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From the bridge

Why we care about new extra charges

By ROD NAIRN, CEO, Shipping Australia Limited

ow it is done, (that almost sounds like a quote from Shakespeare), Llew Russell has slipped quietly into retirement, undoubtedly to rise again to prominence when his encyclopaedic knowledge of shipping industry regulation is in urgent demand, and the board of Shipping Australia has confirmed my appointment as chief executive officer. I hope that you and I do get on, because we will be in this together for a while.

With charter rates low and container rates struggling to cover costs, it does seem that shipping is doing it tough, but at the same time, port charges are continuing to rise, at least at the rate of CPI, and often in excess of it (refer to the summary table in Shipping Australia Magazine, winter edition). A new port infrastructure rate charge is about to commence in Port Hedland (where towage rates have recently increased by 30 per cent) which will cost an additional $20,400 per visit for ships greater than 80,000grt. State Governments are increasing their taxes on trade with NSW now, following their Victorian colleague’s example of a ground breaking port licence fee, by imposing an additional $4 levy on full containers transiting Port Botany, but we still haven’t found out why! In the last magazine Shipping Australia reported on the assurance from Minister Duncan Gay that following the privatisation of the Port “the NSW Government will retain the PBLIS landside logistics regulatory functions and would continue to be responsible for coordinating the efficient movement of freight subject to normal budgetary processes”. What he didn’t mention, was that the budget would be boosted by additional tax on full containers. This, on top of the former Labor Federal Government’s continuation (and re-branding) of the 3 cent per tonne levy, which was only to be in place until the excess costs of the Pacific Adventurer oil spill were recovered. (Remind me again, why we don’t always believe politicians?)

In quiet conversations with government and port officials I am often asked “why do you care, shipping companies just pass these charges on to their customers?” They seem to think that this should be the perfect “crime” - more revenue for the perpetrators and no victim, except the unsuspecting public or mining company, who, of course, blame the shipping companies.....but it is not so, and there are three main reasons. In the first place shipping is a highly competitive industry, and with many players in the market shipping companies are pressured to absorb additional charges, at least until their current contracts expire. In the second, shipping is a global business and some liner companies may even take a loss on some sectors of their trade operations and try to make it up on others, in order to provide a global service. Thirdly, and most importantly, it damages Australia’s economy, it makes our exports less competitive, increases the cost of imports to our consumers, so drives down foreign earnings and drives down domestic demand, a classic lose – lose situation. The result, a shrinking economy: less demand for Australian exports, less Australian demand for imports and therefore less demand for shipping. So the reason I care is that I am Australian, and increases in taxes and charges on trade is bad for Australia, and bad for shipping companies who Shipping Australia Limited represents.

I had the opportunity to address a conference on national transport regulation reform in Sydney on 21 June, and highlight the difficulties faced by shipping companies in trying to comply with the intersecting aspects of various legislation in the coastal shipping environment. I emphasised that clarity and simplicity in legislation was essential and that the current temporary licence regime did not provide this. Shipping Australia has also recommended an easing of the requirement to pay Part B wages to foreign crews when small amounts of domestic cargo are carried incidental to international cargo voyages. This edition’s Viewpoint raises a few controversial ideas in relation to coastal trading and the Australian International Shipping Register, so why not send your comments to our new feedback line: feedback@shippingaustralia.com.au

At the end of July I was also invited to speak at the AMSA hosted NAV 2013
international navigation conference in Darwin. The conference theme Transit to e-Navigation provided a focus on the future direction for shipboard navigational practices and systems, and interactions with vessel traffic services and shore-based aids to navigation. While international speakers and safety regulators spoke with enthusiasm about what changes were possible with technological advancements, my task was to convince them of the economic reality of what faces shipowners. My central theme was, that if E-Navigation is to be accepted, adopted and implemented, the shipping industry needs to be convinced that it would bring tangible and financial benefits. Reductions in insurance costs, fuel savings through route optimisation (to gain from ocean currents and weather effects) and reduced administration overheads, and waiting times at ports are all on the wish list. E-Navigation must help to conduct efficient maritime trade, safely and in an environmentally consistent manner, and not be an additional financial and administrative burden merely to provide national marine regulators with a big-brother surveillance system. I left the conference with some confidence that the message had been received.

Shipping Australia continues to be active around the regions. During the period I was also able meet with the South Australian state chairman Geoff Rose and attend the Victorian state committee luncheon where a new supply chain advisory network was launched. At the last NSW state luncheon Gary Webb, CEO Newcastle Port, looked back over his time from his earliest days with the Port of Newcastle, before his retirement in September. Both of these events feature in The Scene, and Gary’s presentation has been captured in a feature on Newcastle on page 32. Disappointed to miss the Newcastle event, our chairman, Ken Fitzpatrick, was otherwise engaged on the day, addressing the Young Shipping Australia Victoria meeting in Melbourne on the current challenges facing the shipping industry. It is also good to see that YSA is continuing to grow in strength nationally, with the new Queensland chapter becoming more active. An ideal resource to support YSA members and others considering entering the shipping sector is SAL’s on-line training package, which is kept up to date with the latest changes impacting the industry.

I was able to attend the Western Australian state committee meeting in July and was impressed with the level of interest. I thank Michael Connolly who completed his term as Western Australian state chairman, and welcome Jamie Allardice, who has taken over the role. Jamie is the first of our chairmen to take up the new Shipping Australia email address to go with his role (wa.chairman@shippingaustralia.com.au), and these will be rolled out by the other state chairmen and secretaries, as convenient.

While in the west, I was very pleased to attend the Australian Shipowners Association Day of the Seafarer breakfast. The event recognised the importance of the humble seafarer in the global supply chain. A presentation at the event focussed on preparations for the global introduction of the Maritime Labour Convention on 20 August.

Our SAL - ASA working together initiative is starting to yield practical benefits, such as mutual representation at government workshops in Sydney and Melbourne, which met the requirements of both organisations while providing some savings in staff time and travel costs. Our joint representation at the Fair Work Commission proceedings in relation to CSL/V-Ships application to amend the Seafarers Modern Award is still continuing. We have also pooled our lobbying power with joint letters to government and opposition ministers, on key matters. Our formal memorandum of agreement will be signed very soon, while detailed working level arrangements are still maturing.

With the number of changes to international and national shipping regulation in the wind, it is appropriate that we have chosen a legal focus for this edition. Stuart Hetherington, president of Comite Maritime International and a partner at Colin Biggers and Paisley, presents a detailed update on the USA progress towards ratification of the Rotterdam Rules. Nathan Cecil from Norton White, who have recently been named as ACQ Magazine’s shipping and maritime law firm of the year (Australia) 2013, presents an analysis of the implications of the recent changes to Australia’s immigration zones.

Among the many priorities at the SAL office I regret that there has been a bit of a delay in the release of the first edition of e-Signal which I had hoped would be published by now. Some of the required adjustments to our web-site, e-mail addresses and administrative processes to meet the functionality for differing levels of access to information have taken longer than expected. However, e-Signal should hit the streets soon, and in the meantime, please visit our web-site to sign up to the distribution list.

Access for shipping through the Great Barrier Reef is an essential and on-going requirement that needs to be retained. In this edition our feature writer visits central Queensland: there is talk that the boom times are over, but here, primary production and mining continue to generate jobs and bring export earnings to support Australia’s economy. You will also find a profile of Tim Blood, the General Manager of NSW Ports, and a special industry profile of Richard Rains, representing the meat industry, a major industry sector dependent on efficient shipping. Enjoy the read.

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Fourteen months ago the new Coastal Trading (revitalising Australian Shipping) Act, 2012 came into effect. There have been plenty of comments, many of which have been negative, about the new Temporary Licences and the impact these have had on coastal trade. Not much has been said about the Australian International Shipping Register (AISR) regime, which offers ship owners the chance to have ships registered under Australia’s own International Register. So I think it’s time to examine just what the new register offers, and perhaps try to look positively at what could be done to improve it.

Temporary licences (TL) offer shippers a chance to ship their freight on a foreign flag vessel on the Australian coast, if there is no general licence (Australian flag) vessel, either available in the time frame needed, or simply not available at all. However under the Act, a vessel registered under the AISR is treated exactly the same as a foreign flag vessel, when it comes to TL. Until now there has been no dispute over this, quite simply, because there are no AISR flags on the register, and there seems to be little, or nothing, on the horizon at present. Should this not raise an alarm bell? AISR flag was put into place to encourage potential, or existing owners, to register ships under the Australian flag with the benefits of zero company tax rating, and a refundable tax offset for employers who engage eligible Australian seafarers in international trade. It only demands 2 senior officers to be Australian, say Master and Chief Engineer, so the rest of the crew can be foreign, although they must conform to ITF, and as of 20th August, MLC standards.

A primary aim of the suite of coastal shipping reforms for the industry was supposed to be to encourage Australians to take up maritime seagoing positions so we have experienced people, not just for service as future crews, but also a whole range of shore based jobs requiring seagoing experience. Positions in port authorities, such as Harbour master, pilots, surveyors etc., all call for qualifications and appropriate sea time. How are we going to achieve the aim of broadening our base of experienced seafarers, when we take two categories of the most highly trained and highly experienced people in our maritime labour force off the coast, to sail the seven seas? Surely our focus should be to make available positions for cadets, who will provide the future maritime workforce needs, so we can train them in local and international conditions.

As per Shipping Reform (Tax Incentives) Regulation 2012; one must ensure that, for each vessel, training is being undertaken by at least one person (the trainee) in each of the following 3 categories:

(a) engineer officer training;
(b) deck officer training;
(c) integrated rating and steward training.

The 2013 Budget provided $5.0 million over three years (2013-14 to 2015-16) to assist the Australian shipping industry to meet its future workforce training needs. This funding will be provided for a national maritime training co-contribution subsidy of $10,000 per integrated rating trainee and $20,000 per deck and engineer officer trainee.

Let us assume we could make some changes. What might be done to encourage owners into flagging with AISR?

Firstly, we need the program to include a number of cadets in both deck officer, and engineering sectors.

Secondly, there should have at least one Australian senior officer on board, who can be the mentor for the cadets. But at least, let us get our training program underway by providing some real places on ships which can trade internationally.

Thirdly, we have to reconsider the use of some sort of priority for AISR flag vessels on the coast to encourage registrations.

A key component of the reforms is to get Australian seafarers on Australian ships carrying Australian, and international, cargo. By treating the AISR flag ship the same as a foreign vessel we are not sending that message out to ship owners. If we use the opportunity offered by the reforms to engage in a training programme to create the seafarers of the future, we have some chance of achieving that goal. But to simply treat AISR the same as a foreign flag is a mistake.

General Licence ships (GL) i.e. ships with all Australian, or 457 visa holders, still need to get priority. That is a given. After that, priority should be given to AISR flag, again if it is available in the required position.

The fact is, that unless we continue to use foreign flag ships on the Australian coast, we will never build up sufficient cargo volumes to attract GL ships into many of the trades. This is due to the fact we have a small population and a huge coastline, and also to the current circumstances where, with global trade barriers lowered, importers can often source much more cheaply overseas than from Australian producers, when faced with the costs of coastal freight. Regrettably, since the reforms, coastal trade has gone backwards, aided by the need for foreign flag owners to comply with the Australian Fair Work Act, which requires the costs of extra crew wages to be placed solely on the coastal cargo carried, making it even less competitive.

At some point Australia should seek to better use foreign flag ships which regularly trade to this country, to assist with training of cadets. Perhaps some of the training funding call be allocated to providing our cadets with such international experience.

This may be wishful thinking, but I firmly believe we need to be a little adventurous if we really want to see more Australian flag ships.
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The lives and times of a rock’n’roller for you to compare with your own career

By ARCHIE BAYVEL

So this Profile is a first in that it focuses as much on WHEN its protagonist did things, as much as on what they were. If you’re in your 30s or your 50s, how does your own progress compare? Need to speed up, slow down, forget it – this is just a story after all? And who is this Tim Blood anyway? Here’s when it all happened for him and how ...

**Aged 0** his curtain rises in 1950 in Liverpool, England, where he lived with his parents until he was 15 and they decided to emigrate to Australia. His three elder brothers opted to follow later. They never did, and live in England to this day.

**Aged 15**, Tim sailed from Southampton on the Sitmar liner Castel Felice. He described the voyage today as “a wonderful experience for a boy. I had the run of the ship for six weeks and loved every minute of it.”

When they reached Melbourne, Tim went to school at Geelong Grammar, perhaps Australia’s most famous school thanks to Prince Charles’ time there, to say nothing of both Kerry Packer and Rupert Murdoch spending their school years there.

**Aged 18**, finished school and moved to Queen’s College to begin engineering studies at Melbourne University. “I studied to be an engineer because my dad was one and so were some of my friends. I view engineering as a way of thinking – a logical approach to anything one does. It equips you for any job, to enjoy a good argument, and to be an advocate for your company.

“At university I developed a lively interest in the performing arts that led to a parallel professional career as an actor and singer.

“I also coxed one of the rowing crews which meant being up at sparrow’s then staggering back to college a couple of hours later when everyone else was at breakfast. I used to go back to bed which meant I became very dependent on my colleagues’ notes. I was not a good student.”

He was good enough, however, to graduate after three years with a bachelor of mechanical engineering degree.

**Aged 21** the new graduate begins a five-year stint as a project engineer with Petroleum Refineries of Australia, an engineering construction company serving the oil and gas industry.

“When I left uni I started my own rock ’n’ roll band, Roll Your Own, and stayed with it as the lead singer until I was 50. We played classic 60s rock, and when we played well there was nothing to compare with the feeling. We played some impressive gigs, mostly in Melbourne.”

