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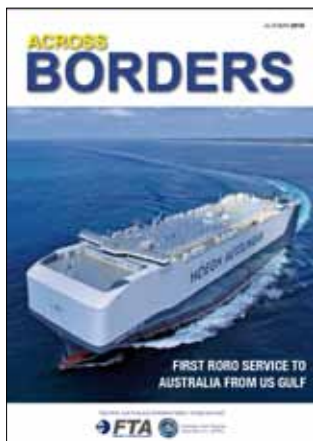
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Contents

- 2 Moving Australia's Ambitious Trade Agenda
- 4 What a difference a year makes!
- 6 First RoRo service to Australia from US Gulf
- 7 Women's International Shipping and Trading Association – WISTA
- 8 Evolution becomes revolution
- 12 Interview - Geoff Crowe, Chief Executive Officer, Port of Newcastle
- 14 Australian shippers remain in the dark about international shipping emissions.
- 16 Interview - Stewart Lammin, Chief Executive Officer, Flinders Ports.
- 18 Foreign Exchange and the impact on the Freight and Customs Industry
- 20 Charting a clear course in a rapidly changing world
- 22 The Trans-Pacific Partnership – issues for the trade community
- 24 Launch of BorderWise Single Window Tariff (AU) and offer to new FTA members
- 26 Trade facilitation and its impact on customs brokers
- 28 GST on low value imported goods
- 29 2018 customs compliance priorities
- 30 Global Shippers Forum & ICHCA International Conference & Megatrans Exhibition
- 34 FTA takes a lead on cross-border e-commerce issues
- 36 Infringement Notices soar with depot operators under the compliance spotlight
- 38 Boost for Trusted Trader exporters
- 38 Trusted Trader boosting Australian organics
- 40 Import changes for better biosecurity
- 42 Sct Group Shaping Its Business To Changing Market Dynamics And Client Needs
- 44 Interview - Colin Speechley, managing director, Wholesale Logistics
- 46 Tasmanian Logistics Committee Update
- 47 Bespoke ransomware, targeted attacks – the hacker's new arsenal
- 49 How to Protect Your Business in the Age of Cyber Criminals
- 52 Managing Risks And Improving Safety Along The Chain Of Responsibility
- 54 WiseTech Global acquisitions and integration of global technology solutions
- 58 Electronic Payments Fraud - Five things you should know



Front cover – image courtesy of Hoegh Autoliners and Seaway Agencies

ACROSS BORDERS

AUTUMN 2018



Global event to be hosted for the first time in Australasia

You are invited to the **Global Shippers Forum (GSF) and ICHCA International Conference and Exhibition.**

The Australian Peak Shippers Association (APSA) and Freight & Trade Alliance (FTA) are Australia's representative to the GSF which represents shippers' interests and that of their respective organisations from Asia, Europe, North and South America and Africa.

The primary focus of the GSF is to influence commercial developments in the international freight transport industry and the policy decisions of governments and international organisations as they affect shippers and receivers of freight.

GSF works in close cooperation with International Cargo Handling Coordination Association (ICHCA) to provide a focal point for informing, educating, networking, shaping and sharing industry views to help improve cargo handling throughout international supply chains.

Both GSF and the ICHCA International will be hosting their respective Annual General Meetings in Melbourne followed by a combined open conference on 10 and 11 May 2018.

The conference will address the themes of Trade Facilitation; Innovation; Regulation & State of the Market; Global Reform; E-Commerce; Safety and Supply Chain Security. Licenced customs brokers will also be delighted to know that each day also attracts CPD points.

Conference delegates will also have complimentary access to a 500 strong trade display hosted by MEGATRANS2018 at the impressive Melbourne Convention and Exhibition Centre.

These events will bring the worlds' most senior shippers, trade logistics providers and government representatives to our shores to meet with local delegates.

We are delighted to advise the large number of the registered and invited businesses and release of the draft program (please refer to the centre pages of this edition of Across Borders, pages 26 to 29 – further event details are available at FTAlliance.com.au

We look forward to you joining us and sharing a truly global industry event experience.

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

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By THE HON STEVEN CIOBO, Minister for Trade, Tourism and Investment

MOVING AUSTRALIA'S AMBITIOUS TRADE AGENDA

The Turnbull Coalition Government is pursuing the most ambitious trade agenda in Australian history. On the heels of our North Asian free trade agreements, the Trans-Pacific Partnership is now set to open up new trade and investment opportunities for business - and, most importantly, create more jobs for Australians.

I signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11) alongside my counterparts from Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam on 8 March in Santiago, Chile. Our focus is now on bringing the agreement into force as soon as possible. This will occur when more than half of the TPP-11 members have ratified the Agreement.

The TPP-11 is a great deal for Australia, and will complement our existing trade agreements. TPP-11 countries account for nearly a quarter of Australia's two-way trade in goods and services. The agreement will eliminate more than 98 per cent of tariffs in these Indo-Pacific economies. Australian businesses will

gain unprecedented access and certainty through consistent trade and investment rules across markets spanning Asia, Oceania and the Americas. As it will no doubt interest Freight and Trade Alliance members, the TPP-11 will go a long way to streamline and simplify trade between its member countries – enabling greater transparency and consistency.

Across Borders readers will know the TPP-11 started as TPP-12. We were disappointed, but not surprised, when the United States chose to withdraw last year. I have made it clear we would welcome the US coming back to the TPP table - but the TPP is too important to Australians and our future prosperity to wait for that to happen.

The TPP-11 stands alone as a comprehensive, high-quality trade agreement. But it also has value beyond itself. It is a central pillar of the Turnbull Government's longer-term vision to bring together the major Indo-Pacific economies under one set of trade and investment rules. Such an arrangement would make a tangible difference to lowering transaction costs and enabling Australian businesses to better access lucrative supply chains that can loop them in to ongoing demand.

Another stepping stone is the Regional Comprehensive Economic Partnership (RCEP) we are negotiating with the ten countries of ASEAN, China, India, Japan, the Republic of Korea and New Zealand. This agreement would partner us with seven of our top 10 trading partners, and almost half of the world's population.

A future FTA with the Pacific Alliance, involving the Latin American trading bloc of Mexico, Chile, Colombia and Peru, and home to some of the fastest growing economies in the world, would also bring

us closer to achieving this objective. I am also looking forward to the ratification of Australia's FTA with Peru, launching a new chapter in economic relations between Australia and Latin America.

I'm also focused on working towards high-quality trade agreements with Hong Kong, Indonesia and India. We will commence negotiations on an FTA with the European Union this year, and with the UK after it has left the EU.

The text of the TPP-11 was made public in February, and I encourage Freight & Trade Alliance members to look at the explanatory material on the DFAT website about what it might mean for you and your business. In addition to the full legal text you can find 'outcomes at a glance' and 'myth-busters' overviews to gain a better insight into the wide-ranging benefits of this agreement.

The TPP-11 will soon be tabled in Parliament, along with a National Interest Analysis. The Joint Standing Committee on Treaties will then undertake a public enquiry and report the results back to Parliament. I encourage Freight and Trade Alliance members to contribute to this process.

The TPP-11 shows we are pursuing the most ambitious trade agenda in Australia's history. This agenda will grow our exports and create new jobs across all sectors, from agriculture, to manufacturing, mining and services – as well as those that support trade, including transport and finance. The TPP is a central pillar in a longer-term vision to provide the best possible environment for Australian businesses. It also demonstrates the Coalition's unwavering commitment to achieving a safe, secure and prosperous future for our country.



UNLOCKING VALUE ACROSS THE CONTAINER LOGISTICS SUPPLY CHAIN

Transport inefficiencies that start at the terminal gate have a flow-on effect right across the container logistics supply chain, trapping value and depressing profitability for all involved.

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What a difference a year makes!

By PAUL BLAKE, Chairman, Australian Peak Shippers Association

This time last year we were in the midst of dealing with the ripple effect of the largest grain harvest in many a year combined with a dramatically changing shipping landscape.

Food quality container shortages, blank sailings, changes in shipping line consortia arrangements and long delays in Government quarantine compliance services all conspired to deliver the perfect storm for exporters and set up 2017 as a year of change and awakening in the shipper world.

2018 offers just as many challenges for exporters with the continuation and escalation of some of the changes effected in 2017 causing concern and frustration.

There is no doubt that much of the growth in the membership of APSA in 2017 can be attributed to the interest by shippers in coming to grips with a surge in supply chain costs which have almost overnight impacted on their competitiveness in the global market.

Shippers are bewildered by both the level of the increase in costs and the feeling of helplessness which surrounds the imposition of these costs by not only supply chain entities but also by Governments at State and Federal level across the international supply chain.

APSA continues to advocate at all levels of government and with the Australian Competition and Consumer Commission (ACCC) to highlight the immediacy of the need for their intervention to call to account the legitimacy of the charges being imposed and to increase the oversight and governance of the commercial activities of stevedores, privatised ports, critical asset owners/managers and internationally owned shipping lines so that Australian exporters can continue to be competitive in the global economy.

At a time when the Federal Government has commenced an inquiry into supply chain cost as a barrier to international

competitiveness of Australian shippers, we see the Department of Agriculture and Water Resources unilaterally impose increases in document production and inspection costs post 2017 peak season when the department failed to meet its own internal KPI's month after month causing massive costs being incurred by shippers unable to execute commercial transactions.

Surely the push to control costs in supply chain starts with the Federal Government?

We have container terminal operators and depots simply "turning the money tap on" and imposing "infrastructure access levies" to make up claimed shortfalls on investment and to compensate for rental increases imposed by newly privatised Port leaseholders.

There are no caps on or Government oversight to the imposition of these "levies" and as such stevedores and depots charging them are, at the moment, free to continue to increase them as their mood suits.

Recovering these levies via carrier access

agreements, which operate on a take it or leave it basis, breaks the traditional commercial model at the port interface and as such requires an in-depth review by the ACCC to establish how the changed model can be re-aligned to ensure that shippers are not being disadvantaged.

APSA has engaged with the ACCC on this matter and will continue to liaise with the Commission to ensure that the shipper position is well understood and some resolutions can be formulated.

As per previous advice, APSA lodged a submission to the National Freight and Supply Chain Priorities inquiry and recently met with the expert panel to review the draft report.

A number of key omissions in the report, which sit as priority issues for the members of APSA, were provided to the panel for consideration in the final report and these matters include:

1. A national framework or guiding principles for the regulation of Australia's ports and terminals
2. Minimum principles for open access for key port-rail facilities
3. Certainty of supply in liner services
4. Standard gauge rail and axle loads
5. Proposed amendment to Recommendation 1.8 relating to "Vertical Integration"

APSA has also been active in engaging with 1-Stop to better understand the mechanics of the Pre Receipt Advice (PRA) system which operates at all container ports in Australia.

This engagement comes out of the



Paul Zalai (FTA / APSA), Travis Brooks-Garrett (FTA / APSA), Rod Sims (Chairman ACCC), Paul Blake (Chairman APSA), David Cranston (Director Infrastructure & Transport – Access and Pricing, ACCC)

extraordinary costs being incurred by a number of shippers to rectify minor clerical errors on PRA's where, for instance, containers have been PRA accepted and delivered to terminals only to find that a tranship port may have changed or significantly an expired Export Declaration (EDN) has been used to transact the PRA.

Our discussions have unearthed the fact that the 1-Stop offering has levels of service for delivery and data verification with only a minority of shipping lines opting for the highest level to ensure that containers cannot be PRA accepted until significant cross referencing takes place (ie booking ref/quantities/disport/tranship port/EDN).

Disturbingly, many of the major lines opt for the lowest (cheapest) service offering which has no, repeat no, cross referencing of data and is simply an electronic rubber stamp allowing any container to be received at the terminal.

Clearly this situation leaves shippers highly exposed and based on the findings of the recent ACCC stevedore monitoring report is potentially a major contributor to the growth of "other" revenue for the terminals and also shipping lines who add a margin (some as much as 100%) to the already extravagant charges of the terminals.



Michael Lamperd (APSA board member and Group Transport Manager, Bega Cheese) sets the scene at the APSA / FTA briefing with the expert panel on the Inquiry into National Freight and Supply Chain Priorities

Port security is also a major concern. During this process APSA has discovered that there is no active link with Australian Border Force (ABF) and 1-Stop which enables expired or inappropriate EDNs to be identified and rejected before a container can access the port.

APSA continues to work with 1-Stop and the ABF to rectify this significant gap in the port interface process and reduce shipper exposure to unnecessary cost and inconvenience.

In closing, I would be remiss in not acknowledging the retirement of one of the shipping industry's living legends, John Lines from ANL.

John has been a powerful advocate for the Australian shipping industry and more importantly for his beloved ANL over a long and distinguished career.

The board and members of APSA wish John a long and healthy retirement.

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announce that we have received 2.41 Approved Arrangement approval allowing us to verify airfreight consignments that have been directed by the Department of Agriculture and Water Resources for packaging verification, prior to a biosecurity inspection.

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First RoRo service to Australia from US Gulf

Höegh Autoliners steps up its direct service to Australia and New Zealand from the USA and Mexico, now offering two sailings per month. The service started as a monthly service earlier this year, and gives Höegh's customers up to 30 days shorter transit-time from USA and Mexico to Australia.

As Höegh Autoliners saw an increased demand in the market, for a direct sailing from the US to Oceania, the company decided it was time to act. Early 2018 they performed the first sailing and with a positive response, they are now stepping up the frequency to two sailings per month.

The new service makes Höegh the first carrier to offer a direct service between the US Gulf and Freeport on a monthly basis.

Fastest service in the market

Brendan Wallis is Höegh's representative in Australia and he is proud to announce; "Australian customers importing from the US can now save more than 30 days transit time, using the new direct service."

Australian companies importing from Mexico, should also welcome the new service, as it gives them the quickest RoRo connection available in the market from Lázaro Cardenas to Australia and New Zealand.

And, it is not only importers that can applaud the new product, also Australian exporters have something to celebrate, as the new service offers a very fast connection via Singapore to Africa, Middle East, South East Asia and European destinations.

Höegh meets market demand

Höegh is not new to the Australian market; the company has served Australian customers for 15 years, beginning with a monthly sailing from North Europe, around Africa to Australia. The service is still running with three vessels a month, in supplement to the two vessels that will now trade in the new service.

According to Höegh Autoliners, the new set up will allow them to meet all of the space and transit time demands from their European customers, while also offering great opportunities to customers shipping from the US East Coast and Gulf area.

"The development is mainly driven by customer demand and the recent growth in vehicle sourcing to Oceania from USA. Adding the resurgence in the Australian mining and construction segment, we have good reasons to now invest in the new service", says Brendan Wallis.

Brisbane receives the longest rail cargo ever carried on a RoRo vessel

Höegh will service the Australian market with a mix of its traditional RoRo vessel and the New Horizon Class vessels, which the company took delivery of during 2015-2016. These are specially designed to take big and heavy cargo, with their 6.5 metre high door opening and a ramp capacity of 375 tonnes.

Recently, one of the New Horizon vessels was used to transport 43.5 metre long trams bound for Brisbane to supply the Gold Coast Light Rail. This was the longest rail cargo carried on a RoRo vessel.

Brendan concludes that; "Investments in new high specification vessels, innovative cargo handling equipment such as ultra-long, ultra wide and heavy weight capacity roll trailers, and dedicated port captains has allowed us to become a preferred choice of many of Australia's major infrastructure projects."

If you want to know what Höegh Autoliners can do for your cargo, the best way is to contact Seaway Agencies, Höegh's dedicated representatives in Australia and New Zealand. Seaway Agencies have offices in Fremantle, Adelaide, Melbourne, Sydney, Brisbane and Auckland. Contact: hoegh@seaway.com.au





Women's International Shipping and Trading Association – WISTA

By LISA STYRUD – WISTA Australia President

Women's International Shipping and Trading Association, WISTA is the international network for women in shipping, trade and supporting industries.

WISTA Australia was established in 2011 and has been growing rapidly ever since. We are active in four states, QLD, NSW, VIC and WA where we hold regular educational, networking, professional and personal development events. We have recently launched our mentoring program in NSW, soon to be adopted in the other States and which we anticipate will be a major value add

to our membership base across Australia.

Our membership has great diversity across the broader maritime industry, trades and professions, and includes seafaring women as well as portside, logistics and trading professionals and women in support function roles. We bring together women new to the industry and women with decades of experience for a great mix of knowledge, mentoring and networking; all of which makes WISTA a platform for sharing interests and ideas.

WISTA would also like to congratulate committee member, Alison Cusack – ANL, awarded "Highly Commended" at the annual DCN Awards Night (formerly Lloyds List Awards Night) and committee member, Naraya Lamart, for being listed as a Rising Star for Transport in Doyle's Guide.

2018 is looking to be a very exciting year for WISTA Australia, with many events for our members and in particular our AGM in Brisbane later in the year where we will be joined by our WISTA International President Despina Theodossiou who has recently been listed as the 96th most influential person in the Global Shipping Industry by Lloyds List UK.



2018 WISTA Events

New South Wales		Victoria	
June	Personal Finance speaker / learning event, Sydney CBD	May	Port of Melbourne Tour
8 August Mercure Hotel Sydney Airport	2018 Women In Logistics Forum	July	Industry Trivia Night
3 October Port Botany	Port Tour DP World Port Operations	August	Fun with Flags – Semaphore Training
December	Christmas Function	October	Shipping Australia Limited (SAL) Ball
Mentoring Group catch ups throughout the year		November	Breakfast Seminar
		December	Christmas Function
Queensland		Western Australia	
May	Movie Night	May	Border Force Breakfast
July	Trucking Tour	August	Breakfast/Sundowner Networking Event
August	AGM	November/December	Christmas Function
October	SAL Ball	Note: Further WA networking events still to be announced	
November	Breakfast Seminar		
December	Christmas Function		

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

Gold Sponsor	DP World
Silver Sponsor	ANL, Victorian International Container Terminal (VICT), Fremantle Ports & Mediterranean Shipping Company
2018 WISTA Mentor Program Sponsor	Freight & Trade Alliance (FTA)
Association Partners	Australasian Supply Chain Institute (ASCI) & Freight & Trade Alliance (FTA)



Interested in becoming a WISTA member or sponsor – please contact wista.australia@gmail.com and a state representative will contact you.

Evolution becomes revolution

By DALE CRISP*

The latest concentration of shipping line power is not new to Australia, but the abandonment of carriers' registered co-operation mechanisms is. The changing commercial and regulatory environment will require heightened vigilance.

“*In this part of the world the conference system has played a vital role for shippers (as well as for lines) as it has helped guarantee minimum levels of service, ensured some discipline in the setting of freight rates and surcharges, and offered exporters some visibility into the often murky world of liner shipping*”

Last December the Registrar of Liner Shipping, within the Department of Infrastructure and Regional Development in Canberra, notified the Australian Peak Shippers Association (as the designated peak body under Part X) that the Australia and New Zealand-United States Discussion Agreement (northbound) was to be terminated as of January 1, 2018.

Within weeks came two similar notifications, heralding the closure from February 1 of the Trade Facilitation Agreement, covering the Australia-North & East Asia trade, and the Trade Facilitation Group, active on the Australia-South East Asia route.

Thus in little over a month three key local discussion agreements ceased to exist.

In this part of the world the conference system has played a vital role for shippers (as well as for lines) as it has helped guarantee minimum levels of service, ensured some discipline in the setting of freight rates and surcharges, and offered exporters some visibility into the often murky world of liner shipping. It's also provided a mechanism by which carriers can legitimately co-operate to pursue reasonable returns in typically long, thin trades.

Writing in Daily Cargo News (formerly Lloyd's List Australia) Commodore Rod Nairn, AM, the CEO of Shipping Australia Limited, accurately described

the termination of the TFA and TFG agreements as “a pretty monumental change to liner shipping in Australia”.

“The decision to terminate these selected Discussion Agreements (not consortia agreements) is significant given that conferences/DAs serving the North East and South East Asia markets have existed for many decades so we are moving into a new era for those trades,” Mr Nairn wrote.

“The core reason for the decision to terminate these agreements is their declining membership caused particularly by industry consolidation that impacted upon their market influence and the perceived value of membership.

“In December 2017, the number of members had declined to only three for TFA and two for TFG which clearly brought into question their effectiveness.”

Mr Nairn said the reasons for the declining memberships of the DAs were a bit more difficult to pinpoint but one factor was the increasing attention by national competition regulators on liner shipping activities globally.

“Rightly or wrongly this had created the impression that members of DAs are more likely to be targeted for anti-competitive investigation. Consequently, a number of them have made global policy decisions to withdraw from all discussion agreements,” he wrote.



“Another is the growing size of individual lines through the recent spate of mergers and acquisitions. The larger shipping corporations are less dependent on the cooperation of other lines in the various trade lanes and therefore see less value in DAs.

“A third and significant reason is the repeated threat over a number of years, by the ACCC in particular, to remove the protections of Part X. This has caused uncertainty in the industry and lines may well have withdrawn from the DAs now rather than hold on until the rug is pulled from under them, so to speak. Lines have seen the withdrawal of competition protections for DAs in other jurisdictions, most recently New Zealand in mid-2017.”

