

Issue 70
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TOMAX
NEWS

PLUS:



MARKET SUMMARY

- Ocean Freight BAF (Bunker Adjustment Factor – Fuel Surcharge) rates and airfreight fuel surcharges are expected to increase over the coming months as a result of the tension in Europe. At already high levels, any further increases are sure to have a heavy impact on margins and supply chain costs.

- Please be advised of the Patrick's Pondus Weight container surcharge which is \$250 plus GST each container for penalty. Patrick went live with the Pondus containers Weighting Stand on 18/01/2022. Pondus provides a mechanism to weigh containers both for Import and Export, held within the Terminal to allow the shipper's declared weight of the unit to be verified. This is achieved by conveying potentially misdeclared containers to the Pondus stand for assessment. Where the verified weight of a container is found to be inconsistent with the VGM declaration, cargo interests will be notified of the mis-declaration and once confirmed at the Pondus Stand, Patrick Terminals will impose a charge on the relevant shipping line or road transport operator.

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

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LATEST NEWS



OPERATIONAL IMPACTS FOLLOWING CATASTROPHIC WEATHER EVENTS

DOMESTIC FREIGHT MOVEMENTS

Following the logistics difficulties caused by the 'one in 200 year' rainfall event in South Australia affecting East / West and North / South transport logistics, we now face the unimaginable floods in Queensland and Northern NSW with the storm cells continuing to move down the Australian East Coast. Furthermore, whilst recovering from the rail / road closures via South Australia, Western Australia continues to deal with ex-Tropical Cyclone Anika located in the north Kimberley. As such, general domestic freight to affected areas will continue to be adversely impacted for the foreseeable future.

INTERNATIONAL FREIGHT MOVEMENTS

As of Monday 1st March, Port of Brisbane's operational update are as follows:

- The Regional Harbour Master (RHM) advises that the port remains closed to all ship movements at present, due to the inherent risks from water velocity and the potential for debris including sunken objects and siltation build-up in our swing basins, berth pockets and channel.

- Port of Brisbane Pty Ltd (PBPL) is working closely with the RHM to deploy survey vessels to determine safe depth of the

navigational areas as well as possible debris obstruction. The speed of the river current and turbidity at the moment is proving challenging in this regard.

- Maritime Safety Queensland (MSQ) and the state government is coordinating multiple salvage teams to remove any debris, and PBPL will deploy it's dredge and barge fleet to assist focusing on the port precincts.

- The RHM continues to assess the situation on an ongoing, case-by-case basis, with the aim of reopening the port as soon as it is safe to do so.

PBPL's Infrastructure Teams and their contractors are continuing to work on minor civil works - importantly, there are no landside limitations within port precincts and all road and rail access remains operational. There is hope that once vessel movements are restored, departing vessels will be prioritised.

CONTAINER DETENTION

The recent weather events and impacts on logistics operations has escalated the concern that foreign owned shipping lines, already proudly reporting multi-billion dollar profits, will cash in on detention penalties caused by delays in returning empty containers. In particular, delays can be seen in container

