



April 2018

About ICHCA – International Cargo Handling Co-ordination Association

The International Cargo Handling Co-ordination Association (ICHCA) is an international, independent, not-for-profit organisation dedicated to improving the safety, security, sustainability, productivity and efficiency of cargo handling and goods movement by all modes and through all phases of national and international supply chains. ICHCA International’s privileged non-government organisation (NGO) status enables it to represent its members, and the cargo handling industry at large, in front of national and international agencies and regulatory bodies. Its Expert Panel provides best practice advice and publications on a wide range of practical cargo handling issues.

ICHCA Australia Ltd is proud to be part of the ICHCA International Ltd global network. To access past newsletters and other useful information go to the ICHCA Australia website at www.ichca-australia.com . The ICHCA international website is at www.ichca.com. To join ICHCA please contact Peter van Duyn, Company Secretary of ICHCA Australia Ltd at peter.van-duyn@ichca.com or telephone 0419 370 332.

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ICHCA Australia 2018 conference and exhibition

The world's leading shippers and logistics providers will be meeting in Melbourne, Australia in May 2018 at the combined Global Shippers Forum (GSF) and ICHCA Australia conference and exhibition to discuss trade facilitation, international logistics challenges and other macro-trends affecting global trade. The event will be part of MEGATRANS 2018, Australia's leading logistics and supply chain event with over 500 trade exhibitors.

GSF and ICHCA activities centre on international logistics policy with major UN agencies including the International Maritime Organization, the International Civil Aviation Organization, the International Labour Organization, the International Standards Organization and the World Customs Organization.

The conference will be held jointly with local partners Freight & Trade Alliance and the Australian Peak Shippers Association. A number of international speakers from APEC, WCO, UNCTAD, World Bank, Maersk Line, Kalmar, GSF and ICHCA International, as well as an impressive line-up of Australian organisations have been confirmed. The latest program can be found by [clicking here](#)

For further information about the conference and to book your ticket, [click here](#).

For information about sponsorship and please contact ICHCA Company Secretary Peter van Duyn.



Plans for a container terminal at the Port of Newcastle

The Port of Newcastle has recently become vocal about building a container terminal at its Mayfield site, but such a development has been hampered by per-container fees levied by the state government for containers handled above 30,000 TEUs per year.

The *Newcastle Herald* reported recently that the Australian Competition and Consumer Commission (ACCC) has "concerns about arrangements that may limit or prevent the development of a container terminal at the Port of Newcastle".

The ACCC recently expressed concern that contractual restrictions prevent the expansion of container throughput at "certain ports" and that these restrictions may limit competition, so that customers exporting commodities, such as cotton and grain producers, are faced with less competitive prices and fewer options to bring their products efficiently to market. An ACCC spokesperson said that "we have considered these issues over time; however, there are some recent developments that have renewed our interest."

Port of Newcastle CEO Geoff Crowe said there is strong interest in and support for developing a container terminal at the Port, which would complement New South Wales' other container terminals.

ICHCA welcomes new member CFCLA Australia



ICHCA Australia would like to welcome new member CFCL Australia. CFCLA is a provider of tailored locomotive and rolling stock leasing solutions to rail operators around Australia, providing them with the operational flexibility required to meet the demands of today's modern rail environment.

CFCLA provides its customers with maintenance and repair options throughout Australia through third party maintenance providers and their affiliate company, CFCLA Maintenance. CFCLAM offers rail engineering and maintenance services, enabling it to offer its customers the complete package of a fully integrated and comprehensive rail service provider.

With facilities located throughout Australia, CFCLAM can provide tailor-made solutions for engineering design, maintenance, modification and upgrade of locomotives, freight wagons, passenger carriages and hi-rail vehicles.

Change at Mid West Ports Authority

THE Mid West Ports Authority has bid farewell to its long-serving CEO, Peter Klein, who has stepped down to pursue a new career path. Since stepping into the role in 2006, Mr Klein has steered the organisation through a complex chapter of growth, expansion and political change.

Mr Klein said the past 12 years had been both exciting and challenging. "The Mid West Ports Authority is currently in a strong position," he said.

