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Local profile – Nicolaj Noes

International profile – Pierfrancesco Vago

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Announcements from the bridge

By LLEW RUSSELL

Optimism and consultation: the keys to increased productivity

Spring is with us and as such we welcome the new growth everywhere and increased feeling of optimism. This contrasts with the negative approach inherent in many of the challenges we have faced this year, for example:

- Industrial disruption on the waterfront
- The impact of a carbon tax next year
- The unclear application of GST and claiming of input tax credits now in both the container and bulk/break bulk trades
- Stalling of infrastructure development especially as it affects ports in Australia and the interface between sea and land transport

In all these areas we need to focus on how more can be done to increase productivity and to develop a more collegiate approach in meeting these challenges. A degree of optimism will go a long way in developing the solutions that will facilitate our international competitiveness rather than inhibit it.

For the first time we devote the main theme of this edition to the international arena with our feature writer, Archie Bayvel reporting on container terminals in Mumbai in India. Archie also took the opportunity while overseas to interview the head of MSC Cruises, Mr Pierfrancesco Vago.

Overweight containers
Another area that could do with a good dose of common sense is the development of policies that will improve the practical application, ways and means of dealing with overweight containers or misdeclared weights in containers. Our Viewpoint section addresses the issue as it currently applies in Australia as well as important and recent international initiatives that have been taken in this area. There is also an article in this edition regarding relevant international initiatives.

Carbon tax
There have been many policy developments affecting our industry since the last edition, including the announcement of the details of the carbon tax regime including the reduction in the fuel tax credit scheme which will affect a number of our members.

Shipping policy
We understand that the three reference groups examining shipping policy reform, namely, on taxation, legislation and development of maritime skills and training have reported to the Federal Minister for Infrastructure and Transport. However, Shipping Australia has not been consulted on the detailed proposals and we have only been able to convey our views to the government as set out in this magazine previously based on the general proposals announced in December last year.

Freight infrastructure charge
Following direct representations by SAL regarding the difficult and costly administration involved in collecting a tax on infrastructure from the trucks accessing the container terminals at East and West Swanson Dock, the Victorian Government has decided to scrap the previous government’s freight infrastructure charge. It will apply a licence fee to the Port of Melbourne Corporation that will then be able to recover through the normal system of fees and charges that industry is aware of and work with every day. SAL is seeking more details from the corporation on how the licence fee will be collected.

Infrastructure levies
Stakeholders have expressed concern at the substantial increases in the infrastructure levies applied by both Patrick and DP World and levied on trucks accessing Fisherman Islands container terminals. Different levies are applied by each stevedore but the reasons advanced for the increases are rises in property costs especially land rentals and land tax, wages and employment on-costs, energy and fuel costs and regulatory and compliance costs. It is presumed that these charges will be included in the ACCC annual monitoring of stevedoring costs and charges.

Stevedoring
On the issue of stevedores, SAL has been supportive of the stance taken by Patrick in the negotiations of new wages and conditions for their workforce, despite the industrial disruption in their Brisbane, Sydney and Fremantle terminals. Similar negotiations have more recently been undertaken by DP World.
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Mental health of seafarers

In the summer 2010 edition of our magazine, there was an article on the battle against depression which was revealed as a major health concern.

The Rotary Club of Melbourne South, the Melbourne Port Welfare Association and Beyondblue (the national depression initiative), Stella Maris Seafarers Centre in Melbourne and the Mission to Seafarers Victoria produced brochures in English, Chinese and Russian for the master and other senior officers.

The brochure contains a notice saying “This booklet will assist you in recognising the issues of seafarers depression”. There are also leaflets for ratings in English, Chinese, Russian and Tagalog and both the brochures and leaflets have telephone numbers for Lifeline Australia, the Federal Translating and Interpreting Service and Beyondblue for help in a case of a seriously depressed seafarer or for an information source on depression.

SAL members have agreed to distribute copies of the brochures and leaflets around Australia outside of Victoria (which have already been well covered). The Australian Mariners Welfare Society contributed $5,000 for the printing of the extra brochures and leaflets required.

Future border agency challenges

It is interesting to note and commendable that there is an increased focus on protecting our borders by examining current and likely future challenges. This has involved Customs, the Australian Quarantine and Inspection Service and the Office of Transport Security. All these agencies are examining likely pre-border, border and post border developments in the scenario building exercises which are so important in our preparation to meet future challenges.

FONASBA conference

In terms of timing we are much closer now to the holding of the annual conference of the Federation of National Associations of Ship Brokers and Agents (FONASBA) in Sydney over the week 10 to 14 October. SAL is the host of this important international event which will attract delegates from over 43 countries.

It is being held at the Four Seasons Hotel in Sydney which is a wonderful venue. We have lined up an exciting programme for delegates and their partners including visits to Bondi Beach, Taronga Zoo, the Blue Mountains, cruise on Sydney Harbour and a gala dinner at the Cruising Yacht Club of Australia at Darling Point. On Saturday, 15 October there is an excursion to Tobruk sheep station at Maroota.

Various committees will be meeting during the week culminating in the Council meeting. On Friday, 14 October, there will be a seminar with presentations by the Institute of Chartered Shipbrokers (this being their centenary year), the Australian Maritime College on the development of maritime skills and training in Australia, a presentation by Sydney Ports Corporation on developments at Port Botany and a presentation by a senior representative of AQIS on future strategies as they affect imports into Australia.

All this is only possible because of the generous sponsorship as set out in the box below.

Other issues

An issue that has emerged from the United Kingdom is the Bribery Act and there is a legal article relating to the implications of that Act for industry generally.

The local profile in this edition is Nicolaj Noes, managing director of Maersk in Australia.

We have made comment about the carbon tax and this is the subject of our economists section as well as some recent developments in overseas trade.

Many of our readers will be aware of Lloyds Register but we wonder whether many are aware of the scope of their activities in Australia?

Spring is the time to clean out the cobwebs and to prepare ourselves for more active involvement in the global arena and this in turn requires domestic policies that promote productivity and strengthen our international competitiveness.
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

www.sydneyports.com.au
A practical and commercially oriented solution to the issue of overweight containers which minimises cost and disruption is required. Seeking to achieve these twin objectives will only work if the views of all the stakeholders involved are adequately taken into account and addressed. SAL has certainly demonstrated its commitment to finding the solution.

SAL was shocked to learn in July last year of the proposal to develop static weighbridges in container terminals at Port Botany. It was understood at that time that the Road and Traffic Authority of New South Wales had been discussing the issue with the stevedores at Port Botany for 12 months prior to that date and were proposing to issue improvement notices. We understand at the time that the only solution accepted by the RTA would be the building of static weighbridges to conform with the Chain of Responsibility legislation in New South Wales aimed at improving safety on our roads.

SAL fully agrees with the need to improve safety on NSW roads and will do all it can to find a practical solution to this issue. However, the Chain of Responsibility legislation itself does not provide for a non-risk solution but rather one based on reasonable steps being taken to determine the weight of containers. In our view, static weighbridges are very labour intensive, costly to install and operate and are likely to lead to increased congestion for trucks accessing the container terminals. An alternative identified by Shipping Australia was weigh-in-motion systems which can, in our view, meet the overall objectives of all stakeholders without being overly costly to operate or cause undue levels of truck congestion.

The Sydney Ports Corporation has convened meetings between all stakeholders to try and find an acceptable solution and the RTA has agreed a number of times to extensions of time for the application of the improvement notices in an effort to try and find a mutually acceptable solution.

The RTA has confirmed that a comparison of weights taken from trial results taken outside the container terminals for different periods last year indicated breaches that were twice the New South Wales average and stood at approximately 12%. Severe gross weight breaches were few in number overall and only concerned axle weight breaches and not gross overloading. The RTA is agreeable to minor and substantial breaches being handled in the port area but severe breaches of either axle weights or overloading would need to remain in the terminal and if sent out by rail they would have to be handled appropriately at the other end. Another alternative is to provide a vehicle capable of lifting that weight. In terms of axle weight breaches the RTA has suggested that truck reconfiguration could take place with the heavy end of the container being placed over the stronger axle groups of trucks.

During the discussion of the development of a static weighbridge in the port area, the question of RTA compliance activity was raised and what happens to vehicles that actually access the weighbridge. The RTA has suggested that whatever is developed in New South Wales could well spread to other States and the Northern Territory, especially when the new national office of the heavy vehicle regulator is established.

In Brisbane, there is a mass import management scheme which is an alternative method for prime movers, semi-trailers and B double combinations carrying import containers which exceed regulation mass limits or are unevenly loaded to transport the load from the Brisbane port to an area, within a 120 km radius of the port of Brisbane. At that point, the container can be opened and the load transferred to an appropriate transport mode. There is a weigh-in-motion device installed at Bishop Bridge for vehicles leaving Fisherman Islands but if drivers feel that there is an inaccurate weight they can actually go to a weighbridge in the port area which will give them a more accurate reading and they can take appropriate action. This may be a scheme which could be applicable in Sydney and in SAL’s view should be looked at closely.

While the focus of the RTA is on inbound containers handled by trucks, SAL has complained on many occasions of export containers having misdeclared weights in them and, on occasions being overloaded. The current Chain of Responsibility legislation does not cover this issue but fortunately with the encouragement of SAL there have been international developments led by the World Shipping Council and the International Chamber of Shipping for a discussion on mandatory weighing of containers prior to export.

We outline these developments in detail in an article in this edition of the magazine. However it is important that Australia is geared up to meet its obligations as a result of whatever emerges by 2013.

It is vitally important that we find a solution to dealing with misdeclared weights in containers as well as addressing on a risk assessed basis over axle weights or gross overloading of containers. As pointed out later in this magazine, misdeclared weights can cause serious problems throughout the supply chain, particularly regarding the stability of the ships themselves.
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Nicolaj Noes – pronounced Nicolai and never “Nick” – is 39 and, as a graduate of the Maersk training programme with an MBA from Geneva thrown in, describes himself as a generalist.

He runs to work every morning from his home at Cremorne – 40 minutes across the Sydney Harbour Bridge – and enjoys kayaking in Middle Harbour.

His last Maersk posting before Sydney was Copenhagen where he had responsibility for managing the company’s Australia and New Zealand P&L book and its business direction in this part of the world.

“I was a long way from the action,” he says, “but the synergy of having our market planning centralised outweighs the value of being closer to the market and I did visit Australia three times while in that job.”

Previous postings included two years in London, three years at New Jersey in the USA before going to China as regional manager for almost five years, then to Singapore as Maersk’s line manager.

During his years in China he saw trade grow rapidly as cities other than Hong Kong became exporters and importers serving the big inland cities. This trend meant a lot of cargo moved away from Hong Kong and saw the establishment of inland terminals.

An example of all that was the construction and commissioning of the world’s biggest port of Yangshan at Shanghai, to which it connects via a 32-kilometre bridge. On schedule to handle 12.3 million teu this year, the port aims at 25 million teu by its completion in 2025.

“Working in China exposed me to governmental willingness to make bold moves to implement visionary ideas,” he says. “I saw a lot of long-term thinking on projects such as Yangshan and container terminals that were looking 50 – 60 years ahead.

“The overall concept was based on the triangulation of port, trucking depot, and container-yard depots.

“Major projects also tend to be accomplished faster than in Australia; possibly because one advantage China has over a democracy is that fewer viewpoints need to be considered so things move faster as a result.”

In Australia he sees a very clear correlation between cost, efficiency and economy of scale.

“The efficiency of its shipping I see as being fundamental to Australia’s economic growth,” he says.

“We need access to economy of scale and that eventually will mean a move to vessels perhaps three times the size of those calling here now.

“There are many issues around whether there is enough trade to achieve that. One is the fragmentation of Australian shipping where there are a lot of small players and nobody has more than 10 per cent of the trade. That hampers the ability to deploy larger vessels but that’s the situation almost everywhere in the world.

“There are no ports here big enough to handle larger ships nor is there a single line with enough share of the market to fill one. If you can’t use your assets it doesn’t matter how big they are.

“My personal opinion is that sometime we will see consolidation but nothing is apparent right now and our industry remains fragmented. It’s frequently said that you need competition to keep people on their toes but you need size to drive the big initiatives.

“You don’t see 20 airlines flying the Sydney to Hong Kong route.

By ARCHIE BAYVEL
“If major changes are to come, they will be as a result of customer demand and I believe growth in Australia relates to the time frame you have in mind. There are physical restrictions to consider such as available infrastructure, number of cranes, shoreside efficiencies, etc.

“When change comes it will be in steps as each of these limitations is addressed. Bringing bigger vessels here is limited by lack of infrastructure to handle them – eg. turning basins that are only just long enough to handle today’s vessels and a shortage of cranes.

“Currently we’re lucky to have three cranes working to unload whereas the big east-west containerships can have six working at once to maintain turn-around speed. No Australian ports have that as yet and if you don’t have the cranes you’re economically better off using a smaller ship.

“I see some crunch points here such as new terminals that we are monitoring and keen to align ourselves with. These include any moves to inland terminals connected to ports by rail shuttle and thereby relieving congestion on the roads.

“We’d like to have depots in these inland terminals. For us it’s being part of the solution and we’ll work to help achieve that vision. If there is a role for us to play, then we’d like to be part of the decision process.

“As for shipping’s global direction, I see ‘more of the same’ as the curse of our industry. There has to be more to it than TEUs and FEUs. We need to be more innovative and Maersk wants to do new things and has three focal issues:

1. Reliability: It’s not OK if, say, 50 per cent of arrivals are on time. Current industry average is 60-70 per cent on time. We’re aiming at 95 per cent. Arrival reliability brings many benefits to clients, not the least being reduced warehousing costs.

2. Ease of doing business. Some industry business methods haven’t changed in decades. My ideal is Amazon.com where you order your book online, it arrives promptly accompanied by an offer of three more books that might interest you. All in two clicks. But it’s not just our industry, all companies have internal barriers to overcome too. We, for example, seek customer-service minded people. But so do other companies and one has to compete to get the people one wants.

3. Setting and achieving new environmental standards. We want to be cleaner and greener and at the same time faster and more efficient. That’s not just a matter of emissions, it involves other things such as the condition of containers. Many ports around the world insist on ships switching to low sulphur fuels as they near port. So far that has not happened in Australia and it doesn’t seem possible globally with low-sulphur fuel costing as much as $100 extra per tonne.

“Because the benefits are shared values, we’d like to see the ports come to the party and share costs. But so far that hasn’t happened here although it has in northern Europe, New Zealand, western US ports such as LA and Houston, plus Hong Kong and Singapore.”

Only one issue remains: Does Nicolaj also run home at the end of the day? Answer: No, he catches a cab.
Pierfrancesco Vago is world head of MSC Cruises but looks at first glance as if he’d do a good job in the front row if his national rugby scrum ever got its act together.

Surprisingly, given the MSC family’s renown for taciturnity and privacy, he is charming and welcoming to a point that makes one wonder if Australia’s blokey ‘owyergoin-mate culture could do with fine-tuning.

His general fall-back ambience is one of genial interest but once he gets into his stride the eyes harden and his focus narrows immediately. He is, after all, the son-in-law of Gianluigi Aponte, the legendary and taciturn founder of the MSC container and cruise fleets whose most notable media statement has been to assure media guests at one of his cruiseship launches that neither he nor they would be there but for the exhortations of his marketing advisers.

