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.

- Working with port customers to understand and respond to their needs
- Contributing significantly to Western Australia’s economic growth
- Maximising opportunities to improve efficiency in container handling
- Upgrading port infrastructure
- 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
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Our Vision

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

Our Mission

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

Our Values

Professionalism, Respect, Integrity, Teamwork

Overview

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

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

We Know Shipping!
Genuine reform needed to reinvigorate the shipping industry

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

Ships have connected Australia to the world by ship since the First Fleet, and shipping provides crucial services to the nation’s economy today. Over 99 per cent of Australia’s international trade by weight, is carried by ship, and Australian ports managed over $400 billion worth of international cargo in the 2012-13 financial year.

Australia’s geography means that shipping will remain indispensable to the nation into the future. For this reason, ensuring competitive and productive shipping services can operate into the future, is a key priority for the Coalition Government.

We recognise that some sectors of our shipping industry are performing very well. The best example is perhaps the recreational cruising industry, which has experienced rapid growth over the past few years.

Total industry expenditure is estimated at $1.85 billion in 2013-14, increasing by almost 31.8 per cent per annum, from just under $155 million in 2004-05. This rapid growth shows how quickly opportunities can emerge in our shipping industries, and shows the huge potential for other sectors if the right regulatory settings are in place.

The Government has pressed ahead with reforms to foster a healthy shipping industry.

In July we returned the Protection of the Sea Levy back to its original level of 11.25 cents per net registered tonne – saving the industry more than $9 million a year. We have also abolished the carbon tax on the fuel used in domestic shipping – saving the industry millions more.

And over the past 12 months, the Australian Maritime Safety Authority (AMSA) has undertaken a cooperative process to streamline maritime safety regulatory instruments and processes for domestic commercial vessels. In accordance with the Coalition Government’s red tape reduction agenda, this work aims to provide the sector with simpler and nationally consistent safety rules, and to deliver these benefits as soon as possible.

AMSA and the maritime sector have considered 13 concepts for streamlining regulatory arrangements, based on matching regulations with need, and reducing costs. Industry has provided very positive feedback to the proposals – and additional ideas. AMSA has developed a report on the outcome of the consultations and is already moving to implement them, including on-the-spot permits or exemptions to allow vessels to immediately operate, once survey has been completed.

Work and consultation will continue in other areas to significantly reduce the burden of red tape on the shipping industry.

There is, however, more to do – and we believe that the regulations governing Australia’s coastal trading sector demand reform.

The trend for coastal trade between Australian ports is deeply worrying. Between 2000 and 2012, coastal shipping’s share of the national freight task fell from around 27 per cent to less than 17 per cent of the total.

Higher freight rates, and the loss of market share to road and rail, increase commercial pressures on Australian shipping, and accentuate demands on our land freight infrastructure. By 2030, Australia’s overall national freight task is projected to expand by 80 per cent, from 2010 levels.

While the freight carried by road and rail is projected to almost double, coastal shipping movements are expected, on current trends, to grow by a weak 15 per cent from 2010 levels.

The Government understands the need for effective regulations that safeguard public interests. But we also recognise the need to guard against rules that go beyond a useful purpose, and impose excessive burdens on industry and the community.

Our consultations with the shipping industry, its users and other parties earlier this year, confirmed that the excessive regulatory burdens under the Coastal Trading Act have created serious competitive disadvantages for the industry, its customers, and the nation.

In a global business like shipping, Australian ships need to be competitive – but the operating costs, particularly the labour arrangements, for Australian coastal trading ships are uncompetitive with those for foreign ships.

The Coalition Government is looking at solutions to these and other defects in our current regulatory arrangements. We are considering the best way to implement a significantly more flexible permit system to stimulate the use of coastal shipping in Australia.

We are also considering options to reform the Australian International Shipping Register and expand its scope to potentially include coastal shipping services.

Australia’s coastal trading sector has problems, but we are confident that genuine reform will reinvigorate the shipping industry, and we will continue to deliver these reforms.
SAL MEMBERS

A.P. Moller-Maersk A/S
APL Lines (Australia)
Asiaworld Shipping Services Pty Ltd
Austral Asia Line Pte Ltd
BBC Chartering Australia Pty Ltd
CMA CGM & ANL Australia Agencies (AU) Pty Ltd
Evergreen Marine Australia Pty Ltd
Five Star Shipping & Agency Co Pty Ltd
Gulf Agency Company (Australia) Pty Ltd
Hamburg Sud Australia Pty Ltd
Hapag-Lloyd (Australia) Pty Ltd
Inchcape Shipping Services
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
NYK Line (Australia) Pty Ltd
OOCL (Australia) Pty Ltd
Pacific Asia Express Pty Ltd (PAE)
PB Towage (Australia) Pty Ltd
Seaway Agencies Pty Ltd
Ship Agency Services Pty Ltd
Sturrock Grindrod Maritime (Australia) Pty Ltd
Svitzer Australia Pty Limited
The China Navigation Company Pte. Ltd. (Australian Branch)
Wallenius Wilhelmsen Logistics A/S
Wilhelmsen Ships Service A/S

Contributing members

ANL Container Line Pty Ltd
China Shipping Container Lines Co Ltd
Hanjin Shipping Co Ltd
Neptune Pacific Agency Australia Pty Ltd
Pacific Forum Line (NZ) Ltd
Sinotrans Container Lines Co Ltd
TS Lines Ltd
Yang Ming Marine Transport Corp

Corporate associate members

1-Stop Connections Pty Ltd
AGS World Transport Pty Ltd
Allpest WA
Aquio Innovation Pty Ltd
APC Logistics Pty Ltd
Australian Amalgamated Terminals (AAT)
Australian Maritime College
Australian Reef Pilots Pty Ltd
Brisbane Marine Pilots Pty Ltd
Chalmers Industries Pty Ltd
CLSA Australia Services Pty Ltd
Clyde & Co Australia
Colin Biggers & Paisley
Containerchain Pty Ltd
Darwin Port Corporation
DP World
Field & Associates Pty Ltd
Flinders Ports South Australia
Fremantle Ports
GHD Pty Ltd
Holding Redlich
Holman Fenwick Willan HFW
Hutchison Ports Australia
HWL Ebsworth
K & L Gates
London Offshore Consultants Pty Ltd
Macquarie Telecom
Maritime Container Services Pty Ltd
National Maritime Services
Newcastle Stevedores Pty Ltd
Norton Rose Fullbright
Norton White Lawyers & Notaries
NSW Ports
OMC International Pty Ltd
Patrick Containers
Peter McQueen Pty Limited
Port Authority of NSW
Port Kembla Gateway 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
Terri Bell & Co
Thomas Miller (Australasia) Pty Ltd
Thompson Clarke Shipping Pty Ltd
Transport NSW
Visy Logistics Pty Ltd
Victoria International Container Terminal

Individual members

Mr Frank Needs
Mr Peter Murrell
Strategically located half way between Sydney and Singapore, the Port of Darwin is Australia’s nearest port to Asia, the terminus of the Australasian railway and the only port between Townsville and Fremantle with full access to multi modal transport services.

With world class vessel traffic systems and pilotage capabilities, the Port of Darwin is fast becoming a major oil & gas supply and service hub supported by a dedicated Marine Supply Base, and a second LNG plant due to commence production in 2016.

The Port provides over 775 metres of deep water berths capable of handling containers, bulk liquids, live exports, general and heavy lift project cargoes and also offers specialised bulk materials handling facilities.

With capacity to grow and opportunities for trade and investments, the Port of Darwin is ready to capitalise on the development of Northern Australia.

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Key objectives, milestones and future direction
By KEN FITZPATRICK

The past year has certainly provided the executive of Shipping Australia with many challenges. Changes in this industry are constant and seem to be at an increasing pace each year.

Cdre Rod Nairn has settled well into the role of chief executive, filling some big shoes left by Llew Russell when he retired. I would like to place on record my thanks to Rod for the effort and dedication he has put into the role. The Board met four times this year, losing one director during the term, when Phil Coolican (Gulf Agency Company) retired. A replacement director is currently being considered by the Board.

Some of the key issues addressed by the Board were:
- The successful programme leading to the Government’s decision to cease the additional three cent protection of the sea levy.
- A series of strategic planning sessions held during the year to look at some key objectives, milestones and future directions for SAL, particularly in view of the threat to Part X and staff supersession planning. This is a work in progress.
- A focus on controlling costs to ensure that the FY 2013/2014 results landed in positive territory, a goal we did achieve.
- The Board also approved a project for the development of a Coastal Shipping Emergency Response Capability plan with funding from the Attorney General’s Department.

Membership has been essentially steady, but we gained a new Policy Council member, with BBC Chartering joining us in June this year. We temporarily lost one Policy Council member who later rejoined, and one other voting member has recently decided not to renew their membership. Associate membership saw a few changes but the overall number remains fairly constant.

A disappointment during the year was the fact our planned memorandum of understanding with the Australian Shipowners Association did not get formalised. However, we maintain good co-operation with ASA, at both executive and board level, and I believe the work we did together last year is achieving many of the goals we set, without having a signed document.

Another work in progress is to achieve more active involvement from members in the bulk and break-bulk sectors. Hopefully, this will culminate in the formation of a steering group to examine their specific areas of interest.

Ideally, we will attract a few more bulk orientated Policy Council members to encourage the development of such a forum.

Our state committees again ran a series of highly successful events during the year. In Queensland, SAL starting with a luncheon in February attended by 78 people, with guest speaker Captain Johnson. This was followed by a golf day in May with 116 players, a luncheon in September with 61 guests, and finally the SAL Ball in October, where 306 guests had a most enjoyable evening.

In Victoria, a golf day in March saw 92 players try to prove their skills around the Waterford Valley course, some more successfully than others. Luncheons were held in May and November, attracting 127 and 88 guests respectively. A final lunch meeting for 2014 is scheduled for 9 December.

The New South Wales functions again proved highly popular, all of which effectively sold out quickly. These included the traditional annual State Parliament House lunch in June, where Minister Duncan Gay was guest speaker. In July, chairman of NSW ports, Nick Whitlam, was guest speaker at the SAL Port Kembla function. Then, in September our special guest speaker, Deputy Prime Minister Warren Truss, addressed an audience of nearly 300 guests at Doltone House in Sydney. The year’s final function for New South Wales, the Christmas Bash will be held on 5th December, with around 350 expected to attend. The annual New South Wales golf day was another well-run event at Roseville Golf Course, in May this year.

In Western Australia the SAL state committee has had a refresh with a change of chairman, Patrick Lobo taking over that role, the appointment of a vice chairman, Robert Boyce, and two meetings held during the year.

Another successful part of the SAL year has been the publication of our magazines, the Annual Review, and three seasonal editions during the year. These magazines are well read and highly appreciated within the industry and Government. As I said in the opening paragraph, keeping abreast of the rapid changes in the industry keeps us challenged. To address that and ensure that the SAL message gets heard, Rod Nairn introduced the eSignal bulletin, which is emailed to subscribers and also available on the SAL website, addressing current issues within the industry. Fifteen editions have been published. An official twitter account has recently been established, as another means of getting our voice heard and enabling rapid comment on industry issues.

The range of matters requiring the attention of the SAL...
executive seem to be ever increasing, including: 23 formal submissions since July 13; letters to ministers; innumerable comments on Government technical and policy papers and appearances at the Victorian Essential Services Commission and the Senate Inquiry into Management of the Great Barrier Reef. The CEO has also made presentations on “sustainable shipping” at the ICHCA/SAFC conference, and the “consequence of unlimited liability for shipping” at AMSA Maritime 14. You will find further details in the CEO’s report. I wish to place on record the thanks of the Board to our hard working executives for coping so well.

I leave a special mention regarding Kushy Athureliya to last. The time has come for Kushy to retire, as at the end of December. Kushy, who has been with SAL for 19 years has been a tireless and energetic worker, as anyone who knows him will attest. He will be very sadly missed by the SAL team and I’m sure the whole shipping industry, and I wish Kushy and his wife Yolani, the very best for the future, and Kushy, on behalf of the Board, “Thank you for everything you have done.”

The year ahead will no doubt offer many more challenges for us all; the review of Part X of the Competition and Consumer Act, which will impact on liner trades, and tighter environmental regulations, will affect us all. The bulk freight market is still dragging along close to the lows experienced post the GFC, making it tough, not just for ship owners, but most of the industry, in such lean years. The cruise sector seems to be the exception, enjoying strong growth. Perhaps some liberalisation in coastal shipping regulation with provide a much needed boost.

I wish all our members and supporters the very best for the upcoming year. ▲

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Simon Aynsley
CMA CGM & ANL Australia Pty Ltd Agencies

Kevin Clarke
Mediterranean Shipping Company (Aust) Pty Limited

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A.P. Moller-Maersk A/S
Mr Nicolaj Noes

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Mr Bernie Yu / Mr Veni Patakakis

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Mr Colin Hall

Inchcape Shipping Services
Mr Danny Rees

K Line Australia Pty Ltd
Mr Alan Miles

LBH Australia Pty Ltd
Mr Johnny Tam

Mediterranean Shipping Co (Aust) Pty Limited
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Mitsui OSK Lines (Aust) Pty Ltd
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Seaway Agencies Pty Ltd
Mr Peter Wallace

Ship Agency Services Pty Ltd
Ms Kristy Elison

Sturrock Grindrod Maritime (Australia) Pty Ltd
Mr Steve Horton / Ms Emma Stacey

Svitzer Australia Pty Limited
Mr Mark Malone

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

Wallenius Wilhelmsen Logistics A/S
Mr Mike Slee

Wilhelmsen Ships Service Pty Ltd
Mr Adrian Peterson

Policy Council photographed after the meeting on 15 October 2014
Australian Maritime College

The National Institute for Maritime Education, Training & Research
Maintaining our heading in confused seas

By ROD NAIRN

Welcome to our SAL Annual, which is again presented as a separate yearbook, which brings together a broad range of updates from across the shipping industry. I thank the Deputy Prime Minister, Warren Truss MP for providing his overview of the shipping sector and challenges ahead with which to open this edition.

The activities of the Shipping Australia executive, liner division, state committees and Young Shipping Australia are provided in the forepart of the Annual, followed by updates from government authorities, ports, and service providers to the shipping industry. There are some excellent insights from our legal associate members on how developments in international and domestic regulations and case law, have shaped the operational space. I trust you will find the content compelling reading and retain this publication as a useful reference.

At the beginning of this year, it looked as though two major Federal Government reviews would dominate the policy debate and focus shipping industry attention: the review of coastal shipping, and the root and branch review of competition policy, which would sweep up the shipping competition exemptions under Part X of the Competition and Consumer Act. While these two activities did require significant consultation and effort, as the year unfolded a multitude of other activities emerged as the down-stream effects of other government initiatives; the red tape reduction programme particularly comes to mind.

The result was that frenetic activity levels were maintained throughout the year. Twenty three formal submissions covering a broad range of topics (all available on our website) have been made since July 13. These have been augmented by innumerable comments on government technical and policy papers, and appearances at the Victorian Essential Services Commission, and the Senate Inquiry into Management of the Great Barrier Reef. In October, I presented on “sustainable shipping” at the International Container Handling Committee Australia/South Australian Freight Conference, and in November presented on the “consequence of unlimited liability for shipping” at AMSA Maritime 14. Achievements

Shipping Australia’s role is to represent the interests of our members in promoting efficient and sustainable shipping services to and from Australia. Our small team has worked tirelessly to deliver on this outcome. One significant result this year was the cessation of the additional three cents per tonne protection of the sea levy, from 1 July 14. After two years of sustained pressure from SAL, this was a substantial win which will result in a saving of $9 million per year to the industry. Moreover, we were able to convince the incumbent Government to remove an unjust levy that the previous Government had introduced as temporary, then made permanent.

Our efforts have delivered, or at least contributed to: delaying the introduction of the New South Wales Port Logistics Charge, influencing lower price increases at Port of Melbourne, and stopping changes to berth access charges in Brisbane.

Other successful outcomes have included:
- Deferral and review of Port Kembla proposed pilot re-booking charge,
- Removal of staff redundancy costs from Department of Agriculture’s cost recovery baseline, resulting in substantially lower 2014 fee increases,
- Influencing the Federal Government’s position on coastal shipping regulation,
- Gaining funding for a project to consider the use of shipping to mitigate disaster events and stranded cargoes,
- Influencing the Victorian Government to decouple the sale of Port of Melbourne from the Port of Hastings,
- Engaging in negotiations with AMSA, stevedores and unions to ease the pressure points on MO32 and improve the proposed stevedoring practice guidelines,
- Developing and delivering a new on-line training course in refeer cargo handling,
- Providing regional networks to focus on local matters in Queensland, New South Wales, Victoria, South Australia and Western Australia, and
- Providing an industry focal point for government engagement on matters related to international shipping.

Refeer training course

Our new on-line course in refeer cargo handling has filled an industry demand for this important training. The course has received excellent feedback from participants and has reduced cargo losses through human error and equipment malfunction. The convenience of being able to undertake the course at your own time and place adds to the attractiveness, and the cost is insignificant in relation to the values of cargoes.

Coastal shipping reform

Our members took a measured approach to the coastal shipping review, preferring to promote measured changes that could receive bipartisan support in Parliament,
and yet enable Australian industries, primary producers and consumers to gain the benefits of economically moving Australia’s domestic long haul freight by sea. As the year has progressed we hear voices in harmony all calling for reform of coastal shipping regulation, the ACCC has provided a detailed criticism of the current protectionist regime and its costs to Australia’s economy in its recent response to the draft Harper competition report. Shipping Australia doesn’t always see eye to eye with the ACCC but we are in full accord on this topic.

The shipping industry is speaking with one voice on this matter, calling for urgent changes to remove obstacles to efficient coastal trade. While the previous coastal shipping reforms were well intentioned, they didn’t deliver the right result and need urgent change. What we have seen is cargo that used to be carried by sea, now being moved by road and rail, this hurts.

Coastal shipping reform that increases the volumes of long haul cargo carried by sea will be a win-win outcome being:

- more cost effective than road and rail,
- internationally competitive to prevent import substitution,
- more environmentally friendly - 20 times less green-house gas emissions than road and four times less than rail, and
- 20 times safer than rail and 100 times safer than road.

More coastal shipping will provide more jobs for Australians ashore and opportunities for Australians to work in the maritime sector both at sea, and on the waterfront.

For the good of Australia’s overall prosperity, I urge all parliamentarians to work together to save thousands of Australian jobs in primary industries and manufacturing sectors, by releasing the chains of protectionist over-regulation and allowing coastal shipping to flourish.

**Competition review**

Our 34 page submission to the Harper competition review was primarily focussed on the importance of retention of Part X of the Competition and Consumer Act. Of more than 316 submissions to the review, only two called for the abolition of Part X, one from the ACCC and one from the former ACCC head, Allan Fells. Neither provided any evidence or case studies to support their ideological views.

Shipping Australia is disappointed that the draft report released by the Competition Review Panel recommended removal of the existing shipping exemptions in Part X, particularly as not one of the users or providers of shipping services in Australia recommended this outcome.

Part X currently provides both the certainty of levels of service that shippers require and the certainty that carriers need to decide to invest in providing ships on Australian routes. The current system is promoting competition, as evidenced by the most competitive shipping rates ever seen, with at least 25 international shipping companies providing services to Australia.

Unfortunately, the proposed changes would bring uncertainty by replacing clear legislation with an, as yet, undefined block exemption process to be developed in consultation with the shipping industry, but no doubt driven by the dogma of the ACCC. Anything falling outside these unknown limits will require the full authorisation process, which even the Panel agrees, “might lead to unnecessary compliance costs”.

Our response to the draft report, submitted in November, focussed on the above issues and urged the panel to reconsider the need to increase bureaucracy and uncertainty, which would clearly raise barriers to participation, reduce competition and increase shipping rates. We trust that with further analysis they will realise that the current system is working and that there is no problem that needs to be fixed.

**Port privatisation**

Shipping Australia has never been ideologically opposed to privatisation, which we believe can work well and provide more flexible investment to improve services. However, during this year our members have seen short-term negative impacts on their costs of operations resulting directly or indirectly from port privatisations. At Port Botany, the combined effects of the introduction of an additional four dollars per TEU port logistics charge, plus a general price increase in July increased the average full container wharfage by more than 8 per cent. At the same time a 9.64 per cent increase in navigation and pilotage charges controlled by the Port Authority of New South Wales, was a bitter pill to swallow. Most recently, Port of Newcastle’s announcement of a 3.9 per cent increase in non-coal charges and a restructure of coal tariffs that equates to an increase of greater than 60 per cent is one that we just can’t accept. Such action seems unjust when shippers are locked into long-term contracts with suppliers who only ship through Newcastle.

The ACCC has criticised the lack of price oversight mechanisms and the locking in of guaranteed monopolies in the New South Wales port sales, we can only agree. We urge the new Daniel Andrews’ Victorian Government not to embed such anti-competitive provisions, which would no doubt boost the sale price, in the lease of Port of Melbourne. If he does, the legacy of higher port charges will be paid by future generations.

**Industrial action**

Industrial action on the waterfront has been an increasing feature this year. Though numerous threats of industrial action by maritime unions were averted at Port Hedland, the cost to the industry has still been high, and generous settlements are an enduring burden. Most recently there has been significant disruption during the current bargaining rounds at DP World’s terminals in all
container ports. This is damaging workers, companies and the Australian economy. It makes no sense to me to use industrial action to prove that your workers are efficient, reliable and deserve pay increases well above those in other industries. The knock-on effect of stevedoring delays is higher costs to shipping companies and the whole logistics chain, but ultimately Australians pay. Examples of extended disruptions on the west coast of USA have led to shipping lines dropping some ports from their service loops.

Container weighing
This year the IMO approved amendments to SOLAS Regulation VI-2, requiring the gross mass of containers to be verified before loading onto ships. This is an important safety matter for all ships, and long overdue. Shipping Australia is pleased that the regulation will clearly place the responsibility for correct weight declaration on the shipper. It is imperative that the verified weight is provided early enough that it can be taken into account as the ship's stowage plan is developed, not as the container comes over the ships' side. AMSA is developing MO42 to implement this international requirement, and Shipping Australia will monitor the development of this order.

Other activities
Other focus areas have been: preparing the industry response to Great Barrier Reef and Coral Sea shipping routes and anchorages; stevedoring guidelines; revision of MO32; input to Australia's bio-fouling and ballast water position for IMO MEPC; recommendations on ratification of international treaties and New South Wales EPA shipping emissions policy deliberations. Some of these matters are still on-going. Undoubtedly, the impacts of a revised MO32 without sufficient prescription, and the handling of matters of health and safety on board ships will present some challenges for all owners until the States develop a common, and preferably unified, approach.

As the year comes to an end, there is no let-up in sight. Feedback on the joint border fee review position papers, submissions on MO32, ballast water compliance costs, the Senate inquiry into the Biosecurity Bill, Queensland port pilotage services pricing, and the CBPC “organized crime” post implementation review are all due before the majority of Australian’s return to work for 2015.

This year, the inability of the Federal Government to get legislative reforms through a hostile and unpredictable Senate has frustrated the shipping industry. The continuing political cycle of our unwieldy, federated system of government has led to further uncertainties. The South Australian Government was returned by a narrow margin, providing some stability in that State. In Victoria, the year was overtaken by campaigning, point-scoring, much uncertainty in infrastructure and future port developments in the State. Their recent change of government places a question mark over the future of Port of Hastings, which seems more political than logical from a shipping perspective. In New South Wales the fallout of the ICAC investigations saw rapidly changing faces in the New South Wales Government including the replacement of Premier Barry O’Farrell by former Treasurer Mike Baird, however the shipping and transport sector has maintained stability with Ministers Berejikian and Gay retaining their responsibilities. But with an election early next year, politically motivated policy decisions are something to watch out for.

My second year at the helm has been more turbulent than the first, and it has required a great deal of rudder to maintain our heading in some rather confused seas. I thank our chairman Ken Fitzpatrick and the Board of directors for their continuing leadership and support, and all our staff for their efforts over the past year. Finally it is with some trepidation that I bid farewell to Kushy Athureliya who has become a living legend during his nearly 20 years with Shipping Australia Limited and the Australian Chamber of Shipping. Kushy’s knowledge and energy have been crucial to the level of productivity achieved by SAL. On behalf of all the staff, please accept our gratitude, we wish you well for the future.
READY WHEN YOU ARE

Our role in the industry is the provision of safe and reliable towage at 35 Australian ports to help shippers and shipping lines meet their schedules. As well as shoring up supply chains vital to the economy, our tugs and experienced mariners are on standby to safeguard coastal waters for the Australian Maritime Safety Authority.

A PART OF THE MAERSK GROUP
SAL Staff

Front row (from left) Kushy Athureliya, general manager technical services; Sharyn Flood, executive assistant to chief executive officer; Andrew Chittleenden, general manager, liner services. Back row (from left) Bryan Sharkey, company secretary financial controller; Kevin Swaine, trade policy advisor; Rod Nairn, chief executive officer; Matthew Whittle, policy advisor.

Steering groups

General Steering Group
• Chairman: Ross McAlpine

Container Technical Steering Group
• Chairman: Dexter Vaz

Human Resources Steering Group
• Chairman: Eddy DeClercq

Maritime Legal Steering Group
• Chairman: Denis Speyer

Public Relations Steering Group
• Chairman: Ross McAlpine

Technical Steering Group
• Chairman: Ross McAlpine

State committees

New South Wales State committee
• Chairman: Bill Rizzi
• Secretary: Kushy Athureliya

Queensland State committee
• Chairman: Geoff Dalgliesh
• Secretary: Bill Guest

South Australia State committee
• Chairman: Geoff Rose

Victoria State committee
• Chairman: Kon Makrakis
• Secretary: Phil Kelly

Western Australia State committee
• Chairman: Patrick Lobo
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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

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Australia/North and East Asia Trade Facilitation Agreement (TFA)
The TFA, which was registered in May 1998, aims to promote efficient and economic shipping service from Australia to north and east Asia. The TFA is an association of nine member lines offering Australian exporters a variety of services from both the east and west coasts of Australia.

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

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

ANL Singapore Pte Ltd www.anl.com.au
China Shipping Container Line www.cnshipping.com.au
COSCO Container Line www.cosco.com.au
Hamburg Süd www.hamburgsud.com
Hyundai Merchant Marine www.hmm21.com
MSC Mediterranean Shipping Company SA www.msc.com.au
Maersk Line www.maerskline.com
Nippon Yusen Kaisha (NYK) www.nykline.com
Orient Overseas Container Line (OOCL) www.oocl.com

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

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

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

Other ports are served by transhipment.

