



TOMAX  
NEWS

Issue 130  
26<sup>th</sup> May 2023

---

PLUS:



# MARKET SUMMARY

- **What does the next 12 months have in store for importers and exporters? –**

It's the question on everyone's lips. Recent economic indicators seem to suggest that the Reserve Bank's interest rate increases over the last 12 months are starting to take effect and consumer sentiment and spending is dropping. Will inflation come to a gridding halt? Will unemployment start to increase from the current low levels? If spending is dropping, is there enough demand for consumer goods? Will the current high level of inventory in Australia sustain demand for some time to come? All of these factors will influence shipping line activity and the

market over the coming 12 months. Lines are strapping themselves in for a difficult 12 months ahead, and ocean freight rates may not get off the canvas and make a comeback to profitable, let alone historical peak season levels. Lines are currently talking about attempting another GRI (General Rate Increase) for mid June, but confidence is low that they will be able to make it stick. Importers and exporters are likely to enjoy low level rates for some time to come, but at what cost? Low freight rates are great but when coupled with reduced demand for goods it is difficult to receive any benefit.

## 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. You can stay up to date with the weekly gazette via the Tomax Newsletter.

[CLICK TO VIEW LATEST GAZETTE](#)



# IMPORTERS WARN OF \$1 BILLION FEE HIT FROM STEVEDORES, PORTS

One year into their parliamentary term, there is no doubting the achievements of the Federal Government in negotiating initial trade liberalisation outcomes with China and progressing broader Free Trade Agreement initiatives.

While they are to be commended for these achievements, they appear to have gone missing in terms of responding to the vitally important recommendations resulting from the Productivity Commission public inquiry of Australia Maritime Logistics System.

The final report from the Productivity Commission titled Lifting productivity at Australia's container ports: between water, wharf and warehouse, was publicly released on 9 January 2023.

In response, Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) wrote to the Treasurer on 19 January 2023 and subsequently have met with key Ministers and/or their advisors in consecutive visits to Parliament House, Canberra during April 2023.

As a part of these meetings, extensive data was provided as evidence to back up the claims of \$1 billion in incontestable charges being paid by exporters and importers via stevedore and empty container park vehicle booking system fees (including Terminal

Access Charges) and unfair administration of container detention charges.

FTA / APSA highlighted the above in response to the Australian Financial Review investigatory journalism piece released today titled 'Importers warn of \$1b fee hit from stevedores, ports'.

An extract of the article states the following: The Freight & Trade Alliance, which represents importers and exporters, has written to the Treasury detailing what it claims is more than \$1 billion in annual fees levied on transport companies that use ports, warning that increases are "contributing to inflationary pressures across our economy".

"[Transport companies] must pay rapidly increasing incontestable fees or are denied access to pick up or return sea freight containers," said FTA director Paul Zalai, "if the federal government is serious about addressing supply chain costs they will adopt the Productivity Commission's well-considered recommendations. Now is the time for the government to show true leadership." Treasury declined to comment.

The article also refers to the NineSquared 2023 update to the Landside Port Charges Index highlighting three indices covering Access Charges, Ancillary Charges and Penalty Charges.







# CONTAINER MANUFACTURERS EXPERIENCE LOWEST LEVEL OF OUTPUT IN 14 YEARS

**T**he practice of super slow-steaming has provided some relief to ocean carriers as they integrate newbuild ultra-large container vessels (ULCVs) into their existing service loops. However, managing surplus equipment has become a more significant challenge for them.

Carriers are burdened with substantial storage expenses for their vast quantities of empty containers scattered worldwide. To address this, they are considering retiring older owned containers and returning as much equipment as possible to leasing companies. However, these strategies are proving to be demanding as the second-hand market is flooded with surplus equipment, while leasing companies already have an average lease agreement duration of about five years.

While chronic port congestion led to an estimated 15% increase in tonnage during the high-demand periods of 2021 and the first half of 2022, landside congestion, full depots, and overcrowded empty stacking areas at terminals hindered the repositioning of containers back to Asia, creating an artificial shortage of equipment.

