Shipping Australia Limited

Annual Review 2016
Built on the Past, Focused on the Future
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 48 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.

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Our national economy depends on shipping

By the Hon DARREN CHESTER MP, Minister for Infrastructure and Transport

The quality of life Australians enjoy today is dependent on shipping, with the sector being a vital connection between our nation and the rest of the world. The shipping sector underpins the success of our national economy, taking our mining, manufacturing and agricultural exports to global markets and carrying back the materials and manufactured products we use on a daily basis. This maritime connection to the world is crucial to our economy and our future and I congratulate Shipping Australia Limited for effectively representing the interest of the international shipping sector and working to ensure our international maritime connections continue to be efficient and reliable.

Research indicates that containerised port freight is forecast to more than double over the next 14 years, while non-containerised port freight is forecast to grow by three quarters. This growth highlights the need for reform, and the necessity of ensuring the supply chains servicing our ports — the roads and rail and intermodal hubs — operate efficiently and effectively so shipping can take its rightful place as part of the national transport system.

Australia’s freight demands are expected to grow by nearly 50 per cent between 2015 and 2030, and we want to set the right environment for investment to occur, for businesses to remain competitive as they seek to minimise costs, and to create new jobs and a better transport network for decades to come. That’s why the Government has announced a plan to develop a national freight and supply chain strategy. The strategy will take a holistic view of the supply chain, ensuring that ports and shipping are not considered separately from other modes. The strategy will be informed by an inquiry which will examine regulatory and investment barriers - as well as opportunities - to improve freight capacity and reduce business costs.

The Government is equally committed to coastal shipping reform, which will include implementation of a regulatory regime which prioritises safe shipping and the protection of our unique marine environment.

Labor’s coastal trading system has failed to revitalise Australian shipping or create an environment where we are globally competitive. The stark reality is that our fleet of major Australian registered ships (over 2,000 dead weight tonnes) with coastal licences has plummeted from 30 vessels in 2006 07 to 14 in 2015 16.

Based on standard crew numbers, this represents a loss of more than 1,000 Australian coastal shipping seafarer jobs under the current legislation.

As Minister, I plan to bring legislation back into Parliament to enable positive, long-lasting, economically sustainable change so Australian businesses can conduct their business using efficient, flexible and cost-effective shipping services.

As part of that process, we are ensuring there is constructive stakeholder engagement with all industries, including those which rely on coastal shipping.

I am acutely aware of the need to work in a bipartisan way to deliver reforms that will boost confidence, provide certainty and deliver the productivity benefits the maritime sector desires. This year I have consulted with shippers, shipping representatives and maritime unions. I have also had preliminary discussions with the Opposition on a reform agenda we can agree on to provide the certainty that industry needs for investment.

It is also worth noting that an increasing number of cruise ships are visiting our waters and seeking suitable docking. Naturally, many regional ports are very happy to host these ships, and coastal communities are realising the benefits of the tourist dollar. That means our long-term port planning needs to include freight growth provisions with appropriate commercial arrangements for the tourism shipping industry.

These are the issues we face today and I look forward to continuing my work with all stakeholders, so we get the regulatory settings right and ensure a strong future for Australian shipping and the maritime sector as a whole.
Recognised for excellence in delivery of services to support trade growth in containerised, break-bulk and bulk cargo sectors as Western Australia’s principal general cargo port

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- Contributing significantly to Western Australia’s economic growth
- Maximising opportunities to improve efficiency in container handling
- 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: Glenn Stephens, Senior Manager Trade and Business Development, on 08 9430 3377 or email: glenn.stephens@fremantleports.com.au

www.fremantleports.com.au
Voting members
A.P. Moller-Maersk A/S
APL Marine Pty Ltd (Part of CMA CGM Group)
Asiaworld Shipping Services Pty Ltd
Austral Asia Line Pte Ltd
BBC Chartering Australia Pty Ltd
CMA CGM Group Agencies (Australia & New Zealand) Pty Ltd
COSCO Shipping (Oceania) 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 Limited
Mitsui OSK Lines (Aust) Pty Ltd
Monson Agencies Australia Pty Ltd
Neptune Pacific Agency Australia Pty Ltd
NYK Line (Australia) Pty Ltd
OOCL (Australia) Pty Ltd
Pacific Asia Express Pty Ltd (PAE)
Quay Shipping Australia Pty Ltd
Seaways 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
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
APC Logistics Pty Ltd
Aquo Innovation Pty Ltd
Ardent Oceania Pty Limited

Australian Amalgamated Terminals Pty Ltd
Australian Maritime College
Australian Maritime Lawyers
Australian Reef Pilots Pty Ltd
Brisbane Marine Pilots Pty Ltd
Chalmers Industries Pty Ltd
Chemical Australia 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
Holding Redlich
Holman Fenwick Willan HFW
Hutchison Ports Australia Pty Ltd
HWL Ebsworth 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
Victoria Ports Corporation (Melbourne)

Individual members
Mr Frank Needs
Mr John Knowles
The only constant is change

By KEN FITZPATRICK

It is with pleasure that I write my final report as chairman after 5 years in the chair, during which time there have been many changes in the industry. We have seen the introduction of new legislation both domestically and internationally, all of which has had its impact on the industry, as well as placing pressure on the executive team at Shipping Australia.

During 2016 Shipping Australia has continued to provide efficient and cost effective services to the shipping industry from both policy development and advocacy, and liner shipping service perspectives. After what must be considered one of the worst years on record for most sectors of the shipping industry, it is a pleasure to report that Shipping Australia Limited has managed to maintain our membership, keep expenditure within budget, and finished the 2015/16 financial year with a small surplus.

The year has seen a number of mergers and acquisitions in the global shipping environment but fortunately the mergers of Cosco with China Shipping, and Hapag-Lloyd with UASC has not impacted us. Maintaining our membership level will be more of a challenge in the year ahead, with talk of further mergers in the press.

The Liner Shipping Services division has suffered from a global trend for shipping companies to abandon discussion agreements and we have seen a four per cent reduction in memberships, but while all the agreements still exist there is no opportunity to substantially reduce services and costs. Shipping Australia’s submission to the Harper Review was a compelling document and the Government’s response to retain Part X until the ACCC had negotiated a suitable block exemption that would meet the needs of all parties, was a good outcome. SAL will now embark on those negotiations with ACCC, APSA and others and see whether this can be achieved. Our fall-back position remains the retention of Part X.

Bulk and break bulk have suffered similar pressure with the lack of new resource projects in Australia, and the Baltic Exchange Freight Index trailing along the bottom of the chart for the whole year, with early to mid-year seeing unprecedented lows. The oversupply of tonnage in most sectors provides little comfort for the next 12 to 18 months at least.

In all this turmoil the SAL secretariat have worked hard to provide value to our members. Our team was influential in having the Victorian Government’s port privatisation bill amended to limit the terms of compensation, and strengthen and extend price controls over the private port operator. They kept pressure on the Port Authority of NSW, through the Minister for Roads and Freight, to reduce the mooted price increase by around 6 percent. They have continued to work closely with the Department of Agriculture and Water Resources to smooth the transition to the new Biosecurity Act, which entered force on 16 June and the implementation of the Maritime Arrivals Reporting System and Vessel Management System.

Shipping Australia’s long-heralded Bulk Shipping Group finally became operational earlier this year. Building on the experience and expertise of Captain Melwyn Noronha, who has operated as a master of these vessels, this group is looking into a wide range of issues that specifically impact on bulk ships, cargoes, contracts and terminals. Our aim to attract a new sector of membership on the back of this initiative has not yet come to fruition but we are still working on this and in the meantime, our existing bulk members have certainly found value in the group.

Our usual round of networking events have again proven extremely popular, so if you missed out this year then get in early for a table at the SAL NSW Christmas Lunch on 8 December 2017.

In Queensland, our State Secretary, Bill Guest, continues to build the reputation of the SAL Queensland Shipping Industry Golf Day, as the event not to be missed, and his efforts through the SAL Shipping Industry Ball continue to raise substantial funds for worthwhile charities. In 2015, $15,000 was raised through the Ball for ‘Sailability Bayside’ to support facilities for disabled children to experience the joys of sailing. A similar amount was raised in 2016 for AusMEPA.

Unfortunately, our long standing Victorian State Secretary, Phil Kelly OAM, was forced to retire due to ill health in July 2016. Phil’s “retirement career” with the Australian Chamber of Shipping and then Shipping Australia Limited reached 28 years, bringing his experience in the shipping industry to 69 years – beat that! We sincerely thank Phil for his enduring efforts on behalf of our Victorian members. It was pleasing to see Phil inducted into the Maritime Industry Hall of Fame at the 2016 Lloyds List Australia Shipping and Maritime Industry Awards.

Finally, as I stand down from the role of Chairman of Shipping Australia Limited, let me say that it has been a pleasure to be associated with this professional and focussed organisation, and in particular, to be associated with you, the members of SAL who make international shipping to and from Australia happen.

I have enjoyed my time in this sometimes demanding role but it has brought with it a sense of purpose and achievement that would be difficult to find elsewhere. Thank you for your support and a special thanks to the CEO Rod Nairn and the entire staff of Shipping Australia. I offer my congratulations and support to Scott Henderson on his appointment to the role of Chairman for the coming years.
Ken Fitzpatrick, chairman
Appointed 4 December 2006 (chairman December 2011 to December 2016)
Director, Asiaworld Shipping Services Pty Ltd. Ken has over 44 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 Group Agencies (Australia and New Zealand) Pty Ltd. Simon has 38 years shipping industry experience.

Kevin Clarke
Appointed 12 November 2003
Kevin Clarke has worked in the shipping industry for over 49 years, the past 29 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 34 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 32 years shipping industry experience, Geoff has held key commercial and management positions in Canada, USA and Australia.

Scott Henderson
Appointed 24 February 2015 (chairman 2 December 2016)
Managing director, Gulf Agency Company (Australia) Pty Ltd since 2014. Scott has 23 years of agency experience in Australia, prior to that he served as deck officer in the British merchant navy for seven years.

Adrian Peterson
Appointed 21 December 2015
Manager East Coast Oceania/PNG, Wilhelmsen Ships Service. Adrian has 28 years experience with companies such as Union Bulksips, Contship, Pacific Asia Express. He also has extensive experience working with liner traders, bulk, tanker and Ro/Ro vessels. Adrian is a member of QTLC.
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You must be an optimist to be in shipping

By ROD NAIRN

As 2016 dawned there were few in the shipping industry who could muster a smile. I scarcely have to remind you of the plunge in oil and commodity prices that killed the offshore exploration and construction industry, which led to record low dry bulk charter and shipping rates and decimation of the break bulk and project cargo business. But consumer demand also slumped and the container industry was also dragged down. The tanker business has changed shape too. As more and more refineries close down, the demand for crude carriers is focussed of VLCCs and we have seen a bit of a resurgence in the need for smaller product tankers. The shine has also come off the previous darling of Australia’s shipping industry, LNG carriers, as the fruits of a few years of panic ship building has increased capacity and brought the supply and demand equation back into balance. For the optimists though, the year in shipping has ended in a lot better shape than it began. The cruise ship industry continues to flourish, with record new builds arriving into what appears to be an insatiable market and not yet appearing to impact on utilisation or price. Dry charter rates have risen by more than 300 per cent from February’s lows, and in the container sector, while freight rates have remained low, for the first time in history, ship scrapping exceeded new build deliveries in July. Albeit by one TEU, but that trend is set to continue as the forward orders for new ships is very weak. The cost of converting existing ships to comply with the Ballast Water Conventions will likely further accelerate scrapping across the industry over the next twelve months. So things are indeed looking up.

As we reach the end of a tumultuous year for the box shipping industry I had to laugh at the “Four weddings and a funeral” headline of the November edition of Containerisation International. That just about says it all... but not quite. Of course they are referring to the merger of China Shipping and COSCO, CMA CGM’s takeover of APL, the merger of Hapag-Lloyd and UASC, and the joint venture announcement between the “three J’s”, K-Line, MOL and NYK. And then there was the funeral, the unprecedented failure of Hanjin. But clearly their article went to print before the latest bombshell, the Maersk purchase of Hamburg Sud. So the phrase must be corrected to “five weddings and a funeral”.

But perhaps this was just what the doctor ordered? What better way to get the message across that shipping companies will never make a profit by fighting for market share by selling container space below cost? It’s pretty simple really, if you lose money on each box to gain volume, then the more volume you gain the more money you lose. Sure, some are out there with deep pockets playing the long game, hoping that the other guys will blink first and fail – now we’ve seen a bit of that play out, but it’s been going on for too long, the operating losses are ubiquitous and the banks are showing their nerves. The Hanjin collapse was one such example. The salesmen selling container space didn’t seem to have good understanding of the cost of the product that they were selling, so they aimed purely for market share and the losses just kept on accumulating, until the banks just would not keep stumpung up to keep the business afloat.

Another wake up call to come out of this unfortunate event is the impact on other consortia partners when one company collapses. With the arrest of the Hanjin California in Sydney soon after the news of the insolvency broke, there is no surprise that Hanjin was reluctant to allow another ship to berth in Australia and suffer the same fate. So their ships stayed at sea, with thousands of containers belonging to their consortium partners delayed, until Hanjin could obtain cross border insolvency protection. It took almost three weeks for Hanjin to gain bankruptcy protection in Korea but even after this was granted Hanjin did not apply for protection in
Australia for another three weeks (this gives a hint of the low importance of Australia in global trade). Eventually protection was given by the Australian Federal Court on 25 September, clearing the way for the Hanjin Milano to berth, which she did two days later. Though all their cargo for Brisbane, Sydney and Melbourne was discharged in Melbourne.

The five “weddings” I have referred to above will only result in living “happily ever after” if the mergers not only optimise their administrative and operational arrangements to deliver savings but also reduce capacity on over-serviced routes. The “funeral” will only result in an improvement in trading conditions if capacity is removed as a result - which certainly hasn’t happened in the Australia/North Asia routes vacated by Hanjin. There we have seen a number of eager actors’ keen to step in and restore the overcapacity. It is likely that there will be more weddings and funerals in the year ahead.

Throughout this year Shipping Australia has faced some big policy challenges and none more challenging than the introduction of verified gross mass of containers. This work, initiated by Ross McAlpine and pursued by the Container Steering Group, under the excellent stewardship of Captain Melwyn Noronha, over a period of 18 months, resulted in an almost seamless transition to the new VGM regime, with minimum impact on shipping companies. To achieve this, SAL reached out to all sectors of the logistics industry, bringing together customs brokers, freight forwarders, terminal operators, shipping companies and agents. The specific work undertaken with 1-Stop and AMSA ensured an effective solution and finally, a reasonable system of audit and enforcement.

SAL has continued to fly the flag for international shipping by injecting facts and figures to offset the misleading information and exaggerations by union sympathisers and agitators, in both the Senate Inquiry into So-Called Flag of Convenience Shipping and ACTU organised Coastal Shipping summit. Unfortunately, the Government’s proposed Shipping Legislation Amendment Bill was thwarted by a hostile and ill-informed Senate, and Australian shippers continue to be disadvantaged by uncompetitive domestic bulk transport costs on the Australian coast, as they look to import from overseas rather than source locally.

Many were surprised that coastal shipping was not a major area of debate in the double dissolution general election this year. The reality is that it is too difficult to explain in an “eight second grab”, the usual time allocated to a topic by the television news. And in our age of influencing voters by Tweets or fake news in Facebook, like the classic “medi-scare” campaign, neither side of politics was willing to take the risk of bringing this important matter into focus. The Government had already been hacked by the cross bench, the Opposition were exposed by being responsible for the current failed legislation in the first place and the trade unions were keeping their heads down so as not to attract a backlash against Labor. But that is all behind us, so let’s get on with it.

We are looking for some sensible bi-partisan changes that will allow international shipping to carry coastal cargo efficiently and sustainably for the benefit of Australian manufacturers and primary producers. Efficient coastal shipping will create jobs in Australia by reducing import substitution, it will reduce the amount of greenhouse gas produced by inefficient overland transport, reduce the demand for road infrastructure spending and reduce road congestion and accidents, yes it will save lives. Compelling arguments indeed.

So let’s end the year with a simple solution. Get rid of the “five-voyage” requirement and the volume variation restrictions from the temporary licensing regime, provide a blanket exemption under Ministerial determination (just like for cruise ships greater than 5000 GT) for non-competitive cargoes on the coast, such as break bulk, heavy lift, and container ships with TEU capacity exceeding 2500, and remove the application of the Fair Work Act to coastal freight. And what can we do to encourage and develop Australian seafarers? Let’s consider a simple ‘coastal levy’ per unit of cargo that can be administered and collected in conjunction with the existing freight tax. The revenue from this levy can be used to support placement of cadet deck officers, engineers, and trainee pilots on foreign vessels, to get true blue-water seagoing experience. This is what they need if we truly wish to maintain our maritime expertise.

The year ahead will provide plenty of challenges too: maintaining access to our ports through essential maintenance dredging, implementation of the domestic ballast water management and keeping a lid on the costs of ship visits to Australian ports, come to mind. We certainly live in interesting times and in the shipping industry it definitely helps to be optimistic.
SAL Staff

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

National steering groups

General Steering Group
• Chairman: Ross McAlpine
Container Technical Steering Group
• Chairman: Eddy DeClercq
Human Resources Steering Group
• Chairman: Eddy DeClercq
Maritime Legal Steering Group
• Chairman: John Thompson
Public Relations Steering Group
• Chairman: Ross McAlpine
Technical Steering Group
• Chairman: Ross McAlpine
Bulk Shipping Group
• Chairman: David Pratt

State committees

New South Wales State committee
• Chairman: Bill Rizzi
• Secretary: Melwyn Noronha
Queensland State committee
• Chairman: Geoff Dalgliesh
• Secretary: Bill Guest
South Australia State committee
• Chairman: Paul Paparella
• Secretary: Rod Nairn
Victoria State committee
• Chairman: Sunil Dhowan
• Secretary: Phil Kelly/Rod Nairn
Western Australia State committee
• Chairman: Robert Boyce
• Secretary: Rod Nairn
Policy Council

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 Australia Pty Ltd
Mr Simon Aynsley

COSCO Shipping (Oceania) Pty Ltd
Mr Bryce Henley

Evergreen Marine Australia Pty Ltd
Mr Murray Read

Gulf Agency Company (Australia) Pty Ltd
Mr Scott Henderson

Hamburg Süd Australia Pty Ltd
Mr Peter Creed

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 Jason Huynh

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

Switzer Australia Pty Limited
Mr Steffen Risager

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

Wagenius Wilhelmsen Logistics A/S
Mr Sunil Dhowan

Wilhelmsen Ships Service Pty Ltd
Mr Adrian Peterson
Linier Services

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

Australia/North and East Asia Trade Facilitation Agreement
Australia/South East Asia Trade Facilitation Group
Australia/Fiji Discussion Agreement
Australia and New Zealand – United States Discussion Agreement

Andrew Chittenden
General manager, liner services
Telephone: 02 9266 9908
achittenden@shippingaustralia.com.au

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 member lines offering Australian exporters a variety of services from both the east and west coasts of Australia.

Between the member lines of the TFA, six weekly services are deployed from the south and east coasts of Australia comprising 33 vessels that provide 354 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
- Hamburg Süd www.hamburgsud.com
- MSC Mediterranean Shipping Company SA www.msc.com.au
- Orient Overseas Container Line (OOCL) www.oocl.com

Service details

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

Load ports

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

Discharge ports

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

Other ports are served by transhipment.

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

Australia/South East Asia Trade Facilitation Group (TFG)

The primary objective of the TFG, which was registered in 1997, is to promote efficient and economic shipping service from Australia to south east Asia. The TFG is an association of member lines offering Australian exporters varied shipping services from both the east and west coasts of Australia to points in Singapore, Malaysia, Indonesia, Thailand, Vietnam, Cambodia and Brunei. The scope of the agreement also covers south Asian and Gulf region destinations: Myanmar, Bangladesh, Pakistan, Sri Lanka, UAE and Saudi Arabia.

Member lines

Please visit member lines’ websites for detailed service information.

- ANL Singapore Pte Ltd www.anl.com.au
- Hamburg Süd www.hamburgsud.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, Laem Chabang 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 three comprehensive services to shippers utilising eight 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.hamburgsud.com](http://www.hamburgsud.com)
- **Neptune Pacific Agency Australia Pty Ltd**  [www.neptunepacific.com](http://www.neptunepacific.com)
- **Pacific Forum Line (NZ) Ltd**  [www.pflnz.co.nz](http://www.pflnz.co.nz)
- **The China Navigation Co Pte. Ltd.**  [www.swireshipping.com](http://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**

- **CMA CGM S.A.**  [www.cma-cgm.com](http://www.cma-cgm.com)
- **Hamburg Süd**  [www.hamburgsud.com](http://www.hamburgsud.com)

**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 operate a vessel sharing arrangement utilising 10 vessels on a weekly service. MSC and CMA CGM are slot charterers. ANL/CMA CGM separately offer seven 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, and Philadelphia and other ECNA/ Gulf ports via transhipment at key hub ports en route (Cartagena for Hamburg Sud and MIT/KIN for CMA CGM/ANL). ▲
STATE COMMITTEE REPORTS

New South Wales

By MELWYN NORONHA, secretary

42 (Carriage, stowage and securing of cargoes and containers) 2016, which came into effect on 1 July 2016. Whilst VGM implementation in Australia has been generally smooth, SAL members were concerned that a less than pragmatic approach was being adopted in establishing compliance with the SOLAS VGM requirements, where AMSA surveyors were seeking information about shipper details from masters rather than attempting to obtain from well-documented locations.

SAL’s TSG convened a meeting with AMSA to discuss this and AMSA had agreed that it would not seek the name of the shipper from the master but would require the master to have documentation (BAPLIE file) which reflected the container number, the VGM value and that the VGM information box was ticked. Masters would also be required to be aware of the land side Pre-Receipt Advice (PRA) process.

SAL Secretariat advised AMSA that shipping lines had developed in-house instructions for masters and included SAL’s published VGM factsheet, which reflected the PRA process.

Declaration of Shipping Channel Service at port of Newcastle - Glenmore application to National Competition Council

In June 2016, the Australian Competition Tribunal declared the shipping channel service in Newcastle under the relevant section of Part II IA of the Competition and Consumer Act, from 8 July 2016 until 7 July 2031. This decision allows for disputes about the price of access to channel services to be subject to independent and binding arbitration by the ACCC, with the potential for consequent changes in prices and revenue (depending on the outcome of any arbitration).

Port of Newcastle subsequently applied for judicial review of the Tribunal’s decision by the Full Federal Court and on 29 November the matter was heard and court proceedings adjourned with judgement reserved.

NSW EPA – Low sulphur fuel

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 1 July 2016, if it were re-elected.

In September 2015, the New South Wales government introduced regulatory requirements for the use of low sulphur fuel (0.1 per cent or less) by cruise ships in Sydney Harbour. The requirements took effect for cruise ships berthed in Sydney Harbour from 1 October 2015, and for cruise ships operating in Sydney Harbour they were due to take effect from 1 July 2016.

This fulfilled a 2015 government election commitment and addressed community concerns raised about emissions from cruise ships, in particular by residents living near the White Bay Cruise Terminal.

However, in May 2016, the Commonwealth Government introduced amendments to the Protection of the Sea (Prevention of Pollution from Ships) Act 1983 into Parliament in September 2015, which were assented to in December 2015 and have resulted in the New South Wales low sulphur fuel requirements being inoperative from 8 January 2016. SAL understands that the New South Wales Government is seeking agreement with the Commonwealth Government to enable the operation of the New South Wales low sulphur fuel requirements.

In the interim, both Carnival Australia and Royal Caribbean have agreed to comply voluntarily with the New South Wales low sulphur fuel requirements whilst at berth.

In early December 2016, the Federal Minister for Infrastructure and Transport, Darren Chester, said he had instructed AMSA to begin the process to make directions under, s246 of the Navigation Act 2012, to set an upper limit for fuel-oil sulphur content while ships are at berth.

In the international space, the IMO’s environment committee have yet to finalise the worldwide availability of low sulphur fuel and have recently decided that the 0.50 per cent global fuel sulphur limit will be effective on 1 January 2020. Ships operating within the Baltic, North Sea, North American, and US Caribbean Emission Control Areas (ECAs) need to continue to comply with the 0.10 per cent sulphur limits.

SAL is not opposed to the implementation of environmentally sound policies but emphasises that such policies should be consistent with international norms and be introduced over reasonable
phase-in periods. The establishment of internationally recognised ECA’s by the
New South Wales Government would have been a more efficient process to follow and could have avoided nullifying it’s 2015 emission requirements.

SAL continues to urge 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.

**Proposed Ports and Marine Administration Amendment (Dangerous Goods) Regulation 2016 (NSW)**

In April 2016 Transport for NSW (TfNSW) proposed a new Ports and Maritime Administration Amendment (Dangerous Goods) Regulation 2016 to replace the existing dangerous goods regulations legislation for port areas, which currently sits under the New South Wales Work Health and Safety Legislation. A draft of the proposed regulation was circulated for comment and SAL made a submission, and at a subsequent meeting further reiterated its concerns about the management of dangerous goods (DG), especially for transhipment containers and the associated quantum of penalties.

