ANTHONY JONES, Group CEO of LINX Cargo Handling Group

PROFILE

AUSTRALIA

Autumn/winter 2018

INTRO

duCING - dARREN DUMBLETION, Quay Shipping

LNG

we’re girt by gas and sea!

Wine exports up

Women in shipping

MY THERESE BLANK – Maersk Line Oceania.

GENERAL AVERAGE EXPLAINED

Our longest Naval mystery SOLVED

PROFILe

ANTHONY JONES, Group CEO of LINX Cargo Handling Group

INTRODUCING - DARREN DUMBLETION, Quay Shipping
Increase productivity
Reduce incidents

Working on a vessel can be extremely high-risk, with seafarers reportedly up to 27.8 times more likely to suffer work-related fatal injuries compared to the general shore-based workforce.

A recent study uncovered new insights into seafarer safety and wellbeing and found that looking after your crew results in less incidents and better productivity.

Manage fatigue
One in five seafarers experience acute and chronic fatigue. Implement a fatigue risk management system to manage fatigue and ensure crew get enough sleep.

Rules and procedures
Make sure rules and procedures are clear, practical and up-to-date. When information is easy to understand and relevant, crew are more likely to follow rules and procedures. Including seafarers in the development of rules and procedures improves compliance, performance and wellbeing.

Work demands and support
Seafarers are required to quickly switch between monotonous tasks and extremely demanding tasks. Buffer the negative effects of these work demands by promoting positive and open interaction between crew and people in higher-level roles. As the leader, set high safety standards and show your crew that their safety is just as important as operational cost.

Co-worker support
Crew that have emotional support and are equipped to deal with work pressures perform better. Employing the same crew on the same vessel helps by allowing them to develop support networks and enjoy job security. These things increase wellbeing and reduce the rate of mental health issues.

The final report Assessing the determinants and consequences of safety culture in the maritime industry is available at amsa.gov.au
CONTENTS

02 FROM THE BRIDGE
08 VIEWPOINT
   The Blue Highway is ready and free to use
10 PROFILE
   ANTHONY JONES, Group CEO, LINX Cargo Handling Group
12 WOMEN IN SHIPPING
   MY THERESE BLANK, Australian sales and country manager, Maersk Line Oceania.
14 INTRODUCING
   DARREN DUMBLETON, managing director, Quay Shipping Australia
16 LNG FEATURE
   16 Now we’re girt by gas as well as by the seal
   20 Critical mass moment in sight
24 AUSTRALIAN WINE
   Global demand on the rise
28 ECONOMY
   Shanghai of the tiger? Doing business in China
30 BUSINESS
   30 Tariffs: The good, the bad, the ugly
   32 What’s your exposure to FX?
34 COASTAL SHIPPING
   Changing the coastal trading rules
38 LOGISTICS
   38 Blockchain in the supply chain
   40 How blockchain can safeguard Australian food and beverage on the supply chain to China
   42 Developing a national Trade Community System
46 LINER SHIPPING
   Winds of change in Liner Shipping
48 LEGAL/INSURANCE
   General Average explained
50 BORDER AGENCIES
   2018 customs compliance priorities

51 FILM REVIEW
   The Mercy
52 THE SCENE
54 NAVIGATION
   The Panama Canal
56 NAVAL HISTORY
   Solving the mystery of HMAS AE1
58 ALC FORUM 2018
   Towards a National Freight and Supply Chain Strategy

Front Cover:
Shell’s floating liquified natural gas (FLNG) facility Prelude on station, 475km north north-east of Broome
Image: Shell Australia
The first part of 2018 has been a historic one for liner shipping in Australia. The sudden withdrawal of lines from the major Discussion Agreements operating between Australia, New Zealand and the USA was quickly followed by a similar exodus from the north Asia Trade Facilitation Agreement and the southbound Asia Australia Discussion Agreement. This brings us to uncharted territory with respect to liner shipping and leaves Australia’s peak exporting shipper body, the Australian Peak Shippers Association, scratching their heads and wondering why they suddenly have no carrier representative body to talk to.

Changes to this sector of the industry have been expected for some time, ever since the European Union removed their competition protections for shipping and replaced them with a vanilla flavoured block exemption permitting only low market share consortia. Since then, a number of other regulatory regimes have done the lemming thing and followed blindly off the cliff to weaken or remove anti-competition protections from shipping. Hong Kong and New Zealand are among the most recent, and the sum of these changes have made an impact on the psyche of global shipping lines. The shipping industry has a lot of inertia and major changes take time, but they eventually work themselves through. Changes to global competition protections over the past decade are at least partially responsible for the consolidation of shipping lines in recent years, though of course there are other factors. I caution all regulators to be very careful when they consider tampering with a market that is currently highly competitive and working well as “whatsoever a man soweth, that shall he also reap”. Andrew Chittenden provides a more comprehensive analysis of the causes and effect of this historic change on page 46.

It is not coincidence that the demise of Discussion Agreements comes after the latest round of shipping industry consolidation. The five or six market leaders are now strong enough to make their own decisions and live by them. Perhaps the first example of this is in global bunker surcharges. Under a Discussion Agreement regime all the lines participating in that agreement would normally negotiate their bunker base rates, indices and calculation methods for surcharges with the peak shipper body. This provided standardisation between lines and predictability for the shipper. Now, without DAs to limit them, the major lines can simply set their own surcharges on a global basis and can change these surcharges as they see fit, with no minimum notice periods. So much for predictability.

Let me make it clear that not all Discussion Agreements have been abandoned. DAs remain an essential umbrella structure that enables a collection of smaller lines to collaborate to provide a shipping service. The barriers to entry to providing a shipping service are very high indeed, a viable service needs reasonable frequency and sufficient cargo to make it sustainable. That means multiple ships over multiple ports, which demands a massive capital risk. DAs can provide a means by which lines can share this risk and ensure that a regular service is sustained while maintaining competition between the contributing lines to prevent price gouging.

So where does this reduction in DA participation leave Shipping Australia? Shipping Australia Limited was formed in 2000 through the amalgamation of the Australian Chamber of Shipping and Liner Shipping Services. Over the years the pendulum of our work effort has swung between liner services and shipping policy matters. Staff levels have been continually adjusted to meet the work demand. In the last few years, as the demand for liner services support has reduced I have reduced our workforce in the liner services department. At the end of May, after almost 30 years working at Shipping Australia (and the former Liner Shipping Services), Andrew Chittenden has taken his retirement. Andrew’s reputation for expertise in liner shipping regulation is widely known and respected throughout the industry, and SAL is happy that he has no carrier representative body to talk to.

Despite these changes, Shipping Australia maintains the capability to support continuing Discussion Agreements, bunker calculations, regional trade statistics and ongoing registration service for consortia agreements under Part X. We will also
continue to be the industry point of contact for the Registrar of Liner Shipping, and provide advice and support on liner matters to our members. The policy and technical department remains unchanged and will continue to provide information, advocacy and training services to our members and the wider shipping industry as we have done for the past 18 years.

On that note, Shipping Australia has commenced consultation with the ACCC over the requirements of the industry for the development of a potential class exemption to cover shipping lines. Our position has always been that Part X of the CCA already provides the appropriate level of competition protection, is low on regulatory compliance red tape and is supported by both carriers and shippers. But the future of Part X is not at issue here, that will be determined by the Government at some future date, not by the ACCC. The ACCC has been tasked to develop a class exemption that best meets the needs of shipping industry carriers and shippers. We are working with them on this but an essential element for shipping lines is certainty and this is not so easy to provide in a self-assessment regime.

The first half of 2018 has also been mixed in terms of international shipping markets. The dry bulk indices have been on somewhat of a roller coaster, dipping to peaking with the Baltic Dry Bulk index swinging between 1470 and 1000 twice since the start of the year. In the past two weeks before going to print this index has plummeted 400 points again. Box rates have shown similar instability with the Shanghai Containerized Freight Index climbing above 870 in February, only to drop 200 points in March before staging a modest recovery of half of the lost ground in May. The arrival of a lot of new build tonnage is starting to increase volatility and those lines that provide public accounts have announced operating losses for the first quarter. So, the outlook is not rosy, lines will look carefully at their operating costs and this will put more pressure on lines to either pull out of uneconomic services or look for other ways out of an industry which has been suffering from oversupply for more than a decade. I do see more consolidation coming.

A year out from elections in the New South Wales, Victorian and Federal governments, it seems that preparing long-term freight and infrastructure strategies is the thing to do. SAL contributed to the Victorian Infrastructure plan last year, and in the first half of this year has also made submissions to the NSW Freight and Ports Strategy and the review of the National Freight and Supply Chain Strategy. Our submissions are available on our web site but to give you the short version we keep to some simple, and virtually indisputable principles:

- Make the best use of existing and latent infrastructure and minimise greenhouse gas production in the national freight task by including coastal shipping in the overall freight strategy – this will cost nothing but the political will to change the coastal shipping rules
- Focus on efficient and effective rail connections between the ports and intermodal hubs, including duplication of the Port Botany rail link, and building a dedicated freight rail connection from Acacia Ridge to the port of Brisbane
- Preserve the freight corridors and port precincts and protect them from urban encroachment

The Federal Budget earlier this month did deliver on funding for the duplication of the Port Botany rail but there was no mention of Acacia Ridge to Brisbane. There were other goods and bads in the fine print. One of the goods was the announcement of $200 million funding to provide a Satellite-Based Augmentation System for GPS. Known as SBAS, this system will improve safety and reliability and accuracy of ship (and land) positioning systems which will improve safety of navigation. It will also support the inevitable move toward more autonomous systems both on land and at sea.

In the bad category, the announcement of an insidious new biosecurity levy caught the entire freight industry off guard. Completely unexpected, this levy has been announced with no industry consultation, it is inadequately described and, certainly to this point, insufficiently justified or accounted for (I am running out of derogatory adjectives). This new levy of $10.02 per TEU or $1.00 per tonne of non-containerised cargo looks like a slush fund for the Department of Agriculture so that they won’t have to justify their future expenditures under the existing cost recovery mechanisms. It’s plan to be collected by the terminal operator is also another costly outcome which will add further administrative costs to the supply chain. In an unprecedented sign of consolidated opposition, Shipping Australia combined with the Australian Logistics Council, Australasian Railway Association and Ports Australia to release a joint media statement condemning the charge. Shipping Australia will be engaging vigorously with the Department of Agriculture on this matter.

Just over a year ago SAL held a function to explain the new concept of Blockchain, it was a real eye opener to many who had never heard of the concept. Today you can’t get through your first morning coffee without blockchain being mentioned, it seems to be the go-to word for breakfast TV and radio presenters. It seems that Blockchain will fix supply chain integrity, and distribute verified data across networks on a need to know basis, but how many people really understand it and what it can do? In this edition we cover blockchain from a few angles starting with a fundamental explanation by Richard Arrage on page 38, its application in guaranteeing integrity of medicines and other products by Mark Toohey, and its use as the backbone to ensure trust in the development of a new trade community system in Brisbane.

At the ALC Conference in March I was encouraged by the fact that shipping and ports gained a greater proportion of the agenda than in previous years. The conference was also the first opportunity for the newly appointed Deputy Prime Minister and Minister for Transport and Infrastructure, the Hon Mike McCormack, to make his first speech in the role. The opposition transport spokesman Mr Anthony Albanese was also in good form and I was pleased to hear him recognise the need for: less regulation, bipartisanship for long-term shipping policy stability, and coastal shipping to do more of the domestic freight task.
If there was a global prize for newsmaker of the year there would be no argument, it would go to President Donald Trump. He knows how to hold the news spotlight and to rock the establishment. His withdrawal from the Trans Pacific Partnership was enough to have all players scurrying to see what they could salvage, and salvage a new TPP they did. Trump’s continuing quest for funding to build a border wall with Mexico is attracting a lot of local press but on the global scene his abrupt announcement of 25 per cent tariffs on steel and aluminium was seen as the first salvo in a global trade war – and in war, everybody loses. Fortunately for Australian producers, our Government negotiated strongly and was able to obtain exemptions by calling on our long time special relationship with the USA. China retaliated with tariffs on multiple products and then there were reports of USA cargos of sorghum bound for China, being redirected to other Asian countries to avoid the punitive Chinese anti-dumping duties.

Most recently, with the world’s economies scrambling for position, President Trump tweeted it all off again and it seems that the short but furious war of projected tariffs has been called off. Read what economist Bernard Gresser makes of it all on page 30.

We could all learn a lesson to wait until the smoke clears before trying to assess the win outcome.

The AMAA NAV18 Future of Navigation Conference was held on the Gold Coast in May. I was pleased to present on the implications of disruptive technologies on safe navigation of international shipping. I have long been a strong supporter of the work that AMAA and the Australian Hydrographic Office have done to continually improve the safety of navigation around the Australian coast and through the Great Barrier Reef in particular.

Shipping through the Great Barrier Reef is far safer than it was twenty years ago, with incident rates falling from an average of 2.5 per year to only one per 3 years over that period. The last major incident was the grounding of the Shen Neng 1 in 2010. This improvement in safety is not just a coincidence. The past decade has seen the availability of Electronic Navigational Charts (ENC) and the implementation of compulsory carriage of Electronic Chart Navigation Display Systems (ECDIS). Together these have improved levels of bridge situational awareness and reduced the incidence of navigational error. The extension of REEVFTS services has ensured that there is a “guardian angel” keeping a watchful eye on any ship that starts to wander out of the designated shipping areas. The outcome of all this effort is safer shipping, ensuring that commercial shipping can continue to operate safely and efficiently throughout the essential sea trade lanes of our world heritage listed national park.

There is more good news for maritime trade to come. Previous navigation safety depth calculations combined with shallow waters and a complicated tidal regime have necessitated a limit of 12.2 metres maximum static draught for shipping navigating the Torres Strait and inner Great Barrier Reef, but this looks about to change. AMSA, in partnership with OMC, implemented an underkeel management system through the Torres Strait in 2010 and have been collecting data and improving the system ever since.

Now they are at the stage of trialling deeper draught shipping through the Torres Strait and trial vessels have safely navigated the passage at draughts of up to 12.5 metres. It may not sound like a lot, but for a bulk carrier, every additional centimetre of draught equates to around 5,000 tonnes of cargo. According to the trial report, if the regular bulk ships traveling from Weipa to Gladstone transit Torres Strait at 12.5 metres draft rather than 12.2 metres, then they could carry the same amount of cargo in 10 less transits per year, an operational saving of around $10 million. Trials for container vessels are scheduled to commence soon and if similar gains are achieved this could equate to thousands of additional containers being carried per ship on the Torres Strait route from Singapore to east coast Australia. This is definitely a win outcome.

The presence of Brown Marmorated Stink Bugs (BMSB) in container cargos from Italy and vehicle cargos from Japan this season caused substantial delays in cargo and substantial costs to shippers and shipping lines. While protocols were in place for containers, it appears that the pre-embarkation fumigation had a lot of holes in it and approved facilities managed to use a lot more fumigant gas than they ever purchased. The result is that DAWR was not able to rely on the fumigation certificates and required inspection of containers prior to unpacking.

The arrival of hitchhiker pests in vehicle consignments from Japan was far more costly and disruptive for shipping companies. With a few BMSG being discovered at sea and others identified as a result of fogging on arrival, a number of RoRo and PCC were refused entry to New Zealand and Australia with no solution identified. This resulted in lengthy and costly delays, offshore fumigations and general aggravation. Car imports have skyrocketed since the end of the BMSG season and SAL has initiated discussions with DAWR and vehicle importers to make better preparations ahead of the next season.

On 12 March I was privileged to attend a special commemoration at the Australian National Maritime Museum, of the finding of Australia's first Submarine HMAS AE1, near Rabaul, in Papua New Guinea. In attendance were Minister for Defence, Senator Marise Payne, Chief of Navy, Vice Admiral Tim Barrett, and descendants of the 35 crew who were tragically lost. The circumstances of the sinking and the final resting place of AE1, which has remained a mystery for more than 100 years was finally declared solved following the successful search on MV Fugro Equator. The display at the ANMM is well worth a visit by all Australians, but for now you can read the story on page 56.
The IMO MEPC has now confirmed the timeline for the commencement of global low sulphur fuel implementation with the 0.5 per cent sulphur in fuel cap, which will come into effect on 1 January 2020. SAL’s concerns that the supply of low sulphur fuels will not meet demand have now been echoed by the International Chamber of Shipping chairman Esben Poulson, who is calling for global fuel suppliers to get their preparations in order “particularly for operators in tramp trades, which call at diverse port destinations”. Poulson warned operators that it is vital to start making the necessary preparations for this major change, which is expected to significantly increase bunker prices across the shipping industry. Some operators are moving towards fitting of scrubbers, which will allow them to operate even with inadequate low sulphur fuel availability but there has been a significant shift towards the use of LNG as a clean bunker fuel.

Our feature in this edition looks at LNG from the point of view of Australian producers just as Australia becomes the world’s number one LNG producer, and from the shipping industry perspective as LNG as a bunker fuel approaches critical mass. The ICS has gone even further and, in promoting shipping as the clean transport industry of the future, considers that even LNG is only a stepping stone to a new generation of zero emission fuels such as hydrogen fuel cells or ammonia-based energy.

Among a wealth of other articles, you will find a film review of The Mercy, a Hollywood production recounting the desperate attempt of Donald Crowhurst to be the first and fastest to sail single handed non-stop and unassisted around the world in the Golden Globe Race, 1968. I would not be a spoiler to say that he failed; the honours went to Robin Knox Johnson in his yacht Suhaili. Now, 50 years on, a commemorative Golden Globe 2018 Race is being held, limited to the same technologies available to the original sailors. A feature on Mark Sinclair and his 34 foot yacht Coconut, one of two Australian entries was included in SAL Spring/Summer 2017 magazine. I am delighted to joining Coconut on 14 June for the invitation race from Falmouth, UK to Les Sables d’Olonne, France, ahead of the start of the solo Golden Globe on 1 July. Check out the next Spring/Summer edition for an update.

As we go to print I am pleased to congratulate Craig Carmody (formerly of Svitzer Australia) on his appointment as CEO Port of Newcastle and Nicolai Noes, a former SAL director and CEO of Maersk Australia, who has returned from Singapore to take the helm at Svitzer Australia.

Dear Sir,

This is something of a long shot, but nothing ventured ...

The port of Onehunga, once the biggest secondary port in New Zealand, closed its doors to freight activities at the end of November 2016, bringing to an end roughly 180 years of shipping movements on the eighth biggest harbour in the world, the Manukau Harbour.

The port is now a haven for trawlers, particularly during the albacore (hoki) season during the summer months. But many’s the day this once exceedingly busy wharf is now bereft of any activity whatsoever.

To keep alive the memory of this terrific wee port, I’ve set up a tribute website, www.ultimatzensoccer.com/Onehunga, which boasts a whole host of photos and information about the many ships which have tied up alongside over the years - oh, how I wish those bollards could talk, because the tales, I’m sure, would be abundant!

Which is the reason for this letter. I’m eager for the site to become as comprehensive and definitive a record of shipping at the port of Onehunga as possible, the idea being to gather as much information and stories about the port and its servants (ships and crew), so the role it has played in New Zealand’s history isn’t lost to future generations.

