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The International Cargo Handling Coordination 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.

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**ICHCA International Chairman Retires**

ICHCA International has announced that its Chairman, David Bendall, has retired. David, who successfully runs his own company Maritrade, based in Sydney, has served on ICHCA’s board for over 30 years and was its longest standing member.

During this period he served in various capacities including Finance



Director and Deputy Chairman culminating in the Chairmanship. David has also been on the Board of ICHCA Australia in various capacities for many years and remains on the Australian Board.

He has also seen a lot of changes in the organisation in that period but none as significant as those that have been realised in the last few years.

In his statement to the rest of the board on retirement he said: “We have passed through a period of intense and rapid change over the past few years which is to be expected in a mature international organisation confronting the challenges of a change in direction, a new business model and a radical change in corporate culture. That we have achieved all that in a period of very tight finances is a credit to all of us and I think we can be proud of the progress so far.

Without the active and professional support of Richard Brough and the NLI team, we couldn’t have done it. However, there is still some way to go but, as of now, we have at last improved the reserves and can look forward to another successful year ahead.”

David’s final act for ICHCA was to close the extremely successful conference held recently in Barcelona that was attended by over 200 delegates and featured a high profile list of speakers including the Secretary General of the UN’s International Maritime Organisation, certainly a first for ICHCA and a fitting way to end a long and supportive role on ICHCA’s main board.

Everyone at ICHCA wishes David a long, healthy and happy retirement from his international activities.

## Five Container Ships for Australian Flag



*Signing ceremony with Chinese and Australian interests associated with the project.*

The Australian merchant shipping fleet is set to receive a major boost with the announcement that an Australian/Chinese partnership is to invest in five container vessels that will operate under the Australian flag. Their arrival will mark a significant reversal of a long-term decline in the Australian merchant fleet, which in the past two years alone has slipped by a third from 21 ocean going vessels to 14. The new vessels will operate under the Australian International Shipping Register (AISR).

The new shipping line has plans to double its fleet of Australian ships from five to 10 as its coastal trade develops over time from a weekly to twice-weekly service. Great Southern Shipping Australia (GSS) and the Rizhao Port Group of China have joined forces to establish a triangulated weekly container shipping service, which will launch within months.

The service incorporates import and export links with China as well as servicing traditional coastal lanes from Brisbane, Sydney and Melbourne to Fremantle with new trade lanes from Brisbane and Sydney to Bell Bay in Tasmania and Bell Bay to Fremantle.

Rizhao Port is the 11th largest port in world and will be the homeport in China for the GSS operation. Rizhao, with a population of over three million, is already Australia's largest trading partner in the resources sector. However, it is working to position itself as a regional container hub, located as it is in the Shandong Province between Shanghai and the northern ports of Qingdao, Tianjin and Dalian.

The port currently services 30 routes in the domestic and international container trade and already operates a number of 50,000 dwt container vessels in near-Asia feeder trades. Rizhao handles more than 2.6 million TEU annually and the port is currently constructing a further 11 container berths to allow capacity to increase to 10 million TEU.

Rizhao is the start and end point for the two Silk Road railways that operate through both north and south Europe to Rotterdam. The GSS and Rizhao Port service effectively extends the Silk Road from Europe to Australia by sea, reducing transit times from Europe by up to 12 days.

In an address given to a 100 strong audience at the ceremonial signing at the Hilton South Wharf in Melbourne, newly appointed CEO of Great Southern Shipping, Paull Van Oost said, "Today celebrates the bringing together of two great nations, in China and Australia, in cooperation in trade and shipping, marking a very significant milestone for Australia's maritime industry.

"Today is a day that we - both Chinese and Australians alike - should be very proud of. We have demonstrated what can be done by collaboration, through understanding each other's needs and by cooperating to ensure a win-win outcome for China, Australia, Australian importers, exporters and coastal traders."

In dealing with the demise of Australia's merchant fleet over the past decades, Mr Van Oost said, "We are an island nation reliant on the sea and shipping for trade. Given the distances between major cities in the east and west of Australia, as our nation grows, we are very much becoming dependent on the sea for interstate trade. The demise of Australia's merchant fleet cannot and must not continue. Today we reverse the past trends and we see through cooperation and friendship, a rebirth of Australian merchant fleet".

GSS also announced an initiative to assist in addressing the future skills and training needs of an industry with an aging and retiring workforce, announcing the introduction of a GSS scholarship program for each vessel operated under Australian flag by GSS.

“This initiative is indeed unprecedented for a private company operating in the Australian maritime sector,” he said. “However, it is taken by a company that understands the importance in retention of valuable skills within the Australian maritime sector. We have no doubt that the Federal Government recognizes this too and we expect they will at some point be making similar or greater contribution to the retention of crucial maritime skills in Australia.”

The bespoke liner service is tailored to enhance and improve the overall supply chains of shippers - both import and export - as well as coastal. The dedicated service and equipment, which includes the provision of 21,500 two-pallet wide high cube containers, has been designed in consultation with Australian retailers, importers and exporters to complement and enhance their end-to-end supply chains and deliver efficiency - providing savings in both transit times and cost.

