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Freight & Trade Alliance (FTA)

68 Brooker Avenue  
Beacon Hill NSW 2100

T: 02 99751878  
E: [info@FTAlliance.com.au](mailto:info@FTAlliance.com.au)

[www.FTAlliance.com.au](http://www.FTAlliance.com.au)

Design by  
Siren Design Studio  
T: 0412 103 569  
E: [info@sirendesignstudio.com.au](mailto:info@sirendesignstudio.com.au)

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# ACROSS BORDERS

SPRING 2018



## New ministry with continued focus on security and trade reform

The Australian Peak Shippers Association (APSA) and Freight & Trade Alliance (FTA) look forward to ongoing engagement with the Hon Scott Morrison MP, the former Treasurer and Minister for Border and Immigration, as Australia's 30th Prime Minister.

Congratulations also to South Australian Senator the Hon. Simon Birmingham for his appointment to Minister for Trade, Tourism and Investment. In terms of border reforms, importantly we have continuity with the Hon. Peter Dutton in his role as the Minister for Home Affairs and we welcome new Assistant Minister for Home Affairs, Senator Linda Reynolds CSC.

A special note of appreciation is extended to the Hon Steve Ciobo MP (former Trade Minister) and the Hon. Alex Hawke MP and Hon. Angus Taylor MP (during their terms in Home Affairs Ministerial roles) for their policy support and regular editorial contributions in Across Borders. We wish all Ministers success in their new portfolios.

As outlined in Minister Taylor's foreword (which was provided to us before the new ministerial arrangements), the federal government is clearly focussed on ongoing trade reform through increased benefits associated with the Australian Trusted Trader program and the expansion of air cargo security piece-level examination processes to all overseas destinations from 1 March 2019.

While we prepare for these important reforms, more immediate challenges are upon us with the arrival of the Brown Marmorated Stink Bug season (1 September 2018 to 31 March 2019) and the implementation of the Chain of Responsibility legislation (1 October 2018).

We trust that the ongoing advocacy outcomes, training and regular updates provided by FTA and APSA is of assistance in your operational planning. Supporting this approach, we again thank our expert writers for their insights and commentaries in this Spring 2018 edition of Across Borders.

By PAUL ZALAI, Co-founder and Director,  
Freight & Trade Alliance (FTA)



# TRADE INFRASTRUCTURE FOR A MODERN AUSTRALIA

AUSTRALIA'S prosperity is dependent on our nation being open, engaged and connected to the rest of the world.



By HON ANGUS TAYLOR MP, the Minister for Law Enforcement and Cybersecurity

As our economy transitions from a resources-led boom, the Australian Government is bringing down the barriers faced by Australian businesses looking to succeed on the world stage. That is why we've delivered free trade agreements with many of our major trading partners including China, Japan and South Korea.

But free trade arrangements are no panacea, which is why the Government is partnering with businesses of all sizes as we implement an ambitious trade modernisation agenda. Simplifying trade processes will substantially reduce red tape and the time and cost it takes for Aussie importers and exporters to do

business—and our partnership with industry drives economic benefits for all Australians, as well as enhancing our security outcomes.

Earlier this month, I welcomed the 200th accredited business to the Australian Trusted Trader program. York Foods is a small, family-run business manufacturing animal origin cooking oils and exporting to Europe and Singapore—they now join the likes of Bunnings, Qantas, Apple, Ikea and Louis Vuitton.

Accredited Trusted Traders are rewarded with access to real financial and time-saving benefits, as well as simplified customs processes. Trusted Traders now represent \$55 billion of Australia's two-way trade value and the benefits to businesses during 2017-18 are collectively worth almost \$350 million, a tenfold increase on the previous financial year.

Recently I announced a suite of new benefits including duty deferral, trade identification numbers and an even lighter touch at the border. As someone who advised global businesses before stepping into politics, I understand that streamlining processes and reducing transaction costs is critical to maintaining a competitive advantage on the global stage. That's why I'll be working with the Department of Home Affairs to continue to add benefits to the Trusted Trader program and expand the membership base, with an ambitious goal to accredit 1,000 Trusted Traders by 2020. This is a program that industry says, works—and I look forward to working with you to build on the success we've had to date.

By working in close partnership with Trusted Traders, the Australian Border Force can develop a better understanding of how secure and compliant businesses undertake international trade. This allows the ABF to focus scarce intelligence and operational resources to better target high-risk, unknown or illegitimate traders, improving Australia's security.

Most are doing the right thing but there is a minority who attempt to exploit our trade network—those attempting to bring illicit tobacco, drugs and other prohibited items across our borders through air cargo.

Our aviation industry facilitates trade and

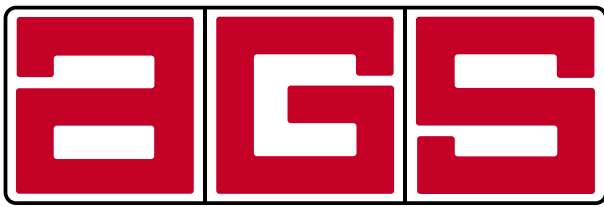
travel by connecting our regional centres, cities and towns to the rest of the world. Aviation is absolutely crucial to our immediate economic and social prosperity and to our long term success. But the thwarted terror attack on an international airliner in July last year demonstrated a level of sophistication not seen before in Australia. It marked a significant shift in the threat and risk to Australian aviation, and the Government responded immediately to disrupt and contain the threat by increasing ABF and Australian Federal Police presence at major airports, and increasing security screening.

Keeping Australians safe is, and always will be, our number one priority. When it comes to our nation's security, we must outpace the threats and never be complacent. We can never afford to roll up our sleeves and say 'job done'.

It is clear that aviation remains an enduring and attractive target for terrorists, and in May this year the Government announced a \$294 million package designed to further strengthen Australia's domestic and international aviation security.

Implementation of those measures has already begun, and we're working closely with industry to secure global supply chains and drive the effective rollout of new air cargo security standards. From 1 March 2019, we will introduce 100 per cent piece-level examination of export air cargo—regardless of destination. This is the current standard for exporting cargo to the United States of America under the Known Consignor Scheme. Extending this standard to the rest of the world will effectively address current and emerging threats to air cargo. You can read more about 100 per cent piece level examination of export air cargo in this edition of Across Borders.

All of these measures are necessary to take advantage of the opportunities—and defend against emerging threats—presented by global markets and the ever-increasing movement of goods and people. We will remain vigilant before, at and after the border to stay ahead of the game and ensure our long-term security. This cannot be achieved without collaboration with national and international partners—crucially including industry—to tackle our common security challenges. That is a reality that Across Borders readers will no doubt appreciate.



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## Time for reform on terminal handling and shipping cost recovery

By PAUL BLAKE, Chairman, Australian Peak Shippers Association

In the late 1980's the Australian container stevedoring industry lagged well behind the world standards on productivity and costs.

The liner shipping industry, fed up with lack of Australian government action to improve waterfront performance, undertook what would eventually become a global phenomenon and introduced a break out of the costs associated with the landside container handling task.

The introduction of the Terminal Handling Charge (THC) was promoted as providing shippers with a real view of the cost of the inefficiency of the Australia waterfront and to buffer the lines against further cost impacts of the poor productivity at container terminals

The THC was initially designed to incorporate those costs associated with the handling of containers to and from the ship side plus some administration and sundry terminal cost.

The anecdotal split out of the terminal service fee was 80/20 – that is 80% of the full cost of the stevedoring service.

At the time of the introduction of the THC, the Australian Peak Shippers Association (APSA) was supportive of the move until it was declared that the data supporting the costs being levied by the liner shipping industry would not

be available to APSA as these were confidential matters under contracts between the shipping lines and the stevedores.

APSA Chairman at the time, Frank Beaufort, vigorously challenged the structure of the THC's and fought an ultimately unsuccessful campaign to scrap them on the basis that the fees being charged could not be scrutinised or verified and as such, the accepted practice of "all -in" rates should continue.

Regrettably, as it turns out, the legislation as it was interpreted at that time upheld the lines' position on confidentiality of the stevedoring agreements and the THC became a reality.



*Hon. Jeremy Rockcliff (Deputy Premier Tasmania, Minister for Education and Training, Minister for Infrastructure, Minister for Advanced Manufacturing and Defence Industries) and Paul Blake (Chairman APSA) at the 2018 Tasmanian Freight & Logistics Forum*

The liner shipping industry was supported by the relevant Australian government department at that time and the THC stuck.

The key defence of the lines was that the contracts with the container stevedores were confidential agreements which countenanced the complete service delivery of the stevedore and the THC being implemented was simply a break out of part of the costs and as such APSA should trust that the charges were valid.

Fast forward 30 years past WIRA in the early 1990's, the massive disruption of the waterfront battles of the late 1990's and subsequent waterfront reform and still the THC is a part of the liner shipping landscape supposedly delivering Australian shippers with transparency on stevedoring productivity and cost.

This at a time when stevedores are recovering "infrastructure levies" from shippers to cover off on investments and increasing costs which we can only presume are not being recovered under

the current contractual arrangements with shipping lines.

What has changed that stevedores are compelled to seek recovery of costs outside of the previously "locked in" arrangements with the lines?

30 years on from its introduction the THC has outlived its usefulness.

On a more positive note, congratulations to Brett Charlton and the Tasmanian Logistics Committee for the very successful Tasmanian Freight & Logistics Forum held in Launceston in conjunction with APSA and Freight & Trade Alliance (FTA).

A special thanks to the Australian Maritime College for its generous support of the event along with the many sponsors and presenters.

The forum provided an insight into Australian and Tasmanian government perspectives on infrastructure and shipping as well as a good overview of domestic and international shipping trends from practitioners and shippers.

Work continues in developing a forecasting model in conjunction

with the Centre for Supply Chain and Logistics. The project scoping has been completed and expressions of interest for funding is underway. A target start date for the pilot project has been determined as 1 January 2019.

At time of writing this report, APSA had commenced a negotiation under Part X with the U.S. Pacific Coast- Oceania Service Agreement (OVSA) Outward (Northbound) around Minimum Levels of service with a focus on the requirement for 30 days notification of blank sailings.

It is of considerable interest that this negotiation is the first of its type to have been undertaken by APSA around Minimum Levels of Service and it heralds a higher level of scrutiny of agreements presented for sign off by APSA as the designated shipper body (outbound) under Part X of the Competition and Consumer Act.

It has become very clear in recent times that retention of Part X is critical for Australian shippers to ensure that the quickly changing face of the international shipping market does not diminish service and pricing for Australian exporters.



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## Tasmanian Freight and Logistics Forum

By BRETT CHARLTON, Chairman, Tasmanian Logistics Committee

The Tasmanian Freight & Logistics Forum was held at the Australian Maritime College-University of Tasmania Australia on 6 July 2018. Co-hosted by the Tasmanian Logistics Committee, Freight and Trade Alliance and the Australian Peak Shippers Association, the event was a great success thanks to the quality of the speakers, chairpersons, sponsors and champions who gave time and support to the event.

Last year there was a take away quote from industry stalwart Tom Holyman (ANL) that read something like “Tasmania has the perfect environment for shipping with three expanding coastal carriers, three international carriers calling direct, most other shipping lines serviced via the coastal carriers and the freight equalization scheme extended to cover export cargoes – enjoy it now, as it won’t last – Tasmania cannot sustain so many services”.

The prophecy was fulfilled with Maersk announcing just before the forum that they were withdrawing their direct calling vessels from Bell Bay. Keeping with the prophecy theme, the next 12 months should be viewed with some caution. Forum attendees were advised to watch for further consolidation in the shipping world, larger ships being the trend

(with infrastructure challenges to accommodate them in Australia), low sulphur fuel implementation at a cost, slow steaming to reduce costs, attempts to increase freight costs – the international shipping lines are maintaining a ship building (and large ones) regime, but the freight volumes are not equaling the capacity.

The forum received briefings on the coastal services from Toll and Searoad as well as Tas Ports. Interesting discussion and information was received on trade trends and security (particularly air security – if you are an airfreight exporter, you would be wise to be investigating the “known consignor” scheme right now as there are significant changes to handling of export freight from Australian airports from the end of the first quarter 2019).

Tasrail received the National Freight Excellence the previous evening and were proud to announce this recognition. Discussion on safety for truck drivers as well as the technology was examined (automated vehicles are not here yet, but when they do come, you definitely want an experienced driver watching the robots closely).

Minister Jeremy Rockcliff provided an excellent overview of the State’s perspective on the freight task and Senator Zed Seselja opened the forum with a federal overview. The day ended with a showcase of Tasmanian produce as a way of providing our interstate guests with an overview of what is amazing in our State and what we ship north of our island.

All in all, an excellent event with good information for all involved.

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*Travis- Brooks-Garrett - Secretariat APSA and Director FTA*



*Paul & Caroline Zalai – Directors FTA*



*Matthew Johnston – Executive General Manager – Maritime Services at Tasmanian Ports Corporation; Mark Bergamasco – General Manager Toll Tasmania at Toll Group; Pat Guarino – Chief Operating Officer at SeaRoad*



*Michael Bailey – CEO, Tasmanian Chamber of Commerce and Industry*



*Prashant Bhaskar– Acting Director, AMC National Centre for Ports & Shipping*



*Olga Harriton – Global Logistics Manager - Manildra Group; Rod Begley – Commercial Manager - Swire Shipping; Michelle Harwood – Executive Director, Tasmanian Transport Association; Gary McCarthy – Business Development Manager, Port of Melbourne; Alice Vujanovic – General Manager, People & Culture – TasRail; Tom Holyman– General Manager, Global & Strategic Accounts ANL Container Line*



*Tom Lees – Acting Director, Air Cargo Security International – Department of Home Affairs; Robert Flemming – Managing Director, BSM Global; Brad Hilder – Chief Operating Officer, SRT Logistics; Brandon Vermaak – Associate Director Global Trade, Commonwealth Bank of Australia*



*Bill Cole – Partner, International Trade and Customs – BDO Australia*



*Travis Brooks-Garrett – APSA / FTA; Hon. Zed Seselja – Assistant Minister for Science, Jobs & Innovation; Mike Brindley – Regional Development Australia - Tasmania*



# Can land keep pace with the sea?

The shipping industry's default position is that trade growth demands ever-larger vessels: the bigger the ship the greater the economies of scale, from which we all benefit. But, asks Dale Crisp\*, what price must infrastructure and the supply chain pay?



The July announcement by ANL Container Line and its A3 consortium partners in the Asia-Australia trade that ships of 8,000+ TEU are coming into regular service here was greeted with a degree of relief and celebration in some circles.

After all, we all know bigger ships mean lower slot costs which mean smaller freight rates – don't we? We all know that there's a shortage of capacity in the China-Australia trade and this will mean no more cargo rollovers and short-shipping – don't we? And we all know that Australia has been lagging global container shipping trends, unable to accommodate mega-ships and thus rendering us a backwater in the perceptions of outsiders.

The reality, of course, is somewhat different.

The truth or otherwise of the first two contentions will be demonstrated over time. But the third is open for debate: is

the broader shipping industry fixated on the purported efficiencies, economies and scale and, yes, glamour of Very and Ultra Large Container Ships without considering the full ramifications?

(Also up for debate is the question of whether carriers' desire to cascade larger ships into Australian trades is running ahead of market demand, such that lines risk undermining their own profitability – and thus contributing, unnecessarily, to unstable market conditions and uncertainty for the importers and exporters of a dependent island continent.)

At the outset it should be noted that the new A3C service tonnage is very modest by contemporary standards, even if the biggest of the incoming vessels is around 30 metres longer, eight metres wider and of much greater tonnage than the largest now regularly using local ports.

The average size of containerships grew

by 25% between 2014 and 2018 and by the second quarter of this year 31% of the total global fleet were VLCVs and ULCVs. Orders for this type of vessel have risen by 183% in 2017/18. CSOCO Shipping Lines alone has 18 such units due for delivery by the end of this year. And the envelope continues to be pushed: ships of 24,000 TEU are under construction – that is, triple the capacity of the A3C ships debuting in Australia.

The sheer size of VLCVs and ULCVs confines them – for now at least – to one or possibly two trade lanes, from Asia to Northern Europe and the Mediterranean. But as report after report from overseas makes plain, big ships solve some carrier problems but the flow-on effects at port terminals and the landside logistics chain have not been thoroughly thought through.

A recent analysis found that bluewater efficiencies are producing the opposite effect at the sea/land interface. Apart from the challenges of dealing with the sheer volumes of container exchanges involved when a 20,000+ TEU ship

comes calling, ports and terminals are discovering other downsides.

For example, while those impressive publicity shots may show up to 12 ship-to-shore gantries lined up and apparently working one of these ULCVs, practically the terminals simply can't cope with that kind of crane intensity, regardless of the sophistication of the landside equipment and technology.

Another observation is that the ever-increasing capacity of the ULCVs has been achieved by wider ships with higher container stacks, while generally remaining within an overall length of 400 metres. This expanded operating envelope demands much bigger (and heavier) STS cranes – but also means much longer vertical and horizontal travel times for gantry trolleys.

Then there is the matter of clearing terminals of greater import volumes in timely fashion, and accommodating export volumes of fulls and empties, and/or efficient transfer of boxes to/from road and rail services battling increased

urban congestion. In Europe bunched arrivals of ULCVs on multiple carrier alliance services through the entire Antwerp-based inland barge feeder network into river traffic chaos, while on the West Coast of North America truckers went on strike over being forced to work unreasonable hours in an attempt to clear clogged wharves and yards.

Further is the effect that employment of ULCVs is having on transit times, with shippers noting that whatever is gained on the bluewater leg is lost if the ships need 4-5 days alongside to conduct big exchanges and the containers then get bogged down in terminals or along the delivery chain.

This all brought to mind a conversation with the Australian manager of a top liner company at least 15 years ago, when he confided that his headquarters were keen to introduce larger ships to their Asia-Australia trade but had decided against it, because they weren't confident the stevedores/terminals could cope with the cargo exchanges





in the allocated windows, and thus the line's proudly-protected schedule dependability would whither.

That was when the Australian waterfront was humming along after the 1998 reforms were well bedded down, and he was talking about 'only' 4,000 TEU ships ...

Again, there's an obvious world of difference between 24,000 TEU mega-ships and A3C's 8,000 TEU vessels – but relativities are surely relevant.

So is this as serious an issue for Australian ports and terminals?

The steady trend to fewer but larger containerships in local trades has been tracked by the Bureau of Infrastructure, Transport and Regional Economics for many years. Four-berth terminals have become three-berth, and stevedores have responded by increasing crane intensity to handle greater volumes in required turnarounds. The sheer physics of larger boxboats now disqualifies them from using Melbourne's Yarra River and upstream Swanson Dock container terminals, to the incumbent stevedores' considerable chagrin.

