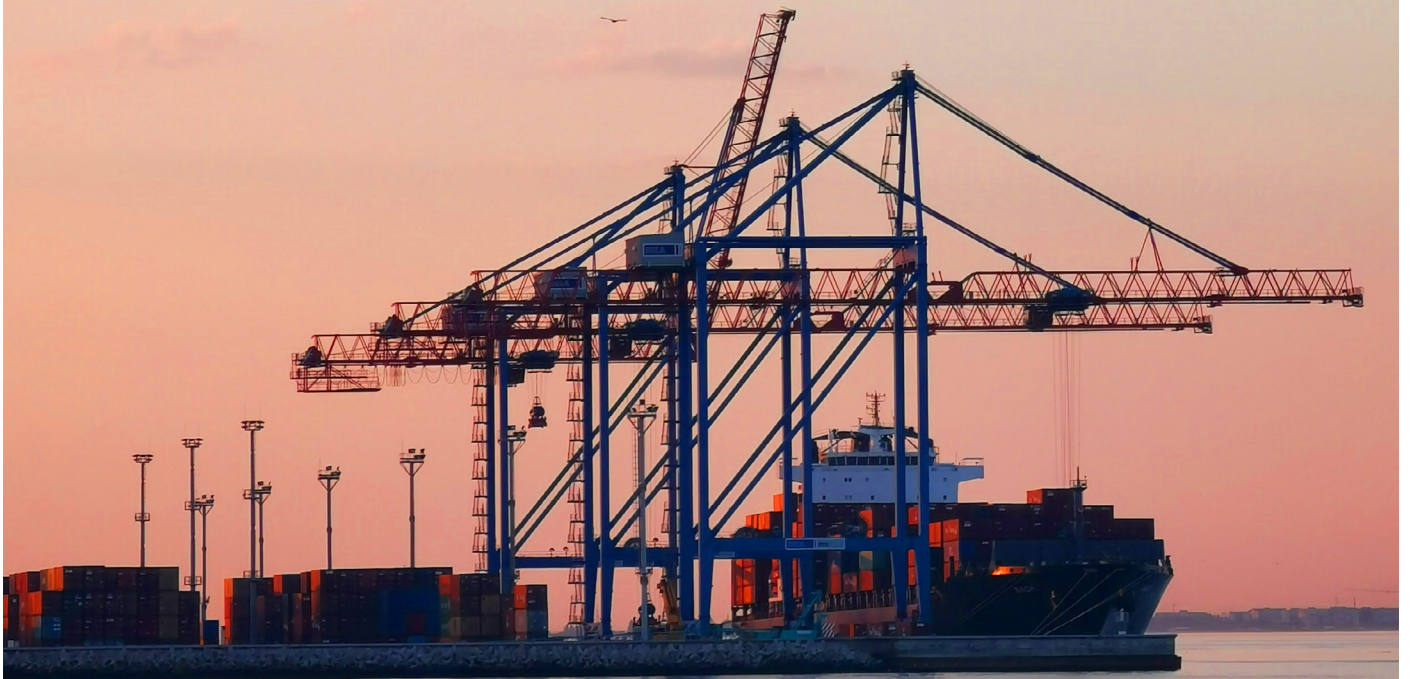




TOMAX
NEWS

Issue 50
1st October 2021



PLUS:



MARKET SUMMARY

- Container terminal DP World has now also recorded a COVID-19 case at its West Swanson Dock in Melbourne. A shut down has not yet been invoked and it is hoped that no further cases are revealed and the terminal can continue to operate.

- The vessel Thorstar remains at a berth in Sydney pending release by the AMSA after undergoing repairs. The vessel was initially supposed to be unloaded in Sydney on 1st September, but was found to have safety issues resulting in the order to present for repairs and further inspection. It is now hoped that the vessel will pass a safety inspection and return to duties next week.

- Essential workers in Victoria have been given a short time frame in which to be vaccinated in order to avoid the possibility of not being able to work under the essential worker exemption from stay at home orders.

- Delays in vessel unloading operations have heavily impacted servicing at the Victorian Intermodal Container Terminal in Melbourne, with vessels now reporting a wait time of up to 6 days from arrival.



LATEST NEWS

PATRICKS TERMINAL INDUSTRIAL ACTION AND VESSEL DELAYS


Please note that Patricks terminal Melbourne has received industrial action notices from Maritime Union of Australia (MUA) for 12 hour stoppages on every Monday, Wednesday and Friday for the month of October in addition to ban on overtime and shift extensions. We are currently expecting a delay of 5-6 days on an average for October for our vessels calling Melbourne.