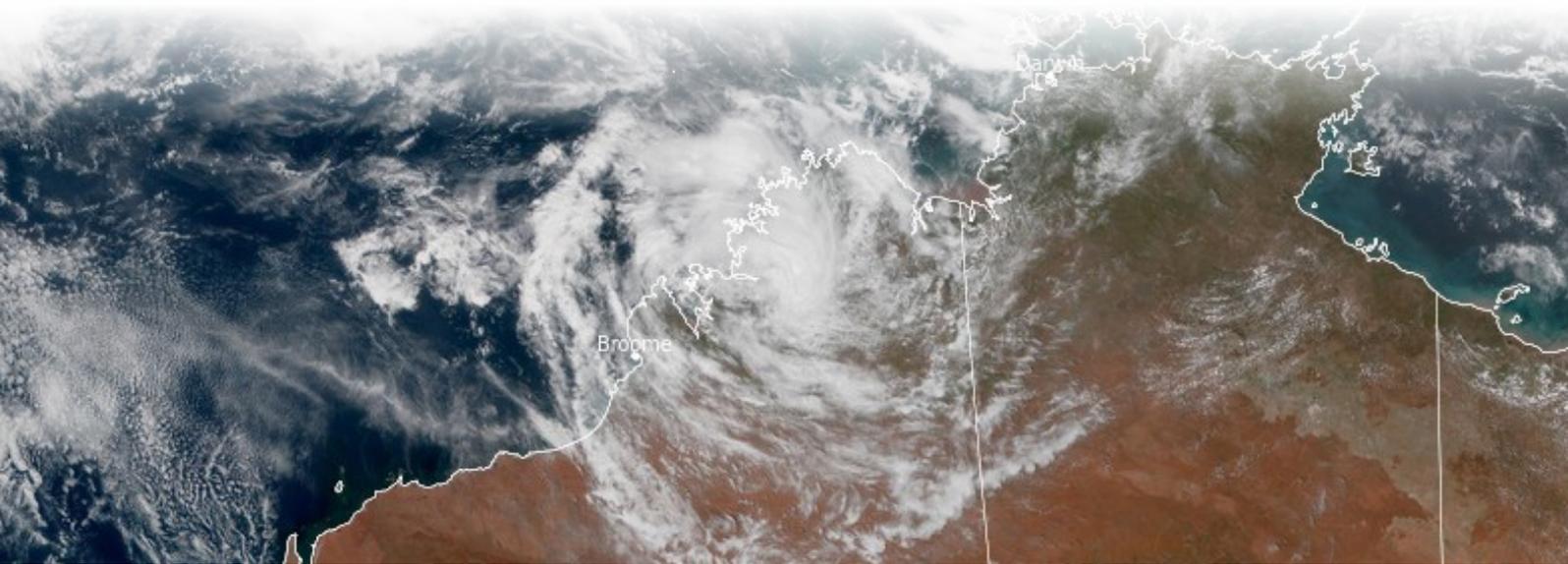
releases that are subject to biosecurity measures with many approved arrangement facilities at capacity with limited operational staff to deal with volumes. There are a number of cases where there is an inability to obtain BMSB verification inspections for 4-6 weeks. In such scenarios, and to avoid container detention penalties potentially tallying to tens of thousands of dollars, it is recommended to contact Seasonal Pests Policy (SPP@awe.gov.au) and request if they can provide alternative solutions.

Many transport companies have also announced that regardless of the reason for any detention, cartage contractors will not accept any responsibility for any cost and charges, subject to being in line with agreed terms and conditions between the affected parties.

In the current operating environment there will no doubt be many scenarios whereby the delay in returning empty containers within prescribed timeframes cannot be avoided. One such scenario relates to 'vessel bunching' which causes excessive amounts of containers needing to be cleared from the terminals prior to the three day free time expiring. This also creates a backlog at importers yards trying

to unpack multiple containers and having them returned to the empty container parks (also under pressure) to avoid shipping line detention (initiated in some cases seven days after discharge - NOT availability).

Major shipping lines have all refused the request for a blanket extension of detention free days, conceding they will assess the quantum of penalties on a 'case by case' basis. Some have advised the problems are outside their control, while others have advised to apply for extra free time at origin. The problem is also outside the control of the transport operator/importer when vessels are delayed and arrive on top of each other. Thus, it is encouraged to take up the offer of shipping lines to raise concerns and to document these scenarios. Although this will cause an extra burden on staff to create correspondence and maintain logs of delays etc, (not to mention extra work for shipping lines in having to manage such requests) it is necessary as all approaches to the shipping lines to create short term blanket extensions have failed, and no doubt their bottom line will continue to improve.



RUSSIA'S LOGISTICS FEELS FORCE OF SANCTIONS



Russia's logistics sector is beginning to feel the impact of sanctions against it, as transport options continue to decline and payment systems lose support. According to a member of Europe's forwarding and shippers community, while trade with Russia resumed, transport operations and financial aspects of the business were "grinding to a halt", as efforts to persuade Putin to withdraw from Ukraine escalated. The member stated, "businesses not sanctioned have continued to trade with their European partners, but even here questions are beginning to be asked, such as, how do you move goods from Russia with air, rail, road and sea facing substantial capacity reductions? The transport system, specifically to Russia, is getting very complicated, at least from the EU."

After discussions with Ukraine president Volodymyr Zelensky, US president Joe Biden tweeted on Tuesday evening, that "our sanctions are already having a devastating impact". For logistics, the most acute sanction to hit Russia is the decision of the EU authorities and other nations to close their airspace to Russian flights and shipping lines and logistics operators severing services to the country. The combination of sanctions and suspensions would equate to "nothing moving" to or from Russia.

While there remained some options for European businesses to manufacture and move goods for the likes of China, the Middle East and Turkey in order to continue trading with Russia, it is not

expected to last, "particularly when you consider issues of payment and the decision to disconnect a lot of Russian banks from SWIFT. Regardless of currency, transactions will not go forward for any European banks, with Australian, Japanese, Swiss, and US banks having already done, or planning to do, the same thing imminently."