But there is a limit to this absorption of extra throughput over the berth face, in the terminal hinterland and by all the landside connections. Greater automation of terminals and interfaces is one answer but at some time inflection points will be reached; meanwhile, supporting supply chain links such as

roads, rail links, empty container parks, pack/unpack facilities have to undertake investment and re-investment to cope with volumes involved.

None of this comes cheap.

There are immediate consequences in our own backyard, exemplified by the impact of the new Bass Strait ro-ro vessels now and soon to ply the trade between Tasmania and mainland Australia.

At the Tasmanian Freight & Logistics Forum, held in Launceston in early July, presentations from Toll Shipping and SeaRoad Shipping both made considerable reference to the challenges larger tonnage bring for landside infrastructure – and not just shipping terminals but the connections with and adequacy of roads, bridges, freight corridors and the like.

SeaRoad's Searoad Mersey II, introduced at the end of 2016, has more than twice the capacity of its predecessor: 1,960 lanemetres versus 887, for example, and 455 TEU versus 185. SeaRoad is on the verge of placing an order for a sistership, for delivery in 2020/21, and while the ship it will replace, Searoad Tamar, is rather larger than the original Searoad Mersey the second newbuilding will nevertheless be a substantial step up in capacity.

At the forum Toll Tasmania's general manager Mark Bergamasco revealed more about Tasmanian Achiever II and

Victorian Reliance II, the pair that will replace their namesakes in the Burnie-Melbourne trade in the first quarter of 2019.

Depending on the mix of containers, MAFIs, trailers and cars carried on the new ships will carry up to 700 TEU compared to 480, with 3,500 lanemetres available versus 2,524. And they have been designed for the addition when necessary of a fourth, upper, deck that would take those figures to 850 TEU and 4,750 lanemetres.

Needless to add, these Toll newbuildings are substantially larger vessels and this necessitates expensive improvements on the 'sea' side, with dredging required in Burnie and Melbourne, reconstruction of the berth face in the latter and installation of a new mooring dolphin at the former, and extension of the 'landing pads' at both ports to accommodate what are reported to be the world's widest single-piece stern ramps.

And then there's the reconfiguration of the shoreside facilities in both terminals to ensure not only that the physical volumes can be accommodated but that the ships can still be turned around within their normal daily window. In effect both terminals will have to be cleared of all existing structures such as offices and sheds to make room for cargo flow.

Toll Group managing director Michael Byrne subsequently put the cost of the two-ship replacement program at \$311

million - \$170 million for the vessels and another \$141 million for the terminal and port infrastructure works.

As both Mr Bergamasco and SeaRoad's chief operating officer Pat Guarino reminded attendees, it doesn't matter how fast you sail your ships across Bass Strait if, at either or both ends, you can't discharge and load quickly and efficiently – a task that becomes doubly challenging if you're doubling the size of your ships.

The Tasmanian Government-owned TT Line has on order in Germany two new ro-paxes, due in 2020-21, which too will be considerably bigger than current sisters Spirit of Tasmania I and II. These custom-designed ferries will have the capacity for 40% more passengers, up to 70% more cars/campervans/ caravans and 85 more freight trailers – and TT Line's existing terminals are far more physically constrained than either SeaRoad's or Toll's.

During peak periods – and these are growing longer by the year, thanks to Tasmania' success as a tourist destination – TT Line operates twice-daily sailings, each way, and must thus

find new and better ways to achieve tight turnarounds and still maintain schedules.

In Mr Guarino's TF&LF presentation he described terminals as the "pinch point" for coastal operators investing "significant dollars" in new tonnage designed to accommodate 20 years of Bass Strait trade growth (growth that has been showing reliable annual increases of around 2% but, according to Port of Melbourne figures, is showing a spike at some 7% for 2017-18. If it continues at that rate, the additional seaborne capacity will be utilised much sooner than expected).

"Shipping terminals will face immediate operational constraints with their facilities required to manage increased throughput," Mr Guarino said. "Demand on freight forwarders and logistic providers to clear shipping terminals will be a priority ... Clearance delays will impact shipping efficiencies and customer service."

The consequences of not dealing with likely congestion would be increased truck queuing and higher storage, detention, demurrage and handling

costs, he said, and Bass Strait operators – who own the ships and the dedicated terminals, unlike most international carriers – have to find their own solutions. This can only be accomplished, as he stressed, with the co-operation and assistance of ports, local municipal authorities, state and federal governments, and road and rail service providers.

For its part the state government-owned TasPorts, in conjunction with the release of its new 10-year Port Master Plan in mid-August, announced it was investing \$50 million-\$60 million for redevelopment work in Devonport for TT Line, SeaRoad Shipping and associated transport and logistics providers. \$80 million has been allocated to Burnie, part of which is for dredging and infrastructure works for Toll's new ships.

So it's inarguable that bigger ships mean bigger costs. The questions are, where do those costs fall, and who should be bearing them?

\*Shipping writer Dale Crisp also provides FTA/APSA with communication and content advice.

## SWIFT CONTAINER SERVICES



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## The future of port community connectivity

Platforms and data ecosystems are foundational pillars for connecting the port and landside communities across common information bridges, says Chris Collins, Chief Operating Officer of container logistics optimisation platform, Containerchain.



Over the past few years, tech giants such as Alibaba, Amazon, Apple, eBay, Facebook and Google, as well as younger disruptors like AirBnB and Uber, have graphically demonstrated the power of platform technology to connect multiple consumers and producers via digital applications. Processing multiple interactions and transactions at unprecedented scale, speed, and scope, these major digital platform economies are continually mining the vast quantities of data generated to optimize operations and enable ‘mass personalization’.

In the B2B space, platforms also present unparalleled opportunities for value creation, simplifying once-complex business processes and creating a common footprint for communication flow and real-time response. Chris Collins, Chief Operating Officer of Containerchain

– a technology provider to the container logistics sector – says that to survive in the new digital economy, the industry will either need to embrace platform connectivity or risk falling dramatically behind in the fast-moving push toward more collaborative supply chain efficiency.

“The port sector was one of the first to develop the concept of information sharing platforms with the launch of the EDI-based port community systems in Europe back in the late 70s, early 80s,” says Collins. “But whilst port community systems have played a key role in facilitating the flow of cargo and information through ports, they tend to be limited in their connectivity with landside and hinterland ecosystems. This has resulted in too many silos of information within the sector, resulting in poor process management and inefficiencies that would be better avoided.”

Collins says that practical digital platform applications that seek to reduce landside congestion, optimise facility utilisation, expedite tri-modal traffic flows to, from, and within port areas, share information in real-time allowing proactive operational planning amongst participants (whether it be shippers, 3PLs, transporters and other inland operators such as dry ports) are evolving rapidly and are all aimed at unlocking trapped value created by today’s inefficiencies. The importance for the industry to connect these often-independent platform applications to port community systems is a critical evolution required to deliver the true benefits of digitisation to the container logistics supply chain.

Containerchain’s optimisation platform aims to do exactly that with a range of verticalised solutions aimed at different actors within the container movement supply chain connected across a common shared platform. The result means that real-time information from the terminal or container park gate can be shared with the shipping line, transporter, cargo owner, or anyone else connected to the system, including existing port community stakeholders.

Singapore has recently driven a significant example of a platform-centric approach under its National Trade Platform – with plans to connect >10,000 of its existing registered users to a single independent Transport Integrated Platform (TRIP), the underlying architecture of which is developed by Containerchain. It has already connected a large majority of the landside containerised supply chain, and in doing so delivered significant operational and economic benefits to its stakeholders.

Collins says that “platforms such as Containerchain’s offer a critical path for the myriad of SME players that make up a significant number of any inland cargo community – many still with limited-to-no digital resources – to get connected to the network and in some cases, access digital business applications and processes to improve their day to day operations via adopting a digital industry baseline.” They also provide the central “link and structure” to connect and enable emerging technologies such as Internet of Things (IoT) real-time tracking and sensors, blockchain / distributed ledgers, analytics, and artificial intelligence (AI) that can exponentially improve data quality and value to the benefit of all the platform participants.

To learn more about optimisation initiatives for the container logistics industry, visit [www.containerchain.com](http://www.containerchain.com).

# Unlocking value across the container logistics supply chain



Transport inefficiencies that start at the terminal gate have a flow-on effect right across the container logistics supply chain, trapping value and depressing profitability for all involved.

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# International shipping lines must observe 30-day rules

By TRAVIS BROOKS-GARRETT, Secretariat APSA and Director FTA

## How shipping lines are regulated in Australia

The Australian Peak Shippers Association (APSA) has an important role in regulating shipping line consortia in Australia. Our power is derived from our designation as the peak body for Australia's exporters under Part X of the Competition and Consumer Act (2010). The Act requires shipping lines

to negotiate with APSA in relation to Minimum Levels of Service.

While there has been some talk that Part X will be repealed, the Hon. Michael McCormack MP, the Deputy Prime Minister and Minister of Infrastructure and Transport, has recently extended APSA's designation in a new legislative instrument that will take effect on 1 October 2018. The APSA Board will be convening a meeting with the Deputy Prime Minister in Canberra on 9 October 2018 to discuss emerging shipping and logistics reforms.

At the same time, APSA continues to engage with the Australian Competition and Consumer Commission (ACCC) on future models for shipping line regulation.

## What protections are afforded to shippers and freight forwarders under the Act?

Part X of the Act provides several protections to Australian shippers and freight forwarders that are not available in other parts of the world.

One of the key protections, and the subject of this article, is a mandatory notification period for changes to 'negotiable shipping arrangements'.

This protection is set out in s 10.41(2) of the Act:

*"The parties to the agreement shall give each relevant designated shipper body at least 30 days' notice of any change in negotiable shipping arrangements unless the shipper body agrees to a lesser period of notice for the change."*

## What does this mean?

In general terms, it means that the shipping lines are required under the Act to give shippers, through their peak bodies, a minimum of 30 days' notice for changes to negotiable shipping arrangements. "*Negotiable shipping arrangements*" is defined in the Act under s.10.41(3) as "*the terms and conditions applicable to, outwards liner cargo shipping services provided, or proposed to be provided, under the conference agreement*". The Act helps us by providing specific examples of where "*negotiable shipping arrangements*" may apply: freight rates, frequency of sailings, ports of call and inter-terminal transport services.

In day-to-day terms this means that the 30-day mandatory notification period could apply to the introduction of new surcharges, blank sailing programmes, and other significant changes to commercial or operational arrangements that affect Australian shippers.

## Have the shipping lines been historically compliant?

APSA has not received a formal shipping line notification under 10.41(2) for several years. During this time, as readers would know, there have been several events that could be regarded as changes to "*negotiable shipping arrangements*". The best example of this is the recent Global Emergency Bunker Surcharge (EBS). One major shipping line, who was a party to a registered agreement, provided shippers and freight forwarders in Australia with only four days' notice to comply (a 28 of May announcement





for a 1 June commencement). A four-day notice period for such a major change to commercial arrangements is obviously unacceptable. For an agri-export economy like Australia, where exporters can lock in trades months in advance, this kind of behaviour is particularly damaging. Unfortunately, most lines approached the “*Emergency Bunker Surcharge (EBS)*” and its many variations in the same way.

However, not all trades are equal. The global shipping lines had no hesitation in providing U.S. trades with their 30-day minimum notice period due to similar protections that exist under U.S. law.

U.S. shippers are protected by the following regulations enforced by the U.S. Federal Maritime Commission:

**“46 CFR § 520.8 Effective dates.**

*(a) General. (1) No new or initial rate, charge, or change in an existing rate, that results in an increased cost to a shipper may become effective earlier than thirty (30) calendar days after publication.”*

With the EBS charge averaging \$55 per 20’ container and \$90 for per 20’ reefer, not paying that charge for a 30-day period represents a huge cost saving for U.S. shippers. More importantly, the notice period provided them with time to adjust to the new commercial arrangements.

So why, in the case of the EBS, were the global shipping lines able to comply with the U.S. laws, while at the same time ignoring their obligations to Australian shippers?

**Do all shipping lines agree with our interpretation of 10.41(2)?**

Some shipping lines have taken a somewhat self-serving view that “negotiable shipping arrangements” only relates to specific commitments that they provide, or do not provide, in their agreements between each other.

However, the Department’s interpretation of “negotiable shipping arrangements” reflects the position held by APSA and the advice that we have received:

“ The Department interprets ‘negotiable shipping arrangements’ to include arrangements, or terms and conditions, for the shipping services provided under a registered conference agreement, even where the arrangements, or terms and conditions, are not specified in the conference agreement (eg, terms and conditions setting freight rates for the



*Commissioner Rebecca Dye (United States Federal Maritime Commissioner) addressing delegates at the Global Shippers Forum and ICHCA International Conference hosted by APSA, Freight & Trade Alliance (FTA) and ICHCA Australia in Melbourne on 10 and 11 May 2018*

services provided under the conference agreement, where freight rates are not addressed in the conference agreement itself).”

**What happens if shipping lines are not compliant?**

If APSA is of the view that parties to a registered conference agreement have failed to comply with their obligations under section s.10.41, we can apply to the ACCC for an investigation into whether this is the case.

If the Commission investigates, it must provide a report to the Minister, who has the power to cancel the registration of a registered conference agreement on certain grounds, one of which is contravention of section 10.41.

The ACCC, of course, would be a last resort. APSA’s first preference is to work constructively with the shipping lines and their peak body, wherever possible.

**In Summary**

The Australian trades, in global terms, are small. As the shipping lines continue to consolidate and concentrate their market power, local shippers and forwarders become more vulnerable to inappropriate commercial behaviours.

The 30-day minimum notification period is one of the few protections that we have under the current legislation. It

needs to be observed by the shipping lines and it needs to be understood by local shippers and forwarders.

If you have any questions regarding minimum notification periods or if you have any examples that you would like to bring to the attention of APSA, please feel free to email me at [secretariat@auspsa.com](mailto:secretariat@auspsa.com)

**“ The ACCC, of course, would be last resort. APSA’s first preference is to work constructively with the shipping lines and their peak body, wherever possible. ”**



# Smooth Access Ports with 1-Stop

By JEREMY CHEE, General Manager Strategy & Commercial, 1-Stop Connections

Containerisation rapidly changed the landscape of the supply chain and alongside its significant benefits, so came the respective impacts of the new supply chain. What started as infrequent and small vessels quickly grew to the large vessels we see today and of course, the landside congestion increased with the associated need for infrastructure.

At the beginning and due to the short opening hours of Container Terminals, carriers/haulers would often queue all day and when they didn't gain entry to a terminal, they would simply leave their trucks in the line and sleep - ready to try again the next day.

It wasn't long before the industry needed to address the queues and the port congestion, but initial efforts were not very successful.

### The introduction of the vehicle booking system

A common theme was the lack of communication between the ports and the carriers with trucks arriving without any pre-warning to the port. This resulted in congestion, equipment demand exceeding supply during key

parts of the day, and resulting in huge inefficiencies across the supply chain. Change was required which came in the form of a capacity management and forward planning system now known as the vehicle booking system (VBS).

The VBS to Australia was introduced in the mid-80s by Patrick Melbourne. A manual paper process allowed carriers/haulers to book ahead for the hour they wished to pick up their goods, which was eventually enhanced with the introduction of dial-up internet.

The next iteration of the VBS eliminated calls to the terminals but containerised volumes grew rapidly requiring further innovation. The next big step then came through online systems connected to the Terminal Operating System (TOS).

Whilst this was a big step, the industry still lacked validation, visibility and smooth access into a Port.

### Paperless and automated: the introduction of 1-Stop

1-Stop was born to provide the necessary digital infrastructure that could transform the containerised supply chain and make life easier. Alongside our continuous innovation and development of the VBS to remove congestion, 1-Stop became a hub of Business-to-Business (B2B) messages that connected the

supply chain in invaluable ways.

Efficiency and optimisation became apparent in all terminals connected to the VBS and across the supply chain with implementation occurring in all Australian ports.

"By the industry, for the industry" <https://www.1-stop.biz/customer-stories/>

Standard paper documents such as Export Receive Advice and Import Delivery Orders quickly became paperless, and with paperless documentation came information that was sent faster, validated, and error free.

The paperless solution was quickly implemented and adopted across all major container ports within Australia.

### Efficient and optimised

The birth of 1-Stop in 2002 also created what is known today as a port community system (PCS).

The VBS solved the main problem, reducing port congestion and eliminating truck queues. With its forward planning, ports and carriers/haulers could better plan, manage, and optimise their own assets resulting in higher utilisation. Truck turnaround times went from 91 mins to 15 mins in some terminals, while the number of truck trips per day increased from 1 to as many as 4 or 5 a day – up to a 500% increase in utilisation.

The VBS with paperless and standardised documentation generated further benefits. With a standard now established, data could now be validated and rejected if incorrect which resulted in the elimination of futile trips.

Further, Beneficial Cargo Owners (BCO) could now automatically generate the

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OSCO18766

paperless documentation from their system, which would be validated and passed through to the Terminal if correct; effectively reducing the time consuming manual documentation process and the associated errors that may arise.

### **Greater connectivity arrives**

Whilst step changes were made in the efficiency of the supply chain through digital transformation, our progress and innovation did not stop.

Today, further connectivity has occurred with payment systems and security card interaction – all separate systems. Through our VBS, links are made to cashless payment systems for the immediate receipt of goods allowing containers to be picked up immediately.

Secure identification cards were also established, validating the driver with the arrival at the Terminal Gate. This ensures that the correct driver has arrived at the same time as their appointment in the VBS, for the correct container, with all fees paid, on the correct truck, and that they know the safety requirements of the terminal.

The technology we were able to

implement has led to connectivity; leading to efficiency; and in turn leading to optimisation of the supply chain: Smooth, error-free entry and exit access between trucks and the port - A smooth access port.

### **Many applications, many technologies – one platform**

Rather than a single system to encompass all functionality, 1-Stop's approach is to use best of breed systems connected to one another. This provides the advantage of being able to utilise new and emerging technologies where appropriate to deliver improved efficiencies for the community.

Our PCS aims to create this eco-system which has been formulated to provide industry with connectivity, leading to a collaborative and efficient supply chain. Following on from what we have been able to achieve, 1-Stop follows the credo that our platform will create a smooth experience for each sector in the supply chain through a connected port community.

### **But our work is not over...**

1-Stop continues to innovate as we have done for the last 16 years (Est. 2002)



by working with the Port Community. New technologies and digitalisation continues to challenge and enhance the supply chain, whether that is through new methods of connectivity such as BlockChain or emergent technologies such as autonomous vehicles...however throughout this change, our principles of a connected port community to improve business outcomes remains.