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

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

**Member lines**

Please visit member lines’ websites for detailed service information.

- Hamburg Süd [www.hamburgsd.com](http://www.hamburgsd.com)
- Maersk Line [www.maerskline.com](http://www.maerskline.com)
- Orient Overseas Container Line Ltd [www.oocl.com](http://www.oocl.com)

**Service details**

Ports serviced by TFG member lines.

**Load ports**

Sydney, Melbourne, Adelaide, Brisbane and Fremantle.

**Discharge ports**

Singapore, Port Kelang, Tanjung Pelepas, and Jakarta.

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

**Australia/Fiji Discussion Agreement - AFDA**

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

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

**Member lines**

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

- Hamburg Süd [www.hamburgsd.com](http://www.hamburgsd.com)
- Neptune Pacific Agency Australia Pty Ltd [www.neptunepacific.com](http://www.neptunepacific.com)
- Pacific Forum Line (NZ) Ltd [www.pfnnz.co.nz](http://www.pfnnz.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.hamburgsd.com](http://www.hamburgsd.com)

Hapag Lloyd AG [www.hapag-lloyd.com](http://www.hapag-lloyd.com)
Maersk Line [www.maerskline.com](http://www.maerskline.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 Süd and Maersk Line operate a vessel sharing arrangement utilising 10 vessels on a weekly service. Hapag Lloyd and MSC are slot charterers. ANL/CMA CGM and MARFRET separately deploy six vessels to provide a fortnightly service.

**Load ports**

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

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

**Discharge ports**

Savannah, Charleston and Philadelphia and other ECNA/Gulf ports via transhipment at key hub ports en route (Cartagena for Hamburg Süd, MIT for Maersk and MIT/KIN for CMA CGM/ANL). ▲
Mildura waits for new rails, Rockhampton awaits its next flood while Gladstone waits for nobody

By ARCHIE BAYVEL

Looking back on 2014, our story on Myanmar was the most interesting. No other Australian magazine has written about that emerging dynamo of a country in such depth and the yarn is far from complete. But our most important stories have really been in and about Australia.

The trouble with our own country being so big is that most people never get to visit enough places to compare what's going on with big picture. They don’t see ramshackle trains that leap off the track despite serving areas delivering $billions to the GNP nor can they imagine a fair-sized city that can’t raise the money to save its CBD from regular $multi-million floods.

In the past eight years, Shipping Australia has been everywhere from Darwin and its gas to King Island and its cows, Broome and its Point James Price controversy to Roxby Downs and its anti-climax at Olympic Dam. But this year in Retrospective we look at big new events in the douce little cities of Mildura and Rockhampton.

The big new thing in Mildura is that its ramshackle broad-gauge rail link to Melbourne is almost certainly, perhaps, or likely to be replaced with a modern standard-gauge line that will take in the ports of Geelong and possibly Portland.

All going well the $220 million, 500 kilometre project is expected to be complete in 2018 – 108 years after the region’s first rickety rail was laid.

When complete, the standard gauge will give a huge boost to Mildura’s export activity. Currently the rail journey to Melbourne’s port takes 12-14 hours barring not-infrequent derailments. Maximum train speed is 60 kilometres per hour with some stretches down to 10 kilometres per hour. The new line will be built to allow speeds up to 100 kilometres per hour with higher axle loads raising the trains’ capacity by 30 per cent.

Since the railway first came to Mildura in 1910, it's had a chequered career with passenger services long-since discontinued.

Interviewed more than a year ago Don McKinnon, the New South Wales mayor of nearby Wentworth, named the rail’s reconstruction as the No 1 capital project for the entire region. He even had the audacity to suggest that it should be extended north to join the Perth-Sydney transcontinental line.

That seemed over the horizon at the time but now it is almost a real possibility.

Chief user of the line nowadays is Wakefield Transport’s Iron Horse intermodal division which runs three 40-wagon trains a week, each up to 1.2 kilometres long. Loads range from 40 ft reefers.
packed with export grapes, to bales of cotton, containers of grain and also mineral sands.

Formal government approval for the project is expected about the time you will be reading this.

***

Last time we reported from Rockhampton it was comfortably sitting down to talk again about building a $40 million levee to end its century of recurring $multi-million floods. As the city grows – it has scheduled $40 billion in new investment by 2020 - the havoc will be incremental during the next 10 years.

The talking has been conspicuously unsuccessful and nothing visible has been achieved.

Despite the city’s mayor, Margaret Strelow – formerly proprietor of a bed and breakfast establishment, actually travelling to Canberra for more talks, Federal Government remains cool to helping fund the levee and suggests that’s a Queensland responsibility.

But that Government told the mayor her council needed to show there was “a clear vision and widespread community

support for a flood levee to go ahead, and to decide if the cost of building is worth it.”

The community is a long way from providing that comfort, however, with locals outside the flood zone asking why they should share the cost; other groups point out that the council would find a way to foul it up whatever is done.

Others point out that there’s been only 19 really catastrophic floods in the last 100 years and that it’s nearly four years since the last one, so what’s all the panic? Oops!

Meanwhile the council boasts that it is the world’s “most liveable” city.

***

A hundred kilometres down the highway lies a different world called Gladstone that doesn’t mess about with words or waiting. Choc-full of world-class industries it is, as always, booming. Its $30billion+ Curtis Island gas projects are near completion with the gas flowing in 2015 and in full production the year after.

Its massive new coal terminal on Wiggins Island is complete and ready to go. While some parts of the world declare that coal has had its day and must soon give way to nuclear, solar, or whatever, Gladstone is settling down to ever-greater prosperity.

The city is now at peak employment and construction is slowly ramping down and as its fly-in fly-out workers head for home Curtis Island’s 7000-bed construction camp is dismantled.

The price of a three-bedroom home has settled from a peak of $650,000 to a low of $350,000. The return to normality is going along fine and the city’s white-linen restaurant area remains prosperous.

Strolling along Goondoon Street with its grandly renovated Council Hall, new buildings, offices, and crisp parks one recalls a discussion with Peter Corones, its then mayor. The question to him was, “Where did you find the money for all this?” His answer, “We vigorously lobbied the State and Federal Governments all along the way, from this being a remote country town to what it is today.”
Smartship Australia is a state-of-the-art facility providing a world-class training environment and maritime simulation services located in the Brisbane Airport precinct.

Smartship has five simulators that can be operated independently or integrated in any arrangement depending on training needs.

**Full Mission Bridge 1**
The primary full mission bridge simulator is 16 metres in diameter and 5 metres high with 360° field of view including connected bridge wings.

**Full Mission Bridge 2**
The secondary full mission bridge simulator is 12 metres in diameter with 240° field of view.

**TUG simulator**
The tug simulator has 360° field of view and the ability to simulate all tug propulsion systems, including rotor configuration.

**Part Task Bridges 1 and 2**
The 2 part task bridge simulators have 120° field of view.

All bridges have a full suite of ship controls and communications equipment and original integrated navigation system NACOS 5th generation, manufactured by SAM Electronics.

**Models**
Smartship currently has over 50 port models in its library from all over Australia, New Zealand and the Asia Pacific region. We also have the capacity to design and create port models in-house within a short turnaround time.

Smartship has 95 ship and tug models on hand and has access to another 500 ship models from our technical support team in Denmark.

This makes Smartship uniquely positioned with a capacity to model any ship or any port required.

**Training**

**Advanced ship-handling**
Training is available for port and coastal pilots, as well as senior deck officers, who wish to enhance the repeatability of their performance in different environmental conditions.

**Tug-handling**
Tug-handling training is available for the following different types of tugs:
- Conventional twin screw
- Azimuth Stern Drive (ASD)
- Azimuth Tractor Drive (ATD)
- Voith Schneider and Rotor.
"Smartship has state-of-the-art facilities to provide a world-class training environment and maritime simulation services."

Electronic Chart Display Information System (ECDIS) and Integrated Navigation System (INS)
The course is approved by the Australian Maritime Safety Authority (AMSA) and meets the requirements of the International Convention on Standards of Training Certification and Watchkeeping (STCW).

Advanced Marine Pilots Training (AMPT)
AMPT training promotes professional development by covering new technology as well as legal and regulatory topics to keep pilots up-to-date with current practices. The course has been developed by Marine Consultancy Group Pty Ltd and approved by AMSA.

Portable Pilot Unit (PPU)
Pilots attending the ECDIS course can connect their PPU to all simulators to enhance the reality of training scenarios.

Recruitment and proficiency checks
Smartship can develop simulator scenarios to meet organisational requirements for testing ship-handling skills and behavioural patterns during the recruitment process. The simulator can also be used by pilot organisations to check pilot proficiency consistently across a number of environmental conditions.

Port development and optimisation
Smartship can assist with the optimisation of the design and location of port infrastructure for new, upgrading or existing ports to minimise environmental impacts, like dredging.

Modelling of infrastructure
Existing or proposed port infrastructure can be modelled to assist decision makers evaluate solutions aimed at optimising port operations and mitigating navigational risks. Modelling includes:

- approach channels
- jetty layout
- turning basins
- tug requirements
- navigational aids
- weather and current windows.

Testing operational limits
Simulator scenarios can be designed to define operational limits for manoeuvring large ships in harbour waters and approach channels under extreme environmental conditions.

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Website: www.smartshipaustralia.com

Smartship Australia is operated by Maritime Safety Queensland on behalf of the Department of Transport and Main Roads and the Queensland Government.
Bill Rizzi continues to lead the Committee as Chairman, taking time off from his very busy schedule to represent Shipping Australia at various forums to ensure that the interests of the shipping industry and their principals are safeguarded. This not only includes aspects with respect to costs, but also operational and regulatory matters which could impinge on the efficiency and workload of employees of shipping companies. The Committee was most grateful for the contributions made to the industry by the Vice Chairman, Alex Katona, during his involvement in the Committee. He will be leaving his current employer on 31 October 2014.

We are extremely pleased with the attendance of members at State Committee meetings and the robust discussions that ensue during these assemblies that assist the secretariat in developing industry policies on all key issues. During the year the opportunity was taken by members to visit and tour the facilities available in Port Kembla, and the Committee was indebted to Jason McGregor, Marketing & Trade Manager of NSW Ports, for arranging the visit.

During the year, Andrew Karas represented the Committee on the NSW Ports Cargo Facilitation Committee. Committee is extremely grateful to the Port coordinators in Newcastle and Port Kembla, Greg Bateman and Fiero Mammone, for time and effort they dedicate attending to industry matters on behalf of the members of SAL.

**Port Logistics Contribution Charge**

Despite several approaches made to NSW Ports and the New South Wales State Government to withdraw the Port Logistics Contribution Charge applied to full containers, which NSW Ports had absorbed since 01 June 2013, the charge was passed on to shipping companies with effect from 01 March 2014.

The Minister’s office advised that the PLC is a charge payable by NSW Ports to reflect an ongoing contribution of the cost to the State of maintaining landside infrastructure that benefits the port operator. The Government is making significant investment in landside infrastructure. For example, $252 million is being invested in roads in the vicinity of the port, via the WestConnex enabling works that will improve traffic flow and access to Port Botany.

**Port Botany - Container weighing charge**

SAL had been unsuccessful in its efforts to get the State Government to review the imposition of the weighbridge fee by the Stevedores in Port Botany on shipping lines, and seeking the charge being applied direct to vehicles through the Vehicle Booking System. The State Government does not wish to get involved in commercial matters, although in mid-2012 it had acquiesced to a review of the arrangements in 12 months.

**Ports Authority of NSW (Sydney) - Tariff increase**

Sydney Ports Corporation (now Port Authority NSW) had announced a 9.64 per cent price hike on pilotage, navigation and site occupation. SPC had claimed that this extraordinary rise was rate recovery, but pilotage fees have exceeded CPI by 4.5 per cent over the past 14 years. SAL acknowledged that navigation charges have not kept pace with CPI but were of the opinion that it should not increase at that rate, as these costs are fixed and not dependent on the number of ship movements. Revenue is ship and tonnage based, and has increased considerably over the past 14 years, so there is no justification for a CPI catch-up price rise.

Shipping Australia sought a review of the 9.64 per cent tariff increase and a deferment of the effective start date. SPC subsequently deferred the commencement date of the price increase until 1 August, but did not provide any relief on the rate increase. SAL has also written to the Minister for Freight refuting the justifications for the recent 9.64 per cent rise in these charges, and seeking assurances that future price rises are kept below CPI.

**NSW Ports – 30 Year Master Plan**

NSW Ports is preparing a 30 Year Master Plan for its port and intermodal assets. The Master Plan will: forecast 30 year trade volumes; consider efficient and sustainable port and intermodal operational requirements; and identify land use and infrastructure requirements to support future demand. NSW Ports is keen to work with stakeholders in the development of the Master Plan to ensure that the most up to date information is used in developing the plan and that the Master Plan has adequately captured all relevant requirements in the long term interest of the ports and intermodal terminals. In this way, NSW Ports intends to deliver a robust Master Plan that will guide future decision making. The plan is expected to be released mid-2015.

**NSW freight and ports strategy**

The New South Wales Government released its strategy and has acknowledged that transport of freight is critical to the State economy, and the efficiency of the transport network contributes to the success and growth of New South Wales, and that future transport corridors, and land for logistics facilities, need to be protected.

It was heartening to note that the strategy now encompasses coastal shipping, as recommended by SAL in its submission. Coastal shipping offers significantly lower per kilometre costs and less environmental impacts, compared to road or rail freight. Although New South Wales accounts for a significant portion of national coastal freight flows, over the past 10 years, the volume of freight moved by coastal shipping in New South Wales has declined from 19.6 million tonnes in 2000/2001 to 16.2 million tonnes 2010/2011. The Strategy asserts that the role of coastal shipping in New South Wales at this time appears to be limited, and growth will continue to be restricted by insufficient landside capacity, vessel availability, and cost. Transport for NSW will work with industry to identify opportunities for facilitating the role of coastal shipping.
Use of Rail for the movement of containers

Transport for NSW conducted a series of industry workshops, as part of the Fast Tracking Freight – Container Rail Mode Share Program, to identify and prioritise options to increase the share of containers on rail through New South Wales ports, in order to achieve targets detailed in the NSW Freight & Ports Strategy and NSW 2021. Plan is a target to double the proportion of container freight movement by rail through New South Wales ports by 2020. This equates to 800,000 TEU being carried to and from New South Wales ports by rail in 2020, based on the projected throughput.

The Committee had met and provided input to the consultants appointed by Transport for NSW to select options for improving rail mode share from a shipping company perspective.

The Container Rail Mode Share Program (CRISP) has now been developed to identify and prioritise options to increase the share of containers on rail through New South Wales ports by improving the operational and economic competitiveness of rail services. The next stage of the CRISP analysis has been initiated and will involve the development and assessment of options that achieve mode share demand outcomes and economic feasibility, which would support business cases for future funding.

Port Authority of New South Wales – Amalgamation of port corporations

The Port Authority of New South Wales was established on 01 July 2014, with the amalgamation of Sydney Port Corporation, Newcastle Port Corporation and Port Kembla Port Corporation, and has the regulatory responsibility for ports of Yamba and Eden.

SAL agrees with the State Government that amalgamating the three port corporations into one, will achieve a more efficient and robust ports business for New South Wales, with the benefits of commercial discipline that the state-owned-corporations model provides. We hope that the management takes advantage of the synergies and rationalisation to deliver economies to port users in the future, although initially we imagine that there will be some challenges following the long-term lease of the ports with some staff employment guarantees.

NSW Environment Protection Authority (NSW EPA) - Managing non-road diesel emissions

The NSW Environment Protection Authority appears to be contemplating implementation of regulations, inconsistent with the international approach, ahead of international conventions entering into force for managing diesel emissions in NSW from non-road users (which include shipping), which could adversely impact Australia’s maritime trade.

Shipping is an inherently international industry, which depends on a global regulatory system to operate efficiently. Members of SAL are opposed to unwelcome unilateral or regional regulation with respect to all aspects of shipping. SAL supports the ratification by the Australian Government of key maritime treaties, which are crucial to the implementation of an effective global regulatory regime for shipping.

SAL supports the framework of global conventions and regulations that have been developed by the United Nations’ International Maritime Organization (IMO). Implemented and enforced, through a combination of flag State inspection and port State control, directly contributing to the improvement of shipping’s environmental performance worldwide.

Vessel owners are looking at every avenue to reduce their GHG emissions by improving the efficiency of ships using modern shipbuilding practices, and optimising vessel operations both at sea and in port.

There are a number of issues that still remain unresolved. Such as the availability of compliant fuel, capacity for Australian refineries to produce such fuel, massive cost implications on shipping by the introduction of low sulphur fuel usage. The cost of supplying bunkers in Australia is already significantly higher than most ports worldwide.

Members are concerned that if New South Wales imposes additional cost or regulatory measures on shipping, which are specific to the State, it would result in significantly higher costs for vessels calling at New South Wales ports, compared to other ports that compete for the same business, with the consequence of New South Wales potentially losing cargo to other States, and become less competitive internationally.

Long-term lease of NPC

The New South Wales Government has agreed to lease the Port of Newcastle to a consortium of financial investors for 98 years in a $1.75 billion deal. The New South Wales Government reached an agreement with Port of Newcastle Investments for the lease following a competitive five-month bidding process. The consortium of Port of Newcastle Investments is comprised of two members – Hastings Funds Management and China Merchants.

The New South Wales Government will continue to retain regulatory oversight of the Port of Newcastle, as well as retain responsibility for a range of maritime safety and security functions, including emergency response, Harbour Master, Port Safety Operating Licence and pilotage functions.

Captain Kushlan Athureliya

After 45 years in the maritime industry and 19 years, 8 months and 24 days with Shipping Australia Limited and its predecessor, the Australia Chamber of Shipping, our NSW Secretary, Kushy, retired on 27 December.

His broad experience in many sectors of the industry, as a Master and harbour pilot with experience in container ships and tankers, as a marine surveyor, and as a maritime administrator, was the perfect background for his work with the Australian Chamber of Shipping and Shipping Australia Limited.

Kushy has long been considered the font of all knowledge maritime, a walking “Google Maritime”. But combine this with his energy and enthusiasm, his no-nonsense approach to delivering results, and his work output has been second to none. Kushy, has punched well above his weight and provided prodigious support to our members and stakeholder groups.

But productivity is only one aspect. Kushy’s congeniality, his exuberant, effervescent personality, and his unfailing humility and respectfulness have affected everyone in the industry. These characteristics have ensured that he has become known and loved by so many associated with the shipping industry, particularly in his home state of New South Wales.

Kushy, the staff, members, and associates of Shipping Australia Limited thank you for your exceptional contribution to shipping over nearly 24 years with the company. We sincerely wish you a long and happy retirement.

Fair winds and following seas.

Further information on Kushy’s career was published in Profile winter 2006 available from our website.

Functions

Members and their guests enjoyed meeting in a relaxed atmosphere at the usual social events organised by the Committee. The State Parliament House Luncheon was hosted by the Hon Duncan Gay, Minister for Roads and Freight. The Hon Warren Truss, MP, Deputy Prime Minister, Minister for Infrastructure and Regional Development was the speaker at a luncheon in September 2014. The biennial “Port Kembla Luncheon” was held in July 2014, with Nicholas Whitlam, Chairman of the Ports Authority of New South Wales, as the guest of honour and speaker. The Christmas luncheon, as usual, is overbooked. The Committee is extremely appreciative of the sponsors and the support of members and guests, which assists in making these functions ‘fun for all’. ⚓
Overview for 2014

This annual report inevitably opens with some comment on the impact of heavy weather early in the year and 2014 was no exception, albeit that the port of Brisbane was not a casualty. Cyclonic conditions in north Queensland closed most ports for a short period of time with Hay Point, Gladstone and Karumba suffering the most. Ship delays notwithstanding, there were no casualties nor infrastructure damage following the pre-emptive and preventative approach taken by Maritime Safety Queensland (MSQ) in conjunction with other emergency/response services. As a seasonal inevitability of varying degrees, MSQ has reviewed their defensive procedures to ensure the least possible disruption to commercial shipping during extreme weather events.

The two Queensland issues which stood out this year are the development (and consequences) of a long awaited coastal shipping policy, and the devolution by MSQ of port pilotage services to Queensland port authorities (other than Brisbane and Abbott Point). Both matters will be further expanded later in this report.

Administration

SAL is thankful to David Hislop (Sturrock Grindrod) for his chairmanship of the Queensland State Committee over the last two years, and welcomed Geoff Dalglish (K Line Aust) to that role until 1 January 2016.

It is also more than appropriate to acknowledge the help and cooperation received from Captain Richard Johnson who retired in late 2013 as Regional Harbour Master (Brisbane), after 16 years in that role. Congratulations are offered to Captain Glenn Hale, who has taken that position.

Additionally noted, is the retirement of the supportive RMH Gladstone, Captain Mike Lutze, who has been replaced by Captain John Fallon.

More recently the resignation of PBPL CEO Russell Smith has taken place and SAL are indebted for the strong support he has given, both as an SAL member, and as a sponsor of industry projects.

A 2013 reorganisation within the Queensland Department of Transport and Main Roads (DTMR) saw MSQ virtually ‘buried’ within the administrative structure. It was very pleasing that the DG DTMR has revised that configuration to ensure that MSQ, in consideration of their important role in managing Queensland waterways, regained its position as a stand-alone division under GM Patrick Quirk.

SAL undoubtedly benefits from MSQ input to Queensland State Committee meetings (4 per year) and is also appreciative of the contributions from Australian Customs & Border Protection Service (ACBPS) and Department of Agriculture (Dept Ag), who are regular invitees to these meetings. The objective remains to open each Queensland State Committee meeting with a guest speaker who presents on matters of relevance to the shipping industry. This year SAL members were provided with a meeting venue at the MSQ Smart Ship Simulator together with a demonstration of this unique facility. Additionally networking lunches were organised immediately following State Committee meetings and we were fortunate to have well-informed speakers:

- Captain Richard Johnson – ‘Reflections on a Maritime Career’
- Michael Carter (EVP Aurizon) – ‘Aurizon – Delivering Resources to the World’

With so few industry networking events held now, SAL considers it important to maintain both the Shipping Industry Golf Day and the Industry Ball.

On the first Thursday in May a full field played at the SAL Golf Day at Wynnum Golf Club, with resultant funding going to the Brisbane Mission to Seafarers and the Stella Maris Apostleship of the Sea.

Over 300 attended the SAL Shipping Industry Ball at Moda Events Portside Hamilton, which raised $15,000 towards the Brisbane Maritime Heritage Trail venture. This project, which has the support of the Queensland Government, is being coordinated by the Queensland Maritime Museum to preserve Brisbane’s maritime legacy by erecting plaques (with relevant photos and history) on sites where wharves/depots/storage facilities once existed.

The sponsors who are helping to ‘make this happen’ are to be acknowledged with special gratitude to the Port of Brisbane Pty Ltd (PBPL) and also to PB Towage, Chalmers Industries and Switzer Aust. The ongoing backing of Brisbane Marine Pilots and the ACE Waste Group adds to the great local support given each year to worthy industry projects.

It is pleasing to also record progress with Young Shipping Australia Queensland (YSAQ) under the guidance of President Jenny Ruffell Smith who, for the 35 years old and younger, would welcome new members from the industry. Jenny can be contacted on 0402 514 597.

Port of Brisbane

Generally, cargo flows through the port were flat during 2014 with drought conditions seriously impeding the export of agricultural goods, especially grain and cotton. Coal was also well down, more as the result of depressed international pricing, and there is little enthusiasm that this position will change in the foreseeable future.

Concerns over disposable income have translated into negative consumer sentiment for imports where containerised white goods etc., have been relatively stagnant for much of 2014. Indications are however, that the back end of the year will see some resurgence.
CEO of the PBPL (Russell Smith) has emphasised that Australia’s freight movements are predicted to double by 2030 with Brisbane’s task increasing at a greater rate. With around 95 per cent of port freight traffic moving by road Russell Smith has stressed the necessity for better rail and coastal shipping services to alleviate the massive road congestion that will otherwise result.

The PBPL has been lobbying strongly for a dedicated rail freight access linking south-western Queensland and the Port of Brisbane and, as part of the Inland Rail project, the Federal Government is financially supporting this venture. Agreement has been reached between the PBPL and the Australian Rail Track Corp (ARTC) to develop a plan, part of which will facilitate the coverage of prime agriculture and resource export commodities west of Toowoomba, to be railed direct into the port of Brisbane while bypassing the QR passenger network.

SAL is totally supportive of this objective and also sees the inclusion of coastal shipping as an integral part of easing landside freight congestion.

Coastal Shipping

Over the years, many attempts have been made to revitalise the coastal shipping trade, with the most serious endeavour being made by the Federal Labor Government, when last in power. However the restrictions they placed on the participation of international ships, the need to forecast five voyages in advance, and the conditions on joining the international shipping register, hindered, rather than helped, any resurgence.

Added to those deterrents was the imposition of the Fair Work Act, which meant that ships crews must be paid Aust wages (and conditions) for any leg of a voyage where coastal cargo was carried. The present Federal Liberal Government has recognised these shortcomings and pledged to initiate equitable reforms. Public hearings have been held in response to the Federal Government Options Paper – Approaches to Regulating Coastal Shipping in Australia. The SAL submission called for the repeal (or radical amendment) to the Coastal Trading Act 2012 and the exclusion of conditions under the Fair Work Act.

The Queensland LNP Government added their weight to the debate by commissioning a study into Coastal Shipping. A Queensland Ports Strategy (QPS) has been initiated to drive economic growth through the establishment of five Priority Port Development Areas (PPDAs), where port expansion would be concentrated while ensuring the safe and environmental coexistence with the Great Barrier Reef. These ports are Brisbane, Gladstone, Hay Point/ Mackay and Townsville.

The QPS was the catalyst for an excellent draft paper ‘The Sea Freight Action Plan’ produced by the Queensland Department of Transport and Main Roads – albeit that the focus was mainly on intrastate cargoes.

Along with others (PBPL, Agforce etc), SAL responded with a submission to the Queensland Government much along the lines of the Federal Options Paper submission. The hub is, of course, where international shipping can legitimately play a part.

Now into the mix is the Federal Government initiated ‘Shipping Emergency Response Capability Assessment Project’ (SERCAP), which will study the potential for coastal shipping to mitigate landside supply chain disruptions brought about by extreme weather conditions. SAL HO has received Federal Government funding to complete this project over a 12-month period, and the 2015 Report will advise the outcome.

