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## 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](http://www.ichca-australia.com). The ICHCA international website is at [www.ichca.com](http://www.ichca.com). To join ICHCA please contact Peter van Duyn, Company Secretary of ICHCA Australia Ltd at [peter.van-duyn@ichca.com](mailto:peter.van-duyn@ichca.com) or telephone 0419 370 332.

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## ICHCA International conference in Malta in November



ICHCA International will be holding a conference and exhibition in Malta from 11-14 November 2019, hosted by Malta Freeport.

The conference will bring stakeholders together to explore ways to create safer, more sustainable and secure maritime cargo operations across land and sea.

For more details go to: <https://www.eiseverywhere.com/website/1037/home>

## ICHCA International invites submission for innovation award

ICHCA International has launched the 3<sup>rd</sup> *TT Club Innovation in Safety Award* and invites submissions from all involved in cargo handling and logistics who have shown a demonstrable improvement in operational safety. The Award will be presented to the winning entrant by Heike Deggim, Director of the Maritime Safety Division at the International Maritime Organization, at ICHCA's international conference in Malta this November.

The Award aims to highlight the importance of safety at a time of increased operational demands on cargo handling infrastructure and operations worldwide. The Award champions and celebrates the many companies and individuals around the world who are 100 per cent dedicated to 'making it safe' every day. Equally, it acknowledges and fosters innovation to improve safety in cargo operations and logistics.

The Award is open to anyone – an individual, team or company – involved in cargo handling or logistics. Entrants are required to show that a product, idea, solution, process, scheme or other innovation has resulted in a demonstrable improvement to safety.

The deadline for entries is 31<sup>st</sup> August 2019 and full details of the entry process and judging criteria can be found [here](#).

## ICHCA Victoria luncheon postponed

ICHCA Victoria's industry luncheon with Glen Hilton, the recently appointed CEO of DP World, as the speaker, was scheduled to be held in Melbourne on 17 July. The luncheon has been postponed due to Glen's overseas travel commitment. It will now be held in August 2019, with the date and venue to be confirmed.

## ICHCA SA luncheon

**The next ICHCA SA luncheon will be held in Adelaide on Thursday 25 July.**

Jeremy Conway, Chief Executive of Infrastructure SA, will be speaking about '*South Australia's Infrastructure Outlook*'. Jeremy provides advice to government on infrastructure projects and prioritisation and he is responsible for producing the state's first 20-year infrastructure strategy.

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For more information and to book your place, go to [the ICHCA Events page](#).

## MIAL to head the ASA

Chair of Maritime Industry Australia Limited (MIAL) David Parmeter has been announced as the new chair of the Asian Shipowners' Association (ASA), an organisation whose membership is said to control about 50 per cent of the world's merchant fleet. The ASA comprises eight members including the shipowners' associations of the Asia Pacific nations of Australia, China, Hong Kong, India, Japan, Korea, Chinese Taipei as well as the Federation of ASEAN Shipowners' Associations (FASA), which includes Brunei, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. The announcement was made during the 28<sup>th</sup> AGM and conference of ASA held recently in Bangkok.

"It is a great honour to be announced as chairman for the Asian Shipowners' Association, an organisation that represents all Asia Pacific countries," Mr Parmeter said.

It was also announced that MIAL will be the host for the next ASA AGM and conference, to be held on 27-29 May 2020 in Darwin. "The announcement that Australia is to host the 29th ASA AGM and conference brings great opportunities for all Australian industries directly affected by shipping," said Mr Parmeter.

## Port of Melbourne announces Port Rail Strategy

In order to realise the full potential of the government's Port Rail Shuttle Network, the Port of Melbourne recently announced plans to assist in the movement of more freight on rail. The Port is willing to invest \$300 million to enhance rail capability in the Swanson and Appleton Dock precinct by funding improved rail and road infrastructure and the acquisition of port rail terminal land leased by tenants. It will also seek to promote investment in, and the development of, outer metropolitan intermodal rail terminals by assuring terminal investors that the Port of Melbourne will facilitate efficient container handling at the port end of the journey. Currently less than 10 per cent of the port's container throughput is moved by rail.