Stevedoring code of practice launched in Queensland

Stevedoring employees in Queensland are now protected by national stevedoring safety guidelines after a new code was adopted in the state over the weekend. Queensland's *Managing risks in stevedoring code of practice* harmonises the state's work health and safety rules with national guidelines established by Safe Work Australia.

The code was developed in consultation with stakeholders from Qube Ports, DP World Australia, Patrick, Shipping Australia and the Maritime Union, as well as the Australian Maritime Safety Authority and Safe Work Australia.

Queensland Minister for Industrial Relations Hon Grace Grace MP said wharf operators in the state had already begun implementing processes to meet the code. "The code provides practical guidance on managing risks associated with stevedoring. It applies to all workplaces where stevedoring operations are carried out," she said.

"And from 1 July, duty holders will be legally required to comply with these standards, which makes it a much more enforceable compliance tool on Queensland wharfs than in other jurisdictions."

The Queensland stevedoring industry has an average of 57 workers' compensation claims for serious injuries each year. "During discussions and meetings, representatives from the stevedoring industry indicated they are fully prepared for the code and supportive of the enhanced safety culture it will deliver," Ms Grace said.

"The code clearly spells out how compliance is achieved. It will make our wharfs safer and those in the stevedoring industry can return home to their loved ones at the end of every shift."

Panama Canal tugboat dispute



Photo: Panama Canal Authority

Panama Canal tugboat captains are locked in a heated dispute with the Panama Canal Authority (ACP) regarding the manning and safe operation of tugboats in the new Neo Panamax locks after the authority unilaterally and without warning reduced the number of deckhands available to the tugs.

The ACP is the agency of the Panamanian government responsible for the operation and management of the Panama Canal, a major economic driver for the country.

The dispute has escalated recently since the ACP announced sanctions against some tugboat captains who they accused of interrupting the performance of the Canal and causing economic loss by refusing to transit vessels. The union representing the tugboat captains, UCOC Panama, has denied the ACP's accusations of purposefully interrupting transits and maintains that any actions taken by their captains were based solely on their duty to maintain the security of ships in canal waters.

A representative of the UCOC Panama stated that unlike the Canal's original locks, which use locomotives to manoeuvre ships through, the new Neo-Panamax locks require two tugboats, one forward and one aft, that connect to transiting ships using a "split line" configuration. We are told the safest way to do this is by having three deckhands on the tugboats, particularly on the forward one which is most at risk while inside the locks.

The expanded Panama Canal opened to larger vessels in June 2016. Since then, more than 3,000 vessels have made the transit through the new locks, far exceeding the initial traffic estimates for the waterway.

DP World and CMA CGM ink long-term partnership

CMA CGM and DP World Australia (DPWA) have inked a long-term partnership extension regarding the service of vessels at DPWA's terminals in Brisbane, Sydney, Melbourne and Fremantle. Through the extension, CMA CGM Group, which includes ANL and APL, is to leverage DPWA's container terminal and intermodal facilities.

DPWA CEO and Managing Director Paul Scurrah said the partnership extension would provide both organisations with a strong platform for future growth in the Australian market. "In an exceedingly competitive market, locally and globally, securing the partnership with CMA CGM Group reinforces our position within our industry as a leading and responsive trade enabler," he said. "The partnership gives both parties numerous opportunities to invest and further expand their services beyond our respective existing operations and locations."

ANL's incoming Managing Director Xavier Eiglier said the contract extension would provide a certainty of access to quality stevedoring operations around Australia. "Shipping is a very competitive environment, our customers count on us for timely shipment and arrival of their goods, so we in turn rely heavily on the performance of our chosen stevedores," he said.

Ocean Network Express starts up



Photo: Ocean Network Express

Japan's Ocean Network Express kicked off operations on April 1, marking the official start of business for what is now the 6th largest container shipping company by overall capacity.

The Ocean Network Express, or ONE for short, was established on July 7, 2017 through the integration of the container businesses of major Japanese shipping companies Kawasaki Kisen Kaisha Ltd ("K" Line), Mitsui O.S.K. Lines (MOL), and Nippon Yusen Kabushiki Kaisha (NYK).

ONE controls a fleet of about 240 vessels with a combined capacity of 1,440,000 TEUs, ranking it as the 6th largest container shipping company with approximately seven per cent of global share. The company will offer 85 service loops and a comprehensive network linking more than 200 of the world's major ports.