Meanwhile it can rightly be deduced from the above that there is still much work to be completed on the total coastal shipping issue, which has both Queensland and national implications. That includes a focus on Queensland ports for their ‘fit for purpose’ credentials, which takes in containerisation capabilities and infrastructure requirements to handle increased shipping – with international vessels! Updates will be provided via the SAL magazine.

Queensland Port Pilotage

It has long been the objective of Maritime Safety Queensland (MSQ) to restrict their role to purely that of a regulator, while setting the sustainable and safety directions for Queensland port pilotage services. In November 2013 the devolution of these services to the relevant port authorities occurred, with the exception of Brisbane and Abbott Point, where arrangements are already in place. Operationally the transition of these services to port authorities has progressed smoothly enough BUT the development of a pricing model by MSQ has not.

MSQ are still in the process of creating a pricing model, which has all the complications of cross subsidisation (equity of access!) and the need to build in options governing the possible leasing of ports.

It will be a matter of ‘watch this space’ and meantime, noted that port pilotage rates increased by 3.5 per cent from 1 July 2014.

Objectives for 2015

While continuing to best represent SAL within the broader shipping community there will be an increased incentive to work closely with the DTMR and MSQ in respect to coastal cargo carriage and port pilotage issues. Consequently there must be a greater awareness of Queensland port operations, other than Brisbane, which remains our primary focus. As a case in point, we are already involved with the trialling of berthing protocols in Townsville.
STATE COMMITTEE REPORTS

South Australia

By GEOFF ROSE, chairman

South Australia state steering committee

Due to most Port Adelaide Shipping/Agency Offices having low staff numbers with heavy workloads, Shipping Australia Ltd – South Australia now operates with low representation and servicing members on an, as and when, required basis.

The SAL steering committee currently consists of Geoff Rose, Sturrock Grindrod Maritime (Aust) P/L, (chair); Ian Henderson, Hamburg Sud Australia Pty Ltd and Paul Paparella, AsiaWorld Shipping Services Pty Ltd.

SAL continues to participate in a close working relationship with Australian Customs and Border Protection Service; Australian Maritime Safety Authority; Department of Agriculture; South Australia Department for Planning, Transport and Infrastructure and Flinders Ports, and other industry bodies.

Geoff Rose also holds the “Sea Freight” representative position, as well as vice-chairperson on the South Australian Freight Council Executive Committee.

Year under review

Consultation with various industry bodies

No formal meetings were held. Most issues were dealt with during the day-to-day operations, and directly between the parties involved.

SAL-SA, members and industry received regular updates from the various industry bodies.

Container Terminal Monitoring Panel (CTMP)

Susan Johnson (PAE P/L) was appointed, with Ian Henderson (Hamburg Sud Aust P/L) appointed as an alternate, representing SAL, to provide general information from meetings to members.

In July 2014 the Government announced reforms whereby they wanted every government board and committee abolished, which included the CTMP, to reform the way Government engages with industry and people, and speed up decision making. The various ministers would be responsible for recommending which boards and committees should be exempt from being abolished.

The CTMP members met on the future of the panel, in reply to the Government’s request. Despite strong lobbying to cease CTMP meetings, by some members, SAL lobbied hard to keep it active. A response was sent to Government to reflect this. We await the ruling on this issue.

Training and functions

There were no SAL courses or functions held in South Australia during 2014.

Port updates/information and security (Flinders Ports, Ports)

Flinders Ports commenced charging a “Security Fee” effective 1 July, based on a vessel’s Gross Revenue Tonnage. The charge is applicable to vessels calling at any Flinders Ports operated port/berths, except at the Flinders Adelaide Container Terminal, where security and the charge has always been supplied to users, as part of the terminal fee structure.

Flinders Ports manages all security issues. These are bought to the industry’s attention in a general update as required. The subject is also raised at the Flinders Ports quarterly “South Australian Port User Group” meetings, to which all port users, and both liner and tramp agencies, are invited to attend.

Berth updates (Flinders Ports, Ports)

Berths 1-4 Outer Harbor

This area is used for handling cars, RoRo operations and Cruise Ships.

OH 4 berth has been upgraded as a common user fuel berth able to handle tankers up to a displacement of 56,000 metric tonnes, maximum. Tankers can either, fully or part, discharge their product via an underground pipeline to the new 85 million litre capacity tank farm, which increases South Australia’s capacity by 50 per cent; constructed on Pelican Point Road and operated by Terminals Limited.

The channel to OH 4 is 14.20 metres with the berth box being dredged to 13.50 metres. Tankers will receive priority berthing over a car carrier. Some vessels will only part discharge at OH 4, so as to meet draft restrictions, before proceeding to discharge at other inner river berths.

Motor vehicle imports over the Outer Harbor berths are expected to increase from 2015 onwards.

Berths 6-7 Outer Harbor - Flinders Adelaide Container Terminal (FACT)

The Flinders Adelaide Container Terminal experienced solid growth in 2013/14 with container volumes reaching 388,000 TEU, which was an 11 per cent increase in throughput compared to the previous financial year. Further to this, the container terminal continued to service the IMX iron ore contract, which equated to a further 110,000 TEU.

There was no change to the services calling.

Considerable capital investment was undertaken during 2013/14 with the finalisation of the purchase of two Liebherr Post Panamax cranes, five Terex straddle carriers, three Hyster Empty movers and an additional two hectares of hardstand to keep pace with increased volumes. The new cranes are due to arrive in January 2015, and commissioning should be completed by early April 2015.

Industry welcomes FACT’s continued focus on improving attitudes, upgrading of the site and the infrastructure investment, which will result in benefits for our port and its users.
**General items**

2013/14 Cargo Volumes Ex, South Australia (01/07/13 – 30/06/14)
(Courtesy of Flinders Ports P/L)

<table>
<thead>
<tr>
<th>Reporting Group</th>
<th>Imports</th>
<th>Exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars</td>
<td>66,501</td>
<td>29,171</td>
<td>95,672</td>
</tr>
<tr>
<td>Cement/Clinker</td>
<td>27,084</td>
<td>729,957</td>
<td>757,041</td>
</tr>
<tr>
<td>Cereal Preparations</td>
<td>-</td>
<td>13,400</td>
<td>13,400</td>
</tr>
<tr>
<td>Chemicals/Acids</td>
<td>60,718</td>
<td>-</td>
<td>60,718</td>
</tr>
<tr>
<td>Coal</td>
<td>87,677</td>
<td>-</td>
<td>87,677</td>
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<tr>
<td>Concentrates</td>
<td>221,649</td>
<td>204,476</td>
<td>426,125</td>
</tr>
<tr>
<td>Copper and Uranium</td>
<td>-</td>
<td>268,466</td>
<td>268,466</td>
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<tr>
<td>Fertilisers</td>
<td>591,296</td>
<td>-</td>
<td>591,296</td>
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<tr>
<td>General Cargo</td>
<td>169,278</td>
<td>1,010</td>
<td>170,288</td>
</tr>
<tr>
<td>Grain</td>
<td>-</td>
<td>6,096,043</td>
<td>6,096,043</td>
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<tr>
<td>Gypsum</td>
<td>-</td>
<td>1,508,624</td>
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<tr>
<td>Iron and Steel</td>
<td>88,477</td>
<td>-</td>
<td>88,477</td>
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<tr>
<td>Iron Ore</td>
<td>-</td>
<td>1,581,456</td>
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<tr>
<td>Limestone</td>
<td>1,567,941</td>
<td>1,568,499</td>
<td>3,136,440</td>
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<tr>
<td>Livestock</td>
<td>-</td>
<td>29,315</td>
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<tr>
<td>Mineral Sands</td>
<td>-</td>
<td>1,097,181</td>
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<tr>
<td>Paragoethite</td>
<td>121,497</td>
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<tr>
<td>Petroleum and Gas</td>
<td>2,682,190</td>
<td>2,975</td>
<td>2,685,165</td>
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<tr>
<td>Salt</td>
<td>-</td>
<td>129,573</td>
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<tr>
<td>Scrap Metal</td>
<td>-</td>
<td>269,997</td>
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<tr>
<td>Soda Ash</td>
<td>154,728</td>
<td>-</td>
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<tr>
<td>Stock Feed</td>
<td>-</td>
<td>9,826</td>
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<tr>
<td>Sulphur</td>
<td>57,581</td>
<td>-</td>
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<tr>
<td>Tallow</td>
<td>-</td>
<td>27,900</td>
<td>27,900</td>
</tr>
<tr>
<td>Timber</td>
<td>-</td>
<td>78,300</td>
<td>78,300</td>
</tr>
<tr>
<td>Peas, Beans, Legumes and Oilseeds</td>
<td>55,771</td>
<td>519,515</td>
<td>575,286</td>
</tr>
<tr>
<td>Containers</td>
<td>1,560,691</td>
<td>2,940,660</td>
<td>4,501,351</td>
</tr>
<tr>
<td>Total</td>
<td>7,513,078</td>
<td>17,106,344</td>
<td>24,619,422</td>
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</table>

**CONTAINER THROUGHPUT 2013-2014**

<table>
<thead>
<tr>
<th></th>
<th>IMPORT 20ft</th>
<th>IMPORT 40ft</th>
<th>EXPORT 20ft</th>
<th>EXPORT 40ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTAINERISED (TEUs)</td>
<td>49,211</td>
<td>90,634</td>
<td>78,680</td>
<td>79,386</td>
</tr>
</tbody>
</table>

**MOTOR VEHICLE THROUGHPUT 2013-14**

<table>
<thead>
<tr>
<th></th>
<th>IMPORT</th>
<th>EXPORT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOTOR VEHICLE (UNITS)</td>
<td>41,306</td>
<td>16,124</td>
<td>57,430</td>
</tr>
</tbody>
</table>

**NOTE:**

(A) Above figures show cargo shipped through the Flinders Ports operated ports of Port Adelaide, Port Lincoln, Thevenard, Wallaroo, Port Pirie, Port Giles & Klein Point.

(B) Above figures do not include imports and exports from the ports of Port Bonython, Whyalla & Ardrossan, as these are privately operated ports.

**Iron ore loading operations via Outer Harbor – Container Terminal**

The exporting of Iron Ore by IMX Resources conducted at Flinders Adelaide Container Terminal (FACT), utilizing open top containers via a Rotainer Spreader and a Portainer crane, have ceased.

Due to the decline in iron ore prices, Termite Resources, owners of Cairn Hill mine, which was 51 per cent owned by IMX Resources in a joint venture with Taifeng Yuan Chaung International Development Company, was placed into administration in June 2014. A number of other junior mining companies have faced difficulties with the decline in iron ore pricing.

The last remaining iron ore left on the wharf ready for shipment was exported under instructions of the appointed Administrator, at the of end October 2014.

**Berth 8 Outer Harbor**

This purpose built Panamax capable, grain loading facility, commissioned in January 2010 by Viterra Limited. It operates with a single loader spout capable of 2,000 MTPH. Flinders Ports manages the actual berth structure.

**Osborne No 1 Inner Harbour**

This berth is used for chemical/product tankers, with Flinders Ports considering a possible Upgrade, so it can be used as a lay-by berth. Mariners were advise on 29 July 2014 that the working depth for No 1 Berth at Osborne has been reduced to a temporary working depth is 8.3 metres, as referred to Lowest Astronomical Tide (LAT).

**Berths 18, 19, 20 and 29 Inner Harbor**

Port Adelaide currently only offers three berths for general/bulk vessels to work, being Berths 18-20 and Berth 29, all situated in the inner river.

Berths 18-20 have become the main wharves available to handle general cargo and bulk vessels. Despite there being three berth numbers, due the size of today’s vessels, only two could be accommodated along the three berths, at the same time. These berths offer narrow wharf aprons between the wharf face and the sheds, making it difficult to perform some of today’s changed cargo operations, whilst maintaining safety to personnel and cargo. The restricted available working area in some instances, adds time and cost to the vessel stay in port, and cargo handling.

Agents try to berth and work certain vessels and cargoes as much as possible at Berth 29, due to the larger
apron. But due to the berth being allocated as a priority to HMC’s, sulphur and mineral sands vessels, on the basis of their arrival schedule, this results in other vessels, from time to time, that would prefer the berth, being held out until a suitable window opens, or they accept another berth. This places extra pressure on the remaining Berths 18-20, for which working some vessels and cargoes is made more difficult.

Currently, if possible, at Berths 18-20, most vessels try to position themselves to work in the gaps between the sheds. Livestock vessels equipped with various animal loading ramps and fodder loader points, have the greatest difficulty trying to position various loading. Some livestock vessels are not able to lower loading ramps, as the ramps are longer than the gap between the ship and shed(s).

The Stevedoring Companies and other users, have been requesting Flinders Ports improve both the working wharf area, as well as the cargo storage areas, at Berths 18-20, for a number of years now. Considerable monies have been spent by Flinders Ports with equipment and berth up-grades at both FACT Outer Harbor & Berth 29, but industry still awaits improvements to Berths 18-20.

Industry would like:

- Removal of one of the wharf sheds, to create a deeper wharf apron, better access, traffic management and improved safety.
- Removal of the old unused railway lines on the wharf surfaces.
- Bitumise some unsealed cargo storage areas behind the sheds, to create easier cargo handling, and eliminate summer dust bowls and winter mud pits.

**Regional ports**

No major infrastructure changes to report for the regional ports of Thevenard, Port Lincoln, Whyalla, Port Giles, Ardrossan or Port Bonython.

**Proposed upgrades**

Port Pirie - Nyrstar has reached an in-principle funding and support agreement with the South Australian and Commonwealth Governments to redevelop the Port Pirie smelter. The redevelopment includes investing in new technology to upgrade the facility to an advanced poly-metallic processing and recovery facility, capable of processing a wide range of high value, high margin raw materials. The upgrade will also result in an improved environmental footprint and reduction in airborne metal and dust emissions, long awaited by the residents of Pt Pirie. The redevelopment/upgrade is expected to cost $514 million, and is due to be completed by early 2016.

**Port Bonython**

Port Bonython is situated at Point Lowly (Port Bonython) on the Eyre Peninsula 31 kilometres north of Whyalla, on the western side of Spencer Gulf.

In mid-2012, the Spencer Gulf Port Link Consortium proposed building a multi-user loading facility, capable of loading capsize vessels via a three kilometre long jetty, utilizing a conveyor loading system with an estimated volume 25+ million MTPA initially.

Development was granted major development status by the South Australian Government on 15 August 2013, and the Environment Impact Statement went on public display on 18 November 2013. However, at time of writing, there was no further news on this project, and it is suspected the current low iron ore prices are responsible.

In July 2014, Tokyo-based Mitsubishi Corporation announced it would establish a diesel import terminal at Port Bonython. This amounts to a $110 million investment in South Australia, and will be the corporation's first entry into the Australian fuels market. Mitsubishi will share the existing jetty facility at Port Bonython, currently used by Santos

The facility, which is expected to be operational by mid-2016, will boost fuel security in South Australia, providing fuel to the State’s resources and energy, transport and agriculture sectors.

**General**

People and industry are losing confidence in the South Australian economy.

In the last year: Penrice Soda Products closed; IMX ceased exporting iron ore, and General Motors is closing in 2017 (also affecting support industries). Many types of manufacturing industries in Australia are struggling. Recently in South Australia, Coroma Industries (GWA Group Manufacturer) bathroom and kitchen fittings, closed to move off-shore to China. Job losses were experienced at Arnott’s Biscuit’s due some biscuit lines now being manufactured in India, as well as Hills Industries and Aldinga Turkeys. Pacific Brands closed their Port Adelaide distribution centre, with it now being amalgamated with their Brisbane centre, resulting in some job losses, along with Custom Coaches at Royal Park winding down.

The future building of warfare destroyers and submarines in South Australia is subject to contracts being awarded by the Federal Government. The Australian Council of Trade has reporting more job losses, due to strong competition from China and India but neither they, nor the other levels of Government, are addressing matters to assist industry or create policy to minimise the impact.

The recent low commodity prices (iron ore has fallen 40 per cent in 12 months) are affecting our mining industry, with the feasibility of some current and future mines being assessed, as a result.

The South Australia Government is currently operating in debt, with plans of being in surplus by 2017, and researching other means of collecting

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*Port Adelaide’s Berth 18-20 storage area in winter*
more revenue from industry and households. Households are struggling with the high cost of living, mainly due to the costs of energy (electricity/gas), water, private health and the recent increase of the Emergency Services Levy (ESL), which all increased above the CPI.

Despite the above concerns, the South Australian 2014/15 grain harvest was estimated by PIRSA in September 2014, to be a total of 7.6 million tonnes, approx. 1.1 million tonnes less than the 2013/14 season but still good for the shipping industry, ports and grain facilities, many of which are located in regional areas.

Motor vehicle imports are expected to increase, with the closure of local manufacturers - General Motors, Ford and Toyota, in Australia.

In August 2012, BHP Billiton announced the delaying of the $30 billion mega project planned for Olympic Dam, which was a blow to supply industries, service providers and the State’s economy.

Since then the Federal Government has decided that the existing BHP environmental conditions currently covering the mine will be sufficient for trials of heap-leaching, a cheaper form of processing.

The construction of the trial site is planned for July 2016, with completion and trials to start in October 2016. Hopefully, future expansion will occur.

Olympic Dam is estimated to have copper, uranium, gold and silver worth $1 trillion, with a life of 200 years.

I feel we, South Australia, are in for some difficult times, let’s hope my report next year shows some improvement. 

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**STATE COMMITTEE REPORTS**

**Victoria**

By PHIL KELLY OAM, secretary

**Office bearers**

At its meeting in December 2013, the Victorian State Committee elected Kon Makrakis (state manager, Mediterranean Shipping) as its chairman for 2014. Peter Bartlett (immediate past SAL Victorian chairman and state manager, Asiaworld Shipping Services) was elected vice chairman, until 30 June 2014. Upon Peter’s retirement, Stephen Crundwell (Swire Shipping) was elected as vice chairman, on 17 June 2014.

Victorian State Committee records its deep appreciation of Peter Bartlett’s astute and pro-active leadership throughout three consecutive years.

**Meetings**

The Victorian State Committee (VSC) comprises the senior officers of member lines and agencies in Victoria and, by invitation, corporate associate members. Among these are representatives from the Department of Agriculture and Australian Maritime Safety Authority, and Australian Customs and Border Protection Service. It meets at two-monthly intervals.

The respective contributions of these organisations have been enlightening, and have broadened member lines’ understanding and appreciation of the needs and goals of other port-related activity. This group offers a wide range of expertise, and is the source of SAL representation on a number of industry-related sub-committees and working groups.

**Membership of ‘outside’ industry and port-related groups**

- Ministerial Freight Advisory Council (MFAC)

The establishment of MFAC was announced in June 2012, with the closure of the Victorian Freight & Logistics Council.

MFAC’s charter is to provide opportunities for Government to work closely with industry on initiatives for improving the efficiency and productivity...
of Victoria’s freight and logistics sector. MFAC comprises a number of industry leaders. Amongst others, SAL CEO Rod Nairn sits at this round table, which meets at intervals with the Ministers. The MFAC’s direct link with the two Ministries has been a useful conduit for Government and industry to engage.

- Customs Logistics Chain Consultative Committee (CLCCCV)

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

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

**Victoria’s commercial ports**

SAL and its member lines and agencies take pride in the facilities provided by all of Victoria’s commercial ports and their administrators’ proactive approach to future development. It is, regrettably, geographically difficult to have regular meetings with regional port authorities but it is the intention to re-establish regular discussion and/or a reporting arrangement, during the course of 2015.

**Port of Melbourne Corporation (PoMC)**

SAL has taken part in PoMC’s engagement with port-related industry in a number of areas:

- Port Capacity Project Liaison Working Group (PCPLWG)

This group comprises a wide range of expert representation, both from port-related industry and community-based organisations. Its role is to identify and table any areas of concern in which port extension might have the potential to impact on the community. It remains the prerogative of PoMC and other relevant State instrumentalities, to evaluate and decide upon the issues raised.

SAL is represented on PCPLG by Alan Miles of K-Line Australia Pty Ltd.

- Webb Dock Relocation Working Group

As a consequence of the closure on 30 June 2014 of Berths 3, 4 and 5 Webb Dock for re-construction, a substantial number of vehicle-carrying ships are being directed to Appleton Dock. This is expected to put pressure on the availability of berths and under-cover landside facilities for break-bulk cargoes, a large proportion of which consists of paper, steel and machinery; all of a weather-sensitive nature.

One member line has re-directed some of its ships to Geelong; an initiative which will, no doubt, ease but not necessarily eliminate, the potential for delays awaiting a suitable berth.

SAL is represented by Alan Miles of K-Line, and Steve Crundwell of Swire Shipping.

- Empty Container Park Working Group (ECP WG)

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

At that time, PoMC undertook the role of independent chair, and has provided meeting facilities and other resources ever since. SAL Victoria takes this opportunity to express members’ appreciation of the stewardship shown by PoMC in this, and so many other avenues of port administration.

The dramatic change in the situation is also a tribute to Containerchain, and this vast improvement reflects the degree of cooperation, which is nowadays displayed by all parties.

Amongst the unfinished business is the need for all lines and agencies to adopt EDI messaging, when communicating with their respective empty container parks. Whilst several member lines have adopted this practice, there remain instances where the change to EDI is either incomplete or non-existent, and it is hoped that lines will move towards a complete change to EDI as soon as possible.

- Whole of Port Health Safety and Environment Committee (WOPHSEC)

This group is hosted by PoMC and comprises a wide range of business and support services within the port of Melbourne; most of the delegates have a connection with occupational health and safety, or the environment.

SAL is represented by Aaron Bridgborn of Hamburg Sud, and the secretary.

- Port Licence Fee (PLF)

Since the introduction of the PLF in 2012-2013, PoMC has recovered in total $153 million in relation to the PLF, i.e., $1.6 million more than the $151.4 million PLF incurred.

This PLF over-recovery of 1 per cent has been factored into PoMC’s pricing for 2014-2015. It cannot be denied that the PLF is unpopular; PoMC and indeed the Minister for Ports are well aware of this. However, SAL fully understands the circumstances which led to its introduction and the role being played by PoMC with regard to its collection.

SAL has consistently expressed disappointment that the yield, which is undeniably a tax on trade, is not hypothecated toward a fund for the provision of infrastructure specifically related to the improvement of road and rail access to, and egress from, the port of Melbourne.

**Impending long-term lease or sale of the port of Melbourne**

In the lead-up to forthcoming State elections on 29 November 2014, both the incumbent Government and Opposition announced plans to either lease (long-term) or sell the port of Melbourne in anticipation of a yield in excess of $5 billion.

**Metropolitan Fire Brigade Marine Response Group**

In late 2013, MFB outlined its desire to train and establish a Marine Response Group. Following presentations to State Committee, SAL members have assisted by allowing access to ships in a series of trials, enabling MFB officers to receive training in boarding ships, both alongside the berth, and underway in Port Phillip.

The harbour master, Port Phillip Sea Pilots, and MFB and SAL have jointly coordinated the programme, and 90 officers now have expertise in boarding ships at sea.

**Functions**

In May and November this year, luncheons were held in the idyllic Jim Stynes Room at the Melbourne Cricket Ground. On both occasions, the guest speakers spoke to large gatherings; all present making it obvious by the attention paid, that both dynamic presentations had attracted intense interest.

The Annual SAL Industry Golf Day was held in March at the Waterford Valley Golf Club and yet again, was a great success.
cargo volumes have been reported lower than last year, grain harvest has been very strong. We expect to see 13 to 14 tonnes of export this year. Steel imports have also shown growth in the latter half of the year.

Expressions of interest have been confirmed for the development of VIC Dock in Fremantle, and are now in the next stage of request for proposal. This will be an interesting development for general cargo and RoRo vessels, to ease congestion from Berths 11 and 12 in Fremantle.

This year’s Maritime Day event held by Fremantle Ports, was a huge success. It was much bigger than the previous years, with a lot of sponsors and increased number of stalls. The perfect weather conditions during the day, drew huge crowds. The highlight of the afternoon was the Inner Harbour Classic yacht race.

A promising future for Western Australia’s sheep industry

Western Australia will become a national leader in sheep industry development, with the establishment of a multi-million dollar Sheep Business Centre. Minister for Agriculture and Food, Ken Baston, announced the $10 million investment into Western Australia’s sheep industry during a visit to Katanning on 9 October.

The $10 million Sheep Industry Business Innovation project is supported by State Government Royalties for Regions funds, as part of the Seizing the Opportunity in Agriculture initiative. The project will include the establishment of a sheep business centre at the Department of Agriculture and Food’s (DAFWA) research facility in Katanning, providing a hub for information, research, training and innovation in the sheep industry. It aims to build industry growth and cultivate new markets for sheepmeat and live exports in Asia and the Middle East.

The centre “will play an important role in providing the science, skills and strategies to help the sheep industry improve capacity and supply chains to satisfy customer requirements for lamb, mutton and wool,” Mr Baston said.

Around the State

- Bunbury has a new grain export facility, built by Bunge.
- In Exmouth, the State Government provided $20 million funding for a 130 metre service wharf extension, to provide a supply and service base, for the oil and gas sector.
- In Port Hedland, iron ore production is reported to be up from 2013, however is offset by the falling price of the ore. Expressions of interest were called for a second towage provider. Presently towage is carried out by Teekay.
- In Dampier, QUBE is developing a transfer facility that will include a 100 metre transfer barge, and construction of a new 60 metre long barge berth and supporting hard stand cargo laydown area, next to the existing Dampier cargo wharf. This facility will provide the ability for vessels (heavy lift, RoRo, general cargo) to discharge at safe anchorage, direct to barge, and connect to the shore facility.

A mixed bag in all, and we hope the resource boom picks back up again in the near future to improve the economy globally, and in Western Australia.

A second meeting of the Western Australian committee was held at the Flying Angel Club in Fremantle on 21 October.

Looking forward to 2015, where our objective is to increase activity in Western Australia, with more regular and structured meetings, as well as a more active social calendar.
It’s been a constructive year for Young Shipping Australia, with collaboration between its New South Wales, Queensland and Victorian chapters helping to secure YSA as the leading industry group for young shipping professionals across Australia. YSA’s aim is to grow and develop its network for the future leaders of the shipping industry.

New South Wales

By JOHN THOMSON, chairman

Earlier this year YSA NSW bid farewell to two committee members who have made a great contribution towards the success of YSA – Coco Hamilton-Wilson (Toll Group) and Diego Villanueva (Hamburg Süd Australia). We thank Coco and Diego for their good service and wish them all the best for the future.

YSA NSW welcomed three new committee members throughout the year: Alex Moga (OOCL Australia), Peter Wu (PB Towage) and Mayen Palingcod (ANL Container Lines) – bringing new talent and support to the group. Alex, Peter and Mayen have already had a positive influence, and we look forward to working with them next year.

