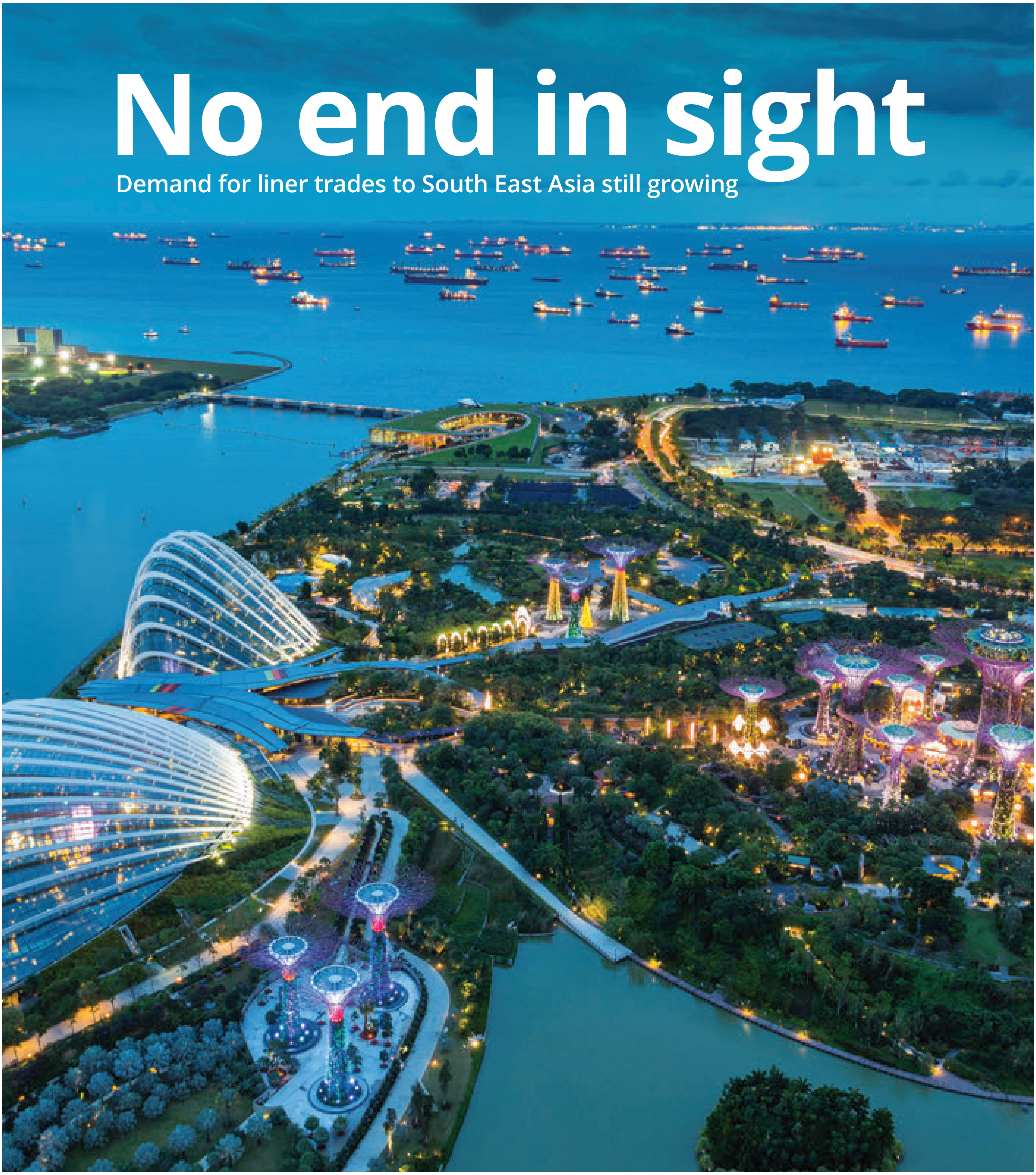
DCN
DAILY CARGO NEWS
The voice of Australian shipping & maritime logistics

First published in 1891
Celebrating 130 years
July 2021

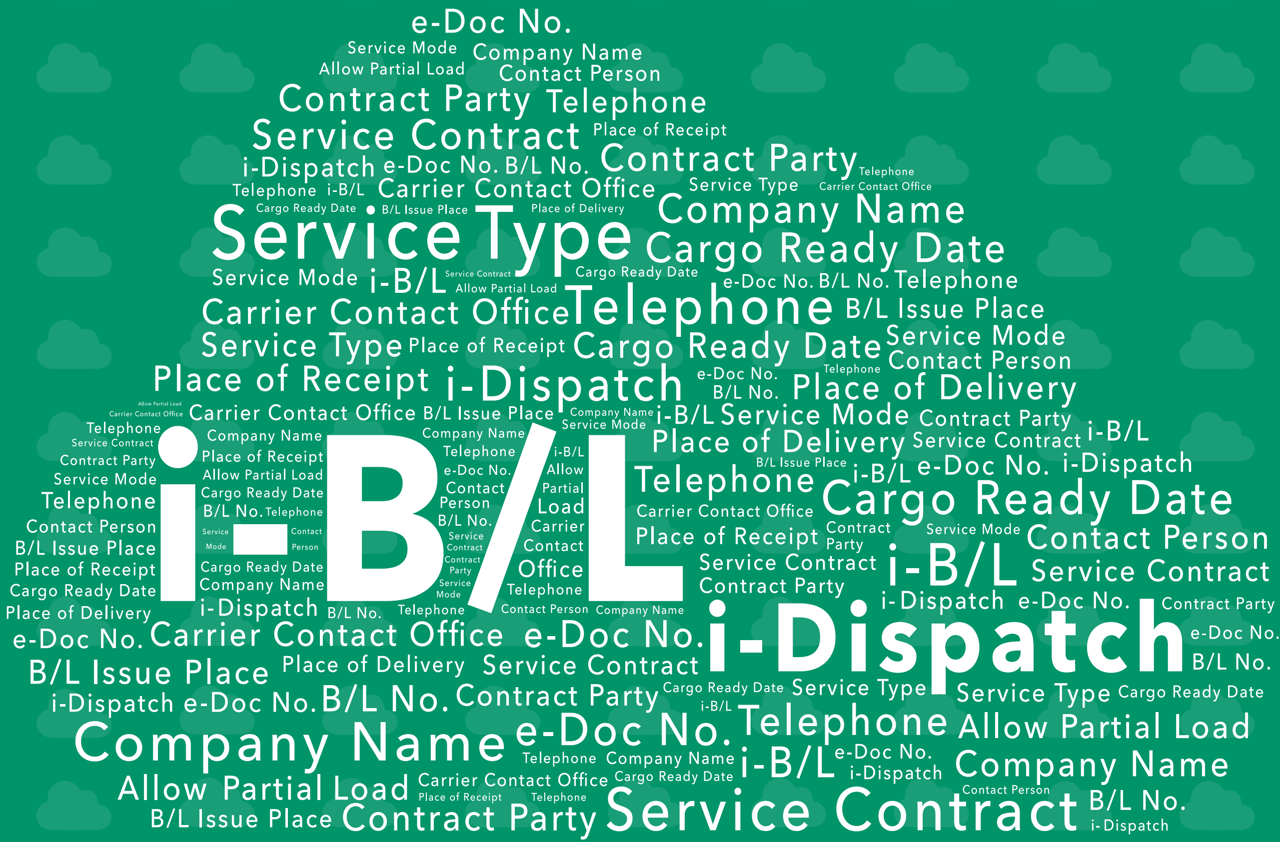
thedcn.com.au

No end in sight

Demand for liner trades to South East Asia still growing




EVERGREEN
17
17
45'
40'
20'
20'
40'
45'



Evergreen i-B/L, i-Dispatch

Ever Innovative, Ever Efficient, Ever Reliable

By introducing the paperless i-B/L and digitalized i-Dispatch document transmission, Evergreen ShipmentLink portal is now offering a pioneering functionality to turbocharge your efficiency.

Contents

FEATURES

COLUMNS



LINX



LINX
LINX


There was a significant amount of industrial action on the waterfront over the past month

From the editor

This past month saw significant amounts of industrial action on Australian wharves. The major stevedoring companies – save DP World Australia – have been wading through what must be thorny enterprise agreement negotiations.

The union has taken protected industrial action at VICT, Patrick and Hutchison terminals, as well as at Fremantle's Inner Harbour.

At one point over the past month, a contact informed me he was pretty sure one party was going to "blow up" the negotiations. Fortunately, it didn't come to that, and that period of tension passed. In any event, the protracted negotiations and periodic industrial action are taking their toll. Maersk executives have pointed at industrial action as a major contributor to port congestion in Australia (see the story on page 8). Let's all hope these negotiations can be resolved soon so we can all go back to grumbling just about empty containers and fee increases.

Industrial action aside, we have a great issue for you, dear reader. First off, on page 24, we have the estimable Dale Crisp waxing lyrical on the wild times we've seen in the liner trades to South East Asia over the past year.

And, next, you can find our inaugural feature on Singapore. Turn to page 32 to read our coverage of the city-state's ports and freight sector and its future-proofing investments.

And there's a lot more. Read on, my friends.

Ian Ackerman
Editor, *Daily Cargo News*

DCN DAILY CARGO NEWS

ISSUE NUMBER 1252 July 2021

Publisher
Lloyd O'Harte lloyd.oharte@thedcn.com.au
Editor
Ian Ackerman ian.ackerman@thedcn.com.au
Deputy Editor
Paula Wallace paula.wallace@thedcn.com.au
Creative Director Lee McLachlan
Production Manager
Grant Lopez grant.lopez@thedcn.com.au
Electronic Services
Linda Saleh
Advertising Sales Director
Lindsay Reed lindsay.reed@thedcn.com.au
Tel: 0431 956 645
Subscription Manager
James Hayman james.hayman@thedcn.com.au
Tel: 02 9126 9713


COVER IMAGE
Kanuman

paragon DCN

Published by
PARAGON DCN PTY LIMITED
ABN: 73 627 186 350
PO Box 81, St Leonards, NSW 1590
Tel: +61 2 9126 9709

CEO
Ian Brooks ianb@paragonmedia.com.au

www.thedcn.com.au

The *Daily Cargo News* is available to interested parties throughout Australia and overseas via subscription.

For enquires please call 02 9126 9713.

News in brief

*Full details at **thedcn.com.au***

Soroe Maersk at Port Botany

Maersk regional chief outlines the trouble in Australian ports

Vessels were facing up to a week's delay berthing at Australian ports due to ongoing industrial action and structural challenges, Maersk Asia Pacific managing director Ditlev Blicher said in a press briefing on 15 June.

"The situation at hand right now is industrial action that is slowing down operations at the ports," he said.

"This is on the back of continued series of industrial actions that have occurred over the past six to eight months that were then paused for about two months to allow us to catch up in the market."

Mr Blicher said Maersk did not expect the work slowdowns and stoppages to end soon; to the contrary, he said the company was expecting more action in Melbourne.

"We're seeing significant impacts out at the Australian ports as we're going through a second or third wave of strikes and work slowdowns that continue to impact reliability in these markets," he said.

"We're having about a week's delay for vessel berthing in these ports, but we're standing by to apply more equipment as we've also added a new vessel to restrict some of the pressure in these markets."

Mr Blicher said the industrial action was exacerbating some structural challenges already in the Australian market.

"One example is that this is largely an import market with relatively few exports. That means that a lot of equipment – containers – need to go full into Australia, and then they need to be transported empty out of Australia," he said.

"When there's disruption to this flow, they will stack up very, very quickly. What we saw six to eight months ago was significant congestion of empty equipment around the ports in Australia that further exacerbated delays, as well as reliability in the network."

Mr Blicher said the constraints through the Asia Pacific region in the ocean freight market was spilling into the air network, which has been under significant constraint over the past six months after passenger aircraft have been taken out of rotation.

13 DARWIN WHARFIES ORDERED INTO QUARANTINE

Thirteen stevedores at the Port of Darwin were ordered into quarantine for 14 days after working the containership *Tacoma Trader*.

NT Health said it gave the order after the wharfies were observed boarding the ship without the required PPE. None of the crew onboard the ship displayed COVID-19 symptoms and the entire crew later returned negative test results for the virus.

The stevedores' employer, Linx Cargo Care Group, took legal action, challenging the quarantine orders.

Linx CEO Anthony Jones told *DCN* the company was disappointed with the events in Darwin.

"Thirteen of our stevedores were placed into quarantine by order of the Northern Territory Chief Health Officer despite no breach of mandated COVID-19 PPE protocols having been identified by the relevant department authorities," Mr Jones said.

"Our stevedores remain in quarantine despite being tested for COVID-19 and returning a negative result. All crew members of the *Tacoma Trader*, have been tested, returning negative results. We see no reasons for the mandatory quarantine of our employees."

Mr Jones said Linx is engaging with the NT Department of Health, seeking the immediate release of the stevedores.

Bob Wood/Chatswood Portography; Nisachol Amornwuttirot

Gladstone tug engineers down tools

Tugboat engineers employed by Smit Lamnalco at the Port of Gladstone took protected industrial action on 1 June, stopping work for six consecutive one-hour periods from 0700 to 1300.

Negotiations for the renewal of the enterprise agreement between AIMPE members working at Gladstone and Smit Lamnalco began in July last year.

The towage company said it lodged an application with the Fair Work Commission in December seeking assistance in conciliating the bargaining.

Smit Lamnalco regional industrial relations manager Jared Laughlin said, “Of the roughly 50 items presented in AIMPE’s original log of claims, I would be surprised if we have reached agreement on a handful, despite almost 12 months of talking”.

AIMPE federal president Martin Byrne said the union had been trying to settle the key issues and it was keen to seek a resolution.

“This follows protracted enterprise agreement negotiations,” he said.

“The application for the protected industrial action ballot was approved by Fair Work Commission earlier this year, we sought an extension of the period in which to take the protected industrial action in order to allow more time for negotiations.

“And even as late as last night we presented the company, the official involved in the negotiations, a proposal which would have enabled the action today to have been withdrawn,” Mr Byrne said.

“That was not accepted, although I do concede that it was provided to the company outside of ordinary business hours.”

Mr Byrne said the dispute is not about pay increases. He said tug engineers should maintain the key and essential role of carrying out the maintenance program on the vessels.

“Our concerns are with the maintenance function of engineers in the tugboat industry we want to maintain both their competency to carry out their maintenance, including training and revalidation. We believe they should be supported by the company,” Mr Byrne said.

“We’re very strongly of the view that the person in charge of the tug machinery must have an integral role in the maintenance of the vessel’s machinery,” Mr Byrne said.

“We are concerned that this trend away from that position has led to a greater instance of mechanical breakdowns of vessels. We want to avoid that trend worsening, and we want to ensure the greatest possible reliability of tugs, which we believe is delivered by the tug engineer retaining control and supervision of all shore-based personnel who assist with mechanical maintenance onboard.”

YANTIAN PORT DISRUPTION “BIGGER THAN *EVER GIVEN*”, ACCORDING TO MAERSK CHIEF

“For us, this is a much bigger disruption than the *Ever Given* getting stuck in the Suez Canal because of the duration and the importance of Yantian.”

So said Maersk CEO of ocean and logistics Vincent Clerc during a press briefing.

Delays and congestion have been plaguing Yantian International Container Terminal and the wider Shenzhen Port after the Chinese government-imposed restrictions to curb a COVID-19 outbreak there.

Mr Clerc said Maersk was experiencing vessel delays of 16 days outside of Yantian as of mid-June, which is causing significant ripple effect across the network from a reliability perspective.

“More than delays ... we will see lost sailings, which will only compound the congestion that we’re seeing,” he said.

“With 16 days of delay, it’s going to take two weeks to get back to where you should be; that will create holes in our ability to provide weekly services to customers with the capacity that they need.

“What we’re looking at right now is how much can we divert, how much cargo can we get through other ports in the Pearl River Delta, how can we try to keep the customers as immune as possible to these changes.”

Maersk Asia Pacific managing director Ditlev Blicher echoed Mr Clerc saying Yantian was operating at about 40% capacity and the company expects significant delays for the next month at least.

“In the hinterland we also have significant constriction around land transport operations as we are directing our clients to try to utilise other ports in the market,” he said.

Yantian Port, China

Climate protesters at Port Botany

Supplied

PROTESTORS AT BOTANY BULK LIQUIDS TERMINAL

Climate-change protesters planned to disrupt fuel logistics at the Port Botany Bulk Liquids Berth on 10 June.

Protest group Extinction Rebellion said they would “blockade liquid fuel distribution centres in Sydney”. While the protest went ahead, it did not cause any significant disruption to the port.

The group said the action is intended to “highlight the short-sightedness and inadequacy of the government’s gas-led recovery” and to “ensure a just transition for workers in the fossil fuel industry”.

WTO ACTION TO DEFEND AUSTRALIAN WINE MAKERS

Australia will defend the interests of its wine makers by taking action in the WTO China imposing anti-dumping duties on Australian wine.

There are more than 2300 wine producers in Australia and the sector supports more than 163,000 jobs across grape growing, wine manufacturing and wine tourism. Australian wine exports were worth $2.9bn in 2020.

The decision to commence the dispute resolution process was taken following extensive consultation with Australia's wine makers.

The WTO dispute resolution process is available to any WTO member as a means to resolve trade disputes in a respectful manner.

Australia's use of the WTO in this matter is consistent with its previous use of the WTO and aligns with its support for the rules-based trading system, said trade minister Dan Tehan.

"Australia remains open to engaging directly with China to resolve this issue," the minister said in a statement.

Meanwhile, the government's efforts to assist wine makers in reaching new international markets appear to be bearing fruit.

Mr Tehan's office said Australian winemakers are reaching new customers by embracing innovative approaches to marketing and distribution, including virtual wine tastings.

MV *Chipol Taihu*

Chipolbrok appoints Quay

SINO-Polish shipping line Chipolbrok and its subsidiary HongFa Shipping have appointed Quay Shipping as their agent in Australia.

Chipolbrok also celebrated its 70th anniversary in June; the company was established on 15 June 1951 between the governments of China and Poland. Its head office is in Shanghai, with a European base in Gdynia.

Chipolbrok/HongFa owns and operates a fleet of multipurpose, geared, semi-container triple-deckers with a total DWT of nearly one million tonnes.

HongFa Shipping Shanghai deputy managing director Jin Hao told *DCN*, "The company has been carefully and successfully expanding its global service. HongFa shipping, the dedicated southern hemisphere brand on Chipolbrok has been providing inducement voyages to/from Australia on an ad hoc basis for several years," he said.

"We have carried many types of project cargo, [including] windmill modules, RTG, equipment, transformers, locomotives, fabrications, pipes, steel structures, logs and more. However, now we want to put an anchor into this trade and to do so we needed a dedicated, professional partner and after careful consideration appointed Quay Shipping as our Australia partner."

Quay Shipping managing director Darren Dumbleton told *DCN*, "We are delighted to be appointed as Chipolbrok/HongFa exclusive agent in Australia. Mr Jin and I have known each other a long time; it's a great honour for Quay Shipping to partner with Chipolbrok/HongFa, a trusted global brand".

X-Press Pearl disaster

An environmental disaster is unfolding off the coast of Sri Lanka after the containership *X-Press Pearl* caught fire, burned for weeks, then sank.

The vessel is located 9.5 nautical miles northwest of the Port of Colombo.

The 186-metre-long Singapore-flagged ship caught fire on 20 May and had 1486 containers onboard. The ship was safely evacuated of all crew.

The Maritime and Port Authority of Singapore said, as the flag state, it has been in constant communication with the Sri Lankan authorities, the ship operator and its classification society on efforts to stabilise the ship, put out the fire, and put in place measures to reduce the environmental impact.

MPA said the vessel was registered in Singapore in February of this year. It said it was delivered from the shipyard that same month with the full set of applicable class and statutory certificates.