For more information on how to implement smooth access for your terminal or our drive towards a connected community, visit us at [1-Stop.com](http://1-Stop.com) or email [info@1-stop.com](mailto:info@1-stop.com)

Representing the next generation of business leaders



# Newcastle Container Terminal: not if, but when

Port of Newcastle welcomed its new CEO last month, with Craig Carmody stepping into the role on Wednesday 1 August 2018.



Craig's commencement coincided with an announcement that the Port remained committed to the development of a world-class container terminal and that a number of unsolicited bids to develop and operate the terminal were already received.

"I can confirm that the Port of Newcastle has been approached by globally significant container port operators who are eager to take advantage of our proximity to exporters and

importers, the availability of large tracts of low cost land around the port and our access to dedicated freight transport infrastructure."

The viability and demand for a Newcastle Container Terminal is backed a recent study by Deloitte Access Economics that found that the Hunter region and northern NSW is the destination for over a quarter of NSW container imports, and the source of 40% of exports.

The market had also recognised the distinct competitive advantages of the Port of Newcastle. The Port's customers benefit from its close proximity and connectivity to NSW's northern, north-western, western and far-western catchment areas. Newcastle's seamless connectivity means that customers avoid the co-mingled passengers rail lines and congested capital city roads to get their products to their final destinations in less time – and at a lower cost.

The Newcastle Container Terminal would also enable a modern integrated container port

to be located on the same site as a freight handling facility. This would remove the current double and triple handling of containers at distant locations prior to shipping.

The development of the Inland Rail will open up further opportunities to connect the Port of Newcastle to the container and other trades on the proposed route. Newcastle will have a head-start on other east coast ports as the only port with an existing connection to the Inland Rail.

As a global gateway for regional Australia, the Port is ready to go. However, it cannot proceed while the NSW government imposes an artificial restriction on port competition – which is now the subject of an investigation by the ACCC.

Craig noted that the received container terminal bids were contingent on the removal of the current artificial constraint imposed on NSW port competition and other regulatory issues.

"While there is much planning and consultation in front of us, it is exciting for both the Port and the region that there is such interest and enthusiasm for investing in the future diversification and growth of the Newcastle and Hunter economy," concluded Mr Carmody.

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## ACFS to connect export empties with Rail on Melbourne Port

ACFS Port Logistics (ACFS) announce the opening of a new Empty Container Depot that will be integrated with the ACFS Appleton Rail Intermodal terminal, which will be operational from 3rd September 2018 branded ACFS e-Rail.

ACFS e- Rail will provide a full empty depot offering for shipping lines, including food quality upgrades, M&R services, focusing on volumes for export customers in Regional VIC and NSW. The 24hr / 5 day week e-Rail (Empty Depot) facility will also provide local carriers with improved access for the dehire of empty containers, in line with other ACFS empty depot operations.

This innovative new service allows rail customers a supply of Food Quality and/or general purpose containers directly on site

at the rail, eliminating the additional cost of empty cartage collection from 3rd party empty parks that currently incur exporters an additional cost in the supply chain.

“ACFS aligned shipping lines have welcomed the development, as it provides a better cost outcome, as well as a strategic advantage for our export customers, whilst also providing flexibility to our rail customers by having containers easily accessible to rail, without the heavy reliance on transport and/or outside parks being open for the availability of empties” states ACFS CEO Arthur Tzaneros.

In a world of rising costs, ACFS has invested in its customer's future by reducing the cost of exporting through the Port of Melbourne.

Jim Cooper, Executive General Manager Commercial of The Port of Melbourne “welcomes the initiative taken by ACFS in

continuing to explore and provide more efficient and cost competitive export solutions for Port users”.

“By working together we can plan for and develop port capacity and supply chain efficiencies that enhance the competitive position of the Port of Melbourne.”

ACFS is Australia's largest privately owned container logistics operator, committed to supporting customers in Regional areas including Western Victoria, the Sunraysia, the Riverina and Central Victoria.

The ACFS rail terminal services trains up to 1.5km long from regional Victoria and beyond. Managing in excess of 140,000 TEU per annum, regional rail customers are supported by ACFS' 24/7 road fleet and superior wharf technology systems, keeping customers informed at every step of the way.



# Wagga Wagga City Council and Visy Logistics partner on proposed RiFL Hub

The owner of the biggest freight volume in the region, Visy Logistics, has partnered with Wagga Wagga City Council on the proposed Riverina Intermodal Freight and Logistics (RiFL) Hub.

Visy Logistics (incorporating Visy Intermodal, Visy Contract Logistics, Visy Global Forwarding and Visy Global Logistics) was established in 2006 to integrate the internal and global supply chains of the Visy Group, a global leader in the packaging, paper, and resource recovery industries with more than 120 sites across Australasia.

Since that time, Visy Logistics has grown in scale, scope and sophistication and now services the requirements of Visy Group and an extensive non-Visy Group Customer base, employing over 400 staff at 120 sites across Australia, the United States, the United Kingdom and Singapore.

The parties have entered into a Heads of Agreement, which provides Council and Visy Logistics with a framework moving forward.

“We are excited to enter into a partnership with a company that has the size and experience of Visy Logistics,” Council’s General Manager Peter Thompson said.

“The RiFL Hub has the potential to become a transformative piece of infrastructure for

Wagga Wagga and the wider region.

“It will provide a significant and long-lasting benefit to current and future businesses, as well flow-on effects for the broader community.”

“The aim of the Public-Private Partnership is for Visy Logistics to fund the construction of the freight terminal and then operate the freight terminal on a long-term lease.”

“Visy Logistics is focused on investing in integrated logistics solutions and enablers, across the complete supply chain, both locally and internationally,” Executive General Manager of Visy Logistics Sean Richards said.

“Critical to our strategy in Australia is the appropriate and effective deployment of Visy Groups’ critical mass of freight for the purposes of developing an integrated and complimentary network of road and rail infrastructure solutions across Australia; and offering these networks and their related services to the general market.”

“RiFL presents a unique opportunity for Visy Logistics to utilise the Visy Group’s volumes for the purposes of enabling the development and realisation of a sustainable and efficient logistics solution, connecting our current and future customers in the Riverina to world markets.”

### Moving forward with Visy Logistics

Council entered into a Framework

Agreement with Genesee and Wyoming Australia (GWA) in April last year. During the agreement’s exclusivity period, it became clear to both Council and GWA that the best partner for Council was Visy as it has the logistics business and freight load to make the project viable.

### Years of hard work starting to pay off

A strategic master plan for the 1800-hectare Bomen Business Park site was completed in 2009 and featured the proposed RiFL Hub and the roadworks required to make the project possible.

Works began with the Eunony Bridge Road Deviation project in 2014-15 and was followed by the \$35M Bomen Enabling Roads project, which was completed last year.

Tenders have been received and are currently being assessed for the strengthening and widening of the Eunony Bridge. This will be the final major road link for the project and allow Higher Mass Limit (HML) vehicles to access Bomen Business Park more easily.

“Developing a high productivity freight route for Bomen Business Park has been a priority for Council for a number of years,” Mr Thompson said.

“The opening of the Bomen Enabling Roads was a significant milestone and with the Eunony Bridge works moving forward, the pieces are falling into place as we continue to work closely with Visy Logistics on the proposed freight terminal.”



Sean Richards, Executive General Manager, Visy Logistics



Peter Thompson, General Manager, Wagga Wagga City Council





# SEAWAY GROUP purchase 100% of Wakefield Transport Group & Iron Horse Intermodal

SEAWAY and Wakefield Transport are pleased to announce the conclusion of a deal in which SEAWAY will take 100% ownership of Wakefield Transport Group and Iron Horse Intermodal. Founded in 1917, this year marks the 101st year anniversary of Wakefield Transport.

Seaway has been involved with the Wakefield's business since March 2009, when it purchased 57% of the company shares from the Wakefield Family. Since that time, the business has continued to grow as the market leader in container logistics of refrigerated and dry goods in Sunraysia. The business operates container rail services from Merbein (Mildura) to the Port of Melbourne, it has a modern fleet of trucks and trailers to support its customers and operates the largest export cold storage facilities in Australia. Wakefield's have long been pioneers in the developing best practice in the cold chain logistics field.

Seaway announced that Ms. Ros Milverton, has been appointed to the role of Executive General Manager. Ros has been the company's CFO for the last four years, working alongside Ken Wakefield. Ken will continue with the company in an advisory role for the next 24 months.

SEAWAY'S CEO Craig McElvaney said "The deal makes a lot of sense for Seaway as we continue to strengthen our offering in the perishable logistics area. Recent new developments of cool rooms in Altona (VIC), Melbourne Airport, Port Botany and Adelaide allow us to offer a full sea and air offering to our customers. The ability to provide a truly integrated offering of local and international logistics is unmatched by our rivals. I would like to thank Ken for his outstanding contribution to the business and the industry as a whole, and I look forward to the future"

WAKEFIELD'S MD Ken Wakefield said "I am very proud of the achievements of the Wakefield's business and for our

family, this has been a difficult decision to make. The company is poised for growth due to the recently upgraded and standardised railway line as part of the Murray Basin Rail Project, as well as the confidence in the horticulture sector. Our Mildura based management and staff know our customers' business intimately, and that won't change. SEAWAY has ambitions to take the business to the next level, and I look forward to assisting them with their goals."





# Need for Feed Disaster Relief

By PAUL ZALAI, Director Freight & Trade Alliance (FTA)

While watching the evening news I noticed the distinct colours of a truck belonging to one of our members. This prompted me to contact the Gibson Freight (Australia) executive who filled me in on the full story.

Peter Gibson, Managing Director of Gibson Freight was made aware of the "Need for Feed Disaster Relief" organisation by one of their Melbourne based operators, Matt Azzopardi.

Despite being an urban dweller, Matt was sympathetic to the plight of NSW drought-stricken farmers and approached Peter with a proposition. If Peter was prepared to contribute the container hauling Kenworth operated by Matt to the convoy, then Matt would contribute the driving.

That was the catalyst for a 3,000km journey from Gibson Freight's Melbourne terminal to Harrow in far Western Victoria where relief feed was loaded.

The convoy of 20 relief trucks assembled at Jerilderie in Southern Central NSW from where trucks were allocated to destination farms.

Matt in the Gibson Freight truck joined others at Merriwa Showgrounds in North West NSW where the local Lions Club provided dinner for the overnight stop.

Feed drops were made by Matt further North at Blandford and Spring Ridge before heading back to Melbourne.

This convoy was not about commerce - it is about helping those in need by those who were well able to assist - congratulations once again to Matt and the Gibson Freight team.







Australian Cotton  
Shippers Association

# Celebrating Australian Cotton

By TRACEY BYRNE-MORRISON, Secretariat, Australian Cotton Shippers Association and 2018 Australian Cotton Conference

The Australian Cotton Shippers Association (ACSA) and Cotton Australia recently co-hosted the 2018 Australian Cotton Conference – bringing together 2,460 delegates that spanned all facets of industry from research through to retail, including supply chain partners that take Australian cotton to the world.

ACSA kicked off the conference with a golf event and dinner for the supply chain sector of industry. More than 60 players took to the course and 100 supporters attended the networking dinner. Both were well supported by those businesses that provide services to cotton exporters – logistics, warehousing, shipping lines, controllers and the like. A great day and evening which rolled into three days of Conference.

ACSA Chairman Cliff White stated that the support from our supply chain partners was enthusiastic and very much appreciated. "It's great that the businesses that enable us to export Australian cotton to the world are also keen to know more about our cotton and support industry by participating in the conference."

One of the conference activities directly arranged by ACSA was the Denim by Design fashion event. Two export customers (Neela in Pakistan and Square Textiles in Bangladesh) provided custom made Australian denims which were transformed into high fashion pieces by local designers Tengdahl, PIA DU PRADAL, Maiocchi and The Cloakroom. The fashion event was the highlight of day 2 of the program that



*Phil Sloan and Eimear McDonagh, both Directors of ACSA.*



*Arthur Spellson, Director of ACSA and Sharen Kenny, producer of the fashion event.*

focussed on our customers – spinning mills, vertically integrated textile producers and brandowners.

ACSA also had an opportunity to showcase its recently released video that was produced to tell a visual story about Australian cotton to our customers. If you'd like a peak go to [www.austcottonshippers.com.au](http://www.austcottonshippers.com.au).

ACSA is a long-standing member of the Australian Peak Shippers Association and more recently, Freight & Trade Alliance. The support provided by APSA-FTA in getting in front of Government to facilitate better standards for trade and export is proving to be essential to our industry. This collective voice for all exporters is achieving results that we would not be able to achieve alone.



*Cliff White, Chairman of ACSA and Conference Vice Chair and Michael Jones, CEO of AWH Pty Ltd.*

The biennial event held at the Gold Coast had a broad program with something for everyone - whether it be research advances, better cotton growing, what buyers of Australian cotton are demanding, potential impacts of a brewing trade war, micro-pollution from fibres from fabrics, what the next 20 years might bring with technology and consumer demands for sustainable apparel.

The Australian Cotton Conference is not only a must-attend on the local cotton and agricultural scene, it is also becoming an important event on the global cotton calendar with a significant number of internationals attending the event. Our international guests came from far and wide – including USA, Brazil, Turkey, Bangladesh, India, Indonesia, Hong Kong, Japan, Switzerland, Austria and UK.



*Cliff White, Chairman of ACSA and Conference Vice Chair with designers and models from the fashion event.*



# 2018 Women in Logistics Forum

By CAROLINE ZALAI, Director FTA

Freight & Trade Alliance (FTA) and Women's International Shipping & Trading Association (WISTA) hosted over 100 attendees at the Women in Logistics Forum on 8 August 2018 at the Mercure Hotel, Sydney Airport. Sponsored by Compliant Customs, Thomas Miller Law and Insync, the event commenced with a glass of champagne and the room was buzzing with everyone taking the opportunity to network and connect with new and old friends from within the supply chain industry.

The forum provided the delegates with many practical thoughts to encourage team work, resilience, setting personal goals and successful negotiating skills.

We were very fortunate to hear from Despina Panayiotou Theodosiou – International President, WISTA and joint Chief Executive Officer of Tototheo Maritime, a leading global supplier of equipment and services for satellite and radio communications. Despina highlighted her view that “Diversity is part of a successful business strategy”. WISTA continues to work globally to promote opportunities and development of women within the shipping industry. Despina also announced a major milestone that WISTA was recently awarded Consultative Status with the International Maritime Organisation as a voice for women.

Ana Hinojosa, Director Trade & Compliance, World Customs Organisation based in Brussels provided a recorded presentation on Resilience. This was a powerful presentation which demonstrated the importance of having

a strong role model or mentor to encourage you to achieve your best, even when faced with adversity, quoting Condoleezza Rice “What really marks whether you are going to be successful is how you deal with bad days, not how you deal with good ones”.

Joyce Campbell, State Manager, Kings Transport shared her journey of 20 years within the logistics industry. Joyce highlighted the importance of having “a positive can-do attitude”, helping and enhancing relationships within your team, challenging yourself, keeping true to your values and being open to feedback ..... very wise words of advice for us all.

Diana Tapp, CEO, World Class Teams is a highly regarded consultant who provides customised and leading edge programs, tools and techniques to boost productivity, grow sales, fast track successful change, increase engagement, drive peak performance and achieve superior business results. Di had the delegates fully engaged with her presentation - Influencing and Successful Negotiating Skills. With solutions on how to create a “win win” situation, focusing on the desired outcome and offering options when negotiating. Di also encouraged everyone to be confident when negotiating and feel equal. Working together for the desired outcome is powerful both personally and for a business. By popular demand and to continue to support of ladies in our industry, we are currently looking at creating a program of workshops and webinars in partnership with World Class Teams commencing with the over-page advertised event on 18 October 2018.

Thank you to all the men and women who attended the 2018 Women in Logistics Forum and from the positive feedback received it was a great event enjoyed by everyone.



*Major Sponsor – Compliant Customs, CEO Clint Latta*



*Despina Panayiotou Theodosiou – International President, WISTA and joint Chief Executive Officer of Tototheo Maritime*



*2019 Women in Logistics Forum – networking*



*Caroline Zalai – Director, Freight & Trade Alliance*



*Diana Tapp – World Class Teams*



*Belinda Battaglia – Mediterranean Shipping Company, Fernanda Melo – ANL, Upeksha Patel – Mediterranean Shipping Company, Stephanie Condon – MAC Australia*



# Women's International Shipping and Trading Association – WISTA

The Women's International Shipping & Trading Association (WISTA) held their 3 Day Conference across two states in August. Following on from the 2018 Women in Logistics Forum in Sydney, co-hosted with Freight & Trade Alliance, a two-day program was hosted by WISTA Australia in Brisbane with interstate and international delegates enjoying some local Brisbane sights including a boat cruise down Brisbane River to Lone Pine Koala Sanctuary. The WISTA Queensland Chapter was delighted to host an amazing opening networking and cocktail function at the Emporium, Southbank. Attendees represented the shipping and logistics supply chain.

During the cocktail function the group were fortunate to hear from Despina Panayiotou Theodosiou – President, WISTA International and CEO, Tototheo Maritime and an excellent line up of presenters.

Renee Wilson - Customs Broker & International Logistics Specialist at Tomkinson Global Logistics presented on her journey moving through career opportunities, the challenges and opportunities she has experienced along the way in becoming an active customs broker

and out in the field liaison with ABF as well as being on the board to the CBFCA.

Melissa McDonald - Sales & Marketing Manager at Lasso & founder of Women in Logistics Brisbane, gave a personal account of the challenges and barriers she found in the industry and the value of finding a company with a supportive and inclusive culture. In 2017 Melissa founded Women in Logistics (BNE), a networking group for Brisbane women of any age who work in and/or are generally passionate about logistics. Melissa started WIL (BNE) in response to a lack of quality local networking groups for women in the Brisbane logistics industry.

Despina Panayiotou Theodosiou spoke of the importance of women being represented, recognised and educated in the shipping and logistics supply chain sectors. Despina was proud to announce that on 5 July WISTA was granted Consultative Status with the International Maritime Organisation. WISTA will use this status to further promote diversity, enhance gender equality and improve shipping line culture. WISTA International will provide international statistics and white papers to the

IMO to support the endeavour of inclusion of women in the shipping industry. The IMO also announced that the 2019 World Maritime Day Theme will be "Empowering Women in the Maritime Community".

