



TOMAX
NEWS

Issue 98
16th September 2022



PLUS:

MARKET SUMMARY

- Freight rates continue to fall on a daily basis on many trade-lanes. Liner bookings remain weak and the shipping companies are scrambling to fill their vessels as much as possible in the wake of reduced demand and newly introduced services. The expected peak season demand has not yet materialised and predicting what will happen in the market remains difficult.
- Fuel surcharges have fallen over the last month but cargo owners should prepare for increases again in October as prices increase due to the excise being reintroduced and continuing pressure on global oil supplies.
- BMSB season is now in full swing so please remember to ensure your suppliers are following requirements prior to shipping to avoid extensive delays on arrival in Australia.

TARIFF CONCESSIONS GAZETTE (TC)

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](#)





EXPENSIVE COST FOR AUSTRALIA'S PORT INEFFICIENCY

According to the government's productivity commission, Australia's "underperforming" container ports are costing cargo owners \$605 million annually.

After gathering input from maritime logistics stakeholders from December 2021, the commission recently released its draft report on Lifting productivity at Australia's container ports. The report highlighted that greater productivity at Australia's container ports was "achievable and would deliver significant benefits" and that "inefficiencies at Australia's major container ports directly cost the Australian economy an estimated A\$605m (US\$413m) a year. Ports also have large indirect impacts on Australian businesses and consumers, so that any sustained disruptions to imports or exports magnify these costs across the economy."

The report indicated that the country's container ports were considered poorly ranked on ship turnaround times on an international scale. This is due to fewer cranes use and workplace agreements lowering productivity, specifically the recent work stoppages during negotiations between the Maritime Union of Australia and several terminal operators. The commission explained, "disruptions during recent enterprise bargaining imposed large costs on businesses dependent on maritime freight. More effective

remedies are needed to limit unreasonably protracted bargaining and industrial action."

Furthermore, in some welcome news for transport operators, the report recommended "more active" regulation of terminal access charges (TACs), which have skyrocketed from 2017 from "close to zero to A\$120 per container". The report added that, "inquiry participants have raised concerns about what they see as the lack of justification for increases in TACs and transport operators' inability to push back on them."

On container detention, the report was unclear, noting that "detention fees might be a further example of unfair [contract] terms," which "should be addressed".

Liner lobby group Shipping Australia (SAL), which has not been shy of criticising the country's port productivity, welcomed the report's findings advising, "we are pleased that the productivity commission has found that Australian container ports could achieve much higher productivity, which would benefit the Australian economy as a whole. Australian port performance is substantially less than global competitors and that should now be regarded as a fact by everyone in the sector."

However, SAL escalated the issue with the commission on the topic of terminal access

charges and that “shipping lines should be forced to pay the bills of trucking companies”. SAL continued, “we can see no justifiable reason, nor is there any rationale expressed in the productivity commission’s report, explaining why it is appropriate for costs to be shifted from one party to the other. We also take issue with the comments relating to the ongoing hire of ocean shipping containers. Shipping companies invest substantial capital in the creation, repair, upgrading, logistics and management of ocean shipping containers. This investment needs to be recovered via commercial operations.”

Lastly, SAL said it supports the commission’s recommendation to rescind Part X of the Competition and Consumer Act 2010. According to the report, Part X exempts shipping lines from having to show their vessel-sharing arrangements “provide a net public benefit to Australia – a requirement faced by similar industries”. It has been the policy of Shipping Australia members, for several years now, to support a repeal of Part X provided that a satisfactory block exemption be implemented instead.”

Whelan, S. (2022). Australia’s inefficient ports cost shippers A\$605m per year, claims government. Retrieved from <https://theloadstar.com/australias-inefficient-ports-costs-cargo-owners-a605m-per-year-claims-government-report/> on 15th September, 2022.





GRAIN PRODUCERS AUSTRALIA PUSH FOR CONTAINER CLEANING LEVY

With the spotlight shining on the need to control the spread of invasive species, Grain Producers Australia (GPA) is calling for a container levy to cover the expenses needed to clean and fumigate containers. This marks GPA's second attempt to introduce the levy after the first was dismissed by Australia's Department of Agriculture and Water Resources.

GPA chief executive Colin Bettles said, "whether it was some practicalities around systems, we would like to think that we could find ways to overcome that to implement it, given the benefits that it could deliver, not only for growers in our industry, but the broader public as well."

Australian farmers are concerned about the threat of the Khapra Beetle, which, if introduced, could cause an estimated A\$15.5bn (US\$10.6bn) worth of damage over 20 years and the loss of access to important grain-export markets for Australian farmers.

Additionally, according to the UN, plant pests and diseases, consisting of native and invasive species, are responsible for the loss of up to 40% of global food crops, causing trade losses and leading to an annual bill of US\$22bn.

However, there is a division over which parties should be held liable for the invasive species - whether that be the owners and operators of the ships they arrive on, the owners of the containers or the cargo owners.

