



2020 – it's been a big year!

By JOHN WILLY,
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COVID-19, industrial action, EA negotiations, approval to operate taller quay cranes, recruitment of new employees, stellar trade growth in the industry and winning a new shipping service contract, all happened in 2020! It was a big year for Hutchison Ports in Australia, filled with unusual events never seen before in its eight years of operations.

COVID-19 has affected everyone and safety must come first!

There is no doubt that COVID-19 has affected every Australian in some way, since the start of the pandemic early in 2020. For Hutchison Ports, managing two major container terminals in Australia is a complex affair, and relies heavily upon having sound processes and procedures in place to enable the business to operate effectively and in compliance, so as to deliver the necessary services to customers in a safe and efficient manner. COVID-19 has put an additional layer of demand on the organisation, which was necessary in order to keep everyone that is physically involved with the business safe at all times.

Hutchison Ports Australia interfaces with a number of key players within the supply chain, and apart from stevedoring ships, the business interacts with rail operators, trucking companies, as well as other commercial and government parties that have a stake hold in terminal operations. With the outbreak of COVID-19 early in 2020, Hutchison Ports immediately developed and implemented strict measures to safeguard all its employees and visitors from contracting the contagious virus. The biggest challenge faced by the company was keeping up with the advice on COVID from various government departments and authorities, and then applying the relevant safety information to the workplace. Unlike staff in a corporate office environment where 'work from



home' was an option, the 300 plus stevedoring employees and operational and engineering managers remained in the workplace to ensure ships, trucks and trains were serviced on a 24/7 basis. This was a particularly hectic time for the entire management team, and a job well done by all staff and employees that kept the flow of containers moving during the height of the pandemic in Australia.

Taller quay cranes for taller vessels

Hutchison Ports received good news from the Federal Department of Infrastructure during the year, with an approval to operate a new generation of tall quay cranes that will enable the Sydney terminal at Port Botany to handle vessels over 13,000 TEU capacity. Operating tall quay cranes that penetrate the air space of Sydney Airport requires consent from a multi-layer of organisations, including the airport, aviation regulators CASA and ASA, with endorsement from the Federal Government.

The next generation of quay cranes in Sydney will have a structural height of up to 78 metres AHD and an outreach to service ships with a beam of over 20 containers wide. This capability will ensure Hutchison Ports will be ready to handle the bigger container vessels expected to enter the shipping industry in the future, as the container trade continues to grow.

Stellar growth in the container trade

The second half of 2020 saw a boost in container volumes on the east coast of Australia. Most shipping lines reacted to the increase in demand for goods from China by adding more ships to the trade, which put tremendous pressure on stevedoring resources, especially in Port Botany. It was unfortunate timing that the strong growth in the market met with resistance by storms and inclement weather in Sydney, which slowed down stevedoring operations on a number of occasions during the latter part of the year and, at times completely stopped all work at the port. Furthermore, the situation was exacerbated by the maritime union taking protected industrial action from enterprise bargaining at a number of terminals, which, together with the weather, caused severe delays to vessel arrivals into Port Botany. The delays in Sydney reached a point where shipping lines were unable to fully load their vessels, and this resulted in the biggest build up of empty containers ever seen in Sydney. Delays were so severe that a number of lines omitted to call Sydney.

Hutchison Ports Sydney was able to help ease some of the congestion within the port by assisting with stevedoring vessels that were seriously impacted by delays at other container terminals within Port Botany, as well as helping to handle those shipping lines that deployed

additional vessels on the trade.

Throughout the events of the year, Hutchison Ports secured a new shipping service in Sydney off the back of strong growth in the container trade. Operated by Gold Star Line, a wholly owned subsidiary of the parent company ZIM, the new service emerged in the latter part of the year to take on the heavy southbound liftings from China.

What comes in must go out – evacuation of empty containers

The surge in import container volumes in 2020 and the imbalance of the trade due to the weak export market, left most shipping lines with a heavy surplus of empty containers in Australia, and specifically in Sydney. The additional vessels deployed to Australia, which brought in even more import cargo compounding the empty container problem. This was a serious challenge for the shipping lines during the year and Hutchison Ports Sydney came to the rescue by offering assistance with stevedoring vessels to help with the evacuation of empty boxes onto vessels bound for Asia. Hutchison Ports provided help to its direct shipping line customers, as well as helping other adhoc lines that were not regular customers. Both Hutchison Ports and shipping lines worked together to maximise the empty load out using every possible vessel slot, whilst minimising the delay to service schedule.

New jobs for new people

With the sudden growth in container volumes in Sydney, and increases in vessel exchanges in Brisbane, Hutchison Ports opened its doors and welcomed a number of new recruits into the stevedoring industry, with offers of jobs at both terminals. The ab initio recruits were introduced to the fundamentals of stevedoring and trained to perform basic tasks. Newcomers with the aptitude to perform more complex stevedoring tasks will, over the next few years, be given the opportunity to upskill and progress through the organisation.

It was refreshing to have new people enter the industry without a stevedoring background. The latest generation of recruits have brought a new perspective to the job and most importantly, they all came with a positive mind and enthusiasm to get the task done.



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A new Enterprise Agreement sometime soon?

Negotiations for a new Enterprise Agreement (EA) between the company and the Maritime Union continued in 2020. As a relatively small player in the market, Hutchison Ports is seeking a workplace contract with its employees that provides flexibility and efficiency in the use of labour. Ships do not always arrive on time at the allocated 'berth window' because of upstream delays from bad weather and rough seas, and this is where flexibility in a new EA to meet the needs of the shipping line customer without increasing the cost of labour, is essential. The company has offered pay rises and rostered conditions that the workforce want in a new EA. The company stated during negotiation meetings that it cannot accept further claims that will increase operating costs.

Waterfront EA negotiations on pay and conditions, which also includes union claims, are traditionally a lengthy process, and Hutchison Ports is no exception to the historical trend. A

new EA is expected to be signed and executed in 2021. Hutchison Ports is most grateful to its valued customers who have been extremely patient throughout the negotiation process.

Future expansion

Hutchison Ports Australia continues to provide a valuable service to shipping lines, transport companies and rail operators, as well as the broader supply chain. The Hutchison business has the honour of serving the biggest names in the shipping industry, including Cosco Shipping, Orient Overseas Container Line (OOCL), ANL (part of the CMA CGM group), Hapag Lloyd, Hyundai Merchant Marine (HMM), Evergreen Marine Corporation (EMC), Ocean Network Express (ONE), ZIM, PIL and TS Lines.

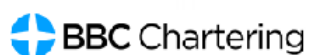
Hutchison Ports Australia recognises the need to expand as demand for terminal capacity grows. The timing of expansion is one that will depend on many factors, taking into consideration the need for additional berth windows (time slots), growth in the trade and vessel upsizing.

It is well known that the financial impact of building port infrastructure in Australia, and procuring new equipment from overseas, is high cost. The mode of operation for Hutchison Ports in the future will be a design that will deliver an acceptable return on investment for the shareholders, and it will also produce a high level of efficiency and performance. Shipping lines want good crane productivity during loading and discharge of containers, and a quick vessel turn around time in port.

There is no doubt that automation and smart technology is the key to future developments in Australia, and automation will underpin the design of the 'container terminal of tomorrow'. The benefits from investing in automation are enormous, and apart from keeping operating costs down, will also deliver a consistent level of productivity that is required to stevedore big vessels with big container exchanges, and avoid delays to vessel schedules by keeping time in port to a minimum. ▲



SAL VOTING MEMBERS



EVERGREEN LINE

