



Shipping Australia Limited **Annual Review** 2019



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Ontime Publications



Our Vision

The first choice for membership of a national shipping industry body promoting the interests of the shipping industry and creating enduring value for our members. An independent voice, trusted by Government and industry bodies for providing quality, expert advice.

Our Mission

To promote and advance the interests of members in shipping policy for a sustainable maritime industry.

Our Values

Professionalism, Respect, Integrity, Teamwork

Overview

Shipping Australia Limited is a peak Shipping industry association with 26 member lines and shipping agents and with 43 corporate associate members which generally provide services to the maritime industry in Australia. Our members are involved with over 80 per cent of Australia's international container and car trade, as well as over 70 per cent of our break bulk, roll-on roll-off and bulk trade. A number of our members are also actively engaged in the provision of coastal cargo services to Australian consignors and consignees. Our members include cruise ship and towage operators. A major focus of SAL is to promote efficient and effective maritime trade for Australia, whilst advancing the interests of ship owners and shipping agents.

SAL also provides secretariat services to companies that have agreements registered under Part X of the Australian Competition and Consumer Act, 2012.

We know shipping!

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Focusing on our future opportunities

By the Hon MICHAEL MCCORMACK MP, Deputy Prime Minister,
Minister for Infrastructure, Transport and Development

The shipping industry plays a critical role in Australia's economic wellbeing, and associations such as Shipping Australia Ltd are important in ensuring this vital sector remains strong.

Almost 80 per cent (by value) of Australia's imports and exports are carried by sea. In fact, 10 per cent of the world's sea trade passes through Australian ports, making us the fifth largest users of shipping services in the world.

This year, with State and Territory Transport Ministers, I signed up to the National Freight and Supply Chain Strategy and National Action Plan. This Plan shows, for the first time, the actions each government is taking to respond to Australia's freight challenges. It sets an agenda for co-ordinated and well-planned government and industry action across all modes, over the next 20 years and beyond.

Looking to the future, the Australian Maritime Safety Authority (AMSA), with the Trusted Autonomous Systems Defence Cooperative Research Centre, hosted the Australian Autonomous Vessel Forum in Canberra – the first event of its kind in Australia.

Delegates from the technology, design, science, law and defence sectors met with government regulators to consider the potential opportunities and impacts for this technology in Australia. Internationally, the Government continues to engage with the International Maritime Organization (IMO) in the global discussion about remotely operated and autonomous ships and ship systems.

We have worked with Australia's maritime industry to make sure it is well advanced

in its preparation to implement the IMO 2020 fuel sulphur limit rule. This provides substantial health benefits, particularly for coastal communities. From 1 January 2020, ships operating anywhere in the world will be required to use fuel containing a maximum of 0.5 per cent sulphur, down from 3.5 per cent.

The Government continues to engage with the IMO on other fronts, to promote efficiency in the shipping sector and to represent Australian interests. Australia is part of a group that is reviewing the Annex to the Convention on the Facilitation of International Maritime Traffic (FAL Convention), with a focus on updating the convention's arrangements for electronic information exchange. The Annex is expected to be amended in 2021, with the Maritime Single Window to become a Standard. This will support increased trade through faster and more efficient information exchange.

It is also significant that Australia has been re-elected to Category B of the IMO Council. Category B is made up of just 10 IMO Member States with the largest interest in global seaborne trade.

As part of this Council, Australia will continue its work with the IMO to build a more modern, innovative and responsive organisation, able to address pressing maritime priorities and the rapid pace of technological change.

This is recognition of Australia's status as a significant maritime state and our continued contribution to the work of the IMO.

Recognising the critical role of ports in our supply chains, the Federal Government is working with the Victorian Government on a \$58 million

Melbourne Port Rail Shuttle Network initiative. The Australian Government has also committed \$20 million for further planning of a dedicated freight link to the port of Brisbane, with the Queensland Government providing an in-kind matching contribution. The Australian Government is also working with the Queensland Government on a joint \$1.5 million Port of Brisbane Strategic Rail Access Study. These projects will all improve port connections to businesses, freight hubs and inland rail.

The Liberal and Nationals Government is committed to getting regulatory settings right. This year, we repealed the ANL Act 1956, to reduce legislative impediments on shipping businesses. The ACCC is investigating whether a class exemption from the *Competition and Consumer Act 2010* (the CCA) could provide a better way to regulate liner shipping arrangements than the current provisions of Part X of the CCA. My department is working with the ACCC as it consults on the possible class exemption. Until a Government decision is made, the Department will maintain Part X.

Finally, as Australia's domestic freight task grows, a strong, efficient and reliable coastal trading sector will be ever more important. Our land-based minerals processing, agriculture and manufacturing industries rely on efficient coastal shipping services to operate.

Coastal trading consultation has received broad support from across the maritime industry. I thank everyone who has already engaged in this process, including Shipping Australia Ltd, and encourage all stakeholders to remain involved as we shape Australia's maritime future. ▲



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 BBC Chartering Australia Pty Ltd
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 (Australia & New Zealand)
 Evergreen Marine Australia Pty Ltd
 Gulf Agency Company (Australia) Pty Ltd
 Hamburg Süd Australia Pty Ltd
 Hapag-Lloyd (Australia) Pty Ltd
 Inchcape Australia Limited
 K Line (Australia) Pty Ltd
 LBH Australia Pty Ltd
 Mediterranean Shipping Co (Aust) Pty Limited
 Mitsui OSK Lines (Aust) Pty Ltd
 Monson Agencies Australia Pty Ltd
 Neptune Pacific Agency Australia Pty Ltd
 NYK Line (Australia) Pty Ltd
 OOCL (Australia) Pty Ltd
 Pacific Asia Express Pty Ltd (PAE)
 Quay Shipping Australia Pty Ltd
 Seaway Agencies Pty Ltd
 Ship Agency Services Pty Ltd
 Smit Lamnalco Towage (Australia) Pty Ltd
 Svitzer Australia Pty Limited
 The China Navigation Company Pte. Ltd.
 (Australian Branch)
 Wallenius Wilhelmsen Logistics A/S
 Wilhelmsen Ships Service A/S

Corporate associate members

1-Stop Connections Pty Ltd
 AGS World Transport Pty Ltd
 Australian Amalgamated Terminals Pty Ltd
 Australian Maritime College
 Australian Pilotage Group
 Australian Reef Pilots Pty Ltd
 Brisbane Marine Pilots Pty Ltd
 Colin Biggers & Paisley Pty Ltd
 Containerchain Pty Ltd

Darwin Port Corporation Pty Ltd
 DP World Australia Pty Ltd
 Flinders Ports Holdings Pty Ltd
 Fremantle Ports
 Henning Harders Shipping Australia
 Holding Redlich
 HFW
 Hutchison Ports Australia Pty Ltd
 HWL Ebsworth Pty Ltd
 LINX Cargo Care Group Pty Ltd
 Maritime Safety Queensland
 Melbourne International RoRo & Auto Terminal Pty
 Ltd
 Norton Rose Fullbright Australia Group Pty Ltd
 NSW Ports Pty Ltd
 OMC International Pty Ltd
 Patrick Terminals
 Peter McQueen Pty Limited
 Port Authority of New South Wales
 Port Kembla Gateway Pty Ltd
 Port Lincoln Tugs Pty Ltd
 Port of Brisbane Pty Ltd
 Port of Newcastle
 Port of Townsville Ltd
 Port Phillip Sea Pilots Pty Ltd
 QUBE Ports Pty Ltd
 Royal Wolf Trading Australia Pty Ltd
 Serco Asia Pacific
 The Merchant Navy War Memorial Fund Ltd
 Thomas Miller (Australasia) Pty Ltd
 Thompson Clarke Shipping Pty Ltd
 Victoria International Container Terminal Ltd
 Victoria Ports Corporation (Melbourne)
 Victorian Regional Channels Authority
 Westug Pty Ltd

Individual members

Mr Frank Needs
 Mr Ross McAlpine

BOARD OF DIRECTORS



Scott Henderson, chairman

Appointed 24 February 2015
(chairman 2 December 2016)

Managing director, Gulf Agency Company (Australia) Pty Ltd since 2014. Scott has 26 years of agency experience in Australia, prior to that he served as deck officer in the British merchant navy for seven years.



Ken Fitzpatrick, vice chairman

Appointed 4 December 2006
(chairman December 2011 to December 2016)

Director, Asiaworld Shipping Services Pty Ltd. Ken has over 46 years shipping experience in a variety of industry related activities including the Australian and overseas market.



Tsukushi Sato

Appointed 1 August 2019

Tsukushi Sato is the managing director of NYK Australia Pty Ltd, based in Melbourne. Mr Sato joined NYK Line in 1986 and has extensive experience with liner trades, tanker and RO/RO vessel operations.



Kevin Clarke

Appointed 12 November 2003

Kevin Clarke has worked in the shipping industry for over 51 years, the past 30 of which have been as managing director, Mediterranean Shipping Company (Aust) Pty Limited.



Eddy DeClercq

Appointed 8 August 2008

Managing director OOCL (Australia) Pty Ltd. Eddy has 37 years of shipping industry experience in various key commercial and management positions in Belgium, Denmark, The Netherlands and Sydney.



Geoff Greenwood

Appointed 3 May 2004

Managing director, Hamburg Süd Australia Pty Ltd. with 35 years shipping industry experience, Geoff has held key commercial and management positions in Canada, USA and Australia.



Shane Walden

Appointed 1 August 2019

Shane Walden is the recently appointed Managing Director of CMA CGM Group Agencies Australia/NZ. He has extensive experience in liner shipping gained through shipping line appointments in Australia, France, and Hong Kong.



Adrian Peterson

Appointed 21 December 2015

Manager East Coast Oceania/PNG, Wilhelmsen Ships Service. Adrian has 31 years experience with companies such as Union Bulkships, Contship, Pacific Asia Express. He also has extensive experience working with liner traders, bulk, tanker and Ro/Ro vessels. Adrian is a member of QTLC.



Amidst change – still getting the job done

By SCOTT HENDERSON

This year has been a significant one for Shipping Australia Limited, with changes to the Board, staff and office location, whilst the business of influencing shipping policies and protecting members' interests continued without interruption.

At the Board level, Gerard Morrison stepped down following his departure from Maersk in January. To fill this vacancy, we welcomed Tsukushi Sato from NYK, who's experience spans container, PCC and bulk sectors. Sato san provides direct bulk sector representation to the Board for the first time. In August, Simon Aynsley was succeeded at CMA-CGM by Shane Walden, and Shane was also appointed to replace him on the SAL Board. At the end of the year we also farewelled Adrian Petersen, as a result of being made redundant through a restructure at WSS. Suitable candidates for this casual vacancy will be considered in the new year.

At the staff level, former policy officer, Matthew Whittle, resigned in April, to relocate to Brisbane for family reasons. The remaining staff have covered the additional workload while his position has remained vacant and the SAL structure has been under review. Initial advertising for a full-time Policy and Communications position in August, did not yield a candidate that met the full expectations of the selection panel and the position will be re-advertised in the new year.

I am particularly pleased to welcome Michael Travers (MSC) as the new SAL Queensland State Committee chairman. Travers is well supported by Queensland State Committee secretary, Geoff Dalgleish, who has kept members engaged and informed through State committee meetings and social events. Geoff has continued to corral members, associates and supporters to maintain the tradition of

an extremely well attended Shipping Industry Golf Day and another successful Shipping Industry Charity Ball, which raised a combined total of \$10,000 for the Brisbane Mission to Seafarers and Stella Maris.

In New South Wales, Bill Rizzi (MSC) continues as SAL New South Wales State Committee chairman and has been expertly supported by New South Wales State secretary, Melwyn Noronha. The State committee meetings have dealt with some important and sensitive matters, such as the innovative double-charging of navigation services charges for some ships in Port Jackson, Port Botany and Port Kembla, which have driven a huge workload on the secretariat, who have sought to get the true facts into the open through archive searches and freedom of information requests. On the social side, information and networking lunches at New South Wales Parliament House and Newcastle, continue to draw the crowds, and the Annual New South Wales State Committee Christmas Lunch was sold out midway through November. Our company secretary, Bryan Sharkey, has got the ball rolling in revitalising the SAL New South Wales Shipping Industry Golf Day at the Coast Course, Little Bay, and we hope to have a full course for the event on 04 March 2020.

Rod Begley (Swire CNC) is continuing as SAL Victoria State Committee chairman and is ably supported by Victorian State secretary, Charles Masters and deputy chairman James Kurtz. Victoria has been a focus of much attention by SAL this year, particularly over proposals to amend the Port Pricing Order to support early investment in on-dock rail, and a State coastal shipping review. That said, I congratulate the Port of Melbourne, Victorian Ports Corporation Melbourne,

Melbourne harbourmaster and Port Phillip Sea Pilots for their combined efforts to enable big ships to traverse the Yarra. It was certainly encouraging to see 49 metre beam Bosporusmax container ships taken up the Yarra River to Swanson Dock, after this size vessel being previously considered impossible. Socially, the mid-year information and networking breakfast and the State Christmas Lunch were both well supported and greatly enjoyed by the maritime community.

In South Australia, Paul Paparella (Asiaworld) continues to wear the mantle as State chairman, and in Western Australia, Christy Kraker (Ship Agency), is in her second year as State chair, and with three committee meetings under her belt is looking towards what improvements can be made to improve the impact of the committee and its value to members.

After more than a decade in Sussex Street, at the end of June, the SAL headquarters moved to a smaller but more modern office at 80 William Street, Woolloomooloo, the same building as the Fair Work Commission, so many of our members will no doubt be familiar with it! The office maintains a full-sized meeting room with modern video conference facilities. To mark the move, a small office warming was held on 24 October following the first Policy Council meeting held at the new office.

It's been a challenging year for the shipping industry, and no-doubt 2020 will be equally as demanding. I would like to thank my fellow Board members, voluntary office holders and the energetic and enthusiastic SAL staff and for their continuing hard work to prevent obstructive regulation, to amend practices that inhibit efficient international trade and to help our members conduct their business fairly and sustainably throughout the year. ▲



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Providing essential shipping industry support

By ROD NAIRN

Throughout this year Shipping Australia has again taken the lead in key international shipping and trade matters and delivered significant benefits to members and the shipping, agency and international trade industry overall.

At the beginning of January, continuing the fiasco of the previous year, biosecurity levy consultation meetings punctuated the holiday period. SAL continued to question the flawed logic of the concept and corralled opposition to the proposed levy across the import and export supply chain. Throughout the first quarter we led the attack with media statements and, with the facts on our side, criticised the levy proposals at the ALC Conference panel discussion. Ultimately, concerted industry opposition led to Minister Littleproud's appointment of an expert panel to review and report on the proposed levy. While sceptical that the expert panel was merely a smoke screen to divert industry criticism before the Federal election, the diverse panel worked diligently to produce a consensus report. The Bio Levy Report sent to the new Minister for Agriculture, Senator Bridget McKenzie on 31 March, confirmed the industry criticisms and made recommendations to make the levy fairer and less costly to Australian consumers. The assessment process continued until December, and finally we were pleased to see that Government took heed of much of the report. While one fifth of the levy has been identified in higher cost recovery fees on ship arrivals and import processing, the remainder has been removed from the budget,

and the Government has undertaken to consult fully to identify how to implement and resource a system that will improve traceability and accountability of imported products.

For three years, SAL has been supporting the principle of competition in pilotage with representation to the pilots' association, Victoria's Government, maritime safety regulator and port regulator, to ensure that the new entrant to the Melbourne pilotage market was treated fairly and reasonably. This year the Australian Pilotage Group, who commenced the competitive service in Melbourne, was acquired by Boab Investments (the owners of Australian Reef Pilots) and has shown that it is a safe and sustainable operation that will continue to grow and provide both safety improvements and a competitive restraint on price. Since this competitive service was mooted, price rises in Melbourne have been modest and in line with CPI. This is another example of SAL delivering ongoing cost saving to shipping lines.

Brown marmorated stink bugs have been a significant cost burden on imports and shipping lines, particularly break bulk and PCC have borne a substantial burden. SAL has continuously engaged with the Department of Agriculture to apply reasonable protocols and has intervened directly on behalf of members when requested. Potentially, one of the greatest cost saving measures for the PCC/RoRo industry at least, has been the negotiated development of the "BMSB Voluntary Vessel Scheme". While meeting the requirements of

this scheme is not without cost, those vessels approved under the scheme can achieve major cost savings by avoiding mandatory seasonal pest inspections on arrival, thus reducing inspection costs and time delays and loss of berth prioritisation. Unfortunately, as the current season has ramped up it is clear that the Department of Agriculture is not following their own protocols and delays in decisions and unjustified vessel re-inspections have been costly to the shipping industry. This is an area where service levels need to improve substantially.

Hull fouling regulation was introduced this year, and again, through the continuing engagement of SAL at the Marine Pests Sectoral Committee, the regulation took a reasonable approach to the management of hull fouling and the form of regulation that was adopted to manage the risk of introducing marine pests on ships hulls. We have also been pro-active in pushing for cohesive State and Federal Government approvals for in-water cleaning, though at this point approvals have only been granted in Queensland and Western Australia.

The impending change to compulsory low sulphur fuel has been a continuing concern throughout the year and will be a reality by the time you read this. After regular prompting, AMSA has recently published advice of which ports and terminals will have compliant LSF available. Though the questions on compatibility of different variants of LSF remain largely unresolved. Fortunately, the efforts of the fuel supply companies to advertise their products should allow compliance,



MSC Tianjin, 323 meters long, swinging in Fremantle

and have gone some way towards providing information to enable safe operations, but no doubt there will be hiccoughs.

It would be unusual to go through a year without talk of coastal shipping and, after a hiatus, a general election, and some prompting by SAL, yet another review has been announced. This time the scope of the possible changes has been clearly defined in the Deputy Prime Minister's advice letter, and this enables more focus to be placed on the possible. Shipping Australia's submission generally recommends a reduction in unnecessary bureaucracy, that where there is no declared Australian flag shipping to protect, the onerous waiting times and cargo limits be relaxed. At the same time, we have indicated that there should be preferred access to the coast for those shipping companies willing to train Australian deck officer and engineer cadets. The first general consultation session was held in December and a reasonable level of agreement was reached. There might just be some room for optimism this time around.

This year we celebrated the 50th Anniversary of the arrival of the *Encounter Bay*, commencing the era of international container trade connecting Australia to the world. Shipping is a vital but virtually invisible industry to the majority of the Australian population, and it has been fantastic to see two landmark activities to promote knowledge of the industry, coincide with this historic year.

The documentary movie *The World in a Box* has been professionally produced by

a group of volunteers (with the support of SAL, industry partners and the ITDF) to highlight the importance of shipping and the critical role that the humble container has played in making world-wide goods available to consumers anywhere on the globe. Read more about it and see the movie at <https://shippingaustralia.com.au/celebrating-50-years-of-international-container-shipping-for-australia/>

Container – The box that changed the world – is a continuing static display of containers and their impact on every Australian, conceived and delivered by the Australian National Maritime Museum with the support of industry partners. This display started at Darling Harbour, Sydney and has since moved to Wollongong, Narrabri, Wagga and is now in Fremantle. It has already been seen by more than a quarter of a million people.

I would like to congratulate NSW Ports and successive former New South Wales State Government's on the 40th anniversary of Port Botany container facility. The move from Port Jackson to Botany was contentious in 1979 but has proved visionary and essential to the delivery of efficient container services in the State.

SAL on-line training courses, *Introduction to Shipping, Fundamentals of the Maritime Industry, Reefer Cargo Handling and Chain of Responsibility* are intended to provide concise and essential information to the international shipping industry and continue to be offered to members at discounted rates. Readers are encouraged to utilise SAL's

shipping industry training courses as part of their indoctrination training for new employees, and as career advancement education for the not so new.

SAL has also been active with improvement to communications and messaging, to enhance our influence in policy matters and to keep the public informed. Our use of *Twitter* (@ShippingAus), *Linked-In* and broadcast email through *Signal*, are all focused on improving our public information and member visibility. Meanwhile, our flagship Shipping Australia Magazine continues to attract positive comment and confirm our position as the most influential shipping industry association on the Australian scene. Our most recent innovation to improve member engagement is the release of the SAL App on both Apple IOS and Android. This SAL App provides easy access to SAL Web information as well as introducing the capability for push messaging, and will soon allow Policy Council members to access the members-only documents easily, while on the road. Search for the *Shipping Australia Limited* (SAL App) in the Apple App store or Google Play.

The international shipping industry is the unsung hero of Australia, it provides Australia's economic prosperity through exports and is essential for every Australian's way of life by providing the imported products we all desire. But without the efforts of Shipping Australia Limited it would be an easy target for additional levies and charges. ▲



SAL Staff

Melwyn Noronha, general manager, technical services and industry policy; Bryan Sharkey, company secretary/financial controller; Rod Nairn, chief executive officer; Sharyn Flood, executive assistant.

National steering groups

Border Agencies Steering Group

- Chairman: Dorian Moga

Container Steering Group

- Chairman: Dexter Vaz

Human Resources Steering Group

- Chairman: Eddy DeClercq

Maritime Legal Steering Group

- Chairman: Dorian Moga

Public Relations Steering Group

- Chairman: Rod Nairn

Technical Steering Group

- Chairman: Andrew Karas

Bulk Shipping Group

- Chairman: David Pratt

Liner Shipping Steering Group

- Chairman: TBA

State committees

New South Wales State committee

- Chairman: Bill Rizzi
- Secretary: Melwyn Noronha

Queensland State committee

- Chairman: Michael Travers
- Secretary: Geoff Dalglish

South Australia State committee

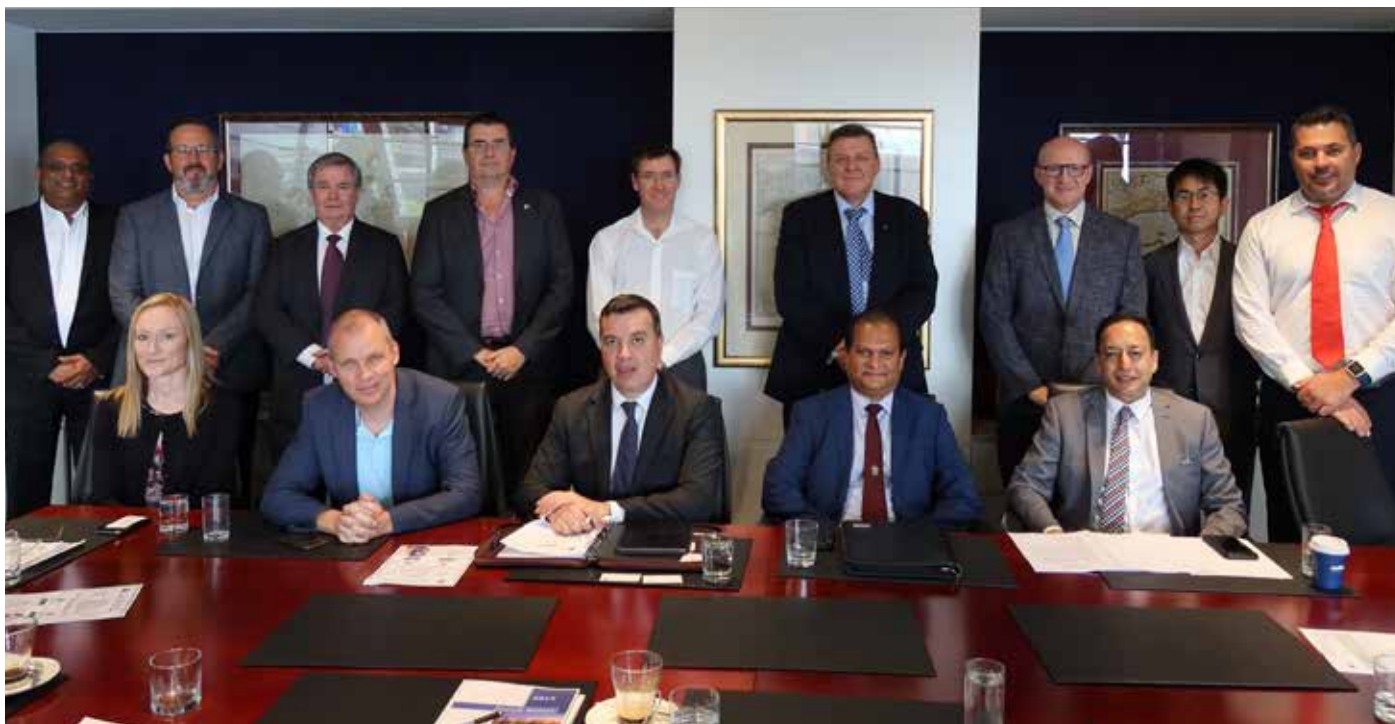
- Chairman: Paul Paparella
- Secretary: Rod Nairn

Victoria State committee

- Chairman: Rod Begley
- Secretary: Charles Masters

Western Australia State committee

- Chairman: Kristy Craker
- Secretary: Rod Nairn



Policy Council representatives attending end of year meeting

Policy Council members [representatives]

A.P. Moller-Maersk A/S

Ken Downie [Andrew Cumming]

Asiaworld Shipping Services Pty Ltd

Graeme Simpson [Ken Fitzpatrick]

Austral Asia Line Pte Ltd

Christophe Grammare [Frank Mueller]

BBC Chartering Australia Pty Ltd

Alex Wellington [Maren Igel]

CMA CGM Group Agencies (Australia and New Zealand) Pty Ltd

Shane Walden [Haroldo Stival]

Evergreen Marine Australia Pty Ltd

Murray Read [Albert Wong]

Gulf Agency Company (Australia) Pty Ltd

Scott Henderson [Gareth Long]

Hamburg Süd Australia Pty Ltd

Geoff Greenwood [Dominic Enthoven]

Hapag-Lloyd (Australia) Pty Ltd

Clinton Evans [Anurag Aggarwal]

Inchcape Shipping Services

David Pratt [John Van Pelt]

K Line Australia Pty Ltd

Alan Miles [Phillip Homes]

LBH Australia Pty Ltd

Johnny Tam [Clinton Wonfor]

Mediterranean Shipping Co (Aust) Pty Limited

Dorian Moga / Bill Rizzi

Mitsui OSK Lines (Aust) Pty Ltd

Hideyuki Irisawa

Monson Agencies Australia Pty Ltd

Rob Davis

Neptune Pacific Line

Rolf Rasmussen [Bill McDonald]

NYK Line (Australia) Pty Ltd

Tsukushi Sato / Robert Moran

OOCL (Australia) Pty Ltd

Eddy DeClercq

Pacific Asia Express Pty Ltd (PAE)

Michael Horsburgh [Mario Fernando]

Quay Shipping Australia

Darren Dumbleton

Seaway Agencies Pty Ltd

Craig McElvaney [Alan Sims]

Ship Agency Services Pty Ltd

Kristy Craker

Smit Lamnalco Towage (Australia) Pty Ltd

David Fethers

Svitzer Australia Pty Limited

Nicolaj Noes [Ivan Spanic]

The China Navigation Company Pte Ltd (Australian Branch)

Greg Metcalfe [Peta Kelly]

Wallenius Wilhelmsen Logistics A/S

Sunil Dhowan

Wilhelmsen Ships Service Pty Ltd

Michael Buchanan [Adrian Peterson]

A liner class exemption now in sight

By ROD NAIRN

SAL continues to provide Part X registration services to those lines operating consortia agreements and vessel sharing arrangements. These services are provided to members and non-members but preferential rates apply to SAL member companies. While there has been a general withdrawal from Vessel Discussion Agreements in our region, most if not all, of the liner loops servicing Australia are covered by vessel sharing/slot swap agreements registered under Part X of the Competition and Consumer Act.

A liner class exemption

On the policy side, we have continued to communicate with the ACCC regarding their development of a class exemption that could reduce the red tape for shipping lines, whilst providing protections from elements of the Competition and Consumer Act. After a quiet year, in mid-December the ACCC issued their long-awaited discussion paper seeking comments on a possible class exemption for ocean carriers providing international liner cargo shipping services to and from Australia.

Liner shipping currently have access to a wide suite of exemptions from Australia's competition law under Part X of the Competition and Consumer Act. However, the 2015 (Harper) Competition Policy Review recommended that Part X be repealed and that the ACCC develop a class exemption for liner shipping agreements that meet a minimum standard of pro-competitive features. The Government response decided that Part X would remain in force until a suitable class exemption was developed and proven, before the



future of Part X would be determined.

A class exemption is a low compliance cost way for the ACCC to grant businesses an exemption from competition law for certain 'classes of conduct' that may otherwise carry a risk of breaching competition laws, but do not substantially lessen competition, and/or are likely to result in overall public benefits. A class exemption would provide a 'safe harbour' for eligible businesses to coordinate operations without breaching competition law. It would operate alongside the ACCC's existing 'authorisation' and 'notification' processes, which a business that falls outside the class exemption could still use to seek legal protection on a case-by-case basis.

The ACCC has spent the past two years developing a class exemption to cover 'collective bargaining' and has now started the process of developing a class exemption that would provide legal protection for certain types of coordination among liner shipping companies and their customers, without them having to apply to the ACCC.

Shipping Australia is currently coordinating meetings with all liner shipping interests to try to reach a consensus position from the industry. A coordinated submission will be made to the ACCC by 28 February 2020, and some individual lines, international shipping representative groups and shipper representatives are also expected to make submissions. ▲



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STATE COMMITTEE REPORTS

New South Wales

By MELWYN NORONHA, secretary



And yet another year goes by at the helm of the New South Wales State Committee, dealing with a range of shipping and logistic issues. Bill Rizzi continues to be the committee's chairman.

SAL moved into new premises this year in the Fair Work Commission building on William Street, Woolloomooloo. Meetings this year were held at the 1-Stop, Hutchison terminal and Port Authority of New South Wales. The last meeting for 2019 was held on 11 December 2019.

New South Wales Freight Advisory Council refreshed

SAL State chairman continues to be a member of the council. As a result of the New South Wales State election earlier this year, the council has not convened, and SAL has been advised that the council is being refreshed. It is imagined that SAL will continue to be represented and contribute in providing advice on shipping related matters, especially relating to freight in and around port areas.

Verified Gross Mass (VGM) – three years on

It is now three years since the International Maritime Organization (IMO) amended the International Convention for the Safety of Life

at Sea (SOLAS), introducing the requirement to verify the gross mass of a full container prior to its loading on board the vessel.

SAL's State Committee continues to monitor any happenings in the VGM Space, to sense any onset of behavioural change in the supply chain.

The committee continues to seek input from its members shipping lines, stevedores and AMSA, for any early sign of non-compliance.

As mentioned last year, the realisation of the IMO's VGM regime would be evident if regulatory authorities were to publish their policing activities (if any), similar to those published for Port State Control. Industry continues to be in a vacuum in terms of data, and one would not wish to see that a lack of adequate policing by regulatory authorities worldwide is encouraging shippers to ignore the rules.

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

Mis-declared dangerous cargoes – an emerging issue

Following on from VGM, non-declaration and misdeclaration of dangerous goods has been thrust into the industry spotlight, following a spate of containership fires.

The MSC *Flaminia* incident in July 2012, claimed three lives and has led to regulatory changes, as well as a seminal judgment on liability between stakeholders. The *Maersk Honam* incident in March 2018, in which five seafarers were killed, has become the catalyst for the kind of industry resolve that began to take shape throughout 2018. While the *Yantian Express* fire in January 2019 – followed by others through the year – has raised the volume of concern further.

The frequency and severity of incidents has set alarm bells ringing. Container shipping is now highly focused on an issue that not only incurs significant extra costs and delays to cargoes but more importantly, puts lives at risk. Big name box carriers including Maersk,

Hapag-Lloyd, Evergreen and OOCL have all introduced fines for shippers who mis-declare dangerous goods.

Stakeholders worldwide are exploring industry's efforts to stamp out undeclared and mis-declared shipments, poor packing and securing, as well as other cargo-related malpractices, while highlighting the gaps that remain, and necessary actions to protect lives, the environment, ships and cargo.

The general consensus is that shippers must take more responsibility in mitigating the malpractice of cargo misdeclaration, which has led to these containership fires over the past year.

The Code of Practice for Packing of Cargo Transport Units, a joint International Maritime Organization/ International Labour Organization/ United Nations Economic Commission for Europe instrument, known as the CTU Code, has been in place since 2014. However, unlike the IMDG (International Maritime Dangerous Goods) Code, it is not mandatory.

In the absence of a regulatory body to enforce these guidelines, the reporting responsibility for ensuring that the contents in a container are correct, falls firmly with the shipper.

Shipping channel service at port of Newcastle – price controls revoked

The case of the declaration of the shipping channel at the Port of Newcastle, as a service, continued into this year, along with the Australian Competition Tribunal deciding to revoke the declaration it made in 2016.

The sale of the Port of Newcastle in 2014, saw a 68 per cent increase in the navigation service by the new private operator, Port of Newcastle Operations Pty Ltd (PNO).

Readers will recall that in June 2016, the ACT declared the shipping channel service in Newcastle, under the relevant section of Part IIIA of the Competition and Consumer Act, from 8 July 2016 until 7 July 2031. This meant that disputes relating to the price of access to channel services (navigation service charge) were subject to an independent and binding arbitration by the ACCC, with the potential for consequent changes in

prices and revenue (depending on the outcome of any arbitration).

However, in July 2018, PNO made another application to the National Competition Council seeking a revocation of the declaration of the shipping channel service at the port of Newcastle. The Council commissioned a consultant to assist the council's consideration of whether declaration of the shipping channel service at the Port of Newcastle would be likely to satisfy the criterion set out in section 44CA(1) (a) of the Act, in respect of the coal tenement's market. The consultant's report was completed in April 2019.

In July 2019, the Minister, the Hon Josh Frydenberg MP, received a recommendation from the council recommending the declaration of service at the Port of Newcastle made in 2016, be revoked.

The Minister did not publish his decision on the council's recommendation within the stipulated 60 day period, which meant that a decision to revoke the declaration had been made. This means PNO will continue to remain an unregulated monopolist that is able to determine the terms and conditions of its access with little constraint, and further



SAL New South Wales Christmas luncheon (left to right): Philip Holiday, CEO Port Authority New South Wales; Eddy Declercq CEO OOCL; Marika Calfas, CEO NSW Ports; Bill Rizzi, chairman SAL New South Wales State Committee; Nicolaj Noes, CEO Svitser; Robert Dunn, chairman Port Authority of New South Wales, Paul McClintock AO, chairman NSW Ports; Rod Nairn, CEO and Scott Henderson, chairman, SAL

price increases (such as those in 2014) at the port will follow.

In its submission on this issue, the Australian Competition and Consumer Commission (ACCC) raised concerns about the broader impacts of unregulated monopolists, and the potential for unconstrained market power to be used to the detriment of users and to competition in related markets.

It noted that if the Part IIIA access regime does not apply to an unregulated monopolist, there may be an increased need and consideration for alternative industry-specific access regimes to address specific instances of market failure.

The chronicle on this matter continues, with Glencore and the ACCC appealing the ACT ruling and lodging separate

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Guests enjoy the SAL New South Wales State Committee Christmas lunch

appeals in the Federal Courts of Melbourne and Sydney.

Navigation Service Charge: double charging - bureaucracy or opportunism?

In recent months, a development has emerged in the Port Authority of New South Wales' approach towards the application of the navigation service charge. Attempts are being made to reverse a long-standing pricing practice in the application of this charge, which on average, amounts to \$60,000 per vessel visit.

It is a well-accepted phenomenon for ships visiting a port on a single voyage, to be required to shift berths for a range of reasons, such as completion of a discharge and move to another berth to load another cargo, or in the case of the tanker trade, move from berth to berth to load and/or discharge different parcels of cargo. In doing so, based on the circumstances and availability of berth space within the port facility, the vessel could be required to leave the berth and temporarily anchor before re-entering the port. Such has been this operational procedure worldwide, and ships and ports are not foreign to it.

