



TOMAX  
NEWS

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**PLUS:**



# MARKET SUMMARY

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- The national labour market has shown signs of reaching critical mass over the last few weeks with the number of job ads posted far outstripping the number of applicants available in many areas, mostly in the supply chain sector. As COVID continues to run rampant through most major cities the pool of available staff is further diminished, causing the short term labour market to be in huge demand. These shortages are seeing many companies literally unable to operate and keep up with the flow of goods, resulting in being unable to service their customers. These issues are expected to continue for some time to come and will have a dire impact on all those involved in supply chain operations.

- Tomax Logistics successfully transitioned to a new and much larger warehousing facility in Perth during this last week. Our new address is 20 Baile Road, Canning Vale WA 6155, and if you are in the neighbourhood drop in and say hello to Harvey, Rob, Andreas, Michael, and Maurice who are all busily getting operations up and running. Thanks heaps to the warehousing team for their efforts this week in making this happen!

## GAZETTE TARIFF CONCESSIONS (TC)

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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. 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](#)



# MILLION DOLLAR INVESTMENT FOR FREMANTLE'S WESTPORT PROJECT

Fremantle's Westport project, which includes the establishment of a new outer harbour and container port built in Kwinana, has received a commitment for further funding. The multimillion-dollar package will consist of \$5 million being allocated to investigating the relocation of the area's vehicle shipping operations and \$2 million towards investigating the feasibility of relocating livestock shipping from Fremantle Port. The relocation aims to create new options for Fremantle and a potential economic development opportunity for regional Western Australia. An additional \$2.5 million has been committed to a project to continue examining land use and economic development opportunities in and around Victoria Quay. The budget also allocates \$7.5 million to enhance the public space at the historic port and \$3.5 million to undertake works at the HMAS Ovens submarine at the WA Maritime Museum.

Premier Mark McGowan said by relocating the area's livestock and vehicle shipping operations away from their current locations, the government will be able to activate the waterfront precinct as a community asset. He said, "our initial \$7.5 million investment will improve amenity and access to the area, as we continue to transform Victoria Quay into something which all Western Australians can be proud of."

Furthermore, Transport Minister Rita Saffioti, said the addition of welcoming spaces and an emphasis on the port's history will provide opportunities for further commercial and recreational use of the quay. She said, "this is the first stage of the evolution of the Inner Harbour port area under the Future of Fremantle project and the broader transformational Westport project, under which new container port facilities will be built at Kwinana. This commitment of \$7.5 million will significantly improve this space and I look forward to seeing the progress."

Simone McGurk, state member for Fremantle, believes Victoria Quay's potential tourism opportunities have been "tied up in industrial use" and said, "this significant investment will help breathe new life into Victoria Quay while retaining the history that makes Fremantle so special."

Works on Victoria Quay and the wider Fremantle area are currently well underway, which includes planning and development of the \$280 million Swan River Crossings project.

Williams, A. (2022). WESTPORT PROJECT ADVANCES WITH MULTIMILLION-DOLLAR INVESTMENT. Retrieved from <https://www.thedcn.com.au/news/containers-and-container-shipping/westport-project-advances-with-multimillion-dollar-investment/> on 13th May, 2022.



# LATEST NEWS

## HAPAG-LLOYD SET TO RAKE IN ENORMOUS PROFITS

**H**apag-Lloyd has reported substantial profits for the first quarter of 2022. The company's first quarter EBITDA was US\$5.3 billion. Its EBIT rose to US\$4.8 billion and group profit increased to US\$4.7 billion. Hapag-Lloyd CEO Rolf Habben Jansen said, "the year has got off to an exceptionally strong start on the whole, and whilst there have been first signs that the market has passed its peak, we also expect a strong second quarter."

In the first quarter of 2022, revenues rose to US\$9 billion. According to the company, this can primarily be attributed to a much higher average freight rate of US\$2774 per TEU (Q1 2021: US\$1509 per TEU) and a stronger US dollar. They added that with many ports still congested and hinterland infrastructures strained, this together results in longer turnaround times for ships and containers.

Ultimately, transport volumes were roughly on a par with the prior-year level, at 3 million TEU. The result was driven by notably increasing expenses for container handling and about a 60% higher average bunker consumption price, which stood at US\$613 per tonne (Q1 2021: US\$384 per tonne) in the first quarter.

Based on the current business performance, the second quarter will exceed earlier expectations with the board of Hapag-Lloyd raising its earnings forecast for the current financial year on 28 April.

For the 2022 financial year, an EBITDA in the range of US\$14.5 to 16.5 billion and an EBIT in the range of US\$12.5 to 14.5 billion are now expected. Although, this forecast remains subject to considerable uncertainty given the ongoing COVID-19 outbreaks and the war in Ukraine. However, he stated that, "this situation is expected to improve in the second half of the year."

Ackerman, I. (2022). HAPAG-LLOYD REPORTS HUGE Q1 PROFITS. Retrieved from <https://www.thedcn.com.au/news/containers-and-container-shipping/hapag-lloyd-reports-huge-q1-profits/> on 13th May, 2022.





# THE HUGE MODAL SHIFT TO AIRFREIGHT IN 2021



In 2021, cargo owners increasingly switched from sea to air, with port congestion and a narrowing price gap enabling the airfreight market to boost twice as fast as sea cargo.

Furthermore, according to Ti Research, the global freight forwarding market bounced back to enjoy the strongest market growth since 2011, recording 11.2% growth in real terms, to \$284.9bn. Following one of the most challenging years to date, amid the Covid-19 pandemic, Ti noted it was a strong performance, with global trade growing 13% to a record high of \$28.5trn.

Ti said, “the strong growth in international trade in 2021 was mainly the result of pandemic restrictions being phased out, and surging demand for goods encouraged by government support schemes and economic stimulus packages introduced in many countries. Factors such as the expansion of the e-commerce industry and the rise of free trade agreements have also been contributors to the growth of the global digital freight forwarding market.”

Airfreight grew by 14.9% – double the rate of sea freight – to reach a nominal value of \$128.2bn and was driven by strong demand for PPE towards the end of the year, as well as supply chain bottlenecks in sea and land transport.

In sea freight forwarding, growth opportunities were lost due to “a shortage of carrier capacity and port congestion”. As a result, the market grew by 6.6%, to \$156.5bn, while freight rates were up 69.8%, due to demand being “considerably higher than available capacity”. Additionally, port congestion had created a “mismatch between supply and demand” and slowed growth in the sea freight market.

According to Maersk, around 12%-15% of global containership capacity was effectively taken out of circulation by congestion in 2021, while Kuehne + Nagel noted 80% of the global sea freight disruption was associated with North American ports.

“The congestion in the ocean freight market continues to push traditional ocean shippers into the air freight market, adding to demand and driving up air freight rates. The price difference between air and ocean had narrowed during the past year, making the shift to air slightly less costly than before the pandemic. Then, the average price of global air cargo was 12 times more expensive than sea shipping. Towards the end of 2021, the cost to move goods by air was about 2.5 times more expensive than pre-pandemic.”

However, the air freight industry still has its own capacity constraints to contend with, despite record numbers of charter flights from Asia laid on to carry e-commerce cargo. “Adding air freight capacity to key tradelanes has been a key objective for forwarders over the past year,” Ti noted, but added, “demand for air freight capacity continues to outstrip supply, contributing to increased yields and revenues among airlines. Even though air cargo capacity gradually increased during 2021 due to improvements in international passenger traffic, it was still 10.9% below 2019.”

Whelan, S. (2022). Congestion and rates drove huge modal shift to air freight last year. Retrieved from <https://theloadstar.com/congestion-and-rates-caused-huge-modal-shift-to-air-freight-last-year/> on 13th May, 2022.