"Ultimately the packer is responsible for what goes into the container, but other operators are responsible for what a container looks like when it is released to the shipper, packer,"

said Peregrine Storrs-Fox, risk management director, TT Club, "ultimately the whole supply chain has responsibility, so the buyer needs to think about what is happening at the time they are buying, that might impact the way cargo is loaded, and ask the seller and packer to take account of that. I think at this stage we're open to any ideas, because it is an issue impacting across the supply chain and in destination countries. There are dramatic stories of the impacts on local ecosystems. Every country is impacted, and that may have significant economic repercussions."

The UN has asked representatives from the supply chain industry to form the Container Cleanliness Industry Advisory Group (CCIAG), which now counts The International Cargo Handling Coordination Association (ICHCA) among its members. The CCIAG marks a new push across the maritime industry to actively counter the movement of invasive species arriving in shipping containers.

Shipping is held responsible for introducing Asian Giant Hornets, also known as "Murder Hornets," and the Asian Longhorn Beetle to US shores, which has caused devastating and costly consequences to local crops. Meanwhile, the Spotted Lanternfly, believed to have been introduced from China, is so destructive that residents of various east-Coast US states have been instructed to kill them on sight.



SHANGHAI REOPENS PORTS AFTER TYPHOON MUIFA PASSES

Thursday saw Shanghai gradually returning to normal following Typhoon Muifa's strong winds and heavy rain which disrupted the financial and shipping hub overnight.

As the city dropped its typhoon alert to the lowest level, the region's ports reopened, airports resumed passenger flights and train services were restored. Commuters returned to work in the Lujiazui area, home to the nation's stock market and major banks and insurers, with subway service restarting. The storm was forecast to be the largest to hit the Yangtze River Delta in 10 years.

Muifa is currently heading north, weakening to a tropical storm with wind gusts of 138 kilometers an hour, according to the US Joint Typhoon Warning Center. Local media reported more than 400,000 people were evacuated despite initial reports suggesting limited damage and minor flooding around Shanghai. Major container ports in Ningbo resumed operations in the morning, while Shanghai port is scheduled to commence by 4 p.m. local time.

Muifa is the second storm to hit Shanghai this month. It followed close behind Typhoon Hinnamnor, which brushed China's eastern coast last week. Although the storm was much more powerful, it caused only minor disruptions as it headed toward South Korea.

A spokeswoman for Dimerco said that inland trucking would be "dangerous" during the typhoon's impact stating, "fleet schedules have been in a mess for a long time. We don't expect any remarkable impact, plus the market is super slow."

One source stated that "this one could have a bigger impact, we can expect at least two days' impact on port operations, as the typhoon isn't moving too fast, and then there

will be an additional ripple effect towards the upcoming weekend departures."

According to Linerlytica, Shanghai and Ningbo are already dealing with increased berth congestion too stating, "Typhoon Hinnamnor is taking some time to clear out with the ports of Shanghai, Ningbo and Busan most badly affected of the North Asia ports. Ships that were diverted to the Qingdao anchorage in Bohai to avoid the path of typhoon Hinnamnor last week moved back to their scheduled windows at Shanghai and Ningbo, driving congestion at the two main eastern China ports to a record high of 885,000 TEU [at anchorage] last Thursday. Although the queue of vessels has dropped to 500,000 teu by the end of the week, it will take another week before the ports work through the backlog of ships."

While Shanghai is recovering from Muifa, attention is turning toward Asia's next big storm, Nanmadol, which is growing in strength south of Japan and could hit that country early next week.



Bloomberg News. (2022). Shanghai Reopening Ports and Resuming Flights as Typhoon Passes. Retrieved from <https://www.bloomberg.com/news/articles/2022-09-15/shanghai-reopening-ports-and-resuming-flights-as-typhoon-passes?leadSource=uverify%20wall> on 15th September, 2022

STAFF SPOTLIGHT

MARK JOHNSON

COURIER DRIVER
TOMAX TRANSPORT



What do you do at Tomax?

I am a delivery driver.

What is your favourite way to spend your day off?

Spending time with my family, especially my two beautiful granddaughters.

Your biggest fear?

Heights.

What's the best joke you've ever heard?

Too many to think of one!

Do you follow any sports? If so, what is your favourite sport/team?

NRL - St George Dragons

AFL - Sydney Swans

If you could have any exotic animal as a pet, which would it be?

A cockatoo!

Your proudest moment/achievement?

When I married my gorgeous wife.

Do you prefer breakfast, lunch or dinner?

I prefer dinner.



FRIDAY FUNNIES

We hope these jokes can put you in a good mood as we welcome another weekend!

Why is it so cheap to throw a party at a haunted house?

The ghosts bring all the boos.

What do you call an unpredictable camera?

A loose Canon.

Why did the student eat his homework?

Because his teacher told him it was a piece of cake.

What do you call a priest who becomes a lawyer?

A father-in-law.

What does a pig put on dry skin?

Oinkment.

I used to run a dating service for chickens, **but I was struggling to make hens meet.**

What did one plate say to the other plate?

Dinner's on me.

My wife told me to stop acting like a flamingo, **so I had to put my foot down.**

Why didn't the melons get married?

Because they cantaloupe.

What did the full glass say to the empty glass?

You look drunk.



Answers from last week's "Spot the 5 Differences" circled



Australian HQ
19/202 Ferntree Gully Rd
Clayton VIC 3168

tomax.com.au
1300 186 629
03 9544 4227

