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# ACROSS BORDERS

WINTER 2019



## FTA and APSA continue a positive reform agenda

Freight & Trade Alliance (FTA) continues to actively engage in biosecurity process review, enhanced systems development and initiatives such as "Safeguarding Arrangements" in preparation for the projected 15 per cent increase in Brown marmorated stink bug (BMSB) import volume for this upcoming season commencing 1 September 2019.

Importantly, as highlighted in the Inspector General Biosecurity's review into BMSB measures, a need to strengthen departmental resources was identified with a key recommendation made for cost-recovered functions to be exempt from efficiency dividends and staff ceilings.

Other emerging regulatory reforms affecting the import sector include changes to tobacco laws, modern slavery compliance and emissions controls. Meanwhile, exporters face the challenge of spiralling port related costs, incoming low sulphur fuel surcharges and significantly reduced yields caused by the ongoing impacts of the drought.

Rubbing salt into the wounds, we had the situation earlier this year whereby a Senator proposed to ban the export of cotton as a strategy to mitigate limited water supply.

The Australian Cotton Shippers Association partnered with the Australian Peak Shippers Association (APSA) to submit a formal submission requesting the standing Senate committee to reject the Bill as it was clearly not informed by environmental, economic or legal reasoning.

In what may offer a level of relief to both exporters and importers, we await the findings of the Freight Victoria review into infrastructure charges, pricing and access to and from the Port of Melbourne. We thank the Hon Melissa Horne MP, Minister for Ports and Freight for her engagement in the lead up to this review and broader port related initiatives.

We trust that members will benefit from an update on the above matters, the Minister's foreword and expert commentaries in this Winter 2019 edition of Across Borders.

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





# Victoria's growing freight task



By the HON. MELISSA HORNE MP,  
Minister for Ports and Freight

The freight task confronting Victoria is one we take seriously. It's why the Andrews Labor Government is the first in Victoria's history to give freight a place at cabinet, and the first to genuinely embrace freight as a vital sector of the Victorian economy.

We see the freight and logistics sector as a key driver of the state's economy. It contributes a massive \$21 billion to Victoria's gross state product and employs about 260,000 Victorians. The freight and logistics sector is not just a support act; it's the main act. It's an industry in its own right; a big employer; and a key generator of growth.

While I'm proud to be Victoria's first Minister for Ports and Freight, I am also the Member for Williamstown - an electorate built on transport. From the shipyards in Williamstown to the rail workshops in Newport and from the docks to the refineries, my electorate has played a pivotal role in the economic development and growth of Victoria - largely due to its role in the state's freight task.

However, the industrial landscape has changed significantly. Many parts of my electorate, among others, have gone from providers of freight to receivers. Courier vans delivering online shopping purchases now jostle for space with trucks shifting goods

from the port to distribution centres and warehouses on the city's outskirts.

For policy makers it's a challenging dilemma - how do we support industry during a period of transformation while managing the growth of our city? How do we support an economy forecast to grow by \$40 billion by 2050?

The Government doesn't move freight, but we do own the infrastructure on which the trucks and trains travel; we regulate the size and speed of vehicles; and we determine where they can and can't travel.

Our role is to work these levers, so industry can move goods from origin to market as efficiently as possible. Every extra dollar spent because of delays or congestion is an extra dollar added to the cost of a Victorian export, so the Government has a strong interest in the success of the freight industry.

That's why we're investing in massive road infrastructure projects like the West Gate Tunnel and the North East Link. It's no coincidence that both these projects connect to key international freight gateways.

The West Gate Tunnel will deliver freeway-quality access to the Port of Melbourne, while the North East Link will cut travel times from the key freight-generating areas of the south-east to Melbourne Airport by more than half an hour. But there's a lot more going on in the freight and logistics portfolio beyond these two key projects.

The Port Rail Shuttle Network will link major freight hubs in Melbourne's north and west to the Port of Melbourne. It's a project that's been talked about for a long time, but we're getting on with delivering it.

We're partnered with the operators of intermodal terminals at Altona and Somerton to deliver upgrades to their infrastructure. Establishing these terminals at locations in outer metropolitan Melbourne will reduce the need for trucks to visit the Port - instead, trucks will deliver to, or pick up from, inland freight terminals.

Freight Victoria is also assessing the viability of a proposal by the new leaseholders of the Port and whether it could shift significant freight volumes onto rail. Any proposal for an on-dock rail solution needs to stack up by enabling road and rail to compete on a more even footing at both East and West Swanson Dock.

We need to do more to boost rail's performance because the Port of Melbourne is more highly dependent on road transport than any other port in Australia. About 5,500 trucks visit the port each day. With projected growth, this could rise to over 30,000 trucks within the term of the lease, which is simply unsustainable.

We think there's a more efficient way of moving containers around Victoria than on the back of a truck, and the enthusiastic response we've received from the private sector to the Port Rail Shuttle confirms that fact.

How efficiently freight moves into, out of and around Victoria has a big impact on the state economy and the 6.5 million people who live here.

Efficient movement of freight is our focus. That's why we're delivering a more efficient rail network; better port access for our exporters; a well-developed road network; and excellent connections to our two airfreight gateways at Avalon and Tullamarine.





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# APSA's expanded role to ensure the sustainability of importers and exporters

By SEAN RICHARDS, APSA Chair

Welcome to the Winter 2019 edition of Across Borders and let me start by providing a very short self-introduction.

My wife, Sherene and I are both South African born and have been married for almost 25 years. We emigrated to Australia in 2008 with our two, then, tweenies and have honestly never looked back – Australia is an absolutely fantastic country in which to live and raise kids. Notwithstanding our individual and collective trials and tribulations, Australians should never lose sight of the fact that as a country, nation and society, we are extremely privileged and fortunate.

On the work front, I am very fortunate to be tasked with leading Visy Logistics (servicing the Global Logistics freight task for Visy Industries and a substantial, and rapidly growing, external customer base). My role offers a very, very unique perspective of the challenges facing the logistics market in that I am able to look through the dual lens of being a substantial freight generator (where tyranny of distance and endemic supply chain inefficiencies make it challenging to thrive in a very competitive global market) and an open market, logistics service provider and competitor (where the appropriate blend of OHSE&C, solutions, productivity, service and cost mean the difference between enabling or frustrating sales) - in an environment where, all too often, the playing fields are not level.

My aim is to bring this perspective (and the relevant learnings and respective agendas) to my role as the Chair of the Australian Peak Shippers Association (APSA). Together with the APSA Board

and your robust active participation, we aim to influence activities, initiatives and outcomes which deliver a meaningful contribution to the sustainable growth, profitability and competitiveness of our membership.

Travis Brooks-Garrett in recent posts and publications has introduced the newly elected APSA Board and I would like to offer my personal welcome to each and every one of them and my sincere gratitude for their acceptance of their nominations.

We are all extremely fortunate to have accepted our nominations at a time when APSA is an association of growing relevance. I recall a time, not so long ago, when APSA was not nearly as active and influential and we owe much of the positive transition to the forward thinking and pragmatic efforts of our outgoing Chair, Paul Blake. Paul, it was a pleasure working with you and, on behalf of the Board, I would like to thank you for your leadership and sincerely wish you everything of the best in your future endeavours.

Looking forward, one of the most significant developments of late has been APSA's appointment by the Hon. Michael McComarck MP, as the "inbound peak body" now representing importers as well as exporters, under Part X of the Competition and Consumer Act. This broadened scope brings significant responsibilities and has therefore necessitated the review of the relationship between APSA and Freight & Trade Alliance (FTA). More to the point, the Board is currently looking to extend the Secretariat appointment of FTA and is working with the latter on the development of a 5 year plan, focussing on continuity, the articulation of key deliverables and how best to organise

and focus APSA to the best benefit of its members within the broadened scope.

Our intent will be to build on the solid foundation that APSA and FTA have built in recent times and to work with key Industry stakeholders to ensure the sustainability of importers and exporters. On a personal note, I certainly do not see the need for acrimonious relationships or strategies, but, in the fullness of time, I can only accept an end state environment in which the considerations of the producers of freight are positively, front of mind and agenda when policy, infrastructure, price and service capability/solutions are determined.

We will keep you posted of developments.

Lastly, on the "today and now" front, key areas receiving attention are, inter alia:-

- **PRSN / Port of Melbourne Rail Solution / MSIS.** APSA have been working with the Port of Melbourne and the Victorian Government to ensure that shippers interests are being considered in the development of rail solutions. There have been some really positive developments which Travis will communicate in due course;
- **BMSB continues to be a significant issue for importers.** FTA / APSA have lodged a submission, representing the interests of cargo owners and logistics service providers. Updates to follow;
- **Infrastructure charges.** APSA advocated for an Inquiry, which the Victorian Government is currently delivering. Unfortunately, the same progress has not been made in NSW but we will continue with our efforts. Updates to follow;

- **Shipping Inquiry.** APSA had the privilege to present evidence to the Senate Committee Inquiry into the policy, regulatory, taxation, administrative and funding priorities for Australian shipping. APSA secretariat, Travis Brooks-Garrett, presented to the Senate Committee on behalf of the APSA Board, addressing matters including the lack of regulatory protection for Australian shippers, difficulties in disputing unfair charges, the consolidation of foreign shipping lines and the continuing issue of terminal handling charges and terminal infrastructure surcharges. The evidence was very well received by the senators with the final recommendations of the Committee due in August;

- **Bill to ban cotton exports.** From an advocacy standpoint, APSA was proud to support the Australian Cotton Shippers Association (ACSA) in preparing their submission to the Senate Committee Inquiry into the Export Control Amendment (Banning Cotton Exports to ensure water security) Bill

2018. The Bill proposed to ban cotton exports entirely; a move that would have significant consequences not only for cotton growers and cotton exporters, but also other water use export commodities, including Australia's rice and meat industries. APSA and ACSA used the opportunity to showcase the great sustainability initiatives already being led by the Australian cotton industry, as well as the potential breach of Australia's trade obligations. APSA made representations to the Minister's office and will continue to support our cotton exporters as vital contributors to the Australian economy;

- **Australian Trusted Trader.** FTA / APSA is working with the Department of Home Affairs and our members to make sure that the ATT benefits are meaningful and that new benefits are forthcoming. Updates to follow; and

- **Part X negotiations.** APSA has commenced a negotiation with the new NEMO service, requesting minimum



Sean Richards (APSA), the Hon Melissa Horne MP (Victorian Minister for Ports and Freight) and Travis Brooks-Garrett (FTA/APSA)

notification periods for new charges & service changes.

There are, indeed, challenging but exciting times ahead of us and we look forward to your active and ongoing support.



Australian Peak Shippers Association Inc. (APSA)

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# Droughts and the Elusive Flooding Rains

By THE AUSTRALIAN COTTON SHIPPERS ASSOCIATION (ACSA)

The Australian cotton industry recently came under fire from segments of our community who, primarily through the use of social media and the more militant sections of main-stream media, blamed the woes of the Murray Darling river system squarely on the cotton industry. This blatant, ill-conceived finger pointing quickly garnished political point scoring with Centre Alliance Senator for South Australia, Rex Patrick introducing a Bill to the Senate to ban the export of Australian cotton.

Being the globe's driest inhabited continent, water is arguably Australia's most valuable resource.

The Australian cotton industry in conjunction with the National Irrigators and the National Farmers Federation has worked for a long time with both Federal and State Governments, the Murray-Darling Basin Authority and other agencies in improving water management outcomes. It is a fact that some farmers do hold water licenses but irrigated crops can only be grown when water is available. This season is a good example, with very limited to no ability for south east Queensland and Northern NSW growers to access water allocations since 2017 the Australian cotton crop has halved in size from the previous year. Estimated 2019 production of around 500,000 metric tons is less than 40% of Australia's production potential and a higher percentage of this crop will be made up of raingrown cotton or cotton that is grown outside of the Murray Darling basin. The outlook for 2019/20 crop is even more dire with a further halving

again to a crop of only 250,000 metric tons.

The Australian cotton industry is recognised both internally and globally as world leading. It produces the highest yields and the highest quality cotton of its type. Australian cotton yields are three times greater than the world average. Much of these achievements can be attributed to an industry wide focus on research, innovation and the early commercial adoption of such. Cotton crops grown in most producing counties across the globe have been derived from pure seed developed and bred in Australia. In the last decade the Australian cotton industry has decreased its use of insecticides by nearly 90% and improved its water use efficiency by over 40%. The Australian cotton industry led the way with self-regulated environmental stewardship by introducing and widely adopting a best management practices audited program to ensure the industry operated in a viable and sustainable manner.

In addition to the \$2 billion directly injected into the Australian economy each year through the export sale of cotton and cotton seed, annual business revenue stimulated by cotton exports contributes billions more to other areas across the economy. The value contributed to the transport and logistics industry alone is estimated to be \$100 million annually, providing a livelihood for many Australian owned and regionally based businesses.

With the likes of Bonds, Rocklea Spinning and National Textiles closing their Australian based spinning mills decades ago virtually 100% of all cotton grown in Australia has to be exported. As such the Senator's proposal to ban the export of cotton would put an immediate end to the Australian cotton

industry. In considering an appropriate and powerful response to the Senate committee considering the Bill, the Australian Cotton Shippers Association (ACSA) called on the Australian Peak Shippers Association / Freight & Trade Alliance (FTA) expertise to assist with our written rejection of this bill.

ACSA was able to utilise APSA's knowledge of Federal Government processes, expert trade understanding and legal opinion to assist in the development of a four point plan that questioned the validity of the Bill as a genuine environmental measure; trade obligation implications; economic contributions of cotton to Australia; and the sustainable practices the Australian cotton industry is proud of.

*"Without the support of APSA, the Australian Cotton Shippers Association would not have been in the position*



*Roger Tomkins, Chairman of ACSA*

*it was to provide such a strong and legitimate response to this Bill. If we ever needed validation of our APSA/FTA membership this was it. Their knowledge of likely contraventions that this Bill would bring to the terms of numerous free trade agreements and likely breaches of the WTO Rules, both key points in our responding argument, was invaluable,"* stated Roger Tomkins, Chairman of ACSA.

*"The support shown by other APSA/FTA members was heartening. If the export of cotton could be banned, what might be next? It's great to see other industries recognising that such a Bill could have a wide-reaching impact on any Australian grown commodity."*

Those APSA members that represent Australian food and fibre industries are in unison in their response to the proposed bill, and APSA, through the FTA secretariat has been a key conduit in communicating these critical issues to its members.

In its submission, ACSA asked the standing committee to reject the Bill in the strongest of terms as it



was not informed by environmental, economic or legal reasoning. Even without Parliamentary support, its mere existence has done significant damage to Australia's reputation as a cotton exporter with international buyers very much aware that the Australian Government was asked to consider such a measure.

The recent election brings more uncertainty. The Rural and Regional Affairs and Transport Legislation Committee will need to be re-appointed and with some existing members retiring it includes the possibility of increased

representation from minor parties. It's an interesting time ahead and we will keep ACSA and APSA members up to date on developments.



**Australian Cotton  
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# Introducing the Australian Meat Industry Council

By PATRICK HUTCHINSON, Chief Executive Officer – Australian Meat Industry Council (AMIC)

The Australian Meat Industry Council (AMIC) is the peak body representing retailers, processors and smallgoods manufacturers across the country. We are the only industry association representing the post-farmgate Australian meat industry.

Our sector is worth about \$21 billion per year to the Australian economy and between direct and indirect roles we are responsible for about 100,000 jobs. One of our biggest and most enduring challenges is helping government and the wider community recognise the role our 2000+ members play in the agribusiness supply chain. It's our strong belief that every part of the chain must be well supported in the interest of success for all.

We work with members, governments and industry groups to influence policy and provide technical and other services to the industry. Part of that includes working with other organisations, including Freight & Trade Alliance (FTA), to amplify our voice and get the best return on investment from our advocacy efforts.

One of the things we've done fairly recently and which I am really excited about is about the launch of the Australian Agricultural Manufacturers Alliance. The alliance was created to represent the shared interests of agri manufacturers and contribute to recognition, growth and sustainability of the sector. The first meeting included representatives of the Australian

Renderers' Association Inc, the Australian Sugar Milling Council, the Australian Chicken Meat Federation, the Australian Dairy Products Federation, the Stock Feed Manufacturers' Council of Australia, the Australian Cotton Ginners Group and the Australian Oilseeds Federation.

We've also taken up membership of Australian Peak Shippers Association (APSA), which will provide policy and operational support for meat industry participants, including on topics like the concentration of ownership of foreign shipping lines that serve exporters, rising

landside transport costs and growing concerns about diminishing competition in Australia's rail and port supply chains.

We have also recently joined the Energy Users Association, which will assist us in setting policy in this highly contentious area, and we're working towards associate membership of Animal Health Australia, which again will be a very valuable connection as we see ever more activity around welfare and wellbeing.

At the same time, we are looking at opportunities for alignment with the Australian Food and Grocery Council and the Business Council of Australia.



*Irina Nikishova (FTA / APSA – second from left) with AMIC members on a port tour hosted by the Port of Melbourne*



The point here is that we get better results when we work together.

We currently have five key priority areas – and several of them overlap with those of the FTA and APSA. They are:

#### Energy efficiency

Energy cost and supply is the most significant and pressing concern for members of the Australian Red Meat Industry, which is dealing with increasing costs, limited energy competition and limitations to the ability to implement cheaper and more sustainable options.

#### Access to labour

Our industry directly supports 100,000 jobs in Australia with labour accounting for 54.8% of the total cost to operate for processing establishments. But members are held back by labour deficits and a visa system not fit for purpose. Together with inadequate funding for training, this has meant that nearly two thirds (63%) of Australia's red meat processors are prevented from running at full capacity. These labour market challenges also reverberate

down the entire supply chain, including independent butchers, who are finding it increasingly difficult to fill job vacancies.

#### Food regulation

The red meat industry's food safety reputation is built on a strong framework of legislation, industry and government programs. The red meat industry and Australian Meat Industry Council have implemented measures along the supply chain to ensure the safety, quality and integrity of Australian produce.

#### Market access

Free trade agreements are essential to gaining market access and there have been some good wins on this front in recent years – but FTAs are not enough to help our members maximise their market potential. With more than 70 per cent of the beef and sheep meat produced in Australia is exported, finding its way to more than 100 international markets.

#### Animal welfare

AMIC and our membership are committed to proper, stringent and

accountable animal welfare practices across the supply chain. We have a welfare committee within AMIC that is solely focused on understanding and implementing best practice around welfare and we also have an independently assessed welfare certification system.

AMIC's number one goal, always, is the profitability of our members. We know the best path to profitability for our members is a thriving sector from one end of the supply chain to the other, so we're always keen to support our industry partners in achieving their goals too.