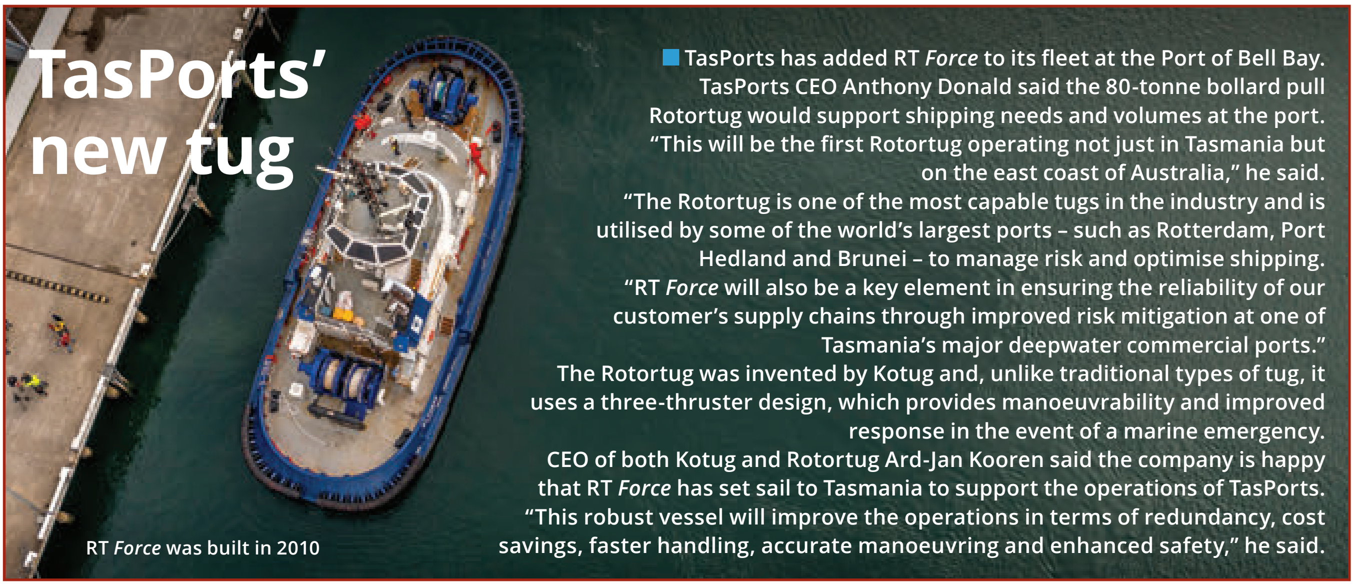
The environmental impact of the incident has yet to be fully assessed, but there is no doubt that it will be severe. Burnt-out shipping containers and plastic pellets have reportedly washed up on shore.

Before the fire broke out, the crew had discovered a container was leaking nitric acid. The ship had requested the leaking container to be offloaded at two ports before the fire started. The leaking container has yet to be linked with the fire.

See more about containership disasters on page 56.

X-Press Pearl burned for weeks, then sank

Haireena; Quay Shipping; Sri Lanka Ports Authority



TasPorts' new tug

RT *Force* was built in 2010

TasPorts has added RT *Force* to its fleet at the Port of Bell Bay.

TasPorts CEO Anthony Donald said the 80-tonne bollard pull Rotortug would support shipping needs and volumes at the port.

"This will be the first Rotortug operating not just in Tasmania but on the east coast of Australia," he said.

"The Rotortug is one of the most capable tugs in the industry and is utilised by some of the world's largest ports – such as Rotterdam, Port Hedland and Brunei – to manage risk and optimise shipping.

"RT *Force* will also be a key element in ensuring the reliability of our customer's supply chains through improved risk mitigation at one of Tasmania's major deepwater commercial ports."

The Rotortug was invented by Kotug and, unlike traditional types of tug, it uses a three-thruster design, which provides manoeuvrability and improved response in the event of a marine emergency.

CEO of both Kotug and Rotortug Ard-Jan Kooren said the company is happy that RT *Force* has set sail to Tasmania to support the operations of TasPorts.

"This robust vessel will improve the operations in terms of redundancy, cost savings, faster handling, accurate manoeuvring and enhanced safety," he said.

Port of Hobart

Monson agencies expands into Tasmania

Monson Agencies Australia in June finalised the acquisition of the agency business of Monson Shipping.

Monson Shipping – which despite the similar name is unrelated to Monson Agencies – is the largest provider of port agency services in Tasmania. With this acquisition, Monson Agencies said it now has representation at every major port across Australia.

Additionally, Kade Barrett is joining Monson Agencies as the company's Tasmanian port agency manager.

The acquisition comes after investment firm Five V Capital acquired a majority stake in Monson Agencies in early March this year.

Monson Agencies CEO Travis Monson told *DCN* the Tasmanian acquisition was a first step in a wider strategy of acquisition and expansion for the company.

"We're looking forward to making more acquisitions in the near future in Australia and abroad," he said.

"The partnership with Five V has given us the capital to invest in technology. We're looking to up our game in technology to help our customers in a digital way."

Monson Agencies was established by Dale Monson in 1981. The company now handles more than 5000 port calls per year.

The company employs more than 95 staff across 18 company-owned offices within reach of all Australian ports. The company also has offices in Singapore and China, with representation in India, Malaysia, Indonesia and Japan.

Monson Agencies represents vessel owners, charters, commodity traders and shippers, including producers of metals and minerals.

PORTS VICTORIA BOARD ANNOUNCED

The Victorian government has appointed the board for the new state-wide ports body, Ports Victoria.

It will bring together the Victorian Regional Channels Authority and Victorian Ports Corporation to lead the strategic management and operation of Victorian commercial ports and waterways.

Howard Ronaldson will chair the new body. He brings extensive experience to the role as a former secretary of the Victorian Department of Infrastructure and Department of Business and Innovation. He has also been an administrator with Ambulance Victoria and most recently assessed the viability of the Port Rail Shuttle proposal for the Department of Transport.

Elaine Carbines has been chosen as the new deputy chairperson for the board. A statement from the Victorian government said she is a strong local leader who will provide critical knowledge of the Barwon region.

Additional members appointed to the board include Des Powell AM, Janice van Reyk and Peter Tuohey, with all members to work alongside the Department of Transport.

The organisation began operating out of Geelong on 1 July. The state government said the body's headquarters recognises the city's important role in Victoria's ports system – through the port and the relocation of the Spirit of Tasmania.

TasPorts

Audit finds DAWE response to biosecurity non-compliance "largely inappropriate"

An audit of the Department of Agriculture, Water and the Environment's response to biosecurity non-compliance found its arrangements "largely inappropriate".

The Australian National Audit Office (ANAO) carried out an audit of the department to assess its effectiveness in responding to non-compliance with plant and animal biosecurity requirements.

"In the absence of frameworks, plans or targets to determine the desired outcomes of its regulation, the department is unable to demonstrate that its response to non-compliance is effective at managing biosecurity risks," ANAO said in its conclusion.

The audit office went on to say the department's compliance framework is "largely inappropriate" to support its response to non-compliance with biosecurity requirements.

However, ANAO found arrangements to detect non-compliance are partially appropriate, and the use of regulatory tools by the DAWE in response to biosecurity non-compliance is partially effective.

ANAO made eight recommendations to the department. DAWE agreed to all recommendations, saying it was already pursuing their implementation.

DAWE head of biosecurity Andrew Tongue said the report identified timely recommendations to improve the department's arrangements to respond to non-compliance with biosecurity.

"Although Australia's current biosecurity system has served our country well, the department recognises that the system must continue to evolve to enable appropriate management of known and emerging threats both domestically and globally," Mr Tongue said.

"Prior to the audit, the department had already commenced a body of work to enhance its compliance arrangements and regulatory practice.

"In particular the department is undertaking a range of changes and improvements through the development of its Regulatory Practice Statement and Regulatory Practice Framework."

Mr Tongue said the department is committed to protecting Australia's biosecurity status and its agricultural industries by minimising the entry of new pests, diseases and weeds and regularly making improvements.

"The Australian government's significant investment in its biosecurity package in the 2021-22 Budget and the recently released Commonwealth Biosecurity 2030 will further position the department to address the audit findings," he said.

"The investment will boost our frontline ... resources, strengthen our partnerships with industry and the community, and modernise our ICT systems, technology and data analytics to better target risk and speed up clearance times."

Mr Tongue said Commonwealth Biosecurity 2030 will help the government build a stronger, smarter biosecurity system.

A hydrogen development may be coming to the banks of the River Tamar at Bell Bay

New agreement for green hydrogen plant at Bell Bay

TasPorts announced it has signed an option agreement for land and operating access with Fortescue Future Industries for its proposed 250-megawatt green hydrogen plant at Bell Bay.

Fortescue Future Industries is a wholly owned subsidiary of Australian iron ore mining company Fortescue Metals Group.

TasPorts chief executive Anthony Donald said the signing of the agreement demonstrates the organisation's maturity in enabling commercial growth opportunities.

"Aligned with TasPorts' *Port Master Plan* and our commitment to facilitate trade for the benefit of Tasmania, the signing of this agreement supports the organisation's commitment to work with proponents and customers to enable new and emerging industries," Mr Donald said.

"Securing land is one of the critical ingredients to enable the realisation of green hydrogen developments at Bell Bay and TasPorts is proud to be taking a lead role to support the renewable energy industry."

Tasmania has an abundance of existing and expandable renewable energy resources and the Port of Bell Bay provides an opportunity to support the export of green hydrogen, with land availability and access to a deepwater port.

Further opportunities exist within the industrial precinct.

POSEIDON SEA PILOTS ORDERS NEW VESSELS

Poseidon Sea Pilots has signed an agreement for Brisbane-based boat builder Norman R. Wright & Sons for two new pilot vessels.

PSP will put the new vessels to work when it begins its 10-year contract to provide pilotage services in Brisbane.

The $5m contract for the new vessels brings the company's total investment in vessels for the new pilotage contract to $10m.

PSP chairman John Sugarman said he was excited about being able to help boost the local Queensland boat-building industry.

"Norman R. Wright & Sons is one of the premier boat-building companies in Australia and we wanted to ensure that we engaged a local company to deliver these vessels for us," he said.

"We want to inject money into the local boat-building industry, and that's why we have contracted Norman R. Wright & Sons."

Mr Sugarman said the vessels will be used in pilot transfers in Brisbane.

"We will initiate our service with 28 marine pilots, as well as pilot boat crews, engineers and other support staff," he said.

"This partnership is not only to build, but also to maintain and service the vessels long-term."

Construction on the first vessel is due to commence immediately, with delivery expected by the end of the year.

There will soon be new pilot cutters on the block in Brisbane

TasPorts; Poseidon Sea Pilots

UPCOMING EVENTS

2021	EVENT	
10-Jul	**IFCBAA Victoria Regional Forum**	Crown Promenade, Melbourne
17-Jul	**IFCBAA New South Wales Regional Forum**	Novotel Hotel, Brighton Le Sands
24-Jul	**IFCBAA Western Australia Regional Forum**	Duxton Hotel, Perth
31-Jul	**IFCBAA Queensland Regional Forum**	Stamford Plaza Hotel, Brisbane
16-17 Aug	**Australian Peak Shippers Association conference and AGM**	Wagga Wagga (venue TBA)
15-16 Oct	**IFCBAA 2021 National Conference**	JW Marriott, Gold Coast
11-Nov	**Australian Shipping & Maritime Industry Awards**	Sydney Four Seasons Hotel
26-Nov	**ASCL Awards Gala Dinner**	Save the date
2022		
28-29 Jan	**International Conference on Advances in Marine Engineering and Technologies**	Australian Museum, Sydney

To notify DCN of events please email us at editorial@paragonmedia.com.au


PILOT

A dispute over dessert, fruit and soap

The Noel Bultin Archives Centre holds a trove of information on Australian shipping, including much from MIAL and its predecessors, archivist **Debra Leigo** writes

THE NOEL BUTLIN ARCHIVES Centre (NBAC) collects business and labour records from Australian companies, unions and industry bodies. The archives are available to members of the public.

NBAC holds numerous shipping and maritime deposits from companies, industry associations and unions.

Searching on the database for deposits in the NBAC, limiting results to titles of deposits that include the term maritime or ship gave 22 results, of which 14 relate to unions. The remaining eight deposits fall into the companies and industry associations category, including a single item of press releases received from the Australian Chamber of Shipping, covering the period between 1964 and 1966.

Adelaide Steamship Company's span the years from 1875 to 1996 and total approximately 34 lineal metres. This company was a founding member of the Australasian Steamship Owners' Federation (ASOF), established in 1899 after the Victorian Steamship Owners' Association was formally wound up on 28 February 1899.

On 11 July 1905 the Commonwealth Steamship Owners' Association (CSOA) was formed and registered under the *Conciliation and Arbitration Act* to assume the industrial responsibilities of ASOF. The two bodies were identical in composition but differed in function: ASOF dealing with matters pertaining to the *Navigation Act* and the CSOA handling industrial disputes, awards and representing shipping companies in matters before the Arbitration Court.

In 1986 the Australian National Maritime Association (ANMA) was formed out of the ASOF. Then ANMA and CSOA merged in 1994 to become the Australian Shipowners Industrial Association (ASIA). ASIA had a name change in 1996 to become the Australian Shipowners Association (ASA). In early 2015 ASA became MIAL.

NBAC holds records of ASOF, CSOA and their successors, across four deposits covering the period from 1893 to 2013 and totalling 129 lineal metres. The deposits include minute books, constitutions, membership, communications and subject files which include advice to companies on a wide range of employment and maritime topics, and industrial disputes. Some of the larger or more common cases relate to the national wage case, basic wage case and waterfront industry reform.

The most recent deposit (N380) was received from MIAL in 2016. The deposit arrived as 328 cartons stacked across seven pallets, which has now been appraised and processed into 3504 items housed in 422 boxes covering 85 lineal metres. The records cover the period from 1902 to 2013.

I was not familiar with some of the maritime terminology or issues causing dispute between crew and companies.

Victualling refers to the supply a seagoing vessel with food, beverages and other provisions. This topic is the focus of 17 items covering the period from 1947 to 1985. N380-3310 includes survey results from six companies comparing the consumption of various provisions on coastal and overseas trading vessels. For example, the consumption of butter per man per month for the period January through March 1985 on the Adelaide Brighton Cement coastal trading vessels was 3909 grams while the consumption on Howard Smith's overseas trading vessels was only 696 grams for the same period. The consumption of tinned fruit, using the same measurement, for the same period and vessels of ABC was 4289 grams while the lowest consumption at 938 grams per man per month was reported by Ampol on their overseas trading vessels. Egg consumption ranged from 1.9 to 2.5 per day per man over the same period.

Menus or menu cards are found in seven items with N380-3310 containing common menus and a list of provisions needed for a crew of forty for thirty-five days.

Adelaide Steamship Company building, Currie Street, Adelaide in 1917

Wikipedia

MIAL PRESENTATION – THE SOAP SAGA

A delegation of 23 MIAL members and staff visited the NBAC in February.

They were welcomed by Kathryn Dan and provided with a personalised tour of the repositories by Sarah Lethbridge. The delegation saw a wide range of exhibits from the MIAL and predecessor deposits and selected, related items from the Stock Exchange of Melbourne (Z777) and Adelaide Steamship Co. (N46) deposits.

An interactive role-play skit, based on the transcript of a dispute over dessert, fruit and the brand of soap, between McIlwraith McEacharn and the Seamen's Union of Australia, 1951, (N380-1248), was well received. Role-play participants included 10 MIAL delegates and three archives staff. All were thoroughly engaged in their roles, with the audience joining in to protest over one brand of soap and lobby for another. The NBAC staff was delighted to provide this unique experience to the depositors.

Peak season airfreight crunch

With the end of the IFAM looming, airfreight rates are expected to leap, raising costs for importers and exporters, IFCBAA CEO **Paul Damkjaer** writes

THE INTERNATIONAL FREIGHT Assistance Mechanism, which is a program that aims to keep global air links during the COVID-19 pandemic, is slated to come to an end in September.

With international passenger flights in any volume not on the cards until well into next year, IFAM's cancellation is expected to impact freight capacity and rates if no additional capacity is added.

Since Austrade's IFAM program started in April 2020, there have been 13,726 IFAM-supported flights serving 67 destinations from nine locations, with an expected cost of $800m by September.

More than 1000 of these flights were pure IFAM freighter flights – 475,000 tonnes of cargo worth more than $6.8bn has been airfreighted under the IFAM program.

Horticulture, seafood, lamb, beef, pork and dairy sectors have accessed IFAM to assist them in sustaining overseas markets.

In Western Australia the IFAM freight cost subsidy to exporters is 35% and 30% in other states. IFAM has also supported the import of critical medical supplies to combat COVID-19.

Airfreight rates are currently at two to six times pre-COVID levels, depending on the origin and destination and are not expected to ever return to pre-COVID levels when borders re-open and more passenger flights return to the market.

Austrade advises that passenger flight capacity to Australia currently stands at 400 wide-body flights per week. These have a capacity of 116,000 seats, of which around 6000 are filled. There is significant capacity to be used when government restrictions ease and more passengers can travel without adding more aircraft.

Space availability on all freighter and passenger aircraft import flights is at capacity from all origins. Export capacity is more accessible depending on the destination and carrier.

WHAT HAPPENS AFTER IFAM?

IFCBAA has contacted airlines, cargo-terminal operators and freight forwarders for their feedback on the current situation and looking forward beyond September when IFAM ceases.

The general consensus is there will be an impact to space capacity and rates following the withdrawal of IFAM support, if no additional capacity is added.

EXPORTS

Austrade has said the reality for exporters moving off IFAM support in September is that they will have to transition from reliance on emergency assistance and adjust to a recalibrated international trading environment.

Businesses must consider these new-look supply chains and evaluate how their business and commercial models can align.

The question for exporters moving off IFAM support is whether they can maintain their markets with less capacity availability, high freight rates and 30-35% more freight cost. The extent to which they can do so will affect the available capacity in the market. Those exporters who cannot sustain their markets and withdraw will free up space on aircraft.

Import freight rates are at prohibitive levels for importers of mid to low value goods, so there is little room for significant import freight price hikes to offset soft export revenues and there is a risk that carriers will reduce flights to maintain capacity and yields.

The shakeout of demand and supply will inevitably impact exporters of perishables and general cargo shipments – encountering less capacity and high freight rates.

IMPORTS

Space for imported goods by air is currently at capacity on all flights, with additional freighters supporting the booming e-commerce market.

But, disrupted ocean cargo schedules, booming imports and full ships are compounding airfreight congestion, where just-in-time supply-chain demands conflict with shipping delays and airfreight is used as back up.

There are delays from some origins and through major transit hubs in Asia, with too much freight fighting for limited space, even at extortionate freight rates.

IFAM-supported shipments inbound have tapered down with the reduction in critical medical supplies of PPE which dominated in 2020. Shipments of COVID vaccine have replaced some PPE volume.

There were more than 1000 two-way pure IFAM freighter flights, which brought an increase of import capacity to the market. As imports of prioritised PPE eased, the balance of capacity on these flights was made available to general cargo imports – which will no longer be available after September.

The concerns for importers will be the space availability and freight costs after September entering the peak season, further compounded by booming ocean cargo volumes.

As an island nation, it is essential that Australia maintains air connectivity to key markets. Through IFAM, the aviation sector has been supported until the COVID-19 vaccine rollout is well underway; retaining Australia's reputation as a reliable global trading partner.

The high freight rates make it prohibitive for the movement of lower value cargo, thereby creating a vulnerability for importers if an ocean shipping lane fails or is beset with significant delays – airfreight is not a viable option.

IFCBAA urges the government to continue funding the IFAM program beyond September 2021 to provide continued stability of capacity and rates in the market for importers and exporters to access.

Paul Damkjaer, CEO, International Forwarders and Customs Brokers Association of Australia

Ian Ackerman

For A-Z the choice is P&S

Price & Speed depot has all the room, facilities and professional staff to handle all cargo, all day everyday!

- 4.7 Secure Unpack for BMSB
- 12.3 Heat Treatment
- Refrigerated Storage Solutions
- DoAWE Inspections
- DoAWE Steam Clean
- Transport & logistics
- Container storage and warehousing
- Packing/Unpacking
- Out of Gauge/Crane Facilities
- Exports

1800 817 544
www.priceandspeed.com.au
17 BAKER STREET, BANKSMEADOW NSW 2019
DOAWE: N2416 | UNDERBOND: FV68J | EXPORT: 2035

Price & Speed PTY LTD Containers

The argument for freeports

Freeports can offer tremendous benefits in terms of efficiencies and cost savings. But there are challenges that come along with them, **Sal Milici** writes

AUSTRALIA, LIKE MANY NATIONS, is a country of contrasts, including in the field of innovation. On the one hand, there are inventions like Wi-Fi and Google Maps and of course the (orange) black box flight recorder. On the other hand, Australia ranks 60th in terms of internet connection speeds. Which of the two categories will Australia fall into when it comes to freeports? And, more importantly, what exactly is a freeport.

To quote the UK Institute for Government, a freeport is "a special kind of port where normal tax and customs rules do not apply. These can be airports as well as maritime ports. At a freeport, imports can enter with simplified customs documentation and without paying tariffs. Businesses operating inside designated areas in and around the port can manufacture goods using the imports and add value, before exporting again without ever facing the full tariffs or procedures".

In other words, raw materials can be imported at a lower cost and used as inputs in the manufacture process of goods that are destined for export; in industry parlance, the goods never enter home consumption.

IN AUSTRALIA

In November 2020, I attended the Department of Home Affairs Industry Summit. Many subjects were discussed, including trade simplification, streamlining border clearance, delivering frontline services and, of course, the much-vaunted single window. An area that was not explored was freeports.

One area of innovation the Australian Border Force is eager to expand is that of its authorised economic operator program Australian Trusted Trader, which is "a partnership with ABF and Australian businesses to streamline legitimate trade". An expanded ATT model where parties demonstrate a trusted supply chain could be used to facilitate movement of cargoes from international ports to a freeport.