Mr Nairn noted that in the immediate future the terminations are not expected to have an impact upon capacity or sailings from Australia, with the services of the various consortia continuing unaffected and underpinned by agreed minimum levels of service negotiable with APSA.

“Additionally, I should point out that new DAs may be created should some of the above uncertainties be clarified and trade conditions show this to be beneficial to the industry.

“There is still a lot going on in liner shipping policy and despite the current withdrawals from DAs, shipping lines are still strongly supportive of retention of Part X of the CCA.

“Shipping Australia is preparing for negotiations with the ACCC and Shipping Regulator over the content of a potential block exemption for liner shipping that the ACCC is now empowered to provide under the legislative changes passed near the end of last year.”

The specific prompt for the dissolution of ANZUSDA, the TFA and the TFG has been the resignation of Hamburg Süd, which has been withdrawn from all such agreements worldwide by new owner Maersk Line after competition authorities in a number of jurisdictions imposed this as a condition of the takeover. Maersk decided to make it a blanket withdrawal, having removed itself from DAs some time ago.

And of course Mr Nairn is right: for example, at one stage there were said to be 22 different carriers competing in the North & East Asia-Australia trade, as vessel operators or slot-charterers, though not all were simultaneously (if ever) members of the TFA or the southbound equivalent, the Asia Australia Discussion Agreement.

But with Hamburg Süd's departure, according to SAL's published list, only ANL and APL remained in the TFA – and they're



both owned by CMA CGM anyway – along with OOCL. With the TFG, just ANL and OOCL remained. From ANZUSDA, Maersk was long gone, Hapag-Lloyd resigned at the end of 2016 and MSC mid-2017 – leaving only ANL (again) once Hamburg Süd pulled the pin.

Coincidentally, the TFA/TFG news was followed by that of the demise of the last remaining east-west liner group, the Transpacific Stabilization Agreement (TSA), which had been in existence for almost 30 years. As recently as early 2016, the group had 15 members that collectively carried nearly all of the container cargo between the Far East and the United States, but this number had more than halved when time was called.

It's pertinent to consider this shift in the context of the current rising level of concern over consolidation in the worldwide container shipping industry, and what it means to shippers in Australasia.

To some extent we are shielded from the impact of the increasingly powerful global alliances, because these (for now) operate almost exclusively in east-west trades – and formal expansion to north-south routes will surely trigger intense scrutiny from competition and regulatory authorities in many jurisdictions.

But Australasia is not immune from the spate of mergers and takeovers that's occurred over the last 18 months and which will, according to analysts and key players such as Maersk Line chief executive

Soren Skou, continue as weaker lines succumb to market forces.

CMA CGM's acquisition of APL, Hapag-Lloyd's absorption of UASC, Maersk's purchase of Hamburg Süd and the pending takeover of OOCL by COSCO Shipping Lines, as well as the combination of the three leading Japanese shipping companies' container businesses under the ONE banner, all signal, at face value, a reduction in choice for local exporters and importers.

However, carriers appear to have learnt some of the lessons of past acquisitions: one plus one does not equal two when it comes to customer retention, indeed losses from some deals have been very substantial.

As a result the new owners of APL and Hamburg Süd have committed to retaining and empowering those brands, even if back office, procurement and other functions are combined to achieve desirable efficiencies. COSCO SL has flagged a similar intent for OOCL. Only Hapag-Lloyd's incorporation of UASC involves a significant diminution of the latter's identity, an interesting approach given not only the former owners' shareholding in the merged entity but Hapag-Lloyd's own experience with its earlier takeover of CP Ships.

Can shippers rely on multi-brand strategies to preserve a range of service options and genuine competition in Australasia? After all, according to UK consultancy MDS Transmodal, the top ten container carriers in 2018 will control 86% of global container capacity – a share that has risen from 68% in just four years.



The question will only be answered in the medium-to-long term. But a truism of international shipping is that whenever market domination occurs, challengers inevitably arise. "There's always another fool prepared to lose millions", as one seasoned observer wrote in a blog post.

What else does history teach us?

Well, for Australian shipping services previous consolidations have been even more seismic.

The most earth-shattering came with the advent of containerisation in the late 1960s. In advance of the physical transformation of cargo handling methods, and in order to bear the enormous costs involved, virtually all the shipping companies involved in what was then Australia's premier trade (prior to the UK joining the European Common Market in 1973) formed themselves into consortiums.

Established in 1965, Overseas Containers Ltd (OCL) brought together P&O (including Federal Steam Navigation Co and New Zealand Shipping Co), Ocean Transport and Trading (Blue Funnel Line), British & Commonwealth Group (Clan Line and Scottish Shire Line) and Furness Withy (Shaw Savill & Albion). The following year Cunard (Port Line), Vestey's (Blue Star Line), Ben Line and T & J Harrison formed a rival group (with ANL, later), Associated Container Transportation, and by 1970 Hapag-Lloyd, Messageries Maritime, Nedlloyd and Lloyd Triestino had joined as Seabridge, while Scandinavians Wilh Wilhelmsen, East Asiatic Co of Denmark and Rederi A/B Transatlantic merged their local trade interests as ScanAustral (and chose ro-ro rather than containers).

Thus at least fifteen carriers – all the major players on the Australia-UK/Europe trade lanes – had consolidated to four consortia. All the container lines became members of the Australia to Europe shipping conference (OSRA) and all their sailing schedules were co-ordinated by

an operating consortium, the Australia Europe Container Service. These ownership groups, in one way or another, progressively extended their collaborative participation to containerise other trades, including New Zealand, North America, North & East Asia and Southeast Asia.

The concentration of shipping line power, through the consortiums and conferences, was enormous.

In 1972 the Australian Shippers Council was formed under the provisions of Part XII of the Restrictive Trade Practices Act, and comprised nine statutory commodity boards and 20 national associations whose members were producers, manufacturers and exporters. Thereafter conferences and individual shipping lines were forced to negotiate freight rates with ASC and to provide "efficient, economical and adequate shipping services".

The ASC was disbanded in 1989, replaced briefly by the Australian Export Shippers Association (APSA), and then in November 1990 the newly-formed Australian Peak Shippers Association became the designated peak body - and remains so to this day.

Over the decades 'shipping conferences' were feared, despised and disparaged - sometimes unfairly. For the last 25 years they'd worked to re-invent themselves, often to meet changed legislation in different jurisdictions, or to meet members' evolving requirements and, just perhaps, to rehabilitate their reputations and image.

New, user-friendly titles appeared, such as discussion agreements, liner associations and trade facilitation groups. (This writer remembers the excitement of certain carrier executives upon coming up with the label 'forum' for what was, in most respects, another conference: "That's very positive and non-threatening," one said triumphantly.)

For now at least, with the exception of the Australia/Fiji Discussion Agreement, the

concept is locally extinct.

Lines will do their own thing. It can be argued that the disappearance of conferences (or their successors) worryingly reduces the level of scrutiny of performance and behaviour – which could impact rivals as it does shippers. But as SAL's Rod Nairn suggests, further evolution is possible.

Over the years APSA has waxed and waned in membership, strength and influence but has fought crucial battles with shipping conferences and their various incarnations – and it's likely a resurgent peak body's importance to shippers will increase if and as the concentration of carriers seeks to flex market muscle.

Given the rapidly and recently changing seascape the delayed transition from Part X governance to ACCC supervision of liner trades – resisted by exporters/importers and shipping lines, though not necessarily for the same reasons – may, ironically, prove more than valuable.

Footnote: Relevant historical material has been drawn from *'The Homeward Trade – a brief history of the conference shipping service from Australia to Europe 1912 to 2006'* by former SAL executive Martin Orchard.

**Shipping writer Dale Crisp also provides FTA/APSA with communication and content advice. (Copyright) Images provided by Dale Crisp*

“ *it's likely a resurgent peak body's importance to shippers will increase if and as the concentration of carriers seeks to flex market muscle.* ”

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Interview

Geoff Crowe, Chief Executive Officer, Port of Newcastle

Paul Zalai, Director FTA and APSA Secretariat, speaks to Geoff Crowe, Chief Executive Officer, Port of Newcastle.



*Geoff Crowe, Chief Executive Officer,
Port of Newcastle*

The Port of Newcastle is the largest port on the east coast by trade volume and has the capacity to more than double its current trade. It is undertaking an ambitious diversification program to grow and diversify all trades, including containers.

Last year Port of Newcastle joined other port corporations as an affiliate member and sponsor of the Australian Peak Shippers Association (APSA) and Freight and Trade Alliance (FTA).

1. PAUL ZALAI - Geoff, thank you for speaking with Across Borders. What sets the Port of Newcastle apart from other ports?

Our connectivity, capacity and capability. We are one of the best connected ports in Australia with national road and rail links to the berth and plenty of capacity to grow all of our trades. We are therefore well placed.

Our shipping channel is only 50% utilised and can accommodate the largest bulk vessels as well as container vessels up to 10,000 TEU along with some of the largest cruise ships. It's not just the channel capacity, we've got 792 hectares of land including 200 hectares of key portside land available for the right trade and development.

Our connectivity is unrivalled in terms of both road and rail. Newcastle is currently revitalising and reinventing itself to become a true global city and it has the enviable geographic location that offers a fantastic lifestyle for people who live and work in and around the city with great educational facilities like the University of Newcastle, affordable housing and Newcastle Airport.

2. PAUL ZALAI - The Port of Newcastle transferred to private sector ownership in May 2014. Can you provide an overview of your ownership and what the company has

achieved since then?

Our shareholders, China Merchants Group and The Infrastructure Fund, have global expertise in the infrastructure sector including ports.

In 2016 China Merchants Group had \$1,000 billion in global assets under management across 18 countries including 35 port-related investments.

The Infrastructure Fund is one of Australia's top performing infrastructure funds with an asset portfolio of more than \$2.4 billion.

We have a strong and motivated team who are driven and motivated to see trade grow at the port. Highlights include investing \$30 million for a new bulk terminal facility, delivering services to the Mayfield Site, optimising the shipping channel via vessel scheduling, survey and dredging to reduce the customer impact of weather events etc, securing the import of 140 plus wind turbines including the largest to enter Australia, welcoming a record 1.3 kilometre long grain train directly into the port, securing Thales Australia to establish a new east coast maritime hub, and achieving \$13.5 million in Government funding for a cruise terminal and new mooring bollards to attract more and larger cruise ships to Newcastle and the Hunter region.

During this time the port has continued to handle large volumes of coal, bulk fuel

imports and wheat. This has all been achieved while maintaining a strong safety, environmental and social record.

3. PAUL ZALAI - Geoff, you have been CEO of Port of Newcastle for nearly three years now. What is your vision moving forward?

In 2015 when I started with Port of Newcastle we committed to grow our port through a strategy of diversification by design. We are on that journey which means that we want to further develop and design a port that has a very diversified trade base - to be a port that's operating in the future at full capacity. Currently we are only operating at half our capacity and we have a great opportunity to grow existing trades within the port as well as develop containers further, more bulk fuel imports, motor vehicle imports, more coal, to expand agricultural products and mineral concentrates from upcountry and to continue to contribute significantly to the local and state economy.

Currently we trade in over 25 different cargoes including coal. We want to grow existing trades and find new trades. Our vision is to work with our existing and new customers to support and to find ways to improve the service that we deliver and optimise the benefits from load points and the farm gate to the port in terms of supply chain efficiencies and costs, and to provide a competitive choice for both export and import.

4. PAUL ZALAI - Port of Newcastle's intent to develop a container terminal is on the record. A Newcastle container terminal has been flagged several times over the years. What makes it different now?

Port of Newcastle is the commercial operator of the port. It has embarked on an ambitious trade diversification strategy. Whilst seeking to protect existing trade we can see the great potential to grow new trade including containers. The market, everyone from the local government areas, growers to the logistics providers and shippers and stevedores, are telling us that they need a container terminal.

It is clear that the capital city ports are now reaching capacity in terms of connectivity and a huge investment is required by the Government to service some of these ports, whereas we have existing and unconstrained road and rail infrastructure that can already service that increasing demand. The Port of Newcastle can be the solution to the



population growth and congestion that is occurring in the capital cities. Being only 160 kilometres from Sydney we are well positioned to provide that solution through our port's superior connectivity and ample available capacity.

5. PAUL ZALAI - What are the advantages of a Newcastle Container Terminal for the market?

It gives the market a choice on where to import and export their product, e.g. growers, shippers, logistics providers etc. A Newcastle container terminal could deliver cost savings for exporters in the central west and northern NSW of more than 30% - that's a huge saving for a farmer from Narrabri or Tamworth and goes a long way towards making our industry and our NSW exporters more internationally competitive.

We can build one now - Government and industry don't need to build new road and rail infrastructure - we are already connected to national road and rail networks which have huge capacity for growth.

We are the closest port to the major NSW export production areas, which are major regional centres that also require a lot of imports. The inland rail project is an opportunity for regional areas. The Port of Newcastle already has up country rail connectivity through the Hunter Valley Network which we can leverage off and works closely with the ARTC on realising the benefits that this provides.

Our port has been in operation since 1799 so we have learnt a thing or two about trade and the importance of the port, and the connectivity and using it in the right way as a gateway for trade.

6. PAUL ZALAI - How will you grow containers alongside a huge coal export operation?

We have the vacant land, we have the channel capacity and we have the port capacity to double current ship movements. The coal industry already demonstrates a world class Hunter Valley coal chain model and that is delivered by collaboration from the load points to the coal terminals and all the infrastructure providers and producers in between. A collaborative approach can be applied to the movement of other trade including containers and within the port non coal trade already co exists with the coal trade. Given our connectivity advantages and ample port capacity, there is opportunity for all trades to grow along with new trades.

PAUL ZALAI - On behalf of APSA, FTA and our members, thank you for taking the time to participate in this interview. We look forward to working closely with you and your executive team in the years ahead





Australian shippers remain in the dark about international shipping emissions.

By MICHAEL BLAKE, Scope 3

Understanding and reducing international freight emissions has historically been an area of “early adopters”, however it is now becoming a key focus for the leading global shippers and logistics providers. The names of these shippers and logistics providers are consistent and represented at the key discussion groups internationally, however, to date, Australian shippers and logistics providers appear to be asleep at the wheel.

So what's driving these companies to look into this part of their supply chain sustainability? Previously it was only the leading sustainable brands, passionate about quantifying and lowering their emissions with their core motivator being sustainability. This is now changing as we see other market influences forcing action;

1. Development of global carbon markets – The China Emissions Trading Scheme

From the 196 countries that are signatory to the Paris Agreement, 174 have ratified and 96 nations are either currently using or have announced they will be implementing carbon markets into their national program. The big question

is now how will these markets interact with each other whether it be goods moving across borders, or the actual trading of carbon credits internationally? How do we effectively define boundaries – and how far into the supply chain can a carbon market reach?

Launching in 2018, the China Emissions trading scheme is a fitting example and discussion point. How will this scheme develop, and will it seek accountability from suppliers outside its borders – i.e. will shippers from Australia be assessed on the carbon intensity of their products in procurement decisions? Australian exporters are largely unprepared for any such changes in buying methods from China or any other international buyers for that matter.

2. Procurement Principles - Sustainability

This is not new a new practice but its gaining momentum - sustainability is a core principle in global procurement strategies. We are seeing this extend into the realm of carbon, as companies look deep into their supply chain performance for answers.

Already today large multinational buyers are influencing their suppliers' behavior. A notable example of this is the Carbon Disclosure Project (CDP), which now allows companies to engage their suppliers to disclose their environmental performance – and ultimately benchmark them.

Another fascinating example of carbon being a factor in procurement strategies,

is the recent law passed by the state of California – the Buy Clean California Act. This act sets a maximum acceptable carbon value (amongst other metrics) for products imported into the country. For example, steel imported from Europe with a lower embodied carbon would be selected over cheaper steel from other parts of the world (i.e. China) that has a higher carbon intensity. The bill signals that imported goods will be scrutinised based on the lifecycle carbon impacts.

3. Global Policy Developments - IMO

The IMO is currently reviewing what policies it adopts to influence vessel owners and industry to directly lower emissions and bring the maritime industry in line with global objectives drafted under the Paris Climate Agreement. Whilst there are more discussions to be had, this reform could come in several forms;

- A market price on carbon in the sea shipping industry
 - o Effectively a tax on emissions that could be passed through to shippers
- Incentives for cleaner ships
 - o Incentivising investment and operation of cleaner ships
- Changes in fuel types
 - o Modification of existing vessels, and building new vessels that move away from traditional diesel fuel
- Operational changes
 - o Slower steaming

o Portside actions for more sustainable practices

Whilst these are macro policy changes that may not be easily influenced by shippers, it's important that they stay informed and understand potential impacts on both service and cost.

So, with the emergence of more drivers for companies to understand their international supply chain footprint, where do we start?

Transparency is key.

There is a growing interest internationally into creating a universal standard for how countries, industries and businesses will deliver on emissions reporting (and sustainability goals) but until recently it's been difficult to compare apples with apples – as companies were using varying methods to calculate and report.

The GLEC Framework was developed by The Global Logistics Emissions Council to establish the global standard in emissions calculation methodology for sea, road, rail and air transport. The Framework provides standardization and a universal method for companies to start their journey with confidence they will line up with their peers

For many businesses trading internationally, this area remains very much off the radar due to the perceived complexity or lack of understanding of “why”.

What is evident after the sessions we have attended in Europe under GLEC Consultee status is that we are in on the ground floor, and that globally we still have some way to go to getting acceptance of a standardised framework for multimodal international trade. Meaning, we can play a role in shaping this and leading the way.

There are tools available now to develop a better understanding of supply chain emissions, without being put off by chasing the goal of perfection, small steps still mean progress.

Importantly for Australian businesses - we also see this (emissions) area a key area for risk mitigation with companies having a large international supply chain footprint. Changes and more accountability are inevitable - whether it be via the IMO, global carbon markets or the push by businesses for lower emissions in their supply chain. Global shippers will be forced to take stock.

Scope3 will be keeping a close eye on global policy development to ensure shippers are equipped with the latest information.

About Scope3

Scope 3 is a consulting and IT company that was born out of the growing acceptance that change is required in the way we transport goods, to counter the rapidly mounting effects of climate change. We believe in supporting Australian businesses to understand their supply chain emissions, and use technology to help limit the impact of climate change, by giving them accuracy in energy and emissions calculations so they can make decisions with greater confidence.

WANT TO KNOW MORE

Michael will be presenting at the Global Shippers Forum (GSF) and ICHCA International Conference and Exhibition (10-11 May 2018, Melbourne - www.FTAlliance.com.au)



Representing the next generation
of business leaders



Interview Stewart Lammin, Chief Executive Officer, Flinders Ports.

Travis Brooks-Garrett, Director FTA and APSA Secretariat, speaks to Stewart Lammin, the recently appointed Chief Executive Officer, Flinders Ports.



Flinders Ports is South Australia's leading port operator with seven ports located at Port Adelaide, Port Lincoln, Port Pirie, Thevenard, Port Giles, Wallaroo and Klein Point.

Last year Flinders Ports joined other port corporations as an affiliate member and sponsor of the Australian Peak Shippers Association (APSA) and Freight and Trade Alliance (FTA).

**1. TRAVIS BROOKS-GARRETT-
Congratulations on your appointment
to the role of Chief Executive Officer
Flinders Ports. What is your vision for
the company?**

The Flinders Port Holdings Group has constantly developed since privatisation in 2001 where today we have approximately 750 employees across the three business units, Flinders Ports, Flinders Adelaide Container Terminal and Flinders Logistics. The success of the business has been built around a clear strategy, the quality and dedication of its employees and a culture that values working with and respecting all our stakeholders including the communities within which we operate and responsible management of the marine environment.

My vision for the organisation is to continue to grow the business, both geographically and the range of services that we provide our customers. To build on the legacy which I have inherited and

to continue to foster the culture that I spoke about earlier. I want this to be a business that our employees are proud to be a part of and most importantly an organisation that places safety and well-being of its employees on top of the list of priorities.

We are continuing to see evolution in our industry, whether it be work practices and behaviours or technological advances. Successful businesses will be those that are flexible and dynamic and able to embrace and see opportunities that the changes in our sector will provide. I would like Flinders Ports to be a business that continues to encourage and fosters innovation amongst its employees.

**2. TRAVIS BROOKS-GARRETT-
Flinders Ports has seen steady
growth in cargo volumes, what do you
attribute that to?**

This has been a combination of natural State growth (particularly relevant to the

container trades), a growing resource sector and favourable weather conditions for agricultural exports. The growth in trade also needs port capacity to handle the increased demand so considerable planning has gone into improving efficiencies at the Flinders Adelaide Container Terminal and the bulk berths. The Berth 29 facility in Port Adelaide is a prime example of planning to meet demand, a single, handy size berth that was underutilised some years ago now facilitates over a million tons of trade across a number of customers.