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*Left to Right: Robert McLeod, Andrew Crawford, Steve Mounsey, discussing the inspection process in one of their state of the art Bio Security Inspection rooms*

# Interview

## New kids on the block.....

## Hubx import and export services

Andrew Crawford, FTA's Head of Border and Biosecurity speaks to Steve Mounsey and Robert McLeod from Hubx

### 1. ANDREW CRAWFORD – What was the motivation behind the idea to start this venture and create such an impressive facility?

With the approaching transition away from an off-shore pre-clearance program and the pending resource challenges this may present within our industry, we believed there was an opportunity to build a state of the art facility and provide a broad range of perishable services from the one strategic location.



### 2. ANDREW CRAWFORD – What are your backgrounds and what do you hope to bring to this part of our industry?

We have a collective pool of over 60 years experience, Robert has an in-depth understanding of import and export freight handling and I in the retail, wholesale and commercial sectors. We believe with our combined experience we bring a very good end to end understanding to this space.

We are not brokers and wish to remain independent and in doing so provide multiple high quality service solutions to a broader industry base.

Our ambition is to be the leading fresh perishables import and export service provider.... A one stop shop.

### 3. ANDREW CRAWFORD – Where did your catch line 'A Smarter Perishables Partner' derive from and what does it mean for your clients?

We did procrastinate over this question for a while, challenging who we wanted to be and how we were going to differentiate ourselves in the market.

It suggests something more than just being in the logistics space. We want to be innovators, problem solvers, experts in handling perishables, achieving better outcomes for our clients, their customers and even more importantly the product

.... You could say we are in the efficiency business.

Our client approach is all about good partnering, underpinned by transparency and multiple levels of the right communication.

### 4. ANDREW CRAWFORD - Tell us about your services.

#### Transport

Our transport network allows for efficient utilisation of the wharf and quick access to the international and domestic airfreight terminals whether it's high or low volume. We are committed to creating solution based transport scheduling and improving supply chain operations.

#### Biosecurity

We are a department approved facility providing biosecurity services to importers of perishable goods when they arrive in Australia. Our biosecurity area provides two state of the art, fully functioning inspection rooms and customs office, equipped to manage volume through put in a safe environment. We are currently in the process of gaining manned status which will afford our clients confidence that their product will be actioned efficiently and in a timely manner.

#### Fumigation

Hubx boasts a multi-chambered state



of the art fumigation process that allows applications to be carried out efficiently, safely and economically. Our design and construction is gas tight providing an effective system for applying and distributing fumigant as well as efficiently removing fumigant from the chamber at the end of treatment. Post application... our system reduces the exposure of fumigant to the product through fast extraction, allowing for better product outcomes.

### Storage

Whether our clients needs are small or large, ambient or refrigerated, Hubx can tailor the right storage solution to match their requirements. Our cool rooms are suitably built to take over 380 pallets and maintain the safety and quality of food products as they are handled, transported and stored during their journey from client to customer. Along with ample ambient storage, we are positioned to flex, growing or reducing client requirements during peak seasonal periods.

### Communication

High levels of communication is paramount to maintain a good relationship, so with all shipments, each item is given an individual identity that is tracked throughout our operating system.... saving time, minimising manual errors and identifying the stage product is up to within our facility. Our operating system is designed to provide real-time product visibility as it passes through each

gateway, by alerting our clients via an automated email.

### Quality

Quality is key for our clients at HubX. Our carefully selected team, food and safety accreditations and focus on the right approach allows us to access inbound product and provide timely reports. This in turn provides clients with the ability to make informed decisions and act quickly for a quality outcome.

Hubx is dedicated to food safety and aspires an 'Industry Leading Service' and will always strive to provide outcomes that foster trust and customer satisfaction.... we want to be FAST, FRESH and LEAN.

### Screening

With the new international screening requirements for air cargo exports now in effect, Hubx have the facility and capacity to meet all screening requirements, addressing security, operational efficiency, safety and integrity through our X-Ray screening and Metal detection systems. We are a Regulated Air Cargo Agent (RACA) and can handle, or make arrangements to transport outbound international air cargo as well as examine and clear international air cargo under an EACE notice.

### Repacking

Hubx is a Safe Quality Food (SQF) accredited facility which is an internationally recognised scheme by the Global Food Safety Initiative (GFSI) and



designed to meet the needs of the entire supply chain. This allows us to repack, palletise and label fresh produce, ready for dispatch directly into the market or major retailers. With a more efficient approach we are able to reduce cost and food kilometers through eliminating additional steps within the supply chain.

### Reconditioning

Quality and food safety is always front of mind for us and through our expert knowledge in the fresh produce field we are able to identify any product concerns on unpack, notify clients in a timely manner if product falls outside customer specifications, summarise our findings in a report for clients. We have the ability to recondition onsite, provide a summary of loss or damage, repack, palletise and label to individual specifications and then dispatch to required destinations.

### 5. ANDREW CRAWFORD – that's an impressive range of services. If you were to summarise the benefits, what would they be?

Through better product management our dedicated 'Added Value' facility provides our clients tangible solutions, enhancing quality through reducing food kilometers and product handling.

Our fast and efficient post fumigation process ensures for better product outcomes, allowing maximum edible & shelf life and quick speed to market.

Excellent stock control and product trackability is one of our minimum requirements, permitting our clients real time updates to their stock investment throughout our supply chain.

With sound operational foundations and a collective pool of over 60 years experience within the retail sector and import/export freight forwarding industry, we believe we are well balanced to deliver positive commercial outcomes for all of our clients.





# Kent Heazlett recognised in the Queen's Birthday 2019 Honours List



By PAUL ZALAI, Director FTA

Freight & Trade Alliance (FTA) congratulates Mr Kent Heazlett for receiving recognition in the Queen's Birthday 2019 Honours List as announced by the Governor General on 10 June 2019.

Kent received the recognition of MEMBER (AM) IN THE GENERAL DIVISION for *"significant service to business and international trade"*.

As well as running his own business (Cornish International) for many years, Kent was selfless in his time given in industry association roles and as a long term industry representative on the National Customs Brokers Licensing Advisory Committee (NCBLAC).

Kent could have equally received the award for his charity work with the Hawkesbury Canoe Classic Association where he was President for 20 years. He notched up his 25th 'finish' in the 111km Classic last year.

When asked to comment on his award, Kent said "I am honoured to receive such recognition but at the same time I'm cognisant of the fact that we could not have done what we did at the time

without the support mechanism I had around me. I want to acknowledge and thank my fellow workers at Cornish International who covered for me when I was out of the office on industry business."

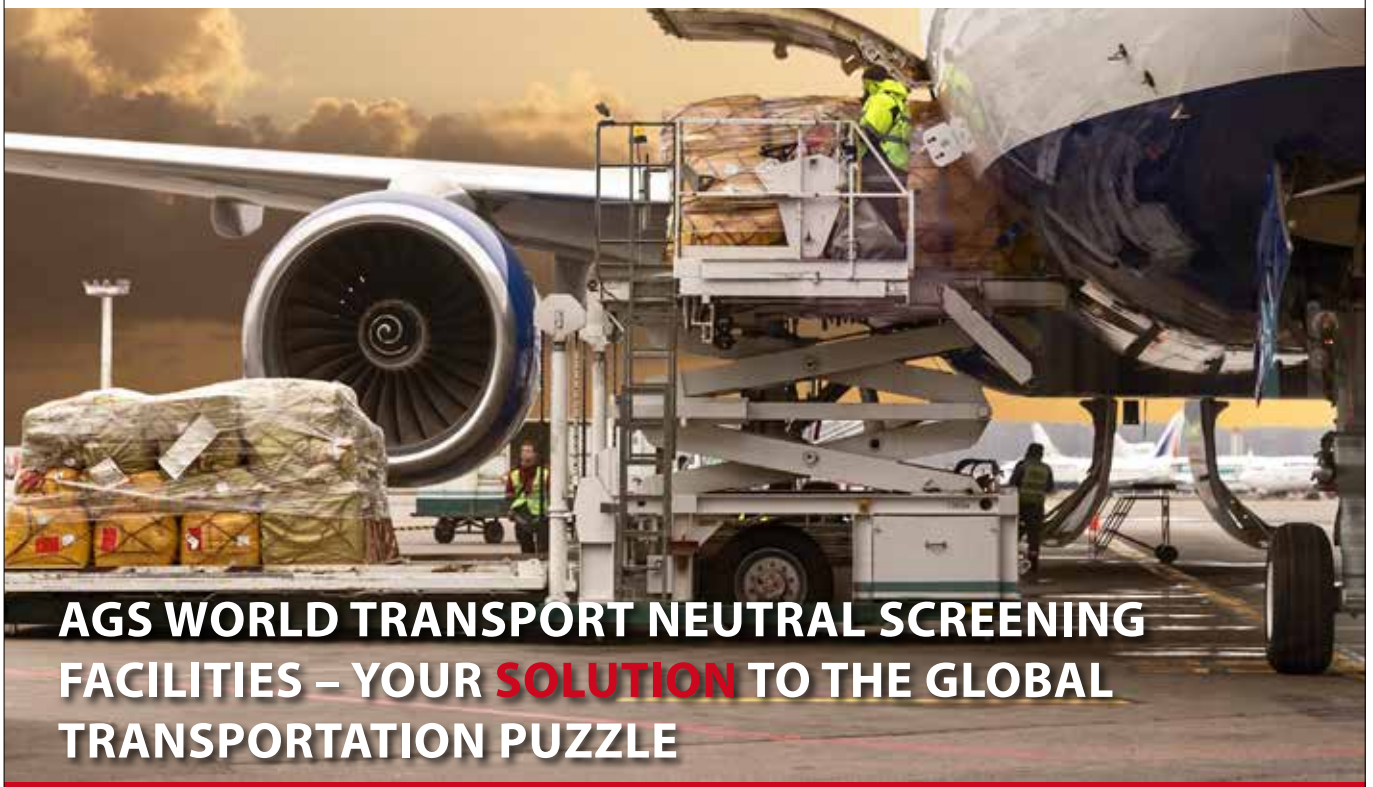
"Having accepted the award, I am also acutely aware that there are many unsung, past and present industry leaders who are more worthy of such recognition than me."



World Transport



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# Expansion of the alliance

By PAUL ZALAI, Director FTA

I am delighted to announce that John Park commenced employment with Freight & Trade Alliance (FTA) on 18 June 2019 as our Head of Business Operations.

John is a long term licensed customs broker experienced in international trade across import, export, express courier, freight forwarding and industry association roles. As well as well as providing support nationally on operational matters, John will manage our growing number of members in Western Australia and will represent FTA and the Australian Peak Shippers Association (APSA) on operational and policy committees.

At a personal level, I have had the privilege of working alongside John in various capacities for over 25 years and am excited in knowing the tremendous value that he will add to our administrative and advocacy team.

We are also delighted to advise that Irina Nikishova and Megan White have also joined the team.

Working from our new head office (Suite 612, 566 St Kilda Road Melbourne), Irina manages students using our rapidly growing online learning platform [www.ComplianceNetFTA.com.au](http://www.ComplianceNetFTA.com.au) and provides support on event management.

Megan is well known and respected across industry and government. I have known Megan for 30 years and had the privilege of working with her in our shared previous career as customs officers. In parallel to her own consultancy business, Trusted Trader Consulting (TTC), Megan is providing valuable support to FTA in a business development role.

## **SYDNEY**

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*Andrew Crawford, Paul Zalai, Caroline Zalai, Irina Nikishova, Travis Brooks-Garrett and John Park*

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# Melbourne attracts record delegate numbers

Freight & Trade Alliance (FTA) concluded its 2019 CPD & CBC – Border and Biosecurity Compliance Program series of events with a record attendance at the Hyatt Place, Essendon Fields on 19 June 2019. Stay tuned for more information on end of year forums, webinars and an expanded program in 2020.



*Russell Wiese (Hunt & Hunt Lawyers) and Leo Velona (Expeditors)*



*Julia Armstrong (Kuhne & Nagel) and Christine Kontos (WiseTech Global)*



*David Browne (FJT Logistics) and Craig Alcock (Direct Coriers)*



*Drazen Basar (Hellman Worldwide Logistics) and John Purdue (Visa Global Logistics)*



*Bill Wray and Paul Zalai*





*Russell Wiese (Hunt & Hunt Lawyers), Ferdinand Cheriaparambil and Anthony Morcos (Dean World Cargo)*



*Mick O'Dwyer (Direct Coriers) and John Purdue (Visa Global Logistics)*



*Tony Nikro (Nikro Customs & Trade Services), Oliver Manaslev (Henning Harders) and Nathan Arnell (Henning Harders)*



*Beiyu Mao, David Stewart and Ruby Wang (Compliant Customs)*



*Sonya Ashcroft (AMI) and Travis Brooks-Garrett (FTA)*



*Andrew Crawford (FTA) and Steve Butler (Henning Harders)*





## Is Australia becoming more uncompetitive when trading across borders?

By TRAVIS BROOKS-GARRETT, Director Freight & Trade Alliance (FTA) / Secretariat, Australian Peak Shippers Association (APSA)

Despite the political promises of “cutting red tape” and reducing trade costs, Australia is falling significantly behind our key competitors. In the 2019 World Bank Doing Business report, Australia ranks 103rd for “trading across borders”. The report records the time and cost associated with the logistical process of exporting and importing goods, including a measurement of the time and cost (excluding tariffs) associated with documentary compliance, border compliance and domestic transport.

While Australia performed well in other aspects of the report, including starting a business (ranked 7th), paying taxes (ranked 26th) and enforcing contracts (ranked 5th), our cross-border trade rankings were by far our weakest indicator. In those measurements, Australia is out-performed by countries

including Armenia (ranked 46th) and Guatemala (ranked 83rd), while lagging significantly behind other developed Western economies like the U.S. (ranked 36th) and New Zealand (ranked 60th).

Our cost to export was particularly concerning, with our export

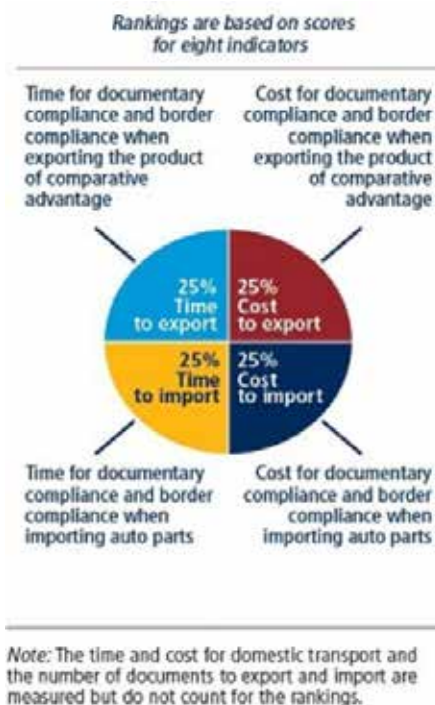
documentary compliance cost indicator sitting at US\$264 and our border compliance costs reaching US\$766. Under the World Bank’s methodology, the time and cost for documentary compliance included the time and cost for obtaining documents, preparing documents (such as time spent

AUSTRALIA		OECD high income		GNI per capita (US\$)	
Ease of doing business rank (1–190)		Ease of doing business score (0–100)		Population	
18		80.13		51,360	
Starting a business (rank)		Getting credit (rank)		Trading across borders (rank)	
7		8		103	
Score for starting a business (0–100)		Score for getting credit (0–100)		Score for trading across borders (0–100)	
96.47		90.00		70.30	
Procedures (number)		Strength of legal rights index (0–12)		Time to export	
3		11		Documentary compliance (hours)	
Time (days)		Depth of credit information index (0–8)		7	
2.5		7		Border compliance (hours)	
Cost (% of income per capita)		Credit bureau coverage (% of adults)		36	
0.7		Credit registry coverage (% of adults)		Cost to export	
Minimum capital (% of income per capita)		0.0		Documentary compliance (US\$)	
0.0		Protecting minority investors (rank)		264	
Dealing with construction permits (rank)		64		Border compliance (US\$)	
9		Score for protecting minority investors (0–100)		766	
Score for dealing with construction permits (0–100)		60.00		Time to import	
84.59		Extent of disclosure index (0–10)		Documentary compliance (hours)	
Procedures (number)		8		4	
Time (days)		Extent of director liability index (0–10)		Border compliance (hours)	
121		2		39	
Cost (% of warehouse value)		Ease of shareholder suits index (0–10)		Cost to import	
0.7		8		Documentary compliance (US\$)	
Building quality control index (0–15)		Extent of shareholder rights index (0–10)		100	
14.0		Extent of ownership and control index (0–10)		Border compliance (US\$)	
Getting electricity (rank)		Extent of corporate transparency index (0–10)		539	
52		9		Enforcing contracts (rank)	
Score for getting electricity (0–100)		Paying taxes (rank)		5	
82.31		26		Score for enforcing contracts (0–100)	
Procedures (number)		85.64		Time (days)	
5		Score for paying taxes (0–100)		402	
Time (days)		11		Cost (% of claim value)	
75		Payments (number per year)		23.2	
Cost (% of income per capita)		Time (hours per year)		Quality of judicial processes index (0–18)	
12.5		105		15.5	
Reliability of supply and transparency of tariffs index (0–8)		Total tax and contribution rate (% of profit)		Resolving insolvency (rank)	
7		47.4		20	
Registering property (rank)		Postfiling index (0–100)		Score for resolving insolvency (0–100)	
50		95.34		78.87	
Score for registering property (0–100)		Time (years)		1.0	
74.09		Cost (% of estate)		8.0	
Procedures (number)		Recovery rate (cents on the dollar)		82.7	
5		Strength of insolvency framework index (0–16)		11.0	
Time (days)					
4.5					
Cost (% of property value)					
5.3					
Quality of land administration index (0–30)					
20.0					

Note: Most indicator sets refer to a case scenario in the largest business city of an economy, though for 11 economies the data are a population-weighted average for the two largest business cities. For some indicators a result of “no practice” may be recorded for an economy; see the data notes for more details. In starting a business, procedures (number), time (days) and cost (% of income per capita) are calculated as the average of both men and women. For the postfiling index, a result of “not applicable” may be recorded for an economy.

(Source: World Bank, Doing Business Report 2019)





**Figure 3 - Trading across borders: time and cost to export and import**

gathering information to complete the customs declaration or certificate of origin); processing documents (such as time spent waiting for the relevant authority to issue a phytosanitary certificate); presenting documents (such as time spent showing a port terminal receipt to port authorities); and submitting documents (such as time spent submitting a customs declaration to the customs agency in person or electronically).