On Day 2, WISTA hosted a symposium facilitated by Rebecca Young to discuss the barriers and opportunities for women in the shipping industry. We were very pleased to have Senator Amanda Stoker, Diane Edwards - General Manager, Ports of Auckland and Michelle Taylor – Partner, Colin Biggers Paisley



*Janine Liang, Kendall Messar, Manesha Kooraram and Olga Smous*

## **Speaking with Influence** A Dynamic and Fast-Paced Workshop for Women in Logistics

Thursday 18 October, 4-7pm | Mercure Sydney International Airport

By popular demand after the Women in Logistics Forum, we are excited to present a highly-practical and interactive workshop with Diana Tapp from World Class Teams on "Speaking with Influence" where you will learn how to:

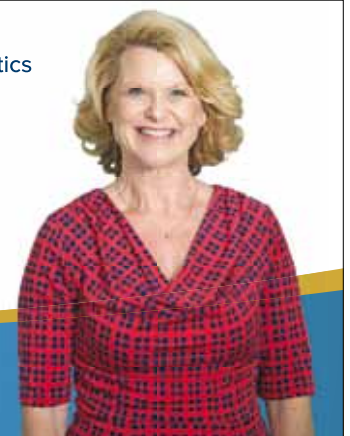
- Speak with influence and impact
- Prepare a standout presentation with compelling content & personality
- Overcome nerves & look confident
- Encourage questions rather than fear them

### **EARLYBIRD**

Member	\$180
Non-Member	\$315

### **REGULAR TICKET**

Member	\$200
Non-Member	\$350



Includes wine and cheese and an opportunity to network at the end of the workshop  
**TO BOOK** please visit <https://speaking-with-influence.eventbrite.com.au>





WISTA Symposium - Rebecca Young, Lisa Styrud, Senator Amanda Stoker & Despina Panayiotou Theodosiou



2018 WISTA Australia Conference – Opening Cocktail & Networking Function



Lisa Styrud – President, WISTA Australia & Michelle Booth



Rebecca Young, Alison Cusack & Jennifer Thomas



Renee Wilson - Tomkinson Global Logistics

as well as Steffany Sinclair, Port of Brisbane join the panel discussion. All agreed that education is a key factor for women to achieve their potential and gain higher level roles within the workplace. Many barriers such as societal bias, need for support/mentors and costs of childcare were also an impediment for working women.

We thank Sneha Chatterjee – Commander, Australian Border Force for presenting on the culture and opportunities for women within the Department of Home Affairs.

WISTA Australia would very much like to thank the Port of Brisbane for hosting Day 2 at their Conference Centre. WISTA members enjoyed lunch and a tour of the port facilities which is one of Australia's fastest growing container

ports and the state's largest multi-cargo port. Brisbane core port land currently incorporates a total of ~1,828.5 hectares (ha) of wet and dry land, designated for industrial, commercial and environmental / buffering purposes. These lands include estates in the suburbs of Port of Brisbane (Fisherman Islands and Port Gate), Lindum (Port West), Pinkenba and Bulwer Island (Port North) and Colmslie. Collectively, these estates host 29 operating berths over more than 7.2 kilometres (km) of quayline.

WISTA Australia concluded the 2 Day event with an afternoon AGM and private dinner for WISTA members at Customs House, Brisbane.

WISTA acknowledges Lisa Styrud – outgoing President, WISTA Australia for her time and effort she has put into WISTA since 2011

and WISTA Queensland Chapter for hosting a very informative and first class conference. WISTA Australia would like to welcome Alison Cusack - Principal Lawyer, Cusack & Co on her appointment as incoming President, WISTA Australia and Janine Liang – Lawyer, Thomas Miller Law on her appointment as Treasurer.

WISTA would also like to thank the valued WISTA sponsors and in particular Insync Personnel, Pro-Pallet and the Department of Agriculture & Water Resources for supporting the conference. Finally WISTA Australia would like to thank all those that took part in this 3 Day Conference and we will continue to work to support our growing membership into the future.

## 2018 WISTA EVENTS

New South Wales		Victoria	
<b>3 October</b> Port Botany	DP World Port Operations	<b>October</b>	Shipping Australia Limited (SAL) Ball
<b>December</b>	Christmas Function	<b>End of October</b>	Industry wide trivia night (TBC)
Mentoring Group catch ups throughout the year		<b>November</b>	Breakfast Seminar
		<b>8 November</b>	Oaks Day at the races, Christmas Function (TBC)
Queensland		Western Australia	
<b>October</b>	Shipping Australia Limited (SAL) Ball	<b>November/December</b>	Christmas Function
<b>November</b>	Breakfast Seminar	Note: Further WA networking events still to be announced	
<b>December</b>	Christmas Function		

# Patrick leads the way with female cadetship program



Gender diversity within the stevedoring industry is one of Patrick's greatest challenges. Patrick has a long history as a male dominated organisation with a shortage of female applicants and women with strong industry experience. The WILpower program is a two-year structured cadetship which aims to deliver on the job learning in operational roles for talented women who may lack industry experience, thus promoting and encouraging diversity within the Patrick workforce.

Patrick CEO, Michael Jovicic said that Patrick believes that the WILpower Management Cadetship is a step in the right direction for encouraging women into the organisation.

"We believe that by providing a program such as WILpower, we can encourage greater representation of women in operational management roles across all areas of our business, and the industry as a whole. The WILpower program is a fresh approach to our diversity strategy within Patrick and we have been fortunate to have encouraged some exceptionally talented women into Patrick as a result of the first iteration of WILpower."

Elizabeth Pinkerton, Safety and Environment Manager at Patrick's East Swanson Dock in Melbourne, was a participant in the previous WILpower Management Cadetship and believes that the program has been responsible for

driving advancement in her career. "The highlight of the WILpower cadetship has been learning about the dynamic nature of the stevedoring industry, where no two days are the same and every day has a new challenge and opportunity. I have found the WILpower program is perfect for people who are looking for a new challenge or a change from their current career."

The WILpower Management Cadetship will provide ten women with the opportunity to develop the skills required to enter operational management roles in Patrick. The program will operate nationally with two roles located at each of the Patrick sites, including: Port Botany in Sydney, Fisherman Islands in Brisbane, Fremantle in Western Australia, and Melbourne's East Swanson Dock and St Kilda National Operations and Commercial Centre. The program includes a full time, competitive

salary, dedicated onboarding to build skills and internal networks, a tailored tertiary qualification designed in partnership with a university, job rotations across a broad spectrum of roles, individualised mentoring and ongoing support.

Along with her fellow Melbourne cadets, Megan Johnston and Fiona McNamara, Elizabeth Pinkerton said, "The opportunity suits any technical individual who is looking to progress their career into frontline operational management. Every day you get to work in a dynamic environment with great people and be a part of what drives the Australian economy."

For further information, refer to [www.patrick.com.au/wilpower](http://www.patrick.com.au/wilpower)





## Be ready for **100% piece-level examination** of export air cargo

The disrupted terrorist plot in Sydney in July 2017 demonstrated a level of terrorist intent and sophistication not previously seen in Australia. It is essential that Australia's aviation industry employ effective security measures to address the threat environment and protect our trade and travel.

The Australian Government's first priority is, and will always be, to keep Australians safe and secure. As part of responding to this shift in threat and risk to Australian Aviation, the Australian Government has decided that export air cargo must be examined at piece-level, regardless of destination, from 1 March 2019.

Piece-level examination is currently being used for export cargo heading to the United States of America, but not for other destinations. These examinations are handled by a Known Consignor or Regulated Air Cargo Agent (RACA) operating under an Enhanced Air Cargo Examination (EACE) Notice and are the most effective way to address current and emerging threats to air cargo.

### **What does this mean for your business?**

If you are an Accredited Air Cargo Agent (AACCA), a key business decision needs to be made to either remain operating as an AACCA or to seek approval to become a RACA and start examining and clearing air cargo at piece-level.

**If you want to remain an AACCA** you do not need to do anything right now. You will, however, need to discuss your future business arrangements with the RACAs and Known Consignors you work with to understand what the changes will mean for the way you receive, store and deliver cargo.

**If you wish to become a RACA** you will need to apply and demonstrate through your application that your business has the examination capability, security measures and procedures for handling air cargo. Your business must be designated as a RACA by 1 March 2019 to operate in this new framework. Information on how to apply to become a RACA is available at [www.homeaffairs.gov.au](http://www.homeaffairs.gov.au)

If you have not already lodged your expression of interest and application to become a RACA, please do so as soon as possible. There are lead times for preparing and assessing applications, and equipment may need to be ordered and put into

operation to meet the 1 March 2019 deadline. RACAs need to have an EACE Notice in place prior to 1 March 2019. All export air cargo must be examined under an EACE Notice, regardless of destination, unless that cargo originates from a Known Consignor with a security declaration.

### **Known Consignors**

Known Consignors have been advised that they need to secure all export air cargo they originate, regardless of the destination, by 1 March 2019.

Current Known Consignor Security Programs will apply to all air cargo. If a Known Consignor is providing clearance for their export air cargo, security declarations will need to be issued for all international air cargo.

For exporting manufacturers or producers, becoming a Known Consignor can assist in streamlining delivery of international cargo. More information is available at [www.homeaffairs.gov.au/about/transport-security/air-cargo-security](http://www.homeaffairs.gov.au/about/transport-security/air-cargo-security)

The Department of Home Affairs is working with industry to implement these measures to secure our air cargo supply chains. Leading up to the 1 March 2019 deadline, more information about transport security will be made available on Department's website.

# Piece by Piece- Some legal issues in air freight screening

By ALEXIS CAHALAN and JANINE LIANG - Transport, Trade and Logistics Solicitors, Thomas Miller Law



The Australian Government has announced that it will extend security measures for cargo screening beyond cargo bound for the US. In the Federal Budget delivered on 8 May 2018, the Government announced that all export air cargo would be subject to piece-level screening by 1 March 2019. Exporters, freight forwarders and warehouse operators will be impacted by the implementation of these measures.

## **The case for piece level screening**

Aviation safety in Australia is regulated by the Australian Transport Security Act 2004 and the Aviation Transport Security Regulations 2005 made under that Act. In 2005 in light of terrorist threats to international aviation, Regulations were introduced which increased passenger and baggage level screening. On 1 November 2016, the Regulations were amended to establish the framework for a number of initiatives which are now part of the vernacular in the air freight cargo industry such as the:

- Known Consignor programme
- Regulation and streamlining of the accreditation processes for Regulated Air Cargo Agents (RACAs) and Accredited Air Cargo Agents (AACAs)

The impetus for piece level screening stemmed from a requirement that all US inbound air freight required this level of screening. From an Australian perspective, the enhancement of screening measures has been influenced by an incident in mid 2017 when an

explosive device assembled from components shipped on a commercial cargo plane from Turkey to Australia, were detected on an outbound flight from Australia. It was argued that while passengers and their baggage underwent stringent checks at the airport, the same could not be said of air cargo to be loaded in the same plane. These enhanced measures seek to secure the movement of cargo by addressing terrorist threats using air cargo as a vector.

The Federal Budget announcement comes close after the successful implementation of the piece-level screening for all USA-export air cargo on 1 July 2017. This change will bring all export destination countries into line with the piece-level examination practices in place for the US. This means that examination at the consolidated level will not be acceptable for export air cargo after 1 March 2019 unless it is homogenous, a concept undergoing some development.

## **Practical considerations for air freight exporters**

International cargo will need to be piece-level examined prior to consolidation. A piece of cargo is defined as the largest item that can be effectively examined based on the examination method used. There are at present four approved examination methods, X-ray, Electronic Metal Detection (EMD), Electronic Trace Detection (ETD), and physical examination. This list may be revised in future to take into account emerging technologies.

Unless a shipper is a regulated Known Consignor, all cargo will need to be examined at the airport, or at an off-



airport approved facility (RACA), prior to export. Airlines, RACAs and Container Terminal Operators (CTOs) have indicated they are currently unable to handle the projected increase in volume of cargo that will need to be piece level screened, and unless this changes there will be delays for much of the air cargo departing the country. For those considering investing in screening equipment, account needs to be taken of the lead time to order and install equipment and engage and train staff to an acceptable level to operate the equipment. Alternatively, shippers are being encouraged to become a Known Consignor which will then be an entity responsible for securing air cargo until it passes to another regulated business. For example, cargo that originates from a Known Consignor and is securely transported to a Cargo Terminal Operator such as an airline or a RACA is considered to be piece-level examined and will not need to be examined again prior to being uplifted for export.

On the basis of the current Regulations, it is likely that a failure to comply with the loading requirements, will constitute a strict liability offence.

## Legal Challenges along the Supply Chain

In much the same way that the export industry has had to come to terms with the introduction of Verified Gross Mass weight and mass declarations, the logistics sector is being faced with a similar compliance challenge. Some of the legal issues to consider are:

1. Air freight is the transport of choice for time or temperature sensitive, high value or fragile cargoes. With cargo having to be deconsolidated for screening either at an off site regulated facility or at the terminal itself, what liability does a freight forwarder have to its consignee customer for delay which might be caused by reason of the screening? For temperature sensitive goods does the CTO or RACA have the capacity to maintain customer's requirements during the deconsolidation and screening process? It will also be important to review the role of subcontractors in this process particularly in terms of contractually ensuring the chain of custody for cargo;

2. With allowances of up to 8 hours required to meet transshipment requirements, the effects of delays could be cumulative and the delay in deliveries

could lead to claims for consequential losses. In any event, these are unlikely to be liabilities which will be picked up at the CTO or RACA point and therefore the costs of such risk need to be appropriately and commercially apportioned along the supply chain;

3. There will be significant additional costs along the supply chain, how are these going to be allocated along the participants in the chain in order to meet contractual obligations with customers?

4. Claims for loss, damage and costs can be very limited by airline carriers by international Convention, however, as a freight forwarder, your liability extends beyond the period of air carriage. Terms and conditions may need to be reviewed to ensure that liability to your customers which is not recoverable under an air waybill can be limited beyond Convention limits.

The logistics industry is being placed front and centre in attempts to secure Australia's trade borders. This will result in a re think of the way business is costed and liability re-allocated in the implementation of these enhanced security measures.

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# DANGEROUS GOODS

Freight & Trade Alliance (FTA) has partnered with Future Force to provide a suite of DG training options plus a method for members to ensure that regulatory compliance of their staff is maintained.

Future Force will take the worry out of your compliance concerns through the following approach:

- By maintaining a register of your staffs' DG certifications and renewal times
- Notifying staff and management of the upcoming certification requirement months in advance of expiry
- Automatically booking them on to one of our certified courses prior to any expiry dates
- Accepting bookings for new staff
- Providing the relevant CASA approved certificate
- Providing regular status reports to management
- Provide regular bulletins, updates on any regulatory or compliance issues

It is important to note that DG qualifications last only 2 years.

If it expires before you renew, CASA insists that you complete the initial 'Acceptance' course again, instead of the shorter 'Re-certification' course.

There are **NO EXTENSIONS** allowed.

## FURTHER INFORMATION

Future Force will ensure you do not make this time consuming and costly error - for further detail contact Future Force at [futureforce.com.au/contact-us](http://futureforce.com.au/contact-us) or FTA Upcoming Events at [ftalliance.com.au/upcoming-events](http://ftalliance.com.au/upcoming-events)



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FREIGHT & TRADE ALLIANCE



## Menzies security screening - interfacing between Australian forwarders, exporters and international airlines

By BEAU PAINE, Regional Vice President Cargo – Australia, Menzies Aviation (Australia)

Menzies Aviation's cargo business operates across 18 countries and 37 separate airports, providing safe, secure and reliable cargo services to our customers. Our presence in Australia, spans across 8 locations, servicing the major cities and also regional locations with international flight capacity.

Our cargo strategy consists of a number of elements including focused attention to our customers, standards, performance, training, technology and compliance. Cargo security is a significant pillar of our business and our primary objective is to ensure compliant and effective security measures, using best in class equipment and suitably trained operators to ensure cargo is safe and clear for air travel.

On 8 May 2018, the Australian Government announced a range of measures to further strengthen Australia's domestic and international aviation security. This announcement follows on from the changes introduced in July 2017 to meet US export air cargo requirements.

In July 2017, The Enhanced Air Cargo Examination (EACE) program was introduced and applied to all export air cargo bound for the US. Enhanced Air Cargo Examination requires air cargo that is uplifted onto an outbound international aircraft, to either be examined at piece-level by a Regulated Air Cargo Agent (RACA) under an Enhanced Air Cargo Examination Notice, or be received from a Known Consignor through their approved, secure origination procedures. In both cases, cargo must travel under a valid cargo security declaration (CSD).

Approximately 5% of all Australian exports are bound for the US; the remaining 95% non-US destined cargo is subject

to and receives clearance by, the Air Cargo Examination (ACE) program. Cargo under the ACE program primarily receives cargo clearance by mobile explosive trace detection (ETD) technique. Cargo subject to ACE can be security cleared at a consolidated level and is the current screening technique applied to unitised cargo prepacked by exporters.

From 1 March 2019, all outbound air cargo will be subject to the Enhanced Air Cargo Examination program.

Menzies Aviation's Australian Cargo Terminals are currently EACE approved and we are further enhancing facilities in readiness to facilitate the forthcoming changes. In a changing air cargo security landscape there was always an expectation that EACE would be introduced for all other exports by air and not restricted to only US destined. Our facilities will provide primary (dual view x-ray and electronic metal detection) and secondary (explosive trace detection) security screening equipment to ensure compliance and suitable screening solutions to accommodate Australian air cargo exports.

Cargo security however, is not simply restricted to the type of examination performed on the shipment. It is a robust multi-layered process, comprising of airside facility control, screening equipment and proficient, accredited and trained personnel – ensuring cargo is held securely once lodged at the cargo operators facility.

At Menzies Aviation we are developing a dedicated culture change programme, utilising the latest available surveillance and scanning techniques, and the digitalisation of cargo security records. All cargo is subject to security examination and our Hermes cargo systems blocks unscreened cargo from being built and manifested; creating a complete auditable record of each shipment and its screening and handling processes.

Our people are our frontline of defence and also our greatest vulnerability. We have invested heavily in training, accreditation and processes to ensure cargo is kept secure once in our care. We are very mindful of the insider threat and all staff are required to complete regular background checks and aviation security awareness training.

For Regulated Air Cargo Agents (RACA) and Accredited Air Cargo Agents (AACAs), their drivers delivering air cargo to our facilities are also required to present valid identification and be inducted to site, further supporting that only known parties are involved in the air cargo transport chain. All drivers are required to pass a security check point.

The unique selling point of air cargo is its ability for speed of transport and convenience of delivery end to end, and we as a cargo terminal operator are very much aware that the costs of such cargo security compliance, combined with the additional time it takes to complete enhanced screening, means that the airfreight community needs a uniformed and collaborative approach to ensure the USP is maintained.

We encourage all exporters to review the new requirements and potential impact on their business. The change to 100% of export air cargo to, undergo piece level enhanced screening or originate from a Known Consignor, requires a communal approach in order to meet the 1 March 2019 change. A large volume of export air cargo is lodged at the cargo terminal operator's premises as unitised, pre-packed cargo – if this method of cargo lodgement is required or preferred post 1 March 2019, this cargo will need to either be pre-examined by an off-airport RACA or originate from a Known Consignor – in both cases accompanied by a valid Cargo Security Declaration.

