

New South Wales

By MELWYN NORONHA, secretary



Three years have flown as secretary of the New South Wales State Committee. With Bill Rizzi as chairman, it continues to bring to the fore and address a range of issues in an everchanging shipping landscape.

All meetings this year were held at Shipping Australia Limited's (SAL) head office, with the last meeting of the year held on 13 December 2017.

New South Wales State Committee chairman – Appointment to NSW Freight Advisory Council

On 9 October 2017, The Hon Melinda Pavey MP, Minister for Roads, Maritime and Freight, appointed the Committee's chairman, Bill Rizzi to the New South Wales Freight Advisory Council.

The New South Wales Freight Advisory Council provides expert advice to the Minister of Roads, Maritime and Freight, and Transport for NSW on strategic issues impacting efficiency and productivity within the freight industry. Membership to the committee is for a 12 month term and commenced on 31 October 2017, and the chairman attended his first meeting on this day.

With a seat on the council, SAL is optimistic that the chairman will assist the Minister by providing strategic advice on key issues in the shipping and port freight areas.

New South Wales Freight and Ports Plan

The New South Wales Government has released its *draft Freight and Port Plan (the Plan)*, which forms part of Future Transport 2056. The Plan *inter alia* updates the 2013 Freight and Ports Strategy, and includes a Freight Report which aims to periodically assess and review the strategy objectives.

Transport for NSW is well into the consultation process and are seeking submissions on its new Freight and Ports Plan, which are due in March 2018.

SAL secretary on Review Panel of AMSA's Performance Framework 2017 - Port State control related assessments

It was privilege to be invited by AMSA to participate in an external review of its Regulatory Performance Framework (RPF).

AMSA, as a Commonwealth regulator, is subject to the RPF and is required to annually self-assess its performance against the RPF. The results of this self-assessment are validated by an approved AMSA, external stakeholder body (in this case the AMSA Advisory Committee (AAC) and certified by the AMSA Board.

On 12 April 2017, as part of the external review panel, SAL Secretariat attended and participated in a desktop exercise examining performance against the six key KPIs, which included the following:

- Regulators do not unnecessarily impede the efficient operations of entities;
- Communications with regulated entities is clear, targeted and effective;
- Actions undertaken by regulators are proportionate to the regulatory risk being managed;
- Compliance and monitoring approaches are streamlined and coordinated;
- Regulators are open and transparent in their dealings with regulated entities;
- Regulators actively contribute to the continuous improvement of regulatory frameworks.

A copy of the of the report can be found at the following link: <https://www.amsa.gov.au/forms-and-publications/about-amsa/publications/Self-Assessment-Reports/External-review-Port-state-control-Regulator-Performance-Framework-2017.pdf>

Verified Gross Mass (VGM) – One year on

Seems like only yesterday that SAL's Technical Committee was actively engaged with stakeholders in ensuring a smooth implementation of the VGM regime.

It's now over a year since the regime was introduced and whilst it has been generally quiet on this front SAL State Committee continues to monitor VGM declarations on a quarterly basis.

VGM declarations (except Victorian International Container Terminal in Melbourne) must be completed and confirmed via 1-Stops's Pre-Receipt Advice, prior to a container's entry to the terminal, to allow for sufficient time to enable planning the stow of the vessel.

At first, some instances were occurring where such declarations were being amended after entry into the terminal. As a result, terminals introduced a procedure to allow amendments with an additional charge, which shipping lines are required to collect from shippers. This introduced an additional administrative process for lines. In order to ensure that this practice did not become the norm, the committee, as part of its agenda, included quarterly verbal reporting from stevedores and shipping lines of amendments to VGM declarations after entry to terminal. It is pleasing to note that such occurrences of VGM amendments are negligible.

In addition, shipping lines provide feedback from any onboard AMSA Port State Control inspections with regard to VGM, especially for instances where an onshore regulatory intervention may have precluded a container from being loaded. No such instances have been reported.

SAL continues to advocate regulatory interventions of onshore premises where VGM calculations may originate, to add reliability to this regime.

Declaration of shipping channel service at port of Newcastle - Glencore application to National Competition Council

The case of declaring the shipping channel as a service at the port of Newcastle, continued into this year as well.

In June 2016, the Australian Competition Tribunal (ACT) declared the shipping channel service in Newcastle, under the relevant section of Part IIIA of the Competition and Consumer Act, from 8 July 2016 until 7 July 2031. This decision will allow for disputes about the price of access to channel services to be subject to independent and binding arbitration by the ACCC, with the potential for consequent changes in prices and revenue (depending on the outcome of any arbitration).