The same has been a historical long-standing operational procedure in New South Wales ports, especially Port Botany and Port Jackson. Prior to corporatisation of these two ports and even after (1995), vessels have undertaken the following operational procedure at these two ports:

- a) Moved between Port Botany and Port Jackson and vice versa; and
- b) Re-entered each of them after temporarily leaving for reasons outlined above.

The same practice continued after the privatisation of Port Botany and Port Kembla in 2013.

When carrying out any of the above procedures, the pricing practice of the former Maritime Services Board, Sydney Ports Corporation, as well as the current Port Authority of New South Wales, has been for the navigation services charge (NSC) to be applied only once to the vessel in either of the above cases.

In 2002, to formalise the above long-standing and operational procedure and pricing policy, the *Ports Corporatisation & Waterways Management Regulation 1997(NSW) (now known as the Ports and Maritime Administration Regulation 2012)* was amended accordingly, as an exemption from the requirements of the overarching Act. However, the exemption erroneously only included movements between ports i.e. (a), and not re-entry to the same port on the same voyage.

This can only be construed as a glaring omission at the time, as the existing pricing policy (to charge once for re-entry) continued for over 17 years, even after the amendment to this Regulation.

However, after 17 years, early this year the Authority started to issue invoices to apply the NSC twice. This occurred where vessels were forced to leave the port boundary for operational reasons and re-enter despite being on the same voyage and not having travelled to another port.

This new opportunistic approach plainly departs from the long-established precedent, ignores the limitations of each port, and has raised concerns among SAL members, especially those in the bulk fuel trade. Bulk fuel vessels are

being forced to depart the port due to berth congestion and tidal restrictions, coupled with the lack of a suitable anchorage or other alternative within the port limits. They already incur additional pilotage and towage charges and should not be further financially penalised due to the limitations of the port.

Shipping Australia considers such an approach unfair, given the set precedent and the long-standing operation procedure and pricing policy applied. It has reached out to the Authority to adopt a pragmatic approach, as well made a submission to Transport for NSW as the government agency, who have for some time been undertaking the periodic review of this Regulation. It is timely that this long-established pricing precedent be accurately incorporated into the Regulation (as was done in 2002) to include circumstances where a vessel, for operational reasons, may be required to leave a port and re-enter.

In effect, two ports are being treated as one, but attempts are being made to treat one port as two when applying the NSC. One hopes that pragmatism prevails, and the reviewed Regulation is amended accordingly.

IMO's 2020 Low Sulphur Fuel (LSF) - it's here!

The worldwide implementation of this important new IMO requirement from 1 January 2020, is only days away and as one publication put, it is chaos.

Most of the shipping lines have by now, already decided on the best way to deal with this new sulphur cap, with a combination of options such as burning compliant fuel, installing scrubbers or retrofitting with LNG engines.

Apart from the significant additional cost of compliant fuel, implementation will be complex because of the sheer magnitude of the switchover, and the much larger quantities and different types of fuel involved, as well as continuing uncertainties about the availability of compliant fuels in every port worldwide, immediately after 1 January 2020.

Recent reports from Singapore suggest a shortage of bunkering vessels. Fuel barges are being taken offline for tank cleaning ahead of IMO 2020, which is causing delays. At the same time Bloomberg noted that the preparations for the IMO 2020 switch and resultant longer waiting times for delivery, were causing confusion and congesting bunkering anchorages in the Malacca Strait.

According to the Maritime and Port Authority of Singapore, the cleaning of barges' cargo tanks is being carried out progressively with 30 per cent already completed, and the authority is working closely with industry stakeholders on a smooth transition to supply compliant fuel, and doesn't expect any congestion from 1 January 2020.

In particular, fears have been raised that new fuel blends are likely to cause mechanical failures in ships, jeopardising the overall safety in the

industry and causing disruptions to the global trade. Masters should exert caution when controlling movements at critical junctures of their passage plan, especially when in port areas.

In the Australian context, following some persistence from SAL, the fuel oil supplier lists have now been updated on AMSA's website: <https://www.amsa.gov.au/marine-environment/air-pollution/register-local-fuel-oil-suppliers>. AMSA has advised that this list will be kept updated with any new information from suppliers, as it comes to hand.

AMSA has advised port users to discuss their fuel requirements with suppliers, as low sulphur fuel oil (LSFO) may be available at additional locations where heavy fuel oil (HFO) is supplied, via prior long-term contractual arrangements.

It is estimated that 20 per cent of the approximately 300 barges supplying HSFO in Singapore have already switched to supplying LSFO.

Functions

The Committee arranged three sensational lunches during the year.

In June, Ms Eleni Petinos MP, Parliamentary Secretary for Transport and Roads, was the guest speaker at the Parliamentary Luncheon, and in September, Grant Gilfillan, CEO Port

Authority of New South Wales, and Nicolaj Noes, CEO Svitzer, spoke at the Biennial Newcastle Luncheon held at the Newcastle Club.

As always, the year's finale event was the SAL New South Wales Christmas Luncheon. Held at a new venue, the Hyatt Regency's Maritime Ballroom, the lunch was a sell out and resounding success. Sponsored by NSW Ports, with entertainment sponsored by the Port Authority of New South Wales, members and their guests enjoyed this fantastic venue. Shipping Australia once again sponsored the table gifts this year and, as was the case last year, invitees included seafarers from a visiting ship, who were transported to and from the venue by the Mission to Seafarers.

The chairman and secretary are extremely appreciative for the continued support and interaction by all members of the New South Wales State Committee at the meetings, and their input on issues that impact shipowners and agents.

New challenges are on the horizon for the new year, with the management of empty container parks and containers being one. The ongoing need for these parks will be an interesting consideration as new intermodal terminals becoming operational. ▲

Queensland

By GEOFF DALGLIESH, secretary



In last year's review, I remember starting off with a comment that this dreadful drought was having a huge effect on our agricultural industry. It has affected all areas of agriculture and, in particular the grain industry.

All ports in Queensland involved in the import and export of agricultural products have been hugely affected. While the drought continues, the damage it has on other industries that supply and or provide services, is also horrendous.

All we can do is pray that we have a very good wet season to put smiles back on our farmers faces, and the same for the communities they live in, and above all improve hope in their hearts.

Moving on from the drought, it appears that the climate in the shipping industry, in particular the liner industry, has

cooled somewhat from the turmoil of the previous five or six years. Still, with the continued increase in size of vessels, the drought conditions and import and export fluctuations, it is hard to see these larger vessels being filled easily.

It must have an effect on rate levels, and with the introduction of the new lower sulphur emission levels next year, also an effect on costs. Despite vessels being newer and bigger and more efficient, the increase in running costs, bunkers etc., must take its toll, and I wonder whether this in itself will create more activity for this sector of the industry.

Liner TEU volumes are down year to date, to and from our major ports. Overall imports are down by as much as 20 per cent for some ports, with one up by approximately 5 per cent. So, there is a lot of variation there. On the other hand, exports from major ports

STATE COMMITTEE REPORTS

are down between 5 per cent to 12 per cent.

Motor vehicles have suffered as well, with statistics down from the previous year, between 12 per cent to 15 per cent.

Bulk commodities have fared pretty well over the year, either being slightly up or at least level with the previous year.

Wind turbines have made a solid contribution to our imports over the year and will continue, as it is related to the State Government's target of getting Queensland to their 50 per cent renewable target by 2030.

In May, we held our annual Golf Day, which was well attended and raised \$2,000 for the Mission to Seafarers and Stella Maris. We had 92 players attend this year and all enjoyed the day immensely. Again, I must thank the sponsors for their contributions to help make the day so successful.

Our Annual Shipping Industry Maritime Ball was in October, with 140 people attending. Our venue this year was Events on Oxlade, New Farm. We had a new band and a new venue. P&O Cruises provided our major raffle prize this year, which was a three day cruise for four people. In addition, Smit Lamnalco sponsored three prizes of Visa cards. We are extremely grateful to all our sponsors, major and minor, who commit to this special evening every year. Without their support, the Ball would not happen. Our beneficiaries this year are Mission to Seafarers and Stella Maris, with a donation of \$4,000 each from funds raised at the Ball. I would also take this moment to thank the contribution from the Ball Committee, for all their work and commitment to making the

night a success.

Other issues during the year, which we are currently or will be affected by, are the new Biosecurity Levy and the introduction of lower fuel sulphur levels, from January next year, which have been widely reported nationally.

A local issue in Brisbane, on the use of Qships (at least up to the 24 hour window) and how it was not fully utilised by some users, has been resolved and should streamline its use for all users in the future.

On another note, the SAL Queensland chairman's seat has been vacant for the past year and a half, but I am pleased to officially announce the position will be filled at the start of 2020. The new chairman is Michael Travers, from MSC. We wish him well for his tenure over the next two years.

Finally, the SAL Annual Luncheon was held in December, with special guest speaker being Sam Thaiday. Sam spoke about his football career, highs and lows and where he sees his future career. Sam is a very good presenter and very humorous.

I must say again, thanks to all our sponsors for the support of our functions over the year, and all the suppliers within our industry that do the same.

Finally, I would also like to offer thanks for all the support, advice and friendship given to me from many people within our industry over the year.

May I take this opportunity to wish all members, associate members and readers, a very Merry Christmas and a happy and safe New Year and 2020. ▲

Western Australia

By ROD NAIRN, secretary

In Western Australia, Kristy Craker (Ship Agency), has completed her first year as State Committee chairman, and presided over two State Committee meetings in May and October.

At Fremantle Ports, like other capital city ports, the big effort to accommodate larger container ships is starting to pay off. Through simulation, under keel clearance prediction and real-time wave and tide monitoring, ships of 9,500 TEU have already visited the port, and they are expected to get even bigger. The limitation is that bulk liquids berth No. 1 must be clear when ships greater than 315 metres long and 43 metres beam enter or depart. The limiting factor for length is the ability to swing ships in the river which is about 340 metres.

The DP World terminal is already equipped with 50 metre reach, post panamax quay cranes, and in May, a similar crane was installed at the Patrick terminal, with another to arrive early in the new year.

From an infrastructure perspective, the development of options for a new container port 'Westport' has been the focus of much attention. While the final decision and timing is as yet undecided, the original 25 options have been reduced to five and realistically down to two: a long-term container port development at Kwinana, and for the short to medium-term, a shared option between the existing Fremantle port and a new Kwinana development. But for either of these to work, there are some important actions which are being taken now, including: preserving the transport corridors to Kwinana; optimising Fremantle for the short-term, and resolving the conflicting environmental and residents' concerns relating to the Kwinana development.

In the north of the State, Port Hedland continues to set volume records as the largest iron ore port in the world. Their channel risk optimisation project was completed in September, providing an emergency passing lane and improved capacity. A new port control tower was commissioned in July. ▲

South Australia

By ROD NAIRN, secretary

After the time-consuming process of gaining Environment Protection Authority approvals earlier this year, the completion of the Adelaide Outer Harbour channel widening in November has paved the way to Adelaide hosting post panamax ships. Also this year, the port launched two

new pilot vessels to support increased shipping trade. Paul Paparella (Asiaword) continues as South Australian State Committee chairman, keeping abreast of State and local matters and representing Shipping Australia on the South Australian Freight Council. ▲

Victoria

By CHARLES MASTERS, secretary



The State Committee met during December 2018, which incorporated its AGM, installing Rod Begley (Swire & Co) as State chairman and James Kurz (Coastalbridge) as deputy chair. The appointment of both has been hugely positive, both bringing the necessary experience and enthusiasm to the Victorian Committee's activities.

Four quarterly meetings were undertaken during 2019, with three events staged, namely the Annual Golf Tournament for the Phil Kelly OAM Perpetual Trophy, a breakfast with two guest speakers discussing the "Tech Takeover of Shipping" and finally our Christmas Luncheon held at the first home of Australian Tennis, Kooyong Lawn Tennis Club.

The year was punctuated with a number of developments, no less the relentless rationalising of services. This in part was brought on by reduced demand, uncertainty around the Federal political and global trading environment, and a drought decimating large tracts of otherwise productive acreage. Larger capacity hardware deployed, also played its part in destabilising a number of trades and or reducing the frequency of some services. Sadly, redundancies usually result from rationalisation, and this appears set to continue, with technology extracting further change to work practices across industries. On a more upbeat note, the collaboration between Victorian Channels, Port Phillip

Pilots and Svitzer, to navigate vessels of 324 metres and 43 metre beam, to Swanson Dock has been remarkable. Swanson Dock was designed around the limits Panama Canal originally afforded, with vessels maxing out at 32 metres.

In bringing larger capacity vessels into Swanson Dock, the Port of Melbourne proposed to undertake a \$300 million investment to increase rail capacity, with a view to recovering the outlay through a levy added to existing import wharfage charges. This created consternation among member lines, who sought clarity around co-development of inland rail depots. Of greater concern was Webb Dock would remain at a commercial disadvantage until it had access to rail, in turn the inland distribution terminuses. Whilst we agree more has to be done to remove heavy vehicle traffic within the precinct of the port, we remain to see a study exploring the viability of deploying barges on Port Phillip Bay to assist with the decentralising task.

One member with the technology to weigh containers during the vessel exchange, regularly reported a high level of variance to declared gross weights, mostly involving import containers from less regulated jurisdictions. The subject has been addressed to AMSA through the Policy Council, the primary concern being a fatality occurring beyond the terminal gates, a coroner could well find culpability across several actors.

The second pilotage service which adopted helicopters to convey pilots around, was sold during the year to a group involved in pilotage at other Australian ports. The recapitalisation of this pilotage service likely brings an elevated commercial tone to the sector, which until this juncture enjoyed the status of a monopoly.

The year also began with much consternation around Australia's capacity to provide low sulphur fuel, given the country had been behind other supply points in providing updated specifications, particularly as required by owners with newer tonnage. Suffice, the 8th round table held in Melbourne appears to have the subject largely under control, with Viva Energy set to produce the required specification of LSF in line with IMO rules. Of interest is the consideration given to different scenarios where a vessel experiences a technical issue. Of paramount

importance is prompt reporting of any failures to AMSA. It will not be acceptable to report a failure outside Port Phillip Bay, without also providing a remedial plan.

Following on from our 2017 breakfast where the subject of Blockchain was first introduced, major carriers have since collaborated to establish Tradelens. At this stage, a few Asian-based carriers have so far not joined Tradelens. However, it is understood the Chinese Government seeks the adoption of Blockchain and on this basis, those carriers and associated providers who remain ambivalent to Blockchain processes may struggle. Recent headlines highlighted the necessity of Blockchain to provide end users the validity and security of knowing in particular, the origins of food. Seemingly for every kilogram of Australian beef sold in China, a further nine kilograms could be fake. One company exporting beef to China is putting systems in place, and with the adoption of blockchain ledgers ensuring the products origin from feedlot to fork, is secured to fight fraudulent activity.

At our 2019 Tech Takeover of Shipping breakfast, the CEO of Infrastructure Victoria spoke of the revolution around autonomous vehicles, including heavy vehicles, whilst ASX listed Wisetech Global spoke of the advancements made through their Cargowise product, and its substantial penetration of the local forwarding market. On this score, it remains to be seen if Wisetech Global will be sympathetic to Blockchain applications, as its forwarder base finds the wider trading community adopting the common ledger.

The Christmas lunch again proved a highly successful event, with John Silvester, a crime reporter and regular radio broadcaster, providing insights and commentary around matters involving the underworld in Australia, more particularly in Melbourne. The preceding AGM unanimously re-elected Rod Begley and James Kurz for another term as chair and deputy chair, respectively.

May we extend to all readers, seasons best wishes and lastly before we forget, Westlink Container Park won the Phil Kelly OAM Perpetual Golf Trophy for 2019. ▲



Information and membership building

By CAROL CHENG, marketing coordinator, HWL Ebsworth

It's been another busy year at Young Shipping Australia, NSW branch (YSA NSW), with another wide range of events. As always YSA NSW aims to keep members informed with the latest maritime developments, as well as opportunities to learn new ideas and network with others within the shipping sector by regularly hosting functions for "under 35 year olds". Although, our "young at heart" members are still always welcome to attend our events.

The start of a new year meant YSA NSW's first event was a joint membership drive and networking drinks at Helm Bar in Darling Harbour. It was a great way to introduce some potential new members to what YSA NSW offers, and a chance for old faces to catch up after the holidays.

Second on YSA NSW's calendar, was the flagship "Outlook Event", this year hosted at Holding Redlich. The Outlook Event continues to be YSA NSW's marquee event each year, and always



attracts fantastic speakers and a large and enthusiastic audience. This year we welcomed Todd Emmert from Qube Logistics, Dianne Tipping from the Export Council of Australia and Greg Metcalfe from Swire Shipping, to give their views on Australia's maritime space. YSA NSW again thanks Holding Redlich for hosting the event, and each of their speakers for lending us their time and expertise.

Next up was the Tug Tour hosted by Engage Marine. Following last year's success with the port and vessel tour, it was clear to us that our members loved a good tour. It was a great day out for our attendees, with a short presentation from Engage Marine and a light lunch to kick start the day, before a tour on board its tugs. Attendees were even treated to a quick tour around Sydney Harbour on board Engage Marine's tugs, which was extremely well-received by everyone. A huge thank you again to Engage Marine for its generosity for hosting YSA NSW and also to Mission to Seafarers and

Reverend Tay for offering to drive our attendees to White Bay, while providing information on the good work of the Mission in ensuring seafarer welfare.

Rounding the year out was our networking drinks at Helm Bar in Darling Harbour, which saw an unprecedented turn out from our shipping industry friends. There were a lot of new faces and the excitement for 2020 was definitely on display. What a way to cap things off for 2019!

Once again, and on behalf of the YSA NSW Committee, we would like to thank all of those who have hosted and spoken at our events for 2019, and to all our attendees this year. Without your support, YSA NSW wouldn't be able to continue doing what it does best! Things are looking up for 2020 and we hope that it's another huge year to grow the organisation and continue to foster the next generation. ▲





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IMO Sulphur Cap 2020 and beyond?

By HARWOOD MARINE

Environmental legislation around the world is increasing at a rapid rate and in many cases the problems are much greater than the solutions.

No other industry is more affected by this than the shipping industry, which has to comply with these new rules.

New technologies are emerging to lessen the impact of the requirements, but generally fall short of making any significant reduction of emissions.

Air Lubrication of ship's hulls has been around in some form, for a number of years, with three main working principals :- Air Cavity, Air Film, and Microbubbles.

Microbubbles have an advantage over the air cavity and air film-based methods, in that it reduces friction without requiring any change in the form of the ship's hull.

Harwood Marine in Northern New South Wales have been working on a unique hull friction reduction technology, using microbubbles, commercially marketed as GILLS (Gas Injected Liquid Lubrication System), with Japanese inventor Mr Yoshiaki Takahashi and his team of research scientists in Japan.

This is a unique technology, which targets the hull friction, which is one of the major energy losses of a ship when transiting on a voyage.

Regardless of the power system, or fuel used by a ship, hull friction and drag through the water, remain as one of the largest energy losses of a ship.

Ships powered by low sulphur fuel, LNG, Electric, Wind, Steam, Solar or Nuclear, will still lose energy due to hull drag.

The GILLS technology uses very small microbubbles to reduce drag on the hull as the ship moves through

the ocean.

To our knowledge this is the only microbubble system that covers 100% of the hull wetted area, therefore having a much greater energy and emission reduction saving than other bubble systems that only trap bubbles in the reduced surface area, underside bottom of the hull.

Trials to date have demonstrated a very impressive 10% fuel saving and emission reduction on a 90 meter vessel MV Filia Ariea in Europe, and an 85 meter vessel in Japan, called New Ferry Misaki.

The system involves installing small vortex generators, called GILLS units, around the bow and inducing air through a mixing chamber.

The vortices are generated by negative pressure on the wing on the GILLS units, this in turn creates very small micro bubbles through the Kelvin Helmholtz Instability (KHI) effect created by the vortex generator, and associated air induction. This turbulence modulation enters the boundary layer of the ship's hull,

The GILLS system also differs from other hull air induction systems, which use large compressors for the air supply, whereas GILLS uses the speed of the ship as the prime mover for bubble creation. Only a small compressor is required to maintain atmospheric pressure on the wing, to initiate the KHI microbubble creation.

Small bubbles, under 1mm diameter are very different to larger bubbles.

Small bubbles, only require a small amount of air, and generally stay in

suspension in the water, and are only slightly influenced by buoyancy, due to their small surface area.

Large bubbles, require more energy to produce and will tend to rise with buoyancy, which is why they are required to be trapped under the flat bottom of the hull.

These trial results can be viewed on the Science Direct research link <https://www.sciencedirect.com/science/article/pii/S0029801814004314>

Other encouraging results with ship trials, has been the reduction of biofouling on the area where the bubbles pass, as air is toxic to biofouling.

Bio fouling will be a major compliance issue for shipping in the future, as environmental laws around the world tighten, to reduce the effects of human intervention on our natural world. Naturally reduced biofouling, reduces docking costs and hull drag between dockings.

Harwood Marine have their own Australian shipyard in Northern NSW on the Clarence River near Yamba.

Future trials on larger ships are planned internationally for 2020 to confirm our predictions from earlier trials, but we would welcome enquiries from shipowners or “ the big Australians”, who would like to collaborate with us in Australia to save fuel, reduce emissions, and make the future world a better place for our children.

Please contact Ross Roberts via www.harwoodmarine.com.au



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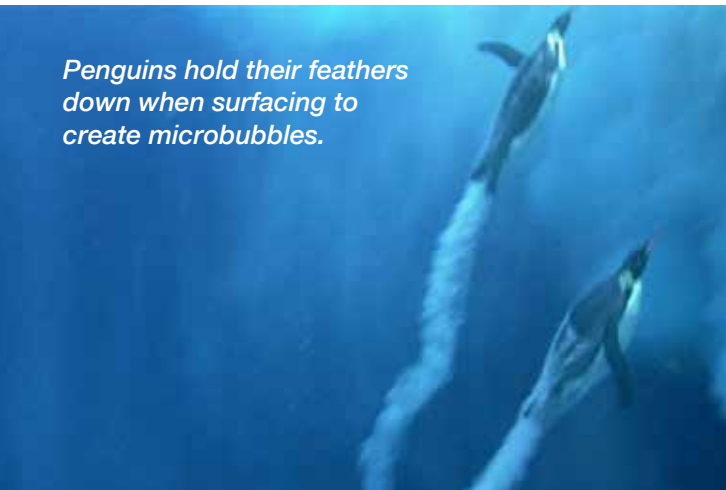
Boat Builders, Slipping & Repair, Operators, Project Managers & Naval Architects
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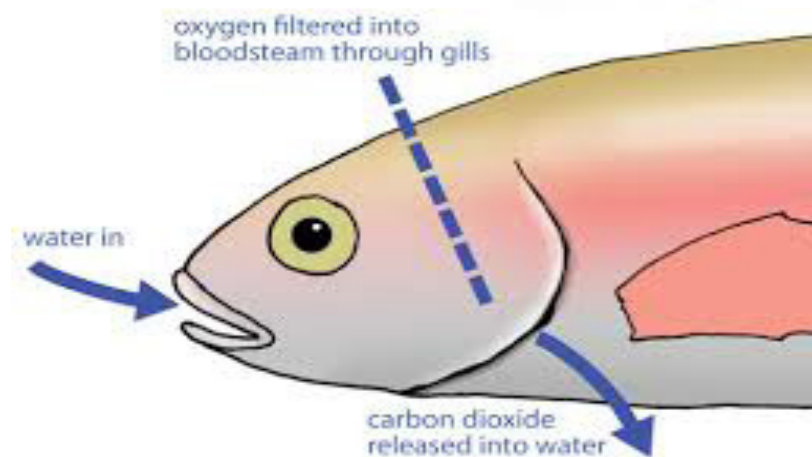
GILLS (Gas Injected Liquid Lubrication System) HULL Friction Reduction SHIP Technology - **Reduce Fuel/CO2**

Inspired by Nature

Penguins hold their feathers down when surfacing to create microbubbles.



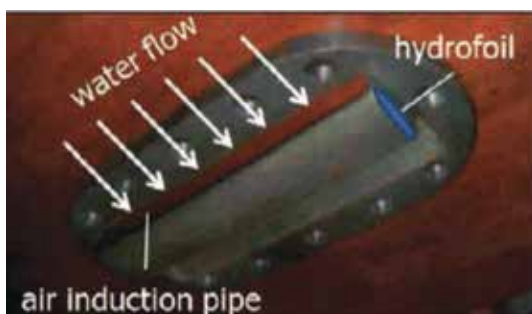
Fish use Turbulence Modulation



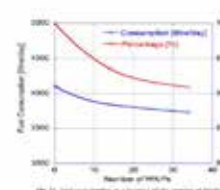
How Does GILLS Work?

- GILLS Technology reduces the drag of a ship's hull using small micro-bubbles (~0.5 mm) and Turbulence Modulation.
- Atmospheric air is compressed to match the hydrostatic pressure along the hull at different depths below the water surface
- Compression costs to match hydrostatic pressure on hull is minor compared to HFO savings
- Air is released via angled hydrofoils with air introducers
- As the ship moves forward, it drives atmospheric air into the water creating micro-bubbles
- Microbubble generation is by Kelvin Helmholtz Instability
- Full-scale tests have shown that, with correct operation, the device can produce a net power saving of 5–15% for ships

GILLS Vortex Generator, mixing chamber, ship side.



GILLS On Filia Ariea – 10% Fuel Savings



* Test results in Table 4 Sea Trials, I. Kurnagaisari et al., Ocean Engineering 95 (2015) 183–194

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Customer focus from global to local

By XAVIER EIGLIER, chief executive officer, ANL Container Line

Developing a brand that has been in operation since the 1950's is a fair undertaking, altering business models, product sets and strategic direction is akin to turning a container ship. That said, in 2019 ANL took the opportunity to make a number of important changes, to position for the future and enhance customer experience as a key strategic goal.

Further enhancing customer experience – a key focus

For ANL, as part of the CMA CGM Group, the programme to enhance customer experience has occurred in three main areas: simplifying processes for clients, enhancing the liner product set through brand rationalization and providing clients with more ancillary products.

Simplifying processes for clients has involved embracing more digital tools in 2019. This has been a great success, with 80 per cent of our customers using eCommerce solutions to move their cargo on our services. With the addition of paperless B/Ls and MyPrices (instant access to all negotiated rates) in 2019, the eCommerce platform offers more speed, which is in step with our client requests. In 2020, giving users the added functionality of single sign-on through our App, will also provide more flexibility and speed.

This year, the CMA CGM Group has also helped simplify customer experience by implementing a global brand rationalisation. With several strong brands within the CMA CGM

group, sometimes offering the same destinations, the group has worked hard to align the brands with clear geographic regions. For ANL clients based in Australia, this meant more space on some existing services, as well as further coverage of North East Asia to Australia, in the addition of the CA6 service, complimenting ANZEX and the three A3 services. This was in addition to the earlier deployment of a second AAX service to provide greater coverage between South East Asia and Australia. Clients have also been given a single contact point, with all customer service and sales team members working under one banner in Australia and New Zealand. This allows these customer facing teams to be more reactive to client requirements.

Finally, it's very clear to ANL and the CMA CGM Group that providing a one-stop shop is still a preference for our customers, and more convenience can mean providing more products. Throughout Australia we certainly have a focus on high value cargo, and our clients are leveraging a broad set of products to help them protect cargo quality, manage exposure with insurance and give them operational flexibility with innovative container applications. We look forward to adding more solutions to this product set in 2020.

The environment and corporate social responsibility

Our customer is certainly at the core of our focus right now and will continue to be. Moreover, we are

also conscious of the expectation our clients and their clients have, in terms of corporate social responsibility (CSR).

The CMA CGM Group's long-term environmental approach has been in action since the 1990's, with the goal of reducing emissions at its core. There has been much progress to date, and the strategy to comply with IMO 2020 (new 0.05 per cent sulphur fuel limits), coupled with a further goal to reduce CO2 emissions by 30 per cent, per TEU transported, by 2025, means this will remain a priority for the long-term. Furthermore, the CMA CGM Group has taken on projects with large global clients to test the use of bio-fuel, to deploy several large new LNG powered vessels and taken a groupwide decision to avoid fragile environments, such as the northern sea route. These significant investments are important on a global and local level, and will continue with strong support from our clients.

On a more local level, ANL launched an additional CSR initiative in 2019, called volun-TEUs. This aptly named volunteering programme allows team members in our Melbourne office to lend a hand with charities committed to making a difference at a local level, ranging from alleviating food insecurity to beach and waterside clean ups. The programme has been received very well and will be expanding throughout all Australian offices, New Zealand and Papua New Guinea, in 2020. ▲



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What lies beneath

By DAVID PRATT, vice president, Marine Services Australasia and Global Survey and Inspection, Inchcape Shipping Services

Biosecurity has become increasingly prominent in our industry, with BMSB, and African Swine Fever currently being at the forefront of our minds. However, the hull and niche areas of every vessel that passes into Australian waters has the potential to carry invasive pest species, making detection and control challenging, if not near impossible.

The environmental and commercial impacts of invasive pest species cannot be undervalued. Our aquaculture industry delivers direct value of more than \$1 billion per year, and the risk of the introduction of pest species such as the Asian Shore Crab and American Slipper Limpet are high. Tourist attractions, such as the Great Barrier Reef, were estimated to provide over \$7 billion per annum of economic value to the Australian economy, and that is just one of our many natural coastal attractions that is at risk. Regrettably, despite existing measures, pest species are already established in Australia, with species such as the European Shore Crab and Asian Bagged Mussel, identified in some coastal locations.

Below the surface, biofoul on a vessels hull can pose a real threat to the environment. Hull niche areas are more susceptible to biofouling because of variable hydrodynamic flow, or inadequate antifouling protection. Although marine growth on a hull is often limited due to consistent and stronger water



Variable hydrodynamic flow in niche areas provides biofouling susceptibility

movement, niche areas of the vessel such as the sea chest, rudder pin, inlet pipes etc, can become heavily fouled, and can enable the potential for invasive species to be brought into territorial waters, despite the appearance of an otherwise clean hull.



Within the region, the Ministry of Primary Industries (MPI) in New Zealand, introduced new biofoul declaration requirements for vessels in 2018, classifying vessels as high or low risk, with potential for underwater inspection by divers upon arrival in NZ territorial waters. The inherent costs being passed onto the owners/charterers for relocation for cleaning or redeployment.

The NZ methodology is effective, however the scale of vessel movement and nearly 36,000 kilometres of Australian mainland coastline, will effectively limit the success of alongside diver inspections for identified high risk vessels; purely from a cost, and resource capability.

In Australia, the Department of Agriculture is currently reviewing potential changes to existing mandatory requirements for vessels arriving in Australian territorial waters, working in consideration of the International Maritime Organization (IMO) biofouling standards to protect the nation's best interest. As a leading global marine survey organisation, commercial operator and trainer of the Blueye Pioneer underwater ROV, Inchcape are actively involved in the biofouling debate and working to provide solutions using new technology.

Australian implementation of revised requirements is, in the authors opinion, a necessity. A similar model to NZ using a "self" declaration approach by the vessel owner to identify potential risk; delivers a quick awareness for both vessel and authorities, whilst aligning practice within the region.

The new generation of compact, portable UW ROV's, provides a new and unique capability for vessels, ports and authorities to identify the sub-surface condition of vessel, environment and infrastructure, and delivers a quick, cost effective, and safe alternative to putting divers in the water.

Assuming that Australia applies a model similar to the NZ model - the challenge remains that if a vessel is physically inspected and identified as high risk, there are serious limitations as to how and where in-water cleaning can occur in Australian waters. Only a couple of vendors are currently approved to provide "in water" hull or niche cleaning solutions in Australia, using new technology to collect the waste product; or undertaking niche cleans in a designated location where waste material poses minimal risk. With options in the region being limited, maintenance and implementation of effective biofouling management plans currently remains the

safest and best option to operators.

Biofoul is not limited to commercial vessels, and industry stakeholders must recognise that appropriate regulation must address personal craft undertaking international voyages, in addition to commercial vessels. This dramatically increases the challenge of effectively monitoring and managing our vast coastline and its potential exposure to biosecurity risks. In recognition of the challenge, the UK's Environmental Audit Committee recently suggested a "citizens' army" of volunteers to help tackle the growing threat of invasive species. In Australia this could be a cost-effective resource to identify and report pest species, providing additional eyes on site, in particular

as environmental awareness and conscience grows, and to control risk from personal craft.

Global awareness of the threat from invasive species is growing, and new biofouling regulations will be introduced in Australasia, and other global regions. Ultimately for commercial vessels, compliance will be a necessity, supported by the impact that biofouling has on drag, fuel consumption and operating costs. The development and availability of new technology such as ROV and cleaning techniques will reduce operational cost of biofoul management, enable compliance and deliver cost saving from reduced fuel use, delivering value to owners as well as the environment. ▲



Using UW ROV's delivers a quick, safe and cost effective alternative to putting divers in the water



A modern, green and efficient fleet

By JAMES GRANVILLE, national marketing manager, MSC Mediterranean Shipping Company

Size isn't everything, but it helps.

The next generation of ships will make the MSC fleet more efficient and minimise emissions, bring benefits to business, customers and the environment.

The newbuilds arriving in MSC's fleet will replace some older, smaller vessels, and they have many new features, which will improve efficiency. Due for delivery in 2019 and 2020, they show MSC's commitment to maintaining a modern, green, efficient and safe fleet.

One reason for continuing to invest in

bigger ships is to increase efficiency by reducing the energy needed to transport each container, lowering both costs and CO2 emissions. This helps protect the environment and ensures MSC is ahead of the curve in meeting new regulatory requirements.

The 23,000+ TEU new builds will have extensive reefer capacity, and because they are expected to replace a significant number of 13,000 and 14,000 TEU vessels, will not necessarily increase MSC's overall capacity.

Newbuild vessels of the 23,000+ TEU capacity that have already

been launched in 2019 include MSC *Gulsun*, MSC *Leni*, MSC *Samar*, MSC *Isabella* and MSC *Mina*.

Looking ahead, the UN IMO has laid out ambitious policy targets to CO2, and other greenhouse gas emissions in the coming decades, and the industry needs significant advancements in technology, research and development in order to achieve the goals of the second half of the century.

Retrofitting the fleet to cut CO2 emissions

As well as bringing in newer vessels, MSC has also been upgrading the existing fleet of owned and operated ships to the latest standards of safety and fuel efficiency, in a programme that started in 2011, considerably reducing CO2 emissions.

MSC has retrofitted more than 250 ships with energy-saving technologies, including a specially designed bulbous bow, lighter and more efficient propellers, and new rudders designed to reduce drag. Hulls are treated with a silicon-based anti-fouling coating to minimise friction, the need for underwater cleaning and the risk of spread of invasive species.

At the same time, ship management centres retrofit main propulsion engines to make them more efficient.

Complying with IMO 2020

MSC has been preparing for years for the IMO 2020 regulation on sulphur content of fuel. Our fleet





will use compliant low-sulphur fuel, and MSC has been explaining this in the formula for our Bunker Recovery Charge (BRC) to clients since 2018. The BRC gives shippers the option to identify and pass on any increasing cost of shipping fuel through the supply chain.

At the same time, MSC has prudently invested in EGCS (more commonly known as 'scrubbers') for a significant portion of its owned fleet, in order to ensure that we cross the regulations 01 January 2020 deadline, with minimal disruption.

MSC is committed to contributing to global efforts in order to reduce ship emissions and fully supports the UN IMO's work in this area. At the same time, the costs of the various changes

we are making to our fleet and its fuel supply is in excess of \$2 billion a year.

MSC rules out Arctic exploration on environmental concerns

In further commitments to the environment, earlier this year MSC decided not to use the Arctic as a new short cut between northern Europe and Asia and instead focused on improving environmental performance on existing global trade routes.