FREEPORTS AND RESILIENCE

The world has changed seismically and permanently since the pandemic began. Areas that previously functioned imperceptibly to the wider community had a bright light shone on them.

Supply-chain resilience is an issue that is often raised and mentioned. The global changes and the need for more robust supply chains may create the environment where Australian freeports become a solution for problems that did not previously exist.

Add to these ongoing issues globally around port congestion, sky-high freight rates and the desire to support a renaissance of Australian manufacturing and the idea of freeports appears to be a logical progression.

Freeports also tie in well with Australia's membership in two major multilateral trade agreements: the Regional Comprehensive Economic Partnership and the Trans-Pacific Partnership. Both agreements encourage Australia's participation in regional supply chains. Australia's management of the pandemic – together with the ease of manufacturing within freeports – may help capitalise on the potential of these free trade agreements.

Understandably and expectedly, grand reform comes with challenges. As outlined in an EU report from 2020, "Legal businesses owned by criminals remain key to money-laundering activities. Freeports are perceived as facilities that protect their clients' identity and financial dealings, much as private banks used to".

"Freeports are conducive to secrecy," the report added. "With their preferential treatment, they resemble offshore financial centres, offering a high degree of security and discretion, and permitting transactions without attracting the attention of regulators or direct tax authorities."

Another report from the European parliament last year noted that a growing demand for freeports could, in part, be explained by a recent crackdown on tax evasion around the world.

IN DARWIN

Closer to home, Darwin was the location of a Trade Development Zone. It was set up in 1985 but failed to achieve its goals and by 2003 was closed. As presented to a parliamentary enquiry, "evidence suggests it was not successful in achieving what it set out to do. If the aim was to attract new Asian businesses and a more advanced manufacturing industry it failed dismally. By 1990, almost five years after its opening, only four companies and 300 staff called the TDZ home. Five years later the zone employed only 97 staff".

Of most concern a later investigation by the Federal Department of Industrial Relations revealed how one employee had received $42.69 net pay for a 77-hour week.

Its apparent the challenges to such a bold reform are many, but equally are the opportunities. Exploring international trade facilitation advancements as presented at the Department of Home Affairs Industry Summit as well as exciting ideas such as freeports with a blank sheet of paper – especially with the exciting advancements in what I like to call Triple A (automation, artificial intelligence, and algorithms), Australia can emerge into a post-pandemic world in an even more enviable position.

As we approach the fork in the road that is a post-pandemic world, which path will Australia take: bold innovation or more of the same?

Sal Milici, head of border and biosecurity, Freight & Trade Alliance

Image supplied


Captain Jayne Hogarth with a tugboat

Life as a Newcastle tugboat master

Newcastle marine pilot Captain Ricky Rouse interviewed **Captain Jayne Hogarth**, a tugboat master at Newcastle, where the port has been working to boost diversity

Could you tell us about your career?

I started in 1991 in Fremantle as a junior deckhand on a ferry. I completed additional sea time on fishing vessels, a tall sailing ship and a pearling vessel. I gained my first qualification, which is now known as Master up to 25 metres, in 1996. I travelled to the Whitsundays where I drove sailing and dive vessels on overnight charters for three and a half years, I then gained my Master up to 35 metres in 2004 and started in the oil and gas industry.

I was employed by MMA Offshore in 2005 as an officer and became a Master in 2007. I gained my Master 500 tonnes unlimited and Master 80 metres in 2009. I stayed with the same company driving ASD offshore support vessels until 2017 when a back injury brought me ashore for two and a half years. I returned to the maritime industry in 2019 and I am now truly fortunate to be employed by Svitzer as a tug master in the Port of Newcastle.

What are the challenges for women entering the maritime industry?

The challenge used to be that it was not normal for women to be in the marine industry; you had to work twice as hard to be considered half as good.

Now the challenge is different, due to expressions like “diversity hire” and “meeting the quota”.

I’ve been involved in discussions where men feel challenged in fair employment opportunities because of the above expressions. It can feel undermining when people say you only got the job because you are a woman, especially when you have worked equally as hard to get there.

I try and balance these thoughts with being grateful for the opportunities I have received as a female rather than dwell on the jobs that I might have missed out on or lost for the same reason.

What do you enjoy about this role?

The variety! With the fleet of tugs and range of harbour berths, there is always something different happening. The Port of Newcastle is also looking into the future beyond the years of coal to ensure the continuation of shipping.

I love now being able to be part of a community onshore. I very much enjoyed the offshore life once the homesickness would pass, but it was difficult to be a part of life ashore. However, now with harbour towage I can now undertake volunteer work, gardening; I can even join a local trivia team. I’ve met and got to know more people in the last 12 months than the past 12 years.

How can we better promote diversity in the maritime sector?

In Australia, our shipping opportunities are diminishing due to fewer Australian ships. Single-voyage permits and foreign-flagged vessels dominate our shipping. It makes it hard to fairly promote diversity within such limited positions.

My experience is swayed towards seagoing positions but there are so many different operational aspects within the maritime industry where women can and do excel. These roles and careers could be promoted through school career days, occupation expos and scholarships while still considering equal employment opportunities for women and men.

What advice would you give aspiring young mariners?

Work hard. Listen if someone is teaching you something. If someone is willing to take the time to teach you something, then it shows they want you to be better. It is okay not to be strong at everything but recognise what you are strong at.

You might not have the physical strength for an element of the job, so think of alternative ways to do it, be ready with the tools, help your workmates, keep a safe eye on everyone.

I was given good advice by my initial ASD training master who said, “Learn your weaknesses and make them your strengths”. This way you will be constantly improving yourself and your skills.

How has the COVID-19 pandemic affected you?

On a professional level in Newcastle, the coal exports and shipping has remained fairly steady. On a personal level it has been quite difficult as my home is in Queensland, and I had planned to return home once a month but with COVID I was only able to go home twice last year.

But I know everyone has been impacted, especially the international seafarers. Many of them are unable to complete their normal swings and are not able to return home at all.

Image supplied

Urban logistics: preparing for an uncertain future

Urban logistics is in a period of change and development, and not just because of the pandemic. Academics from the Centre for Supply Chain and Logistics at Deakin University write about their research into the topic through scenario planning

THE COVID 19 PANDEMIC IS teaching us all some painful lessons about the vulnerability of our supply chains and dependence on global trade, shaking assumptions that have underpinned global trade for decades.

Supply chains have faced multiple fractures – at manufacturing sites, component suppliers, and in the last mile to the customer. And the pandemic has also had a sustained impact on consumer demand, prompting unprecedented changes in behaviours and purchasing habits. Companies have had to quickly manage spikes and shifts in demand, without the benefit of the planning that would usually precede peak periods. And the heightened geopolitical tensions have highlighted a worrying trend towards weaponising supply chains by increasing trade protectionism. The pandemic has shone a powerful spotlight – raising questions about risks and reminding us of why our supply chains must be resilient, agile and purpose driven.

It has now been 18 months since the World health Organization first declared a Public Health Emergency of International Concern. COVID-19 continues to impact the way we live, work and run businesses in Australia. There are new outbreaks, new safety expectations, new variants and always the threat of a new pandemic or other disaster on the horizon. With the collapse of international passenger flights, airfreight capacity plummeted 90%, and the government has made clear it doesn't expect Australia to be open to the rest of the world until at least 2022. And while we have a vaccine, as of the beginning of June just 2.5% of our adult population had been vaccinated.

While COVID currently has centre stage, it is not the only mega-change affecting the world's supply chains. Industry 4.0 first hit the headlines at the 2015 World Economic Forum – it means new networks (5G and new IoT ecosystems), new systems and devices (blockchain, 3D printers, robotics, drones and sensors), and new types of information (which can be analysed to give greater visibility and new insights across the length of the supply chain). Industries globally are in a period of transformational change – it's a time of enormous opportunities but also of heightened risk and uncertainty.

Indeed, the only certainty is uncertainty – around how our communities and workplaces, the economy and society will transition into whatever Australia's post-COVID future will look like. For supply-chain organisations, the scale of this uncertainty is a challenge. Supply chains rely on plans and forecasts to manage the ongoing balancing act between current supply and future demand. Scenarios can be a powerful tool to assist companies to better understand the uncertainties and manage the kinds of extreme events the world has been experiencing.

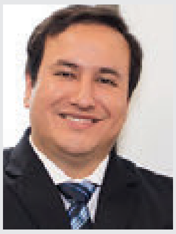
FORCES THAT WILL SHAPE OUR FUTURE

Scenario planning is a strategic planning method that can help businesses gain an element of control over an uncertain world. It does not seek to predict the future, but to imagine a series of possible futures. Each scenario provides a rich, plausible, relevant, challenging and divergent vision of what the future might hold. Scenario planning acknowledges the unpredictability of the future and encourages businesses to prepare by imagining alternate possibilities and then responding with actions that will work in most, if not all, scenarios.

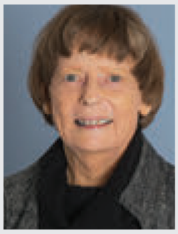
The need to better understand how the pandemic and other drivers of change are affecting our supply chains was a priority for the Urban Logistics Laboratory at Deakin's Centre for Supply Chain and Logistics (CSCL). A scenario-planning project – sponsored in part by Coca Cola Amatil, the Woolworths Group and Qube, and conducted in close collaboration with these and other industry and government stakeholders – sought to envision a post-COVID world in urban logistics. The project's main objective was to provide the companies with a robust evidence base to assist them in the planning, modelling and appraisal of their future policies, programs and interventions.

Bbernard

Dr Roberto Perez-Franco



Gustavo Escudero Cavides



Dr Patricia McLean

CREATING THE SCENARIOS

Scenario planning looks at the future drivers of change, the critical uncertainties and predetermined elements that will shape the future. By thinking about a range of possible futures, the companies can address issues that might otherwise be overlooked. This makes them much less likely to be blindsided, since they've had the opportunity to imagine a plethora of potential developments.

To develop the scenarios, the CSCL research team reviewed a number of major government, academic and industry reports and conducted 64 extensive interviews with experts and thought leaders across all relevant areas including: supply chain and logistics, health and medicine, consumer behaviours, human resources, regulation, the economy, manufacturing and politics. They identified 26 driving forces (or drivers of change) and seven key local factors (factors that would influence success or failure). An analysis of this data plus responses from a survey of 63 key experts, supported the development of the underlying logic to create a set of three divergent yet complementary scenarios.

THREE DIFFERENT FUTURES

In Scenario 1, COVID remains a public health threat until 2025, remote work was widely accepted, and many people had moved to outer suburbs and regional areas. Online shopping continued to rise, as did customer expectations regarding deliveries – and there was a greater focus on fresh healthy local food and concern about its provenance. The push for environmentally sustainable closed-loop supply chains grew and investment in automation escalated. On the political front, geopolitical tensions were increasingly polarised and inconsistent.

In Scenario 2, COVID was under control but working from home had become the norm. Autonomous vehicles were widely used for freight and last-mile deliveries. Geopolitical tensions had escalated and there were fears of open conflict between China and the West. As a consequence, there was a push towards Australian sovereignty on national security grounds. Supply chains had become more digital with cyber security a primary concern. A new, more contagious, and more deadly pandemic hits in 2030 and there is no hope of a vaccine in sight.

In Scenario 3, COVID was under control and working in the office made a comeback, revitalising the cities. Online shopping remained popular, with customers expecting quick, seamless, and fully traceable deliveries. Natural disasters like bushfires became more common and there was a worldwide green recovery movement. A technology boom was underway with digitised supply chains, electric cars, and automation common place. Cyber threats and the spread of disinformation was increasingly common. The West and China had become collaborative competitors in technology.

LEARNING FROM THE FUTURE

These three scenarios were then used as the backdrop for strategic discussions by teams of the project sponsor companies. Staff from these companies were divided into three groups, each assigned one of the scenarios, and then participated in a workshop to generate ideas about the directions, policies and measures the company would need to pursue if this scenario were to eventuate. The thoughts of the participants, both individually and as a group, were collected and later analysed to extract the major themes regarding how these companies could prepare themselves today to thrive in the various possible post-COVID futures.

Some of these themes include the impact of changing consumer demand on delivery models, the need to respond to environmental change, the importance of maintaining robust partnerships in the right areas, the implications of disruptive technologies, changing workforce needs and a heightened risk agenda (in terms of safety as well as resilience).

Several initiatives were identified and then workshopped with the company teams to identify blind spots and to acid test the ideas. Some of the options looked good in every scenario – they were the no brainers – aspects of a future we can fairly reliably predict. Others would be useful in most scenarios and will do no damage, so are therefore worth pursuing (the no regrets).

WHAT DOES THE FUTURE HOLD?

The rate and pace of change is unprecedented, and no one can say what the future will hold. But the scenario planning exercise undertaken by Coca Cola, Woolworths and Qube in this project highlighted some likely outcomes that can impact on urban logistics in the future.

Those who can expand their horizon to imagine multiple possible futures are well placed to prepare for unforeseen challenges and take advantage of unexpected opportunities. Scenario planning is an important tool for companies looking to better understand the trends driving the future competitive environment. ■

Those who can expand their horizon to imagine multiple possible futures are well placed to prepare for unforeseen challenges.

In search of PAIN RELIEF

The liner trade with South East Asia and the Indian Subcontinent is currently under extreme stress. Would carriers swap long-sought profitability for relief from operating and cost pressures? **Dale Crisp** investigates

Entering the Port of Manila, the Philippines

Although it's been only 12 months since *Daily Cargo News* last reviewed the SEA/ISC trades, for most in the industry that time and space seems like several worlds and a couple of lifetimes away.

Invited to refresh their memory of that July 2020 coverage, a top carrier executive was gobsmacked: "We couldn't and didn't envisage, at that time, what's transpired since. If my fortune teller or crystal ball had predicted record cargo volumes and freight rates, and that we'd actually be making money hand-over-fist even with costs through the roof, I would have cut them both adrift forever".

The tone last year was gloomy at best. Volumes in 2019 had fallen, northbound and southbound, with only ISC exports showing any growth. Lines and shippers were still coming to terms with the early-2020 impact of COVID-19 and the core SEA business was still digesting the major shake-up that saw ANL, Maersk, Hapag-Lloyd and ONE come together to establish contra-rotating weekly services using some of the largest ships ever deployed in regular Australian trades.

Freight rates were stagnant, there was too much capacity and trade mangers were predicting zero volume growth during 2020. The only green shoots were the pick-up in consumer spending and hopes for big grain crops.

But then the shipping world went a little cray-cray.

DIGGING DEEPER

Port statistics actually show the total southbound trade from SEA and the ISC (and including that from the Middle East Gulf, most of which passes through SEA hubs) grew by 2%, while exports actually fell by 3% – but these figures hide a far more complex story.

In detail, southbound from the ISC rose from 90,438 TEU in 2019 to 92,655 in 2020; from the MEG from 33,339 TEU to 34,917; and from SEA from 681,634 TEU in 2019 to 691,195 TEU in 2020.

Northbound to the ISC fell back, from 129,060 TEU in 2019 to 122,687 TEU in 2020. MEG also fell away, from 61,289 to 57,033. And SEA slipped from 355,440 TEU to 347,046.

Ungureanu Catalina Oana

Port operations in Jakarta, Indonesia

Demand for containers in Asia is just insane. And every containership in the world – and pretty much anything that carry containers – is fully employed.

But dig deeper and you'll find that between May and July 2020 SEA/ISC/MEG imports jumped from around 55,000 TEU to 75,000 TEU – a 37% increase in two months. And that trend just kept on throughout the remainder of the year, into 2021, and shows no sign of abating. It wasn't until November that exports began their real climb but they too have seen one long rush.

Year-to-date at end-April 2021, northbound volumes were up 28% and southbound up 20%. March – normally the quietest month of the year in container trades, for both imports and exports – saw 82,000 TEU land in Australian ports, the biggest month ever for imports from SEA/ISC/MEG, while exports hit 62,950 TEU in February, also a record.

THE RUSH IS ON

Carriers say exports in this trade lane have been boosted by China's bans on certain commodities, leading to cargo diversions.

"Shippers have shown impressive agility in finding new markets and that re-direction of goods has been to our benefit," a trade manager said.

Like many observers he suspects there's quite a bit of "back-dooring" into China through SEA countries but it's impossible to quantify. Regardless, dairy, meat, grapes, citrus, hay and metals are all going strong – and even logs, another China reject, are moving, especially into Korea (although not necessarily on SEA services).

Meanwhile, all carriers interviewed agree: COVID-19 has had a big impact on Australians' consumption behaviours and spending patterns, and this has underpinned the headlong imports rush.

"We saw an immediate effect on volumes of consumer goods – for home, office, sport, food, luxury, you name it," a leading line said. "Retailers were caught flat-footed. Some had empty shelves for six months. They couldn't meet demand and in some respects neither could we.

"So importers have changed their model from just-in-time to just-in-case – but that's happening worldwide, so every major east-west trade lane and most north-souths are under immense pressure.

"Demand for containers in Asia is just insane. And every containership in the world – and pretty much anything that carries containers – is fully employed.

"Here, we see no signs of southbound demand waning, no indications of any falling away in 2021, maybe no change into 2022. In a COVID world we can't be certain of anything, but ...

"Customers are really concerned that there won't be enough space in 2H 2021 and I'm afraid they're right. I can't tell you how much I'd like to introduce new capacity, if only we could."

CONGESTION AND CHAOS

The mid-2020 explosion in imports was problematic enough for shipping lines, and for ports, terminals, empty container parks and landside transport – without waterfront industrial action and several spells of bad weather, especially on Australia's east coast.

The upshot has been huge congestion, chaotic shipping schedules, compounding delays, equipment logjams and, inevitably, soaring costs, not least in blue-water rates and controversial surcharges.

"It's the market at work," one senior executive told *DCN*, before conceding they were locally embarrassed by HQ's relentless push to extract the most revenue from the imbalance between demand and supply. Doubtless his blush deepened when analysts revealed listed global carriers recorded a combined US$16.2 billion in operating profits in the first quarter this year, with seven of the 10 carriers recording EBIT of over $1 billion. Q2 results are expected to be even higher.

But higher rates are the new reality, and until the supply of ships catches up with demand – possibly two

MARITIME ART PRIZE & EXHIBITION

1st-17th October 2021

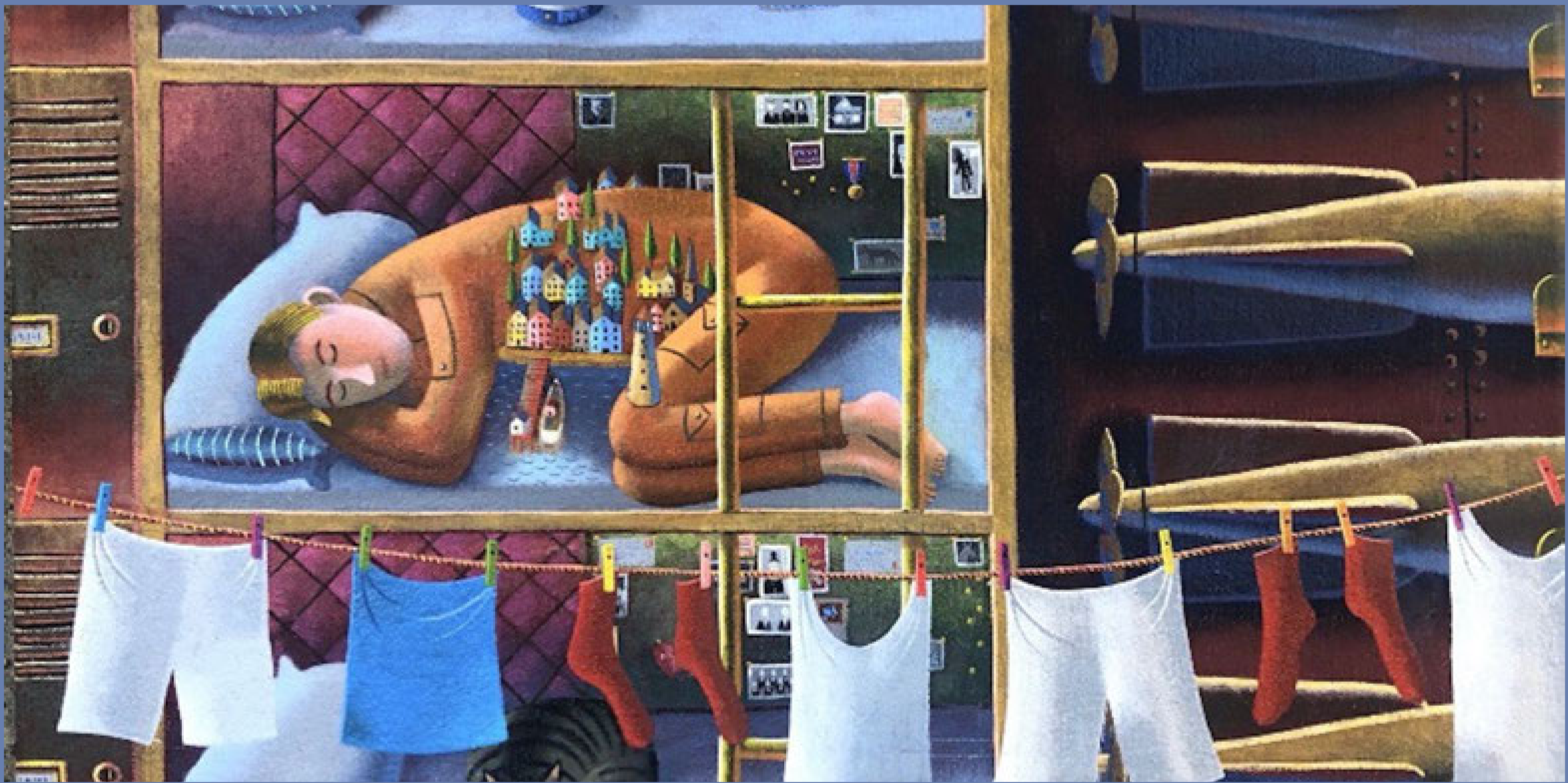
$20,000 in Prize Money

Maritime, Traditional, Emerging Artist and People's Choice Categories

ENTRIES OPEN
1st May-31st August 2021
missiontoseafarers.com.au/art-prize

Sponsorship Opportunities
info@missiontoseafarers.com.au

Mission to Seafarers-Victoria
717 Flinders St VIC 3008



2020 Winner Rodney Forbes 'A submariner dreams of home' years hence, given long lead times for newbuildings and a slump in orders in 2019 when overcapacity was rampant – shippers "will have to adjust their business models, and the smart ones already are".

