



## Good Day Everyone;

It's been a while since the last issue of Orbit, so there's plenty of news to share with you, not all of it bad. I hope you find something here that will be of interest . . .

**MURRAY LEA**  
MANAGING DIRECTOR

## Market forces at play in Asia trade lane

As is usually the case at this time of the year ship lines introduce (or try to) Peak Season Surcharges. In this regard 2011 is no different. I have received numerous email updates from all the major ship lines notifying of pending increases namely:

Effective 15 July 2011: USD250 / 20' USD500 / 40 (FAILURE)

Effective 15 August 2011: USD250 / 20' USD500 / 40'

You will note (or be already aware) the supposed 15 July implementation failed. This is the first failure of such that I am aware of since the Global Financial Crises struck. It is my understanding that what perhaps contributed to the failure was (again for the first time since the GFC) extra tonnage (more ships) were introduced to the market. French line – CMA CGM (in partnership with ANL) announced a new service which will initially offer fortnightly sailings. However, come September once all vessels committed to this service are made available will ultimately offer weekly sailings. It should be noted transit times compare favourably against current service from Northern China and Korean ports only.

Further to this new service by CMA CGM, Maersk have increased their frequency to bi-weekly from Europe and Asia. This announcement was made with immediate effect. Maersk operate a transshipment hub in Tanjung Pelepas (TPP), Malaysia to Auckland. Maersk's European and Asian sourced shipments are routed through TPP enroute to NZ. This service was weekly into Auckland and Port Chalmers only however with the introduction of said service there will now be direct services into the additional ports of Tauranga and Lyttelton.

All in all this market (Asian) is very different when compared to the same time last year. Looking back through my records 2010 was thus

### GRI – General Rate Increase

effective 15 July 2010: USD250 / 20' USD500 / 40'

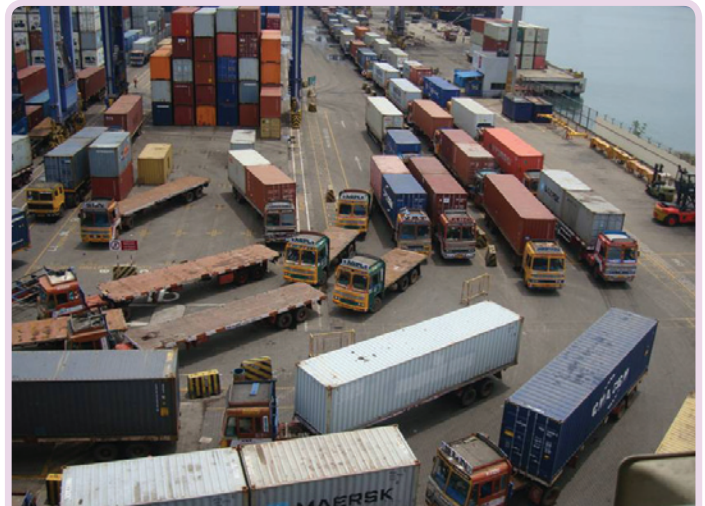
### RR – Rate Restoration

effective 15 August 2010: USD250 / 20' USD500 / 40'

### PSS – Peak Season Surcharge

effective 15 September 2010: USD 250 / 20' USD500 / 40'

All in all the market absorbed USD750 / 20' USD1500 / 40' increase over a 3 month period. 2011 is certainly proving a completely different environment. At time of writing I would strongly suspect (my suspicion only) that the tabled 15 August PSS increase will also fail. My mind then goes to 15 September which will probably be the next favoured date for the shiplines to manufacture an increase. With the extra capacity being



## Probable delays ex Nhava Sheva, India

Most recently the port of Nhava Sheva has been in a state of continuing performance deterioration. My understanding is that this is due directly to the port operating beyond its capacity, poor maintenance of its assets and under investment in its infrastructure. This has led to a severe congestion of containers, waiting periods for ships and restrictions in export loadings with severe "move count restrictions" imposed by the terminals. The situation was compounded when on 25th June an accident resulted in 2 shore cranes being put out of service.

It does not surprise when I am advised of service failure when we are involved in shipping product ex this port.

introduced to the market and the NZ domestic economy hardly booming I do wonder if this too will result in failure. Only time will tell . . .