To fund this investment the Port is currently seeking approval from the state government to increase import wharfage by \$15 per TEU. Export containers will be exempt in an effort to reduce the overall cost for exporters. Most stakeholders support plans to move more freight via rail and increase port connectivity; however, there is some concern that again importers are asked to shoulder this cost on top of recent steep increases in infrastructure charges levied by the stevedores.

Terminal operator Victorian International Container Terminal (VICT), located at Webb Dock, is concerned that while the Port's existing proposals provide lower cost rail solutions for the terminal operators at Swanson Dock, there are currently no concrete plans for a rail connection to Webb Dock. VICT believes this puts the operator at a disadvantage and will result in a lessening of competition for shippers, as all container movements in and out of Webb Dock in the near future will need to be transported by truck. The company says that if the rail improvements are to benefit the whole of the Port of Melbourne, there needs to be a cost equalisation scheme so that Webb Dock is not priced out of the market in terms of rail containers. VICT is currently seeking urgent discussions with the Port of Melbourne and the state government to ensure they are not disadvantaged.

## Shipping losses declined in 2018

In 2018, large shipping losses fell to their lowest level this century, having declined by over 50 per cent year-over-year, according to Allianz Global Corporate & Specialty SE's annual review of shipping losses over 100 gross tons. Allianz's recently released *Safety & Shipping Review 2019* showed 46 total losses around the world in 2018, down from 98 in 2017, driven by a significant decline in the number of losses in accident hotspots such as parts of South East Asia. Losses due to weather also halved in 2018 due to quieter hurricane and typhoon seasons.



Source: AFP/Getty Images

Allianz notes that while this drop in total losses is encouraging, the 2,698 reported shipping incidents overall is only a small decline, less than one per cent, year-over-year.

Machinery damage is the major cause of shipping incidents, accounting for over a third of the more than 26,000 incidents over the past decade. This was nearly twice as many as the next highest cause, that due to collision. Machinery damage is one of the most expensive causes of marine insurance claims, accounting for more than US\$1 billion over five years, the report showed.

Despite the somewhat encouraging news, challenges such as political threats to vessel security, the impact of IMO 2020, and the growing number of fire incidents continue to pose a threat to global shipping.

“Today’s record low total loss activity is certainly influenced by fortunate circumstances in 2018, but it also underlines the culmination of the long-term improvement of safety in the global shipping industry,” says Baptiste Ossena, Global Product Leader Hull & Marine Liabilities at Allianz. “Improved ship design, technology, tighter regulation and more robust safety management systems on vessels have also helped to prevent breakdowns and accidents from turning into major losses. However, the lack of an overall fall in shipping incidents, heightened political risks to vessel security, complying with 2020 emissions rules and the growing number of fires on board bring challenges,” he said.

Allianz’s complete *Safety & Shipping Review 2019* can be [found here](#).

## Freight costs threaten food trade

According to a new report commissioned by AgriFutures, freight costs are one of the largest single cost items in the production of many agricultural commodities in Australia with associated negative effects on global competitiveness. The report aimed to document the impact of freight costs on farming. “Knowing how much farmers pay for transporting their produce to consumers is crucial to measure the competitiveness of Australian farmers and to find out where the transport of agricultural goods faces pinch points and bottlenecks,” says Managing Director of AgriFutures Australia John Harvey.

The study found that freight costs are highest for grains and fruit and vegetables, which represent 27.5 per cent and 21 per cent of Gross Value of Farm Production (GVAP), respectively. Poultry, meanwhile, has the lowest relative farm freight costs – one per cent of GVAP. A key determinant in ensuring that Australian agriculture can reach its full export potential is maintaining an efficient and competitive supply chain.

## TasPorts appoint new CEO

The Tasmanian Ports Corporation (TasPorts) has appointed a new Chief Executive Officer. Chairman Stephen Bradford said 44-year-old Anthony Donald was selected from a strong field of candidates. “Mr Donald is highly experienced in the maritime sector, as well as transport and logistics, and has done an excellent job as the acting CEO since September last year,” he said. “Prior to working in the acting CEO role, he was the organisation’s Chief Operating Officer, and prior to that he ran his own consultancy business. He has also held senior executive positions at the Port of Melbourne and Melbourne Airport.”

Mr Donald, who holds a civil engineering degree, said he was very pleased to be given the opportunity to continue the work he started as acting CEO.