One line says major importers and exporters are now prepared to sign contracts at more than double previous levels, and for longer terms, of up to three years, because they want certainty of space and costs.

"It's not as though we've set out to frighten BCOs or blackmail them; they can see what's happening all over the world and they understand our predicament and theirs.

"So many container lines have adopted asset-light models, whereby large proportions of their fleets are chartered in. Now we find ourselves at the mercy of the shipowners. A year ago average charter durations were six to 12 months and charter rates for the common panamaxes in the Australia-SEA trade hovering around US$6000 a day.

"Now owners are demanding, and getting, four-year commitments at US$35,000 a day. Just last week one of the big names reportedly took a 5000-TEU ship for an urgent short-term assignment and paid US$100,000 a day.

"Carriers see their whole cost structure has changed and will stay that way for years. We have no option but to strike and hold freight rates at high levels, because we can see the costs coming down the line.

"It's not a matter of choice. We're more focused on opex than ever but we have to maximise returns. Will space demand still be high in four years? We don't know, but we do know we're locked into these sky-high charter rates, and we're still not covering our [vessel] requirements."

Another carrier suggested that SEA rates have been artificially low for a long time.

"Southbound was always dictated by fluctuations and levels on other [east-west] trades, and northbound shippers have always been the beneficiary of the trade's container imbalance, such that most exports paid backloading rates at best.

"This is a long overdue re-set, in my view. It's un-Australian to say it but I'm getting morbid enjoyment out of lines having the whip hand over shippers who've too long known we'd take whatever we could get for exports, purely as a bonus to the headhaul leg and usually utterly profitless reward for effort.

"Of course, we could be back on bended knees before we know it ..."

UNCOMPETITIVE BEHAVIOUR

Agricultural exports may be booming, but at what price? A freight forwarder with clients across a range of goods and commodities, both inbound and outbound, was keen to express what might be characterised as angry resignation.

Port of Cat Lai, Vietnam

"This time last year rates to Singapore were US$400 per TEU – now they're $1100, and that's before the low-sulphur fuel surcharge. And how much of that extra cost is paying for inefficiencies, delays and congestion?" he asked.

"All we seem to do in the export space is chase our arses. We're endlessly dealing with extraordinarily uncompetitive behaviour by shipping lines, many of who appear to have a complete lack of understanding of the consequences of their logistics and service failures. Rate gouging is out-of-control and there's no oversight," he said.

"With every shipment there's an issue: documentation, equipment, schedules. Nothing is going smoothly; we're re-working things all the time.

"For the rural producers, farm-to-port, local transport, storage, port charges and freight rates are all rising, eroding their returns daily. And every time shipping lines cancel bookings, short-ship, shift receival/shipping dates or cancel voyages those costs multiply. The reality is, the cockies are being screwed."

He cited a major grain exporter that withdrew from the container market early this year, refusing to entertain the going rates. But now they've been forced to come back in – at much higher rates – because buyers want grain in specific places best reached by container, and because the charter market for suitable sizes of bulk carriers has also gone through the roof.

The forwarder is not blind to the challenges confronting carriers but "it's undeniable that the shipping industry is making a shitload".

Whether this all means Australian rural commodities are increasingly uncompetitive internationally is a moot point, however; global markets are all confronted by the same issues with rates, equipment and capacity, he acknowledged.

EQUIPMENT SCARCITY

As for the specific equipment requirements of Australian agricultural exporters the issue of sufficient food-quality boxes is more acute than ever, thanks on one side to bumper summer crops (and more expected from winter yields) and carriers' drive to maximise container use, on the other.

"Whatever we've got we'll offer," one manager told *DCN*. "We're trying to upgrade as many as we can but I have to say we're under a lot of pressure [from headquarters in Asia] to just get MTs back to ports of high demand ASAP.

"Why waste time and money upgrading for exports – even at greatly improved rates – when the container is needed elsewhere for a high-paying customer?

"The situation is exacerbated because so many boxes are caught up in congestion in Europe and North America, whereas box transit and turn in this region can be faster and shorter."


Hien Phung Thu

SERVICES UPDATE

■ There is little to report on structural changes in the SEA-Australia trade lane. All major consortia/lines are maintaining 2020 formats although port omissions, port swaps and vessel bunching is rife thanks to congestion and other delays.

Notably, for several months in late September 2020, MSC diverted both its Capricorn and New Kiwi Express services away from Port Botany and instead implemented a Sydney Shuttle with SEA hubs before reverting to the previous service structure early in the New Year.

In October 2020, Cosco SL and OOCL instituted a peak-season extra-loader service between Singapore and Fremantle, originally flagged as operating until mid-December but still extant as of mid-June.

In December ZIM/Gold Star Line launched a second Asia-Australia loop, C2A, with sailings originating in Laem Chabang and calling Ho Chi Minh City before South China and then east coast ports.

Rivals report little impact in the SEA market, with one carrier saying, "In some respects it's been a bit of a blessing, a bit of a pressure relief valve".

Away from the heavy traffic there's been a remarkable series of developments in the north-west of Western Australia where, in a matter of eight months the number of liner services between Singapore and the Pilbara has gone from zero to four.

Firstly, in late October ANL extended its PAX service to include Port Hedland every 20 days, before Sea Swift announced the December 2020 start-up of a monthly Singapore-Dampier service (although this didn't actually begin until February).

In mid-February, on behalf of Rio Tinto, Singapore's Bengal Tiger Line launched a fortnightly service to Dampier. And in May, Swire Shipping announced the June inauguration of its NWD service between Singapore, Darwin and port Hedland and a slot-swap with Sea Swift.

Leading carriers expect no major changes to SEA services in 2021.

Once upon a time we'd allocate a spare ship to cover missed dates, or cover drydockings. There are no spare ships.

Aerial view of Khlong Toei Port and the Chao Phraya River in Bangkok

Another insider confirmed the scenario: "We're not allowed to sit on buffer stock. Our container stocks here are at their lowest level ever. And that's pretty common across the trade; we're starting to see grain shippers take non-FQ GPs just to ensure shipments."

The trade manager for a leading carrier was succinct: "We cannot delay equipment turnaround".

The insistence on maximising container use and revenue is starting to impact "previously untouchable" reefer exports, too.

"Full reefers earn good money but I'm being told that's not good enough," an equipment manager conceded.

"My bosses see inbound empty reefers being positioned for Australian meat, dairy, fruit and vegetables as lost opportunity, keeping full-freight cargo out of precious slots – so they need to be coming in laden, in non-operating mode, and that's not ideal. A lot of reefers are being diverted or re-po-ed to New Zealand, where exports under contract are higher.

"We'll still provide, but there's simply not the usual supply of NORs out of China. Makes things tough."

On the imports side of things another forwarder is no less frustrated "but we're kinda getting used to it.

"I keep telling my guys [clients] to be realistic ... international demand for goods is insane and that means there's one long stretch for boxes, slots on ships and the ships themselves.

"I don't think there's a day when we don't feel like we're just banging our heads against the proverbial brick wall.

"But what can you do? For a while there the South East Asia services didn't seem under as much pressure, but then boxes started to pile up at the hub ports, not least because shippers were trying for alternatives to over-booked direct services, mostly from China but also noticeably from Europe," he said.

"These are very different times for everybody and driving very different business scenarios – it's now an environment where practically everyone using and providing the supply chain is having to fight throughout the whole process, from one end to the other.

"But we're still shipping huge volumes."

And, counter-intuitively, this has local shipping executives seriously worried.

NO PEAK SEASON

One carrier warned there will be no peak season in the SEA/ISC trades this year.

"The whole year has been peak season and there's no indication of anything slackening off," he said.

"In 2020, when volumes took off, we were able to throw in some extra-loaders, albeit probably smaller and more expensive than was ideal. This year, there are no spare ships, full stop."

He cannot see how carriers are going to meet demand or keep faith with importers or exporters. All he can see is more stress.

"In the current environment there is no way to catch up. Like a fairy tale, once upon a time we'd blank voyages to try and match supply with demand.

"Now we're blanking voyages just to try and get the schedule back on window, and it's really not working.

"Once upon a time we'd allocate a spare ship to cover missed dates, or cover drydockings. There are no spare ships."

A member of a major SEA consortium explained that once a week highest levels of management convene to discuss schedule issues, "issues that are almost entirely well beyond our control.

"We can only try to manage as best we can for us and our customers. Unfortunately, every minor problem becomes major, every glitch snowballs."

One line is known to have lost 11 sailings across Asia-Australia trades already this year and at the time of writing was reporting delays of up to seven days on every voyage through SEA hub ports due to congestion there. Meanwhile, in Australia, Patrick, VICT and HPA were all on the verge of crippling industrial action. Again.

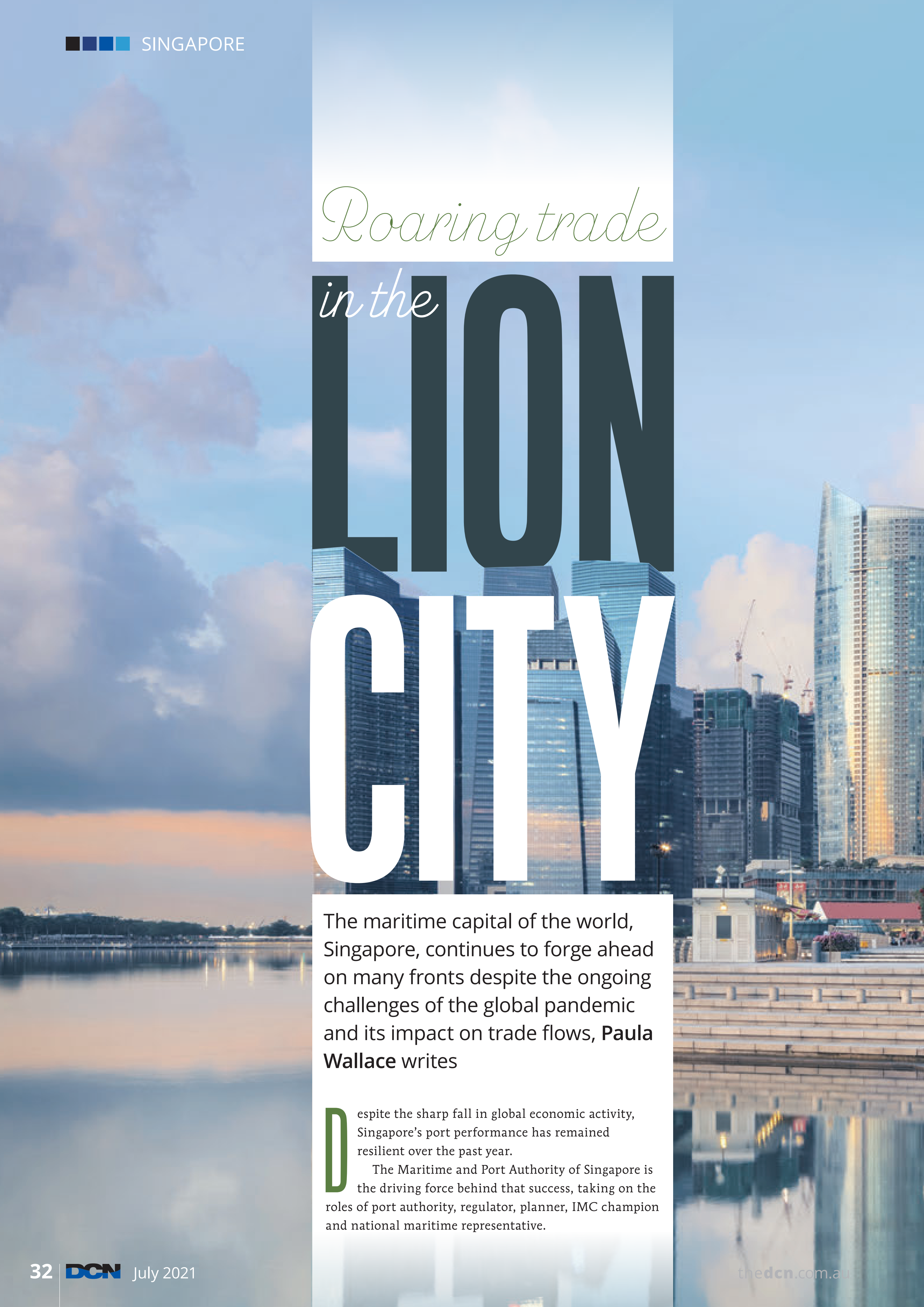
Another manager rued his inability to step back long enough to form a big-picture response. "I wake up in the morning and the first thing I do is look at schedule reports, and it all goes downhill from there. I know I'll have a headache on the left side of my brain and on the right."

Perhaps the last word should go to a 30-year industry participant whose perspective could be that of everyone impacted by this perfect storm.

"It's completely unsustainable," he said.

"But I can't see an end to it."

Stockphoto mania



Roaring trade in the LION CITY

The maritime capital of the world, Singapore, continues to forge ahead on many fronts despite the ongoing challenges of the global pandemic and its impact on trade flows, Paula Wallace writes

Despite the sharp fall in global economic activity, Singapore's port performance has remained resilient over the past year.

The Maritime and Port Authority of Singapore is the driving force behind that success, taking on the roles of port authority, regulator, planner, IMC champion and national maritime representative.


Singapore cargo terminal

Quah Ley Hoon, chief executive, Maritime and Port Authority of Singapore

Going forward, LNG bunkering will be a regular activity in the Port of Singapore.

The world's biggest transhipment hub comprises a number of facilities and terminals that handle a wide range of cargo transported in different forms, including containers as well as conventional and bulk cargo.

MPA is responsible for the overall development and growth of the Port of Singapore, which includes terminal operators, such as PSA Corporation and Jurong Port.

Container throughput at the port was 36.9 million TEU in 2020, a slight dip of 0.9% compared to 2019.

MPA chief executive Quah Ley Hoon told *DCN*, "Our vessel arrival tonnage increased by 1.7% to a record high of 2.9 billion gross tonnes in 2020, while bunker sales volume registered 49.8m tonnes, an increase of 5% year-on-year".

The immediate priority for MPA as the pandemic continues, is to ensure the port remains open.

"Not only does it bring food and essential goods into our homes, as a transhipment hub port, we continue to facilitate the flow of supplies to ensure people around the world continue to have access to essential items," Ms Quah said.

Another key focus is safeguarding the health and safety of port workers and shore-based personnel.

"The Maritime and Port Authority of Singapore is stepping up testing of our workers who could be exposed to higher risks of infection," Ms Quah said.

The latest advice from the port is that owners, agents and masters of vessels must ensure that all operations are carried out contactless or contactless with segregation protocol. The latter refers to enhanced safe management measures that must be implemented to minimise interaction between the vessel's crew and shore-based personnel.

Singapore is one of the first countries to vaccinate frontline workers and local seafarers. As of 7 June 2021, under the Sea-Air Vaccination Exercise, more than 36,200 (or 92.8%) maritime personnel including seaport workers had received at least one dose of vaccine. Amongst them, some 31,400 had been fully vaccinated. This includes 98% of frontline maritime personnel.

Ms Quah said, "Singapore shared this best practice with international organisations and the International Maritime Organization, and we are glad to see more countries coming onboard".

The port also continues to facilitate crew changes for seafarers of all nationalities through a safe corridor.

"Since March 2020, Singapore has conducted more than 140,000 crew changes in Singapore despite border restrictions, almost all of whom are of foreign nationalities," Ms Quah said.

Almost all crew onboard Singapore-registered ships are also within their contractual period of up to 11 months.

"Singapore has been able to strike a fine balance between public health risks and playing our part to contribute to resolve the global crew change crisis," Ms Quah said.

This is done through a safe corridor designed by the crew change task force comprising Singapore's tripartite partners – the Singapore Shipping Association, Singapore Maritime Officers' Union and Singapore Organisation of Seamen.

"We have also worked with the SG-STAR Fund and other industry partners to develop a CrewSafe audit program based on our crew change model, to establish safe and scalable corridors for crew change that will help ensure quality checks on quarantine/holding, medical, and swabbing facilities in crew-supplying countries," Ms Quah said.

"The pandemic situation continues to evolve with more contagious strains. We will therefore need to continue to tweak our measures to take into account global circumstances and the local situation."

DIGITAL PORT

Another key focus is digitalisation in the maritime sector and beyond. This includes initiatives to accelerate the development and adoption of digital systems for B2B, B2G and cross-industries workflows.

PSA; MPA; Travelpixs

In October 2019, MPA launched digitalPORT@SG, a one-stop portal for regulatory transactions.

Phase 1 of digitalPORT@SG streamlines vessel, immigration and port health clearances across multiple agencies into a single application by consolidating 16 separate forms.

Shipmasters and ship agents from more than 2000 shipping companies can now submit, track and receive approval for arriving and departing ships through the portal. As a result, the industry can save up to 100,000 man-hours per year.

"Going beyond our shores, Singapore has also embarked on the digitalOCEANS initiative to partner key stakeholders to work on common data standards and APIs towards a seamless exchange of data with ports and shipping-related platforms," Ms Quah said.

"The initiative will digitalise the port clearance process to further improve efficiencies for our port users and customers.

"To transform our bunker sector, MPA has launched a digitalisation plan for the bunker sector which covers two key areas."

First, MPA will enhance the regulatory reporting system to enable the reception of data from bunker companies automatically and securely under the digitalBUNKER initiative.

Second, MPA has issued a call for proposals to increase the digital systems available to the industry to digitalise the end-to-end bunker processes and documentation such as electronic bunker delivery note.


Artist's impression of the Tuas Port development

Singapore is also among the first shipping and trading hubs to enact a legislative framework for electronic transferable records such as electronic bills of lading.

Putting digital trade into operation, Singapore and Rotterdam completed an eBL trial in January 2021 to demonstrate interoperability of eBLs across different digital ecosystems.

Ocean Network Express, the sixth-largest container carrier by TEU capacity, collaborated with Olam, an agri-business supplier via a shipment from Vietnam, transhipped Singapore, for Rotterdam. This reduced

James Sheerin,
senior consultant,
TMX

Businesses will want to be located near the Tuas megaport to reduce their transport spend and optimise their supply chains.

time taken to courier a paper BL from an average of six to ten days to less than 24 hours, when using an eBL.

For the next step, MPA launched a call for proposals in April 2021 to encourage industry consortiums to be formed to catalyse the development and adoption of eBL systems that are interoperable.

Another major focus for MPA is decarbonisation and its efforts in this area are extensive. The use of more sustainable fuels is an important element of its strategy.

Singapore recently carried out Asia's first ship-to-ship liquefied natural gas bunkering with simultaneous cargo operations for containership and has recently carried out the first ship-to-ship LNG bunkering for an oil tanker.

"These are significant milestones in Singapore's journey as an LNG bunkering hub," Ms Quah said. "Going forward, LNG bunkering will be a regular activity in the Port of Singapore."

To better understand the potential for ammonia as a future fuel, MPA has also joined the Castor Initiative, which aims to provide a complete ecosystem to advance the use of ammonia as a marine fuel.

MPA is also involved in an initiative that could see it co-ordinating joint bunkering pilot runs with shipping lines between Singapore, Rotterdam and Japan, to test alternative fuels.

CONGESTION WOES

Like many of its global counterparts, Singapore's port operator, PSA, has been experiencing a surge in vessel calls and container volumes in recent months.

