October 2020

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.

Inside this issue

Safe container loading practices

ICHCA Australia is participating in the recent 'Safe Container Loading Practices & Heavy Vehicle Safety' campaign. Several free webinars have already been held during October. The final webinar in the campaign, 'Insurance & Commercial Considerations' with Chris Dent and Laurence Jones from the TT Club and other presenters, will be held on the 4th of November. To register, follow this link:
https://register.gotowebinar.com/register/8444204630404878864

For more information about the campaign and the previous seminars please visit**:**
https://ftalliance.com.au/safe-container-loading-practices-heavy-vehicle-safety.

New requirements for the safe transport of livestock introduced in NZ

Following the recent incident of the livestock vessel *m/v Gulf Livestock I*, where the vessel capsized and sank with the loss of 41 crew members and 6,000 cattle, the New Zealand Government has introduced new measures for the safe transport of livestock. Live cattle exports were banned until 23 October and a conditional ban is now in place until 30 November. During this time, New Zealand's Ministry for Primary Industries (MPI) will allow livestock exports by sea, subject to the new conditions. The conditions include additional inspections of livestock ships, lowering stock density on vessels to 90% of current limits (to match new Australian standards), increased requirements for voyage reporting and ensuring at least 20% of feed is available for unplanned delays.

MPI said it moved fast to ensure there are no serious animal welfare issues for the 24,000 cows in pre-export quarantine, which would likely have to be slaughtered without the interim measures. "We want to ensure they are moved safely. It's important to note New Zealand does not export animals for slaughter, but as breeding stock," said MPI Director-General Ray Smith. New Zealand has been looking into a wider policy review of live animal exports since 2019. MPI said it will advise the new government in the coming weeks after the ruling Labour Party was returned to power recently.

COVID 19 and industrial unrest continues to affect shipping

Several positive cases of COVID-19 on-board ships calling at Australian ports have continued to disrupt port calls. Furthermore, the pandemic severely restricts crew exchanges and the opportunity for seafarers to disembark when in port. It is estimated that globally, more than 400,000 sailors are unable to be repatriated once their normal contract time on board is up. The Department of Infrastructure, Transport, Regional Development and Communications said the Australian Government had been working with states and territories to facilitate a COVID-safe approach to crew changes. The Australian Maritime Safety Authority has detained 11 ships since July for breaches of the Maritime Labour Convention, including the systemic underpayment of workers and failure to provide decent working conditions.

Recent industrial disputation between the Maritime Union of Australia (MUA) and various stevedores, as well as tug company Svitzer, has resulted in extensive delays in ports on the eastern seaboard, with container vessels calling at Port Botany incurring the longest delays. It appears that DP World is close to reaching an agreement with the MUA regarding their Enterprise Agreement (EA). Patrick and the MUA have agreed to an undertaking from the Fair Work Commission to keep negotiating without any further industrial action being conducted by the MUA until 1 December. Hutchinson Ports and VICT are continuing to negotiate their EAs. In the meantime, shippers have concerns that further disruptions may take place in the coming months leading up to Christmas. Furthermore, importers and exporters are asked to incur additional costs as some shipping lines are adding 'congestion surcharges' on top of their freight rates for vessels calling at Port Botany.

Queensland government to establish a coastal shipping service.

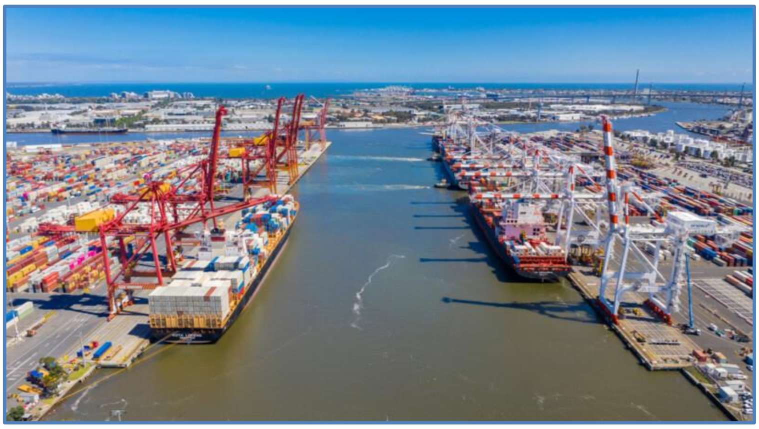
The Queensland Government has announced plans to invest $21 million over two years to revitalise Queensland's shipping industry. As stated by Transport and Main Roads Minister Mark Bailey, a new shipping service between Townsville and Brisbane crewed by local seafarers will be a priority.