The Northern Sea Route lies entirely in Arctic waters and has been trialed by other shipping lines seeking to take advantage of melting ice from global warming. MSC is convinced that the 21 million containers moved

each year for its customers can be transported around the world without passing through this Arctic corridor.

Mr Diego Aponte, President & CEO of MSC Group, stated in October, "As a responsible company with a longstanding nautical heritage and passion for the sea, MSC finds the disappearance of Arctic ice to be profoundly disturbing. Every drop in the oceans is precious and our industry should focus its efforts on limiting environmental emissions and protecting the marine environment across existing trade routes".

A surge in container shipping traffic in the Arctic could damage air quality and endanger the biodiversity of untouched marine habitats – a risk MSC is not willing to take. ▲



Increasing complexity in the shipping industry! Could digitalisation be used more effectively?

By Captain SUNIL DHOWAN, head, Port and Cargo Operations
Oceania, Wallenius Wilhelmsen Ocean

Shipping has seen continuous change over the years. This is definitely very positive, and a lot of progress has been made in the vessel design, equipment and in digitalisation, on the ships and ashore.

Wallenius Wilhelmsen has brought overseas goods to the Australian market for 125 years, starting with wool, and over the years shifting to cars, trucks, farming and mining equipment. WWO operates about 130 ships globally, and every year the company has close to 90 vessels calling Australia, making in total almost 400 port calls.

As we progress over the years, the complexity in the maritime industry has increased. There have been more requirements from various authorities to gather information from vessels, agents, owners, charterers on various forms, to satisfy the authorities of vessel compliance. Regulatory requirements are certainly required to ensure there is no loophole which could lead to a higher maritime risk or incident.

Whilst progress is being made in the digitalisation field, it seems that various maritime regulatory authorities in different States and countries around the world are working in silos to gather similar information in every port. There is certainly a need to simplify and more importantly, standardise the information being collated and collected.

Digitalisation therefore needs to be implemented effectively, in a manner that enhances and improves visibility, saves time, and improves efficiency, both on board and ashore.

Shipping is a 24/7, 365 day industry, where ships at sea are always manned (so far) and there is always someone at the end of the phone ashore, who can be contacted. The Maritime industry will be more efficient and safer, if we only seek relevant and targeted information from seafarers and their

managers.

Global challenges like security, environment, biosecurity and safety standards, have now taken a major focus, and industry has to constantly add more workload to meet the regulatory requirements introduced to manage these challenges.

Every action on board has a process and requires logging the activity. There are no less than 25 Log books or more, that are to be filled on board for various activities.

Are we putting too much paperwork on the vessels?

When digitalisation was being introduced, it was supposed to create a paperless society, but now there has to be a physical printout of everything on the ships, in case the computer gets a virus and everything is wiped off.

Paperwork and checklists are on the rise, to improve the safety management system on board. On the contrary, vessels are more engaged in filling checklists and permits, leaving very little time for watch keepers to focus on navigation and practical safety maintenance.

One regulation sets in and then another new one starts, creating another form for reporting.

Amongst all the above, every port prior to arrival requires various forms to be filled in, which are quite extensive. The airline industry has reduced the checklist items from 26 to 3 prior landing, whereas the shipping industry has increased the checklist items from 10 to 30+, and it keeps increasing with every review. This needs an urgent review to consolidate and simplify the requirements, along with big data integration.

All vessel inspection and certification should be available ashore for the regulatory authorities in a common database. Once inspections are done by surveyors, they should update the system, so every

authority round the globe knows the status of certification and compliance on board. This will save the masters and their officers filling in the same information multiple times during a voyage.

Political boundaries should be for political issues. When it comes to a common cause related to security, safety, quarantine, environmental and other common issues, regulatory authorities should align on requirements and share information for the best safe interest of all.

Where global common maritime issues are being dealt with, organisations like IMO could take a lead and try and get alignment amongst different countries, collecting data, and sharing it on a common platform.

Though technology has advanced, the number of maritime incidents has not reduced. Is this due to the fact people on board are focussing on other administration work, rather than navigation and maintenance? Something to think about!

We have much better tools and equipment now, but we need to speed up using digitalisation effectively, to reduce the administrative burden on vessels and let them focus on their key roles. This will reduce maritime incidents, and environmental pollution.

A single report with minimum and only relevant data input from a vessel, which can be augmented digitally with information already ashore, serves multiple regulatory authorities to achieve the desired information, could be a good start!

The sentiments conveyed here are after discussing with several masters and agents, and they all are in complete favour of regulations, as safety is paramount in this industry, but wish for better, aligned digital management which can enhance efficiency. There is a need to leverage technology and data integration to simplify the compliances required. ▲



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Safeguarding our biosecurity – strength in collaboration

By Senator the Honorable BRIDGET MCKENZIE,
Minister for Agriculture

Shipping is vital to Australia, carrying 99 per cent of our export volume to the world and reinforcing our status as an ocean-bound trading continent.

Our ports and airports are also the frontline in an increasingly costly battle to ensure Australia remains a haven from pests and diseases that if unchecked would wreak havoc on our environment, economy and ambition to grow agriculture to a \$100 billion sector in a decade.

A well-resourced biosecurity system is all that shields our communities and regions from an outbreak that would be expensive to control and harmful to our international reputation as a source of exceptional food, produce and wine.

Rigorous border protections in October led to the turning back of cargo vessels after exotic Heath snails—a pest that feeds on important crops including lupins, clover, wheat, barley and fruit trees—were discovered by biosecurity officers in vehicles imported from Europe.

Eradication wasn't an option, so my department directed the vehicle importer to remove 900 luxury cars from Australian territory to protect our biosecurity status and through it, the broader economy.

Similarly, African swine fever's (ASF) march through Asia as far as Timor Leste, and the heavy impact it has had on global pig numbers and food supply chains, is a reminder of the value a world-leading biosecurity system provides us all, as trade and travel pathways grow ever busier. ASF endangers 36,000 Australian

jobs that help generate our \$5.3 billion domestic pork industry.

To ensure Australia remains ASF-free, our Government is prioritising biosecurity and increasing inspections of people, cargo and mail, arriving from countries affected by the disease. We are investing in research and new technologies that will improve our ability to detect and target risks, while simultaneously speeding cargo and passenger clearance times.

For people and mail, we've joined with New Zealand in a world-first to trial high-tech 3D x-ray machines capable of quickly scanning in high-resolution and building algorithms to automatically detect high risk food and plant products.

In the port environment, we're working on underwater drones to manage marine pests for the shipping and cargo sector, in the difficult below-the-water port environment and exploring the technology to manage hitchhiking pests or contaminants on shipping containers.

New scent lures will train detector dogs to sniff out cargo pests, like brown marmorated stink bugs (BMSB)—a small pest the size of a five cent coin that could do significant damage to Australia's \$9 billion horticulture sector.

No vessel movement or commodity can be guaranteed as risk-free. There are about 80,000 different import pathways, each with its own risk profile, depending where the vessel comes from, what it's carrying, how it is carried and where it is going within Australia. We need to do more to equitably fund the biosecurity

system to deal effectively with pests and diseases arriving daily on the hulls and decks of vessels, not just in the imported product they carry.

Australia's pest and disease free status will only be supported by the combined efforts of governments, industry and the community, to counter risks. For example, the vehicle importer affected by Heath snails worked with Government on a plan to re-export around 900 cars, while working to prevent a repeat.

The Department of Agriculture has consulted widely with freight forwarders, importers, ports, stevedores, shipping and customs brokers, as well as agriculture and resource firms, taking advice about how best to share the rising cost of biosecurity verification, risk mitigation and enforcement. The work of the Biosecurity Imports Levy Industry Steering Committee provided options for consideration and will inform our next steps.

With effective collaboration, and using a staged and considered approach, we can streamline our biosecurity procedures, while upholding the security of the system. Your input will be essential to that process that the Department of Agriculture will lead.

This approach will safeguard the broader operation of our national biosecurity system. The benefits for our agricultural exports, our rural and urban communities, our businesses, our environment and our national lifestyle, easily outweigh the impost. ▲

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Department of Agriculture and Water Resources



By LYN O'CONNELL,
deputy secretary, Australian
Government Department of
Agriculture

A stronger biosecurity system

It's the perennial quest—protecting our border while keeping a close eye on emerging and imminent threats. From managing the risk of the brown marmorated stink bug (BMSB) to African swine fever (ASF), the department has never been busier.

Our biosecurity system supports our way of life—including \$60 billion in agricultural production, \$49 billion in agricultural exports and our \$42 billion inbound tourism industry. All vital contributors to jobs and growth, particularly in regional and rural Australia.

The biosecurity risks are real, and the potential effects are far-reaching and long-term. If people ignore biosecurity, they risk our pest and disease free status and our reputation for delivering world class, clean and green produce.

This is part of the reason why we're implementing and enforcing a stronger compliance stance.

A number of travellers to Australia had their visas cancelled recently for breaching our biosecurity laws and were refused entry to the country. Several arrived with a range of undeclared food, including up to 4.6 kilograms of uncooked pork, which could carry ASF, a disease that is wreaking havoc on pig production across the world.

We also recently turned away five vessels carrying imported vehicles, after exotic snails were found on board. And in the 2018–19 BMSB season, we directed three vessels that posed significant biosecurity risks to leave Australian waters.

Our biosecurity system is an important national asset and we need to protect it.

A sustainable biosecurity system for Australia

Resourcing this system is a challenge, and governments cannot do it alone.

Biosecurity risks will only increase with the volume of cargo entering Australia expected to double between 2015 and 2030, and the rate at which pests and diseases are spreading throughout the world. We need a more sustainable funding model to ensure we strike the right balance between the need to protect our agricultural industries and environment, and facilitate trade.

The challenge is to deliver a system that keeps pace with modern regulatory practice and responds to the changing trade and biosecurity environment.

In addition to our long-term plans for a strong and sustainable biosecurity system, we continue to manage our daily operations and explore business improvements.

I have previously highlighted some of the new technologies we are exploring, including 3D X-rays, new sensing equipment and robotic systems for automated processing and document assessment. Other approaches being trialled include a new vessel assurance scheme and the use of underwater drones.

Vessel Seasonal Pest Scheme: partnering with industry to manage BMSB risk

Seasonal pest inspections on roll-on/roll-off vessels are the final checkpoint for detecting pests. And the cooperation of vessel operators is critical.

In response to your calls to improve our inspection approach during the BMSB season, we started to trial a Vessel Seasonal Pest Scheme (VSPS) this season.

The VSPS places a greater onus on vessel operators to complete risk mitigation and contingency plans, as well as individual vessel reports, before their vessels arrive in Australian waters. This provides an alternate clearance pathway for vessels during the BMSB risk season, and removes the need for us to undertake detailed inspections of those vessels—making the entry process much faster.

Two shipping lines covering 120 vessels have now been approved under this scheme, with a further five lines with applications pending.

Taking a deep dive into managing marine biosecurity risk

A trial of underwater drones is continuing in Tasmania, managed by the Tasmanian Department of Primary Industries, Parks, Water and Environment. This project is supported by a \$200,000 investment from the Australian Government.

The fleet of Modified Remotely Operated Underwater Vehicles (ROVs) are operated by a pilot on the surface. They are used to identify marine pests that can hitch a ride on the hulls of boats or in ballast water.

There are plans to install a number of additional features in the ROVs. Including high resolution video cameras, live streaming, sonar and sample collection devices.

Depending on the outcome of the trial, we may look to introduce ROVs to our pest inspections at other ports and terminals around the country.

SEE.SECURE.REPORT: a simple call to action

The cargo and shipping community plays an important role on the frontline, against exotic pests and diseases entering Australia. With the amount of cargo arriving from overseas, we need industry to help identify and report potential biosecurity threats.

We're spreading the SEE.SECURE.REPORT. message among approved arrangement (AA) holders and workers at AA sites, to promote the actions they can take to detect and, more importantly, respond to biosecurity risks. These include securing the goods, closing container doors, not moving cargo and reporting suspected risks to us as soon as possible.

Watch our latest SEE.SECURE.REPORT. video at agriculture.gov.au/approved-arrangements and help us to pass the message on. ▲

Department of Home Affairs - Aviation and Maritime Security



Continuing the path to stronger maritime security

By VANESSA HOLBEN, first assistant secretary, Aviation and Maritime Security, Department of Home Affairs

The year of 2019 has seen a wide range of activities take place aimed at further strengthening security at Australia's ports, and ensuring safe and secure trade across Australia. The Aviation and Maritime Security Division (AMS) within the Home Affairs Portfolio collaborates with industry to deliver a cohesive approach to maritime security, which appropriately manages potential risks to the security of the Australian port and shipping industry.

Since joining AMS in April 2019, I have gained a significant appreciation for the complexities of the port and shipping industry and its contribution to the Australian economy. It is vital that we protect these industries with effective and proportionate security measures which enable trade and tourism to flourish. I look forward to collaborating further with industry stakeholders into the future to strengthen these shared interests.

AMS worked with industry and AusCheck to strengthen the maritime security identification card (MSIC) scheme. The updated design and security features introduced in May 2019 make the card easier to verify, harder to replicate and better protect the card holder's identity. These features included a larger passport quality photo, larger font and updated security features.

In July 2019, we welcomed a range of changes to the Maritime Transport and Offshore Facilities Security Regulations 2003. Changes include clarifications in relation to the licensing of maritime security guards, codifying long-standing policy advice provided to industry, and removing the requirement for maritime security plans to be audited by both internal and external auditors. These amendments clarify existing obligations and removed administrative burdens, allowing industry to focus on achieving maritime security outcomes.

The Transport Security Amendment (Serious Crime) Bill, introduced into Commonwealth Parliament in late 2019, aims to prevent individuals who pose a criminal risk or have a serious criminal record, from holding a maritime security identification card and gaining access to secure maritime transport infrastructure. These proposed changes, along with changes to the MSIC cards introduced earlier in the year, will enhance the Australian Government's ability to disrupt and hinder serious criminal gangs or syndicates from transporting and supplying illicit drugs and weapons.

AMS has continued to work closely with industry partners on the introduction of new training and accreditation requirements for

screening officers. These changes are expected to improve and standardise the performance of people working in this role.

Finally, AMS is in the initial stages of engaging with industry on the security settings in relation to cruise ships in Australia. The review will take into account current and emerging threats and international best practice. It will acknowledge the need for security measures to be well-targeted, practically achievable, and enable tourism and trade.

We thank all of our industry stakeholders for their collaboration and engagement with us throughout the year and look forward to working closely with you again into 2020 and beyond.

For more information, contact:
GuidanceCentre@homeaffairs.gov.au
or 1300 791 581. ▲

Australian Maritime Safety Authority



Our mission – safe and clean seas, and saving lives

By MICK KINLEY, chief executive officer, Australian Maritime Safety Authority

It has been a year of evolution for the Australian Maritime Safety Authority, the culmination of years of work towards a national reform of the major transport regulators in Australia.

Nearly three decades have passed since our organisation was founded under its own Act of Parliament, and over time our responsibilities in the maritime space have expanded dramatically.

Our mission connects them all - safe and clean seas, saving lives. Many industries, businesses and people rely on safe shipping and safe, clean seas. It is a mission that we live and breathe here at AMSA. Many of us were mariners in former lives and we understand that livelihoods and lives are intrinsically connected to the ocean.

We are the national agency responsible for coordinating maritime and aviation search and rescue, including some of history's most iconic rescues.

The 1998 Sydney to Hobart yacht race, which saw 55 sailors rescued and six lives lost after the fleet sailed into a storm in Bass Strait, would be one of the most

tragic and transformative, etched into Australian yachting psyche. That was 21 years ago but we remember it.

Rescues in the remote parts of our expansive search and rescue region continue to be challenging, including more recent high profile incidents like the rescue of solo yachtsman, Abhilash Tomy, deep in the Indian Ocean in September 2018.

Tomy was competing in the Golden Globe yacht race when his yacht *Thuriya* rolled in rough weather and dismasted, he sustained a serious back injury. A multi-national rescue ensued, coordinated by AMSA, some 3400 kilometres west of Perth.

Tomy was rescued four days later by the French Fisheries Patrol Vessel *Osiris*, which was tasked again by AMSA to rescue a second solo yachtsman from the Golden Globe yacht race, just hours later.

And of course, there was the 2014 rescue of 52 expeditioners from the Russian research vessel *Akademik Shokalskiy*, which had been locked in Antarctic ice for ten days, a logistical nightmare.

We have been coordinating search and rescues in Australia for nearly three decades.

Shifting gears to one of our newer regulatory responsibilities, in 2018 we finalised the transition for setting consistent national standards and delivering certification services for all commercial vessels in Australia.

That followed a complex transition from six State regulation systems to one national system. In the early transitional years, we had a grainy picture of the many industries which use vessels in their operations, the people who work in them and the unique safety challenges they face.

Over the past year that picture has come into better focus, but more work needs to be done. The reliability of historical incident data was variable and has left us without the necessary evidence to determine and address operational safety risks at a granular level, unending grandfathering arrangements are exempting some older vessels from complying with modern safety standards, and jurisdictional overlap with State workplace health and safety regulations are all ongoing challenges.

However, we are already seeing tangible safety outcomes as we work with higher risk areas, such as the fishing dory sector, and continually running safety management workshops for commercial vessel operators around the country.

From 13 metre fishing vessels to 300 metre bulk carriers, we also regulate both Australian and international merchant

shipping and respond to ship sourced marine pollution.

In June 2018, 81 shipping containers were lost overboard from the *YM Efficiency*, 30 kilometres off the coast of Newcastle. The legacy of broken shipping containers and their contents polluting the marine environment has been left for us to deal with, and salvage operations to clean-up the mess left behind are expected to begin early in 2020.

For shipping more generally, one of the biggest challenges in 2020 will be the transition to low sulphur fuel, a process which started more than a decade ago.

In 2008, the International Maritime Organization (IMO) adopted amendments to the International Convention for the Prevention of Pollution from Ships, known to us as MARPOL. Among other things, the changes set a global limit of 0.50 per cent sulphur content in ship fuel oil, effective from 1 January 2020.

Lowering sulphur air emissions is important for sustainable shipping and public health, particularly for people working around busy ports.

We have been working closely with Australian shipping and petroleum industries over the past few years to help raise awareness of the changes on the way, and to provide an opportunity to discuss potential impacts.

This engagement also ensures that Australia's position on this issue at the IMO is informed by the views of Australian stakeholders, Australian and State/Territory governments.

Once implemented, the revised sulphur limit will be a huge step forward in the environmental sustainability of shipping. However, our work on reducing emissions does not end there.

The next step is to address greenhouse gas emissions from shipping. The world has taken the first step down that path, with the adoption of the initial Greenhouse Gas Strategy by the IMO in 2018. Achieving a reduction in greenhouse gas emissions from shipping of 50 per cent by 2050, compared to 2008 levels, is going to require a sustained effort by all parties starting now.

Globally we are making progress towards a more environmentally sustainable shipping industry, for the betterment of the planet.

We are all intrinsically connected to the ocean and it is our shared responsibility in partnership with industries, big and small, domestic and international, to ensure we have safe and clean seas for many years to come. ▲



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Delivering transport safety

By GREG HOOD, chief commissioner, Australian Transport Safety Bureau

2019 marks the 20th anniversary of the establishment of the Australian Transport Safety Bureau (ATSB) as Australia's national transport safety investigator.

The ATSB was formed on 1 July 1999, with the amalgamation of the Marine Accident Investigation Unit, the Bureau of Air Safety Investigation, and elements of the Federal Office of Road Safety, and the establishment of a new rail safety investigation capability. The Bureau's remit, then, as now, was to undertake independent "no blame" investigations into transport safety accidents and incidents to prevent future accidents, and to conduct transport safety research, data analysis and education.

In those 20 years, the ATSB has become renowned internationally for its independence, technical capabilities and quality of its transport safety investigations across the marine, rail and aviation modes of transport.

And so, as chief commissioner at the time of our agency's 20th anniversary, I am immensely proud to be leading the organisation. I take pride in the ATSB's world-class technical and research capabilities, but most importantly, I take great pride in the qualities and capabilities of our people.

It is the qualities and capabilities of our people that give the ATSB the capability to conduct world-leading marine safety investigations and reports, none more so than our ground-breaking investigation into the use of ECDIS (electronic chart display and information systems), as part of our investigation into the grounding of the Australian Border Force Cutter *Roebuck Bay*, in September 2017.

While planning a passage from Saibai



Island in the Torres Strait to Lizard Island, south-east of Cape Melville, *Roebuck Bay*'s passage plan was amended, with its route inadvertently plotted over Henry Reef in Great Barrier Reef, Queensland.

The ship's ECDIS identified the reef as a danger to the planned route, however, the crew did not identify the danger either visually or by using ECDIS. The vessel continued on the amended route and grounded on Henry Reef just after midnight. There were no reported injuries or oil pollution, but the vessel sustained substantial damage.

The ATSB found the crew's ability to check the amended route was limited, as their training was not effective in preparing them for the operational use of ECDIS.

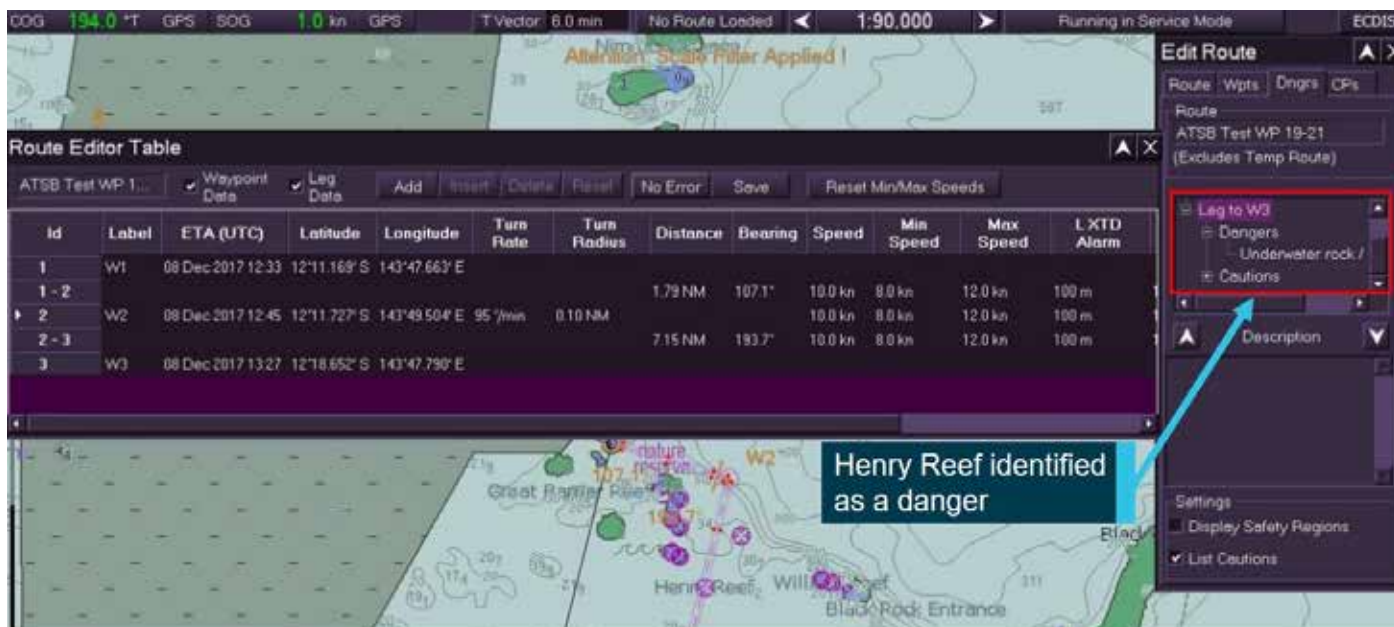
Our investigation therefore highlighted that the safe and effective use of ECDIS as the primary means of navigation, depends on operators being thoroughly familiar with the operation, functionality, capabilities and limitations of the specific equipment in use on board their vessel.

The ATSB also found the vessel's ECDIS was not updated to the latest International Hydrographic Organization (IHO) standards, and lacked the enhanced safety features of a new presentation library.

With the introduction of ECDIS as the sole means of marine navigation and the replacement of paper charts, the grounding was an opportunity for the ATSB to explore any potential safety impact of ECDIS in a real-world operational environment.

This investigation involved interviews with Australian Border Force officers, crew and shore staff and hydrographers from the Australian Hydrographic Service and the ECDIS manufacturer. Extensive ECDIS analysis was also carried out, as were various ECDIS simulations and testing.

As a result of the investigation, the ATSB has highlighted that the use of point features in electronic navigational charts to represent areas of relatively significant size on the earth's surface is likely to increase the risk of the hazard posed by such features being misinterpreted, and potentially reduce the effectiveness of



ECDIS safety checking functions.

Further, and while this did not specifically contribute to the grounding of *Roebuck Bay*, the investigation showed that the implementation of ECDIS introduced unintended risks to marine navigation.

The ATSB recognises that ECDIS and electronic navigational charts are an essential tool for navigation with many safety benefits; however, operating crew need to be aware that navigating with ECDIS is fundamentally different from navigation with paper charts.

By allowing operators to view and change an electronic navigational chart to a larger compilation scale, ECDIS can make single point features representing rocks, wrecks and other obstructions, appear progressively smaller as the scale is changed, creating the impression it is clear of a ship's route or further away than it actually is.

The ATSB has reminded regulators, manufacturers, hydrographic offices and other concerned parties that their ultimate goal must be to eliminate the significant risks with the use of ECDIS, or at least reduce them to an acceptable level in terms of navigational safety.

Our investigation into the grounding of *Roebuck Bay* demonstrates that

the ATSB investigates to determine its circumstances, contributing and other factors, including any safety issues, and to encourage relevant safety action – and not to assign blame or liability. The aim of all ATSB investigations is to prevent similar accidents and incidents in the future, through the continued free flow of safety information for the purposes of improving safety in the future, and not assigning blame.

The *Roebuck Bay* investigation was one of seven marine final investigation reports the ATSB has released in 2019, thus far. Our other investigations have highlighted a range of safety issues for the industry, from contacts with wharfs, to serious injuries to crewmembers during ship maintenance and repairs, to port risk assessments, the latter highlighted by our investigation into the grounding of mini cap-size bulk carrier, *Orient Centaur*.

In this incident, the fully laden *Orient Centaur* was transiting the South Channel out of the port of Weipa, Queensland, under the conduct of harbour pilots as part of a trial introduction of mini cape-size vessels to the port.

Just over an hour after departing from the wharf, the ship's main engine shut down due to a loss of water from a cracked engine cooling component, and propulsion was lost. Without the ability to steer, the ship grounded on the northern batter of the channel. The stern then slowly swung across the channel and grounded on the southern batter, effectively blocking the channel.

The hazards associated with engine failure had been considered as part of the port's risk assessment for the introduction of mini cape-sizes and were to be mitigated by having tugs in attendance. Those hazards had only been considered, however, up to the point at which a ship had entered the South Channel. As a result, on the day of the occurrence, the tugs had been stood

down and told to return to the berth after the *Orient Centaur* was steady in the South Channel.

Now, with the tide falling, there was a significant risk that the ship's structural integrity would be compromised. The pilots estimated they had about 30 minutes to refloat the ship. A general call was issued to all tugs for assistance.

Three tugs were mobilised to the assistance of the grounded *Orient Centaur* and, under the guidance of the harbour pilots, were successfully used to refloat the ship. *Orient Centaur* was subsequently towed out of the channel to an anchorage.

Surveys conducted over the following days identified that the ship had not sustained any damage.

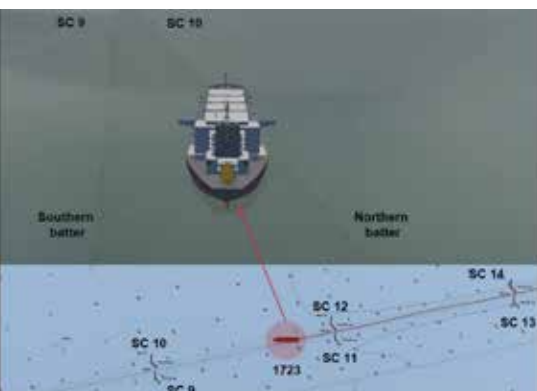
The investigation found that in pre-trial simulations, the risks associated with engine failure during departure were only considered up to when a ship had entered the channel.

As a result, the tugs were not in attendance to assist if propulsion was lost. Additionally, the tug masters had not been trained in the specifics of escort towage, nor in emergency response.

The ATSB investigation into this occurrence highlighted the importance of considering potential hazards from end to end, in order to provide the best opportunity to manage safety risk.

As the *Roebuck Bay* and *Orient Centaur* investigations highlight, ATSB investigations play a central role in ensuring Australia benefits from a safe and efficient marine transport system.

In our 20th year, as in our first, the ATSB will always give priority to safety investigations that have the potential to deliver the greatest public benefit through improvements to transport safety. ▲



Orient Centaur grounded departing Weipa



Queensland maritime developments – Transport and Main Roads 2018–19

By ANGUS MITCHELL, general manager, Maritime Safety Queensland, Department of Transport and Main Roads

With upwards of 7400 kilometres of mainland coastline to monitor and protect, and ships accessing 15 trading ports (with many of those steaming through the environmentally sensitive Great Barrier Reef), it almost goes without saying that 2018–19 was another busy year for Transport and Main Roads (TMR).

Supporting our ports and shipping lanes

Governments looking to promote economic growth will inevitably target the ports that enable the vast majority of their trade. Queensland, with the most decentralised ports network in Australia, is no exception. The 2018–19 financial year saw significant developmental activities in Queensland's ports, and continuing investment in activities that enhance the safety of shipping, while protecting the marine environment.

North Queensland was a particular focus, with the ports of Cairns and Townsville investing over \$300 million between them, into infrastructure upgrades, as significant projects moved out of the planning and approval phases, and into implementation.

In Cairns, the \$127 million Cairns Shipping Development Project involves widening and deepening the existing port channel to allow larger cruise ships to access and berth at the Cairns Cruise Liner Terminal. The number of cruise ships able to visit the port will increase, thereby positioning the Far North Queensland region to welcome more tourists.

The project will also enable the future expansion of the HMAS *Cairns* naval base, while improving the efficiency of bulk cargo shipping operations.

Overall, the project is expected to

create up to 800 new and indirect construction jobs over a five-year period, and 2700 jobs after the construction phase. The dredging works have been completed and wharf upgrades to accommodate the larger ships are due for completion in April 2020.

Around 350 kilometres south, the Townsville Channel Upgrade Project is the first stage of the 30 year Townsville Port Expansion. This \$193 million project involves widening the channel to accommodate vessels up to 300 metres in length (currently the channel can only accommodate vessels up to 238 metres).

The Townsville project is jointly funded by the Queensland and Australian Governments, who are each contributing \$75 million, with the Port of Townsville Limited contributing the balance. Early works have started, while reclamation works are expected to commence in 2020. The channel upgrade will create up to 120 jobs in Townsville during construction, support 245 indirect jobs across the State, and be completed in 2023.

Providing support to the ports network and the recreational boating community, Maritime Safety Queensland (MSQ) undertook hydrographic surveys in the ports of Weipa and Amrun, as well as Ross River and Black Weir, after record-breaking rains in February 2019. Crews also worked to rebuild



destroyed beacons and re-position buoys, and arranged for the removal of sunken vessels, which posed an immediate hazard to mariners.

Managing and mitigating risks

While much of this investment was directed at ensuring shipping can access our ports safely, Government must also focus on mitigating the possibility of a major shipping incident occurring.

MSQ continued to provide 24/7 vessel traffic services, monitoring and assisting international and local trading ships to safely navigate through the Torres Strait and Great Barrier Reef, ports and coastal waterways. Looking forward, 2019 through early 2020 will see the roll-out of SAAB's maritime control system into our VTS centres – a \$36 million investment into improving our real-time monitoring and interaction capabilities with shipping, to reduce the potential for incidents.

Meanwhile, continuing enhancement of TMR's Smartship Australia

simulator is one means by which the Government intends to prevent shipping incidents. Smartship Australia, located near Brisbane Airport, has now become the maritime simulator of choice in Australia, providing port development and optimisation services, modelling infrastructure design, developing port procedures, pilotage training and proficiency testing. The past year saw the provision of more services than ever before.

Tackling abandoned vessels

In a move unique to Queensland within this country, in July 2018, the Queensland Government responded to a growing problem along the Queensland shoreline – namely the growing number of unseaworthy vessels left abandoned by their owners to pose navigation and pollution risks.

The Government announced a 'war on wrecks' and dedicated a four-year, \$20 million fighting fund to fund the removal of wrecks and established a taskforce to consult with the

community and develop future solutions to the problem.

By 30 June 2019, 180 derelict vessels had been removed from the waterways by TMR and compliance partners at a cost of \$3.3 million, while 137 vessels were either removed by their owners or made seaworthy.

Growth continues

These were just some of the highlights of a financial year in which the value of Queensland's exports rose from \$74 billion to \$87 billion. In the maritime sector, this was reflected in ship movements totalling 16,534 (a one per cent increase over 2017–18), the number of ship voyages through the Great Barrier Reef VTS area climbing to 11,954 (up 2.3 per cent) and the number of Port VTS movements (non-piloted vessels) rising to 21,976 (up 6.9 per cent).

We confidently expect the upward trajectory to continue, fuelled in no small part by the infrastructure investments outlined above. ▲

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New partnerships and new challenges – another busy year

By MIKE GALLACHER, chief executive officer, Ports Australia

Ports Australia's 2018 inclusion in SAL's Annual Review was a commentary on the change facing our company, sector and world. This year is no different, with progression on last year, along with new challenges to tackle. With concentrated focus on a sustainable future for the industry, forming new alliances, and constant networking, there's been plenty to keep the team at Ports Australia and our members busy.

We discussed last year our plan for the release of a sustainability hub and report. *Ports and a Sustainable Australia* was published in June through close collaboration with our membership, which explores the important work they're doing, as well as a projection for what needs to be done. Our sector has the chance to be a leader in the battle against the many challenges of sustainability – it's essential we stay on the front foot and fight for change that will affect businesses, local communities and the world, into the future. The effort must be tackled holistically, considering environment, climate and energy, resilient infrastructure, governance and ethics, corporate citizenship, and the ever-important health, safety and security.

As part of a mission to better connect our region's maritime industry, Ports Australia was fortunate to attend the 44th Pacific Maritime Transport Alliance Conference, earlier this year in Samoa. Our Policy director, Ash Sinha, took the chance to discuss issues such as the IMO 2020 low sulphur fuel regulatory impacts, building of resilient infrastructure in the face of climate change and Ports Australia's online ports community network that works to improve the operations of

member ports around Australia and potentially, the Pacific. Since then, six ports from across the Pacific (Samoa, Fiji, Cook Islands, Solomon Islands, together with Lyttleton and Napier in New Zealand) have joined Ports Australia as external associate members. We're excited for our members' new ability to share knowledge and experience across our region, which is vital as it rapidly grows, both in freight and population. As we continue building bridges between ports and various service providers on home soil, we look forward to bringing our overseas partners and their unique industry knowledge to the table.

Together with SAL and other supply chain representatives, our voice was loud last year during the biosecurity levy establishment. This coming year, we must ensure reform on coastal shipping legislation maximises the potential of our Blue Highway and the opportunity to create jobs around the country. Figures show that while Australian freight has grown, the shipping industry's share of that freight has dropped significantly. We plan on continuing our input to the conversation happening amongst government, so we can shift those numbers and reflect the true potential of our industry as an efficient and sustainable way to move goods around the country.

We understand that making plans relating to sustainability and coastal shipping a reality, everyone must be on board. The intensity of our advocacy push has only increased in passion over the past twelve months – we want to see a future where there's ports and there's *friends of ports*, inclusive of industry leaders, government officials and everyone in between. Our

Cocktail Party at Parliament House in October, provided a chance for port leaders to network with parliamentary leaders and figures from various trade, transport and maritime security agencies. The event saw our members connecting with politicians from all sides, such as Hon Michael McCormack MP (Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development), Hon Alan Tudge MP (Minister for Population, Cities and Urban Infrastructure), Deputy Leader of the ALP Richard Marles, together with Senators Pauline Hanson and Jacqui Lambie, to name a few.

