



# Shipping Australia Limited **Annual Review** 2020



# Australia's leading provider of smart logistic solutions

[dpworldaustralia.com.au](http://dpworldaustralia.com.au)



**DP WORLD**   
Australia



# CONTENTS

ANNUAL REVIEW 2020

## 2 COMPANY OVERVIEW

## 4 FROM THE MINISTER

## 6 SAL MEMBERS

## 7 BOARD OF DIRECTORS

## 8 CHAIRMANS REPORT

## 10 CEO'S REPORT

## 14 SAL STRUCTURE

## 15 POLICY COUNCIL

## 16 LINER SERVICES

## STATE COMMITTEE REPORTS

18 New South Wales

21 Queensland

22 Victoria

## RETROSPECTIVE

24 Half a century of change  
*Ken Fitzpatrick*

## 28 SAL VOTING MEMBERS

## SAL VOTING MEMBER UPDATES

29 BBC Chartering Australia

30 CMA/CGM - ANL Container Line

32 A.P. Moller-Maersk

33 MSC Mediterranean Shipping Company

## COMMONWEALTH AGENCIES

35 Department of Agriculture, Water and the Environment

## MARITIME SAFETY

36 Australian Maritime Safety Authority

38 Australian Transport Safety Bureau

## STATE TRANSPORT AND LOGISTICS

40 Queensland

## PORTS

42 Ports Australia

44 Port Authority of New South Wales

46 NSW Ports

47 Port of Newcastle

50 Gladstone Ports Corporation

52 Port of Brisbane Pty Ltd

54 Port of Townsville

55 Flinders Port Holdings

56 Port of Melbourne

58 Victorian Ports Corporation (Melbourne)

60 Mid West Ports Authority

62 Pilbara Ports Authority

## INTERNATIONAL ORGANISATIONS

64 Cruise Lines International Association Australasia

65 International Chamber of Shipping

66 World Shipping Council

68 FONASBA

69 International Federation of Freight Forwarder Associations

## MARITIME LAW AND INSURANCE

71 International Commercial Arbitration and COVID-19

*Gregory Nell*

72 Loss of containers at sea – a test case

*Gavin Vallely*

74 Cyber risk management in a "COVID-Normal" world

*Nic Van Der Reyden and Amber Albrecht*

76 It is trite (but right) to say that no-one benefits from trade disputes

*Geoff Farnsworth and Nathan Cecil*

78 Demystifying damage and demurrage claims

*Peter McQueen*

80 What's your limit? Limitation of liability in shipping

*Joe Hurley and Ryan Hunter*

82 Mitigating ship berthing incidents

*Laurence Jones*

## EDUCATION AND TRAINING

84 Australian Maritime College

## NAVIGATION

86 Australian Hydrographic Office

89 OMC International

## PILOTAGE

90 Port Phillip Sea Pilots

94 Australian Pilotage Group

## TOWAGE

96 Smit Lamnalco

## STEVEDORING AND TERMINAL OPERATORS

99 Patrick Terminals

101 Hutchison Ports Australia

104 Australian Amalgamated Terminals

105 Melbourne International RoRo and Auto Terminal Pty Ltd

## SUPPORT AND INNOVATION

106 Serco Asia Pacific

## CONTAINER MANAGEMENT

107 1-Stop Connections



### THE OFFICIAL JOURNAL OF SHIPPING AUSTRALIA LTD

Level 6, 80 William Street,  
Woolloomooloo NSW 2011  
PO Box Q388 Sydney NSW 1230  
P: 02 9167 5838  
W: [www.shippingaustralia.com.au](http://www.shippingaustralia.com.au)

#### Publications Committee

**Executive Editor**  
**Executive Assistant**  
**Graphic Designer**

Ross McAlpine  
Frank Needs  
James Granville  
Rod Nairn  
Sharyn Flood  
Paul Ortiz-Gomez



#### Advertising Co-ordinators

Steve Moxey  
P: +61 400 473 200  
E: [steve.moxey@ontimepublications.com.au](mailto:steve.moxey@ontimepublications.com.au)

Sharyn Flood  
P: (02) 9167 5833  
E: [admin@shippingaustralia.com](mailto:admin@shippingaustralia.com)

Shipping Australia Magazine is published for Shipping Australia Ltd by 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 29 member lines and shipping agents and with 41 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!

### Disclaimer:

Readers are advised that Shipping Australia Limited and the Publisher cannot be held responsible for the accuracy of statements made in advertising and editorial, nor the quality of the goods or services advertised. Opinions expressed throughout the publication are the contributors own and do not necessarily reflect the views or policy of Shipping Australia Limited or the Publisher. While every reasonable effort has been taken to ensure the accuracy of the information contained in this publication, the Publisher takes no responsibility for those relying on the information. The Authors, Publisher and Shipping Australia Limited disclaim all responsibility for any loss or damage suffered by readers or third parties in connection with the information contained in this publication. Nothing in this publication should be construed as personal or professional advice and should be read as general information only.

### Warranty and Indemnity:

ADVERTISERS and/or advertising agencies upon and by lodging material with the Publisher, Ontime Publications for publication or authorising or approving of the publication of any material indemnify Shipping Australia, the Publisher, its servants and agents, against all liability claims or proceedings whatsoever arising from the publication and without limiting the generality of the foregoing to indemnify each of them in relation to defamation, slander of title, breach of copyright, infringement of trademarks or names of publication titles, unfair competition or trade practices, royalties or violation of rights or privacy regulations and that its publication will not give rise to any rights against or liabilities in the Publisher, its servants or agents and in particular, that nothing therein is capable of being misleading or deceptive or otherwise in breach of Part V of the Competition and Consumer Act, 2010 (Cth).

# Your ship, is our ship.



## You keep our world moving, we keep you in business.

Shipping is the lifeblood of our country and it's our job to keep you working safely and hassle free. Trusted. Experienced.  
Certified Commercial Marine Surveyors™.

Find a surveyor at [www.aimsurveyors.com.au](http://www.aimsurveyors.com.au)  
Email us at [info@aimsurveyors.com.au](mailto:info@aimsurveyors.com.au)  
or call us on 02 6232 6555



AUSTRALASIAN INSTITUTE  
OF MARINE SURVEYORS



## The importance of freight and the seafarer highlighted in the COVID year

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

For the Australian shipping industry, we can look back on 2020 as the year that certainly challenged all of us.

It was also the year Australian families and businesses realised the vital role shipping and transport play in their everyday lives.

For the tireless efforts of all transport industry workers, which enabled Australia to respond so well, I would like to offer my sincerest thanks.

Scenes of supermarket shelves stripped of toilet paper and other essential items highlighted the need for efficient supply chains to every household. One positive – the Australian public are now far more aware of the importance of freight to their everyday lives.

I am proud of the action the Australian Government has taken to keep goods moving, ensuring early in the COVID-19 crisis that our supply chain workers could keep doing what they do best.

The measures we put in place ensured Australia's supply chains kept functioning and did not suffer from critical shortages in essential supplies. Our ports stayed open, our trucks and trains kept moving, our warehouses kept operating, and our exports and imports kept flowing.

We can all take pride in meeting the challenges of 2020 through the strong collaboration of Governments, industry and regulators, such as the Australian Maritime Safety Authority (AMSA).

Looking to the future, I was pleased to recently appoint Captain Jeanine Drummond to the AMSA Board. Captain Drummond has impressive experience in international shipping, port operations and maritime training, which I am sure will be of benefit to all.

I am confident shipping will rebound to pre-COVID levels, despite the challenges

of an interrupted global supply chain we faced this year.

The Australian Government worked closely with industry to identify and secure the supply of essential products for Australian businesses, families and important frontline workers, and to ensure their continued supply. Our medicines and personal protective equipment, so essential in these difficult times, were prioritised through the supply chain to ensure our health professionals had and continue to have the products they need to do their jobs.

For the tireless efforts of all transport industry workers, which enabled Australia to respond so well, I would like to offer my sincerest thanks.

There are those in the shipping industry who have been doing it tough. Our seafarers have faced an enormous set of challenges over this past year as borders closed around the globe, preventing repatriation and halting much-needed shore leave. For many, this has meant extended periods of time in quarantine or relocated to another State, with no prospect of seeing home, while friends and family faced COVID-19 without them.

To all of our seafarers, who have continued to work under these trying conditions, I say thank you.

The Australian Government has been working closely, through the National Cabinet and the specially formed Maritime Response Group, to address issues relating to the movement of maritime crew in Australia to enable crew changes, international maritime obligations, maritime visas, aviation caps and supply chain impacts. It is a valuable platform for information sharing between industry and Australian Governments and for aligning health practices. I would like to thank Shipping Australia for their continued support of this group.

Maritime crewing issues are a truly global challenge, and the Australian Government has been working closely with the International Maritime Organization (IMO), the United Nations and other international agencies, as well as bilaterally, on crew and supply chain issues. This has included supporting the adoption of an IMO Resolution on crew changes and the development of industry protocols to facilitate safe crew changes.

We cannot talk about the impact of 2020 on the shipping industry without acknowledging the plight of the cruise industry. The Australian Government's decision to ban the arrival of cruise ships from foreign ports was based on expert medical advice, with the safety and wellbeing of all Australians the number one priority. However, the impact on the cruise industry has been significant. The Australian Government continues to work with the cruise sector to implement arrangements to allow the recommencement of cruising, while also ensuring the continued health and safety of passengers and crew. This recommencement will be important for so many who rely on this key industry.

Throughout the next year, we will continue to see the impacts of COVID-19 play out through the global economy. Many of our overseas counterparts continue to face the immediate impacts of the COVID-19 pandemic and we wish them the all the best.

Here, the Australian Government will continue to work closely with stakeholders to open up and increase trade, while keeping Australians safe. Next year will also be challenging but our recent experience has given us a solid foundation to continue our recovery.

To everyone in shipping, again, I say thank you. ▲



# Oceans ahead.

What keeps us in front is a suite of services (ocean-going and inland) that are truly global – along with customer service that's local and highly personal. Plus first-class hardware and sensitive cargo care, highly sophisticated logistics and – facilitated by our advanced e-Commerce capabilities – strong, smart supply chain management support. Our fixed day sailings are fast and frequent, and our schedule reliability sets the industry standard. The whole package spells 'leadership'. Hamburg Süd... welcome abroad!

**150 years young.** Established in 1871, we've been steaming ahead ever since. In fact exactly 100 years later, we introduced containerisation to the trade between Australia and North America – and we're still innovating and pioneering. *Always by your side, everything you need.* Trust Hamburg Süd.

[www.hamburgsud.com](http://www.hamburgsud.com)

HAMBURG  SÜD

A Maersk Company

### Voting members

A.P. Moller-Maersk A/S  
Asiaworld Shipping Services Pty Ltd  
BBC Chartering Australia Pty Ltd  
CMA CGM Group Agencies (Australia & New Zealand)  
Evergreen Marine Australia Pty Ltd  
Gulf Agency Company (Australia) Pty Ltd  
Hamburg Süd Australia Pty Ltd  
Hapag-Lloyd (Australia) Pty Ltd  
Hyundai Merchant Marine (Australia) Pty Ltd  
Inchcape Australia Limited  
K Line (Australia) Pty Ltd  
LBH Australia Pty Ltd  
Mediterranean Shipping Co (Aust) Pty Limited  
MOL Shipping Australia PTY LTD  
Monson Agencies Australia Pty Ltd  
Neptune Pacific Agency Australia Pty Ltd  
NYK Line (Australia) Pty Ltd  
Ocean Network Express (Australia) Pty Ltd  
Oldendorff Carriers Melbourne 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  
Ausport Marine  
Australian Amalgamated Terminals Pty Ltd  
Australian Maritime College  
Australian Pilotage Group  
Australian Reef Pilots Pty Ltd

Brisbane Marine Pilots Pty Ltd  
Clyde & Co  
Colin Biggers & Paisley 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  
Holman Fenwick & Willan  
Hutchison Ports Australia Pty Ltd  
HWL Ebsworth Pty Ltd  
Maritime Services Queensland  
Melbourne International RoRo & Auto Terminal Pty Ltd  
NSW Ports Pty Ltd  
OMC International Pty Ltd  
Patrick Stevedores Operations Pty Ltd  
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 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)  
Westug Pty Ltd

### Individual members

Mr Frank Needs  
Mr Ross McAlpine

*\*As at 1 November 2020*



**Scott Henderson**  
Chairman

Appointed 24 February 2015  
(Chairman 2 December 2016)

Managing Director, Gulf Agency Company (Australia) Pty Ltd since 2014. Scott has 27 years of agency experience in Australia, prior to that he served as deck officer in the British merchant navy for seven years.



**Kevin Clarke**  
Appointed 12 November 2003

Kevin Clarke has worked in the shipping industry for over 52 years, the past 30 of which have been as managing director, Mediterranean Shipping Company (Aust) Pty Limited.



**Geoff Greenwood**  
Appointed 3 May 2004

Managing Director, Hamburg Süd Australia Pty Ltd. with 36 years shipping industry experience, Geoff has held key commercial and management positions in Canada, USA and Australia.



**Eddy DeClercq**  
Appointed 8 August 2008

Managing Director OOCL (Australia) Pty Ltd. Eddy has 38 years of shipping industry experience in various key commercial and management positions in Belgium, Denmark, The Netherlands and Sydney.



**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.



**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.



**Henrik Jensen**  
Appointed 18 February 2020

Area Managing Director Oceania, Maersk, more than 20 years within the logistics and supply chain industry.



**Captain Sunil Dhowan**  
Appointed 1 September 2020,  
SAL VIC State Chairman - 2016-2019

General Manager Operations Oceania, Wallenius Wilhelmsen. Sunil has 42 years of holistic experience on ships and ashore in the maritime logistics industry. He has held various key management roles in Australia.

\*As at 1 November 2020



## Meeting the COVID-19 challenge

By SCOTT HENDERSON

The COVID-19 year, 2020 has certainly been a different year for all of us in our own businesses, for Shipping Australia Limited and in our private lives. Shipping Australia started the year developing new ideas to promote the use of the blue highway in support of the Government's latest review of coastal shipping, building the case for an ocean liner shipping block exemption to support efficient consortia operations for international shipping, and arguing against the introduction of a new levy on all containers in Melbourne to subsidise improvements to on-dock rail at two terminals only. By the beginning of March, like the rest of the world, our focus was shifting towards the impacts of COVID-19 on the international shipping sector, and by the end of that month we could really think of nothing else.

This year, I was very pleased to welcome Ocean Network Express (ONE), Hyundai Merchant Marine Australia and Oldendorff Carriers, as new full members. From the feedback I have received, all three are very pleased with their decisions to take up membership. ONE has now matured its operations in Australia, HMM is returning to SAL after a few years break and Oldendorff, one of the largest dry bulk carrier operators in the world, is keen to use SAL's expertise and information to keep abreast of port, State and national regulatory changes, and wants to contribute to the shipping policy debate. The participation of these new companies makes Shipping Australia's influence even stronger.

For Shipping Australia Limited, it has been an exceptionally busy year, an excruciatingly frustrating one, and a year of change. The 'busy' has been in

relation to COVID-19 - keeping members informed of myriad changes to national, State and local policies and regulations that impacted the shipping industry at every change. The 'frustrating' has been the relentless advocacy and engagement with those three levels of governance, in a continuing effort to get reasonable policies adopted and some level of policy alignment between the 'Dis-united States of Australia' (and even individual ports within those States). The 'change' has come in various forms, at the Board level, the staff level and operational aspects introducing new working routines and including virtual meetings for both internal and external engagement.

At the Board level, Adrian Petersen left the Board last December, following his departure from Wilhelmsen Ship Services and was replaced by Henrik Jensen (Maersk). At the end of June, Ken Fitzpatrick (Asiaworld Shipping Services) retired after 14 years, including four as chairman from 2012 to 2016. I would like to especially acknowledge Ken who has been a dedicated advisor and contributor to the operations of SAL, and I draw your attention to his recollections of 50 years in the shipping business published under the title 'Retrospective' in this magazine. The casual vacancy was filled by Captain Sunil Dhowan, Wallenius Wilhelmsen Ocean, a former chairman of SAL's Victorian State Committee, whose experience spans agency, RoRo and terminal operations.

At the SAL staff level our Chief Executive Officer, Rod Nairn, has now implemented the final stage of his retirement plan, which has been in train for a few years now. His preparations included the gradual digital transformation of SAL and a review of SAL staff functions and

roles back in 2019, which ultimately led to the employment of Jim Wilson as Communications and Policy Officer, in February this year. Jim's engagement has enabled the more frequent publication of SAL *Signal*, *LinkedIn* posts and *Twitter* feeds, which has ensured that SAL is more prominent in the wider media, and strengthens our leadership position in public comment on international and national shipping related matters. After an extensive review and selection process the SAL Board decided on the appointment of current Deputy CEO and General Manager Shipping Policy and Technical Services, Captain Melwyn Noronha as the Chief Executive Officer from 1 January 2021. Melwyn has been with SAL since 2015 and has demonstrated his extensive knowledge of the industry, and his ability to liaise and influence at the highest levels. His qualifications through the Australian Maritime College and his experience as a master of bulk carriers certainly add to his credentials.

I would like to thank Rod for his exceptional leadership and dedication to Shipping Australia Limited since he joined the company in January 2013. Rod's ability to quickly identify problems and provide cost-effective and innovative solutions has certainly modernised and strengthened the organisation. He has steered SAL through a challenging period which saw the demise of the Liner Shipping Vessel Discussion Agreements to emerge leaner, stronger, more efficient and more influential in shipping and logistics policy.

SAL has maintained our part-time State secretaries in Queensland and Victoria. In both States COVID-19 restrictions forced the cancellation of our usual

networking events such as golf days, breakfasts and luncheons, and even the Queensland Shipping Industry Ball. In Queensland, State Committee Secretary, Geoff Dalglish and his State Chairman, Michael Travers have kept members engaged and informed through State Committee meetings, using video conferencing, and as the year comes to a close, Geoff has been able to squeeze in a last-minute Christmas lunch event at Events on Oxlade, New Farm.

In Victoria, Charles Masters continues as State Secretary, while Rod Begley has stepped down from Chairman to pursue a career move into stevedoring in Papua New Guinea. We thank Rod for his commendable service over the past two years. The role of State Chairman for Victoria has been ably filled by James Kurz, who previously held the Deputy State Chairman role. Shipping Australia Victoria therefore remains on a solid footing, with attributes of experience and enthusiasm to maintain its momentum.

The New South Wales State Committee continues to be chaired by Bill Rizzi (MSC), and has been expertly supported by New South Wales State Secretary, Melwyn Noronha. Pleasingly, New South Wales was fortunate to hold the only shipping industry State golf day this year, just a few weeks before COVID-19 gathering restrictions came into effect, however since then, most of the other usual networking functions have been curtailed. On the up-side, the famous New South Wales State Committee Christmas lunch was able to go ahead on 4 December, albeit with a 50 per cent reduction in

numbers. We sincerely apologise for the disappointment of those who were unable to be accommodated and do hope that it never happens again. It really was a fantastic event and a great way to break out of the COVID-19 imposed isolation. Many thanks to our major sponsor NSW Ports, to DPWorld for providing the table gifts and a special thanks to AGFS Port Logistics/ AGS World Transport for sponsoring the inimitable Vince Sorrenti, to have the guests laughing until they cried.

With severe restrictions on travel, there has been no face-to-face engagement between our head office staff and our members in South Australia or Western Australia this year. The frenetic pace and high workload in relation to COVID-19 has kept the headquarters staff fully occupied, unfortunately engagement with these States has suffered. In Western Australia, Christy Kraker (Ship Agency Services), is now in her third year as chair, and in South Australia, Paul Paparella (Asiaworld Shipping Services) continues as State chairman and represents on the South Australian Freight Council. It will be important that we restore regular information events with these States, both in person and by video conference over the coming year.

The COVID-19 year has been a challenging year for the shipping industry, but the standout casualty of this pandemic has been the plight of the humble seafarer. Ships' crews have been isolated, and virtually imprisoned on their ships since before the beginning of the pandemic, when media coverage of COVID-19 infections wrongly tarred cargo

vessels with the same brush. Inconsistent and irreconcilable State restrictions, both here and overseas, have meant that ships' crews have been denied shore leave, forced to remain onboard well past their employment contracts, and in many cases refused access to medical and dental services. Ship's agents have taken the brunt of the burden to get approval for seafarer movements, and SAL staff have helped to oil the wheels of the bureaucratic processes when they grind to a halt. Surprisingly, after nine months of COVID-19 threat, with a few notable exceptions, such as Maritime Safety Queensland, there are still few clearly published protocols on how a State or port will deal with a ship with a suspected or confirmed COVID-19 on board – most are left languishing at sea for days or weeks while representatives plead with authorities to support the vessel.

As we close out 2020, I am sure we can all agree that we wish 2021 not be quite so demanding. I thank the member volunteer chairmen and committee members for their contribution. I also thank Shipping Australia staff for their dedicated efforts to provide the best possible information to members, and to influence governments at all levels to take the international shipping industry into account when reacting to emergencies and setting policies. Finally, I thank Rod Nairn for his tireless efforts to keep Shipping Australia on an even keel and navigating in safe waters over the past eight years and look forward to our new chapter with Melwyn Noronha at the helm. ▲



*Major sponsor NSW Ports CEO, Marika Calfas, addresses guests at the SAL Christmas Lunch*



## It's a mad, mad, mad world

By ROD NAIRN

Over the course of this year the COVID-19 virus has turned our world upside down, and nearly eleven months down the track, there is no real end in sight. The rate of infection is near the highest that it has been since the pandemic began, with around 660,000 new cases each day. As of 6 December, the World Health Organization reports that COVID-19 has infected nearly sixty-six million people and is responsible for more than 1.5 million deaths. Encouragingly, the mortality rate of COVID-19 infection remains relatively low, averaging around 2.3 per cent. The recent announcements that three separate successful vaccines will be available early next year has certainly boosted market confidence, and share markets all over the world are rushing to record levels. Lockdown and travel restrictions have kept people in their homes, and there is a consumer rush to buy things when they previously would have spent on services. This demand has resurrected the container industry from all-time lows in May to all-time highs in November. Yes, it's a mad, mad, mad world.

At the start of the year, from the global perspective, the big threat for global shipping which had been talked about for nearly four years, was "IMO 2020", the requirement for all ships to use 0.5 per cent sulphur fuel or fit scrubbers to remove excess sulphur from their exhaust emissions. In January, ships of all types were still scrambling to fit scrubbers, and all those who had not already done so were demanding their share of the limited global supply of Very Low Sulphur Fuel Oil (VLSFO). This caused VLSFO demand and rates to skyrocket. At the beginning of January, VLSFO fuel in Singapore was US\$734,

and those shipping companies who had moved early to fit scrubbers and allow the continued use of 3.5 per cent sulphur fuel (HSFO) were rubbing their hands with glee. This was to be short-lived for two reasons: firstly, oil companies were quicker than expected to respond to the increasing demand, but more crucially, the impact of COVID-19 stifled demand in March, and by mid-April VLSFO prices had plunged 79 per cent to around \$220. The price differential between VLSFO and HSFO had narrowed to around \$60, completely undermining the benefit/cost business case for fitting scrubbers, but the lower fuel price certainly helped much of the shipping industry survive in the first three months of COVID-19 uncertainty.

The move of SAL headquarters to 80 William Street, Woolloomooloo, last year and introduction of video conferencing capabilities, both in the boardroom and at the desktop, was indeed prescient. All staff had already been transitioned to portable computers and the internet telephone system supported remote office functions. When COVID-19 escalated, SAL staff could immediately switch to working from home, the reduced commuting time and reduced travel for external meetings has been converted into additional productivity. For much of April through to June, only one staff member was at the office, but SAL's workload and effectiveness has been higher than ever.

Sadly, the standout casualty of this pandemic has been the humble seafarer. Ships' crews have been isolated, and virtually imprisoned on their ships since before the beginning of the pandemic, when media coverage of COVID-19 infections onboard cruise ships wrongly

tarred cargo vessels with the same brush. Inconsistent and irreconcilable State restrictions both here and overseas have meant that ships' crews have been denied shore leave, forced to remain onboard well past their employment contracts and in many cases, refused access to medical and dental services. The vast majority of SAL's frenetic workload has been in attempting to influence States to allow seafarers to be treated like human beings and provided with access to medical care, and to facilitate crew changes to allow their repatriation home.

Sadly, some Australian States and ports have played their part in making things more difficult than they need to be. Throughout the COVID-19 crisis, SAL has made massive efforts to smooth the wrinkles in conflicting regulations relating to the movement of seafarers internationally and domestically. Helping to make sense of the confusion so that shipping companies, agents and overseas load ports can navigate through the labyrinth of discordant restrictions established in Australia's States and ports, Shipping Australia published a comprehensive web blog listing the chronological changes to rules at the Federal and State (and in some instances port) levels. As regulatory stability improved, this was converted to a COVID-19 information section which provided a synopsis of regulations and links to the source regulations, which apply at the Federal and State levels. The site has received hundreds of thousands of views from all over the world.

In local policy matters, the Victorian State Government's amendment of the Melbourne Port Pricing Order to implement an additional levy on import

containers to fund more efficient on-dock rail, was not well received. Don't get me wrong, Shipping Australia's members support on-dock rail, and we support the user-pays principle, but the concept of pay before you use, based on a promise of future efficiency, really irks the shipping industry. We prefer the toll road principle – pay when you receive the benefit. Unfortunately, this 'pay before you use' financing chicanery seems to be the new cancer spreading through many port and terminal infrastructure developments.

Another Victorian policy matter is the Port of Melbourne's application to rebalance their tariff to increase the wharfage fee for import containers carried on large container vessels (those greater than 300 metres in length or 40 metres beam), and provide a deduction to export wharfage. Our members strongly support the need for Port of Melbourne to invest in supporting larger ship visits to the port. However, the facilitation of big ship visits to the Port of Melbourne is not a choice for the port, it is an essential investment to ensure the future of the port, and one that was clearly apparent before the port was privatised. It seems incongruous to now ask the port users to fund the investment which will increase the port's future

revenue stream. Why should the port's users pay to rectify the fact that the purchaser of the port did not allow for this investment in their purchase?

In New South Wales, regulatory much effort has been spent on helping members seek exemptions from restrictions on crew changes and access to medical services. Meanwhile the State Committee meetings have continued to address other important and sensitive matters, including double charging of navigation services charges for some ships in Port Jackson and Port Botany, container congestion in Sydney, and delays and backlogs at terminals. These matters have driven a huge workload in terms of liaison efforts, with Transport for New South Wales, and letters to ministers and the Premier. Container congestion and a shortfall of equipment globally has been driven by COVID-19 impacts, particularly blankings, route changes and warehouse closures, but in Sydney it has been compounded many times by weather-influenced port closures, severe industrial action at stevedores, rail upgrades at some terminals, reducing efficiency, and State Government mandated closures of a major empty container park, just at the critical time. This matter has been on top of the agenda

at the Minister's Freight and Logistics Advisory Council since June, and SAL participates in a special Empty Container Working Group aimed at improving coordination between lines, stevedores, empty container parks and trucking companies. The discussions between the parties could be described as 'robust' but there has been positive progress, particularly in the raising of container stack levels and rezoning additional space for temporary container storage.

Despite the COVID-19 distraction, Shipping Australia has continued to take the lead on important international trade and policy matters, and delivered significant benefits to carriers and ships' agents. In a real win for our members, the proposed biosecurity levy in all its forms, was finally defeated. On 20 May, the Department of Agriculture announced that the Commonwealth Government will fund biosecurity adequately through budget appropriations and existing cost recovery arrangements for the Department for Agriculture. This outcome aligns with Shipping Australia's consistently stated position that strong biosecurity benefits all Australians, and is as important to Australia's security and economic well-being as defence. Therefore, biosecurity should



Ships Agency

Not all heroes wear capes  
Thank you to all port agents worldwide - for keeping the  
wheels of trade turning in these challenging times

COVID-19 Port Restrictions Map  
We are here for you. Get the latest updates on [wilhelmsen.com](https://www.wilhelmsen.com)



be properly funded via national budget appropriations, with all Australians contributing through the taxation system.

Brown marmorated stink bugs are continuing to be a major risk to our industry, particularly break bulk and PCC sectors, though the overseas treatment network is now more mature. Last year's efforts in the development of the "BMSB Voluntary Vessel Scheme" will hopefully ease some of the pinch points this year.

The next major biological risk on the horizon is the Khapra Beetle, and this poses a potential risk to the container sector, as the Department of Agriculture is considering compulsory treatment of all shipping containers under Phase 6 of their strategy, and indicated a timeline of early 2021. Shipping Australia has objected to the proposed timescale. It is imperative for the maintenance of efficient international trade that new or revised measures for treatment of containers themselves (not specifically related to the cargo) are implemented globally and are consistent with the internationally adopted regulatory governance framework and inspection regimes for shipping containers. The Department of Agriculture has not been able to provide any details of the age of containers found to be contaminated, the date of their last container CSC inspection, their ACEP status or the type of insecticide used to treat the container flooring. These are key factors in identifying risk components that need to be investigated before a solution can be contemplated.

It would be unusual to go through a year without talk of coastal shipping, and of course some work has been going on in this area. Shipping Australia made two submissions to different phases of the current review, and also engaged directly with the Department of Infrastructure. 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 waived. Also during the year, the Queensland Government commissioned its own coastal shipping review, with the intent of supporting coastal shipping development in that State.

SAL's communications performance has progressed in leaps and bounds over the past year. The popularity of *Signal*, the SAL website and *LinkedIn* metrics are quite frankly amazing, with users, sessions, pageviews and followers, all up around 300 per cent over the year. 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. All of these channels now provide very good value for advertising, and members are given discounted rates and preferential positioning in all modes. Our *Shipping Australia Limited* SAL App provides easy access to SAL Web information, as well as introducing the capability for push messaging, is available on the Apple App store or Google Play.

Our regular readers would already know that this is the last Chief Executive Officer's report that I will write for Shipping Australia Limited, as I hand over to Melwyn Noronha on 31 December. I joined the organisation in January 2013 on a six-month contract, and by a curious confluence of events have been here for just under eight years. I came to the role from a background of hydrographic surveying, navigating and sea command, after 38 years in the Royal Australian Navy but it was a steep learning curve to come to grips with the idiosyncrasies of international commercial maritime trade. I would like to thank successive Chairmen, Ken Fitzpatrick and Scott Henderson, and the SAL Board, particularly Geoff Greenwood, Kevin Clarke and Eddy deClerq for their technical insights and guidance, which enabled me to adapt to this new world.

Shipping Australia's members employ more than 3,000 people here in Australia. They perform a crucial role enabling Australia's vital maritime trade which underpins our economy, bringing the goods that every Australian desires, and taking our exports to foreign markets. I have been privileged to work with so many wonderful people from our close-knit staff, SAL's Policy Council and associate members, suppliers and customers, other industry associations and government regulators. It is the people you meet and relationships that you develop along the way that make work and life worthwhile. The *Catch 22* is that it is those relationships that make it hard to let go, but with Shipping Australia on an even keel and in safe hands the time is right. I wish you all fair winds and following seas in a COVID-19-free world. ▲



Australian Government  
Australian Maritime Safety Authority

# Your wellbeing and health are important

Seafarers work under some of the toughest conditions, facing daily challenges like no other workplace. Now, with the COVID-19 pandemic seafarers shoulder an even greater burden.

P200720

Find information and support at [amsa.gov.au/your-wellbeing-sea](https://amsa.gov.au/your-wellbeing-sea)



## SAL Staff

Bryan Sharkey, Company Secretary/Financial Controller; Sharyn Flood, Executive Assistant; Jim Wilson, Policy and Communications Officer; Melwyn Noronha, General Manager, Technical Services and Industry Policy; Rod Nairn, Chief Executive Officer.

## 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 Dalgliesh

### **South Australia State Committee**

Chairman: Paul Paparella

Secretary: Rod Nairn

### **Victoria State Committee**

Chairman: James Kurz

Secretary: Charles Masters

### **Western Australia State Committee**

Chairman: Kristy Craker

Secretary: Rod Nairn



*Policy Council representatives attending 2020 end of (Covid) year meeting - in person and virtually*

## Policy Council members [representatives]

### **A.P. Moller-Maersk A/S**

Henrik Jensen

### **Asiaworld Shipping Services Pty Ltd**

Graeme Simpson [Ken Fitzpatrick]

### **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 [Sam Read]

### **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]

### **Hyundai Merchant Marine (Australia) Pty Ltd**

Len Phillips

### **Inchcape Shipping Services**

David Pratt/Bill Drennan [John Van Pelt]

### **K Line Australia Pty Ltd**

Alan Miles [Phillip Homes]

### **LBH Australia Pty Ltd**

Johnny Tam

### **Mediterranean Shipping Co (Aust) Pty Limited**

Dorian Moga [Bill Rizzi]

### **MOL Shipping Australia 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]

### **Ocean Network Carriers**

Alex Rawley [Anthony Kelly]

### **Oldendorff Carriers**

Ben Harper [Colin Everett]

### **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



MSC Brunella entering Port Adelaide

## Glacial progress on liner block exemption

By ROD NAIRN

In liner shipping SAL continues to provide Part X registration services to those lines operating consortia agreements and vessel sharing arrangements.

All liner shipping members were engaged early in the year to provide input to Shipping Australia's submission, which was submitted to the ACCC at the end of February. An important theme was that international liner shipping requires long-term investment, and this investment is unlikely to occur unless there is certainty of regulation. Therefore, we encouraged the ACCC to adopt the full ten-year duration of a class exemption, supported by the evidence that the existing Part X regime has been operating successfully to support adequate and economic shipping at competitive freight rates for more than 50 years, with minimum change. This stability has supported the expansion of liner shipping services and the maintenance of competitive freight rates.

Last year, I described the ACCC's progress on this important policy development as 'glacial'. There is no reason to change this view. Since the closing of submissions there has been no further public information from the ACCC, despite our repeated requests for a progress report. In view of the above, it is unlikely that there will be a new block exemption in place within the next year. Of course, the future of Part X remains a separate matter to be determined by the Federal Government, once the eventual block exemption has been implemented and thoroughly tested.

This year has been an amazing one for container shipping. After the initial manufacturing shut down in China, the COVID-19 pandemic led to far more wide-reaching economic shutdowns across the world. Millions of consumers

were forced into isolation, shops and businesses closed and manufacturing industries reduced their production levels to meet demand. As a result, by April all key container routes were negatively impacted by declining demand.

The industry was quick to respond, adjusting capacity and, where necessary, reviewing its serviced routes. The immediate reaction was a high number of service withdrawals and blank sailing extending across March and April. This was on top of the high level of inactive vessels, totalling 2.46 million TEU, that was already in place at the beginning of March (due to the Chinese New Year quiet period, which was extended by at least an additional two weeks due to the COVID response in China).

But the situation was only to get worse. Globally, more than 250 scheduled sailings were withdrawn across the second quarter, due to the fall in demand driven by general closures in many countries due to COVID. This forced the highest ever idling of container tonnage in history. Up to 30 per cent of capacity was removed from some routes, and in March, the idle fleet was predicted to exceed 3 million TEU. The contraction in demand for containerised cargo and vessels continued throughout April, and by May, the mood of the industry was very negative and the outlook bleak.

Then the unexpected happened. Towards the end of May, a recovery in demand hit with a solid bounce. As countries emerged from their first wave lockdowns and the northern hemisphere moved into the northern summer, demand for goods surged. With limited international air travel, shipping

also had to absorb the shift in cargo volumes towards sea freight, with lines adding extra lifters and new services as demand soared.

The idle container fleet never reached the predicted 3 million TEU, and since peaking at around 2.7 million TEU in June, has recovered to only 800,000 TEU idle at the end of September, with much of this taken up by ships off-line in refit or undergoing scrubber fitment. Since then, carriers have been scrambling for extra capacity, and both charter rates and freight rates have reached their highest levels in ten years.

In Australia, the rebound was very pronounced in June, with all container ports exceeding trade expectations, in what is traditionally a slow month. The Australian COVID-19 box trade rebound coincided with a number of temporal factors: port closures due to severe winter storms, industrial action and some terminal upgrades, caused delays of up to three weeks in Port Botany and to a lesser extent, in Melbourne and Brisbane. In Botany, volumes and ship call numbers were down in August and September (62 v 90 the previous year), with a large volume of cargo sent to Melbourne as vessels bypassed Sydney. Increased imports and limited container exchanges as the terminals were desperately trying to restore window schedules, meant that empty boxes and even some export containers were left behind, adding to the congestion in Sydney's terminals and empty container parks.

