The grain business
it’s a lot more than wheat

Wine exports on the rise

Demystifying OVID

MH370
the search explained

SOLAS - VGM is here
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dpworldaustralia.com.au
02 FROM THE BRIDGE
06 VIEWPOINT
  Shipping side-lined
10 PROFILE
  MARIFA CALFAS, chief executive officer, NSW Ports
14 GETTING TO KNOW
  SCOTT HENDERSON, Gulf Agency Company
19 VGM IS THE WORD
24 THE GRAIN BUSINESS
  24 Still water often hides tsunamis
  26 The Emerald in the crown
  28 The tiny super grain that just keeps on growing
30 WINE
  Growing wine exports bolster demand for shipping
34 TRADE Zikanomics
36 ECONOMY
  Don’t get fooled by Groundhog Day
38 THE SEARCH FOR MH370
42 INTERMODAL
  Container supply chain challenges
44 LEGAL
  44 Bunkered - UK Supreme Court ruling
  46 Criminal Master or criminal to refuse a place of refuge?
48 TRIBUTE Hart Kratschil - the oracle retires
50 THE SCENE
52 STEVEDORING
  ICTSI delivers to Webb Dock
54 SAFETY
  Demystifying OVID
58 MARITIME ART
60 BORDER AGENCIES
  The Biosecurity Act and the shipping industry
65 ALC FORUM
66 FAREWELL Commander James Bond - modern explorer
This feels like déjà vu

By ROD NAIRN AM, CEO, Shipping Australia Limited

Let's be in no doubt, the first half of 2016 was a shocking one for the shipping sector. January saw the lowest dry bulk index on record and freight rates for a capesize vessel were down to around half of their break even cost. The breakbulk industry has been decimated by the downturn in oil prices and the subsequent end to oil and gas exploration and facility development, which has been the driving force behind project cargoes over the past decade. The general global economic malaise has reduced the global demand for manufactured goods, exacerbating the overcapacity in the container sector and rates on dry containers have seen sustained lows while the industry still tries to recover from chronic overcapacity. This overcapacity was largely fed by a race to bigger, more fuel efficient ships which could operate at less cost per container. But that equation only works with fully loaded ships – bigger ships with the same number of containers just cost more in harbour dues: navigation charges, pilotage and towage – now with fuel prices down, bigger is not necessarily better and some lines have responded by mothballing new megaships or delaying delivery dates. Shipyards are in crisis as new build orders are at all-time lows but it will still be a long while before container space supply will be filled by a slowly growing demand.

In this environment it did come as a surprise to hear Great Southern Shipping Australia and Rizhao Port group of China announce their plan for a new container shipping service. The service will operate five AISR ships on a weekly loop from Rizhao to Brisbane, Sydney, Bell Bay, Melbourne, Fremantle and return. You would have to call this a counter cyclic investment strategy unless they have some very welcome market intelligence about an impending market recovery.

With these factors setting the scene of a shipping industry in its worst state this century (and realistically for over 50 years) Shipping Australia has taken the unprecedented step of writing to major ports, government port authorities and pilotage operators urging price restraint. It was a point that we had to make and in days gone by government controlled ports have reacted to pressures from customers, but it seems that private ports can have no such flexibility. And the problem is not a lack of empathy; I was politely informed by one port chairman that his shareholders had invested in the port to earn returns in excess of CPI and that is what he was required to deliver.

Government port authorities too, have now moved to a commercial footing and seem firmly entrenched in a return on investment (ROI) framework which requires the port authority to earn sufficient revenue to not only cover operating costs (which seems reasonable) but also to deliver a dividend on the sunk costs of the port’s government-owned assets - assets already paid for by our taxes! Now I see that as double dipping.

The monopoly problem. The ROI argument is a tough one and it is a key component of justifying pricing of monopoly assets or services. While quite reasonable in principle, it is distorted by the fact that private port companies are paying over-inflated prices for the asset in the first instance, in order to buy the port in a competitive bid. As all of our container ports are geographic monopolies, it hardly matters to the purchaser what he pays, when he knows that he can justify increasing prices to a level that will deliver a reasonable return on investment. In fact the more he pays the better!

Then there is the second distortion,
how much new investment should a monopoly provider commit and when? Monopolies will invest as early as possible to prepare their asset for the future, and to fill any possible future gaps in demand in order to protect against market entry of a competitor. As a monopoly, even when subject to price monitoring, they can then justify an increase in charges to provide a reasonable ROI. So the current users pay now for assets that may be required by future users, and by doing so help to ensure that no competitor can enter the market and force down prices, while at the same time the more the monopoly provider invests, the more they earn – it’s just like printing money.

So where does that put us for the privatisation of the Port of Melbourne? The short answer is probably better off than the privatisation of Brisbane and Botany/Port Kembla. Shipping Australia was openly critical of the initial Victorian Government bill for the privatisation of Melbourne but I have to admit that the legislative review process (forced by the Legislative Council) provided a transparency and an opportunity to have all perspectives aired and examined. In the end a productive negotiation between parties delivered a reasonable outcome that addressed, to some extent at least, all of Shipping Australia’s initial concerns and provides for the strongest pricing oversight of all the recently privatised ports. SAL would like to see the Port of Melbourne sold to the bidder that provides the best plan for efficient utilisation of the port and not one that offers an unreasonably high price with a view of using ROI as a justification for future price rises.

There is a lot going on in Melbourne. I was pleasantly surprised when the Victorian Government recently announced their port access upgrade plan and included a port rail shuttle project, which was not even on their agenda a year ago. And it seems that someone was listening when I said that the only cure for monopoly pricing is competition. The Victorian Transport Safety web-site now lists the Australian Pilotage Group Pty Ltd as a pilotage service provider with two licensed pilots and transfer to ship by helicopter. Our members look forward to seeing what impact that will have on the trend in pilotage prices.

Meanwhile, the Melbourne International RoRo Terminal quietly started operations in April (see page 50) and in a few months the third container terminal, Victoria International Container Terminal will be ready to open its gates at Webb Dock. A lot has been said and left unsaid about the new terminal, including the high price paid and the benefit of ships not having to meet limitations of navigating up the Yarra River, fitting under the Westgate Bridge or turning in the swinging basin. Realistically, the only limitation on ship sizes calling at VICT will be Port Phillip Heads. With Melbourne currently the “little brother” to Brisbane and Sydney in terms of accommodating ship sizes, it will be interesting to see how this plays out. We get an update on the status of VICT on page 52.

Let me say for a start that Shipping Australia is apolitical, we are here to pick policies not parties. Our aim is to work with governments to keep them aware of the matters facing the shipping industry and to assist them in making good decisions that will support the effective operation of shipping for international and domestic trade. But writing following the first double dissolution of Parliament in 30 years I feel some satisfaction that the Senate, which has proved unworkable and has prevented the conduct of good government for the past two and a half years, will at last be flushed out. A new Senate, no matter what its make up will, under revised election rules, at least be representative of the electorate and not puppets of special interest groups.

So now in the midst of the longest Australian election campaign since Sir Robert Menzies, what does Shipping Australia want? We want a majority Government that is willing to make tough decisions for the good of Australia. Decisions that will reduce transport CO2 emissions, enable the cost effective movement of domestic cargo, reduce import substitution of goods that are, or can be produced in Australia…. OK, you see where I’m coming from – decisions that will enable, encourage and incentivise coastal shipping and make the best use the thousands of ships that are already sailing around our coast with cargo space to spare.

At the Australian Logistics Council conference in March (see page 65), New South Wales Minister for Roads and Freight, Duncan Gay, gave an undertaking to progress the duplication of the Port Botany rail access line in order to enable more efficient rail services to the port. Now it seems that this rail link has become political, with Federal Labor stepping up to the plate and announcing $108 million to duplicate the rail line between Port Botany and Mascot. If only the Maldon Dombarton rail link could get a mention in the pre-election promise-fest; bring on the next battle!

While on the topic of good government let me make one further comment, we need a longer federal election cycle. The instability in the Commonwealth Government is bad for Australian business and hence bad for Australia. Our last three Federal governments have managed to survive for around two and a half years each, Prime Ministers only average a bit more than a year. Shipping is a business and business needs stability, jobs and growth depend on business - our national system is just not providing this. The time has come for Australians to realise that we need a longer election cycle and that cycle should be five years, time enough for a Federal Government to make a difference, to make tough decisions and implement them, time to deliver on the promises that got them elected, and one year more than the States, so as not to synchronise with one particular State. Every election brings a two month hiatus, decisions can’t be taken with the Government in caretaker mode, contracts can’t be signed, projects can’t be started and jobs can’t be created, it’s like hitting the pause button for Australia. There is a massive efficiency dividend just by reducing the frequency of elections and reducing the turnover of ministerial staff and departmental advisers. Departments can get on with their jobs of regulating and administering, instead of incessantly preparing briefs for new ministers. A five year election cycle? Bring it on!

In a triumph for common sense our members were pleased to see Svitzer achieve a positive workforce vote on a single EBA for the three unions employed on their tugs. At last the operator is able to utilise his tugs efficiently by having the same conditions and rosters for all three members of each tug crew. SAL hopes that this will provide efficiency dividends and ensure industrial stability in the sector, at least for the next four years.
On the other hand, the MUA’s strike actions to support unreasonable demands in their EBA negotiations with Patrick Container Terminals continues to disrupt Australia’s international trade and add costs to our imports and exports. This is windying back the clock to the bad old days of 1998 waterfront activism, with the union using their power to intimidate and effectively hold the international logistics chain to ransom. Their previous success in securing extravagant working conditions forced stevedores to invest in automation. Now their claim to retain the same pay for a reduced 32 hour standard week (down from 35 hours) is out of touch with community standards and looks like a grab for a windfall efficiency tax on management’s innovation and investment-based productivity gains. The trend continues, the unions sowing the seeds of their own destruction and accelerating the inevitable advance towards full automation.

In a few weeks, from 1 July, the SOLAS regulations requiring verified gross mass of containers to be declared, enters force and Australia appears to be ready to comply. Nearly eighteen months ago SAL began its campaign to educate all sectors. We have done our utmost to encourage and support the regulator and key service providers in the logistics chain, to make the necessary changes to shipping documentation, put effective regulation in place and establish an audit and enforcement regime to ensure compliance. Well, it’s no accident that Australia has led the world on this implementation and we think Australia is ready, but what do others think? Read their views on page 18.

SAL is not all about containers. Our members come from all sectors of shipping and this year we have established a new bulk steering group to focus on the specific concerns of bulk shipping companies and agents. Their first meeting was held in January and issues raised at the meeting are currently being pursued. Expect to see more on bulk shipping from SAL.

In what is certainly a month for big changes, the Commonwealth Biosecurity Act 2015 enters force on 16 June, just as this edition hits the streets. After 100 years of the Quarantine Act it was certainly time for a re-write and the new Act provides the opportunity for more innovative and flexible implementation, while adapting to the changing biosecurity threats in the modern age. We are happy to provide a feature which highlights some of the key changes under this Act, and take this opportunity to thank the Department of Agriculture and Water Resources for its wide and effective consultation in the Act and the regulations.

On the subject of biosecurity, many will already be aware that the Industry Working Group on Quarantine, more recently known as the Australian Industry Working Group on Biosecurity, will cease activities from 30 June this year. The group has been instrumental in leading industry liaison with the Department of Agriculture, working collaboratively to provide workable outcomes and monitoring costs recovery for around 20 years. Separate industry associations will take the lead on various ongoing projects and SAL will coordinate industry input to seaports, cost monitoring and the container hygiene scheme. The training for various levels of quarantine-approved premises (to be known as approved arrangements) that has been developed by the group and endorsed by the Department will continue to be provided by a consortium of not-for-profit industry associations, known as the Australian Industry Training Group on Biosecurity. So in this edition we pay tribute to Hart Krtschil, the managing director and driving force of the IWGQ who officially retires this month after more than 40 years of influential involvement in quarantine and biosecurity.

We have given a lot of coverage to OW Bunkers collapse and the ensuing legal wrangling because of its importance to shipping. Following their summary in SAL Annual 2015, Joe Hurley and Chris Sacré (HWL Ebsworth) provide an update on the May decision by the UK Supreme Court on page 44. The short version is that shipping companies will pay twice, but I suspect there might still be further court action on this one.

As a former naval officer I am pleased to welcome to the commercial shipping industry another, in the person of Paul Gregg, who has been appointed chairman of the Australian Maritime College’s Board of Directors. I also welcome Professors Athanasias Karlis and Michael Woodward, who are new appointees to the Board. The members of SAL have a keen interest in promoting maritime education in its various forms including via the pages of this publication and I look forward to talking with Paul and his two new directors about how AMC and SAL can work together in the interests of the maritime industry.

Our feature story is on grain. A lot has changed in this industry since our last focus on grain in 2009 and Archie Bayvel digs into the developments to come up with some gold. We also provide an insight into Australia’s still growing wine export industry. Since that story was written the Government has announced positive changes to the wine equalisation tax and the provision of $50 million over four years, to the Australian Grape and Wine Authority to promote Australian wine overseas and wine tourism within Australia, to benefit regional wine. This is a further win for Australia’s wine industry and local jobs.

Finally, we say farewell to Commander James Bond, a pioneering hydrographer who sadly passed away in April. His work and vision for safer navigation leave a legacy of shorter, safer shipping routes which benefit commercial shipping in Australia.
Outside the box
See what’s on the horizon from a new perspective

Whether you are in the business of transport and logistics, managing commercial vessels, or running a busy cargo terminal there is nothing worse than wanting to deliver a great experience to your customers and then finding out you’re closed for business.

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Arthur J. Gallagher
A popular environmental mantra is ‘think globally, act locally’. But while the Commonwealth Government’s policy for Direct Action on climate change will result in billions of dollars spent locally, it does not think globally.

In fact, in relation to shipping, the global thinking manifest in international climate change treaties is ignored, as emissions from the sector are simply not included in the National Greenhouse Gas Inventory. The result is a lost opportunity for the Direct Action Plan to more efficiently achieve emissions reduction targets and the imposition of a greater cost burden for Australian taxpayers.

Here are the facts

Australia’s legislation to address climate change is described in two Acts:

- National Greenhouse and Energy Reporting Act 2007, and
- Carbon Credits (Carbon Farming Initiative) Act 2011

A common objective of these Acts is to meet Australia’s international obligations for the reporting of greenhouse gas. The latter makes specific reference to two agreements which have established the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC). This treaty states that the methodologies for estimating greenhouse gas emissions from sources and removal by sinks will be those accepted by the Intergovernmental Panel on Climate Change (IPCC). When Australia ratified the treaty on 12 March 2007, these accepted methodologies were outlined in the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. However, in the regulations and determinations that have been prescribed to give effect to these Acts, with regard to the reporting of shipping emissions, there appear to be inconsistencies with the internationally accepted methodologies.

Let me explain

Chapter 3 of the 2006 IPCC Guidelines deals with the greenhouse gas emissions for mobile combustion. The calculation of emissions is the product of the amount of fuel combusted and the applicable greenhouse gas emission factor. The distinction is made between domestic and international

<table>
<thead>
<tr>
<th>Journey type between two ports</th>
<th>Domestic</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departs and arrives in same country</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Departs from one country and arrives in another</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

2006 IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 3: Mobile Combustion

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shipping because emissions from international navigation do not contribute to a country’s GHG inventory. The definition of domestic and international navigation is indirectly defined through a notification by the flag’s nationality or flag, and is applied on the basis of individual trip segments (from one departure to the next arrival). The criteria for distinguishing between domestic and international navigation and hence attributing the emissions from the bunker fuel combusted are outlined in the following table.

**Australia’s reported domestic shipping emissions do not follow international conventions**

As a requirement of the UNFCCC the Department of Environment provides an annual report on Australia’s greenhouse gas inventory, which includes domestic shipping emissions. Emissions from bunker fuels used in international aviation and maritime are estimated and reported separately, based on data taken from the Department of Industry and Science’s Australian Petroleum Statistics, which state, “the distinction between international and domestic fuel consumption data is undertaken according to the predominant mode of usage by the consumer”. This differs from the 2006 IPCC Guidelines as shown in the table.

Australia’s National Greenhouse and Energy Reporting Regulations 2008 distinguishes international navigation indirectly by defining international bunker fuel as fuel use on a voyage “from a place within Australia to a place outside of Australia; whether or not part of the voyage involves a journey between places in Australia”. Again, contrary to the definition in the IPCC table.

As the basis of Australia’s Emission Reduction Fund (ERF), the Carbon Credits (Carbon Farming Initiative—Land and Sea Transport) Methodology Determination 2015 defines the eligibility of land and sea transport projects. An eligible ERF project must address emissions from domestic activities which contribute to Australia’s national greenhouse gas inventory. To distinguish domestic shipping voyages the determination mandates that the project uses taxable fuel (noting that ‘taxable fuel excludes fuel used for international voyages’). Again, contrary to the IPCC definition of a domestic voyage as shown in the table above.

These three methods of distinguishing domestic and international voyages are based on the various treatments of bunker fuel: who was the major user, was it supplied in Australia, if so where was it exhausted and was the fuel taxed?

**None of these methods aligns with the 2006 IPCC Guidelines.**

The 2006 IPCC Guidelines recommend that countries separate the ship activity data consistent with the definitions stated in the table above. It does also discuss the fact that countries levy taxes on bunkers used domestically and not bunkers consumed internationally, and that ‘in the absence of more direct sources of data, information about domestic taxes may be used to distinguish between domestic and international fuel consumption’. This contingency method cannot be used to justify how Australia sidesteps the inclusion of emissions from ships on voyages between domestic ports, as two more direct sources of data are readily available from the Australia Maritime Safety Authority.

AMSA holds a detailed technical database of these ships visiting Australia. The option to use this information to calculate domestic emissions is provided in the 2006 IPCC Guidelines.

AMSA is authorised to enforce Australia’s obligations to IMO conventions on international vessels in Australia under the Port State Control. One such convention is the Prevention of Pollution from Ships 1973, specifically Annex VI. As amended by Annex 9, this convention from 1 January 2013 has required all ships to keep on board a ship-specific Ship Energy Efficiency Management Plan. Locally, this convention is given effect by the Commonwealth legislation Marine Order 97 (Marine pollution prevention — air pollution) 2013. The ability for ships to have their actual fuel consumption data verified by AMSA is a direct data source which could be used to accredit an ERF project.

**Shipping’s reductions**

Australia is set to meet its target for emissions reduction of 5 per cent below 2000 levels by 2020 and will ratify the second commitment period of the Kyoto Protocol for a new target to reduce emissions to 26–28 per cent below 2005 levels by 2030. While including shipping emissions, as defined by the UNFCCC, in the national inventory will increase Australia’s total emissions, it will not increase the difficulty of achieving these targets. On the contrary, it will make the targets easier and cheaper to achieve.

Since 2013, ships have been mandated internationally to manage energy efficiency and this has started a metaphoric arms race to develop and commercialise fuel and emission-saving technologies. Measures to improve the already most-efficient-mode of long-haul freight transportation are readily available and can be categorised as design, hydrodynamic and machinery measures, as well as the application of alternative energy sources. Additionally, shipping lines are able to accurately review their energy-efficiency strategies using systems that enable the real-time tracking of their fleet’s fuel consumption.

The Government should be applauded for progressing its policy to liberalise the cabotage laws, as this would encourage domestic freight by sea, reduce emissions and costs, improve productivity and drive innovation in Australia’s domestic supply chain. These outcomes are also objectives of the ERF; however, under the current framework, road and rail are again insulated from competition, as shipping is unable to bid for ERF projects. This second, thwarted opportunity for shipping to compete is denying taxpayers full value for their carbon credit purchases.