#### The wake-up call

While this may come as no surprise to international trade practitioners in Australia, we should consider this an urgent wake-up call for our trade policymakers. There should be no bigger priority for the triumvirate responsible for trade in this country- the Hon. Simon Birmingham (Federal Minister for Trade), the Hon. Bridgett McKenzie (Federal Minister for Agriculture) and the Hon. Peter Dutton (Federal Minister for Home Affairs). The National Committee for Trade Facilitation (NCTF), of which both Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) are represented, must also recognise this as a much-needed catalyst for urgent and sweeping border reform.

To take a more optimistic view, there are positive signs. The Australian Trusted Trader programme and the Department of Agriculture's Safeguarding Arrangements initiative demonstrate that a flexible, commercially-minded and risk-based approach will deliver benefits to both industry and Government. However, trust needs to be rewarded with real cost savings. If the Department is intervening and participating less in a trusted supply chain that has been accredited, standard cost recovery arrangements should not apply.

It is very clear that some kind of cost recovery review is likely in 2019-2020 and certain sections of industry believe it is well overdue. Last year the Department of Home Affairs released an industry report on a "proposed levy for low value goods", which attracted swift criticism from the major e-commerce players, but there has also been other robust discussions regarding border charges, including FTA and APSA's advocacy on the Approved Arrangements charging regime and, most recently, the Ministerial Steering Committee on the Biosecurity Levy.

#### How will the figures look in 2020?

Unfortunately, you don't need a crystal ball to predict that Australia's position is likely to worsen in next year's report. With the upcoming Biosecurity Import Levy adding to sea freight import costs across the board, infrastructure charges expected to increase again in the latter half of 2019, and the expansion of the Brown Marmorated Stink Bug emergency measures taking effect and slowing down clearances, it's reasonable to predict that Australia will continue to fall in the rankings.

#### Systems drive performance

When reviewing the countries that have improved their positions in the rankings, it is clear that systems drive performance. China has risen in the rankings due to reducing "the time and cost to export and import by implementing a single window, eliminating administrative charges, increasing transparency and encouraging competition". Thailand increased their ranking by "introducing the E-Matching system for electronic cargo control, thereby reducing the time for border compliance." Even the Islamic Republic of Iran managed to

improve their position by enhancing their National Trade Single Window.

With our own Department of Agriculture inspections continuing to be run via spreadsheets and manual processes, and Australia still trying to refine our vision and timeframe for a Single Window for Trade, Australia is in desperate need for true Government leadership to invest in systems of the future. In the meantime, it's no surprise that the private sector, led by the likes of Wisetech Global and Expedient, continue to find new solutions and new customers in a market racked by the inefficiencies of legacy Government systems and processes.

**“ The Australian Trusted Trader programme and the Department of Agriculture's Safeguarding Arrangements initiative demonstrate that a flexible, commercially-minded and risk-based approach will deliver benefits to both industry and Government ”**





# A new age of technology

## Straight-through digital processing is the future of logistics technology

By RICHARD WHITE, Founder and CEO, WiseTech Global

The global supply chain and the logistics systems that drive it are in a period of enormous change; this change is only going to accelerate as new technologies transform traditional models and enable new efficiencies and faster delivery.



The global supply chain is under immense pressure from growing freight volumes, increasing complexity, cross-border regulations and dynamic changes driven by trade wars and political upheaval. It is also experiencing the impact of exponential growth in ecommerce, which can be seen as a new class of high-volume, small parcel freight. This new class of freight, which is increasingly international, demands shorter delivery times, better visibility and predictability.

At the same time, the execution of international logistics remains fragmented despite increasing margin pressure. International logistics still grapples with a largely fractured data flow connected by a torrent of paper and e-paper (PDFs, etc.). New technologies that could alleviate many of these pain points are slow to be adopted because of the time, cost and risks associated with technological change.

Within the logistics industry, collaboration can be abrasive. There are often competing demands from different parts of the industry, creating disparate conflicting needs, limiting efficiencies, and

generating a slew of ancillary charges and penalties.

Beneficial Cargo Owner (BCO) and other logistics participants want predictability, exception led management and granular visibility across all modes of transport to deal with complex issues around container detention, wharf storage and transport demurrage. They need transparency and accuracy of data in terms of schedules, contract rates, ancillary fees, and invoicing from their carrier. BCOs need to be able to consider all goods in transit as a part of their inventory, and should be able to compress inventory and be able to modify logistics choices at any time to meet volatility in demand and ensure just in time delivery. They expect as standard, accurate predictions of cost and delivery time. When variable times and costs creep in – particularly when these are only known after the ability to mitigate – disputes arise.

Logistics service providers, of course, seek to deliver excellent service to their customers and look to offer well crafted, efficient experiences to retain existing



customers and win new business. In order to best accomplish this, they need accurate, fully digital schedules, rates, booking, tracking and invoice reconciliation from their carrier partners for all modes of transport. Importantly, they themselves need the same information set for their customers and this data cannot be provided efficiently without their carrier partners providing it to them in a fully digital form. Accurate, timely, fully digital information is needed from every part of the logistics process between all parties so that all customers and partners can plan, cost, and execute their needs and mitigate delays and additional charges when unforeseen events occur.

End customers, particularly retail consumers, expect instant fulfilment – the ‘Amazon/Alibaba effect’. They want accurate tracking and precision ETAs at all times, similar to an Uber arriving. They also want the ability to interact with the shipper and the delivery service seamlessly across any medium (web, mobile, email, voice).

### **E-paper is not the solution it is just a better class of problem**

A decade ago, a strong move from paper to e-paper was seen to be an easier and quicker solution to the problems of data management. However, this has just moved the complexity of solving the problem. At the core of many fundamental issues is that all parties across the international logistics supply chain are still drowning in oceans of paper or e-paper. Data is keyed, relayed, printed, rekeyed, reprinted, scanned, rescanned, emailed, and rekeyed again and again. With this endless amassing of low-quality information, carriers, logistics providers, and their customers are often scrambling to decipher what is going on and why information, rekeyed many times by outsourced low-cost labour, creates disconnected data islands, contains errors or is missing or misleading.

Many logistics providers are still trapped with aging legacy, proprietary systems and are facing significant ‘glued together’ point solutions and/or ‘sneakerware’. These unwieldy workarounds are now very painful, slow, fragile, and costly. They cannot achieve what a fully integrated system can do to address the pain points, fragmentation, and constraints that have grown ever more urgent.

With so many different systems being used, disconnected data islands and the inevitable data entry error rates that accompany manual keying and re-keying of e-paper, we are often left with invisible processes, and inconsistent, incomplete, and often unverifiable data sets.

This reality has created many pain points for the industry, which affect productivity, operational efficiency, and the ability to satisfy the demands of the different parties. Worse, regardless of the pain points, various up or down-stream parties to a transaction want to charge additional fees for outcomes that are often unable to be predicted or mitigated by the customer because of the same disconnected data islands and poor information.

There is very low visibility through the logistics chain – particularly end to end – making it difficult for logistics customers to track or report with confidence in their management systems. It is also difficult for them to perform their own functions such as exception management, production demand or just-in-time manufacturing in an efficient way. This immediately leads to higher levels of stock and larger capital consumption on inventory. For the want of predictability, costs can rise dramatically.

One very large sea freight user recently estimated that they pay an average of around €175 per container in additional unpredicted charges across the tens of thousands of containers they ship annually.

### **Data is king**

To overcome these pain points, many logistics providers are taking a new look at technology and pushing towards, or have achieved within their own business, straight-through digital processing. True end-to-end, straight-through digital processing means a true, near real time, data path from the first moments of logistics planning to the final moment of fulfilment to the final customer: integration of data across the cargo chain.

Many of the largest freight forwarders have been using and rapidly rolling out our flagship solution, CargoWise One, globally. This is a deeply-integrated global software solution that enables logistics service providers across some 130 countries, to execute highly complex logistics transactions and manage their operations on one single, global database. They can do this across multiple users, functions, offices, countries, and languages. It covers freight forwarding, customs clearance, warehousing, ocean carrier and ships agency, land transport, ecommerce, and cross-border compliance. Data flows through the system without turning back to paper or e-paper for these integrated processes.

Even individual components of the platform deliver advanced capabilities. Through CargoWise One, for example, denied parties can be verified anywhere in the world. Every customer location can be address cleansed and geo-coded so logistics providers avoid futile trips and can

track any consignment to the geofenced destination. Aeroplanes and individual air waybills are tracked using avionics and integrated airline live status updates, and ships can be tracked using global AIS, with individual containers able to be tracked using container live events for most carriers almost anywhere in the world.

When these datasets are combined on a deeply functional platform like CargoWise One, its execution engines and workflow systems can power logistics processes and remove much of the disconnected data islands, rekeying, and error rates that abound.

Additionally, when platforms are connected with straight-through digital processing, valuable buyer and seller marketplaces are created, with digital logistics providers and digital logistics customers. Combined, they create ecosystems, and these ecosystems can change logistics providers’ competitive approach to the world and change the world of logistics from fragmented to connected.

### **New age of technology**

Paper and e-paper must be eradicated from the cargo chain. In a true, digitally connected world, straight-through digital processing will drive value and efficiency in the logistics industry. The beginning of the supply chain will be able to see the end and every point between. Every party involved will see the parts that they need to see.

True straight-through digital processing is the big technological change we are creating. It’s not a new concept, but it’s one that many have tried and failed to achieve because it’s very hard to do unless you start from first principles and never give up on those principles. It requires deep systems thinking and root-cause analysis, and access to rich datasets to ideate global solutions. It also requires the competence, capability and capacity to deliver these solutions on an integrated global platform, purpose-built for the complexities and pressures of the cargo chain.

Straight-through digital processing will mean that the systems used by those across the cargo chain are digitally connected – straight through – from before the point of order to after the point of final fulfilment – the first inch to the last inch. This will enable all parties to see, process, track, calculate, modify, and manage their shipments in near-real time.

**WiseTech**  
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# BEYOND VISIBILITY

## What the New Era of Supply Chain Connectedness Means for Shippers

By CHRIS COLLINS. Managing Director, Containerchain

Visibility. It's a small word that's taken on significant meaning to shippers and logistics providers the world over. Traditionally, visibility has meant knowing, at any one point in time, where shipped goods are within the cargo supply chain. But is this really all that it means? Is it enough to simply knowing where goods are? Set against a landscape of increased competitiveness from non-traditional integrated technology and logistics players like Amazon and Alibaba, as well as rapid digital transformation within the maritime and port landside segment, the answer is: Not really. Not anymore.

In this new era of supply chain connectedness, the concept of visibility has expanded to take on additional shades of meaning, including the synchronous flow of information, the ability to use that information to accurately predict milestones and resource requirements, as well as gain advance warning of potential problems to proactively manage risk. The wider benefits of what we've come to know as 'visibility' through workflow digitisation, process standardisation, and connection of deep meaningful data sets in real time has the power to dramatically improve the speed at which cargo owners can transport and manage their shipments across markets, while transforming profitability of the sector as a whole.



### Connectivity

The rise of digital platforms that connect the landside and portside sectors of the container logistics supply chain has opened up new possibilities for all players to work more synchronously and efficiently with deep and meaningful data sets. Driven by a common data-platform or API-integrated systems, platform ecosystems can now provide deep data linkages that significantly improve speed, accuracy, and alignment of resources between members of a supply chain community in real-time.

Singapore's Networked Trade Platform, for example, is in the process of connecting more than 10,000 registered shippers within its portside and landside communities to a single independent Transport Integrated Platform in order to share information, standardise communication protocols and processes, and drive an industry-wide lift in operational performance. Leveraging a common data platform, an array of connected devices used in SMART transport vehicles and at the terminal gate, as well as process automation across document creation and transfer, PSA sees connectivity as key to maintaining the country's competitive position as a global trade hub.

### Predictability

Perhaps one of the greatest benefits of this new era of digital connectivity and visibility is that the flow of information - matched in real-time to the physical movement of cargo from point A to point B - can be used to predict and plan the resources that will be needed at each interchange point.

An example of a solution designed to enable more predictability while reducing aggravations in the transport system is Containerchain's LIVE solution. An end-to-end track and trace product suite that aims to eliminate the 'black hole' of information that has traditionally existed in the landside container logistics supply chain segment, LIVE's flow of shared, real-time data between BCOs, liner companies, land transporters and handling facilities means costly and avoidable problems like detention and demurrage can be resolved before they arise, ensuring that the entire cargo flow is managed with more precision.

### Profitability

The ongoing objective to obtain better visibility within the container logistics supply chain always comes back to one major objective: profitability. The smoothing of operational peaks and troughs, the ability to mitigate risks before they become problems, the dynamic and real-time matching of resources to requirement, and the elimination of conflict within the system all add up to a sector that's running more efficiently and profitably overall.

For terminal, depot, and warehouse operators this can mean no longer having to turn trucks away from gates and docks because they're there at the wrong time or with the wrong information. For transporters it can spell an end to wasted hours spent idling in frustration waiting for the right instruction to be received. Additionally, yard equipment and other resources can be more profitably managed when facilities have accurate real-time data at their disposal to plan asset deployment and manage its utilisation optimally.

Across Containerchain's global network of customers, the results have been nothing less than astonishing. Trucking companies have seen their turnaround times improve from hours to minutes, double their average number of jobs per day, and eliminate futile trips altogether. Meanwhile, container depots and terminals have seen gate overheads decrease by as much as 30%, energy costs reduce by 20% and find an additional 40% in asset capacity utilisation.

### Harnessing the true value of visibility

With rapid digital transformation and advances in AI, IoT, platform ecosystems and related technologies, our understanding of what visibility within the supply chain means has deepened. Ultimately, preparedness to tap into this new world requires a frank and honest review of what your business needs to make process gains, as well as a readiness to share data, replace or upgrade legacy systems that trap you in silos, and look for solutions that you can tap into that allow you to make advance leaps without making outside investments in technical support. Once industry participants make the leap into a world in which they can see further, manage better, and operate more profitably they will wonder why it ever took them so long.

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# Event Report:

## Launch - Horsham Victoria On Rail to the Nation and Port

On the evening of Tuesday 28 May 2019, the SCT Group (owners of Wimmera Container Line) hosted 60 guests that filled Horsham Town Hall including exporters and importers, government agencies, stevedores DP World and VICT, Port of Melbourne, ARTC, Horsham Rural City Council, shipping lines, potential and existing clients and likeminded freight companies that can work together with SCT.

The purpose of the evening was to promote rail to the Port (import/export) and draw interstate freight from up to a 200km radius into destinations as far as Perth and Brisbane.

The 2.5-hour event comprised of an opening speech by the Horsham Rural City Council Mayor, Cr Mark Radford, and presentations by:

- Vlad Jotic, Head of Business Development – Port of Melbourne
- Glen Richmond, Manager Marketing & Business Development – ARTC
- Matt Eryurek, General Manager Ports Development – SCT

Vlad Jotic highlighted the forecasted growth of the port precinct, their development strategy up to 2050 and the role that rail needs to play for growth and congestion. As part of their commitment to the owners and the Victorian state, Port of Melbourne are committed to delivering a Port rail strategy. In Vlad's words, "We are currently at 10% and for the largest container terminal in Australia, we have a lot of work to do in a short time."



Glen Richmond gave an insight into the varying benefits of rail, both current and into the future. The presentation also included information on Inland Rail, where it ties into the region and the work currently underway by ARTC. Glen added, "ARTC own 8,500km of rail infrastructure around Australia and the final mile to Port of Melbourne from regional and metro areas is a big focus point to our organisation. We are delighted that SCT is promoting the benefit of rail to the Port and we are keen to help with projects like mineral sands from this region. In addition, SCT is well positioned as they have 3 intermodal hubs (Barnawartha VIC, Parkes NSW and Bromelton QLD) situated on Inland Rail and 1 hub (Altona VIC) nearby, which is nominated as the Port Shuttle location by the Port Rail Shuttle Network (PRSN)."

Matt Eryurek spoke about the WCL (SCT Group) history and relationship

in the region: "historically, the former owners and WCL have focused on exports. As a company, we never introduced minimums or 'take-or-pay' arrangements. Our focus has been on seasonal export work and we have been challenged. The Mode Shift Incentive Scheme (MSIS), Port rail access, and increased High Productivity Vehicles in the region have all contributed to this."

SCT are exploring options to link the Wimmera region to the Port as both imports and exports and into SCT's national rail network. Matt highlighted the major achievements of the SCT Group, as well as the current and ongoing challenges, stating "if our customers are hurting, we are hurting with you. We seek your support and best endeavours to take a medium to long term view on rail."

Well known by all levels of industry, SCT Group are experts in building intermodal



hubs from paddock to terminal, having built 3 metro and 3 regional intermodal hubs nationally. SCT Barnawartha (Wodonga) was built in less than 12 months, opening in October 2016. Today, this intermodal hub services 2000 tonnes of interstate freight and 80 import and export containers per week. In Matt's words, "the key to sustain a good business model is one that allows diversification. We are 100% Australian and privately owned. Our people are hardworking Aussies, with the intent to keep them in jobs and continue growing. Our clear message to the region is simple: WCL (SCT Group) is an export only rail hub today. It needs to change with the support of all. Our goal is "Diversify" – if you have any freight requirements, do not hesitate to contact Greg James (National Major Accounts and Projects Manager) or Matt Eryurek (General Manager Ports Development) to discuss opportunities."

The SCT company will be seeking regional support to draw interstate volumes into Horsham and transport them as far as Brisbane and Perth on rail. "Our 29 mainline locomotives stop up to 100 times a year in Horsham



and if a client needs a container moved interstate and as far as Perth or Brisbane, we can bolt this on to our existing services."

A panel session with Matt Eryurek, Vlad Jotic, Glen Richmond, Greg James, and Tim Guidera – WCL concluded the event, answering questions regarding capacity, capability and opportunities. The feeling was warm and well received.

SCT Group would like to thank Horsham Rural City Council, ARTC, Port of

Melbourne, Wimmera Development Association, Regional Development, Freight Victoria and industry for making the time to attend our Horsham event and invest in our future.



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# 1-STOP'S NEXT STEP IN CREATING A SMARTER SUPPLY CHAIN IN NEW ZEALAND

1-Stop Connections (1-Stop) continues its expansion in Christchurch as it launches the second Vehicle Booking System (VBS) at the Lyttelton Container Terminal for Lyttelton Port Company (LPC), South Island's largest port and its international trade gateway. This will make it the fourth VBS installation across New Zealand with three of the top four container terminals and the first of many depots utilising the flagship product.

Terminals throughout Australia, New Zealand & South East Asia were looking for a smarter way to interface with the community to manage volume growth and asset optimisation. The logical step was to implement the 1-Stop VBS to take the smarter way of operating to the wider supply chain with terminal and depot to transport connectivity. This has allowed a richer and smarter supply chain interaction to drive efficiencies by addressing the common issues shared by port communities around the world – the lack of transparent information flow, under-utilization of equipment and inefficient practices.

