



TOMAX
NEWS

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PLUS:



MARKET SUMMARY

• Ocean freight rates on global trade-lanes remained in free fall over the last week with many reaching record peak season lows. With the recent entrance of several new lines on the China-East Coast Australia trade-lane the downward pressure on rates has been extreme due to the increased tonnage available on the routes. Nobody is able to predict how low rates will go, but they are already at levels that nobody thought possible earlier in the year.

• Tomax has launched a new version of Tomax Live which has a more user friendly interface, amazing insights into supply chain analytics, and live vessel tracking! Your Tomax account manager will be in touch over the coming weeks in order to demonstrate the new system to your teams, but if you'd like more information in the meantime please do not hesitate to contact your Tomax representative for more information.

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](#)



LATEST NEWS



\$1 BILLION ESTIMATED TO REPAIR VICTORIAN ROADS

Up to \$1 billion may be required to repair road and rail networks damaged by the recent floods, according to the Victorian Transport Association (VTA), who are imploring the government to allocate urgent funding towards. Hundreds of kilometres of roads have been hard hit with damage ranging from small, medium to large potholes and even including entire swathes of roadway being lifted and eroded.

VTA C.E.O, Peter Anderson says, “we estimate between \$500 million and \$1 billion will be needed to fix our flood devastated transport networks, which includes gazetted routes operators rely on to carry freight. This funding must be additional to project allocations in the state budget, and as politicians traverse Victoria contesting the election, we’re looking for meaningful announcements on fixing the damage that’s been done, and we’re looking for it urgently.”

Despite the damage pertaining to mainly state road infrastructure, the impact will be felt nationally. Therefore, Peter believes that the state and federal governments are liable to pay for the repairs.

“We are already seeing evidence of how national supply chains have been compromised with farmers struggling to get their goods out of regional Victoria to the ports and onto interstate and international markets,” Peter says, “the flow-on effect will be felt leading up to Christmas in the form of high consumer prices and a shortage of supply. Our road authorities are doing a magnificent job quarantining motorists from damaged roads, but the size and scale of this event means accidents will unfortunately happen. The risk of this is felt most by the road freight industry that is acutely aware of its obligation to its customers and the Australian community to keep our supply chains moving as safely as they can.”

Misuraca, J. (2022). VTA estimates \$1b needed to repair roads. Retrieved from <https://mhdsupplychain.com.au/2022/11/10/vta-estimates-1b-needed-to-repair-roads/> on 11th November, 2022.

BIOSECURITY ALERTS & CHANGES THIS WEEK

Please note the following
Biosecurity updates for this week:

REMOVAL OF COCONUT JELLY FROM BICON CASE FRESH COCONUT AND COCONUT MEAT FOR HUMAN CONSUMPTION

Effective from 8 November 2022

The department has removed coconut jelly from the BICON case Fresh coconut and coconut meat for human consumption. Coconut jelly can be imported under the BICON case Fruit and vegetable juices, chilled pulps, purees or pastes, plant oils and plant-based beverages.

Who does this notice affect:

This notice affects importers of coconut jelly, fresh coconut and coconut meat for human consumption from all countries, brokers, and Pathway Operations Cargo - Assessment and Inspections.

Further information:

Email imports@agriculture.gov.au or phone 1800 900 090.

This Change applies to the following Cases:

Fresh coconut and coconut meat

REINSTATEMENT OF 'WHOLE PEPPER, READY FOR SALE GRINDERS' PATHWAY

Effective from 9 November 2022

The department has reinstated the 'Whole pepper, ready for sale grinders' pathway into the 'Ground or whole peppercorns and

pepper for human consumption' case. This pathway is exempt from phase 4 Khapra beetle urgent actions.

Who does this notice affect:

Importers of whole peppercorns in ready for sale grinders, brokers, and Pathway Operations Cargo - Assessment and Inspection.

Further information:

Email imports@agriculture.gov.au or phone 1800 900 090.

This Change applies to the following Cases:
Ground or whole peppercorns and pepper for human consumption



TERMINAL ACCESS CHARGES IN AUSTRALIA SPARK FURY

Shipping interests are criticising the proposed changes to terminal access charges in Australia, dubbing it a “truly awful policy”.

