SUMMER **2019**

ACROSS BORDERS

PORT BOTANY CELEBRATES ITS 40TH ANNIVERSARY

MINISTER FOR AGRICULTURE – BIOSECURITY AND TRADE FACILITATION

AIRFREIGHT – WESTERN SYDNEY, TOOWOOMBA AND MENZIES AVIATION

APSA – BOARD APPOINTMENTS AND ADVOCACY ACTIVITY

"KEEPING AUSTRALIA'S INTERNATIONAL TRADE MOVING"

FTA FREIGHT & TRADE ALLIANCE

Australian Peak Shippers Association Inc. (APSA)

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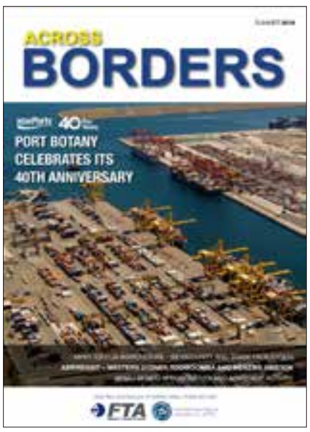

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ACROSS
BORDERS

SUMMER **2019**

Infrastructure Surcharges and Biosecurity Reforms remain the focus into 2020

The recently released *ACCC Container Stevedoring Monitoring Report 2018-19* identified that Australian stevedores are losing revenue from lower container handling rates in shipping line contracts.

Remarkably, in a depressed economic environment, stevedores have still managed to increase average revenue per container lift for the first time in seven years. According to the ACCC, this is attributable to the continuing cycle of increases in stevedore Infrastructure Surcharges (now being referred to by some as a Terminal Access Charge).

While this charging regime provides stevedores with a healthy bottom line profit, it has significantly increased the commercial strain on logistics service providers who must carry the impost of the charges in the first instance and ultimately pass costs onto importers and exporters.

Low margin commodity exporters are particularly hardest hit at a time also when drought and other supply chain pressures are impacting export growth generally.

As highlighted in the report from the Chair, Freight & Trade Alliance (FTA), the Australian Peak Shippers Association (APSA) and the Container Transport Alliance Australia (CTAA) continue to lead the industry advocacy for state-based intervention to reverse these unfettered and unregulated price increases.

Biosecurity reforms, levies and current operational service levels also remain a key advocacy focus. To that end, FTA / APSA representatives were privileged to recently meet with Senator the Hon. Bridget McKenzie (Deputy Leader of the Nationals / Minister for Agriculture).

We thank the Minister for her commitment for ongoing engagement and for her detailed foreword to this, our Summer 2019 edition of *Across Borders*.

Finally, on behalf the team at FTA, I would like to wish you and your families a Merry Christmas and we look forward to partnering with you again in 2020.

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

Protecting Australia from bio security threats.

By Senator the HON. BRIDGET McKENZIE, Deputy Leader of the Nationals / Minister for Agriculture

With its devastating sweep through Asia, African swine fever (ASF) is a reminder that Australia's world-class biosecurity system is more vital than ever in our more connected world, as new threats press constantly at our border.

How we confront ASF and similar challenges is a collective test of our determination to ensure our biosecurity protections remain world-leading and affordable into the future.

If pests and diseases, not currently present in Australia, arrive here they could up-end our ambition to grow agriculture into a $100 billion sector by 2030.

A disease like foot and mouth, if it gained a foothold, could cost farmers and the Australian community $52 billion over a decade.

ASF has no cure, is cutting a swathe through swineherds it infects, and is devastating the livelihoods of millions of people who rely on the pork industry. It's potentially the most damaging animal disease event the world has seen.

While not harmful to humans, the disease kills about 80 per cent of pigs it infects. China's pig population is expected to halve by the end of the year—that's a quarter of the world's pigs, gone.

That grim toll is putting pressure on global food security, reducing pork's availability and lifting prices for other protein sources like chicken and beef. ASF has jumped from China to the Philippines, Timor-Leste, Vietnam and elsewhere, easily bypassing less than the most rigorous border and quarantine checks.

Its trajectory towards Australia overlaps with the approach of the busy festive season, when demand peaks for pork and ham. It's also when Australians and tourists alike plan their celebrations and gift giving and purchase items from overseas.

David Scott (FTA Member Representative - Sea Freight / Commercial Freight & Logistics), Senator the Hon. Bridget McKenzie (Deputy Leader of the Nationals / Minister for Agriculture) and Paul Zalai (FTA / APSA)

The disease's global impact will add to uncertainties already concerning multilateral agreements like those underpinning the global trading system. How can we rekindle confidence in the important work of reducing the trade barriers that create better economic opportunities for everyone?

It is vital we keep ASF out of Australia, not only to safeguard the jobs of our 2700 pig producers and the 36,000 jobs that depend on them, but for our broader economy and the hard-won international reputation of our $60 billion agriculture industries who are a safe and reliable exporter of choice.

Our government has acted, ramping up inspections of people, cargo and mail arriving from countries affected by ASF. Four travellers have recently been removed from Australia for contravening biosecurity laws, including two carrying undeclared pork products that would have risked our $5.3 billion pork industry. We have also suspended trade of high-risk pig products from affected countries.

Yet the challenge is growing across all import pathways.

The number of passengers arriving on flights departing from ASF risk countries has increased about 6,000 per cent since July last year due to the spread of the disease to multiple new countries. Passenger numbers are now at 22.5 million and are projected to increase by five per cent annually to 32 million by 2027.

Overseas parcels and mail have increased by a staggering 172 per cent since 2010. Despite ASF concern, our biosecurity staff last month intercepted an entire piglet posted from overseas. Last financial year 145 million articles of mail arrived in Australia as well as 50 million air cargo consignments, made up predominantly of personal online purchases.

And shipping cargo volumes have risen by more than 30 per cent in nine years. Last financial year 5.5 million sea cargo consignments arrived. Much as we can pride ourselves on our reputation as an exporting nation, we rely on our trading partners to provide us a range of goods—all new farm and mining machinery is imported.

Sea cargo biosecurity risks extend beyond the risks posed by the imported product and include the risks of hitchhiker pests and diseases associated with vessels and containers; where they have come from, which routes brought them here and where are they going in Australia? There are over 80,000 individual permutations when it comes to managing the risks from different import pathways. But imports are critically important to Australia.

That's why we're investing in technologies that evaluate the mode of arrival, like the work underway to develop underwater drones to manage marine pests for the shipping and cargo sector to check the outside of vessels for biofouling.

We're exploring technologies to help manage hitchhiking pests or contaminants on shipping containers and have developed new scent lures to help train detector dogs to sniff out cargo pests, like crop-ravaging brown marmorated stink bugs.

These stink bugs can conceal themselves in trucks, automobiles, tractor-trailers, freight containers and anything else that moves, feeding on more than 300 different plant species. It is a constant threat to Australia's horticulture industry—valued at more than $9 billion—as well as our fruit and nut industry—valued at over $4 billion. Australia last year recorded more than 300 detections of the bugs, 64 of which occurred onshore.

We need to keep pace with the growing size and complexity of the task. While we benefit from increased travel, tourism and trade, Australia's pest and disease-free status will only be sustained by the combined efforts of governments, industry and the community.

The Department of Agriculture has recently consulted widely with freight forwarders, importers, ports, stevedores, shipping and customs brokers, as well as agriculture and resource firms, taking advice on how best to share the rising cost of biosecurity verification, risk mitigation and enforcement. The work of the Biosecurity Imports Levy Industry Steering Committee provided options for consideration and that work informs our next steps.

With effective collaboration and using a staged and considered approach, we can streamline our biosecurity procedures, while upholding the security of the system. Together we will explore ways government and industry can work together to lift our preparedness and to ensure a sustainable funding base for our biosecurity programs.

This approach will safeguard the broader operation of our national biosecurity system and ensure it is affordable. The benefits for our agricultural industries, our rural and urban communities, our businesses, our environment and our national lifestyle heavily outweigh the impost.

Australian Peak Shippers Association - Report from the Chair

By SEAN RICHARDS, APSA Chair / Executive General Manager - Visy Logistics

The Australian Peak Shippers Association (APSA) hosted its Annual General Meeting (AGM) at the Port of Melbourne on 13 November 2019 with the following Committee of Management (CoM) representatives re-appointed for the next 12 months:

Sean Richards (Visy Logistics) – APSA Chair; Olga Harriton (Manildra Group) – APSA Vice-Chair; Eimear McDonagh (Australian Cotton Shippers Association) - Treasurer; Flaminio Dondina (Casella); Kurt Wilkinson (Fletcher International Exports); David Werner (Cargill); Patrick Hutchison (Australian Meat Industry Council); and Peter Morgan (Australian Council for Wool Exporters and Processors).

We would like to welcome Michael Dunstan who replaces Andrew Wilson as the Australian International Movers Association (AIMA) representative on the CoM and to Paul Zalai who replaces Travis Brooks-Garrett as the association's secretary. I would also like to sincerely thank Andrew and Travis for their services and wish them both the very best for their future endeavours.

The following is a summary of the main developments discussed at the AGM:

1. Global Shippers Forum (GSF). Paul and Caroline Zalai participated in the Global Shippers Forum (GSF) in London from 16 to 19 September 2019 at which time Paul was appointed as a Director. Importantly, this will allow for APSA to have an influence and to be at the cutting edge of trade and shipping reforms through interaction with international regulatory bodies.

2. Incoterms2020. Freight & Trade Alliance (FTA) and APSA recently partnered with the Australian Chamber of Commerce and Industry (ACCI) to deliver workshops nationally during September 2019. FTA / APSA are following up this initiative in partnership with the WiseTech Academy to deliver online training providing a cost-effective means of delivering this important detail to members' operational teams.

3. Port of Melbourne – Container Origin – Destination Study. The Port of Melbourne (PoM) and the Victorian Government are keen to understand the movement of containers (on the landside) to and from the Port of Melbourne. FTA / APSA is looking to support associated projects on a funded basis and if successful will be calling on members' assistance / supply of data with strict protection of any commercially sensitive information.

4. Heavy Vehicle Safety & Safe Container Loading Practices Awareness Campaign. In partnership with the Container Transport Alliance Australia (CTAA), FTA / APSA have been successful in securing funding from the National Heavy Vehicle Regulator (NHVR) to deliver the Heavy Vehicle Safety & Safe Container Loading Practices Awareness Campaign. The working group have had a preliminary meeting with service providers and are well positioned to provide a series of free face-to-face forums and an online training package to members in the first half of 2020.

5. Coastal shipping. We continue to seek member feedback to present findings to the Department of Infrastructure in support of their current review.

6. Brexit. Via the GSF, members will be kept up to date on the Brexit deal implications. In the interim, Andrew Crawford (Head of Trade and Policy – FTA / APSA) had the privilege to join peak industry representatives to meet with the Chief Negotiators for the Australia – European Union Free Trade Agreement, Ms Alison Burrows (Australia) and Ms Helena König (European Union) in Canberra on 17 November 2019.

7. IMO 2020 Global Sulphur Limit. Via the GSF we are looking to compile a global benchmark of fuel surcharges to monitor fuel prices and surcharges and help keep disciplines in the market. At a local level, Andrew Crawford represented FTA / APSA at the Sulphur Roundtable meeting hosted by the Australian Maritime Safety Authority (AMSA) in Melbourne on 31 October 2019.

8. Part X Review. APSA is the designated peak shipper body granted status by the Federal Minister for Infrastructure and Transport under Part X of the Consumer & Competition Act to represent the interests of Australian shippers generally in relation to liner cargo shipping services. As a part of our engagement with the Australian Competition and Consumer Commission (ACCC), it was confirmed that a "Discussion Paper" will be released this year with further engagement in 2020 to assist in preparing a draft position by government and ultimately (potentially) legislative change. This is seen as a positive development which ultimately will assist APSA in determining options and risks / benefits of different models.

9. Part X - 30-day notice. Shipping Australia Limited presented to APSA for a review the MOU for the China Korea Australia Express (CA6/A1X/CAE) Service Inwards/Outwards. APSA entered into formal negotiations and successfully removed a clause in the draft MOU that proposed 14 days rather than the legislated 30 days for notifications of blank sailings.

10.Infrastructure Surcharges

Sydney – David Scott (FTA Member Representative Sea Freight / Commercial Freight & Logistics) and Paul Zalai met on 5 November 2019 with Peter Achterstraat AM (NSW Productivity Commissioner) and his senior advisors. We would like to thank the Hon. Andrew Constance (Minister for Transport and Roads and Member for Bega) for setting up this engagement following our meeting with him on 12 August 2019. FTA / APSA will be supporting the NSW Productivity Commissioner on agreed action items.

Melbourne - FTA / APSA / CTAA reached out to Deloitte and Freight Victoria for an update on the release of recommendations and the Victorian government responses. Paul Zalai met Roma Britnell MP (Shadow Minister for Ports and Freight and Member for Warrnambool) in Melbourne on 12 November 2019 to elaborate on matters raised in the FTA / APSA submission.

Fremantle – FTA / APSA provided a submission to Fremantle Ports on 27 Sept 2019 warning of the escalating threat of Infrastructure Surcharge increases to Western Australian operations and seeking intervention via the Ports' stevedoring leasing renewal arrangements. These concerns have clearly come to reality with their Infrastructure Surcharge (now referred to as "Terminal Access Charge") scheduled to increase from $8.22 (excl GST) to $45 (excl GST) per container effective 1 January 2019 at DP World, Fremantle.

We are delighted to see the strong and immediate response from the Fremantle Ports CEO, Chris Leatt-Hayter "*DP World's action is disappointing, given the substantial effort both parties have made to reach agreement on the new lease arrangements over the past months. It also confirms Fremantle Ports' concerns about the level of future infrastructure surcharges that may eventuate if no agreed approach is in place under the new lease. Fremantle Ports is currently considering its position with regard to longer-term lease arrangements at Fremantle. It will continue to strive for fair and reasonable commercial arrangements that are in the interests of all port stakeholders.*"

John Park (Head of Business Operations, FTA / APSA) met with Chris Leatt- Hayter on 5 November 2019 and will keep members up to date with developments.

National - we have maintained our engagement with the ACCC and are delighted that they have met their commitment to support for our advocacy activity on this matter. The *Container stevedoring monitoring report 2018-19* released 6 November 2019 reported higher Infrastructure Surcharges imposed on trucks and rail operators at ports helped the container stevedoring industry increase average revenue per container lift for the first time in seven years,

In closing this edition's report from the Chair, I would like to thank the re-appointed APSA CoM and the FTA administrative team for ensuring that shippers interests continue to be met via our peak industry alliance.

Australian Peak Shippers Association Inc. (APSA)

APSA Secretariat joins the board of the Global Shippers Forum

By PAUL ZALAI, Director and co-founder FTA, Secretariat APSA

The Global Shippers Forum (GSF), the world's leading trade association for shippers (importers and exporters), held its annual meeting and conference in London from 16 to 19 September 2019.

The newly appointed GSF board

During the meeting I had the honour of being appointed to the GSF board of Directors joining Sean van Dort (GSF Chairman – representing Sri Lanka), James Hookham (GSF Secretariat – representing the UK), Bob Ballantyne (Canada) and Bruce Carlton (USA). Collectively the board has the responsibility to represent shippers' interests and that of their national and regional organisations in Asia, Europe, North and South America, Africa and Australasia.

(l to r) James Hookham, Sean van Dort and Paul Zalai

Policy Agenda

The conference examined the following key matters:

- a discussion with John Butler, Executive President, World Shipping Council of future working relationship between shippers and shipping lines' representative bodies;
- IMO 2020 Global Sulphur Limit;
- a report on global initiatives to establish performance monitoring schemes for container shipping;
- review of national and regional shipping competition issues
- Incoterms and trade facilitation;
- Digitalisation of International trade documents;
- a joint meeting of the GSF and the British Shippers Council examining standards for container safety and cleanliness; and
- shipping line surcharges and unfair pricing practices.

A focus on surcharges

In terms of shipping line surcharges, GSF members reported that shipping lines generally announce the introduction of new fees without consultation, particularly in regional trades with limited numbers of service providers. Putting this in context, one recent estimate by the Central Bank of Nigeria suggested that Nigerian shippers paid the equivalent of 420m UK pounds in shipping surcharges in 2018.

Speaking to The Loadstar shortly after the GSF conference, chairman Sean van Dort described shipping surcharges as "a cancer in our industry, for which there appears to be no medicine".

He urged countries to look at legislation introduced in Sri Lanka in 2014, which specified that all quotes for shipping containerised cargo must cover the entire cost of the carriage of goods from origin to destination or agreed delivery points, and effectively introduced all-in freight rates to the country's shippers and consignees.

"The golden rule is that the contracting party is liable for all prices, which means the service provider cannot issue charges from a non-contracting party. That means terminal charges applied by ports to shipping lines, or container washing facilities to shipping lines, cannot be passed on to shippers, because shippers are excluded from these contracts".

The full article is worth reading at https://theloadstar.com/new-call-to-end-shipping-surcharges-lets-follow-sri-lankas-lead/

We look forward to ongoing collaboration with shippers globally on strategies to best influence regulatory developments affecting international freight transport and the policy decisions of governments and international organisations.

Delegation of female GSF members with Caroline Zalai (APSA co-Secretariat) third from left

RAIL CAN MEET REGIONAL AUSTRALIA'S FREIGHT CHALLENGES

By CRAIG CARMODY, Chief Executive Officer - Port of Newcastle

The best infrastructure projects in New South Wales' history have been the ones undertaken in preparation for future needs. The Snowy Hydro and the Sydney Harbour Bridge are iconic examples. The projects that end up costing the taxpayer the most and seem to never quite get it right are those that are built after the need has become chronic.

The Inland Rail is a key, transformative, nation-building project that will change the way freight is moved domestically and internationally. This has significant implications for regional NSW.

We are a trade-dependent nation with a growing freight task. We can ill-afford to be flat-footed when the world is moving quickly to greater economies-of-scale. This requires integrated and advanced planning.

There is great opportunity for Australia, particularly regional Australia, to revitalise communities, boost jobs and promote economic growth and development. The Federal Government is to be congratulated for recognising and investing in rail as a long-haul freight solution. But the responsibility of handling the growing freight task cannot rest on governments forever. The public purse should not always be called upon.

PORT of NEWCASTLE

Port of Newcastle has grown on the excellence of its rail connections. Heavy-gauge rail with capacity for long trains provides reliability and cost-effectiveness for businesses. It is fundamental to Newcastle's success as a port but so too Australia's economic future.

The importance of rail cannot be understated when you consider trends in global shipping. Since its invention in the 1960s, the humble shipping container has become ubiquitous in its simplicity and flexibility. A shipping container can go just about anywhere in the world, making it an incredibly efficient way to move freight.

But shipping lines are extracting more efficiency by moving to bigger ships. Data from Lloyd's List Intelligence, which echoes other available research, shows that the workhorse of global shipping is now carrying more than 11,000 standard shipping containers (or twenty-foot equivalent units, TEU). While Australian ports cannot handle a ship that size, these vessels account for more than three-quarters of new global capacity. They are being built at four times the rate of those considered by Australian ports to be "large".

The next level up – the Ultra Large Container Vessel (ULCVs) – starts at capacity of 14,000 TEU and goes up as high as 23,000 TEU. This is more than four times the size of the Australian average. These ULCVs already make up more than half of all newbuild capacity. Sadly, all of that capacity will bypass Australia. Our ports are not built for ships this size. There are many barriers here – some insurmountable, others requiring radical planning and expensive public investment.

The recently released National Freight and Supply Chain Strategy notes that Australia's freight productivity and costs have plateaued, with little change in real freight costs since the 1990s. This hurts our international competitiveness. It hurts exporters and importers across Australia. That impact will be even more pronounced given the world is moving to bigger ships that we cannot accommodate.

To get the cost savings, ports have to be able to handle these large vessels and, most importantly, quickly. Ports around the world – from North America to Asia and Europe – have been upsizing their infrastructure to service these larger vessels, ensuring they have deeper and / or wider channels, longer quay lines and quay cranes. They have also made radical investments in rail. The global experience is that ports can expand all they want, but the landside connections need to be able to cope or the cost savings are not generated. It means clearing containers from the wharves and getting them into intermodal centres, in great volumes, quickly. That means automation and long trains of 1200 to 1800 metres.

In Australia, ports are today further away from their long-term rail share targets than they were last century. The environmental and efficiency cost cannot be understated. Urban planners are faced with the unenviable task of juggling the competing demands inherent in managing growing metropolitan areas. Growing urban populations mean passenger trains need more time on the network at the cost of freight.

Other nations have faced similar challenges. While ports across Asia. North America and Europe invest billions to accommodate ULCVs, in some cases building new ports, it is on the landside that some of the big investments are made. In California, the home of the personal motor vehicle, there is a project to do the previously unthinkable: closing down a freeway and replacing it with rail specifically targeted at moving containers to and from the port.

