
TOMAX NEWS

Issue 113
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## MELBOURNE ROAD CLOSURES TO AFFECT FREIGHT MOVEMENTS

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# MARKET SUMMARY

• Strap yourselves in those living in Melbourne and driving on the roads, or waiting for deliveries, because it's going to be a challenging period ahead with serious road closures due to ongoing works on the West Gate Tunnel Project. See this newsletter for more information.

• Supply chain issues in China coupled with the upcoming Chinese New Year holiday period are already causing shortages in manufacturing, leaving shipping lines very hungry for cargo to fill their vessels. Rates have started to drop again to early December levels, and it is likely that over the next month their will be vessel cancellations and blank sailings as lines react to the downturn in trade.

• Airfreight services are on the increase with services being added back on due to the re-opening of China. Several new weekly flights have been added and it is hoped that services will be back to pre-COVID levels by mid 2023.

# TARIFF CONCESSIONS GAZETTE (TC)

Tariff Concession Orders (TCOs) are an Australian Government revenue concession that exists where there are no known Australian manufacturers of goods that are substitutable for imported goods.

CLICK TO VIEW LATEST GAZETTE

# AUSTRALIA'S IMPORTING COUNTRY REQUIREMENTS FOR PHYTOSANITARY CERTIFICATES

**Australia's importing country requirements for phytosanitary certificates from 1 May 2023**

The Department of Agriculture, Fisheries and Forestry (the department) has issued Industry Advice Notice 02-2023 advising of changes to the Australia's importing country requirements for phytosanitary certificates from 1 May 2023

### What is the issue?

Australia is receiving some paper phytosanitary certificates that are not signed, dated and stamped in accordance with ISPM 12.

### Requirements for paper phytosanitary certificates from 1 May 2023

From 1 May 2023, paper phytosanitary certificates must have all required information in accordance with ISPM12, including being signed, dated and stamped. This applies to paper phytosanitary certificates dated on or after 1 May 2023. Australia will not accept paper phytosanitary certificates dated on or after 1 May 2023 presented with QR codes only and without a signature, date and stamp.

### Australia's importing country requirements for phytosanitary certificates

Australia accepts phytosanitary certificates that are:

- Delivered via an agreed, secure government-to-government digital exchange, known as electronic certification or ePhyto/eCert. Australia currently only has such an arrangement with New Zealand for use in import clearance.
- Original paper hardcopies issued by trading partners that have been dated, signed and stamped.
- Certified copies that are copies of an original hardcopy or printouts of an electronic phytosanitary certificate that have been dated, stamped, and countersigned.

On paper certificates, a 'stamp' can be in the form of a watermark or logo on the document that has been approved for use by the exporting country and communicated to the Australian IPPC contact point (ippc.contactpoint@agriculture.gov.au).

A 'signature' can be in the form of either a pen-inked signature directly onto the document or a printed image of a signature inserted into the document. Printed names will not be accepted.

### Australia's acceptance of ePhytos or eCerts

Australia only accepts ePhytos or eCerts for use in import clearance where there has been a prior agreement to accept them via a government-to-government electronic exchange. This arrangement currently only applies to the government-to-government exchange of eCerts from New Zealand Countries sending ePhytos or eCerts to Australia without prior agreement and arrangements for electronic exchange cannot be accepted. Paper certification continues to be required until ePhytos or eCerts are bilaterally negotiated between Australia and the exporting NPPO.

### Class 19 approved arrangements

From 1 May 2023, brokers or self-reporting importers lodging under a Class 19 approved arrangement must ensure that paper phytosanitary certificates have been signed, dated and stamped. Until 1 May 2023, brokers operating under a Class 19 approved arrangement may accept phytosanitary certificates that are not signed, dated and stamped providing they can be verified using the QR code or website link.

### Further information

If you have questions or need further information, you can contact our friendly Tomax team on 1300 186 629

# MELBOURNE ROAD CLOSURES TO AFFECT FREIGHT MOVEMENTS

With the West Gate Tunnel Project taking place in Melbourne, related road closures are expected to impact freight movements.

As of Thursday 12th January, there will be "significant" lane closures on Footscray Road until 27th June. All east-bound lanes on Footscray Road will be closed between Dock Link Road and Appleton Dock Road from the 12th January until 5th April. During this time, access to the Port of Melbourne will be maintained through Mackenzie Road, Dock Link Road and Appleton Dock Road.