A number of lines including MSC, OOCL and CMA-CGM/ANL have added sweeper vessels or extra loaders, in

an attempt to clear the backlog but berth availability in Botany remains at a premium, with some larger ships still omitting the port. ZIM Line took the opportunity of strong demand levels and good freight rates to return to the Australian trade, having departed in 2014. They launched a new weekly service from northern China to east coast Australian ports in October, and a second service in December.

As we approach Christmas, the biggest concern for the liner industry is the global shortage of equipment brought about by one simple fact. Demand for containerised consumer goods is so high that congestions of terminals and empty container storage locations, is occurring all around the world. In order to reasonably maintain scheduled windows, terminals are forced to limit container exchanges, shipping lines are obliged to prioritise unloading full imports, and both exports and empty container evacuations are severely limited. Every ship that arrives therefore exacerbates the congestion, and while there are enough containers in the world, they are all in the wrong places.

Unfortunately, there is no end in sight, with the imbalance of imports over exports expected to continue at least until Chinese New Year in February. In Australia, with a bumper grain season just gone, there will be a shortfall of food quality containers and a shortfall of slots on ships to export them. Strategically, the only real solution is to increase the productivity of Australia's container terminals, which have fallen to embarrassing lows, but that will certainly not be a short-term fix. ▲



## AUSTRALIAN MARITIME AND FISHERIES ACADEMY

Online Blended Courses and payment plans  
Now Available

Campuses: Port Adelaide/Port Lincoln  
Toll free: 1800 636 068  
E: [info@afa.edu.au](mailto:info@afa.edu.au)  
[www.amfa.edu.au](http://www.amfa.edu.au)  
RTO #0649





## New South Wales

By MELWYN NORONHA,  
Secretary

Another year goes by at the helm of the New South Wales State Committee and what a year this has been! Two matters have taken centre stage – COVID-19 and industrial relation disruption on the waterfront. Thrown in the mix have been a few weather incidents and together the entire supply chain has been in a state of continued disturbance.

Bill Rizzi continues as the Committee's Chairman. In recognition of the issues identified with arriving vessels during the COVID pandemic, the committee's membership now includes NSW Health. Federal Health have also been invited to be part of the committee but are yet to confirm their membership.

During the peak of the lockdown, the April meeting was cancelled. SAL offices have had minimum manning with meetings held via video conferencing, the last of which was held on 9 December.

### COVID-19 – seafarer access to medical health and crew changes

Since March, the COVID-19 pandemic has continued to have operational impacts on shipping worldwide.

In Australia, changing national, State and local polices and regulations have impacted the shipping industry. Whilst the Federal Government has made the best efforts to maintain continuity of the maritime supply chain the States' (except for Queensland) slow progress in developing medical and crew change protocols have severely hampered shipping movements. Advocacy and engagement with the three levels of governance and keeping members informed has kept the SAL secretariat busy.

Whilst crew change may be considered possible in Australia, the process continues to be frustrating and difficult. On-signing crew must complete 14 days of quarantine. In New South Wales, the Department of Health is not proving to be useful – the 24 hour helpline now diverts to New South Wales's Fire Brigade. However, they do not answer messages.

Exemptions when approved, are often granted at the last minute, which causes great difficulties. Ships' agents have raised concerns with SAL that officials repeatedly ask for more information, much of which is provided on the exemption application form. The process was described as convoluted and frustrating, and that is reflected in the low volumes occurring.

Exemptions are not being issued until there is a confirmed booking but often when there is a confirmed booking, the officials often do not issue an exemption, and this causes loss of time and costs, especially when the ship sails. Further problems include the process being repeatedly changed, especially as the maritime industry is not being advised of changes and coping is difficult, stressful, and time-consuming.

In addition, AMSA has decided that arrangements under its Marine Notice 04/2020 will be extended only until 28 February 2021, after which international requirements, of no more than eleven continuous months on board, will be applied. It has issued a new Marine Notice 10/2020 based on a view that there has been sufficient time for ship operators to adjust to the COVID-19 world and develop new plans for seafarer repatriation and crew changes.

Queensland continues to be the most favourable State for responding to

both seafarer COVID-19 cases and undertaking crew changes. Following an increase in incoming crew testing positive, MSQ amended its protocols to require incoming seafarers to proceed to quarantine until COVID-19 test results are available, in order to prevent infection of a ship and allow contact tracing.

SAL continues to engage and liaise with Federal and State agencies to support its members solving day-to-day crises, such as ships being allowed into ports, medical care for seafarers, arranging visas for seafarers, and providing endless information to the Government to encourage them to make good decisions that support the continuation of maritime trade.

SAL's COVID-19 page on our website is being regularly updated with the relevant Federal and State restrictions as they come to hand, and SAL's Secretariat continues to assist its members who may have specific questions or circumstances relating to crew changes and medical care for seafarers.

### Transport for NSW's (TfNSW) Empty Container Working Group

In 2019, TfNSW commissioned a study relating to the improvement in the movement and utilisation of empty containers into and out of Port Botany.

The report released in 2020, inter alia acknowledged that dedicated empty container parks (ECPs) play a more significant role in Australia, compared to many international ports. However, it was surprising to note that only two (4 per cent) ECPs agreed to participate in the study, in contrast to other consulted stakeholders in the container supply chain. Further, the majority of the findings and recommendations raised,

intrinsically relate to ECPs which impact shipping lines operations.

One of the recommendations of the report was the establishment of a temporary empty container working group to discuss and further explore the issues raised in the report. The first meeting of this group was held in July 2020, with the objective of developing practical solutions to improve the efficiency of empty container handling.

Key objectives of the group are to:

- Examine issues related to the management of empty containers, make recommendations, or develop solutions which can be implemented by industry on a voluntary basis.
- Share information and develop performance measures to provide an objective picture of supply chain issues.
- Identify opportunities for additional empty container storage capacity and investigate other ideas, such as targeted trials of new equipment or technology which could reduce pressure on empty container parks.

However, following the first few meetings, events increased stress on the empty container supply chain.

Trade fluctuations resulting from the COVID-19 pandemic, weather events and industrial action at stevedore terminals, impacted on the ability to service vessels and evacuate empty containers. This created a significant build-up of empty containers which needed to be addressed urgently to ensure freight could continue to move in and out of Port Botany. The Working Group focus was forced to look at short-term initiatives that could take pressure off the system, such as increasing empty container stacking heights at existing facilities, and options for additional storage capacity.

Issues that continue to be highlighted include:

- ECP capacity and management capability,
- Data Sharing and transparency,
- Better utilisation of the direct return pool at terminals,
- Redirections and possible causes,
- Time slot bookings at ECPs by transport operators.

The Working Group will continue to engage with stakeholders across the

container freight supply chain, from shipping lines to cargo owners, to assist in implementing practical, whole-of-supply chain solutions.

### **Shipping channel service at Port of Newcastle – saga continues**

The case of the declaration of the shipping channel at the Port of Newcastle as a service, has entered into its sixth year.

This time, the NSW Minerals Council (NSWMC) made an application (July 2020) to the National Competition Council (NCC) for declaration of certain services in relation to the Port of Newcastle (PNO), for a period of at least twenty years, given the long-term nature of coal mines and significant investment involved.

It will be recalled that in May 2015, Glencore made a similar application to the NCC seeking a declaration, and after some initial success (June 2016) in getting the channel declared as a service, PNO Newcastle successfully obtained a revocation of the declaration in July 2019.

NSWMC's application drew attention to the inadequacy of New South Wales'



*Rod Nairn makes his final address as CEO SAL at the New South Wales' State Committee Christmas Luncheon*

price monitoring scheme under Part 6 of the Ports and Maritime Administration Act 1995 (NSW) (PMAA). This Part does not limit the charges that may be levied by PNO for the purpose of setting navigation service charges, as defined in section 47 of the PMAA. The current price monitoring scheme has not been certified as effective, and no application for certification has been proposed by the New South Wales Government to make it effective. This was one of the key elements of Shipping Australia's submission to the NCC in 2015.

PNO remains an unregulated monopolist that is able to determine the terms and conditions of its access, with little constraint. This was evident earlier this year when PNO, at short notice, announced that an increase would apply in the Coal Ship Navigation Service Fees by 33 per cent from 1 January 2020, unless the Port User signs a 10 year deed which waives the right to object to matters within the deed, and specifically accepts certain conditions, including an annual increase of 4 per cent on both navigation services and wharfage, as well as an unknown additional amount attributable to PNO's capital investment.

In October, the Council published a draft recommendation to NSWMC's application for the designated Minister not to declare the services at the Port of Newcastle. History of this issue suggests that the Council's final recommendation will be consistent with its draft recommendation, and that the matter will be further contested at the Australian Competition Tribunal.

#### **Glencore Coal Assets Australia Pty Ltd v Australian Competition Tribunal [2020] FCAFC 145**

Late last year, Glencore appealed the Australian Competition Tribunal's revocation ruling, lodging an appeal in the Federal Court.

In August, the Full Court of the Federal Court of Australia published its decision, setting aside the Australian Competition Tribunal's (Tribunal) re-arbitration of the ACCC's 30 October 2019 determination in respect of the access dispute between Glencore Coal Assets Australia Pty Ltd and Port of Newcastle Operations Pty Ltd. The Court found that the Tribunal had misconstrued the terms of the declared Service and erred in law by allowing the Port of Newcastle to include the cost of user funded assets in the regulatory asset base, in setting its navigation service charge. The Court has remitted the matter to the Tribunal for further determination according to law.

#### **Navigation Service Charge – double charging: Update**

Last year, the Port Authority of New South Wales adopted a new approach in the application of the navigation service charge, with the result that some ships that are required to leave the port limits for operational reasons and return, are charged twice. This new practice reverses a long-standing pricing policy and results in an additional charge of an average of \$60,000 per vessel.

Shipping Australia has appealed, via submissions and letters, to the various relevant authorities, including the portfolio Minister, seeking an amendment to the existing legislation, so that the longstanding, sensible and fair practice – of charging just once – becomes law.

In August, the portfolio Minister responded to Shipping Australia's correspondence advising that TfNSW, who have for some time been reviewing the Ports and Maritime Administration Regulation 2012, are expected to commence public consultation on the proposed changes to the Regulation in the coming months.

The Minister's correspondence also reflected that concerns previously raised by Shipping Australia about navigation service charge exemptions have been considered - though no details were provided. SAL has sought

these details from TfNSW, but no response has been received.

The Minister's response also stated that the Port Authority of New South Wales had negotiated an 'industry-agreed arrangement' on the application of the navigation service charge exemption for vessels that make multiple entries to Sydney ports, which would be beneficial to all relevant vessels. After canvassing its members, SAL confirmed that none of its shipping line members and agents were involved in any consultation or industry-agreed agreement.

Shipping Australia has conveyed further concerns to TfNSW seeking details of this industry-agreed agreement, and is yet to receive a response.

#### **Functions**

The COVID-19 pandemic severely hindered the committee's ability to hold its customary Parliamentary Luncheons and the Biennial Port Kembla Luncheon. However, with the easing of some restrictions towards the end of the year, the committee was able to hold our signature event – the SAL's New South Wales State Committee Christmas Luncheon.

This luncheon was held at the same venue as last year - Hyatt Regency's Maritime Ballroom. With guest numbers restricted at the venue, the event was limited to just over 200 guests. ▲

#### **Young Shipping Australia**

Young Shipping Australia continues to thrive despite the difficult year faced by all. We have not been able to hold our usual ship tours, shipping outlook event and networking breakfast, but we were pleased to round the year off with a well-attended Christmas gathering at Helm Bar Darling Harbour, which seems to be the unofficial HQ of the young blood of Australian Shipping. Those attending shared stories of both lockdown and market resilience, and it seems that our shipping industry is weathering the storm reasonably well. Young Shipping Australia provides an invaluable network for the young people that drive our industry forward, and we look forward to welcoming old friends and new members alike, in 2021.



*Young Shipping Australia members at the Helm (Bar)*



## Queensland

By GEOFF DALGLIESH,  
Secretary

When I look back to this same time last year when writing the 2019 Report, never did I think we would have a year ahead of us like it has been.

Suffice to say COVID-19 had the same effect on all of us, with differing consequences by State, by person, by employment and many other areas in our daily lives. One positive I would think, is that we appear to be on the right end of this pandemic now and closer to the end than the start.

Our SAL yearly Golf Day and Annual Ball had to be cancelled because of these circumstances. Which meant little monies to support our usual maritime charities, namely the Mission to Seafarers and Stella Maris. In a way, that may have been a blessing as most business's and sponsors were hurting and just did not have the surplus to be able to give.

As the year has been a rather traumatic one, we are looking at holding an end of year luncheon (at time of writing). At least then we have something for the maritime industry to celebrate - we have made it through the year and can look forward to a better one in 2021.

Port statistics for BPPL were as expected down somewhat, due to COVID. The top two import countries by origin were China and Malaysia, and the major product imported was crude oil and refined oil. The top two export countries by destination were Japan and China. The top two exports by product were coal and meat products. The ports tonnage was down 7.6 per cent. Motor vehicle imports were down 22 per cent on financial year 2019 volumes. The port continues to support the last mile infrastructure project for a rail link to the port from the inland rails current termination point.

Some good news came about during the year, of the completion of the new Cruise Terminal, so it is shovel ready for when the cruise business starts up again.

Townsville, being the States' other major container port, vehicle units along with bulk tonnage had similar results to Brisbane. Containers down by 16 per cent on imports, and exports down approximately 22 per cent. Motor vehicles were down 9 per cent on the previous year. On the plus side, live cattle exports were up 32 per cent, which was a very positive note. Again, on the plus side, were commodities such as sugar, mineral concentrates and fertiliser, all up over the previous year.

Major infrastructure continues with the channel widening, which is planned to be finished by 2023, after years in the making. This venture will ensure that Townsville will be a vital part of the Northern Queensland region, allowing longer and wider vessels into the port.

Other bulk ports along the Queensland coast have appeared to fare better so far through this pandemic and we hope this continues.

International carriers have carried out numerous blank sailings for most of this year, or at least since COVID-19 grew legs. This resulted in less space and the filling of fewer ships closer to their capacity. Resulting in the supply and demand factor allowing for increased freight rate levels.

The pandemic also caused numerous issues with crew changes or lack of, with very few international flights being allowed into the country, and when they did they mostly went via Melbourne and Sydney, causing a lot of grief in Queensland ports and for the agencies

looking after these operations.

A long, now seemingly forgotten, issue of reduction in CO2 emissions and the costs of this for carriers, has been pushed into the background over the past nine months. It does appear though that it has been an issue that ship owners and charterers have handled quite well.

During the year, the Queensland State Government set up a task force to look at the feasibility of a coastal service, initially between Brisbane and Townsville. That task force recently submitted a report based on their findings. Of note though, the Labour Party did float an election promise that should they be returned to office then coastal shipping would be looked at as a priority. The previous State Government did get back into office, and now it remains to be seen whether they will indeed, progress on the recent Coastal Shipping Report.

There has been over this year some issues with QSHIPS utilisation at varying levels by users. Hence, we set up a committee to determine how we could develop the process of getting users to utilise QSHIPS at similar levels. Although this committee has taken a back seat during the last six months, I have to thank MSQ for their support in this regard, offering retraining if required and making some amendments even though they had another major programme to complete. I also thank the people that gave their time freely to attend meetings and sit on the committee. I do promise in the new year to push this barrow further until all users are on the same page and utilising QSHIPS as it should be used.

Finally, I would like to thank everyone for their input over the year and of course, wishing you a very safe and happy festive season and our hope of having a much better 2021. ▲



## Victoria

By CHARLES MASTERS,  
Secretary

Planning for quarterly meetings and events was well in hand at the commencement of the year and so this State Secretary took the summer break to read a book gifted by my son, namely '21 Lessons for the 21st Century' written by Professor Yusef. The book considered the convergence of developments in biomedicine and artificial intelligence and the impact on governments as we know it, and the challenges to preserve what we understand today. In short, technology has already impacted the various models of government. Of significance, a section early in the book anticipated pandemics and how this would impact our lives. Little did I consider how relevant that portion of the book would be when I completed it at the end of January!

The Port of Melbourne held a ministerial briefing at the end of January which assembled key actors across the port. Highlighting the planned infrastructure spend, specifically on rail to reduce truck movements within the precinct of the city. Deloitte's were additionally engaged to identify all costs associated with the movement of freight. Interestingly, the report highlighted ocean freight had increased by just six per cent over the decade, whereas land-based charges had risen disproportionately. A representative of a local transport association decided despite the clarity of Deloitte's message to take aim at shipping lines for land-based costs experienced. The result is that the Minister for Ports and Infrastructure is acutely aware of how many local charges are promulgated by third party providers with applied administration fees.

Whilst we managed to have our 1Q meeting in March we were not so lucky with the annual Phil Kelly OAM Perpetual Golf Tournament scheduled for 18 March, cancelled 12 hours ahead of tee off due to Covid 19. Chairman, Rod Begley, resigned as SAL Chair to take up a COO appointment within PNG Ports and pleasingly his deputy, James Kurz, took up those responsibilities. A new deputy chair will be appointed at the Victorian AGM.

The 2Q meeting, a luncheon with the Australian Competition regulator (ACCC) and a breakfast event in August with Qube's CEO Maurice James were all cancelled due to the Stage 4 lockdown conditions in Melbourne.

Meanwhile Freight Victoria offered the opportunity to provide input to a review of the structures governing ports in Victoria. The last review was conducted 20 years ago and much has changed since that time. The role out of Blockchain is much anticipated and we expect the business community to be more familiar with its benefits, particularly as and when the Australian Stock Exchange rolls out its platform in 2021. We also consider transparency over transaction costs will be evident when blockchain ledgers are applied in the shipping viz logistics environment. On this front we have seen little to no information around IBM Tradelens progress. Moreover, if carriers booking portal INTTRA is to be assimilated. The only development we note is VICT parent ICTSI with 31 terminals globally has signed onto Tradelens!

The 3Q State Committee was held via "Zoom" in August. Concerns around stevedore negotiations with the Maritime Union were expressed, and

specifically the multiple agreements which had expired pointed to a co-ordinated approach to exert maximum disruption. It was hard to fathom the rationale within the MUA particularly during a pandemic, which of itself was causing much hardship and damage across the community. This relatively privileged group of workers with above average earnings, demonstrated little to no concern to the community at large, and clearly remains burdened by 20th century industrial thinking. As they pressed their cause, vessels bypassed affected ports and discharged cargo at the nearest open port, applying surcharges to cover costs. Importers were required to collect their cargo at their expense. In the end, the MUA punished the Australian community in pursuit of self-interest. McKinseys latest assessment is that 473 million jobs globally will be imminently replaced by automation. Rising labour costs exacerbates the move to replace people. Will the MUA continue to be dogged by 20th Century industrial thinking?

To finish off the year, the privatised Port of Melbourne produced a document to rebalance its tariffs. The issue being the projected number of larger vessels calling at the port, requiring capital expenditure to improve access. With 20 million spent to date on study's, enlarging Swanson Docks turning basin, strengthening bollards, plans to lengthen Webb Docks berth face, relocating Tasmanian and RoRo activity to Appleton Dock are developments supported by SAL. Whilst questions remain around some of the arithmetic applied, the result will be an increase to import wharfage on vessels over 300 metre length or 40 metre beam, and a small offset applied to export wharfage. The differentiated pricing is designed to remain compliant within CPI increases for 2021 but the unsung issue is to know what importer knows or is interested to learn, the size of vessel their cargo is finally moved on?

On a more upbeat note, it would be remiss not to report the commercial initiative taken by Port Phillips Sea Pilots during the year, where they provided a 10 per cent rebate on their services subject to payment terms being met.

With no EOY lunch to celebrate, we look forward to 2021 wherein a vaccine will allow for face-to-face interaction and at the least, a game of golf. Season's best wishes to all. ▲



# ADVERTISE HERE!

## THIS PRIME ADVERTISING SPACE IS AVAILABLE

To find out more and secure your spot on the next edition, contact  
Steve Moxey on 0400 473 200 or by email [steve.moxey@ontimepublications.com.au](mailto:steve.moxey@ontimepublications.com.au)  
and Shipping Australia at [admin@shippingaustralia.com.au](mailto:admin@shippingaustralia.com.au)



## Half a century of change

By KEN FITZPATRICK,  
former Chairman and Director, Shipping Australia Limited

Those of us who can look back half a century are looking into a world far different from the one we live in today. The pace of change is now so fast for most people it is hard to keep up to date with events.

So when I was asked to consider what changes I have seen take place in shipping over the past 50 years, my recollections of how things used to be, next to today, makes it feel as though one is entering a totally different world. My earliest recollections of shipping were in Fremantle as a boy, and of men lining up early in the morning to be picked to work on the wharves for the day. The successful ones got to heave heavy bags of grain off rail trucks and hurl them into slings, which were then lifted into the ship using the ships' three to five ton union purchase derricks. Inside the hold of the two or three deck ship, workers took the bags out of the slings

and stowed them in the ship. It was hard work, but they were the lucky ones to get the job for the day. The others had to go home or try elsewhere for casual work for the day.

By the time I actually got to start work in the industry in 1967, bulk grain was loaded in bulk carriers, monster ships at that time of 30/50,000 tons deadweight. That was the era when container shipping had just started, with the Koorunga plying the trade between Eastern and Western Australia. Western Australia had its own fleet of six ships trading to the northwest of the State and into Darwin, from Fremantle and return. The only exception was the Koolama, which went east after Darwin and completed a round Australia trade, taking all kinds of cargo, including 12 passengers. Koolama was one of the three K class motor vessels, whereas the older D class ships like SS Dorrego

were all steamers. Steam ships were not uncommon in those days, the most welcome of which in Fremantle was Howard Smith's SS Balarr, which made regular calls from Queensland carrying, among other general cargo, bags of peanuts. Needless to say, there was always ullage from the hessians peanut bags, and for days after her arrival, peanut shells could be seen all over the wharf area at Victoria Quay.

The pioneering trade of container shipping in Australia grew quickly within the country, with cellular ships Kanimbla and Manoora taking up the coastal trade in 1969. This was closely mirrored by the international container fleet from the UK and Europe, commencing with P&O's Encounter Bay arriving in Fremantle on her maiden voyage in March 1969, followed by the ACT fleet of ACTA Shipping. These fully containerised ships of a nominal



Car carriers at MIRRAT Melbourne Terminal

capacity of some 13/1500 TEU saw the end of conventional liner ships carrying general cargo. Lines like Shaw Saville, Port Line, Blue Funnel, Bank Line etc., all disappeared from service. Port times were reduced from up to a week to just a couple of days, with the efficient handling of cargo in containers. The next development was advent of the roll-on roll-off tonnage, carrying both trailer and container cargo, the first PAD vessel arriving in Australia in 1971. From there the progression has been simply towards bigger, more efficient container ships, where capacity is now reaching up to 25,000 TEUs.

In the meantime, the general cargo trades specialised. Refrigerated cargo, once carried in reefer chambers in conventional three and four deckers, now started to trade in purpose-built refrigerated (reefer) vessels, carrying all kinds of produce from meats to fruits like bananas and grapes, requiring temperature control in increasing global seasonal trading patterns. Global trade as we knew it, was undertaking a major change, allowing people who only saw table grapes on their plate in summer, to now get their favourite fruit 12 months a year. The same applied for all kinds of fruits and vegetables. The reefer trade flourished from the 70's right through until after the turn of the century, however the lure of container shipping to the fresh produce trade, with the promise of a secure cold logistics chain, has now substantially swallowed trade from the conventional reefers. The combination of being able to purchase smaller quantities at a time coupled with cheaper freights, swung many shippers over to containers. Having retired out of the conventional cargo operations, the older liners were employed in carrying various other general cargoes, many of them becoming engaged in the booming cement trade of the 1970s. Heavy demand for cement in the Middle East and West Africa saw ships waiting at destination for six months and more. Many of these ships waiting for a berth in West Africa saw their cargoes solidify with the heat and humidity of the area. It kept lots of these older ships employed during a decade of heavy project construction in both regions. I recall one 1951-built ship I chartered, having been loaded with bagged cement from Korea, waiting for six months to get a berth at Damman, then on being called into port

promptly sank in the shipping channel. Some of these old liner ships went into unusual trades, being engaged as lighters from larger bulk carriers loaded with grain in draft restricted ports in places like India and Bangladesh.

The other change taking place, after container ships became the accepted liner vessels for general cargo movement, was the emergence of breakbulk shipping in the form of multipurpose ships that could handle both containers and general cargo, and handle large, oversize and heavy cargo that did not fit into containers. The Freedom class and SD14 became the early workhorses in non-containerised general cargo movement, often in short sea trades, especially in Asia and Africa. The demand for moving heavy pieces, previously handled by a heavy derrick on the old liners, not only continued but increased. Breakbulk and multipurpose ships started small, as did container vessels, in the range of 3000 to 8000 deadweight but slowly have increased to ships that are now over 30,000 DWT. The crane capacity has also radically increased from the standard 100 ton single swinging derricks to 4/500 ton cranes these days.

Globalisation brought with it the opportunity to reduce manufacturing costs, allowing project engineers to fabricate larger and heavier pieces of equipment destined for construction of major projects. Australia took advantage of these developments at many of the oil and gas and mining plants constructed around the country. Eventually the industry developed a more sophisticated response to this opportunity, building flat-decked roll-on roll-off, often semi-submersible, vessels that looked like a very large barge. Expansion of oil and gas exploration saw large fully and semi-submersible ships moving oil rigs around the globe on demand. The oil industry itself opted for crude oil to be carried in even larger ships, with tanker sizes rising to a massive 500,000 deadweight ton Ultra Large Crude Carriers (ULCC) in the 1980s. The lack of ports able to take such monsters and fears for the potential hazards of a ULCC accident has seen crude carrier sizes reduced to Very Large Crude Carriers (VLCC), in sizes ranging from 180,000 to 320,000 deadweight. Suezmax tankers of 120/200,000 deadweight were designed specifically to

transit the Suez Canal. In the ore trades, ships grew larger as well, governed mainly by port restrictions at discharging ports, and generally maxed out at about 250,000 tons. However, Brazilian mining giant Vale, in an attempt to compete with Australian iron ore, and taking advantage of the expanded Panama Canal, built two series of some 67 ore carriers of 400,000 tons deadweight. So, from the day I started in shipping, where a large ship was a 60,000 tonner, things have really moved along to the ships of today, both in terms of size and sophistication. During that time, steam propulsion was phased out except for a short period in the 1980s, where steam made a brief comeback. Engine efficiency has also been constantly on the improve, with ships burning fuel more efficiently in the face of increasing costs of fuel, and more recently in the face of environmental concerns. Some ships are now powered by LNG, and even sail has been tested again to improve efficiency and save fuel costs.

The evolution of ships is not the only significant change in half a century. There has been a huge improvement in the way the whole industry operates. Safety has become a key feature of this change, in all facets of the industry from the International to the local port. Gone are the days when wearing a safety helmet on the wharf was met with ridicule, as it was in the late '60's. Protective clothing is now accepted throughout the industry, and the lowered death and injury list is evidence of the success of these changes. There are still some ports in the world where safety needs improvement but, overall, it is a much safer industry in which to work than it was. Security is the next area where there has been a significant difference. No longer can the public wander down to wharves on a Sunday afternoon around the country and have a look at the ships in port. Getting access to a wharf area, and on to a ship in port, is now something that nobody can do without appropriate passes, site induction and a valid business reason to do so. Even then, with the appropriate PPE you can only walk along secure areas, not wander around at will as used to happen. Changes were driven by increased automation of the industry, increased activity on wharves, and a history of people walking around the wrong corner at the wrong time to risk being collected by a forklift.



*Telex machines were key communication tools 50 years ago*

*Image: home.bt.com*

On the international scale, safety has been heavily backed by international agreement, through UN backed organisations like the IMO. The safety rules apply also to seafarers where work practices have changed to protect the seafarer, and also the environment. The International Convention for the Safety of Life at Sea (SOLAS) 1974 set the protocol for the many changes and improvements to SOLAS since then, addressing key issues like carriage of certain cargoes, such as dangerous goods and bulk cargoes, whose properties can in certain conditions act like it was a liquid in the ship. Lifesaving equipment at sea, safe navigation and safe practices on board ship were introduced through the International Safety Management (ISM) Code. Other conventions like MARPOL, prompted by the famous Torrey Canyon disaster, where 120,000 tons of oil spilt into the sea off the coast of Cornwall in 1967, address pollution of the seas. First introduced in 1978, the STCW Convention set new standards for training of seafarers, with regular amendments upgrading these provisions. The recently introduced Maritime Labour Convention (MLC) set new standards in crew wages and living conditions on board.

Higher standards for ships under the Port State Control Inspection

regime has also ensured ships now meet safety standards. I recall as a young agent waiting for a ship to complete berthing and looking up at the accommodation and seeing the sky through one of the lifeboats. I knew this was going to be a tough day, as the State Government Marine Inspector (pre AMSA) turned apoplectic when he too looked up to spot the holes in one of the lifeboats. The ship got a repair order about a metre long and spent an extra ten days in port. Few owners would take such a risk these days.

Communication is probably the greatest change I have seen in the industry. Ask someone under 30 what a telex is and you get a blank stare. Yet telex and cable were the key tools we had at our disposal 50 years ago. Even copying documents was a messy process using, initially a Fordigraph, then a Roneo machine; we had no such luxury as a photocopier. Preparation of documents was an equally messy problem with Bills of Lading usually requiring at least three originals and three copies, all squeezed into a typewriter, with copy paper in between the sheets. It was a nightmare making a mistake, requiring the dreaded white out fluid having to be applied to six copies, or if the mistake was bad enough having to load it all up and start again. Our communications with places like China and India were all

via cable, and hence economy of words was an imperative. Cables were charged by the word so the industry managed to reduce words by using now well-known abbreviations like 'satpmshexuu' which simply meant Saturday afternoon Sunday and holidays excluded unless used, or 'danrsaoclon!' – discountless and no-returnable ship and or cargo lost or not lost. There were many other abbreviations, some not so polite!

Talking of communications, I had the privilege of working on the Baltic Exchange in the early 1970s. This 'coffee house' was the centre of the world in terms of shipbroking, during this period. It was a place where information was the centrepiece of its operation. News of cargoes, ship fixtures, commodity prices and any trade news that might affect the freight market could be found within an hour or two of walking the floor. A ship sinking, a coup in an African country, a shock drop in the stock market, were all hot gossip on the floor on any day. The Baltic was established in 1744 as a coffee house (originally called the Virginia and Baltick Coffee House), as a place where merchants and sea captains met to discuss the mercantile matters of the day. From about 1893, traders started to frequent the coffee house, grain traders being prominent. By 1891 the London Shipping Exchange was formally



*Baltic Exchange, London, following the IRA bombing in 1992*

*Image: Gulf News Archives*

established, and in 1898 the London Shipping Exchange merged with the Baltick (sic), moving into its longterm location in St Mary Axe in London. The Baltic Mercantile & Shipping Exchange Limited was incorporated in 1903. It traded as the major shipping hub for decades, a place where cargoes were matched with ships on the floor of the exchange, often seeing trades concluded within just a few hours. I will never forget my first fixture of 30,000 tons of wheat from Sydney to Beirut in 1971, on a vessel called the Pan. The ship, in those days, had to go the long way around via the Cape of Good Hope during the Suez Canal closure (1967-1975). Unfortunately, on 10 April 1992, an IRA bomb planted in the street outside the Baltic saw it damaged beyond repair. The historic building was no more, and the exchange moved a few doors down in St Mary Axe. The site of the old Baltic is now one of the most recognisable buildings in the city end of London, known affectionately as “the Gherkin”. Communications by then had moved on, and the value of the coffee house meeting place diminished, as centres like Hamburg, New York and, more recently Singapore, became the hub of shipping activity. Instant communication via the internet, with instant access to information, has also changed the world of shipbroker since the days of waiting for a cable reply three days later to an offer made.

Life at ports has changed radically in that half century period. The old system of the morning pick up (a practice well documented in Sydney’s Hungry Mile) has turned into a system of full-time and casual employment on the waterfront. Although ship calls are much more

regular, many ports still have peaks and troughs in terms of work, and therefore there will always be a need for some casual employment.

Anyone in the industry around the turn of the century will remember the events of 1998, with the Patrick waterfront dispute. Whilst it was a bloody dispute at the time, the benefits of the waterfront becoming a 24/7 operation have had a major impact on efficiency on our wharves. It was pleasing to see an end to the days where wharves shut down from noon Saturday until 7am Monday, as ships sat idle.

The number of Lines operating into Australia have changed radically over the

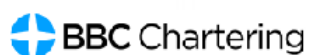
years, and heavy competition has forced mergers of many lines, both in container and in other trades. Automation has been a key change on the waterfront, with many operations, particularly at container terminals, now managed by robotics. The use of fully automated ships and pilotage will be one of the future challenges, although much work has already been completed in this space. One day, future generations will ask ‘did they really have people on board ships, steering them?’ with the same incredulity the under 30 of today asks what a telex was.

When asked if I would spend my time in shipping again, I quickly answer in the affirmative. For anyone looking for a regulated, orderly working life, shipping is not the right profession. The constant challenges, regular surprises and journey often into the unknown, makes life in this industry exciting. The best planning in the world cannot prevent things going off the rails. However, once hooked into shipping most people stay in the industry. It is probably, outside the medical profession, one of the industries boasting the highest employee retention. In an age where people often change professions three or four times during their lifetime, it is rare to find people who remain in the same industry for half a century and more. ▲



*Automated Patrick Terminal*

## SAL VOTING MEMBERS



**EVERGREEN LINE**





# Heavy Lift/Project shipping: Flexible/versatile is what we do, not just in 2020

By ULRICH ULRICHS,  
Chief Executive Officer, BBC Chartering GmbH & Co. KG

Ocean shipping is one of the oldest trades in the world, and we have always needed to adapt to new circumstances and requirements. 2020 has no doubt been a challenging year for every individual and every industry, in almost every aspect.

The new year kicked off with IMO 2020 and nobody knew if enough spec compliant fuel would be available. There were many rumors regarding potential failures and problems with the new fuel, with the majority not eventuating.

Even pre-COVID, cargo movements were frequently delayed, and our industry has always had to adapt with ad hoc decisions and changes. While spot markets can mean a day-to-day challenge, they also come with numerous opportunities. The Heavy Lift/Project sector has the capacity to quickly adapt to evolving demands and temporary geographic shifts in trade lanes.

Once COVID-19 peaked, Australian ports stayed open for business, and whilst government regulations can be challenging at the best of times, the reaction to the COVID-19 threat was swift, practical and kept our industry open for business, whilst safeguarding the health of all maritime workers. This allowed the major infrastructure and mining projects that are planned and approved years in advance to continue being built, especially for projects that had already begun - the wheels on already started projects are almost impossible to delay or even come to a halt. Throughout the pandemic our versatile multi-purpose ships delivered essential cargoes for industries such as infrastructure projects (Brisbane

Cross River Rail and Sydney Metro), major mining sites in Western Australia (wood/albermarle), windfarm projects all over Australia.

As a global company, BBC Chartering reacted promptly to setup measures for their employees working remotely, and invested globally in communication technologies as the crisis developed into a global pandemic. Mauro Capano, managing director in Australia, has said that "In Brisbane we got lucky compared to other parts of the world, lockdown only lasted 3 months. During this period we were able to continue servicing our clientele without missing a beat, same has continued beyond the lockdown – We have been busy throughout!".

Beyond Australia, Asia is an incredibly important market to our sector and Lars Schoennemann, our regional managing director based in Singapore, has said, "We all rose to the challenge and it has been really good to see that our staff quickly adjusted to the new circumstances, and that we as a team pushed through. But not only that, our clients and service providers showed that the relationships that are built, especially in the Heavy Lift/Project market, are built to last – even through a global pandemic".

## Communication remains key

As the virus persists and the dreaded 'new normal' takes hold, we and every other carrier have faced operational issues. Major factors were mainly cargo readiness, travel restrictions and quarantine regimes in some places. Overall however, the issues remain at a manageable level.

