

Shippers-Link

Newsletter of the Australian Peak Shippers Association



"KEEPING AUSTRALIA'S
INTERNATIONAL TRADE MOVING"



Australian Peak Shippers
Association Inc. (APSA)

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29th September 2016

Welcome to the latest edition of Shippers Link. It has been a while since our last publication and there has been quite a lot of activity in the interim.

The APSA/FTA Partnership is progressing towards its official start date of 1st January 2016 and I will list the activities and achievements to date a little later on.

The shipping industry is buzzing with issues and APSA/FTA have been in the thick of thing representing our membership.

Solas Export Container Verified Gross Mass (VGM) Regulations

The SOLAS requirements for a Verified Gross Mass (VGM) declaration on PRAs by all shippers commenced on the 1st July 2016 and on the surface it appeared to be a seamless transition.

A clerical error when filling out the PRA by an unnamed shipper, for which the stevedores treated them rather harshly, according to them, set tongues wagging. Whilst the majority of shippers had spent time, energy and money setting them up to be compliant the feeling was being expressed that there were some who are ignoring the new requirements and flaunting the system. Questions were being asked about the size of the penalties enforced, who was policing the system, the accuracy of the declared weighing, etc.

APSA/FTA met with AMSA in Canberra on 12 September 2016 to get an update from them on how they viewed progress so far.

On the subject of check weighing and policing container weight declarations AMSA reminded us that they were encouraged by the IMO to take a conciliatory and educational approach during the first 3 months of implementation after which they intended to begin a process of random spot checks to determine who was and who wasn't playing by the rules. They felt that it wouldn't take long for the word to spread and that those who were repeat offenders would either tow the line or face the consequences.

We raised the issue of the utilization of Flow Meters for calibrating liquids being shipped in containers and they told us they were currently looking at this issue and collecting data to assess accuracy so more on that front later.

They accepted that it is a work in progress but are determined to set in place a fair and workable system and stamp out the recalcitrants. After all this is a Safety Issue and we all acknowledge that safety is paramount.

Meeting with the new Federal Minister for Infrastructure & Transport

On Friday 9th September 2016 Travis Brooks Garrett and I met with The Honorable Darren Chester and his senior staff. The Minister was interested in learning who APSA and FTA are, whom they represent and what are the current issues of interest to our members. I pointed out that APSA had a good working relationship with his predecessor and had helped each other in achievements on several occasions.

He expressed his wish to push the national rail freight issue towards implementation and recognized the need to encourage landside improvements to allow exporters to be competitive.

Subsequently we had a follow-up meeting with his chief of Staff in Canberra on the 12th September 2016 to drill down to specific issues of interest and agreed to meet and keep in contact as the need arose.

Privatisation of the Port of Melbourne's Lease Holding

The Victorian Government announced the sale of the lease to operate the Port of Melbourne recently for an astonishing \$9.7 Billion for 50 years.

The size of the sale price has raised concerns throughout the industry and indeed in this office that for the incumbent to recoup his outlay and ensure the venture is a going concern well in to the future there is no doubt that those using the facilities, their providers and their customers are sure to feel the affects on businesses in terms of higher cost structures. We know that for the next 15 years rent increases etc. are capped at CPI or thereabouts, but the cost of new initiatives and infrastructure required to keep the port competitive will no doubt be inflated.

The new stevedoring operation at Webb Dock is to get under way from 1st January 2017 and it is hoped that it may inject enough competition to keep the hand brake on but I am not confident of that as they are complaining that the playing field is not level.

One thing you can always be sure of in the shipping industry is that someone or some entity is going to push the boundaries and stir the pot to the detriment of others. We came away with a contact locally who Travis and I will meet with in the next couple of weeks. We are looking at possible trade facilitation opportunities and funding. More on that as it unfolds.

APSA / FTA Partnership Update

On the 18th August 2016 APSA and FTA signed a services Agreement under which FTA will provide a Secretarial Service to APSA commencing on the 1st January 2016 with a sunset clause of 1st January 2021.

