Driving Efficient Supply Chains
We create a clear path

We deliver solutions to keep your business moving.

dpworldaustralia.com.au
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Our Vision
The first choice for membership of a national shipping industry body; trusted by Government and industry bodies providing quality advice, promoting the interests of the shipping industry and creating enduring value for our members.

Our Mission
To promote and advance the interests of members in shipping policy for a sustainable maritime industry.

Our Values
Professionalism, Respect, Integrity, Teamwork

Overview
Shipping Australia Limited is a peak shipowner association with 30 member lines and shipping agents, and with 50 corporate associate members, which generally provide services to the maritime industry in Australia. Our member Lines are involved with over 80 per cent of Australia’s international container trade and car trade, as well as over 70 per cent of our break bulk and bulk trade. A number of our members are also actively engaged in the provision of coastal cargo services to Australian consignors and consignees. Our members include cruise ship and towage operators. A major focus of SAL is to promote efficient and effective maritime trade for Australia whilst advancing the interests of ship owners and shipping agents.

SAL also provides secretariat services to the many liner companies and agencies that are members of conferences, discussion agreements, consortia and joint services that have their agreements registered under Part X of the Australian Competition and Consumer Act, 2012. These agreements specifically seek to facilitate and encourage growth of Australia’s international liner shipping trades.

We know shipping!
Shipping reform must be on-going

By the Hon WARREN TRUSS, Deputy Prime Minister and Minister for Infrastructure and Regional Development

A good gateway is the key to any venture; and Australia’s ports—both our five major container ports and our regional ports—rank among our most essential economic and national gateways to the global marketplace.

Our coastline is over 60,000 kilometres in length and our search and rescue region covers more than 10 per cent of the earth’s surface.

Ten per cent of the world’s sea trade passes through our ports and they handle 99 per cent of Australia’s merchandise exports.

The container throughput handled by our ports grew by more than 270 per cent between 1994 and 2014—some three times Australia’s overall economic growth rate.

This performance provides a great platform for very strong future growth.

Indeed, container movements are projected to grow by 165 per cent between 2011 and 2031—and non-containerised trade by 138 per cent.

I believe that the Howard Government’s waterfront reforms in the 1990s can be given an important part of the credit for this strong and sustained productivity gain.

But reform is not a one-off action, reform must be ongoing to allow us to adapt to changing circumstances at home and abroad and the challenges of the global economy.

When the Coalition Government came to office in 2013 Australia’s shipping regulations fell well short of encouraging a competitive and efficient industry.

Instead, the previous Labor Government’s attempts at reform accelerated the decline of Australia’s coastal shipping fleet from 30 vessels in 2006–07 to just 15 in 2013–14, and there has been a 63 per cent decline in the carrying capacity of the coastal trading fleet since 2012.

To help arrest this decline I introduced the Shipping Legislation Amendment Bill 2015 into Parliament last June.

The Bill passed the House of Representatives without amendment in October but disappointingly it was blocked in the Senate.

This decision has put the shipping industry’s viability and competitiveness at risk and undermined Australia’s continued prosperity and threatened thousands of Australian jobs, both on land and on sea.

Current laws are putting at risk the viability of many land-based industries dependent on domestic transport services.

I know that industry is keenly aware of the dangers including the risks of operational shut downs and potential job losses.

I believe that our inability to reform coastal shipping regulation is a missed opportunity. The Australian Government remains committed to improving our national prosperity and we will revisit the legislative framework and try again to make Australia’s shipping industry competitive.

All players in the debate accept that there is a need to reform coastal shipping regulations in Australia. However, we need to accept shipping is a global business and Australia needs to integrate itself into global transport networks in order to be more competitive.

My fear is that the consequences of the status quo will not only be to the detriment of the Australian shipping industry which will continue its downward trend, but also to the many industries that are reliant on competitive coastal shipping services for the sustainability of their businesses.

To this end, I look forward to working with my colleagues in the Senate to ensure the passage of coastal shipping reform in in 2016.
SAL MEMBERS

Voting members
A.P. Moller-Maersk A/S
APL Marine Pty Ltd
Asiaworld Shipping Services Pty Ltd
Austral Asia Line Pte Ltd
BBC Chartering Australia Pty Ltd
CMA CGM & ANL Australia Agencies (Au) Pty Ltd
Evergreen Marine Australia Pty Ltd
Five Star Shipping & Agency Co Pty Ltd
Gulf Agency Company (Australia) Pty Ltd
Hamburg Süd Australia Pty Ltd
Hapag-Lloyd (Australia) Pty Ltd
Inchcape Australia Limited
K Line Australia Pty Ltd
LBH Australia Pty Ltd
Mediterranean Shipping Co (Aust) Pty Ltd
Mitsui OSK Lines (Aust) Pty Ltd
Monson Agencies Australia Pty Ltd
Neptue Pacific Agency Australia Pty Ltd
NYK Line (Australia) Pty Ltd
OOCL (Australia) Pty Ltd
Pacific Asia Express Pty Ltd (PAE)
Seaway Agencies Pty Ltd
Ship Agency Services Pty Ltd
Smit Lamnalco Towage (Australia) Pty Ltd
Svitzer Australia Pty Limited
The China Navigation Company Pte. Ltd.
(Australian Branch)
Wallenius Wilhelmsen Logistics A/S
Wilhelmsen Ships Service A/S

Contributing members
ANL Container Line Pty Ltd
China Shipping Container Lines Co Ltd
Hanjin Shipping Co Ltd
Neptune Pacific Agency Australia Pty Ltd
Pacific Forum Line (NZ) Ltd
Sinotrans Container Lines Co Ltd
T.S. Lines Ltd
Yang Ming (Australia) Pty Ltd

Corporate associate members
1-Stop Connections Pty Ltd
AGS World Transport Pty Ltd
Aquio Innovation Pty Ltd
APC Logistics Pty Ltd
Australian Amalgamated Terminals Pty Ltd
Australian Maritime College
Australian Reef Pilots Pty Ltd
Brisbane Marine Pilots Pty Ltd
Chalmers Industries Pty Ltd
Clyde & Co Australia Pty Ltd
Colin Biggers & Paisley Pty Ltd
Containerchain Pty Ltd
Darwin Port Corporation Pty Ltd
DP World Australia Pty Ltd
Field & Associates Pty Ltd
Flinders Ports South Australia Pty Ltd
Fremantle Ports
GHD Pty Ltd
Holding Redlich
Holman Fenwick Willan HFW
Hutchison Ports Australia Pty Ltd
HWL Ebsworth Pty Ltd
K & L Gates
London Offshore Consultants Pty Ltd
Macquarie Telecom Pty Ltd
Maritime Container Services Pty Ltd
Melbourne International RoRo & Auto Terminal Pty Ltd
Newcastle Stevedores Pty Ltd
Norton Rose Fullbright Australia Group Pty Ltd
Norton White Lawyers & Notaries
NSW Ports Pty Ltd
OMC International Pty Ltd
Patrick Container Ports Pty Ltd
Peter McQueen Pty Limited
Port Authority of New South Wales
Port Kembla Gateway Pty Ltd
Port Lincoln Tugs Pty Ltd
Port of Brisbane Pty Ltd
Port of Hastings Development Authority
Port of Melbourne Corporation
Port of Newcastle
Port Phillip Sea Pilots Pty Ltd
QUBE Ports Pty Ltd
Royal Wolf Trading Australia Pty Ltd
Thomas Miller (Australasia) Pty Ltd
Thompson Clarke Shipping Pty Ltd
Victoria International Container Terminal Ltd

Individual members
Mr Frank Needs
Mr John Knowles
A tough year for shipping

By KEN FITZPATRICK

The market place

With the exception of the cruise industry, this has been a tough year for pretty much all other sectors of shipping, from bulk to container to offshore. The passenger trade has done well in comparison but even some of those lines have 2015 war stories to tell. In the close to 50 years I have been in the industry I cannot recall a longer slump in shipping. Gone are the old days for one to two years of good trading conditions with two to three years of recovery conditions, usually caused by over ordering of tonnage in the previous heady market. The Baltic Dry Index hovers around 515, having reached a 32-year low, down beyond depths of the days of the great plunge in late 2008.

Unfortunately the outlook is still grim for the year ahead. To put some perspective into this, a capesize ship a year ago, on the spot market, could earn US$22,500 a day, whilst today it can expect US$200 per day. Similarly a Panamax vessel was rated a year ago at US$8500 against the expectation today of just US$3700.

Whilst at this time of year, especially given recent world events, we could all do with some Christmas cheer, unfortunately that will not be the case for hundreds of industry employees who have lost their jobs during the year as a result of these market conditions. It is important we consider them, as we reflect on what has been and what might have been during 2015.

2015 challenges

One of the key problems we have had to battle for our membership results from the implementation of port privatisation. Without going into detail, private port managers and residual government managers of port facilities seem to have been unaware of the struggle their customers have faced over the past 12 months. Increases in port charges have been constant, in many cases unreasonable and hard hitting, to an industry that has simply been already overloaded with costs that never decrease. Why are New Zealand port charges about half those of Australia? It is called competition, something that does not really exist in Australia, and where it might have existed, government policy made sure it could not happen so they could maximise the prices they sought in the privatisation proceeds.

The status of coastal shipping has again been at the centre of government transport policy, and SAL has been actively involved in the process of consulting and reviewing proposed solutions. After passing the House of Representatives, the Senate held an enquiry which resulted in a recommendation to pass the amendment Bill. However, the decision was always going to rest with a handful of crossbench Senators, and in the end the Bill was lost by just three votes, or a decision by half the crossbench deciding not to support the Bill. The future now of moving cargo within Australia by sea remains in limbo, with the current Bill having proven to be a failure in increasing Australian flag shipping or in increasing coastal trade. In fact the opposite is the case. The decision to reject the Shipping Legislation Amendment Bill will further drive Australian industry to import, leaving local manufacturers to try to survive in the export market or perish. Perhaps it will just drive some Australian manufacturers to produce their products overseas, with the resultant loss of local jobs.

The recent government announcement that they are “still open” to the Harper Review recommendation to repeal Part X of the Trade Practices Act for Liner conferences can only lead to uncertainty and nervousness in a market where the last thing needed is a bad case of the jitters about future government policy. Smaller lines working on vessel-sharing arrangements may see such a decision as the tipping point for them to exit the trade with the result impacting negatively on Australian shippers and importers in terms of less regular services, fewer direct ports of call and potentially higher freight levels. We will work with the Government in their further review of this matter to ensure that the further review leads to the best possible outcome for liner shipping.

SAL Board and executive

Our Board has met regularly during the year, with four meetings to date before the December meeting. We lost Nicolaj Noes from Maersk in August as he transferred to the Singapore office and welcomed Scott Henderson of GAC to the Board in April. The Board also followed up matters from a planning session hosted by MSC late last year, which reviewed future directions, core values and looked at our strategic plan. We maintained cordial relationships with MIAL (Maritime Industry of Australia Limited, formerly the Australian Shipowners Association) and worked cooperatively on a number of matters with them during the year.

Since the arrival of Melwyn Noronha in February, the executive team has remained unchanged in 2015, and led very capably by CEO Rod Nairn. It has been a very busy year for all
executive staff keeping pace with changes to government policy, dealing with ports and port service providers and other industry bodies involved in the supply chain. SAL serves on numerous consultative committees and boards, offering input from our membership on a wide range of topics.

The Policy Council met on five occasions, four of which were in Sydney and one in Melbourne, with the final meeting for the year planned for 4 December. Our Melbourne meeting was, as has been the case for many years, followed by a very pleasant lunch at Bergerac.

Networking events

Three States hosted golf days - New South Wales and Victoria in March, and Queensland in May, all of which saw a good number of members and their customers in attendance, with the exception of New South Wales, where the attendance was less than last year. The event will be held earlier in 2016 to overcome clashes with other events. The traditional New South Wales Parliament House lunches were held on 29 May and 25 September respectively, with guest speakers Minister Duncan Gay and Opposition Leader Luke Foley addressing an audience of over 250 on State Government and Opposition policy positions relating to the industry. Port privatisation is still not complete in New South Wales with Port Jackson, Eden and Yamba all waiting for the axe to fall on them at some point in the future.

In May we hosted a special-event lunch for industry when the Deputy Prime Minister announced the details of the Shipping Legislation Amendment Bill. The same Bill which unfortunately has now failed to pass the Senate hurdle. Opposition from unions to the Bill was obvious from the outset, as the MUA staged a protest outside the hotel where the event was staged even before they knew the content. Maybe it was just the MUA way of welcoming the Deputy Prime Minister.

The Victorian State Committee hosted a mid-year luncheon at the MCG where Treasurer Tim Pallas provided details on his plans for the Port of Melbourne. Queensland staged their annual shipping industry ball in October and it is pleasing to note that sufficient funds were raised to enable a donation of $15,000 to be made to Sailability Bayside, who focus on improving the life of disabled people by introducing them to sailing. Well done to Bill Guest for this organisation. As the end of year approached the New South Wales State Committee held its famous Christmas luncheon event on 4 December, a traditional members’ Christmas luncheon was hosted by the Victorian State Committee on 7 December, and the final event for the year was a Queensland State Meeting and luncheon on 10 December with guest speaker Roy Cummins, CEO Port of Brisbane.

Steering groups

Once again the steering groups met on a regular basis, including the Maritime Legal Steering Group which held its annual Christmas lunch at the final meeting of the year on 11 November. Denis Speyer (CNCo) has now stepped down as chair and I thank him for his commitment to the role over the past three years. In mid-year the former General Steering Group was renamed Border Agencies Steering Group to better reflect its activities. Meanwhile, the Technical Steering Group has had its work cut out this year, coming to terms with the implementation of gross mass accountability for containers under new SOLAS regulations, which come into effect on 1 July 2016, and place the onus on shippers to supply correct container weights by one of two methods (i.e. weighing the container or adding the sum of the contents to the tare weight of the container). Much discussion has taken place on how this can be effectively implemented and the work on this project continues. The decision by the NSW EPA to implement restrictions on passenger ships requiring them to burn low-sulphur fuel (0.1 per cent max) gave committees some food for consideration. Concern still exists when a single State goes it alone and implements a regulation which is not co-ordinated with other States in Australia. Other examples of this relate to ballast water regulations. Both of these issues are being addressed by the IMO and changes to both regulations are scheduled for the future to make the requirements international. When shipping lines have to implement changes to meet single state regulations it proves costly and time consuming to put into place. Plus it means further regulatory burden on ships crew in terms of accounting, reporting and compliance. The pressure on ship’s crews to meet regulatory compliance grows substantially year by year, risking fatigue and stress-related illnesses, which are becoming problematic in the industry.

I would like to thank Kon Makrakis (MSCA), Geoff Rose (Sturrock Grindrod) and Patrick Lobo (WWL) for their efforts as State chairmen of Victoria, South Australia and Western Australia respectively, until each stood down in the latter part of this year. I now welcome their eager successors Sunil Dhowan (WWL), Paul Paparella (AsiaWorld Shipping) and Robert Boyce (MSCA) who have stepped up to the plate. I would also like to thank CEO Rod Nairn for his efforts during the year, the executive of SAL who have toiled hard to keep pace with the workload, and the State Committee secretariat and chairmen for their input during the year. I thank the Board for their ongoing good counsel.

Finally, I wish all our members and their families a very Happy Christmas and let us hope we have some more favourable economic conditions in 2016.
Ken Fitzpatrick, chairman  
Appointed 4 December 2006  
Director, Asiaworld Shipping Services Pty Ltd. Ken has over 43 years shipping experience in a variety of industry related activities including the Australian and overseas market.

Simon Aynsley  
Appointed 8 December 2010  
Managing Director, CMA CGM & ANL Agencies (Australia) Pty Ltd and CMA CGM & ANL Agencies (New Zealand) Limited. Simon has 37 years shipping industry experience.

Kevin Clarke  
Appointed 12 November 2003  
Kevin Clarke has worked in the shipping industry for over 48 years, the past 28 of which have been as Managing Director, Mediterranean Shipping Company (Aust) Pty Limited.

Eddy DeClercq  
Appointed 8 August 2008  
Managing Director OOCL (Australia) Pty Ltd. Eddy has 33 years of shipping industry experience in various key commercial and management positions in Belgium, Denmark, The Netherlands and Sydney.

Geoff Greenwood  
Appointed 3 May 2004  
Managing Director, Hamburg Süd Australia Pty Ltd. with 26 years shipping industry experience, Geoff has held key commercial and management positions in Canada, USA and Australia.

Scott Henderson  
Appointed 24 February 2015  
Managing Director, Gulf Agency Company (Australia) Pty Ltd since 2014. Scott has 22 years of agency experience in Australia, prior to that he served as deck officer in the British merchant navy for seven years.
Smartship Australia at a glance

Smartship is a state-of-the-art facility that provides world-class maritime training and simulation services.

Amongst many services, Smartship facilities can be used for testing ship handling skills and behavioural patterns for recruitment or for enabling pilotage organisations to check pilot proficiency across a number of environmental conditions. Port development services also continue to be a major element of Smartship’s operations.

Pilot Training and Professional Development offerings

- **Advanced Marine Pilot Training:**
  The AMPT course is approved by AMSA as an ‘approved pilotage training course’ for coastal pilot licensing purposes and is equivalent to the Deck Revalidation Course (Part A).

- **Ship Handling and Bridge Team Work:**
  This new offering from Smartship for 2016 has been developed in accord with IMO model course 1.22 (Ship Simulator and Bridge Team Work).

- **Bridge Resource Management:**
  Captain Ravi Nijjer will conduct this AMSA approved 4 day course at Smartship. The present BRM course is referred to as 2nd generation course and was fully developed in late 2010.

- **ECDIS Course:**
  Smartship has designed this course to meet the increasing demand for instrumental pilotage training. Trainees who complete the course will receive both generic and type specific certificates, with the type specific offering the integrated navigation system NACOS Platinum.

- **Port and Ship Specific Emergency Training:**
  The 3 day course exposes pilots to abnormal scenarios using the Full Mission Bridge with feedback used to update company emergency procedures.
What’s changed?

New control room
Smartship is in the process of adding a second control room. The new facility will enable 3 independent exercises to be run simultaneously and allow easier traffic flow within the control room areas. With this addition we will have better utilisation of our bridges and services and also a more efficient way to cater for our growing client base.

Upgrade to ECDIS Navigation System
Smartship is going Platinum. A vast majority of cruise ships and vessels are now moving towards the latest Integrated navigation system ‘NACOS Platinum’. Smartship has invested in obtaining the same hardware and software used on ships so that we can provide world-class training and up-to-date maritime simulation services.

Smartship is Going Green!
Our facility will soon be shining like the sun. At the end of this year Smartship will be installing 384 solar panels to reduce Smartship’s carbon footprint. The panels will cover the entire roof space, producing 154,800kWh of energy each year. Smart going Smartship.

We offer

Five simulators – operated independently or integrated in any arrangement
• Two full mission bridges
• Tug simulator
• Two part task bridges

Port and ship models
• More than 70 port models plus in-house model building
• 100 ship and tug models readily available

Pilot training & professional development offerings
• ECDIS including Platinum
• Ship handling and bridge team work
• Port and ship specific emergency training
• Bridge resource management
• Advanced Marine Pilot training

Tug training
• Tug handling
• Contingency training

Port development simulations
• Infrastructure modelling
• Testing operational limits

Pilot assessment
• Proficiency checks
• Recruitment evaluations

Contact us
Phone: +61 7 3358 9300
Address: Da Vinci 303, Boronia Road, Brisbane Airport, Queensland 4009, Australia
Email: business@smartshipaustralia.com.au
Website: www.smartshipaustralia.com

Smartship Australia is operated by Maritime Safety Queensland, a branch of the Department of Transport and Main Roads.
A key function of SAL is to provide the shipping industry perspective on new policies and regulations under consideration by the Government; this is certainly something we do well. By putting the effort into providing considered shipping industry advice and by highlighting the consequences of inappropriate decisions, SAL’s efforts are able to save the industry a lot of pain before it gets to be a public debate or a fight to change the regulatory implementation. We may feel like free consultants to the Government but SAL’s engagement with Federal and State governments in around 30 government committees, consultative councils and working groups pays dividends by solving problems before they arise. We have to be actively engaged early, as once the Government makes a public announcement, things become far more difficult to change.

The retirement of Kushy Athureliya in the previous December certainly upped the January challenge as responses to five government consultation papers were required to be prepared and submitted before Australia Day. I have become accustomed to the way that government departments send out their consultation papers as Christmas presents, and require industry consultation responses in time for them to return from their annual break in late January, let’s see how it goes this year. In any case, I was certainly very pleased to welcome Captain Melwyn Noronha to the team in early February, to help share the load and he hit the ground running, particularly with the New South Wales EPA consultation over sulphur content in marine fuels.

The year 2015 will have to go on record as a year of frenetic activity but not one for results. Price increases in monopoly port services, states rush to cash in on port privatisations, the hope of positive change for Federal coastal shipping legislation, the long-awaited outcome of the Harper Competition Review, a new maritime arrivals system and hope for an upturn in container shipping rates, were all in the offering. Unfortunately the positive outcomes were slim.

Throughout the year we have continued to have close interaction with the Federal Government. At the highest level SAL has engaged in meetings with Ministers in Treasury and Infrastructure and had direct correspondence with all cabinet Ministers and key independent Senators. Our continued participation in the Department of Agriculture and Water Resources’ Customer Consultative Council (DCCC) and Import Industry Finance Consultative Committee (IIFCC) have helped to ensure that outcomes of various new initiatives and reviews take the views of shipping companies into account. While the Australian Maritime Safety Authority has been less vocal this year, participation in the AMSA Advisory Council has yielded high-level insights and provided the opportunity to highlight where other government actions might negatively impact on shipping and on Australia’s IMO compliance. One current aspect is the Great Barrier Reef Marine Park Authority’s decision to place a charge on tourist vessels merely transiting the reef. SAL has submitted that this is illegal as it impedes the right of innocent passage. At the time of writing a response is still awaited. SAL participation in the (former) Customs and Border Command National Consultative Committee has ensured that we get to provide input at the earliest stage of development of strategies for implementation and enforcement. The future of this forum is still being reviewed since the creation of the Australian Border Force, and SAL has suggested the combination of disparate departmental consultative forums into a more whole-of-government approach. So it is timely that most recently SAL was invited to join the National Committee for Trade Facilitation, which possibly provides this opportunity. The NCTF was established as a requirement of Australia’s ratification of the WTO agreement. This committee is in its infancy but has a broad industry sector and government membership with the potential to drive whole-of-government approach towards simplifying trade administration. Encouragingly, one item already on the worklist is the development of a government single-window portal.

This year started with much of the industry still in shock over the 60 per cent increase in coal ship navigation charges and the accompanying 3.7 per cent rise in other charges, at the Port of Newcastle. Despite appeals to the Port and the Minister, there has been no ground given on this and we now wait with certainty for their second promised 3.7 per cent rise in all charges, to take effect on 1 January 2016. There are (theoretically) two types of external review available for monopoly pricing of corporations in New South Wales, the Independent Pricing and Review Tribunal and the Australian Competition and Consumer Commission. SAL approached IPART directly but was advised that we are not able to seek
review, it must be referred by the Premier, so we raised our concerns with the Minister for Ports. The response indicated that the Minister was in discussions with the Port, but there would be no IPART review, and we have seen no reprieve.

That was not the end of it. SAL consulted with the NSW Minerals Council and we found some common ground. Ultimately, Glencore made a formal application to the National Competition Commission for listing of shipping channel services at Port of Newcastle under Part IIIA of the Competition and Consumer Act and SAL was pleased to provide a supporting submission. The draft report was not promising, but supplementary submissions have been made and at the time of writing the final report is with the Minister for review. The outcome will be known by 9 January 2016, 60 days after the final NCC report was handed to the Minister. If the Minister has not made a statement by then he will be deemed to have decided not to declare the service.

The New South Wales State election brought with it another shipping shock as the Premier made a play for the inner-west Balmain popular vote, with a promise of regulating low-sulphur fuels for cruise ships within frighteningly short timeframes. The play lost with the electorate going to the Greens, but the regulation won and despite the NSW EPA's strategic plan acknowledging that changes to shipping requirements should be cognisant of IMO timeframes, we already have new regulations placing strict limits on fuel sulphur-content for cruise ships in Sydney. Realistically, SAL understands that avenues for exemption have been provided to allow non-compliant ships to maintain their visit schedule provided they have plans for future compliance.

But wait, there’s more... much more

SAL had worked closely with the previous Government over the development of a new Biosecurity Bill which lapsed when the Government changed in 2013. Its revitalisation and introduction to Parliament early this year was not unexpected, but it was disappointing to find that a new chapter on ballast water management had been added without consultation. While that is water under the bridge, pardon the pun, as the Biosecurity Act 1915 is now law, SAL is engaging closely with the Department of Agriculture and Water Resources to ensure that the supporting regulations are reasonable and workable before the Act enters into force in June next year.

With lessons learned from the privatisations in Brisbane, Botany and Port Kembla, and Newcastle, Shipping Australia was ready to respond when the Victorian Government introduced the Port of Melbourne privatisation legislation to Parliament. SAL strongly criticised particular aspects of the legislation and raised concerns relating to the lack of a clear Victorian plan to accommodate larger ships, exclusions of some services from price controls and the cost impact of the up-front capitalisation of the future PLF revenue stream. These concerns were raised with both the Government and the Opposition, and SAL also appeared at hearings of the Legislative Council Select Committee.

SAL was not alone in these concerns and became the spokesperson for an ad hoc “coalition of logistics industry parties opposed the privatisation legislation”, initiated by Asciano. Opposition to various aspects of the Bill came from all sectors: shipping companies, peak shippers, stevedores, the Federal Government and the ACCC. One thing that does stand out is that when a government is dependent on Opposition support to pass a Bill there is a strong possibility that the proposed legislation will be more transparent, properly scrutinised and result in a more balanced outcome than when a strong majority government can simply set their own rules.

The result of the committee deliberations was to be tabled in Parliament by 30 November and will no doubt set the tone for further debate and amendments in the Victorian Parliament in the New Year.

While we have been focussed on Victoria, the Port of Darwin was quickly sold to the Chinese company, Landbridge. The sale will possibly cause some headaches for our most strategic northern Defence port, but the planned injection of Chinese capital could yield some big advantages for the future capacity and infrastructure. SAL is now looking westward and expecting legislation to enable the sale of the Port of Fremantle to be introduced to parliament in the near future.

It is certainly no secret that for the shipping industry, 2015 has been one of the toughest on record.

With dry bulk rates and dry container rates toughing 30 year lows and a drop-off in demand for break bulk, many of our members are struggling to survive. The industry is talking of mergers, acquisitions and withdrawals from sectors, and it is essential that SAL gets the message out that enough is enough with respect to unrealistic port costs and pilotage rate increases. You might argue that volume differentiation explains why Australian ports are five times more expensive than those of Malaysia, but that argument collapses when you realise we are twice as expensive as New Zealand! It comes down to a lack of competition. Monopolies are not driven to cut costs to attract business and most of
our ports are geographic or commodity monopolies – ships just have to use them, so there needs to be strong regulatory oversite.

The rapidly increasing cost of pilotage in particular, is continuing to be a real cost burden on shipping companies operating in lean times. SAL raised concerns over pilotage increases in Melbourne, where regular increases in these charges consistently and significantly exceed CPI. Most recently we have seen a restructure of the way pilotage is charged at the Port of Newcastle resulting in a range of extraordinary increases. The principles of the new pricing structure are certainly sound, but the cost impact of the changes: 300 per cent for small operators, 40 per cent for the big ships (and I am told that some vessels will actually see a reduction) are generally unpalatable. The question must be asked, is it time for the Government to focus on safety and regulation rather than service delivery and encourage competition and innovation in pilotage?

It’s not only pilotage where the port services fees are unreasonable. The Port Authority of New South Wales has advised general fee increases of 4.7 per cent – that’s 2.8 per cent above the Sydney CPI increase for the year to September 2015, why? One of the reasons is that the New South Wales Government demands that the Port Authority of New South Wales not only cover its costs, but it must also return a dividend to the Government. A reasonable tax-payer would have thought that ensuring maritime safety and facilitating maritime trade through New South Wales ports, which generate billions of dollars for the New South Wales economy, would be an essential public service, not a cash cow to milk dry. I am reminded of the story of the goose that laid the golden eggs.

One policy decision that could have breathed some life into the shipping industry by increasing volumes of coastal cargo, is the amendment of the Coastal Trading Act. We have now seen the process of review and development of amending legislation go on for more than two years and as I write, the Shipping Legislation Amendment Bill has just been defeated in the Senate, despite the report of the Senate Inquiry which recommended that the Bill be passed. It is a great disappointment for Australian industry and primary producers to see the demise of a chance to improve the efficiency of domestic trade, reduce import substitution and save Australian jobs. This outcome is a reminder of the disproportional power of independent senators and union minority lobby groups.

Even Senators speaking against the Bill recognised that the existing Coastal Trading Act is ludicrously unwieldy and inhibits effective movement of domestic cargo by sea, and Shipping Australia urges the Government to make it a priority to continue its efforts to change coastal shipping legislation, for the good of Australia. Ideally, we would prefer to see a bilateral solution that would ensure stable shipping legislation into the future, but that might be too much to ask.

