

Impacts of the Global Economic Crisis

Fremantle Ports is continuing to closely monitor industry forecasts in an effort to predict impacts of the worldwide economic downturn on Fremantle's trade volumes and revenue.

There have been significant reductions in some trades, for example motor vehicle imports, while others have fared better. Steel imports grew, mainly because of the strong growth in this trade in the first half of the year.

Fremantle Ports has undertaken a review of all trades to gain an understanding of likely trade patterns for both the Inner and Outer Harbours in 2009/10. This has involved discussions with major customers (shipping lines and shippers) to gain an insight from their forward estimates. General expectations are for reduction of between 5 and 8 per cent for full container totals.

While the impact on some trades is more difficult to forecast than others, current economic predictions appear to indicate that the downward trend will persist for the 2009 calendar year, with prospects for an upswing in the first or second quarter of 2010.

Rio Tinto's decision to place the HIs melt pig iron plant at Kwinana on care and maintenance for 12 months has significant implications for Fremantle Ports in terms of return on infrastructure investment. The upgrading of the Kwinana Bulk Terminal in recent years was, in part, to handle HIs melt's import and export needs.

The increased capacity at this terminal does, however, open opportunities for other bulk customers.

Lead Exports

The proposal by Magellan Metals to export lead carbonate through Fremantle Port's Inner Harbour has continued to generate some community concern, particularly in the Fremantle area. This is despite the fact that the product would be transported in a stringently controlled double containment system.

Magellan Metal's plan, with strict Environmental Protection Authority and ministerial conditions applying, involves the lead carbonate being transported from the mine site in sealed, double lined bulka bags inside locked steel shipping containers. This is completely different from the way in which the product was handled at Esperance, where it was shipped in bulk form.

Fremantle Ports engaged an external consultant in 2007 to undertake an independent environmental and risk assessment of the proposal by Magellan Metals to export the lead carbonate through the Inner Harbour. The review found that the risk control measures proposed by Magellan were acceptable. It also recommended a number of actions be undertaken by Fremantle Ports to ensure potential risk exposures were minimised.

One of the Ministerial conditions applied to the proposed export through Fremantle is the requirement for Magellan Metals to undertake baseline monitoring of lead levels in air, soil, water and sediment within the Inner Harbour before exports begin.

To provide additional independence of monitoring results and further verification of the work conducted by Magellan, Fremantle Ports has supplemented its existing environmental monitoring programs with some soil and air monitoring to provide baseline data for comparison with Magellan's monitoring results. Sampling for contaminants, including lead, is already undertaken as part of Fremantle Ports' annual marine monitoring program, so additional sampling to establish baseline levels in marine sediments and waters is not necessary.

Magellan Metals has worked closely with Fremantle Ports to ensure that we are satisfied that all obligations relating to shipment of lead carbonate through the Inner Harbour are being addressed appropriately.

In the unlikely event that elevated lead levels are detected once exports commence, analytical techniques are available to speciate the lead to determine whether the source is the Magellan minesite.

Impacts of Urban Encroachment on Transport Corridors

Fremantle Ports is increasingly concerned about the impact of new or planned urban development close to freight corridors. As well as the loss of potential to use the corridor for its current or planned future use, there is potential operational impact on the land uses associated with the transport corridor.

Reduced amenity for sensitive uses such as residential development close to transport corridors is another significant issue.

Planning strategies and policies are in place to achieve good planning outcomes at both local and State Government levels but despite this, there are increasing examples of residential development in close proximity to transport corridors and nodes such as ports and intermodal facilities. Residential development very close to the freight line at Fremantle and Coogee is an example of this, with the impacts already being felt.

Fremantle Ports is working with other agencies to increase awareness of the issue and the importance of ensuring that the policies are rigorously applied in assessment processes so that transport corridors are protected.

Container Terminals and the Vehicle Booking System

The landside performance of Fremantle's container terminals compares well with the general situation at Australia's container ports. The average truck turnaround time at Fremantle is 32 minutes compared with the national average of 38 minutes.

In Fremantle, however, as with other ports, there are a number of issues relating to the interface between carriers and the container terminals. The primary ones relate to the costs faced by carriers when delays occur at the wharf, the availability of daytime slots at container terminals, the difficulty of efficiently using night time slots and concerns regarding effective and timely communication on a range of matters.

Fremantle Ports has been working closely with the industry to address these issues through groups such as the Port Operations Task Force and Sea Freight Council (now the Freight and Logistics Council). Also, Fremantle Ports has taken the initiative to facilitate discussions between carriers and the container terminals as well as working at the national level to promote system changes which will help alleviate industry concerns and generate a more efficient supply chain, essential to the facilitation of trade.