

ACROSS BORDERS

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AGRICULTURE MINISTER ON BIOSECURITY LEVY AND OPERATIONAL REFORMS
INTERVIEW WITH THE HON. BILL SHORTEN
NEW BOARD ELECTED FOR THE AUSTRALIAN PEAK SHIPPERS ASSOCIATION

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Association Inc. (APSA)

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ACROSS BORDERS

AUTUMN 2019



A new board to continue the lead on operational reforms

Air cargo security reforms will see new business models evolve over the coming months as service levels adjust at Cargo Terminal Operators and off-airport RACAs, tasked to complete piece-level screening for exporters.

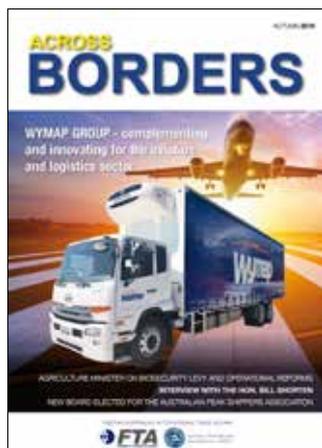
Our exporters using sea cargo services continue to face challenges of blank sailings that increasingly jeopardise reliable access to overseas markets and spiralling surcharges administered by stevedores who continue to find it easier to recover costs from landside port users rather than their commercial client shipping lines. We will continue to advocate through upcoming State and Federal Government reviews for regulatory intervention on this matter.

A special note of appreciation is extended to the Hon. David Littleproud MP, Minister for Agriculture and Water Resources, for his foreword to this Autumn edition of Across Borders recognising our call for an Independent Review of Brown marmorated stink bug measures and responding to our concerns about the proposed Biosecurity Import Levy.

We also welcomed the opportunity to interview the Federal Opposition leader, the Hon. Bill Shorten MP, following a member site visit. The interview provided us with a unique insight into key trade issues in the lead up to the Federal election later this year.

Finally, I would like to sincerely thank Paul Blake as the outgoing chairman of the Australian Peak Shippers Association. Paul was the driving force in bringing FTA and APSA together and has given us the fire in the belly to actively advocate on behalf of our rapidly growing alliance of importers, exporters and logistics service providers. We look forward to building on Paul's legacy, supporting Sean Richards (Executive General Manager, Visy Logistics) as the incoming chair and working with the new board to continue our lead on operational reforms.

By PAUL ZALAI, Co-founder and Director,
Freight & Trade Alliance (FTA)



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Managing Biosecurity Risk



By the HON. DAVID LITTLEPROUD MP, Minister for Agriculture and Water Resources

Biosecurity has never been as important as it is today. Dealing with biosecurity risks is becoming more challenging, with trade volumes and passenger movements forecast to double by 2025.

Australia's enviable pest and disease free status is no fluke.

Thanks to our strict biosecurity conditions, Australia remains free from many pests and diseases that are present in other countries and have the potential to devastate our \$60 billion agriculture industries, the environment, plant, animal and human health.

There is much more at stake. Our biosecurity system also safeguards:

- \$6 trillion in environmental assets;
- \$48 billion in agricultural exports;
- \$38 billion in inbound tourism; and
- 1.6 million jobs across the supply chain.

As biosecurity risks become more challenging and the landscape changes, Australia must evolve to effectively manage new threats.

Industry is one of our most important partners in this work.

Working with industry at the border is key in protecting our country from biosecurity risk.

We continue to strengthen our biosecurity systems and policies, working closely with industry.

The Australian Government recognised the importance of continuing to invest in Australia's biosecurity system with a number of funding announcements in the 2018-19 Budget. This has seen \$313 million over the next five years committed to strengthening Australia's biosecurity effort, most of which is ongoing funding that will provide a sustained boost to our capacity.

A model that we are increasingly applying across the board has been moving the biosecurity risks offshore where possible and increasing the range of biosecurity activities that can be performed by industry under an approved arrangement.

We are investing in innovative biosecurity technologies such as new X-ray and sensing technologies to improve pest detection and to support modern, seamless border clearance processes.

Industry is at the frontline of Australia's biosecurity system. To help stevedores and other sea and air port workers know what to do if they notice anything unusual, we have released a new cargo pest education video and pocket-sized pest guide.

The video and guide are designed to encourage reporting of any biosecurity risk material such as bugs, snails, birds, bees, moths, soil and plant matter. The message is simple See. Secure. Report.

You are critical to success in helping protect our country from biosecurity risks. I encourage you to view the video and download the guide at <http://www.agriculture.gov.au/import/arrival/pests>, and to share them with your colleagues.

My department's stronger measures to keep Australia free from brown marmorated stink bugs (BMSB) and the key role of industry is a good example of this.

A BMSB outbreak would be devastating for Australia. This pest would severely damage fruit and vegetable crops, making them unsaleable or reducing production yields.

Adult BMSB would also enter vehicles, homes and factories in large numbers to shelter over winter. Some people can suffer an allergic reaction from contact with BMSB.

Due to the spread of the pest across Europe and detection in goods previously considered low risk, the measures this season were

extended beyond Italy and the USA to seven other European countries, with increased surveillance of vessels from Japan.

Our success to date is largely due to our work with industry, including shippers, port authorities, customs brokers, transport logistics providers and manufacturers.

During this year's BMSB season, industry has supported our efforts by helping to identify high-risk cargo, lodging cargo reports and declarations, and conducting inspections.

I would also like to particularly acknowledge Freight & Trade Alliance (FTA) who led the advocacy calling for independent review of BMSB. Supporting this position, the Inspector General Biosecurity will be engaging with stakeholders in formulating reforms to deal with the BMSB threat whilst facilitating the movement of international freight in the years ahead.

In the 2018-19 Budget the Australian Government also announced a new Biosecurity Imports Levy on all containers and non-containerised cargo transported to Australia by sea to help fund the government's \$313 million biosecurity package. This will help provide cutting edge technologies and better biosecurity data, analytics and intelligence.

The levy is aimed at reducing the biosecurity risks created by containers and non-containerised cargo entering Australia by sea. The levy will also help to create a more effective way of doing business by expediting the process at the border.

After receiving feedback from FTA and other industry representatives, potential changes to the levy design and implementation are being explored with industry. I welcome further ideas from all industry sectors on the best approach to the sustainable and equitable support of Australia's vital biosecurity systems and our improved trade environment.

I am extremely proud of the way industry and the Australian Government are working together to help keep Australia free of biosecurity risks, and I look forward to continuing our partnership as we move into the future.

I thank FTA and the broader industry for their efforts to date. It's important we continue to work together to keep biosecurity risks out of our country.

“ I would also like to particularly acknowledge Freight & Trade Alliance (FTA) who led the advocacy calling for independent review of BMSB. ”



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A great foundation established as a new era emerges for APSA

By PAUL BLAKE, APSA Chair

Welcome to the Autumn edition of Across Borders and sadly my swansong as Chair of the Australian Peak Shippers Association (APSA) as I have decided not to seek another term.

It has been an incredible two years of growth and involvement for the APSA entity and I am sure that the good work sets a very solid base for the association to continue on its pathway to becoming the pre-eminent advocacy body for all Australian exporters and importers

In 2016, with the imminent retirement of Rob Coode, the then Committee of Management voted unanimously to implement a significant change to the way APSA had operated since its inception in the 1990's or it could run the risk of becoming irrelevant.

We recognised that a shipper voice was imperative in a fast-changing global shipping and logistics environment and the model that evolved working in partnership with Paul and Caroline Zalai and Travis Brooks-Garrett has far exceeded our expectations.

The very clear agenda for APSA in 2016 was to increase industry awareness of the APSA entity and to advocate strongly on behalf of shippers across all areas if involvement and impact.

APSA in 2019 is now known at all levels of Government and within the shipping and associated industry as a strong representative advocacy group consisting of "hands on" exporters. Under the Part X designation, APSA remains recognised in a statutory sense as the peak shipper body dealing with an extraordinary and growing list of issues that confront shippers.



Signing of the Secretariat arrangement between FTA and APSA in November 2016 – back row: Caroline Zalai, Travis Brooks-Garrett and Paul Blake front row: Paul Zalai and Robert Coode

There have been countless operational and legal issues which have engaged us over the journey of the past two years, some of these include:

- briefing counsel to better understand the powers that are vested in APSA as the Peak Shipper body under Part X of the Competition and Consumer Act;
- in conjunction with the federal regulator dealing with the consolidating liner shipping industry and to monitor the activities and behaviour of foreign owned shipping lines to ensure, where possible, that shipper interests are not negatively

impacted by using the limited powers vested in shippers under Part X;

- dealing with the flow on impacts of port privatisation and the collateral damage that has evolved around cost and efficiency management at the container terminal tenants of the ports;
- coming to grips with the changed commercial model at container ports where stevedores who historically recovered shortfalls in operating costs in commercial agreements with shipping lines, now collect them via their vehicle booking system from transport operators who subsequently pass these costs plus margins on to shippers;

- lobbying the state and federal governments to undertake reviews of the ever-increasing terminal infrastructure levy costs which has resulted in at least one State Government review and the potential for APSA to present at the federal review;
- lodging detailed submissions to national, state and port related freight strategy development where APSA has advocated strenuously for recognition of shipper needs versus those of third-party logistics providers;
- advocating for improvement in the 1-Stop interface around PRA's and pushing for all shipping lines to conform to the very basic data management protocols to protect shippers from outrageous costs at terminals;
- exploring alternative payment arrangements with stevedores and ports to reduce the exposure to margins being accessed by third party providers on charges such as infrastructure levies and other non-stevedoring charges;
- advocating with the Australian Competition and Consumer Commission (ACCC) to provide a shipper perspective on the escalating cost of exporting and putting the case for the retention and improvement of Part X to ensure that Australian shipper interests are protected;
- gaining a seat on the National Committee on Trade Facilitation to represent exporters interests;
- gaining a seat on the Board of the Global Shippers Forum;
- working with Deakin University to develop the scope for a forecasting model for specialised equipment (read 20fq) which unfortunately remains unfunded at this point but remains a very important project for the APSA team;
- hosting of the tremendously successful GSF and ICHCA International conference in May 2018 and active involvement in the Tasmanian Shippers Forum activities; and
- working with GSF and other global contacts to understand the potential impacts of the IMO LSF directive on shippers and to closely monitor the roll out from a shipping line perspective;

At the time of writing, APSA was also seeking to obtain the primary designation as the Peak Body representing Australian Importers which creates a significant opportunity for exporters and importers to unite around common interests

It has been a very interesting and personally satisfying time as the Chair of APSA and I thank the Freight & Trade Alliance (FTA) team and the APSA members for their support and

involvement and wish the enterprise well.

In closing, I would like to also thank fellow committee members who are stepping down, being Michael Lamperd (Bega Cheese / Tatura Milk Industries), Dominic Dillon (Cargill Australia) and Caylene Carmody (Barrett Burston Malting) and wish Sean Richards and the new committee every success in the years ahead.

NEW BOARD ELECTED FOR THE AUSTRALIAN PEAK SHIPPERS ASSOCIATION

Sean Richards – Executive General Manager, Visy Logistics, was elected as the new APSA Chair at the association's Annual General Meeting (AGM) on 26 February 2019 and will lead the new committee as listed below (pictured L to R)

- Flaminio Dondina - General Manager, Procurement/ Distribution - Casella Family Brands
- Kurt Wilkinson – Commercial Manager- Fletcher International Exports / Australian Meat Industry Council
- David Werner - Trade Execution Manager, Cargill Australia
- Patrick Hutchison – CEO, Australian Meat Industry Council
- Eimear McDonagh – Director, Australian Cotton Shippers Association
- Andrew Wilson - Director, Australian International Movers Association



Sean Richards, Executive General Manager, Visy Logistics

- Peter Morgan – CEO, Australian Wool Processors and Exporters
- Olga Harriton- Vice-Chair - Global Logistics Manager- Manildra Group
- Travis Brooks-Garrett – Secretariat APSA



Interview

Federal Opposition leader, the Hon. Bill Shorten MP

Following a site visit to Australian Peak Shipper Association (APSA) member Manildra Group, Paul Zalai, Director FTA, had the privilege to speak to the Federal Opposition leader, the Hon. Bill Shorten MP



Photograph by Andrew Meares Andrew.Meares@aph.gov.au

1. PAUL ZALAI - What will Australian trade policy look like under a Labor Government?

Labor supports trade. We know that it opens up opportunities for our economy and we want to help businesses access the global marketplace that trade provides. Australia is a trading nation with one in five Australian jobs are currently linked to trade. The more we export the more jobs we create, and better paying jobs. But we want to see improvements in the way Australia negotiates free trade agreements, more independent scrutiny and ensuring Australian workers get a fair go.

Labor wants better quality (free trade) agreements. As a start, we won't sign agreements that include labour market

testing waivers or in investor state dispute settlement provisions.

We will also:

- conduct an independent economic analysis of each new free trade agreement before it is signed;
- independently review free trade agreements 10 years after they are signed to see what the impact of them has been, where they have worked and where they have not - good companies do this, it is the best way to learn and improve - governments should do the same thing; and
- increase the role of business, unions and civil society in trade negotiations for all future bilateral free trade agreements to make sure we get the right outcomes

- one model we will closely examine is an Accredited Advisor program, enabling advice on each round of negotiations.

We will also provide public updates on each round of negotiations and release draft texts during negotiations where this is feasible.

Critically, we will task a team in DFAT to remove labour market testing waivers and investor state dispute settlement provisions from existing trade agreements.

2. PAUL ZALAI - Given that many Australian businesses are calling for coastal shipping reform, is that an area that Labor is willing to revisit?

Shipping is a smart industry for Australia, it's economically efficient in terms of fuel, in terms of climate change, in terms of congestion. I've consistently said that I think we need to address the decline of Australian-flagged vessels. Over the past 30 years the number of Australian flagged vessel operating internationally has fallen from 100 to 13. There's a significant loss in jobs and skills that comes with this decline. That's why in late 2018, Labor successfully moved to establish a Senate inquiry into Australian shipping to look at the ongoing decline of Australia's maritime industry.

In mid-2012, the then Labor Government announced a reform package to revive and revitalise shipping, including tax concessions and training assistance. This package followed extensive consultation with industry and unions.

Unfortunately, this work was abandoned by the Liberals in 2013, pushing changes that would have decimated the domestic shipping industry by enabling foreign vessels paying crews third world wages to

compete with Australian vessels paying their crews Australian-level wages.

The Senate rightly rejected this legislation, but since then, the Government has allowed the industry to simply drift. We're an island nation, it's only common sense to maintain a vibrant maritime industry. We rely on shipping for over 95 per cent of imports and exports.

3. PAUL ZALAI – Do you see that the Department of Agriculture and Water Resources are sufficiently resourced to protect and Australia's Biosecurity concerns and what are your views on the proposed Biosecurity Import Levy?

Australia's natural environment is incredibly precious and the Australian Government's most critical responsibility in agriculture is maintaining and enforcing strong biosecurity controls.

Responsibility for biosecurity is shared between the Commonwealth and the states. In government, Labor created a new Biosecurity Act and developed a historic intergovernmental agreement with the states and territories to coordinate a national approach.

Labor wants to ensure biosecurity is a high priority and we want to make sure it is properly resourced. Recent outbreaks of White Spot Disease in our prawn sector and Fruit Fly in our horticulture sector are critical reminders of the need to have the very best harmonised biosecurity framework. There have been significant biosecurity lapses during this term of government.

The Government's planned biosecurity levy is yet to be introduced into the Parliament even though it's due to commence on July 1. We'll look at the details and provide more information when the legislation is actually introduced.

4. PAUL ZALAI – Would a Labor government support the concept and expansion of the Australian Trusted Trader program?

Reducing red tape and making it easier for Australian businesses to trade overseas is important to our economy, and we support the Trusted Trader program. But we'll also listen to businesses and the industry about increasing uptake and making the program as effective as possible.

5. PAUL ZALAI – What is your policy on anti-dumping and what measures could we see under a Labour government

Labor has announced a comprehensive package to strengthen anti-dumping provisions. These include:

- tripling penalties for circumventing trade remedies;
- better resourcing the Anti-Dumping Commission by increasing funding by \$3.5 million a year, which will increase staff numbers at the Commission by around 30;
- transferring responsibilities for safeguard measures from the Productivity Commission to the Anti-Dumping Commission;
- introducing a mechanism that will allow businesses in anti-dumping investigations to nominate the form of duty that should be applied, this will form part of the recommendation to the Minister by the Anti-Dumping Commissioner;
- restricting the time available for cited dumpers to request a review of ADC decisions to prevent them gaming the system to their own advantage; and
- amending the Census and Statistics Act to improve access to trade and import data held by the Australian Bureau of Statistics.

6. PAUL ZALAI - Is there any validity to concerns that waterfront unions may flex their muscle under a Labour government threatening business continuity.

Labor wants to see a labour market that provides secure jobs and decent pay, now and for the future. We know that collaborative and cooperative workplaces are more productive and that is what Labor wants from the industrial relations system. Labor is talking to employers and unions about problems in the current enterprise bargaining system. We want to make sure that good employers are not undercut by employers who cut wages to increase profit.

We know that the current multi-employer low-paid bargaining stream has not worked. Workers need and deserve a seat at the bargaining table, but too many are not afforded that right. Too many workers, often low paid with

insufficient industrial strength, are missing out. We will look at how we improve the existing multi-employer bargaining provisions, particularly for those workers, so it is an effective pathway for fair outcomes.

Most of the best performing economies in the world have a mix of some form of multi-employer or sector bargaining with local and enterprise agreements.

“ Labor wants to ensure biosecurity is a high priority and we want to make sure it is properly resourced. ”



Containerchain's LIVE Solution Eliminates the 'Blame Game'

LIVE, the end-to-end track and trace solution from Containerchain, connects cargo owners with those in the logistics supply chain responsible for moving their goods from point to point. Real-time information exchange improves visibility and highlights potential problems before they occur - enabling more proactive and efficient operations.

The movement of cargo from manufacturer to store shelf is one of the single biggest contributors to global economic health and cross-border cooperation, sustaining a massive supply chain ecosystem of liner companies, transporters, freight forwarders, customs clearance agencies, depots, warehouses, and other handling facilities. With so many connection points, the complexity of managing containerised cargo movement across that network is high. So too is the potential for inefficiency and conflict.

Eliminating aggravations in the system, while promoting more productivity and profitability for all players, is the goal of Containerchain's LIVE solution, an end-to-end track and trace product suite that puts control back in the hands of cargo owners.

Containerchain's Chief Operating Officer, Chris Collins, says that the development of LIVE has evolved as a result of its unique position working across the entire container logistics network.

"Road transporters and depot operators have had a long working relationship with us in Australia, but perhaps what's less well known is our increasing involvement with the liner and cargo owner communities to meet the specific pain

points and difficulties they experience. Key amongst those is lack of visibility in landside container flows and the corresponding 'black hole' of information it leaves in its wake. And so LIVE was born.

"By connecting the container supply chain network in real-time, problems - like detention and demurrage, for example - can be identified and resolved before they arise, and the entire cargo flow managed with more precision," Collins said.

A full-featured productivity solution, the LIVE solution comprises three core products, each designed to add extra layers of value and visibility across the supply chain. The first, LIVE Access is a web-based tool that allows shippers and transporters to book and manage transport orders directly, view real-time progress of those orders, free up administration resource and customer support time, and proactively manage issues before they occur.

The second, LIVE Tracker, is a mobile application that allows shippers to track the status and movement of their containers anywhere at any time. Increased visibility,

improved accuracy of information, and automated communications eliminate some of the historical causes of inefficiency in the system, minimising the number and frequency of costly 'blame game' conflicts between parties.

Finally, LIVE Connect's integration layer seamlessly synchronises all the data produced by the LIVE solution with the existing workflow systems used by shippers, transporters, and cargo owners. Together, the three modules provide a powerful real-time, on-the-go system for unlocking more value and efficiency from the movement of containerised cargo from point to point.

For more information on Containerchain solutions visit www.containerchain.com



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Global logistics software group, WiseTech Global, acquires leading container solutions provider, Containerchain

Global logistics solutions group, WiseTech Global, on 26 February 2019 announced the acquisition of Containerchain, a leading container optimisation solutions provider to the container shipping and landside container logistics communities in Asia Pacific, Europe and the United States.

Headquartered in Singapore, Containerchain is a market leader for containerised solutions in Australia, New Zealand and Singapore with more recent expansion to Malaysia, Germany, Netherlands, Belgium, France, and the United States. Containerchain's solutions provide realtime tracking, automation, connectivity, operational planning and container visibility across the supply chain; currently covering more than 5 million import and export container movement notifications annually.

Containerchain serves the container community of empty container depots, road transporters, container terminals, warehouses, shipping lines and cargo owners. Its customers include Qube Holdings, CMA CGM, ACFS Port Logistics, Arrow Transport and Logistics, Chalmers, DP World Logistics Australia, Kuehne + Nagel, Cogent Holdings, CWT, Eng Kong, ITS ConGlobal, ANL Container Line, Port of Tauranga, Pinnacle Corporation, CDAS (Container Depot Association of Singapore) and many other logistics providers and organisations.

WiseTech Global Founder and CEO, Richard White, said "Containerchain is a valuable connector technology, digitising and optimising container depot operations and gate slot-bookings, adding adjacent technology to our portfolio of CargoWise One 2PL and 3PL execution capabilities and further facilitating our new platform in development, CargoWise Nexus. We see great strategic value in the team's container management technology and expertise, connectivity across landside communities and significant market penetration in Australia, New Zealand and Singapore. Importantly this acquisition further expands our offering and ability to reach new customer segments.

"Bringing Containerchain into the

WiseTech group now, with our powerful innovation capacity across our 20 development centres worldwide and our significant operational capacity to support commercial engagement for their new entry markets, presents an incredible opportunity for efficient future growth – benefiting container communities and the 12,000 organisations using WiseTech logistics solutions across the world.