To this end, I’m keen to receive contributions, be they written or photographic, from any readers who may have lived on the shores of the Manukau and taken pictures of the ships passing by, or who may have worked on those very vessels on their way in and out of Onehunga and across that sometimes feral beast, which is the Manukau Bar.

Submissions can be made via the website, with contributions certain to be fully acknowledged, as a visit to the website can confirm. I look forward to receiving yours.

Thanks,
Jeremy Ruane

www.ultimatzensoccer.com/Onehunga - a tribute to shipping at the port of Onehunga
Australia is an island nation. We’re surrounded by the sea and our ports are Australia’s trading gateway to the world. Around 99 per cent of our international import and export trade by weight is carried by sea, representing about three quarters of its value.

Increased world trade and double-digit growth in our cruise ship market, means our ports and harbours remain critical to our growing economy. However, while international sea freight makes the most of our port infrastructure, only 15 per cent of Australia’s domestic freight is taken by sea. This discrepancy has seen increasing support over recent years for coastal shipping reforms that will develop the domestic maritime trade.

With over 70 ports around Australia, there is potential for a blue highway that connects our industrial, agricultural and commercial centres. Advocates for taking domestic freight off our roads and rail and onto the sea say that this network will be an economic boon to regional Australia and will reinvigorate the Australian maritime industry.

Supporters say that the blue highway provides the most sustainable and cost effective method of transporting freight across the country, while the Australian Government’s commitment to shipping reform will ensure that safe, secure and efficient coastal shipping remains part of Australia’s national transport system.

And to support this blue highway and the ongoing growth in world trade and passenger ships, we’ll need world-class port and marine services to ensure the marine supply chain keeps on running efficiently.

**Safe, reliable and efficient port services**

Port Authority of New South Wales works to ensure the safe, reliable and efficient movement of cargo and passenger vessels through our ports of Sydney Harbour, Port Botany, Port Kembla, Newcastle Harbour, Port of Eden and Port of Yamba.

To ensure we continue to supply safe, efficient and sustainable, world-class port and marine services, we look to continually improve our services to commercial shipping coming into our ports.

Each year, Port Authority of New South Wales’ marine pilots and cutter (vessel) crew perform over 10,000 pilot transfers across our ports to help bring cargo ships, tankers and cruise ships safely to berth. In 2016/17, our marine operations teams completed 4357 pilot transfers to and from commercial ships in Sydney Harbour and Port Botany alone – an average of 12 per day.

Our marine pilots are master mariners and we work to continually refine and improve their skills. The pilot teams undertake regular off-site training in state-of-the-art simulation exercises at the SmartShip Australia facility in Queensland and the Maritime Simulation Centre at the University of Tasmania. These world-class centres allow our marine pilots to hone their pilotage skills using computer-generated waterways and full replicas of ship’s bridges, complete with control panels and communication equipment.

**Overseeing safety**

Our pilotage service is backed with the assistance of our VTS teams who provide a continuous service to monitor the safe and efficient movement of vessels in our ports. We are continually refining our procedures and, in Sydney, the VTS has recently been certified in accordance with the guidelines set out by IMO Resolution A.857 (20).

This initiated a review of the current procedures, documentation, practices and processes of the VTS and involved the development of a project framework and gap analysis, followed by a complete reworking of documentation.

The VTS team have also collaborated with pilots to provide “shared” reference points for vessel movements such as abort points and traffic clearances, adding another level of risk assessment to vessels’ safe harbour transit.

Further to this, the Sydney VTS team carried out a complete review of emergency preparedness and procedures. This work is strengthened by the regular inter-agency emergency drills we hold across our ports to bolster our skills and our ability to respond to emergencies.

Australia’s marine supply chain is one of our key national assets, and Port Authority of New South Wales is here to make sure it’s in safe hands.
Delivering safe, efficient and sustainable world-class port and marine services

www.portauthoritynsw.com.au
The Blue Highway is ready and free to use

By MIKE GALLACHER, CEO, Ports Australia

Australia needs to use its ports and shipping domestically, just as much as it does internationally. Strategically we have ports spread right around this country, they can lift more than any other logistics network we have, and shipping is not constrained in the way other freight transport options are. Australia’s supply chain should not be a struggle between the different modes of transport. It is about being smart, it is about understanding the strengths of each mode and using them appropriately to meet the incoming freight tsunami, and tame the geographical vastness that is Australia. The volume of freight going in and out of the country is going to be the same whatever we do internally. The question is how are we going to meet it? This is why I am such a supporter of reforms to coastal shipping. To use our ports and sea-lanes to support the terrestrial mode of freight. I can see so many untapped benefits in using the blue highway to its potential.

That balance is combining the flexibility of our roads, the connectivity of our railways and the capacity of our ports.

Governments around the nation are investing billions into road and rail to relieve congestion, improve road safety outcomes, connect inland regional communities directly with capital cities to improve quality of life and freight efficiencies, and invest in the nation’s economic growth. The Commonwealth alone is investing $75 billion in the next 10 years, with funding dedicated to road, rail and airports.

The blue highway doesn’t need to be built, expanded or maintained. It is free, and it already connects all our major cities and many of our regional centres. Analysis conducted for the Inquiry into the National Freight and Supply Chain Priorities suggests that while the freight task is projected to double in the next 20 years, even with extra investment, Australian transport infrastructure will be hard pressed to meet this demand without including the ports.

Furthermore, the New South Wales Government estimates that a 1 per cent increase in freight efficiency could save the national economy $1.5 billion. This country will continue to grow whether we are prepared or not. State and Federal governments are taking steps to understand and lead this growth. My question to them is how can we use our over 80 ports strategically located right around our country to their full potential, to the benefit of the country?

Which is why Ports Australia has commissioned Deloitte to help us understand exactly the role our ports can play in the domestic shipping mix.

There is a freight tsunami heading our way and this country is not yet ready to meet it. The Inquiry into the National Freight and Supply Chain Priorities released its report recently which highlighted the significant freight task ahead and the limitations of the current freight transport mix. We have to be smarter.

Australia has the highest growth rate of any major OECD country, growing at a steady 1.6 per cent per annum, with our population expanding from 24 million to 30 million by 2030. Our capital cities are home to 69.3 per cent of the entire population - this number will increase to almost 75 per cent in the next 40 years.

As this population rises, so does demand. We know through the Government’s National Freight and Supply Chain Priorities Discussion Paper that the total road freight task in all capital cities is forecast to increase by 2.33 per cent per annum; from 40 billion tonne kilometres back in 2006 to 66.60 billion tonne kilometres, within the next 12 years.

There is currently a bill in the Senate intended to address some of the challenges in the current legislation. Whilst Ports Australia welcomes these minor adjustments to the current regime, we believe there is an opportunity for wider reform.

It is my firm belief that embracing the use of our nation’s coastal sea routes by reforming coastal shipping, is not a maybe but a must for Australia’s future. Through the blue highway, we can deliver sustainability for existing cities, grow existing regional areas, handle more freight and save billions in the process.

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Whatever it takes.

We take care of your cargo – no matter what, where, how much or how often you ship with us. And we bring ‘the personal touch’ to container shipping, with first-class, localised customer service and the unmatched cargo expertise on which we’ve built our reputation.

Any questions? Just ask our sales experts, who are near you at more than 250 locations in over 100 countries.
Anthony Jones is as close to being wharfie royalty as one can get without having been called a “lumper”, a term that disappeared soon after waterside workers no longer had to wrestle barrels and crates by hand from the delivery truck to their niche in the hold.

He is a fourth-generation waterside worker following in the footsteps of his late father Steve Jones, better known as “Jonesey” and famous for his lifetime services to the Sydney shipping industry, and his grandfather Sid Jones, and his great-grandfather before him.

The first question is: “Did he ever actually work on a wharf?” To which the answer has to be “Bloody oath.” Anthony is a strongly built, athletic-looking man of medium height who could well be a former footballer. But he isn’t and one wonders if his physique comes from gruelling times as a hands-on lumper. But until recently he’d never heard the word.

By 1999 when he joined Patrick it was as a “stevedore” and the old term had passed into history; the waterside had been gentrified!

Second question is, “How did he get

By ARCHIE BAYVEL

ANTHONY JONES, Group CEO of LINX Cargo Handling Group
from there by the age of 38 to being CEO of a group with 3800 employees?" Read on for his blow-by-blow account of that journey.

“When I left Heathcote High School my first job was as a landscape gardener,” he says, “but my elder brother, was working at Patrick and when he told me how much he was earning, I was out at Port Botany the next day.

“Due to an industrial dispute the previous year, getting a job there was relatively easy because Patrick’s had made a lot of staff redundant and were seeking casual employees.

“I had two interviews, a medical, then had to wait two months before being told I had a job. About 20 other people began their training at the same time, many of whom still work at Port Botany. While I’m sure my family lineage must have helped me, it was never mentioned.

“The entry level position was as a G2 wharfie and our main duties were lashing containers to the deck to prevent them falling overboard in rough seas.

“Then I trained as an ITV driver, transporting containers from the rail head to the straddle grids and RTG area. After that came training on heavy forklifts and driving the straddles.

“Thanks to a strong background in computing – I’d studied three-unit computing in high school - I was next trained in the admin functions of Receival and Delivery (R&D), processing the paperwork of inbound and outbound containers to the wharf.

“After that I was trained as a straddle tower monitor, overseeing yard operations and working with the straddle operators to maintain smooth operations.

“With this admin training I moved to clerical functions in the rail operations; then after three years of stevedoring I left and moved to Patrick Rail. It was a big step in salary but it was a Monday-Friday job and stretched my brain.

“Patrick had begun to branch out from terminals into the logistics business and had purchased Pacific National, so in 2002 I moved to Melbourne as its operations manager.

“I stayed with Pacific National for 12 years as operations manager, New South Wales manager, and general manager of its bulk business.

“From there I moved to being general manager of Patrick until 2016 when I became group CEO of LINX Cargo Care Group. After Asciano disappeared I’ve been busy creating the Linx brand and its new look.

“My calendar on a normal day looks like a game of Tetris; it’s full of meetings and responding to emails, studying overseas investment opportunities and growing our business. A major part of my day is also supporting the decisions of our group CEOs and stakeholder managers.

“Growing up through this business has given me a lot of operational experience. From a role of doing things I’ve moved to one where my job is to deliver strong diligent governance and execution of strategy.

“We now have our own culture, broken away from our history with Patrick and Asciano.

“I think of myself as being humanistic. My dad was a union delegate during the port’s days on Hickson Road’s so-called Mad Mile and someone described him ‘way back then as practising HR before HR was invented by always asking himself how in a certain circumstance he would want to be treated.

“I share that philosophy and Jonesey’s legacy to me is my belief that he made a difference on the waterfront as well as on our lives.

“That includes our interest in encouraging women to work in our industry. It’s one thing attracting women into the workplace but it’s really important that you attend to them once they’re here.

“We need to look to them for diversity of mind as well as of gender, otherwise one just gets clones of what we already have.

“We need a safe space where women can challenge our mindset and bring in different suggestions and energy.”

But Anthony’s life isn’t all work. He and his wife Katie have three sons and a daughter. He describes getting them breakfast and ready for school as a big part of his early mornings.

“It’s an important time of the day for us because I am away from home so often,” he says. "Katie, is a teacher by profession but is currently doing our family’s most important job which is raising the kids.

“We met in Colorado where we were both exchange students. I was 19 and she was 16. We live at Woronora, so the fruit hasn’t fallen very far from the tree.

“When I’m not overseas or interstate I travel to North Sydney for work by car or by train. I get to the office by 9 or 9.30. If I’ve taken the train I’ve read my emails and answered many of them by the time I get in. I get home when my diary permits.

“The diversity of this business is one of the big attractions of my job. One day I’ll be talking plantation trees, next day I’ll be looking at newly imported cars, yet another day I might be watching coiled steel being loaded.

“And we’re very proud of our investment in Geelong Port, the premier bulk port in Victoria, and I work closely with Brett Winter, its CEO.”

Anthony is one of three brothers. One, Nathan, is operations manager with Hutcheson at Port Botany and the other, Matthew, is an animation cartoonist.

“When the film Peter Rabbit came out recently all the family went to its premier and we stayed to the bitter end to make sure we saw his name on the credits,” Anthony says.

It’s all a very long way from his grandfather and great grandfather, both of whom would have been only too acutely aware of what it meant to have been “a lumper”.

Who owns what ...

The LINX Cargo Care Group is 67 per cent owned by Brookfield Infrastructure Partners (part of a massive Canadian conglomerate) and 11 per cent by each of British Columbia Investment Management Corporation, Qatar investment Authority, and Singaporean Government investment corporation. Its group companies are Linx itself, Autocare Services, C3 Limited (a New Zealand stevedoring and forestry business), and Geelong Port. The group has recently taken the lease and operating rights over the Enfield intermodal terminal and Jones says: “We plan significantly grow metro freight trains and move freight from road on to rail, helping to decongest Sydney roads.”
WOMEN IN SHIPPING

MY THERESE BLANK, Australian sales and country manager of Maersk Line Oceania.

It’s a long way to Eskilstuna it’s a long way to go …
(To the tune of Tipperary)

By ARCHIE BAYVEL

Early most mornings you can find My (pronounce it “Me”) Blank pushing her pram through Sydney’s Haymarket; another single mother on her way to work in the nearby CBD, her baby daughter Maja is on her way to day-care, almost next door to the Maersk office.

“I keep the pram in my office,” she says. “Maersk has an innovative maternity policy that creates a lot of engagement with women. At Maersk you can have a career path as well as a baby.

“I really value time with Maja. Her day-care opens at 8am and is very close, so I am at my desk by 8.10. I collect her at 5.30 and we wheel home for dinner. She is only 18 months old, so when she goes back to sleep I get my homework done.

“Our apartment is small, only 70 square metres including the balcony, but it’s very comfortable and convenient to the office and to swings, which Maja loves.

“I keep a notebook next to my bed.

“There are plenty of women in shipping, and Maersk has many female leaders who are role models in a male-dominated industry. If you raise your hand you get an opportunity.

“I was interested in international trade, so when I left university I joined Maersk and learned that the company was my family. I was attracted by the fact that it was an international leader.

“When I went on its management training course in Copenhagen (called M.I.S.E – Maersk International Shipping Education) it was attended by 400 people from nine different countries, and I learnt how people from different cultures think.

“At first I worked in Gothenburg, in Sweden, which was then Maersk’s regional office for Scandinavia, Baltics and Russia. In 2008, two years after joining the company I had the opportunity to go to Auckland, as a capacity manager with responsibility for New Zealand and Pacific Island services.

“I stayed there for four years before moving to Myanmar for my second overseas posting.”

It was all a long way from Eskilstuna, the small town west of Stockholm where she and her older brother and sister were brought up and to which she tries to return every two years on holiday.
“My mother and father are both retired now,” she says, “but my mother was a preschool teacher, always encouraging us to play outdoors and my father was in business. He is highly competitive and always encouraged me to strive to improve in everything I do.

“Today my sister manages a local library and my brother is a real-estate agent.

“I’d learnt to speak English by the time I was nine and Spanish by eleven. After I left school I went to university at Upsala and went to Spain or France every year working in hotels, restaurants and bars. It was a great way to practice the local language and get to know people and cultures.

“I also spent a year at the University of Barcelona in an exchange programme as part of my business and economics degree. I studied finance and marketing courses in Spanish and completed my bachelor degree at Barcelona before returning to Upsala to complete my masters.”

So by the time she reached New Zealand, My had covered a lot of ground; it was also a time when Maersk was preparing for change in the South Seas. While the company’s regional headquarters was, and still is, in Hong Kong, its Oceania group was split into two clusters.

Australia, PNG, and the Solomon Islands was one cluster and New Zealand plus the remaining Pacific Islands was the other. Today they are merged as the company’s Oceanic Cluster, with its head office in Auckland.

But that was all in the future for My. First she had to adapt to New Zealand’s free and easy business style after the more formal ways of Scandinavia.

“New Zealanders have a much softer relationship with each other; more gossip, more sharing details of their personal life,” she says. “And Australians are more of the same. Scandinavians are less willing to discuss their personal life at work.

“After four years in New Zealand I was sent to Myanmar for a 3-month secondment to assess the business opportunities in the country and establish Maersk’s strategy.

“At the time US and EU sanctions were yet to be eased and Myanmar was quite a different business environment. It goes without saying that it was also a quite different social environment to anything I’d seen before.

“All very different from Europe, with a lot of time spent ironing banknotes because in a drive to stamp out forgeries old or crumpled notes were no longer recognised as currency.

“Most of my time was spent in networking with government representatives, investors and people within the shipping and logistics industry. I also had the opportunity to travel around the country and explore different parts of Myanmar.

“The experience changed me as a person – the people were so kind and friendly. When I first arrived there was no internet, no mobiles but by the time I left everybody had them.”

“I stayed in Myanmar from 2012 – 2014 as country representative for Maersk Line and MCC Transport. I was responsible for establishing Maersk Line Myanmar and on completion of that task my title changed to country manager.

“Then I went back to Auckland and my previous role as a senior trade manager.

“After a couple of months I was sent back to Myanmar again and stayed on a permanent assignment for just over a year-and-a-half. My job was to set up Maersk’s own agency there. We became the first foreign company to open a fully-owned office in Yangon.

“Things had changed completely when I arrived back. It was completely new. The country was opening up, foreigners were suddenly welcome and many very big garment manufacturers had moved there from China, to take advantage of cheaper labour. A lot of new projects opening.

“Export trade was growing – garments, food such as pulses and rice, and imports were also on the increase – and containerised wheat from Australia and steel from China, was being imported.”

Bulk grain ships can’t reach Yangon because of draft restrictions on the Irrawaddy river.

They call at Thilawa, a deep river port owned by Hutchison Port Holdings, on the Bay of Bengal 25 kilometres south of Yangon. Feeder vessels take freight from there up the Yangon River to Myanmar Industrial Port in the city centre.

MIP handles 400,000TEU a year – about 40 per cent of the country’s container throughput – and feeder vessels also take exports down river to Singapore, Malaysia, Thailand and China.

According to the Australian Bureau of Statistics, Myanmar was Australia’s major containerised wheat market in the second half of 2017, with 179,929 tonnes. Vietnam runs second and Malaysia third, with some 130,00 and 108,00 tonnes respectively.

“There was always discussion during my time about dredging the river between Thilawa and Yangon but feedback I received was that dredging would risk erosion of the riverbank,” My says.

“Once we had established our company in Myanmar I moved back to New Zealand to be closer to my fiancé. I worked there as manager of the key client team until I came to Australia in July last year.

“I’m 37 now and part of a global mission to improve efficiency in our industry. Maersk launched a new product last year called Remote Container Management. And all 270,000 Maersk referees have it installed.

“RCM is a game changer for our industry. Its internal sensors gather important data on the cargo inside the box, while a GPS device marks its physical location.

“It allows you to monitor conditions inside your container from the moment your goods are locked inside, until delivery at their final destination.

“It’s saving itself millions of dollars. And no other shipping line has it.

So if you’re walking around the Haymarket of an early morning keep a look-out for My. She’s a lot taller than most Australian women and will be moving fast! She’s on a global mission, remember!