In September, SAL convened a workshop to address the practical matters relating to implementation of the proposed regulation. Attendees included TfNSW, Port Authority of New South Wales, terminal operators, One-Stop and SAL TSG representatives. Matters of significance raised and discussed included:

- Review and simplification of PANSW’s current DG management system;
- In consultation with SAL, PANSW to develop guidelines for DG management;
- Improvements in the re-lodgement for transhipment containers to avoid penalties;
- Difficulties in establishing who the penalty should be assigned to, resulting in shipping lines being issued fines and being required to follow up with consignor/consignee;
- Increase in dwell times for certain DGs, after conducting appropriate risk assessments;
- Consideration in utilising the stevedores Vehicle Booking System in DG management.

At the time of writing the proposed regulation was yet to be finalised, and is expected to occur early 2017.

**Functions**

The Committee arranged three sensational lunches during the year.

In June, the Hon Duncan Gay, Minister for Roads, Maritime and Freight, hosted the State Parliament House Luncheon.

The biennial Port Kembla Luncheon was held in August 2016 at City Beach, Wollongong. The event attracted over 160 shipping industry executives. Sponsored by the NSW Ports and Australian Amalgamated Terminals (AAT), with support sponsorship from Port Authority of New South Wales, the event had two guest speakers in, Marika Calfas, CEO of NSW Ports and Craig Faulkner, CEO of AAT.

Marika provided an overview of NSW Ports’ 30 Year Plan and the strategy for the future in the context of Port Kembla, whilst Craig provided a historical progress of AAT over the years.

Due to the unavailability of the New South Wales Opposition Leader, Luke Foley, the September Luncheon was not held this year.

The Christmas Luncheon held in early December was again a resounding success with an attendance of close to 300 guests. Sponsored by NSW Ports, with the entertainment and prizes sponsored by Maritime Container Services and Port Authority of New South Wales respectively, members and their guests enjoyed the fine dining at Doltone House – Hyde Park.

Shipping Australia sponsored the table gifts this year.

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

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**STATE COMMITTEE REPORTS**

Queensland

By BILL GUEST, secretary

The 2015 Review would have allowed any reader to come to the reasonable conclusion that the Australian international shipping scene, especially the container sector, was not in good shape. Regrettably that position has shown no signs of relief in 2016, with further rationalisation of services and consortia, plus the bankruptcy of the Hanjin Line, which left many, both out of pocket, and short on confidence.

Somewhat of a grim picture but in essence not much more than the peaks and troughs this industry has faced in the past. SAL will continue to do all possible to assist members meeting those challenges despite the fact that 2017 is shaping up as equally daunting.

This review has focussed on Queensland issues, as national factors (Coastal Shipping reform, Part X of the Trade Practices Act etc.) are covered in the CEO’s report, unless specific issues directly impact on Queensland operations.

**Administration**

The Queensland Secretariat is most grateful that State Committee chairman, Geoff Dalgliesh (‘K’ Line), has agreed to extend his term through 2017.

Quarterly meetings of the State Committee were held, with other subjects progressed as required by the Steering Committee and SAL Ball Committee. While the focus is primarily on Brisbane operations, broader Queensland issues were also covered. Meetings in Toowoomba to participate in methods of crop forecasting for more accurate equipment (container) provision and in Townsville, re: forward port developments to cater for trade growth and new generation ships, are just two examples. It is appropriate here to record sincere congratulations to the Port of Townsville Ltd for winning the prestigious ‘Svitzer Port or Terminal of the Year for 2016’ award.

Senior representatives from the Department of Agriculture and Water
Resources, Maritime Safety Queensland, Queensland Department of Transport and Main Roads and Australian Border Force (ABF), regularly attend State Committee meetings. There are certainly mutual benefits for each organisation on matters that are debated and actioned within a cooperative environment, and which provide better understanding of industry issues by all attendees. The objective is to commence each Queensland State Committee meeting with a guest speaker who presents on a subject of relevance to the shipping industry. Welcomed were Terry Price (Queensland regional commander of the Australian Border Force), Bruno Asnicar (Detective Inspector QPS and operations manager of Task Force Jericho), who addressed members, as did Peter Keyte (chief operations officer, Port of Brisbane Pty Ltd). Considering the present intense competitive position, camaraderie and cooperation remain strong within the Brisbane shipping community and SAL social networking events help to foster those relationships.

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

In October the 25th Anniversary of the SAL Shipping Industry Ball was celebrated with 250 enjoying a fun evening at Moda Events Portside. Each year the ball commits to a shipping industry project and it is most pleasing that $15,000 was raised for the Australian Marine Environment Protection Association (AUSMEPA). Specifically, those funds are for upgrading the AUSMEPA website to better facilitate marine environment education programmes for younger Australians. The Ball Committee worked hard to make the ball a success but the excellent financial outcome for AUSMEPA would not have been possible without the continued financial support of the Port of Brisbane Pty Ltd, Chalmers Industries, Patrick Terminals and Svitlzer Australia. Added sponsorship funding from Brisbane Marine Pilots, the ACE Waste Group and PortGate Logistics was also much appreciated.

At our Christmas luncheon on 7 December, SAL CEO Rod Nairn AM addressed members and shipping industry representatives on ‘Shipping in Australia - Challenges and Solutions’. Most agreed that the solution to the industries current maladies required a reduction in overcapacity and a realisation that offering container space at a loss will never make a profit.

I would like to acknowledge the work of Jenny Ruffell-Smith who has this year stepped down from the role of president of the Queensland branch of Young Shipping Australia (YSAQ) to move on to other challenges. While YSAQ remains becalmed as leadership roles are considered, SAL is most grateful to Jenny for her proactive role and the many educational and social events she organised as president. YSAQ will continue in Queensland as it adds positively to the knowledge and enjoyment of younger industry employees.

**Highlights of the year at Port of Brisbane**

**Trade Results** - There was an overall declined in trade growth, as anticipated, although container volumes improved marginally, with full imports up over relatively flat exports, which suffered from declining meat shipments as more favourable weather conditions have allowed cattle restocking programmes to be implemented. Motor vehicle imports exceeded forecasts and with the demise of Australian manufacturing, from 2017 volumes will continue to rise. Full details are available from the 2016 Port of Brisbane Business Review, available at www.portbris.com.au.

**Safety Forum** – Over 200 attended this annual event, which this year was themed ‘Partners in Prevention’. While primarily focussed on health and wellbeing in the workplace, there continue to be many lessons that positively impact on the family environment. A great initiative by the PBPL.

**Cruise Ship Terminal** – Agreement was reached early in the year with the Queensland Government for the Port of Brisbane Pty Ltd to progress a market led proposal to build a mega cruise ship terminal at Luggage Point. It is expected that construction will commence in 2017 for operations in late 2019, once final approvals are reached with the Government.

**Weather Damage** – On Sunday 13 November a mini cyclone hit the port and caused considerable damage. Container stacks were toppled, large trees uprooted, windows in the PBPL Café blown out and the QBH Coal Loader put out of action. With winds up to 157 kilometres per hour over 10,000 motor vehicles were also damaged, and while ship handling was briefly disrupted, the coal loader was not back in service for some weeks. The authorities have labelled this storm a once in every 200 years event and hopefully they are right!

**Landslide Logistics Forum** – The forum continues to meet quarterly to develop and implement effective landslide operations for the benefit of all port users. SAL provides input to these meetings and members are kept informed of outcomes, with the main issues being:

(a) Mandatory Weighing of Export Containers – Under Marine Order 42 (as a ship stowage/safety issue) this requirement exists from 1 July 2016, when Verified Gross Mass (VGM) declarations become mandatory. While concerns remain re: the application of specific auditing and infringement processes, there is every indication that shippers have reacted responsibly to the regulations and that to be casual in compiling Pre Receipt Advice (PRA) data would be to their detriment. AMSA has advised that for the first few months their approach will be more educational than punitive, after which compliance irregularities will be progressed in two ways:

1. If AMSA is notified that a VGM is incorrect then the shipping documents will be obtained to then verify the equipment (method) used to determine the VGM.
2. AMSA will extend regular Dangerous Goods audits at packing depots to cover PRA and equipment credentials.
(b) Container availability for Seasonal Crops – high volume seasonal crop exporters (chick peas etc.) from Brisbane have tended to rely on containers always being available to meet demand, and that forecasting of crop liftings is the best possible given the complications of projected weather and variations to overseas demand. As it is, food quality container supplies are dependent upon the acceptance of shipping company freight rates, which could legitimately factor in the risk of positioning containers where they are not ultimately required due to inaccurate exporter forecasting.

SAL was represented at a recent forum in Toowoomba, which was held to accumulate data which would help to more accurately forecast bulk crop potential for specific regions (Darling Downs etc.). The supply of containers was part of the mix, which included packing capabilities and road/rail provision.

It is also noted that the Queensland Department of Transport and Main Roads is working with the CSIRO to develop a similar model (Transit) which can integrate localised weather forecasting from the Department of Meteorology, into the model. Efficiencies from crop forecasting and associated logistic chain integration are predicted, especially as pre-set communications should ensure that all stakeholders have the same information upon which to act. More to be advanced on this issue, as improving communications and accuracy within the supply chain remains high on the SAL agenda.

**Maritime Safety Queensland**

**Queensland Port Pilotage – Pricing Model.** While the Pricing Model is still a work in progress by MSQ, Queensland port pilotage costs and conservancy dues rose by 3.5 per cent from 1 July. Although members expressed disappointment at that level, it was accepted that this increase conformed with the Queensland Government Index Pricing Policy, which is CPI aligned. A Port Pricing Discussion Paper is to be produced, which will enable SAL to have input (and resistance to cross subsidisation) while acknowledging that MSQ will take on the purely ‘Regulator’ role.

**Port of Amrun** - the privately owned and managed port of Amrun, is being built by Rio Tinto around 40 kilometres south of Weipa. MSQ has maintained both safety and environmental powers over the port, which will commence export shipments of bauxite in early 2019.

**Brisbane Port Welfare Committee (BPWC)** The formation of Port Welfare Committees worldwide supports the operation of the Maritime Labour Convention (MLC), which focuses on ensuring fair conditions for seafarers. Regrettably some incidents have come to light that showed substantial shortcomings, which have even come to Australian shores, and highlight the importance of the positive ministering endeavours of both the Brisbane Mission (BMS) to Seafarers and Stella Maris (SM) organisations.

Ross Nicholls (Brisbane Marine Pilots), continues in the role of BPWC chairman and SAL is pleased to be represented on the committee. The BPWC provides a coordinating role between the BMS and SM organisations, and is able to bring concerns (via their local agents) to ship owners. Unfortunately however, it is all too frequently the apparent indifference of owners to the plight of seafarers that has caused the BPWC to raise concerns under MLC directives.

The 2016 Christmas Appeal - last year many service providers in the shipping industry were good enough to donate small gifts to both the BMS and SM for distribution among visiting seafarers. The level of gratitude from recipients was most welcoming and the Appeal will be repeated this year.

**Contact**

Of necessity, this report is only a brief overview of the activities of the SAL Queensland State Committee over the year and I would be pleased to elaborate on or answer any queries that readers may have on the above, or other shipping industry matters affecting Queensland. In the meantime I wish you the best of success in 2017, wguest@shippingaustralia.com.au 07 3378 2477.
The South Australian State Committee has had a quiet year and no formal meetings have been held. Paul Paparella (Asiaworld Shipping Services Pty Ltd) continues to provide representation on the South Australian Freight Council and keeps SAL members abreast of developments within the region.

Flinders Ports continues to upgrade their facilities and widening of the entrance channel to accommodate bigger ships is the next item under consideration.

This year we received the sad news that Shipping Australia’s former South Australian state secretary, Doug Bourne-Jones passed away. Nothing can stop time or tide.

A momentous year in Victoria with the opening of the new MIRRAT terminal, construction of Webb Dock, development of the new VICT container terminal, privatisation of the Port of Melbourne, creation of the new Victorian Ports Corporation (Melbourne) and most significantly, the retirement of our long serving State Secretary: Phil Kelly OAM, after 28 years in the role and 69 years in the shipping industry. The position of State Secretary has been filled temporarily by SAL Sydney staff, until a replacement is appointed.

At our first luncheon of the year at the iconic MCG in April, Jed Smith (MIRRAT) described the new environmental award winning terminal to an engaged shipping industry gathering. The year was bookended by Brendan Bourke, the newly appointed chief executive officer of the privatised Port of Melbourne, addressing a large crowd at our end of year MCG luncheon on 14 December. The other significant networking event was the SAL Victorian Maritime Industry Golf Day, attended by around 80 players, at the Waterford Valley course in March.

At the December luncheon, both Shipping Australia and the Port of Melbourne paid tribute to Phil Kelly for his “retirement career”, an enduring commitment totalling 28 years of service to Shipping Australia Limited and before that, the Australian Chamber of Shipping. It was pleasing that earlier in the year, Phil had been recognised for his lifetime or contribution to the shipping sector by being selected as the 2016 Inductee to the Maritime Industry Hall of Fame at the Lloyds List Australia Shipping and Maritime Industry Awards.

Regular meetings of the State Committee were held throughout the year, initially at the K-Line office on St Kilda Road, then later moving to the MIRRAT office at Webb Dock. The final meeting of the year was held at VICT in conjunction with a tour of the (almost operational) fully automated terminal.
The Victorian State Committee has continued to perform strongly throughout the year under the leadership of Captain Sunil Dhowan (WWL) as chairman, supported by Huon Chambers (Switzer) as vice chair. The Committee contributed strongly to the revision of the draft privatisation bill for the Port of Melbourne, strengthening price control mechanisms and reduction of the compensation period relating to a new container port in Victoria. This will help to control costs to shipping companies for the next 15 years.

Other efforts saw representation to the Port of Melbourne to improve lighting, firefighting and bollards at Web Dock West, which resulted in a commitment from the port to cover any costs associated with firefighting, and the installation of storm bollards and lighting, which will improve the safety and reduce the expense of push up tugs at these berths.

At the AGM on 6 December Captain Sunil Dhowan and Huon Chambers were re-elected to their positions of chairman and vice chairman respectively, so shipping in Victoria will be sure to maintain a good lookout and navigate in safe waters.

STATE COMMITTEE REPORTS

Western Australia

By ROD NAIRN, secretary

In Western Australia, the downturn in the offshore oil and gas industry has been felt throughout the State, and volumes in Fremantle have also been weak. Meanwhile, the regional port authorities are now maturing and have had a generally positive impact on regional port policies. SAL members were pleased to see that Port Hedland maintained their existing port tariffs for the second year in succession but were disappointed with the lack of consultation at Geraldton. Mid-West ports substantially changed the port change regime at Geraldton withdrawing the Port Enhancement Project charge (which was tied to cargo) and increasing other charges significantly: ship loading up 32 per cent, wharfage up 50 per cent and ship charges up by 80 per cent.

At the beginning of 2016 the privatisation of Fremantle was a main focus of attention but the withdrawal of support for the privatisation by the Nationals moved this process to the back burner. The Fremantle privatisation legislation has been introduced to Parliament but has not been debated and is unlikely to raise its head in Parliament before the State election on 11 March 2017.

Not so for Utah Point. The privatisation process is now underway with the necessary legislation, the Pilbara Port Assets (Disposal) Bill 2015, being passed by Parliament on 18 November. The Government is now undertaking a due diligence process, which will take the recent subdued conditions in the iron ore industry into consideration. Subject to a positive assessment of the benefits to the taxpayers, the Utah Point facility is expected to be privatised by long-term lease during the first half of 2016.

SAL held one meeting of the WA State Committee on 26 October this year, which was well attended by both voting members and associate members. Our thanks to Fremantle Ports for providing an excellent venue. Robert Boyce (MSC) is continuing on as chairman of the WA State Committee despite his busy schedule which, among other things, saw the opening of Mediterranean Shipping Company’s new Fremantle offices in the refurbished historic, former Elders heritage building, in Fremantle’s West End.
What a year at YSA

By JULIEN DI STEFANO, chairperson, YSA New South Wales

What a year at YSA! It has been a busy 12 months, with many organised networking functions. These included five drinks gatherings, a fabulous Christmas in July, held by the Victorian Branch, and a very successful Shipping Industry Outlook event in New South Wales, with excellent speakers including Geoff Greenwood, managing director Hamburg Sud Australia, Michael Bell the foundation Professor of Ports and Maritime Logistics at University of Sydney and Matthew Spence managing director, Bank of America Merrill Lynch. Ten separate seminars were held, starting with DFAT regulations, through to ship breaking and finishing with our yearly Maritime Law Seminars.

YSA was also given the opportunity to visit Sydney Hutchinson Terminal, Melbourne Tug Boats Operations and Sydney Pilots Tower, at Port Botany. The tour was both interesting and educational, covering the different facets of port operations with a particular emphasis on pilotage – the use of specialist navigators to guide ships to berth.

Visits were organised by the YSA Committee with assistance from the Port Authority of New South Wales and The Mission to Seafarers. We received very good feedback from the attendees and I would highly recommend undertaking similar visits, to each State, in 2017.

All States will finish off 2016 with our respective Christmas Parties.

I really look forward to celebrating the tenth anniversary of Young Shipping Australia in 2017, and continuing to invigorate and inspire YSA with new original topics and networking events.
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, quarantine washdown facility, 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.

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It has now been well over 12 months since the formation of the Department of Immigration and Border Protection and its operational arm, the Australian Border Force (ABF).

The ABF has a critical role in building a strong economy, supporting our national security framework and by extension, our social cohesion. Achieving this does not come without its challenges, which largely revolve around a complex and evolving operational environment. Our ongoing efforts to reform border arrangements and our partnerships, particularly with industry, are vital as we approach this task.

Our recently launched ABF 2020 document describes the vision for us in the short term - to be a world leader in border management. Eight key areas of focus have been identified that shape how the ABF will evolve to deliver our mission to the highest standard.

One area of focus is reforming our business at the border with traders, fundamentally changing how we operate. This has been achieved through the introduction of the Australian Trusted Trader (ATT) programme. ATT is a voluntary trade facilitation initiative that recognises businesses with a secure supply chain and compliant trade practices, and rewards them with a range of trade facilitation benefits. It also allows the ABF to focus on trade that has been identified as having the highest risk, while adopting a low touch approach to legitimate businesses with secure supply chains.

Looking at the numbers, the response to the programme has been overwhelmingly positive. We have received over 340 expressions of interest from businesses since 1 July. By 2020, ATT is expected to grow to more than 1000 Trusted Traders, covering 30 per cent of Australia’s two-way trade volume and 50 per cent of our two-way trade value. Over the next 10 years, the programme is forecast to deliver around $3.2 billion to the economy.

Another significant trade facilitation milestone was reached in July when the Department signed its first Mutual Recognition Arrangement (MRA) with the New Zealand Customs Service. The MRA provides a formal arrangement between both customs agencies, recognises our supply chain security programmes and provides reciprocal benefits.

The Department is also working towards recognition of our respective supply chain security programmes with the Canada Border Services Agency, Hong Kong Customs and Excise Department and Singapore Customs. The Department also reaffirmed Authorised Economic Operator cooperation with China, with the signing of the latest schedule of the Strategic Partnership Program.

Furthering our commitment to engage and work with industry, the Department’s third industry summit took place in Sydney in October. The Industry Summit is the Department’s premier annual event for industry and Government to collaboratively discuss strategic immigration, trade facilitation and border protection issues. It brings together approximately 250-300 key industry
stakeholders, peak bodies and small and medium enterprises (SMEs) across the trade, migration, traveller and tourism sectors. The summit enables the Department to explore opportunities to work with industry to facilitate trade, travel and migration.

Platforms such as the Industry Summit allow us to focus on our common goals. Goals that are being driven in particular by globalisation and an increased volume in trade and travel, which is creating a greater workload at the border, and a greater requirement for Australia to attract investment and employees to maximise opportunities. Last financial year alone Australia saw record numbers of trade and travel, highlighting the importance of new solutions and innovation, with the automation of our systems, more important than ever.

In 2015-16, we:
- processed more than 40 million international air and sea travellers
- processed more than 34 million imported air cargo consignments and more than three million imported sea cargo reports, and
- inspected more than 57 million mail items.

In other business last financial year, we made:
- more than 18,000 detections of major drugs and precursors
- more than 1750 detections of undeclared firearms, parts and accessories
- more than 80 detections of tobacco in sea cargo, representing duty evasion of $40 million, and
- more than 1900 locations of illegal workers.

A strong focus for the ABF last financial year was illicit tobacco, which remains one of the more commonly seized goods at the border for duty evasion. Highly sophisticated and organised crime groups are becoming involved as the profits to be made are comparable to other illicit commodities, such as heroin or methamphetamine, but the penalties which may be faced are significantly less. Far from being a ‘victimless crime’ this illegal activity reduces the amount of revenue collected, impacting funds available to the Government for essential public services including schools and hospitals.

Last year the ABF made its largest ever seizure of illicit tobacco in a single operation - 71 tonnes of loose leaf tobacco in three shipments from Indonesia, destined for sale in Australia. Two of the shipments containing 47 tonnes of tobacco were stopped by ABF officers in Sydney. A third shipment of 24 tonnes was seized by Indonesian authorities before departure.

This operation demonstrated that shipping channels are a gateway which criminals are increasingly trying to exploit to get goods like tobacco into our country. Working with industry and acting on intelligence, we are able to identify such threats to our border and ensure that illegal activity is halted. Our partnership with industry is absolutely crucial to ensuring we’re as well placed as we can be to deal with these threats.

Our Border Watch programme is particularly valuable in this respect. It provides a mechanism that enables industry and the broader community to report suspicious activities, helping to protect our borders. Working together with industry, Border Watch has been instrumental in hundreds of seizures of drugs, weapons and wildlife. In fact, more than five per cent of all detections made are attributed to reports made through Border Watch.

On the water itself, we continue to bolster our maritime capability, with large hulled vessels, Australian Defence Vessel Ocean Protector and Australian Border Force Cutter Ocean Shield, complementing our new Cape Class vessel fleet. This extends our capacity to patrol approximately 37,000 kilometres of Australian coastline and approximately 11 per cent of the world’s oceans to counter eight maritime threats including people smuggling, illegal fishing, marine pollution and piracy.

Our growing maritime capability requires a broader range of roles and provides more career opportunities to our marine crews than ever before. One of our commanding officers spoke recently of his experience, ‘The ABF Marine Unit is not for someone who wants a job, it is for someone who is searching for a career that will give them satisfaction contributing toward the protection of Australia.’

That shared commitment to protecting our borders, while delivering the benefits of an open economy, will continue to drive our broader engagement with industry. As we transform the way we work, we will continue to seek new ways in which to secure our maritime supply chain, expanding initiatives such as the ATT programme and Border Watch. We are committed to driving transformational reform of border arrangements to support a strong industry sector and stronger economy – and working with our industry partners to achieve this. We look forward to the journey together.
Biosecurity tools and information for the shipping industry

By LYN O’CONNELL, deputy secretary, Department of Agriculture and Water Resources

If you work in the shipping industry, you’ll notice that 2016 saw the Department of Agriculture and Water Resources introduce tools to help you meet your biosecurity obligations.

Two of these tools are the Maritime Arrivals Reporting System (MARS) and the Vessel Compliance Scheme (VCS).

The Department’s new Maritime Arrivals Reporting System, which has been phased in since June last year, is an online portal that allows commercial vessel masters and shipping agents to submit the required pre-arrival documents and request services such as waste removal and sanitation certification.

For agents and masters this means easier lodgement of information, and it also saves time, as MARS maintains a profile pre-populated with information for subsequent voyages to Australia.

At the centre of MARS is the Biosecurity Status Document, which provides a single source of information during the vessel’s voyage in Australia, and means shipping agents and vessel masters no longer have to deal with many different paper documents or sort through numerous emails from the Department.

Another tool—the Vessel Compliance Scheme (VCS)—has been introduced to help shipping agencies and vessel masters comply with Australia’s biosecurity requirements. It ensures vessel masters and crew are better able to prepare the vessel, increasing the likelihood of compliance and reducing the likelihood of intervention.

To be eligible for the VCS and qualify for reduced intervention, commercial vessel operators must have a minimum of three voyages to Australia within 12 months, and a good compliance history with the Department.

Once on the VCS, vessels will have fewer physical inspections during a defined voyage cycle.


The national rollout of MARS, which was completed in December, marks the culmination of a joint effort by the Department and the Australian shipping industry, and we’re very proud of this collaborative achievement.

As part of the shipping industry, you’re in an ideal position to help us protect Australia from exotic pests and diseases by spotting and reporting any suspect pests that may have arrived on ships or cargo.

There are 42 plant pests that pose the biggest threat to Australia and while most of the pests are not yet present or established in Australia, an incursion of any one of them could have a significant impact on Australia’s agricultural industries. A gallery of information about these pests—what they look like and where and when you’re likely to spot them, is on our website: www.agriculture.gov.au/priority-plant-pests.