Looking back over this year’s event calendar, YSA NSW delivered a variety of educational and networking events to its members and friends. Its keynote event, Shipping Industry Outlook at Parliament House, set the scene by deliberating over the future of the shipping industry, with insightful presentations from Eddy Declercq (OOCL Australia) and James McIntyre (Commonwealth Bank of Australia).

In May, YSA NSW joined Customs Watch’s Intelligence Division for lunch and an information session, reviewing recent seizures of prohibited goods, and discussing how the shipping industry can help towards improving Australia’s border security. The session provided an open forum and encouraged discussion around the table, sharing experiences and opinions between attendees.

YSA NSW hosted a networking drinks evening at Helm Bar in Darling Harbour for a chance for members to meet other like-minded people in the shipping industry. With promises of good company and canapés to share, the event attracted a friendly group of young shipping professionals and was an enjoyable evening for all.

The YSA bus was back on the road to Port Botany in July. With only limited seats available, this guided tour of DP World’s container terminal and Hamburg Süd’s vessel MV Capricorn, was sold out well in advance. Those fortunate enough to secure a seat witnessed container loading operations up-close-and-personal before climbing the gangway to the bridge and taking hold of the ship’s wheel. Special thanks to Gavin Sansom from DP World and Tim Miller from Hamburg Süd Australia, for organising this tour.

In August, YSA NSW launched a new event named Young Maritime Professionals, kindly hosted by MSC Australia and sponsored by Lloyd’s List Australia. Three young professionals shared their stories and advice on how to progress a career within the maritime industry – Jenny Ruffell Smith (Depth Logistcs), Amanda Gannon (Swire Shipping) and David Uncle (Hamburg Süd Australia). Notably Jenny and Amanda were previous winners of Lloyd’s List Australia’s New Generation Award, in 2012 and 2013.

HWL Ebsworth Lawyers kindly hosted and sponsored YSA NSW’s annual Maritime Law Seminar in October, covering legal issues and claims handling of reefer cargoes, waste cargo shipments and the Basel Convention, and an update of recent marine pollution decisions. HWL Ebsworth’s Transport and Trade team facilitated a stimulating discussion on the changing landscape of maritime law, and held an open Q&A forum for attendees to have their questions answered. YSA NSW is very grateful to Chris Sacré, Jonathan Thaine and Cameron Shepherd for hosting such a well-organised event.

YSA NSW will be meeting for the last time in 2014 at the YSA Christmas Party, being held at Maya Tandoori restaurant in Surry Hills, at the end of November. There has been a great response to this event with over 45 confirmed guests with high expectations that, after sharing an authentic Indian banquet dinner, the group will venture out for a late night drink or two at some trendy local bars. No doubt it will be a night to remember!
Queensland

By JENNY RUFFELL-SMITH, chairperson

YSAQ have had a successful year with strong growth in membership numbers, good financial position, high participation in events and attracting sponsorship from local companies. Events held throughout the year included a tour of the automated Patrick Container Terminal, a ride on the Brisbane Marine Pilots’ launch (including one member actually boarding the ship via ladder), tour of a PIL container ship, visit to a heavy haulage facility, amongst others.

YSAQ had a table at the SAL ball and were considered by all as the most rowdy bunch, who added a lot of life to the room. There was dancing, a photo-booth and all manner of tomfoolery, which made for a fantastic night, and a great show of enthusiasm by those who attended. We also look forward to our Christmas Function, aptly overlooking the state of the art facilities at Port of Brisbane, graciously sponsored by Svitzer’s Queensland branch.

To add to this, YSAQ have now participated in the Asia Logistics and Maritime Conference held in Hong Kong two years in a row. Last year Tim Polson (Asiaworld Shipping) and Ajaz Mir (Pacific Asia Express) sat on the discussion panel held by Young Professionals in Shipping Network (YPSN), where young shipping professionals from around the Asia-Pacific region grilled them on issues affecting the industry, which was, of course, followed by a very grand celebration on the roof of the LKF Hotel in true Hong Kong style. This year Jenny attended several seminars including another one held by YPSN and attended a dinner at the LKF Hotel. YSAQ have also been invited by Claudio Chiste, head of the Shipping Professionals Network of London (SPNL) to participate in their inaugural conference to be held at Parliament House in London.

From all these activities, YSAQ are learning more about the challenges young people face as they rise through the ranks in the shipping industry, and establishing how to best ensure the shipping leaders of tomorrow in Queensland are prepared for the task ahead of them. YSAQ is continuously striving to strengthen the ties between young shipping professionals, and make sure they know whom to call on when needed.

We are hoping for an even better year next year. More members, more exciting events, more sponsors, more support for the industry’s new generation.

Victoria

By SIMON GAMBONI, chairman

2014 has been a very positive year for the Victorian Chapter of YSA with growth in event attendance and membership numbers, generally. We are confident that these numbers will continue to develop with key events for 2015 already in the pipeline.

The committee has had a change in leadership recently, with Jenny Bygrave (Port of Melbourne Corporation) stepping aside and passing the baton onto Simon Gamboni (Holman Fenwick Willan) as the new chairperson. Jenny has been the driving force behind YSA VIC since 2012 and we are very grateful that she has agreed to remain on the committee in a supporting role, for next year. The committee has also welcomed a new member in Rob Chignell from Svitzer, who has been an excellent addition to the group, and central to the organisation of the tug boat tour in June (see photo).

This year’s schedule kicked off in February with a networking event, kindly hosted by Mediterranean Shipping Company. The evening offered attendees the opportunity to reconnect after the summer break, whilst allowing the committee an opportunity to lay out the year’s plans.

In early May, Holman Fenwick Willan graciously hosted an informative presentation by Australia Customs Watch Coordinator, Sue Tanck, who effectively outlined the fight against border protection and how this affects various players in the wider shipping industry.

Shortly following this event, in June, members and friends were given the chance to embark in a truly memorable experience by taking a ride onboard a Svitzer tugboat in port of Melbourne waters. This turned out to be the standout event for the year, and we are hopeful that this opportunity will come up again for those that missed out this time.

Other events held throughout the year included a presentation from the Department of Agriculture on biosecurity, and further networking occasions. We are confident that the upcoming Christmas Party will be the best one yet!

As is evident from the range of events on offer, this year we have attempted to embrace the professional diversity that is present in our membership base, in order to establish a much broader understanding of the shipping industry as a whole. We intend to maintain this direction into next year and look forward to establishing new friends and sponsorship opportunities, whilst continuing to strengthen current relationships.

We’d like to thank everyone for your continued support of Young Shipping Australia this year and encourage you to join us again next year. If you work for a member of Shipping Australia Limited or the Australian Shipowners Association, you are eligible to become a member of Young Shipping Australia. Enquire today and find out how YSA can help you to progress your career with the shipping industry.

Shipping Australia Limited Annual Review 2014 33
On 9 May this year the Government announced fundamental changes to the immigration and border protection portfolio. From 1 July 2015, the Department of Immigration and Border Protection and the Australian Customs and Border Protection Service (ACBPS) will integrate into a single Department. At the same time, the Australian Border Force—a single frontline operational border agency with statutory responsibilities to enforce our customs and immigration laws—will be established as part of the Department.

Following this announcement, in early October the Prime Minister outlined new leadership arrangements for the Portfolio. Michael Pezzullo (the Service’s previous CEO) was appointed as Secretary of the Department of Immigration and Border Protection, and I had the honour of being appointed as CEO of the Service.

I joined ACBPS as Deputy CEO Border Enforcement in May last year following many years working in executive roles within the Australian Federal Police and the Australian Crime Commission, which was preceded by a 15-year career as a police officer in the Queensland Police Service.

Of course, this change in leadership is just one of many changes currently underway in the Border Protection Portfolio, as we work to integrate both agencies ahead of the 1 July 2015 milestone.

As many of you are aware, for the past 12 months the Service has been progressing a significant programme of reform. “That vision has now been incorporated in the Portfolio’s Blueprint for Integration”—a document launched on 30 October by the Secretary Michael Pezzullo and me—which outlines our plan and timeframes for integration, and how we’ll address the challenges we face operating in an environment of growing complexity, with rising volumes of border transactions occurring across a diverse range of physical and electronic environments.

Over the next four years we project that there will be a 25 per cent increase in the number of international air and sea passengers. Incoming air cargo will increase by around 54 per cent in a four-year period, while sea cargo will increase by 17 per cent.

At the heart of the Portfolio integration and continuing programme of reform, are these two key drivers:

- ensuring our national security, including protecting traders and brokers and freight forwarders
- ensuring the productivity and efficiency of our economy.

Also driving a successful integration and reform agenda, has been a desire to strengthen our engagement and collaboration with industry. Through initiatives such as the Industry Summit; the Trusted Trader Programme (with a pilot scheme expected to be launched by July next year); deregulation initiatives; and various other activities, we are working to improve how we interact with you.

For example, in December the Service will launch Border Newsletter, an industry-focused communiqué, which will provide updates on current initiatives and opportunities for partnership.

We are also proud to help promote industry’s innovation and growth through our sponsorship of the Australian Export Awards, now in its 52nd year.

And the inaugural Industry Summit in August, signalled a new era of collaboration and consultation, with key
stakeholders across the travel and trade environments coming together to discuss key issues and an initiative-focused agenda.

Of particular interest to industry continues to be our work to a trusted trader programme.

We recently commissioned the Lowy Institute for International Policy, to work in partnership with us, to research and document how the Service can increase Australia’s trade competitiveness at a time when goods and services are increasingly produced ‘across borders’ in so-called ‘global value chains’.

The findings recommended the development of an ‘authorised economic operator’ programme to help facilitate greater trade and participation in global value chains, while still providing border protection. The development of such a programme provides an opportunity to create a paradigm shift from control to trust-based regulation.

Consistent with this thinking, the Trusted Trader Programme—currently in development and progressing towards having a pilot scheme in place by July next year—will introduce an alternative regulatory framework to provide highly compliant traders with streamlined procedures for the import and export of goods. The Trusted Trader Programme will move away from the current one-size-fits-all control model, recognising the contribution highly compliant traders make to securing international supply chains and supporting future economic growth. This is a different approach that represents a challenge for all of us, but our work to strengthen industry partnerships, in recent years, will help ensure a smooth transition to such a programme.

While the reform programme is ongoing, ACBPS continues to significantly upgrade its fleet of vessels. By the end of 2015, all eight new Cape Class patrol boats will be operational. These represent a significant capability improvement for ACBPS; they are faster, bigger, and have greater range and operational capability compared with the previous Bay Class fleet, and will ensure our Marine Unit officers are more effectively able to respond to existing and emerging threats in Australia’s maritime area.

Overall, the coming months and indeed years are a time of significant change in our border protection arrangements, and this is a unique opportunity to work together to co-design the best solutions for Australia’s future, and ensure that the security of our border remains intact.

I look forward to working with you during this exciting time.

*The Blueprint for Integration is available on both the immi.gov.au and customs.gov.au websites.*
The Australian Government Department of Agriculture is changing the way it provides biosecurity services. The changes focus on targeting our resources to the areas of greatest biosecurity risk, and better detecting and managing areas of biosecurity concern.

The Department's acting deputy secretary, Greg Williamson, said that the changes provide significant benefits to industry and the travelling public, with reduced intervention meaning fewer time delays and regulatory costs.

"We are improving our risk-based operations with a focus on targeting non-compliance. This means that those doing the right thing experience less intervention at our seaports, airports, international mail centres," Mr Williamson said.

"We have also developed a framework that recognises importers’ own quality systems to streamline import and export processes."

A number of pilot projects began in 2014, with broader implementation to take place in 2015.

New ways of doing business

Through our service delivery reforms we are making it easier for people to meet their obligations. We’re introducing new technology to help us become a more modern, flexible and professional service delivery agency.

The 'mobile workforce pilot' is equipping some of our officers with tablets to deliver biosecurity services. A cross-section of department roles, services and locations have been selected, including inspectors, auditors, investigators, veterinarians, assessors and scientists.

Mr Williamson said the new technology will mean less paperwork and fewer time delays, so resources can be focused where they matter most.

"Instead of relying on paper to record and provide information, our mobile workforce will be able to complete a range of transactions at the point of service, saving time and effort for us and our clients.

"We're testing that the technology is fit for purpose and can be used in the field to deliver services online, remotely and in real time," he said.

The pilot began in Adelaide and is now running across Australia. Over the next year, more of our mobile workforce will be testing these tablets in the field, including at importer and exporter premises, on the ports and in cargo warehouses.

Another reform is the Cargo Online Lodgement System (COLS). COLS allows customs brokers and their staff to lodge documents for imported cargo with the department online.

“Currently, brokers need to visit, fax or email documents to the department which creates expenses and processing inefficiencies for them, as well as our department.

“By moving this process online, we can offer higher standards, performance, and consistency in our service delivery.

“This mobile technology will also see improved verification activities so there is better integrity around how we assess documentation, gather and record data, and eliminate the double-handling of information.”

Science based risk assessment is our foundation

Our risk-based operations are based on science and are underpinned by thoroughly considering the biosecurity risks that have been identified. Some of our risk-based
operations include:

Review of the Sea Container Hygiene System

Shipping containers and break bulk cargo can transport exotic pests, diseases or other contaminants.

The Sea Container Hygiene System (SCHS) is an Australian, New Zealand and industry initiative to manage biosecurity risks associated with sea containers at the port of loading. It involves removing any contamination on the container prior to it arriving in Australia. Under SCHS, containers should not require any additional cleaning or fumigation on arrival in Australia.

“This reduces costs for industry and allows them to access their goods faster,” Mr Williamson said.

Shipborne Dunnage Trial

The department is testing the feasibility of clearing ISPM 15 compliant dunnage (used in ship holds) without having to direct it for treatment or destruction to mitigate the risks. Two shipping lines have been participating in this trial with encouraging results.

“We are now considering making this process available to other shipping lines.”

Changes to requirements for imported machinery and equipment

All machinery entering Australia is required to be free from biosecurity risk material. If machinery arrives in a heavily contaminated state, the department can order the machine to be exported from Australia at the importer’s or owner’s expense.

“Our Compliance Division is reviewing the import regulations for machinery, to ensure they correspond better to the biosecurity risks,” Mr Williamson said.

“Some changes have already been implemented, such as removing the mandatory referral for new agricultural machinery.”

Import of new vehicles

An analysis of seed samples collected from new vehicle arrivals has confirmed that some of these vehicles can represent a potential biosecurity risk for the introduction of pests and diseases.

“The need to manage these risks places pressure on resources and logistics, for both us and industry. So, we have worked with industry to implement new processes to better regulate the entry of non-compliant new vehicles on a full fee-for-service basis.

“Early indications are that the new approach is delivering benefits for us and industry, with a decrease in the number of contaminated new vehicles.”

For more information on Australia’s biosecurity requirements and import conditions, visit agriculture.gov.au.
BORDER AGENCIES

Office of Transport Security

Update on maritime security

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

With a decade of experience in regulating maritime security, the Office of Transport Security (OTS) is looking ahead.

Industry and Government together, must continually ensure that Australia is prepared for security challenges in the transport sector. In addition, the Government is determined to boost national productivity through improved regulation. This provides the OTS the opportunity to better target the Maritime Transport and Offshore Facilities Security Act 2003 (the MTOFSA) to address our collective risks and facilitate Australia’s trade, now and into the future.

In September this year the OTS released its “Transport Security Outlook to 2025”. The Outlook received substantial input from the Australian maritime industry, and emphasised the crucial role effective and efficient transport security will play in supporting Australia’s economic and social prosperity.

Over the next 10 years, Australia’s trade will double. International competition will increase. While Sydney and Melbourne will continue to dominate shipping traffic, their growth will be matched, if not exceeded, elsewhere around the country. Technological developments will have the potential to both facilitate and disrupt transport systems. Meanwhile, Government will be fiscally constrained and the threat of terrorism will continue to adapt and endure.

So what does this mean for the security regulation of the maritime industry, and in particular the shipping industry?

The OTS is actively looking to reduce the regulatory burden of the MTOFSA upon industry, while maintaining security outcomes and Australia’s international obligations. The Government is committed to ensuring that any change in regulation delivers a net benefit for the Australian economy.

The OTS is in the early stages of developing a concept for the introduction of a categorisation approach to port security requirements. MTOFSA currently regulates all port operators, port facility operators and port service providers, in the same basic way. Categorisation will allow different degrees to regulation, based on the risk of unlawful interference.

As industry and Government cooperate to further align proportionate security measures to risk, costs at lower risk ports should be lower than elsewhere. This should flow through to the security charges ships incur.

Port categorisation is a long term project that will require extensive legislative change. The OTS has consulted with industry representatives through both meetings of the Maritime Industry Security Consultative Forum (MISCF) during 2014, and will continue to do so in the coming year.

The OTS is also reviewing the security measures required of Australian-flagged ships engaged solely on domestic voyages. In 2015 the OTS will commence detailed discussions with the industry on this and other options, to reduce and, if prudent, remove unnecessary regulation upon ships – again reducing costs to industry.

For us to achieve real benefit through our regulatory reform, it is important that there is open communication between the OTS and the maritime industry. Shipping Australia is a member of the MTOFSA and I encourage members to engage through them, as well as directly with the OTS.

I look forward to working with you throughout 2015, as we further refine our maritime security policy settings and legislation, and work together to foster Australia’s economic and social prosperity. ✤
Welcome to the port waters of Geelong

The Port of Geelong handles more than 700 ships and about 13.5 million tonnes of bulk cargo a year. And every one of those big visitors needs to know it can get in and out of the thriving shipping hub safely and efficiently.

The Victorian Regional Channels Authority is committed to providing safe access for all ships. From a multi-million dollar capital dredging program to upgrade the shipping channel, to ongoing investment in marine logistics and control systems, the VRCA is ensuring the next generation of larger ships will enjoy safe passage too.

The channel has high-visibility GPS/GSM controlled lights and beacons -- as well as cutting-edge 'virtual' beacons -- marking its boundaries. The VRCA’s 24/7 marine traffic management system uses equipment including automated ship identification (AIS), very high frequency radio (VHF), mobile telephony, satellite communications and sophisticated real-time tide and wind sensors, available online.

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

The VRCA rates safe and efficient passage within its channel network as paramount and welcomes ships visiting the Port of Geelong.
Driving efficiency through our gateways to give New South Wales the competitive edge

By RACHEL JOHNSON, deputy director general, Freight and Regional Development, Transport for NSW

Ensuring that New South Wales’ maritime gateways operate efficiently, and are supported by world-class technology and highly productive road and rail networks, is a priority for the State Government.

The major infrastructure challenge for the State’s international gateways is the limitations of landside infrastructure; the roads and rail lines that connect the gateways within the metropolitan area and across New South Wales. Reducing congestion on the transport network will support economic growth and productivity, and encourage more productive land use.

In January 2014, Transport for NSW appointed a Cargo Movement coordinator to build a specialist team to work with industry, to address that infrastructure challenge and drive ongoing improvements in the efficiency of the cargo movement chain.

A major step in the evolution of the Cargo Movement Coordination Centre (CMCC), which sits within the Freight and Regional Development division, occurred on 1 July 2014, when it absorbed the functions previously performed by the Sydney Ports Corporation’s Port Botany Landside Improvement Strategy (PBLIS) programme.

An example of the success of the CMCC road interface performance at Port Botany, is the improvement in average truck turnaround times from 28.5 minutes in July 2013, to 25.77 minutes in July 2014, which has resulted in a 25 per cent reduction in carrier penalties payable to stevedores.

Since July 2014, the CMCC has expanded its footprint beyond the Port Botany road precinct to include freight corridors servicing Port Kembla, Newcastle and regional New South Wales.

The objectives of the CMCC align with the NSW Freight and Ports Strategy (released in December 2013) to “meet Port Botany and Port Kembla demand growth, and to minimise overall supply chain costs”. A key task under this objective is delivering on the New South Wales target of doubling container rail mode share to 28 per cent by 2020. Work in this area being undertaken by the CMCC includes identifying and analysing the performance inhibitors across New South Wales road and rail network interfaces, then delivering real-time improvements to and from the ports. In order to achieve this, baseline performance measures for freight performance will be set in the short-term. Close consultation, engagement and management with all freight stakeholders to achieve improvement in the freight performance will ensure that the hard earned benefits are not lost, and are continually built on.

Vessels working at Port Botany
When it comes to managing the State’s ports, safety and sustainability are at the forefront of our everyday business. Freight and Regional Development is continuing to ensure the right mechanisms are in place to maintain high standards of marine safety and environment protection, in the trading ports and coastal waters of New South Wales. Following the establishment of the Port Authority of New South Wales, which amalgamated the State’s port corporations from 1 July 2014, we are developing a more effective and less prescriptive model for delivering port safety. A simpler, streamlined safety management system-based Port Safety Operating Licence (PSOL) will have a greater focus on managing risks in the port operating environment, allowing the Port Authority more leeway to manage its everyday business, whilst maintaining the necessary standards of monitoring and compliance.

Transport for NSW is also working hard to ensure emergency management bodies can respond to oil and chemical spills in our waters, quickly and effectively. Recovering costs from those responsible for marine pollution continues to be a core element of the State’s legislative framework, and the revised Marine Pollution Act 2012, which came into effect on 1 September 2014, gives greater protection to our wildlife and shoreline. The new legislation brings New South Wales laws into line with national and international legislation and conventions, including the International Convention for the Prevention of Pollution from Ships (commonly referred to as MARPOL) with the adoption of Annex’s III (Harmful Substances in Package Form), IV (Sewage) and V (Garbage). During 2014, we ran more than 35 training courses and exercises – with more than 300 participants, from across Government and industry – on all facets of marine pollution response, keeping businesses at the waterfront and the State’s first-responders up-to-date with the latest practices, and fostering a more seamless response.

In summary, the past twelve months have been a productive time as Freight and Regional Development continues to implement the NSW Freight and Ports Strategy. Our work programme is set to ramp up even further in the year ahead, and we look forward to continuing to work hand-in-hand with industry, to ensure our maritime gateways stay safe, sustainable and prosperous.
Is Coastal Shipping the missing piece of the supply chain puzzle?

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

Queensland has a plan, appropriately named the Queensland Plan (our Plan). It reflects the shared aspirations of the people of Queensland for the next 30 years. Our plan was made possible by the contributions of more than 78,000 Queenslanders.

We also have a number of key strategies to support the direction of the Queensland Plan, including the Moving Freight strategy. Moving Freight outlines our 10 year strategy to develop a multi-modal freight network that is sustainable and productive. As part of Moving Freight we are examining whether coastal shipping can play a key role in delivering this outcome.

As a first step we have started work on the development of a Sea Freight Action Plan (SFAP) – coastal shipping project. The first stage, now completed, aimed at forming a collaborative view on how best to increase freight capacity by increasing the use of our regional ports and their connecting “blue water highway”.

The next stage will explore the landside logistics, review port connecting infrastructure and identify market potential.

From a shipping perspective, SAL’s Queensland Executive, the broader ports and logistics industry and commercial operators have, and continue to provide, valuable input to our project.

This input will help identify intrastate coastal shipping opportunities to enable agricultural producers and exporters to target growing demand from niche markets in Asia. Containerised grain and sugar is increasingly becoming the preferred method of handling bulk agricultural product.

Our project team were provided unique access to grain producers in the Central Queensland region at the invitation of their representative body Grain Growers Australia. This provided an excellent opportunity to understand how containerised exports could access new markets and optimise an international supply chain facilitated by a coastal shipping service.

We continue to work with our colleagues in the Department of Agriculture, Fisheries and Forestry, who support the potential benefits to the agricultural sector.

Discussions with the project logistics industry and certain mining companies have expressed interest in coastal shipping. A new coastal shipping service could provide supply chain flexibility to move Over Size and Over Mass (OSOM) mining machinery by ship to regional ports. This would shorten the road transport task from the regional port to the eventual destination and reduce pressure on our road network.

Earlier this year, the Queensland Parliament, through the Transport, Housing and Local Government Committee (THLG), launched an inquiry into coastal sea freight.

The undertaking of the inquiry indicates the willingness of Government and industry to find ways to balance competing stakeholder demands, and to increase the modal choices available to logistics practitioners.

SAL appeared on behalf of its members at the THLG public hearing held in Brisbane on 27 August, 2014.

It is worth highlighting that the THLG also held meetings at Thursday Island in the Torres Strait, Cairns, Townsville, Sydney and Melbourne.

A broad range of submissions were presented to the committee from individual vessel operators, freight customers, port managers and representatives from the cruise line industry. They were all interested in expanding the use of sea transport. Interests ranged from expanding freight capacity through to development of a new-style cruise ship, which could add to the tourism experience of visitors to our State.

The Queensland Ports Strategy developed by the Department of State Development, Infrastructure and Planning, outlines the Government’s policy on establishing five Priority Port Development Areas (PPDA). The PPDA's
are located at the Ports of Brisbane, Hay Point/Mackay, Abbot Point, Gladstone and Townsville.

Establishing these PPDAs provides a strong focus for developing master plans for these ports.

Container ports stand to be the big winners from the development of intrastate coastal shipping. Potentially, port communities could be enhanced by attracting related industries such as container parks, third party logistics operators and bonded warehouses, container packing and road transport companies.

The ports of Brisbane, Townsville and Mackay have also engaged significantly in developing a common view on how best to support the development of coastal shipping.

Queensland stands on the precipice of a new era where coastal shipping could find its place as part of the multi-modal service offering, optimising supply chain choices and enhancing community benefits.

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*Mackay Port, identified in the Queensland Port Strategy as a Priority Port Development Area*

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It has been a busy year for the Department of Transport’s Ports and Maritime division, with a major focus on the port authority amalgamations, the Ports Legislation Amendment Act and planning for the future of Western Australia’s ports. Below are some of the highlights and major projects.

**Port authority amalgamations 1 July and 1 October 2014, and the Ports Legislation Amendment Act 2014**

Implementation of the recommendations of the Western Australia Port Governance Review is occurring over a two-stage programme.

The Ports Legislation Amendment Act 2014 passed through Parliament and was given Royal Assent on 20 May 2014. This legislation amalgamates seven of the State’s eight port authorities into four new regional port authorities. On 1 July 2014 the Geraldton Port Authority was renamed the Mid West Ports Authority; Broome Port Authority was renamed the Kimberley Ports Authority; and Port Hedland and Dampier Port authorities were merged to establish the Pilbara Ports Authority. The Albany, Bunbury and Esperance port authorities were merged into the Southern Ports Authority, on 1 October 2014. The Fremantle Port Authority remains a standalone port authority.