And, Tim, did hordes of girls cheer and scream when you sang? – “Yes.”
And did they ever throw their knickers at you? – “Never.”

Probably just as well. Coming home at 50 festooned in strange female underwear could have raised matrimonial issues.

In his 30s, he says: “My life was hectic with the theatre, the band, a heavy engineering workload, plus a wife and two daughters to bring up.”

Aged 40 and his engineering career by then had led him to John Holland’s where he ended up as managing director. Then his career took a dramatic change in direction when he was recruited by ConAust as general manager of its West Melbourne container terminal where he was the first non-master mariner to run a P&O terminal.

Worth noting that at time of writing, the only agency, line, or terminal managing director in Australia with a master’s ticket who springs to mind is John Bradley, of Hapag Lloyd.

Aged 43 and on his first day at work with ConAust he drove up to the gate at West Swanson and asked to see his predecessor who was still in the chair awaiting Tim’s arrival. “The gatekeeper asked my name then said: ‘Will you be long?’ I said: ‘I hope so’ and drove through.

“It was a very tense place at that time, and the workforce relationship was dreadful but by the time I left five years later almost everyone would stop for a friendly chat when they saw me out and about. I really enjoyed changing the whole way that terminal operated, and Andrew Burgess, then general manager of P&O Terminals Australia, gave me fantastic support.”

Aged 48, he moved to Sydney as general manager of all P&O’s terminals in Australia, with West Swanson being their best performer. “I became one of five global directors and we had developed a first-class operation. The result was that we became vulnerable to take-over bids.”

Finally at 55 he was CEO of P&O Australia. But 2005 began sadly for Tim when his long-time friend and theatrical partner Campbell McComas, the famous actor and hoaxter, died after a brief bout with leukaemia. Over the years Tim had done a lot of professional acting and directing, and he and McComas had put together their own theatre company called the Goodfa Business Theatre Company that produced one-off stage shows for big companies.

Later that year a bid did arrive from the Port of Sydney. Then DP raised the ante. A year later and DP World bought the company with Tim as vice-president of DP World Australia. P&O Ports was gone forever. Tim stepped down from P&O Ports at the end of 2006 to become chairman of P&O Australia until 2007.

So at 57 he was semi-retired with not much to do except enjoy his 10 acres at Daylesford and the life of being a full-time husband and father. Sometime among doing all that nothing he was engaged by Industry Funds Management as their ports investment manager looking at opportunities in Australia, and in 2010 he became a non-executive director of the Port of Brisbane and a key member of the $5.07 billion bid team for Sydney and Port Kembla.

At 60 he was back in the saddle again, consulting on the privatisation of Brisbane Port. Later he stepped in as MD of NSW Ports to steer the organisation through the transition from government to private ownership.

Today at 63 he’s fit, well, and enjoying his present relationship with NSW Ports but he says: “I believe the CEO of any organisation has a finite life. I just loved my time with P&O but when I left it was the right time for me. In due course a permanent CEO will be appointed to NSW Ports. We’ve looked worldwide at a very impressive list of candidates, but it’s still early days.

“Ports need a lot of capital and it never stops, so funding is a big task. We bought these ports to be long-term owners.

“We have stability of ownership and that will see an end to the procession of ministers and changes in policy that make it very difficult to develop long-term plans. We’re here for the long term, ninety-nine years long term, and our key challenge is to dramatically increase the volume of containers moving by rail; at Port Kembla it’s critical that the Dombarton railway is completed.

“Port Botany has a potential of 8 million TEU, but upgrading the interface with rail is critical to realising that potential. We intend to develop the port in harmony with our neighbours and ensuring we don’t contribute to any traffic problems. Our draft strategy report is looking very good, but it’s still early days.”

“Early days” is optimistic talk for an executive of 63. Or is it? Around the world there are many very powerful men and women in their 70s guiding the fortunes of much bigger empires; a handful even in their 80s. Tim’s track record to date shows him to be indefatigable both in his professional and personal lives, so with a bit of luck he’ll be on or near centre stage for a lot longer yet.

He commutes every Monday and Friday between Sydney and his home at Daylesford, where he is chairman of the Daylesford District Community Bank, a branch of the Bendigo and Adelaide Bank.

“We share the revenue from loans and deposits,” he explains, “and any profits are put back into the community in the form of sponsorships or grants and donations. I enjoy chairing the committee that runs it because it brings me into contact with so many people.”

So his parallel career is still going strong too, and one wonders how his timelines compare with yours or your friends? When you were 30 or even 40? Or 50 or later? Or if you’re only 21 what guidance can you find in Tim Blood’s story? ▲
How a youngest son made a fortune and retired at 58

By ARCHIE BAYVEL

He's a big boofy country bloke who, through diligence and good ideas seen through into lasting deals, managed to crash through the prosperity barrier between being a farmer’s youngest son and having a company that turned over $395 million last year.

He is Richard Rains, CEO until a couple of months ago, of Sanger Australia Pty Ltd, the nation’s biggest meat company.

One wonders about how to tell the story of his life, but many good stories are stultified by too much research. Michael Parkinson of TV fame tells of his panic when preparing to interview Orson Welles, of War of The Worlds radio fame.

Welles visited him unexpectedly before their on-air interview and found the young Parky’s desk piled with research and references.

He took one look at it all and said: “Forget all that, son, let’s just talk.”

So today we just talk to Richard Rains, legend of Australian beef… but first a peek at Google. Research, you might say. And make the shocking discovery that Richard Rains is dead and millions mourn him. Second discovery, is that it’s the wrong Richard Rains. That one was a pop star.

Third discovery is another Richard Rains who invites us to follow him on Facebook where one learns that he likes:

- Playboy
- Tattoos by myttoo.com
- Tough Mudder
- Ari Gold

Bloody hell, one begins to wonder, where is the real RR, the all-Australian boy from Birriwa, north of Mudgee and east of Dubbo, who rose to be the iconic tycoon of our beef exports? Dead? - Definitely not. Playing with Tough Mudder? - Unlikely.

There are so many Richard Rains’, scattered around the world that this story could survive as quality entertainment, just by listing them. There’s an interesting one in America, for example, who is a magician specialising in “Halucinations.”

In the face of all that, the real Richard Rains, the boy from Birriwa, had better be good - so we go see him to find out.

The real person we seek is Richard Anthony Rains, of Sydney, aged 58, and only just retired. Brought up on the land as the youngest of four children, he boarded at Barker College, in Sydney. On his last day at school he phoned his father to say he was coming home.

“I wouldn’t do that,” his father said, “because if you arrive tomorrow you’ll find the takings here are pretty meagre, what with them having to support your two brothers, Mum and me.”

So young Richard stayed in Sydney, borrowed a suit, went looking for a job and eventually found a marketing cadetship with Castrol, at Guildford.

“But I wasn’t interested in oil,” he says, “agriculture was my life, so I wrote to everyone in town who was connected with that. I got only one response, from Dalgety, so I accepted a job there.

“I worked in the skin sheds at Botany for 10 months, then in abattoirs at Homebush and Casino, before ending up on the meat desk in Sydney head office.
“A couple of years later I got a bee in my bonnet about Korea as a market for our beef, and in 1976 I sold them their first-ever imported meat – 500 tonnes of bone-in quarter beef, out of the Newcastle abattoir. By 1978 the market had grown so big that I visited Korea 13 times; quite an experience for a young fellow.

“About that time my dad died. He was only 62 and I was 21. Soon after that I was head-hunted by a man called John Cooper, of Sangers. At that time Dalgety was very big, and John Cooper and Sanger were very small.

“John had owned an export mailing room and sold a lot of meat to Jimmy Sanger in the UK, but had been driven out of business by repeated strikes.

“So he launched the Sanger name in Sydney, and I joined him, and he became my boss and, with Dad gone, my substitute father.

“In 1980 John let me acquire equity in the business, and in 2000 Graham Greenhalgh, who will now assume my role as Sanger CEO, and I, bought him out of the business. Today John remains the company’s non-executive chairman.

“One of my biggest coups was persuading the McDonald’s chain in America to switch to imported Australian beef. It took me 10 years to win their business.

“I met a man called Rick Landis, of Keystone, which was the world’s biggest supplier of protein to McDonalds and, having met him, I’d maintained a formal but friendly relationship with him.

“We enjoyed each other’s company but the business relationship wasn’t going anywhere.

“Then one year he told me he was coming to Australia and I, who had recently taken up golf, invited him to Elanora Golf Club, where I had recently become a member.

“At the end of the day’s golf he said he’d be talking to McDonalds the next week, and could I give him some samples of our beef?

“I said I’d be delighted. He said, ‘Send me 30 containers.’ I was a bit taken aback because normally our samples were free, but 30 containers ...

“‘No, no’ he said. ‘I’ll pay for it.’

“Then a few days later he phoned to say 30 containers wasn’t enough to fill their production line. ‘Make it 100′, he said. And that was the beginning of our trade with McDonalds. It was in the late 1990s and we’re still supplying them, and their subsidiaries in Japan, Korea, Taiwan, China and throughout South-East Asia, as well as in Australia.

“Today I think I’m the luckiest man alive.

“John Cooper is in his late 70s and lives at St Ives, NSW. I live at Whale Beach, on Sydney’s northern beaches. Jimmy Sanger lives at another St Ives, on England’s so-called Riviera, in Dorset.

“Australia has 27 million cattle, and this year we’ll export 1 million tonnes of beef. Brazil has 200 million head of cattle, has a population of 200 million people to feed, enormous supplies of fresh water and incredibly fertile countryside.

“Brazil’s economy is growing rapidly as its historically poverty-stricken people become more prosperous, and become significant consumers. Consumers who love their beef!

“This year when we export our million tonnes of beef, Brazil will produce 13 million tons of chicken meat, and goodness knows how much beef.”

[Brazil is expected to ship a record 1.35m tonnes of beef this year, ranking it as the third largest exporter. Last year India took first position with exports of 1.5 million tonnes of predominantly buffalo meat, followed by Australia with 1.4mt. The United States ranked fourth with 1.2 million tonnes. All the major beef exporting nations are expected to increase both production and exports over the next decade, according to Meat & Livestock magazine.]

[Sanger established a Brazilian branch five years ago, attracted by the scale of the meat industry, and the opportunity to minimise risk against a disease outbreak in Australia.

“The one thing really moving protein prices around the world has been disease,” Rains says. “Whether it be mad cow disease, bird flu, or foot and mouth; disease has a dramatic impact on world protein prices.

“But Sanger Australia has decided to exit Brazil because I’ve been unable to capture its potential. We’ve simply passed the business to the team currently managing it, and we will continue to do business with them. It was worth having a go, is all I can say!

“I went to a new continent with a separate product and, as a result of that, there are now four export abattoirs in Brazil, whom we represent here.

“While we operated as principals, its new owners operate on commission.”

The future of Sanger now lies in the hands of Graham Greenhalgh, who is in the process of creating other equity holders, while Richard has become chairman of the company’s advisory board.

“My legacy is to have created a wonderful team,” he says. “Most of my traders were recruited straight out of college at Orange, before they could acquire any other company’s bad habits.

“Some CEOs have a problem with employing people smarter than themselves; that’s never been a worry to me. Our team is fantastic; we have a training programme that made them all superstars.”

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“How, Your Excellency, was your boiled egg?” the nervous young curate asks his visiting bishop at breakfast.

“Very good,” the bishop replied. “In parts.”

And that’s how things are in Central Queensland, the recently jilted bride of that state’s biggest-ever coal mining boom ... even less than good in some parts, but unlike an abandoned bride, in no way rooened despite the stains on her gown.

Because, contrary to other media reports, the mines are still going strong, orders for their coal are still pouring in, and production, as you read this, should be at record highs. Despite avalanches of cheap Mongolian product, best opinion is that demand for Australia’s high-energy coal will only increase ...

“Wha’ abaat gettin’ wrecked on Great Keppel?” I hear you ask. It’s a pleasure to report that Central Queensland’s most famous holiday island, just off Yeppoon, is undergoing a $multi-million renovation that will soon be completed ...

Getting back to the coal: But the glory days of every miner getting four hours overtime every day in every mine are gone, sub-contractors doing work that someone on the miners’ staff could perform, have been decimated, and many fly-in, fly-outers are now flying in and out of projects elsewhere, or taking a break to enjoy some of their high earnings of the past few years.

The loss of all these spendthrift earners has hurt mining communities, such as Clermont, located in communities roughly bounded by a triangle based on the Emerald-Rockhampton Tropic of Capricorn with its apex at Mackay. They derive their coal wealth from the Bowen Basin, our biggest coalfield, that sits astride the Great Dividing Range.

There are many vacant shops on prime sites in all of them; just as there are at Sydney Airport, and just about every high-priced shopping centre down the east coast from Melbourne to Mackay, where a hotel with immaculate rooms, tiny as those in a Japanese love motel, enjoys close to 99 per cent occupancy. Efficient frugality is in fashion.

To think of CQ’s populations of today as broke or in dire straits, is nonsense. Despite prices for thermal coal falling some 30 per cent to around $US80 per tonne, and coking coal, about 40 per cent to around $US130, many thousands of mine workers are employed on high remuneration in Central Queensland. Many thousands more continue to perform essential roles as sub-contractors; equipment still breaks and needs replacement.

It’s just that the gravy trains are off the rails right now.

PLUS: Don’t forget the sugar. The economic heart of Central Queensland is white as well as black. From the air, the Mackay countryside is a sea of sugarcane bowing in the gentle fringes of the north-east trade winds, and many of its growers are wealthy and long-established families.