Port of Melbourne said, "wharf carriers and cargo owners should note that there is the potential for delays in the public road network surrounding the port, when seeking to access Footscray Road during this time, due to traffic diversions being put in place by the West Gate Tunnel Project."

Ackerman, I. (2023). MELBOURNE ROAD CLOSURES TO AFFECT FREIGHT. Retrieved from https://www.thedcn.com.au/news/logistics-and-supply-chain/melbourne-road-closures-to-affect-freight/ on 13th January, 2023.

# NEW VIETNAM AIRLINE SERVICE TO BOOST MELBOURNE AIR FREIGHT

Vietnamese airline "VietJet", will soon commence flights to Australia, introducing more air cargo capacity between the two countries.

VietJet will set up a national head office in Victoria and is expected to begin its service from Ho Chi Minh City to Melbourne Airport by April 2023, with three non-stop flights each week. By December 2024, this will grow to a daily service.

The Victorian government expects the flights to add an extra 3500 tonnes of air freight to Victoria annually. Vietnam is the state's 9th largest export market, with air freight exports of Victorian products to Vietnam valued at $113 million in 2021-22, up 77% compared to the previous year.

Mr Pallas, minister for trade and investment, said, "the arrival of another airline from Southeast Asia is a win for the Victorian economy and local jobs – showing the strength of our tourism and export markets," Mr Pallas said.

Melissa Horne, acting minister for industry and innovation, also welcomed the decision, stating, "we're supporting airlines like VietJet to fly to Melbourne because it means more opportunities for Victorian businesses to export to the world."

Backed by both the state government and Melbourne Airport, the new service is expected to lift the state's economy by $97 million each year once fully operational. VietJet will be the second Vietnamese airline to establish services to Melbourne since the pandemic, after Bamboo Airways commenced flights in April 2022.

Williams, A. (2023). AIRLINE'S NEW SERVICE TO BOOST MELBOURNE AIR FREIGHT. Retrieved from https://www.thedcn.com.au/news/logistics-and-supply-chain/airlines-new-service-to-boost-melbourne-air-freight/ on 11th January, 2023.

# BUSINESS' BIGGEST CONCERNS IN 2023: INFLATION AND RECESSION

Supply-chain leaders see inflation and recession as the biggest factors for business this year, according to a recent report from online logistics platform Container xChange.

88% of people who responded to the company's survey believe "inflation and recession will be the biggest factors that will impact businesses in 2023". The report highlights global trends that the shipping and supply chain industry will see in 2023.

Christian Roeloffs, Container xChange co-founder and C.E.O, said the overall outlook for the year 2023 for the supply chain industry remains challenging. He said, "Europe is hit hard with all-time high inflation; China struggles to cope with the virus and the US continues to witness hinterland transportation challenges and labour unrest. Most of these challenges will stay in 2023. Consumer confidence will pick up, but it really depends on whether we witness more disruptions in the coming times."

One expert said, ''due to inflation increasing, there'll be more unrest in the labour market which will certainly lead to more strikes, specifically in Europe, the UK and North America. And as we have seen before, strikes result in slow operations within the port which can exacerbate supply issues''.

The report predicts that the long-term shipping contract rates will see an uptick in 2023, though gradually. This slow increase applies to all modes of transport. A reset is expected, with negotiations going on to bring contract rates in line with spot rates. On the other hand, until there is a balance reached between supply and demand, forwarders will favour short-term contracts until the rates stabilise. "Freight forwarders will employ a 'wait and see' approach before making any long-term air cargo capacity commitments particularly." the report says.

Continuing to drop in 2023, are trucking rates for both dry and reefer cargos. Freight tonnage will continue to contract as market conditions and volumes return to pre-pandemic numbers.

Additionally, the unresolved worker strikes of 2022 will carry over in 2023 and the chances of new strikes coming up are high due to the inflation-related rise in prices putting pressure on workers' disposable incomes. If labour dissatisfaction grows in European and North American economies, this willl cause disruptions in global supply chains.

OceanX founder, Ruben Huber said two, almost three exceptional years for carriers are definitely coming to an end. He said, "they will have to adapt back to lower margins due to a different supply and demand balance. Many customers, forced into high-cost contracts during the up-cycle, will come for revenge in the down cycle. And regulatory pressures, following excessive profits might appear on top of that, be it through bodies like FMC, EU or China's MOC, as they each reviewing alliance exemptions, new taxation regulations, or precedence cases from several complaints raised by shippers at different institutions.''