# EXCELLENCE

## FROM TOUCHDOWN TO TAKEOFF

Your passengers demand the best, and you deliver it.

Menzies Aviation believes that your service in the air should be matched by the service you receive on the ground.

At more than 200 airport locations across 6 continents, we offer landside and airside services tailored to our customers' needs; timed to their schedules; and delivered by teams with the knowledge, tools and passion to set standards rather than chase them.

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## Industry need to plan and implement security reforms now

By MICHAEL BENNETT, GM Operations, SEKO Omni-Channel Logistics and FTA Member Representative – Airfreight

Since March of this year, I have been representing the Freight & Trade Alliance (FTA) in multiple government-industry meetings and forums. In what at times have been very robust discussions, practical outcomes have been achieved and these should assist industry to comply with the new security requirements. Some of these items are to do with air cargo road-transport security, definitions of Homogenous, alternate screening methods for specific commodities, benchmarking from other Security Agencies around the world (including the US and EU) and integration of exporter accreditation between the Known Consignor and Trusted Trader programs.

We understand that the government agencies are close to finalising these points and will be publicly releasing information in the very near future. In the interim, we trust that the following update assists in industry readiness for emerging changes and challenges.

Since the announcement of Piece-Level-Screening for Rest-Of-World freight back in May of this year (effective 01st March 2019) there has been mixed responses from the forwarding community.

Most forwarders have been slow to commit to converting to the Regulated Air Cargo Agent (RACA) status mostly due to the sizeable investment needed in each applicable

location to purchase screening equipment. This delay is somewhat understandable as the notice has been minimal (10 months from announcement to implementation) from the government along with no public warnings prior to the announcement.

Given the timing of the announcement in May, SME forwarders, who are the target of the government to step-up and become RACAs, would have already prepared budgets for the 2018-2019 financial year and would simply not have included the large expense of screening equipment, let alone the cost to prepare the site and arrange training for applicable staff. Even larger forwarders are struggling to have their CAPEX requests approved in time for the equipment ordering deadline.

Over recent months there have been industry (FTA/AFIF/CBFCA) workshops around the country where government, airport cargo terminal operators (CTOs), existing RACAs and equipment suppliers had the opportunity to speak to forwarders, exporters and other industry colleagues about the pending changes and what the scene could look like around the country from 1 March 2019 for the lodging of exports. It is clear that there is a strong concern among the CTOs of a wave of un-screened freight set to hit as a result of a potential lack in up-take of RACAs.

A leading equipment provider was involved in all of the workshops, who stated that their current lead-time is approximately 6 months from "Order-to-Install" which essentially means those forwarders who have not placed orders by the end of August 2018 may not be operational by 1 March 2019.

Those forwarders who currently load Shipper-

Built Unit Load Devices (ULDs) are particularly at risk since. From 1 March 2019 those ULDs will need to be pre-screened prior to lodgement, otherwise this freight will only be accepted as loose and subjected to the normal piece-level screening. Hence the need for more off-airport RACAs to pre-screen and allow loading.

Trade-lanes such as AU-NZ are a significant concern noting that the vast majority of this volume is Shipper-Built. The other major concern is the perishables market where ULDs are also heavily utilised.

Along with the CTOs push for more RACAs was a push for more Known Consignors (KCs) to also allow a faster acceptance due to these customers not requiring screening. Similar to the small increase in RACA applications, the KC applications have also been limited. The perception here from industry is that those who needed to become KCs have already applied (approved or otherwise) for the previous US-Export requirements. This is not the case, especially with perishables exporters who do not currently send to the US.

In another important development, the government agencies are working on fast-tracking KC applications and where feasible, aligning these to the highly publicised Trusted Trader application process.

In summary, I cannot understate the concerns expressed from the CTOs for the need for more off-airport RACAs and KCs around the country. The realisation of 24+hour cut-offs (for un-screened cargo) at this early stage is likely and neither the CTOs or the forwarders want this.

The Known Consignor program is one of our international freight & logistics service offerings to the Australian industry.

RAB Consulting will become an extension of your international freight forwarding business, assisting to guide your exporter clients through the changing requirements of export security compliance to gain Known Consignor accreditation.

Contact Robert Brown on 0409 719 511 or email [Rabconsulting203@gmail.com](mailto:Rabconsulting203@gmail.com)



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# TIME, COST, DAMAGE & CONGESTION impacting Exporters

By ROBERT BROWN, Director, RAB Consulting

From 1 March 2019, the Australian Government has legislated that all export cargo from Australia uplifted on outbound international aircraft must be subject to piece level security screening, by an approved RACA (Regulated Air Cargo Agent).

Australia has already successfully implemented the piece level security screening for all USA export cargo from July 2017.

These changes for the rest of the world announced in May 2018 will align export cargo movements with international passenger movements with regard to security screening controls.

This legislation does not currently apply to domestic air cargo movements in Australia.

Recently there have been many industry workshops across Australia which have included freight forwarders, the Department of Home Affairs, security equipment providers, airport cargo handling providers and freight association representatives.

The key outcomes from these workshops which directly impact exporters are listed below:

- additional **TIME** will be required to lodge the cargo for piece level security screening at the airport as directed by airlines and their cargo handling providers, prior to uplift. This extra time required may be many hours;
- currently all mandatory security screening for USA exports by an approved RACA will **COST** the exporter approximately \$A0.10c/kg, however this cost increase as we approach March 2019.

At the time of writing all cargo handling providers on airport (Qantas, Menzies Aviation, DNATA) are approved RACAs and AMI (Air Menzies International) is the only off airport approved RACA in Australia.

Most freight forwarders in Australia are approved AACAs (Accredited Air Cargo Agents) and are an important link in a

uniformed security supply chain, however are NOT authorised to security screen export cargo at piece level;

- cargo lodged by the forwarder on shipper built units or on regular pallets, that do not come from an approved RACA, must be broken down at the airport, security screened at piece level and then repacked. Unfortunately, there will be an opportunity for **DAMAGE** to the cargo due to the extra handling processes, in the confined spaces;
- there will be a **CONGESTION** impact on the vehicles delivering the cargo to the airport for export flights, caused by the additional piece level screening process, the estimated backlog of cargo and available airport staff to unload the vehicles.

The expansive list of perishable, time sensitive, health care or high value cargo types that will be impacted by these changes in the security procedures will significantly impact the exporters downstream in the supply chain. The exporters will need to consider options to reduce the effect operationally and financially on their business and their overseas customers.

The recommended solutions from the workshops to reduce the impact on exporters are:

- an increase in the number of approved off airport RACA's. This may occur however there are some impediments in the short to medium time frame impacting this solution. They are; the significant cost (\$100k+) involved to purchase the security screening equipment(s), lead time from manufacture (minimum 6 months), internal company budget approval processes (2018-19), training and cost of qualified screening staff and the footprint required to install the security equipment safely.
- exporters apply for the **Known Consignor Program** with the Department of Home Affairs

## Known Consignor Program:

Exporters that use international best-practice security measures within their facility and business processes to prevent unlawful acts against aviation security can apply to join the Known Consignor program.

A Known Consignor is fully responsible for securing international export air cargo that originates from their business until the air cargo is provided to another regulated business (ie AACA or RACA).

The security measures required under the Known Consignor program will depend on each individual business. This reflects the fact that exporters operate in a wide variety of business environments, across Australia.

Security measures required include:

- physical access controls (perimeter fencing, gatehouse);
- facility security measures (CCTV, swipe card access);
- information security measures;
- secure packing, handling and storage of air cargo;
- secure transportation of air cargo to the AACA or RACA;
- staff security awareness training;
- checking of all staff to ensure they are of suitable character, including a requirement for staff in key roles to hold an Aviation Security Identification Card (ASIC);
- quality control procedures in place to monitor and manage compliance; and
- incident response and reporting procedures

Whilst the Department of Home Affairs is trying to align where possible the application process for the Trusted Trader program and the Known Consignor program, this is still work in progress.

The Known Consignor application process has the following attributes:

- there is no cost to the exporter to apply for the program;
- exporters initially need to lodge an Expression of Interest (EOI);
- exporters are then required to lodge a completed application form;
- the Department of Home Affairs will initially review the content of the application form for completeness;
- the Department of Home Affairs will conduct an onsite validation inspection;
- the determination by the Department of Home Affairs may be up to 90 days;
- the approved KC program will be valid for 5 years; and
- the Department of Home Affairs may conduct random inspections during the 5 years

Currently, there is only 160 Known Consignors approved by the Department of Home Affairs, throughout Australia.

Freight & Trade Alliance (FTA) is working closely with experienced industry facilitators to assist exporters in applying for the Known Consignor program.



# Interview

## Geoff Young, Air Menzies International

Paul Zalai, Director FTA, speaks to Geoff Young, Vice President – South Pacific Air Menzies International (Aust)

### 1. PAUL ZALAI - Why is this change to air cargo security coming?

A foiled terror attack attempt on a flight from Sydney in July 2017 prompted an urgent review by the Australian Government of the current aviation security measures. They determined there were gaps in the aviation cargo supply chain that could be exploited by those wishing to inflict acts of harm and terror. A new Enhanced Aviation Security framework was established requiring 100% screening of all outbound cargo from Australia with effect from 1 March 2019.

### 2. PAUL ZALAI - What impact is expected to our export industry?

A little too early to determine the full impact on industry, however we expect there will be significant delays at Cargo Terminal Operator's (CTO) due to the huge amount of additional cargo screening before departure. It's also expected that the cost of screening will increase as additional resources and infrastructure will be required to accommodate the additional volumes.



### 3. PAUL ZALAI - What impact will this change have on Export Cut-Off times prior to departure?

Already, CTO's have made comment that cut off times for cargo lodged without valid Cargo Security Declaration (CSD) may need revised cut off times anywhere from eight (8) to 24 (hours) prior to flight departure. No changes have been made yet, however we expect communications from CTO's closer to the start date.

### 4. PAUL ZALAI - Will our existing Cargo Terminal Operators be able to cope?

In a word – "No" and some CTO's have already expressed the same, some suggesting they could only handle another 20% more. They have also made clear that they have no plans to invest in any major infrastructure or facility upgrades.

### 5. PAUL ZALAI - What challenges can be expected, such as delays, offloads, congestion, costs?

We do believe there will be significant challenge and disruption for industry participants as the new regulations take effect. Congestion at cargo screening points will cause delays resulting in earlier cut-offs, offloads, extended transit times, longer vehicle unloading times at CTO's and cost increase.

### 6. PAUL ZALAI - How will screening Off-Airport help others?

Avoid CTO congestion and take advantage of Green lane lodgement. Make your cut-off's and fly as booked. You'll also be able to benefit from additional services as mentioned above.

### 7. PAUL ZALAI - Why did AMI invest so heavily into screening technology prior to this, when only USA destined cargo was required to be piece-level screened?

AMI worked closely with industry associations and AMSD to understand the dynamics of the changes for our industry. We could see that the initial requirements for USA bound cargo would soon extend to "rest of world" and that our position of neutrality, as a pure wholesale business on a national scale, could provide solutions to the forwarders and brokers.

Having provided this service for over 12 months has allowed us to overcome the many significant hurdles required to provide screening services. Our initial investment has given us the experience needed to take on the screening for the rest of world. It would be tough starting out now.

### 8. PAUL ZALAI - Where does AMI have screening capability?

We have screening capabilities nationally Sydney, Melbourne, Brisbane, Perth, Adelaide & Darwin.

### 9. PAUL ZALAI - Exactly what capability does AMI have?

AMI has the capability to provide primary and secondary screening via X-Ray and Explosive Trace Detection (ETD) technologies meeting the requirements of the regulations. Additionally, we offer a range of services including skid / pallet break down and rebuilds, ULD builds and CTO lodgement for screened cargo and drive-thru services. Clients can book shipments to move with AMI with great price incentives, or use AMI as a 3rd party screening provider.

### 10. PAUL ZALAI - How can industry participants find out more from AMI and how they can help?

We would encourage industry participants to contact their local AMI Branch Manager or Sales Executive as soon as possible to ensure a smooth transition to the new regulations on the 1st of March 2019. [www.airmenzies.com/south-pacific-staff-listing/](http://www.airmenzies.com/south-pacific-staff-listing/)

### 11. PAUL ZALAI - Finally, what advice could you give to freight forwarders, customs brokers and Accredited Air Cargo Agents?

Act now! With only months until the new regulations commence. This remaining time will go quickly, so prepare for your client's requirements and find your solution.





AIR MENZIES INTERNATIONAL

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to prepare for your client's  
requirements.

**1 March 2019**  
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commencement of new  
regulations

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# Western Sydney Aerotropolis



By **PAUL ZALAI**, Director FTA

Michael Bennett (FTA Member Representative - Airfreight) and I were privileged to attend an early-stage planning meeting of the Western Sydney Aerotropolis at the invitation of the Hon. Stuart Ayres, MP NSW Minister for Western Sydney and the Hon. Paul Fletcher, MP Federal Minister for Urban Infrastructure and Cities.

The roundtable provided Freight & Trade Alliance (FTA) and industry colleagues an opportunity to advise on:

- key issues the government should be aware of during the early planning stages
- major blocks experienced during similar projects and how we can avoid them
- ideas on how we can best work together throughout the planning and development of the precinct
- general feedback and suggestions

This is a transformative, once-in-a-generation opportunity and an exciting and unique time of growth for Western Sydney and New South Wales. Due to open in 2026 and backed by \$20 billion of public funding, the Aerotropolis will consist of a new full-service, curfew-free international



*Hon. Stuart Ayres, MP NSW Minister for Western Sydney, Michael Bennett and Paul Zalai (FTA)*

airport – the first to be built in Australia in 50 years – integrated with a brand new city and business hub.

We are also delighted to advise that the Western Sydney Airport Company (WSA Co) has partnered with FTA as an Affiliate Member. WSA Co was established in August 2017 to develop and operate Western Sydney Airport.

FTA will be providing updates for business to assist in future planning needs. In the interim, members should contact me at [pzalai@FTAlliance.com.au](mailto:pzalai@FTAlliance.com.au) for a facilitated meeting with WSA Co.



*Paul Zalai, Director FTA*



# Unfair can mean unenforceable – time to review conditions for the carriage of goods by air

By RUSSELL WIESE, Principal, Hunt & Hunt Lawyers

Transport contracts are inherently one sided. So much can happen that is outside of the control of the vessel, aircraft or vehicle operator that without limitations of liability transport costs would be astronomical. However, since late 2016 there have been new limits put in place in respect of just how unfair contracts can be. The Australian Competition and Consumer Commission (ACCC) is starting to enforce these laws, so it time to take action.

## What are unfair contract terms

The relevant provisions are set out in the Australian Consumer Law. The law applies to terms in a standard form contract – those presented on a take it or leave it basis. The law only applies where one of the parties is a consumer or a small business. A small business is defined as a business with less than 20 employees.

A term in a small business contract will be unfair if it satisfies each of the following three criteria:

- the clause must cause a significant imbalance between the parties;
- the clause must not be reasonably necessary to protect the legitimate interests of the business that would benefit from the term; and
- the clause must cause detriment to the weaker party.

## Contracts for transport by air are not excluded

You may be thinking - “didn’t I read that transport contracts are not covered by this law?”. Unfortunately there is no provision that generally excludes contracts for the transport of goods by air from the operation of the unfair contract provisions. This should be contrasted to sea carriage. The unfair contract provisions do not apply to contracts for the international carriage of goods by sea. So while your bill of lading can be one sided and unfair, the terms of an air waybill need to be more balanced.

However, there are some exceptions, the unfair contract provisions do not prohibit terms that are required or permitted by law. Australia does have legislation that incorporates certain protections under international conventions such as the Warsaw Convention or the Montreal Convention.

Provided that your limitation of liability is in accordance with these conventions they should generally not offend the unfair contract provisions. It would also be arguable that even without a specific exemption, clauses that mirror the Montreal Convention limits reflect a balance of the interests of airline operators and cargo owners and are therefore not unfair.

However, the fact that legislation allows some clauses limiting liability does not mean that all unfair terms are acceptable.

## What clauses are the cause of most concern

### Indemnity clauses

Most air transport contracts will contain a clause requiring the customer to indemnify the carrier for various costs it incurs. The idea behind this clause is that certain goods

can cause the airline to incur unforeseen costs or liabilities and the carrier does not want to carry this risk. An easy example is a good that causes damage to other customers’ goods and the airline is liable to those other customers. The airline would seek compensation from the owner of the goods that caused the damage.

The ACCC has a particular concern with indemnity clauses. An indemnity clause that relates to losses directly caused by the customer or by their breach of contract may not raise too many eyebrows. However, an indemnity clause that requires the customer to cover any cost incurred by the carrier in performing the services will almost always be too wide. The most offensive clauses will require the customer to indemnify the carrier even when the loss was caused by the carrier’s own negligence or breach of contract.

When read literally, these clauses essentially provide that even if the customer is not at fault, it will be required to indemnify the carrier for any loss it suffers.

Indemnity clauses have a place in transport contracts. However they must be reasonable. Consider, what is the risk you are trying to address. Does your clause go further than it needs to in order to address the risk? Would you ever seek to enforce the clause in an unfair way – if not, do you need an unfair clause?

## Allowing the airline to avoid the performance of the contract

There are various clauses in transport contracts that if enforced, effectively allow the carrier to not perform the contract. Sometimes these clauses are reasonable. For instance, where non-performance is outside of the carrier’s control, such as due to industrial action by a Government authority.

However, issues will arise where the contract allows the carrier to avoid their obligations under the contract in circumstances that are not reasonable. For instance, a clause that simply allows the carrier to change the method of carriage without reason may be deemed unreasonable. A customer that purchases airfreight is entitled to expect



carriage by air unless carriage by air becomes impossible. A more even clause may allow a change of means of transport only where, acting reasonably, the carrier believes that transport by air is not possible or efficient and the customer is offered a refund.

Again, the carrier needs to ask, have they ever changed the method of freight and if so, why? Do they need a wide potentially unfair term? Would a narrower right address the carrier's real concerns?

The Courts will also look at the effect of a combination of clauses in a contract. It is common for agreements to set out that fees are earned on receipt of cargo regardless of non-delivery and also that the carrier can at its absolute discretion and without liability cancel a service. The combination of these clauses is that the carrier can elect whether or not to provide a service, but its fees are payable nevertheless.

In reality, carriers are likely to provide a refund if they elect to cancel a service. However, this is at their election, it is not required under the terms of the contract. The ACCC does not interpret a contract according to how the carrier may act, but rather what rights the contract creates.