# BIGGER SHIPS POSE BIGGER SAFETY THREATS

Regardless of whether the increase of ship sizes is reaching a point of diminishing returns, according to Allianz, the “bigger-is-better” mentality is only exacerbating safety issues. A demand of 7000 TEU or less vessels last year, reached a fever pitch where owners were enabled to purchase ships second hand and repay their lenders in weeks through rates alone. However, according to Allianz, container lines have been haunted by safety issues related to ship size. Various problems were highlighted which included practical issues underlined by container stack collapse, as per the most recent example of Zim Kingston.

Captain Anastasios Leonburg, senior marine risk consultant at AGCS stated, “container loss can result from...misdeclaration, poor packaging and/or stowing...and sub-standard lashing equipment and corner castings. The large size of modern containerships is also likely to be a contributing factor, as larger vessels behave differently at sea. Container stacks are exposed to huge forces on a modern containership, especially when a vessel experiences parametric and synchronous roll in rough seas.”

In other cases, the sheer size of the vessels puts them at high risk. For instance, in cases such as the Ever Given and Ever Forward,

which both grounded, illustrate what one insurance representative described as “near misses” in terms of the damage which might have been done, despite the incredible costs incurred in salvaging and refloating them.

The insurance expert advised that although he did not believe very large containerships to be inherently unsafe, the industry has proven happy to avail itself of the cost-efficiencies “without due consideration of the risks”. He explained, “there are concerns over lean crews, a lack of sensors on board... and now we are seeing wilder and more difficult environmental issues with storms happening more frequently. There are challenges around these very large vessels that need careful monitoring and management. They present an insurance nightmare if things go wrong. But aside from that, it may be that society will not be quite so lucky the next time around. At that point, from what we have seen, the industry is wholly reactive.”

Bartlett, C. (2022). Safety management among carriers yet to catch up with ship sizes, say insurers. Retrieved from <https://theloadstar.com/safety-management-among-carriers-yet-to-catch-up-with-ship-sizes-say-insurers/> on 13th May, 2022.





# STAFF SPOTLIGHT



**MEET  
NEB PETROVIC**  
DRIVER  
TOMAX TRANSPORT

**What do you do at Tomax?**

I am a driver who does deliveries across Queensland.

**How do you spend your weekends?**

I spend time with my family or doing some cycling.

**Favourite snack or treat?**

100%, pizza!

**What is next on your “bucket list”?**

A cycling holiday in the Swiss Alps.

**The best joke you’ve ever heard?**

What do you call two monkeys who share an Amazon account?  
Prime mates!