This is in addition to the industrial action notices already served in Fremantle, Brisbane and Sydney for various bans.

The below vessels are expected to be impacted.

Arr. Date	Arr. Time	Arr. Voy	Vessel Name	Dep. Voy	Dep. Date	Dep. Time
2021-10-02	22:30	133S	SAFMARINE BAYETE	139N	2021-10-04	07:00
2021-10-04	06:30	134S	SEALAND MICHIGAN	138N	2021-10-05	23:00
2021-10-07	06:30	138S	MAERSK NANSHA	140N	2021-10-08	15:00
2021-10-08	15:00	134S	SPIRIT OF SYDNEY	140N	2021-10-10	02:30
2021-10-08	17:31	136A	POHORJE	138R	2021-10-09	22:30
2021-10-13	06:30	136S	MOL PROFICIENCY	140N	2021-10-15	02:30
2021-10-13	14:30	135S	GSL MELITA	139N	2021-10-15	09:45
2021-10-15	15:00	135S	OLUF MAERSK	141N	2021-10-17	02:30
2021-10-20	23:00	137S	MOL PRESENCE	141N	2021-10-22	17:30
2021-10-22	00:30	137A	MSC ADITI	139R	2021-10-23	05:31
2021-10-22	14:30	136S	SPIRIT OF AUCKLAND	142N	2021-10-24	06:00
2021-10-26	07:00	138S	PL GERMANY	142N	2021-10-28	01:30

Source: Maersk. (2021). Patricks Terminal Industrial Action.



This article below highlights the need to provide documents to Tomax Documentation in a timely fashion, to ensure the Tomax Customs team can clear the clients shipment before vessel arrival as late documentation will result in quarantine delays and potential Customs holds for late reporting.

CARGO ONLINE LODGEMENT SYSTEM (COLS) & THE CARGO WORKLOAD MANAGEMENT SYSTEM (CWMS) ENHANCEMENTS

The Department of Agriculture, Water and the Environment (the department) has issued Industry Advice 211-2021 advising of enhancements made to the Cargo Online Lodgement System (COLS) and the Cargo Workload Management System (CWMS).

COLS - LATE LODGEMENTS

Late lodgements are defined as those entries that are lodged just before the arrival date of the import and can sometimes occur after goods have arrived.

Currently, the system does not consider whether a broker has submitted documentation very close to the arrival date, and in an increasing number of cases, to achieve prioritised processing of entries. Regrettably, we have seen a significant number (over 60% increase) of entries being lodged at or less than 12 hours prior to goods arrival. This has inadvertently disadvantaged those that lodge in reasonable timeframes, and resulted in us having to implement resource intensive manual processes in attempts to ensure equitable service.

This system enhancement will now allow the department to recognise when a broker is submitting documents for a sea freight shipment within 2 business days or less of their estimated arrival date, and class it as a 'late lodgement'. In this case, the Broker or Importer will then be required to select a reason for the late lodgement before continuing with the submission.

The department is very aware that there are sometimes valid reason as to why entries may be lodged within 2 business days prior to arrival. We will be able to take the late lodgement reason provided by the broker or importer and validate whether it is a legitimate late lodgement or not (eg for goods being imported on vessels with short voyage times of 72 hours, this would be considered a legitimate late lodgement). The department will then generate reports to provide us with actual statistics on the reasons and volumes of late lodgements.

CWMS - SMART TASK ALLOCATION

This enhancement will enable tasks to be automatically allocated based on the percentage of tasks at each priority – ensuring those brokers and importers who submit early receive timely assessment of their lodgements.

This enhancement will also reduce overheads for the Assessment team that are currently required to manually manage the queues for equity purposes as a result of the significant increase in late lodgements coming to us.

We will continue to work with the industry peak bodies following the implementation of these enhancements to ensure the changes are having the intended impact for both industry and the department.



CONTAINER HAULAGE IN CHAOS

As the container haulage business rises in chaos, shippers in the UK are met with a significant spike in costs. Currently, shipping lines have extremely limited, if any, available haulage bookings until mid or late October, but are also implementing D&D fees and storage charges on customers. Boxes booked last week may only be available during mid-October or later, with customers being required to pay full tariffs on storage. As a result, costs have sky rocketed with up to an estimated \$406 per container, with forwarders feeling the strain and seeking alternative arrangements with independent transport companies. This leads to additional costs for loading/unloading and higher haulage costs in a 'pay to play' environment.