#### *Rights to act unreasonably*

Often clauses will have a perfectly legitimate basis but are drafted too widely. For instance, it is common for contracts to contain clauses

allowing the carrier to dispose of dangerous or perishable goods. However, these clauses rarely require the carrier to act reasonably. The assumption seems to be that if a good meets the definition of perishable or dangerous, the carrier has the absolute right to destroy the goods without notice to the customer or owner.

There may be circumstances where this is a reasonable approach, such as where goods pose an immediate danger or risk. But in most instances a drastic and immediate action is not required and there will at least be time to try to contact the customer.

To move from being an unfair to a fair term, the only change necessary may be to qualify the clause by requiring the carrier to act reasonably and, where possible provide notice. If the goods pose an immediate risk, destruction without notice will likely fall within the bounds of acting reasonably.

#### **Why it is better to be proactive**

There are good reasons to be proactive in amending unfair contract terms. The first is to avoid ACCC action against your company. The ACCC has already brought proceedings against companies that rely on unfair contract terms.

The second is to ensure that you have an enforceable contract. You don't get to choose how an unfair term should be interpreted. The Courts will not redraft the clause. It is either in or it is out. It is no defence to suggest that you would not enforce a term in an unfair way.

If a term is unfair, the small business can use that as a basis for having the term declared void. This becomes a problem if you wished to enforce an unfair term in a reasonable way.

A good example is an indemnity clause. A carrier may have a reasonable claim to be indemnified. However, if the carrier needs to rely on a clause that is drafted too widely, the customer may have the entire clause struck out on the basis that it is unfair. The carrier loses the protection of the clause in both fair and unfair circumstances.

It is not expected that carriers wish to treat clients unfairly, it makes good commercial sense to act reasonably. Given the approach of the ACCC, it is now time to make the terms of carriage reflect what is the standard behaviour. If this does not occur, the full benefit of the clauses could be lost and the carriers left with a set of conditions that are at best uncertain, and at worst, leave them heavily exposed.

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# BNE focused on facilitating access, and ease of operations

By CARLA HANNAFORD, Senior Aviation Business Analyst,  
Airline and Retail Management, Brisbane Airport Corporation

As Queensland's primary gateway for airfreight, handling 83 percent of goods originating in or destined for the state, Brisbane Airport (BNE) recognises its role in trade and its economic contribution. The operator of the airport, Brisbane Airport Corporation (BAC), works to secure additional belly capacity, protect BNE's curfew-free status, provide excellent landside access, and address any impediments to efficient airside operations. BAC is currently in consultation with key stakeholders to inform the Brisbane Airport 2020 Master Plan, and also welcomes feedback from the broader community regarding industry enablers and the role the airport can play (contact us by email: [masterplan@bne.com.au](mailto:masterplan@bne.com.au)).

Strong growth in airfreight volumes has been seen at BNE in recent years, which is forecast to continue, prompting several on-airport logistics businesses to commit to expansion. Record volumes (122,000 tonnes) were handled at BNE in FY17/18, fuelled by a 10 percent increase in wide body passenger flights, including new services to/from China, and additional services to/from the UAE, Singapore, New Zealand, Hong Kong and Taiwan. Global access ex-BNE will further grow in 2019 when non-stop passenger services between BNE and Vietnam, Qatar, and new USA destinations are anticipated to commence. Additionally, in late 2018 Pacific Air Express will launch a BNE-Darwin-Guangzhou B757 freighter service (two to three times weekly). These scheduled flights will join existing regular freighter operations to/from various Pacific Islands, and the ad-hoc freighters from other regions.

A key unserved port from Brisbane is Jakarta, with airfreight demand known to be strong, even without the growth that the IA-CEPA will spur. BAC is working to secure direct services to Jakarta, attract wide body capacity to Manila, and grow capacity to various North Asian markets, among other network improvement priorities.

BNE currently has a proportionate share of the national airfreight market, but has ambitions to grow this share by encouraging greater consolidation of Queensland goods, and appealing to Northern New South Wales importers and exporters to avoid the more congested Sydney Airport. Freight forwarders and

their clients should consider the BNE service offering:

- Over 700 weekly international passenger services to/from 32 destinations across Asia, North America, the South Pacific and the Middle East, plus significant connectivity beyond these 32 ports;
- Choice of 27 international airlines;
- Wide body aircraft deployed on 18 out of 32 routes;
- Potential to disperse freight to Central and North Queensland and Sydney and Melbourne, via domestic freighters;
- Choice of logistics service providers (shippers, freight forwarders, and cargo terminal operators) on airport and surrounding airport;
- Efficient assessment and approvals by the Department of Agriculture and Water Resources and the Australian Border Force;
- Cool storage and screening facilities on airport and surrounding airport; and
- Brisbane's new runway will be operational from mid-2020, doubling the slots available to passenger and cargo airlines.

Another key strength of BNE is the excellent road infrastructure and ground connectivity providing access to and on airport, including: AirportLink and Legacy Way tunnels (west-bound), as well as the Toowoomba Second Range Crossing under development; Pacific Highway (south-bound) and Bruce Highway (north-bound); and Gateway Motorway and Bridges providing direct links to the Port of Brisbane and the Brisbane Multimodal Terminal.

BAC is committed to making the facilities on airport world-best, and contributing to the ongoing health of the airfreight industry and wider economy. A collaborative approach is favoured, and BAC looks forward to further engagement with stakeholders.

For further information please contact [Carla.Hannaford@bne.com.au](mailto:Carla.Hannaford@bne.com.au)



## Did you know?

- Greater balance in the ratio of exports to imports at BNE (60-40 percent) than nationally (81-19 percent)
- BNE is a dominant port with regards to the exports of chilled beef (59 percent of national total in YE June 2018); figs, dates, pineapples, avocados, mangoes (56 percent of national total); frozen beef (45 percent of national total); and fresh/chilled/frozen offal (45 percent of national total).





# FTA expands its partnership with Collinson FX

By PAUL ZALAI, Director, Freight & Trade Alliance (FTA)

Based on member feedback, Collinson FX has developed a new foreign exchange online system accommodating all currencies, for payments and receipts. It also has the capacity to book forward deals for hedging purposes.

The system allows for FTA and Australian Peak Shippers Association (APSA) members to have their own company/personal accounts, in all currencies (multi-currency accounts), which can be accessed online. Members can logon to their own accounts to look at Credit

balances held in their multi-currency accounts, checking debits and credits.

Members can remit payments in any currency and pay for those payments in any currency. e.g. make a payment in USD, to their beneficiary and pay for it in Australian (AUD), thereby executing an FX transaction. These deals can be done in any currency e.g. remit GBP pay with USD etc.

Members can use credit held in their multicurrency accounts for payment or remit directly to the Collinson FX foreign currency accounts. Collinson FX can receive currencies on behalf of members and these will be updated daily to the member's account.

The system provides extremely strong flexibility and easy payment/receipts while maintaining all necessary compliance requirements.

To find out more:

- listen to our webinar recording at <https://register.gotowebinar.com/register/8460833628090510594>; or
- please contact Paul Bettany direct on mobile 0406 744 923 or [paul@collinsonfx.com](mailto:paul@collinsonfx.com)

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# Mizzen welcome Evergreen as the 10th line on the platform

By DARREN BURDEN, Executive Director & co-founder, Mizzen

Evergreen join HMM, Maersk, Hamburg Sud, CMA CGM and APL in providing instant pricing on the Mizzen platform.

Jason Cameron, Trade Manager at Evergreen Shipping Agency, stated “Mizzen offers Evergreen a new channel and a way to effectively reach and extend our customer base whilst obtaining new data insights to the spot market via the Mizzen real-time dashboards.”

With Evergreen live prices, combined with the existing carriers’ prices, we can now provide over 19,040 instant port pair rates for import, export and cross trade.

### Get a quick view into cost exposure

In other breaking news, we have also released a new cost filter so you can view the rate quote surcharge components and run a full cost comparison on a like-for-like basis between Shipping Lines.

### Quote Summary

	Sea freight including BAF per container	Sea Surcharges	Origin	Destination
1 x 20' Dry	USD 735	USD 55	AUD 495	EUR 221
1 x 40' High Cube	USD 1195	USD 110	AUD 695	EUR 221
Documentation			AUD 40	EUR 45

Show cost breakdown ▾

Sea freight including BAF per container				
Charge	Included	Rate basis	20'D	40'HCD
BAS	DPA,OPA,SBF	Per container	USD 675	USD 1075
EBS		Per container	USD 60	USD 120

Sea Surcharges

You can quickly compare three lines costs with the click of a button, with more lines to be added shortly. This feature allows you to see the competitiveness of the Sea Freight & BAF cost when you add the surcharges you need to pay, alongside information on vessel sailings, transit time and shipment routing to help your booking decisions.

If you want to see the full surcharge breakdown in the original currencies then choose Review Quote & Book on any voyage.

This new feature is all about helping you save time and choose the right solution for your customers by untangling each line’s costs and making them quickly comparable, no matter which currency or name they use for the charge.

The screenshot shows a user interface for selecting shipping lines. On the left, there are filters for 'Included Charges' (Origin costs, Destination costs, Sea Surcharges costs) and 'Shipping Lines' (Shipping Line A, Shipping Line B, Shipping Line C). The main area displays three shipping line options:

- LEDA MAERSK 871N**: 13 Aug Mon 22:00, via Singapore, 57 days, USD \$1010 20'D, USD \$1920 40'HCD. Includes a 'Review Quote & Book' button.
- MAERSK EUPHRATES 825N**: 16 Aug AUSYD, via Singapore, 49 days, USD \$735 20'D, USD \$1195 40'HCD. Includes a 'Review Quote & Book' button.



For further detail contact me at [dburden@mizzenit.com](mailto:dburden@mizzenit.com) or my colleague Tina Gao at [tgao@mizzenit.com](mailto:tgao@mizzenit.com)



# Greetings to the FTA Community!

By MATTHEW BROWN, Sales Director, Compliant Group

I hope you enjoy my first article with the Compliant Group!

Firstly, to clarify, I am the same Matthew Brown formerly of Insync Personnel, an industry focused recruitment company. I recently sold my share of Insync in the earlier half of 2018 and thought I would use my first article with FTA to explain to you why I am now part of The Compliant Group [comprising of Compliant Customs Australia, Compliant Customs NZ, Compliant Trade Consulting & Compliant Business Processing (CBP)].

About 5 years ago, offshoring began to take hold in a significant way within the International trade industry. To say that offshoring has been a polarising subject over that period is an understatement. There have been two clear sides to the argument – being those ‘for’ it and those firmly ‘against’ it. I was firmly in the ‘against’ camp. Besides my immediate thought of protecting future Australian job opportunities (including the future career of my own children) and, of course personally owning a recruitment company, I wholeheartedly rejected the concept and openly challenged the viability of the industry if offshoring was allowed to take hold in earnest.

Over the years, many readers here have no doubt heard my pointed (and public) challenging of the providers of offshoring services at industry events such as conferences, golf days – virtually anywhere the discussion was taking place.

Whilst I had begun to soften my stance since the beginning of offshoring (the sky had indeed

not fallen), I was still firmly against it. During my challenging of the seemingly inexorable roll on of offshoring services within the industry, I would regularly spar with both Clint Latta and Bryden Halloway – the two original owners of CBP, until at an industry golf event in late 2017, Bryden called me out by asking ‘have you actually even see what we do’? Good question. I had not. Bryden offered me the opportunity to accompany him to Manila where CBP’s own facility is located. I met the staff, reviewed their onboarding processes for clients and was essentially given free rein to ask whatever questions I wished and really examine the machinations of offshoring.

I returned to Sydney and remember walking into my office and my business partner asking me one question, ‘How was it?’ I clearly remember my response as a recruiter, “Scarily easy” I said. In my opinion, the ease in which a company can offshore tasks and functions of traditionally “back of house” departments is scarily easy.

After visiting CBP’s operation, I must admit, I’ve changed my mind, I am converted.

I don’t see offshoring as the death of our industry, I see it as what many before me have seen it as already. It’s a new tool to be used, just like automation. And just like how automation is sweeping through our industry, revolutionising how we service our clients, offshoring is doing the same.

Before my trip to Manila, Bryden said all he wanted in return (if I liked what I saw), was for me to publicly admit it’s not as bad as I have previously exhorted...

I’ve gone one better and joined the business as Sales Director of the Compliant Group!

Thanks for taking the time to read this article. At Compliant we’re excited about what the future holds for our clients and the industry. Personally, I’m looking forward to building that future together!



Matthew Brown  
Sales Director  
+61407 280 155

[matthew@compliantbusinessprocessing.com.au](mailto:matthew@compliantbusinessprocessing.com.au)



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## Biosecurity update – FTA perspective

By ANDREW CRAWFORD, Head of Border and Biosecurity, FTA

There is no doubt that anxiety exists amongst freight forwarders, importers and exporters, regarding the current service levels provided by the Department of Agriculture and Water Resources and its role as a regulator. Freight & Trade Alliance (FTA) would however like to acknowledge the significant industry engagement we have received from the department in recent months on a number of key issues, including Brown Marmorated Stink Bug (BMSB). Senior executives from the department have been generous with their time, acknowledging the need for improvement and focusing on developing solutions with industry.

In addition to the article from Lyn O'Connell (Deputy Secretary, Department of Agriculture and Water Resources) in this edition of Across Borders, the following commentary provides a snapshot of other key emerging issues.

### White Spot Virus

Some of you may have seen the Four Corners episode which exposed a number of claimed breaches of Australia's biosecurity.

It is not appropriate for FTA to comment on the specific allegations made in the program.

While 4 Corners presented their own angle on biosecurity, the Department of Agriculture and Water Resources (the department) has been getting on with the job of managing biosecurity risk.

Further to my member notification, the department has provided the following additional commentary on some of the claims made in that program.

*"We continue to monitor compliance by prawn importers through strengthened import requirements implemented on the resumption of trade with further improvements made since that time. A variety of industry notices concerning changes to prawn import requirements are available on the department's website.*

*In addition the department has been conducting its own testing to ensure import controls are effective. Most recently we conducted a program of testing imported raw prawns from a range of retail outlets including large and small supermarkets, fish shops, markets, and grocery stores across the country. The program was designed to collect and test representative samples based on import volumes in line with current prawn import requirements. A small number of positive results were found with the majority being very low levels of WSSV DNA found, likely to be caused by cross contamination immediately prior to sale. These instances continue to be investigated. Of note however, was that there were no positive results in Queensland.*

*One company and two of its directors are currently before the courts in response to several criminal allegations. Further briefs of evidence are being considered by the Commonwealth Director of Public Prosecutions (CDPP). Administrative action has also been taken against a number of prawn importers. The department has revoked the approved arrangements of four importers and suspended a further five. Seventeen prawn import*

*permits were revoked and one was suspended. The department continues to closely monitor the import activity of prawn importers through the conduct regular inspections, audits and targeted operations, to verify on-going compliance across their import activity. As a part of the same story, 4 Corners covered allegations concerning the illegal importation of Foetal Bovine Serum. The department has been investigating this matter since May 2013 and hopes to conclude very soon. A number of briefs of evidence have been referred to the CDPP. Trace back of effected product was undertaken when this matter came to light and the department is satisfied that biosecurity risk has been appropriately managed."*

FTA will continue to keep members duly updated.

### Biosecurity Imports Levy Update

In the 2018-19 Budget, the Australian Government announced the introduction of a new Biosecurity Imports Levy on sea container and non-containerised imports, to commence on 1 July 2019.

Since the announcement, the department has been consulting with a wide range of industry stakeholders on the design and implementation of the Levy.

I would like to take the opportunity to remind our members the two options that we put forward for consideration.

#### 1. Levy collection on the Full Import Declaration (FID)

The FID is already a collection point for Duty, GST, Import Processing Charges and other government imposed charges. It is recommended that the Integrated Cargo System (ICS) have code reinstated to calculate containers per FID to administer the new levy. The benefit of the FID is that



costs are usually passed on from customs brokers to importers at a net rate as per costs displayed on the FID.

## 2. Levy collection charged against shipping lines

Charge the shipping line against manifested and confirmed discharged containers. Unlike the above FID proposal, this would capture both full and empty container to meet the intent of the budget announcement. On a commercial basis, shipping lines would most likely pass this onto customers (freight forwarders / importers) along with existing port service charges.

Further to our recommendations, we met recently with departmental executives on 25 July 2018 who advised that they are investigating all of the alternatives proposed and are intending to provide a more comprehensive update on its progress at a broad industry meeting, expected to be held in Canberra in early September 2018. We will keep members informed via our member news service.

In the meantime, anyone wishing to provide feedback on the Levy should email levies.policy@agriculture.gov.au.

## Highly Compliant Importer Project (HCIP)

The HCIP currently applies to the following tariff codes:

- 9401 – Seats (other than those of 9402), whether or not convertible into beds, and parts thereof
- 9403 – Other furniture and parts thereof
- 8801 - Balloons and dirigibles; gliders, hang gliders and other non-powered aircraft
- 8802 - Other aircraft (for example, helicopters, aeroplanes); spacecraft (including satellites) and suborbital and spacecraft launch vehicles

Note: All lines within the consignment must continue to meet Biosecurity Import Conditions (BICON) upon arrival into Australia, including non-commodity concerns.

Whilst we are delighted that the department is looking at alternate ways to manage the risk, we are still seeking additional information on how highly compliant importers and their customs brokers know who is in and who is out. A recent example of this confusion involved a member who lodged an import declaration, where no profile came up on a shipment that contained goods falling within the above tariff codes. The member's customs broker

was unaware of the HCIP initiative and volunteered the shipment, thereby negating the project.

The department has provided the following comment in response to the above:

*"The trial process is also about the department testing system settings and approaches. We will advise industry of any change in the process as the trial continues.*

*We are making industry aware of the initiative through Industry Import Advice Notices. As this is currently a trial we are unable to advise individual brokers/importers of their inclusion, it is an algorithm in profiling that determines on a consignment by consignment basis whether the entry is in or out. We will advise industry as new tariffs are added to the list so that they do not volunteer entries under the identified tariffs.*

*Ongoing compliance will be monitored through a random referral rate through consignment verification inspections. If non-compliance is found, the importer's consignments will return to the standard rate of biosecurity referral to the department."*

We certainly see the benefit in this initiative and will continue to work with the department to keep members updated.



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## Current operations and future possibilities in biosecurity risk management

By LYN O'CONNELL, Deputy Secretary,  
Department of Agriculture and Water Resources

According to the Department of Infrastructure and Regional Development's Transport security outlook to 2025 report, the number of passengers, shipping and containerised cargo arrivals is forecast to double by 2025. Other factors such as globalisation, complexity of international supply chains, advances in technology and changes to how goods are moved are also increasing biosecurity risk and making its management more challenging.

In this issue of Across Borders, I want to share with you some of the changes we are putting in place and ideas we are exploring to streamline our processes and enable us all to better manage biosecurity risk into the future.