"This transaction is an additional component in our global container automation and domestic landside technology developments. We currently track more than 12 million international ocean containers annually through all major milestones, including container depots and ports for logistics organisations. Now, with Containerchain, we will be able to provide additional visibility, notifications and decision-making capability domestically on both ends of the container chain. Increasingly, we are expanding into capabilities that will connect and enable logistics providers and carrier with Beneficial Cargo Owners (BCO's) such as shippers, importers, exporters and other logistics users."

Containerchain Founder, Tony Paldano, said, "This is a big step forward, with customers getting access to full information management of their shipments, clean and complete data for improved decision-making, and significant productivity improvements for all stakeholders as a result. Containerchain remain committed to our customers internationally, who we know will benefit from our access to WiseTech's significant R&D capabilities and global customer network."

Containerchain Managing Director, Chris Collins, said, "For some time, the containerised supply chain has been seeking integrated platform



connectivity to further improve efficiencies and shipper visibility. The combination of Containerchain's landside container management ecosystem and WiseTech's global CargoWise One execution platform will allow us to enhance this connectivity and ultimately deliver true door-to-door shipper visibility and optimisation."

WiseTech Global is acquiring Containerchain from founder Tony Paldano and funds managed by CHAMP Private Equity. Containerchain will remain under the joint leadership of Managing Director, Chris Collins, and Founder, Tony Paldano, and will continue to deliver innovative containerised solutions to their customers worldwide. Containerchain will also have opportunities to grow more rapidly outside of ANZ and Singapore arising from many of the 12,000 organisations globally who utilise WiseTech's integrated supply chain execution solutions, along with WiseTech's adjacent technology providers and new geographic regions within the global group.

WiseTech Global Founder & CEO, Richard White, said "Our CargoWise engines, services and systems are designed with a global schema, utilising workflows, automations, trigger events, exception-led transactions, robotics and guided

decision-making tools to deliver essential platforms and applications. Ultimately, they will create value through electronic integration, cost reduction, digitisation and deep automation capabilities, conserving resources, reducing errors and connecting shippers, carriers, logistics providers and governments live across the supply chains."

Across 130 countries, CargoWise One enables logistics service providers to execute highly complex transactions in areas such as freight forwarding, customs clearance, warehousing, shipping, tracking, land transport, e-commerce, and cross-

border compliance and to manage their operations on one database across multiple users, functions, countries, languages and currencies.

This transaction follows WiseTech's other recent logistics solutions acquisitions in Argentina, Australasia, Belgium, Brazil, Canada, France, Germany, Ireland, Italy, the Netherlands, North America, Norway, Spain, Sweden, Taiwan, Turkey, the UK and Uruguay, and is in line with WiseTech Global's clearly stated strategy of accelerating long-term organic growth through targeted, valuable acquisitions.



Chris Collins (Containerchain) and Richard White (WiseTech Global) announcing the acquisition at the Australian Peak Shippers Association (APSA) AGM and executive forum, Port of Melbourne, 26 February 2019

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Empty Container Management Challenges

By NEIL CHAMBERS, Director, Container Transport Alliance Australia (CTAA)

Dealing effectively with empty containers is a critical component of all container logistics chains through Australia's container ports. Unfortunately though, importers and exporters, and their landside transport logistics providers, now face many more challenges in managing the empty container task, leading to delays, additional handling and rising costs.

Empty Container Park Gate Capacity and Opening Times

While the situation differs in each port, the ability of Empty Container Parks (ECPs) to handle sufficient volumes of truck traffic through their gates can be constrained, especially during peak day shift hours.

Thankfully, in general, ECP operating hours have increased when compared to a decade ago, with some stand-out examples such as ACFS e-Depots operating 24/5 Monday to Friday, and varying operating hours on a Saturday depending on the port.

Unfortunately however, there are some ECPs which have reduced their operating hours due to declining volumes, reverting to day shift only operations Monday to Friday to reduce their own operating costs, or have shut their doors.

Capacity constraints are being felt most in Sydney with recent ECP closures and lethargic truck processing times in some depots, leading to excessive truck queuing delays.

In some cases, the gate capacity of the ECP is not sufficient to handle the volume of containers being directed to the facilities by shipping lines.

Shipping lines aren't concerned about potential transport delays in their commercial decisions to direct empty containers to one ECP over another, or to demand that the container be de-hired direct to the wharf for repatriation interstate or overseas.

Rather, shipping lines take account of competitive costs and optimal empty

positioning to suit their own needs.

Truck queuing at ECPs can be made worse when trucks arrive without a valid notification or arrive well outside of their notification window.

It's understandable that transport operators want to deal with the empty de-hire as soon as practical once picked up from the customer, without the need for added handling and delays. However, due to current ECP capacities, it's less likely that a suitable truck notification slot will be available immediately to suit the transport operator's needs, especially during day shift.

Empty Container Staging a Significant Cost Multiplier

ECP gate capacity constraints, the mismatch of operating hours, and other scheduling factors, mean that container transport operators are having to stage more and more empty containers through their transport yards, incurring significant additional handling and administrative costs.

It is a conservative estimate that the additional costs borne by transport operators are between \$90 to \$200 per container depending on the level of delay and additional handling.

It is not unrealistic in these circumstances for container transport operators to seek to recover additional empty container handling costs from their customers. The unfortunate consequence though is added costs in container import and export logistics chains.



Empty Container Redirections – Lack of Electronic Data

A significant contributor to the higher costs of empty container management, particularly in Sydney, are the number of empty container “re-directions” ordered by the shipping lines and ECPs with little notice.

Port Botany is Australia’s empty container “Re-Direction Capital”, with between 30 to 50 re-direction notices current every day, equating to hundreds of re-directions per month. By contrast, this is more than double the number of re-directions in Melbourne.

These re-directions are occurring to solely suit the shipping lines who want the empty containers sent to a specific location for their next use, including to meet regional rail export empty demands or for empty repatriation, rather than the shipping line being responsible for the costs of repositioning the empty at a later date.

That’s all well and good, but the lack of sufficient notice penalises others in the container logistics chain through higher import empty container handling and transport costs.

To make matters worse, the lack of sufficient operational notice of the re-directions means that trucks with a valid ECP arrival notification, based on the original de-hire location specified by the shipping line, are being turned away because a re-direction has been put in place last minute.

This results in futile truck trips, added truck kilometres travelled, more “one-way” under-utilisation of trucks, the need to constantly rearrange empty containers stacked in transport yards, and de-hire time delays.

The lack of sufficient notice of re-directions, and the practice of not honouring original legitimate truck bookings at ECPs, is unacceptable to container transport operators.

CTAA has called on all shipping lines and their ECP providers to give at least 24 hours’ notice of any empty container re-directions, as well as a clear end-date for the re-direction.

Also, several larger shipping lines are notorious for not providing their ECP providers and the wider landside logistics chain with electronic data on empty container de-hire destinations.

Among other concerns, this has held back the landside logistics sector from truly implementing “paperless” truck processing, and improving truck turnaround times at ECPs.

In the frequent circumstances where shipping lines have not provided the electronic data, fleet allocators must process container de-hire information manually, truck drivers must be supplied with paper or electronic versions of the DO, and ECP gate staff must process trucks and drivers manually. All of these issues lead to delays and added costs.

In the 21st Century, it is unacceptable that the container logistics chain is “held back” because of this lack of information visibility. Foreign shipping lines should be compelled by government regulation to provide this simple electronic information 100% of the time if they want to service container trades to and from Australia.

Container Transport Alliance Australia (CTAA), in concert with peak bodies such as FTA and APSA, continues to seek improvements in these empty container management issues.

We are encouraging governments, port operators, technology providers, and industry participants to take more focussed, collective actions to address these concerns, so that we can improve the productivity and efficiency of Australia’s empty container management practices.





Australian first to reduce emissions

In an Australian first NSW Ports has launched an environmental shipping incentive that rewards vessels with better environmental practices.

Shipping is the most efficient mode of transportation of goods. It produces fewer CO2 emissions per tonne transported than other modes of transport. While shipping is a global industry that is internationally regulated, ports have a clear role to play in promoting continual improvement in environmental performance.

NSW Ports has become the first port in Australia to introduce an Environmental Ship Incentive which rewards vessels which meet lower emission standards under the Environmental Ship Index program. This is part of a global initiative known as the World Port Sustainability Program.

“The incentive provides an excellent opportunity to encourage clean and climate friendly shipping. Collectively our industry has the potential to make significant gains on important sustainability goals such as protection of air quality and mitigation of climate change. We are committed to improving environmental outcomes at our ports. The scheme applies to vessel related charges at Port Botany and Port Kembla from 1 January 2019. In this way we reward customers and port users that share our commitment to environmental

improvement” said Marika Calfas, CEO NSW Ports.

Already over 100 vessels have signed up in Q1 2019 to receive financial reimbursement based on their environmental performance. This demonstrates how both the port and the shipping industry are voluntarily taking steps to improve environmental outcomes. And rightly so.

“Even though NSW Ports does not receive vessel related fees from container ships, we believe that it is essential to encourage all vessels using our ports to strive for environmental improvements. So we extended the scheme to include container vessels:” said Calfas.

NSW Ports are also using vessel and environmental data gained from the scheme to understand the benefit of the initiative.

The NSW Ports Shipping Incentive: snapshot

- An Australian first
- Applies from 1 Jan 2019
- Vessels must call at Port Kembla or Port Botany
- Includes container vessels
- Based on International Maritime Organisation index scores

Less emissions on the road

NSW Ports has also recently announced an investment of \$120M to double rail capacity at Port Botany. This is stage one of a three part rail capacity and infrastructure uplift at Port Botany, designed to move more containers onto rail.

“Increasing rail capacity at the port means a faster, cheaper, more sustainable way for exporters and importers to get their product to market.” Ms Calfas said

Stage one will focus on improvements at the Patrick Terminal and will be accompanied by investment by Patrick in rail operating equipment. Each stevedore will benefit from a similar investment and capacity lift. This will occur in line with their pipeline of investment in rail operating equipment to complement the rail infrastructure capabilities.

This is another initiative that will improve supply chain environmental performance. Stage one alone will save over 2 million litres of diesel per year, this is the equivalent to a net reduction in CO2 emissions of more than 5,400 tonnes a year.





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Competition policy and its institutions

By DOMINIC L'HUILLIER Director, Economic and Financial FTI Consulting (Australia)

Competition policy is a term often used these days but not a lot is said about what it actually is, where it comes from and how it is administered. This short article briefly explores competition policy in the Australian context, the institutions that administer it and asks, given recent decisions, is it time to revisit what impact their decisions are having on business and investment.

Competition and Competition Policy

What is competition and competition policy? Competition is a dynamic process that centres on the active efforts of firms to keep ahead and seek profits by reducing costs, developing new products

and enhancing the quality of the goods and services that their customers desire and demand. It is a process that forces businesses to offer “more for less” by improving quality and/or lowering prices.

So why do Governments promote the merits of competition? Because

competition improves the efficiency with which resources are used. This is crucial because improvements in efficiency and productivity are the key to not only increasing a business’s viability but also increasing the welfare of society, that is, our living standards.

Table 1: Australian Competition Policy Institutions

Institution	Role
Commonwealth	
CoAG (Council of Australian Governments)	Develops and implements policy and reforms of national significance requiring State & Territory cooperation. Supported by inter-jurisdictional, ministerial-level councils covering a sector or industry, for example, the Transport & Infrastructure Council.
National Competition Council (NCC)	Recommends to the Commonwealth Treasurer what nationally significant infrastructure services are to be covered for regulation (i.e. declared), certifies access regimes and advises on competition issues.
Australian Competition & Consumer Commission (ACCC)	An independent statutory authority who administers the Competition and Consumer Act 2010 (C & C act), regulates access to nationally significant infrastructure under Part IIIA of the C & C act, investigates anti-competitive conduct, assesses mergers and takes enforcement action on competition issues.
Federal Court	Australia’s competition law is enforced through proceedings in the Federal Court of Australia. Proceedings may be brought by the Australian Competition and Consumer Commission (ACCC) or by a person harmed by contraventions of the law.
Australian Competition Tribunal (ACT)	Reviews the decisions of Ministers and the ACCC under the Competition and Consumer Act 2010 and the national electricity and gas law and AER. ¹
State & Territory	
State based regulators: QCA (Qld), IPART (NSW) ESC (Vic), ESCOSA (SA) ERA (WA), ICRC (Act) OTER (Tas) NTUC (NT)	Carry out functions under state legislation Administer state-based access regimes Undertake prices oversight and price monitoring of regulated state infrastructure Recommend what is to be regulated at a state level Recommend what is to be regulated at a state level Sets regulated prices for state services declared for regulation Sets regulated prices for state services declared for regulation Sets regulated prices for state services declared for regulation Resolves access and pricing disputes

¹In relation to energy (gas and electricity) the institutions are a little more specific, for example the Ministerial Council on Energy and the Australian Energy Market Commission (AEMC) make the rules governing the energy markets; the Australian Energy Market Operator (AEMO) operates the national energy market through planning, forecasting and power systems information; and the Australian Energy Regulator (AER) regulates the energy market for example transmission and distribution pricing. Some State governments also regulate retail electricity where they have residual responsibilities.

²Part IIIA of the Competition & Consumer Act 2010 which facilitates access to monopoly assets needed by the business to compete in a market (for example, a rail business requiring access to rail track to compete in the haulage market or in the case of shipping, access to a channel to reach the port).



Competition policy is a set of policies and laws that protects, enhances and extends competition.

The origins of competition policy in Australia derive from the 1993 National Competition Policy Report known as the Hilmer Report named after its chair Fred Hilmer and initiated by the Keating Government in 1993.

The Hilmer Report stated “competition offers the promise of lower prices and improved choice for consumers and greater efficiency, higher economic growth and increased employment opportunities for the economy as a whole”. Hilmer also recognised competition policy is not about the pursuing competition for competition’s sake. Rather, an effective competition policy seeks to facilitate effective competition while at the same time accommodate situations where competition may not be suited or conflicts with social objectives. As I have often said, any reform must be case by case, guided by the context and not some textbook ideology.

Competition Policy Institutions

At the Commonwealth level, competition policy is implemented through the Australian Competition and Consumer Commission (ACCC), the National Competition Council (NCC), the Australian Competition Tribunal (the Tribunal) and the Federal Court of Australia.

At the State level, state-based regulators implement state-based legislation covering competition policy including determining prices for services declared by government to be regulated such as certain port, rail, energy and water services.

Given the Australian Constitution sets out the respective responsibilities of the Commonwealth versus States, some matters require coordinated action by all Australian governments, which is what CoAG (the Council of Australian Government) aims to achieve. Table 1 summarises the competition policy institutions.

Multiple regulators and institutions

The 2015 Commonwealth Harper competition review highlighted that when state access and pricing regulators are added in with the national regulators, Australia has 11 separate competition-related regulators. In the case of water, Australia’s seven water regulators serve a population of 23 million while, by comparison, the UK’s single water regulator (Ofwat) serves more than 60 million people. In the case of rail, some Australian rail businesses operate their above rail operations under six different access regimes with multiple access providers and multiple access regulators.

Perhaps it is time to review the number of regulators and look at the merits of having a single national industry regulator where that makes sense, for example in road pricing, water and rail.

The existence of numerous institutions and various processes including the time it takes for competition regulators to make decisions also raises concerns about the impact these decisions have on the stability of the business environment and on the incentives to invest.

For example, reviews and appeals of decisions made under Part IIIA have taken years in the case of the Pilbara rail cases. A more recent example is the port of Newcastle, which operates the world’s largest coal export facility (see box 1).²

The recent preliminary decision by the NCC (albeit advisory as the Treasurer has the final say) to remove declaration (therefore regulation of the channel) at the Port of Newcastle raises major questions about the effectiveness of the Part IIIA and its competition institutions. One lot of institutions say it should be regulated and the other lot say it shouldn’t. It is unclear whether these institutions are achieving their mandate, let alone providing consistency and certainty in their decision making.

Perhaps it’s time to review the workings of our competition policy institutions and ask, what impact are these multiple layers and processes having on business and how can their decision making processes be improved.



About the Author: Dominic L’Huillier is an independent economist with over 20 years’ experience working at senior levels in the Commonwealth and State Governments including as Director of Transport and Prices oversight at the ACCC and as Director of Transport and Industry Sectors at the Essential Services Commission of Victoria. Dominic is currently a Director of Economic & Financial Consulting at FTI Consulting — a global business advisory firm that helps clients understand today’s economic, financial and regulatory opportunities and challenges by providing evidence-based insight and analysis on a range of business and public policy issues. Contact: Dominic.L’Huillier@fticonsulting.com or 0418 495 168

Port of Newcastle

May 2014 - Port of Newcastle privatised. New owner is Port Newcastle Operations (PNO).

January 2015 - PNO increase channel charge for ships entering port by around 40% allegedly without any change in the quality of the service provided.

May 2015 – Glencore (a port user who exports coal through the port) seeks declaration of the shipping channel from the NCC to regulate channel pricing.

Nov 2015 - NCC recommends no declaration, Treasurer accepts. Port remains unregulated.

June 2016 - Australian Competition Tribunal overturns NCC view. The port is now declared which means the ACCC can resolve disputes, arbitrate and determine pricing.

November 2016 - Glencore notifies pricing dispute to ACCC regarding pricing at the port.

Aug 2017 – Federal Court dismisses PNOs application for judicial review of ACT decision.

November 2017 - the criteria for declaration is changed.

March 2018 – High Court dismisses PNO’s application to appeal declaration decision.

July 2018 - NCCC receives application from PNO to revoke declaration of the port.

September 2018 – ACCC released final determination in relation to the arbitration/ dispute notified by Glencore.

October 2018 – Glencore and PNO lodged application to the Australian Competition Tribunal to review the ACCC determination

19 December 2018 - NCC release preliminary view that declaration (regulation of the channel) should be revoked. Submissions due 4 February, 2019.





Australian ports infrastructure not keeping up with global trends

By CRAIG CARMODY, Chief Executive Officer, Port of Newcastle

We are an island nation heavily dependent on trade.

Australia's position as one of the top 25 trading countries in the world means international trade drives the ability to maintain and improve the Australian lifestyle.

We need to ensure that we have the right investment strategy in place to competitively position Australia in global trade into the future. If we don't get the public policy settings right, we won't be able to attract the right mix of public and private investment.

On a recent trip to Asia I was reminded again that Australia is missing out because our port infrastructure is not keeping up with global trends.

A report from Deutsche Bank in 2018 found that "containerships larger than 15,000 teu make up just 10% of global capacity, but account for 45% of newbuild capacity". Ports

overseas are investing billions of dollars in response.

The future of global trade is in the larger, more efficient and environmentally friendly Ultra Large Container Vessels. What we need is the port infrastructure necessary to enjoy the greater efficiencies, lower costs and reduced carbon footprint that come with those vessels.

A report by HoustonKemp Economists, commissioned by Port of Newcastle and released in January, looks at global shipping trends stemming from competitive pressures on shipping lines to lower costs. The report confirms what the global market is telling us: the world's container ships and container terminals are getting bigger, while Australia's infrastructure languishes in a former era.

Suggestions by a senior ports figure recently that these ships are some decades away ignore the fact ships of more than 10,000 TEU are already calling at Port of Tauranga in New

Zealand. They don't visit Australia because there are no ports that can accommodate them. The future is a lot closer when these size vessels actually have a port that could handle them.

The best infrastructure projects in Australia's history have been the ones undertaken in preparation for future needs – the Snow Hydro and the Harbour Bridge being two iconic examples. The projects that end up costing the taxpayers a fortune and never seem to get it completely right are those built after the need has become critical.

The global trends in container trade and shipping are clear. Not keeping up will come at a financial and environmental cost to Australia.

Craig Carmody is CEO of Port of Newcastle and formerly worked in shipping policy and strategy roles for the Maersk Group and the Australian Government.



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Shippers, don't take service levels for granted

By Dale Crisp*

Container lines in Australia's largest liner trade, from and to North & East Asia, doubled the number of cancelled voyages during the 2019 Chinese New Year – a likely omen of reduced capacity during the coming low season.

Lunar New Year traditionally heralds a reduction in Asian-originated shipping services worldwide, reflecting a considerable fall-off in demand for shipping capacity as Chinese factories close down and workers return to their homes and families for celebrations. The quantum and speed of demand recovery post-CNY often sets the tone for container lines' fortunes right through until peak season. In Australia's case this usually begins in late July as retailers stock up for the festive season.

In 2018 lines blanked only a handful of sailings during CNY but this year almost all carriers/consortiums in the North & East Asia/East Asia-Australia (and NZ) trades each cancelled two round voyages. And due to changes in the supply side over the last 12 months Australian exporters, importers, freight forwarders and supply chain managers should expect an increasing number of sailings to be cancelled over the next six months.

At the time of writing the CNY blankings were still working through, and carriers had not disclosed forward plans. But the likely cut-backs are an inevitable consequence of a substantial August 2018 increase in supply, which saw the introduction of the HMM-led A1X service (a nominal extra 4,500 TEU per week) and the sharp upsize of tonnage in the ANL/Cosco/OOCL A3 Central Express service, where five vessels of 5,700 TEU were replaced by six of up to 8,500 TEU, the largest in regular operation to Australia.

Hyundai's establishment of a stand-alone service, supported by Taiwan's Evergreen

and CMA CGM Group member APL, can be viewed as a South Korean push to re-establish a major presence on a route serving one of Australia's major trade partners. Korean participation had been severely affected by the August 2016 collapse of Hanjin and manoeuvring by other carriers that saw Hyundai reduced to slot-charterer status. Nevertheless, it is arguable the service was unnecessary in total trade terms.

A3C's upgrade may also be seen as superfluous, although it is known to have been scheduled some considerable time ahead of implementation. Doubtless it was in part informed by sustained southbound demand throughout 2017-18 and the complementary demand pressures of Australia's record grain exports flowing from the 2016-17 season. However, as is now widely known, drought has seen the almost total collapse of Eastern States grain exports and the northbound situation has been exacerbated by China's restraints

on a wide range of waste imports.

The second inevitable impact of the 2018 injection of capacity was a collapse in freight rates, and while this has an obvious up-front benefit for shippers, carriers respond in the only way they know how, and that's to manage supply to try and drive a return to profitability.

