November 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 recently participated in the 'Safe Container Loading Practices & Heavy Vehicle Safety' campaign. Several free webinars were held during October and November. If you would like to review any of the seminars or would like more information about the campaign please visit: **https://ftalliance.com.au/safe-container-loading-practices-heavy-vehicle-safety**

Patrick introduces container weighing solution

Patrick Terminals has adopted an innovative weighing solution to drive better safety outcomes in the handling of containers. Mis-declared containers create potential safety risks throughout the supply chain, from transport companies to terminal operators and shipping lines. The new weighing solution, *Pondus*, will help identify mis-declared weights by statistically sampling containers for weighing and then automatically notifying customers of weight discrepancies (+/- 1 tonne) allowing parties to better meet their chain of responsibility obligations.

Source: Patrick

Through trials at Patrick Terminals – Brisbane Autostrad, *Pondus* has proven to be effective in detecting mis-declared containers in regard to their verified gross mass. Patrick Terminals – Brisbane Terminal Manager Matt Hollamby said, "Since July 2016, the International Safety of Life at Sea Convention (SOLAS) has required shippers to obtain and document the verified gross mass of a packed container prior to vessel loading. This is a legal requirement. A mis-declared container has potential implications for safe loading of vessels, sea voyage and road transport. Both import and export containers will be statistically sampled for weighing on the *Pondus* platform and mis-declared containers will have a charge placed on the relevant transport company for imports or shipping line for exports."

Robin Bean from Cindicium, the manufacturer of the *Pondus* platform, said, "Vessel planning and weight distribution can be impacted by irregularities in declared container weights. Our certified and automated *Pondus* platform precisely weighs a container to the National Measurement Institute requirements in seconds on purpose-built, calibrated load-detecting instruments. The *Pondus* platform then automatically interfaces with our system to report accurate container weights to the party transporting those containers."

Patrick Terminals has advised customers that new charges in relation to the weighing system will come into effect from 4 January 2021. The charges will not apply to importers and exporters who accurately declare container weights. Patrick intends to roll out the weighing system into its other terminals in due course.

National Freight and Supply Chain Strategy annual report released

On 20 November, infrastructure and transport ministers released the first annual progress report for the National Freight and Supply Chain Strategy. The report highlights Australia's freight network performance over the last 12 months including insights gained during the COVID-19 pandemic and progress against over 350 initiatives across the country.

The report includes a statement by the independent Freight Industry Reference Panel, encouraging governments and industry to leverage best practice examples identified in the report, and to ensure we gather accurate, timely and comparable data to measure freight movements through supply chains across jurisdictional boundaries and transport modes.

The report can be found here:
https://www.freightaustralia.gov.au/sites/default/files/documents/strategy-2020-annual-report.pdf

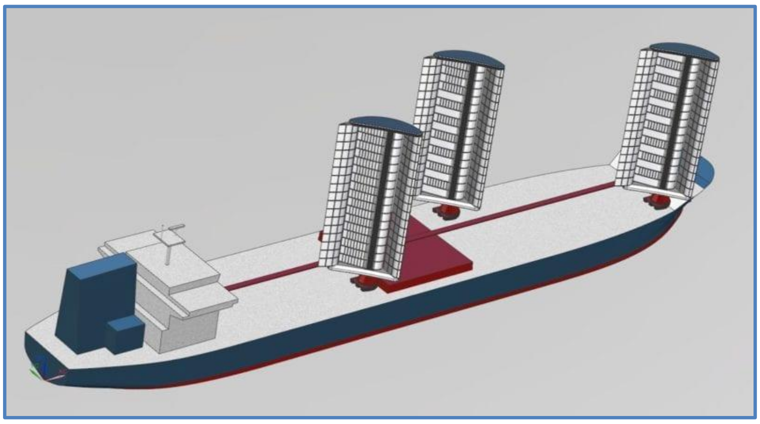
New harbour master for Sydney

The Port Authority of New South Wales has announced that Captain Myron Fernandes has been appointed as the new Harbour Master for Sydney and Botany Bay, starting on 30 October 2020. Captain Fernandes has over twenty years' experience in the maritime industry which includes more than ten years in port management within the Port of Dampier and Port Headland.