A spokesperson for the company said, "This exceptional situation is due to a confluence of factors, including an unprecedented and volatile surge in cargo demand, congestion across all nodes in the global supply chain (including depots, warehouses and seaports)".

The company says this is due to renewed lock-downs, a lack of usable empty containers, while laden ones are held up longer at these nodes, and shipping lines' vessel sailing schedule reliability dropping to 10-year historical lows, causing further delays at almost every port worldwide.

To mitigate the situation, PSA has deployed more berths, equipment and workers.

"PSA also continues to be in close contact with shipping lines to co-ordinate ship arrivals and support them in their box connection needs," Ms Quah said.

"With our strong port connectivity, and ability to handle complex transhipment operations, Singapore can act as a catch-up port for shipping lines, coupled with value-add cargo solutions from PSA to facilitate onward connections."

From January to April 2021, PSA Singapore handled 12.3 million TEU, a 2.3% increase compared with the same period last year.

DEVELOPING A MEGAPORT

MPA remains focused on the development of its Tuas Next-Generation Port, otherwise known as the Tuas megaport.

"To boost Singapore's maritime industry and to grow the port, Singapore has been building ahead of demand," Ms Quah said.

Work on the next-generation Tuas Port started in 2015 and the port will continue to be developed in four phases. When fully completed in the 2040s, Tuas

PSA Singapore's Pasir Panjang Terminal

Port will consolidate all container port operations at a single location and is capable of handling up to 65m TEU per year.

Ms Quah said the vision for Tuas Port is "a smart, next-generation port that increases productivity, optimises land-use, and enhances sustainability".

Consolidating all container handling facilities at Tuas will significantly reduce interterminal haulage operations and the port will use technology such as automated wharves and yard functions and fully electric automated guided vehicles.

As well as being a greener port in itself, Tuas Port will also be at the heart of a larger ecosystem in the industrial hinterland.

"This would create greater port-industry synergy that better links the port to businesses and reduces logistics cost," Ms Quah said.

Tuas Port will also be physically and digitally integrated with the wider supply chain network, which will improve efficiencies for stakeholders along the supply chain.

The initial batches of advanced port equipment at Tuas Port have arrived. These included automated rail mounted gantry cranes, double-trolley quay cranes and automated guided vehicles.

A spokesperson for the port operator told *DCN*, "PSA Singapore is looking forward to the first set of berths at Phase One being operationally ready by the end of 2021".

Besides automated port equipment, Tuas Port will feature an intelligent flow-through gate to enhance user experience with efficient gate clearance. Gate operations will be monitored through an integrated control centre.

"The Administrative Building at Tuas Port will be a super low energy building, a first for PSA," the spokesperson said.

"High energy efficiency will be achieved through intelligent building design complemented by innovative digital solutions.

"The SLEB will have energy savings of 58% as compared with a standard building."

THE PORT ECOSYSTEM

Beyond the development of Tuas Port as a terminal and transhipment hub, PSA will continue to work closely with relevant agencies and supply chain stakeholders to cultivate and locate future verticals within the Tuas district – including cold chain, energy and chemicals, e-commerce and advanced manufacturing.

"Other than developing smart port operations, PSA will co-create and develop the vision of Tuas Port as the epicentre of a well-connected global supply chain ecosystem, both digitally and physically," the spokesperson said.

James Sheerin, senior consultant at logistics real estate firm TMX said, "The Tuas megaport will provide a range of benefits to businesses operating in Singapore, most importantly greater capacity from the

PSA; TMX; Swire Shipping

SWIRE'S NEW SINGAPORE DIRECT SERVICE

Swire Shipping introduced its new North West Australia direct service (NWD) in June, offering a direct connection between Singapore and North Western Australia – with two services linking Port Hedland and Dampier with the Asian destination.

As a long-time operator in the region, Swire Shipping also has three other services that regularly call Singapore, covering PNG, New Zealand and Pacific Islands.

The company moves around two million tonnes of cargo ex Asia into key markets annually and anticipates the NWD service will carry around 100,000 tonnes every year.

Commercial manager for mining and resources at Swire Shipping, Stephen Westfield, told *DCN*, "Singapore is a major transhipment hub in our network, where we feed freight of all kinds around the world.

"NWD customers are indicating a 50/50 split of containers and breakbulk cargo, which reflects the nature of the Pilbara as a mining region.

"They require mining supplies and machinery as well as containers, palletised small cargo that can be moved by forklift into containers."

In Singapore, the NWD services uses the PSA terminal for containers and Jurong Port for breakbulk and general cargo.

"With this new service we envisage supply shifting from domestic to international," Mr Westfield said.

"We're confident our customers will see the cost and sustainability benefits in importing cargo rather than sourcing from the East Coast or Southern Western Australia."

He added that several large mining companies have already indicated they are interested in shifting their supply chains through this "Pilbara gateway".

"We're on the cusp of the next mining boom, driven by commodity prices and the next wave of construction," Mr Westfield said.

"This has caught the eye of liner operators and feedback from large cargo interests is for support of direct delivery of cargo and the sustainability benefits that will be enjoyed by direct delivery."

To transport cargo from Singapore to Port Hedland, customers previously needed to ship their cargo from Singapore to Fremantle before using inland transportation to Port Hedland.

With this new service, customers can now ship their cargo directly, which, Swire Shipping said will reduce carbon emissions.

Mr Westfield said that's a difference of around 3400 kilometres from Fremantle to a mine site in the Pilbara (round trip), compared to "say a 600-kilometre trip to the site and back to the port".

Swire Shipping's purpose is to enrich lives by connecting customers and communities in the Pacific.

"The new direct service will involve local employment, as we will be using local supply chains," Mr Westfield said.

Swire Shipping expects its first vessel call to the Pilbara in July, bringing in cargo from Asia.

Operations at Pasir Panjang Terminal

ability of the port to take larger TEU vessels and ease road congestion.

"Businesses will want to be located near the Tuas megaport to reduce their transport spend and optimise their supply chains, which will definitely drive development of logistics facilities and distribution centres around the area.

"The Singaporean government is also likely to offer incentives to large organisations to invest in the area and develop logistics hubs, such as last-mile distribution centres and consolidated facilities."

Mr Sheerin said with the recent rise of air-sea transit, Singapore has served the market well given its dominance as a key air and sea gateway for global trade.

"Additionally, Singapore's skilled labour, advanced technology and investment incentives will continue to attract interest from a range of Australian companies," he said.

The kinds of services TMX offers to its Australian clients in Singapore, range from optimising their imports or exports via air or sea cargo in the region to supporting the design, procurement and delivery of a range of logistics facility.

"We see this work as only growing over the coming years with the increasing demand for Australian exports and Singapore's key positioning as a global trade hub," Mr Sheerin said.

"With demand for Australian exports such as meat, fruit, wine and organic food only strengthening in recent times, developing a logistics presence for Australian companies in Singapore is becoming increasingly attractive."

He said the adoption of advanced temperature-controlled technologies in Singapore will only increase interest from Australian companies in securing facilities in the region.

AUTONOMOUS NAVIGATION AND FUTURE-READY PORTS

Maritime Autonomous Surface Ships (MASS) have the potential to enhance navigational safety and increase productivity. The Maritime & Port Authority of Singapore is spearheading their development through its involvement in MASSPorts, a network of like-minded states and organisations working to align standards for the trial and operation of MASS across ports.

The network aims to produce guidelines and conditions for MASS trials within ports, establish common terminology and standards of communication, ship reporting and data exchange standards to enable system interoperability. It also plans to facilitate port-to-port MASS trials.

One of the projects that the network is working on is to develop a set of common guidelines for MASS trials in port. MPA has received inputs from members and is now drafting the common trial guidelines.

"Moving forward, MPA is looking to work with the MASSPort member states to develop interim guidelines for actual MASS operations," said Quah Ley Hoon, chief executive of MPA.

MPA has been working with ST Engineering, Wärtsilä and Keppel to develop vessels with autonomous collision detection and collision avoidance capabilities, which has led to successful trials in port.

"The next phase will be to test these vessels in actual port conditions," Ms Quah said.

Research being done by the Centre of Excellence for Autonomous and Remotely Operated Vessels, is enabling MASS development. This includes the sensing and prediction of waves to enable safe and efficient navigation in open seas, more accurate prediction of vessel voyage performance and dynamic assessment of vessel structural health.

"MPA is currently also working with technology partners to develop the necessary technologies to support MASS-friendly infrastructure in the port," Ms Quah said.

"When ready, MPA hopes to collectively contribute results of our trials to the IMO and IALA as they draw up the regulations and guidelines for MASS operations."

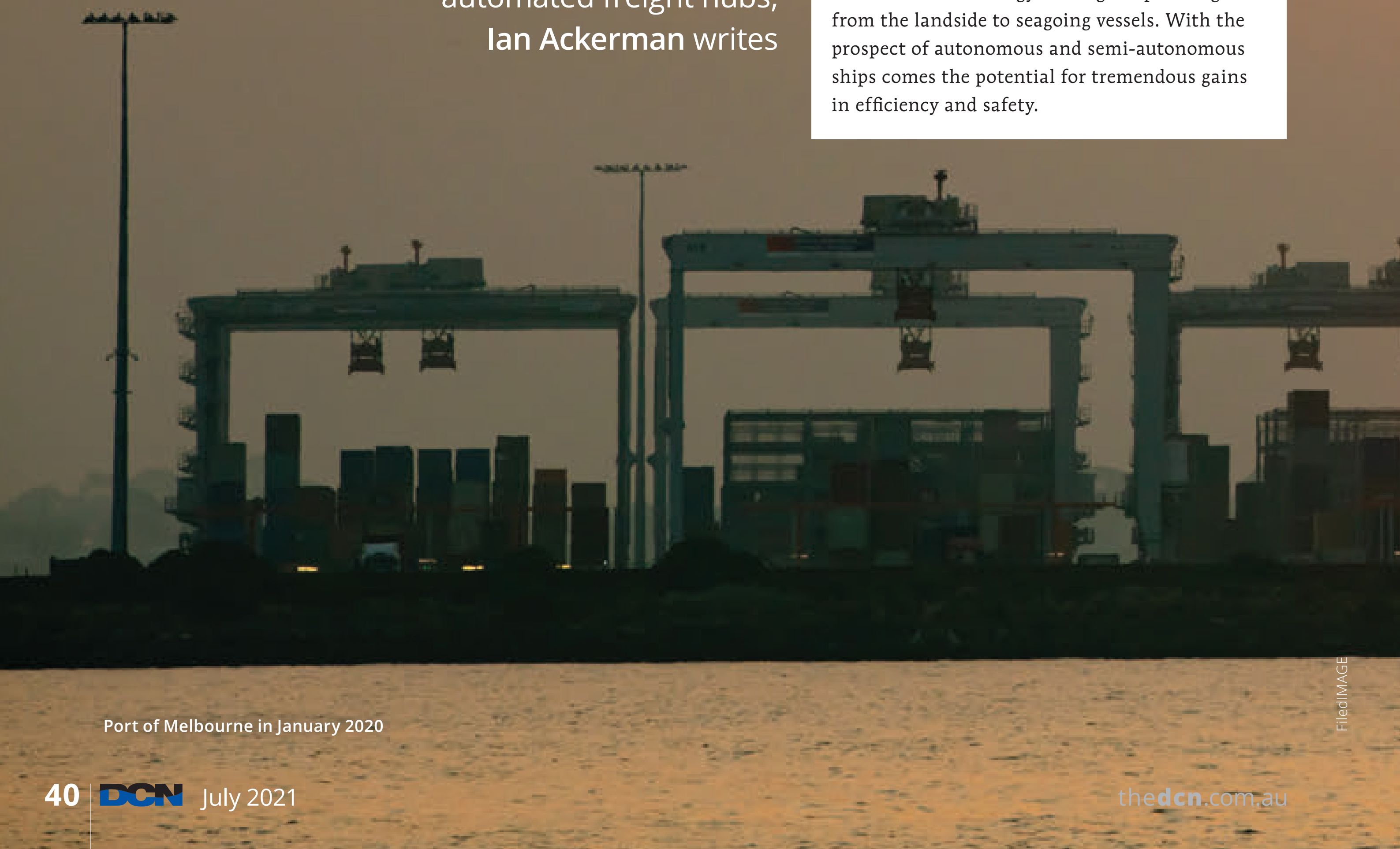
Image supplied

A SEA CHANGE for CONTAINER PORTS

The Australian waterfront is changing. Stevedores are investing in better equipment that is boosting efficiency and new technology in the offing could transform ports into automated freight hubs, **Ian Ackerman** writes

Container ports are the linchpin of global merchandise trade. The better they work, the better the whole system runs. Australia's container ports have been investing in technology and upgrading infrastructure to boost efficiency and increase safety.

Additionally, there are ripples of innovation spreading from Northern Hemisphere ports; automation technology has begun spreading from the landside to seagoing vessels. With the prospect of autonomous and semi-autonomous ships comes the potential for tremendous gains in efficiency and safety.



Port of Melbourne in January 2020

FiledIMAGE

The four STS cranes at Patrick's Port Botany Knuckle Berth

> This new crane [at Port Botany] will boost efficiencies and take costs out of the supply chain, ultimately benefitting the Australian consumer.
>
> Michael Jovicic

STEVEDORE INNOVATION

Patrick Terminals runs container terminals and some associated infrastructure at the ports of Brisbane, Botany, Melbourne and Fremantle. The company has been under a new ownership structure over the past five years, with Qube and Brookfield Infrastructure Partners as the joint owners.

Patrick Terminals CEO Michael Jovicic has been at the Patrick helm since 2016, after working with Qube for five years. Mr Jovicic said with Patrick's new ownership, the company aims to bring a new mindset to the waterfront, building on the Patrick legacy of innovation on the wharves.

"I like to think we've brought a little of that innovation into the business, and if you look at what we're doing with the rail terminal here in Sydney, it's not just that it's a transformational project, it is new automation, and a new way of doing things... in fact the interface of automated rail with the automated straddles is a first of its kind in the world," he said.

Patrick's new, fully automated Sydney AutoRail Terminal at Port Botany has just recently become operational. The $190m investment, made in conjunction with NSW Ports, connects from the quay line directly to an automated rail terminal.

Patrick says this is the first new investment in automation technology in Australia since it automated its Sydney terminal in 2015. The AutoRail Terminal, when fully operational will increase the on-rail capacity at the Sydney terminal from 250,000 TEU per year to more than one million TEU.

"We're really excited," Mr Jovicic said. "That's the kind of innovation we're bringing to the table."

He went on to speak about how the automated rail terminal would bring benefits to the wider industry.

"As a small operator in the scheme of things, we need to compete on the things that we're better at. One of the things we're good at, being a small organisation, we make decisions really quickly, and use that to our advantage," he said.

"We've invested in upgrading our capability around delivering a more reliable, a more efficient product; we're certainly making a difference. We're undertaking an ambitious change program here, and we're well into that."

At the beginning of this year, Patrick signed a 10-year lease extension at Fremantle. In signing this extension, the stevedore has committed to investing more than $50m in capital expenditure for the West Australian facility.

"This will be about building rail capabilities and efficiencies, but also crane capability upgrades. We'll also be doing significant amounts of yard works, including beefing up the interface arrangements with the rail terminal adjacent to our site," Mr Jovicic said.

"The money will be spread across different aspects of the operations. It will also include upgrading our operations systems as well."

NEW CRANES

Patrick Terminals has recently invested in new cranes at its Sydney and Brisbane AutoStrad terminals.

Ian Ackerman; Ungureanu Catalina Oana

In Brisbane, a new Liebherr crane arrived in March. It was discharged in parts from a heavy-lift vessel. The discharge took place over several days and involved around 200 individual lifts, managed by Patrick and Liebherr personnel.

Unloading the crane required 11 heavy lifts using ship cranes, with the largest being the tandem lift of the 98-tonne, 74-metre main beam.

The new crane is the largest in size and capability in Brisbane with the ability to efficiently work 14,000-TEU vessels.

"We're commissioning the first semi-automated crane in the Patrick fleet; we're moving from a four-crane operation to a five-crane operation in Brisbane," Mr Jovicic said.

"That should excite our customers and excite industry – it will bring flexibility and reliability in performance."

Also in Brisbane, Mr Jovicic said the company had rolled out a new container weighing system.

"This will help us discharge our chain of responsibility and Safety of Life at Sea responsibilities efficiently," he said.

And in Sydney, Patrick is also adding a new Liebherr ship-to-shore crane. The crane has a custom-designed articulated boom to meet airspace restrictions for the adjacent Sydney Airport.

The new crane joins three others on the Knuckle Berth, which is the furthest out and has the deepest


Container vessel approaching the Port of Brisbane

draught of Patrick's berths. The fourth crane on the Knuckle Berth increases the berth's total capacity by one-third.

Liebherr, which built the new crane now at the Sydney terminal, said it is identical to the three previous cranes installed there in 2015.

A spokesperson for the company said the Liebherr created an articulated boom specifically for the project, allowing the port to handle large container vessels without breaching the airport height restrictions.

The Liebherr spokesperson said the cranes have a safe working load of 65 tonnes under a twin

The *Yara Birkeland*

lift spreader, meaning it can lift two containers simultaneously.

"The cranes interface with automatic straddle carriers on the landside," the spokesperson said.

"They were designed with a number of driver assistance aids, which is beneficial from an operational and maintenance point of view."

The Liebherr spokesperson said all of the company's ship-to-shore cranes contain an active front end, which allows the crane to supply electricity back into the grid, reducing overall energy consumption – electricity is generated when the crane is hoisting down.

"All Liebherr STS cranes are manufactured using high tensile steel and have a lattice main beam and boom structure, reducing the amount of steel required for construction," the spokesperson said.

"This results in a lighter crane requiring less energy to run. All the structural members are sealed, so there's no requirement for internal painting or surface protection as there is no rust.

"In addition, the Liebherr Liduro drive systems have been specifically designed for container cranes to maximise energy efficiency, whilst driver aids utilise algorithms to generate the perfect hoist path, resulting in further energy reductions."

Mr Jovicic said the newly installed Botany crane would enable the handling of larger vessels and turn them around faster.

"This new crane will boost efficiencies and take costs out of the supply chain, ultimately benefitting the Australian consumer," he said.

"Putting it simply, the existing three cranes operate at an average of 25 gross moves per crane with those three cranes. We will go from effectively 75 lifts per hour with that extra crane it will take us to 100 lifts and beyond," he said.

Mr Jovicic said this investment in container-handling equipment and infrastructure is part of a strategy to increase capacity, "one of the key pillars for us," he said.

"We're operating with approximately 35-40% excess capacity in our terminals," he said.

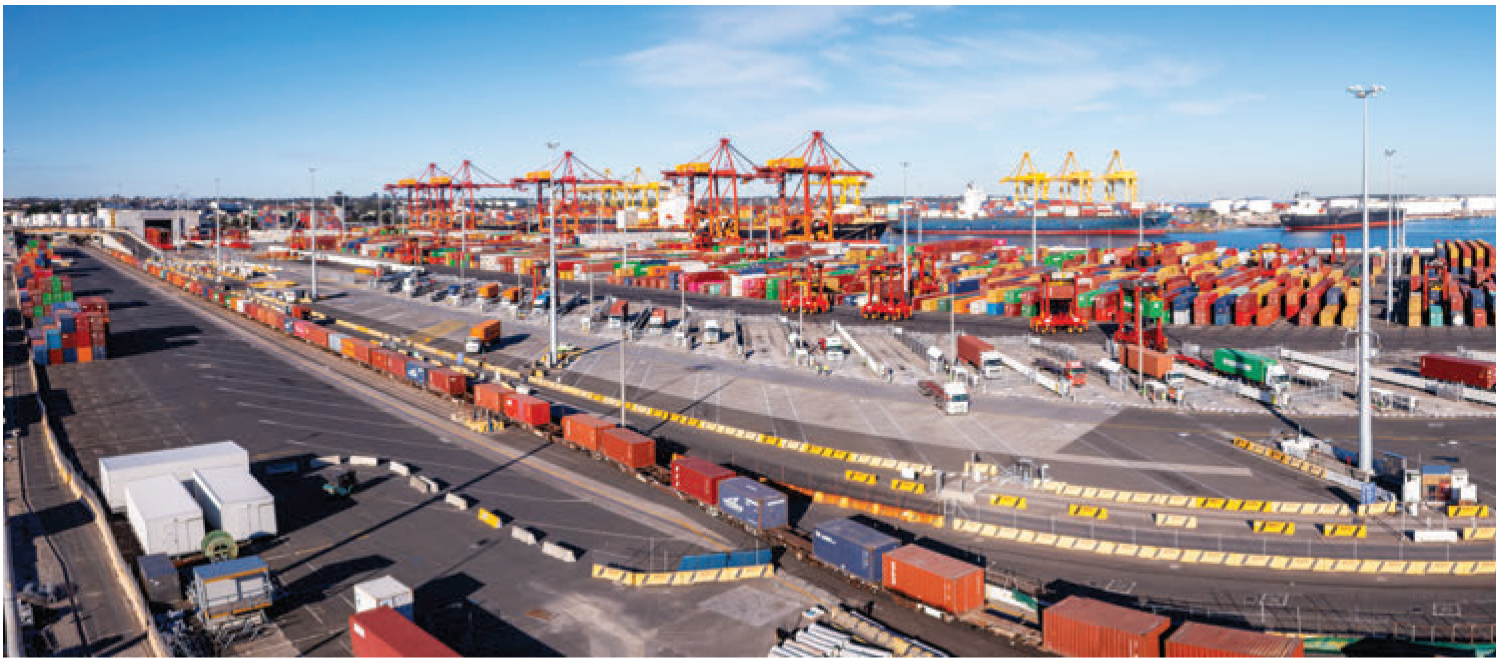
"We're investing in capacity so we can more efficiently handle peaks and troughs and disruption in supply chains."

