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Front Cover: N2N the ultimate challenge facing our energy age.
The Federal Government’s shipping reform proposals so often mentioned in these pages is now law following implementation of the five Acts involved from 1 July this year. We remain supportive of the direction this reform is taking us but remain concerned to avoid any disruption, in particular, to Australia’s coastal trading arrangements. We will monitor developments closely and report on future progress.

On 25 May this year, the Minister for Justice, Jason Clare announced the next stage of work to tackle organised crime following the July 2010 establishment of task force Polaris to investigate organised crime on the waterfront in Sydney. Since 2010 there have been 16 arrests, resulting in 77 charges, the seizure of over 12 tonnes of illicit substances and precursor chemicals and almost 115 tonnes of loose leaf tobacco and 93 million individual cigarettes having being seized.

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

Shipping Australia is highly supportive of many of the measures announced by the government but has serious concerns regarding the use of the Maritime Security Identification Card as a weapon in this ongoing fight. The government proposes to introduce legislation to provide powers to revoke or refuse such a card to a person where it is determined they are not a fit and proper person to hold a card on the basis of compelling criminal intelligence. This will include an appeal mechanism but SAL has pointed out that the MSIC only has limited application on the waterfront, i.e. in security regulated areas and there are many other areas in ports, non security regulated ports and in the container supply chain, for example, where MSICs are not required. Therefore the coverage from an organised crime point of view would not be broad and this issue is the subject of our viewpoint.
In previous editions of this magazine, we have expressed concern at the ongoing payment of an additional $0.03 per net registered tonne in the Protection of the Sea Levy to raise additional funds to cover commercial claims and additional clean-up costs arising from the oil spill by the Pacific Adventurer off the Queensland Coast in March 2009. It was understood last year that the funds collected had been sufficient to meet the additional cost and it was hoped that the $0.03 per net registered tonne could be withdrawn from the beginning of this year. Subsequently, there were a number of reasons why this did not occur but it was still hoped that by the end of June this year, that reduction would take place and the industry could discuss with the Australian Maritime Safety Authority how to deal with the over-collected funds. We were then advised that a large bill had been received which would mean that collections would have to continue to at least until the end of October this year if that claim was accepted by AMSA.

Australia is a party to the Convention on the Limitation of Liability for Maritime Claims, 1976 and under this Convention the ship’s insurers paid $17.5 million dollars for the clean-up costs and the Swire Company that operated the Pacific Adventurer paid a further $7.5 million dollars. This was short of the total clean-up costs but the concept of the Convention is to provide a limitation to keep insurance levels reasonable based on identifiable risk and the levels under the Convention will increase by 52% in three years’ time. The principle is a shared responsibility for such an accident that is apart from deliberate acts or those of gross negligence but Australia does not clearly recognise that principle. In SAL’s view, Australia should rescind its ratification of this Convention and at least the international community would then be aware that vessels coming to Australia must increase their insurance cover and pay a substantially higher insurance premium for what is essentially unlimited liability in the event of an accidental oil spill.

The International Maritime Organisation has accepted the need to debate the weighing of containers. A number of countries including Australia have advocated exporters should provide a verifiable certified weight certificate prior to presenting containers for loading in container terminals. These certificates could be audited to determine their accuracy on a random basis and significant penalties could apply if inaccurate weights were found.

Although, shippers are indeed already obliged to declare the weight of their cargo, the problem is enforcing the rule effectively. International studies have shown that the level of error has increased to the point where it can no longer be ignored. Mis-declared weights can mean the wrong truck being ordered to carry the container, dangerous stows on-board ships, potential for accidents in container terminals and, in fact, throughout the container supply chain.

On the other hand, the European Shippers Council has commented that this is a false remedy. In their

For the first time, we have two profile articles. The first is of Duncan Gay MLC, the NSW Minister for Roads and Ports, the other is of Llew Russell AM, the CEO of Shipping Australia who retires in January.
view discussion is focused on a relatively small risk factor when it comes down to the safety of container transport rather than to focus on improving other safety areas such as lashing, ship maintenance and stowing. SAL’s view is that these safety improvements are also laudable but should not be at the expense of ignoring mis-declared weights in containers.

Clearly in terminals, IT systems and processes will need enhancement to manage the flow of information but there is also new technology that terminals can make use of to check the weight of containers. This tends to revolve around weighing containers individually through the twist locks of the spreader on the receiving handling equipment. More details are contained in the Signal section of this magazine.

One feature in this magazine involves grain exports, in particular the potential problems and risks in having marine surveyors undertake DAFF Biosecurity inspection roles by inspecting ships at anchor rather than waiting for a DAFF Biosecurity officer to inspect a grain ship at the loading berth which, if rejected, means other vessels have to wait to load while that first vessel is cleaned and returns to the loading berth.

On another positive note rather than the negative approach we often read in the daily media, is an article by our Feature Editor, Archie Bayvel on a number of little-known energy initiatives taking place around the world. They include a waterless fracking method already widely used in the USA; the likely effect of the coming glut of natural gas on the coal, gas, oil and nuclear sources of energy when the cost of gas equals or is less than coal and the effect of beryllium on the nuclear industry which could make nuclear plants up to 50% more efficient and eliminate the melt down risk. In addition, there was a new discovery called absolute black that doubles the efficiency of all solar cells by just painting or pasting it on the solar cells.

In the winter edition, mention was made of SAL’s opposition to funding the general operation of the weigh-in-motion systems for inward containers carried by trucks at Port Botany. Whilst being supportive of the chain of responsibility (CoR) legislation, our main concern was that ship owners are not involved in any way with hiring the truck to carry the container and we have no obligation to pay the weigh-in-motion charge. All of us in the supply chain have to rely on the weights provided by the consignor. Whilst it is essentially a matter for the trucking industry, it is important to devise a system that efficiently and expeditiously passes on the cost to the importer. As mentioned previously, this will not be achieved by loading shipowners with unwarranted extra costs. Detailed discussions were held with Roads and Maritime Services and Sydney Ports Corporation which finally resulted in a meeting with Minister Duncan Gay. Subsequently, the minister advised that he believed that shipowners should pay the charge but he would review the matter again in 12 months. SAL looks forward to the results of that review.

I also mentioned in the previous edition that I would be speaking at the AMSA Natship Conference which was held on 6 August on shipping expectations and protecting the Great Barrier Reef and in particular, the potential environmental impact of the anticipated significant growth in ship numbers using the inner passage.

My speech has been summarised in an article in this edition.

Regular readers will be aware that masters graduates from the Institute of Transport and Logistics Studies at the University of Sydney have assisted SAL from time to time on three months secondment to give them work experience and earlier this year, Matthew Whittle joined us and his first task was to update the previous break bulk shipping study which was completed in 2009. Matthew has almost completed that task and has written a summary for this magazine. Subsequently, Paul Alexander left and Matthew was appointed to his position and is now a full time employee with SAL. Matthew has also updated the port cost comparison exercise which we produced in the spring edition of last year.

Finally, many comments were made last year about the Fair Work Act and our industrial relations system. It is indeed pleasing to see the article written by Alice de Boos and her colleague, James Zeng, of Middleton’s regarding the government’s recent review of the Fair Work Act.
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Vulnerability in our ports can be exploited by both criminals and terrorists but that is where the link ends. Terrorists want to destroy; criminals want to maintain the system.

This major difference needs to be recognised in the way we tackle terrorism versus organised crime. SAL is concerned present policy proposals will not prove as effective as they could be.

On 16 June, 2011, the Parliamentary joint Committee on Law Enforcement released its report into the adequacy of aviation and maritime security measures to combat serious and organised crime. There were 22 recommendations and they included expanding the purpose of the Maritime Transport and Offshore Facilities Security Act, 2003 to include the prevention of organised and serious crime and establishing a single issuing body for both Aviation and Maritime Security Identification Cards.

The whole-of-Government response in most cases suggested further consideration and consultation with industry was required before a decision was made. Before that, the National Audit Office had released a report into the management of Maritime Security Identification Cards and recommended the better management of risks associated with issuing bodies and improving the use of information gathered in audits in planning future compliance activities. These recommendations are being implemented.

Taskforce Polaris was established in July 2010, to investigate organised crime on the waterfront in Sydney and on 25 May this year, the Minister for Justice, Jason Clare, announced his proposals. He pointed out that Polaris had been highly successful.

Mr Clare said the Government would introduce legislation to provide powers to revoke or refuse an MSIC to a person where it was determined they were not a fit and proper person to hold a card on the basis of compelling criminal intelligence. This will include an appeal mechanism.

The Government has also decided to expand the list of offences for which an MSIC can be refused to include offences that relate to serious and organised crime, increase targeted high visibility and covert patrols by Customs and Border Protection, place specific obligations on stevedores through enforceable licenced arrangements to report information and intelligence.

The Government planned to implement a more stringent system of establishing an applicant’s identity and to ensure that Auscheck (the checking body for the issue of MSIC’s) and law enforcement agencies have more formalised arrangements to enable the more timely exchange of criminal records and other relevant information.

It was recognised that the tentacles of organised crime stretch beyond the dock and it was agreed to:

(a) Introduce legislation to criminalise the provision of information from the Integrated Cargo System to aid a criminal organisation.

(b) Limit access to specific cargo information to those in the private sector who have reported a direct and legitimate interest in the movement and clearance of specific consignments.

(c) Increase the proactive auditing capabilities of the ICS to detect anomalies and gather intelligence.

(d) Introduce on-screen, “reason for access” declarations and on-screen warnings informing private sector users about the penalties for its misuse and impose new licence conditions on customs depots, warehouses and brokers limiting their use of ICS information to legitimate purposes.

The minister also pointed out that a new industry forum would be established consisting of law enforcement agencies and stakeholders on the waterfront and in the supply chain to consider further opportunities to work together to address vulnerabilities. He also mentioned a similar taskforce to Polaris was underway in Western Australia, a taskforce would be established in Melbourne and discussions were underway with Queensland Police to establish a taskforce in Brisbane.

Shipping Australia commends the Government for seeking to tackle crime on and connected to the waterfront. SAL also agrees that there should be legislation separate from the security legislation. However, SAL has concerns that extending the role of the MSIC and using criminal intelligence for this anti-terrorism related card is not appropriate.

The reasons are that the coverage of MSIC’s in ports is not all-encompassing. In addition, they are not employed further down the supply chain where vulnerabilities have been recognised.

We do believe it is highly appropriate to identify individuals working in the supply chain, both in and outside security regulated areas who pose a risk and should be prevented from working in those areas.

Combined with the other measures announced by the Government, SAL is confident that collectively we will seriously undermine the capacity of serious and organised crime to use the waterfront.
SYDNEY'S PORTS FACILITATE OVER $61 BILLION OF TRADE EACH YEAR, WITH AN ANNUAL CONTRIBUTION TO THE NEW SOUTH WALES ECONOMY IN EXCESS OF $5 BILLION.

To meet the future demands of international trade, Sydney Ports is increasing capacity at Port Botany with the construction of a third container terminal. The $1 billion Port Botany Expansion is due to be operational in 2012, providing more options for importers and exporters.

For the latest trade information and port developments please visit www.sydneyports.com.au
By ARCHIE BAYVEL

Before he became a politician, Duncan Gay ran a small trucking company and still holds a heavy vehicle driving licence. It’s a point that went down well with the handful of truckies and port workers who attended his early and chilly morning barbecue to launch NSW’s Truckweek 2012.

In fact Duncan Gay himself went down rather well with the truckies, few of whom would be expected to be National Party voters. His performance was a one-hour marathon of smiles and cheer. He talked to everyone about his job, their job, his grandchildren, their grandchildren and one felt that had someone rustled up a baby he’d have been glad to kiss it.

It was a stellar post-dawn performance that lived up to his reputation as the Mister Nice Guy of NSW politics. Researching Duncan’s background is a singularly exasperating task with most commentaries focusing on what a nice man he is rather than on his achievements.

A full page feature on him in another magazine wrote almost entirely about his sociability and claimed that when he was growing up on the family farm at Crookwell, his mother told him: “Don’t be nasty to people.” Few mothers would have experienced such adherence to their advice as that enjoyed by Mrs Gay senior. Crookwell is a hamlet 240 km south-west of Sydney equally famous for a factory that makes nice cosy socks and for Duncan himself.

Duncan is an indefatigable speaker in the Legislative Council, to which he was elected in March 1988 and whose current term doesn’t expire for another seven years, he is listed in Hansard with more than 2519 utterances in the Council, 322 of them this year. They range from congratulating The Queen on her Jubilee to a eulogy on the death of a former MLC.

Physically our Duncan is a largish cheerful man of 62 whose daughter has forsaken a career in merchant banking in favour of motherhood and

Mr Congeniality goes to the barbecue ...
whose son is a professional plumber. Duncan himself still lives on the family farm at Crookwell when he’s not in Sydney.

So tell us about yourself Minister. – “I went to school at Newington (one of the elite Great Public Schools of NSW) and played rugby in the first XV. Today I support the Waratahs and the Desperate Dogs, my hometown team at Crookwell.”

And what about education? – “Yes, yes, accountancy and wool classing.”

So in many ways Duncan Gay is typical of the old Country Party rugger buggers whose ilk have been the time-honoured backbone of the upper house of the NSW Parliament for generations. At some time in his past as a rugby union breakaway his nose has been slightly rearranged but despite that Duncan Gay is a handsome man who says he is busy, very busy looking after the state’s ports and roads, that’s to say roads and ports AND freight.

Exactly what keeps him so industrious is, he says, the excitement of holding such an important portfolio.

“I expected to get Mining but the Premier rang and said I’d been promoted to ports, roads, and freight,” he remembers. “Roads and freight are the key to what I do in ports.”

Then of course, there’s the sale of Port Kembla – “Correction,” he says, “it’s a lease. Documentation for the tenders and expressions of interest will soon be out and about with bidders for the 99-year lease having already expressed a desire to bid for the Port of Sydney as well.

“So it looks like there will be an option to bid for either one of the ports or for a package of the two.

“Let me just say that I’m excited at how we achieve things every day. I’m always thinking about the congestion on Sydney roads. If I can remove the congestion, I’ll free up Sydney. The people on the roads are my customers; I’m told they’re a bit cranky at the moment but we’re having a go; we’re not going to die thinking about it.

“Financially this government inherited a black hole, today we are re-allocating resources to infrastructure.”

Mr Gay is the fourth person to hold the ports portfolio in three years. With the exception of the redoubtable Joe Tripodi, the others have been forgettable.

“Tripodi took the job seriously and addressed serious issues at Port Botany while others didn’t last long enough to make their mark,” the incumbent notes.

Back to the barbecue on this freezing morning at Sydney Ports’ new truck marshalling yard at Port Botany. Where we wonder is The Minister? What does he look like, we wonder? The question is almost immediately answered as a tallish man steps out of the gloom and is instantly recognised with a tiny shriek from Jill Lewis, the queen of Truckweek and manager of the ATA.

The tall man hurries towards her, hand outstretched and for a millisecond at their embrace it looks as if he has stooped too low and she has tip-toed so high that she is in danger of sailing over his shoulder and buffeting Master Mariner Bryan Smith, Chairman of Sydney Ports Corporation and host of the morning’s festivity.

Everyone laughs genially. As one would. Duncan’s here. ▲
PROFILE

LLEWELLYN CHARLES RUSSELL AM
chief executive Shipping Australia Limited

Llew gets ready to close up shop

Did you know that Llew Russell is ambidextrous? Writes and plays golf right-handed, bowls and hammers nails left-handed!

That’s just one of many little-known things about Llew that on the eve of his retirement after 41 years connected with the shipping industry he’s never bothered to mention and nobody’s noticed.

And did you know that his favourite books are Albert Stacey’s A Fortunate Life and Peter Carey’s The True History of the Kelly Gang?

“I feel a bit like Ronnie Barker in the TV series Open All Hours,” Llew says, “when at the end of the day he reflects on its events while bringing his display goods back into his shop.

“I reflect on my 41 years in both the public and private sectors of shipping in a similar way to Ronnie: My good thoughts are on the front of my memory shelves, some a little farther back, some under the counter, others not for display.

“The shop itself will be missed.”

Before he closes up shop, Llew has a few stories to tell about his early days in the Public Service, travels in the South Seas as a government official, his role in the birth of SAL, the big cases he ran on its behalf, and some of the famous people he dealt with.

His story begins when as son of a successful Brisbane accountant he was sent as a little boy to board at Anglican Church Grammar’s prep school in Toowoomba where he became captain of his house and a front-roller in the first XV before moving back to Brisbane as a day boy at Churchie’s senior school (Motto: Alas Aquilae – On Eagles Wings).

From there he went to Queensland University where he graduated BEc in 1968 (many years later he also gained an MBA). After six years in the CMF he was an acting captain and would have gone to Vietnam but for the war there being scaled back by President Johnson.

“I once heard Johnson speaking,” Llew says. “He was an incredibly good speaker. When the meeting began the audience was 80 per cent against the war; by the time he’d finished they were 80 per cent for it. I thought at the time: ‘There’s an American president for you!’”

Meanwhile he’d applied for jobs all over the place and accepted an offer from the Commonwealth Public Service as an administrative trainee. His career had begun.

As a new recruit he was sent on an intensive one-year course in Canberra to study how government departments worked – Trade, Industry, Treasury, Prime Minister and Cabinet, and the Public Service Board. At the end of the course he was posted to Treasury’s Animal Products Section.

“I stayed only six months,” he recalls. “They were experts in negativity with many reasons why things should not be done and few as to why they should be done. Treasury people were very clever but prone to argue against spending.”

Next came the policy secretariat of the Department of Trade and Industry in the last months of the ministry of John McEwen, a man he describes as having very strong views ... “You had to be pretty quick and smart to dissuade or persuade him. He negotiated our first trade agreement with Japan that saw the beginning of our coal exports at $4 a tonne.

“Promoted to the Exports Transportation Branch I had my first involvement with shipping and with Max Moore-Wilton who was then head of a section.

“Max was just the same as he is now – very fast on his feet, a great memory, sometimes bombastic, sometimes hard to deal with and with very strong views which he was able to carry through.

“I had a lot to do with Max and had a cordial relationship with him during his reign at ANL and while he headed the Department of Prime Minister and Cabinet. I once heard him described as ‘devastatingly competent’.

“During my time with the branch it was transferred to the Department of Shipping and Transport and I was promoted to section head then acting branch head. I had a lot to do with the Auckland-based Pacific Forum Line and made 15 visits to Pacific nations including Fiji, New Zealand, Tonga, Western Samoa, Cook Islands, Nauru, and Mt Hagen in the Highlands of Papua New Guinea.

“Staying in the Nauru International Hotel a friend and I went down to the bar and ordered a couple of cognacs. They arrived in massive brandy balloons filled to the brim; no way you could drink them all and still be on your feet. But the biggest shock was when we got the bill – 50 cents each! It was a time when Nauru was heading for a period of financial difficulty.

“At Mt Hagen, a bank manager told me about a tea-picker who wanted to know how much it would cost to visit Australia. He produced a bulging sack and asked if that would be enough. It contained his life savings - $10,000 in notes.
“Tribal mini-wars were common in the area but planned to avoid taking place in working hours or interfering with wage-earning.”

Llew Russell’s real contact with real shipping didn’t begin until 1981, however, when he was head-hunted to be assistant director of the Australia to Europe Shipping Conference.

“The day I began work I was shown a room and told it would be my office. It was completely bare of furniture, however, but the director simply told me: ‘Go out and buy some.’ So I bought a chair, a desk and return, a small conference table and matching chairs, a cabinet with a bookcase on top, and got to work.

“Thirty-one years later I’m sitting behind the same desk surrounded by the same furniture.”

The conference sent him with his family to England for six months’ training and familiarisation with the issues facing the conference. These included LCL cargoes and freight negotiations in commodity groups such as wool.

“On my return to Australia I took over as the conference’s executive director here and was convinced that all the conference secretariats should be combined for economy of scale and that in unity there was strength.

“At the time there were seven separate shipping conferences: Australia Europe, Northbound (North and East Asia), Middle East Gulf, South-East Asia, the Trans-Tasman Forum, and the Australia US Liner Agreement.

“In 1986 Shipping Conferences Services Ltd was established which changed its name to Liner Shipping Services Ltd eight years later and became an industry body in its own right with me as its chief executive officer. In due course Liner Shipping services merged with the Chamber of Shipping to create Shipping Australia Limited.

“I’d been in administration and policy - near the flame, as they say - all my working life but SAL was the first time I got involved in all the different types of shipping.

“Big cases I remember include the introduction of Terminal Handling Charges in the early 1990s. They were vigorously opposed by Frank Beaufort on behalf of his Australian Peak Shippers Association. The charges are well established now, of course, but the proposals were investigated by the ACCC.

“The two-year investigation was most unpleasant. We’d get calls on a Friday with threats of having to appear in court on the Monday, often having to produce big folders of information just to check a few paragraphs. Finally we won but the ACCC wrote to me that despite our victory they would be keeping an eye on me!

“Treasurer, the ACCC and its predecessor, the Trade Practices Commission, have always objected to the continuance of Part X.

“Having been involved with five major reviews of Part X I’m proud it has continued despite such serious opposition because I strongly believe in the benefits it delivers to shipowners and exporters alike. It’s in Australia’s interest to have that particular regulation and I personally was so absorbed in it that I spent four years part-time preparing a PhD thesis on Part X – a PhD still unfinished, alas, due to my professional workload.

“I became closely associated with Professor Alan Fels during his chairmanship of the Trade Practices Commission although when he retired he said his one regret was that he failed to get rid of Part X.

“Fels and I had a good respect for each other but I do remember one dreadful occasion attending a dinner, Frank Beaufort in the chair and Fels as the guest speaker. Everyone had drinks before dinner, then drinks with dinner, then drinks with his speech. When it came to question time everyone was quite fortified and they really ripped into Fels. Since that day I’ve always been against serious after dinner speakers!

“The negotiations with the government leading to the introduction of the Maritime Crew Visa are also memorable because it involved compromises on both sides and I recall it as one of my most satisfying negotiations with government. We were working with a highly interactive government department and the result was a case study in good government: industry co-operation. The outcome was that the proposed length of the visas was extended, that they should be issued free of charge, and that they be purely electronic.

“Now I’ve sat behind this desk for 31 years and it’s time to move on. I’m not really retiring. I’m embarking on a career change. I’d like to sit on a few relevant boards and to consult to a small clientele.

“There’s also a pile of good books I want to read, a lot of gardening to do ... and fishing which I love.

“A dream is to own a reasonable size of boat because I also love boating (stink boats) but I may have to be satisfied with joining a group that provides access to such a boat on a share basis throughout the year. But who knows, sometimes dreams come true.”

“I’d like to be remembered as someone who did his best and always encouraged and protected his staff. Sometimes I’ve expressed forthright views in the interests of association members but at the same time I’ve always presented my case as honestly as I can and been fair in all my dealings.

“I recall many people I’ve met during my career who left me a better person for having known them. I’d hope many people will also say the same for having met me. That would be my best legacy.”
NATURAL TO NUCLEAR THE ENERGY AGE: It’s amazing!!

By ARCHIE BAYVEL

• Goodbye OPEC
• Fracking fixed
• Nuclear tamed
• Absolute Black
• EVs on amber
• Coal on red

They’re calling it N2N, Natural gas to Nuclear. For coal-rich, nuclear-free Australia it’s a confronting scenario. The world appears to be facing an energy revolution unimaginable less than 10 years ago. Discovery of the shale gas bonanza will reduce the need for conventional oil and free the world from the tyranny of OPEC and the hostile Middle East. It may also flash an amber light for the predicted avalanche of lithium-powered electric vehicles whose acceptance is faltering anyway. Natural gas itself faces challenge from amazing advances in nuclear energy and solar. Read all about it...

Liquified natural gas is set to become our first hero of the new energy age. There’s so much of it that the world already faces a glut and many of its known sources are still nowhere near being quantified far less exploited.

Economics should therefore dictate an early return to being able to fill your car’s tank for $10, assuming you have adapted to burn gas and barring restrictive manipulation of the market by gas companies.

Energy demand in the United States alone has been predicted to rise by 58 per cent over the next 25 years; a demand that will generate profits in the Trillions for those satisfying it.

But where there is a hero there must also, according to Isaac Newton’s third law of dynamics, be an opposing villain.

Of course there’s a villain. Fracking! The process where literally a million litres of fresh water is pumped into the shale rock of a single well to fracture its filmy layers and release the gas trapped therein. Not only is all that water wasted while America languishes in its biggest drought for years but it is poisoned in the process with its run-off saltier than the oceans.

But there’s good news on that front which few people will have heard before ... A waterless fracking process has been developed in Canada.

It has been described as Magic Frack. It’s already in operation with enough of America’s big gas companies to suggest the process is now industrially robust.

Other companies claim to have found ways to de-poison the waste water rendering it re-useable as, for example, irrigation.

Never mind that for the now, however. What about the future of coal? And solar power, nuclear power, and wind? Amazing and as yet unpublicised developments have taken place that look as if they will transform the nuclear and solar energy contribution to world energy use.

Again in America, little-known work is far advanced on combining uranium with beryllium to create nuclear reactor fuel rods that deliver twice the energy of those currently in use. Because these new rods will operate at much lower temperatures and pressures the risk of future Chernobyl, Five Mile Island and Fukushima meltdowns are predicted to be negligible. Always assuming, one would presume, that their operators are careful!
And the solar industry appears to be on the brink of a revolution as spectacular as gas. Recent announcements of a new light receptor nicknamed Absolute Black indicate that solar panels – existing units as well as new ones – will be able to extract almost three times the heat from the sun as existing models.

Absolute Black’s inventors have world patents on it and their marketing plan is to sell it to anyone who wants it – re-sellers, installers, consumers. Watch this space!

Coal? Future uncertain. The trend in America appears to be to get rid of that industry ASAP and replace it with the gas revolution. Idealists in Australia and elsewhere would no doubt enthusiastically second that motion.

But expect herculean opposition to such a suggestion from the coal miners with their billions of dollars buried deep in their industry; the world’s biggest coal port, Newcastle, NSW, has recently begun work on Newcastle Coal Infrastructure Group’s second terminal and Port Waratah Coal Services long-awaited T4 terminal is ready to go. All that brings that one city’s coal facility to six terminals – more $billions; then there are the hundreds of trans-ocean coal carriers steaming around the world.