The second tranche of the legislative reform is being planned, to be progressively implemented from 1 January 2016, whereby the Department of Transport’s (DoT’s) responsibility for trading ports governed under the Shipping and Pilotage Act 1967 will transfer to regional port authorities, after consultation with relevant stakeholders.

**Gazettel of a new port, the Port of Ashburton, currently under construction**

In October 2009 the Western Australian Government announced the creation of the Ashburton North Project in the Pilbara Region, to cater for liquefied natural gas (LNG) and domestic gas processing, as well as related downstream processing industries.

The gazettel of the Port of Ashburton was initiated on 1 July 2014 and was completed on 6 September 2014, with the excision of a small portion of seabed and waters from the Port of Onslow to extend the adjoining Port of Ashburton’s shipping channel, which supports Chevron Australia Pty Ltd’s Wheatstone Project.

The Port of Ashburton is located 12 kilometres south-west of Onslow on the west Pilbara coastline, approximately 1,150 kilometres north of Perth; and approximately 300 kilometres south-west of the Port of Dampier. This multi-user port and strategic industrial area will accommodate LNG and other hydrocarbon based processing and natural gas processing for Western Australia’s domestic gas supply.

**Western Australia’s Ports Strategy and Port Master Plans**

Work is currently underway on a Western Australian Ports Strategy (WA Ports Strategy) to align with the National Ports Strategy. This strategy is to provide an effective policy framework to ensure that Western Australia’s ports, and its future ports, can continue to meet the needs of Western Australia’s economy. The WA Ports Strategy will help ensure that our ports are well positioned to serve our rapidly growing economy. Port authorities will be required to develop port master plans with a planning horizon of between fifteen and thirty years. Planning by the ports, in consultation with stakeholders and communities, will extend well beyond port boundaries, to identify and protect freight corridors and port buffer zones.

**The 2014 Ports Handbook**

The Ports Handbook is an annual publication, which provides annual throughput and other reference material on the State’s port authorities governed under the Ports Authorities Act 1999, in addition to broad information on Shipping and Pilotage Act 1967 ports. The handbook is prepared in consultation with the State’s port authorities and in collaboration with Ports WA.

During the 2013/14 financial year, Western Australia again proved that it remains Australia’s engine room. By weight, our State contributed nearly 60 per cent of the nation’s exports, meaning Western Australia now exports more than all jurisdictions combined. The value of our trade rose more than 10 per cent to a record $145 billion, the highest value amongst all states and territories.

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Award-winning supply chain solution revives NSW log exports

When leading forest management provider PF-Chase sought to re-establish a log export operation in central northern NSW, Dana Arrowwood Group companies, Patrick, CS and Pacific National, worked together to provide an award-winning supply chain solution that is helping PF-Chase generate lucrative new business in China.

Supply chain integration across multiple transport modes

We created a bespoke joint venture model that had multi-modal transport solutions, containerised delivery throughout the supply chain, a dedicated and tailored sales and marketing strategy, and state-of-the-art facilities. This was designed to give customers the best delivery experience and solution to their needs.

The solution we developed is multifaceted and unique. We used our extensive experience and knowledge of the supply chain to create a comprehensive solution that included

- Containerised delivery throughout the supply chain
- A dedicated and tailored sales and marketing strategy
- State-of-the-art facilities for the logistics process

In addition to this, we also used our extensive experience and knowledge of the supply chain to create a comprehensive solution that included

- Containerised delivery throughout the supply chain
- A dedicated and tailored sales and marketing strategy
- State-of-the-art facilities for the logistics process

A Critical to the success of the project was the ability to deliver the required volumes on time and in good condition, and this was achieved through

- Efficient and fast delivery through the supply chain
- A dedicated and tailored sales and marketing strategy
- State-of-the-art facilities for the logistics process

The project was a huge success and, as a result, we have continued to develop our supply chain solutions and have been able to grow our business in the region.

We have been able to successfully deliver our supply chain solutions and have been able to grow our business in the region.
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Queensland’s Freight Logistics System – a solution for balanced modal share

By RUSSELL SMITH, chief executive officer, Port of Brisbane Pty Ltd

It is globally recognised that freight movements strongly influence the shape of cities and regions. Queensland’s economic potential is directly linked to an efficient, statewide logistics chain, feeding into the State’s international trade hub at the Port of Brisbane.

However, the Port of Brisbane and wider South-East Queensland region are burdened by an over-reliance on freight transported by road. Currently 95 per cent of port-bound freight is transported by road, while only five per cent is transported by rail. This is down from [18 per cent] ten years ago, and well less than the global standard for freight transport by rail, which is generally closer to 30 per cent.

Given the critical role that the efficient use of transport infrastructure has in promoting national productivity and economic growth, the current situation is unsustainable. Queensland’s freight logistics system needs a balanced modal share approach if we are to remain competitive into the future. This means effective integration of planning for freight holistically, across modal types and in conjunction with passenger transport through urban environments.

It is crucial that both industry and Government work collaboratively on the long-term planning and the sustainable delivery of a logistics system that addresses Queensland’s freight infrastructure deficit, thereby addressing one of the State’s key threats to productivity performance, and capturing opportunities to support Queensland’s economy long into the future.

The Port of Brisbane is one of Australia’s fastest growing multi-cargo ports, and an enabler of the Queensland economy. A multi-billion dollar, world-class infrastructure asset, the Port of Brisbane handles more than $50 billion of trade each year, comprising more than 50 per cent of Queensland’s international freight trade.

Container trade through the Port is continuing to grow solidly, despite the recent sluggish economic growth being experienced in Queensland. The Port of Brisbane currently handles more than one million TEU each year. By 2040, this figure is expected to reach 4.5 million containers, as a minimum. If the current road/rail imbalance is not addressed, this will generate more than 14 million container truck movements, travelling to and from the Port, each year.

While this outlook is positive for industry, without investment in appropriate transport infrastructure this expected significant increase in trade volumes will increase pressure on surrounding landside infrastructure, the broader road and rail network and, as a result, the community. Achieving a freight balance through dedicated freight rail infrastructure and improved coastal shipping, will deliver liveable, sustainable cities and regions, throughout the east coast.

A critical part of the solution is the Federal Government’s proposed Inland Rail project, designed to provide dedicated freight rail access between Melbourne and the Port of Brisbane that will shift heavy freight traffic off the road network – supporting Queensland’s future growth, productivity and competitiveness, while delivering liveability outcomes for the community.

Shifting freight onto rail will significantly reduce future freight-related traffic congestion. Doing so will also
reduce commuter travel times and improve road safety for communities all along the 1,700km Inland Rail route – research shows that it is nine times safer to transport freight by rail than by road.

It will also deliver significant environmental benefits. According to the Energy Efficiency Exchange, transporting freight by rail emits 75 per cent fewer greenhouse gases than transporting freight by road. In South-East Queensland alone, a dedicated freight rail connection to the Port of Brisbane would reduce carbon emissions by 460 tonnes annually.

Once complete, Inland Rail – connected 24/7 to the Port of Brisbane and the other major east coast container ports of Melbourne and Sydney, the later via existing rail networks – will create a truly national freight rail network, providing greater access and modal choice between Australia’s east, south and west coast ports. It will increase competitiveness and efficiencies along the supply chain, reducing cost to users, and provide balanced modal options to transport freight to market.

In addition to improved rail infrastructure, the benefits of reviving coastal shipping as an alternative freight transport method are substantial, and would help ensure Australia is well-placed to capitalise on future growth opportunities, in a sustainable way, while lessening the growing reliance on road transport across the country.

The Port of Brisbane supports the proposed Federal reforms to coastal trade and shipping in Australia that would address costs and restrictions currently associated with coastal shipping. These reforms should be aimed not at protecting a few Australian jobs, but instead on facilitating a meaningful percentage of domestic freight traffic moving via sea rather than via truck. Genuine reforms would also support an increase in shipping services through regional ports such as Townsville and Mackay, and would provide alternative, established access to regions often impacted by natural disasters and extreme weather events.

Australia’s freight movements are predicted to double by 2030, with Brisbane’s freight task growing at an even greater rate.

Balancing the transport task across road, rail and coastal shipping modes provides a sustainable way to support industry and projected growth by directly connecting ports and regions, creating viable modal choices that will drive down logistics costs, and ultimately guarantee Australia’s global export and import competitiveness. 

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PORTS

Darwin

A year of milestones and achievements

By TERRY O’CONNOR, chief executive officer, Darwin Port Corporation

The announcement that the Darwin Port Corporation won Port or Terminal of the Year at the prestigious 2014 Australian Shipping & Maritime Industry Awards has capped off a year of major milestones and achievements.

The port of Darwin is rapidly becoming a major service and supply hub for the region’s expanding oil and gas industry, and is a key economic driver of the Northern Territory economy. It is also the only port located between Townsville and Fremantle with full access to multi-modal transport services, and is the northern terminus of the AustralAsia Railway, which links Darwin to Adelaide and the national rail network.

Vessel traffic has grown by 107 per cent during the last two years, and in 2013/14, general and container cargo increased by a record 53 per cent on the previous year. This was primarily driven by the construction of the $34 billion INPEX facility, Australia’s second largest infrastructure project, and Darwin Harbour’s second LNG processing plant, and the newly opened oil and gas Darwin Marine Supply Base at East Arm Wharf.

The Darwin Port Corporation’s ability to capitalise on these opportunities and its strategic advantages has resulted in financial benefits reflected in the increasing before tax profits recorded over the last four years. In 2010/11 the figure was $0.758 million, increasing to $17 million in 2013/14.

With the Federal and NT governments both driving a range of initiatives to develop northern Australia, the corporation has implemented significant measures to increase efficiencies, reduce costs, improve its services for customers and to attract new business. These have included embracing new technologies, introducing more flexible port services, undertaking reclamation works and harbour enhancement, and supporting operators of new port facilities.

The corporation recently implemented a new Vessel Traffic System (VTS) that meets world’s best practice standards to provide significant improvements in the management of vessel traffic, with comprehensive coverage of the harbour. The implementation of the new Vessel Traffic System marks a major milestone for the corporation, which is leading the way with state of the art technology. The full integration of the HITT V3000 and KleinPort MIS systems, is a world first and places the port of Darwin at the forefront of the maritime industry, to meet projected growth and support development in the region.

Another significant initiative undertaken this year by the corporation was a cost-effective $3.8 million dredging project, which mobilised dredging equipment already in the harbour, to enhance access through the main channel, by increasing depth from 10.1 to 14.0 metres.

With almost 100 per cent all-tides access 24/7,
the port of Darwin is now able to welcome the heavier post-Panamax sized vessels and the next generation of over 350 metre mega liners. Wider transit tidal windows improve overall flexibility for port operations and reduce berth demands. In turn, this delivers increased cargo loading capacity and improved revenue per shipment, for the exporter.

In addition to these improvements the corporation has invested $13 million in port upgrades in the last financial year, to deliver improved environmental outcomes and capitalise on new opportunities.

The corporation’s 70 tonne gantry crane at East Arm Wharf was decommissioned in late 2013 and replaced with two privately operated mobile harbour cranes, which have quadrupled the port’s container handling capacity, delivering flexibility and immediate benefits. One crane is reaching rates of up to 32 containers per hour.

The port’s main commercial wharf at East Arm provides 775 metres of flexible deepwater multi-user berths, capable of handling containers, bulk liquids, live exports, general and heavy lift project cargoes. The wharf also features a specialised bulk-materials handling facility, including a ship-loader and rail dump to service the resources industry. Darwin remains Australia’s largest live cattle port with a record 406,055 head of cattle exported from the port of Darwin for markets in Asia, during 2013/14, a 47 per cent increase on the previous year.

With the completion of extensive upgrades at East Arm Wharf, including improved fuel and water services, the corporation is also moving ahead with ongoing reclamation of a number of water retention ponds to provide additional hardstand, cargo storage and stock pile areas.

Pond F, which is strategically located on East Arm Wharf, will soon add another 2.5 hectares of prime hardstand area, when fully operational later this year. This will include reeler points for cold storage containers and chilled beef exporters, including the new AACO Abattoir, nearing completion south of Darwin.

The corporation is working with the Northern Territory Government to develop strategies to attract additional investment in port infrastructure and other developments around the harbour. With capacity to grow, the port of Darwin is well positioned to capitalise on the development of northern Australia and the region’s trade needs.
Far North Queensland Ports Corporation Limited, trading as Ports North, is a State Government owned corporation, responsible for the development and management of nine ports across the Far North Queensland region including Cairns, Cape Flattery, Karumba, Mourilyan, Skardon River, Quintell Beach, Thursday Island, Burketown and Cooktown.

A new mining development will bring some 400,000 tonnes of magnetite each year through the Port of Mourilyan.

This, together with a commitment by the world’s largest listed metal recycler to expand scrap metal trade from Cairns to Asia, signals some of the exciting new developments in bulk and general cargo activity steaming ahead in Tropical North Queensland.

Its centrepiece is the port of Cairns, renowned as one of Australia’s busiest cruising destinations, but also boasting a growing bulk and general cargo business providing a northern gateway between Australia and Asian markets.

This growth was highlighted in June this year when Sims Metal Management confirmed it would continue regular exports of scrap metal from the port of Cairns, following successful trials. Sims cited the ability to bring in Handymax bulk carriers to a loading berth close to the Sims metal yard, and an increasing volume of scrap from the surrounding region, as improving the overall cost effectiveness of the Cairns export operation, compared to its previous system of transporting processed scrap by road to southern ports for export to markets in Vietnam, Korea and Thailand.

Bulk cargo of primarily - petroleum, sugar, fertiliser and liquid petroleum gas, are also moved through the port of Cairns. It is the natural consolidation and redistribution centre for supplies shipped to coastal communities north of Cairns, including Weipa and Thursday Island. It is also ideally located to supply and service mining operations in Papua New Guinea and Indonesia.

The port of Cairns has extensive land holdings that are leased to port customers and it is home to one of Australia’s largest fishing fleets. The Cairns Marlin Marina is a 261 berth Marina accommodating a variety of cruising vessels, super-yachts and reef vessel operations servicing the Great Barrier Reef. Aesthetically, the port of Cairns is one of the most stunning harbours in the country, surrounded by mountains on one side of Trinity Inlet, and the heart of the city, right beside the wharves, on the other side.

Ports North’s operations and port facilities are vital to the economic development of the region. In the 2014 financial year some 4.85 million tonnes of cargo, including sugar, molasses, silica sand, zinc, fuel, fertiliser, log product, livestock and general cargo, were shipped through.

Exciting times for Ports North bulk and general cargo

By CHRIS BOLAND, chief executive officer, Ports North
to domestic and international markets.

One port certainly carrying its weight is the busy port of Mourilyan, 100 kilometres south of Cairns. It is continuing its transformation from a sugar port to a multi-product bulk commodity port. The latest trade expansion comes in the form of a 400,000 tonnes per annum iron ore export operation, which began in December 2014.

Ports North has just completed construction of a 50,000 tonne stockpile site to service the monthly shipments of up to 40,000 tonnes of ore through the port. This state-of-the-art facility was designed with particular emphasis on operational efficiency and environmental management.

The project has been welcomed by the region, which will enjoy a significant boost in employment opportunities flowing on from the project.

Mourilyan also exports raw sugar and molasses from the region’s sugar growing districts, as well as live cattle, woodchip and log product. Port infrastructure includes onshore sugar and molasses handling and storage facilities, a livestock export facility and commercial wharf, within a sheltered natural harbour. There is ample capacity to expand into new bulk cargo exports.

North of Cairns, the port of Cape Flattery is situated more than 200 kilometres further up the east coast. The port exports silica sand from the Cape Flattery mine, operated by Cape Flattery Silica Mines Pty Ltd, one of the world’s largest producers and exporters of silica sand.

The port has onshore silica sand handling and stockpiling facilities, and a 500 metre, single trestle jetty and conveyor running from the mine to an offshore berth and ship loader. There is also a general-purpose wharf for the import of fuel and other supplies for the mine, and for the mooring of two line boats, which assist in ship berthing.

In the south-east corner of the Gulf of Carpentaria lies the port of Karumba, located at the mouth of the Norman River. This remote region is a transshipment port. Its primary export is zinc concentrate from the Century Mine, which has been exported through the port since 1999. Zinc slurry is piped 304 kilometres to the port from the mine, dewatered and loaded on to a 5,000 tonne, fully enclosed transfer vessel for the 40 kilometre journey to the export ships that anchor in deep water in the Gulf of Carpentaria, about 24 nautical miles off the coast.

Other facilities in the port provide for general cargo, fuel, fish products and the export of live cattle. Karumba also acts as a transhipment port for Mornington Island, Gulf communities and the port of Weipa, for the majority of the year.

Ports North represents $1.8 billion gross value added and 17 per cent of the gross regional product. And its facilities support almost 20,000 people in employment across maritime services alone.

With profits on the rise in the 2013-14 financial year, Ports North’s annual report reflects a strong performance and a positive direction for the whole regional economy.

For more information on Ports North visit www.portsnorth.com.au
around times will be up to 25 per cent faster than those currently available at the facility.

The conclusion of an Enterprise Bargaining Agreement for terminal stevedoring staff for the next three years, has been a major milestone. It was achieved without any disruption to services and has been a win-win for employees and clients.

Flinders Ports unveils new infrastructure with investment set to continue

With a record year, and cargo volumes exceeding 20 million tonnes for the first time, reinvestment in port facilities has been the goal. The new $22.5 million fuel import facility at Outer Harbor, Port Adelaide, accommodating both Medium Range and Long Range class vessels was completed in April 2014. Flinders Ports collaborated with industry to make the new common-user fuel berth a reality. The Outer Harbor location offers fuel importers an important step-up in supply chain efficiency through faster vessel transit and unloading times. Dredging to a depth of 13.8 metres and demolishing the old timber wharf were required before the new concrete loading platform on steel piles with connection points, could be installed. Two new state-of-the-art marine loading arms, supplied by an industry partner, feature dry-break couplings, which minimise spillage risks. A hi-tech fire detection system complying with Australian Standards and the International Safety Guide for Oil Tankers & Terminals (ISGOTT) has also been fitted to ensure the new facility benchmarks, against industry best practice.

Two brand new pilot boats to service the ports on Gulf of St Vincent and Spencer Gulf have been ordered, and are currently under construction by Hart Marine in Melbourne. Each vessel costs $2.5 million. The first vessel is expected to be operational in April 2015, and the second by September.

Flinders Logistics expands operations and wins national accolade

Flinders Logistics continued to develop its standing as a logistics leader in the bulk minerals and concentrates sector, during 2014. The company has expanded out of its base in Port Adelaide, and is now operational at Port Pirie.

A focus on continuous improvements in the fields of environmental and safety management has led to the development, in partnership with OZ Minerals, of a new, more efficient fan misting system for dust suppression. The collaboration of both companies at Flinders Logistics’ facility in Berth 29, Port Adelaide has recently been recognised with both companies winning the award for ‘Bulk Handling Facility of the Year (Resources and Infrastructure)’ at the Australian Bulk Handling Awards 2014. The fan misting system for dust suppression was singled out for special praise and the fan technology, which has a patent pending, is attracting interest from other industry sectors that have dust suppression requirements.

Flinders Logistics encapsulates the values of the wider group; rigorous safety and environmental management to deliver efficient and cost effective services. For shareholders and clients alike, the approach is paying dividends.
Inland Rail starts here and now

The Port of Brisbane is Australia’s fastest growing multi-cargo port and a world-class infrastructure asset that enables the Queensland economy. Australia is in a unique position to capitalise on the economic shifts occurring in Asia that are increasing demand for agricultural produce. As global demand increases, trade growth is forecast to continue, delivering significant benefits to the Queensland economy and partners all along the supply chain. A long-term freight solution is needed to support this growth. Achieving freight modal balance will deliver liveable, sustainable cities while driving productivity and competitiveness, lowering costs and strengthening the economy. Dedicated freight rail access to the Port of Brisbane is a national infrastructure priority. It enhances the business case for Inland Rail, bringing delivery closer. Together they will future-proof the Port’s national road and rail connectivity and deliver significant, long-term benefits to exporters, industry and the community.

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

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

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

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

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

To find out more about how the Port of Brisbane can provide your business with opportunities to grow, visit www.portbris.com.au or contact the Senior Manager Strategic Projects on +61 7 3258 4888.
Melbourne maximises maritime strengths

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

Dock West were awarded to Melbourne International RoRo Automotive Terminal (MIRRAT), which offered a competitive, value for money proposition to ensure the nation’s leading automotive port can continue to evolve to meet demand. The new facility will provide the capacity to meet forecast demand, with the port set to handle 600,000 vehicles in 2025, rising to one million vehicles in 2040.

In December, Patrick AutoCare and Prix Car were announced as the two private-sector operators of the automotive trade’s Pre-Delivery Inspection (PDI) hub, after a competitive bidding process. The PDI hub consolidates the import pre-delivery service into one location at the northern end of the Webb Dock precinct, and streamlines delivery by reducing the number of truck journeys required for new motor vehicles to arrive at dealerships.

Physical works on the landside are well under way and include internal road links, a direct link from the port to the West Gate/M1 corridor, and upgrades to the existing Todd Road roundabouts. The civil works package also includes delivery of the Project’s buffer strategy, including construction of noise walls and landscaping to improve and protect residential amenity.

The maritime works package has also commenced, with piles currently being driven for the new 920-metre wharf at Webb Dock West. Upgraded navigation aids and berth facilities will complement dredging of approximately 2.3 million cubic metres of material to deepen the shipping berths at Webb Dock.

Shipping line input

The success of the project to date has benefitted from the strong input from shipping lines represented on the Project Liaison Group (PLG), which also includes representatives from industry, community groups, peak bodies and local councils.

PoMC has also brought together shipping lines, transport operators and industry representatives to form the Trade Relocation Industry Group (TRIG), to manage the necessary trade relocation, as some berths will no longer be available for use during the construction phase of the project. Drawing on the expertise of shipping lines and other logistics stakeholders, the TRIG has provided practical and proactive initiatives to identify and resolve potential issues to minimise any inconvenience which might arise from alternative berthing arrangements.

Close collaboration has been the cornerstone of the success Melbourne has experienced over the past year and we extend our sincere thanks to Shipping Australia Limited and its members for their continued support.

Strong productivity and the expansion of the Port of Melbourne’s container and automotive capacity are integral to our ongoing commitment to safe and reliable shipping services and infrastructure.

Australia’s most productive container port

The Port of Melbourne welcomed the publication of the Bureau of Infrastructure, Transport and Regional Economics (BITRE) key indicators, which showed that Melbourne retained its position as the nation’s most productive container port.

The Port of Melbourne set the benchmark for container lifts for every hour ships spend at berth, averaging 46.1 lifts per hour, while average container lifts per ship visit in 2012-13 was 1418.6. Similarly, Melbourne’s rate of only 5.6 per cent of vessels waiting at anchor, was the best in the country.

Building capacity

Following an extensive process, Victorian International Container Terminal Limited was announced as the successful bidder to develop the international container terminal at Webb Dock East. Comprising the Philippines-based International Container Terminal Services Inc. and Anglo Ports Pty Ltd, the Victorian International Container Terminal Limited consortium will deliver a third stevedoring service in Melbourne, promoting increased competition.

Work on the new terminal has already commenced and is scheduled to be completed in late 2016. The new terminal will handle over one million TEU annually and promote off-peak truck movements to improve the efficiency of Victoria’s transport supply chain.

Similarly, the rights to develop and operate the new automotive terminal at Webb

Artists impression of the redeveloped Webb Dock
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www.portofnewcastle.com.au
The Geraldton Port Authority was renamed Mid West Ports Authority on 1 July 2014.

This name change occurred as one of a number of changes introduced by recent amendments to the Port Authorities Act (1999). These amendments were recommended by the State Government’s WA Ports Governance Review Working Group. The name change reflects the ultimate amalgamation of Geraldton Port, the future port of Oakajee and the non-port authority port facilities at Useless Loop and Cape Cuvier.

While the Authority’s name has changed, its legal status, ABN, senior management team, office address and contact details have not been affected by this change.

Lloyds List ranks the 48 per cent increase in trade experienced by the port at Geraldton over the last 12 months, as the second fastest of any Australian Port. This trade performance has been made possible by the investment of more than $1 billion in Mid West port and transport infrastructure over the last 10 years, by both public and private interests.

located in the heart of one of Western Australia’s largest regional centres, the Geraldton Port will host more than 400 commercial vessels in 2014, and the challenge for the port and its customers will be to maintain growth in trade and vessel traffic, despite significantly more difficult trading conditions.

One key reason for the recent rapid increase in trade throughput is the performance of Karara’s new Berth 7 Iron Ore facility.

This new berth has generated more than 130 vessel visits over the last 12 months, and it’s expected that this performance will continue and even grow, in future.

The links between Geraldton Port and China have also grown stronger with the introduction of Karara Mining, whose majority shareholder is the Chinese owned Anshan Iron & Steel Group Corporation. The port provides services to other key companies with a majority Chinese shareholding including Sinosteel Midwest Corporation, MMG Limited, Mount Gibson Iron and new entrant, Top Iron.

Not surprisingly, China also dominates as the key origin/destination for trade transferred through Geraldton Port. In 2014 China is expected to be the origin or destination for more than 13.5 million tonnes of product or 75 per cent of product transferred.

The infrastructure developments that have supported the region’s miners have also resulted in iron ore emerging as the most traded commodity through Geraldton. In 2012 iron ore accounted for 50 per cent of total trade, and by 2014 this has grown to 78 per cent of total product traded through the port. Other major commodities include grain (10.7 per cent), mineral sands (5.6 per cent) and copper & zinc concentrate (3.1 per cent).

The port’s growth over the last decade has been driven by the construction and commissioning of new infrastructure, and the emergence of new mining operations. For the first time in many years the Geraldton Port is not currently hosting any major new construction activity or facility expansions. The construction phase has momentarily given way to a production phase, and although, by driving productivity, growth is still possible, in the absence of another major new project, trade growth rates are likely to slow in percentage terms over the next 12 months.

That next construction activity is likely to be linked to improved iron ore prices.

Finally, our attention is also focused on a potential port development at Oakajee. The construction of this port would introduce a truly world class facility, and with its economy of scale, would create opportunity for substantial mine and economic development within the region. This is potentially the largest opportunity currently facing the region and the Mid West Ports Authority continues to support and encourage its development.
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New partnerships and a promising future

By JEFF COLEMAN, chief executive officer, Port of Newcastle

The $1.75 billion paid for the lease of the Port of Newcastle by two significant global infrastructure owners, illustrates the port’s capability and potential, writes Jeff Coleman, Chief Executive Officer, Port of Newcastle.

