



TOMAX
NEWS

Issue 11
27th Nov 2020

ALSO INCLUDED



MARKET SUMMARY

- Consolidators are applying a GRI for LCL cargo ex: China, Korea, Taiwan and Hong Kong to Australia of USD 12 per CBM from 1st December
- Consolidators are applying a GRI for LCL cargo ex: USA & S.E. Asia of USD 10 per CBM from 1st December
- Many shipping lines have announced a record General Rate Increase (GRI) of USD 1000 per 20' & USD 2000 per 40' to be applied from 1st December
- Rail services from Melbourne to Sydney /Sydney to Melbourne are at critical mass congestion with delays of up to 3 weeks for available bookings
- Most Sydney empty container depots have now stopped accepting any container de hires including containers that were discharged in Sydney
- Congestion at East Coast container terminals remains high with many vessels waiting for up to 5 days to get a berth after arrival
- LCL depots are also reaching critical points with trucks now having to queue for up to 6 hours to collect cargo, and cargo availability delayed by almost a week after container arrival
- Tomax is out there scrambling day in and day out to find ways to keep service levels at highest possible levels despite these challenges



LATEST NEWS

WHARFIES ACCEPT NEW ENTERPRISE AGREEMENTS

Wharfies from Sydney and Brisbane have voted to accept the enterprise agreements between DP World Australia and the Maritime Union of Australia.

A similar vote will be carried out after final agreement at DP World's Melbourne terminal. Workers are expected to officially endorse the new enterprise agreements on the east coast towards the end of November.

According to DPWA, the votes guarantee certainty for the employees' pay and conditions on the east coast and for DPWA certainty for their customers until late 2023.

DP World Australia C.E.O. Andrew Adam says, "we're on track to deliver Agreements to the Fair Work Commission at three out of four DP World Australia terminals, and with Christmas just around the corner, this couldn't have come at a better time. We're pleased Australian consumers and businesses can expect the smooth delivery of their Christmas goods, supplies, and orders through DP World's Sydney and Brisbane terminals, uninterrupted by industrial action. Over the past two years since bargaining began, we've worked hard to negotiate agreements that improve productivity, safeguard working conditions and

benefits, and create a sustainable path forward for DP World Australia's terminals."

Mr. Adam believed the outcome was a win for everyone, mentioning that the agreements provided a wage increase over three years on the basis employees contributed to cost offsets and productivity improvements.

"Delivering finalised enterprise agreements in time for Christmas is a great way to end a year challenged by COVID-19 and start 2021 with certainty and stability for our customers," Mr Adam concludes.

The DP World Brisbane, Sydney and Melbourne Agreements are to be lodged with the Fair Work Commission, assuming a vote in favour.

Reference: Sexton, D. (2020). WHARFIES AND DPWA AGREE ON EA TERMS FOR BRISBANE AND SYDNEY. Retrieved from https://www.thedcn.com.au/wharfies-and-dpwa-agree-on-ea-terms-for-brisbane-and-sydney/?utm_source=DCN+Daily+Newswire&utm_campaign=70e2f56081-EMAIL_CAMPAIGN_11_13_2020_COPY_529&utm_medium=email&utm_term=0_505d67c448-70e2f56081-143548541 on 24th November, 2020.

TRADE SET TO PULL AUSTRALIA TO ECONOMIC RECOVERY



A new report prepared by Austrade and the CSIRO aims to inform trade and investment strategies for economic recovery. Inside the report showcases the results of a joint strategic foresight study exploring changes in the global trade and investment landscape that is probable over the next few months and years. A strategic set of actions for Australian Governments and industries to capitalise on significant shifts in the global trade and investment landscape.

Trade and investment strategies will boost jobs and growth as well as speed up Australia's economic recovery, in response to the new normal of the mid/post Covid-19 world.

As a result of the pandemic, world merchandise trade has reportedly fallen by 14.3% in the second quarter of 2020.

