and other educational institutes to strengthen our practical training and undergraduate programs. In particular, there is huge potential for AMC to address industry training needs within our VET programs in both the seafaring and maritime offshore sectors.

Considerable consolidation is also occurring in ‘landside’ VET with students completing courses related to their roles in port operations, lean logistics and leadership. There is great potential to further develop training pathways with the TAFE sector in the field of maritime engineering, maritime logistics management and aquaculture so students can progress their training through a variety of avenues. Our aim is to consult widely with industry to ensure that AMC provides students with the training and knowledge required to be highly effective and skilled employees.

For more information on AMC courses, please visit www.amc.edu.au

A marine engineer at work in the engine room.
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Government and industry can both agree that freight in NSW faces big challenges. With population and freight growth vying for access on an already constrained transport network amidst the backdrop of the rising Australian dollar and labour costs, freight network performance is more critical than ever before. In an economy where freight and logistics contributed approximately $58 billion of the NSW Gross State Product last year, everyone from consumers to industry wants freight moved with minimal cost.

Based in Griffith NSW, Casella Wines is one such business that lives and breathes freight. As the biggest exporter of wine to the United States, Casella must minimise freight costs to be competitive in the international market. The scale of the wine maker’s logistic operations is massive – 12,775 TEUs are shipped annually via the Griffith intermodal terminal to the Port of Melbourne. The efficiency of these operations is currently hindered by High Productivity Vehicle (HPV) access restrictions in grape sourcing locations as well as inefficient road access to the intermodal terminal. The port choice also highlights the missed opportunities for NSW to cash in on revenue and beckons the question – can we be a more viable export hub for industry?

One of the key challenges is for the network to keep pace with freight volume growth. By 2031, the freight task is projected to nearly double to 794 million tonnes. For containers, the current throughput of two million TEU per annum at Port Botany is expected to increase to approximately seven million TEU by 2031. Planning to deliver the necessary network performance and capacity to meet this demand must start now.

The NSW Government’s creation of the Freight and Regional Development division within Transport for New South Wales in November 2011 as its dedicated freight strategic planning and policy body is recognition of the importance of making ‘freight work better’ in NSW. Initiatives already undertaken include improving HPV access across regional NSW, introducing more productive transportation schemes for agricultural commodities such as grain and livestock and reviewing rail access to ensure consistency and competitiveness in rail freight regulation. We are also looking ahead to plan for projects needed in the future – this includes the NSW Government committing $214 million towards stage one construction of the Northern Sydney Freight Corridor, introducing the Bridges for the Bush program to improve road freight productivity in regional areas and providing specialist advice to key projects such as the Maldon to Dombarton rail line, WestConnex and the completion of the Southern Sydney Freight Line.

One of our main jobs is to deliver the State’s first freight and port strategy. We have tackled this in partnership with industry to better understand the way freight moves around NSW and to develop pathways for addressing shortfalls and future challenges on our freight network. The Strategy seeks to make NSW businesses more competitive by reducing inefficiencies and capacity constraints in the freight network. It is outcome-focused, incorporating seventeen specific deliverables within three strategic action areas - network efficiency, network capacity and network sustainability.

**Network Efficiency**

Network efficiency is all about moving freight smarter. Put simply, network efficiency means better supply chain coordination, performance and more streamlined regulation.

The underlying principle of this approach is to make the most out of our existing network assets - after all, the cheapest capacity is that which is untapped. The best way to unearth these opportunities is to better understand the nature of freight movements in NSW. Our Bureau of Freight Statistics, a first for NSW, has recently been established to build this knowledge and ensure a sound evidence base.
base is central to freight network decision making.

Some untapped capacity exists during off-peak periods. With the right infrastructure and by addressing last mile issues with local government, industry can potentially utilise these opportunities. Reduction of red tape will also improve efficiency. The Strategy emphasises cross-government cooperation to streamline regulation across state borders, reform rail access and improve the Restricted Access Vehicle (RAV) approval process. Other initiatives to squeeze more productivity out of the road freight network include delivering infrastructure such as bridges and underpasses to enhance HPV access and exploring options to improve road freight performance on arterial roads.

Network efficiency cannot be achieved without effective management of the ever-increasing flow of cargo to and from our ports. Using more rail can help, however it needs to be more competitive with road. Currently only 14% of containers through Port Botany are moved by rail; this is largely due to responsiveness, reliability, timeliness and price issues. The proposed establishment of the NSW Cargo Movement Coordinator seeks to better coordinate and plan the movement of cargo to and from Port Botany and Port Kembla through a whole-of-supply chain approach. This will involve enhanced scheduling, disruption management and operational optimisation of rail freight paths so that these existing assets can be effectively utilised. Through these activities the Cargo Movement Coordinator can potentially help industry lower supply chain costs.

**Network capacity**

Network capacity requires effective infrastructure development. Preserving land for future freight infrastructure is an essential pre-condition to achieve this – we should protect key freight corridors and land that will allow businesses to operate efficiently in the future.

Network capacity must be delivered through infrastructure investment that represents value for money based on forecasted demand. With this principle in mind, the Strategy supports investigating opportunities for passenger and freight flow separation on rail and the completion of existing projects such as the Northern Sydney Freight Corridor and the Southern Sydney Freight Line.

The Strategy identifies the establishment of port growth plans, aligned with the National Port Strategy, as the necessary blueprints to meet freight volume growth. Integrated expansion planning for Port Botany, Port Kembla and Port of Newcastle will ensure port and landside infrastructure requirements are catered for and can provide increased certainty for industry.

Managing both metropolitan and regional intermodal terminal development is an important part of achieving network capacity. Metropolitan intermodal terminals are critical to increasing rail mode share and managing the rapidly growing import container trade. Also, the growing container export task originating from regional economies dictates that the effective functioning of regional intermodal terminals remains vital to the NSW economy.

The Government does not seek to be directly involved in the planning and operation of intermodal terminals. Rather, we seek to provide guidance on the necessary pre-conditions for achieving beneficial intermodal terminal solutions such as ‘investment grade’ demand forecasts and forward-thinking land use planning. Therefore the NSW Government has no plans to ‘prop up’ underperforming and unviable intermodal terminal operations, but encourage intermodal opportunities that are economically viable in the long-term.

A dedicated infrastructure program, containing key information relating to project prioritisation and funding sources, is provided in the draft Strategy to inform industry of future investment plans. And of course the linchpin of building new capacity is to ensure sound coordination between NSW Government departments, local councils and the federal government.

**Network sustainability**

Network sustainability is concerned with balancing the freight needs with those of the broader community and environment.

We can’t shy away from the fact that the freight network needs to grow, nor can we ignore community concerns about noise and pollution. Therefore the Strategy is focussed on ensuring freight and the community can sustainably coexist by assessing these externalities and implementing measures to mitigate their impact upon the freight users, the community and the environment. One such program already underway is the Rail Noise Action Program which involves cooperation between government, industry and the community to tackle unnecessary noise generated by freight along rail corridors.

Sustainability involves effective land use planning so that the freight task of the future is planned for today. This requires the NSW Government to work with local councils to ensure freight needs are given higher consideration in strategic land use planning so that industry can access, and effectively use, the best real estate to achieve logistic efficiencies.

We also need to look after the men and women who make freight happen in this state. A coordinated plan of attack, involving industry and government cooperation, to recruit and retain logistics staff will ensure that our most important resource can support the future freight task. Actions to ensure our people come home safely every night are also essential to achieving workforce sustainability.

**The way ahead**

The release of the draft NSW Freight and Ports Strategy is the first important step in a journey where government will work alongside industry to deliver an effective freight network that supports economic prosperity for NSW. Following the anticipated release of the final strategy by mid 2013, each Strategic action will be subject to quarterly performance reports with the Strategy to be updated every two years. We look forward to ongoing engagement with the shipping industry and all our stakeholders so that we can effectively deliver positive freight outcomes for NSW.
The nations of the Asia Pacific region are experiencing long-term economic growth fuelled by dramatic technological development. Their requirements for commercial maritime services, technology and equipment are expanding rapidly. PACIFIC2013 will be a great platform for the national and international commercial maritime and shipping industries to showcase products and services across the entire spectrum of maritime enterprise, including ships and shipbuilding, port and harbor infrastructure, stevedoring, freight handling and logistics, maritime security (including anti-piracy measures), surveillance, emergency management and response, maritime aviation, and offshore oil and gas.

www.pacific2013.com.au
The nations of the Asia Pacific region are experiencing long-term economic growth fuelled by dramatic technological development. Their requirements for commercial maritime services, technology and equipment are expanding rapidly.

**PACIFIC2013** will be a great platform for the national and international commercial maritime and shipping industries to showcase products and services across the entire spectrum of maritime enterprise, including ships and shipbuilding, port and harbor infrastructure, stevedoring, freight handling and logistics, maritime security (including anti-piracy measures), surveillance, emergency management and response, maritime aviation, and offshore oil and gas.

The Australian Hydrographic Service (AHS) is an element of the Royal Australian Navy. It is the national hydrographic authority responsible for national charting and hydrographic surveying standards and for the production and publication of nautical charts and hydrographic information to enable safe navigation of all ships in Australia’s waters. Paper nautical charts, Electronic Navigational Charts, and other hydrographic publications such tide tables and the seafarer’s handbook for Australian waters are produced and distributed from its headquarters in Wollongong, NSW. More than 250,000 nautical products are distributed each year.

The Royal Australian Navy operates six hydrographic survey ships and a laser airborne depth sounder aircraft, which are all based in Cairns, Queensland. The output of these units contributes to the navigational safety products produced by the AHS.