Port of Newcastle Investments, a consortium comprising China Merchants Group and The Infrastructure Fund (managed by Hastings Funds Management), entered into a 98-year lease with the New South Wales Government on 30 May 2014.

The operating business is known as Port of Newcastle and is responsible for the leasing or development of 792 hectares of port land, trade development, vessel scheduling, survey and dredging, security, pricing, and associated functions.

As the commercial manager of the port, Port of Newcastle works closely with the Port Authority of New South Wales, a New South Wales Government organisation, which is responsible for pilotage, the Harbour Master, dangerous goods approvals, and oil spill response.

Who we are

Our business brings together the local knowledge of 85 staff, who have decades of experience in managing the port, and the global expertise of two major port owners and operators.

Hastings is a specialist global fund manager, which manages infrastructure investments on behalf of more than nine million Australian superannuants. In the last 20 years its funds, under management, have grown to more than $7.4 billion. Its interests include Perth, Melbourne and Gold Coast Airports, the new Royal Adelaide Hospital and the Port of Portland.

Hastings’ investment in the Port of Newcastle is on behalf of The Private Capital Group’s The Infrastructure Fund, which represents nearly two million Australian superannuants.

China Merchants Group was founded in 1872 and was the forerunner of China’s national industry and commerce. It grew from the first commercial shipping company in China, to a leading global port operator with interests in 24 ports in 13 countries, handling more than 70 million TEUs and almost 350 million tonnes of general cargo.

From its Hong Kong headquarters, China Merchants runs business activities in transport and infrastructure, financial services and property development and investment. Globally, it employs

The Port of Newcastle is a popular choice for project cargo, with multiple stevedores with experience, storage availability and direct connectivity to the major freeway and highway road networks.
almost 50,000 people.

Private ownership provides clarity of objectives and the capacity to invest in future developments in the port, where it is commercially viable and sustainable.

**The transition to private ownership**

Significant planning undertaken by Port of Newcastle and Port Authority of New South Wales staff has ensured the seamless operation of the port following the lease, and the strong relationships forged between staff of both organisations continue to be one of the port's strengths.

The priorities of the first six months of private ownership have been to engage with port stakeholders, assess and strengthen safety procedures, and prepare development and environmental management reports for the State.

I have valued the opportunity to meet with port customers and industry representatives to listen to their feedback on the port, and their ideas on how Port of Newcastle can help grow their business. Maintaining strong engagement and relationships remains a priority.

Reflecting our commitment to safety, an audit was commissioned to identify risks and further develop our safety systems and culture. We will remain vigilant to ensure that safety remains our highest priority and is part of the port community culture.

An Environmental Management Plan was commissioned to build on known conditions of port land and assist with the future development of the port. This will set the standards for our future environmental performance.

In December, we published a Port Development Plan to inform the New South Wales Government and the broader community, of our plans over the next five years. The plan is available at www.portofnewcastle.com.au.

**The future**

Coal is, and will continue to be, the Port of Newcastle’s major trade, representing 97 per cent of the port’s throughput, and $13.6 billion of the $15.5 billion total trade value in 2013-14. The world-class infrastructure and capability of the port, demonstrated in handling 154.4 million tonnes of coal per annum, has paved the way for new trades, which will continue to enter the port.

Of the 792 hectares of port land managed by Port of Newcastle, 200 hectares is vacant and available for development. The port’s deep water berthing, berth side rail connection, enviable road transport links and skilled regional workforce, will be drawcards for additional non-coal trade and project cargo. ▲

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*Port of Newcastle’s 200 hectares of vacant port land available for development, includes deep water berthing capability. The 90-hectare Mayfield Site pictured above, was part of the former BHP Steelworks site.*

**Rail wagons are well suited to the Port of Newcastle, with its berth-side rail connection.**
PORTS
New South Wales

The landscape has changed

By GRANT GILFILLAN, chief executive officer, Port Authority of New South Wales

The landscape in which we operate has changed markedly from that at the start of the year.

Then, New South Wales’ six commercial ports were administered by the Sydney, Newcastle and Port Kembla port corporations. Now, with each corporation’s landside assets and operations privatised – Sydney and Port Kembla in May 2013 and Newcastle in June 2014 – their remaining maritime functions have been amalgamated into a single State-owned corporation, Port Authority of New South Wales.

Behind the scenes, much work has been done to structure the new business in a way that will most effectively support and drive our newly defined core business and plans, for ongoing development.

Front-of-house, through all the change, the delivery of our maritime functions of harbour master, navigation, emergency response and safety, in each of our ports as well as our continuing cruise and dry bulk operations in Sydney, has been business as usual.

Investment in cruise

Continuing also, has been our substantial investment in infrastructure, focusing on cruise. April 2014 marked the first full year of operations for the White Bay Cruise Terminal, which has been recognised, locally and overseas, for its innovative and energy conserving design.

First up, it’s naming as Transport Building of the Year at the 2013 World Architecture Festival in Singapore. In June 2014 the terminal won three NSW Architecture Awards – Public Architecture, Sustainable Architecture and the NSW COLORBOND® Award for Steel Architecture. Most recently, it won the Australian Institute of Architects 2014 Harry Seidler Award for Commercial Architecture.

With White Bay setting such a very high standard for cruise terminals, our focus now is on its sister facility at Circular Quay. Built in the late 1950s, and renovated only twice since then, the last time around the year 2000, the Overseas Passenger Terminal (OPT) had been in urgent need of an upgrade and facelift.

We are doing this by opening up much of the building’s interior to streamline the flow of passengers and provisioning operations, upgrading passenger amenities, including lifts and escalators, and improving access to the precinct for taxis dropping off and picking up cruise passengers, and trucks delivering supplies.

In a second, parallel project, we have extended the northern section of the terminal’s wharf by around sixty metres, installed a permanent mooring dolphin in Campbell Cove to the building’s north, and a new mooring bollard to its south, upgraded berth fending along the length of the wharf and installed new cathodic protection.

The upgrade will ensure the OPT can comfortably accommodate the larger cruise ships, their passengers and crews now visiting more often and, ultimately, help maintain our reputation as a world-class cruise destination, as evidenced late in 2013 when Sydney was voted world’s Best Cruise Port for the ninth consecutive year.

Investment in Sydney’s working port

Also well under way, is planning for the future of Glebe Island, Sydney’s last remaining deep-water port able to handle the bulk goods such as gypsum, cement, aggregates, sugar, salt, oils, lubricants and tallow that supply the city’s construction, food and beverage industries.

By the departure of the temporary exhibition centre in 2017, we will be ready with plans to reinvigorate and further develop Glebe Island and parts of White Bay, as strategic elements of the working port. Importantly, every effort will be made to sympathetically mesh our development with that happening across the wider Bays Precinct.

The environment

Throughout the world, shipping companies and ports are investigating the use of clean energy sources and cost-effective ways to reduce emissions. For its part, Port Authority of NSW has begun negotiations with the NSW Environment Protection Authority (EPA) and shipping industry, to reduce emissions from vessels using our ports, particularly in Sydney and Port Botany. While some progress has been made towards meeting global marine pollution prevention (MARPOL) standards, more needs to be done.

With other countries ahead of us in their pollution reduction initiatives, the issue is how quickly can we achieve meaningful reductions, in ways that are both sensible and sustainable. Our hope is that by all parties working together, we can identify and implement measures to reduce emissions and improve air quality, in the shortest practicable timeframe.

62 Shipping Australia Limited Annual Review 2014
For decades cruise ships have been visiting the picturesque ports of Tasmania. The State’s safe harbours, the ports’ proximity to internationally recognised tourism attractions and a commitment to guaranteed port bookings, continues to ensure that Tasmania is on the priority list for southern hemisphere destinations. Cruise tourism has grown substantially in the number and size of vessels calling at the State’s ports. Growth in the last ten years has seen the amount of passengers and crew that visit Tasmania aboard cruise vessels increase by over 280%. With significant increases such as this, Cruise Down Under, the Australian cruise co-operative marketing body, is conscious that both ports and destinations need to keep pace with the industry, cruise ships and passenger’s changing needs.

General Manager of Cruise Down Under, Mrs Jill Abel says “When I was working in ports, the cruise industry seemed to fit into an organisation’s community service division, those ports that have evolved their attitude to include a more commercial focus while keeping in mind the community value, are reaping the benefits. “In this day and age, the key thing that ports need to remember is that they’re not any different to an airport, ports facilitate access to destinations just as airports do. This needs to be done safely and efficiently, and unlike most other ‘freight’ that moves across ports, cruise freight is intelligent so first impressions count.

“The investment in infrastructure that Tasports (Tasmanian Port Corporation) has committed to in their premier cruise port in Hobart, has made a huge difference to both cruise ships and passengers. The new terminal not only works aesthetically but also from an operational perspective it has vastly improved the seamless transfer of passengers through the port and out into the surrounding destination,” said Ms Abel.

As the industry continues to evolve, a growing trend in Australia is the increase in domestic itineraries, particularly those that focus on the expedition market (Cruise Lines International Association Australia, Source Market Report 2013).

“Tasmania is generally considered an ‘expedition destination’ because of the types of experiences on offer, this trend is one of the reasons the State invests heavily in the outer ports, the recent upgrades to the Port Arthur infrastructure will allow larger and more vessels to berth at one of Tasmania’s most visited attractions, the Port Arthur Historic Site. Burnie also remains a popular gateway to the Cradle Coast tourism region, our challenge is to continue to develop cost-effective infrastructure enhancement to handle the growing size of vessels,” Kevin Moore General Manager Commercial and Trade, Tasports.

In 2014-2015 Tasmania will welcome almost 165,000 cruise passengers and crew, as more and more Australians choose to cruise on their holidays, the State is well positioned to continue its quality reputation as a world class destination.

Photos:
Heather Henri, Chris Nandan, Joshua Lamont
2014 has proved to be a year of momentous change for ports in regional Western Australia, particularly for two of the world’s largest bulk exports ports in the Pilbara region, in the north west of Western Australia.

In July 2014, the former port authorities of Port Hedland and Dampier amalgamated to form Pilbara Ports Authority (PPA), incorporating two of Australia’s most important ports, focused on the export of mineral resources, as well as oil and gas exports from world class facilities. This significant undertaking was the result of port reforms introduced by the Western Australia Government in a move to reduce seven regional port authorities to four, and improve operational abilities and enhance governance capabilities.

PPA currently has responsibility for the ports of Port Hedland, Dampier and Ashburton. PPA also has jurisdiction over the proposed ports of Anketell, Balla Balla and Cape Preston East. The Shipping and Pilotage Act ports (currently managed by the Department of Transport) of Port Walcott, Cape Preston, Varanus Island, Barrow Island and Port of Onslow, will also fall under PPA’s management, once a further tranche of legislation is passed in State Parliament.

The formation of one authority overseeing several ports in the Pilbara allows for a centralised, strategic and unified approach to managing the ports’ various operational functions and capabilities, such as engineering and dredging. As an integrated entity, PPA is now able to provide consistent maritime oversight, and leverage a Whole of Pilbara Coast Incident Management Capability, resulting in better risk management. The merger also offers proponents the benefits of engaging with a single entity when exploring or realising business opportunities.

Since its launch, the new authority has already experienced a successful start, with a total tonnage of 158.7 million tonnes delivered in the first quarter of the financial year. PPA is on track to deliver a half-yearly total throughput of approximately 315 Million tonnes. With these significant total tonnage figures expected to continue over the years, the formation of PPA has created a port authority of unrivalled state and national economic and operational significance.

In the last 12 months, several major plans have taken shape for the ports of Port Hedland and Dampier to meet forecast demand ahead of continued strong mining activity. At Port Hedland port, there are plans for additional berths at South West Creek, a general cargo facility at Lumsden Point and a multi-user outer harbour facility to accommodate additional bulk exports. Plans are also underway to upgrade the existing 40-year-old control shipping tower with a new Integrated Marine Operations Centre (IMOC). This proposed facility will be in line with world’s best practice Vessel Traffic Services (VTS).

At Dampier port, plans are underway for the development of a multi-user general and specialised cargo load and unloading facility – the Dampier Marine Services Facility. This facility is designed to increase berth and laydown capacity, and help private sector companies better manage their logistics. During the year, construction also progressed on a new VTS facility at Dampier. The VTS operations base will play a key communications and monitoring role for vessels using the ports at Dampier and Ashburton and, in the future, Cape Preston and Anketell. The facility has been commissioned and is now fully operational.

Plans are also underway for a floating deck installation, which will see a large pontoon deck installed at the end of the Dampier cargo wharf. This will provide additional berth capacity for offshore vessels.

PPA will also continue to focus on advancing the greenfield port development projects of Anketell and Cape Preston East, further expanding the capacity to export in the West Pilbara. Construction activity at the smaller port of Ashburton is expected to peak in FY2015 with increased use of the materials off-load facility, and other common user facilities being developed in association with the Wheatstone project.

PPA now looks forward to the exciting and challenging years ahead, driven by a vision to be the global leader in port planning, operations and marine services. This vision is underpinned by a strong set of objectives, which include facilitating trade through the Pilbara for the benefit of the State; managing the port’s growth and operations while respecting the local environment and heritage; and optimising performance through industry leading practices and innovation. PPA’s driven and dedicated employees and service providers are committed to making this vision a reality.
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May 2013 NSW Ports took over the leases of the New South Wales Government’s port assets in Port Botany and Port Kembla, and two intermodal assets at Cooks River and Enfield. Since this time NSW Ports has gone through the normal re-branding process, bedding in external and internal processes as well setting up a management structure that works across both of the main ports, in functional lines, rather than geographic.

We have steered the final stages of the Port Expansion, which saw Hutchison Ports Australian arm, Sydney International Container Terminal Ltd (SICTL) start operations in mid-2014; the expansion of the Patrick Terminal; our Five Year Development Plan for the sites finalised; commissioned the new berth at our Bulk Liquids facility; and by early next year will open the newest Intermodal site in Sydney – a site which has been in planning for over 10 years, the Enfield Intermodal Logistics Centre.

In Port Kembla we have started construction on the upgrade of Berth 103, for the Quatro Grain Project as well.

To ensure the longevity of our assets and those also of our main stakeholders, NSW Ports has begun a 30 Year Strategic Plan, which is aimed to not only assist NSW Ports with the long term capital planning, but also, that of our tenants and stakeholders. NSW Ports is in a unique position to be able to ensure the development of the port areas is not only in line with industry requirements but is also on time with when it is required. For the first time in New South Wales’ history, long-term port decisions can be made free of political or government electoral cycles, decisions that benefit the residents of New South Wales and are made in tandem, together with the users of the port.

One of our main priorities, to ensure this longevity, is rail mode share. Sydney roads cannot handle the estimated volumes in 20-30 years from now, utilising roads for distribution. Rail must increase its mode share and to this end, the planned intermodal sites of Moorebank and Eastern Creek need to become a reality. Our Enfield facility will be fully operational in 2015, and the Cooks River site will continue to grow and serve the ports rail needs with a daily port shuttle. But these sites are only the start. To this end NSW Ports has convened a group of stakeholders to review the Botany rail assets and ensure that our rail infrastructure can cope with the volume increase. We are targeting three million TEU’s on rail and, with a stepped approach, this can be achieved in Botany, without massive capital injections. NSW Ports intends to play a leadership role in this growth of rail mode share, today, and into the future.

The sustained, efficient development of our assets, along with sound and environmentally friendly operations see’s NSW Ports in an enviable position to take New South Wales forward. The Ports for a long time have been the lifeblood of our economy, delivering goods to the residents of New South Wales, which, in this day and age, are taken for granted. NSW Ports is looking forward to playing its part, to ensure our ports remain vibrant for many years to come. ▲

Ariel view of Port Botany
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Business diversification - alternate use for traditional infrastructure

By PAUL WEEDON, chief executive officer, Tasports

It is often the case that regional ports need to diversify operations to create alternate revenue streams, Tasports is no exception to this. To maximise revenue and spread risk we operate a diverse and flexible business model that encompasses landlord and common use ports and terminals, in-house towage, pilotage, dry bulk ship loading and vessel maintenance, infrastructure and services. In 2013-2014 we laid strategic foundations for the future to create opportunities for new commercial initiatives outside the typical business scope.

In 2013-2014 we set about drawing upon the diversity of Tasports’ portfolio to facilitate private sector investment and create alternate use strategies for traditional port infrastructure. Early in 2014 we finalised the development contracts for Macquarie Wharf No 1 shed in Sullivans Cove, which will be redeveloped into a multi-use tourism and hospitality facility by local construction company Vos Group. It is promising to see development momentum building in the Cove post Tasports investment in the Macquarie 2 Cruise Terminal.

Also in Sullivans Cove, Tasports and the State Government facilitating the redevelopment of the Brooke Street Pier by private investors. In recognition of the anticipated future growth in the ferry and local cruise market, the redevelopment will provide a multi-storey retail outlet and much improved cruise terminal capacity. The structure is built upon a pontoon and is one of the largest floating structures of its kind in Australia.

Tasports has progressed alternate use strategies for other high use waterfront community sites around the State, as well. Precinct plans are currently being drafted for three sites to facilitate additional alternate use opportunities and encourage investment in prime real estate locations such as Strahan on the West Coast, Stanley and Inspection Head in the North.

Tasports acquired the Burnie woodchip export facility in early 2014. The facility was previously owned by a private forestry company, used solely for the companies own woodchip export operations. This facility, under Tasports ownership, is now an open access regime for industry operators, thereby opening supply chains for North West volumes, as well as driving volume growth in the port.

The finalisation of our 30 Year Port Plan this year builds upon these strategic foundations and creates a vision for the strategic development of Tasmania’s port system. The plan takes a long-term view of the State-wide freight task, related logistics and market trends to guide State-wide port development. Ultimately the plan represents a clear commitment to provide an economically sustainable State-wide port system to serve the needs of Tasmania into the future.
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INTERNATIONAL ORGANISATIONS
FONASBA

Another active, productive and successful year

By JONATHON C WILLIAMS FICS, general manager, Federation of National Associations of Ship Brokers and Agents

As FONASBA association representatives gathered in Gothenburg in October for the 45th Annual Meeting, the Federation was able to reflect on another active, productive and successful year.

Perhaps the most noteworthy development was the successful passage through the 39th session of IMO’s Facilitation Committee of the revised FAL Convention, which includes the first ever definition of a ship agent in an IMO text. FONASBA proposed the definition after noting that under the existing definition the agent could be directly linked to, and so possibly held liable with, the shipowner. Assisted by Club member ITIC, FONASBA introduced a separate definition of the agent, and this currently remains substantially intact as the draft Convention heads towards FAL 40 – and hopefully ratification - in March or April 2016. Having such a definition in an IMO instrument will ensure that the role of the agent is clearly stated and acknowledged in maritime legislation at the highest level. It is also expected that the definition will also be referenced elsewhere in relevant IMO documents.

FONASBA was also active in developing the amendments to the SOLAS Regulations relating to container weighing. With these coming into effect in 2016, FONASBA members are now being encouraged to engage directly with their maritime authorities to ensure the smooth introduction of the measures, particularly when it comes to avoiding delays at ports caused by the arrival of containers without valid weight certificates.

Membership of FONASBA continues to expand and this year we have seen new members join from Angola, Panama and Serbia. The Philippine association has also rejoined as a Candidate member, bolstering coverage of the important Asia-Pacific region. The increasing influence of port community systems and their importance to the agency sector was recognised in September when the International Port Community Systems Association (IPCSA) was admitted to Club membership. In a reciprocal move FONASBA became the first associate member of IPCSA and we look forward to close cooperation on customs and eMaritime issues.

FONASBA’s promotion of education and training took another step forward this year with the launch of the searchable course database on the website. Students can search the courses provided by FONASBA member associations, using filters to refine the criteria - for example by subject, language or delivery method. Another education initiative in early development is an exchange programme for students. Initially operating in Europe, primarily due to the ease of movement and right of domicile

Shipping Australia Limited is the Australian member of FONASBA and participates in global agency policy development activities, through correspondence. Shipping Australia is responsible for co-ordinating Australian shipping agency applications for the FONASBA quality standard.
provisions available, it is intended to expand the scheme worldwide, at a later stage.

Turning to Europe, ECASBA and other European shipping industry organisations expressed their disappointment at the failure of the 4th European Port Policy initiative to deliver on its objectives of increased access to port services and greater transparency in public financing for ports. Although this iteration of the regulation will at least come into force, a strong opposition campaign by interest groups, combined with a lack of support from the Parliament and member States, ensured that the final version will be significantly watered-down and sadly, not deliver the reforms originally promised.

1st January 2015 sees the imposition of the Sulphur Emissions Control Areas in the Baltic and North Seas. The detrimental impact on shipping is already being felt, with some smaller operators closing down and those that remain imposing significant surcharges on cargo to cover the cost of ultra-low sulphur fuel.

FONASBA was happy to support SAL in its bid to retain the block exemption for container lines under Part X of the CCA, and shares the disappointment that the Review Panel decided, against all good advice, to recommend removal. That the European Commission decided a short time before to extend its block exemption for a further five years makes the Panel’s decision even less logical. As always, FONASBA is ready to provide additional support should SAL wish to take the issue further.

And finally, a new face at the top. A new Executive Committee was elected by Council in Gothenburg and the Presidency passed from Marygrace Collins of the USA to Glen Gordon Findlay of Brazil, which is fitting, as the 2015 Annual Meeting will take place in Vitória, in Brazil’s Espírito Santo region. Council also awarded the 2016 Annual Meeting to the United Kingdom.
International shipping and the Australian competition policy review

By SIMON BENNETT, director policy and external relations

The International Chamber of Shipping (ICS) membership comprises national shippers’ associations in 36 countries, including the Australian Shippers’ Association. Shipping Australia Limited is an Associate Member of ICS.

As the principal global trade association for shippers, ICS is committed to defending the continued existence of anti-trust exemptions in place for international shipping in those parts of the world where they are still permitted.

Throughout 2014, ICS has therefore been following closely the progress of the Australian Government’s ‘root and branch’ review of its competition laws, and ICS has made formal submissions in support of the maintenance of the status quo, with respect to Part X of the Competition and Consumer Act (CCA).

In its current form, Part X permits liner shipping companies calling in Australia to organise both consortia and discussion agreements, including on capacity and price, so long as the agreements meet certain basic conditions and are registered with the Registrar of Shipping.

The cooperative arrangements permitted under Part X allow shipping services to commit to the long-term investments required to operate their high value assets, for example, by guaranteeing use of vessel space through the formation of joint services. This is particularly important for a nation such as Australia, where the somewhat isolated geographical location and relatively small market size mean that it is often not feasible for shipping lines to operate high frequency services independently.

Such arrangements can also permit shipping services to cope better with the severe and sudden imbalances in trade flows that are a feature of global shipping markets, including intense seasonal fluctuations. They also ensure that shipping lines are able to maintain a range of services and markets, thereby satisfying shippers’ (and consumers’) demands more effectively in terms of frequency, reliability, efficiency, quality and price. As such, they are important mechanisms for guaranteeing the availability and stability of shipping services, which, given Australia’s reliance on the export and import of goods by sea, would seem to be an essential element of the country’s long term trade strategy.

At time of writing, however, the Australian Competition Review Panel has just published its draft report recommending that, following a transition period of two years, Part X should be repealed and liner shipping placed under the normal provisions of the CCA. Although the report also recommends that the Australian Competition and Consumer Commission be given the authority to grant a block exemption to consortia agreements, the details of such a provision remain unclear and it is unlikely that agreements involving common tariffs or the pooling of revenues and losses, would be exempted.

Whilst any recognition of the need for anti-trust exemptions for shipping is a positive development, the Panel’s recommendations clearly outline a move towards a more limited set of immunities than at present. In this regard, it is important to note that following the European Union’s (EU) 2008 decision to prohibit liner conferences, there has not been a wider shift towards the repeal of shipping’s anti-trust immunities. Indeed many competition authorities, including the United States, Canada, China, Japan and Singapore (all of which have recently reviewed their application of competition regimes to shipping) have retained competition law immunities similar to those enshrined in Part X of the CCA.

Some have also challenged the extent to which the EU prohibition has benefited shippers and consumers. In June 2011, for example, as part of a review of its Antitrust Immunity System, the Japanese Government concluded that the EU prohibition of conferences had led to an increased volatility of freight rates in European trades, a rise in surcharges levied by individual carriers, and contributed to tighter market conditions.

Similarly, a 2012 US Federal Maritime Commission study concluded that the repeal of the conference block exemption had not resulted in any relative decline in EU freight rates compared with Far East/US trades, and observed that there appears to have been a comparative increase in rate volatility in EU/US trades.

The practices permitted under Part X of the CCA have existed worldwide for decades and have facilitated the phenomenal success of international container shipping for almost 40 years, helping to guarantee the adequacy and efficiency of maritime services to the shipping industry’s customers. In line with Shipping Australia Limited, ICS is therefore encouraging the Review Panel to give renewed consideration to the maintenance of Part X.

The outcome of the Australian review is, of course, of fundamental importance to the shipping industry and its various stakeholders in Australia. However, given that the various maritime competition rules that apply globally (and particularly those within the Asia Pacific region) are currently in broad alignment, it is also the case that any major changes to Australia’s current maritime competition regime could have implications for the liner shipping industry globally.
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Places of refuge -
the never ending saga

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

A leading text on Places of Refuge for Ships edited by Aldo Chircop and Olof Linden identified Ulysses’s problems with the Cyclops as the first example of someone in antiquity who is known not to have been granted a place of refuge. We are all now familiar with the history of the “Prestige”, which also failed to be provided with a place of refuge in 2002. Prior to that the “Castor” (in 2000), and more recently the “MSC Flaminia” (in 2012) were more fortunate, although they encountered some difficulties in persuading any authorities to provide them with a place of refuge.

The problem has recurred earlier this year in relation to the “Maritime Maisie”. That vessel spent almost 100 days at sea, following a severe collision on 29 December 2013 and ensuing fire, which burned for 19 days before it was given refuge in Korea. It was a Hong Kong flagged chemical tanker, which was carrying an estimated 30,000 tonnes of hazardous cargo, when it was involved in the collision near the port of Busan. The ship was held at sea by tugs. Both the Japanese and South Korean governments were unwilling to provide it with a place of refuge due to the hazardous nature of its cargo and the severe damage to its hull, despite the risk of a wider environmental disaster should it break up and sink. There were poor weather conditions experienced in January and February 2014, with prolonged exposure to swells of up to 4 metres, which may have caused further damage. A fire raged for well over a week and the vessel drifted into Japanese waters.