The new company has its global headquarters in Singapore. Regional headquarters have been established in Hong Kong, United Kingdom, United States, and Brazil. The holding company is based in Tokyo, Japan. NYK, the largest of the group with a fleet capacity of 592,000 TEU, will have a 38 per cent stake in ONE, with K line (358,000 TEUs) and MOL (491,000 TEUs) each having 31 per cent.

Emission-free forklifts

Hydrogen-powered forklifts may be coming to a warehouse near you. Materials handling equipment manufacturer Hyster-Yale has given a demonstration of these new machines in Sydney.

The forklifts are powered by electric motors and offer the performance and re-fuelling speed of typical, conventionally powered machines. Hyster-Yale Asia Pacific Managing Director Tony Fagg said the new hydrogen-powered forklift trucks were aimed particularly at companies seeking a combination of environmentally harmonious indoor and outdoor performance without having to interrupt production cycles or have vehicles out of service for lengthy periods for charging or battery changing.

"These benefits will extend to a wide range of materials handling operations, where productivity is a vital element in maintaining a competitive edge," Mr Fagg said. The products are currently only available for distribution in the United States and Canada, with a view to introducing them to the Asia-Pacific region in future years.

Port of Melbourne update

Recently ICHCA Australia and a number of other industry associations were invited to join the Port of Melbourne (PoM) CEO, Mr Brendan Bourke, and other senior PoM representatives to discuss trade issues and service expectations at the Port. A number of topics were discussed, including:

- Business plan priorities and initiatives update (RAS, Coode Road closure, Swanson Dock rehabilitation, new shed at Appleton Dock etc.)
- Port development implementation plan and strategy (port capacity, landside interface efficiency, property etc.)
- Trade performance and outlook
- Port pricing (infrastructure charges, Port Licence Fee market charges etc.)

- Tariff Compliance Statement (TCS) and Reference Tariff Schedule.

A copy of the PoM presentation can be obtained from ICHCA Company Secretary, Peter van Duyn.

ICHCA Queensland breakfast event

ICHCA Queensland recently held an industry breakfast. The speaker was Captain Steve Pelecanos, Managing Director of Hermes Maritime Shipping & Logistics.

ICHCA Chairman John Warda said that as the domestic freight task continues to grow, coastal shipping had to be part of solution going forward. "That is why we're delighted to have Steve speak to us about what he's doing."

Pelecanos and his business partner, Denis Gallagher, spent 12 months conducting a feasibility study into coastal shipping, following which they established Hermes Maritime Shipping and Logistics, to initiate a Queensland Coastal service later this year. "We've put our money where our mouth is." Pelecanos said.

Pelecanos summarised the current conditions that have mitigated in his favour:

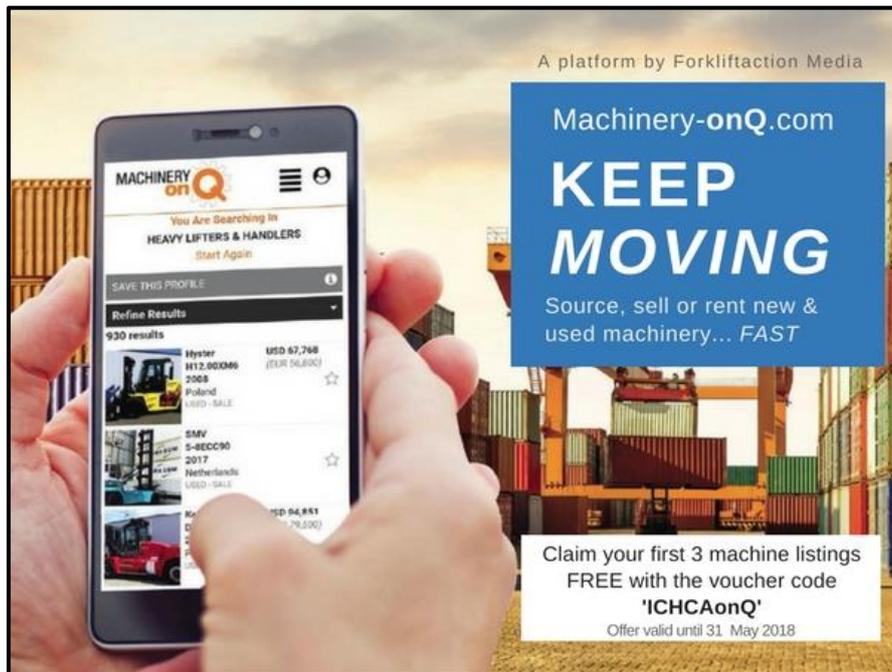
- The international shipping market is depressed and the cost of purchase and/or charter of vessels is very low
- Conservative estimates of 3% year on year growth in the freight task until 2035
- Dearth of long-haul truck drivers (average age 61 years old) and need for rest hours on long-haul routes
- Rail is heavily subsidised, unreliable and has recently become a monopoly
- \$26.3 billion spent annually on road upgrades and maintenance
- \$13 billion (estimated) spent annually on rail track maintenance and upgrades
- The sea requires \$nil spent on upgrades and maintenance and does not require a subsidy
- Maritime unions need work for their members and have shown to be rational, realistic and business-like in their engagement.