• My, and baby Maja, join a group of elite women to be profiled in this magazine, who include Melinda Pavey, Minister for Freight and Ports; Anne Sherry, of Carnival cruises; Wendy Cheah, of APL; Gloria Choy, of DP’s Terminal 8 in Hong Kong; and Marika Calfas, of NSW Ports. ▲
The cheerful footy-playing larrikin who kept asking: ‘What’s my next step’

By ARCHIE BAYVEL

Darren Dumbleton, managing director, Quay Shipping Australia

Darren is prowling the complimentary business lounge of the Pullman Hotel, at the airport end of O’Riordens Street, casing the place like a sniffer dog for the free drinks and nibbles promised in its brochure.

He needn’t have worried ‘cos it turns out to be a sumptuous five-star pad delivering on all points of all its stars. Darren is staying there because he discovered it was heaps cheaper and better (more sniffer-dog work) than where he used to stay.

At that end of Sydney town it comes as a pleasant surprise for those with recent memories of the area being a run-down, low rent part of the airport environs.

So even at first sight there’s a lot of vitality coming out of Darren Dumbleton. Settled into the free beer and peanuts, one asks for the story of his life and he doesn’t even take a deep breath before launching into his tale.

It’s a vigorous yarn about a young man who was always set to enjoy his work and threw his full weight into the job, yet at the appropriate time always asked himself, “What’s my next step?”

It’s a story that should inspire young people: It’s the chronicle of how a cheerful kid with maybe just a hint of sporty larrikin, rose to found his own prosperous multi-faceted shipping agency.

He was brought up in Altona North, what he calls a working-class suburb of Melbourne, where his dad was a warehouse manager with Nestles while mum was a typist, so both parents worked. He has one elder brother, a building consultant.

Went to school at St Pauls College where he played footy and cricket. “I’m still basking in the glory of Richmond Football Club, the Tigers, premiership win in 2017,” he says and has the photo to prove it.

Darren left school one November, immediately after his HSCC. It was a time when interest rates were 17.5 per cent so it seemed a good time to accept his first job offer, from the State Bank of Victoria.

But that job didn’t start until February which left him a lot of time to knock about with friends who were already earning money; so when he saw an ad in the paper for a job with Hong Kong Island Shipping he got it, began work immediately, and loved it.
“It was like an apprenticeship to the shipping industry,” he recalls. “There were only six people in the office, my desk was equipped with a phone and an ashtray. No fax, no computers.

“A perfect learning ground and I learned the business from the ground up. Went to my first vessel on Day 3, met everyone in the pub and got a real feel for the industry.

“Also, I found a teacher who let me do some sales work and I liked that. Keith Mills was his name. He taught me the basics in all things shipping - export documentation, bookings, imports, container control, ships attendance and husbandry. I’ve been in shipping ever since.

“But I got restless after about three years and began wondering: Where-to next? I was still living at home and began looking around.

“I found a job with a much bigger company, Contships US and European service. And they gave me a company car.

“After about a year I wanted to travel and applied for six weeks’ leave. It was 1989 and I was 21. They refused to give it to me so I left.

“That was the year I found real life with MSC, plus lifelong friendships with Kevin Clarke and George Pantazougou!

“MSC had just been launched in Australia and I was gung-ho and so were they. ‘Go and get the cargo’ was their motto, so I set off like a tiger and got it. Lots of people were saying MSC would never make it. But they were wrong; just look at them today.

“Being a sales rep didn’t stop me playing footie at the weekends. One Sunday I got my nose flattened and concussion as well. George said: ‘You can’t go out looking like that’.

“Two weeks later I came to work on crutches and George said, ‘You can’t go out looking like that’. This time he meant it and he let me know he was not pleased.

“How much does football pay you?” he asked. My answer made it clear that if I lost my job footie couldn’t pay the rent, so it was ‘Goodbye footy’.

“MSC gave me my head to impact the market, so we took on the market. I was always pushing myself and it was like working in another world – entertaining, client promotions, and so-on.

“Then MSC entered the cruise market with the Achille Lauro and we took a group of clients on a cruise. My first and an experience in itself. One of our guests bailed out at our first port of call.

“Despite all the excitement I stayed with MSC for only three years. I enjoyed it but had become more businesslike and felt I needed new challenges, a job on my own terms.

“But what to do? I couldn’t work for another shipping company ‘cos they’d just be wanting to steal MSC’s ideas. So I joined Circle Freight, an American airfreight forwarder.

“I joined them on the same day as Kym Frearson, and we became the dynamic new team. A great friendship was born and we stayed close mates until his shock passing in August 2016. At that time Kym was working for me in Brisbane at Quay Shipping Australia.

“The company was growing and another partner joined us. I became a partner and we diversified by opening Publish, which specialised in shipping and warehousing books. It flourishes to this day.

“These were stressful years. Stretching, and stretching, and stretching. We opened an office in New Zealand, I moved back to Melbourne, developing our business in Asia, opening agencies, developing our market in Hong Kong, which had become very important to us.

“Eventually CH Robinson, an American company, offered to buy us out but the deal fell through. I heard recently that another company, APC, ended up paying $320 million for the business! My tenure with the company had, alas, ended 10 years ago.

“A lot was going on at that time. We were in a frame of mind to sell the ACA business. I had moved to live on the Gold Coast in 2005 and was thinking of launching an agency business of my own.

“I’d become a little tired of Melbourne and was looking to move out of the city to greener pastures, you could say a tree change, somewhere close enough to commute to work and get to the footy (being a mad Tiger) and Flemington race course.

“We had a young daughter and where trying for another, life’s priorities where changing. I wanted to leave Williamstown but wife did not. We were at stalemate.

“Then round that time, 2003, I had to do a two-week Sabbatical to our Brisbane office that turned into five weeks. I based my wife and three-year-old on the Gold Coast. We were on short weekly holiday rentals and were twice booted out of our accommodations due to school holidays. We ended up in a house at Sanctuary Cove.

“Upon returning to Melbourne I asked my wife how she felt about moving to the Gold Coast and to my surprise - after not getting her to move 50 kilometres away from Williamstown - she said, “Yes”.

“I convinced my then business partners that the move would be good for business and by February 2004 we had sold up, bought a house and moved lock stock and barrel. Best decision we ever made.

“What happened next was complicated because the people who wanted to take us over couldn’t come up with the money; they could afford only half the price we wanted. Eventually I sold my shares to my partners and they sold them to the new bidders.

“Then I launched Quay. Sinotrans was our first major principal and we recently celebrated our 10-year relationship. We’re also agents for Pacific Forum Line, Yangtze Navigation, and are the Australian representative of the World Wide Shipping Agencies Association.

“What about my wife? I make the money and Louise spends it! Only joking. I could never have done what I was doing without someone at home. We have a loving and open relationship with our two children, who attend a semi-posh co-ed rugby-playing school.

“When I’m not travelling you find me most days in the Brisbane office. Although I do like to work from home on Wednesdays.”

“Hobbies? I play golf off 22”. Long pause, then, “And I don’t mind a bit of reading.”
Now we’re girt by GAS as well as by the SEA!

BY A SPECIAL CORRESPONDENT

It’s official: The stuff is everywhere under our oceans and by this time next year we’ll be the world’s biggest exporter of gas, as a basket of huge new projects nears completion.

However, according to the Department of Industry, the title is likely to be short-lived as US exports ramp up over the following years. It says Australia is likely to overtake Qatar as the biggest gas exporter only until the US assumes the mantle in the mid-2020s.

But what is the relevance of Australia becoming the leading gas exporter? When it comes down to thee and me, the answer is “Not much”.

Sort of!
But shift our thinking to the global picture and the answer is “quite a lot”. Our rise to gas fame comes almost entirely from a handful of vast new ocean platforms and the continued high performance of existing gas producers, such as the recently completed $54 billion Gorgon project, off the west Australian coast.

Before the new wells came on-line Australia’s standing was a lowly ninth the world and a long way behind the USA, Russia, and even Borat’s home state of Kazakhstan.

The step-up will bring extra $billions to the national economy but exactly how many is a mystery at this stage – and likely to stay that way because there are 11 major offshore operators involving some 40 local and international partners or their offshoots.

Qatar is currently the world’s largest exporter of natural gas, with an
How our LNG industry looks in the big picture

In every community where we operate our economic contribution is accepted as the lifeblood of the regional economy. But this is not the narrative we see in capital-city-centric commentary. It was not the narrative at the Batman by-election – and it is not the narrative in Facebook, Instagram or Snapchat feeds. The further we go from our areas of operation, the more challenges we face to our aspirations. So, a question we must answer is: why is there such a gulf in perception from the regional areas where we operate to the commentators and activists of the inner city who rely on our products?

I will offer two observations. The first is that all too often we have been unwilling to be part of the conversation on the issues that really matter to Australians. And the second is that, when we have engaged, we have chosen comfortable rather than challenging conversations …

Ms Zoe Yujnovich, chairman, Shell Australia Pty Ltd opening the 2018 APPEA conference in Adelaide.

estimated 74 million tonnes this year.

But our LNG export volumes are forecast to reach 77 million tonnes per annum in 2018–19, up from 52 million tonnes in 2016–17. Gas will then become the second biggest Australian resources export by dollar value.

These higher volumes will be driven by increased production at Gorgon and completion of three LNG projects under construction — Wheatstone, Ichthys and Prelude in our far north-west.

Prelude is the world’s biggest ship, more of a barge really, which is anchored offshore and pumps and processes gas before loading it to tanker ships alongside.

These rising export volumes mean natural gas is set to become the second biggest Australian resource export by dollar value, overtaking metallurgical coal.

That increase will help pick up the slack from a projected $10 billion decline in iron ore, Australia's biggest export, as a result of reduced Chinese demand.

The official report says that: “The fob price of Australian LNG is forecast to increase to average $9.0 a gigajoule in 2018–19. Conversely, spot prices in Asia are expected to decline as buyers unwind gas stockpiles for the winter months.
Wheatstone onshore facility in 2017, at full operational capacity it will contribute over 13 MMboe of Woodside’s annual LNG and domestic gas production.”

Update on the renewables …

With solar power believed by many to eventually replace gas and coal for power generation, a World Resources Industry report ranks Australia 17th for its solar potential.

A solar farm to power all of Australia would cover about 6270 square kilometres, about 0.1 per cent of the country.

Wind turbines, the other renewable power source, are also increasing in size, with the Australian Wind Alliance forecasting that offshore turbines could soon be as tall as the 300 metre Eiffel Tower. The largest turbines currently stand 220 metres.

Ostensibly, it was shelved because of cost but there was unrelenting pressure and misrepresentation by groups ranging from environmentalists through believers in traditional magic, to aborigines who said it would interfere with their annual wild plum harvest.

In fact the decision seems wise on a quite different count. As recent and little-publicised court cases have proved, a handful of boozed up construction workers can cause havoc; 10,000 of them would surely have pushed poor little Broome to the sinful death continually predicted for it these past 200 years.

Whatever … the Browse project and its estimated $1+billion-a-year royalties to the government have now sunk below the horizon. However, the project’s three leases were renewed in 2015 and run through to mid-2020 and they say one should never say “Never!”

The leases are said to contain contingent resources of 15.4 trillion cubic feet of dry gas and 453 million barrels of oil condensate.

And then there’s WHEATSTONE, a recently completed LNG onshore plant at the Ashburton North Strategic Industrial Area, 12 kilometres west of Onslow, Western Australia’s cyclone town of 500 inhabitants.

It’s the largest offshore gas-processing platform ever installed in Australia, with a topside weight of about 37,000 metric tons.

But with such a small population it doesn’t take much to make news in Onslow, so when a $246,000-a-year rigger, Jake Clarkin, had a major blue with his missus, other guests at the Onslow motel complained and Jake
was a goner.
He claimed unfair dismissal, and the Fair Work Commission agreed, ordering him to be reinstated, with two month’s pay docked.

A storm in a teacup but it whipped up waves of media interest that revealed almost 30 other contractors have been kicked off the $45 billion Wheatstone site in the past year, for violence, drunkenness, theft, harassment and damage.

You have to visited Onslow only once to understand why 246 grand may not spell happiness for everyone. If a single gas project can attract such disorder one wonders what the total hooliganism adds up to across the remote-area industry.

Finally, we have ICHTHYS (it means “fish”), another gas project coming on-line at a good time to push our drive for world leadership. Its final cost of $51.6 billion is expected to produce 8.9 million tonnes of LNG and 1.6 MTPA of LPG.

Its gas field is in the Timor Sea and connected to its liquefaction plant at Blaydin Point, on Darwin Harbour, by an 890-kilometre pipeline. Inpex Corporation, the project’s Japanese owner, says first production was scheduled to commence about now.

Ichthys is the second-last of Australia’s wave of new gas projects to come on line followed only by the floating Prelude.

All this public focus on gas may well seal governments accepting closure of the massive US-owned Liddell coal-powered electricity generator in New South Wales. It was the closure of Hazelwood, a similar plant in Victoria, that deprived South Australia, and much of Victoria, of fall-back power when its renewable sources failed and gas was locked into export-only contracts.

Arrangements are now said to be in place for LNG-generated reserves to be available for such emergencies.

The situation has sparked some clamour for local coal seam gas wells to be established in New South Wales and Victoria, which are currently No Gas zones. Supporters of this expansion of the industry say the gas ban is based on false information.

While not going so far as to say fracking is good for us, they are adamant that it will do no harm and, therefore, be good for them! Stay tuned... ▲

The playgrounds and the players

WESTERN AUSTRALIA

The North-West Shelf:  Our first LNG project began in 1989, is also the biggest, comprising four offshore platforms and more than 50 wells connecting to onshore facilities at Karratha, about 1500 kilometres north of Perth. The venture also owns seven LNG carriers managed individually by those partners with shipping businesses such as BP Shipping. Main shareholders are Woodside, BHP-Billiton, BP, Chevron, Shell, MIMI.

The Gorgon Project:  on Barrow Island, around 60 kilometres off Western Australia’s north-west coast. Its production includes supplying Western Australia domestic gas. Major shareholders are Chevron, Exxon Mobil and Shell.

Pluto:  Woodside proposes a pipeline to connect Pluto to the North-West Shelf project’s Karratha gas plant. Preparations have also begun to deliver gas into the Dampier-to-Bunbury pipeline. Western Australia has a gas reservation policy that 15 percent of some fields’ production is available to its domestic market. Major shareholders are Woodside, Kansai Electric, Tokyo Gas.

Wheatstone:  Just into production. 12 kilometres west of Onslow, on Western Australia’s Pilbara coast. A joint venture between Australian subsidiaries of Chevron (64.14 percent), Kuwait Foreign Petroleum Exploration), Woodside, Kyushu Electric, and PE Wheatstone Pty Ltd.

NORTHERN TERRITORY

Ichthys:  860 kilometres offshore. Main owners Inpex and Total.

Darwin LNG:  Gas comes from the Timor Sea to Darwin’s port area. Shareholders: ConocoPhillips, Inpex, ENI, Santos, Tokyo Electric, Tokyo Gas.

QUEENSLAND


Queensland Curtis LNG:  On Gladstone’s Curtis Island. World’s first coal seam LNG project. Shareholders: BG Group, CNOOC.

Gladstone LNG:  As with Curtis Island’s other two gas producers, it processes gas from Queensland’s inland coalfields. Partners are: Santos, Petronas, Total, and Kogas.
LNG: critical mass moment in sight

By JOHN PAGNI

It seems finally that the most environmentally friendly fossil fuel is about to take the quantum leap of faith, from being pushed by regulations, to general acceptance in the maritime world, as production projects come on-stream. Non-carrier shipping seems to have seen the green light at the end of the funnel.

Not long ago, liquefied natural gas (LNG) was thought to be too expensive for the shipping world, save for LNG tankers that had started using its boil-off gas (BOG) in dual fuel engines. Sulphur Emission Control Areas (SECA) in northern Europe and North America, with an emission limit of 0.1 per cent S, meant using LG or deciding between scrubbers, marine gas or diesel oil (MGO/LSHFO) or selective catalytic converters (SCR) or low, or ultra-low sulphur heavy fuel oil (LSHFO/ULSHFO).

The LNG export market, dominated by Qatar, is now under the strong challenge of Australia, with Russia and others about to enter the market too. Currently, Qatar, Australia, Malaysia, Nigeria and Indonesia have nearly 80 per cent of global LNG exports. While Qatar’s output has remained flat at about 80 million metric tonnes, Australia, Angola, USA and Egypt witnessed year-on-year growth of 27 per cent, 52 per cent, 354 per cent and 378 per cent in 2017. (source: IHS)

In 2017, the first shipment from Yamal LNG left Russia’s north, with a lot more to follow, as the project in the inhospitable Arctic has seen a consortium of Russia’s Novatek, Shell, Total and China National Petroleum Corporation, sink $27 billion into its development. It achieved its first million-ton mark last March. State giant Gazprom opened a small production unit at Pskov in 2016 and now makes 3 million tonnes there annually, but its main plant Sakhalin II can produce nearly 10 million tons. Plans for 10 million-ton units in the Baltic and Vladivostok are progressing. When all three Yamal trains are running, it will have an output of 16.5 million tons annually.

Down the slipway

Although most LNG is used ashore, signals indicate a growing trend appearing in non-carrier shipping. “2017 saw relatively active no-carrier LNG tonnage orders. About 35 vessels were ordered, bringing the current orderbook to around 125,” comments Eero Vanaale, principal consultant, LNG Business Development, at leading Dutch engineering design consultancy Royal Haskoning DHV.

“While in previous years, the development of LNG fuelled vessels were dominated by passenger vessels and, to a lesser extent, tankers, 2017 witnessed a debate between the largest container lines on the future fuel choice.

“Perhaps the most significant order was for nine ULCCs by CMA CGM of 22,000 TEU. So far in 2018, two firm orders have been placed, both are cruise ships for Carnival Corporation. But ordering could accelerate through the year as there are a number of projects under discussion, including one for up to twenty LNG-fuelled Kamsarmax bulkers for delivery between 2020-2023.”

The CMA CGM is a breakthrough, as it is worth AU$1.6 billion, and is getting the LNG world excited about breaking barriers in the conservative maritime world. Group CEO Rodolphe Saadé, said, “We have made the bold decision to equip our future vessels with a technology firmly focused on environmental protection.

“By choosing LNG, CMA CGM confirms its ambition to be a leading force by being a pioneer in innovative and eco-responsible technologies.”

It is Greece’s Arista Shipping that has signed the LoI for LNG Kamsarmax 84,000dwt bulkers for its Forward Maritime arm under its Project Forward. Other landmarks include the world’s first LNG bulker for South Korea’s Ilshin Logistics of 50,000DWT and an LNG tug for Japan’s MOL. LNG fuelled fleet orderbooks look healthy - but from a low base, observes Vanaale.

“The policy push is there, so the move towards cutting emissions is very strong and clear to the maritime industry,” states Vanaale. Shippers have clearly got the message, as in addition to the IMO global 0.5 per cent S limit, was the recent agreement to cut all ship emissions by 50 per cent by 2050, based on 2008’s figures.