Looking ahead the Heavy Lift/Project market is quite sporadic nowadays. It has brought a lot of delays to the supply chains due to a range of issues, mainly factory closures, transportation to and from the ports, and movement of personnel to and from the job sites. But most projects have simply been placed on hold due to current challenges. The outlook for the near future is relatively uncertain.

Another factor is the oil price. A recovery of the oil prices will hopefully give more confidence to the oil and gas segment to place new investments at some point, translating into cargoes for our ships. We've previously seen a time delay of about three to six months between recovery of main economic KPIs and movement of real cargoes. We are optimistic to see steady market improvements in the later part of 2021.

If 2020 has shown anything, it is that the world may stand still, but it is essential for all economies that commercial ships are not kept from sailing and delivering cargo. The Heavy Lift/Project sector is a niche market and we have shown that we stay flexible.

Relying on highly experienced technical, operational and commercial teams, we use our strengths and explore every opportunity given to us. This allows us to not only continue to provide the quality and service our clients are accustomed to, but to innovate and grow. ▲



## Oceania brand rationalisation programme and leadership changes

By XAVIER EIGLIER,  
Chief Executive Officer, ANL

Some 18 months ago, the CMA CGM Group started a programme to simplify the various shipping line brands operating across various parts of the world. This was done in a staged approach which saw some brands retired from particular markets and some brands having their scope expanded. This has been very positive for ANL, now being recognised as the CMA CGM Group's leading carrier for Oceania. This was a real vote of confidence in our local management team and the strong agency network across the region.

ANL's long history brings with it strong market knowledge coupled with quick decision making, all focused on providing the best service to our customers. We work hard to understand our customers' needs now and into the future, so as to adapt our offer. This is a continual process as container shipping and ANL evolves, we see changes like new routes, new port calls, innovative digital tools and expanded value-added services.

Recently leadership changes have also been announced. I will move from my current position as Chief Executive Officer for ANL, to the new role as Executive Vice President to drive a new third air freight logistics business pillar, beginning 2021, based in the CMA CGM Head Office in Marseille. - Current Managing Director of CMA CGM Group Agencies (Oceania), Shane Walden has been newly appointed as the CEO of ANL. Fulfilling Mr Walden's current role, existing Vice President for Business Development (CMA CGM & CEVA Logistics), Paul Haeri will lead the CMA CGM Agency cluster across Australia, New Zealand, Papua New Guinea, Timor L'este, Papeete and New Caledonia. ANL is maintaining a strong leadership

team in Australia, which gives the organisation powerful local capabilities.

### Proactivity in the face of challenges

While we always work closely with our industry partners, this year was cause to see this from a different perspective. After seeing containers fall overboard from the APL England we knew that proactivity and a strong network was of the utmost importance. Within hours of debris washing up on New South Wales beaches we were able to deploy clean-up crews, working in step with the RMS, to complete daily checks at 40 different sites. This work is still active and will continue until the job is done. On the vessel side, the teams at the Port of Brisbane, as well as MSQ and the Mission to Sea Farers all pitched in to ensure both the vessel discharge operations and the crew needs were tended to as safely and professionally as possible.

We have a strong working relationship with AMSA, now more than ever, and have worked with them on a number of items. We will continue to work with them to ensure our fleet continues to comply with all Australian and Oceania region standards, through proactive measures. Furthermore, we will continue to communicate with them on our extensive search operations for containers overboard that are possibly situated on the sea floor.

### Waterfront disputes – counting the cost

ANL, like all shipping lines, has been seriously impacted by the industrial actions in Sydney. Some vessels have faced wait times for berth up to 15 days. There is not only the significant extra cost of the vessel to consider but also massive costs for

port omissions, cargo transhipment and change of vessel rotations.

The effect of this disruption is felt right down the supply chain with not only extra costs but also disruption and delays to goods. When one part of the supply chain, like the container terminals, is not working then the whole chain breaks down. We saw this with gridlock in the empty container depots in Sydney as the evacuation of empty containers was impeded by the problems in the terminals.

Experiencing disruption like this is not sustainable in the long-term, not just for shipping lines but for the whole Australia economy. Especially an economy already reeling from the Covid19 downturn.

### Navigating through the global pandemic internally

While managing the effects of the global pandemic, our teams have demonstrated great success in working from home. However, during this time, it has been brought to the forefront that life in the office is being transformed. As workplace flexibility has certainly shown some benefit, office spaces create an environment for meaningful connections, effective collaboration, problem solving and innovation – an environment that cannot always be replicated online.

In saying this, the purpose of the office has also changed. As we move forward into the new year, ANL will look to provide employees with an inspiring atmosphere that will encourage the share of knowledge and strengthen relationships with both customers and colleagues. It will be a hub dedicated to creativity and innovation. The future of the office will undoubtedly be better balanced, but also provide a better sense of purpose.



### Navigating through the pandemic as an industry

The industry has seen myriad impacts throughout the supply chain. The lockdowns, shift in demand cycles, change in cargo mix and balancing of important health regulations have caused vessel delays, port omissions and deviations, overall, these factors impacted general schedule reliability which in turn created issues for our clients and theirs.

Port Regulations in Australia are not national and the disharmony between the different ports create a lot of additional requirements to balance vessel, crew and customer needs. While the industry has rallied together, the pandemic showed us that we need to develop together and collaborate to ensure the continued strength of our space.

In a time where it is very challenging to manage crew change over, we have done our best, with the support of various authorities, to support our team at sea but the situation is still unsettled. The transport of goods is essential, and the people who we rely on to do this at sea must be considered essential workers in international trade.

### ANL – always moving forward

ANL is always looking for development opportunities to improve our network and enhance our service to customers. Apart from main trade lane expansion we are also growing our presence in the Pacific Islands, on the back of our purchase of Sofrana a few years back. Regional ports around Australia are a particular focus for us. Ports like Townsville and Darwin and, more recently, Esperance and Port Hedland have been added to the ANL/CMA CGM network. We are very excited by our new Pilbara Connection, as this region shows continued growth and would benefit greatly from a direct shipping service with Asia. In all these ports we offer a personal approach, while also bringing the power of our global network for not only containers but also project cargo for infrastructure projects, oil and gas, plus mining developments.

### Sustainability in Oceania

As part of our collective focus on innovation, the CMA CGM Group also launched a sustainability programme aimed to capitalise on the three key pillars of: acting for the people, the planet and for responsible trade.

Additionally, the group has committed to the goal of becoming carbon neutral by 2050. Some of these actions included the decision to not use the Northern Sea Route, as it presents significant danger to the natural ecosystems, as well as the launch of an LNG powered fleet of vessels. This began with the launch of the CMA CGM Jacques Saade: a world first LNG powered 23,000 TEU container vessel, which will reduce GHG emissions by up to 23 per cent well to wake.

ANL also launched a set of initiatives dedicated to Oceania. Over the coming months, the local committee will look to roll out a number of projects. The programme includes the creation of a Reconciliation Action Plan (RAP), creation of a coral regeneration fund designed to support long-term research and short-term conservation initiatives for the Great Barrier Reef as well as an educational and art-based programme to raise awareness of sustainable shipping practises while celebrating the cultural diversity throughout the Oceania region. Actions relating to the 2050 carbon neutrality goal are also in the pipeline, with a biofuel trial and zero emission feeder vessel soon to be announced. ▲

A.P. Moller-Maersk



## Building resilient supply chains through collaboration and digitalisation

By HENRIK JENSEN,  
Managing Director, Maersk Oceania

As we farewell 2020, there can be no doubt that the year will be remembered for the sudden and devastating appearance of Covid-19. The virus has dramatically affected almost all corners of the world, causing humanitarian and economic crisis with extraordinary consequences across communities and industries.

Starting in China, the effect on product supply chains was first not as pronounced, as it coincided with the annual shut down of production for Chinese New Year. However, as the virus spread in China and later overseas, market after market went into complete lock down. Multiple demand and supply shocks would rattle the global economy and create panic for millions of household consumers. Who would have predicted that toilet paper would be the first product in short supply across most industrial nations, including Australia?

Despite numerous supply chain challenges inflicted by natural and economic disasters in the last decade, most companies still found themselves unprepared for the global scale pandemic.

From the conversations we have had with our Australian customers, the most common and immediate need has been to introduce greater flexibility, enhanced data visibility and new modes of transport into their supply chains. The changes in purchasing patterns of customers seen throughout 2020 has been dramatic, with online purchasing significantly increasing, safe home delivery requirements and the need for these changes to be implemented in a very short time to keep products flowing and businesses going.

At Maersk we have worked hard to be agile in our response to the changing market conditions. Our main focus has been, and continues to be, linking ocean and landside services and providing customers with additional, innovative solutions that allow them to face any unexpected challenges, take corrective action and prevent a full-force hit.

Reefer storage products in Australia and New Zealand, as well storage solutions whilst in transit have assisted Maersk customers with their critical cold chain exports in conditions where markets were open and closed quickly. Reefer storage solutions requiring the constant monitoring and quality control is another area where Maersk's market leading remote electronic monitoring products have played a vital role in protecting perishable products through enhanced data visibility.

We pride ourselves in being a leader in the digitalisation of ocean transport and our work in this area continued to develop steadfastly, with several initiatives launched in 2020. The introduction of the Maersk Spot Store Door delivery products within "Maersk Spot" and "Twill" has provided digital solutions for customers by linking landside with international ocean services in one single solution. Maersk Spot allows customers to book on individual vessels at spot rates, using a full door to door solution, thereby offering greater flexibility for customers to be able to sell products into new markets. Twill provides a more structured end-to-end solution with extended value-add services and visibility.

To proactively manage any changes to the normal flows of equipment, Maersk has developed a series of landside solutions to help customers navigate through uncertain times such as port strikes, vessel port omissions and lockdowns. Maersk Connect has been designed to support customers with deconsolidation, linehaul and rail services to safeguard the delivery of their products to market.

When disruption strikes, it is not uncommon for a logistics professional to find that vital information is not available. Companies that struggle with visibility will work with disconnected data sourced across transportation management systems, enterprise resource planning solutions, partner platforms, and many other sources. This situation creates a significant gap between data, visibility, the ability to execute actions based on that visibility, and effectively take control over the supply chain.

Covid-19 has reminded us that global supply chains are a critical piece of our shared economic infrastructure. As an industry leader we feel strongly that this responsibility requires close dialogue with customers, industry partners, national governments and multilateral organisations. We are committed to continuing our collaboration with customers and business partners in Australia and around the world, with the ambition to deliver enhanced visibility and predictability of the supply chain through digitalisation.

Will 2021 bring some unforeseen challenges? No doubt. But we are in it for the long haul and we invite you along the exciting journey. ▲



## Ensuring global logistics supply chain continuity during the coronavirus crisis

By KEVIN CLARKE,  
Managing Director, MSC Mediterranean Shipping Company

The year we are about to archive will be seared into our memories as the year that called into question the way we live, work and do business. In the space of a few short months, the world was changed forever, as the pandemic affected all populations, societies, and economies across the globe. The global health crisis has reshaped existing production and trade patterns and forced companies and industries to re-think their supply chain models.

In this new era, one thing was brought to the fore: we live in a globalised world that relies upon complex integrated supply chains and systems, with strong mutual dependencies across multiple countries. As a truly global shipping line and one of the key links in global supply chains, MSC Mediterranean Shipping Company reacted promptly to the immediate challenges the pandemic posed, showing flexibility, business continuity, high levels of customer service and financial strength, despite the difficult operating conditions.

### **Strategic global partner in a crisis scenario**

When the aviation industry was forced to drastically reduce operations on a global scale, the movement of goods

fell upon the shipping sector. In this scenario, it was more vital than ever for our industry's services to be flexible and scalable enough to manage these increased volumes at both an international and intercontinental level.

MSC did this by adjusting capacity and, where necessary, reviewing its serviced routes, helping absorb the shift in cargo volumes towards sea freight. The subsequent rebounds in trade flows after the easing of lockdowns also underscored the strategic importance of flexible and reliable network management, as well as strong competencies in delivering ad-hoc services. All this while many MSC employees were having to adjust to a new remote working environment, continuity plans were put in place, and

stringent new or reinforced health-protection measures were implemented across functions everywhere in our locations around the world.

### MSC's Australian Response

Almost overnight, there was the requirement to set in place news systems and procedures to cater for a combined office and remote working environment for all employees. Imperative to this was ensuring that communication channels remained open between customers and MSC's seven customer-service locations throughout Australia. Some remote working environments remained in place for extended periods of time, as it was the case for MSC's Melbourne employees, who provided ongoing customer care and vessel operational functions through one of the world's longest lockdown periods.

During this time and coupled with the recent port strikes that have affected multiple ports in the country, MSC moved in a flexible way to manage resulting congestions via alternative routings. MSC also continued providing comprehensive coverage across all seven weekly ports of call in Australia, and never stopped investing in its liner network, which connects markets within Australia and directly links the country to continents, including direct services to Europe, Asia and America.

### Adapting to the changing world

Despite all of this, MSC's customer-centric focus never shifted, and in the first half of 2020, innovative and cost-effective solutions were offered to customers and business partners via solutions like the Suspension of Transit (SOT) programme, empowering shippers to use some of the world's leading transshipment hubs as advance yard storage to help them move goods early and in anticipation of a resumption in demand. This provided flexibility and enhanced operational and financial efficiency, while helping to decrease congestion in ports of discharge, as products were placed closer to distribution networks.

In Europe, in particular, MSC assisted shippers with its short sea shipping networks - a reliable alternative to road transport to avoid new land-border blockages created by governments' essential action to curb the movement of people and to be prepared to meet current and future market demands.

### MSC Group's contribution to countries relief efforts

As the pandemic began to take hold in Italy earlier in the year, Grandi Navi Veloci (GNV) - part of the MSC Group and operating ferry services within Europe - worked with Italy's Liguria Health System

and Civil Protection to convert the ferry ship GNV *Splendid* into a floating hospital to aid patients with Covid-19. This solution was implemented in a very short period, thus increasing Liguria's hospital capacity and, where necessary, serving other areas of the country. Stationed at Ponte Colombo in Genoa's Ferry Terminal, the floating hospital offered a total capacity of 400 beds.

More recently, in August 2020, the MSC Group provided the Italian Government with two additional fully equipped ferries, GNV Azzurra and GNV Aurelia, to be used as floating hospitals in the south of Italy.

### The essential role of the maritime industry

As we now enter a new year, we can reflect on these months as a time that has shown very clearly the centrality of container shipping and logistics in international trade. At present, around 90 per cent of the world's trade is transported by sea. The maritime industry has and continues to play an essential role in the current emergency, working tirelessly to bring people everyday goods such as medicines, food, fresh produce and clothes. It is a crucial role that should not be understated. ▲





## Vigilance leads to strength and innovation in biosecurity

By ANDREW TONGUE,  
Deputy Secretary and Head of Biosecurity Australian Government Department  
of Agriculture, Water and the Environment

2020 brought changes no one could have predicted, with the global movement of people slowed to combat the biggest human biosecurity threat in a century. But the movement of goods has continued, and is now more important than ever to ensure robust global economies and food security.

The shipping industry helps connect us to the wider world and keeps Australia's trade alive, so we can remain one of the world's strong economies.

But as mail and cargo volumes increase, so do potential biosecurity risks that could threaten our agricultural industries and rich environmental heritage. Pests and diseases remain just one sea or air voyage from our shores.

As the agency tasked with safeguarding Australia's biosecurity, we prevent and respond to plant and animal pests and diseases that threaten us.

In 2020, we responded to interceptions including the potentially devastating khapra beetle, found in imported whitegoods, avian flu in Victoria, and parcels of unidentified seeds arriving to unsuspecting members of the public.

This decade will see more mail and cargo entering Australia than ever before; and as the world recovers from COVID, the influx of passengers will eventually resume and potentially rise.

That's why we continue to strengthen our biosecurity system to protect our \$61 billion agricultural industry and over \$6 trillion in environmental assets.

### Innovation key to a strong, smart biosecurity system

Innovation is vital to stay ahead of ever-changing biosecurity challenges. Our Biosecurity Innovation Program seeks to evolve how we manage risks, so our biosecurity system works smarter into the future.

Through the program, currently in its third year, we are investing in new technologies and approaches to biosecurity risk management. For example, in collaboration with lugotec Pty Ltd, we are developing portable technology to detect brown marmorated stink bugs in containers without conducting manual searches.

Our partnership with the Centre for Invasive Species Solutions and the University of Canberra's EcoDNA Laboratory is exploring genetic methods for pest detection, with researchers now able to find DNA traces of pests like khapra beetle, in dust and dirt on packaging.

Other pest detection technologies for shipping containers are being developed by Trellis Data Pty Ltd and Industry Spec Drones Pty Ltd, through proof of concept funding in the form of Business Research and Innovation Initiative grants.

These cutting-edge technologies are part of a strong defence against invasive pests. But we also need the shipping industry to remain vigilant.

We encourage industry to practice good container hygiene and report pests to our See. Secure. Report. hotline — 1800 798 636 — or online at [agriculture.gov.au/report](https://agriculture.gov.au/report).

### Better marine risk management

In 2020 we also made progress in technology and activities to better manage biosecurity risks from ballast water and biofouling.

Advances in the use of molecular technology in port surveillance bolstered our understanding of the risks related to ballast water, and allowed us to increase the availability of risk-based exemptions for major cargo routes in Australia. In collaboration with Centre for Excellence in Biosecurity Risk Analysis, we spearheaded projects to investigate machine learning technology that can rapidly assess biofouling risk on submerged vessel surfaces.

We are also continuing to trial modified Remotely Operated underwater Vehicles (ROVs) with live-streaming high-quality video, sonar navigation and custom mountable wheels, so ROVs can 'drive' along the underside of a vessel hull.

We have been resolving issues related to in-water cleaning policy and will consult with industry on a new strategy in 2021. We have also maintained active involvement in the review of the International Maritime Organization's Biofouling Guidelines and are designing stronger regulation of biofouling risks.

### A strong partnership with industry

We understand that working with the shipping industry to manage biosecurity risks is give and take, and we are looking for ways to reduce red tape to make the movement of goods easier for everyone.

The 2020 Budget committed to busting congestion for agricultural exporters. We will provide a modern digital export system in the form of a single online portal. This will reduce documentation and processing times and make dealing with government faster and more cost-effective for exporters.

The online portal is just one of several Budget measures that will help products get to export markets faster, and a step towards a better regulatory system for all cross-border trade.

We envision a future state of biosecurity where industry and community feel ownership and responsibility for protecting our country from pests and diseases. We are committed to continuing to work with you to manage biosecurity risks, so we can all contribute to keeping Australia's agriculture and environment safe. ▲



## Shaping up for the future

By MICK KINLEY,  
Chief Executive Officer, Australian Maritime Safety Authority

This year has seen an unprecedented shift in our community as a result of COVID-19. The pandemic has brought monumental challenges, but it has also been an opportunity for AMSA to prepare for a future where unknowns are the norm and effective regulation is more flexible and responsive.

While the future heralds ongoing environmental and technological changes, the events caused by the COVID-19 pandemic have highlighted the importance of looking after the people at the heart of our industry—the seafarers maintaining global trade and delivering the vital goods and supplies that we all need.

This important role has unfortunately come at great personal cost to the seafarers. Longer periods at sea, difficulties undertaking shore leave,

mandatory quarantine and separation from their friends and families, has taken a toll.

The vulnerability of our seafarers is a timely reminder of the importance of the Maritime Labour Convention (MLC). During the past six months, AMSA has monitored the level of compliance and intervened to support seafarer repatriation during a time of international border closures. But while flexibility on the part of regulators was necessary when the COVID-19 pandemic began, keeping seafarers on board ships for longer than 11 months is not sustainable.

Since June, AMSA has received 149 MLC complaints, issued 227 deficiencies and detained 11 ships, five of which were in response to excessive seafarer service periods.

As this year draws to a close, there has been sufficient time for ship operators to adjust to the new COVID-19 world and to develop effective strategies

for seafarer repatriation and crew changes. From 28 February 2021, operators will once again be required to meet international requirements and seafarers will return to being on board for no longer than 11 continuous months. For our part, we are committed to keep working with operators that make every effort to look after their seafarers.

Ironically, some Australian seafarers have faced the possibility of not being able to get back out to sea due to complications around ticket renewal because of difficulty meeting renewal requirements under COVID-19 restrictions. AMSA addressed this by extending some AMSA-issued certificates, which is one of a number of measures implemented to assist industry overcome governance issues caused by the pandemic, and to keep seafarers working.

We appreciate that some sectors of the domestic commercial vessel

sector have also been significantly impacted by the pandemic, and we continue to work with all tiers of government and industry to provide support where possible.

While we focus on returning to business as usual in a post COVID-19 world, our long-term strategic goals remain high on our agenda.

As a safety authority, our policies, regulations and capabilities must be able to accommodate unknowns and offer flexibility, while also supporting a safe, environmentally responsible maritime sector. It is also imperative that regulations remain relevant and practical for industry to implement. Consulting closely with industry is an important part of this process.

Unfortunately, serious incidents remain all too common in the maritime industry and safety and environmental protection continue to be key areas of focus.

This year, we implemented the National Compliance Plan 2020-2021, outlining our inspection focus areas over the coming year, and our approach to non-compliance. It is my hope that providing a transparent overview of what we will be looking for in our inspection campaigns,

will help the wider industry to ensure their operations are compliant with the law, thereby contributing to safer, cleaner seas.

In addition to investigating all Maritime Labour Convention complaints, the plan also commits to targeting a range of safety priorities through Port State and Flag State control and inspection of domestic commercial vessels around Australia. These priorities, which broadly cover vessel seaworthiness and operational safety, address many of the causes our incident data reveals as contributing factors to environmental and safety incidents.

We will continue to focus our interventions on high-risk and low-compliance operations, while supporting our regulated community with timely, relevant and accurate information that enables them to voluntarily meet their obligations.

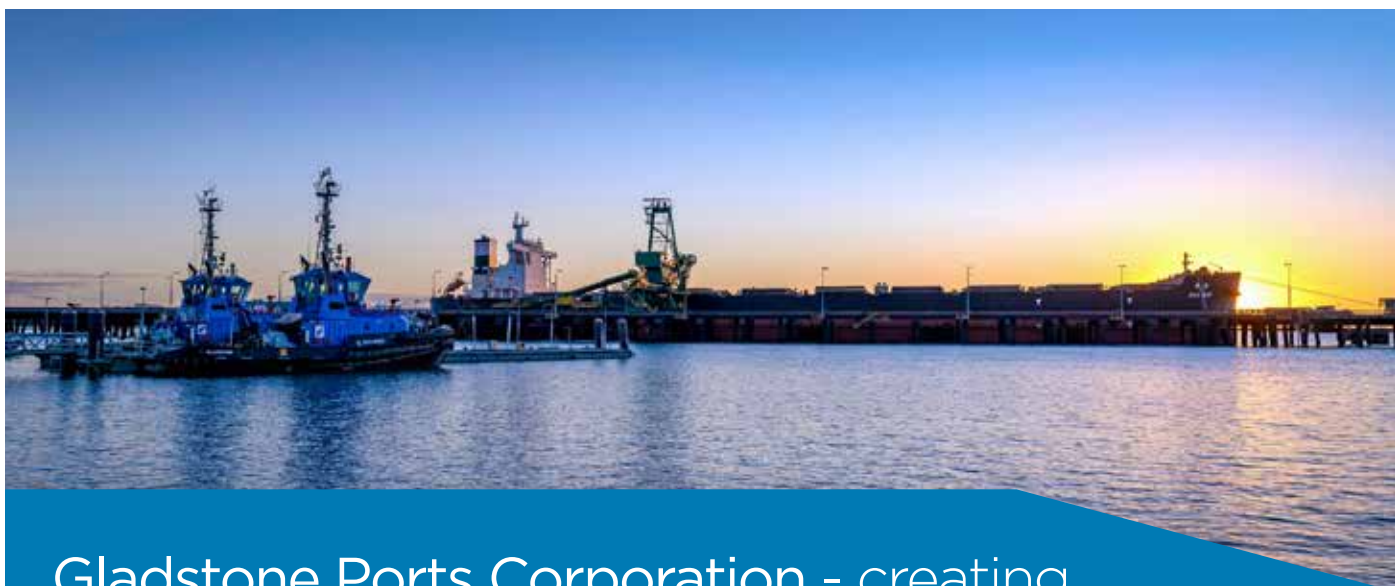
Our relationships with international and domestic stakeholders—from the International Maritime Organization through to all tiers of Australian government, regional bodies, industry associations, domestic operators and seafarers—are also vital in developing a

culture that values and manages safety.

As AMSA nears its 30 year anniversary, we look back on a proud history of service and contribution to shipping safety, provision of aids to navigation, pollution response, search and rescue, and more recently, domestic commercial vessel safety.

Over the years we have responded to countless incidents—from oil spills, lost containers, search and rescue incidents, not to mention the search for MH370 and a whole raft of other important events—in collaboration with our colleagues, industry partners, and in some cases, everyday Australians.

As we look to the future, we consider ourselves fortunate to have strong connections. These ties, along with all the work we are undertaking to position AMSA for the future, puts us in a strong position to deliver effective regulation and response capability, in an environment of continual disruption. For the shipping industry, disruption is coming in many forms, but the global community is more willing than ever to question the social license to keep doing things the same way, if those ways harm people or the environment. ▲



Gladstone Ports Corporation - creating a prosperous future for our shareholders, customers and community.



**Gladstone Ports Corporation**

Growth, prosperity, community.

[gpcl.com.au](http://gpcl.com.au)



## Ensuring safe passage and safety on the seas

By GARY PROSSER,  
Commissioner, Australian Transport Safety Bureau

**I was honoured to have been appointed to the Australian Transport Safety Bureau's Commission in 2019 to help support and oversight the strong maritime work of the nation's transport safety investigator.**

An independent, no-blame investigator plays a critical role in any nation's transport industry, and I am proud to be able to bring my more than 40 years of experience in the maritime industry to help the ATSB ensure appropriate outcomes and improvements in maritime safety.

Beginning my career as one of the inaugural Australian Maritime College (AMC) cadets, I served on a wide variety of Australian ships, in both the international and domestic trades. I then embarked on the onshore component of my career when I managed offshore supply vessel operations in the offshore oil and gas industry in Bass Strait, combining my commercial operations and safety management experience. I also led the P&O Polar Division, based in Hobart, managing the Antarctic and marine science vessels for the Australian Antarctic Division and CSIRO, to support their vital marine and environmental research in the Southern Ocean and Antarctica.

I would then join the Australian Maritime Safety Authority in 1997, where I held a variety of senior management roles before being appointed Deputy Chief Executive Officer (DCEO) in 2007. Then as the Australian Head of Delegation to the International Maritime Organization

(IMO) I was fortunate enough to help shape maritime regulation and policy and establish Australia as a significant contributor to maritime safety, as both a port state and significant coastal state.

In 2009, I was appointed as Secretary General to the International Organisation for Marine Aids to Navigation (IALA), headquartered in Paris, prior to returning to my DCEO role at AMSA in 2015, in which I served until retiring in 2019.

So my career voyage has covered all aspects of the shipping industry, from commercial to regulatory and more. These multi-disciplinary experiences provides a sound basis for my role as an ATSB Commissioner, having long read investigation reports published by the ATSB and its predecessor agency, the Marine Accident Investigation Unit (which sat within the former Commonwealth Department of Transport).

I have seen incident investigation evolve tremendously since my early days, with the ATSB now adopting a multimodal approach to investigation that sees investigators from a broad cross section of specialisations, who undertake specialised tertiary training, working on transport safety investigations across the three transport modes.

The results are world-class, independent no blame investigation reports that drive safety improvement in the maritime industry. As examples, this year has seen the ATSB release two prominent maritime investigation final reports, namely the loss of containers from the MV YM Efficiency, and the grounding of the bulk carrier MV Bulk India during departure from Dampier, Western Australia.

The Bulk India investigation highlighted that ship operators and crewmembers

should ensure that systems, machinery and equipment critical to the continued safe operation of the ship are thoroughly understood, as well as appropriately maintained and tested.

Subsequent to the grounding, the ship's operator made improvement to their safety management and operating systems, as well as staff education and training processes.

Separately, the port operator revised escort towage arrangements for ships departing its facilities in Dampier, following extensive simulation exercises and a review of existing risk assessments. As a result, a second tug remains in attendance with bulk carriers for further along the channel. Further, a comprehensive guidance manual for ship towage operations in Dampier and Port Walcott was developed.

The YM Efficiency investigation, meanwhile, that highlighted weather forecasting, routing and good navigational practices in adverse weather, all play a part in minimising the risk of injuries to crew and damage to ship, cargo and environment.

However, safe and effective container stowage planning is the primary control measure in managing the risks involved in carrying containers by sea.

As a result of this accident, the ship's managers have taken a number of safety actions to address the identified, including requiring checks of lashing forces during the initial cargo stowage planning stage ashore, providing regular training of shore planners in multiple aspects of cargo loading and securing, and training responsible ship's officers in the use of the ship's loading computer system.

I highly recommend all mariners and interested parties read these investigation reports, as they are excellent tools in enhancing maritime safety and environmental protection, and demonstrate the value of driving safety actions through no-blame investigation.

So, how does the ATSB's no-blame role fit alongside other maritime regulatory authorities and organisations such as AMSA, IMO and IALA?

AMSA provides the lead for Australian maritime safety regulation, maritime environmental emergencies, and maritime and aviation search and rescue. It promotes and implements safety standards and environmental policies, both nationally and internationally.

IMO provides the global role of creating a regulatory framework for the shipping industry that is "...fair and effective, universally adopted and universally implemented."

And IALA provides and promotes the development and adoption of standards and guidelines to support safe and efficient shipping. Its standards and guidelines are developed by member countries. These standards and guidelines inform the IMO.

As with any transport industry there is a maze of regulations, standards, guidelines, both internationally and nationally. My work across these organisations has helped me gain an appreciation of the intricacies that the maritime industry must navigate to ensure safe passage and safety on the seas, and the importance of the ATSB in fostering and encouraging continuous safety improvement for the maritime industry. ▲





## Keeping shipping moving in Queensland

By the Hon MARK BAILEY MP,  
Minister for Transport and Main Roads

2020 saw COVID-19 impact economies around the world, including both in Australia and Queensland.

But, a strong health response from Queenslanders meant the shipping industry could continue to operate and that the Palaszczuk Government could get on with the job of investing in our 16 trade ports, as part of the State's plan for economic recovery.

The efforts of industry, maritime authorities and Government saw shipping inject more than \$114.4 billion into Queensland's economy, with 11,388 vessels able to enter Queensland waters from January to mid-November – getting vital exports to markets across the globe, and crucial goods into the State.

Our publicly owned ports in places like Townsville, Gladstone and the Far North collectively, facilitated more than 242 million tonnes of throughput, supporting thousands of jobs across various industries.

Those figures alone show just how important shipping is to Queensland's economic recovery and why the Palaszczuk Government is committed to growing our ports, tourism and trade.

Earlier this year we completed the \$127 million Cairns Shipping Development – a project that supported up to 800

jobs during construction and will now see Cairns reap up to 2,700 direct and indirect jobs by 2031.

The biggest upgrade in the history of Northern Queensland's largest port – the port of Townsville – also notched plenty of runs on the board, including significant progress on the rockwall, with 750,000 tonnes of rock supplied by seven local suppliers.

With the Townsville port expecting three-fold trade growth over the next 30 years, upgrading its capabilities now, alongside a half-a-billion commitment to upgrade the rail line between Mt Isa and Townsville, will ensure the port has the capacity to keep pace and support 120 jobs in construction in the process.

Because we know, when Townsville's port is strong, close to 800,000 Queenslanders reap the benefits.

In Bundaberg, we've seen an unprecedented level of interest from businesses like Knauff and Pacific Tug, because of ongoing investment in the port.

And the State has now signed the agreement with the Australian Government for the Common User Infrastructure Project, which will see \$10 million locked in for new trade opportunities at the Bundaberg Port by utilising the existing Bulk Sugar Terminal Wharf and ship-loading facilities to export and import new products.

As we look forward to 2021, a re-elected Palaszczuk Government will ensure our ports remain in public hands and secure maritime jobs in a revitalised Queensland coastal shipping industry.

Last year, the Palaszczuk Labor Government established a Maritime Jobs Taskforce to investigate opportunities to grow the State's maritime industry.

Now, we will implement the recommendations of the Taskforce Report, estimated at approximately \$21 million, including an expression of interest to establish a new shipping service between Townsville and Brisbane, with local crews.

Through maritime cadetships and training, we will grow skills, with approximately \$1 million to support additional training for Queenslanders to enter the industry or to upskill.

We will also continue to work with Queensland port authorities to ensure landside infrastructure is fit for purpose.

Those initiatives alone will create another 40 ongoing and secure jobs and support Australia's shipping industry.

Queensland has a proud and remarkable maritime history, and Queenslanders know we are at our strongest when we work together. ▲



## THE MERCHANT NAVY WAR MEMORIAL FUND (MNWMF)

Seeks maritime industry financial support to have the four bronze plaques that were installed at the Merchant Navy War Memorial in Canberra (Oct 2019) reproduced for installation at the Merchant Navy Memorial & Columbarium, Rookwood Necropolis, Rookwood, Sydney

**A project of respect and recognition that will carry the names and respective ships of the 862 Australian Merchant Mariners who sacrificed their lives for their country in WWI (184) & WWII (678)**



The four new plaques at the National Merchant Navy War Memorial, Canberra, following the official unveiling in October 2019, by the Minister for Defence, Senator Hon. Linda Reynolds CSC.



The beautiful surrounds of the Merchant Navy War Memorial, Columbarium & Rose Garden at Rookwood, Sydney, where a commemoration event is held each April.

*For more information:*

# [www.mnwmf.com.au](http://www.mnwmf.com.au)

**DAVID FIELD:** [chairman@mnwmf.com.au](mailto:chairman@mnwmf.com.au)

**STAN MORIARTY:** [secretary@mnwmf.com.au](mailto:secretary@mnwmf.com.au)

### 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](mailto: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).



## Sustainability – an investment for the future

By STEWART LAMMIN,  
Chair, Ports Australia and Chief Executive Officer, Flinders Port Holdings

The past twelve months has seen the importance of sustainable practices pushed to the forefront, now more than ever before, by the Australian ports sector. This can be attributed to COVID-19 shining the spotlight on gaps missed in past planning, potential weaknesses in current operations, and areas needing a revisit for future mapping. Fortunately, we end 2020 with confidence in what we're doing and where we are heading as a sector.

The objective of sustainable practice is often confused with environmental protection, when it's actually so much more. It's fortifying the future of your operations, and your relationship with the environment within which you operate. The environment with which you share this relationship encompasses surrounding communities, physical land and life, and the corporate workforce behind the operation.

If ports and supply chains are to evolve and serve their communities long into the future, we believe sustainability is a priority focus. Ports are economic

foundations for facilitating trade, but they are also community members and environmental partners. They also operate in some of our most beautiful and important natural environments. For these reasons, sustainability should be at the core of all businesses serving a supply chain.

One port's sustainability journey is a critical contribution to the network of supply chain partners playing their role in overcoming the threats currently facing the modern world, while simultaneously continuing to operate and serve their community. These efforts tackle current global challenges, carbon emissions and pollution, and local challenges like community engagement.

Over recent years, Ports Australia has directed a great deal of attention towards the relevance and value of sustainable practice for the ports industry. We've examined the work Australian ports have already put in for their future, and more recently we've produced a guide for sustainability planning.

Showcasing current sustainability projects at our nation's ports was our way of informing the community on the investment being made for the sector's future. While our Port Sustainability Strategy Development Guide was produced to further strengthen this commitment and encourage an ongoing effort. In doing so, knowledge can be shared between supply chain partners and ports can be empowered to take action for the future. As the peak body for the sector, it's our priority to acknowledge and promote an aspect of business which unites the ports sector under one shared set of visions and values, despite each port operating uniquely.

The end of a year always brings a time for reflection, this one with particular focus on COVID-19 and the challenges it posed. Nobody could have anticipated something like a pandemic to hit the world the way it continues to. The challenge for our national supply chain is ongoing, and we may not see a resolution for some time. This year has proven that while we can't predict the future, we can place ourselves in the best position possible to overcome its hurdles.

Before considering unanticipated threats like COVID-19, we remain vigilant in identifying biosecurity risks, interrupted supply chain continuity, cybersecurity attacks, environmental degradation, and economical and workforce instability. These are just some of the threats we acknowledge and plan for as a ports sector.