3. TRAVIS BROOKS-GARRETT- Flinders Ports is often seen as a case study for good privatisation. What do you think are the benefits and risks of port privatisation?

Firstly a couple of caveats, I have never worked for a Government run organisation and the Flinders Ports model is the only privatised port operation I've worked within and I'll avoid the productivity and efficiency arguments. The major benefit of the Flinders Ports privatisation is that the South Australian ports are owned and operated by infrastructure owners who are able to take a long term view of the assets. Ports are long life assets that have constant maintenance requirements and high and lumpy capital requirements. Governments, understandably often think in terms of the next election cycle with a potential for capital restraint on assets that by and large don't garner great voter appeal or support. It would take a brave Government to spend \$100m on a wharf asset at the expense of upgrading its roads, trains or trams.

Pricing and access are often raised as the major risks to the industry however these risks can be easily managed by having an appropriate regulatory regime. An appropriate regime provides comfort to all parties, ensuring port services can be competitively priced and access available but also gives infrastructure investors certainty that investment can be underpinned by achieving appropriate returns on the investment. The regime also needs to be light handed and facilitates healthy negotiation between the counter parties.

4. TRAVIS BROOKS-GARRETT- NSW Ports and the Port of Melbourne have seen increased competition for contestable trade since privatisation, are we seeing similar competition between the Port of Melbourne and Flinders Ports?

In most instances cargo located in the Adelaide/Melbourne corridor has a natural port gateway but there will always be a catchment area where trades, both

containerised and bulk trades will have port options. There has always been South Australian containerised cargo that has moved via Melbourne dictated more by the ship than the origin or destination of the cargo but this has certainly diminished over the years. The infrastructure available in Adelaide and the ability to access all markets should ensure that the loss of trade continues to shrink. Flinders Ports is also conscious of maintaining a pricing regime that will ensure Adelaide stays competitive.

5. TRAVIS BROOKS-GARRETT- There has been significant controversy regarding the Infrastructure Fees and the lack of Government regulation in landside terminal charges. Do you think we will see similar increases in landside charges in South Australia?

Ports and Terminals are constantly under pressure to improve efficiencies and increase capacity on land side. The reality is that there are costs involved in achieving the requirements of industry and capital projects tend to be expensive particularly in respect to civil infrastructure and you then have to combine this with increasing operating costs including constantly rising land values. Flinders Ports has, and will continue to invest in improving the efficiency and safety of its landside infrastructure and up to now has been able to minimise any additional costs to users, however there will need to be appropriate increases in charges in the future to recover costs.

6. TRAVIS BROOKS-GARRETT- What do you see as the biggest risks and opportunities for 2018?

The key risk for 2018 for South Australia is the channel widening project that is currently in the hands of the State Government Planning Minister to approve. The project involves widening the channel to 170 metres, enabling us to handle, unrestricted the larger liner, cruise and liquid fuels vessels that will be arriving on the Australian coast. Hopefully this project will get the sign off shortly and be concluded towards the latter half of 2018. Other key risks for 2018 are no different to risks that ports and stevedores have face in any other year, managing safety, the environment and the community. Safety will always be viewed as the key risk to be managed, we have employees in challenging work environments and we aim to ensure those employees get home safely after every shift. We have a record that we are proud of across the Group but we will continue to look at ways to improve our safety processes and practices, it is a work in process.

Opportunities across the Flinders Ports Holdings Group include leveraging off the increased buoyancy in the South Australian economy, particularly the resource sector. Flinders Logistics is a business that is constantly growing in South Australia and now has a presence outside of the State with the recent acquisition of Townsville Bulk Storage and Handling (TBSH). This will improve both its reach of clients on a local and national level but also increase the range of services in can provide. It is an operation that has continued to develop over the years, concentrating on safety, environmental best practice and innovation and we are extremely optimistic in the growth potential of the business.

7. TRAVIS BROOKS-GARRETT- The Victoria International Container Terminal (VICT) has entered the Australian market and is one of the world's most automated container terminals, is Flinders Ports looking to increase investment in automation and technology?

It is no secret that with constantly rising labour costs at container terminals and in real terms, reductions in revenue per TEU, operating margins are under pressure. Automation is one of the few levers operators have to control costs & Flinders Adelaide Container Terminal is certainly looking at the automation option. It is a lengthy process to identify what is the most appropriate form of automation, timing and how to minimise impacts on the labour where possible. Clearly there are risks involved in having an automated terminal and getting the right balance between costs and productivity is essential.

TRAVIS BROOKS-GARRETT - On behalf of APSA, FTA and our members, thank you for taking the time to participate in this interview. We look forward to working closely with you and your executive team in the years ahead.



Foreign Exchange and the impact on the Freight and Customs Industry

By PAUL BETTANY, Collinson Forex

By definition the freight and customs industry is exposed to foreign exchange (FX) risk, as it deals with foreign currency receipts and payments. There are ways to mitigate this risk and the goal should be minimisation, allowing Companies to concentrate on core business.

Forecasting foreign currency cash flows allows a business to realise the exact exposure a company has over a specified period of time. The further out we forecast cash flows the less accurate they become and therefore hedging becomes less precise. The elimination or minimisation of risk, allows each business to lock in expenses/receipts in AUD dollars, therefore allowing accurate projection of revenues for costing and pricing purposes.

Financial instruments are readily available to all businesses and enable the management of FX risk.

Having a policy is essential and this can be from taking no action, which is a strategy, to hedging all currency exposures. It is somewhere in between these extremes where most businesses operate, depending on the economic cycle and individual propensity to take risk.

It is therefore extremely important to know your exposure and how to manage that risk over an economic cycle. Forecasting FX cash flows establishes exposure and then adopting the desired strategy considering the economic cycle and ability of individual companies to absorb FX gains and losses.

Hedging mostly involves financial instruments including Forward Contracts, Swaps and Options.

The Economic Cycle and the Impact on Currencies

Currency markets are the most liquid in the world. Interest rates drive currencies and

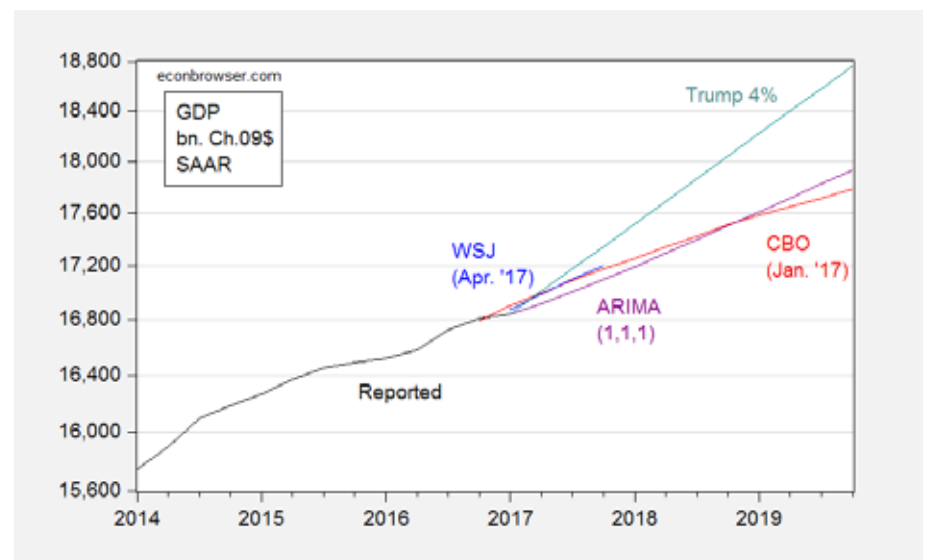
Inflation and growth impacts interest rates. The Global economy is in a growth period, with a full economic cycle (post-GFC) behind us. The post-GFC economic cycle was a period of historically expansive monetary policy employed by most Central Banks.

These Central Banks bloated balance sheets, kept interest rates at record lows and expanded the money supply. The monetary stimulus was necessary to encourage growth in benign and static economies. This has largely succeeded and Central banks now look to a return to a more normalised period of monetary policy.

The US (and to a lesser extent the UK) has moved on to a new economic cycle, with strong growth manifesting itself in inflationary pressures and rising interest rates. The Federal Reserve has recognised this and has been raising interest rates throughout 2017, with plans to continue this policy in to 2018. The Fed Chairman

Jerome Powell (a new trump appointee) has testified to this, recognising the fiscal stimulus tax cuts are having on the US economy. Tax cuts will bolster corporate earnings which may well sustain the bull-run in equity markets. The recent share market correction (of 10%), sparked by a spike in US Bond Yields, only lends credibility to the bull market!

The rising interest rate environment puts upward pressure on the US Dollar, which should be reflected in most other currencies, as it operates as the reserve. The ECB, RBA, BoJ and RBNZ are all still operating in the previous, accommodating economic cycle, thus putting a downward bias on the respective currencies. ECB President Draghi has warned that the EU is not in the sustainable growth paradigm that the US is in, committing to an extended period of 'Quantitative Easing'. The RBA, BOJ and RBNZ are in similar circumstances. All the respective Central Banks have indicated rate will not commence in this calendar year. The performance of each economic zone will determine the relative value of the cross-rates between these currencies.



The Trump administration has embarked on a pro-Growth economic strategy. One of the key points is deregulation, which is unleashing business growth and allowing the massive expansion of the energy sector within the USA. The increased sourcing of energy, through both new and old technologies, has enabled the US to become not just energy independent but a global exporter. Gas, coal and oil development combined with pipeline transportation improvement have created a boom.

The next key point was tax cuts. Tax cuts are flowing through into corporate earnings, thereby sustaining the stock market rally, while putting more dollars into the consumer's pocket. The tight labour market has seen record low levels of employment, allowing upward pressure on wages, further improving the position of the consumer. Consumer confidence is a multi-year record high, boosting consumption and demand, in an economy that is 70% dominated by consumption. Tax exemptions have been given to corporate earnings held offshore (estimated to be up to US\$5 Trillion), while simultaneously allowing 100% depreciation of repatriated funds if reinvested in business. This is an enormous stimulant to US economy.

Trump has also embarked on an overhaul of US trade policy. Multi-lateral trade has

resulted in a very inflexible system that has seen massive trade deficits with major trading nations. China and Mexico have both been major beneficiaries. Trump is now re-negotiating the Multi-Lateral agreement into more flexible and 'fair' bi-lateral trade arrangements. The result should see a massive turnaround in the trade balance between the US and her trading partners. 'Offshoring' may become a phenomena of the past.

The core strategies of trade, tax and deregulation have unleashed a pro-growth economy that will allow the US to expand and fight growing deficits and debt.

Threats to Global Markets

Global debt is a growing threat to developed economies. The GFC was a crisis of leverage and debt, which drove global economies in to the worst recession, since the Great Depression. The solution was Government bailouts of banks and the record expansion of Central Bank balance sheets. This extra-ordinary monetary policy reduced interest rates to historically low levels. This allowed national economies to continue to run massive deficits, adding to already significant national debt levels, which are a growing threat to global economic stability. As the global economic situation improves, inflationary CPI growth emerges, thus

pushing interest rates higher.

Debt servicing then becomes a global threat.

Geo-Political risks are always a clear and present danger to markets. North Korea has become a nuclear threat, while China threatens Asian borders in the South China sea. The Middle East remains in turmoil while international terrorism is an ever-present threat. 'Black Swan' events are not predictable, by definition, therefore requiring contingency plans.

Summary

Central Banks and their respective Monetary Policy will continue to dominate currency and equity markets. The US and the UK are in a growth cycle and their expansionary fiscal policies have allowed the return to normalised monetary. This should give upward momentum to the associated currencies. The freight and customs industry must be prepared for all developments through considered FX risk-management policies. Accurate foreign currency cash flow forecasting and appropriate hedging strategies will ensure companies can then concentrate on core-business.



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Charting a clear course in a rapidly changing world

By THE HON STEVEN CIOBO, Minister for Trade, Tourism and Investment

The Federal Government's Foreign Policy White Paper 2017, the result of the first major consultation with the Australian people on foreign policy and trade in over a decade, sets out a roadmap for advancing and protecting Australia's international interests and our engagement with the world. Importantly, for those who are the backbone of Australia's trade: exporters, importers, customs brokers, freight forwarders and logistics services providers, the White Paper affirms that an outward-looking Australia, fully engaged with the world, is essential to our future prosperity.

The Turnbull Government has committed to delivering more opportunities for Australian businesses globally and stand against protectionism. The Foreign Policy White Paper outlines an agenda to achieve this.

The White Paper provides a strategic framework to guide Australia's international engagement over the next decade. It is focused on the promotion and protection of Australia's national interests – the prosperity of Australia, the independence of our decision-making and the security, safety and freedom of our people.

The logistics and freight forwarding industry will continue to play an essential role in contributing to Australia's strong economic performance. By connecting our substantial mining, agricultural, and manufacturing exports to international, regional and local markets, revenue is drawn back to Australia, boosting our economy and creating jobs.

Powerful drivers of change

The White Paper's policy framework rests on an analysis of some of the most important trends shaping the world and what they might mean for Australia. It asserts Australia will have great opportunities to prosper but makes clear these will need to be pursued in a more competitive world.

Anti-globalisation and increased protectionist sentiment are identified as significant trends currently impacting the international environment.

Other drivers of change, such as technological developments, are driving further innovation and present significant

opportunities to improve productivity and harness new sources of growth.

The White Paper makes clear that Australia should approach this period of change with confidence. We begin with advantages that many other nations do not enjoy. Our outlook is global; our democracy is strong; our economy has broken records for developed nations by growing for more than 27 consecutive years; and we live in the most economically dynamic region of the world.

Seeking opportunity and protecting our interests

Over the next decade, rapid urbanisation, demographic shifts, digitisation and emergence of new middle classes will drive exports of Australian goods such as premium produce and vitamins, and services in education, tourism and finance.

The middle class in our region is predicted to increase five-fold to three billion by 2035.

Traditional trading partners such as the United States and Europe will remain important as expanding export markets, but also as gateways to global value chains and as sources or destinations for productive investment.

At the same time, we are seeing new opportunities opening up in markets that warrant fresh approaches.

Latin America, for example, is increasingly attracting the attention of Australian businesses as a result of its economic reform, population growth and natural resource endowments. As a result, we are expanding and diversifying our commercial interests beyond mining services in Latin

America and the Middle East.

To reap the widest possible benefits from these changes our policy settings and our industries will need to be competitive and agile, responsive and determined.

An agenda for opportunity

Resisting protectionism and supporting the rules to promote open trade and investment will remain the cornerstone of our trade policy over the coming decade.

Australia will remain a vocal advocate for international law, free societies and open economies, underpinned by strong independent institutions and the rule of law.

Engaging internationally on the benefits of open trade recognises the incredible advancement trade has brought to the world, including its role in lifting hundreds of millions of people out of poverty.

This approach also reflects the benefits trade liberalisation has brought us, with research showing progressive trade liberalisation over the past 30 years has given Australians more choice, better services and lower prices.

Importantly, the research concludes these benefits would continue even if other countries chose to close themselves off with higher tariffs and trade barriers.

The roadmap for prosperity

The rules embodied in the WTO continue to be of fundamental importance to Australia's interests.

Australia was instrumental in achieving recent WTO outcomes, such as the Trade Facilitation Agreement, which will reduce

red tape and compliance costs for exporters and potentially boost global trade by up to US\$1 trillion a year.

The White Paper acknowledges that broad-based multilateral liberalisation, through the WTO, would deliver the biggest economic gains for Australia.

However, divergent views within the 164-member strong Organization has meant a more flexible and pragmatic approach is needed. Australia is taking a leading role in the WTO to develop new negotiating frameworks that can succeed in this challenging environment.

Supporting our commercial interests

We cannot sit on the sidelines while other countries secure better access to our key markets.

We are at the forefront of developing modern, comprehensive FTAs that maximise tariff reductions for Australian exporters, open up services markets and set rules to enhance trade and reduce regulatory risk.

Australia already has FTAs with ASEAN and nine individual countries (Chile, China, Japan, Republic of Korea, Malaysia, New Zealand, Singapore, Thailand and the United States), which together account for 64 per cent of our total trade.

We will expand our network of agreements to ensure by 2020 we have FTAs with countries that account for over 80 per cent of our trade.

Australian businesses, especially our 45,000-strong small business contingent, are already benefiting from targeted education and training to realise the benefits offered by new FTAs.

We encourage more Australian businesses to use DFAT's FTA Portal to obtain tariff information or attend an FTA training seminar, and speak to a customs broker or freight forwarder to get specific advice relating to their goods.

The Government is working to ensure businesses know about our FTAs, and take full advantage of them.

The award-winning FTA Portal of tariff and rules of origin information will expand to cover new FTAs as they come into force, and will also widen to encompass services trade.

Nearly 100 North Asia Free Trade Agreement Seminars have been held in locations all over the country since 2015, providing direct support to Australian SMEs. Seminar dates for 2018 will be announced shortly.

The private sector is complementing these efforts with sector-specific seminars. For instance, Freight & Trade Alliance

(Australian Peak Shippers Association) offered face to face events and webinars to its members after receiving a Free Trade Agreement Training Provider Grant from the Australian Government in 2017.

These activities complement our broader efforts to reduce the costs of trading and make Australian businesses more competitive.

These include establishing a 'single window' for trade and a new non-tariff measures strategy to tackle regulatory and other barriers impeding exports.

And, with more than 99 per cent of Australian goods exports reliant on sea transport, we are working to ensure international laws that protect freedom of navigation are respected.

Leveraging our assets

We are working from the grassroots to the highest possible levels to promote Australian trade.

Australia's network of overseas posts and our in-country diplomatic presence provide a vital layer of engagement to advance our commercial interests in foreign markets.

At the same time, Austrade provides a range of support, from business introductions to

market information. Australia's export credit agency, EFIC, assists firms to secure finance for export and to invest overseas.

The logistics and freight forwarding industry facilitates the movement of our goods to overseas markets and is an important partner in achieving the White Paper's goal of a safe, secure and prosperous Australia.

Shifting demand patterns, increasingly complex sourcing relationships and new digital tools will be central to the industry's ongoing success.

The White Paper is the result of an unprecedented level of consultation, including with industry stakeholders throughout 2017.

We do not want the conversation to stop there.

Ongoing engagement with customs brokers and freight forwarders helps us to get the frameworks and rules right for our businesses to thrive internationally.

Let's work together to chart Australia's course ahead and pursue our agenda of opportunity, security and strength.

For more information and copies of the paper see: dfat.gov.au

Benefits of trade for Australians



Australian Government

2017 Foreign Policy White Paper
fpwhitepaper.gov.au
[#FPWhitePaper](https://twitter.com/FPWhitePaper)



The Trans-Pacific Partnership – issues for the trade community

By RUSSELL WIESE and LYNNE GRANT, Hunt & Hunt Lawyers.



Few free trade agreements have received the attention given to the Trans-Pacific Partnership (TPP). Originally hailed by President Obama as the gold standard or free trade agreements (FTAs) it was famously abandoned by President Trump on his first day in office. Now that agreement has been reached on the terms of a TPP that does not include the US, it is time for importers, exporters and their advisors to start preparing.

Why is this FTA important?

The terms of the updated TPP have now been released and the benefits, especially for agricultural exporters, appear to be substantial. It is true that there is significant overlap between this FTA and Australia's existing FTAs. We already have existing FTAs with 8 of the 10 other TPP members. In fact, the TPP will represent Australia's third FTA with each of New Zealand, Singapore and Malaysia. Nevertheless, there are the following significant benefits associated with the TPP:

1. Opening up of the Canadian and Mexican markets for the first time. Neither country currently demands a large amount of Australian trade. Mexico is very US focused and Canada, being a major agriculture and minerals exporter, suffers from being too similar to Australia. However, with US trade becoming more difficult, Canada and Mexico may view trade with Australia as more attractive, despite the obvious geographic constraints.
2. Easier certification requirements – it will be easier to qualify for lower duty rates under the TPP than Australia's existing FTAs. This may mean that importers/exporters will use the TPP in circumstances where they would not have used an existing FTA that has greater

red tape.

3. Improved outcomes with Australia's existing FTA partners – while it will depend on the product, there are a number of instances where the TPP outcome is an improvement on Australia's position under existing FTAs. The best examples are agricultural goods exported to Japan and various improvements on exports to Malaysia and Vietnam.
4. Outcomes in areas such as services, investment and government procurement will represent improvements over the positions negotiated under existing FTAs.
5. The TPP partners are not fixed. New countries can join the TPP and Taiwan, Thailand, Indonesia and the Philippines have all expressed interest. The more countries that join, the more likely it is the TPP could become the default FTA, with other FTAs only considered if the TPP outcome is not duty free entry.

When will it start?

The agreement was signed in Chile on 8 March. Following this, the TPP will commence 60 days after 6 countries have completed their domestic ratification. When it commences, the TPP will only apply to those countries that have completed domestic ratification.