Pierfrancesco appears to be a very different kettle of fish; he is after all in the pleasure/leisure business. But his gregarious activities may yet rub off even on his father-in-law who – alone among the Bill Clintons, Rupert Murdoch, James Packers and Bill Gates of the billionaires’ club (No 412 with $2.8 billion) – is unfailingly referred to only as Mister Aponte.

After delivering a recent industry address when he received the Seatrade Personality of 2011 Award from Britain’s Princess Royal, Mr Aponte let slip the fact that he met his wife and lifelong business partner, Rafaela, when she was a passenger on a ferry of which he was the captain in 1966.

It was a disarmingly first human touch that brought a touch of romance to the hitherto clichéd phrase “We are a family company.”

As one of that family Pierfrancesco joined MSC’s cargo business in the late 1990s just when the family had decided to move into carrying passengers.

“I was my family’s third generation to be involved in maritime cargo,” he says. “My father, Franco Vago, founded what is now a large freight forwarder and which was, coincidentally, Mr Aponte’s first client when he launched MSC.

“I was born and brought up in Milan then went to Cambridge University. I left without getting a degree because I think my father saw I was enjoying it too much and thought it was time for me to get to work.”

Asked where he expects his career to go from here he replies: “I don’t have a career, I have a job with a great responsibility not just to our passengers but also to the 13,000 people who work for MSC Cruises. That means 13,000 families who depend on us for their living.”

So what does he do all day? There is a long pause as he comes to grips with the question. “I work,” he says simply. “I just work. It never stops – the leisure side of our business, the hotel side, the industries within the industry. My greatest luxury is to find time to be with my family”.

The entire international cruise industry is facing a glowing future that will be able to prosper even through recessions,

“I’m a positive man,” he says, “and I believe the value-for-money that cruise companies offer consumers is very competitive with any land-based resort.

Talk of us coming to Australia isn’t a question of ‘If’; it is a question of ‘When’.

– Pierfrancesco Vago of MSC Cruises

From ARCHIE BAYVEL in Geneva
"Because of that there will always be opportunity, even in a downturn to win a share of the holiday market and as economies of scale become even bigger, the major lines will be able to offer even better and more competitive products.

"With bigger ships able to carry even more passengers, we can still increase the quality and quantity of the software ie the service, the entertainment, the food, the general experience.

"As for Australia! Talk of MSC Cruises sending a ship there is not a threat, nor an ‘If’. It is a ‘When’ and that will be sooner than later.

"The growth of cruising has already been a huge revolution there and the people love to travel and see the world because they are so far away. They spend more days on holiday than most people and cruising offers them a big opportunity to use that extra time for a combined land and sea experience. The Australian market is learning to enjoy this.

"The market passed the half-million mark last year and this will increase as it gets new ships. The market there has traditionally had quite a lot of re-deployed old tonnage and the situation today is a mix of old and new.

"When MSC Cruises do arrive in Australia it will possibly be with a brand new ship and I expect it to have a dramatic impact because most existing cruisers there are accustomed to the Anglo-Saxon brand of cruise. We are different because we offer a Mediterranean brand which is a quite different experience from, say, the American style of fun."

Does he think an Australian-based cruise industry would be able to exploit the Asian market by offering a European-style holiday experience on board a cruise ship? – "Developing the Australian market may take time if it is to take advantage of Asia. My view is that Australian residents may be a more mature market than Asia where the cruise concept has yet to be fully introduced."

Vago dismisses any suggestion of the cruise industry anywhere approaching saturation even with so many big ships on the market and more coming.

"The cruise industry’s penetration of the leisure market in the USA is only 3 per cent and only 1.5 per cent in Europe," he says. "We in the industry tend to think that everyone knows all about us but the figures show that there is still a lot to be done.

"Worldwide more and more governments are seeing the advantages of having a cruise industry and its impact on local economies. An average cruise passenger spends $60 when they go ashore. When you have a ship delivering 3000 passengers, their $60s result in a substantial boost to local trade and this fact is now reaching the ears of politicians.

"Brazil, for example, has the world’s No 3 cruising industry with 800,000 customers last year in a young and very powerful growing economy where the government has yet to fully understand the cruise industry’s needs and the benefits it can bring.

"We have, however, an increasingly effective industry association there, ABRAMA that is negotiating laws for our industry there. We have just had a very big conference in Brazil that was attended by many politicians and they picked up well on what we had to say."

In fact, Vago is on record as stressing the need for cruise operators to strengthen their dialogues with national regulators and policymakers, a view that would surely resonate with operators in Australia seeking new berths and other additional infrastructure.

Of the fast-growing situation in South America he said recently that the cruise boom was at risk from unclear rules and regulations and lack of incentive in some terminals that made cruising there expensive. "To achieve ever greater economy of scale cruise ships are getting longer, broader, and deeper therefore a lot of landside
infrastructure, specifically in the Mediterranean, is not geared for new generation vessels."

For example, three of MSC Cruises’ 12 vessels are in excess of 138,000 tons and are typical of this generation. The MSC Divina, currently on the stocks at STX’s St Nazaire shipyard near Nantes, on France’s Atlantic coast, exceeds 139,000 tons and according to its promotional blurb is designed to “amaze and inspire its guests.”

The leading cruise brands have already joined forces to invest in upgrading infrastructure. In Marseilles, for example, there is the first public–private venture with the cruise lines having rebuilt the quay and built a brand new passenger terminal to handle the bigger ships.

Despite this MSC still operates its oldest ship, the comparatively small 35,000-ton MSC Melody. “We look after our ships,” Vago says, “and she’s still in tip-top condition with possibly the biggest cabins in the cruise industry. There are family cabins with five berths and there is a market niche specially for her.”

Amid his fleet of monster vessels he admits to knowing and being a strong admirer of Australia’s Serena Bratten and her Orion Cruises using spanking new mini-liners to visit special places, many of which are not accessible to the big, economy-of-scale vessels.

"One reason holiday cruising is increasing in popularity is because it provides freedom from care," he says. “You don’t need to think what to do next. That is doubly attractive in stressful times when many people have work and business-related worries.

"And we don’t need to worry about destination hotspots, we can simply sail away to somewhere else if trouble breaks out."

“The American cruise industry is also experiencing strong new growth in continental Europe with new ships being employed in the Baltic and the Mediterranean.

The destination’s popularity and increase in traffic prompted Vago to call it the new Caribbean.

“When our container line decided to branch out into cruising we decided to preserve the MSC brand and carry it into cruising rather than seek a new name,” he says. "We do this today with above and below the line promotions of all kinds depending on each country. Currently we are in a marketing partnership with AC Milan but in past years we have been associated with other sports including Formula One."

"It’s not the easiest task to promote a brand that consists of only three letters. There’s not a lot, at first glance, that you can do with an M, an S, and a C but BMW has done very nicely with its three letters so why not us?"
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**GEARS UP FOR FOURTH TERMINAL AND TALKS ABOUT A FIFTH**

**India’s biggest container port is racing towards a 20 million teu target**

From ARCHIE BAYVEL in Mumbai

Part of the concession deal when Mumbai’s Jawaharlal Nehru Port was established on the islands of Nhava and Sheva, was that the terminals would use local labour whenever possible.

In the beginning the locals were simple villagers who had never had a job. Suddenly they got training and skills, transport to and from safe quality work that paid well and amenities that few had ever heard of.

Today Nhava Sheva is India’s biggest container port with three terminals handling some 4.4 million teu last year and with a 10.5 million teu target in five years. This compares with 2.348 million teu for the Port of Melbourne and Port Botany’s recently announced record of 2 million teu.

The social standing of workers’ families has grown so much as a result that the eligibility of young brides and grooms has gone through the roof of Mumbai’s marriage market.

The three terminals are:

APM Terminals, a joint endeavour by Maersk with the Indian Government’s Container Corporation known as CONCOR, whose 2010 throughput was the highest at 1.8 million teu.

Next comes DP World’s Nhava Sheva International Container Terminal with 1.6 million teu; the third is the government-run and owned Jawaharlal Container Terminal with around 1 million teu.

Together they can handle six or seven ships simultaneously depending on the vessels’ length and between them they own an abundance of equipment.

DP World’s NSICT and APM each having eight cranes and the government terminal has 10. All are neatly color-coded: Blue for DP, red for APM and light blue for the government gear. Loading rates are around 25 containers an hour and most trade is with Europe and the Far East with America being significant.

The fact that the Indian-owned terminal has faded from being lead performer in 2007 to wooden spooner in 2010 has not gone unnoticed in the Indian financial press. Cashed-up would-be equity holders are pressing for early privatisation of the terminal on the grounds that the government can’t efficiently be the port landlord and one of its tenants at the same time.

Nobody enjoys a good fierce argument more than a good fierce Indian and the situation is about to become more than heated following the award of a fourth terminal to PSA International, the Singapore Port Authority.

It will come on-line within four years and is sure to stimulate competition in the race to 10.5 million teu.

The port corporation and existing commercial terminals are gearing up big-time; beginning with radical recent changes in their top managers, all of whom have extraordinarily high levels of education and industry experience.

A new executive chairman of the port authority, one Luxman Radhakrishnan, IAS, arrived in October and immediately began talking of investing $3.5 billion in the Nhava Sheva complex.

**Gateway of India**

This stone and concrete monument stands at the entrance to Mumbai harbour. It was built to commemorate the visit of King George V and Queen Mary in 1911. Although the foundation stone was laid that year it was not until 1924 that the structure was completed. It was the first sight of India for thousands arriving from Britain to take up military or public service positions. In February 1948 the last British troops to leave India marched through the 26 metre high arch in a ceremony to mark the end of British rule.
It may not seem much in terms of little Gladstone’s $800 million for a total refit but a billion dollars is a real BILLION in India where a crane driver on $700 a month is a top earner!

Luxman comes with tremendous credentials and contacts and he could be Mumbai’s Man with the Nelson Touch.

At 50 he has spent his past 20 years as chairman, managing director or CEO of multi-million-dollar public projects. He’s supported by a board of directors that includes three Department of Shipping officers, a cabinet minister and a swag of specialists.

A key point he doesn’t stress is the “IAS” after his name. It shows that he’s an officer of the Indian Administrative Service, probably the world’s most exclusive and powerful team of public servants. Entry is through the world’s most competitive examinations – only one candidate in 6000 qualifies - and its highly trained members are generally regarded as supermen and superwomen.

He does, however, mention that he has reached the highest grade and salary in the service which, at the peak of a distinguished and still youthful career, leaves him free to concentrate on his job in hand.

He wants to dredge the port to 17 metres so it is no longer tidal and to extend the quay to 3.5 kilometres for a throughput of 20 million teu.

With PSA signed up for the fourth terminal he foresees a fifth and possibly sixth terminal.

No less significant than the arrival of Luxman Radhakrishnan is the move of Alpesh A Sharma from running Maersk’s local liner office to being CEO of DP Ports’ terminal and the arrival of Pradip Agarawal and Amit Malik as new CEO and chief commercial officer respectively of the APM Terminal.

Just what’s happening at the government’s terminal is unclear but its holidaying CEO must be living in interesting times.

As if all these changes of personnel aren’t exciting enough, the Maersk-related terminal has just undergone a name change. After being known for years as Gateway Terminals India its name-change to APM Terminals Mumbai more or less coincides with

Mumbai Diary I

Bloody hell, I’ve forgotten what Mumbai is like … the crowds, the noise, the eagles and crows and kites, the dogs, the variety of races, the ubiquitous politesse, the importuners and harassers, the smells, the colonial luxury of the dear old Taj Hotel.

I asked for a glass of hot water and was delivered a rubber hotwater bottle, laundry has arrived back spotless and with a fresh rose attached and my spare underpants missing.

Vegetation is strangling the grandest houses and buildings in this showpiece area of Mumbai, the mildew has turned even the tallest buildings black or grey, and piles of abandoned barrows, building rubbish and refuse line the back streets.

it’s hard to believe this was once part of my everyday life 50-something years ago but here I am back for the first time in 30 years and by Friday I know I’ll feel part of it again.

Ah, my hot water has arrived in a silver jug too hot to touch and inside a tea cosy that will keep it that way until midnight. I’ve opened my balcony doors and the heat and noise are both almost solid from the street eight floors below. There’s even a cock crowing – at 6.45 pm!! Most humans are shouting or blowing their horns, all birds are squawking including some quite large eagle kites … yet I’m reluctant to close the doors in case I miss some of it all.

Tonight I will visit Insomnia, the fabulous disco and nightclub In the Taj basement. It had better be good because the bar that once hosted so many ruinous nights and already-ruined ladies apparently closed 40 years ago.

Much later: Insomnia is also long gone taking its ladies with it – apparently too many guests complained it kept them awake. Now, if I can just find that hotwater bottle.

… Archie Bayvel.
its sensational withdrawal from the fourth terminal bid and the arrival of its new managers.

Whatever all these changes may bring about, probably the most important will be establishment of the new PSA International terminal. Globally PSA operates 28 cargo terminals in 16 countries with an 111 million TEU throughput. It already has terminals in India at Chennai and Tuticorin.

PSA emerged as winner of a messy tender war for the long-awaited $1.5 billion Mumbai project by bidding a 50.8 per cent share of revenue to be paid to the port’s landlord, ie the Government of India as represented by the Nhava Sheva harbor trust. Little wonder that Luxman Radhakrishnan is so confident of funding his grand vision!

The Singaporeans competed against DP World as well as Indian companies Sterlite Industries and GVK Group. The process was disrupted and delayed by lawsuits filed by Maersk’s AP Moller Terminals who eventually won a court appeal to overturn its disqualification from bidding on the grounds it already had a terminal at the port.

Soon after its victory APM withdrew from the tender saying revenue did not match the expenditure and there wasn’t time to update its tender anyway.

If Luxman Radhakrishnan, AIS, is indeed the Man with the Nelson Touch who will lead Nhava Sheva into the ranks of the world’s biggest and best ports he has strong support among the top brass of the port’s commercial terminals.

Perhaps the most notable of them is Alpesh Sharma, of DP World. Make no mistake about it, Alpesh has an aura!

He’s 41, carries designer stubble and dresses sharp exec. His staff leap to their feet when he speaks to them, some rigidly at attention with hands by sides.

The doorman at his HQ salutes every time he passes as does the gangway crew at the wharf where a launch takes the company’s top brass to and from the mainland.

It’s doubtful if he asked for any of that but this is India and things are different; so too is Alpesh and people recognise that he has a presence. Plaques on his wall record his predecessors who include Ganesh Raj, currently based in Sydney.

Alpesh first sailed as a master mariner aged 28 with the French V Line; mostly on the America and Africa trades. Only a few months into his present job, he has a residential suite attached to his office for nights when the harbour is stormy, the
The main issues of concern are:

- **INFRASTRUCTURE:** Better roads and channel dredging from the present 12.5 metres to 14 metres are big issues for Mumbai. It’s still a tidal port and a lot of time is wasted waiting on the tide; also the present draft available limits it to ships of around 5000 teu.

- **GOVERNMENT DECISION MAKING:** “This needs to be faster and shipping in general deserves more attention paid to it. The rail industry is huge in the attention it gets from government. Its minister has a huge portfolio as does commerce and defence. Shipping is small fry by comparison.” In this he is echoed by Luxman Radhakrishnan who dreams of India’s Department of Shipping being promoted to one of the nation’s super ministries but like many of his opposite numbers in Australia knows that it’s unlikely to happen.