From Ports Australia's perspective as the peak body for the sector, communication is the strongest way to get ahead of these kinds of risks. Through a ground-up approach, the team has made a conscious effort to enhance lines of communication this past year, in response to COVID-19. That's meant increasing the capacity for our internal technical working groups to meet (albeit virtually for now), boosting correspondence with government departments, and strengthening ties with our newest members from across the South Pacific, to share knowledge pertinent to our region's resilience.

I'm proud to reflect on the efforts made by the wider ports community towards sustainability planning, which have ultimately placed us in a position to handle any future adversities in 2021. ▲



Stewart Lammin, Deputy Prime Minister  
Michael McCormack and Ports Australia  
CEO, Mike Gallacher



# *A world class supply chain partner for South Australia*

*Through integrated ports, infrastructure and logistics services, Flinders Port Holdings connects South Australian businesses to each other and to the world.*

[flindersportholdings.com.au](http://flindersportholdings.com.au)



**Flinders  
Ports**

**Flinders Adelaide  
Container Terminal**

**Flinders  
Logistics**

**Flinders Warehousing  
& Distribution**



## A resilient response to a year of change

By PHILIP HOLLIDAY,  
Chief Executive Officer and Director, Port Authority of New South Wales

From the rapid response to COVID-19 to a new strategic vision set to improve levels of service for shipping, it's been a year of significant change for the ports of New South Wales

If one word could sum up 2020, for me it's 'resilience'. Australia has faced two unprecedented crises this year, first the devastating bushfires, then the ongoing impacts of COVID-19, and has stood firm in the face of adversity.

This resilience, shown by so many across the country, has also been reflected across Australia's port sector and in the people working to keep our ports safe, secure and open to the world.

The past year more than any has served to highlight the immense value of our ports to Australia, the economy and the wellbeing of our society, and our maritime workforce has gone above and beyond to ensure our ports have continued delivering for the nation.

### Keeping ships moving in New South Wales

In the ports of New South Wales, we developed and enacted a COVID-specific Business Continuity Plan early on in the crisis to safeguard our people and ensure our operations remained capable of facilitating shipping across our ports. The resilience shown by our teams, and their ability to work collaboratively with our customers to adapt and respond to a fast-changing situation is a credit to their professionalism, and critical to keeping ships moving in New South Wales.

I must also commend our teams for their continued support for seafarers visiting our ports. The world's seafarers have been hard hit by the global response to COVID-19 and many of

our team members have been working with maritime welfare organisations to coordinate support services and to assist in trying to achieve better outcomes for seafarers during this difficult period.

Of course, despite our collective efforts, the impacts to shipping over the past year have been significant — not least with the continuing suspension of cruise activity in Australian waters. First, bushfires forced the closure of port of Eden at the height of cruise season, then COVID measures came into play. The impacts from the loss of cruise tourism will be felt far and wide, and Port Authority will work with the industry to facilitate a safe 'restart' to cruise when the time is right.

### Strategic change for the ports of New South Wales

While 2020 has forced rapid changes across the industry, it's also been a year of significant strategic change for Port Authority of New South Wales.

Earlier this year, we announced our new Vision and Strategic Plan 2020–25 to guide us forward for the next five years. The plan outlines our long-term goals and strategic priorities, and represents an important shift to becoming a more customer-focused organisation. Our goal is to increase the quality, efficiency, consistency and reliability of our services by unifying operations across our ports, and implementing a system that embeds continuous improvement, innovation and performance measurement across our operations.

In addition, we're committed to working together with customers to identify and develop new mutually beneficial opportunities across our ports. With

future possibilities opened up following the start of construction on our new multi-user facility at Sydney's Glebe Island, our work to maximise the potential of technology to monitor weather, underkeel clearance and provide accredited VTS support in our major ports, we'll continue looking at new ways to optimise our port assets to deliver further service offerings and opportunities.

Our new strategy is being led by a refreshed Executive Team, who are already developing and implementing initiatives across our ports that point to better outcomes for shipping in New South Wales.

### A sustainable future for the ports of New South Wales

We've also set our sights on securing a more sustainable future for the ports of New South Wales, with the launch of our Sustainability Plan. Our plan provides our teams with a holistic and meaningful framework to embed sustainable practices into every aspect of maintaining the safety, security and success of our working ports. Sustainability and improving environmental, economic and social outcomes, is a growing focus for our industry and if there's ever a time for making positive and long-lasting change, it's now.

As CEO, my priority is to ensure Port Authority always provides safe, efficient and sustainable maritime services and port assets for our customers and New South Wales. The past year has tested our capabilities to the extreme, but it's shown that we're a resilient organisation in a resilient industry and we'll embrace change together. ▲

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

We work 24/7 to provide safe navigation and efficient marine services for shipping and the working ports of New South Wales

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

[www.portauthoritynsw.com.au](http://www.portauthoritynsw.com.au)

Follow us @portauthoritynsw



**Pilotage**

Port Botany, New South Wales



## Gateways for growth - investing to support New South Wales' growing trade volumes

BY MARIKA CALFAS,  
Chief Executive Officer, NSW Ports

As key trade gateways for our nation, our ports tell the story of 2020. From droughts to bushfires, industrial action and a global pandemic, Port Botany and Port Kembla have continued to adapt to keep trade and the economy moving. Despite these challenges, NSW Ports and port operators have continued to invest in initiatives that will support New South Wales into the future, as our population and trade volumes grow.

As an essential service and key infrastructure asset for the nation, Port Botany handles around one third of Australia's container volume and 99.6 per cent of New South Wales' container volume. To put this into perspective, if you live in Sydney, nearly half (42 per cent) of all goods in your household (including food and beverages) have arrived in a container through the port.

Throughout 2020, we have been investing in ongoing maintenance of port infrastructure, including wharves and berths to ensure they are able to handle the larger vessels that are now visiting, and in the future will visit, Port Botany. In the last financial year, we saw the arrival of 105 vessels with capacity of 8,000 TEU or more, compared with just 37 ships in FY19. This includes the largest capacity container vessel to ever call at Port Botany, the CMA CGM Ural, which at 10,622 TEU, is nearly double the size

of the typical container ship visiting the port. Port Botany is well equipped to handle these big ships, with current port infrastructure able to handle vessels up to 15,000 TEU today.

We have also continued to invest in landside infrastructure initiatives, to grow the movement of containers on rail. Port Botany is the only port in Australia with on-dock rail at every container terminal, and together with our stevedores, we are investing in a staged programme to increase our on-dock rail capacity to 3 million TEU at the port. The first phase of \$190 million, with Patrick Terminals, is progressing well, with operations due to commence in early 2021.

Another example involving industry collaboration, was bringing online new empty container storage capacity to help with empty container congestion within the New South Wales supply chain. This included creation of an additional 4,500 TEU at ACFS in Port Botany, which commenced operations in August, and the opening of a new empty container park operated by Tyne Container Services on Simblist Road in June, which delivered an additional 5,000 TEU empty container capacity.

### Port Kembla

Port Kembla has exciting growth opportunities ahead. In addition to being the site for New South Wales' second container terminal once Port Botany nears capacity, we recently signed a long-term lease with Australian Industrial Energy to construct and operate Australia's first ever LNG Import Terminal at Port Kembla. The Port Kembla Gas Terminal (PKGT) is approved to bring an additional 52 ships per year, carrying 100 petajoules

of LPG to the port. Construction is forecast to take up to 20 months, putting the project on track to supply more than 75 per cent of New South Wales' gas needs by the end of 2022. We are thrilled to bring a new trade to Port Kembla, supporting its growth as an energy hub and providing diversification and growth for the Illawarra region.

### Sustainably supporting New South Wales

Looking to the future, sustainable operations and sustainable growth continue to be at the forefront of our approach to managing our port and intermodal assets. We continue to lead the way in Australia with our environmental shipping incentive (ESI) programme, which rewards ships with higher standards of emissions performance through financial incentives. As part of the World Ports Sustainability Program, our ports are the first in Australia to offer an ESI programme. In the past 12 months, more than 570 vessel visits have qualified for an ESI incentive, a significant increase during this period.

These investments in sustainability and infrastructure capacity will ensure that these key trade gateways continue to effectively service New South Wales' long-term growing trade needs. ▲



*RoRo Heogh Tracker entering the port of Newcastle*



## Rail, road and land capacity make Newcastle an attractive deepwater trade hub

By CRAIG CARMODY,  
Chief Executive Officer, Port of Newcastle

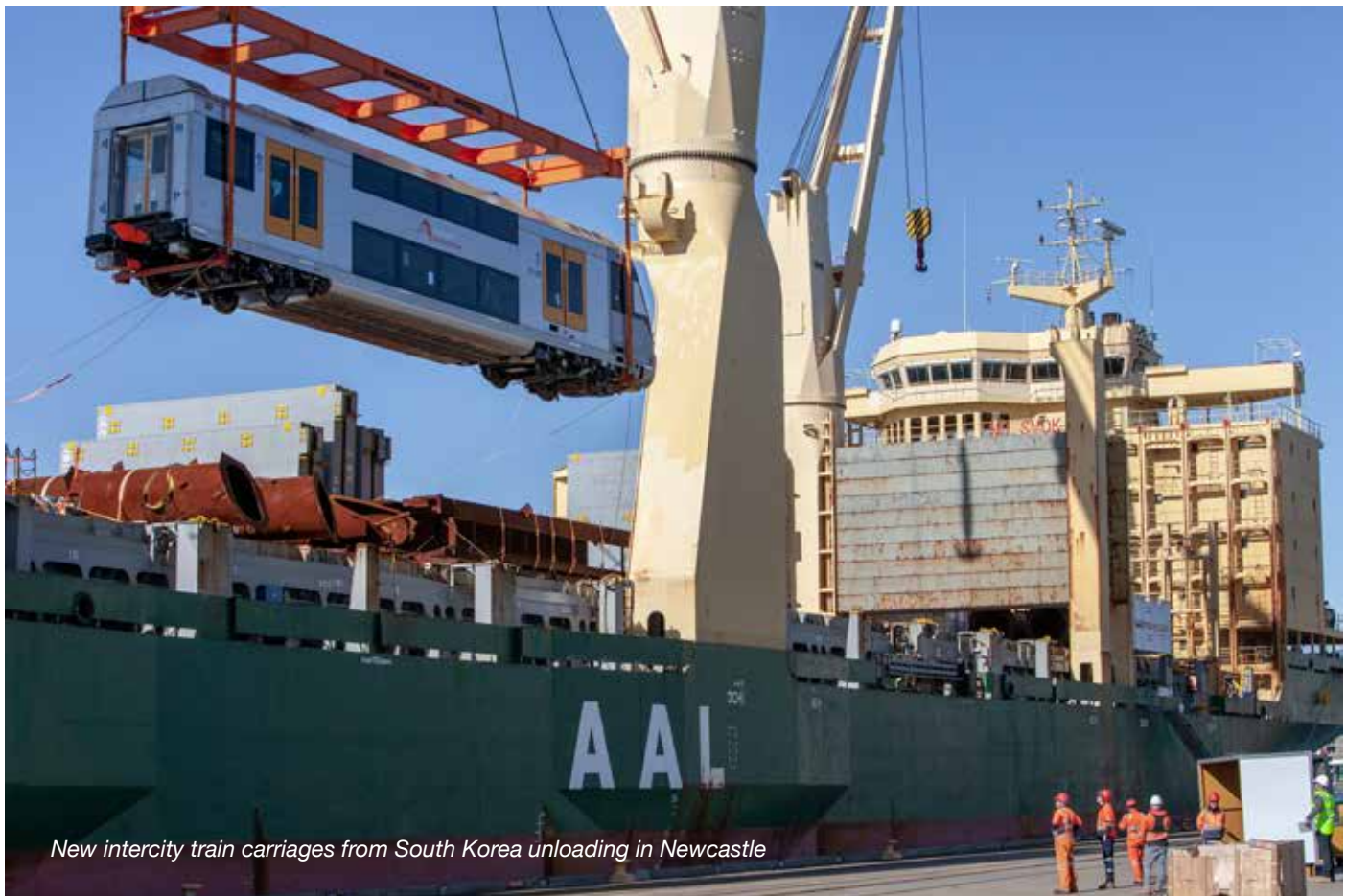
Australia's supply chains and national resilience were certainly tested in 2020. The year has been defined by the direct and indirect implications of the pandemic. Port of Newcastle, like many organisations, took a precautionary approach early on when COVID-19 first emerged in Australia. We identified three key priorities: to keep our people safe, do our part to minimise COVID-19 community transmission and to maintain the continuity of port operations for our customers. Port of Newcastle was one of the first organisations in the Hunter to shift to remote working arrangements for all office-based staff, while putting

in place a number of precautionary measures to keep frontline operational employees and contractors safe in their work environments.

The sudden change brought its own challenges, particularly around protecting mental health in the workplace. While COVID-19 gets the headlines, mental health has become an equally important workplace health and safety priority for our organisation this year. Our working arrangements made us more geographically fragmented than previous years, but in many ways we have grown stronger together. Initiatives

such as mental health first aid training for our staff and the Smiling Mind programme – both in the works before COVID-19 – took on greater significance. Agile working arrangements are now our new “normal”.

While Port of Newcastle's trade has so far been largely unaffected by the global COVID-19 pandemic, this has not been the experience for many in the industry. The resilience of the port community has become all the more critical in 2020. The longest-lasting consequence of the 2020 toilet paper shortage might be the fact it highlighted how much our society



*New intercity train carriages from South Korea unloading in Newcastle*

takes for granted, otherwise robust supply chains. The reality is that ports are important. Port of Newcastle's trade alone is valued at \$25 billion a year. More important, though, are the flow-on benefits generated from port activity. Respected economists HoustonKemp recently analysed the contribution that Newcastle's port activity makes towards the Hunter, State and national economies. The port's direct and flow-on contribution to Australia's gross domestic product (GDP) is almost \$1.5 billion and it also underpins almost 9,000 full-time equivalent jobs nationally. What drives

Port of Newcastle is the knowledge that, when Australia's largest east coast port is providing reliable, efficient and competitive access to global markets, the benefits flow well beyond the port boundary.

Safe, reliable, deepwater access requires regular survey and maintenance dredging. The port's dredger, David Allan, is a familiar sight around the harbour. David Allan this year marked 30 years of service. The vessel spent two months in Yamba for its five yearly docking and major refit at Harwood Marine. Targeted bed levelling

operations were undertaken during the David Allan's temporary absence to maintain safe access within the channel.

In 2020, Port of Newcastle's deepwater access and excellent connections to national road and rail networks continued to provide an attractive supply chain option for a range of trade types. Diversification continues to be a key goal for our region. The port's break bulk and project cargo handling facilities were again in high demand, most notably to facilitate the delivery of new ferries and trains for



New South Wales. May, saw the return of commercial roll-on-roll-off trade, with Höegh providing direct services for vehicles and heavy equipment needed in the mining, construction and agricultural sectors.

The port has long been recognised as Australia's leading energy port, dominated by thermal coal but with a growing and critical role as a gateway for renewable energy technology. During 2020, shipments of wind turbines continued to move through the port, and make use of the significant on-site storage before being transported to the build sites. The port's ability to store over-sized cargo enables customers to benefit from reduced double-handling of cargo and unnecessary truck movements. The port has a reputation as a critical part of the world's leading thermal coal supply chain. We want emerging energy technology to have access to a similarly competitive and efficient supply chain.

Embracing renewable energy trade is just part of a broader focus on creating a safe, sustainable and environmentally and socially responsible port of the future. We set ourselves an ambitious goal to transition to electric vehicles and 100 per cent renewable energy supply by the end of 2021. We are well on track to meet that with a significant part of our operations already powered by renewable energy and 70 per cent of the vehicle fleet now comprised of electric vehicles. It is amazing what can be achieved in a short space of time. In January, we became the first port in Australia and New Zealand to be accredited under EcoPort's Ports Environmental Review System (PERS), by meeting stringent environmental performance criteria. We are now benchmarked against the best ports around the world. The Port has also joined forces with other leading Hunter businesses to coordinate a regional response to the United Nations' (UN) Sustainable Development Goals.

We are very optimistic about what 2021 will bring. With a multibillion-dollar capital investment programme, there is much to look forward to in the years to come. The port will continue building its team following a number of key appointments in 2020. The Multi-purpose Deepwater Terminal (MDT) project continues to be entirely subject to the removal of penalties applying to container movements through the port. The development of the new MDT will deliver cost efficiencies for businesses across New South Wales and contribute \$2.5 billion in economic activity across Australia, generating over 15,000 direct and indirect jobs.

Port of Newcastle is pleased to be providing competitive supply chain options for New South Wales importers and exporters, as we all look to rebuild the Australian economy. ▲



**The East Coast's deepwater trade gateway and an economic powerhouse for NSW and Australia.**

**PON**

Level 4, 251 Wharf Road  
Newcastle NSW 2300

+61 2 4908 8200

info@portofnewcastle.com.au

portofnewcastle

portofnewcastle.com.au



## Paving the way for a greater future in trade

By CRAIG WALKER,  
Acting Chief Executive Officer, Gladstone Ports Corporation

Facilitators of prosperity for our Nation and the State of Queensland, Gladstone Ports Corporation (GPC) has a vital role in our national economy and is the global gateway for trade in Queensland. Having such an influence in the greater value chain and with global reach across a diverse range of industries, we are preparing for the next wave of globalisation, new energy and new technology – ensuring regional

Queensland has a seat at the global trade table. As we continue to innovate and collaborate with our customers and those seeking opportunities to trade, on and off the coast of Australia – even through a global pandemic – positioning us as a barometer for how the economy maybe shaping up.

With the unprecedented year that has been 2020, balancing economic

prosperity with sustainability, intergenerational planning and global trends has never been more important. With the three regional ports in Central Queensland that account for 35 per cent of Queensland's total exports and over \$34 billion in trade value, GPC has a great responsibility and influence on a large array of industry value chains. With an influence on 110, 000 jobs, our role not only in the

communities in which we operate but the economic multiplier impact is one we take with the greatest respect.

A recent Deloitte article identified decarbonisation and climate change as likely drivers for some of the most profound changes to the way we do business in our lifetime. The impacts on our supply chains, asset values and market disruption are arguably being felt by severe climate-related events. Economic forecasts are also increasingly reflecting these impacts, including related factors such as carbon pricing initiatives, the changing dynamic for fossil fuels and renewable energy. As we keep informed of these market trends, GPC continues to monitor our role in energy transition as we experience shift around the global economy to the E7 economies. GPC is well positioned to service the emerging and growing E7 – China, India, Brazil, Mexico, Russia, Indonesia and Turkey, offering a significant competitive advantage for growth and the development of new industries. Our position in the steelmaking supply chain through our metallurgical coal exports and gas

energy through LNG exports, provide a solid foundation to build on our reputation as a reliable export gateway.

As one of four priority ports in Queensland, Gladstone has been earmarked as one of the prime locations for hydrogen development in the National Hydrogen Strategy, and the Queensland Hydrogen Industry Strategy 2019 – 2024, due in part to GPC's geographical characteristics, local energy demand and infrastructure. GPC is renowned throughout the Asian economy for being the facilitator of reliable energy for over 70 years, with our overseas customers seeking to continue this relationship through a more diverse energy spread, over the forward 70 years and beyond.

The past 50 years in manufacturing, has been dominated in competition in regions with lower labour cost, however, as technology and automation exponentially advances, manufacturing costs may potentially become less of a price point differentiator, with cost to market having a greater influence. With this transition, GPC will explore our key strategic advantages as we focus on

intergenerational planning, and how we can best service markets into the future. The three-port footprint of GPC has an abundant availability of manufacturing and port land areas, a strong foundation of utilities, and an expandability of port capacity that is unrivalled by any deep water sheltered port in the southern hemisphere. Our position on the eastern seaboard along Australia's northeast shipping route, positions our ports as effective gateways with their proximity to northern hemisphere markets.

At GPC, we are willing to lead. On the verge of unprecedented opportunity, we are readying not only our communities, but Queensland and the nation, to take full advantage of the future. We are inherently aware of the important role that we play as the custodians to one of our nation's most valuable assets, and look forward to a legacy that we will create for future generations. Our ports are such vital infrastructure, with more than 92 per cent of the world's trade via our oceans, it is imperative we remain focussed on the future and create further prosperity for our shareholders, customers and communities. ▲





## Australia – meeting the demands of global vessel size growth

BY ROY CUMMINS,  
Chief Executive Officer, Port of Brisbane Pty Ltd

There has been a lot of discussion in Australia recently regarding the future of ports and, specifically, the future of vessel size in Australia and the capacity of ports to cater for that growth.

It shouldn't come as a surprise to hear that while some stakeholders appear to be discovering this issue now, the ports sector has been planning for this for years.

Fundamentally, ports are infrastructure businesses. It is up to us to invest in the infrastructure required to facilitate the activity and growth of our customers.

On the waterside, it goes without saying that shipping lines are key customers for ports, and therefore understanding their needs – now and emerging – is crucial to our own planning and investment cycles.

Indisputably, the growth in vessel size, globally and here on the Australian east coast, is one of the most important factors we must take into consideration. And there is no doubt that the size of vessels deployed to Australia has changed significantly in recent times.

When I first started as CEO of the Port of Brisbane in 2015, the 4,500 TEU was the daily 'workhorse'.

In December 2016, we received our first 8,500 TEU vessel, the Lloyd Don Carlos, before a regular weekly service from ANL began in 2019. Since then, Maersk has deployed a 10,000 TEU vessel to Australia, which berthed in Brisbane in 2017.

And yes, shipping lines have had discussions with us and other ports regarding 14,000 TEU vessels.

This is not surprising – the major east-west routes in the northern hemisphere have welcomed, prior to COVID that is, a number of Ultra Large Container Ships (ULCS), or vessels with a capacity of more than 20,000 TEUs, moving from hub port to hub port. This means that, in time, the new global 'workhorses' 14,000 TEU vessels, are likely to be redeployed on the lower volume north-south routes, of which the Australian east coast is one.

Here at the Port of Brisbane, we have proven via simulation from our industry leading NCOS Online technology that we can already receive a 366 metre vessel, which is generally the length of such ships. In fact, a 2019 analysis showed that Port of Brisbane was capable of handling approximately 85 per cent of the international container fleet.

Regular visits under all conditions would, of course, require additional investment in channel management, but this is already central to our investment plans.

But does global investment in ULCS', largely for northern hemisphere east-west volumes, mean Australia can expect to see them soon? Will we be bombarded by 22,000, even 24,000 TEU vessels in the near term? And does that mean the major east coast container ports should collectively spend billions of dollars on channel deepening, wharf expansions and associated upgrades to cater for ULCS'?

It is our strong view, based on our engagement with all sectors of the maritime industry, that this is highly unlikely.

Quite simply, Australia's population and the seaborne trade it generates, does not reach the volume required for ULCS. After all, a ULCS only produces lower unit costs if it is full most of the time. Even on the most optimistic economic forecasts, it still doesn't stack up, even over the medium term, and many in the industry are pessimistic about ever seeing them at all. Think of the fate of the A380 in the aviation industry, as an analogy.

The jury is still out on how soon 14,000 TEU vessels will be the norm, however, given the investment in these vessels by the shipping lines, it is conceivable that they will be regular callers in Australia. Such vessels should offer the balance between efficient direct services along the Australian east coast, with higher levels of utilisation.

To force ports to cater for ULCS when demand is not there, or even well ahead of any potential demand, will lead to two things: huge cost increases across the supply chain, and unnecessary environmental impact.

There is always a place for thoughtful, constructive debate, but it has to be based on fact. And it must involve the two groups that have worked well together over decades to ensure Australia's supply chain can meet global demands: the country's biggest container ports and the shipping lines that call them.

By working together, as the industry has admirably done in the past and continues to do so, Australia will not 'miss the boat', but instead be ahead of the curve as one of this region's leading trading nations. ▲

# Queensland's economic powerhouse

Every year, approximately \$50 billion in international trade flows through the Port of Brisbane, connecting Queensland with the world.

As the Port grows, we are working with customers and stakeholders to facilitate trade and unlock supply chain potential to support more jobs and boost the Queensland economy.

Port of Brisbane is delivering:

- **Approximately \$466 million** in infrastructure works over the next five years
- **World-leading technology** enabling larger vessels
- **Whole-of-business Sustainability Strategy**
- **Five property precincts** enabling better logistics, connections and trade
- **Internationally-accredited** environmental management.



## Townsville port has a clear focus on the future

BY RANEE CROSBY,  
Chief Executive Officer, Port of Townsville

While every year has its defining moments, 2020 was unprecedented in terms of world-changing, paradigm-shifting developments. Having navigated 156 years of change, the Port of Townsville has in its sights, a clear vision for the future.

This year the Port of Townsville released its Port Vision 2050, a 30-year sustainability plan that sets the strategic course for Australia's largest exporter of base metals, sugar and live cattle, well into the future. The 12 strategic objectives and 27 initiatives across four priority areas of planet, community, people and prosperity, capture our vision and set a clear roadmap for how to get there.

Over the past 12 months, we commenced several major infrastructure projects to prepare for significant trade growth.

We are now well on the way to the biggest transformation in the Port of Townsville's 156 year history - the 30 year, \$1.6 billion Port Expansion Project. By completion, the expansion will add a new outer harbour, with widened and deepened sea channels, six new berths, 150 hectares of additional reclaimed land and associated infrastructure. The project will treble the port's trade capacity to 30 million tonnes per year.

The first stage is the \$232 million Channel Upgrade project, enabling the port to welcome larger container ships from 2,500 TEUs to 8,500 TEUs, as well as larger commercial, cruise and defence ships. All capital dredge material from the channel widening is being beneficially reused to form a new 62 hectare land area, with the 2.2 kilometre rock wall on track for completion in March 2021. Dredging works will commence shortly after, with completion late 2023.

Another new piece of infrastructure at the Port of Townsville has captured

the interest of the city. The 100 metre Liebherr Post Panamax ship-to-shore crane is the catalyst that will drive the port's containerised cargo strategy into the future. When assembly is completed in the next few months, it will be Townsville's tallest structure.

The crane is part of \$70 million of investment to upgrade Berth 4 and expand the cargo terminal area by 1.6 hectares to enable growth and handling efficiencies in containerised, general and project cargo. These works will allow the port to grow our freight capacity over the next decade, adding an additional two million tonnes per year and increasing total port tonnage throughout capacity by 20 per cent.

These improvements are already proving attractive to shipping lines seeking to strengthen their global connectivity. Just in the past few months Swire Shipping and COSCO SHIPPING Lines have both launched new fortnightly rotations between Townsville, South East Asia and China, demonstrating confidence in the North's export market and a solid investment in northern Australia.

The Port of Townsville is already the largest container and automotive port in Northern Australia, and October's completion of the \$2.5 million extension of the RoRo wharf on Berth 10, saw our efforts to become a more attractive destination for car carriers swiftly rewarded. The wharf expansion represents an opportunity to welcome larger vessels, increase car import numbers and pass on major supply chain savings to the people of Northern Australia.

In July, we began construction of a new \$4.5 million Truck Staging Area. The project will improve supply chain efficiency, reduce congestion and improve safety within the port and along port access roads, by allowing up to 20 triple road trains to safely queue just outside the port's entrance. It will also cater for the break down and re-assembling of road trains, and provide new shower and amenities facilities and an outdoor rest area.

As our region develops new strengths in broad acre cropping, mining and metal processing, advanced manufacturing and renewable energy production, the Port of Townsville is well positioned to respond to demand, with well-planned supply chain infrastructure contributing to lasting prosperity for Northern Queensland.

As the port grows, we have a sharp focus on ensuring our developments and operations protect and improve our surrounding environment and our communities. We are taking strong action on climate change with a commitment to being carbon neutral by 2025 and a climate-positive, climate-ready port by 2050.

The outlook for the Port of Townsville is bright and we are committed to delivering excellence for our customers and the communities we serve as Australia's Port for the Future. ▲





## Planning for the future

By RANDALL BONNER,  
General Manager Group Assets, Flinders Port Holdings

As we look back on a challenging year, it is worth acknowledging the resilience of the ports and shipping industry globally, not least in Australia. COVID induced disruption to cargo shipping was minimal, while there have been virtually no shutdowns of major ports. In South Australia, where we own and operate the Flinders Adelaide Container Terminal (FACT) and six regional ports, all of our operations have continued throughout the pandemic, which is testimony to our 700 staff and the pandemic response plan we were able to quickly implement.

### Port Adelaide

While COVID has clearly dominated the year, we were able to continue or complete all the major capital works projects we outlined in the Shipping Australia Annual Review last year. In Q1 we welcomed the first Post-Panamax Vessels to FACT, after the successful completion of the \$80 million Outer Harbor Channel Widening. This was followed by several other complex infrastructure projects worth highlighting.

2020 saw the continuation of extensive redevelopment works at Inner Harbor. The Harbor's Berth 20 is being redeveloped for general purpose use and facilitating grain exporter, Cargill, at a cost of \$4 million. Berth 18-20 is undergoing concrete remediation work with Phase 1 (\$2.6 million) completed and Phase 2 (\$5.3 million) underway. Both these projects ensure we align with our strategic objective of providing high levels of service through our berths, with assured customer safety and longevity of Flinders Port Holdings assets.

We have also invested in excess of \$7 million in new plant and equipment to ensure capacity and efficiency in delivering services to our customers.

The new purchases include new container handling equipment at FACT and a new mobile harbour crane for Flinders Logistics at Berth 29.

### Regional Ports

This year we also completed the \$14.1 million redevelopment of the Thevenard Jetty on the State's west coast. The work was crucially important, securing Thevenard's long-term viability and providing sustainable fit-for-purpose infrastructure for what is South Australia's busiest regional port.

We have also been able to complete the \$1.2 million upgrade to Port Lincoln, including lighting and electrical upgrades, wharf remediation, carpark redevelopment and accessibility improvements for the Parnkalla Trail, which runs through the port.

The Department of Infrastructure Transport (DIT) and Flinders Port Holdings will also commence work in Port Pirie in first quarter of 2021. This work is centred around capping various working areas of the port, with a view to further reducing air born dust particles around the site.

### Beyond the port gate

During the last year, we also moved further into consolidating our position as a vertically integrated business. Flinders Warehousing and Distribution (FWD) has expanded its services and has also become biosecurity approved. We can now provide even faster turnaround for containers requiring inspections, with our comprehensive approval of Accreditation Classes. In the digital space, we have also started to look at decision support platforms to improve predictive trade forecasting and artificial intelligence to support the optimisation of container yard management.

### Planning for the future

2020 was also a major year for Flinders Port Holdings as a group. In April, we launched our first group-wide sustainability plan. The plan consolidates action already underway across the business, while setting out medium-term and stretch goals across Environmental, Social and Governance (ESG) metrics. We believe a sustainable business is one that acts positively to achieve sustainable outcomes, minimising harm, being at one with our communities and the environment. But we also understand it will play a fundamental role in ensuring the financial resilience of the group in the future.

Following from the launch of our Sustainability Plan, we are also close to completing our first ever master planning exercise. The result will be a 50-year master plan which will be transformational in how we will operate in order to facilitate trade for South Australia, support industry, secure jobs, and protect the environment. Around \$25 billion worth of trade is moved across Flinders Ports precincts each year, the equivalent of 24 per cent of State GSP – we simply have to ensure we are in a position to continue facilitating that trade, and we are acutely aware of the crucial role we play in South Australia's economy.

Overall, we have had a strong year in 2020 but we are aware that the threat to business continuity from COVID remains. The goal in 2021 will be to continue delivering our long-term strategy while keeping the systems and protocols in place to keep our people safe, and trade flowing. ▲



## Investment certainty amid uncertain times; a skillful balancing act

By SHAUN MOONEY,  
Executive General Manager, Commercial, Port of Melbourne

In a year influenced heavily by a prevailing negative COVID-19 narrative, it has been reassuring to see the port supply chain deliver on keeping trade flowing, while also keeping an eye on the future.

At Port of Melbourne this year, efficient port operations have been maintained despite the challenges. The port, supported by its tenants and customers, continued to handle more than a third of

the country's container trade volumes despite Victoria being severely impacted by the global coronavirus pandemic, just months after a bushfire disaster. The response has shown more than ever that the port freight sector is fundamental to the nation's economic sustainability.

It is equally important to look to future growth, and make the necessary plans. In October 2020, following extensive and

productive consultation with industry, community and government, Port of Melbourne released the final version of its 2050 Port Development Strategy, a comprehensive roadmap that includes 10 major infrastructure projects and entails capital expenditure of some \$1.5 billion over the coming decades.

Some key parts of the 30 year Port Development Strategy are already

underway. Our Big Ship Strategy, which responds to the global trend of increased size and capacity of container ships, has already invested around \$20 million to install new 150 tonne bollards at Swanson Dock East and West, and undertake an enhanced dredging programme.

The \$125 million Port Rail Transformation Project, the first major rail investment in a decade, will facilitate a significant long-term mode shift in container transport to rail, providing numerous industry and community benefits.

Another crucial project will be the Webb Dock Freight Link, which will support increased throughput at Webb Dock, and play a key role in reducing truck congestion around Port Melbourne and the wider port precinct. As we move to a post-COVID recovery, this significant infrastructure will contribute to construction jobs, and drive further efficiencies in the supply chain.

Combined with other off-port government investments, such as Inland Rail and the Port Rail Shuttle Network, the transformational benefits of rail expansion are becoming increasingly clear. It is especially important that these rail networks connect seamlessly into Australia's largest container port.

Port of Melbourne is working closely with the Victorian Government on the Port Rail Shuttle Network, which will deliver long awaited intermodal terminals in metropolitan Melbourne, and provide a much-needed missing link in Victoria's rail freight network, helping to ease road congestion and delivering benefits for the environment.

It should come as no surprise that targeted infrastructure investment is central to the 2050 Port Development Strategy. Spending in both on and off-port infrastructure initiatives ensures our supply chain is ready to accommodate growth. More broadly it can adapt to changing consumer, business, and port user behaviour into the future. The strategy, itself, details what this looks like – investing to shift more freight to rail at the port, substantially expanding container capacity, particularly at Webb Dock, and accommodating larger vessels in line with global shipping trends. United, these initiatives will enable the port and the wider supply chain to respond to Victoria's future trade needs.



In any operating conditions, it is critical that the freight sector remains focused on the bigger picture, delivering the right infrastructure to drive efficiencies in the supply chain so it continues to be the cornerstone of the nation's economy.

The 2050 Port Development Strategy provides a solid foundation for the Port of Melbourne's future investment

programme, but we will continue to evolve and refine it with the industry, as new and additional information becomes available.

Amid ever-changing and often-times uncertain market dynamics, such as those in 2020, our clearly articulated plan creates a certainty pathway for a successful future. ▲



## Victorian Ports Corporation invests in the future

By RACHEL JOHNSON,  
Chief Executive Officer, Victorian Ports Corporation (Melbourne)

**Victorian Ports Corporation (Melbourne) (VPCM) performs a critical role in maritime transport, ensuring the safe and efficient navigation of vessels in port of Melbourne waters.**

Victoria's two largest trade gateways, the ports of Melbourne and Geelong, and our own cruise terminal at Station Pier in Port Melbourne, rely on us to keep Port Phillip open for business every day of the year.

### **Cruise shipping at Station Pier**

The COVID-19 pandemic has severely affected the cruise industry worldwide, and as the manager of Station Pier

we have felt its effects, too. But we are confident that cruising will return, gradually, to full strength, and we are ready to support the industry.

The prolonged break in cruise ship visits has given us more time for our "between seasons" maintenance on the heritage-listed Station Pier structure. We have continued our ongoing pile rehabilitation programme and other

routine maintenance works, so the pier continues to meet our customers' needs.

### New vessel traffic service system

To enhance safety and efficiency for all users of port of Melbourne waters, we are installing a new, world-leading vessel traffic service (VTS) system.

It includes major software and hardware upgrades to our Port Operations Control Centre (POCC) in Port Melbourne, as well as sensors and data collection sites around the Bay. It will produce higher quality data, allow better control of information and, by integrating with other existing systems, bring overall improvements in port operations, under the supervision of VPCM's port of Melbourne Harbour Master.

There are also direct benefits for the VTS officers managing the vessel movements. Ergonomic benefits of the new setup include better user interfaces, workstation layouts, upgraded sensors and improved information displays.