Australian leadership in the International Hydrographic Community

The five yearly International Hydrographic Conference, took place in Monaco in April 2012. While much of the conference was focused on developing the next five year work plan to coordinate International Hydrographic Organization (IHO) Member States and technical experts to improve charts and nautical information, the AHS is very pleased to report that on 27 April, the last day of the conference, Captain Robert Ward, RAN (Ret), a former Deputy Hydrographer of Australia, was elected President of the IHO. This is the first time that an Australian has held this prestigious and influential position and it reflects highly on both Captain Ward’s performance and leadership as a Director of the IHO for the past five years and the esteem in which Australia is held internationally.

International recognition of Australian Hydrographic Surveyors

The competency of hydrographic surveyors is a critical navigational safety factor, particularly in shallow constrained waterways such as ports and shallow coastal channels. The requirement for hydrographic surveyors to be certified by the Australasian Hydrographic Surveyors Certification Panel (AHSCP) has become industry best practice over the last few years and in May, the AHSCP became the first national competency certification scheme to be recognised by the FIG/IHO/ICA International Board on Standards of Competence for Hydrographic Surveyors and Nautical Cartographers (IBSC). This recognition demonstrates Australia’s international leadership in the field of hydrography.

Electronic Navigational Chart (ENC) Coverage of Australia’s Waters

In June 2012 the AHS formally announced that ENC coverage of Australian and PNG waters was available. ENC is essential for navigation using Electronic Chart Display and Information Systems (ECDIS). Therefore, it was critical that ENC coverage was available before the IMO’s regulation for compulsory carriage of ECDIS for SOLAS vessels commenced its phase-in period on 1 July 2012 (detailed in AMSA Marine Order 21). Initially, the carriage requirement applies to new build passenger ships and tankers, expanding to cover all ships by 2018. The completion of ENC coverage comes after a six year project that involved firstly modernising Australia’s paper nautical chart portfolio to standardise the reference frames and thus enable direct GPS position plotting, then producing the ENC. This massive task was achieved...
eight years ahead of the initial production estimates by a combination of in-house and outsourced production. ENCs have also been produced on behalf of Timor Leste and will be published once the formal agreement between governments is signed.

**Australian “AusENC” Service launched**

Australian ENC has previously only been available through an international distribution network and foreign branded ENC services. A new “AusENC” Service was launched in June 2012 providing an official Australian branded ENC product that is now conveniently available to Australian ENC users at an affordable price through a national chart agent network. Whilst primarily targeted at the domestic commercial market to meet requirements under the National Standards for Commercial Vessels, this product meets the IMO carriage requirements for ECDIS fitted SOLAS class vessels in Australian waters.

Within the service, the primary focus has been on coverage, quality, price and an easy ordering system that is based upon geographic packs ranging from “ports” to “everything”. The AusENC service is supported by a full electronic update service with all chart corrections, including temporary and preliminary Notices to Mariners, provided by digital file either from the AHS website and email, or by mail on CD. This service makes it simple for all mariners to keep their ENC up to date without any need for manual chart corrections and should save many hours of work by ships officers.

**The Navigation Act 2012**

Since 1946, Navy’s authority and responsibilities for provision of Hydrographic Services for Australia have been vested in a relatively obscure Cabinet decision. However, the revision of the Navigation Act has rectified this. The Navigation Act 2012, which received Royal Assent on 13 September 2012 and will enter into force in 2013, now defines the AHS and its responsibilities for the provision of national hydrographic services to meet international obligations.

**Demand for Nautical Charting grows**

With the continuing demand for raw material exports driving many new port developments and substantial upgrades to existing facilities, our charting workload is growing at around 20 per cent each year. Recent examples have included new charts of Barrow Island, Botany Bay, Bundaberg, Dampier and Weipa, with Ashburton Roads, Brisbane, Cape Preston, Darwin, Gladstone and Port Hedland underway. The AHS has also worked closely with AMSA in the development and charting of new shipping fairways off Australia’s north-west shelf.

**Updated information for mariners**

A revised and expanded 3rd Edition of the “Seafarers Handbook for Australian Waters” was published in December 2012. This book, which is updated through Notices to Mariner, is the first point of reference for any ship planning to enter Australian waters or ports. It provides details and access methods for all relevant Government services, obligations, port information and other information which is otherwise difficult to find but essential to know if you are visiting Australia by sea. It also includes a guide to the accuracy and reliability of paper and electronic charts.

The AHS has pursued a broadly targeted education campaign to improve the knowledge and safety of mariners with detailed information on understanding and updating nautical charts, ENC, GPS receivers and chart datums, maritime boundaries and other important information published in a series of Fact Sheet on the AHS web site: www.hydro.gov.au.

Additionally, the AHS provides lectures on understanding ENC, chart reliability and hydrographic surveying to marine pilots and port engineers’ courses to ensure that they are being provided with the latest information.

**Border Protection Operations**

Two of Navy’s larger Hydrographic ships, HMA Ships Leeuwin and Melville have made a major contribution to Australia’s border protection work this year. Their long endurance and carrying capacity makes them well suited to the offshore patrol and personnel transport roles and they have been recognised for their effective contribution to Operation RESOLUTE, one of the Government’s highest priority operations. Hydrographic surveys have also been undertaken near Christmas and Cocos Keeling Islands in association with this task.
Is your port ready to receive bigger ships, larger loads and maximise throughput?

By DR TERRY O’BRIEN OAM, executive director, OMC International

Valemaxes. VLCCs. Post-Panamaxes. Maritime news headlines reveal that the race has begun for ports to be ready to dock the new generation of mega ships, expand their capacity and minimise arrival and departure delays.

Some news stories to set the scene: the much publicised widening of the Panama Canal is expected to open a third lane with 15m draught in 2015; Hamburg Port has docked the CMA CGM Marco Polo which is the world’s largest container ship, capable of carrying more than 16,000 standard containers; North Queensland Bulk Ports (NQBP) is reportedly projecting a 12 per cent increase in total throughput for this financial year and its transformed Abbot Point coal port aims for 230 mta, a fourfold increase in throughput; Port of Melbourne Corporation (PoMC) has dredged to allow 14m vessels to enter Port Phillip Heads and the Victorian Government is now looking at developing its deep water port at Hastings; the combined Pilbara ports, a massive entity, forecasts an eventual throughput of 1 billion tpa, and last year 25 per cent of all bulk sailings from these iron ore ports were carried by ships larger than 200,000 dwt with 80 per cent larger than 170,000 dwt.

As bulk cargo and container volumes ramp up, port authorities are increasingly under commercial pressure to facilitate efficient and cost effective navigation. Bigger ships with bigger loads bring bigger demands for deep water shipping channels but an absolute focus on safety must remain a primary goal.

So, how can ports attract the big ships and manage the growth in throughput? While one solution has been to dredge deeper access channels, a more cost effective alternative may be to implement proven UKC management technology which can make optimum use of the high tides and minimise any necessary dredging. This approach will better maximise port capacity without compromising safety.

More efficient use of tides

Bigger ships put increasing pressure on ports to use tides more effectively, whether they are spring tides or neap. Tides plus real-time UKC management technology offer the possibility of wider tidal windows and multiple sailings on a tide, irrespective of tidal range or cycle.

Where there is a wide tidal range, as in the Pilbara ports, the greatest reduction of dredged depth and volumes in approach channels has resulted from the optimal use of tidal assistance. Since OMC implemented its DUKC® system in 1995 at Port Hedland and Dampier, extended safe sailing windows have accounted for most of the 7 per cent of extra cargo loaded. The challenge is to make the most of the highest part of the tide, including the opening and closing shoulders, to send out as many of the bigger ore carriers as possible. What follows focuses on the Pilbara ports and in particular, Port Hedland, the world’s largest bulk export port.
Growth of multiple sailings on a single tide

In June 2012 Port Hedland Port Authority (PHPA) sailed six ships on a single tide, a record at that time. PHPA has recently announced that a new tonnage record for the largest departure of iron ore on a single tide was set on January 15 this year. The new record of 1,059,740 tonnes beat the previous record by more than 19,000 tonnes.

OMC has been developing and jointly trialling with PHPA since 2010 a DUKC® Optimiser module that successfully optimises sailing times and draughts of multiple vessels on a single tide and will regularly repeat these records. In the initial release, delivered in 2011, some operational constraints were still entered manually by the schedulers.

**DUKC® Optimiser**

A second release of Optimiser was launched in October last year as part of the new ‘Platinum Package’ contract announced for Port Hedland (see below). This module includes automatic handling of constraints such as tug and pilot availability and booking priorities, and will safely maximise total tide tonnage, increase total throughput and provide ship operators with greater flexibility in the timing of port visits while reducing the workload for schedulers.

After further trialling of this new stage, Optimiser will be extended to include inbound shipping, as well as departing ships. This will help PHPA in their “logistics” task of maximising port capacity safely.

**DUKC® Series 5 web-based ‘Platinum Package’**

During 2012, BHP Billiton decided not to proceed with its proposed $20 billion outer harbour development at Port Hedland. The reasons stated for this decision were the cost of such development per tonne of additional iron ore output and the belief that opportunities exist to ship considerable additional tonnage from the inner harbour at much less cost. Following this decision by the BHP Board, PHPA commissioned OMC to implement its DUKC® Series 5 Platinum Package as one major cost-effective step to achieve this goal.

In a recent article on this new OMC contract, author John Mclnraith reported BHP’s Chief Executive Marius Kloppers as saying that more iron ore could be delivered to Port Hedland than its export allocation allowed (350mta rather than the existing allocation of 250mta).