To address this shortage, carriers leased more containers and placed orders for new boxes. However, as supply chain congestion eases, shipping lines are now striving to rationalise their equipment fleets to pre-pandemic levels or slightly higher, aligning with the normalisation of demand. Additionally, with freight rates on major trade routes significantly lower (around 80% lower), carriers are heavily focused on cost reduction, making reducing oversized container inventories a key objective.

Meanwhile, according to Drewry's container equipment assessment, container

manufacturing is expected to experience its lowest level of output in 14 years. The easing of pandemic-related supply chain constraints, combined with stagnant trade and a surplus of shipping containers, has resulted in a decline in new container production. Several container manufacturing factories in China have either closed or are operating at significantly reduced capacities.

Drewry also noted that container manufacturing in two new facilities established in Vietnam, with a combined annual capacity of 600,000 TEU, is not expected to commence until at least the third quarter of this year. These facilities were planned during the equipment shortages that disrupted supply chains two years ago.

Leading container leasing company Textainer stated that due to low demand, newbuild production has significantly decreased, with most container factories expected to remain closed through the second quarter.

Drewry's Container Equipment Forecaster estimates a 71% year-on-year contraction in global box production in Q1, reaching 306,000 TEU, the lowest level since the same period in 2010. It anticipates some recovery throughout the rest of the year but expects full-year output to be no more than 1.8 million TEU, the lowest level since the recession-hit year of 2009. Drewry predicts a 2% reduction in the global equipment pool this year to 49.9 million TEU, marking the first contraction in 14 years. However, it remains more optimistic about a return to growth in the sector in 2024 and beyond, driven by the substantial orderbook of newbuild tonnage and expects production output to double next year.

Wackett, M. (2023). Box lines look to slash their bloated equipment pools. Retrieved from <https://theloadstar.com/box-lines-look-to-slash-their-bloated-equipment-pools/> on 25th May, 2023.



# PORT OF MELBOURNE - BILLION DOLLAR CONTRIBUTOR TO ECONOMY

According to the ACIL Allen 2021-22 Economic Contributions report recently published, the Port of Melbourne has made a significant contribution of over \$11 billion to the Australian economy. Saul Cannon, the CEO of the Port of Melbourne, emphasised that this report solidifies the port's position as a crucial driver of the economy, as it manages more than one-third of the country's container trade.

"Operating 24 hours a day, 365 days per year the port handled 86% of Victorian origin exports and 87% of Victoria's international imports. This included more than \$32 billion in machinery and vehicles and \$8 billion in footwear and clothes in 2021-22," Mr Cannon said.

He highlighted the significance of Port of Melbourne being a trade gateway for south-eastern Australia for more than 130 years.

"Port of Melbourne is proud of our role as custodian of the port, currently seven years into our 50-year lease from the Victorian Government. Total port container trade has grown by more than 25% over the past ten years to 2021-22," he said, "Port of Melbourne is a vital economic asset and a critical part of our state's infrastructure. Our ongoing success is essential to the continued growth and prosperity of Victoria and Australia."

In April, the Port of Melbourne experienced a slowdown in container throughput, as reported recently. According to the most recent throughput data, the total number of containers handled at Melbourne during that month was 246,542 TEU, representing a decline of 3.9% compared to the same period last year.

In terms of full overseas imports, there was a decrease of 4.8% during this period. Notably, specific categories such as furniture, miscellaneous manufactures, non-electrical machinery, domestic appliances, clothing and toys, and sporting goods fell below the volumes recorded last year.

Similarly, full overseas exports in April witnessed a decline of 3.4% compared to April 2022. Among the categories that experienced reduced volumes were miscellaneous manufactures, pulp and wastepaper, paperboard, and packaged beef.

Furthermore, the total empty container throughput in April was 5% lower than the figures from the same month the previous year.

Ackerman, I. (2023). PORT OF MELBOURNE CONTRIBUTES BILLIONS TO NATIONAL ECONOMY: REPORT. Retrieved from <https://www.thedcn.com.au/news/ports/port-of-melbourne-contributes-billions-to-national-economy-report/> on 23rd May, 2023.