1-Stop has been continuously innovating the landside to terminal interface for over 17 years meaning the 1-Stop VBS is the best complementor to any Terminal Operating System (TOS), for a smarter way of operating, which is the goal.

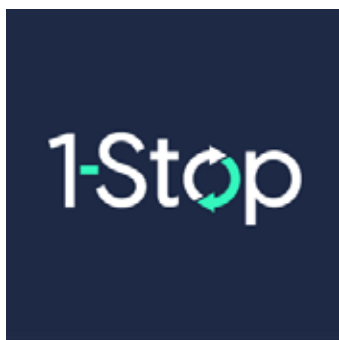
1-Stop and LPC began the partnership in 2018 with City Depot in Woolston going live soon after and Lyttelton Container Terminal going live in March 2019.

Since implementation, carriers are reporting an increase in productivity outside and inside the gate, information flow has increased prior to trucks arriving, futile truck trips are reduced, and night shift volume has increased 300%.

"Terminals are one of the most important assets of any port and country. Operators make huge investments in machinery and systems to maximise the asset utilisation. Whilst operators invest heavily on machinery and the TOS to manage what they feel they can control, (quayside and inside the terminal), the smarter operators realise that external supply chains (landside and outside the terminal) can hugely impact the efficiency & productivity of the terminal. That's why these smart operators don't rely on appointment systems that supply limited and one-way information – as we all know, most terminals and supply chains aren't a one size fits all.

LPC has chosen 1-Stop as the best solution to complement their TOS and drive a rich and highly integrated connection between the depot, terminal and the supply chain to manage capacity between the terminal and the industry for a WIN-WIN outcome, for example a faster Truck Turn Time, no queuing and maximising port assets." said 1-Stop CEO Michael Bouari.

This VBS implementation at Lyttelton Container Terminal is the next major milestone towards a highly integrated supply chain flow that LPC and 1-Stop are looking to bring to the Canterbury region in 2019 and beyond with a focus on driving efficiencies for the entire supply chain.







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# Mizzen and Kontainers announce partnership to deliver pricing and instant customer booking solution for global shipping industry

Mizzen Group, a provider of dynamic pricing and rates information software to the shipping industry, is pleased to announce a partnership with Kontainers, the leading global customer-facing execution platform provider.

The partnership gives Mizzen an outstanding additional global channel through which it can deploy its ground-breaking software. Mizzen's proprietary software enables any shipping line or freight forwarder to dynamically set prices and distribute rates through any digital channel.

Kontainers is an enterprise SaaS company with offices in Newcastle, Dublin, New York and Shanghai that offers a suite of own-branded client facing execution platforms for Freight Forwarders and Shipping Lines. Kontainers products are deployed with a quarter of the world's top 20 global ocean freight brands and expect to power more

than one million digital transactions by 2020.

The partnership with Mizzen allows Kontainers to add dynamic price setting and rate management and distribution through its network of clients globally.

The new Mizzen-Kontainers partnership has already secured its first Australian customer, Kalgin Global Logistics, which has a major presence across Australasia and the Pacific.

Kalgin Managing Director Richard Lamport said the new partnership allowed the company to take its existing relationship with Mizzen to the next level.

"Digitalisation of significant parts of the customer service side of our industry is inevitable and hugely beneficial" he said.

"From our early work with Mizzen, we have benefited from instant digital rate procurement and, now by combining Kontainers' Edge product, we are able to provide the benefits of a digital transaction to our customers.

"An integrated Mizzen-Kontainers solution provides us with a world-class website experience and smart rate capabilities to improve our profitability, retain and win new customers."

Mizzen Group Managing Director Jon Charles said the Kontainers partnership opened up new commercial opportunities and a valuable additional channel to market.

"Our spot rate software is designed to bridge the gap that exists in all rate management solutions used by a freight buyer today" said Mr Charles.

"When there is no contract rate on file for the required port pair, the process breaks down and requires a manual intervention to continue. Mizzen's solution is able to step in at this point and provide an automated seamless operational workflow to customers."

"Mizzen and Kontainers have a shared vision for how digitalisation of our industry will evolve as a modern interconnected software solution stack. Our partnership allows for deeper collaboration with the Kontainers products to incorporate Mizzen smart rate management and dynamic pricing solutions, providing the next generation of simple to use customer-centric freight software.

"This is an exciting new service for our combined customers and a major step forward for Mizzen in deploying our software in global markets."

Graham Parker, Chief Executive Officer of Kontainers, said the new partnership with Mizzen would deliver to customers a great additional capability on the Kontainers platform.

"We are delighted to announce this partnership with the Mizzen Group and again expand our footprint in the Australian market," said Mr Parker.

"Our aim is to give every freight forwarder on the planet the ability to have their own branded client facing execution capability in a matter of weeks, which is delivered as a competitive SaaS offering. We are delighted to work with another innovative freight brand in Kalgin and are excited to be part of their digital acceleration."



Jon Charles – Managing Director,  
Mizzen Group

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# Interview

## Investment in technology and value-added services

Travis Brooks-Garrett, Director FTA and APSA Secretariat, speaks to Shane Walden, Chief Commercial Officer, ANL and Simon Aynsley, Managing Director CMA CGM Group Agencies (Australia & New Zealand)

### 1. TRAVIS BROOKS-GARRETT - As ANL has largely operated around its core business of shipping, what prompted the development of the new value-added service product catalogue?

SHANE WALDEN - The investment in technology and services has always been in step with the needs of our clients. Since 1998, when ANL joined the CMA CGM Group, we have continued to offer clients new shipping services while also leveraging our membership in the group as a way of gaining access to market leading technology. If a customer asks for something, we see it as our role to solve their challenge.

SIMON AYNSLEY - From a group perspective, investment in value added services is driven by customer demand. By gaining a better understanding of customer needs, on a global scale, we're able to apply this at a local level.

### 2. TRAVIS BROOKS-GARRETT - What value added services can customers of ANL, CMA CGM and APL clients use today?

SHANE WALDEN - We have a broad range of solutions for clients with dry and reefer cargo. With so many of our clients having specific requirements for their cargo we pride ourselves on knowing exactly what to suggest for their specific port pair and commodity.

SIMON AYNSLEY - Not only do we have technical solutions, smart containers, and security solutions but we also offer a broad range of ways to make a booking. Some clients like to make a phone call, but more and more, we're noticing clients leveraging our eSolutions.

### 3. TRAVIS BROOKS-GARRETT - Given the extensive range of your value-added services, where do the ideas for new services come from? How do you decide which concepts to build?

SIMON AYNSLEY - With the CMA CGM Group investing in start-ups and technology businesses we're in the fantastic position of having a number of choices when it comes to development of new value-added services.

SHANE WALDEN - One example we could look at is fruit and veg exporters from Australia. For those customers, we must consider the handling and quality of their cargo and how we can best maintain that without impairment during shipment. We review the commodity type and talk through requirements for Cold Sterilisation in Transit (CSIT), Climate Control and regulations at destination.

This sort of a consultation helps us gain a longer shelf-life and maintain optimum market value for our clients.

SIMON AYNSLEY - while we're very focused on the logistics side of our offer, on ships, or road we're very conscious of the heightened dependence on technology in this region – and the world.

For us, maintaining a leadership position globally is about supporting our clients with the tools they need, as well as the services. Today our clients can use a





plethora of eSolutions from eBooking to tracking and documentation.

**4. TRAVIS BROOKS-GARRETT - To date, how have the value-added services been received by your customer base?**

SIMON AYNSLEY - Making the shipping and logistics experience easier for our clients has always been part of the group policy. We want to be that one stop shop and our customers appreciate the intent behind these developments.

SHANE WALDEN - Looking at ANL's client base there have always been a number of early adopters, those who see something innovative and jump on it to enhance their own competitive edge. The step change around being more than a shipping business has been an evolution for us and our customers, but nonetheless a highly positive one.

**5. TRAVIS BROOKS-GARRETT - What is the strategic vision for the value-added services?**

SIMON AYNSLEY - The strategic vision for value added services largely has and will continue to align with our customer focused strategy. This approach ensures

we are going beyond regular commercial relationships, and implementing real partnerships tailored to their needs.

**6. TRAVIS BROOKS-GARRETT - What has been the most popular value-added service so far?**

SHANE WALDEN - Our value-added service catalogue has not been developed as a one size or product fits all. Our customers are different, their products are different, and their commodities are different and have specific needs.

The reality is that the long-standing relationships we have with our clients mean we can match a selection of value-added services to their needs. In that vein, they're all popular with their own market segments.

**7. TRAVIS BROOKS-GARRETT - One of the most recently launched products for the group has been Cargo Insurance. Generally, insurance can be prone to complications around claims and processing, what is the point of difference for the CMA CGM Cargo Insurance product?**

SHANE WALDEN - We pride ourselves on being experts in the Oceania region,

for shipping but when it came to the subtleties of Cargo Insurance it was important to have strong partners at our side. We worked with a global team of experts as well as those with local expertise. Willis Towers Watson and CHUBB help us deliver this 'All Risks' policy to our clients.

The Cargo Insurance offer we have in place now is great for our clients as it offers full security of cargo from door-to-door and management of compensation in case of claims.

**8. TRAVIS BROOKS-GARRETT - In future, can you comment on what other value-added services we can expect to see from ANL, CMA CGM and APL?**

SIMON AYNSLEY - The CMA CGM group holds imagination and boldness as two of our core values. Considering this, it's in our nature to continue to add new value-added services to our product catalogue. The options really are endless.

For us it's about justifying the value of these products for our customers

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# Freight revolution: shifting the mind set

By EMMANUEL PAPAGIANNAKIS, Victoria International Container Terminal

In recent months there has been a lot of talk within the freight and logistics' industry on the importance of a "social license". Investopedia describes a Social License to Operate (SLO), as the ongoing acceptance of a company or industry's standard business practices and operating procedures by its employees, stakeholders and the general public. A social license is sought after for acceptance by the local community.

In regards to the supply chain and logistics industry, there is a gaping hole in the wider community supporting the need for trucks, train and sea movements. There seem to be a disconnect between the every persons common understanding how freight is moved and why it is essential. Those within the industry can see it but how does one convey this need to the wider community, the need to coexist and to rebuild the narrative.

To gain a Social License to Operate, we should focus on community appreciation and understanding of the industry. To invest in new technologies, to streamline processes, in order to maximise efficiencies across the entire supply chain.

To be able to embrace all these things, we need to have an understanding from the community so we can operate uninterrupted 24 hours per day. So we don't have restricted truck movements along roads or complaints about the noise of freight trains. These restriction on the logistic industry interferes with the overall operation and ultimately impacts end consumer.

The challenge we face is to draw a connection between the frustration felt from "trucks clogging up our roads" and the "noisy, long freight trains" to accepting this as a necessity for Australia's continued prosperity. As a vast island country, we need these components to ensure the shelves at the supermarket are well stocked and we can purchase the latest gadget or even car.

It is an industry the employs nearly half a million people across its major sub-sectors: Road Transport, Logistics, Warehousing and Stevedoring, contributes 8.6% to Australia's GDP and has an estimated annual revenue of \$95.65 billion . It is an industry that makes a significant impact towards the Australian economy.

The Supply Chain industry is unique, and indeed crucial to the growing economy of Australia. We cannot afford to be

complacent, we should work every day to improve services and timeframes to maintain trust of the community. Provide an environment where investing and implementing the most efficient procedures to continually improve business practices is applauded and encouraged, as it will provide returns for all for the future.

With the recent State and Federal elections, politicians have spoken at industry conferences, expressed their support to these issues and the need for everyone to understand the origin point of their goods. With consideration given to the first and last mile, it's encouraging to hear them speak of the issues we all face within this sector, it means they have heard us, now we need to work together to generate a strategy to ensure we all achieve this outcome.

As an industry, how do we get the support and interest from the community?

We have to educate, inform and work together on a streamline message. Merely reciting facts about the rapid population growth and the increase in trade units will increase the movements on the roads, no matter how true they are, will not change people's mind sets. The goal should be to reshape a person's mindset from being frustrated and annoyed by the sight and sound of the freight on road, rail and sea to being informed of the connectivity of the industry.

We are in need of an Australian wide campaign to establish awareness and appreciation towards the movements of goods. A streamline message is essential for the freight and logistics sector to convey the importance of freight movements to every Australian.



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## Bills of Lading – Complexities Explained

By JOHN THOMSON, Senior Claims Executive, TT Club

The Bill of Lading is a vital cog in the web of international trade, yet to some in the industry its significance and detailed role is shrouded in mystery. Advice to forwarders and NVOCCs from the international transport and logistics insurer, TT Club helps find a way through the mist.

The bill of lading has three primary functions, evidencing the contract of carriage, acting as a receipt for the cargo and facilitating transfer of title to the carried cargo. There are occasions where documents are lost and, given the functions of the bill of lading, this has the potential to give rise to some significant exposures if not handled correctly.

In maritime trade, the original bill of lading effectively represents the cargo itself. At its simplest, the shipper receives the bill from the carrier, and transfers it to the consignee in return for payment for the goods. 'Negotiable' bills may be transferred between entities for payment, together with the right to receive the goods, while the goods are in transit. The consignee or transferee hands the bill of lading to the carrier as evidence of the right to collect the goods and for cancellation.

Equally, a bank may also have an interest in the cargo, under a letter of credit, holding the original bill of lading until the debt is satisfied. In this context, the bill of lading represents the bank's security for that debt.

This also serves to illustrate the care required; release of goods without an original bill of lading can lead to financial liabilities to entities other than the direct contracting parties.

In the case of a lost bill, shippers or alleged transferees of the original may seek to press the NVOCC for a duplicate. Anybody who is holding an original bill of lading acquired in good faith can claim delivery; where two sets of bills exist there is risk of two entities with apparently equally valid claims, demanding delivery of the cargo. Additionally, if the shipper has not been paid he retains the right to dispose of the

cargo provided that he is in possession of the original Bills.

As a matter of law, there is no exception to the simple working rule that delivery without production of bill of lading is at the NVOCC's own risk. You are not bound to deliver cargo to any person other than the lawful holder of the original bill, unless a court so orders. Where a bill is absent and the importer is demanding delivery, a recommended solution is to require a bank guarantee (or a company letter of indemnity countersigned by a bank) in your favour.

The whole question of the delivery of cargo without production of the corresponding original bill of lading, whether lost or otherwise, is fraught with potential exposures for the NVOCC or other issuer. No matter how strong or important your commercial relationship may be, simply do not accept promises or bow to pressure. The law (and TT Club) will support you if you refuse to deliver until a valid bill of lading has been surrendered.

As the bill of lading is a document of title, a person presenting it to the carrier or its agent is ostensibly entitled to collect the goods and the carrier cannot refuse to deliver the goods to that person. If someone claiming to be the receiver cannot produce the bill, what evidence is there that they are entitled to the goods?

There are innumerable circumstances which may lead to a request to release cargo without the production of the original bill(s). A sale contract may have collapsed and the seller may want to sell to someone else. The consignee may be facing cash flow issues or have a financial dispute with the shipper. In extreme circumstances, the supposed receiver's intention may be to steal the cargo and the sale proceeds,



while the seller or the bank still retains the original documents.

As the original bills represent surety for the purchase price, if the carrier hands the goods over to an unauthorised party who does not hold the original, he is effectively denying the legitimate holder his right to collect the goods.

If the receiving agent asks for authority to release the cargo to a consignee who cannot present an original bill of lading, it is recommended that you consult your legal or insurance advisors in order to obtain the full indemnity before entertaining any such request.

Remember these guidelines:

- Under no circumstances accept a 'guarantee' signed by the importer alone
- Implement explicit and adequate training for staff, whereby only a designated senior manager has the authority to approve requests for irregular releases
- Ensure you collect any charges due to you before releasing goods
- Do not let any debate or argument about such costs blind you to the absence of the bill of lading

- Do not succumb to any commercial pressure to release goods without the appropriate documents

- Under no circumstances accept faxed or photocopied bills of lading or guarantees

- Only act upon receipt of original documents.

The practice known as 'switching' bills of lading refers to the circumstance where a request is made to the issuer to create a second set of bills of lading in substitution for the original documents. Whilst there are many reasons to do so, switching bills of lading is usually requested by traders who wish to conceal the identity of the suppliers and the end-users from each other. The reasons are normally quite legitimate, but issuers must be on their guard when dealing with such requests. The main feature of switching is that it is done without the cargo being handed over at the same time; generally it occurs well away from the route the cargo is taking. The immediate issue is whether the party requesting switch bills have the right to do so.

In terms of 'negotiable' bills (ie. those issued 'to order' or 'to order or assign'

of either the shipper or the consignee), the shipper in general retains the right to re-direct the shipment before endorsement of the document or delivery of the cargo to the lawful holders of the bill. Therefore, if you have issued a negotiable bill of lading and the shippers request you to amend the name of the consignee and/or the place of delivery, they must return all the original documents to you, free of endorsement, before you agree to make any change.

It is of utmost importance that all the originals of the first bill of lading are collected and cancelled before the replacement set is produced and issued. That is the carrier's only guarantee that the party making the request is truly the owner of the cargo and has rights to its further disposal.

If you have any questions or concerns about your liabilities and responsibilities under a Bill of Lading, contact your legal representative, insurance broker/insurer or, for TT Club Members, please speak to your TT contact in Sydney <https://www.ttclub.com/contact-us/regional-offices/australia/>

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# Interview

## Vanessa Holben, First Assistant Secretary, Aviation and Maritime Security

Paul Zalai, Director FTA, speaks to Vanessa Holben as she takes up the reins at Australia's transport security regulator, the Aviation and Maritime Security Division of the Department of Home Affairs.

**1. PAUL ZALAI – Vanessa, you've started at Aviation and Maritime Security (AMS) just after the implementation of piece-level examination for all export air cargo in March this year. How has the change gone from your perspective?**

Firstly, I want to say thank you to all those in industry who contributed to the successful implementation of this important reform. Aviation remains a high profile terrorist target and it's critical that Australia's transport security measures evolve as required to meet new and emerging threats.

We're continuing to work with industry as the new arrangements bed down, but as I talk to those involved and impacted it's clear to me that this has been a job well done by government and industry working collaboratively together.



**2. PAUL ZALAI – Many FTA members have remarked on how smoothly the changes rolled in on 1 March. How was that achieved and what were the takeaways?**

Without a doubt the key to success was collaboration, as it is for any complex project. The relationships built over a long period through the Air Cargo Security Industry Advisory Forum (ACSIAF) allowed all the players to work together, raise and address concerns, and adjust plans as required to achieve a positive outcome.

Not everything will go to plan in these sorts of projects. A good example of that was when communication with exporters was initially falling short, we worked with ACSIAF members like FTA to adjust the approach and make sure the messages cut through and that people knew how to contact the AMS Guidance Centre where required.

We also worked closely with ACSIAF members to accommodate industry requests where we could and to plan for various contingencies that might occur at the time of transition and implementation.