In respect of Australia, the ratification process involves parliamentary review into the FTA and enabling legislation is required to be passed through parliament. While the TPP originally had support from both major parties, the Labour party is now requesting economic modelling of the impact of the agreement. Such requests may slow down the ratification process and are unlikely to yield any conclusive results. Any modelling relies on a

vast number of assumptions and the reality is that a multilateral FTA has not existed that is as modern and flexible as the TPP. Any modelling will involve a degree of guesswork. Interestingly, previous modelling found that the TPP without the US makes better economic sense for Australia than the version of the TPP that included the US. The additional concern is that even if modelling showed that there could have been a better outcome for Australia, how exactly would Australia go about renegotiating what is now a concluded agreement?

Despite all the above concerns, commencement by the end of 2018 is possible.

There are some disadvantages

There is no doubt that the TPP worsens the FTA noodle bowl. Australia will now have 3 different FTAs with New Zealand, Singapore and Malaysia and 2 different FTAs with Japan, Vietnam, Peru, Chile and Brunei. The impact of this overlap will be more pronounced by the fact the TPP is relatively different to Australia's existing FTAs.

An example of the differences are the rules of origin around both textiles and automotive goods. These rules are much more complex than standard rules of origin under Australia's existing FTAs.

The TPP may also weaken the advantage Australia had gained over other countries by aggressively pursuing bilateral FTAs. For instance, not all TPP members had existing FTAs with Japan. The concessions in the Australia Japan FTA were hard won. However, with the entry into force of the TPP, Australia will again be on level pegging with the other TPP members.

Certificates of origin

Certificates of origin (COO) under the TPP will be self-certified. This means that they can be completed by the manufacturer, exporter or importer. While there will be specified data fields, there will be no set format. Additionally, the document can be in paper or electronic form.

Adding more flexibility, the COO will be able to cover multiple consignments of identical goods.

While self-certification does make FTA use easier, it places a lot of responsibility on the exporter or other party issuing that document. The need to have checks and balances in place to ensure FTA compliance is heightened. This is not a reason to avoid the TPP or self-certification, but it is a risk that needs to be managed.

Relatedly, there will be increased compliance pressures on Australian customs brokers. Where there is a set template COO, the customs broker can easily review the paperwork to assess compliance. However, in the absence of a template, ten different exporters could provide 10 different certificates of origin. Customs brokers will need to carefully check whether all the required data fields have been completed.

Hopefully industry will develop an optional template COO that gains wide acceptance and leads to more consistency amongst exporters.

Alignment

With so many different FTA's it is important that the exporter and importer are aligned about which FTAs the parties wish to use. The first consideration should be which FTAs do the goods actually qualify for. For goods that have some third country content, it is possible the good will qualify under one FTA but not another. As an example, Australian juice made from Australian oranges and Malaysian pineapples and exported to Japan may qualify under the TPP, but may not qualify under the Japan Australia FTA.

Once the potential FTAs are identified, the parties should determine which of the available FTAs provides the importer the best duty outcome.

Following this, the parties will know which FTA they wish to use. It is then crucial that the parties apply the rules of origin under that particular FTA and comply with the documentation requirements for that particular FTA.

Even if a good could qualify for the TPP, it will not qualify for the TPP if a COO for a different FTA is provided. This is because that COO will contain a declaration that the goods comply with the rules of origin for that FTA but will not contain a declaration that the goods comply

with the terms of the TPP.

These are easy issues to manage, but it is also the case that alignment will not occur by accident.

What to do now?

If they haven't already, companies should start to take the TPP outcomes into account when developing supply chain strategies and undertaking long term planning.

The TPP documents as amended are publically available and set out all of the tariff commitments of each country. Customs brokers can access this information and model the TPP outcomes for their clients.

Now is also the time to review instances where there has been an underutilisation of existing FTAs with TPP members. If the reason for this underutilisation relates to documentation, plans can be made for how to remedy this position under the more flexible TPP.

Once enabling legislation is introduced, brokers should start to plan for transitional arrangements concerning the start of the TPP. Attention needs to be paid to which shipment will be covered given that that text of the TPP provides that it will apply to goods that "arrive" in a country after the commencement of the TPP. The term "arrives" should be contrasted to the term "imported". Usually, the Australian legislation provides that a new FTA applies to goods entered for "home consumption" after commencement of the TPP.

It will be especially important to be prepared for the commencement of the TPP as the text of the agreement leaves it unclear whether (1) it will be possible to issue retrospective COOs, and (2) whether a retrospective COO could even cure a problem.

Given the publicity the TPP has received there is no doubt that most importers and exporters will want to know how it benefits them.

As with other FTAs, the TPP will present an opportunity for proactive service providers and exporters to stand apart from their competitors. However, with its flexibility and lack of governance by an authorised issuer of COOs, it also carries compliance risks. Importers and exporters are encouraged to prepare for and use the TPP, but they must also ensure that they have systems in place to ensure compliance.

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Launch of BorderWise Single Window Tariff (AU) and offer to new FTA members

By PAUL ZALAI, Director, Freight & Trade Alliance (FTA)

Supporting the Freight & Trade Alliance (FTA) vision “To establish a global benchmark of efficiency in Australian border related security, compliance and logistics activities”, WiseTech Global and FTA are delighted to announce a valuable member benefit in the form of BorderWise Single Window Tariff (AU).

As outlined in the January 2018 Goods Compliance update, the Australian Border Force (ABF) has increased its focus on complex audits. Since July

last year, 48 cases have been closed resulting in demands for unpaid duties of \$9.6 million. It is worth noting that apart from unpaid duties, border non-compliance can also result in infringement notices and other sanctions.

BorderWise Single Window Tariff (AU) sets the benchmark in bringing together a range of critical “whole of government” border compliance data, law and regulation, and advanced search functionality to help customers to effectively minimise customs duty and mitigate the risks associated with import and export non-compliance for themselves and their customers.

PLEASE NOTE - CargoWise One customers, who are also FTA members, will have access to BorderWise Single Window Tariff (AU) included in the CargoWise One Customs module at no cost.

Growing the Alliance

While this is a significant and immediate member benefit, this is only the start of a much broader vision.

In line with the FTA “Mission, Goals & Strategy”, we are undertaking an aggressive growth strategy to achieve economies of scale which are necessary to deliver ongoing cost effective member benefits and increased advocacy representation.

As a part of this approach we will be launching one in a series of campaigns to increase membership.

New members will be provided the following until 30 June 2018:

- **FREE** FTA membership - effective immediately;
- **FREE** BorderWise Single Window Tariff (AU) from 1 April 2018; and
- **FREE** access to Online CPD and CBC from 1 April 2018

New members that continue membership beyond 1 July 2018 will continue to receive free Online CPD and CBC for the remainder of the licensing period until 31 March 2019.

We look forward to your assistance in spreading the word. Please do not hesitate to contact me direct on 02 9975 1878 or on pzalai@FTAlliance.com.au





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OBP is already servicing over **80 Freight Forwarding** companies from around the world in our 24/7 operation.

Trade facilitation and its impact on customs brokers

By RUSSELL WIESE, principal, Hunt and Hunt Lawyers

Over the past 120 years we have progressed from physical inspection of all goods by the customs authority prior to import, to a system of complete self-assessment where only a very small percentage of goods are physically inspected. However, in this same time the rules relating to duty evasion and prohibited imports have not materially changed. What has changed is that the practical responsibility for trade compliance has shifted from the border authority to the customs broker. This has resulted in greater levels of trade facilitation for importers and exporters, but has put customs brokers in the unexpected position of both service provider and the primary defence against non-compliance with the Customs Act.

This is a system that can work, but it requires each of the Australian Border Force (ABF), customs brokers and their clients to appreciate the role being carried out by customs brokers.

The role of customs brokers as safeguards against trade non-compliance may seem at odds with the traditional role of a customs broker. That role generally involved acting in the best interests of their client and representing their clients' interests in disputes with the border authority. However, the current duality of roles (service provider and de facto trade compliance body) has been developing slowly over time and seems to be gaining momentum.

As an example, consider the recently agreed terms of the Trans-Pacific Partnership (TPP). To enjoy preferential duty rates under that agreement the importer must hold a certificate of origin that contains all of the mandatory data fields set out in the agreement. There will be no template document and the system is one of self-certification. That is, the exporter, producer or importer prepares the certificate of origin themselves.

Who then is left to assess whether the requirements of the TPP have been met

and a lower duty rate can be claimed? It will be the customs broker completing the import declaration. With previous free trade agreements the customs broker merely had to ensure that a certificate of origin in the prescribed form was supplied. In most instances this was provided by an authorised body and was easy to assess. Under the TPP the customs broker may well receive 100 different certificates of origin from 100 different exporters and it will be up to that broker to assess whether the goods qualify for the TPP.

If the customs broker gets it wrong, this error of judgement will only be identified following an audit by the border authority. Only a small number of goods will be subject to this treatment. The vast majority of goods will only be subject to review by the customs broker. The customs broker carrying out this responsibility faces the prospect of fines from the ABF and a negligence claim from its client in the case of non-compliance.

The Australian Trusted Trader Programme is another example. A goal of this programme is to identify those supply chains that act in a compliant manner and direct Governmental customs compliance activities primarily at the supply chains that have not been risk assessed. There is nothing wrong with this as a goal. However, it needs to be acknowledged what is occurring. Trade compliance is effectively being outsourced. The agreement is that the Government will provide importers and exporters with trade facilitation benefits provided that the ABF can be confident that it does not need to audit the Trusted Trader.

For this trade off to occur each party needs to acknowledge and adapt to the change in roles. This means that clients need to acknowledge that customs brokers are not merely performing a procedural role in the clearance of goods. Rather, they are assessing the import for compliance with the Customs Act and are doing so to such a standard that the ABF is prepared to trust this assessment and focus their compliance activities on other importers. In this environment, the client needs to understand that the customs broker may not simply accept their claims at face value and may need to ask for supporting documentation. The customs broker should also remind the client that it owes duties to the Government that may be in conflict with the broker's duties to the client.

The ABF needs to appreciate that customs brokers are thrown into the extremely difficult position of being the primary auditor of customs compliance

while also having to maintain a commercial relationship with its client (in what is the most competitive of markets). While the ABF can easily question the veracity of what an importer says to them, it is harder for a customs broker to politely require clients to prove the correctness of information provided. Customs brokers cannot put holds on good and inspect them. Customs brokers cannot serve their clients with a notice to produce documents. Customs brokers do not have access to the Government intelligence. In short, while the ABF is giving customs brokers the primary role of protecting the borders from revenue evasion and prohibited imports, it needs to be acknowledged that customs brokers do not have the same tools to perform that role as those available to the ABF. The ABF can still expect high standards from customs brokers, but it is unrealistic to expect a customs broker to identify every instance of non-compliance, or all instances that could be identified by the ABF.

If the limitations on a customs broker to ensure customs compliance are accepted, then the ABF needs to take this into account when its own compliance activities identify a breach of the law. Where there is a breach, often the customs broker is just as legally liable as the importer. The ABF elects who to penalise. Not every breach will be the fault of the customs broker. The easiest example is where the client provides false information to the customs broker regarding the goods.

In these instances, should the customs broker be expected to have a greater ability to detect the provision of false information that the ABF? While it is a self-assessment regime, it is still the ABF that elects to release the goods from customs control based on the information provided. If the ABF could not detect false information without an inspection of the goods, should the customs broker be held to a greater standard?

If the Government wants to place the bulk of the compliance burden onto customs brokers, then it would help if the ABF provided brokers with tools to help identify non-compliance. For instance, the ABF will have internal resources to help their auditors identify non-compliance. There will be key red-flags that the ABF officers will be trained to look for. Where it does not compromise Government security, these learnings should be shared with

customs brokers.

Lastly, customs brokers need to acknowledge the evolving nature of their role. No longer is it the case that they owe duties only to their clients. On many occasions the ABF has said that customs brokers are in a privileged position. It is only customs brokers that can lodge import declarations for third parties. Additionally, it is only customs brokers that have access to the Integrated Cargo System. This comes at a price. That price includes:

- an obligation to inform the ABF if the customs broker becomes aware of false information having been provided to the ABF;
- being strictly liable for the provision of any false information provided to the ABF (even if there was no intent to provide false information); and
- being equally liable as the importer for any underpaid duty.

Acknowledging the increased importance of the customs broker in trade compliance means that customs brokers also have to accept that more is expected of them. The ABF will expect a customs broker to take reasonable steps to assure itself that the information provided by its clients is correct. What steps are reasonable will depend on magnitude of the risk and the ease of taking those extra steps. For example, if the importation is of aluminium profiles which could potentially attract dumping duty of 50%, the broker may be expected to take greater steps to verify the information than if the import was of duty free mobile phones.

As another example, the steps required by a customs broker before declaring a goods is asbestos free will be different for a consignment of fresh fruit than it will be for a consignment of brake pads.

Essentially customs brokers need to ensure that they are exercising a level of due diligence that reflects the responsibility imposed on them. This due diligence starts with initially verifying the identity of the client and extends to all aspect of the communication provided to the ABF.

This due diligence is important not only from the perspective of performing the role expected of customs brokers by the ABF, but also as a means of providing a legal defence where there is a breach of the law. Where false information has been provided to the ABF, the customs broker may be able to rely on the

defence of reasonable mistake of fact. However, before a corporate customs broker can rely on this defence, it must be shown that the mistake was not one that could have been avoided by the exercise of due diligence.

It is a difficult transition period with expectations and roles evolving. At the same time, industry pricing remains cut throat. Customs brokers are enabling seamless trade and bearing the responsibility of full compliance. This valuable role needs to be recognised by all stake holders if trade facilitation improvements are to continue.

WANT TO KNOW MORE

Russell will be presenting at the Global Shippers Forum (GSF) and ICHCA International Conference and Exhibition (10-11 May 2018, Melbourne - www.FTAlliance.com.au)



GST on low value imported goods

“

Vendors registered for GST need to ensure that relevant tax information is included on import documents for low value goods. Vendors can face penalties if they fail to take reasonable steps to meet their reporting requirements.

”

From 1 July this year, low value goods imported from overseas by consumers in Australia will attract Goods and Services Tax (GST).

This means that vendors—including merchants, electronic distribution platform operators and re-deliverers—with sales subject to GST of AUD75,000 or more each year will need to register with the Australian Taxation Office (ATO), collect GST at the point of sale and remit that GST to the ATO.

As this is a tax measure and not a border measure, the ATO is responsible for implementation and all compliance activity.

What does this mean for my import reporting requirements?

While border processes will not change, the Department of Home Affairs advises you to consider whether changes to your business processes are necessary.

Vendors registered for GST need to ensure that relevant tax information is included on import documents for low value goods. Vendors can face penalties if they fail to take reasonable steps to meet their reporting requirements.

To help vendors meet their reporting requirements, the Integrated Cargo System will allow, where necessary, the reporting of additional information, including Vendor ID, Importer ID and the use of a GST-paid exemption code.

Please refer to External Release Notes 17.4.02, which set out the additional information to report depending on the relevant import document and the information provided by the vendor.

Providing the additional information, particularly the GST-paid exemption code, helps prevent GST from being charged at the border when it has already been charged at the point of sale. If GST is charged a second time at the border, refunds will not be available from the Department of Home Affairs and must be sought from the supplier.

What is not changing?

The AUD1000 threshold for GST, duty and reporting at the border will remain, and there will be no changes to current border clearance processes. The changes will also not impact the flow of goods across the border.

Further, these changes do not apply to tobacco, tobacco products, or alcoholic beverages. These goods will continue to be taxable importations at the border (where customs duty and GST is payable) regardless of their customs value.

Find out more

For more information visit Home Affairs and www.ato.gov.au/ausGST.



2018 customs compliance priorities

The Australian Border Force (ABF) is an operationally independent, frontline body in the newly created Home Affairs portfolio. Working alongside us in the portfolio are our colleagues from the Department of Home Affairs, Australian Federal Police, Australian Crime Intelligence Commission, and the Australian Transaction Reports and Analysis Centre. The Australian Security Intelligence Organisation will also form part of the portfolio following the passage of legislation.

The ABF is and will remain Australia's customs service, with trade facilitation a key priority. Keeping trade facilitation and traditional customs functions together, alongside Australia's national security agencies, has enhanced our ability to identify and focus our efforts on those consignments and people who represent the highest risk. This, in turn, has meant we are able to ensure the seamless facilitation of legitimate people and goods, particularly with record numbers of trade and travellers crossing the border last year and projected to continue into 2018.

Throughout 2018, we will continue to work closely with industry to facilitate trade and reduce illegitimate and non-compliant imports and exports. The ABF will identify and address non-compliance issues and undertake education and enforcement action where necessary to improve voluntary compliance. We encourage businesses to codify their compliance processes and to take advantage of the benefits of becoming a Trusted Trader.

The ABF will maintain its intelligence-led, risk-based approach to the broad spectrum of non-compliance across supply chain integrity, regulated and restricted goods, and economic harm. Throughout the year, particular areas of focus may arise based on intelligence we receive at the time or through analysis of information, incidents and behaviours, but our overall approach of risk assessing all importations and prioritising intervention against highest threats remains the same.

While we'll focus broadly on supply chain integrity, this year, all customs licences will be ready for renewal, so we'll be checking that our licensees are compliant with their licence conditions and continue to be eligible to hold their licence. We have increased resources allocated to this important task.

Our continued focus on regulated and restricted goods aims to protect the Australian community from items that pose a risk—preventing the importation of illicit firearms and weapon parts, asbestos and illicit tobacco, alongside emerging threats in prohibited substances such as opioid drugs.

In relation to the protection against economic harm, we will be looking carefully at revenue evasion through misclassification, undervaluation and non-declaration of goods; false claims for GST exemptions; or improper application for preferential treatment under free trade agreements or duty refunds and concessions.

Businesses that have worked closely with us to become Trusted Traders will continue to reap tangible benefits as we welcome new Mutual Recognition Arrangements, and adopt their suggestions for improvements to the programme. Last year we signed an exciting arrangement with China, which gives Trusted Traders a competitive edge with better access and speed to market. We also launched consolidated cargo clearance reporting, which allows Trusted Trader importers to lodge a single import declaration for consolidated cargo for all sea cargo types and for air cargo, which is already saving business an average of 10 per cent in import charges at the border.

While we will continue to work with Trusted Traders to help ensure their supply chain security remains strong, our focus continues to be on trade that is not accredited and poses an unknown risk.

Increased compliance by industry, brokers and the whole supply chain facilitates legitimate trade, ensures

a level playing field for industry, and contributes to the protection of Australia's border. As we progress this important work in 2018, we will continue to work closely with industry to achieve better outcomes for you and the Australian community as a whole.

We acknowledge there is more we can do to improve the ways we work together. For example, we are currently assisting with the Commonwealth Ombudsman's own motion investigation into our use of legislated powers under the Customs Act 1901 in relation to the processing of inbound containerised sea cargo. We have welcomed the opportunity to demonstrate our operational processes in relation to trade and goods border facilitation and intervention and look forward to the findings of the review.

It is a shared responsibility to protect the border and facilitate legitimate trade with minimal intervention. In the near term, we will look to how our processes can be further streamlined and how voluntary compliance can be more readily achieved so that interventions are minimised. In the longer term, initiatives within the expansive trade modernisation agenda will deliver higher levels of automation and pre-importation compliance that will greatly enhance facilitation and strengthen border protection measures.

For more information visit www.homeaffairs.gov.au or contact GoodsCompliance@abf.gov.au.



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The worlds' most senior gathering of shippers, trade logistics providers and government representatives will be meeting in Melbourne, Australia on 10 and 11 May 2018 - to be hosted for the first time in Australasia, Freight & Trade Alliance (FTA), the Australian Peak Shippers Association (APSA) and the International Cargo Handling Coordination Association (ICHCA) Australia warmly welcome you to the

Global Shippers Forum (GSF) and ICHCA International Conference and Exhibition.