Take a look and if you see something that could have entered Australia on a vessel or with imported goods, report it on the See Secure Report Hotline on 1800 798 636.
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Despite headwinds in the global trading environment - world merchandise trade volume is expected to grow by 1.7 per cent in 2016 – the Government remains focussed on pursuing an active agenda to advance Australia’s global trade interests and to maximise the contribution of trade to the prosperity of the economy and the well-being of all Australians.

The Government has recorded a number of important trade achievements over the previous 12 months and the Minister for Trade, Tourism and Investment, the Hon Steven Ciobo, is focussed on building on that platform in the period ahead.

In October 2015, Australia was one of the twelve countries involved in the final round of negotiations to conclude the Trans Pacific Partnership Agreement (TPP). Its outcomes include new market access opportunities for Australian exporters of goods and services, as well as investors that are additional to Australia’s existing free trade agreements. It will establish a more seamless trade and investment environment across the 12 member countries, reducing costs and red tape.

The Government is advancing its domestic processes to ratify the TPP and has been clear in encouraging the United States Congress to follow suit.

The Government has been active in promoting the new and expanded trade and investment opportunities for business flowing from our three North Asian Free Trade Agreements (FTAs), with Japan, China and the Republic of Korea.

These three North Asian markets account for 60 per cent of Australia’s goods exports and 26 per cent of our services exports. The Government has worked closely with its counterparts in all three to ensure that the agreements are implemented in full. Data available to date suggests that Australian firms are making increasing use of the preferential provisions in the three agreements, as high tariffs are dismantled. Export sales to Japan have increased since the entry into force of the Japan Australia Economic Partnership Agreement (JA EPA).

The Government has been active in running a range of advocacy and outreach, and related activities aimed at providing the business community and others with information on the three North Asian FTAs, and how to take advantage of them. One of these measures has been an online FTA portal which, when fully operational, will enable prospective exporters to access up to date information on tariff rates under all of Australia’s FTAs.

The Government was also an active participant in negotiations in the World Trade Organisation (WTO) at its 2015 ministerial meeting, which resulted in agreement to eliminate agricultural export subsidies, and on new rules for export credits. The decision constitutes a significant step in the reform of agricultural trade which will do much to level the playing field for agriculture exporters, of which Australia is among the top ten globally.

In 2016, the Government successfully concluded a review of Australia’s FTA with Singapore (SAFTA). The review resulted in a liberalisation in conditions for Australian services
exporters, notably in education, law, financial and professional services, and the establishment of a framework for the mutual recognition of professional qualifications. It also included substantive outcomes on government procurement and foreign investment.

Looking ahead, Minister Ciobo is according a high priority to the conclusion of FTA negotiations with Indonesia. Those negotiations were revived earlier in 2016 and Mr Ciobo and his Indonesian counterpart have committed to aim for the conclusion of the negotiations by the end of 2017. A successful conclusion of this agreement would do much to unlock the potential for growth in two-way trade and investment.

Australia is also actively engaged in region-wide negotiations for a Regional Comprehensive Economic Partnership (RCEP), an ASEAN-centred proposed free trade area which would initially include the ten ASEAN member states and Australia, China, India, Japan, Republic of Korea and New Zealand. The RCEP promises to build on and expand Australia’s existing FTA with ASEAN.

The Government has also recently agreed with the Indian Government to conduct a stocktake of the current bilateral FTA negotiations with the aim of setting the scene for a successful conclusion in the future.

The Government has identified Taiwan and Hong Kong as potential future FTA partners, and has flagged an interest in pursuing FTAs with Mexico, Canada and Colombia and the Pacific Alliance, depending on developments in relation to the TPP.

Australia has also been active in a range of other trade and related negotiations. We are chairing negotiations among a group of WTO countries to reach agreement on a package that would eliminate tariffs on environmental goods. And we are involved in negotiations for a global agreement to enhance the conditions for trade in services. The Government is pursuing trade liberalising reforms in the WTO, APEC and the G20.

At the domestic level, the Government has a strong agenda focussed on improving the competitiveness of the export sector, including by contributing to efforts to develop a single window. Australia has ratified the WTO Agreement on Trade Facilitation which promises to reduce costs and red tape for businesses involved in international trade.

Beyond the trade agenda, the Government, through the Department of Foreign Affairs and Trade, is rolling out maritime and transnational crime dialogues; finding common ground in addressing maritime security and dispute management in the South China Sea; and more recently focussed on bolstering the significance and focus of the Indian Ocean Rim Association (IORA), an important regional body addressing maritime trade and security issues across the Indian Ocean.

As we look ahead, with an uncertain global economic outlook, the Government will continue to work to advance its trade agenda and will support actions aimed at maximising the productivity of the maritime industry where that will enhance Australia’s international competitiveness. ▲

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Improving maritime transport security regulation

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

Over the past year the Office of Transport Security (OTS) has embarked on a number of significant initiatives that will enhance the security regulation of the maritime sector.

In early 2016, the Australian Parliament passed the Maritime Transport and Offshore Facilities Security Amendment (Inter-State Voyages) Bill 2015 to end the direct security regulation of Australian ships on inter-state voyages. This came into effect on 10 August 2016, bringing with it not only uniformity in the security requirements for domestic shipping but also a reduction in costs for the Australian shipping industry. (Approved ship security plans will remain in force until they are cancelled or expired - so I encourage all eligible Australian ship operators to cancel their plans if no longer required.)

From 30 June 2016, the Australian Government made operations for port service providers easier and more competitive, by removing the need for them to hold their own security plans. This removed the duplication in the regulations for operators not only to have their own plan but to comply with the security plans of the ports within which they operate. (As is the case for the ship initiative, port service providers with an approved security plan will need to get in contact with the Office of Transport Security to cancel their plans.)

As part of our drive to be more transparent, we have provided advice to industry on our national compliance planning - allowing our stakeholders to better understand our priorities as a regulator and enable proactive reviews of security plans. Briefings have recently been provided to industry on the National Compliance Plan through a range of media and stakeholder meetings.

We are also streamlining our approval and compliance operations to create efficiencies, which will improve service for all regulated sectors from 1 November 2017. From this date, all security plan submissions will be managed centrally by a specialist team, to ensure greater national consistency in guidance and regulatory decision-making.

Supporting this work will be a dedicated ‘Guidance Centre’, to be launched in early 2017. The ‘Guidance Centre’ will be a single point of contact for industry to obtain information on their regulatory responsibilities and how to meet them. In addition, we will also be improving the guidance material and templates available on our web page. One such item, which will be included, is the recently revised guidance on the requirements for security plan audits, which was sought by industry following consultation in 2015.

We are also working to strengthen the Maritime Security Identification Card (MSIC) scheme. A range of new requirements, as well as a new card, is being introduced. Among the changes is the introduction of in-person identity verification of applicants and new categories of identification documents from 1 August 2017.

In addition, from 1 November 2016, all MSIC applicants under the age of 18 (minors) must undergo a national security check. This is in response to the changing security environment and the increasing involvement of minors in terrorism-related activities.

The Department has introduced a new role-specific ‘white MSIC’ to better identify individuals with valid security background checks. Currently, the white MSIC is only available to individuals in specific roles who do not need unmonitored access to maritime security zones of security-regulated ports, offshore facilities or ships.

The Department is also progressing legislative amendments to introduce new, strengthened, eligibility criteria for the MSIC. While the proposed criteria will better target serious and organised crime offences, it will also lift the threshold for less serious and lower-level criminal offences. As a result, more applicants are expected to be found initially eligible for an MSIC.

Throughout 2017, OTS will continue to explore ways to ensure our regulatory system provides sufficient flexibility for port operators and port facility operators to manage their risks. We know each port has its own unique set of risks and with port operations increasing in complexity, it is an ideal time to begin this analysis.

With these and other initiatives, the coming year will continue to be a busy period of consultation between OTS and industry as we further improve our maritime security framework. More information is available on our website: https://infrastructure.gov.au/security/
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State Transport and Logistics

New South Wales

Supporting an efficient, competitive and sustainable freight and ports network

By CLARE GARDINER-BARNES, deputy secretary, Freight, Strategy and Planning, Transport for NSW

The provision of highly productive road and rail networks to support and service our maritime gateways, and the maintenance of safe shipping operations are key priorities for Transport for NSW.

Our Cargo Movement Coordination Centre (CMCC) has been operating for nearly three years and is steadily building on and expanding the work begun by the former Sydney Ports Corporation with the Port Botany Landside Improvement Strategy (PBSIS).

The PBSIS Mandatory Standards have had a positive impact on late trucks, cancellation penalties and truck turnaround times. The CMCC’s operating systems have enabled on-time performance of truck movements at Port Botany to be maintained at 98 per cent.

Truck turnaround times have continued downward with the average for 2015/16 sitting at 23.35 minutes, compared to 26.34 minutes in 2014/15. The time it takes a truck to move through the port precinct and be serviced by a stevedore is now less than half what it was in 2010. This massive lift in performance has had a positive cost benefit to the supply chain, estimated at $96.3 million over the period to 2018.

With road operations at Port Botany performing well, we have increased our focus on delivering better outcomes for rail. We know that rail must play a greater part in the task of moving containers through our ports if we are to effectively meet future demand and manage road congestion.

While the task ahead of us remains significant, the signs are positive, with rail mode share increasing from 13.5 per cent in 2014/15 to 16.3 per cent in 2015/16.

In December 2015, we took the important step of establishing the Port Botany Rail Optimisation Group. Stevedores, rail operators, rail network managers and NSW Ports are represented on this CEO-level group, which is advising Transport for NSW on actions to optimise rail container movements through the port.

The group is working to identify policy and regulatory impediments that impact on the efficient movement of containers and is also advising us on performance standards and methods of measuring key metrics, such as on-time arrival, capacity utilisation and turnaround times.

The group held its fourth meeting in October 2016 and has identified and agreed on key benchmarks to increase efficiency. The work the group has done to date is encouraging and I look forward to seeing tangible outcomes in the coming year.

Away from the movement of freight, the cruise ship industry continues to be a key focus for the NSW Government. Our priority is to keep Sydney open, available and accessible to the growing number of cruise ships wanting to come here. The Australian cruise market has experienced remarkable growth in recent years, 294 per cent between 2004/05 and 2014/15.

The building upgrade and wharf extension at the Overseas Passenger Terminal (OPT) has increased its efficiency and capacity, allowing for smooth one day turn-around of ships carrying more than four thousand passengers. The upgrade of the OPT was part of the $100 million investment undertaken by the Government in Sydney Harbour, to build infrastructure that accommodates the growth in the cruise industry.

When it comes to managing the State’s ports, safety and sustainability are at the forefront of our everyday business. Transport for NSW continues to ensure that the right mechanisms are in place to maintain high standards of safety and environment protection.

The Port Authority of New South Wales administers port safety functions for Port Kembla, Port Botany, the port of Newcastle, port of Eden, port of Yamba and Sydney Harbour, under the terms of its Port Safety Operating Licence (PSOL). Transport for NSW ensures the Port Authority carries out their responsibilities as specified in the PSOL.

Under the terms of the licence the Port Authority of New South Wales controls the conditions under which dangerous goods are handled and kept in operational areas within the ports. In 2016, we completed a large amount of work to progress an update of the New South Wales dangerous goods in ports regulation in consultation with industry. Feedback from Shipping Australia’s members was invaluable to this process and the new regulation will come into force in early 2017.

In 2016, we also consulted with stakeholders on updating volume two of the Marine Pilotage Code to incorporate a revised health standard for marine pilots. Pilots are critical safety workers who undergo periodical health assessments to ensure fitness for duty. The Health Assessment Standard for Marine Pilots is unique, within Australia, to New South Wales.

Looking to the year ahead, we will be seeking input from the shipping industry again as we review the NSW Freight and Ports Strategy, and develop an updated plan to take us to 2056.
Balancing economic growth and environmental sustainability in internationally significant areas of high conservation value

By MIKE STAPLETON, acting director-general, Department of Transport and Main Roads, Queensland

SHIPPING and ports are critical to Queensland’s economic viability. They play a key role in maintaining and growing regional economies by supporting key industries, such as mining, agriculture and manufacturing. They also provide communities with vital supplies, including consumer goods, building products and fuel.

In the 2015-16 financial year, 339.5 million tonnes¹ in total trade and 18,864 vessel movements² were handled through Queensland ports.

The value of our overseas exports alone was $47.829 billion³ for the same period.

However, in recent times the potential environmental impacts of port activities have come under increased scrutiny, with the World Heritage Committee recommending Australia develop a long-term plan for sustainable development to protect the Great Barrier Reef’s outstanding universal value.

With more than $40 billion of exports transported through the Great Barrier Reef Marine Park area every year, and with port and shipping activities expected to increase, there is a pressing need to ensure these activities are well managed by all stakeholders, industries and regulators to lessen any threats to the health of the reef.

Queensland’s Department of Transport and Main Roads is committed to the sustainable management and development of the ten major and two minor trading ports along the Great Barrier Reef coast.

Foremost on our agenda is the implementation of several port-related actions under the Reef 2050 Long-Term Sustainability Plan, a comprehensive framework to protect the reef’s outstanding universal value.

This has been developed by the Australian and Queensland governments in consultation with key stakeholders.

A vital step in fulfilling the Queensland Government’s commitments under the Reef 2050 Plan is the Sustainable Ports Development Act 2015 (SPD Act), aimed at balancing protection of the reef with development of the State’s major ports.

The SPD Act prevents disposal of capital dredge spoil from ports into the Great Barrier Reef World Heritage Area, and stops development of new ports in the area.

It also mandates master plans for four priority ports – Gladstone, Abbot Point, Townsville and Hay Point/Mackay.

The Queensland Government is leading port master planning, working closely with port authorities, local governments and other key stakeholders.

Master planning for the port of Gladstone is advancing and is expected to be completed in 2017, with processes for the ports of Abbot Point, Townsville and Hay Point/Mackay also progressing in the next 12 months, through a staged approach.

Another key focus for the Department this year has been the development of the Maintenance Dredging Strategy for Great Barrier Reef World Heritage Area Ports.

The strategy is intended to provide a transparent and consultative framework for sustainable, leading-practice management of maintenance dredging at Great Barrier Reef ports, to help secure the reef’s health and resilience.

Its primary objective is to provide certainty to the ports industry and wider community that the economic and social contribution of ports is maintained, while ensuring the continued protection of Queensland’s valuable environmental assets.

The strategy aims to support and complement existing laws and guidelines by making clear the framework and practices that should apply to maintenance dredging in Queensland.

As part of my Department’s commitment to ensuring port sustainability, we’re working with ports as they continue investigations to further diversify trade, while planning for key infrastructure required to service key growth sectors.

Investigations are continuing on a number of projects, including the Cairns Shipping Development Project and the Townsville Channel Capacity Upgrade Project.

Transport and Main Roads is also continuing to plan for the State’s growing freight task, with a review of the Moving Freight Strategy, initially released in December 2013.

While the fundamental issues affecting the freight system remain consistent, the environment in which the strategy was originally drafted continues to evolve.

The revised document will provide a 10-year strategy for freight in Queensland, and respond to the commitment of facilitating economic development and growth.

In the next 12 months, we look forward to continuing to work closely with key shipping and industry stakeholders to achieve common goals for the benefit of the State’s regions and economy.

We value our longstanding relationship with Shipping Australia Limited and its members, and I extend our thanks and appreciation for working with the Department and other Queensland Government agencies on the many challenges facing the shipping and freight industry.
The island of inspiration – key freight stakeholders find solutions

By STEVE CLARK, consultant, Thompson Clarke Shipping Pty Ltd

Tasmania, a State on the rise, is experiencing positive economic growth.

As the only State not on the Australian mainland, Tasmania depends on timely, reliable and cost effective freight.

Thompson Clarke Shipping (TCS) has grown to become Australia’s premier maritime consultancy firm and has been involved in some key development projects for Tasmania.

A number of recent initiatives in freight have combined to provide solutions to some of the big freight challenges.

Tasmania

Population approximately 520,000 people.

2016 economic reports paint an improving picture for Tasmania, with some of the strongest growth nationally i.e., exports of goods and services, household consumption and business investment.

The state has been enriched by immigration and changing cultural patterns and its reputation for premium seafood, wine, meat and produce.

Tourism is booming.

The Government fosters tourism through its owned TT Line ferries and supports events, including the Sydney to Hobart Yacht Race.

Even though almost 45 per cent of Tasmania’s total 68,401 square kilometres are national parks and heritage sites, it produces large volumes of premium fruit and vegetables, seafood, meat, beer and wine for Australian and international markets.

The agricultural sector in Tasmania is proportionately larger than that for the nation as a whole i.e., 9 per cent of Tasmania’s gross state product versus the national average of approximately 3 per cent.

Supporting agriculture growth, irrigation investment [private-public] of approximately $500 million, has been either completed or planned.

Market size - containers or equivalent

Tasmania is a small player in international container volumes i.e., approximately 50,000 TEUs versus the 5,000,000 TEUs handled by mainland ports. However, much of Tasmania’s international cargo is repacked in Melbourne and not captured in Tasmanian statistics.

Tasmania is a major player in domestic trade with over 400,000 TEUs (or TEU equivalent) to/from mainland states.

Tasmanian ports are size-restricted in their vessel handling capability. In essence many of the international shipping services calling to the mainland cannot physically call to Tasmania ports.

A return to direct international services to Tasmania was supported by the current Liberal Party policy.

In 2014 TCS were tasked to seek EOI’s from potential carriers. Swire Shipping entered into a MOU with the Tasmanian Government for transitional funding, and vessels were allocated for July 2015 commencement of international calls direct from Bell Bay to China.

However the Federal Government extended the Tasmanian Freight Equalisation Scheme (TFES) to international freight, which rendered the MOU, and hence service, uneconomic.

Key freight solutions

- Re-investment in Bass Strait shipping (vessels)

There are three separate daily RORO services: Toll-ANL, SeaRoad and TT Line, linking either Devonport or Burnie to Melbourne.

Key benefits are frequency, reliability and efficiency.

Investment plans for vessel replacements are now well advanced and a much needed vote of confidence in Tasmania’s future.

SeaRoad - SeaRoad currently operate two RORO vessels, SeaRoad Mersey and Tamar.

The new SeaRoad Mersey 11, a $110 million investment, will offer a 50 per cent increase in SeaRoad capacity and an overall 15 per cent increase on the Bass Strait. Increased capacity will assist the peak export season of November to April.

SeaRoad Mersey 11, using clean green LNG technology, is reported to be undergoing sea trials and expected to sail to Australia in late 2016.

This is a Tasmanian grown project and the company can be proud of this development.

SeaRoad has indicated it aims to commission a sister ship as soon as ‘market conditions and shipyard availability permit’.

Toll - Toll have announced an investment of $170 million in two new purpose built RORO vessels to replace the existing vessels, which will offer 40 per cent extra capacity. Forecast delivery is 2018.

Toll further confirmed continuation of
overnight services six days a week and an agreement with Port of Melbourne to secure an additional seven hectares to provide increased Melbourne landside infrastructure.

**TT Line** - State Government owned TT Line operate two RORO vessels primarily for passengers. TT Line offers capacity for trailers of sensitive, chilled and road freight, and prefers not to carry containers or break-bulk.

The State Government has announced proactive plans to build two new larger ferries in around ten years’ time. The Government will call in two new special dividends from TT Line in the next two years of $40 million each year, to assist funding.

- Lack of competition, constraints on capacity and container supply in peak season

New services in recent times have provided more competition and capacity and container availability.

**Mediterranean Shipping Company (MSC)** - The second largest container shipping company globally commenced a new service (New Kiwi Service) calling at Bell Bay in Q1 2015 on a fortnightly basis. Upgraded to weekly in January 2016, the extensive global network of MSC allows Tasmanian importers and exporters to connect containers in Melbourne, Sydney or Brisbane, to worldwide markets.

MSC has further announced an upgrade to their New Kiwi service to 2 Bell Bay calls per week from December 2016. New rotation is Sydney/Brisbane/Noumea/Tauranga/Auckland/Bell Bay/Melbourne/Bell Bay/Sydney.

**Swire Shipping** - In March 2014 Swire Shipping, a regional market specialist, commenced a monthly multi-purpose service (carrying break-bulk and containers) initially for Bell Bay Aluminium.

Other major cargo lines from the Bell Bay manufacturing precinct have been secured for the monthly Asia Pacific Australia service.

Swire also commenced direct calls to Hobart with its Papua New Guinea Service (PNG Service) in November 2015, offering both international and domestic options.

Customer support for Hobart calls has been below expectations, however negotiations for long-term contracts are in play.

It would be fair to say exporters have benefitted from the competition.

**Maersk** - in a further boost to Tasmania Maersk, the largest container line in the world, have announced a January startup for Bell Bay calls with their Tasman Star service.

The rotation advertised is Tauranga/Sydney/Bell Bay/Melbourne/Tauranga which will allow Tasmanian cargo to connect into their global network.

- **Cost disadvantage for international Tasmanian exports addressed**

The Abbott Federal Government in March 2015 announced that effective 1 January 2016, the TFES subsidy would be extended to international export cargo transhipped over mainland Australia.

The AUD700/TEU subsidy was deemed as ‘critical to operating a business in Tasmania effectively and giving Tasmanian exporters access to markets they can’t ship to cost effectively’.

- **A coordinated freight strategy**

**Tasmanian Government - Tasmanian Integrated Freight Strategy (TIFS)**

Tasmania’s freight system underpins economic growth in the State.

The Tasmanian Government owns most of the State’s major freight infrastructure: roads, rail and ports. It also operates rail (TasRail) ports (TasPorts) and sea freight (TT Line) services. The Government thus contributes heavily to the coordination of freight planning and investment, and understands the importance of strategic planning for an integrated freight strategy.

The TIFS released in April 2016 is a coherent, well-researched freight strategy that identifies issues, opportunities and actions across four themes:

1. Supporting service choice across Bass Strait and beyond.
2. Efficient freight gateways.
3. High standard, responsive land freight connections.
4. Delivering a single, integrated freight system.

With the establishment of **Infrastructure Tasmania** to lead best practise for TIFS, the Government is particularly ‘hands on’ in supporting freight.

- **Port Strategy**

**TasPorts**: TasPorts manage Tasmanian ports, incorporating the main ports of Burnie, Devonport, Bell Bay and Hobart. They also manage community asset sites, community infrastructure on King and Flinders Islands, and marine service to private ports.

With over 99 per cent of Tasmanian freight volumes moving by sea - ports are dominant in the transport system.

TasPorts released a well-researched clear 30 year plan in 2015. Findings included:

- Freight volumes in 2043 will be only marginally more than the 2007/8 peak of 16.2 million tonnes.
- Total import/export freight volumes will be 17 million tonnes by 2043 a 54 per cent increase over 2013/4.

- The current port system has the capacity to handle forecast 2043 volumes.
- Agricultural products are expected to be the key growth sector.
- There is no forecast growth in vessel size - this is connected to small bulk parcel sizes and requirement for low supply chain costs, which rely on the proximity of major industries to ports that serve as natural gateways.

TasPorts will maintain a **multi-port system** (less upfront costs) as exists today, with each port managing diverse product groups though natural gateways.

TasPorts cater for: Antarctic, cement, community, containers and trailers (various commodities), cruise ships, minerals (bulk), forestry, metals, tourism, fishing and livestock.

“The Tasmanian freight market is growing strongly and encouraging more interest from the liner carriers and bulk operators,” said Tasmanian Ports CEO, Paul Weedon. “The 2015/16 year saw a 7.7 per cent growth in forestry exports and we’ve seen MSC and Swire enter the container market from Bell Bay and Hobart respectively.

The key to more growth in the container sector is lower logistics costs, whether it’s for international destinations or interstate trade. Greater confidence in the Tasmanian economy is driving investment in port infrastructure, landside logistics infrastructure, and in manufacturing capacity – especially in fresh food and dairy segments – so low cost, reliable shipping will be a key focus area for the years ahead.”

- **Solution for King Island Shipping**

Based on project work undertaken by TCS, in June 2016 the Government announced a new operator, Port and Coastal Marine Services (PCMS), had been identified as the preferred proponent for the King Island Shipping Service. PCMS, located in New South Wales, are due to commence in January 2017, subject to receiving sufficient cargo support.

The new Seaward Mersey 11 will be too large for the island’s Grassy Harbour.

- **Access for international air cargo - Hobart airport runway extension**

Tasmanian airfreight is transhipped to mainland airports, due to runway limitations. Hobart’s runway extension with government funding is due for completion in 2018. This 500 metre extension will:

- deliver opportunities for direct export straight to Asian markets i.e., seafood, fruit and fresh produce;
- provide potential for direct passenger flights between Hobart and Asia and elsewhere; and
provide enhanced aviation opportunities for Hobart, as the preferred Antarctic gateway.