The report highlights the growing expectation of the 3PL market to solidify in 2023 and is projected to reach US$1.79 trillion by 2027. Another key trend on the list relates to the digital transformation of the industry. In the years to come, the adoption of digital technologies in shipping will focus on vessel schedules, instant slot booking, intuitive booking interfaces and capacity confirmations.

Ackerman, I. (2023). INFLATION AND RECESSION BIGGEST CONCERNS FOR 2023. Retrieved from https://www.thedcn.com.au/news/containers-and-container-shipping/inflation-and-recession-biggest-concerns-for-2023/ on 10th January, 2023.

# PATRICK TERMINALS - NOTICE OF INTENTION TO CHANGE LANDSIDE AND ANCILLARY CHARGES

**Who does this notice affect?**
Exporters, importers, customs brokers, freight forwarders and transport operators.

The "Notice of Intention" is issued 60-days in advance of implementation in accordance with the Victorian Government's Voluntary Pricing Protocol and the National Voluntary Guidelines for landside stevedore charges.

**Voluntary Guidelines**
The FTA / APSA experience with both the Victorian and National Voluntary Guidelines are that they offer no real ability to influence price on landside charges. In effect, they are bureaucratic processes giving stevedores tacit approval to deploy Terminal Access Charges and other ancillary fee increases, albeit with 60 days' notice.

The FTA / APSA submission to the Productivity Commission inquiry of Australia's Maritime Logistics System summarises a consistent position advocated to both state and federal governments over many years: "All businesses face a dilemma of how to deal with unavoidable costs such as rent, infrastructure, labour and power. Those same businesses are then forced to either absorb these costs or pass them on to their commercial clients. Similarly, stevedores and empty container parks should be forced to either absorb operating costs or pass these on to their commercial client (shipping lines). Shipping lines then have the choice to absorb or pass those costs onto exporters, importers and freight forwarders through negotiated freight rates and associated charges."

FTA / APSA commended the Productivity Commission in supporting their position in their September 2022 draft report Lifting productivity at Australia's container ports: between water, wharf and warehouse (refer Draft recommendation 6.2):
"Terminal access charges and other fixed fees for delivering or collecting a container from a terminal should be regulated so that they can only be charged to shipping lines and not to transport operators".

Supporting this position, FTA / APSA also note ongoing Australian Competition and Consumer Commission (ACCC) stevedoring monitoring reports referencing the fact that shipping lines are the beneficiaries from a reduction in stevedore quayside rates, which are largely being offset by stevedore landside charges.

Page 36 of the ACCC Container Stevedoring Report 2021 -22 (December 2022) highlights that the balance of quayside and landside revenues has changed over time with both stevedores and their client shipping lines being the clear beneficiaries. "In the first 10 years of the ACCC's monitoring, stevedores recovered an average of 87% of their revenue through quayside charges to shipping lines. By 2021-22, this had fallen to 59%, with the incumbent stevedores recovering 41% of their revenue through landside charges to transport operators." Page 37 of the most recent ACCC stevedoring report highlights the effects of this current charging regime. "Increasing landside charges, in addition to steady quayside charges appears to have been a key factor in stevedores profits increasing significantly over the past few years".

In response to the FTA / APSA evidence provided at the Productivity Commission Public Hearing on 7 November 2022, Patrick Terminals made the following statement in their supplementary submission to the Productivity Commission on 14 November 2022. "It is important to clarify the position in relation to comments made by Mr Paul Zalai of Freight & Trade Alliance (FTA) at the Public Hearing. Mr Zalai noted that FTA wrote to each stevedore requesting information and that stevedores declined to give any level of detail that gave him comfort.

**To be clear:**
(a) the request made by FTA was for Patrick Terminals to provide FTA with open book data on Patrick Terminals' full landside cost structure. Specifically, FTA requested 'detailed explanation for the increase including disclosure, supporting information and data justifying the full cost structure of the total fee to be applied…';
(b) Mr Zalai has an established practice of publishing verbatim correspondence provided by the stevedores (see for example FTA newsletter dated 2 February 2022);

(c) at the time, Mr Zalai acknowledged that 'constructive meetings were held with stevedore executives'.
It is important to recognise that a request of this nature is not one with which stevedores could reasonably be expected to comply. We note that FTA members, being some of Australia's largest importers and exporters, are not expected to provide open book data on their full cost structure to their own customers."