Port of Newcastle's plans for a multipurpose, deepwater container terminal are founded on the ability to bring long trains right to the berth. The Port has ample land and a deep channel able to handle the ULCVs. The $1.8 billion cost is paid by private investors, not taxpayers. The Port will be connected to the Inland Rail from Day One – it is ideally placed as the connection between the inland freight artery and global markets.

Inland Rail will work because of inland ports such as those planned in places such as Parkes, Narrabri and Moree. Regional communities are set to benefit from the connection between their inland port and Newcastle's seaport. These critical supply chain alliances will unlock immense economic opportunities – cheaper and more efficient access to global markets.

Container ships are growing in size, but so too is the overall volume of containerised freight. Even our agricultural products are increasingly moving by containers because of the superior quality controls and end-to-end management that enables small parcels of food products to reach far-flung parts of the world without needing expensive handling equipment. Rail will be critical in managing that supply chain.

Projects such as the Inland Rail, proposed inland ports and the Newcastle Container Terminal must offer a good public outcome. If we do not offer the best price, efficiency and reliability, then we do not deserve the trade. Private operators must be forced to compete – investing in productivity and efficiency will only happen when there is competitive tension. That would be a good outcome for Australia.

Port of Newcastle

Port of Newcastle is a major Australian trade gateway handling 4,600 ship movements and 166 million tonnes of cargo each year. Its annual trade worth more than $29 billion to the New South Wales economy, enabling businesses across the state to successfully compete in international markets. With a deepwater shipping channel operating at 50% of its capacity, significant port land available and enviable access to national rail and road infrastructure, Port of Newcastle is positioned to further underpin the prosperity of the Hunter, NSW and Australia. As custodians of the region's critical asset, Port of Newcastle is diversifying its trade as it strives to create a safe, sustainable and environmentally and socially responsible Port that realises its potential.

A call for regulation to end exponential increases in port access fees

By PAUL ZALAI - Director and Co-Founder, FTA / Secretariat, APSA

In response to the **Port Pricing and Access Review** commissioned by the Victorian Government, Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) have outlined serious concerns regarding the exponential increases to port access fees (commonly known as 'infrastructure charges') at the Port of Melbourne.

APSA facilitated a workshop with key Port of Melbourne shippers to better understand the impacts of these increases on their businesses and used the meeting to reflect on the different State Government regulatory options put forward by the Australian Competition and Consumer Commission (ACCC) in their 2017-2018 Container Stevedoring Monitoring Report.

The key outcomes from that meeting are summarised below and were included in the formal FTA / APSA response to the review:

1. The rapid increases in terminal access fees are hurting Victorian businesses

One major importer participating in the workshop identified that port access fees are now costing their business over $3,400,000 per annum, where that figure was less than $700,000 only 5 years ago. This business commented that they have considered directing shipments to other Australian ports and land bridging to their Melbourne distribution centres.

One Victorian major grain shipper commented that the increases have scared them off future investment in their Victorian operation, with no security in port pricing. The rapid increases to terminal access fees has also influenced the investment decisions of other participants in the workshop.

A comment was made that rapidly increasing costs at the terminal gates has also affected farm gate pricing at a time when the farmers are already suffering from drought and facing other challenges.

2. Left unconstrained, Victorian trade volumes will be affected

Participants in the workshop believe that the differentiation between terminal access fees in Victoria (where the fees are substantially higher per container in Melbourne than they are in Sydney and other ports) will have an impact on investment decisions and will influence contestable trade in the Riverina.

The participants believe, if left unconstrained and unchecked, these fees will reach a point where low-margin and high-volume Victorian commodities, such as grain, will become globally uncompetitive. Australia already ranks at 103rd in the World Bank "Trading Across Borders" report, which benchmarks domestic transport and international trade costs, behind key export competitors including the U.S. The absence of any terminal user protections will make Victorian export businesses less competitive.

3. Handling / administration fees continue to distort terminal access fee increases

Workshop participants expressed concern that administration and handling fees applied by transport operators and other intermediaries on top of the stevedore charges has been normalised.

In some instances, these administration fees range from $4 to $40 per container.

There is currently no mechanism for beneficial cargo owners (BCOs) to pay terminal access fees directly to the stevedores and avoid additional fees.

4. If left unconstrained, terminal access prices will continue to increase and the impact on Victorian businesses will worsen

The participants discussed the worsening shipping line competition landscape, where it is becoming harder for stevedores to attract and retain shipping line clients. Not only is there a third stevedore now operating in Sydney, Melbourne and Brisbane, but stevedores are now also facing a growing number of shipping lines coming together in new Vessel Sharing Agreements (VSAs), as well as the consolidation of competing shipping line services. More often than not, individual lines within these VSAs are collectively appointing stevedores, further reducing competition. The result is that stevedore quayside revenue will continue to fall and landside charges will continue to increase, putting further pressure on Victorian businesses.

Participants also commented that the review must consider the relationship between Terminal Handling Charges (THCs) and the increases in landside access fees. Participants reported that they are now paying twice for the same in-terminal services – once to the stevedore via access charges and then another time to the shipping line via THCs. While the terminal access fees are increasing on the landside, shippers are also continuing to pay higher and higher THCs to their shipping lines.

5. The only acceptable relief is to disallow the pricing strategy altogether

The workshop considered the different regulatory options put forward by the ACCC in the Container Stevedoring Monitoring Report 2017-2018:

If, after more fully understanding the flow-on effects of the infrastructure charges, the state governments consider that they are having a large detrimental effect on their state's supply chains and the broader state economy, state governments might consider taking regulatory action. Government action could take the form of increased oversight of infrastructure charges by requiring stevedores to seek approval from regulators before implementation of price increases. Alternatively, governments could set limits on the rate at which the charges could be increased, or disallow the pricing strategy altogether. If it were to become clear that such action was necessary, then governments should signal this and/or act before stevedores become more reliant on the charges.

The group were unanimous that the only acceptable relief is to disallow the pricing strategy altogether. The group believed that charges should be levied on the shipping lines, the natural commercial client of the stevedores, and that any other pricing strategy would be unfair and would not promote productivity.

SUMMARY

In concluding the formal submission, FTA / APSA recommended that the Victorian Government take appropriate intervention / regulation on port access fees to avoid further damage to the export and import sectors and broader economy.

We will continue to keep members up to date on outcomes from the review, subsequent engagement with the Victorian government and escalation of our advocacy activity in other major Australian ports.

Bigger vessels are coming to Melbourne

By: ANDERS DØMMESTRUP, Immediate Past CEO – Victoria International Container Terminal Limited

Melbourne is the largest container port in Australia. Last year, the Port of Melbourne reported a total of 2.93 million TEUs passed through the three international stevedores. It is estimated each vessel visiting the port brings approximately $1.4 million in benefits to the Victorian economy. With the freight volumes expected to grow over 3.5% annually between 2018 and 2040, inevitably this will bring many benefits to all Victorians.

However, to see these benefits, Melbourne needs to ensure it remains ready and in a strong position to service the increasing vessel sizes coming to its port. We are already seeing 7000-10000 TEU vessels cascading into Australian ports. Shipping lines continue to build and utilise mega ships to drive economies of scale. Australia's larger ports need to be able to handle the bigger ships. The goal today is to optimise the efficiency of our ports to handle the demand of cargo.

Ten years ago, the average size of a container vessel coming to Australia was 2,460 TEU, compared with 4,176 TEU in 2018. As the vessel sizes increase, the existing infrastructure needs to be improved in order to handle the incoming vessels. Requirements to deal with the newly declared services for vessel sizes above 8000 TEUs now pose serious challenges to current infrastructure around crane sizes, berthing constraints, manoeuvring, tugs and the berth infrastructure to accommodate larger cranes and vessels. This all requires significant investment to retrofit existing ports but with no serious increase to volumes. However, the benefits of introducing larger vessels demonstrates its value in lower transport costs and reduced emissions.

Drewry's recent Maritime Advisors report states that "Shipping lines will nearly always choose the largest vessel that they can fill with cargo on a weekly rotation. The cost savings to Australia of upgrading from a 5,000 TEU to 11,000 TEU ship would be significant." This leads into carriers creating new alliances to deploy their largest ships in the best services, this is evident as the global shipping lines have consolidated their fleets.

It was only last year that the Port of Melbourne was granted permission to service vessels with a capacity of over 8000 TEUs. VICT welcomed the A3 Central service, consisting of COSCO, OOCL and ANL shipping lines in 2018 and all the vessels within this service are over 8,000 TEU.

VICT is the future capacity of the Port of Melbourne; not only is it at the forefront of technology in stevedoring, it is the only container terminal properly equipped to deal with the next generation of vessel due to its location and design to cater for the larger vessel exchanges. VICT is on the bay side of the West Gate Bridge, therefore has no height limits or turning basin restrictions. As the economic demand continues to grow, VICT is capable of servicing larger vessels up to 12,000-14,000 TEUs.

However, due to berthing restraints, VICT can now only berth one larger vessel at a time. With some wharf extension and improvements, this could be easily remedied. However, currently with inherent constraints up the river, under the West Gate Bridge and navigational constraints – as well as VICT effectively being reduced to a one berth terminal - congestion will again quickly become a problem in the Port of Melbourne and bring with it delays, and significant increases in the cost of doing business in Melbourne.

The Victorian government, despite having sold the port assets to a private consortium on a 50-year lease, should continue to be planning for the infrastructure requirements as the bigger ships are coming and bringing increasing volumes which will place growing constraints on the existing road and rail infrastructure. The Victorian government must work with industry to develop a cohesive and realistic plan, for the future needs of freight and logistics of the Victorian economy. We need to future proof our port. If we want Melbourne to stay competitive and reap the economic benefits, we must future proof the port by ensuring the infrastructure can handle the bigger vessels. There is no other option if the freight and logistics industry is to remain the fastest growing economy in Australia.

COSCO Thailand, container capacity is 8500 TEU, on her maiden call at VICT, September 2018.

Celebrating 40 years of Port Botany – Australia's premier port

By MARIKA CALFAS, Chief Executive Officer - NSW Ports

In just 40 years, Port Botany has become a nationally significant asset, critical to the NSW economy, our lives and our lifestyles.

With the introduction of the standardised shipping container 50 years ago, the NSW Government recognised the need for large, modern port facilities that would allow the State to benefit from this new, more efficient and safer means of handling cargo.

Construction of Port Botany resulted in the creation of a new container and bulk liquids port, making Port Botany the new shipping hub for NSW (previously it was Sydney Harbour).

At the formal opening of Port Botany on 10 December 1979, Premier Neville Wran described the construction project as, *"One of the biggest and most complex engineering projects ever undertaken in NSW".* The initial construction involved the reclamation of 260 hectares of port land, access roads, and community parkland using dredged sand from Botany Bay. Wharves, berths and land were constructed behind a two-kilometre armoured embankment designed to absorb and dissipate large storm waves. It was a mammoth undertaking that delivered a world class port facility capable of efficiently handling the State's trade needs 40 years later, including the largest container vessels visiting Australia today and supporting the state's bulk liquid and gas needs.

Of course there have been many significant milestone since then – including the $1 billion Port Botany Expansion project which delivered the third container terminal, and the introduction of automation at the port, to name just a few.

Fast forward to today and government foresight has resulted in Port Botany cementing its position as Australia's premier port. It is vital to the economic and social well-being of NSW, handling over 2.6M TEU annually, and features: short shipping channels which minimise vessel transit time; deep and stable shipping channels; on-dock rail at all three container terminals; and capability to handle ships larger than 12,000 TEU.

Importantly, this world class maritime facility supports the livelihoods of more than 25,000 people.

Celebrating Port Botany's 40th anniversary

To mark the 40th anniversary of Port Botany, we have a program of stakeholder and community initiatives which we will roll out over the coming year. We have also compiled 40 highlights covering the 40 year history of the port … I encourage you to visit nswports.com.au to have a look.

Driving sustainable operations

Looking to the future, sustainable operations and sustainable growth are at the forefront of our approach to managing Port Botany and our other infrastructure assets of Port Kembla, Enfield Intermodal Logistics Centre and Cooks River Intermodal Terminal, to cater efficiently for the growing trade needs of the State. Our 30 year Masterplan is the blueprint which guides our actions and decisions and earlier this year we launched our 2019 Sustainability Plan and Sustainability Hub https://sustainability.nswports.com.au/) which has received excellent feedback.

The Plan highlights our long term goal of moving 3 million TEU on rail by 2045, to reduce the growth of truck movements around the port and to minimise truck kilometres travelled on Sydney's roads.

For every 1 million TEU moved by rail, the number of trucks moving to and from Port Botany will reduce by 900 trucks per day. Right now, we are moving 436,000 TEU on rail, which is the highest volume of containers moved by rail at any Australian port.

To support this goal, we are investing in a significant program of works to increase overall on-dock rail capacity at Port Botany to 3 million TEU (from current 750,000 TEU capacity). Starting in 2019 with a $120 million investment, complemented by $70 million by Patrick Terminals, we will double Port Botany's on-dock rail capacity to 1.5 million TEUs on completion of Stage 1 works. We look forward to working with each of our container terminal operators to increase the overall rail capacity at the port.

We are also investing $250M in developing intermodal operations and warehousing at Enfield Intermodal Logistics Centre. The intermodal terminal, operated by LINX Cargo Care, and four warehouses are fully operational and another two warehouse precincts are currently under construction. Along with Cooks River and other intermodal terminals, these facilities will act as logistics hubs on the corridor to the growing Western Sydney and regional areas.

Another initiative of which we are proud is our Environmental Shipping Incentive. NSW Ports is the first and only port in Australia to introduce this initiative which rewards ships with higher standards of environmental emissions performance (SOx, NOx, CO2) to call at Port Botany and Port Kembla. Since launching in January, nearly 500 vessels have registered in the scheme, which supports the World Ports Sustainability Program.

With ongoing investment in supply chain efficiency, sustainability and a continued focus on optimising port and terminal capacity, Port Botany is well equipped for the future and will continue to be Australia's premier port for the next 40 years and beyond.

NSW Ports | 40 years of Port Botany

Boosting rail modal share critical to industry and community

By ROY CUMMINS, Chief Executive Officer – Port of Brisbane Pty Ltd

There's an old saying in the freight and logistics industry: *products will get to market at the lowest cost and the fastest speed.*

But it's not just a saying. It's the truest of truisms, something that has defined and shaped our industry for as long as it's been around.

That's why, at the Port of Brisbane, we don't view ourselves merely as a port. We see ourselves as a supply chain enabler, working closely with all industry players to maximise speed and minimise cost in their own operations.

But in 2019 and beyond, speed and cost aren't the only motivating factors. If our industry is to flourish well into the future, the role of community and the sustainability of mass freight movement must also be at the fore.

Nowhere is that more important than here in Brisbane, Queensland.

I may be biased, but what sets Queensland apart is our lifestyle – our people and our communities.

What's important has always been how our towns and cities have struck

the balance between growth as a community and growth as an economy.

But that journey can, and is, fraught with challenges. Our risk is that our ambition to grow is not matched by our commitment to invest in the infrastructure that supports us.

Our supply chain infrastructure network was established decades ago, for a much smaller population with a lesser appetite for consumption.

How that has changed.

Over the last 15 years, Queensland's population has grown by around 36%. Over the same period, containerised freight through the Port of Brisbane has grown by around 135%.

And when you consider that just 2% of those containers travels by rail – 98% on road – it's clear that we must think big to ensure our industry can continue to thrive and support the community while also minimising our impact.

Today, over 1.3 million containers of freight move through our Port every year. That equates to almost 4 million truck movements on our roads.

In 2050, the 5.1 million containers forecast to move in and out of the Port will require almost 13 million truck movements.

That's 13 million truck movements on our roads – triple the number today – on the same roads that south-east Queensland families drive on every single day.

We simply can't allow the liveability of our region to suffer through ever-increasing congestion and everything that goes with it – road safety risks, noise, increased emissions, slower travel times and increased road maintenance costs that could be invested elsewhere.

We are facing a flood of heavy vehicles on the streets of Brisbane. If we don't act now, our major motorways and even many suburban thoroughfares are at risk of becoming truck carparks.

Simply put, we need to get more freight off the road and onto rail.

It's one of the key reasons why the Port of Brisbane advocates for a dedicated freight rail connection to the current Inland Rail project, which stops some 38km out from the Port.

While there is a pre-existing line that gets to the Port, it shares the network with passenger trains, leading to less reliability and greater cost. This ultimately means the brand new $10 billion-plus Inland Rail project will flow into the same inefficient, costly freight rail network we have in Brisbane today.

Research by Deloitte Access Economics makes it clear that building a dedicated freight rail connection to the Port of Brisbane – connecting Inland Rail to the Port – would be transformative for the region.

The DAE paper found a 30% rail modal share to the Port of Brisbane by 2035 could deliver:

- 2.4 million less truck movements
- around $820 million in economic, social and environmental benefits each year
- an average of 1,200 new jobs each year to 2045
- $195 million in reduced congestion costs to the economy
- $155 million in reduced road maintenance costs
- $215 million in savings from reduced greenhouse gas emissions
- $210 million in increased international export value
- savings of $130 per TEU
- a $5.4 billion increase to Gross Regional Product over the period to 2045.

A dedicated freight rail connection has already been acknowledged by all levels of Government as a key priority through the SEQ City Deals proposition, and it is viewed by industry as a game-changer for the Queensland economy.

But its greatest benefits will be for the community – thousands more jobs, safer roads for all commuters, less congestion and less emissions.

When should a freight forwarder issue a house bill of lading?

By HARRY KONG, Claims Executive - Thomas Miller (Australasia) Pty Ltd

The question of 'whether to issue a house bill of lading?' for a consignment should be evaluated with careful consideration at all times, as a good business practice for freight forwarders. This will mitigate risks of potentially large exposures, as we are reminded in the case of Cro Travel v ACFM[1]

Facts

This recent NSW Court of Appeal decision upheld the previous judgment in ACFM v Freight Solutions[2] where the freight forwarder was held to have acted in misleading and deceptive conduct when issuing house bills of lading, whilst simultaneously releasing ocean bills of lading, both of which purported to be original negotiable documents.

CRO Travel Pty Ltd (CRO) (formerly known as Freight Solutions (Vic) Pty Ltd) was a freight forwarder servicing ASSH; a shipper in the business of exporting animal skin and hides. ASSH entered into a loan agreement with Australia Capital Financial Management Pty Ltd (ACFM) whereby ASSH would provide ACFM with original bills of lading as collateral security in exchange for drawdowns on the loan. It was intended that ACFM would return the original bills of lading after ASSH had repaid the drawdowns.

In the course of applying for a drawdown, ASSH provided ACFM with 11 house bills of lading issued by CRO. When ASSH failed to make the repayments, ACFM attempted to take possession of the goods, only to discover that the goods had already been released to a third party by the ocean carrier.

ACFM was able to successfully sue CRO for the full recovery of the drawdowns on the grounds of misleading and deceptive conduct.

What went wrong?

In this case, the ocean carrier issued a set of ocean bills of lading that were "original" and "negotiable" and named the consignee as "to Order" **(Ocean Bills).**

CRO issued a set of house bills of lading that were a close replica of the Ocean Bills, also being "original" and "negotiable" and named the consignee as "to Order" **(House Bills).** The House Bills were signed by CRO "as agent for the ocean carrier".

Furthermore, CRO released both the House Bills and the Ocean Bills to ASSH. ASSH provided ACFM only with the House Bills. The Ocean Bills were apparently used by a third party to take delivery of the cargo from the ocean carrier.

The court held the House Bills themselves to be misleading and deceptive for the following reasons:

- CRO did not have authority or consent from the ocean carrier to sign off as their agents
- CRO released into the world two sets of bills of ladings (House Bills and Ocean Bills) both to be original documents with title to the goods
- The House Bills did not give the lawful holder a right to delivery of the goods

Consequently, CRO were held to be liable for the loss suffered by ACFM.

The lesson to be learnt

Whilst the issuing of house bills of lading as a business practice should not be discarded, freight forwarders should never issue a house bill of lading when they do not have control over the release of the cargo at destination; especially when the ocean bill of lading issued by the ocean carrier is negotiable.

A defining feature of a bill of lading is that it constitutes a document of title for the related goods. Thus, it must be capable of obtaining delivery of the cargo it relates to when they are presented to the issuer or their authorised agent.

Furthermore, freight forwarders must not sign house bills of lading "as agents of the ocean carrier" unless the ocean carrier has granted express authority to do so. Such representation implies the lawful holder of the house bill of lading has an action against the ocean carrier. If the ocean carrier has not granted authority to the freight forwarder, the ocean carrier will have no liability, and the freight forwarder will be liable for any losses associated with the reliance on the representation.

Should a freight forwarder find themselves in need of issuing a house bill of lading, it is important to ensure the ocean bill of lading is non-negotiable and remains in possession of the freight forwarder (or their receiving agent), thus ensuring the freight forwarder has control over the release of the cargo by the ocean carrier.