Early Bird rate \$385 per day to \$550 for the two day conference

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Caroline Zalai 0n 02 9975 1878 or czalai@ftalliance.com.au

DRAFT PROGRAM - DAY 1 - Thursday 10 May 2018

8.30am Opening	<p>MC – Travis Brooks-Garrett – Secretary Australian Peak Shippers Association / Director Freight & Trade Alliance (FTA)</p> <p>Chris Welsh, Secretary-General, Global Shippers Forum</p> <p>John Warda, Chairman, ICHCA Australia</p>	
8.50am - TRADE FACILITATION	<p>Moderator - Travis Brooks-Garrett – FTA / APSA</p> <p>Session Sponsored by Expedient Software</p>	
9am FACILITATION	<p>Jan Hoffman - Chief, Trade Logistics Branch Division on Technology and Logistics, United Nations Conference on Trade and Development (UNCTAD)</p>	<p>“Priority Trade Initiatives” of the National Trade Facilitation Committees – the role of shippers’ participation</p>
9.20am	<p>Ana Hinojosa - Director- Compliance and Trade Facilitation, World Customs Organisation (WCO)</p>	<p>Global Trade Facilitation and Compliance Update – WCO Perspective</p>
9.40am	<p>Michael Outram – Commissioner - Australian Border Force</p>	<p>Trade facilitation: An Australian perspective</p>
10am	<p>PANEL SESSION and Q&A</p>	
10.30am	<p>MORNING TEA</p> <p>Sponsorship - available</p>	
11am INNOVATION	<p>Moderator – Tony Paldano - Founder, Containerchain</p>	
11.10	<p>Richard White – Founder, CEO WiseTech Global</p>	<p>Future of customs compliance technologies and a vision for single window for trade</p>
11.30am	<p>Peter McLean – Head of Kalmar Asia-Pacific</p>	<p>Automation, Robotisation and the New Industrial Revolution</p>
11.50pm	<p>Julian Smith – Founder, CEO Blockfreight</p>	<p>Blockchain and Beyond</p>
12.10pm	<p>PANEL SESSION and Q&A</p>	
12.30pm	<p>LUNCH</p> <p>Sponsored by Insync Personnel</p>	
1.30pm REGULATION and STATE OF THE MARKET	<p>Moderator – Dr Hermione Parsons - Director Centre for Supply Chain & Logistics (CSCL) Deakin University</p>	<p>SESSION SPONSOR - available</p>
1.40pm	<p>Marika Calfas - CEO, NSW Ports</p>	<p>TBA</p>
2pm	<p>Chris Welsh - Secretary-General, Global Shippers Forum</p>	<p>Global Alliances and Shipping Line Market Consolidation</p>
2.20pm	<p>Bill Gain - Global Lead, Trade Facilitation & Border Management, World Bank Group</p>	<p>Impacts of statutory reforms on world trade</p>
2.40pm	<p>Robbert Van Trooijen - Vice President and Asia Pacific Chief Executive & Gerard Morrison – Managing Director, Maersk Line</p>	<p>Shipping Market Outlook</p>
3pm	<p>PANEL SESSION and Q&A</p>	
3.30pm	<p>AFTERNOON TEA Sponsorship - available</p>	
4pm	<p>Moderator - Travis Brooks-Garrett – FTA / APSA</p>	<p>SESSION SPONSOR – available</p>
4.10pm GLOBAL REFORM	<p>Michael Blake, Managing Director of Scope 3, Con-sultee to Global Logistics Emissions Council</p>	<p>Carbon emissions in the international supply chain – are shippers prepared for what lies ahead</p>
4.30pm	<p>Russell Wiese – Principal, Hunt & Hunt Lawyers</p>	<p>Trade facilitation – is it shifting the compliance role from Government authorities to trade professionals</p>
4.50pm	<p>Lisa McAuley - Global Trade Professionals Alliance (GTPA)</p>	<p>An international standard for certifying trade professional</p>

DRAFT PROGRAM - DAY 2 - Friday 11 May 2018

8.30am Opening	Travis Brooks-Garrett - MC Secretary - Australian Peak Shippers Association / Director Freight & Trade Alliance (FTA)	
8.40am Keynote address	Brendan Bourke, CEO, Port of Melbourne	
9am - E-COMMERCE	Kai Lincoln - Moderator Seko Global Logistics	
9.10am	Maggie Zhou, Managing Director for Australia and New Zealand Alibaba Group	Trade in China and the evolving e-commerce opportunity
9.30am	Ana Hinojosa, Director- Compliance and Trade Facilitation, World Customs Organisation (WCO)	WCO e-commerce framework of standards – implementation and action plan
9.50am	Rosie Cicchitti, Director – International and Cross – Border Indirect Tax, Australian Taxation Office (ATO)	Collection of GST on low value internet trade commencing in Australia from 1 July 2018
10.10am	PANEL SESSION and Q&A	
10.30am	MORNING TEA Sponsored - available	
11am SAFETY	Neil Chambers – Moderator – Director, Transport Alliance Australia (CTAA)	SESSION SPONSOR – available
11.10am	Sal Petrocchio, CEO, National Heavy Vehicle Regulator	Role of the NVHR – Chain of Responsibility
11.30am	Richard Brough OBE, Director, ICHCA International and IMO Maritime Safety Committee (Still to be confirmed)	Safety and accountability in global container movements
11.50am	Lawrence Jones, Global Risk Director – TT Club	CTU Code
12.10pm	PANEL SESSION and Q&A	
12.30pm	LUNCH Sponsorship - available	
1.30pm SECURITY	Paul Zalai – Moderator, Founder & Director FTA	SESSION SPONSOR – available
1.40pm	Sachi Wimmer, First Assistant Secretary, Office of Transport Security, Department of Home Affairs	Global security environment and logistics risks – extending air cargo reforms
2.00pm	Jonathan Sharrock – CEO Xlerated Assets	Cyber-Security and Logistics Risk
2.20pm	Lyn O'Connell, Deputy Secretary & Indigenous Champion, Department of Agriculture & Water Resources	Balancing Biosecurity Risk with Trade Facilitation
2.40pm	PANEL SESSION and Q&A	
3pm	AFTERNOON TEA Sponsorship - available	
3.30pm GLOBAL REFORM	Moderator – Peter Van Duyn – ICHCA Australia	SESSION SPONSOR – available
3.40pm	Michael Bouari - CEO 1-Stop Communications	Integrated supply chains
4pm	Bob Ballatyne, Chairman, Freight Management Association of Canada/Chairman Global Shippers Forum	North America Update
4.20pm	Huang Feng (Simon) - Director General of Asia Pacific Model E-port Network (APMEN) – Asia Pacific Economic Cooperation (APEC)	Logistics and trade reforms across APEC economies
4.40pm	PANEL SESSION and Q&A	
5pm	Close – followed by networking drinks & canapes	

A unique opportunity for Australian delegates to meet with industry peers, international guests and representatives from across commerce and government – at the time of print the following businesses are registered to attend - we look forward to also welcoming you to this important event

1-Stop Connections	Compliant Customs	Kotahi
ACA International	Containerchain	Maersk Line
ADM Global	Crowe Horwath	Magellan Logistics
A.H. Beard	CSL Behring (Australia) Pty Ltd	Manildra Group of Companies
Alibaba (Australia) Company Pty Ltd	CT Freight	Melbourne Convention Bureau
Anchor Logistics Pty Ltd	Deakin University	Mondelez International
Asaleo Care Limited	Dean World Cargo	Mondiale Freight Services
Asia Pacific Model E-port Network (APEM)	Department of Agriculture & Water Resources	National Heavy Vehicle Regulator
Australian Border Force	Department of Home Affairs	National Industrial Transportation League (NITL)
Australian Cotton Shippers Association	Department of Infrastructure	NSW Ports
Australian Grain Link Pty Ltd	DHL Global Forwarding	Patrick Stevedoring
Australian Horticultural Exporters Association (AHEA)	DSV Air & Sea	Port of Melbourne
Australian International Movers Association (AIMA)	Emerald Grain	Riordan Grain Services
Australian Meat Industry Council (AMIC)	Enirgi Metals Group Pty Ltd	Salta Properties
Australian Paper	Expedient Software	Santova Logistics
Australian Peak Shippers Association	Fletcher International Exports	Scope 3
Australian Taxation Office	Freight & Trade Alliance (FTA)	Seaway Logistics Pty Ltd
Axima Logistics	Freight Management Association of Canada	Seko Global Logistics
Barrett Burston Malting Co Ltd	Freight Transport Association UK	Sunrice Australia
BCR International	GEFCO Forwarding	Tasmanian Logistics Council
Bega Cheese/Tatura Milk Industries	George Turner Customs Forwarding	Tomax Logistics
Bell Total Logistics	Glencore Agriculture Pty Ltd	Trade Consultants
Biarri Optimisation	Global Shippers Forum	Trusted Trader International
Blockfreight	Global Trade Professionals Alliance (GTPA)	TT Club
Bowen's Customs & Logistics	Henning Harders	United Nations Conference on Trade & Development (UNCTAD)
Braid Logistics Australia Pty Ltd	Hunt & Hunt Lawyers	Valley Pack Pty Ltd
Braidco	HW Greenham & Sons Pty Ltd	Visy Industries
Bunnings	ICAL	Warrnambool Cheese & Butter Factory Holdings Ltd
Cargill Australia Limited	ICHCA Australia	WH Dyson & Sons
Cargo Line	ICHCA International and IMO Maritime Safety Committee	Wilmar Gaviion Pty Ltd
Casella Family Brands	ICHCA Japan	WiseTech Global
CHS Broadbent Pty Ltd	Insync Personnel	World Bank Group
City of Melbourne	International Cargo Express	World Customs Organisation
Cloud Global Logistics	Kalmar Asia - Pacific	Wridgways – A Santa Fe Company
		Xlerated Assets

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FTA takes a lead on cross-border e-commerce issues

By TRAVIS BROOKS-GARRETT, Director Freight & Trade Alliance (FTA)

In Australia alone, e-commerce revenue is expected to show an annual growth rate of 8.8 % from 2018-2022, resulting in an estimated market volume of over US\$16BN by 2022.

Inevitably, this growth has led to several emerging regulatory reforms. These reforms include the collection of GST on low value imported goods, which will take effect on 1 July 2018, and the proposed new levy on low value imported goods currently being considered by the Department of Home Affairs and the Department of Agriculture and Water Resources.

In light of these changes, Australia's major e-commerce stakeholders have joined together to form an E-Commerce Working Group (ECWG) as a peak industry committee addressing cross-border e-commerce issues. Founding members include Alibaba, Ebay, Seko Omni Channel Logistics and Australia Post. The group will seek to represent a unified voice of key e-commerce stakeholders to Australian regulators and policy makers, wherever appropriate, with a view to support the growth of cross-border e-commerce in Australia.

FTA is proud to have been appointed as the Secretariat for the ECWG and we look forward to supporting the group's advocacy priorities in the years ahead.

GST on low value imported goods

Effective 1 July 2018, the Treasury Laws Amendment (2017 Measures No. 1) Bill 2017 introduces a requirement for overseas vendors, electronic distribution platforms and re-deliverers to account for Goods and Services Tax (GST) on sales of low value goods to consumers in Australia if they have GST turnover of \$75,000 or more.

The intent being to ensure that imported goods with a value under \$1,000 face an equivalent GST treatment to goods sourced in Australia. Importantly, the legislation will also generate a significant quantum of GST revenue for our state governments.

It looks like Australia is not going alone with this approach on taxing internet trade with the Council of the European Union also introducing new rules to comply with value-added tax (VAT) obligations.

As a part of the EU's "digital single market" strategy, the proposals are aimed at facilitating the collection of VAT when consumers buy goods and services online. Most goods that are imported for distance sales currently enter the EU VAT-free. The Council sees this as resulting in unfair competition for EU businesses.

"This revamp of the rules will make our VAT system fit for the digital economy", said Toomas Tõniste, Minister for Finance of Estonia, which currently holds the Council presidency. "By reducing red tape, we will achieve both cost savings for businesses and increased tax revenues for the member states."

The new rules extend an existing EU-wide portal for the VAT registration of distance sales. Following the Australian style model, the EU is making the online platforms liable for collecting VAT on the distance sales that they facilitate.

A "one-stop shop" will relieve online traders of having to register for VAT in each of the member states in which they sell goods. Again, similar to the Australian model, the Council provides a concession for start-ups and SMEs. Below €10 000 in yearly cross-border online sales, a business will be able to continue applying VAT rules used in its home country.

Furthermore, the new rules remove an exemption for consignments from outside the EU worth less than €22. The Council claims that around 150 million small consignments are imported free of VAT, and the current system is open to abuse. "Whilst EU businesses have to apply VAT regardless of the value of the goods sold, imported goods benefit from the exemption and are often undervalued in order to do so".

The new rules set out the following timeline:

- introduction by 2019 of simplification measures for intra-EU sales of electronic services;
- extension by 2021 of the one-stop shop to distance sales of goods, both intra-EU and from third countries, as well as the elimination of the VAT exemption for small consignments.

The global developments do not end there.

The WCO established e-commerce sub-groups that held face-to-face meetings in Brussels from 23 to 25 January 2018, bringing together more than 125 delegates from Customs administrations, other government agencies, international organisations, e-vendors/platforms, express service providers, postal operators, freight forwarders, customs brokers and academia to discuss and develop a 'Framework of Standards on Cross-Border E-Commerce'.

This 'Framework of Standards' is expected to be a comprehensive instrument for assisting WCO Members in developing E-Commerce strategic and operational frameworks. It will be equally useful for Members who are seeking to enhance existing frameworks in order to effectively meet the requirements of new and evolving business models.

Proposed levy on low value goods

In addition to the new GST legislation, in March 2018 the Department of Home Affairs released a discussion paper proposing a new cost recovery model that will apply a levy to low value imported goods, including Self-Assessed Clearance (SAC) declarations. Until today, customs and quarantine activities relating to low value goods have been cross-subsidised by Import Processing Charges (IPC) on Full Import Declarations (FIDs) for goods that exceed the \$1,000 threshold. The proposal is based on the 2014 Joint Review of Border Fees, Charges and Taxes.

The Department of Home Affairs has suggested that these changes are necessary because the current cost recovery arrangements are not sustainable with the significant growth of e-commerce volumes. The Department notes the following:

“The number of low value consignments imported into Australia was 38.7 million in 2016-17, an increase of 22 per cent on 2015-16. In contrast, over the same period imports of high value

consignments has only grown by 3 per cent to 3.7 million.”

- Discussion Paper: Trade and Cargo Activities- Cost Recovery

A levy on low value goods would represent a significant re-distribution of customs cost recovery for the international trade sector, and some observers have suggested that it could pave the way for a differentiated IPC for accredited Australian Trusted Traders (ATTs).

Under the proposed model, the levy would be remitted by the cargo reporter on a monthly or quarterly basis.

Entities that would be subject to the proposed levy include those that:

1. make SAC declarations on behalf of importers of low value consignments (e.g. freight forwarders and express couriers); and
2. make more than 1,000 SAC declarations in a financial year.

The Department estimates that there are 67 entities that fall under this category.

At the time of writing the Department has not completed the final modelling

and therefore have not determined the proposed levy amount.

Some e-commerce stakeholders have expressed concern that if the proposed levy is too high it could constrain the growth of cross-border e-commerce in Australia.

Any such levy must also comply with the Federal Government's Cost Recovery Guidelines (2014).

The World Customs Organisation in Australia

FTA and the Australian Peak Shippers Association (APSA) are proud to host Ana Hinjosa (Director of Trade Facilitation for the WCO) on 10 May and 11 May in Melbourne as part of the Global Shippers Forum (GSF) and ICHCA International Conference – refer www.FTAlliance.com.au

Ana will be joined by Maggie Zhou (CEO of Alibaba ANZ) and Rosie Cicchitti (Director, International and Cross-Border, Australian Taxation Office) to discuss statutory reforms and the future of e-commerce within the context of international trade.

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Infringement Notices soar with depot operators under the compliance spotlight

By PAUL ZALAI. Director Freight & Trade Alliance (FTA)

Australian Customs and Border Protection Notice 2013/56 (condition 28) states depot licence holders must provide adequate training to make staff aware of their obligations in dealing with goods subject to the control of Customs.

In order to support members, Freight & Trade Alliance (FTA) has received input from the Australian Border Force (ABF) in producing a training package titled "SEC 77G DEPOTS - Obligations in dealing with goods subject to ABF control".

This e-Learning 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.

In an environment where the ABF is

increasingly looking to deliver benefits to "Trusted Traders", it is essential for importers, exporters, customs brokers and freight forwarders to contract compliant and qualified depot operators as a part of a secure supply chain.

Depots are licensed under the Customs Act (section 77G) and are subject to statutory conditions (section 77N) and additional conditions (section 77Q).

The ABF conducts visits to licensed depots and warehouses to check that these conditions are complied with. This includes, but is not limited to, checks to ensure that:

- Visitor logs are in the approved format and completed correctly
- CCTV systems are fully operational
- Fencing is structurally sound
- ABF signage is displayed correctly
- Deadhouse/cage is being used appropriately

- Firearms and other high-risk goods are stored inside the deadhouse

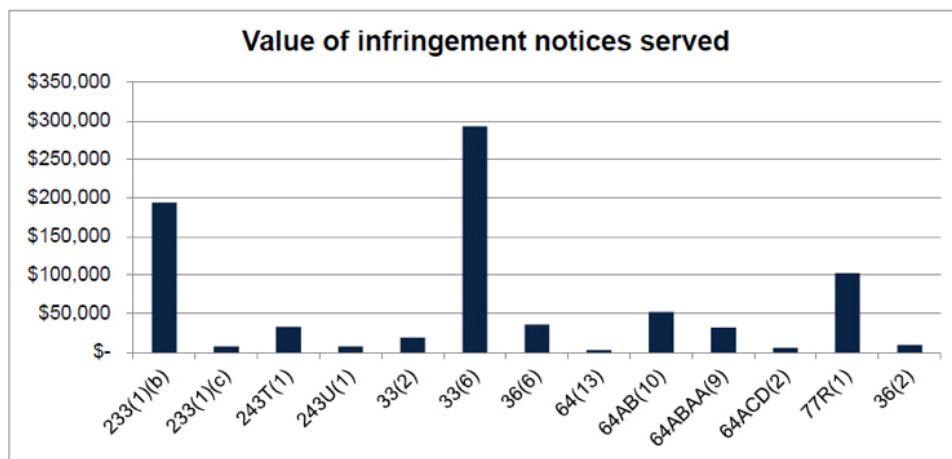
- The ABF is notified of new staff members within 30 days of commencement.

A breach of a licence condition may lead to administrative action, including infringements, prosecution, suspension or even cancellation of the licence.

Putting this into perspective, the Goods Compliance Report – January 2018 highlighted the value of Infringement Notices from the period 1 July to 30 November 2017. Breaches against Sec 33(6) of the customs Act 1901 "failure to keep goods safely or failure to account for goods" topping the chart.

While deliveries without authority remain a serious concern for the ABF, the report also provides the following case studies addressing non-compliance by depots (NOTE: content reproduced verbatim from the Goods Compliance Report – January 2018)

Figure 2 – Value of infringement notices served 1 July–30 November 2017



Case study 1: Unauthorised changes to licenced premises

ABF Officers conducted an onsite licence check of a depot. They identified that unauthorised modifications had been made, including the relocation of the deadhouse cage and changes to the car park.

Under section 77N of the Customs Act, the holder of a licence must not cause or permit a substantial change to be made in a matter affecting the physical security of the depot.

Licensees who seek to make substantial changes to the existing licensed site must be granted approval to 'vary' their licence before any changes are made. Modifications without permission are in breach of the Customs Act.

In this case, the ABF issued the depot with a warning letter for two breaches.

Case study 2: Unauthorised export

ABF Officers assessed the status of held cargo at a depot. Depot staff were unable to locate the particular item. The depot

subsequently located the item and re-exported it on the next flight, despite the consignment having a status of 'held' in the ICS.

Under section 77Q of the Customs Act, the holder of the licence must not facilitate transshipment or export of goods where there is a 'held' status on the import declaration or cargo report to which the goods are subject.

As a result, the depot was issued with an infringement notice for \$8,100*.

Case study 3: Temporary fencing

ABF Officers visited a Cargo Terminal Operator (CTO) to assess the status of permanent fencing surrounding the CTO. They identified that permanent fencing had not been installed and there were holes in the temporary fencing.

This is an offence under section 102CK of the Customs Act and a warning was issued to the CTO. During later visits, ABF Officers found minimal progress on the installation of permanent fencing to address this and an infringement of \$8,100 was issued*.

*note - as of 1 July 2017, there was an increase in penalty units - the same breach now would result in an infringement of \$9,450).



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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Boost for Trusted Trader exporters

Australian Trusted Trader is building momentum and boosting its suite of benefits for businesses exporting around the world.

Last year a landmark arrangement was signed with China, Australia's largest trading partner, providing faster and more efficient access for Trusted Traders into the market.

The Australia–China Mutual Recognition Arrangement is expected to bring a benefit of \$440 million to Australia's economy over 10 years.

Earlier this year, the Department of Home Affairs operationalised a Mutual Recognition Arrangement with Hong

Kong. Australian exports to Hong Kong were worth \$12.9 billion in 2017 and this arrangement will help boost trade throughout the Asian region.

Additionally, in February, the Department signed a plan to progress a Mutual Recognition Arrangement with the United States of America that will be worth \$540 million to Australia's economy, benefiting traders and strengthening supply chain security.

These international arrangements give businesses unprecedented access to trade facilitation benefits and are reducing costs for businesses, while ensuring the integrity of our border. They are also reducing the regulatory burden

on Australian business and improving access to the market for exporters.

Australia also shares Mutual Recognition Arrangements with Republic of Korea, Canada and New Zealand, and is also currently negotiating with other significant trading partners.

With new benefits becoming available, Trusted Traders are seeing more tangible cost and time savings. As the Trusted Trader community grows, businesses are seeking out service providers they know are trusted in the international trade community.

Want to know more? Visit www.homeaffairs.gov.au/TrustedTrader

Trusted Trader boosting Australian organics

Australia produces some of the highest quality organic food in the world, and one of the businesses leading the way is Kialla Pure Foods. The Australian Certified Organic grain processor began in Toowoomba in 1998, and is now a leader in the industry, exporting to nine countries.