Global foreign direct investment is forecast to fall by 40% from \$1.54 trillion in 2019 to under \$1 trillion, which is lower than levels recorded in 2005.

Additional drops of 5-10% are forecast for 2021 with a rebound expected for 2022.

"These conditions are associated with a forecast 4.4% contraction of the global economy this year. However, there are signs of recovery. The International Monetary Fund forecasts global growth of 5.2% in 2021", reports state.

The World Trade Organisation highlighted the rise in air cargo transport and new export orders since May.

Furthermore, shipping container port throughput is reported to have shown signs of "a partial recovery" and automobile sales have been rising in China, the United States and Western Europe.

Reference: Sexton, D. (2020). Trade set to dig Australia out of Covid hole. Retrieved from https://www.thedcn.com.au/trade-trends-identified-in-government-report/?utm_source=DCN+Daily+Newswire&utm_campaign=bbb3b1aa8f-EMAIL_CAMPAIGN_11_13_2020_COPY_527&utm_medium=email&utm_term=0_505d67c448-bbb3b1aa8f-143548541 on 24th November, 2020.

OPINION

THE CIF DILEMMA: SAVING FACE OR QUICK PROFITS



It has long been the trend for Chinese suppliers to push for CIF (otherwise known as CFR, C&F or CNF) terms with their international clients. The reason is simple: there is money to be made.

International freight forwarding companies are quick to offer suppliers extremely low or zero dollar freight rates, or sometimes even refunds or kickbacks for making bookings. It is not uncommon for suppliers to receive a payment of US\$30 per cubic metre or tonne of cargo they book with a freight forwarder as incentive. And how do the international freight companies recover these losses on freight? They charge exorbitant fees to the final importer of the cargo which, although being described as local charges, are actually covering the freight which should have been paid by the supplier.

Into Australia for example, general market rates for LCL port & terminal charges are about US\$95 per CBM or tonne. But when an incentive rebate is being paid to the supplier by the freight company, they will usually seek to collect somewhere in the vicinity of US\$155 per CBM or tonne. The additional profit collected has to be rebated back to origin to cover the cost of the freight and the incentive paid to the supplier. The net effect is that the buyer is often left paying the freight twice – once to the supplier under CIF terms and again to the forwarder as local charges.

Whilst the buyer may not realize that they are paying the freight via local charges to the forwarder, it usually leaves a nasty taste in their mouth when they query why the local charges are so high, only to be

told to take it up with their supplier who booked the freight. Most of the time the buyer will just pay up and shut up, but rest assured that they're not pleased with the outcome and this has to affect ongoing business between buyer and supplier.

The other downside to this situation is the inefficiencies it creates in the supply chain. Imagine you are a supplier with 25 cubic metres of cargo to send to your buyer. The terms are CIF and there is no instruction as to the shipping mode to be used. The most economical and efficient method of shipping would be as a 20' Full Container Load (FCL). Shipping as an FCL offers better protection for the cargo by reducing double handling, and would also enable the buyer to take earlier delivery at destination by avoiding the need to wait for a consolidated container to be unpacked. But with the supplier being offered an incentive to ship as LCL (loose cargo) it's not hard to see why the more profitable option is usually chosen.

Suppliers who manage their CIF transactions by carefully checking the freight rate versus local charges ratio and get the balance right are much more likely to secure future business. Selection of the most efficient and economical shipping modes should be a concern for those on both sides of the transaction. An easy face-saving exercise that will earn the supplier more respect and a healthy relationship with their buyers.

By Chris Chalmers

SEA SWIFT REVEALS NEW DAMPIER TO SINGAPORE SERVICE

Sea Swift, a northern Australian shipping company, has recently announced the launch of an international shipping service.

The service begins in December and connects Dampier in Western Australia's Pilbara with Singapore. The new route will see Karratha Bay, a 99-metre vessel, make an average of 2 sailings per month.

