




# Breakbulk Shipping

A forgotten sector of the Maritime Industry



## What We Do

- Services:
  - Cargo which can not fit in containers
  - Heavy and over size cargo
  - Cargo to and from small & regional ports
- Key Industries
  - Steel
  - Oil and Gas
  - Mining & Exploration
  - Agriculture
  - Construction & Infrastructure
  - Occasionally used in military movements
- Some Characteristics of Owner/Operator
  - Often private/family owned
  - Some Investor backed
  - Mostly modern ships
  - Some in regular parcel/liner trades, some tramp
  - Rarely timecharter their ships out
  - Follow all key infrastructure projects



### New Shiploader for Dalrymple Bay





### New Windfarm for South Aust





### New Yachts – in Better Times



06-10-2007




### Ore Wagons for Mines





## Regular Ports We Cover

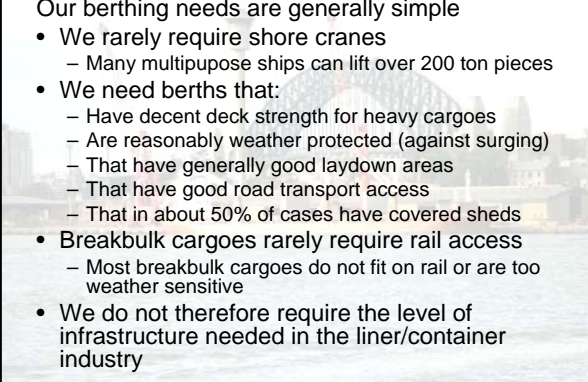

- Queensland
  - Brisbane
  - Gladstone
  - Mackay
  - Townsville
  - Port Alma
  - Cairns
  - Weipa
- NSW
  - Port Kembla
  - Newcastle
  - Sydney – now occasional only
- Victoria
  - Melbourne
  - Geelong
  - Portland
- Tasmania
  - Hobart
  - Bell Bay
  - Burnie
- South Australia
  - Adelaide
  - Port Pirie
  - Whyalla
- Western Australia
  - Esperance
  - Albany
  - Bunbury
  - Fremantle/Kwinana
  - Geraldton
  - Dampier
  - Port Hedland
  - Broome
  - Wyndham
- NT
  - Darwin

## Port Requirements

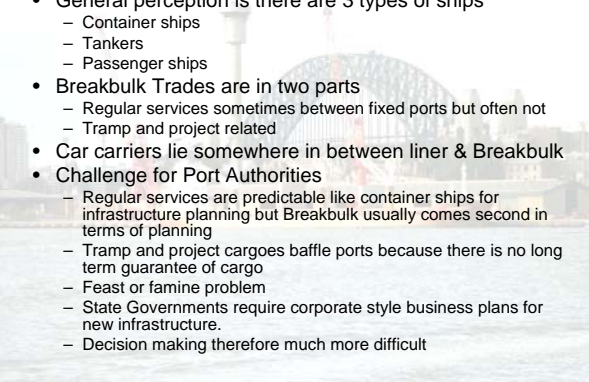

Our berthing needs are generally simple

- We rarely require shore cranes
  - Many multipurpose ships can lift over 200 ton pieces
- We need berths that:
  - Have decent deck strength for heavy cargoes
  - Are reasonably weather protected (against surging)
  - That have generally good laydown areas
  - That have good road transport access
  - That in about 50% of cases have covered sheds
- Breakbulk cargoes rarely require rail access
  - Most breakbulk cargoes do not fit on rail or are too weather sensitive
- We do not therefore require the level of infrastructure needed in the liner/container industry


## Why we are Different

- General perception is there are 3 types of ships
  - Container ships
  - Tankers
  - Passenger ships
- Breakbulk Trades are in two parts
  - Regular services sometimes between fixed ports but often not
  - Tramp and project related
- Car carriers lie somewhere in between liner & Breakbulk
- Challenge for Port Authorities
  - Regular services are predictable like container ships for infrastructure planning but Breakbulk usually comes second in terms of planning
  - Tramp and project cargoes baffle ports because there is no long term guarantee of cargo
  - Feast or famine problem
  - State Governments require corporate style business plans for new infrastructure.
  - Decision making therefore much more difficult