Not sure any of you will find this of comfort, however I was advised that the Australian market is being pressured to accept the following PSS;

Effective 15 August 2011: USD300 / 20' USD600 / 40'

**Us Kiwi's got it good!**

## Reduction in freight rates from north asia to NZ (China, Hong Kong, Taiwan, Korea, Japan

Stellar International is pleased to advise that all LCL (Less than Container Load) freight rates will be reduced from 01 August 2011. The only exception to this will be cargoes routed through to Wellington.

## Italian inland cartage increases

Due to Govt domestic transport regulations Italian inland pick up costs are expected to increase for all LCL, airfreight and FCL shipments This is effective 12 August 2011. At time of writing the exact final increase had still not yet been confirmed however market expectation is up to as much as 12%.

## USA / Canada to New Zealand

Hamburg Sud have advised effective 15 September that the bunker surcharge (EFAF) for all cargo moving out of the United States and Canada to N.Z will increase to

USD994 / 20' USD1988 / 40'

This reflects an increase of USD96 / 20 USD192 / 40'

Hamburg Sud have further announced a GRI (General Rate Increase) of USD100 / 20' USD200 / 40'

The above increases will be added to all tariff and service contracts.

## Sydney – Port Botany – service disruption

The week beginning 18 July Port Botany was seriously affected by extremely bad weather. There have already been a number of disruptions to container delivery services as a result. The port was forced to close temporarily causing a number of shipping delays as vessels were inturn forced to anchor off shore awaiting a berth to discharge cargoes.

The immediate impact of this has been that the terminals have struggled to unload vessels and keep equipment manned to maximise throughput.

This peak has gone on now for over three weeks now as the terminals endeavour to catch up with vessels directly affected by the weather and those coming in on the back of the build up.

## GST adjustment in Stellar invoicing

I was recently reminded of an old adage . . .

“Everyday is a school day . . .”

I have liked this saying for some time, to me it reinforces the fact that everyday we can and should learn new things. Accordingly it has recently come to my attention (thank you Mohamad) that Stellar needed to adjust the way we bill out GST incurred on our fees during the course of business.

A report by the IRD (January 2008) informs that when Stellar International is contracted by you the client to perform any duty, task or service internationally (eg freight forwarding – air or sea freight) not only is that international or offshore duty, task or service zero rated but so is the resulting NZ performed duty, task or service that may be performed in order for Stellar to complete its contractual obligation.

I understand this area is somewhat complex, perhaps therefore if I advise the basic “rules of engagement” and if anyone would like clarification on this please advise. I would be more than comfortable to discuss over the phone or visit.

### Herewith the rules – ZERO RATED SERVICES

The services being referred are the transport of passengers or goods and not being ancillary transport activities such as loading, unloading and handling.

Therefore when Stellar is contracted to:

1. From a place outside New Zealand to another place outside New Zealand; or
2. From a place in New Zealand to a place outside New Zealand; or
3. From a place outside New Zealand to a place inside New Zealand

In regard to item 1 – Stellar invoice will remain unchanged to what has been invoiced currently.

Item 2 – this pertains to exports, you will now note a zero rating policy across all charges (\*see note below) when Stellar is entrusted the responsibility of local NZ pick up as well the international freight responsibility to destination.

Item 3 – this pertains to imports, you will now note a zero rating policy across all charges (\*see note below) when Stellar is entrusted the responsibility of offshore pick up and organising the international freight movement to NZ – in regard to imports this will also include local NZ services such as custom clearances and local cartage (typically this will affect all EXW & FOB import movements). In the case of CIF shipments GST will remain in force.

\*Please note

The following items will never be zero rated (they are considered ancillary transport services).

**Storage**

**Demurrage**

**Forestry Inspection Fees**

**Dangerous Goods Fees**

**Compliance / Administration charges**



# Spotlight on Stellar

customs

admin

warehouse & distribution

customer services

The new Stellar Customs team brings significant experience. Offering a “can do” attitude that enhance’s the Stellar philosophy of “high performance”

We have recently experienced movement within the Stellar Customs team, in what has been a very stable work force for some years. Both Kylie and Luke have moved on. Prior to their departure we had committed to increasing our resource in this area, and now employ 3 fulltime Custom Brokers. Mark, Megan and Kenny.