SAL has also expended a lot of effort on submissions and follow-up consultations relating to the review of shipping competition exemptions, as part of the Harper Competition Review. In late November, the Government published its omnibus response to the review which noted that the Government “remains open to the Harper Review recommendation” to replace the existing Part X of the Competition and Consumer Act with a block exemption. This means that implementation will be considered following further review.

Yes, we would have preferred the Government to dismiss the recommendation and commit to retaining the current legislation, but at least there is recognition that further consultation is required before a final outcome is decided. No block exemption can provide the certainty of the current Part X legislation, and certainty is something the shipping industry needs right now. In any case, Shipping Australia is committed to working closely with the Government and the ACCC to develop a comprehensive and workable block exemption that would encourage international shipping companies to continue to trade to and from Australia.

As we reach the end of the year, endemic oversupply in the container trade continues to haunt the industry, and keeps rates at record lows. The advice that NYK will pull out of the container trade was a bitter pill and takes with it 160 Australian jobs in the shipping sector. Other global rumours abound with the expectation there will be formal news of a merger between COSCO and China Shipping, any day now. Globally, there are other mergers and takeovers mooted as financial worries bite.

In these uncertain times the cruise industry shines brightly and I congratulate P&O on their five ship spectacular and Port Authority of New South Wales on its ability to host the entire P&O Australian fleet in Sydney Harbour on 25 November.

All we want for Christmas is rate restoration, decent coastal shipping legislation and price restraint in monopoly government and private port service providers. On that note it is encouraging to see that tenders have been called for a second towage operator in Port Hedland, so perhaps there will be competition out west.

**MANDATORY CONTAINER WEIGHT DECLARATIONS**

The IMO Maritime Safety Committee has now confirmed that changes to SOLAS regulations requiring mandatory container weight declarations will be implemented with effect 1 July 2016.

The regulation puts the onus of accountability for weight declarations squarely on the shipper, and clearly they will bear the responsibility if further checks down the line find that declaration to be in error.

AMSA, SAL and industry stakeholders are working towards implementation.
Policy Council members

A.P. Moller-Maersk A/S
Mr Anthony Randell

APL Lines (Australia)
Mr Veni Patakakis

Asiaworld Shipping Services Pty Ltd
Mr Ken Fitzpatrick

Austral Asia Line Pte Ltd
Mr Christophe Grammare

BBC Chartering Australia Pty Ltd
Mr David Begg

CMA CGM & ANL Australia Pty Ltd
Agencies
Mr Simon Aynsley

Evergreen Marine Australia Pty Ltd
Mr Murray Read

Five Star Shipping & Agency Co Pty Ltd
Mr Bryce Henley

Gulf Agency Company (Australia) Pty Ltd
Mr Scott Henderson

Hamburg Süd Australia Pty Ltd
Mr Peter Creeden

Hapag-Lloyd (Australia) Pty Ltd
Mrs Lena Christenson-Duus

Inchcape Shipping Services
Mr David Pratt

K Line Australia Pty Ltd
Mr Alan Miles

LBH Australia Pty Ltd
Mr Johnny Tam

Mediterranean Shipping Co (Aust) Pty Limited
Mr Ross McAlpine

Mitsui OSK Lines (Aust) Pty Ltd
Mr Mark Austin

Monson Agencies Australia Pty Ltd
Mr Travis Monson

Neptune Pacific Line
Mr Rolf Rasmussen

NYK Line (Australia) Pty Ltd
Mr Brook Paviour

OOCL (Australia) Pty Ltd
Mr Eddy DeClercq

Pacific Asia Express Pty Ltd (PAE)
Mr Michael Horsburgh

Seaway Agencies Pty Ltd
Mr Peter Wallace

Ship Agency Services Pty Ltd
Ms Kristy Craker

Smit Lamnalco Towage (Australia) Pty Ltd
Mr Tony Cousins

The China Navigation Company Pty Ltd (Australian Branch)
Mr Denis Speyer

Wallenius Wilhelmsen Logistics A/S
Mr Sunil Dhowan

Wilhelmsen Ships Service Pty Ltd
Mr Adrian Peterson
SAL Staff

Back row (from left) Kevin Swaine, trade policy advisor; Bryan Sharkey, company secretary financial controller; Rod Naim, chief executive officer; Matthew Whittle, policy advisor. Front row (from left) Andrew Chittenden, general manager, liner services; Sharyn Flood, executive assistant to chief executive officer; Melwyn Noronha, general manager, technical services and industry policy.

Steering groups

General Steering Group
- Chairman: Ross McAlpine

Container Technical Steering Group
- Chairman: Dexter Vaz

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: Melwyn Noronha

Queensland State committee
- Chairman: Geoff Dalgleish
- Secretary: Bill Guest

South Australia State committee
- Chairman: Paul Paparella

Victoria State committee
- Chairman: Huon Chambers (Acting)
- Secretary: Phil Kelly

Western Australia State committee
- Chairman: Robert Boyce
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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 nine member lines offering Australian exporters a variety of services from both the east and west coasts of Australia.

Between the nine member lines of the TFA, six weekly services are deployed from the south and east coasts of Australia comprising 35 vessels that provide 312 voyages annually, with fast transit times and the most comprehensive port coverage in north and east Asia.

Member lines

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

- ANL Singapore Pte Ltd www.anl.com.au
- China Shipping Container Line www.cnshipping.com.au
- COSCO Container Line www.cosco.com.au
- Hamburg Süd www.hamburgsud.com
- Hyundai Merchant Marine www.hmm21.com
- MSC Mediterranean Shipping Company SA www.msc.com.au
- Maersk Line www.maerskline.com
- Nippon Yusen Kaisha (NYK) www.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 and Ningbo
- 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.
ANL Singapore Pty Ltd  www.anl.com.au
Hamburg Süd  www.hamburgsd.com
China Shipping Container Line  www.cnshipping.com.au
Maersk Line  www.maerskline.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 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.pfznz.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 Singapore Pty Ltd  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 between Australia and West Coast USA offering 78 sailings per year with a comprehensive port range and optimum transit times. The service is divided into two port rotation strings: Pacific North West (PNW) and Pacific South West (PSW).

Load ports
PSW weekly  Melbourne, Sydney, Tauranga
PNW fortnightly  Sydney, Melbourne, Adelaide, Auckland
Note: Fremantle and Tasmania are served via Melbourne. Brisbane is served via Sydney (for imports to Brisbane) or Tauranga/Auckland (for exports from Brisbane).

Discharge ports
PSW  Papeete, Oakland, Los Angeles, Ensenada (Hapag Lloyd only)
PNW  Suva, Honolulu (every 6 weeks), Oakland, Tacoma, Vancouver, Los Angeles

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 Sud and Maersk Line operate a vessel sharing arrangement utilising 10 vessels on a weekly service. Hapag Lloyd and MSC are slot charterers. ANL/CMA CGM separately offer six vessels providing a fortnightly service.

Load ports
Sydney, Melbourne, Port Chalmers, Napier, Tauranga and Auckland.
Note: Fremantle and Tasmania are served via Melbourne, and some lines service Brisbane via Sydney (for imports) or Tauranga or Auckland (for exports). Wellington is serviced via Napier, and Nelson and Lyttelton via Auckland.

Discharge ports
Savannah, Charleston and Philadelphia and other ECNA/ Gulf ports via transhipment at key hub ports en route (Cartagena for Hamburg Sud, MIT for Maersk and MIT/KIN for CMA CGM/ANL). ▲
suited to the Australian environment facilitating truck turnaround times,

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

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

NSW Ports – 30 year Master Plan

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

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

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

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

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

NSW EPA - managing non-road diesel emissions

In February 2015, the NSW EPA released its Strategy on Reducing Non-Road Diesel Emissions. It was initially encouraging to note that the Strategy acknowledged the international regime in place at the IMO for the control of shipping pollution under MARPOL. It undertook to look at more studies before prescribing regulations and a DNV GL study was commissioned.

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

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

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

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

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

The Regulation amendment addresses cruise ship emissions in Sydney Harbour in two stages:
- Stage 1 requires the use of low-sulfur fuel (0.1 per cent or less) while berthed in Sydney Harbour from 1 October 2015; and
- Stage 2 requires the use of low-sulfur fuel (0.1 per cent or less) while in Sydney Harbour (including while berthed) from 1 July 2016.

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

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

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

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

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

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

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

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

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

Verified container weight - SOLAS amendments

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

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

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

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

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

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

However, in November AMSA released a discussion paper and held a workshop of key stakeholders. The discussion paper reflected a minimalist compliance approach from AMSA in relation to monitoring compliance from shippers, with no mention of enforcement.

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

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

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

Switzer/Smit – Agreement

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

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

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

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

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

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

The Committee arranged four sensational lunches during the year.

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

The biennial Newcastle Luncheon was held in July 2015 at the picturesque Newcastle Club. The event attracted attendance of over 120 shipping industry executives, including the Mayor of Maitland City Council. Sponsored by the Port of Newcastle (PoN) with support sponsorship from Switzer and Newcastle Stevedores, the event had two guest speakers in the, Geoff Crowe, CEO of PON and Hennie du Plooy, CEO, Port Waratah Coal Services (PWCS). Recently appointed as CEO of PON, having served as a Director of the Hunter Valley Coal Chain Coordinator and held leadership roles with PWCS, Geoff Crowe reflected on the topical port pricing as well the application to the NCC for the declaration of the shipping channels, a decision which is in waiting. He commented on the potential utilisation of the port, identifying box throughput, bulk liquids, fertiliser and cruise shipping as opportunities for growth.

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

In September, the New South Wales leader of the Opposition, Luke Foley hosted a lunch at State Parliament House, sponsored by Patrick. Whilst attendance was small due the school holidays, the Opposition Leader provided, amongst other things, an interesting insight into privatisation of government businesses and how a Labour led government would establish public disclosure arrangements applicable to those businesses.

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

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

STATE COMMITTEE REPORTS

Queensland

By BILL GUEST, secretary

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

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

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

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

In the shipping/transport arena it is especially relevant when considering the work already completed by Maritime Safety Queensland (MSQ) in the expectation of the long term lease of Gladstone and Townsville. Now it is back to the drawing board, with the added complication that factors within the lease impact on other MSQ issues associated with the devolution of port pilotage. More on this subject follows below.

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

Administration

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

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

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

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

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

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

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

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

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

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

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

On 16 October the annual SAL Shipping Industry Ball was attended by 270, at Moda Events Hamilton, and over $13,000.00 was raised for Disability Bayside. That purely voluntary organisation encourages those with disabilities to attain self-esteem and pleasure by taking up the challenges of sailing.

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

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

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

Port of Brisbane Pty Ltd (PBPL)

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

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

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

Landside Logistics Forum (LLF)

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

Subjects under discussion include:

1. Mandatory Weighing of Export Containers – Under MO42 as a ship stowage safety issue this will become mandatory from 1 July 2016.
2. Chain of Responsibility issues – those in the supply chain that are aware of a breach can be held responsible for the consequences of inaction.

Port and Rail Forum

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

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

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

Maritime Safety Queensland (MSQ)

Queensland port pilotage

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

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

Sustainable Ports Development Bill

The covering committee have reported to the Queensland Parliament. The complete report can be viewed via http://www.parliament.qld.gov.au/documents/committees/TPC/2015/ SPD2015/05-rpt-1Sep2015.pdf

While the impacts on Brisbane and Bundaberg ports are more academic than actionable, the same cannot be said for northern ports, especially those bordering the Great Barrier Reef (GBR) where dredging (either maintenance or capital) is inevitably involved.
This is a major issue for those priority ports (Abbot Point, Gladstone, Hay Point/Mackay and Townsville), especially in terms of capital dredging and accepting that the Bill was introduced to ‘provide for the protection of the Great Barrier Reef World Heritage Area (GBRWA) through managing port-related development in and adjacent to the area’.

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

**Brisbane Port Welfare Committee (BPWC)**

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

While the work of the Brisbane Mission to Seafarers (BMS) and Stella Maris (SM) organisations is applauded, the overlaying objective of the BPWC is to involve the wider shipping community and coordinate those responses outside the influence either the BMS or SM.

**Contact**

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

In the meantime wishing you a rewarding 2016.

Bill Guest
Queensland State secretary
wguest@shippingaustralia.com.au
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**STATE COMMITTEE REPORTS**

**South Australia**

By Paul Paparella, chairman

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

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

**ROD NAIRN, CEO**

South Australia has experienced some changes during the year. Flinders Ports has continued to invest, with one of the most significant being the upgrade of the container terminal with the addition of two new Liebherr post-panamax cranes in April. The cranes were supported by the introduction of crane simulators, which provided for initial and continuation training of crane drivers. This result has seen an increase from 24 to 30 gantry moves per month between March and November. The land footprint of the terminal has also been increased to 2.4 hectares to accommodate future growth. It’s a bit early to know whether this investment will translate into higher volumes. The terminal experienced negative growth of 4.6 per cent in the 2014/15 financial year, mainly on the back of leakage to Melbourne. On a brighter note, mining company CU-River Mining Australia is expected to resume iron ore exports from Port Adelaide in the first quarter of 2016.

Two new pilot boats also entered service at the port this year. The 16 metre vessels, Alert and Reliance have a beam of 5.4 metres and a top speed of 27 knots. Both new boats have a self-righting mechanism, and the beam-bow design provides enhanced sea handling characteristics, reducing stress and fatigue for the crew from the pitching and rolling of the vessel in rough waters. Also fitted is forward-looking infra-red, which provides added safety and efficiency when working in the dark, in poor visibility, or during search and rescue operations. The boats bring enhanced safety, manoeuvrability and responsiveness to the Flinders Ports pilotage service.

The SAFC has addressed the most challenging element of the end to end logistics chain, and in November published its report, *Moving Freight – First and Last Mile* . While this report focusses on truck access and increased capacity, it could have major benefits to cargo terminals. SAFC has also launched a new sustainable freight website promoting a “whole of chain” approach to the environment, across the transport modes. The site is a conduit between the freight and logistics industry, customers, relevant environmental and sustainability resources, governments and the general public; it will encourage a more sustainable approach to freight movement. ▲
Office bearers
At its meeting in December 2014, the Victorian State Committee re-elected Kon Makrakis (State chairman for Mediterranean Shipping Company) for a second term, as its chairman for 2015. Huon Chambers of Switzer Australia was elected Vice Chairman.

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

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

Privatisation of the port of Melbourne
Prior to the State election late in 2014, both major parties declared their intention to sell or lease the port of Melbourne in their first term, and it therefore came as no surprise when such a proposal was announced by the incoming Government. SAL members, both nationally and within Victoria, having accepted this inevitable outcome, in principle albeit, have nurtured fears that port pricing will escalate to unaffordable levels as was the case following the privatisation of Brisbane and Port Botany. These fears were brought to the attention of State Government and to the relief of SAL and other stakeholders, the State Treasurer announced at the SAL Victoria Luncheon on 2 June last, that certain restraints on port pricing would be reflected in the lease conditions, viz: annual tariff increases would be capped at CPI for at least the first 15 years of a 50-year lease. Furthermore, export wharfage would remain at the current level for the next 5 years.

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

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

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

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

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

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

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

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

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

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

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

Commander of the Unit, Mark O’Connor, will address State Committee in the near future and will be seeking members’ participation in the next phase; focusing on supporting operations with a skills maintenance programme, thus firmly establishing a much needed marine firefighting capability for the port of Melbourne and its on and off-shore environs.

The Trident Task Force

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

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

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

STATE COMMITTEE REPORTS

Western Australia

By ROBERT BOYCE, chairman

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

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

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

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

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

It’s probably no coincidence then that Fremantle Ports’ Maritime Day held on 31 October attracted a record turnout from the public. That public interest also helps to fuel a growing cruise industry with 58 vessels scheduled to call at Fremantle and an estimated 142,500 cruise passengers setting new records through Fremantle Passenger Terminal.

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

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

The fall in bulk commodity prices has not seen a lack of interest in the trade, quite the opposite. Iron ore export volumes continue to increase and the industry in encouraged by the call for tenders for a second towage operator at Port Hedland. Further south CBH loaded a record volume - 90,000 tonnes of canola on a mini-capacised vessel at Kwinana.
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- Working with industry and government to improve landside logistics
- Committed to high standards of safety and environmental management
- Building and maintaining positive community links

For information about doing business with Fremantle Ports, contact:
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www.fremantleports.com.au
Young Shipping Australia has grown from strength to strength in 2015, with membership numbers reaching a high not seen since prior to the GFC, and providing an excellent outlook and financial position for events in the future. The number of associate members has also increased, particularly in Queensland, demonstrating the group’s extending reach to all parts of the industry and allowing us to forge greater ties with industry partners, including the Australian Logistics Council, Lloyd’s List Australia, WISTA and the Institute of Chartered Shipbrokers.

We are very pleased to announce that YSA will be expanding even further next year with the introduction of a Western Australian Chapter, to be steered by Joel Cockerell of Clyde & Co. Needless to say, we are very excited about this development and we warmly invite all SAL members with a presence in the region to enlist their young professionals for what is sure to be an even bigger and better year for the group!

New South Wales

By JOHN THOMSON, chairman

The year started with our inaugural Shipping Industry Outlook event at Parliament House. Drawing from over 100 years of maritime experience, our three expert presenters provided an invaluable insight into the future of the Australian shipping industry.

We hosted a Dispute Resolution Seminar and learnt how a dispute can be resolved outside of the courtroom. Our panel comprised speakers from commercial, legal and mediation backgrounds, providing a full spectrum discussion.

We put our feet up and kept cosy during a mid-winter networking evening, catching up with old and new friends over pizza and drinks at Helm Bar in Darling Harbour.

Following the establishment of the new Australian Border Force, we heard from Border Watch (formerly Customs Watch) to find out what the changes meant for border security in Australia.

The Department of Agriculture provided us with two informative presentations, explaining the new Maritime Arrivals Reporting System (MARS) and Biosecurity Import Conditions (BICON) systems.

We joined with Lloyd’s List Australia to host a Young Maritime Professionals networking event to promote nominations for the New Generation Award as part of the Australian Shipping & Maritime Industry Awards.

Holding Redlich kindly hosted our annual Maritime Law Seminar, reviewing the latest legal developments including the new mandatory container weighing regulations coming in 2016.

Patrick and Maersk Line generously hosted us for a port and vessel tour at Port Botany, which included a visit up the new terminal control tower and seeing terminal automation firsthand.

By the time of this publication, we will have also had our YSA Christmas Party, and no doubt it will have been a great night for all.

A special thanks to everyone on the YSA New South Wales Committee, who do so much work behind the scenes and keep the YSA ship afloat – Alex Moga, Nathan Cecil, Lachlan Carter, Natalie Dyjakon, Peter Wu, Julien di Stefano and Matthew Whittle.

Queensland

By JENNY RUFFELL-SMITH, chairperson

Events held throughout the year have included a tour of the Smartship Simulator to show off the group’s steering capabilities on container vessels and tugs; two networking evenings, which have given young people the chance to meet and enjoy industry conversation; a tour of a WWL RORO vessel; a visit to a PIL Container vessel and Patrick Container Terminal; a presentation on marine surveying by marine surveyors from MCC Marine; sponsored networking event by Lloyd’s List Australia; and a table at the annual Shipping Australia ball. Each event has been attended by a variety of members and interested non-members from a range of sectors in the industry. We are looking forward to our Christmas function, which we are planning to hold at the Port of Brisbane again, due to the success of the last year’s function there.

This variety of activities would not be
possible without the time and effort put in by the volunteers who serve on the Queensland committee - Jenny Ruffell Smith (Chair), Tim Polson (Secretary), James McNicol (Treasurer) and Ajaz Mir (Marketing & Events).

These activities not only give the new generation a chance to learn more about the industry they work in, but also the chance to meet other young people in the industry, who may face similar challenges as their careers develop. We strive to connect young people across the industry to give them the chance to work on building relationships, as well as the knowledge that they’ll need as they climb the ranks.

We are looking forward to 2016 and hope to grow our member and associate membership, strengthen relationships between other industry organisations, and continue to host a range of educational and networking events.

Victoria
By SIMON GAMBONI, chairman

Our year kicked off with the traditional Viking past-time, Kubb! Our Scandinavian Committee Members, Alexandra Pertmann and Renee Amundsen did their best to teach us the rules, whilst the rest of us caught up with old and new friends over pizza and drinks in the sun.

The gorgeous Mission to Seafarers was the setting for our next event, a maritime-themed trivia night, where our knowledge of plimsoll lines and pirates was duly tested whilst fighting for prizes generously donated by Hamburg Sud, MSC and Wallenius Wilhelmsen Logistics.

Holman Fenwick Willan hosted our industry insight event, where we were blown away by the stories of the Port of Melbourne Harbour Master, Captain Roy Stanbrook, whilst learning about developments in the maritime law sphere from the president of the Maritime Law Association of Australian and New Zealand, Matthew Harvey and the head of HFW Shipping team, Robert Springall.

Other events included a joint celebration of World Maritime Day with WISTA, a seaman’s story-telling night at Stella Maris, the introduction of the New Generation Award hosted by Lloyd’s List Australia and the ever popular tug boat tour organised by Svitze, where they proudly showcased the new additions to their fleet.

By the time of publication, we will have also held our annual Christmas Party, together with our vessel and terminal tour generously hosted by Hamburg Sud and DP World.

We would like to thank all our sponsors for their support throughout the year and I would personally take this opportunity to highlight the amazing efforts of all the following committee members, without their help, none of the events would be possible: Alexandra Pertmann and Kris Ford (MSC), Mae Vue and Reid Bettridge (Holman Fenwick Willan), Robert Chignell (Svitze), Kevin Maddrell (DP World), Aaron Bridgborn (Hamburg Sud), Carolina Morales (ANL Logistics), Angelo Gnanasigamony (Wallenius Wilhelmsen Logistics AS), James Cooper (Clyde & Co), Adam Low and Renee Amundsen.

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The new Department of Immigration and Border Protection (the Department) and the Australian Border Force (ABF) were established on 1 July 2015. The ABF is responsible for operational border protection activities, combining the operational functions of the former Australian Customs and Border Protection Service and the immigration detention and compliance functions of the Department. In addition, the ABF is also responsible for the enforcement of customs law and collection of border-related revenue under the Customs Act 1901.

Our new organisation is unique, with a complex mission—the protection of Australia’s borders and the management of the movement of people and goods across it.

We play an important role in enhancing Australia’s economic competitiveness through border clearance and facilitation, and in advancing Australia’s national security at the border. The Department and ABF have a dual, complementary objective. On the one hand we seek to facilitate the legitimate movement of trade and people across our border. On the other hand, we seek to maintain strong border security through enforcement and compliance activities designed to mitigate the risks associated with illicit trade and irregular people movement.

From an operational perspective, the ABF helps manage a system of processes to oversee the flow of people and goods to and from Australia, and facilitate legitimate trade and travel, while dealing with the threat of crime and terrorism and other enforcement interests.

On average, in the course of a week, ABF officers:

- clear more than 600,000 imported air cargo consignments and 55,000 sea cargo consignments,
- clear more than 600,000 arriving air passengers and 22,000 arriving sea passengers,
- collect more than $300 million in revenue,
- seize 450 importations of illicit drugs,
- inspect more than 1 million incoming international mail items,
- survey 3,000,000 million square nautical miles of our maritime domain.

Effective partnership with industry is critical to achieving our mission and our vision of being Australia’s trusted global gateway. We recognise that industry shares the Australian Government’s objectives to build a prosperous economy and keep the Australian community safe, and can contribute many ideas, strategies and innovations to achieve this.

Our approach to industry engagement is to communicate effectively, to be responsive and accountable as an organisation and to work in partnership to automate, deregulate and streamline border management processes. We are encouraging collaborative partnerships with industry to co-design solutions that will enhance trade, customs, travel, migration and mobility. This commitment is reflected in the industry engagement strategies released in November 2015 and available on our website.

Australian Trusted Trader (ATT) is one innovative and collaborative solution in which we are working with industry, providing a partnership based on shared responsibility and trust. The pilot phase, launched in July 2015, continues to be expanded with over 20 pilot partners now participating. ATT now includes import and export companies of air and sea cargo across all major ports in Australia.

The voluntary accreditation programme is unique, providing a dual focus of supply chain security and trade compliance. It will increase the security and certainty of Australian trade, offering tailored trade facilitation incentives to businesses that demonstrate secure
supply chain and compliant trade practices.

The Trusted Trader industry advisory group has been instrumental in developing the ATT programme to date. We continue to work very closely with industry to co-design the programme to ensure it supports Australian businesses to be as economically competitive as possible.

We are pursuing a range of benefits such as duty deferral, streamlined reporting and Mutual Recognition Agreements with key trading countries. The operational programme will commence on 1 July 2016 and will be open to all sectors of Australian import/export industry. This includes ports, brokers, freight, warehouse operators, logistics providers and traders, large and small.

We are continuing our efforts to reduce red tape and make it easier for you to access the information you need, and when you need it. We are working with a reference group to make improvements to our website—providing a dedicated industry portal with sector relevant information updates on news, legislation and regulatory changes. The portal was launched at the Industry Summit in November 2015, and will be progressively developed over the next nine months.

I look forward to working with you on these and other important industry initiatives that will only strengthen our partnership while we work towards protecting Australia’s border, and managing the movement of people and goods across it.

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**BORDER AGENCIES**

Department of Agriculture and Water Resources

**Biosecurity Act 2015: Implementation**

By LYN O’CONNELL, deputy secretary

Throughout 2015 the Australian Government Department of Agriculture and Water Resources (the department) continued to modernise and improve the delivery of services to our clients. These activities aim to make working with us quicker and easier, while enabling you to meet your biosecurity obligations.

Another large part of our work in modernising Australia’s biosecurity system has been in preparing for the new **Biosecurity Act 2015** (the Act). It will commence on 16 June 2016, 12 months after receiving royal assent from the Governor-General of Australia. Throughout 2015 the department worked with its stakeholders and clients to prepare for the implementation of Australia’s new regulations under the Act. The Act will...
reduce red tape for businesses that interact regularly with the biosecurity system. It will reduce compliance costs through clearer, easier to use legislation and the improved processes it will enable. The Act will also give the Commonwealth the powers to manage a broader range of biosecurity risks and to continue to strengthen partnerships with industries and State and Territory governments.

The 12 month transition period is to ensure that everyone understands their rights and responsibilities under the Act and there is a smooth transition to the new regulatory arrangements on day one of its commencement.

The Biosecurity Act 2015 will replace the Quarantine Act 1908, which is the primary piece of biosecurity legislation used in Australia today.

The Act contains a range of measures to manage biosecurity risks that will allow the department to:

- Manage risks offshore – including powers to conduct import risk analyses and impose import conditions offshore, to minimise the likelihood of pests and diseases arriving in Australia. Keeping pests and diseases out of Australia means our agricultural industries can remain sustainable and competitive in overseas markets.
- Respond more effectively to incursions – the Commonwealth will have a broader range of powers to manage pests and diseases, should they arrive in Australia. Working closely with the State and Territory governments, the department will be able to coordinate a more rapid response to an incursion of pests and diseases that enter Australian territories.
- Better manage the marine environment – the Commonwealth will be able to respond to a marine pest or disease incursion in waters between three and 12 nautical miles of the coastline. State and Territory governments currently only have jurisdiction up to three nautical miles.
- Manage ballast water risks – new measures will see international and domestic ships' ballast water managed in line with international obligations. The exchange of ballast water has the potential to introduce marine pests and disease which can cause damage to Australia’s highly profitable fishing, seafood and tourism industries.
- Manage regional risks – the Act addresses gaps in the Quarantine Act 1908, by allowing for the seamless management of biosecurity threats offshore, at the border and within Australia. This includes new and emerging pests and diseases, and invasive pests that have established and spread to other parts of Australia.

The department has developed an implementation schedule to ensure that critical functions are in place from 16 June 2016. It will take a number of years to fully implement the legislation. The department will use a phased approach, with non-critical changes being introduced over time. This will give stakeholders and clients time to become aware of the changes, their responsibilities, and be able to adjust their operations where required.

The Biosecurity Act 2015 has been designed to be flexible and responsive to changes in technology and future challenges. In line with this approach, subordinate legislation has been drafted in the following areas:

- prohibited and conditionally non-prohibited goods,
- information gathering,
- general goods,
- general conveyances,
- first points of entry,
- ballast water and sediment,
- post-border monitoring, control and response,
- approved arrangements,
- biosecurity emergencies,
- compliance and enforcement,
- governance and officials,
- cost recovery,
- application of the biosecurity legislation to the Torres Strait and Australian territories,
- human health.

A range of workshops and forums are underway across the country to discuss details of delegated legislation, and allow stakeholders and clients to consider how the legislation will affect their industry.

The department will continue to engage with stakeholders on the details of the regulations and supporting administrative policies and procedures in preparation for commencement.

The department has established a Biosecurity Legislation Implementation Support Office to monitor and report on the programme of projects that will implement the new legislation into the biosecurity business. Please direct enquiries to: newbiosecuritylegislation@agriculture.gov.au or phone 1800 040 629.

I also encourage you to visit the department’s website agriculture.gov.au/biosecuritylegislation, for the latest information on the implementation of the Biosecurity Act 2015.