Those who read this section of the magazine last year may recall that Port of Newcastle Operations (PNO) appealed the ACT decision to declare the port's shipping channel, and a full Federal Court hearing was held on 28-29 November. The part hearing was adjourned, and stage judgement was reserved.

On 16 August this year, judgement was made in the Federal Court of Australia where PNO's application for judicial review was dismissed. This meant that the ACT's order made on 16 June 2016, declaring the service stands, and commenced on 8 July 2016 and expires on 7 July 2031.

This decision means that negotiations with the Port Operator at Newcastle over price and other terms of use will be subject to arbitration by the ACCC.

But things didn't end there. On 9 November 2017, PNO made a further appeal in the Federal Court in an attempt to stop the current pricing arbitration that the ACCC is running, from progressing. The judge dismissed the appeal.

SAL understands that PNO could yet again appeal the decision in the High Court.

Glencore is progressing on obtaining a pricing decision out of the ACCC in the first few months of 2018 and is also pursuing that the pricing outcome be applied retrospectively, which means a potentially very large re-payment will be required by Port of Newcastle.

Proposed Ports and Marine Administration Amendment (Dangerous Goods) Regulation 2016 (New South Wales)

Transport for NSW (TfNSW) proposed new *Ports and Maritime Administration*

Amendment (Dangerous Goods) Regulation 2016, discussions for which commenced last year, is yet to be finalised.

It is to replace the existing dangerous goods regulations legislation for port areas, which currently sits under the New South Wales Work Health and Safety Legislation.

SAL made a submission to the proposed legislation and at subsequent meetings reiterated concerns about the management of dangerous goods (DG), especially for transshipment containers and the associated quantum of penalties.

SAL has conveyed concerns relating to the practical matters relating to implementation of the proposed regulation.

Matters raised and discussed include:

- Review and simplification of PANSW's current DG management system;
- In consultation with SAL, PANSW to develop guidelines for DG management;
- Improvements in the re-lodgement for transshipment containers to avoid penalties;
- Difficulties in establishing who the penalty should be assigned to, resulting in shipping lines being issued fines and required to follow up with consignor/consignee;
- Increase in dwell times for certain DGs after conducting appropriate risk assessments;
- Consideration in utilising the stevedores Vehicle Booking System in DG management.

At the time writing the proposed regulation was yet to be finalised and TfNSW have advised that the regulations will be passed, probably in the first half of 2018.

Disruption to shipping in Sydney – MUA's protected action

Shipping lines were forced to rearrange their rotation schedules to Sydney due to an ongoing enterprise bargaining dispute between the Port Authority of New South Wales (PANSW) and the Maritime Union of Australia (MUA).

Since February 2017, PANSW have been in negotiations with the MUA members working on board pilot cutters. Negotiations came to a head when PANSW employees took a series of protection actions and suspended the use of the vessels to embark and disembark pilots in Ports Botany and Jackson.

Stoppages occurred on September 26, October 24, October 27, November 2, 8, and 16.

This caused major disruption to shipping lines scheduling in Sydney and had serious flow-on impacts around the coast of Australia, costing shipping lines to the tune of over AU\$15,000 per day for delays.

Functions

The Committee arranged three sensational lunches during the year.

In June, the Hon Melinda Pavey, Minister for Roads and Freight, hosted the State Parliament House Luncheon.

The Minister was unavailable on the day due a cabinet meeting, but her speech was delivered by Grant Gilfillan, CEO Port Authority of New South Wales.

The biennial Newcastle Luncheon was held in August 2017, at the Newcastle Club. The event was sold out and attracted over 120 shipping industry executives. Sponsored by the Port of Newcastle Operations (PNO), with support sponsorship from Ports Authority of NSW and Newcastle Stevedores, the event had two guest speakers in, Geoff Crowe, PNO and Aaron Johansen, CEO of Newcastle Coal Infrastructure Group (NCIG).

PNO invited guests to a harbour cruise before the lunch, which was both informative and enjoyable, and Geoff confirmed the port's standing as the biggest coal exporter.

Aaron Johansen provided a report on NCIG's operations, highlighting the continued Asian demand for New South Wales' superior quality coal.

This year's Christmas Luncheon moved to Doltone House – Darling Island Pyrmont. Held in early December it was once again a sell out and a resounding success with over 300 guests. Sponsored by NSW Ports with the entertainment and prizes sponsored by Maritime Container Services and Port Authority of New South Wales respectively, members and their guests enjoyed Doltone House's fine dining. Shipping Australia once again sponsored the table gifts this year.