“Pay to play is part of the reason for so many last-minute carrier cancellations, or cancellations without notice on the day of delivery”, said one forwarder, “it is dire. And it’s going to get worse. Catastrophe is coming.”

Shipping lines are asking for port storage and demurrage fees of between roughly \$140 - \$177 per day for a 40 ft container, which can rise to as much as \$280 - \$327 per day. According to forwarders, customers were fighting the extra costs “arguing the toss”, but LSPs were “caught in the middle”.

“You either have to pay a premium for merchant haulage or get whacked for thousands on storage. Shipping lines should be waiving the fee where their haulage fails. But they are not. And customers who have spent \$31,747.50 to \$33,615.00 getting their

container here are then having to wait another 4 weeks to get it delivered”, indicated another freight forwarder.

One forwarder suggested that approximately 30% to 40% of haulage moves were failing – “and that’s the booked ones”, he added.

Bookings which fail are given extra free time by some lines. For instance, ONE is offering 4 days, CMA CGM 6 days, MSC 7 days and Hapag-Lloyd 7 days. No additional free time would be offered with OOCL and Cosco meanwhile, Maersk will only offer free time up to the point of re-booking.

The situation can be seen in major hubs in northern Europe, in Belgium, the Netherlands and Germany, and has taken place in the US for the previous 6 months. Although, the crisis in the UK was far deeper, according to the forwarder. Over the past month, the situation has worsened, with fears that it will worsen during October and potentially progress until the end of year.

“To some degree, forwarders are making it worse”, he admitted, “we are all throwing money at it to solve it, which means that hauliers are leaving the lines to work for forwarders instead. But the lines get an income flow through D&D too – they can’t lose. One could even argue that they are incentivised to fail. To be frank, the industry is *!@#%!”

Lennane, A. (2021). 'Container haulage is f***d' says forwarder, as D&D adds thousands in costs. Retrieved from <https://theloadstar.com/container-haulage-is-fd-says-haulier-as-dd-adds-thousands-in-costs/> on 29th September, 2021.

UPDATE FROM SHIPPING LINES



China's October Golden Week, Christmas and Chinese New Year will bolster strong demand for container shipping over the last 3 months of 2021. But port congestion, especially in the US and Europe, industrial action and port closures in Australia, and service delays are expected to create headwinds for service schedules. Extra loaders and ad hoc port omissions will be implemented to help improve reliability. Factories in south Vietnam are scheduled to reopen from early October. The demand for air cargo and intercontinental rail across Asia remains strong while trucking demand in China is set to rise 10% ahead of the holidays.

MARKET TREND

- The global economy remains robust although the pace of recovery has softened according to the global PMI manufacturing trends indicator. The global purchasing managers' index hit 52.6 in August.
- Stock and product inventory levels across the world remain at their lowest levels on record, leading to stock outages on some products. This means even once retail demand declines, we will see cargo volumes continue to remain strong as inventory levels need to be rebuilt.
- Global container demand growth is projected at 6%-8% in 2021. The high 2021 forecast reflects the strong first half of the year as well as ongoing demand strength

in the US and partly in Europe. Container demand growth ran ahead of supply growth in the second half of 2020 and into 2021, but the true drivers of high freight rates were congestions in ports and supply-chain bottlenecks including below factors:

- a) Capacity at ports: Vessel waiting time has increased requiring more ships per route to lift the same cargo volumes. At the USA ports of Los Angeles/Long Beach the waiting time has risen with 70+ vessels anchored in mid-September. COVID-19 led shutdowns have delayed vessels from Asia and impacted Australian container terminals.
- b) Warehousing capacity has been reduced due to port and landside congestion
- c) Returning empty containers back to Asia is challenging. Shipping lines have taken many actions to redirect flows back to Asia to ensure there is adequate equipment supply. Despite this, equipment turn-round times continue to increase driven by landside and seaborne delays.