**Mark Lythe** is our Customs Manager. Mark is a very welcome placement who comes to us with 25 years experience in the industry. He is already a known quantity to some of you (Gary) and fits in so well with the Stellar environment that it already seems as though he has been here for some considerable time. Mark comes with significant expertise in all facets of brokerage including extensive tariff concessionary knowledge.

**Megan Kapa** is also a very welcome placement. Megan is what would have to be considered a senior customs operator who brings 12 years experience to Stellar. Megan has enjoyed a successful career to date working in both very large and small operations. Megan is already proving to be a great asset to the team.

**Kenny Cao** has already earned himself the nickname of “the rock”. Kenny brings extra energy, drive and enthusiasm to the Stellar team. Kenny’s Chinese ethnicity has proven most valuable in his ability to speak Mandarin. On many occasions he has gone the extra mile and talked directly to the Chinese manufacturer and/or Stellar agent seeking clarification of a situation.

Meet the Stellar Customs team . . .



**Mark Lythe: Customs Manager**



**Megan Kapa: Senior operator**



**Kenny Cao: “The Rock”**

**Our vision:**

**“To lead the industry through high performance”**



**Stellar International**

has recently acquired a sparkling new ute. Thus far it has proved invaluable with urgent situations which require the flexibility of Stellar being able to offer immediate personalised delivery right to your door. The ute compliments our service goal in that nothing is a problem and supports our "can do" attitude. It's surprising how frequently this vehicle is utilised (excuse the pun). Please be aware of its availability should you have any special pick up or drop off requirement.

**Introducing the 'Markmobile'  
Stellar's personalised delivery service**



**Paperless efficiency . . .**

Stellar have been focused on improving our carbon foot print and doing our best to consider the environment when it comes to our everyday decisions. Obviously the environment is extremely important – increasingly so as time progresses.

I decided to do some research on the topic every clerical worker is probably aware – paper usage. The question begged – Just how much product does come from one tree?

After reading many an article – my take on this topic is as follows:

Due to the many variables it's not possible to determine just how many books or pieces of paper come from a single tree. However, it is possible to estimate – in general numbers – how many different products may be produced from a "cord" of wood.

It is estimated that an acre of forestland could yield an average of 10 – 15 cords of wood. 1 cord = 3.62 cubic metres. One cord of wood on average yields the following:

- 12 dining room table sets (seating eight)
- 30 rocking chairs
- 250 copies of the NZ Herald
- 942 x 1.6 kg books
- 1600 kgs – 3200kgs of paper (grade dependant)
- 1200 copies of national Geographic
- 61,370 standard envelopes
- 89,870 sheets of letterhead bond paper
- 460,000 personal cheques
- 4,384,000 postage stamps
- 7,500,000 toothpicks

Stellar International is wanting to contribute to a cleaner environment. We would like to advise wherever possible we will email information rather than post a hard copy. Please be assured we have no intention of causing disruption to normal business practice – if your preference is a hard copy, a hard copy is what ye shall receive. Having said that – please ask yourself – is that really necessary?



**Be in to Win with Stellar and the Rugby World Cup.**

Everyone seems to be jumping on the Rugby World Cup band wagon these days, so we don't see why Stellar clients and staff shouldn't do the same. (No, we're not going to try sell you an overpriced replica jersey).

You're invited to pit your rugby score guessing skills against the highly knowledgeable team at Stellar, and win a great prize.

Just visit the Superbru website at: [www.superbru.com/rwc/pool.asp?p=203312](http://www.superbru.com/rwc/pool.asp?p=203312) where our captain Mark Lythe (alias MLY) has set up our competition Pool. Simply follow the steps to register, join the pool and you're in!

**Pool name: Stellar Pool code: hunkawed**

It's addictive and fun, so it's probably good for you too!

The overall best guesser in our Pool (only Stellar staff and clients can enter) will win Premium guest accommodation at Auckland's Sky City and a \$150 dinner voucher courtesy of Stellar.

Thanks for playing and we'll see you at the game . . .  
**Go the ABs!**

**OPEN TO STELLAR STAFF AND CLIENTS ONLY!**



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