GAC will be the principal carrier agent under the agreement, appointed by Sea Swift.

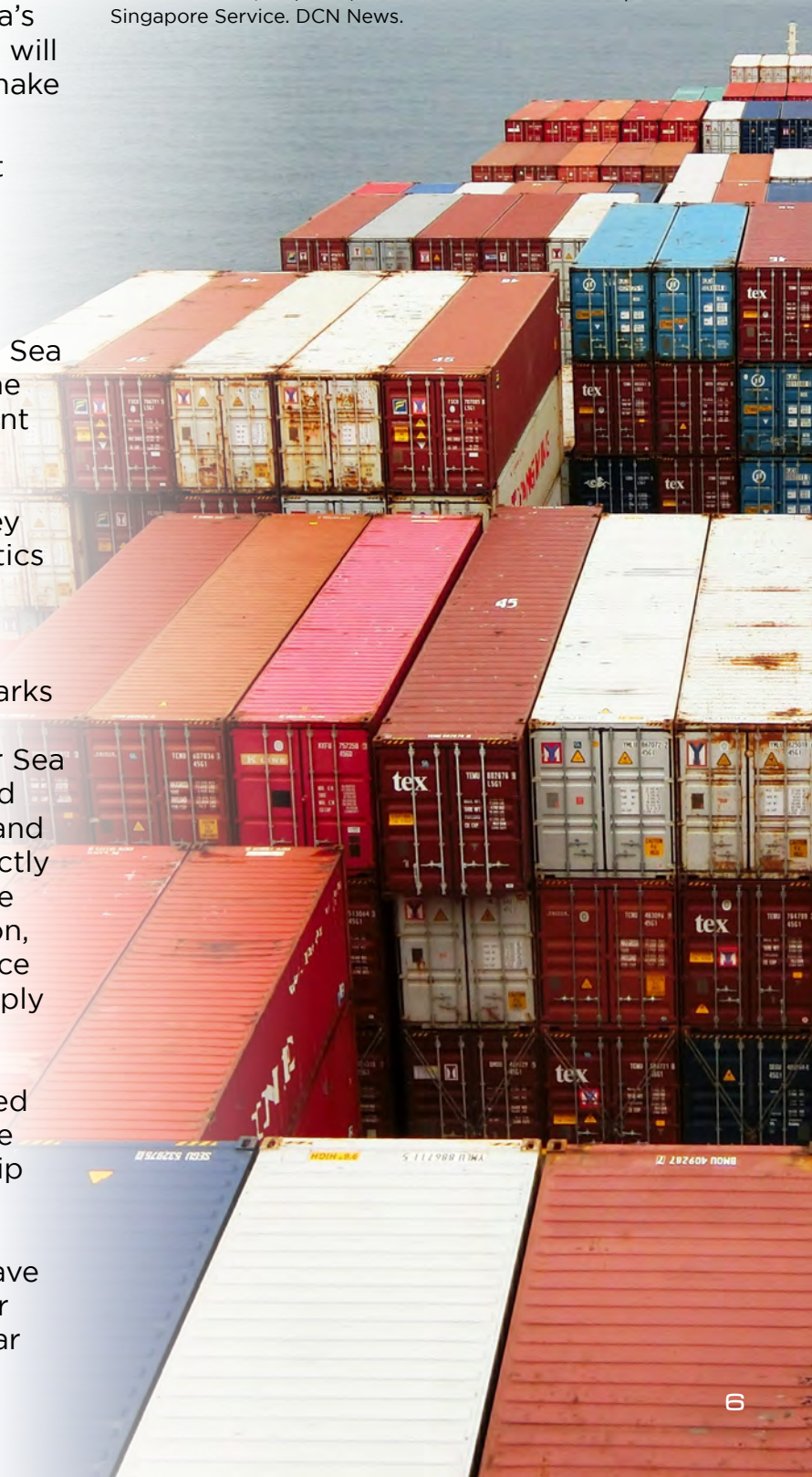
The new service announcement follows a similar announcement by ANL of a new service linking Singapore with Port Hedland.