GSS director, David Whittaker, said the service breaks the paradigm of traditional container liner services that require shippers to adjust their supply chain to accommodate fixed or rigid service parameters. “Many of the Australian retailers, manufacturers and coastal traders who have worked in consultation with GSS over the past years see this solution as a game changer and as a major future contributor to adding efficiency to their supply chain and reducing their end to end supply chain cost,” Mr Whittaker said.

The new GSS service will commence in the port of Rizhao China and be calling into Brisbane, Sydney, Bell Bay, Melbourne and Fremantle, before returning north to Ningbo, Shanghai and Rizhao.

## **Western Australia – Port Privatisation in Choppy Waters**

By Peter van Duyn

THE WA Nationals recently announced they will no longer support the government’s plan to privatise Fremantle Ports. They also halted the passage of the Pilbara Port Privatisation Bill, which deals with the sale of the Port Hedland Utah Point Bulk Handling Facility. They have asked a parliamentary committee to investigate the proposed sale.

The Barnett Liberal government had flagged its intention to sell a number of public assets, driven by the state’s large debt and budget deficits in the forward estimates caused by declining revenue from the mining sector.

The WA Nationals’ decision comes soon after political posturing delayed the privatisation of the Port of Melbourne in Victoria. After a Legislative Council select committee inquiry, Victoria’s Labor government had to water down the proposed legislation to secure the support of the opposition to pass the bill.

The changes resulted in more regulatory oversight, a shorter period of potential compensation payments to the new owners, if a competing port was built during the lease period, and control measures in port pricing regimes.

Whether the delay in timing (the sale is now scheduled for late this year or early next year) and the legislative changes will affect the sale price of the port remains to be seen. Victorian Treasurer, Tim Pallas, is still confident that the sale price will be in excess of \$6 billion.

Another obstacle in the way of privatising critical infrastructure (and achieving bigger proceeds) is Federal Treasurer, Scott Morrison's, announcement of tighter foreign investment rules in the wake of the controversial sale of the Port of Darwin to a Chinese company.

The 99-year lease of the Port of Darwin to an entity with alleged links to the Chinese government and military did not please the US government. Washington considers Darwin's port a strategic asset in view of the presence of a large contingent of the US Navy, which uses the port for its supply chains.

From April 2016 onwards, the Foreign Investment Review Board will need to approve the sale of critical infrastructure, such as ports and airports, belonging to the states and territories.

WA Nationals leader, Terry Redman, previously supported the privatisation agenda. His change of heart comes after likely pressure from provincial backbenchers who still recall the sale of the WA government-owned country rail network to Brookfield, a global infrastructure company based in Canada, that left grain farmers with failing infrastructure and rising costs to get their grain to global markets.



*Photo: Fremantle Ports*

A number of junior miners such as Atlas Iron, Mineral Resources and Consolidated Minerals which use the Utah Point facility to export their iron ore have also expressed concern about a potential increase in handling charges if the new owner was looking to improve their return on investment after privatisation.

WA Labor voted against the sale of Utah Point as well as the privatisation of Fremantle Ports; not surprising given Labor's strong links to the Fremantle electorate (federal and state).

There seem to be plenty of buyers circling Fremantle Ports (the state's biggest general cargo port and Australia's fourth-largest container port) with even the Port of Rotterdam's international arm showing an interest.

Last year (FY 2014/2015) the port contributed about A\$68 million to the WA government and the potential sale (or long term lease) figure is reported to be in the order of \$2.5 billion.

Container volumes have seen a healthy five to six percent annual growth over the last decade. However, current year to date figures have seen a decline in numbers. It is surprising to see the amount of interest given the capacity limits (restriction on vessel lengths in the Inner Harbour, limited room for expansion of the container terminals, opposition to increased truck traffic through the City of Fremantle) of the current port. The less than ideal rail link into the port, which runs along the Fremantle foreshore and past newly built million dollar apartments, could be another bottleneck for further development. The uncertainty about the funding and timeline of the Perth Freight Link (PFL) project, which intends to provide better access for trucks to the port, is also not helping the sale process.

The threat of additional container terminal facilities at Outer Harbour near Kwinana (currently partly under control of Fremantle Ports) being established in the not too distant future would also be of a concern to the potential new owners, unless of course the sale includes the option to develop and run these facilities. Road and rail infrastructure into the Outer Harbour has the potential of being far more efficient and less controversial than the proposed PFL into the Inner Harbour. A Regional Development Australia (RDA Perth) report on the PFL and the Outer Harbour development, which has not been made public, is rumoured to be less than complimentary on the viability of the PFL and describes developing a new freight hub near Kwinana as a 'game changing initiative'.

Fremantle Ports is the last capital city port in Australia to be privatised. However, a lot of water will probably have flowed under the Stirling Highway Bridge (a vital link to the port of Fremantle across the Swan River) before a deal can be done.

*\* Peter van Duyn is a maritime logistics specialist from the Institute for Supply Chain and Logistics at Victoria University. He is also Vice Chairman of ICHCA Australia. This is published as an article expressing his independent views.*

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## **Aurizon Eyes Intermodal Growth with Enfield Opening**

Aurizon has started operations at the Enfield Intermodal Logistics Centre (ILC) in Western Sydney.