Installation of the system started in June 2020 and, as an essential service, continued throughout Victoria's

COVID-19 lockdowns and the associated challenges. All work sites continue to operate under strict health protocols in line with the Victorian Department of Health and Human Services guidelines.

The project is on schedule and training of VTS officers is happening in parallel with normal port operations. Since September 2020, elements of the new system are gradually coming online. This involves comprehensive testing and a detailed, phased rollout to ensure continuity of VTS services. Project completion is scheduled for early 2021.

The 24-hour VTS system consists of Melbourne VTS, covering the north of Port Phillip Bay and Lonsdale VTS covering the south of the bay. Lonsdale VTS is operated from either the POCC in Port Melbourne or the Point Lonsdale Lighthouse.

### Point Lonsdale Lighthouse maintenance

The Point Lonsdale Lighthouse sits at the summit of a headland on the western side of the entrance to Port Phillip. Built in 1902, it is a key navigational aid for ships transiting the treacherous Rip at the Heads.

As the appointed Committee of Management for the lighthouse and the adjacent 1960s foghorn shed, we are responsible for the management and upkeep of both heritage-listed buildings. We have a conservation management plan, approved by Heritage Victoria, that controls the maintenance of the buildings' heritage character, their use and even the paint colour scheme.

During 2020, we undertook a major maintenance programme on the exterior of the lighthouse and the foghorn shed. We repaired and replaced various components and completely repainted the outside of both buildings.

This will ensure both structures maintain their important roles in the continued safe navigation of vessels in and out of Port Phillip, through The Rip.

### Conclusion

Our investment in infrastructure and systems to enhance service, reliability and safety for vessels in Port Phillip ensures we will continue to meet the changing needs of our customers. ▲



## The shipping industry association for ship owners, operators and agents

- ▲ Promoting the shipping industry across the wider community
- ▲ Trusted by government and industry for quality advice
- ▲ Advocating policies that enable safe, sustainable and environmentally sound shipping operations
- ▲ Contributing shipping advice to inform governments' policy and regulatory development
- ▲ Supporting members with technical matters and regulatory compliance
- ▲ Providing support services for liner shipping

## Join us and have your voice heard

Membership enquires – [admin@shippingaustralia.com.au](mailto:admin@shippingaustralia.com.au)

**Shipping Australia Limited – we know shipping!**



## A year transformation and revitalisation

By Dr ROCHELLE MACDONALD,  
Chief Executive Officer, Mid West Ports Authority

Headlines in 2020 were dominated by the COVID-19 pandemic, and its impacts and reverberations have been felt around the world at all levels. Mid West Ports Authority (MWPA) fared reasonably well during the peak of the pandemic and continues to adapt to the changed landscape as we move through the recovery phase.

We are committed to developing a resilient and sustainable business for the future, for the direct benefit of Western Australians. We recognise that growing and transforming our business requires continual investment in delivering value to our stakeholders, community and staff, and while 2020 offered plenty of diversion, it also offered plenty of opportunity to recognise and champion this value.

Our ability to adapt in 2020, by developing and implementing protocols with the health, safety and wellbeing of our people at the forefront, allowed us to continue trade throughout the pandemic and ensure our role in providing economic stability and development in the region was maintained.

Confirming our prioritisation of improving our communications and building our relationships, in early 2020 we invested in a Stakeholder and Community Survey to gauge our reputation and satisfaction levels, in addition to providing a benchmark from which to identify opportunity and develop initiatives for collaboration and consultation.

The results of this survey were extremely pleasing, with the added benefit of also identifying opportunities for improvement. Our reputation and satisfaction scores achieved 70 per cent and higher, across all three segments being community, suppliers and customers. Most notable

was a significant improvement in our reputation with the community and our Fishing Boat Harbour customers, reflecting our ongoing commitment in this area as we transition to an outwardly facing, increasingly transparent and approachable port.

In July, MWPA's Geraldton Port Master Plan (PMP) was launched by the Minister. It considers the future development required to facilitate trade and growth in our port is undertaken in a coordinated, and sustainable manner, which will enable us to operate in balance with the environment, while providing economic benefits for our community and shareholders.

We undertook considerable consultation in the development of the PMP, and this resulted in a comprehensive strategic investment guideline for our future, which encompasses input from all our internal and external stakeholders, and the community in which we operate.

In April 2019, we commenced stage one of the Port Mooring Optimisation Project (PMOP), commissioning a feasibility study into the optimisation of mooring arrangements at the port. The scope of the study was to develop options and layouts which could improve mooring efficiency and processes at the port. Stage 1 of the project was delivered in May, a report recommending various options and associated costs. Detailed hydrodynamic modelling was also undertaken to assess and develop wave thresholds for our shore tension unit use. Stage 2, which will involve detailed design of high priority mooring infrastructure is now underway.

The port facilitated the visit of seven cruise ships to our city up until 1 March 2020, welcoming thousands of people to our region, and providing

a significant economic boost for the Mid West. The COVID-19 pandemic restrictions led to the cancellation of all cruise visits for the remainder of the year. Prior to this however, we achieved another cruise milestone in 2020 in hosting a double-header on 13 February 2020, with the Seven Seas Navigator and Vasco Da Gama, both berthing on the same day. A significant milestone for Geraldton and a display of confidence by the cruise industry in Geraldton as a cruise destination.

2020 had a strong focus on the importance and awareness of mental health. This focus extended both internally and externally of the organisation, recognising the impacts this can have on both our organisation and our community.

Through staff led initiatives we fundraised \$11,000 for Headspace Geraldton, a free mental health service for our local youth. The port also hosted 'Outside the Locker Room' to Geraldton twice during the financial year, a road show initiative bringing awareness and education of mental health. We took this programme to our staff, stakeholders, schools and the wider community.

Internally, we implemented a number of initiatives specifically for our staff, to assist in the management of their wellbeing during the COVID-19 pandemic, including provision of a mental health toolkit, resilience training, access to professional videos on how to deal with stress and anxiety, and ongoing promotion of access to our Employee Assistance Program.

2020 saw the business transform as a result of last year's strategy reset and organisational restructure. With a focus on revitalising and transforming the organisation to be a contemporary and strong port which celebrates its successes and benchmarks its opportunities.

As we move in to 2021 we continue our commitment of being BOLD supply chain enablers for the sustainable long-term future of regional Australia, identifying and developing innovation opportunities and facilitating strategic and mutually beneficial partnerships with our stakeholders and the community in which we operate. May it be our most successful year yet. ▲



Providing a  
sustainable  
gateway for trade  
and tourism.

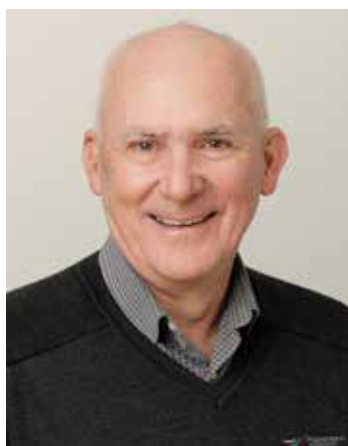


[www.midwestports.com.au](http://www.midwestports.com.au)

## The Pilbara



The port of Port Hedland



## A year transformation and revitalisation

By ROGER JOHNSTON,  
Chief Executive Officer, Pilbara Ports Authority

Pilbara Ports Authority (PPA) is the world's largest bulk export port authority, encompassing the ports of Ashburton, Dampier and Port Hedland in the north west of Western Australia. In the 2019/20 financial year, PPA reported a record 717.2 million tonnes in throughput across its three ports.

The ports of the Pilbara are the engine room of the Australian economy, which is an opportunity and responsibility we take seriously.

A recent ACIL Allen study found the port of Port Hedland and the trade facilitated through the port in 2018/19 boosted Australia's GDP by more than \$64 billion, generated more than 133,000 full-time jobs across the country and delivered almost \$4 billion in taxes to the Federal Government. These figures would have been even higher if the study had extended to include the ports of Ashburton and Dampier.

As Western Australia and Australia pursues economic recovery from the

COVID-19 pandemic, it is important for the ports of the Pilbara to perform at optimal levels, and the record 717.2 million tonne throughput for the 2019/20 financial year was a very credible performance.

The port of Port Hedland total throughput was 538 million tonnes, an increase of five per cent on 2018/19. In June 2020, the port set a new monthly throughput record of 52.3 million tonnes.

At the port of Dampier, total throughput for the year was 167.9 million tonnes,

a three per cent decrease on 2018/19 due to the impact of Tropical Cyclone Damien, which crossed the Pilbara coast in February 2020.

Most of the product that passes through the ports is high grade Pilbara iron ore, destined for China. Other cargo includes LNG, salt and lithium.

In the COVID-19 world, demand for Australian iron ore is strong, as long-term construction projects are used to keep economies moving.

China is using big building projects like bridges and skyscrapers to drive its economy. The use of steel is high and the stockpiles of iron ore in China are low.

The ACIL Allen report predicted iron ore through the port of Port Hedland would increase to 547.5 million tonnes in 2022-23, before easing to an average of 545.2 million tonnes over the period to 2028/29, which would deliver an extra \$26.2 billion to regional, State and national economies and pay an extra \$21 billion to the Western Australian and Federal governments in taxes and royalties.

In 2019/20 a series of improvement projects were completed at the port of Port Hedland, to help deliver safe and efficient port services. The projects

included a new shipping control tower equipped with world-class Vessel Traffic Services technology, and the replacement of land and marine navigation aids.

A \$120 million Channel Risk and Optimisation Project was also completed, which included optimising the depths of the 42 kilometre shipping channel, so it could be safely navigated by deeper drafted vessels. The project, along with other technologies already in use at the port, helped increase the port's total shipping capacity by 6.9 per cent to 617 million tonnes per annum.

The port of Port Hedland has a uni-directional shipping channel with a wide tidal range. The maintenance dredging and Tidal Model Study combined, have realised an extra 71 centimetres of draft within the channel. This extends the vessel sailing window for larger vessels by almost an hour on each high tide, meaning we can increase the number of vessel departures on each tide from six to eight, and ultimately, increase the tonnage exported.

Beyond iron ore, PPA is continuing to pursue further growth and new trade opportunities. At the 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. 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.

Both the ports of Dampier and Port Hedland have recently been awarded new biosecurity approvals that allow them to be first points of entry for direct trade into Australia, and to accommodate container cargo.

And, at the port of Dampier, PPA has been progressing opportunities to diversify trade through the port beyond the existing key cargoes of iron ore, LNG, salt and condensate. A new multi-use cargo berth is planned to support a major urea plant, which will also open opportunities for other cargoes and cruise ships.

PPA has also made progress on the new greenfield ports of Balla Balla, Cape Preston West, Cape Preston East, Urala and Anketell. These future ports will further support the ongoing growth of small and large miners in Western Australia, agribusinesses and other regionally based industries. ▲



*An iron ore vessel loads at the port of Port Hedland*



## A year like no other

By JOEL KATZ,  
Managing Director, Cruise Lines International Association (CLIA) Australasia

2020 has undoubtedly been a year like no other, one that has brought extraordinary challenges to our industry that we've never had to confront before. It's an impact that has been felt across the many businesses that help make up our wider cruise community, including the extended cruise supply chain, from the travel agents and tour operators, to the farmers, winemakers, logistics, ports and destinations, that support 18,000 jobs across our economy and deliver more than \$5 billion in economic impact to Australia each year.

Despite this, our industry showed itself to be extraordinarily swift and responsible in the face of this crisis, often acting ahead of governments and other industries, as the virus took hold around the world.

Within hours of the WHO declaration of a global pandemic, CLIA cruise lines had agreed to extensive new screening protocols to be implemented around the world in response to COVID-19, becoming the first industry to do so.

As the virus affected other countries and regions, these protocols were extended and enhanced multiple times, drawing on the advice of health experts and authorities globally. These actions went well beyond those of other industries and other parts of the travel sector and cruise lines, then took the difficult and unprecedented decision to voluntarily suspend operations globally. What followed was a mammoth operation as cruise lines worked around the clock to bring passengers home. As borders closed and government restrictions brought further challenges, cruise lines fought hard for many months, often in partnership with CLIA and other maritime organisations

internationally, to establish passage for ships and repatriate crew.

Though our operations had ceased, the cruise industry's response to COVID-19 continued with urgency. As an industry, CLIA and its cruise line members committed to the development of extensive global measures to uphold safety when the time came to resume sailing, enlisting the help of some of the most esteemed medical leaders in the world, and engaged closely with health authorities internationally to develop protocols that would be the most comprehensive of any part of the travel sector.

This process has included working closely with the European Union, which has paved the way for operations to resume in parts of Europe under strict controls and testing regimes that are already providing important insight for other regions worldwide, including with the US Centers for Disease Control and Prevention, which has resulted in the announcement of the CDC's Framework for Conditional Sailing. As we work to operationalise a path forward, similar advances have been made in other parts of the world, including parts of Asia and the South Pacific, where operations have begun under strict protocols.

There is still much work to be done, but we are now closer than ever to overcoming obstacles that only months ago might have seemed insurmountable.

The cruise sector is the first industry worldwide to make a commitment to 100 per cent testing of passengers and crew, and this is a sign of the lengths we're going to in order to uphold the health of passengers, crew and

the communities we visit. Through extensive measures like this, we will not only put safety first but also provide confidence to governments and health authorities worldwide, as we work towards resumption and recovery.

Together, our cruise lines have examined every area of their operations and each individual step in the cruise experience. As a result, we are working towards global health measures that will extend throughout the entire cruise journey – from the time of booking, through to the time a passenger returns home.

These global protocols are not only essential for the health and safety of all on board our ships. They are also the most important challenge we need to meet to restore confidence in cruising. They are also the key to economic recovery across our industry and throughout the many destinations we visit.

With a global set of core measures in place, we will be in a position to expand into a phased and carefully control resumption in Australia, offering local cruises for locals while international borders remain closed. Though this will be limited at first, it will provide the early stages of a responsible and sustainable journey into the post-COVID era, and towards our longer-term prosperity. ▲



## Blimey – what a year!

By SIMON BENNETT,  
Deputy Secretary General, International  
Chamber of Shipping (ICS)

COVID-19 means 2020 will be long remembered. This is certainly true for shipping, which exists to serve trade and the maintenance of global living standards. Regrettably, this is something which many governments often take for granted, even during this time of continuing crisis, when the role of maritime transport in supporting the resilience of national economies is more important than ever.

In spite of the many restrictions imposed on shipping by local authorities – and Australia and its State governments have hardly covered themselves in glory – ships and seafarers have continued to keep trade moving, transporting the energy, food, raw materials and manufactured products on which 21st Century life depends. This constitutes some eleven billion tonnes of cargo a year, or 1.5 tonnes for every person on the planet.

But it is difficult to exaggerate the challenges facing ship operators, in particular with respect to the health and welfare of ships' crews, many of whom, even under normal circumstances, work thousands of miles away from their

families for many months at a time. At the end of 2020, hundreds of thousands of seafarers are still unable to be repatriated, continuing to serve on board their ships for many extra months beyond their contracted tours of duty. This situation, quite simply, is outrageous.

Patience throughout the shipping industry is wearing thin. It is almost a year since restrictions on movement and travel by seafarers were imposed by health authorities. With the risk of fatigue, and the anxiety of being unable to return home, many ships' crews are near breaking point, with potentially serious implications for maritime safety.

To be clear, this intolerable situation is entirely due to the continuing failure of governments, including Australia, to meet their obligations under international law and take the measures needed to facilitate crew changes and the repatriation of seafarers.

In April 2020, in the vacuum created by the suspension of International Maritime Organization (IMO) meetings, ICS co-ordinated the development of a comprehensive Framework of Protocols to

facilitate crew changes. In November 2020, these were endorsed by a virtual meeting of the IMO Maritime Safety Committee – ironically under Australia's chairmanship – with a strong recommendation that they should be implemented by governments globally. But there are still few signs of any significant improvement in Australia, which has even refused to allow seafarers to disembark for emergency medical treatment, something, quite frankly, for which Australia should be ashamed.

COVID-19 notwithstanding, the normal work of ICS continues, representing the global industry with its global regulators. This includes work on the reduction of the industry's CO<sub>2</sub> emissions, to which ICS remains totally committed.

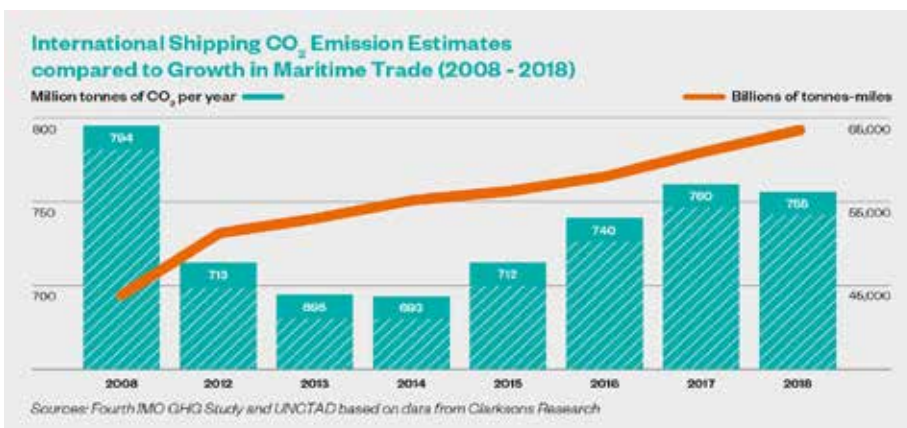
In November 2020, IMO member states agreed to give further consideration to the radical proposal from the shipping industry for the establishment of a US\$5 billion global fund to accelerate the research and development of zero-carbon technologies, to be co-ordinated by an International Maritime Research and Development Board.

The intention is to enable the shipping industry to decarbonise completely, in line with the ambitious CO<sub>2</sub> reduction targets agreed by IMO. The fund is to be financed by the industry itself, via a mandatory contribution per tonne of marine fuel purchased for consumption. This is a serious and detailed proposal that has taken the global industry three years to develop. All that is required to make this happen is political will from governments at IMO, and it is greatly hoped that Australia will join others, such as Japan, Korea, Singapore and many European States, in getting behind the industry's initiative.

Finally, while somewhat overshadowed by COVID-19, a most important development this year has been the very successful global switch to low marine sulphur fuel on 1 January 2020. The impressive effort by all industry stakeholders to make this monumental changeover a worldwide success has largely passed unremarked, but is testament to the effectiveness of IMO as shipping's global regulator.

As we move into ICS's centenary year (Maritime Industry Australia Limited being one of ICS's founding members back in 1921, while SAL is an important Associate Member) this will hopefully prove less challenging, as we continue to work with governments, including Australia, to help shape the future of shipping and the recovery of the global economy. ▲

### Shipping's CO<sub>2</sub> emissions have decoupled from global trade growth





## 2020, a challenging year – in review

By JOHN BUTLER,  
Chief Executive Officer, World Shipping Council

The World Shipping Council (WSC) is the united voice of liner shipping, working with policymakers and industry groups to shape the future growth of a socially responsible, environmentally sustainable, safe, and secure shipping industry. We are a non-profit trade association with offices in Brussels, Singapore and Washington, DC.

The container, RoRo and car carrier members of WSC provide 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.

This year, the WSC celebrates 20 years of activity. Together with our member companies we have, over this time, forged a close working relationship with the International Maritime Organization (IMO), the European Commission, national and regional governments, 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.

### A big year for climate and environment

2020 saw a monumental step in reducing the environmental impact of shipping, as the 0.5 per cent cap on sulphur emissions from marine fuel entered into force. Thorough preparations by ocean carriers, bunker providers and regulators, ensured a smooth implementation, testament to the industry's ability to make big changes for sustainability. WSC was one of the principal organisations behind the carriage ban adopted by IMO, which has been key to achieving both the environmental

benefits of the regulation, and to ensure a level commercial playing field for carriers.

This year also saw the continuation of our work over several years of developing a platform for accelerating research and development of the zero carbon fuels and technologies necessary to meet the IMO's longer-term GHG reduction goals. The proposal, supported by a united shipping industry, for an industry funded US\$5 billion International Maritime Research and Development Board (IMRB) was positively received by the IMO MEPC75 in November, and will now be further developed. We look forward to working closely with governments towards starting up the IMRB in 2023.

Carbon taxation for shipping is another hot topic in several parts of the world. We have engaged with the EU regarding their proposal to include shipping in the European emissions trading scheme to highlight, among other things, the trade policy concerns associated with the concept of taxing activities outside of EU borders. As with all maritime policy, we firmly believe in a global rather than a regional approach.

### Working for container safety

WSC and its members continue to advance measures to improve the safe transportation of containers, including addressing the scourge of mis and non-declared dangerous goods. Together with The Container Owners Association, the Global Shippers Forum, the International Cargo Handling Coordination Association and the TT Club, we are working on a range of activities to further the adoption and implementation of crucial safety practices throughout the global supply chain.

The first hands-on resources, for the use of carriers, stevedores and shippers, are a 'Quick Guide' to the IMO/ILO/UNECE sponsored Code of Practice for Packing of Cargo Transport Units (the CTU Code), together with a Checklist for those undertaking the packing of cargoes in freight containers specifically.

Since 2011, the World Shipping Council (WSC) has undertaken a survey of its members to accurately estimate the number of containers that are lost at sea. Based on the twelve-year period (2008-2019) surveyed, the WSC estimates that there were on average 1,382 containers lost at sea each year. Download the full report at - [https://www.worldshipping.org/Containers\\_Lost\\_at\\_Sea\\_-\\_2020\\_Update\\_FINAL\\_.pdf](https://www.worldshipping.org/Containers_Lost_at_Sea_-_2020_Update_FINAL_.pdf)

WSC is a co-sponsor of a submission to IMO's Maritime Safety Committee (MSC) 102 by the European Union, proposing mandatory reporting of containers lost at sea, and will continue to advocate for the early implementation of an effective and practical requirement.

As invasive species continue to be an issue globally, and a special concern in Australia, we continue to engage actively and constructively in raising awareness and promoting reasonable measures, based on risks, to minimise pest contamination of containers and their cargoes. This includes participating in the work of joint government-industry efforts like ICCP's Sea Container Task Force (SCTF) and the North American Sea Container Initiative (NASCI).

### Enabling crew changes

The plight of seafarers, stuck at sea due to national restrictions, is a close-to-home example of the humanitarian toll of COVID-19, and performing regular successful crew changes continues to be a problem. Ship crews must be recognised as essential workers, and measures must be put in place by governments to enable crew changes. WSC engaged with other stakeholders in a global task force to develop protocols, subsequently adopted by the IMO, for countries to follow. As 2020 ends, many countries have failed to act to remove the obstacles impeding crew changes, despite repeated pleas from industry and seafarers – together we must continue to work on solving this challenge. ▲



# Caring for our Clients and their Cargo

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

130 Young Street, Carrington NSW 2294 | PO BOX 190, CARRINGTON NSW 2294  
Ph Main: +61 2 4978 7100 | Mobile: +61 412 680 001 | Email: [geoff@newcastlestevedores.com.au](mailto:geoff@newcastlestevedores.com.au)



# Finding strength through necessary change

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

Normally, I write this article after the FONASBA Annual Meeting. Like every other organisation however, that has all changed, and for the first time ever, our physical meeting was cancelled and will move online, but hopefully only for this year. Personal contact is the lifeblood of our industry and whilst we could not meet in Genoa, we will reconvene in Antwerp in October 2021.

October 2020, issued more than 70 COVID-19 information bulletins, and participated in a number of international actions to bring the impact of the pandemic on the shipping sector, and most importantly on seafarers, to the attention of regulators and governments worldwide. We fully share the views expressed so forcefully by Shipping Australia that in spite of the best efforts

of the ship agent becomes even more important, and we are grateful to all our members for continuing to provide this vital service under difficult conditions. It is a tribute to all concerned that global shipping continued to move the goods essential to keeping us all fed, watered, clothed and warm. Is it too much to expect that this global pandemic may lead to a greater appreciation amongst the general public of the value of our industry?

Looking back to happier times, we celebrated our 50th anniversary in good style at the Miami Annual Meeting, where we were delighted to welcome Rod and Sue Nairn to the FONASBA family. The format of the meeting was more open and interactive than previously, based more on discussion panels than formal presentations and many of our first-time attendees found this an excellent way to meet other delegates and get immersed in the discussions. These changes will be carried forward to Antwerp.

One of the topics under discussion was the revision of the UNCTAD Minimum Standards for Ship Agents, originally drafted in 1988. It continues to be referenced by regulators, and the occasion of its 30th anniversary saw FONASBA revise the text and present it to UNCTAD and UN-CEFACT for consideration. The new draft expands the scope to include ship brokers, references the FONASBA Quality Standard and our Code of Conduct, and updates and modernises the text. Having now passed the public consultation stage, the final draft is scheduled for approval at the UN-CEFACT plenary meeting in April 2021. It has proven to be an interesting project to work on, and one that will further acknowledge FONASBA and its work on behalf of ship agents and ship brokers.

Elsewhere, the FONASBA Quality Standard now covers 44 countries and more than 580 companies, Greece has re-joined the Federation as Full Member, Colombia as a Candidate Member and Albania, Estonia, Lithuania as Associate Members, taking membership to 64 countries in total. Furthermore, over 300 students have taken the FONASBA Agent Diploma. So, in spite of everything that we have all been through, FONASBA continues to operate as normally as possible, and to serve the needs of its members, and the global ship agency and ship broking community, albeit in a different way. We sincerely hope this will get slightly easier in the coming months. ▲



FONASBA Annual Meeting 2019, Miami

The implications of COVID-19 on the global shipping industry have varied widely, from catastrophic (especially for cruise operators or seafarers unable to return home after an extended contract) to an opportunity to take a longer view, refocus the business and embrace new technologies. Any crisis accelerates technological change and many of the new processes and the way we do business have been changed for ever, hopefully for the better. Like other member associations, we have continued to support members remotely.

Additional to the usual services to members, we have, to the end of

of IMO, ship owners, manning and crewing agents, ship agents and unions working together, the crew change crisis has seen red-tape, bureaucratic obduracy and an unwillingness to define them as essential workers, condemn crew members to be trapped on vessels for significantly extended periods of time, whilst others are stuck at home, unable to join their ships. The strain has been immense, both for the seafarers themselves and their families, leading to a significant increase in suicides on board ships. Despite this, it is heartening to see how the whole maritime sector has pulled together to try to get crew changes restarted. At times such as these the pastoral role



## Adapting to exceptional times

By Dr STÉPHANE GRABER,  
Director General, International Federation of Freight Forwarder Associations

Many will agree that 2020 was challenging, to say the least. The COVID-19 pandemic disrupted all sectors and economies around the world, and its impact will be felt in the industry for some time. As the only multimodal international organisation representing air, road, rail and sea freight transport, FIATA stepped up to the challenge by advocating policies that ensure – now more than ever – the well-functioning of the supply chain.

Despite going through major internal restructuring (called the ‘reset programme’) – which was decided in 2019 to reinvigorate the organization and make it fit for the next century – FIATA prioritised, early in 2020, knowledge and information sharing. The launch of a dedicated COVID-19 online platform provided members with relevant tools and resources to use in their national contexts. Serving about 6,000 members globally, from national freight forwarding associations to small and medium-sized enterprises, FIATA’s objective was – and is – to remain active and engaged to deliver top quality service to freight forwarders.

From the outset, FIATA’s priorities were to provide practical advice and unify all actors in the supply chain, to support the continued functioning of the world’s supply chains during such unprecedented times. This included encouraging a consistent global response to the recognition and facilitation of freight forwarding and supply chain activities as essential services, noting the fundamental role played by the transport and logistics sector to move crucial goods to where they were most needed, throughout the crisis and beyond.

Here, the tremendous efforts of crew members throughout the challenges of this year, merit particular recognition. FIATA joined the International Maritime Organization (IMO), International Transport Workers’ Federation (ITF), World Shipping Council (WSC), and others, to call upon governments to take urgent action to recognise seafarers as key workers who are eligible to transit and be repatriated. FIATA further provided support to the

International Seafarers’ Welfare and Assistance Network (ISWAN).

In addition, FIATA provided guidance and clarification on key legal topics such as force majeure, as well as the inclusion of COVID-19 specific clauses in bill of lading. These concepts rapidly came to the forefront as the coronavirus outbreak, turbulent supply chain, and governmental restrictions to curb the spread of COVID-19, all cast doubt on companies’ abilities to comply with their contractual agreements.

In the same spirit of ensuring well-functioning and fluid supply chains, FIATA continued advocating demurrage and detention charges be reasonable and proportionate. Recognising the exceptional times that shipping lines are operating in, FIATA encouraged the need to ensure that such charges meet their intended purposes of incentivising orderly movement through ports and terminals, and are not arbitrarily enforced when circumstances are outside of the importer’s control. FIATA therefore welcomed the US Federal Maritime Commission’s (FMC) Final Rule on Demurrage and Detention as providing clarity on the reasonableness of demurrage and detention practices. FIATA released a toolkit for its members on the FMC final rule to highlight the key elements of the FMC’s work in this area, encouraging greater collaboration in their national contexts, with all stakeholders for the benefit of the supply chain as a whole.

Despite living in an unparalleled era, FIATA has accomplished many milestones this year. Fuelled by

its reset programme initiative to reenergise the organisation, FIATA is determined to use its position as a key global freight logistics actor to advocate trade facilitation policies. To do this, FIATA is embracing digitalisation in the industry by developing and implementing its digital strategy for freight forwarders to exchange secured and authenticated data using their everyday tools. Intellectual property, such as the widely used FIATA Multimodal Transport Bill of Lading, is also being reviewed to ensure copyright is not infringed, and its use is done in a controlled and secured manner, strengthening its resilience to fraud. It is envisaged that these initiatives will strengthen communication, security and transparency for all actors in the supply chain.

Training and education activities are being reinforced through the creation of the FIATA Logistics Institute, which will enhance standards and certifications, increase digital learning, and cater to a younger generation of freight forwarders. At FIATA, we believe that the greatest assets are the future generations of freight forwarders and ensuring a high-quality succession, while promoting diversity is key for the freight forwarding industry. FIATA also recognises the need to work on sustainability in logistics that adopts a cross-sectional approach with all modes of transport. To build a sustainable supply chain, this must be both resilient and efficient, to ensure that it can continue to function well in the occurrence of unforeseen events to deliver all goods, including essential goods. The inclusion of sustainability principles in global supply chains begins with a collective effort to learn from COVID-19, and work towards

supply chain optimisation by improving interoperability with a systemic approach.

Finally, FIATA works at the international level to serve the interest of its members, and is looking to collaborate with all supply chain stakeholders to further develop approaches for the good functioning of the supply chain, in the common interest of our societies. In Australia, for example, FIATA noted the empty container management crisis in Sydney and called for more cooperation between freight forwarders and shippers to avoid endangerment of the well-functioning of the supply chains. No matter the global context, FIATA will continue providing guidance, best practices, tools and support to its members to help them be better equipped to operate at the national level for the century to come. ▲

## Chain of Responsibility

Online Training by Shipping Australia



**The Chain of Responsibility (CoR) requires that anyone who has control over the transport task must ensure their actions, inaction or demands do not contribute to breaches of Heavy Vehicle National Law.**

This course provides everyone in the transport supply chain with a clear understanding of their responsibilities under CoR and the actions they may take to ensure breaches in heavy vehicle mass, dimension, loading, speed and driver fatigue laws do not occur.

Animated scenarios, case studies and interactive activities explain how the laws apply in practice and a dynamic and responsive training interface means the training content is adaptable to your needs and usable across desktop and mobile devices.



**SAL Members: \$115   Non members: \$135**

**SAL Online Training Courses**

**Introduction to Shipping**  
Members: \$200   Non members: \$300

**Fundamentals of the Shipping Industry**  
Members: \$500   Non members: \$600

**Reefer Cargo Handling**  
Members: \$100   Non members: \$200

*All prices include GST*

**Book online at [www.shippingaustralia.com.au](http://www.shippingaustralia.com.au) or phone 02 9266 9905**



## International Commercial Arbitration and COVID-19

By GREGORY NELL SC,  
Chair, Australian Maritime and Transport Arbitration Commission

2020 will be remembered as the year of COVID-19. From February this year, commercial activities in Australia and elsewhere in the world were severely disrupted by both this novel coronavirus and the measures that governments, including the State and Federal Governments of Australia, took to prevent its spread. International commercial arbitration, including in the shipping sphere, was not immune from that impact.

However, one potentially beneficial consequence of this crisis has been the almost meteoric rise in the use of online platforms such as ZOOM and Microsoft Teams for the conduct of international commercial arbitrations, including final hearings. This has been to a degree that even 12 months ago most experienced practitioners would have thought ambitious and beyond all expectations.

Many of the leading arbitral institutions, including the Australian Centre for International Commercial Arbitration (ACICA), have very quickly adopted new rules and procedures for the use of such technology and conduct of virtual arbitrations. As a result of its flexibility and the use of this technology in cross border disputes, commercial arbitration has been especially well placed to ensure that disputes subject to arbitration have continued to be heard and determined almost as usual, despite the pandemic. This is especially where more traditional means of dispute resolution, such as court hearings, have been deferred or delayed. Whilst “*justice delayed is justice denied*”, the commercial arbitration community’s response to the pandemic and its impact has largely resulted in any delay, and thereby possible denial of justice in cross border disputes that are subject to arbitration being reduced, if not minimised.

This use of technology offers significant advantages and cost savings to the parties in the resolution of cross border disputes by commercial arbitration. This is especially where international travel has been severely restricted and is unlikely to resume for some time. The use of technology has also reduced both the perceived tyranny of distance so far as Australia as an arbitral seat is concerned, as well as the claimed advantages of centrality of Hong Kong and Singapore, potentially allowing a more level playing field in the provision of arbitration services to develop. But even as the effects of the pandemic diminish and some normalcy returns, one can expect that these new procedures and a greater use of technology and the advantages and costs savings that they offer, will continue to be a feature of international commercial arbitration, both in Australia and in the shipping sphere.

The pandemic and its impact have also seen changes in the way in which AMTAC has sought to fulfill its objective of promoting Australia and the Asia Pacific region as a recognised leader in maritime and transport scholarship.

For example, in October 2020, Australian Arbitration Week (AAW) was conducted (notionally) in Sydney as an almost completely virtual conference. This allowed the conference to benefit from the participation of experienced practitioners from Australia and the rest of the world, who may not have otherwise been able to travel to Sydney. During AAW, AMTAC hosted a seminar in the form of a lunchtime webinar. It was entitled “*The show goes on... recent developments in arbitration despite COVID-19*” and included presentations by three experienced shipping practitioners, on recent judgments of interest in the

area of arbitration law. A copy of their presentations, as well as a video of the webinar, can be found on the AMTAC website at Publications, Presentations & Papers – AMTAC.

AMTAC’s signature event, the AMTAC Annual Address, was also unable to be delivered this year in person and videocast Australia wide by the Federal Court, as it has been in the past, because of COVID. Rather, this year’s Address, the 14th AMTAC Annual Address, was delivered as a virtual event by Microsoft Teams. Appropriately, the subject of the Address was COVID related, namely “*Charting the Unknown - how COVID-19 has impacted international shipping*”. It was delivered by the outgoing CEO of Shipping Australia, Rod Nairn AM, who provided an interesting and, at times, controversial, analysis of the impact of COVID-19 and the measures that have been taken against it upon shipping, both in Australia and overseas. For those who missed this Address, it is well worth viewing, and is also available on the Resources webpage of the AMTAC website.