The situation carriers find themselves in is amply illustrated by two key indices, the China Containerised Freight Index (CCFI) and the Shanghai Containerised Freight Index (SCFI), both published by the Shanghai Shipping Exchange.

The CCFI reflects *average indexed freight rates* (all-inclusive spot and long-term rates, excluding THCs) of 15 different carriers for shipments from Dalian, Fuzhou, Guangzhou, Nanjing, Ningbo, Qingdao, Shanghai, Shenzhen, Tianjin and Xiamen. The overall index (01/01/1998 = 1,000) is based on both spot and long-term rates.



The A3 consortium has introduced the largest container ships in regular Australian trade

The December 2018 CCFI for the China-Australia/NZ route stood at 787.54, down from 824.69 in November, and 13.3% below December 2017's 908.40. At the end of January 2019 the CCFI had again eroded, to 766.94.

The SCFI reflects average USD spot rates (all inclusive, but excluding THC) of 15 different carriers for shipments from Shanghai, to base ports in the area of destination. The overall index (16/10/2009 = 1,000), is based on spot rates only, and shows a much more alarming (for carriers) decline.

On the Shanghai-Melbourne route the December 2018 SCFI fell to US\$587.00/TEU, compared to 676.80 in November. However, the comparison with December 2017 is stark: a 50.4% fall from 1,184.20. By the end of January 2019 the index had fallen further, to 532.

While late-2017 rates were buoyed by the very strong southbound volumes that saw carriers extract maximum returns as bookings exceeded capacity and cargo was rolled, the 2018 peak failed to meet price hopes – hopes that may well have been unrealistic in the context of the additional supply of slots.

In the early years of this decade, carriers in the N&EA/EA-Australia trades, mostly under the auspices of the Hong Kong-based Asia Australia Discussion Agreement, organised variations of a slack-season capacity management program that saw co-ordinated withdrawal of tonnage – that, in one notable year of chronic over-capacity, ran from end-November to mid-August.

But now there is no AADA, nor any equivalent northbound discussion agreement (covered by Part X of the Competition and Consumer Act 2010), and so no officially-sanctioned forum to establish, maintain and monitor a capacity management programme. At time of writing, carriers have made no announcements about any such plans.

Nevertheless, unless there is an unexpected, unseasonal re-ignition of the (mostly retail-driven) southbound volumes – especially unlikely in a federal election year – and a completely unimagined boost in exports, shippers might expect the increased CNY blankings to set a pattern that's likely to roll on until at least late July.

Are carriers complying with minimum notification requirements?

In this period of uncertainty for shippers, the Australian Peak Shippers Association Secretariat has ramped up efforts to hold shipping lines accountable to minimum

During slack season capacity management rival container lines share ships and slots

notification periods and most major liner services appear to be obliging.

Section 10.41(2) of Part X mandates that shipping lines who are party to registered conference agreements must provide the designated shipper body – APSA - with “at least 30 days’ notice of any change in negotiable shipping arrangements”. “Negotiable shipping arrangements” is defined in section 10.41 (3) (a) to include “freight rates, charges for inter-terminal transport services, frequency of sailings and ports of call”.

This section of Australian law is similar but different to regulation in the U.S. under the Federal Maritime Commission where the Commissioner requires that increases in rates, charges or surcharges (including new rates, charges or surcharges, as in the case of Low Sulphur Surcharges) must be published in a common carrier's tariff at least 30 days in advance of its effective date.

APSA's Travis Brooks-Garrett notes that while a small number of shipping lines were pushing back on minimum notification periods based on “cynical and narrow interpretations of the Act” most understood the crucial importance of service frequency for Australian shippers - especially when more than 90% of the nation's trade by volume is carried via seafreight.

“Exporters are most affected by cancelled sailings and at the very least should be given enough time to make alternative arrangements. A minimum notification period of thirty days is reasonable for most services, particularly those with long round voyages,” Mr Brooks-Garrett said.

He fears that “the proliferation of new surcharges and now the threat of blank sailings rolling from Chinese New Year into the slack period” will harm an export community already suffering from drought.

“That's why having dependability in our ocean freight services is so important to our exporters. If there is to be a capacity reduction programme, coordinated

between shipping lines, then it should occur in a way that is open, transparent and negotiated with shippers under the umbrella of Part X of the Act. Any organised capacity reduction programme outside of this would be a big concern to shippers and should pique the interests of the competition regulators.”

As ever, shippers and shipping lines will be keeping a watchful eye, and both will be hoping for a turnaround in volumes.

**Shipping writer Dale Crisp also provides FTA/APSA with communications and content advice.*



Urban Encroachment and the need to protect our critical infrastructure

By EMMANUEL PAPAGIANNAKIS, Victoria International Container Terminal

Since the 1850s Port Melbourne has been a thriving transport hub. This tradition continues today with its three international container terminals positioned around the Port of Melbourne. However, as the city sprawl continues at a rapid pace, land becomes increasingly valuable for development. This is often at the expense of protecting traffic corridors and designated land used to facilitate the movement of goods around Australia, as well as for the future expansion of our container terminals.

Urban encroachment is a direct result of population growth rates. Last year, the Australian Bureau of Statistics recorded Victoria as having the highest growth rate of all states and territories with a population of 6.4 million people. On average, there are 350 new people moving to Melbourne every day. This brings lots of opportunities to the area, however it is not without its challenges.

These increasing figures are significant to the supply chain industry. Not only does it mean there will be more cargo to move to keep up with the demand, it also results

in more people utilising the city's services, such as roads, trains and housing.

Melbourne is Australia's biggest cargo port and over the last calendar year 3,018,693 TEUs (twenty-foot equivalent unit) passed through the Port of Melbourne. On average, each vessel visiting the Port of Melbourne brings an estimated \$1.4 million in benefits to the Victorian economy.

Historically, Port Melbourne has been an industrial area with sugar refineries, gasworks, shipping, chemical works and distilleries. However, in recent years it has seen an urban renewal, transforming into a diverse area with parklands and residential developments alongside the many warehouses and ports.

The Fishermens Bend Framework sets out a plan over the next 30 years to transform the area into a light industrial district with a large emphasis on new residential developments. This dual function between both heavy and light industry and residential builds will evoke certain challenges with opposing interests and needs.

Although the Framework does acknowledge the need to protect operations and connections to the port due to the prosperity of jobs and business, there are growing concerns that increased residential development will place curfews or other restrictions on established infrastructure assets. Recently, heavy vehicle restrictions have been implemented along Beach Road between Port Melbourne and Mordialloc.

It is essential that these industrial assets are protected in order to protect our economy and keep pace with consumer demand. Freight infrastructure must be able to operate uninterrupted, 24/7 in order to be most efficient. This means trucks continuing to have access to the port, roads and logistic centres.

A measure to assist with road congestion is the Port Rail Shuttle Network. It has been designed to shift some of Victoria's metro container freight volumes by rail using on-dock rail and freight hubs. The project promotes the ability to take some 3,500 trucks off the local roads and replace them with 28 freight trains that would transfer up to 1.4 million containers a year.

This project would operate in conjunction with the National Rail Program which is a \$10 billion rail investment program designed to improve passenger rail networks in Australian cities. Moving freight onto rail and off the roads would reduce freight congestion within the inner city freeing up road space for other road users.

Rail options for all three stevedores is essential for a thriving economy. Long term infrastructure plans need to be developed to sustain trade activity and economic growth. Currently there is only one near-dock rail terminal at West Swanson Dock with plans to convert to on-dock, however to maximise the potential of the entire supply chain to operate at its best, there needs to be a solid commitment to have efficient and cost effective rail connections to all three international stevedores.

Without cost effective connections, the Port Rail Shuttle Network will struggle to realise its heavily touted benefits, placing limits upon the growth of Melbourne's port. It is up to our government to protect critical infrastructure corridors, which in turn will enhance economic advancements for all Australians. With that in mind, surely it is imperative to extract value from infrastructure we already have while looking ahead and forward-planning effectively for the future.



A driver entering VICT terminal at one of the 11 in-gates.



VICT. Automated. Not complicated.

Delivering the Goods

By GARRY BUTTON, Chief Executive Officer, Freight Victoria, Department of Transport

Victoria has the potential to increase gross state product by \$40 billion by 2040, and that will see a consequent tripling in freight volumes – from 300 million tonnes annually just three years ago to nearly 900 million by 2051.

Government doesn't move freight, but it owns the infrastructure on which the trucks and trains travel; it regulates the size and speed of vehicles; and it determines where they can and can't travel.

So, it has control over some significant levers.

The food and fibre sector accounts for around half the state's total goods exports. Victoria exports the most dairy (83 per cent), fruit (57 per cent), nuts (54 per cent) and prepared foods (41 per cent) of any state in Australia. Overall, Victoria's food and fibre exports are the highest in the nation at 27 per cent and are worth \$14 billion per annum.

But this type of freight generates lots of



visits to farm gates – so it favours road transport.

That's why, in concert with investment in the rail network, we're making it easier for more efficient freight combinations to get broader access to the road network.

As well as expanding the High Productivity Freight Vehicle (HPFV) network, we will streamline the heavy vehicle permit application process to get it under five days, work to reduce or eliminate curfews, and establish a fund to provide grants to local councils to upgrade local roads for heavier vehicles.

We're also prioritising road congestion.

We're getting anecdotal evidence of productivity sapping delays, and we have Bureau of Infrastructure, Transport and Regional Economics (BITRE) research to back those claims.

BITRE estimated that congestion was costing Melbourne \$4.6 billion per year in 2015, with projections for this to increase significantly to between \$6.7 billion and \$7.7 billion per year by 2023.

We're not so naive as to think we have a silver bullet. What we're aiming to do is reduce the impact of congestion.

There are five initiatives in the Victorian Freight Plan, Delivering the Goods, designed to do this.

- We want to make greater use of telematics in heavy vehicles to better manage congestion – to find out where trucks are travelling, on the basis that if you can't measure a problem, you can't fix a problem.
- We will also develop the former Melbourne Market site in West Melbourne for truck marshalling as a way of smoothing the path for freight through the Port of Melbourne.
- We will look at regulating access charges for the Port of Melbourne.
- We will fund a trial of the Freight Consolidation Centre model for the Melbourne's CBD, whereby one, or a limited number of companies, bid for the right to distribute freight in the CBD.

- And we will structure future toll road contracts to encourage rather than discourage more freight on key truck access routes.

Victoria's extensive regional rail network provides a vital link in the supply chain of many regional agricultural commodities such as grain, hay, pulses, rice, wine and grapes.

Rail transports 22 per cent of Victoria's freight task measured in net-tonne kilometres (tonnes by distance) and 30 per cent of the state's non-urban freight task, reflecting a network that covers much of the state's agriculturally productive areas of the state.

Rail also transports 16 per cent of loaded export containers to the Port of Melbourne, but only 11 per cent of total container throughput.

This is down from about 15 per cent two decades ago.

The reasons for the decline are complex.

The natural impulse is to point the finger at a lack of investment. But the key reasons owe more to history than to state budgets.

The first is the historic anomaly that has given Victoria a different rail gauge to other states.

The decision to adopt broad gauge has haunted state governments and rail operators for over 150 years.

But it's something Victoria is in the process of rectifying.

Victoria is making huge strides in standardising the rail freight network through the Murray Basin Rail Project. This project will standardise and upgrade over 1000 kilometres of the Victorian rail network.

The project covers key parts of the regional rail network used by export mineral sands, grain and containerised produce. On its completion, most of Victoria's dedicated freight network will be standard gauge.

In addition, the project will boost axle



loading to 21 tonnes, leading to an extra 500,000 tonnes of grain on rail each year, potentially capturing about 20,000 journeys currently undertaken by road.

The project will also boost competition between Victoria's ports by ending the Port of Portland's gauge isolation.

Even though the Murray Basin Rail Project is only partly complete, the benefits are already evident.

Operators of standard-gauge rolling stock previously excluded from the Victorian network are taking advantage of the new gauge.

This is great news for farmers and exporters.

Growing Victoria's rail freight task is also hampered by the siting of the state's key interstate rail freight hub in a location that's not only cramped, but also unsuited as a terminal for Inland Rail.

Melbourne's interstate rail hub is located at Dynon, close to the Port of Melbourne and just over a kilometre from the CBD. Although it is the nation's busiest rail freight container terminal, it is not ideally located.

Interstate containers bound for distribution in Melbourne are railed to Dynon and often trucked to the outer suburbs.

In addition, Dynon has no room to grow and is unable to conveniently cater for 1800-metre long trains. What's even more restrictive is a rail tunnel in nearby Footscray that prevents access by wagons with double-stacked containers.

Our solution is a new interstate rail terminal that will be larger, more efficient and more logically located.

To be known as the Western Interstate Freight Terminal, or WIFT, the new terminal in Truganina will be closer to the large industrial cluster in Melbourne's west, reducing the time and length of truck trips by removing the need for interstate freight to transit through the Dynon precinct.

The new location will also reduce freight traffic through the inner west, potentially removing up to 2000 truck movements every day.

A site for the new terminal has been identified and a team set up in the Department of Transport to work on finalising the business case.

The Murray Basin Rail Project and the WIFT build on a considerable amount of investment that's already funded and, in some cases, under way.

Those investments include:

- The \$1.75 billion Regional Rail Revival which – while it has a passenger focus – nevertheless upgrades tracks shared with freight.
- \$130 million to remove a rail freight bottleneck in Ballarat that delays port-bound freight.
- \$10 million to Shepparton Freight Rail Network Planning.
- The Mode Shift Incentive Scheme that gives a rebate for containers on rail.
- A new Port Rail Shuttle Network,

which will deliver an efficient and cost-effective way of shuttling containers between the Port of Melbourne and the outer-metro area.

Together, these projects will deliver a big boost to the productivity of the regional rail network.

They'll also make the network more attractive to the food and fibre producers that dominate the state's agricultural exports.

Freight is a large and growing component of the Victorian economy, and it's benefited from strong investment in assets like a well-located port and an extensive road network.

The availability of accessible land for warehousing and the development of strong freight-generating sectors like manufacturing and food-and-fibre have underpinned the development of the state's logistics sector.

These advantages have been reinforced by two curfew-free airports in Melbourne and Avalon, which together cater for a third of the nation's air freight. Melbourne also has the nation's busiest container port with 36 per cent of total container trade.

Planning for freight is about using those levers to make the industry even more efficient. It gives industry a framework in which to operate and to make investment decisions, and it also ensures we can deal with growing freight volumes while preserving the things that make Victoria a great place to live.



Tasmanian Freight & Logistics Forum

By BRETT CHARLTON, Chairman of the Tasmanian Logistics Committee

I found myself standing an inch taller on the 17 February 2019 when the new Toll vessel, the Tasmanian Achiever II, was officially named in Burnie.

A sausage sizzle and face painting marquee on the wet deck mixed with the sounds of a Brass band set the scene for familiar faces (and their families) of the Tasmanian logistics scene to witness the successful launch of a bottle of Tassie bubbles and shatter into a million pieces – successfully ticking off the “good luck” superstition.

The PM and the Premier along with Mayors, Chairman’s, Captains and other titles mixed with all on board and sang the national anthem with pride. It was one of those moments when the industry comes together to pay homage to a moment in time that showcases just how important the shipping and logistics

world is and how the commitment to prepare for the future is being invested in heavily by those that cater for the growth in trade.

Adding approximately 46% additional capacity to the Toll service, there is no question that these new vessels (the Tasmanian Achiever II and the Victorian Reliance II) will go a long way to “future proof” Tasmania. Coupled with the Searoad’s investment of last year and another new vessel to come as well as the new TT Line vessels in coming years the question of capacity should be a moot issue for a few years at least. In fact, if we are complaining about capacity in ten years’ time then we are having a great growth problem to consider.

Again, acknowledging the great work going into the securing of the freight task for Tasmania, over coffee’s and whiskies around the State, the conversation invariably turns to pricing. The costs of Australian wages (crew and terminal) along with investment returns (A\$172M of new vessel) will need to be recovered and constant increases in costs in fuel mixed with infrastructure surcharges etc will be the narrative by the commercial arm of the carriers across Bass Strait. However, prices for airfares drops when there are spare seats. It will indeed be an interesting year for Tasmania and I am confident that whatever the questionable outstanding’s are, the bottom line is that Tasmania is in a better place regardless with two shiny new green ships going across the 369KM’s of H2O and salt that is our natural moat protecting us from the congested highways of the big island!



The Hon. Bill Shorten (leader of the opposition) pictured with Toll crew members at the naming ceremony for the Victorian Alliance II, Port of Melbourne on 24 February 2019



Brett Charlton (TLC) and the Hon. Scott Morrison (Prime Minister of Australia)

Stay at the cutting edge

Over the last two years, the Tasmanian Logistics Committee (TLC), Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) have co-hosted the popular Tasmanian Freight & Logistics Forum.

The events have been an outstanding success and exceeded all expectations

with each hosting 150 leaders from the sector including the Ministers and various senior executives from shipping lines, major exporters and industry associations. The event continues to gather momentum supported by media coverage including ABC news, Landline, Daily Cargo News and several industry news outlets.

This year we are looking to expand the event to cater for the considerable local and interstate interest and have scheduled the forum at the Australian Maritime College, Launceston for 26 June 2019.

We encourage readers of Across Borders to view the event program and register for the event at www.ftalliance.com.au/upcoming-events

Thank you to the Tasmanian Port Corporation who are supporting the event as major sponsor. We warmly welcome other entities to also take this opportunity to showcase their services at this unique event.

If you are interested in knowing more, please do not hesitate to contact me direct at bcharlton@agility.com or Travis Brooks-Garrett at tbrooks-garrett@ftalliance.com.au



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UNIVERSITY of TASMANIA



Aussie exports meeting new air cargo security screening requirements

By MALCOLM THOMPSON, Deputy Secretary, Department of Agriculture and Water Resources

Air freight is an important export pathway for the movement of perishable agricultural products.



It's a key element in Australia's economy, enabling Australian producers to compete successfully in world markets.

Australia exported over three hundred thousand tonnes of perishable agriculture and seafood products by air in 2018. This included red meat, horticulture, seafood and dairy. This is a huge amount, and I'm sure this year our export volumes will grow further.

Using air freight to transport agricultural exports gives producers the ability to maintain the safety and quality of their product during the transport process. It offers reduced handling and faster delivery times, allowing exporters to deliver a superior product into overseas markets.

With the introduction of the Enhanced Air Cargo Examination (EACE) program, the Department of Agriculture and Water Resources has been working closely with Austrade to support the Department of Home Affairs in building industry awareness, achieving the smoothest possible roll-out of these new screening requirements.

We recognise and appreciate the role that the airfreight industry has played in helping exporters adjust to the new arrangements by 1 March 2019.

Similarly, a thank you to exporters for continuing to meet strict export and importing country requirements—which are so important for maintaining overseas market access and growing the value of our agricultural trade.

In addition to our role as a regulator, we look to support growth in agricultural exports. Efficient regulation of exports will enhance Australia's reputation as an excellent source of reliable agricultural exports.

The Australian Government is investing an additional \$83 million to capitalise on this reputation, to secure greater market access and modernise our export systems.

If you have any feedback on the implementation of the new screening requirements, or messages that we should be sharing with industry, please send them to HAengagement@agriculture.gov.au.

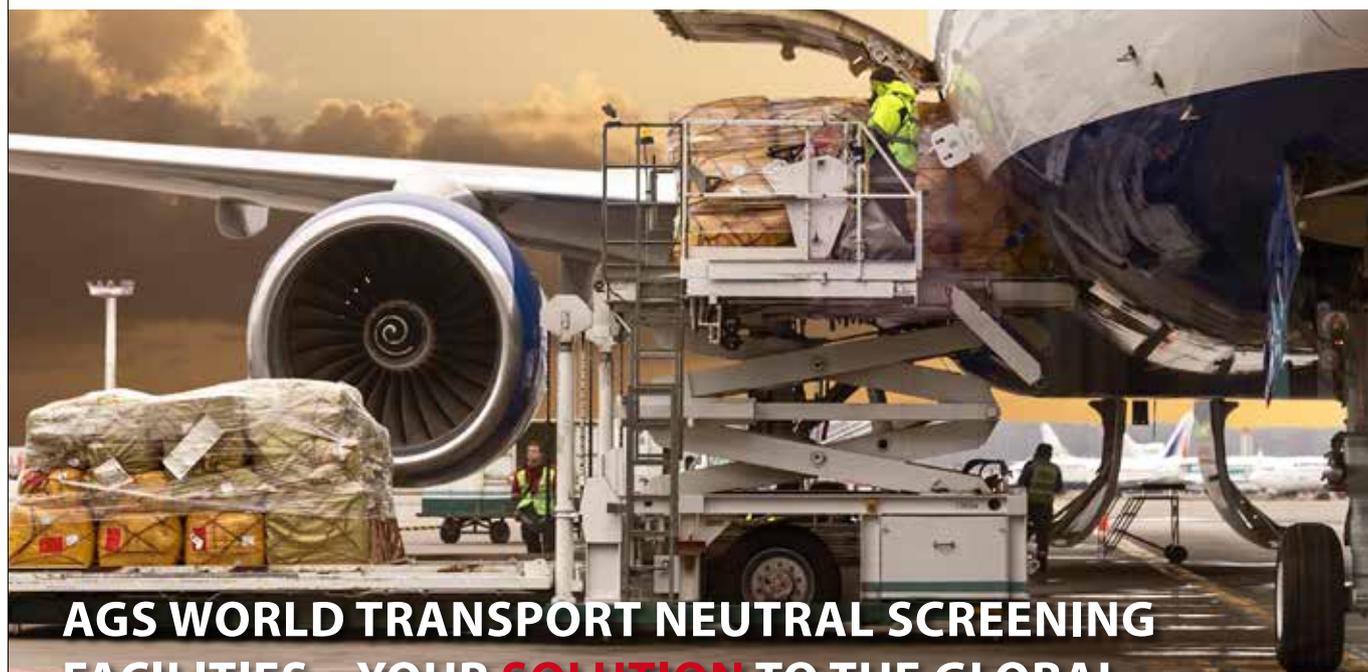
For more information visit agriculture.gov.au/air-cargo-changes.