Kialla Pure Foods prides itself on its quality assurance, which until recently had been focused on food safety and manufacturing processes, explained Managing Director Quentin Kennedy.

'We run many quality assurance programs across our business, but there was a gap in the import-export protocol side of the business,' he said. So when the Australian Trusted Trader approached him, he knew it could benefit the business.

'We saw that Trusted Trader was a good fit in amongst our other QA program and

would complete our whole-of-supply chain program,' Mr Kennedy said. "I'd recommend ATT to other small exporters as it closes the final gap in the whole supply chain."

The Australian Government's Trusted Trader program works by accrediting businesses which have compliant trade practices and a secure supply chain—once a business has become accredited, they are able to access a range of tangible financial and time-saving benefits as well as simplified customs processes.

One of the key benefits for businesses who sign on to become Trusted Traders is that they have direct access into the ABF through a dedicated account manager. This benefit is only available to those who have joined the programme.

'The ABF has been very supportive throughout the whole process and has been able to give us guidance where



we've needed it,' Mr Kennedy said.

For exporters like Kialla Pure Foods, it's important to gain reach into international markets, which is made easier for Trusted Traders through the mutual recognition arrangements. These allow exporters differentiated treatment at international borders due to their trusted status through the program. Australia shares these arrangements with China, New Zealand, Korea, Canada and Hong Kong.



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Import changes for better biosecurity

By LYN O'CONNELL, Department of Agriculture and Water Resources

The Department of Agriculture and Water Resources is continually looking for ways to improve Australia's biosecurity system to remain effective and sustainable into the future. There are a number of proposed changes to legislation and import conditions on the agenda that enhance our ability to respond to changing biosecurity risk, support Australia's economy and ability to trade internationally, and make participation in the biosecurity system easier for our industry partners.

Legislative changes

Since the Biosecurity Act 2015 (the Act) took effect on 16 June 2016, we have continued to implement its transitional and delayed provisions such as new domestic ballast water measures which took effect on 8 September last year. Another recent milestone is successful transition of all Approved Arrangement operators from temporary to ongoing Approved Arrangements by the legislative deadline in December 2017.

We are also progressively enhancing the Act and its subordinate instruments, including the goods determinations which set out risk management measures that importers must meet to bring goods into Australia. The Biosecurity Amendment (Miscellaneous Measures) Bill 2017

(Amendment Bill), which is expected to be introduced to Parliament this year, is an example of this work.

If passed, the Amendment Bill will allow us to update import conditions quickly and efficiently in response to changes in biosecurity risk. This includes details like the countries we accept particular goods from, and the species of animals or plants that may be imported into Australia. These details are captured in a series of lists published to our website, which are referenced in the goods determinations.

The proposed changes will allow us to update the lists on our website as required. This ensures more timely and effective management of biosecurity risks, and allows us to more rapidly reduce the regulatory burden for importers when we deem that import permits are no longer necessary for particular goods. As is our current practice, we will continue to let stakeholders know about changes to import conditions before the lists are amended.

Thank you to industry and our state and territory governments, who provided feedback on the draft Bill during our public consultation period which ran from December 2017 to January 2018. The majority of submissions were positive, and we made one minor change to the Amendment Bill to clarify the intent of a measure in response to feedback received during this process. If all goes to plan, the Amendment Bill will have been introduced to Parliament just before this article went to print.

Import condition changes

The last import condition changes supported by updates to the goods determinations occurred on 21 December 2017. These included new import conditions for fresh cut flowers and foliage that commenced on 1 March 2018. We now require these goods to be treated prior to export and certified by the National Plant Protection Organisation of the exporting country. If you are an importer and want to learn more about these new conditions:

- visit agriculture.gov.au/import/goods/plant-products/cut-flowers-foliage/importing-fresh-cut-flowers-into-aus-safely
- subscribe to our Import Industry Advice Notices service at agriculture.gov.au/subscribe
- consult the Biosecurity Import Conditions System (BICON).

Import condition reviews

Before we make the decision to change import conditions we conduct exploratory work known as risk analyses to consider the level of biosecurity risk that might be associated with importing goods that have not been brought into Australia before, or have not been imported into Australia from a particular country or region. These can be non-regulated, or they can be biosecurity import risk analyses (BIRAs) conducted in accordance with the Biosecurity Act 2015 and the Biosecurity Regulation 2016.

We also routinely review existing import conditions to make sure they continue

to support Australia's appropriate level of protection in accordance with the Sanitary and Phytosanitary Measures (SPS) Agreement.

We have recently conducted a risk analysis for importing fresh dragon fruit from Indonesia, and a review of existing import conditions for cucurbitaceous crop seeds for sowing with funding provided under the Australian Government's Agricultural Competitiveness White Paper.

These reviews form part of a wider program of business-as-usual and White Paper-funded plant, animal and biological import condition reviews occurring over 2018-19. You can read more about this work at agriculture.gov.au/biosecurity/risk-analysis.

Seasonal changes to respond to pests

September to April is the peak season for brown marmorated stink bugs. This pest poses a great threat to Australia as it eats 300 types of plants including nuts, grains, berries, cotton and citrus. This season has seen an increase in detections on imported goods arriving from Italy. In response, we have strengthened controls requiring all goods arriving from that country to be treated onshore or prior to export.

Even though this will decrease the chances of the stink bug making it past our borders, it is important that you keep an eye out for them if you transport or work around imported goods – particularly if you unpack containers. If you see dead or live pests like the brown marmorated stink bug, phone the See.Secure.Report hotline on 1800 798 636 for advice about how to respond.

Improvements for our industry partners

The department is constantly looking at ways to further streamline the biosecurity importation process and this year we will be rolling out improvements to simplify the import declaration lodgement process, thereby providing more flexibility for accredited brokers.

Automatic Entry Processing for Commodities (AEPCOMM) and Non Commodity for Containerised Cargo Clearance (NCCC) are well established Approved Arrangements (AA) which both use the Automatic Entry Processing (AEP) system.

These arrangements enable industry participants, such as Customs Brokers, to perform documentary assessments and direct specified goods using AEP in accordance with biosecurity requirements without submitting documents to the department.

Improvements to the AEP model,

"The NCCC and AEPCOMM have delivered significant benefits to importers and customs brokers moving selected low risk biosecurity tasks from the department to an Approved Arrangement self-assessment program.

The expansion of the program to new commodities will no doubt increase uptake and save industry processing times and costs.

We applaud the department for their industry engagement, not just with peak industry bodies, but also involving respected industry professionals in the co-design of the program.

The associated Continued Biosecurity Competency (CBC) training program has been an effective means of keeping participants up to date with changes and to assist in maintaining compliance.

The department coordinates CBC activities through a truly collaborative working relationship including Freight & Trade Alliance and other recognised training entities.

As both export and import volumes grow, we see an expansion of Approved Arrangements as a progressive and essential trade reform."

Mr Paul Zalai, Director and Founder of Freight & Trade Alliance

scheduled for mid-2018, will allow for the expansion of the number of eligible commodities, by enhancing our IT systems, and refining our verification regime to make it more compliance-based.

Enhancements to our IT systems will remove system limitations, streamline lodgement information and provide greater support to industry for document assessment. These changes will be facilitated through upgrades to the Agriculture Import Management System (AIMS) and updated reference data in the Integrated Cargo System (ICS).

Changes to AIMS and ICS will enable accredited brokers to address non-commodity concerns through nominated concern types alone (no additional code required) and commodity concerns through more intuitive, outcomes based codes (i.e. INS- inspection, FUM- fumigation, REL- release), allowing them to determine the most efficient way to manage their consignment.

We will also be removing system restrictions so that multiple outcomes and commodity groups can be processed in the same import declaration. For example, in an entry that contains three lines, line one may be able to be released, while line two and three and may be ordered for inspection (as long as they are not part of the one commodity group).

Additional functionality is already available in BICON with the new AEPCOMM User Access. AEPCOMM accredited brokers can view onshore assessment questions and obtain the appropriate codes to enable the clearing of goods through the department's systems. This information is now helping industry with

their import clearance decision-making and documentation assessment. Accredited brokers can refer to the BICON task cards for assistance in setting up BICON AEPCOMM User Access.

We are also implementing changes to our verification regime so that demonstrated compliance is rewarded with reduced intervention. Brokers will qualify for a reduced inspection rate once they have established a history of compliance. They will remain on the reduced rate until a non-compliance is detected. These changes will provide the department with the necessary assurance to expand the volume of commodities processed under AEPCOMM.

To ensure a smooth transition to the new AEPCOMM model, we'll be providing further information and support over the coming months including:

- information sessions at FTA conferences (April – June)
- updates to the AEPCOMM webpage on the department website
- Continued Biosecurity Competency (CBC) sessions and activities
- a dedicated AEPCOMM contact number and email address (to be advised through an industry notice).

For further information on AEPCOMM, visit agriculture.gov.au/aep

WANT TO KNOW MORE

Lyn will be presenting at the Global Shippers Forum (GSF) and ICHCA International Conference and Exhibition (10 – 11 May 2018, Melbourne – www.FTAlliance.com.au)





SCT GROUP SHAPING ITS BUSINESS TO CHANGING MARKET DYNAMICS AND CLIENT NEEDS

By MATT ERYUREK, General Manager, Ports Development, SCT Logistics

Background

The SCT Group has been operating now for over 40 years and sits as the largest privately owned Rail operator in Australia. SCT is now a national, multi-modal transport and logistics company operating the largest interstate freight trains, regional rail services, and offering direct rail connectivity into our major ports.

SCT started life as a rail freight forwarder in 1974 using National Rail rolling stock. In 1993, an ultimatum was given by National Rail that it would no longer haul rail wagons for SCT, and other freight forwarders, as they moved to a container only model. On the back of that decision SCT began its own rail services and in 1995 became the first rail competitor to the Government monopoly, in operating rail services on the main interstate corridor between Melbourne and Perth. This event altered the landscape of the Australian rail industry and resulted in SCT becoming the world class business that it is today.

SCT has subsequently developed the most modern and progressive Intermodal Rail Terminals throughout major capital cities and major Regional Centres, throughout Australia, which are now being integrated to incorporate Regional import/export Rail Hubs rail services.

The SCT Group now employs 1,500 staff nationally with 40% of personnel located in Regional locations. The SCT Wimmera Container Line (WCL) business in Horsham, and SCT Logic business in Wodonga, are two sites that directly employ more than 70 permanent staff in Victorian Regional areas.

The SCT Group is Australia's largest independent rail operator, privately owned and has the management team and staff to be responsive, innovative and flexible to changing market and client requirements.

SCT Penfield, Adelaide

Having developed the Penfield Intermodal Terminal in 2012 for its Interstate rail operations, the facility has now evolved to incorporate major import and export activities. Having developed a major Export facility for Treasury Wine Estate, SCT now operates daily rail shuttles into the Port of Adelaide servicing TWE's overseas exports markets.

As well as the reliable service being provided, TWE is able to load its export containers directly onto the train allowing them to maximise product loadings free of road loading limitations. SCT is also able to reload trains from the Port with empty containers ensuring a reliable supply of containers and reducing box handling and associated costs.

WCL Doon

In January 2015, the SCT Group assumed ownership of the Wimmera Container Line (WCL) business and subsequently the Wimmera Intermodal Freight Terminal (WIFT) in Horsham operating three rail services a week during the 2015 and 2016 period. A strong harvest and improved service levels have seen an increase in the number of services which saw daily services 7 days a week, in the peak of 2017, running directly into the Port of Melbourne.

Supported by the Victorian Governments 'Modal Shift Incentive Scheme', the success of the Horsham operation resulted in 23,500 TEU export containers being transported by Rail in 2017, directly into the DP World on Dock Rail Facility, providing a streamlined competitive solution for local industries in the Wimmera.

Establishing a direct rail link into the Port of Melbourne has certainly assisted in improving our service levels and our competitiveness against road options, whilst assisting the Government in their initiative of decongesting our highways and metropolitan road networks.

The Victorian Government's MSIS initiative has also been a key factor in the success of the WIFT. This rebate is capped to 12,000 TEU but has

gone partway towards off-setting Rail Access charges between Horsham and Melbourne.

SCT Logic Wodonga

In 2016, SCT also completed the development of the SCT Intermodal Hub at the Logic Centre in Wodonga. The Victorian Government and the Local Council had for many years been endeavouring to see this project come to fruition. There are a number of major manufacturing companies located in the Albury Wodonga Region, some of whom SCT have held partnerships with for close to 40 years. Like a lot of regional centres, the Albury Wodonga area has predominantly been serviced by the road industry. Having commenced its Melbourne to Brisbane rail services in January 2017, SCT are now able to provide rail services to the Region on a daily basis. Like the results we're achieving in Horsham, in 16 months SCT Logic has now transitioned 110,000 tonnes, or 3,600 B Double loads, to depart the Wodonga region via rail rather than along our highways.

Consistent with its other Intermodal Freight Centres, moves are underway for SCT to introduce rail services for the Import Export market in the broader Albury-Wodonga Region. Significant interest has been received from a number of regional exporters, in particular seeking a more efficient and cost effective way of getting their containers to the Port. Highlighting the opportunities at Wodonga, in 2017 SCT ran over 400 cotton containers from the region to Port of Melbourne with 100% on time vessel delivery success.

SCT Intermodal Hub Altona

In 2000, SCT completed the development of the SCT Intermodal Hub in Altona. This site sits on approximately 100 hectares of land and is one of our oldest Intermodal designs. It was designed to receive and despatch freight from its 15,000 sqm cross dock facility to and from Perth.

Moves are underway for a significant investment and expansion of the SCT Intermodal Rail Hub at Altona. Having experienced significant growth in its Melbourne to Perth rail activity and the commencement of daily rail services to Brisbane early in 2017, expansion of its rail infrastructure, which includes increasing on site sidings from around 12 kilometres up to 16 kilometres, as well as capacity increases to its intermodal areas and container storage capacity.



The infrastructure investment will also facilitate additional hubbing for import and export containers from Wodonga, Horsham and Penfield, SA. SCT Intermodal Hub in Altona is the next stage of development.

SCT Intermodal rail terminal in Altona is focused in delivering PortLink Project. PortLink Project proposal comprises critical infrastructure investment at Altona and Horsham, linking regional and metropolitan rail freight into the Port of Melbourne (the Port). The Project has the capacity to deliver expanded logistics capability, and supporting the Governments initiative of increasing the proportion of rail freight moving through the Port of Melbourne. This will transform the long-term capacity of the Port and open export markets for the Western regions of Victoria.

The SCT's goal is to work with road carriers in establishing a drop off and collection point for containers at the SCT Intermodal Hub in Altona. It is not our plan to compete with road carriers, but support them and industry considering the future Coode Road, western distributor and increased traffic congestions to and from Port of Melbourne. As well as servicing metro carriers, particularly around the West of Melbourne we also see some real opportunity for regional carriers from areas such as Geelong seeking to improve their truck turn around times.

SCT Intermodal Hub in Altona proudly houses major centres for Heinz and Owens Logistics. A major expansion to the Heinz national distribution centre has commenced and set to be completed in October 2018, reportedly making the facility one of the largest warehouses in Melbourne's western suburbs. No other facility in Australia captures the unique benefits that SCT can offer than the Heinz distribution Centre with its direct

access to daily rail services to Perth, Adelaide, Brisbane as well as the Port of Melbourne in to the future.

The SCT Rail Freight Centres are designed to accommodate such companies and users of our unique rail service offerings.



Interview

Colin Speechley, managing director, Wholesale Logistics

Travis Brooks-Garrett, Director FTA and APSA Secretariat, speaks to Colin Speechley, Managing Director, Wholesale Logistics

1. TRAVIS BROOKS-GARRETT- What was the reason you started Wholesale Logistics?

I started my career in NZ, working at Auckland Airport, commencing my first role as Export Operations on 01 August 1983. Moving to Melbourne in June 1999, and after some minor shareholdings in two logistics companies, I gained the experience and confidence to have a crack at my own company. I wanted to prove to myself and the industry that I could own and run a successful logistics business. Wholesale Logistics commenced operating in July 2012, I cannot believe it has been nearly 6 years since we started. Wholesale Logistics specialise in International Airfreight Logistics, operate a 77G Customs Bonded Warehouse, are IATA accredited, AACA approved, operate a Quarantine Approved 1.3 Depot, and are a proud member of Border Watch, FTA, The Cargo Club of Australia, and AFIF. We are located in our office / Warehouses at Units 16 and 17, 1 International Drive, Cargo Park, West Meadows VIC 3049.

2. TRAVIS BROOKS-GARRETT- Describe the growth of Wholesale Logistics and how you have sustained that growth?

From humble beginnings and a team of 4, we are now a team of 13 busy working towards a 7 million turnover for 2018. We have enjoyed substantial growth, which has not come easy. This has been achieved through hard work and a determination to make our mark, and perform for our customers and service providers. We strive to be the preferred choice amongst our

competitors.

Staff is a key element to our success, we pride ourselves on having the best people in the industry on our team. It is very important to keep them updated with relevant qualifications and information, provide a positive working environment, and rewarding remuneration. I encourage our team to be professional, friendly and build strong relationships with our customers.

With all the IT technology these days, it can be easy to send emails, and lose touch. Our job satisfaction comes with having fun with our customers and trying to exceed their expectations. I enjoy listening to our wholesale team interacting with our clients, and making a difference, in their various roles throughout the day.

I believe Wholesale Logistics has found an important niche in today's logistics environment. We are proud to offer a true Wholesale Experience to over 250 freight and logistics businesses throughout Australia and the world.

I work in the business as efficiently as I can supporting my team, however it is vital to step back and work on the business, visualising future growth and maximising opportunities. No one is perfect – we have had our challenges, you have to be prepared to think on your feet and handle the pressure of a fast paced environment. Problems can become opportunities if handled efficiently and with integrity.

We need our clients feeling happy and confident in utilising our services. Keeping our finger on the pulse, being courteous, competitive, and making a

positive impact, keeps our customers buying, helping us to develop and grow into the future. This also assists to achieve growth in their organisations creating success for us all.

3. TRAVIS BROOKS-GARRETT- How has the industry changed in the last 10-15 years?

Wow what a ride to date – I remember pre 1990, before the internet, we would have typists employed to produce MAWBS, and we were busy licking stamps and addressing envelopes, mailing invoices and original documents to our customers.

We would send messages and correspondence around the world using a Telex machine.

It wasn't long before the Fax Machine was introduced – I remember having to go down the corridor and using Owens International's fax machine to send important export docs to Destination. They charged NZD 10.00 / page.

Our Logistics Industry is forever changing and evolving and we must embrace this as a challenge. Legislation and compliance is everywhere as we strive to improve on efficiencies throughout logistics worldwide. We have to stay focused, informed, and help develop these changes into opportunities. Free Trade Agreements, Brexit, cost increases, politics, GST on scanning, Government Agency Penalties, Supply Chain Security, Australian Trusted Trader, ACCC Investigations, ATO investigations, Globalisation, it is very easy to become overwhelmed. A positive, common sense, compliant approach is required

by us all to enhance and protect our Industries future.

"The Only Constant in Life is Change"

**4. TRAVIS BROOKS-GARRETT-
Where do you see airfreight volumes
in the next 5 years?**

Airfreight volumes are on this rise and we are looking forward to 2018 and beyond. The world is finally moving past the 2008 GFC. IATA are announcing positive growth in Airfreight numbers, and most of us enjoyed a busy Oct, Nov, Dec, Christmas peak. Our industry needs to get the balance right, with trained operators, providing professional and on time performances each time, whilst our Sales and Marketing professionals need to be resilient, competitive and out amongst the opportunities appearing.

**5. TRAVIS BROOKS-GARRETT-
Is our road and infrastructure
keeping up with the growth in cargo
volumes?**

Traffic locally around Melbourne is congested and getting more expensive. Road Tolls are high and have recently increased. However once the major roadworks are completed, I think we will see a huge improvement in travel time and efficiencies. The Ring road and Tullamarine Freeway are progressing well. It was disappointing to see the East West Link project shelved, but hopefully we can redeem ourselves and complete the train to the airport extension.

Melbourne Airport has an excellent location, we have the land to develop to enable us to handle future growing volumes – we need to be smart and plan accordingly.

**6. TRAVIS BROOKS-GARRETT-
What CTO infrastructure / changes
do we need to keep air freight
moving?**

Our three major CTOS in Melbourne are Qantas, Menzies and Dnata. There is more work required by all to improve cargo handling times and efficiencies. They have to be seen and developed as the integral piece of the supply chain they are. They must be accountable, to enable the handling of increased volumes in the future. It is a big challenge, with difficult obstacles, but our Logistics Future depends on them getting it right.



**7. TRAVIS BROOKS-GARRETT-
How has the Known Consignor
programme and other regulation
affected air freight movements?**

The Known Consignor programme and Security enhancement around the World in logistics, has made us all a lot more aware of what cargoes we are actually handling and the risks associated. It is another change we have to embrace although difficult, expensive, and time consuming, we have no choice. It is extremely important we all work together to keep our industry safe, whilst making our companies even more specialised.