Quote from Brett Charlton, chairman of The Tasmanian Logistics Committee and general manager of Agility Logistics Tasmania, “The recent extension of the TFES and the pending increase in capacity across Bass Strait, the Hobart runway extension, the attraction and retention of two international shipping lines serving the State, as well as a favourable exchange rate and a strong national programme of trade agreements, with a variety of international trading partners are but a snapshot of the reasons that the Tasmanian trading community is buoyant about the future of growth.”

**Key freight challenges that are less clear**

**Future Coastal Shipping Policy** - Proposed changes by the Abbott Government were rejected by the Senate in 2015. The next steps remain unclear, however any material change can impact Tasmanian shipping. There is divided opinion on the way forward.

**Privatisation of Port of Melbourne and cost impacts** - Whether the sale to a consortium of local and foreign bidders for a record sum close to $10 billion will put pressure on port user pricing remains of concern and a red flag in Tasmania. Given the overwhelming majority of Tasmanian freight moves via Melbourne, this is being watched closely, with cost monitoring provided by the Essential Services Commission.

**CONCLUSION**

Compared to 2 years ago, Tasmania is in a much stronger position in regards to freight. Fundamentally key issues of Bass Strait vessel reinvestment; new services bringing more capacity, containers and competition, and relief for international freight costs, have been addressed.

The Tasmanian Government with road, rail, sea assets, and the TIFS championed by Infrastructure Tasmania, looks to cover the bases. TasPorts 30 year plan takes a realistic view going forward.

Should the King Island Shipping solution succeed, the sum total of all the positive solutions should serve Tasmania well.

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**STATE TRANSPORT AND LOGISTICS**

**Victoria**

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**Strong relationships to drive the new Victorian Ports Corporation (Melbourne)**

By RACHEL JOHNSON, chief executive officer, Victorian Ports Corporation (Melbourne)

Not many new organisations in Australia can boast a distinguished history dating back to 1852, but Victoria’s newly formed Victorian Ports Corporation (Melbourne) can.

On 1st November this year, the Victorian Ports Corporation (Melbourne) came into being and with it, the next exciting chapter of the proud history of Melbourne’s port waters and channels, commenced.

Indeed it’s an exciting time for trade through to the port of Melbourne. We aim to provide a first class service to all of our customers, as well as realising great value for the people of Victoria, who provide us with our license to operate. New partnerships with industry also bring the opportunity to focus on developing strong and enduring relationships. We’ve assembled an outstanding team who will work closely with our stakeholders - including the members of Shipping Australia. The success of those relationships is very important to us.

The new Victorian Ports Corporation (Melbourne) has distinguished lineage. From the construction of a flagstaff (1852), the manning of a simple warning light to aid safe passage through the heads (1852), and the construction of Station Pier (1854), Port Phillip has since been a portal for both Victoria’s pleasure and its pain. Through the Boer War, two World Wars, Depression and post-war reconstruction, the port waters hold a central place in the collective memory of Victorians. Major infrastructure works and changing global trends in shipping have meant that it has been necessary for continuous evolution, and because of this, the port’s
channels and waters have ably met the needs of Victorians for over 150 years. Building on successes throughout Port Phillip’s proud history, the formation of the Victorian Ports Corporation (Melbourne) brings the opportunity to map a new path to serve Victorians into the future. The Corporation will ensure that the highest levels of service are delivered to its customers. It will do this by managing partnerships in ways that are both constructive and enduring. These things will ultimately ensure that true value is realised for the people of Victoria.

The new Corporation is responsible for the overall management of commercial shipping in the channels of Port Phillip, and for waterside emergency and marine pollution responses. It retains responsibility for the day-to-day management of Station Pier - the State’s premier cruise shipping facility and a key portal for growth within Victoria’s Tourism Sector - and the statutory role of Harbour Master for the Port of Melbourne (Captain Roy Stanbrook) resides within the organisation. The Corporation not only protects vessels and mariners who enter Port Phillip, but also recreational users and those Victorians who rely on the bay for their livelihood.

With lease arrangements for the day-to-day operation of the port of Melbourne now complete, a new and exciting focus for the Victorian Ports Corporation (Melbourne) is in the management of this important partnership. The lease of the port and the establishment of the new Victorian Ports Corporation (Melbourne) sets Victoria up for an exciting new future: the State has retained ownership of the Gateway to the Bay, and because of this, we assure the ongoing safety and integrity of the bay’s shipping channels, which remain a key vehicle of trade and a mechanism of growth for the Victorian economy.

Within the marine and navigation side of the business, the Corporation is responsible for the safe navigation of some 3,000 commercial vessels which utilise port channels each year. Furthermore, projections indicate a record cruise ship season for 2016/17, as the tourism sector continues to go from strength to strength in Victoria. Some 100,000 hectares of port waters, including a number of shipping channels and anchorages, fall within the Corporation’s purview, as well as numerous light and navigation stations, including the beloved Victorian icon, the Point Lonsdale Lighthouse.

The Corporation is self-funded through its business activities, with dividends returned to the Government for the benefit of Victorians. As such, the newly assembled team has been busy working to ensure that processes and the policies and systems which underpin them, are efficient. This is a first step, which will aid both the operations of the Corporation, and the experience of customers in the near future.

Under the stewardship of the new Corporation, the outlook for the continued success and safety of shipping operations in Port Phillip is bright. The formation of the Victorian Ports Corporation (Melbourne) is a new chapter in what has been a story of continuous evolution, relevance and proud service.
The contribution of ports - ramping up the message

By DAVID ANDERSON, chief executive officer, Ports Australia

In October 2016 Ports Australia convened its Centennial Conference in Melbourne, celebrating 100 years of collaborative endeavour on the part of Australia’s ports community.

The conference programme by design was forward looking, commencing with global influences that will impact on the business of ports, then moving to developments that will affect particular facets of port operations and management.

Given the occasion however, there was also some reflection on past events. In his opening remarks to the Conference, Ports Australia Chairman, Vincent Tremaine, noted that even in 1916, at the first meeting of Harbour Commissioners, the necessity for collective action to address the cost impacts of regulation was recognised.

Interestingly also, at the second Conference of Harbour Commissioners in Sydney in 1919, it was further resolved that ‘...it is necessary in the interests of Commonwealth trade that Port Authorities should make provision for the accommodation of vessels of deepest draught by providing safe navigable depth up to 40 feet of water’.

So very early on, the ports community was concerned about the impact of regulation and about ensuring their channels could adequately facilitate expanding trade and larger vessels.

It sometimes borders on the unbelievable just how sanguine our political decision makers and many of our agencies are about the manner in which our trades are being asphyxiated by regulation. And this is notwithstanding the rhetoric of successive governments that they will come to office resolved to lessen the cost impact of regulation on economic activity. Nowhere is this more prevalent than in the environmental regulation space, where agencies take on a life and culture of their own, incrementally increasing the bar without any useful outcomes, and stifling economic development and job creation by a thousand cuts. Both of our major political parties are now equally involved in indulging this behaviour as they seek green preferences in the cities at the expense of job creation in our regions, where youth unemployment is, in some places, higher than 20 percent.

**Regulation and shipping channels**

Ports Australia has lost no opportunity to convey its message about shipping channels to our decision makers. The message is simple: just as the capacity of our supply chains is defined by the capacity of our road and rail networks, and our terminals, so it is also defined by the capacity of our shipping channels. The commitment of governments to protect, develop and maintain them should rank in importance to their commitment to protect, develop and maintain our road and rail networks.

In April 2014 Ports Australia released a report, Leading Practice: Port and Supply Chain Protection, calling for regulatory intervention to protect our land based access corridors and freight precincts, and for resolute action on the part of governments to get serious about integrated planning to avoid land use conflicts around ports and freight precincts.

The National Ports Strategy informed us that increasing pressure on our freight costs rested primarily with the landside of our supply chains. We would be required to ensure appropriate provision of infrastructure, and importantly to improve the regulation and management of that infrastructure, if the benefits of the very considerable investments that have been made in portside capacity, were to be fully realised.

Australia’s ports will increasingly confront precisely the same problem on the marine side of port operations. If shippers cannot access vessels that are optimal for the task, or vessels cannot be fully loaded, or port managers cannot use berths or tugs effectively because unnecessary restrictions are placed on dredging activity, then the implications for the cost to our trades is readily apparent.

Fundamental to our concerns is that
Shipping channels do not occupy the place they deserve on the public policy landscape and will continue to be accorded indifferent regulatory treatment. We engaged in this conversation with other stakeholders at our conference, entreat all to ensure that, in their engagements with Government, that channels were fully integrated into any and all discussion about supply chain infrastructure. That they are accorded greater status in the public policy landscape rather than being treated as incidental to the discussion. We also advocated that engagement with Infrastructure Australia and other agencies be entered into to drive this mantra.

Shipping channels and policy failure

Regulatory failure and dredging have unfortunately gone hand in hand. Notwithstanding a complete absence of evidence-based approach, the decision was made to ban the placement of capital dredge material in the Great Barrier Reef Marine Park and World Heritage Area. Both of our major political parties were involved in these decisions in an unedifying race to the bottom to pander to populist sentiment generated by dishonest, alarmist and imagery rhetoric, including that ports were dumping ‘toxic sludge onto coral reefs’. This was rubbish propaganda, it was completely at odds with the highly regulated, leading dredging practice evident in Australia but governments were content to let it run, in fear of alienating green preferences in the leafy self-contented suburbs remote from the realities of regional Australia. Ironically it will not only lead to much higher dredging project costs, it may lead to sub-optimal ecological outcomes as we seek to deposit marine sediments away from their natural environment into sensitive coastal environments.

The ports and marine communities can be assured that further regulatory incursions on dredging, including maintenance dredging, will be attempted. It is behaving on everyone across the maritime sector to take this issue very seriously and combine their efforts to counter this trend by firstly asserting the integral part that shipping channels play in the supply chain and freight efficiency narrative, and promoting that Australia is at the leading edge on dredging practice, and discussions on this subject should be science based.

Some progress has been made by a number of agencies moving towards a more risk-based approach to regulation, and in aligning regulatory requirements with other agencies. But progress is slow, and at the coast face regulations still demonstrate a predilection for prescriptive, command-based and costly regulation.

Ports Australia is addressing these, and other issues, through proactive engagement at the most senior level, with regulatory agencies and through the promulgation of a communication strategy, which we launched at our Centennial Conference.

Communicating the message

It is the risk posed to our shipping channels that first kicked off a discussion within Ports Australia that a boost in our communications was called for. We believed that this needed to be delivered at two levels – firstly at our decision makers, and secondly to win improved community support, which in turn can roll through to better public policy outcomes.

Preparatory to preparing a strategy we commissioned some base line research which demonstrated that the ports community has a substantial body of latent support that can potentially be harnessed, if our messaging was appropriately pitched and directed.

We also took a decision that we would be best positioned if we delivered strong and positive messages about the key and valuable role that Australia’s ports play in the economy and society more generally.

There was nothing to be gained by taking a combative approach and providing a platform for protagonists of port activity and development.

The headline message we developed went to the substantial economic contribution of ports with simple messages such as; ‘$1.2 billion dollars’ worth of trade pass through Australia’s ports every day’ and ‘the value of trade facilitated by Australia’s ports equates to one-third of our Gross Domestic Product’. These big economic messages are then supported by the messages: ‘ ports care about the environment, about safety, about community and about their people.’

Integral to the communications strategy was the development of a website that delivers these messages. It can be found at www.WeArePorts.com.au and I commend it to you. In addition we have developed a video; We are Ports, which can be located on the website or on the Ports Australia You Tube channel.

Please use these tools to assist us spread the message. Ports Australia has also developed a social media strategy and is now on Facebook and Twitter, where we continue to roll out our good news stories about ports and initiatives ports are taking to enhance their marine environments, the safety of their ports, their engagement with their respective communities and the accomplishments of their people.

Ports Australia requests all in the marine community to assist us to strongly emphasise the importance and key role of our shipping channels and to protect the capacity of ports to develop and maintain those channels.

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**Australia’s key imports through ports (2014/15)**

<table>
<thead>
<tr>
<th>Import</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger motor vehicles</td>
<td>$18.71 billion</td>
</tr>
<tr>
<td>Telecommunication equipment</td>
<td>$13.04 billion</td>
</tr>
<tr>
<td>Computers</td>
<td>$1.05 billion</td>
</tr>
<tr>
<td>Medicine</td>
<td>$7.03 billion</td>
</tr>
<tr>
<td>Goods vehicles</td>
<td>$6.12 billion</td>
</tr>
<tr>
<td>Heating and cooling equipment and ports</td>
<td>$6.2 billion</td>
</tr>
</tbody>
</table>

**Australia’s key exports through ports (2014/15)**

<table>
<thead>
<tr>
<th>Export</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron ore</td>
<td>$54.46 billion</td>
</tr>
<tr>
<td>Coal</td>
<td>$31.88 billion</td>
</tr>
<tr>
<td>Natural gas</td>
<td>$16.90 billion</td>
</tr>
<tr>
<td>Gold</td>
<td>$13.51 billion</td>
</tr>
<tr>
<td>Beef</td>
<td>$9.04 billion</td>
</tr>
<tr>
<td>Wheat</td>
<td>$5.53 billion</td>
</tr>
</tbody>
</table>
Cruising is becoming a growing trend for Australians, with one million people, or 4.5 per cent of the population cruising each year, and this is set to double by 2020.

Latest statistics from the 2016 economic impact study released by the Cruise Lines Industry Association in November shows that the cruise industry is worth $4.58 billion nationally, with 64 per cent attributed to NSW.

This growing trend along with a recent string of accolades has cemented New South Wales’ place as the premier and unrivalled cruise destination in Australia and the South Pacific. Sydney was recently named the best cruise destination in Australia and New Zealand in the first ever Cruisers’ Choice Destination Awards, led by the world’s leading cruise review website Cruise Critic – an award based on reviews and opinions of passengers to Sydney over the past year.

Sydney was also recently named Best Australian Homeport in the 2016 Australia Editors’ picks.

These award wins coupled with a booming industry and state of the art facilities at the Overseas Passenger Terminal (OPT) at Circular Quay and the White Bay Cruise Terminal demonstrate Sydney’s, and indeed New South Wales’, role on the centre stage for cruise in Australia.

Cruising a growing industry in New South Wales

A record 336 ships are scheduled to visit Sydney this season, including 10 maiden voyages. This compares to 311 ships and 8 maiden visits last season.

 Whilst Sydney is undeniably a major drawcard for cruise ships, we are also actively supporting the growth of cruise in the Port of Eden, Newcastle and Port Kembla.

Radiance of the Seas visited Port Kembla in October, heralding the start of a new tourism era for the Illawarra. A further three vessels will bring guests to Port Kembla this cruise season and our southernmost port, Port of Eden, has 14 scheduled visits for this cruise season.

We expect Eden to experience further growth following a commitment from the Australian and NSW Governments and Bega Valley Shire Council of $44 million in May for a 95 metre extension to the Snug Cove breakwater wharf to allow the berthing of cruise ships over 300 metres in length.

Similarly, in Newcastle the NSW Government announced in September it will grant $13 million to assist Port of Newcastle to build a permanent multi-purpose cruise terminal facility at the Channel Berth. This is great news for cruise in our regions.

Expanding infrastructure – welcoming the mega-liners

Port Authority services the ports of Yamba, Newcastle, Sydney, Port Kembla and Eden providing safe, efficient and sustainable world-class port and marine services on our harbours.

Each day our people safely navigate an average of 12 vessels into or out of these ports, including cruise ships, bringing hundreds of thousands of visitors each year to New South Wales.

The NSW Government has invested significantly in new facilities and infrastructure over the past few years to ensure our ports can continue to cater for and attract cruise ships from around the world – especially next generation ships that can bring up to 5000 passengers to our shores.

Cruise facilities at the OPT were updated in 2015 to improve processing capabilities to enhance passenger experience and ship turnaround time. The upgrade means operations to disembark and embark cruise passengers can now run in parallel.

The upgrade also means two boutique cruise ships can dock at the OPT at the same time. This occurred for the first time in February when the Azamara Quest and Le Soleal docked simultaneously.

More recently, a new mooring bollard has been installed at the southern end of the OPT at Circular Quay in preparation for the arrival of next generation mega-liners like Ovation of the Seas. This ship made her maiden voyage to Sydney on 15 December.

To further ensure the future of cruise growth in Sydney the Port Authority is now looking at a proposal to introduce a secondary timeslot at the OPT and have two ships turn around in a day – thereby providing more capacity at the terminal outside of traditional hours and turnaround times.

Our organisation is committed to working with the cruise industry to ensure the future growth of cruise in New South Wales and look forward to welcoming more visitors to our shores in coming years.

Grant Gilfillan Chief Executive Officer and Director

New South Wales leading the Australian cruise boom
Providing safe, efficient and sustainable world-class port and marine services on our harbour
Planning and delivering efficient supply chains

By MARIKA CALFAS, chief executive officer, NSW Ports

It was another busy year for NSW Ports, with a number of noteworthy milestones and significant achievements realised.

Our commitment to health and safety
In line with our Corporate Objectives, ensuring the safety, health and welfare of employees, contractors and visitors at our workplaces is of critical importance to NSW Ports. NSW Ports is proud of the safety record achieved by our staff and contractors, and we have now been free from lost time and medical treatment injuries for three years.

Navigating the Future
The release of the 30 Year Master Plan in October 2015 guided much of our activity during the year, setting out a framework for the future growth and development of our port and intermodal assets, and defining the direction for our ongoing business endeavours. The Plan sets out the requirements to achieve efficient and sustainable port supply chains into the future, so as to support the economic growth of the State for the businesses and people of New South Wales.

Growth in rail
One of the objectives identified in our Master Plan is to grow rail transport of containers. On 9 May 2016, a significant milestone was reached towards achieving this target, with the commencement of rail freight operations at NSW Ports’ Enfield Intermodal Logistics Centre (ILC), with terminal operator Aurizon welcoming its first train to the facility. The relocation of Aurizon’s intermodal freight business paved the way for the introduction of port shuttles and on 29 August 2016, Aurizon commenced operations of their Port Shuttle Service, linking Port Botany and Enfield ILC. This was a significant step towards the achievement of our goal of increased rail utilisation.

Stakeholder developments
In March, following the completion of NSW Ports’ wharf extension and deepening project at Berth 103, Quattro Ports commenced operations at their new grain handling facility in Port Kembla. This new facility provides the port with capacity to handle up to an extra 1.2 million tonnes of grain per annum.

Infrastructure investment
During the year, we continued to invest in our infrastructure assets,
undertaking work to upgrade facilities at both of our ports. This included work to upgrade the mooring infrastructure at Berth 201 in Port Kembla, with the replacement of bollards and fenders, and extensive upgrades to the working platform at BLB1 at Port Botany, including the planned construction of a new hydraulic gangway to improve the efficiency of the berth operations.

Protecting our assets
Another Master Plan objective is to protect our ports, intermodal terminals and key road and rail access connections, from urban encroachment. Continued advocacy for port and port-related infrastructure protection aims to ensure that there is adequate separation between port-related lands and residential development, to minimise land use conflicts. In this space we have also been busy working with the relevant authorities to reinforce the importance of this matter, to ensure our ports and the infrastructure that supports our assets are able to operate 24/7 to cater for the growing trade needs of the State.

Leading the way
In October, NSW Ports was able to announce a series of new appointments to finalise its new executive leadership team. While Andrew Lincoln continues in the role of chief financial officer and Peter Engelen continues in the role of general manager infrastructure, during the year, Mick Cronin joined the team in the role of general manager strategy and commercial, Jonathan Lafforgue came on board to take up the role of general manager operations and environment, and Leah Wood joined the team as human resources manager.

With a wealth of industry experience, the new look executive team will guide the organisation to meet its vision of being a world-class port and logistics manager driving sustainable growth.

Cruise shipping
On 30 October 2016 the Royal Caribbean vessel Radiance of the Seas made its maiden voyage to Port Kembla. This marked the first visit by a cruise vessel of this size to the port. NSW Ports worked closely with other port stakeholders including the Port Authority of New South Wales, AAT and other service providers to ensure that the port logistics operated safely and efficiently, and the visit went to plan.

NSW Ports is excited by the opportunity to investigate further options for new trade in Port Kembla, including visits by cruise vessels. Further visits by Royal Caribbean vessels have been scheduled.

Record container vessel
In November, NSW Ports welcomed the arrival of the vessel Maersk Seroja Enam to Port Botany, the largest container ship to visit Australia. With a capacity of 8,540 TEU, and overall length of 316 metres, the Seroja Enam entered port on 21 November and berthed at the Patrick container terminal. Port Botany is well placed to accommodate these larger vessels, with suitable infrastructure and deep water.

We look forward to continuing to work with our customers, stakeholders and industry partners as we seek to promote and facilitate sustainable trade growth through our port and intermodal assets, in the interest of ensuring efficient supply chains to meet the trade needs of the people and businesses of New South Wales and Australia, well into the future.
2016 has been a productive year at the Port of Newcastle, with a number of key projects now well advanced.

Good progress has been made with the construction of Stolthaven’s bulk liquids berth adjacent to its Mayfield facility. It is expected to be operational by the end of 2017 and will provide services to other bulk liquids operators, as well as Stolthaven.

The arrival of the first of eight shipments of wind turbines in October, bound for the Goldwind White Rock Wind Farm in northern NSW, demonstrated the port’s project cargo capabilities. The turbine blades each measure 59.5 metres in length and are the largest to arrive in Australia to date.

The turbines added to the array of interesting cargoes that the port has handled which have contributed to state and national developments. They include tunnel boring machinery for the Sydney north west rail link, locomotives, rail and passenger wagons, mining machinery, large tanks and boilers, and transformers and prefabricated structures.

In December 2015 the Port welcomed a record 1.3 kilometre long grain train which transported 5,000 tonnes of wheat to Newcastle Agri Terminal. This was a successful collaboration with the ARTC which demonstrated the efficiencies and cost savings that can be delivered for cargo owners through collaboration.

NSW Premier Mike Baird visited the port in September to announce $12.7 million for a permanent cruise terminal. The funding was secured via a joint

Discover new opportunities

By GEOFF CROWE, chief executive officer, Port of Newcastle

The Port of Newcastle currently handles 164 million tonnes per annum in 25 cargoes which span bulk, break bulk, bulk liquids and container modes. This places the Port of Newcastle third in Australia and 24th in the world in terms of trade volume.

Coal is the Port’s foundation trade and remains the largest trade by volume, at 158.1 million tonnes in 2015. It provides a stable foundation for the continued growth and diversification of other trades, including cruise shipping, agricultural products and fuels.

Non coal trade (imports and exports) comprised 5.8 million tonnes in 2015, an increase of 9% on the previous year. Areas of growth included fuels, fertiliser, meals and grains, concentrates and alumina.

The first shipment of wind turbines for Goldwind’s White Rock Wind Farm Project starts the journey from the port of Newcastle to Glen Innes.
DISCOVER
New opportunities

The Port of Newcastle’s proximity to prime freight corridors, channel capacity and affordable portside land are ready to create efficiency in your shipping supply chain.

- Located midway between the rural and industrial hinterlands of Melbourne and Brisbane and 150km from Sydney’s distribution centres.
- Direct harbourside rail connections and capability to handle up to 1.3km long trains.
- Safe, heavy vehicle drive distances from major NSW rural centres, outer Sydney and Brisbane.
- 792 hectares of accessible port land with 200 hectares available in varying parcel sizes. Land is zoned and priced for cargo intermodal, distribution, warehousing and manufacturing activities.
- 15.2 metre deep shipping channel handles 4,500 ship movements per annum with capacity to double volumes.

FIND OUT MORE
Contact our Trade and Business Development Team today.
Phone: 02 4908 8200
Email: trade@portofnewcastle.com.au
Website: www.portofnewcastle.com.au
application with the Port Authority of NSW and will deliver port infrastructure improvements and added berthing capacity for visiting cruise ships. This is very welcome news for the port and the region’s tourism industry, and builds on a joint Federal-State contribution of $800,000 for the upgrade of mooring bollards at the port’s dedicated cruise berth. The bollards upgrade is underway and construction of the terminal will then commence in 2017.

Port of Newcastle is investing in infrastructure to support future development. In 2016 we invested $5 million into the installation of water, telecommunications and electrical services to the Mayfield Site, the largest vacant parcel of port-side land on the eastern seaboard of Australia. The upgrade of ship unloaders and conveyors at the busy common user berth, Kooragang 2 berth, is currently being considered.

We are also investing in people within and around the Port. Safety is paramount to all who use our port, and while we have not had any lost time injuries to date, we remain focussed on identifying and addressing safety risks and have recently embarked on a safety leadership program.

On a national level, we partnered with other ports in support of a Ports Australia campaign to educate the community and political stakeholders about the importance of our nation’s ports and shipping industries. Highlights can be viewed at https://www.weareports.com.au/.

We also recognise the importance of nurturing the port-community relationship which has spanned the port’s 217 years of operation, for the benefit of all of our customers, and we invest $1.2 million in community projects each year.

We provide $1 million per annum to the NSW Government for the Newcastle Port Community Contribution Fund which aims to improve community amenity around the port and it was good to see the iconic Nobbys Surf Life Saving Club, located near the port entrance, receive funds for its clubhouse redevelopment.