“I think that what we are saying is that our supply chain will deliver the tonnes and what we will do is maximize the throughput through the inner harbour to the maximum we can squeeze out of it”. (Refer to ‘Perfectly Managed’, Australia’s Mining Monthly January 2013 page 87 http://www.omc-international.com/images/stories/media/2013-AMM-Perfectly%20Managed.pdf)

PHPA is OMC’s first client to be licensed to use the full ‘Platinum Package’; Two components, DUKC® Optimiser and DUKC® Chart Overlay, are presently being trialled and will be integrated into their web-based Series 5 system this year by OMC’s maritime and software engineers. The final extension to this package will be OMC’s Dynamic Capacity Modelling which will highlight all areas and options where port throughput from the inner harbour can be increased to allow the maximum tonnage of iron ore “to be squeezed out of it”. This module should ultimately be a most significant contribution to the complexity of UKC management and navigation in Australia’s large bulk ports.

The ‘Platinum Package’ is available to all ports and waterways and the modular form allows the regulators, particularly in smaller regional ports, to select only those modules relevant to their port’s needs.
Channel design also includes the horizontal dimension and, as the only Australian member of PIANC’s Working Group (WG) 49, I have had the privilege of being involved in updating the well-known PIANC guidelines on channel design (WG 30 report) to take into account the increase in ship size since publication of the 1997 edition.

OMC iHeave® prompted by ‘Graveyard of the Pacific’ study

Last year, a team of in-house engineers unveiled our new ship motion measurement instrument OMC iHeave®. This safety tool, which is about the size of a shoebox, was developed in the course of carrying out a desktop study now finalised for North America’s ‘Graveyard of the Pacific’ and was described in my Autumn 2012 contribution to Shipping Australia. This North American project was the original prompt for OMC’s engineers to develop, and then commercialise, OMC iHeave® which gives results of similar accuracy to a full DGPS set-up. Accessing the bow and transferring DGPS equipment by helicopter during winter at the Columbia River Bar was regarded as too dangerous and would have prevented us from measuring the very ship motions the pilots were most concerned about.

This tool also increases the safety of lives at sea by enabling a ship’s vital wave response data to be collected in severe weather conditions where it could otherwise be potentially unsafe to do so. In one year the death of 40 seamen was caused when a cargo of fine metals liquefied and caused the ship to capsize. This lightweight unit can be safely mounted by pilots within minutes and it can continuously monitor ship movements during an entire transit, directly measuring all six degrees of ship motions in waves – in all weather conditions – from just one internal location on the ship’s bridge.

OMC iHeave® was designed specifically for use by pilots to allow them to gather hard data on ship motions under the conditions that are of concern to them. OMC is now offering this vessel measurement and analysis service to other clients. In November last year, OMC iHeave® won the 2012 IBJ (International Bulk Journal) Awards ‘Innovative Technology’ (Marine) category.

There is obvious potential for these new DUKC® applications to bring significant benefits not only to other Australian ports, such as Dampier, Cape Lambert and Hay Point, but also to major bulk ports overseas, such as Vale’s iron ore export ports in Brazil.

DUKC® Chart Overlay

As well as the Optimiser, OMC has also developed DUKC® Chart Overlay, another new product included in Series 5 which increases pilot safety by forecasting and showing very clear “go” or “no go” areas as part of an electronic charting package on the Portable Pilot Units (PPUs) pilots carry on board to monitor the transit in real time. Based on dynamic UKC calculations and predictions, this Chart Overlay is a world-first for pilots.

DUKC® Chart Overlay displays UKC information geospatially on top of electronic nautical charts. This cutting-edge development lowers the risk of channel blockage by providing pilots and incident controllers with a significant risk control measure. DUKC® Chart Overlay will bring DUKC® advice to pilots and VTSOs at Port Hedland when most needed – when the unexpected happens, such as the engine breakdown and grounding of the ‘Iron King’ in July 2008.

Smarter Dredging

Dredging optimisation technology offers a major cost effective means of increasing the capacity of Port Hedland’s existing channel and inner harbour to compensate partly for the “loss” of the outer harbour throughput.

Over the years, DUKC®’s methodology has been successfully used to design the vertical dimensions of a new channel, or to deepen an existing channel, so as to minimise channel dredging quantities and associated environmental effects. When this technology is already installed in the port, it can be used conjunctively with dredging to create the channel depth profile which matches the UKC requirements throughout the transit so that the amount of material dredged is matched to the depths required for the ships transiting. Every tonne of dredged material reduced provides a saving generally in the order of $50 to $100. Maintenance dredging costs can also be minimised and it can even be a useful first step in a new port where a UKC system is not installed. For example, at the Port of Hastings Victoria, historical wave and tide data input can be used with the DUKC® channel design software to indicate the likely areas of focus for further hydro-meteor or environmental studies. Again it may facilitate potential capital cost savings.

Channel deepening will continue coming under scrutiny because the often lengthy environmental and other studies on the impact of dredging have been costly and contribute to major delays in project completion. Smarter dredging can reduce these effects, and in some cases, eliminate the need to dredge altogether by “going deeper on a computer screen!” (refer Kevin Chinnery: Optimisation, BRW July-Sept 2008 http://www.omc-international.com/images/stories/media/20080731%20BRW-LC-O%2727sBrien.pdf)
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In further developments, OMC has now also delivered a demonstration DUKC® system (the first in North America) to the Columbia River Bar Pilots who are using the OMC iHeave® unit to again measure the severe ship motions of the winter seas.

Mooring Technology

The mooring analysis and design work developed during my years in academia led to the development of a real-time and predictive Berth Warning System (BWS), installed at the Kurnell offshore mooring facility at Botany Bay and also at Hay Point in the late 1990s.

The BWS, which includes the core SPMS ship motion modelling technology, is a scientific tool for reducing the probability of an incident resulting from excessive motions of the moored ship. It allows terminal operators to decide whether to remove a berthed vessel, delay berthing, increase loading rates or simply operate as scheduled. By predicting the loads placed by the ship on mooring lines and fenders, and forecasting wind and waves out to 48 hours, the BWS helps support terminal operators to make decisions about the safe operation of berthed ships. As well as improving operating safety, the BWS also increases port efficiency by reducing the risk that operations will be suspended unnecessarily.

The BWS can also be used as a planning tool. When a number of ships are waiting for the same berth, it allows operators to model several ships over a 48-hour period to ensure operating safety and continuity by selecting the optimum order to load the ships. Vessels of different sizes and stability parameters can experience significantly different motions in the same wave and wind conditions.

Like DUKC® Series 5, the BWS is also available to port users through the internet via a web browser.

It is interesting that, after a decade of no growth in demand for such systems, five new BWS systems have been ordered in the past six months! This must surely be a reflection on the increasing commercial pressure for efficient and safe maritime operations.

The future

The arrival of the mega ships and the rapidly increasing throughput, especially in our hub ports, is bringing increased complexity and many changes and challenges to our shipping industry. Port authorities must manage growing commercial demands but also pressure from varying sources such as politics, legislation, regulations, amalgamations, expansions and privatisations. Add in volatile markets, recessions and expansions and there is much uncertainty. As an engineer, certainty is always paramount and I am grateful that the focus of our specialised maritime firm is on providing proven, scientific-based technology which has been safely operating for more than 20 years!

OMC and regulators are fully aligned in their endeavour to support safe and efficient navigation through their ports or waterways and our innovative and award-winning technology is ‘promoted’ in this article in the spirit of communicating the safety and efficiency benefits which it can offer to the maritime industry. Looking ahead, my hope is that OMC will continue for many years yet to innovate and further develop tools which can assist ports to receive big ships and to maximise their throughputs safely.

DUKC® turns 20

This year marks the 20th anniversary of the first DUKC® installation at Queensland’s Hay Point coal terminal in March 1993, made possible by the strong support of our ‘pioneer’ client North Queensland Bulk Ports Corporation (formerly Ports Corporation of Queensland).

DUKC® was introduced into Western Australia (Fremantle Port) in April 1994, with strong support from Fremantle’s Captain Eric Atkinson, Australia’s longest serving Harbour Master and now President of the International Harbour Masters Association (IHMA). BHP commissioned a DUKC® system at Port Hedland in 1995, and other customised systems were installed at Rio Tinto’s Dampier Port in 1995 and, more recently, in Rio’s Cape Lambert port in 2010. Our systems are successfully operating in most major Australian ports, in NZ and in Europe.

The latest web-based DUKC® Series 5 was first commissioned as operational in 2011 by the Australian Maritime Safety Authority (AMSA) to ensure shipping safety in Torres Strait. In June 2012 the DUKC® Series 5 system was announced 1st Runner-Up in the prestigious 2012 IHS Safety at Sea Awards for Engineering Excellence.

OMC’s technology not only maximises port capacity but also improves pilot safety, equips port authorities with essential risk mitigation tools, minimises dredging and saves billions of dollars in shipping costs of transporting cargo and container goods around the world. It has a 20-year incident-free safety record.

That’s worth celebrating!

* 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. ▲
Australia’s shipping icon

Australian Reef Pilots (ARP) has an enviable reputation as a world leader in pilotage in one of the planet’s most navigationally challenging maritime areas - the Great Barrier Reef off Australia’s north-east coast.

In more than 120 years of commercial pilotage, this fascinating, dangerous and environmentally sensitive area has thrown up challenges which ARP has addressed through a disciplined program of proactive safety management.

ARP’s commitment to safety and customer service has been enhanced by some of the most advanced technological evolutions in the maritime industry. The company’s industry leadership and economic contribution, investment in the community, commitment to developing and driving innovation, and strategic outlook were a key contributor to ARP recently being presented with the Australian Industry Group’s prestigious award, Icon of Industry 2012 by the Queensland Premier, Campbell Newman.