Just across the port from Alpesh’s office is the headquarters of Pradip Agarawal, at 48 the CEO of APM Terminals Mumbai. Like Radhakrishnan he has a patrician background with 20 years as an officer in the Indian Civil Service.

The ICS was made legendary by the skulduggery of Kipling’s Kim and the intellectual brilliance and personal resourcefulness of its officers maintains the rage. With a
Mumbai

Mumbai Diary II

Monsoon dawns in the heart of Mumbai (pop 12.5 million) are like a prelude to the end of the world. No sun rises, the sky’s invisible through thin white mist that will hang all day on the car exhaust fumes.

The neighbourhood cock has a frog in its throat that turns any joy in its waking into a strangled croak that has just set the hundreds of crows in every tree to screeching like crazy. More alarming is the silence of the horns.

AAhh! The first blast of the day’s millions of peep-peeps, honk-honks. It’s 0544 and raining softly with hardly a person to be seen; part of the end-of-the-world trap to beguile visitors into thinking this is a scene just like home, wherever that might be.

In a couple of hours it will have turned into a madhouse in the rain and the square below my window will be filled with people and hundreds of cars, bikes, motorbikes, horse carriages among which the people stroll with total sangfroid. But you’ve gotta be on your toes though ‘cos the drivers don’t swerve for people. Mercifully traffic doesn’t move all that fast. and I’m nimble-footed.

In the shopping centre the pavements are jam-packed and yesterday, when I was actually walking quite fast to an appointment, I got jostled by some lout and pushed into a crocodile of about 10 girls walking in the opposite direction.

Suddenly I found myself with an armful of young women, each with a white cane and holding on to the one in front. When we’d disentangled amid my apologies they meekly resumed their walk. Apart from the one in front and the last one, they were all blind.

“No need to be sorry,” the last one said. “It happens to us all the time.”

... Archie Bayvel.

law degree and an MBA, Pradip has only recently joined APM Terminals after a five-year stint with ConCorp, its partner company.

Amit Malik, his chief commercial officer, does most of the talking with Pradip nodding from time to time. Amit has a BSc and an MBA and speaks fluent Mandarin. He joined Maersk in 1998 as a management trainee before being posted to China for five years then returning to Mumbai to work in Maersk’s liner office.

He attributes the Maerk’s success in India to the fact that “Our word is our bond. We deliver what we promise.”

While the DP World team with a 600-metre wharf claims a world-leading throughput of 2666 teu a year per metre of quay length, APM’s figure of 2528 teu is a hot challenger. Especially when one considers that 110 metres of its 712-metre quay is not always useable due to varying vessel lengths.

Both men are highly focussed on the human factors that accompany their leadership at Nhava Sheva.

Amit stresses the terminal’s safety record and points to its fully-staffed first aid post and ambulance complete with heart starters, a tabletennis room and an internet café plus a restaurant-quality canteen where the CEO says: “I queue up for breakfast, lunch, or dinner alongside my workers.

“There are no industrial or labour issues anywhere inside this terminal because people consider it an honour to work here. All our 550 workers have easy formal and informal access to me and there’s never been talk of joining a union. In fact, they don’t want a union here.

“It’s our relationship with our workers that achieves our high productivity which, next to safety, is what really counts.”

A couple of curious things from Amit include his enthusiasm to educate his workers against waste; even to the point of having a giant...
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Mumbai

include a wind farm and a "Other developments on my agenda and see good financial management on cash flow. I'm very profit oriented dredging the port to 17 metres but I already I have clearance for materialise."

port but that will take three years to economic zones attached to the working towards having two worthwhile here, " he says. "I'm Let me see if I can do something 3.5 kilometres

20 million teu and a quay length of 20 million teu and a quay length of

dedicated freight corridor into the port with 50 per cent of all freight being carried by rail."

Currently the government terminal and DP World have two direct rail links each while APM has three. About 20 – 25 per cent of all traffic is by rail while the rest goes by highly congested road.

The three terminals between them run 18 to 20 45-wagon trains every day, each of either 45 fu or 90 teu. The rail services inland container depots everywhere in the subcontinent.

Anil Singh, DP's senior vice-president and managing director for the subcontinent, is popularly referred to as

The Chairman.

His beat extends from Dubai to Thailand and he spends about 20 days a month travelling his domain. He was at sea for 10 years but came ashore when he attained his master's ticket.

Before coming to Mumbai two years ago he was based in Australia for some years and his two children were educated here and are Australian citizens.

Anil's Mumbai office is a classic colonial heritage building in the old port district. It has winding staircases, mosaic floors, and ghosts of long-dead Englishmen with quill pens.

The décor is softly timbered except for his front office which is startlingly bright and sunlit. His receptionist sits behind a plate glass window and affably says that Anil will be here in a minute.

She glances to her left giving the impression that he is right there. I look there too and am closely confronted by a man in a wet grey suit (the weather outside is doing its full monsoon bit.) I hold out my hand in welcome; he holds out his hand too.

Mine bumps hard against glass ... I am in fact trying to shake hands with my own reflection, the entire wall being one vast seamless mirror including the door to the inner sanctum.

The mirror wall opens and in we go. It is a beautiful old-style office with nostalgic overtones of days long gone, discrete offices opening off the corridor, a door opens to Anil's sanctum and there's the man.

He's a calm, distinguished-looking cove with a strong whiff in his demeanour of an old-time British shipping tycoon. His English is in the rounded tones of a British public school boy, which is perhaps not surprising because he was educated at India's Eton, the famous Doon School, at Dehradun in northern India – about as far as the seas as you can get without becoming an Afghan.

“Only when everyone is comfortable can we say that India’s living standards have risen.” – Captain Barrington Fernandes, process improvement manager at NSICT.

His words should be printed in large letters, framed and hung on a wall facing every economist because the truth is that while many more Indians acquire cars and consumer goods every year, the people of the streets are everywhere. Their home (if they’re lucky) is a tarpaulin lean-to or even just a blanket.

Wherever one goes in tourist Mumbai one is seeing a mirage. As close as the nearest back street lies the truth in mountains of rubbish, building debris, empty black and condemned buildings, crowded black and falling-down buildings and neighbours who …

People who die what one might call au naturel seem to have a distinctive way of lying on the ground like a discarded bag of garbage and that's what many of the neighbours look like. Except, to parody Monty Python's recumbent parrot, they are only sleeping. Their standard of living will rise dramatically as soon as next month; when the monsoon ends and the rain stops falling on their blankets.
The ambience of his gently furnished office is far from the flash palaces of some of his colleagues and contemporaries in the industry. More like a gentleman’s study; an old-fashioned free-standing coathanger hovers vulture-like behind his desk.

“The shipping industry here is not a free market,” he says, “because the port’s tariff for us is fixed by the government. While it is a benevolent regulated economy it means you can only charge so much even although inflation is running here at around 13 per cent.

“We are allowed to charge only $75 for every 20ft container. We just lost 25 per cent of our profit at Chennai because of a single unpredictable tariff change. In Chennai, for example, we were allowed to charge $100 one year, then it was slashed to $65 the next.

“We can’t plan if we can’t determine price. We’re the only regulated industry in India and are negotiating to change all that. This company has a wealth of knowledge to contribute and we can make a difference here but the tariff issue needs to be resolved.

“The diaspora of Indians is beginning to reverse; many of them are coming back to take advantage of the opportunities here where our industry is growing at 8 per cent a year.”

Anil has worked everywhere and he expects to be posted again in a few years. His advice to young executives is:

“Drive the changes you’re good at and spend your first year in a new job learning the ropes, Year 2 you deliver, Year 3 you keep delivering but with an eye open for your successor, Year 4 you hand over some control, Year 5 you’re on cruise control and if you’re still in the chair in Year 6 then you might be a handicap to the company.”

Mumbai Diary III

A touch of terror at The Taj tonight. A couple of bombs have exploded not so far away and they’ve stirred up this hotel’s already twitchy security; not altogether unreasonable in view of the fact it lost 166 of its guests in the Al Qaeda attack a couple of years back.

Tonight massive security gates have slid into place to block all but single-file pedestrian approach to the hotel’s front entry; hydraulic pillars half-a-metre in diameter have slid up from underground to block ram raiders and prevent any cars entering.

There would be at least 50 visible security guards outside plus a couple of the truly sinister-looking Marksmen armoured cars the police have introduced. Another hundred security guards would be scattered around the hotel perimeter and throughout the hotel.

Even on normal days every time one leaves one’s room in this, India’s most luxurious hotel, a friendly servant greets you. All are part of instant-report security while ostensibly interested in the quality of your day. The lobby is very quiet tonight despite all the action on its perimeter.

Even on ordinary days, cars trying to reach the front steps are stopped at the gates, their bonnets are lifted, their interiors inspected and large mirrors slipped under the chassis. Then comes the X-ray machine for all bags including ladies’ purses and a metal detector that even the shrouded bundles have to go through.

Most of them have learnt to cough up their iPhones, clumps of jewels, cameras etc before a body search comes into it. I’d love to see a pat-down ‘cos I understand it sends the Arab husbands ballistic.

My own theory is that although tonight’s explosions have killed about 16 people, they were just the work of hooligans. Word is already out in the bazaar that the bombs were attached to an abandoned bicycle and hidden under scrap roofing material, hardly a professional job. Whatever! I’m eight floors up, going to sleep now and hope to miss any gunfire. If the tower comes down that’s life.

... Archie Bayvel.
In Profile

Alex Chow
Master of Business Administration
(Maritime & Logistics Management)

I was part of the first Singaporean student cohort to graduate with an MBA in Maritime and Logistics Management from the Australian Maritime College in 2000.

I am now the Deputy General Manager at international independent surveying organisation, Nippon Kaiji Kenrei Kyokai. It is my responsibility to assist the General Manager by providing executive level management and strategic direction to all divisions. This involves reviewing, analysing and implementing policies and programs to achieve the company’s short and long-term objectives.

My studies at AMC helped me gain the knowledge and skills to develop and implement strategic goals, particularly during a period of organisational change. I undertook my degree via distance and found this to be a very positive experience. Due to the nature of my work, I have to travel at short notice and can be required to stay at remote places where there are no Internet facilities.

I learned to prepare and collect reading materials in advance and to manage my time so I could complete my assignments prior to deadline. Distance learning helps working adults like me gain further knowledge and adjust to demands on our time and resources.

In addition to the academic benefits, studying at AMC also boosted my confidence in my working and social life. Together with one of my classmates, I started the AMC Alumni Singapore chapter which has grown from a handful of members to a 100-plus group. We help our members search for jobs and establish networks within the alumni community. AMC graduates and students in Singapore now have a platform to interact with the broader educational, trade, social and government agencies.

I would certainly recommend studying at AMC to others. It is a specialist institution that offers studies in maritime related courses, and the teaching and support staff are committed to ensuring the students gain the desired knowledge and professional outcomes.

AMC to launch new freight forwarding degree

The Australian Maritime College will next year expand its business and logistics program with the launch of the Bachelor of International Logistics (Freight Forwarding) degree.

Head of Maritime and Logistics Management, Dr Stephen Cahoon, said it would be the first degree offered in Australia for the international freight forwarding profession.

“Global trade is a central part of Australia’s economy and demand for qualified staff in this critical area of international logistics is sure to exceed supply,” he said.

“This exciting new course has been developed with considerable input from the Australian Federation of Freight Forwarders to ensure it meets industry needs.”

The degree, offered over three years full-time or part-time equivalent, includes majors in both International Logistics Management and Freight Forwarding with a minor in Freight Transport. Graduates will learn to identify problems and provide solutions in a range of relevant fields, including freight forwarding, customs broking, cargo regulatory systems, logistics management and global procurement.

The Bachelor of International Logistics (Freight Forwarding) will be available to study at AMC’s Launceston campus or via distance from February 2012. For pre-enrolment enquiries please contact Catherine Cunningham on +61 3 6324 9529 or email c.cunningham@amc.edu.au
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Carbon tax: The pros and cons

By SHANE OLIVER, head of investment strategy & chief economist, AMP Capital

The government has provided details on how its carbon tax will work. This note looks at the implications for the Australian investment markets and the economy in general.

There were no great surprises in the Government’s Clean Energy Future plan, which carbon tax is a part of. The key aspects are:

- The carbon price will start July 2012 at $23 a tonne, increasing by 2.5% per annum over the next two years.
- From July 2015, this will move to a ‘cap and trade’ emissions trading scheme (ETS), whereby the government will issue carbon permits that are capped, based on how much the government wants to reduce carbon pollution. Businesses will have to buy carbon permits or permits from international markets, with the trading price determined by supply and demand. The Government has set an initial minimum price of $15 per tonne and a maximum of $20 per tonne above the international carbon price.
- The carbon tax is to be paid by the biggest 500 polluters. It does not include agriculture and fuel used by passenger and light commercial vehicles.
- More than half of the revenue raised will be used to assist households through tax cuts and direct payments. The carbon tax will result an estimated $9.90 per week increase in average household spending but, according to the government, will be offset by an average assistance payment of $10.10 per week. Specifically, low to middle income households will be over compensated, 10% of households won’t receive any compensation and a third will be worse off.
- Emissions intensive trade exposed industries (EITEs) will receive compensation equivalent to 94.5% of the industry average baseline for heavy emitters and 66% for lower emitters, with compensation being reduced by 1.3% per annum.
- The plan will raise $27.3 billion over the first four years and will cost $31.6 billion, resulting in a net cost to the Commonwealth budget of $4.4 billion. Of this cost, $2.9 billion is loaded into this financial year, as a result of one off benefit payments to households, scheduled for next May and June.

Pros and cons of the plan

Key positives from the Government’s carbon reduction plan are:
- It should help reduce some of the uncertainty around carbon pricing, both in terms of how it will work as well as associated assistance and compensation.
- It should set Australia on a path to a low carbon future, which is the direction the rest of the world is moving in.
- By raising the income tax free threshold, it has reduced the disincentive to work for very low income workers.
- It provides significant support for households and industries to adjust.
- By the same token, it has some potential downsides, such as:
- It is focused on only the top 500 emitters and excludes agriculture and transport, which are responsible for 15% of emissions each. This puts more pressure on the parts of the economy which are included, creating distortions in the economy.
- Uncertainty still remains around the carbon price once the ETS commences in 2015, but this is unavoidable as uncertainty surrounds most market determined prices.
- It contains elements of ‘direct action’ by setting up a Clean Energy Finance Corporation to pump money into green power and green technology. The Productivity Commission has found this to be a high cost way to reduce carbon emissions.
- It combines income redistribution from high to low income earners, which if combined with other moves such as the flood levy and means testing of the private health insurance rebate, could start to reduce incentives for high income earners and could see our deteriorating productivity performance worsen.
- It will result in a further increase in the budget deficit, albeit minor, of 0.2% of gross domestic product (GDP) this year. However the budget is still on track for a return to surplus in 2012-13.

Economic impact

According to the Australian Treasury, the carbon tax will boost prices by 0.7% in 2012-13, then by another 0.2% in 2015. This is partly due to higher household energy prices with the remainder coming from the pass through of higher business costs.

The price impact will be approximately a third of what it was when the GST was introduced in 2000. While this will boost headline inflation to around 3.5% during 2012-13, we expect the RBA will look through it as a one-off price adjustment, but be on the lookout for further impact on inflationary expectations. In the case of the GST, these were non-existent. And it’s unlikely to be an issue this time.
around, with the over compensation for low to middle income earners likely to head off any boost to wage pressures.