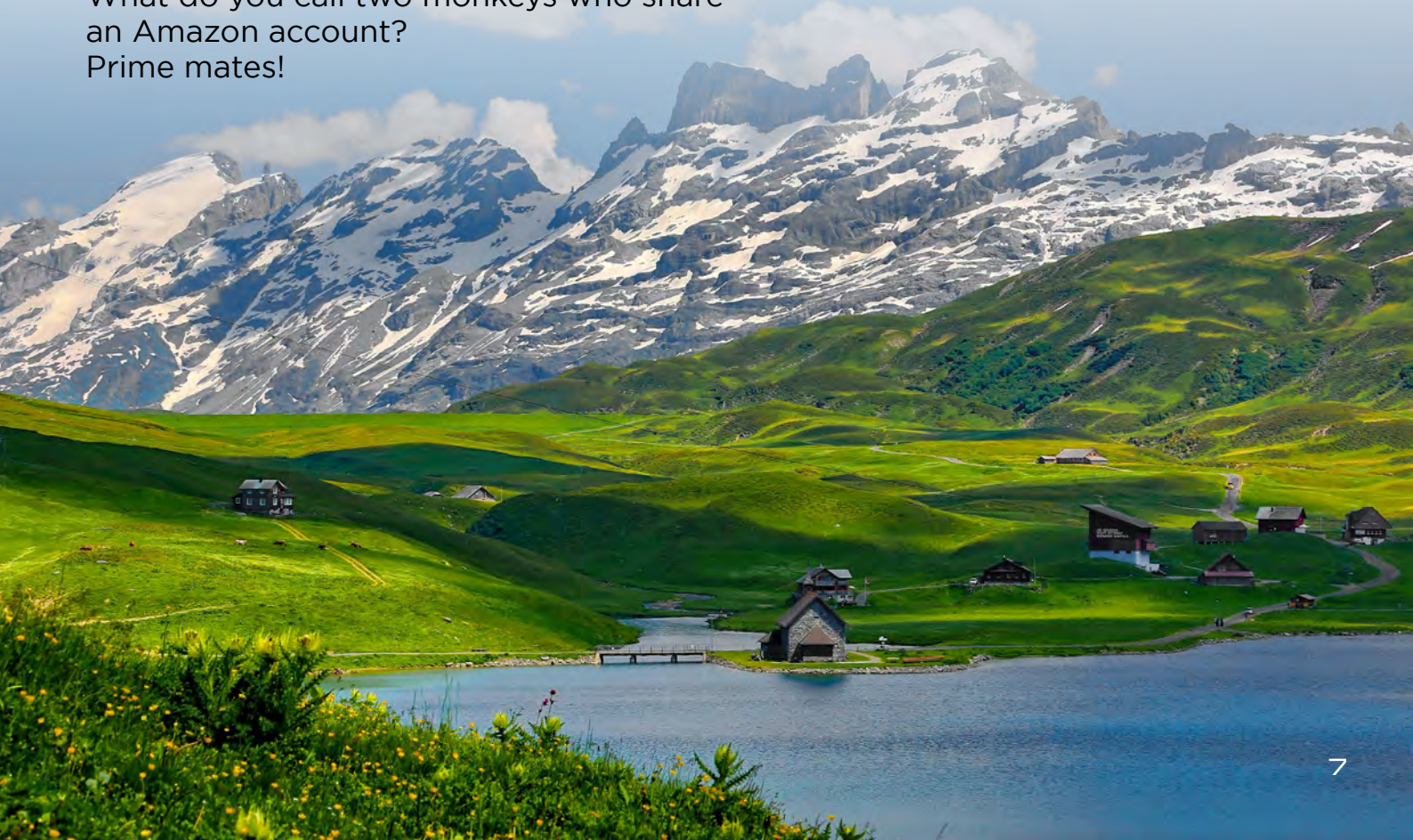


**Your biggest pet peeve?**

Slow Internet and being late.

**The last TV show or movie you watched?**

Star Wars The Mandalorian





# FRIDAY FUNNIES

We hope these jokes put a smile on your face!

What do you call a fish wearing a bowtie?

**Sofishticated.**

Singing in the shower is fun until you get soap in your mouth.

**Then it's a soap opera.**

Have you heard about the chocolate record player?

**It sounds pretty sweet.**

A skeleton walks into a bar and says, 'Hey, bartender. I'll have one beer and a mop.'

Where do fruits go on vacation?

**Pear-is!**

"Dad, did you get a haircut?"

**"No, I got them all cut!"**

I don't trust stairs.

**They're always up to something.**

"Did you hear the rumour about butter?"

**"Well, I'm not going to spread it!"**

How do you make 7 even?

**Take away the s.**

What kind of tree can fit in one hand?

**Palm Tree.**

What do you call it when a snowman throws a tantrum?

**A meltdown.**

I have a joke about chemistry, **but I don't think it will get a reaction.**

A guy walks into a bar... **and he was disqualified from the limbo contest.**

You think swimming with sharks is expensive? **Swimming with sharks cost me an arm and a leg.**

You know, people say they pick their nose, **but I feel like I was just born with mine."**

I used to be a personal trainer. **Then I gave my too weak notice.**

Did I tell you the time I fell in love during a backflip? **I was heels over head!**

I was going to tell a time-traveling joke, **but you guys didn't like it.**

Where do math teachers go on vacation? **Times Square.**