Aviation consultancy, IBA, released figures indicating the scale of the impact, with 589 aircraft operated by Russian carriers but owned by foreign lessors affected, advising, "the sanctions require lessors to receive those aircraft by 28 March. However, with flights between Russia and many other countries prohibited, this will be very difficult for lessors to achieve. As many airlines are now prohibited from flying over Russia, many European carriers now need to lengthen their flight routes when flying to and from East Asia, placing them at a competitive disadvantage to Chinese airlines to which Russian airspace is still open. The Middle East 'super connector' airlines are also set to benefit, as their flight paths more easily avoid Russian airspace."

In addition, Phil Seymour, IBA president, said, "many industry stakeholders will feel the impact of the tragic situation in Ukraine, from banks and other sources of finance, lessors, aircraft manufacturers and, of course, airlines. At this point, we forecast that this will delay the industry's recovery from the pandemic by at least two months."

Whiteman, A. (2022). Russian logistics 'grinding to a halt' as sanctions begin to bite. Retrieved from <https://theloadstar.com/russian-logistics-grinding-to-a-halt-as-sanctions-begin-to-bite/> on 4th March, 2022.

AUSTRALIA JOINS INTERNATIONAL COMPETITION AUTHORITIES TO COMBAT SUPPLY CHAIN CRIMINAL COLLUSION RISK

The Canadian Competition Bureau have announced that they are combining forces with the US Department of Justice, the Australian Competition and Consumer Commission (ACCC), the New Zealand Commerce Commission and the UK Competition and Markets Authority in a new working group focussed on sharing information to identify and prevent potentially anticompetitive conduct in the global supply and distribution of goods.

This announcement follows a speech by the Australian Prime Minister at the recent World Economic Forum calling on world leaders to do more in the form of new partnerships between countries, governments and businesses to increase the resilience of global supply chains.

Global demand for containerised shipping capacity is at an all-time high, primarily generated by the pandemic driven surge of import cargo, restricted shipping capacity and poor operational performance in many key international ports. This has caused the erratic positioning of container equipment, significant spikes in freight rates, escalation of surcharges and an all-time low in reliability of services.

In response to the formation of the working group, Matthew Boswell, Commissioner of Competition said, “while

the Competition Bureau has offered businesses flexibility in contributing to legitimate pandemic response efforts that benefit Canadians, we want to be clear: we have zero tolerance for any attempts to use pandemic-related supply chain disruptions as a cover for criminal collusion that harms consumers and damages Canada’s economy.”

Similarly, New Zealand Commission Chair Anna Rawlings said, “we still have zero-tolerance for unscrupulous businesses using COVID as an opportunity for cartel conduct, such as non-essential collusion between competitors or anti-competitive behaviour. The international working group will strengthen our continued efforts to deter and penalise cartel conduct.”

Michael Grenfell, Executive Director of Enforcement at the UK Competition and Markets Authority added, “these are global issues that are best addressed together. With support and intelligence from partner agencies across the world, we can step in and take enforcement action if we find evidence of anti-competitive behaviour taking place.”

In an Australian context, exporters are fighting over available equipment and capacity to reach key markets. Importers are failing to get regular supply, resulting in the emergence of new models of

onshore stockpiling and resultant inflationary pressures being felt across the Australian economy.

In parallel, foreign owned shipping lines are proudly reporting multi-billion dollar profits with many using their new-found wealth to make strategic vertical integration supply chain investments with some now refusing to enter contractual arrangements with third party freight forwarders and leaving exporters and importers at their mercy as 'price-takers'.

The collaboration between governments is a tremendous starting point as one nation alone cannot oversee the conduct of foreign owned shipping lines and examine the full conduct of their powerful alliance activities. Further investigation is essential as one thing is for certain, we are operating in a shipping line market without genuine competitive tension. The evidence from Australia's leading trade advocacy bodies acknowledged the need for collaboration between government competition regulators and provided evidence of long-term trends

that are adversely impacting the overall competitiveness of Australian exporters and importers. Current protections provided to foreign owned shipping lines under Part X of the Competition and Consumer Act are recommended to be repealed and that shipping line conduct be regulated by the Australian Competition and Consumer Commission, or the creation of a federal maritime regulator, to safeguard the commercial viability of Australian traders. Minimum service levels and notification periods, infrastructure investment, regulation of container detention practices, waterfront industrial relations reform, implementation of Biosecurity reform priorities and an extension of short-term aviation funding is also being called for.