Hermes Maritime has purchased a 700-TEU multi-purpose ship which it will place on a Brisbane/Townsville/Brisbane weekly shuttle service. The company intends to focus its energies into properly bedding down the Brisbane/Townsville shuttle, ensuring all its procedures and systems are working properly and efficiently and once this is done, they can be easily transferred to other ships and other services.

Pelecanos said his company expected to be running at a loss for at least 18 months because it will take time to change the current culture and give shippers the confidence in the reliability and efficiency of coastal shipping. He said that, "a long-term view was necessary in any start-up business." If we can get any form of assistance from government agencies and the ports we will be servicing, to help us over the initial bumps, it will be most welcome."

In reinforcing some of the safety, environmental, resilience and productivity benefits of coastal shipping, Pelecanos pointed to the cost of road congestion which is set to grow from \$13.7 billion in 2011 to \$53 billion in 2031, the cost of road trauma which is \$34 billion/year and the fact that one B double truck contributes the same level of road pavement damage as 5,000 cars.

In the questions that followed Pelecanos highlighted some of the distorted facts rooted in Australia's maritime folklore and showed how lateral thinking and visionary and inspirational approaches to addressing challenges can bring about revolutionary change.



Live sheep exports under threat

Federal Agriculture Minister David Littleproud has announced a review into the powers and culture of the regulator, the Department of Agriculture and Water Resources (DAWR), after seeing footage from live export voyages to the Middle East. Additionally, Mr Littleproud announced the establishment of a telephone number for whistle-blowers to anonymously provide information and he also signalled an intention to work with the Labor Party to increase penalties for wrongdoers, including possible jail time.

This comes after animal rights peak body Animals Australia released footage and images of sheep dying on five voyages to the Middle East in 2017. The footage was acquired by a crewmember turned whistle-blower, and it shows sheep suffering severe heat stress; succumbing to heat stroke; sheep caked in faeces and urine; injured and sick animals; severely decomposed bodies left in pens with living sheep; and other forms of mistreatment.

Lyn White of Animals Australia said the scale of neglect and the acceptance of suffering on the shipments was “staggering” and the disregard for the wellbeing of the animals was “ruthless”. “Regulations require the sick and injured to be promptly treated, yet they cannot even be found amongst the mass of sheep in pens,” she said. “It is heart-wrenching to see the dead, dying and living co-existing in a bog of their own faeces when they reach the Middle East.”

The Australian Livestock Exporters’ Council (ALEC) said the footage shows more needs to be done to reduce risks during voyages to the Persian Gulf by building on existing welfare practices. ALEC CEO Simon Westaway said the regulations provide the framework for mitigating heat stress, managing sick sheep, ensuring access to food, water and ventilation, and the maintenance of dry and appropriately stocked pens.

“Not only are industry, government, producers and welfare groups already revisiting that framework, we now need to reinforce the independence of the reporting processes to ensure standards are met,” he said.