### Streamlining the importation process

The recent upgrade of Automatic Entry Processing (AEP) has simplified the lodgement of import declarations and provided additional support for industry participants to conduct document assessments and nominate biosecurity outcomes for a wider range of commodities.

Accredited persons can now generate automated biosecurity directions based on information in the Integrated Cargo System (ICS). Import documentation is not required to be submitted to the department for assessment, unless specifically requested for verification.

The AEP reform is freeing up our biosecurity officers to focus on higher risk activities or support functions such

as training. We have been working closely with Registered Training Organisations and industry bodies on updating course material for the Continued Biosecurity Competency (CBC) program. Thank you to everyone who has participated in this and for your cooperation with administrative requirements to vary broker related approved arrangements (AAs). For more information on the changes, or help using the new arrangement, visit [agriculture.gov.au/aep](http://agriculture.gov.au/aep), email [AEPsupport@agriculture.gov.au](mailto:AEPsupport@agriculture.gov.au) or phone 1800 900 090.

We are also implementing a highly compliant importer project (HCIP) which will reward demonstrated compliance over an extended period with reduced intervention. HCIP currently applies to a small number of tariff codes and further tariffs may be added in the future. The project does not change the requirement for all lines within a consignment to meet biosecurity import conditions, including non-commodity concerns.

### New education tools

Everyone who works around imported goods has an important role to play in protecting Australia against exotic pests that can arrive on or in goods and containers.

To help stevedores and other seaport workers know what to do if they notice anything, we have released a new cargo pest education video and pocket-sized pest guide.

The video and guide are not designed to turn people into experts, but rather to encourage prompt reporting of any biosecurity risk material such as bugs, snails, birds, bees, moths, soil, and plant

matter. The message is simple, SEE. SECURE. REPORT, as early notification helps us to act quickly to stop potentially devastating pests, diseases and weeds from escaping or being transported to our rural areas. One phone call could prevent a costly incursion and major damage to our food production, agricultural industries, the environment and our lifestyle.

We encourage you to view the video and download the guide at [agriculture.gov.au/cargopests](http://agriculture.gov.au/cargopests), and to share them with your colleagues. If you need to report a biosecurity risk, visit [agriculture.gov.au/report](http://agriculture.gov.au/report) or call the SEE. SECURE. REPORT hotline on 1800 798 636.

### Future changes

Much activity is underway across the department to help address the challenges of our evolving operating environment. One such initiative is a body of work called Future Trade and Traveller; another is work under the banner of Biosecurity 2025 and Beyond.

### Future Trade and Traveller

The department has begun changing the way it thinks about managing biosecurity risks across the traveller, cargo and mail pathways. Most initiatives underway are about improving our effectiveness in a world of ever-increasing trade volumes (passengers and freight) and changing risks. They also reflect changing expectations of consumers and industry for a more seamless interface with government along with the need to improve overall efficiency in Australia's trade processes. The majority of these initiatives are expected to be completed over the next 12-18 months.

For international travellers, we are aiming

for an end-to-end experience that is faster and simpler. To achieve this, we will be:

- working with the Department of Home Affairs on whole of government traveller programs such as 'Seamless Traveller' which includes 2nd generation smart gates and facial recognition biometrics
- automating profiles to ensure traveller cohorts more likely to be carrying high risk goods are more easily identified and intervention on remaining travellers can be reduced
- introducing paperless processes with the digitisation of incoming passenger cards
- exploring new technologies to better detect biosecurity risk material in checked baggage and chemical residues following aircraft disinsection
- we are particularly excited about a project to build biosecurity algorithms in 3D x-ray units (a world first) that if successful will screen baggage at a faster rate and automatically detect suspicious material
- working with airlines and tourism agents to educate travellers to Australia about

biosecurity issues, based on findings of behavioural economic studies.

Current initiatives across the cargo pathway include:

- developing intervention models that better target entity compliance history and pathway risk
- creating simulated, game based modules to better train our inspection staff and industry
- promoting and approving offshore systems/facilities to allow cargo and containers to be treated and inspected offshore
- exploring new detection and machine learning technologies, and using existing detection tools across different pathways
- developing mobile app/tools to support assessments and inspections in a variety of locations, such as off-terminal, remote ports, intermodal and pop-up terminals.

In the mail space, we continue to work with major e-commerce retailers to discourage the buying and selling of items of biosecurity concern online and remove risk material before it is sent to Australia. We have also been working across

government to trial the use of electronic data to improve risk assessment of mail before it arrives and a 'green lane' for faster clearance of low risk mail between Australia and New Zealand.

Cross pathway initiatives include:

- contributing to the design of a broader government trade modernisation agenda, underpinned by an import and export trade single window
- exploring synergies between Approved Trusted Trader/Known Consigner schemes and our import/export approved arrangements
- investigating options to embed biosecurity requirements into industry systems.

### **Biosecurity 2025 and Beyond**

This initiative involves industry and relevant subject matter experts within government working together in a co-design change process. The focus is on exploring innovative technologies and approaches, and using the flexibility the new Biosecurity Act 2015 gives us, to work smarter.

The first piece of work is centred on AAs



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in the multi-commodity freight forwarder and cargo terminal operator space. The activities for this group cut across imports, exports and imported food, and three key pieces of legislation. This led in some cases to businesses receiving multiple visits, audits and invoices from different areas of the department.

We are also progressing ideas generated from an April 2018 co-design workshop with industry representatives, including the FTA. These include:

- defining the risks associated with having different requirements for import and export arrangements
- harmonising requirements across arrangements and reducing duplication, with an aim of streamlining audit/assurance processes. For example, establishing one audit to cover all departmental requirements, such as a facility audit that covers both import and export requirements
- piloting a role within a multi-commodity freight forwarder/cargo terminal operator that will serve as a relationship manager/point of contact between the facility operator and the department. This

relationship will make it easier for the facility operator to obtain and understand information from the department, and will help us to better understand the operator's business.

Over the next few months, we will continue to progress the ideas generated from the AA workshop, explore and identify the next area for change, and provide updates to industry as this work progresses.

## 2018-19 BMSB measures

While we will continue to look for ways to modernise and streamline processes, our role as a regulator requires us to protect the community and environment where possible from harmful exotic pests and disease. This includes imposing stricter import conditions and other control measures to deal with emerging threats, such as the Brown marmorated stink bugs or BMSB.

BMSB is not found in Australia and needs to be kept out as it can severely damage, fruit and vegetable crops, making them unsellable or reducing production yields. Adult BMSB can also be a nuisance, entering vehicles, homes and factories

in large numbers to shelter over winter. Ultimately, keeping these pests out of Australia benefits everyone.

To manage the risk posed by BMSB, we implement measures every season for goods shipped from certain countries to Australia between 1 September and 30 April inclusive.

For the 2018-19 BMSB season, the measures will apply to certain goods manufactured in, or shipped from France, Georgia, Germany, Greece, Hungary, Romania and Russia as well as the United States and Italy. Break bulk goods categorised as high risk will require mandatory treatment for BMSB prior to shipment to Australia. Some containerised goods will also require treatment but this can be done on arrival in Australia subject to certain conditions. There will also be heightened vessel surveillance on arrival of all roll-on/roll-off (ro-ro) and general cargo vessels with additional pre-arrival reporting and daily checks to be conducted by vessel masters. The department's website is the primary source of information about the BMSB measures, including import and treatment requirements. To find out more visit [agriculture.gov.au/bmsb](http://agriculture.gov.au/bmsb).

## Do you need assistance with...

### Biosecurity

- Biosecurity import commodity research and analysis
- Illegal logging
- Biosecurity approved third party arrangements
- Biosecurity Approved Premises
- Biosecurity import permits
- Biosecurity compliance
- Biosecurity training and assessment

### Piece level Screening

- Designing screening processes using x-ray, metal detector and ETD.
- Investigate and propose the most appropriate equipment.
- Provide start to finish processes for export cargo
- Develop Standard operating procedures
- Provide insight into legislation in relation to piece level screening
- Provide assistance in attaining either off Airport RACA or Accredited Cargo Agent status

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# “Due Diligence” for Timber product imports

By ANDREW CHRISTIE, Director, Andrew Christie Consulting

The Illegal Logging Prohibition Act 2012 (the Act) came into effect in Australia in November 2012. The Illegal Logging Prohibition Amendment Regulation 2013 (the Regulation), which sets out the operational details, took effect from 30 November 2014. This Act makes it an offence to import a timber product sourced from illegal logging activity. This prohibition means that timber product importers face prosecution if they knowingly, intentionally or recklessly import a regulated timber product containing illegally logged timber.

Between October 2017 and January 2018, the Department of Agriculture and Water Resources (the Department) instigated a soft roll out of targeted and random requests for documentation from importers to ensure they have implemented robust due diligence systems. During this time, it was found that up to 60% of all companies assessed were unable to present the documentation required to demonstrate compliance with the legislation, however it was acknowledged that most importers were attempting to abide by this legislation.

Circumstances have recently been brought to my attention whereby the Department has focussed on those importers whose brokers have answered “No” to the Community Protection Question (CPQ). Notification has been delivered to importers in the form of a Request for Information Notice, issued under section 15 of the Illegal Logging Prohibition Regulation 2013. Importers are being asked to provide the Department with their risk assessment documentation for the specified product as well as provide a copy of their due diligence manual/system.

It is important to note that accountability for adherence to the Act rests with the timber product importer. It is solely the importer’s responsibility to ensure that the documentation underpinning their due diligence process is correct and meets the requirements as set out in the Legislation. The customs broker is responsible for ensuring that the importer has undertaken their due diligence process prior to answering the CPQ.

The customs broker can answer “YES” to the CPQ if their:

- client has done their due diligence and established that their product is low risk;
- client’s product is exempt from the due diligence requirements; and
- client’s product does not contain any

timber or wood-based elements.

As a rule, I would suggest that prior to answering the CPQ, customs brokers request written guarantees from their clients, in the form of a Statutory Declaration, to confirm that the importer has undertaken the required due diligence processes on their regulated timber products.

What do you do if you or your importer receives a Request for Information Notice?

- 1) Comply with the notice – gather all of the documentation that will satisfy the requirements of the notice. You may need to provide documentation for one product or for several products;
- 2) Upon request, the Department will provide a template to assist with providing all the documentation required. It is a valuable tool to use;
- 3) Attach all documents that you or the importer have used to undertake the risk assessment;
- 4) Attach the importers due diligence system or manual. This is the document that the importer is using to underpin their risk assessment process;
- 5) Send this documentation to the Department as requested. Our experience is that the Department will give the importer sufficient time to gather and provide the required documentation.

If you, the customs broker, are still answering “No” to the CPQ, I would suggest that your importer needs to get their processes in order. There are significant fines for companies and individuals that do not comply with the legislation.

For not undertaking specific elements of a due diligence system, not keeping records or not supplying information when requested there are a range of penalties for individuals (\$17,000 - \$51,000) and corporations (\$85,000 - \$255,000).



# EU-Australia FTA: in defence or defiance of a failing system?

By SAM LAWRENCE, Senior Manager – Global Trade and Customs Crowe Horwath (Aust)

The EU finds itself at a critical juncture as the last-man standing defending the globalist post-war liberal economic order, abandoned by US leadership.

While the often-dysfunctional bloc is an unlikely flag-bearer given its adeptness implementing long-term protectionist policies, upheavals in the global trade landscape leave it as the most powerful international force still committed to “free trade” with potential suitors attracted to its single market, including Australia.

Free trade agreements have historically received bipartisan support in Australia, an expected stance for a resource-rich nation desiring diversification of its economic base and export market dependencies. North Asian deals have brought a significant trade upswing in both goods and services,

although some remain concerned that the benefits accrue largely to big business with SME’s missing out. Continuing public support for Australia’s future free trade negotiations will likely rest upon their benefits being more readily accessible to larger parts of the economy.

### All the world’s a stage, and all the men and women merely players

A (pre-Brexit) market of 512 million, the EU28 was Australia’s largest source of foreign investment in 2017, second largest trading partner and third largest export destination. With a combined GDP of a whopping US\$17.3 trillion and two-way trade of \$101 billion with Australia, the prima facie case for a free-trade agreement is self-evident.

The post-Brexit EU of nearly 450 million souls across 27 nations, a single market of consumers 18 times the size of Australia’s population, is still an attractive trading prospect given its enormous scale and complexity, notwithstanding the removal of the UK’s financial sector and the liberalising influence of the City in global financial services.

How would Australia, a geographically massive country dwarfed by Europe’s economic might approach a negotiation with the EU, a bloc which comes to the table slowly and by consensus? It is this bloc-negotiating tactic that presents Australia’s negotiators with both a blessing and a curse, as the simplicity of one negotiating mandate is arguably outweighed by that mandate necessarily consisting of its memberships’ lowest common denominator position.

Large multi-national free trade agreements such as the Regional Comprehensive Economic Partnership (RCEP) and the recently concluded Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) are only a partial guide as to what we can expect from the negotiations, with

the EU’s interests diluted by their breadth and magnified by their interconnected complexity.

While Australia’s negotiators are experienced and pragmatic, negotiating increasingly complex free trade agreements, the size of the EU market immediately creates a power disparity with Australia, one that has not necessarily served us well in the past, such as the concessions Australia made to the USA during that FTA negotiation.

### What’s past is prologue

Prior to the commencement of talks, the EU revealed its long-held protectionist position on agriculture, Australia’s FTA kryptonite, with French President Emmanuel Macron cautioning fellow EU leaders about negotiating with Australia, fearing a “free-trade stampede” would “wipe out” his country’s “struggling” agricultural sector.

The EU’s hypocritical cry of wolf over agriculture is a signal that member states are jockeying to position their individual interests. The bloc’s pursuit of its shibboleths such as Geographic Indicators (GI’s) has become increasingly puritanical, reinforced through negotiation with each previous agreement entered. The risk is that the EU uses access to its large, complex market as a weapon to force Australia to capitulate on its major interests including agriculture.

Australia’s lack of agricultural subsidisation stands in stark contrast to the EU’s market distorting anti-competitive Common Agricultural Policy (CAP), the removal of which is the only way for Australia’s farmers to compete on a level playing field. The days of the cheese mountains and wine lakes may be over, but cheap, subsidised EU products still represent an unfair threat to producers in partner nations. In 2016, the EU exported €131 billion of agri-food products, importing €112 billion, for a trade



surplus of €19 billion. Compare this to Australia's \$44.8 billion in production, with about 77 per cent exported. In terms of direct subsidisation, the EU28's 22 million farmers secured a staggering €408.31 billion or 38 per cent of the 2014-2020 EU budget, gobbling up an unbelievable €160.113 billion (A\$250.871 billion) in subsidies in 2018 alone.

The Australian wine industry thinks that it will benefit from lower or eliminated tariffs, a relatively straightforward objective. However, the proliferation of EU non-tariff barriers such as GI's which may be extended to non-food products, limits Australia's ability to trade with the bloc. This sentiment is echoed by the Export Council of Australia, which notes that "any name, symbol or other product which 'evokes' the protected [EU] product is not permitted even if the true origin of the product is known," effectively privileging EU producers over Australian.

Australia's trade unions are also likely to closely scrutinise the deal, with the Australian Council of Trade Unions warning that there remains a "fundamental obligation on employers to support Australian jobs first". Labour mobility has proved a vexed issue for the EU, with the

UK making its views on the EU's free-movement principle crystal clear.

### The lady doth protest too much, methinks

The reality is that the negotiations are unequal. The EU believes it can extract concessions from Australia, particularly as its negotiations with Canada, Mexico and Japan have concluded, and New Zealand flirts with the prospect of its own EU FTA.

Cecilia Malmstrom, the EU's Trade Commissioner made no bones about what she expects of Australia, warning that it will need to concede on its farmers' interests on GI's to secure a deal, potentially preventing Australian companies from making parmesan, brie and feta cheese for example.

Apparently oblivious to the hypocrisy of simultaneously railing against protectionism while pursuing and defending protectionist practices, the Commissioner observed that an agreement with Australia serves a strategic purpose to remove trade barriers at a time when protectionism, led by US President Trump is on the rise.

### To thine own self be true

There is a certain irony in the supranational EU Commission forging ahead with Australian talks against the backdrop of waning globalisation, while national forces reassert their authority. With the EU spending nearly six times as much on subsidising its agriculture sector per year than Australia's entire annual farm production value, Australia's negotiators would do well to ask themselves at what cost to our farmers an agreement might be reached.

The US recently accused the EU of being a foe on trade, a view immediately and perhaps not entirely fairly dismissed by the mainstream. Perhaps discretion is indeed the better part of valour and through a methodical consensus approach, Australia's negotiators will insist on an outcome which ensures a level playing field, rather than selling agriculture short. If not, for Australia it may be another case of history repeating itself.

*The views and opinions expressed in this article are those of the authors and do not necessarily reflect the thought or position of Crowe Horwath (Aust) Pty Ltd.*



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# BorderWise is going from strength to strength

By ANDREW CRAWFORD, Head of Border and Biosecurity, Freight & Trade Alliance (FTA)

Subscriptions of BorderWise are going through the roof with FTA members benefitting from the significant discounts available through the WiseTech Global partnership.

BorderWise is the next-generation compliance management search engine with a comprehensive, integrated suite of legal books, technical documents, tariff-classification tools, smart searches and links, Product Index and trade data. The reference information includes comprehensive information from the World Customs Organization such as the Harmonized System Explanatory Notes and the Principles of Valuation, in addition to information on international treaties and associated local legislation.

### Daily Updates

Daily Updates provide real-time updates for legislation and industry changes and notices in a single window, keeping you are up to date with changes without the need to search all over the internet.

### Latest Feature

BorderWise Web now has a drop-down option to view Table of Contents for all books in the left column (for those of you who have transitioned from Tradefox will be familiar with this functionality). Coming soon on the BorderWise desktop version.

### BorderWise options

BorderWise is available in three versions. The selection option can be changed at any time throughout the month through the "MORE" option on the blue bar on the top right-hand corner, and then by selecting the "Change Editions". First time BorderWise users will be prompted to make a selection when logging in.

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If you have further questions about BorderWise or FTA membership benefits, costs and application, please contact me direct at [acrawford@FTAlliance.com.au](mailto:acrawford@FTAlliance.com.au) / 0414 423 007





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## Costs associated with container examinations – Greater consideration should be given to the ABF providing compensation to importers

By RUSSELL WIESE, Principal, Hunt & Hunt Lawyers

The importing community understands that there needs to be a certain level of compliance activities taken in respect of imported goods. Where this happens efficiently, the inspection is seen merely as a necessary evil and any minor delays in the supply chain can be managed. However, the situation is different where the Australian Border Force (ABF) selects a container for examination but then that container sits for weeks awaiting inspection. These delays not only slow supply chains, they also result in the incurring of significant container detention fees.