Source: Sexton, D. (2020). Sea Swift Announces Dampier - Singapore Service. DCN News.



Lino Bruno, acting chief executive for Sea Swift, says the announcement positioned Sea Swift as one of the key remote logistics providers for northern Australia. He says, "this marks a significant milestone for Sea

Swift and opens the door for increased trade and services across the region, and internationally. Servicing the area directly with a liner service will not only reduce the cost of doing business in the region, but importantly, will significantly reduce the carbon impact on the existing supply chain by shortening the supply chain and reducing multiple handling steps. Sea Swift is not only highly experienced in serving remote communities, but we are also a highly-experienced ro-ro ship operator, and we understand clearly that in remote and regional Australia businesses and government cannot have the confidence to build or extend their services without the reliance on regular scheduled logistics supply chains."



COVID SNAPSHOT: AUSTRALIA

VICTORIA

New cases: 0 (as of 26/11/20)

14 day average case number for metropolitan Melbourne and regional Victoria is zero.

Active cases: 0 people

Recovered: 19,526 people

Facemasks are still mandatory indoors, but not outdoors except where social distancing cannot be done.

Capacities (max. people):

- Home = 15/day
- Outdoors in public place such as park = 50
- Weddings, funerals and religious ceremonies = 150
- Hospitality venues = small venues up to 50 and large venues up to 300
- Contact and non contact sports = 150 indoors & 500 outdoors
- Cinemas, galleries & museums = 150

QUEENSLAND

New cases: 0 (as of 26/11/20)

Active cases: 14 people

Recovered: 1,177 people

Borders will open to all of NSW and VIC from 1/12/20.

Capacities (max. people):

- Home = 50
- Public places = 50
- Weddings & funerals = 200
- Indoor premises = 1 person per 2m²
- Outdoor events/open air stadiums = 1500 with Covid Safe Event Checklist and/or Plan, outdoor dancing (e.g festivals) allowed.

For more information visit:

<https://www.health.gov.au/news/health-alerts/novel-coronavirus-2019-ncov-health-alert>

SOUTH AUSTRALIA

New cases: 1 (as of 26/11/20)

Sources of infection include overseas acquired and close contacts.

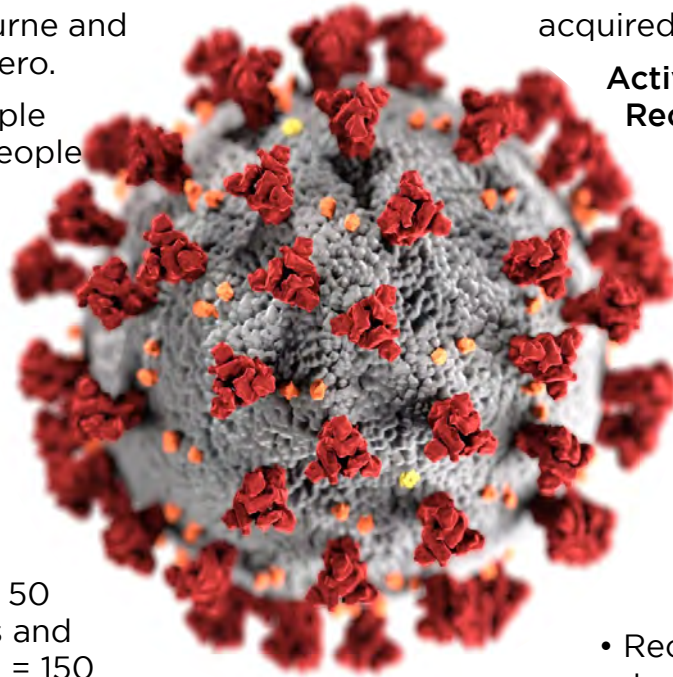
Active cases: 22 people

Recovered: 533 people

Keep 1.5m distance. Facemasks are not mandatory but are recommended.