## Breakbulk vs Container

- Infrastructure planning for Containers is easy
  - Continued growth in trade (until the GFC anyway)
  - Easy to tax (charges per container)
  - Ports build facilities then lease them for 10 to 20 years
- Or is it so easy? What about?
  - Planning new infrastructure takes many years
  - Road access problems
  - Rail infrastructure requirements
  - Urban encroachment issues
  - Need for inland ports, depots to handle containers volumes
  - The container business is highly political as it affects both communities and small business alike
- Break Bulk infrastructure
  - In most cases facilities operated by the Ports themselves
  - New Infrastructure usually has less impact on local communities
  - Is often outside major cities making planning process
  - But there are rarely any votes in building new break bulk facilities




## Infrastructure needs

- Pressure off since GFC
- However this is the time to plan future needs:
  - Cheaper materials
  - Labour availability
  - Planning and environmental approval lag
  - Building time
- Current solutions required for:
  - Dampier
  - Fremantle
  - Darwin
  - Brisbane
  - South Australia bulk facility



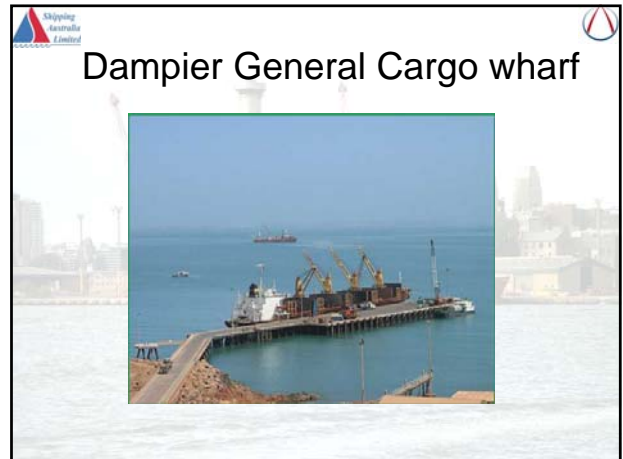
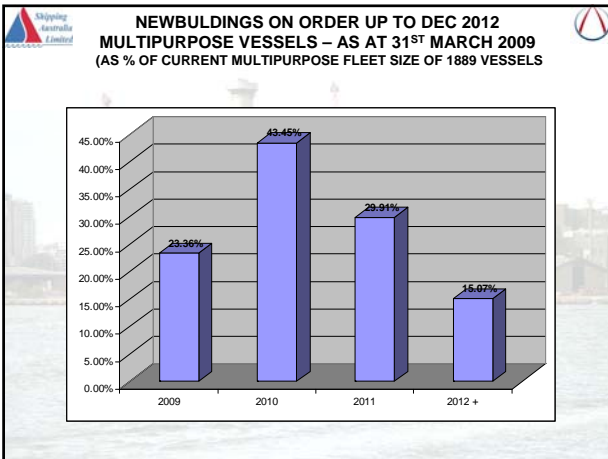

## Outlook

- Freight Market still depressed
- Still many projects proceeding
- Breakbulk fleet increasing
- Future Port Infrastructure
  - Dampier – URGENT
  - Port Hedland
  - Melbourne – within 5 years
  - Port Kembla
  - Fremantle/Kwinana/Bunbury
  - Newcastle (break bulk)



**Budget 09/10**

- \$8.435 bn for infrastructure
- Allocation for Ports - \$389m = 4.6%
  - \$339 for Oakajee – previously approved
  - \$50m for Study to extend Darwin East Arm
  - Nothing for Dampier/ Port Hedland
  - Nothing for South Australian exporters
- None of the \$4.6Bn in rail projects (except for Oakajee) addresses cargo movements
- \$3.44 bn on roads will keep cargo away from rail and sea – the cheaper and more environmental solutions



**Thank You**

Questions?