



INTERNATIONAL FREIGHT MANAGEMENT SERVICES

# SCI AUSTRALIA

PTY LTD

## In This Edition

Wrath of the Shipping Gods

Snagged Drug Smuggler

Changing Warehousing

**Plus**

Bulker Boosting Efficiency

SEPTEMBER 2016 NEWSLETTER



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## Welcome Message

Welcome to the September Newsletter for the clients and friends of SCI Australia. This newsletter is designed to be an informative source about the company and the general industry and includes news, forthcoming events and the lighter side of the people who work for SCI.

We hope that you find this newsletter beneficial and the information provided of great value and interest. We appreciate your suggestions and input for future issues.



## K Line Rate Restorations

### **Southbound Rate Restoration ex China, Hong Kong, Taiwan and Korea to East Coast Australia**

In order to restore freight rates to a viable level, K Line will be implementing a rate restoration programme from the 1st September 2016 for all shipments from North East Asia into East Coast Australia.

\$300 USD per TEU

Effective date will be based on the Bill of Lading date.

If you have any queries or require further information, please contact your local Sales or Customer Service Representative.

Yours sincerely

"K" Line (Australia) Pty. Limited

## MSC Rate Restorations

Mediterranean Shipping Company S.A. (MSC) wishes to announce to Southbound Asia clients a Rate Restoration (RR) programme that is to apply to all vessels sailing ex Korea, China, Hong Kong and Taiwan, Malaysia, Indonesia, Vietnam, Singapore, Thailand, Cambodia, Bangladesh and Myanmar to New Zealand.

The announced increase is to be effective from 1<sup>st</sup> September, 2016 (pro-forma sailing date).

The increase is as follows:  
USD \$250.00 per TEU.

Please be guided accordingly.  
Kind regards







## The Upgrade Begins

WITH a \$2.3m investment, logistics operations at the Port of Mackay will soon be more efficient.

Queensland treasurer Curtis Pitt said the latest aspect of the program of works would deliver a \$1.9m upgrade of the port's Harbour Road East intersection and construction of a new, 1.9 hectare laydown area.

"Infrastructure investments such as the Harbour Road East upgrade are about improving efficiency and attracting new customers to help support the economic development of Queensland and the Mackay region," he said.

Queensland ports minister Mark Bailey said upgrading the port would help improve transport efficiency and help promote jobs. "Locals can expect to see up to 26 people employed on site through to the end of September when works are scheduled to finish," he said.

"This program of works will support trade growth for the next 25 years." North Queensland Bulk Ports acting CEO Jeff Stewart-Harris welcomed the investment.

"In addition to the \$1.9 million Accelerated Works package, NQBP has committed a further \$400,000 for stormwater drainage on Presto Avenue and the completion of roadworks at Spiller Avenue," he said.

The works will be carried out by local construction firm EPOCA Constructions. New energy-efficient LED street lighting will also be installed to improve safety and visibility at the intersection.

Source: **Lloyds List**

<https://www.lloydslistaustralia.com.au/lla/market-sectors/ports/Port-infrastructure-upgrade-begins-534750.html>



# Changing The Warehousing Markets

As retail shifts to a platform rooted in eCommerce, the previously passive property of the warehouse, now undergoes its metamorphosis into a sophisticated industrial property. As opposed to the warehouse once being a purely spatial requirement, nowadays businesses are looking for the most progressive technological advancements that allow distribution to match the high rate of consumer expectation. Colliers International recently released a report that stated 3 major changes and reasons for the shift to a more innovative platform.

## #1: Change in Ecommerce

While eCommerce still remains secondary in many industries to the giant that is bricks and mortar retailing, eCommerce has been slowly growing and chipping away at the market place. However the biggest challenges for eCommerce is adapting to the market and dealing with the high cost of transporting goods to consumers. No longer is the greatest cost to operators the cost of warehousing, but instead transportation, this has led to a steady rise in the implementation of multi-city warehouses. Perhaps the most interesting innovation in the eCommerce market is the development of the dark market, that being a warehouse that is inaccessible to consumers, which is popping up more frequently in the supermarket sector.