## Contributions from an ex-ICHCA Australia president

Captain Harry Mansson AM has previously been involved with ICHCA Australia for several decades and is contributing a number of articles to this newsletter, some of which have previously been published in the *Daily Commercial News*. His views on staff shortages in the Royal Australian Navy (RAN) are below.

### Australia's safety affected by RAN long-term staff shortage

The frigate *HMAS Perth* underwent a substantial and very costly capability upgrade and refurbishments in 2017, but it has been in dry-dock ever since due to the RAN's inability to man the frigate, an essential part of our Navy. Current predictions are that the ship will continue to be idle until 2021, giving it a total off-period of four years. In addition to the strategic handicap there is a substantial capital cost from the upgrading work performed, which is cumulative from year to year.

It brings forward the thought of what would happen to any CEO of a non-government listed or private company if they allowed substantial capital investments for upgrading of any project without ensuring that the manning and logistics would be in place for full utilisation after completion of the works.

The Australian Strategy Policy Institute said that the prolonged dry-docking was a particular current problem, since it comes at a time when the RAN is expected to expand its regional activities in the Pacific and Indian Oceans and in Southeast Asia. The Australian Defence Association Executive Director Neil James said that the federal government dictates the manning levels to be funded.

Additional recruitment and training may provide long-term solutions, but in the short term the ADF should be considering expanding the current practice of using Australian merchant seafarers in a range of auxiliary roles, including supply vessels, training ships and tankers. I have been reliably informed that discussions between the RAN and the Australian seafarers' associations (Seamen, Officers and Engineers) have long ago settled on a mutually acceptable protocol setting down employment conditions and all associated matters.

Australian seafarers already have a proven track record of operating support vessels for the ADF. The Navy's new aviation training vessel *MV Sycamore* has been successfully manned by civilian seafarers since 2016. Australian merchant seamen work on a range of support vessels providing government services, from crewing AMSA emergency response vessels to working on a range of vessels for border protection. But this model has plenty of room for substantial expansion, allowing uniformed personnel to fill pressing crew shortages that are undermining the operational capabilities of the ADF. The ADF could then immediately free up such Navy personnel to crew *HMAS Perth* (and any others) from auxiliary and support vessels with those roles being filled by highly skilled and experienced Australian seafarers.

While the decline of the Australian merchant fleet has seen a huge loss of skills and experience from the Australian coastline, it does provide a unique opportunity for the RAN to put many more of those skilled and experienced seafarers to work.

My information is that there is mutual enthusiasm for this strategy from both the RAN and the seafarers. It is to be hoped that there could be a bipartisan approach to this situation once the concept is raised when the Parliament resumes. The issue involves both national security, the waste of idle RAN resources and the social and economic benefits in using our civilian capacities.

The sequence of events could thus be: **One:** replace as many uniformed regular RAN staff from the type of vessels where merchant navy personnel can do the job. **Two:** Place the freed-up navy staff on board *HMAS Perth*, presumably mixed up with others from similar vessels, who can contribute to rapid training. **Three:** Equip *HMAS Perth* for the full range of frigate capabilities, which focus on underwater attacks of every kind. **Four:** From my own personal military navy experience I am aware of the practice of deploying intense trainings also when a warship is in transit to its designated area of activity. **Five:** Despatch *HMAS Perth* to

assist with the protection of Australian fuel exports from the Gulf and other loading areas. Additional RAN units may be required to give maximum such protection in exposed regions.

Such a plan would have a huge benefit for Australian taxpayers: they would see an expensively upgraded and very badly needed RAN unit being pulled out from its expected very expensive four-year idle exhibition as a kind of museum piece and do what the RAN is supposed to do – protect Australian interests!

*Surely, the recent attacks on six tankers in the Gulf, and the increased tension with Iran allegedly shooting down two US drones should provide enough encouragement for our government to become active and use the military assets to which it has been entrusted, to the fullest possible extent in the interest of our country!*

**Written by Captain Harry Mansson AM**

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## Kalmar to deliver first electric Reachstacker

Kalmar, part of Cargotec, is another step closer to having an electric version of every product in its portfolio by 2021 with the announcement of an agreement with Cabooter Group, the first customer to take a fully electric version of the Kalmar Reachstacker into use in 2021.