The relocation of Aurizon’s intermodal freight business from its current location at Yennora to Enfield will allow the company to grow and expand its interstate service offerings for customers and paves the way for the introduction of port shuttle services.

Aurizon Executive Vice President Commercial and Marketing, Mauro Neves, said. “At Enfield we are creating a new Aurizon intermodal hub with greater competitiveness, productivity and safety.

“The site supports longer trains, improved scheduling and cycle times and less train shunting. It means faster transit time on the Melbourne, Brisbane and North Queensland corridors and gives us an opportunity to target increased volumes for both north-south and east-west interstate operations,” he said.

“This move is a genuine investment in our customers and signals to the intermodal market that Aurizon is in this business for the long haul and is in growth mode.”

The 60 hectare Enfield ILC is a ‘turn-key’ site located 18 kilometres from Port Botany on a dedicated freight line and with direct access to the interstate mainline corridor. It is near to the M4 and M5 motorways. The site includes an intermodal terminal, warehousing and buildings

with vacant land for the development of rail related warehousing, freight forwarding, import-export (IMEX), transport and distribution facilities.

Relocation from Yennora to Enfield facilitates the development of an adjacent market segment in the provision of Intermodal services including an IMEX shuttle, shuttles from Port Botany, reefer storage and distribution.

## New Aurizon Board Member

Meanwhile, Aurizon has announced that Kate Vidgen will join the Aurizon Board as a Non-Executive Director with effect from 25 July 2016.

Kate is currently an Executive Director with Macquarie Capital where she is responsible for sourcing principal investment opportunities globally in the energy and resources sectors.

Kate is a qualified lawyer and has spent the past 18 years at Macquarie. During the majority of her time at Macquarie, Kate was part of the investment banking team focussed on infrastructure, resources and resource related infrastructure transactions.

Kate is currently the Non-Executive Chairman of the unlisted Quadrant Energy, one of Australia's leading oil and gas companies.

Commenting on the appointment, Aurizon's Chairman, Tim Poole, said, "I am delighted that Kate will be joining the Aurizon Board. Kate has deep and current experience in the resources and infrastructure sectors. She has a strong understanding of our business, our customers and our opportunities and will be an outstanding addition to our Board".



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## World Maritime Day 2016

The World Maritime Day theme for 2016 is "Shipping: Indispensable to the world". The theme was chosen to focus on the critical link between shipping and global society and to raise awareness of the relevance of the role of the International Maritime Organisation (IMO) as the global regulatory body for international shipping. The importance of shipping to support and sustain today's global society gives IMO's work a significance that reaches far beyond the

industry itself.

According to the United Nations Conference on Trade and Development (UNCTAD), around 80% of global trade by volume and over 70% of global trade by value are carried by sea and are handled by ports worldwide. These shares are even higher in the case of most developing countries. Without shipping the import and export of goods on the scale necessary to sustain the modern world would not be possible.

Seaborne trade continues to expand, bringing benefits for consumers across the world through competitive freight costs.

There are more than 50,000 merchant ships trading internationally, transporting every kind of cargo. The world fleet is registered in over 150 nations and manned by more than a million seafarers of virtually every nationality.

Over the past 50 years and more, IMO has developed and adopted a comprehensive framework of global regulations covering maritime safety, environmental protection, legal matters and other areas. Under this regulatory framework, shipping has become progressively safer, more efficient and more environment-friendly.

World Maritime Day will be celebrated at IMO Headquarters on 29 September 2016, but other events and activities focusing on the theme will be held throughout the year.

## **Maersk Line and Electrolux Commit to Sustainability**

Maersk Line and Electrolux are raising the bar in addressing the environmental impact of international shipping by signing a strategic sustainability agreement. The five-year agreement sets an ambitious target of reducing the CO2 emissions of every container by 20% until 2020.

Maersk Line's role in this strategic partnership will go beyond improving Electrolux's sustainability performance. In their 2015 Sustainability Report, Electrolux emphasized that the agreement with Maersk Line aims to explore a range of areas for collaboration: "We jointly commit to greater transparency, securing more reliable data on the environmental footprint of our shipping activities, and introducing other sustainability metrics in transport services. But the agreement is not limited to the environmental sphere; we will also explore best practice for addressing social risks in our logistics."

Michael Hansen, Global Sales Director at Maersk Line, said that the sustainability partnership presented opportunities to generate responsible business growth for both companies: "Maersk Line and Electrolux share aspirations for sustainable and profitable growth. Through this formalised partnership agreement, we seek to find solutions to the common sustainability challenges. At the same time, it is an opportunity to build mutual loyalty and ultimately unlock the commercial benefits of doing responsible business."

## SOLAS Regulations on Container Weighing



The following link, provided by ICHCA International, provides the latest information on the debate about the introduction of the new SOLAS regulations on container weighing.

[http://paper.li/e-1455807968?edition\\_id=a7a3b390-20bd-11e6-bd44-0cc47a0d1605](http://paper.li/e-1455807968?edition_id=a7a3b390-20bd-11e6-bd44-0cc47a0d1605)

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