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The voice of Australian shipping & maritime logistics

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September 2021

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Missing the boat

No boom for US-ANZ
liner trades



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and supply chains

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what you need to know

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B E T T E R W A Y S

**BUILDING OCEANIA'S SUSTAINABLE
SHIPPING NETWORK**

CMA CGM
GROUP





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Daily Cargo News acknowledges the Cammeraygal people, the traditional custodians of the land on which this publication is produced. We pay our respects to their elders past and present. We extend that respect to all Aboriginal and Torres Strait Islander peoples today.

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From the editor



As many in Australia's east are hunkered down in the latest protracted lock-down situation, freight continues to move, as it must. There have been many, many disruptions over the past 20 months, and they just keep coming.

Air freight is in for a significant disruption with airlines re-deploying planes to the Northern Hemisphere as travel starts picking up there. This means more pressure on freight capacity here in Australia and higher prices. If you haven't already ordered your Christmas presents, it looks as though you're too late.

Tight freight markets aside, we have a cracking September issue for you here. There is a great deal about the environmental impacts of shipping and how to mitigate them. We have a feature section on sustainability starting on page 30 and a deep dive into data on the impacts of the IMO's short-term measures to reduce greenhouse gas emissions, on page 60.

Also in this issue, we feature a report from our estimable correspondent Dale Crisp on the state of liner trades to North America starting on page 22. Contrary to what's happening everywhere else, it seems the US-ANZ trade is dealing with all the problems of the container trade boom without any of the upsides.

And we have plenty more for you, from a report on Western Australian ports to a rundown on biosecurity and quarantine and all the regular columns. Happy reading.

Ian Ackerman
Editor, *Daily Cargo News*



**INDUSTRY
NEWS**

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We love the world. So we move it gently.

We love the world we connect. And we want to actively contribute to preserving its beauty and diversity for future generations. This has prompted us to set an ambitious goal for ourselves: to make transport by sea completely climate-neutral by 2050. To this end, we are focusing on devising new technologies and fuels that will enable ships to operate in a carbon-neutral manner. We are also striving to continuously reduce CO₂ emissions along the onshore supply chain. In doing so, we seek to support you in your efforts to make your supply chains and products more sustainable.

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News in brief

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Port of Brisbane CEO resigns

Port of Brisbane announced in August that its CEO, Roy Cummins, had tendered his resignation.

PBPL chairman Guy Cowan thanked Mr Cummins for his service as CEO.

"Roy has provided six years of dedicated leadership of our company, where he not only ensured excellent stewardship of our asset, but also delivered key value accretive asset enhancement projects.

"He was a highly effective leader through a significant period of growth for the company, and he also helped deliver two of the largest capital projects in the port's history: the \$110-million Port Drive Upgrade and the \$177-million Brisbane International Cruise Terminal," Mr Cowan said.

"On behalf of the Board of Directors and the entire organisation, I'd like to thank Roy

for his significant contribution, and wish him well in his future endeavours."

Mr Cummins said he was proud to lead the PBPL team for the past six years.

"During my period as CEO we have achieved a lot for our security holders, our port stakeholders and our community.

"We planned and delivered multiple major capital projects, cutting edge technology developments, implemented industry-leading sustainability and reconciliation strategies, and unlocked Port of Brisbane's property potential," Mr Cummins said.

"We also signed off a new strategic platform that will usher in the next wave of growth for the business."

PBPL's chief financial officer Neil Stephens will act as interim CEO before undertaking a search for a new CEO.



Roy Cummins,
former CEO, Port of Brisbane

T.S. Lines signs with DP World Australia for new service



DP World's Sydney terminal

■ T.S. LINES has launched the CA2 service, connecting Australia with China, and DP World Australia has signed on as the Australian stevedore.

The new commercial freight service commenced with the arrival of the *T.S. Haipong* at the DP World Sydney terminal, with future ships secured to call the company's Sydney, Melbourne and Brisbane terminals.

The CA2 service has direct weekly sailings from China to Australia on a 42-day rotation. Seven vessels will be deployed, calling Sydney, Melbourne, Brisbane, Qingdao, Ningbo, Shanghai and Nansha.

DP World Australia CEO Andrew Adam said, "In a highly competitive market, locally and globally, securing this new shipping service with T.S. Lines reinforces our service performance levels, which continue to see minimal delays at our ports".

Alan Sims, director of Seaway, T.S. Lines' Australian agent, said, "We are pleased to introduce T.S. Lines' new CA2 service into Australia, further building on our capacity and service to our customers. We are confident the CA2 will be well received given the growing demand in our trade-lane".

Brisbane Marine Pilots and Auriga join forces



Auriga Group and Brisbane Marine Pilots have signed a partnership and investment agreement. Under the new agreement, the companies' combined operations will perform more than 25,000 marine pilotage operations per year.

Auriga said it is engaging with shipping clients to provide more cost-effective national pilotage arrangements, particularly for those operators calling at multiple ports.

Auriga Group managing director Trent Lonsdale said it was vital for shipping lines, infrastructure owners and for Australia's import and export industries that sufficient high-quality and well-trained marine pilots be available to serve the Australian maritime sector.

"Partnering, investing and aligning with BMP, one of the Australia's premier pilotage companies, made immediate sense to us," Mr Lonsdale said.

"The 39 BMP marine pilots have over 500 years of combined on-water pilotage experience, and proven advanced training systems which result in highly professional marine pilots.

"As the largest private pilotage company in Australia we recognise, understand, and value the significant and diverse skills they bring to our partnership," he said.

Mr Lonsdale said both teams have a focus on safety and training, achieving the highest international standards in the pilotage sector. Both organisations have been independently audited and awarded the much-coveted ISPO accreditation.

"This partnership sees four of our combined operations across Australia gain ISPO accreditation, a first for Australia."

A statement from BMP said together the two companies combined have an "unrivalled" ability to deliver the highest level of pilotage services to customers.

"The facts speak for themselves regarding our overall capability, experience and current on-water performance.

"This new force in marine pilotage now directly employs more than 100 qualified and fully licensed marine pilots across 14 Australian ports," the statement said.

"We will quietly and confidently get on with the job of keeping port and shipping needs safely on track for the benefit of ship owners, port operators, regulatory authorities and the Australian community."

BMP said it has historically worked with industry on many fronts to maintain and advance the standard of marine pilotage.

"BMP and Auriga in partnership, are committed to building on this, investing in the future of pilotage through innovation, and becoming the pilotage provider and employer of choice," the statement said.

Mr Lonsdale said the new partnership has combined on-water pilotage experience of more than 1000 years.

"To put the sheer scale of our partnership in context, our marine pilot teams across Australia have ships under pilotage conditions for [the equivalent of] more than 30 circumnavigations of the globe annually, and our aviation teams around Australia fly our fleet of marine pilot transfer helicopters the equivalent of 28 circuits of the globe each year."

Auriga Group incorporates Australian Reef Pilots, Australian Pilotage Group and others.

SEAFARER DIES OFF QLD COAST DURING CREW TRANSFER

■ A seafarer died after falling while transferring from the bulk carrier *Formosabulk Clement* to a smaller vessel five nautical miles off Point Cartwright during a crew change operation.

The incident occurred in Australian territorial waters, but outside of Queensland waters, and the Australian Maritime Safety Authority has detained the vessel to allow for an investigation to be carried out.

An AMSA spokesperson confirmed the death of a seafarer onboard the Liberian-flagged vessel.

"AMSA, together with state and other federal authorities, are currently investigating this incident and it would be inappropriate to comment any further at this early stage," the spokesperson said.

"AMSA extends its deepest sympathies to the man's family and the crew of the ship."

International Transport Workers' Federation Australia co-ordinator Ian Bray said the *Formosabulk Clement* was reportedly sailing to a New South Wales port, where a crew change could have safely occurred at the berth.

"But because of that state's restrictive health orders it appears the vessel operator instead decided to replace the crew while sailing down the Queensland coast," he said.

"After spending the last year at sea, this seafarer was looking forward to finally returning home to his family, but instead they have received the tragic news that he died."

Maritime Safety Queensland general manager Angus Mitchell confirmed the vessel was not destined for a Queensland port.

"Because Queensland has a mature crew transfer process that allows seafarers to come into the state in numbers above the arrival cap, and has a dedicated hotel quarantine system for seafarers, we're seeing an increasing number of change-overs for vessels that aren't destined for Queensland ports," Mr Mitchell said.

"We've taken very much a humanitarian approach to seafarers, whether they're destined for Queensland ports or other Australian ports," he said.



Aurizon reports improved revenue and earnings

Rail operator Aurizon has released its annual report for the year ended 30 June 2021. It shows EBIT improved by \$46.5 million (10%) to \$505.3 million in FY2021, with increased revenue of \$36.4 million (3%) and reduced operating costs of \$23.1 million (6%) partially offset by higher depreciation of \$13.0 million (4%).

Aurizon operates the 2670-kilometre Central Queensland Coal Network (CQCEN), an open-access network that is the largest coal rail system in Australia

and one of the country's most complex. The network connects multiple customers from more than 40 mines to five export terminals located at three ports.

The CQCEN includes four major coal systems (Moura, Blackwater, Goonyella and Newlands) and a connecting link (Goonyella to Abbot Point Expansion – GAPE).

Aurizon reported that the network maintained strong performance during FY2021 despite challenges presented by wet weather and the COVID-19 pandemic.

Port of Melbourne to proceed with Webb Dock extension

■ THE Port of Melbourne's ability to cater for larger vessels will be enhanced following an announcement by the manager of Australia's busiest container port to proceed with the Webb Dock East Berth 4/5 extension.

The project forms part of a 30-year, \$1.5 billion Port Development Strategy that maps out an extensive investment program.

Port of Melbourne CEO Brendan Bourke said the project will enable Webb Dock East to operate across two berths, as was always intended.

"There has been an increasing incidence of vessels longer than 300 metres calling at the Port of Melbourne. This trend is likely to continue.

"When vessels longer than 300 metres in length berth at Webb Dock East, the terminal is regularly constrained to operating as a single berth terminal.

"These works will involve the removal of a redundant concrete structure at the northern end of the berth and extending the berth by 71 metres, thereby improving operational efficiencies," he said.

Mr Bourke said restoring operating capacity and achieving greater efficiency at the terminal will help to drive down costs across the port-related supply chain for trade activity into and out of Melbourne.

The terminal at Webb Dock East is operated by the Victoria International Container Terminal.

MAERSK ACQUIRES TWO LOGISTICS COMPANIES

■ A.P. Moller – Maersk announced the acquisition of two logistics companies for a combined total of nearly US\$1 billion.

The first company, Visible Supply Chain Management, is a business-to-consumer logistics company with a focus on parcel delivery and fulfilment services. Its headquarters is in Salt Lake City, US. The company reported the value of the Visible SCM transaction was US\$838 million.

Additionally, Maersk announced the intention to acquire B2C Europe, which is another business-to-consumer logistics company specialising in parcels. However, as the name suggests, B2C Europe is a Europe-based company, with headquarters in the Netherlands. Maersk said the transaction for B2C Europe would come to US\$86 million.

Maersk Ocean and Logistics CEO Vincent Clerc said his company had set out to build strong e-commerce logistics capabilities that will extend and reinforce its existing supply chain and create growth opportunities.

"Today, customers rely on the integrated logistics approach and services which Maersk offers. By combining that with the operating models and value proposition of Visible SCM and B2C Europe, we will enable our customers to continue to develop their e-commerce offering," Mr Clerc said.

"They will allow us to have a more comprehensive offering towards small and medium sized customers."



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CHARTER LINK LOGISTICS OPENS AUSTRALIAN OFFICE

■ Hong Kong-based LCL consolidation specialist Charter Link Logistics group has opened an Australia office in Melbourne. The company has plans to rapidly expand across Australia.

Charter Link Australia managing director Gavin Armstrong told *DCN* the company aims to expand over the next six to 12 months.

"We'll be branching into the export market further down the track with a national presence in all states to serve the Australian freight forwarding community," he said.

Mr Armstrong said operations at the Australian branch had been "ramping up".

"Our first containers are soon to be on the water out of China," he said.

"So far we've had a great reception and we're very pleased with the progress to date."

The company said it would bring 25 weekly scheduled LCL consolidation services to Australian destinations, and will progressively phase in further Asian and international origins.

Mr Armstrong said, "We are excited to provide the Australian forwarding

industry with much needed additional sailings and frequency, along with the digital capabilities and user experience that has helped establish CTL as leading neutral LCL consolidator".

CTL now has over 40 international offices and has a strong foothold in key global markets such as India, US, and Latin America. It recently opened two offices in Spain, in Barcelona and Valencia. It has also recently attained ISO 9001:2015 (QMS) & ISO 27001:2013 (Information Security) accreditation at its corporate headquarters.



NYK-operated woodchip carrier runs aground, breaks in two

Crimson Polaris, a dedicated woodchip carrier operated by NYK, recently ran aground off Hachinohe, Japan. The vessel subsequently broke in two and the stern section sank. All 21 crew are reported safe.

A statement from NYK said the vessel was "swept away by a strong wind while anchored and resultantly ran aground".

The ship was evacuated of all crew with the help of the Japan Coast Guard.

The company said a portion of the ship's cargo was lost through a damaged part of the hull, although at the time of writing, it is unclear how much cargo was lost.

NYK said it was "deeply concerned" that the accident caused concern to the nearby municipalities, fishermen, business partners and other parties. "We apologise for the inconvenience," the company said in a statement.

The company said oil and cargo had washed ashore and were being cleaned by a company under the guidance of the Maritime Disaster Prevention Centre, which is designated by the Japan Coast Guard.

Crimson Polaris is owned by MI-DAS Line and it is managed by Misuga Kaiun. NYK is the ship's current charterer.

The Panama-flagged ship is 200 metres long, with a breadth of 32 metres. It was built in 2008 and its gross tonnage is 39,910 tonnes.

Automated container storage and retrieval system tests show promise

■ DP World has completed testing of the Boxbay high bay storage system at Jebel Ali Port in Dubai.

The global terminal operator said the trial proved the technology works in the real world.

More than 63,000 container movements have been completed at the facility, which can hold 792 containers at a time.

DP World said the test exceeded expectations with higher speeds and more energy efficiency than anticipated.

The Boxbay system is a joint venture between DP World and German industrial specialist SMS Group. The system stores containers in slots in a steel rack – up to 11 containers high.

The company said the system delivers three times' the capacity of a conventional yard in which containers are stacked directly on top of each other.

In the Boxbay system, containers are moved in, out and between slots by automated cranes built into the structure. Containers can be accessed without moving any others, and the whole system is designed to be fully powered by solar panels on the roof.

DP World group chairman and CEO Sultan Ahmed bin Sulayem said the test proves that Boxbay can revolutionise how ports and terminals operate.



Japan Coast Guard: DP World



Shipping Australia appoints new director

Shipping Australia has appointed Clint Evans as its new director.

Mr Evans is also the Oceania managing director for Hapag-Lloyd. In his role he has been involved in implementing the company's expansion of service offerings throughout the region.

Over the past 26 years, Mr Evans has gained experience in many aspects of shipping, including agency, freight forwarding, supply chain and liner

shipping. He has worked in many locales, including in South Africa, the Middle East, India and in Australia. Mr Evans started his career in shipping in 1995 when he joined the shipping agency John T. Rennie & Sons as a trainee.

Mr Evans is also an experienced director, having served as the chairman of the Association of Ship Brokers and Agents of South Africa (Richards Bay) and as a director of several companies such

as Inchcape Shipping Services (Bahrain), Inchcape Shipping Services (Qatar), United Arab Shipping Agency Company (India) and Hapag-Lloyd (Australia).

Commenting on his new appointment, Mr Evans said being appointed to the Shipping Australia board is an honour and privilege.

"SAL is an extremely well-respected shipping industry body that continues to effectively address industry challenges while also promoting the interests of shipowners, shipping lines and shipping agents in Australia," he said.

"In my role, I would like to actively support the SAL chairman and directors in developing industry improvements and policy enhancements. I would also like to support and drive initiatives aimed at further enhancing overall shipping related capabilities to meet Australia's future trade and logistics challenges."

Shipping Australia chairman Scott Henderson said, "On behalf of Shipping Australia, I welcome Clint to the board. He is very highly qualified with years of experience in many different sectors of the maritime industry. He will be able to further the interests of the industry and he is a great addition to the board."

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Kiribati crew stranded in Brisbane

Thirty-one seafarers from the Republic of Kiribati have been stranded indefinitely in a Brisbane hotel, facing growing concerns over looming contract expirations, wage uncertainty, and the welfare of family members back home.

The group belongs to an increasing number of Kiribati seafarers globally displaced in the crew change crisis, with others in Fiji, Germany, South Korea and Indonesia.

The severity of the crisis' impact on Kiribati's maritime workforce is largely attributed to the logistical challenge of flying to and from the Pacific nation. The few travel routes usually available to returning seafarers have been shut.

Mission to Seafarers Brisbane president Ross Nicholls said his team of volunteers is providing support for the seafarers while they are being detained in Brisbane, but that it is critical that they be returned home soon.

"The sad reality is that some of them have not been home for more than two years, and some of them haven't seen their newborn children," Mr Nicholls said.

"Some of them are having difficulties in the community back home ... so it's

causing an enormous amount of stress and anxiety, which ultimately leads to mental and physical anguish," he said.

Crew spokesperson Bwerentetaake "Johnny" Toanuea said regular crew meetings and activities in the hotel are an important part of staying mentally healthy and in high spirits.

"We always hold a get together once a week to see if everyone feels okay, or if anyone has anything to share" Mr Toanuea said.

Officially called the Weekly Kiribati Island Overseas Seaman Union Meeting, the gathering is a chance to formally raise concerns and communicate them to their union and their nation.

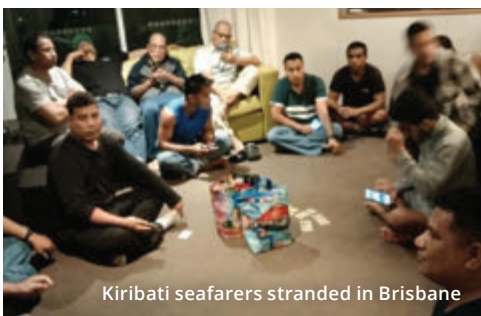
"Everything that has been discussed in the meeting has to be recorded and sent back to our seafarers union office back in Kiribati," Mr Toanuea said.

"The seafarers union back home is not strong enough to fight the government for our rights, and that's why we need to get home fast ... that's why we need stronger international organisations to help get us home."

In the meantime, with lockdown restrictions in place, Mr Toanuea organises informal gatherings with his colleagues to pass the time until they are repatriated.

"At the moment, with the restrictions on moving around outside due to the spread of the virus, our colleagues have to stay indoors," Mr Toanuea said.

"I always arrange activities to get our crew together to play cards in my room or to sing some local songs from home with the guitars, just to make the time go fast and keep our crew happy all day long."



Kiribati seafarers stranded in Brisbane

PASSENGERS RESCUED OFF PILBARA COAST

A Svitzer pilot boat crew recently rescued two passengers from a capsized recreational fishing boat off the coast of Onslow, in the Pilbara region of Western Australia.

The *Svitzer Seara* crew received the alert from Pilbara Ports Authority and departed immediately from the Wheatstone tug pens.

They arrived at the semi-submerged vessel 15 minutes later, with less than an hour left of daylight.

The crew retrieved a man and woman from the vessel. They were in some shock and experiencing the early stages of hypothermia but were in a healthy condition.

Svitzer Seara towed the stricken vessel to Beadon Creek in Onslow. The operation was carried out in conjunction with Chevron Australia's emergency response team.