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[1] Cro Travel Pty Ltd v Australia Capital Financial Management Pty Ltd [2018] NSWCA 153
[2] Australia Capital Financial Management Pty Ltd v Freight Solutions (Vic) Pty Limited [2017] NSWDC 279

Consolidation in Container Shipping – what do customers think?

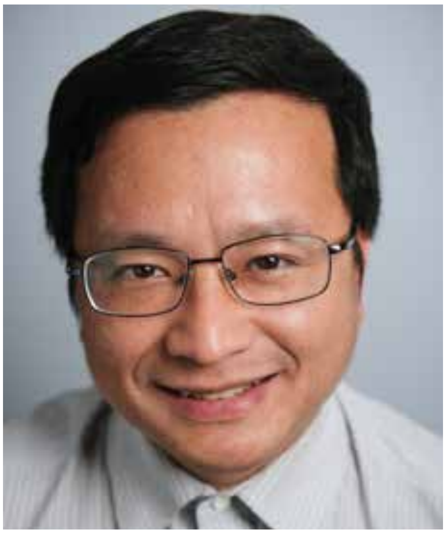
By VINH V. THAI, Associate Professor – School of Business IT & Logistics, RMIT University and DEVINDER GREWAL, Professor – Australian Institute of Shipping and Transport Logistics, Canberra

Shipping is the backbone of the world's economy, facilitating international trade and globalization with more than 90% of world trade by volume being transported by sea, according to the International Chamber of Shipping.

Container shipping maintains a good plethora of interrelationships with both suppliers and customers to deliver a reliable service. The wide variety of intertwined services that are required for the performance gives rise to the importance of integrated performance quality throughout the supply chain in container shipping. Containerships carry various types of cargo, usually of high value but low volume. Transport requirements, therefore, place more emphasis on factors such as timeliness, reliability and connectivity rather than only low freight rate. In other words, customers using container shipping tend to be more concerned with quality aspects of the service. Factors that influence service quality in this sector include:

- Physical resources (e.g. ships and containers, etc.)
- Management effectiveness (e.g. shipping line's efficiency, etc.)
- Processes (including interaction with shipping line's staff, etc.)
- Service outcomes (e.g. time and cost, etc.)
- Image (e.g. shipping line's reputation, etc.) and
- Social responsibility (e.g. shipping line's safety and environmental care, etc.).

Horizontal integration in container shipping, in the form of operational and service consolidation, has become widespread in the past few years, especially during the period of 2016 – 2018. This is happening in not only the main routes but also the regional/ feeder routes. While the top 10 shipping lines deployed 45% of container carrying capacity in 1996, the figure in 2017 stood at 70%. The table below shows that the top eight lines in the largest three alliances currently control about 80% aggregate global market share. In addition, according to UNCTAD, the number of container shipping lines providing services per country has declined by 38% on average during the period of 2004 – 2018.



Vinh V. Thai

Devinder Grewal

While consolidation can reduce overcapacity in the market, there have been concerns, raised by shipper councils globally such as the European Shippers' Council and the Global Shippers' Forum, that such consolidation will negatively affect container shipping lines' customers. McKinsey & Company in 2017 discovered from their extensive engagement with shippers that a remarkable amount of dissatisfaction exists, in which shippers found a "widening gap" between the service they want to receive and the one they actually receive, coupled with decreasing schedule reliability. Similarly, the International Transport Forum reported in 2018, citing results from a Drewry study, that transit times and reliability of booking were considered to have deteriorated since 2016, and that over 60% of respondents in the survey noticed deterioration in the range of different carriers available and over 40% observed a decreasing availability of different services. It was also observed in these reports that alliances can be generally associated with less choice, less service differentiation and less service quality for shippers.

There has been no research in Australia to examine how container shipping consolidation may affect service quality and its resulting impact on their customer

Alliance	Carriers	Global market share	Aggregate Share
2M	Maersk	17.9%	33.5%
	MSC	15.6%	
Ocean Alliance	COSCO - OOCL	12.7%	29.8%
	CMA CGM	11.5%	
	Evergreen	5.6%	
THE Alliance	Hapag-Lloyd	7.2%	16.7%
	ONE	6.8%	
	Yang Ming	2.7%	

Table 1: *Global market share controlled by three dominant shipping alliances*

Interviewees	Designation	Experience	Organisation profile
LSP1	Director Air and Ocean Australia New Zealand	30 years in freight forwarding	Air freight, contract logistics, ground transport, ocean freight, supply chain solutions, vehicle logistics
LSP2	General manager, Chairman of a state's logistics committee	27 years in logistics industry	Air freight, sea freight, LCL, FCL, service consolidation
LSP3	Import & Customer Service Supervisor	14 years warehouse operations, import seafreight customer service	Bonded warehouse, freight forwarding, quarantine
LSP4	Branch manager, air & sea freight	24 years in freight forwarding, customs brokerage and logistics	Sea & air freight forwarding, inland transport, customs brokerage, logistics solutions
LSP5	Operations manager, contract logistics	5 years in current position, 15 years in the industry	Sea & air freight forwarding, inland transport, customs brokerage, contract logistics
PA–S	Secretariat of the peak association & director of an industry supply chain association	More than 20 years in freight forwarding and logistics	Representing the cargo and shipper owners in respect to liner services
PA–F	Branch manager of the association	Many years of experience in customs quarantine, import and export forwarding	Representing freight forwarders, logistics service providers, customs brokers; offering and promoting education and training for members e.g. conferences, etc.

Table 2. *Summary of interviewees' profile.*
Notes: *LSP – Logistics Service Providers; PA-S: Peak association (shippers); PA-F: Peak association (freight forwarders)*

satisfaction. Maritime transport is critical to the country in that nearly 99% of Australia's foreign trade in terms of volume go through her ports, according to the Department of Infrastructure, Transport, Cities and Regional Development figures of 2019. To address this shortcoming, a qualitative study comprising in-depth semi-structured interviews of senior managers in freight forwarding/logistics firms, who are in charge of operational transactions with container shipping lines and representatives of peak bodies, was conducted earlier this year.

The key findings of the study were:

1. Arrangements such as slot sharing may limit the access of customers to shipping services as a shipping line's capacity is now spread across other alliance members. A 3PL service provider (LSP3) illustrated this as follows:

… Space is a main issue. If they are not consolidating with other lines, perhaps 100% of the space of that vessel is for our customers; but now they are sharing with others, so some get more options while others will lose slots.

2. Freight rates become more "stabilised" since larger but fewer shipping lines are now in the same alliance servicing specific shipping routes. Indeed, even when this is not legally permissible, alliances can influence pricing in terms of common surcharges applied in shipping routes and port areas within the alliance's networks and service areas.

3. Customers choice of shipping lines as well as negotiating power are both curtailed when dealing with alliances since there is reduced competition between shipping lines, as highlighted by LSP2. This impacts negatively on service selection and risk management for customers as the differentiation between various shipping lines has been fading out. The case of the Al Riffa and San Filipe collision and subsequent fire on both ships in November 2014 in Port Klang illustrates the depth of this concern. Only 15 containers of one product had been sent with one of the involved vessel operators by the manufacturer. It turned out that 98 containers of the manufacturer's product were on the same vessel, although booked with different carriers.

4. Negative impacts on service quality are felt in

a. resources as customers may have less choice of ships and containers

b. service outcomes are now increasingly becoming commodities and not much service customisation and differentiation can be provided due to the structure of alliances (LSP3, PA-S)

c. possible longer delivery time as fewer but larger shipping lines join lesser number of alliances, together with the deployment of bigger ships, mean containers may have to wait longer so that the necessary load level can be achieved. This is especially true in the case of Australia as the majority of containers destined to Australian ports are for local import and export demands. A 3PL service provider (LSP5) elaborated this as follows:

… When consolidating, the shipping lines instead of putting containers daily onto different vessels to spread them over Australia, it already annoys customers because the containers now spend one week longer than it should have to since they have to wait for each other…

d. the process aspect as a result of consolidation is the loss of "human touch" in doing business with shipping lines. This was pointed out by almost all interviewees (for example, LSP2, LSP3, LSP4, LSP5, PA-S and PA-F). Since consolidation drives more efficient process through automation, often with less staff, customers who may have issues with their cargo cannot find someone in the shipping lines to talk to. When someone may be found, in many cases they are "very depressed, angry and grumpy" (LSP5)

e. This also leads to issues with the management of shipping lines which is vividly elaborated by LSP4 as follows:

… Flexibility of shipping lines are limited because in some situations, their departments are far from the dock/port, which results in the fact that they don't have experience to handle the problems (e.g. their container load team is not at port, they are in Singapore).

Consolidation has given more negotiating power to shipping lines and lessened it for customers. In addition, service outcomes have become commoditised and less customised to each customer's expectations. This may be different for big logistics service providers or consolidators who have large cargo volumes, people and systems capability to integrate their processes with alliances, but the small shipper's voice has become smaller through consolidation in container shipping.

Acknowledgement
The authors acknowledge the kind support of all interviewees who participated in this research.

What are the priorities for Tasmania when it comes to shipping?

By BRETT CHARLTON – Chair, Tasmanian Logistics Committee

The other week I recently attended a private dinner with some movers and shakers in Tasmania where the question was asked "what are the priorities for Tasmania when it comes to shipping". The table was occupied by senior representatives of the mining sector, the forestry sector, the renewable energy sector and I guess, by proxy through me, the general cargo sector (think containers).

It was a tough question really as there were many competing interests at the table (as I am sure there are everywhere). It all comes down to the available space and infrastructure that is required for current operations and perceived growth, and how this competes with other industries and trends. The increasing size of vessels against the static footprint of the current berthing facilities, the loading equipment and efficiencies, cargo receivables on the wharf, the rail infrastructure and the interface with the port operation.

Add the discharge and loading capability of non-crane operated vessels – throw in some cruise ships and congestion and you could be forgiven for thinking that the best option to consider what is most important is to use the "rock, paper, scissors" method – winner gets first dibs. A very tough gig and one that TasPorts, the Tasmanian Government and Industry are watching closely.

Tasmania is an island (come down for air is our latest tourism pitch), and a microcosm of a trading environment (other places will say the same, but this is my article – get your own!). The butterfly wing theory is very much alive in Tasmania and changes in trading patterns of shippers can have a significant impact on supply chains.

If one exporter has a change of model in their operations then the feed of equipment into the island can be affected.

Consider the plight of the importer in Tasmania – predominately the majority of imports travels in 40'HC containers via Melbourne and contain retail goods (generally). But the export models of Tasmania are predominately heavy 20' containers with the exception of one or two exports that use predominately 40' containers. If one or both of the exports using 40' equipment change their market approach or have a downturn in cost that justifies their business then the butterfly wing effect is that none of the shipping lines will want their 40' equipment in Tasmania as it will either sit around or have to be repositioned back to a mainland market at a cost – this in turn restricts the space opportunities for importers and eventually impacts on the pricing of the route due to additional movements and transport of equipment. *Importers pay the price – consumers pay the price.* This is a day to day scenario in Tasmania and something that seems to have a balance at the moment, but due to the size of the market it only takes one change to disrupt the flow. Lucky we are in a stable world at the moment (cough).

In a world where costs are only going up, the Tasmanian Logistics Committee (TLC) are forever looking at mechanisms to reduce the cost burden on traders by any other means that we may discover. Recently the TLC were instrumental in a review of the Tasmanian Freight Equalisation Scheme (TFES) where we were able to justify a position that imported goods that cannot be sourced from Mainland Australia, fall within the TFES current parameters and transship a mainland port of Australia. Tasmania does not have any international calling container ships (even MSC is basically a feeder service via Sydney).

The addition to the TFES scheme will be a welcome relief for importers that meet the criteria as for years they have been left off the radar completely. The ability to have some cost relief of expensive feeder rates over Bass Strait will allow Tasmanian based businesses to invest more into their businesses by way of capital equipment, research or market expansion for finished goods – we have already seen how this has benefited the exporters with the TFES scheme extended to this trade in 2016.

Other TLC projects currently underway include a deep dive into infrastructure surcharges and also the port and terminal charges passed on to Tasmanian exporters and importers, along with our ongoing focus to continually provide a good understanding of the challenges and opportunities for Tasmanian shippers to our mainland colleagues.

The Tasmanian Logistics Committee will be joined by the Minister for Infrastructure and Transport (the Hon. Michael Ferguson) in Melbourne in November for a tour of Melbourne port.

Please do not hesitate to contact the writer via email: bcharlton@agility.com should you wish to discuss any aspect of Tasmania.

Tasmanian Logistics Committee

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Expansion and Investment for AMI Asia Pacific

John Park, Head of Business Operations – FTA / APSA, speaks to branch managers at Air Menzies International (AMI) and to Sonya Ashcroft, the newly appointed Vice President Operations, Asia Pacific.

Sonya has travelled through the ranks starting off in customer service and operations, progressing through to people leadership, then development of the highly successful click2ship product, before moving to Executive Management roles.

Although, accepting of the challenges she faces in her new role, Sonya has a very clear focus and unwavering commitment to AMI's people and customers, both current and the ones still to come on board.

"Taking up the reins of Vice President Operations Asia Pacific, is a huge responsibility and I am extremely proud to be representing our business and customers, leading a dedicated and passionate team of wonderful people, together with a loyal and growing customer base. My focus is to continue to build a positive and unified team culture promoting safety and security, further developing a team of champions who enjoy the fast paced forwarding industry.

As leaders of 100% wholesale Air Freight Forwarding, I believe AMI is uniquely positioned to support freight forwarders, customs brokers and transport operators alike. We have been operating for over 40 years and continue to focus on our objective of providing our customers with, above all else, excellent customer service, delivering efficient revenue earning products whilst potentially reducing overheads in the process.

From our initial start-up success of 100% piece-level screening for USA exports back in July 2017, this year we have repeated this success with the roll out of 100% piece level screening for all international exports. AMI customers receive a robust service for all export screening, international exports, imports and domestic services (including being ready for the domestic screening start-up in 2020). AMI facilities are RACA approved for the purpose of export screening, IATA approved and licenced for 77G Australian Border Force (Customs) and Biosecurity Approved Arrangement (Quarantine)."

New Facilities

AMI has moved in to brand new facilities in Melbourne and Perth with significant warehouse and office space. These facilities highlight efficient operations, quick turnaround of freight movement and on-time delivery.

Matthew Laming, Branch Manager - Western Australia

"Based on Perth Airport, we moved into our new facility in April 2019 providing increased space to handle high demand cargo and screening requirements for the industry. Only four minutes to the cargo terminals places us in a great location for quick turnaround of freight ready for delivery to customers"

Thomas Tyson, Branch Manager - Victoria

"Based on Melbourne Airport we opened our doors to the new facility in 2018. We provide quicker turn around times and fast check in of outturns. Customers, truck and courier drivers, all enjoy a quicker service. Storage options have also increased with more capability to handle diverse freight. With two X-ray machines, we have doubled our screening volume as well as additional secondary screening equipment. Further improvements for customers include an increase in AMI trucks lodging for cargo at the CTOs throughout the day"

Further "on Airport" expansion planned for 2020

We were the first Brisbane Airport commercial tenant over 20 years ago, and we will maintain this commitment and ease of access for our customers when we move into the new purpose built standalone facility in the first quarter of 2020.

Robert Ashcroft, Branch Manager - Queensland

"The Brisbane based operation has grown considerably over the years and continues to provide a professional wholesale service to Industry. The latest facility will also be home to our Head Office for the Asia Pacific region. A stand-alone purpose built facility with a larger warehouse capacity, hardstand, and driveway area will promote a streamlined drop off and pickup experience with improved security for Australian Border Force Regulations. Our new location on Sugarmill Road, will offer excellent access for customers in the Metro area as well as the Airport vicinity"

Book for a facility tour at any of the branches to see first-hand the AMI Asia Pacific investment and expansion in Australia. AMI would be happy to show you around, talk about your business and how they can leverage the investments they are making to stimulate and support your success.

Sydney's new Airport terminal design revealed

The first preview of Sydney's new Airport has been unveiled with architects appointed to design the state-of-the-art terminal precinct at Western Sydney International (Nancy-Bird Walton) Airport.

Western Sydney Airport Chief Executive Officer Graham Millett said an architectural team consisting of London-based Zaha Hadid Architects and Cox Architecture in Sydney was selected from more than 40 entrants as the winners of the terminal precinct design competition.

"The brief was to design an airport that the people of Western Sydney can be proud of and provide a real sense of place with a focus on the customer journey and efficiencies for airlines," Mr Millett said.

"Whether arriving at the airport by road, rail or air, passengers will be greeted by landscaped gardens within a grand public plaza that will offer a great choice of retail, dining and entertainment.

"When passengers enter the terminal, they will be immersed in a uniquely Western Sydney International experience with soaring timber ceilings and stunning vertical gardens designed to provide an inviting and relaxing start to their journey.

"The layout of the terminal, combining international and domestic operations under one roof, will come together with technology and outstanding customer service to give operators and their passengers a reliable, fun and stress-free airport experience."

> *"Wymap Group is excited to join with other Aviation Logistics Industry leaders in partnering with Western Sydney International to build Australia's next airfreight gateway"*
>
> **Justin Bailey, CEO (Wymap)**

We are delighted to join in this unique effort in taking part in discussions and collaborations with Western Sydney Airport in establishing Western Sydney International for the benefit of the enterprises and the residents of New South Wales

Johan Sandahl, Director Airfreight, Australia & New Zealand (DB Schenker)

Sustainability was another key criteria and the winning design stood out for its expansive use of passive design, taking advantage of natural airflows and lighting and efficient solar shading.

ZHA Project Director Cristiano Ceccato said it was an honour to have been selected for the project and that the "design is an evolution of Australian architecture past, present and future".

COX Project Director David Holm said the design took inspiration from "the unique local flora of Western Sydney and the Great Australian Light to create an unmistakable regional identity".

Zaha Hadid Architects designed the new Beijing Daxing International Airport and the Navi Mumbai International Airport. Cox Architecture are designing the Victoria Cross Station in Sydney and Western Sydney's new Sydney Coliseum Theatre.

The winning concept passed a range of value-for-money and technical reviews before the final decision was made by a panel of some of Australia's most renowned architects including Yvonne von Hartel, Peter Poulet and Kim Crestani.

Western Sydney International will cater for up to 10 million passengers per year on opening, growing in stages and over decades to eventually become the largest gateway to Australia at 82 million per year.

Mr Millett said that for overseas airlines, Western Sydney International means Sydney is once again open for business.

"Sydney remains Australia's most iconic destination, it's also the economic and cultural centre and a gateway to many of the nation's outback, mountain and vineyard experiences," he said.

"Western Sydney International means new slots to Australia's premier city, enabled by unrestricted operations.

"The absence of a curfew and no movement caps will create the kind of flexibility that the aviation market has never seen before in Sydney."

Western Sydney Airport has signed a memoranda of understanding with Australia's two biggest airlines, Qantas and Virgin Australia, which will see the airlines have input into the Airport's design and operation.

"Building a greenfield airport in consultation with airlines means we can provide an optimal operating environment that is also customer centric," Mr Millett said.

"Reliability, flexibility and efficiency will be the hallmarks of what airlines will experience when they operate from Western Sydney International."

Western Sydney International is on track to open in 2026.

Images: https://drive.google.com/open?id=19MtqkyCZwD_2qeYhWy2QsV9SzxTvdRut

Flythrough: https://drive.google.com/file/d/1Uqc2apwfETBddVaFjsZHtJr38-QJfkTR/view?usp=sharing

The construction of a brand new airport precinct is a once in a lifetime opportunity for a major city and has the potential to redefine airfreight cargo movements throughout the larger Sydney area.

Paul Thomson, Managing Director, Australia & New Zealand (DSV Air & Sea)

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Interview

Beau Paine - Regional Vice President Cargo – Australia | Menzies Aviation (Australia)

Paul Zalai, Director FTA, speaks to Beau Paine on the how he sees the air freight industry at present and what plans Menzies Aviation have for the future.

1. PAUL ZALAI – Beau, how is business performing so far in 2019 across Australia and New Zealand?

Ongoing trade friction continues to influence cargo volumes in 2019. We have experienced strong overall shipment numbers with AWB numbers consistent with 2018, however cargo tonnage has declined on average 6.5% compared to the previous year.

Exports have been surprisingly resilient, with consistent volumes in 2019 (down 3% to 2018) and the Enhanced Air Cargo Security programme which was implemented on 01 March 2019 (piece level x-ray examination of cargo), proving to not affect export bookings. Imports have suffered the most in 2019 with year on year impact of 12% decline.

2. PAUL ZALAI – How do you see the outlook for the rest of the year?

Despite approaching the seasonal peak period, we anticipate continued soft cargo volumes in Australia and New Zealand amidst the ongoing global trade tensions. The majority of our customer base are Asian airlines and as higher tariffs continue to disrupt global supply chains we expect the weakness in air cargo markets to extend into the coming months.

