



TOMAX
NEWS

Issue 66
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PLUS:

MARKET SUMMARY

- There is huge pressure on supply of cargo into Western Australia due to the rail line being damaged by recent wild weather events, resulting in severe shortages and extremely long delays on cargo movements.
- Huge delays on air cargo availability of up to 6 days post arrival are being attributed to large absenteeism from terminals due to COVID isolation. The delays are affecting a large amount of urgent cargo including medical goods.
- Warehousing space around the country has hit critical mass with very little availability in both the 3PL and leasing markets in all the major port cities.
- Happy Chinese New Year to all those celebrating including our Tomax Shanghai & Hong Kong teams! We hope that your holidays have been filled with fun and family.

TARIFF CONCESSIONS GAZETTE

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. Objectors to the making of a TCO are not identified unless the objection is successful. At least 50 new TCOs are made each month.

When a new TCO is made, it is published in the Gazette by the Australian Border Force.

The weekly Tomax Client Newsletter will contain a link to the latest Gazette document so that you can stay updated.

[Click to view latest Gazette](#)



LATEST NEWS



CHIP SHORTAGE SEES LESS CARS IN PRODUCTION

As a result of a year-long shortage of semiconductors, Toyota will miss its production target of 9 million vehicles for the year. This month, the company will build 700,000 cars which is recordably higher than this time a year ago however, they are destined to fall 150,000 short of their target. Management are unable to predict how long the shortage of chips will be, taking a toll on the world's largest automaker.

A report released last week by the US Department of Commerce shows that the median inventory held by consumers of semiconductors was down to five days' worth of stock which is a mile behind the 40 days during 2019. Over 2019, the demand for chips has skyrocketed over 17%, although the productions have not met the growing demand and there is little hope of it catching up eventually anytime soon.

Most chip producers are already under the pump, operating at utilisation rates of 90% or above. The report was derived from the contributions of 150 companies in the semiconductor supply chain and shows a "significant, persistent mismatch in supply and demand", concluding that respondents were

not expecting a resolution to the problem within the coming 6 months. The impact has especially impacted the auto, medical device and broadband industries.

Production targets last year were around 10 million cars short, resulting in \$61bn in lost revenue with about 90% of the auto industry's predicament being related to the chip shortage. Furthermore, there have been supply chain disruptions impacting other components, from aluminum to rubber parts, which were manageable. Unfortunately, not many parts of the car can be built without the chip, which leads to the auto industry facing an uphill struggle.

There is fierce competition for these semiconductors, especially from the consumer electronics industry. The auto sector is haunted by its historical procurement strategy, developed around tight contracts and stiff penalties for suppliers who have missed targets. In contrast, other sectors have less harsh contract terms, and considerably fewer chips are needed for a cell phone than for a car, so margins are more appealing in the phone sector.

In the present market, orders for increased numbers of chips have to be made a long way in advance – lead time to change an order is now 52 weeks. Automakers and their tier-one suppliers have procurement teams hunting the planet for additional supplies. If they are successful, their logistics providers go into overdrive to get the precious catch as quickly as possible to production lines, with usually no choice in terms of mode.

However, BMW came through the past year relatively well and unscathed, as a result of good planning, according to industry observers. The experience has reinforced the importance of supply chain visibility and helps everybody understand that end-to-end visibility is something you need to invest in. Companies in many industries have stressed the need to reconfigure their supply chains, moving from the just-in-time concept to more flexible configurations. This has not happened in automotive, which pioneered the just-in-

time philosophy and where everything is geared toward relentless efficiency.

The US administration has concluded that domestic chip production has to be nurtured and is working on legislation to free \$42bn in funding for such capabilities. In addition, it intends to give \$45bn in grants and loans to support supply chain resilience and manufacture of “critical goods in the US”.

Assuming that this legislation is rectified, there will be some time before the new chip-making capacity is ready and the road ahead for the auto industry remains a bumpy ride.

Putzger, I. (2022). The chips stay down for carmakers, with no open road in sight. Retrieved from <https://theloadstar.com/the-chips-stay-down-for-carmakers-with-no-open-road-in-sight/> on 2nd February, 2022.





DELAYS INCREASED FROM COVID RELATED STAFF SHORTAGES

Australian supply chains continue to suffer from widespread disruption as a result of COVID-related staff shortages. According to the Freight & Trade Alliance (F&TA), freight forwarders have recorded surging airfreight volumes into Sydney and Melbourne, which, combined with high numbers of staff isolating, has resulted in congestion at both airports. They noted, “we understand the sudden influx of cargo flights with rapid antigen test kits and other medical equipment is proving to be problematic, particularly in Melbourne and Sydney. Numerous chartered cargo flights are arriving with little to no notification.”