As an example of the effectiveness of this strategy, Mr Jovicic said, was the gales of disruption that have buffeted the global shipping industry over the past 18 months.

"Schedule reliability for our shipping line customers dropped significantly and, for port operators like us, the truckers, the rail operators, the intermodal facility operators, warehousing operators, that creates enormous stress in the system," Mr Jovicic said.

"I'm proud to say that even through this period with significant disruptions, and low reliability, we've maintained the same performance levels as we have prior to these massive disruptions. And, that's testament to the investments we've made in a more

Patrick; Vard



flexible infrastructure, if you will, that additional infrastructure."

Mr Jovicic said the company's extra straddles across its fleet are there to drive flexibility and give the company the ability to handle bigger peaks and troughs.

"For example, even five, six years ago, our average vessel exchanges were around 1500 containers, we're up well north of 2500 now and regularly seeing 3000, 3500 in exchanges. That's a material and fundamental shift in the operation and the demands on our operation," Mr Jovicic said.

"From a Patrick perspective, I'm really excited with what we're doing. We're transforming this business and helping to transform how efficiently containers move through the supply chain here and more broadly, and that's a good thing."

PORT TECHNOLOGY

Automation of container terminals is all well and good, but automation technology is also applicable to ships and as autonomous navigation becomes better, the possibility for completely autonomous freight systems arises.

Rob Tanner, a working marine pilot, member of the Nautical Institute and a member of the Australasian Marine Pilots Institute pointed out that world trade takes place mainly in the Northern Hemisphere. So, it is fitting that to see where the future of freight technology is going we look north.

"In recent years we have become used to the word autonomy where synonyms include independence and self-determination. Autonomous cars are already here, albeit still in development, and now there are to be autonomous ships," Mr Tanner said.

He pointed to several smart/autonomous ship projects currently underway, particularly in northern Europe and in East Asia.

"Current thinking is that these emission-free vessels, powered by batteries, would have the ability to plug in to shore power when in port and possibly recharge enroute via solar or wind as well. These vessels would be of a smaller size than current ships, that is about 100-metre length overall with a shallow draught," Mr Tanner said.

"This, in Australia's case, would enable them to have the flexibility to visit smaller ports, thereby cutting down truck transit times from the major port hubs, reducing harmful fossil fuel emissions."

The *Yara Birkeland* is one such vessel. The vessel is to sail within 12 nautical miles of the Norwegian coast, carrying cargo between two ports equipped with autonoetic electric cranes and an automatic mooring system.

The 120-TEU open-top containership is to be fully battery powered and able to operate both autonomously and without crew.

"The Norwegian company Yara had the vision to replace 40,000 truck journeys with one specially built vessel that would not only be environmentally friendly but also commercially efficient. Its quest is to be the first truly commercially trading, emission free smart ship," Mr Tanner said about *Yara Birkeland*, which was developed by Yara and Kongsberg in partnership.

"On the other hand, there are smart ship projects which have been in service for quite a few years. They fulfil, among other things, exploration and research of the ocean floor for environmental studies to broaden our understanding, but also for inspection of seabed pipelines and cables, and hydrographic survey. These have generally been small surface and subsurface vessels.

"It is quite often the case that when autonomous ships are mentioned that it is taken to mean that the ship is unmanned and traverses the oceans by itself.

> We're commissioning the first semi-automated crane in the Patrick fleet; we're moving from a four-crane operation to a five-crane operation in Brisbane.
>
> Michael Jovicic

Patrick Terminal, Port Botany

Working a ship at Fremantle Port

There are those who envision smart ships without seafarers. This would, they say, eradicate 75% of all incidents due to human error. The ships would be cheaper to build and having no crew quarters would increase the vessel's carrying capacity," Mr Tanner said.

"Conversely, there are those that hold to the theory that machines cannot be trusted or be relied upon to deal with connectivity and cyber-security issues or the severe weather extremities that are experienced and will therefore require humans to monitor them.

"The ships would be designed around the human to enable them to have the optimum working and living conditions. The ships automated (autonomous) systems would effectively augment human capabilities."

> Automated mooring systems negate the need for mooring lines, which continue to kill and maim both seafarers and linesmen alike.
>
> Rob Tanner

PORT TECH FUTURE

Turning our attention from ships to the ports, there is also new technologies on the horizon to move ports from just automation to being fully smart ports.

"Smart ports are about hardware and software upgrades of harbour administration and VTS operations, ship chartering, and cargo documentation," Mr Tanner said.

"The actual physical changes required for ports and their environs to enable the arrival of a smart ship have yet to become reality. These would include smart aids to navigation, both actual and virtual, integrated VTS/shore control centres, remote pilotage provisions for entry into and out of port, and smart mooring systems."

Automated mooring systems are a piece of technology that can easily boost efficiency and safety on the wharves. There are several varieties of such systems, using magnetic or suction fenders and robotic arms.

"They negate the need for mooring lines, which continue to kill and maim both seafarers and linesmen alike," Mr Tanner said.

"A domestic shipping company, at its berths in Melbourne and Devonport, invested in an auto mooring system 17 years ago. Its management brought the workforce along with the idea when they were first thinking about both the safety and the commercial benefits of such a system.

"These benefits allowed them to see a substantial reduction in mooring line injuries, and a return on investment in fewer than two years through more time efficient arrival and departures," he said.

"Auto mooring systems necessitate significant capex and require careful consideration of both the physical infrastructure of the berth itself and its proximity to power provision. Coupled with this technology is the ability now for ports to provide shore-side plug-in power that will allow the ship to shut down its generators which will reduce harmful emissions while the ship is alongside its berth."

While container handling equipment and infrastructure is getting upgrades at Australia's ports, the whole industry is creeping towards a more efficient, tech-enabled future. This sea change may only be visible in retrospect, as change is historically slow in the maritime industry. But it is very likely that one day, autonomous ships will call at autonomous Australian ports.

Ciwoa

CONNECTIVITY *the key*

Federal budget commitments, the progress of Inland Rail and projected trade growth are all putting the pressure on to develop better rail connections to ports, **Paula Wallace** writes

Wimmera Container Line, Horsham Victoria

SCT

One of the biggest developments in relation to rail infrastructure was the commitment in the Federal budget to build an intermodal terminal in Melbourne, to the tune of $2 billion.

The exact location of the intermodal terminal is to be determined in consultation with the Victorian government, which has been considering the development of freight precincts at Truganina in Melbourne's west and Beveridge in Melbourne's outer north since 2013.

The role of the new precincts will be primarily to handle interstate freight, but also import and export container trade. They will be delivered to supplement, and potentially replace, the existing terminal at Dynon.

The Australian and Victorian governments are developing a joint business case for precinct development that will also help ensure that it supports the Inland Rail project from the commencement of train services.

A spokesperson from the office of the former Deputy Prime Minister Michael McCormack told *DCN*, "The Australian government has committed up to $10 million towards a detailed business case to consider the development of an intermodal terminal in Melbourne capable of supporting Inland Rail, on a joint 50:50 funding basis with the Victorian government, who are responsible for the delivery of the business case.

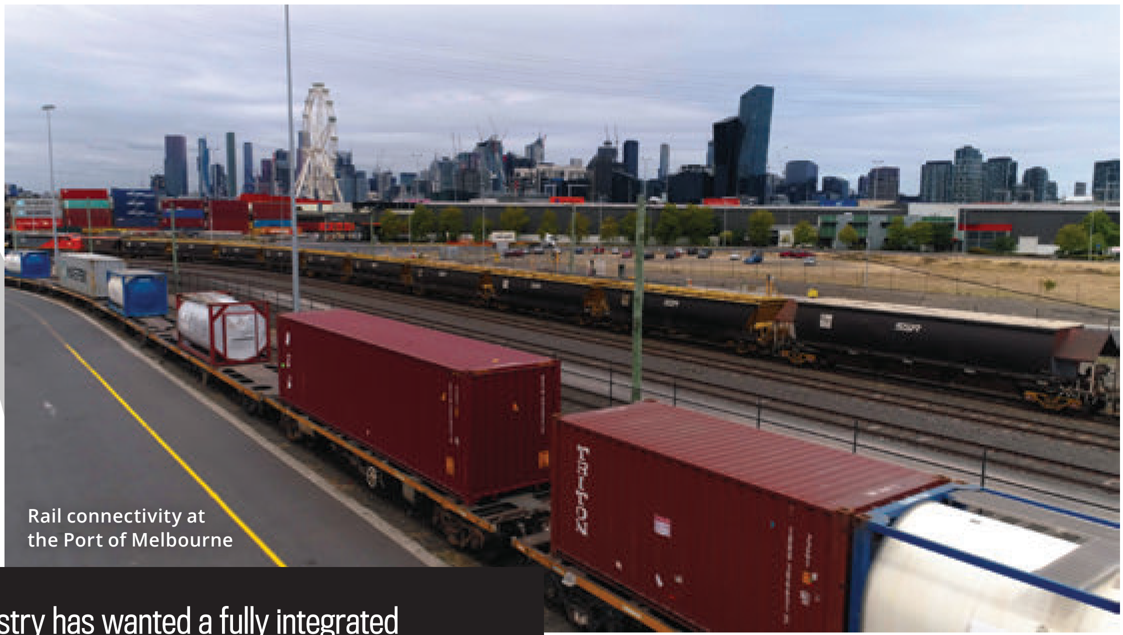
"The business case will consider the terminal location and connection to Inland Rail, as well as matters including market access and operating models, financing options and value capture opportunities" the spokesperson said. "The business case is expected to be completed later this year.

Further scoping and investigations will need be undertaken on both locations (Beveridge and Truganina) before a final decision is made. The decision-making process on a location will consider a range of factors including cost, program, economics and project risks.

The spokesperson for the Deputy Prime Minister said, "Any investment by the Australian government towards the Melbourne Intermodal Terminal project is expected to be matched by the Victorian government.

"This commitment will benefit not only Inland Rail, but significantly transform the supply chain movements and cater for the projected increase in freight demand in Melbourne."

They said in addition to increasing the efficiency and capacity of the national and Victorian freight industry, the intermodal terminal will ensure Melbourne's freight infrastructure has the capability



Rail connectivity at the Port of Melbourne

> We know that industry has wanted a fully integrated rail network for both regional exports and metropolitan shuttles for more than a decade.
>
> **Port of Melbourne**

to accommodate the Inland Rail service offering of double-stacked, 1800-metre trains.

The Australian and Victorian governments are also jointly investing $58 million in a Port Rail Shuttle Network, which will improve the efficiency of containerised freight movements between the port and metropolitan Melbourne – reducing congestion at the port gate and the high cost of last mile rail freight transportation.

Additionally, the Australian government has committed $7.5 million for a joint business case with the Victorian government to improve connectivity to Port of Melbourne, including between the port and the future intermodal terminal.

"It is expected the Victorian government also contributes $7.5 million, for a total of $15 million, to undertake the joint business case," the government spokesperson said.

"The business case will identify the efficiencies for customers and mode shift potential from better connections, including between the port and the new Melbourne Intermodal Terminal."

PORT'S PERSPECTIVE

The Port of Melbourne welcomed the budget commitment in May, saying the new hub will be built to accommodate present and future inland rail services.

A spokesperson for the Port of Melbourne told *DCN*, "Our understanding is the $2bn Commonwealth funding is for a facility to connect Inland Rail to the metropolitan freight network.

"We are keen to ensure that there are efficient connections between the port and all intermodal terminals with sufficient freight capacity allocated in shared networks.

"We know that industry has wanted a fully integrated rail network for both regional exports and metropolitan shuttles for more than a decade."

They said modal shift to rail will be an incremental process and it will be incumbent on all stakeholders to understand and promote the benefits of mode shift.

"For a meaningful uptake of the rail network to take place, all international container terminals at the port will need to be connected to rail, and this means a link to Webb Dock is also required. We are in the early planning phase of this project," the spokesperson said.

The port is moving ahead with its $125m Port Rail Transformation Project, to enhance existing and build new rail infrastructure within the port precinct.

In May, WSP and Seymour Whyte Constructions were awarded a contract to undertake early design and contract works on the project which will include a new rail terminal interfacing with the container terminal at East Swanson Dock.

The terminal will consist of two tracks able to handle 600-metre-long trains. Other work will involve upgrading access, connections and sidings within the port. This work is designed to support Victorian and inter-state trains of up to 1500 metres long and provide more operational flexibility for all trains accessing the port.

Site investigations have begun with construction expected to start this month. The project is due to be completed in 2023.

Port of Melbourne is the trade gateway for south-eastern Australia, facilitating more than one-third of the nation's container trade.

EXTENSION OF MODE SHIFT SCHEME

The Victorian government has also announced an extension of the Mode Shift Incentive Scheme, providing $3.6 million to extend the scheme until 30 June 2022.

The MSIS offers a rebate to three Victorian freight operators, and one from NSW, for the cost of each

Port of Melbourne


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
Flinders Port Holdings
Flinders Ports
Flinders Adelaide Container Terminal
Flinders Logistics
Flinders Warehousing & Distribution

Rail connections at Port Kembla (left) and Port Botany (right)

container they put on rail instead of sending it by road. The government estimates the MSIS saves Victorians $5 million every year, through reduced road maintenance, crashes, congestion and emissions.

The subsidy has been steadily reducing since 2014 when $5 million was offered to the four operators. The initial MSIS subsidy rates have reduced by 33% in real terms over the past decade, rather than increase in line with inflation each year.

The four operators involved in the scheme include Linx Port link, Tocumwal; Wimmera Container Line, Dooen (which uses the SCT rail service); Westvic Container Export Dennington; and Seaway Intermodal, Merbein.

Matt Eryurek, general manager ports at SCT told *DCN*, "The MSIS investment removes the equivalent of 46,000 truck trips off Victorian roads each year by providing support for the regions and primary producers to help equalise rail access costs competitive with road freight.

"The four recipients prior to the decision all agreed without the scheme this would tip the volumes onto the road network."

The argument should not be about other operators but rather rail versus road.
Matt Eryurek, SCT

SCT's rail operations

It is estimated that the total cost of heavy vehicle road accidents to the Australian economy is around $3 billion every year. Rail is more energy efficient consuming up to 23 times less energy than road and producing up to 19 times fewer emissions.

The 2019-20 container stevedoring monitoring report shows a drop in freight rail market share in Melbourne from 12% in 2012 to 7% today, which rail operators argue is the result of an expanding "high productivity vehicle" road network.

"Whilst this announcement is a positive one, we are disappointed the government hasn't committed to funding the MSIS for the next five years, in line with what the industry has been calling for," Mr Eryurek said.

It is the view of the industry that a five-year timeframe is appropriate to coincide with the Port of Melbourne's PRTP coming online by 2026 and to provide certainty to Victorian exporters.

Mr Eryurek said, "We agree with VTA and Peter Anderson CEO when he stated at the annual conference, 'rail can help road not compete'".

Under the scheme, four freight operators will receive incentives to move up to a combined 42,500 containers by rail.

"Currently for Horsham and Dooen it is capped at 12,000 containers which is difficult to share this with future seasons when containers like 2020-21 season exceeded 15,000 containers," Mr Eryurek said.

"The exporters need certainty when forming a transportation mode position. We don't oppose other operators receiving the incentive. The argument should not be about other operators but rather rail versus road."

Mr Eryurek believes there will be a tipping point.

"The population growth combined with freight growth projections all indicate that this will happen.

"The government needs to decide if they would like to invest into rail via equalisation until true efficiencies are reached or wait until the system falls over."

RESCUE PACKAGE FOR MURRAY BASIN

The Australian government has announced a $200.2-million rescue package for the stalled

NSW Ports; SCT

Victorian owned, operated and managed Murray Basin Freight Rail network.

Former Deputy Prime Minister Michael McCormack said the extra funding includes $5 million for planning the standardisation of the network, although some have criticised the decision not to standardise the Sea Lake and Manangatang rail lines.

The broad-gauge lines were to be converted to standard gauge under the initial project which stalled in 2019.

A revised business case was released late last year which outlined plans to rectify some of the mistakes made during initial works and re-sleepering works on the Sea Lake and Manangatang lines, but not standardisation.

Primary producers in the region said broad gauge lines were not being fully utilised because of the need for freight operators to own and maintain two sets of rolling stock, meaning more freight was shifting from rail to road.

Mr McCormack said, "The federal government's $195.2-million rescue package is funding the most extensive package of works recommended by the revised business case and the Victorian government, which includes remedying key issues caused by works to date.

"I will be asking the Victorian government to match the federal government's $5-million planning funding and come up with a robust plan for full standardisation.

"It is clear to both governments that there needs to be greater accountability for this project going forward, to ensure these works are delivered in a timely and efficient manner," he said.

Federal member for Mallee Anne Webster said over the past 18 months, she had participated in and hosted numerous stakeholder forums on the issues regarding the Murray Basin Freight Rail Network.

"I've heard the same message in all of these meetings – the project so far has failed to deliver and work towards full standardisation must continue," Dr Webster said.

"The Victorian government must come to the table, match our planning commitment and deliver the work quickly.

"With industry and stakeholders, I am still frustrated by the Victorian government's refusal to release the full business case. Releasing just the executive summary is treating industry with contempt," she said.

MOVEMENTS IN NSW

With direct rail links and efficient connections from paddock to port, both Port Botany and Port Kembla play a key role in supporting NSW's agriculture, construction and mining exports. Around 86% of regional container exports travelling to Port Botany are transported by rail including containerised grain railed from Narrabri, Dubbo and Narromine, refrigerated meat, paper, nuts and canola oil.

INLAND RAIL TO SAVE $170M IN RAIL COSTS ANNUALLY

The CSIRO has been mapping supply chains for 140 commodities and the early results show average transport cost reductions of $170m for Australian producers through shifting freight from road to Inland Rail for at least part of the journey.

Former minister for transport and regional development Michael McCormack welcomed the early release of findings from the *CSIRO Inland Rail Supply Chain Mapping Study.*

"In regional Australia distances between communities and towns, and towns and cities are measured in more than miles and minutes – they're measured in the cost of moving essential goods where and when people need them," Mr McCormack said.

"CSIRO has mapped supply chains for 140 commodities and the early results show an average transport cost reduction of 39% can be achieved by shifting freight from road to Inland Rail for at least part of the journey."

Freight travelling the full length of Inland Rail between Melbourne and Brisbane achieves a higher transport cost reduction of 44%.

Minister for finance Simon Birmingham said, "The report recognises businesses as far as Townsville, Perth and Launceston would have the potential to reap the benefits with suitable road-based supply chains.

"Equally, existing rail-based supply chains are estimated to see an annual cost reduction of around $21 million when shifting at least part of their route to Inland Rail between Melbourne and Brisbane.

Federal member for Parkes Mark Coulton said the largest freight rail infrastructure project in Australia would bring extensive opportunities to regional Australia.

"This study is the green light signalling to the industry to start planning now because the potential cost savings for being connected to, or close by, Inland Rail are immense for farmers and regional businesses," Mr Coulton said.

"Heavier, faster freight trains will divert non-bulk products from roads and provide the competitive edge regional Australia has been calling for."

Concrete World in Dubbo is just one business reconsidering options to move its freight with rail.

Director Troy Paton said Inland Rail will be a welcome freight option, provided it can deliver the cost reductions outlined in CSIRO's study.

"Up to 39% savings on the cost of moving freight is huge in this industry; we will definitely be looking at Inland Rail for our future freight needs," Mr Paton said.

"Additionally, it will assist us with further expansion of the business. The time delays in moving freight over the Blue Mountains are a constant constraint."

The Transport Network Strategic Investment Tool (TraNSIT), developed by CSIRO, was used to analyse existing freight supply chains and the potential cost reductions based on future infrastructure investments or operational changes.

The project's leader Dr Andrew Higgins said, "Our computer logistics tool can identify the transport benefits to every supply chain using Inland Rail and analyse potential savings over the long term.

"It can also be used to test future scenarios and transport technologies."

Full results of the CSIRO Inland Rail Supply Chain Mapping Study will detail the potential cost savings for 140 commodities and is expected to be released in coming months.