The Greens and Labor have been scathing of the ERF, labelling it a.slush fund, but as both parties refuse to allow shipping to compete for domestic cargo, why would they criticise the fact shipping cannot compete in the ERF? It is expected that Labor would prioritise the agenda of the transport unions over a less emission-intensive national freight mode but harder to understand this position on the part of the Greens. Since its most recent change of leadership, the Australian Greens has lost any sense of pragmatism. In fact, the Greens’ failure to support shipping to compete on either front clearly demonstrates an ignorance of this sector and a lack of true concern for reducing GHG emissions; moreover, it discredits the ability of the Greens to lead Australia towards a sustainable or ‘clean energy’ future.
21st century port – critical for tomorrow’s Sydney

A significant focus for the Port Authority of New South Wales so far this year has been around the future of the Glebe Island and White Bay port precinct. CEO and Director Grant Gilfillan says his organisation is looking at options that would see the port seamlessly integrate with the government’s vision to open up the precinct as an innovation hub for technology and other uses.

Glebe Island and White Bay are the only deep-water wharves west of Sydney Harbour Bridge. Sydney cannot afford to lose these last remaining deep water berths where so much of the raw materials driving our current infrastructure boom come through including gypsum, cement, sand and lubrizol.

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

It is our vision that a working port would seamlessly integrate as part of a technological and innovation precinct, where there is a lasting benefit to those living, working or visiting the area.

Integration of transport and logistics within an urban development is not new. There are many examples both locally and around the globe where this occurs.

Internationally, Manhattan West in New York is a 50 hectare commercial and residential development over Penn Station that includes two 60 storey towers.

At home, Chatswood Interchange is an example where the air space above a major railway station has been occupied by substantial residential and business development. Similarly, Federation Square in Melbourne has 3.8 hectares of commercial and public open space over Jolimont Rail Yards.

Similar ideas are also being developed by Singapore’s Maritime and Port Authority for its new Taus facility.

Our vision – working port seamlessly integrated within an innovation hub

A new 21st century port seamlessly integrated within urban development is our vision for the Glebe Island precinct. Long gone are the days of bulk products being stockpiled on the landside.

A technological and innovation hub would sit on a platform above contemporary port facilities – where daily operations of a working port would have minimal impact on its surroundings – and where logistics along the supply chain would be fully integrated.

Working port – critical for Tomorrow’s Sydney

A working port is critical for Tomorrow’s Sydney. A working port in the inner city keeps freight off our roads and ensures the ongoing supply of raw materials driving our current infrastructure, construction and housing boom.

We predict that sourcing bulk materials from alternative ports to Glebe Island would add significant freight related and indirect costs over the next 30 years, and result in an additional four million truck movements through Sydney’s suburbs.

Sydney needs to ensure it learns from the mistakes of other global cities, such as London, and not lose its future port infrastructure due to a lack of voice.

In the words of my counterpart Robin Mortimer, CEO Ports of London Authority, “There was no real voice (for ports)… too much was lost…don’t underestimate the scale of economic activity and wealth creation that is generated by the ports sector.”

Grant Gilfillan
Chief Executive Officer and Director
Providing safe, efficient and sustainable world-class port and marine services on our harbour
A vibrant executive with a big job yet still knows how to keep it joyful

By ARCHIE BAYVEL

She is radiant, smiles a lot, waves her arms a lot, talks a lot, scowls now and then, and seems very, very clever. Cheery, charismatic even with just the hint of a lady Zorba on stilettos.

But it would be a serious mistake to interpret this overall joyfulness as a lightweight indicator; instead, it is a shining example of how one can be consumed in a heavyweight job and still keep a smile on one’s face.

Sounds easy, eh? Anyone can do that! A little test then: How’s your face now as you read this? Smiling? Serious? Or downright grim? Maybe not so easy!

Marika Calfas, of course, has a lot to be cheerful about. She has a strong family heritage whose history over the past 150 years springs warmly to her mind.

She is the grand-daughter of a Greek couple who became dinky-di Aussies when they migrated here in the days when Australia offered a big hearted-welcome to the world.

Family background is what it was all about back in the days when so-called New Australians saw us as a Weird Mob before becoming a bit weird themselves. Marika is the poster girl for their descendants.

Youthful and statuesque at 6 feet in high heels and fashionable office garb, she arrives at her Botany office in an unremarkable, grey Toyota family sedan that she reverses smartly into her dockside parking spot before legging it swiftly through the front doors of Brotherston House.

In her arms is a motley collection of bags and parcels which she later identifies as her laptop, papers she was working on at home, her coat, and a bag of food.

Food?? A woman with one of the biggest jobs in the country and she takes a bag of food to work?

She is astonished that this should be seen as odd. “We’re a long way from shops here,” she says. “We need to bring our own lunch although we have a coffee van that gets here every morning at 9.45.”

A coffee van? – “Yes I go down to it with everyone else. You get to see and talk to people. It’s our water-cooler.”

So what else does she do all day? – “I manage the ports’ assets – their land, wharves, infrastructure, roads and capital development works.

“Port Kembla, for instance, is getting a new grain storage facility and its new berths are now finished.

“And the land terminal at Enfield will be coming into operation in a couple of months. Hutchinson’s recently vacated its premises there and they have been taken over by a new tenant, Aurizon. All that needs management.

“Finding a new tenant so quickly doesn’t just happen by luck. It’s the kind of thing I do. Two new parcels of land at Port Botany, for instance, are available for leasing. Such land rarely becomes available because most leases in the district run for 20 or 30 years.

“We have a development group looking at leasing opportunities and it is actively looking for new tenants for Enfield.

“Our market plan identifies actions needed by us and by other people in government to increase efficiency or that are in the interests of the State.”

What does she do when she gets home at night? – “It depends on the day.”
To get this job that she loves so much, Marika had to beat off international and local competitors. Her advantage was that she had already proved her ability for the top job in 13 years with Sydney and NSW Ports. Since her appointment she has also become a director of the Australian Logistics Council.

So one discreetly, i.e. with the minimum apparent display of male chauvinism, wonders how old this creature might be. She dislikes constant references to being a woman and notes acidly that it was not uncommon when she was running the Port Botany project for strangers at meetings to address questions to men on her staff rather than to her.

“How old do you think I am?”

Age is always an interesting and important interview issue because it establishes a career statistic against which readers can measure themselves.

A few years back in Hong Kong, Gloria Choy - managing director of DP World’s fabulous Terminal 8 - in her Profile interview dodged the age question for a couple of hours ...

“Chinese ladies not talk age.” Very PC. It was only as she shook hands goodbye that she almost whispered the words: “Forty-one.”

Told that anecdote, Marika sniffs and counters with one of her own: “My kids ask if I’m old,” she says, “I tell them the trigger for me being old will be the day I can’t outrun them in my high heels.

“I could be much fitter but I play mini-soccer on a mini-field and mini goals with workers from the surrounding offices every Tuesday lunchtime. Our abridged version doesn’t provide for penalties. We just knock each other out of the way, say sorry, and are grateful we haven’t been injured in the process.”

To describe the soccer they play as “abridged” is a masterly understatement. Compared to the real game of women’s soccer it’s like fencing with feathers. But bruising in the mud isn’t what this game is about ...

“Twenty minutes each half then back to work. It’s a whole lot of fun,” she says. “I’ve always been sporty and played soccer, volleyball and tennis all through school and uni. At weekends I partnered my dad in the local tennis comp.

“My son and daughter both play soccer and husband Stan or I attend all school functions. Sometimes that’s not possible and then my grandparents step in. The one time when none of us could make it, my brother went along instead.

“Time off? What would that mean? I used to work until midnight. Now I go home, sort out the kids, then on to my own homework. Sometimes it’s a 4am start next day.

“You need to do what you have to do in this role. You just juggle all that to make it work. At every stage you challenge yourself again to make it work.

“So I understand why people get anxious. Put me down as mid-40s.”

Marika loves challenges. Being part of historic challenges runs in her family. Daughter of an electrical...
engineer dad and a schoolteacher mum, she has a younger brother and sister.

“One of my great-great-grandfathers worked in Egypt building the Suez Canal during the 1860s,” she says. “Having the name Kalfas, which means something like ‘boss man’ in Arabic, probably helped on the job.

“Generations ago our name was actually Kalfas-Vassiliou with the ‘Vassiliou’ bit meaning ‘king’. We got rid of the ‘king’ and changed the ‘K’ to ‘C’ long before my time.

“Another great-grandpa, this time on my mother’s side was a captain in the Greek Navy in the 1820s during the war of Greek Independence from the Ottoman Empire.

“Mum’s side of our family comes from Kastelorizo, a tiny islet just off the Turkish coast. They were sponge divers and one of them found an ancient sarcophagus on the seafloor. He donated it to the Athens Archaeological Museum where it’s still on display.

“But as a child I was very much an adults person and one of my grandpas talked to me a lot about science.

“By the time I was four I could recite the periodic table off-by-heart. And backwards too! One might call that my Challenge No 1.”

She went to school at Jamieson High, at Penrith, in The Golden West as the locals there like to call it. While at school she worked in the donut section of a local patisserie.

“Serving customers is a very enlightening experience,” she says. “There used to be special deals, say five donuts for $1.50 or six for $1.20. People would ask for five donuts and I would say ‘Oh but you can buy six for $1.20’ and some customers would say quite angrily, ‘But I don’t want six – I only want five!’

She left Jamieson High as dux and an HSC mark of 99.6 but on her first day at University of NSW, an hour-and-a-half trip each way, the welcoming professor asked everyone how long they travelled to get there.

Stand up everyone who travels for more than an hour, he had said. Then: More than an hour and finally the people like Marika with three hours daily on the road.

“You lot,” he said, “will all fail this course!”

Today Marika says: “It was a great welcome! But I saw it as a great challenge. So I not only finished my engineering degree but got first-class honours and won the university medal.

“While at university I worked at Sydney Water, NSW Environment Protection Authority, and Shell Oil Refinery at Clyde. Very enjoyable experiences and all very different.

“After university I joined Sinclair Knight Merz (SKM) – a large multi-disciplinary engineering consulting firm. I worked in their water resources group and worked up to being a senior engineer before moving to Sydney Ports Corporation.

“At SKM we flew around New South Wales a lot, often in very small planes, to prepare flood studies and stormwater management plans. I went to Thredbo after the landslide disaster to help design new stormwater drainage.

“But the Port Botany expansion was my first big project. It was so big and took so long that I had two children during its development. I took six months’ maternity leave for each of them. I had a very supportive boss, saved up my leave to do it and was lucky having a State Government employer.

“I was project manager for the whole process and I loved its challenges, its ecological issues – the saltmarshes, the community facilities like public toilets and boat ramps that had to be created. These are just some of the good things that came out of an essentially industrial project.

“Part of that challenge was the fact that a lot of what was needed hadn’t been done before and was a hard sell because of that.

“The saltmarshes, for example, covered 5 hectares or more of a very degraded area. We planted 200,000 saltmarsh plants to fix that.

“In this job I report to NSW Ports’ board of management and directly to its chairman, Paul McClintock. We have a formal board meeting every second month and an informal catch-up session every other month.

“I love my job. It’s big and it’s challenging; it’s nothing like trading shares or being a stockbroker. Ports have a very meaningful role in our society and I wouldn’t still be in them if they weren’t dynamic and challenging.

“It’s a job in which you need to know everything that’s happening and how it’s all connecting. Everything comes through Port Botany and Port Kembla from barbecue fuel to bitumen, from coal to grain.

“My role is to facilitate all that to the benefit of society and our country.”
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GETTING TO KNOW

SCOTT HENDERSON, managing director, Gulf Agency Company (Australia)

A Scotsman who hasn’t eaten porridge since he was old enough to say “NO!”

By ARCHIE BAYVEL

Scott is a large amiable man from Peterhead, a storm-swept fishing and oil-rig port on Scotland’s far north-east coast where accents are soft and proper compared to the fierce incomprehensibility of, say, Glasgow.

It lies well short of the Arctic’s midnight sun latitudes but at around 57 degrees north the dancing lights of the aurora borealis are a familiar night spectacle and the wind blows all the way from Siberia and gathers speed across the North Sea before hitting Peterhead.

“There are a few days now and then when one has the feeling there’s something different in the air, something not quite right,” Scott says. “Then you realise that the wind has dropped; no howling, no whirling through the trees nor rattling the fishing fleet’s rigging in the harbour!”

To further liven the local atmosphere was the omnipresent Peterhead Prison, one of Scotland’s more notorious houses of correction, where Scott’s father - a former marine engineer - was employed in the prison service.

And a few miles south stands Slain’s Castle, the place that inspired Bram Stoker to write his famous novel Dracula.

“I feel fortunate that most of my years at sea were spent in tropical waters,” Scott says. “My parents have also forsaken the cold and have retired to a douce southern village called Tillicoultry, sheltered by the Ochill Hills.

“And, by the way, I made my escape from porridge as soon as I was old enough to say ‘No’. One can live quite comfortably without it.”

It’s all a long way from the comparatively tropical atmosphere of his Sydney head office where
morning tea is infused in large brightly-coloured mugs by the man himself; no messing around with bone china or young ladies in high heels.

Scott himself has the cheerful but canny air of the traditional Scotsmen who built the British empire for the English and you’ll find their marks everywhere from the north of Katmandu, and the road to Mandalay, to right here in the Emerald City.

The shipping business isn’t getting any easier,” he says, “but I helped to found and build this agency and I intend to keep growing it.”

He points to the recent merger of China Shipping and COSCO plus NYK’s withdrawal from Australia as signs of the times.

But he also points out that GAC in Australia has grown from only two employees - Phil Coolican and himself - to 63 in only eight years.

After school Scott completed a four-year course at Glasgow Nautical College for his Second Mates Certificate. He went to sea aged 17 through Scottish Ships’ Management, many of whose ships were in the dry bulk trade.

His best friend at the time was assigned to a vessel at Vancouver while Scott was told to join his first ship, the Baron Napier, at Newcastle ... his heart sank ... in Australia. Hooray.

Scottish Ships was formed in 1968 by the merger of H. Hogarth & Sons (founded in 1862) and Lyle Shipping Co (founded 1798). SSM ceased to exist in 1986, as part of the demise of the Britain’s merchant navy. But in its heyday, Scottish Ship Management had more than 400 employees and overseas offices in Australia and America.

Scott stayed at sea for eight years - his last ship was the Ocean Crest trading between Australia’s north-west iron mines and Japan - before deciding to follow a girlfriend and come to Australia in 1987.

“The romantic interest didn’t survive but my love of Australia did,” he says, “and in 1988 I joined the Dampier Port Authority.

“After eight years in Karratha I moved to Cairns as a manager with Dalgety Shipping before moving to Sydney in 2000 as national operations manager with Adsteam which had by then acquired the Dalgety business.

“It was a big year in 2007 when I married Yvette and joined forces with Phil Coolican to launch Gulf Agency Company in Australia as its operations director.

“When we launched the GAC business we hired 25 staff and opened 13 offices in our first week. Today we have grown our team to 65 people and added a fourteenth office.

“We had a tough few years while we grew the company but today we have a very strong and stable business with a solid professional reputation.

“Business is highly competitive with rates at their nadir at the moment. Back in 2008 it cost $200,000 to charter a cape-size carrier; today you’re looking at about US$6000 on the spot market.

“Because of the ‘Gulf’ in our name many people think we’re an Arab company. In fact it was launched by two Swedish expats in Dubai still our international HQ - and has since expanded to 300 offices in 50 countries.

“We are owned by a family trust established by the original owners. It’s a private company and I enjoy that because one is removed from the pressures that come with public ownership.

“Shipping is a service industry so you need good people and know how to keep them. Quite a few of our founding employees are still with us and a few more left and have returned.

“You either love agency work or you hate it and get out. It’s a 24-hour job with ships coming and going at all hours.”

“GAC wants to continue expanding its business and as one of its founders in Australia, I intend to keep growing it.”

Scott lives with Yvette and their terrier Tilley at Wareemba, one of Sydney’s smallest suburbs which nestles 15 minutes from the city between Five Dock and Abbotsford on Hen and Chicken Bay. His old partner Phil Coolican has retired, sold his house in Bangor and built a new one close to the beach at Terrigal so he can enjoy fishing and the local bowls club.

Scott Henderson was appointed to the board of Shipping Australia Limited in February 2015.
Smartship Australia at a glance

Smartship is a state-of-the-art facility that provides world-class maritime training and simulation services. Amongst many services, Smartship facilities can be used for testing ship handling skills and behavioural patterns for recruitment or for enabling pilotage organisations to check pilot proficiency across a number of environmental conditions. Port development services also continue to be a major element of Smartship’s operations.

Pilot Training and Professional Development offerings

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

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

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

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

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

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

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

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

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

Port and ship models
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Pilot training & professional development offerings
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• Ship handling and bridge team work
• Port and ship specific emergency training
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• Advanced Marine Pilot training

Tug training
• Tug handling
• Contingency training

Port development simulations
• Infrastructure modelling
• Testing operational limits

Pilot assessment
• Proficiency checks
• Recruitment evaluations.

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Smartship Australia is operated by Maritime Safety Queensland, a branch of the Department of Transport and Main Roads.
Container Weight Verification - just the facts you need to know

In accordance with IMO Circular MSC. 1/Circ. 1475, from 1 July 2016 a packed container should not be loaded onto a ship unless the master or his representative and the terminal representative have obtained, in advance of vessel loading, the verified gross mass (VGM) of the container.

WHO IS RESPONSIBLE FOR OBTAINING THE VGM?
The shipper is responsible for obtaining and documenting the verified gross mass of a packed container.

WHO IS THE SHIPPER?
As per IMO Circular 1475, “shipper” means a legal entity or a person named on the bill of lading, or equivalent transport documentation, as shipper and/or who (or in whose name or on whose behalf) a contract of carriage has been concluded with a shipping company. The shipper may also be known as the sender or consignor.

WHAT ARE THE VGM REQUIREMENTS?
As per the IMO Circular and AMSA Marine Order 42, the verified gross mass can be obtained using one of two methods.

Method 1: Weighing the Packed Container

Method 2: Weigh all the packages and cargo items including the pallet dunnage and other packaging materials and then adding the tare mass of the container.

WHAT IS THE RECOGNISED WEIGHING EQUIPMENT AND IT’S ACCURACY?
Based on information received from the Australian Maritime Safety Authority (AMSA), the Marine Order 42 will prescribe the equipment and relevant accuracy standards that will be acceptable and recognised for determining the weight of a container.

The Order will approve the use of measurements obtained in accordance with the national legislation for trade measurement and any other standard of accuracy approved by AMSA and these will be available on AMSA’s website.

WHERE THE OBTAINED VGM SHOULD BE DECLARED?
Once a shipper has verified the weight of the container (using one of the two methods) this weight must then be specified on the shipping documents and signed by the shipper or a person duly authorised by the shipper. It can be an electronic signature or the name of the authorised person.

The Pre-Receive Advice (PRA) is the most commonly used document by shippers to provide the gross weight of the container. The new look PRA from 1-Stop reflects the new SOLAS requirements.

WHEN SHOULD THE VGM BE DECLARED?
The shipper must ensure the VGM is communicated in shipping documents sufficiently in advance to be used by the ship’s master or his representative and the terminal representative in the preparation of the ship stowage plan.

Timing for the provision by the shipper of the verified weight of container will be governed by the requirements of the relevant terminals which will need to be prior to the container arriving at the terminal gate.

CONSEQUENCES OF NOT DECLARING THE VGM AND ASSOCIATED INFORMATION
Should a shipper not provide the mandatory information (on the PRA) as mentioned above, the container will not be processed for loading on to a ship. Further, should a container arrive at the gate of a terminal with shipping documentation that does not include the mandatory information, such a container must not be granted access for loading on to a ship.

As per the revised Marine Order 42, penalties may apply for non-compliance with the requirements.

The accuracy of the VGM obtained for a container is solely the responsibility of the shipper and could be monitored by the relevant regulatory authority.

For further information on:
Regulatory Compliance
Contact your local AMSA office,
Shipping Documentation
Contact your shipping line.

WHAT MANDATORY INFORMATION IS REQUIRED BEFORE A CONTAINER CAN BE PROCESSED FOR LOADING?

1. Verified Gross Mass of Container;
2. The method used to obtain the VGM; and
3. The name and contact details of the shipper or person authorised by the shipper to make the declaration.