Since its founding in 1995, the Cabooter Group has grown to become a global logistics provider and one of the leading logistics hub operators in Europe. The company is already benefiting from lower fuel costs and reduced emissions thanks to five Kalmar Eco Reachstackers at its multimodal hubs in Venlo in the Netherlands and Kaldenkirchen in Germany. The Kalmar Electric Reachstacker, which will be powered by advanced lithium-ion battery technology, is scheduled to be trialled at the Venlo logistics hub.

President of the Cabooter Group Hans Cabooter said, "The main driver behind our decision to adopt the Kalmar Electric Reachstacker solution is the need to reduce the noise and airborne emissions that our equipment generates. This is especially important at our Kaldenkirchen terminal because it is in the centre of the city, where there are clearly defined limits for these emissions. Our goal is to become the industry leader in emissions reduction in partnership with Kalmar."

From the Kalmar side, Seppo Heino, Vice President of Counterbalanced Container Handlers, said, "We firmly believe that electricity is the power source of the future and have committed to making our full portfolio available as electrically powered by 2021. We are delighted to announce this agreement with Cabooter Group, who share our vision of a more sustainable future for the cargo handling and logistics industries."

## First LNG shipment from FLNG *Prelude*



Source: Shell Australia

It's taken almost 10 years to plan and install, but the world's biggest floating vessel, the 488-metre-long Floating Liquefied Natural Gas (FLNG) production barge *Prelude*, recently shipped its first liquefied natural gas (LNG) from Australia to customers in Asia.

Moored in the Indian Ocean 300 miles north-east of the Australian coastal town of Broome, the giant facility sucks gas from reservoirs too remote for pumping ashore, converts the gas into a liquid for offloading into conventional LNG carriers.

A project of oil and gas major Royal Dutch Shell, *Prelude* displaces 600,000 tons which makes it five times the size of the biggest aircraft carrier in the US fleet. Shell has not published a final cost of *Prelude* but the oil industry consultancy Wood Mackenzie has estimated it to be close to \$17 billion.

If *Prelude* performs to its design specifications it should be able to ship out 3.6 million tonnes of LNG per year plus 1.3 million tonnes of light crude oil (condensate) and 400,000 tonnes of liquefied petroleum gas (LPG).

Shell's director for integrated gas and new energies Maarten Wetselaar said in a statement that *Prelude* formed part of his company's global gas portfolio and would play an important part in meeting customer demand for cleaner energy. A Spanish-registered LNG carrier, *Valencia Knutsen*, received the first LNG from *Prelude*.

## Townsville Port welcomes 'Pit to Port' rail

'Pit to Port' solutions will become a reality with the announcement of \$30 million from the Queensland Government towards a new \$48 million common-user rail freight terminal at the Port of Townsville. The Port welcomed the recent budget announcement and, subject to completion and approval of the detailed business case, will contribute \$18 million to build the terminal, expected to be commissioned by early 2022.

The terminal is designed to achieve modal shift from road to rail, offering flexibility for customers of one of the world's richest mineral producing areas – the North West Minerals Province – to get their products to market. It will create 50 jobs during construction and 45 ongoing jobs, reduce costs for mining companies and take trucks off the roads. The works will also benefit local contractors and suppliers and enhance their capabilities. Overall, the project should provide a significant economic benefit for the region.

Port of Townsville CEO Ranee Crosby welcomed the government's commitment saying it would make the Port and supply chains more efficient, competitive and productive. "It eliminates double-handling, giving customers time, cost and efficiency benefits for moving freight and avoiding high up-front infrastructure costs," she said. "The terminal will be open-access, meaning multiple transport and logistics companies will

be able to offer supply-chain services utilising the new facility. Townsville is the primary logistics hub in Northern Australia, and important infrastructure investments like this will further enhance our competitiveness.”

## Updates from the DAWR

### ***New name***

After the recent federal election, the Department of Agriculture and Water Resources was renamed the Department of Agriculture. The department will now be referred to as the Department of Agriculture in all documentation.

### ***BMSB 2019-20 season***

The Department is having regular meetings and phone hook-ups with all stakeholders to ensure the Department and importers are well prepared for the upcoming BMSB season.

For further information on the BMSB or other issues visit the [DAWR website](#), or contact Peter van Duyn, the ICHCA representative on the DAWR DCCC, who can raise issues with DAWR directly. Peter’s contact details are listed below.

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