

# CURRENT

An Update from Sydney Ports Corporation

May 2007

## Interesting developments at local and overseas ports

I have recently returned from presenting a paper at the 25th IAPH World Ports Conference in Houston, Texas earlier this month. The IAPH conference brought together representatives from over 200 ports around the world.

The predominant theme of the conference focused on the unlimited growth in container trade in all regions around the world. The total volume of containers moved globally now exceeds 400 million TEU's per annum and is predicted to grow to over 7 per cent per annum to 2011 in every trade lane in the world.

To match this growth, global port capacity will need to increase from the current estimated capacity of 550 million TEU's to 672 million TEU's per annum. This is an increase of 122 million TEU's at an estimated capital cost of US\$25 billion by 2011.

The reasons behind this increase are the rapid economic growth of China followed by the emergence of India as a major growth area. With populations of 1.3 billion and 1.1 billion respectively, these two countries contribute to 37 per cent of the world's population.

Container ship sizes continue to grow with the largest vessel having a capacity of 13,500 TEU's and a draft of 15.5 metres. There is a degree of concern amongst some ship owners with this trend with Evergreen publicly declaring that it will not build ships above 10,000 TEU capacity.

Some ports around the world are also concerned about the power being exerted by the larger operators. The recent mergers and acquisitions of shipping lines have resulted in Maersk, MSC and CGM/CMA now controlling approximately 33 per cent of world container ship tonnage.

The conference in Houston was also a reminder of the enormous value that citizens of the United States and State and Federal political representatives place on their local ports. By allowing shipping lines to choose between a number of ports such as Galveston, Houston, Charleston, Savannah, Jacksonville, Miami etc, creates fierce competition between various States to attract and retain international shipping services.

The level of support and appreciation by the local community of the economical benefits to the region provided by a growing international port is something that port managers in Australia would envy.

I also visited the new Yangshan Container Terminal in Shanghai. The impressive development is situated 32 kilometres from the coast, via a six lane bridge and a further 60 kilometres by land from the old port in Shanghai.

Only three years since the start of construction, the terminal is already handling approximately 4 million TEU's across 10 berths with 34 cranes. The next stages of development over the next couple of years will see the addition of another 20 berths with a total capacity of 15 million TEU's.

There have also been interesting changes within the local industry since the last issue of *Current*.

The acquisition of Adsteam, a major tug service provider in Sydney Harbour and Botany Bay, by Svitzer Wijismuller has meant new management and a new company – Svitzer Australasia.

There is continued emphasis on meeting port requirements to further enhance infrastructure and efficiencies. Sydney Ports has made submissions for funding of port-related road and rail projects to the Federal Government's Auslink II package. The outcome of this is awaited.

We mark the end of a successful cruise season and have recently completed the refurbishment of the function centre at the Overseas Passenger Terminal to coincide with Mercedes Fashion Week shows which were held there. Revenue from these ancillary activities at the OPT enables Sydney ports to retain cruise ship berthing charges at such a reasonable level.

Greg Martin  
CEO

## Managing and Developing Port Facilities

### Port Botany Expansion Project

Following the announcement of a shortlist for the Design and Construction contract, the two consortia Baulderstone Hornibrook-Jan de Nul and Leighton-Van Oord, have received the tender documentation from Sydney Ports. Tenders close at the end of July 2007 with a tenderer expected to be selected in November 2007. The construction contractor is scheduled to be operational on site early in 2008.

Sydney Ports will commence the tender process for the selection of a stevedore for the expanded area later this year with a decision not expected until 2008.

We note with interest that The Port of Brisbane Corporation recently appointed Hutchison Port Holding as the stevedoring operator for their expanded areas – berth 11 and 12 to come online in 2012 and 2014 respectively.

In other progress on the project, environmental monitoring of waves, seagrass, saltmarsh and benthos in the construction area has commenced. This will provide baseline data for environmental protection during construction and also for enhancements proposed as a part of the project.

The Community Consultative Committee established by Sydney Ports for the project has continued to meet regularly to discuss and decide on aspects of the project which are of interest to local community and business.

## Facilitating Trade

### Substantial growth in containerised trade

Trade through the ports of Sydney continues to grow strongly with total trade for the 10 months to 30 April 2007 reaching 23.155 million mass tonnes, an increase of 5.7 per cent over the same period last year.

Growth in container trade has far exceeded expectations, reaching 1.356 million TEUs\*, a 13.1 per cent growth on the same period last year.