I would take this opportunity to thank Rod for this year’s Annual Address, as well as his (and Shipping Australia’s) support of AMTAC in recent years. On behalf of the members of AMTAC, I wish Rod well in his forthcoming endeavours “*messing about in boats*”. AMTAC also looks forward to working with his successor, Melwyn Noronha, in continuing to promote the benefits of international commercial arbitration in Australia as an efficient, economical and effective means of resolving disputes involving members of the Australian shipping industry. ▲

By GAVIN VALLELY,  
Partner, HFW

Shipping Australia submitted a non-confidential submission in response to the Discussion Paper which expressed its support for “*accession in full to the Convention, without reservation or amendment*”, noting that Australia’s reservation of its position under the *Convention on the Limits of Liability for Maritime Claims* with the effect that shipowners were subject to unlimited liability for all costs associated with the removal of wrecks, was inconsistent with the WRC and “*the unlimited liability*”

The background to AMSA's claim against All Oceans is as follows: Shortly after midnight on 1 June 2018 the *YM Efficiency*, a 4,250 TEU container ship, lost 81 containers overboard in heavy seas approximately 16 nautical miles east-south-east of Newcastle, New South Wales. It follows that the incident occurred in Australia's EEZ, which comprises the area 200 nautical miles from the baselines of the territorial sea and has a total marine area of about 10 million square kilometres. The territorial sea is the area 12 nautical miles outwards from the territorial sea baseline. The relevance of this demarcation is that the wreck removal provisions in the *Navigation Act 2012* (Cth) that AMSA is able to enforce against ships that are not registered in Australia are limited to "wrecks" that are located in Australia's territorial sea.<sup>3</sup> Some of the containers drifted

However, in order to trigger the WRC's provisions with respect to removal, the wreck must present a 'hazard', that is "*poses a danger or impediment to navigation*" or "*may reasonably be expected to result in major harmful consequences to the marine environment, or damage to the coastline or related interests of one or more States*".<sup>7</sup> This assessment requires taking account of various criteria such as the size of the wreck, depth of water, tidal range and currents, nature and quantity of the cargo, and

<sup>7</sup> Article 1(5) Nairobi International Convention on the Removal of Wrecks 2007

the damage likely to result should the cargo be released into the marine environment, height of the wreck above or below the surface of the water at lowest astronomical tide, and any other circumstances that might necessitate the removal of the wreck.<sup>8</sup> It follows that the WRC includes a *check* and *balance* element to its application although the scope of its application is capable of being very broad.

Returning to the *YM Efficiency*, it has been reported that All Oceans “refused to pay the significant clean-up and salvaging costs”<sup>9</sup> that were incurred by AMSA. On 8 February 2020, AMSA issued proceedings in the Federal Court and arrested the *YM Eternity* as surrogate ship for the *YM Efficiency* in respect of its claims for the costs associated with the clean-up and container removal operation in relation to the containers that were lost overboard from the ship that at the time “were expected to amount to approximately AU\$22 million”.<sup>10</sup> It is understood that this estimate has since been revised down to AU\$17 million.

Due to the jurisdictional constraints relating to wreck removal that are outlined above, in framing its claim against All Oceans, AMSA relied on its statutory powers to deal with the protection of the marine environment, as well as bringing claims in negligence, nuisance and ‘tort on the high seas’. All of these claims present a degree of novelty on the facts as pleaded and could be described as a test case.

AMSA says that the action it has taken with respect to pollution clean-up measures, including locating, recovering and disposing of the containers, was in accordance with its statutory functions under the *Australian Maritime Safety Authority Act 1990*<sup>11</sup> (AMSA Act). Under the *Protection of the Sea (Civil Liability) Act 1981* (Civil Liability Act), AMSA can recover the costs it incurs in performing its functions under the AMSA Act in prevention or mitigating or attempting to prevent or mitigate pollution in the marine environment caused by the *discharge or disposal* from a ship in the EEZ.<sup>12</sup> AMSA says that the costs it incurred in the prevention or mitigation of pollution damage are recoverable from All Oceans as a debt pursuant to the Civil Liability Act.<sup>13</sup>

However, *discharge or disposal* are not defined terms in either the Civil Liability Act or the AMSA Act. Whether the involuntary loss of containers overboard from the *YM Efficiency* constitutes “*discharge or disposal*” for the purposes of the Civil Liability Act is unclear. Not surprisingly, in its defence All Oceans denies there was a *discharge or disposal from a ship* in the terms contemplated by the Civil Liability Act as a result of the containers being “*accidentally lost overboard*”, or there was the required threat of pollution to the marine environment for AMSA to take the action that it did. All Oceans also alleges that AMSA’s clean-up actions would increase the risk of pollution and the containers becoming a navigational hazard. It is also alleged that the requisite Ministerial approval was not obtained by AMSA for the clean-up action taken. Reference is also made in All Oceans’s defence to AMSA not being entitled to perform its functions in a manner that are inconsistent with the *United Nations Convention on the Law of the Sea* (UNCLOS). However, how it said that AMSA’s conduct was inconsistent with UNCLOS is unclear. It is also put that Australia lacks constitutional power for the recovery provision in the Civil Liability Act to apply to the EEZ in the absence of a discharge or disposal in contravention of the federal MARPOL legislation.<sup>14</sup>

AMSA also claims that the pollution clean-up measures were taken in the exercise of its powers under the *Protection of the Sea (Powers of Intervention) Act 1981* (Powers of Intervention Act) which relates to the taking of measures to prevent pollution of the sea by oil or noxious substances.<sup>15</sup> In support of this head of claim, AMSA says that the containers and their contents were a noxious substance which escaped from the *YM Efficiency* and, as such, its claim for pollution prevention measures is recoverable from All Oceans as a debt pursuant to the Civil Liability Act.<sup>16</sup>

In response, All Oceans pleads that the *YM Efficiency* is not a ship within the meaning of the Powers of Intervention Act on the basis that it has not been in Australian internal waters or within the Australian coastal sea since 5 July 2018, and the clean-up measures taken by AMSA took place after this time. All Oceans also denies that the containers and their

contents contain a noxious substance and that the clean-up measures taken were in proportion to the damage.

AMSA has also advanced arguments that All Oceans breached its duty to AMSA to take reasonable care in the safe loading of the containers, navigation, management and operation of the ship to avoid causing pollution damage and/or causing AMSA to clean up pollution damage, and incur loss and expenses by being negligent in its conduct, including failing to stow and lash the containers on board, and sailing the ship in an unseaworthy condition. In response, All Oceans denies that it was negligent and that it owed a duty to AMSA.

AMSA also asserts that, as the incident created pollution damage, All Oceans committed a nuisance against the *related interests* of Australia as defined in the Powers of Intervention Act (e.g. fisheries, tourist attractions, health of population and conservation of living marine resources)<sup>17</sup> and that All Oceans also committed a “*tort on the High Seas*” by reason of the alleged negligence and nuisance. All Oceans repeats its denial that the incident resulted in any escape of oil or noxious substances so as to engage the Powers of Intervention Act, and denies that AMSA has any rights that have been interfered with, nor has there been any endangerment or interference with the public that could give rise to a private or public nuisance as a matter of law. In answer to the claim for “*tort on the High Seas*”, All Oceans says it discloses no cause of action and should be struck out.

On any analysis, AMSA’s claims in negligence, nuisance and tort on the High Seas could be described as creative and should the Federal Court action proceed to trial it will be interesting to see how the Court deals with these claims. Perhaps of more interest will be how the Court reconciles the complex statutory interpretation issues that arise against the equally complex factual background. One thing we can be assured of is that the judgment will provide a detailed analysis of the statutory framework that AMSA relies on to advance its claim against All Oceans. Whether that analysis favours AMSA or the factual findings would have resulted in a different outcome under a WRC regime remains to be seen. ▲

<sup>8</sup> Article 1(5) Nairobi International Convention on the Removal of Wrecks 2007

<sup>9</sup> p 3 Department of Infrastructure, Transport, Regional Development and Communications’ Discussion paper “Australia’s accession to the Nairobi International Convention on the Removal of Wrecks 2007”

<sup>10</sup> Ibid p 3

<sup>11</sup> s6(1)(a) of the Australian Maritime Safety Authority Act 1990

<sup>12</sup> s22A(1) of the Protection of the Sea (Civil Liability) Act 1981

<sup>13</sup> s22A(3) of the Protection of the Sea (Civil Liability) Act 1981

<sup>14</sup> Protection of the Sea (Prevention of Pollution from

Ships) Act 1983

<sup>15</sup> s10 of the Protection of the Sea (Powers of Intervention) Act 1981

<sup>16</sup> s22A(1) of the Protection of the Sea (Civil Liability) Act

<sup>17</sup> s10(8) of the Protection of the Sea (Powers of Intervention) Act 1981



## Cyber risk management in a “COVID-Normal” world

By NIC VAN DER REYDEN, Partner and AMBER ALBRECHT, Associate, Clyde & Company

As the world continues to deal with the economic and operational challenges from the global COVID-19 pandemic, cybercriminals are using COVID-19 as an opportunity to exploit new work practices and capitalise on these uncertain times. As many organisations have moved to a more remote working environment and have placed further reliance on IT resources and software, organisations should be conscious of the general data, privacy and business risks associated with COVID-19 and of the increase in cyber risks.

There have been recent examples in the maritime industry where operators have been hit by cyber attacks.

In January 2020, freight company, Toll Group, was a victim of a ransomware attack which forced it to temporarily shut down some of its IT systems, and had to revert back to manual operations.

In April 2020, MSC, confirmed that it experienced a network outage in its headquarters located in Geneva, due to a malware attack affecting its website and customer portal, which in turn, affected online bookings for several days.

In September 2020, CMA CGM, was hit by a ransomware attack by the “Ragnar Locker gang”. The carrier shut down its network to stop the malicious malware from spreading further to its systems.

In October 2020, the IMO reported that it had also suffered a “sophisticated cyber attack against the organisation’s IT systems”, which impacted its website and internal web-based services.

These examples are a stark reminder that in our new “COVID-Normal” world, cyber risk management is fundamental to safe and secure shipping and supply chain operations, especially in light of

the industry placing more reliance on digitalisation, automation, remote working and network-based systems.

### Cyber risk management

Cyber risk management should now form part of both onshore and offshore operations to ensure the safe and efficient operation of vessels, as well as onshore operations. The goal of cyber risk management is to ensure that shipping and the supply chain remains secure and operationally resilient to ever evolving cyber risks.

From 1 January 2021, IMO’s Resolution MSC.428(98) – Maritime Cyber Risk Management in Safety Management Systems (Resolution) will have effect. The Resolution confirms that cyber risks are to be appropriately addressed in existing and approved safety management systems (SMS) and that operators should consider cyber risk management in accordance with the objectives and functional requirements of the ISM Code. This means that ship operators will need to incorporate cyber risk management into its SMS by 1 January 2021.

Companies should also implement or adopt IMO’s “Guidelines on maritime cyber risk management” (MSC-FAL.1/Circ.3), which provides high level recommendations and elements in implementing cyber risk management in order to safeguard against cyber related threats both onshore and offshore. Further guidance can also be found in BIMCO’s, “The Guidelines on Cyber Security Onboard Ships”, in implementing cyber risk management onboard.

Effective cyber risk management should consider safety and security

impacts resulting from the exposure or exploitation of vulnerabilities to both IT and operational technology (OT) systems. Often IT and OT systems share the same network. This brings greater risk of unauthorised access or malicious attacks to vessels’ core operational systems and networks, which impose greater risk to the safety of onboard personnel, navigation, cargo and damage to the marine environment.

Appropriate safeguards need to be in place to defend against and manage the fallout from any cyberattack. The IMO recommends a risk-based approach to cyber risk management and that a culture of cyber risk awareness should be embedded at all levels of an organisation to “ensure a holistic and flexible cyber risk management regime that is in continuous operation and constantly evaluated through effective feedback mechanisms.”

### Best Practices in the event of a cyber attack

Given that no vessel, organisation, port, terminal or other key infrastructure is immune to cyber attacks, and as cyber threats and vulnerabilities continue to evolve and new ones emerge, all participants in the supply chain should take active steps to mitigate their exposure to such risks. This can be done by frequently assessing risks and vulnerabilities and by implementing safeguards to address and manage those risks. Organisations should now also shift their focus from the prevention of an attack to the preparation of a comprehensive response to one.

As a start, organisations should develop an incident response plan to prioritise, assess and respond to a cyber incident. An incident response

plan should consider the operational impact, including disruption from system outages, reputational impact and financial loss. A good incident response plan will allow an organisation to quickly identify and escalate incidents that require a whole of business assessment. It is important to define key roles and responsibilities of those that will need to be consulted in responding to a cyber incident and when to notify insurers, as this will enable the company to obtain the benefit of insurance cover and support available under various insurance policies, including cyber insurance.

It is good practice for an incident response plan to include protocols to respond to each separate phase of a cyber attack, including pre-incident, incident and post-incident. For instance, during the pre-incident stage, organisations should conduct periodic cybersecurity health checks and run cybersecurity and incident response scenarios to determine if there are any gaps, and whether further safeguards are required. It is also important that all staff at all levels are educated on cyber awareness to ensure that all staff can identify and report cyber-related risks such as phishing attempts. If an incident does occur, organisations should take appropriate steps to mitigate loss and damage, including shutting down networks to prevent the spread of malicious malware or to prevent the misuse of personal information. This includes reporting an Eligible Data Breach to the Office of the Australian Information Commissioner as required under the *Privacy Act 1988* (Cth). In the recovery stage, organisations should seek to preserve any evidence and recover losses against third parties who have caused or contributed to the incident, as well as, assess the impact and cause of the attack, the effectiveness of the incident response plan, reassess threats and vulnerabilities to determine new vulnerabilities, and update the incident response plan accordingly.

#### **Transfer of cyber risks – contract and insurance**

Organisations and all participants in the supply chain would be well advised to look at effective ways to transfer some of their cyber risks, either by way of contractual terms or insurance.

For example, BIMCO's Cyber Security Clause 2019 allocates cybersecurity related responsibilities, liabilities and obligations for contractual performance, and has been drafted in such terms that it could easily be incorporated on a back-to-back basis in most shipping and transport agreements. This clause requires parties', including any third-party performing services, to implement and maintain "appropriate" cybersecurity measures and systems. It also provides for a notification regime, requiring a party who is aware of a cybersecurity incident to notify the other, and if a party is affected by a cybersecurity incident, it is obliged within 12 hours of the first notification, to inform the other party and assist in mitigating or preventing the further effects of the incident. Lastly, the clause contains a default limitation of liability cap of US\$100,000 which applies unless the incident resulted solely from the gross negligence or wilful misconduct of a party.

In addition, procuring cyber insurance could also be an effective way to minimise and safeguard against the impacts of a cyber attack or data breach. Cyber insurance will generally cover against first party loss, and may include loss of income due to business interruptions, recovering data and repairing damage to IT and OT systems, and third party loss, such as liability for claims by third parties for data breaches. However, insurance cannot be expected to substitute adequate protection measures. Moreover, in the absence of proper cyber risk management and effective policies and procedures, insurers may decline or limit coverage, whilst applying higher premiums or deductibles to future policies.

#### **Final thoughts**

We can expect that cyber attacks will continue to become even more sophisticated as technology advances, and the industries increased reliance on digitalisation, automation and remote working. The recent cyber incidents exemplify how sophisticated cybercriminals have become.

It is critical that organisations have robust cyber risk management plans, and regularly test their systems and processes to ensure that they can effectively respond to a cyber attack.

Being proactive now will only help to protect against and mitigate the potential long-lasting impacts of a cyber attack. In a "COVID-Normal" world it has never been more important for organisations to ensure that they raise cybersecurity awareness at all levels and build a cybersecurity culture. Be cyber aware!

#### **How can we help?**

Clyde & Co has the largest dedicated and rapidly expanding cyber incident response practice in Australia and New Zealand. Our experienced team have dealt with over 700 data breach and technology related disputes in recent times, including a number of the largest and most complex incidents in Asia Pacific to date.

From pre-incident readiness, breach response, through to defence of regulatory investigations and proceedings, as well as recovery actions against wrongdoers, we assist clients in Asia Pacific across the full cyber lifecycle. Our team is also highly regarded for their expertise and experience in managing all forms of disputes across sectors, including advising on some of the most newsworthy class actions commenced in Australia.

Our 24 hour cyber incident response hotline or email allows you to access our team directly around the clock.

For more information, contact us on:  
Australia: + 61 2 9210 4464,  
New Zealand: 0800 527 508,  
Email: [cyberbreach@clydeco.com](mailto:cyberbreach@clydeco.com) ▲



## It is trite (but right) to say that no-one benefits from trade disputes

By GEOFF FARNSWORTH and NATHAN CECIL,  
Partners, Holding Redlich

Australian exporters of various commodities are suffering as a result of action by the Chinese Government, as are their Chinese counterparts.

At a macro-level, these issues will need to be resolved at a government and diplomatic level, or possibly at the WTO. But these can take time.

So where do risks lie under open contracts when imposts like tariffs are made? A recent decision of the Victorian Supreme Court provides some helpful guidance.

In *Full Joy Foods Pty Ltd v Australian Dairy Park Pty Ltd*<sup>1</sup> the Court was asked to decide on a challenge to an arbitration award pursuant to the *Commercial Arbitration Act 2011* (Vic).

At the centre of the dispute was an agreement dated 27 March 2017, between two Australian companies for the supply by Dairy Park (Seller) to Full Joy (Buyer) of infant milk products into China. The sale price was expressed to be "CIF USD". Most readers will know that 'CIF' is an abbreviation of 'Cost Insurance Freight'. This means that the sale price includes those three elements, so that the CIF Seller must also supply insurance and arrange carriage of the goods to their destination.

The Seller's obligations are generally discharged when it tenders the relevant commercial documents to the Buyer (usually a bill of lading, certificate of insurance and a commercial invoice).

'CIF' is also an 'Incoterm', which are standard definitions of trade terms (including CIF and FOB) published by the International Chamber of

Commerce. To the extent that it is relevant, the most recent version is 'INCOTERMS 2020' though again, to the extent it is relevant, its predecessor, INCOTERMS 2010 was the relevant version.

Relevantly, INCOTERMS also describes when risk is to pass. Its definition of CIF provides:

### **A4 Delivery [Seller's Obligation]**

*The seller must deliver the goods either by placing them on board the vessel or by procuring the goods so delivered. In either case, the seller must deliver the goods on the agreed date or with the agreed period and in the manner customary at the port.*

### **A5 Transfer of risks [Seller's obligations]**

*The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4, with the exception of loss or damage in the circumstances described in B5.*

### **B5 Transfer of risks [Buyer's Obligations]**

*The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4.*

Curiously, as will emerge, the evidence was that the product was collected from the Seller by the Buyer's 'courier' and that the shipment was arranged by the Buyer.

Other relevant terms were:

5.2 The seller is responsible for the manufacture of the products and product quality; the seller will be

responsible for shipment from ADP to Tianjin Port according to CIF, but the buyer will take charge of the cost of health certificate and certificate of origin.

5.3 The testing fees must be paid by the buyer except the microbiology testing fees in Australia.

5.8 The Seller will ensure that the Products supplied to the Purchaser will conform to Import country standards, and be fit for human consumption.

A shipment of products (described as 'Step 1', 'Step 2' and 'Step 3' products) was made. Before export, the Seller had the products tested and obtained the necessary documents for export. The Buyer paid the purchase price.

When the goods arrived at Tianjin, the Chinese authorities also tested the goods and reported that one of the products ('Step 1 Product') was contaminated with bacterium. They denied entry to all of the products, which were eventually returned to Australia.

The Seller produced a new batch of Step 1 product, which was shipped to China and cleared Customs without incident.

Nevertheless, the Buyer refused to accept any more product under the contract on the basis of the default under the first shipment.

In due course, Full Joy commenced arbitration under the contract claiming damages and a refund of the purchase price in respect of the shipment of Step 2 and Step 3 product.

<sup>1</sup> [2020] VSC 672

Among other things, Full Joy alleged that under the contract

*the respondent 'will ensure that the goods supplied to the Purchaser will conform to import country standards and be fit for human consumption.'*

It appears that in their pleadings and at the hearing, neither party addressed the significance of the use of the term 'CIF' in the contract.

Following a hearing and exchange of written submissions, the arbitrator published his award finding in favour of the Seller. In summary, the arbitrator concluded that the Seller had complied with its CIF obligations, and title and risk in the product had passed on shipment or latest on negotiation of shipping documents.

The Buyer challenged the award. Readers will be aware that under Australia's arbitration legislation, modelled on the UNCITRAL Model Law, parties cannot 'appeal' an award on the basis that the arbitrator made an error of fact or law. Recourse against arbitration awards is limited (in summary) to misconduct by the Tribunal amounting to a denial of natural justice.

In this case, the Buyer alleged that under ss 34(2)(a)(ii) and 34(2)(b)(ii) of the Victorian *Commercial Arbitration Act* the arbitrator had relied on a matter not properly put in issue (that is, the significance of CIF) and the Buyer had not been afforded an opportunity to present its case, which was accordingly not in accordance with the public policy of the state, as a denial of natural justice.

The Buyer's principal grievance appears to have been an email sent by the arbitrator on 11 September 2019, following the hearing, providing directions as to the making of written submissions and stating:

*Otherwise, as foreshadowed, I would be assisted if, in their respective closing submissions, the parties would address the following (this is by no means intended to be exhaustive, or even directive, as to the matters that the parties may wish to address in their submissions):*

- *Were the step 2 and step 3 products in fact delivered, having regard to the applicable Incoterms (CIF) and paragraph 20 of Ms Shi's affidavit?*

In its closing submission, despite the arbitrator's request, the Buyer made no reference to the relevance of 'CIF' to the contract.

The Seller's submissions made reference to CIF, and the Buyer's submissions in reply again made no reference to CIF.

In his Award, the arbitrator focused on whether the product had been delivered in accordance with the contract.

In considering the nature of obligations under a contract designated CIF, the arbitrator assumed that the ICC definition was relevant, even though the contract does not appear to have so stipulated, and though it was not put in evidence by either party.

The arbitrator cited those parts of the ICC definition set out above, including transfer of risks.

In challenging the Award, one of the Buyer's grounds of complaint was that the arbitrator had assumed that the INCOTERMS definition of CIF was relevant (despite the fact that INCOTERMS were not referenced in the contract).

The judge found that 'it could have come as no surprise to the applicant that the arbitrator might treat the meaning of 'CIF' by reference to the Incoterms' and that to do so was 'by no means irrational or unlikely.'

## Conclusion

This decision is informative on a number of levels. Leaving to one side aspects of the decision dealing with arbitration practice and procedure, it is a timely reminder of the importance of correct use of trade terms in contracts.

In the case of CIF contracts in particular, it is a reminder that the Buyer bears much of the risk once the goods are shipped (both as to risk of damage, and trade risk associated tariffs and phytosanitary matters), and the Seller bears little obligation to

ensure that the contracted goods are delivered at the contractual destination in the contracted condition.

This can be significant in the context of Trade disputes, particularly where import tariffs and duties are imposed. The risk associated with such imposts are (absent express terms in the contract such as 'Force Majeure') almost exclusively for the Buyer under CIF terms.

This can be contrasted with the term DDP, under which it is the Seller who has the obligation to deliver the goods at the destination and pay any duties associated with doing so.

That does not mean however that CIF Sellers should necessarily be quick to enforce their rights against defaulting Buyers. Those rights still need to be enforced, and attempts to enforce arbitration awards or judgments, particularly in some overseas jurisdictions can be problematic. ▲



## Demistifying damage and demurrage claims

By PETER MCQUEEN FCI Arb,  
Independent arbitrator and mediator

Can a shipowner make a claim against a charterer for damages, in addition to a claim for demurrage? Yes, says the English Commercial Court (Andrew Baker J) in *K-Line Pte Ltd v. Priminds Shipping (HK) Co. Ltd - The "ETERNAL BLISS"* [2020] EWHC 2327 (Comm).

This recent decision relates to a question of long-standing uncertainty which has divided opinion for many years, namely whether a shipowner can claim both demurrage and damages where the only breach of contract by the charterer is the failure to load/discharge the vessel within the laytime allowed. On the one hand, it has been considered that a shipowner may recover both if it can prove a separate type of loss, that is a loss unrelated to the use of the vessel; on the other hand, it has been considered that a shipowner must prove both a separate type of loss and a separate breach of contract, that is one other than the charterer's failure to load/discharge the vessel within the laytime.

### Background facts

The *ETERNAL BLISS* (Vessel) carried a cargo of soybeans from Brazil to China on an amended Norgrain form charterparty, and was detained at the discharge port due to port congestion and lack of storage. That cargo deteriorated during that time because of the delay and not as a result of any lack of care by the Vessel's shipowner, K-Line. Claims were made by the cargo interests against K-Line, which settled them for approximately US\$1 million. K-Line then commenced arbitration proceedings against the charterer, Priminds, under the charterparty, seeking recovery by way of damages or an indemnity in respect that cost. The English Commercial Court was asked to determine as a preliminary issue,

on the basis of the following assumed facts, the following question of law (in accordance with s.45 of the English Arbitration Act 1996).

### Assumed facts

1. The Vessel was detained at the discharge port beyond the contractual laytime, due to port congestion and a lack of storage.
2. Priminds was therefore in breach of its obligation to complete discharge within the permitted laytime.
3. The condition of the cargo deteriorated as a result of the detention beyond the laytime and not due to any want of care by K-Line.
4. K-Line suffered loss and damage and incurred expense as a result of the detention beyond the laytime, including dealing with and settling the cargo claims brought by the cargo interests and insurers.
5. The loss, damage and expense suffered by K-Line were:
  - (a) Not caused by any separate breach of charterparty, other than Priminds' obligation to discharge within the contracted laytime;
  - (b) Not caused by any event which broke the chain of causation; and
  - (c) Reasonably incurred.
6. The loss, damage and expense suffered by K-Line were consequences of compliance with Priminds' orders to load, carry and discharge the cargo.

### Question of law and answer

"... are the owners (here K-Line) in principle entitled to recover from the charterers (here Priminds), in addition to

any amounts payable as demurrage, such loss/damage/expense by way of:

- (a) Damages for the charterers' breach of contract in not completing discharge within permitted laytime; and /or
- (b) An indemnity in respect of the consequences of complying with the charterers' orders to load, carry and discharge the cargo?"

The Court answered "Yes" to (a) above and "Not Answered" to (b) above, given the answer given to (a).

### Court observations on nature of demurrage

The main point of principle involved in this decision, asked the question what it is that demurrage liquidates. The Court answered this by describing that "the nature of demurrage ... serves to liquidate loss of earnings resulting from delay to the ship through failure to complete loading or discharging within the laytime allowed by the charter" [88].

The Court observed that "Agreeing a demurrage rate gives an agreed quantification of the owner's loss of use of the ship to earn freight by further employment in respect of delay to the ship after the expiry of laytime, nothing more." and further that "Where such delay occurs, the demurrage rate provided an agreed measure by which the parties are bound for the owner's claim for damages for detention, but it does not seek to measure or therefore touch any claim for different kinds of loss, whatever the basis of any such claim." [61]

### Conclusion

This is a significant decision which brings clarity to the principles engaged where a shipowner is able to claim for damages, in addition to claim for demurrage: namely in circumstances where, following a failure by the charterer to load/discharge cargo within the laytime period allowed, where the shipowner has suffered a further and separate type of loss, in addition to its loss of the vessel, it does not need to prove breach of a separate term of the charterparty in order to recover damages of that loss, in addition to demurrage.

[www.petermcqueen.com](http://www.petermcqueen.com) and  
[www.arbdb.com](http://www.arbdb.com) ▲



# ADVERTISE HERE!

## THIS PRIME ADVERTISING SPACE IS AVAILABLE

To find out more and secure your spot on the next edition, contact  
Steve Moxey on 0400 473 200 or by email [steve.moxey@ontimepublications.com.au](mailto:steve.moxey@ontimepublications.com.au)  
and Shipping Australia at [admin@shippingaustralia.com.au](mailto:admin@shippingaustralia.com.au)



## What's your limit? Limitation of liability in shipping

By JOE HURLEY and RYAN HUNTER,  
Lawyers, HWL Ebsworth

Like the drunken sailor, a good mariner must know his limits. And the same is true at law. Ordinarily in Australian law, parties are free to agree their own limits in their contracts, and liability outside of contracts can be as great as the damage suffered. However, in maritime law, the position changes thanks to Australia's adoption of international treaties and conventions. Some of the best known limits are in the Amended Hague Rules (scheduled in the Australian *Carriage of Goods by Sea Act 1991*), but there are also limits for oil pollution, nuclear damage and, as discussed in this article, general maritime claims.

The Limitation of Liability for Maritime Claims Convention was introduced into Australian law in 1989 in the Limitation of Liability for Maritime Claims Act. It provides an overall limit on the total liability arising from a single, distinct, occasion. These limits exist primarily to protect shipowners, but the Convention's protections also extend to charterers, managers, masters and crew.

The Convention was intended to create "a virtually unbreakable system of limiting liability". It does so by setting limits for, effectively, any claim arising from a ship – whether it is damage to persons or property, cargo or other ships. In each case, liability is capped based on the tonnage of the ship. The limits are high, but sufficient to protect shipowners in extreme cases. After all, the original intention of the Convention (and its predecessor treaties) was to protect shipowners from expensive insurance costs for black swan events, as well as to save them from risks of masters and crew who the shipowners had no control or supervision over, across the world (although this second

concern has largely fallen away with modern technology).

The limits themselves depend on the type of damage, as well as the tonnage of the ship involved. They have changed over time, especially in Australia, – to recognise that we are not generally a ship-owning nation, and so see little benefit from allowing shipowners to cap their liability. In 2015, the limits under the Convention were increased significantly in response to the 2009 *Pacific Adventurer* spill, where 30 containers of ammonium nitrate were lost in Cyclone *Hamish*, causing a \$34 million cleanup. The Owners' liability was then limited by the Convention to \$17.5 million. Today, the same event would be subject to a limit of \$34.3 million.

For a claim for loss of life or personal injury, the limits (based on an exchange rate of one special drawing right to AU\$1.95, which is close to its recent average) are:

- For a ship up to 2,000 tons, \$5,906,243.29
- For each additional ton from 2,001 to 30,000, \$2,362.50
- For each additional ton from 30,001 to 70,000, \$1,771.87
- For each ton after 70,000, \$1,181.25.

For any other claim (such as property damage or cleanup costs), at the same exchange rate, the limits are:

- For a ship up to 2,000 tons, \$2,953,121.64
- For each additional ton from 2,001 to 30,000, \$1,181.25
- For each additional ton from 30,001 to 70,000, \$586.71
- For each ton after 70,000, \$391.14

These limits are in aggregate for each occasion. If there are many potential claims from different injured people or damaged property, as may often be the case, the liable person can establish a fund with the Court for the entire limited amount, which will be held and eventually distributed to each claimant, based on their proportionate share of their claim.

There are a few key exceptions worth mentioning, where maritime claims are outside the application of the Convention. The first is where other laws expressly deal with maritime claim limits, such as for oil pollution and nuclear damage. The second is claims for breach of contract, so parties cannot rely on the Convention to limit, for example, charterparty claims. The third is claims for salvage and general average. The fourth is if the damage was caused by the intentional or reckless acts of the person responsible – however, the reckless acts of a master or crew will not mean that a shipowner is still prevented from limiting their liability.

These exemptions are generally, of course, not actually carve-outs from limiting liability, but rather an exercise in passing the buck to the next source of limitation. While watching one limit, it is important to also keep an eye on the next one. ▲



Port by Port and Ship by Ship, we provide full port agency services through our unique network. Our geographical coverage spans over 1500 different port locations, supporting over 2500 diverse clients. Our local knowledge enables us to deliver quality services where they are needed most, enabling our customers to ship smoothly and trade successfully.

**Our services include:**

- Port Agency
- Liner Agency
- Husbandry Services
- Marine Survey and Inspection
- Bio-Fouling and Underwater Inspection
- Offshore Support Services
- Bunker Coordination
- Ship Maintenance
- Spares and Supplies
- Provisions and Stores
- Cash to Master
- Marine Survey and Inspection
- Medical Assistance
- Crew Movements and Logistics
- Disbursement Accounting
- Bunker Duty and Freight Tax
- Coastal License



**Australia**

Inchcape Shipping Services  
Ground Floor, 120 Christie Street,  
St Leonards,  
NSW 2065  
Tel : +61 2 9410 8888  
Email : [australia@iss-shipping.com](mailto:australia@iss-shipping.com)

**New Zealand**

ISS-Mackay Ltd  
The Shipping Exchange  
2 Akaroa Street, Parnell,  
Auckland 1052  
Tel : +64 9 3094 266  
Email : [auckland@iss-mckay.co.nz](mailto:auckland@iss-mckay.co.nz)

**Papua New Guinea**

Inchcape Shipping Services  
The Shipping Exchange  
Level 5, Mogoru Moto Building  
Champion Parade, Port Moresby 121  
Tel: + 675 321 2599  
Email : [port.moresby@iss-shipping.com](mailto:port.moresby@iss-shipping.com)

**CONNECT TO A SMOOTHER, SMARTER OCEAN**

[www.iss-shipping.com](http://www.iss-shipping.com)



## Mitigating ship berthing incidents

By LAURENCE JONES,  
Director Global Risk Assessment, TT Club

There is growing concern by ports and terminals that berthing and unberthing operations, with very large ships, are more difficult than with smaller ships. Despite newer ships having better engines and thrusters, they have more momentum and are more difficult to manoeuvre. They also cut down on available space around the berth and in the turning basin. The consequent 'cascading' affect, with the advent of larger tonnage, means that this risk associated with larger ships is real and increasing in most ports globally.

Analysis of insurance claims by TT Club over the last 10 years shows that while there have been a number of highly reported ship allisions in 2020, ship berthing incidents are a regular occurrence. While ship allisions are of major concern, they are only one of the risks in berthing ships. The other risk is mooring incidents. Mooring can result in injuries or fatalities to crew or mooring line personnel.

All the factors contributing to berthing incidents can be classified as either ship issues or port/terminal issues. The following aims to identify and address the issues that can mitigate the occurrence of ship berthing incidents.

Before proceeding, we should clarify the word allision. A ship collides with another moving ship ... A ship allides with a fixed object.

### Ship issues

#### 1. Master

Qualified and experienced masters and pilots are essential to the safe berthing of a ship. The pilot, master and bridge personnel clearly need good communications and mutual

understanding of the other's role for the safe conduct of the ship in pilotage waters. The pilot's primary duty is to provide accurate information to ensure safe navigation, while the master retains ultimate responsibility for the safety of the ship. There has been evidence of incidents occurring because the master was new to the port, and/or the pilot not previously experiencing the size or type of ship call at the port.

#### 2. Engine and propulsion equipment

Engine and/or propulsion equipment failure is a common cause of ship collisions. Proper maintenance systems and procedures should be established and followed, including strict adherence to the ship's Safety Management System. Modern, more reliable ships' engines and the addition of thrusters have improved the level of safety in ship manoeuvring. However, the master must ensure sufficient cargo or ballast water is present to ensure the propeller is below the water surface to enable full manoeuvrability. Failure to ensure this was a contributing factor in the recent Milano allision incident in Busan, the Korea Maritime Safety Tribunal found.

#### 3. Mooring lines

Where ropes are in poor or damaged condition, they should be replaced with spares. It is important that all ropes, wires and links used for mooring have a certificate, and it is good practice for these certificates to be clearly labelled and kept in an easily accessible file ready for inspection. Spare mooring ropes, wires and links should not be stowed with paint, chemicals, or any other

shipboard or general cleaning items. Adequate spare mooring lines should be kept on the ship.

#### 4. Winches

It is important that all greasing points are free, working correctly and have not been painted over, in order that equipment can be maintained to the suitable standard. All winches should be included in ship's Planned Maintenance System.

#### 5. Ship's mooring crew

It is important to have sufficient personnel to be able to moor the ship safely and effectively. All crew should be trained and be familiar with the physical environment and the hazards associated with mooring operations. A number of familiar factors recur in mooring incidents: seafarers stand in areas exposed to injury should ropes part; crew with insufficient training take part in mooring operations. The ship and its equipment must be maintained to a high standard to reduce the risk of mooring incidents; all personnel should be adequately trained in the use of the correct personal protective equipment; adequate procedures should be in place, including supervision by a competent person.

#### 6. Weather

Adverse weather can be significant for a ship in a port environment. Wind may cause heading changes and leeway; failure to compensate correctly for wind during berthing is a significant cause of berthing incidents. The difficulty in allowing for wind, arises from the variable effect it can have due to changes in a ship's heading and speed. Tides, currents

and the swell also have significant effects on a ship preparing to moor or sail, and must be considered by the master and the pilot in their calculations.

## Port/terminal issues

### 1. Port authorities

Port authorities must undertake feasibility studies to model taking larger ships. After a ship allision, a court in Australia found failure of the Port Authority to properly assess larger vessel calls, formed part of the basis of a claim for contributing negligence from the ship owner.

### 2. Pilots

In most ports, pilots are essential for assisting the master to manoeuvre his/her ship safely in the port. Port authorities and pilots must ensure that appropriate training, systems and procedures are in place to manage the berthing and unberthing of the ships that they may be handling, especially taking account of new services or larger ships.