“Exporters have proven they are willing to embrace a science-based approach to reform, to improve welfare, accountability and alignment with community expectations. Farmers put their faith in us to sustain and grow the live sheep trade, which is worth \$250 million annually, and we are determined that we will not let them down.”

Western Australia Agriculture and Food Minister Alannah MacTiernan said conditions shown in the footage were “completely unacceptable”. “Decent welfare standards on live export voyages are absolutely critical to continued public confidence in the livestock industries and live export,” she said.

“We have been very concerned about federal inaction, which is why we decided to use powers available to us under state laws to investigate this incident.” Ms MacTiernan said she welcomed any action from Mr Littleproud on the issue.

Some of the images of the mistreatment of sheep were from an August 2017 voyage of the Awassi Express to the Middle East. Emanuel Exports loaded a consignment of 63,804 sheep and 50 cattle at Fremantle on 1st August 2017, with unloading completed on 17th, 19th and 24th August at three Middle Eastern ports.

According to a DAWR report on the voyage, there was a mortality rate among the sheep of 3.76 per cent, above the “reportable mortality level” of two per cent prescribed by the *Australian Standards for the Export of Livestock*.

The DAWR report found that the majority of the deaths were caused by heat stress.

Emanuel Exports Managing Director Graham Daws said high mortality incidents like that which occurred in August 2017 on the Awassi Express are “devastating”. He said the company had taken steps to address the issues arising from an “extensive” internal review of the voyage and DAWR’s findings.

“Australia’s livestock export industry remains accountable and transparent and Emanuel continues to work in a fully co-operative manner with the regulator,” he said.

“The viability of the live trade relies on the wellbeing of the animals in our care. When animal welfare is not upheld, we jeopardise the food security of our overseas customers, the future of a significant long-standing market for producers and the support of the community.”

AMSA releases vessel detentions report

The Australian Maritime Safety Authority (AMSA) issued 165 detentions over the 2017 calendar year, according to the Authority’s recently published *Port State Control 2017 Report*.

Last year AMSA carried out 3,128 port state control (PSC) inspections in 54 Australian ports, with the detention rate standing at 5.3 per cent, the lowest rate since 2006. Over the year there were 28,502 ship arrivals by 5,873 foreign-flagged ships. During this year AMSA banned three ships for periods from three to 12 months, and two of the bans involved breaches of the *Maritime Labour Convention*.

At the top of the list of top-five PSC inspections by flag was Panama, with 763 inspections, or nearly a quarter of all AMSA’s inspections of foreign-flagged vessels. This was followed by Marshall Islands (10.8% of AMSA’s inspections of foreign-flagged vessels), Singapore (10.4%), Hong Kong (9.9%) and Liberia (9.7%).

When it comes to detentions of foreign-flagged vessels in 2017, Panama also tops the list, with 44, or 26.7 per cent of total detentions for the year. Panama was followed by Liberia with 19 detentions (11.5%), Malta with 18 (10.8%), Marshall Islands with 16 (9.7%) and Singapore with 14 (8.5%).

The most frequent cause for detention since 2010 relates to effective implementation of safety management systems required by the International Safety Management (ISM) code. And, since 2015, AMSA said issues around passage planning and conduct of voyages had contributed to the number of ISM detentions and remain a “major concern” for the Authority.

ISM issues topped the list of detainable deficiencies discovered during AMSA inspections in 2017, with 29.2 per cent of all deficiencies. The second-biggest detainable deficiency was fire safety (11.4%), followed by emergency systems (14.6%), live-saving appliances (11.9%) and water/weather-tight conditions (9.1%).

In 2017, AMSA received 177 complaints about breaches of the Maritime Labour Convention (MLC). The largest share of complaints, 44 of them, came directly from seafarers, while the International Transport Workers' Federation was the source of 42 complaints. Thirty-two came from other welfare groups, 10 from government agencies and 15 from other sources. After AMSA investigated the complaints, the Authority issued deficiencies against 30 vessels and detained eight for MLC-related issues.

Most of the complaints relating to the MLC were about wages and food, with 37 complaints each. Other complaints had to do with repatriation (18 complaints); hours of work and hours of rest (16 complaints); health and safety protection and accident prevention (14 complaints); and others, including 10 complaints about bullying and harassment.