Shipping Australia CEO Melwyn Noronha believes forcing shipping companies to pay terminal access charges “is a terrible recommendation”. He said, “it amounts to a further subsidy of a sector, namely trucking, that is already extremely subsidised. Some of those trucking industry operators are already generating huge revenues and profits. Meanwhile, about A\$4bn (US\$2.58bn) a year is directed to the trucking industry, which does not pay its fair share of the costs of road creation and maintenance. Trucking can pay its own way, but it lobbies to make everyone else pay for the trucking industry instead.”

The Productivity Commission proposed that shipping lines should be subject to the charges instead, in response to the increasing terminal access charges that Australian box terminals have levied on trucks collecting containers. Productivity commissioner Stephen King explained, “truck drivers have to pay whatever price the terminal operator demands to pick up or drop off a container. The shipping lines choose the terminals, so they should pay these charges.”

In its draft report, the commission outlined proposed regulation 6.2: “Terminal access charges and other fixed fees for delivering or collecting a container from a terminal should be regulated so that they can only be charged to shipping lines and not to transport operators. Regulations should be established that prevent container terminal operators from charging transport operators any fixed fees associated with delivering or collecting

a container. Container terminal operators would not be prevented from charging these fees to shipping lines. This reform should be complemented by state and territory government regulators being empowered to monitor flexible fees charged to transport operators by container terminal operators to ensure that these fees are being used to create efficient incentives for transport operators and are not being used to offset any lost revenue from fixed fees.”

However, Capt Noronha suggested that if the proposed change to terminal access charges became law, it would possibly result in shipping lines forwarding these extra costs to their customers. He said, “if anyone should be forced to absorb terminal access charges in Australia, then it should be the people who ultimately benefit from the movement of freight. And those people are shippers and consignees. If this is difficult for any reason, the next ideal candidates to be targeted for the imposition of terminal access charges are the direct agents of shippers and consignees, which are usually freight forwarding companies. If ocean shipping companies are forced to pay and pass on terminal access charges, then they will likely charge a mark-up to cover costs and administration. These increased costs will likely be paid by the next parties in the supply chain, which would then pass on the charge, again with a mark-up. It can be seen that recommendation 6.2 will likely lead to an unnecessary escalation in costs.”

Marle, G. (2022). Carrier anger at plan to revise terminal access charges in Australia. Retrieved from <https://theloadstar.com/carrier-anger-at-plan-to-revise-terminal-access-charges-in-australia/> on 8th November, 2022.

WEARABLE DEVICES: A GAME CHANGER FOR WAREHOUSING



One of the biggest strengths of the device was its intuitiveness, cutting down on training. “Using the technology from ProGlove, we’ve been able to take the cost out and increase productivity. We’ve had the benefit of both visibility and productivity, not from investing in the same areas, but actually downstream in the supply chain”, he said.

A survey report on the industry found that 51% of warehouse workers were requesting further training. ProGlove’s report determined that, “workers on the floor and in management positions... more than half (51%)... view training as a route to higher satisfaction. This clearly highlights the need for technology to be easy to master, and simple to operate. Otherwise, workers will find the technology to be more of a hindrance than a help.”

Consistent and usable data lay down the foundations of an efficient operation - and wearables don’t just speed up processes for the workers, but also optimise warehouse layouts. “Data points – the time it takes to scan, the time between scans, travel time, number of steps, the path, are all very valuable data points which can be put to use to improve the physical [warehouse] layout itself”, suggested Mr. Kolko.

However, the data is only deemed valuable if it is reliable enough to be properly analysed and acted upon, while technology implementation thus far has not been problem-free.

Barcode scanning, or mis-scanning, was highlighted as one of the biggest problems for generating these inaccuracies in ProGlove’s report. ProGlove said, “improving [or] replacing traditional barcode scanning is among the top answers to curing errors. The ultimate remedy to picking errors is providing reliable information for warehouse workers.” On average, 32 picking errors per workstation occur every week. “So downstream in the supply chain, we need to make sure we have the accuracy, the visibility of the data that we gather so we can understand it and share with both consumers and clients at all stages of the journey.”

Bartlett, C. (2022). If the glove fits: wearable devices set to improve warehouse operations. Retrieved from <https://theloadstar.com/if-the-glove-fits-wearable-devices-set-to-improve-warehouse-operations/> on 8th November, 2022.