TRANSITIONAL ARRANGEMENTS FOR TRANSSHIPMENTS

On 23 May, IMO MSC.1/Circ. 1548 recommended that a practical and pragmatic approach be taken when verifying compliance with the new rules for the first three months. AMSA has since advised that the circular does not delay the implementation of the new regulations but has “no objection to the gross mass, as stated on the shipping documents of containers loaded on a ship before 01 July 2016 being relied upon for containers transshipped in Australia on, or after 01 July 2016”.

AMSA's advice only relates to transshipments in Australia, other nations may have stricter interpretations. To ensure delivery without delay, Shipping Australia recommends that shipping lines advise their global customers to have a compliant VGM declaration for containers shipped before 1 July if requiring transshipment after 1 July.

1-Stop and all major Australian stevedores have confirmed that they will enforce VGM in the PRA from 22 June.
VGM is the word

By MELWYN NORONHA, general manager technical services and industry policy

Since the adoption by the International Maritime Organisation’s 2014 changes to the Safety of Life at Sea convention placing a mandatory container weight verification requirement on shippers, there has been an outburst of activity across the various sectors within the shipping industry worldwide, each attempting to come to grips with how they would be affected, with some attempting to provide resistance to these changes.

The changes to SOLAS which come into force on 1 July 2016, predominately articulate two methods to obtain the gross weight of the container, known as Method 1 and Method 2, details of which are set out in IMO Circular 1475. Shippers are now responsible for obtaining the gross mass using one of these two methods and to provide this verified gross mass (VGM) on the shipping documentation in advance of the vessel loading.

As detailed in the article “Verified container weight – nothing new here” (Shipping Australia Magazine, Spring/Summer 2015), the shipper’s obligation to provide a gross mass of a container on the shipping documentation has always been a SOLAS requirement (Chapter VI, Regulation 2). The real problem was that the requirement was not enforced.

In some countries, notably the United States, shippers and related stakeholders have been showing resistance towards the adoption of the 2014 SOLAS changes. They didn’t realise that existing US legislation already enshrined within the Code of Federal Regulation of the Occupational Safety & Health Administration (29 CFR 1917.71) requires that a container “shall be weighed to obtain an actual weight before being hoisted” and where the total actual gross weight cannot be obtained, it “may be calculated on the basis of the container’s contents and the container’s empty weight”. This is completely consistent with the forthcoming SOLAS amendments, though the initial resistance to VGM does raise concerns about how effectively the local regulations have been implemented. In any case, it is now apparent that United States stakeholders have accepted that VGM is not actually a new requirement for them and one is hopeful of a smooth implementation post 1 July.

The situation in Australia was not dissimilar in that MO42 has included a requirement for gross mass declaration of a container by shippers since the early 90’s. AMSA has now included the SOLAS amendments pertaining to the methods into the Order. In addition, the Order prescribes the accuracy standards for weight equipment, consistent with the Australian National Measurement Institute and the International Organisation of Legal Metrology.

Like other SOLAS provisions the ultimate effectiveness of the SOLAS container gross mass verification requirement in improving safety for both container handling and ships at sea, is dependent on the effective implementation and compliance monitoring.

Transshipments - transitional arrangements before 1 July 2016

Queries have arisen about a situation during the transitional arrangements where a container may be shipped before the mandatory implementation date of 1 July 2016 but could arrive at a discharge port for transshipment after 1 July. SAL recommends that shipping lines advise their global customers to ensure that a container shipped before 1 July is VGM compliant if it is possible that it will be transshipped after the implementation date.

Logistics stakeholder reactions to the SOLAS Verified Gross Mass requirement

The Australian Maritime Safety Authority has stated that “the existing Marine Order 42 has always required shippers to accurately declare gross mass, therefore the current changes incorporating SOLAS VGM, merely prescribe one of two methods for shippers to obtain this weight and minimum standards of accuracy for weighing equipment used. Existing legislation and standards of accuracy have been incorporated thereby providing minimum impact to shippers and those obtaining the VGM on their behalf.” Further, that AMSA’s enforcement will “focus the minds of shippers, their agents and carriers, to ensure the VGM is obtained accurately and communicated in a timely manner.” The penalty for non-compliance is 50 penalty units ($9,000).

Shipping Australia Limited fully supports the SOLAS VGM requirements and the Australian implementation through MO42 by AMSA. “To put it simply, there are two elements that must be in place in order to ensure that the potential safety improvements for ships and cargo handling are delivered: clear, unambiguous, regulation, and an effective auditing and enforcement regime to ensure compliance. We are confident that these will be achieved.”

At the recent AFIF conference, 1-Stop’s Michael Bouari explained how they had been engaged in the implementation...
from the start. They have modified their software systems to simplify reporting and advised that “as of 13 April, its electronic PFA lodgment system had commenced accepting bookings to the new SOLAS VGM requirements and from Wednesday 22 June 2016 these requirements would be mandatory. All container bookings would need to have a VGM and related information prior to their entry into the terminal. Terminals would not accept a container that did not have the required SOLAS VGM information.”

The Australian Federation of International Forwarders supports the goals of the SOLAS VGM rule, however notes that there will be additional cost to business operations in achieving VGM, which will be borne by shippers. For example, “if the shipper uses Method 2, they have to verify their weighing equipment is in accordance with the standards outlined by AMSA. The shipper must know the standard of accuracy of the weighing device used and keep it certified and calibrated. Near enough is not good enough. VGM has to be accurate using Method 1 or Method 2. AMSA will not accept a tolerance other than that in the accuracy standard variation of the certified and calibrated weighing device.” They also express concern about the additional responsibility potentially placed on the freight forwarder, “If a shipper is using a freight forwarder or broker to submit the PFA via 1-Stop on their behalf, both parties should ensure they have documentary evidence on file so there is no transcription/transmission error in communicating the VGM in the PFA.”

The Australian Peak Shipper’s Association recognised initial confusion surrounding the whole issue, including implementation, regulation and how the stevedores and shipping lines were to handle the changes particularly in the initial stages on and after 1 July 2016.” However, after a series of discussion fora their members were “better prepared to face the challenge. Most found that they either complied now and only needed to add verification to the modified PRAs or with some tweaking they could and would comply.” As to the transition period they “feel that in the initial stages, whilst the new rules will be enforced, there will be a degree of consultation and education by AMSA but repeat offenders will not be treated lightly. But they cautioned that “Those with the biggest headache are the freight forwarders who are noted as the shipper on the bill of lading as they are notionally responsible for compliant weight declaration. Their brief is now to ensure that their customers and those in the chain preceding them are providing timely information that they in turn can attest to being correct.”

The Customs Brokers and Freight Carriers Association considers that there has been a lot of hype and scare mongering about this topic with no real foundation. “As it stands today, all containers prepared for export are already required to have their correct weight reported as part of Chain of Responsibility! So what is VGM about? It is about a signed declaration being added to export reporting documentation, by a person of responsibility at the packing premises, and this document (manual or electronic) being declared to the shipping company before the container is loaded onto the exporting vessel.” They concede that there may be additional cost, as a result of VGM but their spokesperson concluded, “I believe that most export packers already have weighing systems in place that will satisfy SOLAS and therefore only need to add the VGM declaration to their document process and therefore no real cost increase to their business.”

DP World cautions that the shipper will be unable to change the weight of the container once it is received on terminal. If a weight change is required then the container will need to be removed from the terminal and new PFA initiated with the new weight. They support the action taken by 1-Stop to require that a PFA cannot be complete until VGM is declared. Otherwise the carrier would not be able to prepare its manifest.

Maersk Line country manager Australia and PNG, Anthony Randall, states that “Maersk Line supports the new SOLAS directive and the increased safety it brings across our industry.

Operating a fleet of nearly 600 vessels, which conduct 46,000 port calls every year, we have unfortunately seen incidents occurring due to mis-declaration of cargo weight and therefore we back the initiative to increase safety to our employees, cargo, vessels and containers.

The benefits of a properly implemented and enforced regulation can potentially avoid accidents in other parts of the international supply chain such as land transport and during loading/ discharging of containers.”

Like other shipping lines Maersk Line has been preparing for the implementation for the past 18 months. “This includes modifications to proprietary systems and processes as well as raising awareness internally and externally.

The current main focus is on updating Electronic Data Interchange (EDI) with service providers and shippers. We have also launched an awareness campaign directed at the shipper community,” Anthony Randall said.

Patrick also welcomes the new SOLAS regulation “to assist in promoting safety across our terminal for our employees, customers and the communities in which we operate.

Safety is a core value for Patrick and the changes to SOLAS will ensure containers loaded on any vessel anywhere in the world will have a verified weight.” Patrick advises that they will manage the VGM process through the 1-stop PFA system.

“We will not handle any containers without a VGM declaration provided. The accuracy of the VGM obtained for a container is the responsibility of the shipper and we will be working with AMSA as the Australian regulator to ensure we are abiding by the new regulations.”
Are you ready for the IMO’s new compulsory regulations on container weighing?

Conductix-Wampfler has the solution: the LASSTEC Twistlock Load Sensing & Operational Safety System is designed to measure the load in each twistlock of single- and twin-lift spreaders. Each sensor measures the load at a twistlock which is then sent into a central data processing unit from where the information is sent to the crane PLC and to the TOS. The system also provides various signals to improve operational safety and it allows to monitor twistlock and spreader life cycles.

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LASSTEC - Container Weighing System

Providing compliance to the new IMO Gross Mass Container Weighing regulations.

If you move containers for export with a Reach Stacker or RTG/RMG then you need to conform to the new SOLAS regulations relating to container weighing from 1 July 2016.

In addition to ease of use, the LASSTEC Container Weighing System provides compliance with the Australian Maritime Safety Authority (AMSA) Method 1 requirements as set out in Marine Order 42.

The LASSTEC Container Weighing System uses a unique twistlock load sensing technology for ease of installation and zero maintenance. Manufactured by Conductix-Wampfler, the LASSTEC Container Weighing System offers a long term solution supported by our Australia and New Zealand based branch network.

From the 1st of July 2016 all containers loaded on to a ship will be required to have an accurate Gross Mass weight signed by the shipper that can be verified and audited or they will not be loaded. The Pre-Receiveable Advice (PRA) which has been amended to reflect the new SOLAS requirements, will now be the Verified Weight Declaration and you will need to state the method used to obtain the Verified Gross Mass (VGM) of the container.

The LASSTEC Container Weighing System not only provides a verifiable and auditable gross weight declaration but also provides the weight on each twistlock, load eccentricities of the container, date and time stamp and the ability to send the information directly to a Terminal Operating System or the company Logistics Management Software.

The safety performance of your logistics handling is also enhanced due to the LASSTEC Container Weighing System software sending signals to the operator including twistlock locked/unlocked, overload of a twistlock, overload of a container and over-eccentricities of a container.

The accuracy level obtained by the LASSTEC Container Weighing System comply with the Australian Maritime Safety Authority (AMSA) Method 1 requirements as set out in Marine Order 42. The system is also being certified to OIML 60 as a weighing instrument and OIML 51 as an automated weighing system that can be used “in trade” if the owner of the equipment is thinking of charging for the container weighing service.

Whilst there are other container weighing options available, compliance to the new Australian Maritime Safety Authority (AMSA) Method 1 requires specific recordable details that most generic systems do not provide. With over 200 systems installed globally, the true solution that gives you peace of mind is the LASSTEC Container Weighing System.

We move your business!
New plastic cards for seafarer qualifications

AUSTRALIAN MARITIME SAFETY AUTHORITY

From July this year, the Australian Maritime Safety Authority (AMSA) will issue 16 more certificates of competency and endorsements as plastic credit card sized certificates. The new cards are more secure and durable, and allow faster access to seafarer certification records.

Like many maritime administrations, AMSA has historically issued certificates and endorsements as hard covered passport style booklets, which are expensive to produce and easily damaged. In 2012, AMSA phased out Certificates of Safety Training passbook style certificates and introduced plastic credit card sized certificates. Later in 2014, AMSA extended the plastic cards to include GMDSS radio operator certificates and Certificates of Proficiency as Rating.

“Australia was one of the first countries in the world to issue seafarer certificates on plastic cards...it’s something we can be proud of”, said Mark Eldon-Roberts, manager of AMSA’s Seafarer Certification Service.

“There will be no need for seafarers holding a valid paper or passport style certificate to apply for a new credit card style certificate as their current certificate will remain valid to the expiry date of their current certificate. Certificates issued as a plastic card will not cost the seafarer any more than the old paper certificates.”

Since introduction of the card certificates, there has been general acceptance from industry and individuals with no negative feedback. The cards are very durable and hard wearing and fit conveniently into a person’s wallet.

The plastic cards contain numerous security features, including
- micro-writing;
- text, photograph, and signatures printed using the dye-sublimation method;
- security features identified using ultra violet light; and
- a unique world patented hologram that covers the certificate’s surface;

The holographic polyester patch overlay is 1mm thick and is designed to protect and enhance the card life and to provide security for the data.

The grade of certificate will be identified by a broad colour banner located at the top of the front face of the card. The reverse side of the card will have the mandatory text required by the International Convention on Standards of Training, Certificate and Watchkeeping for Seafarer 1978, as amended (STCW).

The STCW Convention mandates that certificates and endorsements must be issued in accordance with Regulation I/2 of the STCW Convention. The Regulation also requires that the STCW certificate must be kept available in its original form on board the ship on which the holder is serving.

AMSA contracted ABnote Australasia to produce the new cards. ABnote is the longest-established supplier of secure documents, services and related solutions in Australia and New Zealand. It produces financial cards, cheques, barcodes and labels, gift cards, membership cards, EMV smart cards and driver’s licenses.

The company is security accredited by major credit card companies and holds International Quality Standards ISO9001:2008 and ISO: 14001:2004 in Australia.

Additional security features may be added in the future. For example, each of the new cards may be fitted with a 1kb chip at minimal cost that will have all the certificate details encoded in it. The chip can then be read by downloading a free app and placing a smartphone within 10 cm of it (using the same smartphone technology for contactless credit card payments). A QR Code may also be added to each card that when scanned will connect with the AMSA qualifications database and allow verification of the certificate without having to log on to the current on-line verification system.
NEW SEAFARER CERTIFICATES

From July 2016, AMSA’s new seafarer certificates will be issued as more durable and secure plastic cards

www.amsa.gov.au
Only ripples on the surface just now but still water often hides tsunamis

By ARCHIE BAYVEL

They say that even the deadliest tsunami barely creates a ripple on the surface of the deep yet it has the destructive power of an atom bomb when it comes to shallower waters …

Well, that’s close to what the Australian grain industry looks like right now: All apparently dead calm on the surface but with potentially nuclear-grade turmoil underneath.

Our two biggest grain operations - GrainCorp and CBH - are facing-off and considering their options in what has the potential to become the greatest corporate battle in our rural history.

GrainCorp has already organised financial backing of $600 million - half from its own resources, half raised by HRL Morrison from super funds led by First National - to pay-out CBH’s co-operative owners and launch an IPO to list on the ASX as a new company.

None of the $600 million will come into play until and unless CBH agrees to Graincorp’s plan.

It’s calm just now only because the farmers who make up the co-operative that is CBH are too busy planting their next crop to play politics. For the time being.

But that’s just the tsunami. Our grain industry as a whole is also facing an invasion of its markets from countries that many of us would have trouble placing on a map.

A grain shipment from Odessa, in Ukraine, is reported as able to deliver its cargo to Indonesia faster and cheaper than it could be delivered from Melbourne. And Argentina and Brazil are potential grain powerhouses. They have discovered modern methods of turning their vast prairies into grain crops predicted to change the world market, which is currently dominated by Russia, the European Union countries, Canada, and the USA.

So you thought Australia was the world’s biggest in wheat? Not by a country mile although with projected sales this year of close to 17 million tonnes we are still very big. But with all that international competition prices are expected to be well down.

The fact is that the Australian grain industry has undergone dramatic changes in the past eight years. Gone is the government wheat desk in Canberra where a handful of boisterous bureaucrats controlled our entire grain trade inside and outside Australia.

Gone too is the Group of 21 that succeeded them; in which the grain industry was partly privatised with the ocean terminals in the hands of only a few traditional companies and many of the 21 available export licences were not taken up.

Complaints were rife that the terminal owners, who were also grain traders in their own right, favoured their own growers with rail and port facilities.

An outrageous suggestion, no doubt, and to prove it people who voiced it were threatened by ruinous legal action.

But the fact is that today none of that exists. Anyone can export grain, new ocean terminals have sprung up all over the place, old terminal monopolies have been breached, more grain is being transported by rail.

One new port, Newcastle Agri Terminal in New South Wales, even supported its

There’s a lot more to grain than wheat

The grain business covers a lot more than wheat, although it contributes some 25 million tonnes a year to our grain production while barley contributes only about 8 million tonnes.

Pulses are a grain legume produced for human consumption and include lentils, faba beans, mungbeans, and lupins. In 2015, 1.8 million hectares of pulse crops produced 2.2 million tonnes of grain worth $1.2 billion in exports. This year is the International Year of the Pulse.

Canola production is on the rise, averaging more than three million tonnes annually while sorghum has an average production of around 2.25 million tonnes, almost all for animal feed.

We are a world leader in high quality milling oats for the international market with an average 20 per cent of its average 1.3 million tonnes per annum going for export.

Rice, once Australia’s glamour crop, is expected to slump to 300,000 tonnes this year compared with last year’s 690,000 tonnes and is well below SunRice’s annual domestic and export market for at least 1 million tonnes. As water values soared above $250 a megalitre many ricegrowers sold their 2015–16 irrigation entitlements rather than plant rice.
launch with a gigantic PR stunt to demonstrate to all and sundry that it was taking a new approach to the terminal business. For starters, NAT is not an exporter as well; it isn’t in competition with its own customers like so many other terminals.

The stunt came just before Christmas when NAT organised the longest grain train in the history of New South Wales, at least 1.3 kilometres long with 73 wagons instead of the usual 40, 5000 tonnes of grain instead of the usual 3000, load value of $1,497,000 instead of $607,200.

NAT director Jock Carter says “We aimed to prove that grain trains could deliver bigger loads in one hit to squeeze extra value from sometimes scarce slots for non-coal traffic. Bigger trains mean greater efficiency and lower costs.

“We have the potential for trains carrying a 7000-tonne payload. In Canada trains run to 100 wagons 3 kilometres long and carrying 10,000-ton payloads.”

ARTC’s Hunter Valley chief, Jonathan Vandervoort, said the Long Train demonstrated new potential in the grain supply chain.

As well as bulk loading NAT has a dedicated space for containers. “We have just started packing them,” Jock Carter says. “They are filled here then railed to Port Botany because there is no container terminal in Newcastle.

“We see containers as the fastest part of the supply chain and they have become more popular since grain shipping was deregulated because:

“A container-load is easier to sell than a full bulk-ship; they enable customers to buy a small parcel of grain.

“Australia ships a lot of empty containers back to where they came from so it’s logical to fill some of them with grain.”

NAT is owned by a consortium of its management team, Glencore, CBH, and Agrex, which is a grain business owned by Mitsubishi.

Meanwhile in other parts of the country rail system, notably in Western Australia, there are complaints about grotesque rail tracks that often lie unused and not maintained since the last train of the previous season.

Good news is that the Mildura-Melbourne line popularised by the Wakefield Iron Horse Company for grape growers and increasingly used for grain will soon see the end of its long ramshackle sections where speed has to be cut to 10 kilometres per hour.

In our Summer 2009 edition this magazine published an exhaustive in-depth analysis of the Australian grain industry. Today about the only things that are the same are the grains themselves and the author! And more change lies ahead; that tsunami hasn’t gone away just because we changed the subject for a while.

Let’s return to it:

Growing grain for a living - whether it be wheat, barley, canola or whatever - is like being on a treadmill or riding a one-wheel bicycle as the seasons roll endlessly by.

Ploughing, planting, harvesting and marketing. Then the whole cycle over and over forever. Stop pedalling for one of them and that year’s crop doesn’t happen, the kids’ fees don’t get paid, the bank enquires if you have a spare key it could have … and that’s just the beginning.

The current challenge is that GrainCorp has been encouraged by disgruntled CBH members and its own self-belief to think it can bring about superior management at CBH. Much better than the incumbents. Add value!

With a group of disgruntled CBH members and former directors it has formed a separate company, Australia Grain Champion, as an avatar to present its case. It is telling CBH’s 4200 farmer shareholders that each of them would receive an average $1 million in cash and a share of some four million securities were their co-operative dissolved, turned into a modern private company with Graincorp as its largest single shareholder, and then floated on the ASX as Australian Grain Champion.

All that was put in a letter to Mr Wally Newman, chairman of CBH, that urged him to pass on a copy to all his shareholders so they could vote to leap at this golden opportunity. It was/is seen as an offer so obviously good there was no need for free steak knives. The main choice boiled down to radical change or more of the same.

Wally wrote back telling them to get knotted.

He also refused to put the GrainCorp proposals to his members and that was that.

CBH managing director Andy Crane has since said that a due diligence examination would give GrainCorp, a competitor, access to confidential information. Anyway, he said, his board believed the proposals were not good for growers.
“Other investors in control of CBH would run it in the interests of the shareholders and investors and that is when you get a conflict of interest,” he said.

“We run the network purely, solely for growers’ interests.”

All very well but CBH’s value has been estimated at $3 billion. Throw in its port and terminal infrastructure and that rises closer to $6 billion. Please note we are talking billions here not paltry millions, and for that kind of money suitors or raiders, see them as you will, don’t give up easily.

This is not the first time in recent history that GrainCorp has had trouble with its desire to help the world in general and Australia in particular with takeover/merger/ownership plans. It is currently 20 per cent owned by Archer Daniels Midland of the USA.

Three years ago ADM was blocked by the Australian Government from moving to full ownership following public concern about excessive foreign ownership of critical agricultural infrastructure.

Back in 2010 CBH underwent an exhaustive $3million review of how best to restructure its business at the behest of supporters of privatisation who unsuccessfully sought board positions.

Now, for Grain Champion to win over the CBH members will need approval by 75 per cent of the co-op’s members.

75%!!!

It’s a hyper-dynamic standard that sets long odds against an early decision. Waiting for it could be like leaving the lights on for Harold Holt.

At the beginning and end of all this corporate tumbling everything comes round to individuals’ personal bank accounts.

In today’s anything-can-happen environment of fabulous wealth chasing fabulous power, the villains can often win. The real difficulty lies in deciding who is the villain or even if there is a villain.

The waters are still too deep to know and today the tsunami rolls on albeit ever closer to the shallows.

The outcome, the winners, of this current major challenge is still some time off but one can’t help wondering, to paraphrase William Yeats, “… what rough beast, its hour come round at last, slouches towards West Perth to be born?” ▲

The Emerald in the crown

Emerald’s Melbourne grain terminal is one of the most modern bulk grain export facilities in Australia and capable of loading grain at a rate of 20,000 tonnes a day. It is also the largest user of its own terminal with a 42 per cent share of throughput.

As the biggest container port in Australia it has a major share of containerised grain exports and boasts that it can maximise the amount packed into a container, with in excess of 25 tonnes of wheat per 20ft container regularly achieved.

But there’s a lot more to Emerald’s comparatively new role as a port terminal operator. It is also a joint venture partner in a brand new grain terminal at Port Kembla and owns another 15 inland terminals around Australia. Overall it handles about 3 million tonnes of grain nationally.

It also plans to build a brand new multi-commodity port at Cape Hardy, on South Australia’s Eyre Peninsula. These plans include a full grain-loading facility with bunkers for up to a million tonnes of grain.

According to Emerald chairman James Murray, it will be a cape-size port capable of handling ships able to load up to 220,000 tonnes. The port will be owned in partnership with Iron Road, a prospective iron miner.

Emerald was acquired in 2014 by Japan’s Sumitomo Corporation. Readers interested in foreign ownership of Australian businesses need to know its apparently modest investment in what has traditionally been a vigorously defended all-Australian sector is but the tip of a well-established iceberg.

Sumitomo owns a diverse portfolio of businesses here include investments, manufacturing, agriculture, mining, service providers and more.

They include coal mines, iron ore, a copper mine, grain storage, fertiliser imports, Kwinana power station, Bluewaters Power, an aluminium smelter, a stainless steel company, vehicle leasing companies, a tyre wholesaler and retailer, a sulphuric acid plant, Western Australia’s second-biggest fertiliser marketer, copper, gold and iron ore explorers. Investments include Australia’s biggest aluminium smelter - Boyne Smelters, Gladstone Power Station, and timber logs and chips.

That’s a strong list and probably far from complete. There must be other Japanese, British and American companies with portfolios even larger and stronger. But it does give an understanding of exactly what the tag of foreign ownership can really mean. A whole parcel of mini-tsunamis invisible from the surface. ▲

NAB predicts further fall in our wheat price

The National Australia Bank reports that global wheat prices continue to trend lower in response to very strong global supply. For 2016, we do not see a significant upside for wheat prices this season.

Despite depreciation of the AUD, its rising price this year, reduced rainfall so far in eastern Australia plus predictions of a record United States wheat crop all put our wheat price under downward pressure.

After a good January, rainfall in February and March was generally above average in Western and South Australia but disappointing in the east. This has caused some nervousness given how dry conditions are in New South Wales and Victoria as sowing gets into full swing.
The port waters of Geelong welcome about 700 ships a year.

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

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

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

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

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

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

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

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

It’s all part of the VRCA’s pledge to the ships of today and the visitors of tomorrow - to provide safe and efficient passage into the port and a big Geelong welcome.
The tiny super grain that just keeps on growing

Why do we keep writing about Chia? It was the superfood of the Aztecs until Christopher Columbus’s followers hit Mexico and swept it into oblivion for 500 years in favour of easier to handle, easier to grow, wheat.

Why do we keep writing about Chia? It was the superfood of the Aztecs until Christopher Columbus’s followers hit Mexico and swept it into oblivion for 500 years in favour of easier to handle, easier to grow, wheat. Then along came a young West Australian farmer who read some history books and began to find out more about this special grain that enabled the Aztecs to march and run all day and every day.

He liked what he read so much that he made some trial sowings up Kununurra way on the Ord River. It grew like crazy and the health food stores liked it. Soon his neighbouring farmers began growing it too and selling it to him to market. Then the supermarket chains like Woolworths and Coles began baking chia into their bread.

Today The Chia Company has a turnover of more than $100 million a year and expects to double that soon.

That’s why we keep writing about chia. Shipping Australia was probably the first magazine to write about it in 2009 after visiting the Ord and being surprised by hectares of strange purple flowers.

Now it is probably the biggest marketing success in the world grain business since slice bread. If you know your breads on supermarket shelves you’ll have noticed the proliferation of brands containing chia seeds. Seeds? They’re not grain, you say? They certainly look like grain and sell like crazy in a world market that ain’t seen nuthin’ yet.

Its pioneer grower, John Foss, has moved chia’s marketing office from Kununurra to Soho in New York.

The Aztecs’ successors have watched Foss’s success with their long-forgotten super-food with keen interest and other South American growers have emerged to compete with him.

As a result, chia’s total United States market has grown to about $370million this year. It’s a growing market that Australian chia will increasingly invade.

Foss’s new products include Chia Pods, a breakfast snack of chia seeds mixed with almond or coconut milk. They are part of the company’s expanding range of related products, including heat-and-eat Chia Pod Oats and Chia Pod Museli.

So what exactly is chia? It’s the tiny seeds of a flowering plant in the mint family that since their recent identification as a superfood, have soared in popularity. Nutrition experts say it’s packed with fibre and omega-3 fatty acids, amino acids and some antioxidants. Much has been made of the exacting climatic conditions required to grow the stuff; conditions which in terms of rainfall, temperature, soil, and god-knows-what-else are exactly matched in the Ord River area. And of course in Mexico.

Coincidentally they must also be similar to gardens near Manly, in New South Wales, where a handful of the minute black and white seeds accidentally spilled produced a forest of metre-high plants which produced the tell-tale blue flowers that led to a profusion of seedlings that took weeks to eradicate. Quite made one wish you could smoke it.

Who’s who on the waterfront

All bar one of Western Australia’s five grain terminals are owned by Co-operative Bulk Handling, our biggest terminal operator. The odd-ball out is Bunbury, on the south-west coast, which is fully owned by Bunge Agribusiness Australia.

Bunge is a global business listed on the New York Stock Exchange.

South Australia has five terminals all owned by Viterra, a wholly-owned subsidiary of Glencore. Plans are afoot for a new, sixth terminal at Cape Hardy owned by Emerald Grain and Iron Road, a prospective miner on the Eyre Peninsula.

Victoria has three leading terminals of which two are owned by GrainCorp and one by Emerald, which is owned by Sumitomo of Japan.

New South Wales has four terminals: Two, at Port Kembla and Newcastle, are owned by GrainCorp and a third, also at Port Kembla, is brand new and operated by Quattro. It is owned by Qube, Noble, Cargill, and Emerald. The fourth also at Newcastle, is owned by a new consortium, Newcastle Agri Terminal.

Queensland has three Graincorp-owned terminals and a fourth, independently owned by Queensland Bulk Terminals, is a converted sugar facility with ownership in Nebraska, Singapore, and Japan.

Image: The Chia Company

A Chia crop flowering in the Ord Valley in Western Australia’s Kimberley region.
Newcastle Stevedores, through its extensive service provider relationships and sub-contractor management plan can provide clients with a total logistics package, and is happy to arrange the complete door to door movement of project freight.

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

Our mission is to provide the best stevedoring services in Australia, by offering thorough efficiency and bankable reliability, at very competitive prices.
Growing wine exports bolster demand for shipping

By ANDREAS CLARK, chief executive officer, Wine Australia

With 60 per cent of Australian wine production shipped overseas annually, the shipping industry is a vital partner of the Australian wine community. On average, 2 million litres of Australian wine leaves our shores via ships each day, destined for over 100 countries across the globe. The performance of Australian wine exports clearly has flow-on effects for the shipping industry. This article looks at Australian wine exports over the last 12 months.

Growth in value and volume
In the twelve months to March 2016, Wine Australia reports that the value of Australian wine exports grew 13 per cent to A$2.1 billion and volume increased by 3 per cent to 731 million litres. There were 1,579 active exporters in the period – up from 1,382 in the same period in 2015 – with 1,049 contributing to the increase in value.

The growth in value was driven by bottled exports, most notably at higher price points. This reflects the increasing demand for premium Australian wines in most regions around the world, particularly Asia. Free trade agreements and an on-going weaker Australian dollar, mainly against the greenback, also contributed to the growth in exports.

Bottled exports grew by 16 per cent to A$1.7 billion, the highest value in five years. Bulk wine exports also increased but at a much lower rate of 1 per cent to reach A$400 million. Soft-pack exports declined by 1 per cent to A$14 million and are now less than a third of what they were a decade ago.

All export regions recorded growth in the last year, except for Oceania, which declined only marginally by -0.1 per cent (see figure 1). Northeast Asia continued to dominate growth, with value increasing by 44 per cent to A$601 million. Next in absolute growth was North America, growing by A$21 million (3 per cent) to A$631 million. Increasing by nearly the same amount was Southeast Asia, up 15 per cent to A$150 million. Europe also continued to grow, up 1 per cent to $581 million. Other positive performers were cruise ships and airlines (up 18 per cent to $6.6 million) and the Middle East (up 5 per cent to $765,000).

Exports were destined for 119 countries and value increased to 79 of these, including the biggest five. The top five by value were the United States, China, United Kingdom, Canada and Hong Kong. Together, they accounted for almost three-quarters of the value of Australian exports. The top five by volume were the United Kingdom, United States, China, Canada and Germany. It is important to note that over 80 per cent of wine exported to the United Kingdom and Germany was shipped in bulk containers and this has an impact on the reported FOB values.

The United States continues as Australia’s number one destination for wine by value and there are

Skillogalee vineyard, Clare Valley, South Australia
optimistic signs of growth in the United States. In the year ended March 2016, wine exports to the United States increased in value by 4 per cent to A$442 million, while volume decreased by 3 per cent to 161 million litres.

Aided by the introduction of the China-Australia Free Trade Agreement (ChAFTA) in December 2015, as well as the increased interest of the growing Chinese middle class in wine, mainland China overtook the United Kingdom as the second largest market for Australian exports by value.

Exports to China grew by 64 per cent to A$397 million, despite a slowing economy. The inclusion of Hong Kong at A$129 million makes China the largest market for Australian wine exports. Driving this growth are several factors including the comparatively large appetite for premium Australian wine at high prices.

Volume into China also grew by 63 per cent to 72 million litres. The slight increase in average value of wine per litre is the first growth on a yearly basis in the last two years and signals that the adverse effects of the austerity measures are now securely in the past.

The United Kingdom market continues to be our most significant market in volume terms but, because 80 per cent of wine is shipped in bulk, it slipped to third in value even though exports increased by 1 per cent to A$373 million. Volume decreased by 3 per cent to 244 million litres. The value of bulk wine decreased by 3 per cent to A$211 million, while conversely the value of bottled wine increased by 6 per cent to A$162 million.

Bottled exports now account for a 16 per cent volume share of all shipments to the United Kingdom, up 1 percentage point, while bulk decreased by the same margin to 84 per cent. A decade ago, the appreciating Australian dollar made packaging in-market in the United Kingdom more attractive. However, the dollar’s recent reversal has once again made bottling in Australia more attractive economically. This trend reversal has emerged since mid-2014 however, with key bottling facilities now established in the United Kingdom, it is very unlikely that the majority of packaging will return to Australia.

Rounding out the top five exports markets are Canada (up 1 per cent to A$188 million) and Hong Kong (up 17 per cent to A$129 million).

**Free trade agreements**

Australia continues to see solid growth in the three markets with recent free trade agreements (FTAs).

Exports to Japan increased by 10 per cent in value to $45 million and 12 per cent in volume to 12 million litres. There was encouraging growth at higher price points, with the value of wine exported above $10 per litre increased by 34 per cent to $8.3 million and exports in the $7.50-9.99 segment increased by 46 per cent to $5.3 million.

Under the Japan-Australia Economic Partnership Agreement, tariffs on bulk wine were immediately reduced to zero and wine exported in bulk packaging increased in value by 37 per cent to A$3.4 million and volume by 46 per cent to 3.4 million litres.

Exports to South Korea have increased by 51 per cent to $13 million, the highest annual value since December 2008 and just short of the $15 million peak, which was achieved earlier in 2008. Volume also increased significantly, growing by 75 per cent to 2.1 million litres.

The China-Australia Free Trade Agreement (ChAFTA) was in force for fewer than 4 months of the reported period so its full impact is yet to be realised but Australian exports to mainland China grew by 64 per cent to $397 million over the 12 months. The inclusion of $129 million of exports to Hong Kong makes China the largest market for Australian wine exports.

There are many other countries that experienced growth throughout the year. Some of the more significant growing markets include:

- Malaysia, up A$14 million to A$53 million
- Netherlands, up A$2.3 million to A$31 million
- Sweden, up A$2.9 million to A$20 million, and
- Thailand, up A$2.9 million to A$17 million.

**Maintaining bulk wine quality**

More than half of Australian wine exports now leave our shores in bulk for packaging in market – up from just 20 per cent a decade ago.

With this in mind, Wine Australia funded a project with the Australian Wine Research Institute (AWRI) looking at the bulk transport process and whether the choices wine companies make have any sensory or chemical impact on the wine during or after transit.

AWRI researchers Simon Nordestgaard and Eric Wilkes together with wine sector collaborators tracked more than one million litres of wine bound for the United Kingdom over 15 months and the results were very positive.

They found that the choice of tank, shipping route and filling temperature essentially had no impact on wine quality. No taints were observed and, according to packaging facilities, the pick-up of taints during bulk transport has not been an issue for many years.

The absence of any taints “is likely a testament to the management strategies introduced by the largest freight forwarders/flexitank suppliers servicing the Australian wine sector”, Dr Nordestgaard said in his final report.

“These measures include container sorting, container lining and flexitank barrier films that provide a final stage of product protection. Whenever engaging a new freight forwarder/flexitank supplier, it is recommended to ensure that well-conceived taint avoidance strategies/
Wine Australia
Export report
Year ended March 2016

Total exports
$2.1 billion
13%

Volume
731 million litres
3%

Average value
$2.85/litre
10%

Exports by price point

-0.3% $421m
9% $760m
18% $260m
11% $145m
32% $492m

Top 5 export markets

China 64%
United States $442m 4%
China $397m 64%
United Kingdom $371m 0.6%
Canada $188m 1%
Hong Kong $129m 17%

Top 5 exported varietals

Shiraz 19%
Cabernet Sauvignon 20%
Chardonnay -2%
Shiraz/Cab Sauv 13%
Merlot 18%

materials are in place together with appropriate proof of performance.”
Dr Nordestgaard ran the trials in 4 batches, each involving around 11 containers filled with 24,000 litres of wine, with the type of tank (ISO tanks or flexitanks), shipping route and filling temperature (8°C or 19°C) as the 3 variables. Chardonnay was the wine of choice, as it is the white variety exported in the greatest volume to the United Kingdom. A few containers of Shiraz-Gabernet Sauvignon blend were also monitored.
On average, ISO tanks resulted in marginally higher retention of a couple of chemical compounds, but in tastings experienced winemakers did not consistently prefer the wines shipped in ISO tanks.
The route taken, and whether or not the wine was trans-shipped via a hub port (e.g. Malaysia) or stayed on board the same ship, had no real impact. Schedules varied, and in some cases routes involving trans-shipping were actually quicker because there were fewer other stops.
The full project report is available on request via the AWRI helpdesk (08 8313 6600 or helpdesk@awri.com.au).

Conclusion
The Australian wine community will continue to work closely with the shipping industry to ensure that Australian wine exports are able to reach vital export markets efficiently to meet growing demand.
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There is always an “X” factor in economics that comes from out of the blue to shock markets and the global community. There are often geo-political shocks, a financial collapse or a public health issue. So far the factor X in 2016 could be Zika. For instance, Brazil was all ready to party with the Olympics in Rio de Janeiro in August but it is now bracing itself for Zika. The Zika virus – which is named after the Zika Forest in Uganda where it was first found in the 1940s and borne by mosquitoes - is threatening to damage Rio’s Olympic preparations this year and create a large humanitarian crisis in the Americas and beyond. It is particularly dangerous to newborn babies born to affected mothers.

So far, 1.5 million Brazilians are already affected and Zika is spreading across the Americas. Along with Brazil, Venezuela, Colombia, Mexico, Puerto Rico could already be affected. Scientists fear it will move up to the USA from Central America through the swampy mosquito infested region of the gulf coast (Louisiana, Texas, Florida etc.)

So what are the potential economic effects of Zika and how does it compare to other outbreaks such as SARS, Bird Flu and Ebola?

In 2003, SARS reduced the economic activity of Singapore, Malaysia, Hong Kong and China by 20 per cent over the year, although it was concentrated in the second quarter for about two months with sharp disruption to travel and tourism.

In 2013, Bird flu is said to have caused $6.5 billion in damage to the Chinese economy although early fears talked about an $800 billion hit to the global economy but that proved to be a very worst-case scenario. The Chinese Government’s prompt action to temporarily restrict transport in the poultry industry to the affected ten provinces and then invest significantly in the industry, to the tune of 600 million RMB or $97 million helped to stem the flow of the virus.

And last year, Ebola impacted West Africa badly in terms of the effect on industrial production (rather than tourism) with World Bank estimates suggesting a whopping 12 per cent drop in GDP in the worst affected countries.

So will Zika affect Brazil economically as well as the humanitarian aspects of the crisis?

As it happens, it couldn’t have come at a worse time for Brazil, as the much-lauded South American powerhouse is already facing tough economic times. From being the poster child of the global economy five years ago (when it overtook the United Kingdom in global economic rankings), it’s had the end of the resources boom to contend with along with a presidential corruption scandal and large scale protests in the lead up to the 2014 FIFA World Cup (over corruption and the crumbling public infrastructure).