Zalai, P. (2022). AUSTRALIA JOINS INTERNATIONAL COMPETITION AUTHORITIES TO TARGET POTENTIAL SUPPLY CHAIN CRIMINAL COLLUSION. Retrieved from https://www.linkedin.com/pulse/australia-joins-international-competition-authorities-paul-zalai/?msgControlName=reply_to_sender&msgConversationId=2-YzJiMTA4NmMtNjZjMi00Nzc1LWl1NzYtNTNiNmFIODU2YmVhXzAxMw%3D%3D&msgOverlay=true&trackingId=9RLDOdhtml5TIWktfsoBXg%3D%3D on 3rd March, 2022.





FLOODING BRINGS BRISBANE SHIPPING TO A HALT

Impacted by the severe flooding hampering navigation, shipping at the Port of Brisbane has swiftly come to a halt. After many days of intensified rainfall widespread across the region, debris has been washed into the Brisbane River, leading to the suspension of vessel movement at the port.

Neil Stephens, Port of Brisbane's C.F.O., confirmed the port's closure to all ship movements from Tuesday afternoon, advising the measure was implemented due to inherent risks from water velocity and debris such as sunken objects potentially building up in swing basins, channels and berth pockets. In his operational update, Mr Stephens stated, "Port of Brisbane Pty Ltd is working closely with the RHM to deploy survey vessels to determine safe depth of the navigational areas as well as possible debris obstruction. The speed of the river current and turbidity at the moment is proving challenging in this regard. [Maritime Safety Queensland] and the state government is co-ordinating multiple salvage teams to remove any debris, and PBPL will deploy its dredge and barge fleet to assist focussing on the port precincts."

Furthermore, Mr. Stephens noted that the harbour master is currently assessing the situation on an ongoing, case-by-case basis with visions to reopen the port as soon as it is safe to do so. He added, "I can also advise that PBPL's infrastructure teams, along with our contractors, continue to work on minor civil works;

however there are no landside limitations within port precincts and all road and rail access remains operational. We continue to work closely with MSQ and the RHM on all matters relating to this emergency response."

A Queensland Transport and Main Roads spokesperson warned river conditions had deteriorated rapidly on Sunday and water flowing into the Brisbane River increased exceptionally. They confirmed that the high water flows had caused oil tanker MT CSC Friendship to break away from the Ampol Products wharf on the Brisbane River at Lytton. The spokesperson said, "the actual water flow conditions considerably exceeded the forecast conditions. It is the responsibility of individual companies to ensure commercial vessels are safely berthed and secured. The vessel was refloated successfully in an operation overseen by the MSQ regional harbour master with the assistance of a marine pilot and tugs. The vessel was taken to an anchorage in Moreton Bay under its own steam and anchored without incident." Although no one was injured, the matter was investigated by the Australian Maritime Safety Authority, which has detained the vessel.

Word from an Australian Maritime Safety Authority spokesperson said, "the Australian Maritime Safety Authority has detained the Hong Kong-flagged tanker CSC Friendship following an incident where the vessel came off its berth due to strong flood currents in the Port of

Brisbane late Sunday (27 February 2022). There are no reports of oil pollution or water ingress to the vessel. The tanker remains anchored at Moreton Bay until it has been inspected by its class society, which will include an underwater hull inspection by divers.” Additionally, the incident is now being investigated by the Australian Transport Safety Bureau.

Maritime Safety Queensland’s announcement on Monday night, saw the closure of the Brisbane River to all ships and watercraft in order to safeguard lives and infrastructure. Kell Dillon, MSQ general manager advised in a statement, “the Brisbane River is in flood and simply not a safe place to be at the moment. A vast amount of water is coming downstream from the upper reaches and carrying all manner of debris, from logs and branches to dislodged infrastructure like pontoons. Added to that we have swift flows and swirling currents combining with tides to make navigation dangerous and potentially deadly. Displaced navigation aids are also adding to the navigational difficulty.” Moreover, Mr. Dillon believes the tides and currents at the port were too dangerous for even large ships to navigate in, stating, “MSQ, Queensland Water Police and State Emergency Services vessels, who are trying to clear the dangers in the river and conduct rescue operations, are the only ones who should be on the river. Their vessels are exempt. All others should stay off the river and that includes anyone who might be thinking of going out there to check on moored vessels.”

Meanwhile, Neil Chambers, Container Transport Alliance Australia director, commended the Brisbane container transport operators for doing their best to maintain normal operations between their yards and the Port of Brisbane

container terminals and empty container parks. Neil Chambers noted, “some labour shortages continue to exist with drivers and some staff unable to attend work due to the floods.” According to Mr Chambers, Patrick and Hutchison have reported heavy backlogs of trucks including longer truck turnaround times at the Port of Brisbane. Similarly, DP World and Hutchison have also reported some difficulties with automatic stacking cranes, however it is unknown whether the challenges are linked to weather.