FTA / APSA understands the Patrick Terminals view that they should not have to provide an open book. To be clear, The FTA / APSA preferred position aligns with the Productivity Commission recommendation that all charges be negotiated on a commercial in-confidence basis between the stevedore and their contracted client (shipping lines) negating the need to impose (and justify via ineffective protocols) charges imposed on third parties who have no ability to influence service or price.

**Next Steps**
The final Productivity Commission inquiry report was handed to the Australian Government on 21 December 2022. The release of the final report by the Government is the final step in the process. Under the Productivity Commission Act 1998, the Government is required to table the report in each House of the Parliament within 25 sitting days of receipt. The FTA / APSA will be escalating its engagement with key stakeholders in Canberra during the first quarter 2023 focussing on necessary legislative change to deliver fairer operational conditions for the international trade sector and to assist in Australia's broader economic recovery.

# WESTERN AUSTRALIA APPROVES LAND FOR EXPORT INDUSTRY GROWTH

Western Australia's Industrial Lands Panel has approved allocations of land for seven projects in the Boodarie and Ashburton North strategic industrial areas (SIAs).

The proposed capital expenditure of the seven companies receiving land allocation approval is collectively valued at $70 billion and is a step in the transformation of the Boodarie and Ashburton North SIAs into multi-product industrial precincts.

The Ashburton North SIA land allocations focus on the production of ammonia and methanol and are 12 kilometres south of the Onslow townsite in the Shire of Ashburton.

The Boodarie SIA is located about four kilometres west of South Hedland and 12 kilometres south of Port Hedland. Five projects have been allocated land in the Boodarie SIA supporting production of green iron ore, ammonia, hydrogen, and lithium sulphate monohydrate.

Jon Carey, WA lands minister, said strategic industrial areas are a key attractor for Western Australia as they ensure new investment continues to support our emerging and growing renewable energy industries. Jon said, "this is a major boost for regional WA, in particular towns like Onslow, South Hedland and Port Hedland with these projects to create and support a number of local jobs while strengthening and diversifying the WA economy."

Ackerman, I. (2023). WA APPROVES LAND FOR EXPORT INDUSTRY DEVELOPMENT. Retrieved from https://www.thedcn.com.au/news/logistics-and-supply-chain/wa-approves-land-for-export-industry-development/ on 11th January, 2023.

# RANSOMWARE ATTACK IMPACTS OVER 1,000 VESSELS

Following Saturday's cyber-attack, DNV advised that 70 companies and roughly 1,000 vessels could have been affected by what proved to be a ransomware incident. However, they were unable to clarify how many of the 1,000 ships using its ShipManager software have been affected, which ships or ship types were affected or if it meant the ships and their cargo would be delayed.

It is not yet clear whether the programme hit DNV ShipManager through land-side infiltration or via a ship.

"I've been involved in exercises for vessels wherein the question was asked, 'if a vessel is compromised, can they also compromise the shore and other vessels' and the answer was 'yes'," explained Ken Munro of 'white-hat hacker' firm PenTestPartners. "The question is a significant one, as it will have implications for assigning liability," he added. "It may be that someone put some ransomware on a ship and it propagated through ShipManager and has taken down the shore systems as well. The bad bit, if it is shore-based, is really on DNV itself – the firm should have done a better job of making sure the systems were secure."

Ransomware programmes are designed to make every kind of IT equipment unusable and the attackers demand payment in bitcoin to reinstate the system. Ransomware is designed to be omnivorous and "opportunistic", noted Mr Munro, meaning that "...it is very unlikely that DNV was deliberately targeted.

Bartlett, C. (2023). DNV admits up to 1,000 vessels affected by ransomware attack. Retrieved from https://theloadstar.com/dnv-admits-up-to-1000-vessels-affected-by-ransomware-attack/ on 12th January, 2023.

# SCAVENGER HUNT

**See if you can find the following hidden in the image below? Tip: Zoom into the image for full detective mode!**

- [ ] 1 Airplane
- [ ] 1 Bird
- [ ] 1 Yellow Shipping Container
- [ ] 2 Tomax Logos
- [ ] 2 Delivery Boxes
- [ ] 4 Port Workers

Note: Answers will be revealed in next week's Tomax Newsletter

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