With the Rio Olympics Brazilian tourism was expected to be worth 10 per cent of GDP, up from the regular 9 per cent in a normal year (given the popularity of Carnivale etc.) but with Zika, if it affects Brazil in SARs-like proportions, it will shave 20 per cent off tourism income (equivalent to US$47 billion according to United Kingdom based economist Geraint Johnes).

So far it is already diverting resources, as President Dilma (herself facing impeachment) has had to use security resources that were to be used for the Olympic venue, testing for an anti-Zika mega operation. The President described the campaign in a televised address as “battle for life” and all places where mosquito larvae can infest are being eliminated – even in areas close to the Rio Olympics venues themselves. The City of Rio de Janeiro has intensified its efforts to eradicate mosquitos from venues and is increasing the ranks of its 3,000 public health agents it employs in normal times. Every effort will be made to ensure Rio 2016 is Zika free, although participating countries, like Australia through the Australian Olympic Committee (AOC) have told athletes that it is monitoring the situation, especially for pregnant female athletes because of the Zika threat to newborns.

However, there is a view that in light of this latest setback, Brazil needs the Rio Olympics more than ever and will pull out all stops to ensure public safety for athletes and spectators. And it is hoped that when the Olympics start, it will be in the cooler months and sufficient time will have passed for the Brazilian medical authorities to contain the virus. Brazil – especially under President Lula – invested strongly in public health and social capital at home and abroad (particularly in Africa as part of the ‘South-South’ strategy) so Brazil does have experience in fighting widespread threats to public health. This will be a great test for Brazil, after recent economic setbacks to show its strength and commitment as a global citizen.

Sources: World Bank, Reuters, PBS, WHO, IMF, DFAT.

*Tim Harcourt is the JW Neville Fellow in Economics, UNSW Business School in Sydney and author of The Airport Economist. www.theairporteconomist.com
Leading the way
Don’t get fooled by Groundhog Day

By BERNARD GRESSER, director, Infinitas Asset Management Limited

Every year in Punxsutawney, Pennsylvania on 2 February, the crowds converge on the little town to participate in Groundhog Day. ‘Tis a local custom where supposedly the little groundhog (think bigger than a squirrel, but smaller and less ornery than a wombat) can tell the crowds if winter will finish early or go on for another six weeks.

Does anyone really believe it? Probably not. But it doesn’t really matter while the crowds are going along for the ride and no one gets hurt.

Why am I talking about North American winter customs? Because to the experienced participant, you can see this kind of mind numbing behavior happening in financial markets every day.

A good example of this is the Chinese property market. Globally, you can name the analysts who are positive on Chinese property on one hand. However, as per the below chart of Chinese Tier One cities (Shenzhen, Guangzhou, Shanghai and Beijing), you can see property prices have performed strongly. In fact, the Shenzhen property market has been that strong (up 50 per cent year-on-year) it’s put the Sydney property market to shame.

I’m pretty sure this kind of growth is not sustainable. And clearly, the Shenzhen property market isn’t reflective of the entire Chinese property market.

However, it does show the folly in taking the loudest, most repetitive view on face value.

So next time you hear a China doom and gloom merchant, feel free to ask them their views on the Shenzhen property market over the last twelve months. Chances are they would not be able to point to it on a map.

We can name a range of these Groundhog Day situations at the moment.

Iron ore is one of the highest profile Groundhog Day stories we can all relate to. Every day we hear economists saying it is all over for iron ore. They must have missed the rally that iron ore has had since the start of 2016.

The following chart is one of the strongest, proudest charts I have seen in commodities this year.

When iron ore was at $US38.30 per tonne some of these economists were almost cheering it on to go lower.

I saw research titled, “Who Can Survive at $US20 per tonne Iron Ore”.

With iron ore touching $US70 per tonne in April most of those economists are strangely quiet.

If the misinformation wasn’t so bad it might almost be comical.

The next question should be, “Where can we see another Groundhog Day situation developing?”?

It stands to reason, as shown by the China property and iron ore examples, if the crowd is chanting a repetitive, negative mantra, are there opportunities to exploit the other side of the equation.

The short answer is: always.
What emerged over the last three years of subsistence operating, was a handful of profitable, efficient companies. This was similar to the *Tech Boom and Tech Wreck* of 2000 to 2001. Post the crash, quality companies like Google and Amazon emerged as power houses.

In Australia, the renewable sector that for the last few years was a no-go sector for investors, has emerged stronger, leaner and more profitable than before.

The compromise Renewable Energy Target (RET) of 33 million Mwh per annum (circa 20 per cent of Australian usage) by 2020 has resulted in the renewable energy companies that only just survived, to now thrive.

Producers of Renewable Energy Certificates (LGC’s) – carbon credits – are now experiencing a three-fold increase over the last two years in the value of what they produce.

The chart below shows that clearly.

So while the maddening crowd has been calling time on Australian renewable companies – just like they did with iron ore and Chinese property – the reality has been very different.

The key takeaway from all this, is if you find yourself in a crowd all moving in the same direction, you have to question if it is really the right move to be taking.

Having some fun in the snow waiting for a groundhog to tell you the future is one thing.

Forecasting economic, market and investment trends is another.

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**Iron ore price trend**

One area that is emerging from multiple years is renewable energy here in Australia. After the government-funded binge that was started in 2007 was turned off in 2013, the volume of genuine renewable energy producers dropped substantially. The investment community has avoided this sector for the last three years like the plague.

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Fragments of flight MH370 have washed up in Africa but the underwater hunt is likely to be called off in July. No trace of the aircraft has been found on the seabed despite a most complex, detailed and tenacious deep-water search covering 120,000 square kilometres (nearly twice the size of Tasmania). So just what did that search involve?

**The search for MH370**

By PAUL KENNEDY, search director and STEPHEN DUFFIELD, managing director, Fugro Survey Pty Ltd

On 8 March, 2014 Malaysian Airlines flight MH370 took off from Kuala Lumpur bound for Beijing. The flight never arrived, setting off the largest maritime search in history.

Once the aircraft was designated as being lost in Australia’s Search and Rescue Region, the Australian Maritime Safety Authority search protocols commenced. After 30 days the decision was taken that this was no longer a search and recovery task and responsibility for the search transferred to the Australian Transport Safety Bureau.

The original search area concentrated on an area to the north of Broken Ridge (approximately 1800 kilometres west of Fremantle, Western Australia.) The search area had been defined along a 7th Arc, which is a range circle between the aircraft and the Inmarsat Indian Ocean satellite, which is normally being used for inflight communications. The 7th Arc was the final communication from the aircraft, so is the most reliable start point for search operations. Unfortunately, this communication was merely a logon message and did not contain a coordinate.

The priority search area, as defined by the ATSB is 120,000 square kilometres which eclipses any previous marine search and its southernmost tip is in the roaring forties. The area had not been previously surveyed, in detail and the available information, based on satellite derived gravity data indicated depths estimated to be from 1500 metres to over 6000 metres. This estimated depth fell well short of the resolution required for safe deep tow, ‘near seabed’ search operations.

In May 2014, Fugro Survey Pty Ltd (Fugro) of Perth, Australia was awarded the contract to undertake bathymetric surveys of the priority area. The objective was to gather bathymetric (depth) data to enable detailed search planning and safe towing of the equipment required for the precision search to follow. Fugro was able to mobilise the Fugro Equator for this task. The Fugro Equator is a 65 metre vessel built specifically for hydrographic surveying. She was designed to research standards, keeping the hull exceptionally quiet and using diesel electric propulsion for very efficient, at survey speed, typically only using 4 tonnes of fuel per day.

From her commencement on site in June 2014 to the completion of the initial bathymetry work (December 2014), Fugro Equator surveyed over 160,000 square kilometres with only 8 hours ship downtime. The surveying equipment was a Kongsberg EM302 multibeam echo-sounder, producing a seafloor mapping resolution of 25 metres by 25 metres with a depth accuracy of a few metres. This resolution is not sufficient to locate a debris field, but essential for planning a wide area search and maintaining the safety of the search equipment.

While the survey was underway, the Commonwealth of Australia, via ATSB undertook an international, open tender for the detailed wide area search.
Fugro Equator operating in the search area (Image: ATSB, Justin Baulch)

After extensive consideration, this tender was subsequently also awarded to Fugro Survey Pty Ltd in August 2014.

Fugro was able to bring to the search the Fugro Discovery, which at that time was working in the North Sea. The Fugro Discovery is 70 metres in length and ice class. She transited to Fremantle around Africa, dry docking in Durban along the way. Fugro Discovery was in the field by the end of October 2014 and she is still there, working in conjunction with the Fugro Equator.

Fugro Equator and Fugro Discovery are the main components of the Fugro portion of the Search. The bathymetry being acquired by the Fugro Equator, now to the south of Broken Ridge, has identified a very interesting seabed with subsea mountain ranges and valleys, volcanoes and mud mounds and a quite large canyon that is an offshoot of the Geelvink Fracture Zone. The canyon runs for more than 700 kilometres through the search area and is up to 1 kilometre deep and 8 kilometres wide. The slopes of the canyon average 45 degrees and exceed 70 degrees in places.

The primary search tool for the wide area search is an Edgetech deep tow fish, containing a complex array of sensors including a 75/400 KHz sidescan sonar, Kongsberg EM2040 multibeam, sub bottom profiler, cameras, fuel sniffers and inertial navigation systems. The deep tow is towed behind the ship by a 10,000 metre, 17.6 millimetre triple armoured fibre optic cable. The winch used is a Dynacon traction winch, which is a specialist winch designed to manage the enormous tension on the cable and prevent snapping by ensuring the cable is layered neatly on the winch. The deep tow is towed at approximately 150 metres above the sea bottom and is able to record data out to 1000 metres either side of the system and identify objects 2 metres square, which is roughly the size of a B777 engine. The towfish is tracked using a Kongsberg HiPap 101 which allows the fish to be positioned along track +/- 20 metres. In order to maintain the flying height the search team use the detailed bathymetric model to look ahead of the deep tow and plan winching operations. As large geological features come up, it is necessary to “lift” the fish over them, and then lower gently at the back side of the feature. Steep features cause small gaps in data coverage, these are termed data holidays.

To ensure the data holidays are searched, Fugro was able to mobilise the Fugro Supporter from January 2015 through to May 2015, the summer/autumn months in the southern hemisphere. The Fugro Supporter came with a specialised survey tool, an autonomous underwater vehicle (AUV), namely a Kongsberg Hugin 4500 AUV rated to 4,500 metres water depth. An AUV is pre-programmed with its mission to search a specific area whilst on board the vessel. She is then launched from the stern of the vessel and carries out her mission without human intervention. As the AUV is not towed, it is able to survey quite close to features and “in-fill” the data holidays. As a comparison, the a ship towing a deep tow takes 8 hours to complete line turns due to the amount of cable involved, whereas the AUV can turn 180 degrees in minutes.

The AUV was fitted with a similar payload of sensors as the deep tow, but as she is untethered, she can operate as close as 5 metres from the seafloor in 4000 metres of water. This permits her to undertake photographic studies of items of interest identified in the wide area search, producing photo mosaics to a 3 millimetre pixel resolution. It was this system that took photos of a ship-wreck with little left of it, other than an anchor, chain and metallic objects and a large box. A second wreck was found but no photographs were taken, just a high resolution sidescan image.

The vessels are based out of Fremantle, Western Australia. They undertake a swing of 42 day duration, sailing between 5 and 6 days to the search site, and spending approximately 30 days on site searching, before returning to Fremantle, to change the crew, refuel and reprovision. During the 30 days the vessels are running lines travelling south to the end of search zone, changing lines and returning north on a parallel line. Each of the lines is undertaken at between 2.5...
and 3.0 knots (walking pace) in order to optimise the data quality and area covered.

Weather has had a major impact on the search. There is nowhere for the vessels to shelter during storms, so the vessels need to be ride out all weather. In February 2015, the vessels were caught in Cyclone Bonsai, which was then quickly followed by Cyclone Diamondra and Cyclone Eunice. During the final two cyclones Fugro Equator was transiting through 17.6 metre waves in an effort to find quieter seas. Cyclones at 35 degrees south were a surprise to the project team, but yes they do exist and yes, they are nasty.

In November 2015, Fugro was able to bring a fourth vessel, the Havila Harmony to undertake more AUV work during the 2015 summer. Given the size of the Havila Harmony she was able to take on greater levels of fuel and provisions and she undertook two swings of 60 days. The Harmony suffered some significant damage and downtime following entanglement in gill netting activity in the search area, which damaged sensitive AUV communication equipment on her hull. An emergency dry-dock was undertaken in Henderson, Western Australia in February 2016 to repair her USBL. The Havila Harmony is larger and more stable than the Fugro Supporter, this enabled greater productivity of the AUV through easier launch and recovery.

Havila Harmony is normally used by Fugro for ROV operations. On her second swing, she was put to use in this mode to recover one of the deep tow fish that had become detached from the tow cable after hitting a sea mount. This recovery was completed in 4 hours, while the deep tow fish was found to be undamaged and went straight back into service after inspection.

The vessel crews are made up approximately 50 per cent marine crew and 50 per cent search crew. The crews have been sourced from around the world from Fugro’s global resources. The data acquired on the vessels is compressed and transmitted to Fugro’s office in Perth via satellite for processing and review. This utilises Fugro’s proprietary data transmission system Back to Base. This allows the data to be available to the Perth team for review, processing and analysis within 48 hours of acquisition. At the same time the data is also available to the ATSB and GeoScience Australia, which ensures the data is reviewed independently and multiple times.

At the time of writing (April 2016) the search had covered over 100,000 square kilometres of the 120,000 square kilometres that the ATSB has identified as its priority search area. Some of the staff involved have been working on the search since May 2014 (24 months). The teams at Fugro are constantly motivated to solve this mystery and bring closure to the next of kin of 239 people who lost their lives on flight MH370. While the search within the priority area is nearly complete, we are still hopeful of finding the missing aircraft, if it in our search area we will find it.

Some interesting statistics
- 19 different nationalities in offshore vessels
- Approximately 300 personnel have worked offshore on the search
- 1335 vessel days
- 915,072 man-hours at sea
- Distance travelled - approximately 250,000 kilometres
- Data - 15 terabytes of data transferred from vessel to shore via satellite
- Full data exceeded a petabyte.
- Four cyclones
- Largest recorded wave = 17 metres
- Strongest recorded wind = 78 knots (~150km/h)
- Two emergency port calls due to illness (not injury).

Image of the lost towfish at a depth of 2550m fed from the ocean floor back to the surface by the ROV (Image: ATSB, John Bethea)
Technology at the bow of world-class training

Newcastle is synonymous with beaches, harbour life and an established shipping history as Australia’s oldest port. What you might not have known is that it is also home to the Hunter Maritime College, one of the most advanced deck and marine engineering training facilities in the country. Hunter Maritime College (HMC) is part of the expansive network of Hunter TAFE’s 15 campuses located throughout the Central Coast and Hunter regions and offers numerous shipping industry courses at its Tighes Hill campus in Newcastle, NSW. HMC’s close proximity to Newcastle port has enabled it to establish a long history working in partnership with the international shipping industry. Over its 120 year history, through close industry collaboration HMC has continued to refine, enhance and adapt its quality training programs to meet the changing needs of the industry.

HMC offers a broad range of qualifications for both Deck and Engineering, from Watchkeeper Deck through to Master (unlimited) and Engineering cadets through to Class 1 Engineers. All HMC courses are approved by the Australian Maritime Safety Authority (AMSA) and aligned with regulations for the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers 1978 (STCW).

Hunter TAFE is just one of just three training facilities in the country and the only on the east coast of the mainland with state-of-the-art engine room and ship bridge simulators. The two simulators utilise 3D interactive technology to provide real life training scenario’s on the shipping operations for Masters, Deck Officers and Engineering Officers.

At the core of the HMC programs is a focus on providing training with a practical edge through training facilities that replicate the modern seagoing workplace including a replicated engine control room, heat engine lab and a fully operational auxiliary boiler system. Approved training facilities enable HMC to deliver various short courses such as GMDSS, ECDIS, COST, Advanced Fire, PSC and SAT and AEE.

With decades of experience in the marine and maritime industry HMC teachers provide students with the knowledge, skills and hands-on experience that will ensure graduates have the best possible start to their career in the international shipping industry.

Hunter TAFE teacher Aziz Adebayo heads up the marine engineering section and brings with him extensive sea experience after commencing his sea career in 1976, rising through the ranks to chief engineer. His teaching career extends across Asia Pacific including six years as the head engineering teacher at Papua New Guinea Maritime College before joining Hunter TAFE in 2010. Hunter TAFE Maritime section Head Teacher, Glenn Hunter started his career in the industry in 1977 as a cadet and worked at sea for more than 20 years before turning his focus to teaching the future mariners, marine engineers, watchkeepers and chief mates of the industry in 2010.

Mr Hunter said his passion for the shipping industry is as strong as ever and he enjoys working in collaboration with industry to provide HMC graduates with the best possible training and career opportunities.

“By working with industry partners across the region and ensuring we have the latest facilities and technology at our fingertips we are able to provide training at the highest level of international industry standards,” said Mr Hunter.

“We have the capability to be nimble and responsive to the requirements of shipping companies and can tailor our STWC accredited short courses to best meet the scheduling needs of our industry customers.

“For example in a matter of a week we are able to organise and run an advanced fire proficiency course for a company that was docking into Newcastle port,” he said.

HMC’s specialist centre has strong links and networks with the industry and other training bodies, and is a member of the Australasian Network of Maritime Educators and Trainers Inc. (ANMET). The Centre is also a founding member of the MASTER Alliance, an association of premier maritime training organisations across Asia Pacific.

For more information:
Steve Mitchell (02) 4923 7377 or 0477 334 280

HUNTER MARITIME COLLEGE (HMC)

2016 COURSES – ALL AMSA APPROVED

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- Watchkeeper Deck - MAR50313 Diploma of Maritime Operations (STCW Code section A-VI/1)
- Chief Mate – Master (unlimited)
- ECDIS - Electronic Chart Display Information System - Generic Training - 2012 revision of IMO model course 1.27.
- GMDSS General Operators (full & revalidation) - Global Maritime Distress Safety System (STCW Code section A-VI/2)
- SAT - Security Awareness Training (STCW Code section A-VI/6 paragraph 4)

Google Hunter TAFE  Call 131 225
Freight rates on trade lanes to and from Australia have never been lower and shipping lines are constantly evaluating their position in the Australian market. 2016 will see the departure of NYK as they drop their Sydney call and a number of lines reduce vessels on certain corridors.

From the moment a container becomes available at Botany most importers are afforded as a little as seven days to have the container removed from the wharf, transported to their warehouse or distribution centre, deconsolidated and returned to an empty container park.

Unfortunately the import/export cycle in Sydney is highly imbalanced as we are traditionally a nation of raw material exporters and finished goods importers and the export destinations are typically not the same as the origin or our imports. This in turn leads to a large inability to reuse import containers for export freight. Currently the highest volume export commodity from New South Wales is fresh air with 58 per cent of all containers leaving Sydney empty.

Empty containers are transported in bulk from storage facilities to Port Botany for repositioning on vessels back to high demand import locations overseas. This is often done to minimise the cost of repair, as Australian labour rates are relatively high when compared to South East Asia. The repositioning is also often undertaken to ensure the containers can be used again quickly on the southbound journey where freight rates are more lucrative, without the concern of the container being delayed or damaged by northbound exporters who are paying a minimal freight rate.

One of the greatest challenges in the Sydney port supply chain is to achieve the fast, efficient and economical turnaround of containers. With such a large quantity of empty containers requiring overseas repositioning, the empty container facility demographics, facilities offered by the depot and their ability to turnaround containers economically, becomes critical in the decision making process of the shipping lines when considering where to store empties.