While weather reports suggest this will continue, the weather conditions and flooding are also impacting on the Department of Agriculture, Water and the Environment’s ability to maintain biosecurity documentary assessment, booking and inspection service levels. Like the broader community, impacts are wide ranging with some departmental officers being cut off by flood waters while others have no power and cannot deliver regulatory functions remotely. The inability to access department offices and inspection locations due to flooding or otherwise access power means delays can be expected. In response to the issue, resources are being diverted to assist with surge capacity where possible, particularly in the documentary assessment and booking functions. The situation is being monitored and advice will be provided by the department as changes are made. The department will also be contacting premises to determine if inspections can go ahead.

William, A. (2022). FLOOD BRINGS SHIPPING TO A STANDSTILL AT BRISBANE FOR SECOND DAY (UPDATED). Retrieved from https://www.thedcn.com.au/news/bulk-trades-shipping/breaking-news-vessel-breaks-lines-at-port-of-brisbane-operations-at-standstill/?utm_source=DCN+Daily+Newswire&utm_campaign=69e796c717-EMAIL_CAMPAIGN_10_06_2021_COPY_01&utm_medium=email&utm_term=0_505d67c448-69e796c717-143548541 on 2nd March, 2022.



FELICITY ACE SINKS IN MID ATLANTIC OCEAN



Thirteen days after the cargo ship caught fire, the Felicity Ace has now sunk in the mid Atlantic, according to a port official. The burnt-out cargo was en route to the United States from Germany and carried thousands of luxury cars. A captain of the nearest port on Faial stated the Panama-flagged Felicity Ace sank whilst towing it as a result of structural problems caused by the fire and rough seas. The captain said, “when the towing started ... water started to come in. The ship lost its stability and sank.”

While being towed, the Felicity Ace sank about 400 kilometres off Portugal’s Azores Islands with a salvage team having to douse the flames. After a Portuguese Air Force helicopter evacuated the 22 crew members, ocean-going tugboats with firefighting equipment continued to hose down the ship’s hull to cool it. Although there is raised suspicion of the fire emerging from lithium batteries used in electric vehicles, authorities claim to have no firm evidence of the exact cause.

Currently, Portuguese authorities are monitoring for signs of the ship’s breakdown polluting the ocean. The ship was carrying 2,000 metric tons of fuel, 2,000 metric tons of oil and can carry more than 17,000 metric tons of cargo.

A Portuguese Air Force and a navy vessel remain at the scene to assess any signs of pollution. So far, the Portuguese navy has found a few pieces of wreckage and a small patch of oil where the ship went down, which is being broken up by tugboats. There are fears the fuel tanks could be damaged as the vessel lays 3500 metres deep at bottom of the Atlantic.

The exact amount of how many cars were on board is unclear however, based on the size of the vessel, a maximum of 4000 vehicles can be carried. The vehicles on the vessel were both electric and non-electric. European carmakers refused to disclose how many vehicles and which models were on board, but Porsche customers in the United States were being contacted by their dealers. Volkswagen stated the damage done to the vehicles was covered by insurance, with insurance experts believing the incident could result in losses of \$213 million.

ABC. (2022). Massive cargo ship Felicity Ace, laden with luxury cars bound for US, sinks in mid-Atlantic. Retrieved from <https://www.abc.net.au/news/2022-03-02/felicity-ace-ship-with-luxury-cars-sinks-mid-atlantic/100876322> on 3rd March, 2022.

STAFF SPOTLIGHT

MEET JESSIE RANNO CREDIT CONTROLLER TOMAX LOGISTICS AUSTRALIA

What do you do at Tomax?

Accounts receivable/Credit Controller

What are your hobbies/interests?

I have 3 young boys so not a lot of time for myself, but when I do get a moment of my own time I like to go to the gym or just sit quietly and enjoy the silence haha!

Do you have any hidden or not-so-hidden talents?

I'm a chef, soccer player, dinosaur, back scratcher, Nerf sniper, Roblox extraordinaire, solver of every problem known to man - or so my sons think so!

If just one wish of yours could be granted, what would it be?

Cliché, but to win the lottery - I'd love to be able to just transfer stacks of cash to friends and family, rock up at their houses with new cars and go on an amazing holiday around Europe with my family.

Best place to dine at in Victoria?

I'm Italian so my favorite restaurant is Il Porto Pizzeria, best pizza in Melbourne - big call but I stand by it!

Name something you are looking forward to?

My husband and I are currently building our first home - so I am so excited for construction to begin, for our house to be completed and to move in!



QUICK SUDOKU

See if you can solve the following Sudoku Puzzle!

Answer: