



TOMAX
NEWS

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PLUS:

MARKET SUMMARY

- The usual annual slack season for container shipping between February and June is likely not to be seen for the next few years as the demand for shipping space continues to outstrip available supply. Lines are very buoyant about keeping rates at high levels in response to the demand. Current market indicators are that rates will vary only slightly over the next 5 months before once again taking an upward swing over the 2021 peak shipping season.

- Global congestion, adverse weather conditions and industrial action are continuing to cause significant delays to cargo en-route to Australia. Of the more than 40 different shipping routes servicing Australia currently only 2 of them are “on-window” meaning that they are arriving at the terminals for unloading as scheduled. All other services are out of sync and having to fight for space at terminals upon arrival, hence the very large number of changes to port rotations and delays to cargo unloading.

- This week at Tomax we launched our new Perth logistics facility with great success. Harvey Armstrong led the team in having the facility up and running and cargo has already started flowing. Drop in and see Harvey anytime and chat to us about any additional service requirements you might have.

- Several industry alliances continue to fight for freight forwarders, importers, and exporters in relation to the impost of increasing terminal, liner, port, and road access rate increases. Further rate increases were announced by terminals for 1st March and 1st April (as already reported in previous newsletters). Action groups such as the Freight & Trade

Alliance (FTA) and CTAA (Container Transport Alliance Australia) have been liaising with industry participants and government in order to further the fight against these unfair and indiscriminate rate hikes.



VIOLATION OF BIOSECURITY LAWS SPARK OUTRAGE

Outrage was sparked after a rogue Melbourne seafood company, who imported White Spot Disease infected prawns from China, tried to swap them for clean ones in an attempt to evade punishment during investigation.

Although White Spot Disease (WSD) is harmless to humans, it is extremely deadly for prawns, crabs and crayfish, which can cause an estimated loss of \$50 million. The previous outbreak of white spot disease in 2016, which devastated prawn farms in south-east Queensland, continues to heavily impact the fishing and aquaculture industries in the Moreton Bay and Logan River area. This is due to the virus continuing to be detected in the wild as strict biosecurity measures are in place.

EB Ocean's shipment occurred months before the outbreak and the infected product was re-exported out of Australia, however, the aquaculture and fishing industries are outraged by this close call. They believe the "dodgy operators" deserve a jail term as WSD can effectively threaten their livelihoods. Marr Poile, from bait company Tweed Bait argued, "it's a disgrace, it could ruin the livelihood of an entire seafood industry."

The company, then called Sino Dilin, was under investigation in January 2017 when agriculture minister at the time, Barnaby Joyce, accused it of swapping prawns to pass inspections.

A secret inspection by Border Force and officers from the Department of Agriculture took place at the Container Examination Facility after the prawn shipment arrived in Melbourne, according to the prosecution. Officers took photos and samples of raw

prawns, which soon tested positive for WSD. Shortly, the prawns were delivered to EB Ocean's warehouse in the Melbourne suburb of Brooklyn where biosecurity officers turned up to inspect the shipment again. EB Ocean gave the officers a different batch of prawns from the ones discovered at the secret inspection. These new prawns were kept in white cartons with no branding and if tested, would deliver a negative result. Labels from the original shipment were put on the new boxes to convince officers to believe they were the original prawns.

After 2 days, the inspectors came back demanding to see the correct prawns, prompting excuses made by the company. The company made numerous attempts to hinder the inspectors: by saying the cartons had fallen and could not be accessed and calling a technician to "fix" the electric freezer door that stopped working due to a "power outage". Company director, Jack Zhang, was seen driving a forklift to move cartons between freezers until he was told by officers to stop. After 7.5 hours, inspectors were finally able to access all the prawns from the shipment.

EB Ocean pleaded guilty to two counts of breaching the Biosecurity Act: for hindering the inspection and storing prawns outside a biosecurity area, leading to the company being convicted and fined \$80,000 in the County Court of Victoria on the 11th of December 2019. However, for industries who face the potential consequence of another outbreak, that fine is not enough. Prawn farmer, Dan Rossman, believes the \$80,000 fine is unacceptable given himself and others have invested far more than that amount.