According to Royal Haskoning DHV, the current LNG carrier fleet consists of 538 ships, made up of 462 carriers, 36 small-scale vessels, 29 FSRUs, 7 FSUs and 4 FLNGs. Non-carriers using LNG as a fuel total 119, with another 125 on order. In addition, 114 are classed as ‘LNG ready’ operating or on order.

Bunkering, ships and solutions

While Rotterdam’s Gate and
Viking Grace: this LNG-Fuelled ferry is the first passenger ship in the world equipped with a rotor sail for wind-assisted propulsion

Zeebrugge’s Fluxys have led Europe’s LNG import charge by building large hubs for re-distribution, the Baltic has focused on small to medium-size terminals, but with non-carrier vessels as recipients too.

Finland’s Viking Grace cruise ferry, coast guard ship Turva and icebreaker Polaris, are all re-fuelled by truck from its first LNG terminal in Pori. Tallink of Estonia’s fast ferry Megastar gets its LNG in both Helsinki, but mainly Tallinn, by road from Pskov in Russia. Tasmanian company’s Searoad Mersey II also refuels by truck – but drives the whole tanker aboard, which acts as the ship’s fuel tank until replaced by another unit.

Other terminals are scheduled to open around the Baltic coastline in addition to those now operating. To encourage green values most ports offer discounts for those vessels that use green fuels. The EU too encourages LNG by financially supporting construction of LNG terminals, infrastructure and ships.

Costs and benefits - now and in the future

“LNG fuel choice comes at a price. Highly specialised equipment, cryogenics, the larger tank space required all add to the CAPEX, compared with the conventional bunkering,” informs Vanaale.

Consequently, “As LNG’s energy-intensity is lower than fuel oil, so more liquid volume is needed on board, causing transport costs unit to go up.”

This was admitted by CMA CGM. Its decision to burn LNG will result in a loss of 400 TEUs in order to fit the 18,000m³ tanks, located forward. Alternative stand-by fuel storage will be 4,000m³, but the vessels are designed to make the Asia-Europe/USA voyages using gas-only.

“The LNG prices in the key Far Eastern markets are around US$8-10/million BTU, much lower than the $15-plus mark a few years ago, making LNG fuel more competitive. The LNG market growth at the moment is very much supply-driven and is expected to remain a buyer’s market until 2022-2024, when the global LNG supply will constrain or be insufficient to meet demand, unless more production capacity will be commissioned.”

“A number of projects are in the pipeline. We wait to see more FIDs (final investment decisions) on LNG capacity and where it will be coming from in future. There are a number of projects in the USA in development, including brownfield ones: Lake Charles and Golden Pass Products, as well as greenfields Driftwood or Dolphin LNG. Outside the USA, there are advanced projects in Mozambique and Russia. Qatar will increase its output. In principle, the majors are moving towards adding capacity, but no FIDs yet.”

New LNG business model

Production plants require 5-7 years before commercial output starts after an FID, which is preceded by pre-Feed and FEED (Front End engineering and Design), explains Vanaale, who has covered shipping markets for eight years and LNG specifically since 2013. But due to the enormous costs involving billions, 80 per cent of capacity must normally be pre-sold to attract financing.

A similar model is needed for maritime transport. “From shipowners’ perspective, it is the global emissions cap that is pushing them to comply with regulations. The marketplace discussion is whether to go with LNG or other emission-cutting technologies. So if customers want to be seen to be green, the PR component becomes significant.”

The issue he says is with LNG bunker network for container lines in Europe. “Underpinned by all stakeholders, if shippers guarantee a vessel is employed - that is good. It makes LNG shipbuilding finance-attractive because, for the financiers, there is real employment for those ships.”

“The higher initial CAPEX is then offset by the duration of the deal between owners and customers. The port discount is important too, as it makes the investment more bankable.”

So all LNG fuelled ships are built against the certainty of employment. “None have so far been built speculatively, there is always the need for revenue – otherwise capital will be cautious: a vessel’s competitiveness in a marketplace will be generally lower due to higher break-even” reasons Vanaale.

“Therefore partners willing to pay a premium for green values makes it happen. Owners will build LNG ships, they want to break into that space, but must find those partners.”

“But they are being squeezed by regulations – soon global, but facing old school commercial reality of competing in the marketplace for cargo.”

Containerships CEO Mikki-Matti Koskinen, sort of concurs, “Our new four LNG short-sea ships are the result of consultations with our customers, who want to see how we can cut transport pollution.”

So not only has the Finnish shipper invested AU$167 million in the 1380TEU ships, but also in trucks that use LNG too, offering a complete green transport solution co-financed under the EU GreenDoor2 LNG of the Connecting Europe Facility, part of Brussels’ Motorways of the Sea programme. The vessels will ply in the Baltic and North Seas, plus Channel ECA, when they all start operations this year when delivered from China. Bunkering will be at Gate or Fluxys.
Similarly, Finnish dry bulk shipper, ESL Shipping, made the decision to have two 25,600DWT LNG ships built that will also arrive this year, costing AUS$86 million. The company delivers raw materials to power stations and heavy industry around the Baltic.

“When design of the two began, we had in mind the long-term competitiveness of the company, to provide visibility to our clients and with them, to cut transportation emissions,” revealed ESL Shipping CEO Mikki Koskinen.

“The LNG price is relatively stable and it cuts our overall environmental footprint.”

“Green values are important to our customers. With LNG we meet their requirements and exceed current and expected rules and limits on NOx, SOx, CO2 and ppm.” justifies Kari-Pekka Kalm, revealed that in its case, the figure for LNG ships. Port of Laaksonen, CCO of Containerships, adding that many ports give discounts for LNG ships. Port of Tallinn CEO Valdo Kalm, revealed that in its case, the figure is 4 per cent.

ESL Shipping will be bunkered by an agreement with Skangas, a Finnish-Norwegian LNG producer and distributor. In January, it christened the world’s first Super 1A ice class LNG carrier, Coral EnergICE, joining its two other ships.

“The market is in a growing phase - one ship at a time. We pick up LNG wherever the price is good, not only from our Norwegian production unit. But we are selling more than the production of Lysil’s capacity of 300,000 tonnes a year,” says Tommi Mattila, Skangas sales director.

Containerships will bunker wherever the price on offer is best, but either of the main European LNG hubs will be the main sources. If needed though, a ship can call at one of the terminals in the Baltic or be refuelled by truck.

Markets

LNG carriers are in a good place for the foreseeable future, with the top five global consumers all in Asia; China, Taiwan, Korea, Japan and India. Although global LNG volumes grew 12 per cent in 2017, Asia’s rocketed 72 per cent. Australia is expected to overtake Qatar this year as world number one, with the USA expanding fast.

Despite America’s anti-environmental image, in reality the opposite is true. “The USA offshore industry has been using LNG for some time. It is also currently the only market where regular LNG fuelled container services operate. North America has led shipowners orderbook for LNG fuelled ships in recent years,” Vanaale claims.

“Bunkering facilities are located in Florida, from where those container ships depart.”

This will also be the supplier for cruise ships in the near future, as both Carnival and RCCL have ordered large vessels that will operate from Florida and in Europe too. “The global LNG bunkering network is growing in Singapore, Korea and the Gulf. Hubs like Singapore are developing to cater for very large ships,” continues Vanaale.

Although it is still unclear what will happen to the existing fleet, as retrofitting is a non-starter, in the long-term the industry is moving towards zero emissions. LNG is one of the solutions in that progress, feels Vanaale.

Environmental benefits are zero emissions main benefit. But perhaps better crew training and ship maintenance are perks too. “Dealing with cryogenic equipment is more high-tech than normal tech. For deep-sea carriers it will take time before a sufficient international pool of qualified crew to deal with LNG is created. Better maintained ships should impact on OPEX, but whether it will be significantly higher than now is unknown, as it does not really exist,” sums up Vanaale.

A report by BMI Research recently talked up the LNG tanker market in the next 2-3 years, despite falling orders but LNG charter rates have risen accordingly. “Spot rates will likely fall in the coming months, nevertheless we expect rates to remain robust, supported by continued growth in liquefaction capacity and strong rise in demand for LNG,” said brokerage Clarkson.

Turkey has emerged as a big consumer and is now home to the world's largest FRSU MOL's Challenger. Cruise companies are willing to bet on passengers paying for a cleaner ship. Last June AidaPera became the first in the world with LNG dual fuel engines and will have sister AidaAprima in December.

“Because we care about the environment, we are investing in new technology for our new ships, as well as the existing fleet,” Hansjörg Kunze, Aida’s VP, Communications & Sustainability told Shipping Australia.

Carnival has ordered eight LNG ships, while rival RCCL’s Icon-class will use both LNG and fuel cells in the battle of environmental one-upmanship, to influence customers’ hearts and minds.

However, LNG’s profile is on the rise and its general acceptance and deployment at sea are now on the radar and not below the horizon anymore.

LNG versus HFO

SOx cut by 99 per cent
NOx cut by 85 per cent
Particles per million cut by 99 per cent
CO2 cut by 25 per cent

Forward Ships quotes IMO 2020 price estimates that at a LNG price of US$11/ million BTU will result in savings of US$1.3 million per ship per year, over low sulphur fuel oil, and even US$256,000 over a ship using HFO with scrubbers.

*JOHN PAGNI is a freelance photographer, journalist and correspondent, based in the Helsinki Area, Finland*
MAKING AUSTRALIAN PORTS SAFER AND MORE EFFICIENT
Australian wine exports continued to grow in the 12 months to March 2018, increasing by 16 per cent to reach $2.65 billion – the highest level in a decade – with volumes increasing to 844 million litres or 93.78 million nine litre case equivalents (9LEs), according Wine Australia data.

That amounts to significant shipping traffic with 462 million litres shipped in bulk containers, an increase of 10 per cent, and 374 million litres (41.56 million 9 LEs) shipped in bottles, that’s over 34,000 containers in bottled exports alone.

The good news for the Australian wine community is that, with value growing more quickly than volume, there’s been a corresponding increase in the average value of bottled exports, to a record $5.74 per litre. Bulk wine exports’ average value per litre also rose by 8 per cent to $1.05 per litre – the highest level since 2009.

The high quality of Australian wine, plus historically low Northern Hemisphere harvests, have driven the demand for Australian wine, with the total value of bulk wine exports growing by 19 per cent to $486 million.

Exports to every country in Australia’s top ten bulk wine destinations recorded an increase in average value, especially Germany, the largest importer of wine in the world, where average values for bulk wine increased by 20 per cent to $1.05 per litre.

Exports to China (including Hong Kong and Macau) increased by 51 per cent for the year to March 2018 to reach $1.04 billion, the first time a single market has topped the billion-dollar mark.

The growth in exports to China has been driven by a number of factors, including greater acceptance of wine as an at home and with food consumption beverage rather than just a prestigious gift. This trend is being driven by younger consumers, so is expected to continue.

Australian wine exports to China have also benefitted from changes to tariffs under the China–Australia Free Trade Agreement, which are making Australian wines more competitive against wines from France, Italy and Spain that are on higher tariffs.

A further change to tariffs due next January, taking Chinese tariffs on Australian wine to zero, will put the nation on an equal footing with Chile, another major exporter to China.

Mainland China has now overtaken the USA to become Australia’s second largest export market by volume.

Pleasing, there was very strong growth at all price points as imported wine is increasingly consumed by middle-class drinkers and seen as suitable for consumption at informal gatherings and while relaxing at home.

Exports to Northeast Asia continued their record-breaking run, growing by 46 per cent to $1.12 billion.
Other regions that experienced growth included:

- Europe, by 5 per cent to $596 million
- Oceania, by 7 per cent to $93 million, and
- Middle East, by 30 per cent to $28 million.

Exports to North America continued their recent decline in value, decreasing by 5 per cent to $633 million. One of the factors driving this decrease is the decline of bottle exports to the USA, due to changes in business practices for some exporters that are now exporting in bulk containers and bottling in market.

The top five markets by value were:

- China, including Hong Kong and Macau, (39 per cent of export value)
- United States of America (17 per cent)
- United Kingdom (14 per cent)
- Canada (7 per cent), and
- New Zealand (3 per cent).

The top five markets by volume were:

- United Kingdom (29 per cent of export volume)
- China, including Hong Kong and Macau (21 per cent)
- United States of America (20 per cent)
- Canada (8 per cent), and
- Germany (5 per cent).

USA

While the commercial end of the USA market declined slightly, contributing to the drop in volume, there has been strong growth in premium wines reflecting the premiumisation trend in the USA. Australian exports to the USA at $10 per litre and above, grew by 2 per cent to $44 million. The biggest contributor of absolute value in this part of the market was the $30–49.99 segment, which increased by $1 million (or 25 per cent) to $5 million.

There is further upside in the USA for Australian wines. While Australia holds a 28 per cent share of imported wine sales below US$10 per bottle, Australia holds only 4 per cent of imported wine sales at US$10 per bottle and above (International Wine and Spirit Record, 2016).

This premium wine market in the USA is growing. By 2020, it is estimated that the USA market will need an extra 27 million cases of premium wine to meet demand. With production constraints in California and Chile, significant reductions in production in France, Italy and Spain in 2017 for the second year, and vintages fluctuating wildly, Australia is well-placed to increase its supply of premium wine to the USA market.

Furthermore, Australian wines resonate with the US wine consumer and perceptions continue to improve. According to Wine Intelligence research, those who think Australia makes expensive/fine wines grew 21 per cent since 2010.

Canada

Export value to Canada during the period was stable at $193 million. However, volume increased by 6 per cent to 66 million litres, causing
average value to decline by 6 per cent to $2.90 per litre. The main factor behind these movements was the increase in bulk and alternative packaging exports, at the same time as a decline in bottled exports. Exports in bulk containers increased by 26 per cent to $38 million and alternative packaging increased by 825 per cent from $161,000 to $1.5 million, while bottled exports decreased by 6 per cent to $152 million.

**United Kingdom**

While there is still anxiety in the UK surrounding Brexit, there are positive signs that exports to Australia’s largest export destination by volume, are starting to turn around after more than two years of decline. Exports in the 12 months to March increased by 9 per cent in value to $373 million and 8 per cent in volume to 241 million litres. Average value increased by 1 per cent to $1.55 per litre.

Bottled exports increased by 5 per cent to $183 million and bulk exports by 14 per cent to $190 million.

**Wine styles**

Australian red wine continues to grow in popularity, with exports increasing by 20 per cent in value to exceed $2 billion for the first time since 2007. This growth is mainly driven by demand for premium Australian red wine in mainland China, where the share of total red wine exports has increased from 32 per cent to 44 per cent in the last year. Red wine exports also grew strongly to the UK, up 10 per cent in value to $227 million.

Exports of white wine increased by 4 per cent to $566 million, accounting for 21 per cent of total exports, compared with a 76 per cent share for reds. Driving the overall increase in the value of white shipments were exports to the UK and mainland China, increasing by 8 per cent ($10 million) and 40 per cent ($9 million) respectively.

For red wine, the top five label claims recorded growth:

- Shiraz grew by 16 per cent to $609 million
- No variety label claim (red blend, dry red etc.) grew by 25 per cent to $406 million
- Cabernet Sauvignon grew by 25 per cent to $357 million
- Shiraz/Cabernet Sauvignon grew by 39 per cent to $191 million, and
- Cabernet Sauvignon/Shiraz grew by 40 per cent to $114 million.

The strong growth rate in Cabernet Sauvignon/Shiraz exports led to the category overtaking Merlot, which has been more popular historically. However, Merlot exports still grew by 7 per cent to $111 million. Other red varieties/blends to record growth off smaller bases included Shiraz/Mourvèdre (up 9 per cent to $32 million), Pinot Noir (up 5 per cent to $31 million) and Shiraz/Viognier (up 11 per cent to $9 million).

The top five label claims for white wine also recorded growth:

- No variety label claim (dry white, sweet white, etc.) grew by 11 per cent to $234 million
- Chardonnay grew by 1 per cent to $177 million
- Sauvignon Blanc grew by 16 per cent to $177 million
- Pinot Grigio grew by 2 per cent to $31 million, and
- Pinot Gris grew by 7 per cent to $21 million.

Other white varieties/blends to record growth off smaller bases included Riesling (up 10 per cent to $20 million), Semillon/Chardonnay (up 7 per cent to $6 million) and Semillon/Sauvignon Blanc (up 21 per cent to $6 million).

Red wine exported in bulk containers increased by 24 per cent to $295 million, while white increased by 12 per cent to $190 million. Bulk red wine exports were driven by demand from the UK, China, and Germany, while white wine was driven by demand from Canada, the Netherlands, Germany and the USA.
Increase productivity  
Reduce incidents  

Working on a vessel can be extremely high-risk, with seafarers reportedly up to 27.8 times more likely to suffer work-related fatal injuries compared to the general shore-based workforce.

A recent study uncovered new insights into seafarer safety and wellbeing and found that looking after your crew results in less incidents and better productivity.

**Manage fatigue**
One in five seafarers experience acute and chronic fatigue. Implement a fatigue risk management system to manage fatigue and ensure crew get enough sleep.

**Rules and procedures**
Make sure rules and procedures are clear, practical and up-to-date. When information is easy to understand and relevant, crew are more likely to follow rules and procedures. Including seafarers in the development of rules and procedures improves compliance, performance and wellbeing.

**Work demands and support**
Seafarers are required to quickly switch between monotonous tasks and extremely demanding tasks. Buffer the negative effects of these work demands by promoting positive and open interaction between crew and people in higher-level roles. As the leader, set high safety standards and show your crew that their safety is just as important as operational cost.

**Co-worker support**
Crew that have emotional support and are equipped to deal with work pressures perform better. Employing the same crew on the same vessel helps by allowing them to develop support networks and enjoy job security. These things increase wellbeing and reduce the rate of mental health issues.

The final report *Assessing the determinants and consequences of safety culture in the maritime industry* is available at amsa.gov.au
Shanghai of the tiger? Doing business in China

By TIM HARCOURT

In this story by The Airport Economist, Tim visits Shanghai, the jewel of the modern Chinese miracle but a city with a rich cosmopolitan history as a vibrant centre of international trade and commerce.

Shanghai has always been China’s international city. As you walk around modern Shanghai today you see the foreign neighbourhoods like the French concession area, and in the roaring ‘20s most foreign countries had embassies here (and Australia had its first Trade Commissioner in Asia here in Shanghai). The thriving cosmopolitan business scene in Shanghai also included a successful Jewish community, with one famous member being Vidal Sassoon, the original owner of the famous Peace Hotel on the Bund.

World War II and the Cultural Revolution threw the country into disarray and depressed the economy. In the late 1970’s, Deng Xiaoping took over as China’s unofficial leader and began an open door policy. His reforms transformed China into a market economy, reigned foreign trade and sparked the growth that’s got China on track to become the world’s largest economy.

Deng also negotiated the handover terms of Hong Kong and Macau, and came up with these cities need infrastructure like airports, roads and railway stations for the fast trains that propel people and goods across the countryside. And their emerging middle class consumers wish designer goods, electronics, quality health care, and even an overseas education.

But despite it’s overwhelming size, businesses from Singapore to Seoul, and as far flung as Sao Paulo and Santiago, and Sydney are ‘hugging the panda’ and trying to score a piece of the Chinese action … and it’s not as hard as you may think.