Coal’s future, particularly that of Australian coal, hasn’t been helped by Marius Kloppers, CEO of BHP Billiton, telling the British media that new investments in Australia’s coal would not be profitable. He’s probably right. Quite recently Chinese traders defaulted on a significant group of coal orders; not because of its so-called economic slowdown but because coal prices had fallen so much since the order was placed that it was cheaper to default.

According to Andrew Snyder, an American editor writing in Inside Investor Daily, such defaults are symptomatic of what he calls the great global shift in energy and he points to Australia’s coal sales declining from $130 a tonne to $106 in the past year.

He predicts that within 10 years China will stop almost all coal imports. And it won’t be buying any more LNG either because by that time it will have its own vast shale gas fields up and running; to say nothing of its expanding nuclear capacity.

What’s to be done about all that? – Probably nothing soon because if one is running a country that can’t afford to start over with your coal-fed industries, it will be much easier just to pick up the phone and order more coal. Pollution? Forgedaboudit!

Who would they phone? Dial 976 + 1 for a start and you’re on to Ulaan Batar, capital of Mongolia whose new super-cheap coal mines are no longer over our event horizon and share a border with China. No ships required. Mongolia already supplies 45 per cent of China’s coking coal compared to Australia’s 23 per cent. Three years ago Mongolian coal had only 11 per cent compared to our 65 per cent.

As for wind as an ongoing energy source, there are strong indications that “Forgedaboudit” will again be prescient advice.

Like so many nice but uneconomic ideas, wind looks like being blown away by gas, odourless gas at that. No more birds chomped out of the sky, no more whining to drive country folks mad. Expect gales of protest from the millers, the greens, and the soul-sisters of that Don Juan of romantic fiction who spent his life tilting at windmills. Tilting for chrisake while the gas is roaring, the sun is blazing and $=m0=+$billions.

So where does Australia stand amidst so many amazing energy developments?

So far as gas goes we’re apples. We’ve got plenty of it and the $45 billion-worth of gas terminals under construction at Gladstone have their total productions sold to export for the next 20 years so short term at least they’re not worried about likely plunges in gas prices. ConocoPhillips in Darwin and Shell at Dampier would be in similar positions. For Gladstone’s as yet unbuilt fourth LNG plant (Arrow) it’s too soon to call.

Only Qatar, Indonesia, and Malaysia export more natural gas than Australia. Our markets are Japan (70 per cent), China (21 per cent), South Korea (5 per cent) and Taiwan (4 per cent). Altogether we have 8 per cent of the world’s LNG exports and these are expected to reach five times their present level within the next five or six years.

At present the USA isn’t in the race but it’s found plenty of gas in its vast shale deposits, is working ingeniously to solve the water fracking problem, and is not a nation with a history of doing things by halves. This year for the first time in ages the USA is an energy exporter. As its shale gas plants come on line their product will replace more and more oil.

The US Energy Information Agency says oil imports will drop 20 per cent by 2025, while oil giant BP projects that the US will get 94 per cent of its energy domestically by 2030.

To most Americans that’s the best news ever. It has the potential to terminate the daily, yes daily cost of almost $1 billion, yes billion they pay to import oil from Middle East countries.

Several American companies are making car and truck engines that run on LNG and a company called Clean Energy Fuels is building a network of refuelling stations to service them. Ironically NSW appears to be about the only place in the world facing a gas drought. The state has plenty of it and even if it hadn’t Gladstone is just up the pipeline. Trouble is, however, that the NSW farmers are dead against the stuff being mined, extracted, FRACKED!! They’re against the water use, the pollution, everything. As for piping the stuff in from Gladstone, that’s another case of “Forgedaboudit” – all its gas is already sold for export.
Obama’s electric car dreams heading for a flat

You can’t say “gas” of course without thinking about “petrol” and the last big thing aimed at getting rid of the stuff – lithium-powered electric vehicles or EVs. You only need to be on roads around Bangkok for an hour to notice the number of LNG-powered cars, trucks too with tied-on racks of LNG cylinders.

If we really are going to be able to fill our conventional cars’ tanks with gas for 10 bucks, that’s going to be a serious setback to Obama’s dream of having a million EVs on US roads by the end of next year. Opinion is that it’s mission impossible already.

Figures for Sydney, Australia, suggest only 39 electric cars have been sold this year and all over the world motorists are demonstrating their concern over the cars’ high prices ($30,000+), their as-yet untested battery life, recharge time (7 hours if dead flat), how thin on the ground recharge points still are (maybe 30 in Sydney), their re-sale value and limited range (150Km max). Drivers are demonstrating by not buying them.

The car companies appear to be undaunted, however, and investing $billions on EV manufacturing plants in the USA, Europe, and Asia. Some 16 models are already highly publicised. Most of them are not pure battery-driven at all but are hybrids, a totally different story because they charge their battery as they go by turning on their internal combustion engine.

China says it will provide US$15 billion to launch an electric car industry. Note that the $s are in US currency of which China holds trillions in debt. By comparison $15 billion is a drop in the bucket but it would be a start on the dubious task of China ever getting its money back.

Quite a few cities, including London, say they are committed to some kind of EV revolution within the next five years. That particular game seems still too close to call but maybe you should go gas on your present car rather than pay a premium for an EV just yet.

Some governments, but not ours, are spending billions promoting alternative energy vehicles. In the USA stimulus money has already been paid for more than 1800 public charging stations nationwide and you get $7500 off any new EV you buy while California offers an extra $2500 tax rebate. That still leaves an EV $thousands dearer than your present petrol/gas car.

It all comes back to a need for cheaper, stronger batteries. “They” say amazing research is being done on batteries and the US has provided $1.26 billion since 2009 hoping to kick-start an EV battery industry. But one recipient has already had to seek relief in Chapter 11.

Were one to do a SWOT analysis of electric vehicles in the looming era of LNG, one would have to wonder...

The new potentials for the nuclear power industry, if they are proven robust, must surely double world interest in this cleanest of all current power sources.

While Australia is busily talking about building or not building the world’s biggest uranium mine at Olympic Dam, in South Australia, it is fighting shy of even considering using any of it in a nuclear power station of our own.

Yet hundreds of nuclear power-generators are liberally scattered around the world with almost 1000 already existing and in construction or planning and the price of uranium is steadily rising as demand increases and one of America’s main current supply sources is about to disappear. Apparently that’s because a significant percentage of its industrial uranium is currently derived from the break-up of the former USSR’s massive nuclear arsenals. Pretty soon, in a few months perhaps, all that will have been used up and the uranium miners will come into their own.

Good news to Rio Tinto with its Northern Territory Ranger mine being one of the world’s biggest producers of uranium ore and, of course, to BHP Billiton with its on-off super-mine at Olympic Dam.

It remains to be seen what the consequences will be of the recent announcement by BHP Billiton ceo Marius Kloppers that the $30 billion expansion of its Olympic Dam mine will be mothballed.

On the surface it is an extraordinary betrayal of South Australia’s expectations for the copper, uranium, gold and silver mine only six months before the promised deadline for the expansion’s final approval. It coincides with news that the company has returned US$53.8 billion to shareholders over the past 10 years and its annual profit as of June 30 this year was $15.4 billion.

The company’s actual statement was:

• Following a major capital review, BHP Billiton has decided to study an alternative, less capital intensive design of the Olympic Dam open pit expansion that involves new technologies

• This design has the potential to substantially improve the economics of the project

• As a result, the Group is not ready to approve development at Olympic Dam before the Indenture agreement deadline of 15 December 2012.

The “Indenture agreement” is the bible on which much of South Australia’s faith has been based. Breaking it appears to fly in the face of glowing expectations for the mine’s future. It’s surprising that so much of the ensuing public commentary has focussed on the mine’s copper production and largely ignored its massive uranium potential.

Predictions of the completed mine’s annual output were 750,000 tonnes of copper and 19,000 tonnes of uranium oxide. Current prices are around US$49 per lb for uranium and US$5 per lb for copper. So even if uranium prices doubled it’s the world copper price that would rule the roost.

With all the nuclear reactors already operating or planned, there is already a substantial current deficit in uranium to fuel them. One can reasonably expect that the “new and more economic technologies” will have this in mind so in the medium term the Olympic Dam re-think may not necessarily be bad news as it first seemed.

US President with an electric Vauxhall Ampera
The secrets of Magic Frack

THE BIG NEWS about fracking is the development of a system that replaces the millions of litres of water currently wasted in running gas wells with a propellant extracted from the actual gas being produced.

This propellant is emulsified propane and once the fracking equipment is primed with it, the gas flow absorbs the propane which is then extracted and recycled back into the fracking stream.

The process has been developed by Gasfrac Energy Services Inc which says it has now been used more than 1200 times at more than 400 locations around the USA since the first production equipment entered service just over a year ago when it won the 2011 World Shale Gas Award for Technological Innovator.

Gasfrac, a Canadian company based in Calgary, just east of the Rocky Mountains, says the environmental benefits of its process include:

- Waterless; no more millions of litres of precious water needed.
- No more problems disposing of waste water
- Sustainable
- Reuses the propane from production
- Uses no biocides or other harmful chemicals
- No fluid disposal trucks are required
- Eliminates significant CO$_2$ emissions

An added bonus is that the new process also recovers up to 80 per cent more gas than the old high-pressure water method.

Well-established American drilling companies using the Gasfrac method include Husky, Devon, Quicksilver, Union Gas Operating, Murchison, and Approach Resources.

Gasfrac’s system is not the only one aimed to increase production figures although so far it appears to be alone in eliminating the need for oceans of water. Other companies have addressed their research to purifying waste water from existing gas wells so that it has a re-use.

Absolute Black – the new solar panel that challenges all other power

THE SOLAR ENERGY industry is poised on the brink of what they call The Crossover – the stage when solar energy can be sold for the same price or less than fossil fuels. Grid parity!

And an amazing new technical development looks as if it will catapult sales of solar units to new levels all over the world and not just in the United States where it has been developed.

The new technology, dubbed Absolute Black, is a coating process that multiplies the output of all solar wafers – the business end of the familiar panels – while cutting their cost almost in half.

The coating traps 10 times more light than the best solar panels currently on the market. It is so dark that it traps 99.7 per cent of light of all wavelengths and transforms it into energy. Unlike existing solar panels which absorb only a small part of the sunlight spectrum, it reflects almost no light. Over-excited scientists have compared it to reaching thermal physics’ Absolute Zero.

That may or may not be so but Absolute Black certainly looks like saving the solar industry billions of dollars and making solar electricity’s price per watt on the US national grid comparable to that produced by coal.

The process has been developed by Natcore Technology Inc, of Red Bank, New Jersey, under exclusive licence from the US Department of Energy’s National Renewable Energy Laboratory. While not yet in full-scale production, Natcore is working with equipment manufacturers on achieving a manufacturing process of 2000 Absolute Black solar units per hour.

Natcore’s chief executive, Mr Chuck Proveni, says: “When the design is complete, we’ll take orders for the tool. We are already talking with potential customers in Italy, China, and India.”

And his chief technology officer, Dr Dennis Flood, says: “Absolute Black is simply astounding. It also performs better than standard panels in the morning and afternoon because it is better equipped to absorb waning sunshine at different times of the day.”

Mr Proveni says the Absolute Black process can be integrated into most existing solar manufacturing and that Natcore plans to license it to any solar manufacturer who wants it.

According to an EIA report issued only in March this year America’s renewable energy sector has already added 221 per cent more power to the US grid than natural gas. And that was before the existence of Absolute Black was announced.
What will you be up to in 240,000 years?

One little-known fact about the nuclear energy industry is that there are already 445 electricity-generating reactors scattered around the world.

Another is that negligible progress has been made in neutralising the industry’s deadly wastes some of which remain deadly for 240,000 years and others for two+ million years. Yet another amazing fact is that a single reactor produces up to 50 tonnes of the deadliest portions of this stuff every year.

In America there are reports of reactors whose owners have walked away from them and their unresolved piles of radioactive waste are under US Army guard while something is done about them. The guards are needed to stop curious trespassers getting in and killing themselves but also to prevent terrorists helping themselves to bomb stuff that’s also deadly poison.

The US Department of Energy has said America has “millions of gallons of nuclear waste, thousands of tons of spent reactor material and a huge quantity of contaminated soil”.

The most deadly of such collections are designated for deep underground storage in vaults that will resist earthquakes and burglary by terrorists. Apparently the worst of the stuff is at its lethal best in terms of atom-bomb material after a couple of centuries.

No-worries arguments are based on the hope that sometime in the next, say, 50 years the physicists will have discovered an industrial process to render all this stuff safe as baby powder.

With the 875 existing or planned electricity-generating reactors x 50 tonnes waste each = 43,750 tpa for, say, 200 years = 8.75 million tonnes – a shithold by any 2,212 standard and if they still haven’t fixed it in 1000 years ... One can understand why some people believe we shouldn’t be doing this sort of stuff.

Despite all that, the odds are that Australia will go nuclear sometime in the next 50 years and if one researches the so-called popular financial view of the situation it couldn’t be better.

Nuclear energy is a clean, affordable way to bring light and power to millions of people who now rely on fire and candles for warmth and light after sundown. The nuclear discussion, you see, isn’t about us in our electrified cities and bright comfy homes, it’s about the millions of people who are without these comforts. It’s about Asia, South America, and the Borat parts of Europe.

But even for us comfy ones the situation is complicated.