On behalf of the department I extend my thanks and appreciation to the shipping stakeholders and clients who are working with the department on the implementation of the Biosecurity Act 2015.
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Improvements to maritime transport security

By RICHARD FARMER, general manager, Maritime, Identity and Surface Security Branch

Over the past year, the Office of Transport Security (OTS) has continued work to improve the maritime transport security framework and deliver on the Australian Government’s commitment to boost productivity.

The OTS is working with industry to progress several actions ranging from administrative reviews to regulatory changes, which will better support industry productivity. They will ensure compliance requirements are proportionate to specific security risks, while retaining the ability to respond to any increase in threat.

Earlier this year, the Australian Government agreed to end the direct security regulation of Australian ships engaged solely on interstate voyages, apart from interstate passenger and vehicle ferries. The nature and risk profile of domestic ships means there is no additional benefit to continued security regulation, and this regulation is not needed under Australia’s international obligations. This will result in a reduction in industry costs and a level-playing field between ships travelling within a State and interstate. The Bill to enact these changes is currently before the Parliament.

Passenger and vehicle ferries operating interstate will continue to be security regulated under a new framework that is proportionate to their specific security risks. The OTS and operators are currently working together to find a flexible and cost-effective framework that addresses specific risks.

The OTS is also engaged in deregulating port service providers operating within a security-regulated port. This will benefit operators of lighters, barges, line handling boats, pilotage services and tugs, as they will no longer need to prepare their own security plans. These service providers will still be required to comply with the security plans of the ports, port facilities and ships with which they interface.

The new regulatory amendments are expected to come into effect in mid-2016, and they will ensure that security outcomes are preserved with the least possible regulatory burden.

The OTS is also looking at administrative improvements where a small change to processes can create real benefits for industry and the economy. Earlier this year, the OTS released guidance on port mapping, which increases the ability of industry to meet mapping requirements in-house, reduce the time involved in producing maps and the need to outsource.

An administrative review of current ship security plans was also undertaken by the OTS in 2015. Ship security plans will again be a focus in 2016 as the OTS looks to streamline future administrative requirements and processes.

Industry has emphasised that it would like the regulations for the auditing of security plans to be improved. Over coming months, the OTS will continue to consult with industry to examine auditing arrangements and align them more closely with international requirements.

Looking ahead, the OTS is looking to develop a proportionate framework for the security regulation of ports and port facilities. Australia’s ports are highly diverse and present a wide range of security risks. Industry involvement in this work will be critical to developing a successful approach to meet future challenges.

Australia is fully committed to meeting its international obligations under the International Maritime Organization’s International Ship and Port Facility Security Code. Any improvements to the Maritime Transport and Offshore Facilities Act (‘the MTOFSA’) are always considered within this international context. The current reshaping of the MTOFSA provides both the OTS and the maritime industry with an exciting opportunity to influence the future shape and directions of Australia’s maritime security framework.

I encourage you to share your views on improvements to the MTOFSA with us, either through our Maritime Industry Security Consultative Forum, of which Shipping Australia is a member, or by contacting the OTS directly at: maritime.security@infrastructure.gov.au.

By working together we can achieve a balanced security approach which supports the growth of the Australian maritime industry.
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Our economic viability depends on shipping

By NEIL SCALES, director-general, Queensland Department of Transport and Main Roads

Shipping connects us to the world, safely delivering huge quantities of cargo in a cost-effective and environmentally sustainable way.

The State of Queensland’s economic viability depends on shipping, which last financial year, carried total trade of almost 330 million tonnes. The value of our overseas exports was $47.681 billion.

Queensland’s coast is serviced by 15 trading ports, which recorded almost 18,700 vessel movements last year.

Underpinning the efficiency of these movements is the logistics mantra of matching the ‘right load to the right mode’.

While commercial realities can often override what idealists would consider to be the ‘right’ modal choice, getting it right remains our mission.

We understand the importance of working with freight customers and the logistics industry, to find ways which support the State’s future economic growth and prosperity.

Guiding this is our high-level planning structure, the Department of Transport and Main Roads’ Moving Freight: a strategy for more efficient freight movement, which was released in December 2013.

Moving Freight is being effectively applied in the supply chain analysis work being carried out by our officers, in conjunction with Shipping Australia Limited and the Department of Agriculture and Fisheries, to address critical shortages of ‘food grade’ export containers at the port of Brisbane.

We are mindful of the potential impact this issue could have on the performance of inland rail hubs and new Tier 2 (short line) rail services to move containerised grain, pulses, cotton and beef from areas of production in South West Queensland to the Port of Brisbane.

Further inland we are preparing for projected growth in the greater Toowoomba and Surat Basin region.

The contract to finance, build, operate and maintain the $1.6 billion Toowoomba Second Range Crossing was awarded in August 2015.

Among many improvements for Toowoomba and the Lockyer Valley, the project will deliver better road and driver safety, reduced travel time across the range by up to 40 minutes for heavy commercial vehicles, and increased freight efficiencies.

Returning to our ports, the announced upgrade of berth four at the port of Townsville, is evidence of our drive to diversify trade and plan for the infrastructure required to accommodate trade in key growth sectors.

When completed the upgrade will double the capacity of berth four and increase the capacity of other berths, enabling increased tonnage throughput of almost two million tonnes per annum.

As the major container port in Northern Queensland, Townsville is focused on attracting new services to support regional trade.

In September 2015, Swire Shipping (China Navigation Company) started direct container shipping services from Townsville to Shanghai, with an impressive 10-day transit time.

Northern Stevedoring Services has also announced the expansion and refit of its facilities in Townsville port, and will include preliminary infrastructure to accommodate 200 new reefer plugs.

The expansion of direct container shipping services through Queensland’s regional ports will provide opportunities for agricultural producers and manufacturers to capitalise on new trade opportunities, supported by bilateral arrangements such as the China-Australia free trade agreement.

Access to Queensland ports requires ships to travel through environmentally sensitive areas, such as the Great Barrier Reef and Torres Strait. While these
shipping channels are not considered busy waterways by global standards, protecting the reef and ensuring trade can continue, are high priorities for the Queensland Government.

The Sustainable Ports Development Bill (the Bill), introduced in June 2015 - the first of its kind in Australia, aims to boost sustainable economic development around Queensland’s four regional priority ports of Townsville, Abbot Point, Gladstone, and Mackay Hay Point/ Mackay, and help protect the reef and its outstanding environmental values.

The Bill actions key port-related Queensland Government commitments under the Reef 2050 Long-Term Sustainability Plan (Reef 2050) to ban sea-based disposal of capital dredged material from ports in the Great Barrier Reef World Heritage Area and restrict port-related capital dredging. It also mandates master planning for all four priority ports, supporting further local development and investment.

REEFVTS is the ship tracking system operated from our vessel traffic service centre in Townsville. REEFVTS tracks, monitors and communicates with shipping in the reef and Torres Strait, providing an invaluable service to the maritime industry, ensuring the safe passage of vessels through the reef and the ongoing preservation of the marine environment.

This year also saw Maritime Safety Queensland gaining authorisation under national VTS legislation as the authority to operate REEFVTS. This authority aligns the operations and management of REEFVTS with national and international standards.

Queensland continues to be Australia’s second largest cruise shipping market with about 250 visiting ships and over 440,000 passenger days at port.

The Queensland Government is actively promoting cruise shipping in our ports and coastal waters. Cruising is becoming a very popular form of holiday and is one of the fastest growing sectors in Queensland’s tourism industry.

Improving safe access to Queensland port destinations for the various sizes of cruise ships, is the Queensland-owned, Smartship Simulator.

Smartship is a highly sophisticated computer based real time simulation facility, which can virtually recreate cruise ship types for demonstrating and exercising the safe movement and berthing in Queensland ports.

With the support of Shipping Australia Limited Queensland, its member lines and the broader logistics industry, we will continue to refine and develop all aspects of maritime safety, port and landside operations, including road and rail freight modes.

The moving freight progress report to June 2015 is available on TMR’s website at the following link, where details of moving freight actions can be found. www.tmr.qld.gov.au/movingfreight

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*Shipping Australia Limited – we know shipping!*
The changing face of Australian ports

By DAVID ANDERSON, chief executive officer, Ports Australia

Ports Australia is the peak industry body representing port authorities and corporations, both publicly and privately owned, at the national level. Ports Australia is a constituted company limited by guarantee with a Board of Directors, comprising the CEOs of ten member ports.

Ports Australia works closely with governments and their agencies, and with other industry stakeholders, to improve the policy and regulatory settings that impact on ports to enable them to operate efficiently and to plan developments in their capacity to effectively address the projected trade task. Our primary goal is to gain recognition of the value and contribution that ports deliver to the Australian community and in turn to secure from the community a licence to operate and grow.

Ports Australia and organisational change

In October of 2015 Ports Australia convened a very well attended AGM and a general meeting of members in Canberra to engage with our agency stakeholders and to review the events of the preceding year, which witnessed significant change in the ports landscape with consequent impacts on our organisation and the profile of our membership.

Over the course of the year Ports Australia bedded down a new membership makeup that was established following significant structural changes that had occurred within the Australian ports community. These included the amalgamation of the eight State-owned port authorities in Western Australia, to five regionally-based port authorities and new structures that have emerged from the port privatisation process, such as the Port Authority of New South Wales. This trend will continue as our ports are increasingly put out to long-term lease by their State and Territory government owners, with some port assets and services remaining in government ownership and control under new governance arrangements.

Ports Australia had also been approached over a period leading up to the review by a number of port stakeholders, including port service providers, who made representations that we should consider extending our associate membership-base to be more inclusive.

The Board of Ports Australia accordingly decided that our organisation should respond to these developments and established new classes of associate membership, as well as clearer guidelines on membership eligibility. Considerable attention was directed in this process to the governance that accompanied these new arrangements to ensure that on the one hand, we would not run the risk over time of diluting our message as an advocate for ports, while, on the other hand, to equally ensure that our new associate members became involved in our activities in a meaningful way, including participating in our standing working groups. Our new associate members include towage providers, stevedores, stand-alone terminals and port technology providers.

It is pleasing to note that these new arrangements have worked very successfully with our associate members fully engaged in our deliberations of both operational and policy matters and which has, in turn, enriched our discussions and decision making and provided a two way flow of value. Port stakeholders are cordially invited to take an interest in associate membership of Ports Australia if they consider there may be a business case for becoming part of our community.

The discussion about port privatisation

Port privatisation in Australia is not a new phenomenon. In recent times it has been provided with some impetus because of the Federal Government’s asset recycling initiative which, broadly speaking, provides incentives to the States and Territories to sell mature infrastructure assets and invest
the proceedings in new productive infrastructure.

The privatisation of these very valuable and highly strategic economic assets is not so much driven by any sort of political philosophy, but rather by the parlous state of government balance sheets and a reasonable logic supporting the idea that funds from existing State-owned assets be unlocked to provide new infrastructure, including roads and public transport, that also provide dividends to the community. However, and not entirely unexpectedly, some recent long-term leases of port assets have generated controversy because of the perception that the derived financial benefit to governments and their tax payers is short-term, and fall out essentially generated by behaviours designed to maximise the price tag attached to port assets, which is seen as potentially placing pressure on port pricing and costs to port users.

Ports Australia is not pretending that these pressures do not exist but views it more as an issue associated with the disposition of State shareholders at the point of sale, rather than the ports and port owners themselves. We also advocate taking some of the heat out of the debate by an evidence-based approach to the issues.

Historically, port privatisations such as those that took place some considerable number of years ago with Flinders Ports and the ports of Portland and Geelong, were not accompanied by significant controversy around port pricing and in the presence of light-handed, State-based regulation. We do not believe that heavy handed regulation is necessarily the answer, and in our talks with other stakeholders contemplating such an approach, have cited a cautionary note along the lines “be careful what you wish for”, as the history of government-based price and access regulation is not crowned with success. In some cases also we can comfortably say that port pricing is often used as the scapegoat in circumstances where stakeholders could do a lot more to address their supply chain costs and indeed even address market behaviours closer to home.

A further relevant observation in this discussion is that government ownership of itself can come with a substantial cost. This can be seen for example in the considerable resource that our government-owned ports are required to devote to providing Ministers with advice and briefings on a daily basis, and to servicing political and agency interventions that add no value to their business and indeed can, and often do, detract from their business goals that they are otherwise required to pursue. In short, State and Territory governments in this country have, by and large, not made good shareholders, and the governance structure under which their ports are required to operate and develop leave a lot to be desired. There are notable exceptions - there is nothing inherently wrong with government ownership, and port GOCs are very well managed and very successful in delivering both financial and trade facilitation objectives but are better equipped to do so in circumstances where they are provided with governance models that are a good fit with, and supportive of, their charters and where they are not subject to unhelpful bureaucratic interventions.

Seeking efficient regulatory outcomes

In our incessantly changing port landscape one factor remains constant. It is a permanent feature of our business having to address the challenge to secure sensible and balanced regulatory and policy outcomes to effectively underpin port operational efficiency and certainty in port capacity development. The risk of our trades being gradually asphyxiated by regulatory interventions that produce no net beneficial outcomes to the community, has not diminished.

In recent years Australia has evolved as a high-cost economy with elevated regulatory risk. The slump in commodity prices has added to this pressure because and, by and large, wage costs will remain rigid, which means that producers have to look to lifting productivity and reducing costs elsewhere. Within this landscape industry views our ability to retain a competitive advantage in our overseas markets, as in some measure, dependent upon improved regulatory certainty and lower costs associated with regulatory processes.

Our governments have made some very good progress in establishing national approaches to heavy vehicle regulation, rail safety and maritime regulation but too often we are witnessing capriciousness in the delivery of the regulatory process that has extended time lines, added costs, and introduced iterative processes. Regulatory reform lies as much in improving agency culture as the statutes themselves, and we are still to witness any significant impact on port and shipping costs emanating from regulatory reform processes. To add to our challenge we also have to deal, in particular instances, with prejudice towards port and shipping activity and an ad hoc approach to regulatory policy in our environmental regulators, when it is their job to objectively administer acts of our parliaments where the policy-making prerogative resides. And while governments undertake to reduce the regulatory burden, we cannot sometimes get past the response at agency level that certain areas are no go zones because of political imperatives, which is code for: “we don’t have the resolve to fix a problem that we have created…."

Added to this are distortions in public policy generated by the power and influence of green activist NGO’s, who have cast aside any pretence of ethics or scientific truth to run interference on projects that have legitimately run the gamut of environmental regulation, and who enjoy tax-free status notwithstanding that they run political campaigns rather than embark on genuine conservation projects. The ports community has now reached a position of feeling the pernicious effects of these campaigns and knowing that it must be smarter in delivering messages to the community about the benefits our activities bring to the community, including that we allocate very substantial resources to understanding, managing and monitoring our marine environments.

Looking forward to 2016

The year 2016 is the centenary of Ports Australia in its various guises and we will be celebrating this milestone at our Biennial Conference in Melbourne from 19 to 21 October. We look forward to seeing you there to join us in this celebration.
It’s another milestone year

By Grant Gilfillan, chief executive officer and director, Port Authority of New South Wales

With the dust settling on the amalgamation of the Sydney, Newcastle and Port Kembla port corporations, completion of the Overseas Passenger Terminal upgrade and wharf extension, and substantial planning undertaken into the future of Sydney’s last remaining deep water berths at Glebe Island and White Bay, CEO Grant Gilfillan says 2015 has been another milestone year for Port Authority of New South Wales.

Overview
The long term leasing of the landside operations of the former Sydney, Newcastle and Port Kembla port corporations to the private sector in 2013 and 2014, radically changed the landscape in which we operate. After close to two decades, all of the state’s commercial ports – from Yamba in the state’s north, through Newcastle, Sydney, Port Botany and Port Kembla, to Eden in the far south – again are being managed by a single authority.

Common to all are responsibilities derived from the State Owned Corporations Act, Ports and Maritime Administration Act and our Port Safety Operating Licence (PSOL) that include the role of harbour master; safety of navigation and shipping movements; pilotage; security; and our response to marine-based incidents and emergencies.

Beyond this, each of our ports functions in very different ways.

In Sydney, the focus is on cruise, dry bulk and fuel shipping on the Harbour and containers and fuel at Port Botany; Newcastle is the state’s principal coal export port and also handles a range of commodities including fuels, alumina, mineral concentrates, fertiliser, meals and grains; Port Kembla is our principal grain export port for producers in the state’s south and also the state’s major gateway for vehicle imports.

Port Authority – post amalgamation

With the long term lease went around 80% of our business, assets and profits but the state retained 66% of employees and a significant range of marine service and supply chain responsibilities as well as major land assets and cruise business in Sydney Harbour. Also inherited was a cost structure that needed significant surgery to better reflect the nature of the business, along with different revenue structures for each of our ports and even different arrangements regarding ongoing rights and obligations to the new private owners.

As a State-Owned Corporation (SOC) we have a legislated requirement as a business to balance the objectives of profitability, along with delivering the policy requirements of the government of NSW and the safe and efficient provision of a range of marine services and safety functions to the shipping industry.

On the cost side of the ledger, significant and difficult saving initiatives went only part of the way to securing the new Authority’s ongoing sustainability. This meant we also had to take a long, hard look at our revenues, including the variety of ways charges were being levied across the business for similar and even identical services in different ports.
In reviewing our structures and rates, we adhered closely to the principles that the Authority’s pricing should be consistent with or defensible in relation to other major ports in Australia; that it must show a balance between our commercial, financial, customer and government obligations and; that it must produce a Return on Assets that is financially sound.

It will come as no surprise when I say that the process of achieving all of this has been extraordinarily complex, and at the time of writing we were talking with all of our stakeholders to ensure the resulting strategy is transparent, the reasons behind it understood and that each has a chance to respond.

**Investment in cruise**

One of the year’s highlights has been the upgrade to Sydney’s Overseas Passenger Terminal. The provision of Cruise infrastructure in Sydney was one of the major port business activities retained by the Authority as part of the long term leasing outcome.

With the last improvements to the iconic Circular Quay facility dating to the time of the Sydney Olympics, work was clearly needed to bring it up to the standard set by its multi-award winning sister terminal at White Bay, opened in 2013.

Achieving this required improvements to both the OPT’s efficiency and capacity. Passenger and traffic movements were streamlined, amenities enhanced and more space provided for trucks arriving with supplies. 60 metres of additional quay-line and a new mooring dolphin in Campbell’s Cove were also added.

Planned originally to be carried out over two cruise low seasons, with the exception of some minor cosmetic work the upgrade was instead completed inside twelve months. Remarkably, cruise ships continued to visit the terminal with minimal disruption even as the upgrade continued, thanks to the very close collaboration between construction and operations staff, border agencies and the cruise industry.

For this we say a sincere thank you to all involved, as well as to our OPT tenants and neighbours for their acceptance and tolerance of the construction activities.

With cruise ship visits to Sydney likely to exceed 300 through 2015/16 and moving close to double figures for Eden, the industry will clearly play a significant role in the future of the new Port Authority.

**Glebe Island and White Bay**

Another significant element of the new Authority’s future is the Glebe Island and White Bay port precinct.

Sydney cannot afford to lose these last remaining deep water berths through which come so much of the raw materials driving our current infrastructure, construction and housing boom and basic ingredients for the food we eat and drinks we consume.

However, it’s also clear that the area, with its proximity to the city and the evolving Bays Precinct next door, cannot remain as it is.

That is why we are developing ideas that will see the working port not only retained but seamlessly co-existing with the government’s vision to open up the area to technology and other uses, to the lasting benefit of those living, working in and visiting the area and, just as importantly, the Sydney and NSW economies.

Similar ideas are being developed by Singapore’s Maritime and Port Authority for its new Tuas facility and, closer to home, have operated for many years along Sydney’s rail corridors where the air-space above major stations has been occupied by substantial residential and business developments.

If 2015 has been a year of post-amalgamation consolidation and planning, 2016 should see us transition into ‘full steam ahead’ for our rapidly evolving business.
For the Port of Newcastle, the past 12 months have been a time of growth, efficiency and investment.

**Growth**

The port handled a record 164 million tonnes in trade in 2014, including a new coal export record of 159 million tonnes. Impressive growth in fuels (80.3 per cent) and fertiliser (25.7 per cent) was also recorded. Future growth in fuel and fertiliser imports will be underpinned by the development of new and existing storage facilities, which enable port customers to better compete in new markets.

The port’s close proximity to the mining industry and regional city markets, and available land and berth access will support the continued growth of bulk liquids imports. Stolhaven has commenced construction of the second stage of its bulk liquids facility within the Mayfield Precinct, and has a further stage in planning. Park Fuels’ import facility was completed at Walsh Point and it received its first ship in September 2015. Port of Newcastle has 200 hectares of vacant land, of which 20 hectares have been designated for bulk liquids expansions.

Other recently completed developments include: J Steel’s import storage facility; Vue’s cement import facility; and the second stage of Newcastle Agri Terminal’s grain facility.

**Efficiency**

The port of Newcastle is supported by a channel which can handle double the current shipping activity and excellent road and rail networks.

We continue to drive the efficient use of the channel to add value to customers. On a daily basis we work in partnership with the Port Authority of New South Wales (which provides pilotage services), coal terminal operators, the Hunter Valley Coal Chain Coordinator and service providers, to identify and implement efficiency initiatives across the outbound port chain, and we value their contribution.

Our eight common user berths continued to offer choice and flexibility for new and existing customers trading in project cargo, bulk and general cargo and containers, with turn of arrival berthing.

**Investment**

In 2015 Port of Newcastle upgraded...
Add value to your shipping logistics chain

The Port of Newcastle offers access to regional and metropolitan markets, extensive channel capacity and affordable portside land. We can help your business grow.

- Timely and efficient access to a 15.2 metre deep channel.
- Excellent road and rail connections.
- Proximity to import and export markets including major agricultural, manufacturing and mining production and consumption regions, and warehousing and distribution centres in outer Sydney and Brisbane.
- Available land (200 hectares) zoned and priced for cargo intermodal, distribution, warehousing and manufacturing activities.
- Cargo lay down areas available.
- Multiple service providers with expertise in handling bulk, containerised, break bulk and project cargoes to provide your customers with competitive options.
- Joint ventures and capital available.

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220 metres of rail track at our West Basin berths; the only berth-side rail lines on the eastern seaboard. This facility connects with the national rail network and provides customers with a flexible and cost effective solution for moving rail assets in varying frequencies, from major campaigns to one-off shipments. An adjacent hardstand area supports the establishment of these rail assets, where required.

We have invested in the delivery of power, water and data cabling services to the Mayfield Precinct ($6 million, 2016 delivery), resurfacing of major port roads ($3 million), a fender replacement at the Dyke 2 berth ($1 million), and a five-yearly dredge dry dock ($2.7 million).

Importantly, Port of Newcastle has invested additional resources in dredging and survey which protected our customers from the full impact of the April 2015 east coast low, which caused the Hunter River flood. Prior to the flood, Port of Newcastle dredging had achieved a depth of 15.2 metres along the entire length of the channel, the first time in seven years. This contributed to quicker depth recovery and minimised customer impact from the flood, which deposited approximately 500,000 cubic metres of silt in three days, and reduced the shipping channel depth to 14.6 metres. We deployed a third dredge crew (to operate the dredge 24 hours a day on a rotating basis) and tripled our survey effort. Within 14 days, loading restrictions were lifted. Our team has recovered the 500,000 cubic metres of silt (deposited by the flood) within four and a half months, which is about 60 per cent of the usual annual dredging effort. Strong cooperation with the Port Authority of New South Wales Harbour Master, in developing and implementing the flood remediation plan, limited the impact on customers, and delivered regular communication with the industry.

Throughout this time we have maintained a strong focus on safety, recording 500 days Lost-Time-Injuryfree on October 12, 2015. This is a great achievement and a real credit to the entire team at Port of Newcastle, of which we are very proud.

Although I have only been here a relatively short time (I joined Port of Newcastle in July 2015), I have managed to catch up with many members of the shipping and ports industry, and look forward to catching up with many more yet.

The future is bright for the port of Newcastle and change is afoot. We are undeniably proud of the port’s coal trade, which was its foundation trade and remains the largest cargo by volume, and with excess port capacity, an abundance of portside land with deep water berths and a geographic location, which is the envy of many, the diversity of the port’s trade will continue to grow. As the new commercial operator of the port we are open for business, and with the modernisation of the city of Newcastle and enhancements being made by Government via proceeds of the port lease, there is a real and positive energy that abounds the city.
Newcastle Stevedores, through its extensive service provider relationships and sub-contractor management plan can provide clients with a total logistics package, and is happy to arrange the complete door to door movement of project freight.

When you combine Newcastle’s hugely diverse range of facilities with our levels of service, competence and experience, we believe you will find a genuinely competitive option for all your imports and exports through the Eastern Sea Board.

Our mission is to provide the best stevedoring services in Australia, by offering thorough efficiency and bankable reliability, at very competitive prices.
NSW Ports began operations in mid-2013 under a 99-year lease for Port Botany, Port Kembla, Cooks River Intermodal Terminal and the Enfield Intermodal Logistics Centre. As custodian of these assets, we are committed to taking a long-term and sustainable approach to the way we operate, the actions we need to take or encourage from others, and the way we work with our stakeholders.

Navigating the Future: NSW Ports’ 30 Year Master Plan is a way for us to do this. It looks at every aspect of our operations – the assets we manage, the stakeholders we deal with, the regions our freight travels to and from and the environmental and social outcomes we want to contribute to. It acknowledges that we have to get initiatives in place now that will have benefits well into the future. This Master Plan focuses on sustainability, and not just our efforts to minimise our impact on the environment, but also on economic sustainability – the ability to reduce costs and improve productivity across the port supply chain – and on social sustainability, by managing the interface between the port supply chain and communities.

Getting the most out of existing port-related infrastructure, before investing in new infrastructure, is a fundamental principle of sustainable use and our social responsibility, as the manager of key State infrastructure assets. This Master Plan acknowledges that an efficient and sustainable port supply chain will contribute to the success of Sydney, New South Wales and Australia. It complements the objectives of government-led plans and strategies designed to build a sustainable future for Sydney and New South Wales.

Port Botany and Port Kembla are economic assets of national significance, critical to the future economic growth and development of New South Wales. They are New South Wales’s key import and export gateways, collectively contributing around $4 billion per year to the New South Wales economy and supporting over 26,000 jobs. Port Botany is New South Wales’s only container port and largest bulk liquid and gas port. Most of Port Botany’s trade caters for Sydney’s consumers and businesses, with 80 per cent of import containers delivered within a 40 kilometer radius of Port Botany. Port Kembla is New South Wales’s largest motor vehicle import hub, largest grain export terminal and second largest coal export port. Port Kembla is a key economic driver in the Illawarra region and services an extensive area of New South Wales, connected to trade locations by both road and rail.

Port Botany and Port Kembla combined will be required to cater for growing trade volumes over the next 30 years:

- Container volumes could more than triple from 2.3 million twenty-foot equivalent unit (TEU) to 8.4 million TEU.
- Bulk liquid volumes could more than double from 5.1 million kilolitres to 10.8 million kilolitres.
- Motor vehicles could more than double from 390,000 to 850,000 motor vehicles.
- Dry bulk products could grow from 20.3 million to 30 million tonnes.

On the waterside, forecast trade will be handled by larger vessels, with more product carried on each vessel and more vessel visits each year. Total vessel visits at Port Botany and Port Kembla combined, could grow from 2,280 to 3,300.

To achieve a sustainable and efficient port supply chain for the people and businesses of New South Wales, operational improvements, proactive planning and investment in infrastructure will all be required. Enfield and Cooks River intermodal terminals will be an essential part of the future port supply chain for New South Wales, becoming inland extensions to Port Botany where containers are rapidly moved by rail between the port and the terminals. Cooks River will operate as an extended port gate and the Enfield Intermodal Logistics Centre will provide a key logistics hub in the central-west of Sydney. Maximising the use of existing port-related infrastructure before investing in new infrastructure, is fundamental for a sustainable port supply chain and for responsible management of these key infrastructure assets. New infrastructure will still be required to cater for forecast trade growth; however, the enhanced use of existing infrastructure needs to be pursued first.

We have identified the following five objectives to sustainably cater for forecast trade growth. This Master Plan identifies the requirements to deliver on these objectives.

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

These objectives can only be achieved with the involvement of stakeholders, including Government and the community. Our role is to act as a key advocate so that we can manage and develop our assets in a safe, efficient and environmentally responsible manner to secure a port supply chain that will meet New South Wales’s growing needs. We are committed to promoting the trade benefits of our ports, both domestically and internationally, and will support Government actions in respect of international trade relations and initiatives that foster improved international trade exchange.

The New South Wales Ports 30 year Master Plan outlines our priorities and the actions we believe are required for a sustainable and efficient port supply chain well beyond the 30 year horizon. We have recognised that we cannot achieve the objectives that will ensure the ports and intermodal terminals can efficiently and sustainably cater for New South Wales’s future needs on our own. Many stakeholders will need to work in a coordinated and collaborative manner if we are to successfully deliver on this Plan.
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PORTS - QUEENSLAND

Year in review

By ROY CUMMINS, chief executive officer, Port of Brisbane Pty Ltd

The Port of Brisbane is one of Australia’s fastest growing multi-cargo ports and key driver of the Queensland and northern New South Wales economies. A multi-billion dollar infrastructure asset, the port handles more than $50 billion of trade each year, comprising more than 50 per cent of Queensland’s international freight trade.