Total container imports grew by 11.7 per cent compared to the same period last year, reaching 0.687 million TEUs. Commodities such as textile fabrics, iron and steel and prepared food contributed to the increase.

Total export containers increased by 14.6 per cent compared to the same period last year.

A 9.2 per cent increase in full export containers compared to the same period last year contributed to this growth, with the total number reaching 0.308 million TEUs. Increases in exports of commodities such as machinery, paper products, miscellaneous manufactures and iron and steel contributed to this growth.

An increase in empty container exports of 19.5 per cent to 0.361 million TEU's has contributed to the growth of all exports containers.

For more trade information visit [www.sydneyports.com.au](http://www.sydneyports.com.au)

\* TEU – Twenty Foot Equivalent Unit

## Port Operations

### Oil Spill “Emergency” Exercise On Sydney Harbour

Sydney Ports participated in an oil spill training exercise on Friday 27 April to test the Ports preparedness and response to port emergencies.

The evaluation of the exercise by an independent observer from Port Kembla indicated that in the training exercise, conducted with Shell Australia's Gore Bay and Silverwater terminals, both employees and equipment were ready and prepared.

25 people from both organisations worked together to contain the 'oil spill' in a four hour time frame.

An extensive range of equipment was used in the exercise including:

- seven fast response vessels
- oil spill containment booms and recovery equipment and
- a computerised model of geographic and environmental details of the area to help protect sensitive habitats

Sydney Ports conducts two oil spill training exercises each year – one in Sydney Harbour and one in Botany Bay to test the level of preparedness to deal with such incidents.

## **Sydney Port's Harbour Master – inaccurate media commentary**

Members of the port community have worked together to consistently build and improve safety practices that contribute to the ongoing safe navigation of trading vessels in Sydney's ports.

Recent media reports have regrettably inaccurately reported the facts in regards to both the administration of maritime safety responsibilities in Sydney Harbour and Sydney Ports Harbour Master Captain Robin Heath's qualifications to train as a pilot.

Regarding the safety issues raised in the media, information that needs to be corrected is firstly that the Harbour Master is well aware of the legislative responsibilities of his position. NSW Maritime has advised that suggestions in the media regarding the Harbour Master contributing to recent safety incidents in the Harbour are erroneous as they "involved recreational and commercial vessels and had no direct involvement with Sydney Ports Corporation, the Harbour Master or the pilots". The regulation and safety management of the vessels involved in the tragic accidents on Sydney Harbour is the responsibility of NSW Maritime.

The Harbour Master's position has the primary responsibility for the safe navigation of trading vessels in Sydney's Ports. The Harbour Master directs and controls the manner in which vessels enter or leave the port. In a practical sense, the Harbour Master exercises this power when instructing vessels to leave the port, as was the case in the recent Tsunami warning. Also instructing vessel movements through Sydney Ports Communication Officers and determining the number of tugs to assist the navigation of vessels is the responsibility of the Harbour Master. He is also delegated to license pilots. All of these activities are undertaken to ensure the safe navigation of commercial trading vessels in the ports.

Sydney Ports believes that training Captain Heath as a pilot will provide him first hand knowledge of the roles and requirements for pilotage that will benefit all port stakeholders. It is not intended that Captain Heath would be an active working pilot rostered for regular duties. Captain Heath would need to maintain the license with pilotage trips required to keep the license current. This local and practical knowledge can only enhance the Harbour Master's position to contribute to the efficient operations and safety improvement strategies for the port.

Captain Heath has been involved in the maritime industry for over 30 years and has been a pilot for seven years in the Port of Halifax Canada. He has piloted over 2,500 vessels during his career, many comparable with those commercial vessels visiting Sydney's ports. In fact, Captain Heath has twice piloted the Queen Mary II into the Port of Halifax. The Australian Maritime Safety Authority (AMSA) confirmed that his qualifications are sufficient to commence training as a pilot.

Sydney Ports will continue to pursue the licensing of Captain Heath as a Pilot for the benefit of all port operations.

## IPART calls for submissions

The independent review of the landside logistics chain at Port Botany by the Independent Pricing and Regulatory Tribunal (IPART) has progressed further with the release of an issues paper on Wednesday 9 May and calling for submissions.

IPART has invited stakeholders to comment on aspects such as charges and access relating to the vehicle booking system (VBS), rail access and other services provided by the stevedores, and will make recommendations on the interface between the road transport industry, rail operators, and the stevedores at the port.

Submissions to the Independent Tribunal will close in early June. The results will be released as a draft report later in the year.