October saw the announcement of our new chair of Ports Australia's Board of Directors. I'd like to take an opportunity to firstly congratulate new chair, Stewart Lammin, CEO of Flinders Port Holdings, who – with over three decades experience in the sector – leaves no doubt that he is the man to lead the Board and management team into the future. I'd also like to acknowledge and congratulate outgoing chair, Grant Gilfillan, who has been an industry leader for decades, having invested time and effort into Port Authority of New South Wales, Ports Australia, and the sector.

The next year will see me and my team working harder than ever with our members and partners across the industry, to ensure that the potential of Australia's shipping industry becomes a reality. The population, freight task, and call for a sustainable future, will only continue to grow in our country, and we can't wait for our industry to be the one growing with it. ▲



Tasmania's tradelink to the world



Tasmania is booming. With a strong economy and record visitor numbers, TasPorts is responding to this strong growth. With responsibility for operations and management of all ports in Tasmania, we are delivering more projects and services than ever before to support Tasmania.

TasPorts remains committed to our purpose of facilitating trade for the benefit of Tasmania. But our ambitions have never been greater: to ensure the vitality of our state's economy, support our enviable way of life and serve as Tasmania's tradelink to the world.



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A new era for the ports of New South Wales

By PHILIP HOLLIDAY, chief executive officer and director,
Port Authority of New South Wales

Major infrastructure developments across cruise terminals and commercial ports will deliver a long-lasting economic return for New South Wales.

Port Authority of New South Wales ensured the safe navigation of over six thousand commercial vessels through our ports, during the 2018/19 financial year.

Our marine pilots performed over 10,500 transfers by cutter vessel and helicopter, and our marine operations teams also responded to more than 3,000 maritime incidents across our ports, from oil spills and pollution, to firefighting, emergency towage and vessel assists.

Our employees work 24/7 to keep our ports safe and secure, and their diligence, professionalism and preparedness is a credit to us all.

The next generation

Late last year, we launched a new cadet programme to support the next generation of seafarers and help build the Australian maritime skill base.

Cadets on the two year programme gain valuable seagoing experience on merchant vessels, alongside mentoring from Port Authority maritime professionals. Our intention is to help cadets progress to become deck officers on merchant ships and ultimately achieve their master qualification, affording them options to fulfil maritime leadership roles ashore.

The future of Sydney Harbour's working port

Glebe Island, in Sydney Harbour, has been a vital maritime supply route for over 100 years. The port's berths provide a low-cost, low-impact and sustainable way to bring dry bulk materials into the city.

Now, the role of this crucial asset will continue following the approval of a new

import, storage and distribution facility.

Due to the depletion of local sand supplies, the Multi-User Facility will meet inner Sydney's increasing demand for concrete and construction materials, supporting infrastructure projects such as Sydney Metro, WestConnex and Western Harbour Tunnel, over the next decade.

By importing materials by ship, truck movements on roads in the Sydney region will be substantially reduced — a single vessel can replace between 1,100-1,500 truckloads of material.

A new era for cruise in New South Wales

The cruise industry creates \$5.2 billion for the national economy and New South Wales is the home of cruise in Australia. The 2018/19 cruise season saw 354 ship visits to six of New South Wales' ports, generating a total expenditure of \$3.3 billion for the State (CLIA 2019 Australia Economic Impact Assessment).

While Sydney is placed as the number one cruise destination in Australia, regional New South Wales is also enjoying the benefits of a booming cruise sector. There were 31 ship visits to our ports in Newcastle, Eden and Port Kembla, last cruise season, plus four visits to Batemans Bay and Trial Bay. This is a 35 per cent increase over the previous year and generated \$25 million for regional New South Wales.

Leading this boom was the port of Eden, an increasingly popular destination for Australian cruisers. This year we opened the new Eden Cruise Wharf — a \$44 million project to extend the port's wharf, to allow vessels over 300 metres in length to berth in the port, for the first time.

We've also been working to bring cruise to other regional ports in New South Wales. Ships have visited both Trial Bay and Batemans Bay in the past year and, with

the release of our brochure – Cruise Sydney & NSW, Along the Blue Highway - we're looking to bring the economic benefits of cruise tourism to other destinations.

Cruise capacity constraints remain a reality in Sydney, and addressing this is critical to ensure we maintain and grow New South Wales' position as Australia's top cruise destination.

A detailed business case is now underway to investigate cruise capacity, industry demand and assess potential sites for a third cruise terminal in port Botany.

The detailed business case will recommend site options within the study area, provide high-level terminal concepts and commercial models for procuring, funding and operating a potential terminal. Port Authority and New South Wales Treasury will submit the detailed business case to the New South Wales Government for consideration in 2020.

An acknowledgment

Finally, I'd like to take the opportunity to recognise the leadership of Grant Gilfillan, who stepped down as chief executive officer of Port Authority, earlier this year, after 12 years at the helm.

Grant led Port Authority through significant changes during his tenure, including amalgamating New South Wales' three former port corporations into the organisation we have today.

Building on the work undertaken by Grant, together we will continue to keep the ports of New South Wales, safe, secure and open to the world. ▲

Port Authority of New South Wales manages the navigation, security and operational safety needs of commercial shipping in Sydney Harbour, Port Botany, Newcastle Harbour, Port Kembla, Eden and Yamba.

Keeping the ports of NSW
safe, secure and
open to the world

Sydney Harbour | Port Botany | Newcastle Harbour | Port Kembla | Port of Eden | Port of Yamba

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Port Authority cutter crew
Port Botany, New South Wales



Securing New South Wales' trade future

By MARIKA CALFAS, chief executive officer, NSW Ports

As Port Botany celebrates the 40th anniversary of its official opening, we are focussed on sustainably supporting the trade needs of New South Wales for the next 40 years and beyond.

In the next 40 years, New South Wales' population is forecast to grow to 12.5 million, which includes an extra 3.8 million people living in Greater Sydney alone. Ensuring our port supply chains are able to efficiently cater for the growing trade needs to support this population growth is therefore crucial to the economic vitality of the State.

NSW Ports is responsible for managing New South Wales' key trade gateways of Port Botany and Port Kembla, and two intermodal hubs at Enfield Intermodal Logistics Centre and Cooks River Intermodal Terminal. Together, these assets play a critical social and economic role, delivering \$4.4 billion to New South Wales' Gross State Product annually and supporting around 30,000 jobs.

Our vision is to be a world class port and logistics manager driving sustainable growth, and throughout 2019 we were pleased to achieve several milestones in support of this goal.

We started the year with the launch of our Environmental Shipping Incentive, becoming the first and only Australian port to financially reward ships with higher standards of environmental emissions performance (SOx, NOx, CO2) calling at our ports. We now

have over 500 vessels registered in the scheme, which supports the World Ports Sustainability Program.

We also welcomed the largest ships to ever call in Australia, with two 9,400 TEU vessels, the *Maersk Skarstind* and *MSC Elma*, arriving at Port Botany in July, and a 9500 TEU vessel, the *MSC Le Havre*, arriving in November. With deep and short shipping channels, today Port Botany is capable of servicing vessels larger than 12,000 TEUs.

In August, we released our 2019 Sustainability Plan and Hub (<https://sustainability.nswports.com.au/>), to great feedback.

A major focus is increasing rail mode share to meet our long-term goal of moving 3 million TEUs on rail by 2045. We have a significant programme of works underway, including investment in on-dock rail infrastructure capacity at Port Botany. Stage 1 of this investment (\$190 million) will double Port Botany's on-dock rail capacity to 1.5 million TEUs, and will be complete by 2023.

We have also made significant progress on our \$250 million development of intermodal operations and warehousing at Enfield Intermodal Logistics Centre. The intermodal terminal, operated by LINX Cargo Care, and four warehouses, are now fully operational and we have another two warehouse precincts currently under construction. Along with Cooks River and other intermodal terminals, these

facilities will act as logistics hubs on the corridor to the growing Western Sydney and regional areas.

It was only fitting that we rounded out the year by celebrating the 40th anniversary of the opening of Port Botany. In just four short decades, the port has cemented its position as Australia's premier port, and with ongoing investment in supply chain efficiency, sustainability and a continued focus on optimising port and terminal capacity, is well equipped to support the State's growing needs for the next 40 years and beyond.

That said, port planning requires long-term thinking, and we are already looking to the future when Port Botany nears capacity. Port Kembla will be the State's second container port, being close to growing population and business centres of Western Sydney, the aerotropolis and south-west Sydney. ▲



Guests at Port Botany 40th anniversary breakfast cruise



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NSW Ports manages the key trade gateways that connect the people and businesses of NSW with the world.

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Newcastle



A year in review

By CRAIG CARMODY, chief executive office, Port of Newcastle

Talking to customers is the most insightful part of my job. 2019 was no different. In regional New South Wales and southern Queensland, whether talking with exporters, particularly farmers, or importers, councils and regional logistics providers, the message was the same: sort out the supply chain when business is quiet. Droughts are a tough time for all, but exactly when you sort out the supply chain, so it is humming in time for the next bumper harvest. I also had the opportunity to meet with many of the world's top shipping lines. Whether meeting a farmer or a top-tier shipping line, the themes were remarkably similar: there is noticeable appetite for competition and improved efficiency.

We are taking industry feedback on board as we progress the \$1.8 billion Newcastle Multi-purpose Deepwater Terminal project. With a groundswell of industry and political support for the project, I am confident that we will soon be in a position to provide a superior option for customers.

2019 was also significant, as people in key roles finally acknowledged that vessels are growing in size and would visit Australia if they could be accommodated. Those up to 9,500 TEU are finding their way here now. However, as most of us know, new Panamax vessels of 10,000 to 14,000 TEU are now the workhorses of container shipping. As I have been saying for some time, Australia lags behind the rest of the world in having the necessary infrastructure to efficiently handle these larger vessels. Of course, most of this can be addressed with significant investment in new infrastructure.

Subject to the removal of the \$100 per TEU targeted tax on containers through Newcastle, PON is ready to invest \$1.8 billion in the very type of infrastructure needed to address these capacity constraints. With a level playing field, shipping lines and regional businesses

alike, can make their own choice as to the best supply chain solution for them.

It was a productive year for the port on many fronts, significant for the dual celebration of 220 years of commercial shipping, and 160 years of maintenance dredging to support safe and reliable operations of the shipping channel.

2019 also brought with it a new logo, website and branding. This is not just a fresh coat of paint. We very much see our role as custodians of the Hunter region's most critical asset and have set our sights on creating a safe, sustainable and environmentally and socially responsible port for the future.

One aspect of creating such a port, is about our sustainability. Port of Newcastle this year became a leader in Australia and New Zealand, as the first to join the EcoPorts Sustainable Logistics Chain. We are now benchmarked against 120 major ports across Europe, Asia, North America and South America. It is exciting to see other ports, including Geelong, join the network in 2019. We hope others in Australia will join us.

Our vision also requires the port to diversify. As the largest port on the east coast of Australia, we have much to keep us busy.

But 2019 also saw new opportunities, including the awarding of Critical State Significant Infrastructure status to EPIK's proposed LNG import terminal project. This helps diversify the port but also underpins many port customers with reliable and competitive gas supply.

The Port is also pleased to be increasing capacity, handling efficiency, safety and environmental performance with its new \$35 million bulk ship unloader, due to begin operating in 2020. Meanwhile, we celebrated with industry, with the arrival of the first LR1 and LR2 class fuel tankers this year. This was the product of a four-year industry collaboration.

It was also wonderful to complete a \$1.2 million restoration of the Carrington Hydraulic Engine House façade and creation of a new public plaza. Built in 1877, the facility housed the first large-scale hydraulic power system in Australia. Port power generation has come a long way in 142 years, but so too has the port. As we look to 2020, we do so with an eye much further into the future. We want to leave a positive legacy for the Hunter region and assist New South Wales to be a competitive economy that trades efficiently with the world. It is a privilege to be a part of this transformative effort. ▲





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Few Australian ports can match Port of Newcastle's unique capabilities, which include:

- **capacity to double trade volumes;**
- **deepwater shipping channel;**
- **connectivity to a world-class supply chain;**
- **available port-side land;**
- **unconstrained freight network; and**
- **berthside connections to the heavy rail network.**

Port of Newcastle is embarking on an ambitious diversification strategy that better utilises the full capacity of its assets to grow existing trade and establish new, efficient and cost-effective supply chains.

Our people are at the heart of our operations, striving every day to create a safe, sustainable and environmentally and socially responsible Port that realises its potential.

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Future proofing our shared prosperity

By CRAIG WALKER, acting chief executive officer, Gladstone Ports Corporation

Gladstone Ports Corporation (GPC) is on the verge of unprecedented opportunity – continuing globalisation, energy transitions and new technology – we are readying Queensland to take full advantage of the future.



Vessel berthed at RG Tanna Coal Terminal, Port of Gladstone

Preparing for the next 50 years, we are looking to unlock the economic potential of the regions in which we operate, with a strong focus on intergenerational planning and facilitating trade growth for our three port precincts.

As Australia's premiere multi-commodity port, the key to our success at GPC is our forward-focus, allowing us to take full advantage of emerging trades. It is critical that our ports are developed in a systematic and sustainable manner, to facilitate

the continued growth of trade and planning is a vital part of that process.

At GPC, our processes are driven by a clear, strategic direction. We've developed 50 year Precinct Outlooks for the port of Bundaberg, port of Rockhampton, Port Central and Fisherman's Landing in Gladstone, enabling the corporation the foresight to create the right infrastructure, opportunities and connections to address future domestic trends and global shifts.

Our Precinct Outlooks ensure tactical sustainability objectives, whilst utilising our historical value, coupled with future demands.

The Draft Port of Bundaberg Precinct Outlook was released in September, and has been available for consultation with stakeholders to ensure we have a shared vision for the future of the precinct.

GPC will release the Draft Outlooks for the port of Rockhampton, port Central and Fisherman's Landing, in early 2020.

As key multi-commodity precincts in Queensland, all three port regions hold trade connections to growing economies.

Globally, the focus of trade is shifting from the G7 countries to the Emerging 7 (E7) countries – China, India, Brazil, Mexico, Russia, Indonesia and Turkey – and these markets are opening new trade opportunities for our regions.

Growing urbanisation and prosperity in Asia, combined with rising food security, will also drive demand for agriculture, natural resources, tourism

and other new, value-added products.

We are resolute in our commitment to future-proof our operations for generations to come.

Putting the spotlight on our recent successes, we released our 2018-19 Annual Report in September, showcasing record throughput tonnages, strong revenue and solid profitability, exceeding our forecasted dividend.

Our three ports handled a record 124.8 million tonne (Mt) of cargo, 4.6 Mt higher than the 2017-18 financial year, and we saw an increase in vessel movements, from 1,911 to 1,940.

In addition to our record tonnage, our financial performance was the best on record, demonstrating the strength of our operations.

Record levels of coal, LNG and a doubling of container trade, represent the hallmarks of our recent success.

In early October, we celebrated with Shell's QCG business, as their 500th cargo sailed out of port aboard the *Gaslog Gladstone*, proudly escorted

safely to open water by our Marine Pilot Service.

We remain focussed on the important priorities of growing jobs, trade and our regions prosperity into the future, while ensuring our operations remain sustainable and continue protecting our greatest ecological asset, the Great Barrier Reef.

We have a strong focus on improving our robust environmental management systems to not just meet, but exceed our obligations to protect the environment.

GPC's sustainability journey will continue in 2020, as we work towards future-proofing our operations and reducing our footprint.

We understand the important role we play as the gateway for Australian trade, jobs and prosperity, and we are confident our strategy of commodity diversification and our ability to leverage our competitive advantages – our deep water harbour, landholdings and proximity to Asia – will enable Queensland to take full advantage of the unprecedented opportunities which lay ahead. ▲

Positioning Queensland for a strong future

GPC has a unique competitive advantage due to our proximity to Asia, Gladstone Port's existing operations and deep water harbour, large landholdings with State Development Area approvals and ports in Bundaberg and Rockhampton.

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Gladstone Ports Corporation

Growth, prosperity, community.

Port of Brisbane is building the Brisbane International Cruise Terminal (BICT) – a world-class facility that will transform cruising out of Brisbane.

Located in Pinkenba at the mouth of the Brisbane River and only 15 minutes' drive to Brisbane Airport, it has easy access to south-east Queensland's major tourist regions, including the Gold and Sunshine Coasts and Brisbane's CBD.

The new terminal is open to all visiting cruise lines and will welcome baseporting, turnaround and day calls – opening up with new possibilities and new itineraries for passengers and cruise lines.

With over 190 cruise ships booked for the 2020/21 cruise season, we're getting ready to welcome hundreds of thousands of passengers through the doors later this year.



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in net expenditure into the
Brisbane economy





Ports North dredging project defies the odds

By RUSSELL BEER, chairman, Ports North

The prospect of pumping soft clays and silts from the seabed through eight kilometres of steel pipeline, which traverses beach front, mangroves and cane fields, before being deposited in a deep water-filled pit on land, was not without challenges.

Take, for example, the hundreds and hundreds of compliance regulations and conditions added to the approval of one of the most detailed environmental impact statements for a dredging campaign in Australia.

But the Cairns Shipping Development Project went ahead after more than six years of deliberations by State, Federal and Local governments and Ports North - the owner operator of nine Far North Queensland ports, including Cairns.

This has been an incredible effort by our team. We pioneered a method which was a clever solution for Cairns, after legislation was introduced banning off-shore placement of capital dredge material.

To see the dredging completed on budget and on time and with minimal impact to the community and our stunning tropical environment, is really something to celebrate.

The \$127 million project involved removing up to 1 million cubic metres of dredge spoil from the Cairns shipping channel, to allow larger

vessels safe passage into the port of Cairns.

In particular, the deeper and wider channel would allow for cruise ships up to 300 metres in length to berth at the Cairns Cruise Liner Terminal, which is one of the top four cruise ship destinations in the country. The upgrade would also bring benefits

for cargo carriers. The increased depth of the channel enables bulk cargo carriers to carry larger loads and opens up the port for more opportunities in cargo traffic.

As an added benefit to Australia's defence, the deeper channel access to HMAS *Cairns* also created the potential for the Royal Australian



Trailing suction hopper dredge, Balder R



Backhoe dredger, Woomera

Navy's largest ships to berth in Cairns, as well as large foreign navy ships.

Furthermore, the project relocates the Main Swing Basin positioned adjacent to HMAS *Cairns*, which would enable a potential future expansion of HMAS *Cairns* into the inner harbour.

The positive impact this development will have on the Cairns economy cannot be overstated – from creating jobs through to boosting business, multiple sectors and thousands of locals will reap the benefits of a transformed Cairns Port.

Now that the dredging campaign is complete, we have begun the final phase of the Cairns Shipping Development Project, which is to upgrade wharves 1-6 at the cruise shipping precinct to cater for the larger ships coming in. Most of these wharves are more than a century old, so again, we faced particular challenges to ensure the heritage values remain.

The Cairns Shipping Development Project is one of a number of highlights for Ports North in the past year, across its nine ports, which have made up the *blue highway* between remote communities and national and international markets, for more than a century.

Across regional ports, Ports North has successfully negotiated with New Century Resources to re-establish trans-shipping operations through the port of Karumba; negotiated

the successful start-up opportunity for the Metro Mining bauxite export operation at the port of Skardon River; and is working with United Petroleum to develop a proposal for a fuel terminal import facility at the port of Mourilyan.

Underlying all of this is our Ports Master Planning Project, which began this year. This will inform land use, infrastructure and operational decisions in an economic and environmentally sustainable

way, for the next 30 years. It is complemented by a Sustainability Strategy to assess economic, environmental and community issues, as well as our policies, strategies and governance against the United Nations Sustainable Development Goals.

Cairns Port, together with Thursday Island, Karumba, Skardon River, Mourilyan, Burketown, Cooktown and Quintell Beach, are the hubs for provision of goods and services for communities across Far North Queensland. The key ports handle industries involving bulk shipments of sugar, molasses, silica sand, zinc, magnetite, bauxite, fuel, fertiliser, log product, livestock, project cargo and general cargo.

Ports North continue to champion the case for the development of Far North Queensland as a supply hub and source of goods and services to other areas of Australia, as well as to neighbouring Asian and Pacific regions. We are also in a great position in a defence capacity, to take the region forward. So we watch with great expectation, the effects the Cairns Shipping Development Project and the new expanded channel will have across our industries, into the future. ▲

For more information visit:
www.portsnorth.com.au



Steel pipeline to transport dredge material to on-land site



NQBP supports regional economic growth

By NICOLAS FERTIN, chief executive officer, North Queensland Bulk Ports Corporation

During the past year, North Queensland Bulk Ports Corporation (NQBP) continued to work with stakeholders, customers and communities to support regional economic growth through its business activities. The NQBP team was continuing to drive a strong business performance, while remaining committed to their own safety and the safety of others.

The safety of our employees, contractors, port users and members of the public remains our daily priority. We are proud of the contribution we make to the State of Queensland through employment, ship movements, profits and dividends.

In the 2018/19 financial year, NQBP facilitated trade movement worth \$40 billion, delivered almost \$10 million to the State of Queensland via its shareholders, and supported 30,000 regional jobs through direct and indirect employment.

Total trade through NQBP's four ports at Mackay, Hay Point, Abbot Point and Weipa was 177.5 million tonnes. On the back of these positive trade and financial results, we will continue to evolve to accommodate market changes and customer needs. Our recent investments in the port of Mackay are an example of adaptations to new markets, making Mackay a gateway to connecting central Queensland to the world.

A dedicated strategy to attract new breakbulk trade to the port of Mackay, coupled with significant investments in port infrastructure, came to fruition in July 2018, when the first ever roll-on roll-off (RORO) vessel was welcomed into port.

Since then, more than ten RORO vessels have loaded and unloaded mining and agriculture equipment at Mackay, destined for central Queensland.

A \$2.9 million extension of Edmund Case

Drive, expected to be completed in early 2020, will provide a second access way to the port of Mackay, improving port operational efficiencies and emergency access, while also creating future land development opportunities.

In addition, construction has commenced on a large laydown and washdown area that will modernise the facilitation of washing down and storing imported goods subject to biosecurity controls.

The port of Mackay has played a vital role in connecting central Queensland to the rest of the world since it was officially opened 80 years ago. We were proud to celebrate the port's 80th anniversary in August this year.

The port plays an integral part in Queensland's prosperity – growth in trade through the port has the potential to help facilitate broader economic growth in regional Queensland.

While trade facilitation and diversification is a major focus for NQBP, minimising the environmental impact of our operations and stewardship of the Great Barrier Reef World Heritage Area is core to how we do business.

With three ports in the Great Barrier Reef World Heritage Area, NQBP has maintained a strong focus on environmental research and innovation. NQBP undertakes a range of long-term environmental monitoring at each of its ports.

During the year, the organisation launched its second online environmental dashboard, which shares data from seagrass monitoring and complements the air quality dashboard launched the previous year.

The recent national recognition of NQBP and James Cook University's integrated marine monitoring programme at the Business Higher Education Round Table (BHERT) Awards was a testament to the

breakthrough environmental work. We are extremely proud that the programme was recognised among 155 applicants by a panel of leaders from universities across Australia. The partnership sets an example to the maritime industry around the world, of how well-managed ports and critical coastal habitats can coexist for the preservation of iconic natural assets and significant economic assets for future generations.

NQBP's innovative approach to sustainably managing sediment from dredging within its ports culminated in two substantial achievements in 2019, with essential dredging completed at both the port of Weipa and the port of Hay Point.

At the port of Hay Point, NQBP successfully obtained dredging permits from the Great Barrier Reef Marine Park Authority, which carried conditions to ensure the protection of the marine environment within the World Heritage Area. During the dredging programme, completed in May 2019, water clarity was kept within natural ranges and there were no effects on turbidity levels.

Additionally, we're proud of the success of the dredging completed at the port of Weipa in mid-July 2019, delivered with additional environmental control measures, innovative commercial solutions and contractual arrangements.

Throughout the year, the team at NQBP demonstrated its dedication to operating its ports in balance with its customers, communities and the environment, while also striving to deliver a financial benefit to the State of Queensland.

In 2020, we will continue to work with our stakeholders, customers and communities to ensure we meet their needs and expectations, and our ports continue to contribute to growth in sustainable trade, creating real and lasting value. ▲



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Building for the future

By PORT OF TOWNSVILLE



Image: Port of Townsville

The Port of Townsville is in the midst of great change as we move towards a programme of works to expand operations, improve efficiencies and enhance reliability for customers.

After a challenging past few years in North Queensland, trade volumes through Townsville port increased 4.7 per cent on the previous year, largely driven by growth in minerals exports. This was despite the unprecedented monsoonal flooding event earlier in the year, which saw the Mount Isa to Townsville rail line closed for 12 weeks, and devastation across communities in the region.

Townsville port is a significant commercial, defence and cruise port that caters for a large variety of dry bulk, liquid bulk, break-bulk and containerised commodities, and continues to focus on growing and diversifying its trade base.

Positive economic signs in the mining, manufacturing and renewable energy sectors are bringing renewed confidence in the economic outlook for the region, including mine developments in the North West Mineral Province and the Galilee Basin. Expansion of the existing zinc refinery, investigations for a number of other refineries and processing plants, battery manufacturing plants and renewable energy projects, are contributing to forecast growth in the port's trade outlook.

Agricultural exports are also set to be a growing market, with a number of new commodities being trialled. The first quarter of the 2019/20 year has seen the first exports of pumpkins and rockmelons from the port of Townsville, together with the first export of frozen beef in over a decade. Containerised legume export trials are planned for December, with significant opportunities from large-scale dry and irrigated cropping areas in the region.

Improved container handling infrastructure will facilitate more frequent and cost-competitive container handling. A \$40 million

Port of Townsville major infrastructure projects include:

- The \$193 million Channel Upgrade Project will widen the navigational channel to welcome larger ships,
- A \$48 million 'Pit to Port' common-user rail freight terminal,
- A \$30 million Crane and Cargo Terminal project at Berth 4, includes construction of a 1.6 hectare container terminal and a new ship-to-shore crane.



Image: Port of Townsville

upgrade of Berth 4 was recently completed, doubling the capacity of the berth through larger and more efficient operations. A further \$30 million is being invested into a new container terminal, which will open early 2020, and a new

Liebherr ship to shore crane, which will be operational on Berth 4, in December 2020. Berth 4 also offers priority to container liners, so they meet their schedules, giving surety to importers and exporters.

The Port's \$1.6 billion, 30 year port development programme is taking shape, with the first major project, the \$193 million channel widening, now getting underway to cater to growing demand and expanding vessel sizes. The project includes the widening of the existing navigation channels, the construction of rock wall revetment ponds and the creation of around 60 hectares of land, through reclamation. The Queensland and Federal Governments are contributing \$150 million towards the project, which will be completed in 2023.

Cruise ship visitation continues to grow and will improve further when the channel is widened. Townsville will also hold the Australian Cruise Association Conference in 2020, bringing together leading national and international cruise executives, port authorities and tour operators.

This growth is taking place against the backdrop of our unique position. The importance of our location in Cleveland Bay, in the Great Barrier Reef World

Heritage Area, is not something we take for granted. The Port is committed to sustainable development and operations, with a comprehensive range of monitoring programmes and sustainability initiatives, to ensure that the health of the bay and our surrounds is protected and improved.

As Northern Australia's largest general cargo and container port, the Port of Townsville is investing in the infrastructure, technologies and innovations to ensure we continue to drive economic development for North Queensland. ▲



Image: Port of Townsville



A landmark year

By STEWART LAMMIN, general manager, Flinders Ports Holdings

2019 has been a landmark year for Flinders Ports Holdings. The company completed the Outer Harbor Channel Widening Project at Port Adelaide, launched significant upgrade works at some of its regional ports and expanded its operations in warehousing and distribution.

Outer Harbor Channel Widening Project

The dredging works for the Outer Harbor Channel Widening Project was completed. The project, which represented an \$80 million investment by Flinders Ports, puts Port Adelaide on a level footing with other container ports across the country. International dredging specialists, Boskalis, carried out the dredging works with state-of-the-art trailing suction dredge (the *Gateway*), and the world's largest backhoe dredge, the *Magnor*. The dredging works were successful, and were efficiently managed throughout the project, with environmental considerations a key priority that informed operational activities.

The channel has been widened by 40 metres to allow the largest class of container vessels in the Australian trade to call at Port Adelaide, without restrictions. The project itself was a vital infrastructure development for the State, as 99 per cent of South Australian imports and exports by weight are transported to and from the State by sea. The container terminal is a vital contributor to the State, as it supports more than 6,000 jobs. South Australian exports through the port exceed \$8 billion annually and imports, approximately \$6.5 billion. With the completion of the dredging, larger ships immediately began calling Port Adelaide, demonstrating the importance of widening the channel and continuing to unlock vital import and export opportunities for South Australia, and securing the longevity of our tourism and trade industries.

There are extensive works planned for Berths 18 to 20 at Inner Harbour in Port Adelaide, with works commencing in 2020 to remediate and optimise serviceable hardstand areas, which are used primarily for large break bulk cargoes.

Regional port developments

Port Lincoln

As owners and operators of six key regional ports in South Australia, Flinders Port Holdings has also planned and commenced works on improving infrastructure in our regional ports, including Port Lincoln, Port Giles and Thevenard. Over the next five years, the company will invest between \$15 and \$18 million into the Port Lincoln wharf and facilities, including lighting and electrical upgrades, wharf remediation, carpark redevelopment, the Parkalla Trail and other general infrastructure maintenance that will ensure the longevity of this vital piece of infrastructure that supports jobs in the region. Port Giles is also receiving some electrical and fender upgrades. There has also been significant investment in infrastructure at Port Lincoln to improve the ease of passengers boarding and disembarking from cruise ships.

Thevenard

The Thevenard Jetty Restoration project is well underway, with works having commenced in June this year, and is currently in the demolition and initial reconstruction phase of the works. Through to summer 2019/2020, the focus will be on completion of the demolition of the older concrete slabs on the jetty, and the installation of new piles and steel supports, followed by the installation of the new concrete decks. Flinders Ports has been working closely with port users to accommodate shipping requirements and to minimise disruptions to operations during the planned works.

The project is on schedule, with full restoration set for completion in late 2020. This is another important project to ensure that this vital piece of infrastructure will continue to support regional jobs well into the future.

Launch of Flinders Warehousing and Distribution (FWD)

In October, Flinders Ports Holdings successfully launched its new subsidiary, Flinders Warehousing and Distribution (FWD). The new company has recently commenced operations at Outer Harbor and is strategically placed, adjacent to the Flinders Adelaide Container Terminal (FACT).

FWD provides fully integrated land-based supply chain services, including warehousing, distribution and seamless access to rail and road transportation services.

The company has the capacity to handle all cargo types, including out-of-gauge cargo, standard containers and pallets, for long or short-term storage. The direct transfer of out-of-gauge cargo from FACT to FWD will allow cargo to be unpacked, without the need for road transport and associated permits for the first move, and will significantly improve delivery times to the final destination.

New rail spur at Flinders Adelaide Container Terminal

There has been a significant change to the intermodal infrastructure at the Flinders Adelaide Container Terminal, with the completion of the new rail spur and the laying of additional hardstand.

The intermodal facility operational footprint has effectively doubled, resulting in both increased operational capacity and operational efficiencies.

Looking ahead

The Flinders Port Holdings Group are looking forward to another busy year in 2020. The group has already progressed on its mission to be future focussed, via an ambitious 50-year masterplan. This planning process will incorporate a wide variety of economic, stakeholder, community, efficiency and operational drivers. We will ask the questions that we must, in order to ensure our planning processes can guide us in delivering for the long-term health of South Australia and our business. ▲

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Optimisation and innovation - the key to managing growth challenges

By Captain ARUN RAMPAL, marine manager, Port of Melbourne

The Port of Melbourne is a major business gateway for south-eastern Australia, contributing 19,600 jobs and \$6 billion to the Victorian economy. It is the largest container, automotive and general cargo port in Oceania.

In 2018, the port handled a record 3 million TEU in trade, and this volume is forecast to grow to 8.9 million TEU by 2050; at a rate of 3.5 per cent per annum. Victoria's population growth continues to be strong, providing opportunities and a need for significant infrastructure investment. It puts pressure on infrastructure and planning both at the port, and across Victoria. For the past four years, more than 100,000 people annually, have come to live in Melbourne and Victoria.

Changes in the shipping market are driving demand for larger ships, which in turn, influences how our local supply chain works. Ship sizes are generally getting bigger, while the macro-economic conditions are volatile and uncertain. For ports to remain competitive, a fully integrated plan that aligns with a long-term strategic need of the city, the State and the nation is required.

Pressure on freight rates, together with the impending compliance with



Simulation proved the feasibility of navigating large ships to Swanson dock



Maersk Skarstind, 9,472 TEU, squeezes under the Westgate bridge

the IMO low sulphur requirements in 2020, has seen further shipping industry consolidation and increased the intensity to cascade larger ships onto the Australian trade routes. Rapid change has the potential to disrupt the port ecosystem globally, in terms of productivity, risk management and governance. The Port of Melbourne is meeting this challenge head-on by embracing technological advancements and innovation.

To enable future growth while working within constraints of ports, such as topography, human-made (bridges), environmental compliance, and regulatory requirements, a competitive port requires innovation to succeed.

At the beginning of 2019, it was by no means certain that the larger container vessels could call at the Port of Melbourne. The challenges were numerous. Ships are getting longer and wider, while berth and channel infrastructure changes require long lead times and are high cost. The Yarra River is not getting any wider, and the Westgate Bridge has an air draft restriction, and wider ships require appropriate quay cranes outreach. Regulatory approvals have substantial lead times and are extensive.

This year provided a turning point for the port to accommodate big ships. The arrival of three Bosporus-Max vessels (300 metre LOA x 48.2 metre beam) to Melbourne in 2019, for the first time demonstrates how the port can innovate to meet the challenge of accepting larger container ships, enabling maximisation of built assets. Such innovation also assists the port to plan for future growth.

In July 2019, the first Bosporus Max class of vessel 'Maersk Skarstind' made its maiden voyage to Melbourne into the Swanson Dock East Terminal, followed by 'MSC Elma' and 'MSC Elodie'.

Collaboration and innovation

Since 2016, the port has heavily invested in new technology. It includes meteorological ocean forecast modelling, hydrodynamics, wind, waves and sediment transport analysis, vessel interaction studies, and building an Integrated Port Model to maximise the capacity of the existing channel and berths. Port has undertaken an extensive vessel simulation programmed, with the support of Victorian Port Corporation Melbourne and Port Phillip Sea Pilots, at AMC Search and Pivot Maritime. We conducted engineering structural assessments of all the key terminals' infrastructure and dredging cost optimisation to minimise environmental footprint.

The successful vessel arrivals were due to a collaborative effort, and timely engagement between the key stakeholders were critical drivers that enabled the port to manage this change.

The success of larger ships that called at Melbourne this year, is a clear message to the industry that the Port of Melbourne stands ready to accommodate the largest vessels servicing Australian trade. The ongoing investment has enabled Port of Melbourne and VPCM to effectively analyse and validate future operations, to maximise the built assets and to clearly understand the risks and mitigations required.

Underpinning this success is an Integrated Management System(IMS)

certified to four international Standards (Quality: ISO 9001, Environment: ISO 14000, OHS: ISO 45001 and Asset Management: ISO 55001). Port of Melbourne is the first Australian organisation to certify IMS to these four standards concurrently.

Preparing for the future – a road map

To enable growth in trade volumes and vessel sizes into the future, the Port of Melbourne has developed Port Development Strategy 2050 (2050 PDS), which sets a framework for managing growth challenges in the next 30 years. The 2050 PDS outlines critical projects to meet not just future demand, but importantly to supplement efficiency and productivity.