## #2: The Globalisation of Logistics

With logistics processes becoming more sophisticated and complex, there has been considerable change to ownership structures and higher investment in automated warehousing facilities. Particularly with the rise in 3rd Party Logistics services, there have been significant growth in industrial floor space to accommodate for pipeline development. Warehouses are now growing in excess of 75,000sqm, which are looking to follow the trend of Asian warehouses which are bordering at over 200,000sqm.

## #3: Innovation and Design

Nowadays warehouses have shifted from labour to greater use in robotics, with the best of systems able to automate picking systems. Similarly the conditions of warehouses are changing, with better ventilation, temperature and security control and sustainable practices being implemented. Lastly, there has been an ever increasing trend of tenants requesting shorter leases to allow more rapid growth. Smaller operators will now be able to move more easily to bigger facilities and bigger operators may be able to negotiate quicker for the availability to take over greater floor space.

As industry continues its shift in the investment in better technology, warehousing and basic supply chain factors have now taken on more complex roles.

Source: **SCI Australia**

<http://www.sciaustralia.com/feed/id=34>





## The Wrath of the Shipping Gods

ANL has advised that the ship APL England on V234N (IMO 9218650; Singapore-flagged; 5,506 TEU boxship), is currently delayed in Sydney where it is berthed.

According to ANL the vessel encountered “extreme weather” on its south bound voyage.

“We do not have a confirmed departure from Sydney from the vessel operator however early indications are for a departure Sunday 28th August where it will then return to its normal rotation,” ANL said.

Lloyd’s List Australia understands from sources that some containers may have been lost overboard when the vessel was crossing the Great Australian Bight.

However, as the picture clearly shows, there was damage to containers.



Source: **Lloyds List**

<https://www.lloydslistaustralia.com.au/lla/market-sectors/ports/Port-infrastructure-upgrade-begins-534750.html>





## Snagged Drug Smuggler

WALLPAPER, microphones and a hotdog maker were central to a drug smuggling operation busted by federal authorities.

A 26-year-old man has been jailed for nine years and six months after being found guilty of four charges relating to the importing of methamphetamine and ephedrine. In Melbourne County Court this week, the man was sentenced on:

- two counts of importing a commercial quantity of a border controlled precursor, namely ephedrine;
- one count of importing a marketable quantity of methamphetamine;
- one count of importing a commercial quantity of methamphetamine.

The cases go back two years to August and September 2014. In that year, officers from the then Australian Customs and Border Protection Service (now Australian Border Force) Melbourne Air Cargo Facility examined several packages.

On August 27 that year officers found 5.9 kilograms of ephedrine hidden within rolls of wallpaper in two packages from Malaysia. On September that same year, officers found about 420 grams of methamphetamine within a package of audio microphones in a package from China.

On September 24, also of 2014, officers found another package from China, with about 1.3 kilograms of methamphetamine in a hotdog maker. Methamphetamine is used as the recreational drug commonly known as 'crystal meth'.

Australian Border Force (ABF) Acting Assistant Commissioner Investigations Anthony Seebach said the jail term imposed highlighted the risk people were taking when they attempted to import illegal drugs. "Some people mistakenly believe that they will evade detection by importing small quantities of these dangerous drugs in the mail," Acting Assistant Commissioner Seebach said. "The ABF stops parcels containing a variety of drug quantities each and every day. "As this case shows, if we catch you importing these substances you could face serious jail time."

Source: **Lloyds List**

<https://www.lloydslistaustralia.com.au/lla/market-sectors/law-and-regulation/Snagged-drug-smuggler-jailed-534595.html>



## Exporters to be First Major Trusted Trader Beneficiaries

As a member of the Industry Advisory Group (IAG), Freight & Trade Alliance (FTA) representatives joined industry colleagues at the formal ATT program launch in Melbourne on Friday 20 August 2016. Keynote addresses were provided by Minister for Immigration and Border Protection, the Hon. Peter Dutton MP, the Assisting Minister for Trade, Tourism and Investment, the Hon. Keith Pitt MP and the Australian Border Force Commissioner, Roman Quaedvlieg prior to a series of workshops focussing on “whole of government”, “beyond the launch” and “Mutual Recognition Agreements”.