The crew who rescued passengers from a capsized vessel off the Pilbara coast

INDUSTRY EVENTS

2021	EVENT	
15-16 Oct	IFCBAA 2021 National Conference	JW Marriott, Gold Coast
2-4 Nov	AMPI Spring Workshop	Novotel Wollongong, Northbeach
11-Nov	Australian Shipping & Maritime Industry Awards	Four Seasons Hotel, Sydney
16-17 Nov	Australian Peak Shippers Association Conference and AGM	Wagga Wagga
26-Nov	ASCL Awards and Gala Dinner	Sydney
2022		
28-29 Jan	International Conference on Advances in Marine Engineering and Technologies	Australian Museum, Sydney

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Defining the path to zero-emissions shipping

There is no doubt that the international shipping industry needs to address its carbon emission problems. The question is what mechanisms will deliver the transformational change required, MIAL's Angela Gillham writes

THE CLOCK IS TICKING, AND THE

shipping industry needs to find genuine low- and zero-carbon energy systems to power the industry into the future.

Transoceanic shipping has significant challenges to overcome in this area. There are large distances to cover, massive payloads, limited opportunities to refuel and an unequivocal and universal requirement to remain cost effective to continue to efficiently underpin global trade.

In the face of increasing pressure to affect sharp emissions reductions, many industry insiders are increasingly nervous about the sector's ability to accelerate the development of the necessary technology without a dedicated, secure, and sustainable source of funding.

A SOURCE OF FUNDS

Several industry groups and flag states have championed a proposal for a US\$2-per-tonne levy on bunker fuel, which would raise \$500 million a year over 10 to 12 years. Under the proposal, the money raised would be directed into an International Maritime Research Fund (IMRF), to be overseen by an IMO-governed board of management to be known as the International Maritime

analysis of the priority projects that could be funded through the IMRF.

AUSTRALIA AND SINGAPORE

In June this year, on his way to the G7, the Prime Minister took us all by surprise by announcing a \$30-million partnership with Singapore to "... accelerate the deployment of low emissions fuels and technologies like clean hydrogen to reduce emissions in maritime and port operations". The details are hazy but as the related media release states, the program aims to fund industry-led pilot and demonstration projects.

Any government investment to help bridge the gap between conventional fuels and the fuels of future is a welcome development. Given the limited resources available and the need to develop a suite of low- and zero-carbon solutions that will suit a diversity of ship types, it is essential that efforts across the globe are well co-ordinated and not duplicated. This is what the IMRF/IMRB concept hopes to achieve.

The key purpose of the IMRF/IMRB concept is to partly de-risk the carbon transition for shipowners, a sensible approach given the critical nature of the industry to the global economy and the

of market-based measures (MBM) to international shipping. Of course, an MBM is potentially a much more costly proposition, not just for the shipowner but for the users of shipping services.

Of course, the key difference between an MBM and the IMRF/IMRB concept, is the fate of the funds raised. The primary purpose of an MBM is to create a market signal for transformational change, and there is no guarantee that the funds raised from any MBM would be applied to in-sector mitigation. On the other hand, in-sector mitigation is at the centre of the IMRF/IMRB concept.

The world is a markedly different place since IMO last debated a sectoral MBM around 15 years ago. While the mechanisms to achieve net zero may not yet be clear, most developed nations have adopted a net zero by 2050 policy position and there is overwhelming support among IMO member states for international shipping to adopt a similar goal, a sentiment that was clearly missing 15 years ago.

The recently released IPCC sixth assessment report highlights the urgent nature of these policy decisions that are the critical enablers of the low emissions transition that needs to begin within the decade (to take effect much sooner than the 2050-time horizon) if we are going to keep warming to 1.5 degrees. The international shipping industry cannot be left languishing for another 15 years without clear policy direction. ■

The key purpose of the IMRF/IMRB concept is to partly de-risk the carbon transition for shipowners.

Research and Development Board (IMRB).

Industry-sponsored research undertaken by the global engineering and environmental consultancy firm Ricardo provides an independent analysis of how the funds could be used to overcome some of the known technical challenges and accelerate the application of zero carbon technologies such as hydrogen, ammonia and batteries to transoceanic shipping. The next phase in research program, soon to be released, is an

potential for economic disruption with increased shipping market volatility. What the IMRF/IMRB is not, is a market-based mechanism. Clearly, US\$2 per tonne is not going to be a strong enough market signal to drive behaviour change – something the industry has never claimed it to be.

MARKET-BASED MEASURES

The IMO has kicked off a work program to consider the form and potential application



Angela Gillham,
deputy CEO, Maritime
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Small to medium freight forwarders at a disadvantage

Moves from carriers may lead to a situation where some freight forwarders simply can't compete, IFCBAA CEO Paul Damkjaer writes

RECENT EVENTS – BOTH GLOBAL

and local – have served to create an unprecedented level of demand for space on container vessels. This issue is acutely apparent on vessels servicing trade into and out of Australia.

The global challenges of port congestion, delayed schedules and insufficient capacity to meet high consumer demand for goods, has led to higher costs in freight rates and surcharges imposed by shipping lines.

COVID border restrictions have reduced international passenger flights and freight capacity by more than 80%. Some offset has occurred through freighter aircraft operations, but the total volume capacity is significantly reduced, with one consequence being that demand for space on ocean carriers has increased.

Stevedoring delays and industrial action have led to port congestion and ships delays. Some vessels have omitted Port Botany, or suspended bookings to Port Botany, while other shipping lines cancelled some vessels to Australia or suspended bookings on certain services to Australia or coastal services within Australia.

Some importers have been forced to transport their container cargo overland from Melbourne and Brisbane to Sydney, at substantial cost, with others having to wait an extra three to four weeks to receive their cargo by sea from Melbourne.

COMPETITION CONCERNS

We have also had reports of carriers prioritising sea freight bookings for those freight forwarder customers that agree to take up land-based logistics services auxiliary to the sea carriage, with a third-party entity within the relevant sea carrier group of companies.

Previously, such services would generally be arranged by the freight forwarders by sub-contracting to logistics providers of their choice or, by the freight forwarder where it owns and operates

road haulage vehicles. In this way, the carrier operators can compete with freight forwarders in offering a door-to-door transport service.

Currently, carriers have unprecedented market power and are uniquely positioned to leverage the current demand for access to sea carriage capacity to control pricing

Carriers have unprecedented market power and are uniquely positioned to leverage the current demand for access to sea carriage capacity to control pricing of land-based services as well as sea freight rates.

of land-based services as well as sea freight rates. Carriers also generally own or lease the containers that are required to access the ocean carriage service.

TOO MUCH MARKET POWER?

The concern of IFCBAA and its membership is that the way in which the carrier market is using its substantial market power could result in small and medium-sized forwarders being unable to compete. They are unable to influence or control sea freight, priority access pricing, priority equipment access, priority loading on vessels in the same way that a vertically integrated carrier offering freight forwarding services through a related entity is able to do.

If the small and medium-sized forwarders are unable to remain competitive there is likely to be a substantial lessening of competition for the Australian importers and exporters who rely on freight forwarding services but do not have the volumes attractive to the large global forwarding sector.

The current market circumstances and anecdotal accounts from members gives rise to concerns that there may be contraventions of the *Competition and Consumer Act* occurring.

To the extent that access to the sea freight booking is made conditional on the customer acquiring additional services through an affiliated third-party entity, it appears to IFCBAA that some further inquiry is required to ensure that there is not conduct contravening the exclusive dealing provisions of the act.

IFCBAA and its membership is not concerned with ocean carriers adopting a model that enables carrier-affiliated forwarder and logistics providers to compete with the smaller forwarders.

The concern is that the substantial market power of the carriers may be being used in such a way that it undermines the ability of these forwarders to compete and they may become excluded from the market altogether.

Further, with such an outcome, the options for Australian importers and exporters that previously used the services of these companies, will become limited to tied forwarding and logistics with the limited number of carriers that service Australian trade. As a consequence, it is likely to have the effect of increasing future costs for Australian exporters and importers. ■



Paul Damkjaer,
CEO, International
Forwarders and
Customs Brokers
Association of
Australia



Kristal Rose is a VTIC officer with the Port Authority of NSW

A look at VTIC work in Newcastle

Newcastle marine pilot Ricky Rouse spoke to **Kristal Rose**, Vessel Traffic Information Centre officer with the Port Authority of NSW about her path in the maritime industry and her hope that more women will take on opportunities on the water

How did you start in the maritime industry?

I joined the Royal Australian Navy when I was 19 years old, partly because it was familiar – having parents and a grandparent who served in the military – and partly because I needed to get out of the cesspit town I grew up in. I served for six years as a communications sailor. My responsibilities included radio communications, IT, visual signalling, plus ancillary duties like comms plotting in emergency situations and first response to toxic hazards.

I spent three years posted aboard HMAS *Manoora*, traveling the Pacific with some amazing people. One of the highlights was being the comms operator for the boarding team when we were patrolling the waters near Christmas Island. After discharging from the Navy 13 years ago, I became Newcastle's first female VTIC officer. The VTIC is a 24-hour operation, with two operators per shift. We are the single point of communication for the port in emergency situations and

responsible for the continuous monitoring of traffic inside and outside of the port. We are also responsible for a wide range of administrative tasks, ensuring compliance for each vessel that arrives at the port and tracking coal vessels en-route to Newcastle as part of the vessel arrival system.

What are some challenges for women entering the industry?

Coming from the military where around 40% of junior sailors were female, I noticed the substantial ratio difference in operational roles. Regardless of ratio, the maritime industry is full of opportunity, but women need to work hard to overcome a lot of old stigmas.

I have two young boys and caring for them as well as doing shift work can be very fatiguing, but I am proud to be setting a positive example for them. My husband and I both provide and are equally present for them. This is becoming a more common dynamic in many families and is hopefully an evolutionary lesson for our younger generation.

What have you found fulfilling in your current role?

It is fulfilling to work in an environment where every day is different, any situation may arise on shift. When a departing cape is halfway through transit and loses engines and all power at 2am, you must quickly shift into action mode to support the on-water resources. It is these experiences that remind me of the joint effort required to ensure the safety of vessels and the surrounding port environment.

I enjoy being part of a great team that contributes to the safe running of the port. Newcastle has a vast maritime and industrial history, and it is a port with a great community spirit.

How can we better promote diversity in the maritime sector?

Respecting and encouraging people from both genders and all backgrounds to study in industries that have not traditionally been available to them. In my experience one gender is not more suited to roles in the maritime industry over the other. Value the individual and the skills they bring not what group they belong to.

What advice would you give aspiring young mariners?

I look back on my time at sea with such fondness, the mateship formed at sea is like no other. Be a good teammate, believe in yourself and absorb the maritime knowledge of those that surround you. I joined the Navy without realising how amazing the ocean was and how much it connects us, and I am so grateful I took this career path.

How has the COVID-19 pandemic affected you?

When the pandemic was intensifying in Australia, our administrative workload in the VTIC grew, vessels and agents are now providing additional information to PANSW regarding the health of crew members and their movements. Additional to all our other radio communications, we also now conduct COVID-19 health checks with each vessel, four hours prior to their booked entry. I know the ships' crews have had to bear a great burden since the pandemic started. I think the Mission to Seafarers in Newcastle and other ports are doing a fantastic job to support them in their hardship. ■

Federal government review essential for shipping reform

Paul Zalai of FTA and APSA discusses the call for the federal government to institute a review to bring reform to Australian shipping

LIMITED SUPPLY AND SIGNIFICANT

demand are driving up freight rates to record high levels. We are also experiencing a spate of surcharges, with many attributable to congestion caused at local and overseas ports.

Rubbing salt into the wounds are the exorbitant container detention penalties that were charged in the last quarter of 2020 when many Australian empty container parks were at capacity. Forwarders, importers and transport operators are still debating these penalties, in some cases tallying to hundreds of thousands of dollars, causing significant tension amongst supply-chain participants. Adding to the angst, it is becoming increasingly evident some local shipping line representatives are forced to administer unfair charging practices as directed from international head offices.

The price for moving cargo is one thing, but some desperate exporters and importers are struggling to find capacity at any cost, some waiting weeks before securing bookings only to see blank sailings. Vessels bypassing major Australian ports and cargo being bumped to future voyages.

This is a particular concern at a time when some shipping lines are at the same time overtly promoting international loading priority of freight space in association with the uptake of services including customs/biosecurity clearance and inland transportation.

While there is nothing stopping vertical integration of services, FTA and APSA will focus on potential exclusive dealings to ensure that shipping line end-to-end logistics service offerings do not lessen competition.

ECONOMIC IMPACTS

Following a 2 June meeting with trade minister Dan Tehan, FTA and APSA followed up with formal correspondence on 2 August, welcoming the federal government's response by extending the International

Freight Assistance Mechanism supporting the air cargo sector and facilitating access to key markets for qualifying exporters.

While acknowledging this important outcome, the correspondence noted recent events had seen the lack of shipping capacity and increased costs considerably worsen.

FTA/APSA acknowledged the federal government in making significant progress in liberalising trade noting in 2019-20 the total value of Australian trade was \$873.1 billion. Furthermore, Australia has world-class manufacturers and producers who are supported by skilled customs brokers and freight forwarders and are ready to take advantage of the opportunities created by free trade agreements, the proposed Simplified Trade System and those economies recovering from COVID-19.

It was clearly articulated that these opportunities will not be fully realised while the costs of trade are prohibitive resulting in downstream crippling financial impacts on retailers, manufacturers, farmers and regional communities.

ADVOCACY FOR REFORM

The FTA and APSA correspondence acknowledged many factors impacting Australian shipping and logistics are complex with the only notable beneficiary appearing to be overseas based shipping lines recording multi-billion-dollar profits.

While it is possible that market forces will correct this imbalance in the years to come, it is unacceptable to simply sit back and hope for the pendulum to swing back to a fairer and more commercially viable operational environment.

FTA and APSA see the need for the creation of a new federal regulator, along the lines of the US Federal Maritime Commission to facilitate open and competitive international trade while safeguarding the interests of Australian shippers (exporters, importers and freight forwarders).

FEDERAL GOVERNMENT-LED REVIEW

FTA and APSA recommend that the following policy considerations be included in the scope of a federal government-led review:

- Rules of origin (including any local value requirements).
- Repeal of Part X CCA forcing shipping lines to operate more closely to those competition laws faced by other businesses in Australian commerce.
- A focus on exclusive dealings to ensure that shipping line end-to-end logistics services do not lessen competition.
- Mandate of minimum shipping services ensuring essential export access to market.
- Shipping line adherence to acceptable notification periods on service and cost variations.
- The scope of the National Transport Commission review of Terminal Access Charges be expanded to examine regulation to force stevedores and empty container parks to cost recover directly against their commercial client (shipping line) rather than via third party transport operators.
- Implement measures similar to the current US FMC review to ensure fair and reasonable container detention practices are administered by shipping lines for the dehire of empty containers.
- Initiate a formal waterfront industrial relations review to provide immediate and continued business continuity for what is an essential service and our international gateway for major supply chains. ■



Paul Zalai, director, Freight & Trade Alliance; secretariat, Australian Peak Shippers Association; director, Global Shippers Forum



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Missing *the* BOAT



Trekandshoot



Container lines worldwide are revelling in unprecedented demand and rolling in extraordinary profits. But not the ANZ-North America trade, which is suffering all the industry's problems but none of the upsides, as **Dale Crisp** reports

In many Australasian trades shipping lines have been able to offset the rising costs of vessel charters, equipment shortages, port and landside congestion and schedule disruptions by raising freight rates and surcharges and have been bolstered by sustained increases in demand.

But the ANZ-North America trade (and obverse) is contra-trend. It's going backwards.

In 2019, total northbound volume from Australia to North America was 125,503 TEU, broken down to 91,008 TEU of dry cargo and 34,415 TEU of reefer. But for 2020 the total slipped to 111,970 TEU, of which 79,134 TEU was dry and 32,836 TEU reefer.

Carriers shipped 81,741 TEU from New Zealand to North America in 2019 (55,836 TEU dry; 26,355

TEU reefer). For 2020 the NZ total was almost on par at 81,625 TEU, with dry falling to 51,675 TEU but reefer rising to 29,950 TEU.

Southbound, lines lifted a total of 239,832 TEU from North America to Australia in 2019 (210,370 dry; 29,462 reefer) but in 2020 this slipped to 230,987 TEU (205,112 TEU dry; 25,875 TEU reefer. To NZ it was 55,820 TEU in 2019 (48,412 TEU dry; 7,408 TEU reefer) but in 2020 51,480 TEU in total (44,865 TEU dry; 6,543 TEU reefer).

And while the volumes may be down the trade's traditional characteristic remains steady: the major imbalance that sees imports almost double exports with all the inherent utilisation and equipment challenges that produces.

Long Beach, California



Savannah, Georgia

It's sadly ironic that this trade is not over-run with demand, but because just about every other one is, the mechanics of the system are jammed.

There's no doubt 2020's figures were heavily impacted by COVID-19 in both directions, that is in the countries at both ends of the West Coast and East Coast services. But the trend was largely evident in 2018 versus 2019 figures and it's continuing in 2021, albeit there's been some recovery in southbound liftings to Australia and NZ.

London-based Container Trade Statistics (CTS) figures show the continuing slide in Australasian exports to North America. In comparisons of first quarter volumes – the latest available at time of writing – 2019's 57,500 TEU slipped to 51,400 TEU in 2020 and to 49,000 TEU in 2021. Imports mirrored the trend, with 84,500 TEU southbound to Australasia in 1Q2019, 81,500 TEU in 1Q2020 and 77,300 TEU in 1Q2021.

It should be noted that CTS statistics may be substantially revised afterwards, when new information and corrections are processed, and the underscore that carriers at this end of Australasian trades often find poor correlation with the figures compiled in the northern hemisphere. It should also be noted that this review is publishing earlier than in 2020, so comparisons are accordingly affected.

Slightly more up-to-date figures available from carriers via port statistics give a more granular picture: YTD to end May, show 43,677 TEU for 2021 (dry 32,233; reefer 11,444) exported from Australia, compared to 45,003 TEU (32,373 dry; 12,630 reefer) in 2020 and 53,102 TEU in 2019 (39,102 dry; 14,000 reefer).

Southbound to Australia YTD at end May showed 96,057 TEU in total (84,480 dry; 11,577 reefer) versus 91,998 TEU (79,996 dry; 12,002 reefer) in 2020 and

96,942 TEU in 2019, comprising 84,549 dry TEU and 12,393 reefer TEU.

NZ figures – covering only YTD end March – reached 20,229 TEU northbound in 2019 (13,733 dry; 6496 reefer) but fell to 19,272 (12,228/7044) in 2020 and 18,952 (12,812/6133) in 2021.

CTS's all-in rate indices for 1Q2021 showed successive falls in January, February and March for exports but modest rises for imports; changes in 4Q2020 were similarly in the range of a few percent either way.

RATES AND SURCHARGES

Compared with other trades, the movements in rates have been almost insignificant, doubtless reflecting the “maturity” of the trade between ANZ and North America. “You might call it maturity, I call it stagnation,” a liner executive said.

As this feature was being finalised in early August, carriers were making some attempts at raising rates although on a tightly targeted basis.

Hapag-Lloyd had announced a US\$200/400 increase per TEU/FEU, for dry and reefer shipments from Latin America to ANZ from 1 September, and MSC on 4 September implemented a GRI for all reefer cargo from East and West Coasts to ANZ of US\$1000/TEU.

Northbound it's been mostly crickets, although CMA CGM announced a 1 June increase of US\$700/TEU for dry and reefer from ANZ to ECNA, Canada, US Gulf and Latin America but dropped a peak season surcharge at the same time.