Sydney Ports will be submitting to the review and encourages all port stakeholders to take the opportunity to provide input into the review which is seeking to improve the efficiency of the port.

## Sea Freight Council of New South Wales

Sydney Ports has been working with the Sea Freight Council of New South Wales (SFC) to undertake a study to examine business models to facilitate new 'open access' common-user intermodal terminals for metropolitan Sydney.

The study, titled Sydney's Intermodal Solution, was commissioned to assist with the land transportation of the container growth predicted through Port Botany in line with the Government policy to increase the use of freight rail transport from 21 per cent to 40 per cent mode share. Additional intermodal terminals in the south-west and west of Sydney are necessary to achieve this mode share.

The outcomes of this study support the development of a network of 'open access' terminals to build on existing intermodal capacity at Villawood, Camellia, Yennora and Minto and to operate in key Sydney markets including Enfield and Moorebank.

The study reviews the options for establishment of a greenfields terminal and determines a recommended optimal model to be pursued. It is aimed at providing a blueprint for government agencies to consider as well as industry players who will be critical to the successful development of a new facility.

This initiative identifies the attributes behind commercially viable terminals and helps build a stronger knowledge base regarding the broad viability of proposed, future terminal developments.

The SFC will be releasing the report for comment shortly. Information on the study can be obtained from Alison Cook, Acting Executive Officer, SFC on 02 8298 9511 or [alison.cook@nortonwhite.com](mailto:alison.cook@nortonwhite.com)

## Sydney Ports launches new website

Sydney Ports has been developing a new website that will support the growing information needs of our stakeholders.

The new site offers innovative design and navigation tailored specifically for users. The website allows visitors to quickly access information about the ports.

One of the sites new features is an interactive map, allowing visitors to view port facilities in a variety of modes whilst providing different layers of information. Tried and tested Sydney Ports' website favourites such as wave, wind and tide; trade statistics, and the ships schedule, to name only a few, will still be available.

We will notify you when the new website goes live at [www.sydneyports.com.au](http://www.sydneyports.com.au) in early June.

## The new OPT Gangway

Sydney Ports has contracted FMT Aircraft and Gate Support Systems AB of Sweden and Avionics to design, supply and commission a free standing gangway for the Overseas Passenger Terminal (OPT)

Currently in the design phase, the new gangway will enhance passenger comfort and safety and have the ability to elevate while passengers are traversing the gangway.

Delivery of the new gangway to the OPT is scheduled for the first quarter of next year towards the end of the international cruise season. Sydney Ports will consult with the cruise industry and restaurants at the OPT to ensure that the installation of the new gangway will not pose any disruptions to businesses or interfere with cruise ship operations.

### End of successful cruise season

Sydney has enjoyed a successful international cruise season with a total of 33 international passenger vessel visits between November 2006 and April 2007. Visits by the *Queen Mary 2*, the largest vessel to visit the Harbour, and *Queen Elizabeth 2* marked the highlight of the season with both arriving on Tuesday, 20 February, 2007.

Some other vessels on their maiden visits were *Van Gogh*, *Delphin Voyager*, *Asuka II* (formerly *Crystal Harmony*) and the *Saga Ruby*.

Port operations ran smoothly during the visits and additional resources were used to manage activities on days where multiple vessels were in port.

The 2007/08 cruise season is set to be the biggest ever, with some 45 international visits booked, as well as 56 visits from domestic vessels, bringing a total of 101 visits - an increase on last year's 91. The international season commences on 2 October 2007, with the arrival of the *Regal Princess* before she goes for conversion, emerging as the *Pacific Dawn* and finishes on 16 April 2008 with the sailing of the *Topaz*.

New arrivals this season also include Royal Caribbean's *Rhapsody of the Seas*, Celebrity's *Mercury*, Star Cruises *Superstar Gemini*, and the latest edition to the Cunard fleet *Queen Victoria*, which like the *Queen Mary 2*, will also arrive in Sydney on the same day as the *Queen Elizabeth 2*. The *Pacific Princess* will also be replaced by the much larger *Sun Princess*.

Changes are also afoot for domestic cruising, with the arrival of the 77,000 tonne *Pacific Dawn* (formerly *Regal Princess*) operating from Darling Harbour Wharf 8, replacing the *Pacific Sun* which is scheduled to move to Brisbane.

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The *Pacific Sun* will sail out on 9 November for the last time, on the same day as the *Pacific Dawn*'s first cruise from Sydney to the Pacific islands, departing from the Overseas Passenger Terminal.