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VIC GOVT ANNOUNCES WEBB WINNERS

The Victorian government has revealed the successful bidders for one of the major Webb Dock redevelopments comprising Melbourne's $1.6bn Port Capacity Project (PCP). Ports Minister, David Hodgett, announced that the contracts for operation of the port's new automotive pre-delivery and inspection (PDI) hub had been awarded to Asciano's Patrick AutoCare and the Toll-K Line/QUBE joint venture PrixCar. AutoCare will develop a 12-hectare site while PrixCar will build a four hectare facility, with both expected to be operational by mid-2015. The two companies already control almost 80% of Victoria's PDI business. Mr Hodgett stressed that the new 'on-dock' PDI hub would centralise vehicle processing "right next to where they are unloaded off the ships. Currently a small volume of pre-delivery services are carried out within the port precinct, but around one third of the cars handled at the port are trucked across the West Gate Bridge for pre-delivery servicing before being trucked back across the bridge for delivery to dealers," Mr Hodgett said. "This new facility consolidates the import-export service in one location, increasing efficiency and reducing unnecessary truck shuttles around our freeway network." Congratulating AutoCare and PrixCar, Victorian Transport Association Chief Executive, Neil Chambers, warned it would be necessary for continued close liaison to ensure the combined Webb Dock road traffic from the new PDI and automotive facilities, the new international container terminal and existing Bass Strait freight services could be efficiently handled in the precinct. "While the new on-dock PDI facilities will dramatically reduce the number of interim transport moves, there will still be a significant number of heavy vehicle movements to and from Webb Dock every day," Mr Chambers said. "We need to work with the government and its agencies to ensure that the road infrastructure and associated traffic management arrangements can cope with these movements *(Continued on Page 2)*

FREIGHT FORWARDER ADVERTISING MAY BE MISLEADING, CUSTOMS WARNS

Advertising by freight forwarders, which offers customs broking services when those forwarders are themselves unlicensed, may be misleading, the Australian Customs & Border Protection Service has said. "This practice is of concern and may contravene the prohibitions on false and misleading representation that are set out in Australian consumer law," Customs said. It added that freight forwarders, or other businesses, that are not themselves licensed customs brokers can arrange for the provision of such services by a licensed broker. "When they make such arrangements, they should not describe themselves as a customs brokerage or use similar terms that indicate that they provide customs brokerage services themselves," the service asserted. Consequences of producing misleading advertising could involve lawsuits and damages. A further consequence could be attention from the Australian Competition and Consumer Commission, which can go to the courts to seek financial penalties, declarations, injunctions and orders for corrective notices.

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(Continued from Page 1) without causing undue delays at added cost, particularly during peak periods."

THINK TANK URGES SCRAPPING OF COASTAL SHIPPING LAWS

Australia's new coastal shipping laws are "anti-competitive" and are "hurting Australian producers" the Institute of Public Affairs has warned and has urged the Abbott government to repeal them. "Coastal shipping has become less competitive due to the Labor government's 2009 changes that imposed Australian award wages on foreign vessels employing foreign crews," said Aaron Lane, a research fellow at the Institute specialising in economics and industrial relations. "The 2012 changes introduced around 250 pages of new legislation. Flexibility is critical for the coastal shipping industry, yet changes to the laws have increased the burden of red tape on coastal shipping vessels," Mr Lane argued. He has recently authored a report, released by the Institute in the days before Christmas, titled: "Coastal Shipping Reform: Industry saviour or regulatory nightmare?" Mr Lane reviewed a variety of position papers and submissions from industry before concluding that the Australian economy has suffered a loss of between $76m and $150m as a result of coastal trading reforms. He also criticised the basis of the reforms – that of boosting the Australian flag. He argued that the focus of the reforms ought to have been on increasing the efficiency of commodities transport. Australian Shipowners Association (ASA) Executive Director, Teresa Lloyd, described Mr Lane's report as "disappointing". "What is frustrating, however, is when well resourced, research specialists fail to apply their considerable expertise to providing a proper, thorough analysis that takes into account the sophisticated intellectual arguments that are required for meaningful debate on complex issues such as shipping." Meanwhile, Australian lawyer, Robert Springall, has since described the effects of the coastal trading package as a "disaster". "In practical terms, the main effect of the new legislation appears to have been to allow general licence holders operating on the Australian coast to hold the Australian industry to ransom," Mr Springall asserted.