The US-Russian warheads deal is reported as expiring at the end of next year! Apparently the US and Russia signed the deal in 1993 and it, and possibly the warheads, runs out in 2013.

By that time American and world demand for uranium will be greater than what’s currently available. Demand may in fact be going through the roof; a fact that must be driving its miners and processors mad with delight. It’s a situation that makes BHP-Billiton’s Olympic Dam decision all the more peculiar.

One writer, Nathan Slaughter, editor of the US financial newsletter Scarcity & Real Wealth, hypothesises that world uranium prices could soar to $100, $200, even $1,000 per lb.

“That’s a long way up from today’s price,” he says. “After all, it costs about $2 billion to build a new nuclear power plant. So paying $100 per lb for uranium would be a drop in the bucket.”

Problems, problems, problems ...

Some of which may be solved by research nearing industrial robustness in Canada where a Vancouver company, IBC Advanced Alloys Corp, says it can increase the efficiency of nuclear reactors by at least 50 per cent — thereby reducing the amount of uranium needed to produce the heat that eventually generates the power.

Not only that but the process also reduces the already remote likelihood of us seeing another meltdown catastrophe. Here’s how it works:

The uranium that goes into the rods lowered into the business heart of the reactor comes in pellet form. Unfortunately uranium is a very poor conductor of heat and the interior of the pellets very quickly becomes massively hotter that the outer layer. This results in pellets cracking under the stress and rods that are only half-used being discarded.

IBC-funded research at two US universities has found a way to prevent this problem: Mix the uranium oxide with the oxide of beryllium, a very rare metal with an atomic number of only 3, and the beryllium forms a lattice around the uranium molecules that smoothly channels the pellets’ internal heat to their surface.

Bingo! The fuel rods last longer, are much more efficient, and very much cooler which means if something goes a little wrong there’s more time to fix it before things go Bang-d!

After reading all that, what would you see as the future of coal and wind in a world where the wonders of light and warmth far less power-driven industry are only now being introduced to billions of people?

Will they be pottering around in the cold dark waiting for windmills to cover the hills? Or will they be humping bags of coal to their backyards? Or will they be flicking a switch at the end of a cable that leads in the short term – the next 50 years say – to a gas-fired power station or something on their roof? Or even something else?

Looking farther ahead: It’s 242.012AD and a creature that still just looks like Man stumbles on a rusty door on a mountainside forest. He presses its button and it swings open, an elevator plunges him thousands of metres into the earth where he finds another button.

He presses it and for a millisecond the entire Earth is illuminated in light that is seen and recorded as “lovely” on as yet undiscovered planets circling distant stars.

Only joking! ▲

Beryllium oxide provides a heat pathway through uranium oxide.
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For all inquiries please contact the team on (02) 4985 8222 or business@newportcorp.com.au

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The case for exporting grain in 40ft containers

By CHRIS HOOD, director, Grainx Australia

Whenever the conversation turns to the export of grain in containers in Australia, invariably the subject of container equipment shortages is on the tips of people’s tongues - or more specifically the increasing shortages in availability of 20ft food grade containers.

My company has recently invested in a grain packing facility on the Darling Downs in southern Queensland and is also seeking to develop an intermodal container facility at this location making use of a unique former Qld Rail Branch Line now under our control. In the process, I have become what some would describe as a logistics tragic. However described, my distinct lack of bias in anyone’s favor has probably allowed me to look at the container supply problem in the grains industry from a reasonably objective point of view.

In Queensland there is the issue of comparatively low numbers of TEUs being handled through the Port of Brisbane – roughly about a third of the TEU volume through Melbourne. Added to the equation is the increasingly large proportion of imported containers being 40ft equipment as opposed to 20ft. Given the light but bulky nature of many imports, it stands to reason that as imports increase, so too will the volumes of 40ft containers into Australia. The downside of course, is the corresponding decrease in 20ft containers that would be available for future grain export purposes.

So where is the solution?

Can Australia keep positioning empty 20ft containers to make up demand?

What are the alternatives?

I have been to many conferences, spoken to lots of industry players and even enlisted the help of red wine to come up with a solution that if not addressed soon, will threaten the viability of the burgeoning grain packing industry.

The obvious answer to me is the use of 40ft containers. This is not an original thought; in fact it has been touted for some time and is actually in practice with some shipping lines albeit in a very small way.

Having already acknowledged that I am not from the shipping industry, I nevertheless feel that the industry needs to stand back and have a serious debate on the possibilities of increasing the use of 40ft containers in the grain industry. Sure, there will be valid reasons why it’s not considered feasible such as lack of suitability at some destination ports, however, this should not deter the industry from considering some of the advantages.

Some advantages include no more imports and/or domestic repositioning of empty 20ft containers to top up export demand. Another advantage may be a big reduction in the number of empty 40 containers being repositioned. Accordingly there would also be a reduction in the volume of 40ft equipment taking up space in container parks.

Equally, there are several advantages to grain exporters including increased packing volume compared to a 20ft container and arguably most importantly, a huge increase in container availability (particularly at smaller Ports). This fact alone would do much to address what is often the major headache of both grain exporter and shipping line alike – especially at peak times.

Obviously, the elephant in the room is the issue of cost. With the shipping cost of a 40ft being double that of a 20ft container, there is an obvious disincentive to the grain exporter. As discussed, the shipping lines are regularly repositioning empty 40ft containers back to overseas ports. This is an obvious cost burden and one I am sure the industry would like to minimize. Therefore, both parties to the transaction could benefit from a change to 40ft equipment.

If there are large numbers of 40ft containers being repositioned empty, what have the shipping lines to lose in allowing these to be used for grain exports and charged as a 20ft container?

This is the core issue. Surely, from the shipping line’s point of view, it must be better to book some revenue rather than none. I do not think for a moment think that 20ft equipment will disappear altogether but over time, it could well be that their availability is much scarcer. If that is to be the case, both the grain packing industry and the shipping lines need to be acting now in preparation for such a time.
Asia Pacific Oil Spill Prevention & Preparedness Conference

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The practice of marine surveying is subject to almost continuous change, in line with what occurs in international and local shipping, marine insurance and Australian trade patterns. In particular, over the past few years there have been changes in progress in the qualification and training of marine surveyors and in the system of pre-loading inspections of grain ships.

In 2009 the Minister for Infrastructure and Transport, Anthony Albanese, announced major shipping reforms, including the introduction of a single maritime jurisdiction that places the Australian Maritime Safety Authority (AMSA) as the sole national regulator for all commercial vessels operating in Australian waters. The Marine Safety (Domestic Commercial Vessel) National Law Act 2012, which is due to come into effect on 1 January 2013 will appoint AMSA as the national regulator for commercial vessels and will provide a single national maritime regulator (AMSA) and a national safety structure for all domestic commercial vessels that were previously controlled by State marine legislation.

Traditionally, AMSA surveyors have been recruited from seafarers with a master’s or chief engineer’s certificate of competency or persons with a degree in naval architecture. With the increasing shortage of qualified seafarers and the drastic reduction in Australian flagged vessels, this source of recruits has diminished. The seven states’ and territory maritime authorities have their own surveyors, recruited and trained to their own standards, but it is unlikely that enough would transfer to AMSA to fill the surveyor shortfall.

A workshop was held in Sydney on 18 February 2010 involving industry peak bodies, registered training organizations, private surveyors, state jurisdictions and AMSA. A Marine Reform Group was set up to handle the transition of commercial vessel surveying, (vessels under 30 metres length regulated by State marine authorities), from the National Maritime Safety Council.

The reform group members currently include representatives from:

- State and territory marine safety authorities;
- Australian marine surveyor professional groups;
- Private surveyors;
- Australian Maritime College;
- Transport and Logistics Industry Skills Council;
- Det Norske Veritas.

The Marine Safety (Domestic Commercial Vessel) National Law Act 2012 provides for AMSA, as the national regulator, to accredit surveyors of commercial vessels. To promote a smooth transition through the implementation phase of the national system the qualification requirements and accreditation process will ensure that marine safety standards are applied consistently in all States and Territories. To meet these requirements a competencies sub-committee has been developing:

1. A suite of nationally accredited qualifications (competencies) from entry level to advanced Diploma/Associate Degree. The syllabi for these courses will encompass the regulatory work for commercial vessels and the general maritime industry work carried out by private marine surveyors.

2. A mechanism for accreditation to be recognised (for example, by establishing a register);

3. Standards and other obligations that persons must continue to meet to remain accredited;

4. A mechanism for monitoring compliance and determining the obligations of accredited persons, including consequences for failing to comply with provisions and

5. A mechanism for determining how and by whom an accredited person may have his or her accreditation (or recognition of that accreditation) varied, suspended or revoked.

It is anticipated that by December 2012 three qualifications will be included in a proposed new Maritime Training Package (MAR12) – Certificate III, Certificate IV and a Diploma of Commercial Marine Survey. In addition, the surveyor accreditation model and audit process will have been finalised. An Advanced Diploma of Commercial Marine Survey will be developed in the first part of 2013.

Private marine surveyors, who work on behalf of the general maritime industry have had the benefit of specialised, tertiary training courses only over the past ten years. Although there have been some moves internationally to address marine surveyor qualifications it is highly likely that Australia will be the first country in the world to develop and receive government endorsement (Maritime Training Package MAR 12). A suite of nationally accredited qualifications will allow a career path for regulatory and commercial marine
surveying that is able to be commenced in high school and completed via tertiary institutions and private registered training organisations.

In parallel with the National Law developments, the Department of Agriculture, Fisheries and Forestry (DAFF) set up a number of Ministerial Taskforces (MTFs) to review and modernise agriculture export certification processes. One was the Grain Taskforce, charged with carrying out a legislative review as well as an evaluation of grain export certification.

Australia has a hard earned reputation for the supply of high quality grains into world markets.

Prescribed grains and prescribed goods (plant and plant products), when exported from Australia, must comply with the Export Control Act 1982 and associated subordinate legislation.

Commercially, grain shipments are subject to the terms and conditions of various charter parties, the most commonly used being the Austwheat form. Prior to loading grain in Australia, a ship has to pass surveys/inspection by AMSA, DAFF Biosecurity (formerly known as the Australian Quarantine & Inspection Service) and a commercial marine surveyor.

The qualifications of a marine surveyor under the Export Control Act have changed over the last thirty years, becoming more closely defined.

Currently, the Export Control (Plant and Plant Products) Order 2011 give the qualifications of a marine surveyor as:

1.1 A marine surveyor becomes qualified for the purposes of this Order if he or she:

(a) holds either:

(i) a Certificate of Competency as Master Class 1 (Unrestricted) or its current equivalent; or

(ii) a Diploma in Marine Surveying which includes a module on dry bulk cargoes issued by a nationally accredited training establishment; and

(b) has inspected at least 10 bulk vessels, while in the company of a qualified marine surveyor conducting a survey for suitability to carry prescribed goods, over a maximum period of 2 years.

1.2 A person who has been qualified for 3 years or more ceases to be qualified if he or she has not surveyed at least 3 bulk vessels during the past 3 years for suitability to carry prescribed goods.

Clause 10 of the Auswheat Charter 1990 form states:

“Survey at Loading Port...”

Before loading is commenced the Vessel shall pass the customary survey of an Australian Commonwealth Marine Surveyor, and a recognized Marine Surveyor approved by the shippers. Additionally the Vessel shall pass any survey/inspection required under State and/or Federal Legislation.”

Grain is inspected by DAFF Biosecurity at the point of loading into a ship’s hold, carried out by two inspectors. Until approximately 2003, inspections were often carried out on ships at anchor, awaiting a loading berth, if sea conditions permitted. When AQIS stopped inspections at an anchorage it became necessary to carry out those inspections at the loading berth. If the ship does not pass the inspection it has to leave the berth if another ship is ready to load, resulting in delays and increased expenses for the ship owner or charterer. If an owner or charterer wants to have a Bulk Vessel Approval Record presented it is sometimes possible to bring the vessel to a lay-up berth for inspection, but these are not available in all ports.

Marine surveyors have always surveyed ships at an anchorage providing there is a safe access, including ships loading grain. At some ports with no sheltered waters, safe access is only possible by helicopter, an expensive method. At other ports such as Kwinana, Geelong, Melbourne and some in the Spencer Gulf safe access by boat is normally possible. However, even if the marine surveyor considers a ship is fit to load grain, its notice of readiness cannot be accepted until it has passed Biosecurity inspection.

The Grain MTF explored alternative service delivery arrangements for grain inspection in line with recommendations of the Beale Review. One of the key recommendations, accepted by the Australian Government from the Beale Review was that export certification functions should return to full cost recovery. This occurred at the beginning of July 2011. There was a need to reform the process with a view to improving the system and gaining efficiencies for DAFF and industry along the supply chain without compromising the integrity of the services provided. In order to offer an alternative cost structure, DAFF has set up an Authorised Officers (AOs) program. AOs are specially trained individuals who are authorised to perform specific export inspection or sampling functions in accordance with Australian export legislation and may be any of the following:

- A company employee linked to a specific registered establishment or group of registered establishments
- A third party inspector who may inspect at one or more specific registered establishments
- A third party inspector or company employee who may survey vessels or empty containers for their suitability to carry prescribed grain or prescribed goods.

When undertaking specific export inspection or sampling functions, AOs are regarded as Australian Government officials. They may conduct a range of duties depending on the commodity and their training qualifications. As AOs are authorised to carry out functions under the Export Control Act 1982 they will be considered Australian Government officials, but will not necessarily be employees of the Australian Government.