**Working out the growth impact is more problematic**

In terms of the short-term impact there are several conflicting influences:

- Since the government’s clean energy plan raises less in revenue than is spent as compensation and assistance, it could be argued it will be slightly stimulative to the economy, to the tune of about 0.2% of GDP over the current financial year. In particular, the benefit payments to low and middle income households in May and June 2012 will likely provide a kick to growth in the June 2012 quarter.

- The big unknown is the impact on business and consumer confidence, both of which have been soft going into the government’s announcement of the carbon tax plan. On one hand, greater detail around compensation and assistance could help reduce uncertainty, although, uncertainty about the workings of the carbon tax and scepticism about compensation may remain - a negative for growth in the months prior to May and June 2012. A third of households will be worse off and many households will worry they will be in this group, which are the households that undertake more discretionary spending. This is coming at a time when upper income households are already being hit with the flood levy and possibly a reduction in the private health insurance rebate.

- On top of this, while businesses face certainty about the carbon price over the next few years, the transition to an emissions trading scheme in 2015 will create uncertainty around price. It could conceivably be anywhere between the initial floor of $15 a tonne and $60 a tonne in 2015, rising to much higher levels by 2020. Numerous reviews in 2014 and the ability of the government to make legislative changes will only add to the uncertainty about long-term carbon pricing. This could all affect investment decisions.

Of course much will depend on how well the Government sells the package over the next few months, as well as the opposition’s response, as the political debate could have an impact on confidence.

All up we see no reason to change our GDP growth forecasts at this stage, which will see growth this year of 2%, followed by 4% next year, however the risks are still on the downside for this year and possibly on the upside for next year.

Over the long-term, Australian Treasury estimates that real GDP will only be lowered by 0.3% by 2020. While there are numerous uncertainties in the short-term, over the long-term there is a good chance the economic impact will be minor:

- Over time, with a price put on carbon pollution, investment in clean energy and growth in clean industries will likely offset reduced investment and slower growth in dirty energy and sectors.

- Businesses and households will use the price signal from the carbon price to reduce energy consumption. In fact it’s likely there are a lot of easy wins to be had on this, such as increased use of energy efficient light bulbs, light switches that turn off automatically after a set time and more. Typically, when I arrive home from work I find lights on in most rooms of my family home, with everyone in the kitchen or dining room. It’s pretty easy for me to see scope to reduce my electricity bill. The actual rise in energy bills over time will likely not be as much as the 10% or so projected, as energy consumption is likely to reduce.

- Problems of air pollution, such as sulphur pollution, smog, acid rain, chlorofluorocarbon (CFCs) and the depletion of the ozone layer have all been dealt with globally over the years, and arguably faster and cheaper than feared. This has not resulted in the economic ruin many foresaw at the time. While the shift to a low carbon future is a much bigger issue, the same is likely to apply.

**Investment implications**

The run up to the commencement of the carbon tax may see high levels of uncertainty, serving to maintain the relative underperformance of the Australian share market versus global shares since April last year, which has occurred as a result of rising interest rates, the strong Australian dollar, worries about China and general political uncertainty in Australia.

It’s hard to see significant asset allocation implications. The macro economic implications are not particularly big; the impact of overall share market earnings is likely to be less than 1%, it’s unlikely to change the path of interest rates and while there will be pressure on property owners to make buildings more energy efficient, it won’t be enough to significantly change the return potential from commercial property.

Where it will have a big impact on investors is at the level of sector and stock selection. Obviously the short-term impact of the carbon tax on heavy carbon emitters will be offset by various forms of assistance. However, as this phases down over time, the carbon tax and eventual ETS will work in favour of sectors and businesses which are carbon neutral and use clean energy. It’s clearly a big positive for cleaner energy providers of wind, solar and, to a lesser extent, gas. It’s probably neutral for the finance sector as many large finance companies have already gone carbon neutral and the sector might actually benefit from carbon trading. It’s clearly a negative for coal fired electricity generators.

*The bottom line is, a company’s carbon emissions are becoming an additional factor investors can’t ignore.*

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At the recent Australian Institute of Company Directors (AICD) conference in Beijing, the question was asked if an Australian business were looking to do things in China, should it set up in Shanghai or Beijing?

The answer is all of the above…and the rest!

According to Christopher Wright, Austrade’s Senior Trade Commissioner and country manager for China:

“It’s increasingly important for Australian businesses to look beyond the bright lights, big cities of Shanghai and Beijing. Austrade now has 12 offices in China and there’s opportunity in the second- and third-tier cities of Wuhan, Kunming and Chengdu.”

Wright regards a Beijing base as important for government-to-government links and for international companies that need a strong central government network. “Despite what the textbooks might say, the reality is that there’s a lot of government involvement in international trade – particularly in key sectors like education, healthcare, defence, transport and logistics – and this especially applies in China,” he says.

Australia’s outgoing Ambassador to China, Dr Geoff Raby, in a thoughtful speech to the AICD conference, agreed on the need for government help when doing business in China. “In view of the close involvement on the Chinese side of government in the daily detail of commercial life, knowing when and how to use [the] Australian government presence in China is also essential. We have a robust entrepreneurial can-do spirit in Australian business which often sees using the good offices of the Australian government in a place like China as somehow an admission of failure of commercial manliness. To the contrary, involving government is what you do in China. Skills and experience in this area are particularly valuable assets.”

Another reason for a strong Australian government presence in Beijing and elsewhere in China is that Australia’s commercial footprint is spreading in China beyond iron ore and coal. Australian exports to China of Elaborately Transformed Manufactured goods (ETAs) reached $1.86 billion in 2010, an increase of 189 per cent since 2000.

There are around 3,000 Australian companies with a presence in China, in addition to the 4,800 Australian companies which export to China. In fact, according to Austrade’s Senior Trade Commissioner in Beijing, Alan Morrell, Australian companies are also now big employers within China with major corporations like ANZ, Toll, Bluescope and Goodman employing at least 10,000 Chinese workers between them.

And how about Beijing’s great rival Shanghai? According to Christopher Wright (who like Alan Morrell is both...
experienced in Chinese business as well as Chinese speaking), Shanghai has always been seen as a major hub for international business.

“It’s no surprise that American, European, Japanese and Australian companies headquarter themselves in Shanghai. They want to be close to their suppliers, their customers, their export markets and their sources of capital, and Shanghai provides all of the above in spades,” Wright says.

“That is not to say that a company that needs to win major central government contracts, such as an aircraft manufacturer or defence contractor, obviously needs a strong presence in Beijing, or that an iron ore business may need to be close to steel mills and local government in a second-tier city.

“In essence, in China, you need contacts in different tiers of government – central, city or local – depending on the nature of your business and each individual firm is in the best place to make that decision for them.”

So whether you are in a government relations consultancy in Beijing, a financial services firm in Shanghai or an architect hoping to get a contract to build a local stadium or civic building in a second-tier city, there will be a need to have some good relationships with the Australian and Chinese governments.

But Australian business is increasingly looking beyond the traditionally coastal high-income areas of Beijing, Shanghai and Guangzhou (encompassing the Pearl River Delta) and the second- and third-tier cities. Austrade has nine offices in the second-tier cities, in addition to ‘The Big Three’ and, as China develops westward there will be increased demand for both Australian and Chinese government resources.

As Raby says: “While once it would have been enough to visit Beijing or Shanghai, today rapid economic growth has spread across the country.”

“It is almost irresponsible these days to zip in and zip out of these cities, ignoring what is occurring in places that most people in Australia have not heard of but which are major economic entities in their own right,” Raby says.

They are hard to ignore, especially when eight of these cities have a population of more than 10 million residents, and 93 have more than 5 million. It is estimated that by 2020, China will have six provinces with an annual GDP of more than US$1 trillion, equal to six countries the size of Russia or Spain or Canada.

And these fast-growing cities need roads, airports, civic buildings, education facilities and energy. Hence the strong demand not only for Australian energy and iron ore exports to help fuel the rapid industrialisation of China but also the need for Australian architects, construction engineers, training companies and environmental advisers to help the cities function.

In summary, Australia is now not only a big exporter to China but is also becoming a more active investor in China. Australia’s foreign direct investment in China and Hong Kong reached A$11.8 billion in 2010, a 700 per cent increase on just five years ago.

As the AICD conference showed, with their depth of industry experience in both traditional areas and newer sectors such as professional services, more Australian companies are planning to have a physical presence in China. So whether it be Beijing, Shanghai, Wuhan, Kunming or Chengdu, you’ll find behind a lot of Chinese economic developments an Australian architect, engineer, designer or educator making a contribution to China’s future prosperity.

In short, just as Australia is not just about Sydney and Melbourne, so China is not just about Beijing and Shanghai.
Managing ballast water to protect Australia’s waterways

By the AUSTRALIAN QUARANTINE AND INSPECTION SERVICE

New mandatory requirements for the management of ballast water onboard international vessels came into effect on 10 August 2011.

The Australian Quarantine and Inspection Service (AQIS) issued a Notice on 1 August 2011, advising the shipping industry that vessels arriving in Australian waters are now required to manage their ballast water in accordance with an AQIS approved management option. The Australian Ballast Water Management Requirements (version 5) sets out the management options, and is available on the AQIS website www.aqis.gov.au/shipping (under Ballast Water).

Ballast water must not be discharged in Australian waters without written permission from AQIS, and the discharge of high risk ballast water is prohibited.

The AQIS requirements align with the International Maritime Organisation (IMO) International Convention for the Control and Management of Ships’ Ballast Water and Sediments (BWM Convention) which aims to minimise the translocation of marine pest species through the discharge of high risk ballast water.

AQIS is part of the Australian Government Department of Agriculture, Fisheries and Forestry (DAFF), which is responsible for regulating the discharge of ballast water from international vessels, into Australian waters.

These and upcoming changes to seaport requirements are part of the broader suite of activities that are reforming Australia’s biosecurity system. DAFF is working towards delivering a smarter, more efficient system that will streamline quarantine clearance processes, while still managing risks to Australia’s biosecurity.

What’s changed?

The ‘AQIS Ballast Water Management Summary’ (ABWMS) sheet (AQIS Form 026) has been amended to include a column under Section C Exchange, titled ‘Final volume following exchange’ (m³). This column must be completed to obtain an AQIS assessment or verification. The ABWMS sheet is also available on the AQIS website.

Agents and Masters are advised to use the new version of the ABWMS sheet as AQIS no longer accepts previous versions.

Shipping agents and/or vessel Masters now have the option of submitting the ABWMS sheets to the Maritime National Co-ordination Centre (MNCC) as soon as the Quarantine Pre-arrival Report (QPAR) has been submitted - between 96-12 hours prior to arrival at the first Australian port. The information on the ABWMS will be assessed by the MNCC and vessels notified of whether permission to discharge ballast water in Australian waters has been granted or refused.

Alternatively, if ABWMS sheets are not submitted prior to arrival, the vessel will be subject to an onboard ballast water verification inspection on arrival.

The Quarantine Approval to Berth (ATB) conditions have been amended to state: “The vessel is not to discharge ballast water until AQIS has assessed the vessels ballast water summary sheet and verified compliance with Australian ballast water requirements. Once written clearance is provided, the discharge of ballast water must be undertaken in accordance with an AQIS approved management option. State and/or Territory governments may impose additional requirements. Mariners are advised to consult with their Australian agents for more information.”

Pratique Documentation Clearance (PDC)

The AQIS Pratique Documentation Clearance (PDC) procedures commenced on 1 July 2011 across Australia. The new PDC process means that operators of low biosecurity risk vessels who continue to meet Australian quarantine requirements are rewarded with reduced vessel clearance costs and faster turn-around times.

Less focus on compliant vessels that pose a lower biosecurity risk means that AQIS can focus its resources on vessels that pose a higher risk.

All vessels that arrive in Australia will still require quarantine clearance by AQIS. A vessel’s eligibility for PDC will be provided automatically following AQIS’s receipt of the Quarantine Pre-arrival Report (QPAR or eQPAR). The clearance of vessels that are eligible for PDC is undertaken by documentary assessment, physical inspection, surveillance, or a combination of any of these activities.

Where a QPAR identifies a vessel as being a high biosecurity risk, AQIS will conduct a mandatory inspection of the vessel.

Enquiries regarding ballast water requirements or PDC should be directed to the MNCC:

Email: maritimeNCC@aqis.gov.au
Phone: 1300 004 605
Fax: 1300 005 882

All shipping industry notices can be found at www.aqis.gov.au/shipping (under Shipping Industry Advice Notices).

Biofouling

Marine pests arriving in Australian waters attached to vessels as biofouling (marine growth) is a biosecurity concern that continues to be addressed.

The Australian Government is proposing to introduce new measures that will require vessels to be free of a suite of marine pest species before they can enter Australian waters.

In developing the biofouling requirements, the Australian Government is working closely with ports, the shipping and offshore petroleum industries to ensure that any new arrangements are both practical and effective.

A draft regulation impact statement for the proposed requirements is being finalised and will be available for public consultation in late 2011. The next edition of SAL will provide information on the proposed biofouling requirements, and instructions on how to submit your comments.
Australia’s most UNWANTED

**Burrt Pine longicorn.**

**Peak season:** November to March.

**Known hideouts:** dark secluded areas in cargo or vessels carrying timber, paper and machinery.

**Wanted for:** damage to timber that could devastate Australia’s forests and construction industries.

**Evidence:** larval tunnels in timber and presence of adult beetles.

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**SEE. SECURE. REPORT.**

for more information

www.aqis.gov.au/shipping

You’re on Australia’s frontline against dangerous pests and disease.

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Australian Government

Department of Agriculture, Fisheries and Forestry

Australian Quarantine and Inspection Service
Frontline and Hotline is being revitalised...

By A SPECIAL CORRESPONDENT

Frontline is changing. The Customs and Border Protection, Community Participation Programs (CPPs) commonly known as Frontline and Hotline will be collapsed into a single brand program known as Customs Watch. We will commence rolling the program out on 1 October 2011. Customs and Border Protection and Industry have enjoyed great success with the Frontline program. We want to build on this success.

Industry feedback

To support this process, focus groups were conducted with Industry stakeholders. This change has been unanimously supported by key Industry members. Feedback received during Industry focus group sessions revealed that the current names Frontline and Hotline are not meaningful, and they do not reflect the role and purpose of the programs or clearly link to the Customs and Border Protection branding and mission.

"Feedback from Industry members is important to ensure the continued success of the program. Focus group sessions held in Sydney, Fremantle and Brisbane proved invaluable to the revamp of the Community Participation Program, generating constructive and creative feedback from Industry members", said Alana Sullivan, Director Target Development, Customs and Border Protection.

“Much of the program changes will occur behind the scenes and have minimal impact on Industry, except that Customs and Border Protection will enhance our engagement with Industry and continue to use their referrals and investigate reports of suspicious activity at the border”.

New name and logo

Customs and Border Protection Service is proud to present the logo for the October launch of the new Customs Watch Program. The new logo design and name have been modelled on the feedback provided during the recent Industry and internal agency forums.

The logo reflects not only a more authoritative look but also a far stronger link to the agency. Additionally, the new tagline, ‘Help protect Australia’s border’, demonstrates the agency’s focus on border protection, and demonstrates the value of the partnership with our Industry and community members. The new branding will be used on all of the program’s merchandise and publicity items.