Captain Fernandes has been the Harbour Master for the port of Port Hedland for the past three years, managing over 6,200 vessel movements and 530 million tonnes of throughput within the 2019-20 financial year. Captain Fernandes was responsible for safety, security, and efficiency of all marine operations within the port with the assistance and oversight/contract management of a team of over 70 personnel including deputy harbour masters, pilots, pilot transfer (pilot boats & helicopters) and fully accredited vessel traffic service operators. He has also had an international sea-going career in the merchant marine industry.

Cargill to add giant sails to bulkers

Cargill, the world's biggest agricultural commodities trader, plans to harness wind power by fixing massive wing sails to some of its cargo fleet of bulk ships (bulkers) to reduce fuel use and greenhouse gas emissions. Shipping is responsible for about 90% of world trade, and it also accounts for almost 3% of man-made carbon-dioxide emissions.



Source: Bloomberg

The industry has vowed to cut greenhouse gas emissions by 50% by 2050, from 2008 levels. How it gets there and what new fuel technologies it uses to replace traditional petroleum-based ones is still up for grabs. Cargill wants to add — in an as yet untested idea — solid wing sails, as high as 45 metres (148 feet), attached to the decks of cargo ships with specially designed hulls, which the trader and its partners say could reduce fuel use by as much 30%.

Minnesota-based Cargill has some 600 vessels under charter at any given time. "What we like about wind and what we like about this concept most is you are reducing fuel," Jan Dieleman, president of Cargill's ocean transportation business, said in an interview from Geneva.

"The initiative will improve the efficiency of whichever new fuels — from hydrogen to liquefied natural gas — are eventually adopted", Dieleman said. "You have to put this in between what the new fuels are and what we can do today," Dieleman said. "This is kind of in the middle of those two timelines."

The wing sails will be installed first on mid-sized tanker ships that carry edible oils, biofuels or ethanol. If successful, they could then be adapted for dry bulk carriers hauling grains and oilseeds. The new ships might even prompt a change in shipping routes according to Dieleman. "Vessel captains won't just seek the most direct or easiest tanker journeys. They might also search out routes with more wind."

The massive sails will be made of solid composite material and will resemble movable airplane wings that will provide lift and wind propulsion to ships. They will also be collapsible to avoid coming into contact with infrastructure such as cranes or bridges. It's not the first time Cargill has tried to use wind for its modern cargo ships. Back in 2011, it attached giant wind kites to vessels in another joint venture it hoped would cut fuel use and emissions. "We tried kites and that didn't work. But we're not giving up," Dieleman said.

IMO approves draft new global emissions rules for shipping

The organisation responsible for setting global environmental standards for shipping approved rules designed to curb the industry's carbon emissions, triggering criticism that its measures won't do enough to help tackle climate change. About 90% of the world's physical trade is moved by ship and the sector emits about as much CO_2 into the atmosphere as Germany and France combined. Recently, the International Maritime Organization (IMO) approved rules aimed at cleaning up the industry by improving vessels' carbon efficiency. Some countries and non-government organisations said the measures were inconsistent with the Paris Agreement. The IMO's much more ambitious target, to halve shipping's outright emissions by 2050, wasn't a central part of the discussions.

The new rules "will never take us anywhere near the absolute reductions that we need to achieve by 2050," said Maria Skipper Schwenn, executive director at Danske Rederier, which represents Danish shipping, adding that the regulations are a stumbling block for a real transition to carbon neutrality because they don't reward ships for performing well. The agreed measures are officially aimed at hitting a 40% reduction in carbon intensity by 2030, the IMO's shorter term target. Since the goal's baseline year of 2008, ships have gotten bigger, better designed and slowed down, meaning much of the required savings have already been achieved. The industry was already on track to hit the 2030 target, according to Tristan Smith of the UCL Energy Institute. The far bigger challenge is shipping's outright emissions. As the world's fleet grows to service ballooning international trade, having more efficient vessels won't necessarily be enough to bring CO_2 down.