There's always the fundraising fall-back of surcharges however, and from 5 July CMA CGM levied an Equipment Imbalance Surcharge of US\$400 per dry container from ANZ to US East Coast, US Gulf and Canada East Coast, applicable until further notice. Observers don't recall a similar surcharge in the perennially imbalanced trade.

From 26 August ANL imposed an Emergency Intermodal Surcharge to assist with the cost increases resulting from the significantly deteriorating

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GLOBAL RISK MITIGATION FOUNDED ON LOCAL EXPERTISE

intermodal situation across the United States [and Canada]. The charge is US\$350 per container and applies to road and rail movements of imports and combinations thereof, and to export containers in the USA. Given conditions outlined below, shippers may find this more justifiable though no more palatable.

THE “C WORD”

For most of the past 16 months the ANZ-North America trade has been dominated by the “c word” – congestion. Congestion in Australian ports and terminals, congestion in NZ ports and terminals, and chronic congestion in US ports and terminals, especially on the West Coast.

With just three direct services on offer between the two regions impacts have been utterly inescapable and are driving shipping line staff – and of course shippers – to despair.

“We’re battling every day to manage operations,” a senior executive said. “All people here are doing is trying to recover schedules, keep ships coming, get containers circulating.

“The whole supply chain has slowed down. It’s a COVID- and demand-driven problem ... there’s too much cargo everywhere.”

“It’s sadly ironic that this trade is not over-run with demand, but because just about every other one is, the mechanics of the system are jammed,” another said. “We are effectively powerless to sort out our problems.”

The Pacific Coast Vessel Sharing Agreement – ANL, Hapag-Lloyd and Maersk/Hamburg Süd, with MSC slotting – has been losing at least one and often two complete round voyages per month for close to 12 months, blighted by a succession of problems.

Firstly, it was industrial action and weather-related days on the east coast of Australia, then overwhelming congestion in Auckland (which has now spread to other NZ ports), then USWC ports falling like dominoes to multiple clusters of off-window vessels and accompanying terminal gate and multi-modal traffic jams. And with neither the NZ or USWC problems alleviating, Australia was back in the malady mix by early August thanks to Port Botany congestion flowing from Patrick’s industrial relations issues.

On the West Coast berthing delays at one stage extended to 20 days for Long Beach and 20 days for Oakland, both key VSA ports, and in NZ 15 days for Auckland. Understandably these conditions have prompted a torrent of notifications from lines of port omissions, rotation changes and temporary structural alterations.

And in North America the difficulties are amplified by the *Jones Act*, which prevents foreign carriers from transshipping/feeding cargoes. Thus vessels must queue; once on a ship cargo can only be discharged/loaded at the original destination/origin port. Ships must be planned very carefully and a long way in advance.

MORE OR LESS CARGO?

Magnifying the difficulties for lines – everywhere – is the shortage of suitable tonnage. It’s simply not possible to plug ships in to cover schedule gaps, because there are none available. Charter rates have gone through several rooves.

One VSA vessel, with charter expired, was re-let to another carrier for another route at more than triple the previous rate; this caused the blanking of one WCNA voyage until a replacement could be found and forced the vessel operator (and a major customer) to implement disruptive workarounds.

“The VSA is the only product in the [ANZ-WCNA] market so, we acknowledge, customers are hamstrung,” the senior executive said.

“We are doing our best to manipulate the two-string structure to get the best possible result but in this context ‘best possible result’ is very relative. Delays had improved for a while but they’re getting worse again and the forecasts are dire.”

The VSA has constantly adjusted port calls and rotations as it’s attempted to maintain some semblance of order. Amongst the latest measures, Oakland and northbound Long Beach calls were dropped in July and August, the fortnightly Auckland southbound call was cancelled through to mid-September (at time of writing) and PNW voyages began omitting Port Botany fortnightly and the intervening (PSW) vessels changing rotation to call Melbourne before Port Botany.

“We are acutely conscious we are the only game in town on this route and we’re desperately to keep the faith,” a trade manager apologised. “It’s just not possible.”

Indeed, Los Angeles, Long Beach and Oakland continue to break throughput records every month and US authorities see no let-up until 1Q2022 at the earliest.

“Once upon a time relay operators had a share of this trade but it’s negligible now, because ships on the constituent legs – trans-Pacific and Asia-Australia – are full and subject to the same port and schedule constraints ... in fact they’re a big part of the cause of it, from our perspective. Having said that, COVID-driven demand is pretty global.”

Again ironically, ships on all ANZ-North America services are full, but as one insider remarked, “sometimes it’s hard to tell whether we’re carrying more cargo, less cargo or it’s just the result of lost voyages!”

MORE CONGESTION

East Coast services have been heavily impacted too, though to a lesser extent. The CMA CGM/Marfret PAD/NASP schedule has struggled at times but has been aided by less congestion in USEC ports (Savannah excepted), a single NZ call (Tauranga, northbound, Auckland southbound having been dropped long ago) and the ability to shed at least one of the east coast Australian calls (Brisbane, Port Botany, Melbourne) in order to recover windows.



It's been a different story for the other ECNA service, however, Maersk/Hamburg Süd's OC1/Trident. It's NZ that has been the main problem there, with "adjustments" announced on almost a monthly basis – Auckland omissions, Napier/Port Chalmers calls alternating – but latterly the partners have also consolidated in Central America, calling only one Cartagena terminal northbound and dropping the southbound call altogether. Several times individual vessels or the entire schedule has been slid by one week, thanks to "significant and unworkable port congestion".

While most of the focus has been on seaport congestion in North America, especially on the West Coast, unfortunately the landside problems keep compounding. Trucking companies report they are operating – or trying to – at anywhere between 10% and 20% beyond normal capacity but at the same time battling a driver shortage, itself exacerbated by people leaving the industry partly out of frustration with deteriorating network efficiency. The companies say there's no point in sourcing additional equipment when there's no-one to drive it.

Railroad systems have been similarly stretched with, at one stage in July, leading operator Union Pacific cancelling intermodal services ex Los Angeles, Long Beach, Oakland and Tacoma for a week while it cleared congestion at inland destination terminals. In British Columbia wildfires damaged tracks to and from the port of Vancouver.

"There's insufficient road and rail capacity and warehouses are stuffed full," a US transport official

said. Shipping lines have been pleading with customers for prompt return of containers – a forlorn hope given the choked supply chains.

"The US landside is a broken system," a VSA member asserted.

AUSTRALIA'S EXPORTS

The fortunes of Australia's two main exports to the USA are undoubtedly reflected in the raw shipping figures.

Meat & Livestock Australia reports that beef exports to the US are substantially down in 2021, particularly for manufacturing product.

"This is in response to a combination of factors including a higher Australian dollar, high cattle prices in Australia plus increased US domestic supply. Increased US supply is due to drought conditions in large parts of the country increasing slaughter rates, and larger carcasses resulting from processing disruptions due to COVID-19, leading to an overall decrease in beef imports of 7% in 2021 to May," MLA reported.

In addition, the US has increased imports of chilled beef from Canada and frozen boneless from Brazil this year at significantly lower unit prices than Australia's at this time.

If you're a potential new player you won't waste scarce resources on ANZ-North America when there's big money to be made elsewhere.



Seattle, Washington



On the West Coast berthing delays at one stage extended to 20 days for Long Beach and 20 days for Oakland, both key VSA ports, and in NZ 15 days for Auckland.

In MLA's end-July red meat export dashboard Australia had sent 251,317 shipped weight tonnes (SWT) to the USA, down 25% year-on-year, and 19,981 SWT to Canada, also 25% down year-on-year.

By contrast, Australia has exported more lamb to the US in 2021 so far, up 17% year-on-year and reaching an all-time record-high volume, with a notable uptick in the past two months, although mutton exports fell 26% for the same period.

MLA believes the medium-term outlook for Australia's exports is positive. On the supply side, sustained favourable conditions have encouraged herd and flock rebuilding, with increased production currently forecast to begin to flow through to exports in 2022.

Wine Australia reports that in the year ended December 2020, exports of Australian wine to the USA increased by 4% in value to \$434 million. Driving this increase were wines exported at an average free-on-board value between \$2.50 and \$7.50 per litre; this segment of exports makes up 72% of the value exported to the USA.

While wines valued above \$10 per litre FOB declined by 6% for the year, the October-December quarter increased by 37% for this segment, compared to the same quarter in the previous year.

"Australian value in the off-trade increased by a similar rate – 5% – to US\$593 million. Much of the increase came from wines priced between US\$4 and US\$11 per bottle (up 4%), while wines that were priced between US\$15 and US\$25 also increased, by 12% (IRI)," the peak body said.

In a later update, WA said that in the 2020-21 financial year exports to the US declined 7% by value to \$400 million and by 8% by volume to 127 million litres (14 million nine-litre case equivalents). The average value increased by 1% to \$3.13 per litre, the highest for a financial year since 2008-09.

"Most of the decline in export value came in Q4, with value falling by \$31 million compared to the same quarter in 2019-20," WA said.

"The decline is the result of several factors. Firstly, there was a substantial increase in exports in Q4 in 2019-20 which reflected the COVID-19-related surge in off-trade sales in the US when the on-trade sector was shut-down.

"This year, with the on-trade re-opening and the off-trade returning to more normal activity, there was counter-swing. As a result, exports declined.

"Secondly, some exporters had less volume available to export and this was most visible in 4Q as stock levels were unable to support growth".

NO BOOM

Shipping lines in the North America trade are neither optimistic nor positive, it has to be said.

Queried about the possibility of extra services or new competition, especially to/from the West Coast, that might relieve shipper worries, incumbents are dismissive.

"The demand is not there, full stop. Attempts (at establishing new services) in years gone by have not gone well," a manager noted. "At the moment every new outbreak of COVID, whether here or there, distorts the picture anew.

"And yes, ships are full, but only because of lost voyages! It's not as though this market is hot; it's mature and limited.

"If you're a potential new player you won't waste scarce resources on ANZ-North America when there's big money to be made elsewhere," he said.

"Very sadly, we're not part of the boom." ■



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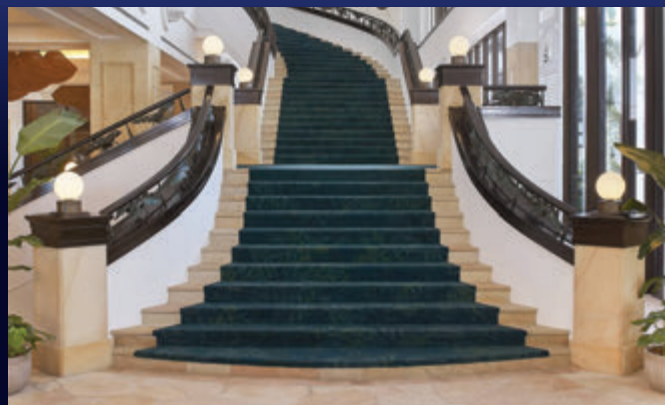
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THE CRUCIAL LINK



in the

SUPPLY CHAIN

DCN's Paula Wallace looks at how management approaches using circular economy principles can do more than just reduce waste – helping to solve some of our biggest challenges, including climate change

For many people the term circular economy is synonymous with closing the loop on products such as electronic waste, batteries, mattresses and textiles. That is, designing out waste as much as possible by making products fully recyclable at end of life and stopping harmful substances from entering landfill.

However, circular economy approaches can have a direct impact on reducing greenhouse gas emissions. Work by the Ellen MacArthur Foundation (EMF) shows that while a switch to renewable energy can address 55% of global GHG emissions, circular economy solutions are crucial to tackle the remaining 45%.

EMF has developed a tool, Circulytics, that enables companies to measure their circular economy performance and supports decision-making and strategic development as they work to meet their climate change goals.

More specifically, Circulytics relates circular economy actions to these broader outcomes by, for example, including renewable energy use in a company's assessment, and linking assessment results to the UN Sustainable Development Goals.

This is good news for the shipping and broader logistics industries. Lachlan Feggans, APAC sustainability director at Brambles explained.

"Circular economy is based on three principles: designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.

"The supply chain and the logistics sector are obviously not manufacturing goods; but we have ways of contributing to the three principles by designing new waste-free supply chain frameworks, reducing transport distances, finding new solutions and models to reduce the use of and re-use supply chain packaging, and adopting green energy technologies," he said.

Brambles manages the world's largest pool of reusable pallets and containers. As a pioneer of the sharing economy, Brambles promotes the shared use of its platforms among multiple supply chain participants under a re-use model known as pooling.

CE IN THE SUSTAINABILITY MIX

With sustainability on the radar of most companies in the sector, how can circular economy be incorporated into existing strategies?

EMF's insights and analysis lead, Jarkko Havas, told DCN, "It is beneficial and necessary to 'connect the dots' between climate outcomes, nature outcomes (such as biodiversity) and the circular economy.

"The circular economy is absolutely necessary to reducing emissions and it is broadly accepted that a systemic change in how we produce and consume products is at the heart of halting and reversing biodiversity loss."

He said EMF has just carried out a survey of more than 30 companies in its network and has learnt that most of these companies have already

conceptually linked the different elements of their sustainability strategies.

"The most progressive companies have quantified their circular economy activities' contribution to emissions mitigation targets.

"In addition, we are going to publish a paper on how the circular economy can contribute to halting and reversing biodiversity loss with concrete actions for companies later this year," he said.

In the case of Brambles, its share and re-use model puts the circular economy at the heart of its business.

"It is therefore only natural that it would also be central to our sustainability program and ambitions," Mr Feggans said.

This involves reducing the need for natural resources and designing out waste and pollution by offering a reusable product as service and reducing transport distances with Brambles' optimised plant network.

"We collaborate with players across the supply chain to reduce the need of trucks and avoid empty truck trips, introducing upcycled plastic in our pallets, extending our product life, ensuring zero product waste to landfill and regenerating forests," Mr Feggans said.

"The circular economy is not only central to our sustainability strategy but also to our business-wide growth strategy."

Brambles keeps its products (offered as a service) and materials in use by reducing losses and securing the ownership and recovery of its assets, increasing their robustness, and reducing the cycle time.

"This is absolutely essential to the profitability of our business," Mr Feggans said.

"This is the beauty of the circular economy, it is not only good for our planet, but also for the economic health and sustainable growth of businesses."

ASKING THE EXPERTS

The experience of EMF and the companies in its network demonstrate that the most impactful circular economy strategies are context-specific.

"We provide a tailored analyst commentary on what we see as the most impactful actions a company can take next on their journey towards a circular way of doing business," Mr Havas said.

"This is part of the Circulytics assessment, and the commentary is provided to companies in our network and to companies outside of our network with an annual revenue above US\$1 billion."

By highlighting a company's circular economy performance across different indicators, that company can see where it is doing well and where it needs to improve.

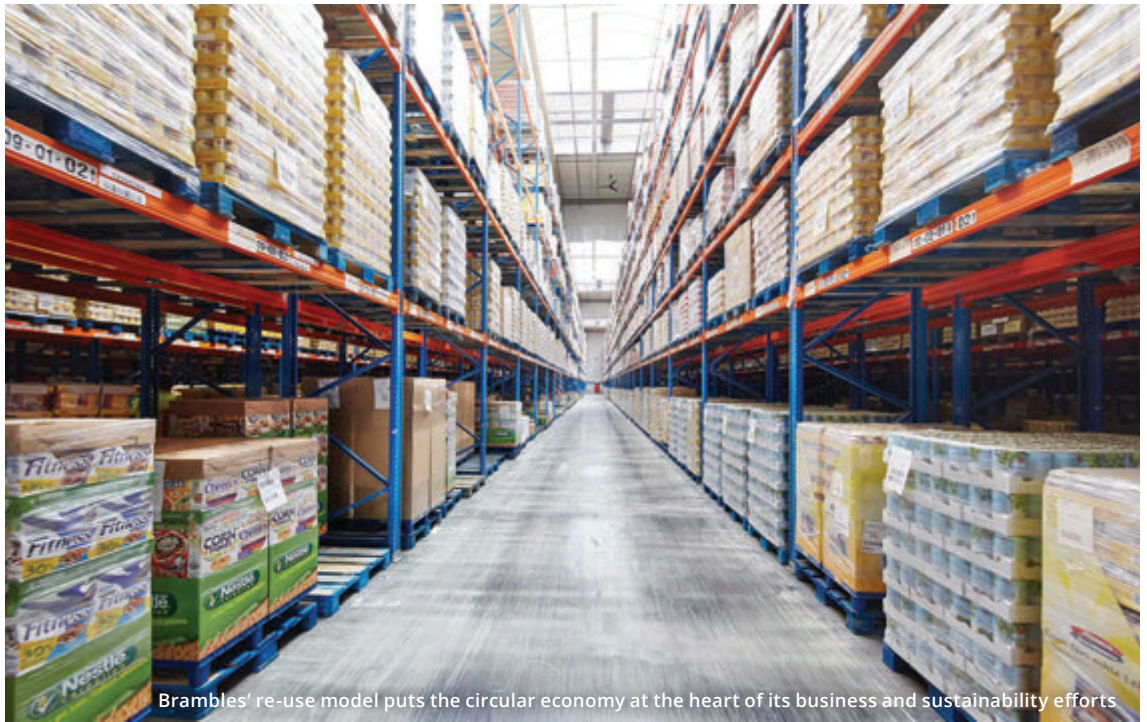
"There are no silver bullets," Mr Havas said, "but some company examples may be inspirational to others."

"Circulytics also gives direction on what types of energy sources (including fuels) are compatible with the concept of circular economy.



Supply chains and logistics can move from a linear to a circular model if we become value networks, with common goals.

Lachlan Feggans,
Brambles



Brambles' re-use model puts the circular economy at the heart of its business and sustainability efforts



There are no silver bullets, but some company examples may be inspirational to others.

Jarkko Havas,
Ellen MacArthur Foundation

"Circulytics can be used by any company, including ports. Brambles is a good example of a logistics company that has publicly disclosed their assessment results – although we do not force companies to disclose their results, it's entirely optional," Mr Havas said.

Strategically, Circulytics has brought a prioritisation approach to Brambles. By taking the assessment three times, the company has obtained and refreshed a 360-degree picture across all its activities, allowing it to better gauge areas where time, people and energy should be deployed.

"Then it brought to light what we do well to be able to consciously capitalise on it.

"It has been an incubator of our 2025 sustainability strategy even before we launched it," Mr Feggans said, adding that the company's vision is to be a nature-positive business and pioneer regenerative supply chains.

INSPIRING CHANGE

Brambles' key focus areas moving forward include materials, namely wood regeneration with reforestation and afforestation projects and plastic upcycling; and zero waste.

All these initiatives will contribute to the company's commitment to the United Nations Global Compact business ambition for 1.5°C and achieving its science-based targets, which are accompanied by a target of reaching carbon neutral operations, with 100% of electricity from renewable sources.

"Tackling our scope three emissions and decarbonisation of our whole supply chain is a major challenge, we need to include our third parties in the circular economy journey, and Circulytics assessment is going to be very helpful along the way," Mr Feggans said.

Interestingly, use of the Circulytics tool has enabled the company to highlight issues related to

water that its materiality assessment had not, namely on nutrient recirculation.

"Every effort counts on water, one of the next battles with biodiversity after GHG emissions," Mr Feggans said.

Supply chain activities require a buy-in from all stakeholders to activate change, as on average there are eight to 15 different players touching goods before they reach the final customer.

To address this, Brambles has launched a customer centric co-innovation program called Zero Waste World.

"It aims to co-design with players across the supply chain the new frameworks needed to transition to more circular supply models," Mr Feggans said.

"Supply chains and logistics can move from a linear to a circular model if we become value networks, with common goals."

But with many player within the supply chain reliant on goods being shipped around the world to continue their business models and the e-commerce boom in full swing, won't there be resistance to adopting a circular model from freight carriers?