Training of AOs is carried out through an eLearning programme and a competency assessment. AO applicants have to sign a legally binding Deed of Obligations that details their responsibilities.

It is probable that some marine surveyors will become AOs. This would allow ‘one-man’ surveys of grain ships, in theory leading to reduced costs. Such surveys could be carried out at anchor, reducing the chances of delays in presenting notices of readiness to load. However, not all east coast surveyors are interested, carrying out advisory grain surveys only at anchor. This is due to resulting commercial pressures, increased PI insurance premiums and increased litigation risks.

AIMEs, while fully supporting any reduction in operating costs, has reservations about the possibilities of ‘one-man’ failures. There have been occurrences of ships passing for loading at anchor and then subsequently being failed by DAFF inspectors. With a Panamax cargo of wheat being worth upwards of twenty million dollars, cargo contamination at a discharge port will result in a major claim.

A further potential problem with surveys at an anchorage is the introduction of the Work, Health & Safety Act 2011. The associated regulations and code of practice impose much stricter responsibilities on the officers of a company that is engaged in work such as ship inspections. If these guidelines are followed it is difficult to see how a ‘one-man’ survey can comply with a valid OH&S programme. AIMEs has conducted a number of short seminars on this topic and is in the process of obtaining legal guidance for its members.

Marine surveying is in a faster than usual state of change. It will be necessary to keep up to date with new regulations as they are enacted and to watch for the devil in the detail.
Breakbulk cargo, the energetic quiet achiever

By MATTHEW WHITTLE, policy advisor, Shipping Australia Limited

The relentless application of technology in the shipping industry has revolutionised the carriage of cargo and provided economies of scale that have dramatically reduced the unit cost to shippers.

One of the key enabling technologies has been the specialisation of ships and the division of goods and commodities into cargo-specific packaging. The first distinction to be made is general and bulk cargoes. In contrast to bulk cargo, general cargoes are individual items that are either directly consumable products or items required at various stages of processing or construction. General cargo is classified further by the method by which it is handled, that is, as container (or liner) and breakbulk cargoes.

The variable carrying capability of breakbulk ships is a feature which enables service offerings across a spectrum of shipping markets. The liner shipping market, where fixed schedules are advertised to service a number of customers, is most typical of container shipping but is equally applicable for a range of cargoes more efficiently shipped as breakbulk. The charter market is often used for breakbulk vessels where a single customer requires a one-time specific service such as the delivery of a project cargo. Tramping describes the market where a breakbulk ship takes the best available cargoes without a fixed trading pattern, usually fixing with prompt shipment dates and can be combined with either liner or charter services as a return leg. Examples of how these markets operate in Australia are investigated in the following case studies.

Case Study 1: Breakbulk Liner Service

Multi-purpose cargo ships operating in the Australian liner market often carry a combination of breakbulk and container cargoes. Swire Shipping, for example, performs a number of regularly scheduled breakbulk/container services with its fleet of multi-purpose ships from Australia to New Zealand and the Pacific Islands, South East Asia, the US and Canadian West Coasts and North Asia. To maintain an 18 day frequency for its Trans-Tasman liner service, Swire Shipping employs two multi-purpose vessels between Australian and New Zealand ports. The typical breakbulk cargoes it transports are steel coil and plate, timber, and project cargoes of various descriptions including machinery and industrial plant.

On 26 February 2012, the Ankergracht called at Port Kembla’s Berth 106 in the inner harbour to discharge unitised breakbulk cargo and load an overweight project cargo consisting of industrial plant. Cargo stevedoring was performed by Port Kembla stevedore
teams consisting of personnel on the wharf, in the hold and also operating the ship’s cranes.

Prior knowledge of the cargo stowage plan by stevedores assisted in planning cargo operations and reducing the vessel’s time in port. In accordance with the plan, deck officers of the ship worked with the stevedores in the discharging and loading operations. Such planning also considers cargo distribution to ensure vessel stability during the voyage which requires the heaviest cargo to be loaded into the lower hold. In this shipment, access to the lower hold was required for the overweight breakbulk cargo being loaded and resulted in some lighter deck cargo needing to be discharged and re-loaded.

The breakbulk cargo discharged from the Ankergracht was bundled sawn timber from New Zealand plantations bound together with steel strapping. This treated timber is suitable for outdoor and structural use and is not weather-sensitive. It can be transported without any protective wrapping and does not require undercover storage on the wharf. The loading operation, pictured below, utilised slings put in place around the bundles during the loading operation in New Zealand.

The overweight cargo sections of the industrial plant were lifted directly from truck trailers driven onto the wharf to the side of the vessel, under the ship’s crane hook. To reduce the time in port for loading the cargo, all sections of the plant were in the marshalling area on a number of trailers before the ship arrived. Two trucks then alternated to bring the trailers with the cargo onto the wharf.

Using heavy gauge slings, the spread wires (attached to the crane) were attached to marked lifting points on the overweight cargo. Lifting points are important to ensure correctly rated equipment is used and that the cargo is evenly balanced while being lifted and lowered into the hold (as pictured below). Once each item of the cargo was secured in the hold, the removable tween deck pontoons were replaced, slings were returned to the ship equipment store and hatches were closed, the Ankergracht departed Port Kembla for Newcastle late on 27 February.

**Case Study 2: Breakbulk Project Cargo**

Construction of the Macarthur Wind Farm (MWF) will result in the establishment of Australia’s largest wind farm near Hamilton, 260 kilometres west of Melbourne. This large-scale renewable energy project is enabled by breakbulk shipment
of highly engineered industrial plant manufactured in Denmark by Vestas, a world leader in this technology. Vestas has installed over 40,000 wind turbine generators worldwide and its business model includes project management of all aspects including site selection, procurement, construction and operation. The MWF project cargo will be shipped between Denmark and southeast Australia by eight single chartered services at approximately 5 week intervals.

Transport issues for the turbines are considered in their design, and the design facilitates the dismantling of the turbines into standardised modules that comply with the local road weight, height and width limits at the site. The dimensions of each oversize turbine component are listed in the above images.

The 54.65 metre turbine blades are transported as individual modules fixed between the two purpose-designed frames at each end. The frames also serve as lifting points and are able to be secured to each other or to the deck of the ship and to specialised truck trailers. The stowage plan for this cargo is specifically developed by the shipping company’s cargo planners detailing where each component will be placed on the vessel.

The shipment studied for this case was the fourth of the eight to be undertaken and consisted of 21 sets of turbines on board the multi-purpose vessel (MPV), Donaugracht, which departed the Port of Esbjerg on 1 February 2012 and arrived in Portland Port on 11 March.

Being predominately a bulk cargo port required that additional stevedores were hired to complement the permanent staff to perform the discharging of the turbines. Working two shifts a day from 06:00 to 23:00, the discharging of 21 sets of turbines could be completed in four days.

The landside operators coordinated the discharging with the ship’s officers after consulting the stowage and lift configuration plans. These plans are based upon the loading and stowage plans for the voyage provided by the original cargo planners in Europe. Once the turbine was secured to a truck trailer it was driven to a lay-down area near the port where the various windmill components were crane-lifted off the trailer to be stored. In these cases, the road transport provider works closely with construction contractors to coordinate delivery with the construction schedules.

As an MPV vessel with the flexibility to carry a range of cargo types, the Donaugracht is able to be deployed into the tramp shipping market. As such, after discharging the turbines, the Donaugracht departed Portland on 17 March for Newcastle to be loaded with a bulk concentrate shipment to Europe.

**Breakbulk Cargo Supporting the Mining Boom**

For a number of Australian ports, the vast majority of cargo throughput is bulk minerals exports. The annual exports of coal by the Ports of Gladstone and Newcastle and of iron ore by Ports Hedland and Dampier, for example, rank these ports amongst the highest in the world by volume. As a percentage of mass volume throughput, breakbulk cargoes amounted to less than 1% for these ports in the 2010/11 financial year.

Despite the relatively low volume of cargo, breakbulk imports are essential to the operation and development of the mining industry. Breakbulk cargoes which support mining include oversized machinery such as bulldozers, cranes, buckets, dump trucks, steel in various forms, and rubber items such as conveyor belting and tyres. Breakbulk also includes industrial plant that is imported as project cargo in the form of structural modules that are assembled on site. This method of constructing mining infrastructure by assembling pre-fabricated modules reduces the demand for skilled labour in remote areas, which is a major problem presently facing the mining industry.

The following overview of two of Australia’s north-western ports – Ports Hedland and Dampier (the Pilbara Ports) — illustrates some of the opportunities and challenges for breakbulk in the region. Scheduled to begin in 2014, the Western Australian Government intends to consolidate seven of the state’s eight port authorities into four regional port authorities. Under the plan, Port Hedland and the Dampier Port Authority will be consolidated to become the Pilbara Ports Authority which will also include the ports at Cape Preston, Port Walcott, Varanus Island, Barrow Island, Airlie Island, Thevenard Island and Onslow and proposed new ports at Anketell and Ashburton North.
As breakbulk supports the mining sector, an indication of the future demand for breakbulk cargo services at the Pilbara Ports can be gauged from the expected level of expenditure in the mining industry. Based on the Western Australian Department of State Development’s June 2012 report, the estimated investment in mining projects beginning or under consideration in the north of the state for the next five years totals $171 billion. This level of investment will be a challenge to the breakbulk cargo handling capacity at the ports which are currently experiencing significant ship berthing delays. Berth congestion at Ports Hedland and Dampier is reported to be causing delays of between three and four weeks to general cargo ships waiting to discharge cargoes. The table below shows examples of delays of greater than three weeks experienced by general cargo ships in Port Hedland this year.

A study released in 2011 by the Australian Maritime Complex confirmed that there is a “severe deficiency in marine based common use infrastructure in the North West of Western Australia to support existing and new industries”. The report assessed a number of port development locations on the Pilbara coast suitable for a common use facility and identified a number of key attributes in relation to Ports Hedland and Dampier, as shown in the following table.

<table>
<thead>
<tr>
<th>Location</th>
<th>Expandability</th>
<th>Support Infrastructure</th>
<th>Development Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Hedland</td>
<td>Extensive land available as well as additional land for future requirements. Key issue port congestion and bulk material shipping priority</td>
<td>Very good both industrial and logistics</td>
<td>PHPA indicates 2 to 3 years</td>
</tr>
<tr>
<td>Dampier</td>
<td>Limited</td>
<td>Good to very good</td>
<td>Current expansion by late 2013</td>
</tr>
</tbody>
</table>

Ports Hedland and Dampier have infrastructure development plans to increase the general cargo handling capacity. The Port Hedland proposal is for Lumsden Point to be a multi-user facility focused on importing general cargoes. In June 2012, a steering committee was formed for the project with the working title of the Pilbara Maritime Common Use Facility. Four feasibility studies are currently being undertaken which will form the basis of the business case to be considered by the Western Australian Cabinet before continuing the project. The Dampier proposal for increasing general cargo handling capacity is the Dampier Marine Service Facility. The planning for this facility is well advanced and environmental approval has been granted; however, funding has not been forthcoming and projected timeframes for development have lapsed. The facility, if constructed, would increase the number of berths and cater for vessels up to 65,000 dwt, a roll-on roll-off wharf facility, and upgrade of the heavy load-out facilities. The Dampier Port Authority reported this development would reduce berth congestion and “provide industry standard general cargo handling facilities to meet forecast demand”.

An additional deficiency for breakbulk cargo handling in the Pilbara is the lack of biosecurity inspection facilities. It has been reported that cargoes destined for ports in the North-West are diverted to Fremantle to be discharged and then trucked to their destination, adding to the pressure already placed on the Great Northern Highway network. Department of Agriculture Fisheries and Forestry - Biosecurity has stated it is willing to work with all stakeholders on ways and means of reducing the biosecurity risks to an acceptable level which would enable imports to be discharged in the Pilbara Ports. DAFF Biosecurity would need to be assured that off-shore inspection/risk mitigation was up to the standards and that regular audits would ensure compliance with these standards.

**Breakbulk Agent/Operator Survey**

The breakbulk freight task in Australia is managed by a variety of Australian-based shipping operators and agencies. A number of these breakbulk service providers were recently surveyed by the author to gain insights into the Australian industry. The survey aimed to capture information relating to how these service providers interacted with and perceived the Australian breakbulk cargo supply chain.

The following findings are highlighted:

- Taking the average of the individually reported ratios of imported to exported breakbulk cargo handled by the surveyed group, it was calculated that 87.25% was imported and 12.75 exported.
- Respondents provided various regions as being the most commonly serviced, these being China, Southern Asia, Europe and North America.
- A wide range of breakbulk commodities were reported as being imported, with mining equipment being the single cargo common to all respondents.
- Collectively, the shipping agents showed little to no indication of the desire to extend their breakbulk cargo services beyond what was currently offered or controlled; their common focus was to concentrate efforts on port-to-port transit times and their company’s reputation.

The respondents actively conducted market research with the priority placed on forecasting future business. While formal market research is widely conducted, face-to-face contact and negotiation with customers were also valued as important activities for the assessment of market conditions. The survey responses were divided in opinion on whether the number of breakbulk vessel providers would reduce or stay the same, but there was no expectation of new entrants.