Helen Scott-Orr, former inspector-general of biosecurity, indicated there were concerns about whether penalties for importers who breach biosecurity laws were enough to discourage rogue players. “Certainly, the fine pales into insignificance compared to the potential profits, and those fines needed to be strengthened,” she said. Her recommendations included stronger penalties for serious breaches of biosecurity laws by importers.

Agriculture Minister, David Littleproud, agreed that beefing up penalties is a priority. “I have deep concerns, not only about the penalties and around the convictions and the ability for these companies to continue to operate, but I also have some concerns around some of the protocols that we’ve put in place,” he said.

The Department of Agriculture, Water and the Environment confirmed penalties were currently under review stating that “the department strongly supports a penalty system that reflects the seriousness of any breach of the law.”

EB Ocean said it “was never accused of infecting any Australian seafood stocks”, and “had nothing to do with the outbreak of White Spot Disease in Queensland”. Hence, the company disagreed with the suggestion that the \$80,000 fine was inadequate, stating: “This small family company has ceased trading, with the loss of the jobs of its nine employees and income for its owners.”

The Department of Agriculture, Water and the Environment declined in answering specific questions about EB Ocean, such as how many shipments of imported seafood it had brought into Australia before the August 2016 shipment and its ability to continue importing seafood.

Minister David Littleproud was concerned the department’s stance, believing it showcased a lack of transparency. “I’ve challenged the department around this. I think there is a level of transparency that needs to come forward, particularly when there is a conviction that has been recorded. I think the public deserves that,” Mr Littleproud said, “if they’re doing the job, the department’s doing the job, they should have nothing to hide, nothing to fear, and they should be upfront with the Australian community about that. I expect that to be rectified.”

There are now increased inspection and testing measures, resulting in the export of 26 shipments

of prawns out of Australia, after detection that they were infected with WSD. Examinations of whether the current protective practices are sufficient to deter another outbreak are being conducted by a scientific advisory group, as requested by the Morrison Government. At present, wild-caught prawns from Moreton Bay in south-east Queensland, where the virus was detected, must be cooked before they can be moved out of a biosecurity area. This has resulted in an increased the cost on the fishing industry.

Ben Diggles, independent scientist and aquatic disease expert, believes there is an unfair double standard in place saying, “it just doesn’t even pass the pub test to have one rule for Australian businesses — law-abiding, hardworking Australian businesses — and another rule for importers that is set at a much lower standard.”

Prawn farmer Dan Rossman, who battled with the outbreak in 2016 resulting in his Queensland ponds being destroyed, still fears the potential of another major outbreak. Despite heavily investing in extra biosecurity measures, he is adamant that the risk of another outbreak remains too high unless imported prawns are cooked to kill the virus.

Mr. Rossman said, “white spot being in the area now, yeah, it’s a bit nerve-wracking. I believe that green prawns should not be imported into the country, just due to the risk of bringing in white spot. If it’s cooked, it’s not a problem. it is pretty worrying. I worry a lot about what could happen. It was one of those terrible things that didn’t need to happen, but it happened, and now we’re living with the consequences of someone else’s mistakes, I guess.”



Atkin, M. (2021). Local industries outraged over the potential lasting impact of ‘dodgy’ importers who violated biosecurity laws. Retrieved from <https://www.abc.net.au/news/2021-02-23/prawns-imports-white-spot-queensland-biosecurity-violation/13113566> on 24th February, 2021.

MAERSK'S SPEEDY DECARBONISATION EFFORTS

Maersk has recently announced the design of a new methanol-fuelled feeder vessel underway and ready to operate in 2023. The vessel will pilot a scalable carbon neutral product to customers and offer fuel suppliers an incentive to scale production of the “fuels of the future”.