Mr Havas said, "In the short term, while we are predominantly in a linear take-make-waste economy, the e-commerce boom is concerning.

"However, as we increase the circularity of materials and renewable energy in shipping, this should (and needs to) become less problematic, and eventually neutral or even positive, for the planet."

In a circular economy, products and materials are in fact kept in circulation to be used and re-used multiple times.

"The manufacturing and shipping of products is powered by renewable energy. Therefore, the goal is to decouple prosperity and economic growth from finite resource use including resources for energy production," Mr Havas said. ■

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What the CII means for shipping

In June, the International Maritime Organization adopted extensive new carbon reduction regulations applicable to existing ships. **Paula Wallace reports**

New mandatory measures to cut the carbon intensity of international shipping have been adopted by the International Maritime Organization (IMO), setting shipping on a course to meet greenhouse gas reduction targets.

IMO's Marine Environment Protection Committee (MEPC 76) meeting adopted amendments to the *International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI*.

MARPOL Annex VI has 100 contracting states, who between them represent 96.65% of world merchant shipping by tonnage.

The new measures will require all ships to calculate their Energy Efficiency Existing Ship Index (EEXI) following technical means to improve their energy efficiency and to establish their annual operational carbon intensity indicator (CII) and CII rating. Carbon intensity links the GHG emissions to the amount of cargo carried over distance travelled.

The amendments to *MARPOL Annex VI*, known as short-term measures, are expected to enter into force on 1 November 2022, with the requirements for EEXI and CII certification coming into effect from 1 January 2023. This means that the first annual reporting will be completed in 2023, with the first rating given in 2024.

MORE ON THE CII

From 2023, the CII requirements will take effect for all cargo, ro-pax and cruise vessels above 5000 gross tonnes (GT) and trading internationally.

The CII measures how efficiently a ship transports goods or passengers and is given in grams of carbon dioxide emitted per cargo-carrying capacity and nautical mile. The ship is then given an annual rating ranging from A to E, whereby the rating thresholds will become increasingly stringent towards 2030.

While the EEXI is a one-time certifications, the CII addresses the actual emissions in operation.

On or before 1 January 2023, all ships above 5000 GT need to have an approved enhanced Ship

Energy Efficiency Management Plan, including an implementation plan on how to achieve the CII targets.

The yearly CII is calculated based on reported IMO data collection system (DCS) data, and ships that achieve a D rating for three consecutive years or an E rating in a single year, require a corrective action plan outlining how they will get to a C rating as a minimum.

A vessel can reduce its carbon intensity by a combination of measures: speed reduction; optimisation of operations and logistics; and implementation of energy efficiency technologies.

INDUSTRY IMPACT

There is still quite a lot of debate in the industry on what effect these short-term measures will have.

Fabian Kock, head of section, environmental certification at classification society DNV said, "EEXI and CII are only the beginning of a longer story on greenhouse gas reduction," Mr Kock said.

"The majority of ships we believe will have to apply engine power limitation to comply."

One carrier noted that the short-term measures lack incentives for high-performing vessels and that in the absence of detailed metrics for implementation, their effect remains to be seen although the first and most obvious impact will be on increased transit times.

London-based broker Simpson Spence Young (SSY) believes less than 25% of bulkers and tankers will attain EEXI compliance leaving most of the global merchant fleet facing either engine power limitation options or another form of carbon abatement.

SSY's research shows that 74% of bulkers and 77% of the tanker fleet would achieve A to C rankings in CII, while 11% and 10%, respectively, would achieve an E ranking. Further analysis estimates that slower steaming speeds resulting from EPLs will lead to a 1-2% fall in annual tanker and bulker fleet capacity.

SETTING TARGETS

Camilla Kjelsaas, senior engineer at DNV said, "We know to a large extent what the regulations will look like, however there are other factors that might influence your CII target setting.

"We have seen now that there are several finance institutions and banks requiring that emissions data for a vessel is submitted to them and the results could affect your access to finance or the costs of capital."

The carbon dioxide performance of a fleet can also affect the shareholder value, according to Ms Kjelsaas.

"A vessel with a very good CII rating might become more attractive on the market compared with a vessel of a lower rating.

"For example, we might see that cargo owners are starting to offer more attractive contracts for the vessels with the best performance on CII. A vessel with a poor rating might be a risky asset," she said.

A more detailed analysis of the effect of the IMO's short-term measures on shipping is on page 61. ■

We might see that cargo owners are starting to offer more attractive contracts for the vessels with the best performance on CII.

Camilla Kjelsaas,
DNV



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Our climate, our future



Ports consultant and sustainability advisor **Jason Sprott** argues for a clear policy position from Australia for net zero emissions by 2050 and global co-operation

The release of the sixth assessment report by the Intergovernmental Panel on Climate Change (IPCC) provides a comprehensive, scientifically-based climate update.

It is a definitive piece of work.

Let's make no mistake, the IPCC is the world's most authoritative body on climate science. The report reminds us that the Paris Agreement, adopted in 2015, outlined the goal of limiting global warming to well below 2° Celsius, preferably 1.5° C, compared to pre-industrial levels (remembering the benchmark years used are 1850-1900).

Alarming, it's already around 1.1° C degrees warmer.

As the report states, it is unequivocal that human influence has warmed the atmosphere, ocean and land and that widespread and rapid changes in the atmosphere, ocean, cryosphere and biosphere have occurred.

"The scale of recent changes across the climate system as a whole and the present state of many aspects of the climate system are unprecedented over many centuries to many thousands of years," the report states.

The IPCC believes we will hit 1.5° C degrees warming between 2030 and 2052 if it continues to increase at the current rate. This is an unprecedented rate of global warming.

If it wasn't already, the case for a strong and unambiguous climate change policy commitment (and a clear execution pathway) at the Commonwealth level, is now compelling.

REPUTATIONAL RISK

In pre-COVID days, we participated in several global conferences focusing on the transitioning economy and sustainability in the context of the port industry. We met with port representatives and presented at conferences in Amsterdam, Oslo and Baltimore.

We joined a global port meeting convened by the World Port Sustainability Program at UN Headquarters in Geneva in early 2019 to discuss the industry's progression in the transitioning global economy and alignment with the United Nations Sustainable Development Goals.

We repeatedly grew tired of answering questions about Australia's climate change position. People asked us about climate change, the Great Barrier Reef and our lack of clear policy commitment.

We absolutely defended the Australian interest and reinforced that industry and business were simply getting on with the job of working towards a cleaner future. That industry and business were invested heavily in adopting new, smart technologies and developing robust sustainability plans; that our scientists were leading the world in reef research and programs; that our ports had excellent environmental scientists and governance systems in place focused on impact avoidance, management and offsetting programs.

However, no matter how much we defended the industry, and our national position, the elephant in the room, was our lack of a consolidated position and perceived lack of commitment to climate change.

In November this year, the United Nations Climate Change Conference (COP26) will take place in Glasgow. At this meeting, the world will come together to discuss the climate and undoubtedly, the latest IPCC report.

The goals of the conference are relatively simple. To secure global net zero by mid-century and keep 1.5° C of global warming within reach; to adapt to protect communities and natural habitats; to mobilise finance; and to work together to deliver these goals.

Australia must confirm a clear policy position for net zero 2050 before that conference. We must join the global community in establishing a common vision and a goal to strive for.

If we fail, our reputation as a modern, contemporary and future-focused society – one aware of the need to contribute at a global level – will be questioned.

A failure to commit in line with other leading nations, will undermine our policy position on a number of fronts – politically as part of the United Nations and G20 and, from a geo-political point of view with highly contentious issues such as the listing of the Great Barrier Reef's position on the World Heritage list as "in-danger".

I am certainly not suggesting that signalling a commitment to net zero by 2050 would remove any absolute pressure on the "in-danger" listing, nor negate the need for continued policy work and reef programs.

However, the optics of the nation who takes carriage of the responsibility of this internationally-acclaimed natural asset, for which the greatest threat is climate change, failing to confirm a position on net zero emissions, is clearly not favourable.

Should we fail to signal our commitment by or at COP26, our standing on the world stage will be eroded.

A BALANCED WAY FORWARD

As one of the highest carbon dioxide emitters per capita, we need a national commitment to the goal of net zero emissions by 2050.

At the moment we have a fractured national policy position on climate change action and this continues to erode investment confidence and collective progression towards a cleaner economy and a more liveable future.

All Australian states and territories have committed to net zero by 2050. The Commonwealth must therefore construct consistent policy architecture by committing to the goal of net zero emissions. This will help stimulate investment confidence, support policy delivery ideas and innovation on how best to achieve the goal – and continue the work by business, industry and communities around our country. It will signal that our nation is on the pathway to a more sustainable future.

The politics of hesitation must stop.

The politics of partnerships, collaboration, goodwill, trust, transition, innovation, opportunity and alignment must be realised.

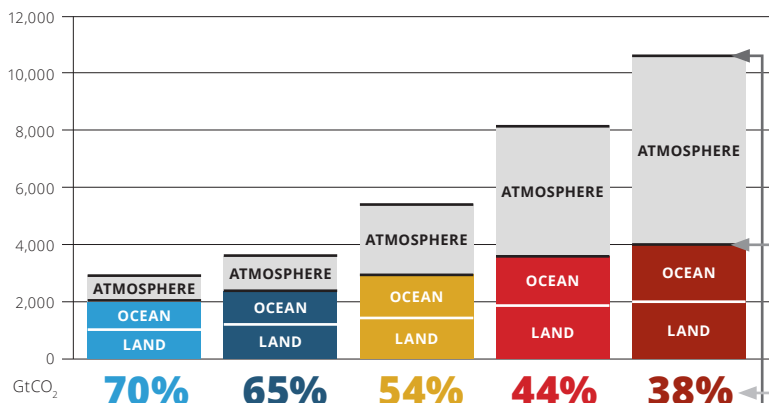
We must create the right policy settings to enable our industry, corporate sector, investment entities and broader communities to go forward with confidence. To innovate.

We must see an end to binary arguments viz. environment *or* mining/environment *or* jobs.

RESOURCE-RICH

We must enable a mature discussion on the future of our country, and we must align our climate change aspirations. That mature discussion, for our resource-rich nation, involves mining.

CO₂ EMISSIONS TAKEN UP BY LAND AND OCEANS AND REMAINING IN THE ATMOSPHERE, UNDER THE FIVE ILLUSTRATIVE SCENARIOS, FROM 1850 TO 2100



Source: IPCC

The amount carbon dioxide emissions taken up by land and ocean carbon sinks is **larger**, but more of the emitted carbon dioxide remains in the atmosphere

Meaning that the proportion of carbon dioxide emissions taken up by land and ocean carbon sinks from the atmosphere is **smaller** in scenarios with higher carbon dioxide emissions

Mining absolutely has a role to play in the transitioning economy. To suggest otherwise ignores the incredible historical contribution mining has made to our world, allowing us to build, grow, develop, travel, provide medical care and explore new possibilities – including those in the renewable energy sector.

The extraction and processing of precious materials and energy resources will continue, but it needs to transition. It must become cleaner, and the extraction of some resources will need to cease. Leading companies are already preparing and executing strategies aligned to this realisation.

We clearly need stronger conviction and commitment from our Commonwealth government to facilitate confidence in the transition.

CLEAN PROSPERITY

We have made progress in this space, but we need to do more collaboratively.

We have unbelievable access to renewable resources. Opportunities to generate renewable solar, wind and hydrogen can be found around our nation. Our national coastlines and oceanic conditions also present amazing opportunities.

We already have the technology and the science to deliver.

What better way to stimulate sustained economic activity coming out of the COVID pandemic than to let our brightest minds and those companies willing to invest in these opportunities show what can be done. Let's provide them with the tools, support funding and policy confidence so that they can work collectively with the inherent knowledge of our First Nations peoples, community stakeholders, industry and the scientific community in exploring and delivering clean prosperity.

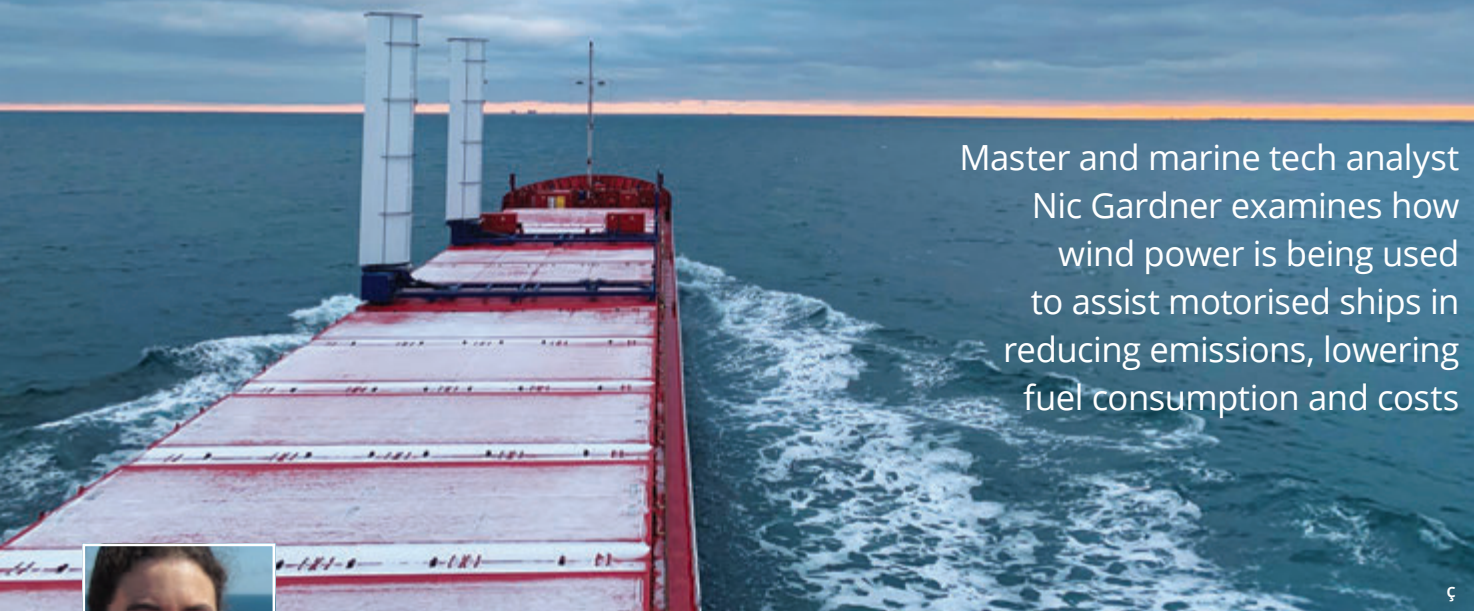
We can do this and we must, through immediate action, and sustained effort. ■



The IPCC believes we will hit 1.5 degrees warming between 2030 and 2052 if it continues to increase at the current rate.

Jason Sprott, director, Sprott Planning & Environment

Wind assisted shipping **in practice**



Master and marine tech analyst Nic Gardner examines how wind power is being used to assist motorised ships in reducing emissions, lowering fuel consumption and costs



WASP alone won't meet decarbonisation targets, but it can form part of the incremental gains required.

Nic Gardner,
Master
(unlimited),
marine tech
analyst

A cargo ship's job is simple: deliver cargo on time, in good condition, and preferably without killing or maiming the crew.

In the days of sail, the Australian grain run took 60 to 105 days, depending on the ship and the wind. Motor ships' predictable voyages revolutionised trade, so when the four-masted barque *Omega* sank in 1958, it marked the end of the era of cargo-carrying square riggers.

While some modern companies operate traditional sailing cargo ships, few advocate a full return to the days of sail. However, just as motors assist auxiliary sailing vessels, the wind can assist motor ships, reducing emissions, fuel consumption, and – importantly for some – costs.

IS IT WORTH IT?

Shipowners' barriers to wind-assisted ship propulsion (WASP) adoption are concerns about viability, time out-of-service for installation, upfront costs, and return on investment.

Some manufacturers have found innovative ways to address these concerns, such as Norsepower, Econowind and Skysail.

Lloyd's Register reports some charterers even support WASP projects with post-installation charter contracts.

According to Norsepower's Tuomas Riski, in the technology-as-a-service model companies are "... billed monthly based on the achieved fuel savings". This puts rotor sails within reach for many companies. Of course, calculating the achieved fuel savings may prove contentious.

Real-world WASP trials reduce fuel consumption by 5% to 20%. As fuel costs account for about two-thirds of voyage costs, even a 5% saving adds up. WASP alone won't meet decarbonisation targets, but it can form part of the incremental gains required.

Most WASP companies offer systems for newbuilds, and modular systems for existing ships. Norsepower prepared MV *Copenhagen* during a routine yard stay in 2019, then installed the rotor in a few hours during a scheduled overnight stop in 2020.

Econowind's containerised system is even easier: secure the container on deck, plug it in, and it's ready to go.

HOW MUCH EXTRA WORK DOES IT CREATE?

WASP systems are designed for simplicity. Artificial intelligence, sail trimming and single-button set-and-forget systems are the norm.

At the simple end, switch on Norsepower's rotor sails when you leave harbour, and they start whenever the wind is strong enough to be useful.

Even at the more complex end, SkySails' towing kite system only takes two crew 15 minutes to launch.

In 1985, Bertrand Charrier took charge of the design and construction of the *Alcyone*, with its two suction sails (Turbosails). Since then he's sailed extensively on the vessel, and has a good understanding of the practical aspects.

According to Mr Charrier, even in 1985 the Turbosails needed little work. When stripped for inspection after 15 years in service, they were in excellent condition. With modern materials and technology, today's suction sails need even less work.

Machinery on dry bulk carriers has to survive the cargo. As suction sails suck air through holes in the sail's surface, this risks the holes becoming clogged; however, this is rarely a problem in practice. Mr Charrier attributes this to the size and number of the holes, and the fact that crew wash down ships and sails after cargo operations.

Boomsma fitted the MV *Frisian Sea* with Econowind suction sails in January 2021. According to Boomsma's Tessa Remery, now that the crew is familiar with the system, shifting sails for cargo operations takes only 20 minutes. Apart from washdowns, no maintenance has been required of the crew so far.

Completed in 2006, the *Maltese Falcon* is one of two yachts with the squaresail-based Dynarig. Less automated than suction or rotor sails, Dynarig needs little maintenance. Damon Roberts, founder of Magma Global, explained that no components were removed from *Maltese Falcon's* rig until they stripped it for inspection during COVID, and they've never needed the backup manual furling system in practice. While there are no Dynarig ships yet, this may soon change, with shipowners interested in building Dynarig cargo ships over 100 metres long.

There's no such thing as maintenance-free equipment at sea. WASP maintenance depends on the system; however, composite materials reduce corrosion, and standard components simplify maintenance.

As with any new technology, it will take time to iron out the kinks, but so far they take less maintenance than a small deck crane. As many systems are modular, they can go ashore for repair or replacement if necessary.

WHAT ABOUT STABILITY?

Traditional sailing ships weren't known for their stability in strong winds, but there have been no reported stability problems with recent WASP trials. Indeed, the *Fehn Pollux* crew found the gyro effect of the rotors actually reduced the rolling.



SkySails' towing kite system only takes two crew 15 minutes to launch or retrieve

Mr Charrier noted that suction sails can be feathered, creating half the wind resistance of a similar rotor. On the *Frisian Sea*, they fold the sails down if the wind is above force 6, but are experimenting to see how the system responds in stronger winds.

WHAT'S NEXT?

The maritime industry is notoriously reluctant to embrace new technology, but WASP trials have snowballed, with more planned. Major classification societies have published WASP standards and WASP companies work with them to ensure the systems comply.

Seafarers are often rightly sceptical of big changes – at best, it's more work; at worst, seafarers end up jailed, maimed, or dead. Despite this, WASP systems such as suction sails, rotors, and kites, are well tested in practice, and few aim to be the sole means of propulsion.