With four crushing mills and a refinery only a short drive out of town, they produce about a million tonnes of sugar and molasses every year. Mackay Harbour – with not a skerrick of coal in sight – has one of the biggest bulk-sugar terminals in the world.

The cane growing industry is slowly re-focussing its attention – after 150 years – on products other than sugar crystals; products such as ethanol for mixing with petrol and bagasse (what’s left after the juice has been squeezed from the cane), to fuel electricity generators.

Compared to coal, cane is tiny, but it’s in its infancy here, unlike in, say Brazil and the United States, where it’s been common for years for cars to run on 100 per cent ethanol, no gasoline involved.

In the shadow of Emerald’s collieries, vine-growers have taken the hint from Mildura, another world thousands of kilometres south, and developed a thriving international market in table grapes. One company has even established its own vineyards in Chile, the arch $2-a-bottle rival to Australia’s wine and grape industry.

But, and this has nothing to do with anything one sees or even hears about up there in CQ, in the very, very long term, one has to wonder about the future. In the United States, coal is being abandoned as an industrial fuel right and left, as the nation adapts to its new-found gas bonanza. And even when that runs out, there is very strong
evidence today that the problems of nuclear power will be overcome sooner rather than later [See SAL magazine, Autumn 2012].

Also in the United States, the campaign against sugar as the most direct cause of fatal or disabling heart attacks for both men and women, is gathering momentum. Think smoking: 70 years ago today’s recoil from it would have seemed unbelievable; now think of all the folk you know who say “No sugar” when they order their tea or coffee.

All too far away to bother about now? No regrets then, or too few to mention? Too few of us still around in 70 years, not too few regrets then!

Four years ago we published a couple of stories from the iron ore towns in Western Australia, and how primitive they were despite the millions of dollars they generated every day from the iron ore industry.

Well, things are nothing like that basic, in Central Queensland. The towns have been settled and prosperous, albeit small, for at least 100 years, as gateways to the Queensland outback and its pastoral wealth. Unlike Port Hedland and Karratha, people have stayed long enough to become grandparents and put down roots.

But, and it’s a big but, it’s surprising to encounter a miasma of mediocrity wherever one goes in CQ. An American diplomat posted to the region would be told it was a hardship posting and grossly over-compensated in consequence (just like a fly-in, fly-out).

Evidence is strong for thinking that Australia is taking far too long to modernise its outback towns, without which its great coastal cities could not afford their grandeur. It begins at Rockhampton, a surprisingly nice riverside city with a host of admin and agricultural industries unrelated to, but including, coal. Please note, the word is “nice” rather than “lovely” because like so much in rural Australia, it is a town largely unthought, with a large middle-range of film-set quality architecture filling the decades between beautiful riverside colonial buildings and the current crop of smart modern high-rise.

Unthought, in many ways, beginning with its urban sprawl over an area that could hold many times the population. Don’t think space is good ‘cos the reason it sprawls is because over the decades buildings have been sited at individuals’ whim, leaving many uncared for blocks in between.

Unthought, for example, in that the good idea to floodlight one of the nicest buildings on the CBD’s nicest street, East Street; then to install the floods, they dug up the patterned footpath, but instead of covering the trench with new pavers they simply dumped in a load of concrete. The eyesore is, of course, highlighted by its own floodlights. Unthought too, by allowing restaurants to exist, indeed to come highly recommended, whose food looks and smells like dishwater, and tastes like it as well!

Rockhampton airport’s grotesquely old-fashioned decor and inadequate provision for screenings is lavish praised in its own leaflet and brochure, as new and modern. Modern like 1978! As one of our biggest rural airports with almost a million passengers in a year, and $billions and more $billions flowing through it every few months, its terminal belongs to days when flying meant flapping your arms. $billions? How is that possible? Think four Chinese, Korean, or Indian chairmen with the power to sign, or not sign, the multi-billion dollar contracts in their briefcases.

To bogns flying in and out laden with their tools and takings, it may be good enough; foreign decision-makers, particularly Asians accustomed to their fabulous terminals, must wonder what happens to the billions this region earns every month. Hell, good enuf is NOT good enough!

About 500 km north is Mackay with its strong coal and sugarcane industries, and more accommodation – hotels, boarding houses, units – than you’re likely to see anywhere else. Most look good enuf from the exterior and they probably are - but only just - now that the correction in the mining economy has drastically pruned the numbers seeking somewhere to stay during the boom years, when a four-bedroom home rented for $3000 per week.

Shopping in the CBD must be a worry to retailers; nothing to do with the boom or bust, but everything to do with whoever allowed a giant modern shopping centre to be built at one end of the main shopping area. Even on Monday mornings it has a useful population of shoppers, whereas the main drag is like Christchurch’s CBD after the earthquake.

The fact is that Mackay’s CBD was briefly hi-res tuned for rock’n roll. One of the most prominent buildings in an otherwise typical Oz-country street-scape is overlaid with colourful panels illustrated with attractive

THE HAY POINT COAL TERMINAL
just south of Mackay is currently undergoing substantial development of its 2.4 kilometre jetty and lading facilities. Its current two berths handle 34mtpa of coal but another two berths, at an advanced stage of construction, can be seen to the right of the existing berths. The twin terminal of Dalrymple Bay and its even larger stack yard lies only 200 metres to the north (left) and is not shown in this picture. Its 3.8 kilometre jetty already has four berths which load 62.5mtpa.
young women. A sign advertises that “A Gentlemen’s Club” lies within. Tempting, but it is 9.10pm, the city is deserted, and if there are gentlemen within, they’re keeping very quiet about it. So, ‘Pass’.

Similar, if less gaudy establishments, are only a short distance away, along with numerous pubs promoting their gambling rooms and bargain-priced drinks. This must be grave diggers’ night ‘cos all is quiet as. With rock’n roll turned down to a peep these days, that is no wonder.

But the boom has not bust, nor is anywhere in CQ, in recession. Up in the heart of it all, they refer to it doucely as The Downturn, and it’s a good and very accurate name for it. The frenzy of the mines having more orders than they can meet and more workers than they needed, has been replaced by a better-managed calm, that less glamorous industries would call business as usual.

For sub-contractors whose contracts permitted the mines to terminate them without notice, and who have been caught with yards full of surplus bulldozers, drills and all the rest of it, the terminology will be irrelevant. Things cannot be easy, but morale is high and life goes on – good days, bad days, ordinary days.

Looming in the not too distant and very optimistic future, of course, lies The Galilee Basin, with coal reserves believed to be three times those of the Bowen. The Galilee lies 300 km west of Mackay, on the far side of the Great Dividing Range, and work to exploit it is already well advanced.

Gina Hancock, Clive Palmer, and Mr. Adani’s India Energy are the prominent players at this early stage. Only Twiggy is absent. So far as we know.

Galilee coal will be exported through Abbot Point, near Bowen. Approvals for the Hancock GVK-owned Alpha Mine are already in place. With a mine life of 30+ years, Alpha will generate 2000 construction jobs and around 1800 operational opportunities. First coal is expected 2016/17.

All the talk now surrounds building a new ocean jetty, Terminal 0, with two berths, at Abbot Point’s existing port. It is opposed by people concerned about bizarrely-named reserves, and as yet unidentified sea creatures.

Historically, one would have to say they’re wasting their money, because inside the Great Barrier Reef is the world’s most exhaustively regulated and environmentally monitored waterway, so it’s unlikely any bogdie proposals have been made. It’s sometimes hard to resist thinking that many protesters do it to gain a social profile. It is today’s equivalent of the unemployed nonentities who used to pose as lion tamers so they could refuse work offered outside their specialty! They know they’ll lose eventually but in the meantime, THE FAME!!

Just what development of The Galilee will lead to, is anybody’s guess. Another coal boom overflowing with industrial and social energy in the Back of Beyond? For a while? Certainly another 3.8km jetty, Terminal 3, is on the cards for Abbot Point. GVK has already signed Samsung C&T Corporation and the Smithbridge Group, to construct it. GVK Hancock and Aurizon (the former Queensland Rail) will work together to develop a new rail link from the Galilee to T3, with the capacity to export 60mtpa.

One reads of enough coal in the Bowen Basin to fuel the world for 200 years; of the United States dispensing with coal altogether thanks to natural gas and 100 per cent improvement in solar panels’ efficiency. And not much research is needed to see the wide spread of nuclear power just about everywhere, except in Australia.

Only a few weeks ago the World Bank was reported as announcing a significant policy change: No more coal! It said it would severely restrict funding for new coal plants in developing countries, focus instead on natural gas and hydroelectric dams.

So why then do we plan to devastate even more of our countryside to mine an obsolescent fuel?

One perhaps nyaff answer is that it will enable would-be miners, currently
shut out of the existing lucrative coalfields, to get in on the ground floor of a vast new river of black gold. The first of the new generation so-to-speak!

But enough of the maybe, and its future. Hard facts and informed opinions come from Amanda Camm, a daughter of the canefields, and something of an identity in Mackay on account of her having once been a Kater Party candidate.

Ms Camm is deputy CEO of the local Regional Economic Development Council that covers Mackay, Isaac, and Whitsunday. This day her entire central Mackay office is in darkness due to an undiagnosed electrical fault. Undeterred, everyone remains at their units, computers, and cheerful as anything, power or no power.

Emerging from the gloom, Ms Camm materialises as a jolly no-nonsense lady who knows the way to Mackay Central, home of the city’s most, indeed only, sophisticated business cafe.

“Our world has changed dramatically in the past 12 months,” she says, “as the larger mines adjust their businesses to focus on their core issue – winning coal as cheaply as possible.

“That meant expansion plans being shelved, but the accommodation situation here was becoming unsustainable anyway, with the vacancy rate around 1 per cent. It was all driven by skill shortages exemplified by seeing former hairdressers and shop assistants driving trucks at mines.

“There’s no shortage of accommodation now. Heaps of new homes and apartments are under construction, with new developers coming into the area. Many new properties are bought by Sydney investors as a result of developers flying to Sydney to market their properties directly.

“But the ‘bubble-burst’ is resulting in little or no discretionary spending. Even divorce settlements are down, and ordinary people are no longer prepared to take risks.

“One mine, Xstrata Glencore – just 200 km west of here, lost almost 400 jobs, and such retrenchments had a big impact on confidence, and our retail sector.

“Despite all the media fuss, China’s economy, in practical terms, is down only a smidgen; yet we are feeling it here in faraway Mackay, and that could continue for another five years.

“It’s not all negative, however. There is a real downward shift in housing costs. Never before have I seen houses in Mackay offered with their first week rent-free. House values here are back down to average $450,000 for 3 or 4 bedrooms; leasing for $800-a-week.

“The lower $A is better for our sugar growers, whose industry is changing, with cogeneration the big thing, and green energy now producing enough power for 30 per cent of Mackay’s electricity needs.

“We have a sugar heritage here, and there’s a lot of pride among the growers, and many families have been very successful in farming. Many people see agriculture as the next opportunity, the next boom, given the interest shown by developers. Mackay has the last Australian-owned sugar mills, and growers as far away as the Atherton Tablelands are by-passing foreign-owned mills to support our refinery.

“Developments in the Galilee Basin, Clive Palmer’s stronghold, are mostly on hold, although a lot of its coal is already sold, and all its infrastructure is under approval.

“It’s expected to come on-line in late 2016, and by then North Queensland Bulk Ports would be hoping to have their new ocean terminal operating there."

Nicole Duguid is CEO of the Mackay and Whitsunday Regional Council. Her job is to identify the priorities for the region, then to advocate them to the federal and state governments.

Her view is that the region’s economy has become much more normal. “I think it’s just a cooling rather than a downturn and certainly not a recession,” she says. “A bit of normality isn’t a bad thing.

“Despite gloomy talk, work opportunities here are still very strong, as are service industries. We already have the National Broadband Network, and Central University of Queensland is strong in mining, engineering, nursing, and green technology. Nor should we forget that Bowen, not far away, grows lots of winter produce such as tomatoes, and Mackay Port brings in an enormous amount of fuel for the mines, although our beef exports mostly go out through Cairns."

TIM MILES, president of Mackay Chamber of Commerce, has seen major changes since he arrived in 2007.

“When China started buying coal in earnest the companies couldn’t keep up,” he recalls. “Then disastrous floods really smashed a lot of mines’ production; some of these mines are still flooded. The industry almost shut down in 2010, and when coal demand peaked in 2011 it was out of control, and mines couldn’t keep up.

“In 2012 twenty people were lining up for every vacant residential property, and coal was selling for $360 a tonne.
“Then suddenly the mines realised they weren’t making any money because it cost $107 per tonne just to get the coal to port EDBT, and also before transoceanic transport cost. At least three Bowen mines closed.

“Prices for everything had struggled to deal with the boom, and when they suddenly fell off a cliff, it took a while for us all to realise ‘boom time’ was over.

“The big question is how industry can reduce costs and get the coal out of the ground with the least equipment and labour.

“At the moment we’re seeing short-term culling, but to address the real bottom line, we need a change of culture. For the past 120 years, getting the coal out has been the thing, rather than doing it economically.

“Coal from Mongolia and the like, is much cheaper but it’s also dirty, whereas our quality and reliability is much higher, and our coal production continues onwards and upwards.

“Mackay is so mining-based that all other industries are affected, even health services. A few years ago you had to go to Brisbane if you needed a dentist; today there’s a dental surgery on every second corner and they’re all struggling. Travel agencies and IT people are still doing well, however.

“This is a fantastic town at heart. While business has slowed, we are adapting. I’d say we’re only half-way through it, and it’ll take another two tough years to settle, but we’ll be better off for it.”

ABS stats show that Mackay small businesses, based around contractors and equipment, currently return profits of between $49,000 and $72,000 pa for a 45 – 50-hour week.