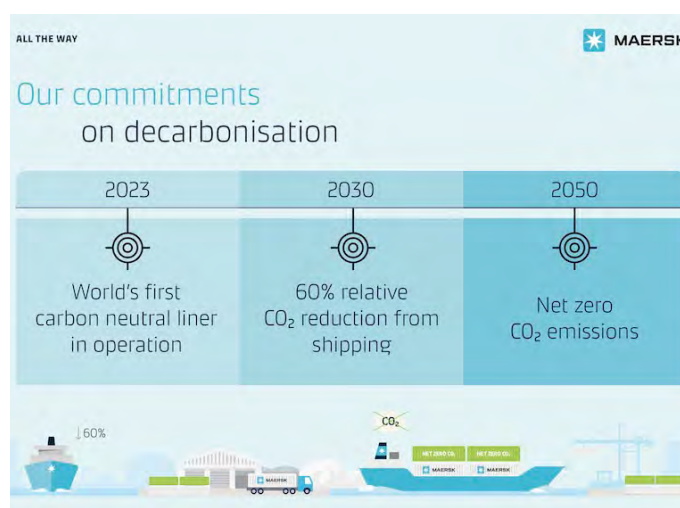
The shipping company indicated that all future owned newbuild vessels will have the ability to function on carbon neutral fuels or very low sulphur fuel oil. Maersk's methanol feeder vessel will be deployed in one of its intra-regional networks holding a capacity of about 2000 TEU. Although able to operate on standard VLSFO, the plan is to operate the vessel on carbon neutral e-methanol or sustainable bio-methanol from the first day of operation. Maersk's speedy decarbonisation efforts are highly driven by increased customer demands and technological advancement. This had led to the company sitting seven years ahead of its initial timeframe.

CEO of A.P. Moller-Maersk, Soren Skou, said “Maersk's ambition is to lead the way in decarbonising global logistics. Our customers expect us to help them decarbonise their global supply chains, and we are embracing the challenge, working on solving the practical, technical and safety challenges inherent in the carbon neutral fuels we need in the future. Our ambition to have a carbon neutral fleet by 2050 was a moon-shot when we announced this in 2018. Today we see it as a challenging, yet achievable target to reach.” Roughly half (and counting) of Maersk's 200

largest customers have set, or are in the process of setting, ambitious science-based or zero carbon goals for their supply chains.

Henriette Hallberg Thygesen, CEO of fleet and strategic brands, A.P. Moller-Maersk, says, “we believe our aspiration to put the world's first carbon neutral liner vessel in operation by 2023 is the best way to kick start the rapid scaling of carbon neutral fuels we will need.”

The methanol-fuelled feeder vessel and the decision to install dual fuel engines on future new buildings are part of Maersk's ongoing fleet replacement. Manageable CAPEX implications are included in current guidance.



Wallace, P. (2021). Maersk to operate world's first carbon neutral liner vessel by 2023. Retrieved from https://www.thedcn.com.au/maersk-to-operate-worlds-first-carbon-neutral-liner-vessel-by-2023/?utm_source=DCN+Daily+Newswire&utm_campaign=8b7926a6f5-EMAIL_CAMPAIGN_12_18_2020_COPY_01&utm_medium=email&utm_term=0_505d67c448-8b7926a6f5-143548541 on 22nd February, 2021.



BIOSECURITY LAWS TIGHTEN

The Australian Government is introducing legislation which will allow courts to issue higher penalties for breaching biosecurity laws. Punishments include jail time and fines of up to \$1.11 million.

David Littleproud, Minister for agriculture, believes the Biosecurity Amendment (Strengthening Penalties) Bill 2021 is designed to send a clear message to people and companies who put at risk Australia's \$61 billion agriculture industry and environmental assets worth more than \$1 trillion, if the Biosecurity Act 2015 is breached.

Mr. Littleproud said, "the clear message is you could cop jail time and a bigger fine of up to \$1.11 million when this legislation is passed by the Parliament. The amendments focus on individuals and businesses, such as commercial importers and biosecurity industry participants, that have a particular responsibility to know and understand their obligations under the Act and take necessary steps to comply with the law". Mr. Littleproud states that the bill would ensure penalties are set at a level that means they are not merely a cost of doing business. He continues, "the new maximum penalties, in some cases up to \$1.1 million, reflect the potential gains someone might obtain or seek to obtain through non-compliance with our biosecurity laws, as well as the devastating impact that contraventions may have on Australia's biosecurity status, market access and economy. Similarly, the new Biosecurity Amendment (Strengthening Penalties) Bill is also designed to provide a stronger penalty regime that more

appropriately reflects the seriousness of breaching the Biosecurity Act than the current law".