3. PAUL ZALAI - What services do you offer cargo customers across the region?

We offer services to our customers for a wide range of cargo commodities that include but not limited to general warehousing and storage of general cargo, perishable products, express cargo services, valuable cargo handling, handling of live animals, handling and inspection of dangerous goods and pharmaceutical items.

As leaders in cargo security, we are able to offer our customers a complete range of security screening options with state of the art X-Ray machines, Metal Detectors and Explosive trace detecting units. In some of our stations we have worked closely with our customers to understand their needs and offer an extended service for direct deliveries to both the customer's facilities and the end customer. In some of our stations across the globe we are also offering an unaccompanied baggage service for the general public to ship personal belongings overseas.

We pride ourselves on offering bespoke services to our customers and tailored solutions to accommodate regional and geographic constraints in our region. These tailored services include:

i. trucking cargo to and from airport for our freight forwarders in Sydney, and an airport to airport service in Melbourne connecting its airports of Tullamarine and Avalon

ii. specialised livestock handling with bespoke mobile loading and weighing solutions

iii. dedicated pharma handling

iv. freighter ramp coordination on behalf of the Carrier

v. provision of x-ray and electromagnetic detection cargo security services in SYD, MEL, PER and CNS to satisfy the perishable export markets in these regions.

4. PAUL ZALAI - How many customers do you serve in the region, and are these long-term partnerships?

Across Australia and New Zealand we are proud to partner with 35 airlines.

The length of these partnerships varies from port to port.

In 2019 we successfully renewed our partnership with Cathay Pacific and Thai Airways for a further 5yrs across all ports in the region demonstrating the strong relationship we have with premium airlines.

5. PAUL ZALAI - With operations at 10 Australian airports and three in New Zealand, do you cover the most important regions of these markets?

Yes, we have a presence in all of the major cities in AU and NZ providing a strong service portfolio to our international and domestic partner airlines.

6. PAUL ZALAI - Are you looking at adding operations at any other airports in the two countries?

We have just opened an operation in Canberra, Australia's capital city and have signed an MOU with Western Sydney Airport to assist with the freight strategy and cargo facilities design ahead of its planned opening in 2026.

Western Sydney Airport will be Sydney's second airport and we are excited for the future opportunities that may be afforded.

7. PAUL ZALAI - Menzies extended its Australian network with facilities in Cairns and Melbourne (Avalon) at the start of the year, how are these new stations performing?

Cairns offers a best in class perishable handling facility to suit the humid climate of the far north of Australia. Since opening the facility, we have been awarded the domestic business for both Virgin Australia and Alliance Airlines.

Virgin operates RPT and freighter services from Cairns and is an integral station on their network.

Melbourne Avalon is serviced by the twice daily, AirAsia X flight to/from KUL – given the Avalon location is approximately one hour from Melbourne Tullamarine, we offer a trucking solution to the Melbourne freight forwarder community which are primarily based at Tullamarine.

Both stations are operating well and demonstrate our commitment to satisfying our customers' needs via flexible and bespoke handling options.

8. PAUL ZALAI -How does Menzies plan to expand and grow across Australia and New Zealand in the coming years?

In listening to the market needs, one of our major goals is to improve our Pharmaceutical handling capabilities through investment of infrastructure, redevelopment of our process and training for our staff to facilitate appropriate handling of pharmaceuticals to travel by air.

We are also looking at extending some of our existing services across more of our stations throughout the region. We have taken great interest in working with Airport authorities in both SYD and AKL (Our two major ports in each country), to expand our presence in Sydney's 2nd airport which is in development, and the new cargo precinct which is also under development in AKL which will allow us to grow the size of our facility, upgrade our equipment and grow our customer base.

9. PAUL ZALAI - How do you see the airfreight markets in Australia and New Zealand developing in the coming years?

Whilst we are hopeful that these markets will grow in both import and export capacities, the likelihood is that they will remain stable over the coming years after many years of significant volume increase. External factors will always influence the logistics industry and any changes may have a dramatic impact on the industry. The product mix will continue to see some significant change with e-Commerce becoming a commodity that is rapidly growing across the region and also the globe.

10. PAUL ZALAI - What are the main challenges and opportunities of doing business in Australia and New Zealand?

One of the main challenges that we face across the region is the attraction of staff to support our business growth as both countries have a significantly low unemployment rate.

Another challenge, more from a New Zealand perspective is the slow response to technology with automated processes still being established whilst they have been current in Australia for some time. With this being said it creates great opportunities for the New Zealand businesses to improve their operating models and service offering which will be beneficial towards business growth.

A great opportunity for both countries going forward is the ability to synergise and integrate systems, processes and even personnel considering the close distance between Australia and New Zealand

FROM TOOWOOMBA TO THE WORLD

By ROBERT KASCH, General Manager - Toowoomba Wellcamp Airport

Constructed over 19 months from 2012-2014, Toowoomba Wellcamp Airport is not only the newest airport in Australia, it is the first major greenfield public airport development in over 50 years and the first privately funded public airport in the country.

This world class piece of economic infrastructure features a 2870m long jet capable runway and fully licensed international air cargo terminal. Fully equipped to handle oversized cargo, Dangerous Goods (DG), livestock, high value air shipments including art works, aerospace equipment, mining equipment and exhibition pieces.

On 30 October 2019 Premier Annastacia Palaszczuk announced that Toowoomba Wellcamp Airport was selected as one of two regional sites for a multimillion-dollar investment to boost jobs on the Darling Downs and enhance the region's reputation as an agricultural export hot spot.

Wagner Corporation, the Airport's parent company, was selected to construct the Regional Trade Distribution Centre (RTDC) at the Airport with plans on a 10-month build starting in the second quarter of 2020.

"This will supercharge rapid airfreight access for agricultural producers," the Premier said. "It means graziers and growers will have easier access to export markets and that means jobs."

Upon completion the 3500 square metre facility will comprise four state-of-the-art large cold rooms, a temperature-controlled storeroom, a storeroom and an external storage area. The RTDC will be used to process premium export goods including beef, dairy products, fresh fruit and vegetables, pork and packaged nuts.

Wellcamp is, however no stranger to moving a range of commodities and is already facilitating the export of high value art, oversized mining equipment, chilled beef and local produce to the international export market.

Equine International Airfreight (EIAF) moved 21 thoroughbred racehorses from the Magic Millions Sales through Wellcamp to South Korea in early 2019. EIAF Managing Director Cameron Croucher said, "Moving horses from Australia is not uncommon, but it is uncommon to be moving horses directly out of Queensland to an overseas destination. This is largely due to the limitation of scheduled freight plane services that generally operate only out of Sydney or Melbourne airports."

Toowoomba Wellcamp Airport offers direct access into SE QLD and with the completion of the new Toowoomba Bypass, road access for freight transport across the eastern seaboard of Australia is now more efficient than ever before.

The Airport welcomes the only scheduled weekly 747-8F freighter service in Queensland when Cathay Pacific touches down every Tuesday afternoon en route to Hong Kong. The freight business at Toowoomba Wellcamp Airport is continuing to grow with the regular services of CX and Toll Global Express as well as ad hoc charter services – both domestic and international.

The efficient handling of our weekly 747- 8F Cathay Pacific Freighter service as well as proven success in handling ad hoc charter movements, such as the recent An-12 and Boeing 757-200F has shown the international logistics market that the Airport is a major player in the air freight industry.

Toowoomba Wellcamp Airport is positioned as the leading international cargo hub for the region, connecting Australia's leading primary producers, processors and manufacturers with growing consumer markets across Asia and greater China.

The Airport further offers the international leisure and business traveler direct access in and out of the region with direct services between Toowoomba and Sydney, Melbourne, Townsville and Western Queensland.

In September 2018 the Qantas Group announced Toowoomba Wellcamp Airport as the first of two regional locations for its new Pilot Academy. The Academy is part of the Qantas Group's strategy to build a long-term talent pipeline for its own airlines and help the broader industry meet the increasing need for skilled aviators. With the first students already in session, the Academy is expected to eventually grow to train as many as 250 pilots per year from the purpose built training and residential facility at Toowoomba Wellcamp Airport

The completion of the Toowoomba Bypass, the planned RTDC and a future inland rail route from Melbourne to Brisbane set to include access to an intermodal facility at Wellcamp Airport, ensures that the trifecta of road, rail and air places Toowoomba Wellcamp Airport on the map to become Australia's leading trade hub.

TOOWOOMBA wellcamp AIRPORT

MAJOR NEW ZEALAND PORTS CHOOSE CONTAINERCHAIN'S NOTIFICATIONS (VBS) PRODUCT

By CHRIS COLLINS, Managing Director – Containerchain

Containerchain has launched its VBS product Notifications at Port of Tauranga's Sulphur Point seaport terminal in New Zealand. This is the first of several major projects with Port of Tauranga and Ports of Auckland via their joint venture data management entity, Port Connect.

Containerchain, a WiseTech Global group company and a creator of cloud-based software solutions for optimising the container shipping and landside container logistics industry, has continued its expansion into the seaport terminal Vehicle Booking System (VBS) market segment. Containerchain's Notifications and eGate products have now been implemented at the Port of Tauranga's Sulphur Point Seaport Terminal in New Zealand, marking the first time Containerchain's VBS has been chosen to manage gate movements, inclusive of automated gate-in functionality at a seaport container terminal. This follows significant product expansion work to manage the unique needs of seaport facilities.

The Sulphur Point project is the first of several secured within the New Zealand market, off the back of a strategic collaboration with port operators Port of Tauranga and Ports of Auckland, via their joint venture data management entity, PortConnect. Building on its significant presence in the land-side empty container depot sector, Containerchain's strategic collaboration with the terminal sector in New Zealand promises to vastly improve the efficiency, managing inland and sea terminals mass movements of containers through its ports.

Martyn McColgan, Terminal Operations Manager at Port of Tauranga said: "We've watched with interest the efficiency gains that Containerchain's Notifications system has delivered for the empty depot sector in New Zealand and our own intermodal rail facility at MetroPort. It made sense for us to find out if it could deliver the same for our major seaport terminal at Sulphur Point. Containerchain worked closely with us to tailor the technology to provide maximum benefit to the terminal and road transport operators, with port-specific functionality such as e-gate, bulk runs, bills of lading, EDO's, and integration with our Navis TOS product development. The onsite implementation proceeded remarkably smoothly, we have been up and running with Notifications since July and are already seeing improvements in our throughput and gate turnaround times."

The Port of Tauranga implementation is a major milestone in the company's expansion into the seaport terminal segment. "This moment represents around two years of engagement and collaboration with Port of Tauranga, to deliver a solution that leveraged the best of our existing technology with the added functionality needed to seamlessly handle the specific needs of a seaport terminal globally. We're thrilled with the result and look forward to further expansion across New Zealand with the support of Port of Tauranga, Ports of Auckland and PortConnect under our long-term strategic business arrangement."

More information about Notifications and Containerchain's other solutions for the container logistics and transport sector can be found at www.containerchain.com.

Save costs or save the planet? Why choose one when you can have both.

Our planet is at a tipping point. Taking positive action to reduce your supply chain's emissions can be more than just a good news story.

By JOHN PAYNE, Chief Executive Officer- Scopta

Did you know your supply chain could be producing up to 75% of your company's greenhouse gases? Emissions from the supply chain sector continue to grow due to increased global demand to move more goods and to move them faster.

Almost 15% of all greenhouse gases are produced by transport (road, rail, air and sea) originating predominantly from expensive petroleum-based fuels.

Our planet is at a tipping point. "What can we do?" you ask. Well, the opportunity of doing something positive for the bottom line of your business can certainly have an impact on the planet. The choice is yours as to whether the impact is positive or negative.

Sustainability is fast becoming a core pillar of supply chain management. For some time now companies such as Dell and Walmart have been actively pursuing a reduction of greenhouse gas emissions from their supply chains. Meanwhile Brambles, Google, VW and Kuehne + Nagel are more aggressively targeting a carbon-neutral supply chain.

The good news is that among the many methods of reducing carbon emissions there are opportunities to also reduce supply chain costs. The opportunity is to target cost savings as well as delivering carbon reductions that will be music to the ears of consumers and increasingly environmentally conscious shareholders seeking a better return.

On a daily basis, we make choices about how we move goods through our supply chain and yet the technologies that are now commonly available to reduce the cost to us and the planet, are not always adopted. That is until it is forced upon us, legislatively. A good example is lower-emission engines. In hindsight these technologies often prove to have a robust business case but this was overlooked because the financial business benefit was clouded by environmental noise.

We can be efficient in some areas while other areas are harder to address. We must focus locally on what is easily within our control. For example, international sea-freight has significant structural and commercial issues that are obstacles to increasing efficiency. According to some sources, these blockages are costing the industry up to $US18 billion of surplus fuel burn per annum, with the alarming extrapolation of over one hundred million tonnes of carbon – perhaps the subject of a future article. Other opportunities will have higher capital cost, such as replacement of internal combustion engine forklifts with electric forklifts and AGVs (automatic guided vehicles) that have lower operating costs.

There are two more obvious and direct ways we can make a difference – 'last mile delivery' and 'multiple touches'. Last mile accounts for up to 28% of total supply chain costs, while touches can add significant incremental costs, driven by excessive loading and unloading of vehicles, forklift movements, and movements in the shed.

If we route efficiently we can often reduce these last-mile costs by more than 10%. We can achieve this by planning the vehicle route using mathematical tools that a human cannot compute. The problem can be broken down mathematically and vastly improve the efficiency in time, cost and distance while concurrently improving customer service, predictability and DIFOT (delivery in full on time). The often assumed trade-offs actually do not exist. Cost and service can be improved concurrently.

In a recent trial for an 11 truck fleet operation, by routing efficiently, Scopta was able to reduce the transport operations expenditure by 11%, move DIFOT from 92.3% to 100%, and reduce the annual carbon emissions by an estimated 210 tonnes.

Touches are sometimes a side effect of poor total distribution network design. A better designed network with less touching and more efficient last-mile delivery, will reap significant cost savings and environmental benefit. A warehouse removed from the supply chain can have a considerable cost and environmental impact. This simple approach to a better design can change our thinking about how we structure supply chains.

So, what next? Start the thinking process, consider the options and seize the opportunity to improve your company's bottom line and the planet.

SCOPTA

Headquartered in Australia, we have recently changed our name from Biarri Supply Chain to Scopta and re-branded. The acronym SCOPTA sums up what we do. We are a global specialist in providing Supply Chain Optimisation Applications, focused on answering questions and helping businesses make better decisions while delivering value quickly. Local clients include Linfox, Asahi, Qube, Australia Post and Coles. Find out more by visiting scopta.com.

I Hate Recruitment Agencies!

By LEANNE LEWIS, Managing Director- Insync Personnel

I have had this particular statement said to me for many years now, generally when engaging with a new client or candidate. I've even personally experienced this in our own office!

On the surface it doesn't bother me, however, whomever is making that statement mustn't have worked with the 'right' recruitment agency. I am very aware that there is a mixed perception of a recruiter/recruitment agency – with some believing that:

- Recruitment agencies just flick CV's to their clients without any preparation and hope they stick
- Recruiters place fake ads to gather CV's and more candidates
- They don't know anything about the jobs they are recruiting for and recruiters charge just for admin work

To be honest, I have worked within recruitment agencies where they may not have been as "ethical" as they should be. That is also a big part of the reason why I created Insync Personnel almost 10 years ago!

When I refer to the 'right' recruitment agency, I am referring to the below points:

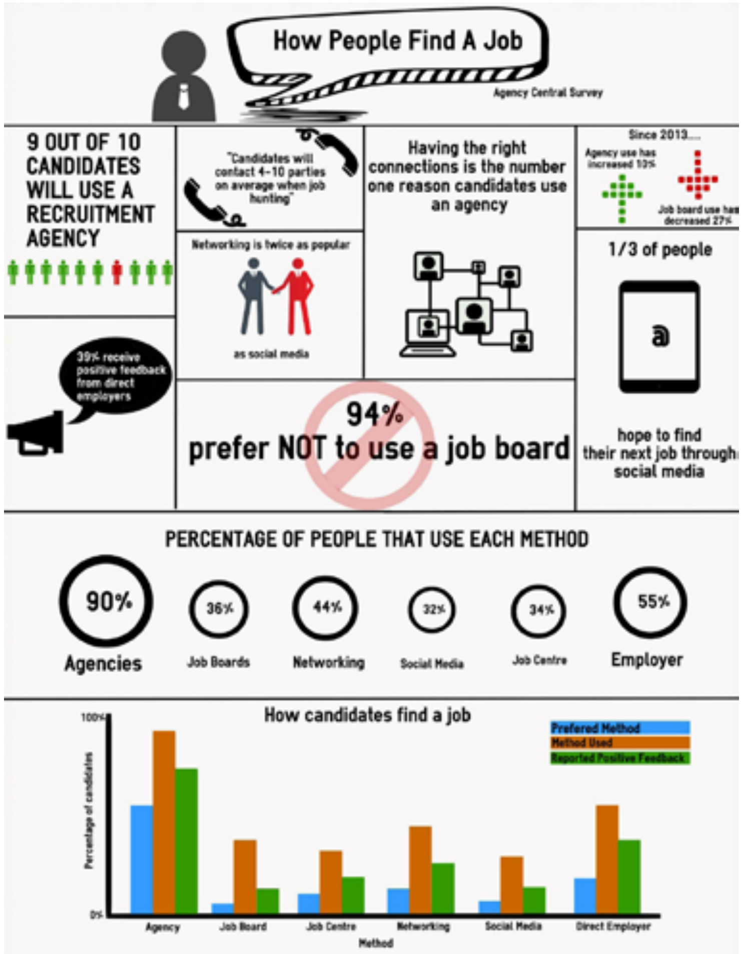
- They need to understand your business, service and product
- They must meet you in person to understand the pros and cons to your office/culture
- They need to thoroughly understand the role you are recruiting for
- Ensure that you understand and agree to the recruitment agency's terms of business
- That they are committed to sourcing the best candidate possible
- Ensure that they do not headhunt your staff
- They should be a member of the RCSA (Recruitment, Consulting and Staffing Association of Australia and NZ) and abide by their code of conduct

Remember that the recruitment agency/recruitment consultant should be seen as an extension to your business! They are employed as a third party to represent your brand – working towards sourcing the best available candidates in the market.

The commodity that we work with as a recruitment agency is also very unique and can provide unforeseen challenges along the way! People have the opportunity to make their own decisions which we embrace, as ultimately the candidate needs to be happy with what has been presented to them. Very different to cargo packed within a 20-foot container.

Once you have partnered with the 'right' recruitment agency, there are a number of benefits. Some of which are listed below:

- All the hard work is done for you while you do your job – Screening, Interviewing, Reference Checks, Candidate Guarantee
- You are made aware of strong candidates all year round – be first to get the candidate 'pick of the bunch' (Better Employees = Better Business)



- The recruiter can dissolve any negative perception surrounding the business
- A good recruiter will also know of the industry candidates to avoid
- A great recruitment business will offer more than just a bum on a seat – HR Information, accurate up to date salary information

The role of a recruitment consultant is a tough one so make sure you work with someone you can trust will be 100% committed to providing you and your business the best candidates/opportunities within the industry.

Happy Recruiting!

www.insyncpersonnel.com.au

What Keeps You Awake at Night?

By NEIL CHAMBERS, Director – Container Transport Alliance Australia

The landside container logistics business is tough and getting tougher.

While there has been a level of consolidation of container transport operators in all States in recent times, the sector is still extremely price competitive.

Cartage rates for metropolitan container movements by road have been stagnant or have decreased in the last three years in all ports according to the Bureau of Infrastructure, Transport and Regional Economics (*BITRE – Waterline 63 (October 2019)*). Many would argue that it's been much longer than that.

For the larger container transport operators, it's a lower margin, higher volume game, with value-added services offered wherever possible, such as pack/unpack, warehousing (including bonded), fumigation and other biosecurity services, and vertical integration into empty container management and the like.

24/6 or even 24/7 road transport operations have become the norm, with the need to stage containers through transport yards (full imports & exports, and now more empty containers) to meet pick-up and delivery timeframes dictated by the stevedores and shipping lines, while managing customer requirements and juggling mismatches of operating hours.

For smaller operators relying mainly on container cartage as the major revenue generator in their business, the outlook is difficult.

Looking at the other side of the ledger, operating costs have gone up substantially. Capital and equipment, facilities, labour, maintenance and road transport compliance costs have all increased. On the latter, it's extremely unfortunate that there seems to be little premium in the commercial marketplace for safety among the clients of container road transport operators.

There will be lots of other commentary in this edition of "Across Borders" about the ever-increasing landside infrastructure fees being imposed by the stevedoring companies.

From the road transport operators' perspective, those charges fall into the category of external price shocks that they must endure before being able to pass them on to customers. Other large costs in this category include road tolls (which rise every quarter, despite not offering travel-time saving offsets due to constant traffic congestion on toll roads in major cities), and fuel cost fluctuations.