### 3. Tugs

Similarly, Port authorities need to plan for new services or larger ships, including ensuring that there are a sufficient number of tugs with enough power.

### 4. Bollards

In many ports, bollards may have been in place and potentially unchecked for decades. Port authorities must ensure that bollards are sufficient in number, quality and capacity, as well as suitably located for the tonnage likely to call at each berth. Ships need to have appropriate dialogues with the ports to ensure the bollards are suitable.

### 5. Mooring personnel

It is important to have sufficient personnel to be able to moor the ship safely and effectively. All mooring personnel should be trained and familiar with bights, snap-back zones and the hazards associated with mooring operations.

### 6. Parking location of quay cranes

When a ship is berthing, the safest location to park quay cranes is well away from the allocated berth. However, this is generally impossible due to the length of the berth and location of other operations. Furthermore, repositioning the cranes after berthing could present unacceptable delays. Therefore, the least risky location to park quay cranes during a ship's berthing is in the centre of the intended berth. As it is often the bow or the stern,

which allides with the berth, a quay crane parked near to the ends of the allocated berth will have an increased risk of allision. Unfortunately, wherever quay cranes are parked along the quay an out-of-control ship can impact them.

### 7. Weather

Most port authorities have procedures to allow berthing and unberthing only when the wind speed is below a certain level – and dependent on wind direction, tides, currents and swell. Ports in regions prone to hurricanes, typhoons or cyclones generally have additional procedures to send ships out to sea when severe weather is forecast. Emergency procedures for severe weather may be less advanced in locations that historically have never had to deal with such conditions. With climate change, erratic weather conditions are becoming more prevalent anywhere. Therefore every port, regardless of their location, should implement emergency procedures to send ships to sea in advance of severe weather; do not wait for an incident before developing an emergency plan. The risks of ships' mooring lines breaking during severe weather conditions are substantial, and only partially mitigated by the availability of additional mooring lines, or tugs on standby, albeit these should form part of the emergency response plan.

### 8. New technologies

Emerging technologies offering vacuum and magnetic mooring

systems may improve safety, and the securing of ships. These technologies negate the need for mooring lines and therefore remove port and ship personnel from potentially dangerous situations. While these systems are costly, the improved safety benefits may justify their installation, especially where ship movements at berth due to swell etc. are an issue.

In summary, monitoring and addressing the above issues will help mitigate the occurrence of ship berthing incidents. The stakeholders on both the ship and port/terminal sides of the interface need to focus on their own issues, but also work together to manage the safety of people, assets and the environment.

## About TT Club

TT Club is the established market-leading independent provider of mutual insurance and related risk management services to the international transport and logistics industry. TT Club's primary objective is to help make the industry safer and more secure. Founded in 1968, the Club has more than 1100 Members, spanning container owners and operators, ports and terminals, and logistics companies, working across maritime, road, rail and air. TT Club is renowned for its high-quality service, in-depth industry knowledge and enduring member loyalty. It retains more than 93 per cent of its members, with a third of its entire membership having chosen to insure with the Club, for 20 years or more. ▲



**Pacific Maritime**  
LAWYERS & CONSULTANTS

**OUR LAWYERS ARE EXPERIENCED  
MARINERS AND MARINE REGULATORS**

**Maritime Law Specialists**

- Are you buying/selling/chartering a boat or maritime business?
- Do you need help with risk assessments, audits, regulatory compliance and licensing and registration advice?
- Do you need marine incident & pollution sup-

Capt John Kavanagh AFNI MQLS — 1300 797 627  
[info@pacificmaritimelawyers.com.au](mailto:info@pacificmaritimelawyers.com.au)  
[www.pacificmaritimelawyers.com.au](http://www.pacificmaritimelawyers.com.au)



## Maritime education and training under the pandemic's shadow

By MICHAEL VAN BALEN,  
Principal, Australian Maritime College

As an island nation, Australia is dependent upon its skilled maritime workforce to sustain its supply chains. For over forty years, the Australian Maritime College (AMC) has played a vital role in developing a skilled workforce that is able to respond effectively to opportunities and challenges in an ever-changing world.

As the national institute for maritime training, education, research and consultancy, AMC offers courses ranging from vocational certificates to postgraduate degrees, and higher degrees by research in maritime business and logistics, seafaring, and maritime engineering and hydrodynamics. AMC's maritime focussed curriculum is complemented by a suite of research facilities that are some of the most advanced in the southern hemisphere.

COVID-19 related restrictions on people's movement and association have presented a raft of challenges for education and training providers. AMC's focus for most of 2020 has been on addressing such challenges by modifying and adapting its course delivery to meet shifting demands. For some courses, seafaring in particular, the impact of COVID-19 restrictions has been particularly severe because regulatory standards require face-to-

face, practical and/or hands-on training in many instances.

Earlier in 2020, when COVID-19 related restrictions made face-to-face training and assessment difficult, AMC staff modified course delivery patterns so that only theory content was delivered online at the height of restrictions. This meant that traditionally taught courses had to be converted for online delivery with little notice. In delivering the course content online, AMC staff had to overcome significant pedagogical challenges in modifying content with deep-rooted historical traditions and almost no precedent for online delivery.

As a result of quick and effective course transformation, students' learning remained largely uninterrupted despite many students not being able to stay in, or travel back to, Tasmania where AMC is located. When Tasmania's borders were finally opened to allow interstate students to travel to Tasmania for practical training, online delivery of courses enabled students to continue their learning while under mandatory hotel or home quarantine.

For some Australian Maritime Safety Authority regulated courses, formal assessments presented a unique challenge, as there was little option but to conduct theory exams under invigilated conditions. In a first for the University of Tasmania, formal exams were conducted online under remote proctoring to enable students to undertake exams from their homes.

While border controls have eased in recent days, many restrictions still remain in place. AMC continues to conduct practical training under strict social-distancing and hygiene

standards. Although the impact of the pandemic on demand for maritime courses in 2021 remains uncertain, AMC is seeing strong demand for its postgraduate programmes, in particular the Master of Logistics Management and the Master of Maritime Engineering, which offers specialisations in naval engineering, maritime technology management and maritime design.

Pandemic-related disruptions appear to have increased interest in e-commerce and the role of logistics. With the growing global focus on the circular economy, maritime logistics is crucial in helping to reduce waste and ensuring that resources are used effectively. Furthermore, the move towards decarbonisation of the transport sector highlights the vital role that research-led institutions, such as AMC, can perform in overcoming complex challenges of our times.

AMC is well-positioned to help build the skilled workforce required by industry to thrive into the future. As in the past, AMC will continue to innovate to ensure ongoing workforce development of the Australian maritime industry.

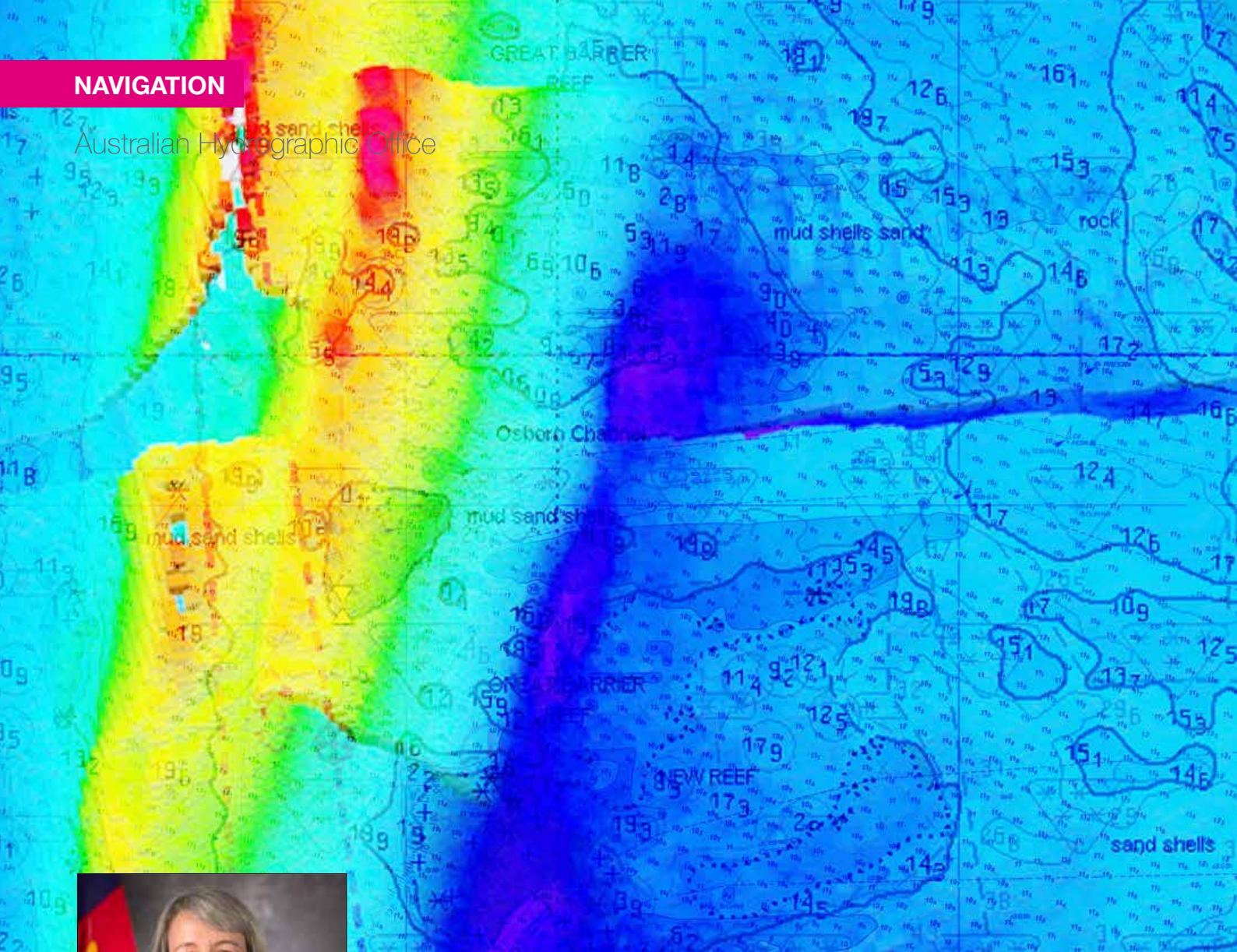
The AMC's strong engagement and ongoing partnership with Defence has been recognised with two accolades at the Defence Connect Australian Defence Industry Awards. AMC was named Academic Institution of the Year, and its commercial arm AMC Search won the Regional SME of the Year, at a gala event live streamed from Sydney on Friday, 27 November 2020. In addition, AMC Search was named a finalist in the category of Prime Contractor of the Year.

For 2021, AMC has refreshed its flagship Bachelor of Global Logistics and Maritime Management to incorporate contemporary ideas into the curriculum, while providing greater choice to students. The newly refreshed course will give students a choice of majors to suit their interest - Logistics and Supply Chain Management, Maritime Business Management, and Maritime Technology Management.

AMC has also been working to bring its expertise, gained through niche research and industry engagement, to a wider audience. In 2021, a Graduate Certificate in Organisational Resilience will be offered that, given recent societal experience of COVID-19 related disruption and uncertainty, will be relevant across the maritime sector and more broadly.

AMC looks forward to seeing its recent initiatives develop further in 2021. AMC will continue its strong engagement with industry, government and regulatory authorities, to ensure that Australia's maritime workforce development needs are met in 2021 and beyond. ▲





## From the Hydrographer's desk: 2020 in review

By Commodore FIONA FREEMAN RAN,  
Hydrographer of Australia

As I look back on 2020, the Australian Hydrographic Office (AHO) has celebrated innovation, evolution and some significant accomplishments: the HydroScheme Industry Partnership Program (HIPP) commenced, there were noteworthy improvements in nautical charting, (despite COVID-19 challenges) we were able to host strategic meetings, and we celebrated our centenary.

### HydroScheme Industry Partnership Program

The HydroScheme Industry Partnership Program (HIPP) commenced on 28 February 2020.

The HIPP is a long-term partnership between Defence and the Australian hydrographic industry, which will help drive fundamental change in the delivery of national hydrographic and oceanographic services, and the development of better environmental data collection capabilities to benefit mariners in Australian waters.

The first HIPP survey task, a survey reference area off Green Island in Queensland's GBR, was awarded to iXblue Pty Ltd. Completed survey data was accepted by the AHO on 8 September. A total of eleven survey requests have so far been released under the HIPP, six have commenced field operations, and by the end October 2020, over 640 nm<sup>2</sup> had been surveyed. The AHO expects to receive just under 200 terabytes of quality hydrographic data, once all eleven surveys are completed. Further details and imagery is available at <https://www.hydro.gov.au/NHP/>

## S-100 Universal Hydrographic Data Model

The increasing uptake and use of electronic navigation across all areas of the globe has prompted the requirement to standardise data to permit easy integration into navigation systems.

The AHO has contributed to the development of the International Hydrographic Organization's S-100 Standard, a framework that will standardise and enable the interoperability of many maritime data products – bathymetric surfaces, under keel clearance management, surface currents, navigational warnings, and maritime limits and boundaries. Ultimately, this will be the standard for how electronic charts are compiled and then displayed. The AHO continues to lean in and remain at the forefront of standards development to ensure that mariner's navigating in the Australian area will have access to the best products and information.

## Rationalisation of paper nautical charts

Australian nautical charts support more than 6000 vessels, undertaking over 29,000 international voyages in Australian waters. As an island nation, 98 per cent of our imports and exports (by volume) are transported by sea.

Commensurate with Defence's obligations under the *Navigation Act 2012*, the AHO publishes and updates two nautical chart series – an electronic series supporting real-time navigation, including user-selectable levels of detail; and the traditional paper nautical chart series.

Demand for electronic charts exceeded 590000 in the 19/20 financial year, while demand for paper charts declined to only 44000 - clearly demonstrating a paradigm shift in best practice navigation towards electronic products and services.

The AHO introduced a paper chart rationalisation programme in 2020 following an extensive period of user community consultation. Reducing the paper chart series by 30 per cent is anticipated to save up to 60 per cent of the workload required to keep published paper charts up to date. The transition to digital products will result in increased capacity and effort focused on enhancements to electronic charts sought by the Australian Maritime Safety Authority (AMSA), and the various State and commercial port authorities for Australia's 71 ports. This effort will result in safer navigation, better protection of the marine environment, and increased accessibility for trade, commerce and recreation.



### 1920

Under CAPT J Robins, the Royal Australian Navy (RAN) Hydrographic Department was established on 01 October 1920. HMAS Geranium was commissioned as the first RAN survey ship.

### 1924

The first un-numbered Australian chart for navigational use was published in December; 'Roebuck Bay – Inner Anchorage'.

### 1933

Australian Notice to Mariners (NtM) were published for the first time, and from 01 January 1937, Australian NtM were published on a weekly basis.

### 1941

The first three Australian navigational charts were published on 20 June.

### 1946

The Australian Federal Cabinet makes a decision that the Commonwealth Naval Board will be responsible for surveying and charting of Australian waters.

### 1964

HMAS Moresby (II) was commissioned on 06 March, as Australia's first purpose-built survey ship.

### 1976

The AHO introduces 'AutoChart', a system for producing digitised nautical charts, marking a technological turning point for the organisation.

### 1984

The Hydrographic Office Detached Survey Unit (HODSU) commences, undertaking operations in areas from Antarctica to Timor-Leste and throughout the South West Pacific.

### 1988

Following the Richardson Review, the Government decided that all Commonwealth hydrographic surveying and nautical charting functions should be carried out by the RAN Hydrographic Service.

### 1989-90

Four Survey Motor Launches are commissioned into the RAN; HMA Ships Benalla, Shepparton, Mermaid and Paluma.

### 1993

The Laser Airborne Depth Sounder (LADS) Flight is accepted into service.

### 1994

The AHO moves to a purpose-built facility in Wollongong.

### 2000

Two new hydrographic survey ships are commissioned together into the RAN, HMAS Leeuwin and HMAS Melville.

### 2010

The AHO officially launches its own in-house Print on Demand (POD) facility.

### 2011

Initial ENC coverage of the Australian charting area is achieved.

### 2012

The Navigation Act 2012 is amended, and gives the AHO specific responsibilities for collecting, disseminating and providing hydrographic services as required by SOLAS Convention.

### 2017

The AHO is moved from RAN to Australian Geospatial-Intelligence Organisation (AGO) – in a move that brings all geospatial elements of Defence together under the same umbrella. Commodore Fiona Freeman, RAN, is appointed as the first female Hydrographer of Australia in December.

### 2020

HydroScheme Industry Partnership Program (HIPP) commences. HIPP is a commercial program that undertakes focused hydrographic survey activities to contribute to national charting priorities.

The role of paper nautical charts has been redefined:

- For vessels with a single electronic navigation system, those paper charts that remain are:
  - Appropriate for use as a backup to electronic charts, but no longer as a full alternative to electronic charts.
  - Sufficient to enable a vessel with a single electronic navigation system to get to a place of assistance in the event of their system failing, rather than enabling the ship to enter port unassisted.
- Most large vessels, in most ports, already receive assistance from marine pilots to enter port, even if they have dual electronic navigation systems.

The AHO consulted widely on this important endeavour, and I thank AMSA, Ports Australia, individual port authorities, organisers of the Sydney to Hobart yacht race - the Cruising Yacht Club of Australia - and the 800+ domestic commercial vessel operators who completed an online survey for their contribution.

#### **International Board on Standards of Competence for Hydrographic Surveyors and Nautical Cartographers (IBSC)**

In my role as the Hydrographer of Australia, I chair the Australasian

Hydrographic Surveyors' Certification Panel (AHSCP), an internationally recognised body responsible for the professional certification of hydrographic surveyors. In February 2020, the AHSCP published a significant revision of its 'Guidelines for Specialist Certification in Hydrographic Surveying' and supporting documentation, as part of the International Board on Standards of Competence for Hydrographic Surveyors and Nautical Cartographers (IBSC) re-recognition process. The revised documents fully reflect the adoption of the current IHO Standards of Competence for Hydrographic Surveyors (S-5A and S-5B).

The IBSC recognised the AHSCP Certification Scheme for a further 6 years (2019-2024), ensuring that the certification process for hydrographic surveyors can continue uninterrupted.

#### **SWPHC**

In February 2020, the AHO proudly hosted the South West Pacific Hydrographic Commission (SWPHC) Conference in Wollongong, New South Wales. The focus of the meeting was on building capacity in the fields of hydrography, nautical charting and related navigational safety. With Government, international organisations and industry representatives from 15 nations attending, the meeting was a strong demonstration of Australia's engagement with the Pacific Island countries.

#### **CONCLUSION – looking forward, Hydrographer's handover**

I am proud to have led the AHO for the past three years, culminating in this, the 100th year of service to our nation. Our predecessors' tireless commitment to navigational safety and nautical charting means that today's oceans are now a much safer place for mariners than in the past. Our AHO products and services adhere to international specifications and standards, follow a rigorous review process, and are updated frequently.

We will continue to innovate in the fields of hydrography, cartography and geospatial intelligence; we will continue to improve our systems and processes; our technology will advance and our people will continue to show the same dedication and passion - now, and into the future.

Our role has evolved since 1920, but our mission has stayed the same – to deliver outstanding hydrographic and cartographic products and services to keep the mariner safe, support Defence priorities in Australian waters, and fulfil Australia's national and international obligations under SOLAS.

On 18 December, I will hand over my responsibilities as Hydrographer of Australia to CDRE Stewart Dunne, RAN. I am confident that under his leadership, the AHO will continue to go from strength to strength. ▲





## To build or not to build – that is again the question

By Dr TERRY O'BRIEN AM,  
Executive Director, OMC International

In 2010, BHP began a lengthy and expensive investigation related to the possible construction of an Outer Harbour at Port Hedland to increase its iron ore export capacity by 100 million tonnes per annum, to meet its future need. The estimated cost of the first phase of the project when it was abandoned in 2015 was \$20 billion. At that time, the capacity of the Inner Harbour was capped at 495 million tonnes per annum.

Since 2015, OMC's Dynamic Port Capacity Model (DPCM®) for Port Hedland has shown that major channel improvements by Pilbara Port Authority (PPA), together with growth in the vessel fleet sizes and a number of other enhancements, have allowed the Inner Harbour cap to be increased to its current level of 617 million tonnes per annum.

With all miners exporting from Port Hedland currently seeking additional capacity, the question again arises as to whether to provide this by asking the miners to build an outer harbour, or can their increased demands be met by further expansion of the Inner Harbour capacity?

This important question was raised in a recent report in the Australian Financial Review entitled *'Iron ore miners dig in for battle over precious port space'* (22 November 2020). In this article, writer Brad Thompson reported that *'Iron ore miners BHP, Fortescue Metals Group, Hancock Prospecting and Mineral Resources are preparing to make their competing cases for precious space at Port Hedland after rejecting the West Australian government's urging to build a \$10 billion outer harbour.'*

The growth of iron ore exports from Port Hedland since OMC's first DUKC® system was installed in late 1995, has been truly astounding by any standards. At that time, port throughput was 50 million tonnes per annum. December 2020 marks the 25th anniversary of DUKC® at Port Hedland and annual throughput is currently 538 million tonnes per annum, more than a tenfold increase in a quarter of a century! In 1995 there was one miner (BHP) and usually one ship departing on a tide; on 27 December 2017, when the record single tide throughput of 1,589,061 tonnes was

achieved, DUKC® made available an additional 1.0 metre in draft on average, for each of the eight vessels in the departing convoy, thereby **facilitating an extra \$7.6 million worth of throughput on a single tide**, equating to just under \$1 million per vessel.

The importance of the resources exports to the Australian economy, and DUKC®'s contribution to this vital activity, was recognised earlier this year by the Federal Minister for Resources, Water and Northern Development in the following statement:

*"It's great to see innovative Australian technology delivering world class safety and huge economic value for our resources sector. Resource and energy exports are vital to Australia's economy and it's essential to ensure safety of shipping whilst optimising throughput. DUKC® is facilitating ports to achieve this," Hon Keith Pitt MP, Minister for Resources, Water and Northern Australia, April 2020.*

The impact of the COVID-19 pandemic on the Australian economy in the months following the Minister's statement would certainly have been very much greater than it has been without the cushioning effect of the continuing rise in our iron ore exports from the Pilbara. It is clear from the present four-way tussle for additional port capacity at Port Hedland that the mining companies involved are still very much concerned with planning for additional growth, which brings us back to the question of what is the ultimate limit on the capacity of the Inner Harbour?

Over the 25 years since its inception at Port Hedland, DUKC® has evolved technologically, and in 2017 OMC moved to a strategic partnership with PPA to better align the capabilities of OMC with the goals of PPA, providing a full range of services including DUKC®, DPCM®, Chart Overlays, DUKC® Optimiser, CROP, dredge optimisation and other value adding technologies.

The DPCM® is a discrete event simulation model of the port of Port Hedland operations that incorporates OMC's Dynamic Under Keel Clearance (DUKC®) system. The purpose of the DPCM® is to provide a tool to forecast the impact on port capacity of

changes to variables, such as ship loader rates, vessel fleet profiles, cyclones, channel depth improvements and asset availability (tugs, pilots, etc.). The performance of the DPCM® has been validated each year since its development against actual port throughput.

**Analyses undertaken utilising the DPCM® has been the basis by which the declared port capacity at Port Hedland was increased by PPA in 2015 from 495 million tonnes per annum to 577 million tonnes per annum, and to its current limit of 617 million tonnes per annum, deferring the date at which any Outer Harbour development is needed.** This increase is more than the additional capacity of the \$20 billion first phase of the shelved Outer Harbour project, obtained at a fraction of the cost of that project.

*"The additional capacity was the result of ongoing investment in world-leading port innovations and technology and provides port users more opportunities to maximise the amount of product they ship through Port Hedland," Hon Alannah MacTiernan MLC, Minister for Ports, September 2019.*

Clearly, it is most efficient economically to 'sweat the assets' of the Inner Harbour to achieve its maximum safe capacity. Further incremental gains in capacity are achievable but they are getting increasingly harder to realise and substantiate. This can be done by analysing the safety and capacity implications of changing operating variables, such as increased vessel size, reduced vessel separation times, increased numbers of tugs and pilots, and increased efficiencies in ship loading operations. All of these variables can be fed into the DPCM® model to help provide the optimal answer to the 'build or not to build' multi-billion dollar question.

Increasing throughput and enhancing safety are not the only benefits of the DUKC® suite. It is estimated that by optimising the sailing draft of each iron ore vessel from the Pilbara, the annual reduction in fuel costs for the shippers equates to US\$130 million. Furthermore, the associated reduction in CO2 emissions is approximately 1.2 million tonnes. As the shipping industry moves towards reducing emissions, optimisation of technology such as DUKC® is already playing a significant role. ▲



*Guiding fully loaded container vessel, Maersk Seoul, into the port of Melbourne*



## Celebrating 180 Years of providing safe passage at Victorian ports

By Captain PETER COURT,  
Managing Director, Port Phillip Sea Pilots

Since 1839, Port Phillip Sea Pilots have been guiding ships essential to Victorian industry through the notorious Port Phillip Heads. This dangerous body of water has an international reputation as being difficult to navigate.

The gold rush of the 1800s saw many ships lost at this dangerous entrance to Port Phillip – known as The Rip. Ship masters attempting to enter the bay with insufficient local knowledge of tidal and weather conditions would often come to grief.

As a result, a piloting service was established in 1839 to provide the local knowledge and experience necessary

to safely navigate a ship through the entrance and into the ports of Melbourne and Geelong.

180 years later, the Queenscliff-headquartered Port Phillip Sea Pilots remains fully Australian-owned, providing a world class, 24/7 on demand piloting service to its customers.

Port Phillip Sea Pilots provides on-demand pilotage for commercial vessels visiting the ports of Melbourne, Geelong, Hastings, Corner Inlet and supplementary pilotage to Portland. We are proud to provide such a critical service to the Victorian and Australian economies.

### **Supporting Victorian industry**

The port of Melbourne is Australia's busiest port, for containerised and general cargo. A continuous stream of container ships transports goods to and from the port, keeping shelves stocked and export markets serviced. The skills and expertise of a Port Phillip Sea Pilot are the invisible link in the supply chain. Shipping and cruise companies unknowingly face considerable risk transiting in and out of the port. Any incident would result in reputational and financial catastrophe for a shipping line.

### **High speed action**

The Port Phillip Sea Pilot team work closely with shipping companies and their local agents. Once a pilotage service is booked, pilots are on standby to provide the service – which could be required at any time of the day or night.

Our Control Room is manned 24 hours a day, 365 days a year by our Pilot Logistics Team, which allows customers to modify their bookings to minimise delays. These last-minute changes to the wide range of vessels that need piloting, make having a large and flexible team of pilots important.

Port Phillip Sea Pilots have more than 30 full draft licensed pilots, each of whom can pilot any size and type of vessel. Having our Operations based in Queenscliff ensures minimal transit time for a pilot to reach a ship at the Pilot Boarding Ground, off Port Phillip Heads.

When a vessel arrives at the Pilot Boarding Ground, it will be met by one of our high-speed custom-built Pilot vessels. Port Phillip Sea Pilots has a fleet of five pilot vessels. All of them use self-righting technology to manage the risk in the dangerous conditions they operate in.

These launches allow Port Phillip Sea Pilots to operate in almost all weather and sea conditions, day and night, to ensure the seamless operation of our customers vessels.

Once on board, the pilot will proceed to the bridge to discuss passage planning with the vessels captain and bridge team, and implement the passage plans and safety management systems that we have developed from over 180 years of experience. The pilot has only a short time to familiarise themselves with the ship manoeuvrability and equipment before they expertly guide it through the entrance to Port Phillip.





Port Phillip Sea Pilots control room

Our Pilots have unparalleled local knowledge and ship handling expertise and are trained to the highest standards within the industry.

#### A new threat – this time it's onboard

With the COVID pandemic of 2020, Port Phillip Sea Pilots face a new danger, and this time it's onboard. With international crews from around the world, often visiting many ports before arriving in Victoria, implementing an extensive risk management plan to prevent the spread of COVID on board, is a crucial step for our sea pilots.

The Port Phillip Sea Pilots management team worked extensively with the Department of Transport and related

government agencies to create and implement a comprehensive COVID business risk plan.

The plan included everything from co-ordinating COVID questionnaires from our control room, social distancing on board pilot launches and vessels, sanitising surfaces across all vessels, vehicles and buildings, through to the mandatory reporting of illness amongst the crew of any ship boarded. With safety being a long-standing priority of the company, our COVID prevention policies and operating procedures have ensured the safety of our employees, pilots and visiting crews. At Port Phillip Sea Pilots, we recognise that ships' crew see us as a risk, as much as we see the vessel as a risk to the State of

Victoria and Port Phillip Sea Pilots. Our processes and procedures are set to balance those risks.

#### The hidden team behind the pilots

Port Phillip Sea Pilots employees a dedicated team of support staff who ensure our critical, round the clock operation never stops. Our Pilot Dispatch Officers man the 24/7 control room, making sure pilots are dispatched on time, every time. Our team of dedicated marine engineers ensure the reliability and safety of our pilot launch fleet. And our administration team monitor our compliance to international safety, quality and environmental standards.

#### Community spirit

Port Phillip Sea Pilots is well known for its generous community and industry sponsorships. We are proud supporters of Mission to Seafarers (Victoria). In March 2020 we donated a pilot launch *Mavis III* to the Queenscliff Maritime Museum.

We are long-term supporters of Cottage By The Sea, a Queenscliff based charity for disadvantaged children and recently donated ten laptops for visiting students to use when on camp. And in January 2020, our pilots donated their time and services to help those fleeing Victoria's devastating bushfires.

For more information about our services, visit our new web site at [www.ppsp.com.au](http://www.ppsp.com.au) ▲



Mavis III with her crew

# FOR OVER 180 YEARS WE'VE BEEN PILOTING VESSELS SAFELY THROUGH VICTORIAN PORTS.



## 24/7 OPERATIONS

No matter what time your ship arrives we'll be there.

Our control room operates 24/7, 365 days of the year for the ports of Melbourne, Geelong and Western Port.

## MARINE PILOTING SERVICE AT ALL VICTORIAN PILOTED PORTS

Our operations cover: Melbourne, Geelong, Hastings, Portland and Corner Inlet.

Our operations centre is located in Queenscliff, at the entrance to Port Phillip Bay. Pilots can be swiftly transferred to and from ships, minimising time and fuel consumption.

## PILOTING ANY TYPE OF VESSEL

We have over 30 full draft licenced pilots: We can pilot any size vessel and have the resources to meet changing situations such as weather delays, cargo problems or marine traffic congestion.

Our pilots are shareholders in the company. Your safe, reliable pilotage is our interest.

## RELIABLE PILOT LAUNCHES

Our young fleet of five launches are all self-righting. They are expertly maintained by our inhouse team of mechanics to ensure reliability and safety.

## RIGOROUS SAFETY STANDARDS

The pilot is responsible for safe passage—from the time they assume control from the ship's master after boarding at sea, until the vessel is safely moored.

We are accredited to several international standards and are audited every 12 months.

## ACCREDITATIONS INCLUDE

- ISO 9001 Quality Assurance Standard
- OHSAS 18001 Occupational Health & Safety Standard.
- ISO 14001 Environmental Management Standard
- ISM Safe Operation of Ships Standard

*"Partnering with PPSP to enhance existing navigational practises has produced a systems-based approach focusing on the "shared mental model." This system equips our bridge officers with information needed for maximum situational awareness to perform to the highest standards expected from P&O Cruises, Australia. It's been great working with PPSP's safety committee, who share our vision" (P&O Cruises, Australia).*



**PORT PHILLIP  
SEA PILOTS**

LEADING THE WAY

9-11 Blackwood Street, North Melbourne  
Victoria Australia 3051  
Phone: +61 3 9287 6500 | Email: [admin@ppsp.com.au](mailto:admin@ppsp.com.au)

**[WWW.PPSP.COM.AU](http://WWW.PPSP.COM.AU)**

**MARINE PILOTAGE - ALL VICTORIAN PORTS - AUSTRALIAN OWNED EST. 1839**



## Strengthened by strategic growth

By Captain DAVID MCDONALD,  
General Manager, Australian Pilotage Group

Australian Pilotage Group commenced operations in the port of Melbourne in February 2018, with the strong support of our foundation client Wallenius Wilhelmsen Ocean, and operating utilising helicopters to conduct MPT via winch. Since those early days, APG has continued to grow our capacity to service our customer's needs, increase our customer base and provide a competitive alternate solution for the provision of pilotage services in the port of Melbourne. Over the journey we have licenced five pilots, with a further two pilots in the final stages of their initial training in Melbourne.

2020 brought a number of changes to our operating profile, the key one being the cessation of helicopter operations and the adoption of a more traditional MPT model. This enabled us to recruit additional launch crews and provide a long-term employment opportunity for a small number of mariners during a significant economic downturn related to COVID. We also relocated our primary operating base to Queenscliff, and are looking forward to establishing ourselves as long-term members of the Queenscliff community.

In support of the change in our MPT methodology, APG commissioned a new build Hart Marine ORC 173 Pilot Vessel, due for delivery in March 2021. We are pleased to announce that this vessel will be named the *Griffiths*, in recognition of the decades of service to the pilotage industry and the support to APG of Captain Charles Griffiths.

2020 was a challenging year for the majority of the industry, with the impact of the COVID-19 pandemic, the uncertainty created by the disparate

national and State/Territory responses, and the impact those response measures were having on the industry, movement of goods and most importantly, on people. I am pleased to be able to say that due in no small part to the resilience and professionalism of the APG team, we have been able to successfully navigate this unprecedented period of uncertainty whilst strengthening our overall market share and position, and now look forward to what 2021 may bring.

In 2018, APG entered the market with a key commitment to drive the pilotage industry in terms of competition, innovation and safety, whilst ensuring commercial pilotage rates remain at a responsibly sustainable level for all port users. As 2020 draws to a close, we are on the path to achieving this through the national reach of our parent company, Auriga Group, and the combined expertise and experience of over 70 marine pilots and 140 years of operational history and continual improvement across the Auriga Pilots operating division.

Auriga Pilots, as an operating division, hold the largest number of accreditations, licenses and approvals to operate across any pilotage group in Australia. Auriga Pilots have been issued Pilotage Service Provider licences and approvals to operate from the Australian Maritime Safety Authority under Marine Order 54, Pilbara Port Authority, Department of Transport Western Australia, Maritime Safety Victoria and Maritime Safety Queensland. In addition to the regular auditing and engagements with all the regulatory authorities, Auriga Pilots hold multiple accreditations and quality assurance programmes such as: ISO 9001, 14001, 45001 and ISPO

(International Standard for Maritime Pilot Organizations). The continual level of governance and diverse body of regulators ensures we maintain and drive forward the highest safety standards and practices across industry.

Most importantly, our organisation is customer centric, and without them we would not succeed together. We would like to thank the continued support of key clients such as WWO, ANL, CMA CGM, Kline, Swire Shipping, CNCO, Stolt Tankers, Dorval Tankers, CSL, BBC, Neptune Shipping and Gear Bulk, to name a few.

APG remains committed to providing innovative solutions to age old challenges through close collaboration with clients, regulators, port authorities and other key stakeholders.

Safety First, Safety Always, Coming to a port near you! ▲



# ADVERTISE HERE!

## THIS PRIME ADVERTISING SPACE IS AVAILABLE

To find out more and secure your spot on the next edition, contact  
Steve Moxey on 0400 473 200 or by email [steve.moxey@ontimepublications.com.au](mailto:steve.moxey@ontimepublications.com.au)  
and Shipping Australia at [admin@shippingaustralia.com.au](mailto:admin@shippingaustralia.com.au)



## Sustainable competition in harbour towage – how do we get there?

By DAVID FETHERS,  
Managing Director Australia and Papua New Guinea, Smit Lamnalco

2020 marks almost 30 years since the provision of harbour towage at the ports of Melbourne, Sydney (Port Botany and Port Jackson), Newcastle, Brisbane, Fremantle and Adelaide first commenced as a 'declared' service under the *Prices Surveillance Act 1983*. The declaration was made to address concerns over the lack of competition in the provision of harbour towage.