A range of projects has been identified to improve efficiency and productivity – including an active rail component. Many of these projects are well advanced in the planning phase to enable timely commencement. Given the long lead times for major infrastructure projects, the port will ensure project delivery is with minimal disruption to customers.

While the arrival of the Bosporus-Max vessels heralds a new era for the Port of Melbourne, it is the first step towards other classes of ships, and the port is ready to meet growth challenges today and beyond 2050.

To view a short video of the arrival of the *Maersk Skarstind* go to <https://tinyurl.com/pom-maersk-skarstind>

To download the Port Development Strategy 2050 go to www.portofmelbourne.com ▲



Enhancing navigation safety and shipping efficiency in Melbourne

By RACHEL JOHNSON, chief executive officer, Victoria Ports Corporation (Melbourne)

Safe navigation in the port waters of the port of Melbourne is the top priority for Victorian Ports Corporation (Melbourne) (VPCM), and our challenge is to maintain safety while meeting the evolving needs of the commercial cargo operations of the port.

A key part of this challenge is the ability to accommodate the increasingly larger container ships being deployed worldwide.

Since VPCM's inception, we have been working closely with Port of Melbourne, the private organisation managing the port's commercial operations, together with marine pilots, stevedores, towage operators and shipping lines, to assess opportunities to accommodate these vessels in Melbourne.

Simulations and computer-based analyses are used to assess whether these larger vessels can safely navigate Port Phillip Heads and berth in Melbourne. These assessments have led to a series of staged trials, with incremental draughts during 2018 and 2019.

The first of the trials was the successful berthing of OOCL *Seoul* at Webb Dock, in August 2018. At 325 metres in length overall (LOA) and with capacity for 8063 TEU, this was the largest container ship to visit Melbourne to that date. Since then, more vessels of similar size have berthed at Webb Dock, the largest being 336 metres LOA.

In November 2018, the first trial for accommodating larger vessels in Swanson Dock was undertaken, with MSC's *Archimidis*. It was the largest container vessel to visit the dock to that date, with an LOA of 317.8 metres and a beam of 43.2 metres. Since then, further simulations and trials have led

to vessels of 325 metres LOA being berthed, as well as "Bosphorusmax" vessels of 300 metres LOA and 48.2 metres beam.

These trials are successful because of the close cooperation and intense work throughout the process, by all the parties involved. The programme is ongoing, as VPCM works to meet the needs of the industry.

To enhance navigation safety for all vessels in Port Phillip, a project is well underway to replace and upgrade the vessel traffic services (VTS) system covering port waters.

The geographical scope of the innovative new system remains unchanged from the current one. However, the specifications provide for expansion as required, and the ability to interface with future innovations as they become available.

While the performance level of a VTS system is mandated through international standards, the ability of the new system to take advantage of features of the previously installed advanced radars, will provide levels of detection not previously attainable.

The combination of larger vessels and an enhanced navigation safety system will enable cargo owners using Melbourne to access more competitive freight rates and improved efficiency, which will benefit not only exporters and importers but the industry and economy as a whole. ▲



Changing energy mix and Victoria's regional ports

By STUART CHRISTIE, development manager, Victorian Regional Channels Authority

One of the most strident and passionate public debates in 2019 has been around the topic of 'energy'.

Energy demands, energy sources, energy policy, renewable energy and the reliability of energy supplies, have all kept energy discussions in the headlines, and it's an issue that offers some exciting opportunities for Victoria's regional ports.

Victorian Regional Channels Authority (VRCA) manages commercial navigation in the port waters of Geelong and Hastings. VRCA also oversees channel management for the port of Portland and coordinates the Port Development Strategy for the port of Geelong.

Traditionally, energy has been a key trade through the ports of Geelong and Hastings, for many years. It was back in 1958 when what was described as the first super tanker – the 28,000 tonne *Velutina* – entered the port of Geelong to deliver crude oil to the then Shell refinery at Corio.

Operated by Viva Energy since August 2014, the Geelong refinery has now grown its output to supply half of Victoria's fuel needs.

Across at Hastings, Exxon Mobil has utilised hydrocarbons from Victoria's Bass Strait for export of crude oil and liquid petroleum gas (LPG), while United Petroleum utilises Hastings for the importation of gasoline and diesel into the Victorian market.

The continued growth and diversification of Australia's energy needs and markets, augur extremely well for Victoria's regional ports of Geelong, Portland and Hastings.

Victoria currently has around 1,800 MW of operating wind farms, with 1,900 MW under construction and a further 1,700 MW having received planning approval. Much of this development is centred around western Victoria.

With significant volumes of wind farm components being imported, this has created demand for support at both the port of Portland and port of Geelong, with shipments of tower sections, blades, turbine heads and a number of large transformers.

Projected supply and demand imbalances for natural gas, in south eastern Australia, have resulted in a number of investigations into the importation of liquefied natural gas and here again, is a potential opportunity for business growth for our ports.

In Victoria, AGL continues its investigation into developing a gas import hub at the port of Hastings, utilising a moored ship at Crib Point jetty, a Floating Storage and Regassification Unit (FSRU) to inject gas into the network. A new 57 kilometre long pipeline will be commissioned to connect Hastings into Victoria's gas transmission network at a location east of Pakenham.

Clearly, if this project gets the go-ahead, it would be a significant boost for Hastings.

Already underway at Hastings is the construction by Kawasaki Heavy Industries of a trial coal to hydrogen plant, at Hastings. A newly constructed liquefaction, storage and loading facility will convert hydrogen gas (H2) to liquefied hydrogen (LH2), using existing commercial technology already in use overseas.

The Hydrogen Energy Supply Chain (HESC) is a world-first pilot project to safely and efficiently produce and transport clean hydrogen from Victoria's Latrobe Valley to Japan. This will include the world's first hydrogen vessel, moving hydrogen to Japan, which is scheduled to be launched in December 2019.

Many of our strategic partners are already looking forward, with Viva Energy recently launching its new very low sulphur fuel oil (VLSFO), developed to meet the International Maritime Organisation's (IMO) new regulations on fuel sulphur content.

These new regulations will limit the sulphur content in marine fuels to 0.5 per cent from the current level of 3.5 per cent, in a move to reduce sulphur oxide emissions globally. Vessels worldwide will be required to comply by 1 January 2020.

The introduction of the IMO's new sulphur cap on fuels is one of the most significant events in the shipping industry since ships started transitioning to fuel oil from coal, over 100 years ago.

Peter Mannion, VRCA's new CEO (and former chair of Rightship Pty Ltd, and general manager Fleet Operations and Safety at Rio Tinto) is, together with our team, excited to see that energy linked trade has a very strong future in the regional Victorian ports now, in 2020 and beyond.

There is no doubt that our ports are important enablers for Australia's changing energy needs, and we need to be agile and forward thinking enough to make the most of these sustainable and cost-effective opportunities. ▲



Strategic changes, opportunities and success

By ROCHELLE MACDONALD, chief executive officer, Mid West Ports Authority

A sustainable strategy reset, recognition of maximisation opportunities and celebrating our successes, have been the major themes for 2019 at Mid West Ports.

With the development of its 15 Year Strategic Plan, Mid West Ports Authority has started their journey toward a sustainable future, in alignment with the United Nations Global Goals for Sustainable Development.

This strategy reset has led to an organisational restructure, with a strong focus on developing our people for the future. It has enabled us to build capability across key areas in the business, with many opportunities created for internal candidates to grow and develop.

2019 has seen the development of the Geraldton Port Master Plan and in particular, the Port Maximisation Plan, which has enabled the port to identify how much trade can be accommodated through the port within its current harbour footprint, and what the constraints and opportunities are to development. This planning has also helped inform the lifecycle asset planning and investment for critical and high importance assets.

Implementation of Phase II of the Enterprise Resource Planning software systems continues, bringing safety, sustainability, human resources, asset management and operations into an integrated platform. The focus of the project is to provide the workforce with mobile applications to complete everyday tasks, improving efficiencies on how business is conducted and to provide contemporary reporting tools.

The last 12 months has also seen a refinement in our procurement procedures, where the function has been expanded to create value from the supply base by not only focusing on price, but also increasing

operational performance. The focus driving efficiencies, working collaboratively and implementing the Western Australian Industry Participation Strategy and Aboriginal Procurement Policies. Procurement is managing the supplier base, and developing and maintaining long-term relationships with those suppliers who will deliver value and alignment with MWPA business strategies. Local procurement is key to developing the region in which we operate.

2019 marked the 50th year of the Port Authority, with the Geraldton Port Authority (GPA) having been established in 1969, after commencing operations in the 1890s as a single railway jetty. In 2014 GPA was rebranded Mid West Ports Authority. The 50 year milestone was celebrated with a community open day, whereby some 1500 local people attended a Community Hub and 450 took advantage of guided tours of the port by bus.

Attracting cruise to Geraldton is a continued focus for the port, and we recognise that working collaboratively with other Western Australian ports, to develop our facilities to cater for cruise is a key component to our long-term success. The Port Master Plan has made consideration for a dedicated cruise berth, which would facilitate visitors on and off the ship without having to transit through the MSIC zone, improving their experience and access whilst berthed in Geraldton.

As one of the most diverse commodity ports in Australia, we continue to build on our base of diversified trades. Stronger commodity prices and a more favourable exchange rate for exporters resulted in a slight increase in trade tonnage compared with 2017/18, with several major milestones laid in the path to a stronger and brighter future for the Mid West region.

We are delivering on our commitment to unlocking the Mid West region by attracting new trade sectors, expanding existing trade and investing in our infrastructure to provide reliability, capacity and future planning of our port. Planned new trade has the potential to significantly increase both the volume and variety of minerals exported through the port in the future.

As Mid West Ports work to achieve growth and development aspirations, it is important that these goals are achieved whilst operating in balance with the environment and community expectations. 2019 focused on recruiting and establishing a dedicated sustainability team. The team has been focused on ensuring the foundations for growth are strong. Compliance assurance programmes have been reviewed and improved, stakeholder engagement has been invigorated and a sustainability strategy will be implemented in 2020, to ensure the strategic and port maximisation plans identify and realise opportunities to improve performance across the three pillars of sustainability - people, planet and profit.

Looking forward to 2020, we celebrate 180 years since the maritime industry began from Champion Bay, Geraldton. HMS *Champion* was the first ship to anchor off our coast. Lead ore was the first product exported and the first jetty was built in 1857, a 244 metre railway jetty.

While 2019 has been a year of transformation at Mid West Ports, 2020 will focus on consolidation and delivery of strategy objectives, including taking delivery of three new Svitser tugs mid-year, continuing to build community capacity through initiatives and engagement and celebrating 180 years of the maritime industry in Geraldton. ▲



Gateway to trade and tourism in regional Australia



Mid West Ports Authority has been overseeing safe, secure and efficient port and marine services in the Mid West region since 1969. MWPA manages one of WA's most diverse operations in the Port of Geraldton, facilitating trade to 27 countries and the east coast of Australia

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The Pilbara



Facilitating trade in the Pilbara

By ROGER JOHNSTON, chief executive officer, Pilbara Ports Authority

Pilbara Ports Authority is the world's largest bulk export port authority, encompassing the ports of Ashburton, Dampier and Port Hedland. PPA CEO Roger Johnston outlines how innovations across the ports support the authority's plans to drive trade growth.

In the 2018/2019 financial year, Pilbara Ports Authority reported a total annual throughput of 697.2 million tonnes, of which 513.3 million tonnes was through the port of Port Hedland. Nearly 93 per cent of throughput across the Authority's ports is iron ore, accounting for nearly 80 per cent of Australia's iron ore exports.

A series of major projects aiming to increase throughput and ensure safe and sustainable operations came to completion at the port of Port Hedland in 2019. Three projects were funded by port customers through the Port

Improvement Rate (PIR) levy.

The first PIR project was the Channel Marker Replacement Program, which saw the replacement of 35 marine and three land-based navigation aids. The project was completed in May 2019, under budget and ahead of schedule.

The Hedland Tower is the port of Port Hedland's new \$55.3 million operations centre. The facility was officially opened in July 2019, providing port users with world-class port infrastructure and state-of-the-art Vessel Traffic Services systems, equipment and emergency



Port of Port Hedland



Salt berth at the port of Dampier

response facilities that will steer the safe and efficient movement of vessels through the harbour for the next 50 years.

The final PIR project was the \$120 million Channel Risk and Optimisation Project, which was completed in September 2019. The project introduced a refuge zone and emergency passing lane to the 42 kilometre unidirectional shipping channel, as well as removing high spots in the outer section of the channel, which allows port users to optimise tonnage on their vessels.

The \$32.5 million Berth 3 deck replacement project was port authority-funded and updated the common user facility, which is primarily used for the export of salt, and the import of fuels and general cargo. The project was completed two months early and under budget.

In September 2019, at the completion of these and other projects, Pilbara Ports Authority announced the port of Port Hedland's modelled shipping capacity had increased by 40 million tonnes per annum, or 6.9 per cent, to 617 million tonnes.

Pilbara Ports Authority continues to pursue further growth and new trade opportunities within port of Port Hedland. A new general cargo facility and logistics

hub at Lumsden Point will facilitate non-iron ore trade, including cattle and lithium. The Authority welcomed its first roll-on/roll-off (RORO) vessel, *Blue Ridge Highway*, as part of a broader project to become a first point of entry port for imports to the Pilbara. The *Blue Ridge Highway* called at the port in June 2019 to deliver a cargo of offshore piping. The RORO open vehicle deck design allowed the cargo to be unloaded in less than two hours, compared to non-RORO vessels, which can take up to 12 hours to unload by crane. Pilbara Ports Authority has upgraded biosecurity infrastructure at the port to prepare for increased shipments of containers, roll-on/roll-off and breakbulk cargo. There is ongoing industry demand for imports of containerised trade and mining equipment, support equipment and parts.

At the port of Dampier, iron ore is the dominant commodity, followed by LNG, salt and condensate. Pilbara Ports Authority has been progressing opportunities to diversify trade through the port. Future opportunities include methanol and magnesium products, urea exports and cruise ships. Imported products used for processing, including soda ash, caustic soda and sulphuric acid, are increasing as lithium mining and other processing operations are developed in the Pilbara. Similar to the

port of Port Hedland, there are planned upgrades to the biosecurity area at the port of Dampier.

At the port of Ashburton, work began on a general cargo, multi-user facility, which will facilitate new trade opportunities when it starts to receive vessels in 2019/20.

In February 2019, legislation was passed in the Western Australian Parliament to facilitate the transfer of five *Shipping and Pilotage Act 1967* ports in the Pilbara, from the Department of Transport to Pilbara Ports Authority. Due diligence is underway to facilitate the transfer of these ports on a staggered, case-by-case basis.

Pilbara Ports Authority also made progress on the new greenfield ports of Balla Balla, Cape Preston West, Cape Preston East, Urala and Anketell. The port of Balla Balla is planned as a multi-user iron ore transshipping operation, the port of Cape Preston West will be used for the export of salt and potash and the port of Urala will initially be used for salt exports. Development opportunities with potential users for the ports of Anketell and Cape Preston East continue to be explored. These future ports will further support the ongoing growth of small and large miners in Western Australia, agribusinesses and other regionally-based industries. ▲

Fremantle



Good commercial performance

By CHRIS LEATT-HAYTER, chief executive officer, Fremantle Ports

In the face of an uncertain international trade environment, Fremantle Ports' commercial performance in the 2018-19 financial year was notable. The total contribution to the State of Western Australia was \$68.0 million, slightly above the budget target of \$66.3 million.

The total value of trade through the port of Fremantle was \$32.8 billion, representing an average hourly value of \$3.8 million for the year. Overall port trade was down 1 per cent, however, container trade rose 2.3 per cent and full container exports were up 9.8 per cent, reflecting a resilient Western Australian economy.

Two major tender processes occurred, relating to the two Fremantle Inner Harbour (North Quay) container terminal leases and the North Quay Rail Terminal. These have been important matters for Fremantle Ports to address, not just because of their operational criticality but also because of the confidence their finalisation will deliver to the wider port community. In both cases, there has been a strong focus on outcomes that deliver efficiency, innovation and the ongoing maintenance and further development of these assets.

The significant increase in the share of containers being transported on rail from 16.1 per cent to 20 per cent this past financial year, reduced the number of truck movements on roads into and out of the Fremantle Inner Harbour and on key arterial routes in the Perth metropolitan area. A clear commitment by the Western Australian Government to replace the ageing Fremantle Traffic Bridge, including duplication of the rail crossing, will ultimately make the rail option more efficient.

Despite an upward trend in container trade, port-related road traffic movements continued to fall, reducing the port's impact on surrounding roads. In total, 16,000 fewer TEU travelled by road, compared with the previous financial year. The percentage of unladen trucks reduced from 24 per cent to 21 per cent. While container trade has grown by 38 per cent since 2010, the number of truck movements has not increased due to improvements in truck efficiency and utilisation of rail.

Fremantle Ports continued to collaborate with, contribute to and support the Western Australian Government's Westport Taskforce, which is providing guidance to the Western Australian Government on Perth's long-term infrastructure needs, and developing a plan to manage the growing freight demands for the next 50 years and beyond. Fremantle Ports will continue this support in the coming year by providing high-level advice on port planning options, freight and logistic implications, and environment considerations.

A large amount of time was invested in developing a strategy for Fremantle Ports' bulk business operations at Kwinana Bulk

Terminal. That work included consideration of capital investment options and will continue during 2019-20.

This year saw the creation of a Western Australian Government steering group for the public waterfront section of the Fremantle Inner Harbour. The Victoria Quay Waterfront Steering Group has the strong support of Fremantle Ports. The group has wide representation and is charged with preparing a vision for Victoria Quay as a vibrant 'people place' in the future. It builds upon existing planning outcomes and consultation, with Government and Fremantle Ports united in their desire to see appropriate and exciting development at the western end of Victoria Quay.

We also completed improvement works to the value of \$3.3 million at the Fremantle Passenger Terminal, further contributing to another successful cruise season during which the port of Fremantle received 35 cruise ship visits.

Our programme of asset maintenance remained on schedule, with work completed on seawalls, berths, loading and unloading infrastructure, as well as other assets. ▲





Cruise sector makes a big impact

By JOEL KATZ, managing director, Australasia Cruise Lines International Association (CLIA)

A thriving cruise industry is having an enormous positive impact on economies worldwide, including in Australia, where double-digit growth is fuelling job creation and helping to develop regional tourism opportunities.

Figures released recently by CLIA show the cruise industry has increased its total value to the Australian economy by 11.2 per cent, contributing \$5.2 billion in direct and indirect output during the 2018-19 financial year. What these figures prove is that the rising popularity of cruising is having a very positive effect on the local economy, making a massive contribution and supporting thousands of jobs.

Importantly, they dispel the myth that cruise ships come and go without leaving local benefits. They show that cruise passengers and cruise lines make a huge impact and that their spending is increasing.

The figures are contained in the latest annual Economic Impact Assessment for 2018-19, commissioned by CLIA and the Australian Cruise Association (ACA). Compiled by AEC Group, it shows the cruise industry supported the equivalent of 18,135 full time jobs in Australia during 2018-19, a 6.6 per cent increase on the previous year.

It says 1,240 cruise ship visits led to 3.8 million passenger and crew visit days, resulting in direct expenditure by passengers, crew and cruise lines totalling \$2.5 billion. In particular, it shows a major increase in cruise passenger spending in 2018-19, up 17.4 per cent on the previous year to total almost \$1.4 billion. Cruise passengers now spend an average of \$387 each for every day they're on shore in Australia, which provides enormous benefits to businesses like hotels, restaurants, tour operators and retailers.

The impact is felt far and wide, too. Cruise

ships visited 47 different ports around Australia last financial year, bringing tourism to some of the most remote coastal communities in the country and creating benefits in locations that might otherwise be less accessible to visitors.

Other key highlights from the report include:

- The accommodation sector was the biggest beneficiary from cruise passengers, receiving \$450 million or 33.3 per cent of their combined spend.
- The food and beverage sector accounted for almost \$274 million or 20.3 per cent of passenger spend, followed by transport (\$196 million, 14.5 per cent), retail (\$159 million, 11.7 per cent), shore excursions (\$133 million, 9.8 per cent) and entertainment (\$59 million, 4.4 per cent).
- At the start or end of a cruise, international visitors spent the most per day on shore, averaging \$569 each, compared to domestic travellers who spent \$436 per day.
- In a transit port, international visitors each spent an average of \$211 per day on shore, while domestic travellers spent \$174 per day.
- Cruise ship crew members each spent an average of \$173 per day while in port, making a combined expenditure of \$35 million in 2018-19.
- Cruise lines contributed direct expenditure of almost \$1.1 billion – an increase of 4.6 per cent on the previous year – spent on items including fuel, food and beverage supplies, port charges and fees, and administration.
- New South Wales received the greatest share of direct expenditure from the cruise industry, receiving \$1.55 billion, including \$1.54 billion in Sydney.

- Among other States, Queensland received direct expenditure of \$490 million, followed by Victoria (\$168 million), Western Australia (\$109 million), South Australia (\$67 million), Tasmania (\$49 million) and the Northern Territory (\$31 million).

Meanwhile, at the international level, the cruise industry is working hard to reduce its impact on the environment and has made unprecedented progress in the past year.

Globally, CLIA cruise lines are investing more than \$22 billion in ships with new, energy-efficient technologies and cleaner fuels, putting them on track to achieve the industry's target of a 30 per cent reduction in carbon emissions across the world fleet by 2020.

CLIA's third annual Global Cruise Industry Environmental Technologies and Practices Report was released in September and outlines major advances in the deployment of sustainability measures since the previous year.

It says 44 per cent of new-build cruise capacity will utilise liquified natural gas (LNG) for primary propulsion, achieving significantly lower emissions than ships running on convention marine fuels.

It also says more than 68 per cent of global capacity utilises exhaust gas cleaning systems (EGCS) to meet or exceed air emission requirements, and outlines other advances like the deployment of shore-side power and advanced wastewater treatment systems.

Cruise ships comprise less than 1 per cent of the global maritime community, but the cruise industry is at the forefront in developing responsible environmental practices and innovative technologies. You can find out more at www.cruising.org.au/Regulatory/Sustainability. ▲



A time of transformation

By SIMON BENNETT, deputy secretary general, International Chamber of Shipping

The Fourth Industrial Revolution, as envisaged by the World Economic Forum, will be fundamentally different from the previous three which were characterised mainly by advances in technology. The underlying basis for the fourth revolution lies in radical advances in communication and internet connectivity. We thus have the potential to drastically enhance the efficiency of maritime transport while supporting further improvements to safety and environmental performance.

The immediate focus of International Chamber of Shipping (ICS), and the shipowners we represent, is the successful implementation of the UN International Maritime Organization (IMO) global sulphur cap, which takes complete effect on 1 January 2020.

ICS is proud of the comprehensive advice that it has produced to help shipowners prepare, and the notable success that ICS has had in persuading IMO to adopt appropriate guidelines for its member states.

Together, these initiatives should go at least some way towards reducing the risk that shipowners, through no fault of their own, could be unfairly penalised by Port State control authorities in the event that safe and compliant low sulphur fuels are initially unavailable in every port worldwide.

There are still many questions that will not be fully settled by January 2020, including what the long-term cost of compliant fuels will be, but hopefully this enormous regulatory change will proceed as smoothly as possible.

ICS is acutely aware of the urgent need for all economic activities, including international shipping, to eventually eliminate GHG emissions as soon as practicable, through a combination of short and longer-term measures.

The maritime sector has already made impressive CO2 reductions since 2008, something for which the shipping industry is given insufficient credit. But now we need to redouble our efforts to deliver further dramatic improvements in fuel efficiency, as demanded by governments and society at large.

ICS has been leading the way in coming forward with constructive proposals for GHG reduction at IMO, and will continue to do so throughout 2019. The transition to zero CO2 emitting fuels – which ICS has dubbed the ‘Fourth Propulsion Revolution’ – is the challenge of our age, and one that ICS is sure the industry will embrace.

This will require truly massive investment in research and development, which ICS believes must be at the heart of the IMO GHG Strategy if the ambitious reduction targets that IMO member states have set, are to be met. In cooperation with other international associations, ICS is about to come forward with a radical proposal to IMO, to suggest how accelerated R&D can be delivered via a mandatory R&D contribution, to be paid by shipowners worldwide per tonne of marine fuel purchased for consumption. We very much hope that the Australian Government will give serious consideration to this bold industry proposal.

Another important development is ICS’s call for a comprehensive

review of the IMO STCW Convention governing seafarers’ training standards, which is already gaining traction with governments, following a speech by the ICS chairman in Manila, at the end of 2018. ICS expects to make a detailed proposal to IMO on this issue, during the course of 2020.

ICS is also making progress on a range of other important legal and policy issues at many different international fora. This includes the International Labour Organization, in Geneva, with which ICS has celebrated 100 years of co-operation, and the United Nations, in New York, where ICS is engaged in high level negotiations on a new UN Law of the Sea agreement for the protection of marine Biodiversity in Areas Beyond National Jurisdiction (BBNJ), which could have significant consequences for the future regulation of shipping.

There are many other pressing issues in which ICS is engaged as the industry’s global trade association, not the least the danger of a global trade war. There is also the unacceptable spike in the number of violent pirate attacks off West Africa.

The work of ICS is vital to ensure that the shipping industry can present a united front when seeking to influence its global regulators, especially at IMO, so that regulatory outcomes agreed by governments are compatible with economic sustainability, as well as the continuous improvement of safety and environmental protection.

We especially appreciate the continuing support of our Australian full and associate members, MIAL and SAL. ▲



Encouraging marine environmental consciousness to save our seas

By JULIE NASH, executive officer, Australia Marine Environment Protection Association

While the Australia Marine Environment Protection Association has been around since 2000 and quietly going about our business of promoting education in the marine environment, this year we have taken activities to the next level and please to have been recognised.

AUSMEPA brought the younger generation to SPILLCON this year and achieved a highly commended in the Maritime Services category of the Australian Maritime Awards for our 'Engineering' Unit of Work for High School students, Engineering Pollution Solution Investigation.

Working together with the Australian Marine Oil Spill Centre and the Spillcon team, AUSMEPA developed a unit of work for teachers at high schools around Perth to educate students on oil spills, the damage they causes and current mitigation strategies being used in Australia. Student then had to invent their own 'oil spill clean-up tool', using engineering elements. With over 30 entries submitted, it was an extremely difficult decision to select the top 3. They then presented their projects to their peers and guest judges at SPILLCON. Winning the competition were a group of young ladies from Como Secondary College with their 'O.S Nets', well done girls!

Later in the year, I was invited by the International Maritime Organization (IMO), to present AUSMEPA's 'Maritime Emissions Portal' at their conference in Malmo Sweden, at the prestigious World Maritime University. The conference - *International Seminar on Trends & Challenges after the Paris Agreement: Global Maritime Technology Cooperation Centre (MTCC)*. All regional MTCC's were

in attendance: Caribbean; Africa; Asia; Pacific and South America, along with myriad guest speakers from around the world. Funded by the European Union and implemented by the IMO, the Global MTCC Network (GMN) initiative unites maritime technology regions. This global network promotes energy efficiency in the maritime sector to help navigate shipping into a low-carbon future. Developing countries and, least developed countries and small island developing countries, are the main beneficiaries of this initiative. The focus was on how can we achieve zero level GHG for the future in maritime? The European Union speaker said that air pollution will be paid attention to, with a focus on new technological initiative for 'Green Ports', and for ports to look at incentivising 'clean ships'.

The World Maritime University (WMU) was founded in 1983 by the International Maritime Organization (IMO), a specialised agency of the United Nations, as its premier centre of excellence for maritime postgraduate education, research, and capacity building. The university

offers unique postgraduate educational programmes, undertakes wide-ranging research in maritime and ocean-related studies, and continues maritime capacity building in line with the UN Sustainable Development Goals. What an honour to go there to visit their complex, meet the students and stay in the beautiful city of Malmo.

The AUSMEPA's Marine Emissions Portal was very well received, and many of the delegates congratulated us on the highly innovative education tool for the maritime industry and for the health of the ocean's and port communities. We've been invited to further discuss the implementation of the Marine Emissions Portal for the Caribbean Islands, port of Mombasa and port of Shanghai, along with port of Copenhagen/Malmo, with next steps to include all the Scandinavian countries.

Next year we celebrate 20 years of encouraging learning about the oceans and the environment through school education programmes and seafarer education. More details are available at ausmepea.org.au. ▲



Audience at the Global Maritime Technology Cooperation Centres (MTCC) Network Project in Malmo Sweden



Working collaboratively for liner shipping

By TIM WICKMAN, managing director Asia, World Shipping Council

The World Shipping Council (WSC) is a non-profit trade association which provides a coordinated voice for the liner shipping industry. Liner shipping is the service of transporting goods by means of ocean-going ships that transit regular routes on fixed schedules. Most liner shipping services are container services, but the membership also includes major ro-ro operators and car carriers, which also provide regular scheduled vessel calls.

The members of WSC operate close to 90 per cent of the global liner ship capacity, providing approximately 500 regularly scheduled services linking the continents of the world. Collectively, these services transport about 60 per cent of the value of global seaborne trade, and more than US\$4 trillion worth of goods annually.

The World Shipping Council (WSC) was originally formed in 2000, to interface with the US Government on behalf of the international liner shipping industry. After the terrorist attacks of September 11, 2001, WSC and its member companies forged a close working relationship with the US Government, the European Commission, and international organisations to develop new laws, regulations and programmes designed to better secure international maritime commerce and the thousands of supply chains that importers and exporters around the world depend upon.

In 2007, WSC opened an office in Brussels to better support the industry's cooperative efforts with the European Commission, and in late 2018, WSC opened a new office in Singapore, to work with the governments of various Asian/Oceanian countries on regulations affecting the maritime supply chain in that region.

WSC is active both at the regional level with national governments and also at the international level, in particular at the International

Maritime Organization (IMO). The IMO is a specialised agency of the United Nations and is the global standard-setting authority for the safety, security and environmental performance of international shipping.

The WSC was granted Consultative Status at the IMO in 2009, where we have actively participated in the development and oversight of international safety, security and environmental regulations for the past decade. WSC was one of the principal organisations behind the carriage ban adopted by IMO to help support enforcement of the 2020 requirement of a reduction of sulphur content in marine fuel oil from 3.5 per cent to 0.5 per cent. Consistent implementation and enforcement of the global sulphur reduction requirements are necessary to achieve both the environmental benefits of the regulation and to ensure a level commercial playing field for carriers.

WSC is now fully engaged in the discussions regarding steps to be taken to reduce GHG emissions. There will be considerable attention in the coming months about short-term measures to reduce GHG emissions from the existing fleet. This is important work, but it is equally important that the IMO establish a platform for accelerating research and development of low carbon and zero carbon fuels and technologies that are necessary to meet the IMO's longer term GHG reduction goals. WSC and other partners, are planning



to submit a detailed proposal to the IMO to establish an International Maritime Research Board (IMRB), with funding from the industry and other partners to support this critical element of the IMO strategy.

Maritime safety is another area where WSC has been active at the IMO. After voluntary efforts proved unsuccessful in solving the problem of mis-declared container weights, in March 2011 the World Shipping Council (WSC) and the International Chamber of Shipping (ICS) submitted a formal proposal to the IMO, to consider issuance of a regulation making it mandatory for packed containers to be weighed as a condition for being stowed aboard ships. That proposal, and additional work over the next few years, resulted in the IMO adopting a mandatory container weight verification requirement on shippers. The requirement to make container weight verification a condition for vessel loading, which is accomplished through the submission by the shipper of a Verified Gross Mass or VGM, became legally binding on July 1, 2016.

The WSC has also been focused on ways to reduce pest contamination of containers and their cargo, something especially important for Australia. In 2016, WSC together with a number of other industry organisations published the “Joint Industry Guidelines for the Cleaning of Containers”. WSC supports and actively participates in joint government-industry efforts to raise awareness and encourage voluntary steps to reduce risks of pest contamination of containers and their cargoes, such as ICCP’s Sea Container Task Force (SCTF) and the North American Sea Container Initiative (NASCI). WSC and its member companies will continue to engage actively and constructively in raising awareness and promoting reasonable measures to minimize pest contamination of containers and their cargoes.

There is little doubt that the container and container shipping have revolutionised trade, and have driven globalisation and trade, as also recently illustrated in the Australian short film “World in a Box”, celebrating the 50th Anniversary of International Container Services into Australia. In fact, according to the World Bank, the container traffic in Australian ports has doubled in volume since the estimated 3.5 million TEU, in year 2000. This illustrates that liner shipping and global trade are intrinsically linked – one cannot reasonably exist, and certainly cannot grow – without the other.

The primary requirement for a ship operator to enter liner shipping markets, or to maintain on-going regular service to existing markets, is the enormous capital investment required for ships and equipment. The use of “liner shipping agreements” in various forms have existed for decades, and agreements that are used for the purpose of sharing vessel assets are a fundamental tool used by carriers to effectively and efficiently deploy their ships and equipment, once the capital investment is made. The WSC accordingly works with governments around the world to ensure that carriers through these “operational agreements” can continue to provide the services needed to accommodate world trade.

Under the current regulatory regime, in every major trading nation around the world, new entrants or smaller carriers, for example, have the ability to partner with other carriers, some of which will have larger, broader networks, in order to expand the services that the new entrant or the smaller carrier can offer to a customer. Similarly, under the current regulatory regimes, when a carrier offers a unique service, perhaps with some unique port calls, it is able to share some of its capacity with other carriers that might seek to offer service to those ports, thereby creating additional service and competition in that market.

Allowing a carrier the ability to partner

with another carrier has numerous benefits for the supply chain. Firstly, vessel sharing provides scale, allowing carriers to sail with bigger vessels, thus providing a significantly lower cost per container unit carried. Secondly, cooperation will often generate the cargo volume necessary to achieve the required financial result to sustain a unique port call or service, or an enhanced weekly frequency in a given market. Without the ability to cooperate, services to smaller ports, regions or countries could be at risk.

The operation of liner shipping networks is fluid, and operators need the ability to modify those networks to reflect changes in the marketplace with limited service disruption, while at the same time ensuring ample capacity is available each week to transport global trade volume. The use of cooperation agreements by liner shipping companies is a well-used and much needed tool to ensure continuity of service for the long-term. There are numerous operating agreements in place today and in fact more than 75 per cent of the about 55 different container liner services calling Australia today (October 2019), have some form of operational cooperation between different shipping lines. The ability to easily enter into them, adjust them and exit them provides operators with both the flexibility needed to adjust to changes in market conditions, and the legal certainty needed to do so without undue regulatory risk.

Today, the World Shipping Council is recognised as a respected advisor to industry and governments in all of these areas, as well as an active participant in policy debates that will affect the liner shipping industry, its customers, and the economic vitality of all trading nations. In Australia, WSC works closely with Shipping Australia Limited (SAL), supporting its members and the industry to achieve the most beneficial environment possible, for all relevant parties in the transport chain. ▲



Celebrating 50 years

By JONATHAN WILLIAMS, secretary, Federation of National Associations of Ship Brokers and Agents

FONASBA's most significant event of 2019 occurred on 23 April when we reached our 50th birthday, a milestone that was officially celebrated at our Annual Meeting in Miami, in October. We were joined there by SAL CEO Rod Nairn and his wife Sue, as well as representatives from 32 member associations, four Club members and a host of guests from the US maritime sector.

I will return to the Annual Meeting later in this article but for now will summarise some of the other developments that have taken place over the past year.

Two of the main priorities for the current term are expansion of the FONASBA Quality Standard, and the development of our education programme, and it is good to report positive progress on both.