To keep to the Intergovernmental Panel on Climate Change's 1.5 degrees Celsius scenario, man-made CO_2 output needs to almost halve, compared to 2010, by 2030. The IMO isn't targeting an outright cut by then, though it is due to revise its strategy in coming years. The UK and Germany were among at least half a dozen countries that criticized the measures. Reaching the IMO's target for a 50% cut in greenhouse gas emissions by 2050 will require much of the world's fleet to switch to zero-emission fuels that don't yet exist on a commercial scale. Making the transition will cost more than a trillion dollars, according to the Global Maritime Forum. Strong regulatory incentives are needed to drive that investment.

Not everyone seems willing to wait for the IMO to legislate. Next year, the European Union is due to propose rules to put a price on emissions from shipping, probably by bringing maritime transport into its emissions trading scheme. It may have the support of the world's biggest operator of refined fuel carriers, Maersk Tankers. The firm supports a global carbon tax, an approach that's favoured by commodities trading giant Trafigura Group. But if the IMO can't make that happen, Maersk Tankers earlier said it would support the EU's proposal. The International Chamber of Shipping, which represents more than 80% of the world's merchant fleet, opposes regional regulation, as do fellow industry trade groups BIMCO and Intercargo.

ACCC releases stevedoring monitoring report

Revenues and profit margins of stevedores increased overall in the last financial year despite the global pandemic causing the largest contraction in container volumes in a decade, according to the ACCC's

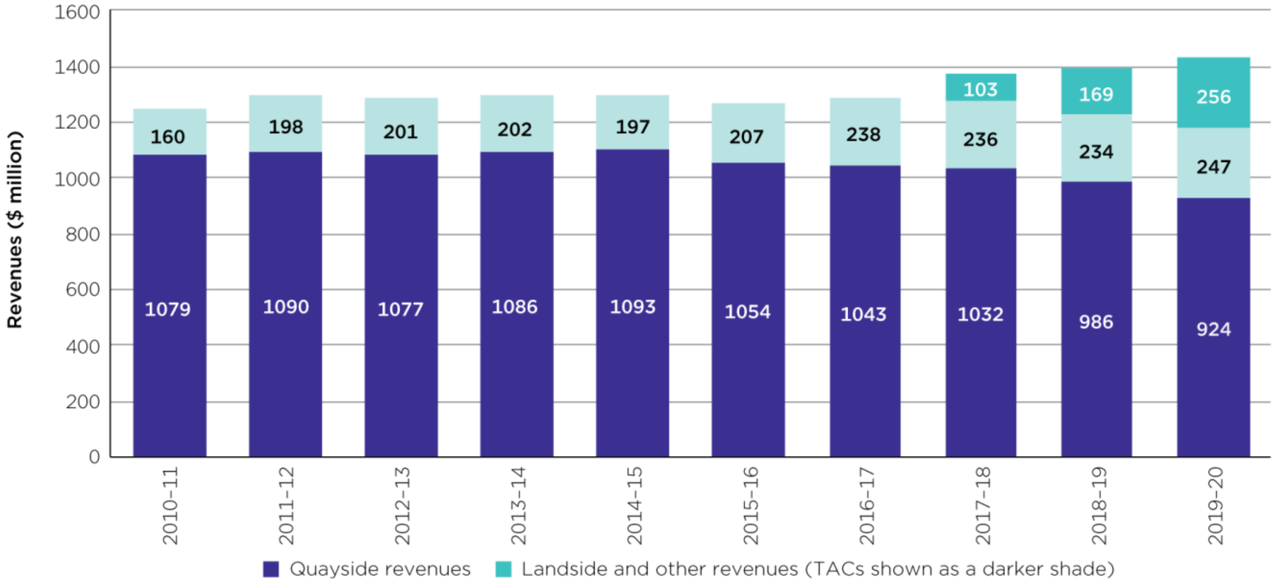
Container Stevedoring Monitoring Report 2019-20. Overall revenues grew in 2019-20, largely as a result of stevedores increasing terminal access charges. Revenue from these charges, previously called infrastructure charges, rose by 51.9% in aggregate for monitored ports compared to 2018-19.