The Port of Brisbane Pty Ltd (PBPL) is responsible for driving sustainable trade and business growth and facilitating infrastructure investment that secures viable long-term access to the port.

Ongoing commitment to health and safety

PBPL’s business focus is underpinned by a commitment to health and safety, as our number one priority. This commitment has seen significant safety outcomes achieved during the year. In July, PBPL reached a milestone achievement –1,000 days Lost-Time-Injury free.

Positive trade growth

The port’s diverse commodities base supported positive trade results for the 2015 financial year. Overall, total throughput reached 35.4 million tonnes. Total imports were impacted by a slowdown in Queensland’s project boom and challenging economic conditions in South-east Queensland; however, the import container sector, motor vehicles, and refined oils achieved positive growth. Total export containers (TEUs) grew by 4.14 per cent, dominated by beef. Droughted however, lead to a decline in cotton and cereal volumes.

We continued to work closely with the agricultural sector to identify new trade opportunities and more efficient routes to market. Results showed significant growth across agricultural export commodities, including meat (up 10.3 per cent), beef product (up 13.6 per cent), agricultural seeds (up 10 per cent) and chickpeas (up 39 per cent). Growth in this sector was bolstered by ongoing demand from key markets including Asia, North America and the Middle East.

Securing long-term access

Securing an effective and seamless modal balance, both land and waterside, remains an ongoing focus for PBPL.

This year we continued our support for the Federal Government’s Inland Rail project - including a dedicated port connection - and continue to work closely with State and Federal Governments, and ARTC, to determine the project’s timing and subsequent port connection.

We remain supportive of the Federal Government’s proposed reforms to coastal trade and shipping in Australia, and have been working closely with industry to investigate new and innovative coastal shipping services, both intra and inter-state. The proposed reforms will provide a more cost-effective and sustainable domestic freight transport solution.

Building capacity

Works continued on PBPL’s $110 million upgrade to the port of Brisbane’s main access road, Port Drive. Once complete, the upgrade will provide dual carriageway access from the Port of Brisbane Motorway into the port precinct, delivering significant safety benefits, improved supply chain efficiencies and increased road capacity. Construction is expected to be completed mid-2018.

We also partnered with The University of Queensland (UQ) and relevant State Government agencies to investigate optimal use of the port’s shipping channel. Channel optimisation studies are aimed at enabling larger container vessels and bulk carriers to navigate the shipping channel. The work being undertaken is part of a three-year, $2 million partnership with UQ.

Remaining a socially responsible operator

Our connection to the local community is an integral part of who we are, and through our Corporate, Environment and Social Responsibility Program, we continue to support many local initiatives.

This year we funded a $500,000 pilot programme to undertake significant offshore stormwater treatment upstream of the port, which will help stop erosion and reduce sediment loads flowing downstream. For World Environment Day, we hosted a local event showcasing how PBPL is reducing waste and incorporating solar energy across the port precincts.

Our 2015 Community Grants Program was again a success, investing almost $120,000 into local community initiatives in the areas of environmental management, youth leadership, community welfare, and school education.

Looking ahead

Over the next twelve months, we will remain focussed on driving sustainable trade growth through the port of Brisbane. We will continue to work closely with key shipping and industry stakeholders to promote logistics solutions and progress major projects for the benefit of our industry and the State more broadly. Our ongoing partnership with Shipping Australia Ltd will remain integral in achieving these common industry goals.

Aerial view of Fisherman Islands
Rail to Port: Prosperity depends on it

The Port of Brisbane is Australia’s fastest growing multi-cargo port and a world-class infrastructure asset that enables the Queensland economy. Australia is in a unique position to capitalise on the economic shifts occurring in Asia that are increasing demand for agricultural produce. As global demand increases, trade growth is forecast to continue, delivering significant benefits to the Queensland economy and partners all along the supply chain.

A long-term freight solution is needed to support this growth. Achieving freight modal balance will deliver liveable, sustainable cities while driving productivity and competitiveness, lowering costs and strengthening the economy.

Dedicated freight rail access to the Port of Brisbane is a national infrastructure priority. It enhances the business case for Inland Rail, bringing delivery closer. Together they will future-proof the Port’s national road and rail connectivity and deliver significant, long-term benefits to exporters, industry and the community.

Guarantee global export competitiveness
Secure a viable and efficient path to market

Reduce logistics chain costs and deliver intermodal choices
Currently 5% of Port-bound freight is transported by rail; global standard is 30%

Improve road safety
It is 9 times safer to transport freight by rail than road

Reduce truck-related traffic congestion
Improve Australia’s productivity and liveability

Reduce carbon emissions
Rail emits 75% less greenhouse gas emissions per tonne of freight compared to road

To find out more about how the Port of Brisbane can provide your business with opportunities to grow, visit www.portbris.com.au or phone +61 7 3258 4888.
Ports North is launching its new business strategy to promote Far North Queensland port capabilities on the back of some exciting developments across its ports.

The strategy focuses on project shipping opportunities through the port of Cairns, new bulk commodity export opportunities through the port of Mourilyan and the further development of the port of Karumba in the Gulf of Carpentaria, as a strategic export port for the northern Australia mineral province and food bowl.

Ports North owns and operates nine ports in Far North Queensland: Cairns, Mourilyan, Cape Flattery, Cooktown, Quintell Beach, Thursday Island, Skardon River and Karumba. They handle bulk shipments of sugar, molasses, silica sands, zinc, fuel, fertilisers, log products, minerals, livestock and general cargo, representing $1.8 billion of the gross regional product.

Ports North consolidated its position as a vital trade and tourism hub during the 2014-15 financial year, with around five million tonnes of cargo making its way through its Far North Queensland ports, bound for domestic and international markets. This was in addition to the strong growth in tourism business through the port of Cairns, which had more than 750,000 Great Barrier Reef visitors pass through its world-class marina and Reef Fleet Terminal.

And new developments and expanded capability are expected to further improve these results in the coming year.

At the port of Mourilyan, commencement of iron ore exports is planned for November 2015 via a new export industry, which is set to add significantly to the annual gross regional product and regional employment in the coming years. The export opportunity was facilitated by Ports North’s construction of a state-of-the-art mineral stockpile facility at the port. The facility is designed to hold a 50,000 tonne stockpile capable of servicing monthly shipments of up to 40,000 tonnes.

Our experts worked long and hard to create this facility, which breaks new ground in environmental safety and controls. Ports North worked closely with the Department of Environment and Heritage Protection, miners and other supply chain stakeholders to ensure that all environmental, logistic and regulatory requirements were addressed and operational efficiencies maximised.

The facility significantly expands the port of Mourilyan capability, which includes bulk sugar and molasses terminals and a live cattle export facility. Land adjacent to the stockpile facility is immediately available for development of further export facilities, as is an adjacent 2 hectare open bulk storage stock pad. Ports North continues to engage with other potential exporters in the port catchment to add further bulk storage facilities at the port.

This natural deep water port is an ideal bulk export hub. It is our quiet achiever, with huge potential.

The port of Karumba is also under the spotlight as Ports North works to facilitate new exports from the north-west Queensland region.
Located at the mouth of the Norman River, in the south east corner of the Gulf of Carpentaria, Karumba has serviced remote communities since the late 1800s.

Earlier this year MMG Limited confirmed that its Century Mine would cease production, with the last mineral exports through the port of Karumba expected to occur in 2016. The export of zinc concentrate from the Century Mine has been the mainstay of the port since the late 1990s.

Current port users, including commercial fishing, cargo and live cattle operations, will be able to continue to operate through the port. Ports North, together with the regional Harbour Master, is continuing to work with cattle exporters, in particular, to identify suitable shipping arrangements to optimise future port utilisation. We will also be looking at promoting Karumba’s suitability as a transhipment hub for minerals, agricultural commodities and project freight, as the development of northern Australia is progressed by federal and state government.

Focus has also turned to exports at the port of Cairns, a key location in the Ports North stable. Not just a pretty face - with a location between the Great Barrier Reef and World Heritage rainforest mountains - the port of Cairns has many industrial wharves, easy channel access, no shipping congestion and world-class maritime services.

The port of Cairns is an ideal hub for project cargo opportunities at local, national and international level. As the most northern trading port on the eastern seaboard of Australia, it is the natural centre for supplies shipped to the mining and coastal communities north of Cairns, including the Torres Strait Islands, Gulf of Carpentaria and Freeport Indonesia. It is also the closest trading port to Papua New Guinea and is perfectly positioned for the South East Asia and Pacific markets.

Major cargo operations are carried out at heavy duty wharves 7-8, which have a quay length of 250 metres and width 27.8 metres. These wharves can handle 35 tonne forklifts; heavy single loads up to 67 tonnes; and mobile cranes of up to 200 tonne capacity load. Other wharves are used for cruise and tourism vessels, fishing fleets, refuelling, and regular shipping services by Toll, Sea Swift and Queensland Sugar Limited. Two barge ramps can also take vessels up to 75 metres and have loading facilities available for construction materials and project cargos, such as pre-assembled modules, mining machinery and containers. Cairns has potential port storage locations of up to three hectares.

Many people associate the Cairns location as a tourism mecca, and yes, in many ways, it is. But it also has a very sophisticated maritime industry, a naval base, commercial fishing and exports facilities. It is a workhorse, and ready for anything.

For more information about Ports North visit www.portsnorth.com.au

SUPPORTING TRADE
SUPPORTING REGIONAL DEVELOPMENT

- Ports North’s ports are critical to the regional economy, representing $1.8 billion gross value added and 17% of the gross regional product.

- Ports North works closely with business and regional development organisations to grow trade and increase exports and imports from the region.

- Our customers include those in the tourism sector, agriculture, mining, coastal trade, marine industry support, navy and fishing.

Growing trade and tourism through our ports contributing to regional economic growth.

www.portsnorth.com.au
Gladstone

New trade and consolidated growth in second century of operations

By GLADSTONE PORTS CORPORATION (GPC)

Gladstone Ports Corporation (GPC) reached a new record of 100 million tonnes of trade for the first time across its three ports of Gladstone, Bundaberg and Rockhampton in the 2014/15 financial year. Looking forward, trade is projected to increase by around 15 per cent for 2015/16. Much of this growth is the result of the new LNG export trade from Curtis Island off Gladstone, the new Wiggins Island Coal Terminal (WICT), as well as a number of new trade opportunities such as agricultural products.

The 2014/15 financial year saw the commencement of an exciting new LNG export industry within the port of Gladstone. The three LNG plants established on Curtis Island are scheduled to produce and export over 25 million tonnes of LNG per year from 2016, with the majority of exports under long-term supply contracts to Chinese, Japanese, South Korean and Malaysian buyers. The Curtis Island LNG export hub is not only the first LNG export hub on the east coast of Australia, it is also the first in the world to be based on coal seam gas. The gas is sourced from the extensive coal deposits of Central and South-West Queensland.

Whilst the coal market continues to face challenging times, GPC continues its commitment to meeting the needs of its customers whilst managing trade and economic growth. In April 2014, the new Wiggins Island Coal Terminal exported its first shipment of coal. In addition to assisting in terminal operations, the increased trade and utilisation of port services enabled GPC to increase its revenue and profitability in 2014/15. With WICT in full operation, the port of Gladstone now has the capacity to handle over 100 million tonnes of coal per year.

As outlined in GPC’s 50 year Strategic Plan, the corporation will cease coal operations at its Barney Point Terminal by mid-2016, with the transfer of existing coal to GPC’s RG Tanna Coal Terminal and the new Wiggins Island Coal Terminal. The closure will enable operations at Barney Point to focus on other dry bulk and possible new trade opportunities, including the possibility of petroleum trade through Barney Point. The closure of coal operations at Barney Point is a positive and progressive step for GPC, as the corporation consolidates its management of coal, continues to manage the impact of its operations on the community and ensures the sustainability of its facilities.

The corporation continues to look at ways in which it can diversify its product and customer base across its three ports. Preliminary investigations have highlighted possible growth opportunities related to containerised trade, the agricultural and fuel industries, and other specialised commodity and bulk products. GPC believes it can also significantly increase trade through its Bundaberg and Rockhampton ports over the next
few years.

In June 2014, approval was granted for the construction of the Knauf Plasterboard manufacturing facility at the port of Bundaberg. The project comprises the construction and operation of a state-of-the-art plasterboard manufacturing facility at the port, including gypsum handling and processing facilities to support plasterboard production, and for on-sale of gypsum into the agriculture sector. The new development will increase port tonnage by over 70 per cent, and with a gas supply and other infrastructure incorporated into the design, will be a catalyst for other future trade opportunities for the port of Bundaberg.

GPC recently welcomed new trade for its Auckland Point Terminal facility in Gladstone, with the, export of logs commencing in July 2015, and the export of woodchip from December 2015. GPC’s Auckland Point Terminal will process one shipment of logs per month, making it the second largest log export operation in Australia. The new log and woodchip export trade is the result of a partnership between GPC and HQ Plantations, the largest plantation company in Queensland, and is a collaborative effort to salvage timber plantations that were impacted in the Category 5 Tropical Cyclone Marcia in February 2015.

Over the past 18 months, GPC has been working with P&O Cruises and relevant government departments to establish the port of Gladstone as a destination for P&O’s new Great Barrier Reef discovery cruises. Six cruises have been scheduled to visit Gladstone from March 2016 to June 2017. With up to 2,500 passengers on each vessel, the new cruise route presents a significant tourism and economic opportunity for the Gladstone region. Ships will berth at GPC’s Auckland Point facility at Auckland Inlet.

GPC ended the 2014/15 year on a positive note, with trade projected to grow to nearly 145 million tonnes handled per year within the next five years, putting the port of Gladstone on track to be one of Australia’s largest multi-cargo ports by the end of the decade. ▲

PORTS - QUEENSLAND

North Queensland

Smart ports - bright future

By STEVE LEWIS, chief executive officer, North Queensland Bulk Ports Corporation

As one of Australia’s largest port authorities, North Queensland Bulk Ports Corporation (NQBP) is responsible for the four trading ports of Weipa, Abbot Point, Mackay and Hay Point, and the non-trading port of Maryborough.

More than half of Queensland’s trade by tonnage, passes through the operating ports.

Against a backdrop of challenging commodity markets and economic conditions, we have striven over the past year to ensure our business is responsive to the needs of our customers.
customers, is cost effective and supports the communities served by our ports.

I am confident that NQBP is on a path to being truly sustainable and generating prosperity for current and future generations.

NQBP has given particular focus to better understanding the supply chains of our customers, the markets in which they are trading, and keeping abreast of commodity price movements – particularly coal, which represented 81 per cent of our trade activity. We are optimistic about future demand for Queensland minerals and produce, with an expectation of growth rates of 2-3 per cent across the spectrum of traded products in 2015-16.

We have worked hard to reduce costs, to provide capacity for future growth plans and, more importantly, to ensure our customers have the most cost-effective and nimble service that we can provide.

Our cost structure compares very favourably with that of adjacent ports and confirms that NQBP is cost competitive (on port-related costs) for all products traded through our ports. We will become even more attractive to trade, at our general cargo port in Mackay as, with our supply chain partners, we achieve improvements to road, bridge and rail access to and from the port over coming years.

In reflecting on the year past, the following have been particular highlights:

- Focusing on our cost structure and pricing, which has yielded immediate benefits for customers by minimising increases to port charges to below CPI,
- The work done by NQBP on the Abbot Point expansion has been important in assisting the Queensland Government to respond quickly in supporting major project development at this port. We are committed to continuing to provide professional port and project management expertise to this important priority port,
- Our involvement and leadership in the Reef 2050 initiative and our work on sustainability that has built upon the outstanding work that NQBP has done in this area during past decades,
- Our substantial work on supply chain understanding and identifying where we add value to our customers. In addition, we have greatly increased our customer awareness and responsiveness in 2014-15, an area that we wanted to improve. We are encouraged by the feedback we are receiving on our refocused commitment to customer engagement.

There is a transformation occurring across our business, and what we have achieved in 2015 has set the platform for our new vision and strategic direction.

**Customer focus**

Closer relationships with customers continue to be central to helping trade grow, for the benefit of Queensland and Australia.

We continue to develop better operational responses to growing demand. This includes using the capability and marine expertise of our pilots, providing enhanced customer service at our security points and in our marine services, and ensuring that we market port services to current and future trade customers.

Our commitment to grow the port of Mackay, as a port with existing capacity for growth, will be a strong part of our work into the future.

The port of Mackay consists of four berths within a harbour sheltered by breakwaters. Major commodities traded through the port include grain, fuel, sugar and sugar products. Land areas behind the port accommodate more than 100 industrial and commercial businesses, with substantial areas of vacant land suitable for further development.

Major capital investment in recent times has included an $18 million upgrade of the southern breakwater, which increases the resilience of the breakwater against future weather events, and a significant upgrade to the port’s fire suppression systems. This investment is ongoing, with a focus on further improving the port’s capabilities for new trades and industries.

Mackay has extensive capacity within the existing wharf infrastructure and a large land area that can accommodate break bulk cargo, particularly over-size/over-mass freight.

The port’s proximity to developing mines in the Bowen and Galilee coal basins, as well as other infrastructure projects and agricultural enterprises, makes it an ideal supply chain partner for both inbound and outbound commodities and goods.

**Sustainability**

NQBP is the only port operator in the world to operate three major ports within a World Heritage Area.

I am very pleased that NQBP has laid out a clear strategy for port sustainability, which has seen us publish our Sustainability Plan 2015+, which demonstrates the significant work we are doing to ensure that our ports are leading in this important aspect of corporate citizenship.

We will continue to be innovative, forward-looking and embrace technology to ensure we remain responsive and creative in meeting the needs of our customers, staff, community and shareholders.

**Bright future**

NQBP strongly believes that all our ports and the communities they serve have a bright future. We are excited about the years ahead and committed to ensuring that we continue our focus on customer service, regional development, community engagement and creating value from doing our work smarter and more effectively.

We are working with all stakeholders to understand and unlock the opportunities that are presented in the Commonwealth Government’s White Paper on Developing Northern Australia.

Finally, I would like once again to thank our customers, who have been outstanding in their resolve to build their businesses in the face of tight commodity prices and changing economic circumstances. NQBP appreciates their ongoing advice and support to our ports, and we will continue to support our customers to realise their potential.
The port of choice

The Port of Mackay features four berths within a sheltered harbour. Strategic advantages include negligible ship queuing, extensive common user infrastructure, ready access to major transport corridors and an extensive land bank for laydown areas or development. With proximity to existing and future resource projects and agricultural developments, the port is an ideal supply chain partner for both inbound and outbound commodities and goods.

Choose Mackay - the gateway for regional Queensland

North Queensland Bulk Ports  P: 1300 129 255  E: trade_portdevelopment@nqbp.com.au
A momentous year for investment

By VINCENT TREMAINE, chief executive officer, Flinders Port Holdings

Derived demand for ports and shipping services presents a challenge when trading conditions weaken, but Flinders Port Holdings has responded with investment and is reaping the rewards.

Step change for Flinders Adelaide Container Terminal
2015 was a momentous year for Flinders Adelaide Container Terminal. Two new container cranes, costing $24 million arrived at the terminal in January, then underwent rigorous commissioning for four months. The Hon Jay Weatherill, MP, Premier of South Australia, officially launched the 950 tonne cranes at a special event in June. Each crane has a maximum lifting capacity of 80 tonnes, using a special cargo beam and is capable of lifting multiple containers simultaneously. Improvements in ship turnaround times from leading edge safety and efficiency features are already evident, with third quarter productivity rates up by over 15 per cent, compared to previous periods. Continued efficiency upswings favouring shipping line clients are anticipated, as the benefits of the new cranes and the terminal’s new $1 million training simulator take full effect.

The arrival of the terminal’s new general manager, Steve Cox in May, signalled a new phase in the business’s development. Steve replaced incumbent general manager, Peter Cheers who retired in July after 14 years of exemplary service with the Flinders Port Holdings group. Peter did an outstanding job leading the assimilation of the terminal facility into Flinders Port Holdings, following its acquisition from DP World in 2012.

Flinders Ports invests in technology and looks to the future

The group’s ports division, Flinders Ports acknowledged history by launching two new pilot boats named Alert and Reliance, after ships served on by legendary navigator and company namesake, Matthew Flinders. These new vessels, built by Hart Marine, cost $5 million and were the first new pilot boats purchased in South Australia for 20 years. The boats have identical specifications and the 27 knot top speed will bring enhanced manoeuvrability and responsiveness to the company’s pilotage services. Innovative safety features, including a self-righting mechanism, a beak-bow design and Forward Looking Infra-Red (FLIR) are improving safety and productivity for pilots and launch masters, and will boost their search and rescue capability.

Investment in technology has extended to the landside with new software implementing the company’s strategic asset management programme and the roll-out of the vPort platform. The new asset
Discover a partner you can rely on.

2 New post panamax cranes

7 Ports in South Australia

2 Patents for dust suppression

2 New pilot boats

Streamline your supply chain – call +61 8 8447 0611
Visit our new website: flindersportholdings.com.au

Ports  Logistics  Containers
management information software will align Flinders Ports’ business processes to the internationally recognised ISO 55000 standard. vPort, developed in partnership with Esri Australia, is a software platform that provides Flinders Ports with a single, common operating picture of all sea and land operations. It provides real-time data on vessels, vehicles and their locations, and incorporates a data playback system to enable comprehensive analysis of safety incidents. The new system is already having a positive impact, winning the Technical Excellence Award at this year’s South Australian Spatial Excellence Awards.

Flinders Logistics delivers environmental and productivity benefits at Port Pirie

Flinders Logistics continued to affirm its standing as a safety and environmental leader in logistics. This year the Flinders Logistics team received an environmental award from Nyrstar in Port Pirie for effective dust suppression during ship loading. Using its patented DF MISTING® technology for discharging Nyrstar’s concentrate product has allowed wind restrictions on ship operations to be reduced, driving efficiency gains. Ships can now be worked for longer and for more days each month, saving time, cutting shipping and stevedoring costs and increasing productivity for Nyrstar’s Port Pirie Smelter. The award follows Flinders Logistics continued commitment to enhancing its dust suppression technology and the company securing two patents for its innovative DF MISTING® system.

In partnership with ISAustralia, Flinders Logistics launched a work experience initiative, which fused the company’s goals of supporting communities and workforce planning. Long-term unemployed from Adelaide’s recession-hit north-western suburbs, gained practical experience at Flinders Logistics’ Berth 29 facility, while showcasing their potential as future employees.

The outlook for 2016

As a result of stepping up engagement with clients, targeting investment into smart technologies that boost productivity, tonnages across the wharf have continued to grow. 2016 will see a redoubling of effort across the Flinders Port Holdings group, because when the going gets tough, the tough get going.
The port waters of Geelong welcome about 700 ships a year.

And a raft of capital upgrades over the coming years will ensure the welcome mat stays out for the next generation of bigger ships set to use Geelong’s channel network.

The Victorian Regional Channels Authority is committed to providing safe access for all ships - now and in the future. Its long-term development strategy of targeted channel improvements is a key to keeping the network efficient and the port productive in future decades.

While planning for the future is vital, the VRCA is continually improving access for today's ships and the 13.5 million tonnes of cargo they transport through the port each year.

The VRCA is directing millions of dollars into annual upgrades, through projects including a recent $9 million dredging program. With other multi-million dollar capital dredging projects in the pipeline, it’s all about providing safe passage for the increasingly bigger ships and larger ship numbers sailing Geelong’s way.

VRCA is investigating the installation of Dynamic Under Keel Clearance to allow a potential cargo increase of thousands of tonnes for those larger vessels in the world fleet.

Safety is paramount in Geelong’s port waters. High-visibility GPS/GSM controlled lights and beacons as well as virtual beacons clearly delineate the channels while a Smart Dock laser system boosts berthing safety in all conditions.

The VRCA also invests heavily in marine logistics and control systems, with its 24/7 marine traffic management system using technology including automated ship identification (AIS), very high frequency radio (VHF), mobile telephony, satellite communications and real-time tide and wind sensors, available online.

As well as commissioning annual hydrographic surveys, VRCA rigorously tests its channel network’s capacity using sophisticated ship simulation and logistic modelling programs.

It’s all part of the VRCA’s pledge to the ships of today and the visitors of tomorrow - to provide safe and efficient passage into the port and a big Geelong welcome.
Geelong has always been a vibrant port and recent developments at the Victorian Regional Channels Authority (VRCA) have improved Geelong’s capacity and safety. The port’s 15 berths receive over 700 ships per year. Cargo traded is worth over $8 billion per annum and the throughput is in excess of 12 million tonnes.

Geelong’s port and channels already confer considerable economic and social benefits for Geelong. The VRCA is committed to ensuring that its channels meet the needs of port users to help Geelong prosper into the future. The VRCA’s commitment to safety and efficiency is also evident in its on-going improvement, works and maintenance programmes.

**Dynamic Under Keel Clearance**

Dynamic Under Keel Clearance (DUKC®) is a computer algorithm that takes account of real-time conditions to predict whether the Geelong channel can cater for an individual ship’s draught, at a given time.

DUKC® means that Geelong is no longer reliant on static clearances. Information about tides and weather is fed into the DUKC® system, which calculates the available under keel clearance and advises pilots to adjust speed accordingly.

The VRCA has adopted DUKC® to admit large ships with more cargo, without requiring any changes to the channel infrastructure. Ships may be allowed up to 12 meters draught, and that means a cargo uplift of 1350 to 3000 tonnes per vessel.

With DUKC®, port users can maximise the draft of bulk carriers and still safely navigate the Geelong channel.

**Safety improvements**

A recent works programme has further improved access, safety and efficiency for ships using Geelong shipping channels, and berthing at Refinery pier is underway. The works have eliminated the risk of a large vessel being caught by a northerly wind and being pushed into the shallows, significantly improving safety for vessels and tugs alike.

The $8 million dollar contract was awarded to Heron Construction Company Limited, following an extensive tender process. Works were carried out by the Machiavelli, which returned to Geelong after successfully completing a project during 2014.
Geelong company, Elstone Diving, relocated navigation marks and another local firm, Fusion Map, conducted hydrographic surveys.

The works also pave the way for a new berth at Lascelles Wharf.

New satellite-controlled beacons are also now in place. The solar-powered beacons are connected to satellites and synchronise a pre-set flash pattern after they switch. In addition, beacons at critical points in the channel, for example, channel entrance and bends, automatically upload information to a database and chosen telephones about the light, battery and solar cells. This allows maintenance to be optimised.

Research – bend at Point Richards channel

The VRCA has an active research programme to ensure that we know the conditions that could impact on new developments.

During 2014, URS Australia completed a geotechnical assessment of nine sites, including Point Richards channel, to facilitate future channel improvements. The objective of the investigation was to establish the soil and rock types of the chosen areas and properties of the sub seabed strata at the proposed dredge sites.

Results show that dredgers are likely to encounter:

- Recent unconsolidated sediments - Comprising predominantly very soft clays,
- Consolidated sediments - Basalt rock (high to very high strength, fresh to distinctly weathered, variably fractured).

Where basalt rock is present, such as at Point Richards bend, it will be necessary to break up the rock into manageable chunks, if it is not fractured already. Building on URS’s research, careful investigation will commence soon to ascertain the feasibility of future works in the rock bend of Point Richards channel. Investigations will determine how difficult or easy it will be to remove the basalt.

Herron, with the aid of the Machiavelli, will conduct test dredges at the rock bend with a view to determining the degree of difficulty of removing the basalt. This will also ascertain the type of technology needed to modify the channel.

Land transport interface

The State Government has announced its intention to undertake the Murray Basin Rail Project to meet the increasing demand for freight services and remove around 20,000 truck trips from effected roads.

Of all the options investigated, the selected project will bring the most benefits to Geelong. Benefits include:

- Modal shift from road to rail,
- Improved economic efficiency by allowing larger loads (an estimated additional 500,000 tonnes per annum),
- Transport options – When Ballarat is congested, exporters will be able to move loads via Ararat. In the absence of congestion, exporters can utilise the shorter Ballarat route,
- Potential to expand bulk export tonnage for commodities, such as grain and mineral sands.

Project completion is expected by the end of 2018.

Economic study

Minister for Ports, the Hon Luke Donnellan, launched the “Economic Impact of the Port of Geelong” at the Pier Restaurant during October 2015.

The study showed that 709 ships visited the port of Geelong during 2014/15. The most significant cargo types were:

- Crude oil and petroleum products,
- Woodchips,
- Fertiliser,
- Grain.

The total throughput of the port was 12.1 million tonnes – a very busy port indeed – and the cargo traded had an estimated value of $8.2 billion.

The economic impact of the port on the Barwon region and the State is staggering.

The direct economic impacts of the port of Geelong on Victoria are:

- $570 million in value of output,
- Adding $141 million to household income,
- Creating $293 million in value, and 1,800 jobs.

Geelong’s port serves a dynamic and thriving city. The VRCA maintains and improves the Geelong channel to ensure that the port can serve the business community of Geelong and Victoria now, and in the future.

The message to the world is that Geelong is open for business and the VRCA is constantly striving to improve efficiency, capacity and safety of the Geelong channel.