**3. PAUL ZALAI – So what are your priorities for AMS in general, and in the air cargo space specifically?**

I've come to AMS from the Australian Border Force (ABF), and I see many parallels in how the two organisations need to work with stakeholders to manage security risk. A key priority for AMS is to build capability so that we can be more agile in responding to emerging threats, as well as being innovative with internal processes to achieve better outcomes.

In terms of air cargo, we've been working with industry on options to strengthen domestic air cargo security and this will be our major focus, along with ensuring compliance with the international requirements.

In addition, we have identified a number of other reforms that we plan to advance through ACSIAF including the use of detector dogs, screener accreditation, an update of the Examination Notices, and a review of the current requirements for security declarations.

**4. PAUL ZALAI – That's a lot of change to manage. How do you see industry and AMS collaborating to deliver necessary reforms?**

Yes there is, and we're committed to continuous improvement to ensure that our air cargo security arrangements are in line with best practice globally, and the growing air cargo demand can be met efficiently by Australian industry.

I think the collaboration and cooperation demonstrated for the piece-level reforms means we now have a solid platform for the work ahead. I am looking forward to working with industry, and hearing their views and suggestions over the coming months.

“ *the key to success was collaboration* ”



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# FTA Launch NEW Classifieds Service



As an alternative to using a commercial business brokerage service to buy or sell your business, Freight & Trade Alliance (FTA) has launched a business sales classifieds service through an enhanced dedicated web page and listings to be broadcast via our social media and weekly report.

### How does it work?

The seller provides details that they are comfortable to release in the classified. Any referral to FTA is then passed on to the seller's contact (perhaps an accountant or lawyer).

Once contact is made between the buyer and seller, it is up to the respective parties to complete their own due diligence, valuations and legal proceedings.

### What is the commercial arrangement with FTA?

The service is exclusively available to FTA with an agreed fee paid by the seller on a "success" basis – in other words, no sale no fee.

### Want to know more?

Please contact us at [classifieds@FTAlliance.com.au](mailto:classifieds@FTAlliance.com.au) if you are interested in knowing more or want to receive a Memorandum of Understanding to commence a campaign – all enquiries will be managed in strictest confidence.

# An asset purchase or a share purchase – how to best grow your business?

By LYNNE GRANT Special Counsel, Hunt & Hunt Lawyers

You are looking to grow your business, enter a new market or strategically acquire customers or employees by purchasing another business. One of the first questions we are often asked is whether this is best achieved by an asset purchase or a share purchase. The answer always lies in the nature of the business being acquired, the particular objectives of the buyer, the risks of the purchase, the risk appetite of the buyer and of course your negotiating power.

A well-executed acquisition can add significant value to your business. But you do need to get the structure of the acquisition right to take the best advantage of the opportunity.

So what is the difference between an asset purchase and a share purchase?

An asset purchase allows you to identify the key assets of the business and acquire only those. Think of a bucket with many different things inside of it

(contracts, physical assets, employees). An asset purchase allows you to look through the bucket and decide which of those things you want to buy and offer a price to the seller. You leave the bucket behind with the seller along with any of the items inside that you don't want.

In contrast, with a share purchase you will be buying the entire company – all of its assets, liabilities and employees. You are buying the whole bucket and

taking it away with you. This is simpler – you can't miss anything. But, what if there are some things at the bottom of the bucket that you didn't notice or that the seller didn't know about (perhaps undisclosed or unknown tax liabilities). Now, you are liable for those.

Often, it looks like a share sale is riskier and in some ways it is. But, if you are acquiring a consumer facing business, then it can have significant advantages.



The business continues post-share acquisition with few hurdles to overcome from a consumer perspective. There are no new bank accounts, no changes to payment arrangements, no new ABNs and in many cases, no need for new contracts. Depending on the type of business being acquired, customers may hardly notice that there is a new owner and the employees will remain in place with no changes required. These benefits will sometimes outweigh the risks.

But if the target business has a handful of critical contracts with large businesses and those contracts (as they often do) require the consent of that party before you can proceed with a share or asset acquisition (unless you are prepared to risk that party terminating the contract), then the differences between an asset and share sale may be less pronounced.

There are other factors that might constrain your decision. Business structure will play an important role. If the selling business is operated through a family trust, then the purchase will need to be an asset purchase, as you won't be able to simply buy that family trust structure. There are tax advantages and

disadvantages which you'll need to work through with your tax advisor in relation to your business and the business you're looking to acquire. There might also be regulatory considerations. For example, does the selling entity have a regulatory licence or permit that is needed to operate the business that you can't easily obtain without buying the company or that can't be transferred?

So there is not an absolute answer for every situation.

You need to have a clear objective for your acquisition and then undertake due diligence – legal and financial – in a measured and unemotional way. Don't sign a binding term sheet or offer letter until you've completed your due diligence and obtained good legal and financial advice. Don't give away information about your business until you have built a reasonable amount of trust with the other party and certainly not without a good confidentiality agreement.

Then make sure that the purchase agreement contains the appropriate protections, which will be different for an asset and share purchase. It also needs

to be tailored for the particular business you are acquiring. There is no "off the shelf" agreement, but an experienced advisor will know how to navigate the identified risks.

If you are thinking of growing or exiting your business, please feel free to call Lynne Grant at Hunt & Hunt Lawyers to talk about how to best achieve your goals. Lynne is an experienced transactional lawyer, with a particular speciality in helping private business owners to grow or exit their business.



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## Liens work – Debt recovery for freight forwarders and customs brokers

By RUSSELL WIESE, Principal, Hunt & Hunt Lawyers

Often I receive debt recovery calls from freight forwarders for small amounts and my advice is often the same “we can pursue the debt, but you will probably spend more on us than what you are owed by the debtor.” One of those cases where the only winner would be the lawyer. In reality, the most efficient and effective debt collection strategy a freight forwarder can employ is a contractual right to exercise a lien over goods.

If a lien is enforceable, the freight forwarder can refuse to release goods in their possession if they are owed money by the customer. If properly drafted, the freight forwarder will have the right:

- to hold goods if amounts are owing on previous shipments;
- to sell goods and also recover the costs of sale;
- to hold documents, such as a bill of lading, and not only goods.

Other options to be considered are the right to hold goods:

- if amounts are owed by related companies of the customers, even if not owed by the customer;
- in respect of amount invoiced but not yet due;
- if there is a breach of any terms of credit;
- if administrators or liquidators are appointed to the customer.

In a recent Victorian Tribunal case an importer sought an injunction to compel a freight forwarder to release goods that were being held subject to a lien. The lien only applied to debts owed by the particular company that was the customer and not its related bodies corporate. The freight forwarder sought to enforce the lien in respect of a number of companies which had a common director and shareholder. The freight forwarder for all practical purposes saw the corporate group as the one customer.

The Tribunal would only allow the lien to be exercised in respect of debts owed

by the company that was a party to the contract with the freight forwarder. It was not concerned with debts owed by the associated companies. However, luckily for the freight forwarder, there was a small amount owned by the contractual customer so the lien could be enforced.

It is important to note that the Tribunal enforced the lien even though it was acknowledged that the debt was small and the impact on the importer of not receiving the goods would be significant.

### Lessons

- Know precisely who is your customer. If you are dealing with a corporate group, make sure the lien covers debts of the entire corporate group.

- Don't be scared to exercise a lien. The right to hold goods subject to lien is enforced by the Courts and is one of the few rights that can be exercised against administrators.
- Pay careful attention to the wording of the lien. Does it cover all invoiced amounts, or only debts that are due? Do you have to give notice before exercising a lien? Does the lien only cover goods belonging to the customer, or any good the subject of the services? Can you recover the costs of exercising a lien, such as legal fees?
- Liens will often be the most effective tool to enforce payment of small debts.

Hunt & Hunt has drafted standard terms and conditions of trade for use by customs brokers and freight forwarders that can be purchased by FTA. Those terms and conditions include a lien that is in similar terms to the lien held to be enforceable by the Tribunal in the above case. We can tailor the lien to your business' individual circumstances, included whether credit terms are offered and whether your customers are small business protected by the unfair contract terms legislation.

Please contact me at (03) 8602 9231 or [rwiese@huntvic.com.au](mailto:rwiese@huntvic.com.au) if you need help drafting a contractual lien clause or enforcing a lien.



Customs and trade specialist Hunt & Hunt Lawyers have joined with Freight & Trade Alliance (FTA) to offer customs brokers and forwarders a set of trading documents that provides the best legal protection.

For the one off payment of \$825 (incl GST) FTA members will receive:

- A clear, concise and legally robust set of trading terms and conditions designed specifically for customs brokers and forwarders
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- A template director's guarantee
- A letter of authority
- A template letter to use when providing the new terms to client
- A letter to you from Hunt & Hunt explaining how to use the pack of documents
- Updates to the documents due to legal developments until 2020

Importantly, all of the template documents have been designed to work together helping to ensure they are enforceable.

For more information and to order your full set of trading terms and conditions documentation, please contact Caroline Zalai at 02 9975 1878 or [czalai@FTAlliance.com.au](mailto:czalai@FTAlliance.com.au)



# What Can We Expect From The Government?

By THORUNN ARNADOTTIR, Employment Relations Adviser, Employsure

The 2019 Federal election has returned a Coalition government, with Scott Morrison staying on as Prime Minister with a slim majority. Yet as we've seen in recent times, Governments trying to legislate with small a small majority often have to make compromises to deliver its core election promises.

Having said that, we can assume that another three years of Coalition government will mean a political agenda that favours business owners and employers.

Based on the pledges made during the campaign trail, here's just some of the things we might expect from the new Government.

## VET and Training

In their Budget, delivered before the election, the Coalition pencilled in over \$500m (over five years) towards vocational education and training reform. Another \$20b has been earmarked for universities.

Specifically, the National Skills Commission will be established to develop a national approach to skills shortages and training. Skills Organisations, that will address to remedy key areas of concern, and Training Hubs, designed to benefit high-employment regional areas, will also be set up.

The government will also throw an additional \$4,000 incentive at employers when hiring a new apprentice.

## Energy

The election saw a strong tension over energy policy; namely the sources and affordability of power, and energy policies' interactions with climate change.

On paper, the Coalition government is looking at balancing the need for affordable electricity with demands for adaptation of cleaner energy technology.

According to the budget papers, \$80m will be put toward helping businesses (as well as the wider community) "lower

their power bills by helping them better understand their energy consumption and invest in more energy efficient appliances".

They will also put \$3.5b in a 'Climate Solutions' program that they say will "reduce emissions while maintaining focus on lower energy prices for Australians".

## Greater Certainty Around Casual Workers

Recently, there's been much debate and conversation around the nature of casual work, and applicable entitlements to casual workers. Much of the concern stemmed from a Federal Court decision in *Workpac vs Skene* which allowed casual workers who were deemed permanent due to the nature of their engagement, to potentially claim both casual loading as well as leave entitlements usually reserved for permanent employees.

To counteract the decision, a new rule had been introduced into the Fair Work Regulations 2009 allowing employers in certain circumstances to claim that an employee's casual loading payments should offset any claims for entitlements, such as annual leave.

With the return of a Coalition Government it's possible that we will get greater certainty around casual workers and entitlements.

## Business & Workplace

The budget delivered tax relief for SMEs with turnovers below \$50m, with the tax rate dropping from 27.5% to 25% by 2022. They are also bringing forward planned increases to the unincorporated small business tax discount rate (rising from 8% to 16%).

The instant asset write-off has also, until June 2020, been upped to \$30,000. This benefit has also been extended to businesses with a turnover of \$50m, up from \$10m.

A dedicated 'Small Business Taxation Division' under the Administrative Appeals

Tribunal will be created to help resolve tax disputes quicker for SMEs, along with a slew of dedicated officers placed in various government departments (eg the Australian Small Business and Family Enterprise) to specifically help small businesses.

The election of a new Government can often bring about new changes and programs that affect workplaces and operations in different ways. For workplace relations matters, it's always best to get professional advice to support you to make sure you're compliant, while maximising any new opportunities.

## About Employsure

Emloysure is the largest provider of employment relations and workplace health and safety services in Australia, servicing more than 20,000 clients nationally.

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

Emloysure currently also support many FTA members with tailored solutions for Fair Work compliance including unique workplace documents, a proactive approach to workplace disputes and insurance services. For a referral to Employsure or testimonials from other FTA members, please email [info@FTAlliance.com.au](mailto:info@FTAlliance.com.au) or visit [www.emloysure.com.au](http://www.emloysure.com.au)



# Global Foreign Exchange Markets

By PAUL BETTANY, Collinson FX

## Introduction

Markets have undergone an extremely volatile period since our last article in the Autumn edition of 'Across Borders'. Global equity markets crashed in the final quarter of 2018 due to higher interest rates, debt concerns and looming trade wars. The Federal Reserve had embarked on a hawkish monetary policy program, which led to rising interest rates, putting pressure on investment and global equity markets. Global share markets crashed and President Trump called the Federal Reserve Chair Powell out! The Chairman buckled and slammed monetary policy into neutral, calling for a 'patient' approach to monetary policy. The dominant macro issue has been the accelerating trade war between the US and China and the impact that is having on global growth and the existing supply chain.

## Global Share Markets

The massive unwind in global equity markets was triggered by the rise in interest rates. The dual impact of rising interest rates, was the cost of investment capital and offering alternative investment opportunities. This hit economic growth prospects directly and global share markets. The Fed realised their mistake and quickly retreated from their aggressive interest rate tightening policy. Jerome Powell embraced a neutral stance and described the need for a patient approach to monetary policy. This did the trick, with equity markets roaring back, while global Central Banks followed the Fed's lead and adopted more 'dovish' monetary policy.

President Trump was in the media castigating the Federal Reserve Chairman, blaming him for the upheaval in global equity markets, forcing the

issue and resulting in a capitulation. A combination of this Presidential pressure and the disintegrating share markets forced his hand. Bond yields have been heading steadily lower, although the inversion of the yield curve, may suggest a testing economic cycle to come? The reversal in monetary policy allowed a strong rebound in equity markets.

## Currencies, Central Banks and Trade

The US Dollar has continued to enjoy market favour through a combination of risk appetite and the booming domestic economy. The cut in interest rates has seen bond yields crash, providing a massive stimulus to the economy. The inflow of capital has boosted the economy, despite lower yields, while Europe and Asian markets wallow in benign growth. The EU has been unable to shake off the GFC and continued to build massive debt and deficit spending, restricting potential economic recovery and growth. The Brexit crises continues to destabilise Britain and the European Union. The currencies reflect these issues, with the EUR falling back to 1.1100, while the GBP has slipped to 1.2600. The slow motion Brexit train wreck drags on, impacting the whole European economic zone, destabilising the ruling political parties. The EU elections have resulted in a massive rise in the populist/nationalist parties, which are forcing the ruling parties to reconsider their move towards globalism.

The dominant macro issue has been the escalating US/China trade war. It had appeared that an agreement would be within reach earlier in the year, but the Chinese have decided to up the ante and dig in for the long game. Trump has raised tariffs on \$200 Billion in Chinese exports, from 10% to 25%, while promising tariffs on the remaining \$300 Billion. The Chinese retaliated,

in kind, accelerating pressures. Trump has attacked the Chinese electronics/communications giant, Huawei, restricting the supply of components and software, while warning of security risks of adopting their 5G network. The Chinese have responded with threats of restrictions on 'rare earth resources', of which they have a big percent of global supply. This looks to be headed for an extended battle, although the G20 may surprise, but that will not be the end of global trade wars. President Trump has promised to press for further, more balanced agreements, with Europe and Japan threatening further upheaval.

The trade wars have had a severe impact on trade exposed, commodity economies and the associated currencies. The AUD has fallen back to 0.6900 and looks extremely vulnerable to these trade wars and the impact on global growth and demand. On the positive side the Liberal/National Government was re-elected in a shock result, contradicting three years of opinion polls. The more conservative management of the economy has seen a post-election surge in economic sentiment and confidence. The depressed housing and construction sector is leading the way.

The RBA has followed the Federal Reserve and adopted a dovish stance on monetary policy, recognising the global and domestic risks. The RBA avoided cutting interest rates in their last meeting, as it was on the doorstep of the Federal election, but have indicated they will consider a cut in their next meeting. This has added to the downward momentum of the local currency, which is looking very vulnerable and technically challenged. Trade remains a key ingredient in this mix.



## The AUD/USD

Published on TradingView.com, June 07, 2019 00:18:11 EST

FX:AUDUSD, D 0.69711 ▼ -0.00051 (-0.07%) O:0.69762 H:0.69824 L:0.69708 C:0.69711



**Market Risks** The biggest challenge facing Australian markets and indeed global markets, is the global trade wars and the impact that will have on global growth and the existing supply chain. The longer this trade war continues, the more upheaval it will cause. The Chinese existing supply chain will start

to shift, with replacement low-cost economies, moving in to replace exiting Chinese suppliers. Europe is in political disarray, after the EU elections and the ongoing train wreck that is Brexit. The G20 at the end of June may bring some developments, as it is a great opportunity for world leaders, to come

face to face. The US Dollar has become more and more attractive and added further downside pressures on the AUD. The volatile nature of these currency risks, means it is essential to carefully forecast foreign currency cash flows and mitigate exchange risks through existing hedging instruments.

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# WHEN DISASTER STRIKES, BE READY TO STRIKE BACK

## How business succession planning can help soften the blow of a personal disaster

By JAMES COTIS, Principal, Logical Insurance Brokers



As shareholders of SMEs, we often like to think of what can go right. We spend our days planning for success, often forgetting that disaster might very well be around the corner.

Operational, logistical, or management issues can often arise but what happens if you are the one that disaster strikes? Or if the other shareholders of your company are dealt an unexpected unfortunate blow? Are you prepared?

Have you carefully thought about and answered these tough but important questions?

1. If one of your shareholders died or suffered a serious illness or injury, could the business cover the loss of revenue and goodwill, and repay the debts of the business?
2. If your business partner died, would you be willing to go into business with their

executor/estate/surviving spouse?

3. If your business partner died or is unable to work due to a serious illness or injury, could you buy their share of the business?
4. What would you do if you'd provided a personal guarantee for a business loan or lease, and then became injured or ill and could no longer contribute to the business?
5. How would you or your family obtain value from your share of the business if you died or had to leave the business due to a serious illness or injury?

Have you got a game plan for how the ownership of the business will be transferred should one of you die, become disabled or suffer a serious illness and need to leave the business?

If you wait until it is too late, there is the potential for harmful effects to be felt by the business and the individuals involved, leading to disagreements, distractions and

disruptions between the shareholder(s) and estate(s).

It is important to be strategic and ready.

It is important to have a **Business Succession Plan**.