**Port Services**

When asked to compare a range of port services and facilities with the overseas ports which they most utilised, the survey respondents were critical of all aspects relating to the Australian ports. Only in five of the seventeen aspects were Australian ports described as better, which in all cases was the minority view. The majority view – “that the Australian ports were not as good
as overseas ports” – was recorded for seven out of the possible seventeen aspects, with ‘vessel turn-around-time’, ‘lack of availability of skilled labour’ and ‘overall efficiency’ universally reported as not being as good in Australian ports. The graph below shows how survey respondents compared Australian ports to overseas ports.

To assess a possible framework for future breakbulk port productivity monitoring, the survey asked the respondents to provide the following data relating to their port calls in 2011:

- Revenue tonnes transferred
- Vessel turn-around-time
- Total port costs.

Measures of a port’s breakbulk effectiveness and efficiency were calculated from the surveyed data for each port which recorded greater than 20 port calls in 2011. The results are presented in the following graph. Direct comparisons between ports is not appropriate because each port is subject to a varied set of parameters, but over time these measures would be useful for the comparison of individual ports.

Effectiveness is concerned with timeliness and is calculated as the revenue tonnes per ship turn-around-time (Rt/hr). This dataset consisted of 1,177 port calls, 2,115,581 revenue tonnes and total turn-around-time of 55,493 hours. Efficiency is concerned with cost and is calculated from the surveyed data as the revenue tonnes transferred per total port cost (Rt/$. This dataset was not as comprehensive as the previous dataset, due to commercial sensitivity, but still consisted of 836 port calls, 1,745,763 revenue tonnes and total port costs of $66,641,644. The effectiveness and efficiency scores for the Port of Townsville were 7 and 184, respectively; these outlying results were influenced by the $145 M infrastructure expansion projects commenced in 2011 involving the breakbulk berths 8 and 10.

### Developing the Breakbulk Cargo Supply Chain

The survey of Australian-based international breakbulk operators and agents produced results that were very critical of the overall efficiency of the service provided by the ports in Australia when compared to ports overseas. Vessel turn-around-times and the availability of skilled labour were areas of particular concern that were identified. These factors would also be attributable to the respondents’ observations that berth congestion in Australian ports had become worse over the last three years.

When presented with the results of operational effectiveness and efficiency calculated from the survey data provided by operators and agents, the ports that responded identified a range of contributing factors. In Fremantle, for example, the experience of an increased demand on the breakbulk supply chain has served to highlight for port management that the contributing factors to operational effectiveness are cumulative. Such factors include cargo storage constraints which are compounded by consignees using the wharf for temporary storage, and pressure on trucking capacity compounded by the resistance of warehouses to increase hours for deliveries. This underlines the point that measuring effectiveness (revenue tonnes / time in port) at this stage in the supply chain is an indication of how well the chain operates as a whole. In this regard, the example of the Hunter Valley Coal Chain Coordinator website which collates current information on supply chain effectiveness in terms of the volume of coal loaded and vessels queued at the port is worthy of consideration and broader application. Applying a similar concept to regularly calculate the effectiveness (Rt/HR) of breakbulk cargo supply chains in Australian ports could potentially be a useful monitoring tool for the industry. Open access and dissemination of this information would provide greater transparency for all supply chain participants and function as a point of reference for developing performance benchmarks.
Welcome to the port waters of Geelong

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

The port handles more than 630 ships and about 13 Million tonnes of bulk cargo. The Victorian Regional Channels Authority has invested in marine logistics and control systems to ensure safe access for all ships.

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

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

The VRCA welcomes ships visiting the Port of Geelong.
The bulk carrier ID Integrity was on a ballast voyage from Shanghai to Townsville on May 18 to load sugar when she suffered main engine failure. She was 175 nautical miles off the Queensland coast, and around 65 nautical miles East of the Great Barrier Reef Marine Park boundary.

By the following day, a media blitz erupted as the vessel drifted towards the Shark and Vema reefs. It was feared it would run aground and the owner’s statements that it would drift over the reef went largely unreported.

The Australian Marine Conservation Society said growth in shipping is an escalating threat to marine life, the world heritage listed GBR and the multi-billion dollar marine tourism industry and “Getup” urged the Federal Government to give up plans to expand mining in Queensland.

The Queensland Premier responded that shipping should be constantly improved as technology changes and he dismissed the green argument. He said; “if more ships mean more accidents then there should be more air crashes or traffic accidents given the rapid growth over the last twenty years or so”.

As it was, the ID Integrity drifted over Shark Reef having discharged some ballast water and subsequently was taken under tow to Cairns by the Australian Maritime Safety Authority designated emergency towing vessel, the Pacific Responder.

Earlier in the year, the Great Barrier Reef Marine Park Authority proposed a fee of $5 to $15 for each cubic metre of dredge spoil disposed of in the park and this was supported by Minister Burke. There was strong opposition from the Queensland Resources Council and Ports Australia. They argued no rigorous science had been presented to establish a link between dredging activity and damage to the reef. The proposed charge would, in their view, have had substantial impact on competitiveness and ultimately employment.

The CEO of North Queensland Bulk Ports, Brad Fish has pointed
to the very rigorous approval process and scientific testing of the dredged material to ensure it is not contaminated. The Greens believe port expansion plans would overwhelm existing port-controlled disposal grounds but there was no evidence presented to support that statement.

The environmental arm of the United Nations, UNESCO, released its report on the Great Barrier Reef in early June and it said the amount of port development activity around the reef was of significant concern. It has been suggested in the media that as a result of this report, the World Heritage Committee could consider listing the reef as being in danger if some of the “most threatening developments” proceed.

The UNESCO report advocated decisive action to secure long-term conservation of the reef but also noted: “The property has a history of strong management practices of which many are high quality and an example to other maritime protected areas”. The report also referred particularly to the detrimental effect of nitrogen run-off from farms.

The Queensland Government replied that its decisions regarding future port developments in the GBR will be based on scientific evidence.

Greenpeace has claimed coal ship numbers will be 10,149 in 2020 and threatening the reef but mining industry projections are around 4,430 vessels. The Australian Reef Pilots have advocated more mandatory pilotage following the “ID Integrity” incident and requiring ships to take the inner GBR route and not outside. However, there is no way Australia could force vessels travelling in international waters to take the inner route. Importantly, the risk assessment does not warrant mandatory pilotage in open waters of the GBR.

Importantly, the two major pilot providers in Torres Strait/Great Barrier Reef have introduced measures to improve safety, including a review of pilot training and introduction of new measures, a review of check pilot procedures, the development of standard passage plans and the Under Keel Clearance management system in the Torres Strait has also been of great assistance.

In addition, there have been amendments to Marine Orders Part 54, which allow AMSA to be more effective in dealing with procedural breaches that could put ship safety at risk and it has introduced a demerit points system for pilot providers.

The risk of a serious incident on a piloted vessel in the GBR has been reduced by over 80% during the last decade.

Many lessons have been learned since the grounding of the Shen Neng I in May 2010. It has resulted in a series of Federal Government actions to improve navigation in the GBR, including the extension of the Vessel Tracking System, located in Townsville down to just South of Gladstone, a significant increase in penalties for oil pollution, and a review of MO Part 54 as outlined above.

Subsequently there is now full coverage of Australian waters by Electronic Navigation Charts and AMSA has initiated a North East Management Plan which will facilitate ship safety in the region and it should be finalised by the end of this year.

In considering the safety of shipping in the Great Barrier Reef it is important to recognise the very significant increase in the environmental credentials of shipping in recent times.
but there is a voluntary Energy Efficiency Operational Indicator which is a measure of fuel efficiency for ships in service and is directly related to bunker consumption and cargo carried. It has been devised to help ship owners and operators to evaluate ship performance with regard to CO2 emissions so they can improve fuel efficiency over time.

Many flag states are also pointing to IMO conventions that will lower the environmental impact of shipping as set out in the table opposite:

**So what are the expectations of shipping in protecting the Great Barrier Reef. Our wish list would be:**

(a) Greater factual, scientific evidence of risk rather than unsupported assertions.

(b) Freedom of passage outside of the Great Barrier Reef

(c) Mandatory pilotage only where risk reduction is justified

(d) No restriction on port/coastal/hinterland development on the basis of forecast increases in shipping traffic through the Great Barrier Reef.

(e) Outside of these boundaries, every action should be taken to protect the sustainability of the Great Barrier Reef.

Based on the above, shipping expectations would be met! ▲

### The increased environment credentials of shipping:

<table>
<thead>
<tr>
<th>International Convention</th>
<th>Year entered into force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antifouling system</td>
<td>September 2008</td>
</tr>
<tr>
<td>Ballast water management</td>
<td>Possibly 2014</td>
</tr>
<tr>
<td>Voluntary biofouling guidelines</td>
<td>July 2011</td>
</tr>
<tr>
<td>Marpol various annex amendments (incl. prevention of air pollution from ships)</td>
<td>From July 2010 to Jan 2015</td>
</tr>
<tr>
<td>Bio-fuels guidelines</td>
<td>September 2011</td>
</tr>
<tr>
<td>Ship recycling</td>
<td>Possibly 2017-18</td>
</tr>
<tr>
<td>GHG market-based means</td>
<td>Ongoing in IMO</td>
</tr>
</tbody>
</table>

There have been major reductions in major oil spills. No-one denies that vessels are more CO2 efficient per tonne of cargo carried per kilometre compared to other modes of transport and there has been international agreement to reduce nitrous and sulphur oxide emissions from vessels in the future.

Furthermore, Annex VI of the International Convention for the Prevention of Pollution for Ships (MARPOL) requires an Energy Efficiency Design Index to be implemented for all new vessels (over 400 gross tonnes) contracted to be built on or after 1 January, 2013. The EEDI will control CO2 in much the same way that MARPOL Annex VI has regulated NOx and SOx emissions. The index will not apply to ships with diesel –electric, steam turbine or hybrid propulsion systems. In addition, under Annex VI, there is a need for a Ship Energy Efficiency Management Plan which contains ship-specific energy efficiency measures to assist operators in reducing energy consumption. This is mandatory
The Fair Work Act, first introduced in 2009, was heralded by the government as a major shift from Workchoices. In reality, much of the legislation remained the same but some very significant changes were made in a number of areas. The Fair Work Act was recently the subject of a statutory review by a government appointed panel consisting of Professor Ron McCallum AO, the Honourable Justice Michael Moore and Dr John Edwards. The panel handed down its findings and recommendations in a report, somewhat ironically titled “Towards Productive and Equitable Workplaces”.

Their report found that whilst the Fair Work Act was achieving its objectives, the lack of productivity growth in Australia could not be attributed to the legal framework in place. The panel recommended some limited changes to the legislation in an overall sense leaving employers disappointed with the outcome.

Background

The best way to examine and understand the recommendations and findings of the panel is to travel back through the history of workplace relations legislation in Australia. Australia has had a peculiar workplace relations system, making labour one of the major costs of doing business in Australia. Since Federation, workplace relations has been the subject of political and ideological debate. In the years since the 1990s, workplace relations law has gradually moved away from centralised arbitration, sometimes resulting in palm tree justice, and towards collective bargaining between employers and employees (and of course unions as their representatives).

In 2006, the workplace relations landscape changed dramatically. The coalition government led the first all encompassing nationalised workplace relations laws branded “Workchoices”. Workchoices introduced individual statutory agreements and reduced union involvement in collective bargaining. Workchoices was short lived and lead to the Labor Government introducing the Fair Work Act with the broad objective of providing “a balanced framework for cooperative and productive workplace relations that promotes national economic prosperity and social inclusion for all Australians”. This was heralded as a more balanced approach to workplace regulation but predictably this area of law has continued to be a political battleground.

Panel Findings

The panel made findings that in its view, “the current laws are working well and system of enterprise bargaining underpinned by the national employment standards and modern awards is delivering fairness to employers and employees”. The panel identified the disappointing productivity growth in Australia. However, it was “not persuaded that the legislative framework for workplace relations accounts for this productivity slowdown”. This was partly due to the fact that the review was subject to limited terms of reference.

The panel made a total of 53 recommended changes to the Fair Work Act, which include:

- **Individual Flexibility Agreements**

Individual Flexibility Arrangements (IFAs), while promoted by the government as a flexible means of achieving individual employment conditions are in reality rarely used. Fundamentally this is because they cannot be offered to new employees as a condition of employment and can be terminated unilaterally. Nothing in the recommendations deals adequately with these shortcomings. The Panel recommended:

  - amending provisions dealing with IFAs to make them easier and more attractive, including by:
    - requiring enterprise agreements to include the model flexibility term as a minimum;
    - allowing non-monetary benefits to be conferred, provided that the value of monetary benefits foregone are specified in writing, not significant and proportionate; and
    - extending the required period of notice for terminating an IFA and thereby increasing the minimum term of an IFA from 28 days to 90 days, or a lesser period if it is agreed between the employer and employee.

The Panel, however, rejected submissions seeking to allow the making of and entry into an IFA a pre-condition to employment.

**Bargaining and Greenfields Agreements**

One of the biggest problems in the Act is the system of bargaining. Since its inception in 2009, the bargaining system has been the focus of employer difficulty. There is such a high degree of regulation in respect to how to bargain, when to bargain, who to bargain with and what to bargain for that employers often have grave difficulty navigating their way through what should be a relatively simple process.