Through our Community Partnerships Program we support a variety of community projects from our local Soul Café feeding homeless and disadvantaged community members, to our neighbouring surf life saving clubs providing community first aid training and programs for children with autism, to free harbour-side events for families, and our local football team, the Newcastle Jets.

To strengthen the relationship between port businesses and industries and the community, we facilitate a Community Liaison Group which has been running for three years with 95% membership retention. And we recently launched an interactive educational website for schools and parents to engage children with port operations, which can be viewed at www.discovertheport.com.au.

On every front we are well positioned to grow the port and utilise our land and channel capacity to deliver solutions for customers. We have 200 hectares of vacant land, supported by a deep water channel that can handle double our current activity – that is, 10,000 ship movements and 328 million tonnes of trade per annum.
As container vessels increase in size and demand grows for Australian ports to accommodate them, Port of Brisbane has proven its capability to handle 8500 class container vessels.

The November 2016 call into Brisbane of the Lloyd Don Carlos was made possible by a thorough understanding of existing navigational channel capabilities and collaboration with key stakeholders to ensure the safe and efficient transit of the vessel.

And we continue to contemplate further enhancements to both technology and infrastructure, to lift the bar higher.

We are working with DHI Water and Environment and other partners, combining leading technology with operational expertise to optimise the navigational channel and ensure Port of Brisbane can safely handle the larger container vessels and bulk carriers of the future.

For our customers and exporters, this means they can also continue to grow and innovate, confident the Port of Brisbane will not be the limiting factor on the east coast of Australia.

As Queensland’s premier multi-cargo port handling almost $50 billion in trade annually, we have a clear focus on investing, innovating and collaborating to connect trade.

This is just one achievement in our ongoing work to sustainably grow trade through the Port of Brisbane and ensure it truly is here for the future.

For more information, contact our Trade Development Team on +61 7 3258 4888 or visit www.portbris.com.au.
A critical role in driving economic activity

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

As one of Queensland’s most important and valuable infrastructure assets, the port of Brisbane plays a critical role in driving economic activity for the State. As Port Manager, Port of Brisbane Pty Ltd (PBPL) works collaboratively with our customers, industry and government as we continue to invest in projects that support the port’s future growth, competitiveness and productivity, and benefit Queensland more broadly.

Health and safety leadership
An unwavering commitment to health and safety continues to underpin our strategic planning and business operations. Key to this is developing greater safety leadership behaviours among all employees to support continual improvement in this area – an approach we have embedded into our business planning processes.

Cargo diversity underpins trade growth
Overall business through the port of Brisbane in 2015/16 remained in line with expectations, reaching 30.2 million tonnes of trade. Positive trade results were supported by a 0.7 per cent overall increase in container throughput to 1.14 million TEUs, with several export commodities exceeding expectations, in response to changing global market conditions. With more than 450 types of commodities handled through the port, cargo diversity continues to underpin its resilience.

Investing for port growth
A long-term strategic priority includes securing efficient land and waterside access to the port.

Over the next five years, PBPL’s $680 million capital expenditure programme will deliver essential port infrastructure and improvement works right across the precinct. This is spearheaded by the commencement of our $110 million Port Drive Upgrade project, which we are bringing forward ahead of capacity demand, to deliver safer and more efficient port roads that will support the growing freight task for decades to come.

A dedicated freight rail corridor connecting the port of Brisbane to Inland Rail remains an imperative. The preservation of this corridor within five years was identified as a ‘high priority project’ by Infrastructure Australia in its Infrastructure Plan 2016, and is essential to connecting the port with regional customers.

In planning for future growth, we are investigating technology and infrastructure improvements to
optimise the navigational channel, to ensure it is able to safely handle the larger container vessels and bulk carriers of the future. Be assured that the port of Brisbane will not be the limiting factor on the east coast for larger ship access.

We also continue to advocate for coastal shipping reform in this country. In particular, there are opportunities for all Queensland ports to benefit from a more cost-effective and sustainable domestic freight transport solution that will also relieve the congestion and damage to our roads, which take the bulk of the supply chain challenge today.

**Investing in innovation**

In addition to ‘hard’ infrastructure, we are also investing in innovation to connect trade, support sustainable growth and build capacity. By partnering with like-minded organisations and independent experts, our projects and initiatives are based on best practice, evidence and science to deliver the best possible outcomes.

Now in its second year, our $2 million, three-year joint research partnership with The University of Queensland (UQ) is funding ten research programmes, overseen by UQ, to explore trade, transport, geotechnical and environmental opportunities. The outcomes will feed directly back into our strategies and projects.

**Leading-edge environmental initiatives**

Not only are we embracing best practice, we are also redefining it. PBPL is proudly funding and leading a multi award-winning $1 million Offsite Stormwater Treatment Pilot Project located 100 kilometres upstream of the port with a number of partners. This project will help change the way stormwater is managed on low-risk developments and in turn, deliver long-term environmental, social and economic benefits well beyond the port’s boundaries.

We are also investing significantly and responsibly in renewable technology, extending its roll-out across the port precinct. Long-term, we believe this approach will deliver positive environmental and financial outcomes for the port community.

**Strengthening partnerships**

PBPL is proud to support and partner with the community, and in 2016 we provided $115,000 to local groups through our annual Community Grants Program and Community Consultative Committee, taking our total contribution to community grants and sponsorships to $1.25 million, over the last five years.

**Looking ahead**

Over to the next 12 months, we’ll continue to work with our customers, industry and Government to support trade growth and economic activity through the port of Brisbane by progressing major projects and promoting logistics solutions. Central to this will be our ongoing relationships with key shipping and industry stakeholders, including Shipping Australia Limited.
The year, up from $16.99 million in the previous year. After tax profit was $14.26 million, an 18.5 per cent increase on the previous year.

Our tourism business was particularly strong, with some 980,000 tourists from around Australia and overseas using our facilities to experience the wonder of the Great Barrier Reef. Trade volume was down slightly due to the ending of zinc and lead export from Karumba in February, but volume across the company’s other ports increased. Property revenue was also steady.

Over the past 12 months about five million tonnes of cargo including sugar, molasses, silica sand, zinc, fuel, fertiliser, magnetite, livestock and general cargo made its way through Ports North’s Far North Queensland port network, bound for domestic and international markets.

Ports North continues to champion the case for development of Far North Queensland as a supply hub and source of goods and services to other areas of northern Australia, as well as neighbouring Asian and Pacific regions.

Some of the key highlights for the year included a major boost to cruise ship visitation to the port of Cairns following P&O’s decisions to home-port the Pacific Eden.

This has been a hugely successful development, with the Cairns Cruise Liner Terminal operating quickly and efficiently for ship turnarounds. We’ve had nothing but praise. The
boost to the local economy has been fantastic with most passengers flying in and out of Cairns staying longer in the region before and after their cruises.

Princess Cruises also announced it would berth its three Australian-based Sun Class Ships - Sun Princess, Sea Princess and Dawn Princess - in the port of Cairns, after simulator exercises showed the ship could safely travel into the port.

These ships are part of a remarkable 60 visits to the Trinity Inlet in 2017.

Ports North is also continuing with the Cairns Shipping Development Project (CSDP), which aims to deepen and widen the Trinity Inlet shipping channel to allow for larger cruise ships, as well as cargo and naval vessels.

A revised project scope has been completed to deliver a new opportunity to expand the port of Cairns. The revised project will focus on capturing the strong growth forecast in mid to large Mega ships up to 300 metres.

At the port of Mourilyan, Ports North facilitated the first shipment of magnetite to the Asian market.

The port of Mourilyan is shaping up to be an export jewel in the crown for the Far North Queensland region with recent activity proving it is an ideal location for specialised bulk shipments. This natural deep-water port is a perfect export hub for attracting moderate-sized bulk exports. It is our quiet achiever, with huge potential.

Upgrades by Ports North included a new, purpose-built stockpile facility, jetty improvements, and the identification of two more future stockpile sites.

There is ample capacity to expand in Mourilyan to make it the hub of targeted, medium-sized, bulk exports into the future.

The port also has onshore sugar and molasses handling and storage facilities, a livestock export facility and commercial wharf.

Ports North’s Annual Report is available at www.portsnorth.com.au
Commodity price turbulence is a fact of life for a trading nation like Australia, and North Queensland Bulk Ports (NQBP) is using the current downturn to build long-term value for our customers and the State.

Total trade through our ports at Hay Point, Mackay, Abbot Point and Weipa for the year was 178 million tonnes – about half the State’s trade volume – and just a fraction below that achieved in 2015.

The financial hit taken by Queensland minerals and energy exporters in recent years has been well documented, but 2016 could be remembered as the year the sector rallied for the inevitable rebound in long-term demand that will continue to be driven by the emerging economies of Asia.

South of Mackay at Hay Point – home to two of the world’s largest export coal terminals – BHP Billiton-Mitsubishi Alliance (BMA) completed its HPX-3 expansion project to increase capacity at its terminal from 44 to 55 million tonnes per annum.

With trade facilitation front of mind, NQBP has committed to major upgrades of marine offloading facilities at Hay Point and Abbot Point, north of Bowen.

This combined investment of $11 million brings a new dimension to port services and emergency response capabilities, as well as providing offloading facilities for oversized cargoes.

Bauxite exports from the port of Weipa grew by 1.7 per cent in 2016, and with Rio Tinto’s confirmation of the US$1.9 billion Amrun expansion project, work is well under way on the early construction phase of that important development, supported by NQBP.

At Mackay, sugar exports and fuel imports increased once more, but trade volumes are just part of the story for one of Queensland’s lesser-known economic gems.

NQBP land behind the port accommodates more than 100 industrial and commercial businesses, and there is room for plenty more, as the precinct’s potential as a supply chain partner for future development of the Bowen and Galilee coal basins, major regional infrastructure and agriculture is realised.

The port of Mackay’s future as an integrated transport logistics and trade precinct is being underwritten by NQBP’s upgrading of roads and power, and construction of a 1.9 hectare laydown area for break bulk cargo.

The other side to the port of Mackay story is its growing amenity for residents and visitors.

The precinct is a place for work and play, evidenced by the level of community pride on show after re-opening of the port’s Southern Breakwater.

Tens of thousands of people have taken advantage of the unique perspectives the breakwater allows of a pleasure craft marina, a working port, and Mackay’s sandy beaches.

A stroll, run, cycle or drive along the 1.7 kilometre breakwater has become a ‘Mackay must-do’ since it was upgraded after cyclone damage in 2014.

In 2016, we also reported against our
recently released Sustainability Plan, which not only builds on decades of NQBP environmental monitoring and management but also goes deep into the elements of achieving long-term sustainability for our ports.

We proudly operate three ports in the Great Barrier Reef World Heritage Area and are active contributors to Australia’s Reef 2050 Long Term Sustainability Plan.

Locally, NQBP is especially proud of its EcoPorts Program – an annual action plan designed to ensure long-term environmental and sustainability goals and commitments are achieved.

The programme lays out a calendar for activities such as port environmental monitoring, auditing, training and community and stakeholder engagement activities.

Through EcoPorts we can show NQBP’s board, shareholders, customers and the broader community that we are meeting the highest standards of environmental stewardship, performance and management.

We are going to build on our sustainability plans, increase awareness of the importance of environmental research within our ports, and of course, continue our commitment to Reef 2050.

Long-term planning is central to the future of our ports, with an initial focus on the State’s master planning for the priority ports of Abbot Point, Mackay and Hay Point.

NQBP is continuing to develop its capability to maximise opportunities ahead, and our success is underpinned by the performance of our people, of whom I want to make special mention for their unswerving commitment, especially to workplace health and safety.

In FY2016, NQBP recorded nil injuries at all sites, and by September had recorded 800 days without injury. This is a great achievement and a record that we want to keep breaking. 🔼
Diversification and investment to meet 2016’s challenges

By VINCENT TREMAINE, chief executive officer, Flinders Port Holdings

Flinders Port Holdings has followed a strategy of diversification supported by investment to successfully navigate the challenges of 2016.

**Flinders Adelaide Container Terminal rekindles iron-ore trade and excels on training**

Trading conditions have remained tough in South Australia, none more so for the State’s mineral resources sector. The Flinders Adelaide Container Terminal business has worked with CU River Mining to successfully reinvigorate the supply chain for South Australian exports of iron-ore. Iron-ore exports resumed through the terminal in August and to date 225,000 tonnes of the 900,000 tonnes planned for the first year of operation have been shipped. The terminal’s $24 million investment in two new Liebherr post-Panamax cranes in 2015 has boosted general productivity across all ship working. This has assisted in the terminal exceeding load rate expectations and productivity with CU River Mining’s cargo.

Ahead of these new cranes coming online last year, Flinders Adelaide Container Terminal teamed up with an international supplier to develop a crane simulator training centre - the most advanced of its kind in the southern hemisphere. During 2016, it has become a centre of excellence, training not only Flinders Adelaide Container Terminal crane operators, but also being used by stevedores from ports and terminals around Australia. Plans for further business diversification and service improvements for terminal clients are at an advanced stage. The empty depot facility at Flinders Adelaide Container Terminal will be relocated and extended to 6.5 hectares, boosting its footprint and capacity by 25 per cent. Investment to improve the facility’s intermodal capability is being prioritised. By building a new rail spur and intermodal park, the terminal will offer a range of new services, including reefer pre-trip, and pack/unpack facilities for shippers.

**A mix of business as usual and new investment for Flinders Ports**

Flinders Ports has charted a steady course throughout 2016, partnering with an oil and gas producer on a state-of-the-art fuel bunkering facility in Port Adelaide’s Inner Harbour precinct. Following the first stage of Flinders Ports’ pilot boat fleet replacement strategy, contracts are being finalised for two more new boats. The latest vessels will also be constructed by Hart Marine and will have identical specifications to Alert and Reliance, which were delivered in 2015. It is expected that these two pilot boats will be delivered over the next 12-18 months.

Flinders Ports has a sustained focus on ensuring that port infrastructure meets the needs of shipping lines. Past investments have included dredging to deepen the berths and channel, and extending berth length. Port infrastructure investments have been backed by Flinders Adelaide Container Terminal deploying new post-Panamax cranes. Flinders Ports’ long-term strategy of investing in infrastructure is moving into a new phase with investigations underway into widening the channel at Outer Harbor. The emerging trend of increasingly larger vessels trading on the Australian coast, with a wider beam, has prompted the review of channel width. While Flinders Adelaide Container Terminal can safely accommodate these oversize ships, the shipping channel does so on a restricted basis. The goal of channel widening is to accommodate wide-beam vessels without these restrictions.

**Flinders Logistics extends its capabilities and diversifies**

Flinders Logistics, the Group’s award winning logistics business has continued its emphasis on excellence in safety and environmental management. In doing so the business has bucked the trend with volumes of mineral concentrates increasing at the company’s Port Adelaide and Port Pirie locations. When the business was founded in 2010, its focus was on exports. Now Flinders Logistics has applied its innovative cargo handling and dust suppression technology to bulk imports and the result has been spectacular growth, especially at Port Pirie, in South Australia’s mid-north. The business is not limiting its diversification activities to geographic expansion. Flinders Logistics has recently expanded into the agri-sector and has also developed strong capabilities in oil and gas logistics. With a new entrant such as Flinders Logistics offering the market a new service and culture founded on innovation and safety, management has concentrated on productivity gains and employee training. All staff are equipped with a diverse skill set and are instilled with the company’s safety ethos. The strong team at Flinders Logistics is well positioned to expand the business geographically across Australia, in line with its long-term strategy.

Careful stewardship during 2016 has been the key to positioning the group to seize opportunities that lie ahead.
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

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Visit our new website: flindersportholdings.com.au
The completion of the Victorian Government’s lease process for the port of Melbourne signals a new era, as new ownership arrangements came into effect on 1 November 2016.

Led by a consortium of shareholders with global expertise in infrastructure asset management, the award of the fifty year lease represents the latest chapter in the port’s long history of adaptation, renewal and advancement.

The Port of Melbourne will build on its strong legacy to advance mutually beneficial outcomes and seek new opportunities to grow and enhance this business and those of our customers, and end users of the port’s services.

Our shared vision is to deliver world-class safe, responsible and reliable port facilities and services, and play our part in delivering an efficient freight supply chain to support Victoria’s growing economy, including the efficient movement of goods within Melbourne and regional Victoria.

We maintain a high standard on safety, best practice and environmental protection, effectively demonstrated for example, throughout the redevelopment of Webb Dock, as part of the Port Capacity Project, which commenced development in 2012.

This project has also been committed to delivering industry best practice standards in planning, design, construction and at completion it will provide additional port capacity that is critical to maintaining Victoria’s competitive advantage.

The Port Capacity project has enabled the construction of Melbourne’s third international container terminal and the creation of an expanded automotive hub at Webb Dock. Other features have included new road connections to Melbourne’s freeway network, high quality landscaped buffers, noise walls and cycle and pedestrian pathways.

We are pleased to have had community involvement in the determination of the designs, which has been an important part of the project undertakings.

The port has offered the community the opportunity, wherever possible, to help shape the Webb Dock precinct and there has been considerable investment in implementing buffers, screening and additional vegetation along the perimeter of Webb Dock.

A new community park and playground, scheduled for opening early in 2017, complements the various landscape improvements already delivered as part of the Webb Dock project.

Trade milestone

We have a good base to build on as the port of Melbourne notched another trade milestone in 2016 with total trade of nearly 90 million revenue tonnes, including a new benchmark of over 2.64 million TEU.

Capital expenditure of around $525 million on the Port Capacity Project, over the past two years, has led to the completion of the automotive berths at 1 and 2 Webb Dock West, with the redevelopment of 920 metre
of quayline, which replaces the previous pontoon configuration.

The automotive terminal operator, Melbourne International RoRo and Auto Terminal (MIRRAT), also completed its development of an 18.7 hectare facility, and formally commenced operations in April 2016.

The automotive trade is complemented by the import pre-delivery service at the northern end of Webb Dock, where Patrick Autocare and Prixcar Services have completed their facilities developments of 12 hectares and four hectares respectively.

The new container terminal development undertaken by Victoria International Container Terminal Limited (VICTL) at Webb Dock East has undergone a dramatic transformation.

Reinforcing the ambition to develop the most technologically advanced container terminal in Australia, VICTL commenced commissioning and testing driverless automatic container carriers, rail mounted automated container stacking cranes and remote controlled Post-Panamax ship to shore cranes.

With the completion of berth 5 at Webb Dock East, VICTL is working to a schedule to host its first container vessel arrivals this year.

As part of our longstanding collaboration with SAL, Port of Melbourne was very pleased to sponsor the SAL Luncheon in December 2016, where I was able to meet leaders and professionals across the spectrum of the supply chain, with the Melbourne Cricket Ground as a backdrop.

By their very nature, ports are always a work in progress, which benefit from the views of those that know them best. I look forward to working with our customers, cargo owners, tenants, port service providers and the wider transport logistics network throughout 2017 and beyond, to realise our shared vision.
Victoria International Container Terminal

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

After a busy and exciting two year construction phase for Victoria International Container Terminal (VICT), and thanks to dedication and professionalism from key contractors and internal staff, we managed to successfully accelerate the entire project time-line nine months ahead of schedule and to budget. VICT is now open for business and ready to welcome its first customers at Webb Dock East.

VICT’s key location will allow the unimpeded berthing of newer, larger and more sustainable container vessels. This will secure Port of Melbourne’s position as the premier port in Australia. VICT will also be the first fully-automated terminal in Australia, which provides testament to the ardent vision of its owner, the Manila-based stevedoring giant, International Container Terminal Services, Inc. (ICTSI).

With a current total capital investment of over half a billion Australian dollars, VICT immediately delivers an annual capacity of one million TEU to the Port of Melbourne. Not only will it be a new flagship container terminal for ICTSI but it can currently claim and enjoy the prestigious title of being the world’s most automated container terminal.

Efficiencies for customers

Future-thinking in its design, VICT introduces a full range of automated handling solutions which operate 24/7 to achieve the highest levels of safety and efficiency. We have also ensured the valuable input from future customers to allow immediate efficiencies within the services we can offer.

So, we offer our shipping lines the following services:

- Berthing larger 8000 to 12,500TEU size vessels with up to 14.0 metres operating draught
- Larger vessels handled efficiently across two berths and dedicated shipside equipment
- Direct empty return improving road traffic, handling cost and assured SOLAS Verified Gross Mass (VGM) compliance

For our landside customers, we offer:

- Optimised 24/7 Two-Way Running system with trucks allowing matching of import collection with export / empty receipt. This is achieved via a new user interface within 1-Stop VBS
- Dedicated, fully autonomous landside handling equipment with 24/7 operating hours, which will facilitate the access to VBS slots across all hours of the day, including unprecedented visibility to slots and containers
- VGM and damage report services online

VICT’s ability to offer a Weigh at Terminal service option for exports, allowing direct access to the terminal free of impediments, was warmly welcomed by VICT’s users. The trucking community were interested in our weighing service in order to help them make better use of their High Productivity Freight Vehicles. In turn, this will achieve a higher container exchange ratio, easing congestion on Melbourne’s already busy roads.

Sustainable success

Having liaised frequently with various stakeholders, including our closest neighbours, VICT made our commitment to delivering an environmentally responsible terminal design an important focus. Our efforts have been rewarded and we are thrilled to announce that the Infrastructure Sustainability Council of Australia (ISCA) has recently acknowledged our efforts by awarding VICT the highest award possible, a “leading” rating, for its sustainable design. We are truly thrilled with this outcome which further propels us in our determination to remain committed to being a sustainable terminal.

VICT’s pledge

So with business now open. VICT’s high-tech terminal at Webb Dock East will ensure a safe work environment for its employees and customers. We have committed ourselves to building a positive work culture which will empower our diverse team to grow as skilled professionals. We will continue to engage with all our customers, industry stakeholders and neighbours to understand and translate their needs into service. Finally, on behalf of our entire team of passionate people, I can say with all sincerity that we feel extremely proud to present all that we have worked so hard towards at VICT to the Port of Melbourne.

About the author

Anders Dømmestrup 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 26-year career. Prior to joining VICT, he was Chief Operating Officer of Modern Terminals Ltd at its Hong Kong facility and fulfilled the COO role for MTL’s interests in three other Chinese terminal operations. Dømmestrup began his role as CEO of VICT in January, 2015.

About the organisation

VICT was appointed by the Port of Melbourne to design, construct and operate the new international container terminal at Webb Dock East, Port Melbourne. VICT’s development delivers a leading global standard in modern container terminal design, innovation and operations, using best-proven technologies to deliver automated operations from gate to quayside. VICT is owned by International Container Terminal Services, Incorporated (ICTSI), a global container terminal operator headquartered in Manila, Philippines with a portfolio of 30 terminals throughout 20 countries.

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VICT - the container terminal engineered for the future.

Introducing VICT at Webb Dock East
Melbourne, Australia
Creating value in provision of facilities and services

By CHRIS LEATT-HAYTER, chief executive officer, Fremantle Ports

We look back on 2016 as a busy year of opportunities, challenges and innovative developments.

It was essential in our forward planning to factor in the predicted downswing in trade across the container and non-containerised sectors, at the same time giving due attention to our asset management programme and across-the-board service delivery.

Pleasingly, results showed we were able to meet the challenges and keep the port operating successfully, with a strong focus on understanding port user and service provider needs and adding value where opportunities were identified.

Our commitment to providing safe, reliable, efficient and competitive access to global markets is reflected in the results of our 2016 customer survey, which showed that 100 per cent of shipping lines and agents who responded were satisfied or very satisfied with Fremantle Ports’ services.

Although the downturn in Western Australia’s economy and other factors contributed to a slowing of the container and non-containerised trade sectors in 2015-16, bulk trade for the most part performed quite well, helping to offset the decrease in other sectors.

By the end of 2016, Fremantle Ports had loaded more than 22 million tonnes of iron ore at Kwinana Bulk Terminal (KBT) for its customer Mineral Resources Ltd, since November 2011.

In 2011, KBT underwent a $44 million Fremantle Ports and private sector upgrade to increase the facility’s capacity and improve efficiency for the export of iron ore and other bulk commodities. Tonnages handled at KBT have increased from 2.1 million tonnes in 2010-11 to 6.2 million tonnes in 2015-16.

Alcoa of Australia’s first shipment of Western Australian bauxite was exported from KBT in June. The 47,000 tonne parcel, destined for an alumina refinery in China, was shipped as part of an export trial approved by the State Government.

There has also been continuing growth in the cruise sector, with the 2015-16 cruise season the busiest since the early 1970s. There were 58 ship visits (43 the previous year), with a total of 152,743 passengers.

Throughout the cruise season, Fremantle Ports undertook regular surveys and inspections of cruise ships in port to gain a better understanding of the emerging trend in fuel use, emission reduction technology and global standards.

Sixty cruise ship calls are scheduled for this financial year and the arrival of Royal Caribbean International’s huge new cruise ship Ovation of the Seas on 6 December was a highlight - one of the biggest cruise ships in the world calling at Fremantle to make its Australian debut.