### **BUSINESS SUCCESSION PLANNING: HOW TO DO IT**

Business succession planning is a formal process that enables the principal(s) of the business to develop preferred exit options whilst they are still in a position of control. As part of that process, the principals of the business should carefully consider the following:

1. Legal agreements
2. Life insurance policies
3. Insurance policy ownership structure
4. Taxation implications

#### **1. Legal Agreements**

The most frequently used legal agreement is called a **Buy/Sell Agreement** which stipulates what must happen to a departing shareholder's interest in the business, should a trigger event occur.

A Buy/Sell Agreement can be structured to give the remaining shareholders the legal right to their interest in the business for a specified amount. The agreement may also give the departing shareholder (or their beneficiaries) the right to sell their interest in the business to the other shareholders (or another interested party) should one of the trigger events occur. The purchase can be funded by life insurance policies taken out on the lives of each shareholder/principal.

Legal advice will be required to draft a Buy/Sell Agreement to ensure it is appropriate



for the business, the shareholders and the outcomes they would like to achieve. A sometimes-missed aspect is that the Buy/Sell Agreement should consider each of the principals' wills and other estate planning documents. The wills may require amendment to align with the Buy/Sell Agreement.

There are several Buy/Sell Agreements which can be used, but generally two types are prevalent:

#### *i. Mandatory Agreements*

Mandatory agreements refer to where relevant parties must agree to buy and sell the business interest if certain trigger events occur.

#### *ii. Put and Call options*

Put and Call options refer to where the departing shareholder (or their estate) can exercise the put option (their right to sell), so the remaining principals can purchase the interest in the business. Alternatively, the remaining shareholders can exercise the call option (their right to purchase) so the departing shareholder (or their estate) must sell the interest in the business.

Put and Call options offer more flexibility because if both parties decide not to exercise their put and call options, the sale of the business does not have to occur. However, if either party exercises their option, the transfer of ownership must occur.

### **2. Life Insurance policies**

Consideration should also be given to arranging appropriate life insurance policies on the lives of each shareholder which will provide the surviving shareholders the funding to acquire the departing shareholder's value of the business.

### **3. Insurance policy ownership structure**

Business Succession Insurance (BSI) is an integral part of any SME succession planning. BSI allows for the efficient and fair realisation of equity between owners/shareholders of a business if one shareholder/principal dies or needs to leave the business due to serious illness or disablement.

Insurance solutions can be designed to ensure the equity a shareholder owns within the business can be transferred to their family upon death, or that the shareholder receives an amount equal to their shareholding should they need to leave the business due to suffering disablement or serious illness.

There are several ways insurance policies

can be owned, including:

- Self-owned by each business principal
- Cross-owned by the business principals on each of the principal's lives
- Owned within a trust
- Owned by the company
- Held within superannuation

Each ownership structure presents advantages and disadvantages which need to be analysed and considered by each business to determine suitability and the best outcomes.

### **4. Taxation implications**

The activation of a Buy/Sell Agreement means that a sale of shares will occur, which may trigger taxation implications. Generally, consideration must be given as to whether Capital Gains Tax (CGT) and/or Goods and Services Tax (GST) will apply to the sale. Therefore, it is important to review potential taxation implications with an appropriately qualified accountant when initially structuring life insurance sums insured. This is to determine if additional cover is required to allow for taxation payments.

Where the sale involves a small business, Capital Gains Tax concessions may be available, so it is important to understand this aspect to determine if these valuable concessions are accessible.

### **LIVE CASE STUDY**

*Note: All names of persons and businesses have been changed for this case study.*

Fred, George and Peter are all equal shareholders of a logistics business called Fabulous Freight Forwarders Pty Ltd, which was valued at \$6 million, making each one third shareholding worth \$2 million.

Fred, George and Peter have decided that if any of them leave the business due to their inability to work in the business - such as suffering a serious illness or disability - they expect to receive an amount equal to the value of their shareholdings. Should they die, they would like their spouse/estate to receive the same amount. They have all also agreed that they do not wish for any of their spouses to become a partner in the business, with the remaining shareholders to absorb the departing shareholder's equity.

Logical assisted Fred, George and Peter in developing a comprehensive and effective strategic plan to address this business risk. The strategic planning included assessment, strategy formulation, strategy

execution and on-going management. Their accountant assisted with confirming the business valuation, helped to determine tax implications and ensure that any available tax concessions can be utilised.

Logical also assisted them to engage an appropriately skilled lawyer to review their circumstances, which included their wills. It was decided that a Buy/Sell Agreement: Put and Call option was the most suitable for their situation. The trigger events included: death; total and permanent disability (TPD) and critical illness.

In collaboration with Logical, their lawyer and accountant, it was determined that Self-Owned policies were suitable, and a sum insured of \$2 million for each was required. Logical gathered relevant information, including medical and financial, from Fred George and Peter and researched the life insurance market. Logical provided a report to each of them which considered insurance policy features, benefits and premiums to assist them select the most appropriate policy for their requirements. Logical then assisted them apply and successfully complete their insurance arrangements.

The outcome is that Fabulous Freight Forwarders Pty Ltd now has a well-defined exit plan, providing the best possible position for a smooth ownership transition should disaster befall any of the shareholders, leaving the remaining shareholders to focus on growing the company's profits into the future.

Fred, George and Peter were relieved that they had removed a key risk from their business.

**In the next edition of Across Borders Magazine, we will consider business stabilisation issues and how the use of Key Person insurance can assist.**

#### **Who we are**

James and the team at Logical Financial Management Australia Pty Ltd (ABN: 23 103 168 305) provide specialist risk management, insurance and financial planning 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 careful business succession planning can help protect the value of your business, please feel free to contact James on 02 9328-3322, email [jamesc@FTAlliance.com.au](mailto:jamesc@FTAlliance.com.au) or visit the Logical Financial Management website at [www.logicalfinancial.com.au](http://www.logicalfinancial.com.au).

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# Out and About with WISTA Australia

## Western Australia

In June WISTA Australia's WA Chapter held an educational and networking breakfast at Fremantle Ports with guest speaker Dr Justin McDonald, Principal Scientist and Manager of the Aquatic Pest Biosecurity section, Department of Primary Industries and Regional Development.



*Dr Justin McDonald (WA Department of Primary Industries and Regional Development) with WISTA WA committee members Ella Cahtarevic (MSC) and Ainslie de Vos*



*WISTA WA Committee member Leigh-Smith-Knox (Fremantle Ports) with Helen Elliott and Christine Eyres*



*Monica Choi and Evangeline Yeo at the WISTA WA breakfast*

## Queensland



*In April WISTA Queensland launched in Far North Queensland with events in Cairns and Townsville. Engaging discussions focused on supporting women in the industry, regional issues and promoting agricultural exports and trade through Cairns and Townsville ports.*



*WISTA Queensland held its flagship event in February at the Emporium Hotel, South Bank. Lisa Lockland-Bell, professional vocal coach, speaker and mentor presented an inspiring workshop on using your vocal image to influence, connect and speak in all situations. The workshop was followed by drinks, refreshments and networking*



## Victoria



*WISTA Victoria celebrating International Women's Day 2019!*



*In May WISTA Victoria had the unique opportunity to get behind the scenes for a guided tour of the AWH Pty Ltd Brooklyn Wool Selling Centre and learn why AWH is one of the leading warehousing and logistics company's in Australia. Everyone loved the tour and seeing the scale of their operations*

## New South Wales



*In March WISTA NSW attended the Lighthouse Lecture Series: Ports and Shipping Policy in Australia in the 21st Century where we were able to hear from industry leaders on the impact of port privatization, implications for Australia with the shift towards larger vessels to achieve cost efficiencies, automation and the changing skills required into the future and opportunities and barriers for expanding port capacities.*



*In May WISTA NSW enjoyed a vessel tour with Maersk Line at Patrick Terminals, Port Botany.*



*In March WISTA Victoria hosted Leanne Lewis, CEO Insync Personnel at a breakfast forum.*

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# Supporting women in the meat industry



The Australian Meat industry Council (AMIC) is committed to actively supporting women in the meat industry, both by encouraging women to join the sector and by supporting women already working within the industry. In January, AMIC joined forces with the international women's networking organisation Meat Business Women (MBW), and launched the first Australian MBW event in April.

The partnership between MBW and AMIC involves the two organisations working together to develop the image of the meat industry, support women working in all roles within the meat supply chain and encouraging new female entrants into the sector. MBW has also recently announced partnerships with Beef + Lamb New Zealand and The International Meat Secretariat.

The sell out inaugural Australian event brought together women from across the meat supply chain, including processors, wholesalers, retailers and smallgoods manufacturers. Organisations said the event represented the start of a revolution in the sector.



The event was opened by Victorian Agriculture Minister Jaclyn Symes, who told the 200 guests from across the meat supply chain that women in the industry are not merely shaping the agenda, but setting it.

Organiser Stacey McKenna, Industry Research, Standards and Capability Manager with AMIC, says the event highlighted not only a great desire among women to build their careers in the sector and foster opportunity for others, but also showed there are clear barriers.

"The atmosphere at this event is difficult to describe. The women who participated



– and the men too – were incredibly passionate. This has been a long time coming. We had a pretty big waiting list of people who wanted to join us but couldn't get tickets," Stacey says.

"The real takeaways are that women want meaningful careers in this industry. And they want to help other women find careers in this industry. But it's not always that easy. Unsurprisingly, many talked about the challenges of coming back after maternity leave, or finding support to either move up the career ladder or do jobs traditionally done by men."

Over several facilitated workshop sessions, the conference identified some ways the sector could attract more women, from primary school curriculum change to considering boardroom quotas to ensure female voices at the board table.

"There's no shortage of ideas and no shortage of drive to make things happen," Stacey says.

Speaker Dalene Wray, CEO of OBE Organic, summed up the collaborative mood at the event, telling the audience: "Success awaits you. We've got your back."

The Australian meat sector is a \$22 billion industry which supports 150,000 direct and indirect jobs and is Australia's seventh biggest export earner. The next Australian Meat Business Women event is scheduled for Brisbane in October.

For more about the inaugural event and future Australian events visit [www.amic.org.au](http://www.amic.org.au)

For information on MBW head to [meatbusinesswomen.org](http://meatbusinesswomen.org)



INSPIRE · NETWORK · GROW



# 2019 Women In Logistics Forum

Wednesday 21 August 2019

**Novotel Hotel,  
Sydney International  
Airport, Wolli Creek  
12.00pm to 4.30pm**

**Freight & Trade Alliance (FTA),  
the Australian Peak Shippers' Association (APSA)  
and Women's International Shipping & Trading  
Association (WISTA) look forward to hosting the  
2019 Women In Logistics Forum.**

Be inspired with presentations from government and leading female  
role models within the supply chain.

Due to popular demand Diana Tapp - World Class Teams, CEO  
will present on "Leading Change"

**FTA/APSA & MEMBERS \$88.00 and NON-MEMBERS \$110.00**  
(WISTA members contact Caroline at [czalai@FTAlliance.com.au](mailto:czalai@FTAlliance.com.au))

We look forward to seeing you at this annual forum with champagne buffet networking lunch on arrival.  
A great opportunity to spend time with industry colleagues, recognise your female staff or an  
opportunity to host clients.

**To purchase tickets go to [www.FTAlliance.com.au/UpcomingEvents](http://www.FTAlliance.com.au/UpcomingEvents) or contact  
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# Far from 'set and forget', free trade deals get even better over time

By the Department of Foreign Affairs and Trade

A new free trade agreement (FTA) entering into force is guaranteed to attract the interest of the business community.

A flurry of activity takes place as exporters, importers and investors prepare to take advantage of the wide-ranging, substantial and often immediate gains the FTA will deliver.

In the case of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), for instance, Australia's goods exporters benefited from two tariff reductions in quick succession soon after entry into force of the Agreement.

It is only natural that the initial gains get the most attention, not least because of the so-called 'head-turning effect' FTAs bring with them, through an increased focus on the trading relationship with our FTA partner.

## FTAs are 'living' agreements

Far from a set-and-forget approach after an agreement enters into force, FTAs can evolve to offer more trade and investment advantages over time. For instance, they sometimes deliver 'staged' tariff cuts that take place at specified points in time, often years into the future.

They can also adapt to new circumstances through 'most favoured nation' (MFN) provisions that capture improvements in the FTA partner's domestic business environment. For example, the CPTPP contains a built-in MFN review mechanism to capture future market reforms in services sectors, delivering openings in one market to all CPTPP parties.

Plus, Australia's FTAs sometimes include future work agendas and formal review provisions that bring together partner countries to examine ways in which to build on initial outcomes.

The 1983 Australia–New Zealand Closer Economic Relations Trade Agreement

(known as ANZCERTA or the CER Agreement) is one of the world's most open free trade agreements.

It is Australia's oldest and one of the most comprehensive bilateral FTAs in existence according to the World Trade Organization. Its 36 year run sheet of activity highlights how the agreement has expanded and deepened over time, making the Australia–New Zealand economic partnership among the most integrated and open in the world.

In January 1989, just six years after its entry into force, a Trade in Services Protocol brought services into the ANZCERTA. This meant most services could be traded free of restrictions across the Tasman.

On 1 July 1990, all goods trade between Australia and New Zealand that met ANZCERTA Rules of Origin criteria became free of duty and quantitative import restrictions.

In 2013, a Protocol on Investment entered into force, giving investors in both countries the benefit of lower compliance costs, higher screening thresholds and greater legal certainty.

And when most of ANZCERTA's trade goals had been met, Australia and New Zealand shifted focus to working on 'third generation' trade facilitation issues and the benefits of a Single Economic Market (SEM).

A SEM aims to enable business, consumers and investors to conduct operations in a seamless regulatory environment. The SEM is also now starting to consider 'over the horizon' issues including cyber and emerging technology such as artificial intelligence.

## Time to modernise

Australia's FTA with Singapore (SAFTA), our second-oldest, is another example of an FTA providing greater benefits to business over time. SAFTA entered into force on 28 July 2003.

SAFTA has been reviewed three times, in 2004, 2009 and 2015, and following

the signing of the Australia–Singapore Comprehensive Strategic Partnership in 2015, we worked to substantially modernise this FTA.

The updates that came into force on 1 December 2017 included improvements to SAFTA's rules of origin, to simplify administration and reduce compliance costs.

Service providers also gained new market access, bringing even more benefits to Australian business in the region, and creating opportunities for Australians living in Singapore.

The harmonisation of Foreign Investment Review Board screening thresholds consistent with the approach taken in Australia's FTAs with China, Japan and Korea reduced red tape for Singaporean investors into Australia, promoting greater inwards investment from one of our top ranking sources of investment.

And to show just how beneficial the review process can be, in some 'behind-the-border' areas, the 2017 update went beyond what Singapore had previously offered to any other trading partner.

## How you can be engaged

Ongoing engagement with the business community helps to ensure the Government represents the interests of Australia in reviews intended to build on the benefits of our existing FTAs.

The Government encourages businesses to help us identify commercially significant impediments to increasing trade and investment in, and with, FTA partner countries and regions.

In addition, the Government has launched an Action Plan to help Australian businesses tackle non-tariff barriers and a new website that provides access to a government non-tariff barrier reporting feature for Australian businesses.

For more information and to get in touch, please go to [www.dfat.gov.au](http://www.dfat.gov.au) and <https://tradebarriers.dfat.gov.au/>

# MODERN SLAVERY REPORTING REQUIREMENT

The Commonwealth Modern Slavery Act 2018 (MSA) entered into force on 1 January 2019. The MSA has established a national Modern Slavery Reporting Requirement.

NOTE: Modern slavery is an umbrella term used to describe human trafficking, slavery and slavery-like practices, such as forced labour and forced marriage.

The Modern Slavery Reporting Requirement (reporting requirement) aims to support Australian businesses to respond to modern slavery and increase information available to consumers and investors by providing a practical, risk-based framework for transparency. Reporting entities are required to publish annual Modern Slavery Statements detailing their actions to address modern slavery. This will increase business awareness of modern slavery, reduce modern slavery risks in Australian goods and services, and drive a business 'race to the top' to improve workplace standards and practices. The Australian Government undertook a comprehensive national consultation process to develop the reporting requirement, including 16 consultation roundtables with over 170 participants, 99 written submissions and over 100 direct meetings with key stakeholders.

Key features of the reporting requirement include:

- Application to a broad range of entities to ensure a level playing field. This includes foreign entities carrying on a business in Australia.
- Coverage of the Australian Government which will lead by example by publishing an annual consolidated statement covering Commonwealth procurement. Commonwealth corporations and Commonwealth companies will publish separate Modern Slavery Statements if they meet the revenue threshold.
- Reporting on all modern slavery practices criminalised under Commonwealth law, including slavery, trafficking in persons, servitude, forced labour and forced marriage. Entities will also need to report on the worst forms of child labour.
- A Government-run, public central repository to ensure all Modern Slavery Statements are easily accessible. Reporting entities will need to publish Modern Slavery Statements within six months from the end of their financial year.
- Mandatory reporting criteria to provide certainty for business and ensure high-quality Modern Slavery Statements. These criteria require reporting entities to provide information about: their structure, operations and supply chains; potential modern slavery risks; actions taken to assess and address these risks; and how they assess the effectiveness of their actions.
- A reporting threshold of \$100 million annual consolidated revenue. This threshold covers approximately 3,000 entities.
- Support and assistance for reporting entities through a dedicated Business Engagement Unit in the Department of Home Affairs. The Unit will also promote best-practice, administer the central repository and undertake awareness-raising and training.
- Clear and comprehensive guidance for business about the reporting requirement and their obligations.
- Commitment to a review of the reporting requirement and its effectiveness three years after it takes effect to ensure it remains appropriate for the Australian context.

## What needs to be in a Modern Slavery statement?



Identify reporting entity/ies.



Describe actions to address risks



Describe structure, operations and supply chains.



Describe how effectiveness assessed



Describe risks of modern slavery in global operations and supply chains



Consultation with subsidiaries



Any other relevant information

## FURTHER DETAILS

### WEBINAR RECORDING

Alexander Coward (Assistant Director Modern Slavery Business Engagement Unit, Trade Modernisation and Industry Engagement Branch - Infrastructure, Transport Security and Customs Group Department of Home Affairs) delivered a webinar to Freight & Trade Alliance (FTA) members examining compliance requirements in terms of Modern Slavery Act 2018.

To listen to the recording, please register at <https://register.gotowebinar.com/register/7220897878554176513>

### CONTACT DETAILS

For further information please contact [slavery.consultations@homeaffairs.gov.au](mailto:slavery.consultations@homeaffairs.gov.au)



# Border and Biosecurity – Spring 2019 Update

By ANDREW CRAWFORD – Head of Border & Biosecurity, FTA

## A new Ministry

On the political scene, the announcement of the second Morrison ministry provides us with the opportunity to progress our advocacy on key reforms through engagement with the new incoming Minister for Agriculture, Senator the Hon Bridget McKenzie and Assistant Minister for Customs, Mr Jason Wood MP.