Modern technology and materials come together to minimise crew workload, save fuel and money, reduce emissions, and help meet decarbonisation targets. As the systems grow and mature, they can only improve. ■



Artist's impression of Econowind's containerised sail system



An artist's impression of Norsepower's rotor sail

Switch on Norsepower's rotor sails when you leave harbour, and they start whenever the wind is strong enough to be useful



The role of ships in climate modelling

Technical officer at CSIRO, Pat McMahon, explains how the XBT Autolauncher has been commissioned for use on merchant vessels

Technicians from the Commonwealth Scientific and Industrial Research Organisation (CSIRO) recently completed a sea trial of an automated temperature recorder for use onboard merchant vessels.

The Autolauncher is used to deploy expendable bathythermographs (XBTs) that are used for real-time weather modelling and climate research.

The trial was conducted onboard the Marine National Facility Research Vessel *Investigator* between Hobart and Brisbane in May.

XBT program leader Rebecca Cowley was responsible for operating the system during the trial and performed more than 40 automated trial drops during the voyage.

Shore-based technicians were able to monitor the system and provide assistance throughout the trial using a VPN link. The successful sea trial finalises a project that first began prototyping in 2010 and is a significant achievement for the project team.

ROLE OF THE AUTOLAUNCHER

The XBT Autolauncher can deploy six expendable XBTs before being reloaded by a ship rider. The device will improve the repeatability of ocean temperature surveys by reducing the potential for human error and fatigue.

The Autolauncher designed and built by CSIRO installed on RV *Investigator* in preparation for a sea trial between Hobart and Brisbane

Prior to the pandemic, ship riders would board merchant vessels and perform a manual temperature observation with the assistance of officers every 16 nautical miles.

Recent advances in wireless technology were key to the success of the project. The CSIRO designed a system with inherent flexibility that can be installed on virtually any merchant vessel without trip hazards and failure points, which are associated with long runs of temporary cable.

The mechanical design was the brainchild of CSIRO engineer Andrew Filisetti and uses small pneumatic actuators to open flaps which deploy the XBTs without the need for electrical components being mounted outside enclosures.

Mr Filisetti said, "I designed the launcher to be lightweight and modular with minimal moving parts. I wanted to build a system that could be transported through an airport and installed by one person".

The launcher can be controlled by a ship rider from a remote location inside a vessel's accommodation block using two high frequency networks.

WHAT ARE THE READINGS FOR?

Each XBT contains a high-accuracy thermistor which is accurate to plus or minus 0.1 degrees. The depth of each profile is inferred by the time taken for the XBT to travel through the water column and the maximum profile depth is approximately 900 metres below the surface. The temperature measurement is relayed to the vessel in real time via a spool of thin copper wire.

Scientists at CSIRO use the results of the surveys to study the locations of warm and cold eddies and the East Australian Current and the data is shared in real time with the Bureau of Meteorology to feed weather predicting models.

The team performs ocean temperature surveys along two Pacific Ocean shipping lines known as PX Lines. The first PX line runs between Fiji and Brisbane. The second PX line is located between Sydney and Nelson targeting the Cook Strait.

SHIPPING SUPPORT

The CSIRO continues to be well supported by merchant vessels that are performing four-hourly observations during ocean transects. It has recently recruited ANL chartered vessel *MV Offenburg* to perform observations between Tauranga and New Zealand.

Without the assistance of merchant shipping during the global pandemic, the dataset would be broken.

The CSIRO is looking for opportunities to install the Autolauncher on cruise ships if the Australia/New Zealand border rules change later in the year.

It is also looking for opportunities to partner with vessels sailing between Nelson and Sydney through the Cook Strait to perform low density XBT temperature surveys (one deployment every four hours). ■

For more information email: pat.mcmahon@csiro.au



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Seafarers looking out on Fremantle Port

Fremantle Ports



The future of freight in the west

Western Australia has always been all about the bulk. While bulk exports are still important, the state's ports are diversifying and looking to the future in rapidly changing business and trade environments, **Ian Ackerman** writes

Western Australia has so far weathered the economic and trade tempests of the pandemic period well. It has managed to largely avoid lockdowns that have plagued other parts of the country and its economic and trade activity has remained robust.

According to the CommSec *State of the States* report from July 2021, the state leads the country in economic growth in the year to March. Economic activity in the state was 23.3% above its decade-average level of output. The state also recorded the fastest nominal economic growth of the states and territories, up 5.2% over the year.

This has ensured steady trade through the state's ports, with several reporting record throughput recently. And the state's ports are planning new developments to meet the state's future freight needs.

FREMANTLE

The Inner Harbour at Fremantle is home to Western Australia's main dedicated container terminal. Over the 2020-21 financial year, the port handled a record container throughput of about 807,00 TEU, a 3% increase on the previous year's total throughput.

Fremantle Ports CEO Michael Parker confirmed trade through the port was strong in 2020-21 despite the disruptions the COVID-19 pandemic caused.

"As an organisation, we were a little unsure going into the year what would play out," he said.

Mr Parker said, in addition to containerised cargo, there was also a significant uptick in motor vehicles imported through Fremantle over the year.

"Motor vehicles were up almost 30% last year, with more than 100,000 vehicles coming through," he said.

"In addition to unexpectedly strong numbers of imports, we also experienced a large volume of second-hand vehicles being shipped from the east coast of Australia."

However, the trade numbers weren't all positive over this past financial year. Mr Parker said overall trade volumes were down about 7%.

"This was predominately due to a decline in bulk grain and a decline in bulk crude petroleum imports after BP ceased refining at its Kwinana facility," he said.

"But looking at it in dollar terms, the value of trade that went through the Inner Harbour and the Outer Harbour was in excess of \$31 billion."

Mr Parker said Fremantle is a particularly efficient port for Australia, a claim that is backed up by BITRE's most recent *Waterline 66* publication, from May 2021.

Out of Australia's five major container ports, Fremantle had the highest crane rate of 51.3 TEU per hour in January-June 2020 (according to the most recent data from BITRE). Fremantle had the lowest average truck turnaround time (23.9 minutes) and the lowest average container turnaround time (13.3 minutes).

Mr Parker said the Western Australian government has set a target of 30% of container freight in and out of the port on rail and Fremantle, for the past year, averaged 18.4% and peaked during the year at 22.4%.

"That equates to 103,000 trucks off the roads for the year, which is a significant benefit to surrounding communities seeking reduced congestion on local primary roads, so it is not a surprise that our research shows rail is a strongly-supported container transport option and we can do even better there in the years ahead," he said.

"There's an increasing recognition here that the port is part of the broader supply chain. I'm convinced that as a port authority here we can play a much larger role in terms of what our core purpose is, which is facilitating trade. We can do that more broadly across the supply chain other than what is in our direct remit here as a port authority."

Mr Parker said not everyone in the community understands the importance the port played.

"It's not too grand a claim, I think, to say our organisation touches every Western Australian – either directly or indirectly – given the trade we facilitate here," he said.

"The first vessel came into Fremantle in 1897, so the Inner Harbour has been a functioning port for 124 years. It's now one of the most efficient ports in Australia.

"It's an absolute privilege to lead Fremantle Ports and be part of the team that is not only charged with facilitating trade today and making sure those supply chains are as efficient as possible, but also having the opportunity to influence and shape what this looks like in terms of the next generation of port infrastructure," Mr Parker said.

"That transition from activities in the Inner Harbour to the Outer Harbour, including being part of re-imagining what this part of Fremantle will look like in 20 to 30 years' time, is exciting."

Mr Parker said a key goal at Fremantle is to work towards what he calls "the port of the future".

"As an operating port, we've got a wonderful platform here to trial technology, not just for our existing port operations and supply chain, but to beta-test things for Westport," he said.

I really do commend the state government for their foresight and vision and the drive that they put behind [the Westport project].

Michael Parker,
Fremantle Ports



Fremantle Ports' Inner Harbour is Western Australia's main container terminal



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"It's one thing to have the technology, it's another thing to be able to apply that technology to a real-life operating environment. That's what we've got here."

Mr Parker said the smart port is front and centre for the organisation at present.

"We're running a digital twin here, and we're also moving this year toward an electric truck trial," he said.

"Looking at the role that Australia is going to play in that transition to renewables, it would be remiss of us to not be part of that move.

"From an environmental standpoint, we've done a good job in the past, but there is still a lot to do for us to be more sustainable and environmentally friendly."

THE FUTURE OF FREQ

The Western Australia government has laid out a plan for a future in Kwinana, south of Fremantle. Dubbed Westport, this development is to meet the state's need for a new container port. The government said it will be necessary to move container operations as container freight has already begun to test the capacity of the suburban road and rail networks.

Development of Westport is still in the planning stage, with tenders yet to be issued for the preparation of the business case.

"I really do commend the state government for their foresight and vision and the drive that they put behind this," Mr Parker said.

"Often you can sit there and be critical, across various industries that there is not enough long-term planning but clearly this is something that is planning not just for the next generation, but for the next 100-plus years."

"And you can see when you get it right, these are long-life assets that benefit the economy and community."

Mr Parker pointed to Fremantle's Inner Harbour as an example, as it has been one of the state's most critical assets for more than a century.

"There's no reason why if we get Westport right, that shouldn't also be an asset that is still high-performing in another century," he said.

Mr Parker said the Westport project was a great opportunity to invest in the future of the state.

"It's an opportunity to create a supply chain that is even more efficient, low-cost, sustainable, with zero emissions and with a much-reduced community impact. Now, when you consider we've already got a fairly efficient supply chain today, that's an inspiring vision," he said.

"It's an opportunity to consider what new technology to bring in, what best-practice to adopt from ports around the world and how to best structure the landside component so it stands the test of time.

Mr Parker said Fremantle Ports has been an active participant in the Westport process.

"It's a great opportunity for us to leverage all the knowledge and expertise that sits here and apply that toward what the government seeks to do," he said.

MID WEST PORT AUTHORITY LAUNCH WI-FI FOR SEAFARERS

■ Many of the approximately 5000 seafarers who visit Geraldton Port each year can now connect with friends and family thanks to free Wi-Fi provided by Seafarers Connect and port operator Mid West Ports Authority.

Under the initiative, rolled out earlier this year, port officials hand the ship's master a pelican case containing a Cradlepoint Wi-Fi kit specially developed by the Sydney Telstra Business Technology Centre to get seafarers online through their phones, tablets and computers.

Bernie Farrelly from Seafarers Connect said, "It's very special when you see seafarers getting some face time with their families after months at sea, it's pretty emotional to be honest.

"It really is a case of plug and play. It's fantastic seafarers moving Australian iron ore, grains and mineral sands through Geraldton Port can now keep in contact with their loved ones."

Mid West Ports Authority acting CEO Damian Tully said, "it has been great to be part of an initiative which keeps people a bit closer to home.

"It is a very rewarding to be involved in providing Wi-Fi to these seafarers, who are often at sea for years at a time. Such a simple solution which is providing considerable benefit," Mr Tully said.

A seafarer aboard the *Warnow Chief* said he was able to watch his children play over FaceTime and attend the live streamed funeral of a loved one.

"Thanks so much for this service, it means so much," he said.

At ports across Australia Seafarers Connect helps thousands of seafarers connect to home with roughly 2.6 GB of data – enough for many hours of video calls to family, to browse news services from home and to download a few movies, online courses or literature.

THE NORTH-WEST

It is no secret that the Pilbara Ports Authority exports a mind-boggling amount of cargo. Over the past financial year, PPA reported a record-breaking year for annual throughput, with 724.7 million tonnes. The port authority said it had exceeded 700 million tonnes in the 2019-20 financial year, and throughput has increased 14% over the past five years.

Pilbara Ports Authority CEO Roger Johnston said the organisation's strong performance was a result of improved port efficiencies, which has helped to meet the strong demand for iron ore exports.

"Pilbara Ports Authority has contributed to Western Australia's enviable economic position, with the value of commodities passing through our ports in 2020-21 estimated to be in excess of \$155 billion – this is a 29% increase compared to the previous year," Mr Johnston said.

Mr Johnston said this was a testament to the ports continuing to operate at full capacity throughout COVID-19, with PPA navigating border closures and strict maritime regulations to deliver safe and reliable operations for the benefit of the resources sector and the state.

The improved efficiency at Pilbara's ports is the result of a wide range of initiatives such as its Dynamic Under-Keel Clearance system, which simulates vessel transits over each tide cycle using live



Colossus of the west: the Port of Port Hedland

data. This makes it so ships can leave the port with a deeper draught, meaning they can carry more cargo.

Another way the port has increased its capacity is by calculating the lowest astronomical tide differently inside the port and at the end of the shipping channel.

Port Hedland's shipping channel is particularly long – 22 nautical miles – and Mr Johnston said using an ellipsoid model to calculate the lowest astronomical tide at the end of the shipping channel adds 1.6 metres to the depth at the end of the channel.

"We calculated the lowest astronomical tide at the end of the channel based on the actual curvature of the planet," he said.

"By this calculation of the depth at the end of the channel, we are able to accurately load the ship so that it passes at that point in time."

Shipping in the Pilbara this year has expanded with four direct general cargo shipping services starting up over the past year.

PPA landside operations manager Jon Giles said the direct shipping services are connecting the Pilbara with ports across Asia, eliminating the need for cargo to pass through other port facilities.

"Pilbara businesses have traditionally relied on goods being trucked from the Port of Fremantle or

overland from the eastern states, which attracted a significant cost in terms of logistics and time," Mr Giles said.

"Direct shipping translates into lower costs for Pilbara businesses and consumers, and also benefits the state and the nation by generating more inbound and outbound freight opportunities. It also contributes to a reduction in road traffic, road maintenance costs, emissions and noise pollution."

A new Swire Shipping service will operate in accordance with two separate schedules: the first will serve Singapore, Darwin and Port Hedland on a dedicated vessel, while the second will deliver containers into Dampier ex Singapore on a separate slot charter arrangement. Both will operate on a 20-day frequency.

Swire Shipping commercial manager of mining and resources Stephen Westfield said the new direct service aims to improve shipping in northern Western Australia from a cost, sustainability, safety and community involvement perspective.

"These new direct connections enable customers to better plan their inventory, manage their supply chains, and reach their carbon-neutral goals up to 2040," Mr Westfield said.



Pilbara Ports Authority has contributed to Western Australia's enviable economic position, with the value of commodities passing through our ports in 2020-21 estimated to be in excess of \$155 billion.

Roger Johnston,
Pilbara Ports Authority



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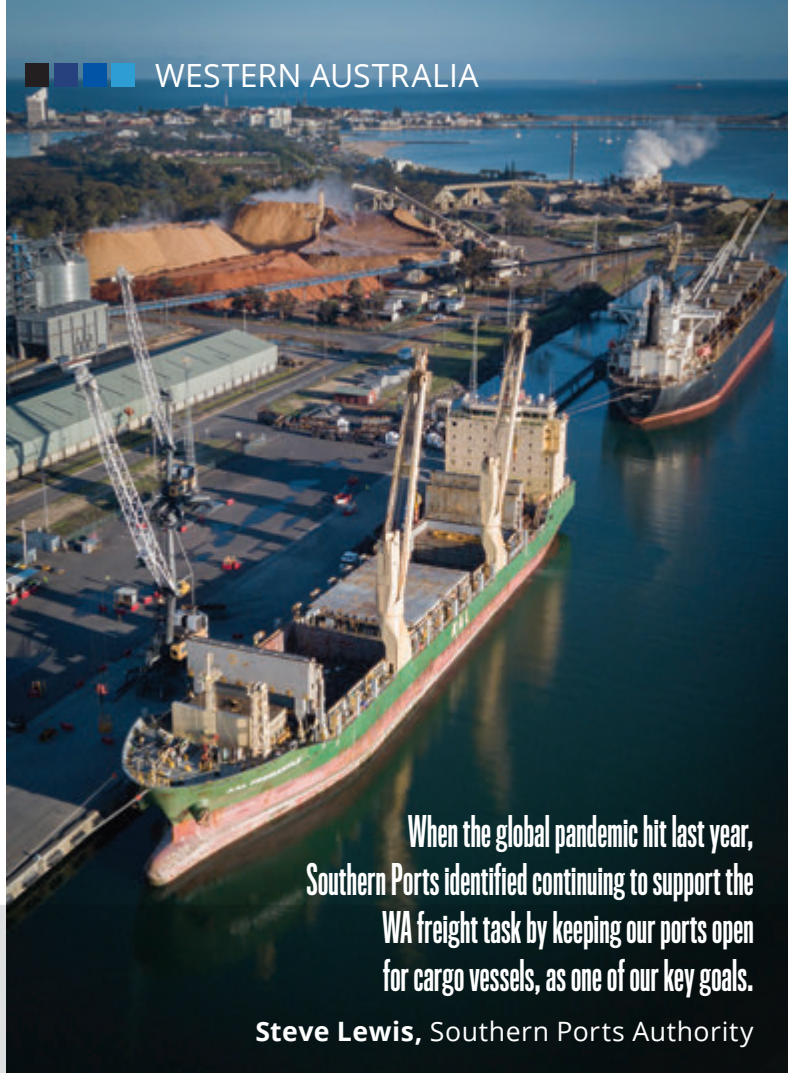
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When the global pandemic hit last year, Southern Ports identified continuing to support the WA freight task by keeping our ports open for cargo vessels, as one of our key goals.

Steve Lewis, Southern Ports Authority

Ships at berth at the Port of Bunbury

"It is estimated that each container shipped direct into the Pilbara versus via Fremantle will save roughly two tonnes of carbon. We look forward to working with our mining and resource customers to achieve carbon reduction goals."

The first direct shipping vessel to arrive at the Port of Port Hedland was the MV *Darwin Trader*, which arrived in November 2020, carrying containers, pipe and loose cargo.

Since the MV *Darwin Trader*'s first direct shipping service started, there have been a further nine ANL shipments into Port Hedland and Maersk's first shipment of Bridgestone tyres arrived into the port in January 2021.

The first direct shipping to the Port of Dampier was a Bengal Tiger Lines vessel *MCP Graz* in February. A Sea Swift service also now imports and exports general cargo.

In order to attract and facilitate direct shipping, PPA has invested in biosecurity infrastructure, including inspection, treatment and wash bay facilities.

The availability of improved biosecurity facilities is expected to encourage further growth in direct shipping to Pilbara ports.

The port authority established infrastructure and procedures to operate as a first point of entry for international trade.

PPA upgraded cargo inspection and fumigation processes at both Port Hedland and the Port of Dampier. It also invested in wash-bay facilities and secure biosecurity holding areas at the ports.

THE SOUTH

Western Australia's trio of southern ports, at Bunbury, Albany and Esperance, were no exception to the booming trade through the state's ports.

The Port of Bunbury recorded record throughput for the 2020-21 year, with 17.11 million tonnes of cargo crossing the port's wharves. This result broke the previous record, from 2017-18, by 160,000 tonnes.

Four hundred forty-four vessels visited the port over the year, transporting 14 million tonnes of minerals, one million tonnes of wood products, 1.5 million tonnes of other products and 552,500 tonnes of grain.

Southern Ports Authority CEO Steve Lewis said this was a great achievement for the port, with strong trade figures for all commodities.

"The South West region experienced a very strong harvest this year, which helped our grain exports surpass its previous record," Mr Lewis said.

"Strong organic growth in other commodities such as alumina also supported the trade record, showing positive progress in our growing port. It is truly a team effort to facilitate this much trade."

Mr Lewis said the record year was especially pleasing in the light of the ongoing COVID-19 global pandemic.