The cash-flow implications and added administration lead transport operators to add a margin to these costs when they are passed on. For larger transport operators, carrying the cost of the stevedore landside infrastructure charges is between $240,000 to $650,000 (or above) per month, per company, in just one port alone. Magnify that cash-flow burden if the company provides transport services in more than one port (as some do). Remember that the financial risk is borne by the transport operator, who would be left holding the bag if the customer defaults.

The tragic irony is that base container cartage rates are stagnant because all of the external price shocks being passed through to Australia's importers and exporters mean that transport operators have not been able to negotiate base cartage rate increases with their customers.

If you are a shipper in Melbourne (for instance), and you've endured an increase of over 2400% in stevedore infrastructure charges since 2017 (yep, you read it right … over 2400%), as well as spiralling road toll fees, and the prospect of steep increases in bunker fuel levies from shipping lines to account for the use of low-sulphur fuels from 1 January next year, would you want to meet with your transport operator to agree to a 5% or 10% increase in container cartage rates?

Yet, if this doesn't occur in the coming years, some fear that business viability in the sector, as well very important public amenity issues such as road safety, will be further eroded.

Already, it's difficult to find examples where container transport customers are willing to pay an appropriate premium for safety. Tender documents might ask a bunch of questions about how transport operators are meeting their Chain of Responsibility (CoR) responsibilities (vehicle dimensions, load restraint, overloading, speed, fatigue and vehicle maintenance) and other legal obligations like OH&S. Yet, it's still the bottom line on rates that speaks the loudest.

In recent times, CTAA has been involved in queries about container weights, where shippers have been concerned that transport operators have charged a heavy container weight surcharge when the shipper didn't think it was necessary. These cases had arisen because of differing weight declarations on commercial documents (the Bill of Lading and subsequent Delivery Order), and weights obtained through other declared sources.

Our observation was that the freight forwarders and importers really didn't understand their obligations under CoR laws requiring them to provide a complying Container Weight Declaration (CWD). In other words, it is their responsibility to determine the correct gross weights in the first instance … they cannot abrogate that responsibility to the driver or transport operator.

One of the real difficulties in having all parties in the chain take safety more seriously is that there is still inadequate enforcement. There is little prosecution or other regulatory intervention towards those found to be in breach, particularly parties up the supply chain.

The National Heavy Vehicle Regulator (NHVR) is progressively transitioning enforcement staff into direct employment away from State road agencies. The Australian Maritime Safety Authority (AMSA) is responsible for enforcement of the international obligation for exporters to declare the Verified Gross Mass (VGM) for export containers. Yet, in both instances, we are not seeing the level of regulatory scrutiny many believe is necessary to both educate and to enforce the laws. This relates particularly to the unique aspects of the laws on container weight declarations and safe cargo loading inside shipping containers.

To help improve this situation, CTAA, in conjunction with FTA and APSA, has been funded through the NHVR to develop a Safe Containers Loading Practices Campaign, which aims to promote best practice for importers and exporters in safe cargo loading inside containers, and compliance with Australia's heavy vehicle road laws. Expect the Campaign to be launched in the first half of 2020.

US / CHINA Trade Deal and Brexit

By PAUL BETTANY, Collinson FX

Introduction

World markets have surged back, with equities once again testing all-time record levels, boosted by 'Phase One' of the US/China trade deal and extreme liquidity through expansive monetary policies from Central Banks across the globe. President Trump has negotiated the first phase of a US/China trade deal which included Agriculture, Financial Services and Intellectual Property protections. These are a important first step, in a comprehensive trade agreement and spiked global economic confidence, funded by near free money.

Central Bank Monetary Policy

The Federal Reserve cut rates, for the third time this year, in October and have left room for further rate cuts by the end of the calendar year. The US domestic economy remains strong and has been supported and supercharged by the consumer. Consumer confidence is high and thus they are out spending money, creating demand and driving growth. The Federal Reserve has resumed 'QE' after a brief dalliance with 'QT' (Quantitative Tightening), not as an action to counter a weak domestic economy, but as a reaction to the mistaken QT policy and pressure from global Central banks and US President Donald Trump.

The Federal Reserve had embarked on a 'QT' policy, but had jumped the gun, as global central banks turned on the money machines and accelerated 'QE' in an attempt to stimulate anaemic economic growth and combat fears of recession resulting from the global trade war between the US and China. The ECB and Bank of Japan have cut rates to zero and are now nudging into unparalleled negative 'interest rates'! The RBA and RBNZ have followed suit and cut rates back to 0.75% and 1%, respectively. The FOMC has just cut rates back to 1.50%-1.75%, but have room for further rate cuts, as required.

The historically low interest rates, in global central banks and massive monetary stimulus, is an indictment of the crises global markets are facing. Europe and Japan face imminent recession and Australia and NZ face deteriorating economic conditions. The enormous liquidity flooding markets has resulted in spiking asset prices, surging equity markets and currency wars. The 'fight to the bottom' in the currency market is an attempt to gain some trade advantage in a time of extreme fear and threat.

Trade Wars and Growth Fears

The US and China have been fighting a trade war the likes the world has not seen before. The sheer scale of these two behemoth economies, launching a punishing and escalating tariff war. The tit for tat between the world's two largest economies, has driven the global markets into a state of apoplectic fear and resulted in this unique, never seen before crises, that has driven Central Banks to take action never attempted before. Record low interest rates and rising asset values have not resulted in resurgent economic growth, as anticipated, because of the dark cloud cast over global trade, threatened by the US/China trade war.

AUD/USD

President Trump is approaching the 2020 election year and is being threatened by the opposition Democrats with impeachment. The domestic political pressures have forced Trump to deal on the China trade war to concentrate on more pressing political problems. The result is a compromise. Trump had warned China, that he required a comprehensive agreement, but he has accepted a partial deal now called 'Phase One'. This deal includes Agriculture, Financial Services and IP Protections. The deal is in the final stages and will probably be signed in the coming weeks. The immediate result has been to relieve pressure on global markets and allowed liquidity to flow into asset classes.

Brexit UK and the EU

The UK and EU have been locked in a battle over Brexit, with the EU doing everything possible to prevent Britain from leaving the European Union, while the 'Pro-Remain' British Parliament has done its best to 'aid and abet'. The British surprisingly voted in a referendum, more than three years ago, to leave the EU and have spent all the time since, trying to negotiate an exit. This has not happened and now the PM, Boris Johnson, has finally called an election to resolve the issue. The Conservatives are favoured to win the December 12 election and will then be free to finally execute a satisfactory Brexit.

The British economy has suffered the uncertainty of this slow-motion train crash, for more than three years and the GBP has fallen from highs1.6000 to 1.2000 lows, a reflection of the economic uncertainty. A Tory victory and the successful withdrawal from the EU, will inject certainty back to the market and should restore the GBP. The EU has been similarly affected by these same problems, but theirs may continue, long beyond Brexit. The EU will lose the massive UK contribution to their budget and will have to face trade disruptions associated with the British departure. The Euro-zone is falling into recession without Brexit and this 'leave' prospect will only be accelerate the decline.

Market Risks

The preliminary US/China 'phase one' trade agreement has restored some confidence to markets and allowed risk sentiment to improve. The US/China trade war was a significant threat to the Australian economy and the currency, as the severe disruption to supply chain would have a substantial impact on demand for Australian exports to China. The agreement has allowed the threat to dissipate somewhat and the currency is regaining some lost ground. The risk is that the agreement will have a negative impact on Australian exports due to Chinese giving preference to US Goods and Services, incorporated into the US/China deal. The RBA has been working to stimulate the economy, during these testing economic times and the hope of some certainty returning to markets, will provide the right environment for the Australian economy to continue to recover lost ground.

The AUD has bounced off lows and looks to continue to recover lost ground, although significant risks remain, from the US/China trade deal and the details within. It is incumbent companies with FX risk exposure to manage risk through FX instruments available. Accurate cash flow projections and off-setting FX exposures with your foreign exchange experts, is the key to success through risk mitigation.

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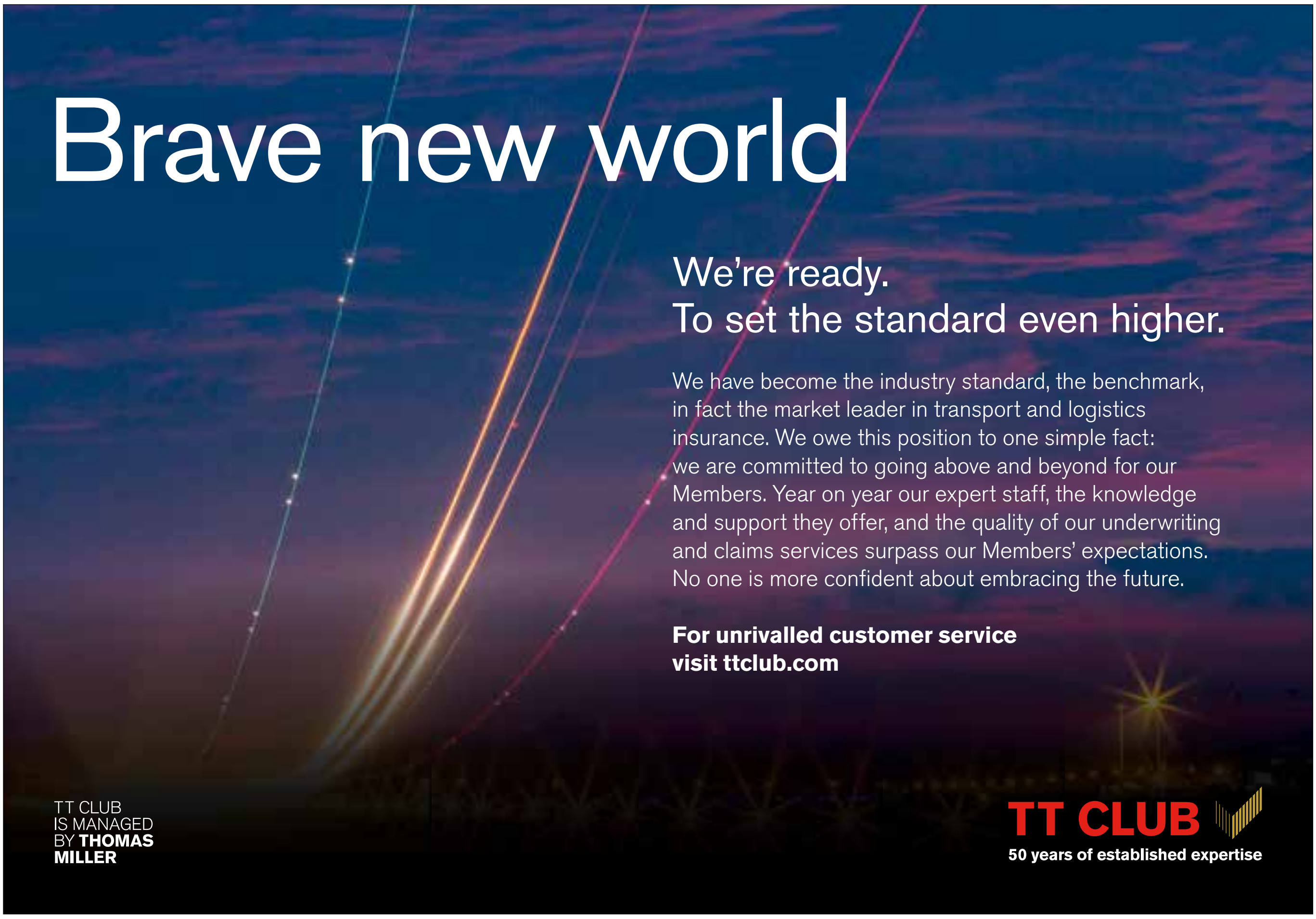

TO RELEASE OR NOT TO RELEASE, THAT IS THE QUESTION!*

*With apologies to William Shakespeare

Or, Things to Consider Before Releasing Imported and Exported Cargo

By JAMES COTIS, Principal – Logical Insurance Brokers

In any given year, we receive numerous enquiries from FTA members and other freight forwarders about **release of cargo**.

As the **release of cargo** is one of the most important actions undertaken by those in the logistics industry, ensuring the correct issue or release of proper documents is vitally important. A mistake can be extremely costly. As insurance claim files demonstrate, many large claims are made because of incorrect documents or the **release of cargo** without such documents.

Therefore, we thought the tips below may be able to assist with mitigating the risks of potentially huge exposures.

It ought to be remembered that those participants within the logistics industry should always refer to their own company processes and procedures and where there is any doubt, refer to senior and experienced management within their organisations.

Where necessary, appropriate legal and expert consulting advice should also be sought prior to embarking upon a course of action.

IMPORTS

So let's deal with **Imports** first.

Bills of Lading (BoLs) are legal documents of title and the only proof that the person applying for the goods is the rightful owner and has paid for them. Therefore, you should treat BoLs almost like handling cash.

When it comes to releasing imported cargo:

DO

- Forwarders should carefully **check the BoL against the copy** which has been sent to them by the carrier/NVO or the manifest for:
  - o Dates
  - o Ship name/voyage details
  - o Container number(s), seal number(s)
  - o Cargo description, number of packages
  - o Shipper and consignee/notify party
  - o Endorsements (on the back of the bill), for authenticity or qualification, be vigilant about amendments to the bill of lading and identity of the receiver.
- Insist on receiving a **full set of the original bills issued**. Under no circumstances should forwarders accept faxed copies as 'evidence' that their customer has an original bill in his/her possession.
- If consignee is unable to produce the BoL, insist on receiving a **guarantee countersigned and stamped by a reputable local bank**, under which the consignee undertakes to present the bills once they turn up and indemnifies the forwarder/the carrier against the consequences of releasing the cargo.
- Ensure forwarders **collect any charges due to them** or others (freight, duty/tax, shipper's disbursements, demurrage, etc) before releasing goods. Conversely, forwarders should not be blinded by arguments about such costs in the absence the BoLs.

DO NOT

- Issue delivery orders or release notes **before** the bill of lading or guarantee has been handed to the forwarder and checked for accuracy.
- Allow the forwarder's customer to inspect the cargo **until he/she has produced the bill of lading**, even if damage is suspected or known.
- **Succumb to any commercial pressure** to release goods without the appropriate documents. This is a very costly and, unfortunately, a frequent mistake made by forwarders.
- **Accept a 'guarantee' signed by the importer alone**. All such releases must be authorised by a director or senior manager of the freight forwarding company before delivery orders are issued. The manager must sign the file or manifest approving the release.

EXPORTS

As discussed above, Bills of Lading (BoLs) can give the holder access to the goods, or the value they represent, so treat them with respect.

Forwarders issuing BoLs with incorrect details in order to comply with letters of credit can be considered fraud and may attract criminal penalties in severe cases. At best, it may deprive the forwarder's company of being able to rely on contractual limitations and its insurance protection.

When it comes to releasing exported cargo:

DO

- Where possible, **wait until the ship has confirmed that the cargo has been loaded before issuing BoLs** and describe the voyage correctly on the documents. Forwarders must never issue 'shipped on board' BoLs until the ocean carrier has issued their 'shipped on board' documents.
- Forwarders should **make sure that the releasing agent named in the BoL is properly instructed** and receives a copy of the BoL in good time. If forwarders have no regular agent(s) of their own at destination,

it may be possible to use the ocean carrier's agent. If a forwarder chooses this option, there is a risk that the cargo may be released on the basis of the ocean carrier's (rather than the NVO's) BoL. To avoid this, forwarders must use a suitable clause on the ocean carrier's bill. For example: 'Release only against presentation of (NVO's name) bill of lading number...'.

- If the shipper wishes to stop or redirect the goods while they are in transit, they may do so but only if they return all the original BoLs.
- If the receiving agent asks for authority to release the cargo to a consignee who cannot present a BoL, the forwarder must **obtain authority and an indemnity supported by a bank guarantee from the shipper in writing before agreeing to the release.**
- Forwarders need to **take additional care when issuing BoLs to a named consignee in the United States of America**. There is a risk that agents in the USA may treat them (incorrectly) as 'straight' BoLs, which are similar to waybills. In domestic US transport, cargo consigned under straight bills can be released to the consignee without formality. Forwarders need to make sure that their agent knows that this does not apply to maritime BoLs.

DO NOT

- Issue BoLs containing details they **know to be false**, in particular:
  - o Wrong date of shipment
  - o Incorrect name of vessel
  - o Incorrect description of cargo (including any description such as 'clean' when discrepancies or damage have been noted)
  - o Incorrect port or voyage details
- **Issue BoLs for non-existent or promised cargo** on the basis that your customer 'wants to check that the bank will accept them', or some similar story. Should you have to issue such BoLs, make sure they are clearly marked with a diagonal cancellation 'not valid for carriage' extending over at least two-thirds of the BoL.
- **Send out blank BoLs** to their customers, or others. If an example BoL is required, make sure it is cancelled. Supplies of blank BoLs to agents etc. should be sent by as secure route as possible such as courier services.

In the next edition of Across Borders Magazine, we'll take a look at releasing goods by email instructions or "Telex Release", whereby a BoL is issued and then usually returned to the carrier at the place of receipt.

Who we are

James and the team at Logical Insurance Brokers provide specialist risk management and insurance solutions to the logistics industry. Logical is delighted to be associated with the Freight and Trade Alliance (FTA) and is proud to be their appointed insurance adviser since its inception in 2012. James is also a regular presenter at FTA professional development events.

If you would like more information about how a carefully constructed insurance program can help protect your business, please feel free to contact James on 02 9328-3322, email jamesc@FTAlliance.com.au or visit the Logical Insurance Brokers website at www.logicalinsurance.com.au/logistics.

Disclaimer: This article is designed to provide helpful general guidance on some key issues relevant to this topic. It should not be relied on as legal advice. It does not cover everything that may be relevant to you and does not take into account your particular circumstances. It is only current as at the date of release. You must ensure that you seek appropriate professional advice in relation to this topic as well as to the currency, accuracy and relevance of this material for you.

Viva Energy adds new Very Low Sulphur Marine Fuel to product suite

In October 2019, Viva Energy announced the launch of its new very low sulphur fuel oil (VLSFO), developed to meet the International Maritime Organisation's (IMO) new regulations on fuel sulphur content. The new regulations will limit the sulphur content in marine fuels to 0.5% from the current level of 3.5%, in a move to reduce sulphur oxide emissions globally. Vessels worldwide will be required to comply by 1 January 2020.

Viva Energy is one of Australia's leading energy companies and supplies approximately a quarter of the country's liquid fuel requirements. It is the exclusive supplier of high quality Shell fuels and lubricants in Australia through an extensive network of more than 1,250 service stations across the country.

Viva Energy owns and operates the strategically located Geelong Refinery, in Victoria, which converts imported and locally sourced crude oil into petroleum products including gasoline, diesel, jet fuel, aviation gasoline, gas, solvents, bitumen and other specialty products.

Viva Energy operates bulk fuels, aviation, bitumen, marine, chemicals and lubricants businesses supported by a nationwide fuel supply chain with an extensive import, storage and distribution infrastructure network, including a presence at 52 airports and airfields.

The introduction of the IMO's new sulphur cap on fuels is one of the most significant events in the shipping industry since ships started transitioning to fuel oil from coal over 100 years ago. Viva Energy is proud to be supporting this transition.

Manufactured locally at Viva Energy's Geelong Refinery, the new VLSFO is the first low sulphur fuel oil to be produced in Australasia. The fuel, which has been in development for over 12 months, has been successfully trialled by a number of customers and is now available in Melbourne and Geelong.

Viva Energy CEO, Scott Wyatt said, "The introduction of this new fuel is a significant milestone for Viva Energy and our shipping customers. It's a testament to our technical and refinery capabilities, our ongoing commitment to meet the needs of our customers, and our support for tighter fuel quality standards which can benefit the environment.

"By leveraging our technical and local refining expertise, we have created a high quality fuel that ships can rely on to ensure compliance with the new regulations, with no detriment to operational safety and efficiency, while driving significant savings versus other fuels such as MGO.

"Adding a VLSFO to our comprehensive suite of fuel products further strengthens Viva Energy's position as a leading fuel manufacturer and supplier to the maritime industry in Australia," Mr Wyatt said.

In comparing Viva Energy's new VLSFO to other IMO2020 compliant fuels, namely diesel and Marine Gas Oil (MGO), the company said the new fuel has some notable advantages, including an expected price benefit.

Thys Heyns, Geelong Refinery's General Manager commented, "Viva Energy's VLSFO is expected to be cheaper than diesel and MGO. Its viscosity and lubricity are better than diesel's, and it is higher in density meaning ships have the ability to run further on VLSFO. Compared to high sulphur fuel oil (HSFO), VLSFO is superior in terms of fuel economy, ignition characteristics, and of course, the environmental benefits it has through reduced sulphur oxide emissions.

"Because we manufacture the fuel locally ourselves, we have full control over the process and can guarantee a high quality and consistent product. This means less risk and no surprises for our customers who use the fuel. It is compatible with most existing fuel systems on board, meaning ships can use the fuel without having to make significant upgrades."