TRENDING THEMES

- How are shipping lines addressing capacity and equipment shortages in the global supply chain? The COVID-19 pandemic has had an unprecedented impact on container shipping and global supply chains. Congestion at ports in the US, Europe, Australia and Asia as well, disrupted sailing schedules and equipment shortage, particularly in exporting

such as in China and Vietnam, have created significant disruption for customers' supply chains. Accumulated delays due to rapidly increased demand, COVID-19 control measures, lower productivity and poor schedule reliability are causing containers to remain in transit for longer, reducing the effective number of containers in active circulation.

Lines have taken measures to alleviate this by rationalizing their schedules and repositioning the empty containers and increasing the number of dry freight containers in their fleets during the last year to support requirements. However, production of new containers alone is no longer sufficient to meet overall demand, so it remains critically important that import containers are turned around as quickly as possible.

- The latest COVID situation in Vietnam. Hundreds of factories closed under lockdown rules are expected to reopen from early October, after Ho Chi Minh City authorities extended social distancing guidelines under Directive 30 until Sept. 30. City authorities also relaxed inter-district travel controls from Sept. 16 to allow deliveries of food and essential goods. Most key depots and ports are operating normally, but with lower productivity. The shortage of equipment and space is worse in the north than the south due to reduced cargo volumes.



OCEAN UPDATE

- Lines expect strong export demand from Asia to continue for the rest of the year particularly into the US and Europe. Several upcoming holidays including China's Golden Week and Christmas will create seasonal volume rushes. Lines expect to see early signs of a pre-Chinese New Year rush in December.
- Lines expect the next three months to be stronger for Asia imports with network utilization remaining above 95%, and are striving to meet the needs of our importers by repositioning empty equipment back to Asia. As boxes remain in North America and Europe for longer, so the severity of container shortages increases across Asia, affecting all other worldwide destinations.
- Lines expect equipment availability to continue to be tight over the remainder of 2021. Vessel schedules continued to be affected by port delays and lines are often having to change some port rotations to reduce the total delay faced. Both the equipment and vessel schedule actions are specifically intended to improve reliability as far as possible.

STAFF SPOTLIGHT

MEET CAMERON MCKENZIE REGISTRATIONS OFFICER TOMAX LOGISTICS AUSTRALIA

What is your role at Tomax?
I'm the Registrations Officer.

What are your hobbies/interests?
My hobbies/interests are music, technology, gaming, sport, and US politics.

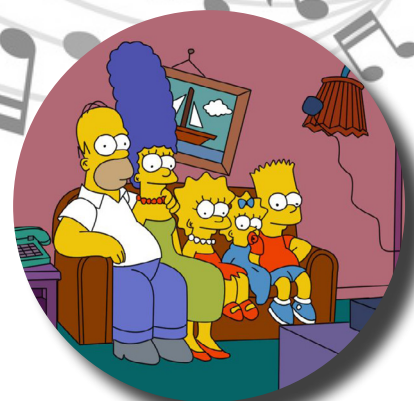
Your go-to karaoke song?
"Can't Get Enough of Your Love, Babe" by Barry White. I actually sang this song at my local RSL back in 2017. It was heaps of fun!

If you could have unlimited amounts of an object, what would it be?
Devialet Phantom speakers. I bought one back in 2019 and it's amazing, but it would be nice to have a lifetime supply of them.

Do you live by any piece of advice/motto?
Some of the best advice I could give is to always find something to look forward to no matter how bad things get in life. This could be something as simple as reading a book or watching a movie. It may sound basic, but sometimes it's the small things in life that can give us motivation and inspiration. Also, always listen to music. It's one of the most beautiful things in this life alongside love itself.

Favourite childhood memory?
Definitely going camping with my family in Yarrawonga.

Best movie/TV series you've watched?
The Simpsons has always been my favourite show of all time. I've also recently become obsessed with Korean dramas. I've always been very fond of romantic comedies. Not many blokes would admit that!





NRL 2021 GRAND FINALS

Best of luck to the Penrith Panthers and the South Sydney Rabbitohs who will battle head to head in the 2021 NRL Grand Finals on Sunday 3rd October at Suncorp Stadium 7:30pm AEST.

The following states observe a public holiday on Monday 4th October: ACT & NSW (Labour Day) and SA & QLD (Queen's Birthday).



NRL PREMIERSHIP

2021



WHERE'S WALLY - SHIPPING EDITION!

See if you can spot the Wally themed shipping container hiding in the image below.
The shipping container will be red and white striped.



Australian HQ
19/202 Ferntree Gully Rd
Clayton VIC 3168

tomax.com.au
1300 186 629
03 9544 4227