Australian absenteeism has increased as high as 10% at any one time, due to COVID cases or close contacts that require seven days’ isolation, as estimated by the government. However, transport stakeholders have estimated this to be a much higher figure.

One freight forwarder said the air cargo market had been a “bit slower than usual”, due to the congestion and priority given for imports of rapid test kits. He said, “any business that cannot have staff work remotely has been suffering delays. But Covid numbers seem to be decreasing, so hopefully the workforce will be more solid soon. We definitely need more airfreight capacity on the east coast, however, and the good news is Australia’s borders are opening more to

overseas travellers, so we should start to see some increased capacity over the next few months. In the meantime, we are about to fly a 35-ton shipment from Chile to Brisbane. It’s been very challenging to secure a booking, but it is moving.”

Container supply chains have also been hit with employee shortages, with some logistics firms introducing a COVID-surcharge to recoup their increased costs, which include paying workers overtime. For instance, transport operators in Victoria have introduced a surcharge of A\$30 (US\$21.10) per container, while Melbourne container terminal operator VICT is set to introduce a COVID levy soon.

Another forwarder said, “same-day urgent deliveries are nearly impossible to meet. Full container load carriers are booking out two-three days in advance, and booking further in advance isn’t an option due to the continuing changing landscape and unpredictability of illness and isolation requirements. Less-than-containerload carriers are booked out three to four days in advance and LCL depots are still trying to catch up on the unpacking of shipments that arrived pre-holiday season.”

Whelan, S. (2022). Staff shortages from Covid heighten chronic Australian supply chain delays. Retrieved from <https://theloadstar.com/staff-shortages-from-covid-heighten-chronic-australian-supply-chain-delays/> on 1st February, 2022.