Program direction

The new Customs Watch program will be an intelligence-led program that facilitates Industry partners and community members to report information about suspicious activity at the border. Under the new program, engagement with Industry will be more targeted, seeking to draw on their knowledge and commercial expertise about border activities occurring in their work area.

Further consultation with Customs and Border Protection officers is now required. Feedback is currently being sought from internal stakeholders to help refine the program’s design and delivery.

“The intent of Customs Watch is to develop the program into a national intelligence collection capability that enables Industry and the community to play a greater role in the border protection effort,” said Alana Sullivan.
Under *Customs Watch*, Customs and Border Protection will continue to work hand in hand with Industry and the community to deter criminal behaviour, identify vulnerabilities at particular points at the border and prevent them from impacting Australia. It is a cooperative program that serves the interests of Australia and government.

"Intelligence collection is a responsibility that falls on all Customs and Border Protection officers. Through targeted engagement with Industry, the revitalised *Customs Watch* program will better complement and enhance our intelligence capabilities by increasing our awareness of potential threats and risks impacting the border," said Alana Sullivan.

**Industry referrals**

Some of the most important seizures conducted by Customs and Border Protection occur as a result of information supplied by someone in Industry who becomes aware of unusual activity and reports it. This type of information is valuable as it comes from people who actually work in the sea cargo environment. These people are experienced enough to recognise indicators that may point to illicit activities.

A recent spate of tobacco detections have arisen due to Industry referrals, including:

- **On 23 July 2011**, a Frontline referral led to the detection of 1554 kg tobacco located in Sea Cargo in Melbourne. The consignment details did not add up and aroused suspicions. The Frontline member reported that the importer had only provided a mobile phone number as contact details, did not have a voice mail facility set up, and were unable to be contacted. Additionally, the Notifying Party notified the Frontline member that the importer operated out of a warehouse, but the address for the 'warehouse' was a residential address.

- **On 18 May 2011**, a Frontline referral led to the seizure of 4.4 million cigarettes located in Sea Cargo in Brisbane. The consignee claimed not to know of the impending import, that they did not usually import the declared commodity, and that the address given for the consignee was a PO box.

- **On 2 May 2011**, a Sydney-based Frontline referral resulted in the seizure of 7.07 million cigarettes located in Sea Cargo. The Frontline member reported that people had been acting suspiciously by lodging fraudulent forms in an attempt to obtain delivery for the container. The forms were from companies that did not exist.

These examples highlight the deceitful methods people will attempt to evade authorities and smuggle illegal goods and quantities into Australia. Having experienced Industry members at the frontline, Customs and Border Protection was able to prevent this illegal activity and seize the goods at the border.

**Sea cargo risk indicators**

As you can see, across the three referrals, there were a number of suspicious activities and facts that did not add up and resulted in key seizures. For people working in the sea cargo reporting industry, risk indicators to look out for include:

- Importer is difficult to contact, or only provides a mobile phone number.
- Importer has commercial goods consigned to a residential address.
- Consignee has no knowledge of an impending import.
- Consignee provides a PO box as a delivery address for commercial goods.
- People lodging fraudulent documents in an attempt to clear goods.

People who work in the sea cargo reporting industry know what is usual and what is not. Customs and Border Protection values industry’s input in identifying suspicious activities.

If you see something unusual in your work area, please call Customs and Border Protection on 1800 061 800.
Unlimited fines under the UK Bribery Act 2010 - implications for the shipping industry in Australia

By MELISSA TANG, Lawyer and ERNEST VAN BUUREN, Partner, Norton Rose Australia

In summary

• The UK Bribery Act 2010 (Bribery Act) is now in force and has serious implications for shipping and trading companies doing business in the UK and Australia.

• A shipping company that conducts business in the UK may be criminally liable for bribery and unlawful acts committed in Australia.

• Counterparties such as mining and trading companies which conduct business in the UK may be criminally liable for bribery and unlawful acts of their agents and contractors, such as shipping companies, committed in Australia.

• In addition to the general offences of active bribery and passive bribery, there is a specific offence of bribing a foreign public official.

• There is a new offence for failure of a corporation to prevent bribery by its "associated persons", which has extra territorial application. The offence is one of strict liability and the only defence available to a corporation is to demonstrate “adequate procedures” in place to prevent bribery.

• Commissions are possibly facilitation payments caught by the Bribery Act.

• Corporate hospitality which is reasonable and proportionate will unlikely to be captured under the Bribery Act.

• Stringent penalties for non compliance: individuals face imprisonment for up to ten years and/or unlimited fines. Corporations found guilty of not preventing bribery face unlimited fines.

A recent survey revealed that the shipping industry is perceived as a high risk sector for corruption.¹ This perception may be due in part to the highly international nature of shipping, extensive operations in emerging economies and areas known for corruption, the lack of transparency of corporate structures and ultimate beneficial ownership, interactions with public officials, the largely private nature of business ownership, the poor level of corporate governance in some companies, the use of open registries in undeveloped or developing states and the use of local agents, intermediaries and joint venture partners. Shipping is a large and complex industry.

The routine practice of making facilitation payments in many countries also contributes to the perception that there is a high risk of corruption in the shipping industry.

The UK Bribery Act 2010 (Bribery Act) came into force on 1 July 2011 and implements significant changes which impact on the shipping community. Shipping or trading companies with offices in the UK, dealing with chartering, insurance, crewing, ship management or operations generally, should be very concerned about the extraterritorial reach of the Bribery Act. The Bribery Act applies to corrupt conduct committed anywhere in the world as long as the company benefitting from the conduct carries on part of its business in the UK.

The Bribery Act is now the most stringent legislation combating corruption in the world, going beyond the scope of the United States Foreign Corrupt Practices Act (FCPA) and the Australian Criminal Code (Criminal Code). It represents part of a broader global trend of strengthening anti-bribery enforcement. Shipping companies operating in Australia need to be aware that being presently FCPA or Criminal Code compliant does not automatically result in being Bribery Act compliant and must be vigilant in implementing adequate anti-bribery procedures to protect from Bribery Act liability.
Key features of the Bribery Act

The Bribery Act establishes four categories of offences:

• general offences of offering and receiving bribes (sections 1 and 2)
• bribery of foreign public officials (section 6)
• corporate offence of failure to prevent bribery (section 7)

The first three offences require a close connection to the UK, that is, the offence either has to be committed in the UK or committed by a person who is a British national or subject or the corporation is incorporated in the UK. The extraterritorial reach of the Bribery Act is engaged through the operation of section 7.

Sections 1 and 2: General Offences

The general offences may be committed by either an individual or a corporation and covers ‘private bribery’ that is a private person or corporation bribing another. Even if a bribe has not been paid or the improper function executed, there is risk of prosecution. It is a contravention of the Bribery Act so long as a “financial or other advantage” was offered or promised with the intention of inducing “improper conduct” or an individual agrees to receive or accepts a “financial or other advantage” intending to act “improperly”.

“Financial or other advantage” is not defined in the Bribery Act but recent guidance provides that “advantage” should be understood in its normal, everyday meaning.2 The concept of “improper performance” is considered by whether it breaches the expectation of good faith, impartiality or trust which a reasonable person in the UK would expect in relation to the performance of the type of function or activity concerned. This means so long as a UK judge or jury considers an activity to be performed “improperly” regardless of the cultural acceptance elsewhere, the “financial or other advantage” will be considered as a bribe.

Section 6: Bribery of foreign public officials

The offence of bribing a Foreign Public Official (FPO) is a discrete offence and is committed where there is an intention to influence the FPO in his official capacity or an intention to obtain or retain business or secure an advantage in the conduct of business. Unlike the general offences which require an intention to induce “improper conduct”, there is no requirement that there be an intention that the FPO will improperly perform his or her official duties. However, a person will not have committed an offence if the improper conduct is permitted by local written law.

Illicit payments made to government officials in return for contracts, tax breaks, or other tangible business advantages will be captured by this provision. Facilitation payments are not exempt from the Bribery Act and will be unlawful also under this provision. Facilitation payments are addressed in further detail below.

Section 7: Failure to prevent bribery

A controversial area of the Bribery Act is the new strict liability corporate offence for “failure to prevent bribery”. Companies will be guilty of an offence if an “associated person” bribes another intending to obtain or retain business or an advantage for the company. An “associated person” is broadly defined and includes anyone who “performs services” for or on behalf of a business and will potentially include a third party agent, contractor, employee or a subsidiary.

Shipping companies with Australian operations need to be aware that the extra-territorial scope of the corporate offence means companies that carry on any part of their business in the UK may be exposed to liability under the Bribery Act. What constitutes carrying on part of its business will depend on whether the bribery relates to the UK company where a subsidiary or joint venture partners called “associated persons” under the Bribery Act. An “associated person” is someone who “performs services” for the UK company. Liability is not automatically triggered for a UK company where a subsidiary or “associated person” pays a bribe. It will depend on whether the bribe is intended to benefit the UK company or whether the “associated person” was performing services for the UK company.

Both shipping and trading companies need to take note that it is irrelevant:

• where the bribery was committed
• whether the bribery relates to the company’s UK operations
The only defence is to demonstrate that a corporation has “adequate procedures” in place aimed at preventing bribery.

Would a large trading company with operations in the UK be committing an offence under the Bribery Act if a surveyor performing a draft survey was prosecuted by Australian Customs for illegally taking ashore a bottle of whisky? That may be so.

**Customary practices caught in the net**

**Facilitation payments**

In contrast to the FCPA and Criminal Code, the Bribery Act does not provide a special defence for facilitation payments. In certain ports of the world, facilitation payments may be common in order to expedite routine government action such as custom formalities or ship clearance. If such a facilitation payment is paid to a FPO, risk of prosecution under the Bribery Act and liability may be triggered.

Despite the practical challenges of resisting making facilitation payments or the companies’ own views on facilitation payments, the Bribery Act is clear regarding potential liability for making such payments. A parent shipping company may still be liable for a facilitation payment made by a local agent on instructions of a subsidiary company based in the UK. Shipping and trading companies will need to reconsider its policies allowing facilitation payments and develop strategies to reduce such payments. Other practical measures may also include lobbying to the relevant trade bodies, government or consulates to assist in minimising such a practice.

**Commissions**

One example of accepted shipping practice which should fall outside the scope of the Bribery Act, as long as correct procedure is followed, is commission payments including address commissions. If using a broker or an agent to win business, ensure any payments of commission is properly recorded, for example, in the terms of the charterparty and the payment is properly made to the owner and recorded in the owner’s accounting records. To avoid such payments considered as bribes, good practice dictates that shipping companies consider carefully whether any such payments could be considered as intending to induce someone to breach a relevant duty defined in the Bribery Act or to influence an FPO and disclose and record such payments.

**Corporate hospitality**

Reasonable and proportionate corporate hospitality is also unlikely to be caught under the Bribery Act. Commercial organisations must continue to exercise their good judgment and common sense.
as to what is proportionate in the circumstances. As in the case of commissions, companies need to consider whether corporate hospitality could be considered as to induce someone to breach a relevant duty defined in the Act or to influence an FPO.

**Penalties for non compliance**

The penalties for failing to comply with the Bribery Act are severe. An individual is liable for imprisonment for up to ten years or face an unlimited fine, or both for offences under sections 1, 2 and 6. For failure to prevent bribery, a shipping company could face unlimited fines.

**How to protect your company – the “adequate procedures” defence**

“Adequate procedures” is not defined in the Bribery Act but is likely to depend on the circumstances. Shipping companies will only need to implement procedures that are “proportionate” to the particular bribery risks faced by the organisations and to the “nature, scale and complexity” of its activities.

As there is no “one-size-fits-all” approach, organisations should consider the following principles when designing procedures to ensure prevention and timely detection of bribery (Principles):

- risk assessment
- top level commitment
- due diligence
- policies and procedures
- effective implementation
- monitoring and review.

In practice, this means that companies must firstly assess the risk of bribery including facilitation payments being committed in the organisation or by “associated persons”, taking into account the jurisdiction the corporation operates in. This will necessarily include reviewing existing shipping contracts and third party contracts.

Companies operating internationally with a UK connection, or companies dealing with counterparts with a UK connection, should have in place existing anti-bribery policies and procedures. These policies and procedures should be reviewed and updated to reflect the Principles and compliance with the Bribery Act. Thorough due diligence should be carried out on all “associated persons” such as third party agents, suppliers, contractors and subsidiaries, which should be repeated on a regular basis. All “associated persons” should be trained and made aware of the anti-bribery policies and procedures and provided clear guidance on how to comply with the procedures and the steps that should be taken if bribery demands are made.

Importantly, all companies, both shipping and trading, will need to ensure that there is top level commitment to a zero tolerance approach to bribery. Senior management will need to be knowledgeable about the anti-bribery policies and procedures and its application.

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1In response to the introduction of the Bribery Act, the City of London commissioned Transparency International to prepare a report of corruption risk of businesses in the City of London. The report is available from http://217.154.230.218/NR/rdonlyres/26DD8F2B-17D9-42B7-AB51-20F1D8542892/0/AvoidingCorruptionRisksintheCity_final.pdf.

2The Joint Prosecution Guidance of the Director of the Serious Fraud Office and the Director of Public Prosecutions is available from http://www.sfo.gov.uk/media/167348/bribery%20act%20joint%20prosecution%20guidance.pdf.

International spotlight on a remedy for overloaded containers

In May this year, the IMO’s Maritime Safety Committee (MSC) approved the proposal made by the Governments of the Netherlands, Denmark and Australia to establish a new work item to address the issue of incorrectly declared weights of containerised shipments and to undertake other measures to improve the safety of container stowage and ship operations. Several IMO Member States including the US and the EU Member States, and representatives of seafarers, dock workers and masters expressed support for this new work item.

The submission prepared by the World Shipping Council and the International Chamber of Shipping will be forwarded to the MSC Sub Committee on Dangerous Goods, Solid Cargoes and Containers for a preliminary discussion at a meeting in September on how to organise its work on this new work item and the issues to be addressed. The target completion date for MSC’s approval of the final recommendation, which may include amendments to the Safety to Life at Sea Convention (SOLAS) and other IMO legal instruments is 2013. Additional submissions are being sought prior to that meeting.

However, at least one IMO delegation believes that the requirement to weigh containers should be addressed to the shipper and not to the marine terminal.

This decision was based on comprehensive submissions by the World Shipping Council and the International Chamber of Shipping and below is a summary of their arguments which have the full support of Shipping Australia Limited.

Problems relating to misdeclared container weights

Containers that are “overweight”, ie. that weigh more than the declared weight provided by the shipper, can create safety concerns for the ship, its crew, other cargo on board, and the workers in the port facilities handling the container. Incorrectly declared weights, both over and significantly below the limits declared, also lead to incorrect stowage planning and implementation, and operational problems. Less frequently, containers can be loaded beyond the maximum gross weight indicated on the Safety Approval Plate. All of these situations present safety and operational concerns.

There is no available data that reliably indicates how many containers have an incorrectly declared weight; however, the problem is significant, and arises in almost every trade to some extent. In some geographic trade lanes, the problem is common and, at times, rampant and this is certainly the case in the Australian trades.