This now means that we have achieved our objective to ensure the future stability and growth of APSA to represent shippers and where deemed necessary those involved in the shipping industry logistics chain. APSA/FTA now have a sizable footprint that represents in excess of 1 million TEU movements in and out of Australia per annum.

Already we are seeing benefits with the signing up of 4 new sponsors.

1. Geodis Wilson Australia Pty. Ltd.
2. Crowe Horwath.
3. Holman Fenwick Willan
4. NSW Ports.

I suggest that you click on each on the sponsors scroll through on the new website and make yourselves known to them and avail yourselves of their services where applicable.

In addition BSM and PoMC have signed on for a further 12 months.

Increasing membership will be a further priority in the coming 12 months and the fact that we are now in the media's eye more regularly which is giving the partnership a high profile. This in turn means government authorities and statutory bodies are seeking us out should enhance our prospects on increasing our numbers.

Word of mouth by you to like businesses suggesting they look to join is also a most effective tool so I encourage you to get behind APSA/FTA and promote the cause.

As recent as last week we were in Canberra talking to D/FAT, DIT, ACCC, Treasury, The Clean Energy Regulator, AMSA and the Minister for Infrastructure & Transport's Chief of Staff.

The Department of Immigration & Border Protection have invited us to be involved in an Industry Summit (VIP Working Breakfast by invitation only) Together with FTA, Australasian Railway Association and the Rail freight Alliance we hosted and participated in a Port of Melbourne Rail Users Forum at which a number of APSA members attended and contributed. This generated quite a bit of interest.

We are looking to provide opportunities for members to partake in initiatives in Education for yourselves and your staff, Maritime legal advice, Accounting solutions around international trade and local issues that may personally affect your staff and staff recruitment.

I suggest that you sign up to get access to "members only dialogue" available on the new combined website and/or via the daily and weekly bulletins produced by FTA. I recently sent all members the details to link in and sign up.

The changing face of the shipping industry

The current demise of Hanjin shipping only serves to remind us all that the face of shipping is changing on an international scale, which has impacted on shipping in and around Australasia.

I have been saying for some time now that the advent of the various shipping company alliances emerging has but one aim: to increase the profitability and viability of their businesses. To do this in this part of the world they have to reduce the over supply of space on the birth and force out the smaller lines that have been snapping at their heels for years.

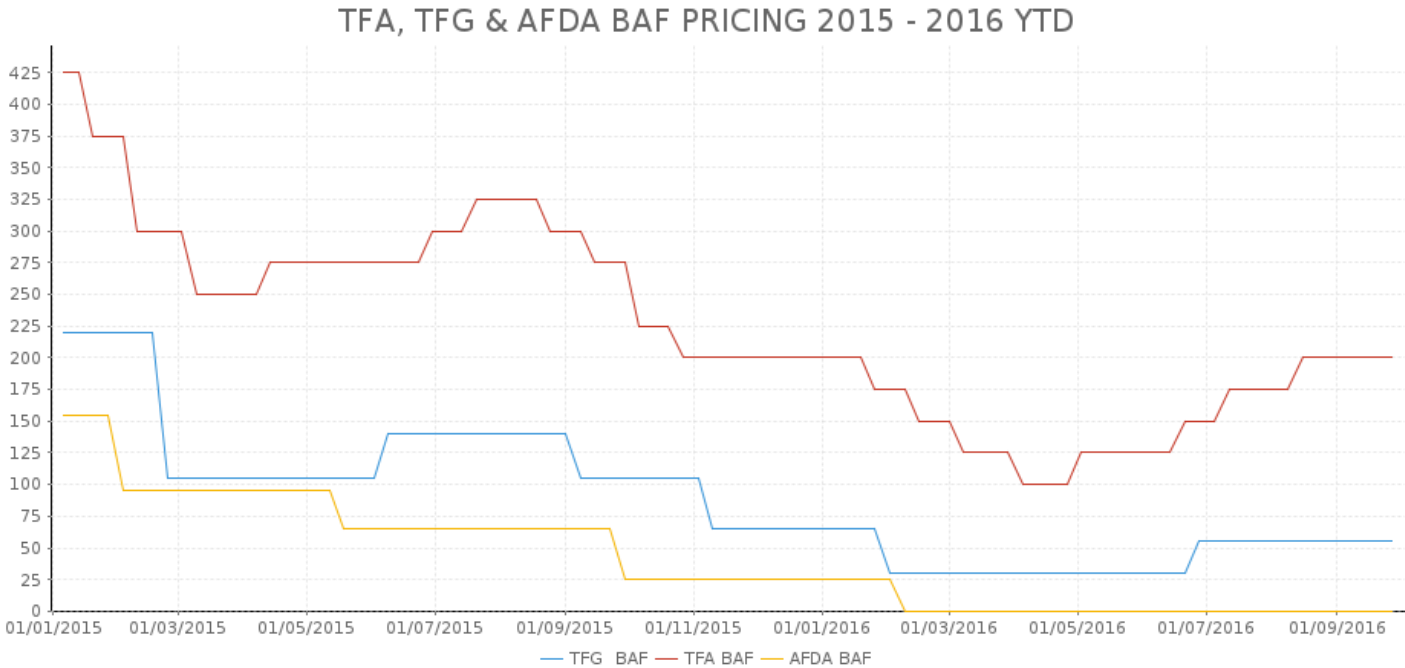
It is a simple fact that we as shippers need the shipping lines to get our product to market BUT equally the shipping lines need our patronage to be viable. Having said that it is not rocket science to work out that "supply and demand" that has worked heavily in favor of shippers for quite some time now, is the target of the shipping lines if they want to show a profit.