As an example of ARP’s state-of-the-art innovation, it recently co-developed, with the Australian start-up VoyageBank, a unique navigation system which tracks and plots piloted ships’ movements in real time.

This state of the art navigational aid is used in conjunction with a Central Management System under which all pilots are equipped with a Portable Pilot Unit (PPU), a computer tablet which provides a ‘black box’ type record of every decision made by the pilot and every movement of the ship.

The PPUs are touch screen units which operate German Company SevenCs Orca G2 piloting software.

The platform uses Microsoft’s cloud infrastructure and has been customised by German electronic mapping company Seven Cs, which incorporated approved ECDIS charting to suit the unique challenges of pilotage on the Reef.

ARP headquarters in Brisbane, Queensland, monitors the ships’ passage from start to finish, noting any events outside normal parameters. If a ship diverges from the planned route or an unexpected hazard is observed, the shore side Duty Pilot at Central Control can proactively liaise with the pilot on the bridge and minimize risk factors in conjunction with ReefVTS.

The unique VoyageBank system will be augmented by a contract with ‘Smartship Australia’ - a Centre of Excellence in advanced human-factors based maritime training, supported by a full mission high-fidelity simulation.

Through Smartship, ARP has established its own designated simulation model of the Prince of Wales Channel, the most complex section of Torres Strait and the Great Barrier Reef, and has access to a contemporary model of the rest of the Reef.

This simulation provides invaluable initial pilotage training for new recruits under many varied navigational circumstances, ongoing training & assessing pilot responses in emergency situations and checking licenced pilots for revalidation of their licenses in collaboration with the Australian Maritime Safety Authority.

SmartShip has 5 bridges with an array of Field of View (FoW) options fitted up to and including NACOS 65.5.

These latest advances complement ARP’s sophisticated Safety Management System which already uses Voyage Management Systems and the diagnostic Dynamic Under Keel Clearance Management.

ARP employs 44 pilots at four working pilot stations, has 41 managerial and support staff, owns or operates 11 pilot boats and has access to five helicopters under lease agreements.

It provides a 24 hours a day, seven days a week, 365 days a year service.
2012 was a year of progress for SVITZER Australia, the tug boat and salvage specialist that operates more than 140 vessels in 40-plus ports across Australia, Papua New Guinea, Fiji and New Caledonia.

But this year the company is gearing up to move beyond its traditional harbour towage background to sharpen its focus on top-line safety standards and engage a newly motivated workforce.

This it hopes will lead to new harbour towage opportunities and help capitalise on the contracts it already holds to provide marine services at Australian LNG export terminals.

In 2012 the company’s levels of return approached their cost of capital for the first time in the five years since the Danish-owned business unit of the A.P. Moller – Maersk Group became the country’s biggest towage operator.

The local arm has added seven tugs to support growth and renew its fleet over the past 18 months.

And it expects to introduce another three over the coming 12, in addition to four for the Gorgon Project off Western Australia in 2014.

With financial performance beginning to restore investment appetites, SVITZER Australia is now poised for bigger and better things.

“Over the past five years the return on our investment has not achieved our cost of capital and has been below our expectations,” says SVITZER Australia’s Chief Financial Officer, Michael Coleman, who joined Adsteam in 1996, 11 years before SVITZER’s acquisition.

“But we’re getting there and we’re looking to ramp things up in 2013 with incentive-based schemes both on and offshore to achieve greater efficiencies.”

On this even firmer footing, SVITZER Australia will pursue three main goals in 2013: upgrade safety levels to offshore standards, better meet customers’ needs through more nimble management and an engaged workforce; and stake convincing claims for further harbour and LNG terminal business.

SVITZER’s safety management and safety culture has been traditionally based on its core business – harbour towage.

But as the company’s newly employed head of marine standards points out on page 9/above, SVITZER is now aiming globally to emulate the offshore industry’s best practices in protecting mariners and assets.

“We see a substantial opportunity to learn from other maritime sectors, says SVITZER’s Australian managing director Mark Malone. “We view the offshore oil and gas sector as an inspiration with regard to safety culture.

“Although our existing safety record and performance is strong, our ambition is to improve our operations by learning from the part of the maritime industry which is generally viewed as the most progressive with regard to safety. We can always find ways of making our workplace safer and improving the support we give our workforce.”

In a bid better to meet customer needs by reducing response times, SVITZER is simplifying its management structure and moving its decision-making closer to port operations.

“We wish to move the company forward and improve all areas of what we do to support our customers and stakeholders,” says Malone the former MD of Maersk’s British fleet says.

“All four state management roles will report directly to me and will therefore be essentially state-specific GM’s. We will also rely increasingly on the leadership capabilities of my fellow senior management team members – CFO Michael Coleman, chief commercial officer Alan Bradley and new human resources director Mark Cox.

“In addition, we are recruiting a senior fleet/technical director to further develop and improve the upkeep and
deployment of our tug fleet and skills of our crews.”
And greater stakeholder engagement
Part of Malone’s organisational overhaul is cultivating a more open and consultative workplace.
He has overseen the formation of a National Advisory Board as an open and constructive committee between SVITZER personnel and representation from the three maritime unions.
Together they’re working on areas of mutual interest and planning strategically for the future.
The non-industrial platform for improving dialogue and sharing information has been reprimed in ports, where representatives from the workforce afloat and ashere are working to improve SVITZER both as a business and place to work.

“We have improved our consultative approach both at a national and port level,” Malone says.

“It is about alignment, transparency and producing a combined strength by getting everyone pulling in the same direction.
“We are also close to finalising, as part of our new three-year Enterprise agreement, a national incentive structure which will share the business success of the company with our workforce.”

Maritime Union of Australia Assistant National Secretary Ian Bray says SVITZER is making headway in building trust with the workforce and promoting indigenous training.

“In the last 12 months I think there’s been remarkably substantial change on the desire to employ the culture that they speak about and there seems to be a determination, not just a talk fest, to make really deliverable outcomes.

“The National Advisory Group is a non-industrial platform that provides open, robust discussion and talks about how to go about things with a cooperative approach, not just about the workplace but about how the business can be improved.”

To help build on this improving rapport, Malone has recruited Mark Cox, a man with a strong industrial relations track record, as his human resources boss.

Previously with BAE Systems, the Australian Defence Force’s largest contractor, Cox helped overcome a combative workplace and fostered greater engagement from shipyard workers by opening the lines of communication.

“The crews are the best ones to know how to reduce costs and how to make the job more efficient,” says Cox, aware of how greater engagement translates to business success. “So we will be doing more on the communications side as the year goes.”

Cox will also drive the recruitment of younger seafarers through a cadetship program as the average age of SVITZER’s mariners tops 50.

“You would like to think that our experienced guys, in the years before they retire, would love to have someone to pass their knowledge onto,” he says.

“Six months in our business working with the masters or engineers on the tugs – that’d be a great opportunity to get younger people in and it will raise our profile among universities.”

Australia is a promising market for a global company with limited stakes in the big US and Asian markets.

And SVITZER, growing stronger financially, is now looking to expand both its local harbour towage and LNG terminal operations.

This starts by better illustrating the value of its highly qualified and experienced workforce and courting business from resources companies that are building new and maintaining existing infrastructure.

“Surety of service and guaranteed shipment times are just as important to customer’s business models as cost, perhaps even more so,” Malone says.

“Towage is primarily insurance against risk. With considerable resources to draw from in the Australian market, we can and do offer that service surety.”

SVITZER’s LNG terminals ambitions, too, are clear.

Global CEO Robert Ugglia travelled from Copenhagen to meet with oil and gas industry representatives in Perth late last year, about 12 months after SVITZER Australia won the 25-year contract to operate four tugs for the Gorgon Project.

Gorgon is one of seven Australian LNG projects currently underway (with another in Papua New Guinea) at a cost of about $175 billion, according to the Australian Financial Review.

SVITZER boasts the knowhow that comes from holding 18 terminal contracts worldwide (16 operational) and its experience negotiating Greenfields Enterprise Agreements on the large-scale Gorgon tender and at smaller mineral ports, such as Cockatoo and Koolan Islands in WA, complement its technical strengths.

Growing relationships within the Australian maritime industry are bolstering the company’s prospects, says SVITZER Australia’s chief commercial officer Alan Bradley, an industry veteran.

“A record of reliable service delivery under Australian conditions owes as much to these relationships as the company’s technical capabilities,” asserts Bradley.

“We are hopeful of winning more LNG contracts … and they certainly have the attention of my colleagues in Copenhagen.”

SVITZER crews demonstrate their skill at multi-tug movements towing the former Maersk Drilling semisubmersible rig Kan Tan IV into Geelong harbour.
Multiple port footprint is needed to be competitive

By TONY COUSINS, managing director, PB Towage Australia

Firstly, on behalf of everyone at PB Towage Australia, I would like to congratulate Llew Russell on his retirement and acknowledge his outstanding, informed contribution over many years. Shipping Australia, like all of us in the industry face a number of challenges in the current environment and it is some of those issues on which I would offer the following thoughts, from a PB Towage Australia perspective.

2013 promises to be a very interesting year for the Australian towage industry. We welcome the introduction of the single national jurisdiction, which will progressively make it easier to mobilise vessels and crews around the coast, eliminating some of the challenges previously associated with such operations. However, while the general direction of recent shipping reforms to provide a future for the Australian flag is to be commended, we would encourage the regulators to go further, proceeding with review of Marine Orders that would allow qualifying sea-time to count on tugs, opening new training pathways and an entry point to an industry that has struggled for many years to meet training demand.