# DOES AI TECHNOLOGY REALLY HAVE A PLACE IN LOGISTICS?

In the field of logistics, experts warn that AI could potentially follow the same path as blockchain, being seen as a buzzword without significant practical applications in the near future.

Similar to the cryptocurrency “pump-and-dump” phenomenon, during the peak of blockchain hype, investors were lured by marketing materials claiming companies were involved with blockchain technology, even though its actual uses were rarely specified. This led to substantial investments without companies having to fulfil their claims.

Maersk’s TradeLens, described by Vespucci Maritime’s Lars Jensen as a “child born out of the blockchain hype seen five years ago,” attempted to implement a blockchain-based network but eventually failed last year. TradeLens attracted several prominent “trust anchors” and “foundation carriers” who supported the technology without making actual commitments as customers.

While blockchain may have practical applications for electronic consignment notes, electronic bills of lading, and proof of delivery, TradeLens was considered too advanced and failed to address real problems. As SMEs represent 98% of the logistics sector, it was challenging for logistics professionals to comprehend its purpose from that perspective, explained Sarunas Belickas, Chief Operating Officer at Cargo Stream.

With news of companies boosting their share prices by pledging to utilise AI, experts fear the emergence of another “blockchain” scenario. Belickas remarked that the industry has not learned from the blockchain

experience, observing that investors now throw money at anything related to AI.

Scammers are already selling AI courses, comparable to costly tutorials on how to perform basic internet searches. Misleading claims about AI’s capabilities are widespread, including assertions that ChatGPT can independently start and operate an entire business without human intervention.

However, beneath the hype, there are limited but genuine applications for AI, as Belickas clarified. Before contemplating step B, which involves handing over management of critical business processes to AI, step A needs to be addressed—booking transportation via email without transportation management systems (TMS) using AI.

There are use cases where AI can provide improvements, such as enhancing visibility. Instead of manually reviewing every order, an AI could handle this task, particularly in situations where a shipment’s estimated time of arrival (ETA) has changed. In cases of significant ETA changes, the AI can draw attention to it, while dismissing minor changes that are not a cause for concern.

Communication is another area where AI can be employed. Instead of manually filling out every bill of lading, an AI could potentially handle this task. Companies are considering using AI for communication purposes in their operations.

Bartlett, C. (2023). Don't be fooled - logistics AI uses few and far between, warn experts. Retrieved from <https://theloadstar.com/dont-be-fooled-logistics-ai-uses-few-and-far-between-warn-experts/> on 26th May, 2023.



# DOUBLE BROKERING ESCALATION CAUSES FEAR IN UNITED STATES

**T**ruckers and shippers in the United States are facing a growing concern over the illegal practice of double brokering, which is causing significant financial losses of over \$500 million annually.

While double brokering has been observed in the industry for some time, its scale and severity have recently escalated, with a new variation gaining prominence. Essentially, double brokering occurs when a party successfully bids on a load from a broker or load board and then brokers it to a third party.

In its mildest form, this can involve a trucker winning a load but opting to offer it to other truckers due to a lack of available capacity to transport the shipment. Although these instances often go unreported as no party is harmed, it remains illegal if the approval of the shipper is not obtained.

The prevalence of double brokering is driven by the sheer number of players involved in the industry, making it difficult for cargo owners to identify the bidders for their freight. The

United States boasts approximately 16,000 freight brokerages and around 400,000 registered motor carriers, with approximately 30% of freight being tendered on the spot market.

Many reported cases of double brokering involve fraudulent activities. In the simplest scenario, a rogue carrier obtains a load from a brokerage, tenders it to a carrier, receives payment from the broker, but fails to compensate the carrier, leaving them at a loss.

Fraudulent practices also include load theft. The fraudulent party that acquired the load tenders it to a carrier and instructs them to deliver the cargo to a different destination, claiming a change of plans. As the carrier believes they are dealing with a legitimate broker, they have no reason to doubt the legitimacy of the change.