The current review being led by Treasury and the ACCC must ensure that the pendulum comes to rest at the half way mark as a result of their handling of the changes that must take place over the next 12 - 18 months to revitalize shipping in and out of Australia.

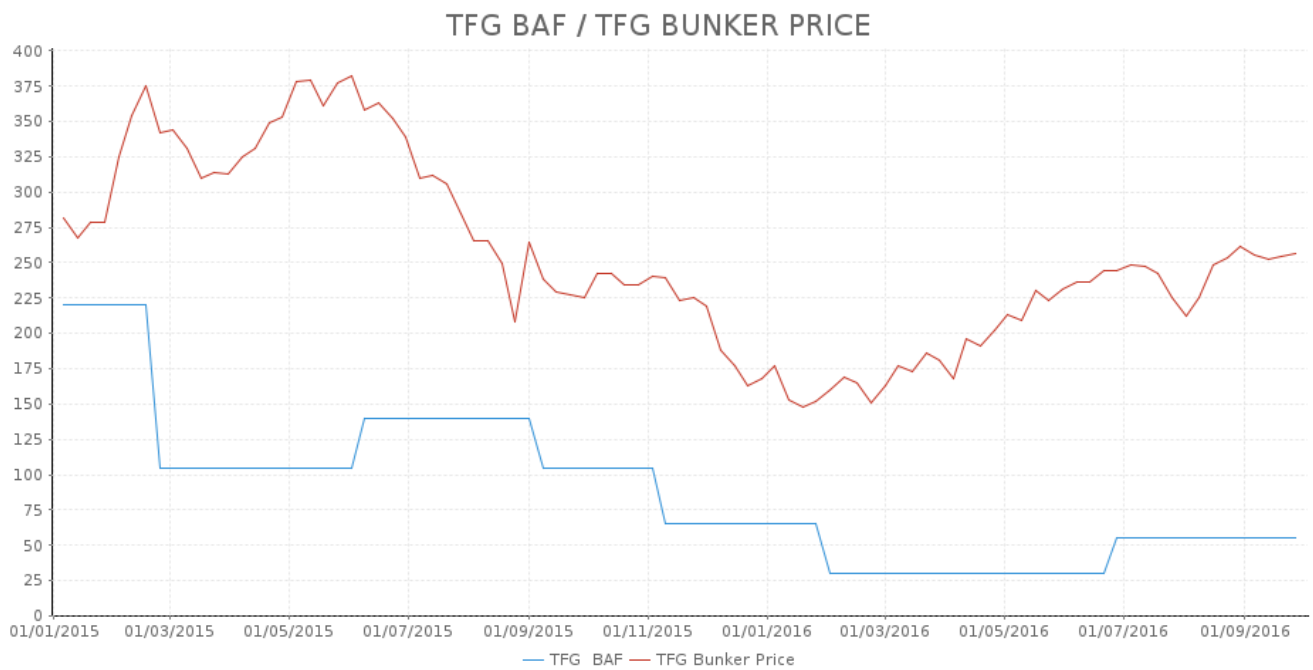
We will only get one shot at getting this right and must do so without finding down the track that the changes caused unintentional consequences that put exporters and importers at a disadvantage compared to their international competitors.