The problems resulting from misdeclared container weights include the following:

- incorrect vessel stowage decisions;
- re-stowage of containers (and resulting delays and costs), if the overweight condition is ascertained;
- collapsed container stacks;
- containers lost overboard (both those overweight and containers that were not overweight);
- cargo liability claims;
- chassis damage;
- damage to ships;
- stability and stress risks for ships;
- risk of personal injury or death to seafarers and shore-side workers;
- impairment of service schedule integrity;
- supply chain service delays for shippers of properly declared containers;
- last minute shut-outs of confirmed, booked and available loads when
the actual weight on board exceeds what is declared, and
the total cargo weight exceeds the vessel limit or port draft limit;
• lost revenue and earnings;
• liability for accidents and fines for
overweight containers on roads, and
resulting time and administrative
efforts and costs to seek
reimbursement from responsible parties;
• impairment of vessels’ optimal trim
and draft, thus causing impaired
vessel efficiency, suboptimal
fuel usage, and greater vessel air
emissions; and
• misdeclared weights can also
deprive customs authorities of
revenues in cases where duties
or tariffs are applied by weight
measurement of a commodity.

In short, such containers present a
risk to industry workers, to ships, to
equipment, to operational reliability and
to accurately declared shipments.

Regulations under SOLAS require that
the shipper provide the carrier, prior
to loading on the ship and confirmed
in writing and by appropriate shipping
documents, with the gross mass of the
container, and further, that the shipper
shall ensure that the gross mass of the
container is in accordance with the
gross mass declared on the shipping
documents. The problem is that this
requirement of the shipper to provide
the accurate container weight prior to
loading is often not met.

Container vessels do not have the
capability to weigh the containers that
are loaded on to them. Proper and
safe vessel stowage planning requires
accurate container weights before
the loading process occurs; accurate
container weight must be obtained on-
shore, and provided to the vessel, prior
to the vessel loading process.

**Industry self-help efforts have not solved the problem**

It is common practice by all ocean
carriers to inform their shipper
customers on the proper and safe
packing of containers and, upon
request, to provide specific packing
guidance material.

In 2008, the World Shipping Council
and the International Chamber of
Shipping jointly produced a document:
*Safe Transport of Containers By Sea:*

*Guidelines on Best Practices*, which
was presented to MSC in December
2008, and the Committee subsequently
invited Member Governments to urge
shipowners and operators to make the
publication available on board all ships
carrying containers.

The guidelines specifically and
extensively address the issue of
containerized cargo weight and
the importance of not overloading
containers. They provide specific
guidance to shippers and container
packers regarding container weights,
including the need for them to ensure
that: “After finalization of stuffing and
securing of containerized cargo, the
total container weight must be verified
and documented.” Furthermore,
the guidelines include provisions
regarding container weighing by
marine terminals, namely that the
terminal should: “Verify the container
weight against documentation by use
of a weighbridge or weight gauge/
load indicator on yard equipment or,
alternatively, verify that weighing has
occurred before entry and that such
weighing was compliant with accepted
best practice.”

Other industry best practice guidelines
also stress the importance of obtaining
accurate container weights before
vessel loading - such guidelines,
however, can only recommend
best practices. They have had little
discernible effect on reducing the
incidences of shippers’ providing
incorrect container weights, or on
ensuring that marine terminals verify
the weight of loaded containers upon
receipt/prior to loading.

**Safety requires a container
weighing requirement prior to vessel loading**

Ships cannot weigh containers, and
given that the only way to establish
or verify a container’s actual weight
is by weighing it, the actual container
weight needs to be ascertained prior
to vessel loading so that it can be used in
developing the proper vessel stowage
plan. Weighing a container after it has
been transported and unloaded at
the import port does not protect the
port workers handling the container
or the ship or its crew, and does not
promote proper vessel planning. Nor
does it provide an appropriate remedy
for the problems. In the absence
of a requirement that all loaded
(“stuffed”) containers be weighed
before vessel loading, a substantial
number of containers will continue
to go unweighed, and misdeclared
containers will continue to create the
various problems noted.

A requirement to weigh stuffed
containers for export is feasible and
practical, as has been shown in
those jurisdictions that require such
containers to be weighed.

**Shipping Australia Limited will
continue to encourage the adoption of
this work programme to ensure
that the current relatively high
incidence of misdeclared weights is
seriously reduced or eliminated.**
At the Maritime Industry Security Consultative Forum held in Perth on 27 July 2011 the Office of Transport Security advised of a number of important amendments to the Maritime Transport and Offshore Facilities Regulations most of which will commence on 11 September 2011. Shipping Australia is a keen and active participant in the Forum and is represented by the CEO.

Different categories of security regulated ships

The new regulations identify four categories of security regulated ships. The intention behind the amendments is to allow future security measures at Australian ports to more accurately address the individual risks faced by each unique category of security regulated ship. This will include the use of different passenger screening measures for different categories of passenger ship. These measures will be promulgated by notice commencing with a Maritime Screening Notice for large passenger ships which will apply at capital cities around Australia. In some cases, this may result in additional costs.

The categories of ship are:
- Large Passenger Ship – (151 passengers or more)
- Small Passenger Ship – (up to and including 150 passengers)
- Passenger and Vehicle Ferry
- All other security regulated ships

If a ship is a security regulated ship, but is not a small passenger ship, large passenger ship or passenger and vehicle ferry, it falls within the fourth category and is still subject to all legislative requirements of a security regulated ship prescribed in the Maritime Transport and Offshore Facilities Security Regulations or Act.

A security regulated ship can only be one category of security regulated ship.

In addition, a number of ports have been assessed as high volume regional ports, namely Cairns, Newcastle, Burnie and Broome. The definition of a high volume regional port is one that receives 10 or more large cruise vessel visits per annum. Ideally, these ports should conduct landside screening using dedicated screening points and cleared zones. However, it is presently acceptable for such ports to continue 100% ship based screening under a Declaration of Security (DOS) until agreement has been reached with the Department on development of more robust screening arrangements and infrastructure.

Where small passenger ships and large passenger ships are berthed at the same wharf, the post security operator should manage the security arrangements to ensure that the larger passenger ship’s security is not compromised.

Sydney’s passenger terminals are security regulated berths
The IMO has clarified the situation that port facility operators may agree to accept the DOS from a ship but a ship must agree to the DOS from a port facility operator based on the International Ship and Port Facility Security Code DOS template. If the ship operator fails to screen 100% of passengers on board the vessels, the Secretary of the Department of Infrastructure and Transport can issue a control direction.

The may be cases where a DOS requiring on board screening may be issued for a large passenger vessel, when another large passenger vessel occupies the berth where land based screening takes place.

There are presently a list of exemptions from screening for persons specified in the regulations. This includes passenger ship crew at MARSEC level 1 security risk but this is under review.

**Port security zones**

Additional regulatory provisions will allow the maritime security plan of a port facility operator to stipulate conditions for the use of Cleared Zones in their maritime security plan. Such details could include the times that specific Cleared Zones are operational.

The maritime security plan for a port facility operator, including arrangements for Cleared Zones, still needs to be approved by the Secretary, and the arrangements for requesting the establishment of Cleared Zone remain unchanged.

Another regulation provides that if the maritime security plan for a port facility prescribes arrangements for the establishment of a Cleared Zone at a certain time (ie. an hour before the arrival of a security regulated ship), the Cleared Zone is subject to the same requirements of any other Cleared Zone established by the Secretary – that is, immediately before the Cleared Zone becomes operational, the port facility operator must ensure that the Cleared Zone is inspected for unauthorised persons, goods (including weapons and prohibited items), vehicles and vessels.

**Exempting Australian vessels from the requirement to hold an ISSC**

The amended regulations specify under exactly what circumstances a vessel can apply to be exempt from the requirement to hold an International Ship Security Certificate (ISSC). This provision is intended to allow vessels that are not normally regulated to travel interstate or overseas for maintenance without triggering a requirement to develop a ship security plan and obtain an ISSC. The wording of the regulation is intended to ensure only Australian flagged vessels not carrying cargo or passengers will be granted an exemption.

**Recognising Foreign Flagged Vessel ISSC Exemptions**

Provision has also been made for the recognition of ISSC exemption certificates that have been issued by foreign governments. This provision is intended to allow foreign vessels that are not normally regulated to travel to Australia for maintenance or on delivery voyages without having a valid ISSC. The ISSC exemption will only be recognised where there is no diminution of security and the vessel is not carrying cargo or passengers.

**Maritime Security Identification Cards**

There are regulation amendments which commenced on 28 July 2011 to remove the obligation for an issuing body to cancel an MSIC when advised by AusCheck that a background check for an individual has returned as adverse due to a criminal record.

This applies under two scenarios:

1. Where an MISC holder has been awarded a discretionary MSIC by the Secretary or the AAT, and is undergoing a new application process for renewal of his/her card. This amendment will allow the holder to apply in advance of their discretionary MSIC expiring in anticipation of having to undergo the process again, without having their current card cancelled; and

2. Where the MSIC holder has had their card reinstated by the Secretary or the AAT (following cancellation) and is applying for renewal prior to their reinstated card expiring. This amendment will allow the holder to apply in advance of their reinstated MSIC expiring in anticipation of having to undergo a discretionary MSIC process, without having their current card cancelled.

These amendments will provide the opportunity for a holder of a discretionary or reinstated MSIC to ensure that there is no period of time in which they will not hold a valid MSIC.\[1\]
An international and local success story

By ALAN WILLIAMS, marine & area manager Australasia

Lloyd's Register is an international success story. Some 7,700 men and women of over 90 nationalities work for the organisation at 238 offices in 227 countries and other territories, from Canada and Korea to the USA and Germany. They serve more than 50,000 clients, from small businesses to global conglomerates. They survey ships, inspect offshore platforms and refineries, audit rail networks and certify production plants. They work in the oil fields of Kazakhstan, at great ports, such as Rotterdam, Singapore and Shanghai. The breadth of work and scale of the enterprise is a testament to the achievements not only of those who work for Lloyd’s Register today, but also those who preceded them.

To turn back to 1760 is to realise just how much the world has changed since Lloyd’s Register was founded. At that time the sailing ship was the most reliable and speedy form of transport and the steam engine’s full potential was only just being developed. Industrialisation of the western world had not yet accelerated to encourage the wide-spread exploitation of natural resources such as oil and gas; and the nuclear and jet ages would not even have been envisaged.

The Society for the Registry of Shipping was first established in Edward Lloyd’s coffee house, London. They published a Register Book to give merchants and underwriters a record of the quality of their vessels. From 1768 a1 was used to indicate a ship of the highest class, becoming A1 in 1775, now famous as a symbol of quality. Disputes over the Society’s classification system from 1799 to 1833 led to a second Register until the resolution of the issue in 1834, when both were reconstituted as Lloyd’s Register of British and Foreign Shipping, establishing a General Committee and charitable values which still stand today.

In the decades following 1960, Lloyd’s Register facilitated change as the shipping boom continued. Ships became ever larger and containerisation changed the world. The oil crisis of the early 1970s led to a deep depression in shipping, but Lloyd’s Register rode the storm through its involvement with the expanding energy industry and rising offshore business, marked by the pioneering development of oil and gas in the North Sea.

In 1985 Lloyd’s Register Quality Assurance Ltd (LRQA) was established which has been a highly successful company in assessing and certifying management systems.

Last year, we celebrated 250 years of service as a group united around the primary purpose of enhancing the safety of life and property at sea, on land and in the air.

Australia growth enables local integrated service delivery

We proudly trace our history in Australia back to 1872 when our first exclusive surveyors were appointed in Sydney and Melbourne. Since that time we have provided unbroken service to local and international clients in this region. During this time we have steadily grown the business here to the point today when we have a total headcount of around 140 staff located in seven strategic locations in Australasia.

Whilst the marine business remains the most significant component of our activity, our current portfolio of non-marine services is growing and mirrors our corporate capability: extending well beyond our classification foundation.

Capitalising on this expertise and finding innovative, multi disciplined solutions for our clients is one of our key objectives. We see exciting opportunities for further growth in all our areas of activity.

Our Marine business itself is broader than classification to include services such as energy efficiency management and fuel oil advisory services. Increasingly the Marine related aspects of our Energy business is leading us to support and lead growth in demand for expertise in floating offshore installation (FOI).

In Australia and New Zealand Lloyd’s Register has dedicated...
Marine offices in Melbourne, Sydney, Fremantle, Cairns, Brisbane, Newcastle and Auckland. This model enables us to offer highly responsive levels of service and be close to clients supporting local relationships with our clients - many of whom are similarly located.

Lloyd’s Register enjoys a leading market share of the domestic classification market. The Lloyd’s Register classed fleet in the area totals some 200 vessels in Australia totalling some 1.6m GT. This represents approximately 60% of the available fleet. The vessels range from small harbour tugs and yachts through to sophisticated passenger ships and LNG carriers. This strong client base has enabled us to develop a strong and experienced team in the area.

Our principal challenge in recent years has been a common one in the global and local maritime community – resourcing. Finding the right people in a competitive market is increasingly challenging but we have been fortunate in further strengthening our team recently through the appointment of a number of experienced surveyors. We recognise the importance of investing in young engineers and will be re-introducing our graduate recruitment and training programme towards the end of this year.

And our team in Australia has always been innovative. We were the first country outside the UK to implement the Naval Ship Rules, working closely with the Royal Australian Navy (RAN) to ensure the process was implemented in an effective manner. The classing of the Landing Craft Heavy fleet in Cairns some 9 years ago represented the first vessels to be fully classed to the Naval Ship Rules in the world. This early investment has led to a strong relationship with the RAN and today we class 17 of their vessels. We are classing their largest ever vessels, the Landing Helicopter Dock (LHD) platforms currently under construction in Spain with the first vessel scheduled to arrive in Williamstown in August 2012 for final fitting out and commissioning.

Our involvement in this and other Naval projects goes well beyond the traditional classification service and underscores our ability to provide, through our dedicated Rules and procedures, tailored solutions to
naval clients. This could range from the replenishment tanker Sirius to the sail training vessel Young Endeavour through to the innovative complex submarine escape and rescue system, LRS5 based in Western Australia.

Continuing our investment in this sector and recognising the importance and complexity of this client we recently seconded our Global Head of Naval Ships to Canberra to strengthen the mutual relationship and understanding and to enable us to plan for growth in this area.

In the commercial world we are seeing an increase in the number of LR classed Cruise vessels with home ports in Australia and it is anticipated that this will continue. This is a sector which we dominate globally. Responding to this growth we are building our specialist team here through investing in the training and development of a number of additional surveyors to enable them to undertake the specialised surveys these vessels require.

A similar strategy is in place in response to the forecast growth in the LNG market in Australia, an area where we already have a great deal of experience having been involved with the North West Shelf project since the design and delivery of their first vessel, the Northwest Sanderling, which entered service in 1989.

We have also identified the need for specialist electrical support in this part of the world and hope to have this expertise in Australia by the end of this year.

More immediately, the Maritime Labour Convention (MLC) will enter force over the coming years and the development of our capability to provide the required service and training to our clients is now in hand.

Locally, the development of the National Standard for Commercial Vessels (NSCV) and the move towards a single jurisdiction offers both opportunities and challenges to Classification Societies going forward and we continue to monitor developments in this area. Lloyd’s Register has supported the project from the start and our Special Service Craft Rules are an integral part of the structural requirements of the new code. We have provided training in this standard to most state and territory regulators.

Shipbuilding also plays an important part in our activities here, with seven vessels currently under construction to LR survey across Australia and New Zealand, ranging from pilot boats and high speed passenger ferries to luxury super yachts. Additionally, we are supporting several local ship owners, operators and designers on the construction of their vessels overseas.