In addition, the government said it would invest in port facilities upgrades and ensure that ports remain in public ownership. There will also be $1 million set aside for training, providing opportunities for Queenslanders to enter the industry or increase their skills. The announcement has been welcomed by the Maritime Union of Australia (MUA) as a vital step to create local jobs and strengthen supply chains.

"This investment in the 'blue highway' along Queensland's coast will not only create jobs for local seafarers, it will strengthen the maritime supply chains that are vital for keeping the state's economy ticking and delivering essential goods to the community," MUA Queensland Branch Secretary Stephen Cumberlidge commented. "The creation of a new shipping service between Townsville and Brisbane will provide improved freight movement while also increasing marine safety and protecting the Great Barrier Reef by using highly-skilled local seafarers."

MUA National Secretary Paddy Crumlin said the announcement built on the work of the Maritime Jobs Taskforce, established by the Labor Government earlier this year. "Australia was caught unprepared by the COVID pandemic, which highlighted the threat to our sovereignty caused by a dependence on foreign shipping for domestic and international trade," Crumlin said.

Port of Melbourne releases final Port Development Strategy 2050



Source: Port of Melbourne

The final version of Port of Melbourne's *30-year Port Development Strategy 2050* (2050 PDS) has been published, outlining ten new infrastructure project investments.

Port of Melbourne CEO Brendan Bourke said the 2050 PDS is a comprehensive plan for the future development of the port, developed with stakeholder consultation, and responds to Victoria's future trade needs.

"Throughout the COVID-19 environment we have seen the essential role that freight plays in underpinning our economy and the critical role of the port in operating 24x7, 365 days a year and delivering the goods Victorians and Australians need every day," Mr Bourke said. "We are committed to our investment program to ensure we remain the premier container port in Australia, a cornerstone of the Victorian economy and a supporter of Australian exports. It's vital that we all stay focused on the bigger picture – delivering the right infrastructure and operating environment to drive efficiencies in the supply chain so that we can continue to play our role in the state's economic future."

To meet future population growth and demand, Port of Melbourne is investing in ten infrastructure projects. The key Port Rail Transformation Project is already underway and will move more freight onto rail. "Moving containers by rail will help get trucks off local roads, particularly in the inner-west of Melbourne," Mr Bourke said.

The 2050 PDS provides a framework for the next 30 years, while having the flexibility to respond to industry trends and innovation in Melbourne. Following the release of a discussion paper in 2018, Port of Melbourne released a draft PDS 2050 for consultation in 2019. More than 100 stakeholders from industry, government and the community participated in engagement programs. “We will continue to refine the 2050 PDS as new and additional information becomes available and we will refresh the document every five years,” Mr Bourke said.

“As a city port, it’s important we maintain port buffers, and work with the community to minimise impacts on residents. This is a complex task as the port must be able to operate 24×7 to ensure we remain a competitive port and continue to provide the vital imports and exports that our city and state require.

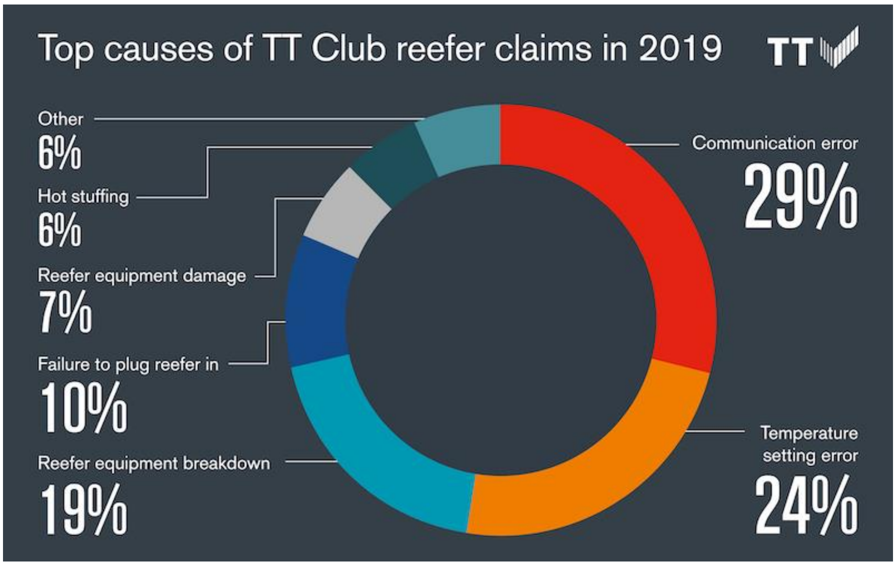
To access a copy of the report, go to: **https://www.portofmelbourne.com/facilities-development/port-development-strategy/**

ICHCA Australia took part in the stakeholder consultations.