The number of ship visits (commercial and non-trading) was 2,021 in 2015-16.

Positive financial outcomes were achieved by Fremantle Ports despite the downward trend in overall trade,
and the value of trade through the port in 2015-16 was $26.1 billion. This equates to an average of just under $3 million every hour of the day.

We ensured we had the structures, processes and resourcing in place to meet Western Australian Government expectations in relation to its proposed privatisation of Fremantle Port.

If the divestment proceeds, the Western Australian Government envisages that there will be a privately operated company and a residual State-owned Fremantle Port Authority, the latter having a number of key public interest roles, including the harbour master function.

At the time of preparation of this article, enabling legislation required, as the framework for these changes to occur, was at the second reading stage in the Western Australian Legislative Assembly.

Among several infrastructure projects undertaken, total replacement of the fendering system for Fremantle Inner Harbour’s D and E berths was completed, bringing the three-year works programme to a successful end. The new fenders are independent of the old wharf structure, to allow for the berthing of larger ships, such as Ro-Ro vessels. The system is capable of being integrated with an upgraded berth structure in the future. Wharf substructures at D Berth were also repaired and replaced.

Fremantle Ports also identified and capitalised on a wide range of other improvement opportunities across the organisation. One of these, which has significant benefits for increased efficiency and safety in the mooring of ships, has been the use of the ShoreTension system. Fremantle Ports has 12 units of this shore-based hydraulic system, which keeps mooring lines under constant tension, increasing ship stability at the berth and reducing the risk of lines breaking in stormy weather.

In another positive initiative, Fremantle Ports worked with stakeholders to develop an LNG bunkering standard that aligns with national and international standards and procedures. A bunkering licence for the supply of LNG has been awarded to the Wesfarmers/Kleenheat gas joint venture EVOL LNG. The availability of LNG as a bunker fuel, which will be delivered from EVOL LNG’s Kwinana LNG plant, will pave the way for LNG-fuelled ships to visit the port, and provide the option for local ferries and workboats to switch to the lower-cost, lower-emission fuel.
Australia takes top prize in 2016 FONASBA Young Agent or Broker Award

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

So another year has passed and it is once again time to look back over the activities of FONASBA and its members.

My contribution to the 2016 Review opened by introducing the winner of the first FONASBA Young Ship Agent or Ship Broker Award, Renan Queiroz from Brazil, and I am doing the same this year in order to recognise the achievement of Tim Poison MICS, a broker with Australian Independent Shipbrokers, in taking the 2016 award. His paper, entitled The Role of the Shipbroker in the Break-Bulk, Multipurpose & Heavy-Lift Sector, was described by the chairman of the judges, Gunnar J. Heinonen, as being “extremely impressive and incredibly well-written”. Tim was also praised for reaffirming the need for the broker to maintain the core values of trust, integrity, authority and market intelligence, whilst at the same time seeking to expand on the range of services provided to the principal.

After receiving the prize, Tim made an excellent and thought provoking speech at the Gala Dinner that closed the 2016 Annual Meeting (see below). Speaking on behalf of himself and all the Institute of Chartered Shipbrokers’ prize-winning students (this year’s Gala Dinner was held jointly with the ICS Prize-giving Awards ceremony), Tim reminded younger members of the profession of the importance of education and training and the need for close and effective working relationships with colleagues from around the world, in what is still a people business. Tim was a worthy winner of the Award, an excellent ambassador for young Australian shipping professionals and an all-round good bloke! It was a pleasure for us to meet him and his new wife Annette and to welcome them into the FONASBA family.

The Gala Dinner capped another excellent Annual Meeting which saw the largest-ever number of member countries attending. Thirty nine of FONASBA’s fifty five member countries were in London, bringing many new faces to the meetings and social events. Whilst the meeting followed the traditional format of plenary meetings of the three FONASBA Committees, European (ECASBA), Chartering & Documentary (C&D) and Liner & Port Agency (L&PA), followed by the Council Meeting, a number of new elements were introduced in order to make the meetings more interesting for the delegates. As it provides the only opportunity for FONASBA members to meet, the Annual Meeting pulls together the various actions and activities the Federation has undertaken over the previous twelve months, and this year was no exception. An overview of that meeting therefore provides an ideal platform from which I can cover all the main actions of the past year.

During the ECASBA plenary, European members and those from elsewhere discussed developments in European maritime policy covering e-Maritime issues, including a proposal to introduce a new electronic cargo manifest, reviews of the European legislation on waste reception and on vessel reporting formalities, a new shipping package for 2017, the mid-term review of the entire European Maritime Strategy and the newly introduced Union Customs Code, which aims to harmonise and streamline customs formalities across the 28 EU member states.

In another new element this year, both the C&D and L&PA plenary meetings
were preceded by 30 minute industry briefings on topics of general interest to the delegates. Ahead of the Chartering & Documentary plenary, the Baltic Exchange gave an introduction on the freight futures markets, a topic that many of our members would be aware of but perhaps were not aware how it worked in practice. The presentation certainly helped fill in some of the gaps. The ever-popular and thought provoking presentation by Andrew Jamieson, Claims Director of ITIC once again concentrated minds on some of the often very simple mistakes that can cost agents, brokers (and their insurers) dear. The meeting also discussed the current freight market and where it was expected to go in the next twelve months.

Taking advantage of being in London, an open seminar was held jointly with the Institute of Chartered Shipbrokers, after the C&D plenary, on whether the ship broker is a dood, heading for extinction? A distinguished panel of speakers debated the continuing relevance of the ship broker in the face of online trading, broking apps and other IT advances designed to allow ships and cargoes to be fixed without engaging a broker. This provoked an enthusiastic discussion, which ultimately concluded that none these developments are a substitute for qualified, trustworthy and experienced brokers with current market knowledge and wide-ranging and effective contacts, instead they are merely tools to assist in that process.

Amongst the developments discussed at the Liner & Port Agency plenary were the FONASBA Quality Standard scheme, the introduction of mandatory weighing of all containers and the new agency agreement form.

The Quality Standard now covers 27 member associations, the Kenya Ships Agents association being the most recent. With changes to the criteria (to make the FQS easier to secure for Associate members and the Authorised Economic Operator programme being added as a second pre-existing quality programme) being approved by the meeting, it is hoped that the rate of increase will now hasten. BIMCO has reaffirmed its support for the programme and it is expected that FONASBA and BIMCO will host a joint webinar on the topic towards the end of the year. A follow up article in the BIMCO magazine is also anticipated.

Three surveys have been carried out on the subject of container weighing, two before implementation and one after three months in operation. This third survey found that in spite of ongoing issues, including the absence of national guidelines, concerns over changes to EDI filing processes, a lack of weighbridges and other impediments, the international container trade has not stopped. In no small part, the success of the implementation process has been down to the hard work of FONASBA members in getting all parties together, often against official indifference, to ensure appropriate and workable measures were in place in good time. Organising training courses and seminars for the entire container transport chain was another action in which our members have played a vital part. For this topic, Loukas Kontogiannis from IMO’s Maritime Safety Division joined the meeting and he acknowledged the role of ship agents in successfully introducing the amendments. He also confirmed that he would take the results of our survey back to the Maritime Safety Committee. All our members, SAL included, can therefore be proud of their efforts in minimising the impact of the Regulation amendment.

Recognising that it’s suite of agency documents was in need of updating, we invited our colleagues at BIMCO to bring their vast experience of shipping documentation to the table to ensure the new documents were as comprehensive, fair and balanced as possible. ITIC was also invited as our legal advisers. The first document to emerge from this collaboration is a new agency appointment agreement, a simple form designed to formalise the (often unwritten) process of appointing a port agent across all market sectors. Designed primarily to cover a single voyage, albeit with more than one port call, the form is based on BIMCO’s familiar box format and covers all the steps, and collects all the information necessary to ensure the appointment is correctly documented. The new form was approved by Council and has now passed to BIMCO’s Documentary Committee where we hope it will receive the endorsement of that organisation as well. All going well, the new form will be launched towards the end of this year. The next project is to update the Standard Liner and General Agency Agreement. This will also be expanded to cover all market sectors and will comprise a common core document to which additional clauses can be added to address the specific requirements of each trade. Work is already underway and will continue into 2017.

As well as addressing the usual Annual General Meeting issues, the Council Meeting saw the Shipping Association of Iran (SAOI) elected to membership, AMANAC of Mexico confirmed as host for the 2018 Annual Meeting and the election of a new Executive Committee for 2016–18, led by John A Foord FICS of Great Britain, as the president.

Ending where we started, the Gala Dinner, held in the splendour of the Mansion House in the City of London, home of the Lord Mayor, Lord Mountevans, who is both a shipbroker and member of the Institute, the evening closed with the handover of the President’s Medal to John Foord and a unique gathering of every one of FONASBA’s living past presidents. Following a decision by Council earlier that day, outgoing president Glen Gordon Findlay, then conferred Honorary Membership of the Federation on seven of them, the others having received the honour previously.

All in all, it has been a very busy but productive year and we now look towards the next twelve months with interest. ▲
We should commend IMO efforts to address shipping’s CO₂

By SIMON BENNETT, Director Policy and External Relations, International Chamber of Shipping

The International Chamber of Shipping (ICS) is the principal global trade association for shipowners. Its membership comprises national shipowner associations from Europe, the Americas and Asia, and includes Maritime Industry Australia Limited. Shipping Australia Limited is an Associate Member.

About 90 per cent of global trade is moved by cargo ships, which are collectively responsible for about 2.2 per cent of the world’s total Green House Gas (GHG) emissions, similar to that emitted by international aviation. Shipping’s current share of the world’s CO₂ emissions is a reflection of the fact that shipping is a truly enormous industry transporting almost 10 billion tonnes of cargo a year.

It may be out of sight, but international shipping (about 70,000 ships) keeps the world economy running, transporting energy, food and raw materials, as well as most of the world’s manufactured products. Australia, of course, is particularly dependent on maritime transport for its economic success.

The Paris Agreement on climate change makes no explicit reference to international transport. But the UNFCCC Kyoto Protocol, which is still in force, makes clear that the UN International Maritime Organization (IMO) has responsibility for addressing GHG emissions from shipping. It should also be remembered that the Member States at IMO are essentially the same as those that are parties to the Paris Agreement on climate change, which entered into force on 4 November.

The recent IMO agreement, in October 2016, to develop a comprehensive CO₂ reduction road map is a significant decision giving further impetus to the substantial CO₂ reductions that are already being delivered by the shipping industry.

Yet a number of environmental NGOs have chosen to criticise the IMO Road Map.

There appears to be some misunderstanding about what IMO Member States have agreed, as well as insufficient recognition of what has already been achieved by the industry and its global regulator.

Initial CO₂ reduction commitments will be developed for the sector by 2018 (not 2023) and should reflect the spirit and ambition of the Paris Agreement, while being appropriate to the circumstances that apply to international shipping (just as INDCs committed by governments in Paris, reflect the circumstances of different national economies).

The Road Map will build on the mandatory CO₂ reduction regulations for shipping already adopted by IMO in 2011 (four years before the Paris Agreement), which will ensure that ships built after 2025 will be at least 30 per cent more efficient than in the 2000s.

However, the Road Map will actually go much further. The final stage of the Road Map to be enacted by 2023 should establish a global mechanism for ensuring that these initial IMO commitments will actually be delivered – something which is currently not a feature of the Paris Agreement.

This could potentially include a legally binding Market Based Measure. This remains very controversial and is not yet universally supported throughout the industry. But if this is what governments
eventually decide, then the clear preference of the majority of the industry would be for a global levy based on fuel consumption, with much of the money directed to developing nations in order to address the UNFCCC principle of Common But Differentiated Responsibility (CBDR). Developing nations could thus accept less responsibility for reducing CO₂, while the shipping industry would have a uniform levy which would be applied to all ships equally, regardless of flag, in order to avoid market distortion.

Key to this is the mandatory global CO₂ data collection system, which has also been legally adopted by IMO and will be enforced worldwide (which ICAO has yet to develop for aviation). This will enable the initial CO₂ commitments agreed in 2018 to be further refined using the very latest data on ships’ emissions, which will become fully available from 2019.

But most importantly, the IMO data system will inform the development of a mechanism by IMO for ensuring that the CO₂ reduction commitments are indeed fully met.

This will include deciding the extent to which technical and operational measures alone might be insufficient to deliver the IMO CO₂ reduction commitments that are initially agreed in 2018.

The sector actually reduced its total CO₂ emissions by more than 10 per cent between 2007 and 2012 – while the rest of the world economy, even taking account of INDCs committed in Paris – will probably continue increasing emissions at least until the 2030s. However, the industry fully recognises that society expects even more.
Revision of the York Antwerp Rules
and ratification of conventions

By STUART HETHERINGTON, partner, Colin Biggers and Paisley,
President Comité Maritime International

On 6 May 2016, at its New York Conference, the CMI revised the York Antwerp Rules. CMI is the Custodian of those Rules. If they need to be amended, industry asks CMI to carry out that task.

The key points to be made, from a CMI point of view, about the 2016 Revision of the York Antwerp Rules is that:

(a) They took three years to negotiate;
(b) They were agreed to unanimously by the representatives of both shipowners and insurers, that is the International Chamber of Shipping, BIMCO, the International Group of P&I Clubs and IUMI;
(c) BIMCO’s documentary committee met on 10 May 2016 when it was confirmed that all new and revised BIMCO charter parties and bills of lading will refer to York Antwerp 2016.

Prior to that, the York Antwerp Rules 1994 was the version which had been incorporated into most contracts of carriage - whether by bills of lading or charter party. That is despite the fact that the Rules were last amended, substantially, in 2004 at the CMI Conference in Vancouver. Unfortunately those amendments were not widely supported by the shipping community and as a result they were rarely incorporated by contractual provisions. My predecessor as president of the CMI, Karl Gombrii, sought to bring about a rapprochement between the shipping and insurance interests in mid 2012, during the lead up to the previous CMI Conference in Beijing in October that year. He was unable to achieve that in the time available. An International Working Group (IWG) was therefore set up under the chairmanship of Bent Nielsen, together with Rapporteurs Richard Cornah (the highly regarded international average adjuster) and Taco van der Valk, the president of the Dutch MLA.

As a result of the considerable work that they had done over the last three years, by the time the matter came on for discussion in the New York Conference, most of the major issues had been resolved between the shipping and the insurance communities. The two most contentious issues related to how salvage is dealt with in the context of general average and how wages of master and crew at places of refuge are dealt with. The position, in both regards, as it existed prior to 2004 has, essentially, been reinstated.

Briefly, the significant changes made by the 2016 Rules were as follows:

Rule VI (a) has been amended to read:
“Expenditure incurred by the parties to the common maritime adventure in the nature of salvage, whether under contract or otherwise, shall be allowed in General Average provided that the salvage operations were carried out for the purpose of preserving from peril the property involved in the common maritime adventure and subject to the provisions of paragraphs (b), (c) and (d).”

Rule VI (b) provides that where the parties to the common maritime adventure have separate contractual or legal liability to salvors, salvage will only be allowed in general average where one of five factors applies. These are:

(i) there is a subsequent accident or other circumstance which results in loss or damage to property during the voyage and there is a significant difference between the salved and contributory values;
(ii) there are significant general average sacrifices;
(iii) salved values are manifestly incorrect and there is a significantly incorrect apportionment of salvage expenses;
(iv) any of the parties to the salvage has paid a significant proportion of salvage due from another party;
(v) a significant proportion of the parties have satisfied the salvage claim on substantially different terms, no regard being had to interest, currency correction or legal costs of either the salver or the contributing interest.

Rule VI (c) provides that such salvage expenditure shall include any salvage remuneration which has been allowed under Article 13(1)(b) in preventing or minimising damage to the environment, that is the enhanced salvage award introduced by that provision in the Salvage Convention.

Rule VI (d) confirms that special compensation payable under Article 14 and SCOPIC type payments will not be allowed in general average.

Rule XII(a), which was the second area in which shipowners were strongly opposed to the York Antwerp Rules reform made in 2004, has also been changed so that wages and maintenance of master, officer and crew when detained at ports of refuge are
now claimable in general average.

Rule XVII of the York-Antwerp Rules 2016 contains a provision that:

“Any of the cargo may be excluded from contributing to general average should the average adjustor consider that the cost of including it in the adjustment would be likely to be disproportionate to its eventual contribution.”

This is the provision that is referred to as dealing with “low value cargoes” and was regarded as being a necessary reform of the York Antwerp Rules to facilitate the administration of general average adjustments where, particularly in relation to containerised cargo, there may be hundreds, if not thousands, of potential contributors with very low value cargoes.

Another change which has been welcomed, particularly by the insurance industry, is in relation to interest on losses allowed in general average under Rule XXI. The rate which is now decreed for calculating interest is the 12 month ICE LIBOR rate for the currency in which the adjustment is prepared, increased by 4 per cent.

The further reform welcomed by the insurance industry is the deletion of a commission of 2 per cent on owners' disbursements, which had previously been allowed.

Ratification of Conventions

The raison d’être of the CMI is uniformity in international maritime law, and conventions are the most obvious means by which this has been and can be achieved.

This is a topic that I regarded as paramount for the CMI to work on when I became President in October 2012. I therefore set up a Standing Committee of CMI to work with the IMO Legal Committee and the International Chamber of Shipping (ICS) to see if there is anything the CMI can do to persuade governments to give effect to international conventions by ratifying them and bringing them into force within their own jurisdiction.

The CMI, ICS and IMO agreed to a list of conventions to concentrate on. I have urged MLA's to discuss these with their governments.

In a recent trip to Canberra to discuss this issue with representatives of the Attorney General’s Department and the Department of Infrastructure and Regional Development, as well as Treasury, (together with Professor Nick Gaskell of Queensland University) we urged the Australian Government to consider putting forward legislation with an omnibus package of conventions needed to be ratified by Australia.

They are:

- Athens Passenger Convention
- Rotterdam Rules 2008
- Wreck Removal Convention 2007
- HNS Convention 2010
- Seafarers Identity Documents 2003
- Ship Recycling 2009
- Ballast Water Convention 2009

Putting to one side the Athens, Rotterdam and Seafarers Identity Documents Conventions, each of the other conventions play a significant role in the suite of conventions aimed at benefitting the maritime environment.

The Maritime Law Association of Australia and New Zealand recently published in its Journal an article by Craig Forrest, Professor and Director, Marine and Shipping Law Unit, TC Beirne School of Law, University of Queensland on “State Cooperation in Combating Transboundary Marine Pollution in South East Asia”. He highlighted the “close proximity of the nation states of South East Asia, which exposes them to rapid and extensive transboundary pollution from incidents arising in their “shared” ocean spaces”. As Dr Bevan Marten pointed out in another article in the same Journal, the Asia-Pacific region is “home to 12 of the world's top 35 flag States, nine of the top 35 ship owning States.”

Craig Forrest also referred to the Deepwater Horizon (2010) and Montara (2009) spills, and to the mediocre degree of participation, with some startling gaps, in the South East Asian coverage in the IMO Conventions on pollution, response and compensation. As he says “a number of key IMO Conventions have poor traction in South East Asia”, especially the Oil Preparedness, Response and Co-operation Convention (OPRC), the Intervention Convention, the Salvage and Bunker Conventions. Happily Australia has not lagged behind in relation to those Conventions.

Craig Forrest did not refer in his article to the work done by CMI in the area of Transboundary Oil Pollution. CMI attempted to draft an International Convention on Offshore Mobile Craft in 1977 and again in 1994 but did not obtain support from the offshore industry. When a new IWG was formed by the CMI to revisit this issue after the Deepwater Horizon and Montara spills, a similar response was received from the international community, despite some countries, Indonesia and Denmark, seeing merit in a draft Convention being produced. At the recent Legal Committee of the IMO (in June 2016) the Committee repeated its opposition to a binding convention or other instrument and “emphasised that though it was encouraging” the production of Guidance any document produced in future would not be an official IMO document. The Guidance being referred to is for the creation of bilateral or regional agreements to deal with the problem.

The damage to the environment and the livelihoods of Indonesians by the Montara spill is well documented by the Australian Lawyers Alliance in its report “After the Spill Investigating Australia’s Montara Oil Disaster in Indonesia”. It is surely time for the international community to come together and regulate the offshore industry, as it did the seagoing industry after the “Torrey Canyon” in 1968.

As Craig Forrest has demonstrated, the ASEAN region has lagged behind Australia in ratifying conventions but there are also many conventions which Australia has been slow to ratify, which would benefit not only the environment but also consumers (Athens Convention); carriers, insurers, and cargo owners (Rotterdam Rules Convention) and Seafarers (Identity Document Convention).

Maritime Law Associations and industry bodies have a role to play in urging their governments to take action to ratify those conventions and consider a convention for the offshore industry in order to bring greater certainty, and uniformity, to maritime law.
Federal Court of Australia imposes substantial costs order as a deterrent to those requesting that it set aside or intervene in Australian International Arbitral Award

By STEPHEN THOMPSON, partner, Holman Fenwick Willan LLP

On 13 September of this year, in the matter of Sino Dragon Trading Ltd v Noble Resources International Pte Ltd [2016] FCA 1311, the Federal Court was asked to rule on the right to appeal an international arbitral award based on (i) whether the dispute fell within the terms of the arbitration clause; (ii) whether a party was able to present their case; (iii) whether the arbitrators were appointed in accordance with the arbitration clause; and (iv) justifiable doubts as to impartiality or independence of the arbitrators.

THE FACTS

On 9 January 2014, Sino Dragon Trading Ltd ("Sino Dragon") contracted to purchase 170,000 metric tonnes of iron ore from Noble Resources International Pte Ltd ("Noble"). The contract required Sino Dragon to open a letter of credit by 17 January 2014.

Sino Dragon failed to open the letter of credit and Noble treated that failure as a repudiation of the contract, terminated the contract and commenced arbitration in Australia to recover its losses. The Arbitration was held under the UNCITRAL Arbitration Rules, which required a panel of three arbitrators, who delivered their final award in favour of Noble on 12 May 2016 ("Award").

Sino Dragon applied to the Federal Court of Australia, seeking amongst other things, to have the Award set aside on the following grounds:

- the Tribunal proceeded outside the arbitration clause in dealing with the dispute, as it found an email written in Chinese amounted to an act of repudiation, when the contract provided for all communications to be in English;
- Sino Dragon’s witnesses were unable to properly present evidence due to technical difficulties with a video-link facility, which gave rise to a lack of procedural fairness and a lack of equality of treatment; and
- there was a reasonable apprehension of bias on the part of the arbitrators.

FEDERAL COURT DECISION

The Honourable Justice Beach of the Federal Court of Australia rejected all of the grounds raised by Sino Dragon, finding that:

- non-English communications could constitute conduct amounting to repudiation. Beach J confirmed that when dealing with an arbitration clause, principles for the interpretation of commercial contracts support an expansive or liberal approach consistent with the objectively ascertained commercial purpose, so long as such an interpretation is not inconsistent with the plain text construed in context [2016] FCA 1311 at [114];
- the mode of evidence by telephone or video conference, although less than ideal compared with a witness being physically present, does not in and of itself produce “real unfairness” or “practical injustice”. Beach J observed [2016] FCA 1311 at [160] – [171] that Sino Dragon had:
  i. chosen the mode used for its witnesses and took responsibility for arranging the video-link facilities;
  ii. failed to seek an adjournment, when the original video-link did not work, to deal with the evidence of its witnesses in a different way; and
  iii. raised these issues for the first time in the Federal Court application and well after the Award had been delivered against them.

On consideration as to whether the Applicant had demonstrated “real unfairness” or “real practical injustice”, Beach J confirmed that the provisions of the UNCITRAL Model Law were not, and could not be, intended to apply to unfairness caused by a party’s own conduct, including forensic or strategic decisions.

- no fair-minded lay observer would perceive any possibility of bias on the part of the arbitrators, particularly in circumstances where Sino Dragon had failed to produce any probative evidence to question the arbitrators’ independence. The relevant test was confirmed to be that in Ebner v Official Trustee in Bankruptcy (2000) 205 CLR 337 at [6] – [8] as to whether a fair-minded lay observer might reasonably apprehend that the arbitrator might not bring an impartial mind to the relevant adjudication and determination. The question, it was said, is “one of possibility (real and not remote), not probability” [2016] FCA 1311 at [198].

HFW PERSPECTIVE

In a pro-arbitration forum such as Australia, Courts are exceedingly reluctant to invalidate an Award other than in severe circumstances where it can be demonstrated that there has been a patent error of law or a decision directly contrary to public policy. The Federal Court maintained that stance by imposing a substantial costs Order against Sino Dragon, which should act as warning to any party seeking to have an arbitral award set aside.