We have a number of formal links into the maritime industry in Australia. These include an Advisory Committee which meets twice a year to discuss developments in the industry and to share views and update members on various sectors. The Committee includes ship owners, ship managers, ship designers / builders, underwriters and includes the CEO of SAL whose contributions are always welcomed at our meetings. We also have a Technical Committee which meets once a year to review and discuss proposed amendments to our Rules. Both these forums provide valuable feedback to us on how we are performing and guidance on areas of potential focus going forward.

More broadly, as we look ahead, we will seek to further integrate the services provided by our teams in the Business Assurance and Energy sectors. One recent example of this was the recent award of a contract by the NSW Government to provide technical support to the team developing the franchising framework for the Sydney Ferries. Our ability to provide a range of services beyond basic marine consultancy strengthened our bid considerably.

We are also working closely with our colleagues in the Business Assurance team who are able to provide our clients with a robust and contemporary range of services. LRQA is able to provide certification in a number of areas including Quality, Environment, Safety, Environment and climate change, Food and Security.

The recent appointment of a Climate Change Manager coupled with our ability to now provide CEMARS® (Certified Emissions Management And Reduction Scheme) certification reflects what we consider to be an area for significant growth in the near future.

Our Energy team can support onshore and offshore assets during their complete life cycles and many of these services can be delivered directly through our local teams in Australia and New Zealand.

A number of leaders in the energy sector such as Chevron and Woodside have chosen Lloyd’s Register as their Independent Validation Body on large scale developments, including the Gorgon Upstream Joint Venture, North Rankin Redevelopment Project and Pluto Liquefied Natural Gas Projects. Lloyd’s Register was also recently announced as the Certification Partner on the Shell Prelude FLNG project which will be the largest floating structure ever built and which will be deployed in Australian waters.

Our transportation team offers independent safety engineering, assurance, independent verification and validation (IV&V), training and systems assurance services to the rail sector.

In summary, we have an enthusiastic and dynamic team of technical specialists in Australia and New Zealand who are able to provide our clients with assurance, risk management and innovative solutions to technical challenges. With the corporate 250th anniversary just passed, we look forward with confidence to celebrating our 150th year in Australia in 2022!
The Victorian Regional Channels Authority has invested heavily to ensure its marine logistics and control systems are up-to-date.

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.
Historically a male-dominated industry, more and more women are now entering into the exciting world of shipping and trade. The recent appointment of P&O’s first female captain, Captain Sarah Breton is testament to the fact that women are also joining the ranks of senior members of the shipping industry. But there is no doubt that women like Sarah Breton are an exception to the rule.

In 1999, a paper entitled “Job Satisfaction of logistics managers: Female versus male perspectives”, identified that both men and women in the logistics and transportation industry perceived a glass ceiling for women.

Ten years on, men still make up the majority of executives in the trade and transport industries. But it’s not just these industries in which women struggle with a glass ceiling. A report in July 2011 by the Equal Opportunity for Women in the Workplace Agency reveals that on average, women working full time earn 17.2% less than men working full time, female graduates earn $2000 less than their male counterparts, and 12.5% of directors in the ASX 200 are women with little change since 2008.

Dr Helen Szoke, Commissioner of the Victorian Equal Opportunity and Human Rights Commission stated in a speech given in February 2011 that:

“Embracing gender diversity is not about establishing quotas nor is it about political correctness. It is about identifying and addressing systemic barriers that prevent women from fully and meaningfully participating in the workforce.”

With this in mind, a group of Australian women have teamed up to form a new association aimed at encouraging higher participation of women in the Australian shipping, trade and logistics industries. WISTA, Australia, is the Australian branch of the international organisation, the Women’s International Shipping & Trading Association, an association which is now in over 21 countries. A relatively young association, Women’s International Shipping & Trading Association was established in London in 1974, when a small group of women decided to meet on a regular basis to exchange views and professional experiences relevant to the maritime transportation business and international trade.

Photo of WISTA, Australia executive committee members from left to right: Alana Jessup; Rachel Dean, Danella Wilmshurst and Aurea Palma, (Terri Bell absent).
Danella Wilmshurst, president of WISTA, Australia, and a partner at HWL Ebsworths, had the idea to start an Australian branch of WISTA after attending a conference in Singapore in 2006. Five years on, Danella and a small group of other women are emulating that very first meeting in London almost 40 years ago and are inviting other women to join them in this exciting new venture.

WISTA aims to promote and support professional women in shipping and international trade promoting networking, education and mentoring.

“There is strong and demonstrated enthusiasm for the association among women working in shipping and trade throughout Australia and it is hoped that the leaders within the maritime sector will support the association and their female employees and colleagues in participating in WISTA to enhance their experience and career in this industry.” says Danella.

Although in its infancy WISTA Australia is already attracting high level support. Dr Kerry Sanderson AO, Agent General of Western Australia and former CEO of Fremantle Ports and President of Ports Australia said “I very much support your objectives in setting up an Australian chapter of WISTA. Well done for taking the initiative.”

While membership is only open to females in the shipping, trade and logistics industries, male participation is also welcomed and encouraged. There is no doubt that men also see the benefits of increased participation by women in those industries. “I have often mentioned the absence of women at the many meetings we have of representatives of the shipping industry in Australia. SAL supports this initiative and congratulates all those involved” Llew Russell, CEO; Shipping Australia Limited.

The official launch event is currently in the planning stages and will be held early next year in Sydney.

Plans are also underway for other networking events including informal Christmas drinks later this year in Sydney, Melbourne, Brisbane and Perth. Employers will have the opportunity to support WISTA by encouraging female employees’ membership, and via sponsorship of planned events.

While the executive committee which consists of Danella Wilmshurst, Aurea Palma, Rachel Deane, Alana Jessup and Terri Bell, is based in NSW, it is expected that women from all states will be keen to get involved. Women from around the country interested in setting up state branches are encouraged to get involved. If you are interested, you can contact Rachel Deane, the secretary of WISTA on (02) 9334 8564 or by email at either rachel.deane@hwlebsworth.com.au or wista.australia@gmail.com. Visit our website at www.wista.net.
The SAL social calendar has been filled with events and the NSW Parliamentary luncheon just another highlight with The Hon. Duncan Gay, Minister for Roads and Ports, Deputy Leader of the Government in the Legislative Council, Leader of the House in the Legislative Council addressing the luncheon.

The 260 attendees applauded Frank Needs as the industry veteran was honoured with a plaque celebrating and commemorating over 60 years of service to the Australian maritime industry and more recently his role as the Border Agencies and Port Services Steering group chairman. SAL Chairman Michael Phillips presented Frank with the award to which he replied that he was humbled by the award and that he was “just doing his job”. Frank continues to be actively involved in SAL’s Public relations committee.
The biennial luncheon held in Newcastle was well attended with over 160 guests attending from as far as Port Kembla being addressed by guest of honour the Hon. John Ajaka, member of the Legislative Council, Parliamentary Secretary for Transport and Roads.

Mr Ajaka highlighted that the newly-integrated transport authority will eliminate duplication and strengthens the state’s chances of securing funding for infrastructure projects.
## 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 2009, 2010 and 2011 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>
<th>Increase</th>
<th>2009</th>
<th>Increase</th>
<th>2010</th>
<th>Increase</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelaide</td>
<td>Towage</td>
<td>N/A</td>
<td>N/A</td>
<td>5.70%</td>
<td>01-Jul-10</td>
<td>6.00%</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Navigation Fee</td>
<td>4.30%</td>
<td>01-Jul-09</td>
<td>7.98%</td>
<td>01-Jul-10</td>
<td>3.60% avg</td>
<td>27-Jun-11</td>
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<td></td>
<td>Berth Hire</td>
<td>2.75%</td>
<td>01-Jul-09</td>
<td>8.04%</td>
<td>01-Jul-10</td>
<td>3.60% avg</td>
<td>28-Jun-11</td>
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<tr>
<td></td>
<td>Infrastructure Fee</td>
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<td>01-Jul-09</td>
<td>7.94%</td>
<td>01-Jul-10</td>
<td>3.60% avg</td>
<td>29-Jun-11</td>
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<td></td>
<td>Pilotage</td>
<td>N/A</td>
<td>N/A</td>
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<td>01-Jul-10</td>
<td>3.60% avg</td>
<td>30-Jun-11</td>
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<tr>
<td></td>
<td>Wharfage</td>
<td>6.00%</td>
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<td>Nil</td>
<td>Nil</td>
<td>3.04%</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Harbour Dues</td>
<td>6.00%</td>
<td>01-Dec-09</td>
<td>Nil</td>
<td>Nil</td>
<td>3.03%</td>
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<td></td>
<td>Port Access Charge per TEU</td>
<td>New Charge 2011</td>
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<td>01-Jul-11</td>
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<td></td>
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<td></td>
<td>Port Access Charge for Commodities</td>
<td>New Charge 2011</td>
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<td>01-Jul-11</td>
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<td></td>
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<td></td>
<td>Common User Wharf Fees</td>
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<td>01-Dec-09</td>
<td>Nil</td>
<td>Nil</td>
<td>2.94% avg</td>
<td>01-Jul-11</td>
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<td>Security Charges</td>
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<td>01-Dec-09</td>
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<td>Nil</td>
<td>3.06% avg</td>
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<td>15-Jun-09</td>
<td>Nil</td>
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</tr>
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<td></td>
<td>Pilotage all services</td>
<td>10.00%</td>
<td>01-Apr-09</td>
<td>10.00%</td>
<td>01-Oct-10</td>
<td>10.00%</td>
<td>01-Jul-11</td>
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<td>Broome</td>
<td>All charges</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>5.00% avg</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Pilotage</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>5.00%</td>
<td>01-Jul-11</td>
</tr>
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<td>Port Infrastructure Berths 1, 2, 3 &amp; 5</td>
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<td>N/A</td>
<td>10.00%</td>
<td>01-Jul-10</td>
<td>4.50%</td>
<td>01-Jul-11</td>
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<td>Port Infrastructure Berths 4 &amp; 6</td>
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<td>N/A</td>
<td>6.50%</td>
<td>01-Jul-10</td>
<td>4.50%</td>
<td>01-Jul-11</td>
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<td></td>
<td>Port Infrastructure Berth 8</td>
<td>9.80%</td>
<td>01-Jul-09</td>
<td>10.60%</td>
<td>01-Jul-10</td>
<td>4.50%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Berth Hire During Cleaning/Repairs</td>
<td>N/A</td>
<td>N/A</td>
<td>37.10%</td>
<td>01-Jul-10</td>
<td>4.50%</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Berth Hire Berth 3</td>
<td>N/A</td>
<td>N/A</td>
<td>37.10%</td>
<td>01-Jul-10</td>
<td>9.40%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Berth Hire Berths 1 &amp; 2</td>
<td>N/A</td>
<td>N/A</td>
<td>37.10%</td>
<td>01-Jul-10</td>
<td>170.00%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Berth Hire Berths 5 &amp; 8</td>
<td>N/A</td>
<td>N/A</td>
<td>37.10%</td>
<td>01-Jul-10</td>
<td>35.00%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Pilotage Service</td>
<td>N/A</td>
<td>N/A</td>
<td>24.60%</td>
<td>01-Jul-10</td>
<td>5.90%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Fresh water supply charge</td>
<td>N/A</td>
<td>N/A</td>
<td>22.20%</td>
<td>01-Jul-10</td>
<td>6.25%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Navigational service</td>
<td>N/A</td>
<td>N/A</td>
<td>5.30%</td>
<td>01-Jul-10</td>
<td>3.20%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Waste Disposal</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>4.50%</td>
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<tr>
<td>Bunbury</td>
<td>Water Charges</td>
<td>16.85%</td>
<td>01-Jul-09</td>
<td>39.23%</td>
<td>01-Jul-10</td>
<td>5.52%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Pilotage Exemption</td>
<td>22.88%</td>
<td>01-Jul-09</td>
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<td>01-Jul-10</td>
<td>7.80%</td>
<td>01-Jul-11</td>
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<td>01-Jul-09</td>
<td>20.00%</td>
<td>01-Jul-10</td>
<td>17.33%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Wharfage</td>
<td>45.24%</td>
<td>01-Jul-09</td>
<td>25.93%</td>
<td>01-Jul-10</td>
<td>8.33%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Port Dues</td>
<td>78.18%</td>
<td>01-Jul-09</td>
<td>9.90%</td>
<td>01-Jul-10</td>
<td>17.12%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Minimum Port Dues</td>
<td>27.97%</td>
<td>01-Jul-09</td>
<td>19.50%</td>
<td>01-Jul-10</td>
<td>19.14%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>All rates</td>
<td>2.90%</td>
<td>01-Jul-09</td>
<td>3.50%</td>
<td>01-Jul-10</td>
<td>3.00%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Storage Tariff East Arm Wharf</td>
<td>New Charge 2011</td>
<td>$2.34 per M2</td>
<td>01-Jul-11</td>
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<td></td>
<td></td>
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<td>Cargo Service Charge</td>
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<td>01-Jul-09</td>
<td>2.69%</td>
<td>01-Jul-10</td>
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<td>Harbour Services Charge</td>
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<td>01-Jul-09</td>
<td>2.60%</td>
<td>01-Jul-10</td>
<td>3.60%</td>
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<tr>
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<td>Navigation Charges</td>
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<td>01-Jul-09</td>
<td>2.60%</td>
<td>01-Jul-10</td>
<td>3.60%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
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<td>2.30%</td>
<td>01-Jul-09</td>
<td>3.50%</td>
<td>01-Jul-10</td>
<td>5.90%</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Wharfage &amp; Berth Hire</td>
<td>3.00%</td>
<td>01-Jul-09</td>
<td>2.50%</td>
<td>01-Jul-10</td>
<td>3.00% avg</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Tonnage</td>
<td>3.30%</td>
<td>01-Jan-09</td>
<td>5.50%</td>
<td>01-Jan-10</td>
<td>3.00% avg</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Pilotage</td>
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<td>01-Jul-09</td>
<td>7.50%</td>
<td>01-Jul-10</td>
<td>3.00% avg</td>
<td>01-Jul-11</td>
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<td>Towage</td>
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<td>N/A</td>
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<td>01-Jul-10</td>
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<td>01-Jul-09</td>
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<td>N/A</td>
<td>3.00% avg</td>
<td>01-Jul-11</td>
</tr>
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</table>