While the next election is now a distant three years away, it was a privilege to meet the Hon Anthony Albanese MP on Monday 27 May 2019, just two hours after an un-contested leadership ballot to become Australia's opposition leader.

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

### Compliance focus

As members will be aware, Freight & Trade Alliance (FTA) and the Australian

Peak Shippers Association (APSA) are represented at a number of consultative forums chaired by the ABF and DoHA.

While we are restricted in what detail can be released prior to receipt of official minutes from the ABF and DoHA, we can advise that the following are key focus areas:

- the Australian Dumping Commission and related compliance activity;
- obligations on licensed customs brokers, particularly in response to CP Questions;
- export date for valuation purposes;
- maturation certificates (Brazilian Rum and Indian Whisky);
- tobacco import changes effective 1 July 2019;
- Free Trade Agreements;
- delivery address on import declarations; and

- Tariff Advices when a matter is before the Court

As a general observation, the ABF compliance focus appears to have shifted to trade enforcement and the detection of criminality. The red line team will focus on asbestos, permits, CP Questions, economic harm (anti-dumping) and sanctioned exports.

The post import team will focus on excise equivalent goods, parallel imports (cider), aluminium extrusions, hollow structural sections, TCOs, non-inclusion of price related costs, misuse of pro forma invoices and dumping duty on steel pallet racking.

In the next 12 months there will 4 international projects – ATA carnets, transshipment of dumping commodities, the alcohol industry and intellectual property rights.

We will keep members up to date via our various electronic media, webinars and face to-face events including our popular CPD & CBC – Border and Biosecurity Compliance Program.

## NCBLAC Industry Representatives

On 4 February 2019, Freight & Trade Alliance (FTA) received correspondence from the Assistant Secretary, Trusted Trader & Trade Services Trade and Customs Division requesting nominations for industry representatives to join the National Customs Brokers Licensing Advisory Committee (NCBLAC).

Following the receipt of this correspondence, Paul Zalai (FTA Director) and I had the privilege to meet with the NCBLAC committee comprising Professor Robin Creyke (Independent Chair), Ernie Dean (Industry representative) and Steve Moore (Government Representative).



Andrew Crawford (FTA), Clive Thomas (Founder and CEO of CT Freight - Australia's leading airfreight exporter by volume), the Hon Anthony Albanese and Paul Zalai (FTA).



NOTE - while not at the meeting, the deputy industry representative at the time was John Skevington.

The discussions reinforced our view for a need for succession planning of the industry member role to best ensure consistency and to maintain best practice of the committee's activities.

To that end, FTA endorsed maintaining the existing industry representatives (as nominated by the CBFA) for a 12 month transition period.

We formally advised the Assistant Secretary that early next year we will look to put forward a suitable nomination for the deputy industry representative role to commence in July 2020.

In response, FTA received formal advice on 1 April 2019 confirming that John Skevington will be the new NCBLAC industry representative with Ernie Dean taking on the deputy role – effective 1 July 2019.

Paul and I hold both industry representatives in the highest regard and look forward to close ongoing engagement with the committee.

Should any FTA member have an interest in a longer term involvement and nomination as an industry representative on NCBLAC, please make contact with me at [acrawford@FTAlliance.com.au](mailto:acrawford@FTAlliance.com.au)

### CPD and CBC Compliance

We have been advised that several customs brokers have been referred to NCBLAC who will ask them to explain why they failed to meet their Continuing Professional Development (CPD) requirements. In line with Sec 183CGC Customs Act 1901, individuals face a potential penalty of 60 penalty units (\$12,600) and / or licence revocation.

The NCBLAC government representative stated that this non-compliance is the result of an audit of CPD records provided by accredited providers (including FTA). Licensed customs brokers are reminded that during each CPD period, a minimum of 30 CPD points must be attained with a maximum of 12 points in Stream B counting towards this total. While courses can be repeated, it is essential to note that CPD points only count once for a course completed within each period.

The above serves as a timely reminder that the Department of Agriculture and Water Resources also complete similar audits of training records to ensure compliance with Continued Biosecurity Competency (CBC) requirements.

CBC is a mandatory requirement for importers and licensed customs brokers to maintain accreditation to the 19.1. Non-commodity for Containerised Cargo Clearance (NCCC) and the 19.2. Automatic Entry Processing for Commodities (AEPCOMM) Approved Arrangements.

### Australian Trusted Trader

As of 28 June 2019, Australian Trusted Trader importers will no longer be required to obtain or present origin certification documents, such as a Certificate of Origin (CoO) or Declaration of Origin (DoO), in order to claim preferential rates of duty under certain free trade agreements (FTAs).

This provision applies for the:

- Australia-Chile Free Trade Agreement (Division 1F of Part VIII of the Customs Act 1901)
- Japan-Australia Economic Partnership Agreement (Division 1K of Part VIII of the Customs Act 1901)
- Korea-Australia Free Trade Agreement (Division 1J of Part VIII of the Customs Act 1901)
- Malaysia-Australia Free Trade Agreement (Division 1H of Part VIII of the Customs Act 1901)
- Singapore-Australia Free Trade Agreement (Division 1B and 1BA Part VIII of the Customs Act 1901)
- Thailand-Australia Free Trade Agreement (Division 1D of Part VIII of the Customs Act 1901).

Trusted Trader importers will still be required to keep evidence (generally for a period of at least five years from the day of importation) that imported goods comply with the relevant rules of origin and present this if asked.

It is important to note this waiver does not apply to exports made by Trusted Traders to parties to these Free Trade Agreements, however, we understand that the Department of Home Affairs will be seeking reciprocal CoO benefits.

We encourage members to familiarise themselves with the full details as outlined in the Department of Home Affairs Notice No 2019/23, refer to [www.abf.gov.au/trustedtrader](http://www.abf.gov.au/trustedtrader) or email [trustedtrader@homeaffairs.gov.au](mailto:trustedtrader@homeaffairs.gov.au).

## Department of Agriculture and Water Resources

### Inspector-General of Biosecurity Report

We sincerely appreciate the opportunity that was given to us to meet and present our formal submission to the Inspector-General of Biosecurity as a part of an independent review of BMSB measures.

We note with interest that 14 recommendations have come from Dr Helen Scott-Orr's report and support the conclusion as outlined in the Biosecurity Review Report no. 2018-19/06.

In early June 2019, FTA received the following correspondence Inspector-General of Biosecurity Dr Helen Scott-Orr:

"This is to inform you that last week I released two review reports, on Brown marmorated stink bug (BMSB) risk management in Australia and on Pest and disease interceptions and incursions in Australia. These reports and media releases about them can be found at <http://igb.gov.au/Pages/current-completed-reviews.html> These reports were completed by late April but were unable to be released during the Australian Government's caretaker period before the election.

In my BMSB review I found that efforts by the Department of Agriculture and Water Resources to keep BMSB out in 2018-19 stretched Australia's border biosecurity system close to breaking point and had severe impacts on sections of the shipping and importing industries. Delays and extra costs in cargo ship unloading and cargo release from biosecurity control were significant but unavoidable due to the need to deal with large numbers of arriving BMSB. I also noted that volumes of cargo requiring BMSB intervention in 2019-20 are likely to increase by at least 15 per cent. Departmental resources were and are inadequate to meet this challenge without diverting resources from other important biosecurity functions.

In my Interceptions review I summarised the screening and verification systems used at the border to intercept pests and disease-containing biosecurity risk material, and the volumes and types of interceptions and incursions detected between 2012 and 2017. While existing departmental biosecurity measures are preventing many pest and disease incursions, further strategic investment in people and systems, with surge capacity to handle emergencies while maintaining ongoing business, is urgently required."



## Brown Marmorated Stink Bug (BMSB)

As the 2018/2019 season draws to a close and following the release of the Inspector-General of Biosecurity report, the focus for FTA is well and truly on what lies ahead!

At the time of writing this article, there is much discussion around the next season's procedures commencing 1 September 2019.

As we understand it, the department will conduct a post season review with a focus on:

- historical data of BMSB detections and contaminations;
- historical data of arriving volumes of cargo and commodities;
- an analysis and understanding of the BMSB pest spread of across Europe;
- goods with BMSB detections that are considered a reasonable risk for measures to be applied; and
- last season's measures and lessons learned.

That said and in close consultation with the department, we can expect the following to form the basis of policy for the 2019/2020 season;

- the number of countries is expected to significantly increase from 9 to 32 countries plus heightened vessel surveillance for Japan;
- all general cargo and roll-on roll-off vessels will be subject to heightened vessel surveillance;

- preference remaining for offshore treatment where possible;
- closer alliance with New Zealand on acceptable treatments, temperatures, time frames and the like;
- maintaining existing mandatory treatment options for target risk goods;
- target high risk goods and target risk goods will not change – note: other goods that do not fall into these categories are not subject to the BMSB seasonal measures;
- break bulk consignments will require mandatory treatment of target high risk goods including open top or flat rack – note: untreated shipments will be denied discharge and will be directed for export;
- certain goods and supply chains to be recognised under “Safeguarding Arrangements”;
- containerised goods shipped as LCL and FAK will be managed at container level;
- master consolidators will need to provide 5 business day advance notice to the department around the following categories to reduce delays:
  - 1) the container has been treated offshore;
  - 2) the container will be treated on shore;
  - 3) the container does not contain any target high risk goods (with supporting documentation);
  - 4) nominate to move to an Approved Arrangement site pending further information;

- in terms of FAK/LCL hubbing arrangements we understand that originating goods from a target high risk country with target high risk goods will fall in scope for mandatory treatment – note: other non-risk goods held in DC in a non BMSB country like Singapore for example and packed into an LCL/FAK will fall outside scope – unless packed in a container with high risk goods;
- random onshore verification inspections will remain part of the department's compliance monitoring strategy;
- compliance will be paramount with an enhanced regime; and
- industry should not expect any exemptions to apply – note: the only known exceptions refer to government emergency services.

For full details on the 2019-20 BMSB seasonal measures, the department recommends you visit their site [www.agriculture.gov.au/bmsb](http://www.agriculture.gov.au/bmsb)

Question scan be sent to the following email address [spp@agriculture.gov.au](mailto:spp@agriculture.gov.au)

## Safeguarding Arrangements

In my opinion, this is one of the most significant development in many years and one that we, at FTA, passionately advocated for!

Whilst the finalised policy, detail and application process is still under consideration, FTA will continue to monitor and update members accordingly.

If this is to be adopted within the business community, then the delays, costs and impost on our members should reduce dramatically.

To support this initiative, FTA are looking to provide consultancy assistance to our members and their clientele.

Please contact me direct at [acrawford@FTAlliance.com.au](mailto:acrawford@FTAlliance.com.au) or 0414 423 007 if you would like more information about this opportunity to be at the forefront of this reform activity.

## 2025 and Beyond

The trial of initial programs under this initiative concluded last year.

The department engaged Miles Morgan, a well credentialled consultancy firm, to undertake an independent evaluation of the pilot.

The evaluation concluded that the anticipated benefits were not achieved through the pilot and recommended that



it not be extended in its current form. The department remains committed to maintaining the momentum generated through this pilot and will work with industry participants and FTA to explore how they can improve the effectiveness and efficiency of the biosecurity system.

In a similar manner to what we want to achieve with the Safeguarding Arrangements, we will continue to advocate for these types of initiatives and will keep members duly informed on any associated outcomes.

### Imported Food Industry Roundtable Session – 5 June 2019.

The roundtable table was an opportunity for Government and industry work through the current pain points but more importantly look at the future to identify and build on opportunities. There were presentations and workshops that focused on improved communications, legislation and current initiatives, what you need to know about importing food, Biosecurity Operations Division and departmental Imported Foods Inspection.

I highly recommend that members consider the following two key points:

**1. Common causes of assessment delays** - if members can ensure these are in order, then inspections and releases will be facilitated far more efficiently.

- Documents failing to meet MINIMUM DOCUMENT POLICY REQUIREMENTS
- Lodge documentation as EARLY as possible prior to arrival
- Missing or incorrect LOT CODES and LOT CODE list (required under min docs policy)
- Clearly identify lines and numerically link each line in the entry to each type of food on the commercial documentation
- Laboratory nomination must be in place with an appointed analyst
- Nominate an approved arrangement inspection location (regardless of expected assessment outcome)

### 2. Food Import Clearance Agreement (FICA)

- Food importers may enter into a Food Import Compliance Agreement, known as a FICA, with the department under the Imported Food Control Act 1992.
- Many food importers have documented food management systems

for sourcing and importing food. Under a FICA these systems may be recognised, offering an alternative to the routine inspection and testing of food products under the Imported Food Inspection Scheme (IFIS).

- Food products imported under a FICA **are not subject to potential delay and costs associated with inspection and testing under the IFIS.**
- Instead, food products imported under a FICA are handled by the importer's food management system which is audited by the department.
- Compliant importers are audited on an annual basis with the audit frequency dependent upon previous audit performance.
- This has the potential for Food Importers to manage their own processes and move out of the shipment by shipment model

I would encourage all members to look at the departments website for additional information at [www.agriculture.gov.au/fica](http://www.agriculture.gov.au/fica) or contact: FICA Contact Officer Imported Food section Phone: 1800 900 090



## Sec 77G Depot Compliance

Recommended training for Section 77G Depot employees

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

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

**PAY & ENROL ONLINE**

**\$99.00** per enrolment  
Price includes GST

**3 CPD Points**

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Freight & Trade Alliance, 68 Brooker Avenue, Beacon Hill, NSW 2100. ABN 59 160 523 384







## Update - biosecurity cost recovery and levy

By PAUL ZALAI, Director FTA

Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) will escalate advocacy in an aim to control spiralling costs effecting importers, exporters and intermediary service providers across sea and airfreight, including the imposition of surcharges by terminal operators and via border / biosecurity cost recovery fees and levies.

In terms of Biosecurity, FTA / APSA note the findings of the recent Australian National Audit Office (ANAO) report and look forward to ongoing engagement with the department and industry colleagues to achieve best practice reforms via the Department of Agriculture Cargo Consultative Committee (DCCC).

### Issuance of 2019-20 approved arrangement annual levy

As members will recall, FTA advocated for cost recovery reforms since the 2017 introduction of the blanket \$2900 approved arrangement fee as administered by the Department of Agriculture & Water Resources.

A significantly improved outcome was achieved last year in the form of a reduction in the annual levy to \$500. We are pleased to advise that this rate has again been maintained for the 2019 /20 period - a complete list of fees is available at <http://www.agriculture.gov.au/import/arrival/arrangements/applying#fees>

The department now intends to issue the 2019-20 approved arrangement annual levy in early July 2019.

As noted on the department's website, your nominated email on your finance account will receive a statement every few weeks. However, you can now send statements and invoices to your nominated email at any time. To do this:

1. Go to [online.agriculture.gov.au/payments/faces/home](http://online.agriculture.gov.au/payments/faces/home) and select payment enquiry
2. Enter your account or invoice number and select check status
3. Select email current statement/invoice.

If you need to update your contact details for receiving invoices, please email

[AccountsReceivableHelpdesk@agriculture.gov.au](mailto:AccountsReceivableHelpdesk@agriculture.gov.au)

### COMMENTARY

FTA will continue to advocate for a long-term reform of a further reduction in the annual fee for the operators of broker class 19.1 and 19.2 approved arrangements with full cost recovery on a per entry basis. Importantly, if achieved, this will assist supply chain participants in effectively passing on cost recovery fees to importers at a net rate as charged by department.

### Update on the Biosecurity Import Levy

The Federal Government announced in the 2018-19 Budget "a levy on imports by sea to invest in a stronger, fit-for-purpose biosecurity system, to commence on 1 July 2019."

The Government stated that the levy, estimated to raise \$325 million over three years, would "contribute to onshore surveillance, diagnostic, data analytics, research and adoption of new technology to help us detect, identify and respond to exotic pest and diseases earlier and ensure we can move people and goods into Australia safely and more efficiently."

It is important to note that this levy will be administered above and beyond the existing cost recovery arrangements. Like all taxes, it is likely that this will require legislative backing.

Following the 2 April 2019 Federal budget, the 1 July start date for the imposition of the new Biosecurity Imports Levy was officially deferred to 1 September 2019.

The Ministerial appointed Biosecurity Levy Steering Committee (comprising the following members) have since reviewed submissions to its Discussion Paper and have provided a formal report to the re-elected Morrison government.

- Mr David Trebeck - independent chair
- Paul Zalai, Freight & Trade Alliance
- Margie Thomson, Cement Industry Federation
- Mike Gallacher, Ports Australia
- Rod Nairn AM, Shipping Australia
- Brian Lovell, Australian Federation of International Forwarders
- Tony Mahar, National Farmers' Federation
- Michael Sousa, Qube Holdings
- Peter Gniel, Australian Institute of Petroleum
- Joel Katz, Cruise Lines International Association Australasia

### COMMENTARY

Following the receipt of the report, the quantum and collection mechanism will be subject to a cabinet discussion/ decision, legislative drafting and Parliamentary debate (including the potential of a Senate inquiry). There will also be a need to assess the scope of systems' changes to collect the levy.

It is important to note that the above factors may have an adverse impact on achieving the 1 September target date.



# Industry partners play a vital role in the fight against BMSB

By LYN O'CONNELL, Deputy Secretary, Department of Agriculture

Australia's enviable pest and disease free status is no accident. Thanks to our strict biosecurity controls, we remain free from many of the world's worst pests and diseases.

Over the last year, we have worked with industry and other stakeholders to manage the seasonal risk of Brown marmorated stink bugs (BMSB), as well as the risk of imported porcine products and meat goods in response to the global spread of African Swine Fever.

This disease is not present in Australia and an outbreak here could devastate pig health and production compromising our access to international markets.

These measures have resulted in the seizure or surrender of over 22,000 pork products in the last six months. When we tested samples of the products, 46 tested positive for African Swine Fever and two for foot and mouth disease.

We continue to monitor pathways for African Swine Fever (as well as BMSB and other pests and diseases) and have increased communications and awareness raising with vet associations, importers, travellers, airlines, postal services, tourist group operators, and online sellers.

The surge in declarations by arriving passengers alone suggests our communication activities are working.

We are also progressing a range of other activities that demonstrate our strategic investment and commitment to innovative practices and new technologies to reduce the risk of exotic pests and diseases reaching our shores.

## 2019-20 BMSB Season

Following a series of information sessions and targeted workshops with

our logistics and importer industry partners, we have released the final measures to manage the risk of BMSB during the upcoming 2019–20 season. This season will run from 1 September 2019 to 31 May 2020.

For the 2019–20 BMSB risk season, measures will apply to certain goods manufactured in, or shipped from, target risk countries, and/or vessels that berth at, load or tranship from target risk countries.