**8. TRAVIS BROOKS-GARRETT-
What other risks and opportunities
do you see for the air freight sector?**

The issues we are seeing within Seafreight Logistics in Australia should have a positive and growing influence on Airfreight now and in to the future. We have to ensure we are giving customers value for money, along with the capacity and routes they require. We have to be conservative and build our companies from a position of strength, enabling us to manage unforeseen issues when they arise. We have to have a good customer base, and not rely on one client, commodity, or trade lane. Stay

focused, and identify weakness within our Industry, so as to iron out risks in our own companies to ensure ongoing success.

**9. TRAVIS BROOKS-GARRETT-
What advice would you give to
young people wanting to join the
industry?**

My advice to young people wishing to forge a career in logistics is, it is up to you – be patient, work hard, be loyal, have fun, and enjoy your environment. Aspire to make a difference and ensure you participate often amongst your peers and relevant organisations / functions to learn your trade, and achieve your goals.

There is no substitute for hard work – the harder you work the luckier you get.



Tasmanian Logistics Committee Update

By BRETT CHARLTON, Chairman, Tasmanian Logistics Committee

It must be unusual to see a report about “that other island” down near the bottom of the planet, but we do like to let the rest of our great country know what we are doing down here, so from the perspective of where you would rather be, Tasmania, please know that the sun is out, the crops look good, there are cranes in the skies, exporters are predicting growth, tourists are aplenty – it is a great time to be fighting gravity on our blue bubble (perhaps not for 40 minutes in Hawaii recently when they accidentally sent out a thermal nuclear destruction text by error, but nevertheless....).

From a shipping point of view, in Tasmania we are still in the enviable position of having a small market serviced well domestically and internationally. By all accounts the movement of goods to and from Tasmania has been well catered for with our capacity over the traditionally busy period of Christmas and perishable season. The announcement by TT Line of extra capacity for freight in the future as well as the new Toll vessels is welcomed news that is also met with some caution – an oversupply of capacity questions sustainability and increased government run enterprises competing in the private sector has raised some eyebrows. Hopefully any questions of surplus capacity are countered by investment and growth in our trading businesses to fill any empty spaces. Internationally we are still serviced by the major shipping lines

with a healthy competition evolving on some trade lanes between the big players. Importers ex Asia however are unfortunately caught in the capacity issues ex these regions and as a result should expect more pain points around space and price until after Chinese New Year – we are not expecting that the freight levels will drop to the low prices that importers enjoyed for many years and we are advising traders to consider very early planning for next year’s critical volume periods (September – February).

I am personally interested to see how 2018 plays out in the technological world. I find myself both excited and frustrated at the same time by the advances and the possibilities. I often feel that behind the shiny façade, things are still held together by sticky tape and baling twine (imminent thermal nuclear destruction messages being a case in point). Last year we had a cyber-attack that closed down the largest shipping line on the planet from someone opening a link on an email, but during that same time I could put on a headset and instantly be underwater watching a whale swim by. “These are the days of miracle and wonder” said someone that most people past Gen X wouldn’t have heard of!

Readers of “Across Borders” should prepare their golf clubs, pinot tasting note book, favourite whiskey glass, and fly fishing gear in preparation for the joint Tasmanian Logistics Committee and FTA Tasmanian Freight & Logistics

Forum on the 6 July 2018 (look it up – it is a Friday – leaving the weekend to explore our beautiful island.....PS...it may be a bit chilly, but still totally worth visiting). The forum was a sell out last year with presentations from the CEO’s of Melbourne and TAS Ports as well as senior shipping lines on the state of the Nation with a Tasmania bend to the discussions. This year the forum will be bigger and better with a format to inform shippers and industry alike. The forum will be held at the Australian Maritime College (AMC) in Launceston Tasmania and end with a showcase of Tasmanian produce over networking drinks – pencil in the date now! For further information go to www.ftalliance.com.au/upcoming_events.



Bespoke ransomware, targeted attacks – the hacker's new arsenal

By JONATHAN SHARROCK, CEO, Xlerated Assets

Cyber security is a hot topic in board meetings. Management wants, and needs, to know how cyber security is being controlled and monitored. If you are the person responsible it is essential that you can demonstrate effective management of this vital issue

Although it may appear to be good news that a competitor is receiving negative publicity due to a cyberattack this news should be an alert that your organisation could be next!

Contrary to popular belief, there isn't a silver bullet. No company can be 100 percent protected against a cyberattack. Anti-virus systems can easily be evaded, and security software can be misconfigured leaving your company at risk.

Logistics businesses nowadays operate in "real time" and need to exchange vast amounts of data but your "real time" tracking information may be out of date and vulnerable to attacks.

Risk one is a legacy systems targeted attack. Hackers often go after legacy systems that were built decades ago when security was less of an issue. Often companies decide to take on 'Technical Debt', with a lack of proper security controls in place.

These legacy systems remain a vital part of the supply chain process. However, the messages that are sent between the logistics partners are often unencrypted and an attacker with a limited amount of knowledge can disrupt the supply chain process and cause huge costs to an organisation.

Risk two is ransomware. This malicious software can inflict the maximum amount of damage on the supply chain because the attacker knows that causing major disruption will provide a good opportunity to short sell the logistics

company's stock and make a huge financial gain in the process. This is a low risk and attractive option as companies are now paying the ransom. A recent cyberattack that hit Maersk, the world's largest container shipping company, is estimated to have cost up to US\$300 Million.

Risk three is a distributed denial of service 'DDOS' Attack. This attack is multiple compromised computer systems attacking a server, network resource, or system that is responsible

for communicating with your logistics partners. This will cause the system to slow down or even crash. These DDOS attacks can be purchased for as little as US\$2 per hour as they are available as-a-service, in the cloud. This makes for a very affordable option for attackers wanting to take a logistics company offline. Imagine thousands of employees unable to access systems, causing a melt-down in the supply chain. This type of attack undermines your company's reputation and may lead your partners to consider alternative partnerships.





Risk Four is the Shared Responsibility of security in the cloud. You need a clear understanding of what your cloud provider does and does not provide.

For example, AWS will patch and fix flaws within their infrastructure, customers are responsible for patching their guests Operating Systems 'OS' and Applications. This sounds straight forward, but it is often an oversight, where the customer is unaware that there is any patching required and critical systems are left open to vulnerabilities.

The Amazon Virtual Private Cloud (VPC) is categorised as Infrastructure as a Service (IaaS) as such the customer is responsible for all the security configuration and management tasks.

What this effectively means is the customer needs to provide this work and might not be aware this was a problem when moving to the cloud.

Microsoft states Data Classification and protection controls are the responsibility of the customer.

Amazon breaks down the responsibility into two main categories: security in the cloud and security of the cloud. Amazon is responsible for protecting the infrastructure that runs all the services offered in the AWS Cloud. The Customer is responsible for 'Security in the Cloud'

It is common that software developers either leave security until the end of the project or neglect it all together. These developers with little or no understanding of security, make the customer believe that they have this security under control, but in reality, they have interpreted the Shared Responsibility Model incorrectly, or have not included Security in their initial development costs and as a result have

left the customers network vulnerable to exploitation.

The time to act is now

If your business is in Australia, you will soon be required to report any 'eligible' data breaches to the Australian Privacy and Information Commissioner and notify your customers that may have been affected. Improving your security stance will require time.

You need to install appropriate controls immediately and adopt a roadmap to identify and address any gaps in your system.

We know that hackers are methodical, organised and they have automated systems.

Fighting against an automated hacker and fighting back manually is not a fair fight. Using Automation helps even out the balance against the hackers and there ARE defences available against cyberattacks even though hackers are constantly striving to stay ahead of security measures.

Security is all about layers or 'defence-in-depth'. Even if the attacker can penetrate the first layer of security there will be multiple additional layers to counteract and report the threat.

It is therefore, vitally important to receive security advice, not only to understand the likelihood of a security event, but to understand the next steps and what level of investment will reduce the risk and improve your overall security posture.

A useful report to read is the Australian Signal Directorate's (ASD) Top 4 Strategies to Mitigate Targeted Cyber Intrusions: Mandatory Requirement Explained. This is easy to follow advice that will give you an initial strategy to implement the most effective security controls to prevent over 85 percent of intrusions.

The big four – Deloitte, EY, KPMG and PwC accounting firms offer a consultancy-based approach to solving these questions. Many systems integrators (SI's) will offer a similar service and can help with the security assessment.

Using consultants to assess your organisation's cyber security risk does present an advantage: Although the assessment results can be highly complex and technical in nature, the consultancy can provide you with a clear

understanding, in layman's terms, of the risks to your business and the steps you need to take.

A final point to consider: More and more organisations are seeing the wisdom of investing in cyber insurance. If you invest now in cyber insurance you will have a far better conversation later with your insurer when asked: "Did you engage a security consultant at any point?"

WANT TO KNOW MORE

Jonothan will be presenting at the Global Shippers Forum (GSF) and ICHCA International Conference and Exhibition (10-11 May 2018, Melbourne - www.FTAlliance.com.au)



How to Protect Your Business in the Age of Cyber Criminals

By JAMES COTIS, Logical Insurance Brokers

Unless you've been sleeping under a rock, you'd be aware of the fact that Cyber Crime and related incidents are on the increase. It is a global phenomenon and no organisation appears to be immune or able to stop it. Customers' personal and other data held by businesses (large and small), government secrets and even celebrity social media accounts have been subjected to theft, ransomware and other attacks.

According to IBM, around 65% of cyber-attacks (an astonishing 4,000 per day) are now targeting SMEs because apparently, they are easier to penetrate. Tell that to Maersk, Sony, FedEx, Reckitt, Equifax, Uber, British Airways and many other larger global companies though who have all also suffered well-publicised recent attacks, costing them hundreds of millions of dollars plus unknown brand damage and customer trust.

The truth of it is, no organisation is safe. Not even yours. In fact (and we don't mean to scare you) it is quite probable that your business has already been hacked. You just don't know it yet.

So, what is exactly is "Cyber Crime"?

Cyber Crimes include cyber-stalking, industrial espionage and information theft, fraud, extortion, identity theft, phishing scams and cyber terrorism. Often digital (more recently called Crypto) currencies, such as Bitcoin and Ethereum, have played a role in advancing Cyber Crime due to the ability of cyber criminals to move money around the world on an anonymous and almost untraceable basis.

Cyber-attacks are usually multi-faceted and can result in loss of data, damage to information technology equipment such as PCs and servers, business interruption, fines imposed by regulators, brand damage and legal action by customers. The costs of Cyber security breaches in Australia alone has recently been estimated to be an eye-watering \$17 billion annually. And the average direct/indirect costs and timeline for an SME to clean up after being hacked? A staggering \$690,000 and 65 days.

Cyber Criminals: Who are they and What to Look Out For

We do not have the space to discuss the potential issues arising from all Cyber-related attacks, so we will focus on the more prevalent ones, namely Ransomware and Phishing/Spear Phishing.

Ransomware

How it works:

Simply put, the means of infection is typically an email distribution that includes a malicious link, usually from an unknown sender. The unsuspecting person is tricked into clicking on the attachment, which could be a link saying "Please click here for the latest shipping information from China" or a CV attached to a job application. Once launched inside an organisation's network, the ransomware can quickly spread and infect other vulnerable devices, servers and systems. It acts to release a virus which encrypts (or locks) all files such as MS Office documents, images and backups within the user's network. A ransom demand is received soon after, demanding money (often \$10s of thousands) for the code(s) to unlock the encrypted files. There is no way to decrypt (restore) the files without the decryption key held by the attacker, meaning the data will be rendered useless if the payment isn't made. No payment, no file access...it's that simple. Unfortunately, the victim may not always receive the decryption key even if they make the payment. In some cases, the decryption simply doesn't work and even the attacker does not know how to decrypt the files.

The damage:

Many of you will be aware of the widespread and much publicised ransomware attacks last year, including NotPetya & WannaCry. The WannaCry attack hit 200,000 victims in 150 countries. NotPetya also hit 100s of thousands of businesses, including Maersk, where it knocked out selected

Want to learn more about Cryptocurrencies and Cryptocurrency mining?

Have a read of this introductory paper prepared by our sister company, Logical Financial Management: <https://www.logicalfinancial.com.au/wp-content/uploads/2017/12/introduction-to-cryptocurrency-december-2017.pdf>



business units around the world. In August last year, Maersk revealed this attack could cost as much as US\$300 million in profits.

No doubt about it, Ransomware is here to stay. And with its growth, there'll be new variants, new techniques and increasingly larger campaigns developed by the cyber criminals to target your business.

Phishing/Spear Phishing emails

How it works:

These emails pretend to be from your IT administrator or your bank websites, perhaps asking you to reset your password in the hopes that you will click on the link provided and enter your login credentials or personal details on the malicious website.

A more severe form of Phishing email is called "Spear Phishing", which targets single individuals or a group/sector. For example, those in the logistics industry will be far more likely to open an email that claims to provide the latest shipping information from what appears to be a reputable source than a random email with little relevance to their industry.

These types of industry-specific Phishing emails have proven to be effective in attacking small and medium businesses and as such, have been one of the trending cyber-attacks.

The damage:

There have been numerous reports where criminals have gained access to company email accounts, set up bogus email accounts and then emailed requests for cash transfers (usually to overseas destinations) to SME accounts departments purportedly sent from CEOs, Directors and Senior Managers. Subject to accounting reporting cycles, these bogus transfers may not be picked up and/or reconciled for over a month. By the time the deception has been recognised, the moneys are long gone.

Added to the virus and ransomware type attacks, it has been recently reported that two major security flaws have been discovered in the microprocessors inside nearly all the world's computers. The two issues (called Meltdown and Spectre) could enable hackers to expose crucial data and secrets, such as passwords and encryption keys, from any vulnerable computer, including mobile devices

and servers running in so-called cloud computer networks.

The simple conclusion is that criminals are exploiting IT weaknesses across the board, and they appear to easily extort money and cause significant disruption.

The Privacy Amendment (Notifiable Breaches) Bill 2016

Many readers will be aware that the Federal Government passed the Privacy Amendment (Notifiable Breaches) Bill 2016 in February 2017. Mandatory data breach notification requirements commenced in February this year.

To comply with the new privacy laws, organisations need to ensure that they have reviewed and updated their Privacy procedures to document what needs to be done in the event of an eligible data breach including giving notice to affected individuals as well as notifying the regulator.

This legislation applies to businesses that:

- Have a turnover of \$3 million or more;
- Trade with client's personal

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information (for example, disclosing or receiving personal information to a third party for profit or as a service).

Organisations can expect to face increased scrutiny and auditing from the regulators. Failure to comply with the notification scheme can result in fines of \$360,000 for individuals, and \$1.8M for businesses. We encourage you to visit the Office of the Australian Information Commissioner website to learn more (<https://www.oaic.gov.au/>).

Although this legislation has the potential to increase the regulatory burden on organisations, it is partly designed to prevent companies from hiding significant data breaches that impact the general public, such as this incident that landed Uber in some trouble.

Case Study: An Uber Mistake

In the case of the USA-based ride sharing giant, Uber, it is alleged that they actively concealed a massive breach where sensitive personal data of around 57 million of their customers was stolen. They managed to cover it up for around 12 months. If the allegations are correct, Uber are likely to be subjected to class actions and a variety of investigations by USA (and other jurisdictions) federal and state authorities which will probably result in substantial fines and penalties. The fallout from the reputational damage arising from such a cover-up and the associated undermining of customer trust remains to be seen.

Cyber Risks and the Logistics Industry

We believe that the intermodal supply chain is particularly exposed, since it is increasingly reliant on information and communications technology linking offices between different countries in each individual organisation, dependent on interactions with multiple third-party stakeholders.

We are aware that many businesses within the logistics industry often operate on custom-built/proprietary applications and security protocols may not be alert to ever changing cyber threats, potentially leaving those applications vulnerable in the event of an attack. Furthermore, many businesses may not prioritise scarce resources to manage Cyber risks because they believe it is low on their list of risks. In fact, it is our view that in the future, it is more likely that an organisation will suffer a Cyber-attack rather than a fire at their office or warehouse.

7 Ways to Protect Your Business from Cyber Criminals

Given the electronically interconnected infrastructure on which global business relies is inherently insecure, it is not surprising that Cyber Crime related activity is on the rise. A further indicator statistics recently released in NSW, which note that burglary and armed robbery related crime is trending downward, whereas Cyber Crime is trending upwards. These days, criminals do not need to rob you at gun point, but take a less risky and far more rewarding approach with a computer and access to the internet.

Here are some relatively simple and effective ways to stop them in their tracks:

1. Prepare a robust cyber incident response plan: SMEs should develop a cyber incident response plan to report on cyber-attacks as quickly as possible. This will assist in adhering to the new Mandatory Data Breach Notification legislation mentioned above. It should also include upgrading hardware & software, building a business continuity plan, plus consider purchasing cyber insurance protection. The plan needs to be regularly reviewed.
2. Update your software: Speak with your IT service providers and develop a regime of which options to accept in relation to software updates and patches for your operating systems and other key applications immediately updates are available. Updates are often designed to strengthen cyber security.
3. Install antivirus software: Regular software updates alone do not ensure your systems are protected. Viruses are still a threat because they constantly evolve. Guard against them by running a reputable antivirus tool and remember to update your software immediately when updates are available.
4. User education: There is no substitute for teaching yourself and your staff how to spot suspicious emails, because even defence like anti-virus software or email spam filters can't catch all malicious emails. You should have some mechanism of email filtering on your network, including keeping up to date with the latest phishing email campaigns. Be smart about not exposing yourself to cyber-attacks. Think before you click on unfamiliar links and don't open strange email attachments. Delete all emails that look suspicious.
5. Backup your files: Create backups of

all your files often. It's a simple, effective way to ensure that if ransomware thieves steal your files and hold them hostage, the thieves have no leverage against you.

6. Passwords: Many people use "default" passwords or passwords with patterns that are easy to remember, such as 12345678, Welcome123, their name, the name of the business and even Password or Password1. These are all too easy for a hacker to crack. If you use these types of passwords, change them immediately. Develop and follow a proper password policy in your organisation. Try using a password manager for storing passwords.

7. Insurance: High quality Cyber Insurance policies are designed to tackle potential exposures arising from a major breach, including business interruption, forensic costs, additional labour costs (overtime to remedy issues), regulatory fines, litigation costs, crisis management costs (customer communications, public relations / brand damage). Many high-quality insurers have specialist quick response teams on standby to assist and manage claims, delivering much needed guidance and expertise at a critical time.

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 Cyber insurance program can help protect your business, please feel free to contact James on 02 9328-3322, email jamesc@logicalinsurance.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.





MANAGING RISKS AND IMPROVING SAFETY ALONG THE CHAIN OF RESPONSIBILITY

By ALEXIS CAHALAN, Principal Lawyer, Thomas Miller Law

Amendments to the Heavy Vehicle National Law (HVNL) expected to enter into force in September 2018 and in particular, the Chain of Responsibility (CoR) provisions will mark an important shift in the philosophy underlying the existing HVNL. The current CoR framework which applies to all participants in the transport chain, is centred on prescriptive legislation to ensure compliance with vehicle dimensions, load restraints, driver fatigue and speed laws. The amendments will extend the shared responsibility for heavy vehicle safety to include vehicle standards and maintenance and will allow more flexibility for businesses to introduce their own procedures, or to follow an industry code, in order to comply with the HVNL. The amendments also contain numerous changes to the compliance requirements of parties involved in the transport supply chain. This article aims to highlight some of these significant proposed amendments.

Primary duty of all parties

The amended HVNL will introduce a general primary duty on all parties in the supply chain involving road transport to ensure safe practices and heavy vehicle safety. This means all entities such as depots, terminals, exporters and importers as well as vehicle operators, will have a duty to ensure the safety of their transport activities. The duty of a person will be to

ensure "so far as is reasonably practicable" the safety of their transport activities related to the vehicle. This differs from the current regime which refers to taking "all reasonable steps" and brings the language in line with current work health safety laws. What is "reasonably practicable" is likely to depend on:

- the likelihood of the hazard or risk;
- the degree of harm that might result;
- what the person knew or ought to have known about the hazard or risk and the way to eliminate or minimise that hazard or risk;
- the availability and suitability of ways to eliminate or minimise the risk; and
- the cost associated with eliminating or minimising the risk (including whether the costs are grossly disproportionate to the risk).

Unlike the current regime, which in the event of a prosecution requires the defendant to prove they have not breached the HVNL, the amended HVNL will reverse the burden of proof. It will be up to the prosecution to prove that the HVNL has been breached. Increased investigative powers will, however, facilitate this process.

There are also significant penalties for breaches of a primary duty. Breaches of the new primary duty attract penalties in three categories which are calculated according to the severity of the risk which the offence poses, the three categories are as follows:

- Category 3: breaches safety duty - \$50,000 for an individual or \$500,000 for a corporation;
- Category 2: risk of death/injury - \$100,000 for an individual or \$1,000,000

for a corporation; and

- Category 1: breach of the duty with recklessness - five years imprisonment or \$300,000 (or both) for an individual and \$3,000,000 for a corporation.