Minister Dutton stated that the ATT sets a new international benchmark in Authorised Economic Operator (AEO) programs. Importantly, the program is “inclusive” and available to all trade entities, big or small, that can demonstrate a secure supply chain and effective trade compliance practices. To that end, the Minister announced that over one third of the initial applications to join the program have come from small business.

The Minister explained it will allow the Australian Border Force to deploy resources more effectively while providing industry a suite of benefits by “removing red tape, expedited movements of cargo, streamlined reporting, accelerated border clearances and the option to defer duty”. Sitting alongside Free Trade Agreements, the ATT will ensure that businesses and the Australian economy are able to grow through the introduction of new trade initiatives.

The Hon. Keith Pitt congratulated the Australian and New Zealand administrations for establishing a Mutual Recognition Agreement (MRA) highlighting that 1 in 5 of every new Australian job created in recent years has been generated by growth in international trade. Complementing the ATT and MRA programs, it was highlighted that the Department of Foreign Affairs and Trade (DFAT) is playing its part with a focus on upcoming negotiations with Indonesia, Singapore, the Trans Pacific Partnership, European Union, UK and the Regional Comprehensive Economic Partnership. The Commissioner’s statement focussed on the aim of the ATT to cover 30% of trade volume and 50% of value by 2020.

The Commissioner noted that there was a rush of entities applying to join the program since going live on 1 July 2016 receiving in excess of 300 applications, a high proportion being service providers (such as customs brokers, freight forwarders, transport operators and terminal operators). The Commissioner proudly stated that of the 180 countries represented in the World Customs Organisation, Australia is the only to formally recognise service entities. The Commissioner also thanked and acknowledged the 41 trading entity and service provider pilot participants before a presentation ceremony formally recognising the first four fully accredited ATT entities being Teys Australia Beenleigh, Target Australia, Pacific Brands, and Techwool.

The workshops involved representatives from DFAT, the Office of Transport Security, Department of Agriculture and Water Resources and the Australian Border Force, mixed with IAG representatives and pilot program participants.

Pilot participants and those already accredited sung the praises of having access to an account manager to address operational matters and claimed that this alone has already provided a significant benefit by providing a dedicated conduit to government agencies. Other more tangible benefits are yet to come with duty deferral to be accessible in the 2017/2018 financial year and periodic declarations to follow. Formal consultation on any variation in Import Processing Charges will commence in 2017 and will align with implementation of new reporting regimes.

From a service provider perspective, perhaps the most significant benefit at this stage is that their ATT status will dovetail into any importer or exporter application to satisfy that element of the secure supply chain review. What has become clear is that the more immediate benefits are likely to flow for Australian exporters. Beyond the MRA with New Zealand, “statements of intent” and initial negotiations are in place with the Republic of Korea, Singapore, Hong Kong, Canada and China with more to follow.

**Source: Lloyds List**

<https://www.lloydslistaustralia.com.au/lla/blogs/paul-zalai/INDUSTRY-COMMENT-Australian-exporters-to-be-the-first-major-Trusted-Trader-beneficiaries-534217.html>







## Increased Box Trade at CentrePort

CENTREPORT has announced a net profit after tax of \$17.9m for the 2016 financial year (the year to the end of June 2016), up \$3.9m on the previous years. Port revenue was up 10% to \$73 million. Container trade was up 23% to 132,000 TEU (twenty-foot equivalent units), and log trade increased 19% to 1.04 million JAS (Japanese Agricultural Standard). The port also has 21 general cargo berths, including some owned by Lambton Harbour Management but operated by CentrePort under licence.

According to the port, the good financial results are attributable to a “strong increase in trade” along with a property revaluation. In the past year CentrePort has expanded its hinterland network and has plans in place to extend this further.