The issue has become so significant that in 2017 the Commonwealth Ombudsman commenced an investigation into delays in processing inbound containerised sea cargo. The report was issued in May 2018. It was found that the main reason for lengthy delays were reduced operational capacity at container examinations facilities (CEFs). Put differently, not enough staff. While the ABF would no doubt love to have additional staff, such wishes do not alter the pain currently being felt by importers.

The Report noted that parties affected by the slow release of containers often incur costs that are out of their control, namely detention charges incurred when empty containers are dehered to an empty container park after a prescribed period of time (commonly 7 to 10 days from the time of container discharge from the import vessel). Unfortunately shipping lines do not see lengthy holds for container examination purposes as a reason to discount charges. The Report noted that the ABF sees such costs as an expense that importers should factor into their business model and does not accept liability for such charges.

The Ombudsman found that the ABF does not seem to consider any payments of compensation beyond payments it has a legal obligation to make. The Report correctly noted that such an approach does not take account of voluntary Commonwealth payment schemes under the Public Governance, Performance and Accountability Act 2013.

### Ombudsman recommendations

The Ombudsman made a number of recommendations relating to managing backlogs and having more realistic goals around the number of examinations undertaken (see the end of this article for the full list). One recommendation related to the raising of awareness around the availability of compensation to effected importers.

Recommendation No. 9 in the Report was that in circumstances where the ABF has not been able to process containers efficiently, consideration should be given to advising complainants of compensation scheme.

It would have been preferable if the Report recommended that where loss was caused by ABF inefficiency, the ABF simply paid compensation rather than wait for a complaint and then once received, advise the complainant of the existence of the compensation schemes.

### Nature of the compensation schemes

The compensation schemes apply where the ABF or Department of Agriculture and Water Resource (DAWR) is not legally required to make a payment. If there is a legal right for a payment, the importer is expected to enforce that legal right. Where there is not a legal obligation to pay, the Public Governance, Performance and Accountability Act provides Government Departments the right to make voluntary payments in certain circumstances. Two relevant circumstance are payments for detriment caused by defective administration and act of grace payments.

### Compensation for detriment caused by defective administration (CDDA)

The CDDA scheme is seen as an avenue of last resort. If the Government's defective actions have caused you loss and you have no legal right to recover compensation, an application can be made for voluntary compensation.

There must be defective administration. This is defined as:

- (a) a specific and unreasonable lapse in complying with existing administrative procedures; or
- (b) an unreasonable failure to institute appropriate administrative procedures; or
- (c) an unreasonable failure to give to (or for) an applicant, the proper advice that was within the officer's power and knowledge to give (or reasonably capable of being obtained by the officer to give); or
- (d) giving advice to (or for) an applicant that was, in all the circumstances, incorrect or ambiguous.

In the context of delays associated with container examinations, the defective administration is likely to be a specific and unreasonable lapse in complying with



existing administrative procedures or an unreasonable failure to institute appropriate administrative procedures. The support for these claims could be found in the other recommendations of the Report relating to the cause of the delays and what the ABF/DAWR should be doing better.

Again, it is important to remember that you could satisfy every element of a claim under the CDDA scheme, yet still not receive a payment. For instance, in 2016/17 the Report noted 28 claims for compensation, of which only 8 (totalling \$11K) were approved.

### Act of grace payment

An act of grace payment is even less precise than a payment under the CDDA scheme. An act of grace payment is simply a payment made in special circumstances where there is no legal obligation to do so.

Special circumstances are not defined but may apply where a decision maker is satisfied that:

(a) an act of Government has caused an unintended and inequitable result to the individual or organisation seeking the payment;

(b) Commonwealth legislation or policy has had an unintended, anomalous, inequitable or otherwise unacceptable impact on the claimant's circumstances; or

(c) the matter is not covered by legislation or specific policy, but the Commonwealth Government intends to introduce such legislation or policy.

In the context of a lengthy border hold, the focus of a claim would be on the inequitable cost incurred by the importer that was unacceptable in the circumstances.

### Making claims

The key with both types of claims is to:

- be specific about what the defective action is;
- describe how it impacted you uniquely as opposed to every other importer;
- provide clear evidence of the loss and the steps taken to reduce the loss;
- demonstrate that there is no other avenue to recover the payment; and
- explain why the loss suffered is unfair in the circumstances.

Also remember that payments will only be made where there is no other legal right to payment. If a customs broker's or forwarder's terms and conditions enable it to recover the cost from its importing client (such as under an indemnity clause) the ABF/DAWR may expect the customs

broker/forwarder to exercise that legal right before expecting the Government to pay. Of course, the client who ultimately carries the cost could seek compensation.

When making applications please keep in mind that the Government will place border security over trade facilitation and is unlikely to pay compensation in circumstances where the ABF/DAWR believes that the hold was necessary to protect against a border risk. Nevertheless, extensive unexplained

delays that do not lead to a detection should be raised by the importer.

Remember that the recommendation in the Report was only to alert importers to avenues for compensation if a complaint was made. If you have suffered an unfair result and do not complain, the Government will not seek you out to make a payment! Please feel free to contact us if you would like to further discuss any grounds you may have to seek compensation.

## Ombudsman Recommendations

**Recommendation 1** The department increase x-ray capacity at the smaller ports to increase inspection capacity and reduce inspection timeframes and the need to physically unpack containers and pallets.

**Recommendation 2** The ABF, in consultation with industry, develop and make publicly available on its website plain English guidance information on the potential messaging capabilities of the ICS when used in conjunction with appropriate software.

**Recommendation 3** Noting the difficulty the department has in meeting targets, combined with increased delays in the processing of containerised sea cargo and an increasing number of complaints, the department consider one or more of the following:

- increasing staffing levels at CEFs by placing a lower operational priority on another activity, or
- proactively adjusting the number of containers inspected in line with operational capacity by reducing the number of priority 4 containers inspected, or
- better utilising the surge model at CEFs to increase inspection capacity in periods of peak work load or following periods where the number of containers inspected has had to be temporarily reduced to cater for other operational priorities, and
- increasing the pool of ABF officers who are trained in the inspection and examination technologies employed at CEFs.

**Recommendation 4** The department:

- introduce service standards for container inspection based on the three day free storage period that require

the majority of containers selected for inspection to be processed within three days, unless a detection has been made, and

- maintain annual statistics on the time taken to inspect containers.

**Recommendation 5** The department improve complaint handling by providing timely and detailed responses to complainants utilising subject matter experts.

**Recommendation 6** In cases where the ABF has not been able to process containers efficiently, consideration should be given to advising complainants of compensation schemes available under the Public Governance, Performance and Accountability Act 2013.

**Recommendation 7** The ABF to work with industry to improve its methodologies for asbestos risk assessment to reduce the repeated targeting of importers with a history of compliance, except where new information suggests such targeting is appropriate.

**Recommendation 8** The ABF review its website to increase its functionality and user-friendliness for those seeking to import freight by sea and ensure that information and links are clearly laid out and updated on a regular basis.

**Recommendation 9** The department and DAWR increase collaboration for container inspections and where possible, conduct inspections in the same location and at the same time.

**Recommendation 10** DAWR revise its cost recovery model to ensure importers are charged the same for the assessment of identical import declarations based on the real cost of proficient operational activity.

# Australian Trusted Trader – going from good to great!

International trade is constantly transforming with the globalisation of supply chains, emerging business trends and new technologies. Australia is responding to these changes and in many ways leading the way for businesses to achieve a competitive edge on the world stage.

One of the significant initiatives of late is the Australian Trusted Trader (ATT) program which sets a new benchmark by accrediting businesses that can demonstrate both secure supply chains and trade compliant practices. ATT is administered by the Department of Home Affairs with the Australian Border Force (ABF) and provides Australian importers and exporters some significant benefits leading to savings and a seamless border experience, largely without interference or unnecessary delay.

In just two short years ATT has gone from strength to strength, with savings of \$3.2 billion to Australian industry estimated over the 10 year period to 2025. Compared to last year, the program now has 200 accredited Trusted Traders, up from 71 the year before, with a steady increase in both the volume and value of two-way trade conducted by these traders.

Mutual Recognition Arrangements (MRAs) are a key driver for growing the Trusted Trader cohort, and supporting Australian exporters. MRAs alone are estimated to realise savings of \$2.38 billion over the 10 years of the program. Over the past 12 months considerable effort has been put into enhancing the uptake of MRA agreements with Australia's largest trading partners. MRAs have been established with New Zealand, the People's Republic of China, the Republic of Korea, Canada, Hong Kong and Singapore. Preparations for a MRA with the United States of America, Japan and Thailand among other partner countries are underway.

Seven new benefits were implemented in this last year, doubling the number of benefits available to Trusted Traders, and worth 10 times the benefits available to Trusted Traders in 2016–17 according to independent economic analysis. These benefits included streamlined access

to the Temporary Skilled Shortage visa, streamlined access to the APEC Business Travel Card and Consolidated Cargo Clearance as well as benefits related to MRAs.

So how do we know these savings really do exist and that the program is valued by Trusted Traders? Looking at accredited Trusted Traders only in 2017, there were around 4.2 million deliverable consignments received by air and sea cargo containers. Trusted Trader sea cargo will soon see the elimination of unnecessary delays at the border meaning Trusted Traders' goods will get to market quicker and the Department and ABF can redirect resources to areas that really do pose a risk to our economy and border.

Trusted Traders are given premium service by virtue of their accreditation—this underpins the program. Their participation is valued including any suggestions for change and improvement with this being seen as a partnership to drive a better trade system.

The APEC Business Travel Card initiative introduced last year was an idea from a Trusted Trader. Not only does this represent a saving in visa costs for business, it also results in time saving for executive staff. From Australia's perspective this supports a better reach in the Asia-Pacific markets.

The ABF Account Manager provides business support relevant to their needs.

For example, Shell Australia Pty Ltd recently imported a world first Floating Liquid Natural Gas (FLNG) Facility, also the world's largest floating object, which is now being commissioned offshore in Western Australia.

The support provided by the account manager saved several days of delay and associated costs on importation.



**Australian  
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# Shaping the future of trade

As our Trusted Trader community grows, businesses are seeking providers they know are trusted in the international trade community. Be amongst the businesses that are leading the way in a new service delivery model and join Australian Trusted Trader today.

[WWW.ABF.GOV.AU/TRUSTEDTRADER](http://WWW.ABF.GOV.AU/TRUSTEDTRADER)



*ABF Commissioner Michael Outram (left) and Minister for Law Enforcement and Cyber Security Angus Taylor (right) present Leon Notelovitz from Santova Logistics with the ATT globe at the annual ATT Symposium on 8 August 2018.*

Shell's Account Manager coordinated a number of ABF areas and liaised with the Australian Taxation Office (ATO) to expedite the clearance process for the importation. In addition, assistance was given around the direct payment of duties, coordination with Department of Agriculture and Water Resources and Department of Industry, assistance with visa enquiries and specialised assistance with valuation and permit requirements and import management of large bulk importations direct to the FLNG Facility during the commissioning phase.

With an ambitious plan to implement more benefits and to ensure the ATT program is one that is recognised as world's best practice, on 8 August Minister for Law Enforcement and Cyber Security Angus Taylor announced five additional benefits at the annual ATT Symposium. The new benefits available exclusively to Trusted Traders include:

**1. Duty deferral:** improving cashflow and reducing delays at the border by enabling Trusted Traders who defer GST to be able to defer the payment of some customs duties on goods.

**2. Origin Advance Ruling:** a special advance ruling exclusively for Trusted Traders who import goods under the China Australia Free Trade Agreement (ChAFTA). Preliminary estimates by one Trusted Trader in the pilot indicate that they could save up to \$1.6 million each year due to reduced payments for the Certificates of Origin and time spent doing the paperwork. The ruling will be applied to multiple tariff classifications and rules of origin criterion.

**3. Full implementation of the Republic of Korea Mutual Recognition Agreement (MRA):** improving predictability, certainty, and speed to market for Trusted Traders through an agreement between Korean and Australian customs administrations. Now the MRA has been fully implemented, Trusted Traders will receive priority treatment of goods at the border through expedited clearance, reduced documentation and cargo inspections, and minimised disruption to trade flows.

**4. Implementation of a unique Trader Identification Number (TIN):** making it easier and more effective for Trusted Traders to be recognised by MRA partners - reducing red tape

## Information for industry

Trusted Traders receive preferential treatment at the border when importing goods, helping get their products to market quicker. Trusted Traders and their licensed customs brokers can also lodge a single import declaration for consolidated air and sea cargo, which saves time and money. Trusted Traders also benefit from simpler processes to become sponsors for temporary work (skilled) visas.

To become a Trusted Trader, businesses must undergo an accreditation process through the Australian Border Force (ABF). This process includes a desktop analysis and a site visit, which checks trade practices and helps businesses secure their supply chain.

Each Trusted Trader has a dedicated ABF Account Manager to help streamline their interactions with the ABF and guide them through the customs process.

and improving the efficiency of the border clearance process. This requires standardisation of numbers globally and acceptance of the TIN by the systems used by MRA partners.

**5. An even lighter touch at the border:** providing faster border clearance for Trusted Traders in recognition of the lower risk that they present at the border. This will enable the Department and ABF to have a greater focus on areas of greater or unknown risks.

The other good news is that the previously onerous application and validation process to become a Trusted Trader has been simplified and streamlined which means on average, application times have come down ninety-five per cent and most business can be accredited within 60 days of application.

Through partnership with industry, ATT gives Australian businesses a

competitive edge and helps secure Australia's border. The Department of Home Affairs and ABF are committed to further improving and growing the program while keeping it relevant to business.

**To find out if Australian Trusted Trader is right for your business visit [www.abf.gov.au/trustedtrader](http://www.abf.gov.au/trustedtrader)**

# Dispelling the myths - Australian Trusted Trader Update

By ANDREW CRAWFORD, Head of Border and Biosecurity, FTA

As outlined in this and previous editions of Across Borders, the Australian Trusted Trader (ATT) is a world leading trade facilitation program, accrediting businesses that can demonstrate both secure supply chains and trade compliant practices.

Freight & Trade Alliance (FTA) is a foundation member of the ATT Industry Advisory Group (IAG) and remains a strong supporter of the initiative, advocating for benefits to exporters, importers and beyond to customs brokers and freight forwarders.

## Mis-information

Of concern is that FTA is receiving member feedback that certain sectors of industry are spreading mis-information about the program promoting services and expensive, specialist audits in return for a promised saving in Import

Processing Charges (IPC).

While IPC savings are available, this does not apply to multiple consignments across multiple FCLs.

## Consolidated Cargo Clearance

ATT importers benefit in assembly order scenarios meaning that LCL and airfreight consignments that have multiple suppliers can be completed on single import declaration. In effect, this is similar to the long-standing arrangement that has existed for FCX consignments whereby a container with multiple suppliers can be cleared by a single Full Import Declaration (FID).

This is a long way short of the concept of periodic declarations to replace transactional FIDs. While technically this would not be hard to achieve (your software could simply collate FIDs and produce a consolidated periodic declaration), this is not currently feasible as the Department of Agriculture and Water Resources completes biosecurity risk assessment on a transactional basis, profiling tariff data from FIDs.

## Duty Deferral - IPC implications

Duty deferral is now available to ATT importers, however IPC must still be paid on a transactional / FID basis. FTA is advocating for a further benefit to allow all associated IPC, fees and levies to also be deferred. Furthermore, FTA is supporting its importer ATT members by advocating for a reduction in IPC.

Members should also be aware that FTA is advocating for the duty deferral initiative to be expanded to include service providers. We believe this would be a significant benefit and increase the uptake in the program.

Be warned of any service provider stating that a reduction in IPC is available. There has been no indication from government that this will be implemented - any change would require significant re-working of cost recovery models.

## Find out more

We are delighted to advise the significant uptake in our Spring 2018 - **CPD - Border and Biosecurity Compliance Program**. If you have not already done so, we encourage you to register and join colleagues at the following events:

Tim Fitzgerald (Assistant Secretary, Trusted Trader & Trade Services) will provide an update on 26 September in Sydney (Novotel Brighton Le Sands) - a half day program (11am to 5pm) with a focus on trade related obligations, risks and ethics - 19.5 customs broker CPD points.

Our final event for the year will be hosted in Melbourne (Hyatt Place, Essendon Fields) on 16 October 2018 featuring Michael Mosely (Superintendent, Australian Trusted Trader) - this will be an extended interactive program (8.30am to 4.30pm) - 24 customs broker CPD points.

For full program details and registration please refer to [www.ftalliance.com.au/upcoming-events](http://www.ftalliance.com.au/upcoming-events)



## Sec 77G Depot Compliance

Recommended training for Section 77G Depot employees

Section 77G Depot licence holders are required to provide adequate training to make staff aware of their obligations in dealing with goods subject to the control of Customs.

This course takes approximately 15 hours to complete - upon passing the online assessment a certificate with two years validity will be automatically generated. Importantly, the course provides operational staff with learning outcomes to be able to complete day to day activities with confidence that they are compliant with legal requirements.

For more information go to:

[www.compliancenetfta.com.au](http://www.compliancenetfta.com.au)

Call: 02 9957 1878 or email: [info@FTAlliance.com.au](mailto:info@FTAlliance.com.au)

**PAY & ENROL ONLINE**

**\$99.00** per enrolment

Price includes GST

**3 CPD Points**



## Australian Trusted Trader Symposium

The third annual Australian Trusted Trader (ATT) Symposium was held in Melbourne on 8 August, giving Trusted Traders and Government an opportunity to collaborate and shape the future direction of ATT.



*Acting First Assistant Secretary Trade and Customs John Gibbon*



*ABF Commissioner Michael Outram and Minister for Law Enforcement and Cyber Security Angus Taylor with Michael Clemenger from Clemenger International Freight Pty Ltd.*



*Acting First Assistant Secretary Trade and Customs John Gibbon and Mr Alvin Chan, Blackmores Ltd.*



*ABF Commissioner Michael Outram (far left) and Minister for Law Enforcement and Cyber Security Angus Taylor (far right) with Steven Burge and Cos Breglia from Keys freight and Logistics*





*Australian Trusted Trader accreditation globe*



*Trusted Traders enjoy a seat at the table at the Symposium*



*Acting Director Trusted Trader and Trade Services, Business Development Carolyn Keily*



*ABF Commissioner Michael Outram and Minister for Law Enforcement and Cyber Security Angus Taylor with Nigel Cramer from Kaeser Compressors Australia Pty Ltd.*



*ABF Commissioner Michael Outram and Minister for Law Enforcement and Cyber Security Angus Taylor*



*Minister for Law Enforcement and Cyber Security Angus Taylor and ABF Commissioner Michael Outram*



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