The availability of training berths is the obvious issue, but equally, the cost of training, access to training funds and a coordinated industry wide approach must be addressed. The Maritime Union of Australia has taken the initiative to establish an Industry Training Organisation for ratings, METL, which whilst not without its issues, could be the catalyst for a true bipartisan Industry training solution, covering all seagoing departments.

Towage will continue to draw on the Australian Maritime skills base. Australia is attracting increasing attention from the international towage majors, keen to participate in the opportunities presented by LNG Terminal operations. Domestic competition remains high, with a new operator getting a foothold in the northwest and others managing fleet renewal programs. For its part, PB Towage Australia has announced a strategic entry into Newcastle this year. This will be a significant initiative for us, with many challenges, and it is our hope that we will attract the same level of support that has enabled us to steadily increase our harbour business in Melbourne, Sydney, Brisbane and Townsville over the last five years.

Expansion into open ports is very difficult given there are so few with the volume to support more than one tug operator. Harbour towage in Australia is a network business, with a multiple port footprint essential to be cost competitive, so it is very important that those ports where there is scale are structured to allow competition.

In Port Hedland, the decision to mandate new prototype RotorTugs in the port is very interesting. No doubt a lot of work and expertise was applied to the decision making process and there is also little doubt the significant cost can be justified on the basis of the exponential growth in one of the world’s largest export ports. The key question for the Australian towage market as to whether that volume should be serviced by a single towage operator is currently being addressed by the competition regulator in a well-documented enquiry.

While Port Hedland is beefing up their tugs considerably, we see other Australian ports also increasing tug specification by licence or regulation. The Port of Melbourne Corporation’s Towage Regulation now sensibly includes minimum tug fire fighting requirements without necessarily calling up a standard. Port Authorities can easily fall into the trap of “over-specifying” tugs, including some who specify the out-dated Australian Fire Fighting Vessel Standard or conversely, the international FiFi 1 Class notation, which is normally only required for deep water Oil & Gas Terminals. Higher than necessary specification of tugs, be it fire fighting capability or bollard pull, limits choice and increases cost to the end users, usually shipping lines calling at those ports.
While the understandably risk adverse nature of port managers is seeing the power of tugs go up in many ports, it is not necessarily the power that their pilots are looking for. Many ocean-going vessels, for example do not have bollards of bitts of sufficient load capability to handle the higher power of modern tugs.

Quality training, in particular of the tug master in conjunction with the pilot is the key to the effective use of the tug. The same quality training delivers the tug company reduced incident rates, optimal safety outcomes and improved fuel efficiency. The future of tug master training is clearly in marine simulation.

It normally takes in the order of three months to train a new tug master. Even if you have a good training system (and not everyone does), the cost of “live” training is prohibitive, taking wages, fuel, weather and opportunity into account. The ability to replicate manoeuvres in an advanced, well calibrated tug simulator, configured for specific port and vessel condition, allows the trainee to achieve the required skill level in a fraction of the time. An Australian company leads the way internationally in both specialist tug simulator and practical, competency based tug master training systems and such a facility ought to be availed of as much as possible.

For the uninitiated, driving a modern high powered omni-directional tug is nothing like any conventional vessel. Twenty years at sea and any level of qualification may not necessarily help. The United Kingdom have recognised this and are moving to a system of accreditation for modern (ASD) tugs, which given the duty of care recognised by all responsible managers, could easily develop into the realm of mandatory endorsement of seagoing certification.

Full mission tug training simulators have come into their own in particular as new LNG Terminals are being modelled and constructed around the country.

These major projects all require new purpose built “escort” tugs, which have the capacity to arrest the motion of a large LNG Carrier should there be a loss of power when underway in a channel. Such tugs are expensive, as are the systems that support and crews that man them, which often comes as a surprise to those new to the Australian industrial environment.

Industrial Relations remain the key to service integrity in the Australian maritime sector. While there certainly are issues from time to time and much is made of the supposedly adversarial nature of the Maritime Unions / Employer relationship, with proper engagement, communication and a degree of trust from both sides, excellent results are achievable.

Having the right people across the organisation and empowering them to manage, be it safety, the vessel or the operation itself, certainly takes much of the industrial heat out of the employment relationship.

In conclusion, we are well aware of the pressures on our customers in the current market and the need for towage operators to contain cost. With tugs getting bigger and towage requirements becoming more complex, training, as much as new equipment is the answer to best practice towage outcomes. PB Towage will continue to invest in our people's skills together with all the key stakeholder relationships, as we strive to grow our business and contribute to the future of the towage industry within the Australian shipping community. ▲
More investment in infrastructure and technology  

GANESH RAJ, Managing Director DP World Australia  

DP World Australia was kept busy in 2012 as we continued to invest in new container terminal infrastructure and incorporating the latest technology across our network of terminals in Brisbane, Sydney, Fremantle and at Australia’s busiest and largest container terminal in Melbourne. 

As an innovation leader, our plan has been to deliver these investments ahead of time, in order to handle projected container volumes and exceeding our customer requirements. DP World’s strategic investments will also help to ensure our export commodities can access world markets quicker and that our imported goods can reach the Australian consumer more efficiently.

Since 2007, DP World Australia has invested over $300 million in the latest supply chain technology and productivity enhancing infrastructure across our terminals. More specifically, projects that have come on line in the last 12 months have included:

- A Newly expanded rail yard at DP World Sydney to increase rail capacity and facilitate a greater shift towards rail;
- 22 new energy efficient diesel-electric straddle carriers at DP World Melbourne to boost productivity and efficiency, and the commencement of a BioFuel trial in order to reduce West Swanson Terminal’s carbon emissions and environmental footprint;
- The latest Terminal Operating Systems at two of our four container terminals and to provide greater integration of terminal technologies;
- A State of the art crane training simulator at DP World Brisbane delivering innovative training and development of employees on site; and
- New Weigh-In-Motion scales at DP World Sydney, designed to improve safety outcomes in the port precincts we operate and which is set to become the template for all our other terminals.

In 2013, the challenges in the Australian market will continue however with our constant focus on improving productivity and on our customers, I am confident in delivering them excellence in customer experience across our entire network. As such we have over $300 million of infrastructure and technology investments currently underway across Australia. These include:

- Progressing the $250 million upgrade of terminal facilities at DP World Brisbane, turning the facility into a world class semi-automated terminal;
- A major expansion of capacity at DP World Melbourne’s West Swanson Terminal including additional terminal yard and installing the latest terminal operating system; and

DP World Australia Managing Director  
Ganesh Raj detailing expansion plans for West Swanson Terminal with Victorian Ports Minister Denis Napthine
• Continuing to deploy New Container Handling equipment across our terminals.

**Innovation leader**
With the National economy ever so reliant on an efficient supply chain, DP World is at the forefront of innovation and technological advances in the Australian freight and port industry. Over the last twelve months we have led the way with innovation in on-site training tools by deploying Australia’s first Stevedoring Advanced Virtual Training Simulator, whilst in the area of container performance analysis DP World has pioneered the world’s first hand held Push BI application. Finally, DP World is taking the Fisherman Islands terminal from a forklift, tractor trailer operation to a world class automated landside operation and semi-automated waterside operations.

In 2012 DP World installed Australia’s first Advanced Virtual Training Simulator at the Brisbane container terminal. The only one of its kind in the Australian stevedoring industry, it allows trainees and existing employees to practice the operation of different container handling equipment used onsite.

With safety paramount on our waterfront, the introduction of the new simulator will allow our stevedoring employees/licensed crane operators to ensure the continued proficient operation of terminal equipment for our customers, removing risks during training to other terminal employees and potential damage to plant and equipment.

Other industries to employ simulator training include Airline Pilots, Marine Pilots and the mining industry and this specially designed facility simulates both the current and future layouts of the container terminal, including two crane types within the terminal environment.

The on-site simulator will not only allow us to train new employees in different modes and environments, but also to conduct refresher training for existing employees.

**Push Bi – hand held mobile application**
Eighteen months ago, DP World Australia embarked on a mission to improve the efficiency of operations by delivering real time, critical, operational information into the hands of our operational staff.

DP World Australia now has the ability to access all live terminal data such as quayside, landside and labour activities via smart technologies such as Android phones and iPads.

Previous methods for distributing performance data were cumbersome, time-consuming, and didn’t meet the growing needs of operations. We needed up-to-date information in order to set targets and see trending patterns, both regionally and within each terminal.

Launched in early 2012, the software now delivers real time performance information every 60 seconds into the hands of our local management and is an important tool for DP World in delivering efficiency and productivity in our operations across the country.

The innovative technology is helping us to cut down on the number of hours spent every week on paperwork, improve the visibility of performance and drive productivity and efficiency at each terminal location.

**Brisbane expansion underway**
DP World is well underway on its largest single capital expenditure to date in Australia with the $250 million expansion of facilities in Brisbane commencing in July 2012.

This initiative is focused on the growing needs of DP World’s customers as Brisbane’s mode will change from an existing forklift, tractor trailer operation into the latest Automated Stacking Crane (ASC) operations and semi-automated waterside operations.

Currently DP World Brisbane handles approximately 600,000 TEU’s. With the first stage of development due to be completed by the end of 2013, this will take capacity to approximately 850,000 TEU’s, with significant capacity to further expand.

Landside DP, World is initially developing a terminal comprising of eight modules, with seven modules to be equipped in the first phase.
Each will be serviced by two fully automated automatic stacking cranes (ASC). The technology will improve the reliability and availability of existing equipment and provide greater flexibility to its application of picking and storing containers. Waterside, 14 semi-automated manned shuttle carriers (MSC) will operate between the ASCs and the ship-to-shore cranes to transfer cargo between land and the vessels.