Reefin Pier within the port of Geelong - The Viva Energy Geelong Refinery is the largest customer of the port, with shipping volumes accounting for approximately 50 per cent of total port of Geelong volumes
The only constant in change

By NICK EASY, chief executive officer, Port of Melbourne Corporation

In the 180 years since the first cargo was unloaded in Melbourne, the Port of Melbourne has demonstrated its versatility in adapting to new trade opportunities and policy changes.

Port infrastructure investment surges

PoMC’s strong track record of port infrastructure investment has been a constant feature of its customer commitment, with total capital expenditure of $311.1 million in 2014-15.

This significant investment helped drive the Port Capacity Project at Webb Dock, which is well advanced, on schedule and within budget, providing the Port of Melbourne and its customers with a competitive market offering backed up by innovative global expertise.

The diverse range of physical works has included over 3,000 piles being driven, minor dredging, installation of navigation aids at the northern end of Webb Dock and the construction of internal roads, including a direct link from the port to the West Gate/ M1 corridor, together with upgrades to the existing Todd Road roundabouts.

The automotive berths at Webb Dock West 1 and 2 are operational and hosted the world’s largest car carrier, the Hoegh Target, in late October. The VICt container terminal development at Webb Dock East is progressing well and is on schedule to host container vessel arrivals in late 2016/early 2017.

Consolidating the automotive import pre-delivery service at the northern end of Webb Dock, the Pre-Delivery Inspection Hub operated by Patrick AutoCare and PrixCar has also commenced operations.

Another trade milestone

A strong trade performance in the 2015 calendar year saw the Port of Melbourne reach a new milestone with over 2.6 million TEU handled in a twelve-month period.

Full container imports rebounded strongly with a record 112,347 TEU handled in October, while motor vehicles also recorded double-digit growth, compared to the previous year.

During the year, the vibrancy of trade across all cargo types through the Port of Melbourne was illustrated by the diversity of the vessel arrivals we welcomed, including the Pangle with its 6540 TEU capacity, the arrival of Suezmax vessels such as the Nordic Breeze with 14.5 metre draught, the maiden call of the Golden Princess, which will home port in Melbourne, and the arrival of the Hoegh Target mentioned above.

Port pricing

Pricing has always remained a contentious topic across the ports sector. SAL, together with a broad range of port customers and service providers, highlighted supply chain cost pressures in response to PoMC’s Industry Information Paper. All submissions were carefully considered by PoMC and ultimately culminated in loaded international container export charges being frozen, held at the previous year’s rates, while other charges, including channel fees, were adjusted by CPI only.

Released in May 2015, PoMC’s Reference Tariff Schedule 2015-16 represents a prudent approach to pricing, particularly given the previous year’s price adjustments of less than 1 per cent.

Port lease transaction

The Victorian Government’s plans to seek private sector interest to lease the commercial operations of the Port of Melbourne are well documented with many of our customers and stakeholders, including SAL, contributing to the Parliamentary inquiry process.

At the time of writing, the proposed legislative framework is still being considered by the Victorian Parliament. Subject to the appropriate approvals for the lease to proceed, Port of Melbourne Corporation (PoMC) remains mindful of its role to ensure that the current high levels of service and capability are maintained, and to ensure a seamless transition for port customers.

Many readers would be aware that the proposed legislation establishes Victorian Ports Corporation (Melbourne) as the successor State entity to PoMC, which is earmarked to manage a variety of functions and activities including vessel traffic services, emergency management and cruise shipping at Station Pier. Most of the port’s current land-based assets and operations are proposed to be leased to the private sector.

We acknowledge that it represents a significant reform in State-based port management but it is not without precedent and our ongoing efforts are directed at ensuring the appropriate systems and resources are in place for trade continuity and business certainty.

Conclusion

PoMC has welcomed the longstanding collaboration with SAL and its members throughout 2015 and we look forward to continuing that relationship in 2016 and beyond, as the Port of Melbourne embraces a new era of change and opportunity.
One of the most innovative, sustainable, fully automated terminals in the world.

Introducing VICT at Webb Dock East
Coming to Melbourne, Australia
Fourth Quarter 2016
Victoria International Container Terminal 2016 update

ANDERS DOMMESTRUP, CEO, Victoria International Container Terminal, Melbourne, Australia

In fourth quarter 2016, Australia’s newest international container terminal will begin operating at Webb Dock East in the Port of Melbourne. Known as Victoria International Container Terminal (VICT), this brand new trade gateway will be the fully-automated flagship terminal of Philippine-based container terminal operator International Container Terminal Services, Inc. (ICTSI). With a minimum annual capacity of one million TEU, VICT presents ICTSI with its first commercial venture onto Australian shores.

**Principally Positioned**

ICTSI’s total capital investment to achieve the three million plus TEU capacity will be around $550 million and operations will commence in the fourth quarter of 2016. Initial development will include a 660-metre wharf with five neo-Panamax ship-to-shore (STS) gantry cranes. VICT’s prime position at the mouth of the Yarra River, unhindered by the West Gate Bridge, means reduced towage for ships to berth as well as the ability to welcome and handle the new +6,000TEU vessels for up to 14.0 metres operating draught.

**Collaboration for sustainable outcomes**

VICT has worked closely with stakeholders to ensure that its construction and operations incorporate a high degree of environmentally responsible designs. For example, we have utilised cutting-edge technology in the form of Light Emitting Plasma (LEP) luminaires which effectively minimise light-spill, directing light only where required for a safe working environment. Lights can be dimmed in zones when no operations are occurring, reducing unnecessary use. This investment pays for itself in the long-term, through lower energy consumption and less maintenance, as well as minimising obtrusive and unnecessary lighting. A win-win situation for both terminal and community.

For the new terminal to meet the high modern standards we felt were necessary for preventing pollution risk for Port Phillip Bay in terms of its water quality, marine life and beach amenity, VICT incorporated a new drainage system into our design. Using a combination of various Stormwater Quality Improvement Devices (SQIDs) to ensure over 99% removal of all Total Petroleum Hydrocarbons (TPH). The final complementing process involves landscaping with native grasses and bioswales to remove silt and pollution from surface run-off.

**Efficient, sustainable services**

Engineered with the future in mind, VICT will introduce a full range of automated handling solutions to achieve the highest levels of safety and efficiency across operations, which are truly 24/7, for all of its users. VICT is partnering with top suppliers of equipment and automation and we are prepared for the large task ahead of successfully integrating VICT’s operations and equipment. We already have the full system virtually live and ready for testing over the next 12 months and live physical testing will begin immediately following the first equipment delivery in March, 2016.

**Engaging to improve**

We have also engaged with the various industry players to present the opportunities our automation can provide. In return, we have received valuable feedback on what they regard as being the most important service features, essential for future container terminals.

Shipping lines raised two key requirements: to be able to berth and handle +8,000 TEU vessels with 4-5 cranes; and the ability to send the high number of empty boxes that need to be evacuated, directly to the terminal from the importer devanning site.

Our current development schedule will have 5 STS cranes and 10 stacking modules ready in 2017, and will provide capability to handle large vessels with 4-5 cranes. The Direct Empty Return service will be available to allow immediate export of empty TEUs, and form part of our improved Two-Way Running system with trucks. It also replaces the current double-handling of empty TEUs via off-site container storage yards for boxes intended for immediate return to Asia.

Both cargo owners and exporters are looking for terminals to take a role in providing cost-efficient weighing services for them to comply with new SOLAS and Australian Maritime Safety Authority (AMSA) requirements for safety on-board vessels as well as streamlining services with authorities for a quicker turn-around and security improvement. VICT are investing the necessary requirements to provide an accurate and cost-effective weighing service, which could be accessed by both exporters, hauliers and shipping lines.

**The VICT promise**

VICT will deliver a state-of-the-art international container terminal to Webb Dock East towards the end of 2016 for its employees to work safely within and grow as professionals. We aim to be the first container terminal to achieve an “excellent” rating from the Infrastructure Sustainability Council of Australia (ISCA) for our design and build to ensure top sustainability performance. We will remain committed to our community and we will continue to engage with all our customers and industry stakeholders to gain an understanding of their needs and challenge ourselves to excel in meeting them. These important goals will serve to guide VICT as we prepare to enter the market and commence operations at the end of 2016.

**About the author**

Anders Dommestrup is the Chief Executive Officer of Victoria International Container Terminal Ltd. He has spent his entire working life in container shipping and terminals and was based in Asia and the Middle East for most of his 23-year career. Prior to joining VICT, he was Chief Operating Officer of Modern Terminals Ltd with a 5.5 million TEU throughput at the Hong Kong facility and fulfilled the COO role for MTL’s interest in three other Chinese terminal operations. Dommestrup began his role as CEO of VICT in January, 2015.

**About the organisation**

VICT was appointed by the Port of Melbourne Corporation to design, construct and operate the Port of Melbourne’s new international container terminal at Webb Dock East. VICT’s development will deliver a leading global standard in modern container terminal design, innovation and operations, using the best-proven technologies to deliver automated operations from gate to quayside. VICT is due to begin operations in the final quarter of 2016. VICT is owned by International Container Terminal Services, Incorporated (ICTSI), a global container terminal operator headquartered in Manila, Philippines with a portfolio of 29 terminals throughout 20 countries.

**Enquiries**

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In its principal role as a facilitator of trade, Fremantle Ports takes a strategic approach, liaising closely with shipping lines, other customers and service providers to understand their businesses and the challenges and opportunities of their operating environment.

In doing so, our aim always is to add value.

Over the past year we have been able to do this in many ways, for example, infrastructure projects completed, successful outcomes achieved in improving landside container logistics and benefits delivered through the introduction of upgraded information and safety systems.

Overall, Fremantle handled more than $28 billion in trade in 2014-15, with a total of more than more than 2000 commercial ship visits to the Inner and Outer Harbours.

Iron ore shipments by Mineral Resources Ltd through Fremantle Ports’ upgraded Kwinana Bulk Terminal and a big grain harvest for Western Australia were significant factors in the 6.7 per cent increase in the port’s trade.

An increase of 5.7 per cent in container trade in 2014-15 was ahead of forecasts despite the slowing of the Western Australian economy.

Fremantle Port handles almost all of Western Australia’s container trade through the Inner Harbour and has continued to work with port service providers, industry bodies and State government agencies to increase capacity and efficiency in this sector.

The investment in infrastructure at North Quay/Rous Head to service the container trade has been important and timely. The average annual growth in Fremantle’s container trade over the past decade has been about 4.7 per cent.

The completion of roads and services for the Rous Head Industrial Park, on land reclaimed through dredging, has improved efficiency and safety of road access to the terminals and other key facilities. It has also reduced the risk of truck congestion at peak times.

The new land reclaimed at Rous Head through our 2010-11 harbour and channel deepening created an opportunity for relocation of businesses, consolidation of leases and improved interface between related operations servicing the container trade. This is working well, and key performance indicators and incentives have been built into the lease agreements.

The extension of the North Quay rail terminal from 400 to 690 metres, with funding from the Federal and Western Australia State Governments, has been another significant step in improving Fremantle Ports’ capacity to handle growth in the container trade.

The Hon Warren Truss MP, Deputy Prime Minister and Minister for Infrastructure and Regional Development, and Western Australia Transport Minister, Dean Nalder, attended an event on 10 November 2014 marking the completion of roads and other infrastructure works for the Rous Head Industrial Park and the rail terminal extension.

Mooring system improves safety and efficiency

Safety in port operations and all other aspects of Fremantle Ports’ business continues to be a high priority. One of the actions over the past 12 months in this regard has been the purchase of a ShoreTension system for safer mooring of ships.

ShoreTension, which was developed in Rotterdam, is a stand-alone hydraulic mooring system that prevents mooring lines from snapping by keeping the lines under constant tension, reducing movement caused by strong winds, currents, swell or passing ships.

The system also improves safety of port personnel working on the berth and the improved stability increases efficiency of loading and unloading cargo. It can be used on any berth as required, and can be monitored in real time via the web on a PC, tablet or smartphone.

Crane capacity increased

Fremantle Ports welcomed the arrival of a new portainer crane for DP World’s North Quay container terminal in February 2015. The ZPMC quayside post-panamax container crane made the journey from China on the semi-submersible ship, Zhen Hua 18.

This is the second crane of this scale for DP World in Fremantle, and increases to five the total post-panamax portainer crane capacity of Fremantle’s Inner Harbour.

Growth seen in cruise ship visits

In 2014-15, cruise passenger numbers through Fremantle Port passed the 100,000 figure for the first time in 42 years. A total of 43 cruise ships calls brought a total of 117,565 passengers and 29,943 crew.

Fremantle Port has 56 ship visits scheduled for 2015-16.
Mid West Ports Authority, covering Geraldton, Cape Cuvier, Useless Loop and Oakajee, reports that its first full year of operation has been safely and successfully completed. Total trade of 16.9 million tonnes enabled Mid West Ports to achieve all of its operating and financial targets.

The Mid West region has benefited from more than $1 billion of private and public investment in port and transport infrastructure, over the last 10 years. This investment has facilitated a run of eight successive years of record trade, growing from handling 4.3 million tonnes in 2003/04 to a record 18.4 million tonnes in 2013/14, an overall trade increase of 328 per cent.

Unfortunately, the current iron ore price is putting pressure on the region’s existing producers and on the viability of expansion projects. This effect resulted in a 7 per cent decline in iron ore exports during 2014/15, and reduced the likelihood of near term capacity constraints and the pressing need to deliver planned infrastructure enhancement.

Strategically, the Port Authority is entering a new phase and is monitoring and working closely with the region’s current and prospective exporters and service providers to ensure that services are delivered as efficiently as possible, and to enhance utilisation of port authority assets to add further value to regional and State economic activity.

Looking ahead, in the absence of a significant positive movement in iron ore price, it is anticipated that iron ore trade could see further downward adjustment as deposits are mined-out and expansion plans fall short of achieving start-up targets. In this environment it is essential that Mid West Ports Authority’s future strategic efforts focus on both operational efficiency and consolidation at the same time as delivering its core objective of facilitating current and new business.

The Mid West Ports Authority has been a strong supporter of the State Government’s efforts to establish a viable port operation at Oakajee. However, over the last 12 months, lower iron ore prices and the consequential impacts on mining proponents has negatively affected prospects for this project. Mid West Ports Authority continues to monitor developments and stands ready to support the project should interest be renewed.

In June 2015 the previous record single consignment lifted from the port of 66,729 tonnes was exceeded when the MV *Double Paradise* sailed from Berth 7 with a 75,349 tonne consignment, and further investigation is underway to accommodate even larger vessels, potentially up to 253 metres LOA and 42 metres beam.

During FY 2015 harbour surge resulted in a 12 per cent loss of berth availability at Berths 4, 5, 6 and 7, and a total of 46 mooring lines were reported as breaking, by 6 per cent of vessels entering the port. The surge continues to be a major source of productivity loss and a significant source of safety risk. In May 2014 the Mid West Ports Authority conducted a symposium involving international experts with a view to identifying potential solutions to the effects of harbour surge.

Following on from the symposium, comprehensive wave monitoring has been undertaken to map the behaviour of trapped wave energy within the harbour. This will support the future development of a moored vessel model and anticipated amendment to the berthing threshold system employed by Mid West Ports to improve vessel safety. These outputs are expected during 2015/16.

Other initiatives identified during the symposium, including the use of new mooring technologies and physical barriers, are not considered to offer viable economic solutions at this time, although the Authority continues to monitor the use by Karara Mining of MoorMaster units at Berth 7, and the deployment of ShoreTension units at Esperance and Fremantle.

Mid West Ports Authority has made important in-roads towards its objective to establish a whole of life asset management system. This innovative system initially required the definition and establishment of an asset condition and consequence rating system. This system was aligned with early recommendations for best practice, as defined in the Ports Australia Wharf Structures Condition Assessment Manual.

The condition of all of Mid West Port’s assets identified as being critical to the port’s operations were inspected and assessed under the rating system, including seawalls, navigation aids, berth and wharf structures, materials handling structures and mechanical and electro-mechanical equipment. A second inspection of assets, whose condition was considered compromised, was delivered in May 2015 to monitor the rate of deterioration.

For each asset, management options have been identified and preferred management strategies are being progressively identified.

In May 2015 the Mid West Ports Authority proudly launched its Reflect Reconciliation Action Plan. This plan commits the organisation to explore its spheres of influence, to build relationships with local communities and to identify how it can best contribute to the reconciliation effort. ▲
Australian Marine Surveys

OUR SERVICES

✓ Pre-purchase and P & I Club Entry Condition Surveys
✓ Loss and Damage Surveys for P & I Clubs
✓ Deadweight / Draft Surveys
✓ Cargo Hold & Tank Cleanliness (AQIS Accredited)
✓ In-stow and Wharf Surveys for Steel Products
✓ Stability Calculations for Seaworthiness and safe loading operations
✓ Cargo Gauging and Securing Surveys
✓ Bunker Sampling and Quantity Surveys
✓ ISM / ISO-Internal Audits
✓ Flag state Inspections
✓ Expert Witness to local courts.
✓ Vessels On/Off Hire Condition Surveys
✓ General Marine Surveys
✓ Port Captaincy/Supercargo Services
✓ Bulk Liquid / Cargo Contamination
✓ Collision Damage
✓ Superintendent: Cargo & Marine
✓ Personal Injury Inspections
✓ General Marine Consultancy
✓ Claims Investigations
✓ Hull & Machinery Surveys
✓ Fixed & Floating Object Damage
✓ Technical Inspections
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✓ Marine Engineering Consultancy
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emphasising best practice for safety and environment, better management of communication and improved long-term planning and infrastructure development.

Through investment in technology, people and practices, the Southern Ports Authority is improving the capabilities, resources, and skills of all three ports to meet the increasing demands of their customers, local communities and regions.

Sustained growth


The Southern Ports Authority is diversified across minerals, forestry and agriculture. During the year, the port of Bunbury started exporting grain for the first time since 1989. In the coming year, the port of Esperance is expected to commence the export of woodchips.

The Southern Ports Authority is developing a proactive and integrated methodology to economic development and the facilitation of trade. Working collaboratively with stakeholders and the private sector is integral to the Authority’s approach, which will see greater alignment between port planning, private investment and State and regional transport, freight and infrastructure development.

The Southern Ports Authority will introduce a new approach and processes to leverage its trade diversity and sustaining growth. A focus on supporting small and large trade opportunities, and implementing continuous improvement of existing trade, will ensure the Authority continues to be a critical player of the Western Australian economy.

Accessible and open

The new organisational focus means that every member of Southern Ports Authority is involved in, and is contributing to, a more cohesive approach to the facilitation of trade across the south west of Western Australia.

Southern Ports Authority is making great efforts in becoming more accessible and open to constructive dialogue with all stakeholders.

While cohesive governance is delivered by a single Authority within the Executive of Southern Ports, the ports of Albany, Bunbury and Esperance continue to operate under local management. Collaboration with members of each local community will continue to occur via Port Community Consultation Meetings at each port.

Looking to the future

The future world economy is likely to provide growth potential to each of Southern Ports Authority’s ports but exposes them to commodity cycles. The success of the inaugural year demonstrates that Southern Ports Authority is strong and resilient.

To better tackle future challenges and seize opportunities the Southern Ports Authority will continue its advancements in all aspects of port operations, including being easier to deal with, enhancing safety, minimising harm to the environment, and improving the capability and career opportunities of Southern Ports’ employees.

New focus, bright future

By NICOLAS FERTIN, chief executive officer, Southern Ports Authority

Created by the amalgamation of the Albany, Esperance and Bunbury Port Authorities on 1 October 2014, the Southern Ports Authority completed its first year of operation with record trade volumes that facilitated vital trade for Western Australia’s resource industry and supported the export of a bumper grain harvest.

The three ports of Albany, Esperance and Bunbury remain key trading hubs along the southern coast of Western Australia, for a diverse range of commodities.

While each port retains its connection to its region, as well as its unique trades and characteristics, the Southern Ports Authority has aligned the strategic direction of the ports and transformed their commercial focus – driving better outcomes for customers, the communities and the environment.

The past year has been one of transformation, embracing new challenges and developing new opportunities for the organisation, its customers and its communities.

Important changes have included an increased customer focus, greater
30 YEAR PORT PLAN

Tasports has developed a 30 Year Port Plan to guide state wide port development for the benefit of industry.

With more than 99% of freight volumes moving in and out of Tasmania by sea, ports are a vital part of our transport system. As markets change, the development of our ports is key to meeting future freight demand. We have devised a clear plan to ensure any long-term developments that take place achieve the best value for our customers and broader industry.

WHAT DO WE WANT TO ACHIEVE?

Our objective is to provide economically sustainable ports to service Tasmania’s diverse freight needs over the next 30 years.

We want to:
- Meet customer expectations
- Optimise port utilisation whilst continuing to cater for freight demand
- Reduce infrastructure duplication without limiting growth potential
- Minimise supply chain costs for industry
- Meet financial expectations (upfront capital & operational expenditure) of our shareholder.

KEY CONSIDERATIONS

Our key considerations in assessing alternative strategies included:
- Investment in ports and facilities as they currently stand
- Investment required to meet future demand
- Under-utilised capacity in the current ports system
- Forecast freight demand over the life of the plan
- Potential cost impacts to customers.

This option recognises that there is both a diverse range of commodity types and ways to transport them, and gives us the opportunity to develop specialised ports for each.

The geographic spread of imports and exports will be accommodated via existing natural gateways, which means we won’t need to invest in significant changes to the major landside road and rail links.

It most closely aligns with our vision to provide economically sustainable ports to service the diverse needs of Tasmania over the next 30 years.

CONCLUSIONS

After weighing up the pros and cons, it was identified that the best way forward for the future of Tasmania’s ports is the evolution of our current port system to create a multi-port system with defined roles.

KEY BENEFITS

- Demand led
- Cost synergies
- Reduced infrastructure duplication
- Flexibility
- Supporting gateway industries.

HOW WILL A MULTI-PORT SYSTEM WORK?

Over the next 30 years, Tasmania’s ports will be required to import and export a diverse range of commodities, and continue to serve the needs of the community. To respond to a variety of different needs, we’ll have a variety of different ports.

For more information please visit tasports2043.com.au
Working to increase awareness

By JONATHAN WILLIAMS, general manager, Federation of National Associations of Ship Brokers and Agents

The year just gone has been another busy one for the Federation and its members, SAL included, with actions and developments taking place across the entire spectrum of ship broking and ship agency activity.

Our education initiative continues to develop, and 2015 saw the launch of the Young Ship Agent or Broker Award scheme. This invites young members of our profession (aged 35 or younger) to write a thesis-style paper of up to 10,000 words on a maritime-related subject of their choosing. The inaugural award saw seven very high quality entries received. The winner of this first award, generously sponsored by Club Members ITIC and BIMCO, was Renan Queiroz of Wilson and Sons, a ship agent based in Fortaleza, Brazil. Mr Queiroz was therefore invited to attend the Gala Dinner that concluded the 2015 Annual Meeting in Vitória, where he received his prize from FONASBA president Glen Gordon Findlay, accompanied by ITIC claims director Andrew Jamieson and BIMCO deputy secretary general Søren Larsen (see picture). The very high quality of the work submitted to the judging panel is indicated by the award of an additional highly commended prize to Mr. Aleksandar Obucina, a ship agent from Serbia, for a paper on Danube river transport.

All the 2015 entries have been compiled into an e-book which is available from the FONASBA website (www.fonasba.com). Following the successful launch, the award is now being repeated for 2016, with more time being allowed for entrants to submit their work, and so we expect a higher number of entries. Given the active and enthusiastic membership of Young Shipping Australia, we hope that some of its members will be represented in the 2016 entries.

Continuing with education, IMO secretary-general Koji Sekimizu invited FONASBA to make a presentation during the 2015 World Maritime Day symposium on maritime education and training. The author gave the audience, including the secretary-general and national delegations, an overview of FONASBA’s active support for the education and training activities of our members. The opportunity was also taken at that time to bring SAL’s press release supporting the 2015 WMD initiative to the secretary-general’s attention.

FONASBA is working to increase awareness within the shipping sector, and particularly amongst our members, of the importance of engaging in the discussions underway ahead of the introduction on 1 July 2016 of the amendments to SOLAS 6/2, covering container weighing. A survey carried out by FONASBA in September revealed that the responsible authorities in many member states were lagging behind in implementing the new regulations and, perhaps worse still, the shipping industry has been too slow to react to the changes they will bring about. FONASBA therefore applauds SAL’s actions in raising local awareness of the procedural and operational issues that will arise. With container lines being prevented from loading any container delivered for shipment after 1 July without a certificate of verified gross mass, FONASBA has been encouraging its members worldwide to follow Shipping Australia’s lead and engage proactively with national authorities and the container transport sector, to avoid the significant disruption to the supply chain that will result if the issues are not resolved well in advance.

The importance of short sea, coastal and river shipping to a large proportion of FONASBA’s membership cannot be overstated. We have reported in these pages previously that our European committee, ECASBA, has been a strong supporter of these modes in Europe and has often raised concerns with the European Commission and member states, at the failure
to put appropriate measures in place to allow such services to operate with the same levels of administrative compliance, as road and rail. This is not just a European issue however, and FONASBA will shortly be taking action to provide a forum through which supporters of short sea, coastal and river transport can coordinate their actions at international level. Given the importance of coastal shipping around Australia, we therefore look forward to Shipping Australia’s support for, and participation in, this initiative.

Our website has undergone a major upgrade to both its technical specification and content. The overall design is new, cleaner and more modern and, recognising that a significant proportion of all views are from mobile devices, is now fully responsive. Access to the Members’ Area has also been simplified. In terms of content, we have added a searchable virtual booklist, which includes textbooks for member association courses as well as industry-standard publications. Online ordering can also be done through the site. The responses to all FONASBA’s surveys are also available for download.

Nearly 100 delegates and partners from 30 countries attended the 2015 Annual Meeting in Vitória, hosted by our Brazilian member FENAMAR. The agenda for this year’s plenary meetings were modified to enhance interaction between speakers and delegates, and each presentation was followed by a discussion panel or Q&A session, thereby increasing the exchange of views and level of delegate input to each meeting.

The ECASBA plenary highlighted the issues currently under scrutiny in Brussels. These included developments in eMaritime and electronic ship reporting, continuing efforts to introduce a binding port regulation, the ongoing saga of European customs reform and a look at anticipated future developments in the wider maritime sector.

New for the Chartering & Documentary plenary was an item presented by ITIC, entitled “Who Are You Fixing With?”, which looked at the issues for ship brokers arising from the increasing number of brokers active worldwide, the huge volume of orders being quoted and the lack of both time and personal contact in the charter market. Whilst

the clock cannot be turned back to the days of face-to-face negotiations, brokers can still protect themselves from untrustworthy or potentially fraudulent counterparties by taking relatively simple precautions, such as carefully checking names and contact details. For example, getting the legal name right is vital to ensure that the broker is fixing with the correct party.

Both the FONASBA and Baltic Exchange Codes of Conduct require that the broker shall make “all reasonable enquiries” to ensure that orders are bona fide. Care should also be taken to ensure that any statements made in relation to the financial standing of a principal are accurate and can be supported. As Andrew Jamieson stated at the time, and on a number of occasions previously, a counterparty facing a loss, whether the fault of the broker or not, will look for any chance to attach blame and every statement made by the broker will be carefully scrutinised.

Our active and increasing participation in the BIMCO Documentary Committee was also highlighted at the meeting.

The Liner & Port Agency plenary meeting featured a review of the results of the survey on container weighing, the promotion of short sea shipping at international level (both referenced previously) and an update on the development of a FONASBA multipurpose agency agreement. Member associations were also strongly encouraged to participate actively in surveys of members and the Quality Standard, as well as to continue to populate, and regularly update, the Port Procedures Survey. The FQS has now reached the significant milestone with 400 companies (in 24 countries) now approved. With a growing number of ship owners and operators worldwide now regularly appointing FQS accredited companies, all member associations, whether currently covered by the Standard or not, are being encouraged to support and encourage the further expansion of its international coverage - and thus enhance its value to the global shipping community.

Alongside the usual administrative items covered in the Council Meeting, it was confirmed that the 2016 Annual Meeting will be held in London, hosted by the Institute of Chartered Shipbrokers, whilst 2017 will be in Dubai, as guests of the Dubai Shipping Agents Association.

By necessity, this is just a snapshot of the actions being taken by FONASBA on behalf its members. Much more information on all activities is available from our website and we would encourage SAL members to visit regularly for updates.

As mentioned earlier, active participation by member associations is strongly encouraged in order to ensure our Federation and its members are a cohesive and inclusive community, dedicated to promoting and protecting all our interests. Shipping Australia is an enthusiastic member of our network and we look forward as always to its continuing active participation in our activities. ▲
What makes a responsible Flag State?

By SIMON BENNETT, director, policy and external relations

The Australian Senate is currently conducting an inquiry into the use of open registries by foreign ships trading to Australia. The following summarises the views of the International Chamber of Shipping (ICS), which is the principal global trade association for ship operators, representing over 80 per cent of the world merchant fleet. Its membership comprises national shipowners’ associations from 37 countries, including Maritime Industry Australia Limited. ICS is also proud to have Shipping Australia Limited as an Associate Member.