Unfortunately, the Hanjin Shipping saga may not be the last of its type to play out in the immediate future.

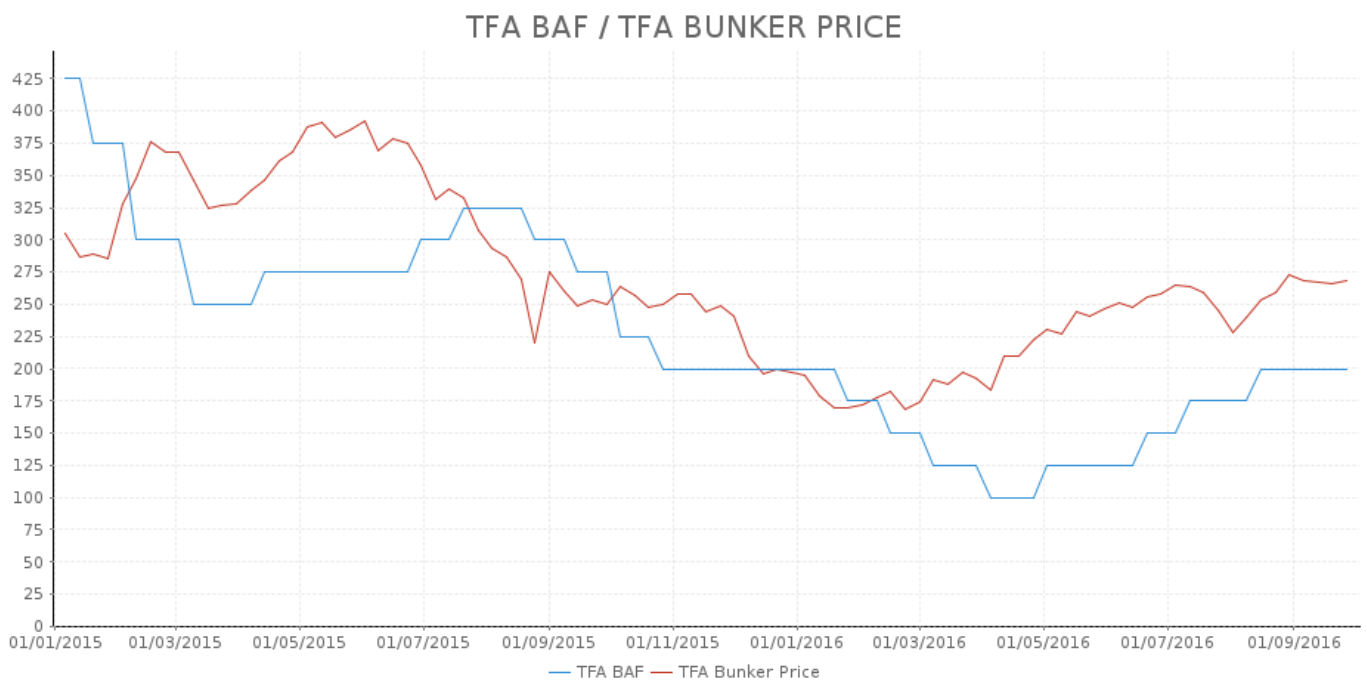
Bunker Surcharge Calculations - Graphs to end week 40 of 2016



TFG BAF against Bunker Price - to end week 40 2016



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