There is currently a lot of talk throughout industry of proposed, emerging and reinstated intermodal facilities throughout Sydney such as Enfield, Moorebank, Chullora, Villawood and St. Marys, all of which have their geographic challenges when it comes to empty container repositioning with respect to their distance from Port Botany. For these intermodal facilities to be economically viable an import or export journey needs to start and finish at that location, hence the empty containers need to be available from and returned to such a facility.

One out of every three containers received at an empty container facility will be either too expensive to repair in Australia, have major damage or simply not be suitable for export use due to type or quantity. These containers will need to be repositioned to the port for empty evacuation. If these containers are located at an intermodal facility in Western Sydney (some up to 60 kilometres from port) it becomes difficult to reposition them quickly and economically.

The largest empty container park in Sydney repositions an average of 1900 TEU per week to Port Botany. It is not uncommon in high demand periods for the numbers to run upwards of 3400 TEU per week, most of which are required to be received by the stevedores within the last 24 hours prior to a vessels’ estimated time of arrival at port. This in itself is a constant logistical challenge and the task is never evenly spread across a week, the peak within the week can hit in three days with the rest of the week remaining relatively quiet. The timing is all determined by the stevedores, based on constant changes to vessel arrival and working times. This becomes an impossible task for rail to accommodate or even make an impact on. Therefore these containers must travel by road and in doing so containers from distant depots will incur far higher transport cost than those at facilities located in the greater port precinct (10 kilometres or less to port) where 95 per cent of all empty container facility capacity currently resides.

If an empty container facility has rail access and operates as a true intermodal facility there are even greater benefits to shipping lines. MCS Cooks River Intermodal is currently loading empty containers to 69 per cent of all New South Wales regional rail services. This in conjunction with upwards of 300 container upgrades and repairs per day returns 84 per cent of all empty containers back into the export market. Thus only 36 per cent are repositioned empty to the port, 22 per cent greater than the industry average of 58 per cent.

Another great challenge for the Sydney port supply chain is the increasing congestion on Sydney roads. In 2012 the Port Botany Landside Improvement Strategy (PBLIS) was introduced with a set of reciprocal standards and penalties for non-conformance between carriers and stevedores. This had a substantial impact on truck turnaround times at the stevedore gate, however the greater port precinct continues to become more and more congested. Foreshore Road (last 2 kilometres to/from Port Botany) now has multiple sets of traffic lights and operates as a car park on a conveyor belt during peak hour. Cycle time between Port Botany and Western Sydney now averages 1.8 trips in an eight hour truck cycle, according to recent industry studies.

Throughput via Port Botany continues to increase at an average of 4 per cent
Attention Importers
NEW AUSTRALIAN GOVERNMENT BIOSECURITY LEGISLATION COMMENCES 16 JUNE 2016

Important changes to Australia’s biosecurity system come into effect on **16 June 2016** with commencement of the *Biosecurity Act 2015*. There are new requirements that will affect how the biosecurity risks associated with goods, people and conveyances entering Australia are managed.


Email: newbiosecuritylegislation@agriculture.gov.au
Phone: 1800 040 629
Bunkered!

By JOE HURLEY, partner and CHRIS SACRÉ, senior associate, HWL Ebsworth Lawyers

The shipping world from London to Sydney has been eagerly awaiting for the decision of the English Supreme Court in the matter of RES COGITANS and on 11 May 2016 it arrived!1

We appreciate that following our report in the 2015 Annual Review, many of the Shipping Australia members will know of the progress and facts of this case.

For those that do not, the dispute arose out of a bunker supply contract following the demise of OW Bunkers (OWB) in late 2014. Both OWB and the unpaid physical bunker supplier demanded payment for the same bunker stem and as such Owners tried to avoid having to pay both.

In defence of the claim brought by OWB, Owners sought to rely on sections 12 and 49 of the UK Sale of Goods Act 1979 (the Act)² to avoid paying OWB on the grounds that when title is retained by the physical supplier, the third party supplier OWB fails to transfer property in the bunkers to Owners. Owners asserted that in such circumstances there is a total failure of consideration on the part of OWB which provides Owners with a complete defence to a claim by OWB for the price.

We can report that the English Supreme Court has agreed with the first instance LMAA tribunal, High Court and Court of Appeal in finding that the Act does not apply to the bunker contract and as such OWB is not restrained by the terms of section 49 of the Act and can recover the price of the bunkers from Owners as a debt due.

**Was the bunker supply contract “a contract for the sale of goods”?**

The Supreme Court considered the question of whether the contract for the sale of bunkers was a “contract for the sale of goods” to which the provisions of the Act applied. Section 2(1) of the Act provides: “A contract of sale of goods is a contract by which the seller transfers or agrees to transfer the property in the goods to the buyer for a money consideration, called the price”. If the bunker contract did not fall within this definition then the Act did not apply and Owners’ defences fell away.

The bunker contract contained 60 day payment terms which permitted the bunkers to be burned by the ship pre payment and for title to be retained pending payment. In the circumstances the bunkers had all been consumed pre payment and as such title and property in the goods was never in fact transferred to Owners.

The Supreme Court commenced its analysis by observing the commercial reality that a bunker supplier knows that bunkers will be consumed in whole or part before payment or passing of title because the vessel will simply have to consume them for propulsion. For this very reason the contract expressly permits such consumption - “This is a vital and essential feature of the bunker supply business”.

The Supreme Court accepted that it was possible that some of the bunkers may be consumed pre-payment and some post with the effect that title may pass in respect of some of the bunkers but refused to treat a single agreement as divisible.

The Supreme Court concluded that the contract was complex providing for a sui generis transaction which, in its essential nature, offered a feature quite different from a contract of sale.

As such the Act did not apply and Owners could have no possible defence under section 49 to the claim for the price.

**Did Section 49 provide Owners with a defence in any event?**

Lord Mance also considered whether, if it had applied, section 49 of the Act constituted a code which precluded any action for the price outside its terms.

Lord Mance referred to the fact that:

a) the bunkers had been delivered;

b) they were at the buyers’ risk as regards damage and destruction; and

c) they were also expressly permitted to be destroyed by Owners for their commercial benefit.

Lord Mance held that section 49 is not a complete code of situations in which the price may be recoverable under a contract of sale. ▲

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1PST Energy 7 Shipping LLC and another v OW Bunker Malta Limited and another [2016] UKSC 23

2see equivalent sections 17 and 51 of the Sale of Goods Act 1923 (NSW)

3Over-ruling the decision in FG Wilson (Engineering) Ltd v John Holt & Co (Liverpool) Ltd (the Caterpillar case)
FLEET RENEWAL
INVESTING IN OUR MARINE SERVICES

Tasports kick started a major fleet renewal program in 2015. The key objectives of the program are to improve the safety of our employees, the efficiency and reliability of our marine and land based assets and the growth of our customers.

Over the last 12 months Tasports has significantly upgraded the capacity of the current fleet through the addition of three new work boats and the acquisition of the tug, Korimul.

In 2016 and 2017 Tasports will add two new pilot cutters to the State’s fleet. Following extensive research Tasports has contracted Victorian company, Hart Marine, to supply two new French designed 15.6m ORC Pilot vessels. The contemporary design of these vessels encapsulates the very best features available to maximise safety, sea keeping ability and efficiency in the challenging waters of Bass Strait. The vessels will provide greatly improved performance including state of the art engines (top speed of 28 knots) and electronics.

Key safety features include the self-righting capability of the vessel, the hull provides significant increase in comfort as it has a wave piercing ‘beak’ bow and the wheelhouse is independently mounted from the rest of the hull to reduce vibration.

The vessels’ deployment in the northern ports of Burnie and Bell Bay will ensure safer transfer of pilots in adverse weather conditions and greater efficiency of pilot transfers due to speed, manoeuvrability and capacity of the vessel. This $5m investment ensures the ongoing safety of our pilots and crew and will play a pivotal role in our ability to service future business and customer growth.
Criminal Master or criminal to refuse a place of refuge?

By A SPECIAL CORRESPONDENT

A decision of the Spanish Supreme Court in January, to sentence the master of the MV Prestige to two years imprisonment, raised heated debate at a recent meeting of the International Oil Pollution Compensation Funds (IOPCF). The International Chamber of Shipping (ICS) has strongly criticised this judgement.

Is this the case of a State looking for a scapegoat leading to unnecessary criminalisation of a seafarer? You should recall that three States: Spain, France and Portugal, refused the Prestige entry to a place of refuge; entry could have averted the disaster that followed.

**Background**

MV Prestige, founded and sank off the coast of Galicia in Spain, on November 13, 2002. She had requested and been refused a place of refuge from France and then Portugal, finally her hull split in half spilling more than 80 per cent of her 77,000 tonnes of heavy fuel oil.

**The obvious alternative**

Had the Prestige been granted refuge it is almost certain the oil leak could have been contained, causing minimal damage compared to the devastation which resulted from her sinking.

**Spanish Court dismisses charges**

In 2013, according to ICS, “The lower Spanish Court, in La Coruña, after hearing evidence – including evidence from the master – had previously acquitted him of all charges of criminal damage. It had also acquitted the Spanish civil servant who had been involved in the decision not to allow the ship into a place of refuge. The lower Court did not therefore award any compensation to the claimants, which included the Spanish Government.”

**Criminalisation of the master**

“The Supreme Court’s judgement was reached after just one day, without hearing any new evidence and in the absence of the master. At the same time, the Supreme Court confirmed the acquittal of the Spanish civil servant.

“In a formal statement to governments which oversee the global oil pollution compensation regime via the IOPCF, ICS stressed its immediate concern was the implications of the Supreme Court’s decision for the unwarranted criminalisation of seafarers. But ICS also noted that this decision may now be deployed to break the shipowner’s right to limit its financial liability under the CLC.”

“The Supreme Court’s decision was extremely surprising in that it overturned a lower court’s acquittal of the master, in his absence, and without hearing any new evidence as to his knowledge about the condition of the ship. This raises fundamental questions as to whether it was a fair trial,” said the ICS statement.

ICS also told the IOPCF meeting, “This decision appears to be highly unusual and has been reached through a somewhat contorted application of law to facts which were found to be correct by the lower court. The decision also seems entirely unbalanced, applying different standards when assessing the blameworthiness of the master to those applied to government officials on shore, whose decisions were exonerated by the Supreme Court.”

“It is of great concern to ICS that this decision may be used to support a claim to break the shipowner’s right to limit liability and that the amounts then claimed would far outstrip those limits. These limits of liability are the essential quid pro quo for shipowners for agreeing a strict liability under the CLC regime. However, under the CLC the right to the limits may be broken if it can be shown that the shipowner acted recklessly and with knowledge that the damage would probably result.”

**Consequences for all ship owners**

“ICS says that the actions by the Spanish government to pursue its claims against the shipowner, for what are expected to be enormous amounts in excess of the shipowner’s limits of liability, could seriously undermine the system of shared liability that has been agreed under the CLC/Fund liability and compensation regime. ICS therefore appealed to all Member States of the IOPC Funds to do their utmost to protect and support the system which has worked very well over the past decades, and which should not be sacrificed for the interests of individual countries.

“The whole regime is based on co-operation and trust between the shipping industry, the oil industry and governments”, said ICS in its statement to the IOPCF. “But ICS now fears that the entire system of efficient compensation for oil spills could be put in serious jeopardy because of unsound decisions being made by national courts.”
Strengthening trade through Australian Trusted Trader

Australian Trusted Trader (ATT) is Australia’s Authorized Economic Operator (AEO) programme. Effective AEO programmes make significant contributions to fostering economic growth and prosperity.

ATT is voluntary and aimed at enhancing trade by improving the international competitiveness of Australian businesses. It will do this through partnerships and creating a border management environment that fosters Australian business activity in the global trade environment. This will be achieved through streamlining border management processes, working together to increase supply chain security and enabling industries to enhance compliance practices.

Through innovation and collaboration, the Department of Immigration and Border Protection (the Department) continues to partner with Australian industry on the design of the programme. So far, Australian industry through the Australian Trusted Trader Industry Advisory Group has been instrumental in developing the ATT programme.

From 1 July 2016, ATT will commence implementation. The ATT is open to all sectors of Australia’s international trade community. This includes big and small businesses from sectors such as importers, exporters, domestic or international freight companies, and brokers. This milestone will also mark the completion of the pilot phase of ATT, where over 30 pilot partners from a variety of industry sectors will have participated and helped shape the programme.

The ATT will support the Australian Border Force to introduce more efficient clearance processes for low-risk cargo through border clearance tailored to your specific business needs.

The benefits you can receive as a Trusted Trader from 1 July include:
- a dedicated account manager
- expedited border clearance, processing and release of shipments
- greater certainty on timeframes
- priority access to trade services
- reduced interventions, and where inspections are required, Trusted Traders will receive priority service.

From 2017-18:
- deferred or streamlined reporting.

To apply for the programme from 1 July, you will need to demonstrate that your business meets eligibility requirements for supply chain security and trade compliance relevant to your business.

The accreditation process includes:
1. an expression of interest
2. a self-assessment questionnaire
3. a physical validation of business practices
4. signing of a partnership agreement.

Although the scheme is free, it may cost your business time to complete the self-assessment questionnaire, along with any investment associated with meeting the required standards.

The Department is also pursuing Mutual Recognition Arrangements (MRAs) with key trading countries. By establishing MRAs with the Department’s partner customs agencies, Trusted Traders can access benefits overseas under other AEO and Trusted Trader-style programmes.

AEO certified businesses prefer doing business with other authorised economic operators. By joining ATT, businesses may gain a competitive edge in the global marketplace through enhanced brand reputation and by receiving expedited customs facilitation in destination markets.

So far, the Department has formally agreed with the New Zealand Customs Service (NZCS) and Korea Customs Service to work towards the implementation of a MRA for their AEO programmes.

Once signed, the MRA with NZCS will ensure that members of the NZCS Secure Exports Scheme and ATT receive preferential border treatment and trade facilitation benefits when conducting trans-Tasman trade. It is anticipated that this MRA will allow up to 13 per cent of New Zealand import volume to Australia totalling $3.0 billion to be facilitated, along with $7.5 billion of Australian exports by 2020. This combined $10.5 billion of trans-Tasman trade facilitated and secured through the MRA demonstrates a significant return on investment that will increase the international competitiveness of industries in both countries.

The MRA with Korea Customs Service, once in place, will encourage growth in the Department’s already significant two-way trade relationship with the Republic of Korea, which totalled over $32 billion in merchandise trade in 2014-15 ($18.8 billion in exports to Korea and $13.6 billion imports from the Republic of Korea).

You can apply to be a Trusted Trader from 1 July 2016.

To find out more, visit www.border.gov.au/trustedtrader.
Hart Krtschil
The biosecurity guru of our time

By A SPECIAL CORRESPONDENT

Humble and unassuming in character - a valued friend and mentor. Always willing to support and advise – the wisdom and counsel of this influential, affable man will be greatly missed in the boardroom and around the conference table.

After 56 years on the job and more than 45 years as a driving force in developing Australia’s approach to biosecurity, Hart Krtschil is struggling to come to terms with the concept of retirement. On 30 June 2016 this day will come, when the Industry Working Group on Quarantine, a group he has led for more than 20 years, ceases trading, but do you think he will really stop?

One can hardly hear the phrase Biosecurity and Trade without having the name Hart Krtschil come to mind. He is intertwined in its meaning, history, implementation, progress and success. If don’t know the name, then it’s unlikely that you are involved with shipping, freight, quarantine, biosecurity or government that has responsibilities in these areas.

On the geological time scale, human history is merely a spec. But the Krtschil Era spans a significant period on this spec, an era covering the birth of modern sea freight, containerisation and collaborative biosecurity in Australia. Hart’s era is defined by a lifetime spent passionately pursuing industry and government partnerships in the development of all aspects of biosecurity and trade, in ports, terminals and rural areas.

Starting as a deck cadet with Hansa Line of Bremen in 1960, Hart was captured by Australia’s lifestyle, seen during port calls, and immigrated to Australia in 1965. Employed by Wilh Wilhelmsen, Hart was involved in early cargo consolidation in RoRo vessels and was there at the introduction of containerised cargo to Australia in the mid 1960’s. By 1968 Hart was already working with the Commonwealth Quarantine Service to help understand the quarantine risks associated with shipping containers - a new innovation in sea freight at the time. No doubt he feels pride looking back at his management of the quarantine compliance and logistics for the first container delivery to rural New South Wales (appearing on the cover of Freight & Container magazine May 1968, see below), particularly now we have some 17 million containers annually. Following this he became New South Wales state manager of Liner Services Pty Ltd, (Wilhelmsen Group) responsible for stevedoring, container terminal and depot operations, warehousing, distribution, customs brokering and freight forwarding. Interestingly, their Sydney depot in Alexandria was just across the road from his current office at the IWGQ.

He continued in international freight and logistics and as group general manager at Seaton’s freight terminal in the 1990’s. Since then, Hart has been a freight industry consultant and his greatest contribution has been his tireless effort on a range of biosecurity councils, committees, working parties and inquiries, always contributing to changing the way that regulation is delivered.

Most famously, in 1993 he was the catalyst for the AQIS Industry Consultative Committee (now the DCCC) and led the industry group input which he nurtured to become Industry Working Group on Quarantine.

Hart has been a zealot for concept of co-regulation and helped set up some of the landmark co-regulatory systems that are relied upon to this day. Some of the most fundamental systems used to manage imported cargo were designed with his input, and he made a crucial contribution to the development of a single, national system for the management of quarantine approved premises in 1998. More recently, he has contributed to the design of the new BICON system, which communicates Australia’s biosecurity requirements to industry and departmental staff.

Friends and colleagues from industry and government paid tribute to Hart, at a farewell dinner in Canberra on 3 May. His
influence and achievements are told here by those who know him best:

Paul Hickey, executive director of the Australian Quarantine and Inspection Service from 1993 to 2000, recalls Hart’s ability to pour oil on troubled waters, “I flew to Sydney with a couple of the AQIS programme managers and walked into a small room crowded with a group of industry reps, called the Industry Working Group on Quarantine. The mood of the meeting was … Grumpy!

“The meeting was chaired by Hart Krtschil. Typically Hart had all of the industry concerns on the table and pressed for a collaborative approach to resolving them. This was the beginning of a collaborative approach and ultimately led to the concept of co-regulation which now underpins many of our import clearance processes.

“And the driving force behind all of this has been Hart Krtschil, who has driven, pushed and prodded to maintain the momentum of reform over a period of 23 years, since that first fateful meeting.

“There are too many achievements to list here, but they include Canadian Timber imports, container clearance processes, used cars from Asia, bulk fertiliser imports, Giant African Snails, redevelopment of ICON etc. etc. These are the lasting reminders of Hart’s legacy for biosecurity management in Australia.


“It is testament to Hart’s approach that we [government and industry] were always able to meet in the spirit of joint ownership of the quarantine challenge. I was always confident that if I picked up the phone to talk to Hart I would get a frank view on any issue and, more often than not, suggestions on how to resolve it.

“He never lost sight of the joint goal of safeguarding Australia’s quarantine interests. Both government and industry had a tireless advocate and agent for change in Hart Krtschil. The AICCC under his stewardship was a shining example of the potential of industry/government cooperation.

Professor Mal Nairn, author of the 1996 Nairn Report, which recommended a shared responsibility for biosecurity remembers, “My first contact with Hart was when he was appointed to the Quarantine and Exports Advisory Council (QEAC) in 1997. One of the terms of reference for this Council was to ensure there was effective consultation between industry and government on matters relating to quarantine. In this regard Hart excelled.

“He was involved in at least four different QEAC consultative committees. He established a high level of trust with industry and with the AQIS Department in particular. Hart was also the champion of deregulation and accreditation training, which were enhanced by his level of passion, commitment and energy. His long time persistence in identifying quarantine roadblocks and recommending solutions has been a major reason why national biosecurity is in such good shape. I salute you Hart as a valuable colleague and friend.”

David Ironside, assistant secretary, biosecurity legislation implementation, adds,

“I’ve always been impressed by Hart’s commitment to Australia’s biosecurity and his encyclopaedic knowledge of how it applies to the cargo industry. Hart’s ability to broker consensus from the disparate groups that he represents is remarkable.