TT Club analysis on temperature-controlled cargo

Analysis of specialist insurer TT Club’s claims records for transport operators over the past three years shows temperature-controlled incidents ranking in third place. Almost 30% of these incidents involved a miscommunication of operational instructions on care of the cargo with a further 23% due to temperature setting errors. Reefer equipment failure or damage accounted for a quarter of the claims.

TT Club continues in its attempts to minimise losses for both its members and all those involved in the cool supply chain, with publicly available guidance documents such as 'StopLoss 20 - Temperature controlled cargo', and, increasingly, via online webinars: the latest is entitled ‘Warm or cold: is it a game?'. With expert speakers, this forum covered information on causation as well as advice on risk avoidance.



Source TT club

“Our own experiences and the data drawn from our claims history was reinforced by over a third of webinar attendees, who when asked their perception of the primary risk factors, pointed to communications errors with ambiguous or incorrect instructions passed between supply chain stakeholders,” said TT’s Loss Prevention Managing Director Mike Yarwood. The sensitivity of many commodities transported under temperature-controlled conditions puts the care of the product both before and during transit as a paramount concern.

During TT's webinar, Carsten Jensen, a consultant and surveyor specialising in perishable goods transport, gave a comprehensive insight into the five key aspects that impinge on loss prevention: product quality; preparation of the goods; correct packaging and stowing; attention to temperature irregularities; and prolonged storage and transit. "Clearly a number of these processes are out of the control of forwarder, carrier and terminal operator," Mr Yarwood said. "But as the demand for unitised transport of perishables continues its upward trend, it is vital that the transport links in the chain become more informed about all the relevant processes to improve the collaborative efforts of all stakeholders."

TT Club is a premium member of both ICHCA Australia and ICHCA International.

Inquiry recommends changes to Port of Melbourne rent negotiations

Victorian consumers could be worse off due to an uneven relationship between the Port of Melbourne and its tenants when negotiating rents, a report into the Port of Melbourne's approach to setting rents has found. The Essential Services Commission's report found the way the port negotiated and set rents could have a negative impact on Victorian consumers through higher product prices or deferred investment.

The Commission's Price Monitoring and Regulation Director Marcus Crudden says there are limited market, legislative or contractual constraints on how the Port of Melbourne exercises its power to set rents at the port. "The Port of Melbourne functions as a monopoly supplier of land at the port. We found the port has been able to use its knowledge of rents and its control of the market rent review process to its advantage in negotiations with tenants," he said.

The commission determined that constraints on how the Port of Melbourne sets rents are not sufficient to restrain it from acting in a manner that advantages it over tenants in rent negotiations. In coming to its findings, the commission examined the port's contractual arrangements and the extent to which the land rents paid are passed through to Victorian consumers.

The commission has recommended changes to improve transparency in the negotiation process and for resolving disputes, aimed at delivering lasting benefits to tenants and the Port of Melbourne over the long term. This is the first of the commission's market rent inquiries covering the period 1 November 2016 to 31 October 2019. The commission will undertake further inquiries at least every five years to meet responsibilities set out in the *Port Management Act*. The report can be found here: **https://www.esc.vic.gov.au/transport/port-melbourne/port-melbourne-reviews/port-melbourne-market-rent-inquiry-2020**

Cargotec and Konecranes to merge

A combination agreement was recently signed to merge crane manufacturers Cargotec and Konecranes. Combined annual sales of the new company will be around €7 billion. Operating profit will be approximately €565 million, based on 2019 figures.

Cargotec said the agreement will form "a customer-focused global leader in sustainable material flow." It will put together crane brands such as Hiab, Effer, Loglift, Jonsered, Argos, Kalmar and MacGregor, from Cargotec, with Konecranes, which includes the following brands: Konecranes, Gottwald, Demag (not the all-terrain or crawler cranes), P&H, SWF, Morris, R&M, Verlinde, Noell and Meiden, among others. A Cargotec statement said, "The future company is well positioned to lead the industry shift towards increased sustainability based on intelligent solutions, by being a lifecycle partner for its customers and prioritising safety in all its activities."