It is not known what, if any, effect was given by the authorities in either Korea or Japan to the IMO’s “Guidelines on Places of Refuge for Ships in Need of Assistance” which were adopted on 5 December 2003 by Resolution A 949 (23).

The Secretary-General of the IMO was reported as expressing dismay at the situation during the time that the “Maritime Maisie” was seeking a place of refuge.

In the midst of the problems being experienced by the “Maritime Maisie” I wrote to the Secretary-General of the IMO on 1 April 2014, reminding him that the Comité Maritime International (the CMI) had drafted an instrument which could become an international convention, and which would thereby provide some sanctions if authorities failed to act reasonably when denying a place of refuge to a ship in distress. In my letter to the Secretary General, in commenting on what I understood to be the reluctance of governments represented in the IMO to the CMI draft instrument (and referring to the draft Instrument which the CMI submitted to the IMO for its consideration in January 2009), I said:

“There is no doubt that there was a feeling amongst governments at the time when the CMI concluded its work that they were not prepared to surrender any sovereignty by permitting such international regulation to come into being.

CMI considers that to be regrettable because, in its view, it masks a failure to understand what the draft instrument was designed to achieve. As was demonstrated during the course of the CMI’s deliberations, governments who make ill-informed decisions in relation to the condition of ships needing a place of refuge could be subject to claims, under administrative law principles, to those adversely effected by their decisions and, furthermore, might put at risk their ability to recover costs and expenses under relevant liability conventions, such as the CLC.”

It is unfortunate that States are not prepared to consider the CMI text for implementation at an International Convention. In the view of the CMI it is in the interests of shipowners, their insurers, property owners and their insurers, as well as port authorities (and States) to have an international uniform system of law which makes clear the regime which is to apply in this area of maritime law, which does no more than require involved parties to act reasonably. ▲
Carriers’ liens – preservation and priority under the PPSA

By NATHAN CECIL, partner, Holding Redlich

The Personal Property Securities Act 2009 (Cth) (“PPSA”) has been around for five years and in force for three years, but continues to cause confusion. One area of consternation for carriers’ is the impact of the PPSA on carriers’ liens. To some extent, the PPSA has undermined the strength and effectiveness of carriers’ liens, meaning that carriers’ can find that they have lost the benefit of their lien if they do not have a full understanding of the PPSA.

Carriers’ liens
Carriers’ typically have two categories of lien.
The first is the carriers’ common law lien for freight, whereby a carrier can refuse to deliver cargo until the freight owed on that cargo is paid.
The second is the carriers’ contractual lien, which typically arises from the terms and conditions of carriers’ bills of lading. Carriers’ contractual liens are generally broader than carriers’ common law liens and extend to freight and any other charges due under contracts of carriage, such as container detention/hire.

Preservation and loss of carriers’ liens
Carriers’ liens are possessory securities, meaning that they are preserved whilst the carrier has possession of cargo and lost when the carrier surrenders possession, either to cargo interests or a third party.

Under the old law, once a carrier had possession of cargo, it was fairly well secured and someone could only come along and take the cargo in very limited circumstances. This has changed under the PPSA. Carriers could now lose their rights in two ways.

First, carriers could potentially lose their rights to someone else with an interest in cargo (such as an unpaid seller) who registers that interest on the Personal Property Securities Register (“PPSR”) before the carrier comes into possession of the cargo.

The PPSA provides new rules for determining the rights of parties with competing claims in relation to goods. Generally, the PPSA provides that a party who does all things necessary to establish their interest first, will be given priority in the goods over anyone who establishes their interest later in time. The final step in establishing an interest in goods may be achieved by either registering the interest on the PPSR or by taking possession of the goods. So, a party who registers their interest first in time, may be given priority over a carrier who comes into possession of goods later in time, leaving the carrier empty handed.

The PPSA expressly seeks to preserve the position of common law liens and exclude them from the operation of the new PPSA laws. Many commentators have taken this to mean that the carriers’ common law lien for freight will be recognised and given ‘super’ priority over any PPSA registered interest. However, a recent New Zealand case on their PPSA held that, where a party had included a contractual lien in their terms and conditions, they were taken to have waived their common law lien. The remaining contractual lien would be wholly subject to the new priority rules under the PPSA and be lost to any prior registered interest.

Second, a carrier can lose their rights to the liquidator and creditors of any agent of the carrier who possess the cargo and/or any shipping containers, for example, a carrier’s road transport company in respect of a door-to-door shipment. Under the old laws, if the carrier’s agent went into liquidation and the carrier could show that the goods did not belong to the agent, the carrier would generally be entitled to retrieve the goods from the liquidator. Under the PPSA, property in any goods in the possession of a company, vest in the liquidator, upon the company going into liquidation. All rights in such property thereafter belong to the liquidator and creditors, unless a carrier has previously registered its interest in the cargo and/or shipping containers on the PPSR.

Implications
Carriers should review their bill of lading and import delivery order terms and conditions and those with any agents, in order to seek to preserve their common law and/or contractual liens to the full extent possible. Carriers should also consider registering their interest in cargo and/or containers prior to surrendering them to any third party or agent.
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Harper draft report

Acquirers of Australian port infrastructure will make their own assessments of prospective commercial opportunities, which could result from the release or re-zoning of land, or from the reconfiguration of existing shore facilities at ports. However, the exploitation of such opportunities may well be affected by prospective new competition laws and regulation.

A “root and branch” review of Australian competition policy by a panel chaired by Professor Ian Harper, published its draft report on 22 September 2014 (Harper Draft). The Harper Draft states that third-party access to infrastructure should only be mandated when it promotes the public interest, and the onus of establishing that it is in the public interest should be on those seeking access, rather than the infrastructure owners.

The Harper Draft proposes that there be a single national access and pricing regulator for infrastructure that is currently regulated by the ACCC, under the national access regime. The Panel also seeks comment on categories of infrastructure for access regulation, including mining and ‘bottleneck’ infrastructure.

Code of conduct

On 1 October 2014, a new Code replaced the “access test” which formerly governed the bulk wheat export market. The explanatory
statement to the Code notes that the Productivity Commission found in 2008 that the bulk wheat export market had been performing well since the removal of the single-desk marketing arrangement in 2008. It also notes concerns, expressed in some quarters, over potential monopolistic behaviour in respect of the provision of supply chain and port terminal services.

The Code secures access to port terminal services for exporters. However, many port terminal facilities stand to gain exemption from all but minimum access regulation under the Code. Under the Code, exemption in favour of a qualifying cooperative may be granted by the Minister. Otherwise, exemption is available under certain conditions from the ACCC. The ACCC’s consideration must include the public interest and the presence of competition in upstream and downstream markets. Accordingly, it is unlikely that ports operating in a natural monopoly will be exempted by the ACCC. On the other hand, the Minister’s power of exemption is exercised independently of any competition factors.

Exempt facilities will be free to allocate port capacity by a variety of mechanisms, including take or pay arrangements that may advantage existing users or discourage new users. Where a port terminal service is exempt, the regulatory protection provided to exporters will essentially be limited to the general prohibitions against anti-competitive conduct provided by the Competition and Consumer Act 2010.

The Code has proceeded from a view that a perceived imbalance of bargaining power between some port terminal service providers and exporters, does not sufficiently justify the added costs of more intensive regulation.

Whether the Code will increase the efficiency of the bulk wheat export market remains to be seen. When the Code comes to be compulsorily reviewed in three years’ time, the broader debate on competition reform, including access to infrastructure and the prohibition against misuse of market power, is likely to trigger a fresh look at the Code too.

Comment

Ownership of some Australian ports is set to see major changes in the next twelve months. Port users are likely to experience business as usual, in the short term; however we predict changes to follow, particularly if there is to be a new single national regulator for access and pricing.  

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Port privatisation – major change or business as usual?

By HAZEL BRASINGTON, partner, Norton Rose Fulbright

Commercial ownership of Australian port infrastructure is accelerating at the same time as the national competition policy is being reconsidered. There are implications for all port users, and more widely for Australian businesses.

Access to port infrastructure and port services is integral to the operation and efficiency of numerous Australian industries. For other industries, the cost of products or supplies passing through ports may be hidden, but it nevertheless adds to the overall cost of doing business. Price regulation is widely applied for such essential services. For example, the Essential Services Commissions of both Victoria and South Australia regulate the price of goods and services including ports, electricity, rail freight and water.

Once a port has transitioned from government to commercial operation, speculation is that achieving a return on investment will become the most important driver for that port. The ACCC has recently questioned whether ports may, in the future, lack sufficient regulatory oversight, particularly if a port asset has commanded a high purchase price in proportion to its historical earnings. In this context, this article considers the possible impact of the Harper Draft Report, and the recently implemented Code of Conduct regarding port terminal services in the bulk wheat export market.  

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Punishing times for polluters

By JOE HURLEY, National Group head and CHRIS SACRE, senior associate, HWL Ebsworth Lawyers

Marine Pollution Act 2012 (NSW)

September 2014 saw the commencement of the New South Wales Marine Pollution Act 2012.

The 2012 Act replaces the old Marine Pollution Act 1987 and is significant because it introduces new offences for pollution by harmful substances in packaged form, garbage and sewage, so bringing NSW marine pollution law into line with Annexes III, IV and V of the MARPOL Convention, to which Australia is a signatory.

Offences relating to oil or oily mixtures and noxious substances, remain as they were. A strict liability regime applies to the Master and Owner (not Charterers) and a fault-based offence applies to those causing or being responsible for a pollution incident.

Maximum penalties remain fixed at $500,000 for an individual and $10 million for a corporation. They have remained at this level since 2002 despite inflationary increases in the penalty unit values, which have caused the equivalent Commonwealth offences to attract penalties of up to $3.4 million and $17 million.

New offences appear at Part 5 (carriage and jettisoning of harmful substances in packed form), Part 6 (discharge of sewage) and Part 7 (discharge of garbage). The strict liability and fault-based offences attract maximum penalties of $55,000 for an individual and $275,000 for a corporation. Note however that if found guilty of being responsible for the discharge, the maximum penalties increase to $220,000 for an individual and $1.1 million for a corporation, reflecting the reckless or negligent element of the offence.

Part 8 requires owners to report pollution incidents, including the failure or breakdown of a large ship’s sewage treatment system, that could result in the discharge of untreated or inadequately treated sewage. Part 10 requires vessels to carry separate shipboard emergency plans for oil and noxious liquid pollution, as well as a garbage management plan.

Two judgments handed down in December 2013 provide us with some incite into the likely level of pollution penalties in NSW.

**MS Magdalene**

Back in August 2010 the MS Magdalene spilled 72,000 litres of oily water into the Hunter River. The cause of the spill was a 15mm diameter corrosion hole in the internal transverse bulkhead, which separated the ballast tank from the heavy fuel oil tank. This allowed heavy fuel oil to be pumped out during deballasting. At trial, no negligence was found on the part of owners or the master but the short-term environmental affects on the Hunter Wetlands National Park were significant.

Sheahan J concluded that the spill, which after the Laura D’Amato 1999, was the second worst spill in NSW, was about 20 per cent of the theoretical “worst case”. He then applied a 25 per cent discount on account of owners’ early guilty plea, and discounted further by reason of the owners’ cooperation, remorse and early payment of $1.7 million of clean up costs. Owners were fined $1.2 million.

**Brage R**

In May 2013 the barge, Brage R, discharged 200 litres of diesel fuel oil into Newcastle harbour. The cause of the spill was the Chief Engineer forgetting that an internal fuel transfer was ongoing and leaving the barge, along with the rest of the crew, for dinner ashore. The diesel fuel oil mostly evaporated or dispersed, so there was no environmental damage.

Sheahan J graded the spill “at the lower end of any scale of objective seriousness” and concluded that it was 2.5 per cent of the “worst case”. He then discounted 25 per cent on account of the owners’ early guilty plea, described the offence as one of relatively low criminality but relatively high culpability, and applied a total discount of 40 per cent. That left owners with a fine of $150,000.

We anticipate that the expanded scope of the Marine Pollution Act 2012 (NSW) will bring an increase in the number of pollution incidents, investigations and prosecutions. These two recent cases serve as a useful reminder of the need for a prompt and considered response to pollution incidents, not just by physically mitigating loss and improving safety and systems but by also responding to, and handling, the investigation and prosecution with a view to achieving the maximum discount on sentencing, or avoiding prosecution altogether.

<table>
<thead>
<tr>
<th>Case</th>
<th>Date</th>
<th>MPA1997 Offence</th>
<th>Spill</th>
<th>Clean up costs</th>
<th>Owners Penalty</th>
<th>Percentage of max penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laura D’Amato</td>
<td>3 August 1999</td>
<td>s27(1)</td>
<td>294,000 lt (light crude oil)</td>
<td>$3.5 million</td>
<td>$510,000, (and CO - $110,000)</td>
<td>46% of $1.1 million</td>
</tr>
<tr>
<td>MS Magdalene</td>
<td>25 August 2010</td>
<td>s8(1)</td>
<td>72,000lt (heavy fuel oil)</td>
<td>$1.9 million</td>
<td>$1.2 million</td>
<td>12% of $10 million</td>
</tr>
<tr>
<td>Brage R</td>
<td>3 May 2011</td>
<td>s8(1)</td>
<td>200lt (diesel fuel oil)</td>
<td>$18,000</td>
<td>$150,000</td>
<td>1.5% of $10 million</td>
</tr>
</tbody>
</table>

1 Newcastle Port Corporation v MS Magdalene Schifffahrtsgesellschaft MBH; Newcastle Port Corporation v Vazenko [2013] NSWLEC 210
Migration, resources activity and visas: are we into the end zone?

By RICHARD ARRAGE and STEPHEN THOMPSON, K&L Gates

Given the flurry of activity which followed it, members would be aware that in May 2012, the Federal Court of Australia handed down judgment on an application by Allseas Construction SA for a declaration that its offshore pipe-laying vessels were not “resources installations” within the meaning of the Migration Act 1958 (Cth) (the Act).

The key issue under consideration in the Federal Court was whether employees aboard the vessels had entered Australia’s “migration zone” specified by the Act, which included such “resources installations” attached to the Australian seabed.

In that judgment, sensibly and to the benefit of the offshore supply industry, the Court held that vessels were not resources installations, and therefore any non-citizen crew working on or otherwise aboard such vessels would not be taken to be within, or working within, the Australian migration zone. As a result, a visa would not be necessary for those crew (the Allseas Judgment).

However, the then Federal Labor Government appeared dissatisfied with the Allseas Judgment and, following the creation of the Migration Marine Taskforce to investigate and make recommendations in respect of the findings, enacted the Migration Amendment (Offshore Resources Activity) Act 2013 (Cth) (the Amendment Act).

The Amendment Act was opposed by the Coalition, then in opposition government. It signalled a departure from the pre-existing definition of “migration zone”, which had, up to that point, focussed on the actual location of workers, rather than the type of work being performed. In simple terms, the Amendment Act provides that a person is within the migration zone if they participate in, or support, an “offshore resources activity”, in relation to an area.

Effectively, and in stark contrast to the Allseas Judgment, this really meant that any foreign worker employed in activities regulated by Government agencies, relating to the exploration of natural resources, were deemed to be within the migration zone, and would therefore be required to hold a permanent visa, or a class of visa prescribed by
the Regulations. This would apply regardless of whether the person was on a “resources installation” or otherwise simply in the area (such as on board a vessel).

With the change of Federal Government in September 2013, and with a stated policy preference to reduce regulatory burden and cut unnecessary red tape, the now Coalition Government set about attempting to repeal the Amendment Act with the introduction into Parliament of the Migration Amendment (Offshore Resources Activity) Repeal Bill 2014 (the Repeal Bill).

The Repeal Bill passed through the lower house in late May 2014, but perhaps having sensed its looming rejection in the upper house and drawing nearer to the commencement of the Amendment Act on 29 June 2014, the Government enacted, on 29 May 2014, the Migration Amendment (Offshore Resources Activity) Regulation 2014 (the Amendment Regulations) to support the operation of the Amendment Act should the Repeal Bill fail to pass through the Senate.

The Amendment Regulations prescribed the types of visa which would allow the holder to “participate in, or support, an offshore resources activity” under the Amendment Act. Those visas were the maritime crew visa, the temporary work (short stay activity) visa and the temporary work (skilled) visa. The presumed intention behind prescribing such visa classes, was to avoid the consequence otherwise that those in offshore resource activities would require permanent visas (which would have the effect of restricting non-citizens in the migration zone).

On 16 July 2014, however, a successful motion was moved in the Senate to disallow the operation of the Amendment Regulations. The Amendment Regulations were therefore repealed, leaving the position uncertain as to the visas required by foreign crew already operating in Australian waters. Of course, by this time, the Amendment Act had commenced operation.

In immediate response to such uncertainty, the Government issued and registered Legislative Instrument IMMI 14/077 (the Instrument) on 17 July.

Although far from a permanent solution, the Instrument had the effect of restoring the position to that which existed before the Amendment Act commenced on 29 June 2014, by stripping out of the definition of “offshore resources activity” any real content from a practical perspective. Specifically, with the operative assistance of the Instrument, non-citizens engaged in offshore resources activities involving a “resources installation” fixed to the Australian sea bed (such as a traditional oil rig) would be required to hold an appropriate visa, but any other offshore resources activities fell outside Australia’s migration zone and would not be subject to visa requirements. This is in line with the reasoning in the Allseas Judgment.

Predictably, the Maritime Union of Australia and the Australian Maritime Officers’ Union challenged the validity of the Instrument in the Federal Court.

On 15 September 2014, the Federal Court upheld its validity and dismissed the application of the Unions. The Court determined that the Minister’s discretion to completely except activities from an operative definition was unrestricted, and that the Instrument was sufficiently dissimilar in substance to the Amendment Regulations (which had previously been disallowed in the Senate) so as not to infringe statutory principles regarding the effect of legislative instruments being introduced within 6 months of each other.

The effect of the Federal Court’s dismissal is that the application of the Instrument remains unaffected, and foreign workers participating in, or supporting offshore resources activities are not deemed to be within Australia’s migration zone, and consequently do not require visas. Further, those employees would not be covered by, and would not have to be afforded the terms and conditions of employment which apply under, Australian employment legislation and the National Employment Standards, awards or enterprise agreements.

At the time of writing, no appeal from the Federal Court’s dismissal had been lodged by the Unions.

It should also be noted that the Instrument was only ever intended to be a practical work-around solution to the problem. Assuming there is to be no appeal, and taking a long-term view, it would be preferable if the Repeal Bill (which remains before Parliament) were passed by the Senate to fully dispose of the amendments made by the previous Labor Government through the Amendment Act. Failure to do so could mean that any further change of Government puts us right back at square one, instead of into the end zone.
Australia is obliged to implement UNSC sanctions as a matter of international law, whereas autonomous sanctions are implemented as a matter of Australian foreign policy and are often directed at targets not dealt with by UNSC sanctions.

The Australian shipping sector also needs to be mindful of EU and US sanction laws.

The EU implements all sanctions imposed by the UNSC through regulations enacted by the European Council. On a number of occasions, the EU has also imposed self-directed sanctions or restrictive measures, which go further than UNSC resolutions. All EU sanctions have the force of law in member states and are supplemented with domestic legislative instruments, which provide for criminal offences for violations. EU sanctions apply to:

- nationals of EU member states (wherever located);
- corporations incorporated or registered in an EU member state; and
- to any individual or corporation in respect of commerce taking place, in whole or in part, within the EU.

The US has a long history of imposing sanctions through legislation, Presidential Orders and Department of Treasury regulations. US sanctions apply to:

- US nationals and permanent residents of the US (wherever located);
- corporations incorporated in the US; and
- to “persons subject to the jurisdiction of the US” (which is very broadly defined and includes foreign entities controlled by US nationals or permanent residents of the US).

A point of contrast between EU and US sanctions is the increasing tendency of the latter to have extra-territorial effect, particularly in relation to Iran. An additional challenging aspect of the US laws is that they cannot be found in any single statute or other readily identifiable source - on the contrary, they are incorporated into a complex web of statutes and regulations.

Given the broad reach of the EU and US laws, and the fact that many operators in the Australian maritime sector:

- are subsidiaries of parent companies domiciled in the EU or US; and/or
- have at least one director who is a national of an EU member state or a US national or permanent resident, it is prudent to proceed on the basis that these foreign laws can be applicable to actions taken within Australia (or by Australian corporations operating outside Australia).

**Unique challenges for the shipping sector**

From the perspective of the Australian shipping sector, it is very easy to dismiss sanctions as a regulatory issue of little or no consequence. This perception is perhaps reinforced by the fact that the most prominent targets of sanctions activity are Iran, Syria, North Korea and most recently Russia - all nations which the Australian shipping sector has limited dealings with. However this mindset overlooks the ease with which carriers and maritime services providers can become implicated in a violation:
• charterers and sub-charterers may conduct voyages or carry consignments in breach of sanctions;
• there have been numerous instances of charterers and cargo interests concealing the origin of consignments (e.g. crude oil and refined petroleum products of Iranian origin);
• in many instances it is extremely difficult to identify consignments which contravene sanctions regarding the supply or transfer of certain goods (e.g. oil and gas equipment and technology for use in Russian oil projects) and/or the ultimate recipients of these consignments;
• there is broad scope for establishing accessorial liability, particularly under the US laws;
• the Australian regulatory authorities have taken a relatively submissive approach to the extra-territoriality of the US laws;
• the shipping and logistics sectors have consistently been identified by regulators as serial offenders and an ongoing target for investigations.

The potential repercussions of contravention
Contravention of Australian, EU or US laws is a serious criminal offence. In Australia penalties include up to 10 years imprisonment for individuals, and fines of up to $1.7 million or three times the value of the contravening transaction (whichever is greater) for corporations. The penalties that can be imposed pursuant to the domestic laws of EU member states are of comparable severity. However, the penalties that can (and have) been imposed under US law are of considerably greater severity, and include effectively unlimited fines and imprisonment for up to 20 years. By way of example, last year BNP Paribas pleaded guilty to charges of violating sanctions on Iran and Sudan, and was fined a record US$8.9 billion.

In addition to criminal liability, contravention can lead to a number of serious commercial repercussions including:
• reputational damage for the directors, officers and other personnel implicated in the alleged wrongdoing;
• counterparties exercising termination rights for breach of a sanctions clause;
• unwillingness of P&I Clubs to assist with the provision of security or payment of claims for the benefit of targeted entities; and
• potential joint venture partners, financiers and key service providers refusing to do business with your organization.

From a more personal perspective, it is also worth keeping in mind just what an unpleasant task it would be having to inform superiors or a parent company in Europe or the US, that conduct occurring under your watch in Australia has triggered a regulatory investigation, criminal proceedings or any of the other potential repercussions listed above.

Sanctions compliance - best practice for the shipping sector
The threshold for corporate criminal liability is very low. Under Australian law the offence of contravening a sanction law is one of strict liability. Under UK and US law, corporations will be in contravention if they know or should have known that their conduct is unlawful. However, in all instances a corporation will be well placed to avoid criminal liability if it is able to prove that it took reasonable precautions and exercised due diligence to avoid the commission of the alleged unlawful conduct. The most effective way to do this is to establish and maintain a robust sanctions compliance programme.

For those operating in the Australian shipping sector, a sanctions compliance programme should, at the very least, include:
• the preparation of a sanctions policy that is clear and concise, and circulated to all personnel;
• regular consideration of whether compliance policies prepared by colleagues or a parent company domiciled overseas need to be ‘fine-tuned’ for use in Australia;
• constant monitoring of Australia’s sanctions laws, including autonomous sanctions which impose additional obligations above and beyond the laws of the EU and US (the autonomous sanctions in relation to Fiji being one instance particularly relevant to the domestic maritime sector);
• procedures regarding due diligence of shippers, receivers, charterers, subcontractors and agents, including a stipulation that a review of company structures, shareholdings and management must be carried out before entering into any new agreements;
• procedures for identifying whether a shipper or charterer is aware of the precise nature of the consignment that is to be shipped;
• detailed procedures for identifying whether the consignment that is to be shipped is likely to contravene any Australian, EU or US laws; and
• retention of records of the checks carried out in relation to shippers, receivers, charterers and the nature and end use of consignments.

It should also be noted that while export compliance clauses are an essential part of any agreement entered into with cargo interests, charterers, subcontractors and agents, the mere presence of such clauses will not shield carriers and maritime services providers from criminal liability for contravention of sanctions laws.

Conclusion
Navigating the laws regarding sanctions and implementing an appropriate compliance programme are complex and time consuming exercises that are unlikely to become any less complex and time consuming in the foreseeable future. However, the effort involved in taking steps to avoid liability must always be weighed up against the very serious consequences that can flow for corporations and individuals implicated in an alleged violation of sanctions laws.

*On 31 October 2014 the Minister for Foreign Affairs, Mr Julie Bishop, announced that Australia has lifted all remaining sanctions in relation to Fiji, following Fiji’s election on 17 September 2014.
The Australian Maritime College, a specialist institute of the University of Tasmania, is poised to play a key role in our military future, following the launch in August of a training centre dedicated to the research, design and manufacture of naval platforms.

Australia’s ambitious multi-billion dollar naval shipbuilding program includes the commissioning of new fleets of submarines, future frigates and patrol boats. The success of these major projects is reliant on training highly qualified engineers to solve key research and development questions.

The $3.8 million ARC Training Centre for Transforming Australia’s Naval Manufacturing Industry is a collaboration between AMC, the University of Wollongong and Flinders University.

It provides an opportunity for 13 postgraduate students to undertake a combination of research and professional training, in an industrial environment. These researchers will work with industry partners to develop advanced techniques for the design, construction and sustainment of the naval platforms, providing significant economic benefits to the nation.

Another major research project that will have important outcomes for industry is the ice modelling work taking place in the Centre for Maritime Simulations.

Navigating safe passage through the frozen waters of Antarctica is a challenging task for even the most experienced icebreaker pilots. This project aims to better prepare icebreaker crews for the conditions by training them in a risk-free virtual environment.

It has four main elements – modelling of the P&O vessel Aurora Australis, ice modelling, land modelling and weather modelling – and how these interact to make a valid whole. A key area of focus will be risk management and contingency planning, such as what to do if the ship gets stuck in ice.

The three-year project is well-timed to meet the future training needs of companies such as P&O, who

AMC researcher Paul Brown is developing models of the Antarctic sea ice and the icebreaker Aurora Australis for his PhD project. (Photo - Scott Gelston)
must comply with the International Maritime Organization’s new code of safety for ships operating in polar waters, that is expected to be introduced in 2016.