Recently, a variant called “load phishing” has emerged as a significant concern. In this scheme, a fraudulent “carrier” pretends to be an established trucking company, using fake



contact details that may resemble the name of a reputable trucker, only to disappear with the cargo. Load phishing has rapidly become a major form of load board fraud.

Load board fraud has witnessed a rapid escalation in recent months, with the Transportation Intermediaries Association (TIA) identifying it as a significant and growing problem since late last year. Truckstop, a load board provider, reported a 400% increase in fraud cases between the fourth quarter of 2021 and the same period in 2022.

Jim Blaeser, Chief Procurement Officer of 3PL Omni Logistics, considers the current state of double brokering to be the worst ever seen. His company is encountering 10-20 double brokering attempts on a daily basis.

Double brokering and other forms of freight fraud have always posed challenges to the industry, but the current situation is particularly critical and can have severe implications, including driving smaller carriers out of business and costing the industry millions of dollars. The TIA estimates that the financial impact on the industry ranges between \$500 million and \$700 million annually.

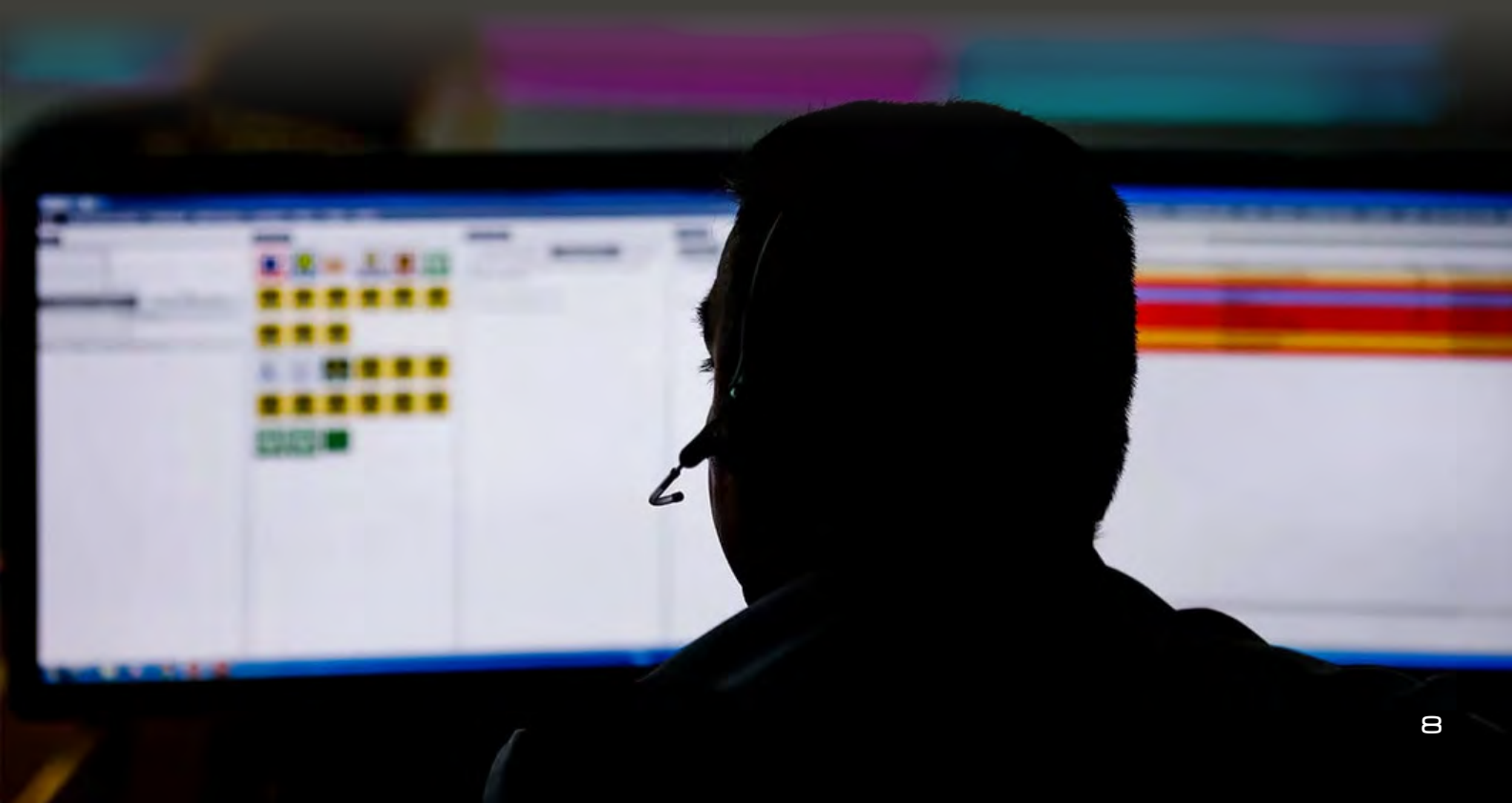
Unfortunately, companies affected by this issue find little assistance from law enforcement. During a recent hearing on