Visit www.vivaenergy.com.au/marine for more details on VLSFO.

VIVA Energy Australia

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Leading law firms to support the alliances

By JOHN PARK - Head of Business Operations, FTA / APSA

Mills Oakley has been reappointed alongside Hunt & Hunt Lawyers as legal counsel for the Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA).

Paul Zalai, Director and co-founder of FTA, announced in a recent member notice that effective immediately, Mills Oakley will support members nationally on shipping, insurance, transport and logistics matters.

Paul outlined a need for specialist support citing the cost of disputes, and of litigating them, being an increasingly major consideration in an industry increasingly dominated by controlling spend and protecting value "*The current economic climate and the increasingly globalised face of the shipping industry means that contractual relationships have become ever more complex, making sound legal guidance and expert handling of claims and recoveries more important than ever"*

This role will complement the long-term established relationship that exists with Hunt & Hunt Lawyers who provide support to members on border and biosecurity compliance across imports, exports, depot, warehousing, customs broker licensing and anti-dumping. Complimenting this are broader legal services across business sales and acquisitions, terms & conditions, employment law, property and general commercial law.

Russell Wiese, Principal at Hunt & Hunt Lawyers stated *"we are delighted to continue our services to FTA, APSA and its members at a time where on the one hand the global trading system is facing unprecedented challenges while at the same time new free trade agreements and the evolution of the Australian Trusted Trader Program present significant opportunities for traders"*

Frazer Hunt, Partner at Mills Oakley, stated *"We are excited about our appointment by FTA and APSA to assist their members with legal services associated with shipping, insurance, transport and logistics issues. Our appointment will broaden and complement the existing offering to members that already covers customs and trade issues. Maurice Lynch and I look forward to working with both organisations."*

ABOUT MILLS OAKLEY

Mills Oakley is a full service, national commercial law firm – 150 years "young" focusing on innovation and being client focused.

Mills Oakley clients include insurance companies, insurance policy holders, freight forwarders, port corporations, Federal government departments, vessel owners and operators, trucking companies, bunker suppliers, and general commercial clients.

The experts at Mills Oakley examine transport-related matters and property claims, analysing and investigating complex factual and legal scenarios, identifying issues and solutions and assisting clients to implement solutions.

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ABOUT HUNT & HUNT LAWYERS

The Australian customs and trade landscape have experienced considerable change with the introduction of new and significant free trade agreements (FTAs), the launch of the Australian Trusted Trader Program and an anti-dumping regime that is becoming increasingly complex and difficult for traders.

Hunt & Hunt Lawyers help guide businesses through this changing market providing specialist advice on the complex domestic and international legal issues facing importers, exporters, customs brokers and freight forwarders in the customs and global trade sectors.

Hunt & Hunt Lawyers are also able to assist in relation to international trade dispute resolution by mediation, arbitration or litigation.

www.hunthunt.com.au

Russell Wiese – Principal
Hunt & Hunt Lawyers
RWiese@huntvic.com.au / (03) 8602 9231

ACFS COMMITMENT SIGNALS STRONG DEMAND FOR INLAND PORT & RAIL STRATEGY

By SAM TARASCIO, Managing Director - Salta Properties

Two of the biggest names in logistics are ready for the Port Rail Shuttle Network

Salta Properties ten-year pre-commitment lease for a $45 million container and warehouse depot with ACFS Port Logistics reinforces an ongoing demand to push ahead with its inland port strategy.

ACFS Port Logistics was represented by TM Insight in the milestone transaction for Salta Properties, securing a seven-hectare site comprising a 25,000 sqm warehouse and 37,000 sqm container hardstand.

With ACFS Port Logistics joining anchor tenant, MAERSK Shipping Line, stage 1 of Nexus Industrial Altona is now complete.

The remaining 60,000 sqm of land adjacent to the train line has been set aside for the highly anticipated proposed Port Rail Shuttle Network.

The Port Rail Shuttle Network is an initiative which the Victorian and Federal Governments proposed to invest $58 million, with the aim to shift road freight onto rail and connect the Port of Melbourne with three optimal inland port sites across the state.

Developed by private industry, the inland port sites are strategically positioned to the southeast, north and west of Melbourne, including Salta Properties' inland port sites in Altona and Dandenong South.

Securing support from Australia's largest privately-owned container logistics company in ACFS Port Logistics reinforces the demand for the Port Rail Shuttle Network.

"We welcome ACFS Port Logistics' support in the Port Rail Shuttle Network and look forward to developing an innovative solution that enhances its business operations."

"ACFS Port Logistics joins a list of high calibre organisations at Salta Properties' Altona and Dandenong sites, which have set-up base at inland port locations to maintain their competitive advantage in anticipation for the government to activate its Port Rail Shuttle Network," .

Salta Properties' Altona site is currently home to MAERSK Shipping Line, with Woolworths, Bunnings, Visa Global Logistics and Silk Contract Logistics and FBT Transwest occupying its industrial estate in Dandenong South.

Currently moving more than 750,000 TEU (Fully laden containers) annually Australia wide, ACFS Port Logistics will shift ideally suited customers from its Port and Derrimut facilities to Altona to accommodate its anticipated growth.

Arthur Tzaneros, Managing Director and CEO, ACFS Port Logistics explained that it is working with Salta Properties to design a facility at Nexus Industrial Altona that optimises space, efficiency, and delivers on its multi modal offering via Rail (Port Shuttles) and road (Using Higher productivity vehicles).

"We look forward to having the most sophisticated and technologically advanced Warehouse solutions offering for our 3pl and e-Commerce customers in Australia, ensuring we continue to grow our capacity and improve our market leading service offering," said Mr. Tzaneros.

Nathan Bingham, Director at TM Insight said, "A thorough market process was undertaken to identify the most suitable site and developer for ACFS. From both a strategic and commercial perspective the solution provided by Salta was a compelling option for ACFS".

The construction phase of the project will see 120 full-time equivalent (FTE) roles appointed across 12 months, with 210 ongoing FTE roles on completion.

For more information about Salta Properties Nexus Industrial sites please contact Development Manager – Industrial & Logistics, Clarenzo Perna on 0475 200 111.

SALTA properties

ACFS PORT LOGISTICS

The New Modern Slavery Act in Australia – what does it mean for your supply chain?

By KASIA CZARNOTA, Lawyer and FRAZER HUNT, Partner - Mills Oakley

The International Labour Organisation estimates that 20.9 million people around the world are victims of forced labour, with 56% of those people in the Asia Pacific Region alone. In Australia, the Global Slavery Index of Walk Free Foundation estimates there are about 4,300 slaves. Recent local news stories have identified cases of modern slavery in private homes, hospitality and services, on Australian farms and even in our supermarkets.

While the term 'slavery' is often associated with shackles and imprisonment, 'modern slavery' is an umbrella term used to describe various ways in which different entities or people exploit a person who cannot refuse or leave their place of work. This includes people who are trapped or forced into labour due to threats, violence, coercion, power imbalance or deception.

Australia has only recently begun to tackle the question of how to make corporate supply chains more transparent and hold large entities accountable in the fight against modern slavery. This is a particularly prominent issue in the transport sector, where supply chains involve overseas partners and regular movement of people as well as goods and services.

On 1 January 2019, the *Modern Slavery Act (Cth)* 2018 commenced in Australia, requiring Australian entities, or entities carrying on business in Australia with an annual turnover of over $100 million globally to submit Modern Slavery statements to the Minister of Home Affairs. However, the Act allows entities that do not meet the financial criteria to file Modern Slavery Statements on a voluntary basis. Noting the increasing groundswell for corporate social responsibility in the community, it is likely that many entities will take up this opportunity.

While the reporting mechanism is an annual process, entities with reporting requirements will have six months from the end of their financial year to file their Modern Slavery Statement. Australian entities affected by the Act began their first reporting period on 1 July 2019, ending on 30 June 2020 and must report by 30 December 2020. Corporations with financial years ending on 31 March will have until 31 September 2020 to comply with the first reporting requirements. Modern slavery statements will be published on the publicly available Modern Slavery Register. Given the Australian regime is in its infancy, affected entities need to be aware of their reporting requirements under the Act and the penalties in place if they fail to comply.

The *Modern Slavery Act* outlines the mandatory criteria for modern slavery statements. These include the risks of modern slavery practices in the operations and supply chains of the reporting entity and the actions taken by the reporting entity and its subsidiaries or other entities it controls to assess and address those risks, including due diligence and remediation processes. In addition, to the mandatory criteria, the Minister can also make requests of reporting entities that fail to comply with the requirements to make reporting statements, or to take remedial action in relation to those reporting requirements.

Notably, the Commonwealth *Modern Slavery Act* does not include any pecuniary penalties for breaches of the Act. However, this does not mean that companies should not take reporting requirements seriously. The Act gives the Minister a powerful ability to 'name and shame' entities that fail to comply with reporting criteria or remedial actions. Companies that fail to report or take remedial action can have the details of their non-compliance published on the Modern Slavery Register, in annual reports on the implementation of the Act – or anywhere else.

While it is unclear whether the Commonwealth Act will be amended to include pecuniary penalties or appoint any investigative bodies, it is important to recognise that Australia's regulation of modern slavery in the corporate world is in its early stages and has significant room to grow. In the meantime, the judgment of consumers and the public may provide sufficient incentive for companies to report – and to take further action to ensure modern slavery in all its forms is wiped out from their supply chains.

MO MILLS OAKLEY

24-hour challenge for one of the world's largest third-party logistics providers

C.H. Robinson, one of the world's largest third-party logistics providers (3PL), faced a unique challenge when commissioned by one of Australia's largest oil and gas producers, to deliver a specialist payload weighing more than 28 tonnes halfway across the globe in under 24 hours.

The C.H. Robinson team, along with partner companies, succeeded in this endeavour by chartering an Antonov 124, one of the largest cargo freight planes in the world, and flying the 28,840 kg payload 16,103km in just 21 hours and 2 minutes.

Starting the journey at Glasgow's Prestwick Airport, with fuel stops at Turkmenbashi (Turkmenistan) and Kuala Lumpur (Malaysia), the Antonov touched down at Perth International Airport for an impressive on-time delivery.

Andrew Coldrey, Vice President, Oceania at C.H. Robinson said the team is proud to offer tailored service solutions on this scale.

"This challenge was significant, and we were pleased to be able to offer heavy lift coverage to our clients. The success of the Antonov delivery was down to the hard work and expertise of our team.

"Every client's needs vary, so it's essential to offer multiple modes of transport, including the Antonov 124, to suit all cargo schedule demands" said Andrew Coldrey.

The Antonov 124 is the world's 2nd largest cargo plane and was originally designed as a military transporter. With a maximum volume of 1,040 CBM and a unique OPTG-120M ramp system, one of the strongest in the market, the Antonov was designed to carry heavy payload such as that needed by C.H. Robinson.

To view a time-lapse video of a behind the scenes look at C.H. Robinson's experts in action please click here or go to https://www.linkedin.com/posts/c-h-robinson_our-team-of-experts-in-australia-helped-transport-activity-6583002239357509632-jDAy/

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About C.H. Robinson: At C.H. Robinson, we believe in accelerating global trade to seamlessly deliver the products and goods that drive the world's economy. Using the strengths of our knowledgeable people, proven processes and global technology, we help our customers work smarter, not harder. As one of the world's largest third-party logistics providers (3PL), we provide a broad portfolio of logistics services, fresh produce sourcing and Managed Services for more than 124,000 customers and 76,000 active contract carriers through our integrated network of offices and more than 15,000 employees. In addition, the company, our Foundation and our employees contribute millions of dollars annually to a variety of organisations.

Headquartered in Eden Prairie, Minnesota, C.H. Robinson (CHRW) has been publicly traded on the NASDAQ since 1997. For more information, visit www.chrobinson.com or view our company video.

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ABOUT US

- Established 2009
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- Australia's largest 100% wholesale provider of customs clearance solutions to industry
- 290 years of combined customs knowledge
- Employs 24 Licensed Customs Brokers

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COMPLIANT BUSINESS PROCESSING

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Our Trusted Trader Experience

By IVAN BULLOCK, Director – Bullocks Freightmasters International

Overall, our experience with the application process and acceptance into the programme was good. The engagement of a consultant to review our work practices and assist with the Trusted Trader application was a great assistance.

(LtoR) Graham Bullock, the Hon Jason Wood MP, Ivan Bullock

The process has been very beneficial to our business.

We found we had many processes in place which people were aware of but in most cases the processes were verbal and not recorded. These processes had developed over time and needed attention to take into consideration current business practices.

The procedure to complete the application is based entirely on an on-line process. Several sections need to be completed and once the on-line application has reached a standard which the applicant believes is sufficient in the Australian Border Force (ABF) requirements, the application is lodged electronically. After about one-month ABF made an appointment to visit our facility and completed a formal evaluation of our application.

ABF require applicants to have in place processes and procedures to enable the business to minimise, or at least, substantially reduce the possibility of cargo interference, internal corruption and overall cargo security of consignments under control of the businesses.

We prepared our application based on dividing our business operations and management into the following areas; Employment, Education, Information and Communication Technology Functions, Licenses, Security, Risks, Customs, Imports, Exports, Internal Transport, External Transports, Warehouses, International Agents.

These sections or segments of our business were then broken down into subsections, for example, employment. Employment procedures are important because if the procedures are followed the risk of employing a person which might be subject to influence or who had a prior conviction is removed.

We now have a process where all employees have a national police clearance, there is a pre-employment check list, on boarding procedure, updated employment contact, an employee IT policy, drug and alcohol policy, a key register, a code of conduct, internet usage policy, asset register for company equipment, (phones, cars etc), employee company introduction and an off-employment check list.

Every section of our company's management and operations has now been subject to examination and sub-heading development and each section documented.

All details are available to all staff members via access to a server drive address where all information is stored.

We presented all our procedures and processes to ABF and it was a huge achievement to be advised that our efforts did meet the requirements to be nominated and accepted as a Trusted Trader. Very exciting and very gratifying to meet these standards on our first presentation.

The overall outcome for our business has been very positive.

Our staff are proud of the fact that we are now Trusted Traders. The whole office environment has been subjected to a lift in morale and satisfaction.

We believe by putting all these procedures in place, our business has been lifted to a more professional level. Our status within the overall industry has been improved. The usage of the Trusted Trader logo has been very beneficial in the local and international market. Clients and suppliers recognise the brand and the importance of being registered as a Trusted Trader.

There are several direct benefits, and these can be obtained from the Trusted Trader web site. But we see future benefits for all Trusted Traders. Both ABF and the Department of Agriculture are trying to redirect more responsibility to industry. Trusted Traders will be the first off the rank to be given these additional responsibilities. We consider these additional responsibilities as business opportunities, not additional problems.

We would encourage any organisation that is considering becoming a Trusted Trader to take up the option because the overall experience and outcome is very beneficial for staff morale and business development.

BULLOCKS FREIGHTMASTERS INTERNATIONAL

FTA members feature in DCN Australian Maritime and Shipping Awards

Sheridan Jones (LINX), Susan Hull (Australasian Institute of Marine Surveyors), Caroline Zalai (FTA/APSA) and the Hon. Melissa Horne (Victorian Minister for Ports and Freight)

Congratulations to all businesses and individuals recognised at the 2019 DCN Australian Maritime and Shipping Awards. We would like to particularly acknowledge the below listed Freight & Trade Alliance (FTA) members and sponsors who received recognition at the event.

We would also like to acknowledge Alison Cusack (Australian President of the Women's International Shipping & Trading Association - WISTA) who was Highly Commended for the **Young Achievement Award** and to our own Caroline Zalai (Director and co-founder - FTA) who was Highly Commended for the **Women in Shipping & Maritime Logistics Award**.

Alison Cusack – Cusack & Co

Caroline was nominated for the award by WISTA for her services to the association, development of the WISTA Mentor Program and for founding the annual and highly popular NSW Women in Logistics forum.

Liner Trade Award (Australia – New Zealand, the Pacific Islands and Papua New Guinea)
Highly Commended: MSC

Customer Service Award
Winner: Hamburg Süd

Freight Forwarder of the Year Award
Winner: Whale Logistics Australia
Highly Commended: Customs Agency Services

Supply Chain Innovation & Technology Award
Winner: Mizzen

Port or Terminal of the Year Award
Highly commended: Victoria International Container Terminal

Excellence in Bulk Logistics or Heavy Lift Handling Award
Highly Commended: Wallenius Wilhelmsen Ocean and Fracht Australia

Customs Broker of the Year Award
Winner: All Ports International
Highly Commended: 3DL

Ryan Cummins - Whale Logistics Australia, Paul Zalai - FTA/APSA and Ryan Holt - Whale Logistics Australia

2019 Women in Logistics Forum

By CAROLINE ZALAI, Director – Freight & Trade Alliance (FTA)

Freight & Trade Alliance (FTA) and the Women's International Shipping & Trading Association (WISTA) co-hosted its annual "Women in Logistics" forum at the Novotel Sydney Airport on 21 August 2019.

A sell-out event with attendees inspired and entertained with addresses from My Therese Blank (Oceania Customer Service Director, Maersk Line), Dannielle Yannopoulos (Regional Commander, NSW – Australian Border Force), Danielle Reid (General Manager, Eclipse Couriers) and Diana Tapp (CEO, World Class Teams).

The supply chain is currently undergoing enormous changes with vertical expansion of offerings at many levels. This evolutionary environment gave even greater context for the presentations on learning agility and how to prosper in the ever-changing professional world of international trade and freight logistics.

Our presenters shared insights from their personal careers and life learnings. Danielle Reid's inspirational presentation with the key take home of "Life begins with one step outside your comfort zone" resonated strongly with the audience. We are very grateful to all the presenters in taking time out of their busy schedules to engage with the impressive female representatives within our industry.

Thank you to Michael Bouari (CEO 1-Stop) for his major sponsorship and opening address and to Insync Personnel and Eclipse Couriers for their support and sponsorship.

A special note of appreciation is also extended to the WISTA annual sponsors HFW Australia (Platinum Sponsor) Victoria International Container Terminal – VICT; Wallenius Wilhelmsen Ocean; DP World (Gold Sponsors) Mediterranean Shipping Company - MSC; Swire; Colin, Biggers & Paisley; Fremantle Ports; NTI (Silver Sponsors); Flint Lawyers (Bronze Sponsor) and Freight & Trade Alliance – FTA; ASCI (Association Partners)

Most of all, thank you to all those that attended as this was all about bringing us together to support and learn from each other.

I would also like to personally take this opportunity to wish you and your families a very happy Christmas and safe holiday season and look forward to hosting another amazing forum in 2020!

Daniel Reid – Eclipse Couriers

My Therese Blank - Maersk Line

Di Tapp - Next Leap Training

Dannielle Yannopoulos - Australian Border Force

Annette Giarratano – Seaway Logistics, Belinda Battaglia – Mediterranean Shipping Company, Lauren Oliver – Seaway Logistics, Catherin Binns – Seaway Logistics & Renee Roberts – CH Robinson

Wisetech Global team

Michael Bouari – 1-Stop

Amanda Wilson – Geodis Australia, Carla Alves – Wisetech Global & Chantelle Pisani

Suzy Gussett - Wallace International, Pierrett Stewart - GPSM and Caroline Zalai - FTA / APSA

Out and About with WISTA

WISTA and the Nautical Institute Queensland teamed up to host a World Maritime Day event in Brisbane on 10 October 2019, which was also supported by MLAANZ. The theme was Empowering Women in the Maritime Community (adopted from the IMO) and we hosted an amazing panel of speakers - Councillor Amanda Cooper, Jeanine Drummond, Amiria Macbeth, Angus Mitchell and Rebecca Young. Nicole Franklin (Vice-President) and Kendall Messer (Secretary) co-hosted the event and Amanda Khoo (Qld State Rep) also helped with the planning. We had a large and diverse audience and engaged in a positive discussion about women in the maritime industry (photos attached).

Queensland Nautical Institute

'Human Skills' Give Your Business the Edge

By DIANA TAPP, Chief Executive Officer - World Class Teams

Training of staff in the Freight and Logistics sector has a strong focus on technical skills and government compliance.

What about the 'human skills'?

It's interesting, that when you ask businesses whether most of their problems are technical issues or people issues 87% say, emphatically, 'it's the people that are the problem'. Then, when you ask about where they spend their training budget, they spend 93% of it on technical training! No wonder they have people issues!

Of course, it is not that you should only train people to improve their 'human skills', it is that you need to train in both technical skills and 'human skills' to future-proof your company with agile workers.

At World Class Teams, our specialty area is the 'human skills' – influencing and negotiating, having the critical conversations you often avoid, motivating staff, managing your emotions in difficult situations, collaboration and improving emotional intelligence.

This year, in partnership with FTA, we have enjoyed delivering a series of short, dynamic and practical workshops in Sydney and Melbourne. The topics have included Critical Conversations, Leading Change, Motivating your Staff and Increasing Productivity and Profitability.