The performance of individual flag states is critical to the overall performance of the shipping industry with respect to safety, pollution prevention and seafarer’s welfare. While it is shipping companies that must take primary responsibility for the safe operation of their ships, it is the flag state which has overall responsibility for the implementation and enforcement of the rules. It is therefore important for the industry – as represented by ICS – to promote the vital need for good flag state performance, and to discourage the use of any flags that may continue to perform poorly.

But what makes a responsible flag? From the shipowner’s perspective, there are a number of key criteria that should be considered.

First, of course, a responsible flag should normally be expected to have ratified all of the key maritime Conventions that have entered into force, and be committed to ensuring implementation and enforcement of these Conventions on board its ships. The best means of assessing this will be the flag’s Port State Control record.

Whilst it may seem obvious, a flag state should also have sufficient infrastructure in terms of qualified and competent staff, offices and equipment to meet its obligations under IMO and ILO Conventions. In a globalised hi-tech industry, whether the majority of this infrastructure is located in the flag state itself should not be an issue. Different flags may also have different approaches depending on the extent to which they delegate survey functions to class societies. But if a flag does not have separate inspection or crewing departments, for example, it is possible that it’s only effective function is the collection of registration fees.

It is also vital that flag states establish appropriate controls over Recognised Organizations (RO) delegated to conduct survey work, or ISM and MLC audits. While there are a handful of very reputable ROs, which are not members of IACS, ICS believes that companies should seek to understand the reasons why a flag state may use a large number of ROs that are not IACS members.

There are many other important responsibilities, too numerous to address in detail here, including attendance at IMO meetings, robust arrangements for when ships change flag, and the proper conduct of casualty investigations, as well as full participation in the IMO Member State Audit Scheme, which is about to become mandatory. An effective means of consulting with owners on regulatory and safety issues, ideally using the mechanism of a national shipowners’ association, is also important. We elaborate on some of these features within the annually published ICS Flag State Performance Table.

For shipowners, these are some of the key determinants of a flag that takes its responsibilities seriously, and are far more important than any other arbitrarily applied distinction between different “types” of flag.

There is nothing inherently unusual about a ship registration system in which the owner, operator or manager of a ship may be located in a country other than the state whose flag the ship flies.

Indeed, in the 21st century, the term used by the UN and IMO to describe flag states which permit the registration of ships that may be beneficially owned in another country is ‘open register’. But ICS actually believes that even distinctions between open registers
and so-called ‘traditional’ maritime flags are no longer relevant or helpful today, particularly when making generalisations about the effective implementation and enforcement of international regulations governing safety, environmental protection and employment standards.

According to UNCTAD, the eight largest fleets operating under what are generally accepted to be open registers are, in descending order of size: Panama, Liberia, Marshall Islands, Singapore, Bahamas, Malta, Cyprus and the Isle of Man. Collectively, 64 per cent of the world merchant fleet is registered under these eight largest open registers.

These open registers have all ratified every principal IMO Convention, currently in force, whereas there are a number of these Conventions that have still not yet been ratified by a large number of OECD flag states. These open registers have ratified the ILO MLC and were amongst the first to do so.

All of these feature on the ‘white lists’ of quality flags published by the two principal regional Port State Control (PSC) authorities: the Paris and Tokyo MOUs. In other words, on the basis of the low number of deficiencies and detentions recorded for ships under the control of these flags, and the fact that all have undergone audits under the IMO Member State Audit Scheme, all of these flag states are regarded by the Tokyo and Paris MOUs as being ‘low risk’ for the purpose of Port State Control targeting.

Overall, these flags also perform excellently when it comes to the other criteria mentioned above, as is exemplified by their records with the latest ICS Flag State Performance Table.

The designation of certain flags as ‘Flags of Convenience’ (FOC) is a purely unilateral decision, taken by the International Transport Workers’ Federation (ITF) Fair Practices Committee.

The ITF website lists 34 flags as being ‘FOC’, a designation that seems to ignore any objective assessment of performance with respect to safety, environmental protection or the employment regulations enforced by the flag. The ITF list includes most of those largest open registers, mentioned above, whose quality is not in doubt.

Recent developments such as the adoption of the ILO Maritime Labour Convention, and its successful implementation by the leading open registers, also put the question of the continuing logic of the FOC campaign into sharper perspective.

Recognition of this came from the highest levels during the IMO Marine Environment Protection Committee in May this year. In his opening remarks to the Committee, the IMO secretary-general remarked that “We have moved beyond ‘flags of convenience’… they have become international registries with international responsibilities.”

These questions are of course particularly relevant in the context of the Australian Senate’s current inquiry into the use of so-called ‘Flag of Convenience’ shipping, to which ICS made a detailed submission in September 2015.

In summary, the ICS submission expanded on the arguments set out above, and questioned the whole validity of the pejorative ‘FOC’ designation.

The ‘FOC’ campaign, which began in the 1940s, is out-dated in the 21st century, when the majority of the world’s seafarers serve on a ship whose flag is different to their nationality, and when most OECD maritime nations now also have tonnage tax regimes, which emulate the approach adopted by many open registers and also compete to attract foreign shipping companies.

It is time that we pay heed to the words of the IMO secretary-general and move beyond the arbitrary and unhelpful distinctions of previous years, so that we can instead focus on the more important task of ensuring that all flags meet their responsibilities to ensure safe and environmentally sustainable shipping.
Cognisant of the challenges that will be faced by regulators, the CMI has set up an International Working Group (IWG) in relation to “Unmanned Ships”. It is being chaired by Tom Birch Reynardson. The IWG sees its task as conducting an assessment of current technological developments in relation to unmanned ships, to review all international conventions and regulations, and to draft any amendments needed to take account of those technological changes.

In relation to motor vehicles, Tesla CEO Elon Musk is quoted as saying that “Five or six years from now we will be able to achieve autonomous driving where you could literally get in the car, go to sleep and wake up at your destination”, but then added it may take two or three years for regulatory approval to be obtained.

At a conference in Singapore earlier this year the comment was made by Oskar Levander, vice-president of Maritime Innovation, Engineering and Technology at Rolls Royce, which is one of the companies driving research into unmanned ships, that:

“The main challenge will be international law or regulatory obstacles. The IMO would have to approve, which could take time.”

Whilst there have been many recent articles and television news programmes featuring autonomous motor vehicles and the waterfront is being transformed by robotic machines, it is only recently that much has been written and spoken about shipping. It is however worth recalling that Professors Edward Brown and Nick Gaskell were retained in 2000 by “Britain’s Society for Underwater Technology” to examine the “legal status of the autonomous underwater vessels used for marine scientific research.”

The London Branch of the Nautical Institute held a seminar on 24 and 26 September 2015 entitled: “Autonomous Ships - What does the future hold?” The publicity for that seminar pointed out that: “Autonomous and unmanned vessels are already in use in the defence industry for mine clearance and targets, in the oil and gas industry for subsea positioning, surveying and environmental monitoring and in oceanographic data collection. Whilst the number of vessels is small, the technology is advanced and can be easily scaled up to SOLAS size”.

Also, in his paper for the Maritime Law Association of Australia and New Zealand (MLAANZ) Conference in Perth in September 2015, Professor Martin Davies spoke on “International maritime trends/future of shipping” and one of the topics he identified was “autonomous ships”. Coincidentally the then president of MLAANZ, in his opening remarks of welcome at the annual AMTAC address on the previous evening, had referred to research predicting the percentage chance of robots taking over in various professions, which reminded me that in a seminal article in the Journal of International Maritime Law (2014) 20 JIML 403, entitled “The Law of Unmanned Merchant Shipping - An Exploration”, Eric Van Hooydonk (one of the members of the CMI IWG) posed the question “Master, seafarer, pilot, tug master, traffic controller, stowaway, pirate - all destined for the history books?”

The benefits that might flow from use of unmanned ships are not hard to discern. The MUNIN (“Maritime Unmanned Navigation through Intelligence in Networks”) Consortium, which consists of eight partners in Germany, Norway, Sweden, Iceland and Ireland see developments in autonomous ships as enabling the transport sector to meet the challenges of competitiveness, safety and sustainability and “producing economically sustainable transport due to reduced crew cost” and “significantly increasing the social compatibility and attractiveness of seafaring”.

What about the Regulatory regimes? It is not surprising that all the major International Maritime Conventions, especially those dealing with liability, (whether it be the Collision Convention, the Salvage Convention, the Hague Rules, the Civil Liability
Convention, the Bunker Convention, the Hazard and Noxious Substances Convention) do not make particular reference to the officers and crew being on-board a vessel, as it would never have occurred to those drafting those conventions and using the word “ship” or “vessel” in referring to their operation or navigation that in performing such tasks, they would not be manned.

In his article, Eric Van Hooydonk concludes his review of a number of the Conventions by suggesting that “unmanned ships would be covered by the greater majority of the existing regulatory definitions and it would appear that the existing definitions and national laws would in principle continue to be functional in respect of these craft”. The questions which need to be asked, however, are whether States and international regulatory bodies will be happy for those conventions to be interpreted as being operational and effective in circumstances in which ships are being operated remotely, whether special provisions will need to be drafted to impose responsibilities and liabilities (or requiring further qualifications) on those who are performing the roles of officers or crew from ashore and what changes will be made to manning requirements (whether on board or ashore) in light of these technological changes by Classification Societies, States and international regulators.

A recent article in Lloyds List Australia (17 September 2015) reports on the London International Shipping Week and Lloyds Register's report on technology trends in the year 2030. The author, Craig Eason, after reporting on the technological changes which were foreshadowed in the report, noted that it was still being suggested that ships of the future would have large accommodation blocks. On his enquiry as to why that would be so, the response was “the industry, and the public, are not ready for an image of a tanker, gas carrier or large bulk vessel without one”. The author then opined that “the crew of the future will be remote, fewer, but much more highly educated and therefore expensive to hire”.

Another article in the same issue of Lloyds List by David Osler commenced with the sentence:

“The arrival of unmanned vessels will accelerate the chances of a successful cyber attack on commercial shipping, and the event will come as a surprise when it does happen, a Lloyds market audience has been told.”

At the CMI’s Conference in New York in May 2016 sessions will be devoted to both “Unmanned Ships” and “Cybercrime”, the latter being a subject for another day. ▲

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**MARITIME LAW**

**Australia’s limitation of liability lacunae**

*By MAURICE THOMPSON, partner, Clyde & Co Australia*

In the Autumn/Winter edition of this magazine, Marcus John of Thomas Miller (Australasia) Pty Ltd provided a helpful article on “The importance of limitation of marine liability” (see page 50 thereof). In his article, Marcus explored a number of ways in which marine liability could be limited, and provided the reader with some insightful views as to the origins and rationale of the concept in general. He indicated that the Australian limits of liability under the Limitation of Liability for Maritime Claims Convention 1976 (“LLMC 76”) were recently increased, with application from 8 June 2015. In this short article, I shall explain a number of complications with regard to the manner in which this increase came into being as a matter of law and the impact of Australia denouncing the LLMC 76.

**Australia’s denunciation of the LLMC 76:**

It is noted that Australia denounced the LLMC 76 with effect from 1 June 2014. That is interesting, because the Limitation of Liability
for Maritime Claims Act 1976 (Cth), which is the implementing legislation and gives effect to the 1996 Protocol to LLCM 76, actually makes no reference to the denunciation. Article 9(1) of the 1996 Protocol states that, as between parties to the 1996 Protocol, the LLCM 76 and the 1996 Protocol must be read together. This means that even if Australia is no longer a party to LLCM 76, the content of that convention must still be considered in interpreting the 1996 Protocol.

As a consequence of the effect of the denunciation, Australia no longer owes any treaty obligations to countries that are not parties to the 1996 Protocol, but which may have been party to the LLCM 76. Consider some of the countries on our doorstep. Hong Kong is now a party to the 1996 Protocol and not LLCM 76. China is not a party to either, though its domestic law is similar to the 1976 LLC. Singapore is still a party to the LLCM 76.

This can have significant impact on claims and result in forum shopping. For example, if a Chinese owned vessel was arrested in China or Singapore and the vessel owner established a limitation fund in the Australian courts, then neither China nor Singapore would be obliged to release the vessel under arrest because neither are parties to the 1996 Protocol and Australia is not a party to LLCM 76. Similarly, if a vessel was arrested in Australia and yet Chinese owners established a limitation fund in China or Singapore, the Australian court would not be obliged to release the vessel because Australia owes no obligations to China or Singapore under the LLCM 76, and neither China not Singapore are parties to the 1996 Protocol.

The increase to the 1996 Protocol limits:

On 19 April 2012, the Legal Committee of the IMO agreed to amend the 1996 Protocol to increase the applicable limits of liability (“Revised Protocol”). The decision to review the limits came in the wake of a number of marine casualties where the cost of the clean-up far exceeded the amount to which the relevant vessel owners were entitled to limit their liability. The Queensland “PACIFIC ADVENTURER” bunker oil pollution incident in 2009 was one such incident.

The increased limits were given effect in Australia by the Limitation of Liability for Maritime Claims Amendment Act 2015 (Cth) and came into force on 8 June 2015. A question remains, however, as to what limits would apply where the incident occurred prior to 8 June 2015, but the limitation fund was only established after that date? The question is not clear-cut. The date that a fund is constituted sets its value, in accordance with the value of the SDR of the IMF on the date the fund is constituted (article 8.1). It is not clear, however, whether the occurrence had to be after 8 June 2015 to be subject to the increased limits.

When the LLCM 76 limits were originally increased by the 1996 Protocol, article 9(3) specifically provided that the LLCM 76 as amended by the Protocol, would apply only to claims arising out of occurrences that post-dated the entry into force for each State of that 1996 Protocol. By comparison, a clarification of that nature is not stated in respect of the Revised Protocol. The position appears to be different because the Revised Protocol amended the 1996 Protocol, not the LLCM 76.

It is also noted that the Limitation of Liability for Maritime Claims Amendment Act 2015 (Cth) does not make provision for the increased limits under the Revised Protocol only having application to occurrences after 8 June 2015. Neither is there anything to the contrary in the explanatory memorandum.

This is in marked contrast to the English position. The English Merchant Shipping Act 1995 gives effect to the LLCM 76 (i.e. s.185(1)) and the 1996 Protocol (i.e. s.185(2A) to (2G)). That legislation then provides, in s.185(2E), that:

“No modification made by virtue of subsection (2A), (2B), (2C) above shall affect any rights or liabilities arising out of an occurrence which took place before the day on which the modification comes into effect”.

If the Australian legislator wanted such a position to prevail here, then it should have amended the Australian legislation in a similar way. As a matter of statutory construction, it can therefore be argued that the Revised Protocol has application to occurrences before 8 June 2015, if a limitation fund was not established until after 8 June 2015.

This is interesting when one considers the current legal proceeding in the Australian Federal Court, commenced by the Commonwealth of Australia against the Chinese owners of the vessel “Shen Neng 1”. That vessel ran aground on the Douglas Shoal in the Great Barrier Reef on 3 April 2010 causing severe damage to the reef over an estimated 80 kilometres to 400 kilometres. In a Defence dated March 2014, the Chinese owners sought to rely on the 1996 Protocol limits, which would amount to a limitation of roughly $27,442,286. It would, however, be open to the Commonwealth of Australia to argue that the Revised Protocol should apply, such that the limitation amount would increase to roughly $41,426,831. A very significant increase, the benefits of which could affray a large portion of the damages sought by the Commonwealth of Australia.

In its Reply dated July 2014, the Commonwealth of Australia obviously had no opportunity to challenge the Chinese owner’s asserted entitlement to rely on the 1996 Protocol limits. It is noted, however, that the Commonwealth of Australia has been granted leave to amend its Reply by latest on 17 November 2015. It remains to be seen whether, in that document, the Commonwealth of Australia will seek to take full advantage of this legislative “irregularity” (i.e. if this was not the intention of the legislator).
Has Australia become an ‘arrest friendly’ jurisdiction?

By STEPHEN THOMPSON, partner, Holman Fenwick Willan LLP

Until recently, it was not considered possible to sustain an arrest in Australia under a maritime lien for unpaid bunkers supplied to a ship. This changed in September this year, when the Federal Court, in Reiter Petroleum Inc v The Ship “Sam Hawk” [2015] FCA 1005, held that a Canadian bunker supplier could arrest the MV Sam Hawk for such a claim.

Section 15 of the Admiralty Act permits an action against a ship to enforce a maritime lien. Maritime liens are rights which attach to the ship at the time of the incident and remain attached even if she is sold to a third party. In effect, this means that a ship can be arrested under a maritime lien even if the new owner was not responsible for (and did not have any knowledge of) the incident. A maritime lien is therefore a very strong tool that can be used by a claimant to halt the ship owner’s ability to earn an income until sufficient security is provided to meet the claim. It is important to note that the claim need not be strong to effect an arrest. It is sufficient to merely plead a claim that is reasonably arguable.

The circumstances in which a lien arises under Australian law are very few, being limited to those specified in the Admiralty Act, for example in respect of collision, salvage and unpaid crew wages. Australian law does not recognise a maritime lien for the supply of necessaries (such as bunkers) to a ship.

In a landmark decision, His Honour Justice McKerracher held that the Federal Court does have jurisdiction to maintain the arrest of a vessel, where the claim is based on a maritime lien granted by governing law of the parties’ bunker supply contract. The Court was willing to look at whether the law of the contract, (in this instance US) granted the claimant a maritime lien, even though that country granted rights that are significantly wider than those in Australia.

The Federal Court’s decision has significant implications for ships calling at Australian ports, particularly in the context of the recent insolvency of major bunker suppliers, such as OW Bunker Ltd. For example, if a ship has stemmed bunkers under a contract governed by US law, and the physical or contractual suppliers remain unpaid, the ship’s owners may find that she is vulnerable to arrest on a future call to Australia, even if the bunkers stem had not been placed by the owners.

This widening of the right to arrest in Australia does not end with the supply of bunkers. It now arguably extends to all circumstances in which the claimant has a reasonably arguable claim that a maritime lien has arisen under an applicable foreign law.

We have already seen a number of vessel arrests under the Sam Hawk principles.

The arrest of a ship can have a significantly negative impact not only on the ship, but also the port, particularly if she is being loaded or discharged at the time of arrest. Whilst the threat of an arrest is usually sufficient pressure for the ship’s owners or their P&I Club to provide the claimant with adequate security for their claim, in times where many ship owners are experiencing financial stress, adding another risk to trade will not be welcomed by some in the industry.

In an effort to protect themselves, ship owners may in some cases issue a ‘no lien’ or ‘no liability’ notice when accepting bunkers. Whilst this may go some way to assisting owners when defending the supplier’s ultimate claim, The Sam Hawk suggests that this will not prevent an unpaid bunker supplier from effecting an arrest in order to obtain security for that claim. As such, ship owners should be aware that there is a considerable possibility that the increased incidence of arrests in The Sam Hawk mould will continue in Australia.
OW Bunker - the fallout

By JOE HURLEY and CHRIS SACRÉ, HWL Ebsworth Lawyers

On 5 November 2014 the OW Bunker Group (OWB), the world’s largest bunker supplier, uncovered a major fraud committed by senior employees in a Singaporean subsidiary, as well as apparent losses relating to unsupervised OTC trading. Insolvency followed soon after and the shipping industry has been wrestling with the fallout ever since.

OWB had been playing an important role in the bunker market providing the conduit between a huge network of local bunker suppliers and the world wide ship owning community.

Ship Owners immediately realised that they faced the real possibility of having to pay twice for the same bunker stem. With OWB sheltering in insolvency, the unpaid physical suppliers looked directly to the vessels and their owners for payment. Equally OWB’s liquidators are seeking to enforce payment under the head contracts with OWB.

The ensuing three-way battle has lead to important and potentially far reaching legal decisions in England and Australia, the effects of which will be felt long after the OWB dust settles.

**English Court of Appeal - Res Cogitans [2015] EWCA Civ 1058**

The English Courts have been grappling with a test case brought by ship owners against a physical supplier and OWB.

Owners sought to rely on sections 12 and 49 of the UK Sale of Goods Act 1979 (see equivalent sections 17 and 51 of the Sale of Goods Act 1923 (NSW)) to avoid paying OWB, on the grounds that when title is retained by the physical supplier, OWB have failed to transfer property in the bunkers to Owners. Owners asserted that in such circumstances there is a total failure of consideration on the part of OWB, which provides Owners with a complete defence to a claim by OWB for the price.

On 22 October 2015 the Court of Appeal found against Owners. The Court’s reasoning has far reaching implications for ship owners and those drafting commercial sale of goods contracts containing retention of title clauses and delayed payment terms.

The Court of Appeal focused on the 60 day payment terms which permitted the bunkers to be burned by the ship pre-payment and for title to be retained pending payment. In the circumstances the bunkers had all been consumed pre-payment. The Court of Appeal upheld the decisions of the Court and Arbitrator below and concluded that the contract was not “a contract of sale of goods” because the bunkers had been consumed by the time they were paid for - i.e. no goods were sold. The Court characterised the contract instead as a licence for the consumption of the bunkers. As such the Sale of Goods Act did not apply and Owners must pay OWB.

We anticipate that at the time of drafting both parties believed that they were agreeing a contract for the sale of goods. However, the Court insisted on digging into the detail of the contract when determining its true nature and the decision serves as a good reminder that a contract’s label serves little legal purpose.

It is expected that Owners will appeal to the English Supreme Court and as such this important line of authority is not yet closed.

**Australian Federal Court - SAM Hawk [2015] FCA 1005**

In Australia there are only four common law maritime liens, namely: salvage; damage done by a ship; wages of the master or crew and masters disbursements.

This means that in the past a physical bunker supplier without a direct contract with the ship owner has not been able to arrest the owner’s vessel to seek security for its claim.

On this issue the Federal Court had previously followed the Halcyon Isle in which the English Privy Council concluded that the question of whether a maritime lien existed would be determined by reference to the law of the forum (i.e. restricting maritime liens to those recognised at English Common law only, and not for example, a foreign lien).

However, in a ground breaking decision on the 11 September 2015, the Australian Federal Court concluded that the Halcyon Isle decision does not reflect the state of Australian law and that the Federal Court had jurisdiction to consider a claim arising out of a foreign maritime lien arising under Canadian law.

This decision opens the door to arrests by physical bunker suppliers who hold maritime liens under say, United States or Canadian law, where creation of a maritime lien on supply of necessaries or bunkers has long been recognised.

For the time being therefore Australia provides an attractive arrest jurisdiction for those physical suppliers left unpaid by OWB. However, at the time of writing the decision is subject to appeal, so watch this space. ▲
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PACIFIC SPECIFIC WITH GLOBAL CONNECTIONS
Cybersecurity and Ports: vulnerabilities, consequences and preparation

By HAZEL BRASINGTON and MICHAEL PARK, partners, Norton Rose Fulbright Australia

Modern logistics are unimaginable without the speed, connectivity and scale, of the digital age. Recognising this dependency, there is a new emphasis in the global maritime industry on safety and security in the digital space. Businesses of all sizes can start by understanding the vulnerabilities, and preparing their own response.

Cybercrime and data risk more generally, are here to stay. Both the incidences of breach and the exposure of business will continue to grow. As the maritime industry embraces new technology, including the use of e-navigation and the rising volume of business conducted online, so the ramifications of the cybercrime increase.

Vulnerabilities: where is the port community open to threat?

Statistics from IBM’s 2015 Cyber Security Intelligence Index suggest that for the last two years the finance and insurance, manufacturing, information and communication industries have been the target of over 60 per cent of incidents.1 So far, ports and shipping apparently remain relatively safe, compared to other industries. Older technology on ships, not linked to external servers or the internet, may mean the shipping industry is under less pressure than some of its peers.

However the truth is that shipping is a business that is heavily dependent on electronically stored and transmitted data and is vulnerable to a cyber attack in a number of different ways. Cybercriminals successfully attack by ‘infecting’ a computer or a network with “malware” that can allow data to be read, copied, manipulated or destroyed. Computers or networks can be infected in a variety of ways – for example by the use of an unsecured piece of hardware, by clicking on an infected attachment of an email, transacting with a sham enterprise or responding to web-based impersonation.

Within a port community or other logistics hub, the number of stakeholders who are communicating, and their varying capacities to manage or invest in security measures, increase the risk. In comparison with global shipping lines, small enterprises, such as brokers or agents, may not be in a position to exercise much control over websites or servers. Added to this, parties in a shipping community often operate in a relatively close-knit way, using and trusting each others’ systems or contacts, in contrast to other sectors where parties may operate on a more arms’ length basis.

Using knowledge gained through monitoring data on a shared system or by email, or by manipulating information fed to parties through a port community system, cybercriminals can potentially steal money, goods or cause delays. In the past, cybercriminals have stolen money by inputting their own bank details in place of those sent between parties that have been hacked, or in one recent incident, intercepting and redirecting (through email infiltration and impersonation) a multi-million dollar funds transfer from an owner to a shipbuilder.2 Others have made use of freight sites, by either using the identity of real freight companies, but providing fake mobile numbers and email addresses, or else setting up entirely fake organisations.3

Still more sophisticated bodies might take over, or infiltrate, existing freight operators, taking control of money or goods, before disappearing. An example of a criminal hacking of a port community system occurred at the port of Antwerp in 2011. In this case, hackers remotely accessed the port’s network4 to identify containers in which they had hidden illegal goods, and then removed the goods before they were searched by authorities.5 A Europol report says that the cyber attack was a “classic intrusion” sending emails to staff with attachments containing Trojans. The criminals took the further step of physically breaking into port offices and installing key logging devices to capture passwords.6 Because of the speed at which they operated, and the removal of containers by the criminal drivers before the port staff even saw the containers, it seemed to port officials that the containers were disappearing.7 This process is alleged to have continued for two years.8

Consequences: what can go wrong?

A variety of costs can be incurred by a business or agency as a result of a cyber breach, including the fees of external security consultants to investigate and contain the breach; the cost of repairs and/or replacement of systems and data; lost or reduced revenue due to downtime, while the system is fixed; compensation and possibly litigation costs. In addition to interrupting business during and immediately after the breach, a cyber attack can act as a distraction to senior management for a significant amount of time after the breach itself. The need to revise security systems and deal with legal claims will put legally consume months. Reputational damage and the loss of trust associated with cyber breach stands to drag down future opportunity and profit. A study conducted by Symantec and the Ponemon Institute in 2013 found that the average lost business resulting from a data breach in Australia was almost $2 million.9

Liability can be incurred under the Privacy Act 1988 (Cth) if it is found that an organisation, in respect of personal information10 held, did not take “such steps as are reasonable in the circumstances to protect the information... from misuse, interference and loss and... from unauthorised access, modification or disclosure”.11 While most organisations operating in a port community are unlikely to hold personal information on the same scale as a financial institution, for example, this principle should still be kept in mind.

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in protecting the information of employees and individuals with which an organisation is dealing. Additionally, claims could be made by affected parties – and in the close-knit port community a data breach of one party could quickly affect many others.

In certain jurisdictions, such as in the United States, there is a mandatory notification requirement after a data breach, compounding costs and administration for all organisations. While not yet the case in Australia, the Australian Government has confirmed that a mandatory data breach notification regime will be implemented in Australia, with a bill to be introduced into Parliament this year. Whether mandatory or not, notifying related parties of a data breach can operate as an important mitigation strategy, establishing a trail of evidence, containing and arresting the consequences and verifying the extent and impact of the breach. A comprehensive and carefully communicated notification can also be the first step towards restoration of business relationships and containment of reputational damage, although whether an organisation should notify or not will need to be carefully considered on a case-by-case basis.

Not all consequences of a data breach will necessarily be apparent straight away. Loss of intellectual property may follow – either through theft, loss of exclusivity or loss of commercial confidentiality. Cyber attacks have also taken the form of extortion, where data is encrypted and effectively locked up until a payment is made.

Preparation: how to respond to a growing threat

There are a number of ways to prepare an individual business, or an e-community, for the possibility of a cyber attack. Apart from the technical preventative measures used to stop an attack from occurring, which lie outside the scope of this article, directors and staff are able act in advance to prevent attack, as well as to limit damage and liability once an attack has begun or occurred.

• Security awareness

According to Tchets, an Asia-Pacific specialist in information and cyber security compliance, 70 per cent of information communications technology breaches relate to people and practice.13

There is obvious food for thought here.

A basic understanding of cybersecurity could prevent a large number of possible breaches. As a first line of defence, staff training is readily available to heighten awareness of the risks and ramifications, and what to look out for, such as getting familiar with examples of “phishing emails”, which may prove look legitimate, but contain malware.

Protocols can be instituted to ensure money or goods are not transferred to unwanted parties – for example, transferring $1 to a new provider as a ‘test’ before transferring the full sum, or calling a company’s business number to confirm the contents of an important email.

• Secure communities

If a company has sophisticated technical protections and excellent security protocols, but is in regular contact with other offices with relatively lax security, both are at risk of a cyber breach. Port community user groups could be used as a vehicle to improve all stakeholders’ commitment to cybersecurity. Increasingly, risk management will include choosing to deal with providers and counterparties, who will not be the “weakest link” in a security sense. Terms can be included in contracts cementing a base standard of ICT security, or ensuring compliance with good security protocols.

• Breach response plans

Having a response plan means that if a problem occurs, it can be rapidly dealt with – so the event itself is contained, and the consequences are limited. The aim of plans like these is to limit the damage at every step of the way – a breach can achieve less if it is noticed and contained. Casualty response thinking is already part of the experience of the shipping community. But the skills of planning a response will now differ in the context of a cyber breach.