For example, Australian health supplements company Blackmores uses its partnership with Alibaba to sell its product on T-mall, as China has a sophisticated online consumer market. ANZ Bank has managed to set up branches all over Greater China – including the second tier and third tier cities, and the Government of South Australia has forged a sister province relationship with the Government of Shandong to ensure that South Australian barley is used in Tsingtao beer, Penfolds wines grace Chinese dining tables and the provinces agriculture and education institutes work hand in glove on Research and Development (R&D) and innovation.

But what about small business in China? Small and medium sized enterprises (SMEs) have a good story to tell. In Australia’s case, there are over 6,200 SMEs exporting goods to China alone, plus another 6,300 who go through Hong Kong into the mainland, and the majority are successful. In fact, more SMEs have lost money in the USA than China. As the old saying goes – “Whilst you might avoid China for fear of losing your shirt but then lose your pants in America!”

Yes China is a massive market but when you break it down by city, region and industry, it is manageable with the right advice and help on the ground. And it’s been a commercially successful market for small players as well as the big guns. So play your cards right and like me you’ll be saying, ‘Thanks China’, in years to come.

Here are Tim’s Tips for China:

1. Don’t assume 1.3 billion consumers will do it for you. China is a competitive place and Niche is the new Black
2. Try the second tier cities like Qingdao, Jian, and Chengdu – it’s not all about Shanghai and Beijing
3. Get good legal and accounting advice about joint ventures and ‘Wofes’ – wholly owned foreign enterprises
4. Use the Government badge and the chambers of commerce– embassy connections are respected in China and the chambers also play an important role.

*Tim Harcourt is the JW Neville Fellow in Economics at UNSW Business School and author of The Airport Economist
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Over the few months of 2018, it has been hard to avoid the term tariffs. US President Trump has made it clear to the world. Whether it is justified or not, tariffs are back.

In a pure economic sense, tariffs are a wasteful way to protect domestic industries. In the 21st century, tariffs are a weapon in a politician’s arsenal when playing geo-political games.

Let’s look at the recent spat that Trump instigated with the announcements of tariffs to be applied to steel and aluminium. The original announcement was that all imports of steel into the US would attract a 25 per cent tariff and that all aluminium would attract a 10 per cent tariff. The rhetoric that went with the announcement was that this measure was aimed squarely at China.

When you look at the pie chart of US steel imports, you can see that the rhetoric was genuinely wide of the target.

The fact is that compared to other US trading partners, China doesn’t export relatively much steel to the US. After the initial announcement, the US announced that certain parties would not be subject to the tariffs. Exempted nations included, Brazil, Mexico, Canada, Australia, South Korea and Japan. That is, pretty much all the steel that the US imports.

In a certain way, the US steel tariff announcement was a “claytons” tariff announcement, as it didn’t impact China. An interesting fact was that one of the biggest losers out of the deal was Russia, but for some reason that got little or no attention.

**Next on the US tariff agenda was motor vehicles**

The announcement to increase tariffs on Chinese made cars sounded like a bargaining tool more than anything. As you can see from the table below, Chinese tariffs on cars coming into the country was 25 per cent, whereas the US had a tariff of only 2.5 per cent.

The US rhetoric was that China needed to even the playing field. However, when you look at the raw data, it was again a case of “what playing field”?
As of 2017, the US exported less than 400,000 motor vehicles to China. For the same period, China didn’t even make the top twenty list of motor vehicle exporting countries for the entire world. To put it more simply, the US exported next to no cars to China, and China pretty much used all the motor vehicles it produced domestically, or to the region at the very furthest.

Once again, a tariff announcement that had no real impact.

The post script to all this was that China announced it would cut tariffs on motor vehicles from 25 per cent to 2.5 per cent. Why wouldn’t they? It would have negligible impact anyway.

The US isn’t the only country to play the tariff game

Japan does exactly the same with the beef market. Below is a table from Meat & Livestock Australia (MLA) showing Australian beef exports to Japan.

What is key with these statistics - the year on year growth numbers. If growth runs ahead of 17 per cent year on year, Japan has “snap back” provisions. Even though Australia has a free trade agreement with Japan, Australian frozen beef still attracts a 27.2 per cent tariff. This is why the industry manages its exports, as with tariffs already so high, the last thing producers want to run the risk of is the Japanese using “snap back” provisions.

As you see, tariffs are a framework to be managed. Most countries participate in these trade related games. More often than not, once you get through the political rhetoric, there is not much more to them.

That is, no-one would be as ill-advised to put a tariff on something that really matters.
What’s your exposure to FX?

By PAUL BETTANY, Foreign Exchange partner, Collison & Co.

Foreign Exchange and how it impacts companies with currency exposure in the new global environment

Foreign Exchange impacts, any and all, companies that have exposure to foreign currencies. Most entities involved in the shipping industry, along the supply chain, are therefore exposed to currencies and the price fluctuations. International trade, by definition, (the sale/purchase of goods and services over international borders) is serviced by the supply chain. This includes bankers, insurers, customs and freight providers, shippers, couriers, airlines, Port Authorities and government authorities/ regulators. Along the line, most of these service industries, are exposed to FX risk. Profit margins have become slimmer and tighter, in most sectors, so protecting these margins is crucial. A small currency fluctuation, between invoice and payment, can wipe out the profit of a transaction. It is therefore important to manage FX risk.

Managing FX Risk

To manage FX risk we must begin with establishing net FX currency positions through cash-flows, over a defined period (e.g. USD flows over the financial year). Projected FX cash-flows, over a specified period of time, gives the exact and overall exposure of a business. It also projects foreign currency deficit/surplus during that specified period. Currency Forward Contracts (CFC), Currency Swaps and Currency Options are all FX tools that can be employed to mitigate risk and smooth outflows. Cash-flow projections establish the ‘currency position’ and it is from this base you can evaluate the FX risk and how much you want to mitigate. Variables that must be considered are the economy, currency fluctuations, business demand/supply etc. etc. Taking no ‘cover’, is one end of the spectrum, while covering all FX exposure is complete ‘cover’ and eliminates all risk.

The global economy and the impact on currencies

The global economy has a direct impact on currencies. The US has become a ‘growth economy’, with rising inflation and interest rates. This has driven the Federal Reserve to tighten monetary policy (raising interest rates and reducing bond-buying Quantitative Easing programmes). This has been after an extended period of ‘QE’, as a result of ‘post-GFC’ economics. Still mired in the old economic, static cycle, are most of the other developed nations. This is clearly illustrated by their respective Central Bank policies. The RBA, Bank of England, ECB and RBNZ all wallow in the ‘post-GFC’ monetary cycle, of extreme stimulation. Record low interest rates attract little investment, thus undermining the associated currencies. Higher interest rates support a stronger currency. This has been obvious in the currency behaviour of the AUD, GBP, EUR and NZD, in sharp contrast to the USD!

Trade and geo-political influence

Global trade wars have hit the headlines, as the US seeks to address the massive trade imbalances, which have created huge trade deficits for the US. The Trump administration has come up with bilateral and reciprocal trade policies, which they are currently negotiating. Trade agreements are being renegotiated within NAFTA (US-Canada-Mexico), China and the EU. These trade agreements are inherently connected to geo-political events and used as a bargaining chip. This has been the ‘carrot and stick’ (trade agreements v sanctions) approach to negotiations, with regards to North Korea, China, Iran etc. etc. Global trade is great for trade dependent nations, such as Australia, so progress on the Sino-US agreement, is crucial to Australia, as a commodity exporting nation.

Summary

Global events, on a geo-political level, are tied directly to trade and economic prosperity. Companies must be aware of all the risks to their business on a macro level, down to the micro environment in which they operate. Currency fluctuations are a constant and ever-present risk, which can easily be managed. It is the amount of risk that a company is prepared to take and the tools employed to achieve this, that define action.
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Changing the coastal trading rules

By MATTHEW WHITTLE, Shipping Australia Limited

On 6 November 2017 the rules governing competition in Australia changed presenting liner shipping the opportunity to revitalise coastal trading. The potential of this amendment to the Competition and Consumer Act (CCA) 2010 is for international liner shipping to cooperatively provide services around the coast for non-bulk cargo. The establishment of a ‘class exemption’ for liner shipping promises to raise the level of competition in the freight market and to deliver significant benefits to the Australian community.

Meanwhile, the rules by which cargo is shipped around the Australian coast, the Coastal Trading (Revitalising Australian Shipping) Act 2012, will mark six years on 1 July 2018. During this time the work done in the national freight task has continued to accelerate, with the movement of freight on roads and rail rising to the highest ever levels and the shipping of non-bulk cargo declining to the lowest level in a decade.

This is an unbelievable development considering the social, economic and environmental agenda for more than a decade has been to improve transport safety, increase energy efficiency and reduce emissions. Shipping is the safest and lowest energy and carbon-intensive mode of transporting freight, so this is not an outcome the community would expect.

All Australians interested in the current state of the national freight task would be perplexed as to why their elected representatives have not been able to implement the recommendations of numerous independent, credible and authoritative voices, who have identified that the rules are not working and need to change. Let’s quote a few:

- ‘The Australian Government should amend coastal shipping laws to substantially reduce barriers to entry for foreign vessels’ (Productivity Commission’s Agriculture Review, 2016)
- ‘Cabotage restrictions on coastal shipping should be removed’ (Competition Policy Review/The Harper Review, 2015)
- ‘Coastal shipping regulations are undermining the incomes and jobs of many onshore businesses and workers’ (Industry Innovation and Competitiveness Agenda, Commonwealth of Australia, 2014)
- ‘More efficient coastal shipping services could help lift Australia’s competitiveness and lower prices for consumers’ (Australian Competition and Consumer Commission, 2014)
- ‘Cabotage rules that preserve freight routes from one Australian port to another for Australian-flagged ships are effectively industry assistance, increasing costs and reducing competition’ (Towards Responsible Government, National Committee of Audit, Parliament of Australia, 2014)
- ‘Australian cabotage can directly benefit local shipowners and maritime workers, [but] it does so at the expense of the wider community’ (Joint Australian and New Zealand Productivity Commissions, 2012).

For compelling national transport safety, economic and environmental reasons, Australia needs a strong and growing coastal shipping trade. This would provide:

- Increased separation of the freight and passenger transport networks
- Improved efficiency of the international supply chain and a reduction in the cost of infrastructure
construction and maintenance

- A reduction of carbon emissions and the energy intensity involved in performing the work of the national freight task.

A compelling analysis of the economic benefit was presented in the 2016 Australian Industry Report. Modelling of industry changes from a 5 per cent reduction in transport costs showed results for cross-industry benefits of $5.6 billion in reduced costs, $971 million of added value, and the creation of 6,658 full-time equivalent jobs.¹

The current rules discourage any strategic consideration of coastal shipping’s contribution to the national freight task, and this information gap has been filled with ideological and irrelevant arguments which are preventing an objective assessment of its potential. It is just not acceptable that such an important institution as the National Transport Commission is able to limit its sphere of activity to land transport and to exclude shipping, which it concedes is a close substitute, from consideration within a national transport productivity framework.

Those opposed to changing the rules do so for varying reasons.

For the rail freight sector, the reasons are commercial. The Freight on Rail Group in 2015, opposed changing the rules as it would ‘damage the domestic land freight industry through a loss of revenue and a reduction in the capacity of the rail freight industry to invest in infrastructure’, and in 2017 because ‘on the East West corridor, sea rates are already around 40 per cent cheaper than their rail competitor’.²

For the political classes who are opposed to changing the rules, the reasons are ideological. The requirement to align with a preconceived framework prevents consideration of the real opportunities and challenges of the national freight task. No objective assessment of the social, economic and environmental benefits of utilising coastal shipping is entertained. Instead, archaic, irrelevant and false arguments are replayed over and over. With their ideology crashing against the modest changes currently being proposed to the failing rules, the defenders have resorted to fearmongering that any amendments will have the effect of ‘throwing open the Australian coast’.

The following examples are some of the reasons claimed for referring the Government’s proposed Coastal Trading Act changes to the Senate Rural and Regional Affairs and Transport Legislation Committee. For convenience, the claims are accompanied by responses citing objective and authoritative references.

- Whether Australia should throw open its coast in a manner not matched by comparable developed nations

The United Nations Conference on Trade and Development counsels that when comparing national cabotage policies, the relevant country to compare with should be the one which will compete for transhipment cargo. For Australia, this is New Zealand. As commentators have observed, “New Zealand’s cabotage laws are in contrast to the bureaucratic and inflexible laws that shippers and carriers presently endure in Australia”.²² In effect, the rules are enhancing the competitiveness of transhipment services in New Zealand and putting Australia’s ports at a disadvantage and, as a consequence, are jeopardising Australia’s trading competitiveness and ultimately our standard of living.

- Economic factors arising from throwing open the Australian coast

‘When Labor took office, Australia was 20th amongst OECD nations in terms of infrastructure investment as a proportion of GDP. When Labor left office, Australia was first’³.

An assessment of the outcome of Australia’s infrastructure investments is presented by the World Economic Forum’s 2014–15 Global Competitiveness Report, which ranked the quality of Australia’s supply chain infrastructure, namely railroads, ports and roads, at 32nd, 38th and 43rd, respectively.

The fact is that Australia is a big country with a low population density (the only continent lower is Antarctica) and 85 per cent of the population lives within 50 kilometres of the coastline. Considering these disappointing rankings, it is obvious that out-spending all other nations will not necessarily provide the competitive supply chain infrastructure. But changing the rules to promote coastal shipping would enable the reallocation of infrastructure investment to integrate the domestic and international supply chains. Not only would this increase the efficiency of the international supply chain and improve the nation’s trading competitiveness, concentrating investment in port connectivity (the maritime supply chain) would significantly reduce the infrastructure resources required to construct and maintain the national freight task.

- Environmental factors arising from throwing open the Australian coast (including possible Reef impacts)

The Great Barrier Reef Marine Park Authority noted in its Great Barrier Reef Outlook Report 2014, that ‘shipping through the Region [Great Barrier Reef] provides a range of social and economic benefits to catchment communities and the nation’. The report rates the threat posed by shipping as a medium level localised risk that is being addressed by proactive management, such as extending the vessel traffic service to the southern boundary of the region in 2011. In fact, the rate of shipping incidents has reduced from 2.5 per year to one every three years.

The report identifies ten very high risks that pose a region-wide threat to the reef, four of which have climate change as the influencing factor. Changing the rules to encourage greater utilisation of coastal shipping will help to mitigate this factor by reducing emissions intensity of the national freight task.

- National security factors arising from throwing open the coast

This same concern was raised and refuted during the 2015/16 Senate committee inquiry into the increasing use of foreign shipping, when first AMSA provided testimony that they knew the registered owner of every ship that sails into our ports, and later the Office of Transport Security stated that they had no concerns about their security compliance regime centred around the international ship security certificate. Despite the evidence presented to the committee, their ideological opposition concluded along partisan lines that “For sound economic, environmental and national security reasons, Australia needs a strong and growing merchant fleet of its own. Our long term national interest demands nothing less... Accordingly we recommend the Bill be opposed in its entirety.”⁴
While the unions will support any opposition to changing the rules for coastal trading, their reasons are not commercial or ideological. If ‘growing the national fleet’ was not just an ideological objective, then historically low charter rates for bulk vessels and the monopoly trade protection provided by the rules would make a very safe commercial investment for a $5B maritime industry superannuation fund. The true motive for opposing changes to the rules, especially when it comes to coastal shipping of non-bulk goods, is political expediency.

Ports are the vital link in the Australian economy within which container stevedoring wharves are a bottleneck in the supply chain that can limit the availability of the non-bulk goods. As the container supply chain is increasingly being used for international freight any threat by the unions to disrupt this link predominately impacts imported shipments of non-bulk goods such as foreign electrical goods, office furniture and clothing etc. Except when this disruption impacts the delivery of imported medical equipment the general public are not directly inconvenienced or perturbed. Given Australians’ love of an underdog story it is not surprising that this represents an ideological objective, then historically the national fleet’ was not just an ideological or commercial.

The unions are habitually sympathetic to striking individuals and operations in the supply chain who could consider this call to action, should reflect on the famous words spoken by John F. Kennedy at his inauguration, “Ask not what your country can do for you, ask what you can do for your country”. Most of us live within 50 kilometres of the sea, why not utilise the blue highway permeates throughout the national transport industry. While some land transport sector self-interests will resist the impending revolution, this will bring a more sustainable and resilient freight network with economic and environmental benefits on it own. It needs a paradigm shift by shippers. It will take time to build confidence in this supply chain before the modal shift to the coastal shipping blue highway permeates throughout the national transport industry. While some land transport sector self-interests will resist the impending revolution, this will bring a more sustainable and resilient freight network with economic and environmental benefits.

The rules have changed, to potentially revolutionise how non-bulk cargo is traded on the coast

A recent change to the rules governing competition in Australia has left the door open for Shipping Australia to propose a pragmatic approach to revitalise coastal trading that will also encourage a more resilient and efficient international supply chain. The opportunity for liner shipping to cooperate in the provision of coastal shipping for non-bulk goods arose on 6 November 2017, when the Competition and Consumer Act (CCA) 2010 was amended to give the ACCC the power to provide a ‘class exemption’. By applying a similar approach to the Discussion Agreements permissible in international trades, SAL proposes to seek a class exemption that enables liner shipping to operate cooperatively in coastal trading.

One criticism of coastal shipping’s competitiveness with rail is that it does not provide a comparable level of service availability. But this limitation can be overcome if shipping is considered collectively as multiple container ship services are physically available on a daily basis. If you consider Sydney, Australia’s most populous city, the analysis of voyage schedules shows that almost all container ships departing Port Botany will next call at another Australian city port. The potential freight-carrying capacity presented by these coastal voyages can be calculated by considering the number of empty containers exported from Sydney. In the 2016 financial year almost 700,000 TEUs of containers were exported empty, with almost all of these carried from Sydney to, or via, another Australian port. This represents un-utilised carrying capacity equivalent to six of the longest non-bulk cargo trains per day, or more than 600 B-double trucks per day.

Container line collaboration, enabled through a class exemption for coastal shipping, has the potential to revolutionise the national freight task for non-bulk goods. Utilising coastal shipping to integrate the domestic and international supply chains will significantly reduce freight costs, resulting in an increased demand for the development of port-connecting infrastructure. Along with Australia’s renewed trade competitiveness, this will bring a more sustainable and resilient freight network with reduced operational, environmental and maintenance costs. A further benefit is a safer transport network which maximises the separation of the freight task from public and private passengers.

So, some of the rules that impact the movement of non-bulk goods have changed. However, the collaboration of liner shipping service under a class exemption cannot deliver the social, economic and environmental benefits it on its own. It needs a paradigm shift by shippers. It will take time to build the confidence in this supply chain before the modal shift to the coastal shipping blue highway permeates throughout the national transport industry. While some land transport sector self-interests will resist the impending revolution, individuals and operations in the supply chain who could consider this call to action, should reflect on the famous words spoken by John F. Kennedy at his inauguration, “Ask not what your country can do for you, ask what you can do for your country”.