Capacities (max. people):

- Home = 10
- Gatherings = 50
 - Funerals = 50
- Weddings = 150
- Churches = 100
- Hospitality = 100
- Recreation, indoor play centres, amusement parks and arcades closed.
- Essential services remain open.



NEW SOUTH WALES

New cases: 0 (as of 26/11/20)

Active cases: 10 people

Recovered: 3,178 people

Borders opened to Victoria from 23/11/20.

Capacities (max. people):

- Home = 20
- Outdoors in public place such as park = 30
- Weddings = 150
- Funerals = 100
- Religious gatherings = 300
- Hospitality venues = 300
- Gym & Recreation classes = 30

COVID SNAPSHOT: AUSTRALIA

TASMANIA

New cases: 0 (as of 26/11/20)

Active cases: 0 people

Recovered: 215 people

Vic is considered a low risk area and will not have to quarantine. South Australia remains a medium risk area. Parks and reserves are open to public. Staff are still encouraged to work from home.

Capacities (max. people):

- Home = 40
- Gathering in undivided space in indoor premise = 250
- Gathering in outdoor premise = 1000
- Max density limit is one person per 2 square metres

NORTHERN TERRITORY

New cases: 5 (as of 26/11/20)

Active cases: 9 people

Recovered: 41 people

The active cases are overseas acquired.

Mandatory quarantine arrangements are no longer in place for interstate arrivals, other than persons arriving from an area that has been declared a COVID-19 Hotspot. Contact tracing is in place.

WESTERN AUSTRALIA

New cases: 7 (as of 26/11/20)

The confirmed cases returned to Perth from overseas. They are all now in hotel quarantine.

Active cases: 32 people

Recovered: 776 people

Capacities (max. people):

- 2 square metre rule
- Restricted access to remote Aboriginal Communities
- Restricted access to residential aged care facilities
- Implementation of controlled interstate border - South Australia considered medium risk

AUSTRALIAN CAPITAL TERRITORY

New cases: 0 (as of 26/11/20)

Active cases: 0 people

Recovered: 115 people

Travel restrictions apply to those from South Australia.

Capacities (max. people):

- Home = no limit
- All gatherings = 500
- 1 person per 4 square metres indoors and 1 person per 2 square metres outdoors

For more information visit:

<https://www.health.gov.au/news/health-alerts/novel-coronavirus-2019-ncov-health-alert>

STAFF SPOTLIGHT

WHAT IS YOUR ROLE AT TOMAX?

I am a Warehouse Storeman and Delivery Driver.

HOW DO YOU SPEND YOUR WEEKENDS?

I spend my weekends mostly outdoors, I love body surfing because I can't stand up on a surfboard. I enjoy any sort of activity, bush walks, picnics, gardening, exercising...the list is quite endless!

IF YOU WERE AN ANIMAL, WHAT WOULD YOU BE?

I would be a bird, preferably an eagle/falcon. It must be amazing to be able to fly!

WHAT IS THE WORST TASTING FOOD YOU'VE EVER EATEN?

Lemons or any citrus....I can't stand citrus, I actually get ill!

WHAT IS THE NEXT GOAL YOU'D LIKE TO ACHIEVE?

The next goal I would like to achieve professionally would be to have a fun, productive warehouse here in QLD. In the next couple of years, I would like to purchase a few acres of land and set up a hobby farm and be off the grid as much as possible.

IF YOU COULD HAVE ANY MAGICAL POWER, WHAT WOULD IT BE?

If I had a magical power, it would be to be able to see into the future.



MEET
GEOFF DAVIDSON
DELIVERY DRIVER
TOMAX TRANSPORT
(with partner Martine and
dog Georgie)

SPOT THE DIFFERENCE!

See if you can spot the 5 differences between both images.
First one to email quiz@tomax.com.au wins Yarra Valley Chocolates!



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