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AIRPORT NAMED AMONG NATION'S 'HIGH PRIORITY INFRASTRUCTURE'

Western Sydney Airport has again been included among the nation's 'high priority infrastructure' projects by Infrastructure Australia.

On 14 February 2019, Infrastructure Australia released the 2019 Infrastructure Priority List, which names Australia's most significant nation building initiatives, this year outlining a record \$58 billion project pipeline.

Western Sydney Airport Chief Executive Officer Graham Millett said the \$5.3 billion Airport project would provide significant benefits, both locally and nationally.

"The Airport will be a game-changer for job creation in Western Sydney," Mr Millett said.

"Not only will it support around 11,000 jobs in construction and up to 28,000 when operational, but Western Sydney Airport will be the catalyst for higher quality jobs in the region.

"The Airport is set to attract high tech manufacturing, medical and research industries that will mean new types of jobs for locals, who will no longer have to travel to the eastern CBD.

"At least 30 per cent of our construction workforce must be from Western Sydney, that increases to 50 per cent when the Airport is operating."

Western Sydney Airport is also set to tackle Sydney's airport capacity constraints, stimulating broader benefits such as increased trade and tourism.

"Western Sydney Airport will operate 24/7, which is crucial to providing new opportunities for producers to export

fresh goods to lucrative Asian markets," Mr Millett said.

Mr Millett also welcomed the Infrastructure Priority List's inclusion of crucial road and rail initiatives to support Western Sydney Airport and the surrounding region.

"Constructing the M12 motorway to the Airport and ensuring a rail connection is in place when the Airport opens will be very important to ensuring easy access for workers and passengers," he said.

Western Sydney Airport is set to begin international, domestic and air freight operations in 2026.



WYMAP GROUP – complementing and innovating for the aviation and logistics sector

Paul Zalai, Director FTA speaks to Andrew Pawley, Chief Operating Officer, Wymap Group



1. PAUL ZALAI - Wymap Group has evolved over the years, who is Wymap Group in 2019?

Paul, Wymap Group has been a well-recognised transport brand in the aviation transport sector for many years. However, as a wider group of companies, we support a myriad of activities in and around airports, everything from passenger check-in, ramp operations, cargo screening, to door to door interstate express deliveries.

From a one truck operation established in 1981, we now operate three recognisable brands across five ports including internationally with our Auckland operations. The brands are well positioned in their particular market segment;

- Wymap Group – offering landside and airside Transport Services in Sydney, Brisbane, Melbourne and now Auckland;
- Bailey Personnel – Recruitment & Labour Hire in Sydney, Brisbane, Melbourne and Perth;

- The Aviation Group – Airline Sales and Service and domestic door to door, with offices located in Sydney, Melbourne and Auckland.

Over recent years we have diversified and expanded the businesses, aided in no small way by the confidence our customers have in our ability to adapt to their own individual, as well as the industries evolving needs.

As a group we are very proud to have managed to maintain and grow some fantastic corporate relationships over the long-term, which remains our strategy moving forwards.

2. PAUL ZALAI - How do you manage such growth and diversification?

There are a number of factors that underpin what we have achieved and how we have achieved it.

As Justin (referring to Justin Bailey, Wymap Group founder and director) is commonly heard to say – “we are in the people game”, that is, we can have assets and services, but nothing is achieved unless our people want out get out of bed, perhaps at 3am on a cold, wet winter’s morning, and make good things happen every day for our customers.

We have developed and hold precious a fantastic culture and range of skillsets amongst our team, which goes to the heart of our recruitment processes, be they for senior management roles, drivers or casual at call staff.

In addition to culture our values are at our core:

Safety, Value, Progress, Produce

As a business associated with aviation, we hold safety as a pillar of what must be non-negotiable within our business.

We must individually provide Value in what we do each day and collectively provide Value to our customer.

We must Progress as individuals and as a business.

And we must Produce to the highest levels of standards and productivity.

Notwithstanding all of that, we remain free thinking in our approach to opportunity and continue to invest in technology and people to build trust in our relationships, through the transparency this provides.

3. PAUL ZALAI - What's the outlook in 2019 and what can we expect from Wymap Group

Certainly 2019, in particular 1 March 2019, represented one of the significant changes in the airfreight market with 100%, piece level screening. This change places challenges and therefore opportunities across all our businesses.

We have developed a training program for security screeners that brings a different value proposition than that of a traditional security labour model.

There will be further enhancements to MapTrak which has unique air waybill tracking and messaging functionality.

We will continue to reinvest in fleet and specialised equipment to match customer needs, such as that of the pharmaceutical industry.

And we will continue to develop our domestic door to door product, including our airfreight Pharma product as a growth area following the recent TGA, legislative changes.

The one thing I will stress is that as we grow our products and potentially become engaged deeper in the supply chain, we are not positioning to become anything other than a collaborative and complementary partner to our customers.

4. PAUL ZALAI - What are the challenges right now?

Safety is a major focus in our business, as is security, for the sector as a whole.



One of our many challenges is the education of what the legislation mandates and how that translates into the practicality of day to day operations.

We have invested extensively in our safety regime and just as the new export security processes came into place on March 1, the Chain of Responsibility requirements under the NHVL, came into place in October 2018.

Previous industry standards and practices have had to be challenged to ensure compliance and this remains a focus for us as a business. There are varying degrees of understanding across the forwarding sector and continuing the education and constructive dialogue in this respect is a priority.

That said the broader macro-economic factors will drive volumes and demand and we need to maintain an agile focus

and importantly flexible approach, in this respect.

5. PAUL ZALAI - Is there any fun in all of this right now?

Probably a great question to finish on Paul. Wymap has a reputation for enjoying some of the fun things in life when we can.

I would like to reflect on the words in large, bold letters on the CEO's wall.

Family, Work , Fun.

The premise is that Family is the most important thing in all our worlds. We operate in a sector that is 24 hours a day 7 days a week and we can't do much about that. With this in mind, so as long as family is taken care of, we get the work ethic and results right then we have every right to enjoy ourselves!

At Wymap we like to have fun and we work hard to get the first two right.



Are you ready for the new Australian air freight security regulations?

In the lead up to the 1 March 2019 air freight security reforms, Freight & Trade Alliance (FTA) asked Kuehne & Nagel about their new piece-level screening services and their approach to complying with the new regulations.

What are the new regulations?

The Australian Government announced on 8 May 2018, that to further strengthen Australia's domestic and international aviation security, a range of measures would be introduced in 2019.

As a consequence from 1 March 2019, all international air freight exported out of Australia will be required to be security screened at piece level by a Regulated Air Cargo Agent (RACA) or have originated from a Known Consignor. This is to ensure that every piece of cargo being loaded onto an aircraft will comply with the safety measures to keep all users of the aviation industry safe.

How will this affect the industry?

With every piece of air cargo needing to be screened, delays are likely to occur. 100% piece screening for air cargo going to the USA has been in place since 1 July 2017. This accounted for around 5% of cargo, leaving the remainder to be unscreened. It is now being extended to all export cargo as of 1 March 2019. Naturally, due to these increased screening requirements, it is anticipated that delays will be experienced.

How is screening for cargo organised?

All cargo requiring screening needs to be conducted by an accredited RACA under an Enhanced Air Cargo Examination Notice. To support our customers, Kuehne + Nagel Australia has proactively taken the decision to become an accredited RACA in order to minimise potential delays and to support increased security measures. This will ensure our customers' cargo is screened in a timely manner to help maximise efficiencies and minimise delays of getting cargo to its next destination.

How does the screening occur?

Leveraging our global Kuehne + Nagel network, we are able to apply best practices within our business to ensure we have the most efficient methods in place for our screening processes. Adopting this best practice, we aim to guide our customers smoothly transition through the new regulations coming into effect. Kuehne + Nagel Australia has heavily invested in special equipment and infrastructure upgrades to support customers who will benefit from partnering with us.

What is the turnaround time to get cargo screened?

While it is not a new service being offered by Kuehne + Nagel globally, this is a new service offered in Australia so the turnaround time is still to be determined. Utilising our own equipment and global best practices, we will be able to do this efficiently to help minimise any delays in getting cargo screened and lodged following the new regulations.

Can anyone use the RACA screening services Kuehne + Nagel will provide?

Kuehne + Nagel's existing customers will receive priority treatment for the RACA screening services now offered. Excitingly, this new service will also be extended into the market for anyone exporting cargo via air freight. Kuehne + Nagel is proud to have the opportunity to work with the Australian Government, the Aviation industry and our global counterparts to be part of this necessary service to protect the aviation industry. We are pleased to be able to offer this new service in Australia.

How much will it cost for customers to use the RACA screening services?

The cost will depend on what customers require and the nature and composition of the freight that has to be screened. We encourage all customers to contact their Kuehne + Nagel Representative to speak about their current and future business requirements. If you are new to Kuehne + Nagel, please email KNAU_RACA@kuehne-nagel.com to enquire about your specific needs today.

Why should customers utilise Kuehne + Nagel Australia's RACA screening services?

Kuehne + Nagel is a global logistics company with over 127 years' experience in the industry. Being experts in airfreight, sea freight and contract logistics, we understand and can even predict customers' requirements. Working with Kuehne + Nagel offers our customers complete peace of mind. Through our global network, we can tailor a supply chain solution supporting your needs with a seamless solution.

A primary reason Kuehne + Nagel Australia made the decision to become a RACA, was so we could continue to service our customers and respond quickly to their ongoing requirements. Without Kuehne + Nagel Australia becoming a RACA, customers would require screening of their cargo off site, which would increase costs and risks of delays.

Kuehne + Nagel works with customers, to find the best possible solutions to meet their needs. So while a customer may just require a RACA screening service today, we can assist with all other logistics solutions required in the future to help develop and build their business.

To find out more, please contact KNAU_RACA@kuehne-nagel.com

Changes to air cargo security regulations are coming. Are you ready?



From **1 March 2019**, all outbound international cargo must be examined at piece-level by a **Regulated Air Cargo Agent (RACA)** or originate from a Known Consignor.

Kuehne + Nagel is a RACA and offers an efficient, safe, and secure process for your air cargo shipments ensuring **optimised cargo flow** and providing maximum flexibility and visibility.

Chat with us today to learn how we can support your screening and logistics needs on KNAU_RACA@kuehne-nagel.com.

Women’s International Shipping and Trading Association – WISTA



WISTA is an international organisation whose mission is to attract and support women in the maritime, trading and logistics sectors. The WISTA Australia Chapter is looking forward to continued membership growth in 2019. We are delighted to provide our 2019 Events Calendar providing professional development, creating business relationship opportunities and building a community to facilitate the exchange of contacts, information and experiences. This year we will trial our bi-monthly webinars on topics of interest to our members. We look forward to supporting the ladies in this diverse logistics chain and wish you all a successful 2019.

Membership enquiries please email Wista.australia@gmail.com

2019 WISTA CALENDAR OF EVENTS

2019 WISTA Annual General Meeting (AGM) 21 August 2019 – Sydney			
New South Wales		Victoria	
March 15	Maersk Vessel Tour	April 28	Port of Melbourne Tour
May	Newcastle Networking Drinks	July 25	Christmas in July / Guest Speaker @ The Bank
July	Christmas in July Event with Guest Speaker	October 11	Industry Wide Trivia Night @ Mission to Seafarers
August 21	WISTA AGM & WIL Forum @ Mercure Sydney Airport	November 7	Oaks Day @ Flemington Race Course Nursery Carpark
September	World Maritime Day 2019 Breakfast	December 12	Christmas Dinner @ Touche Hombre
December	Christmas Catchup Drinks		
Queensland		Western Australia	
May	Panel Discussion with Amiria Macbeth (Shell) & Brisbane Port Welfare Committee	March	International Women’s Day event with Panel
July	EOFY Dinner with Guest Speaker	June	Networking event
September	Casual Drinks & Networking Event	October	Ship Visit (WA members only)
November	Annual Queensland Christmas Event	December	Christmas Event
Webinars will be held bi-monthly on topical issues for professional development – available to all WISTA Members			

We would also like to recognise and thank the following WISTA Sponsors and association partners:

Platinum Sponsor	HFW Australia
Gold Sponsor	DP World Victorian International Container Terminal (VICT) Wallenius Wilhelmsen Ocean
Silver Sponsor	Swire Shipping Mediterranean Shipping Lines Colin Biggers & Paisley Lawyers Fremantle Ports
Bronze Sponsor	Flint Lawyers
Association Partners	Australasian Supply Chain Institute (ASCI) Freight & Trade Alliance (FTA)



Mastering the Art & Science of Critical Conversations

Melbourne – Thursday 2 May, Mantra Tullamarine
Sydney – Thursday 9 May, Mercure Hotel, Wolli Creek

By popular demand after the success of the “Women in Logistics Forum” and workshops last year, Freight Trade Alliance and World Class Teams are excited to bring you the 2019 series of workshops. These will be delivered by Diana Tapp from World Class Teams. The first in the series is ‘Mastering the Art & Science of Critical Conversations’.

Most of us are great at the easy 80% of our conversations, but NOT at the difficult 20%.

These are the situations where the standard of work is less than you expected, where

deadlines are not met, where the person’s attitude is negative. Where tasks do get done, but the way in which they get done causes friction or conflict.

The fact is that it is this 20% of your conversations that has the biggest impact, on your levels of stress and on the level of your personal performance and the level of performance of your team and the business.

In this 3-hour workshop, you will discover the 5 steps to having critical conversations with ease and skill, ensuring you achieve the desired result in every conversation.

Early Bird Rate – FTA Member \$198
Early Bird Rate – Non Member \$345

FTA Member Rate - \$220
Non Member Rate - \$385
(prices inclusive of gst)

To book your ticket – Please go to www.ftalliance.com.au/upcomingevents

For more information call Ramsina McCully from World Class Teams on 1300 085 248.

Date	Time	Venue	Topic
Thurs, 2 May	4-7pm	Melbourne	Mastering the Art and Science of Critical Conversations https://critical-conversations-wct-melb.eventbrite.com.au
Thurs, 9 May	4-7pm	Sydney	Mastering the Art and Science of Critical Conversations https://critical-conversations-wct.eventbrite.com.au
Thurs, 20 June	9am-12 noon	Melbourne	3 Steps to Powerfully Engage and Motivate Your Staff
Thurs, 27 June	4-7pm	Sydney	3 Steps to Powerfully Engage and Motivate Your Staff
Wed, 21 August	12.00 - 4.30pm	Sydney	Women In Logistics Forum Presenter: Diana Tapp - Leading Change
Thurs, 21 November	4-7pm	Sydney	Increasing Productivity & Profitability
Tues, 26 November	4-7pm	Melbourne	Increasing Productivity & Profitability

SAVE THE DATE

2019 Women in Logistics Forum (WIL)

Wednesday 21 August - 12.30pm to 4.00pm
Mercure Hotel - Wolli Creek Sydney Airport

Confirmed Presenters:

More speakers will be announced as they are confirmed



My Therese Blank
Maersk Line, Australia
Sales and Country
Manager



Diana Tapp
World Class Teams
Topic “Leading Change”

Major Sponsor



Afternoon Tea Sponsor



Recruitment

By LEANNE LEWIS, Director, Insync Personnel

Fun Fact - did you know that modern recruitment and recruitment as we know it began in the 1940's as a result of WWII. The calling of soldiers to the war left gaps in the work-place and a solution was born: the employment agency!

Some days I feel like I have been recruiting since the 1940's but I do have over 15 years' experience and can genuinely say "I love what I do"! I love what I do because I am intrigued by people and what makes them tick. So, for me there was no better industry than Recruitment.

There are over 7300 recruitment agencies Australia wide that employ 22,500 people.

The core of my role as a recruitment consultant is to bring two parties together to ensure a successful long-term business relationship.

Below are a few tips I have put together of what I believe are fundamental in securing both the perfect role and perfect candidate.

Employer

1. Job Vacancy

- Define what role you are wanting to fill - with both skill-set, cultural fit and salary
- Create a Job Description
- What is the reason for the job vacancy/hire?

2. Interview

- Make the candidate feel comfortable - then they are more likely to relax and be honest
- Ask both behavioural and competency-based questions
- Conduct at least 2 interviews and or have another staff member meet with the potential employee – don't delay the second interview due to current candidate shortages

3. Become an Employer of Choice

- Follow through with what was promised at the time of hiring
- Continue to train and mentor staff
- Encourage open communication

Employee

1. Resume

- No longer than 2 pages (average time spent viewing your CV is 6 seconds)
- Ensure your format is clear and concise (don't be creative)
- Current year of employment at the top
- Reasons for leaving added to each role
- Don't focus on personal achievements (it's great that you played the tuba in high school but that doesn't add value to an office based role)

2. Interview

- Research the business you are meeting with
- Arrive 10 minutes early to the interview
- Overdress – wear a business suit if possible (first impressions counts)

- Prepare questions to ask your future employer about both the role and business

- Make yourself available to the employer for future meetings/2nd interview etc

3. You've got the job – what now?

- Arrive early and stay back when possible to show your commitment/interest to the role and business

- Network with colleagues

- Ask questions – don't assume!

- Look into internal/external training courses to up skill yourself

- Remember why you were hired and continue to put your best foot forward

The recruitment process is similar to that of shipping whereby our role as a service provider is to ensure the commodity (candidate) needs to be delivered to the destination as efficiently as cost effectively as possible. Unlike cargo our commodity (candidate) has a mind of its own and can go of course and at times not reach its intended final destination!

Many times over the years I have had people say to me that they would never do what I do as a job because of the many negative factors that can come in to play when trying to fill a role. With all of the factors that do go into recruiting the pros far out way the cons. I assist candidates to achieve their career goals by helping a client fill a vacancy and that can be highly fulfilling!



Managing employees who hate each other.

By THORUNN ARNADOTTIR, Employment Relations Adviser, Employsure

Employing staff isn't always about allocating tasks and setting deadlines. Sometimes it's about managing personalities. And as many small business owners can attest, those personalities don't always get along.

Resolving problems when employees are in conflict takes a skilful people manager who knows how to approach such situations with an open mind. Empathy is required to dissolve conflict because it's usually a product of miscommunication or misunderstanding between employees.

It's also an unavoidable part of employing and managing people. It would be a rare occurrence for a workplace to be harmonious all of the time. That's why successfully managing feuding employees and diffusing conflict takes skill and strategy. Let's take a look at some of the skills you need to navigate these delicate situations.

Take control of the situation.

If employees are disrupting the productivity of the workplace, it's time to take charge of the situation through appropriate management action. It is important any internal unrest does not escalate out of control, interfering with other employees and cause other problems for your business.

Also be wary, toxic employee relationships can be influential, causing increased tension, negativity and stress amongst workers, and this can be detrimental to the culture of your workplace. Remain conscious and keep an eye out for disputes whether they are big or small.

Find the facts.

When employees are feuding, employers need to investigate to reveal the pressure points for involved parties. What was the dispute in relation to? Was it to do with workload or a particular work project? There will be conflicting opinions and various versions of a story to wade through, which will take time and patience. But getting to the bottom of the dispute can highlight what needs to change in order to reach a satisfactory resolution.

Let all parties have their say.

It is important to provide equal opportunity to each employee involved and give them a chance to explain their view. Ensure that you invite each party to a meeting where they have an opportunity to recount the situation. While initiating such difficult conversations can be tricky and confronting, it is the first step towards resolving the issue.

Encourage open discussion.

Compromising and learning the reasons behind each person's views can clear the air between the employees and help mend the relationship. Poor working relationships between employees can fester, and potentially impact on the business, as well as the physical and mental welfare of all employees. Starting this process early is an important step in making sure matters do not deteriorate beyond the point of repair.

Source witnesses.

Ask any witnesses to come forward. If the dispute involved significant wrong doing, or if the dispute involved a breach in the employment contract or business policies and procedures, this is serious and could result in dismissal. Witnesses can help to clarify the details of a dispute, particularly where conflicting versions of an incident have been raised by the parties involved, and can also help build a case to support a dismissal if the situation warrants it.

Incident report.

Document every detail. Employers need to fill out an incident report for any wrong doing in the workplace. By putting the specifics of the dispute in writing, employers can support their actions and submit this as evidence if the need arises. In addition, should a dispute happen again or if the dispute is legally escalated, the employer will have supporting evidence to draw back on.

Coach and support.

Offer the feuding employees some development coaching, with the aim of building an awareness of their communication skills and the behaviours that could be contributing to conflict. Some employees may even appreciate the investment you are making in them. This approach has the added benefit of potentially future-proofing your business against disputes caused by something as simple as a skill gap.

Get expert advice.

It's easy for conflict in the workplace to escalate to claims of bullying or harassment, leaving your business exposed and potentially liable. Sometimes professional HR advice is the only way to reach a satisfactory solution that

resolves the situation while protecting your business.

In order to manage disputes in the workplace, every employer should show their commitment to policies and procedures in each and every incident. By doing so you can ensure your team dedicates themselves to meeting the expectations of your business free from the stress of workplace conflict.

About Employsure

Emloysure provide customised expert advice, documentation and solutions across employment relations and work health and safety, packaged for small and medium businesses.

With one of the most complicated employment legislative systems in the world, it is recognised that many Australian SME employers struggle to understand their obligations.

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With more than 30 years of industry experience and over 24,000 small to medium sized business clients, Employsure continues to change the way thousands of Australian businesses achieve workplace fairness and safety.

Emloysure provide support to all Freight & Trade Alliance (FTA) and Australian Peak Shipper Association (APSA) members with complimentary access to workplace relations expertise via their dedicated Employer Advice line - phone 1300 651 415 (quote ERA0017).

Emloysure currently also support many FTA members with tailored solutions for Fair Work compliance including unique workplace documents, a proactive approach to workplace disputes and insurance services. Managing employees and keeping your workplace safe is a big part of business success.