“The company will continue to invest in both updating port infrastructure assets where required, and further developing regional strategic partnerships to create seamless road and rail connections from central New Zealand to our seaport,” said CentrePort Chief Executive, Derek Nind. “CentrePort has further developed its plans for resource consent application to deepen the harbour shipping channel. This all tide depth enhancement will facilitate the handling of larger capacity vessels and ensure on going direct access to international markets for central New Zealand importers and exporters,” the company said in a statement.

Port of Wellington Container Terminal has two berths of 293 meters that can accommodate vessels with 11 meters (Berth 1) and 10.7 meters (Berth 2) draught. The terminal can accommodate 2200 TEUs and has capacity for 800 refrigerated containers. There are also has 21 general cargo berths, including some owned by Lambton Harbour Management but operated by CentrePort under licence.

Approximately 4,200 ships call into CentrePort on an annual basis, with approximately 3,600 of these ship calls being attributable to interisland trades. Around 10.5 million tonnes of cargo is handled by the port on an annual basis, including interisland volumes.

Approximately 95,000 TEU (Twenty Foot Equivalent Containers) are handled per annum. Outside containerised products, the major cargoes handled are forestry products (logs, veneer, and pulp), petrol and chemicals, cement, wheat, fruit, soda ash and vehicles. Cargo volumes are mostly sourced from / exported to Asia and Australia.

Source: **Lloyds List**

<https://www.lloydslistaustralia.com.au/lla/market-sectors/ports/FREE-CONTENT-Increased-box-trade-revenues-and-profits-at-CentrePort-534765.html>



## New Air Quality Data

EASY-to-understand information about port operations and air quality in Townsville has just been released via the so-called Port Operations Data Dashboard. The monthly Operations Data Dashboard, said to be unique in Australia, has been developed by the members of the Port Stakeholder Working Group and is designed to provide important information relating to Queensland's second largest container port. PSWG independent chair David Donohue said the Dashboard represented 15 months of solid work.

"It was clear when we started this task that the community wanted more information and reassurance about air quality in Townsville," Mr Donohue said. "The PSWG members have met monthly since April 2015 and have had to cover an enormous amount of ground not only in terms of understanding the issues at hand, but also to work through the science and data available to them, and then work out a way to try and simplify the information for public consumption," he said. Mr Donohue said the Dashboard was the culmination of the PSWG's work to date and a tool to provide the local community with important knowledge and data. "I congratulate the members of the PSWG for their efforts to produce this tool and thank them for their dedication to the task over the past year," he said.

The Operations Data Dashboard provides information on:

- The PSWG purpose;
- The type of equipment used to measure air quality in Townsville and by whom;
- Cargo types handled at the Townsville Port;
- Access to live air quality readings;
- Monthly data graphs from three monitoring sites showing dust levels, lead in dust levels, general dust deposition levels, shipping data and climatic data from the Bureau of Meteorology.

The Operations Data Dashboard is to be distributed during the last week of each month through several channels including:

- The Port of Townsville website;
- Local and regional media;
- The Townsville Port Community e-Newsletter;
- Social media.

"The PSWG will continue to meet monthly and are looking forward to reviewing the Dashboard's progress after listening to the community's feedback," Mr Donohue said. "It will be an evolving tool that may change over time as the PSWG reviews its effectiveness and we find ways to improve its functionality and relevance."

Source: **Lloyds List**

<https://www.lloydslistaustralia.com.au/lla/market-sectors/ports/New-air-quality-data-to-be-made-available-at-Townsville-Port-534759.html>



## Free Trade Boost for Queensland

FREE trade deals with China, Japan and South Korea are set to boost Queensland exports, notably fresh fruit, senior government figures say. Assistant trade minister Keith Pitt and federal member for Capricornia, Michelle Landry MP recently met tropical fruit farmers in Central Queensland to discuss new market opportunities in Asia. Mr Pitt said the free trade agreement (FTA) agenda was a key part of government efforts to open up new markets.