A response to a cyber breach typically has four stages. The first stage is the detection and containment of the incident, and an initial assessment. The second stage involves evaluating the seriousness of the incident, and the potential prejudice the incident represents. The third stage requires the consideration of notifications, and their implementation if appropriate, mitigating the risk to data subjects and affected third parties. The last stage is to take remedial steps to ensure further incidents do not occur.14

Notification, while potentially expensive, is recommended to be considered by the Office of the Australian Information Commissioner, among other bodies. Notifying affected parties of the breach could promote transparency and trust in the organisation, and allows those parties to engage in risk mitigation strategies of their own. In the case of the port community, it also gives other members the opportunity to conduct a security audit, and/or tighten their security controls to limit further damage.

• Cyber insurance

Traditional public liability insurance policies often don’t cover cyber risk, but insurance companies are developing policies and extensions that do. With cyber being currently described as the “asbestos” of today’s risk management world,15 insurance firms are seeing the market opportunity, as well as the sheer difficulty of finding enough capacity to offer coverage. Cover currently available on the market can include PR, crisis management, forensics, security specialists, information and communication asset rectification costs, cyber business interruption costs and cyber extortion cover. Third party liability can include compensation, damages or awards where the claim arises out of the failure by the insured to deal properly with, and protect information, and defence costs. Loss of goodwill and reputational harm, however, may be excluded from policies, as may negligent data security.

Cyber insurance has had a relatively low uptake in Australia, compared to other regions. If the mandatory notification legislation passes in Australia, as discussed above, we will likely see the increased use of cyber insurance – this kind of legislation is believed to be what has driven a stronger interest in cyber insurance in the US insurance market.

Conclusion

Cyber risk is increasing in all industries, and the shipping industry and port communities are not excluded. Cyber attacks can be limited or even stopped through vigilance, a focus on effective prevention and response planning, in advance of a breach. Consequences of data breaches can be heavy and far reaching. The shipping industry is so reliant on timeliness, even a small breach could have large scale consequences. All the more reason to take action on cyber security. ✡

2 Cyberintel, p4-d
4 Under the terms of “the port” accessed was the port's sophisticated port community system (http://www.portofantwerp.com/apps/en), or the server used to service the port area
6 Euroil
7 WSJ
8 BBC
10 Defined as “personal information, means information about an identified individual, or an individual who is reasonably identifiable: (a) whether the information or opinion is true or not, and (b) whether the information or opinion is recorded in a material form or not.”
11 Australian Privacy Principle 11.1
Are you the ‘owner’ of that ‘ship’?

Federal Court of Australia defines limits on surrogate ship arrest

By TIMOTHY ROUT, solicitor, Norton White


Facts

On 18 February 2015, Mediterranean-based ferry operator Virtu Fast Ferries Ltd (Virtu) filed a writ in rem in the Federal Court of Australia against the ship Cape Leveque - a Cape Class Patrol Boat (CCPB), then under construction by Austral Ships Pty Ltd (Austral) at its Australian Defence Facility in Henderson, Western Australia.

Cape Leveque was the sixth of eight CCPBs constructed by Austral under a design-build Contract with the Commonwealth Government dated 12 August 2011. The CCPBs were developed for use by the Australian Customs and Border Protection Service.

In filing the writ in February 2015, Virtu alleged that Cape Leveque was a surrogate for the ship Jean de la Valette, a 107 metre high-speed catamaran that Austral had delivered to Virtu in August 2010. Virtu was seeking security in respect of an ongoing London arbitration in which Virtu alleged that Austral had breached the Jean de la Valette build contract by delivering the vessel with significant construction and design defects.

The issue to be determined by the Federal Court was whether Cape Leveque was properly sued as a surrogate for Jean de la Valette.

The Admiralty Act 1988 (Cth) (the “Act”)

In filing the writ in rem, Virtu alleged that it had a general maritime claim against Austral under section 43(n) of the Act, being a claim in respect of the construction of Jean de la Valette, including a claim arising before Jean de la Valette was launched. As Virtu had already accepted delivery of Jean de la Valette when the latent defects became apparent, Virtu could not obtain security by arresting the ship in respect of which its general maritime claim had arisen. Instead, in filing a writ in rem against Cape Leveque, Virtu sought to rely on Section 19 of the Act, which provides that a proceeding on a general maritime claim concerning a ship may be commenced as an action in rem against some other ship if:

(a) a relevant person in relation to the claim was, when the cause of action arose, the owner or charterer of, or in possession or control of, the first-mentioned ship; and

(b) that person is, when the proceeding is commenced, the owner of the second-mentioned ship.

Virtu Fast Ferries Ltd v The Ship “Cape Leveque” [2015] FCA 324

At first instance, the Federal Court held that the jurisdictional requirement for surrogate arrest under Section 19(b) of the Act had not been satisfied, as Austral was not the owner of Cape Leveque at the date that the proceedings were commenced. Noting that the meaning of the word “owner” in this context involves more than “mere possession” to include ultimate title, dominion and a right of sale, the Court concluded that beneficial ownership of Cape Leveque had in fact passed to the Commonwealth as:

(a) the construction and fit-out of Cape Leveque was 96 per cent complete;

(b) the Commonwealth had paid to Austral approximately two-thirds of the $296.7 million contract price;

(c) the Commonwealth was entitled to an order for specific performance as Cape Leveque was a specialist vessel designed exclusively for the Commonwealth to “pursue and protect the national interest”; and

(d) the design-build Contract dated 12 August 2011 prohibited Austral from registering the Cape Leveque (or any of the other CCPBs) in its name.

The Court’s finding that ownership had passed to the Commonwealth also meant that Cape Leveque had become a “government ship” as defined in Section 8 of the Act, with the effect that Virtu lacked jurisdiction to proceed against it in rem.

Virtu Fast Ferries Ltd v The Ship “Cape Leveque” [2015] FCAFC 58

Virtu’s writ in rem was also dismissed on appeal, albeit on slightly different grounds. The Full Federal Court focused on Section 19(a) of the Act and the requirement that a cause of action arise in relation to a “ship”. Section 3 of the Act defines a “ship” as being a vessel of any kind used or constructed for use in navigation by water, but not including a vessel under construction that has not yet been launched.

As Jean de la Valette was under construction and had not yet been launched when the alleged defective construction took place, the Full Federal Court held Jean de la Valette did not meet the statutory definition of a “ship”. As such, Section 19(a) did not support the surrogate arrest of Cape Leveque. The Court held that the drafting of Section 19(a), when compared with other sections of the Act, evidenced a clear intention to exclude recourse to surrogate ship arrest for claims arising in respect of unlaunched vessels.

The Full Court also dismissed two other causes of action which were alleged by Virtu to have arisen after the launch of Jean de la Valette but prior to delivery, on the basis that these claims had no reasonable prospects of succeeding.

Comment

Even though causes of action for breach of a ship building contract may arise prior to a vessel’s launch, it is clear from these judgments of the Federal Court of Australia that surrogate ship arrest is not a mechanism by which security for such claims can be obtained.
The Australian Maritime and Fisheries Academy

The Australian Maritime and Fisheries Academy (AMFA) was founded in 1997 by Hagen Stehr, a Port Lincoln tuna baron. In the intervening time, the Academy has established campuses in Port Adelaide (head office) and Port Lincoln with a new campus in Darwin to open shortly. AMFA is an industry-owned and operated maritime training institution that annually trains between 500 and 700 people with courses ranging from three days to thirteen weeks.

In 2015, the Academy was approved by the Australian Maritime Safety Authority (AMSA) to deliver Marine Engineer Class 3 (MEC3) courses at their campus in Port Adelaide, South Australia. AMFA has a Marine Partnership with the Institute of Marine Engineering Science and Technology (IMarEST) which gives their students a professional engineering pathway towards registration with the Engineering Council.

Today’s mariners are ‘time poor’ they can’t afford to lose months of wages plus pay the ever increasing course fees to keep abreast of the qualifications required in this dynamic industry. Their employers also can’t afford to lose these valuable employees for extended periods. The Academy recognising this dilemma so therefore is developing a new flexible delivery approach for its full suite of courses.

AMFA has released its 2016 timetable but please call them if you require a tailor made training program to suit your individual enterprise. You can find the timetable on their website www.afa.edu.au along with all the information and links you may need.

Please visit their facebook page, facebook.com/Australian-Maritime-Fisheries-Academy for stories on fishing and maritime, pictures and videos of their students and training facilities.

Contact the Academy on 1800 636 068 for enquiries or to book you place on one of their 2016 courses.
On the path to an ambitious growth agenda

By PROFESSOR NEIL BOSE, principal

The Australian Maritime College, a specialist institute of the University of Tasmania, plans to significantly increase its VET student numbers by developing new courses to meet changing industry demands, improving flexible delivery options and expanding into key international markets.

In 2015, we reached several key milestones on the path to achieving this ambitious growth agenda, including the appointment of Peter Whitley as Associate Professor of Vocational Education and Training and deputy director, National Centre for Ports and Shipping.

AMC’s history is strongly linked to shipboard training, and while that will continue to be a focus we must also look at expanding to meet the needs of the entire maritime industry, including the transport and logistics personnel that work on the wharves.

Associate Professor Whitley led a comprehensive review of AMC’s VET programme, resulting in the development of two new maritime logistics courses to help train workers in the wharves and stevedoring sector.

These new courses are pitched at Certificate III and IV level and expected to come online in February 2016. The training will be delivered using new technologies such as online learning, so it is as accessible as possible with the least amount of disruption to business operations.

Establishing partnerships with companies to tailor programmes that meet their specific training requirements will be central to growth in our VET programmes. In a competitive marketplace, students and their employers are seeking flexible options that include access to online lectures and resources, on-site course delivery.

Hazardous and Noxious Substance Reconnaissance team members undertake boarding exercises on the Stephen Brown
and periods of work integrated learning.

AMC is looking into how we might restructure the delivery of our traditional seafaring courses. We recognise that distance and sending employees to Launceston for training, are major impediments for industry, and we’re investigating how our courses might be adapted into an online format.

In the international arena, our commercial arm, AMC Search, has partnered with industry clients in Indonesia and Japan to deliver tailored on-the-job maritime training and develop the skills of instructors and operational staff.

A group of 30 Indonesian students were trained in vessel traffic services operation at a new facility in Jakarta; while 40 employees from Japanese ferry company Sado Kisen, completed a high-speed vessel safety course at Naetsus port.

AMC operates within a global market and is looking further afield to new markets in order to achieve significant growth in student numbers. South-East Asia and Latin America in particular, are still on an upward track and offer significant potential for growth.

We have an opportunity to position ourselves as a training provider of choice by partnering with trans-national companies and their trans-global workforce, and this will continue to be a focus for 2016 and beyond. Other key highlights for 2015 are noted below.

Ready to respond to hazardous incidents at sea

AMC partnered with the Australian Maritime Safety Authority (AMSA) and Fire and Rescue New South Wales (FWRNSW), to develop a specialised training course for members of the nation’s first Hazard and Noxious Substances Reconnaissance Team.

In a maritime environmental emergency, having access to accurate, real-time information is vital to mounting an effective response, and this training was designed to familiarise team members with the unique operating environment of a ship at sea.

The course covered an overview of the maritime industry, vessel and cargo observations, sea survival training, practical ship familiarisation, boarding exercises, team simulations and exercises using AMC’s training facilities in Launceston and Beauty Point.

Safety workshop brings operators up to speed

A new resource kit was launched to help industry and commercial vessel operators comply with revised operational safety requirements. AMC and AMSA worked together to develop a hands-on training workshop to help commercial vessel operators implement a simple but effective safety management system (SMS) tailored to their operations.

Several workshops have been held in Tasmania and interstate, and feedback has been extremely positive. While it is not intended at this stage for the training to be mandatory, it is highly

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recommended that domestic vessel owners and operators attend a workshop.

The new SMS requirements have also been included in AMC’s course materials. This helps to build a safety culture in the domestic commercial vessel industry, giving our students the skills to assess risks and develop systems to reduce risks.

**More national kudos for Torres Strait training programme**

An award-winning maritime training programme that has honed the seafaring skills of the Torres Strait Islander and Aboriginal people and helped bolster the region’s economy was once again recognised at a national level.

AMC was announced joint winner of the Transport and Logistics Industry Skills Council (TLISC) Chairman’s Award at a presentation ceremony in April. The accolade follows last year’s win in the “Excellence in Industry Promotion” category at the TLISC 2014 Awards for Excellence, for the same programme.

For the past two years, AMC has delivered nationally-accredited coxswain, marine engine driving, fishing operations and wild harvest diving courses as part of the Torres Strait Maritime Pathways Project. In November 2014, this contract was extended for two years and expanded to include integrated rating and near-coastal master qualifications.

Of the 217 students who have taken part in the programme to date, 87 per cent have completed their qualifications and 90 per cent have gained employment in the maritime sector.

**Crew puts simulated icebreaker through its paces**

A simulator that trains icebreaker crews to safely navigate polar waters is one step closer to reality, following validation of the virtual model of the *Aurora Australis* at AMC in October.

*Aurora Australis*’ Captain Murray Doyle and Third Officer Katrina Beams put the virtual icebreaker through its paces over three days of testing, providing feedback on the accuracy of ship-ice interaction.

This final phase of testing marked the end of the project’s practical component for researcher Paul Brown, who spent seven weeks aboard the real icebreaker collecting data on how she behaved in a range of conditions.

The three-year project was developed to meet the future training needs of companies such as P&O Maritime, who must comply with a new international code of safety for ships operating in polar waters that is expected to be introduced in January 2017. It will be a mandatory requirement for all chief mates, masters and navigation officers to hold formal ice navigation qualifications.

P&O Maritime has worked closely with Mr Brown on the project, with the intention of using the virtual model of the *Aurora Australis* to train its ice pilots. Mr Brown is now consulting with AMC Search to develop and approve two new ice navigation courses using the simulated training tools. The aim is to have the products online next year in preparation for the 2016/17 Antarctic season.

**Master Mariners Congress**

AMC hosted about 100 master mariners and industry delegates from around the world, in April, for the third Master Mariners Congress, under the theme “diversity in shipping, technology and people”.

Shipping is the most widely used mode of transport for world trade, and ensuring its environmental sustainability is one of the most pressing issues facing the maritime industry today. Keynote speakers addressed topics including the future of the maritime workforce, challenges and changes in ship-based technology, and port-based technology in a changing world, over the course of the two-day event.

**For enquiries about the new maritime logistics programmes please email**
peter.whitley@utas.edu.au or phone +61 3 6324 9672. For further information or to register your interest in the new ice navigation training programme, please contact AMC Search on +61 3 6324 9850.

*All article photos: Chris Creer*
2015 in review

By MICK KINLEY, chief executive officer, Australian Maritime Safety Authority

2015 was a milestone year for AMSA. Not only was it our 25th anniversary but it marked 100 years of the Australian Government’s management of lighthouses and other aids to navigation in Australian waters. While both occasions make us reflect on our past achievements, 2015 was also a year of building our organisation’s capacity to meet the challenges of the future. We made investments in new technology and equipment, strengthened our ties with industry, and improved our internal structures and systems.

Navigation services

We manage an extensive network of aids to navigation around the coastline, currently comprising 490 aids at approximately 380 sites. The Aids to Navigation Strategy and Operations Working Group finalised a new national guideline on the provision of aids to navigation information to the Australian Hydrographic Service, for charting purposes. We also consulted with States and ports on new AMSA policy and procedures, covering installation and use of Automatic Identification System (AIS) aid to navigation equipment within Australian waters.

In January 2015 we completed the modification of the Swain Reefs aids to navigation structure to the north-east of Gladstone, on the Outer Shipping Route of the Great Barrier Reef (GBR). The modifications were necessary to enable AIS vessel tracking and very high frequency (VHF) communication infrastructure, and to increase the range of the light.

AIS data from 2015 has shown most ships are following the two-way route in the GBR and Torres Strait, which came into effect on 1 December 2014. The route extends from the western end of the Torres Strait, through the Prince of Wales Channel and the GBR Inner Route, and terminates at the southern boundary of the GBR Marine Park. It was introduced to increase safety and efficiency of navigation in this area, and protect the region’s sensitive marine environment.

Marine environment

Another initiative in the GBR and Torres Strait was our proposal to the International Maritime Organization (IMO) to extend the existing Particularly Sensitive Sea Area (PSSA) into the Coral Sea. The proposal was approved by the IMO Marine Environment Protection Committee in May 2015 and came into effect in June 2015. The new area covers approximately 564,000 square kilometres of the Coral Sea.

We also co-sponsored a submission to the IMO Marine Environment Protection Committee which detailed a Regional Reception Facilities Plan (for ships’ waste) for the Small Island Developing States in the Pacific Region. We provided technical assistance to the Secretariat of the Pacific Regional Environment Programme during the development of this plan, and conducted gap analyses of reception facilities in five ports across the region.

We ran the annual exercise for Australia’s National Plan for Marine Environmental Emergencies in Western Australia in May/June this year. It involved multi-level government organisations and agencies from across Australia, as well as industry representation. This exercise is of national importance as it ensures strategic and operational preparedness for marine pollution incidents. The exercise focussed on a spill event scenario from the offshore petroleum industry. The strategic component of the exercise provided the first opportunity to test the Offshore Petroleum Incident Coordination Framework, and stand up the Offshore Petroleum Incident Coordination Committee, which is chaired by the Department of Industry and Science.
Emergency response case: MV Thor Commander

On 11 January, the Antigua and Barbuda-flagged general cargo ship MV Thor Commander reported it had damaged its main engine. It was drifting north-east of Perkins Reef and north of Elusive Reef, about 379 kilometres north-east of Gladstone when it was disabled. We activated an emergency towage vessel from Gladstone, the SMIT Leopard. Due to the vessel’s 25-hour transit time, we sent out a broadcast to vessels in the area. The Chinese-flagged cargo carrier MV Xinfai Hai responded with an offer of assistance.

After a Powers of Intervention direction to the ships, issued by the Maritime Emergency Response Commander (MERCOM), a towline was established between the ships on 12 January, with assistance provided by the Queensland Police vessel Lyle M Hoey. The Thor Commander was successfully diverted away from the reef and towed in an easterly direction prior to the SMIT Leopard’s arrival on 13 January. The SMIT Leopard subsequently towed the vessel to Gladstone.

Search and rescue

At the beginning of the year we commenced operational delivery of the two and half year Search and Rescue Capability Partnership Program (SCPP). The SCPP aims to strengthen search and rescue (SAR) capabilities in Sri Lanka, the Maldives and Mauritius. The program is being delivered as part of the Department of Foreign Affairs and Trade’s (DFAT) Government Partnerships for Development (GPFD) program.

The program will assist partner countries in strengthening their national SAR services to enable more effective response to maritime and aviation distress situations in their SAR areas. The benefits also extend to enhancing overall SAR capability in the region, with each of the three SAR regions adjoining the Australian Search and Rescue Region (SRR) in the remote north-west of the Indian Ocean.

This year we began to install the six-antenna Medium-altitude Earth Orbit Search and Rescue (MEOSAR) satellite tracking ground station in Western Australia and a Mission Control Centre capable of processing MEOSAR data in Canberra. The MEOSAR system will reduce beacon detection times from hours under the current system, to within 10 minutes, 95 per cent of the time. The existing low-altitude satellite system will be phased out in coming years, under international arrangements. The system will be ready for operation by the start of 2017 and will work cooperatively with a similar tracking station in New Zealand to achieve overlapping coverage for Australia and New Zealand’s SRRs.

In March we launched our new beacon website to make information more accessible to beacon users. We also launched an improved online beacon registration system in September which supports mobile devices, streamlines business processes, and improves overall user experience during online beacon registration.

Ship safety

In 2015 two new AMSA-led initiatives were progressed, which will improve ship safety into the future.

The first relates to the liquefaction of bulk cargoes—a phenomenon linked with the loss of 109 mariners and 12 ships internationally between 1988 and 2013. Building on iron ore and nickel ore studies, we submitted a new test for the threshold moisture limit (TML) test for coal to the IMO along with a ‘screening assessment’ based on particle size distribution. The screening allows cargoes that have no liquefaction risk to be omitted from the need to test (saving cost), while the TML test provides a test that will determine the TML in cargoes that have a liquefaction potential, where this did not exist previously. Australia has also commenced a process at IMO to develop requirements for bauxite, noting the material has been held responsible for the loss of the MV Bulk Jupiter with 18 lives in January 2015. The critical outcome is that it will be possible to identify the properties required to prevent liquefaction of cargoes, and what cargoes need not be tested (as we are certain they will not liquefy) for good efficiency and safety outcomes.

The second concerns the instrumental role we played in the revisions to the SOLAS Convention requiring shippers to verify the weight of the container cargoes. Incorrectly declared containers can cause problems for ships and for workers at container terminals. Australia co-sponsored papers on this issue and worked to ensure shippers were able to comply with the new requirements with minimal infrastructure demands and as little bureaucratic impact as possible. In 2015 we worked with relevant industry bodies to assist shippers meet their new responsibilities.

Domestic vessels

The National System for Domestic Commercial Vessel Safety (National System) remains a key focus for AMSA. We are continuing to implement a range of changes which will, over the next few years, result in major industry benefits, including uniform safety standards, reduced complexity and a more efficient national maritime economy.

Transitioning from seven different sets of regulations has been complex and not without hurdles. In 2015 we focussed on simplifying the rules for domestic commercial vessels by implementing 13 streamlining concepts, including proposed changes to vessel survey requirements, construction standard and operational areas. These changes will provide for a simpler structure and clearer requirements for industry that will make compliance easier and lead to improved safety outcomes.

In parallel to the streamlining initiative, we have continued to refine the National Standard for Commercial Vessels (NSCV). Technical and sector-based reference groups have considered a number of issues which have brought about amendments to
various standards, and this work is constantly evolving. We continue to take this user-friendly approach to reviewing our standards with full stakeholder consultation on changes to the rules governing the operation of domestic commercial vessels.

Safety is at the core of the National System, with a regulatory framework that recognises the operator as primarily responsible for the safe operation of their vessel. In 2015 we have continued to educate and provide resources to industry about the benefits of a quality safety management system. This includes free workshops, toolkits, templates and materials that recognise the divergent risks and circumstances to specific operations. With a number of industry deaths this year, we are committed to increasing safety awareness during the performance of daily duties and responsibilities for domestic commercial vessel seafarers and operators.

This year and over the coming two years, we are preparing to assume responsibility for delivery of services and funding for domestic commercial vessels from 1 July 2017. We have commenced working to design, build, test and implement new arrangements in a planned and coordinated manner. This will involve consultation with industry, and current and future service delivery partners.

Christine Macmillan, Manager SAR System Planning and Engagement, AMSA, meeting with representatives from the Sri Lankan Maritime Rescue Coordination Centre as part of the Search and Rescue Capability Partnership Program

MARITIME SAFETY

Australian Transport Safety Bureau

Unsafe work practices - a top safety concern

By MARC KELAART, ATSB media manager

Unsafe work practices in the maritime industry remain a top safety concern for the Australian Transport Safety Bureau. The ATSB strongly urges all mariners to give heightened attention to the ongoing injuries and deaths occurring in the industry.

Two recent investigations illustrate that when established and proven safety systems are not properly understood or not followed explicitly, even simple, uncomplicated maintenance work can pose significant threats to seafarer safety and wellbeing.

In February 2014, a crew member carrying out routine maintenance on the passenger ship Seven Seas Voyager’s waste incinerator was seriously injured when a pneumatically operated valve closed against his body. The ship was berthed in Sydney and the crew member, a fitter, was taken to a local hospital.

It was found that the incinerator ash dump valve’s control systems had not been properly isolated and residual air pressure remained in the valve’s operating system. The fitter assumed that it was safe to start his assigned task of replacing the incinerator ash grates, and accessed the incinerator through the ash dump valve. He then inadvertently activated the electric sensor that automatically closed the valve – driven by the pressure of the residual air remaining in the valve operating system.

In this case the ATSB issued a
recommendation to *Seven Seas Voyager*’s manager to take action to address the safety issue with respect to the ship’s planned maintenance system. The ATSB also recommended that the incinerator manufacturer address the safety issue concerning the equipment’s instruction manual.

ATSB’s general manager, Surface Safety Investigations, Neville Blyth said, ‘Our investigation found that the *Seven Seas Voyager*’s engineering staff did not have an adequate understanding of the incinerator’s control systems and its maintenance. Neither the ship’s planned maintenance system nor the incinerator manufacturer’s instruction manual contained any information on the maintenance or replacement of the ash grates – information that would have been critical to identify the risks involved.’

**Lifeboat safety also continues to be an important industry issue, with free-fall types presenting some unique challenges around maintenance and testing.**

On 1 March 2014, the 190 metre bulk carrier *Aquarosa* was transiting the Indian Ocean enroute to Fremantle, Western Australia, when its freefall lifeboat was inadvertently released during a routine inspection. A ship’s engineer, the only person in the lifeboat at the time, was seriously injured when the lifeboat entered the water, as he was unrestrained and unprepared for the launch.

The ATSB found that when the lifeboat on-load release was last operated before the accident, it was not correctly reset. Consequently, when the engineer operated the manual release pump to inspect the equipment, the incorrectly-reset release tripped unexpectedly. The simulation wires, designed to hold the lifeboat during a simulated release, failed, and the lifeboat was launched.

*Aquarosa*’s shipboard procedures were revised shortly after the accident. Changes included the introduction of a requirement to notify the officer of the watch before entering the lifeboat. Notices were posted at the on-load release hydraulic pump positions, stating that the pumps must not be operated without the master’s permission.

Safety action by the manufacturer included placing alignment marks on the release segment of new on-load releases mechanisms, to indicate when they are correctly reset. A lock-out ‘maintenance pin’ is also being provided for all new on-load releases to ensure the release cannot trip while maintenance is being performed.

‘When designing and certifying equipment such as on-load release systems for lifeboats, all facets of the equipment’s possible operation, use and environment must be taken into account and allowed for,’ says Blyth. ‘Only then can fully comprehensive instructions be documented, enabling seafarers and others to safely use and maintain the equipment under all conditions.’

**Adequate risk management is important**

The most common problem associated with these incidents was the fact that the people involved in the task did not properly identify the risks involved before they started the task. Sometimes risk management strategies were not implemented, and in some cases, individuals ignored established procedures. To some degree, these incidents involved the people being complacent about the tasks at hand, and this complacency contributed directly to the injury or fatality.

Mr Blyth stressed, ‘For most tasks, a comprehensive risk control plan is vital. Ensure that you follow a plan and the established procedures for any task that has risk. Make certain that you know how to do the tasks that have been assigned to you and if you are uncertain about the procedures, talk to your supervisor about your concerns. Remember, safe work procedures are established to reduce the risk of injury to you and your workmates – risks that are quite often not immediately apparent when starting a job.’

More information on maritime safe work practices can be found on the ATSB’s website www.atsb.gov.au/safetywatch

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*Seven Seas Voyager*

*Aquarosa*’s freefall lifeboat (inserts show launch and recovery)
The functions of Australian Hydrographic Service (AHS) were described recently in the Navigation Act 2012, which came into effect in July 2013. Although the AHS, with its various forebears, was founded on 1 of October 1920, this was the first occasion the national hydrographic service was formally recognised in legislation. In regard to meeting the various obligations outlined in the Navigation Act, 2015 has been a busy and productive year for the AHS. The Hydrographic Survey Force (HSF) has increased the number of survey operations as a result of the ships being released from border protection activities, with consistent survey-related activities delivering productive outcomes for the national survey programme - HydroScheme.

While producing and updating the AHS’ range of nautical products and services, the Australian Hydrographic Office (AHO), the headquarters of the AHS, is also undergoing significant change. The AHO is redesigning work processes to align overall with an ‘information-centric’ philosophy, while in a charting sense, the AHO has adopted an ‘ENC-first’ philosophy. ENC-first means that production processes and information management activities focus on ENC’s as the primary nautical charting product, with paper charts becoming a subsequently derived product. These philosophical approaches will ensure the AHO is more easily able to adapt to contemporary and future requirements, including increased levels of detail in ENC than is possible on paper charts, improved responsiveness to new information, and use of information in systems beyond traditional navigation practices.

The commercial mariner has reached a point of information and reporting overload, due to disparate information sources and the general inability to reuse data for various decision making purposes. Adoption of the International Hydrographic Organization’s (IHO) S-100 ‘Universal Hydrographic Data Model’ will enable existing data incompatibility to be addressed by using an integrated suite of ISO standards that are optimised for maritime use. The S-100 standard will be used as the backbone for multiple services, including electronic charts, nautical information, environmental information, marine protected areas, maritime boundaries, traffic management and high-density bathymetry, which are among the twenty four S-100 services currently under development. All will be accessible via integrated ship systems as part of the broader e-Navigation framework. The AHO has been instrumental in developing the S-100 standard and the S-101 specification for the next generation of electronic charts – it is now time to establish the underpinning source information framework to drive the S-100 model and to better inform the mariner.