The somewhat convoluted history of the companies can be summarised as follows: Konecranes started building hoists in the 1930s and harbour cranes in the 1950s and has been an independent company since the 1990s when Kone Corporation split up and KCI Konecranes became a separate business on 15 April 1994. It dropped the KCI prefix in 2006. Before and after that it acquired multiple industrial crane brands around the world, culminating in the acquisition of the Materials Handling and Port Solutions business of Terex in 2017.

In 2002, Kone Corporation acquired Partek, parent of Hiab (which it had bought in 1985), and Kalmar, which was a bigger business than Kone. The new business was called Kone Cargotec. In 2005, Kone was demerged and split into two: Kone Corporation and Cargotec Corporation. Kone was lifts (elevators) while Cargotec got the cranes, later adding MacGregor offshore cranes, Effer, and others.

ACCC versus NSW Ports and others

The NSW Government's actions when privatising Sydney's ports have come under Federal Court scrutiny as the competition watchdog seeks to prove the deal was "anti-competitive and illegal". Hearings began recently, with Justice Jayne Jagot allocating more than six weeks to consider the wealth of evidence amassed by the consortium and the ACCC. The ACCC is arguing that deeds in the sale agreements of Port Botany and Port Kembla were restrictive on trade and could have "significant implications for the cost of consumer goods". The deeds oblige the NSW government to pay the consortium, which trades under the name NSW Ports, a fee of approximately $100 on every container going through the Port of Newcastle once the port has the capacity to service containers of a certain size. This allegedly could be a disincentive to developing the Port of Newcastle, which currently handles around 10,000 containers (TEUs) annually compared to 2.5 million handled by Port Botany.

Notably, it is alleged that various privatisation agreements contained provisions that made Port of Newcastle effectively compensate the NSW government should a container terminal in the Hunter handle more than 30,000 TEUs per year. The NSW government privatised Port Botany and Port Kembla in 2013 and the agreements, known as Port Commitment Deeds, were entered into as part of the privatisation process for a term of 50 years.

The ACCC is seeking declarations that the compensation provisions in the 2013 Port Commitment Deeds contravene the *Competition and Consumer Act 2010 (CCA)*. The CCA only applies to the conduct of state governments in certain limited circumstances. Legal counsel for Port of Newcastle has maintained that exports could flow through Mayfield if a box port in the Hunter proceeded. However, lawyers for NSW Ports have maintained that a Hunter box port would be commercially unviable.

Updates from the Department of Agriculture, Water and the Environment

Burnt Pin Longicorn Beetle

The Department of Agriculture, Water and the Environment (the Department) will commence its annual heightened surveillance regime for managing the risks posed by Burnt Pine Longicorn (BPL) beetles on vessels departing from New Zealand from midnight, 24:00 hours (NZST) on (this date will be provided by the Department at the time of publication - anticipated to be late October/early November 2020).

Khapra beetle

The Department is implementing urgent actions to address the risk of khapra beetle *(Trogoderma granarium)* on a range of plant products that are hosts to this pest. These urgent actions are being implemented in phases. Khapra beetle is Australia's number two national priority plant pest and the number one plant priority pest for grains. It is not yet present in Australia, but it is a highly invasive pest that poses a major threat to the grains industry if it gets into Australia. Khapra beetle destroys grain quality making it unfit for human or animal consumption.

The global spread of khapra beetle is increasing and it is being detected on a wide range of plant products and as a hitchhiker pest in shipping containers. If khapra beetle enters Australia it would have significant economic consequences. An outbreak could cost Australia $15.5 billion over 20 years through revenue losses arising from damaged grain in storage and exports. The Department has now strengthened the inspection requirements for importation of certain goods from a number of countries.

The Kahpra beetle and other biosecurity issues will be discussed at the next Department of Agriculture, Water and the Environment Cargo Consultative (DCCC) meeting which will take place on the 6 November.

For more information go to: **https://www.agriculture.gov.au/pests-diseases-weeds/plant/khapra-beetle/urgent-actions**

For the latest information on COVID-19, and other issues please visit the Department's website**:** **https://www.agriculture.gov.au/biosecurity**

ICHCA Australia is a member of the DCCC and if you would like more information or raise issues please contact Peter van Duyn.

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