



TOMAX  
NEWS

Issue 82  
27<sup>th</sup> May 2022

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PLUS:

# MARKET SUMMARY

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- International freight pricing is on the rise once again as shipping lines increase rates for the start of June. Lines point to high demand and capacity constraints, as well as rising fuel costs as the reasons behind the rate rises.

- New direct airline services from Vietnam through Vietnam based carrier Bamboo Airlines are helping to reduce congestion on south-east Asian trade-lanes. The airline flies direct out of Hanoi and Ho Chi Minh City to Melbourne and Sydney.

- Severe labour shortages continue to plague the industry with every part of the supply chain being effected. Hardest hit

are warehousing and transport services who, coupled with mass COVID & FLU related absenteeism, are feeling the full brunt of shortages.

- A free client training seminar in Melbourne is coming up soon at Tomax Logistics in Clayton. See the next page for more details!

## 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](#)





# FREE CLIENT TRAINING DAY



Tomax is pleased to announce that we will be running another training day on Tuesday 14th June for any clients who would like to have staff attend.

Many of the Tomax team will present different modules during the day covering all areas of international and domestic freight, including Incoterms, ocean shipping, customs, quarantine, transport and warehousing.

During previous sessions the attendees were able to obtain a lot of information that helped in their day to day work.

If you would like to have any of your team attend this free session please email your interest to


**Jessica Kong** –  
[jessica@tomax.com.au](mailto:jessica@tomax.com.au).

Note: There are limited places currently available.



**What:** FREE Client Training Day  
**Where:** TOMAX HQ CLAYTON  
19/202 Ferntree Gully Road  
Clayton, VIC 3168  
**When:** Tuesday 14th June 2022  
**Who:** Yourself and/or team!  
**RSVP:** [jessica@tomax.com.au](mailto:jessica@tomax.com.au)  
Let us know ASAP as there are limited places left!

**We are looking forward to  
seeing you there! 😊**



# MELBOURNE FREIGHT FACILITY WORKS IN FULL SWING

**B**oosting Victoria's freight and logistics industry, the state government has commenced working on a freight rail facility to help move more freight by rail from Melbourne's west. The interstate freight facility will be based in Altona and is designed to provide easier access to the Port of Melbourne.

Once finalised, it will form a major part of the state's port rail shuttle network, facilitating a direct rail connection to the Port of Melbourne, which will minimise transport costs for businesses. Additionally, the project is expected to take trucks off Melbourne roads and grant 40 new jobs, strengthening the workforce of many Victorians. The project will also heighten the efficiency at Australia's largest port, which already handles roughly 36% of the nation's container trade, according to the Victorian government.

Altona is one of three key projects underway to create the Port Rail Shuttle Network, with works linking the Salta Properties terminal in Dandenong South to the Port of Melbourne already in progress. Later this year, will see further works taking place at the Austrak terminal at Somerton, with the result reducing the need for trucks to visit the port. Instead, trucks will be able to deliver directly to these terminals, cutting fuel use and emissions while saving on freight transport costs by up to 10% according to the state government.

Melissa Horne, minister for ports and freight, says, "an expanded rail freight terminal in Altona will provide an alternative to truck transport for the logistics community and reduce truck traffic at the port along the Princes Freeway and other key arterial and suburban roads."



Fully Loaded. (2022). MELBOURNE FREIGHT FACILITY WORKS UNDERWAY. Retrieved from <https://www.fullyloaded.com.au/logistics-news/2205/melbourne-freight-facility-works-underway> on 27th May, 2022.





# MORE FREIGHT SERVICES IN EAST GIPPSLAND

The Victorian government will also be running more rail freight services from East Gippsland courtesy of the Fenning Intermodal Freight Terminal (FIFT) in Bairnsdale. The services will run from East Gippsland to the Port of Melbourne.

Just last week, a test train arrived for the first time since rail freight to Bairnsdale stopped in 2009. This milestone forms part of stage one of the FIFT site, as the site will be a purpose-built dedicated intermodal freight terminal to make rail freight more efficient for producers and business in Victoria.

The site will continue to develop in the future and will involve an expansion of the freight terminal to boost warehouse capacity and storage facilities.

Once the rail freight services launch, three freight trains are expected to operate per week and transport more than 10,000 containers every year to the Port of Melbourne, eliminating more than 6000 truck trips from regional roads.