"When the global pandemic hit last year, Southern Ports identified continuing to support the WA freight task by keeping our ports open for cargo vessels, as one of our key goals. To break this trade record even in these challenging conditions is a testament to the strength of the south west region's industries and economy."

Mr Lewis told *DCN* that in addition to the record trade through Bunbury, the authority's other ports saw mixed results over the year.

"We've had a great increase in iron ore out of Esperance, but out of Albany, trade was down a little, with decreases in woodchips and silica sands and other commodities," he said.

"In spite of the global trade uncertainties, WA has fared well, and that's a credit to our exporters, and the fact that the state's economy has been mostly open."

Looking to the future of WA's southern ports, Mr Lewis said the port authority is in the process of developing master plans.

"We're looking out 30-plus years to see how the ports would cope with certain upticks in demand, and what is the next piece of infrastructure we should be working on," Mr Lewis said.

"We will have a path for each of our ports so our stakeholder government can evaluate the cases we make to have that new infrastructure built."

Mr Lewis said the master planning exercise is important in the longer run but optimising the ports' existing infrastructure is still a good strategy for the current trade environment.

"We don't have to build new berths at the moment, or invest in new loading equipment, but that will all be covered in the master plan," he said.

Mr Lewis said draft master plans for all three ports are expected by the end of 2021. ■



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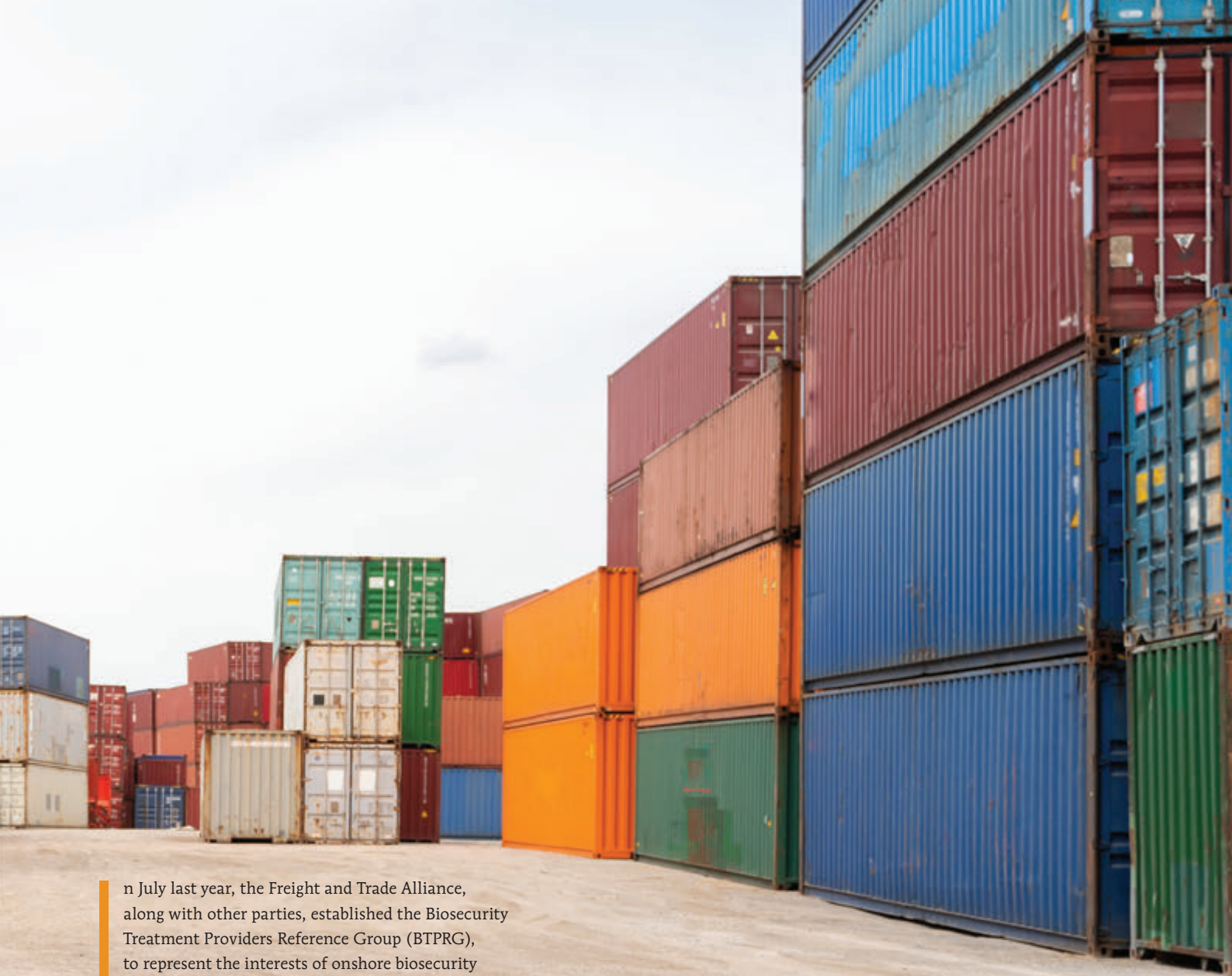
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* Average comparison, Waterline 66 report, Bureau of Infrastructure and Transport Research Economics, May 2021.

ONSHORE BIOSECURITY REFORMS

The FTA's John Park reports on the industry's response to proposed reforms to Approved Arrangements for the fumigation treatment of containers



In July last year, the Freight and Trade Alliance, along with other parties, established the Biosecurity Treatment Providers Reference Group (BTPRG), to represent the interests of onshore biosecurity treatment providers and the freight industry at large.

Since its inception, the BTPRG has worked closely with its members and the department to open and improve communication lines between the two groups.

More recently, the BTPRG facilitated a number of industry forums to discuss the proposed, significant changes to 12.1 Methyl Bromide Approved Arrangement conditions and 12.2 Sulfuryl Fluoride Approved Arrangement conditions.

The above-mentioned changes are a culmination of results and findings from a number of reviews and audits of biosecurity assurance and effectiveness undertaken by the Australian National Audit Office (ANAO) and the Inspector General Biosecurity (IGB).

The ANAO report, *Implementation of the Biosecurity Legislative Framework*, identified that one of the key principles underpinning the *Biosecurity Act* was improving compliance.

The *Biosecurity Act* now contains a modern compliance framework with new and improved tools to enable more effective and efficient targeting of non-compliant activities or behaviour.

12.1 AND 12.2

It is recognised within the department that the 12.1 and 12.2 Approved Arrangements category is an area where non-compliance has historically been high.

The IGB report, *Effectiveness of Approved Arrangements in Managing Biosecurity Risk in Australia*, recommended that the department implement a program of unannounced, randomly timed, and risk-based audits of Approved Arrangements, rather than scheduled and announced audits, wherever possible.

The recommendations outlined in both of the reports has led to the department proposing a significant number of assurance changes onto the 12.1 and 12.2 Biosecurity Industry Participant (BIP).

These initial proposed changes include:

- Notifying the department electronically (via email) that a fumigation has commenced. This requires the BIP to notify the department each time they have successfully commenced a treatment of a consignment. This potentially allows an auditor to attend a site to do an unannounced audit and be assured that there is a consignment or consignments present to assess.
- Providing photographic evidence of the gas monitor readings at equilibrium and final readings.



John Park, head of business operations, Freight and Trade Alliance; and secretary, Biosecurity Treatment Providers Reference Group

- Providing photographic evidence of the container, suitability of goods, position of sample tubes, fans, heaters and temperature sensors.
- Providing photographic evidence of the entire risk area, container number showing the container and the enclosure.
- Photographs are required to be electronically dated and time stamped.

IMPLICATIONS FOR INDUSTRY

The BTPRG assessed the proposed changes and the impact that may be experienced by all areas of the import chain and initiated a number of meetings to discuss possible amendments that would allow the same level of assurance the department was seeking.

At the time of printing, the department was amenable to a number of our suggestions, however some of the initial proposed changes were considered necessary.

Of these changes, the ones that have the largest potential impact on industry include notifying the department electronically that a fumigation has commenced and providing date and time stamped photographic evidence of the gas monitor readings at equilibrium and final readings.

Electronic notification to the department has the potential to slow the fumigation process down for treatment providers nationally. Those fumigators who use manual processes to report to the department may be significantly impacted.

The department indicated that they will require treatment providers to report fumigations that are equal to or less than six hours within no more than one hour of commencement. Those fumigations that are undertaken for more than six hours must be reported within two hours of commencement.

The second necessity requiring photographs of the monitor readings will also potentially add additional workload to the BIP. Although these photographs do not need to be sent to the department for the purposes of clearing a fumigation, they are required to be kept and presented to the department on request.

For a BIP that fumigates 20 containers per day, this will require them to take a minimum of six photos per container and then file them electronically. This may cause significant additional administration for their staff and require upgrading of IT hardware.

We acknowledge these additional requirements seek to improve risk mitigation and industry compliance, however do have the added potential of equating to a more expensive treatment for the importer.

It has been indicated in the most recent BTPRG meeting that some fumigation companies may need to employ additional staff to manage the increased administration the changes will bring.

Change brings with it opportunity to refine processes and find new ways to increase efficiency. One way to accommodate all the department's proposed changes without the need for additional staff or resourcing is to remove manual processes and digitise fumigation reporting.

WHERE TO FROM HERE?

The proposed conditions are continuing to undergo internal consultation within the department and so some of the details may change depending on input received. It is, however, expected that the concepts of email notifications and photographs of readings will persist into the final version of the conditions.

The department has noted the useful feedback provided by industry operators during various meetings and other discussions and is committed to providing industry with additional opportunity for comment on the conditions prior to them being incorporated as enforceable elements in approved arrangements.

BIERS Pty Ltd has developed an app that allows treatment providers to report to the department in real time.

The BIERS app and its built-in dashboard, allows treatment providers to keep fumigation information in one spot and allows for automated messaging to the department, depot, broker and importer if required.

Despite the proposed changes presenting some challenges for industry and treatment providers, the BTPRG and Andrew Christie Consulting are collaborating with industry to work through these concerns whilst supporting the mitigation of biosecurity risk. ■

To subscribe to the Biosecurity Treatment Providers Reference Group, send your request to:
jpark@ftalliance.com.au.

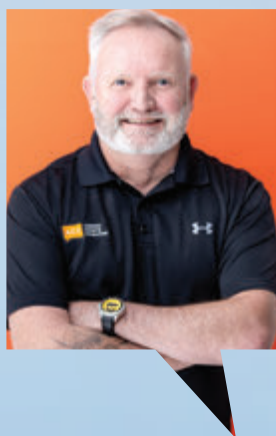
If you would like more information on the BIERS app, contact: support@biersapp.com.au.

FORMATION OF THE BTPRG

■ On 1 July 2020, Freight and Trade Alliance partnered with consultant Andrew Christie, a trade facilitation consultant and founder of the BIERS app, to chair the Biosecurity Treatment Providers Reference Group (BTPRG).

The purpose of the BTPRG is to:

- collaborate with the Department of Agriculture, Water and the Environment to deliver nationally consistent communications to onshore biosecurity treatment providers;
- support onshore biosecurity treatment providers with developing practical compliance assurances to satisfy departmental requirements;
- co-ordinate onshore biosecurity treatment providers in delivering a nationally consistent advocacy position(s) to government to lead reform and implement best practice;
- provide avenues for onshore biosecurity treatment providers to communicate consistent advice to depot facilities on best practice and compliance measures (Approved Arrangements: 4.1. heat treatment site, 4.6 fumigation and 4.7 secure unpack for treatment of seasonal hitchhiker biosecurity pests); and
- inform other FTA members and affiliates (including depots, freight forwarders, customs brokers, importers and exporters) of the obligations of onshore biosecurity treatment providers.



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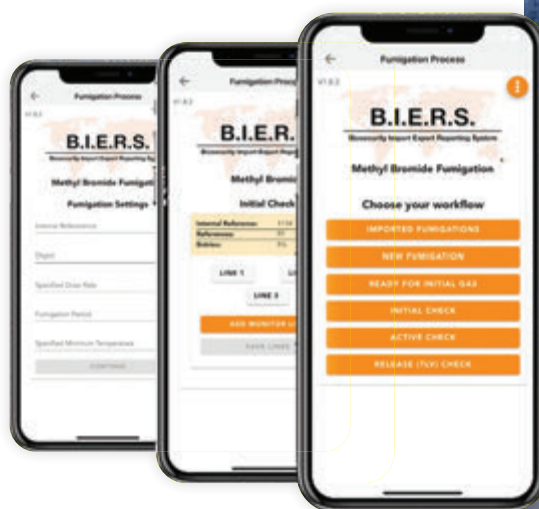
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Bulk bags unpacked after quarantine inspection

Biosecurity ONE-STOP-SHOP

The Flinders Warehousing & Distribution (FWD) business is offering biosecurity services and fumigation facilities, providing an integrated service for freight companies

Located adjacent to the Flinders Adelaide Container Terminal (FACT), the two FWD facilities are biosecurity accredited under the *Biosecurity Act 2015* with an Import Approved Arrangement.

With these licences and subject to quarantine controls, FWD can provide quick turnaround times from vessel discharge, alleviating additional costs that can be associated with the first transport leg to an approved biosecurity facility and import terminal storage.

Michelle English, business development manager for FWD told *DCN*, “We provide a fast turnaround time from vessel discharge for containers requiring inspections with our comprehensive licencing”.

FWD also offers container pack/unpack, storage, distribution and additional supply chain services, all at the one location.

“We have a container interchange grid connected to FACT where we move containers from port arrival via straddles into the container grid. This is a zoned area which is allocated for the transfer of containers,” Ms English said.

FWD also has a large clean hardstand area to accommodate a significant volume of containers and in excess of 25,000 square metres of undercover storage.

Ms English said FWD could manage treatment of up to 300 containers a week. Currently, around 10% of the containers being treated by FWD are then being warehoused at its facility. This provides the added benefit to freight owners who previously, had to transport containers and breakbulk cargo to other Approved Arrangements facilities outside the port area.



Specialists in Out of Gauge Cargo

FWD's one-stop-shop provides a benefit to owners of out-of-gauge (OOG) cargo, which is a growing market in the South Australian port.

"Normally this movement would require a permit for OOG cargo to leave the port to travel to a treatment facility and include the second leg to its final destination," Ms English said.

"By using our treatment facility, they only need to apply for the one movement under the permit rather than two."

FWD offers all types of treatments including fumigation with methyl bromide or other products and heat treatment, as well as packing and unpacking services. It can also meet market demand for year-round services or seasonal services to protect against hitchhiker pests such as the brown marmorated stink bug (BMSB). The season for BMSB will commence on 1 September.

The management of export controls for prescribed goods is able to be provided within close proximity to the Flinders Empty Container Park and for final export through to FACT.

"We do have an export licence to manage prescribed goods and we're starting to treat more exports," Ms English said.

"FWD has a licence for packing, inspection and treatment of fodder, hay, forestry products such as logs or woodchips, grains, seeds and nuts depending on the season."

THE LICENCING PROCESS

Given the comprehensive application process to obtain biosecurity licencing, FWD sought independent advice to guide it through the process.

"By engaging an independent consultant we were confident that we were in a good position from the get go," Ms English said.

"It took us approximately nine months to get the licencing completed and then from that point onwards we've worked on enhancing our licencing, and our services.

FWD'S BIOSECURITY CAPABILITY

Capabilities include quarantine inspections/unpack; quarantine rural tailgate inspections; LCL/FCL fumigation; quarantine approved wash bay; heat treatment and steam cleaning.

IMPORT

- Class 1.1 Sea and air depot (Unrestricted);
- Class 2.6 Empty shipping container parks;
- Class 4.1 Heat treatment site;
- Class 4.3 Cleaning;
- Class 4.6 Fumigation; and
- Class 4.7 Secure unpack for treatment of seasonal hitchhiker biosecurity pests (BMSB).

EXPORT

- Biosecurity Export Licences under Registered Establishment ID1213 & ID1481 for the following prescribed goods (plant and plant products)
- Packing, inspection and treatment of: fodder (hay and straw); forestry (timber, logs and wood chips); grains and seeds; and nuts.

"We had one site ready before the other was completed, this meant our single licence needed to be extended to accommodate the new site. Although this took us longer to achieve than initially planned we now operate from two registered export premises."

Both of the company's interchange grids have separate licences to accommodate both export and imports concurrently.

"We also worked extremely hard on investing in our people with the correct expertise, this is paramount when running this kind of operation properly, it's very important to make sure your team are safe," Ms English said.

Aside from the costs of licencing there are the ongoing requirements that come with running such a facility, including cleaning, pest control, weed control, records management and upkeep of equipment.

"Despite these costs, FWD has managed to keep its biosecurity services market competitive, and as the market changes we may look at handling other export commodities, such as citrus but at this point we're comfortable with the suite of services we're offering," Ms English said. ■

GOVERNMENT RUNNING PILOT PROGRAMS WITH IMPORTERS

■ The Australian government said it is working with a group of "highly compliant" importers to identify regulatory and commercial controls within their supply chains that could be used to manage biosecurity risk.

Minister for agriculture David Littleproud said the government was working with importers to identify and mitigate biosecurity risks early in the supply chain to help protect Australia's agricultural producers and unique environment from harmful exotic pests and diseases.

"Four importing companies were chosen to participate in pilots following an open expression of interest process," Mr Littleproud said.

"The companies are eager to demonstrate their ability to maintain the integrity of the biosecurity system across their supply chains."

The pilots will run in parallel with current biosecurity controls.

"If successful, [the pilots] will lead to reduced regulatory burden for companies with proven compliance records and strong quality assurance systems in place," he said.

"This will lessen congestion at the border more broadly benefiting the whole agricultural supply chain and helping to drive business growth and job creation."

A statement from Mr Littleproud's office said recognition of good industry business systems and compliance levels will allow efforts to focus on higher risk areas.

The first pilot, with Kmart was rolled out recently. Other participating importing companies include FTA Food Solutions, Becton Dickinson Australia and Stora Enso Australia.

The threat of hitchhikers

Invasive pests like the khapra beetle are triggering international moves that could have costly consequences for container shipping, **Paula Wallace** writes



Peter van Duyn

Maritime logistics expert Peter van Duyn believes that unique threats such as those presented by the khapra beetle and increasing complexity in biosecurity, may have led to international moves for more stringent rules on containers.

He represents the International Cargo Handling Co-ordination Association – Australia (ICHCA) on Australia's consultative committee for biosecurity.

"The khapra beetles have the ability to stay in a container for a longer period of time than other hitchhiker pests," he told *DCN*.

"So, a container may have been in a high-risk country a year ago, then moved to a low-risk country before arriving in Australia but the beetles may still be prevalent in that container.

"That's obviously a complex situation to try and track a container for the past two or three years," he said.

ICHCA Australia's current members are drawn from a wide range of businesses across the cargo handling spectrum from stevedores to shipping companies, ports and bulk cargo handling to name a few.

Mr van Duyn said the situation is further complicated by COVID which has disrupted supply chains and caused Australia to source products from countries it may not have traditionally when, for instance, China's economy shut down last year.

"Biosecurity really has become more complex and that's why the IPPC is taking these kinds of suggestions onboard," he said.

Mr van Duyn is referring to the intentions by pest control experts under the auspices of the *International Plant Protection Convention* (IPPC), to take internationally imposed steps such as the mandatory certification of cleanliness for all containers prior to loading onboard a ship. A measure that would have significant impact on global trade when it comes to both time and cost.

The IPPC is a 1951 multilateral treaty overseen by the United Nations Food and Agriculture Organization that aims to secure co-ordinated action to prevent and control the introduction and spread of pests of plants.

"It's concerning that these hitchhiker pests do end up in Australia and can cause an enormous amount of damage," Mr van Duyn said.