The warehouse industry has long suffered an endless battle with low margins, supply chain disruptions and in particular a “transient” workforce who are either too bored, too “seasonable” or too low paid to make training worthwhile. To remedy this, some companies are seeking to plug the gap with technology, including wearable devices.

Chief product officer of ProGlove, Ilhan Kolko, described his company’s wearable device as the size of a matchbox that acts as an enabler of “micro-efficiencies”. He explained, “when we put it on the back of the hand of the worker, the hands are free, the eyes are free. You don’t have to look for it, place it on the desk... it saves 4-6 seconds on every scan that you do.”

One Operations Director advised the device provided better results downstream of the warehouse, which is the most important indicator of good performance. He added, “we have quite a transient workforce, as is the industry norm. A lot of temp workers, agency workers. So, we run the majority of our last mile network on third party couriers and drivers.”



AIRFREIGHT STORM PREDICTED TO PASS IN FEW MONTHS

Despite the air cargo industry expecting a bumpy few months, some remain optimistic in the market bouncing back as early as March. Air cargo rates have plummeted steeply, with prices in some places seen below 2021 levels and continuing to drop. However, airlines are putting on a brave face. Astral Aviation C.E.O, Sanjeev Gadhia said, “there are strong headwinds ahead, but I think things will get better in March after Chinese new year.”

While some agreed, others were more cautious. One executive said, “I’ve no idea when it will get better, some people say 2025, which could be accurate. But there are pockets of goodness, and we have to find those.”

Another believed there were always opportunities, advising, “you’d have to be brave to forecast what’s going to happen. But there have been turbulent times and there are always opportunities, there is demand, and e-commerce is still growing.”

“At the outset of Q3 22, rates per kg crossed below 2021 levels, given an exceptionally strong 2021 peak season comparison and a discernible lack of peak this year. As we move deeper into the fourth quarter, prices are softening still – crossing beneath 2020 peak season levels in some cases. Rates remain above pre-pandemic levels however – meaning they have further to fall. While rates have already come down meaningfully, they’re certainly not at recessionary levels. They haven’t even returned to pre-pandemic normal levels. So, there’s more potential downside. But the path forward is not certain and it probably won’t be smooth.”

Some shippers were believed to still be holding inventory. Another industry representative stated, “our customers ordered a lot of stock...because of supply chain concerns. It’ll be three or four months until they have sold it all. There is too much capacity for the next couple of months, but I think the market will pick up. But it’s difficult to predict when it will normalise.”

The soft market is believed to be caused by three factors: the “pull forward in ordering as large, consumer-oriented shippers sought to get ahead of supply chain backlogs”; weaker core demand owing to inflation and recession concerns; and increased supply as passenger capacity returns and ocean freight bottlenecks ease and shippers return to the high seas.

“Shippers that still prioritise supply-chain service and latency may be reluctant to let go of current practices, and that may help support contract rates relative to spot. If elevated inventories and a muted peak are mostly a result of early (over) ordering, and if certain retail inventory clearing events in consumer end markets had a substantial enough effect, we could see a late season surge in volume.”

Although, executives won’t be holding their breath.

Lennane, A. (2022). Airfreight: a tough few months, but demand could return in March. Retrieved from <https://theloadstar.com/airfreight-a-tough-few-months-but-demand-could-return-in-march/> on 9th November, 2022.

FRIDAY FUNNIES

We hope these jokes brighten up your day as we approach the weekend!

It's always windy in a sports arena.

All those fans.

What happens to a frog's car when it breaks down?

It gets toad away.

What do you call a pile of kittens?

A meowntain.

What's the easiest way to get straight As?

Use a ruler.

I went into a store to buy some books about turtles.

"Hardbacks?" asked the shopkeeper."

Yes," I replied. "And they have little heads, too."

What does the world's top dentist get?

A little plaque.

How does a farmer mend his overalls?

With cabbage patches.

Why were they called the Dark Ages?

Because there were lots of knights.

What did the tomato say to the other tomato during a race?

Ketchup.

What do sea monsters eat?

Fish and ships.

How did the hipster burn his tongue?

He drank his coffee before it was cool.



MEOWNTAIN



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