Transport for NSW's new Intercity Fleet trains being delivered at Port Kembla

> Relatively small projects connecting Inland Rail to the existing NSW network have the potential to provide efficiency, productivity, and resilience improvements.
>
> NSW Ports

Port Kembla is currently experiencing a resurgence of bulk grain exports after a prolonged drought throughout NSW. The port is uniquely positioned with two grain facilities, located directly on rail with the capability to handle, store and load a variety of grains.

GrainCorp operates the Port Kembla Grain Terminal which is the largest export grain terminal on the east coast of Australia, while Qube-owned Quattro Ports also operates a bulk grain handling facility in the Inner Harbour of Port Kembla.

A spokesperson for NSW Ports said, "Trains are now arriving regularly at both facilities laden with wheat, barely and canola, ready to be sorted, graded and stored ready for export by vessel to international markets".

Port Kembla is also a key destination for copper concentrate exports. On average, around 400,000 tonnes are railed from Newcrest's mine in Cadia to Port Kembla's Gateway facility every year, however this year is expected to deliver record exports.

Port Kembla has also recently played a key role in the import of Transport of NSW's new intercity fleet trains. There are currently 554 rail carriages being imported through the Australian Amalgamated Terminals facility as part of the multi-year project.

NSW Ports CEO Marika Calfas said, "One of Port Kembla's key advantages is the ability to unload cargo directly onto the port's on-dock rail infrastructure, where it can efficiently connect to the broader Sydney and regional NSW rail network.

"The New Intercity Fleet project makes great use of Port Kembla's existing rail infrastructure and connections."

NSW Ports is committed to growing rail capacity to ensure efficient freight rail connections, including Inland Rail to provide increased access to east coast ports for regional exporters.

"Relatively small projects connecting Inland Rail to the existing NSW network have the potential to provide efficiency, productivity, and resilience improvements," said an NSW Ports spokesperson.

"The Junee North Triangle project, for example, would allow exporters from the Riverina to access the key Ports of Botany and Kembla without requiring trains to be turned around in Junee.

"Such improvements at these key points of intersection increase the competitiveness of rail by providing exporters with greater choice as well as assurance that their product can access key trade gateways."

AUTORAIL ONLINE

The $190-million Patrick Sydney AutoRail has just become operational. The investment in this new facility at Port Botany was made in conjunction with NSW Ports. The new infrastructure is to increase capacity and efficiency for portside rail. It connects from the quay line directly to an automated rail terminal.

Patrick Terminals said Sydney AutoRail is the first new automation investment in the Australian waterfront since the stevedore automated the Sydney terminal in 2015.

Additionally, the new rail investment aligns with the NSW government's commitment to increase the share of rail freight at Port Botany to 28%.

Patrick CEO Michael Jovicic said the project is exciting not just from an operation transformation perspective, but because it is driving supply-chain efficiencies.

"I'm certainly excited to be supporting government policy and getting rail's modal share up to the 28% target and hopefully beyond," Mr Jovicic said.

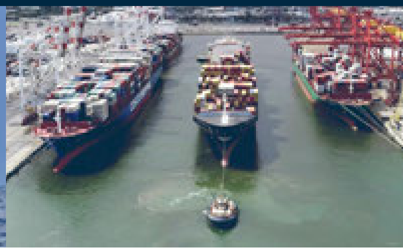
"We're certainly putting our money where our mouth is; we're about delivering and enabling delivery of landside efficiencies.

"Generally, rail is a more difficult mode to handle than trucks, from a terminal operator's perspective. But, we see that as a form of advantage.

"By investing in rail, we see an opportunity to help promote that modal shift. And this modal shift should provide us with a good outcome for our customers and a good outcome for ourselves obviously as we seek to optimise returns for our own business as well."

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.

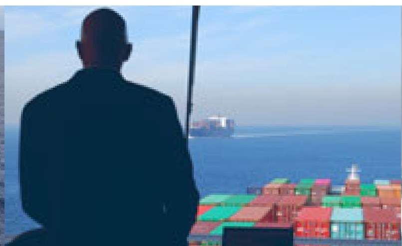
We are accredited to several international standards and are audited every 12 months.

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).

P&O CRUISES AUSTRALIA

VICTORIA

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

WWW.PPSP.COM.AU

MARINE PILOTAGE - ALL VICTORIAN PORTS - AUSTRALIAN OWNED EST. 1839

Containerised shipping: The year of disaster?

Maritime law maven **Alison Cusack**, principal lawyer at Cusack & Co, recaps the recent incidents involving containerships over the past 12 to 18 months – and what a time it's been for incidents

A RECENT COMMENT ON MY LinkedIn account was, "Is it just me or have shipping accidents been on the rise?"

Those in the "disaster and crisis" space of this industry (think lawyers, insurers, surveyors, operation managers, freight forwarders) can attest to the number of incidents on the rise.

Below is a highlights reel of the main incidents (affecting only container vessels) over the past 12 to 18 months.

May 2020: ***APL England*** **– Containers overboard** (estimated 50-80 containers)
Vessel size: 5780 TEU
Closest to home was the ANL-operated vessel MV *APL England*. Most notably, the incident occurred within weeks of AMSA declaring the 2018 container overboard incident of *YM Efficiency* in the same region finally closed.

Containers fell overboard along the coast of New South Wales and the vessel continued north to the Port of Brisbane to unload affected containers. While containers were unloaded there was a fire incident which compounded the number of affected containers.

In all, 50 containers (26 empty) were lost and 63 were damaged but remained onboard, according to a report from the Australian Transport Safety Bureau.

The ship was then granted permission to sail to a Chinese shipyard for repairs.

November 2020: ***ONE Apus*** **– Containers overboard** (estimated 1800 containers)
Vessel size: 14,052 TEU
Estimated damages: $200 million +
Perhaps the most visually spectacular incident of recent times is the MV *One Apus* container vessel. Initially the vessel was reported to have lost around 2000 boxes in November 2020. It was enroute to the port of Long Beach, US when it encountered a storm off Hawaii. In addition to the largest-ever loss of containers overboard (excluding incidents of total vessel loss) the majority of on-deck stacks were affected which could be sighted via drone footage commissioned by WK Webster. The ship sailed to Kobe, Japan for repairs and inspections.

December 2020: ***Ever Liberal*** **– Containers overboard** (Estimated 36 containers)
Vessel size: 8452 TEU
Evergreen (now more notably famous from the Suez Canal blockage) operated *Ever Liberal*, which lost a reported 36 containers in the Pacific. The Taiwanese vessel was 20 nautical miles off the coast of Kyushu, Japan, on 31 December. In addition to containers lost overboard, an additional 21 containers reportedly fell onto the deck.

The vessel was bound for Los Angeles having departed from Busan, South Korea. The vessel was diverted to Taipei for survey.

January 2021: ***Maersk Essen*** **– Containers overboard** (estimated 750 containers)
Vessel size: 13,100 TEU
By the start of the year most in the industry thought that the unusual spate of containers overboard had finished only for the *Maersk Essen* to lose an estimated 750 containers in the Pacific. The vessel was undertaking a trans-Pacific sailing from China's Port of Xiamen to the Port of Los Angeles.

The vessel was diverted to Mexico owing partly to congestion issues in LA. The vessel arrived in LA after a six-week delay.

January 2021: ***E.R. Tianping*** **– containers overboard** (estimated 76 containers)
Vessel size: 8204 TEU
Israeli carrier ZIM reportedly lost 76 containers during passage through the Pacific as the containership was making its way from South Korea to North America.

February 2021: ***Maersk Eindhoven*** **– Containers overboard** (estimated 260 containers)
Vessel size: 13,100 TEU

Ruwan Walpola ; Image supplied; Suez Canal Authority; Sri Lanka Air Force

Pamunugama Beach, Sri Lanka, littered with cargo from *X-Press Pearl*

X-Press Pearl

The *Maersk Eindhoven* was sailing to Los Angeles from Xiamen and was near Japan when it experienced an engine stop. As this occurred in heavy seas, the vessel experienced a severe roll (as she was unable to manoeuvre at the time). The vessel diverted to an Asian port for inspection having regained propulsion.

March 2021: *Ever Given* – Suez Canal Blockage
Vessel size: 20,124 TEU
Estimated damages: US$900 million and counting
The Suez Canal being blocked by MV *Ever Given* is now firmly cemented in pop culture. As we know, the Suez Canal Authority is demanding in excess of US$900m and has seized the vessel until the matter is resolved.

This US$900m in estimated damages is purely from the Suez Canal Authority and has not factored in any claims from cargo owners in respect of damaged cargo.

May 2021: *X-Press Pearl* – Fire (and subsequent sinking)
Capacity: 2756 TEU
Containers on board at the time of fire: 1486 containers
The *X-Press Pearl* caught fire off the coast of Columbo, Sri Lanka when a container of nitric acid started leaking. The vessel remained afloat for a period of 12 days until she sank as she was being towed to deeper waters. This is an on-going incident and is unfortunately fast becoming the largest ecological disaster in Sri Lanka's history.

June 2021: *OOCL Durban* – Allision with *YM Constancy* (estimated 30–50 containers affected)
Vessel size of *YM Constancy*: 2940 TEU
Vessel size of *OOCL Durban*: 8476 TEU
(The *OOCL Durban* was reportedly empty at the time of the allision)
Estimated Damages: The reported construction cost of the two affected gantry cranes is approximately $21m.
The footage has now been circulated widely (from at least three vantage points) of the *OOCL Durban* scraping alongside the berthed *YM Constancy* at the port of Kaohsiung, Taiwan which resulted in containers tumbling onto the quay and two gantry cranes collapsing. Luckily, there was only one reported injury to workers.

FAST NUMBERS
Containers overboard: Approximately 3000 containers
Containers affected (total TEUs tied up)**:** Approximately 97,000 containers
Number of ships involved: 10
2008–2019 yearly average of containers overboard: 1382 (World Shipping Council report July 2020)

CONTAINER SHORTAGE
The issue of container shortage globally is well known. Having vessels (reasonably) detained by either port authorities, class or P&I investigations results in the entirety of the ship's cargo remaining in limbo until the immediate necessary repairs can be undertaken to class satisfaction.

VESSELS OUT OF COMMISSION
Capacity is a real issue currently affecting the shipping industry feeling the effects of the bullwhip of consumer demand.

Depending on the severity of the incident the vessel will be directed to a port for survey and review. For vessels that can be up to 20,000 TEU in size, this has an enormous impact on the containers which are unaffected by the originating incident but are nonetheless delayed due to the operational need to inspect the vessel.

The ship can be directed back to the original port of loading, a port convenient for owners or directed (such as in the case of the *Maersk Essen*) to a port in a completely different country to the usual trading route. From there, carriers can terminate the voyage (under their standard bill of lading trading terms) whereby your cargo has ended up in a completely different destination than anticipated which incurs:

- Customs issues
- On transport cost issues
- Insurance coverage problems (depending on whether your current cover allows for deviation without notice to the insurers)
- Inherent vice issues
- Missed connections
- Severely impacts lead time of freight and just in time manufacturing.

WHEN DO WE RETURN TO NORMAL?
There is no denying the containerised segment of the shipping industry has suffered through an abnormal year of vessel incidents.

With the added pressure on the industry of Yantian port closure combing with consumer-demand bullwhip it is looking like the industry will need to wait until at least 2022 to see some stability in freight rates and transit times.

APL England

Ever Given

The continuing compliance agenda for Australian trade

Trade law specialist **Andrew Hudson** offers some thoughts on the compliance focus of some of Australia's border agencies

Andrew Hudson,
partner, Rigby Cooke Lawyers

THE EMPHASIS ON COMPLIANCE never really disappeared during the first interruptions to trade occasioned by the COVID–19 pandemic but the focus of compliance shifted to a natural focus on goods required by the pandemic. That focus is still there but it has been added to the traditional main areas of compliance focus by the border agencies with a role in managing the import and export of goods across the border whether by intervention before, during or after the movement of goods.

THE TGA'S FOCUS

As with many international crises, the COVID–19 pandemic created its own industry of parties taking advantage of the specific needs of parties arising from the pandemic including black market versions of vaccines or ineffective personal protective equipment, including masks that do not comply with the local requirements of the Therapeutic Goods Administration.

According to media reports, Australia's Joint Committee on Law Enforcement, which will soon review vaccine fraud risks, is asking for submissions for an inquiry into topics including the threat of "criminal activity around the supply of fake vaccines, black market vaccines and/or fake vaccine certifications". That includes the purchase of such items through the dark web.

The TGA has also had an active role through the pandemic, approving the types of vaccines being used in Australia as well as approving certain PPE as being of appropriate quality for use. This role has extended to penalising those who do not comply with TGA requirements through its own compliance management policy to be found online[1].

The types of actions which the TGA can also be found online[2].

Details of some of the actions of the TGA[3] include reference to "COVID–19" actions taken in 2020 and 2021 against non–compliant products. With the ongoing effects of the pandemic and the willingness of unscrupulous parties to take advantage, I would anticipate that these issues will continue for the foreseeable future. As a result, those service providers involved in the movement of goods through the supply chain should be undertaking due diligence on the items they move so that they can manage the risks associated with the movement of non-compliant or counterfeit products.

ONGOING FOCUS ON ASBESTOS

In many ways, the Australian Border Force is the lead government agency at the border that has a significant role assessing compliance with relevant provisions of the *Customs Act 1901*, as well as guarding against the import and export of items that contravene the regulatory requirements of other agencies or generally pose a risk.

This is reflected in the wider jurisdiction of the ABF over "customs – related laws" defined in the act to include the *Excise Act 1901*, certain provisions of the Commonwealth *Criminal Code* and "any other act, or any regulations made under any other act, in so far as the act or regulations relate to the importation or exportation of goods, where the importation or exportation is subject to compliance with any condition or restriction or is subject to any tax, duty, levy or charge (however described)".

Examples of the breadth of the compliance agenda of the ABF are described in the regular *Goods Compliance Updates* of the ABF[4], which highlight specific areas of interest from time to time (without detracting from the wider compliance task being undertaken by the ABF).

One known focus for the ABF has been in enforcing the absolute prohibition on the entry of asbestos or goods incorporating asbestos. In past years, this has expressed itself through a close review of imported vehicles whether new or vintage.

The emphasis on asbestos has now been reiterated by the ABF commenting in a recent comment[5] on online platform LinkedIn.

While the comments of the ABF refer to the obligations on the importer, the

ago87

regime around asbestos is not limited to importers. Licensed customs brokers are required to complete a community protection question as to whether goods being imported contain asbestos.

This is recognised as being an incredibly complex task for a LCB who has no independent information on the origin or contents of the goods being imported and who rely on the information provided by their clients whether overseas or in Australia.

It seems unreasonable for LCBs to be held liable for inadequate due diligence or paperwork provided by their clients. In many cases, certification secured overseas which states that the goods are "free from asbestos" will not be accepted as it has been produced in countries where a small amount of asbestos can be described as "free from asbestos" but which does not meet Australia's standard requiring "absolutely" no asbestos to be present.

It seems unreasonable for LCBs to be held liable for inadequate due diligence or paperwork provided by their clients.

In effect this makes the LCB the agent of the government at the border by requiring the LCB to verify certification of "no asbestos" to be "no asbestos according to Australian standards".

Anecdotal evidence suggests that many importers do not react well to these requirements and may put LCBs under pressure to complete the CPQ with a "no asbestos" response without proper evidence which could lead to penalties for both the importer and the LCB and action against the licence held by the LCB.

Although I have been involved with years of advice and education for LCB in conjunction with the Custom Brokers & Forwarders Council of Australia and Australian Federation of International Forwarders and their successor in International Forwarders & Customs Brokers Association of Australia, this remains one of the most contentious areas for all parties in the supply chain.

All we can hope is that the ABF exercises a reasonable approach to the compromised position of the LCB and recognises that the overwhelming numbers of LCBs take this issue seriously and do all that can be done within their limited resources to meet the reporting and compliance regime relating to asbestos imports.

THE BMSB AND BEYOND

The Department of Agriculture, Water and the Environment also has a significant role at the border with responsibility for the safety of Australia's biosecurity. That responsibility is reflected in the extensive powers granted to the DAWE by the *Biosecurity Act 2015* and associated regulations. The nature of the dangers changes on a regular basis.

Recently, the main publicised threats have come from hitchhiker pests such as the brown marmorated stink bug and the khapra beetle.

The BMSB season runs from 1 September in one year until 30 May in the following year and the DAWE imposes specific measures on shipments during that period including pre–departure inspection and treatment of cargo and then further inspection and treatment (if needed) of the cargo on arrival.

The 2020–2021 BMSB season has just completed. The DAWE announced that its efforts had "great success" and that despite increased interceptions in mail and air cargo, there had been a reduction in BMSBs located at biosecurity points with the expansion to 36 risk countries having also assisted the process.

This is not to say that the emphasis will fall entirely to BMSB and other hitchhiker pests. Clearly the DAWE is not solely concerned with the entry of such pests and is increasingly concerned on the movement of goods subject to DAWE control without authority. That is part of the rationale for the bill currently before Federal Parliament[6], which is intended to significantly increase the penalties for those parties in control of such goods, including those operating approved arrangements.

The compliance regime of DAWE will be the subject of further review and reform following the recent release of the report by the Australian National Audit Office which found that the DAWE response to biosecurity non-compliance found its arrangements "largely inappropriate".

The full report can be found online[7] and includes eight recommendations which the DAWE has agreed to adopt.

ON THE HORIZON?

The task of ensuring compliance with regulation at the international border is a continual one for the border agencies. From time to time, government and the border agencies announce areas of specific concern where more assets may be deployed, without detracting from the existing levels of compliance.

I have set out above a selection of these specific areas of interest that have already been identified by the border agencies. However, based on actions in other jurisdictions, I would suggest that the next intervention may be prohibiting the import of goods which are the product of forced or illegal labour as is the case in the United States and the United Kingdom. While Australia does not currently have such legislation, there is a bill before Federal Parliament which would create a new class of prohibited import for goods produced by Uyghur forced labour. While there is doubt that this bill will be passed, I would suggest that the proposed review of the modern slavery legislation in 2022 will include a recommendation for a broadly based prohibition against the import of goods that are the product of forced labour.

Unfortunately, that will create another category of CPQ where an LCB will be asked to verify whether goods are the product of forced labour which will create yet another risk and potential liability for the LCB.

References:

1. https://www.tga.gov.au/hubs/compliance-and-enforcement/compliance-management.

2. https://www.tga.gov.au/hubs/compliance-and-enforcement/compliance-actions-and-outcomes

3. https://www.tga.gov.au/hubs/compliance-and-enforcement/news-and-information

4. https://www.abf.gov.au/importing-exporting-and-manufacturing/trade-and-goods-compliance/goods-compliance-update

5. http://spr.ly/6046yJXRK and http://spr.ly/6047yJXRz"

6. https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r6671

7. https://www.anao.gov.au/work/performance-audit/responding-to-non-compliance-biosecurity-requirements

Scheme seriously flawed

NSW Ports' plan to increase empty container loading at Port Botany will not alleviate congestion and financially penalises its customers, **Llew Russell** writes

LAST MAY, NSW PORTS announced a scheme reportedly aimed at influencing the increased loading of empty containers at Port Botany. Penalties would apply if the loadings did not increase above those experienced in the last six months of 2020 and reduced wharfage rates would apply if there was a significant increase in the loading of empties.

If the purpose of the scheme was to reduce the number of empty containers building up in the container parks in and around Sydney as the economy recovers from the pandemic, then industry representatives, if they had been consulted, would have pointed out that even applying no wharfage at all for empty container loading would still not reduce that congestion.

Shipping lines are doing all they can to repatriate empty containers back to the countries that supply our container imports where there is high demand and revenue can be earned on those containers.

Even NSW Ports own data show an increase in empty loadings in recent months. In April of this year for example, empty exports were up over 23% compared to the same time last year. Not all readers may be aware that the major container export out of Sydney is fresh air. Last April, for example, the percentage of empties compared to total loadings was 63% compared to an average of around 57% over many years.

In April, Port Botany's import containers were 17% over the total imports discharged in the same month last year. The demand for container imports continues to grow outpacing considerably smaller increases in full export containers.

If the purpose of the scheme was to increase wharfage revenue on empty container exports then it will achieve that aim. However, using market power to increase customer costs will surely attract government attention or at least those agencies responsible for regulating such abuse.

PORT OPERATOR'S RATIONALE

NSW Ports announced on 25 May its intention to introduce the new *Port Botany Empty Container Incentive Scheme* to apply from 1 July 2021. It was pointed out that higher wharfage charges will be imposed for what are (at least in NSW Ports opinion) sub-optimal Load/Discharge ratios and conversely, wharfage rebates are awarded if the L/D ratios are close to, or exceed, 1.0. No mention was made when a 1.0 L/D ratio had been achieved in the past.

The L/D ratio, within a given quarter, is a measure per shipping line (or group where applicable) of the total number of full or empty TEUs loaded at Port Botany (excluding transhipments) divided by the total number of full or empty TEU discharged at Port Botany (excluding transhipments).