The workshops themselves are fun to deliver because we always have intelligent, ambitious, high performers in the room, people who want to improve and who will ask the tough questions. The real bonus however, is when a participant gets in touch a few weeks after a workshop, keen to talk about the changes they have made and the impact of these. That's the real proof - genuine change, not just 'tick the box' training.

Following each 2-hour workshop is the opportunity to share a drink and conversation. It has been great to see new connections being fostered – it seems to be so much easier to 'network' when you have just been to a workshop together. There is something substantive to discuss rather than the small talk most of us dislike.

We are now planning next year's series, selecting the most popular topics from our survey at the WIL Forum in August.

Thank-you to all our participants, and to your managers who have encouraged you and invested in you. We look forward to another successful series of workshops with you in 2020.

A positive work culture in action

Paul and I recently had the opportunity to meet with Menzies Aviation. It was great to see the leadership team celebrating diversity within the workplace – a great corporate citizen.

Menzies Aviation celebrating diversity.

Kayla Moa, General Manager said "Menzies is a multicultural workplace where we celebrate cultural diversity. To promote multiculturalism and create a harmonious integration of all cultural backgrounds within the workplace we encouraged staff to bring in a plate of food that represents their cultural heritage for the monthly luncheon at our Matraville facility.

Days like these help create a healthy working environment and demonstrate tolerance, respect and acceptance and in turn create a positive company culture and employee engagement.

We are proud of our team, they are why the Menzies operation is a success and hearing about their cultural heritage was something very special.

Well done to the operations team for organising such a great day."

MENZIES AVIATION

The open and shut case of how the shipping container changed world trade

By Senator the Hon SIMON BIRMINGHAM - Minister for Trade, Tourism and Investment

The benefits Australian exporters and importers have obtained from the shift to containerisation in the shipping industry is more than extensive. It has been the foundation in Australia's progress to become a key trading partner on the global stage. For Australia containerisation has been the cornerstone in our nation's dramatic increase in trade, lower freight costs, a wider variety of cheaper products and better access to buyers and sellers around the world.

It is now the 50th year since the first purpose-built container ship the *Encounter Bay* sailed into Fremantle Port and Melbourne and I was delighted to launch a short film that serves as an important reminder of the impact the shipping container has had not just on the transport industry, but our entire economy.

The film *World in a Box* includes archival footage that prompts the audience to reflect on the 'before and after': showing the slow and dangerous process of manual loading and unloading, in contrast with the modern fully-automated containerised systems designed to work with the shipping schedules of each and every vessel on the dock.

Containerisation has supported the growth of international trade by giving Australian exporters a simpler, cheaper way to move their goods internationally. The reusable steel boxes that came to Australia in the 1960s were already transforming logistics in the United States, where delays, loss and damage due to unpacking and repacking, were quickly fading into the distance. Our industry, showing great foresight, embraced containerisation and shortly after, the standardised sizing that heralded the introduction of a world wide intermodal transport system.

For the first time, Australian goods could be transferred seamlessly between rail, truck and ship, and moved with ease across countries and continents. The container was a transport innovation that grew into a revolution, and enabled a quadrupling of world trade. It led to a huge increase in the number of businesses able to sell their products overseas.

As a result of globalisation and growing international demand for high-quality goods, Australian merchandise trade has increased a staggering 84-fold since 1969. Today, $1.2 billion worth of trade passes through Australian ports every day. The Australian Government's ambitious trade agenda seeks to obtain substantial new opportunities for Australian business, to pave the way for more and more containers to leave our ports filled with our quality goods.

Over the past six years, the Government has secured duty-free or preferential access for our exporters to an extra 1.7 billion consumers overseas. We have concluded, or are in ongoing negotiations for free trade agreements with 17 of our top 20 trading partners, including China, Japan, South Korea and 10 others through the Comprehensive and Progressive Agreement for Trans Pacific Partnership – among them Singapore, Malaysia, Vietnam, New Zealand, Canada and Mexico. We are also working to swiftly ratify our free trade agreements with Indonesia, Hong Kong and Peru by the end of the year.

We aim to conclude the Regional Comprehensive Economic Partnership with 15 other economies next year, leaving the door open for India to join, and we are progressing negotiations with the European Union on a deal that delivers more opportunity for Australian exporters. We hope to commence negotiations with the United Kingdom as soon as it leaves the EU.

Our ambitious trade agenda aims to increase Australia's exports covered by free trade agreements from 70 per cent to around 90 per cent by 2022, growing export opportunities and creating more jobs. Australian exports are world class, and getting them into markets overseas is as much a benefit for the consumer, as well as the seller. We continue to open new markets, leading to record levels of Australian trade, yet the world trading system requires attention if we are to keep up stimulation. We need positive change to reignite the system, to free up trade, just like containerisation did some 50 years ago.

The Australian Government is leading the development of rules to address barriers to the expansion of the digital economy as it becomes increasingly important in generating and contributing to trade. The practical steps we are taking complements our ambitious trade agenda and the open, rules-based system that underpins it. We are supporting a system that provides the best foundation for trade to flourish, and which is overall in Australia's national interest.

The benefits of trade are wide-spread with around 40 per cent of our economic growth sourced from trade and one in five jobs in Australia being trade related, including in the shipping and transport industries. Exporting businesses on average hire 23 per cent more staff and pay 11 per cent higher wages, improving the employment landscape for job holders and seekers alike.

Evidence of the dramatic increase in trade over the last 50 years provides an 'open and shut case' on the positive impact of the shipping container through the promotion of the free flow of trade. I am pleased this film will raise awareness about the importance and benefits of trade, as the economic growth and job creation it delivers are exactly why the Government is continuing to pursue beneficial trade deals and better market access for Australian exporters.

The short film, World in a Box, is available for viewing at http://rounding-up.com/world-in-a-box/

HOW DO THE NEW INCOTERMS® 2020 RULES IMPACT THE SUPPLY CHAIN AND LOGISTICS INDUSTRY?

By BOB RONAI, Managing Director – Import-Export Services Pty Ltd

It is difficult to escape reading that the International Chamber of Commerce has now released the Incoterms® 2020 rules, for which there are training workshops being conducted around the world for the coming several months, at least, as well as on-line through the ICC Academy.

What are the Incoterms® 2020 rules about?

As with past versions, they are a set of rules to interpret eleven commonly-used three letter abbreviations, any one of which may well appear in a contract between a seller and a buyer, explaining their mutual obligations such as delivery, carriage, risk and security-related matters. These two parties when using a three-letter abbreviation should reference the rules, e.g. "FOB Marseilles Incoterms 2020" otherwise these rules do not apply to the contract and the parties are left assuming each understands what the other is thinking might be the definition of just "FOB Marseilles".

The main changes in the 2020 rules over the 2010 rules are:

- Use of plain language instead of legalistic language to make them more easily understood by users
- Re-arrangement of the articles within each rule to better reflect the order in which things actually happen
- A new requirement, if the parties agree, in FCA of the buyer instructing its carrier to issue an on board bill of lading to the seller who then has to present all originals to the buyer
- The default insurance for CIP is now Institute Cargo Clauses (A) instead of ICC(C) as previously
- The DAT rule being renamed DPU Delivered at Place Unloaded.

Do any of these impact on the supply chain and logistics industries? The answer is "yes, some do."

We must remember that logistics service providers are not bound by what the seller and buyer agree between each other in their sale of goods contract, instead interaction with service providers is by way of an entirely separate contract.

Presentation Bogota, Columbia

Presentation in Dubai

Service providers are often called upon to advise their clients about the Incoterms® rules so some informed knowledge is vital, at least by buying the book itself. Service providers should be encouraging their clients to use the more appropriate rules, for example FCA, CPT and CIP for containerised (both FCL and LCL), air, road and rail shipments. **FOB, CFR and CIF are port-to-port rules for bulk and breakbulk waterway shipments and not containers.**

There is a gap in liabilities, if the "on board" rules are used, between delivery and loading on board, presenting a problem as to who bears the risk if loss or damage to the cargo occurs within that gap period. This is all the more so with FOB because the seller believes that when it hands its goods to the buyer's carrier it has done what it has to do (which aligns with FCA) yet the buyer thinks the seller bears the risk until the goods are on board and worse still thinks that the seller is at fault if the goods aren't shipped on board within the delivery time stated in the contract. Simply put, it is because the two parties have two different concepts of "delivery."

The newly renamed DPU rule is the previous DAT (Delivered at Terminal) but extended to make it clearer that it can be delivered at any place not just a terminal. Its use in the Australian context, like the other D rules, will be very limited.

The 2020 rules are clearer, in that EXW (Ex Works) and DDP (Delivered Duty Paid) are fraught with difficulties in cross-border trade. EXW is best used only for domestic trades because it requires the buyer to carry out export formalities and it also has problems with delivery. DDP is a rule best left within the EU, and as experience in the Australian context has shown it is fraught with potential difficulties.

ABOUT THE AUTHOR:

Bob Ronai was a contributor to the ICC's book "The ICC Guide on Transport and the Incoterms® 2010 Rules" and because

Presentation in Perth, Western Australia

of that was the first Australian and second non-lawyer to be appointed by the International Chamber of Commerce to their Incoterms® 2020 Drafting Group. He saw his role as that of bringing his more than five decades of practitioner experience to make the new rules more representative of how trade really works. On some matters he was successful, to his regret he didn't succeed on others, but there's always next time (2030)! He is presenting Incoterms® 2020 workshops in several countries around the world.

Bob owns and manages the Incoterms group on LinkedIn with nearly twenty thousand members, and has self-published an Amazon e-book "A Commentary on the Incoterms® 2020 Rules." He can be contacted at bobr@exports.com.au

Presentation in in Colombo

Biosecurity – Challenges and Opportunities.

Paul Zalai, Director FTA, speaks to Andrew Christie, Director – Andrew Christie Consulting.

1. PAUL ZALAI – As a consultant, you work across import and export supporting industry with biosecurity compliance, how would you describe the current industry climate?

The climate is full of both opportunity and challenge, particularly for Australian importers. BMSB and other emerging risks continue to cause changes to biosecurity policy and procedure, and it can be challenging to keep up. There is no doubt that we will see new and evolving risks into the future, and these too will drive change and put additional pressure on industry and governing bodies.

I think communication will continue to be a challenge. As trade volumes increase and industry races to be on the front foot, risks are changing, and governing bodies will require additional assurances.

ACC ANDREW CHRISTIE CONSULTING

How we manage this will be a challenge for all of us.

2. PAUL ZALAI – Do you have any advice for industry members in terms of meeting these challenges and staying ahead of the game?

Be organised. Leaving anything to the eleventh hour in the current climate (and even more so, into the future) will most certainly end in disaster. Have your paperwork in order, ask questions early and be aware of your obligations when requesting an inspection.

Be aware. Policies and requirements may change over time, advanced knowledge of this means you will be better prepared for the change.

Be flexible. Be open to changing your internal practises and procedures to better suit what is required of you as an importer. If you need support as to how you can maximise efficiencies, seek advice from a consultant or industry representative.

3. PAUL ZALAI – You mentioned the current industry climate is also full of opportunity, what opportunities do you see in the near future?

The combination of increase in risk and increase in workload, brings opportunity for innovation and ways to better manage risk and demonstrate greater assurance. Over the last 18 months, I have been developing an App (B.I.E.R.S – Biosecurity Import Export Reporting System) to increase efficiencies in process and reporting.

I see opportunities for B.I.E.R.S and technologies like it, to support industry with managing their own workload and biosecurity requirements whilst also supporting the Department of Agriculture with management of risk and assurance of compliance.

I believe the future holds enhanced collaboration between industry and governing bodies when it comes to managing risk whilst facilitating trade in ever increasing volumes. This is a long-term vision, but it requires us to start thinking about it now. The opportunities, the risks and the mitigation strategies. It is quite exciting.

4. PAUL ZALAI – Tell us more about B.I.E.R.S, and how it is supporting industry.

B.I.E.R.S, in its entirety is designed to act as a conduit between industry activity and biosecurity requirements and provide fast and efficient reporting.

The first release of B.I.E.R.S is focussed on imported cargo fumigation with Methyl Bromide. It calculates fumigation rates and equilibrium percentages and reports passed and failed fumigation outcomes. B.I.E.R.S completely removes the need for a manual/paper-based fumigation reporting system and allows multiple pages of information to be recorded and stored, reducing time and decreasing the number of entries recorded with errors.

B.I.E.R.S provides fumigators and the Department of Agriculture, real time reporting through the fumigation dashboard and access to data such as total methyl bromide use, which was once a completely manual and often, inaccurate calculation.

The first release is in the final days of testing (thanks to a handful of industry participants).

5. PAUL ZALAI – What have been some of the early successes and challenges of implementing something like this?

Scoping the requirements of the system was my first and biggest challenge. B.I.E.R.S needed to provide industry (in this case, fumigators) with efficiency and provide additional benefit and also needed to satisfy the needs of the Department of Agriculture and provide the required assurances that risk is being managed and policy is being followed.

Back and forth with both end users was tedious but absolutely necessary to ensure a product that adds value. Then there is the cost, innovation can be costly.

One of the biggest successes so far has been industry take up and offers to get involved and support the process. I have been well supported by industry and the Department of Agriculture, which really demonstrates the appetite for innovation and change. B.I.E.R.S has processed over 800 fumigations. I am very pleased about that.

6. PAUL ZALAI - What additional functionality do you have planned for B.I.E.R.S?

I am currently working on increasing the capacity of the fumigation function. This means including heat and sulphuryl fluoride treatments and to increase dashboard access and usability for depots, freight forwarders and transport companies.

Next cab off the rank will be working closely with the Department of Agriculture to identify possible opportunities for industry to demonstrate assurance and automated reporting requirements for inspection functions.

I plan to continue engaging with the Department and working closely with industry to identify prospects for mutually beneficial opportunities to increase efficiency and manage current and emerging biosecurity risks.

7. PAUL ZALAI – How can industry find out more about B.I.E.R.S?

I will be sure to keep industry engaged and up to date as B.I.E.R.S progresses, however I welcome anyone to contact me via phone or email should they wish to know more about B.I.E.R.S and how it may help their organisation.

> *"Be open to changing your internal practises and procedures to better suit what is required of you as an importer"*

Boosting post-border supply chain biosecurity in NSW

By Dr. NICOLE SCHEMBRI, Peri Urban Program Coordinator, Compliance and Integrity Systems - Department of Primary Industries.

Two post-border detections of live brown marmorated stink bugs (BMSB) in NSW from imported cargo in 2017 saw swift and effective response. Following this detection, the NSW Department of Primary Industries set about enhancing its understanding of the international supply chain, post-border biosecurity protocols and associated sentiment.

"By improving our understanding of how the sector operates, the role of biosecurity and what motivates and demotivates people and businesses to report biosecurity-related risks, the NSW Department of Primary Industries can ensure its engagement with the sector is both targeted and as effective as possible," said NSW Department of Primary Industries Researcher, Dr Nicole Schembri.

A qualitative human-centred methodology using direct, interview-style approach was undertaken to gain a deeper understanding of the sector and their biosecurity awareness, values, practices, their real-world experiences and problems. The research team interviewed 14 supply chain and logistics representatives and 7 government and industry bodies and individuals over a 3-month period.

"Research findings indicated that people's understanding of biosecurity varied considerably, highlighting opportunities for further engagement. Definitions ranged from explosive material and human waste (biohazards) to bugs and beetles that could harm the Australian environment," Dr Schembri said.

Businesses that either had staff trained in biosecurity protocols (such as customs brokers) or worked alongside Commonwealth biosecurity officers had a more positive sentiment towards biosecurity and reporting. Companies with a trusting, transparent culture also had higher positive engagement and compliance with biosecurity procedures. When staff were assured no personal or business-related repercussions (e.g. fines, termination) would arise from reporting a potential biosecurity risk, staff were more likely to report.

The perception of biosecurity non-compliance within and between other stakeholder groups and businesses within the supply chain varied considerably. All engaged parties, however, unanimously identified the warehouse and distribution centre sector as having the poorest biosecurity practice and level of understanding, being the sector to focus future education and engagement activity. Numerous and varied attempts were made to engage with this sector.

The perceived importance of biosecurity mandatory measures reportedly differed between some regional and metropolitan-based members of the sector. One regional-based business believed metropolitan companies actively avoided rural tailgate inspections, by directing cargo to a metropolitan address prior to regional transportation.

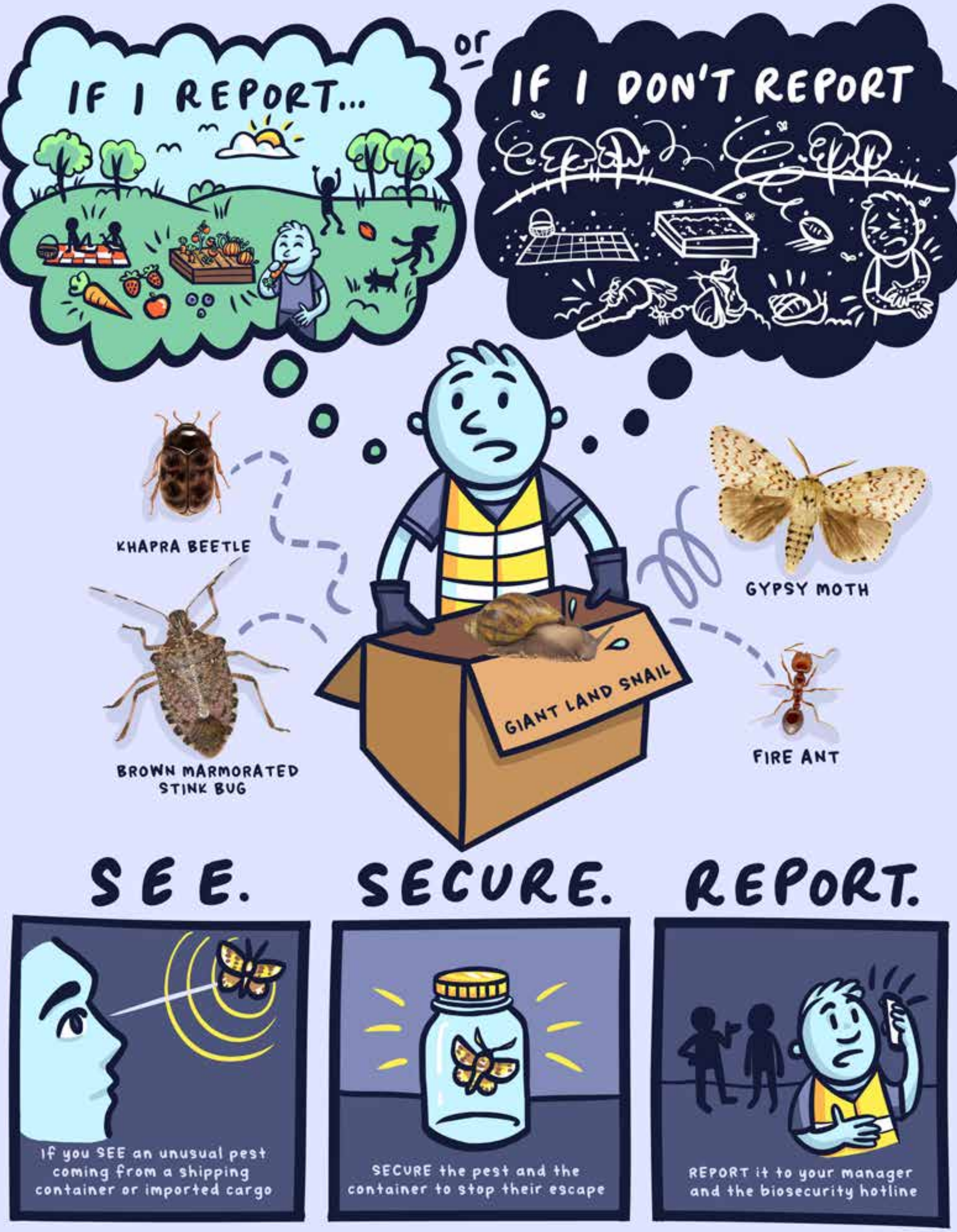
On reporting potential biosecurity risks, interviewed companies reportedly felt unmotivated, indicating that previous attempts to do so were either not followed up on by the authorities or they were not advised on the outcome of their report.

The sector participants indicated that efforts were made to proactively engage with Commonwealth officers separate to auditing and compliance activities on biosecurity issues. Businesses were keen to improve their education and awareness of current biosecurity issues relating to the sector, including why certain pests are targeted and the consequences of not reporting. There was, however, a general sentiment that official biosecurity communications were too frequent and generally irrelevant to most of the sector; they were jargon heavy and subsequently poorly understood by staff operating within the sector.

"The research findings showed a need for broader understanding of the meaning and importance of biosecurity, with communications to focus on contextualising the risk of specific exotic pests, in Australia. This means, using tangible examples, such as financial hardship for farmers, or detrimental effects on native flora and fauna or recreational activities to evoke emotional or personal connections," Dr Schembri said.