Global Markets in the first Quarter 2019

By PAUL BETTANY, Collinson FX

Introduction

Equity markets rebounded strongly to begin the New Year of 2019, in sharp contrast to the devastation wreaked upon markets, in the final quarter of 2018. The chaos that enveloped markets in the final quarter of 2018 was triggered by the Federal Reserve's aggressively hawkish monetary policy and fears over global growth. The fears surrounding global growth emanated from the ongoing 'trade war' between the USA and China. Global equity markets crashed in to correction territory and the threat of recession loomed large. The dollar became a magnet, lured by rising

interest rates and risk-off sentiment.

The New Year, 2019

The destructive factors that triggered the market demise in 2018 persisted through into 2019, but the major concerns were addressed by the Fed and the US/China Trade negotiation process. The Federal Reserve reversed their hawkish and aggressive monetary strategy, halting interest rate rises and extending liquidity. Markets had been in a state of panic over the Fed's Monetary policy, as the rising interest rates were driving the cost of capital ever higher, smashing business investment. The other major threat was debt

serviceability, which was fast becoming a massive problem, with the rising interest rates. GFC debt levels were considered crushingly high, with extreme leverage, which contributed to the financial disaster in 2008. These debt levels have not been addressed and have actually increased across developed economies, with Keynesian economic policies and inability to balance budgets, post-GFC.

President Trump had launched an all-out assault on the Federal Reserve and its Chair, Jerome Powell. He blamed the downturn on the Fed and their destructive monetary policy. Powell and the rest of the Federal Reserve board

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FX:AUDUSD, D 0.71016 ▼-0.00032 (-0.05%) O:0.71048 H:0.71134 L:0.70970 C:0.71016



realised their mistake as they found themselves drowning in red ink! Equity markets collapsed and the rising interest rates forced the US Dollar higher. The combination of extreme political pressure and markets haemorrhaging, forced a change in direction. The Fed ceased their rising rates strategy and put a more dovish tone on their rhetoric.

The other major contributor to global uncertainty, was the expanding trade war between the two largest world economies, China and the USA. This all came to a head at the G20 in December 2018, where both parties failed to reach an agreement. The fallout and consequences were significant. The trade war directly threatened the global supply chain, status quo. This would directly impact global trade and growth. Uncertainty led to negativity and ultimately was a massive contributor to market pandemonium. The agreement they did reach, was to suspend further tariff increases and set a process in place, with a deadline of 1 March 2019. It is the progress of this process, that has reassured markets, that advancements have been made and they are on target to reach an agreement of substance by the desired date.

This has allowed equity markets to recoup much of the losses suffered in the meltdown, late in 2018. Currencies have also settled down, with the Fed's dovish attitude, allowing bond yields to ease substantially and soften the rampant dollar.

Brexit and the EU Common Market

The UK moves closer and closer to their Brexit date of March 29 without a deal with the EU. UK PM May negotiated a deal, over a two-year period, that was an indignity to the UK Parliament and the British people. It was summarily rejected by the Parliament and chaos ensued. There has been literally no progress towards the Brexit, voted for by the British people 2 ½ years previously, in the referendum. The country is split and heartily sick of the process. The economy has been immeasurably harmed, as has the currency. The uncertainty has sent shock waves across markets. The closer to the exit date, the more panic and brinkmanship arises, reflected in the language of the protagonists. The EU refuse to budge and the UK refuse to accept capitulation. The most likely scenario

looks increasingly like a 'No Deal' Brexit under WTO rules. The EU may blink and relent, offering a compromise, but this is increasingly less likely as the deadline approaches. There will be an impact on both the EU and the UK economies, with global fall-out, but much of this is built in to British scenario. The EU may be heading towards recession and this jolt, may be enough to tip the scales. The failure to secure a deal would also ensure that reparations (\$39 Billion), would not be forthcoming, leaving an irreplaceable hole in their budget.

Central Bank Policy

The Fed has retreated from their 'QT' (Quantitative Tightening) strategy and adopted a 'patient' approach to monetary policy. This has released the pressure on other global Central Banks, to raise rates. The Bank of England has been refraining from increasing rates, despite inflationary pressures, due to the risks surrounding the Brexit chaos. The ECB has halted their long-lasting QE program, but it will be a long time before they return to anything like a normalised interest rate environment, especially with the threat of a looming recession. The RBA and RBNZ have not moved at all, but both have retreated from hawkish rhetoric and looked decidedly dovish in their policy stance, although the RBNZ limits any downside. Global Central Banks have reverted to benign, if not loose monetary policy, to encourage investment and growth, countering economic and political uncertainty. The national debt levels have only increased in developed economies, Post-GFC, despite stronger economic performances. High debt levels held by countries and on a consumer level, have therefore prevented any sharp rise in interest rates, as debt serviceability then becomes a major threat to world markets. It is easier for the Global Central Banks to retain easy monetary conditions so that is what they will continue to do!

Market Risks

The major risks to markets, in the next month or so, is the US/China Trade negotiation and the Brexit chaos. It is now likely that the US and China will achieve a substantive and comprehensive agreement, giving markets certainty and assuring economic conditions, conducive to global growth. A failure to reach

agreement could have a severe impact on these trade exposed currencies, namely the AUD and NZD. The process is in place, settling market nerves and any agreement may be accomplished with slight delays. These currencies will benefit a trade agreement, in the short term, although increased supply from the US to Chinese markets may provide competitive obstacles to current suppliers. i.e. If China increases agricultural imports from the US, they may take less from Australia and NZ. The Central Banks will remain timid and reactionary. Brexit could cause some risk on/off action in markets, but a lot of the downside risk, is already built in to the GBP. The EUR has not the same constitution and a 'no deal' Brexit, could combine with recessionary pressures, to hurt the EURO. With plenty of risks it is critical to realise foreign exchange currency exposure and use available instruments to mitigate this risk.



Six Must Have Features for Logistics / Supply Chain Software

The entire economy in the 21st century is connected by the movement of products, information, data and finances. For logistics and supply management companies, who work with operations, planning, procurement and distribution a robust and highly functional management tool that offers a range of capabilities is essential. The goal of such a tool is to maximise customer value and drive a competitive advantage in the most efficient way possible. Several companies these days are focusing their attention on Logistics / Supply Chain Management solutions, for this reason. While some build custom software from scratch, most choose ready-made solutions. In general, whether your organisation is looking to build such a solution or procure one, the below characteristics are crucial aspects to watch out for.

1. Real Time, End-to-end Supply Chain Visibility

Comprehensive end-to-end supply chain visibility is an essential feature of any supply chain management software solution. Visibility, from the beginning to the end of the logistics / supply chain, should be part of every solution. A logistics and supply management company's employees require immediate, real-time access to various aspects of the logistics / supply chain to avoid problems, bottlenecks, missing goods, and disgruntled customers. Real-time capabilities enable the organisation to respond to changes in the logistics / supply chain as and when they arise and to access up-to-date analytics that aid in making informed future decisions. This feature is extremely useful for businesses of all sizes, although real-time functionalities are a necessity for much larger organisations.

2. Flexible, Robust Order, Billing Management

There is a view amongst logistics and supply management companies that there is some uncertainties and apprehension about order management and billing options. The logistics / supply chain management software must possess the capability to create orders and charge customers from a centralised location within the solution. Software solutions that help in the creation of orders as well as charging customers from a single location, simplify the work of operations managers drastically. Flexible order and billing management features are a must as they guarantee that the solution is capable of meeting unique needs, while also being highly configurable to meet the needs of diverse customers & consignments handled by logistics / supply chain organisations.

3. Optimisation Tools to Improve

Efficiency

Logistics and transportation tools ensure that the company transports materials and goods efficiently, at the lowest possible cost. Tools of this nature offer the much-needed resources to manage fuel costs as well as constantly-evolving state and national regulations and laws. To reduce overall operational costs and eliminate supply chain issues, it is imperative that these features be included in the logistics & supply chain management solutions.

Facilities for freight management, scheduling appointments, and yard management can all be an integrated part of logistics and transportation tools.

4. Forecasting Tools for Efficient Planning

For a logistics and supply chain management organisation to stay ahead of the game and gain a competitive edge over its competitors, forecasting tools are an absolute necessity. They serve the purposes of anticipating customer demand and planning of resources and production accordingly. Armed with such a tool, a company can eliminate the purchasing of too much raw material / finished goods and reduce storage requirements, thereby reducing costs.

5. Supply Chain Analytics

In addition to the tools that support the functions of a supply chain, investing in software with analytical facilities that assist in process-evaluation and reporting will make a world of difference. These tools use business intelligence and analytics to assist in gaining a deep understanding of the problems faced by a logistics / supply chain operation, so that they may be able to sufficiently prepare for the efficient management of the risks and unforeseen disruptions that may occur in the future. Analytical tools

offer logistics / supply chain operations the means to capitalise on existing data. This, in turn, helps to go beyond ineffective strategies and introduce reforms that are based on solid numbers and proven facts. Note that the latest analytics / data crunching tools could be powered by Artificial Intelligence & Machine learning as well.

6. Mobility / Mobile apps that make execution easier & faster

Mobility solutions can help a logistics and supply management firms get a distinct overview of its business management process. An organisation that is still operating as an old-school logistics / supply chain business, needs to consider the management of its logistics / supply chain operations through a highly functional app. Apps offer real-time alerts that provide up-to-date information on all shipping activities. Real-time updates delivered on mobiles provide critical information to all the stakeholders involved so that they may be able to take appropriate actions and necessary measures before minor issues evolve into major ones. These alerts can be sent to mobile devices to inform stakeholders

of the status of the supply chain at any time of the day or night. When dealing with multiple drivers and customers whose demands are constantly changing, it is important for all operators within a logistics / supply chain operation to be in constant contact with each other.

One such solution with the features listed above is the Ramco Logistics Software, which is made especially for Logistics Service Providers (LSP). Ramco's 'Power of One' suite includes the complete gamut of logistics operations covering Transport Management Solution (TMS), Warehouse Management System (WMS), Fleet & Asset Management, Billing and Rating modules, HR & Finance functions. In-Memory Planning & Optimization engine and Command center for end to end visibility are also a part of the suite. The solution also provides certain innovative features like executing transactions by talking to the logistics system through Google home / Amazon Echo & Chatbots for consignment tracking and stock inquiry, allowing users to chat with the system without even logging in.

To know more about Ramco Logistics Software reach out to Ramco at contact@ramco.com

Irrespective of whether your organisation is looking to create a software solution from scratch or acquire it, taking the above factors into consideration will help in the realisation of all the dire necessities of logistics / supply chain operation and make it easier to address these challenges head-on.



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Streamlining preferential tariff treatment claims reduces red-tape for industry

By the Department of Foreign Affairs and Trade

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will help exporters join supply chains with more liberal rules of origin and simpler documentation requirements for claiming preferential tariff treatment.

The CPTPP is one of the most comprehensive trade deals ever concluded. With 11 member countries covering close to 500 million consumers from different corners of the globe, it is also one of the world's largest multi-regional trade agreements.

More than one in three Australian goods

exporters sell into CPTPP markets. This flow of trade accounted for around one quarter of Australia's total merchandise exports worth nearly \$80 billion in 2017-18.

The agreement is now in force for Australia and six other countries: New Zealand, Mexico, Singapore, Canada, Japan and Vietnam. The agreement will apply in

Brunei, Chile, Malaysia and Peru once they complete their respective domestic ratification procedures. As more parties are welcome to join the agreement if they can meet the high standards required, the benefits of membership are set to multiply.

When the agreement is fully implemented, more than 98 per cent of tariffs will be eliminated on trade between member economies.

The first tranche of tariff reductions took place on 30 December 2018, the day the agreement entered into force for Australia. A second reduction on 1 January 2019



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took place in most member countries that use a calendar tariff year (Japan will implement its second tariff cut on 1 April 2019). Vietnam cut its tariffs twice for Australian goods on 14 January, when the agreement entered into force for that country.

In some areas, the agreement goes beyond Australia's existing free trade agreements with member countries – namely Japan, Chile, Brunei, Singapore, Malaysia, Vietnam and New Zealand.

For exports to Japan, additional benefits include expanded or accelerated terms or reductions beyond those contained in Australia's bilateral FTA, the Japan-Australia Economic Partnership Agreement, which entered into force in 2015.

While it may sound like a complex process, DFAT's online FTA Portal makes comparing Australia's free trade agreements easy: <https://ftaportal.dfat.gov.au/>. The FTA Portal is a comprehensive and intuitive resource which outlines the benefits of Australia's current free trade agreements and shows industry how to apply for preferential treatment under those FTAs.

Additionally, the agreement created new export opportunities in two of the world's top 20 economies, Canada and Mexico, which became free trade agreement partners with Australia for the first time through the CPTPP.

Some of these benefits include new or expanded quotas for Australian cheese, milk powders and butter exports into both Canada and Mexico; improved access for grains, sugar and beef exports to Canada; and pork, wheat, sugar, barley and horticulture exports to Mexico. The details of these and other new opportunities can also be explored through the FTA Portal.

Trading goods between CPTPP member countries will be far simpler than before. The application of common rules and clear, simple and flexible procedures for claiming preferential treatment will foster growth in new business relationships, especially in supporting regional value chains between member countries.

Certification of Origin (COO) – simplifying the process

Unlike some other trade agreements, Australian importers, exporters and producers are able to certify the origin claims of their products themselves (using a Certification of Origin or COO), rather than requiring a third party or a competent authority to prepare the required documentation.

During the agreement's first five years, CPTPP members may require that their exporters have COOs issued by a competent authority, but only Vietnam has notified that it will make use of this provision. For other countries, the certification must be made by the importer,

exporter or producer.

In another measure to simplify the process for claiming origin, the COO does not need to follow a prescribed format. The key requirements are that it must be in writing (which can include electronic format), and it must contain a set of minimum data requirements (as set out in Chapter 3, Annex 3-B of the CPTPP).

DFAT's Guide to Using the CPTPP to Export and Import Goods provides examples of how an importer, exporter or producer can claim preferential tariff treatment, including a sample Certification of Origin template. The text of the CPTPP (including Chapter 3) and the Guide can be found at: www.dfat.gov.au/cptpp.

More information

Along with Austrade, DFAT is delivering FTA information seminars around the country to promote awareness of the benefits of Australia's FTAs, including the CPTPP, as well as their uptake. Keep an eye on Austrade's event webpage for more information: www.austrade.gov.au/ftaseminars

Can't get to a seminar but have a burning question? Email us at: tpp@dfat.gov.au. For specific enquiries on Rules of Origin and customs procedures, contact the Department of Home Affairs at: origin@homeaffairs.gov.au



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Interview with the Australian Taxation Office

GST on low value imported goods - are overseas businesses complying?

As most transporters and customs brokers would be aware, GST is now being charged on sales of most low value imported goods.

Travis Brooks-Garrett, Director FTA, spoke to Australian Taxation Office (ATO) Assistant Commissioners Kelly Canavan and Adrian Preston-Loh about how overseas retailers have adapted to the changes; and how the ATO is managing compliance with this new law.



Kelly Canavan is the Assistant Commissioner with responsibility for the implementation of GST on low value imported goods

1. TRAVIS BROOKS-GARRETT – Customs brokers and transporters are generally interested in whether the changes to GST on low value imported goods have been successful. Can you tell us?

Kelly Canavan: Yes, we are pleased to say that the implementation of this new law is going really well. Over one thousand overseas retailers are now registered and applying GST to their sales. This figure includes the platforms that are collecting GST when low value goods are sold through them.

Adrian Preston-Loh: All the known major suppliers and international platforms have registered for GST and are complying with the law. These results really do reflect a strong overall level of compliance by the international business community.



Adrian Preston-Loh is the Assistant Commissioner responsible for compliance on GST on low value imported goods

Kelly: And the revenue collected so far has already exceeded our first year projections.

Both Adrian and I want to acknowledge the level of willing compliance that we have seen from transporters and brokers associations

“ Over one thousand overseas retailers are now registered and applying GST to their sales ”

and their members. Their cooperation has really helped this world-first program to succeed.

2. TRAVIS BROOKS-GARRETT - So, if an overseas business sells their goods through an online platform, they don't need to charge GST. Is that correct?

Kelly: Yes, that is the rule in most cases: the platform registers for, and applies, GST on the retailers behalf.

These 'platform rules' have worked really well and have meant that a significant number of smaller overseas retailers that sell through them haven't needed to individually register for GST.

3. TRAVIS BROOKS-GARRETT - Are transporters and customs brokers reporting any specific concerns to you?

Kelly: Last year the ATO spoke to several transporter and brokers associations and their members all around the country about the changes. We acknowledged that there were some additional reporting obligations for transporters, brokers and goods re-deliverers.

Recent feedback from industry representatives and from our colleagues in Home Affairs and Australian Border Force has been quite positive. The overall impacts have been minimal and the transition has been smooth.

We again thank the industry and your members for supporting these changes.

4. TRAVIS BROOKS-GARRETT - Can any penalties be applied towards brokers and transporters?

Kelly: These changes have meant that GST is charged at the point of the sale and the goods are not stopped at the border - which is a great win for transporters and brokers.

Essentially, it is the sellers of low value goods who are legally required to ensure that the relevant tax information is included on the import documents. Penalties won't apply to brokers and transporters but they can apply to GST registered retailers that ship through them if they don't include this information. However, when retailers do provide this information, it must be reported on the ICS.

Adrian: We are not looking to apply penalties initially. We understand that many of the overseas retailers are new to the Australian GST system and may need help in meeting their reporting requirements. We also understand that many transporters and brokers are adapting to the changes. The ATO and our DHA and ABF colleagues are happy to assist The ATO's 'transporters and customs brokers' web page outlines the reporting requirements and the Australian Border Force website provides assistance with where to report the information on the ICS.

Kelly: We do, however, recommend that transporters and brokers talk to any new or even existing clients, or any other parties

GST on low value goods – in a nutshell

- Low value imported goods are physical goods sold for AUD\$1,000 or less, imported from overseas. They can include clothing, cosmetics, books and electronic appliances.
- Overseas retailers must register for GST if the total of their consumer sales that are subject to GST are AUD\$75,000 or more in a 12-month period.
- Only one business in the supply chain is required to charge GST on a sale.
- Retailers apply the 10 per cent GST to their products at the point of sale (i.e. on the supply of the good) and not at the point of importation, as currently happens with goods over AUD\$1,000 and for all tobacco, tobacco products and alcoholic beverages
- When goods are sold through an online platform, the platform operator is generally responsible for collecting the GST.
- These changes ensure that goods purchased by consumers in Australia - whether domestically or from offshore - receive the same GST treatment.
- Overseas retailers are required to ensure that relevant tax information is included on the importation documents.
- Transporters and brokers report this information on the on the integrated cargo system (ICS).

involved in the goods supply chain, about how they will work with them to collect and provide this information. Overseas retailers would expect their transporters and brokers to assist them in meeting their Australian customs reporting obligations – so that they are not penalised.

Adrian: Some brokers or transporters may also be aware of instances where overseas suppliers are charging GST but not accurately reporting this on their customs documentation. If so, we ask transporters and brokers to help their clients satisfy these reporting requirements.

5. TRAVIS BROOKS-GARRETT - Now for the big question: are all overseas businesses charging GST?

Adrian: Yes it is a big question. There are two key points here. First as Kelly said, not every overseas retailer is required to charge GST. For example, those with customer sales below the AUD\$75,000 GST threshold don't need to register and neither do most retailers that sell their goods through a platform.

Secondly, as I said above, we can confirm that all known major suppliers and international platforms have registered for

GST and are complying with the law.

That being said, we are aware that not all businesses, particularly some of the smaller ones, have met their GST obligations. The ATO is following up with these businesses.

This is also a good opportunity to remind your members that where goods imported are then warehoused in Australia, they need to consider whether they should be charging GST

“ *We have already initiated compliance action with positive early results* ”

6. TRAVIS BROOKS-GARRETT - How will the ATO manage compliance?

Adrian: We published our compliance approach in January 2018 and we are now implementing that plan.

We work closely with other agencies to ensure compliance with the law. For example, the Australian Border Force provides us with customs data giving details of imports into Australia.

We also track financial data to follow the flow of funds from purchasers to suppliers overseas. We perform online investigations to identify websites and businesses involved in supplying goods to consumers in Australia. We also seek information, under tax treaty arrangements from other countries, including the USA and China.

It is still the first year of the measure, but we've already initiated compliance actions - with some early positive results. This includes direct contact with those that we believe need to register. However, it should be noted that some of these cases, just like some of our domestic compliance cases, can take some time to work through. We can't comment on individual taxpayer matters, but you can be assured that the ATO is working to ensure a level playing field for Australian business.

I also want to reaffirm the ATO's commitment to actually assisting business. We will work with those that are making a genuine effort to meet their obligations. In those cases we will not apply penalties for mistakes made before 30 June this year.

However if your members arrange shipping for any clients who aren't registered but should be, they should advise these retailers to contact the ATO now at AustraliaGST@ato.gov.au.

We will work these retailers to help them comply.

You can read our compliance approach

at: <https://www.ato.gov.au/Business/International-tax-for-business/GST-on-low-value-imported-goods/Making-compliance-happen/>

7. TRAVIS BROOKS-GARRETT - Can anyone report an overseas business that is not charging GST?

Adrian: Yes. 'Tip offs' from business or the community are an important source of information for us. We encourage this reporting and we investigate these 'tip offs'.

If your members believe that a business isn't doing the right thing, you can report a concern directly to us via our 'Report a Concern' webpage on the ATO website. (ato.gov.au/ReportTaxEvasionTERC/)

8. TRAVIS BROOKS-GARRETT - Is there anything you would like to add?

Kelly: I want to reiterate that the ATO and Home Affairs websites contain the relevant information to assist transporters and brokers.

Adrian: And if your members or their clients are encountering difficulties, don't be afraid to raise your issues with either the ATO or DHA or ABF. We'll work with you to find a solution.

For more detailed information, you can:

- visit the ATO website at ato.gov.au/AusGST – see more information at ato.gov.au/Transporters
- email AustraliaGST@ato.gov.au
- visit the Department of Home Affairs website for border-related matters.





Brown Marmorated Stink Bug (BMSB)

This season continues to challenge everyone involved in the supply chain with many left weary and overwhelmed.