Emerald is some 400+ kilometres south of Mackay, down the A7 highway. The Great Inland Way climbs gently out of Mackay in the foothills of the Dividing Range before turning south in the lightly wooded savannah country of the range itself.

Although it is the heart of the coalfields, there’s little sign of coal or its works. Just an occasional piece of massive machinery seen beyond the trees or bizarre clumps of workers barracks flashing past; the railway ever-emerging from the bush, like a python on wheels, with its mile-long trains slowly devouring the 700-odd kilometres to their destination at the Gladstone coal terminal.

Arriving at Emerald one learns that the town’s naming is reminiscent of the fabled Canary Islands and the Virgin Islands in that, no matter how diligently one seeks, there’s not an emerald to be found.

Sandra Hobs, CEO of its development council, says: “It was called Emerald by the pioneer settlers. They were Irish and the surrounding grass and trees here were so green it reminded them of their home in their so-called Emerald Isle.”

The area’s annual display of its mineral wealth is Gemfest, held at Anakie, an hour’s safe drive to the west, where thousands of gem buyers, tourists and visitors from neighboring towns and villages converge for a few days in August.

Sandra says businesses around Emerald are positive in attitude, although air arrivals are down to 267,000 from last year’s 300,000. She produces a fortnightly newsletter to an estimated 5400 readers, and organises breakfasts, business awards and forums addressed to the region’s 3500 registered small businesses.

“We just didn’t have the accommodation to cope with the boom,” she says. “Fly-in fly-out took on a whole new meaning because you just couldn’t rent, or even buy, a house. Then the festive season of 2010-2011 brought tremendous floods that caused 1090 homes to be evacuated.

“Things are changing today with DAs approved for an additional 10,000 beds, and 200 homes either under construction, or built in the past year. Rental prices have declined accordingly, but there is still a huge demand on infrastructure that hasn’t been solved, although it is under control.”

She quotes one miner, Blackwater, whom she says is now $100 million in profit as a result of boom time cut-backs it had to make to survive.

“Today the gas pipeline from Surat to Gladstone’s Curtis Island is still a big employer,” she says, “and there’s a lot of gas exploration still going on around here. Having a gas well on your land is very profitable. It takes up very little space and earns high rent. You can be lucky and end up with several wells on one paddock.

“Our goal is to build economic prosperity of this region. We have just started to address local capacity in terms of agriculture and tourism. Apart from grey nomads, we have very few tourists.”

Peter Maguire, Emerald’s career mayor of 13 years, points out that his region is very diversified. “The downturn is only in coal,” he says, “and that has opened up opportunities in other industries.

“Cotton is just one example that’s had a good year. Two gins operate in our region and Queensland cotton has a strong presence. And we have an emerging, but well established, export business in export grapes.”
THE OLD ROCKHAMPTON CUSTOMS HOUSE on East Street. In the city’s hayday as a great river port on the Fitzroy, East Street was the centre of the city’s shipping industry. Many of its grand colonial offices and hotels survive, and have been more-or-less well preserved.

“This council, for example, has been able to employ people whom we could never have afforded during the coal boom, when wages went through the roof.

“Despite the downturn, our unemployment is only around 2.7 per cent, compared to the Queensland average of about 4 per cent. Central Queensland is a much more stable economy today compared to what it was a few months ago.

“To put these figures into global perspective: The euro area stands at 12.1 per cent jobless, 7.4 per cent in the US, and 7.8 per cent in Britain.

“We have the Fairburn Dam that provides us with plenty of water. It has a capacity of 1.3 million megalitres, and was built purely to sustain irrigation and industry. Of that huge amount of water, this region uses only about 2000 megalitres a day, no more significant than it having a piss.”
The gates of Port Alma guard unsolved riddle

Just why Port Alma has acquired such a reputation for potential is something of a maritime riddle. For years there have been whispers of its future as the seaport that will transform the old river port of Rockhampton into a great trans-ocean terminal.

Yet nobody admits to having been there, the net barely mentions its existence, far less offers a recent picture.

So let’s go there for a look-see. Drive south through Rockhampton’s prosperous suburbs to join the Bruce Highway linking us to Gladstone, the gas town, the mini-Chicago that’s the envy of the comparative handful of Australians who know about it.

Not much to see except the extensive site of Dyno Nobel Asia Pacific whose imports and exports of just about everything that explodes, are among Port Alma’s cargoes. Turning off the Bruce, one faces a long road through the southern marshes and sandbanks of the Fitzroy River’s massive estuary.

The route is a bleak two-lane ribbon leading to an even bleaker coast. All very reminiscent at dawn and dusk of the wasteland where the convict hulks once lay at the mouth of the Thames.

A saltworks on the left is surrounded by evaporation pans. Then another factory has substantial mounds of salt (but nothing like the salt mountain one sees outside Port Hedland) awaiting transport to Port Alma.

Quite suddenly the road ends at a fence, a security gate and watchhouse. This is Port Alma and one is grateful for the gate because without it one might have driven past without seeing the single wharf tailored, they say, to take vessels up to 180 metres.

A couple of nondescript buildings nearby may or may not be associated with Alma’s trade in salt, tallow, petroleum products, explosives, ammonium nitrate, and general shipping and fuel for the distant mines.

A gatekeeper appears and warns sternly against taking photographs of this disappointing array. He calls a security guard who repeats the message so one leaves a card and drives off. Port Alma’s first tourist in years is lost and the riddle of what’s so important that it can’t be pictured, remains unsolved. Maybe the secret is that there’s nothing there, having been blown to smithereens years ago when a cargo of fireworks detonated prematurely.

Ross McAlpine, a well-known industry figure, recalls his own Port Alma experiences from years ago. Apparently ship crews, stuck there for days while their ship loaded, would head off to “Town” without realising it was 60 kilometres away, nor how remote they were from civilisation. Finding them again, never mind retrieving them was another story again. Not a lot would have changed today.
Rats, snakes and the boys from Brazil all play a part as sugar’s big business changes forever

You can’t go far in Mackay without sugarcane making its presence felt. Indeed the business of growing the cane is the second most dominant industry after coal, in this part of Central Queensland.

Notice the word “cane” rather than “sugar”, because to rely on only one product – sugar crystal, the great white of the industry – is no longer good business for growers.

Today the word is “Cogeneration” and it involves using every single part of the cut cane. Nothing is wasted.

The cane goes through the mills six times to squeeze out all its sugar juice; then the crushed fibre – called bagasse – is burned to boil water, whose steam then turns turbines which create electricity. Enough electricity to power Mackay’s five mills and one sugar refinery, and still feed enough into the Queensland grid to meet 30 per cent of the city’s needs.

Ash from the burnt bagasse is then mixed with the impurities – they’re called “mud” - filtered out of the sugar production line, and the mixture used to fertilise the canefields for the next crop of cane.

Even what’s left of the juice after the actual sugar has been crystallised-out – it’s called molasses – has a life of its own. Some is used to make rum, most is sent from the mills to a refinery where it is mixed with water and yeast, and allowed to ferment before being distilled into ethanol for mixing with petrol to become E10 car fuel – 10 per cent ethanol and 90 per cent petrol. Mackay Sugar is even studying the sustainability of an aviation fuel project.

Demand for sustainable fuels means that Australia imports most of its ethanol from Brazil and Indonesia.

So the mountain of white sugar crystals we consume is only the most notable product of what used to be called The Sugar Industry. The Daily Mercury and ABC Radio both issue weekly crush reports.

The Mackay area is home to two sugarcane giants: Sucrogen (formerly CSR’s sugar business) is the biggest in Australia with a new $120 million refinery (incorporating a 38megawatt power generator) and one mill at Sarina, 30km south of Mackay; and Mackay Sugar, second biggest, with five mills around the area.

Sucrogen is owned by Wilmar International, the world’s biggest agri-business and second-biggest company on the Singapore Stock Exchange. Mackay Sugar is an all-Australia co-operative mostly owned by growers from the 1600 farms in the area. Mackay Sugar also holds a 25 per cent interest in sugar refining within Australia and New Zealand, in a joint venture, with Sucrogen.

If you’re surprised at the complexity of an industry we’re accustomed to thinking of as being just something that goes in tea and coffee, just wait ‘till you read how the price of our sugar is fixed!!

The key to world sugar prices is based on the price of ethanol in far-away Brazil. You wanna read that again? No wonder!

The difference between the prices of ethanol and sugar on the Brazil market decides whether world production will focus on sugar, or on ethanol. Current low returns from growing sugar have maximised ethanol production so much, that its price has gone down. Taking the world price of sugar with it.

No wonder we haven’t heard our growers complaining too much about this season’s sugar price … they’re probably still trying to work it out! Currently its $40 - $50 a tonne, depending on what the boys from Brazil are up to. Power fed to the energy system is a bonus.

Back in good ole CQ, the Sarina refinery produces about 60 million litres of ethanol a year. In Queensland, sales of E10 fuel have dropped in the past year, and sales of E85 – an everyday option for drivers in Brazil and the USA – is just a twinkle in the growers’ eyes. Don’t even mention E100 which is also easily available at overseas pumps.

The crop around Mackay this season is estimated at about 5 million tonnes of cane, some 600,000 tonnes down on last year. Raw sugar, Mackay Sugar’s primary product, averages 800,000 tonnes annually for both the domestic market and export.

Supporters of the Cogeneration project – and that’s everyone – aim to increase the area under cane enough to reduce coal usage below the level at which they have to pay the carbon tax. Their industry is already largely exempt because burning the sugar-based fuels is balanced by the amount of carbon dioxide sequestered in growing the cane.

With some property developers eyeing future locations and cane growers wanting to expand their holdings, expect interesting times ahead.

– Archie Bayvel ▲
**ECONOMY**

Despite the GFC, our exporters have held their own

By TIM HARCOURT

Opinion: The Global Financial Crisis (GFC) of 2008 really took its toll on the North Atlantic Economies. And for Australians, we realised how well we have managed our own economy – with a well targeted and timed stimulus package; and how important our economic ties with Asia and the emerging world have become.

One aspect of the GFC that has not been discussed much, is whether exporters – particularly small and medium sized enterprises (SMEs) – have abandoned Europe and North America and focussed their efforts on Asia entirely. Has the famous ‘Tyranny of Distance’ (as the celebrated economic historian Geoffrey Blainey termed it) turned into the ‘Power of Proximity’? Did the GFC make a big difference in SME exporter behaviour in terms of choice of destination, or did it just accelerate a trend that was already happening?

Fortunately, courtesy of some new research from the Australian Bureau of Statistics (ABS) we now are getting a better handle on some of these questions. When I was at Austrade I asked the ABS to start collecting this data because when it came to trade, most data was concentrated on the top end of town and less so on SMEs. And most trade news tends to be ‘big picture’, whether about the Doha round in the World Trade Organisation (WTO), G20 summits, Free Trade Agreements (FTAs), or in more recent days, the US-EU trade pact.

However, whilst these big developments are important, their focus is mainly on export revenue and the gains at the top. But what about the exporting companies, then? How many are there, and where are they heading?

First of all, we now know that there were 44,751 exporting businesses in the ‘exporter community’ in 2011-12. This tally comprises 43,080 goods exporters and 2,937 service exporters – although the count excludes in-bound services (like tourism and education) that are also important to the national export effort.

The exporter community can be broken down by market destination for goods as well, and the results make some pretty interesting reading.

First of all, our trans-Tasman cousins, New Zealand, were top of the pops, with 16,449 Australian businesses having exported to the ‘shaky isles’ in 2011-12. This indicates that many exporters traditionally find exporting ‘across the ditch’ relatively easy and that Kiwiland is a good ‘nursery’ to start with, when learning the craft of exporting.

However, when you compare to the pre-GFC days where there were 17,817 exporters to NZ, there has been a slump. This may indicate that the kick-start given to exporting from the Australian New Zealand Closer Economic Relationship (CER) is a long way in the past, and the Australians and Kiwis need to think beyond trade to breathe new life into Trans Tasman economic reform. It may also be that both Kiwi and Aussie businesses have squeezed all they can out of the bilateral relationship and are now heading towards third markets, thanks to the deal we have together with the ASEAN states (the AANZFTA pact forged by Simon Crean when he was Trade Minister), or across the Pacific to Chile.

The United States is second, with 8797 exporters. Many small and medium businesses get their start in the USA, as they are attracted by the size of the market. But the numbers have actually fallen to the USA over the past 5 years with the sub-prime crisis taking its toll. Did the Howard Government’s much heralded FTA with the USA do much? It’s doesn’t look like it, on these figures – Austrade, in fact, had to close a number of USA posts – but in some ways the FTA was more about two way investment than trade.

Singapore is in third place with 6226 exporters. Singapore is slipping due
to domestic economic pressures and improvement in other ASEAN economies, and other attractions in the region.

The big story of course is China, with 5493 exporters, a gain of over 1200 in 5 years, and now in 4th place and close to medal contention. China has not only overtaken Hong Kong in the exporter stakes, it has also taken over the UK. The data shows a weakening in ‘entrepot’ economies like Singapore and Hong Kong, who traditionally tend to have lots of wholesale trading houses and act as a hub port for exporters (and importers). For instance, Singapore has played the role of a gateway port for South East Asia, whilst in the past Hong Kong has played a similar role in North East Asia – particularly before China opened up more to international trade and commerce.

But now exporters can go straight to China, and they do. China’s position supports the Sensis survey that showed many SMEs looking to the Middle Kingdom as an export destination – joining the larger Australian blue chip corporates such as Rio Tinto, ANZ, AMP, Elders, BHP Billiton and Woodside, who have been in Beijing for some time. China is a happy hunting ground for Australian SMEs who too, are learning to ‘hug the Panda’.