CHINA ACCOUNTS FOR 22% OF THE VALUE OF AUSTRALIA'S 2013 IMPORTS

Australia's top three import sources accounted for 38.8% of the $21,784m worth of international trade goods received in November 2013, with China sending almost a quarter followed by the US at 9.5% and Japan at 7.3%, according to recent data from the Australian Bureau of Statistics (ABS). Specific trends in the value from countries of origin to Australian states and territories were revealed in the latest bulletin of International Merchandise Imports, Australia from the ABS. Australia imported $4785m worth of goods from China in November 2013, a 2.7% increase from $4660m in October. NSW claimed the lions share with nearly half, followed by Victoria at just over a quarter and Queensland at 12% as the top three destinations. The value of US trade goods fell 11.5% in November at $2071m, from $2340m in October and NSW claimed 39.5%, followed by Victoria at 29% and Queensland at 17.7%. Japan accounted for $1590m worth of trade goods in November, dropping 4.7% from $1668m in October – NSW snagged 32.6%, Queensland took 29% and Victoria claimed 21%. The import value of trade goods from Singapore increased 1.5% in November at $1148m, from $1131m in October. Western Australia led the charge receiving 38%, NSW took a quarter of the goods, then Victoria at 14.6%. Australia imported $1030m worth of trade from Germany in November, a 3.4% fall from $1066m in October. NSW claimed 42.6%, followed by Victoria at 31% and Queensland at 17.7%.

IATA NOTES CONTINUED STAGNANT CARGO DEMAND

According to the International Air Transport Association (IATA), cargo demand remains largely stagnant. Airlines are expected to have carried 51.6 million tonnes of cargo in 2013, a figure likely to increase to 52.5 million tonnes in 2014. This modest increase in demand is expected to be offset by a decline in yields (forecast to fall 2.1% in 2014). Despite the stagnation in the air cargo industry, IATA notes that belly hold capacity continues to be introduced as airlines seek to benefit from robust passenger demand. Cargo revenues are expected to be $60 billion in both 2013 and 2014. While revenues peaked in 2011 at $67 billion, for 2013 and 2014 they are predicted to remain basically unchanged from 2007 levels. The on-shoring of production is having an adverse impact on the cargo business, IATA explains. The process of on-shoring is being driven by two forces, it notes. Since the recession, there has been a rise in protectionist measures by governments aiming to stimulate domestic economies. In tandem, the effects of earlier liberalisation are fading as costs rise in previously low labour cost locations. These conditions are likely to extend over several years. However, the World Trade Organization's Bali agreement to liberalise markets and improve trade facilitation is expected to be good news for the air cargo industry, the association considers. "Removing the red tape that restricts and slows trade is a positive goal. It aligns well with our own efforts to bring efficiency to air cargo through e-Freight," observes IATA Director General and CEO, Tony Tyler.

Preliminary figures released by the International Civil Aviation Organization (ICAO) for 2013 confirm that cargo traffic as expressed in freight tonne-kilometres (FTK) increased by about 1% year-on-year. Asia Pacific airlines will account for the largest share of global FTKs flown, but they will see a contraction in overall freight volumes similar to that experienced by North American carriers. The Middle East will have had the fastest air cargo traffic growth compared to 2012, accounting for 12 per cent of global FTK flown.