"While there may be justification for landside charges, excessive terminal access charges will nullify the benefits of greater competition between stevedores in providing services to shipping lines. However, any regulation of these charges is a matter for state and territory governments," ACCC Chair Rod Sims said. "Shipping lines contract with a single stevedore for cargo and that means there is no direct competition in the provision of landside services. This makes these fees to some extent a 'take it or leave it' proposition for importers or exporters that have no direct choice of stevedore."

Stevedores' total operating profit margins increased for the first time in a decade, from 5.8% in 2018-19 to 9.9% in 2019-20. While profitability varies significantly between stevedores, this is the highest overall margin recorded since 2016-17. The report shows that revenues and profits increased, even though total container lifts through monitored ports fell by 4.4%, largely due to the impact of COVID-19 in the second half of the 2019-20 monitoring period.

There was capital investment in some areas in 2019-20: the Port of Melbourne committed $125 million to the Port Rail Transformation Project and Patrick invested $150 million across all of its terminals. The ACCC is aware of a range of issues affecting container ports recently, including industrial action and issues with capacity at empty container parks, particularly in Sydney. Some shipping lines are imposing new congestion charges of up to US$350 per standard container at Port Botany in Sydney. Some shipping lines are even delivering cargo to other ports, such as Brisbane or Melbourne, and charging importers to have them trucked to Sydney. "Congestion charges should be temporary and only imposed if justified and reasonable. We would be very concerned if they became embedded costs at our ports," Mr Sims said.

Total revenues in real terms: 2010–11 to 2019–20



Note: TACs have been collected by container stevedores at some ports since 2011–12 and aggregated under landside and other revenues until 2016-17. Real values in 2019–20 dollars.

Source ACCC

A copy of the report can be found here: **https://www.accc.gov.au/publications/container-stevedoring-monitoring-report/container-stevedoring-monitoring-report-2019-20**

New CEO for Shipping Australia

Melwyn Noronha has been appointed as the next Shipping Australia Chief Executive Officer, effective 1 January 2021. Shipping Australia Chairman Scott Henderson said Melwyn was selected after an extensive review and selection process. “Melwyn is an outstanding choice and has a wealth of experience in shipping, both at sea and in regulatory roles. He has been with Shipping Australia Limited since 2015, initially as General Manager, Technical Services and Industry Policy, and later as Deputy CEO."

Before joining Shipping Australia, Captain Melwyn Noronha served at sea and gained his Master Mariner qualification at the Australian Maritime College. He sailed internationally as a master of bulk carriers before moving ashore into maritime administrative and regulatory roles in Federal and State governments. Commenting on the appointment, Melwyn said he was honoured and excited to be appointed to the role. “Shipping holds a special place for me and is crucial to Australia’s economic prosperity. The Board has put their trust in me, and I will do my utmost to deliver the best outcomes for our members and for Australia.”

Mr Noronha takes over the position from Rod Nairn AM, who has led the organisation since 2013. “I would like to thank Rod for his outstanding leadership and dedicated service over the past eight years. He has had a big impact on the company, modernising its culture, strategy and administration, and expanding its relevance to fully represent the interests of all sectors of international commercial shipping,” Mr Henderson concluded.

Restructure for ANL and CMA CGM in the Oceania region

ANL Chief Executive Xavier Eiglier has been appointed CMA CGM executive vice president to drive air freight growth from the head office in Marseille, while CMA CGM Managing Director Group Agencies for Oceania Shane Walden is to take over as the new ANL CEO.

Mr Eiglier has been a part of the CMA CGM Group since 2007 and was appointed ANL CEO at the start of 2018. A graduate in International Business from Monash University, Mr Walden has been a part of ANL since finishing his degree. In his new role, he will be based in Melbourne. Taking over Mr Walden's current role, Paul Haeri is to lead the CMA CGM Agency cluster across Australia, New Zealand, Papua New Guinea, Timor, Papeete and Noumea. Graduating from the Saint-Cyr Military Academy and senior officer training at the Ecole de Guerre, Mr Haeri established a long-standing career with the French armed forces. He will also be based in Melbourne. The appointments become effective from 4 January.