As written in the bill's explanatory memorandum, Mr. Littleproud indicates that as a result of the expected growth in trade and travel as part of the economic recovery from the current Covid-19 pandemic, biosecurity threats will heighten. "In the face of growing regional and global threats such as African Swine Fever and hitchhiker pests (such as the Khapra beetle), the current penalty regime needs reinforcement to provide an effective deterrent against non-compliance.

Paul Damkjaer, CEO of International Forwarders and Customs Brokers Association of Australia, is supportive of the legislation. He says, "we support it because we appreciate that Australia's agriculture business is worth billions, and it also has a good reputation around the world. Biosecurity is a shared responsibility. As freight forwarders, we're on the forefront, so we must assist the department in biosecurity matters."

Ackerman, I. (2021) Biosecurity laws are about to get sharper teeth. Retrieved from https://www.thedcn.com.au/biosecurity-laws-are-about-to-get-sharper-teeth/?utm_source=DCN+Daily+Newswire&utm_campaign=8b7926a6f5-EMAIL_CAMPAIGN_12_18_2020_COPY_01&utm_medium=email&utm_term=0_505d67c448-8b7926a6f5-143548541 on 22nd February, 2021.



SEVERAL HUNDREDS OF CONTAINERS LOST



Facing heavy weather conditions, Maersk Eindhoven lost up to “several hundred” containers overboard while travelling from Xiamen to Los Angeles on the 17th February, the MSC reports.

The vessel’s engine was believed to have stopped at the same time. MSC indicated that preliminary advice from the vessel operator suggested that “several hundred containers have been lost overboard”.

Thankfully, the crew is currently safe and propulsion has been restored. Maersk is assessing suitable port options in close proximity in Asia for the vessel to berth.

Maersk Eindhoven stretches 366.46 metres in length, 48.26 metres in width and has a container capacity of 13,100 TEU. Being eleven years of age, the vessel is also flagged in Denmark.



Ackerman, I. (2021). Another Maersk Ship loses containers overboard in pacific. Retrieved from https://www.thedcn.com.au/another-maersk-ship-loses-containers-overboard-in-pacific/?utm_source=DCN+Daily+Newswire&utm_campaign=8b7926a6f5-EMAIL_CAMPAIGN_12_18_2020_COPY_01&utm_medium=email&utm_term=0_505d67c448-8b7926a6f5-143548541 on 22nd February, 2021.

STAFF SPOTLIGHT

Introducing our new Warehouse Manager at our newest Tomax Perth location!!

MEET HARVEY ARMSTRONG WAREHOUSE MANAGER TOMAX PERTH WAREHOUSING

WHAT IS YOUR ROLE AT TOMAX?

I am the Warehouse Manager for Tomax's new Perth location.

WHAT ARE YOUR HOBBIES OR INTERESTS?

I enjoy fishing, golf and gardening.

WHO IS YOUR GREATEST ROLE MODEL?

My father is my greatest inspiration.

WHERE IS YOUR FAVOURITE PLACE TO GO?

A deserted beach with a good rip and plenty of hungry fish!



WHAT ARE YOU MOST LOOKING FORWARD TO AT THE MOMENT?

I am looking forward to completing the set up of our new warehouse and getting it into full operation.

IF A GENIE GRANTED YOU ONE WISH, WHAT WOULD YOU WISH FOR?

I would wish for a cure for Covid-19 so we can all get back to life as we once knew it.



FRIDAY FUNNIES

We hope these funny or not so funny jokes will lift your mood as we welcome another weekend!

I went to buy some camouflage trousers the other day.
But I could not find any.

I have a fish that can breakdance!
Only for 20 seconds though, and only once.

What do you call a sad rabbit?
Unhappy.

Why did the turkey cross the road twice?
To prove he wasn't a chicken.

I used to be addicted to soap.
But I'm clean now!

What do you give a sick lemon?
Lemon-Aid.

Me: "I'll call you later."
Dad: "**Don't call me later, call me Dad.**"

Why can't your nose be 12 inches long?
Because then it would be a foot.



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