GOVERNMENT WELCOMES CATHAY DIRECT FLIGHTS TO ADELAIDE

Deputy Prime Minister and Minister for Infrastructure and Regional Development, Warren Truss, has welcomed Cathay Pacific's decision to introduce direct flights between Adelaide and Hong Kong, facilitating same day connections to China and other Asian cities. The Tourism and Transport Forum estimates there will be a direct economic benefit to tourism in South Australia of $24 million a year from this direct flight. At present, just 29 per cent of South Australia's inbound international visitors are from Asia compared to 43 per cent for the rest of Australia. Mr Truss said direct services to Asia would provide a boost for the South Australian economy at a time when it is badly needed. "The Government has approved the flights to operate in Adelaide Airport's curfew 'shoulder' period between 5am and 6am from April to October. The flights are allowed under the Adelaide Airport Curfew Act, which was introduced in 2000 to provide night-time aircraft noise respite for Adelaide residents."Flights in the curfew shoulder must meet special rules, including approaching the airport over Gulf St Vincent unless it is unsafe to do so and following even stricter noise abatement procedures."Mr Truss said he is very conscious of the need to balance the economic benefits of the new flights with concerns local residents have about aircraft noise from the early morning flights. The flights need to land in Adelaide at this time to accommodate available slots in Hong Kong and to enable connections to other parts of Asia and Europe. The direct Hong Kong to Adelaide flight is scheduled to operate only in the Northern Hemisphere Summer season commencing 6 April 2014.

AIRLINE PROFITS ON RISE

The International Air Transport Association (IATA) has announced an upward revision to its industry financial outlook. For 2013 airlines are expected to return a global net profit of US$12.9 billion. This is expected to improve to a net profit of US$19.7 billion in 2014. Both are improvements on the September forecast which anticipated an industry net profit of US$11.7 billion in 2013 increasing to US$16.4 billion in 2014. The upward revision reflects lower jet fuel prices over the forecast period as well as improvements to the industry's structure and efficiency already visible in quarterly results last year. Passenger markets continue to outperform the cargo business which remains stagnant both on volumes and revenues. IATA expects 2014 to be a second consecutive year of strengthening profitability (beginning from 2012 when airlines posted a net profit of US$7.4 billion). Industry net profit margins, however, remain weak at 1.1 per cent of revenues in 2012, 1.8 per cent in 2013 and 2.6 per cent in 2014. Within this aggregate forecast for the entire industry, performance of individual airlines and regions will vary considerably. The anticipated US$19.7 billion profit in 2014 would come on projected revenues of US$743 billion. While this would be the largest absolute profit for the airline industry-outstripping the US$19.2 billion net profit that the industry returned in 2010 - it is important to note that 2010 revenues were US$579 billion. The net profit margin in 2010 was 3.3 per cent, some 0.7 percentage points higher than the 2.6 per cent expected for 2014. "Overall, the industry's fortunes are moving in the right direction. Jet fuel prices remain high, but below their 2012 peak. Passenger demand is expanding in the five to six per cent range-in line with the historical trend. Efficiencies gained through mergers and joint ventures are delivering value to both passengers and shareholders. And product innovations are growing ancillary revenues," said Tony Tyler, IATA's Director General and CEO.

FIRST STAGE OF PORT OF NEWCASTLE TRANSACTION CONCLUDES

NSW Treasurer, Mike Baird, is pleased with the response from potential bidders for the long-term lease of the Port of Newcastle following the close of Expressions of Interest. Mr Baird said suitably qualified parties would now be invited to participate in a competitive bidding process for the Port, which is expected to conclude by mid-2014. "The market response to the Port of Newcastle reflects the confidence we have seen in the sale and lease of other State-owned assets" said Mr Baird. If the transaction was successful, $340 million of the proceeds would be directed towards the revitalisation of central Newcastle, to which the Government has already committed $120 million. "These transactions are essential in enabling the NSW Government to invest in critically needed infrastructure, including the much-needed revitalisation of central Newcastle. "The lease of the Port will guarantee a total of $460 million for Newcastle, allowing us to turbo-charge this priority project for the city," said Mr Baird. "The long term lease of the Port of Newcastle clearly demonstrates the immense and lasting benefit these transactions bring to communities and to the broader State economy." Mr Baird said public access to the Port would not change as a result of the lease, and existing regulatory oversight in areas such as price monitoring and the environment would remain in place.