Next comes Papua New Guinea on 4967 exporters, a gain of 980 over 5 years. The data shows the importance of our near neighbours to small business exporters with three Pacific destinations in the top ten, although Fiji is losing ground – coups are not always good for business.

Then comes the UK with 4759, which has slipped behind China, HK and PNG, as the Empire slowly loses its crown. The GFC has clearly weakened the UK as an exporter destination. However, in the UK’s case, the UK is still light years ahead of any other European country, indicating that many Australian exporters (like our pop-stars) head to Britain (because of cultural and historical links, etc.) and have used the UK as a base to expand into Europe and the rest of the world. A phenomenon known as ‘The Kylie Effect’.

The Eurozone crisis hasn’t helped matters, thanks to the Greek Crisis (see the forthcoming movie ‘My Big Fat Greek Debt’) there are only 163 Australian exporters selling goods to Greece, to the value of only $30m. Our export trade to Christmas Island is more valuable than to Greece, and there are more Australian exporters in Colombia, an up and coming economy in South America.

Then comes ASEAN neighbour Malaysia on 3616, and Japan on 3148. ‘Abecomics’ is reviving Japan’s fortunes, but still very few Australian businesses set up in Japan. Thailand has improved its standing as a gateway to the Mekong Delta region, and being an epicentre of manufacturing, tourism and professional services.

The ‘second top ten’ is still heavily focussed in Asia but includes both mature and emerging markets. Germany attracts 2598 exporters followed by Indonesia on 2584. Then comes South Africa on 2320 - Australia’s key African entrepot in Africa, Canada on 2309, South Korea on 2239, India in 2125, the UAE on 2124, followed by Taiwan on 2027. New Caledonia also continues to hold its place in the top 20, just shading out The Philippines.

It should be noted in the analysis that many exporters have multiple destinations, so they may be counted twice in terms of country, though not in the region. The analysis of company numbers is also not necessarily a reflection of value. For instance, whilst New Zealand attracts almost 16,500 exporters and Japan only around 3,148, the value of those exports to Japan was over $51 billion, whilst New Zealand’s was worth just over $7.5 billion.

Does the data change over the years? From the limited data available, the top 20 remains pretty stable, with a few countries changing positions. However, if you look at longer term snapshots, you see a bit more movement. For example, a comparison of the 1989-90 rankings with the present shows – you guessed it – China charging up the table. And even in five years, China has leap frogged Hong Kong and the UK.

In conclusion, in terms of exporters, we have an exporter base in Australia that is spread far and wide across the globe, but concentrated enough in the bigger markets to get a good bang for their buck. And exporting seems to be delivering to all Australian exporters – both large and small. UNSW research shows that exporters, on average, grow faster, are more profitable, more innovative and pay higher wages than non-exporters. The micro-economic performance of Australian exporters will be very important as Australia engages in the world economy in the Asian Century.

Tim Harcourt
is the JW Nevile Fellow in Economics at the Australian School of Business, UNSW.
Development of the new Maritime Arrivals Reporting System (MARS) is in full swing. The Department of Agriculture, Fisheries and Forestry (DAFF), in partnership with industry, has commenced the redevelopment of VMS, a 20 year old legacy system. MARS is expected to provide a modern, efficient and effective portal for vessel reporting and management. Continued engagement with key industry stakeholders will ensure that the system design is user-oriented and benefits international vessel masters and shipping agents who undertake functions to meet DAFF pre-arrival reporting requirements including associated activities.

The key improvement with MARS is the ability for vessel masters and agents to submit and access information more readily. The system will support the capture of accurate and timely vessel information resulting in improved risk assessment by DAFF and closer alignment with industry business practices. In addition, MARS is expected to deliver a transparent, flexible and proportional regime to facilitate improved compliance by vessel operators and agents.

Other time-saving features of the new MARS system include:

- Improved interface with industry clients to facilitate accurate pre arrival reporting.
- Automated financial processes and better data capture to improve efficiency and effectiveness of invoicing.
- Increased efficiency for inspectors recording vessel inspection information.
- More comprehensive recording of data for better targeting of high risk vessels and reduction in unnecessary intervention for compliant entities.

To ensure key stakeholder views and requirements are incorporated into the design process, DAFF has commenced hosting a number of workshops in conjunction with Shipping Australia Limited and directly with agents. The working group assembled by SAL has brought together an extensive collection of industry knowledge and operational experience, and is providing decisive input at a critical stage of the system’s development. The group consisting of representatives from member lines and agencies, and the Industry Working Group on Quarantine, will continue to liaise with DAFF as the project progresses. These sessions will provide industry input to the training and implementation strategy, which will deliver all the necessary information about the system change over, and alleviate any concerns that may be raised regarding the new system functionality and requirements.

MARS is targeted for release mid to late 2014. Further information is available at http://www.daff.gov.au/biosecurity/avm/vessels or can be requested from DAFF by emailing the MARS inbox at mars.bcd@daff.gov.au.
Welcome to the port waters of Geelong

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

The port handles more than 700 ships and about 13 Million tonnes of bulk cargo. The Victorian Regional Channels Authority has invested in marine logistics and control systems to ensure safe access for all ships.

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

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

The VRCA welcomes ships visiting the Port of Geelong.
Collaboration reduces costs

By DAVID IRONSIDE, National Director, Air & Sea Cargo Program

DAFF’s National Air and Sea Cargo Program oversees biosecurity inspection processes and border controls, and monitors emerging biosecurity risks, and non-compliance likely to impact those risks on the air and sea cargo pathways.

The Program is continuing its focus on restructuring and rationalising risk management methods and measures, with an emphasis on shared industry systems to manage residual risks on lower risk pathways. For example, high risk containers on the department’s Country Action List are identified by the Program on the basis of historical data and analysis of compliance with import requirements on container import pathways. In 2012, 51,146 high risk containers were identified for full 6-sided inspections on arrival, to mitigate the risk of potentially unacceptable levels of risk contaminants such as soil, animal and plant debris, and hitchhiking insects and snails. Of these containers 17,374, or about a third, were subject to a reduced level of intervention (from 100 per cent to 5 per cent full inspection), as a direct result of the implementation of the Sea Container Hygiene System. This collaborative system ensures that these containers are cleaned and inspected at high-risk load ports prior to loading, and hence, are clean and uncontaminated with significant biosecurity pests on arrival in Australia. As it costs industry about $200 per container for inspection, movement, storage, cleaning charges and other risk mitigation measures onshore, this represents a conservative saving to industry of over $3.5 million each year.

The Air and Sea Cargo Program has also developed a new system for cleaning and pre-inspection services for used vehicles and parts exported from Japan to Australia. There are significant biosecurity risks (mosquitoes, soil, and animal/plant contamination) associated with the movement of used machinery, such as second hand cars and associated parts, around the world. Under this new industry system, Japan Export Vehicle Inspection Center Co Ltd (JEVIC) has now been recognised as DAFF’s first approved industry provider for cleaning and pre-inspection services, for used vehicles exported from Japan to Australia. Pre-cleaned and inspected vehicles will still be subject to monitoring for compliance with Australian biosecurity requirements on arrival. However, as with the Sea Container Hygiene System, the level of the department’s interventions will be reduced over time as the system is embedded and required standards are met.

These shared industry systems are consistent with DAFF’s objective of managing biosecurity risks offshore where possible, while at the same time delivering significant efficiencies with the clearance of goods arriving in Australia.
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.
Reliability’s role in reducing risk in your supply chain

By SONIKA ANDRADE, campaign and communications manager, Maersk Line

Shipping your products overseas can be as complex or as easy as you want it to be. Whether you are a leading exporter of meat from Australia that supplies the highest quality product to your customers overseas or an importer of retail product into Australia that relies heavily on promotions as part of their sales strategy, you need a reliable transportation provider that has a solid understanding of what drives your business.

Consider the aim of any supply chain - to deliver the right products, in the right quantities, at the right time, with minimal cost to you.

The idea behind looking at reliability in your transportation solutions is to not just take into account the question of speed but also equipment availability and the quality of equipment provided to ensure you have the ability to consistently plan your inventory movements, safe in the knowledge that you know how much of what cargo will be departing and/or arriving when.

“Reliability is an integral part of our products and services - because it improves your profitability and enables you to better plan your business. Maersk Line offers the best option of delivering your valuable cargo at the right place, at the right time and in the right condition. This reduces situations in which you need to arrange urgent expensive transportation, alternative sourcing or accept lost production/sales opportunities,” says Derek Singline, the Trade and Marketing Manager at Maersk Line.

Premium quality, a cold hard fact

Maersk Line is leading the way in reefer services by understanding the unique requirements of reefer shipments, and offering a wide range of cooling methods that is focused around the concept of cargo care.

Reefer services such as Cold Treatment, Controlled Atmosphere and Superfreezers capable of maintaining temperatures of – 60 degrees have allowed a wide variety of cargo to be transported all over the globe in peak condition while maintaining its shelf life.

At the end of the day, there is no one size fits all approach so it is worth coming up with a few scenarios that look at the impact different transportation solutions will have on your overall supply chain. It is important to partner yourself with suppliers that are reliable, understand your needs and share the same values as your business.
Premium Quality, A Cold Hard Fact!

A reliable carrier is your opportunity to optimise your reefer supply chain and improve profitability.

Using Maersk Line’s Reefer Solutions you can:

- **Ensure optimal quality at destination** and reduce cold storage costs by limiting the re-handling of cargo, creating an unbroken cold chain to the final place of delivery.

- **Take control of your supply chain** with a steadier supply of Reefer containers.

- Rely on the support of our **dedicated Sales and Customer Service agents** who focus on meeting the needs of your shipment.

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VICTORIAN STATE COMMITTEE LUNCHEON

Dr Hermione Parsons, supported by Paul Garth and other members of her team, outlined a new broad-based advisory network to consider supply chain efficiency in Victoria.

More than 90 guests at the lunch heard that the new SCAN organisation is intended to allow all interested parties to become involved, and represent the whole of the supply chain.

The function was held in the Jim Stynes Room at the MCG and was sponsored by Port of Melbourne Corporation.

STATE COMMITTEE HEARS WEBB DOCK PLANS

Port of Melbourne Corporation outlined its plans for Webb Dock development at the quarterly meeting held at the K Line offices. Phil Kelly, secretary; Peter Bartlett, chairman and Kon Makrakis, vice chairman at the near end of the table with members of the committee and guests.
NEWCASTLE LUNCH
FAREWELLS GARY WEBB

In his farewell speech Gary told the gathering of the enormous growth of the port since he first joined it in 1989. Coal throughput then was only 30mtpa, less than a quarter of today's tonnage.
Hutchison Ports’ Australian operations are gathering pace with its Port Botany container terminal only weeks from completion of Phase 1, and on target to be operating before the end of the year. The group’s Brisbane terminal began operations earlier this year.

Phase 1 covers more than 20 hectares and includes two berths, four quay cranes, three high density container stacks with automated stacking cranes, eight twin-lift shuttles and two 600 metre railway sidings, along with administration and operational buildings.

A temporary concrete batching plant has been established on site with 70,000 cubic metres of concrete being poured. Ten kilometres of drainage and 18 kilometres of cabling were required on the site, which is largely reclaimed land, and at the construction works’ peak about 500 people were working on the site.

Its four specially-built post-panamax quay cranes arrived at the terminal in August aboard the 248 metre heavy lift ship, Zhen Hua 14. It took 10 days to offload the cranes, which are now in the final stages of commissioning.

The cranes, each weighing about 1600 tonnes, have special shuttle booms that retract horizontally, rather than the more conventional raised boom configuration. This approach was adopted to avoid restrictions on crane operations, given the cranes’ height and their proximity to Sydney airport.

As with Hutchison’s Brisbane terminal, its Port Botany automatic stacking cranes (ASCs) are one-over-five models and operate in pairs, two per stack, with each pair providing fast and efficient shuffling of containers.

ASCs enable higher and more densely packed container stacks without any manual handling. This improves the terminal’s ability to handle peak dock or land-side demand loads.

The ASC stacks are behind security fences, given their 24/7 automated operation, and the need to provide a high level of safety. Shuttles carry containers between quay cranes and the ASCs, which stack and load / unload trucks.

Terminal access for road freight is automated, with drivers swiping a card that allows access and indicates which containers they are delivering and/or picking up. At the stack, truck drivers must stand on a weight-sensitive safety pad, before the loading or unloading can occur.

Design work has already begun on
Phase 2 of the terminal, with other phases being developed in response to market demand. Ultimately, the terminal is expected to operate four berths with 16.4 metres depth alongside, and a total capacity of more than one million TEU.

Work has also started on the new rail terminal that will be linked by a dedicated freight line to Hutchison’s new inter-modal terminal at Enfield, in south-west Sydney. Hutchison Logistics Australia is due to be operating there by mid-next year.

When fully developed, Enfield will have a capacity of 300,000 TEU per year. This will help relieve road freight congestion around the port, effectively replacing 230,000 truck movements.

Dr Gumley, chief executive of Hutchison Ports Australia, said that Hutchison has made a considerable investment in developing Sydney’s new international container terminal with civil works, equipment and IT systems, that will combine to deliver a sophisticated and modern operation.

“It will deliver value to the NSW freight task, the port, and most importantly, our customers,” he said.

In Queensland, Brisbane Container Terminals (BCT) is finalising negotiations with a second consortium whose first ship was due in mid-September. Auspac Consortium members, Neptune Pacific Line and Pacific Forum Line, were the first to enter into an agreement with BCT and as reported in Signal last edition, the Neptune Pacific vessel Captaine Tasman, was the first to call at the new terminal.