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- Commercial fisheries
- Towage and pilotage
- Port operations
- Issues arising under the Biosecurity Act 2015 (Cth)
ACCC to take the helm of liner conference regulation

By NATHAN CECIL, partner, STEPHANIE TREFUS, lawyer, and DILIP RAMASWAMY, lawyer, Holding Redlich

For years, the shipping industry has benefitted from exemptions found in Part X of the Competition and Consumer Act 2010 (CCA) which allow Carriers to engage in some forms of collective cooperation which would otherwise constitute illegal cartel conduct. In short, Part X currently allows for liner conference agreements that would otherwise offend competition and consumer laws, to be regulated through registration. However, in 2015 the Harper Review recommended that Part X of the CCA be repealed. The Government is ‘open’ to the recommendation and there is a real chance that Part X will be repealed in 2018. Given that the rationale behind the Part X protections is to protect the viability of the industry, including the provision of sufficient, reliable and efficient shipping services, any potential reform is of considerable relevance to the shipping industry. Vigorous industry engagement will be necessary to ensure the reforms are in harmony with commercial realities. So what will the Government determine Part X should be replaced with, and how will this affect the shipping industry?

Background

Part X of the CCA gives ocean carrier ‘conferences’ limited and conditional exemption from the cartel conduct prohibitions in sections 45 and 47 of the CCA. A cartel refers to a situation where businesses agree to act together, instead of competing with each other. The primary motive for this is often to increase profits for members of the cartel.

The main examples of cartel conduct include:

(a) price fixing - when competitors agree on a pricing structure, rather than competing against each other;
(b) sharing markets - when competitors agree to divide a market so participants are shielded from competition;
(c) rigging bids - when suppliers communicate before lodging their bids and agree among themselves who will win, on what terms and at what price; and
(d) constraining supply - where competitors agree to control the output or limit the amount of goods and services available to buyers.

Agreements registered under Part X typically relate to service scheduling, capacity and quantity, and kinds of cargo to be carried on particular trade routes, but can also extend to freight rates. The legislation requires members of the conference to negotiate with the peak shipper’s/importer’s body as to agreed minimum standards of service and keep them informed of any changes, including to any agreed freight rates. To register an agreement, the Registrar must be satisfied that provisions of any registrable agreement are necessary for the agreement to operate effectively and are of overall benefit to Australian importers and exporters. [Section 10.08 Competition and Consumer Act 2010].

Proposed new regime

Block exemptions

There is little information currently available on what Part X would be replaced with, were it to be repealed. In late 2016, the Treasury conducted a consultation on an Exposure Draft Bill introducing the first tranche of reforms, including (among other things) a new ‘class exemption’ power that would allow the Australian Competition and Consumer Commission (ACCC) to exempt certain categories of conduct from the anti-competitive provisions of the CCA. To exempt a category of conduct, the ACCC must be satisfied the conduct would not be likely to have the effect of substantially lessening competition or the conduct must be likely to result in a benefit to the public outweighing the detriment that would or would be likely to result from the conduct.

The Harper Review recommended that the ACCC develop, in consultation with liner shipping operators and shippers, “a block exemption or exemptions for categories of liner shipping conduct that do not raise competition concerns, such as consortia or operational agreements (vessel sharing, co-ordination of routes and schedules)” [Harper Review p 384]. If the block exemption process is to go ahead, it is important that the industry engage with the ACCC to ensure that any exemption is crafted in a way that is workable in practice for the industry, both carriers and shippers/importers.

Authorisation

If the ACCC decides not to grant a block exemption for liner shipping conferences, or grants an exemption that does not cover all cooperative conduct that liner shipping operators want to engage in, operators can apply to the ACCC for authorisation of the conduct. In 2006 the European Union (EU) removed their block exemption for liner conference agreements and the industry is now subject to the
general provisions of EU law and conference agreements must seek authorisation. [Harper Review p 382]. The Harper Review cited this example with approval, noting the authorisation process is designed to weigh anti-competitive detriment against any public benefits that agreements may generate and to review this balance at intervals.

**Be alert, not alarmed**

Although repeal of Part X would have far-reaching consequences, it is not likely to spell the end of the liner shipping industry. Not all conference activities are unlawful and many joint venture agreements allow discussion and agreement of schedules and standard slot charter rates without breaching the CCA. If agreement of freight rates on a particular route is necessary for the operation of a consortium and it is not the only consortium on that route, such an agreement may be protected by the CCA’s joint venture provisions [Competition and Consumer Act 2010 s 44ZBR-P]. If there is no applicable block exemption, consortia will have to weigh up the benefits of certainty that comes with authorisation against the expense and time that go into obtaining and renewing authorisation every five years.

Subject to the terms of any block exemption, the major change that is likely to follow repeal of Part X is the ability for liner conferences to agree guideline freight rates and coordinate capacity across routes. The ACCC is likely to consider such agreements to be anti-competitive and less likely to grant authorisation, either under a block exemption or individual authorisation regime.

**Proceed with caution**

Breach of the CCA is a serious matter and subject to substantial penalties. In 2009 the ACCC introduced criminal sanctions against cartel conduct to discourage executives from acting anti-competitively. The ACCC chairman Rod Sims, has indicated that the ACCC intends to prosecute a ‘continuing stream’ of criminal cartels [http://www.afr.com/news/acccts/first-criminalcartelcaseagainstnipponyusenkabushikikaiha20100718gq8353].

In 2016 Nippon Yusen Kabushiki Kaisha (NYK) became the first company to be successfully prosecuted by the ACCC under the criminal cartel provisions for allegedly engaging in bid rigging and collusion in relation to contracts for carriage with major automotive manufacturers [Read more about this here: http://www.holdingredlich.com.au/transport/global-shipping-line-the-first-for-now-to-be-penalised-for-criminal-cartel-conduct-in-australia]. NYK was charged under s 44ZZRG(1) of the CCA with intentionally giving effect to cartel provisions in an arrangement or understanding with others in relation to the supply of ocean shipping services, knowing or believing that the arrangement or understanding contained cartel provisions.

Companies engaging in cartel conduct that is not protected, exempted or authorised face maximum fines of the greater of $10 million, three times the value of the benefits obtained or 10 per cent of annual turnover.

**Have your say**

Repeal of Part X is far from set in stone and it is critical that the industry engages with the reform process to achieve a solution that is workable for all stakeholders. Keep an eye out for opportunities to have your say on how the repeal of Part X and the proposed new regime will affect your business and ensure that you (or SAL) provide considered submissions in relation to any proposed reform.

Whatever the new regime, seeking legal advice early will ensure you achieve your commercial objectives without ending up in hot water with the ACCC.
Unfair Contract Terms 2016

By JOE HURLEY, partner and CHRIS SACRÉ, special counsel, HWL Ebsworth Lawyers

The shipping industry in Australia is made up of myriad types and sizes of businesses and operators, many of them small with just a handful of employees. 2016 was a significant year for small businesses because on 12 November 2016, the Australian Consumer Law Unfair Contract Terms protection regime was extended to standard form small business contracts (UCT 2016).

All business, big and small, should be mindful of this new legislation if they wish to manage their contractual exposures effectively. If a contractual provision is found to be unfair then it may be declared void and unenforceable, and any attempts to exclude the application of UCT 2016 will also be void. The resulting increased contractual exposure may come as an unwelcome surprise to business previously operating within the comfort zone afforded by robust and one-sided terms and conditions.

The length of this article does not allow an in-depth analysis but rather aims to alert you to the new risks that your business faces. If you wish to learn more about managing those risks then please feel free to contact the authors.

What is a small business contract?:
A small business contract has a price of no more than $300,000 in a single year or $1 million, if the contract is for more than a year; and one of the parties to the contract employs less than 20 persons.

What is a standard form contract?
There is no fixed definition of ‘standard form contract’. However, a contract is likely to be found to be standard form if it is offered on a ‘take it or leave it basis’; i.e., where it is prepared by one party and the other party has no genuine opportunity to negotiate its terms - e.g. standard terms and conditions provided with, or referred to in, a purchase order or otherwise. You will appreciate that this form of contract is very common in our industry, from standard bills of lading and container use agreements through to ad hoc services provided without an executed contract on a service providers standard terms and conditions.

What makes a term “unfair”?:
A term of a standard form small business contract will be unfair if:
• it would cause a significant imbalance in the parties’ rights and obligations; and
• it is not reasonably necessary (or goes beyond what is reasonably necessary) to protect the legitimate interest of the party advantaged by the term; and
• the term would cause detriment if relied upon.

In determining unfairness, the courts will consider:
• the extent to which the term is transparent (readily available, clearly presented, legible, in plain English); and
• the terms of the contract as a whole.

What contract terms are most at risk?
While this is not at all an exhaustive list, the ACCC has indicated that it will be looking at the following terms generally:
• a term giving one party a right to unilaterally vary a contract;
• a term that allows automatic rollover of the period of the contract at the election of one party;
• a term that limits a party’s performance or liability for non-performance;
• a term that gives a right to terminate without cause unless it is coupled with another clause, for example, a compensation provision; and
• a term containing an unreasonably broad indemnity, or which requires a party to indemnify for risks that are within the sole control of the other party.

Terms that define the main subject matter of the contract and the upfront price payable are expressly carved out. However, the legislation does not protect other charges payable on the occurrence or non-occurrence of a particular event. For example: liquidated damages, interest or penalty provisions may fall foul of UCT 2016.

Of direct relevance to our industry is the fact that UCT 2016 excludes certain types of contracts including:
• contracts of marine salvage and towage;
• charterparties;
• a contract of the carriage of goods by ship;

While this may exclude a large proportion of our industry’s waterborne contractual exposure, it does not address supply of goods and services contracts such as those entered into by freight forwarders, customs brokers, port agents or land transport, warehousing and storage contracts. As such this new legislation has far reaching tentacles.

However, never fear, UCT 2016 is no sea monster, it can be tamed with careful consideration to your standard terms and conditions to ensure compliance. It will be possible to achieve similar levels of contractual protection by redrafting your standard terms and conditions to make them more resilient to the challenges posed by UCT 2016 and by doing so continue to protect your businesses from unwelcome exposure.
Implications of the “Sam Hawk” litigation

By HAZEL BRASINGTON, partner, Norton Rose Fulbright Australia

When it comes to the enforcement of maritime claims, countries and legal systems have their differences and these have been an important feature of recent months.

The appeal judgment of the Full Federal Court delivered on 28 September 2016 in the matter of the Ship “Sam Hawk” v Reiter Petroleum Inc [2016] FCAFC 26 is of significance for, and well beyond, Australia.

Australian maritime law is rooted deeply in English statutory and common law of maritime commerce. As the Chief Justice and Justice Edelman noted in their joint judgment, this has given rise to a stable structure for maritime security rights and claims. Many will think that this stability has served the commercial community well, as it provides a known framework for the financing and operation of ships and helps to avoid unforeseen shocks to supply chains that are important to Australia’s economy.

The Sam Hawk re-awoke an issue in maritime jurisprudence that has been slumbering for three decades. Courts are occasionally approached for help by maritime claimants who assert a lien based on the laws of another country and legal system. How is such a claim to be dealt with? The Privy Council found this a difficult enough question in 1980, recording (unusually) a divided finding [Bankers Trust International Ltd v Todd shipyards Corporation (The “Halcyon Isle”) [1981] AC 221]. The majority of the Privy Council held that a maritime lien is enforceable only if the events on which the claim is founded would have given rise to a maritime lien in the law of the forum (i.e. the place where the litigation is proceeding).

Fast forward to late 2015, and the global shipping industry’s rude awakening to some unpleasant realities of the bunkering business, revealed through the insolvency of the OW Bunker group. Bunker suppliers’ liens were the centre of attention.

What is a maritime lien? It is a form of security enjoyed by a maritime claimant or creditor that affects or attaches to the ship as a physical asset according to law. Since the asset is a mobile one, the outcome of asserting a maritime lien will vary according to where the ship, “the asset”, is found at the time of arrest. If the asset must be sold to satisfy the claim, or the party at fault in connection with the lien is insolvent, a new range of issues will have to be considered. The true maritime lien gives its holder privileged treatment, conferring priority over other creditors, and even outlasting a change of ownership of the asset.

The claim that led to the arrest of the Sam Hawk had touch points with a number of countries and laws. The ship was registered in Hong Kong, operated by a Swiss-based company, managed by Greek interests, time chartered to an Egyptian company (EBC), who contracted to buy fuel from a Canadian supplier (Reiter). The bunkers were taken on at a port in Turkey. The Canadian supplier (Reiter) used terms of supply that were subject to Canadian law but with an express provision that maritime liens would be governed by the laws of the United States and the State of Florida. Reiter commenced proceedings against the owners of Sam Hawk and arrested the vessel in Western Australia.

In Australia, a proceeding on a maritime lien may be commenced as an action in rem under section 15 of the Admiralty Act 1988 (Cth), but must be based on a maritime lien of a character recognised by Australian law, including rules of private international law [Elbe Shipping SA v the Ship “Global Peace” (2006) 154 FCR 439].

Turning to the rules of private international law, the High Court heard a case in 2000 that concerned a tricky line of demarcation in legal thinking – the dividing line between matters of “substance” and matters of “procedure” [John Pfeiffer Pty Ltd v Rogerson (2000) 203 CLR 503]. Questions of “substance” relate to the existence, extent or enforceability of a right or obligation; questions of “procedure” relate to the conduct of legal process. You might think that a maritime lien is about “substance”, or “procedure”, or perhaps a combination of both. McKerracher
Court judges delivered three separate judgments which will be much analysed and discussed in the weeks to come. Although Sam Hawk will not be appealed further, important issues that are addressed in these judgments could re-emerge in other cases.

Highlights or key points are:

- Before a foreign right can be characterised by Australian law as a maritime lien for purpose of section 15 of the Admiralty Act, it should be or be analogous to, a right that would be a maritime lien by Australian law.
- This will not now, in ordinary circumstances, include a claim against an owner when fuel supplied to a time-chartered ship has not been paid for.
- It is difficult to foresee novel forms of maritime lien, such as a foreign lien without priority, being created in Australia without new legislation.
- The sensible practice of a ship’s master issuing a “no lien” notice to bunker suppliers (and similar stamps by chief engineers on bunker receipts) can be effective to defend an owner against arguments that time charterers acted on the owner’s behalf when ordering bunkers.
- The substance/procedure dilemma arising from foreign law privileges that give the creditor priority may not however, have been laid finally to rest. It may re-emerge in the context of cross-border insolvency litigation.

The complaints of bunker suppliers may be answered to some extent by knowing that commodity trading companies routinely take financial risk on their counterparties without the luxury of security from third parties or special treatment in foreign courts. Credit terms or other payment practices may have to change, but the industry is capable of adapting once there is a framework of legal certainty. Owners are able to manage this risk with the right legal advice.

Perhaps the last word should go to the Australian Law Reform Commission. When the Commission reported into reform of the Civil Admiralty Jurisdiction [ALRC Report 33 14 December 1986]. It recommended that:

“Pending agreement at the international level on the proper scope of maritime liens, new maritime liens should not be created”.

CMI is currently working on such an agreement.

J decided that Reiter’s assertion of a maritime lien was a matter that related the existence, extent or enforceability of Reiter’s rights. As a result, an Australian court should (as confirmed by the High Court) apply the correct relevant foreign law. In Reiter’s case, Reiter said that this would enliven a claim under their Canadian contract and the US Liens Act. Had the decision been the other way, i.e., that a maritime lien is a “procedural” matter, Australian law would have applied.

**Implications**

The immediate implication was a suddenly expanded Australian Admiralty arrest jurisdiction. On Boxing Day 2015 this headline appeared in The Australian newspaper “Ship arrests rise as fuel firm sinks”. Expanded rights of arrest arrived when a wide range of unpaid fuel suppliers had been caught out by the OW Bunker collapse. For ship owners and operators, Australia had become a riskier destination of call. Ports and supply chains faced a higher incidence of business disruption. More recently, the Hanjin California was arrested in Sydney when Korean company Hanjin Shipping Co Ltd declared itself insolvent, succumbing to the fall out of the long low freight market. Important questions about priority ranking of competing claims remained to be resolved. In particular, could foreign maritime lien holders “leapfrog” other creditors?

**The Appeal**

It would be an understatement to say that the outcome of the Sam Hawk appeal was eagerly awaited. The appeal was relevant to a number of Commonwealth statutes, common law in Australian States and a range of important issues of principle and policy. It directly affected pending litigation. A bench of five Federal
Limitation of liability of shipowners relating to “breaking limitation” and to bulk cargoes - two recent English court decisions

By PETER MCQUEEN FCIArb, member, Arbitration, Mediation and Dispute Board Chambers, London

The Cargo Interests argued that the Master and the Chief Officer, on instructions from the principal of the Owners, deliberately sank the Vessel by starting the fire and by opening the sea chests in the engine room and the valves to the ballast system to allow an ingress of water to the Vessel. They also sought to rely on other evidence pointing to a scuttling, including the Vessel’s change of course, the attendance of another vessel in the Owners’ fleet at the casualty, the conduct of the Master and the Chief Engineer and the financial circumstances of the fleet of vessels of which the Vessel was one.

The Court determined that, having considered the totality of the evidence, the sinking of the Vessel was deliberate and that the loss of cargo resulted from the personal act of the alter ego of the Owners, which was committed with the intent to cause such loss.

This decision represents the first occasion on which, under English law, limitation of liability has been broken in the 40 year history of the Convention.


The question for determination was whether the package/unit limitation provisions of Article IV Rule 5 of the Hague Rules apply to bulk cargoes. Surprisingly, there has been no prior English authority which has determined this question during the 92 years since the Hague Rules came into force. The Hague Rules are still applied as a result of their incorporation into bills of lading, sea waybills and charterparties issued in and relating to cargoes loaded in non-Hague-Visby Rules contracting states.

Article IV Rule 5 provides that the carrier’s liability for loss or damage to or in connection with goods shall not exceed Pounds Sterling 100 per package or unit.

The cargo interests argued that the word “unit” could only refer to a physical item of cargo or to a combination of physical items bundled together for shipment, that Article IV Rule 5 does not apply to a liquid or bulk cargo and that, when cargo is shipped in bulk, there are no packages or units.

The carrier interests argued that Article IV Rule 5 can be applied to bulk or liquid cargo by the reading of the word “unit” as a reference to the unit used by the parties to quantify the cargo as described in the contract of carriage, which in this case was “2,000 tons of fish oil in bulk”, which had been damaged in transit between Iceland and Norway.

The Court noted that:
(a) the real issue for determination is the true meaning of the word “unit” in Article IV rule 5;
(b) if “unit” does not mean a unit of measurement, then there is no basis upon which bulk cargoes could be subject to limitation;
(c) nothing in the Hague Rules lends any support for the argument that “unit” connotes a unit of measurement; and
(d) the construction of “unit” to be adopted is a physical shipment unit and not a unit of measurement for freight purposes, as seen in the use of the words “customary freight unit” in the US COGSA 1936.

The Court accepted that the language of international conventions should be given a purposive construction rather than a narrow legalistic one.

The parties relied upon, and the Court made references to, the wording and language of the Hague Rules, the Hague-Visby Rules, the travaux preparatoires to the Hague Rules, US COGSA, authorities from other jurisdictions (including that of the Full Court of the Federal Court of Australia in El Greco v Mediterranean Shipping [2004] 2 LLR 537, and in particular the finding that “unit” was to be taken to cover unpackaged objects or items for shipment) and commentaries and textbooks.

Therefore, by this decision, under English law shipowners and contracting carriers will not be able to limit liability under the Hague Rules for loss or damage to cargo.
AMC’s innovation and investment in simulation are essential to modern seafarer training

By Professor ATHANASIOS (THANASIS) KARLIS, Australian Maritime College, a specialist institute of the University of Tasmania

Australia, as an island nation, relies exclusively on sea trade lanes for its international trade. Shipping however, is primarily driven by those that require high quality training and education in order to provide high quality services. In this section we adopt a radical and innovative approach of the maritime cluster through the educational perspective.

Australia is a major exporter of bulk cargoes. Almost 50 per cent of iron ore and 30 per cent of coal exported globally, originates from Australia. Australia also holds close to 10 per cent of exports in grains. The role that Australia plays in global trade puts the country in the centre of bulk trade lanes. Based on a report by the Bureau of Infrastructure, Transport and Regional Economics, some 17,043 ships called at Australian ports in the financial year 2013-2014 (BITRE, 2015). To put this number in perspective, it might be useful to note that the global merchant fleet of containerships, bulk carriers and tankers was roughly 24,500 ships (UNCTAD.org, 2016).

With the above in mind, an interesting situation exists. The overwhelming majority of the ships handling external trade from Australia are foreign flagged and crewed vessels, and thus the seafarers on board these vessels operate in Australian waters — but most likely were educated, trained and certified in third countries. At the same time, maritime incidents are at some level related to training. This poses an interesting question. How can we safeguard our shores and minimise marine incidents without access to the process of training and education of foreign crews?

AMSA is the official body assigned the labour-intensive and critical task of ascertaining ship crew qualifications and ship safety, and is widely recognised for high commitment and quality of work. But AMC also supports this aim, though in a more subtle and possibly thus far unidentified way. As of 2016, overseas students undertaking seafaring degrees with AMC formed half of the student cohort for the first time. These students will eventually get jobs on board foreign flagged vessels and in more likelihood will visit Australia shores again as officers on board these vessels. Thus the provision of quality courses by AMC that increasingly attract foreign students caters for improved safety of ship operations on Australian shores. From this perspective, foreign students trained and educated at AMC not only provide a significant financial benefit to the local community but also — and arguably more importantly — support the overarching aim of sustainability. Moreover, the increasing number of ship calls requires an increasing number of highly trained pilots in the Australian ports. These can only be sourced from a pool of experienced and well-trained seafarers, and this requires an ample number of cadets trained to the highest standard. To this aim, the AMC is pioneering high quality seafaring academic degrees and unparalleled training facilities. In fact, just in the last year, AMC has invested in excess of $1.4m AUD in the latest, state-of-the-art simulation training technology; and this comes on top of investment in human resources, with new world-class staff joining in the last 12 months.

The volume of global trade related to Australia is only one side of the maritime sector. Australia is first and foremost an island country and the overwhelming majority of business centres and cities are situated on the coastline. Thus coastal trade is, and will continue to be, a significant connecting link among the country’s capitals. In fact, in 2013-2014 coastal trade included 4,004 ship calls and almost 53 million tonnes of cargo passing through the ports of Australia (Portsaustralia, 2016). As coastal trade grows, so will the need for crews to man these ships. At this point in time, securing seaboard positions for seafaring cadets proves to be a challenge. At AMC we are actively researching innovative ways
to train pilots and seafarers, aiming to address the lack of sea board positions (Amc.edu.au, 2016). One of the challenges is to attract more young people into seafaring careers. To achieve this, the new generation of seafarers needs to feel that they are on an academic pathway that will provide employment opportunities and multiple career pathways. The academic programme for future seafarers needs to provide a set of skills and knowledge that builds on critical thinking, and that allows for multiple career pathways through flexible skills. At AMC we are investing in this future academic degree by constantly improving the learning outcomes of our programmes in order to create pathways to management positions, as well as the option to take further studies up to PhD level. We also pioneer at an international level by leading the effort to restructure seafaring academic degrees through the International Association of Maritime Universities. Potentially, this initiative could delivery content of academic degrees for all providers of seafaring degrees through the adoption of a model curriculum.

Finally, as an increase in trade is a mathematical certainty, so is the need for better and more infrastructure. In the long-term, Australia can’t avoid revisiting its infrastructure investment policy. As internal trade grows, investments in the land networks will become increasingly more expensive to keep up with growing demand. Ultimately, the volume of trade due to the economic development will shift cargoes to the more efficient sea trade lanes. AMC is also leading research on port and international trade, thus successfully documenting policy development.

References


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2016 in review

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

In 2016 we continued to build our capacity to meet the challenges of the future — in particular, the National System for Domestic Commercial Vessel Safety (National System). As part of our preparation, we restructured our organisation to leverage our considerable existing capabilities through bringing units closer together, adopting more collaborative approaches to the way we work, and managing our information and data more effectively. We now have four divisions: Response, Operations, Standards and Corporate Services. Some of our key initiatives in 2016 are outlined below.

National System transition

From August to October 2016 we consulted on cost recovery proposals for services under the National System. During consultation, we received an unprecedented response highly critical of the proposals to fully cost recover for services formerly subsidised, in some form, under state-based arrangements. Industry submissions called for a delay in implementation to allow greater participation by industry in the development of an appropriate cost recovery mechanism.

In response to the feedback, the Transport and Infrastructure Council decided to extend the timeframe for AMSA to commence service delivery of the National System until 1 July 2018, which will allow each state, the Northern Territory, and stakeholders in the domestic commercial vessel industries to better consult and prepare for the changes. In the meantime, we will work with the states and Northern Territory to determine the appropriate transition funding required to address the concerns raised by industry about the impact of cost recovery.

We welcome the extended period of time available to consult further and work with industry towards a smooth transition. We have made considerable progress on plans to deliver services nationally and will maintain the impetus to ensure we are ready to deliver a modern and efficient regulatory system for our domestic commercial vessel industries.