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 2009, 2010 and 2011 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>
<th>Increase</th>
<th>2009</th>
<th>Increase</th>
<th>2010</th>
<th>Increase</th>
<th>2011</th>
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<tr>
<td>Gladstone</td>
<td>All services</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>3.59% avg</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Harbour Dues</td>
<td>3.06% avg</td>
<td>01-Jul-09</td>
<td>3.95% avg</td>
<td>01-Jul-10</td>
<td>3.59% avg</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Tonnage/Wharfage</td>
<td>3.17% avg</td>
<td>01-Jul-09</td>
<td>3.17% avg</td>
<td>01-Jul-10</td>
<td>3.59% avg</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Refuse Removal</td>
<td>3.16% avg</td>
<td>01-Jul-09</td>
<td>3.91% avg</td>
<td>01-Jul-10</td>
<td>3.59% avg</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Mooring</td>
<td>5.00%</td>
<td>01-Jul-09</td>
<td>6.79% avg</td>
<td>01-Jul-10</td>
<td>3.59% avg</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Pilotage all services</td>
<td>10.00%</td>
<td>01-Apr-09</td>
<td>6.82%</td>
<td>01-Jul-10</td>
<td>10.00%</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Towage</td>
<td>6.00%</td>
<td>01-Oct-09</td>
<td>N/A</td>
<td>N/A</td>
<td>3.59% avg</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Security Charge</td>
<td>3.17% avg</td>
<td>01-Jul-09</td>
<td>3.17% avg</td>
<td>01-Jul-09</td>
<td>6.82%</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Pilotage all services</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>10.00%</td>
<td>01-Jul-11</td>
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<tr>
<td>Hay Point</td>
<td>Single Towage Charge All Vessels</td>
<td>New Charge 2011</td>
<td>$47,652</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Harbour Dues</td>
<td>N/A</td>
<td>N/A</td>
<td>3.00% avg</td>
<td>01-May-10</td>
<td>N/A</td>
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<td>Tonnage Dues</td>
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<td>N/A</td>
<td>3.19% avg</td>
<td>01-May-10</td>
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<tr>
<td></td>
<td>Mooring dues</td>
<td>N/A</td>
<td>N/A</td>
<td>3.13%</td>
<td>01-May-10</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td></td>
<td>Service &amp; Security Charges</td>
<td>N/A</td>
<td>N/A</td>
<td>3.13% avg</td>
<td>01-May-10</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Pilotage all services</td>
<td>10.00%</td>
<td>01-Apr-09</td>
<td>10.00%</td>
<td>01-Oct-10</td>
<td>10.00%</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Towage</td>
<td>4.50%</td>
<td>15-Jun-09</td>
<td>4.00%</td>
<td>01-Jul-10</td>
<td>4.6% avg</td>
<td>08-Jul-11</td>
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<tr>
<td></td>
<td>Wharfage Full Containers</td>
<td>2.50%</td>
<td>01-Jul-09</td>
<td>5.49%</td>
<td>01-Jul-10</td>
<td>4.43%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Wharfage Empty Containers</td>
<td>2.20%</td>
<td>01-Jul-09</td>
<td>4.35%</td>
<td>01-Jul-10</td>
<td>4.17%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Non Containerised / General Cargo</td>
<td>1.95% avg</td>
<td>01-Jul-09</td>
<td>7.46%</td>
<td>01-Jul-10</td>
<td>4.73%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Motor Vehicles</td>
<td>2.56%</td>
<td>01-Jul-09</td>
<td>19.37%</td>
<td>01-Jul-10</td>
<td>4.71%</td>
<td>01-Jul-11</td>
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<tr>
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<td>Dry Bulk</td>
<td>2.71%</td>
<td>01-Jul-09</td>
<td>7.85%</td>
<td>01-Jul-10</td>
<td>4.08% avg</td>
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<td>Bulk Liquid Cargo</td>
<td>15.00%</td>
<td>01-Jul-09</td>
<td>19.97%</td>
<td>01-Jul-10</td>
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<tr>
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<td>Channel Fees</td>
<td>2.23%</td>
<td>01-Jul-09</td>
<td>3.93% avg</td>
<td>01-Jul-10</td>
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<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Berth Hire</td>
<td>2.54%</td>
<td>01-Jul-09</td>
<td>4.12% avg</td>
<td>01-Jul-10</td>
<td>4.46% avg</td>
<td>01-Jul-11</td>
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<tr>
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<td>Wharf Access</td>
<td>69.23%</td>
<td>01-Jul-09</td>
<td>4.55%</td>
<td>01-Jul-10</td>
<td>4.35%</td>
<td>01-Jul-11</td>
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<td>Area Hire</td>
<td>2.49%</td>
<td>01-Jul-09</td>
<td>4.00%</td>
<td>01-Jul-10</td>
<td>4.63% avg</td>
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<td>15-Jun-09</td>
<td>5.00%</td>
<td>01-Jul-10</td>
<td>6.50%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Security</td>
<td>-5.50%</td>
<td>01-Jul-09</td>
<td>3.96% avg</td>
<td>01-Jul-10</td>
<td>4.13% avg</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Pilotage (Port Phil Sea Pilots)</td>
<td>3.17% avg</td>
<td>01-Jul-09</td>
<td>5.58%</td>
<td>01-Jul-10</td>
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<td>Infrastructure Charge (Channel Deepening)</td>
<td>2.48% avg</td>
<td>01-Jul-09</td>
<td>2.48%</td>
<td>01-Jul-10</td>
<td>3.00%</td>
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<td>Mackay</td>
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<td>6.50%</td>
<td>15-Jun-09</td>
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<td>01-Jul-10</td>
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<td>01-Jul-11</td>
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<td>15-Jun-09</td>
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<td>01-Jul-11</td>
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<td>6.13% avg</td>
<td>01-Jul-09</td>
<td>2.18%</td>
<td>01-Jul-10</td>
<td>2.37%</td>
<td>01-Jul-11</td>
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<td>Nav Charge (ex pax, bulk, liquid &amp; gas)</td>
<td>6.15% avg</td>
<td>01-Jul-09</td>
<td>2.18%</td>
<td>01-Jul-10</td>
<td>2.37%</td>
<td>01-Jul-11</td>
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<td>Navigaton: Pax, bulk, liquid &amp; gas</td>
<td>5.45% avg</td>
<td>01-Jul-09</td>
<td>2.18%</td>
<td>01-Jul-10</td>
<td>2.37%</td>
<td>01-Jul-11</td>
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<td>10.00%</td>
<td>01-Apr-09</td>
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<td>01-Jul-10</td>
<td>2.37%</td>
<td>01-Jul-11</td>
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<td></td>
<td>PBLUS per TEU</td>
<td>New Charge 2010</td>
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<td>Security Charge per TEU</td>
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<td>5.00%</td>
<td>01-Jul-10</td>
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<td>01-Jul-11</td>
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<td>01-Jul-09</td>
<td>2.50%</td>
<td>01-Jul-10</td>
<td>15.00%</td>
<td>TBA</td>
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<tr>
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<td>Tonnage</td>
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<td>01-Jul-09</td>
<td>2.50%</td>
<td>01-Jul-10</td>
<td>5.00%</td>
<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Wharfage</td>
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<td>N/A</td>
<td>2.50%</td>
<td>01-Jul-10</td>
<td>5.00%</td>
<td>01-Jul-11</td>
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<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>5.00%</td>
<td>01-Jul-11</td>
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<td>01-Jul-11</td>
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<td>Navigation</td>
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<td>01-Oct-10</td>
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<td>01-Jul-11</td>
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<td>01-Jul-11</td>
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<tr>
<td></td>
<td>Wharfage</td>
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<td>01-Oct-10</td>
<td>5.00%</td>
<td>01-Jul-11</td>
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<td>Nil</td>
<td>73.83%</td>
<td>01-Oct-10</td>
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<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Pilotage all services</td>
<td>10.00%</td>
<td>01-Apr-09</td>
<td>10.00%</td>
<td>01-Oct-10</td>
<td>10.00%</td>
<td>01-Jul-11</td>
</tr>
<tr>
<td></td>
<td>Towage</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>2.90%</td>
<td>01-Jul-11</td>
</tr>
</tbody>
</table>
Policy on revitalisation of Australian shipping gathers momentum

New shipping policy government announcement imminent

In late July, a spokesman for the Federal Minister for Infrastructure and Transport, Anthony Albanese, stated that draft legislation would soon be released addressing the shipping policy reform package and the establishment of one national maritime regulator, the Australian Maritime Safety Authority.

The draft legislation will address the details of the policy proposals in the light of deliberations of three reference groups; one on taxation, one on regulation and one on developing maritime skills and training. Whilst SAL was not represented on these reference groups, we look forward to being consulted on the draft legislation.

The reference groups discussed the details of the broad outline of the Government’s proposals released by the Minister last December. These involved the application of a tonnage tax similar to the regime which operates in a number of countries overseas and which should, along with the other proposed measures, encourage ship owners to register their vessels in Australia. There were a number of other taxation measures which will complement the tonnage tax regime. In addition, from 1 July 2011, fuel tax credits will decline by around 16% and this reduction will increase over the ensuring two years. It has been estimated that foreign flag vessels claiming fuel tax credits for the lifting of domestic cargo will be approximately $4 million worse off in the first year of the carbon tax regime.

SAL concerned at impact of the carbon tax regime from 1 July 2012

SAL notes that the regime will apply to rail freight transport from the beginning of next financial year but not for long distance trucks until the following year (if that is finally agreed!). Users of these services are unlikely to be compensated.

In addition, from 1 July 2011, fuel tax credits will decline by around 16% and this reduction will increase over the ensuring two years. It has been estimated that foreign flag vessels claiming fuel tax credits for the lifting of domestic cargo will be approximately $4 million worse off in the first year of the carbon tax regime.

Parliamentary committee reports on combating serious crime on the waterfront

The Parliamentary Joint Committee on Law Enforcement’s inquiry into the adequacy of aviation and maritime security measures to combat serious and organised crime tabled its report in Parliament last June.

The report included 22 recommendations covering such issues as:

- Level of policing presence on seaports and
- Arrangements for the Maritime (and Aviation) Security Identification Card schemes.

SAL gave evidence to the Committee and is awaiting the Government’s response with much interest. The full report is available at www.aph.gov.au/Senate/Committee/le-ctte/aviation_maritime/report/report.pdf.

Discussion paper on relocating motor vehicles to Geelong released

Submissions on the discussion paper on relocating motor vehicles importing and exporting to the port of Geelong are being sought by 30 September, 2011.

The discussion paper describes the current arrangements for handling motor vehicle trade through the port of Melbourne, proposes alternative arrangements for the port of Geelong and identifies the issues on which the Government is seeking stakeholder input. SAL will be making a detailed submission.

Shipping lines introduce new cargo incident notification system

The objective of the cargo incident notification system network (Cinsnet) is to gather, collate and share all information related to potentially dangerous containerised freight on an industry wide basis. It is expected to go online in September.

All information on overweight, containers or misdeclared weights in containers, for example, will be fed into Cinsnet in order to produce
Newcastle Stevedores specialises in Break bulk, Project cargo and containers in the port of Newcastle and works at developing client relationships ensuring a high quality of stevedoring services.

Our ability to give assurances is supported by highly trained human resources backed up by an experienced Management and operational team who excel in ships planning and ship management who are backed up with specialist stevedoring equipment and machinery.

Geoff Beesley – Managing Director

Geoff has almost 50 years experience in the shipping industry, the majority of which was spent with P&O. In 1997, after parting company with P&O, he saw the opportunity to start his own stevedoring business. He has managed Container and Consolidation depots, shipping agencies as well as stevedoring interests.

James Griffiths – General Manager

James Griffiths started with NS in 1998, as a Casual Waterside Worker. He has been fortunate enough to experience a wide exposure to the industry during the last 7 years, including roles within Shipping Agencies, Cargo Consolidation Facilities and here at NS.

Philip Watt – Operations Manager

Philip Watt has over 15 years experience managing all operational facets of container and multipurpose port operations. He has hands on operational experience across a broad range of port environments. Prior to joining NS in August 2010 he worked with AECOM, Swire Shipping and Port of Wellington. In his time at Swire Shipping he was fortunate enough to spend 2 years in PNG managing the port operations for the region.

Darrel Madden - Wharf Superintendent

Darrel Madden has over 20 years experience as a waterside worker. He worked for Patrick and Strang Stevedores prior to commencing with NS in 2001. Darrel spent time working as a Grade 5 and 6 foreman prior to moving to his Superintendent role.

Jeff Harvey - Wharf Superintendent

Jeff Harvey was one of the Newcastle Stevedores original employees. Prior to Stevedoring Jeff had a very mechanical background. Now with over 14 years working as a Grade 5 and 6 foreman he has moved in to the role of Wharf Superintendent.

Illawarra Stevedores is a separate “sister” company of Newcastle Stevedores. It commenced business in June 1998 and handled its first vessel in July 1998. Primarily we handle Break Bulk Cargoes such as tinplate and steel coils but also handle bulk cargoes. Illawarra Stevedores can assist you with your cargo transhipments, or even handle them for you completely.

With recent changes in Port Kembla Illawarra Stevedores is ideally placed with expert stevedores who know their job and are the best available.
The lines involved are presently Maersk, MSC, CMA-CGM, Evergreen and Hapag-Lloyd but other lines will be invited to participate.

AUSMEPA’s marine pests and threats educational programme revised

In July, the Australian Marine Environment Protection Association (AUSMEPA) completely revised and updated the marine pests and threats unit on their website. It has been brought up to date with current practices and knowledge in Australia and is in line with international requirements established by the IMO in the International Convention for the Control and Management of Ship’s Ballast Water and Sediments, 2004. The website provides a vast amount of information on the issue of marine pests potentially being brought to Australia in ships’ ballast water and as hull fouling and what is being done by ships and the shipping industry to minimise any further introductions. The new website can be accessed at www.ausmepa.org.au/pests.

ACCC investigates exclusive dealing notification by Melbourne empty container parks

The Commission has received notification of possible exclusive dealing by a number of empty container parks in Melbourne who are considering the use of the Containerchain IT system to enhance the transparency of this important link in the container supply chains. It involves a truck arrival notification system and the payment of a fee by the truck operator.

SAL supports this initiative and has made a submission to the ACCC in relation to this investigation.

Fundamentals of the Maritime Industry Course

Development of the Introduction to the Maritime Industry into an online package continues and is on track to be launched in January 2012. To better reflect the course content the title, Fundamentals of the Maritime Industry will replace Introduction to the Maritime Industry, whilst still continuing to deliver the quality content that made the previous face to face delivered course so popular. The Fundamentals of the Maritime Industry course will position itself as natural progression for those who have completed the existing Introduction to Shipping online course or for those who already have a basic understanding of the shipping industry.

The course will be made up of nine subjects covering the following:

1. International trade: The nature and extent of international trade, benefits from participation, the dynamics of trade and characteristics of Australia as a trading nation.

2. Seaborne trade and shipping: The organisation of the international shipping industry in response to the global transport task. General demand and supply factors, operating and building trade capacity.

3. Ships and their characteristics: Examples of types of ships that make up the world fleet and the employment sectors that they operate in. Ship measurement and capacity for cargo and the safe operation of ships.

4. International maritime logistics: Logistics – the supply chain for the movement of cargo to the destination. Various options available for the total movement, containers, break-bulk, bulk – liquid and dry and how they are carried. Dangerous cargoes.

5. Port – the vital link: The importance of ports and how Australian ports are managed and operated. The role of the Port Authority, cargo handling operations and equipment used in a typical port by stevedores and others.

6. The liner trade – cargo shipment: Managing a liner trade service to carry cargo, the commercial arrangements at various stages of the supply chain, examining the actions of the parties concerned and identifying documents produced and their function, particularly the Bill of Lading.

7. The bulk trade – cargo shipped in a chartered ship: Explain what chartering means, types of charters, terms and conditions of a Charter Party, the fixture and the shipment.

8. Structure of the maritime industry in Australia: Industry structure and relationships. Identifying the major stakeholders both government and non government that have a connection with shipping and their various functions.

9. The regulatory regime: Examples of some of the international conventions and the regulatory regime that impacts on shipping and the measures in place to ensure compliance.

To receive more information on SAL’s Introduction to Shipping, Introduction to the Maritime industry course or to register your interest to receive notification when the new Fundamentals of the Maritime Industry is launched please contact Paul Alexander palexander@shippingaustralia.com.au or by phone on 02 0266 9916.
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