The Quality Standard has seen a significant increase in the number of approved members and accredited companies. This time last year, 32 countries and 478 companies were covered, and by the Miami Annual Meeting, this had risen to 38 countries and 523 companies, which clearly demonstrates its increasing value to ship agents. Only two SAL members, Monson Agencies and Seaway Agencies, are approved to the Standard and it would be good to see that number increase. The Standard is relatively easy for a well-established company to secure, so if other SAL members would like to apply, Rod

will be pleased to hear from you. Our efforts to expand global recognition of the FQS were also given a major boost at the Miami meeting as reported below.

On the education front, the FONASBA Agent Diploma is proving very popular, with more than 270 students registering in the first year. As well as this entry-level qualification for newly-appointed operational agency staff, we are securing discounted access for FONASBA association member companies to the customs and documentation training provided by the World Customs Organisation and the International Chambers of Commerce. By the time this article is published, companies will be able to access those training courses through the FONASBA website. The winner of the FONASBA Young Ship Agent or Ship Broker of the Year (YABA) award was Stefan Gielen of MSC in Belgium, whose excellent paper on dangerous goods declarations will form the basis of further action by FONASBA on this vital issue for ship agents and operators.

Membership also continues to expand, and in the past year we have welcomed the International Maritime Union of Greece and the Association of Maritime Agents of Ukraine as Full members, two new Candidate members in ASONAV of Colombia and NAVE of Costa Rica and new Associate members in Curaçao, two more in Romania and a second in Senegal. The total number of

countries in membership therefore stands at 63.

Elsewhere, FONASBA has expanded its range of cooperation agreements with external bodies, recently teaming up with United for Wildlife (UfW) and Business Action Against Counterfeiting and Piracy (BASCAP) to support actions to prevent the illegal trades in endangered species and counterfeit goods. Ship agents have long been at the forefront of actions to prevent smuggling and illicit trade, and our engagement with UfW and BASCAP will enhance the flow of information and intelligence around these two problem areas.

These and our other activities were discussed in detail during the Miami Annual Meeting, which also introduced a number of new features aimed at increasing the value of the event to the delegates.

2019 saw the introduction of the Association Best Practices Committee meeting, which gave an opportunity within the Annual Meeting programme for a discussion on matters of finance, administration and other internal practices directly relevant to national associations themselves. Making it a Standing Committee of FONASBA also elevates the discussion on such issues to the same level as those relating to ship agency, ship broking and European matters. The main topics at the inaugural meeting were how to increase revenue and provide additional services to members,



Delegates at 50th annual general meeting, Miami USA

subjects close to the heart of all of us! Four associations: Argentina, Italy, Mexico, and Portugal, addressed the meeting and outlined their successful strategies on both topics. Copious notes were no doubt taken by other delegates.

To increase interaction between the speakers and delegates, the decision was taken to reduce the number of presentations in favour of discussion panels and breakout sessions. With the active support of ASBA, FONASBA's member association in the US and our host in Miami, those sessions were supported through the participation of recognised industry experts to bring additional knowledge and experience, as well as another perspective, to the discussion.

Following the launch at the ECASBA Plenary meeting of a series of short position papers that concisely set out its views on important European maritime issues such as eMaritime, customs and border controls, the recognition of ship agents and veterinary checks, the meeting then moved to a breakout session. These enabled delegates to work together to draft an action plan for each paper. These papers will soon be circulated to associations, regulators, legislators and authorities, ensuring common and consistent messages on those topics are carried across all ECASBA member countries.

The Chartering & Documentary plenary featured two discussion panels, one looking at the impact of the 2020 sulphur cap on freight rates and the other the value of the ship broker to ship owners and operators. Similarly, the Liner & Port Agency plenary featured a discussion panel

on the anticipated effects of new and disruptive technologies on the role of the ship agent. The participation of recognised experts, particularly in the field of leading edge technologies, was greatly appreciated as a means of navigating myriad competing and often overlapping initiatives in this rapidly developing area.

The L&PA plenary also endorsed the final draft of the revised UNCTAD Minimum Standards for Ship Agents and the Normal Agency Activities Summary. The revision and updating of the 1988 Minimum Standards to reflect current agency practice was driven by FONASBA and the completed draft is now with UNCTAD and UN/CEFACT for their review and, hopefully, endorsement. The Normal Agency Activities Summary is a guideline document designed to assist agents in agreeing with principals, what services would normally be provided for the standard agency fee. It is based on the activities headings listed in the FONASBA/BIMCO Agency Appointment and General Agency Agreement forms, and provides guidance as to what should be included in the fee. It is available for use now and can be downloaded from the Documentation page of the FONASBA website at: www.fonasba.com/documentation

In Miami, we formally granted FQS accreditation to the 38th FONASBA country, Bulgaria. More applications are in the pipeline, so by the time this article is read we will be well on our way to having 50 countries covered. Encouragement to members to sign up was this year enhanced by an extremely enthusiastic address from Jeffrey Milstein, a senior operations officer with the global trading firm Vitol. His ringing endorsement of the role

and value of the agent and the Quality Standard, from the viewpoint of a charterer and operator, was extremely well received by the delegates. To enhance the support the Standard enjoys from BIMCO, INTERCARGO and INTERTANKO, we are currently seeking similar endorsements from other major charterers to further enhance industry awareness of the Standard.

As always, the Annual Meeting closed with the Council Meeting. This year, amongst all the usual administrative matters, Council endorsed the Best Practices Committee as a Standing Committee and approved the nomination of Jeanne Cardona of the USA as its Chair. At the same time, the Chartering & Documentary and Liner & Port Agency committees were renamed the Ship Broker and Ship Agent Committees respectively, in order to enhance awareness of their core activities, particularly for external purposes.

Council also saw the formal publication of the commemorative 50th anniversary book, entitled: "FONASBA, the First Fifty", which recounts our history, summarises our current status and activities and closes with predictions from the Committee Chairs and our YABA winners on where we are going in the future. As the editor, I am pleased the book was very well received. Copies have been provided to every member and contributor.

So that is where FONASBA stands at the end of its first half century. It has changed significantly since its foundation in London 50 years ago but worryingly many of the same issues are still on its agenda. No doubt, in spite of our best efforts, they will still be there in 2069! ▲

INTERNATIONAL ORGANISATIONS

International Federation of Freight Forwarder Associations



Supporting transparent and efficient international freight processes

By STEPHEN MORRIS, acting director general, International Federation of Freight Forwarder Associations

As part of its remit to its members as national associations in ninety eight countries, or its five and a half thousand individual service providers in international trade logistics and supply chain management, the International Federation of Freight Forwarders Associations (FIATA) plays a pivotal role in international standard setting and advocacy with international and regional governmental and non-governmental entities. Headquartered in Zurich and founded in 1926, FIATA represents members interests across all modes of transport, through its operational bodies of institutes, advisory bodies and working groups, where subject matter experts blend with the resources

in the FIATA Secretariat to seek uniformity, consistency, efficiency, ease of operability and sustainability in the movement of goods across borders.

In the sea freight environment, FIATA, through its Multimodal Transport Institute, Working Group Sea Freight, has been involved, since the mid-1950s, on harmonisation and guidance for international freight forwarders, with uniform and standard documentation. Its notable success being the *Negotiable FIATA Multimodal Transport Bill of Lading*, as amended in 1992. This document can be used as a marine bill of lading in a negotiable or non-negotiable format. The FMTBL has been deemed by the International Chamber of Commerce, to be in conformity with the *UNCTAD/ICC Rules for Multimodal Transport Documents* and, in the negotiable context, conforms with *Guide for the Uniform Customs and Practice for Documentary Credits (UCP600)*, when issued as a multimodal transport document in line with Article 19, as a bill of lading or, in line with Article 20, as an acceptable transport document.

In furthering the drive on standardisation and best practice, FIATA has released best practice guides to its members as to *Container Shipping Quality of Containers and Demurrage and Detention in Container Shipping*. As to the latter, FIATA has sought to provide a user's perspective as to an issue which creates tension between carriers and their service providers, as to the landside cargo handling, where the stevedore faces resource implications as to vessel servicing and land side delivery in the same time frame. There is, in relation to the landside delivery and receipt of cargo, the process by carriers and terminal operators to "incentivise the orderly movement of containers through ports and terminals" or, as more commonly known... demurrage and detention charges. FIATA has, on behalf of its members, made its position clear in its submission to the US Federal Maritime Commission, which is addressing this issue, where it stated, "FIATA supports a more transparent, equitable and business oriented process to such charges not only in the USA but for many other economies" (where the practice occurs).

In today's logistic processes FIATA, and its members, see themselves as indispensable partners to sea freight carriers and, while this aspect is being reappraised by some carriers by changes in their operational arrangements to vertically integrated carriage and border clearance operation, which compete with the services traditionally provided by international freight forwarders, the long-term implications of such arrangements remain to be determined. While the carriage and border clearance of the consistent product and delivery in an FCL environment may appear to many, a relatively simple task, it is suggested that this is not as easily replicated in the more challenging environment of LCL cargo, with deconsolidation, safety, security, customs and agriculture impediments, or project cargo requirements. From a FIATA perspective, the logistics chain is more than just the simple carriage of goods, and with an ever-changing regulatory and business environment, partnerships will continue, but perhaps in a different form.

In Australia, issues as to operations with carriers, stevedores or regulatory agencies, are addressed through FIATA's Australian members, the Australian Federation of International Forwarders Ltd., and the Customs Brokers and Forwarders Council of Australia Ltd. In all these arrangements, as well as in other economies, FIATA sees that the objective must be improving the economic performance of that respective economy and its competitive position in global trade. Issues such as the World Trade Organisation Agreement on Trade Facilitation and National Committees on Trade Facilitation, are pivotal to that outcome.

In the Australian context, without a better level of interface between the parties in international trade logistics and supply chain management, both business and regulatory, the economic impact on Australia's trade performance and its competitive position will remain on a downward trend, as seen over the years in the *World Bank Logistics Performance Index and its Doing Business 2019*... time for a rethink! ▲



A challenging year for international trade

By PAUL DAMKJAER, chief executive officer, Customs Brokers and Forwarders Council of Australia Limited

The CBFCA's review of the year that has been, has witnessed a challenging time for the Australian economy, exporters, importers and service providers in international trade and supply chain management. Articles have been written on the economy, as well as international air and sea freight market, which continue to maintain a less than enthusiastic outlook in relation to world trade. Our local market has been further impacted by government policy on customs and security by the Australian Border Force (ABF) and Department of Agriculture (DOA), respectively.

Infrastructure surcharges, over which service providers have no control, continue to impact on the overall structure of service delivery of international trade services in Australia. Many of these costs are met by the end user or consumer, which adds to Australia's inability to effectively compete over other international economies.

The CBFCA has made its presence known through advocacy to the Australian Competition and Consumer Commission (ACCC) concerning stevedore's infrastructure charges, and how it's affecting Australia's international standing on a global basis. Chain of responsibility has also made its presence known to all international trade service providers, which the CBFCA has endeavoured to advise its members.

In international forums, the CBFCA will continue its close association with the World Customs Organisation (WCO), our directorship on the International Federation of Customs Brokers Associations (IFCBA) and our commitment on various committees of the International Federation of Freight Forwarders Associations (FIATA), which will enable us to regain FIATA accreditation for our diploma of International Freight Forwarding.

The CBFCA greatly assisted in meeting the challenges of border and supply chain security for the Department of Home Affairs, Aviation and Maritime

Security Division, reviews on aviation and maritime security and the changes to the Regulated Air Cargo Agent (RACA) and Accredited Air Cargo Agent (ACCA) schemes.

On the education side, it is pleasing to note we have over 580 students in both the Customs Brokering and International Freight Forwarding Diplomas. These courses continue to be recognised by industry as the leader in terms of development of future Licenced Brokers and Freight Forwarders, in Australia. This year we commenced our student scholarship in both diplomas; funding was gained through the International Trade Development Fund (ITDF), which drew a great deal of attention with aspiring students.

The first full year of our electronic tariff has passed, it cannot be said in any other way, this changed the landscape of the industry in this area. The introduction of the electronic tariff to our members, it cannot be denied, saved hundreds of thousands of dollars to the industry by allowing competition to flourish. We continue to innovate our tariff by listening to the members needs and industry requirements.

The CBFCA is fortunate to have a skilled, dynamic and committed administration team, whose aim is to bring its members to the forefront of the industry. This support can only be gained by a positive and strategic CBFCA Board. ▲



CMI Colloquium - Mexico City

By MICHELLE TAYLOR, partner, Colin Biggers & Paisley Pty Ltd

The Comité Maritime International (CMI) Colloquium 2019 took place in Mexico City from 30 September to 2 October 2019, with over 200 delegates in attendance from 42 countries. Australia was represented by Stuart Hetherington, as Executive Committee Member of CMI and Michelle Taylor, as Australian Vice President of the Maritime Law Association of Australia and New Zealand (MLAANZ). The Colloquium was opened by the president of CMI, Christopher Davis, together with the president of the Mexican Maritime Law Association, Ignacio Melo.

What is CMI?

CMI is the oldest organisation in the world that is exclusively concerned with the unification of maritime law and related commercial practices. Article 1 of the CMI Constitution provides, in part, as follows:

"...It is a not-for-profit international organization established in Antwerp in 1897, the object of which is to contribute by all appropriate means and activities to the unification of maritime law in all its aspects."

The CMI has an Executive Council comprising of officers and councillors from around the world. Its members are 54 national Maritime Law Associations (MLAs), including MLAANZ. The individuals who represent CMI include lawyers and industry representatives from shipping companies, insurers and bankers.

The CMI works closely with the International Maritime Organization (IMO) to develop international maritime law. The co-operation between CMI and the IMO began after the stranding of the *Torrey Canyon* in 1967. The British Government requested that the IMO consider the problems raised by that incident. After IMO defined the matters for consideration, the CMI established an international committee to study the liability problems arising out of the *Torrey Canyon* and to work in co-operation with the IMO's Legal Committee. A

joint meeting of the two committees was held in London on 25 September 1967. From that time on, until the adoption of the International Convention on Civil Liability for Oil Pollution Damage (CLC) in 1969, the co-operation between the IMO and CMI was continuous. The CMI through its International Committee chaired by Lord Devlin, contributed significantly to the CLC.

The continuation of co-operation between CMI and the IMO has created a significant number of conventions, including the Athens Convention, the Convention on Limitation of Liability for Maritime Claims, the Salvage Convention, the Bunkers Convention and the Wreck Removal Convention. CMI also worked with UNCITRAL for 10 years on the UN Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea, known as the Rotterdam Rules. Significantly, CMI was one of the first NGOs to be granted consultative status by the IMO.

Colloquium sessional programme

The three day colloquium sessional programme in Mexico consisted of a number of topics relevant to maritime lawyers internationally. A brief overview of each of these topics is outlined below.

The Offshore Energy Industry 40 Years Post IXTOC I

The speakers in this session represented Australia, USA, Mexico

and Brazil.

Frank J Goynor of Gard North America, recounted the story of the IXTOC I, which began the liability dilemma for the offshore energy industry. In 1979, an explosion at the IXTOC I platform, located 80 kilometres off the coast of the Gulf of Mexico, caused the largest ever peace time oil spill. By way of comparison, the 2010 *Deepwater Horizon* blowout was considered, and the similarities were extraordinary as they both involved a failure of the blowout preventer.

Frank Goynor stated that the concern with oil platform blowouts (as opposed to ship sourced blowouts) is the uncertainty of the wider environmental impact on multiple states, and the potential cost of the transboundary pollution damage. It was noted that 31 insurers have left the market since 2017, resulting in an estimated 21 per cent reduction in the premium pool. These are sobering statistics, when the potential scope of damage is considered.

The Honourable Justice Stephen Rares presented a paper entitled *“Charting a New Course - Promoting the Development of an International Convention on Liability and Compensation Relating to Transboundary Damage from Offshore Oil and Gas Activities”* (<https://www.fedcourt.gov.au/law-and-practice/national-practice-areas/admiralty/admiralty-papers/rares-j-20190930>).

The IMO is presently closed to the possibility of developing an international convention dealing with the consequences of blowouts and oil spills from offshore oil and gas facilities. In His Honour's view:

“It is only a matter of time before the world will witness another significant hydrocarbon blowout, spill or leakage, such as occurred in the 2009 Montara and the 2010 Deepwater Horizon events.”

In 2009, the *Montara* blowout caused an oil spill in Australia's EEZ. The offshore well was owned by PTTEP, and operated by its Australian subsidiary, PTTEP AU. The spill allegedly caused transboundary damage in Indonesian and East Timorese waters. As a result of the *Montara* incident, there is currently a Federal Court hearing before Justice Yates regarding a private class action filed against PTTEP AU on behalf of approximately 15,000 Indonesian seaweed farmers, who are claiming compensation for loss of

income. If successful, it is estimated that compensation of more than \$200 million will be assessed. Such litigation is costly and its outcome is uncertain in a legal environment without any applicable liability convention.

His Honour's closing remarks included the following comments:

“Inaction on the development of an international convention on offshore hydrocarbon blowouts and spills serves no one's long-term interest. The presence of new insurers to support cover under such a convention would bring new eyes to the management of the risks of a disaster and may help to avert, or lessen, the impact of what might otherwise develop as a massive blow to the environment in the next Deepwater Horizon type of offshore catastrophe.”

The future of shipping lawyers

Young maritime lawyers from Italy, France, Mexico and Ecuador, discussed the impact of technological developments on the future maritime law, for example artificial intelligence, smart contracts and blockchain technology.

Proposals for future unification of maritime law - Lex Maritima

Professor Eric van Hooydonk from the University of Antwerp, spoke on CMI's work - *Lex Maritima*. The primary purpose of CMI is the unification of international maritime law. The goal of *Lex Maritima* is to record those principles of maritime law which are universally recognised, but to date have not been reduced to writing. One of the benefits of a recorded *Lex Maritima* will be to ensure that differing interpretations of maritime law are minimised, particularly with respect to international conventions.

Women in today's shipping world

The forum was co-moderated by Dr Ann Fenech, vice president of CMI and Ms Liliana Monslave of IOPC Funds. This forum explored women as catalysts for positive change, and discussed what influence women can bring to bear on the shipping industry.

Cybercrime and insurance coverage issues

There were speakers in this session from Canada, USA and Argentina, and the moderator was Joe Grasso, chair of the CMI Marine Insurance Standing Committee. Cyber risks from the perspectives of hull, cargo

and protection and indemnity (P&I) insurers were discussed. High level observations were made that whilst specialised cyber risk insurance products have been developed in hull and cargo markets, no such specialised wordings have been developed by P&I clubs.

This session also noted the adopted resolution of the IMO Maritime Safety Committee (i.e. Resolution MSC.428(98) - Maritime Cyber Risk Management in Safety Management Systems). This resolution encourages shipping companies to ensure that cyber risks are appropriately addressed in existing safety management systems (as defined in the ISM Code) by the end of 2020 (i.e. no later than the first annual verification of the company's document of compliance after 1 January 2021).

Civil Liability, IOPC Fund and HNS Conventions - Is it time for Latin American Governments to ratify these conventions?

Dr Rosalie Balkin, secretary-general of CMI, chaired this session and presentations were given by Jose Maura of IOPC Funds, Jan de Boer of IMO, David Baker of the International Group of P&I Clubs and Kiron Khosla of the International Chamber of Shipping. There were also invited speakers to discuss the lack of engagement by Central and South American Governments, with respect to the CLC and Fund Conventions.

Importantly, this session discussed the current status of the HNS Convention, which is relevant to MLAAZ. Neither Australia or New Zealand are signatories to the HNS Convention. To date, eight states have signed the HNS Convention, but only five states have ratified (South Africa, Canada, Denmark, Norway and Turkey). In order to enter into force, 12 countries are required, four of which must each have a merchant shipping fleet of no less than two million units of gross tonnage.

IMO Secretary-General, Mr Kitack Lim sent the following message to CMI delegates:

“The HNS Convention is the last piece in the puzzle needed to ensure that those who have suffered damage caused by HNS cargoes carried on board ships have access to a comprehensive and international liability and compensation regime.

The number of ships carrying HNS cargoes is growing steadily with more

than 200 million tonnes of chemicals traded annually by tankers, and we have to recognize that accidents can and do happen. I urge all states to follow the example set [by ratifying countries] and consider acceding to the HNS 2010 treaty as soon as possible, in order to bring it into force."

CMI Assembly

The Colloquium closed with a meeting of the CMI Assembly. The CMI International Working Groups (IWGs) listed below each gave individual reports.

a) Acts of Piracy and Maritime Violence

This IWG reports at each assembly on the prevalence of piracy and the jurisdictions or geographical areas in which it is taking place.

b) Fair Treatment of Seafarers (including Pandemic Response and Migration at Sea)

The IMO has requested that the CMI bring to the attention of MLAs, the responsibilities that member countries of the World Health Organisation (WHO) have to seafarers (as well as passengers) of ships when there is a world pandemic such as swine flu, ebola etc. A questionnaire was prepared by Stuart Hetherington during his CMI presidency. This questionnaire has been sent to MLAs enquiring as to whether national laws give effect to the requirements of the WHO Convention.

c) Recognition of Foreign Judicial Sale of Ships

The importance of this work is that without a reliable international basis for the recognition of the judicial sale of vessels, buyers cannot be certain of obtaining clean title. This results in lower sale prices and impacts recoverability for banks/financiers. The Recognition of Foreign Judicial Sale of Ships Working Group has prepared a draft convention, which has been approved by CMI and accepted by UNCITRAL for further work. It has been allocated to UNCITRAL Working Group VI to be developed into an international instrument. The ongoing assistance of MLAs will be required to respond to questionnaires received from UNCITRAL Working Group VI, in order to see this project through to its completion.

d) Cross-Border Insolvency

This IWG is being dissolved as it is not considered feasible to find

a uniform way which would find international acceptance to amend the UNCITRAL Model Law on this topic, given the plethora of different procedural practices that states operate in this area.

e) Polar Shipping

This is one of the most active IWGs, with sub-groups looking at different areas of international maritime law to see how relevant they are to polar shipping, and what areas need reconsideration in light of the different navigational and operational requirements that ships experience in polar regions. This IWG utilises the skills of young maritime lawyers to assist with research.

f) Offshore Activities

This IWG is closed and CMI is considering how best to further its work, given the lack of enthusiasm from international regulators at this time.

g) Ship Finance Security Practices

This IWG completed its work last year. It essentially considered whether there was any need or desire for the shipping world to be brought under the aegis of the Cape Town Convention. It was determined that there was no such need for ships to be brought within its ambit. The group has now been reconstituted to consider whether containers could or should be considered as a possible area for inclusion by way of protocol to this convention. A questionnaire is in the course of being sent out to MLAs.

h) Liability for Wrongful Arrest

A questionnaire will soon be circulated amongst MLAs to gain insight into how each jurisdiction deals with damages for wrongful arrest (for example, in our jurisdiction pursuant to section 34 of the *Admiralty Act 1988 (Cth)*).

i) Ship Nomenclature

This IWG was created to research the differences in national legislation of the use of words such as "ship" and "vessel". A questionnaire has been sent to MLAs to assist with this work.

j) Classification Societies

This IWG has been seeking to obtain support from shipowners (without success) to investigate whether other organisations, such as Classification Societies, should be brought within the class of beneficiaries to the Limitation Convention.

k) Unmanned Ships

This IWG is the largest within the CMI with 24 members, including Professor Nick Gaskell of UQ. An examination is being conducted to consider the possibility of developing an overarching convention which might cover all conventions and provide a framework for the regulation and operation of unmanned ships within the current international regime.

Reports were also given by the Marine Insurance and Rotterdam Rules Standing Committees. Two marine insurance projects are continuing, namely, the impact of sanctions on insurance cover and a comparative review of direct rights of action against insurers (to assist in the drafting of future liability conventions). The status of the Rotterdam Rules is that 25 states have signed the convention, but only four have ratified. The Netherlands has begun domestic implementation but the local law is not yet in force.

The relevance of the Rotterdam Rules is that it deals with electronic bills of lading, whereas carriage of goods by sea liability regimes, such as the Hague Rules and the Hamburg Rules, do not. Ocean carriers and some governments are interested in "blockchain" technology and the potential digital transformation of international trade. There is a potential for "blockchain bills of lading" to be regarded as electronic transport records under the Rotterdam Rules. CMI is considering how to best progress the work of the Rotterdam Rules.

Future CMI

The next CMI Conference will be held in Tokyo from 20 to 24 October 2020. Any member of MLAANZ is welcome to attend the conference to observe or contribute to the important work of the CMI. ▲



Blowing the whistle on cartel cases – plan before you sound the alarm

By NATHAN CECIL, partner and REBECCA NIUMEITOLU, solicitor, Holding Redlich

Cartel conduct is notoriously difficult to detect. Cartel participants don't advertise they've fixed prices, restricted outputs, rigged bids or allocated customers, suppliers, or territories. Cartels often go hidden unless uncovered by chance or someone blows the whistle.

It appears that a shipping line's decision to call out its partners was a critical factor in the criminal cartel prosecutions of Nippon Yusen Kabushiki Kaisha (NYK) and Kawasaki Kisen Kaisha Ltd (K-Line). But, that doesn't mean that you should blow the whistle without careful planning – as doing so without planning might land you in water just as hot, or fail to provide you with the protection that you seek.

Why would you blow the whistle?

Incentive for whistleblowing arises in the ACCC immunity and cooperation policy for cartel conduct (Immunity Policy) and the Commonwealth Director of Public Prosecution's (CDPP) Immunity from Prosecution in Serious Cartel Offences policy (CDPP Policy). Each is designed to short circuit cartel arrangements, with the promise of immunity from civil proceedings and criminal prosecution. The significance of immunity cannot be underestimated, when you consider the substantial fines that can be imposed for cartel conduct.

For example, the Federal Court of Australia imposed a fine of \$34.5 million on K-Line for its criminal cartel conduct. K-Line approached the ACCC under the Immunity Policy but was too late to enjoy the benefits under it. So, what if it had acted sooner?

How does immunity work?

Under the Immunity Policy and CDPP Policy applicants may be granted immunity by the

ACCC from civil proceedings or the CDPP from criminal prosecution for cartel conduct.

Civil Proceedings

For a corporation to be eligible for conditional immunity from civil proceedings, it must:

- be the *first* party to disclose the cartel conduct;
- admit engaging in, or having engaged in, cartel conduct;
- not have coerced others to participate in the cartel;
- ceased, or promise to cease, involvement in the cartel;
- provide full, frank and truthful disclosure and cooperate fully and expeditiously while making the application;
- have entered a cooperation agreement with the ACCC, including outlining what and when evidence and assistance will be provided to the ACCC;
- maintain confidentiality regarding its status as an immunity applicant, the details of the investigation and any civil or criminal proceedings.

An initial enquiry is made with the ACCC, which can be made anonymously, to see whether any other party has claimed immunity in respect of the cartel. If not, details of the cartel conduct are provided to the ACCC for investigation. During the process (and as early as possible) the applicant should seek conditional immunity. Once the cartel conduct has been fully investigated, and prosecuted and the applicant for immunity has cooperated throughout, the applicant is granted final immunity.

Criminal Proceedings

As criminal prosecutions for cartel conduct fall under the CDPP's purview, the ACCC and CDPP have a Memorandum of Understanding to deal with immunity applications in a consistent manner.

Grounds for refusing immunity

The Immunity Policy provides that the ACCC is unlikely to grant conditional immunity if the applicant applies for it after the ACCC already has evidence that is likely to establish a contravention of the CCA arising from the cartel conduct.

Exclusions from the immunity

The Immunity Policy only covers cartel conduct. It does not also extend to immunity from prosecution for 'concerted practices' that have the purpose, effect or likely effect of substantially lessening competition in the market.

This carve out is critical for persons who are considering making disclosures to the ACCC, because cartel conduct may also constitute concerted practices. So, a party could make a disclosure under the belief that it may enjoy immunity, whereas it actually exposes itself to other proceedings.

Be savvy not sorry

The Immunity Policy and the CDPP Policy are powerful tools for corporations seeking a clean slate.

But before taking the leap, it's important to think twice about the implications of approaching the ACCC:

1. Name your vices

Characterise what contraventions of the CCA you may have engaged in. Conduct that contravenes other provisions of the CCA may affect your disclosure strategy and the way you approach cooperation with the ACCC and CDPP, if at all.

2. It is all in or nothing

If you enter an immunity arrangement with the ACCC or the CDPP be prepared to go all in. Failure to continue cooperating could result in a revocation of the immunity.

3. Think big and coordinate

If your cartel involved overseas stakeholders or you have similar arrangements overseas, you could be asked by the ACCC to allow for limited disclosure in these overseas jurisdictions. This could result in proceedings against you. It could also prompt you to consider cooperating with enforcement agencies and seeking immunity in those foreign jurisdictions. ▲

Nathan Cecil is a partner and Rebecca Niumeitolu is a solicitor in Holding Redlich's national Transport, Shipping & Logistics team. Both are experienced in advising shipping sector participants on competition law compliance issues.



IMO 2020: emerging challenges

By NARAYA LAMART, senior associate and NIC VAN DER REYDEN, partner, HFW

In 2008 the International Maritime Organization (IMO) passed an amendment to Annex VI of the *International Convention for the Prevention of Pollution from Ships 1973* as modified by the Protocol of 1978 (together MARPOL) which adopted a new global cap for sulphur content in ship's fuel oil of 0.5 per cent (the 2020 Cap). The 2020 Cap, reduced from the previous 3.5 per cent cap, will come into force on 1 January 2020.

As the shipping world prepares for the change from a practical perspective, new challenges are emerging in the contractual, compliance and safety landscape.

Contractual considerations

The 0.5 per cent cap applies to any fuel oil used on ships. As “fuel oil” includes any fuel “intended for combustion purposes”, this means that ships will also be unable to carry non-compliant fuel unless they have a scrubber fitted (commonly known as the “carriage ban”) from 1 March 2020. The upshot is that the Annex VI requirements will impact a broad range of contracts throughout the industry, including both new and existing contracts.

Primary responsibility for compliance always rests with the shipowners, and that position usually reflected in Charterparty provisions. However, the costs and risk of compliance can be allocated under contract.

For existing contracts which will continue on, following the implementation of the 2020 Cap, such as time charters and contracts of affreightment, the following sorts of issues may arise:

- **Is Owner or Charterer responsible for supplying compliant fuel and which party is liable for the additional cost?**

This will turn on the construction of the relevant terms but other considerations will also include the extent to which Owners must comply with Charterers' employment orders (including a direction to stop at a port to stem bunkers), what the bunker specifications are in the relevant contract, and overall obligations as to legal fitness and seaworthiness.

- **Is Owner required to install exhaust gas cleaning systems (i.e. scrubbers)?**

The primary obligation is on the shipowner to comply with the 2020 Cap but this can be reallocated under contract. However, in existing contracts where this issue may not be dealt with specifically, it will often be necessary to fall back on more general provisions regarding compliance with laws and regulations.

Related questions may then arise as to whether the vessel is off-hire during scrubber fittings, who bears the cost of the fitting and whether



Getting ahead of the curve in the Baltic, Swedish company Neste has invested in low sulphur and biofuels

there is any liability for consequential losses.

For new contracts, there are a range of new clauses, including the BIMCO 2020 clauses, which include a sulphur content clause (which requires charterers to supply fuel which complies with both the sulphur content regulations and is otherwise compliant with the specifications and grades as provided for in the charterparty, whilst owners warrant that the ship can carry compliant fuel) and a fuel transition clause (which requires charterers to supply ships with sufficient low sulphur fuel onboard, prior to the 1 January 2020 deadline, to allow that ship to reach the nearest port where low sulphur fuel is available). There are also an increasing number of bespoke clauses with built-in bunker adjustments depending upon price differentials, express deviation for bunkering compliant fuel and bunker compliance clauses.

Many of these clauses are likely to be tested in the Courts and arbitral tribunals in the coming years.

Compliance

MARPOL and the Annex VI obligations will apply in all contracting States (providing they have also adopted the annex) and can be enforced either by the relevant Port Authority or, to a more limited

extent, by the contracting flag State. Some contracting States, such as Indonesia and India, have indicated they are considering whether to delay enforcement or provide a “grace period”, however, broadly speaking the majority of contracting States have agreed there is to be no transition period after the implementation date.

This means that although there will be some States where low sulphur fuel requirements will not be enforced, ships which operate internationally will be running serious risks if they either burn or carry fuel with a higher sulphur content.

In Australia, the Australian Maritime Safety Authority (AMSA) is responsible for monitoring compliance with the 2020 Cap, pursuant to Marine Order 97, which is presently being amended. This is likely to take the form of spot checks by reviewing bunker delivery reports but could also, in the future, involve some new technologies, such as hand-held emissions analysers and “sniffer” drones to cover a higher number of ships.

AMSA is also considering emerging environmental concerns such as how, when and where to discharge wastewater from scrubbers and there may well be further regulation or guidelines in this space in the near future.

Safety – standards of compliant fuel

The 2020 Cap must be read in conjunction with other requirements for fuel including the grades, sources, composition, stability, quality and characteristics, which all have a potential impact upon the ship’s machinery and equipment.

Accordingly, one of the biggest emerging safety issues is related to the supply of low sulphur fuel, in a range of jurisdictions, and the lack of clarity around the quality of fuel which will be supplied.

In particular, there are questions around the extent to which different kinds of low sulphur fuel can be co-mingled, as well as concerns regarding the variations in the standard of compliant fuels in various jurisdictions, including variations in: viscosity, pour point (wax formation) and flash point for distillate fuels; and increased cat fines for residual fuels. The effects of the variation in standards, and the co-mingling of low sulphur fuel oil could lead to additional cleaning and maintenance costs and, in some more serious cases, engine failure.

It will therefore be important to ensure these issues are considered, and risks allocated in contracts moving forward. ▲



Notices of readiness, cancellations and charterparty chains

By PETER MCQUEEN, FCI Arb, independent arbitrator and mediator, Peter McQueen Pty Ltd

Validity of NORs delivered and of cancellations made by parties in a charterparty chain – Bilgent Shipping PTE Ltd v ADM International SARL and ADM International SARL v Oldendorff Carriers GmbH & Co KG (Alpha Harmony) [2019] EWHC 2522 (Comm)

This recent decision of the English Commercial Court deals with two appeals from two related arbitrations in respect of two voyage charterparties which were NOT in identical form. Whilst under both charterparties the notice of readiness (NOR) was to be delivered between 0800 and 1700 on a weekday and between 0800 and 1100 on a Saturday, and laytime was to commence at 0800 on the next working day after the NOR had been tendered, there was NO express provision made for delivery of a NOR on a Sunday.

The Sub-Charterer cancelled the Sub-Charter after which the Charterer cancelled the Head Charter, the NORs having been delivered before the relevant time on the cancelling date, but NOT during the permitted hours, as they were delivered on a Sunday. Each Tribunal held that each cancellation was not valid. The Sub-Charterer and the Charterer appealed against the award made against each.

The Court decided that, under the Sub-Charter, the NOR delivered was invalid and that the cancellation made by the Sub-Charterer was valid and that, under the Head-Charter, the NOR delivered was valid and that the cancellation made by the Charterer was invalid. The Court stated that it was concerned with a question of construction and that its aim was to identify “the objective meaning of the language which the parties have chosen to express their agreement”.

Cancellation under the Sub-Charter

Clause 14 relating to NOR stated:

“Notification of the vessel’s readiness to load at the loading port must be delivered by mail/fax at the office of Charterers or their agents, between 0800 hours and 1700 hours from Monday to Friday, between 0800 hours and 1100 hour on Saturday, ... Laytime is to commence 0800 hours the next working day, ...”

Clause 16 relating to the cancelling date stated:

“Should the Notice of Readiness at loading port not be delivered as per Clause 14 by twelve o’clock noon on the 31st day of May 2015, the Charterers or their Agents shall at said hour and anytime thereafter, but not later than the presentation of Notice of Readiness ..., have the option of cancelling this Charter Party. Charterers to narrow into “10” days spread latest in 40 days advance prior to first layday.”