The Chairman is extremely appreciative for the continued support and interaction between by all members at the meetings and their input on issues that impact shipowners and agents. ▲

Queensland

By BILL GUEST, secretary



While cargo through the port of Brisbane improved by around 10 per cent, bolstered by strong growth in agricultural exports, there continued to be further rationalisation among shipping agency representation. This as principals strive to maintain profitability in the face of competition and resultant downward pressure on freight rates – especially in the container sector.

The most recent initiative has been the formation of the Ocean Network Express (ONE) container service which will operate as a 'K' Line, MOL and NYK joint venture. ONE is expected to commence service in April 2018.

Of further employee impact has been the decision of Svitzer Aust to relocate their east coast Customer Service Centres to Newcastle.

All understandable but with regrettable local concerns, and again SAL will do all possible to assist members in coping with

these challenges. Hopefully, 2018 will see more positive outcomes within the agencies effected. Albeit, with more amalgamations, that seems doubtful.

This review has again focussed on Queensland issues, as those of national attention are included in the CEO's report, from a peak body perspective.

Administration

The Queensland Secretariat is grateful to State Committee chairman Geoff Dalgliesh ('K' Line), for extending his term through 2017. A chairman is being sought to take the helm in 2018.

Quarterly meetings of the State Committee were held, with specific issues progressed as required by the Steering Committee and SAL Ball Committee.

Senior representatives from the Department of Agriculture (Dept of Ag), Maritime Safety Queensland (MSQ), Queensland Department of Transport and Main Roads (TMR) and Aust Border Force (ABF) attend all State Committee meetings and the Aust Maritime Safety Authority (AMSA) have become regular participants. Input from all is valued and it's accepted that each representative/organisation benefits from knowledge gained from these meetings around broader industry issues.

Most Queensland State Committee meetings begin with presentations relevant to the shipping industry. As such, and aside from normal agenda subjects, members were kept fully informed on:

- Port of Brisbane Pty Ltd major projects, including Channel Optimisation and the Cruise Terminal project.



- International Ballast Water Convention, including impacts on the Great Barrier Reef.

- The Ship and Crew Engagement Program, undertaken by the Brisbane Mission to Seafarers (BMS) in the thoroughly justified support of visiting seafarers.

SAL not only strives to provide operational support to members but equally encourages participation in networking events which enhance both business and social camaraderie – already positive within the local shipping community.

In May, a full field played in the annual SAL Shipping Industry Golf Day at Wynnum Golf Club, with funds distributed to assist the valued ministering work of the Brisbane Mission to Seafarers and Stella Maris Apostleship of the Sea.

In October, the 26th annual SAL Shipping Industry Ball was held, with 220 enjoying a fun evening at Moda Events Portside. Each Ball commits to a shipping industry project and it is most pleasing that \$15,000.00 was able to be raised for the Brisbane Mission to Seafarers, Ship and Crew Engagement programme. It needs to be recorded that around 65,000 crew visits are made yearly into the port of Brisbane yet, with short ship times etc., only about 11,000 make it ashore. Funds raised will enable volunteers to be trained (in conjunction with Stella Maris Apostleship of the Sea for a greater number of ship visits where seafarers, who may well feel the effects of isolation/depression etc., can be provided with welfare support regardless of religious beliefs. A very worthy objective.

It is most pleasing that Ball attendees contribute to this programme, but the final figure would not be possible without sponsorship support. Gratefully



acknowledged are the Port of Brisbane Pty Ltd, Chalmers Industries, Patrick Terminals and Svitzer Australia. Additional support from Brisbane Marine Pilots, ACE Waste Group and PortGate Logistics was most appreciated.

On 8 June, Denis Gallagher, who has spent a lifetime in the shipping industry, entertained attendees at a SAL luncheon with the theme, 'The Sea: Its people, its challenges and its opportunities'. In many respects a precis of his book, 'Put not your trust in Princes'. A great read and provides the message – 'Consider the risks but give it a go anyway!!!'

Denis, now 75, has no plans for retirement and is active organising a coastal shipping service between Brisbane and Townsville, to commence by mid-2018. Watch this space and refer also to Coastal Shipping within the SAL CEO's report.

At a SAL luncheon on 7 December, Cameron Hall, PBPL Head of Strategy and Innovation presented on 'Handling Logistics Challenges and the Blockchain Influence'. There seems no doubt that blockchain technology will not only reduce the significant costs associated with export documentation but will enhance security and provide those in the supply chain a transparent view of a cargoes progress. All positive and progressive.

Young Shipping Australia (YSAQ) is presently becalmed and efforts are underway to encourage memberships and events. The Brisbane scene has limitations within the age category required.