Khapra beetle

"Australia, like New Zealand, is so remote ... we are in a unique position to try and keep these pests out unlike other countries that have a land border for example."

However, the kind of measures that would require the inspection of every container coming in and out of the country is simply not sustainable according to Mr van Duyn.

THE CIG

The issue was addressed in a recent presentation by the Cargo Integrity Group (CIG), an entity that comprises the ICHCA – International, the Global Shippers' Forum, TT Club, World Shipping Council (WSC) and the Container Owners Association.

The CIG recognises the importance of focusing on the threat of invasive pests to natural resources across the world but is concerned about moves to impose broad-based measures to mitigate such risks.

Lars Kjaer, senior vice president of the WSC, said, "We know that more serious risks occur among certain types of goods and from identified regions. The CIG recommendation centres on the need to provide proper risk assessments in defined trades and focus mandatory measures on these high-risk areas and cargoes."

The partners in CIG promote the use of the Code of Practice for the Packing of Cargo Transport Units published by the IMO, the UNECE and the ILO (the CTU Code).

"The CTU Code specifies how to pack containers properly to avoid damage," Mr van Duyn said.

The serious issue of the transfer of invasive pests between different natural ecosystems is also part of code.

"The industry is pushing for a focus on the packing of containers overseas ... to ensure the container is inspected and is clean and fit-for purpose before being packed," Mr van Duyn said.

This could be difficult to achieve given that many source countries of Australia's imports already have pests such as khapra beetles in their supply chains and place less importance on biosecurity.

From Australia's perspective there are no major changes to its approach to managing the problem of hitchhiker pests, with a preference for container treatment to be done offshore.

"They are trying to keep it all offshore or have strict guidelines on processing and treatment onshore," Mr van Duyn said.

He said the government is focused on shipments from high-risk countries or those containing high-risk products where the khapra beetle may be present, especially those bound for agricultural areas. ■



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The trade de-regulation agenda showing signs of life

Trade law expert **Andrew Hudson** examines the thousand-mile journey that is regulatory and legislative reform of trade facilitation and movement of goods across the border

A WISE (AND PATIENT) PERSON

once famously said, “A walk of one thousand miles starts with one step”. Such an analogy could apply to the majority of regulatory and legislative reform, especially in the reform of trade facilitation and movement of goods across the border.

While there are occasions when specific reforms have moved quickly to deal with immediate threats such as in response to the COVID-19 pandemic, substantive change takes much longer and is subject to legal, political and financial constraints which means that, on occasion, new initiatives and reforms are not completed and often become just “good ideas” or are filed away for a later time (like the Australian Trusted Trader Program).

THE UNEVEN PACE OF REFORM OF TRADE FACILITATION

The pace of the reform of border regulation and trade facilitation has not been constant. Even with the WTO recognising the importance of trade facilitation through the Trade Facilitation Agreement (TFA). As part of a wide-ranging remit, the TFA required nations to establish a government/private sector advisory body to work on trade facilitation matters

which outcome was achieved through the establishment of the National Committee on Trade Facilitation (NCTF) and its many sub-committees and advisory groups.

The NCTF was created after other bodies which were established for industry to work with other government agencies. However, those other bodies do not quite have the same remit on trade facilitation as does the NCTF.

To date, the NCTF and its sub-committees have only had limited success, attributable in part to the consistent input of the members representing the private sector. Government contribution has been limited by a series of other considerations such as the significant change in personnel involved in the NCTF and the facilitation agenda and more urgent developments.

The creation of other federal and state bodies with a similar interest in trade facilitation, also raised questions on the path the federal government was taking. This, taken together with continued pressure from industry seems to have led to a new environment where trade facilitation is, again, at the heart of necessary reforms to trade.

This renewed focus is seen in a number of places, such as the reference

to the Productivity Commission (PC) to undertake an urgent review of vulnerabilities in our supply chain. After initial submissions from interested parties, the PC’s final report was handed to the federal government on 22 July 2021. It is due to be released to the public “shortly”, along with a government response. As at the time of writing (8 August 2021) we have still to see these materials.

A WELCOME IMPETUS FOR TRADE FACILITATION

The October 2020 Federal Budget did include some more funding and focus on trade facilitation agenda, including the ABF’s creation of a “regulatory sandbox” to enable the ABF and industry to work on reforms to trade regulation by collaboratively working on processes outside of the restrictions of the *Customs Act 1901* and established practices that could be tested without risk of liability.

More recently, in the period immediately prior to the May 2021 Federal Budget, many of us in industry found ourselves being questioned at length by members of the office of Prime Minister and Cabinet (PMC) who had been seconded into a new role to

de-regulate trade, customs and excise matters. These officers were new to the topic coming from PMC not from the ABF or the Department of Home Affairs. We were also working with many in the Trade Facilitation portfolio within DFAT who had been directly involved in pursuing customs and trade facilitation measures in the international sphere, including through our free trade agreements establishing a base for working with our international trade partners.

AN IMPORTANT STATEMENT OF INTENT

The May 2020 Federal Budget included substantial funding for trade facilitation outcomes being allocated to a series of government agencies including the Department of Agriculture Water and the Environment, DFAT and, of course, the ABF. There was also funding for practice and legal reforms to the anti-dumping regime which was first recommended by industry several years earlier.

As I had previously reported in this publication and elsewhere, a significant allocation was made for the Simplified Trade System (STS) to be implemented by an STS Taskforce to be stood up with specific attention on de-regulating and facilitating trade.

Importantly, the responsibility for the STS Taskforce was allocated to Austrade with direct reporting responsibility to the minister for trade, tourism and investment with secondment of officers

from other agencies including PMC. The STS Taskforce will be supported by an Industry Advisory Council and will work with the De-regulation Taskforce and private sector groups such as those at the NCTF which is the peak body responsible for trade facilitation.

EARLY DAYS

I have already had meetings and discussions regarding the STS and other initiatives and been encouraged by the items being discussed and also the resolve of the individuals involved. The ultimate outcome will be the proof of the work bring undertaken in a tight timeframe and in a more comprehensive engagement between government, its agencies and the private sector. Clear goals and allocated deadlines would be a positive outcome and advance the trade facilitation and de-regulation agenda. I sense that the current agenda has real promise and necessary support.

I fully recognise that this work would rarely be seen as exciting. Even so, it is relatively exciting for those involved in the agenda and will deliver wider benefits for all of those involved in the supply chain here and overseas. Early days indeed but the signs are good and we look forward to assisting with the process.

PRIVATE SECTOR ENGAGEMENT

It would be remiss for me not to acknowledge the time invested by



Andrew Hudson,
partner, Rigby Cooke
Lawyers

members of the private sector in all these engagements with government at all levels and their agencies. For many it is a commitment above and beyond their day job and each engagement piece takes time and significant effort including travel (in the past and one day in the future). For most, it is voluntary work or an addition to their existing work levels.

Thanks to all of those who do this work for no remuneration or glory.

I would like to specifically mention three long-term participants whose roles have now changed. These people are: Steve Morris at the former Customs Brokers and Forwarders Council of Australia (now advising at FIATA), Brian Lovell at the Australian Institute of International Forwarders (still involved at IFCBAA) and Rod Nairn at Shipping Australia.

Each gave unstintingly of their time when required, in different time zones and different countries and are still engaged with the sector. Their work should be properly acknowledged. ■

A NEW ERA OF TRADE DE-REGULATION?

■ In addition to the work of the ABF, the ADC, the PC and the STS, we seem to have entered a new era of work on trade de-regulation. This now includes the following.

- The completion and implementation of FTAs such as the FTA with the UK and the Regional Comprehensive Economic Partnership.
- Ongoing negotiations to complete the FTA with the EU.
- Implementation of changes to our tariff associated with changes approved at the World Customs Organisation to take effect on 1 January 2022 (no New Years Eve parties for licensed customs brokers!).
- Further reforms to the anti-dumping regime including possible changes to the parties making decisions during investigations and the *Dumping and Subsidy Manual* which is the key guide to the Australian regime.

- The launch of a new National Biosecurity website at <https://www.biosecurity.gov.au>.
- On 3 August 2021, the Assistant Treasurer, Michael Sukkar, Assistant Minister for Customs, Jason Wood, and the Assistant Minister to the Prime Minister and Cabinet, Ben Morton, released the Deregulation Taskforce consultation paper inviting input from business and individuals on how to streamline excise (and excise-equivalent customs duty) administration for fuel, beer and spirits. This can now be found at <https://deregulation.pmc.gov.au/streamlining-excise-administration-fuel-and-alcohol>.

- Commencement of a National compliance audit by the National Measurement Institute as part of its *National Compliance Plan*.
- The release of a new regulatory statement by the DAWE soon to be followed by a new compliance direction.



What's to come

Recent research from the UNCTAD shows the IMO's short-term greenhouse gas reduction measures translate into potential changes in ship costs, travel distance, fleet distribution and routing patterns

THE UNITED NATIONS CONFERENCE

on Trade and Development (UNCTAD) has assessed the impact of the International Maritime Organization's short-term greenhouse gas reduction measures on states.

The short-term measures combine both technical (Energy Efficiency Existing Ship Index-EEXI) and operational requirements (Carbon Intensity Indicator-CII). Refer to the story on page 34 for more information.

As part of its analysis, UNCTAD had to quantify the changes in maritime logistics costs and assess their impact on countries' trade and GDP (real income).

UNCTAD's assessment covers three GHG reduction scenarios under the IMO short-term measures, namely, the EEXI-

Only scenario, HIGH-GHG reduction scenario, and LOW-GHG reduction scenario, each compared to the baseline 2030 scenario (current regulations). These scenarios are explained further in Table 2.

To assess the impact of the IMO short-term measures on states, the first step was to convert changes in ship costs and speed, as estimated by classification society DNV, into changes in maritime logistics costs i.e. costs to shippers and cargo interests.

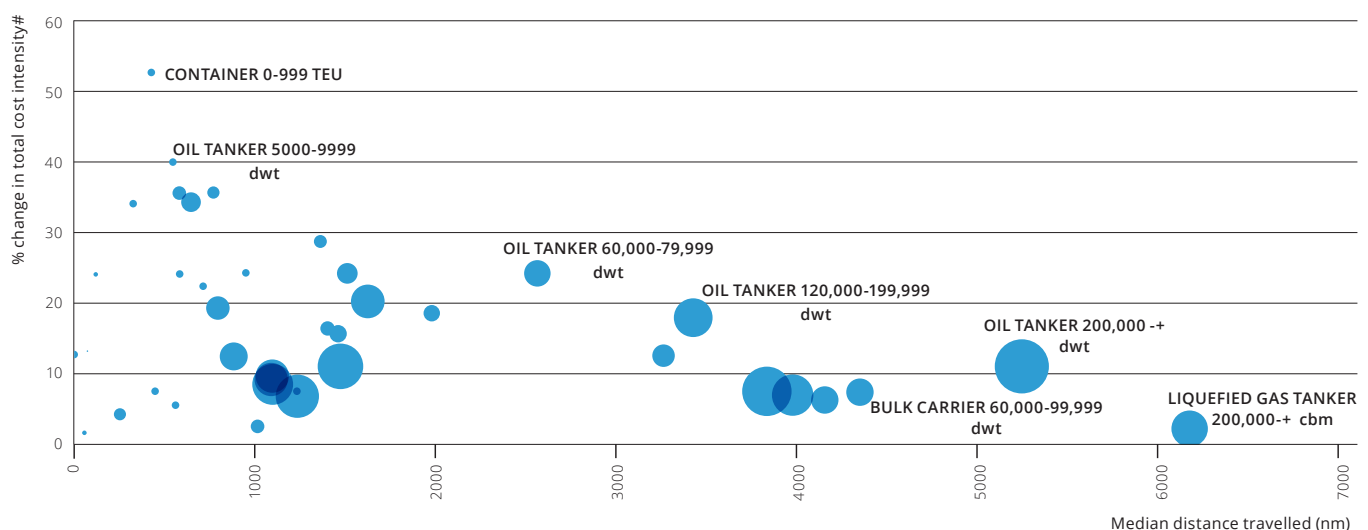
The second step was to assess how the computed changes in maritime logistics costs will impact on trade flows (imports and exports) and GDP at both the aggregate and the country specific levels and across the three GHG reduction scenarios.

The impact on supply chain costs, ship journeys, and routing patterns were also examined across country-trade sector as well as ship types and routes, respectively.

IMPACTS ON SHIPS AND JOURNEYS

By matching DNV ship segments and sailing speeds with the global AIS-based ship traffic data, it was possible to identify the ship types and categories expected to be affected by the IMO short-term measures. As regards shipping costs, small-sized vessels plying short-sea shipping routes have been found to be more negatively affected as compared to larger ships travelling longer distances (Figure 1).

FIGURE 1: PERCENTAGE CHANGE IN COST INTENSITY BY SHIP SEGMENT, AVERAGE SIZE* & MEDIAN DISTANCE TRAVELLED



Source: UNCTAD compiled from DNV and Marine Traffic data * Size of the bubbles stands for the average ship size per DWT # % change in total cost intensity in HIGH-GHG reduction scenario compared to the 2030 current regulations scenario

Some substitution between ship sizes may also occur when a deep-sea liner is required to go slower, potentially skipping a port and leading to more transshipment, adding to the use of smaller ships, and thereby leading to increased costs.

To sum up, the IMO short-term measures do not only translate into potential changes in ship costs, but also changes in ship travel distance, fleet distribution, routing patterns, as well as market and regional connectivity levels.

The impact of sailing speed reduction and the potential for service-reconfiguration is more apparent in the case of the Pacific and Caribbean Small Island Developing States (SIDS) where short-sea shipping and the use of general cargo ships are more prevalent.

Network analysis of regional shipping services within the Pacific and the Caribbean SIDS confirms that smaller economies in these two regions are heavily challenged by shipping (dis)connectivity and service (in)frequency; and could therefore be expected to be more adversely impacted by the IMO short-term measures.

IMPACT ON MARITIME LOGISTICS COSTS

At the aggregate level, UNCTAD's analysis shows an upward average increase in maritime logistics costs across all three GHG reduction scenarios. These stand

TABLE 1: GLOBAL AVERAGE CHANGES IN LOGISTICS COSTS UNDER THE THREE 2030 GHG REDUCTION SCENARIOS AS COMPARED TO THE BASELINE 2030 CURRENT REGULATIONS SCENARIO

CHANGES IN MARITIME LOGISTICS COSTS	EEXI-ONLY	HIGH-GHG	LOW-GHG
Change in time at sea %	2.2	7.8	2.8
Change in transport costs %	0.4	5.6	1.5
Change in total maritime logistics costs %	1.7	7.2	2.7

Source: UNCTAD, based on data provided by MDS Transmodal (MDST)

at 1.6%, 3.1% and 7.6% for the EEXI-Only scenario, the LOW-GHG reduction scenario and the HIGH-GHG reduction scenario, respectively.

However, wide variations prevail across the three GHG reduction scenarios, particularly the HIGH-GHG reduction scenario.

Conversely, moving from an EEXI-Only scenario to a LOW-GHG reduction scenario generates the smallest maritime logistics cost increases as compared to a shift from a LOW-GHG reduction scenario to a HIGH-GHG reduction scenario. This suggests that much of the cost burden will take place at a later or more advanced stage of the implementation process where operational carbon intensity reduction requirements become more stringent.

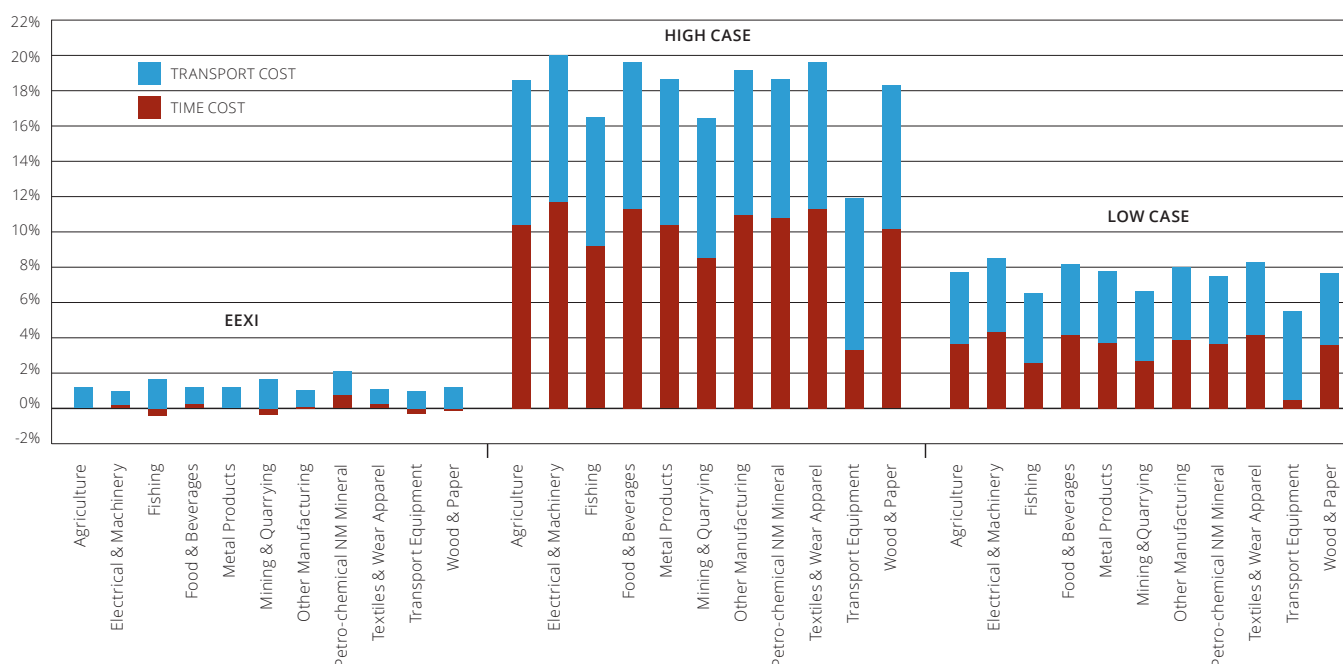
Time at sea – the second component of the total maritime logistics costs –

is expected to experience a small to a moderate increase across all three GHG reduction scenarios as compared to the 2030 baseline current regulations scenario. A reduction in sailing speed will induce different impacts on transit times and costs across the three scenarios.

The analysis of impacts on supply chain trades (Figure 2) provides interesting insights into the interplay between shipping (transport) costs and time-related costs. Across all three GHG reduction scenarios, time-related costs account for a larger share of total maritime logistics costs. This is clearer in the case of sectors and supply chains where time-related costs far outweigh transport costs under each of the three GHG reduction scenarios.