Capitol Hill, TIA President and CEO Anne Reinke stated that none of the 80,000 complaints recorded in a database have been investigated or solved. Law enforcement agencies often prioritise larger-scale crimes, and while individual damages from double brokering may be relatively minor, they accumulate into substantial losses.

The TIA has published a white paper outlining red flags for brokerages to identify potential double brokering or load phishing attempts. These warning signs include recently activated carrier authorities, frequent address changes, willingness to accept rates lower than the posted price, and resistance to adopting tracking technology or providing contact details.

Technology companies have recognised the need to address this issue and have started offering solutions. In April, TriumphPay, a payment provider for the transportation industry, announced a strategic partnership with Highway, a tech provider specialising in carrier identity management. This collaboration aims to strengthen efforts in combating double brokering fraud by offering tools to detect and mitigate fraudulent activities while enhancing the overall payment experience for carriers.

Putzger, I. (2023). US shippers put on high alert over double-brokering fraud. Retrieved from <https://theloadstar.com/us-shippers-put-on-high-alert-over-double-brokering-fraud/> on 25th May, 2023.





# AUSTRALIA'S NEWEST RECRUITMENT PIPELINE FOR MINORITY GROUPS



Victoria is embarking on an exciting new initiative aimed at creating a recruitment pipeline for women and young people in the supply chain industry. Deakin University researchers have partnered with the Geelong Region Local Learning and Employment Network (GRLEN) on this project, which is being supported by the Australian government's local jobs program.

The primary goal of the Supply Chain Talent Pipeline is to challenge common misconceptions about careers in the supply chain field, with a particular focus on two marginalized groups within the industry. Patricia McLean, a senior research fellow at Deakin University working on the Supply Chain Talent Pipeline Project, explained that the program builds upon a research framework that was developed as part of an iMOVE project commissioned by the Department of Infrastructure, Transport, Regional Development and Communications.

"It considers structural barriers to recruitment, retention, and promotion across the career lifecycle, looking at why women apply for roles, and the factors that affect them being recruited and going on to have a successful career," Dr McLean said.

Wayne Elliott, GRLEN CEO and project lead, said the project is an opportunity to tackle a long-standing workforce challenge in Geelong. He said, "in a fast-changing world, when many jobs are

disappearing, supply chain can offer an exciting and future-proof career opportunity. Thanks to COVID, people know how important supply chain is, but they may not be aware of the broad range of career opportunities it offers."

Additionally, Mr Elliott believes the GRLEN program will raise awareness about work in the modern supply chain and provide training in key skill gap areas, advising, "we will work with Workforce Australia providers, local education and community groups to link industry with job-ready applicants and work towards building a workforce for the future."

Jennifer Jones, Supply Chain Talent Pipeline program manager, believes women are particularly well suited to supply-chain careers. "Working in a supply chain role requires problem solving and negotiating skills, and strong time management and organisation – skills women tend to be very good at," she said.