DP World Brisbane is also installing the latest Navis Sparcs N4 Terminal Operating System (TOS), bringing Brisbane into line with our other terminal operating systems across the country.

Construction on site started in June 2012 and as at February 2013, works have included:

- Extensively upgrading the terminal's power supply and reliability with new transformers and substations
- New access roundabout
- Formation of new ASC crane rail beams
- Updated IT facilities

The first straddle carriers have arrived and are undergoing customs clearance prior to assembly. A staged handover of equipment will start from April 2013. The ASCs will be delivered for erection in July 2013 and the terminal is expected to be operational in its new mode by the end of 2013.

Corporate Responsibility

DP World plays a significant role in the communities in which we operate and we strongly believe that it is our responsibility to contribute to their long term sustainability. Our approach is focused on the four quadrant model of community, people and safety, environment and marketplace. To date, we have worked on a number of important community projects across Australia; we have set in place a plan to reduce our carbon emissions and installed energy efficient equipment at our terminals.

2012 saw DP World Australia continuing to provide funds and resources into initiatives such the 4000km Variety Bash, funding for the Royal Melbourne Children's Hospital Good Friday Appeal and supporting volunteers and water safety equipment at Maroubra Surf Life Saving Club. In addition we supported community initiatives through the Kidney Health Australia ‘Kar Rally’, Multiple Sclerosis Mega Swim and supplying water safety equipment for the Elouera Nippers.

DP World has developed a strong partnership over the last three years with Variety NSW, The Children’s Charity. This charity received over $30,000 in 2012 to continue their important work in the community assisting special needs children. Meanwhile Victorian based Sids and Kids also received over $30,000 for the crucial work they do in the broader community, assisting families during difficult periods of child loss. In addition, DP World staff raised over $15,000 in last year’s Movember with those funds directed towards important prostate cancer and male mental health initiatives.

The year ahead

With these achievements and projects underway, DP World Australia is well positioned and well equipped to meet the growing demands from our customers and the broader industry. We have built a strong team across Australia; our people have great skills, energy and passion for our business, the industry and the customer.

DP World Australia will press on with targeted infrastructure and technology projects, and I am confident of continuing to deliver our customers the best possible service around the Australian coast and assisting with their own growth needs, whenever and wherever.
Welcome to Treasury Wine Estates

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

From the establishment of Australia’s Penfolds in the mid 1840s to the 1876 founding of Beringer Vineyards, a winemaking legacy has been created. The TWE portfolio includes iconic brands such as Beringer, Chateau St. Jean, Lindeman’s, Wolf Blass, Penfolds, Rosemount, Wynns Coonawarra Estate, Stags’ Leap Winery, Matua Valley, Etude, Castello di Gabbiano, Seppelt, Coldstream Hills, and Devil’s Lair.

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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Infrastructure projects increase capacity and operational efficiency

By JOHN MULLEN, chief executive officer, Asciano

2012 was a tough year across the board for the shipping industry and indeed within our own port operations, we faced a number of challenges with ongoing industrial action and changes in both the global and domestic economies resulting in lower volumes than we had hoped.

Nonetheless we also achieved some very significant and positive milestones which position us on a strong trajectory for future growth. Despite the increasingly tough global economy, we have made significant investments within all of our businesses and have also won a number of important contracts, increased our focus on safety and customer service and made headway into improving productivity across all of our ports.

We recognise that we have more competition coming and we believe that the only way to fight it is to be the very best. Australia’s waterfront suffers from low levels of efficiency that results in our nation having amongst the highest costs and lowest productivity in most international comparisons and it is in everyone’s interests - industry, employees, Government and community alike - that this performance is improved.

Moreover, if we look at historical stevedoring costs and performance, we recognise that we have only ourselves to blame. While we are not a monopoly like the port owners, we could and should have had a much better focus on our customers and the services we provide them. Over the years, the unions have sought and achieved wage increases without corresponding increases in productivity and these have been passed onto customers by both industry players.

Similarly as an industry, we have not invested fast enough in new capital stock that would have significantly enhanced productivity, with evidence of this being seen both in the numbers of cranes which have been available to service a ship as well as the age of those cranes, which in some cases is 30 years or more.

As an industry, stevedores need to improve our act and start delivering world class service at competitive rates. There is no question that we have been lax for many years and that our customers, the shipping lines and hence the end consumer have suffered as a result.

For this reason, Asciano has been investing in long term infrastructure projects for the benefit of both our business and the broader Australian economy. This includes a significant transformation within our Patrick operations to address the parts we can control such as lack of capital investment, labour productivity, significantly improved customer focus, and to deliver far better service in the future at a competitive cost.

Last year, we enhanced our focus on performance and growth with investment in new equipment such as cranes, straddles and other machinery across both our Terminals and Ports and Stevedoring operations.

Five new Ship to Shore ZPMC post-panamax container cranes, each capable of undertaking up to 200,000 container lifts per annum, were delivered to our Fremantle, Port Botany and East Swanson Dock Container Terminals. These new cranes are roughly 10 – 20 per cent more productive and are already resulting in significant improvements in performance. We look forward to further improvements when we take delivery of four more new ZPMC cranes early this year.

We are also making significant investments in new infrastructure and facilities with the redevelopment of our Patrick Port Botany Container Terminal. The two year project is a critical part of our ports growth strategy and will key to ensuring our future competitiveness against the third stevedore when it arrives in Sydney.

As our largest ever capital investment into our Patrick business, the $348 million project is set to significantly upgrade old infrastructure, machinery and amenities, transforming it into a world class and internationally...
competitive facility.
The redevelopment will see us increase our footprint by 39% and capacity from 1.15 million to 1.6 million twenty-foot equivalent units (TEUs) per annum to meet current trade growth forecasts.

But most importantly, the project will include the introduction of state-of-the-art Terminal handling technology, automated straddles (AutoStrad™), and associated infrastructure and systems.

Automation uses radar and laser guidance technology to navigate the straddles around the yard, so the 10m high, 65 tonne AutoStradTM carriers operate unmanned, moving and stacking containers from the quay line into the holding yards, onto vehicles and back to the quay cranes with pinpoint accuracy (better than 2cm).

We first introduced automation at our Brisbane Terminal at Fisherman Islands more than seven years ago and have been so impressed by the improvements in onsite safety, efficiency, damage minimization and reliability of service provision that we are now looking to replicate the same technology at our largest port operation.

To give you an example, when automation was introduced over seven years ago in Brisbane, we achieved a 75 per cent reduction in safety incidents in the first year, increasing to a 90 per cent reduction in following years. At our Port Botany Terminal, we are expecting that long term injury frequency rates (LTIFRs) will initially drop by 45 per cent, mainly due to a reduction in the high percentage of injuries that are straddle related.

Pleasingly, the redevelopment is now well underway and we expect it will deliver materially improved safety standards, higher levels of customer service, operational efficiency and productivity improvements when it comes on line in 2014.

While these are just some of the areas which we can control, in future, continued planning for ports, and future regulated infrastructure must take a cross-collaborative approach.

The pending sale of Port Botany and Port Kembla raises some interesting questions of the role ports should play in today’s modern world.

For example, should a port to be viewed as an asset, from which maximum returns should be extracted in a free market commercial sense, or should it be seen as a facilitator of trade, a component of making our nation’s exports more competitive and imports cheaper, and a vital contributor to the local and national economy?

Also, how does the Government ensure other important issues such as congestion of surrounding roads and infrastructure, environmental impact, inland port strategies and other wider issues are managed holistically within this debate?

And more importantly, who should be financing these port assets? If it is to be the private sector, how does the Government ensure that the new owners’ interests remain aligned with the wider objectives of Government and community once the ownership is transferred?

While I don’t know the answer to these questions, I am concerned that our current fragmented structures do not lend themselves to an easy resolution.

Today the port owner is determined to extract the maximum possible rent, the stevedore wants to beat down the cost, put prices up and maximise returns, the Government wants its maximum return whether the port is in public or private hands and the local community has all sorts of objectives most of which conflict with all of the above.

These issues contribute to the lack of productivity and competitiveness that are constantly highlighted and which so frustrate shippers, but they also surely mean we are not maximising the role of ports in society to its maximum potential.

The reality is that ports are an absolutely essential part of our society - 99 per cent of Australian exports and imports move by sea, so without ports and containers on trucks and rail there would not be much in our stores to go and buy. There wouldn’t be many cars to drive and there would be very limited food choices to eat.

Industry needs to work with Government on scoping answers to the macro questions around the role of ports in society, and Government then needs to be proactive in driving any agreed change.

It is clear that this will not happen if left up to the forces of competition and the free market.

We need to continue to work towards a partnership approach between Government, the industry and the community whether through publically or privately owned infrastructure assets as this will definitely deliver enhanced efficiency and improved port linkages as we look out to the future.
What has NOT improved is the real worry

By JOHN BEGLEY, chairman, Ministerial Freight Advisory Council.

Since the arrival of the First Fleet in 1788 and the subsequent development of New South Wales, the movement of goods to support the growing population whether it was food, equipment or items of trade was of prime importance.

The growing interest in exploring this large new continent plus the discovery of gold firstly at Bathurst and then around the Ballarat and Castlemaine areas in Victoria resulted in an explosion of the population which in itself created large demands for freight to support the community.

The discovery of gold was around 160 years ago and the movement of freight was very basic compared to the developments since that time. Nevertheless requirements were met. People did not starve, commerce survived and the country developed.