“Because of his extensive expertise and long involvement, Hart is now one of THE authorities on the application of quarantine to Australia’s cargo industry. His retirement will leave a big gap. I feel honoured and privileged to have worked with Hart over the last 20 years.”

The accolades also come from industry groups. “Hart has had a direct and beneficial role to guide, advise, and recommend key progressive changes to help protect Australia from pest and disease incursion to our flora and fauna,” says Brian Lovell, AFIF chief executive.

“The biosecurity area is a highly complex and technical function for our industry and Hart has helped enormously to break it down into focussed and targeted areas of understanding, for the constituent peak bodies in our sector. He will be greatly missed in our day-to-day business endeavours, and on behalf of the freight forwarding sector and AFIF, we wish him well for his retirement!”

Steve Morris, executive director, CBFCA, provides an eloquent summation and fitting conclusion. “Hart is widely respected for his industry and quarantine knowledge in the international, regional and national context, and recognised for his effectiveness, industry insight and quarantine focus by ministers of both political persuasions and permanent heads.

“Over the past 25 years he has touched many people’s lives and has enriched them with his enthusiasm and infectious focus on protecting Australia’s natural assets as to biosecurity risks, and enhancing and facilitating trade by enhancement of quarantine policy and process.

“His mark on the Australian quarantine import and export landscape cannot be measured.”

SAL acknowledges the input and support from colleagues and friends of Hart, in the industry and the Department, who generously contributed to this article.
Jed Smith introduces MIRRAT at SAL Victoria luncheon

The first SAL Victoria luncheon for 2016 was held on Tuesday 8 March in the AFL Dining Room at the Melbourne Cricket Ground. This hallowed sporting venue is surrounded by Yarra Park, East Melbourne on the fringe of the city. It is home to the caterers Epicure, who are renowned for their cuisine. Whether the encircling stands are full at weekends or empty on a weekday, the environs in full view of the AFL Dining Room are inspiring.

Ninety-nine patrons from shipping lines and port-related industries, particularly from the automobile sector, attended this event generously sponsored by Switzer Australia and Port Phillip Sea Pilots.

The well-known and respected guest speaker was Jed Smith, Head of Commercial and Stakeholder Management for Melbourne International RoRo and Automotive Terminal (MIRRAT). Those in attendance were treated to a comprehensive and eloquent overview of Australia’s newest and largest automotive terminal.
SAL Queensland Golf Day

CARU Specialised Leasing and Australian Global Freight take the Cups

Another fine day in sunny Queensland as 116 players got together for the Annual SAL Shipping Industry Golf Day.

A four ball Ambrose event at the Wynnum Golf Club, which included a light lunch, dinner and trophy presentations.

SAL is grateful for the ongoing support of all the hole sponsors and especially to the Port of Brisbane Pty Ltd for sponsorship of the after play drinks and to Chalmers Industries for the on course drinks cart.

Switzer Australia added to the day by again providing a photographer and sponsoring all the closest to the pins trophies.

The winners of the SAL Cup were the team from CARU Specialised Leasing. They are Lionel Edwards, Robert Buhre, Dennis Kumsing and Errol Bellchambers.

The OOCL Dennis Briant Cup was won by the team from Australian Global Freight and included Sel Morrow, Fred Sanguanchati, David Breitkreutz and Sean Morrissey. Maurice Fischer of OOCL made the presentation.
ICTSI is delivering a world-class facility at Webb Dock

By ANDERS DÖMMESTRUP, chief executive officer, Victoria International Container Terminal Limited

If you were to ask me what it is about Victoria International Container Terminal at Melbourne’s Webb Dock that sets it apart from the existing terminals upriver at Swanson Dock, I would have to say that it is the deployment of intelligent, game-changing technology, both on the dock and in the supporting infrastructure on land.

Once the terminal becomes operational in a few months time, the Australian waterfront may never be the same again.

ICTSI is a global player in the container terminal industry operating some 30 ports and container facilities in 20 countries. The group places a strong emphasis on being at the forefront of technological innovation and this is precisely what you will see at our new Webb Dock facility.

Situated adjacent to the mouth of the River Yarra, Victoria International Container Terminal enjoys the benefit of unrestricted access to Port Phillip without having to face ship length restrictions or the obstacles presented by the West Gate Bridge and the additional transit time. This means we can accommodate the next generation of container vessels scheduled to come into our trade that exceed 8,000 TEU.

This is a large and important project for Melbourne and ICTSI: an A$550 million upfront FDI investment, that will provide important capacity to serve the new, larger vessels, as well as being a catalyst for further expansion of the market in Victoria, and regional/domestic relay cargo.

The approved initial development will include a 660 metre berth with five neo-Panamax ship-to-shore (STS) gantry cranes. Engineered with the future in mind, VICT will introduce a full range of automated handling to achieve the highest levels of safety and efficiency across operations, which are truly 24/7, for all of its users.

VICT will make extensive use of the best-in-class sustainable and automated technology. We can be proud of a well thought out design, which supports a strong vision towards meeting excellent standards. This is not only during the container terminal's construction period but also when operations begin, so VICT can serve the larger vessels efficiently and local trucks to the same high standard.

Whilst previous projects I’ve been involved in have had their challenges, the key to success lies in having committed investors and the support of the Port of Melbourne Corporation, as well as an excellent project team.

The experience of the overall VICT team is unique and covers several large projects across the entire world with multiple complex stakeholder engagement. That gives me tremendous confidence in being able to deal with all challenges we will meet going forward, and once again, proves the strong ICTSI commitment to deliver this project as world class.

VICT has also worked closely with community groups to ensure that its construction and operations incorporate a high degree of environmentally responsible designs. This includes dimmable and near-natural terminal lighting, sustainable drainage systems for clean water run-off as well as main equipment, which runs on electricity.

To achieve the most efficient terminal design for handling the Melbourne import/export market, it is essential for VICT to aim for seamless integration between its quayside and landside capabilities, 24/7. The best and safest way to achieve this is through a high degree of automation. VICT is partnering with top suppliers of equipment and automation as follows:

- Cargotec (Kalmar/Navis/Bromma) for systems and yard equipment (Navis N4, Automated Stacking Cranes (ASCs), Automated Container Carriers (ACCs) and Spreaders;
- ZPMC with ABB for semi-automated Neo-Panamax Ship-To-
Shore cranes; and  
- Camco for the automated gates.

We are prepared for the large task ahead of successfully integrating VICT’s operations and equipment. We already have the full system virtually live and ready for testing.

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

The shipping lines raised two key requirements: to be able to berth and handle +8000TEU vessels with four to five cranes; and the ability for sending the high number of empty boxes that need to be evacuated, directly to the terminal from the importer devanning site.

Our current development schedule will have five STS cranes and ten stacking blocks ready by early 2017, and will provide capability to handle single large vessels with four to five cranes.

The Direct Empty Return service will be provided to allow immediate export of empty TEUs, and form part of our improved Two-Way Running system with trucks. It also replaces the current double-handling of empty TEUs via off-site container storage yards for boxes intended for immediate return to Asia.

The hauliers wanted to have comprehensive 24/7 terminal access, and plan for single visits which allow a combined drop-off and pick-up of boxes (Two-Way), easy access for High Productivity Freight Vehicles (HPFVs) and better use of cargo information (weight, immediate availability and customers) to make operations more seamless and efficient.

VICT is working with 1-Stop to enhance the well-known Vehicle Booking System (VBS) to better provide the tools to meet these requirements. A few examples include:

- **Two-Way Running** to reduce futile trips for truck operators. This system provides carriers with more choice, a few days in advance of available booking slots, allowing them ample time to co-ordinate and ensure that each vehicle’s trip, both to and from the terminal, has boxes onboard (laden and empties). This aligns well with the Direct Empty Return feature desired by shipping lines.

- **Off-Peak Slots** that ease daytime traffic congestion on Melbourne’s roads and allow carriers the option of avoiding slower daytime slots. VICT automation will provide the necessary truck handling capacity across all hours of the day.

- **Block-Stacking via Group Codes** is a feature being established to provide more flexibility for the larger carriers by grouping large container consignments ensuring they are stacked together and, therefore, more efficiently retrieved from the terminal.

- **Paperless Booking System** for terminal entry and exit with paperless tickets delivered to the driver via an automatic text message to a mobile device.

Cargo owners, not least exporters, wanted us to take a role in providing cost-efficient weighing services for them to comply with new SOLAS and Australian Maritime Safety Authority (AMSA) requirements for safety onboard vessels as well as streamlining services with authorities for a quicker turn-around and improving security.

VICT is looking into the option to upgrade our capability in the yard, and gain the approvals to provide an accurate and cost-effective weighing service, which could be accessed by both exporters and shipping lines.

Relevant authorities and associations have also been engaged to ensure the services VICT work towards providing, some of which are mentioned above, will continue to develop and deliver the benefits required across safety, border security and cost-efficiency.

It is our intention to deliver a state-of-the-art international container terminal to Webb Dock East towards the end of 2016 for all of its employees to work safely within and grow as professionals.

VICT will aim to achieve a rating of “excellent” for our automated container terminal from the Infrastructure Sustainability Council of Australia (ISCA) for our design and build to ensure our sustainability performance exceeds regulatory standards. We are the first container terminal in Australia to register.

We will remain committed to our community, listening and responding to concerns, and connecting directly with them to promote the health, education and well-being of young people. Finally, we will continue to engage with all our customers and industry stakeholders to gain an understanding of their needs and challenge ourselves to excel in meeting them. These important goals will serve to guide VICT as we prepare to enter the market and commence operations at the end of 2016.

**About the author**

Anders Demmestrup is the Chief Executive Officer of Victoria International Container Terminal Ltd. He has spent his entire working life in container shipping and terminals and was based in Asia and the Middle East for most of his 23-year career. Prior to joining VICT, he was Chief Operating Officer of Modern Terminals Ltd with ~5.5 million TEUs throughout the Hong Kong facility and fulfilled the COO role for MTL’s interest in three other Chinese terminal operations (8 million TEUs capacity/5 million tonnes break bulk). Mr Demmestrup began his role as CEO of VICT in January 2015.
Demystifying OVID

By ROB HILDEBRAND*

Safe shipping is always a focus of everyone’s attention but none more so than in the offshore oil and gas industry. Where readers may be familiar with ship safety rating systems available for other sectors, not many have heard of Offshore Vessel Inspection Database.

Oil companies, like most in the shipping industry, recognise the value of chartering high quality, safe vessels. But how does an oil company determine what is a quality vessel? This is done through marine assurance, a process of reviewing or vetting a vessel's history and safety performance prior to taking it on charter.

Although formalised systems have been in place for the assurance of bulk carriers and tankers for some time, for many years the vetting of offshore vessels was fragmented, inconsistently applied and at times non-existent.

Recently, a key tool for the assurance of offshore and other freight carrying vessels has been developed: the Offshore Vessel Inspection Database (OVID). This inspection system is administered by the Oil Companies International Marine Forum, or OCIMF as it is generally known. OCIMF, which is headquartered in London, is “a voluntary association of oil companies with an interest in the shipment and terminalling of crude oil, oil products, petrochemicals and gas”.

The OVID system was launched in 2010 and is built on the successful tanker assurance program SIRE – the Ship Inspection Report Program. SIRE was originally launched in 1993 and now covers most of the world’s tanker fleet in service. OCIMF’s plan is for OVID to eventually be as influential and widely used.

At its heart OVID is “a robust web-based inspection tool and database of inspection reports”. The program consists of three main components: the Offshore Vessel Particulars Questionnaire (OVQP), the Offshore Vessel Inspection Questionnaire (OVQP) and the Offshore Vessel Management Self-Assessment (OVMSA).

Offshore Vessel Particulars Questionnaire

The OVQP is an online document completed by the vessel operator, and includes details on the vessel owner and operator, as well as its manning, technical specifications and capacities. Within the OVID system this is the equivalent of the vessel specification sheet. The OVQP is available to certain users of the system, including registered vessel inspectors and member oil companies.

The benefit for oil companies of the OVQP is that this information is presented in a formalised, systematic way. The OVID system can be interrogated, and the vessel details contained in the OVQP can be downloaded into oil company software systems. This is then used to build vessel and operator profiles; an important first step in the risk review process.

Offshore Vessel Inspection Questionnaire

Like the OVQP, the OVIQ is a formalised, structured document. Where the two differ is that the OVIQ is a template for vessel inspectors to use whilst undertaking a ship inspection.

The process for undertaking a vessel inspection using the OVIQ is quite specific. Firstly, a vessel must be registered within OVID before an inspection can occur. Many proactive vessel operators have been quick to get involved, registering entire fleets ready for a potential inspection. Others have been somewhat slower and have required oil company persuasion before registering vessels in an ad-hoc fashion.

Secondly, a representative of an OCIMF member oil company must commission the inspection. This involves entering the database and selecting the vessel, date and location, and the name of the inspector. The system then sends an email to both the inspector and the vessel operator advising them of the upcoming inspection. Understandably, it is usually more productive to have held a conversation with both parties prior to
commissioning to confirm availability. During commissioning, the operation and variant of the vessel must also be nominated. This allows the question set to be filtered dependent on the specific capabilities of the vessel. An operation relates to the work scope which the vessel will be engaged in, like seismic survey or pipe laying, whereas a variant is essentially a vessel capability, such as being able to be dynamically positioned or having a helideck.

The next step, and probably the most critical part of the process, is the inspection. Unlike previous inspection systems where there was little to no control over the experience and qualifications of the inspectors, with the OVID system this is highly regulated. A potential inspector must first be nominated by an OCIMF member oil company, then have their qualifications, experience and credentials approved, only after which they are allowed to attend a new inspector-training course. Qualified inspectors must complete a minimum number of inspections per year – currently four – and every three years complete a revalidation course to maintain accreditation.

A vessel inspection can take anywhere from half a day for a relatively small, simple vessel, to two or three full days for a complicated vessel with multiple capabilities and a diverse work scope. A large dynamically positioned offshore construction vessel is a good example of what can be considered to be a complex vessel.

After the inspector has completed his or her inspection the results are submitted into the online database. This triggers a message to be sent to the commissioning party, which alerts them that they are now required to validate the submitted information. The validation process serves as a quality check, as it is the inspection reviewer’s responsibility to scrutinise the inspector’s responses and ensure that they meet the specific OCIMF guidelines. This includes ensuring that the inspector’s observations and comments are logical, meaningful, concise and objective.

Once the report is validated it is released for the vessel operator to address the inspector’s observations and comments. This is an opportunity for the shipping company to clarify the applicability of a finding or add detail explaining what they have done to rectify the issue. Four additional rounds of comments can be added, allowing closeout progress reports to be included. After initial comments have been entered the vessel operator can elect to manually publish the report; otherwise it is automatically published two weeks from the date of validation.

The published inspection report is then available to be purchased for a small fee by eligible OCIMF members. The report stays live and available within the database for 12 months, after which it is archived for a further 12 months before being deleted.

**Offshore Vessel Management Self Assessment**

The third pillar of the OVID system is the Offshore Vessel Management Self Assessment, an online continuous improvement tool for vessel operators. The OVMSA is based on a series of key performance indicators linked to best practice guidelines and allows the vessel operator to rank themselves from one to four (one being the lowest) dependent on where they see their safety management system and vessel management in general. Vessel operators are encouraged to refer to the best practice guidelines and work at improving management practices over time.

The OVMSA is published to the online database and the vessel operator allows access to OCIMF members through its distribution policy.

**Current status**

As of 1 January 2016, the OVID system had 9103 registered vessels and 1528 registered vessel operators. During the previous 12 months, 2994 vessel inspections had been completed. This represents a significant growth over the system’s six-year existence.

The OVID system has become an important and effective tool for oil companies to assess the quality of vessels and their operators. Many oil companies now require that every vessel working within their area of operations has had an OVID undertaken in the previous 12 months, before they can commence work. There is then an expectation that a live OVID will be maintained within the system during the life of the contracted work scope.

The system has also evolved to include additional operations following requests from oil companies for an assurance system which was inclusive of all non-tanker vessels. In its early iteration OVID was primarily focused on supply and anchor handling vessels, but as a result of these requests the system has now expanded to include drilling rigs, heavy lift, and landing craft, as well as freight carrying cargo ships and barges.

In a sign of big data beginning to have an impact on the offshore vessel assurance world, some of the more advanced oil companies have developed software systems which can communicate directly with
OVID on the OCIMF servers. This allows the data stored within OVID, including OVPQ, OVIQ and OVMSA, to be systematically interrogated and assessed to develop a picture of risk for both the vessel and the vessel operator. This in turn helps to build a greater understanding of both high quality and substandard vessels and operators, and can subsequently provide guidance in choosing which contractors to engage.

Benefits to vessel operators
Vessel operators who choose to actively engage with the OVID system find that it has particular benefits.

The OVMSA can be an important tool in driving continuous improvement in the safety management system. Vessel operators who can point to progressive stage improvements are likely to be viewed favourably by charterers.

Shipping companies can also use preparation for an OVIQ as an internal ISM audit, avoiding duplication of effort and creating operational efficiencies.

Most importantly though, all three pillars of the system can be viewed as advertisements for the vessel. Responses to system requests, whether that be entering detailed and up to date information in the OVPQ, considered reactions to inspector findings and a path to closure in the OVIQ, or clear and honest descriptions of the management system in the OVMSA, all reflect well on the operator and in turn assist when proposing vessels for charter.

It should also be remembered that an OVIQ has a life of 12 months and may be accessed by a number of companies during that period. A poorly considered response or throw-away remark could eventually come back to haunt the uninitiated!

*Rob Hildebrand is a master mariner and marine assurance professional. As well as serving as an officer on a diverse range of offshore industry vessels he has worked as an oil industry vessel inspector and in marine assurance roles with Chevron and Woodside. Hildebrand.Rob@gmail.com

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**SAL On-line Training Courses**

The [Introduction to Shipping](#) course is a comprehensive on-line course that covers key industry topics that act as an introduction to the shipping industry. As well as providing general information, the course is tailored to meet the needs of participants to ensure they receive information and materials relevant to their specific sector.

The [Fundamentals of the Maritime Industry](#) is a follow-on course from the Introduction to Shipping that offers an advanced understanding to the industry which will prove useful to develop your skills to a higher level.

SAL also offers a [Reefer Cargo Handling](#) course which details the requirements associated with Reefer handling and is an essential guide to understanding this important area of shipping.

**Introduction to Shipping**

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Working port inspires Karen Bloomfield’s JUGGERNAUT art exhibition

Karen Bloomfield presenting Bruce Guy, general manager, DP World, Port Botany, with ‘Checkmate’ as a gift to Port Botany DP World
Maritime Art - “Juggernaut Exhibition” - Works by Karen Bloomfield

On Friday 11 March, DP World’s general manager Bruce Guy hosted an industry specific VIP event to showcase Karen Bloomfield’s “Juggernaut” Exhibition. The exhibition was held from 10 to 14 March at Tortuga Studios in St Peters, Sydney.

Karen Bloomfield is an award winning New South Wales Central Coast-based artist whose work is sought internationally and hangs in permanent collection at the NSW Police Headquarters. She was recently voted into the Australian Society of Maritime Artists (ASMA).

Juggernaut is the result of Ms Bloomfield being graciously given unrestricted (guided) access to DP World’s Port Botany terminal. After four twilight/night and two dawn hours, Karen had over 600 reference photos.

The VIP evening was a success and post exhibition interest in the work has been solid.
The Biosecurity Act and the shipping industry

By LEE CALE, assistant secretary, Biosecurity Implementation, Department of Agriculture and Water Resources

Australia is embarking on a comprehensive modernisation of its biosecurity legislation with the Biosecurity Act 2015 replacing the Quarantine Act 1908 on 16 June this year.

When the Quarantine Act was written, only two Australian passports existed, 5000 miles of Australian coastline remained unchartered, and quarantinable diseases included Bubonic Plague, Leprosy and Small Pox. People and goods could only arrive by sea, a vast difference to the approximately 16 million people that now fly into Australia each year.