A few of the causes exasperating matters include Italian treatment providers being suspended mid-season, unforeseen Occupational Health and Safety (OH&S) issues associated with Sulfuryl Fluoride inspections along with serious underperformance and non-adherence to service charters by the Department of Agriculture and Water Resources.

These substantial set-backs along with the significant detections of BMSB and other pests on Wallenius vessels (Thalatta, Carmen and Morning Lynn) has led to hundreds of thousands of dollars in real costs and much more in opportunity and indirect costs.

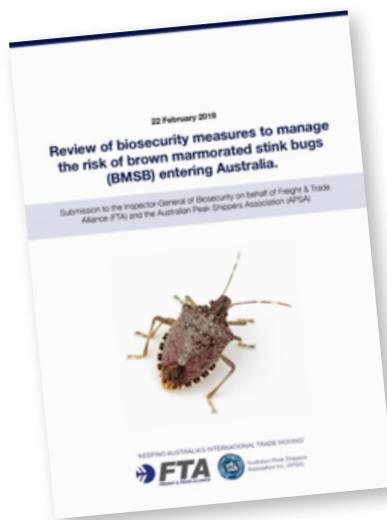
We are delighted to advise that as a direct result of our advocacy, an Independent Review is being undertaken by the Inspector General of Biosecurity and was in progress at the time of writing this article.

We would like to thank the large number of members who provided us with vital operational detail and assisted us in compiling our detailed submission to the IGB - available at www.FTAlliance.com.au

Whilst the BMSB season has been a significant impost on Industry and our members, our goal has been and will continue to be getting a balanced approach to ensure common sense, commercial reality and risk is balanced with the desire to secure our borders. As these meetings, discussions and reviews take place, we will continue to keep our members duly informed. Aside from the Independent Review, we have also actively worked with departmental representatives to address where possible mid-season improvements.

Compliance and sanctions

Aside from BMSB, we are working with senior departmental delegates around broader sanctions and enforcement policy.



Mr Andrew Patterson has been very open and keen to work with us to ensure where possible, compliance and sanctions are mitigated and our borders remain safe. This remains a “work in progress” with Andrew and his team reviewing our initial feedback and giving a commitment to continue our collaborative work in the coming months.

2025 and Beyond

The other positive work we have been doing is in terms of the “2025 and beyond” reforms. To date the department has completed trials to get a more holistic understanding of the many challenges faced by members via a personalised Client Manager program. More recently there have been interviews and consultation around the effectiveness of the concepts. We see great benefit in this program and trust the department will continue with this program. Once we know more and have publicly available information, we will inform members through our usual broadcast mechanisms.

BICON

On 2 December 2018, a new version of BICON was released with changes to the History Tab showing “What’s Changed Notices” and “Alerts” against a version of a case.

While this will deliver significant efficiencies, we have proposed a further enhancement on legal decisions, not dissimilar to the Australian Border force (ABF) Tariff Advice



L to R - Paul Zalai (Director FTA), Dr Helen Scott-Orr PSM (Inspector-General of Biosecurity) and Andrew Crawford (Head of Border and Biosecurity FTA)

(TA) and Valuation Advice (VA) systems which provides certainty for our members and their customers. Stay Tuned!

Australian Border Force (ABF) and the Department of Home Affairs (DoHA)

Compliance Update

There are a couple of items to bring to our members' attention. Firstly, we suggest at all members take the time to review the December 2018 Goods Compliance Update.

The ABF will be focused on compliance and enforcement within:

- tobacco
- trade compliance (revenue)
- trade measures (preferential arrangements)
- supply chain integrity
- traveller and cargo clearance
- firearms
- asbestos.

Also of note, as a part of the portfolio agency arrangements within DoHA, the ABF has launched its own website to distinguish

information on border operations from the broader issues attended to by Home Affairs. The website is <https://www.abf.gov.au/>

The Compliance Monitoring Program (CMP) monitors the accuracy and quality of import and export declarations and cargo reports to assess overall levels of industry compliance.

In regard to "incorrect delivery addressed", we have approached the ABF and are seeking clarification on a couple of delivery scenarios. If any members have specific examples or scenarios, we recommend they refer these to the ABF direct or via FTA for clarification.

Import Declarations (1 July – 30 September 2018)

Description	Results
Number of lines checked	1,642
Number of lines detected to have error/s	358
Error rate (by number of lines)	21.8%
Number of errors detected	529

Most common errors on import declaration lines (1 July – 30 September 2018)

Description	Number
Incorrect Delivery Address	81
Val - Valuation Date	73
Tariff Classification	59
Other	41
Val - Invoice Terms	34
Val - Price (Invoice Total)	30
Val - Related Transaction	28
Gross Weight	23
Number of packages	20
Quantity	20

Finally, I would also like to remind members of the Compliance Advisory group (CAG). FTA has a seat at this collaborative forum for industry, DoHA and the ABF providing an opportunity to recommend solutions on trade and goods compliance practices.



Sec 77G Depot Compliance

Recommended training for Section 77G Depot employees

Section 77G Depot licence holders are required to provide adequate training to make staff aware of their obligations in dealing with goods subject to the control of Customs.

This course takes approximately 1.5 hours to complete - upon passing the online assessment a certificate with two years validity will be automatically generated. Importantly, the course provides operational staff with learning outcomes to be able to complete day to day activities with confidence that they are compliant with legal requirements.

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The Code of Practice for Packing of Container Transport Units (CTU Code) and its importance in minimising pest risk

By TRAVIS BROOKS-GARRETT, Director - Freight & Trade Alliance (FTA) / Director- Global Shippers Forum (GSF)

In early November 2018, I had the privilege of representing the Global Shippers Forum (GSF) at the U.N. International Plant Protection Convention (IPPC) Sea Container Taskforce (SCTF) meeting. The taskforce was established on 6 November 2017 to address the risk of sea containers as a pathway for the potential entry of pests. The taskforce will be presenting their final report and recommendations in 2021.

The work of the Sea Container Taskforce is underpinned by the International Maritime Organisation (IMO)/United Nations Economic Committee for Europe (UNECE) Practice for Packing of Cargo Transport Units, commonly known as the "CTU code". The taskforce has a role to monitor industry's uptake of the CTU

code and its effectiveness in managing pest risk associated with containers.

The CTU code was published in 2014 as a best practice standard for the loading and unloading of containers. While at the time the World Shipping Council and other bodies were pushing for the CTU code to

be embraced as a mandatory measure for shippers, in a similar way to the SOLAS amendments that came into force in 2016, the GSF successfully campaigned for the CTU code to remain as a voluntary code of practice.

While most of industry's focus on the CTU code relates to safety practices (load restraints, lashing, etc.), the CTU code also addresses the threat of pest contamination at the time of loading and unloading containers, which is when the biosecurity risk is at its greatest. This aspect of the CTU code is detailed in Annex 6 – "Minimising the Risk of Re-Contamination". At a time when Australia is under siege from the Brown-marmorated stink bug (BMSB) and other pests, this is

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an important and under-utilised resource for industry.

The CTU has an important role in identifying what shippers and packers can do to minimise the risk of pest contamination. This includes visually inspecting the inside and outside of containers to identify contamination and the need for industry to observe container cleaning practices after containers are unpacked.

Recommendations in the code include not packing containers under bright lights that may attract insects, not storing cargo (such as tiles) outside, as well as the use, as appropriate, of traps or barriers to keep pests out of cargo staging or packing areas.

As we are all aware, BMSB has caused chaos for Australia's importers this season, with the Department of Agriculture and Water Resources (DAWR) introducing expanded emergency seasonal measures. Whether or not onshore or offshore treatment providers are used, these measures are incredibly expensive for Australia's importers. Based on member feedback, average costs for treatment (including lifts and other related fees) in Australia sits at around \$700 for a forty-foot container. Average treatment costs in Europe are around \$600 AUD for a forty-foot container. When pest contamination is identified at the port, the cost to industry is substantial. In addition to treatment costs, the

shipper may experience demurrage charges due to cargo holds, delayed cargo releases due to inspections, and, in extreme cases, the costs of re-exporting the container back to origin at the owner's expense.

With DAWR lacking the necessary resources to deal with the BMSB threat while maintaining normal service levels, many observers have asked if industry can take on an expanded compliance role. One proposed solution is that industry could free up the department's resources by conducting inspections under Approved Arrangements. If this were to occur, it is likely that it would only be available to entities with a strong compliance record and those that could demonstrate appropriate controls, in a similar way to the Department of Home Affairs Australian Trusted Trader (ATT) program.

However, while this may assist with onshore detection outcomes, the threat will already be onshore. Packers at origin must be mitigating the risk of contamination at the packing stage. That is the critical stage and that is where Annex 6 of the CTU code has an important role to play.

In an environment of heightened biosecurity risk, it's vital that Australian industry does everything we can to ensure that overseas packing facilities are aware of the CTU code and have basic biosecurity controls in place.

More regulation can be avoided

While Australia's BMSB measures are responding to a specific risk for our country, pest contamination via sea container pathways is a global issue. If industry can't demonstrate that we are using our own industry standards, then Governments around the world will have no choice but to mandate container cleanliness measures.

As a first step, it's important that shippers, packers and forwarders are aware of the code. As a second step, it's important we use it.

The enormous cost that Australian shippers are now facing with BMSB is a clear example of the importance of knowing and applying best practice standards.

If you would like to know more about the CTU Code, please visit: <http://www.imo.org/en/ourwork/safety/cargoes/cargosecuring/pages/ctu-code.aspx>

The Terms of Reference of the Sea Container Taskforce are available at:

<https://www.ippc.int/fr/core-activities/capacity-development/capacity-development-committee/ic-sub-group/ic-sub-group-sea-container-task-force-sctf/>



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Best practice operations to deliver compliance with statutory reforms

By ANDREW CHRISTIE, Director, Andrew Christie Consulting

In the previous 12 months we have seen changes to Commonwealth legislation and operating practices which impact us as an industry and require us to review our working platform into the future. Some of these recent changes include the Australian Government's implementation of additional security measures for outbound air cargo, the Department of Agriculture and Water Resources (DAWR) Illegal Logging Prohibition Act 2012 and the control measures for Brown Marmorated Stink Bug (BMSB).

Piece level screening of international outbound air cargo has placed additional burden on all areas of the export community. Those companies who have been fortunate enough to have screening equipment installed in their facilities are working through how best to receive cargo, screen it and have it delivered to the Cargo Terminal Operator (CTO) in a timely manner whilst those without their own equipment experience lag times at the CTO. There is no easy answer as to how this can be undertaken more efficiently, however we know (from the introduction of piece level screening of US consignments) that it is possible to refine

processes and harness efficiencies.

Critical to making this process work and harnessing efficiencies is ensuring:

- Rigorous contingency plans in the event of machine malfunction
- Critical analysis of consignments to ensure selection of appropriate screening equipment
- Progression to becoming become a Known Consignor
- Internal auditing and training processes to ensure compliance with RACA accreditation

I don't know of many people in the freight forwarding industry that have not been affected by this seasons Brown Marmorated Stink Bug (BMSB) campaign. DAWR have been working overtime since the season commenced in order to manage the risk, not an easy task, and the suspension of a number of Italian treatment providers has only added to the challenge.

The recent detection of BMSB in a monitor trap within the Fremantle wharf precinct has highlighted the importance of the processes put in place by DAWR. Industry must remember that DAWR is a regulator not a service provider

and as such is here to address the very real risk of an incursion.

We must work closely with DAWR to discuss lessons learned and commence preparation for next BMSB season. Knowing in advance which countries are going to be impacted will allow time for both DAWR and industry to implement and manage BMSB requirements. Reflecting on this season, the ability to have containers efficiently (and quickly) fumigated is an opportunity to vastly improve on this year's strategy.

Lastly, a reminder for importers of regulated timber products to be mindful of the illegal logging legislation enforced by DAWR. You may have seen that the first infringement notice issued under Australia's illegal logging laws was issued to a Queensland-based importer. The notice was issued for ongoing non-compliance with due diligence requirements and resulted in the business being penalised \$12,600.

DAWR have now audited over 600 businesses and provided a range of advice on whether due diligence systems meet requirements. More compliance audits are scheduled for 2019.

If your business would like assistance with RACA applications, DAWR Approved Arrangements, BMSB issues or Illegal logging legislation please feel free to contact me at Andrew Christie Consulting.

Do you need assistance with...

Biosecurity

- Biosecurity import commodity research and analysis
- Illegal logging
- Biosecurity approved third party arrangements
- Biosecurity Approved Premises
- Biosecurity import permits
- Biosecurity compliance
- Biosecurity training and assessment

Piece level Screening

- Designing screening processes using x-ray, metal detector and ETD.
- Investigate and propose the most appropriate equipment.
- Provide start to finish processes for export cargo
- Develop Standard operating procedures
- Provide insight into legislation in relation to piece level screening
- Provide assistance in attaining either off Airport RACA or Accredited Cargo Agent status

**If your answer is YES,
we can help**

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Border and Biosecurity Compliance Program

2019/20 - CPD and CBC

Freight & Trade Alliance (FTA) is accredited by both the Department of Home Affairs and the Department of Agriculture and Water Resources to deliver Continuing Professional Development (CPD) and Continued Biosecurity Competency (CBC) training.

FTA provides the following high quality, practical, cost effective and flexible solutions to meet your annual customs broker licensing and import Biosecurity accreditation requirements.

FACE-TO-FACE EVENTS

We are hosting the following conference-style events where you will obtain 24 CPD points and complete the mandatory 2019/20 CBC Information Session:

SYDNEY (8.30am to 4.30pm)
Tues 9 April 2019 – Novotel, Brighton Le Sands

BRISBANE (8.30am to 4.30pm)
Thurs 2 May 2019 – Novotel, Brisbane Airport

MELBOURNE (8.30am to 4.30pm)
Wed 19 June 2019 – Hyatt Place, Essendon Fields

Student, member and early bird member discounts apply - refer www.ftalliance.com.au/upcoming-events

During 2019, FTA will also offer additional CPD points and CBC training through a series of legal forums, workshops and online courses.

ONLINE TRAINING

FTA offers extensive material via www.ComplianceNetFTA.com.au with course, resources and online assessment available at listed prices.

FTA members are offered unlimited CPD and CBC content for a price of \$150 (excl GST) per person per accreditation period (1 April to 31 March).

Further discounts are offered to businesses with multiple purchases with the option for an all-inclusive invoice for FTA Premium Membership and CPD / CBC training – price on application to info@FTAlliance.com.au.



BorderWise expands library, extends global reach

Millions of consignments cross Australia's borders every year and all of them must pay the correct amount of duties and taxes and satisfy Australia's border requirements. However, in an environment where commercial pressures and demand for speed may result in an increased exposure to risk and potential penalties, compliance can be a complex and high-risk process. Where does that leave you?

BorderWise puts the information you need at your fingertips to navigate these risks quickly, easily and with confidence.

A comprehensive technical library and powerful search engine, BorderWise can help solve your biggest border compliance challenges – from improving decision making and productivity, to avoiding costly mistakes that could impact your bottom line.

Many Freight & Trade Alliance (FTA) members have taken up our special BorderWise offer and discovered how its smart search functionality and real-time updates from government authorities can help their business.

In a single window, BorderWise lets you search and bookmark thousands of global customs publications – from tariff classifications to legislation, World Customs Organization Harmonized System

Explanatory Notes, prohibitions and restrictions, such as weapons of mass destruction and dual-use goods.

AAT & Court cases now available

We continue to innovate and enhance our technical library and in an Australian first, Administrative Appeal Tribunal (AAT) and Court cases specific to our industry are now available on BorderWise. This exciting new addition means you can search, find and review AAT, Federal Court, High Court and other cases in minutes, not hours, saving you precious time.

When seeking rulings or dispute resolution you can now also support your submissions to the Australian Border Force (ABF) with binding precedents and tribunal decisions.

For example, the decision in Church & Dwight (Australia) Pty Ltd and Comptroller-General of Customs [2017] AATA 1910 (25 October 2017) confirmed how various types of baby wipes should be classified, and the decision in Woolworths Group Limited and Comptroller-General of Customs [2019] AATA 62 (23 January 2019), amended the ABF's tariff classification of alcoholic apple cider. This case clarified that NaturBrown caramelized juice concentrate in the alcoholic cider is the "juice or must of apples or pears", and therefore the goods went to a

duty-free tariff classification. Given the ABF's wide-ranging audits of cider distributors in recent years and the substantial posts issued, this decision will likely have far reaching implications that you can now keep up to date with.

Real-time updates – save time, reduce risks

With BorderWise you'll no longer waste precious time using outdated and inaccurate information and classifications. Instead, access real-time updates from government authorities and rest assured you've got the most recent customs and compliance information to guide your decisions.

One of the latest examples is the Brown Marmorated Stink Bug (BMSB), a crop pest that poses a significant biosecurity threat and could have a devastating effect on the fruit, vegetable and wine industries if it took hold in Australia.

As there is a heightened risk of BMSB entering Australia by hitchhiking on imported goods between September and April each year, the Department of Agriculture and Water Resources put in place strengthened biosecurity measures offshore and at the border and has been intercepting and treating high risk imported goods.

As a result of this diligence and heightened surveillance, the pest has been detected in several consignments and numerous vessels have been refused entry into Australia.

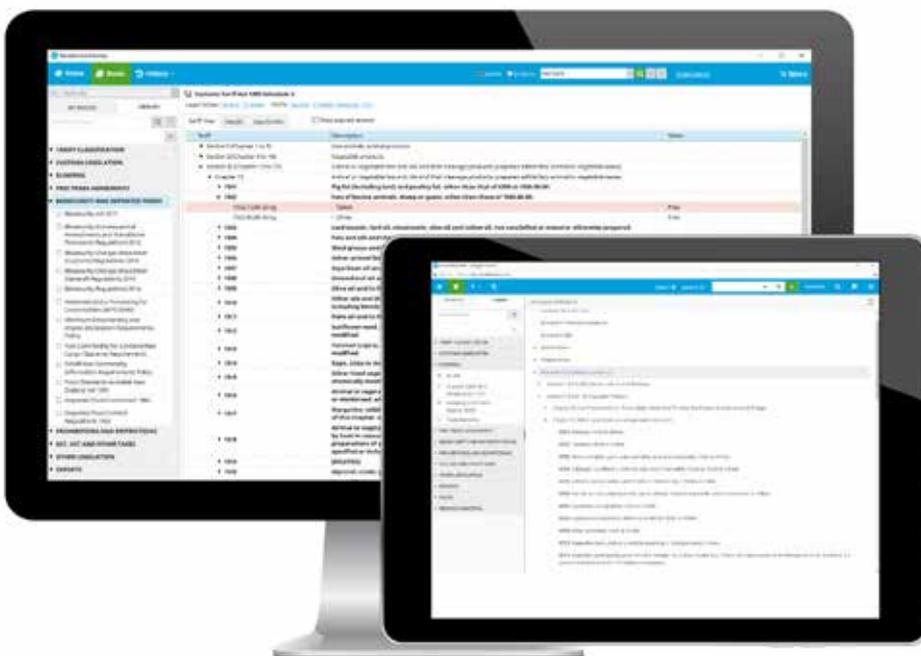
Global rollout continues

BorderWise's comprehensive customs and border reference library provides access to the World Customs Organization's Harmonized System Explanatory Notes, and in excess of 150 books for each of Australia, New Zealand and the United States of America.

In the next update, BorderWise will include comprehensive libraries for South Africa, with Mexico and Canada to follow and plans underway for the United Kingdom, European Union and Asia.

BorderWise delivers speed, quality and accuracy, providing peace of mind, leaving you to focus on your business and your customers.

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As trade professionals, you face immense pressure to make decisions quickly, keep costs low, and take on more work. At the same time you want to avoid hefty penalties and under- or overpaying duties and taxes.

BorderWise is a powerful search engine with a comprehensive technical library, putting all the information at your fingertips so you can make timely, informed decisions.

Visit www.borderwise.com to learn more about this comprehensive tool.

Is your business compliant with customs and excise duties obligations?

Prevention is better than cure: Free Crowe Horwath Compliance Health Check

Overview

The Australian Border Force (ABF) are making trade enforcement one of their key operational priorities with an increase in the penalties payable under the Infringement Notice Scheme (i.e. an “administrative enforcement remedy” that is an alternative to prosecution in Court).

Pursuant to the Infringement Notice Scheme, a person or company does not have to be found guilty of breaching a Customs law before an infringement notice can be issued – all that is required is that a Customs officer should have reasonable grounds for suspecting that the person or company has breached a relevant Customs law.

Early in 2018, a Melbourne based import business was required to pay almost \$2 million in penalties and recovered Duty and GST because an ABF investigation revealed that imported pre-galvanised steel products from a number of countries were undervalued.

Is your business compliant with the customs and excise duties obligations?

Currently within your business, what independent assurance do you have to provide you with comfort that you are compliant?

Are you confident that your Customs Brokers / agents are acting in your best interests and paying the correct amount of duty, excise and GST?

It is surely not worth waiting for a visit from the ABF to highlight any weakness and then find yourself subject to possible penalties and infringement notices!

Free Crowe Horwath Compliance Health Check

To provide you with the assurance and comfort that your business needs, our Customs and Global Trade team **are currently offering a complimentary, no obligation assessment and Compliance Health Check.**

The free compliance health check will provide you with valuable insight into your trade activities and will provide you with significant cost savings whilst ensuring compliance.

For example, on receiving your signed letter of authorisation, we will use our data analytics tools to provide you with a visual overview of your past four years of import and export data.

We can then review all the key factors (see below) that can affect the custom duty and GST exposure of your cross-border transactions.

Some of the key factors we will look at include:

- Tariff concessions;
- Tariff classification for imports and exports;
- Customs Valuation;
- Free Trade Agreements; and
- Country of Origin and Preference.

As part of the review, our Customs and International Trade Experts will consider overpayment as well as past errors and underpayment of duty. This action will assist in eliminating risks and associated penalties, which have exponentially increased in recent years.

Following the Compliance Health Check, we can design a long-term improvement strategy to help your organisation maintain customs compliance and maximise refund opportunities.