So what is different today with regards to the movement of freight whether on an international or domestic basis?

It is easy to point to the areas of improvement -

- communications - now virtually instantaneous regardless of the distance involved.
- method of transport - special purpose vehicles, container ships, dedicated rail trains.
- new words that are in everyday use in the industry - supply chain, logistics.
- the ever increasing use of IT to assist in the process of moving freight and to keep all in the chain informed. This area of activity will continue to increase and become more sophisticated however it is important to ensure open platforms so all in the chain can take advantage of the common data to the benefit of the industry as a whole.
- airfreight has enabled freight to arrive in Australia within 36 hours regardless from which part of the world.

What hasn’t improved are the areas we should be concerned about!

How often do we hear in conversation or through the media complaints with regard to the movement of freight? It is not confined to one mode of transport - all four.

Examples of concerns expressed include - large freight vehicles such as B-doubles and this has further been expressed with regard to the introduction of HPFV’s on dedicated routes, aircraft noise around airports even though the airports have been in existence for over forty years, channel deepening to enable larger container vessels to enter ports and noise and amenity with regard to rail.

The movement of freight is of interest and benefit to both Governments and industry and perhaps it is time that a concerted effort was made by both to inform the public at large of the importance of freight. We all expect to be able to access the product we are after when we go shopping whether it be a litre of milk, a new household appliance, a shirt or the newspaper. But is it appreciated or understood by the public at large what is involved to achieve the availability of our daily requirements?

Those of us in the logistics industry are well aware of what is required
to meet the high standards set by clients to satisfy their requirements however regulation, amenity nd clients preparedness to operate outside of regular working are just some of the impediments that stand in the way.

It is time for a programme to be established to inform the public of the role freight by any mode plays in our life so as to gain their understanding and support for improved infrastructure to handle the ever increasing freight task.

With our projected population increase and the published reports plus recent data all showing the freight task will quadruple by 2050, now is the time to ensure plans are laid to meet the future challenge, priorities are established, timeframes are set and method of financing is established.

It is pleasing to see that during 2012 some progress is being made at both federal and state level. The establishment of regulators at federal level for several modes, the announcement of a freight strategy in NSW and the impending announcement of a freight strategy in Victoria are welcome.

It is hoped that this momentum will continue which in itself guides industry investment into the future.

The Victorian Ministerial Freight Advisory Council (MFAC) established by the Victorian Government in July 2012, is tasked to amongst other things-

- keep the Victorian Government advised of emerging trends, issues,barriers and innovation affecting the performance of the freight and logistics sector,
- to advise Government on policy matters in regard to the freight industry,
- provide a forum for communicating progress and identifying issues in the implementation of Government freight policies and strategies.

The challenge for the MFAC is the horizon of 2050 and beyond. Infrastructure for the freight and logistics sector is usually of significant magnitude and in many cases is a shared facility with the general public.

With future projections of growth in population and volume, it is worthwhile considering exclusive pathways for freight in certain modes.

With the Port of Melbourne reaching its capacity within twenty years even with the expansion at Webb Dock, and the Victorian Government’s commitment to the establishment of Hastings as the next container port in Victoria, significant landside infrastructure will be required to handle the import/export container traffic.

The direction for the future will be laid out for all to see in the release of the Victorian Freight and Logistics Plan (VFLP) due for release in the first half of 2013. It is to be hoped that after all the input and discussion contributing to the VFLP that once endorsed by industry and Government that this is set as a blueprint for the future regardless of which political party is in power over the ensuing years.

Complimentary regulation, work practices, local Government planning and facilities are required nation wide to ensure the most efficient freight and logistics industry possible.

Let us hope that by working collectively at both Government and industry levels we can achieve significant progress in the not too distant future.
Developing visions and programmes for a better marine environment

By JULIE NASH, sales and marketing executive, AUSMEPA

I am very new to the wonderful world of Shipping and passionate to educate students on the very importance of protecting our marine environment. I have been a Primary School Teacher for the past 20 years and resigned to take on this role with the Australian Marine Environment Protection Association (AUSMEPA). I love it!

A highlight, amongst many would have to be at the Lloyd’s List Australian Shipping and Maritime Industry Awards, AUSMEPA received a ‘Highly Commended’ in the Maritime Services category. The submission outlined work that had been implemented throughout the past 12 months and the valuable impact on the Australian Shipping Industry.

With a relative low level of resources AUSMEPA is able to have a significant input into educating seafarers and providing schools with the most up to date resources on marine conservation and related sustainability issues. AUSMEPA has become a platform for the Australian shipping industry to take pride in their ongoing protection of the seas and oceans. We are able to develop local projects such as the Torres Strait Literacy Kit and our Australia wide curriculum programs.

All education materials and programs are designed to empower and encourage positive action to protect and enhance the marine environment. School students are encouraged to become community educators by developing communication programs and products.

AUSMEPA has been able to attract a highly motivated Board to develop its vision and programs for a better marine environment. A large amount of the work to run the programs and develop and produce materials has been either done on the basis of cost recovery or volunteered. AUSMEPA is fortunate enough to have the assistance of two of Australia’s most experienced and innovative marine educators.

The school programs have a unique marine context. They include the environmental and economic significance of the shipping industry providing a better sustainability overview of marine environment.

The usual AUSMEPA project is highly innovative and excellent value for the money committed to it. The following lists is what this not for profit organization was able to achieve in 2013.

1. For Seafarers and Shipping Companies
   - Updating and publishing our 3rd edition DVD of ‘Welcome to Australia Protecting the Marine Environment’.
   - A new initiative. Instead of running one day safety and environmental workshops, AUSMEPA with the assistance of Hellenic Environment Protection Association (HELMEPA) and Australian Maritime Safety Authority (AMSA) have designed an educational Powerpoint presentation, so the workshop goes to the seafarers’ on their ship. This will come in a USB for easy usage. Every ship entering Australian waters will receive these when they arrive at an Australian Port.

2. The Environmental Award
   Each year an AUSMEPA Environmental Award is presented to worthy recipients to recognise and promote achievements, innovation and best practice in minimising marine pollution and the protection of the marine environment. The AUSMEPA Environmental Award can be awarded to individuals, community groups, businesses and government agencies or departments.

   This year’s Winner of the 2012 Environment Award to the Conservation Council of South Australia (CCSA) for its actions taken for its marine Citizen Science program, ‘Feral or in Peril’. The project was implemented to develop an early warning system through coastal community users, such as fishers, divers and boat owners, to protect the marine environment.

   We also gave a Highly Commended to the Australian Maritime Safety Authority for actions taken to develop ‘Tangaroa Blue Foundation’. With the support of volunteers more than 1.3 million pieces of marine debris have been collected from the Australian coastline so far.
**Rhondda Alexander Memorial Education Grant**

Each year AUSMEPA holds the Rhondda Alexander Memorial Education Grant. This is offered to schools Australia-wide. AUSMEPA awards a grant of up to $3,000 towards a school marine education project that leads to students actively improve the marine environment. This can include educating their local community and other behaviour change activities.

This year’s $3,000 Grant was awarded to Clontarf Beach High School for their project; Field Guide to the Animals of Moreton Bay.

Due to many other fantastic nominations, AUSMEPA were proud to announce that we found extra funding for another two schools; they received $1,500 each to support their projects.

Warrnambool and Queenscliff Primary Schools in Victoria.

3. **Teacher consultation and professional development**

Teachers around Australia are provided with free consultation. This is via the phone, email, blogs, facebook and mail. Teacher packs are posted out on request. Where possible, schools are visited.

Other exciting and innovative things AUSMEPA have done include;

- Designed two simulations for the Marine Pests and Threats unit.
- Attended and presented at many conferences and workshops around Australia.

- Completed the Rockpools unit of work.
- Completed a photo library that provides students with high quality images they can freely use in their projects.
- I was fortunate to attend Posidonia in Greece. It really is the Olympics of Shipping! It was unbelievable, great.
- In December AUSMEPA ran a project ‘Sea Turtles in Australian Waters’, about the safety and livelihood of the Australian Sea Turtle for Gladstone and Townsville Primary Schools. With the help of sponsorship from Orica, SMIT, PB Towage and Australian Maritime Systems a 2013 Sea Turtle Calendar was produced.
- Schools materials we have developed in the past are being continually updated.
- Teachers’ work is made easier when they use the AUSMEPA Curriculum materials. Students are engaged by the creative and innovative educational resources on the website. Curriculum Units included student research material and a Unit of Work on;
- Ships and the Marine Environment the role of shipping and the actions taken by mariners to protect our marine environment.
- Ports and the Marine Environment a comprehensive description of ports and how the marine environment remains protected.
- Marine Stormwater Pollution investigates ways we can dramatically reduce the impact of litter and other land source pollutants.
- The Effects of Climate Change covers global warming, coral biology and biodiversity, and how together we can reduce greenhouse gas emissions on land and by shipping.
- Marine Pests and Threats investigates solutions to marine threats from ballast water, hull fouling and marine debris.
- Rockpools students organise a rockpool investigation which includes safety, conservation and the biodiversity of – animals and plant life within a rockpool.
- Literacy Kit, designed for primary school students, provides 18 readers for online reading plus two PDF readers about ‘Torres Strait’ in students’ marine conservation and safety concerns.
- Leadership tools are designed to help students to choose, plan and run their own marine conservation projects. This is an extensive site for students, their teachers, school partners and specific materials for communication, revegetation and photo monitoring projects.
- Photo library will be added to year by year and will reflect new programs provided to students.