Most of us live within 50 kilometres of the sea, why not utilise the blue highway to move our freight, rather than pouring $ billions into building and maintaining roads and rail infrastructure and unnecessarily risking more lives by mixing passengers and freight in the ever more congested land transport melee.

<table>
<thead>
<tr>
<th>Total Number of Container Ship Port Calls (1 July 2016 - 30 June 2017) *</th>
<th>Au Port</th>
<th>Brisbane</th>
<th>Sydney</th>
<th>Melbourne</th>
<th>Adelaide</th>
<th>Fremantle</th>
<th>All Ports</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>942</td>
<td>1,095</td>
<td>1,090</td>
<td>430</td>
<td>507</td>
<td>4,064</td>
<td></td>
</tr>
<tr>
<td>Per/day</td>
<td>2.6</td>
<td>3.0</td>
<td>3.0</td>
<td>1.2</td>
<td>1.4</td>
<td>11.1</td>
<td></td>
</tr>
</tbody>
</table>

| Port Botany Containers Exported Empty* | 692,984 |
| TEU / day | 1,899 |
| Trains (150 FEU) / day | 6 |
| FUE / day | 949 |
| B-double truck (1.5 FEU) /day | 633 |

Pre-purchase and P & I Club Entry Condition Surveys
Loss and Damage Surveys for P & I Clubs
Deadweight / Draft Surveys
Cargo Hold & Tank Cleanliness (AQIS Accredited)
In-stow and Wharf Surveys for Steel Products
Stability Calculations for Seaworthiness and safe loading operations
Cargo Gauging and Securing Surveys
Bunker Sampling and Quantity Surveys
ISM / ISO-Internal Audits
Flag state Inspections
Expert Witness to local courts.

Vessels On/Off Hire Condition Surveys
General Marine Surveys
Port Captains/Supercargo Services
Bulk Liquid / Cargo Contamination
Collision Damage
Superintendency: Cargo & Marine
Personal Injury Inspections
General Marine Consultancy
Claims Investigations
Hull & Machinery Surveys
Fixed & Floating Object Damage
Technical Inspections
Inspection of Goods – Quality and Quantity
Marine Engineering Consultancy
Ro-Ro Cargoes / Vehicle Inspections
Sampling and Testing

“ANYTHING AND EVERYTHING TO DO WITH SHIPPING, WE ARE THERE TO ASSIST YOU”
Blockchain in the supply chain

By RICHARD ARRAGE, special counsel, Colin Biggers & Paisley

It is the technology which underpins the peer-to-peer, open-sourced, cryptographic currency Bitcoin (and others) and now, finally, it is on the lips of supply chain participants all over the world.

When Blockchain first emerged, late in 2008, almost all of the public attention (both positive and negative) was on Bitcoin, rather than its underlying technology. Now, we are told the technology itself has the potential to be truly transformative in almost every industry; “more disruptive than electricity”, even!

The purpose of this short article is not to provide a technically perfect description of the Blockchain technology, but to provide a simple (perhaps oversimplified) explanation of some of the concepts behind it, (as opposed to, you guessed it, private) Blockchain. Technology purists look away now.

So what is it?
To put it simply, it is a secure, decentralised and distributed ledger.

Readers should think of the “ledger” as a giant database or record book. The “distributed” part just means that the record book is distributed among many participants, each of whom hold a copy.

Each time a transaction is said to have occurred, the participants each seek to verify the transaction independently, before the transaction can be validly logged by the consensus of the remaining participants (that is, by at least half of the participants). The updated record book, now including the newly validated transaction, is then distributed to all participants, replacing all previous record books.

In reality, this process of verification and validation is achieved via a very sophisticated method of grouping transactions into blocks, hashing and timestamping, akin to digital notarisation, and algorithmic puzzle solving, but let’s not get bogged down here.

It is sufficient to say, for present purposes, that the cryptographic process of adding new transactions builds on all previous transactions in the chain, in a way which makes the record book truly unique and practically impossible to unwind and rebuild or reverse. Effectively, the record book becomes a permanent (well, at least for as long as the Blockchain exists) and “incurruptible source of truth”. That is why Blockchain is said to be so “secure”.

It is “decentralised” because the platform is not stored in a central location (say, on a server), the access to which is shared by many people. Instead, there are potentially thousands of copies of this shared record book all over the world, stored on home computers and business servers alike. A master version exists nowhere, and everywhere at the same time. It is neither owned nor controlled by anyone, but by everyone that has a copy. In order to “hack” it, fraudsters would need to control more than half of the chain’s participants simultaneously.

In the most basic of terms then, each chronological change on this secure, decentralised and distributed ledger is referred to as a “block”. And the larger string of transactions is called a “chain”. Hence, Blockchain. Get it?

And who is making use of this technology in the supply chain?
Maersk Line, for starters. The world’s largest container shipping line is on a digital transformation drive, and Blockchain appears to be central to its plans.

In conjunction with IBM, Maersk Line is testing (and, at the time of writing, is close to issuing a Beta version for) the management of the paper trail (through digitisation via the Blockchain) across the entire supply chain process. With equal and trustworthy access to the (now) digitised chain, Maersk Line has taken the view that the documentary steps required for, say, the transit of fresh flowers from Kenya to Holland could be significantly reduced, leading to cost savings and efficiency improvements. Maersk Line estimates it can save $2 billion annually by automating the documentation process in this way.

Maersk Line has also partnered with Microsoft, EY and a number of insurers to develop a Blockchain platform specifically for the marine insurance market, to be implemented from January 2018. The platform will be used to capture information regarding identities, shipments, liability and risks and to ensure transparency across the ecosystem, including for clients, brokers and insurers among others, and
integrating this information with marine insurance contracts.

In the trade finance space, CBA and Wells Fargo undertook a proof of concept exercise last year to demonstrate the capacity of Blockchain technology, and the Internet of Things, to give effect to an international sale of goods involving bales of cotton moving from Texas to China. The concept mirrored a letter of credit scenario, on a private distributed ledger involving the contracting parties and their respective banks. There was also a real-time, physical supply chain trigger based on the geographic location of the goods in question, for the passing of title and the release of payment. Although only a proof of concept exercise, it demonstrates an ability for supply chain participants to move away from a focus on documents (as with letters of credit) to a secure, transparent and digitised solution using the Blockchain technology.

In the export sector, CBH Group, the Western Australian grain growers’ cooperative, has collaborated with a Sydney-based start-up in a Blockchain pilot project to provide full supply chain traceability, as well as executing the settlement of commodities by matching title transfer to payment in a single transaction. Needless to say, for Australian producers, being able to demonstrate proof of provenance via a secure platform is a most promising and welcome application of the technology.

Finally, in the ports space, the Port of Antwerp has launched a pilot project focussed on logistics automation to streamline terminal operations, by speeding up interactions between port customers (which the Port says involves over 30 different parties, with an average of 200 interactions between them). By using Blockchain for the transfer of data, there is an obvious efficiency improvement in the elimination of unnecessary intermediaries and interactions (whether by phone, fax or email), along with cost savings in the elimination of paperwork. Assuming the trial proves successful, the port has plans to implement the system by the end of 2017.

These use cases from within the supply chain are by no means exhaustive. It seems every day there is another pilot project launched or announcement made in relation to the testing, adoption or implementation of the Blockchain technology in some novel way.

No doubt readers will have noted, however, the representational spread of these use cases. Among the usual technologists and futurists, those pursuing the Blockchain agenda encompass exporters, marine insurers, container shipping lines, port terminals, and the trade finance sector.

Although at this stage, there is no defined aggregation of the various projects, it ought to be obvious that each successful test or pilot project takes another bite-sized chunk out of the supply chain and leads to a further understanding and acceptance of the technology.

Once that acceptance leads to (more fulsome) adoption, the network effect is likely to take hold within the industry, and it is open to envisage a secure, decentralised, more efficient and (partially) automated supply chain, making use of distributed ledger technology.

Here comes the Blockchain wave of “disruption”. Ready or not.

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▲ Trusted by government and industry for quality advice
▲ Advocating policies that enable safe, sustainable and environmentally sound shipping operations
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Shipping Australia Limited – we know shipping!
How blockchain can safeguard Australian food and beverage on the supply chain to China

By MARK TOOHEY*

Australian products have a reputation among Chinese consumers for being natural, safe and manufactured to the highest quality standards.

That reputation however is being threatened by counterfeiters who replicate Australian goods sold in China, and developments in blockchain technology offers a new solution to combat this problem.

China is currently Australia’s largest partner in both imports and exports, signifying a strong economic partnership between the two countries. Moreover, Australia is China’s sixth largest supplier of food, with exports valued at A$5.3 billion in 2016.

Chinese consumers are said to be most attracted to Australian products as they offer assurance of food safety, higher quality, and better nutritional value, among other preferences. The counterfeiting of these goods, especially of food, that consumers know and trust, is not only life threatening but is detrimental to the brands of the Australian food and wine industry.

A large scale problem

Counterfeiting wine is lucrative business in China, with increasingly sophisticated methods used to replicate well-known and respected brands.

Intellectual Property lawyer Stephen Stern of Corrs Chambers Westgarth, who has acted on behalf of a number of Australian exporters whose products have been counterfeited in China, has said it is very big business.

“You are not dealing with Ma and Pa organisations. You are dealing with large scale commercial factories that use common equipment that can cost some tens of thousands of dollars to manufacture the counterfeit product,” he said.

Australia is the second largest exporter of wine to China, and a large amount of wine exports have already been counterfeited.

China’s CCTV has reported in 2014 that 50 percent of wine sold in China could be fake.

Premium Australian wine label Penfold’s Grange has been a prominent target with fake ‘Benfolds’ wine bottles closely resembling the original. The packaging and labelling of these bottles are the same, with the only difference being the stealth ‘B’ in its title.

In March 2018, police in central China seized more than 50,000 bottles of fake Penfolds - top-shelf wine in what is reported by the Australian Financial Review to be “one of the biggest hauls of counterfeit liquor”.

This followed more than 14,000 bottles of counterfeit Penfolds wine being seized by police in Shanghai, in November 2017, following complaints from Treasury Wine Estates to Alibaba that some of its retailers were charging “extraordinarily low prices”.

These hauls come as premium Australian brands step up efforts to stamp out copycats in one of its biggest markets.

In another example, Blackmore Wagyu Beef a Victorian, a high quality Wagyu beef with monthly international exports, pulled out of its Chinese export agreements after discovering that its beef, which is sold at a premium price, was being counterfeited.
Although the meat was vacuum sealed in a cryovac bag with a plastic insert with the company’s logo and brand name printed on it with a unique code, it still been heavily counterfeited.

David Blackmore, the producer of the beef, spoke about his decision to protect the brand’s integrity first rather than continuing to sell products, even with the huge market share loss.

“We’ve got more demand for our product than we can meet; rather than damage the brand, we would pull out of China.”

Hauling products, hunting down factories and pulling out of profitable markets cannot be the only way to stop counterfeit products from landing in the hands of consumers.

A blockchain approach

A blockchain approach solves the problem of trust in goods on the supply chain via end-to-end transparency and traceability.

Digitisation of supply chain records, with all participants, from producers, distributors, suppliers and retailers, sharing and contributing their track and trace data to a shared ledger.

Digitisation of records also facilitates further efficiency and cost reductions in procedures, especially if the digital format is a smart contract that is based on immutable data in the blockchain.

With blockchain technology, every single item for sale can be assigned a cryptographically unique identifier at the start of the food value chain at the farms, growers and processors.

This unique, strongly encrypted code can then be entered into the shared data ledger and the entire life journey of a product - from production to consumers - can be accessed on the blockchain archive.

In addition, the concept of “no double spending” is one of the most compelling features of blockchain technology. It means that only one item with a unique serialised ID can ever be sold, ensuring quality and authenticity. This feature destroys the standard business model of counterfeiters.

They usually take a genuine item and make a vast number of exact replicas of the item (including any attached codes or identifiers). Their well-practiced skills make it awkward, if not impossible, to distinguish between a genuine or fake item.

The ‘no double spend’ capability of blockchain means once the genuine item is sold, the fake copies have no commercial value, as consumers can use the free TBSx3 app to check the validity of the item they are considering buying.

With blockchain technology any participant can contribute to and access the ledger, but never tamper with it. Businesses across the entire supply chain are encouraged to collaborate and share data in order to improve transparency and stamp out counterfeiters.

A consortium with freight forwarders, stevedores, ports, shippers and 3PL’s on a true blockchain platform that provides 100 per cent transparency and traceability will be the ideal solution to protect items on the global supply chain.

Blockchain for food safety

The roll out of Blockchain technology on the food supply chain is also crucial for the future of food safety because it will help companies closely track every item on the supply chain and check that their products are of the highest quality, before it reaches their consumers.

The Sanitary Transportation rule in the US implemented by the Food Drug & Administration (FDA) Food Safety Modernization Act (FSMA) which establishes requirements designed to protect foods on their journey from farm to table, requires blockchain technology to execute.

The rule is designed to minimize risk during transportation that could compromise the safety of food and beverages, from failing to properly refrigerate food to inadequately cleaning vehicles between loads.

The rule requires the collection of many data points across the supply chain and IoT devices on the blockchain is the best way to do this. Some examples of IoT devices used for food safety include: mobile hand-helds that scan pallets and capture geo-data, temperature and humidity sensors that capture real-time transportation data, and bacterial sensors that analyse the soil.

Furthermore, advanced labelling and packaging solutions can take chemical fingerprints, detect decaying meat, monitor bacterial growth and other changes.

Power to consumers

Blockchain technology also unleashes the power for an even greater chain reaction to take place — a “trickle up” effect between consumers and businesses.

The opportunity for each genuine item to be checked before it is purchased empowers and protects consumers at the end of the supply chain.

With greater transparency and awareness of a product’s origin, buyers will be more conscious of their purchasing power and its impact at a global level.

This engagement will encourage local manufacturers to participate in ethical, Fair Trade business practice. On the flipside, it will also make counterfeiters rethink their current business model.

Then, hopefully, people in China who look to buy Australian products can trust that what they are buying and consuming is genuine and healthy.

* Mark Toohey is the Founder and CEO of TBSx3 and lecturer on digital currency regulation for the University of Nicosia.
An Australian consortium is building a Trade Community System for Australia that provides significant efficiency and productivity improvements for users through increased visibility, connectivity and interoperability.

Motivated by concerns over Australia’s sliding position in the World Bank’s Trading Across Borders rankings, The Australian Chamber of Commerce and Industry, Port of Brisbane and PricewaterhouseCoopers Australia (PwC) have formed a partnership and have completed the proof of concept phase of the project in Brisbane, with further design commencing.

Our vision is to bring Australian international trade to the 21st century - by removing complexity and overcoming prevailing inefficiencies in the supply chain, through a ‘Trade Community System’ which links key supply chain information and ensures trust in that information by using blockchain technology.

The problem
Businesses and their international supply chains are becoming increasingly complex. To drive new efficiency gains, there is a need for industry leaders to develop mechanisms which facilitate the integration and interoperability of commercial operators across the supply chain and logistics sector.

Through our research, we have identified a range of costs, which if addressed, will deliver significant value for Australian international businesses that will dramatically improve the performance of international trade. At present, the current inefficiency across Australian supply chains occurring through lack of visibility, can create up to $450 in cost per container. This represents in excess of $1 billion in value, lost due to inefficient supply chain processes.

Underpinning the costs identified are a range of factors which include:

- Varying levels of integration and digitisation across international supply chains, which constrain the efficient flow of goods and information
- Conflicting commercial interests, which create inefficiencies across the whole supply chain
- The predominant use of manual transactions to communicate across supply chain
- Entrenched legacy systems with limited integration, which constrain visibility, and restrict innovation
- Excessive levels of double handling of information and data between parties
- Significant red tape, which can restrict and delay the fluid movement of goods and services

The increasing volume of trade that hits Australia’s borders corresponds with equal pressure on both ports and border authorities to process, screen
and clear goods into the Australian economy. To reduce this pressure on both the public and private sector, we intend to transform the way supply chain participants interact.

**Our proposal**

We propose to build on the work already done to evaluate the feasibility of a national Trade Community System (TCS) in Australia.

To that end, we have developed a proof of concept (PoC) TCS digital application suitable for demonstration purposes. The TCS PoC is the first stage in building an end-to-end supply chain that will digitise the flow of trading information, improve connectivity for supply chain participants, and reduce supply chain costs. Trust and traceability will be enabled in the platform through the deployment of blockchain and a range of other technologies.

The next ‘Pilot’ phase will involve building out the platform to handle live data, and run in parallel with real supply chains of selected partner organisations to validate and refine the benefits, costs and risks of building the platform to national level.

In building the TCS platform, we have established four guiding design principles, which lay at the centre of our approach.

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**Why a TCS?**

The port, whether sea or air - is the first and last point of domestic contact in the international supply chain. It is also the point at which all significant supply chain participants converge. There is an abundance of information created before the border, at the port and behind the border, which when integrated, becomes more meaningful and of greater importance to government and downstream supply chain stakeholders and service providers.

Our decision to pursue the adoption of a TCS is motivated by a desire to improve Australian trade competitiveness by improving the connectivity facilitated through Port Community Systems into a platform that fosters increased visibility beyond the port. By including air freight and air cargo into our TCS platform, we hope to provide comprehensive coverage to all corners of the supply chain, and to address the prevailing inefficiencies that characterise Australia’s current supply chain processes.

As a precursor to a Single Window mechanism, we believe that a shared platform where all participants can input, share, amend and ingest relevant supply chain information in a harmonised, secure and trusted neutral environment will provide significant productivity gains for Australia’s international businesses.
How a TCS can benefit Australia

The primary benefits Australia would derive from a national TCS are the efficiencies borne from access to accurate, timely and traceable supply chain data, improving the flow of goods from producers through ports and across borders and into consumers hands. This will result in:

- Reduced costs and improved efficiency across the supply chain by eliminating paperwork and reducing double handling
- Increased visibility of container location and status. Greater visibility along the supply chain, coupled with micro level benefits, like container stock management improvements, should see a fall in the costs of container fleet management in Australia (NICTA, 2014)
- More efficient ship to shore and yard planning, with streamlined customs processing
- Better communication and transparency between supply chains and government agencies
- Faster flow of goods and increased volume through Australia’s ports. This is essential given the projected growth in containerised trade forecast to come into Australia in the coming years (BITRE Report 138, 2014)

- Increased trade and economic growth. According to ausdigital.org - Reduced invoice errors and subsequent rekeying through an electronic platform could provide the Australian economy, as a whole, with enhanced national productivity of $20 billion per annum.

Who we are engaging

The consortium partners have, and will continue to consult with core participants in the supply chain, including: importers and exporters, stevedores, shipping lines and Government, to ensure that the PoC and subsequent pilot phase, are robust and cater to a broad set of users. The PoC was an intensive 8 week process, which culminated in a showcase event in late May with our key project stakeholders.

What does success look like

Our future vision is to create a TCS, which can facilitate the secure linking of data between all supply chain participants and between other supply chain platforms that are developing across the globe to build an ecosystem which drives productivity and service innovation.

Following our PoC Showcase event, the pilot phase will follow and will allow us and users of the TCS, to see firsthand the extensive benefits that will come from the platform.