Neptune Pacific Line principals were on site to witness the arrival of the ship. They commented that an additional terminal operator in Brisbane, and Sydney, would definitely benefit their customers, and the industry.

HPA’s chief executive, Stephen Gumley, said that the arrival of the Captaine Tasman was a significant event in the development of the Hutchison’s Australian operations, and a historic event for the Australian container shipping market.

“We’re delighted that Neptune Pacific Line and Pacific Forum Line are the first to entrust us with their business,” he said. “We intend to ensure their trust is well placed, and that the arrival of the first ship marks the start of a long, and a mutually successful partnership.

“While our first client and first ship are very important to us, it also marks the introduction of more choice and competition in the market.

“Shipping lines now have a new option in Brisbane, and soon in Sydney. While we intend our entry into the market to be a game-changer, we’re under no illusions about how tough it is to break into markets dominated by two large players, particularly in Australia.”

BCT is currently operating one berth, and will expand to two next year. It is the first terminal in Australia, and only the second of Hutchison’s ports to employ automated stacking cranes coupled to the company’s nGen terminal management system. The first was its Barcelona Europe South Terminal which commenced operation last year, and is performing well.

HPA believes it can deliver a competitive advantage to shipping lines because of its ability to guarantee berth availability, its introduction of technology-enhanced operations, and its team focus on service, flexibility and innovation; all of which should deliver better cost control and improved schedule reliability.

Shipping companies are watching the developments at HPA with a keen interest and will, no doubt, welcome the increased competition with the expectation that it will yield increased efficiency and reduced costs.
A brilliant story of the world’s first gap year

TWO YEARS BEFORE THE MAST by Richard Henry Dana Jr.  
(Available as free book download, also paper editions available through bookstores)

The Freebooks edition that I downloaded to my iPad is a Gutenberg submission by David P. Steelman. It has the benefit of an introduction by the son of the author which provides an excellent summary of both the content, and the purpose of the book.

I’ve been at sea most of my life, and throughout that time I have often heard of Two Years Before the Mast. It is spoken about like a rite of passage, a must-read for every sailor, but though they like to quote it, I’m not sure how many have actually read it – now, I have. And what an enthralling, sometimes awesome, and always educational journey, it was. I heard, first-hand, about the perils of real merchant sailors in sailing ships, rounding Cape Horn and working cargo on the exposed surf beaches of California. I learnt about the unquestionable decisions and absolute power of a ship’s captain, about the settlement and expansion of the west coast of USA and even the origin of the word ‘stevedore’. Whether you are sailor or landsman, this is a recommended read.

The title seems pretty self-explanatory to me, but to a landsman I discover that it has no such meaning. My wife asked me what I was reading and having heard the title exclaimed “so what’s that about – rowing boats before they invented sails?” Well it does talk of rowing boats, and I suspect the modern surf-boats that fight for supremacy on Aussie surf beaches are modelled on the very ship’s boats in which Dana and others traded steer hides on the coast of Mexico, but I digress. To clarify: “before” means “in front of” and merchant sailors lived in the forecastle (pronounced foc’s’al), or the forward part of the ship, in front of the main mast, and certainly not a castle!

Richard Henry Dana was an academic, a student of Harvard and later a lawyer, but early on in his studies, difficulties with his eyes made studying a challenge. So he signed on for two years with the merchant brigantine Pilgrim, for the life of a sailor. Two Years Before the Mast is really a brilliantly written travelogue of the adventures of a Harvard student undertaking what may just have been the first gap year in history!

The story itself takes us from his signing on in Boston, sailing southwards, being pursued by pirates of the Caribbean, battling around the Horn, the loss of a shipmate falling from the rigging, up the west coast of the Americas and through the tropics to a seemingly endless task of collecting, curing and steving steer hides destined for the markets of Boston and Europe.

Dana writes brilliantly, descriptively and expansively. His powers of observation are remarkable, and from them I learned so much about the geography and history of the Spanish settlement of the Californian coast, the competition for trade, and the enduring efforts of enterprising villains to avoid customs duty and taxes (some things never change). His description of wearing ship captures every movement of rope, boom and sail and the image of sailors bashing frozen sails with their bare hands to get enough finger movement to tie in a reef, is enough to fill you with cold and fear. His narration brings the story alive and has you feeling the adventures and the life of a sailor in the early years of the 19th century.

We normally learn of great sea voyages from the journal of ship’s Captains, officers and scientists. What makes this book unique, is that it is written from the perspective of a lower-deck sailor. In those days, the early 1830s, there were not many sailors who could read and write, and with the long working days and a rugged life to endure, certainly very few who would spare the time to journalise their daily lives. It was almost inconceivable that one might ever have turned such a journal into a manuscript fit for publication. Here Dana excels, his social commentary on the events that he describes is possibly the most valuable aspect of his writing, and this was no accident, social comment was his intent.

Dana often laments his lowly and powerless position in a ship, on the wrong side of America and months from news of home. He dreads the potential that, through a whim of his Captain, he could be kept on the west coast, and be already living his future, as a sailor, never to return to studies in Harvard, and a learned career, which had always been his intent.

We are indeed lucky to have this book, Dana had to write it twice! How many of us cringe and swear when the computer crashes just before we were going to ‘save’, and a few paragraphs or pages are lost? Well think of the resolution that Dana showed when his first manuscript, painstakingly penned daily at sea over two years, was lost with his seaman’s trunk, along with all his worldly possessions, when he was paid off on arrival in the port of Boston. Fortunately, throughout his adventure Dana kept a rough note book, which he didn’t entrust to his sea-chest and from which he was able to re-write this book with, by all accounts, amazing accuracy. Fortunately too, Dana was on a quest. He was absolutely committed to having the book published, as he wanted to expose the injustices and appalling living and working conditions of the 19th century merchant sailor, who worked to live for almost every waking hour, including much of the night. A life in two watches, the watch on deck and the watch below, but “all hands on deck” was an all too frequent demand, especially in times of extremis, when all struggled together in a very battle for survival through the freezing temperatures, storm force winds and mountainous seas off the southern tip of the Cape.

Two Years Before the Mast is an opportunity to experience something that many could never conceive, and yet others, who have spent their lives at sea, may find uncomfortably familiar.

- Rod Nairn ▲
THE MARITIME LABOUR CONVENTION

is now in force

The convention establishes comprehensive rights and protections at work for the world’s seafarers. It aims to achieve decent work arrangements for seafarers, and secure economic interests, in fair competition, for quality shipowners.

AMSA Inspectors will conduct regular MLC inspections as part of port and flag State compliance.

To find out more about the requirements of the MLC, or the Navigation Act 2012 and Marine Order 11 which give effect to it, please visit [www.amsa.gov.au](http://www.amsa.gov.au)
My focus on Newcastle

by GARY WEBB, chief executive officer, Newcastle Port Corporation

Newcastle is a great, diverse and growing port, with a rich history. In 1799 it earned the title of Australia’s first commercial port, with the export of 50 tonnes of coal to Bengal, aboard the barque, Hunter. Two hundred and fourteen years on, it handles more than 142.6 million tonnes of coal per annum and is the world’s largest coal export port.

Coal was the start of Newcastle and remains the port’s largest commodity. However, diversity of cargoes is also a key element of the port’s success. The port now handles more than 40 commodities, including alumina, wheat, steel, cement and fertilizer.

The port has had an interesting journey from a Public Works Department, to the Maritime Services Board, to a corporatized entity, Newcastle Port Corporation. Corporatization has provided the commercial focus to deliver enormous opportunities for customers, who are the port’s key ingredient. The Corporation is focused on delivering operational excellence in the sphere of services and port development.

Since joining the port in 1989, which was then managed by the Maritime Services Board of New South Wales, I have seen enormous growth in trade and revenue. At the time, coal throughput was around 30 million tonnes per annum, which has since more than quadrupled.

Development

The availability of port-side land for development is one of Newcastle’s major assets. Major construction projects are underway, including the $800 million final stage of the Newcastle Coal Infrastructure Group Terminal at the Kooralang Precinct, a $28 million Newcastle Agri Terminal grain import/export facility at the Carrington Precinct, and a $50 million Stothaven Australia Pty Ltd Bulk Liquids Terminal on the Mayfield site.

The Mayfield site was part of the former BHP Steelworks site, and is one of the largest vacant parcels of portside land on Australia’s eastern seaboard. The Stothaven terminal will be located at the western end of the site. At the eastern end, Independent Cement and Lime has been granted planning approval to construct a cement storage and distribution plant. It is pleasing to see such a historic site deliver further investment and jobs for the Hunter Region. Plenty of land is still available for development within the port, with direct water frontage and potential for deep water berthing.

The port and its community

The port is an economic and social engine room for the region, the state and the nation. The port’s connectivity with the city and the region is strong, helped by its close proximity to Newcastle’s CBD. More than 10 kilometres of foreshore frames the port, providing a popular vantage point for the community to view ships arriving and departing. There are some lovely restaurants where people like to pontificate and watch the activity on the harbour. Many people take the time to tell me what is happening in the port, and I value their interest and engagement. Cruise shipping has attracted a lot of community support, with people turning out to watch the ships.

I value the cooperation of Newcastle’s port community and people’s willingness to work together for the greater good of the industry, while balancing commercial priorities. In addition to safer working practices, this has resulted in improvements to the efficiency of the port related supply chains.

Safety is the Corporation’s number one priority and it has worked hard to instill a port-wide safety culture via the Port of Newcastle Working Safe Group. This comprises representatives of the Corporation, the Maritime Union of Australia, local stevedoring companies, ship repair companies and towage companies.

Innovation

People are undoubtedly one of the strengths of the Port of Newcastle and the innovation of the Corporation’s workforce is worth noting. Key achievements include:

Expansion of the tidal window

Four cape vessels are now routinely moved on a tide. Over a period of time, we have gone from two capes, to three, to four per tide. This was a result of comprehensive simulation and ship handling trials which have broadened the tidal window and narrowed the separation between vessels during departure.

Ability to handle cruise vessels over 300 metres

Relocating the cruise facility from the downtown Throsby Berth to the Channel Berth has allowed larger ships to berth in the port since 2010. Through simulation, we have shown that the port...
will be able to accommodate cruise vessels longer than 300 metres. In March 2014, the port will welcome the 317 metre long *Celebrity Solstice* on her maiden visit to Newcastle. This will be the largest cruise ship to visit the port to date. Detailed simulation, using models of the port and the vessel, has confirmed the necessary clearances and operating limits for different weather conditions. This visit will set the benchmark for future vessels.

**Vessel Arrival System**

The vessel arrival system, implemented in June 2010, has improved safety by limiting the number of vessels that can anchor in the fair weather anchorage off the Port of Newcastle; an area which can be affected by changing swell and sea conditions. The system was developed in consultation with international and local customers, ship owners and operators, and has attracted a lot of interest from other ports.

Changing international shipping without a relative blip, due to successful stakeholder engagement, has been one of the key achievements during my time with the Corporation, and I would like to recognise the general manager operations, Ron Sorensen, who was the driving force. The system has also demonstrated environmental benefits in the local coastal area.

**The future**

The Port of Newcastle has immense potential. In 2012-13 the port achieved a record trade throughput of 148.8 million tonnes, with a trade value of $19.1 billion. This was the thirteenth consecutive year of growth. Areas of growth in 2012-13 included coal, fuels, fertilizers and mineral concentrates. Vessel movements increased to 4,631.

I have enjoyed the opportunity to contribute to an iconic piece of infrastructure that is part of the welfare of the region. As CEO, being the steward of the port for a period of time and being able to contribute to the future has been a privilege. Following my retirement from the Corporation at the end of September, I will watch its future direction with interest.

**Editors Note:** Gary delivered this farewell address at the SAL Newcastle lunch featured in *The Scene* on page 27.

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Shipping Australia’s on-line training courses teach and assess the basics of the shipping industry.

Whether you are looking to take your first steps into a new career or if your business would benefit from employees gaining a better understanding of the shipping industry, Shipping Australia Limited’s e-learning courses are a great starting point. We offer the following courses:

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Introduction to Shipping has proven very popular by making high standard informative content convenient and easily accessible. It is highly recommended as the preliminary introduction to the industry.

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**Fundamentals of the Maritime Industry**

“Fundamentals of the Maritime Industry” aims to establish a foundation of industry knowledge and to take that a step further by introducing the learner to more detailed subjects and building on that foundation. On successful completion of this course the learner will have gained a comprehensive understanding of shipping that can be applied in the workplace in many types of organisations.

**Fee:** Members $500 (plus GST), Non-members $600 (plus GST)

- All modules are completed on-line
- Multiple choice questions at the end of each module
- Practice tests to check your progress
- Certificate of Completion on successful completion of all three subject groups
- Course can be completed in about four hours
- Study in your own time, anywhere in Australia, just go on-line and log in

For further information, please visit our website [www.shippingaustralia.com.au](http://www.shippingaustralia.com.au) or contact Matthew Whittle [mwhittle@shippingaustralia.com.au](mailto:mwhittle@shippingaustralia.com.au)
New visa requirements for Australian offshore resources industry workers

By NATHAN CECIL, partner and CLAIRE MORGAN, foreign registered solicitor, Norton White Lawyers

Despite resistance from within the Australian offshore resources industry, new laws due to come into force in early 2014 will mean that many foreign offshore resources industry workers previously not required to hold Australian work visas, will now require Australian work visas.