**Our supporter, partners and sponsors in the past 12 months**

As we are a not for profit organization, we rely heavily on the generosity and financial support of our Members/Sponsors. In AUSMEPA there you can be an Individual Member, a Corporate Sponsor or a Ship Member. We have many loyal and dedicated companies, they include;

- Australian Maritime Safety Agency;
- Australian Shipowners Association;
- ASP; Baird Publications; MSQ; Maersk Line; Neda Maritime Agency (Greece); Rio Tinto; Shell; SMIT Tugs; Sun Enterprises (Greece); Teekay; AMC; Lloyd’s List Australia; Switzer; Sydney Ports; Shipping Australia Ltd; Wallenius Wilhelmsen Logistics; BP; AAMA; Holman Fenwick Willan; Enmark Chartered Accountants; Rightship; Sea Transport; Newcastle Port; Alcoa; Origin; AMS; AMSA; OOCL; Intertanko; Brisbane Marine Pilots; PB Towage; SeaRoad Shipping; Kids and Water Safety; Apostles of the Sea.
New rules are changing the face of shipping

by ALAN WILLIAMS, marine and area manager Australasia, Lloyd’s Register Asia

2012 was a busy and challenging year for Lloyd’s Register globally, as it was for the Shipping industry as a whole. This is reflected equally in Australia. Multiple new regulations coupled with significant fluctuations in the shipbuilding and charter markets are combining to change the face of the shipping. We have been busy adapting to meet the industry’s needs and provide support in areas that have taken us beyond many people’s perceptions of the traditional role of “class”.

So what has been changing in our sphere, and where do we see the future heading?

Not surprisingly, the biggest changes are all related to air emissions, fuel consumption and efficiency. This is not the first time that fuel costs have pushed consumption towards the top of the industry’s priority list, but this time the typically transient economic drivers are backed up by more permanent regulatory impetus. MARPOL Annex VI has been the focal point for these new regulations, which include the EEDI (Energy Efficiency Design Index), which is intended to drive efficiency in the design of new ships; SEEMP (Ship Energy Efficiency Management Plan), which aims to get the ball rolling on operational efficiency; plus the tighter Tier 2 and Tier 3 of SOx & NOx limits) which will ultimately increase the use of alternative fuels such as LNG and renewables.

In their early stages of implementation these new regulations will be limited in their application and effectiveness. EEDI only applies to new tonnage and excludes certain ship types; the strictest emissions limits only apply within certain areas (ECAs), and there is no requirement yet for a SEEMP to deliver results – it just has to be onboard. However, we must expect that as these regulations become bedded-in, IMO will widen their application, and eventually some form of pricing will be applied to carbon emissions from ships which will make these regulations increasingly more relevant to operators.

Market-based measures or a bunker levy to put a price on carbon are on the agenda, however consensus can’t be reached over whether to apply the IMO’s “no more favorable treatment” approach intended to level the playing field in this global business, vs. the UNFCCC’s “common but differentiated responsibilities” approach being applied to land based emissions. Cargo interests such as the Clean Cargo Working Group and Rightship with their EVDI are offering at efficiency ratings. But the new year began with LR’s Marine Director, Tom Boardley (also currently Chairman of IACS) saying that the International Association of Classification Societies had established a working group to examine the issue of ratings and provide a practical way forward.

Whatever approach wins out, measurement, reporting and verification will all be critical - some of you may also already have obligations to report carbon emissions for domestic operations under the Australian Government’s NGERS and EEO schemes.

A key outcome of all this regulatory change has been a step change in the pace of technological development around ship efficiency. Shipyards and equipment manufacturers, also faced with diminishing orderbooks in a depressed newbuild market, are busily releasing and promoting their new energy efficient designs and emissions reduction technologies. The win-win scenario of reduced fuel costs and reduced emissions is extremely attractive from a CSR perspective. The market is currently faced with a myriad of products claiming to offer fuel savings from 1 per cent up to as much as 30 per cent in some cases. The return on investment for many of these products can appear very attractive with the theoretical...
possibility of paying off any additional Capex in relatively short period of time but this of course depends on the claimed savings actually being delivered. However, one needs to step into this new arena with some caution and eyes wide open and ensure that the claimed benefits can be realised and measured and do not, for instance, lie within the margin of error of measurement. Due attention also needs to be taken of any impact the new technologies may have on safety and reliability.

Clients are increasingly engaging us for the answers to these questions. What they often need is independent advice. Apart from working with technology providers to verify performance claims, we are also working closely with owners to assess their retrofit options on existing tonnage, and to optimise their newbuilds. On the operational side of the efficiency equation, we are also working with ship managers to first identify where they may be opportunities for improvements in efficiency, then assisting with the implementation. Finally, and most importantly, to measure and validate the results.

Growth in demand for this type of support has been significant, and we as a result we have expanded our team and capability, culminating in the release of a new suite of Energy Efficiency services in late 2012. Looking beyond just ship emissions, LRQA Australia have been very active in 2012 delivering certification of energy management systems against standards such as ISO15001, and verification of emissions reporting against the NGERS or ISO14064 requirements.

But what about certification of these new technologies in line with the more traditional class requirements? Potential fuel savings can be quickly counteracted by delays or off-hire caused by equipment failures; whilst and new hazards to personnel or the environment need to be addressed and mitigated. Our clients still expect us to provide independent assurance, and ultimately certification, of the safety and technical performance of the actual ‘hardware’ that delivers all these new technologies and ideas. This in itself is nothing new, and is essentially what Lloyd’s Register has done for over 250 years, but what has been changing over 2012 is the way that we approach this certification.

Prescriptive class rules and IMO regulations based largely on empirical experience will, by necessity, lag behind technology growth. So to deal with these diverse, new and novel technologies we have moved away from using solely prescriptive requirements and take an alternative approach using risk based assessment methodologies. Risk assessments are nothing new and have long been employed by Lloyd’s Register but what we have been doing in 2012 is refining and formalizing the processes we use when applying risk based assessments to novel technologies within the existing framework of ship classification. The recent explosion (no pun intended) in LNG fuelled ship designs has been where we have been the focus of our application of advanced risk methodologies in 2012 and we expect this to continue as this solution gains further momentum.

Gas fuel, and LNG technology is nothing new LNG carriers have been reliably steaming on boil off gas for many years; as too many many smaller domestic vessels, (including the Lloyd’s Register classed Accolade II in South Australia). This technology is also widely adopted in power stations, offshore installations and in various land vehicles. What is new is the use of this largely proven technology, in new applications: e.g. a large passenger ship, or a small tug. As a result the existing technology is also evolving quickly and the existing prescriptive regulations which are focused towards LNG carriers are not always relevant to these new applications. In order to encourage innovation whilst adequately addressing these different hazards we need to apply the risk based methodology, which draws upon the experience gained from our long involvement in gas technology, and apply it within a formal process.

In fact the move towards more flexible risk based methods is not just confined to gas fuels and novel technologies. Getting back to IMO again, they started work on Goal Based Standards back in 2002 and from 2016 will require that these are applied to bulker and tanker newbuilds. Here in Australia, the NSCV Code (National Standard for Commercial Vessels) was one of the first true performance/goal based standards to be applied within our industry. Whilst risk based approaches are not for everyone (common, cooker-cutter ship types can arguably be produced more quickly and cheaply using prescriptive rules), the added flexibility to deal with innovation in a consistent way that achieves the same outcomes should see a general shift towards these risk and goal based methods over the coming years, particularly at the innovative end of the market.

And what of the next regulatory changes looming on the horizon? The Maritime Labour Convention, 2006 was finally ratified in 2012, and the so called “seafarer’s bill of rights” will now come into effect globally in August 2013. The Ballast Water Treatment Convention is yet to gain the minimum signatories to enter into force, but is expected to come soon, triggering the phased-in requirement for all ships (existing and new) to be fitted with ballast water treatment systems. Unless the convention is modified, this will pose a significant logistical challenge for the industry and LR is supporting many clients in preparing themselves for this and helping them assess these new and novel technologies.

Here in Lloyd’s Register Australia we will continue to be kept busy over the coming years by the Government’s shipping reform package, and in particular the new Navigation Act 2012, and new National System for Domestic Commercial Vessels. Our business in Australia remains as diverse as ever with all our sectors forecasting growth over the coming years.

In 2012 we were involved in a wide spectrum of new construction projects ranging from a series of 9 metre long boats for the Australian Defence Force through to the RAN’s Landing Helicopter and Docking vessels the HMAS Canberra which arrived in Williamstown late last year for completion of outfitting. The continued infrastructure development within the mining and offshore sectors, and their associated ports continues to drive a lot of our work locally and our fleet of classed tugs has recently gone passed 100. We have delivered risk assessments of many port designs and expanded port operations across the country; and ashore we are providing Independent Safety Assurance to Rio Tinto’s AutoHaul driverless trains in the Pilbara. LNG has also featured heavily in our 2012 activities. Steel cutting has recently taken place in Korea for the first Floating LNG processing plant, Shell Prelude. In December we ran a very well attended seminar on LNG fuel.

Following the success of this we plan to run more seminars on ‘hot’ topics in the future and we look forward to welcoming you all to them!
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The nations of the Asia Pacific region are experiencing long-term economic growth fuelled by dramatic technological development. Their requirements for commercial maritime services, technology and equipment are expanding rapidly. PACIFIC2013 will be a great platform for the national and international commercial maritime and shipping industries to showcase products and services across the entire spectrum of maritime enterprise, including ships and shipbuilding, port and harbor infrastructure, stevedoring, freight handling and logistics, maritime security (including anti-piracy measures), surveillance, emergency management and response, maritime aviation, and offshore oil and gas.

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