For the full report, head to: https://www.dpi.nsw.gov.au/biosecurity/community-engagement-and-education/understanding-the-freight-and-logistics-sector

DEALING WITH HITCHHIKING PESTS



BIOSECURITY HOTLINE: 1800 798 636

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NSW GOVERNMENT

A multipurpose biosecurity dog for all seasons

By LYN O'CONNELL, Deputy Secretary – Department of Agriculture

Our biosecurity detector dogs have come under a lot of attention recently as we look to respond to African swine fever at Australia's international airports.

Since 1992, biosecurity detector dogs have actively contributed to Australia's frontline defence against damaging biosecurity risks that could devastate our health, industries, economy and environment.

What was once just a pair of dogs in Sydney and Brisbane has grown into a world leading program for innovative dog training and deployment.

Since 2012 'multipurpose' biosecurity dogs have been trained to be deployed across multiple biosecurity risk pathways including across the passenger, mail and cargo pathways. Prior to 2012, detector dogs were confined to working within the one biosecurity risk pathway requiring more dogs to cover the different activities.

The multipurpose approach allows us to deploy the dogs in a more efficient way, though it should be noted that detector dogs are just one in a range of technologies that operate at Australia's border. Multipurpose deployment has enabled us to reduce dog numbers whilst maintaining screening volumes. In fact, total screening volume has consistently increased since 2012 despite the decline of dog numbers.

In-house training has contributed significantly to this outcome allowing us to develop a nationally consistent detector dog and handler capability optimised for deployment across all operational scenarios. Our in-house trainers ensure the biosecurity detector dog fleet is continually refined, modernised and exploring new opportunities in biosecurity risk detection.

After completing our rigorous eight week in-house training program, dogs are able to detect over 200 biosecurity risk items including fruit, meat, plants and seeds. The biosecurity dog fleet detects more than 65,000 biosecurity risk items each year and each dog can intercept more than 9,000 risk items in their working life.

We recently worked with researchers at the University of New England to train biosecurity detector dogs to detect Brown Marmorated Stink Bug (BMSB) and trained the handlers to deploy the dogs in a cargo environment.

Detector dogs are currently deployed to screen a variety of vehicles, machinery and break bulk cargo for BMSB at our major ports. This allows a far greater proportion of these goods to be effectively screened than would be possible through manual intervention. Further opportunities to take advantage of the efficiency, mobility and detection capability offered by detector dogs are currently being explored.

The success of the BMSB detector dog research means we can deploy our existing detector dog capability to better protect Australia from a broader range of biosecurity threats. For example, detector dogs take on average around 15 seconds to screen a new car for BMSB, which is considerably faster than the five minutes taken by manual screening methods. While we are still trialling the deployment, this represents a significant potential to increase the speed and assurance of breakbulk cargo verification screening during BMSB season.

The next step in this research is to identify similarities between groups of risk material to make our detector dog training more effective. The reason our dogs are able to identify in excess of 200 different individual commodities is that they naturally generalise across scents—they learn to offer a response to items similar to those they encountered in the past. By better understanding this process and the commonalities across our target groups, we can better equip our dogs to find more risk material in a shorter timeframe. This will contribute to a more flexible and responsive detection capability and support rapid response training of our detector dog fleet as seasonal and emerging risks present themselves.

The rapid spread of African swine fever overseas, and the most recent reports of outbreaks in Timor-Leste, has meant we have redeployed detector dog capabilities to help protect Australia. Biosecurity detector dogs are now deployed in all major international airports including Darwin and Cairns.

We continue to modernise and evolve our detector dog program as part of an integrated biosecurity system. We are investing in modernising all aspects of our biosecurity system, including trialling 3D x-ray to develop automated detection algorithms for detecting biosecurity risk material and targeted intervention across passenger mail and cargo pathways. These advancements are deployed alongside our detector dog fleet and other detection technologies to maintain our enviable biosecurity status and protect Australian industry.

It's that time of year again.

Seasonal bugs including Brown Marmorated Stink Bug (BMSB) and other biosecurity pests continue to threaten Australian shores with a growing number of affected shipments and identified countries.

Price and Speed continues as a leader, ever increasing its arsenal to counter these biosecurity pests to keep Australia Safe!

The Brown Marmorated Stink Bugs are now attacking from all over the globe with measures applying to 32 countries and increased surveillance for others. Our duty as an Approved Depot is to ensure we have measures in place to eliminate these pests for our clients varying consignments.

Large amounts of imports from the United States, parts of Europe, Russia, Turkey and other affected areas can be treated by fumigation or dry heat treatment.

At Price & Speed we offer Methyl Bromide Fumigation with chambers to handle LCL cargo, flowers and fresh produce as well as FCL fumigation in 20' and 40' containers. Our process has been developed with our experienced team of licensed fumigators who fumigate to the set methodology.

We have solutions for clients with wrapping, dealing with free airspace and various other issues.

While fumigation remains the popular option for Importers, we also offer dry heat treatment which makes for an excellent alternative and can cater for fumigant sensitive cargo. We offer heat treatment and fumigation 7 days per week ensuring the fastest possible turn around time for our clients.

At Price & Speed we always focus on customer satisfaction and streamlining our processes to offer the best service in the industry. We have developed a customer portal where clients can check the status of their cargo, fumigation / heat treatment processing and clearance details.

We have setup a dedicated on-port premises which is ready and running. We can now focus on delivering an even better world class Biosecurity service while providing our clients with a service that moves their cargo through faster, more efficiently and safer than ever before.

To learn more about our developments contact our fumigation team at fumigations@priceandspeed.com.au or visit www.priceandspeed.com.au

BorderWise **expands** library, **extends** global reach

Access comprehensive customs information from a single window

Managing international trade is a complex business. Trade professionals need the most up-to-date tools and information to navigate the ever-changing regulatory environment and ensure compliance at all times.

To avoid delays at the border and meet customer expectations amid complicated border requirements, professionals must make complex decisions and increase throughput faster than ever before.

BorderWise brings together a comprehensive range of critical border compliance data – including law and regulation, tariffs and duty rates – and advanced search functionality for customs brokers, legal and other trade professionals.

It delivers detailed information from many sources with speed, quality and accuracy, and provides peace of mind, so you can focus on your core business and customers.

BorderWise's comprehensive customs and border reference library provides access to the World Customs Organization's Harmonized System publications, along with hundreds of books for Australia, New Zealand, South Africa and the United States of America.

New for South Africa

BorderWise has just become even more powerful; the comprehensive border compliance engine has been released for South Africa.

South Africa is a major trade centre for the region. The country is home to the continent's biggest port, Durban, and the area served by South African ports extends across much of southern Africa.

BorderWise now features a comprehensive and integrated suite of legal books and technical documents, now covering South Africa. It includes Parts and Annex of The Customs and Excise Act, 1964 Tariff Book, and also South Africa Schedules 1 to 10.

Navigate the complex world of border compliance

Compliance requirements at the border for Australian importers and exporters are increasingly becoming more complicated.

In Australia, there are more than 30 government departments with a requirement at the border. These agencies can mandate serious penalties, whether you are knowingly non-compliant or not. And these penalties for non-compliance can quickly cripple a business.

Free-trade agreements are another thorny area for exporters and importers. Australia has in-effect 12 free-trade agreements with countries or groups of countries, with many more under way. These include agreements with Hong Kong, Indonesia, Peru, and eight Pacific nations through the PACER Plus agreement, and the European Union currently under negotiation.

BorderWise provides the legal text to help trade professionals stay on top of the latest changes to such agreements and ensure compliance with international agreements.

Your next generation border compliance software

Logistics is an environment where commercial imperatives make speed necessary. However, this may compromise quality and accuracy, which can increase exposure to non-compliance and, ultimately, penalties.

For trade professionals, compliance is not an option – it's the law.

BorderWise puts the information you need at your fingertips to navigate these risks quickly, easily and with confidence. It features a comprehensive, integrated suite of legal books. This includes the full breadth of the World Customs Organization Harmonized System publications, tariff-classification tools and links, prohibited goods information, and community protection requirements.

The platform features a smart search engine to help you find exactly what you need. It provides real-time updates to legislation, notices, and alerts from government agencies. This way, customs brokers can stay up to date and informed of requirements and changes.

BorderWise allows you to do your due diligence checks well before a shipment leaves the warehouse and arrives at the port. This way you reduce risk, meet compliance, and avoid penalties.

Special FTA members offer

BorderWise is powered by WiseTech Global, a leading developer and provider of software solutions to the logistics industry globally.

Many FTA members have taken up our special BorderWise offer. They have benefited from WiseTech Global's commitment to building the best trade ecosystem for global logistics. For more details on this special offer visit FTAlliance.com.au.

Don't risk fines, costly delays, or your reputation. Let BorderWise navigate the complex world of border compliance for you.


WiseTech
GLOBAL

Importers and exporters facing increased risk of prosecution

By RUSSELL WIESE, Principal – Hunt & Hunt Lawyers

When you read of prosecutions relating to illegal importations, it's usually for importation of tobacco and illicit drugs. For a long time, most other breaches of the Customs Act have been dealt with by way of warnings, demands for underpaid duty and the issuing of infringement notices. However, over the past 12 months, we have seen more reporting of prosecutions for trade related breaches of import and export laws. When successful, these prosecutions are resulting in massive fines and in some cases, jail sentences.

This trend means that the consequences of non-compliance have greatly increased. It is crucial that importers, exporters and their customs brokers pay attention. Specific features of international trade make the threat of prosecution uniquely unappealing. These include:

- there are usually multiple occurrences of the same behaviour. The same prohibited import will be imported multiple times or the same concession consistently incorrectly applied. This means that prosecutions are not dealing with only one charge, but rather 15 – 30 charges. Maximum penalties are calculated on a per charge basis, so this can become significant.
- a lot is based on trust. Customs brokers and forwarders will never open a container and see what is really inside. Naturally, prosecutors will often claim that it was a lack of due diligence that resulted in failure to detect a breach
- general error rates on import and export declarations range from 15% to 50% of lines containing at least one error. Courts simply will not tolerate this and will see such errors as a sign of carelessness that inevitably results in breaches of the law, even if unintentional;

- the difficulty authorities have detecting breaches means that when non-compliance is found, the Courts want to make an example of the offender. This means that sentences often involve a significant general deterrence element.

So far in 2019 we have seen these trends in international trade related prosecutions:

Importation of asbestos

For many years asbestos has been classified as a prohibited import. There would be few customs brokers who would not be aware of a client that has received a warning or infringement notice regarding this issue in recent years and those importers now should consider themselves lucky.

A Western Australian importer was prosecuted and fined $175,000 for inadvertently importing asbestos in 2012 and 2013. This company was prosecuted and fined despite detecting the asbestos itself and voluntarily reporting the importations to the Australian Border Force (ABF).

Non-compliance with an Export Control Order

In October, a Brisbane company and its innocent director received large fines for not complying with the export controls regarding the export of timber to China, Hong Kong and Taiwan. While the company had a license to export the timber, it did not undertake the required fumigation and inspection processes and did not obtain export certificates.

One of the directors admitted to deliberate non-compliance, however, was not prosecuted due to poor health. The prosecutors went after a second director that had no knowledge of the non-compliance and was not involved in the export of the goods.

The offences were strict liability offences, so the Commonwealth did not need to prove that the director intentionally breached the legislative requirements. Despite there being no proof that the second director was involved in the breaches, the Commonwealth put to the Court that the only appropriate penalty was a prison sentence. The prosecutors argued that there was no excuse for the director not making relevant inquiries into the operation of the business.

The behaviour occurred over a number of years and the company faced 33 charges, while the director faced 23 charges. Ultimately the company was fined $335,000 and the director $25,000.

In sentencing, the Court took into account the risk that non-compliance with export controls posed to the credibility of Australia's export system. It was felt that the offences posed a direct threat to Australia's export market for timber to China. It was important that the penalty represented a strong deterrent to other exporters considering a breach of the law.

Illegal importation of garlic

Biosecurity risks were the driver behind another trade related prosecution in September 2019.

An importer was jailed for 11 months for illegally importing over 2,000 garlic bulbs that were a prohibited import.

The behaviour of the importer in this case was particularly egregious. The importer had told suppliers to describe the goods as office supplies and even chastised some suppliers that failed to follow this instruction.

In handing down the 11-month prison sentence, the Court again emphasised the strong need for deterrence given the size of the biosecurity risk and the difficulty with detecting breaches.

Fun facts about a customs prosecution:

- **No need to prove a guilty mind –** For many customs offences it is only necessary for the prosecution to prove certain facts, for instance, that prohibited exports were exported without a permit. It is not necessary to prove that the exporter knew that the goods were prohibited exports or was aware that a permit had not been obtained. These offences are strict liability offences meaning that it is not necessary to prove a guilty mind.
- **Prove it** – Customs allege that the goods you imported 3 years ago contained asbestos – prove it you think. One problem, in a customs prosecution, if Customs allege a factual matter, it is prima facie evidence of the fact alleged. You can disprove that alleged fact if you can obtain the evidence, but that's not how our legal system normally works. Most accused will think that they have the benefit of the principle "innocent until proven guilty".

- **No right to silence –** It's a standard principle of our legal system that the defendant has the right to silence, except if it's a customs prosecution. For offences that are not indictable offence, the Customs Act specially provides that the defendant can be compelled to give evidence.
- **Cost orders –** If Customs is successful it can obtain an order from the Court that the defendant pay its legal costs. That's right, the defendant has to pay for the privilege to be prosecuted. This can have a big impact on the outcome. In a recent prosecution the fine imposed by the Court was $4,000 while the cost order was $40,000!
- **Loss of goods plus penalties** – With prohibited imports and exports it is likely that the prohibited goods will be seized. If the seizure is valid, the goods become the property of the Commonwealth. However, the legislation specifically provides that loss of the goods is in addition to penalties. This means that the defendant is hit with both – loss of business assets plus having to pay penalties.

What can you do?

It's time to take trade compliance seriously. This does not simply mean having a zero tolerance attitude to deliberate non-compliance, it means putting in place systems to prevent inadvertent non-compliance. Importers and exporters need to assess what training, procedures and quality assurance programs they have in place to try to prevent and/or detect non-compliance.

Customs brokers need to appreciate that they are liable to be prosecuted if they provide false information to the Government in an import or export declaration. Our office has recently seen threats by senior Australian Border Force officers to seek the prosecution of customs brokers. Customs brokers will have little excuse if they are involved in breaches due to ignorance of the law. It is expected that customs brokers know the legal requirements concerning the import and export of goods. The biggest risk for customs brokers is making a false statement as a consequence of being provided false information by the customer.

While it is understood that there has to be reasonable limits around the due diligence expected to be performed by customs brokers, particular care should be taken with:

1. new clients where there is not a good reason for switching from their previous customs broker;

2. transactions that do not make commercial sense. For instance, are the freight costs more than the value of goods or are the goods of a type which the importer does not advertise as selling;

3. any unexplained or unexpected resistance by the customer to provide certain documents or information.

There are many customs brokers to choose from. Importers deliberately breaching the law are not looking for your high quality customer service. They are looking for a customs broker that will not ask too many questions and will stop asking for information when it seems too hard. If something smells and you pursue, 9 times out of 10 the client will change customs brokers. You will lose a client, but this loss will not be as significant as the cost of dealing with search warrants, subpoenas to give evidence at trial and any fines the customs broker would have faced.

When it comes to avoiding prosecution, prevention is the best strategy. If it is too late for prevention, seek legal advice as soon as possible as, even if you are guilty, outcomes can be significantly improved by cooperation, demonstrated improved compliance and were appropriate, the voluntary disclosure of information and/or consideration of an early guilty plea.

Please contact Russell Wiese of Hunt & Hunt Lawyers to discuss on (03) 8602 9231 or at rwiese@huntvic.com.au

hunt&hunt lawyers

Australian Trusted Trader welcomes it's 500th business

By the Department of Home Affairs.

Members of the Country Road Group with The Hon Jason Wood MP (2nd from left) and ABF's Tim Fitzgerald (far right) at the presentation of the 500th Trusted Trader globe event.

Early in October, The Hon Jason Wood MP, Minister for Customs, Community Safety and Multicultural Affairs, welcomed Country Road as the 500th business to join the Australian Trusted Trader program. This marks a milestone for Australian Trusted Trader, being the halfway point towards the 2020 goal of 1000 Trusted Traders representing 50 per cent of Australia's two-way trade value and 30 per cent of Australia's two-way trade volume.

Country Road will now benefit from priority treatment in most interactions with the Australian Border Force, as well as the opportunity to influence customs and border modernisation initiatives. Soon the Trusted Traders will have access to even more benefits, with a pilot underway for reduced origin requirements and negotiations underway for an MRA with Indonesia.

Spotlight on a benefit

ATT Origin Waivers

Did you know that accredited Trusted Trader importers can access the origin waiver benefit to claim preferential tariff treatment on goods imported under the following Free Trade Agreements?

- Australia – Chile Free Trade Agreement (ACI–FTA)
- Japan-Australia Economic Partnership Agreement (JAEPA)
- Korea-Australia Free Trade Agreement (KAFTA)
- Malaysia-Australia Free Trade Agreement (MAFTA)
- Singapore-Australia Free Trade Agreement (SAFTA)
- Thailand – Australia Free Trade Agreement (TAFTA)

Trusted Trader importers will not be required to obtain a Certificate of Origin for any imported goods originating from these countries. Trusted Traders are still required to have knowledge of the origin of goods and will be required to keep these records (such as invoices or other commercial documentation) to prove eligibility if required.

Trusted Trader importers can also access a special advance ruling waiving the requirement to obtain a Certificate of Origin under the China-Australia Free Trade Agreement (ChAFTA). This allows Trusted Trader importers to use a Declaration of Origin for multiple tariff classifications and multiple origin criteria with one advance ruling. Without this exclusive benefit, one advance ruling is required for each tariff classification.

Want to know more? Speak to your Account Manager today.

Contact us at trustedtrader@abf.gov.au for more information or assistance in applying.

	Importers	Exporters	Service Providers
ABF Account Manager	•	•	•
Mutual Recognition Arrangements		•	
Priority Trade Services	•	•	
China-Australia Free Trade Agreement Origin Advance Ruling	•		
Seat at the Table	•	•	•
Duty Deferral	•		
Priority Treatment	•	•	
Temporary Skill Shortage Visa s482	•	•	
Australian Trusted Trader Logo	•	•	•
Asia-Pacific Economic Cooperation Business Travel Card	•	•	•
Consolidated Cargo Clearance	•		
Monthly Report	•	•	
Origin Waiver	•		

SPONSORS

The Australian Peak Shippers Association (APSA) and Freight & Trade Alliance (FTA) would like to acknowledge the following sponsors for their ongoing support of the Alliance.

To find out more about advertising in Across Borders or how to become an APSA / FTA sponsor, please refer to www.FTAlliance.com.au or contact us at info@FTAlliance.com.au

What's on...

Calendar

of events 2020

Freight & Trade Alliance (FTA) is proud to present the following regional one-day conference style events which are highly recommended for customs brokers, freight forwarders, importers and logistics industry participants to stay at the cutting edge of compliance and operational reform initiatives.

Importantly, each listed event will be accredited for 24 Continuing Professional Development (CPD) points for licensed customs brokers on an attendance basis.

A series of Legal Forums to complement these sessions will be hosted in Sydney, Melbourne, Brisbane and Perth in the second half of 2020 – the forums will be accredited for 6 CPD points to assist members in meeting their annual 30 point CPD requirements.

For further details and to book your place please go to www.FTAlliance.com.au/Upcoming-Events

CPD & CBC – BORDER AND BIOSECURITY COMPLIANCE PROGRAM (24 CPD POINTS

SYDNEY
Wednesday 1 April 2020 & repeated
Saturday 4 April 2020 - *8.30am to 4.30pm*
Novotel Sydney Brighton Beach Hotel, Cnr Grand Parade and Princess Street, Brighton Le Sands

MELBOURNE
Friday 17 April 2020 & repeated
Saturday 18 April 2020 - *8.30am to 4.30pm*
Hyatt Place Melbourne, 1 English Street, Essendon Fields

PERTH
Saturday 2 May 2020 - *8.30am to 4.30pm*
Hyatt Regency Perth, 99 Adelaide Terrace, Perth

BRISBANE
Wednesday 20 May 2020 - *8.30am to 4.30pm*
Novotel Brisbane Airport, 6 – 8 The Circuit, Brisbane Airport

ONLINE TRAINING

FTA and APSA offer practical online training at www.ComplianceNetFTA.com.au with resources and online assessment available at listed prices.

Members are offered unlimited Continuing Professional Development (CPD) and Continued Biosecurity Competency (CBC) training for $150 (excl GST) per person per accreditation period (1 April to 31 March).

Further discounts are offered to businesses with multiple purchases with the option for an all-inclusive invoice for FTA Premium Membership and CPD / CBC training – price on application to info@FTAlliance.com.au

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