TRACK RECOVERY WORKS UNDERWAY FOLLOWING FLOODING BETWEEN WA AND SA

INCIDENT SUMMARY

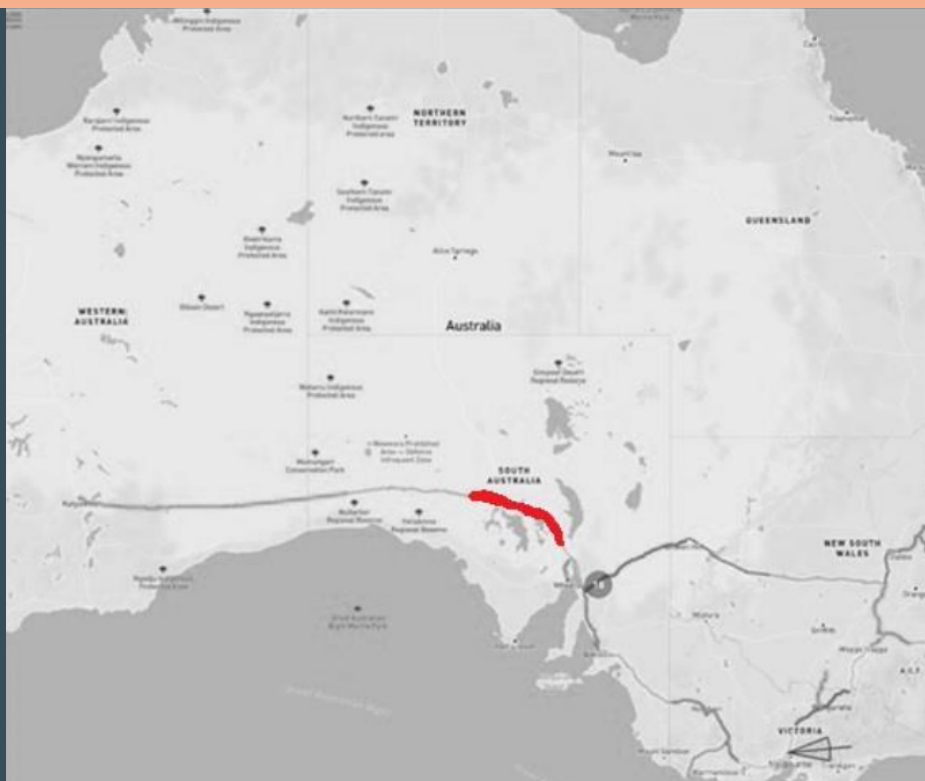
Date: Friday 21 January 2022 - Ongoing

Time: Approximately 12:00 CSDT

Location: Interstate Network – McLeay to Lyons – 206.000km-497.00km

Event Type: Significant weather event causing flooding and track washaways

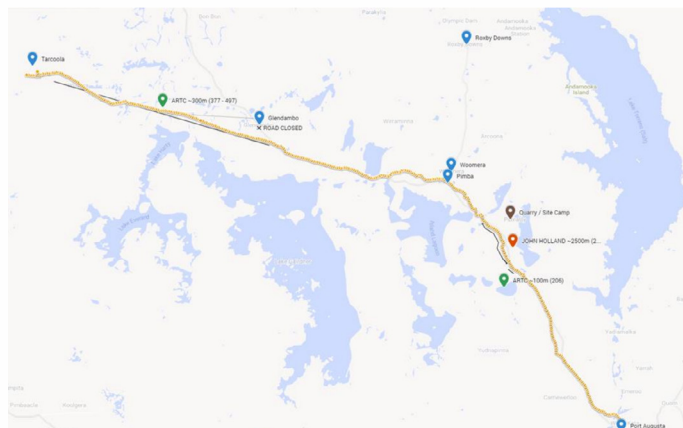
Impact: 18 Sites were washed away



As a result of the flood damages, track recovery works are progressing, with most sites being accessed by engineering and project staff and large scale recovery works currently underway. At this time, the network opening is not expected for another 2 weeks. Further updates will be released in due time.

For more information on the Flooding and Track Closure click on the link below:

[More Information](#)



WA DEMANDS 'LAND BRIDGE' TO COVER RAIL GAP

As the great northern deluge looks in danger of cutting off the remaining land freight route to the Northern Territory, Western Australia is looking to use road and sea options to help ease its shortages.

Rita Saffioti, WA transport minister, has used the term 'land bridge' and flagged opening the states freight roads to longer combinations in a bid to ease shortages, particularly of eastern-sourced foodstuffs. He said, "triple road trains will increase the capacity of the trucks by about 50%".

The WA government will set aside apparent public concerns about the bigger trucks temporarily and underlined that such trucks will run under escort.

In the meantime, following a meeting with the Freight and Logistics Council of WA, Saffioti is expected to be discussing with other states ways to overcome the rail gap, with trains used between Perth and Kalgoorlie in the west and up to South Australia in the east.

She also put the use of shipping into the mix stating, "at today's Freight and Logistics Council meeting, we discussed the alternative options to move freight to Western Australia. This includes a 'land bridge' combining rail and road, triple road trains and shipping options. As part of our normal agenda we also sought to address the many challenges Covid has brought, including discussion of the isolation and testing requirements for industry, and measures to try and increase the workforce. By working together, government, industry and the community, we can meet the challenges."

Given the sheer number of trucks that will be needed for many weeks before supply chains return to normal, Western Roads Federation (WRF) CEO Cam Dumesny urged road-freight firms to discuss with their customers about the reality of the situation and work out some "good, creative solutions to move freight across the paddock".



Dumesny believed that there are likely to be trains speed restrictions even after the lines are open, which is expected to be mid-month. He said, "retailers are saying it will take at least a month to rebuild WA's stock levels. If I was an east-coast transport company at the moment, I would be going direct to my customers and suppliers and say 'we can run these options for you across the Nullabor for the next three weeks and get some loads out there. Tell you what, that's a price-competitive market.'"

Dumesny urged all players in freight transport and beyond to display the utmost flexibility, insisting that now was the worst time to act otherwise.

WRF had foretold elements of this disruption at the time the WA government announced the resumption of its hard border last month. It had flagged deep anger amongst east-west operators that were already struggling to find drivers prepared to travel this route given the harsh conditions imposed on them whilst in the state.

To the north, the Stuart Highway is unlikely to be passable for almost two weeks, unless weather systems and resultant water flows see further inundation. This has left the Barkly Highway as the only viable freight route for restocking goods to the NT. However, the Bureau of Meteorology forecasts a monsoonal trough stretching across the top quarter of the country for at least the next four days.

McKay, R. (2022). WA SEEKS 'LAND BRIDGE' TO COVER RAIL GAP. Retrieved from <https://www.fullyloaded.com.au/industry-news/2202/wa-seeks-%E2%80%98land-bridge%E2%80%99-to-cover-rail-gapon> 2nd February, 2022.

STAFF SPOTLIGHT

BELINDA KARIPIDIS

ACCOUNTS CLERK

TOMAX LOGISTICS AUSTRALIA

What do you do at Tomax?

When I first started, I was a receptionist now I am an accounts clerk.

What are your hobbies and interests?

I enjoy going shopping, going to the football, watching the tennis, making sausage rolls, baking cakes and also playing table tennis.

Who is your biggest role model?

My Biggest role models are my mum and my dad who started up M&D Jones /Tomax as a family business. I am very proud of them both. I have watched them both battle with cancer and sadly my dad, Maurie Jones, passed away.

Do you have any New Year's resolutions/ goals for 2022?

My New Year's resolutions are:

- Put myself first
- Spend more time with family and friends
- Enjoy life
- Be around positive people



Name one thing that instantly brightens up your day?

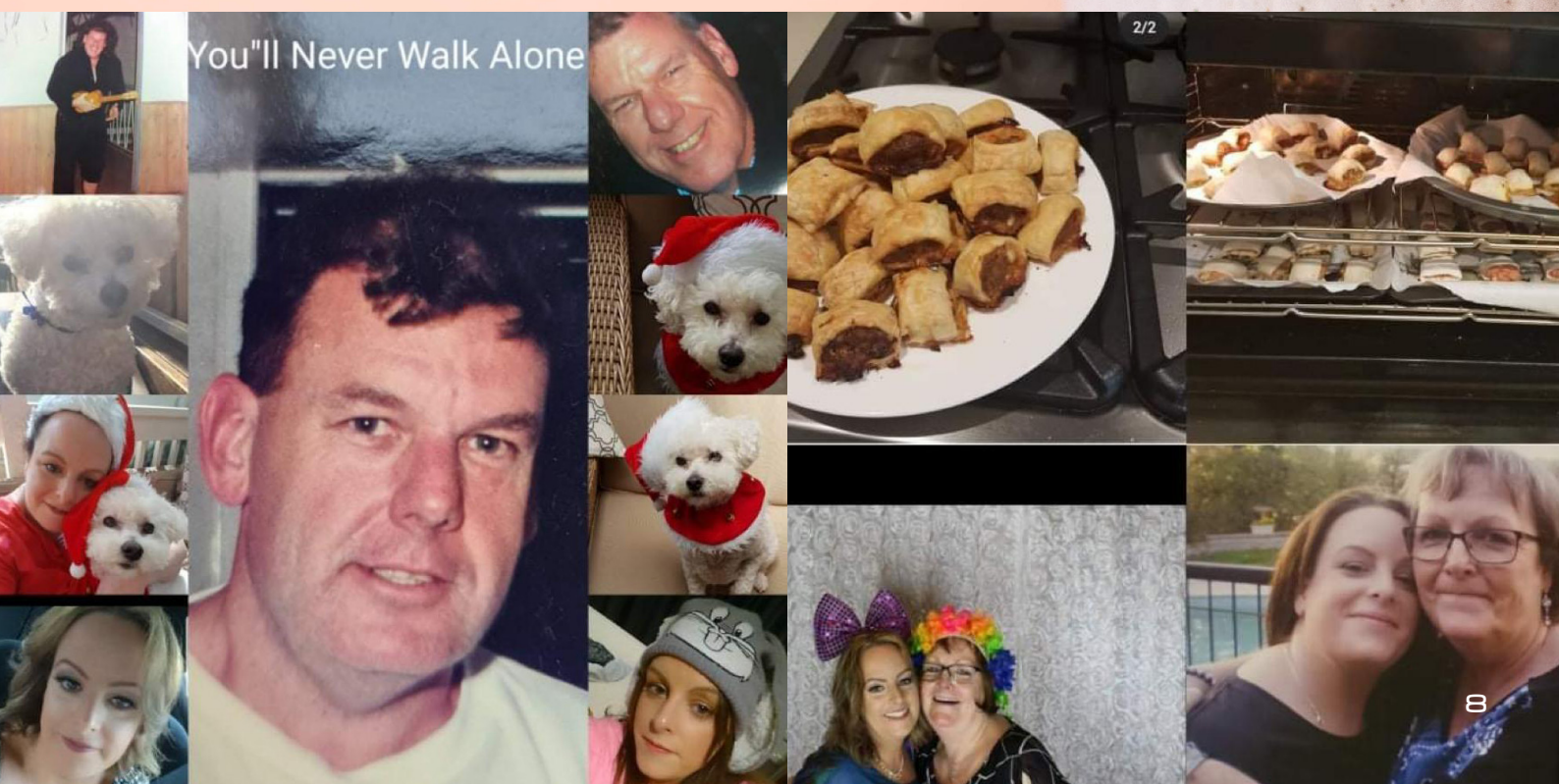
One thing that brightens my day is when my husband comes home from work.

If you could have an infinite amount of one object what would it be?

Indoor pot plants!

A life motto that you live by?

"Be kind - you never know the battles others are fighting."



WORD SCRAMBLE

See if you can unjumble the following words:

1. CNROEATIN C T E R

2. GOCAR G O

3. ANOTRC C A O

4. ILEDVYRE E L E Y

5. TFFIRKLO R K I F

6. SCITOLGIS L O S

7. LETALP A T

8. LSUYPP HCANI S P C H

9. CLEVIHE H C L

10. HOWAUSREE R E U S

Answers: 1. Container 2. Cargo 3. Carton 4. Delivery 5. Forklift 6. Logistics 7. Pallet 8. Supply Chain 9. Vehicle 10. Warehouse



Australian HQ
19/202 Ferntree Gully Rd
Clayton VIC 3168

tomax.com.au
1300 186 629
03 9544 4227