EOI SOUGHT TO BUILD AND OPERATE MOOREBANK

Federal and NSW governments have called for expressions of interest (EoI) from the private sector to build and operate Moorebank Intermodal Terminal. However, it should be noted, according to official figures, Moorebank already cannot accommodate the current and expected trade growth. EoI for Moorebank will be accepted until 26 February 2014. "The Australian and NSW governments have worked closely together to progress the project [Moorebank] to this important stage of calling for EoI. We look forward to working with private sector partners to deliver a future-focussed, infrastructure solution that will drive economic growth and safeguard the efficient, productive delivery of freight across the country," reads a statement from Deputy Prime Minister and Minister for Infrastructure and Regional Development, Warren Truss. NSW Ports Minister, Duncan Gay, welcomed the call for expressions of interest. "The NSW Government is committed to supporting freight industry initiatives to improve performance and increase capacity by facilitating actions that eliminate duplication," a statement from his office read. The statements of both Mr Truss and Mr Gay emphasised the potential of Moorebank to encourage a modal shift of containerised freight from road to rail to help accommodate projected growth at Port Botany. Commenting on the rationale for the development of Moorebank, Mr Truss said: "over the last 11 years, container trade growth at Port Botany has grown to more than 2m containers each year. This growth is expected to continue… Moorebank is large enough to handle expected growth in container numbers." However, according to the Moorebank Intermodal Company, Moorebank only has rail freight capacity of 1.2m teu per year and it, therefore, cannot accommodate the current or forecast trade growth from Port Botany.

BOXSHIP FLEET TO SHOW 5.9% GROWTH FOR 2013

Delivery of container tonnage over the last 12 months looks set to match increases in demand growth, according to BIMCO. In its latest research circular, the shipping association says the inflow of new tonnage in 2013 is set to become the second-largest on record, with the total fleet increasing by 1.4m teu. Demolition activity is also on the verge of a record year, with 370,000 teu scrapped, just short of the record 378,000 teu scrapped in 2009. Taking into account deliveries and scrapping, the overall fleet will have expanded by an estimated 5.9% last year. Meanwhile, BIMCO is expecting demand to increase 5%-7%. Global market demand grew 5% in the third quarter of 2013, compared with the same period last year. The report states: "Fleet expansion of around 5.9% is set to become the new standard level of supply growth." This matches the BIMCO forecast of a new normal, not just in terms of global economic development but also in container shipping as regards supply and demand. "From 1996 to 2011, the annual nominal fleet growth was 11%. For 2013 as a whole, demolition of tonnage will have eased the sting of introducing newbuilt capacity." In terms of deliveries, the inflow of ultra large containerships slowed last year, despite the overall fleet increasing by near-record levels.

ANTI-DUMPING COMMISSION

Legislation introduced to transfer the Anti-Dumping Commission from the Australian Customs and Border Protection Service (Customs) to the Department of Industry has passed all stages of parliament. The legislation provides for the transfer of anti-dumping administration from Customs to the department administered by the minister responsible for Pt XVB (special provisions relating to anti-dumping duties) of the Customs Act 1901. The Bill provides that the Commission will continue to exercise the relevant anti-dumping powers and functions contained in the Customs Act, including the receipt and screening of applications for anti-dumping measures, and the conduct of investigations and inquiries relating to the imposition, review and continuation of such measures. Anti-dumping powers and functions currently held by the CEO of Customs will also be transferred to the Commissioner. The legislation includes transitional and saving provisions to maintain the continuity of applications, submissions and ministerial appointments, as well as the operation of non-disclosure and law enforcement provisions relating to information and conduct engaged in prior to commencement of the legislation.