By identifying and mitigating risks, and developing an improved compliance framework for the future, your business can save on customs duty and related taxes.

As an added benefit, by taking up this free Compliance Health Check offer, you can become more knowledgeable about the various services offered by Crowe Horwath (e.g. international tax services) that may be

beneficial for your international business operations.

Ensure peace of mind and book in your free Compliance Health Check with one of our Customs and International Trade Experts today on phone number 02 9619 1661.

As they say, prevention really is better than cure!



Matthew Morgan

About Crowe Horwath

Crowe Horwath is part of a global accounting network that delivers high quality audit, tax and advisory services in over 120 countries. We are the relationship that you can count on – large enough to offer a range of expertise and skills – and small enough to provide the personal touch.

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The relationship you can count on

Crowe Horwath Australasia is one of the leading providers of practical accounting, audit, tax, business and financial advice to individuals and businesses from a comprehensive network of over 110 offices.

Customs Compliance – now is the time to be more vigilant than ever

By RUSSELL WIESE, Principal, Hunt & Hunt Lawyers

Generally, Australia's customs duty rates of 0-5% are not sufficient to motivate deliberate evasion of duty. In an environment of low duty rates, most non-compliance tends to be accidental, rather than deliberate. However, the tables are turned when dumping duties are imposed. Dumping duties often exceed 30% and can even be over 100%. Where the rewards for non-compliance are this high, there will undoubtedly be greater motivation to engage in duty avoidance.

Over the past few months we have heard increasing instances of suppliers seeking to work with importers to lower or avoid dumping duties. At the same time, the Australian Border Force (ABF) is engaging in greater levels of targeted compliance activity. In this environment there is a risk that importers will find themselves on the receiving end of massive fines and the requirement to back pay duty and GST. Purchasers need to be aware of the risks and realise that regardless of the promises made by the exporter, if there is deliberate non-compliance and underpayment of duty, it is the Australian consignee that can be liable, even if the principal architect of the evasion was the foreign exporter.

When is dumping duty payable

Dumping duties are payable where the Anti-Dumping Commission finds that goods are exported from a foreign country at a price that is less than their normal value and that dumping is causing loss to an Australian industry. "Normal Value" is usually a reference to the domestic selling price in the country of export. Countervailing duties are payable where it is found that exporters from a third country are benefiting from specific government subsidies.

It is important to understand that the imposition of dumping duties does not only occur when goods are sold to Australia at a loss. Australia can be a very profitable export market and still dumping duties will be imposed.

What are the problems industries

The Anti-Dumping Commission keeps a record of all goods subject to dumping duties on the importation into Australia. Whether dumping duties are payable depends on the type of goods, the country of export and, to a lesser extent, the identity of the exporter. The most common goods subject to dumping duties are steel and aluminium products

out of China. We are seeing a notable amount of compliance activities around aluminium extrusions (solar panel mounting kits, construction material, fencing) and steel hollow structural sections (pipes and construction material).

What are the tactics adopted?

We are receiving reports of some exporters of Chinese steel and aluminium adopting a variety of methods to avoid or lower the dumping duty payable at the Australian border. Here are some tactics for Australian customers to look out for.

The shelf company

Under this tactic, goods subject to dumping duty are deliberately reported as a different kind of good and imported by a \$1 shelf company. The tactic isn't clever, the plan simply being that if the deliberate non-compliance is detected, the liable party will be a shelf company that can be wound up at little cost.

There are some basic problems with this approach. Firstly, the individuals that act to facilitate the non-compliance can be charged with aiding and abetting the shelf-company in its non-compliance. If that person is a director, deliberately engaging in tax avoidance may amount to a breach of his or her director's duties.

If the shelf-company on-sells the goods to a related company, that related company may be deemed to be in possession of the goods and liable to pay the underpaid duty by this reason alone.

Transshipment

Under this approach goods made in China are ordered by an Australian company and rather than being shipped direct from China, the goods are transhipped to a third country and then disguised as the goods of that country. This includes new commercial documents and even Government issued certificates of origin.



The ABF is aware of this tactic and will investigate whether the supposed third country manufacturer exists. It is not unheard of for the investigators to find a vacant block at the location of a supposed factory.

Transshipment does not prevent goods being categorised as having been exported from China to Australia. It just makes the export harder to detect. To facilitate the deception the importer needs to falsely declare the country of origin and the identity of the supplier. In doing so, the importer exposes themselves to strict liability for making a false statement resulting in an underpayment of duty and obtaining a financial advantage by deception.

Again, the underpayment of duty will follow the goods. As the ultimate purchaser of the goods, there is no way to wash your hands of the duty consequences.

Invoice splitting

Often it is only one part of the consignment that attracts dumping duty. For instance, where the goods are used to mount solar panels on roof, the component that attracts dumping duty may be the rails, but associated clamps may be duty free.

A supplier will be tempted to produce invoices for customs purposes that greatly inflate the value of the clamps and has a corresponding reduction in the value of the rails.

The ABF audits many legitimate importers and has a lot of intelligence as to the value of common imports. Income splitting will be easy to detect if the relevant imports are the subject of an audit. Where the invoices have been manipulated, the ABF can disregard the invoice value in determining the customs value of the goods. The ABF can determine the value by reference to the price of similar goods, or by the Australian sale price of the goods (less certain post importation costs).

Test imports

We have heard reports of exporters offering to sell the goods on the basis that liability for dumping duty will not be declared and if the import is detected by the ABF, the import will be abandoned with the exporter paying the costs of export to a third country.

There is nothing illegal in agreeing that a supplier will pay the costs of re-exporting goods if the importer no longer wants to import them. The problem exists

from what happens if the goods are not detected at the time of import. In this scenario the goods will be imported with dumping duty being deliberately underpaid. The underpayment will have resulted from falsely describing the goods or incorrectly claiming that they are subject to an exemption.

Unless the importer is upfront about the potential dumping duty (such as via an amber line entry), this approach is no different than simply making false statements. Agreeing to not import the goods if you are caught will not be much of a defence if you appear before a Court.

Supplier as the importer

Under this approach, the supply of the goods occurs as a domestic sale in Australia. The overseas supplier is both the exporter and the importer. It the overseas supplier that makes the relevant declarations to the ABF it will be the entity that would be subject to any fines that are payable.

The overseas supplier will also be first in the ABF's firing line if there is any underpayment of duty. However, first in line is not the same as being the only one in line. Australian case law shows that if



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there is an underpayment of duty, the ABF can pursue that duty from the Australian customer, even if that customer had no involvement in the import and was unaware of the duty avoidance.

When the choices are between an Australian resident company and a foreign supplier, it's easy to guess who the ABF debt collection team would prefer to pursue.

What are the risks?

The risks start at liability for the underpaid duty and GST and go up from there. In respect of underpaid duty, the ABF can base its demand on the past 4 years of imports. It can go back further if there is evidence of deliberate avoidance of duty. We have seen multi-million dollar demands made by the ABF.

Where the ABF can prove deliberate duty avoidance, the minimum penalty a Court can hand down is 2 times the underpaid duty, the maximum is 5 times the underpaid duty.

Even if the offence is merely a non-deliberate false statement, the maximum penalty is an amount equal to the underpaid duty.

However, the ABF does not have to trouble the Director of Public Prosecutions and take the importer to Court. Rather, the ABF can issue infringement notices of an amount equal to 75% of the underpaid duty without needing to prove a single allegation.

Put simply, if caught, you can expect to pay the underpaid duty plus at least 75% extra.

This is just the financial penalties, it does not take into account the impact on your supply chain of increased levels of compliance activity.

While all of the above is scary, if there is deliberate avoidance of a large amount of duty, the Commonwealth may choose a criminal, rather than customs, prosecution. This means that a penalty option is a jail sentence.

What to do

This issue is not going away, if anything, we can expect both ABF compliance activity and dumping duty rates to increase. Where the action is deliberate avoidance of dumping duty, there is no way to pass the risk onto a third party. If nothing else, the duty liability will follow the goods.

There are ways to legitimately manage increasing dumping duties. This can include dealing with suppliers who have secured individual favourable rates or legitimately gaining exemptions from the duty. In some cases, it will also be possible to have the duty rate reassessed.

While these options can involve an investment of resources, these options should all be investigated. What importers shouldn't do is believe in an offer that is too good to be true. These offers all rely on non-compliance not being detected and leave the importer greatly exposed when the inevitable happens.

If you believe that you may have been involved in past non-compliance, there are significant benefits associated with voluntary disclosure. For a start, the ABF will not be able to issue infringement notices. More importantly, the ABF mindset is very different for importers who are voluntarily seeking to improve compliance. If non-compliance is detected in an audit, it is very hard to have the ABF, or a Court, see you in a positive light.

Please contact Russell Wiese (rwiese@huntvic.com.au) for assistance with managing customs compliance and rising rates of dumping duty.



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Customs brokers, freight forwarders and their clients benefiting from Australian Trusted Trader

Customs brokers and freight forwarders of all sizes are signing up to become accredited under the voluntary and free Australian Trusted Trader (ATT) program.

ATT is one of 77 Authorised Economic Operator (AEO) programs globally and is a part of a risk-based approach to how supply chain security is being managed.

Service providers are reporting an enhanced reputation with their clients, giving them a competitive edge, and a seat at the table in the future of ATT and trade modernisation. As an accredited Trusted Trader, businesses also have exclusive access to an Australian Border Force (ABF) account manager for advice and assistance with issues relating to border clearance.

Brokers and freight forwarders are also recognising the benefits of ATT for their clients and are facilitating an introduction for their clients to learn about and apply for ATT. This value adding is another way service providers are contributing to supply chain security and compliant trade practices.

Kuehne + Nagel, a global logistics provider, recently joined more than 300 Australian businesses that are benefitting from being a part of ATT. With approximately 79,000 employees in over 100 countries, the Kuehne + Nagel Group is one of the world's leading logistics companies. Becoming a Trusted Trader means enhanced international reputation under this globally recognised program and provides a point of difference with their clients.

Björn Johansson, Managing Director of Kuehne + Nagel Australia says the company was proud to be awarded Trusted Trader status in recognition of their secure supply chains and compliant trade practises.

"Being a Trusted Trader demonstrates our commitment to excellence in our international supply chain security. All Australian businesses involved in importing or exporting goods should apply and benefit," said Björn Johansson.

"We encourage our customers and other businesses to consider becoming a Trusted Trader as it simplifies the overall customs processes, which is important given the constant increase in trade volumes at Australian ports and depots."

Kuehne + Nagel's customers who are also accredited under the ATT program will be able to receive additional benefits such as expedited border clearance, access to various Mutual Recognition Arrangements (MRAs) with trading

partners, Consolidated Cargo Clearance, Origin Advance Ruling for goods imported under the China-Australia Free Trade Agreement (ChAFTA), Duty Deferral and priority trade services.

MRAs

Trusted Traders receive priority treatment at the borders of our seven MRA-partner economies including Canada, China, Hong Kong, Korea, New Zealand, Singapore and Taiwan with more being negotiated. These arrangements provide Australian exporters with faster processing, greater certainty and speed to these overseas markets.

Consolidated Cargo Clearance

Trusted Traders, or their licensed customs broker, may lodge a single import declaration for sea and air cargo imported under multiple consignments from multiple suppliers if they are on the same Ocean Bill of Lading or Master Airway Bill. This means paying only a single Import Processing Charge (IPC) and less paperwork.

Origin Advance Ruling

The Origin Advance Ruling is available for Trusted Traders importing goods under the ChAFTA—providing a single advance ruling for multiple goods under multiple tariff classifications and multiple consignments for imports from China. The supplier can provide a Declaration of Origin (DoO) for those goods approved under the advance ruling instead of obtaining a Certificate of Origin (CoO) for each consignment and product.

Trusted Traders benefit from reduced administrative paperwork and timeframes in obtaining Certificates of Origin and the costs that may be incurred by using a third party to obtain them.

Duty Deferral

Duty Deferral allows Trusted Traders, or their customs broker, to defer the payment of Goods and Services Tax (GST) duty to a consolidated monthly payment that is paid on 21st of each month. This benefit is available to Trusted Traders who defer payment of GST through the GST deferral scheme and who do not have Wine Equalisation Tax (WET) or Luxury Car Tax (LCT) obligations.

This can benefit Trusted Traders through improved cash flow by deferring payment of all or part of their duty liability to a consolidated monthly payment.

Priority trade services

Service providers that are Trusted Traders, as well as their accredited clients, will have access to priority service when requesting duty drawbacks, refunds and advice on tariff, valuation and origin through our National Trade Advice Centre. Priority processing is only possible where the claim is lodged electronically by a Trusted Trader, or their broker on their behalf, using the Integrated Cargo System (ICS).

APEC Business Travel Card

Trusted Traders are able to access a streamlined application process for the Asia-Pacific Economic Co-operative (APEC) Business Travel Card, negating the need for a separate visa and providing access to the fast-track lane in international airports, in 21 economies.

Temporary Skill Shortage visa

A faster process to apply to be a sponsor for the Temporary Skill Shortage visa is also available exclusively available to Trusted Traders. This can help you address labour shortages by bringing in genuinely skilled workers where you cannot find an appropriately skilled Australian.

Applying

Applying is quicker and easier than ever before, with significant improvements implemented in 2018. It could take as little as a few hours depending on the size and structure of a business. Progress can be saved and there are no wrong answers.

Be a part of this internationally recognised program and start your online application at www.abf.gov.au/trustedtrader and encourage your clients to join and realise the benefits for their business. Help is available with the application by emailing trustedtrader@abf.gov.au



Tracey McPherson, Director, Human Resources, Kuehne + Nagel Australia; Tim Fitzgerald, Assistant Secretary, Trusted Trader & Trade Services Department of Home Affairs; Julia Armstrong, National Customs Manager, Kuehne + Nagel Australia



Shaping the future of trade

Australian Trusted Trader (ATT) reduces red tape at the border and expedites the flow of cargo in and out of Australia, saving you and your clients time and money.

ATT is free to join with no ongoing fees. It is the future of international trade. Help your clients. Enhance your business.

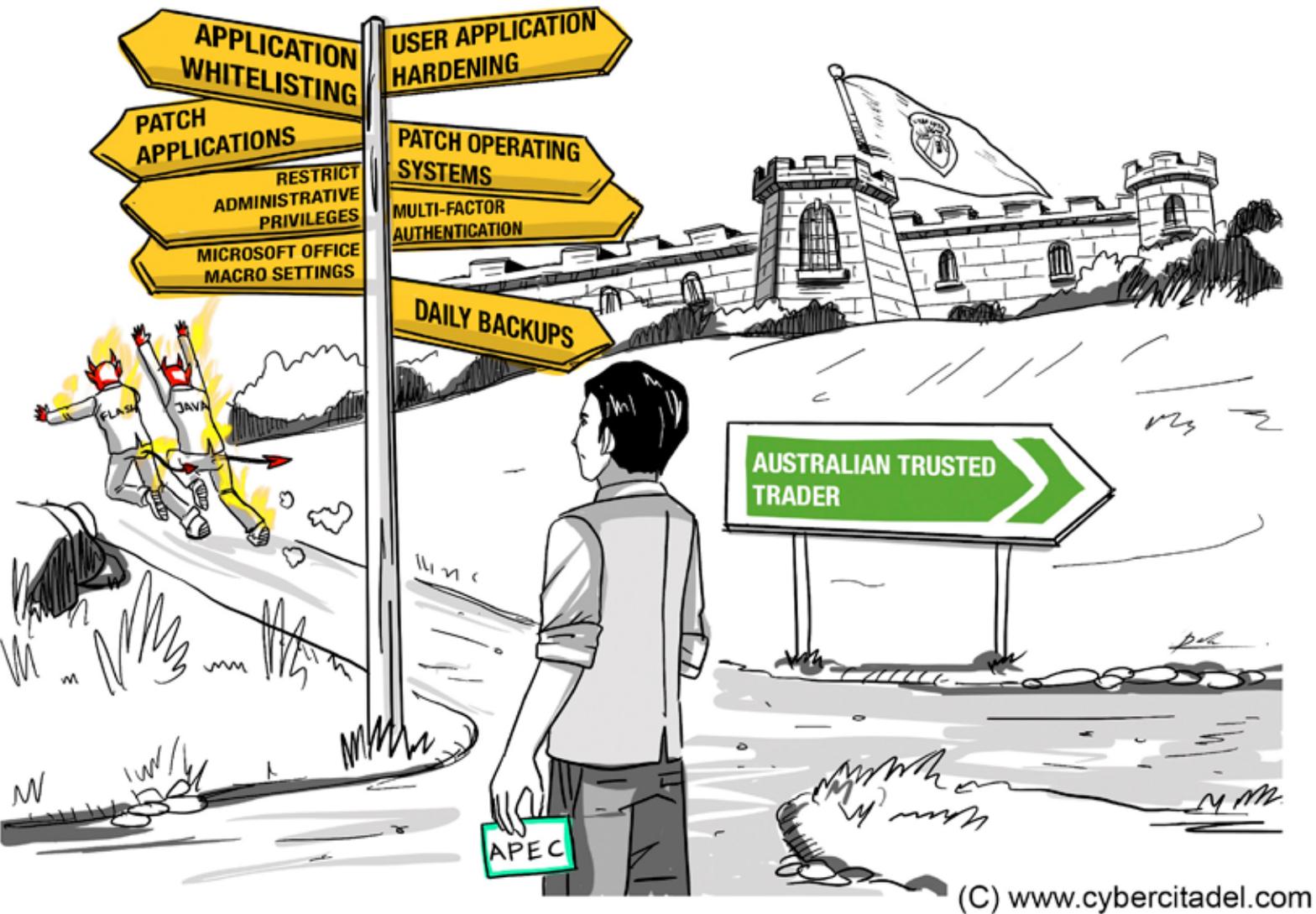
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WWW.ABF.GOV.AU/TRUSTEDTRADER

Can you or your clients afford to not join?

“Being a Trusted Trader demonstrates our commitment to customer service and excellence in international supply chain security. All Australian businesses involved in importing or exporting goods should apply and benefit”

Björn Johansson
Managing Director of Kuehne + Nagel Australia



Australian Trusted Trader Cybersecurity Compliance

By JONATHAN SHARROCK, Director, Cyber Citadel

Businesses in Australia are being offered Australian Trusted Trader (ATT) status if they comply with a set of regulations. This status provides trading companies with a range of privileges and benefits that any trading company would be advantaged with.

Major benefits include increased administrative efficiency through severely reducing bureaucracy, especially with regards to customs and the handling of goods at the border, as well as improving cash flow as a result of the ability to defer duty to a specified

date to be singularly processed. In addition, businesses receive recognition as a trusted trader both at home and abroad with the opportunity to apply for a business travel card (for Asia-Pacific participating nations) and fast-tracked temporary skills shortage (TSS) visas which would normally take 12 months to process. The status also entitles you to personalised logistics support provided by border force, which can significantly improve the continuity and consistency of service at customs. The support even includes a data collection service which tracks your goods and can be used not only to improve logistics but also detect and reduce fraudulent transactions.

There really are no apparent reasons not to apply for this status.

To do so however, requires your company to comply with a set of regulations, amongst which protecting your data against theft, loss, and misuse is essential. The base level requirement from the Australian Cyber Security Centre (ACSC) is summarised by a set of guidelines known as The Essential 8.

While no single mitigation strategy is guaranteed to prevent cyber security incidents, implementing the Essential 8 makes it much harder for adversaries to compromise systems. Furthermore, implementing pro-actively can be more cost-effective – in terms of time, money

and effort – than having to respond to a large-scale cyber security incident.

Organisations can meet different compliance tiers, called maturity levels, ranging from 1 to 4. The ACSC stipulates that most companies should aim for the 3rd level, unless they are particularly prone to cyberattack due to the sensitive nature of their data.

A security assessment is three-fold: identification of a hazard (such as a third party); establishment of the risk (an example being the privileges the third party has); and determination of a mitigation strategy (for instance: third parties should meet the same standard of security as your own company and be restricted in their access to your network).

Identification as an initial preliminary to security should not be underestimated in value.

It is recommended that before implementing any of the Essential 8 mitigation strategies, organisations should perform the following activities:

1. Identify which systems require protection (i.e. which systems store, process, or communicate sensitive information, or information with a high availability requirement);
2. Identify which adversaries are most likely to target their systems (e.g. nation-states, cyber criminals, or malicious insiders); and
3. Identify what level of protection is required (i.e. selecting mitigation strategies to implement based on the risks to business activities from specific adversaries).

In particular, well-established companies should keep in mind the risks associated with legacy systems which they have brought onto new, wider networks. These systems may not have

the necessary security features required to deal with threats in the modern technology age, especially if they were designed prior to a globally accessible internet. In addition, companies bringing physical machines online to streamline processing and provide better data collection should also be aware of the risk of doing so and should consider isolating these on a separate network which can be quarantined in the event of a security breach.

In addition, third-party providers are often the limiting factor for logistics company security. All companies, including third party vendors, should follow the principle of least privilege: the idea that at any user, program, or process should have only the bare minimum privileges necessary to perform its function. For example, a user account created for pulling records from a database doesn't need admin rights, while a programmer whose main function is updating lines of legacy code doesn't need access to financial records.

Furthermore, any third parties should meet the same security requirements as your own organisation. Company data is only ever protected as much as the path of least resistance: you can have a moat around your castle, but if your food suppliers use bridges the moat makes no difference under an assault.

Once identification has been conducted, the Essential 8 tackle three key areas of data security: preventing malware delivery and execution, limiting the extent of cybersecurity incidents, and recovering data and system availability. The Essential 8 are conveyed in the below schematic.