Commercial vessels are increasing in size, speed and draught, resulting in requirements for better accuracy of nautical charts within ports, their approaches and constrained waterways. Improved workflows and a production software refresh, combined with the information-centric and ENC-first philosophies, will allow the AHO to better meet these requirements in a timely manner and to further adapt to emerging information needs of the mariner. While improving the products and services delivered to the maritime industry, the AHO is doing so in an environment of tight resources. The challenge is prioritising the many and varied requests from maritime stakeholders, and critically reviewing legacy practices and services, against the resources available. In preparing for the future, balancing these resources means that the AHO must sometimes trade-off production or low priority legacy services for
the essential activities that prepare the AHO for the future, while at all times recognising the responsibility to support safety of navigation. Notwithstanding these and other pressures, the future remains bright. The pending Defence White Paper (DWP) and the associated Force Structure Review (FSR) will outline the future for Australia’s hydrographic, meteorological and oceanographic capabilities.

The recent First Principles Review of Defence (FPR) also impacts the future of the AHS. A specific recommendation of the FPR was to consolidate Defence’s geospatial agencies into a single agency - the Australian Geospatial-Intelligence Organisation (AGO). While yet to be determined fully, this consolidation could include certain functions of the AHS. Notwithstanding all of these potential changes to the AHS, including those more specifically of the AHO, supporting fundamental safety of navigation will always be a priority. Similarly, meeting the emerging requirements of the maritime industry for better information management, maximising the efficient use of waterways and expanding the areas in which vessels can operate will also be a priority, where possible. In order to capture these requirements and to align them with broader national interests, over the next few years the AHO will embark on an engagement programme to capture detailed hydrographic surveying and charting requirements to ensure HydroScheme is a nationally focussed, yet achievable, long-term plan. Prioritisation will be determined through engagement with maritime stakeholders and will primarily address navigation safety, protection of the marine environment, and commercial efficiency. I commend the current edition of HydroScheme, which is available via the AHS website, to interested maritime stakeholders in order to shape your consideration of your future requirements that will then allow the AHO to develop the necessary inputs to HydroScheme.

Activities planned during 2016 will enhance further the capabilities of the AHO and of the broader AHS. The AHS looks forward to the challenges ahead and to providing maritime stakeholders with the necessary tools to navigate safely, protect the marine environment and achieve commercial efficiency.

2016 COURSES – ALL AMSA APPROVED

- Integrated Rating - MAR30113 Certificate III in Maritime Operations
- Master up to 500 GT - MAR50413 Diploma of Maritime Operations (STCW Code section A-VI/1)
- Watchkeeper Deck - MAR50313 Diploma of Maritime Operations (STCW Code section A-VI/1)
- Chief Mate – Master (unlimited)
- ECDIS - Electronic Chart Display Information System - Generic Training - 2012 revision of IMO model course 1.27.
- GMDSS General Operators (full & revalidation) - Global Maritime Distress Safety System (STCW Code section A-VI/2)
- SAT - Security Awareness Training (STCW Code section A-VI/8 paragraph 4)

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OMC’s innovations are key contributors to global shipping safety and productivity

By Dr TERRY O’BRIEN AM, executive director, OMC International

The IMO warns ship masters on bauxite liquefaction dangers. 8th Co-operation Forum addresses key issues relating to Straits of Malacca and Singapore. These two news headlines published in 2015 further validate the importance of OMC International’s world-leading research into Under Keel Clearance (UKC) management solutions, and into commercialising new innovations.

For example, the ongoing danger of liquefaction of iron ore fines was recently highlighted in September 2015 when the International Maritime Organization (IMO) issued a warning to ship masters about the possible dangers of liquefaction of bauxite cargoes. This followed the release of findings from a marine safety investigation into the loss of the Bahamas flag bulk carrier Bulk Jupiter, suggesting that liquefaction of cargo led to loss of stability. The Bulk Jupiter was carrying 46,400 tonnes of bauxite when it sank rapidly in January 2015, with 18 fatalities.

Industry research is still ongoing into the causes of liquefaction and OMC is contributing to this understanding with the development of our lightweight self-contained ship motion measurement instrument OMC iHeave®. This device continually monitors the motion of the ship in six degrees of freedom and allows calculation of the local motions and accelerations experienced by cargo at arbitrary hold locations, providing data which can feed into an analysis into the likelihood of liquefaction of the iron ore fines.

Interestingly, a major iron ore company has used five OMC iHeave® units to measure vessel motions on ships transiting the world. In total, 21 voyages were recorded, including iron-ore laden voyages from Port Hedland (Western Australia) to Port Kembla (NSW), and Whyalla (South Australia) to China, with about 250 days of ship motion data processed.

Ports including Brisbane, Melbourne, Geraldton, and Long Beach and Portland in the United States of America have now used OMC iHeave® for highly accurate recordings of real-time ship motions in high swells, where traditional methods of measuring wave responses are not possible. For those ports that have an operating DUKC® system, this provides an easy method of gathering a large dataset of DUKC® validation measurements. For other ports, using OMC iHeave® helps them to better understand the real-time motions of ships transiting their ports, and therefore the appropriateness of their operating rule.

A deep draught, capsize iron ore carrier

Award, announced at a dinner in Hamburg.

OMC wins SOMS study

OMC’s strategic focus on research and development is also helping to position our Melbourne-based maritime engineering company, as an important contributor to groundbreaking global research projects.

For example, OMC has also been actively involved in investigations of the use of an advanced Under Keel Clearance System for the Straits of Malacca and Singapore (SOMS). The SOMS are extremely busy and navigationally complex waterways with a transit time of approximately 20 hours.

The SOMS are administered by the three littoral States of Singapore, Malaysia and Indonesia and are a very important global shipping waterway with many stakeholders. This important shipping lane carries about one third of the world’s traded goods.

OMC was awarded a first contract in March 2013 by the Maritime and Port Authority of Singapore on behalf of the Tripartite Body representing the Straits to investigate the feasibility of real-time monitoring of UKC in the SOMS. This was presented at the TTEG (Tripartite Technical Experts Group) Meeting in Bali in 2013.

The study showed DUKC® offers ship owners/operators considerable productivity and safety benefits over the current 3.5 metre static UKC rule, through these waters, particularly for the VLCCs.

A further development is that OMC has now been awarded by MPA, the next stage of the study on behalf of the Tripartite Body, which is to undertake a testbed assessing the feasibility of communicating real-time UKC information over AIS, for traffic through the Malacca Straits. This was one of the steps recommended from OMC’s 2013 study in progressing real-time UKC monitoring through the SOMS. The project will include implementation of an operational DUKC® system as well as measurements on ships, and OMC will present these results at the next TTEG meeting in Bali in 2016.

DUKC® Series 5 roll-out

Meanwhile, the successful roll-out of OMC’s latest web-based DUKC® Series 5 technology has continued, with Rio Tinto signing off in October 2015 for updated Series 5 systems to be installed at the ports of Dampier and Cape Lambert. DUKC® Series 5 has also been installed in Torres Strait (AMSA, 2011), Port Hedland (2013), Fremantle (2014), Montreal-St Lawrence River (2014), Napier (2015), Newcastle (2015), Arrium, Spencer Gulf (2015) and Geelong (2015).

Series 5 systems offer our clients convenient and secure access to DUKC® via the web. There is also enhanced safety and risk mitigation through full integration of DUKC® into electronic charting packages, providing clear “go” or “no go” areas. The chart overlay display provides a two-dimensional view of UKC limitations, either on board or via the web interface, significantly improving risk control measures and management of siltation and isolated shoals. Also, the incorporation of met-ocean wave forecasting out to seven days, into the DUKC® calculations provides more accurate and longer range DUKC® tidal windows and drafts forecasts.

On 6 May 2015, at an awards ceremony dinner in London, OMC was named Runner-Up in the 2015 Seatrade ‘Innovation in Ship Operations’ Award for its web-based DUKC® Series 5 system.

A new direction

The DUKC® Series 5 installation for Arrium Limited (an Australian iron ore exporter and steel maker previously known as OneSteel) marks a new direction for OMC because this is the first time that DUKC® technology is being used for a transhipment operation. Transhipment brings unique challenges because the loading cycle is longer. This Arrium Whyalla DUKC® real-time software navigation system will help enhance Arrium’s operations by safely maximising the drafts of ocean-going iron ore carriers, above the existing limit of 18.2 metres, down the Spencer Gulf from a transhipment point.

In its September 2015 ‘Saltbush to Steel’ newsletter published on its website, Arrium writes that: “The introduction of the DUKC® system could see some vessels potentially load an additional 3,000 wet metric tonnes of iron ore, without any change to sailing path or our operations. This adds a significant level of safety management to our operations, as well as leading to direct savings through efficiency of transhipping and freight cost reductions of over $1 million in the first year.”

Berth Warning systems

During 2015, further advances were made with OMC’s predictive and real-time Berth Warning System, which is a practical tool for ensuring the safe mooring of ships. The BWS system at Botany Bay was upgraded during the year to the latest version. BWS systems have also been implemented at Cape Cuvier, Dampier and Cape Lambert but they are not yet operational. Meanwhile, a BWS system at Hay Point has been operational for more than 15 years.

The BWS helps to support terminal operators to make decisions about the operating safety of berthed ships based on measured and forecast conditions. This provides a scientific tool for reducing the probability of an incident resulting from excessive motions of the moored ships. It is also a planning tool for ship berthing, improving such decisions as to whether to remove a berthed ship, delay berthing, increase loading rates or to simply operate as scheduled.

Safety is top priority

For OMC’s more than 40 maritime and software engineers – working under the direction of our CEO Peter O’Brien - the future is very exciting as we continue to ‘push the envelope’ with our research and development and innovations, with safety always our number one priority.

Editors Note:
Following from his admission to the Australian Maritime Hall of Fame in 2014, Dr Terry O’Brien was appointed a member of the Order of Australia in the Queen’s Birthday Honours List June 2015.

Shipping Australia congratulates Terry for this achievement which recognises his significant service to maritime engineering, to the development to innovative marine navigation equipment and to education.
A turning point for Australian towage?

By TONY COUSINS, regional managing director, Smit Lamlalco Australia

2015 saw a number of key changes in the Australian harbour towage market that give the ports and shipping industry a timely opportunity to consider their strategic options.

Among those changes, leading international operator Smit Lamlalco acquired PB Towage, significantly expanding its presence in Australia. Smit Lamlalco is a 50:50 joint venture between Boskalis and the Rezayat Group. With a fleet of over 200 vessels in more than 20 countries and 3,000 people, Smit Lamlalco brings significant oil, gas and marine resource experience to Australia, along with the scale to compete in an increasingly global market.

It did not take Smit Lamlalco long to make significant changes in the competitive harbour towage sector, recently entering into a subcontract arrangement that sees Svitzer physically serving Smit Lamlalco clients in Sydney, Newcastle and Melbourne. The new arrangement allows Smit Lamlalco to focus on growth, while still servicing its clients and competing commercially in all ports.

Beyond the sub-contract operating model, there have been a number of internal changes at Smit Lamlalco in 2015. A new Australian Region has been established incorporating harbour towage, LNG Terminal operations and offshore support, with a fleet of 40 vessels and over 300 people. Headquartered in Sydney, with offices in Perth, Gladstone and Port Moresby, the regional business unit now includes infield FPSO support on the North West Shelf, the Papua New Guinea LNG operation and towage contracts in eight Australian ports, including the flagship Gladstone Exclusive Licence. With the third LNG plant soon to commence export operations, five 85 tonne, new build LNG escort tugs have been introduced, bringing the Smit Lamlalco towage fleet in Gladstone to eleven tugs.

This regional growth is supported by an investment in systems, including migration to the Smit Lamlalco Integrated Management System (SLIMS), designed to align with the Oil Companies International Marine Forum’s (OCIMF) Offshore Vessel Management and Self-Assessment (OVMSA) Guidelines. The 12 company-wide elements within SLIMS achieve OVMSA Level 2 compliance along with full ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems and OHSAS 18001 Occupational Health and Safety standard accreditation.

As a specialist in the midstream oil and gas marine services sector, Smit Lamlalco is also an active participant in the Oil Companies International Marine Forum (OCIMF), the Society of International Gas tanker and Terminal Operators (SIGTTO) and the International Marine Contractors Association (IMCA).

Proud winners of the Australian Mines & Metals Association (AMMA) 2015 Australian Women Resources Alliance (AWRA) Award for industry-leading gender participation, Smit Lamlalco strongly supports workplace diversity in all forms, looking to build on its current 5 per cent indigenous employee base, with new marine training and development initiatives focusing on remote mining communities in 2016.

It is a vibrant, healthy Smit Lamlalco Australia that looks forward to taking on the challenges and opportunities that the New Year presents – ready, willing and able to embrace further change and continue to compete.

A turning point for Australian towage?
Quite possibly. ▲
Investing in the future the Australian maritime industry

By MARK MALONE, managing director, Svitzer Australia

The role the maritime industry has played in Australia’s strong economic performance over the past two decades cannot be understated. In particular, it has been at the forefront of supporting the unprecedented expansion in the nation’s resources sector.

Indeed, as the so-called “Millennium Boom” gained momentum, port authorities rose to the challenge, overseeing a massive $29 billion investment in the landside infrastructure vital to transporting the vast wealth that lies beneath the Australian landmass and surrounding waters to customers around the globe, most notably those in the region to our north.

And this investment in our ‘international gateways’ has delivered significant dividends for the Australian economy. Specifically, in the decade between 2005 and 2014 the value of the nation’s resources and energy exports more than tripled, to over $180 billion a year.

In fact as a result of the investment that has taken place, our ports now handle 10 per cent of global sea trade, with over 4,000 vessels making more than 22,000 visits annually.

But importantly, while port authorities have provided the leadership, exporters, stevedores and other service providers have been working with them to make sure their facilities and the wider supply chain functions as efficiently as possible. And Svitzer, as Australia’s leading towage provider, has been there every step of the way, delivering a safe, reliable service.

The truth is by working together we have cemented Australia’s reputation as one of the world’s leading and most reliable suppliers of resources and energy commodities – and this has been achieved while meeting increasingly complex environmental, community, planning and policy demands.

**Our industry is at a crossroad**

Turning to the future, we can say with confidence that the challenges – as well as the opportunities for growth – will be very different to those we’ve experienced over the past two decades.

Indeed, as the resources sector shifts its focus from the construction to the production phase – and commodity prices remain volatile – we will all need to make sure our business model is sustainable and reflects the new commercial realities. Of course this task has been given added urgency by the slowdown in the Australian economy and growing uncertainty globally.

Don’t get me wrong: the long-term outlook remains positive, with export volumes expected to more than double between now and 2030. But in a highly competitive environment none of us can afford to take the future for granted.

For our part, Svitzer is here for the long haul.

That’s why we are continuing to invest in our two most important assets – our tugs and crews that man them. We are determined to provide our customers with the high quality product they expect, when they need it. Put simply, we understand that more than ever the ‘bottom line’ of our customers relies on us keeping their vessels moving.

**Svitzer’s doing its bit to secure our industry’s future**

But Svitzer is not only looking closely at our own cost structure and endeavouring to find better, more cost-effective ways of doing business. We are also determined to act in the national interest and play our part in strengthening the Australian maritime industrial as a whole.

One way we are doing this is by helping to prevent a future shortage of seafarers, by encouraging more young Australians to consider a career on the water.

Firstly, in partnership with North Queensland TAFE and the Great Barrier Reef International Marine College, we have established the first-ever Pre-employment Study Program, designed to give Indigenous students a leg-up to career in the maritime industry.

Secondly, in Adelaide we have teamed up with Le Fevre High School, a school that offers students a taste of the seafaring life and the industry-recognised qualifications they can later use to fast-track their careers, as either a marine engineer or a deck hand. Through our involvement, these students get the chance to do extensive work experience, both dockside and out of the water.

Lastly, we are investing in an innovative cadetship programme, which is currently being delivered by Hunter TAFE in Newcastle, and is training the next generation of marine engineers. This programme not only provides participants with technical training but also the required ship and sea time.

With the Australian seafarer increasingly becoming an ageing breed – a major concern for an island nation like ours, whose economic prosperity is reliant on having a strong maritime sector – Svitzer is proud to be providing opportunities to the next generation of seafarers.

The bottom line is this: while we will all need to take our own individual actions to deal with the challenges and grasp the opportunities that lie ahead, there are things we can do together to make sure our industry remains a key driver of Australia’s future prosperity – and Svitzer for one, is committed to doing just that.
Australia’s Largest Automotive and RoRo Terminal opening April 2016

Efficient, Innovative & Sustainable Solutions
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Customer focus and investment milestones

By PAUL SCURRAH, managing director and chief executive officer, DP World Australia

2015 has been a busy and rewarding year for everyone at DP World Australia. In addition to setting new volume, performance and customer satisfaction benchmarks, we’ve reached important milestones for investment, partnerships, communication goals and work with the community.

New investment

In 2015 we took delivery of two new ZPMC quayside container cranes at our Fremantle and Sydney terminals. With a rated capacity under spreader of 65 tonnes, and 80 tonnes under heavy lift beam and an outreach of 50 metres, the new cranes are providing a marked productivity boost across our operations.

In Brisbane, we ordered two additional automated stacking cranes (ASCs) for our semi-automated terminal, which we launched in May 2014. The new cranes will join a fleet of 14 Kalmar ASCs currently servicing Fisherman Islands Terminal. The two new ASCs are expected to be handed over for commercial use in January 2017, and will increase capacity by 14 per cent.

Terminal expansion in Melbourne

In September we announced our terminal expansion project at DP World Melbourne. The $17 million project will see a 100,000 TEU (twenty-foot equivalent unit) increase in capacity at the site, from 1.3 million to 1.4 million TEU per annum. It will create 450 container storage locations for straddle operations and will dramatically improve access for trucks into the main terminal. The project is expected to be completed in March 2016.

New supply chain partners

In July we were excited to announce a new joint venture with Toll Group to progress plans that could see more freight delivered by rail into and out of Port Botany. The proposed 50/50 joint venture will connect a dedicated container staging port at Port Botany to an intermodal freight terminal in Villawood, 25 kilometres west of Sydney, to deliver an improved service for importers and exporters.
The joint venture could move around 180,000 TEUs per annum on the rail shuttle, removing around 100,000 plus truck movements off Sydney’s roads each year. The Port Botany–Villawood project is planned to start operations in 2017.

And in May we announced an exciting partnership with SCT Logistics to jointly service regional trains originating from the Wimmera region in western Victoria. The partnership provides exporters with direct access to the dock at West Swanson Terminal.

In September 2014, DP World Australia acquired 50 per cent of AWH. The purchase was the beginning of DP World Australia’s strategy to establish a footprint ‘beyond the gate’, establishing a broader supply chain offering, working with customers, freight forwarders and cargo owners. The integration of AWH continues with great success.

**Melbourne lease arrangements**

Together with the Port of Melbourne Corporation (PoMC), DP World Australia was pleased to announce the resolution of lease arrangements at West Swanson Terminal.

The new lease arrangements will provide long term certainty to port users, including modern lease terms and acceptable rent levels to both parties. The agreed rent includes incremental rent increases over the course of the fifty-year tenure, commencing with CPI increments in 2015 and 2016. The first market rent review will then take place in 2028 and occur every five years thereafter.

**New communication platforms**

2015 saw a step-change improvement in DP World Australia’s communication activity. DP World Australia launched a regional website (dpworldaustralia.com.au) which is a source of news, social updates and career information for the maritime and supply chain industry. The website is supported by a stepped increase in social media activity. You can find us on Facebook, LinkedIn, YouTube and Twitter.

Transparency is critical to our customers. This year we also launched our Customer Portal, available via our website (customer.dpworld.com.au), to give our partners an unparalleled view into our operations. The Customer Portal displays live data from the DP World Australia Terminal Operating System. Dashboards displaying KPIs for DP World Australia’s container, vessel and road operations are standard throughout the portal, giving customers reliable data for their own scheduling.

**DP World Australia in the community**

Supporting the community is a part of life at DP World Australia. In 2015, we undertook the White Ribbon Workplace Accreditation Program, rolling out training and information sessions to employees at all sites.

In February, we hosted a keynote event featuring Group CEO of DP World, Mohammed Sharaf, CEO of the YWCA NSW and former Premier of Queensland, Anna Bligh, and CEO of White Ribbon Australia, Libby Davies. Guests were privileged to hear from the three leaders, who spoke on the topic of diversity, adversity and leadership.

We’ve also supported National Bandanna Day for Canteen, Dry July for adults living with cancer, Shave for a Cure for the Leukaemia Foundation, the City2Surf in Sydney for BeyondBlue, the Brissie to the Bay in Brisbane to raise money for Multiple Sclerosis, and many other locally run charity events. Next year we will be partnering with BeyondBlue to shed light on depression and anxiety in our workplaces.

2015 has been another full and challenging year. Thank you to our customers, partners and people for your support.
What a difference a year makes

By JED SMITH, head of Commercial and Stakeholder Management

What a difference a year makes. It has been just over twelve months since Melbourne International RoRo and Automotive Terminal (MIRRAT) was awarded the rights to design, develop and ultimately operate Australia’s largest automotive port in Melbourne. It’s not everyday opportunities like this arise and from day one we have been busy to ensure we deliver a truly world-class facility.

Our winning design was the result of extensive industry collaboration, global experience (MIRRAT is part of a 12 terminal global network) and a sustainable mindset. These attributes also played a big role when appointing our construction and contract administration partners, as we wanted to ensure that these ideas and ideals permeated through every aspect and phase of the project.

The outcome will reset the bar in terminal efficiency and service.

Reflecting on the past twelve months we can’t help but look forward with great optimism to our opening in 2016, the complete phase one will boast:

- 4,500 automotive laydown bays,
- 20,000 square metres of heavy duty hardstand,
- 8000 square metre warehouse, which will provide weatherproof storage,
- Two wash bays,
- A dedicated inspection zone,
- 120 tonne gantry crane,
- Truck staging area, capable of handling 16 trucks at one time,
- Direct Pre-Delivery Inspection (PDI) facility access

When it comes to sustainability, we are aiming to achieve both a Greenstar rating of “5 Stars” for the buildings and an Infrastructure Council of Australia (ISCA) accreditation of “excellent” for the overall construction. To compliment this, the facility will also utilise a 100 kilowatt solar array to power the main administration building, as well as having capacity to capture and store 2 million litres of rainwater.

Through service, quality and efficiency, MIRRAT will exercise and offer its greatest point of difference to the market. We are dedicated to challenging the traditional thinking about what an Automotive and RoRo terminal offers in Australia, an approach which we believe our customers will see the benefits that until now have been unachievable.

Exciting times ahead with the real work only just beginning, we are looking forward to developing long-term and trusting relationships with all terminal users.

For further information regarding MIRRAT’s development please visit our website: www.mirrat.com.au
Shipping Emergency Response Capability Assessment

By MATTHEW WHITTLE, policy advisor, Shipping Australia Limited

In August SAL successfully completed a National Emergency Management Project (NEMP), which established a procedure for making an assessment of shipping’s response capability and providing this information to a State emergency management coordinator. In the event of a disruption to the landside transport network, this information would assist facilitating the movement of domestic cargo by sea. The NEMP programme is part of the Disaster Resilience Australia Package and is coordinated by the Australia-New Zealand Emergency Management Committee and managed by the Federal Attorney-General’s Department.

The SAL project - Shipping Emergency Response Capability Assessment (SERCA) – was overseen by a working group of SAL members, which comprised a cross section of general cargo vessel operators. The contributions from Asiaworld, BBC Chartering, OOCL, Swire, WWL and at a later stage, tug boat operators Svitzer and Smit Lamnalco and barge operator Sea Swift, were instrumental to the development of the SERCA procedure and crucial to the successful completion of the project.

To develop and test the SERCA procedure, the working group members participated in desktop scenario exercises based in Queensland, New South Wales and the Northern Territory. The exercises were designed to simulate the expected information flows, align with existing State emergency management plans and to incorporate mandatory processes. Each scenario exercise followed a slightly different sequence of events, and the final procedure was developed and refined over the course of the project. The core processes that made up the SERCA procedure were identified as:

- Receive and collate relevant information describing the emergency,
- Notify shipping lines and agents,
- Collate shipping lines’ and agents’ responses,
- Deliver this information to the emergency coordinating authority.

Integrating with State emergency management arrangements focused on aligning with the ‘activation sequence’ of the New South Wales Transport Services Functional Area Supporting Plan. This Plan coordinates transport resources during emergencies in New South Wales and is a supporting document of the New South Wales State Disaster Plan. Incorporating the statutory requirements for the shipping of coastal cargo gave consideration to the process of applying for an Emergency Licence in accordance with the Coastal Trading (Revitalising Australian Shipping) Act 2012.

The project contracted National ICT Australia to develop an online portal, which presents information describing the emergency situation and enables ship operators to submit their potential shipping capability responses. The online portal is open to all ship operators interested in participating in disaster mitigation. The ability of shipping to support supply chain continuity following a disaster is increased by maximising the number of operators participating in the programme, therefore all operators are encouraged to register on the SAL database, to be notified in the event of a disruption to the landside transport network. The scenario exercises conducted during development remain accessible on the portal and provide the opportunity for operators to familiarise themselves with the system and to consider how they may have responded in the given scenarios.

The final report made a number of recommendations that were aimed at increasing the efficiency of utilising shipping in emergency management operations. Employment of these recommendations now rests with emergency management bodies. As stipulated in the New South Wales Transport Services Functional Area Supporting Plan, SAL as a ‘Supporting Organisation’ has written to New South Wales Transport Services Functional Area Coordinator to advise them of the SERCA procedure.

With the support of vessel operators and effective landside coordination, the participation of shipping in disaster mitigation has the potential to significantly increase the resilience of essential domestic supply chains, support business continuity in regional communities, enable faster post-disaster recovery and reduce recovery costs. ▲
Our world is increasingly digital, increasingly connected. Have container management practices kept up?

Keeping up doesn’t just mean the adoption of the most up to date logistics technology. Keeping up in today’s world relates to the ability to connect and leverage the information that’s available to you. Whatever the information - whether it’s your own historical data, weather conditions updates, or key industry stats in a sector you ship to – the more you have, the better your decisions will be, and the easier it will be to plan for growth and success.

Whether you look to academic think tanks, industry leaders or social media entrepreneurs for your inspiration, a major shift in business thinking has occurred in the last few years. Across all industry, we are beginning to see that shared data, good networks and cross-platform communication are the keys to success.

Information and networks to get you ahead

At 1-Stop we believe that a well-connected port community will have access to more informative data about containers and will be better able to make optimal decisions. If vessels are delayed due to bad weather, players who have access to that information will be able to make fast, informed decisions, for example: redeploying their fleet for alternate jobs and alerting their customers.

The ability to access information, act quickly on it and communicate out to a customer network will put the savvy operator far ahead of the game.

Better data makes better decisions

From ‘Big data’ to tiny databases, the better your data and the more of it you have access to, the better decisions you can make.

In the old world, organisations held on to data, keeping it ‘safe’ from competitors. In our new digital world, data is easy to manage and often freely available. Having inaccessible or hard-copy data is no longer a benefit. In fact it can hamper your ability to plan and to think on your feet.

Consolidated data from multiple sources helps an entire industry do better, lifting up individual operators as well.

Eliminate double handling

Better data, stored accessibly and shared within the industry will inevitably lead to better decisions. We’ve already discussed that. But there’s another value to a better connected port community – the elimination of the need to key container numbers and other information in multiple times.

Currently, a single container number is rekeyed in multiple unconnected databases and documents before the cargo leaves Australia.

Imagine if the container’s journey was mapped in such a way that each step along the way the data could be viewed, analysed and updated, with no guesswork, no blind spots, and real time information. Imagine the kind of planning and efficiencies you could build in if the container number were entered in once and then handed off during the journey from operator to operator. Imagine the level of customer service you could provide, keeping your valued customers informed and creating an extraordinary experience for them.

Data is not the same as IP

Does sharing data make you vulnerable to competitors? It’s a common concern, but increasingly we’re seeing that it’s unfounded. It’s never data alone that provides success. Instead it’s what you do with it. Your organisation’s intellectual property resides in how you use data, the processes you build around it and the procedures you follow.

It follows that the more data you have and the better you use it, the better you’ll be as an operator. The challenges for our industry are to put the technology in place so that we have faster and better access to more reliable and up-to-date data. The technology is already on its way, and being deployed across our industry.

The greater challenge for us all is to accept that connections, sharing and open access to the information will create advantages for our entire industry. The digital age is a game-changer, and the benefits for all of us are enormous. ▲

By MICHAEL BOUARI, chief executive officer, 1-Stop Connections

CONTAINER MANAGEMENT
The shipping industry depends on the seafarers that crew the ships of the world’s commercial fleets.

The welfare of those seafarers is a major factor in the safe working and operation of the industry. However, until early last decade, there had been little in the way of a coordinated national approach to this vital human aspect.

The *Maritime Labour Convention 2006* encourages the development of welfare boards at the port, regional and national level.

The Australian Seafarers’ Welfare Council (ASWC) promotes the development of existing welfare facilities and assists in coordination of port/regional welfare committees.

For more information on the ASWC please visit

www.amsa.gov.au/seafarers_welfare
Qube can deliver a fully integrated supply chain solution that meets your business needs - maximising efficiencies and providing flexibility, reliability and cost competitiveness.

- Unrivalled network of logistics assets and services
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