The Fair Work Act continues the tradition of the previous legislation sanctioning “protected industrial action”. The framework in the Fair Work Act also needs to be examined together with the requirement that protected industrial action can only be undertaken during periods of bargaining and there is a requirement on parties to bargain in good faith. The consequence of such a framework is that the unions that are most militant achieve the best results; similarly employers must ensure their side of the story is heard. The result is a fundamentally adversarial system.
The primary concerns we hear and experience with clients are:

- the opening up of the matters that can be included in agreements has meant that clauses relating to contracting out, labour hire, management discretion and flexibility and union rights are all now back on the table.
- the open ended nature of protected industrial action means that disputes can drag on with no means to bring it to an end; and
- there is no requirement to discuss productivity in the context of bargaining.

While the Panel made some recommendations which tinker around the edges of these problems, the overall issues remain. The primary recommendations are:

- prohibiting enterprise agreement clauses which permit employees to opt out of the agreement (a significant flexibility that is currently available to employers);
- ensuring the better-off-over-all-test applied to enterprise agreements is not applied too rigidly and resulting in agreements being inappropriately rejected;
- removing the power of the Minister to terminate protected industrial action by declaration pursuant to section 431 of the Fair Work Act; and
- that protected action ballot order applications only be allowed if bargaining for a proposed agreement. This reverses the Full Federal Court in the JJ Richards Case which effectively enabled protected industrial action prior to commencement of bargaining.

Greenfields Agreements are collective agreements that can be made with Unions when an employer does not yet employ anyone for a new project, business or undertaking. As they require union agreement, these Agreements often result in inflexible terms and conditions of employment, making new projects very expensive. The Panel rejected submissions seeking to allow employer-only greenfields agreements and recommended:

- applying good faith bargaining rules to negotiations for proposed Greenfields agreements;
- allowing Fair Work Australia to intervene on its own motion if it considers conciliation could assist in resolving a bargaining dispute, including in respect of a greenfields agreement;
- applying good faith bargaining requirements to the negotiation of greenfields agreements and/or to proposed variations to enterprise agreements.

Of these items will assist in holding unions to account when negotiations for these Agreements commence. However these recommendations offer little satisfaction or relief for employers in many key industries.

Transfer of Business

The transfer of business rules in the Fair Work Act introduced a new test for determining whether a transfer of business has taken place. This new test captures circumstances involving outsourcing and also where a company has purchased part of another business. In contrast with Workchoices where any enterprise agreement expires after 12 months on transfer, the Fair Work Act ensures that the enterprise agreement transferring with the employees will have ongoing operations. The outcome is that the ability to outsource, in source or restructure is significantly restricted by the need to carry over existing agreements. The recommendation by the panel with respect to transfer of business rules only addresses employees transferred between related entities, namely:

- amending the Fair Work Act to clarify that where employees at their own initiative transfer to a related entity of their old employer, they will fall outside the operation of mandatory transfer of business rules contingent to the terms and conditions of the new employer.

This again does not address the inflexibilities presented when employers restructure enterprises.

Adverse Action and Unfair Dismissal

The unfair dismissal jurisdiction under the Act is certainly broader than what existed under WorkChoices. However, the jurisdiction now resembles what had been in place from 1996-2006 under the previous government. Although this has seen an increase in claims, the general experience is that the streamlining of the process, including telephone conciliation has meant that claims are generally resolved more quickly and cheaply. This was also the finding of the Panel. Adverse action claims in their current form, are a new beast and have been the subject of intense action by employers. The advent of general protections as a substitute for a specific action protects employees from discrimination or reprisal action taken by the employer against the employee as a result of the presence of a workplace right. A workplace right is a right arising out of a law (for example an Award or the Act itself) or making a “complaint or inquiry about their employment”. Our experience is that adverse action claims are often made by employees as a way to access relief on termination, where they would not have otherwise been eligible to file an unfair dismissal claim (because of their remuneration for example). The concepts of adverse action are incredibly broad and often not well understood. The Panel made a couple of recommendations in relation to adverse action which are a significant win for employers. These include:

- amending the general protection from adverse action to provide that the central consideration about the reason for an adverse action is the subjective intention of the person taking the alleged adverse action (this over turns the decision of the Full Federal Court decision in Barclay which said that the important question was not the intention of the decision maker but the objective reasons for the action);
- extending the time for unfair dismissal applications, and reducing the time for adverse action claims involving a dismissal, to a uniform 21 days (instead of 60 days for adverse action claims and 14 days for unfair dismissal claims);
- allowing Fair Work Australia to make costs orders in a number of circumstances in unfair dismissal proceedings;

Flexibility, regulations and productivity

The need for flexible workforces is essential for an increase in productivity growth and economic prosperity. Certainty of rights can also be essential for productive relationships between employers and employees. However, the question is can overly prescriptive workplace relations legislation and regulation be fatal to productivity?

The system of modern awards introduced by the Fair Work Act is an example of a lofty aim which has not yet been realised. Modern awards were intended by the Fair Work Act to be industry based and therefore relevant to the nuances of each industry. A retail shop will certainly face different challenges when compared to employers of sea-going employees. However, the Panel made about modern awards are that they “set standards suitable for what those awards have in common, rather than in difference”. The failure to recognise the distinctive challenges faced by different industries, the lack of relevancy of certain clauses in modern awards to industries and a focus on employee rights have resulted in confusion and in some workplaces significantly reduced flexibility.

Reducing and simplifying Awards is a good thing for employers and the modern award system aims to do just that. However, condensing former State and Federal awards (also referred to NAPSSAs and transitional awards), has meant that many conditions spread nationally and employers have had three confusing years trying to get a handle on their new obligations. In addition, large numbers of employees, in many states were previously Award free, are now covered by a modern award. The recommendations touching IFAs contained in modern awards, does not resolve the rigidity of the operation of modern awards. The Panel did not make any significant recommendations to change the scope or operation of the award system.

At present, the Tribunal is reviewing all modern awards. Employer associations and unions have made numerous submissions on most industry and occupational awards. However, there is little prospect that wholesale changes will arise out of these reviews given the scope of the exercise.

You cannot please everyone all the time in workplace relations. If both unions and employers are complaining in equal measure then perhaps the balance is right. Right now however, it seems that it is primarily employers with fundamental concerns about the system and the operation of the Act. Many will regard the recommendations of the Panel as a missed opportunity. The problems with bargaining and in particular the matters that can be included in collective agreements coupled with the lack of flexibility when it comes to workplace agreements will continue to cause concern.
# Summary of selected port tariff increases

As in previous years SAL is pleased to publicise recent port cost increases given their potential effect upon our international competitiveness. Following are a list of port cost increases for 2010, 2011 and 2012 that have been notified to SAL. It should be noted where we have included N/A, it means there may have been no increase or there were increased costs but SAL has not been notified.

<table>
<thead>
<tr>
<th>Port</th>
<th>Service</th>
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On Tuesday, 17th July this year, a function was held at the Australian National Maritime Museum in Sydney to celebrate the first meeting of the Overseas Shipping Representatives Association (OSRA) which had been held 100 years previously.

Llew Russell welcomed the 70 gathered to honour the occasion and expressed his appreciation to the organising committee; Martin Orchard, Malcolm Longstaff and Graham Lightfoot for all their hard work.

Llew acknowledged the first Chairman of OSRA, Gordon Wesche, who was then the Superintendent in Australia of the P&O Company. He also noted that at that first meeting, Otto Herbst was four and a half months old and he was attending the function today supported by his family.

From those early beginnings, many organisations eventually arose, such as the Association of Employers of Waterside Labour, the Australian Chamber of Shipping, the Australia to Europe Shipping Conference and Shipping Conference Services which morphed into Liner Shipping Services, which eventually merged with the Australian Chamber of Shipping to create Shipping Australia Limited in July 2001. In addition, some of the employer associations involved with the maritime industry in Australia would have also emerged from OSRA. Shipping Australia can therefore directly trace its lineage back to those early days and our predecessors who were indeed far sighted and visionary in their approach to serving the Australian international trades.

Llew presented the Reverend Ian Porter from the Mission to Seafarers in Sydney with a cheque for $550 being the surplus revenue from the function and he also presented the Chairman of the Museum’s Council, Peter Dexter with a wooden inlay reproduction of the sailing ship Queen Elizabeth which first visited Australia in 1912. It used to adorn the top of the honour board listing all the names of the Chairmen of OSRA over the years.
The following is an extract from the speech by the Chairman of the Council of the Australian National Maritime Museum, Peter Dexter at the celebrations for the Centenary of OSRA

OSRA was formed in 1912 to represent all of the Conference Lines trading to Australia at that time; a time where the focus was primarily on the UK.

What was happening in Australia and the rest of the world at that time?

Firstly, Australia had a population of just 4.6 million people. King George the fifth was the Monarch and Andrew Fisher was the Prime Minister. The Navy had only the year before became the RAN, prior to that it was part of the Colonial Navy controlled from the UK. The first branch of the Commonwealth Bank opened in Melbourne and the first pegs leading to the establishment of Canberra were driven just a year later. Australia sent women to the Olympic Games for the first time and the Golden Wattle was declared Australia’s floral emblem.

Titanic embarked on her maiden voyage and sank, Amundsen announced the discovery of the South Pole and Scott’s ill fated expedition occurred. The Republic of China was established and the first of the Balkan wars began, being the beginning of the tension leading up to the first world war and which brought to an end a period that had been a prosperous time for shipping.

The point is that OSRA had its foundation in very different times, with many of the events that occurred then having profound effects on where we are today. In celebrating, we are also mindful that Australia is an island nation and one that has always been dependent upon matters maritime for its economic survival and well being, its trade. Fundamental to Australia’s trade was the need for economical and reliable shipping services, the reason for which Conferences were formed and why OSRA came into existence.

Recognition of Conferences by the Australian Government has prevailed since the time of OSRA’s foundation and it is the framework that was created around Conferences that most of us have worked in during our careers. In working within that framework, we became involved in Policy Committees, Tonnage Committees, Scheduling Committees and pool shares, over and under carriage. CAF’s, BAF’s and all sorts of acronyms became part of our vocabulary, which served both to benefit and confuse.

The Australian Shippers’ Council, MAMSAAL, Australian Wool Exporters Council, AEWL, Port Authorities and so on were all part of our milieu. To some, the dates of the wool sales were less forgettable than the date of their wedding anniversary!

To all of us there was another great descriptive “The outsider”. Actually I’ve been there and done that, it was all part of the maturity process! Reading the Wilhelmsen history and their interaction with Conference since the time of the formation of OSRA is the sort of stuff that would make a great mini-series, with the tribes of the time being the British, the Continentals and the Scandinavians. The battles were over rights to trade, Continental and Scandinavian shares and the ability to carry cargo to the UK. Marriages were made and broken, but the Conference system and OSRA prevailed.

As I recall, the first time I walked into the Conference Room at 50 Young Street, I saw that huge round table and wondered where I might sit! Then to be exposed to and involved with the visiting delegations of “ principals” who came to Australia to negotiate freight rates, call on Government and exert influence. State of Origin is generally associated with Rugby League but it was part of OSRA before the greats of the game even thought about it. I am talking about the Melbourne /Sydney rivalry. The Head Office was in Sydney, but it was Melbourne who demanded

Testimonial to Gordon Wesche,
the first chairman of OSRA
that their dinners be black tie reflecting their perceived importance of what they represented in the trade. Events that served great purpose but which today, are “out” of time.

To my mind the underpinning quality of OSRA and the milieu surrounding it has been people. You will chat today about the people of OSRA, the strengths of the Institution, probably without reference to any of its weaknesses on an occasion such as this. You will be replicating what has occurred over the last century, renewing friendships, recounting events, talking about the Government, maybe industrial relations in the same way that it has been done over those years in those beacons for OSRA members like the Australian Club, the Union Club, the bars of the Aaran’s, Metropole and Royal Exchange Hotels.

You will recognize that some of your happiest moments, some of your best friendships began as a result of the position you had as part of the industry which existed around OSRA. It has been an industry where people and the relationships that developed within are unsurpassed in most other areas of employment.

OSRA is no longer, but its antecedents are through Shipping Australia where it acts in the interests of all of the great trades out of Australia and continues to make a great contribution to the development of shipping. We are indeed lucky to live in this great island nation and to have been part of its lifeblood, shipping. OSRA in its time served Australia proud, it ensured that Australia had reliable and efficient shipping and each of you should stand proud in the knowledge that you were part of it.

I would now like to propose a toast “To Australia, to shipping and to all who have been part of OSRA since July 27th, 1912”. 

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New E-learning Course Establishes a Pathway to a Maritime Education

Building upon the success of the introduction to Shipping e-learning course, Shipping Australia has developed a complementary course titled Fundamentals of the Maritime Industry. Together, the courses represent a consolidated starting point for learning about the Australian shipping industry.

The course refines the domain of international shipping industry into its key elements within ten training subjects. From an Australian perspective, the fundamentals of the shipping industry are explored in the subjects of:
- International trade, Seaborne trade and shipping,
- Ship characteristics, International maritime logistics,
- All in a day’s work, Ports – the vital link,
- Liner trade cargo shipment, Ship breaking and chartering,
- The maritime directory and The regulatory regime.

Cost for enrolment in the Fundamentals of the Maritime Industry is:
- $500 + GST for SAL members and Customs brokers and forwarders
- $600 +GST for non-members.