Port Kembla to get LNG import terminal

Australian Industrial Energy (AIE) has signed a critical lease for up to 25 years with NSW Ports for the Port Kembla Gas Terminal (PKGT). Proponents claim this is a crucial step towards securing gas supply certainty for NSW as well as providing local employment opportunities and economic benefits for the Illawarra region. AIE, part of Squadron Energy Group, is also pursuing the associated development of a dual fuel (LNG-hydrogen) 800 MW power station in the Illawarra to be initially fuelled by gas from the PKGT. The design provides for large-scale dispatchable power and the ability to transition to hydrogen fuel as Fortescue Metals Group and other hydrogen suppliers bring industry-scale production online.

The PKGT will create around 130 to 150 jobs during construction and between 40 to 50 ongoing roles during operation, as well as contributing to the diversification and growth of Port Kembla and the Illawarra region. The lease agreement includes a 10-year initial term with options to extend up to a maximum 25-year term. AIE will immediately start a site handover process, paving the way for the new gas terminal construction works to commence. Construction of the PKGT is forecast to take only 18 to 20 months, putting the project on track to supply more than 75% of NSW's gas needs by the end of 2022.

Squadron Energy CEO Stuart Johnston said the agreement with NSW Ports further clears the way for agreements between AIE and future gas supply customers to be completed in the coming months. "We have long recognised Port Kembla as the best site for this critical gas project and with the lease for the terminal now agreed, commercial arrangements around future supply contracts can be accelerated with confidence," Mr Johnston said.

The PKGT is strategically located in an existing industrial port with experience in hydrocarbons. The terminal will be located a short distance (6 km) from the existing Eastern Gas Pipeline which provides a major natural gas arterial between Victoria and NSW. NSW Ports CEO Marika Calfas welcomed AIE's long-term commitment to Port Kembla. "The gas terminal brings a new trade to Port Kembla and provides significant opportunity for the region. It will also address future energy needs in NSW and other states," she said.

Updates from the Department of Agriculture, Water and the Environment

Tailgate inspections for rural containers

The Department is "reminding industry stakeholders of their responsibility to correctly declare the delivery destination in the Integrated Cargo System (ICS) for sea containers entering Australia. Imported sea containers can carry a range of hitchhikers and contaminants which could introduce exotic pests and diseases into our environment. Sea containers destined for rural areas pose a higher risk than metropolitan locations, due to the likelihood of pests and diseases establishing quickly and the difficulty in detecting and controlling these once established.

As such, all imported sea containers destined to be unpacked in rural areas are subject to heightened biosecurity measures on arrival, including a mandatory rural tailgate inspection at a metropolitan location in the port of discharge prior to delivery.

For further information regarding delivery postcode classifications and the reporting of sea containers destined for rural locations, please consult IAN 194-2020 or contact the department via **email** or phone 1800 900 090.

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. 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

These urgent actions are being implemented in phases. The Department is currently working through what the revised measures for shipping containers will involve. A range of measures are being considered, including possible treatment options. The Department will provide further information and consult with stakeholders on the proposed measures for containers over the coming months. These consultations will provide industry with the opportunity to provide feedback and ask questions about the proposed measures.

The Department is advising that, "Due to recent interception of khapra beetle, the department will be diverting a number of staff to the emergency response, in particular inspections and treatments required at a number of locations around the country. This additional workload associated with the khapra beetle emergency response may affect the department's capacity to meet published service standards in the **Client Service Charter** over the coming weeks.

Please refer to IAN 197-2020 for further information. Enquiries can be directed to 1800 900 090 or via email at imports@agriculture.gov.au (please title the subject line of the email with 'Plant Tier 2 – khapra urgent actions').

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

Brown Marmorated Stink Bug (BMSB)

The 2020-21 BMSB season has been in effect since 1 September and the inspection regime seems to be operating relatively smoothly. However, as explained above, the Department's additional focus on the khapra beetle will no doubt draw resources away from the BMSB (and other) inspection program which could result in additional delays in the release of cargo and containers.

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 Department's Cargo Consultative Committee (DCCC). If you would like more information or want to raise any issues for consideration by the DCCC, please contact Peter van Duyn.

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