The Biosecurity Act is modern and flexible and it gives the Australian government the ability to recognise and manage current and future biosecurity risks. It provides the opportunity to deal with biosecurity risks with agility and to better monitor and intervene, where necessary.

So what’s changing?

The Biosecurity Act introduces new terminology and requirements that you will need to know about. The changes to the structure and terms in the Biosecurity Act are designed to make it easier for industry to understand their responsibilities and obligations.

Changes in terminology

Anything being imported will be known as either a **good** or a **conveyance**.

- **Goods** will replace cargo, plant and animal but will not include ballast water or human remains.
- **Conveyances** will refer to aircraft and vessels (including installations), vehicles, trains (including railway rolling stock) and any other means of transport as prescribed in the regulations.

For the purpose of biosecurity, Australia’s jurisdiction will change from 200 nautical miles to 12 nautical miles. All goods and conveyances will become subject to biosecurity control once they pass through Australia’s 12 nautical miles zone and will remain under biosecurity control until they are released.

Quarantine Approved Premises (QAPs) and Compliance Agreements (CA) will become Approved Arrangements (AAs). Holders of these arrangements will be known as Biosecurity Industry Participants.

The **person in charge** will refer to the owner of the goods, or the person who is in possession or control of the goods, or the person in charge or command of the conveyance.

Biosecurity risk will refer to the likelihood of a pest or disease entering, establishing or spreading in an Australian territory and the potential for it to cause harm to human, animal or plant health, or the associated economic consequences. Quarantine Officers will become Biosecurity Officers or Biosecurity Enforcement Officers.

Biosecurity Enforcement Officers are a new category of biosecurity officer who will have powers to investigate and monitor compliance with the Act and to assist in the management of biosecurity risk by entering premises or executing warrants.

The word quarantine is only very rarely used in the new legislation and is mainly used in relation to human health issues.

Areas of special interest for the
shipping industry will no doubt include the management of ballast water, exposed conveyances, designated first points of entry, pre-arrival reporting and the reporting of biosecurity incidents.

**Ballast water**

The Biosecurity Act will continue to manage the biosecurity risks posed by ships’ ballast water. It will create a single Australia-wide ballast water management regime. Ballast water in international vessels has been regulated since 2001 under the Quarantine Act. This will continue under the Biosecurity Act.

The legislation introduces three major changes in relation to ballast water:

1. The acceptance of treatment systems as an approved method for managing ballast water
2. The introduction of ballast water regulations for domestic vessels, and
3. A change in Australia’s jurisdiction.

The acceptance of ballast water treatment systems will bring Australia into line with the International Maritime Organisations’ (IMO) Convention for the Control and Management of Ballast Water and Sediments. Australia signed the Convention in 2004. Under the Convention, the IMO Group of Experts on the Scientific Aspects of Marine Environmental Protection assesses ballast water treatment systems using a three-tiered approval process. Ballast water treatment systems that have the highest level of approval (known as Type Approval) will be accepted for use in Australia.

The regulation of ballast water on domestic movements of vessels will be delayed until the Ballast Water Convention comes into force. The Biosecurity Act will be amended to give full effect to the Convention.

The Biosecurity Act will reduce the Department of Agriculture and Water Resources’ (the department) jurisdiction from 200 nautical miles to 12 nautical miles. The complicating factor for ballast water is that when the Convention comes into force, the jurisdiction of the Commonwealth will go back out to 200 nautical miles for all ballast water in line with the Convention. This jurisdictional change effects vessels and installations arriving between 12 nautical miles and 200 nautical miles from international ports, and vessels moving between Australian ports and installations located within 12 nautical miles and 200 nautical miles.

Until the Convention comes into force, vessels and installations arriving outside of 12 nautical miles but within 200 nautical miles will not be required to manage their ballast water prior to arrival. However, during this interim period, vessels and installations are encouraged to continue this management practice to remain consistent with the Convention.

Until the Convention comes into force, vessels moving between Australian ports and installations outside 12 nautical miles will not be required to manage ballast water taken up in Australian waters or more than 12 nautical miles from the nearest land. When the Convention comes into force, these vessels will be managed as part of the domestic ballast water management arrangements. These arrangements will be developed over the next 12 months.
Exposed conveyances

The reduction in the Commonwealth’s jurisdiction will result in all conveyances, such as vessels, outside of 12 nautical miles being considered to be outside Australian territory.

A conveyance becomes exposed if it comes in physical contact with, or in close proximity to, or is exposed to contamination, infestation or infection from another conveyance that is subject to biosecurity control, or to another conveyance while outside of Australian territory.

While these conveyances will not be subject to biosecurity control unless they enter Australia’s 12 nautical miles zone, domestic conveyances (vessels and aircraft) that interact with them will be deemed to be exposed and will be subject to biosecurity control upon return to Australian territory.

Installations, like oil rigs are also considered conveyances under the Act. While these installations will not be subject to biosecurity control, domestic conveyances (vessels and aircraft) that interact with them will be deemed exposed and be subject to biosecurity control upon return to Australian territory.

However, exposed domestic conveyances are not subject to biosecurity control when the following is not on board:

- any contamination or infestation that has transferred from the international conveyance during the exposure, for example, soil or ants from a transferred container,
- any pests that have transferred from the international conveyance during the exposure, for example, flying insects (alive or dead),
- anyone on board who has been exposed to:
  - any animal or plant that is infected with a disease,
  - any animal or plant that has died from a disease.
- anyone returning to Australian territory who has signs or symptoms of a listed human disease,
- anyone from the international conveyance who is intending to disembark at a place in Australian territory,
- any human remains being returned to Australian territory,
- any goods from the international conveyance being returned to Australian territory other than fuel, petroleum or goods that have been released from biosecurity.

There are also a number of exceptions for interactions between domestic conveyances and installations or petroleum industry vessels. The exceptions may be claimed either by the operator or person in charge of conveyance meeting conditions, or in certain circumstances, where both the conveyance and installation meet conditions. Where both need to meet conditions, the two parties will need to communicate to determine if the conveyance is eligible to claim an exception.

When claiming an exception, the operator or person in charge of the conveyance simply needs to know that they, and in certain circumstances the installation or petroleum industry vessel, can meet the conditions. They do not need to apply to the department for the exception. Should the department choose to verify the validity of exceptions being claimed, the operator or person in charge of the conveyance is responsible for providing evidence that the conditions of the exception have been met.

Where the operator of a conveyance is eligible to claim an exception and all conditions are met, the conveyance operator or person in charge won’t need to make a report or provide notification of any goods to be unloaded.

Installations that currently exist within 200 nautical miles are classified as either Australian or international installations.

- An Australian installation is one that has been inspected by the department and deemed a place in Australia.
- An international installation is one that has not been inspected by the department and is not deemed a place in Australia.

The operator or person in charge of domestic conveyances can claim exceptions against Australian installations which have not received international goods or personnel since inspection. The impact on domestic conveyances interacting with these installations is expected to be minimal.

For international installations there will be no change to the operation of domestic conveyances interacting with these installations. Domestic conveyances will become exposed and subject to biosecurity control upon return to Australian territory and be required to make a report.

First points of entry

In the Biosecurity Act the term first point of entry replaces the first port of entry. It applies in relation to conveyances (vessels) and goods that are subject to biosecurity control. First points of entry include both sea ports and landing places (airports), as with the original term.

The Act is designed to allow for better management of the elevated biosecurity risk associated with operations at first points of entry. The main impact will be on first point of entry port operators, and other
businesses that operate within the boundaries of the first point of entry. These parties will be responsible for meeting the prescribed requirements. However, there may be a secondary impact on industry, including shipping lines, who wish to arrive at a port in Australia.

As at present, international vessels will be required to moor at a first point of entry, unless permission has been granted for them to moor elsewhere. This allows for biosecurity risks to be appropriately managed.

Permission to moor at a non-first point of entry will be determined in the same way as it applies now.

- Approval may be given subject to certain conditions.
- Standing permission may be given in certain circumstances for multiple arrivals by an entity or company to a specified non-first point of entry, reducing the administrative burden of having to make multiple applications for goods arriving at the same location.

**How first points of entry are determined**

The new legislation specifies the criteria that must be met for a port to be approved as a first point of entry.

There is no application process. A First Point Determination recognising a port as a first point of entry will be made if the Director of Biosecurity and the Director of Human Biosecurity are satisfied that all prescribed requirements have been met and the level of biosecurity risk is acceptable.

This will ensure that there are processes, systems and facilities in place to support the management of biosecurity risk at all times. To maintain its approval, a first point of entry must continue to meet the requirements. Any change may result in variation or revocation of the Determination of that port.

A First Point of Entry Determination may:

- be made for a specified period of time,
- include approval for the arrival of vessels and goods generally, or specified classes of vessels or goods,
- include conditions such as limiting the arrival of certain high risk goods to seasons where the biosecurity risk associated with the goods can be better managed,
- specify a Biosecurity Entry Point in order to better manage the biosecurity risk. (This is a defined location within a first point of entry to which a vessel or goods must be brought as soon as practicable on arrival. These Biosecurity Entry Points may be specified for particular classes of vessels or goods.)

If approval for the type of goods is covered by the Determination, then they may be unloaded at that first point of entry. Some classes of goods – such as live animals – may be restricted to specific first points of entry.

**Transition period**

The new legislation recognises that some ports may need to introduce alternate processes, systems or facilities to meet the requirements of the Act. It allows a transition period for ports which are proclaimed first ports of entry for overseas vessels under the Quarantine Act at 15 June.

The transition period commences on 16 June 2016 and continues for three years. During this time, the department will work with port operators and businesses to identify any changes that may be required and to support the port achieve compliance by June 2019.

In the interim, a temporary First Point Determination will be made for the port to continue to receive international vessels/goods, even if the requirements have not been fully met. This allows for continuity of business operations once the new legislation has commenced.

If a temporary First Point Determination is made under the transitional arrangements, this will expire on 15 June 2019. For a port to continue to be recognised as a first point of entry beyond this date, it will need to demonstrate that the requirements of the Act have been met, and a new Determination will be made.

**Pre-arrival Notices and Reports**

Information requirements, periods for notification and methods for industry to provide information will be similar to current arrangements.

For a small number of people there will be additional notification requirements. Under the Quarantine Act notices were required only for goods that were to be ‘imported’ whereas, under the Biosecurity Act, notices will be required for all goods that are to be ‘unloaded’ in Australian territory. This change will enable the department to obtain information relating to transhipped goods. Goods contaminated with pests or diseases, for example live insects, might pose a biosecurity risk even when in Australia for only a short time.

For vessels, there are some minor changes to reporting requirements. Vessels will no longer be classified on the basis of hull proper length. Instead they will be described as ‘non-commercial vessels’. Non-commercial vessels, such as yachts, will be required to submit a report at least 12 hours and up to 90 days before the vessel is estimated to arrive at its first port in Australian territory. This will enable the vessel’s operator to provide information before it departs its last port.

Exceptions are provided for conveyances transiting Australian territory using global shipping lanes, with no intention of landing or mooring.
at a port.

**Reportable biosecurity incidents**

The Biosecurity Act recognises the shared responsibility that industry has to help manage Australia’s biosecurity system. Industry has been reporting incidences of potential biosecurity risk to the department for a number of years. Under the Biosecurity Act, this arrangement is formalised, conferring an obligation to the person in charge of the goods or the conveyance to notify the department of certain events that may pose a biosecurity risk to Australia.

Reportable biosecurity incidents will arise if goods are:

- stolen,
- infested with live pests,
- no longer secure; or
- not as described on the manifest or import permit.

For some goods, a change to the intended use of the goods will also be a reportable biosecurity incident.

The person in charge of the goods, or the person in charge of the conveyance carrying the goods, must report the incident via phone or email, or directly to a Biosecurity Officer as soon as practicable once they have become aware of the incident.

Details about how an incident must be reported will be made available through BICON and the Agriculture Import Management System (AIMS) prior to commencement of the Act.

**Enforcement and compliance**

The implementation of the Biosecurity Act is not an event, but a process. Full implementation will occur over a number of years.

A range of new compliance and enforcement tools will be available under the Act, with options to reward compliance with our biosecurity laws and to pursue those who choose not to comply.

To facilitate a smooth transition, the department has released a compliance posture that outlines plans around the implementation of the new legislation. It provides details regarding concessions during a six-month transition period from 16 June, allowing time for people to adjust to the new operating environment. It assumes that most people will comply, or try to comply, with their obligations, and articulates the department’s intention to adopt an educative, rather than punitive response in the application of some provisions of the Act, to support people to understand their obligations.

The focus is on helping users understand their rights and responsibilities and verifying compliance with new systems. The department will tailor compliance responses to client behaviour to influence them in a positive way and analyse and assess the causes of non-compliance and take action to influence a positive change in behaviour.

While the compliance posture allows for a period of adjustment, indications of deteriorating compliance or deliberate non-compliance will immediately result in the full application of the sanction powers provided within the Act. The compliance posture does not in any circumstance limit the requirement of biosecurity officials or authorised officers to apply controls in order to manage real or suspected biosecurity risks.

During this six-month transition period the department will continue enhancing its capacity to detect and respond to non-compliance, through monitoring and surveillance, intelligence gathering and data analysis, targeted campaigns and routine and random inspections and audits.

In summary:

- Where equivalent enforcement responses exist in the Quarantine Act 1908 and Biosecurity Act 2015, the department will apply sanctions from commencement on 16 June 2016.
- Where new powers exist under the Biosecurity Act 2015, or are being applied to a new area of the business, the department will allow a transition period and engage and educate clients.
- Where significant or high impact changes are anticipated under the Act, there is a provision for additional transitional periods.

From commencement the department will ensure that regulation is proportionate to the level of risk, and that regulatory impact is minimised for those who comply.

**For more information**

For up-to-date information on the legislation and implementation process, visit the Department of Agriculture and Water Resources website [http://www.agriculture.gov.au/biosecuritylegislation](http://www.agriculture.gov.au/biosecuritylegislation). A range of support materials is available on this page including audience-specific information about the changes under the legislation, which also includes the Biosecurity Act Interactive e-Learning tool for industry. This tool has been accredited by Customs Brokers and Forwarders Council of Australia for Continuing Professional Development points.

Enquiries can be directed to [newbiosecuritylegislation@agriculture.gov.au](mailto:newbiosecuritylegislation@agriculture.gov.au) or phone 1800 040 629. ▲
Australian Logistics Council Forum 2016

By SUZANNE NAIRN

The Forum concluded that action is essential across a range of fronts to improve the efficiency of Australia’s supply chains. The logistics industry needs to attract broad community support in order to achieve regulatory reform and approval for major infrastructure projects to meet this goal.

Outgoing chairman Don Telford, who has stepped down after six years at the helm of ALC, opened the conference saying, “ALC is firmly committed to achieving good policy outcomes, to be transparent, collaborative, and innovative, and to clearly express our views on policy across the entire industry. These key values underpin everything that we do, and in many ways, represent what the ALC Forum is all about."

The 2016 ALC Forum was held from 1–3 March at Royal Randwick in Sydney, with over 250 attendees and bringing together key decision makers from both industry and government. This year’s forum focused in particular, on improving freight efficiency in New South Wales, with the expected rate of growth in the State’s freight task expected to double by 2031.

The Hon Duncan Gay, Minister for Roads and Transport, acknowledged that operational improvements were needed to improve the rail freight efficiency. “I’m determined to open a fully duplicated Port Botany rail line”, he said. He recognised a shared objective between Government and industry of increasing the efficiency of rail freight, giving stevedores visibility to plan, giving rail operators improved cycle times and delivering better freight path utilisation for rail network owners.”

Other notable speakers included the Hon Paul Fletcher, Minister for Major Projects, Territories and Local Government and the Hon Anthony Albanese, Shadow Minister for Infrastructure and Transport.

Addressing the Forum for the first time, new ALC chairman, Ian Murray described the Forum as “about highlighting the importance of the logistics industry to every business and consumer in the country. Whether it’s filling supermarket shelves, supporting our exporters, or delivering urgent, life-saving goods, logistics affects everything we do.

“As an industry, we must continue to reinforce the importance of our industry to pave the way for the policies and legislation that lead to more efficient supply chains.”

He stressed the need to have “the right infrastructure in place, operating efficiently, to underpin the continued growth of our sector and the Australian economy.” Applauding “Infrastructure Australia’s recommendation for a National Freight and Supply Chain Strategy. The mapping of nationally significant supply chains and their access to supporting infrastructure and gateways is sensible long-term thinking.

“Nevertheless, ALC will continue to lobby governments to ensure they recognise the economic benefits of more efficient supply chains, and to make their policy and investment decisions accordingly.”

Other important matters explored during the conference were:

- Improving supply chain efficiency
- Reforming road funding and investment
- Building the inland rail line
- Efficient links from intermodal terminals to ports, and
- Private sector investment in logistics infrastructure.


Don Telford, outgoing ALC chairman enjoys a laugh with the Hon Paul Fletcher

The Hon Duncan Gay addresses the Forum

ALC chairman Ian Murray, with the Hon Paul Fletcher and Michael Kilgariff, CEO ALC
Commander James Bond: 1945-2016
Australia’s navigation safety – a lifelong passion

Celebrated on the Queensland Timeline at the Australian Stockman’s Hall of Fame in Longreach, outback Queensland. Recipient of the coveted Royal Geographic Society (Australasia) Gold Medal. Our very own Commander James Bond RAN Retd has left his mark on Australia, making commercial shipping safer and more cost efficient through exploration and a passion for navigation safety.

James is best known as the Commanding Officer of HMAS Flinders, responsible for delineating and surveying what is now known as Hydrographers Passage. The 60 mile-long passage significantly shortens the shipping route for vessels carrying Australian coal from the Queensland ports of Hay Point and Abbot Point bound for Asia, by 250 miles. A valuable and permanent benefit to Australia’s coal export trade.

In 1985, in recognition of this pioneering work, James accepted the rare Royal Geographic Society (Australasia) JP Thomson Foundation Gold Medal from the Duke of Kent on behalf of the officers and men of HMAS Flinders.

James joined the Royal Australian Navy in 1966 and specialised as a hydrographer. He saw service...
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We’re listening.
We care more.

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in ships supporting Australia’s participation in the Vietnam War then returned to the “white navy” serving in HMA Ships Paluma, Moresby and Flinders (Commanding Officer 1980-82), as well as HMS Beagle, whilst on exchange to the UK in 1976. From 1983 he served at the RAN Hydrographic Office in charge of survey planning and was responsible for producing the first long-range national survey plan - the “10 Year Hydroscheme.”

In 1988 he resigned from the RAN for a tree change, to focus on family, growing cows and trees, and listening to the whispering grass on his farm in Braidwood, New South Wales. But navigation safety was in his DNA.

James commenced a second career in 1993, joining AMSA. This enabled him to continue his work on navigation safety initiatives around the Australian coast. He consulted with industry and provided the commercial shipping input to the Navy’s hydrographic surveying and charting programme.

Working in AMSA’s Navigation Safety, International Relations and Ship Safety areas, he contributed to the opening of LADS Passage, a new safer route from Cape Melville to Cape Grenville, and was instrumental in the development and charting of designated shipping fairways to improve vessel safety off north-east Queensland and north-west Western Australia.

James retired from AMSA in 2013 returning to life as a gentleman farmer and grazer with time to spend with his partner Robin, children Sharon, Melanie and Jamie, and his grandchildren. Cows and trees became a new focus for his passion.

James died unexpectedly on 8 April 2016, aged 70 years. His legacy lives on in Australia’s nautical charts. A modern explorer: his work will continue to benefit Australia, and Australia’s maritime economy.

‘We will remember James as an intelligent and principled man, who had a good sense of humour and who enjoyed life. He understood the value of mentoring others younger than himself and with less experience. I think it’s fair to say that being a mentor is one of the key legacies that James has left with so many of us’, Nick Lemon, AMSA, and formerly the RAN.

It is said that old hydrographers never die, they go on exploring the great unknown. Farewell James, fair winds and following seas.

- SUZANNE NAIRN, former RAN Hydrographic Office colleague and friend.
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