The Court noted that:

(a) Clause 16 provides charterers with the option to cancel and defines when that option arises, namely when the NOR at the loading port has not been delivered “as per Clause 14 by twelve o’clock noon on ...”;

(b) the words “as per Clause 14”, which are “clear and simple” mean that the NOR must be in accordance with the requirements of clause 14;

(c) there is no inconsistency between



Clause 16 and the requirements in Clause 14, as there is nothing in Clause 16 which defines the requirements of a NOR;

(d) notwithstanding the words “as per clause 14” in Clause 16, it would promote uncertainty if a NOR could be invalid for one purpose, i.e. the running of laytime, but valid for another, i.e. the option to cancel; and

(e) when charterparties do make the option to cancel dependent upon a NOR, as in this case, a failure to give those words their ordinary and natural meaning risks causing uncertainty where the parties had endeavoured to create certainty.

Accordingly, the Court determined that the NOR was invalid and that therefore the cancellation was valid.

Cancellation under the Head-Charter

Clause 4 relating to laydays and cancelling stated:

“Laytime for loading, if required by Charterers, not to commence before 0001 on 01st day of April/ May 015. Should the vessel's notice of readiness not be tendered and accepted as per Clause 17 before 2359 on the 30th/31st day of April/ May of 2015, the Charterers or their Agents shall at any time thereafter, but not later than one hour after the notice of readiness is tendered, have the option of cancelling this Charterparty. Charterers to narrow

Laycan into a 10 days spread latest 30 days prior first Layday...”

Clause 17 relating to time counting stated:

“(a) Notice of readiness and Commencement of Laytime. See also Clause 70.

Notice of vessel's readiness to load and/or discharge at the first or sole loading and/or discharging port, shall be delivered in writing or by cable/ telex/email to Charterers/Receivers (or their Agents). See also Clause 70. Such notice of readiness shall be delivered when vessel is in the loading or discharging port and is in all respects ready to load/discharge in case loading/discharge berth is occupied vessel to be allowed to tender Notice of readiness whether in port or not, whether in berth or not, whether customs cleared to not, whether in free pratique or not.

Following receipt of notice of readiness to load or discharge as above, laytime will commence at 0800 on the next working day, after the valid notice of readiness has been tendered and hold passed, laytime to commence to restart at 0800 hours on Monday or the day following a public holiday...”

Clause 70 relating to NOR and laytime stated:

“Loading port:

If loading at East Coast South

America, the notice of readiness to be tendered within office hours 0800-1700 hours Monday to Friday and 0800-1100 hours Saturday. Laytime to commence at 0800 hours the next working day after valid notice of readiness being tendered...”

The Court was persuaded that the amendments to Clauses 4 and 17 (in Clause 17 the standard form office hours requirement had been deleted) of the Head-Charter were intended to create a different NOR regime from that which applied for laytime purposes, and that their combined effect manifested, objectively, an intention that, for purposes of the cancelling clause, there was no requirement that the NOR was to be delivered within office hours.

Accordingly, the Court determined that the NOR was valid and that the cancellation was invalid.

In conclusion, the Court noted that the reason for the different results in the two appeals was that the two charterparties were not on back to back terms.

This decision highlights the wisdom of parties, which are in the middle of a charterparty chain, checking for the consistency of terms in each of their charterparties, in particular when consideration is being given to the validity of NORs delivered and to the making of cancellations. ▲

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Force Majeure in shipping contracts

By RYAN HUNTER, solicitor and JOE HURLEY, Partner HWL Ebsworth

Force majeure clauses are ubiquitous in shipping contracts. Although they are usually introduced as a boilerplate provision, parties are regularly concerned about how to manage a clause which might give their counterpart an opportunity to escape from their promises, while also protecting themselves from the risk of disaster.

Force majeure clauses deal with events beyond the parties' control that they are aware could occur and, if they do, will make performance impossible. Force majeure is a creation of the parties' contract. Therefore, its operation will depend on the words of the contract.

There are three key questions the parties will need to address in so crafting a force majeure clause (or, more likely, adapting their lawyers' template version).

First, what is a 'force majeure event'? The contract should address events which would be catastrophic to the contract, or part of it, such that neither party would expect their obligation to continue. Some will be applicable to any contract, such as strikes or war. Others will be particular to the contract in question. For example, a contract for the shipment of iron ore could expressly define the failure of a particular mine as a force majeure event.

Force majeure clauses can expressly exclude risks which should be priced into a contract, such as changes in the market price of the goods being shipped. In any event, courts will usually not assume that a force majeure clause intends to capture foreseen perils which are not referenced in the clause.

Secondly, what impact will the force majeure event have on the parties' obligations? Depending on the length

and complexity of a contract, parties may choose to suspend the entire contract, or just the obligations directly affected, or even terminate the contract upon a force majeure event being established.

Parties should be careful to be clear about what parts of their bargain they intend to suspend or terminate. A storm in Sydney this week probably should not allow a party to escape from fulfilling the next shipment in six months' time. Because force majeure clauses affect otherwise absolute obligations, courts will construe ambiguous clauses narrowly and contrary to the party who drafted them. Delineating cause and effect is therefore especially important.

Thirdly, how should the affected party notify the other of the force majeure event? If a party intends not to fulfil its promise under a contract, the other party will generally expect to be notified quickly and with sufficient particulars of the event. If the contract is to be suspended, the parties will need to know how long the event is likely to continue for.

Notice requirements might also allow for the termination of the contract after a certain period of time, where the force majeure event cannot be resolved.

Some of the risks in establishing a force majeure event were seen earlier this year in the United Kingdom Court of Appeal decision of *Classic Maritime Inc v Limbungan Makmur Sdn Bhd* [2019] EWCA Civ 1102.

There, a charterer claimed force majeure against a shipowner, after the collapse of the Fundão tailings dam in Brazil meant they were unable to supply iron ore for delivery from Brazil to Malaysia.

The contract provided that the charterer could declare force majeure for loss resulting from "accidents at the mine or Production facility". There was no dispute that the dam collapse fell within this definition, but the charterer faced two key difficulties, neither of which it was able to overcome.

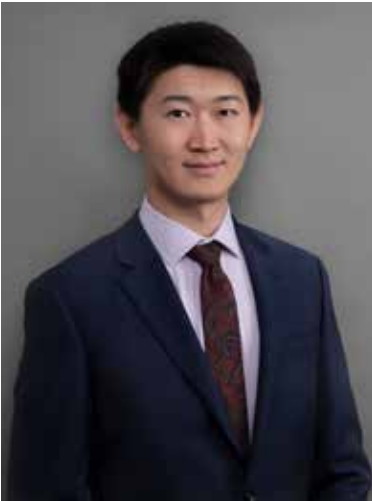
The first was that it was not clear that the charterer ever planned on carrying out the contract. This was a long-term contract of affreightment, but the charterer had avoided its last two shipments due to a shortage of demand. The shipowner claimed that the charterer would have done the same again regardless of the dam collapse.

The Court of Appeal agreed. Although emphasising that the answer will turn on the wording of the contract in question, force majeure clauses (including this one) usually refer to loss or damage "resulting from" the event. The party claiming force majeure must be able to establish that "but for" the event, they would have fulfilled their obligation.

Secondly, the charterer could not show that it had fully attempted to fulfil its obligations by seeking "alternative methods" of performance. The charterer had discretion about which port it nominated to ship cargo from, including ports away from the mine collapse. Where there are unaffected means to perform, the party must attempt to perform by those alternatives. It is not enough that there is a settled practice of shipping from one supplier at one place.

Shipping contracts must deal with the wide berth of perils which can arise at sea and on land. Force majeure clauses remain the simplest method of managing uncontrollable risks. However, parties should remain focused on what obligations can, or should, continue in the face of disaster. ▲





When should a freight forwarder issue a house bill of lading?

By HARRY KONG, claims executive, Thomas Miller (Australasia) Pty Ltd

The question of ‘whether to issue a house bill of lading?’ for a consignment should be evaluated with careful consideration at all times, as a good business practice for freight forwarders. This will mitigate risks of potentially large exposures, as we are reminded in the case of *Cro Travel v ACFM*¹

Facts

This recent New South Wales Court of Appeal decision upheld the previous judgment in *ACFM v Freight Solutions*² where the freight forwarder was held to have acted in misleading and deceptive conduct when issuing house bills of lading, whilst simultaneously releasing ocean bills of lading, both of which purported to be original negotiable documents.

CRO Travel Pty Ltd (CRO) (formerly known as Freight Solutions (Vic) Pty Ltd) was a freight forwarder servicing ASSH; a shipper in the business of exporting animal skin and hides. ASSH entered into a loan agreement with Australia Capital Financial Management Pty Ltd (ACFM), whereby ASSH would provide ACFM with original bills of lading as collateral security in exchange for drawdowns on the loan. It was intended that ACFM would return the original bills of lading after ASSH had repaid the drawdowns.

In the course of applying for a drawdown, ASSH provided ACFM with eleven house bills of lading issued by CRO. When ASSH failed to make the repayments, ACFM attempted to take possession of the goods, only to discover that the goods had already

been released to a third party by the ocean carrier.

ACFM was able to successfully sue CRO for the full recovery of the drawdowns on the grounds of misleading and deceptive conduct.

What went wrong?

In this case, the ocean carrier issued a set of ocean bills of lading that were “original” and “negotiable” and named the consignee as “to Order” (Ocean Bills).

CRO issued a set of house bills of lading that were a close replica of the Ocean Bills, also being “original” and “negotiable” and named the consignee as “to Order” (House Bills). The House Bills were signed by CRO “as agent for the ocean carrier”.

Furthermore, CRO released both the House Bills and the Ocean Bills to ASSH. ASSH provided ACFM only with the House Bills. The Ocean Bills were apparently used by a third party to take delivery of the cargo from the ocean carrier.

The court held the House Bills themselves to be misleading and deceptive for the following reasons:

- CRO did not have authority or consent from the ocean carrier to sign off as their agents,
- CRO released into the world two sets of bills of lading (House Bills and Ocean Bills) both to be original documents with title to the goods,
- The House Bills did not give the lawful holder a right to delivery of the

goods.

Consequently, CRO were held to be liable for the loss suffered by ACFM.

The lesson to be learnt

Whilst the issuing of house bills of lading as a business practice should not be discarded, freight forwarders should never issue a house bill of lading when they do not have control over the release of the cargo at destination; especially when the ocean bill of lading issued by the ocean carrier is negotiable.

A defining feature of a bill of lading is that it constitutes a document of title for the related goods. Thus, it must be capable of obtaining delivery of the cargo it relates to, when they are presented to the issuer or their authorised agent.

Furthermore, freight forwarders must not sign house bills of lading “as agents of the ocean carrier”, unless the ocean carrier has granted express authority to do so. Such representation implies the lawful holder of the house bill of lading has an action against the ocean carrier. If the ocean carrier has not granted authority to the freight forwarder, the ocean carrier will have no liability, and the freight forwarder will be liable for any losses associated with the reliance on the representation.

Should a freight forwarder find themselves in need of issuing a house bill of lading, it is important to ensure the ocean bill of lading is non-negotiable and remains in possession of the freight forwarder (or their receiving agent), thus ensuring the freight forwarder has control over the release of the cargo by the ocean carrier. ▲

¹ *Cro Travel Pty Ltd v Australia Capital Financial Management Pty Ltd* [2018] NSWCA 153

² *Australia Capital Financial Management Pty Ltd v Freight Solutions (Vic) Pty Limited* [2017] NSWDC 279



Shipping emissions – meeting new standards

By DR VIKRAM GARANIYA, associate head, Research and Global,
Australian Maritime College

One container ship can emit almost the same amount of pollution as 50 million cars, and yet, shipping emissions are often overlooked. Here's how researchers plan on curbing this serious source of global pollution.

Sulphur dioxide and nitrogen oxides (NOx) are some of the nastiest pollutants found in emissions from ships. Global shipping contributes about 15 per cent of all human-caused nitrogen oxide emissions, contributing to acid rain that affects everything from vegetation to humans. And research has now recently found that a single container ship can emit almost the same amount of chemicals associated with cancer and asthma risk, as 50 million cars.

If you're producing nitrogen oxides close to a populated place, then people will have breathing issues. To combat this oft-ignored source of air pollution, our team at the AMC have been working with the Australian Maritime Safety Authority (AMSA) to determine how best to introduce new, cleaner air standards for ships.

In Emission Control Areas (called ECAs), it's estimated that these new NOx standards, which go into effect in 2021, will result in an 80 per cent reduction of NOx emissions by ships, below year 2000 levels.

In addition, in 2020, new world

standards will reduce the maximum allowed level of sulphur in fuel from 3.5 to 0.5 per cent, which alone could prevent more than 570,000 premature deaths by 2025.

These major changes cannot be achieved merely by tweaking or tuning engines, but require revolutionary changes on-board ships, costing millions of dollars and requiring the vessels to be out of action for considerable periods.

This is a big change, but we are ensuring that it is carefully managed.

AMSA regularly contracts the Australian Maritime College to get research done in order to get specific answers. We are the national institute for maritime research, education, and training, so we are able to guide AMSA on what's best for Australia. We are proactive in bringing emissions down, but at the same time we are providing technical inputs as to what's right and appropriate for Australia.

Change takes time

At times, research has resulted in recommending a particularly cautious approach – even extending the deadline for some of these new emission targets by up to five years.

For example, AMC recommended delaying the introduction of the new NOx standards in ECAs from 2016 to 2021, because our studies indicated

that an earlier date would have resulted in the detention of many ships, crippling Australia's export and import industries.

We don't like to tighten the screws for companies that are not ready. In the shipping industry, change takes time. Ships need time to travel and organise downtime, their schedules are at least a year in advance.

Fuel used in shipping is often 'dirtier' than other regular fuels. After extracting crude from the earth, refineries strip things like diesel and petrol out of it – whatever is in demand – and what's left goes into shipping.

That's why it's not the best in terms of its combustion characteristics. It even contains heavy substances like bitumen (asphaltenes). Often they have to keep it warm all the time or it will jam the pipes – it's really sticky.

Yet, per tonne moved, shipping is more economical and produces far fewer emissions than moving cargo by road or air, so it's important that the industry survives into the future.

You can move a big load of cargo in an economical way, so the amount of pollution is very low.

Ships are getting bigger too. The largest ship we have now can take 21,000 containers, with each 20 foot (609cm) container holding 15 to 20

tonnes, and the demand for shipping is increasing every day.

Taking the smarter approach

Sulphur emissions can be reduced by changing to low-sulphur fuels, but our research showed that Australia does not have an adequate supply of these fuels. We only have a small number of refineries in Australia, so when we have to implement these changes, we will mainly be relying on overseas suppliers.

To reduce sulphur dioxide emissions, ships can use cleaner fuels such as LNG (liquefied natural gas), but many Australian LNG bunkering infrastructures are still under construction.

NOx emissions, on the other hand, aren't generally caused by problems in the fuel, but by high temperatures in the combustion process. As a result, there are various technological methods that ships can introduce to meet the new, improved standards for NOx emissions.

There are seven different technologies that can be used, but each ship has to work out what's best for them.

One method is selective catalytic reduction, in which urea or ammonia can be injected in the exhaust gas, causing a chemical reaction that reduces the NOx levels. Another method is called scavenging air moisturising, in which the intake air is preheated to 70°C with a high humidity, which can also reduce NOx production.

The AMC will continue helping the shipping industry in finding other ways of reducing emissions, such as relying on shore power when in port, rather than keeping the marine fuel generators going.

It's a 'slowly but surely' approach to the future, but for an industry based on that philosophy, it's looking like a perfect fit.

Key facts:

- Global shipping contributes 15 per cent of all human-caused nitrogen oxide emissions.
- In 2020, new world standards will reduce the maximum allowed level of sulphur in shipping fuel from 3.5–0.5 per cent, which could prevent more than 570,000 premature deaths by 2025.

- New standards for NOx emissions will result in an 80 per cent reduction of NOx emissions by ships, below year 2000 levels.

- The largest ships in the world can take 21,000 containers, with each 20 foot (609cm) container holding 15 to 20 tonnes. ▲

Dr Vikram Garaniya is a Course Coordinator for the BEng (Marine and Offshore Engineering) program. His main area of research is in marine fuels and ship emissions. Vikram has published over 25 papers in scholarly journals and conferences. Recently he led a team which received a US\$60,000 grant from the International Association of Maritime Universities. Vikram's research interests include chemical and thermal engineering related areas, such as combustion science, computational fluid dynamics, modelling of engines, mathematical modelling, evaporation, pyrolysis, thermal cracking, coke formation, soot burnout. Heavy fuel oil and continuous thermodynamics are his main areas of interest. He also has a very keen interest in chemical process optimisation, and safety and reliability of such systems.



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Shipping – an ancient activity in a modern world

By DR TERRY O'BRIEN AM, executive director, OMC International

A significant development in the modernisation of the Australian shipping industry is the news that bigger bulkers and tankers with a draft of up to 12.5 meters can now transit the international waters of Torres Strait, which has been a bottleneck in this vital shipping route for the Asia-Pacific region. A key outcome of measured transits conducted on Rio Tinto bulk ships carrying bauxite from Weipa to Gladstone, is that in July 2019 AMSA provided a blanket exemption for all bulk carriers and tankers to transit up to a draft of 12.5 metres. Ships can safely sail deeper than the maximum draft of 12.2 metres, the previous limit allowed by AMSA. The Under Keel Clearance Management (UKCM) technology developed by OMC can predict under keel clearance accurately in a region with complicated tides, strong currents and a hard rock bottom.

The increase in draft limit will enable Rio Tinto to ship the same volume of cargo through the Great Barrier Reef on ten less ships per year, with significant environmental and economic benefits (>\$10 million). AMSA, Rio Tinto and OMC have successfully worked together to enhance both the safety and productivity of shipping through this ecologically sensitive area.

Meanwhile trials of Maersk container ships through Torres Strait are ongoing, with a view to the possible extension of the draft limit increase to container shipping through the Strait.

Preparing for IMO 2020 fuel sulphur limits

In addition to economic benefits, bringing in ships deeper with more

cargo translates into less fuel used per voyage. In the past year, with respect to Australia's iron ore exports from the Pilbara, OMC's DUKC® has reduced the fuel costs by an estimated US\$130 million and the CO2 emissions by 1.2m tonnes. Fuel prices will play an increasingly significant role in the rise of shipping rates, as around 60 per cent of a ship's operating costs is fuel. Rising fuel costs mean rising freight rates. This issue has been a recurring theme in 2019, as a change from high sulphur fuel to a low 0.5 per cent sulphur fuel will be an IMO compulsory regulation from January 1, 2020.

Preparing for the IMO sulphur limits presents a challenge to all shipping, as

there is a potential shortage globally of IMO compliant fuel. The question is, can Australia guarantee availability for 100 per cent compliance when 100 per cent of requirements are imported? There are other options available such as Liquefied Natural Gas (LNG) but with the limitation that the fuel storage area needed onboard will reduce cargo space. Another alternative is an exhaust gas cleaning system (Scrubbers) fitted to ships using non-compliant fuel.

Deputy PM visits OMC

In February 2019 Australia's Deputy Prime Minister, the Honourable Michael McCormack, MP, visited OMC's Melbourne office and watched a



Jason Rhee, Honourable Michael McCormack, Peter O'Brien and Dr Terry O'Brien observing a live DUKC® demonstration

demonstration of the latest upgrades to its flagship technology the DUKC® system. He was very supportive of the increasing need for such dynamic cutting-edge technology in a digital world of fast-paced technological change.

DUKC® Series 5 upgrades

The treacherous waters of Port Phillip Heads are one of the world's most hazardous and challenging places for large ships to navigate, with complex tidal regimes, heavy swells and strong currents in its approach channel. To enhance safety, the Victorian Ports Corporation (Melbourne) has now upgraded to OMC's latest DUKC® Series 5 technology in readiness for the increasing size of vessels visiting Australia's largest container port. The previous Series 4 system has been the operational UKC management system for the approach channels to the port of Melbourne for the past decade.

As part of the Series 5 upgrade process, extensive full-scale validation measurements and trialling of the system for container ships, tankers and bulk carriers were undertaken under a wide range of environmental conditions.

The DUKC® Series 5 roll-out during 2019 continued with the latest port to upgrade being Bunbury, where an earlier DUKC® version was first installed in 1996 and was still in use. The Bunbury Series 5 upgrade in 2019 is significant for OMC as it illustrates that the original Series 1 core engine of the DUKC® system has, over the intervening years, continued to offer the safety benefits for which it was initially installed. Even though it is now almost unrecognisable when compared to the latest generation DUKC® systems, Series 1 reflects 25 years of on ongoing research, development and innovation. A new implementation of the latest generation DUKC® S5 system, installed for the port of Lyttleton in July 2018, became the fourth system operating in New Zealand in December 2018.

Port of Fremantle Celebrates

With the arrival of the *Encounter Bay* on 28 March 1969, Fremantle became the first Australian port to receive an overseas purpose-built container ship. The official opening of the port of Fremantle Container Terminal took place on 29 March 1969. It was the first port in Australia to witness the global container revolution and celebrated its 50th Anniversary this year. Chris Leatt-Hayter, CEO of Fremantle Ports, in an official publication celebrating this milestone, wrote that "it was a shipping industry innovation that had its early doubters yet was to prove revolutionary on a global scale". In 1997 Fremantle became the



The restored Vasa

first port in the world to use DUKC® technology for container vessels, and its pioneering use in Australia was also seen by the CEO "as an important innovation by Fremantle Port." OMC acknowledges the invaluable support provided to our staff over the many years by former harbour masters, Captain Eric Atkinson OAM, and Captain Allan Gray.

Why did the Vasa ship sink?

Ship stability remains a delicate balance between gravity and buoyancy. Ensuring the stability of ships has for centuries been a challenging task, as the following story illustrates.

Almost 400 years ago the Swedish-built ship *Vasa* left the docks of Stockholm harbour on its maiden voyage. Only 1300 metres into its voyage, a light gust of wind toppled the ship over on its side. As water flooded through the gun portals, it sank within 20 minutes in the waters of Stockholm harbour and lay there forgotten until 1956. A long process of restoration led to it being displayed in a specially built museum in Stockholm as a reminder to future generations of the importance of ship stability calculations.

It is now a widely accepted theory that the capsizing of the *Vasa* was due to a design/construction failure in that the upper level of the ship was built wider than originally planned, which led to a change in the centre of gravity and reduction in stability.

Ship Motions and Liquefaction

Another factor affecting ship stability is the weather conditions at sea, particularly the motions of roll and pitch in rough seas, which can convert cargoes such as iron ore, nickel and bauxite from a solid to liquid state - a process known as liquefaction. It has been reported that from 2009 to 2018,

nine bulk carriers and 101 lives were lost at sea due to ships capsizing from cargo liquefaction, including as recently as 2019, in which a vessel and 25 crew members were lost in Indonesian waters.

Despite an IMO warning and improved knowledge, these recent reports suggest the liquefaction risk has not gone away. It is suggested that the loss of a bulk carrier in 2015 with the loss of 18 lives, may have been caused by liquefaction of a cargo of bauxite. Clearly, the solution lies in minimising the moisture content of fine-grained materials such as nickel, bauxite and iron ore, before loading onto ships and using smart technology onboard to detect critical moisture levels, which may lead to liquefaction and potential capsize.

Where conditions at sea are challenging, traditional instruments for measuring ship motions could be dangerous for engineers or crew to mount onboard. So, prompted by fatalities due to liquefaction, in 2012 OMC unveiled a new instrument, iHeave, developed in-house by its research and development team. This instrument can be easily carried onboard and set up on the bridge in minutes; data on ship motions can then be transmitted by cloud-based Internet to OMC's Melbourne office. Where waves are of concern, pilots can also use iHeave to measure and display the exact amounts of heave, roll and pitch, which their vessels are experiencing prior to or during their transits along port approach channels.

OMC has recently miniaturised its iHeave instrument to facilitate its wider use on ships at sea, as well as in port approaches.

The sinking of the "*Vasa*" ship is a cautionary tale for those designing and testing new technologies. ▲



Maximising efficiency at the port of Melbourne

By CAPTAIN MIKE HANSON, managing director, Port Phillip Sea Pilots

The port of Melbourne is one of Australia's largest container ports, with over 2.9 million TEUs handled annually. With the constant rise in throughput, the push for maximising the cargo lift per ship is ever increasing. The port of Melbourne is the pinch point of the Australian container ports, with a treacherous port entry through the Rip and restricted manoeuvring area in the Yarra River, Swanson Swing Basin and Dock and of course, a bridge that doesn't get any higher as time goes by. When it comes to container ships, Australia has mostly been the receiver of hand-me-downs from other global services, with many of these vessels now being scheduled into the Australian trade lanes, putting increased pressure on the port of Melbourne to facilitate these ships.

Port Phillip Sea Pilots have been actively involved in the risk analysis, procedural development and necessary simulations to make the transit of these ships through the port a reality. Dozens of simulations were required to evaluate the limits for tidal streams at the entrance to Port Phillip. Also included were weather conditions for manoeuvring, the hydrodynamic effect on other ships in the river and safe vessel clearances in the dock. From the simulation data, procedures were refined

(current limits, weather limits, traffic management, tug requirements), detailed passage plans developed and Portable Pilot Units (PPUs) upgraded to meet the rigorous demands of manoeuvring these large ships within the confines of the Yarra River.

This detailed planning and collaboration has resulted in the safe transit of the following ships up river to Swanson Dock:

Maersk Skarstind – 300 metres x 48 metres - 9472 TEU, *MSC Elma* – 300 metres x 48 metres - 9411 TEU.

MSC Tianjin and *GSL Ningbo*, sister ships at 323 metres x 42.8 metres – 8,063 TEU, and the largest of them all, the *MSC Rita* at 324.85 metres x 42.8 metres – 8,089 TEU.

At some point in the near future, we may very well see the first vessel of over 10,000 TEU.

This is of course, by comparison to when Swanson Dock was constructed in the late 1960's, where ships of 227 metres (*Encounter Bay* class) were deemed to be the largest foreseen. Then we moved to the 248 metres (*Resolution Bay* etc.) class, 281 (P&O *Nedlloyd Botany* – *Albatross*) class, and then the 292 – 294 metres *Maersk Gironde* class.



This year has also seen regular visits from a larger class of vessel into VICTL, the new container terminal at Webb Dock terminal, including vessels of the new AES/NEMO service, where CMA CGM and MSC have formed a joint service, one of which was the *Le Havre* at 336.7 metres X 45.6 - 9,572 TEU, with many other similar ships in excess of 334 metres.

This year saw the upgrade of OMC International's Dynamic Under Keel Clearance programme to Version 5, bringing both Melbourne and Geelong onto a common platform, and integrating PortWeather, giving pilots access to all relevant metocean data. PPSP worked closely with OMC to customise the software to meet the pilots requirements.

After over 180 years of providing pilotage, the Port Phillip Sea Pilots have risen to the challenges faced by the port and have been actively involved from the conceptual phase through to the capacity maximisation of the port, thereby ensuring the safe and efficient transits of the largest ships ever to enter the port. ▲



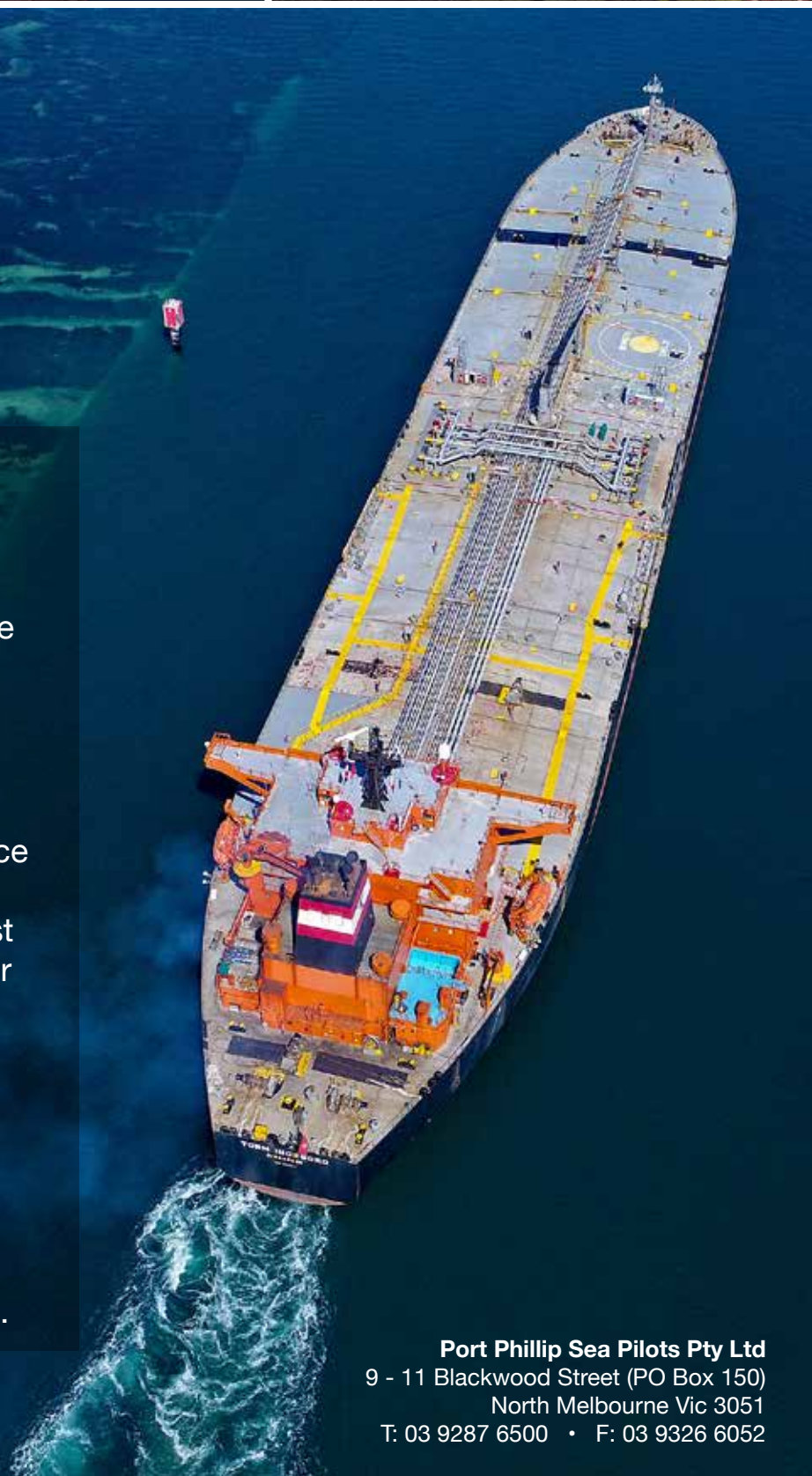


Port Phillip Sea Pilots,
180 years of pilotage in the ports
of Victoria.

Dependable ON DEMAND service
providing the experience and
expertise expected in today's
modern shipping industry.

Innovation in technology, Safety
Management and Bridge Resource
Management to ensure the
continuation of the safest, highest
quality service to every one of our
customers.

Partnering closely with our
customers both ashore and
onboard to re-conceptualize
pilotage based on a "Shared
Mental Model" incorporating
detailed passage plans and
advanced Master Pilot Exchange.



Port Phillip Sea Pilots Pty Ltd
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North Melbourne Vic 3051
T: 03 9287 6500 • F: 03 9326 6052



The development of pre-arrival passage planning

By Captain PETER LILEY, managing director, Brisbane Marine Pilots

The Master Pilot Exchange (MPX) has long been the stalwart of the Pilotage Passage Planning process. A number of key requirements were always requested, including:

- Ensure the courses on the chart as the same as the Passage Plan,
- Plot the ship's position and inform pilot when approaching the waypoints and state the next course,
- Inform the pilot of any concerns that may impact on pilotage.

The range of responses received impacted greatly on the quality of the MPX.

Of course, 10 years ago, most navigation was performed using a paper chart. Due to the scale and a less than ideal understanding of position fixing, it was difficult to monitor the ship's progress with critical accuracy. In some instances, the Bridge Team were monitoring the ship's position on the Pilot's PPU and not using the ship's charts, radar or ECDIS.

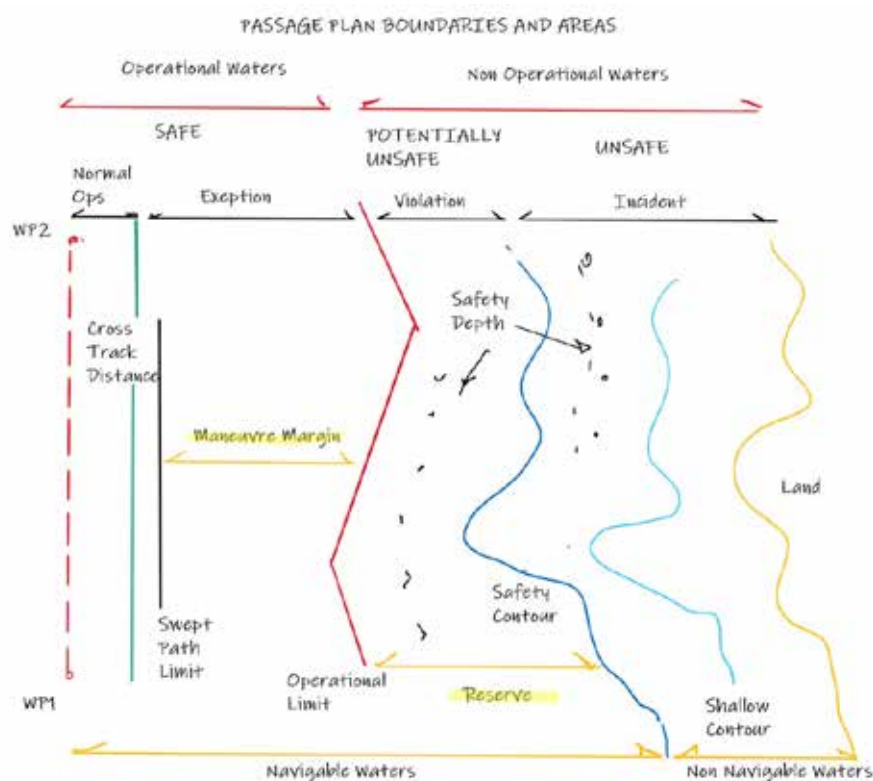
Brisbane Marine Pilot's Safety Management System identified this as a risk. To assist in mitigating this risk, BMP drafted a Pre-Arrival Sheet that included the BRM expectation and a list of waypoints across the bay and up the river. This list was provided to Brisbane shipping agents with the expectation that this would be forwarded to arriving vessels. The information was also publicly

available on our website. It was thought that the Ship's Bridge Team would utilise this information and be better prepared for the MPX.

The uptake was less than expected. We knew Bridge Teams were hungry and enthusiastic for the information proffered, but technology limited the ability for fast, secure wireless data transfer. However, ships on return transits using the routes

supplied the pilot previously, would monitor the vessel's passage plan with enthusiasm, diligence and pilot challenges, as requested by the pilot in the MPX.

After years of reviewing and testing routes, the Brisbane maritime authorities settled on channel boundaries, and these were published on AHO charts. The pilotage of the port of Brisbane





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When Brisbane's first marine pilot was appointed, he did not know that Brisbane would one day become Australia's largest capital city port. It is the responsibility of our marine pilots to protect the Port, its visitors and its ecosystems.

Our services include training and providing marine pilots 24 hours per day and 365 days per year. We also provide expert advice on maritime matters and regularly review the Port's navigation and logistics systems.

Being a marine pilot in Brisbane is a particularly challenging and unique role for a number of reasons. The Port of Brisbane is a unique combination of sea, bay, river and berth pilotages.

Safety remains the number one priority for Brisbane Marine Pilots and we continue to invest in world-first initiatives to maintain our excellent safety record.

Our pilots are a close-knit team of dedicated maritime professionals, who have developed a collegiate culture of safety, expertise and excellence, whilst always considering the commercial pressures on a busy international trading port.