If you are interested in finding out more, or would like to join us on this journey, visit tradecommunitysystem.com.au
The Port of Newcastle has developed a concept for a container terminal that will provide a new, east coast supply chain alternative.

A Newcastle container terminal will increase the competitiveness of importers and exporters. It will provide:

- **COST SAVINGS**
- **CAPACITY**
- **CONNECTIVITY**

We have the land, channel and supply chain connections to begin **NOW**.

**CONTACT**

- +61 2 4908 8200
- [trade@portofnewcastle.com.au](mailto:trade@portofnewcastle.com.au)
- [linkedin/portofnewcastle](https://www.linkedin.com/company/port-of-newcastle)
In January, the Trade Facilitation Agreement (TFA) and the Trade Facilitation Group (TFG) Discussion Agreements were terminated. This follows soon after the termination of the Australia and New Zealand – United States (ANZUSDA) Discussion Agreement at the end of December 2017. This represents a monumental change to liner shipping in Australia.

The decision to terminate these selected discussion agreements (not consortia agreements) is significant given that conferences/DAs serving the USA, North East and South East Asia markets have existed for many decades, so we are moving into a new era for those trades. The core reason for the decision to terminate these agreements is their declining membership, caused particularly by industry consolidation that impacted upon their market influence and the perceived value of membership. In December ’17, the number of members had declined to only 3 for both ANZUSDA and TFA and 2 for TFG, which clearly brought into question their effectiveness.

The reasons for the declining memberships of the DAs that led to this point are a bit more difficult to pinpoint; there are a number of factors:

- One factor is the increasing attention by national competition regulators on liner shipping activities globally. Rightly or wrongly, this had created the impression that members of discussion agreements are more likely to be targeted for anti-competitive investigation. Consequently, a number of them have made global policy decisions to withdraw from all discussion agreements.
- Another is the growing size of individual lines, through the recent spate of mergers and acquisitions. The larger shipping corporations are less dependent on the cooperation of other lines in the various trade lanes, and therefore see less value in DA’s.
- A third and significant reason is the repeated threat over a number of years, by the ACCC in particular, to remove the protections of Part X. This has caused uncertainty in the industry and lines may well have withdrawn from the DAs now rather than hold on until the rug is pulled from under them, so to speak. Lines have seen the withdrawal of competition protections for Discussion Agreements in other jurisdictions (most recently New Zealand in mid-2017).

In the immediate future the termination of these agreements is not expected to have an impact upon capacity or sailings to the USA, North East Asia or South East Asia, where the services of the various consortia will continue unaffected and underpinned by agreed minimum levels of service negotiable with APSA. Additionally, new discussion agreements may be created should some of the above uncertainties be clarified and trade conditions show this to be beneficial to the industry.

There is still a lot going on in liner shipping policy and despite the current withdrawals from DAs, shipping lines are still strongly supportive of retention of Part X of the CCA. Shipping Australia commenced negotiations with the ACCC at the end of May over the content of a potential block exemption for liner shipping that the ACCC is now empowered to provide under the legislative changes passed towards the end of last year. As such, more will follow on developments concerning this momentous event affecting Liner Shipping.
Newcastle Stevedores, through its extensive service provider relationships and sub-contractor management plan can provide clients with a total logistics package, and is happy to arrange the complete door to door movement of project freight.

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

Our mission is to provide the best stevedoring services in Australia, by offering thorough efficiency and bankable reliability, at very competitive prices.
General Average explained

By PEREGRINE STORRS-FOX, risk management director, TT Club

Following the tragic casualty of *Maersk Honam* it is timely, particularly for shippers and freight forwarders, to cover the dynamics and risks associated with General Average. While the concept of General Average (GA) is widely recognised and as old as maritime transport itself, it is also a commonly misunderstood process. This principle of maritime law governs the process by which all stakeholders in a particular voyage share losses resulting from actions taken in an emergency.

**What is GA and how does it work?**

A GA event is defined in the York-Antwerp Rules, as "when, and only when, any extra ordinary sacrifice or expenditure is intentionally and reasonably made or incurred for the common safety for the purpose of preserving from peril the property involved in a common maritime adventure". A GA sacrifice might be jettisoning cargo to enable a grounded ship to refloat. Employment of salvage tugs where the ship suffers an engine breakdown would be GA expenditure.

Whilst the combined cargo value will often proportionally hold greater value than the ship itself, it is the Master technically who generally declares GA; inevitably, the Master is the one directly handling the “event” that is threatening the “maritime adventure”. Consequently, the ship interests appoint the “Average Adjuster”, who thereafter operates independently and on behalf of all parties. The Adjuster will compile the total value of the allowable sacrifice and expenditure, and establish the total value of the assets of all the interested parties that has been saved. Such assets include not just the ship and cargo, but also bunkers and stores, as well as containers and related equipment.

Contributory values are calculated against the net value of all the assets at the termination of the voyage. The GA contributions from each stakeholder together provide sufficient funds to cover the total value of the sacrifice or expenditure. This process, inevitably, takes a long time, typically several years.

**Security**

In order to ensure that payment will be received, the Adjuster requires each party interested in the voyage to provide a GA bond as security. Since this is done at the outset, before the full value of the sacrifice and expenditure is known, the Adjuster will necessarily estimate. A GA bond is a promise to pay whatever contribution is assessed, backed up by a GA guarantee from a bank or insurance company. Alongside this, the Adjuster will request landed values of carrying equipment, and bills of lading and commercial invoices detailing CIF (Cost insurance and freight) values for cargo, in order to work out the contributions for all interested parties.

"the Average Adjuster requires each party interested in the voyage to provide a GA bond as security"

GA bond and guarantee documentation is distributed by the Adjuster to all known interested parties. Where a freight forwarder/NVOC (Non-vessel operating carrier) is identified on the ocean bill of lading, it is likely that this documentation, effectively intended for cargo interests, will be received; it should be forwarded to the cargo interests at the earliest opportunity. Commercially, it can prove beneficial for the forwarder/NVOC to maintain close contact with the cargo customers to ensure the requirements are understood, and the necessary documentation completed and returned.

Of course, the client of the freight forwarder/NVOC may no longer be
the cargo owner, under the terms of the sale contract, and therefore the documents will need passing on to his customer – the buyer or consignee.

**Impact of cargo insurance**

Where the cargo is insured, standard marine policies should cover the costs of GA contributions and the insurer will take over dealing with the Adjuster. Where a consignment is uninsured, or the Adjuster is uncertain about the security being presented, a contributory cash deposit will be requested. Such cash deposits are held in escrow – no disbursements can be made from the account without the written consent of the Average Adjuster. This serves as a reminder of the importance from the cargo interests’ perspective, to ensure adequate cargo insurance is in place to cover any given shipment. Without being concerned here about places of refuge or the logistics of on-carriage to the contracted destination port, only cargo and equipment for which GA bonds and guarantees have been received will be released; bills of lading permit the carrier to hold a lien over all cargo until satisfactory security has been submitted.

“only cargo and equipment for which GA bonds and guarantees have been received will be released”

**Intermediaries should take care**

For groupage/LCL (less than container load) movements, where several cargo interests are required to submit documentation, the freight forwarder/NVOC needs to work with the Adjuster to identify outstanding guarantees; this not just ensures that all cargo interests fulfil their obligations in a timely fashion but also protects commercial relationships. Some freight forwarder/NVOC insurers may be willing to provide guarantees in these circumstances, facilitating the release of the remainder of the cargo, on an undertaking that the unsecured cargo is similarly held under the terms of the NVOC bill of lading.

**Concluding comments**

The Adjuster will ultimately conclude the calculations and formally issue the General Average Statement to all interested parties, against their respective GA Bonds and Guarantees. All parties are legally obliged to pay the adjustment accordingly, thus concluding the process. In the 21st century, where cargo ships are capable of carrying in excess of 21,000 TEU, some argue for the replacement of GA as overly complex and disruptive. Nevertheless, GA currently exists – stakeholders need to understand it in order to manage the situation and set realistic expectations, including promoting insurance cover, especially for cargo all risks.

* This is a lightly edited version of an article Peregrine Storrs-Fox, first published in TT Talk
2018 customs compliance priorities

By KAYLENE ZAKHAROFF, assistant commissioner, ABF Strategic Border Command

The Australian Border Force (ABF) is an operationally independent, frontline body in the newly created Home Affairs portfolio. Working alongside us in the portfolio are our colleagues from the Department of Home Affairs, Australian Federal Police, Australian Crime Intelligence Commission, and the Australian Transaction Reports and Analysis Centre. The Australian Security Intelligence Organisation will also form part of the portfolio following the passage of legislation.

The ABF is and will remain Australia’s customs service, with trade facilitation a key priority. Keeping trade facilitation and traditional customs functions together, alongside Australia’s national security agencies, has enhanced our ability to identify and focus our efforts on those consignments and people who represent the highest risk. This, in turn, has meant we are able to ensure the seamless facilitation of legitimate people and goods, particularly with record numbers of trade and travellers crossing the border last year and projected to continue into 2018.

Throughout 2018, we will continue to work closely with industry to facilitate trade and reduce illegitimate and non-compliant imports and exports. The ABF will identify and address non-compliance issues and undertake education and enforcement action where necessary, to improve voluntary compliance. We encourage businesses to codify their compliance processes and to take advantage of the benefits of becoming a Trusted Trader.

The ABF will maintain its intelligence-led, risk-based approach to the broad spectrum of non-compliance across supply chain integrity, regulated and restricted goods, and economic harm. Throughout the year, particular areas of focus may arise based on intelligence we receive at the time or through analysis of information, incidents and behaviours, but our overall approach of risk assessing all importations and prioritising intervention against highest threats remains the same.

While we will focus broadly on supply chain integrity, this year, all customs licences will be ready for renewal, so we will be checking that our licensees are compliant with their licence conditions and continue to be eligible to hold their licence. We have increased resources allocated to this important task.

Our continued focus on regulated and restricted goods aims to protect the Australian community from items that pose a risk—preventing the importation of illicit firearms and weapon parts, asbestos and illicit tobacco, alongside emerging threats in prohibited substances such as opioid drugs.

In relation to the protection against economic harm, we will be looking carefully at revenue evasion through misclassification, undervaluation and non-declaration of goods; false claims for GST exemptions; or improper application for preferential treatment under free trade agreements or duty refunds and concessions.

Businesses that have worked closely with us to become Trusted Traders will continue to reap tangible benefits as we welcome new Mutual Recognition Arrangements, and adopt their suggestions for improvements to the programme. Last year we signed an exciting arrangement with China, which gives Trusted Traders a competitive edge with better access and speed to market. We also launched consolidated cargo clearance reporting, which allows Trusted Trader importers to lodge a single import declaration for consolidated cargo for all sea cargo types and for air cargo, which is already saving businesses an average of 10 per cent in import charges at the border.

While we will continue to work with Trusted Traders to help ensure their supply chain security remains strong, our focus continues to be on trade that is not accredited and poses an unknown risk.

Increased compliance by industry, brokers and the whole supply chain facilitates legitimate trade, ensures a level playing field for industry, and contributes to the protection of Australia’s border. As we progress this important work in 2018, we will continue to work closely with industry to achieve better outcomes for you and the Australian community as a whole.

We acknowledge there is more we can do to improve the ways we work together. For example, we are currently assisting with the Commonwealth Ombudsman’s own motion investigation into our use of legislated powers under the Customs Act 1901 in relation to the processing of inbound containerised sea cargo. We have welcomed the opportunity to demonstrate our operational processes in relation to trade and goods border facilitation and intervention, and look forward to the findings of the review.

It is a shared responsibility to protect the border and facilitate legitimate trade with minimal intervention. In the near term, we will look to how our processes can be further streamlined and how voluntary compliance can be more readily achieved so that interventions are minimised. In the longer term, initiatives within the expansive trade modernisation agenda will deliver higher levels of automation and pre-importation compliance that will greatly enhance facilitation and strengthen border protection measures.

For more information visit www.homeaffairs.gov.au or contact GoodsCompliance@abf.gov.au.
The rise and fall of a want-to-be around the world sailor

THE MERCY, Starring Colin Firth and Rachel Weisz – directed by James Marsh

In this emotional and moving true story, Crowhurst, empathetically played by Colin Firth, is a technology innovator and romantic idealist. In relentlessly pursuing his quest to be the first and fastest to sail single-handedly around the world, he risks everything he holds dear, including his business and (unbeknown to his wife), his family home, to raise the funds to build a new concept 12 metre trimaran, Teignmouth Electron. Pressed for time to meet the race start window, his trimaran was not seaworthy by the time of Crowhurst’s scheduled departure. Feeling unprepared and uncertain, Crowhurst, who is unable to withdraw without facing financial ruin and national shame, set sail from the port of Teignmouth in Devon, after a very public and stoically emotional farewell to his wife (Rachel Weisz) and three children.

At sea, things quickly get even worse, and realising that his leaking trimaran would not weather the Southern Ocean, Crowhurst is faced with the choice of dying at sea or facing public humiliation and financial ruin. With neither option tenable, Crowhurst hatches a plan; he stays near the coast of South America for 8 months, whilst falsely reporting his progress around the globe, all the time battling with his mental state.

As the first competitors return to the Atlantic, and the race approaches its conclusion, the success of Crowhurst’s deception crescendos his mental turmoil, and director James Marsh depicts his plea for mercy as he slips into the deep. Teignmouth Electron was found adrift in the Atlantic some eight months after setting sail. Two sets of logs on the chart table showed that Crowhurst never sailed further than the South Atlantic Ocean. Crowhurst deceived loved ones, his sponsors and the public. He falsified his position reports, floated around the Atlantic and ultimately, finds himself in checkmate and can never return to land.

A gripping, emotional and confronting movie that shows how easily a dream can become a nightmare. A simple deal for media exposure and financial support, can lead to destruction. It is a wake-up call for all those who are contemplating that enticing deal with the devil.

Post script: Amazingly, during his voyage, Crowhurst even went ashore in Argentina and, with no passport, was interrogated by officials, but this wasn’t reported to the UK. What Crowhurst achieved in 1968 is no longer imaginable today. With the 2018 Golden Globe Race re-enactment commencing on 1 July, all the contestants will have to sail the long way around.

- SHARYN FLOOD

The mystery surrounding the 1968 voyage of amateur sailor and struggling businessman Donald Crowhurst, who attempted to sail single-handedly around the world to win £5,000 in The Sunday Times Golden Globe Race, remains.

This cinematic depiction exposes the factors that drive Crowhurst into a series of logical but questionable decisions that inevitably lead him to unbearable internal conflict, with no place to escape except... The Mercy. This is an incredulous story and captivating emotional rollercoaster, which will keep you in your seat until the credits fade.
QUBE takes the honours at SAL New South Wales Golf Day

The annual SAL New South Wales Golf Day, held at the Coast Golf Club on Wednesday 28 February, was a great success. With perfect weather and a good attendance, there was some excellent play and players were rewarded with spectacular views of the coast and ocean.

A big congratulations to the QUBE team, headed up by Damian Wilson who, despite being the lowest handicap team (18), finished the day as our 2018 winners. Their class had them coming in 14 under the card, with 48.1 points, nine strokes ahead of the second and third placed teams, who were Patrick (Brad Morgan) with 51.1 points and DP World (Ben Moke) with 53.4 points. I’m sure that it will be a tough contest again next year!

The longest drive was won by Johan Franzen (13th hole) from Hamburg Sud, and the nearest the pin prizes were won by Andrew Thompson from Patrick (4th hole) and Michael Cubby from Qube (8th hole).

The day was topped off with a sumptuous buffet and drinks at the 19th hole. Many thanks to the team at the Coast Course and our fabulous hole sponsors, whose generous support made a great day possible – Asoworld Shipping, Evergreen Line, DP World, Patrick, QUBE Logistics, Smit Lamnalco and Svitzer.
SAL Parliamentary Lunch

On Tuesday, 8 May 2018, SAL’s New South Wales State Committee held its luncheon at New South Wales Parliament House in Sydney. The main sponsors of the event were NSW Ports.

The event was attended by approximately 200 shipping industry stakeholders, including the Deputy Leader of the Opposition, Michael Daley.

Regrettably the portfolio Minister Melinda Pavey was unable to attend as she was required to be in her electorate for Government business with the Premier. However, the attendees were delighted to have the Honourable Bronwyn (Bronnie) Taylor - Member of the Legislative Council and Parliamentary Secretary to the Deputy Premier and Southern New South Wales to speak on the Minister’s behalf.

Freight and port development was the flavour of the speech and the importance of the freight industry as the core of the State’s economy was acknowledged. The development of the port of Eden as a cruise destination was recognised as a benefit to the region, which has been facing social disadvantage and unemployment issues for some time. The investment in a wharf extension at the port to accommodate larger cruise vessels has lifted the morale of the entire community.

In customary fashion the luncheon concluded with the drawing of prizes, sponsored by the Port Authority of New South Wales.

SAL Victoria Golf Day

Shipping Australia’s Victoria annual golf challenge for the Phil Kelly OAM trophy, saw a field of 16 teams get around the Waterford Valley Golf Course on a day offering spectacular Autumn conditions.

The assembly of the industry’s finest competitors battling it out eventually saw team ANCRA Australia, led by Laurens de Jonge, take first place, closely followed by Priority Cargoes, A team.

Despite concern the stevedoring sector would again be on the podium, this proved no lay down misere, with form eluding the players represented.

Grateful thanks to Svitzer for their gold sponsorship of the event, and to Port of Melbourne for providing quality golf bags to the first prize winners. We additionally would like to acknowledge the 22 silver sponsors, who all contributed into making this an outstanding event, and to Waterford Valley management, who raised the catering standard. Finally, the course has been rebooked for Wednesday 3 April 2019. Put this in your diary!

Winners of the Phil Kelly OAM Trophy, Team ANCRA Australia: Laurens de Jonge, Mustafa Songur, Mathew Hodgkiss and Jason Connor

The Hon Bronwyn Taylor MLC
The Panama Canal

By TED SIMMONS OAM

The Suez Canal and the Panama Canal have captured the imagination of countries and people ever since man began to travel outside his home, and ships ventured into foreign waters in search of cargo and new territory.

But distance and time made it difficult for these intrepid sailors, particularly being forced to travel around the Cape of Good Hope at the bottom of South Africa, to gain entry to the Pacific and similarly, around Cape Horn at the bottom of South America.

In 1513, Spanish explorer Vasco de Balboa became the first European to discover that the Isthmus of Panama was just a slim land bridge separating the Atlantic and Pacific oceans. Balboa’s discovery sparked a search for a natural waterway linking the two oceans. In 1534, after no such passage across the isthmus had been found, Charles V, the Holy Roman emperor, ordered a survey to determine if one could be built, but the surveyors eventually decided that construction of a ship canal was impossible.

In the centuries that followed and with the growth of modernisation and engineering techniques, the Panama Canal has joined the Suez as one of the world’s great waterways, visited by millions of tourists, and providing shipping companies with a major link between the Atlantic and Pacific oceans.