**Offshore Industry Visa Requirements – Current Position**

Under the Migration Act 1958 (Cth), foreign workers employed to work within Australia’s Migration Zone are required to hold valid Australian work visas. At its heart, Australia’s Migration Zone is essentially Australia’s landmass and seabed. Relevantly for the offshore industry, Australia’s Migration Zone is defined to include:

a) any fixed offshore resources installation (including a pipeline) that is attached to Australia’s landmass or seabed and used to explore or exploit Australia’s natural resources;

b) any non-fixed mobile vessel or other structure that is used to explore and exploit Australia’s natural resources by drilling or otherwise obtaining natural resources from the seabed or subsoil; and

c) any vessel or structure that is used wholly or principally in the above operations or incidental to them, but not including any vessel used for transporting persons or goods (e.g. supply vessels) or manoeuvring a resource installation (including a pipeline) (e.g. tugs).

This means that any foreign workers employed to work on any such installation, mobile unit or support vessel or structure (except vessels used to transport persons or goods, or manoeuvre a resource installation) are required to hold a valid Australian work visa prior to entering the Migration Zone and/or undertaking any work.

**Allseas Construction v Minister for Immigration**

Recently, in Allseas Construction SA v Minister for Immigration and Citizenship [2012] FCA 529, the definition and extent of the Migration Zone was considered in detail. Allseas Construction operated two pipe laying vessels used to transport and position offshore pipelines in the Gorgon and Jansz gas fields. In addition, Allseas Construction was contracted to install, weld and check all aspects of the pipeline prior to it being commissioned to operate. The area of operation of the vessels was well outside of Australia’s territorial jurisdiction. However, the pipeline that they were laying was, at its other end, fixed to the Australian seabed and therefore extended to within Australia’s Migration Zone.

The Minister for Immigration sought declarations that the foreign workers onboard the vessels required Australian work visas on the basis that, during pipe laying, the vessels or workers on the vessels would come into contact with the pipelines which constituted a fixed resources installation attached to Australia’s seabed (at its other end). The Minister for Immigration argued that once the vessels or workers on the vessels came into contact with the pipeline (a fixed resource installation), they became connected to the Australian seabed and fell within Australia’s Migration Zone.

The Federal Court sensibly held that the vessels did not become fixed offshore resources installations connected to the Australian seabed merely by virtue of touching the pipeline. The Court held that this was insufficient and non-fixed contact with the Australian seabed and did not result in the vessels thereby falling within the Migration Zone.

Further, the Court held that the vessels were not resource industry mobile units, since the vessels were not being used to drill or obtain natural resources from the seabed.

However, as set out above, the Migration Zone extends to include any vessels used wholly or principally in the above operations or incidental to them. But, vessels used for manoeuvring a fixed resources installation (including a pipeline) are expressly excluded from this extension of the Migration Zone. The
Court held that the vessels clearly fell within this exclusion, given that they were employed to lay, manoeuvre and fix the pipeline.

As a result, the Court held that Allseas Construction’s foreign workers did not require Australian work visas.

The New Laws

The Minister for Immigration obviously felt that the outcome of the Allseas Construction case deprived the Minister of the ability to control workers and working conditions in Australia’s offshore resources industry. Accordingly, the Minister has passed amendments to the Migration Act to reverse the decision and require all workers involved in or supporting Australia’s offshore resources industry, to hold valid Australian work visas.

The new laws amend and extend the definition of the Migration Zone to include all workers “in an area to participate in, or to support, an offshore resources activity in relation to that area”. The new definition of Migration Zone does not focus on whether a person is on a vessel or installation that is in physical contact with Australia’s seabed. Those Migration Zone ‘tests’ still remain, but are extended by the new laws, which focus on whether a person is in an area where they are available to participate in or support any offshore resources activity, regardless of whether or not the participation or support or offshore resources activity have in fact started and regardless of what type of vessel a person is on. Offshore resources activities include all activities relating to the exploration and exploitation of offshore resources.

To the extent that an employer seeks to read around the new definition of the ‘Migration Zone’ or ‘offshore resources activity’ in a similar way as was done successfully in the Allseas Construction case, the Minister for Immigration will have the power to declare any activity to be an offshore resources activity and fall within the Migration Zone.

Impact and Action Required

If an Allseas Construction situation arose again under the new laws, those crew members who were on the vessels positioned outside of the Migration Zone for the purposes of manoeuvring and laying pipelines fixed to the seabed would be required to have Australian work visas, since the pipe laying activity would be considered to be ‘participating in or supporting an offshore resources activity’.

The new laws will likely capture all offshore related activities, not merely pipe laying. The new laws will impact those companies offering and operating support services to the offshore industry, with the administrative responsibilities and costs of these companies increasing in them having now to apply for and obtain visas for their employees.

In addition, it is possible that this further regulatory and cost burden could impact companies and their decision making when considering where to start up an offshore project, as supply and support service operators may seek to pass on these increased costs to the operators of any offshore project. In recognition of the complexity and burden of the new laws, the Government has announced that:

a) the commencement of the new laws will be deferred to early 2014, in order to provide industry with sufficient time to prepare;

b) a new special purpose visa will likely be introduced for a transitional period upon the commencement of the new laws, until industry is reasonably familiar with the new laws; and

c) industry education and consultation will continue to be undertaken in order to ensure that the new visa reasonably meets the needs of industry groups and provides an acceptable level of flexibility.

The penalties for non-compliance with visa requirements are significant, ranging from AU$76,500.00 to AU$102,000.00 per worker for corporations. Australian offshore resources industry participants who employ foreign workers will need to consider whether their foreign workforce will be required to hold the new visas. Accordingly, all offshore industry participants and/or supply companies are urged to:

a) consider the application of the new laws to their operations now (not once the new laws come into force);

b) participate in or seek representation at any stakeholder consultation sessions;

c) prepare and submit submissions on the requirements, conditions and flexibility required under the new visas; and

d) review all existing offshore resources contracts to determine which party bears the responsibility (and cost) for complying with the new laws once they commence.

Given the importance placed on border security and the protection of Australian jobs and conditions in the recent election debate, the offshore resources industry can expect the new laws to be well policed and strictly enforced. All offshore resources industry participants should consider their position now, in order to ensure that they are compliant by the time that the new laws come into force. 

New laws likely to capture all offshore activities
Light at the end of the tunnel?

By STUART HETHERINGTON, Partner, Colin Biggers & Paisley, President, Comité Maritime International

In his report to the Paris conference of the Comité Maritime International (CMI), as Chairman of the International Sub-Committee, Francesco Berlingieri reported that at an Assembly meeting of the CMI held on 22 April 1988, he was given authority “to investigate the question whether the problem of uniformity of the law of the Carriage of Goods by Sea should be placed on the agenda of the Paris conference and the manner in which the study of the problem should be approached”.

Thereafter at the Paris conference (1990), the CMI began work on what is now known as the Rotterdam Rules. That work had concluded at the end of 2001 following on from the Singapore conference which had been held earlier that year. UNCITRAL had then taken on the project and it completed its Convention in 2008, when it was adopted by the General Assembly of the United Nations on 11 December.

As Sarah Derrington noted in an article in this magazine, Summer 2011, 24 States had become signatories to the Convention as at 23 October 2011 and they comprised a mixture of developing and developed countries including several major trading and maritime nations. As she also noted, Spain became the first country to formally ratify the Convention on 19 January 2011. Since then Togo has ratified the Convention. To come into force it requires 20 ratifications. Australia has not signed the Convention and neither has it ratified it.

On 22 April this year I visited Washington DC with Chet Hooper of Holland and Knight in Boston and former President of the US Maritime Law Association (USMLA), who had been instrumental in moves within the USMLA to amend the Carriage of Goods by Sea Act 1936. That work was subsumed within the work done by the CMI and did not proceed. Chet Hooper was a member of the US delegation at the UNCITRAL meetings that drafted the Rotterdam Rules. He has monitored the progress in the intervening period since 2008.

The purpose of our visit to Washington DC was twofold. Firstly, it was to find out what progress had been made and what the future held within the United States government to ratify the Convention and, secondly, to inform them, from the CMI’s perspective, how imperative it was that the USMLA complete their ratification process as soon as possible.

In relation to the former objective, the meeting was most informative. At the conclusion of the meeting we were informed that the preparation of the transmittal package was coming to an end. The transmittal package is the document which progresses through other departments of State within the US administration (Federal Maritime Commission, the Justice Department and the Maritime Administration Department). Once the package has been signed off by those other departments, the Secretary of State is then in a position to send the transmittal package to the White House for the President’s approval. The President then forwards his advice and consent to the Senate and a vote is taken to approve the ratification.

This information was conveyed to us by Keith Loken, the Assistant Legal Advisor, Private International Law and Michael Coffee, the Attorney-Advisor in the office for Private International Law at the US Department of State.

Since my visit to the State Department there have been two significant developments. The first was that Keith Loken retired. That was not expected to cause any particular difficulties or delays as his immediate superior Sue Biniaz is knowledgeable about the project, aware of stakeholder interest in moving the Convention forward and is performing Loken’s role on an interim basis. The second development is that I was informed by Chet Hooper on 13 June that the Rotterdam Rules and the Ratification package had left the State Department for the inter-agency review and that it was anticipated that the review would be complete within a few weeks.

Why is it so important that the United States ratifies the Rotterdam Rules?

There is a general feeling amongst maritime lawyers that I have spoken to that a number of countries are waiting to see what the United States does before ratifying the Rotterdam Rules. This is not surprising given the United States’ role as the major trading country. Furthermore it is not surprising when the history of the Hague Rules is considered. Whilst many countries ratified the Hague Rules in the 10 or 12 years after 1924 and prior to the United States taking that action in 1936, the
The great majority of those countries were members of the British Commonwealth. It was not until after the United States ratification in 1936 that many of the other major trading nations came on board, for example Poland (1937), Romania (1937), Denmark (1938), Italy (1938), Norway (1938), Sweden (1938), Germany (1939), Turkey (1955), Netherlands (1956), Japan (1957), Ireland (1962) and Greece (1993), which all ratified the Hague Rules after 1936.

It was made clear from our discussions at the State Department that in the State Department’s work on the transmittal package, they were focusing on the Senate. They had been having lengthy discussions with the stakeholders with a view to seeking to limit the areas of debate on the floor of the Senate. When the transmittal package reaches the Senate, Mr Coffee will need to work with the Senate Foreign Relations Committee and they have very little knowledge about the topic, but he confirmed to us that the staff there “roll up their sleeves and ask questions”.

As somewhat of a cynic in relation to the political process, one has to conceive of the possibility that there could be significant further delays both in the White House and in the Senate. The Rotterdam Rules do not attract votes and are unlikely to be given any priority by politicians. This cynicism has a reasonable justification: the daughter of a US attorney that I met in New York shortly afterwards, who has worked in the White House, has confirmed to him that it is exceedingly difficult to obtain the attention of the President of the United States on such a topic.

If it becomes apparent that there will be continuing delays in the United States administration and government, there is, in my view, an alternative available to users of shipping services. It might be recalled by those that follow maritime legal history that before the Hague Rules Convention of 1924 there had been a period of about 30 years when legislators and people involved in the shipping industry worked hard at finding a solution to curbing the laissez faire approach to contract law, which permitted carriers to exclude themselves from having any liability for cargo damage. The first approach was taken by the United States government in introducing the Harter Act in 1893. That precedent was followed in a number of countries including Australia, Canada and New Zealand. Unfortunately for Australian, Canadian and New Zealand importers, that did not provide them with any protection when the cargo they imported had been damaged during the voyage and that cargo had been imported from countries which had no such legislation in place and under bills of lading which excluded the carriers from having any liability. Attempts were then made to introduce proforma terms into bills of lading to ameliorate the difficulties which consignees faced in that regard. By and large that was not successful and it was that which gave impetus to the work done over many years in the lead up to finalisation of the 1924 Hague Rules Convention.

It does however provide a precedent and a reminder that there is no reason why parties cannot agree to enter into contractual conditions which exceed the benefits available under the present Hague, Hague Visby or Hamburg regimes, or hybrids of those regimes, such as Australia.

In view of the considerable consolidation of carriers in the liner container trades over the last few years, it would not be difficult for a few carriers, particularly the largest ones, to enter into negotiations with shippers for the incorporation of the Rotterdam Rules in the clause paramount of their bill of lading. As a matter of private contract they can do that.

At a meeting I attended in Canberra in June with the President of the Maritime Law Association of Australia and New Zealand to ascertain the Australian government’s attitude to a number of conventions that have not been ratified by Australia (including the Rotterdam Rules) and when such ratification might take place, it was suggested that if, as a matter of private contract, carriers and shippers were seen to be giving effect to the Rotterdam Rules, that might have a significant bearing on the Australian government’s attitude to ratification of the Convention.

If carriers and others involved in the maritime industry are serious about trying to simplify the present cargo liability regime which currently could involve bills of lading being utilised in world shipping which incorporate the Hague Rules, the Hague Visby Rules, the Hamburg Rules, or others which incorporate hybrids of some or all of those rules, then one way to try to bring uniformity to world shipping would be for carriers to include in their bills of lading a clause paramount which incorporates the Rotterdam Rules Convention into their bills of lading. It would also require them to make an election under those Rules in respect of Chapter 14, dealing with jurisdiction (pursuant to Article 74) and in respect of arbitration in Chapter 15 (pursuant to Article 78).

Clearly carriers would need to discuss taking such a step with their P and I Clubs. If the P and I Clubs, the International Chamber of Shipping and BIMCO are all agreeable to seeking to resolve the present delays by taking this commercial approach to what is after all a private international law matter, the unification of maritime cargo liability law will be quickly advanced.