Port of Brisbane Pty Ltd

The Port of Brisbane Pty Ltd (PBPL) 16/17 results are contained within the Port of Brisbane Business Review 2017, which can be downloaded from – www.portbris.com.au

Pleasing outcomes occurred, with 10 per cent growth in exports (gains from agricultural products) and a record year for containers exceeding 1.2 million TEU. Specifically noted should be - Queensland Government approval received to build



Queensland's first mega **Cruise Terminal** at Luggage Point, which provides a natural gateway to the Brisbane International Airport. Site preparation works have commenced, with construction of the wharf to begin mid-next year, and construction of the terminal to get underway in around 12 months. Operations expected in late 2019.

In conjunction with Maritime Safety Queensland (MSQ) and Brisbane Marine Pilots (BMP), the PBPL has undertaken a **Channel Optimisation Project** to safely permit larger vessels to access the port. A newer Under Keel Clearance (UKC) system is already in place.

The extension of the proposed **Melbourne to Brisbane Inland Rail Project** to include Acacia Ridge to the port of Brisbane remains a priority for the PBPL.

The eighth annual **PBPL Safety 1 Forum** took place at end August. Great presenters (Shane Webcke this year) and significant lessons for workplace and the home. Readers are encouraged to contact the PBPL to claim an invitation for 2018.

And finally – congratulations to the PBPL for being named **Australia's 2017 Port of the Year** at the Australian Shipping and Maritime Industry Awards.



Maritime Safety Queensland (MSQ)

Port Pilotage – Service Delivery Model. Taking into account the number of variables to be considered, the model remains a work in progress. MSQ remains committed to take on a purely 'regulator' role. Meantime noted that port pilotage and conservancy rates increased by 3.5 per cent from 1 July.

QShips continues to function well, for managing ship movements.

Brisbane Port Welfare Committee (BPWC)

The BPWC remains a pivotal link in coordinating many of the welfare services provided to visiting seafarers. This through the proactive participation of the Brisbane Mission to Seafarers and Stella Maris organisations. It is pleasing that the Fair Work ombudsman is now involved – especially in relation to the payment of seafarers on foreign ships carrying coastal cargoes. Ross Nicholls (Brisbane Marine Pilots) continues as BPWC chairman and SAL is pleased to be represented on the committee.

Contact.

Should this overview provide insufficient information I will be pleased to respond to any queries.

Wishing readers the best of health and success in 2018.

wguest@shippingaustralia.com.au
(07) 3378 2477. ▲



South Australia

By ROD NAIRN, secretary

In South Australia, Paul Paparella (Asiaworld) continued to represent SAL at South Australian Freight Council meetings and Flinders Port User Group meetings until it was discontinued earlier this year. No Shipping Australia meetings have been held during 2017, however these are planned to resume in 2018. Other matters of concern have been addressed through the Policy Council and Victorian State Committee. ▲

Victoria

By CHARLES MASTERS, secretary



The retirement of the long-serving Phil Kelly OM, during 2016, and subsequent passing during January, left a significant void in local knowledge and specifically the secretariat role for Shipping Australia in Victoria. Additionally, there were a number of retirements amongst member senior managers who were active participants in various sub-committees. Notwithstanding, the SAL Victoria State Committee is rebuilding and to an extent repositioning itself so as to remain relevant in a world of disruptive technology.

National issues are reported elsewhere in this Annual Review and will not be repeated here.

The privatised Port of Melbourne completed the first year of its lease, with container volumes holding up, underpinned by a bumper grain season earlier in the year. The Port additionally succeeded in securing breakbulk

shipments previously handled through the port of Geelong. Vehicle exports dried up as both Holden and Toyota ceased manufacturing cars in the State. Increases in port charges were confined to CPI and will remain so over the initial 16 years of the port's 50 year lease.

The projected increase in container traffic poses significant challenges to not only the existing infrastructure in the port but also the distribution around and beyond Melbourne itself. Whilst there have been calls for the establishment of a new port (Baywest) to address these projections, the Infrastructure Victoria report, released this year, put this a long way off (past 2055), this target will provide opportunity for return on the investment made by the ports lease holders. To meet the short to medium term challenge for Melbourne capacity, the further development of Webb Dock as a container port is proposed at the end of the existing lease, for the recently developed and commissioned roll on roll off facilities. The RoRo facilities are proposed to be relocated to the Port of Hastings at that time.

What appears more imminent and remains at issue, is the cascading of larger vessels with beams in excess of 43 metres, onto the Australian trade, and the physical constraint preventing 48 metre wide vessels navigating the Yarra to Swanson Dock. There seems no short or medium term solution to overcome this challenge.