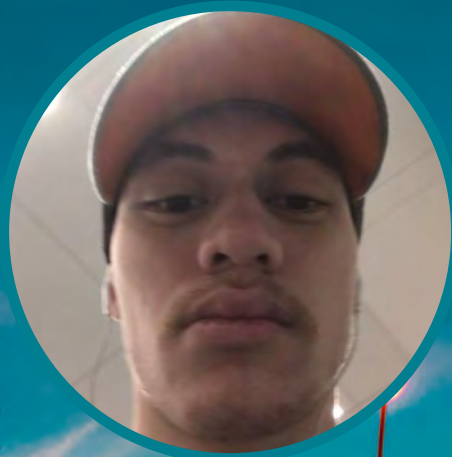
The project team plans to collaborate with local businesses in order to create a digital campaign that highlights the evolving image of the industry and enhances awareness of career prospects within it. In addition, they are in the process of developing electronic resources and short courses that aim to promote greater diversity and cultivate inclusive work environments. These efforts are intended to contribute to improved recruitment and retention outcomes in the field.

Williams, A. (2023). AUSSIE PROGRAM TO CREATE SUPPLY-CHAIN TALENT PIPELINE. Retrieved from <https://www.thedcn.com.au/news/logistics-and-supply-chain/aussie-program-to-create-supply-chain-talent-pipeline/> on 25th May, 2023.



# STAFF SPOTLIGHT

## HARLEM MORRELL OFFSIDER/DRIVER TOMAX TRANSPORT QLD



### What do you do at Tomax?

I am an Offsider/Driver at Tomax and sort through various crates of furniture to ensure we're delivering the correct items. I drive from location to location ranging from anywhere to Ballina all the way up to the Sunshine Coast!

### Your hobbies and interests?

My hobbies and interests include creating art. I love the realism and manga/anime art style and have recently been exploring water painting. I also enjoy gaming and reading. Although, I don't play and read as much as I'd like to nowadays, I've played video games for as long as I can remember! I started reading a few years ago to fill my spare time and now it's turned into a hobby of mine. I'm currently reading "Normal People" by Sally Rooney.

### Do you follow any sports?

I used to follow the Rugby Union when I was younger but not so much anymore.

### What kind of music do you like?

I'm mostly into indie music, including artists such as Mac DeMarco, Clairo, Mac Miller and Joji. I listen to lots of other genres but there are too many to name!

### Your most prized possession and why?

My most prized possession would have to be two things: one being a Pounamu my father got me for my 21st birthday and a manga book from my partner.

The Pounamu means a lot to me because I haven't lived with my dad in around 11 years, as he lives in New Zealand. Receiving the gift from him and knowing the meaning behind the Pounamu means a lot to me.

The manga is a deluxe edition hard copy book that my partner gifted to me. It was the first gift I received from her and it means a lot to me because the manga is one of my favourites of all time!

### Name your favourite manga/anime?

That's a hard question! I have 3 that I can't pick between which are Berserk, Jujutsu Kaisen and Vinland Saga.

### The last meal you ate?

A chicken and avocado bowl from Kenzo Sushi.

### Next destination on your bucket list?

My next destination would be Japan! I'd like to see all of Japan but if I had to choose one place it would be either Tokyo or Kyoto.





# FRIDAY FUNNIES

We hope these jokes brighten your day as we welcome the weekend!

Why are balloons so expensive?

**Inflation!**

How do you talk to a giant?

**Use big words!**

Why did the man run around his bed?

**He was trying to catch up on his sleep!**

What do librarians take to go fishing?

**Book worms!**

Why do sharks swim in salt water?

**Because pepper water makes them sneeze!**

How do you know if there's an elephant under your bed?

**Your head hits the ceiling!**

Why do strings never win a race?

**Because they always tie!**

Which hand is better to write with?

**Neither, it's better to write with a pencil!**

What did the frog order for lunch?

**A burger and a diet croak!**

Why should you never trust a pig with a secret?

**Because it's bound to squeal!**

What is a computer programmer's favourite snack?

**Computer chips!**

How many apples grow on a tree?

**All of them!**

What do fish play on the piano?

**Scales!**

What time is it when a lion walks into a room?

**Time to leave!**

What kind of music do whales like?

**They listen to the orca-stra!**

Why can't the music teacher start her car?

**She left her keys on the piano!**

Answers from last week's "Spot the Differences":