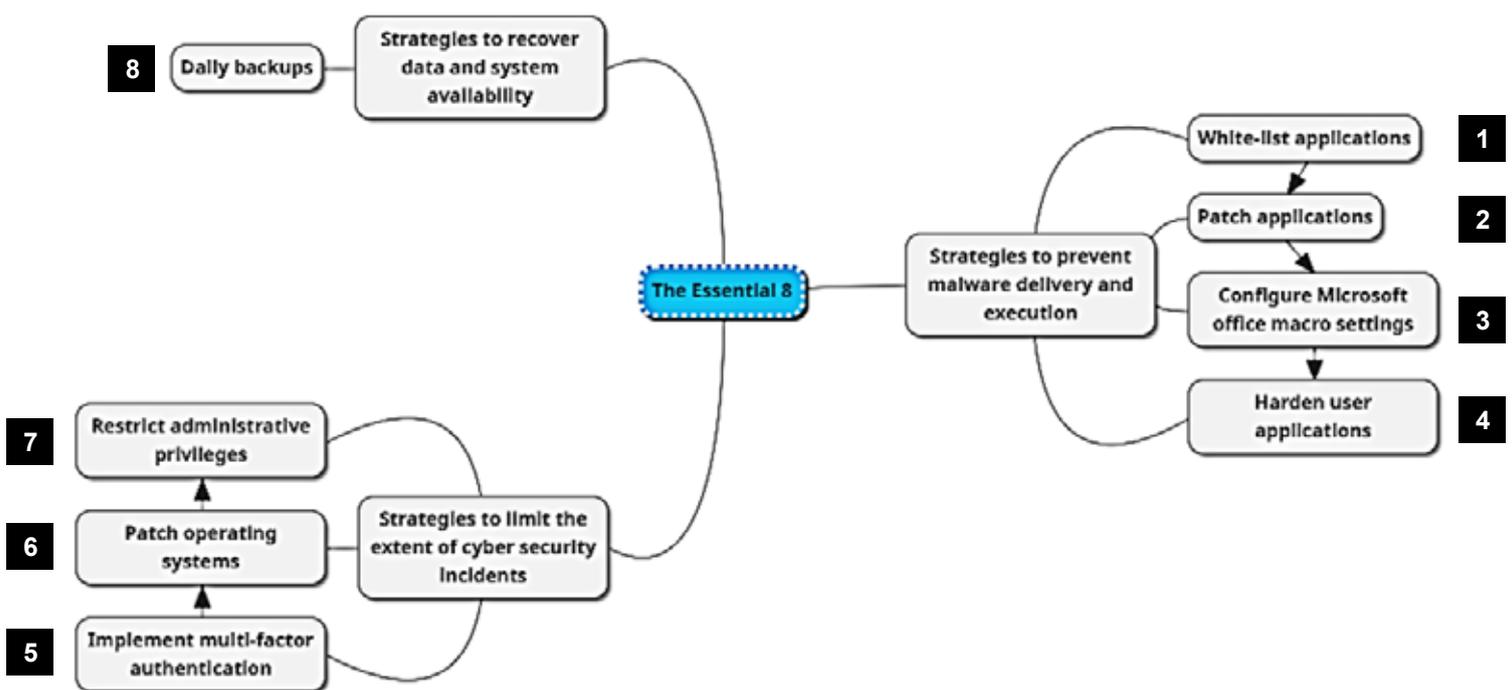
Implementation of the Essential 8 will ensure compliance with the requirements of the ATT application form questionnaire, but it is certainly

a sensible way to conduct business security in the 21st century regardless of any application process.

Cyber Citadel can provide a comprehensive support service, ranging from advice on managing risk to a full implementation of any of the Essential 8.

Critically, assessment never stands still. Third parties change, employees change, police checks are irregular, and the security requirements themselves are constantly – often rapidly – evolving. This means that all companies should keep records, both in terms of a digital footprint (covering activity, access, sharing, data creation and loss) and in terms of changing business situations such as employees or policy.

This may all seem overwhelming, but the Essential 8 are really just that – essential. And implementing them can provide you with access to ATT membership. You don't need to do it alone: security firms such as Cyber Citadel are here to help you and your company every step of the way if need be. From updates on existing systems to full security rebuilds, as well as assessment of your company's greatest risks and mitigation solutions. The idea is simple – your company is your castle, and when goods move across your moat, the bridges should be drawn up afterwards.



If it ain't robust, you might go bust!

The Importance of Robust Risk Management Strategies in Preventing and Managing Liability Risks

By JAMES COTIS, Principal, Logical Insurance Brokers

Participants and providers in the logistics industry deliver a myriad of services along the transport chain on behalf of their customers; often doing so with great care, skill and diligence.

However, logistics businesses understand that whilst they might exercise great control over the shipment/movement of goods, they are not immune to the wide variety of potential liability exposures which can arise in the process.

And what might these exposures be?

Based on reports from our clients, cargo incidents include:

- Loss, damage and theft of cargo;
- Uncollected/abandoned cargo;
- Cargo disposal costs;
- Container demurrage costs;
- Incorrect release of cargo;
- Errors and/or omissions within transport documentation;
- Delayed and wrongly addressed cargo;
- Damaged or missing stock held in warehouses on behalf of customers.

Hence the importance of robust risk management strategies.

Robust risk management strategies and business practices will not only help with the prevention of potential issues, but it will also be beneficial in managing and mitigating liabilities should it all go horribly wrong.

YOUR RESPONSE

So how should your logistics business best respond to a notification or claim of missing or damaged cargo?

Hopefully, as part of your robust risk management plan, you have in place an appropriate insurance program which

sufficiently covers the relevant potential liabilities.

We can also offer the following guidance:

1. Get your STCs in shape

Strong and properly incorporated Standard Trading Terms & Conditions (STCs) with customers is the first bulwark for any logistics business. Customers should be referred to the STCs they have signed which will generally act to limit or remove a business's liability in line with international transport conventions.

Periodic reviews of STCs, systems and procedures will assist you to keep out of hot water!

Reviews will also ensure your business is up to date with any changes in legislation, regulations &/or case law as appropriate*.

2. Do not admit liability

Under no circumstances must liability be admitted or accepted as this may jeopardise your business' position and any insurance coverage.

3. Notify liability insurers

Where insured, immediately notify your liability insurers to enable them to undertake all necessary actions to mitigate liability. If your business is uninsured, you should seek assistance from experienced lawyers and/or consultants skilled in transport law.

4. Encourage customers

Where cargo is lost or damaged, encourage customers to promptly notify their cargo insurers.

5. Forward Intent to Claim notices

Send "Intent to Claim" notices to the contracting parties such as airlines/shipping lines/overseas agents.

6. Forward demands for payment

Where demands for payment are received from customers or their insurers, immediately forward them to the relevant insurer (or lawyer/consultant where not insured) for their consideration.

AUSTRALIAN BORDER FORCE (ABF)

The Australian Border Force (ABF) have been increasing their investigation, inquiry and prosecution activities in recent years, leading to Infringement Notice Scheme (INS) penalties and liability to pay customs duty.

In more serious cases, there is a threat of suspension or revocation of customs broking licences.

As a result of this increased activity, licenced customs brokers have contacted us expressing their anxiety when they have received notices from ABF directly or via their customers.

ABF CLAIM CATEGORIES

The types of claims notifications our clients (and broader FTA membership) we have experienced relating to ABF activity include:

- Incorrect Full Import Declarations (FIDs);
- Misuse or goods not meeting the precise description in Tariff Concession Orders;
- Incorrect Tariff Classifications;
- Anti-dumping duties.

Whilst it is important to assist and cooperate with ABF officials as requested, it is also important that licensed customs brokers do not admit or accept any liability as they may prejudice their position.

We have managed many claims on behalf of our clients and provided guidance to FTA members involving the ABF.

ABF CASE STUDIES

Some of the matters which have crossed our desk include:

Case Study 1

Following lengthy investigations of an importer who was deliberately attempting to defraud Customs of duty, ABF alleged that a licenced customs broker colluded with the importer in the attempted fraud. The licenced customs broker advised that ABF officials entered the customs broker's premises, produced a search warrant and seized computers, laptops, and hard copy documents.

This was an uncomfortable time for the licenced customs broker as, although they believed they had done nothing wrong, they had concerns about their licence. After reviewing the ABF documentation, it was understandable as to why ABF pursued the action against the licenced customs broker because, unfortunately, they were not in possession of the full facts.

We engaged, with insurer's consent, appropriate lawyers & industry consultants and after various submissions containing relevant evidence, ABF agreed that the licenced customs broker played no part in the attempted fraud.

Case Study 2

Errors relating to country of origin declarations led to anti-dumping duties being payable and possible penalties to the licenced

customs broker. In this matter, the ABF sent the customer a compliance assessment for hundreds of thousands of dollars in additional duties. The customer asserted that they received advice from the broker that anti-dumping duties did not apply and refused to pay the additional duty. Further, the customer engaged lawyers who threatened to sue the licenced customs broker.

Fortunately, the licenced customs broker kept excellent records and was able to provide various email correspondence clearly advising the customer that anti-dumping duties applied, and that advice was ignored by the customer. Subsequently, the customer paid the outstanding duties.

SO IN SUMMARY...

Based on these case studies and our many years of experience in helping logistics businesses prevent and manage potential liability risks, we strongly encourage you to:

- Ensure there are strong and current STCs in place that are properly incorporated within your business, and regularly review them;
- Do not admit or accept liability;
- Where practicable, assist your customers and ABF when an incident arises;
- Have robust risk management strategies in place and regularly review them;
- Accurately document and agree the services to be provided to customers;

- Keep accurate records;
- Undertake customer due diligence audits where appropriate.

**NOTE: For further discussion on Standard Trading Terms and Conditions (STCs) please refer to the article also prepared by James Cotis of Logical Insurance Brokers in the Summer 2017 edition of Across Borders www.ftalliance.com.au/across-borders-magazine*

Who we are

James and the team at Logical Insurance Brokers provide specialist risk management and insurance solutions to the logistics industry. Logical is delighted to be associated with the Freight and Trade Alliance (FTA) and is proud to be their appointed insurance adviser since its inception in 2012. James is also a regular presenter at FTA professional development events.

If you would like more information about how a carefully constructed insurance program can help protect your business, please feel free to contact James on 02 9328-3322, email jamesc@FTAlliance.com.au or visit the Logical Insurance Brokers website at www.logicalinsurance.com.au/logistics.

Disclaimer: This article is designed to provide helpful general guidance on some key issues relevant to this topic. It should not be relied on as legal advice. It does not cover everything that may be relevant to you and does not take into account your particular circumstances. It is only current as at the date of release. You must ensure that you seek appropriate professional advice in relation to this topic as well as to the currency, accuracy and relevance of this material for you.

Making your next Freight or Clearance move?

Think Logical(ly)

Logistics is a risky game but luckily, Logical Insurance Brokers is on your team. We specialise in providing insurance advice for freight forwarders, customs brokers, and transport operators.

Steady your hand; protect your business against freight and clearance liabilities.

Call James on 02 9328 3322
or email jamesc@logicalinsurance.com.au.



TOBACCO REFORMS TO START ON 1 JULY 2019

By SHARNI KNOX, Director Compliant Trade Consultancy



As I pick up the paper, I read an all too common occurrence, another news story involving the illegal importation of tobacco. This time, two Melbourne men are arrested for the alleged importation of 1.1 million cigarettes, attempting to evade more than \$10 million in customs duty.

However significant, this represents just a small slice of the criminal pie. An Australian Taxation Office (ATO) News Release Titled 'Illicit Tobacco Taskforce in full force in 2019' revealed the extent of the issue. During the 2016-2017 financial year, the Australian Border Force (ABF) detected more than 240 million cigarettes and 217 tonnes of tobacco at the border. The damage, more than \$356 million in duty evaded.

As part of cracking down on the illicit tobacco trade, the Australian Government in its 2018-19 budget introduced a series of reforms, as detailed in the Australian Government 2018-19 "Black Economy Package –

combatting illicit tobacco". The reform measures are in response to the recommendations put forth by the Black Economy Taskforce in their final report to Government. See Black Economy Taskforce: final report – October 2017 for further information.

With legislation now complete, enacting the Government's commitment to battling the illicit tobacco trade, from 1 July 2019, all involved in the importation of tobacco products, including service providers, will need to be aware of the new regulatory requirements.

These measures are summarised below.

1. Collection of Duty at the border

Currently importers have the option to defer the payment of customs duty applied by transferring the goods to an underbond warehouse facility (warehouse licensed under section 79 of the Customs Act 1901 (Cth)). The customs duty becomes payable once the goods are moved out of the warehouse and entered into home consumption.

From 1 July 2019, customs duty will apply to tobacco products as soon they are imported, removing the ability of tobacco importers to defer the payment of duty using warehousing arrangements. Such measures are aimed at reducing any opportunity for duty avoidance as a result of goods being removed from licensed warehouse facilities without authority.

For tobacco product currently stored in a licensed warehouse, there will be transitional measures in place, with eligible imports/affected parties having 12 months to pay the tax liability. A security will need to be issued to take advantage of such arrangements. The calculation to ascertain the value of such security is still under review.

2. Permit Requirements

From 1 July 2019, the importation of all tobacco products into Australia will

require a valid import permit. This does exclude tobacco purchased by travellers under the existing duty-free allowances.

Tobacco product will be treated as a prohibited import, if entered without a valid import permit or in contravention of permit conditions, and will be seized and disposed of by the ABF directly. The option to re-export, store in a licensed warehouse or on-sell, will not be made available without a complying permit. Further, there will be no option to apply for a permit to be issued retrospectively, at or after the time of import. The Integrated Cargo System (ICS) will require the permit details to be input before tobacco products can be cleared.

It is anticipated that permits will be granted on a shipment by shipment basis and periodically for major importers. This arrangement is also still being finalised.

In the coming months, the ABF, in consultation with the ATO, will be releasing further public information and educational tools. However, in the interim, I draw your attention to the Department of Home Affairs Notice No. 2018/35 for further details. (link below)

<https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2018-35.pdf>

Stay tuned for further updates and as always shall assistance be needed please feel free to email me direct at sharni@complianttradeconsultancy.com.au





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- Tariff Concession Order Applications
- Preparation and submission of formal rulings with the Australian Border Force (ABF) which may include valuation, tariff or origin rulings;
- Client visits and presentations;
- Assistance in ABF audits; and
- Retrospective duty reviews including compliance audits.

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Up in Smoke

High Court reviews definition of “owner” under Customs legislation

By ALEXIS CAHALAN, Principal Lawyer, Thomas Miller Law, Transport, Trade and Logistics Solicitors

A recent Australian High Court decision in *Comptroller of Customs v Zappia [2018] HCA 54* has identified in what circumstances an employee will be held to be in possession and control of dutiable goods and, therefore, liable for duty payable in relation to the goods.

The Facts

Zaps Transport (Aust) Pty Ltd was the operator of a bonded warehouse at Smithfield, NSW. It was licensed under Part V of the *Customs Act 1901* such that importers could store goods at Zaps bonded warehouse without duty being payable until the goods, in this case, cigarettes were entered for home consumption.

Mr Zappia senior was a director of Zaps. His son, Domenic Zappia was employed as Zap’s general manager and warehouse manager. Mr Zappia senior and Domenic identified themselves in a formal document to the Australian Taxation Office (ATO) as participating in the management and control of the warehouse.

Following four previous robberies, on 23 May 2015, 400,000 sticks of cigarettes were stolen from the Smithfield warehouse. Both the Zappias were absent at the time of the theft. This meant that no duty had been paid on the goods. The Collector of Customs issued a notice under s35A(1) of the *Customs Act* demanding payment of the duty in the sum of A\$188,032 on the basis that the goods had not been kept safely. The demand was issued not only to Zaps as the warehouse operator, but also to Mr Zappia senior and his son for payment of the duty on the goods. All parties applied to the Administrative Appeals Tribunal for a review of the demand.

The Tribunal agreed with the Collector. It found Zaps had been entrusted with possession, custody and control of the tobacco, that the father was the person in “overall command of the business” and that both he and his son exercised

control over the tobacco products, even though the “big” decisions were made by the father. The Tribunal found it relevant that it was the son who had authority to represent Zaps in the initial meetings with the ATO.

Federal Court reverses AAT decision

Only the son went on to appeal the decision to the Australian Federal Court. By this time Zaps had gone into liquidation and the father declared bankrupt. Domenic may have decided that it was an unpleasant prospect for a young man to be declared bankrupt and hoped that the Federal Court would find that as a mere employee he was not liable within the meaning of “owner”. The son was successful. The Federal Court found that “owner” was not to be interpreted as directed towards the kind of control exercised by an employee of a licenced warehouse and made a distinction between someone in “paramount control” such as the father, and “subordinate control” such as the son. The Federal Court’s decision in favour of the son was appealed to the High Court by the Comptroller of Customs.

High Court Unanimous on Appeal

The High Court reversed the Federal Court decision and found that the son was a person who had been “entrusted” with the possession, custody or control of dutiable goods.

The High Court was of the view that the son, Domenic:

- had authority to direct what was to happen to the goods on a day to day basis;



- this in turn established that he had the requisite degree of authority or power in relation to the tobacco, and
- the fact that the tobacco was stolen during a time when he had that degree of authority established that he had failed to keep the goods safely.

The High Court looked to the purpose of the *Customs Act* namely “to ensure that customs duty is paid before delivery of those goods into home consumption”. On that basis it adopted an expansive interpretation of what it meant to be in possession, custody or control of dutiable goods. It is whether the entity holds that power rather than the means by which it is exercised.

The High Court went on to state “several persons may each possess power or authority to the requisite degree within a chain of command or hierarchy of responsibility”. This was the case here with Zaps, Mr Zappia senior and son Domenic each found to have possessed the requisite authority.

The decision in *Zappia* makes it clear, for the purposes of the *Customs Act* 1901, “owner” has a wide definition which facilitates the duty following the goods as they travel through the transport chain. It includes not only the legal owner of the goods, but also an:

- Importer or exporter;
- Consignee
- Agent
- Any person beneficially interested in or having control or power of disposing of or dealing with the dutiable goods.

Important considerations for “owners” of dutiable goods

When the ATO issues a notice under s35A(1), it calculates the duty payable according to the date the demand is made rather than the date the goods were imported. Depending on the quantity and value of the goods the difference in these rates can be considerable. The amount payable may, therefore, be more than the duty which

would have applied as at the date of importation.

A section 35A(1) notice can form the basis for the ATO to apply for liquidation or bankruptcy if the debt is not paid; the notice imposes strict liability. This means that the ATO will not need to establish the legitimacy of the notice or the underlying reasons for the notice being issued. It makes no difference if the responsible person has taken steps to secure the goods. A company’s credit ratings may be adversely affected by the existence of a winding up order being issued.

The scheme of the *Customs Act* provides for several parties in the import chain to be liable to pay duty. The High Court’s decision in *Zappia* is a timely reminder that proper responsibility for dutiable goods must be maintained by any party having authority over the goods. This would extend to customs brokers correctly releasing goods electronically.



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What's on... Calendar of events 2019



FTA and APSA are proud to host the following professional development forums, accredited compliance training and networking events.

Further detail is available at www.FTAlliance.com.au/upcoming-events

Tues, 9 April 2019

2019/20 New South Wales CPD & CBC - Border and Biosecurity Compliance Program
8.30am - 4.30pm (registration from 8am)
SYDNEY – Novotel Brighton Le Sands

Thurs, 2 May 2019

2019/20 Queensland CPD & CBC - Border and Biosecurity Compliance Program
8.30am - 4.30pm (registration from 8am)
BRISBANE – Novotel, Brisbane Airport

Thurs, 2 May 2019

FTA & World Class Teams Workshop – “Mastering the Art & Science of Critical Conversations”
4 - 7pm
MELBOURNE – Mantra, Tullamarine

Thurs, 9 May 2019

FTA & World Class Teams Workshop – “Mastering the Art & Science of Critical Conversations”
4 - 7pm
SYDNEY – Mercure Hotel, Wolli Creek

Wed, 19 June 2019

2019/20 Victorian CPD & CBC - Border and Biosecurity Compliance Program
8.30am - 4.30pm (registration from 8am)
MELBOURNE – Hyatt Place, Essendon Fields

Thurs, 20 June 2019

FTA & World Class Teams Workshop – “3 Steps to Powerfully Engage and Motivate Your Staff”
9am to 12pm
MELBOURNE

Wed, 26 June 2019

Tasmanian Freight & Logistics Forum
4 - 7pm
LAUNCESTON, Australian Maritime College

Thurs, 27 June 2019

FTA & World Class Teams – “3 Steps to Powerfully Engage and Motivate Your Staff”
4 - 7pm
SYDNEY

Wed, 21 August 2019

Women in Logistics Forum
12 - 4.30pm
SYDNEY – Mercure Hotel, Wolli Creek

Thurs, 21 November 2019

FTA & World Class Teams Workshop – “Increasing Productivity & Profitability”
4 - 7pm
SYDNEY

Tues, 26 November 2019

FTA & World Class Teams Workshop – “Increasing Productivity & Profitability”
4 - 7pm
MELBOURNE

ONLINE TRAINING

FTA and APSA offer practical online training at www.ComplianceNetFTA.com.au with resources and online assessment available at listed prices.

Members are offered unlimited CPD and CBC training for \$150 (excl GST) per person per accreditation period (1 April to 31 March).

Further discounts are offered to businesses with multiple purchases with the option for an all-inclusive invoice for FTA Premium Membership and CPD / CBC training – price on application to info@FTAlliance.com.au

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DANGEROUS GOODS

Freight & Trade Alliance (FTA) has partnered with Future Force to provide a suite of DG training options plus a method for members to ensure that regulatory compliance of their staff is maintained.

Future Force will take the worry out of your compliance concerns through the following approach:

- By maintaining a register of your staffs' DG certifications and renewal times
- Notifying staff and management of the upcoming certification requirement months in advance of expiry
- Automatically booking them on to one of our certified courses prior to any expiry dates
- Accepting bookings for new staff
- Providing the relevant CASA approved certificate
- Providing regular status reports to management
- Provide regular bulletins, updates on any regulatory or compliance issues

It is important to note that DG qualifications last only 2 years.

If it expires before you renew, CASA insists that you complete the initial 'Acceptance' course again, instead of the shorter 'Re-certification' course.

There are **NO EXTENSIONS** allowed.

FURTHER INFORMATION

Future Force will ensure you do not make this time consuming and costly error - for further detail contact Future Force at futureforce.com.au/contact-us or FTA Upcoming Events at ftalliance.com.au/upcoming-events



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