We are proud to live by our values every day.



Safety

.....
In everything we do,
safety is our priority



Service excellence

.....
We leverage our proven
knowledge, systems
and expertise to provide
excellent service



Collaboration

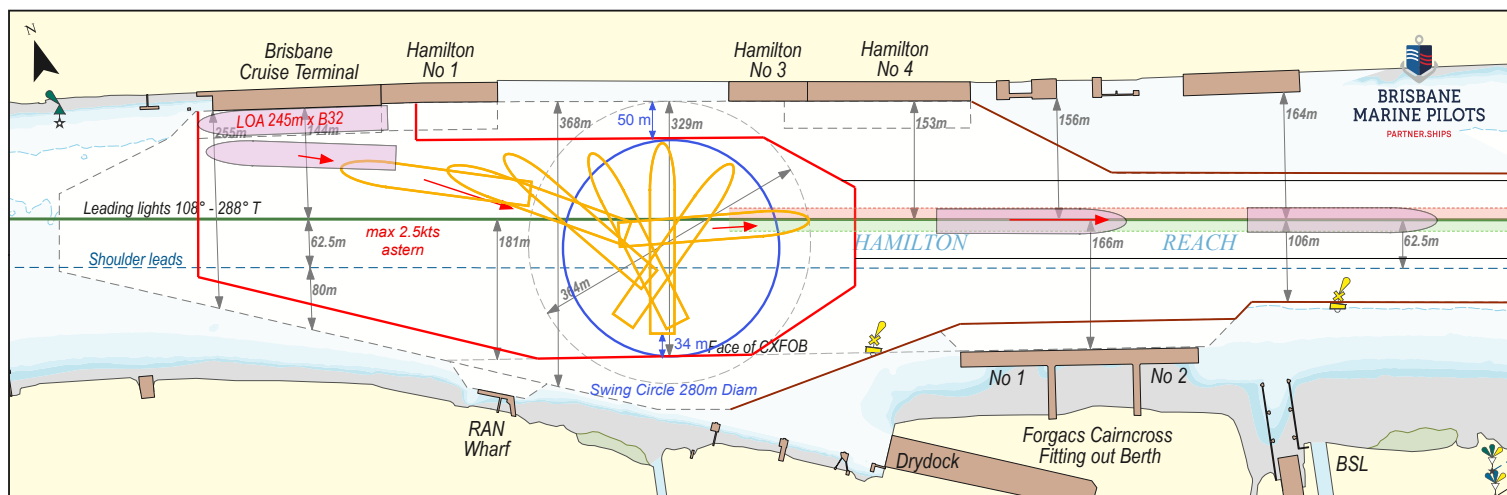
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Close collaboration
drives safe, effective
partnerships



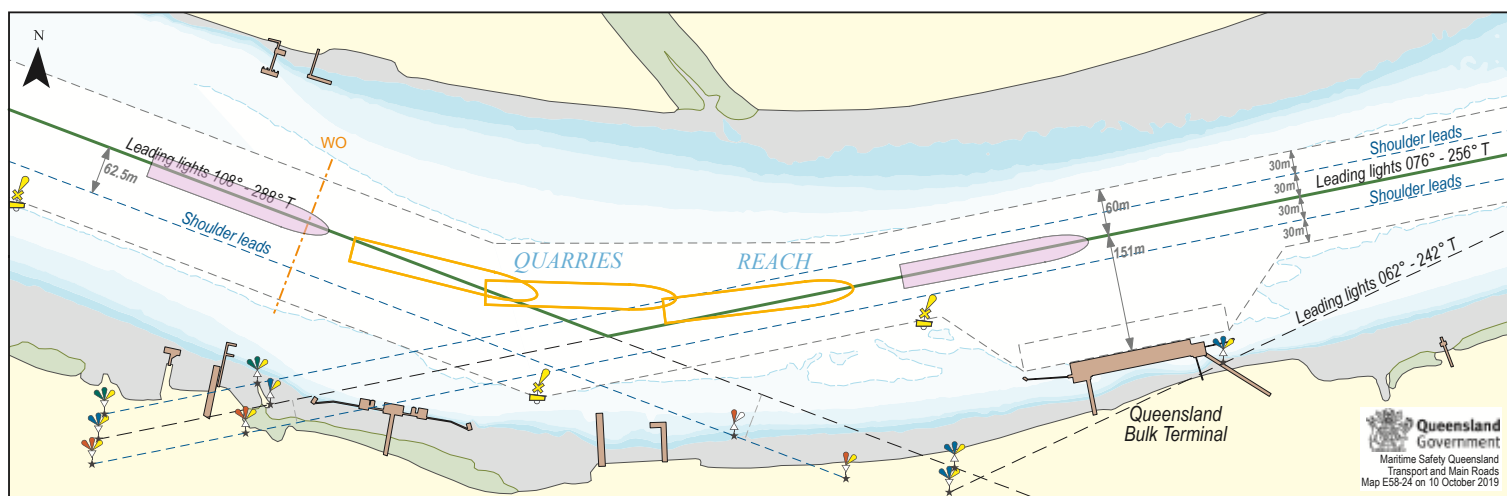
Integrity

.....
Doing what's right
for our staff, our
clients and the Port

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Phone: +61 7 3624 6500 | Email: bmp@brisbanepilots.com.au | brisbanepilots.com.au



BRISBANE CRUISE TERMINAL to QUEENSLAND BULK TERMINAL



became a well monitored and executed maritime evolution.

The question remained, however, was the current range of equipment and technology being used to its fullest extent? How is the ship's passage really being monitored?

To properly monitor the ship's progress using ECDIS or PPU, relevant XTD limits needed to be set and alarmed when exceeded.

After much discussion, planning and ongoing testing, BMP proposes the introduction of an Operational Limit Line. This is a line defined by the pilot organisation's Safety Management System as a practical limit beyond which no ship would be taken in normal operating circumstances.

With this in mind, we can respond to the challenge of ensuring both pilot and Bridge Team are using the same plan and prescribed limits.

The designation of the Planned Navigable Corridor (sometimes referred to as the Comfort Zone) is the area within the XTD in which the

pilot can expect no challenge from the Bridge Team. The bay pilotage would be well monitored by including an XTD limit and an Operational Limit that alarmed as the ship approaches. This is an enhanced route monitoring form of navigation that does not rely on the Safety Contour being the limit or the grounding limit.

The Operational Limit can also be extended to define the boundary around the manoeuvring area. This is another proposed concept, the Operational Manoeuvring Area (OMA), as we have found that route monitoring does not adequately monitor the ship's progress through the swing and the approach to the wharf.

We consider ourselves very fortunate to have built a long-standing relationship with P&O Australia, particularly when it comes to pilot and Bridge Team interaction. Our current systems and testing all began with a conversation with their ship's masters and Mike Drake in 2005, as to "best practice" in the way forward in handling these ships.

We have been grateful for P&O Australia's assistance as we trial this work on the *Pacific Dawn* and *Pacific Aria*. These concepts are not specific to cruise ships and should translate to all vessels arriving in the port of Brisbane.

The full presentation article can be found on our website www.brisbanepilots.com.au



Engage Marine – 2019 review

By MARK MALONE, chief executive officer, Engage Marine

Engage Marine was established in 2017, on a vision to lead change in the marine industry and subsequently set out to achieve this. The last 12 months have cemented this aspiration, with several key achievements that demonstrate Engage Marine's commitment to leading change, delivering competition within Australian ports, and ultimately ensuring both clients and ports receive high quality, efficient towage services.

Following the successful entrance into Tasmania, Sydney and Geelong in 2018, our subsidiary Westug commenced the operational implementation of the long-term contract as an alliance with Kotug, for Fortescue Metals Group (FMG) in Port Hedland, early in 2019. The implementation stage saw the successful engagement and establishment of nine newly formed crew partnerships, the recruitment and selection of a dedicated shoreside team, the handover and acceptance of nine tugs and associated onshore infrastructure, and the setup and preparation of the tugs and shoreside facilities for the commencement of towage. On 5 September, the first bulk iron ore carrier was successfully berthed at Herb Elliot Port and operations officially commenced. The further development and continuous improvement of the Port Hedland operations will be a key focus in 2020 and beyond.

On the east coast of Australia, Engage Towage (a harbour towage JV with Smit Lamnalco) continued to strengthen its presence in Sydney and Geelong, through improving our market position and also commenced operations in Port Botany, in addition to Port Jackson.

A significant milestone for Engage Towage in 2019 was the successful salvage of the fully laden 274 metre crude oil carrier, the *Densa Whale*, in May. The *Densa Whale* had lost all main engine power and was fully immobile off the coast of New South



Wales, while on passage from Kalamu (Congo) to Brisbane, with 150 million litres of Nigerian crude oil onboard.

The closest accessible ports of Port Kembla and Port Botany were unable to accept the vessel due to its size, and a decision was made to tow the vessel to Brisbane, some 500 nautical miles away. The journey, which was the longest and largest tow in Australian waters in over two decades, took 28 days and was performed in often extreme weather conditions, with winds reaching over 60 knots and swells in excess of 14 metres, during the salvage operation.

The project was a testament to the highly qualified and experienced crew involved, who were able to navigate and overcome challenging conditions to effectively deliver

a successful salvage, ensuring nearby ports and Australian trade could continue to operate as normal.

With the conclusion of a successful and productive 2019, Engage Marine will continue working with its strategic partners to further lead change in the way marine services are delivered in Australia. The Engage Marine Group is committed to providing the highest level of service in each of its operational ports, by delivering solutions that are best suited to individual customers and specific local port requirements. This commitment, along with ongoing collaborations with port authorities, stakeholders and other operators, are fundamental to Engage Marine's aim to lead change in the Australian marine services market. ▲



Why diversity is a business imperative

By ANTHONY JONES, group chief executive officer, Linx Cargo Care Group

Logistics and shipping have been, for the better part of two centuries, male dominated. And in that time the sector has not shifted much beyond adopting various technologies here and there, to make the sector slightly more efficient.

The world is fully connected and globalised, and businesses within the industry need to adapt with the times. The industry must continue to evolve its thinking around hiring practices and, specifically, around women in their workforces.

Hiring women is not diversity for diversity's sake, it's been proven that diversity is paramount to fostering creative thinking and for staff morale. It offers a pathway to take an organisation into an era of innovation and, without question, business growth.

Research into the benefits of diversity validate these statements. A study by the Boston Consulting Group has found that diversity increases the bottom line for companies. It looked at 1,700 different companies across eight countries and found that companies with a more diverse management and staff, have 19 per cent higher revenue due to innovation.

Further, McKinsey research shows that companies ranking in the top quartile of executive-board diversity in the United States, were 35 per cent more likely to financially outperform the industry medians.

I can say that, as a group of companies, we are determined to do more to increase diversity in our ranks. Since 2016 we've increased our female workforce from 10 per cent to 14 per cent, and 26.4 per cent of management positions in the LINX Cargo Care Group of companies are now held by

women. In 2017 we became a founding sponsor of Wayfinder, which focuses on attracting women into operational roles in the supply chain and logistics sector.

It's a start, and it's no coincidence that in that time we've grown our business and become more agile, safer and innovative.

At the 2019 DCN Australian Shipping and Maritime Awards, we not only sponsored the Women in Shipping and Maritime Logistics Award for the second year, an award we proudly helped introduce in 2018 to the DCN awards programme, we were also highly commended in the Gender Diversity Award. It's clearly a key focus for our organisation and something we will continue to push in 2020.

In 2018, we introduced virtual reality safety training, which immerses our staff into environments and situations they otherwise wouldn't experience. Following the training, our staff are more aware of potential hazards and poor practices that lead to unsafe conditions, and as a result we've seen a 71 per cent improvement in hazards reported, and a 32 per cent increase in safety engagements conducted. Additionally, we can now house the training in a virtual training room with participants from all over the country or world, rather than site by site. This means deployment is quicker and more consistent than site-based training for numerous employees. The adaptability and portability of virtual reality safety training is designed well for our diverse and dispersed operations.

In November 2019, we were honoured to win the 2019 Safety Award for our Virtual Reality Safety Training platform at the industry awards. While we don't do it for

awards and recognition, it is humbling to be recognised for pushing our business and industry to new horizons and making a difference in areas which are core to our values.

We believe there should always be a mandate to innovate, and the best way to do so is to enable a melting pot of ideas. This philosophy is backed by research, which reveals that inclusive teams make better decisions in 87 per cent of cases.

But the world continues to lag behind on diversity – and in Australia, we may be going backwards. Worldwide, while women make up half the population, they are responsible for just 37 per cent of GDP. Further, the Australian Institute of Company Directors released a report which shows the rate at which women have been appointed to boards has fallen from 45 per cent in 2018 to 31.7 per cent in 2019.

We may think the world has come a long way, but more can be done to ensure we see more balance in the workplace – and this is not restricted to the logistics and shipping sectors.

Diversity is not just about ensuring more women are given the opportunity to join the team; more importantly, it's about pro-actively enabling a workplace with a broader mix of capabilities and, importantly for any business, mindsets. If it comes down to a bottom-line argument, well, the research is clear that diversity is not only a path to innovation, but a path to business growth.

This is why diversity needs to be seen as a leadership imperative for businesses keen to evolve and stay ahead. ▲

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We enable smarter trade to
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Patrick Terminals: the year of milestones

By MICHAEL JOVICIC, chief executive officer, Patrick Terminals

2019 was a significant year for both Patrick and the Australian shipping industry, as Patrick Terminals celebrated 100 years since James Patrick began operations on the Australian waterfront.

Patrick Terminals was founded in May 1919 by Captain James R Patrick. Patrick Terminals commenced business as the Patrick Steamship Company Ltd., operating a cargo vessel out of Sydney, servicing the east coast of Australia, with calls to Newcastle, Launceston, Devonport and Brisbane. Over the course of the past 100 years, the Patrick Terminals business has evolved to become Australia's leading terminal operator, employing over 2,000 people and operating some of Australia's most technologically advanced container

terminals, at four strategically located ports along the Australian coast.

Patrick Terminals has a rich history and strong knowledge of the Australian waterfront, having built a reputation for continuous improvement, technological advancement and productivity increases. The history of the organisation was recognised and celebrated by customers, employees, descendants of Captain James Patrick and friends of the organisation, on 16 May 2019, at the Australian Maritime Museum, Sydney.

Throughout 2019, Patrick Terminals has been leading the way, handling some of the largest vessels to ever visit the ports of Brisbane, Sydney, Melbourne and Fremantle. The organisation continues to invest in efficiencies and improvements to operation, with significant investment in the latest ZPMC cranes that will be commissioned at both Fremantle and Melbourne terminals in quarter one of 2020. The new cranes weigh over 1200 tonnes and stand 104 metres high, with the boom up. The cranes will have longer booms than previous cranes and enable new Panamax type ships with 19 containers wide on deck, to be serviced.

During August, construction commenced for new 'on-dock' rail infrastructure and new rail equipment at Patrick Terminals – Sydney AutoStrad. The \$190 million project funded by NSW Ports and Patrick Terminals, will increase 'on-dock' rail capacity at Port Botany, deliver



Michael Jovicic, Annie Patrick, Neil Patrick, Ken Reed, Maurice James, Donna Woodhill and Jamie Woodhill



Maersk Skarstind arriving into port of Melbourne

improved turnaround times, and ensure a sustainable supply chain to meet the future trade needs of Sydney's growing population and increasing rail demand. The project aims to increase the rail capacity of the Patrick Terminals – Sydney AutoStrad from 250,000 to 1 million TEU per annum, and reduce the increasing number of trucks on roads.

Importantly, Patrick Terminals has continued to focus on promoting diversity in a traditionally male

dominated industry. The organisation is committed to building a culture that focuses on representation of women at all levels of the organisation. The Women in Logistics WILpower cadet programme is currently supporting ten females within the organisation, on an accelerated development pathway. In May 2019, Patrick Terminals appointed Australia's first female terminal manager, Rita Antranik to the Patrick Terminals – Fremantle team. ▲



Ground breaking in August 2019, with Patrick Terminals and NSW Ports project teams



Rita Antranik, terminal manager, Patrick Terminals – Fremantle

Victoria International Container Terminal



Five years in Melbourne

By ANDERS DØMMESTRUP, outgoing chief executive officer, Victoria International Container Terminal

The past five years have been monumental for the Webb Dock precinct. The Port Capacity Project (PCP) was an initiative from the Victorian State Government as a means to fully utilise Webb Dock and accommodate for Melbourne's container and automotive trade by adding more capacity to the port. Port of Melbourne is one of Australia's largest ports, handling 2.93 million TEUs annually and is one of the top four container ports in the southern hemisphere. VICT enters the market as the third stevedore in the port of Melbourne.

Back in May 2014, Victoria International Container Terminal (VICT) won the tender to build an automated container terminal. Construction began in December of that year, with a vision to build the most advanced container terminal in the world.

Therefore, VICT partnered with industry leaders AECOM (designer) and BMD (contractor) in order to construct the container terminal, delivering it ahead of time and under budget. Working together with these teams to overcome a number of challenges, VICT was recognised by winning the national Australian Engineering Excellence Award in 2018. Some of the challenges include the operational tolerance of the 20 Automatic Stacking Cranes (ASCs), which imposed tight restrictions on the vertical and lateral displacements of rail foundations, the highly compressible marine clay underlying the entire project area,

and ensuring the alignment of all rail tracks.

VICT has made a significant investment in capital and strengthened Victoria's economy by building a fully automated container terminal, the total project came to AUS\$650 million. This has created jobs, upskilling the workforce and employed workers from the collapsed automotive industry. This level of automation provides a safer workplace with less damage to cargo and equipment.

VICT welcomed its first commercial vessel in March 2017, and has reached several milestones in the short time of operation.

One in particular was for sustainability, VICT voluntarily registered to pursue an Infrastructure Sustainability Council of Australia (ISCA) rating and achieved two of the highest possible rating categories of "Leading" for both VICT's sustainable design and build.

VICT is located on the bay side of the West Gate Bridge and is in the optimum location for the larger vessels now coming to Australia. VICT is not restricted by the height of the West Gate Bridge or the small turning basin. This has been recognised by the shipping lines and in September 2018, VICT welcomed the first +8,000 TEUs vessel at the port of Melbourne – and in December 2019 we saw the first 9,900 TEU vessel serviced at VICT.

The larger vessels are now cascading to Australia, as the world shipping

lines consolidate their fleet. VICT is able to service up to 12,500 TEU vessels, along with Brisbane and Sydney ports. This encourages the shipping lines to bring their larger vessels to Australia, boosting the national trade.

VICT was developed to increase competition in the Australian stevedoring market. The concept of a fully automated container terminal is to deliver a safer, consistent, predictable and improved accuracy in operation, and result in faster turnaround period of imported and exported cargoes. The increased efficiency boosts the economy of Australia by enabling more efficient transport of goods.

Over the past five years, I am proud of what the team at VICT has achieved. There have been significant improvements on vessel and truck turnaround times, in addition to the investments made to improve the general port operation. This year the equipment wash bay was constructed, which recycles 97 per cent of water, laser guides were installed on the quay cranes to assist the larger vessels while berthing, and all of the terminal lighting was upgraded to focused LED that allows us to virtually eliminate any light spill to our neighbouring areas.

VICT is the future of the port, we have invested in new technologies to be the most advanced container terminal in Australia and continue to make improvements to ensure longevity and efficiency to the port. ▲



VICT. The future of the port.

Webb Dock East, Melbourne, Australia
www.vict.com.au

Merchant seamen of war - our 'unsung' heroes

By DAVID FIELD, chairman, The Merchant Navy War Memorial Fund Ltd

The Merchant Navy War Memorial Fund, has sought the support of the shipping and maritime industry in delivering on our **Vision Statement:**

To ensure that the Australian Merchant Navy "A title emblazoned in battle and honoured in freedom"

is recognised as an important part of Australian Maritime History and social culture.

and Primary Objective:

Honouring the memory of Australian Merchant Navy Mariners who gave their lives in service to their country in World Wars I and II, and giving thanks for those that were able to return to their families.

I was recently asked 'why my passion for the ongoing recognition, respect and commemoration?'. Whilst, not being a merchant mariner, I had a 40 year career spread between my appointments with the **Swire Group/China Navigation** and **Blue Star Line**, in Australia and overseas. Two important outcomes for me, were a very high respect for all those who serve on vessels on the sea lanes of the world and secondly, the knowledge of the number of vessels, and officers and crew, of which both companies suffered loss, in war time.

Having spent the last 20 years of my shipping career with Blue Star Line, I know



Troops and RAF equipment crowded aboard Empire Star in the evacuation of Singapore, 12 February 1942

well of the loss of life and ships during WWII. Blue Star suffered heavy losses, with 29 ships sunk: a total of 309,390 (GRT). They included all the five Luxury liners, and two Empire ships that the company was managing for the Ministry of War. Another 16 vessels, including three more Empire ships under Blue Star management, were seriously damaged. By the end of hostilities, only 12 "Star" ships remained in the fleet. Those killed were 646 Blue Star personnel, 272 passengers and 78 Royal Australian Navy gunners tasked to operate the small-calibre guns fitted for self defence.

The Australian merchant navy were a vital part of how the allied cause won the Second World War

Most of the 1939's Australian merchant fleets and their management, had lived through the Great War of 1914-1919. So, when the prime ministers of the times - Robert Menzies in 1939 and John Curtin in 1941 - announced that Australia was at war, respectively with Germany and then Japan, the **twenty (22) ship-owning companies** 'stepped-up', and so did their mariners.

These were not easy times for seafarers; they were not 'sworn' members of Australia's armed forces, as often as not they sailed dangerous waters without naval escort, they were 'signed-on', usually on a voyage-by-voyage basis, they were not put into uniform, their pay stopped (*at least in the early part of the war*) when their ship was sunk, and they risked imprisonment if they refused to sail when a ship's job was available. In certain operational areas they were paid a War Risk Bonus, which marginally supplemented their modest rates of pay.

Australia's war time Prime Minister, John Curtin, acknowledged the role of the merchant navy when he said:

The merchant navies of the United Nations are constantly in the fighting line. Silently, efficiently and without fuss they carry on the unending task of keeping the fighting men and supplies moving. The men of our merchant navy have established a high tradition and the Australian Government warmly acknowledges the great part they are playing in the war effort.

So, what do we owe to these Australian men who served in the war at sea last century? We owe them more than we can ever repay. These tough sailors, who served under the Red Ensign, held Australia's and the world's future freedom in their hands for nearly six years, and they never let go their grip. Below are the words of one of their shipmates, a former merchant seaman paying tribute to those who died at sea with their ships:

They need no dirge, for time and tide fill all things, with tribute unto them.

The warmth of a summer sun, the calm of a quiet sea, the comforting of night, the generous soul of nature and the power of a seabird's flight.

Blow golden trumpets, blow mournfully for all the golden youth and shattered dreams that lie where God has lain his quiet dead for all the world to see, upon an alien ocean bed.

Wherever they lie, may they all rest in peace. **Lest We Forget.**

Visit www.mnwmf.com.au or contact, David Field, chairman, 0414 900 393 chairman@mnwmf.com.au



THE AUSTRALIAN COMPANY MERCHANT NAVY FLEETS DURING WWII	
Adelaide Steamship Company	James Patrick & Company Limited
Australasian United Steam Navigation Company	John Burke Queensland Proprietary Limited
Australian Shipping Board	McIlwraith McEacharn Limited
Broken Hill Proprietary Company Limited	Melbourne Steamship Limited
Burns, Philp & Company Limited	Newcastle & Hunter River Steamship Co Limited
Colonial Sugar Refining Company Limited	North Coast Steam Navigation Company Limited
HC Sleigh Company Limited	RW Miller & Company Limited
Howard Smith Limited	State Shipping Service of WA
Huddart Parker Limited	Tasmanian Steamers
Illawarra & South Coast Steam Navigation Co	Wm Holyman & Sons Pty Limited
James Paterson & Company	WR Carpenter & Company Limited



A PROJECT OF RESPECT AND RECOGNITION

Picture taken Sunday 20th October 2019 following the Official Unveiling of the New & Remedial Works to the Merchant Navy War Memorial, Kings Park, Canberra, by the Minister for Defence, Senator The Hon. Linda Reynolds CSC. On the right & left hand side are the four new concrete blades which were installed to provide for four large Bronze Plaques to be commissioned that carry the names & respective ships of the 862 Australian Merchant Mariners who sacrificed their lives for their country in WWI (184) & WWII (678). The 30th Annual Commemoration was attended by some 140 including, WWII Merchant Navy Veterans (whose numbers are so sadly decreasing each year), members of Merchant Navy Organisations, Representatives of the Australian Defence Forces, Diplomatic and Consular Corps and representatives from a range of other Maritime related organisations.

THE MERCHANT NAVY WAR MEMORIAL FUND (MNWMF) PROJECT DEVELOPMENT FUND

The fund has been developed as an ongoing entity to financially support one of our Prime Objectives...

'To ensure the greater recognition of the vital role undertaken by the Australian Merchant Navy in WWI & WWII'.

It also seeks to encourage successive generations to take up our, and our predecessors', passion & commitment to ensure that future Merchant Navy recognition is as secure in the future as in the past & present.

Our aim in all that we undertake is to *'Make a difference'.*

PROJECTS UNDERTAKEN BY THE MNWMF

- Completion in October 2019 of the extensive New & Remedial Works at the Canberra Memorial, in association with The National Capital Authority & our Architect & Construction Firm
- Annual Merchant Navy Commemoration Ceremonies at National Merchant Navy War Memorial, Kings Park, Canberra and at the Rookwood Memorial Garden, Sydney
- Annual provision of MNWMF Scholarships at the Australian Maritime College (AMC)
- Assisting the identification of Sea Going opportunities for AMC Cadets
- Sponsorship of the 'Young Achievement' Award at the Shipping & Maritime Industry Awards 2018 to 2020
- Financial support for other Merchant Navy Memorials around Australia
- Support of the Company of Master Mariners of Aust (CMMA), The Merchant Navy RSL Sub Branch, The Merchant Navy Association (MNA)

NEW INITIATIVES 2020

- Developing strategies on how best to address achieving appropriate national approvals for the addition / inclusion of the Merchant Navy Logo / Badge on War Memorials throughout Australia
- Working with the National Flag Association (ANFA) to (I) achieve a closer alignment of National Flag Day & Merchant Navy Day, both of which are 3rd September each year and (II) achieve greater prominence of the Merchant Navy Flag

For more information:

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CONTRIBUTIONS MAY BE MADE TO:

The Secretary,
Merchant Navy War Memorial Fund Ltd (MNWMF)
PO Box 3058, Rosemeadow NSW 2560

or by EFT to:

Bank: WESTPAC Banking Corporation
Account Name: MNWMF Project Development Fund BSB: 032 197
Account No: 477 684 Reference: Include your name & organisation

Please note: If paying by EFT please forward an email with your name, organisation, address and phone number to secretary@mnwmf.com.au. A receipt will be forwarded for all donations received. MNWMF is currently pursuing an Application for registration as a Deductible Gift Recipient (DGR).



Serco Defence continues to service the marine services sector

By CLINT THOMAS AM CSC, managing director, Defence, Serco Asia Pacific

Acquisitions and contracts

Serco Defence continues to have a positive presence in the marine services sector, in both Australia and New Zealand, as the range of contracts and service offerings have increased over the year.

In May, Serco Asia Pacific welcomed Serco Group plc's acquisition of the Naval Systems Business Unit (NSBU) from Alion Science & Technology, in the United States.

NSBU is a leading provider of naval design, systems engineering, as well as production and lifecycle support services to the US Navy, US Army and Royal Canadian Navy.

NSBU employs over 1,000 people and helps defence forces design, maintain and support their ships and submarines.

The acquisition of NSBU extends the global capability and scale of Serco's defence business, which includes a strong history of supporting Australian Defence Force maritime vessels around Australia. Since 1997, Serco, through the Fleet Marine Services contract, has provided flexible and cost-effective maritime vessel operations, with a qualified mariner workforce to meet the needs of the Royal Australian Navy (RAN).

Serco Asia Pacific chief executive, Mark Irwin, said the acquisition added to the experience and skills that had been developed in Australia over the past 20 years.

"We look forward to continuing the ongoing support we provide the Australian Defence Force and welcome this new capability that has been added to our Group Defence programme, which can be utilised across all our global divisions."

In New Zealand, Serco Defence's newest contract provides a team of highly qualified and dedicated specialists to support RNZN Bridge Warfare Officer training. This contract is similar to Serco's Training Support Services contract, which has provided these services for the Royal Australian Navy (RAN) at HMAS Watson in Sydney, since 2012. RNZN officers have previously travelled to Sydney to take part in this training but now this will be undertaken by local New Zealanders.

The contract requires Serco to work in partnership with the RNZN over the next five years, in developing training systems, solutions and courseware that enable officers to learn both theoretical and

practical skills critical to their specialisation as Bridge Warfare Officers. This includes navigation (including astronomical navigation), ship driving, leadership and bridge resource management, using simulator training.

Working with Navy on our fleet marine services contract

To ensure Serco Defence's ongoing commitment to the RAN is achieved, we have changed our business structure, with the introduction of a new leadership team that is drawn from a unique mixture of commercial maritime and Royal Australian Navy veterans.

Serco's commitment to the delivery of second to none maritime services, within the FMSC, continues with the accreditation of the Register Training Organisation that delivers training services for both the Serco employees and members of the RAN. Whilst acknowledging our past, we continue to look to the future with an increased scope and introduction of the national traineeship.

Utilising the support of the Serco UK FPMSC tug masters, the RTO has created an indigenous ASD tug master training course. The establishment of this course has allowed management to identify the future masters and leaders of the business, and embark upon an AUS/UK training continuum, that will continue to train and grow defence tug masters.

In addition to this, Serco has maintained its commitment to safety and the adherence to the environment in which it operates, with the Lloyds accreditation of ISO 9001, 14001, and 55001. Supporting this overall commitment is the establishment of the AMSDO Serco programme, which is now entering the introduction phase within the



Julie Latimore, operations manager, Darwin



MV Besant, submarine search and rescue for the RAN

business and is designed to meet the Navy requirements of seaworthiness.

Australian Antarctic Divisions - Antarctic Supply and Research Vessel (ASRV) RSV Nuyina

Serco Australia was delighted to announce in August 2019, the appointment of Captain Scott Laughlin and Captain Paul Clarke, who will lead the alternating crews operating Australia's new icebreaker, the RSV *Nuyina*.

Joining the Hobart-based Serco team, both captains come to the role with experienced track records working in the Southern Ocean.

Scott has completed more than 50 voyages to Antarctica. As captain of Australia's current icebreaker, RSV *Aurora Australis*, for over 10 years, Scott is familiar with the cold and challenging conditions of the Southern Ocean. Paul also has extensive experience in the Antarctic, having spent 11 years working for the British Antarctic Survey and undertaking more than 20 voyages to Antarctica.

Scott is pleased to be continuing his work in the icy southern waters. "The Southern Ocean is a captivating place to work," he said. "There is nothing more satisfying than successfully transiting through the roaring '40s, howling '50s and screaming '60s, sighting the sea ice edge before crossing hundreds of miles through the ice to conduct science operations or to resupply one of the Australian Antarctic stations."

Paul is looking forward to returning to the Southern Ocean. "This is an amazing opportunity with Serco and the Australian Antarctic Program to deliver world-class support for their polar and science operations," he said. "I very much enjoy the type of ice navigation challenges, research and survey work that will be undertaken on the *Nuyina*."

Serco fleet marine services profiles - women on water

Julie Latimore

Julie commenced as operations manager with Serco Defence Darwin, in September 2019. Managing a small fleet of vessels

which include a Self-Propelled Water Fuel Lighter, tug boats, transfer vessel, consort and landing craft, which are maintained and operated by 19 personnel. This role services the operational needs of Defence and has presented new challenges for Julie, and allowed her to develop in a new professional aspect.

She commenced her career in the Royal Australian Navy in 2001, gaining her primary qualification as a Bridge Warfare Officer, then later specialising as a hydrographic surveyor. In 2008 she moved to the Offshore Oil and Gas industry, becoming a Dynamic Positioning Officer, and working mainly on construction vessels conducting ROV, ridged and flexible pipeline operations.

Alicia Pollock

Alicia has been with Serco Defence since 2011, and is a valuable role model for young females, showing that it's possible to be successful in traditionally male-dominated industries, regardless of your

age or gender.

Being one of only a handful of tugboat Masters in Australia. Her hard work and determination to succeed has led to receiving achievements within the industry and, ultimately, led to being named a finalist in the 'Rising Star' category of the recent Defence Connect Industry Awards.

In her role she takes command of tugs and support vessels to manoeuvre RAN ships and visiting navy ships in and around Darwin harbour, dealing with all types of situations, including extreme weather, tides and currents to ensure high value naval assets are docked, moored, refuelled, maintained and replenished safely and securely.

Being qualified as an ASD tug master has always been a goal of Alicia's, and she is now the first female ASD tug master employed at Serco, and one of the very few females employed in the industry in Australia. ▲



Tug master, Alicia Pollock



Digital disruption in Australia and the global logistics industry

By MICHAEL BOUARI, chief executive officer,
1-Stop Connections

As more and more organisations and business leaders are talking about 'Digital Transformation', 'Digital Disruption' and 'Digital Density', it's important to know that while these three phrases all mean something different, in a business sense all three matter to the future and growth of a business and the economy.

A study on *Digital Density* by Accenture Strategy, reveals that Australia ranks eighth out of 17 leading economies, with a score of 52.7 out of 100. Plus, they predict that "increasing Australia's digital density by 10 points can boost GDP by \$34.5 billion."

Digital Transformation must start from the top. Executives and board members need to push and promote the change and reassure all employees that digital disruption is a way forward for themselves and the organisation.

Investing in digital technology is critical for businesses to ensure they are keeping up with the modern day, and this is no different in the logistics sector.

We recently reported that the rate of innovation and adoption is accelerating and will likely continue to do so. Decision-makers need technologies and solutions to support this rapid and accelerating change to help them make good decisions.

Regardless of where a business is today, the evolution of decision

making relies on three key factors:

1. Business Process Automation (BPA): any operator that uses technology to tap into the benefits of business process automation is immediately improving their planning processes.

2. Operational Engagement (OE): in ports and terminals there is a clear advantage that arises for terminals that invest in a port wide vehicle booking system e.g. Vehicle Booking System (VBS).

3. Port Community Insights (PCI): use data and insights to improve and optimise business.

These key factors fit into the three factors mentioned in Accenture's study, and when they all are incorporated into a terminal's approach to planning, managing, and optimising for continuous improvement, the benefits can be realised.

1-Stop has shown the global logistics industry the benefits of implementing technology solutions, that while it may have been disruptive at first, all users benefit from efficiency gains. Many opportunities now exist to collaborate, improve efficiency and reduce administration hours, which in turn also helps the economy by boosting productivity, saves money and integrates all port operators (sea, port and land operations).

The results are clear. Port communities in Australia, New Zealand and the Philippines using

1-Stop's solutions report:

- Importers, exporters, freight forwarders, transport operators and terminals have gained more certainty in how they operate and can rely on consistent and efficient truck turnaround times and service levels.
- Truck turnaround times reduced from 91 minutes to 37 minutes.
- Terminals moved to auto gates with complete validation that includes container, truck registration, drier and time zone booking.
- Terminals in South East Asia experienced a 20 per cent increase in truck servicing and a 30 per cent decrease in dwell times in the first 2 weeks of operations. Terminals are seeing benefits in terms of efficiency, transparency and flow, and the ripple effect of these is reaching into industry and congestion benefits for Manila.
- The import and export community is able to clear cargo more quickly through a community payments platform that links to shipping line and terminal systems for the immediate release of cargo.

We are actively ensuring '*Digital Transformation*', '*Digital Disruption*' and '*Digital Density*' keeps us moving forward. We ensure that our technology and the products we are providing to our customers will always be innovative and world class that sees not only us grow, but makes our clients grow and expand. ▲



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