Broadening the duty of executives

The new CoR laws will expand the liability of executive officers to impose a due diligence requirement on them to ensure that parties in the chain of responsibility comply with their legal requirements. Where a legal entity has a duty as set out under the HVNL, that duty will extend to an executive of that legal entity. This means that anyone who takes part in the management of the business must exercise due diligence to ensure that the legal entity complies with the duty.

Due diligence means taking reasonable steps including:

- to acquire and keep up to date, knowledge about the safe conduct of the transport activities;
- to gain an understanding of the nature of the legal entity's transport activities; and the hazards and risks, including the public risk, associated with those activities;
- to ensure the legal entity has, and uses, appropriate resources to eliminate and minimise those hazards and risks; and
- to ensure the legal entity has, and implements, processes to eliminate or minimise those hazards and to verify that the resources and processes are being used and implemented

It is clear from this provision that the term "due diligence" and what is expected of the executives is set at quite a high standard. Executives will be required to have considered all aspects of the chain

of responsibility requirements and to have procedures in place to ensure that the organisation is compliant with the HVNL and that those procedures are being followed.

Powers of authorised officers

Authorised officers will have increased powers to investigate business practices to review how effectively legal obligations under the HVNL are being managed. They will have increased powers to obtain evidence extending even to third party providers outside the supply chain. In addition, these powers do not need to be triggered by a roadside inspection or an incident. Instead they can be used in a proactive way to enquire so as to ensure safe practices across the supply chain.

Accordingly, businesses should be careful to retain documents and all forms of electronic records which might demonstrate that an entity has done all things reasonably practicable to comply with the CoR laws.

Defences and penalties

The changes to the legislation bring in two new processes in relation to the defence or prosecution of a matter by the National Heavy Vehicle Regulator (NHVR).

Firstly, a registered industry Code of Practice is admissible as evidence as to whether or not a duty or obligation under the HVNL has been met. Whilst the Code would not be definitive, the Court may have regard to it as evidence of what is known about a hazard or risk and may rely upon the Code in determining what is reasonably practicable in the circumstances to which the Code relates. The NHVR has produced guidelines for preparing and registering an industry Code of Practice. The adoption of a Code, which is by its nature, industry agreed, is a good starting point for an organisation to demonstrate that its obligations have been met.

Secondly, there is the introduction of enforceable undertakings as an intervention option. If a person contravenes or is alleged to have contravened the HVNL, the regulator or an authorised officer may accept an undertaking made by that person, provided the undertaking will ensure that the person thereafter complies with the HVNL. Once the undertaking is accepted by the regulator or authorised officer, they must use reasonable diligence to have any proceedings against the person discontinued as soon as possible.

Failing to comply with the accepted undertaking attracts a maximum penalty of

\$10,000. It should be noted that making the undertaking is not an admission of guilt by the person offering to make the undertaking.

Preparing for the introduction of the HVNL amendments

Queensland is the host jurisdiction for the new legislation and the amending bill was introduced into Queensland Parliament on 15 February 2018. Once commenced in Queensland, which is tipped to be around September 2018, the HVNL will apply in all states and territories except Western Australia and the Northern Territory.

The list of parties in the chain of responsibility has not been altered by the upcoming amendments. If you are a party in the transport supply chain now, you will be a party after the changes have come into effect. Businesses and most importantly their executives and management should become involved in implementing the HVNL amendments, review contracts with parties up and down the supply chain, revise employee training protocols and workplace practices and oversee the business is equipped to accommodate and implement the changes in the HVNL which are designed to manage risk and improve transport safety along the supply chain.

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WiseTech Global acquisitions and integration of global technology solutions

Join us at the Global Shippers Forum and ICHCA International Conference & Exhibition (10 and 11 May 2018) at the Melbourne Convention & Exhibition Centre to hear Richard White, founder and CEO of WiseTech Global, deliver a presentation “Future of customs compliance technologies and a vision for single window for trade” – further details at www.FTAlliance.com.au

WiseTech Global is a leading developer and provider of software solutions to the logistics execution industry globally. Customers include over 7,000 of the world's logistics companies across more than 125 countries, including 32 of the top 50 global third party logistics providers and 23 of the 25 largest global freight forwarders worldwide. The flagship product, CargoWise One, forms an integral link in the global supply chain and executes over 44 billion data transactions annually. The software enables our customers to execute highly complex transactions in

areas such as freight forwarding, customs clearance, warehousing, shipping, land transport and cross border compliance and to manage their operations on one database across multiple users, functions, countries, languages and currencies.

MEDIA RELEASES

DECEMBER 2017 – WiseTech Global acquires warehouse management solutions provider, Microlistics

WiseTech Global announced the acquisition of Microlistics, a leading provider of warehouse management solutions encompassing enterprise, express, cold storage and third party logistics.

Microlistics provides its warehouse management solutions to customers across Asia-Pacific, North America and the Middle East, including Linfox, Mitre 10, ESAB, Thomas Foods International, Berli Jucker Logistics, Spotlight Retail Group, Brand Collective, Concept Logistics, Nick Scali, Russell Corporation, TT Logistics, TNT

Express Logistics, and many other leading supply chain organisations.

WiseTech Global CEO, Richard White, said “With the impact of ecommerce and advances in automation, warehouse management is an increasingly complex and specialised part of the international supply chain. The combined strength of WiseTech's global innovation capabilities and our CargoWise One supply chain execution platform integrated with Microlistics' powerful warehouse solutions for enterprise, express, third party logistics and cold storage will provide significant benefit to logistics providers.”

“WiseTech is uniquely well-placed to deliver the technology convergence and deep integration necessary to facilitate omni-channel, multi-modal movements across the supply chain — of which warehousing is a critical component. Ultimately the native embedding of Microlistics leading WMS solutions into our integrated CargoWise One platform operating across 125 countries will substantially increase productivity for local and global logistics providers and their customers.”

Microlistics' leading-edge software development, its deep domain knowledge of warehousing, rapid deployment, data analytics and reporting capabilities significantly improves customers' warehouse and business operations. In 2017, Gartner recognised Microlistics WMS in its selection of leading systems worldwide.

Microlistics Founder and Managing Director, Mark Dawson, said “Joining the WiseTech Global group, is a key part of our evolution. With the global strength and powerful innovation capability of WiseTech, and our WMS expertise, together we will accelerate development of high productivity WMS to bring significant new benefits to the logistics industry. Microlistics will remain focused on warehouse management solutions and we can leverage WiseTech's global reach, resources and the CargoWise



One platform, which for our customers will mean the opportunity for end-to-end execution, control and visibility of the supply chain.”

Remaining under the leadership of Mark Dawson, Microlistics will continue to develop and deliver its warehouse management solutions directly to its worldwide customers, and potentially to the 7,000 logistics providers across 125 countries who utilise WiseTech’s integrated supply chain execution solutions.

Along with our recent acquisitions in Brazil, Germany, Italy, Taiwan, North America and the Netherlands, the addition of Microlistics to the WiseTech Global group is in line with our stated strategy of accelerating long-term organic growth through targeted, valuable acquisitions across new geographies and larger, globally capable adjacencies.

WiseTech’s global integrated platform, CargoWise One, enables logistics service providers to execute highly complex transactions in areas such as freight forwarding, customs clearance, warehousing, shipping, land transport and cross-border compliance and to manage their operations on one database across multiple users, functions, countries, languages and currencies.

DECEMBER 2017 - Global logistics software group, WiseTech Global, acquires two leading European customs solutions providers, ABM Data Systems (pan-Europe) and CustomsMatters (Ireland)

WiseTech Global announced two acquisitions of European customs solutions providers, both headquartered in Dublin. ABM Data Systems, a leading developer and provider of customs clearance solutions accredited for the UK, Belgium, Ireland, the Netherlands, Switzerland, Sweden and Germany, and CustomsMatters, the leading customs solution provider in the Republic of Ireland and Northern Ireland.

ABM Data provides advanced solutions across customs clearance, bonded warehouse and point of delivery management. ABM Data customers include Expeditors, UPS, DSV, Yusen, JAS, Tigers, Heavey RF, and many other exporters, customs brokers, freight forwarders, distributors and logistics service providers.

CustomsMatters provides e-customs solutions through its cloud-hosted customs compliance platform, myCustoms, and customs brokerage and consulting services to customers including DHL, UPS, OAG Cargo, SwissPort, WFS, Aramex, Sisk Healthcare, G&J Distillers, Dairygold, Geodis and many other organisations and logistics providers.



Stewart Bourke, Managing Director and Tony O’Grady New Business Director of ABM Data Systems, and Vlad Bilanovsky, WiseTech Global

WiseTech Global CEO, Richard White, said “With the potential for increased complexity as Brexit and EU trade changes evolve, WiseTech’s ability to provide deeply integrated customs clearance solutions ultimately reduces risk and costs while improving productivity, security and compliance at the borders. Together, these transactions provide WiseTech with market leadership and execution ability across Ireland and further insights into European customs – a key foundation for the challenges ahead. Regardless of ‘hard borders’, or how ‘frictionless trade’ plays out, our speed to market for automated and integrated customs solutions and highly scalable capacity will ensure we can help logistics providers across Europe meet the regulatory challenges and exponential volume growth to come.”

“Customs clearance management needs rich software, effective integration and a deep understanding of regulatory requirements to enable on-time, on-budget, accurate compliance. As volumes, complexity and compliance requirements increase across the global supply chain, effective customs clearance solutions that can ease the burden on logistics providers, mitigate risk and boost productivity, become critical. Our continued expansion of our European footprint, by adding customs market leadership in Ireland and broader pan-European capability, will, over time, substantially increase productivity for

all our customers.

“We have worked with the ABM Data team for years and now is the right time to bring them into the WiseTech Global family. Their technology capability, deep pan-European customs knowledge and agile product development team will be applied to our Universal Customs Engine to accelerate and facilitate rapid customs localisations and next-generation development.”

ABM Data Managing Director, Stewart Bourke, said, “We have a shared vision with WiseTech for a deeply integrated global customs solution, and by joining the WiseTech group, we can leverage the global strength and powerful innovation



Stephen Tracey, Managing Director CustomsMatters and Vlad Bilanovsky, WiseTech Global



capability of WiseTech, to accelerate development opportunities across Europe. ABM Data and WiseTech Global will together focus on delivering significant and far-reaching improvements in customs declarations management and cross-border compliance."

WiseTech Global CEO, Richard White, said, "Customs clearance is a complex process with growing transaction volumes, rapidly changing legal requirements, and significant potential penalties. With CustomsMatters' deep historical experience in Ireland and the UK, and their award-winning customs management solutions, we are looking forward to working together with both EU and the UK authorities to enable our customers in the region to effectively manage cross-border operations during and after Brexit."

CustomsMatters Managing Director, Stephen Tracey, said, "Becoming part of the WiseTech Global group with its vision and extensive reach across the global supply chain is an exciting step forward for CustomsMatters. We will be able to develop more powerful, integrated and automated functionality for our customers. With CargoWise One's significant customs capabilities our brokerage and compliance team will be able enhance our service offering in Ireland and elsewhere."

Remaining under the leadership of respective Managing Directors, Stewart Bourke and Stephen Tracey, the operations of both ABM Data and CustomsMatters will be integrated within the WiseTech Global group and each business will continue to deliver their customs management solutions directly to their customers, along with WiseTech's powerful global logistics platform,

CargoWise One.

WiseTech's global integrated platform, CargoWise One, enables logistics service providers to execute highly complex transactions in areas such as freight forwarding, customs clearance, warehousing, shipping, land transport and cross-border compliance and to manage their operations on one database across multiple users, functions, countries, languages and currencies.

Along with our recent acquisitions in Australia, Brazil, Germany, Italy, Taiwan, North America and the Netherlands, the addition of ABM Data and CustomsMatters to the WiseTech Global group is in line with WiseTech's stated strategy of accelerating long-term organic growth through targeted, valuable acquisitions across new geographies and larger, globally capable adjacencies.

FEBRUARY 2018 - Global logistics solutions group, WiseTech Global, acquires Belgian logistics solutions provider, Intris

WiseTech Global today announced the acquisition of Intris, the leading Belgian provider of freight forwarding, customs and warehousing management solutions.

Headquartered in Antwerp, Intris provides its integrated software and cloud-based solutions to customers including Panalpina World Transport, Bolloré Netherlands, Rhenus, Gosselin Support Services, AML and many other logistics services providers in Belgium and, more recently, the Netherlands. In addition Intris is the only Belgian integration partner for INTTRA eVGM.

The Intris product range includes TRIS Forwarding and Warehouse solutions which offer customers integrated data flows from order through to invoice, and the TRIS Customs Management System, which offers full customs compliance functionality, direct customs and port interfaces to European inland terminals. Their solutions provide process efficiency, productivity and improve risk mitigation for logistics services providers.

WiseTech CEO, Richard White, said, "Bringing Intris into the WiseTech Global group is another step in deepening our reach and capacity in Belgium, one of Europe's largest and most important trade gateways. We welcome the Intris team and management, as we value their deep industry experience and product development knowledge. We understand the complexities and challenges borne by logistics providers facing EU trade changes, growing transaction volumes and increasing cross-border compliance requirements. This transaction, as part of the continued expansion of our global footprint and broader pan-European capability, will, over time, build further capabilities and productivity for all our customers."

Intris Managing Director, Patrick Van De Looverbosch, said, "This is the logical next step for Intris, as we are currently transforming our operations and technologies to better support the market and our customers, with whom we will continue to partner closely. With WiseTech's global strength and significant innovation capacity invested locally, we will accelerate our drive to improve our customers' forwarding, warehousing and customs management capability."

Remaining under the leadership of Patrick Van De Looverbosch, Intris operations will be integrated within the WiseTech Global group and Intris will continue to deliver its powerful logistics software solutions directly to its own customers, along with WiseTech's integrated global logistics platform, CargoWise One.

CargoWise One, enables logistics service providers to execute highly complex transactions in areas such as freight forwarding, customs clearance, warehousing, shipping, land transport 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 acquisitions in Ireland, North America, Australasia, Brazil, Taiwan, and the Netherlands, and is in line with WiseTech Global's stated strategy of accelerating long-term organic growth through targeted, valuable acquisitions across new geographies and larger, globally capable adjacencies.



Patrick Van De Looverbosch (Managing Director) and Tony Vertenten (Chief Technology Officer), Intris

MARCH 2018 - Global logistics solutions group, WiseTech Global, acquires

Netherlands-based logistics software provider, LSP Solutions

WiseTech Global today announced the acquisition of LSP Solutions (LSP), a leading provider of customs and warehouse management solutions in the Netherlands.

Headquartered in Ede, the LSP offering includes customs compliance management solutions, bonded warehouse

administration, contract logistics and warehouse management. LSP provide logistics solutions to customers including Damco, GEODIS, JCL Logistics, Vos Logistics, Hitachi Vantara, and many other organisations.

WiseTech CEO, Richard White, said "With Europe's largest port and a well-established and dynamic trade flow, the Netherlands is a critical transport hub. Bringing LSP into the WiseTech group now deepens our reach in this important market which will benefit from the combined strength of WiseTech's innovation capabilities, our CargoWise One supply chain execution platform, and LSP's customs and warehouse management solutions."

LSP Solutions Managing Director, Marco Piepenbosch, said "For more than 20 years we have worked closely with our customers to provide highly effective, flexible products rich in functionality. With WiseTech Global's powerful development capacity and global reach we look forward to accelerating our capabilities and better supporting our customers' logistics operations with increased automation, improved productivity and mitigation of risks. Ultimately, our vision is that our customers will benefit from faster, safer and

easier customs compliance and warehouse management."

Remaining under the leadership of Marco Piepenbosch and Erik Wiltling, LSP operations will be integrated within the WiseTech Global group and LSP will continue to deliver its powerful logistics software solutions directly to its own customers, along with WiseTech's integrated global logistics platform, CargoWise One.

CargoWise One enables logistics service providers to execute highly complex transactions in areas such as freight forwarding, customs clearance, warehousing, shipping, land transport 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 customs and logistics solutions acquisitions in Belgium, Ireland, North America, Australasia, Italy, Germany, Brazil, and Taiwan, and is in line with WiseTech Global's stated strategy of accelerating long-term organic growth through targeted, valuable acquisitions across new geographies and larger, globally capable adjacencies.



Erik Wiltling (Head of R&D, LSP Solutions), Richard White (CEO, WiseTech Global), Marco Piepenbosch (MD, LSP Solutions)

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ELECTRONIC PAYMENTS FRAUD

Five things you should know

By ED ELLIFF, General Manager, EFTsure

Cybersecurity offences are Australia's number 1 economic crime and cost an affected business, on average, \$276,000. One of the fastest cybercrime growth categories is payments fraud which is conservatively estimated to be a \$442 million cybercrime industry locally. Despite its scale and growth, few businesses understand how to protect against it, especially in a digital world where we can't fully trust a simple email.

Payments fraud typically occurs when a business instructs its bank to make Electronic Funds Transfer (EFT) payments to suppliers and individuals. In Australia, a key vulnerability exists because banks do not match payee names to account numbers. Although it may look like you are paying an intended supplier by their name, unless you check account numbers and BSBs on every payment, a fraud or error could occur. Criminals take advantage of this vulnerability daily.

Here are five areas to consider in your cybersecurity plans:

1. No business is immune

In today's digital world, any business is susceptible to cyber-attack and payments fraud. A common misconception is that fraud sits outside the business, yet research shows the perpetrators are usually 'inside' the business.

Not only big businesses are targeted. SME's are often resource-constrained and lack the necessary controls, such as separation of duties in managing suppliers, entering and approving invoices, and authorising payments.

In the digital world where business transactions and payments are conducted online, all businesses need to protect against new types of fraud.

2. Don't expect banks to fix the problem...

If you suffer a fraud or error from an invalid payment, your bank is not obligated to resolve the matter. Strict privacy laws mean the banks cannot tell you where the money went. From their perspective, they received a payment instruction from you, so the ultimate liability sits with you. On request, your bank may try to help recover the funds, but this can be very time consuming and relies on other parties as well as the recipient of the funds co-operating. If that recipient was the fraudster, the funds have likely already been moved.

EXAMPLE BANK DISCLAIMER:

"Important: You must enter the correct BSB and account number of the intended payee.

In processing payments, the bank does not verify that account name matches the provided account number. If you enter an incorrect BSB and/or account number, your funds may be paid to an unintended recipient and it may not be possible to recover your funds from that recipient."

Where financial loss occurs due to fraud or error, banks are not obligated to refund monies lost. Banks cannot access funds once in the recipient's account and a fraudulent or accidental recipient has no obligation to return the money.

3. Simple data entry errors can result in big losses

Even in the hands of trusted and reliable teams, accidental data entry can occur from out-of-date or duplicate payee records. As more information is digitised and business records multiply, the risk of data entry error increases – as do the consequences, such as misdirected payments.

While it is always wise to manually check



that payments data is correct, including the payee name matching the account number, this may not be practical and is often only performed as a partial 'spot check'. Also, payment details can still be manipulated in the banking and accounting software after this checking. This can also occur in the ABA payments file – an editable file used by Australian financial institutions to process payments.

4. The introduction of real-time payments means the money moves faster!

The recently introduced New Payments Platform (NPP) is a major Australian banking initiative allowing fast, data-rich payments between financial institutions and their business and consumer customers in near real time. The NPP will offer improvements in fast payment methods: funds that are currently cleared in up to 3 business days will be cleared in seconds. Based on overseas experiences, however, this revolutionary advance may lead to a significant increase in fraudulent activity, especially as the banks will no longer have 3 business days to investigate suspicious transactions before moving the funds. It is now more imperative to apply

further diligence – through processes or automated tools – to ensure payment accuracy before submitting to your bank.

5. Businesses are ultimately responsible

As businesses extend their use of digital technologies and processes, they must acknowledge and prepare for the increasingly complex and inherent risks. The onus rests with businesses owners and finance officers to ensure company assets, including the incoming and outgoing flow of funds, are protected. This includes implementing systems, procedures and processes that promote a sound internal and external control environment to minimise the risk of payments fraud, acknowledging that such fraud can be perpetrated both within and external to an organisation.

Protecting a business from financial fraud also ensures against reputational damage, which has the potential to further impact customers, suppliers and shareholders.

Who we are

EFTsure is an Australian fintech provider offering cost-effective, cloud-based

software to validate the integrity of payments data in real time, helping to ensure the name of your payee matches the BSB and account number prior to making every payment. The EFTsure software also provides additional compliance checks for ABN, GST status and other alerts to provide a best practice 'Know Your Payee' solution.

We are proud to be an FTA sponsor and look forward to working with fellow members of the Alliance.

Please call Ed Elliff on 0423 866 876 or email ed.elliff@eftsure.com.au to arrange an obligation free discussion on how EFTsure can assist your business. Or for more information, see www.eftsure.com.au.

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