The Victorian budget will deliver \$181 million for critical maintenance works on the regional rail freight network aiming to improve rail freight and competitiveness and support the supply chain. An extra \$3.5 million will be allocated to extend the Mode Shift Incentive Scheme (MSIS), which supports more than 170 freight industry jobs at intermodal terminals in regional Victoria and removes around 28,000 truck trips from state roads per year.

According to the state government, rail freight upgrades are being supported with funding from the Victorian Forestry Plan, which provides more than \$200 million to support workers, businesses and communities. There is also a planned transition with a stepped-down approach until 2030 that offers opportunities for the industry to diversify into different ways of working.

Fully Loaded. (2022). More rail freight services in East Gippsland. Retrieved from <https://www.fullyloaded.com.au/logistics-news/2205/more-rail-freight-services-in-east-gippsland> on 27th May, 2022.







# RISE IN FREIGHT RATES FOLLOWING SHANGHAI'S REOPENING

**A**s factories begin re-opening and goods start to pick up on movement, Chinese forwarders are beginning to see freight rates rise. One local forwarder confirmed that "factories are reopening bunch by bunch, upon approval, in the areas around Shanghai."

One of the challenges has been haulage, but truck capacity is also beginning to return, with the forwarder adding, "it's possible to find more hauliers with a licence, but it is taking longer and prices are more expensive. If you look at the increasing air freight rates in the past two weeks, plus lots of shopping line notices for ocean freight rate increases from June." According to the TAC Index as of May 16th, air freight rates from China to Europe are flatlining following a steep fall since the end of April, at about \$6.80 per kg. However, rates to the US saw a sharp uptick last week of 6%, to \$9.17/kg.

About 80% of freighter flights were back at Shanghai and the rise in freighter capacity helped soften the "challenging" import market. Meanwhile, the port is operating at about 90% capacity - not yet congested but soon expected to be. In Singapore, rising passenger numbers have reduced the belly capacity due to the increase in baggage. One local forwarder advised, "however the levels are still not at pre-Covid levels, so airlines are not increasing the frequency of flights. As a result of reduced capacity, rates remain high as airlines have no need to lower them to fill their flights."


The forwarder predicted the higher numbers of passengers would soon encourage airlines to introduce more frequencies, and thus capacity, sending rates downwards. Sea-air, which has had something of a reboot during some of the most challenging aspects of the previous two years, is "quite subdued", he added, with Shanghai lockdowns decreasing demand. "We hope there is a rebound once Shanghai is open again and are certain that later this year there will be an increase in demand for air cargo space again."

Lennane, A. (2022). Freight rates begin to rise as Shanghai slowly opens for business. Retrieved from <https://theloadstar.com/freight-rates-begin-to-rise-as-shanghai-slowly-reopens-for-business/> on 26th May, 2022.



# HOW TO COMBAT RISING FREIGHT COSTS?

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**T**he global market is continuing to grapple with rising freight costs due to the impact of the pandemic, and now the challenge of the Russian-Ukraine war. Due to the shift in market, it has become crucial to look inside your operation in order to unlock freight cost savings.

Last month, global e-commerce giant Amazon announced it would be adding a 5% surcharge to its US delivery fees in response to rising fuel costs and inflation. In a statement to its sellers, the company expected a return to normalcy in 2022 as COVID-19 restrictions around the world eased, however fuel prices and inflation have presented further challenges.

Similarly, after the Australian Grand Prix this year, Guenther Steiner, team principal of Haas F1 team said the soaring cost of transporting freight around the world has hit all Formula 1

teams. "It's going up and every time you speak about it, it's getting higher," he said.

E-commerce retailers, manufacturers and logistics providers are feeling the strain from the geopolitical conflict and the aftermath of COVID-19, with some of our clients reporting up to 60% increases in freight costs. The process of running a tender, taking your freight task to market, and creating commercial tension to get the best price possible is probably no longer a productive option in a market where freight providers are operating at or near 100% capacity. For the past 18 months, freight providers have passed on rising costs to their clients, and for the ones who don't fit neatly within their network – significant price increases can be seen.

If taking your freight to tender in order to drive cost efficiencies is no longer an option – what can be done? Many opportunities exist



which can be undertaken to increase freight cost savings, with a focus on generating these savings from inside the operation.