The Canal is mostly used by ships destined or originating from east coast American ports and every vessel must pay a toll based on its size and cargo volume. Tolls for the largest ships can be about $450,000 and today some $1.8 billion in tolls is collected annually. August 15, 1914 marked the 100th anniversary of the official opening of the Panama Canal with the passage of the SS Ancon in a full transit, from the Atlantic to the Pacific Ocean. In today’s terms, it now means a vessel sailing between New York and California is able to bypass the long journey around the tip of South America and trim nearly 8,000 miles from its voyage.

On average, it takes a ship 8 to 10 hours to pass through the canal, where a system of locks raises each ship 28 metres above sea level. A specially trained canal pilot replaces the ship's captain to guide each vessel through the waterway. The Panamax locks are 34 metres wide, 305 metres long and were designed to handle the ships of yesteryear, while the expanded Neopanamax locks now take ships up to 51.25 metre beam and 366.5 metres long and are able to handle cargo vessels carrying 14,000 20-foot containers, as well as large cruise vessels - nearly three times the previous maximum. On 4 September 2010, the bulk carrier Fortune Plum became the one millionth vessel to cross the waterway since it first opened in 1914. Already there have been more than 3000 transits through the expanded locks.

On such an occasion earlier in 2017, I was a passenger on the Cunard liner Queen Elizabeth when it made its transit of the Canal, with stops at Fort Lauderdale (Miami), Curaca (Antilles), Cartagena (Columbia), Huatulco (Mexico) and Cabo San Lucas (Mexico). It was fascinating to watch the machinery assisting the Queen Elizabeth as it made its way through the locks, and to get a first-hand look at work on the new
lock. The Canal covers a distance of 82 kilometres and the locks are clearly visible to the passengers during the daytime crossing. When the Canal was first built, the locks could easily accommodate the vessels but with bigger ships now cruising, as well as huge container ships, it was found the locks could not accommodate the larger vessels.

To overcome this problem, a new 6.1 kilometre Pacific Access Channel was built almost parallel to the existing channels. It was the largest infrastructure project in the waterway since the original construction began. Work started on the $5.25 billion plan on 3 September 2007, to add a third lane to accommodate the larger vessels, which would double the capacity of the waterway. The design and construction of the third set of locks consist of a new lock complex at the Pacific and Atlantic oceans, the deepening and widening of Gatun Lake, deepening of Culebra Cut, a filling and emptying system and rolling gates.

And as the Canal continued to attract attention, other ventures began to take place, and on 12 October 1962 the inauguration was held of the bridge of the Americas, the first bridge opened to the public over the Panama Canal. In May 1953, the Canal began operating 24 hours a day, with 16 February a gala day, when the Canal was chosen as one of the Seven Wonders of the Modern World by the American Society of Civil Engineers.

With its opening, the Panama Canal has transformed world trade by reducing time, costs and distance between continents and now connects 144 routes, reaching 1,700 ports in 160 countries, and its construction and operation is a result of human ingenuity and regular innovation.

History records, a serious attempt to create a canal in the area wasn’t made until 1881 when a French company headed by Ferdinand de Lesseps, a former diplomat who developed Egypt’s Suez Canal, began digging a canal across Panama. The project was plagued by poor planning, engineering problems and tropical diseases that killed thousands of workers. The De Lesseps-led company went bankrupt in 1889. At the time, the French had sunk more than $260 million into the canal venture and excavated more than 53 million cubic metres of earth.

The United States, throughout the 1800’s, had wanted a canal linking the Atlantic and Pacific oceans for economic and military reasons and had considered Nicaragua a better option, until convinced otherwise. In 1902, the US Congress authorised purchase of the French assets but Columbia refused to ratify the agreement, with the result that Panama staged a revolt and declared its independence. The subsequent treaty gave America the right to a zone of more than 1,200 square kilometres in which it could construct a canal.

Control of the Canal created tensions between Panama and the USA and in 1964, Panamanians rioted after being prevented from flying their nation’s flag next to an American flag in the Cana Zone. In 1977, President Jimmy Carter and General Omar Torrijos of Panama, signed treaties, and control of the canal was transferred peacefully to Panama in December 1999.

The Panama Canal is the result of human ingenuity, courage and perseverance, in the attempts by many people of different cultures to create a monument which others had deemed impossible. It is indeed, a Wonder of the World.

* This is an edited and updated version of the text originally published in ‘Freemason’, June 2017
All images: Panama Canal Authority
The discovery of the HMA Submarine AE1 on 20 December 2017, ended a century-old mystery that has plagued the Royal Australian Navy, families of the men lost and war historians, since its disappearance somewhere off the PNG coast near Rabaul, after failing to return from a mission in the vicinity of Duke of York Islands, on 14 September 1914.

Over the years there have been many theories and many searches. The Royal Australian Navy’s Australian Hydrographic Office maintained an interest in finding the AE1 and prepared a plot of AE1’s last mission and last sightings. Commander John Foster RAN, pursued the search diligently during his time in Navy and personally in retirement. Survey ships were routinely tasked to sound an area, or tow a magnetometer or side scan sonar across a likely location. Even Jacques Cousteau was enlisted to undertake an ad hoc search. But their equipment didn’t suit the task. Finding something on the seabed in deep water requires special equipment that has only been reasonably available for the last two decades. Advances in technology have developed high resolution multibeam sounders and synthetic aperture sonar. Autonomous vehicles have made it possible to get the sonars close to the seabed and search more efficiently. It’s no coincidence that so many age old maritime mysteries have been solved and historic wrecks found since the turn of the century.

From 2012 onward, the driving force behind the search was Rear Admiral Peter Briggs AO, CSC, RAN Ret and the not-for-profit company he established for the purpose, Find AE1 Ltd. In 2014 a search by minehunter HMAS Yarra found likely contact but it was later found to be a group of boulders.

With financial support from The Submarine Institute of Australia and coordination by the volunteers of Find AE1 Limited, an initial multibeam search was conducted in 2015 but no contacts were deemed likely. It was clear that to find such a small object in a search area containing complex seabed features, higher resolution equipment would be required. Finding the suitable survey vessel at an affordable cost was the next challenge. Additional funding provided by the Australian Government, Australian National Maritime Foundation, and Silentworld Foundation, enabled the efforts to continue.
In September 2017, Fugro advised they would undertake a fixed price contract with a suitably equipped ship in the vicinity and could supply a fully equipped Hugin 1000 autonomous underwater vehicle (AUV) and a remote camera vehicle, which were perfect for the task. The search began on 18 December 2017 utilising the equipment and expertise of the 14 person survey crew aboard MV Fugro Equator, plus representatives from the AN, ANMM and Find AE1.

On 19 December, analysis of the multibeam echo sounder data from the first AUV dive revealed a contact with similar dimensions to AE1 close to the search datum, but it was inconclusive. The AUV was deployed again to examine the site more closely. Then on the morning of 20 December, a drop camera was used to examine the contact and photographic evidence confirmed the long-awaited discovery of the AE1.

How did this submarine, with 35 crew aboard, end up in its final resting place in 300 metres of water, to the east of Mioko Island, in the Duke of York Group? To help solve this question Fugro gathered 6000 images of the site and merged them into a mosaic overview of the wreck. Speculation as to the cause of the sinking was then able to begin with some degree of accuracy. Or so it was expected...

It quickly became apparent that damage to the submarine’s hull during the sinking, combined with possible post-sinking events and corrosion over many years, would make establishing the initial cause much more difficult. Conclusions reached by the team conducting the analysis, which are supported by the Defence Science and Technology Group, agree that the loss appears to be as the result of a diving accident, whilst on its return course to Rabaul.

The investigations concluded that it is most likely:

- AE1 was probably already submerged or in the process of diving when the accident occurred.
- The submarine experienced a depth excursion and exceeded its crush depth, leading to the implosion of the hull forward of the fin in the control room area and over the forward torpedo area.
- The flooded submarine sank rapidly to the bottom, probably landing on its keel, with a moderate bow-down angle, since the torpedo tube is relatively intact.

The team concluded that from there:

- It then pitched forward, to strike the seabed with its bow.
- It is possible that the implosion had already begun the process of dislodging the fin, we believe that the resultant whiplash effect caused or completed dislodgement of the fin and caused it to tilt forward onto the partially collapsed forward casing.

They also recommend that an internal examination would add little value to the conclusions. A recommendation no doubt reinforced by the fact that the submarine is the final resting place of its 35 crewmen and deserves the sanctity as a grave site. All parties agree that the protection of the site is paramount. A joint operation by the PNG and Australian governments is likely to implement this protection.

As something tangible and closer to home, the Submarine Institute of Australia commissioned war artist Robert Macrae to compose a painting to commemorate the sailors who lost their lives in the sinking of Australia’s first submarine and tell the story of its discovery. The painting was presented to the Australian National Maritime Museum where it will be seen by generations to come. Find AE1 will transfer the rights of their images to the Australian National Maritime Museum on completion of the project, to share the story.

This story of HMAS AE1 is a story that deserves to be heard, it has waited a very long time to be told.

* Thanks to Find AE1 Ltd and the Australian National Maritime Museum for the source material for this article “Report on Finding the Men of the AE1” – January 2018. ▲
Towards a National Freight and Supply Chain Strategy

By A SPECIAL CORRESPONDENT

Meeting the growing freight task efficiently and safely needs a dynamic and effective blueprint

Australia’s freight logistics and supply chain specialists gathered for the annual ALC Forum at Royal Randwick Racecourse, in Sydney, between March 6 and 8, 2018. Building on the work done at last year’s forum to establish the required content of the Strategy, the focus this year was developing the National Freight and Supply Chain Strategy, building on the Australian Logistic Councils major submission to the Inquiry into National Freight and Supply Chain Priorities - Freight Doesn’t Vote.

Australia’s peak national logistics industry body, the Australian Logistics Council (ALC) works with Government at all levels, to ensure it considers the needs of the logistics industry in its investment and policy decisions, representing the major Australian logistics supply chain customers, providers, infrastructure owners and suppliers.

ALC chairman, Ian Murray and managing director, Michael Kilgariff, sought active industry participation in discussions over the course of the forum, in order that the outcomes truly reflect the industry’s diverse nature.

Among this year’s speakers were: Marika Calfas, chief executive officer, NSW Ports; Maurice James, managing director, Qube Holdings; Clare Gardiner-Barnes, Transport for NSW; Ken Morrison, chief executive, Property Council of Australia; Paul Scurrrah, managing director and chief executive officer, DP World Australia and Geoff Crowe, chief executive officer, Port of Newcastle.

Keynote speakers were the Hon Anthony Albanese MP, Shadow Minister for Infrastructure, Transport, Cities and Regional Development; and Roy van den Berg, Intermodal Transport specialist (The Netherlands). The Hon Melinda Pavey, Minister for Roads, Maritime and Freight (NSW) gave the opening keynote address.

Minister Pavey spoke of the importance of Government supporting industry.

‘All governments, including my own, have two critical, and interwoven, roles in supporting the freight industry. The first is through infrastructure delivery. The second is regulation, and more accurately, appropriate regulation rather than over regulation.

‘One key to that is to collaborate with other States, Territories and the Commonwealth to make that regulation as consistent as possible. And to plan for the nation’s future through a shared national strategy.

‘For all industries, the other important element is certainty; and providing certainty around that regulation and infrastructure delivery.

‘The NSW Freight and Ports Strategy established the direction of freight planning in New South Wales and provided that certainty for industry.

‘The Council of Australian Governments has recognised that harmonised national laws and regulation are in the nation’s interest. Consistent laws are easier to follow, to implement ...and to enforce.

‘The New South Wales Government has worked closely with the Commonwealth and other jurisdictions, to establish four national transport regulators: The National Transport Commission, the Australian Maritime Safety Authority, the Office of the National Rail Safety Regulator, and the National Heavy Vehicle Regulator. These last two are particularly relevant to freight and logistics.’

Through investment in the New South Wales freight network, she continued, ‘the Commonwealth has committed $9.3 billion to the 13 individual projects making up Inland Rail.

‘Inland Rail will create a 1,700 kilometre express freight line from Victoria to Queensland, right through the heart of New South Wales, and with efficient linkages to our three major ports.’

She concluded by saying, ‘The number one priority is to strengthen freight industry and government partnerships. By working together, we’ll arrive at a better outcome, sooner.’

Challenges confronting the industry

Session topics over the two-day forum, included:
• Planning freight friendly cities, synergies between State and port strategies,
• Driving productivity and enhancing competition,
• CBD freight delivery and E-commerce,
• How rail can share the growing freight task,
• Making logistics infrastructure an investment priority,
• The increasing role of intermodal terminals,
• Using technology to enhance efficiency and safety, and
• Diversity, inclusion and culture in the industry.

Marika Calfas (NSW Ports) commented, these ‘lead directly to the cost. The cost of what we buy, and the cost of what businesses pay for their goods’.

‘This is a once in a generation opportunity for us in the industry, to identify those priorities – that is absolutely critical for our industry,’ added Maurice James (Qube).

Active participation of industry is crucial to ensure that these priorities are clearly understood by Governments, in all industries, across all parts of Australia.

ALC’s Michael Kilgariff, noted, ‘The outcomes from our discussions will be crucial in shaping the development of the Strategy, as we move beyond examining what it needs to contain, and consider the more complex issue of how to ensure it delivers the right outcomes for our industry and economy.’

‘Industry’s challenge now is to maintain momentum and build community support, so we can achieve the policy reforms Australia requires to meet a growing freight task,’ Mr Kilgariff said.

In his first major address to the industry, the Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure and Transport, noted, ‘Your businesses form part of the fabric that holds together our economy, and in doing so collectively contribute almost 10 per cent to Gross Domestic Product and provide over one million jobs. The Coalition Government is focused on delivering the infrastructure you need to be successful.’

With the national freight task set to double over the next 20 years, Mr McCormack is expecting the priorities identified at the forum ‘will be key to the development of a strategy’ to be considered at the Transport and Infrastructure Council meeting in November this year, to clearly outline themes ...around integration, measurement, planning ahead, delivery and communication.

‘Through the 2017–18 Budget, the Government committed over $75 billion in transport infrastructure over ten years to 2026–27.

‘On average we are spending $7.2 billion per year, as opposed to an annual average of $6.5 billion for the last four years of the Labor Government.’

Mr McCormack outlined the important contributions to logistics and supply chains, which will be made by the Coalition Government, through key investments like: the $5.3 billion for Western Sydney Airport; $370 million for Moorebank Intermodal; and the $9.1 billion the Federal Government is investing into Inland Rail, while delivering over 510 major road and rail projects across Australia, to future-proof the national land transport network.

‘In rail we have announced a $10 billion national rail programme, which will deliver major enhancement to the national freight rail network in addition to the Inland Rail.

‘Across the north of Australia, we are investing $100 million in the Beef Roads Program, targeting upgrades to key transport corridors.

Shadow Minister for Infrastructure, Transport, Cities and Regional Development, the Hon Anthony Albanese MP, agreed that ‘investing in good infrastructure generates long-term economic and jobs growth, lifts productivity, creates inclusive communities, builds a low carbon future, enables businesses to grow, and gives our exporters a competitive edge.

‘In 2018, an effective infrastructure policy is fundamental to an effective economic policy, an effective housing affordability policy and an effective environmental policy.

‘If we are to maximise its economic, social and environmental dividends, infrastructure policy has to be got right – and that starts with a genuine commitment to a long-term strategy based on an objective, evidence-based assessment of the nation’s infrastructure needs.’

Achieving the Strategy

Opportunities identified at the forum, necessary to ensure the ultimate effectiveness of the National Supply Chain Strategy, include:

Deputy Prime Minister and Minister for Transport and Infrastructure, Michael McCormack MP with SAL CEO Rod Naim
Anthony Albanese MP outlines his transport priorities

- Developing a clear set of industry benchmarks and/or key performance indicators (KPIs) that will allow industry, governments and regulators to better identify which aspects of the supply chain are performing well, determine those which are experiencing difficulties, and permit the development of effective policy responses;
- Continuing to encourage governments at all levels to ensure planning systems properly account for freight movement, particularly in CBD and inner-urban areas;
- Pursuing the adoption of a holistic and consistent National Corridor Protection Strategy that will protect critical freight infrastructure and employment lands from the impact of urban encroachment, particularly around ports and airports;
- Encouraging the collection of more and better data about freight movement, to help guide investment decisions about freight infrastructure and more effectively measure the performance of our freight networks;
- Removing legislative and regulatory barriers that needlessly prevent opportunities for data-sharing that can enhance the efficiency, safety and visibility of our supply chains, whilst still protecting commercial and user privacy;
- Providing certainty for investors by encouraging governments across all jurisdictions to develop a transparent, independent and long-term approach to prioritising infrastructure investment that lasts well beyond election cycles;
- Building community awareness of the importance of efficient supply chains for businesses, households and consumer prices, and communicating honestly about the challenges associated with a growing population. This will help protect the social licence freight networks require to operate effectively;
- Promoting far greater use of technology to improve safety and efficiency across all modes of freight transport;
- Investing in rail infrastructure that will help Australia meet a rapidly-growing freight task, including Inland Rail, short-haul rail from ports to intermodal facilities and encouraging the separation of freight and passenger rail;
- Ensuring regulatory frameworks are being prepared now to account for technological evolution, including the introduction of Connected and Autonomous Vehicles (CAVs) and more widespread use of Artificial Intelligence (AI) within the industry;
- Working to enhance the diversity of the industry by improving workplace culture, promoting the benefits of a career in freight logistics, identifying the sector’s future leaders, and ensuring skills training programmes are preparing and equipping the current and future industry workforce with the skills needed in a 21st century economy; and
- Recognising that the National Freight and Supply Chain Strategy can only succeed with active cooperation from industry and all tiers of government, which will require continuing industry consultation and involvement in its ongoing development.

Following the forum, momentum continues

Commenting on the release of the 2018 Infrastructure Priority List launched by Infrastructure Australia chair, Julieanne Alroe, on 27 March 2018, ALC managing director, Michael Kilgariff, stressed that this ‘comes at a crucial moment, as the Commonwealth continues to develop the National Freight and Supply Chain Strategy – an initiative which is again included as a high priority initiative on this year’s list. ‘An export-driven economy like Australia must do everything possible to eliminate capacity constraints in our freight networks if we wish to succeed in an increasingly competitive global market. Accordingly, ALC urges governments to pay particular attention to key freight-related initiatives IA has identified in this year’s list.’

ALC has also applauded a major new report released on 26 April, by Infrastructure Partnerships Australia(IPA), which helps to highlight many of the challenges confronting Australia’s freight networks.

‘Fixing Freight: Establishing Freight Performance in Australia, supports ALC’s long-held view that Australia must do more to capture data about the operation and performance of our supply chains,’ said Mr Kilgariff.

It is pleasing that this report from IPA supports these ideas by recommending the establishment of an independent statutory body with the mandate and resources to close the data gap. This should be a key focus for the National Freight and Supply Chain Strategy.’

NFSC Panel: Session chair, Michael Kilgariff, managing director, Australian Logistics Council; Pip Spence, deputy secretary, Department of Infrastructure, Regional Development and Cities; Expert Panel members National Freight and Supply Chain Inquiry: Maurice James, Qube Holdings; Marika Calfas, CEO, NSW Ports; Nicole Lockwood, principal, Lockwood Advisory, board member, and Philip Davies, CEO, Infrastructure Australia
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