The port asserts the maximum annual volumes at Swanson Dock to be 4 million TEU, with the same volume projected for Webb Dock. What remains unclear is if these volumes can be achieved while staging containers on the terminals for any length of time. At present, the terminals provide three working days free storage, yet emerging technologies could offer "live supply chain logistics" which would reduce the present multiple handling and staging of import containers to free up dock space and increase throughput.

Shipping Australia was invited by the Victorian Government Department of Economic Development, Jobs, Transport and Resources Infrastructure to provide input to a Freight Plan discussion paper. On this front, we highlighted the possible use of barges to two or three set locations around Port Phillip. The purpose being the reduction of truck traffic in proximity to the port and along arterial highways. This use of

barges is increasingly undertaken in many European ports using their inland waterways and resulting in removing heavy vehicles from arterial roads.

During the year four State committee meetings were held and four sponsored events. The first of these events entailed a well-attended and popular golf tournament during March, which was won by DP World. The second event was also a sell-out, with Darren Chester, the Federal Minister for Transport and Infrastructure, speaking on proposed coastal shipping reforms. The third, a first-time breakfast event, discussed Blockchain and Innovation and was underwritten by Commonwealth Bank and Port of Melbourne. This inaugural breakfast event was also a sell-out. The year was capped off with an up-market Christmas lunch staged at the historical setting of the private West Brighton Club, whose past membership included former Prime Minister Sir Robert Menzies, several Governors, a Federal Transport secretary and trucking magnate and Melbourne Harbour Commissioner. Not surprisingly, with this venue it was another sell out.

Taking our cues, particularly as it relates to staging the recent Blockchain event, we propose in 2018 to explore and discuss the security shortcomings across the ports stakeholders, and the risks posed by the lack of a comprehensive approach to cyber security. On this score we read that the boards of Australia's top publicly listed organisations remain hopelessly unprepared for dealing with cyberattacks. To complete the education thematic, we will look into the possibilities of AI (artificial intelligence), as viewed through the eyes of large volume importers, operating fulfillment centres to understand how far technology can speed-up the overall supply chain. ▲

Western Australia

By ROD NAIRN, secretary

The Western Australia State Committee continued to be chaired by Robert Boyce (MSC) throughout the year, with the annual meeting held at Fremantle Ports on 13 September.

A change of Government in March saw a major change of direction for the west, with plans for the privatisation of the port of Fremantle immediately abandoned. The news was received well by the shipping industry and the port, as it put to rest the uncertainty which had been preventing decisions, such as lease tenure for stevedores, for two years. A less positive outcome for the freight industry was the new Government's decision to also abandon the Perth Freightlink and reallocate much of the funding to passenger rail upgrades. While this decision is seen as short sighted, it does clear the way for strategic port planning to consider all options and not to be constrained by the planned Freightlink investment. An outer harbour development will certainly be considered as part of the

strategic port planning now underway.

Another sensitive matter was the decision announced by Carnival in September, to withdraw their home ported ship from Fremantle due to lack of available cruising destinations within reasonable reach. Only a month later that decision was reversed after some Government intervention and announcement of cruise ship priority at some ports, dredging of Broome and berth improvements in Geraldton.

Offshore a clampdown by DIBP on all crew members on vessels supporting FPSOs being required to hold a class 400 working visa, has create a headache for ship operators and agents. The Migration Amendment (Offshore Resources Activity) Bill was passed in the final days of the Labor Government in 2013, to ensure that support vessels for offshore oil and gas platforms were crewed by Australian workers. These platforms offload their production cargos by pipeline to shore storage and then export via international

ships. But for FPSOs, who store their cargo onboard, the unforeseen implication of the Bill may require that the crews of ships loading their cargo for export also hold Australian working visas. Foreign crewed ships can import and export international cargos at Australian ports, so it seems incongruous that the crews of ships loading exports from an FPSO must hold Australian work visas.

Hull fouling is receiving greater focus from both shipping lines, as an impediment to fuel efficiency, and regulators, as a vector for marine biological contamination. This is a particular problem for the increasing number of FPSO's that remain anchored at sea for years on end. In-water cleaning has been seen as a possible solution, and in November this year an Australian-designed system, by Fran Marine, was approved for trial. The trial was apparently successful and augers well for the future but the regulatory approval process for each instance of in-water cleaning remains a challenge. ▲



*Western Australia State Committee meeting at Fremantle Ports' office, 13 September
(chairman, Robert Boyce, third from left)*