Nonetheless, the weight of changes in time-costs compared to changes in shipping (transport) costs is more visible in the EEXI-Only scenario, reflecting the

FIGURE 2: PERCENTAGE CHANGES IN TRANSPORT AND TIME COSTS BY SECTOR AND REGULATORY SCENARIO, COMPARED TO THE BASELINE 2030 CURRENT REGULATIONS SCENARIO



Source: UNCTAD, based on data provided by MDS Transmodal (MDST)

FIGURE 3: SIMULATED PERCENTAGE CHANGE IN EXPORTS, BY COUNTRY GROUPING, COMPARED TO 2030 BASELINE SCENARIO

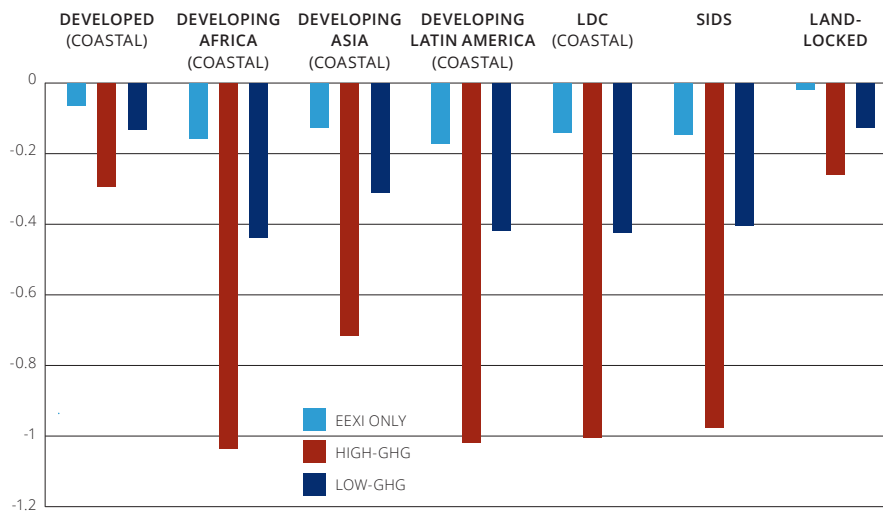
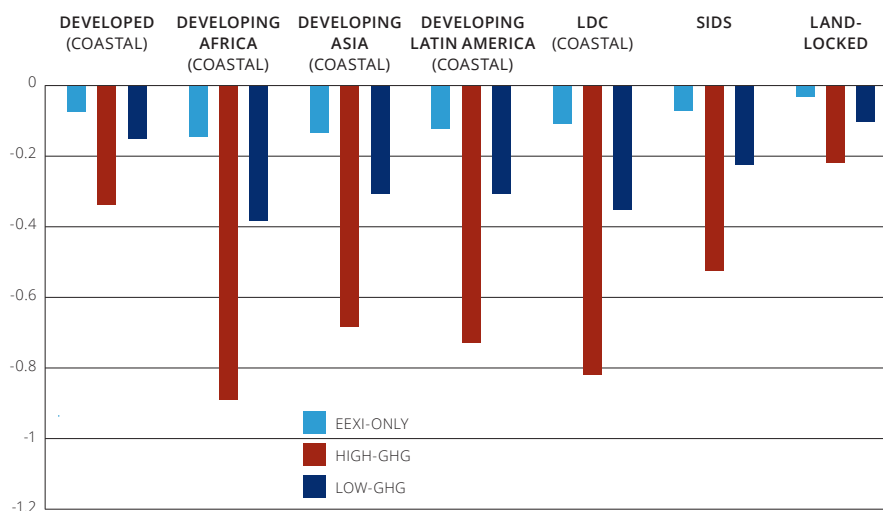


FIGURE 4: SIMULATED PERCENTAGE CHANGE IN IMPORTS, BY COUNTRY GROUPING, COMPARED TO 2030 BASELINE SCENARIO



Source: UNCTAD, based on the results of the global trade model used for the impact assessment

impact of speed reduction. Conversely, for the HIGH-GHG reduction scenario, all sectors, but one, are showing a balanced weight in the change in transport costs, on the one hand, and the change in time-related costs, on the other.

PROJECTIONS FOR AUSTRALIA

Changes in costs for Australian importers in 2030 compared to the 2030 baseline current regulations scenario, in terms of total maritime logistics costs are (EEXI only: 1.9%; HIGH-GHG 9.1%; LOW-GHG: 3.6%).

Changes in costs for Australian exporters in 2030 compared to the 2030 baseline current regulations scenario, in terms of total maritime logistics costs are (EEXI only: 1.1%; HIGH-GHG 6.9%; LOW-GHG: 1.4%).

These are some of the highest increases projected globally, according to UNCTAD.

SELECTED CONCLUSIONS

Although the average impact of the IMO short-term measures is negative (i.e. higher maritime logistics costs associated with lower trade flows and GDP levels), for some supply chains and bilateral trades, a positive impact will also occur. At the other end of the spectrum, some supply chain trades which may be considered unusual or outliers, may experience a steep increase in maritime logistics costs of more than 50% in the case of some trades. Such increases are likely to have implications for modal and nodal shifts to wider supply chain reconfigurations, e.g. regionalisation of trade flows and loss of trade.

Aggregate global impacts of the proposed IMO short-term measures on maritime logistics costs can be considered small when compared to typical market variability of freight rates.

Also, the global impact on GDP and trade flows can be considered small when compared to the long-term impact of other disruptions such as a pandemic or climate change factors.

However, for some countries, the negative impacts of the IMO measure assessed in the report are relatively higher than for others. Aware of the resource constraints of some developing countries, including SIDS and LDCs, UNCTAD expects that some countries will likely require support to mitigate the increased maritime logistics costs and alleviate the consequent negative impact on their respective real income and trade flows. ■

TABLE 2: THE THREE GHG REDUCTION SCENARIOS UNDER THE IMO SHORT-TERM MEASURES, AS ASSESSED BY UNCTAD

EACH SCENARIO IS DEFINED AS FOLLOWS	
EEXI-Only	Regulatory scenario including EEXI requirements only.
HIGH-GHG	Regulatory scenario including both EEXI and CII requirements. For CII, a supply-based metric (emission per transport capacity: g CO ₂ /dwt-nm) has been used to determine the reduction from 2008 to 2019, giving an average reduction requirement of 21.5% between 2019 and 2030.
LOW-GHG	Regulatory scenario including both EEXI and CII requirements. For CII, a demand-based metric (emission per actual transport work: g CO ₂ /tonne-nm) has been used to determine the reduction from 2008 to 2019, giving an average reduction requirement of 10.2% between 2019 and 2030.
BASELINE	Current regulatory scenario with only adopted EEDI requirements, including those entering into force in 2022.



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A helping hand during tough times

Sue Dight, CEO, Mission to Seafarers Victoria looks at how the mission helps the seafarers who keep our island nation going through difficult times

IN 1919, THE SPANISH FLU, AS IT

was called, broke through Australia's maritime quarantine restrictions that had been imposed in October 1918 as the flu had swept across the rest of the world

Then in 1919, the biggest wave of strikes hit in Australia's history. The biggest strike was the Seamen's Union strike between May and August. While pay and conditions were central to the strike, it was also a strike directly concerned with the risk that influenza posed to seafarers.

Seafarers were angry that the award struck by the federal arbitration court ignored any comparison with the better conditions of other international merchant navies. The seafarers wanted to be paid for overtime and for Sundays at sea. They demanded improvements to the appalling food and accommodation conditions they endured on the ships. The seafarers also demanded sick pay, payment for any time a ship was quarantined due to the flu, and life insurance to provide for their families if they were killed by the flu.

After many months of struggle, eventually owners agreed to improved conditions: provide bedding (without sheets) and improve food and all other conditions. Of all the original demands, life insurance and reduced hours were not won.

MODERN TIMES

In 1919, just like today, the issues of health and working conditions are interlocked. The seafarers fought for their rights against establishments that were more concerned with maintaining their profits than with workers' lives. So what has changed today? How are we caring for seafarers? Governments need to recognise the key workers that seafarers are and provide them with security of their livelihoods by vaccinating them in the ports of Australia.

The work that MtS does might not mean so much for someone who doesn't not know our community/organisation;



however, we are not here to impress anyone. Rather, we are here simply to serve the seafarers who have served us through their commitment and hard work to bring us our everyday goods to our country and keep our economy moving.

Our happiness (or joy) is based on crews' happiness. We might not make a difference to the whole world but when we see the excitement and the happiness of the crews when they receive much-needed items and receive care, our joy is complete.

Services and goods they receive include SIM cards to call family and loved one, providing seafarers with reassurance when they are injured and need to be transferred to hospital. Sometimes they are desperate and are not sure of what to do in a foreign country – MtS can guide them through the process and provide them with the local knowledge and support services. Such happiness we cannot and are not willing to exchange for anything.

But your support to your local centre is vital. A drop of water might not mean anything to the ocean but a drop of water means a lot to the desert. This is what MtS is all about, we are here to serve and provide a drink of water to those who need us.

THE VIEW FROM MELBOURNE

A small example of our styles of service: in Melbourne we have started giving away three prize packs on top of the care packages per ship. This is in response to seafarer



surveys regarding their mental health. They have mentioned they needed more group entertainment activities onboard. The prize packs are supplied to encourage the ships officers and crews to conduct recreational activities/competitions and to give the prize packs to the winners.

We hope that these activities will foster stronger bonds of the crew on board. A seafarer once said, "the good bonding of the crew or none thereof can immensely push faster or drag slowly the time/work/life on board a ship".

In the MtS building this is our second pandemic (the first left us a couple of ghosts). We are still here serving the seafarers and we are supported by wonderful shipping industry partners who support our mission. Most recently MSC have joined us by supporting the annual Maritime Art Prize. You too can be a part of caring for crews by getting in touch about sponsoring our annual fundraiser that is held in Melbourne this October. ■

Good mental health and wellbeing is no accident

Providing the right environment and support services for seafarers takes time, effort and expertise, Hunterlink CEO **Christine Field** writes

WITH THE UPHEAVAL AND

disruption to everyone's lives caused by COVID-19 and lock-down restrictions limiting our movement and activity at home and at work, it is worth remembering that the challenges of working in an isolated environment or long periods spent away from family and friends is something seafarers face every working day of their working lives.

Of course, this doesn't mean it's any easier for seafarers, but it is a reality that the industry and its workforce must always be attentive to. Good mental health and wellbeing isn't achieved accidentally – it takes work, and it takes time.

AN ORGANISATION TO HELP

Hunterlink was formed more than 10 years ago as a specialist employee assistance provider for seafarers and their families, focusing on building their resilience, improving their overall wellbeing and helping them manage the pressures of life at sea. We do this as a secular mental health service using methodologies based on evidence and the professional expertise of trained counsellors and accredited psychologists.

We are also skilled and experienced in responding to crises, critical incidents and in assisting with the collective recovery of the workforce after a major accident or tragedy at the wharf or onboard a ship.

In the 15 years since the adoption of the International Labour Organisation's *Maritime Labour Convention 2006*, the importance for us all not just of attaining and maintaining good physical health but achieving good mental health and wellbeing has become so much better understood.

So it follows that just as the shipping industry must adapt to the COVID-19 pandemic and ensure its crew have timely access to shoreside health services and adequate protection from onboard infection, it's also essential to consider the

mental health impacts of the pandemic on international seafarers and their families.

Crew changes have been made difficult, contracts have been extended and ships' crews are expected to spend even longer periods onboard. This isolation, sometimes made worse by a sudden and unexpected extension, is exacerbated by lengthy quarantine regimes and restrictions on socialising while at sea.

THE IMPORTANCE OF MENTAL HEALTH

The research is clear: with good mental health and overall wellbeing comes greater crew performance, heightened productivity and team cohesion. Yet the greatest barrier to workers taking proactive steps to improving their mental health is the social stigma attached to seeking assistance or being seen to admit that they may be struggling.

This effect is of course more profound in male-dominated workplaces and further again in blue collar industries. So it follows that the challenge of supporting ships' crew with proactive mental health support services is something which must be done hand in hand with shipping companies, crew managers and senior officers onboard. They have a crucial role in promoting the importance of good mental health and the use of resources and support services that can help their crews attain it.

Just as in any shoreside or white-collar industry, seafarers should know that they are supported and encouraged by their employer to seek assistance from mental health support services if they are struggling with the pressure of life and work at sea.

DEVELOPING THE RIGHT MODEL

From our beginnings as a specialist worker welfare organisation focused on international seafarers, Hunterlink has become a global Employee Assistance Provider active in the maritime,

manufacturing, mining and electrical trades industries. We learned early on that the most effective and important service we could provide workers in any of those industries was prompt, professional mental health support in a format they felt comfortable with.

Our confidential 24-hour support line is staffed by professionally accredited counsellors and psychologists who are available by video, phone or text message to provide evidence-based mental health and wellbeing support. We also provide interpreting services for anyone who'd prefer to use their native tongue rather than English.

The multi-format, multilingual and confidential support model, available around the clock, ensures that workers in isolated, remote locations or working in different time zones face as few barriers to access as possible.

The challenge which remains however is encouraging seafarers to make the call when they feel the need to. As an industry, we need to keep evolving and improving our approach to crew welfare. We need to break down the stigma around mental health and promote the productivity and safety benefits of a happy, healthy crew.

In the context of COVID-19 and the disruptions, upheaval and uncertainty it has caused for thousands of international seafarers, crews should be reassured that there will never be any repercussions for seeking assistance with their mental health. ■



Christine Field,
CEO, Hunterlink



The grill

MPC International managing director Peter Creedon discusses his background in maritime, the evolution of logistics, and a lifelong passion for sailing

What is your job and what does it involve?

I'm a strategic advisor to ports and transport companies. My primary focus is to provide strategy and guidance to help these companies address specific supply-chain issues, company organisational issues, or digital transformation issues. I'm also a strategic advisor to start-up companies that focus on the supply-chain industry. I help these companies with corporate governance and specific strategies that help them go through the scale-up process.

How did you come to be in the maritime industry?

My father worked at the Port of New York and New Jersey, which sparked my interest and passion in the supply chain industry. Being a little kid and being able to go to the port and see how things come off ships was a lot of fun. In 1991 I decided to go to Texas Maritime Academy. Being a sailor and a sailmaker in my teenage years, I always wanted to be near the ocean, and I wanted to be a part of the maritime industry.

What were your roles during your 23 years at Hamburg Süd?

I joined Hamburg Süd as an equipment control co-ordinator, focusing on New York and Boston. Within a year I moved to Hamburg, Germany to be a part of the global logistics team. From there I moved to Miami and was responsible for vessel operations and logistics in Venezuela, Colombia, Mexico, Central America and the Caribbean. I spent most of my time in Mexico, which was a big growth area for us at the time. When the opportunity presented itself, I became the

regional logistics manager for Hamburg Süd in Sydney. In 2010 I took over as the operations and finance managing director for Hamburg Süd Australia, where I stayed until I left the company in 2019.

What led you to establish MPC International?

The change in the industry. Around 2016, industry discussions became focused on digitalisation. About 90% of ports worldwide today still carry out their processes manually. Now, with pressure on the supply chain, they need systems and digital strategies to go forward. I started MPC with the hope of helping these companies identify a strategy and helping them through that process.

Is digitalisation the biggest development you've seen in the industry?

I would say it is going to be the biggest change. Most shipping companies are still using systems from the 1980s. How do they shift gears and actually try to understand and develop a digital ecosystem? That's where I would love to help the industry move forward.

How have you seen the role of freight, logistics and supply chains evolve?

After many years of resistance, the pandemic really forced change. Companies have to decide where they want to be on the pendulum of just-in-time and just-in-case. Up until the pandemic, everyone tried to do things just-in-time, keeping their inventories as lean as possible. Now, companies are having this debate on trying to get everything just in case they run out. This is what's causing huge demand and a lot of the problems in the supply chain.

What would you say is the highlight of your career?

The highlight of the corporate side of my career was helping individuals with a passion for our industry gain the confidence to become good and strong leaders. It was also an honour presenting to German Chancellor Angela Merkel in Sydney at the Future Logistics Living Lab, which was a consortium of companies wanting to improve and promote collaboration in the supply chain. Now I'm excited about helping the industry move forward in this digitalisation process.

What are some of your hobbies?

I've been a sailor since I was a teenager and did it as a profession until I got into shipping. I did a lot of travelling and work on boats, which was a real joy. I've been racing for over 30 years. I've sailed from Sydney to Hobart, I've done Newport to Bermuda and I've done trans-Atlantic sails. I really enjoy waking up out at sea and being on a sailboat. I've also been racing mountain bikes since my early thirties. What I like about racing mountain bikes is it gets me out in the bush, and it's safer than riding on the roads in Sydney.

What is the most adventurous thing you've ever done?

Starting a life in shipping and moving overseas. Both my wife and I love to travel, and we're always eager to explore and learn, and loved having the opportunity to move to Germany and just see the world. It's exploring new cultures and understanding them and taking the time to learn. And it's trying to solve the problems; if you look at logistics and container shipping as a game rather than a job, it's a fun problem to try and solve. ■



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Hub & WELCOME FUNCTION**

WEDNESDAY 23 FEBRUARY 2022

INFRASTRUCTURE (Session Sponsor: Port of Melbourne)

- Opening: Olga Harriton [Chair, Australian Peak Shippers Association (APSA), Global Logistics Manager – Manildra Group]
- Welcome to Country: Aunty Isabel Reid [NSW State Recipient Senior Australian of the Year 2021]

KEYNOTE ADDRESS

- The Hon. Michael McCormack [Member for Riverina, NSW] - Inland Rail, priorities for regional centres
- Georgia Nicholls [General Manager – Rail Freight, Australasian Railway Association]
- TBA [Port of Melbourne]
- Michael Byrne [International Freight Coordinator General, Australian Trade and Investment Commission (Austrade)] – International Freight Assistance Mechanism (IFAM) & sustainability of current infrastructure
- Justin Bond [Committee Member, Australian Peak Shippers Association (APSA), Head of Global Logistics and Customer Service, SunRice]
- Mark Owens [National Transport and Logistics Manager, Manildra Group]

SESSION 2 – PORTS AND SHIPPING (Session Sponsor: NSW Ports)

- Paul Zalai [Director, Freight & Trade Alliance (FTA) / Secretariat Australian Peak Shippers Association (APSA)] - Productivity Commission Inquiry into Vulnerable Supply Chains
- Ron Grasso [Lead, National Guidelines on Stevedore Infrastructure and Access Charges, National Transport Commission] – terminal access charges via a voluntary port performance model
- Campbell Mason [GM Commercial and Business Development, NSW Ports] – port and intermodal connectivity
- Patrick Chan [Chief Commercial Officer, Victorian International Container Terminal (VICT)]
- Andrew Fairley [ANL & CMA CGM Sales Director Australia] – global and domestic forecasts
- Kurt Wilkinson [Vice Chair Australian Peak Shippers Association (APSA), Fletcher International Exports]

SESSION 3 – INNOVATION (Session Sponsor: Department of Agriculture, Water and the Environment)

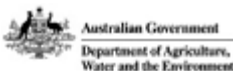
BEST PRACTICE CASE STUDY

- Danielle O'Connor [Group Exports Logistics Manager, Teys Australia] - creation of an agile environment to deal with the ever-changing world of international trade.
- David Ironside [Assistant Secretary Plant Exports Operations Plant and Animal Exports Division – Department of Agriculture, Water and the Environment] – increased compliance with overseas phytosanitary requirements, Congestion Busting funding, investment and trade facilitation initiatives
- Patrick Hutchison [CEO, Australian Meat Industry Council (AMIC)]
- Tony Geitz [MD, Australia- Louis Dreyfus Company / Australian Cotton Shippers Association (ACSA)]
- David Alpen [Regional Operating Officer ANZ at Treasury Wine Estates]

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Quarantine

Biosecurity Import/
Export Accredited

Quarantine
Inspections/Unpack

Quarantine Rural
Tailgate Inspections

LCL/FCL Fumigation

Quarantine
Approved Wash Bay

Steam Clean



Warehouse & Distribution

20,000 sqm ambient
temperature

3PL Capabilities

15,000+ sqm
of heavy rated
hard stand

Bulka bags /
palletised / loose
cargo



Transport

Connecting
transport
links to
international
trade

General Freight

Bulk/Heavy Haulage

Intra/Inter
– rail and road



Specialised Equipment

Specialised
lifting attachments,
slip sheets
and slings

Weighbridge

Reach stackers
(45 Tonne)

Forklifts
(16T, 8T, 3.5FT)



Supply Chain Solutions

Direct Connectivity
to Flinders Adelaide
Container Terminal

Reefer plugs to
accommodate
chilled containers

Independent Road
Access to both sites

FAK Consolidation/
Deconsolidation