Two new Traffic Separation Schemes off south-west WA came into force on 1 December 2016
Hazardous and Noxious Substance Reconnaissance Team aboard a RHIB approaches MV Island Trader during Exercise Nautical Twilight

Container weight regulation changes
On 1 July we implemented changes to regulations for container weight verifications in the shipping industry, requiring shippers to provide a verified gross mass (VGM) for containers. These changes reflect amendments to the International Convention for the Safety of Life at Sea (SOLAS), approved by the International Maritime Organization (IMO). To implement the new international requirements, we amended Marine Order 42 (Cargo, stowage and securing). These amendments to SOLAS will improve safety in global shipping and we are pleased to be playing our part in ensuring a safe industry.

New Traffic Separation Schemes
On 1 December 2016 two new IMO-approved Traffic Separation Schemes came into effect off the south-west coast of Western Australia. The two schemes, off Cape Leeuwin and Chatham Island in the state’s south-west, aim to increase navigational safety by separating traffic travelling in opposing directions and improve environmental protection by keeping ships away from the coastline.

Australia’s proposal to the IMO was driven by shipping traffic data, which showed that both of these issues were of concern. With around 3250 unique voyages made through this area every year, and shipping volumes increasing, the schemes will improve safety without any reduction in shipping efficiency.

Exercise Nautical Twilight
The 2016 National Plan for Maritime Environmental Emergencies (National Plan) exercise was hosted by New South Wales. Phase one dealt with a chemical incident occurring on board a container vessel at sea and a subsequent request from the vessel’s master for a place of refuge in the port of Newcastle. The operational component of this phase was conducted on board the MV Island Trader, which operates a freight service between Port Macquarie and Lord Howe Island. The AMSA and Fire & Rescue New South Wales Hazardous and Noxious Substance Reconnaissance Team was deployed to the vessel, with the assistance of New South Wales Water Police and Port Macquarie Volunteer Marine Rescue. The second phase of the exercise considered the community impacts and cost recovery implications of a chemical incident in the port of Newcastle.

Developments in search and rescue
In 2016 we progressed two significant search and rescue programmes. Firstly, our Medium-altitude Earth Orbit Search and Rescue (MEOSAR) system for emergency distress beacon detection came into operation in August, supporting search and rescue response in Australia. The satellite tracking ground station in Mingewew, Western Australia, detects beacon activations from overhead satellites and forwards the information to the Mission Control Centre in Canberra that sends the beacon alert data to the Australian Joint Rescue Coordination Centre, where the search and rescue response is managed. The MEOSAR system is operating in tandem with the existing Low-altitude Earth Orbit Search and Rescue (LEOSAR) system, and is expected to improve search and rescue response times for distress beacon owners in emergency situations.

Secondly, we commenced a staged transition of our dedicated airborne search and rescue service provider in August 2016, when AeroRescue Pty Ltd handed over responsibility for the Perth base to Cobham SAR Services Pty Ltd. AeroRescue has operated specially-modified Dornier 328 aircraft in this role for us since 2005. Cobham will operate four specially-modified Bombardier Challenger (604) jets from three bases: Perth, Cairns and Essendon. The fourth aircraft is designated a maintenance spare and will be capable of deployment to any base to maintain the service, and may be used in training. The Challenger jets will be on call 24/7 to sustain our capability to undertake visual and electronic searches for people in distress.

MEOSAR satellite tracking ground station, Mingewew, WA
To licence... or not to licence?

By TONY COUSINS, managing director, Smit Lamnalco Australia

The 2017 Australian harbour towage horizon sees an increasing number of ports considering their options in regard to tug service structure and regulation.

From the perspective of a new player, having attempted to compete head to head in ‘open’ unlicensed ports, against a largely dominant national operator over the last decade, the AMS and PB Towage experience was that most, if not all bar the very largest Australian ports, are genuine natural monopolies.

Ultimately, a second tug operator has proven to be unsustainable because a lack of scale means it is simply not viable.

Certainly, it did not take Smit Lamnalco long to realise this, entering into an operational subcontract arrangement with Svitzer in Port Botany, Melbourne and Newcastle, only a matter of months after the acquisition of PB Towage in 2015. This currently leaves Brisbane as the only port in the country with two tug operators, despite governments, regulators and the shipping industry having, in theory at least, endeavoured to support tug competition.

Following this recent change in the competitive landscape, a number of east coast ports are understood to be considering towage licensing, to mitigate any exposure to the risk of monopoly pricing and/or ‘level the playing field’. There is also a strong port-wide efficiency case for the simplicity of a single operator.

Clearly, any towage licence should deliver daily shipping schedule integrity, without exception, regardless of the number of operators or competitive spirit of the day. However, the common misconception across the industry is that non-exclusive or unlicensed ports somehow support or encourage competition. If nothing else, the last decade has clearly shown this is not the case and that most Australian ports are not big enough to support two tug operators, particularly where network pricing conspires to lock liner operators into a single service provider.

Australia has not seen the entry of a second tug operator, where non-exclusive towage licences have been in place, for years, even in larger ports such as Fremantle, Adelaide and Port Kembla. The absence of a cross-hire arrangement between competing tug companies i.e., pooling, means the costly oversupply of assets to meet peak shipping demand is patently inefficient and uneconomic. With the exception of Port Hedland, it is very hard to see any Australian port attracting a second operator under current market settings.

Competition for an exclusive towage licence is therefore a logical solution for ports looking to secure full regulatory and operational control of the highest quality, most efficient towage and emergency response services.

Smaller regional ports in Queensland and Western and Northern Australia in particular, have appreciated this for some time, testing the market every five to eight years, with ACCC approval to achieve a premium, competitive outcome. It appears now is the time for the larger ports to get onboard.

By way of example, key elements which may be incorporated in an exclusive towage licence include:

- Service guarantees – shipping schedule integrity,
- Firefighting and emergency response capability,
- Minimum tug numbers and tug specification,
- 24/7 manning on duty ‘service ready’ tugs,
- Training standards/accreditation,
- Pricing control, and
- KPI’s.

Understandably, any opposition to what are obviously prudent and sensible risk management protocols for a port, come from vested interests with something to lose. Typically this would be a traditional, incumbent operator, hamstrung by legacy issues and cultural barriers to change.

Maritime unions also, while expert at extracting generous conditions from monopoly operators, are wary about any licence or contract that could limit their industrial leverage. For the port user, who at the end of the day pays the towage bills, I expect this may not be a bad thing.

Progressive operators, large and small have little to fear from a well-run tender process for an exclusive licence. Irrespective of port size, known volumes and costs equate to a secure, profitable service offering of a standard specified by the port.

Smit Lamnalco firmly believe that exclusive towage licencing is essential for Australian ports looking to regulate optimally efficient, competitive and cost effective towage services, to the benefit of the entire port community.

So the answer is clearly... to licence!
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New ideas to shape a safer, more efficient future

By STEFFEN RISAGER, managing director, Svitzer Australia

Maritime has long been the facilitator of global trade and the backbone of the global economy. Most of what we use and consume in our everyday lives goes by sea – food, raw materials, technology, medicines. Moreover, the jobs, livelihoods and standards of living of billions of people depend on ships and shipping.

However, while ports are at the centre of our industry, they are part of a broader maritime community. After all, they wouldn’t be able to function without the dockside workers who load and unload the ships nor the linepersons and pilots who help those ships dock and set sail.

And in the 280 years since British inventor Jonathan Hull first sought a patent for a machine to carry “ships and vessels out of and into any harbour, port, or river against wind and tide or in a calm,” tugs and their crews have also become more and more vital to the operation of the world’s ports.

But the evolution of maritime industry certainly didn’t stop there. In fact the speed of change only grew faster.

The inventors that followed in Mr Hull’s footsteps made discoveries which have further radically transformed our industry. Indeed, new technologies have not only allowed us to build bigger, faster and more efficient ships but also more powerful and more manoeuvrable tugs to bring those ships safely to berth and take them out to sea again.

Today, shipping offers the most economical and environmentally sustainable means of moving the vast quantities produced by a country’s farms, mines or factories to customers around the world. This is particularly true for an island nation like Australia.

And looking to the future, we can confidently say that the economic and social importance of our industry will only continue to grow. Indeed, the volume of cargo to be transported by sea is expected to double to 20 billion tonnes by 2030, with a significant proportion of that destined to pass through Australian ports.

So while facilitating global trade will remain our job, the challenge before us is to continue to adapt and to perform that task better, faster and more efficiently – while at all times striving to do no harm to either person, assets or the natural environment.

As Australia’s main towage provider and biggest employer of Australian seafarers, Svitzer is keen to be part of the discussions around how we as industry, respond to this challenge. While we certainly do not have all the answers, we would like to believe that we can make a positive contribution to finding solutions. If nothing else, we’re passionate about what we do, and as part of a global company we’re fortunate to have a diverse pool of experiences and expertise to draw upon.

And here are two examples of the positive contribution I am referring to: one a low-tech response to a clear and present danger which would improve safety immediately, the other an exciting and innovative exploration into the potential of ‘big data’ as a way of lifting port efficiency over the longer term.

Safety

Despite the progress we have made as an industry, the fact remains, people are still getting hurt. Even more regrettably, many seafarers are currently engaging in a particular practice they know could cause serious harm to their fellow seafarers who work on tugs, lines boats and the docks. Namely they’re attaching heavy metal objects to the end of their heaving lines to make them easier to throw.

Common-sense tells us all that throwing such projectiles from the equivalent of three floors up poses a clear and present danger. Already this practice has resulted in serious injuries – and if not stamped out, there is a very real chance there will soon be a fatality.

Well Svitzer has a practical alternative: a sand bag. And it’s one we are keen to share across our industry, particularly with shipowners and operators, both here in Australia, as well as globally.

Efficiency

As part of our efforts to prepare for the future, we are exploring a number of technologies that would not only allow us to deliver a safer, more reliable service to our customers but also make ports and the wider supply change function more efficiently.

Chief among them is the application of “big data” to get a clear picture of what is actually happening within ports, particularly when it comes to the performance and efficiency of on-water services such as towage. And given that every five minutes we begin a new tug job, our operations system is already collecting a lot of potentially useful data.

Indeed, even what may appear to be basic information such as how long it took the tug to travel from the wharf to the meeting point, how long it was waiting there before the ship turned up, how long it took to complete the job, and the reason for any delay, can be used to identify bottlenecks, peaks and lows in activity, and where and when the highest risk occurs.

Throw in GPS data which records a tug’s every move and we can start looking at optimising the routes they take within the port. This would help ensure that we’re guiding ships along the safest and most direct course possible, which would reduce fuel consumption, harmful emissions and turnaround times.

Put simply, plugging our tugs into big data has the potential to drive port wide efficiencies and cost savings for shipowners and operators, with the ultimate beneficiaries being Australian exporters and consumers.

The bottom line is this: each of us will have to adopt our own individual actions to overcome the challenges and grasp the opportunities that lie ahead. However, in an era of shifting global trade patterns, disruptive technologies, a new energy outlook, and environmental pressures, shaping a positive future for the maritime industry as a whole will require open, regular dialogue between all players and a preparedness to share and debate new ideas.

And Svitzer for one is committed to making such a positive contribution.
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Ask how this new web-based system can work for you.
What is an API and how are APIs used in the global logistics world?

By MICHAEL BOUARI, chief executive officer, 1-Stop Connections

Application Programming Interface (API) is a set of functions and procedures that allow the creation of applications which access the features or data of an operating system, application or other service. In other words, it's a simple way for connecting to, integrating with and extending software systems.

APIs are a messaging format that allows data to be transmitted from one system to another in nanoseconds, increasing productivity and revenue for businesses. In addition, the code is simplified and structured to clearly define how a program will interact with the rest of the software world. There are huge savings in time, IT resources, and potentially nasty data entanglements along the way.

And this all happens behind the scenes because APIs are not called or used by end-users directly. Instead, APIs are called by apps, such as mobile apps, web apps, or TV apps. It's the apps that are then used by end users.

Take LinkedIn. When you use the app to upload a photo, the app is calling LinkedIn’s API. You don’t see this; you just know that it gives you the ability to upload your photo.

The way LinkedIn and other apps work when you upload a photo is like the way you can track a container around the world. In the background, the supplier of information captures the data and exposes it through their APIs. The user, through their software or app, sees the information presented in a user-friendly and user-defined way. Only the user-driven information is shown, in real-time.

APIs are very important in the container industry and are becoming more and more popular. A shipping container can be classed as a ‘physical API’, because it’s an interface for interchanging, moving and storing physical things in a standardised, efficient way.

EDI (Electronic Data Interchange) may be the current industry default, but it’s old technology that runs data over timers, which means data isn’t coming to you in real-time, leading to more phone calls and emails to track processes that should be automated. Processes like finding out rate quotes, sending instant dispatch requests to a carrier’s system, tracking freight, and requesting image documentation. Freight EDI is costly to set up and maintain, leads to more headcount, and is frequently disrupted.

The leading alternative to freight EDI, are APIs. APIs, unlike EDI, is pulling in the required data when you need it. This allows the ability for more consistent tracking of freight shipments and for fetching pricing and notifications of information from carriers more consistently, more accurately, and more quickly. With the logistics industry at its most competitive, real-time data is crucial to ensure you are one step ahead of your competitor.

No more lagging, no more missed connections. All the information you need, when you need it.

APIs allow for quick and easy mobile integration, which means that application data and reports can easily be ported to mobile devices for those people always on the go and not connected to their laptops.
1-Stop’s latest product that relies on APIs is CargoConnect – it is our industry platform for use by terminal operators, depots, freight forwarders and transport companies.

Released this year, CargoConnect has a broad range of integration capabilities, cloud-to-cloud and on-premise-to-cloud, along with a comprehensive API framework that defines, creates and consumes APIs for batch and real-time integration.

The aim of the service is simplicity, usability and efficiency. Customers who want electronic, real-time messaging between their own business and their trading partners in the logistics and supply chain industry, can connect to the APIs and retrieve information immediately.

APIs allow a new level of customisability. Using our Cargo Connect platform, we can ensure your requirements are built to the specifications for your business by choosing the precise support services, operational reporting and consulting services.

APIs hold the ability to completely overhaul the supply chain technology landscape, making way for unprecedented speed and scalability. The connectivity layer created by APIs enables devices to speak to one another in real time, it will set the stage for modern technology concepts like the Internet of Things (IoT).

About:
Michael Bouari is the chief executive officer of 1-Stop Connections, a solution provider that is delivering innovative products and services to the freight and logistics community. Michael has over 18 years’ experience in Business to Business (B2B) technology solutions for the supply chain and freight and logistics industry.

1-Stop Connections is a pioneering, international leader in integrated solutions for the port community. Established in 2002, we are the world leaders in improving and automating business processes and delivery technology solutions that connect and maximise the utilisation of assets in the port community. Our firm’s services reach the wider sea-freight community and their customers including: shipping lines, freight forwarders, customs brokers, 3PL’s trucking companies, rail operators, importers and exporters. 1-Stop allows stakeholders to move import and export cargo more efficiently and is the provider of choice, in ports across the globe.

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The missing piece in New South Wales’ grain supply chain

By BRETT DUCZMAL, Maritime Container Services

While there is sufficient capacity for grain in country handling and bulk port elevation, there is a missing piece in New South Wales … container packing capability in Sydney.

Two industry leaders in their respective fields, Maritime Container Services (MCS) in container handling and GrainCorp in grain handling, are working together to build a new container packing facility for grain at MCS’s intermodal facility in St Peters, Sydney.

This facility will provide superior access to the growing container market for grain exporters from New South Wales.

The MCS intermodal facility, located 4 kilometres by rail from the container ports at Port Botany, is ideally situated to receive grain by bulk rail, pack containers and dispatch to the port.

Boasting eight rail sidings on 16.5 hectares of land, with the current capacity to hold 15,000 TEU’s, MCS is Australia’s largest container storage and intermodal complex. MCS stores empty containers for all shipping lines and upgrades in excess of 300 containers per day.

MCS is privately owned by the Wright Family and is now entering its 44th year of operation. It provides integrated logistical solutions and employs over 200 full time staff and 100 subcontractors. It operates 24 hours a day, 7 days a week and provides quarantine services.

The ‘state of the art’ container packing facility, with twin inverter packers, can receive and pack in excess of 250,000 tonnes per annum of grain, 10,000 TEU of container business. These containers will be railed to Port Botany on the MCS Sydney Flyer rail shuttle service, complementing MCS’s container import business. MCS can supplement rail with its road fleet when rail is not available.

The facility will be located on rail and near the container upgrade bays, with ready access to a surplus of food grade 20 foot containers. This is not always the case at other ports, such as Melbourne and Brisbane.

‘Packing grain at MCS intermodal facility will allow quick turnaround of shipping containers, in some cases up to 14 days faster – a major plus for shipping lines.’

The grain container packing facility will be connected by rail to the GrainCorp New South Wales country silo network. This network of 90 country silos, with a storage capacity of 11 million tonnes, services 6,000 growers. GrainCorp has the rail capacity to move over 2 million tonnes per annum of grain by bulk rail in New South Wales.

The facility will access grain from the Queensland border to the Victorian border. This grain catchment area produces 9-10 million tonnes of wheat, barley, canola, chickpeas and sorghum. This is the largest grain catchment area for any grain container packer in Australia. Having a large geographical reach will give customers good access to grain and reduce the exposure to drought affected areas.

This project will provide significant benefits to the shipping lines through Port Botany.

Packing grain at MCS intermodal facility will allow quick turnaround of shipping containers, in some cases up to 14 days faster – a major plus for shipping lines. This allows shipping lines to benefit from the quick repatriation of containers back into Asia.

The other major benefit is reduced risk of a container missing its allocated vessel, reducing the pressure on exporters to meet their designated shipping vessel. This is due to MCS’s close proximity to the container ports, avoiding the need to move containers 400 kilometres to meet a four hour port receival window.

This project will also deliver significant industry and community benefits for New South Wales.

It will support the State Government’s target to increase rail modal share into Port Botany. It will also support the export of containerised grain through Sydney, enabling New South Wales to catch up with all the other grain producing states that have container packing facilities near the container ports.

Lastly it will provide a new market for New South Wales grain growers. New South Wales growers currently have two options when delivering grain into the bulk handling system – either sell their grain to a domestic consumer or bulk exporter. The train container packing facility at MCS will provide growers a third marketing option for their grain, year round effective and efficient access to the container market from their local silo.
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This year has marked some significant milestones in our short history. March saw the realisation of a vision to design and deliver a world-class terminal facility with construction completed and the keys being handed over to MIRRA T Phase 1.

Operations began in mid-April with the first vessel call, and we have taken significant steps towards becoming a global benchmark for sustainable infrastructure through achieving both a Green Building Council 6 Star rating and an accreditation of ‘Excellent’ from the Infrastructure Sustainability Council, in fact MIRRA T is the first facility to achieve this in Victoria, and one of only two facilities in Australia.

We are now 8 months into operations, we have chalked up 52 vessel calls and we have learnt a lot in this short period. We continue to refine our processes and our facility is evolving as we work with key stakeholders and implement improvement suggestions, with a goal of providing the safest possible working environment, whilst also delivering efficiency.

Over the next 12 months we will continue to improve our service offering through industry collaboration, while our focus looks forward and we prepare for Phase 2 and the transition into Webb Dock West. A marker, which will indicate we are at full operations and the facility will be in its final configuration as Australia’s largest RoRo and Automotive terminal.

This transitional period will also see MIRRA T, along with many stakeholders, begin to prepare for processes to be seamlessly up-scaled, when volumes through our facility increase, from 2018.

A key component of this is the implementation of a Vehicle Booking System (VBS), which will facilitate the notification of truck arrivals into our facility, similar to the process that has been operating for many years in container terminals around Australia. The benefits a VBS delivers to the container chain are well documented but it would be foolish for us to think we can simply pick up the theory and implant it into a very different and well established supply chain for finished vehicles, and expect the same results.

This is a new concept to the Automotive and RoRo segment, and to ensure all stakeholders can tap into the full potential of the system we have taken a pragmatic approach and are working with industry to build on our knowledge of how the supply chain operates outside of our gates, and to understand the nuances of individual carriers. This process is gaining pace and the outcomes will ultimately inform us how the system will work when it is fully implemented in January 2018.

A well-considered VBS that balances the dynamics of the supply chain with the terminals operational requirements can achieve similar benefits to those which have been realised in the container segment. We see some of these benefits to include:

• **An online portal** - allows transport operators to complete the research and development administrative process prior to arrival, reducing entry time into the facility.

• **Better traffic management through the facility** - the visibility the VBS provides on expected truck arrivals and the cargo being collected will allow our operations team to be more proactive in managing facility flow, yard optimisation and safety.

• **Faster more efficient truck turnaround times** - managing the flow into and through the facility will reduce yard congestion allowing drivers quick access to their cargo.

• **Reduced waiting times and yard congestion** - will lead to better fleet utilisation for transport operators.

Industry engagement and collaboration is essential to maximising the advantages MIRRA T can offer. We look forward to the challenges 2017 will bring as we continue to establish ourselves ahead of full operations.
Built on the Past, Focused on the Future
Common-user facility delivering big

By DOYLE COOK, managing director, Port Kembla Gateway

Port Kembla Gateway Pty. Ltd. (Gateway) is a shipping terminal in the Outer Harbour of Port Kembla with an enviable reputation for reliability, efficiency and integrity in its business relationships. Gateway has been in operation since the privatisation of No. 6 Jetty by the Maritime Services Board in 1991.

Gateway is a common-user facility, which has attracted many long-term customers to the port. Our focus is to promote and encourage further business to support Port Kembla and the region. Port Kembla Gateway is an independent company, operating only in Port Kembla. Our independence is our strength.

The products handled through Port Kembla Gateway include: cement clinker, slag, gypsum, mineral concentrate, scrap steel, fertilisers, soda ash, coal tar and general cargo, including containers. We have handled other diverse products such as sugar, paper pulp, logs and steel structures. Over $450 million of trade passes through Gateway annually.

Our team works with the local community and businesses to help make Port Kembla a vital and thriving district.

We are proud to provide jobs in the local area and have plans to expand the business to create more opportunities.

ISO 14001 Certification

ISO 14001 is an internationally recognised standard that establishes the framework for an effective environmental management system, and provides a structure for the continual improvement of environmental management practices. Fundamentally, ISO 14001 is designed to help organisations manage their environmental responsibilities, including corporate responsibility, social licence to operate and regulatory requirements.

Gateway proactively sought and obtained ISO 14001 registration and certification in 2015.

A 208 tonne section of the Cement Australia grinding mill is unloaded at Gateway’s No. 6 Jetty
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We create tomorrow’s supply chain solutions, today.

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Gateway is located adjacent to a dual rail siding which facilitates intermodal work such as loading and unloading containers from rail carriages.

while remaining an efficient and effective business.

For Port Kembla Gateway, gaining certification to ISO14001 demonstrates our commitment to excellence in environmental management practices, and continual improvement of environmental management standards. It is consistent with the Port Kembla Gateway beliefs that:

- Excellence in environmental management is a key to our success.
- Environmental management is everyone’s responsibility.
- Environmental management and performance can always be improved.
- Efficiency in our operations will decrease our environmental impact.

Port Kembla Gateway is committed to providing excellent bulk shipping terminal management in an environmentally responsible, safe and sustainable manner for the benefit of our customers, employees and community stakeholders.

Gateway has a proven record of expansion, growth and productivity improvement. A new shiploading system for mineral concentrate was commissioned in 2006 and has exported over four million tonnes of high value product since its inception.

Gateway’s throughput has grown over 9.3 per cent per annum since FY03.

Ship visits have grown over 72 per cent since FY03. It has been estimated that for every vessel that calls at Port Kembla, nearly $1 million is added to the local economy. Gateway’s contribution is very important to the economy of New South Wales.

Gateway owns five storage sheds with a combined capacity of over 10,000 square metres. The sheds store material such as mineral concentrate, fertiliser and soda ash, that is imported or exported through the facility.

The neighbouring Cement Australia’s, Port Kembla Grinding Mill imports cement clinker using purpose-built hoppers with dust extraction.

Gateway operates a Quarantine Approved Premises for the importation of fertilisers.

Gateway continues to grow the throughput of Berths 202 and 203 through:

- Continuous improvement in environmental and social sustainability;
- Improving productivity;
- Ongoing campaign focussed on attracting new customers, and
- Development and improvement of infrastructure to support customer requirements.

Gateway’s waterfront offices provide professional space for some 13 companies and organisations in the maritime industry, namely: Intertek, Wilhelmsen, GAC, Sturrock Grindrod, Inchcape, Christy & Griffin, AMSA, Linx, Qube, Cargo Care, 1 Port, Hope Diving Services and Bulk Maritime Terminals.

Gateway’s long history, proven trade volumes, and its excellent relationship with its customers, local community and stakeholders provides evidence of our ability to sustainably grow and add value to the State economy.

Port Kembla Gateway is a small company delivering big results. ▲

Gateway operates a public weighbridge in the port. Being the only public weighbridge in the area and providing 24/7 access to transport companies, the Gateway weighbridge provides an indispensable service to transport operators who must meet strict Chain Of Responsibility laws on load limits.
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
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