### **STOP SENDING AIR**

The first tip for saving costs is to stop sending air. Businesses are still sending cardboard boxes that are between 15-20% filled with product, leaving the rest filled with air or void fill. This is a major opportunity to drive costs down, as retailers, manufacturers and logistics providers are paying for that empty space in their freight bill. Luckily, there is now a lot of innovation in the packaging space that can be explored – and a lot of these changes can be made within a matter of months. Engaging with a packaging designer or engineer to explore what flexible packaging processes are available could be beneficial in driving freight costs savings. Furthermore, beyond the freight costs savings there are also environmental benefits due to less space being used to transport the same amount of goods.

### **CONSOLIDATE**

Often in online retail, e-commerce providers receive two, three or even four orders a day from the same customer – which tend to be processed independently. Many other sectors also suffer from this same customer behaviour without solving the costly freight related implication. While order processing can take place independently, most businesses don't have the ability to consolidate the orders into one consignment note and therefore end up sending multiple consignments (multiple basic charges) to the same end consumer on the same day. There are systems available that can consolidate these orders into one consignment note. By introducing freight

and transport management systems, this can introduce the potential to save upwards of 30% of the freight cost. These systems also have further benefits in customer service, with simplification in freight account checking and increased accuracy of track and trace.

### **ROUTE PLANNING AND FLEET MANAGEMENT**

Reducing freight costs through route planning and fleet management software can also be successful in minimising freight costs. By optimising the load utilisation of trucks and minimising kms travelled, this introduces systems in place that set dynamic routing for delivery processes. The software can take into account the specifics of a customer address – such as delivery only available on the right side, reverse only into this street, no parking or load zones etc. All of the intricacies that are usually known to individual drivers, can now be digitised and shared to improve route planning and service levels.

### **DISRUPTION IS THE NEW NORMAL**

Simply waiting to see if the situation will fix itself is not an option in today's turbulent climate. This disruption is the new normal and therefore it is advised to take matters into your own hands and look inside the operation to improve the situation and minimise the impact of rising freight costs on their bottom line. While there is a lot to be done, the good news is a lot of these changes can be deployed with minimal investment providing strong returns in a matter of months.

Jones, Peter. (2022). How can you combat rising freight rates? Retrieved from <https://mhdsupplychain.com.au/2022/05/26/how-can-you-combat-rising-freight-costs/> on 26th May, 2022.





# STAFF SPOTLIGHT

## SIMON PRINS WAREHOUSE MANAGER TOMAX WAREHOUSING PERTH



### What do you do at Tomax?

I am the new Tomax Perth Warehouse Manager and have spent the first week learning the ropes.

### How do you spend your weekends?

Sleeping, hopefully some golf and watching the AFL – Go DEMONS!

### Proudest moment/achievement?

Buying my first house by myself.

### What do you believe is the greatest invention of all time?

Hard to go past the mobile phone, currently. However, all time would be a car!

### Favourite childhood memory?

Plenty of them, but probably playing at the National Basketball Championships in Canberra.

### A quote you live by?

Technology is a wonderful thing when it works.

### Does pineapple go on pizza?

Big YES!





# FRIDAY FUNNIES

We hope these “punny” jokes put a smile on your face as we approach another weekend!

Did you hear about these new reversible jackets?

**I’m excited to see how they turn out.**

I am a big fan of whiteboards.  
**I find them quite re-markable.**

Just burned 2,000 calories.  
**That’s the last time I leave brownies in the oven while I nap.**

Thanks for explaining the word “many” to me, **it means a lot.**

Yesterday I accidentally swallowed some food colouring. The doctor says I’m OK, but **I feel like I’ve dyed a little inside.**

My girlfriend said, “You act like a detective too much. I want to split up.”

**“Good idea,” I replied. “We can cover more ground that way.”**

I’m glad I know sign language.  
**It’s pretty handy.**

eBay is so useless. I tried to look up lighters and **it gave me 13,749 matches.**

I wasn’t originally going to get a brain transplant,  
**but then I changed my mind.**

I had a job tying sausages together,  
**but I couldn’t make ends meet.**

Want to hear a joke about paper?  
**Nevermind, it’s tearable.**