Still at the Centre for Maritime Simulations, seafaring students and maritime industry professionals will have access to the latest in state-of-the-art simulation training technology thanks to a $1 million upgrade.

Building works are underway for the installation of a new engine room simulator featuring a standalone big view engine room display, 16 seats of engine room simulation software and 16 seats of liquid cargo handling software. It is expected to come online in mid-2015.

In November, we were pleased to sign a two-year contract with the Australian Maritime Safety Authority (AMSA) to continue delivering nationally accredited training to the indigenous peoples of the Torres Strait Islands as part of the Torres Strait Maritime Pathways Project. About 200 students have taken part in navigational, engineering and safety training over the past 12 months and are now using their qualifications in careers spanning the local tourism, fishing and government industries.

AMC will be offering coxswain, marine engine driving, fishing operations, wild harvest diving, integrated rating and near-coastal master qualifications. These courses will be delivered at a number of locations including the Torres Strait, Cairns, and our Launceston and Beauty Point campuses.

The contract announcement tops off a positive year for the training program, which took out the “Excellence in Industry Promotion” category at the Transport and Logistic Industry Skills Council’s 2014 Awards for Excellence in April.

AMC Vocational Education and Training Manager Jarrod Weaving was also awarded an International Specialised Skills Institute fellowship in October to investigate the similarities of delivering maritime training to the indigenous peoples of Australia and the coastal Inuit populations of Canada.

Finally, our commercial arm AMC Search has been busy developing new courses to address the changes to the Standards of Training, Certification and Watchkeeping (STCW) Convention introduced by the 2010 Manila amendments.

It is now mandatory for all AMSA certificate holders to have a security awareness endorsement and AMC Search has developed an online course to meet industry demand for this requirement. The course takes seven hours to complete, is AMSA-approved and open for enrolment now.

Seafarers need to revalidate AMSA-issued certificates, including those issued in perpetuity, prior to January 2017. AMC Search will also be offering Task and Guided Study (TAGs) books for people working in the industry who wish to gain an AMSA Ratings endorsement on their certificate of safety training.

For more information please visit www.amcssearch.com.au or phone +61 3 6324 9850.
2014 - a pivotal year

By MICK KINLEY, chief executive officer

2014 has been a pivotal year for AMSA—our first full year as the national regulator for all commercial vessels.

Our revamped role brings new challenges and new opportunities. As recently appointed CEO, I believe our core activities are performing well, but there is always room for improvement. We continuously aim to improve our business through enhanced processes, use of technology and industry engagement, as shown by some of our key 2014 activities.

Domestic commercial vessel safety

The National System for Domestic Commercial Vessel Safety (National System) has been a successful and important national reform, and one of which we are very proud. The challenge now is to set the path for a National System that is consistent, streamlined, efficient and sustainable, in order to realise the full benefits of the reform.

At the request of transport ministers, AMSA, State and Northern Territory maritime safety authorities developed 13 concepts aimed at streamlining the National System. These include proposed changes to vessel survey requirements, construction standards and operational areas. In 2014 we hosted a 2-month public consultation period on these—seeking industry comment, as well as other ideas to improve the system. The results are being considered with a view to developing changes to the National Standard for Commercial Vessels and maritime safety rules that reduce regulatory burden while maintaining a high level of maritime safety.

Emergency response

AMSA’s search and rescue role is becoming more widely understood throughout Australia, and internationally. In early 2014 we saw one of the biggest search events in which AMSA has ever been involved— for missing Malaysia Airlines flight MH370. The way in which we conducted the search brought AMSA and Australia great credit. On 4 April, the Prime Minister, the Hon. Tony Abbott MP, visited our Canberra office to meet the staff involved in the search. The Prime Minister discussed the search with officers, thanking all involved for their valuable contribution.

Shipping management

Continued growth of Queensland’s mining and energy industries will lead to an increase in international ships visiting our sensitive north-east marine environments. In response to this increased activity, we led the development of the North-East Shipping Management Plan (NESMP) through the multi-agency North-East Shipping Management Group. However, shipping growth is not confined to our north-east. Using the NESMP as a model, we commenced development of a national shipping management plan. In addition, we started a programme to more effectively access and
interact with shipping-related information, through the development of an Australian Vessel Monitoring and Advisory System. This will build on current capability, reflecting a holistic approach to data, risk, and interaction with vessels around Australia’s coast.

**Seafarer welfare**

Following implementation of the Maritime Labour Convention (MLC) in August 2013, evidence indicates that the application of MLC, and our approach to onboard compliance, has seen some improvement in the conditions faced by seafarers working on board ships operating in Australian waters. In the first year of the MLC (20 August 2013 to 20 August 2014), we conducted 4273 ship inspections, which included an MLC component, and detained 17 ships for MLC-related deficiencies. In August we issued a direction under the Navigation Act 2012 to the Vega Auriga as a result of repeated MLC violations, prohibiting it from entering an Australian port for a period of three months.

**Emergency towage and aids to navigation maintenance**

This year we entered into a long-term contract to provide a new Cairns-based emergency towage vessel, the Coral Knight, for Far North Queensland. This vessel, which commenced operations in mid-2014, is a substantial component of the larger nationwide emergency towage capability programme that we manage as part of the National Plan for Maritime Environmental Emergencies. It is also the primary platform for our aids to navigation maintenance programme in its area of operations.

**Maritime 2014: Ship to Shore**

On 10-12 November we hosted our inaugural national shipping and domestic commercial vessel conference. This was a pivotal event - bringing all Australian commercial vessel interests together under one roof. We were lucky to have a large number of national and international speakers present to share their experiences in areas such as: safety management, e-navigation, passenger vessel safety, technological innovations, current issues in shipping and the domestic commercial vessel industry, seafarer welfare, and qualifications.

**Organisational changes**

In 2014 we saw several changes to our senior staff. In May we farewelled my predecessor Graham Peachey. In his seven years at the helm, Graham transformed our organisation and I am very grateful to him for leaving it in such good shape.

Our Board underwent significant changes in 2014. In March we farewelled Deputy Chairman Ross Brewer, with Stuart Richey stepping into this role. We also farewelled Board member Captain Fred Ross later in the year. With the departure of Chairman Leo Zussino in November, Stuart Richey was appointed as Chairman. As a commercial fisherman, Stuart’s extensive industry knowledge will be of great benefit to AMSA as we move forward with streamlining the National System.
Safety concerns weigh heavily on national investigator

By PETER FOLEY, general manager surface safety investigations

Marine transport accounts for all bulk imports and exports, and nearly three-quarters of the value of all imports and exports of cargo into Australia. As well, it plays a primary role in coastal trade, and a major offshore industry fleet supports oil and gas exploration off the Australian coast. A safe and efficient marine transport system is therefore essential to the Australian economy. However, keeping the people safe within that system isn’t always easy and is cause for concern at the Australian Transport Safety Bureau.

Despite years’ of driving home safety messages to industry, the ATSB is continuing to investigate serious accidents involving death or injury of maritime workers.

While the ATSB recognises things sometimes do go wrong in transport safety, it is concerned many basic procedures, which help to avoid accidents, are not being followed.

Martin Dolan, the Chief Commissioner of the ATSB, says many marine accidents could be avoided if a few basic procedures are followed.

“We find it often gets down to a lack of attention to basic risk management that causes accidents, some of which tragically lead to death,” says Dolan.

In 2013-14 the ATSB completed eight complex investigations, and one short marine investigation, resulting in serious injury or death, following falls from heights, crushing, or proximity to exploding equipment. Another five are ongoing.

While the investigations highlight the specific dangers to crew
working in the maritime industry, the incidents also result in recommendations which will (if implemented) improve safety.

An engineer on board the bulk carrier Nireas was carrying out the routine task of draining water from the ship’s main air receiver, when the air receiver drainage pot observation window exploded. The engineer was fatally injured by flying debris.

The ATSB found the shipyard that built the ship had modified the original design of the drainage pot but had not ensured the design was adequately engineered, tested and approved prior to installation, despite having procedures in place that should have ensured such scrutiny.

A common safety issue involves pilot ladders. When you’re on a nine metre high ladder in high seas, you want to have confidence things won’t go wrong.

“The lack of understanding of their use and maintenance requirements continues to be reported, and it’s a concern,” says Dolan.

In one incident, the pilotage company’s procedures did not explicitly require the pilot to check the pilot ladder and manrope arrangements before disembarking the ship. In another, it was common for employees to vary communication protocols for readiness between the pilot and the launch crew, leaving perceptions of readiness open to error and misinterpretation.

Fortunately, in both cases, the relevant companies implemented new safety management practices as a result of the ATSB’s recommendations.

“Using pilot ladders is an inherently risky operation,” says Dolan. “Yet, if ship operators and pilotage companies followed clear and simple procedures and communication protocols with regard to maintenance and operation, these accidents wouldn’t happen.

“Worryingly, our investigations found the most recent SOLAS (Safety of Life at Sea) requirements and International Marine Pilots Association (IMPA) guidance were not being referenced in procedures, nor fully understood by the personnel involved in transfers using pilot ladders.”

All accidents investigated inform the ATSB’s SafetyWatch initiative – a safety programme that addresses the main areas of concern across aviation, marine and rail transport. The marine priorities are Marine Pilotage and Marine Work Practices.

The death of a general cargo ship’s assistant electrician, who was hit by a gantry crane, highlights what Dolan says are typical basic flaws in safety procedures.

“The gantry crane in motion warning light nearest to him was not operating and the warning sirens were not audible from his location, so he didn’t have any visual or audible warning,” Dolan said.

“That, combined with an inadequate familiarisation procedure, resulted in an accident that could so easily have been averted.”

Unfortunately, it often takes a fatality to highlight poor work practices. Many of the incidents involve foreign-based ships, on which crew safety and welfare may not be the priority it is in Australia.

The ATSB recognises it’s a long-term effort and ensures that its reports reach all those connected to an incident, including crew members, operating companies, government regulating agencies and governments.

“We are committed to thoroughly investigating all serious marine accidents in Australia, with the aim of making our marine work practices even safer,” Dolan says.

“By and large people are doing a good job, but any serious injury or fatality is something we believe could have been avoided with some basic risk management.”

More information on the ATSB’s SafetyWatch initiative can be found at www.atsb.gov.au/safetywatch
Adapting for better service delivery

By COMMODORE BRETT BRACE, RAN, Hydrographer of Australia

Responsibility for hydrographic services

Navy, through the Australian Hydrographic Service (AHS), is the lead agency for hydrography in Australia and is responsible for providing hydrographic services, including overseeing and conducting data collection through systematic hydrographic surveys to meet national priorities. The AHS fulfills Australia’s obligations under the International Convention for the Safety of Life At Sea (SOLAS). The Navigation Act 2012 (Cth) established the legislative requirement for the AHS to provide hydrographic services as required under SOLAS. In an increasingly tight fiscal and workforce environment, Navy’s delivery of the hydrographic capability is now, more than ever, a balance between activities to meet its national obligations and the growing requirements to support Defence and whole-of-Government operations. The AHS has therefore embarked on a range of activities to improve delivery of hydrographic services to mariners and to Defence, and to be more effective, efficient and accountable for those services.

The AHS has generally focussed on the SOLAS component of the shipping industry and the associated international routes, but is increasingly improving services to coastal shipping and other domestic vessels; the AusENC service is a specific example. Navy is undertaking a review of hydrographic surveying activities, with a view to undertaking cost effective and productive HydroScheme surveys across the full extent of the Australian Charting Area, which incorporates the requirements of international and coastal shipping, tourism, environment protection, maritime infrastructure and Defence. The AHS is also expending a good deal of effort on improving chart production, information management and service delivery systems, which are critical for the AHS to deliver safety of navigation services now and in the future. The development and implementation of these improved services is being resourced from within the AHS and has a corresponding impact of the AHS’ ability to produce new charts and publications and is generally limiting the AHS to maintenance of current products.

Charting activities

Despite the maintenance-only approach to charting activities, the AHS has achieved a number of charting outcomes:

- completed a revision of the large-scale charts of Prince of Wales Channel in Torres Strait to incorporate the latest tidal network data.
- updated 21 paper charts and 38 electronic navigational charts (ENCs) for the extension to the Great Barrier Reef Two Way Route (GBRTWR), which comes into force on 1 December 2014;
the original GBRTWR was updated on a further 11 paper charts and 19 ENCs.

- charted new Dampier anchorages and recompiled the Port Hedland large scale charts on Lowest Astronomical Tide (LAT).
- released new large-scale paper charts and ENC of Gladstone, with work continuing to update other charts.
- released the Ashmore Reef lagoon ENC, which has a larger compilation scale over the inside of the lagoon, to meet customer requirements.
- released large-scale ENC of Torokina and Buka Passage in Bougainville, PNG.
- charted the North West Shelf Wheatstone Project pipeline, with work continuing to update charts as the Ichthys Project pipeline is laid.

For the remainder of the 2014-15 financial year, the AHS intends, subject to resources and emerging priorities, to publish new ENCs and charts of Darwin, complete the set of Barrow Island charts, publish Aus 292 in Torres Strait, update the Port Phillip and Westernport charts and publish on LAT datum, reduce clutter on the Queensland paper charts to remove excessive maritime boundaries, publish a new large scale chart of Jomard Entrance (PNG) to show the new Two Way Route, publish a replacement of Aus 343 (the last Aus chart not referenced to the WGS horizontal datum).

The AHS still has a backlog of work to address, which will not occur until new systems and processes are implemented. These projects include the modernisation of a number of paper charts to the LAT datum - 10 charts remain covering Keppel Bay, Airlie Beach, Fremantle, the top of Spencer Gulf, and an area from Port Hedland to Dampier. The AHS has started work on ENCs and charts for the new Ashburton area and approaches to Onslow, updating the area immediately outside Ashmore Reef, and further work in Bougainville. Requests for new or updated products of Torres Strait, Scott Reef, Yamba, Antarctica, Port Moresby, Geraldton, Dampier, and updated products for the South West Coral Sea Ship Routing measures are also on the list of future projects. Although Notice to Mariners action has been taken as part of the chart maintenance activities, the entirety of the associated surveys is yet to be incorporated on the affected charts. The AHS’ small scale charts are very out of date for magnetic variation, and deep water surveys received from GeoScience Australia and other research vessels are yet to be incorporated. The AHS also intends to update Port ENCs by improving coverage, so that a single cell covers all the port approach channels and any pilot boarding grounds and significant features, and increasing compilation scales in areas of high traffic or complex navigation - with approximately 70 commercial ports and a similar amount of local ports, there are many years of charting work ahead of the AHS.

Surveying activities

The Hydrographic Survey Force (HSF) has been busy, however has been unable to complete a number of surveys identified in HydroScheme in recent years, due to assignment of the major survey ships to high priority government operations and to significant vessel maintenance activities. Despite these challenges, a good deal of work has been progressed, much of which has been at the request of the Australian Maritime Safety Authority (AMSA). Along with Navy’s review of hydrographic surveying activities, which is aimed at improving cost effectiveness and productivity, the AHS is also reviewing the format and nature of published planning documents. HydroScheme will still reflect a 3-year rolling program of surveying and charting activities, but will be accompanied by a strategic ‘outlook’ of surveying, charting and other hydrographic services that has been compiled through consultation with the shipping industry, Government, and Defence.

The future

The future of the AHS is not one of treading water and delivering minimal services to mariners. The intention is for the key stakeholders to guide the development of Australia’s hydrographic requirements and for the AHS to adapt for better service delivery. Although a programme of activities will take a number of years to implement, the aim is for a hydrographic service that better supports safe, efficient, and sustainable shipping, which will strengthen Australia’s ability to trade by sea, both internationally and domestically, enhance Australia’s reputation as a cruising destination, and improve protection of the marine environment.
Calls for Government to increase shipping industry R&D funding

By DR TERRY O’BRIEN OAM, executive director, OMC International

As the Founder of an Australian maritime engineering company that, at its core, relies on innovation, and as a recipient of Federal Government support for R&D that has directly contributed to my company’s successful growth and ability to remain at the forefront of the global stage, I feel well positioned to champion the benefits of an appropriate framework for a regeneration of such support, to better ensure Australia continues to address issues faced by the shipping industry.

OMC International (OMC) is a Melbourne-based specialist company providing consulting services and operational systems to the international maritime industry. It is the world’s only provider of independently validated and widely operational real-time under keel clearance (UKC) technology, through our flagship product, the proprietary Dynamic Under Keel Clearance System (DUKC®) which is recognised as the leading UKC management system. OMC has both conceived and developed this technology, including all of the products which are based on it.

The successful commercialisation of our UKC navigation technology is a compelling reason why Federal Government should continue to support scientific research in this field, ensuring Australia remains internationally recognised as a centre of UKC risk mitigation and efficiency management.

The robustness of our software, and dedication to our clients, is reflected in their ongoing usage of our systems. No operational DUKC® system has been removed from service by one of our clients.

For more than two decades, it has notched up an unblemished safety record over 110,000 deep draft sailings world-wide without incident.

Since the first instalment in 1993, the development of the DUKC® system has been driven by the need to make better use of rapidly changing technology and to respond to client needs. This has led to the progressive transition of the DUKC® from a stand-alone application running on a single personal computer, to a complete server-based web-enabled system able to interface with other port information and VTS systems, and to be accessed by users at desktop computers, on mobile devices, and even overlaid on the navigational charts on pilot PPU units, while in use on ships’ bridges.

To achieve this, OMC has a dedicated R&D team and a very significant portion of OMC’s annual profits are reinvested in R&D. However, there is no doubt that the development of our pioneering navigation products has been greatly facilitated by the strong backing of the Federal Government through three separate R&D Start Grants, which were awarded over a decade from 1998, in open competition across all sectors of industry.

For example, the most recent three-year grant allowed the extension of the DUKC® passage planning system to provide VTS with the functionality to automatically monitor and display the progress of one or more vessels against their active transit plans and minimum UKC requirements. This In-Transit functionality has been successfully commercialised and is in operation at a number of locations including Port Hedland, Torres Straits, the Port of Melbourne and for the St Lawrence River in Canada.

Whilst ensuring safety is always OMC’s prime focus, its business model aims to deliver maximum port efficiency to our users. Two most recent innovations in applied UKC technology, and fully funded by OMC, are aimed at making more use of existing infrastructure and facilities rather than building new ports or harbours. At Port Hedland, the Dynamic Port Capacity Model (DPCM), an optional extra to DUKC® Series 5, has been developed for more than two years by our highly qualified research staff, and funded by OMC. It will assist the port and its users, including BHP, to maximise throughput from the Inner Harbour, for a fraction of the cost (<10%) that would have been required from a $20 billion Outer Harbour development.

A related innovation in add-on technology, the DUKC® Optimiser, has been developed at OMC by a doctoral student, to alleviate the workload of ship schedulers by automating what had been a challenging manual process. Other innovative enhancements already delivered to the Pilbara Port Authority, as part of the most recent DUKC® Series 5 upgrade, played a major role in June this year when Port Hedland Port Authority sailed seven capesize ships on a single tide, creating a new iron ore tonnage record of 1,270,721 tonnes.

While R&D Start Grants are no longer offered, a new Government initiative was announced in a Media Release from the Federal Minister for Industry on October 31 this year, in the form of a matching grant to help innovative Australian businesses bring new ideas to market. “Accelerating Commercialisation” could not only stimulate productivity growth in the shipping industry but will also help ensure that our eminent human resources are not lost to other shores.

So what happens next? Let’s hope we can generate more public interest in port innovation and best practice. If we can raise the profile of how financial assistance can bolster scientific research to the benefit of the Australian maritime industry, then we might see more news stories about innovation successes, with such headlines as ‘Learning from the Australians’.

(Maritime Journal August 2009)

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Adapt and reinvest to remain competitive

By MARK MALONE, managing director, SVITZER Australia

Without a doubt, 2014 was a particularly challenging year for the towage and marine services industry, a situation we can expect to be repeated over the coming twelve months.

Slowing economic growth domestically and falling commodity prices globally have contributed to a plateauing in the volumes passing through the nation’s ports. Confronted with this situation, many businesses within our industry are re-examining their cost structures in a more hard nosed, systematic and comprehensive manner than ever before.

In this highly competitive, globalised era, every dollar really does matter.

For our part, Svitzer remains fully committed to delivering a safe, reliable and high-quality service to port authorities and shippers at a reasonable and predictable price. That’s why we have renewed our own efforts to find smarter, more cost effective ways of working and doing business.

In short, we are adapting our business model to the new commercial reality.

But unlike the more traditional approach of trying to drive change from the top down, we have involved our workforce from the outset in a process of reshaping our business from the bottom up.

Given their firsthand knowledge of Svitzer’s operations and the needs of our customers, it simply makes good business sense to not only listen to our employees, but to go one step further and make them partners in building a more sustainable and competitive business.

After all, Svitzer’s greatest asset is the professionalism and expertise of our people.

That’s why we have been working with our crews and onshore staff to identify practical ways of eliminating unnecessary bureaucracy, devolving decision making to the local level and allowing them the autonomy to do what they do best: support and operate tugs.

By creating a business where everyone understands the challenge, agrees on the solutions and shares in the rewards, we will be able to achieve real cost reductions and better align the allocation of resources with the actual demand for towage services on a particular day.

The major beneficiary of all we are doing will be our customers, both in terms of the tariffs they pay and the service they receive.

But Svitzer is not only looking closely at our own cost structure and the way we work. We are also working with others in the industry to improve the productivity of our ports and the wider supply chain. Indeed, while there is room for improvement, lasting change cannot be achieved by any single player acting in isolation.

However before we can act as an industry, we first need a complete picture of what is actually happening at our ports – and one area where a knowledge gap persists is to do with the performance and efficiency of on-water harbour services. This simply doesn’t make sense, particularly given towage, pilotage and lines operations are so vital to the workings of any port infrastructure.

The good news is Svitzer is helping to fill the void with the latest IT technology.

HELM, our new operations system, means a comprehensive range of information about tug jobs are now being captured with relative ease, including mobilisation and demobilisation times, how long a job took to complete and the reasons for any delays.

Eventually, all our crews will be able to enter this information – and much more – directly into the system in real time via on board computers.

As well as helping to improve the way we manage our fleet and support our customers, HELM data has the potential to assist port authorities identify bottlenecks within their own operations. Put simply, if we don’t know the origins of delays and disruptions, it’s never going to be possible to eliminate or even reduce the factors causing them.

That’s why we are keen to share with port authorities, as well as other service providers such as pilots, lines companies and stevedores, the insights we’ve gained and lessons we’ve learnt. Over time, the big winners out of such an industry-wide effort to tackle efficiencies and lift productivity at our ports will be shippers, and ultimately, Australian exporters and consumers.

The bottom line is this: while we will all take individual actions to deal with the challenges that lie ahead, there are things we can and must do together as an industry. Svitzer for one will continue to not only adapt to the needs of our customers, but also act in the national interest and play our part in strengthening the maritime industry as a whole.
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
12 months in the driver’s seat

By PAUL SCURRAH, managing director and CEO, DP World Australia

The timing of this year in review piece is fitting, given that I’m about to celebrate my 12-month anniversary with DP World Australia. We’ve come a long way in the past 12 months. At the beginning of the year I set my senior leadership team the ambitious task of shifting our focus to dramatically improve our safety and customer service performance, and to broaden our company beyond the terminal gate. I’d like to share some of our achievements with you now.

Safety first at all times, is the way we operate at DP World Australia, and 2014 was a big year for safety. We held just under 3600 ‘safety interactions’ – or safety related discussions – at our facilities. Even talking a conservative estimate of 30 minutes per interaction, it’s the equivalent of three months of non-stop safety related discussions this year. We have seen a significant improvement in our Lost Time Injury rate, and have increased the amount of hazards being removed from our business.

And in a bid to increase the overall safety of the industry, not just within our terminals gates, we introduced the ‘No badges, no borders’ information sharing programme across the stevedoring business. We distributed 13 safety alerts to the industry on a range of safety issues.

One of the biggest developments for our business came in October, when we purchased 50 per cent of AWH from Elders, signaling the first step towards our ‘beyond the gate’ strategy. Our long-term aim is to get closer to the farm for exporters and closer to the end consumer for importers; the partial acquisition of AWH is the first step in realising that aim. AWH is Australia’s largest marketing and handling agent for wool and cotton, and is a vital part of the supply chain for Australia’s primary producers, with an extended network of regional warehousing and handling operations. With significant AWH volumes being exported through DP World terminals, it makes sense to work with AWH to provide an export service from the farm gate to the waterfront. You will see and hear more from us in the mergers and acquisition space, in 2015.

Improving the efficiency and capability of our terminals is the foundation of maintaining the healthy freight volumes that can also flow through our extended supply chain. The modernisation of our container terminal equipment is moving forward significantly, and in the decade ahead, DP World Australia will continue to increase our investment in new technology at our terminals. Our biggest challenge in this area is to do this in a way that minimises short-term disruption for customers.

Earlier this year at our Brisbane container terminal, we introduced new state-of-the-art automatic stacking crane (ASC) technology. Despite the best laid plans, the introduction of this new equipment caused disruption to waterside and landside performance, as the new technology settled in. But just six months since go-live, we have better truck turnaround times and better waterside productivity than we had before the changeover. This is a remarkable achievement from the team in Brisbane who brought the five-year project in on time, and on budget, to the quiet applause from the extended DP World family around the globe. We now have seven ASC modules in Brisbane. Our future plan for Brisbane allows for another 14 modules to be added incrementally in the years ahead, without disrupting terminal operations. Module number eight is expected to be added within the next two years. This is strategy in action, and the lessons learned during this project provide us with a blueprint we can apply to our other Australian terminals, in the years ahead.

Returning to the topic of improved customer service: at the start of the year we went to our customers for feedback on what we could do better. Feedback is a gift and we have worked hard to turn their feedback into real change. We’ve increased our communication with the industry on operational and on industrial matters. Our latest customer satisfaction survey noted significant improvement across the country. It acknowledged issues at Brisbane but not a single customer surveyed suggested our service had worsened, with the majority noting a major improvement.

To further strengthen our relationships up and down the supply chain, we have made a number of important changes to the way we resource key roles at DP World Australia. The face of the senior leadership team has been refreshed with the addition of two new general managers, Commercial, a new National Landside Logistics manager and a new Chief Strategy and New Enterprise officer. The expanded team will focus on developing joint business opportunities with our customers, and on expanding our commercial capability to extract new business opportunities along the supply chain.

It has been a full and challenging 12 months. Pride is one of our values and I take this opportunity to express pride in the people who work at DP World Australia, for their enthusiasm and willingness to adapt to change. I would also like to thank our customers for coming on the change journey with us.
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