In the table provided by NSW Ports to assist in explaining what was intended, any L/D ratio below 0.899 would result in

Ian Ackerman

SAL

Shipping lines are doing all they can to repatriate empty containers back to the countries that supply our container imports.

a doubling of the current wharfage charge of $17.36 per empty export TEU and a smaller range of penalties up to an L/D ratio of 0.979. Above an L/D ratio of 0.989 incentives would apply of up to a 40% rebate for a ratio of 1.0 or more.

If the scheme had applied in April this year, the L/D ratio would have been 0.948 and a 50% penalty would have applied to wharfage on export empty containers. This would have amounted to additional wharfage revenue of just under $612,000 for that month alone.

Shipping lines have made every effort to repatriate empty containers.

As Shipping Australia pointed out in *Daily Cargo News* on 27 May, shipping lines have even chartered sweeper vessels to pick up as many empty containers as possible in Sydney and in other capital city ports. SAL noted the high cost of using sweeper vessels in terms of the opportunity cost of foregone freight in addition to the daily operating costs of the vessels, fuel costs, port fees and so on.

The number of empty export containers to be loaded is not influenced by the wharfage cost. How many empties can be loaded on a particular visit to one port depends on many factors including ensuring vessel stability and importantly load/discharge arrangements in other ports as well as the number of loaded export containers. Surely all this would be familiar to NSW Ports.

Nevertheless, shipowners strive to load as many empties as possible at Port Botany to meet overseas demand whilst ensuring NSW exporters requirements are catered for as much as possible.

CONGESTION CAUSES

There are many reasons for the increasing congestion in the empty container parks in and around Sydney as well as in other capital city ports.

As reported in *DCN* on 10 June this year, Sea-Intelligence reported on the current serious shortage of vessel capacity and of empty containers, being primarily driven by supply-side effects. They calculated that in February 2021, 2.8m TEU of nominal vessel capacity was absorbed due to vessel delays and in April, it was still 2.1m TEUs. The effect was the same has if the entire industry had decided to remove all ultra-large container vessels (18,000 TEU and above) from the fleet without adding any new vessels.

Australia has suffered from these effects compounded by industrial delays in some ports. There have been serious delays in many overseas ports due to COVID-19. On 12 June, *DCN* reported that Maersk expected vessel delays of more than 15 days at Yantian (handles 13m TEU a year), for example, due to further COVID measures being introduced and increased congestion. Delays in many overseas ports have had a direct effect on the capacity to load empties and full containers in Australian ports. Hence the need to charter vessels to purely load empties.

FOCUS ON SOLUTIONS

The solution to addressing empty container congestion in Sydney lies not in financially penalising the customers of NSW Ports but in working together to develop more efficient logistical systems regarding the storage and transport of empty containers.

NSW Ports should take the lead in urgently arranging meetings with Shipping Australia, the operators of the empty container parks, the stevedoring companies and operators of inter-modal terminals around metropolitan Sydney. Ideas developed could then be discussed with other important stakeholders such as road and rail transport operators, freight forwarders and importer/exporter representative associations. Proposals may need the involvement of both local and state government representatives prior to implementation.

This remedial action could be part of a wider strategy to encourage more loaded container exports through Port Botany including incentives for those exporters in South Western and Northern New South Wales to ship via Sydney rather than Melbourne or Brisbane.

Reduction in supply chain congestion will support strengthening the State's economy. The so-called Port Botany Empty Container Incentive Scheme will not contribute to reducing the impact on the economy of congestion at Port Botany.

Since privatisation, NSW Ports has shown itself to be a good corporate citizen in a number of areas of activity, supporting the efforts of the wider industry and community to improve operational efficiency.

A good example, was joining industry in being highly critical of the proposed new biosecurity levy that was to be introduced by the federal government. This scheme was subsequently withdrawn by the government.

The challenge is for NSW Ports is to acknowledge that the incentive scheme for empties will not reduce congestion but only impose extra costs on the supply chain. Consulting with industry should be the first step in finding a viable solution.

Llew Russell, former CEO, Shipping Australia

The crews on ships calling at Port Latta cannot come ashore and often have no access to goods until their next port of call, which can be 10 to 12 days away

Port Latta in Tasmania is the export facility for Grange Resources' iron ore pellets

The little port with a big heart

Marianne Whybrow from Mission to Seafarers Port Latta explains the value of care boxes being delivered to seafarers visiting this small Tasmanian port

FOR MORE THAN 50 YEARS GRANGE Resources has been producing iron ore pellets in Australia. Port Latta, located in north west Tasmania, was opened in 1967 to ship iron ore from the company's mine at Savage River.

The Mission to Seafarers Port Latta Project commenced in December 2016 with the co-operation of Grange Resources, shipping agents and Missions to Seafarers. From the beginning, the project was deemed a success by all parties and this continues into its fifth year.

Vessels have been contacted which would not otherwise have access to goods until their next port of call, frequently a minimum of 10-12 sailing days away. Crews are not allowed ashore or visitors onboard, so communication is done electronically. Port Latta was the first MtS station to operate in this way in Australia, until the onset of the pandemic last year.

Ships at Port Latta load iron ore for overseas and domestic markets. Each vessel receives a complimentary ship's box (now known as care boxes by other stations) courtesy of the Mission to Seafarers when they load. We know these gifts are appreciated by all onboard.

MESSAGES OF APPRECIATION

On 12 September 2020, we received the following communication:

Thank you for your kind welcome to us, this is our first time even me, here in Port Latta/ Tasmania port and you welcome us whole heartedly. Vessel is trading Australian and Chinese ports but nobody greeted us the way you did. Ma'am, this means a lot to us, same msg will be disseminated to my crew incl. the complimentary box of goodies from the Mission to Seafarers.
Again Ma'am we thank you very much
Thanks, and Best regards,
Capt. Bellie P. Laurie Master MV Yarra

On 28 December 2020, we received another message:

Thank you for the gifts, I don't know what to say, it was a very nice surprise!
Capt Ion, MV Balboa

On 3 May 2021, we received the following message:

I am very much appreciating your package just received onboard. I will distribute these to all my crew, thank you so much. God bless you so much and hope to meet you some day,
Capt Almeda MV Ocean Bari-Star

And another message on 16 May 2021:

On behalf of my officers and crew, we thank you all and the sponsors for sharing us their humble presence. Everyone is happy. We hope and pray that the Lord God will shower you more blessings and good health in order that you may still continue to serve and pursue your Mission for us Seafarers.
God bless and be safe always
Thanks & Best Regards,
Capt.Esidro M. Alog Master,
MV Bonanza YR

MODEST BUT MEANINGFUL

At Port Latta we have always been conscious of the mental health of seafarers and structure our boxes accordingly with

We always feel humbled to know that even our small efforts are welcomed by those we are dedicated to assisting.

Image supplied

as wide a variety of products as possible. We also offer support via the new MtS APS and extras like *Sea Church* and *Chat to a Chaplain*, which are gaining popularity, although the hard copies of the familiar MtS magazines are still very much missed.

We are very grateful to our wonderful private donors from friends and church groups for our ship's boxes, especially those who knit and donate scarves and give other items for our Port Latta seafarers. These are given free to all vessels visiting the port throughout the year.

We always feel humbled to know that even our small efforts are welcomed by those we are dedicated to assisting, as donated goods from major donors do not extend to Port Latta - we tend to be always overlooked so our more modest gifts are even more appreciated.

COVID

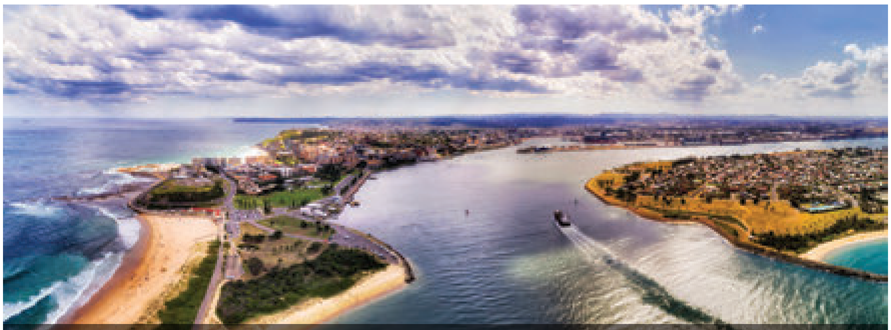
There are a few things that have made service to seafarers during the pandemic easier for those at Port Latta than most MtS stations.

Most notably, given visitors to Port Latta have never been able to leave the ship, they have become as much used to it, as one can be, which makes the stress lessened a little for those more experienced. Having said that, it still hard every day and even more so if one is forced to remain beyond contract. Thankfully technology is offering more options to assist.

Tasmania has also just passed its first year of COVID-free status (but we must not yet get complacent or forgetful).

Mission to Seafarers Port Latta would like to thank Grange Resources; Engage Marine; Shipping Agents-Monson/ Wilhelmsen; Mission to Seafarers Burnie and Geelong Centres; The Captains and crews of *MV Balboa*, *Bonanza YR*, *Ocean Bari-Star* and *Yarra;* the Bible Society; and our very kind donors.

Care boxes provided by Mission to Seafarers bring welcome support for seafarers calling at Port Latta, Tasmania



COASTAL TRADING AND THE PANDEMIC

A message from Mission to Seafarers Newcastle

While Australian borders remain closed and the cap on international arrivals maintained, the crew change crisis for seafarers continues. Despite being deemed essential workers by the Federal government and a vital (if perhaps, largely ignored) part of our supply chain, seafarers are still being denied their rights to shore leave under the *Maritime Labour Convention*.

The strategy of border closures has protected Australia from the ravages and pain of the pandemic seen elsewhere. We want to be safe and the strategy has limited our exposure to COVID-19.

However, those seafarers engaged in our coastal waters, who ply trade between Australian ports, who never journey to international ports must pose little or no risk of COVID-19 transmission, right? Not necessarily.

A shipping agent recently visited the Mission to Seafarers in Newcastle to request reading material for a coastal trader crew. Returning from a Queensland port, their request for exemption to come ashore had been refused.

The *NSW Public Health (COVID-19 Maritime Quarantine) Order (No 4) 2020* states:

This Order does not apply to, or in relation to, a vessel that arrives, or has arrived, in New South Wales on a voyage if –

a the voyage commenced from a port in Australia, and

b the vessel has not stopped at a port outside Australia on the voyage, and

c each person on board the vessel boarded the vessel at a port in Australia.

Note: A person who arrives in NSW by air to board a vessel must comply with quarantine requirements set out in the *Public Health (COVID-19 Air Transportation Quarantine) Order (No 4) 2020.*

Why was an exemption needed?

The agent said that, although the captain had joined the vessel in Australia, the remaining crew members had boarded in an international port when the vessel was in dry dock. The order therefore applied.

Despite the vessel leaving that port in October 2020, having visited only Australian ports, its crew members having no shore leave, showing no signs or symptoms of COVID-19 and reporting their healthy status to harbour masters before entry, the request for exemption was refused. This was after six months onboard, in Australian waters.

MtS Newcastle has had a rigorous COVID-safe plan in place since June 2020. Its Chaplains and Ship visitors have had two doses of COVID vaccine. Regulation 2.4 of the MLC 2006 establishes the principle that seafarers shall be granted shore leave to benefit their health and wellbeing.

We raised this crew's issue with the office of the NSW minister for health and medical research through Greg Piper, state MP. The reply confirmed the vessel was bound by the requirements of the order as the crew had boarded outside Australia. "Crew are not permitted to access shore leave as it is not defined as an essential duty or emergency."

Yes, we want to be safe. Yes, we want to import new cars, timber and consumables. Yes, we want a high-performing economy, exporting natural resources to our overseas trading partners. Yes, we want all this. And we're prepared to look the other way while the MLC is ignored. While seafarers remain on their vessels despite, in some cases, being in Australian waters for the last six months. Is this honestly good enough?

The Mission to Seafarers is calling on all those connected with the maritime industry, the shipowners, operators, agents, port staff and former seafarers to put themselves in the shoes of the crew of this coastal trading vessel. To advocate on their behalf. Together, we must do better.

Agricultural production to hit new record

Australian farmgate production will reach a new record of $66.3 billion this year, with exports tipping $50 billion in 2021-22, according to the Australian Bureau of Agricultural & Resource Economics

AUSTRALIAN FARMGATE production is on track for a record-breaking $66.3 billion year according to the Australian government.

ABARES acting executive director Dr Jared Greenville said the value of agricultural exports is forecast at just under $47billion in 2020-21, a fall of 3% on the previous year.

"ABARES has revised both the gross value of production and the value of exports up by $400 million from earlier estimates," Dr Greenville said.

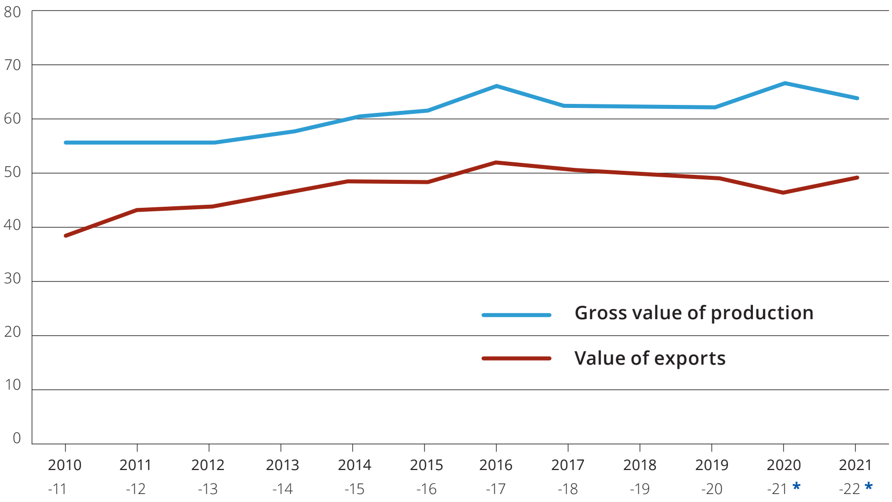
"This is due to strong domestic livestock prices, and because the pace of Australian grain exports has been faster than expected after harvesting the second largest winter crop on record.

"We have seen an impressive turnaround in wheat, barley and canola shipments. Particularly for barley, this result demonstrates the resilience of supply chains, the benefits of a diversified production base and access to a diverse range of international markets."

Next year (2021-22) the gross value of production is forecast to fall from the record high to a still impressive $65 billion. Australia's agricultural exports are forecast to grow by 6% to $49.7 billion, driven by increases in beef, wool and dairy exports, as well as a sharp recovery in cotton exports. The recovery of Australia's agricultural sector from the lingering effects of drought will see the first year-on-year increase in exports since 2017-18.

The announcement of the UK free trade agreement with Australia is also expected to bolster exports in coming years.

GROSS VALUE OF AGRICULTURAL PRODUCTION AND EXPORTS, 2010–11 TO 2021–22 ($BILLIONS)



* ABARES forecast

Sources: ABARES; Australian Bureau of Statistics

MOVEMENTS IN SELECTED CROP AND LIVESTOCK PRICES, 2021-22

COMMODITY	2012-13 TO 2021-22	CROP PRICES
WHEAT		↓ 4% to US$255/t
BARLEY		↓ 3% to US$231/t
CANOLA		↑ 10% to US$600/t
SUGAR		↓ 18% to USc 14/lb
COTTON		↑ 10% to USc 91/lb
WINE GRAPES		↑ 3% to US$556/t

COMMODITY	2012-13 TO 2021-22	LIVESTOCK PRICES
SALE-YARD CATTLE		↓ 7% to 570 Ac/kg
SALE-YARD LAMB		↓ 2% to 766 Ac/kg
WOOL		↑ 10% to 1,300 Ac/kg
MILK		↑ 2% to 50.7 Ac/kg
LIVE EXPORT CATTLE		↓ 9% to $1,379 $/head
LIVE EXPORT SHEEP		↑ 4% to $161 $/head

Source: ABARES Agricultural Commodities: June quarter 2021

The grill

Master mariner and president and chairman of the Australasian Institute of Marine Surveyors, Peter Murday dropped by recently to talk about globe-trotting, exams and rugby scrums

Can you tell us about what brought you to your current roles?
I started my marine surveying career in Gladstone in 1986, the same year that the AIMS was founded. I was accepted as a member in 1992, Queensland state rep in 2007, vice-president in 2011 and then president in April 2013, taking over from Captain Steve Beale. Very big shoes to fill. I was also very fortunate to have known one of the founders Captain Mike Bozier. I learnt a lot from both Mike and Steve.

Why do you think it's important to have organisations like AIMS?
Although the AIMS was founded in 1986, it is only now that we are finally getting some recognition. It has been a long hard slog to get to this point. The importance of having a professional organisation such as AIMS cannot be underestimated. Marine surveyors provide important services to all areas of Australia's growing maritime industry, and it is the primary function of the AIMS to provide the industry with well-trained and competent marine surveyors who require an enormous range of expertise and knowledge.

What are some of the more memorable experiences you've had in the maritime sector?
One of the most memorable experiences – and physically the toughest – was a trip to Murmansk via Mosjean and Tromso in January 2002. The arrival from Norway of a lightly clad, very cold Australian in Murmansk late at night did create some small interest with the Russian Immigration officials. The flight from Tromso to Murmansk is another whole story – but a lot of vodka was consumed en route – served out liberally by a very large jovial stewardess wearing a long black leather coat. We eventually managed to load 26,000 tonnes of phosphates – mostly in -30° temperatures. From there I flew down to Bilbao in Spain for another vessel inspection. Those were the days.

What is the most interesting part of marine surveying?
In the marine survey world, no single day is the same. Each vessel presents its own unique challenges. Variety depends on what port you are surveying in and what your skill sets are. A phone call (at any time) can mean a quick trip to the airport and a few days – or weeks – away, or getting down to a vessel in a hurry to survey some cargo damage, or providing a quote for a job coming up. You never ever know. That is the excitement of it all. I have now learnt to avoid phone calls after 1600 on a Friday.

What would you say to younger people or those looking for a career change to marine surveying?
A career in marine surveying is not for everyone. Ships know nothing about Easter, Christmas day, New Year's Eve, birthdays, wedding anniversaries (yes, I know) or Johnnie's parent/teacher night. Marine surveying is not a job of halves – those who seek balance rarely find it. I say it is not so much a job as a calling. Those who do succeed live the life. If you are mentally tough, enjoy your own company and have a sense of humour (at the start at least) then this job could be for you. Sadly, I am not sure how many younger people that will attract?

What are the professional achievements you're most proud of?
I am proud of having got my cadetship with the ANL in 1973, and then having passed all my seagoing certificates. Getting my master mariner – foreign-going certificate was the best. Six long hard months study at the Sydney School of Navigation followed by a week of written exams, then the final hurdles, swinging the compass and a face-to-face oral exam. After three hours of intense questioning the examiner finally relented and squeezed out the words "OK you passed, just". That will do me I said and out the door I bolted before he could change his mind. What relief.

What do you like do when you're not doing maritime stuff?
I have never had the time or inclination for a "hobby". Golf hates me. I go to the Rugby League (Broncos) when I can (can I get my money back please?). I played and coached rugby for many years. But unfortunately, I can no longer watch it – the game has been strangled to death by the referees. It is a refined form of torture these days. Tip: Leave the big boys in the scrum alone – they know what they are doing!

Who inspires you?
Without doubt my lovely wife. She has been an integral part of our business as CFO for the past 25 years. She has made so many sacrifices – always without complaint. She is my senior adviser and best friend. In addition to running the business she managed to raise three children. She often says we could write a sitcom about it all. We just might do that. If we can find the time.

Image supplied

UNITED SALVAGE HAS RELOCATED TO PORT KEMBLA NSW

The company's head office and main warehouse facilities are located in a convenient and multi-user facility located near the port.

We are excited to be working alongside Avcon Projects Australasia and Risk Response Resources to form a combined Training, Safety, Environment and Emergency Response Hub in Port Kembla.

The new location places the company and its assets adjacent to one of New South Wales' busiest ports.

We have maintained our caches of equipment located in Dampier WA, Cairns and Mackay Qld.

The new location houses the majority of the company's first strike and large-scale equipment and machinery held for all forms of marine emergency response, wreck removal and decommissioning support.

We are well experienced in providing decommissioning services and support in Australasia. We have undertaken large scale projects in port and offshore that include;

- Removal of fire damaged jack up rigs form oil fields
- Fire damaged bulk carriers within port limits.

The United Salvage team is experienced at responding at short notice to assist, ship owners and their crews in a variety of circumstances. Our emergency salvage response services can include;

- Naval architecture
- Marine engineering towage
- Marine pollution
- Hazardous materials management

We maintain our Lloyds Register accredited training course for emergency towing crews as part of our wider scope of services.

UNITED SALVAGE
32 Gloucester Blvd, Port Kembla NSW 2505
drew.shannon@unitedsalvage.com.au

unitedsalvage.com.au

24 / 7 Response Centre +61 1800 864 725