Eleven years later, in 2002, the Productivity Commission again looked at whether harbour towage should continue as a declared service. The enquiry found "in nearly all Australian ports, there is only one provider of towage services. Moreover, one company currently

dominates the industry in Australia. The potential for monopolistic behaviour by towage providers is the principal reason for the current price regulation of harbour towage and the main reason for this inquiry". The enquiry further found that "Enduring competition within most, if not all, Australian ports is unlikely due to low levels of demand, 'lumpy' investments and economies of scale. In the longer term, only one operator is likely to survive in any particular port".

To overcome barriers to entry, and to encourage competition, the enquiry went on to recommend that "Contracting and licensing can be used by towage users and port authorities to exert even more

pressure. This has occurred at many regional ports. Competitive tenders for the right to operate at multi-user ports for a fixed period likewise could be used to promote more competitive towage outcomes". In effect, the Productivity Commission was supporting the use of what we know today as an 'exclusive towage license'.

Return to present day and several port operators have implemented the exclusive licensing regime, whereby a tender is held up-front for the provision of towage services for a fixed period. The system benefits port users, in that certainty of efficient pricing is assured, as well as providing operators with revenue





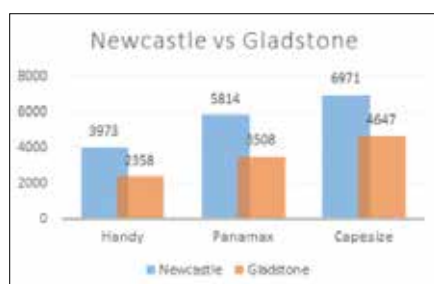
# Dedicated to the extreme



Smit Lamnalco provides first-class, reliable and customised towage and marine services in Australia and PNG. No matter how remote or complex the operation, we are dedicated to exceeding expectations.

**Discover the possibilities at [smitlamnalco.com](http://smitlamnalco.com)**

security and therefore, the confidence to invest in a fit-for-purpose tug fleet that meets the operational profile of the port. A slightly modified 'non-exclusive' licensing process also appears to be gaining popularity, where a tender is held to lease the only suitable tug berths within a port. In effect this results in an almost identical outcome for port users and towage operators as the traditional exclusive license.



So does exclusive licensing work? Figure 1 shows the current towage costs for Handy, Panamax and Capesize vessels within the 'open' port of Newcastle versus the exclusive licensed port of Gladstone. Both ports are of similar size and with a comparable operating profile. As can be seen, there are substantial savings for port users under an exclusive license, with an average 37 per cent lower cost per tug job.



Figure 2 shows data for the similarly sized open port of Adelaide versus the exclusive license operating in the port of Townsville. As can be seen, the same trend exists as per Figure 1, with an average 30 per cent reduction in towage costs in the exclusive license port.

Augments against the exclusive license concept include the potential for industrial action against the single operator to close an entire port. Whilst this is true for any port where a single operator exists (as has been seen recently), Smit Lamnalco's experience is that unions and employees understand

that exclusive licenses contain a fixed pricing escalation formula, therefore the prospect of an ambit pay claim succeeding is highly unlikely. Certainly there is some complexity around the requirement for the port operator to engage with the ACCC for an 'exclusive dealing' with one towage operator. However, this process is now well understood, with enough historical data being available to comprehensively show the public benefits of exclusive licenses.

Returning to the original 1991 list of 'declared' ports: Melbourne, Sydney (Port Botany and Port Jackson), Newcastle, Brisbane, Fremantle and Adelaide have all had vastly differing competition landscapes over the years. However, except for Smit Lamnalco's recent investment in the Engage Towage business, which is far too embryonic to consider at this point, there is no on-water competition occurring in any of these major capital city ports. Indeed, the same monopolistic position that was flagged in 1991, still exists in 2020. This is despite the best efforts of AMS, PB Towage, and Smit Lamnalco, all of whom have been unable to maintain sustainable on-water operating positions.

The problem has been compounded recently with several non-exclusive licenses being issued by port operators, which stipulate service standards and fleet composition but neglect to consider the commercial reality of these requirements. Case in point, the recent introduction of non-exclusive licenses in Port Jackson and Port Botany, which require each licensee to maintain a fleet of five tugs, plus provide one operational spare. All seems reasonable until you realise that the total towage revenue of the two ports is less than the fixed cost of operating 12 tugs. Eventually this results in either towage costs going up to support the additional vessels and crews or, more than likely, one of the operators being forced to leave the market. Either way, towage costs go up for port users.

In my many discussions with shipping companies and port operators around the country, there would appear to be an overwhelming desire for sustainable competition in harbour towage. So how do we get there? Exclusive licensing is a proven and efficient model that works well in ports with steady-state operations. Non-exclusive licensing where only one tug berth can exist

is also a viable option, provided a competitive and open tender process is completed up-front.

The third option, and the one which would benefit our capital city ports, are multiple non-exclusive licenses with mandatory inter-hire arrangements between operators. The inter-hire arrangement prevents over-capacity, as operators can 'borrow' a tug from each other when operationally required. This practice is common in other parts of the world.

As a hypothetical, consider a port requiring six tugs total, where the majority of ship moves are completed with two tugs, three tugs are used occasionally, and once in a blue moon there is a four tug move. This port could most efficiently be serviced by two operators, with three tugs each, and with a mandatory inter-hire agreement in place. There is no additional capacity required above the operationally required six tugs, the port and customers are fully serviced, and multiple operators are sustainably competing on price and service. Depending on the size of the port, the concept can also work with three or more providers.

Apply this model to the previous example in Port Botany and Port Jackson, and any enquiring mind would reasonably have to ask "why do we now need the cost of 12 tugs, when the ports have been serviced adequately for many years with only six?". The answer is that port operators are unwilling to mandate inter-hire arrangements because they are reluctant to "wade into" commercial matters. However, I would argue that directing inter-hire is more about implementing what is required to finally enable a sustainable, competitive towage market. If that means port operators need to "wade into" the commercial ocean, then that is what needs to happen to satisfy the market's desire for sustainable competition.

Who is up for a swim? 🏊



Patrick Rail Terminal under construction at Patrick Terminals – Sydney AutoStrad



## Patrick Terminals: Continuing to deliver investment and innovation

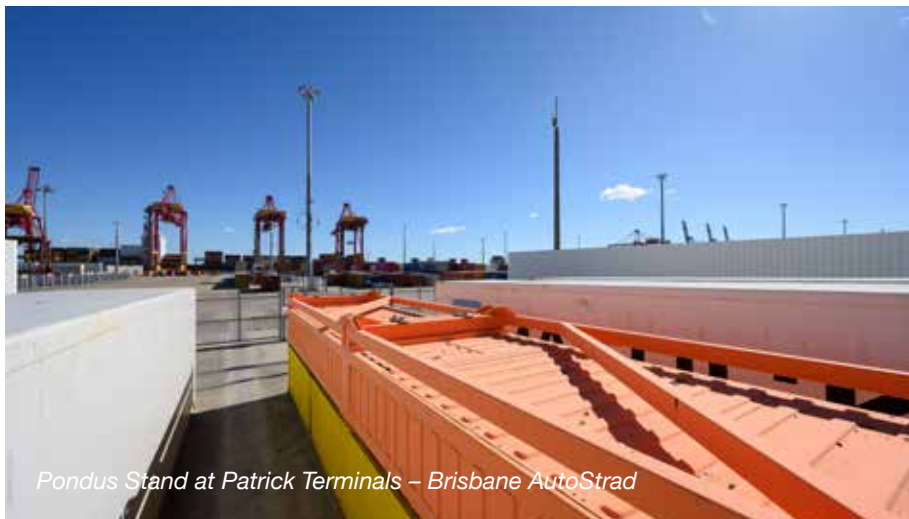
By MICHAEL JOVICIC,  
Chief Executive Officer, Patrick Terminals

Throughout 2020, Patrick Terminals has continued to invest in infrastructure to deliver increased capacity and efficiency at all four Patrick terminals, throughout Australia. With over \$150 million in capital expenditure in FY 2020/2021, Patrick Terminals is leading the market with improvements in infrastructure at Australia's ports.

The investment at Patrick Terminals operations has included world-class rail infrastructure, significant equipment procurement and terminal technology upgrades. Major capital procurement has included new quay cranes, straddles, rail development in Sydney, terminal operating system upgrades and Fremantle terminal redevelopment. The upgraded terminal operating system rollout commenced in Melbourne, with all terminals completed by November 2020, with the upgrade of the final terminal, Brisbane. The new system delivers best-in-class international

standards, with greater customer visibility delivering even further improved customer service levels.

At each of our terminals, specific investment has delivered a step-change in operational improvements. Patrick Terminals - Fremantle installed a ZPMC Post Panamax Crane to service larger vessels, with 19 container width capability, in early 2020. Patrick Terminals – Melbourne commissioned two ZPMC Post Panamax cranes with 19 container width capability, and four new straddles. Whilst



*Pondus Stand at Patrick Terminals – Brisbane AutoStrad*

in Brisbane, two new straddles were added to the fleet and a new Liebherr crane is scheduled to arrive early 2021.

Patrick Terminals – Sydney AutoStrad has seen significant investment in six new straddles and the \$190 million port side rail terminal, in conjunction with NSW Ports, to improve rail efficiencies and reduce truck movements around the port. With an additional Liebherr ship to shore crane (Australia's largest) scheduled to arrive in early 2021. This new crane will deliver unrivalled large vessel capability, with the four largest ship to shore cranes in Australia, and access to the deepest draft container berth in the port of Sydney, offering a premium direct access to the most efficient landside rail connectivity. The additional Liebherr ship to shore crane will increase the Patrick total crane fleet in Port Botany to nine.

Stage one of the rail project is on track for completion by end of 2020, with stage two set for completion mid-2023. The new rail terminal will increase rail capacity from 250,000 TEU to, in excess of, 1 million TEU, connecting Port Botany directly with intermodal terminals and regional markets.

The significant capital expenditure by Patrick Terminals will deliver superior landside service, improved efficiencies, improved safety, increased capacity and best in class customer service levels, throughout the operations.

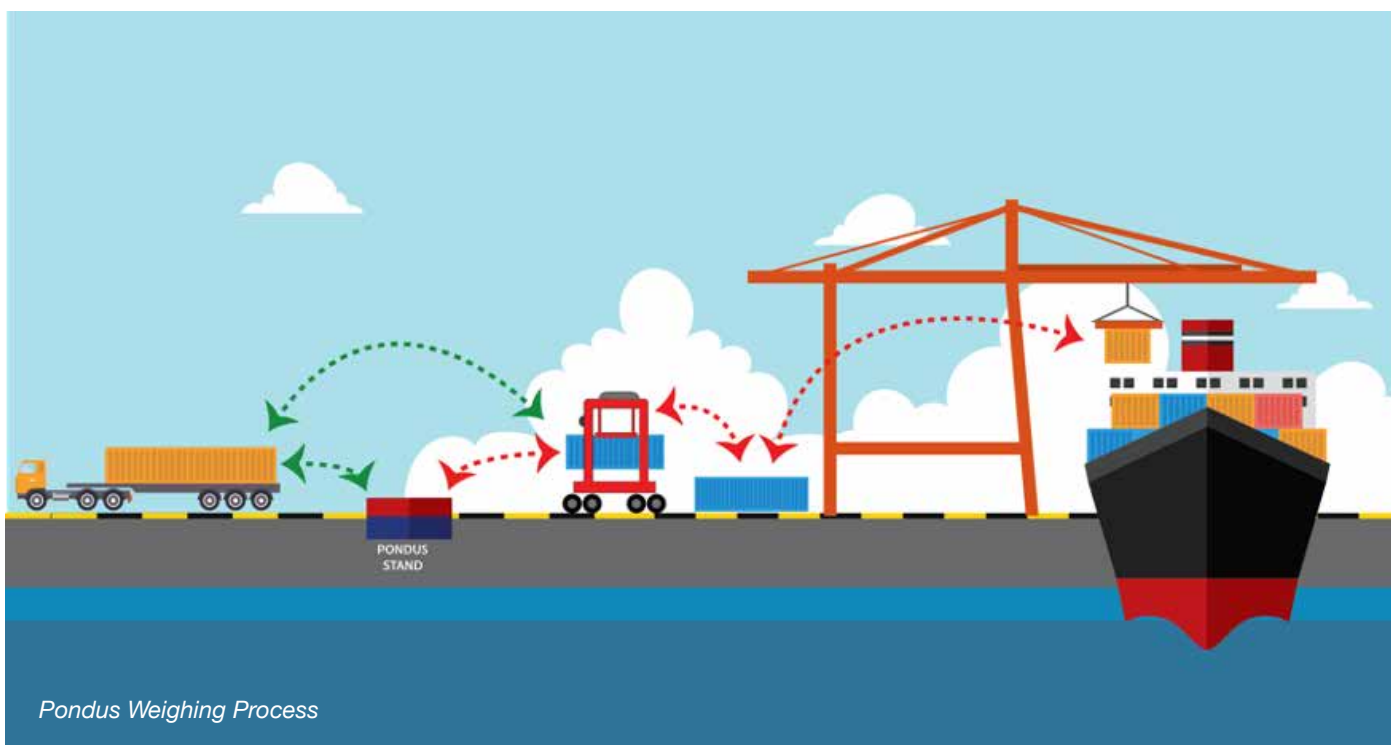
#### **Step Change in Safety for Container Transportation**

Patrick Terminals recently launched an innovative weighing solution to help drive safety across the container handling sector. Mis-declared containers create

potential safety risks throughout the supply chain, from transport companies to terminal operators and shipping lines. This new weighing solution, Pondus, will help identify mis-declared weights by statistically sampling containers for weighing, and then automatically notifying customers of weight discrepancies (+/- 1 tonne) allowing parties to better meet their Chain of Responsibility obligations.

Since July 2016, the International Safety of Life at Sea Convention (SOLAS) has required shippers to obtain and document the verified gross mass of a packed container, prior to vessel loading. This is a legal requirement. A mis-declared container has potential implications for safe loading of vessels, sea voyage and road transport.

With the new Pondus system, both import and export containers will be statistically sampled for weighing on the Pondus stand, and mis-declared containers will have a charge placed on the relevant transport company for imports or shipping line for exports. Numbers weighed will be governed by what is reasonably practicable given the operational circumstances prevailing at the time. The certified and automated Pondus platform precisely weighs a container to the National Measurement Institute requirements in seconds on purpose built, calibrated load detecting instruments. The Pondus Stand then automatically interfaces with our system to report accurate container weights to the party transporting those containers. ▲



*Pondus Weighing Process*



## 2020 – it's been a big year!

By JOHN WILLY,  
Chief Executive Officer, Hutchison Ports Australia

COVID-19, industrial action, EA negotiations, approval to operate taller quay cranes, recruitment of new employees, stellar trade growth in the industry and winning a new shipping service contract, all happened in 2020! It was a big year for Hutchison Ports in Australia, filled with unusual events never seen before in its eight years of operations.

### **COVID-19 has affected everyone and safety must come first!**

There is no doubt that COVID-19 has affected every Australian in some way, since the start of the pandemic early in 2020. For Hutchison Ports, managing two major container terminals in Australia is a complex affair, and relies heavily upon having sound processes and procedures in place to enable the business to operate effectively and in compliance, so as to deliver the necessary services to customers in a safe and efficient manner. COVID-19 has put an additional layer of demand on the organisation, which was necessary in order to keep everyone that is physically involved with the business safe at all times.

Hutchison Ports Australia interfaces with a number of key players within the supply chain, and apart from stevedoring ships, the business interacts with rail operators, trucking companies, as well as other commercial and government parties that have a stake hold in terminal operations. With the outbreak of COVID-19 early in 2020, Hutchison Ports immediately developed and implemented strict measures to safeguard all its employees and visitors from contracting the contagious virus. The biggest challenge faced by the company was keeping up with the advice on COVID from various government departments and authorities, and then applying the relevant safety information to the workplace. Unlike staff in a corporate office environment where 'work from



home' was an option, the 300 plus stevedoring employees and operational and engineering managers remained in the workplace to ensure ships, trucks and trains were serviced on a 24/7 basis. This was a particularly hectic time for the entire management team, and a job well done by all staff and employees that kept the flow of containers moving during the height of the pandemic in Australia.

#### **Taller quay cranes for taller vessels**

Hutchison Ports received good news from the Federal Department of Infrastructure during the year, with an approval to operate a new generation of tall quay cranes that will enable the Sydney terminal at Port Botany to handle vessels over 13,000 TEU capacity. Operating tall quay cranes that penetrate the air space of Sydney Airport requires consent from a multi-layer of organisations, including the airport, aviation regulators CASA and ASA, with endorsement from the Federal Government.

The next generation of quay cranes in Sydney will have a structural height of up to 78 metres AHD and an outreach to service ships with a beam of over 20 containers wide. This capability will ensure Hutchison Ports will be ready to handle the bigger container vessels expected to enter the shipping industry in the future, as the container trade continues to grow.

#### **Stellar growth in the container trade**

The second half of 2020 saw a boost in container volumes on the east coast of Australia. Most shipping lines reacted to the increase in demand for goods from China by adding more ships to the trade, which put tremendous pressure on stevedoring resources, especially in Port Botany. It was unfortunate timing that the strong growth in the market met with resistance by storms and inclement weather in Sydney, which slowed down stevedoring operations on a number of occasions during the latter part of the year and, at times completely stopped all work at the port. Furthermore, the situation was exacerbated by the maritime union taking protected industrial action from enterprise bargaining at a number of terminals, which, together with the weather, caused severe delays to vessel arrivals into Port Botany. The delays in Sydney reached a point where shipping lines were unable to fully load their vessels, and this resulted in the biggest build up of empty containers ever seen in Sydney. Delays were so severe that a number of lines omitted to call Sydney.

Hutchison Ports Sydney was able to help ease some of the congestion within the port by assisting with stevedoring vessels that were seriously impacted by delays at other container terminals within Port Botany, as well as helping to handle those shipping lines that deployed

additional vessels on the trade.

Throughout the events of the year, Hutchison Ports secured a new shipping service in Sydney off the back of strong growth in the container trade. Operated by Gold Star Line, a wholly owned subsidiary of the parent company ZIM, the new service emerged in the latter part of the year to take on the heavy southbound liftings from China.

#### **What comes in must go out – evacuation of empty containers**

The surge in import container volumes in 2020 and the imbalance of the trade due to the weak export market, left most shipping lines with a heavy surplus of empty containers in Australia, and specifically in Sydney. The additional vessels deployed to Australia, which brought in even more import cargo compounding the empty container problem. This was a serious challenge for the shipping lines during the year and Hutchison Ports Sydney came to the rescue by offering assistance with stevedoring vessels to help with the evacuation of empty boxes onto vessels bound for Asia. Hutchison Ports provided help to its direct shipping line customers, as well as helping other adhoc lines that were not regular customers. Both Hutchison Ports and shipping lines worked together to maximise the empty load out using every possible vessel slot, whilst minimising the delay to service schedule.

#### **New jobs for new people**

With the sudden growth in container volumes in Sydney, and increases in vessel exchanges in Brisbane, Hutchison Ports opened its doors and welcomed a number of new recruits into the stevedoring industry, with offers of jobs at both terminals. The ab initio recruits were introduced to the fundamentals of stevedoring and trained to perform basic tasks. Newcomers with the aptitude to perform more complex stevedoring tasks will, over the next few years, be given the opportunity to upskill and progress through the organisation.

It was refreshing to have new people enter the industry without a stevedoring background. The latest generation of recruits have brought a new perspective to the job and most importantly, they all came with a positive mind and enthusiasm to get the task done.

### **A new Enterprise Agreement .... sometime soon?**

Negotiations for a new Enterprise Agreement (EA) between the company and the Maritime Union continued in 2020. As a relatively small player in the market, Hutchison Ports is seeking a workplace contract with its employees that provides flexibility and efficiency in the use of labour. Ships do not always arrive on time at the allocated 'berth window' because of upstream delays from bad weather and rough seas, and this is where flexibility in a new EA to meet the needs of the shipping line customer without increasing the cost of labour, is essential. The company has offered pay rises and rostered conditions that the workforce want in a new EA. The company stated during negotiation meetings that it cannot accept further claims that will increase operating costs.

Waterfront EA negotiations on pay and conditions, which also includes union claims, are traditionally a lengthy process, and Hutchison Ports is no exception to the historical trend. A

new EA is expected to be signed and executed in 2021. Hutchison Ports is most grateful to its valued customers who have been extremely patient throughout the negotiation process.

### **Future expansion**

Hutchison Ports Australia continues to provide a valuable service to shipping lines, transport companies and rail operators, as well as the broader supply chain. The Hutchison business has the honour of serving the biggest names in the shipping industry, including Cosco Shipping, Orient Overseas Container Line (OOCL), ANL (part of the CMA CGM group), Hapag Lloyd, Hyundai Merchant Marine (HMM), Evergreen Marine Corporation (EMC), Ocean Network Express (ONE), ZIM, PIL and TS Lines.

Hutchison Ports Australia recognises the need to expand as demand for terminal capacity grows. The timing of expansion is one that will depend on many factors, taking into consideration the need for additional berth windows (time slots), growth in the trade and vessel upsizing.

It is well known that the financial impact of building port infrastructure in Australia, and procuring new equipment from overseas, is high cost. The mode of operation for Hutchison Ports in the future will be a design that will deliver an acceptable return on investment for the shareholders, and it will also produce a high level of efficiency and performance. Shipping lines want good crane productivity during loading and discharge of containers, and a quick vessel turn around time in port.

There is no doubt that automation and smart technology is the key to future developments in Australia, and automation will underpin the design of the 'container terminal of tomorrow'. The benefits from investing in automation are enormous, and apart from keeping operating costs down, will also deliver a consistent level of productivity that is required to stevedore big vessels with big container exchanges, and avoid delays to vessel schedules by keeping time in port to a minimum. ▲



# Raising the bar

By ANTONY PERKINS,  
Managing Director, Australian Amalgamated Terminals

Australian Amalgamated Terminals (AAT) is Australia's largest mixed cargo terminal operator, with operations across the Australian eastern seaboard in Brisbane, Queensland, Port Kembla, New South Wales and Melbourne, Victoria. AAT provides non-discriminatory facilities, shore-side services and operations to approved and licenced stevedores.

AAT's Fisherman Islands terminal in Brisbane comprises three berths totalling 697 metres of quayline, with approximately 27 hectares of cargo marshalling hardstand. Since commencement at Fisherman Islands in 2006, AAT has made significant strategic investment in terminal development, cargo sheds, management systems and mobile cargo handling equipment, providing for a range of services, including stevedoring, cargo storage, biosecurity and receipt and delivery functions.

AAT's equipment includes a full range of service vehicles, forklifts and cranes to handle a variety of cargo, including dry bulk cargo, containers, motor vehicles, steel products, timber, agricultural and mining equipment and project cargo.

AAT continues to modernise its equipment to facilitate increased productivity and efficiency across stevedoring operations. The recent acquisition of a Liebherr LPS 550 Rail Mounted Portal Boom Crane, sourced from the Liebherr factory in Rostock, Germany in 2019, expanded AAT's fleet of shore cranes to three, with the Gottwald Mobile Harbour Crane, Deer

Park Ship to Shore Crane providing an extensive cargo handling capability.

AAT worked in collaboration with Liebherr and the Port of Brisbane to ensure that the design and assembly met the manufacturers exacting standards, and was in accordance with strict wharf specifications. Prior to arrival in Australia, the crane was fully assembled and tested at the Liebherr factory in Rostock before being dismantled for shipping to Brisbane.

In support of the crane acquisition, prior to arrival, the Port of Brisbane undertook a major refurbishment of the existing crane rail infrastructure over a five month period to ensure precision alignment for the new crane bogie wheels which have five millimetre margin of tolerance.

A specialised team of engineers from Germany commenced construction of the crane in early February 2020. The escalation of the COVID-19 pandemic forced the team to return to Germany with assembly completed by a team of Australian-based Liebherr engineers. Following the eightweek construction, assembly and testing process, the crane was commissioned for operational use.

Shortly after commissioning, the capability of AAT's new Liebherr crane was highlighted, providing a critical service to the shipping industry. In May 2020, the APL England encountered a collapsed stow, following rough weather off the coast of New South Wales. En-route to Melbourne from China, the rough seas caused the stow to collapse,

leaving containers hanging over the edge of the vessel. The versatility of the new Liebherr LPS 550 crane saw AAT's Fisherman Islands terminal as the logical terminal to handle the salvage operation.

With an outreach of 54 metres and safe working load limit of 144 tonnes, the LPS 550 provided significant scope for stevedores to safely perform a vast and complex stevedoring operation. QUBE Ports, the appointed stevedore, were tasked with completing the operation, which included rigging and scrupulously unloading approximately 87 containers affected by the collapsed stow.

The containers were unloaded safely and meticulously without incident, and saw extensive communication and collaboration between all parties including AAT, Qube, ANL, Port of Brisbane, Maritime Safety Queensland, Australian Transport Safety Bureau, Australian Maritime Safety Authority, Queensland Fire and Emergency Services and Queensland Police Service. The LPS 550 crane provided significant capability for a dangerous and problematic situation.

Since commissioning in May 2020, the LPS 550 has been used by QUBE Ports and Linx stevedores at AAT Fisherman Islands to discharge and load a variety of cargo, including containers, steel and heavy lift project cargo. The addition of this crane to the fleet in Brisbane provides a significant benefit to AAT's valued clients and the shipping industry. ▲



## Collaboration is the silver lining

By JED SMITH,  
Head of Commercial and Stakeholder Management, MIRRAT

2020 has been a year like no other, a phrase that's been repeated time and time again over the past few months, while cliché its sentiment rings true for the team at MIRRAT.

Without stating the obvious, the COVID-19 pandemic has indeed hijacked our focus, and the majority of our energy. The goals we set out to achieve as an organisation back in 2019 were promptly sidelined, as responding to the COVID situation took center stage. Rapidly shifting priorities meant non-essential capital works, fleet investment, and outsourced services made way for procuring and securing PPE and temperature guns, hunting for hand sanitiser and toilet paper, while transitioning our administration team to remote working. These measures aimed to protect and provide our operational staff and terminal users with the safest possible environment, enabling them to continue to provide services and support the automotive and RoRo markets.

In hindsight, our proactive approach and decision to take early action has held us in good stead. The proof lies within the fact that all staff and terminal users have remained safe, and not a single vessel has been delayed, even during the height of the Melbourne lockdown. For a facility that averages over 200 visitors a day, this has been no easy task.

The economic impacts have been just as testing. Despite COVID, 2020 was shaping up to be relatively weak following on from the trends of 2019. COVID compounded these forecasts. Factory closures in Europe, Asia, and the US turned the tap off across all our major trade lanes for several months, reducing supply chains to a trickle, and creating an oversupply of tonnage, resulting in vessel layups and, in some cases, early recycling. These measures by governments, OEM's and vessel operators, while absolutely appropriate, translated to a 54 per cent reduction in vessel calls and a 50 per cent fall in volumes during May, June, and July at MIRRAT.

Vessel calls have improved as volumes slowly recover from the low water mark of Q2. However, uncertainty remains in our forward projections as we consider the question - are we shifting from an issue with supply to one of demand?, as Government stimulus and support rolls back over the coming months.

Churchill said, "never let a good crisis go to waste," and despite the challenges 2020 has presented, it has also provided opportunities, partially around process improvement and product development.

Social distancing guidelines forced us into reengineering manual processes, which has supercharged our digital transition. Tools and concepts we had been trialing, have been fast-tracked and are now part of our everyday operations. Self-services and contactless deliveries are two examples of innovative change, designed to reduce person-to-person interaction, drive efficiency, and improve our customer's ease of doing business.

Reflecting on 2020, the most positive thing to have come out of these unique circumstances has been a pronounced shift in mindset, and perhaps a resetting of priorities across our small industry segment. A real sense of community has evolved, driving a willingness to collaborate and find solutions that benefit the industry as a whole.

We have long advocated that working together will create efficiency, and we are excited to build on the relationships forged over the past 12 months, to develop opportunities and realise the possibilities they represent for our customers, terminal users, and the industry as a whole.

Bring on 2021. ▲



## 2020 – An experiment in the challenges of building and supporting Australia's Navy

By CLINT THOMAS AM CSC,  
Managing Director, Serco Defence

As one of Australia's largest maritime service operators, Serco Australia has built a solid reputation for delivering flexible and cost-effective naval support services to the Commonwealth, over the period of the last 20 years. Our team has designed, built, introduced into service, and operated well over 100 small, and 18 large auxiliary vessels, and we are currently managing a total of over 1000 waterfront assets. Serco continues to provide flexible crewing options in support of Royal Australian Navy (RAN) operations, and we will very shortly commence operating and providing logistic and maintenance support for the Australian Antarctic Division (AAD) Research Supply Vessel (RSV) *Nuyina*.

Notwithstanding the obvious challenges that Australia's maritime industry has faced throughout the 2020 COVID pandemic, Serco has continued to successfully deliver services across the full spectrum of our maritime activities, with tasks ranging from short-notice in-harbour support to the RAN, as a part of the Commonwealth's response to the Christmas 2019 bushfires, through our ongoing commitment to delivering world-class mariner training, in both Australia and New Zealand, and inclusive of our ongoing specialist maintenance of the RAN's Typhoon and Toplite weapon system at various bases around Australia and in New Zealand. 2020 also saw Serco's team deftly navigate the managerial and personnel challenges wrought by COVID affecting the Set-to-Work and Acceptance programs on the *Nuyina*. Without exception, Team Serco has risen to the myriad operational and administrative challenges presented by 2020, and I can proudly boast that the team will enter 2021 with the same gritty determination and agility, ready to face whatever the future throws our way.



A key demonstration of Serco Australia's resilience has been the ongoing build and delivery of the RSV *Nuyina*. Not only did the team quickly identify the 'hands-on'/'face-to-face' implications of COVID on our planned delivery activities, but they moved with purpose to quickly reorient plans and moved the ship from Romania to the Netherlands, in order to complete the fitting out process. We expect to proceed to sea late 2020. Since contract signature in 2016, Serco's project team demonstrated they have the wherewithal to overcome the tyranny of distance, through the extensive use of digital design tools and 'on-line presence' technologies to redefine what shipbuilding should look like in the 21st Century.

In November, Serco's Team supported the RAN's Black Carillon Submarine rescue exercise (BC 20), with the Serco crewed MV's *Besant* and *Stoker* working hand-in-glove with RAN specialists to again demonstrate the flexibility and professionalism civilian crews can bring to support naval operations. As precursor

activities to BC 20, both vessels were successfully docked and given clean bills under the sage supervision of the Serco engineering and management teams, with the vessels again fit for service until their next five-yearly docking.

The year has also witnessed Serco growing on a global basis, with the company moving to reinforce our ability to support our naval customers, with the recent acquisition of the ALION Naval Systems Business Unit, now titled the "Maritime Engineering Technology and Sustainment" business unit, or METS for short. METS effectively means that Serco can now bring an unchallenged naval design and maintenance workforce to bear on any problem, anywhere in the world, whether that be designing and building new vessels, or updating and maintaining older craft. Specifically for our Australian customers, the METS acquisition enables Serco to bring an unparalleled level of expertise and experience into our product delivery portfolio, with a deep technical reach-back capability across all military vessel types, spanning from Army landing craft, through "all" United States Navy, Canadian Navy, and Royal Navy ships, submarines and naval auxiliaries. Serco Australia is already moving to transition some of these key naval design and engineering skills into Australia, and has now established an Engineering Graduate programme to facilitate the growth of a sustainable pool of local talent as our contribution, as a part of the Government's Naval Shipbuilding and Sustainment Plan.

For more information on Serco's expertise, visit <https://www.serco.com/aspac/sector-expertise/defence> ▲



## Data is the new oil: How big data is transforming logistics

By MICHAEL BOUARI,  
Chief Executive Office, 1-Stop Connections

The phrase ‘data is the new oil’ has entered the world of freight logistics to suggest a commodity without which the industry grinds to a halt. That’s certainly one interpretation – many sectors of industry would become redundant if data stopped flowing. But there has always been data, and to understand the impact of the phrase, it needs to be put into context.

The quote was attributed to UK data scientist Clive Humby, in 2006. Michael Palmer, of the Association of National Advertisers, later expanded on it:

“Data is just like crude. It’s valuable, but if unrefined it cannot really be used. It has to be changed into gas, plastic, chemicals, etc. to create a valuable entity that drives profitable activity; so must

data be broken down, analysed for it to have value.”

### Big data vs lots of data

The importance of big data to freight has grown over the last decade. However, some people – while acknowledging there’s more data around – have failed to realise there’s a difference between ‘lots of data’ and ‘big data’.

The former is a relic of a time, when data was a commodity companies sourced from accounting records. Having ‘lots of data’ meant a company could answer questions like:

“How much fuel did our fleet consume last quarter?” or “How much does it cost us to send freight from A to B?”

This type of data is called ‘look back information’. It was used to solve problems like:

“We’re using more fuel for the fleet than we did last quarter? Let’s get rid of a few vehicles to reduce our costs to what they used to be.”

The effect of making a decision like that, based on that level of data, will be obvious to anyone who has worked in a company with a complex infrastructure. The results will be arguments over which vehicles should be culled, from which divisions and why. The process of settling on a solution that satisfies everyone, often results in a compromise solution because there’s not enough information about where the fuel increase

is coming from, at what times of the day and under what circumstances.

In freight logistics, there are similar problems. For example, a shipping company may be experiencing delays when freight is sent via a particular forwarder. No-one can identify the problem, until it's discovered that the office in question doesn't have a rate sheet for that freight type.

Time is being wasted because the office is recalculating forwarding charges based on outdated rates which are not matching the invoice figures issued by the shipping company.

In both these cases, referring to 'look back information' will not help cut fuel costs or make a freight route more efficient. To do that, a company must have access to big data.

### Big data and the Internet of Things

We've established that there's a difference between lots of data and big

data. But what's driving big data that makes it more valuable? What makes data 'the new oil'?

The answer is the Internet of Things (IoT). This refers to the transformation of the internet from a network of information fed into it from external sources, to a network that gathers information from its own sensors. An array of sensors can be attached to animate and inanimate objects, then wirelessly connected to the internet and the end user. Cows can be tracked through GPS-enabled ear tags; the speed of a power turbine can be monitored; the location of a shipping container known with pin-point accuracy.

The advantage of the IoT is that the data is being updated in real time. No more guessing where a container is, if it left Shanghai two days ago – a quick check of its unique chip-powered tag will show exactly where it is, what its temperature is, and even how fast the ship is moving. It's as if the container is phoning home.

### The 1-Stop platform solution

The place where the big data 'oil' receives its refining is just as crucial as any oil refinery. It is the hub of any IoT solution because it enables the data gathered and networked by the IoT to be processed into meaningful information. After that, decisions can be made automatically by the system, or by management.

1-Stop Connections view to be the platform of platforms fits in well with the 'data is the new oil' because it connects your existing freight software, and links it to 1-Stop's IoT framework.

The advantages of being connected to a platform that's in turn connected to so much data are savings in time and money. What that adds up to are better results for your bottom line.

It's time to start refining your company's data oil into an ongoing source of enrichment by taking the next step with 1-Stop. To find out more about our vision read more on our website: [1-Stop.com](http://1-Stop.com) ▲





Over 1400 Ports  
Covering 31 Countries  
More than 100 Offices Worldwide  
Shipping to & from Melbourne, Brisbane  
Sydney, Fremantle & Adelaide

**LINKING AUSTRALIA  
TO THE WORLD AND  
THE WORLD TO  
AUSTRALIA**

## **INTRODUCING AIRSHIP A NEW DIMENSION TO OUR SERVICES OFFERING DYNAMIC INTERNATIONAL SOLUTIONS**

When seafreight is too slow & airfreight too expensive.  
Airship is the key to your continued business success.

Simplified Tariff  
Door-to-port service  
Substantially reduced transit times  
Priority transfer from plane to vessel  
Prompt vessel connection in Singapore



THE 2019 DCN AUSTRALIAN  
**Shipping &  
Maritime**  
INDUSTRY AWARDS  
HIGHLY COMMENDED

Contact us for your most competitive rates & service

[WWW.GLOBELINK.COM.AU](http://WWW.GLOBELINK.COM.AU)

# 2020 OVER AND OUT

No matter what 2021  
has in store, BMP is ready



  
**BRISBANE  
MARINE PILOTS**  
PARTNER.SHIPS

On ships, on time  
Safe passage everytime