Australian-flagged ships calling at foreign ports were subject to 12 PSC inspections by foreign maritime authorities including Russia, Vietnam and Japan. These inspections found four deficiencies and there were no detentions

Historic decision by the IMO on ships' emissions

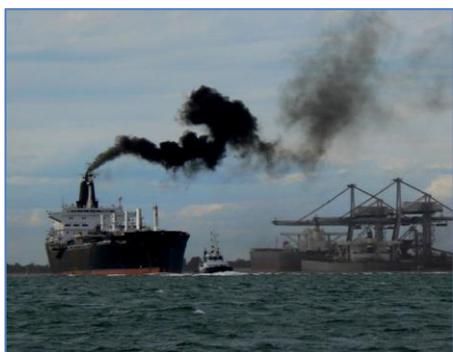


Photo: Google Images

The International Maritime Organization's (IMO) Marine Environment Protection Committee has reached agreement to reduce greenhouse gas (GHG) emissions of ships by 50 per cent by 2050, in advance of the UN Climate Conference (COP24) to be held in Poland in December this year. The aim was for a 100 per cent reduction, but this was a bridge too far for a number of countries.

It is estimated that shipping currently contributes around 3 per cent of global emissions but this could rise to 17% by 2050 as further globalisation occurs and the world's GDP grows.

Last year the IMO and its member states also agreed to reduce the sulphur content of heavy fuel (presently at levels as high as 3.5% by mass) to be capped at 0.5 per cent by 2020. IMO member states will need to send a signal to the world at large that shipping is prepared to take steps to mitigate the effects of shipping emissions on the environment

As businesses (and their customers) are placing more emphasis on the environmental impact of shipping the onus will be on shipping lines and inter-governmental agencies such as the UN to introduce alternatives to the current use of heavy fuel, bearing in mind that it will be difficult for developing nations-flagged ships to comply with these new regulations as the costs may be prohibitive, at least in the short-term.

Shipping will always be the most cost-effective way of transporting large volumes of goods over long distances, but it will be up to shipping companies to make sure it can continue to do so with the least effect on the environment.

Accident closes Hutchison's SICT Port Botany

Hutchinson's Sydney International Container Terminal (SICT) is closed until further notice after an accident injured a worker. A spokesperson for Hutchison said: "One of the workers at our Port Botany site has been

injured in an accident and is being taken to hospital as the priority. We are now working with authorities on site to determine what has happened.”

The incident occurred on 19th April when a 54-year-old worker fell from a straddle carrier after an apparent collision with another straddle carrier. She was taken to St George Hospital in a critical condition.

The company sent out a notice on the day that the SICT was closed until further notice. According to a spokesperson, SafeWork NSW has been notified about the incident at Port Botany. “SafeWork investigators are on site and an investigation has begun,” the spokesperson said. “No further information is available at this stage.”

As this newsletter is being circulated the terminal is still not operational and vessels are being diverted.

IPA calls for reporting on the national movement of freight

A new major report by Infrastructure Partnerships Australia (IPA) calls on the federal government to establish an independent, world-leading freight body called “Freight Performance Australia” to arrest the decline in Australia’s trade competitiveness.

“Australia’s freight network is the backbone of our competitiveness. It contributes \$170 billion to our economy, yet we lack clarity on why we do freight badly compared to our international peers,” said IPA Chief Executive Adrian Dwyer.

“Despite innovations in automation in recent years, over the last decade Australia has fallen from 23rd to 95th in the World Bank’s rankings for trade across borders. On these rankings, Australia is now trading behind Albania, Nicaragua, and Swaziland.

“This rapid fall in our trade competitiveness comes at the same time that Australia’s freight task is going to grow by 26 per cent over the next decade – we simply aren’t prepared for the task ahead.

“Freight Performance Australia will use data and information to engage freight industry, political and community stakeholders on key freight policy, regulatory reform and priority projects,” Mr Dwyer said. “This would be done by using data that is currently held across all levels of government and private companies such as logistics providers, infrastructure companies, and major freight customers such as supermarkets. IPA calls for an Independent freight body to arrest competitive decline in the \$170 billion industry.”

The report, entitled *Fixing Freight: Establishing Freight Performance in Australia* can be downloaded from their website.

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