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**TALL SHIPS UNDER SAIL**

Tall ships *Tecla, Europa* and *Oosterschelde* set sail from Adelaide on 1 September on their passage to Sydney to participate in the Royal Australian Navy’s centenary celebrations. Other tall ships will join them in Melbourne and Hobart, until the fleet comprises 17 tall ships for their fleet entry to Port Jackson on 3rd October. The combined navies warship fleet entry will follow on Friday 4th.
Australiang marine engineering
firm, OMC International (Shipping
Australia Limited corporate
associate member) has won a major
Canadian contract for its DUKC
electronic navigation system to operate
in the St Lawrence River. OMC has
recently celebrated the 20th anniversary
of its first DUKC system installation at
Hay Point in Queensland.

OMC currently provides DUKC systems
for a number of ports in Australia and
overseas, and also operates the Torres
Strait under keel management systems
on behalf of the Australian Maritime
Safety Authority.

Executive Director Dr Terry O’Brien OAM
stated that “a customised web-based
DUKC Series 5 system for the draught-
restricted section of the St Lawrence
River from Montreal to Quebec City is
expected to be operational next year as
part of Montreal Port Authority’s (MPA)
and the Canadian Coast Guard’s (CCG)
integrated e-Navigation solution for the
St Lawrence River, which is one of the
world’s largest inland waterways.”

It is pleasing to see an Australian
company leading the world in technology
solutions, supporting safe and efficient
shipping.

Cost of coastal shipping
regulation to Australian
producers and consumers
highlighted at transport
regulation reform conference

At the National Transport Regulation
Reform Conference in Sydney on 20-21
June, acting CEO Shipping Australia
Limited, Rod Nairn, highlighted the
difficulties faced by shipping companies
in trying to comply with the intersecting
aspects of various legislation in the
coastal shipping environment. “The
unintended or anticipated interactions
between the Coastal Trading Act and
the Fair Work Act have increased the
complication of compliance and driven
some international shipping companies
completely out of coastal trade,” he said.

“For those that persist, the increased
charges that have to be placed on
domestic cargos to pay the Australian
wages required to be paid to foreign
seafarers makes movement of small
volumes of cargo by sea unviable.

“This is particularly disappointing
because, from a greenhouse emissions
perspective, sea freight is far more
efficient on long haul transits than
other transport modes and it could be
more economically efficient without
the regulatory burden. The outcome,
unfortunately, is that foreign imports
are replacing Australian produce as it is
cheaper to import materials from as far
away as North America, than to move
goods around the Australian coast.”

Coastal shipping in Western
Australia suffers a setback

Jebsens have withdrawn from the
coastal shipping service in Western
Australia. Their services commenced in
March 2010 offering fortnightly services
from Fremantle to ports in the north of
the state, and in the Northern Territory.
The last service arrived in Darwin at the
end of August. The Western Australian
Government has indicated that they
are interested in proposals for a coastal
service but will not be continuing the
subsidy in its current form.

Ballast water management will
cost ship owners

The Ballast Water Management
Convention 2004 is creeping closer
to entry into force with 29 per cent of
global shipping tonnage now covered
by ratification and only 6 per cent still
to go. The convention will require ship
owners and operators to develop a
ballast water management plan, select
and install a treatment system and train
personnel to operate the system. Their
ships will be subject to surveys and
inspection to maintain certification.

It takes a comprehensive approach to
ballast water management covering:
reception facilities, water exchange,
sampling, sediment reception, treatment
technology and risk management.

Australia is a strong supporter of the
Ballast Water Management Convention,
given the damage caused to the
environment by invasive alien species,
depletion of fish stocks and the high cost
of controlling these effects. However, the
cost of compliance will be high.

Implementation will be phased in with the
revised schedule adopted at IMO Marine
Environment Protection Committee in
May, and is expected to be adopted by
the IMO in November this year.

New Anti-fouling and in-water
cleaning guidelines

On 26 June the Standing Council on
Primary Industries (which comprises
all Australian State and New Zealand
Ministers, who have a responsibility
for primary industries), endorsed new
Anti-fouling and in-water cleaning
guidelines which replace the previous
Australian and New Zealand Environment
and Conservation Council Code of
Practice and In-water Hull Cleaning
and Maintenance, 1997. Copies of the
guidelines are available through the
DAFF website.

While the new guidelines still recommend
that structures should be removed from
the water for cleaning, they recognise
that this is not always possible, and
accept in-water cleaning as a potential management option as long as the risks are appropriately managed. Shipowners should note that there are additional requirements in Commonwealth waters under the Environment Protection and Biodiversity Conservation Act 1999. Further information on this aspect is available through: www.environment.gov.au.

**Supply chain advisory network launched at SAL Victorian luncheon**

Dr Hermione Parsons, supported by Paul Garth and other members of her team, outlined a new broad-based advisory network to consider supply chain efficiency in Victoria, at the Shipping Australia Victorian committee luncheon on 2 July. More than 90 guests at the lunch heard that the new SCAN organisation is intended to allow all interested parties to become involved, and represent the whole of the supply chain.

Dr Parsons advised that the network did not have any Government funding. It had been formed because they felt that there was still work to be done despite the demise of the Victorian Freight and Logistics Council, which was replaced by a much smaller Ministerial Freight Advisory Council, last year.

**1-Stop Connections receives Australian Business Award for Innovation**

On 3 July the Australian Business Awards recognised 1-Stop Connections (Shipping Australia Limited corporate associate member) as recipients of the Australian Business Award for Product Innovation in its industry classification of Container Control for 2013.

The awards panel noted that 1-Stop Connections’ web-based Container Control allows transport companies to work efficiently with shipping lines to reuse empty import containers as export containers, eliminating unnecessary truck trips to empty container parks. This efficient re-use provides cost savings across the entire supply chain, reduces traffic congestion and carbon emissions and improves the efficiency of shipping and road transport companies.

The Container Control system provides integrated business to business communication allowing businesses to interact directly with Container Control from their software without having to log in to the website, and provides opportunities for third party software vendors to create further innovative software plug-ins.

**A Blueprint for Reform of the Australian Customs and Border Protection Service**

In response to evidence of internal corruption and illegal activities, the Minister for Home Affairs and Minister for Justice, Jason Clare, launched a Blueprint for Reform of the Australian Customs and Border Protection Service on 3 July.

The Blueprint recognises the challenges of an exponential increase in the volume of people and cargo crossing over the border in the coming years, but focusses on cultural change through strong, effective and professional leadership at all levels, and a commitment to ongoing staff engagement and effective change management.

CEO Shipping Australia attended the Customs and Border Protection Command Consultative Forum on 15 July where Mike Pezzullo (see Profile in previous winter magazine) detailed his absolute commitment to the three tracks of reform; people, modernisation and integrity, which he said will pervade the seven areas of transformation.

**Qube Ports launch car training simulator to improve safety and protect cargo**

The first Australian pure car carrier (PCC) dojo training centre was opened by Qube Ports (Shipping Australia corporate associate member) at Port Kembla on 13 July.

The active driving simulation system teaches new and experienced employees to achieve the required standards, driving in a safe and controlled manner when unloading cars from car carriers.

“In PCC operations there is a mandate to achieve zero damage to our customers’ cargo, and to our people. We pride ourselves on being leaders in our industry. In 2005 we achieved 12 months zero damage, which was a first in the industry,” Mr Michael Sousa, Qube Ports operations general manager, said.

“Over the past six months we have pulled together a team of Qube management, working with K-Line and Toyota personnel, to develop what you will see today,” he said.

Qube PCC training centres will also be established in Brisbane, Townsville, Melbourne, Adelaide, Fremantle and Darwin, but Wollongong was the first to get a $100,000 simulator for stage seven of the eight station training process.
Queensland Government announces transfer of pilotage services to port authorities

On 6 August the Queensland Minister for Transport and Main Roads introduced the Transport Legislation (Port Pilotage) Amendment Bill 2013 to the Queensland parliament. The bill will amend existing Queensland legislation to devolve the provision and delivery of port pilotage services from Maritime Safety Queensland to the government owned port authorities located north of Brisbane.

Minister Emerson stated that “these changes will mean MSQ can concentrate on its core responsibilities, focusing on its role as a safety regulator.” He admitted that the current arrangement can lead to delays in operations because local ports have to check in with MSQ in Brisbane before making any decisions, and claims that the changes “will mean greater flexibility for local ports to make on-the-spot decisions that are safe for industry and the environment,” and “will also increase the opportunities for pilots and pilotage services to be better integrated into regional port management and operational arrangements.”

The Australian Maritime Pilots Association has been outspoken in condemnation of the move, claiming that the ports don’t want responsibility for management of pilots, and questioning whether the change is in the best interests of all stakeholders, or merely a move by the Government to cut costs.

The bill has been referred to the Transport, Housing and Local Government Committee for review.

Seafarers Welfare Forum

There was strong representation from Shipping Australia members and staff, at the Seafarers Welfare Forum, held in Sydney on Thursday, 15 August. The day, hosted by AMSA on behalf of the AMSA Seafarers’ Welfare Committee, and held ahead of the introduction of the Maritime Labour Convention, attracted more than 90 delegates and a diverse range of speakers including: Allan Schwartz from AMSA, who opened the

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- High Productivity
- Excellent Bucket Sealing Integrity

Log Lifters
- Integrated Safety Features
- Rugged Construction
- High Reliability
- Low Operating Costs
- Safe Working Load up to 36 tonnes
forum and outlined the implications of the MLC; David Burroughs from CommuniCorp speaking about mental health; Sara Cerche from ASA who outlined shared responsibilities and Ken Fitzpatrick, Chairman of Shipping Australia who spoke about the shipping agent’s role in supporting seafarer’s welfare. Other speakers included: Ian Niblock, Darwin harbour master; Thomas Karamakuzhi; June Harrison and David Ellis from Mission to Seafarers; Dean Summers representing ITF; Warwick Norman, Rightship and Noel Molloy, AMSA. The day concluded with a call for ideas on how to better coordinate and deliver welfare services to seafarers.

Cape Hardy deep sea port gains status

On 15 August the South Australian Government declared the Cape Hardy deep sea port a Major Development. The port and associated infrastructure which includes a 150 kilometre rail line, will have “the most extensive development assessment process in South Australia and is recognised by the Commonwealth,” Deputy Premier John Rau said.

The proposed development at Cape Hardy comprises three interrelated components, including:

- A deep sea port located seven kilometres south of Port Neill. The port will take up to capsize vessels and be capable of exporting 30 million tonnes of iron ore and other products, per annum
- A 150 kilometre long infrastructure corridor, comprising a power transmission line, sea water supply pipeline and standard gauge rail line
- A workers accommodation village, designed to accommodate 550 personnel, to be constructed within the township of Wudinna.

The development would be a catalyst for other mining aspirants who collectively have the capacity to provide a transformational shift in mining exploration and extraction according to Minister for Mineral Resources and Energy Tom Koutsantonis.

Maritime Labour Convention takes effect

The Maritime Labour Convention, 2006, developed by the International Labour Organisation, came into force worldwide on 20 August this year, having been ratified by more than 30 per cent of States, controlling well in excess of the necessary 30 per cent of global tonnage. MLC 2006 consolidates and updates 68 former conventions and establishes rights and protections at work, for seafarers world-wide.

In Australia, the Navigation Act 2012 and associated delegated legislation (Marine Orders), cover the requirements of the convention. The Australian Maritime Safety Authority has responsibility for regulation of the convention, and its requirements.

The Navigation Act 2012 defines the word “seafarer” as any person who is employed or engaged, or works in any capacity (including that of master), on board a vessel on the business of the vessel, but lists six exclusions including “a person prescribed by the regulations”. AMSA has found difficulty in establishing a list of those persons “prescribed by the regulations”.

It is recommended that readers contact Labour Conventions@amsa.gov.au if they require any information or clarification about the provisions of this convention.

Port of Melbourne outlines details of port capacity project at SAL Victorian committee

At the Shipping Australia Victorian state committee meeting at K-Line offices on 20 August, Jason Price and Brian Wilson provided long awaited details of construction scheduling and alternative berth and hardstand arrangements, during the port capacity project and redevelopment of Webb Docks. Members raised concerns over lack of hard-stand, covered storage and berth facilities to offload large construction materials. Mr Price made it very clear that Webb Dock east, could not be used for off-loading construction materials. Break-bulk operators raised concerns over capacity when Appleton becomes further used for vehicles, and Jason made it clear that there was no possibility of re-opening berth No. 30 to improve capacity. Their estimates showed that there was sufficient capacity elsewhere throughout the port to cater for expected demand but, clearly, there would be some delays and interruptions. Whilst many murmurings of concern remain, the promise of continuing consultation was well received. SAL will convene a working group to continue consultation with the port.

Tax ruling impacts non-resident ship owners – have your say

A draft Public Ruling has been issued, which aims to clarify the circumstances in which the ships and aircraft article of Australia’s tax treaties, allocates Australia a right to tax amounts that fall within section 129 of the Income Tax Assessment Act 1936.

The Ruling should reduce the reliance on freight tax letters of exemption, currently issued upon request for the freight beneficiary, confirming the application of a tax treaty to a voyage. It also highlights the implications of a particular tax treaty for a relevant vessel in whether or not a taxing liability applies within Australia for a voyage, which would require the lodging of a voyage return.

Titled, “Income tax: the application of the ships and aircraft article of Australia’s tax treaties to taxable income derived under section 129 of the Income Tax Assessment Act 1936 by a non-resident shipowner or charterer”, it can be found by searching the ATO legal database for “TR 2013/D5”.

Or, on the ATO website via this path:


You are invited to comment on this draft Ruling before the deadline of 1 November 2013. The guidelines for commenting are specified in Appendix 3 of the draft Ruling document.
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