"The trifecta of FTAs with the key north Asian markets of China, Japan and Korea, have resulted in practical benefits for export products important to Queensland, including in fresh fruit," Mr Pitt said. "Mangoes are an important fruit export for Queensland, and the China-Australia FTA has already cut the tariff Australian mangoes face from 15% to 9%." Mr Pitt said trade data showed in the early part of this year, Chinese imports of fresh Australian mangoes more than doubled compared with previous growing season.

This meant Australia overtook Thailand as China's principal supplier of mangoes in the first half of 2016. "Elsewhere, under the Korea-Australia FTA, the 30% tariff which Korea charges on shelled macadamias is down to 12% already. These tariff cuts contributed to a tripling of macadamia exports to Korea in the first half of 2015 compared to 2014, and they've maintained that higher export level into the first half of this year," Mr Pitt said.

"And of course, the beef outcomes in these FTAs have been a boon for Queensland - Australia is now the only major global beef exporter that has preferential access into all three of these large north Asian markets, meaning we have a jump on our competitors." Ms Landry said the Government wanted to build upon mutually-beneficial relationships with potential customers in China, Japan or Korea. "This is important to the continued growth of export industries in Central Queensland and Australia more broadly," she said. "These agreements position us to take advantage of future opportunities in additional markets that may come along as we advance our FTA agenda in our region." Assistant Minister Pitt also met with Queensland horticulture group Growcom about Asian business connections.

Source: **Lloyds List**

<https://www.lloydslistaustralia.com.au/lla/market-sectors/dry-bulk-and-commodity-trades/FREE-CONTENT-Asian-free-trade-deals-a-boost-for-Queensland-agriculture-leaders-say-534748.html>







## Bulker Boosting Geelong Grain Efficiency

FIRST Geelong had a record draft tanker. Now it has had a record draft bulker. Cyprus-flagged vessel Efraim A (IMO: 9520778 and DWT82,174) arrived on Saturday before leaving on Tuesday (August 23) for China with a consignment of grain.

At 11.9metres, it is the deepest draft vessel of its type to have visited Victoria's second port. Last week Lloyd's List Australia reported that the introduction of Dynamic Under Keel Clearance (DUKC) technology had already boosted the port with the arrival of Singapore-flagged aframax tanker, Phoenix Advance.

Harbour master Dilip Abraham told Lloyd's List Australia today the introduction of DUKC represented "an ocean of opportunity" for the port. "It bodes really well for the port and the new owners (Brookfield, who have inherited the Asciano assets)." Graincorp Victoria ports manager Craig Cochrane said the ship arrived in Geelong from South Australia partially loaded with a barley cargo of 20,000 tonnes.

However once fully loaded, the total cargo of 63,000 tonnes of grain was 5,000 more than ever had been loaded on a single ship at the Geelong terminal. "It means we can load at one port rather than two ports in order to get to 63,000 tonnes which is a lot cheaper," Mr Cochrane said.

"It is a major efficiency gain. Previously you might have called at Geelong and loaded 55,000 tonnes and then called at Portland and loaded another 10,000 or so. "From our point of view, DUKC is certainly delivering benefits."

Source: **Lloyds List**

<https://www.lloydslistaustralia.com.au/lla/market-sectors/ports/LOCAL-Record-bulker-to-boost-Geelong-grain-efficiency-534461.html>



## HOW GOOD IS YOUR TRIVIA KNOWLEDGE?

1. What is the longest bone in the human body?

- a) Femur
- b) Fibula
- c) Sternum
- d) Scapula

2. What country has the largest land mass?

- a) Australia
- b) Brazil
- c) Antartica
- d) Russia

3. What digital currency is Satoshi Nakamoto credited with inventing

- a) E-Gold
- b) Auroracoin
- c) Emercoin
- d) Bitcoin

4. What type of bridge is the Golden Gate Bridge?

- a) Truss
- b) Suspension
- c) Arch
- d) Beam

1) a    2) d    3) d    4) b



## Feedback

Should you wish to discuss any of the issues contained in this newsletter please contact your CSO or any of the people listed below:

Mile' Jurcic' (Melbourne)

Mark Hingston (Brisbane)

Thank you for continued support.  
**SCI Australia Pty Ltd**

\*Disclaimer

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