The cost of a package including both e-learning courses is $600 + GST for SAL members and $700 + GST for non-members.

Application forms for the both courses can be found by following the link to the e-learning page on the Shipping Australia website http://shippingaustralia.com.au/

A group discount rate is available for multiple enrolments, for further details please contact Bryan Sharkey on (02) 9268 9915, mob 0425 304362 or email bsharkey@shippingaustralia.com.au.

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Hydrographic Charts: Navigational Tools

National Standards for Commercial Vessels (NAVCO) regulations require commercial vessels above 12m in length to carry approved hydrographic charts. Be sure to carry charts from the Navy’s Australian Hydrographic Service, the only producer of official Australian hydrographic charts.

New Hydrographic Charts are now available locally.
- Enjoy tieless navigation plus the flexibility of automatic updates to your entire portfolio. For your local provider, visit www.hydro.gov.au.
- For international customers, Australian ENC products are available through the IHO ENC global distribution network.

A N A U S T I N NAVY PRODUCTS

TRUSTED NAVY PRODUCTS
Australia/Europe ships over the years

Over the years OSRA members have deployed various types of vessels in the trade from Australia to Europe. They have ranged from combination passenger and cargo ships through to sophisticated container carriers and Roll on/roll off vessels. Here are some examples of the fine ships which have served in the Australia/Europe trade.

**Ceramic** of 18,000 GT was a passenger/cargo ship launched in 1912 for White Star Line, one of the founder members of OSRA. She served as a WWI troop ship and returned to the Australian trade after the war. In 1934 she was sold to Shaw Savill and operated for them until 1939 when she again became a troop ship. She was torpedoed and sunk in 1942.

**Encounter Bay** was a purpose built cellular vessel capable of carrying 1900 TEU. In 1969 she became the first container vessel to serve the Australian overseas export trade.

**City of Manchester** was built for Ellerman Lines in 1935. She was 8917 gt and carried passengers as well as general cargo. She was taken over for war service in 1939 and was also torpedoed and sunk in 1942.

**Lalandia** of 13200 GT was one of five RO/RO vessels built to operate the joint service of OSRA members East Asiatic Company, Swedish Australia Line and Wilh. Wilemsen in a consortium called Scan Carriers. The first vessel entered service in 1972.

**Ballarat** and her sister ship **Bendigo** both of 8710gt entered service for P&O in 1954. They were well known to Australian wool exporters up until 1968. Ballarat carried a trial shipment of Australian canned fruit in containers from Melbourne to London in 1966.

**Australian Venture** a 2450 TEU vessel was built for the Australian National Line in 1977. She was capable of carrying 913 reefer containers. She was sold in 1996.
The scene

Port Kembla Luncheon

Shipping Australia’s biennial “Port Kembla Luncheon” was held at the City Beach Function Centre, Marine Drive Wollongong on 10 August 2012.

Port Kembla Port Corporation and Port Kembla Gateway were the proud sponsors of this year’s luncheon. These luncheons hosted by the shipping industry are proving to be highly successful and provide an ideal opportunity for associates of the industry to meet and network in a relaxed atmosphere. The popularity of this event continues to be of interest to members and their guests, with over 130 attending this ‘out port’ event.

The guest of Honour and Speaker at this luncheon was The Hon. John Ajaka, Member of the Legislative Council, Parliamentary Secretary for Transport and Roads.

John McCray questioning the guest of honour, The Hon. John Ajaka of Parliamentary Secretary for Transport and Roads

The Hon. John Ajaka, Parliamentary Secretary for Transport and Roads

Dom Figliomeni, Managing Director, Port Kembla Port Corporation and Grant Gilfillan, CEO, Sydney Ports Corporation

Ross McAlpine, Chairman, TSG & PRSG Shipping Australia Limited, Frank Needs and Captain Ted van Bronswijk, Company of Master Mariners
SAL Parliamentary Luncheon

The Speaker and guest of honour at the SAL Parliamentary Luncheon held on Friday 15 June 2012 was The Hon Duncan Gay, MLC, Minister for Roads and Ports, Member of The Nationals. The luncheon was generously sponsored by the Sydney Ports Corporation. The event was a resounding success with over 280 in attendance.
New technology for weighing containers

The TT Club Mutual Insurance Limited has drawn the attention of stevedoring companies to the potential liabilities arising from the current IMO debate on certification of weights of export containers (as outlined in Announcements from the Bridge).

The TT Club pointed out a weigh bridge process is complex since allowance has to be made for the conveyance (roading or railcar) and it is impossible to weigh two twenty-foot boxes carried on the one conveyance (Source: TT Talk 163 of 23/7/12).

There are today two recognised systems on the market to weigh the load on the twist locks: LASSTEC uses a fibre optic sensor imbedded in the twist lock (www.lemantec.com/product/sensing_system.html), whereas BROMMA have adopted a load cell using conventional strain gauges (www.bromma.com/show.php?id=477063). The technical challenge for these systems is to make the sensors and load cells shock and vibration resistant, iner to the rough handling environment and still provide a high level of accuracy. However, the savvy terminal will seek safety benefits beyond pure check-weighing, including load eccentricity, ‘snag-load’ and accidental trailer lifting detection.

Coverage of Australia by Electronic Navigation Charts

The Australian Hydrographic Service has announced that almost all of Australian ports and shipping lanes are now covered by around 900 ENCs. Compulsory carriage of ENCs has been mandated by the International Maritime Organisation with a phasing-in period of July 2012 to 2018.

Growth in Melbourne Grain Terminal

The Emerald Group, one of Australia’s leading independent grain marketing companies stated on 30 July this year that its grain export terminal at the Port of Melbourne is performing strongly, four months on from Emerald taking full ownership of the terminal and its associated Australian Bulk Alliance country storage network in Victoria and Southern New South Wales.

Emerald added that regarding the 2012/13 shipping programme, which begins on 1 October, they already have 90% of available shipping slots booked for the terminal.

New Shipping Fairways off WA Coast

On 2 August, 2012 the Minister of Infrastructure and Transport, Anthony Albanese announced the creation of a network of shipping fairways off the North West coast of Australia designed to improve the safe movement of ships in the area and to protect our precious marine environment.

The fairways will reduce the risk of collision by directing large vessels such as bulk carriers and LNG ships into pre-defined routes to keep them clear of offshore infrastructure such as oil and gas rigs. There is an expected doubling of shipping activity by 2020 and vessels will begin to use the fairways when navigational charts are progressively updated from August 2012 onwards.

SAL is strongly supportive of this initiative but awaits further details to ensure there are no unwarranted restrictions on shipping.

Bouquets for SAL

Often at the end of brick-bats, SAL members are indeed pleased to receive a good conduct notice from the Australian Peak Shippers Association.

The Executive President, Robert Coode, wrote to SAL on 18 July, advising that at an Executive Committee meeting, two Directors had pointed out that during the hectic month of June, 2012 when traditionally equipment and space on vessels is tight because of the volumes being exported, the service in both areas that they and in one case, their association members, received from their preferred shipping lines was of the highest quality and problems were kept to a minimum and when they did occur, they were handled swiftly.

Five New ZPMC Quay Cranes for Patrick Terminals

In July, Asciano received five new ship to shore cranes on the purpose built ship, the Zhen Hua 26. The cranes are equipped with the latest Siemen’s technology (drives and control system) providing world class crane operation. They are designed to service up to post panamax size vessels with an outreach of 50 metres and a back reach of 18 metres.

The first crane was delivered to the Fremantle container terminal and subsequently additional forklifts and internal transfer vehicles will be delivered there. A further three cranes will be installed at the Port Botany terminal and the fifth crane will be delivered at the Patrick East Swanson Dock container terminal. Special arrangements had to be made to complete the superstructure assemble for this crane to enable it to fit under the Westgate Bridge.

John Mullen, Asciano Chief Executive and Chairman noted “the new ZPMC cranes are capable of undertaking up to 200,000 lifts per annum, a 10% to 20% improvement in productivity when compared to the older cranes that are being replaced”.

Image of Asciano's new ZPMC Quay Cranes.
Low Sulphur Switch will have billion dollar implications says ICS

The International Chamber of Shipping has called on the IMO to accelerate a critical study into the global availability of low sulphur fuel for ships. The ICS emphasised that insufficient supply could lead to the required fuels to be prohibitively expensive.

In the Chamber’s view, the proposed review in 2018 of progress made towards meeting the demand for 0.5% sulphur fuel that might be used globally outside of Emission Control Areas by 2020 or 2025, should be brought forward and carried out sufficiently in advance of 2020 in order to give refiners adequate time to invest and react.

The current 50% price differential between low sulphur distillate and the residual fuel oil that is currently in use is predicted to increase further if the new demand that will be created by the MARPOL requirements is not matched by increased supply.

Australian Marine Environment Protection Association (AUSMEPA)

Australian Marine Environment Protection Association $3,000

Rhonnda Alexander Memorial Marine Education Grant Awarded to Queensland School

A cheque for $3,000 was recently presented to senior students at Clontarf Beach State High School by Captain Michael Alexander, the Foundation Chairman 2000-2006 and Julie Nash, Sales and Marketing Executive of AUSMEPA.

The grant money was awarded to Clontarf Beach High School, as the winning applicant for the 2012 AUSMEPA – Rhonnda Alexander Memorial Marine Education Grant, for the school’s project “Field Guide to the Animals of Moreton Bay”.

This annual grant has been established by the Board of AUSMEPA in memory of Rhonnda Alexander who was tragically killed in a car accident in July 2010. Rhonnda was the wife of AUSMEPA’s first Chairman, Captain Michael Alexander.

More information about the annual grant can be obtained from the AUSMEPA website at http://www.ausmepa.org.au/other.asp?pageid=34. Applications for the 2013 Grant will be sought from all high schools across Australia in the next few weeks, applications will close early in 2013.

Asian Gypsy Moth infestation of serious concern to the US and Canada

The US and Canada have issued a joint advisory notifying vessel owners of additional actions required for vessels inbound to US and Canadian ports from certain specific countries (China, Japan, Korea and Far East Russia).

In the past several weeks, United States and Canadian authorities have intercepted a large number of commercial marine vessels with live Asian gypsy moth (AGM) egg masses on the superstructures of ships and cargo.

The US and Canadian authorities were receiving information that this year high numbers of AGM adults are flying in some port areas at the time of pre-departure inspections. Inspection certificates indicate large numbers of egg masses have been removed and crews report removing hundreds of egg masses post certification. In some cases, certification is issued many days prior to ship departure allowing for re-infestation.

Many of these vessels that have required pre-departure certification from Japan, Korea, or China that document the removal and destruction of all AGM egg masses and other life stages prior to port arrival in the United States and Canada are still arriving with live egg masses. Vessels moving goods to the United States and Canada that are subjected to high infestation should consider additional methods to preclude egg masses. Effective vessel self-inspections may be an option to ensure that no egg masses remain on board the vessel prior to arrival in the US and Canada. The economic impact of inadequate preparation is very high.

High risk moth flight occurs especially during night operations for cargo loading and unloading. Bright lights attract the female gypsy moths to the vessels. The periods of risk for Asian gypsy moth flight and infestation range from May 25 to August 10 in Southern Japan and July 1 to September 30 in northern Japan and Far East Russia. The period of risk for northern China and Korea is June 1 until September 30.

The shipping industry has improved markedly with increased awareness of necessary quarantine compliance for AGM. This has been vital to maintaining shipping schedules. Both countries are committed to working with industry to support measures that will reduce AGM risk at origin. US and Canadian officials seek increased collaboration with shipping lines, agents, and associations in order to try to minimise these events with support of port monitoring and vessel pre-inspection techniques.

The authorities require the following actions be taken:

1. Vessels must obtain pre-departure certification and forward a copy of the certification that the vessel is free of Asian Gypsy Moth life stages to their US or Canadian agents. The inspections should be performed as close to departure time from the regulated port as possible.

2. Shipping lines to perform intensive vessel self-inspections to look for, remove (scrape off), and properly destroy all egg masses and other life stages of AGM prior to entering US and Canadian ports to avoid facing inspection delays, re-routting and other potential impacts associated with mitigating the risk on entry to North America.

3. All vessels should, five days prior to the vessel’s arrival at its first US or Canadian port, perform their own comprehensive self-inspection according to the gypsy moth inspection pocket guide and confirm to the agents whether their vessel is free of any infestation.

4. At least two days prior to the vessel’s arrival to forward to the agent a copy of the vessel’s voyage memo in order agents may provide to the local US and Canadian inspectors an opportunity to review the vessel’s history of ports and dates.

Our own DAFF biosecurity measures are very similar and vessels identified as posing any risk of such infestation are inspected on arrival. SAL members are keen to work with DAFF biosecurity to reduce this risk as far as is practical.
PM Enviro-Max 50 hopper

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- **Twin dust control spouts** - collecting dust from product discharge to truck.
- **Dust controlled grizzly flaps** - allowing product to enter, but preventing chamber dust loss.
- **Integrated hopper dust collection system** - onboard collection system for dust filtration unit.
- **Raised hopper rim** - reducing wind carry off.
- **Air conditioned ergonomic cab** - for maximum operator productivity.
- **Safety First** - fully compliant with the latest Australian safety standards.

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- **Low Centre of Gravity** - minimising damaging roll over instances.
- **Serrated Bucket Teeth edges** - for excellent seal integrity across all cargos.
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