Most importantly, in response to the rapid expansion of this pest throughout Europe and North America, the target risk countries will increase to 33 for the 2019–20 season from 10 last season.

Target high risk and risk goods that were in scope for the 2018–19 season are expected to remain unchanged. These goods will be subject to increased onshore inspections to verify the presence of the bug. Any roll-on roll-off vessel that tranships or loads from the target risk countries will be subject to heightened vessel surveillance and mandatory seasonal pest inspection.

The final seasonal measures are available at: [agriculture.gov.au/bmsb](http://agriculture.gov.au/bmsb).

On behalf of the department, I would like to thank FTA members for their participation in these events and continuing engagement in the development of seasonal measures to manage the risk of BMSB.

“ On behalf of the department, I would like to thank FTA members for their participation in these events and continuing engagement in the development of seasonal measures to manage the risk of BMSB. ”





*3D X-ray trials*

## **New biosecurity video for Approved Arrangement operators**

Given the focus on the upcoming BMSB season, it is timely that we have released a video to raise awareness of pests and diseases that may be present at cargo terminals.

You can view the video at [https://www.youtube.com/watch?v=GeJHZY\\_LJ2Y&feature=youtu.be](https://www.youtube.com/watch?v=GeJHZY_LJ2Y&feature=youtu.be).

Many members of our importing community enter into approved arrangements to manage biosecurity risk on behalf of the department. If you work on a site with an approved arrangement, make sure you look for and report suspected pests and diseases.

Keep an eye out for pests that hitchhike their way into Australia on imported goods, shipping containers and machinery.

The video explains what to look for on sites, what to do next and how to report suspected risks.

If you see suspected something on a site, make sure you report it. Phone the department immediately on 1800 798 636 or visit [agriculture.gov.au/pests-diseases-weeds/report](http://agriculture.gov.au/pests-diseases-weeds/report).

## **3D X-ray trials - a biosecurity world first**

We are trialling the use of 3D X ray technology to improve screening rates

and develop the auto-detection algorithms to identify biosecurity risk material at the border. Put simply, algorithms are specific instructions and rules that tell a computer what to do and what to look for. While they exist for explosives and other material, they have never been adapted for biosecurity purposes making this a world first.

In November 2018 a Rapiscan RTT 110 3D X-ray unit was installed in the passenger baggage area of Melbourne Airport. The unit produces high resolution three-dimensional images in real time, which allows biosecurity officers to rotate and slice the images different ways for more accurate and faster screening.

The trial had early success with the 3D capability detecting a significantly higher rate of risk material compared to our existing 2D X-ray units.

On 12 April 2019, after months of amassing an extensive image library of biosecurity risk items, the first biosecurity auto-detection algorithm was deployed. Within hours the algorithm detected a banana, an apple and mangosteens in passenger baggage.

Further algorithms are being developed and refined to help us target high risk threats such as meat products and seeds.

Across the Tasman, New Zealand has installed an identical unit at Auckland Airport and is working with us to develop

the image library and algorithms under the Trans Tasman Biosecurity Risk Detection Technologies Cooperation Agreement.

Following the success of the airport trials, we have installed a second unit at an Australia Post International Gateway Facility to trial the technology to screen mail and parcels.

## **Container Management Challenge**

Through the Australian Government's Business Research and Innovation Initiative, we have sought ideas to enhance the way we prevent, detect and manage hitchhiking pests on or in shipping containers.

Under a two-step process, small to medium businesses were able to submit proposals to meet this challenge. Successful applicants can qualify for grants of up to \$100,000 to further develop ideas and test feasibility over three months, and a further grant of up to \$1 million to develop a prototype or proof of concept over the following eighteen months.

The department received many interesting proposals around the use of sensor imaging and scanning technology, drones, artificial intelligence and machine learning. Some proposals focused on treatment alternatives and automated container washing.

Announcements will be made shortly on the successful applicants who will progress to the feasibility stage.

It is great to have opportunities like this to draw upon the expertise and creativity of businesses to improve our biosecurity system. There is also scope for the above solutions to be modified for other uses in the future.



# TO APPROVED ARRANGEMENT OR NOT TO APPROVED ARRANGEMENT

By ANDREW CHRISTIE, Director, Andrew Christie Consulting

Over the last 6 months, I have been fielding more and more calls from industry inquiring about becoming an Approved Arrangement (AA) for the upcoming Brown Marmorated Stink Bug (BMSB) season.

Many of my clients believe that the establishment of an AA is the solution to avoiding container detention charges and storage costs, however before any premise enters into such arrangements, it is worth a thorough and balanced look at the benefits and challenges.

In order to do this, it is imperative to understand your primary goal. Are you looking to try and minimise the costs to your clients during the BMSB season? Or are you looking at year-round process to service current and potential clients? These questions are more easily answered for some clients than others, however what is common in all these conversations is the hope to avoid "The headaches I had last year!!"

There are a vast number of arrangements for

which facilities can apply, however for the purposes of managing BMSB consignments the most requested is a 4.6 methyl bromide fumigation arrangement. This allows the facility to take delivery of BMSB containers and treat these containers utilising an accredited fumigator (12.1 approval).

Whilst this may sound straight forward, a 4.6 Approved Arrangement is only one step on the journey to BMSB clearance. Certainly, this approval will allow you to treat BMSB containers, however, what happens when the container requires a follow up inspection to verify the treatment or the goods require biosecurity inspection? The 4.6 arrangement is insufficient in these circumstances, additional arrangements are required and which ones exactly, are dependent on the commodities being imported.

Entering into multiple arrangements requires an intrinsic look at your business. What commodities do you facilitate that require an inspection? Is your business growing? Are

you hoping to attract new clients that need biosecurity inspection? Ensuring that you are applying for the correct arrangements upfront, and with ample time (noting the AA process can take up to 90 days, post lodgement, to complete) will save you time and money in the long run.

As a biosecurity facilitation specialist, I can guide you through your approved arrangement options and processes. It is important to note that there are ramifications for constant additions to your arrangements. Each time you apply for a new category your facility is reaudited which means the audit rate of your facility starts again.

Advice from me to you:

1. Think about your business and match the Approved Arrangements to your business needs.
2. If you are going to fumigate, ensure you can engage an accredited 12.1 fumigator, because if you can't, your approval will be useless.
3. Check with your landlord as you might be restricted from applying for certain arrangements because of your lease agreement.
4. Check with your local council as you may also be restricted by which environmental functions are permitted or not permitted.

## Do you need assistance with...

### Biosecurity

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

### Piece level Screening

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

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



**Phone:** 0409 447 987

[andrew@andrewchristieconsulting.com.au](mailto:andrew@andrewchristieconsulting.com.au)

**[andrewchristieconsulting.com.au](http://andrewchristieconsulting.com.au)**



# Boosting supply chain biosecurity in NSW

NSW Department of Primary Industries is leading a new research project that will make it easier for the freight and logistics sector to support growth in our agricultural export markets.

Workers along the supply chain are in a unique position to spot any pest or diseases arriving into Australia in freight and cargo. The project aims to equip these workers with tools to identify and report any pests they detect.

Around 65 per cent of Australia's agricultural production is exported and the value of these exports in 2018-2019 is forecast to be \$45 billion. Access to overseas markets depends on our 'clean, green' reputation and our pest and disease-free status.

"Workers in the transport and logistics sector represent a critical line of defence," said NSW Department of Primary Industries Research Leader, Dr Nicole Schembri.



Nicole Schembri, Peri Urban Program Coordinator, Customer Service and Engagement, Department of Primary Industries - Biosecurity and Food Safety



"And they can play a substantial role in protecting one of our biggest export industries."

The first part of the project involves research to understand the level of biosecurity awareness, values and behaviours amongst workers along the supply chain. This work is underway and will continue through mid 2019, with interviews with freight, trucking, transport and logistics companies helping to form a whole of industry picture.

The second stage of the project will see the production of a biosecurity toolkit, based on research findings, that will make it easier for operators to incorporate biosecurity into their business operations.

An example of the important role industry can play in biosecurity is the detection of Brown marmorated stink bug in a Glendenning warehouse in 2017. The bug was detected in a consignment of freight from Italy, sparking an eradication campaign that included 4,500 hours in staff time, the inspection of almost 2,000 traps and 300 hectares of bushland, industrial areas and homes. The Brown marmorated stink bug is not found in

Australia and presents a significant threat to plant and horticultural industries.

"Obviously eradication efforts like this require significant resources. Catching pests and diseases early, before they spread, means we use less resources to eradicate new pests and diseases and we can focus more effort on research, development and increasing productivity," Dr Schembri said.

NSW DPI has responsibility for working with industries, businesses and communities to prevent and detect biosecurity threats such as diseases, pests and weeds from the point where consignments leave the ports (post border).

The project is being undertaken by the NSW Department of Primary Industries with funding from Plant Biosecurity Science Foundation.

Anyone wishing to find out more or to be a part of the research can visit <https://www.dpi.nsw.gov.au/biosecurity/community-engagement-and-education/understanding-the-freight-and-logistics-sector>



# New import requirements to align with international emissions standards

By AMANDA MORVELL, Assistant Director, Climate Change Division,  
Department of the Environment & Energy

It's not surprising that air quality plays a pivotal role in the lives of Australians; we all breathe the air around us. While Australia's air quality is generally good by international standards, even short-term exposure to air pollution can cause significant health problems. According to the OECD, poor air quality is one of the biggest environmental causes of premature death across the globe, overtaking poor sanitation and a lack of clean drinking water.

That's why it's so important to ensure we all play our part in reducing the amount of harmful pollution generated through human activity. One way we can protect human health and the environment is to stop high-emitting products from entering Australia. This is where Australia's new product emissions standards are helping.

## Australia's new product emissions standards

We now have emissions standards for outdoor power equipment and marine engines, bringing us into line with international standards.

The standards apply to new spark-ignition engines used in outdoor power equipment such as lawn mowers, generators and whipper snippers; and marine vessels such as outboard engines, personal watercraft and stern-drive engines. By regulating the import, supply and manufacture of high-emitting products, we are ensuring that less pollutants enter the air.

Emissions-controlled products with engines that have been certified to standards by one of the following international authorities will meet the Australian standards: the United States Environment Protection Authority, European Union (Stage 2 and Stage 5), Environment and Climate Change Canada and Californian Air Resources Board.

However, not all products are affected by the standards. Second-hand products and diesel products are exempt. Importers can apply for an exemption if the product meets certain criteria.

## How are imports regulated?

Since July 2018, importers have been required to ensure that imported products are certified as meeting the Australian standards and are correctly labelled, or have an exemption from meeting the standards. From 1 July 2020, retailers must ensure that any products they supply also meet these requirements. This phase-in approach gives industry time to transition to compliant products.

When importing emissions-controlled products through the Integrated Cargo System, a community protection question will be triggered. This will require a certification or exemption number to be entered.

Although it is the responsibility of the importer to provide the correct certification numbers, customs brokers also need to be aware of their client's obligations under the legislation.

## Complying with the Act

Targeted post-border compliance activities are underway to ensure importers are meeting their obligations. These focus on reviewing import data for any discrepancies.

So far industry has been supportive of the new measures, with very high compliance for imports. A guide is available to help importers understand their obligations at [environment.gov.au/protection/publications/pes-guide-to-customs-brokers](http://environment.gov.au/protection/publications/pes-guide-to-customs-brokers)

Since 1 July 2018, a levy has applied to

new products imported into Australia or supplied by local manufacturers which goes towards the administration of the standards. This is calculated on the information entered into the integrated cargo system, and is set at 0.45 per cent of the value of the product.

Importers that are liable to pay the levy have been notified and will receive a detailed levy notice early in the new financial year.

If you are unsure how the emissions standards apply to your or your client's business, contact the Department of the Environment and Energy on 1800 803 772 or visit [environment.gov.au/emissions-standards](http://environment.gov.au/emissions-standards)

“Although it is the responsibility of the importer to provide the correct certification numbers, customs brokers also need to be aware of their client's obligations under the legislation.”





# BorderWise: Navigate the complex world of border compliance

Millions of consignments cross Australia's borders every year and all must satisfy border compliance in an environment that demands speed and accuracy.

In Australia there are over 30 government departments with a requirement at the border, in addition to the Australian Border Force, and serious penalties are issued for non-compliance including duty short-payment.

Given the fast-changing world of global commerce, businesses and professionals must make complex decisions and increase throughput faster than ever before, to avoid delays at the border and meet customer expectations amid complicated border requirements.

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

### Everything you need in one window:

Complex information is at your fingertips with a smart search engine, helping you navigate quickly, easily and with confidence in a single window view.

BorderWise helps save time and money, providing real-time updates to legislation, notices and alerts from government authorities. This ensures professionals are up to date and informed of requirements and changes.

It is the next-generation of border compliance, featuring a comprehensive, integrated suite of legal books including the full breath of World Customs Organization Harmonized System publications, tariff-classification tools and alerts such as tariff precedents, Dumping, Munitions and Dual Use goods, prohibited import and export goods, Community Protection requirements and more.

### Global roll-out continues:

BorderWise already offers the Harmonized Tariff Schedule and comprehensive technical library for numerous countries. Keep a look out for the continued expansion of the global libraries with South Africa, Canada and Mexico coming soon.

BorderWise is the leading product with trade professionals such as customs brokers and compilers, consultants and lawyers,

importers and exporters, and the Australian Border Force.

It provides efficiencies in advance of border transactions, assisting with many complex areas such as determining the correct Harmonized Commodity Code to declare the correct general rate of duty and/or dumping duty.

It also gives you visibility of Free Trade Agreements to claim reduced duty rates, the specific Rules of Origin and when a Certificate of Origin or Declaration of Origin is required. You can do all your due diligence checks before you import or export to reduce risk, meet compliance and avoid penalties.

### Stand-alone and Customs software integration:

BorderWise is powered by WiseTech Global, a leading developer and provider of software solutions to the logistics execution industry globally. BorderWise can be used as a stand-alone product or as an integrated part of WiseTech Global's flagship product, CargoWise One.

### BorderWise editions:

BorderWise is an online subscription with three editions to choose from to suit your needs –Single Window, Single Window Plus Pro Pack and Global Entries – featuring thousands of trade related legal books, documents and resources.

### FTA members offer:

Many FTA members have taken up our special BorderWise offer, benefiting from WiseTech's global expansion and commitment to continually innovate and build the best trade ecosystems for global logistics. For more details on this special offer, visit [FTAlliance.com.au](http://FTAlliance.com.au).

Don't risk fines, costly delays or your reputation. Let BorderWise navigate the complex world of border compliance for you.



Special Offer for  
FTA Members:  
**Access  
BorderWise\***  
now for **FREE!**

## Avoid costly penalties with BorderWise real-time compliance

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

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

Visit [www.borderwise.com](http://www.borderwise.com) to learn more about this comprehensive tool.



# Australian Trusted Traders are shaping the future of our trade environment

By the Department of Home Affairs.

One of the many exclusive benefits of the Australian Trusted Trader program is the opportunity to network with likeminded Australian businesses to shape and simplify customs processes to your advantage. With over 400 Trusted Traders participating in this voluntary program, the future of our trade environment is in good hands.

Trusted Traders receive the benefit of a 'seat at the table' to Department of Home Affairs (Home Affairs) and Australian Border Force (ABF) events throughout the calendar year. This valuable advantage also allows businesses to engage directly with senior executives from Home Affairs and ABF as well as other Australian businesses and various industries.

Australian Trusted Trader accreditation is a mark of distinction and sets businesses apart from the rest. Once accredited you can display the Australian Trusted Trader logo, which signals that your business has been independently assessed and accredited against World Customs Organization standards.

As a Trusted Trader, you can access many benefits saving your business time and money and have an influence on the trade environment of the future. The program is free to join.

Your 'seat at the table' benefit will include an exclusive invitation to:

- participate in pilots for new trade initiatives that will further modernise how goods move across the Australian border.
- participate in Industry Advisory Group meetings where you will have the opportunity to propose new benefits.
- participate in the annual Symposium where you will meet and network with other

Trusted Traders and engage directly with senior levels of government.

Australian Trusted Trader is one of 77 Authorised Economic Operator programs globally and is part of a risk-based approach to how supply chain security is managed.

Service providers are reporting an enhanced reputation with their clients, giving them a competitive edge. As an accredited Trusted Trader, businesses also have exclusive access to an ABF account manager for advice and assistance with issues relating to border clearance.

Customs brokers and freight forwarders are also recognising the benefits for their

clients and are facilitating an introduction for their clients to learn about and apply for Australian Trusted Trader accreditation. This value adding is another way service providers are contributing to supply chain security and compliant trade practices.

### How to apply

We have saved you a seat at the table. You can apply to be a part of this internationally recognised program with a simple online application by visiting [www.abf.gov.au/trustedtrader](http://www.abf.gov.au/trustedtrader). You can also encourage your clients to join and realise the benefits for their business. Help is available with the application by emailing [trustedtrader@abf.gov.au](mailto:trustedtrader@abf.gov.au)



*More than 150 Trusted Traders enjoyed a 'seat at the table' with government during the Australian Trusted Trader (ATT) Symposium in Brisbane on 11 June 2019. The ATT program reduces red tape for accredited Trusted Traders at the border and expedites the flow of their cargo in and out of Australia. Additional benefits were announced at this year's Symposium including the Origin Waiver benefit, a Mutual Recognition Arrangement (MRA) with Singapore and an MRA with Taiwan.*





Australian Government

AUSTRALIAN  
TRUSTED TRADER

# Shaping the future of trade

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

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

**Join and get your clients to talk to us today.**

**[WWW.ABF.GOV.AU/TRUSTEDTRADER](http://WWW.ABF.GOV.AU/TRUSTEDTRADER)**



## Can you or your clients afford to not join?

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

Björn Johansson

Managing Director of Kuehne + Nagel Australia

# Where did I come from – The importance and difficulty of determining country of origin

By RUSSELL WIESE, Principal, Hunt & Hunt Lawyers



Every import and export declaration requires the importer/exporter to nominate the country of origin of the exported good. While sometimes this information may only be for statistical purposes, it can also determine the duty rate and in some cases, whether or not an import or export is prohibited. Despite the importance of the origin of the goods, there is no easy or uniform test to guide traders, and their services providers, in making origin claims.

## When to make an origin claim

### When is an origin claim required

Part of the difficulty with assessing origin results from the different reasons that a claim as to origin is required. An origin claim may be required for import purposes to assess security and biosecurity risks. An origin claim may also be tied to customs or dumping duty rates. For these reasons, whenever a good is being imported or exported, an

origin claim is required on the import declaration.

Origin claims may also be required to be made on the actual good or their packaging. The *Commerce (Trade Descriptions) Act 1905* (Commerce Act) and associated regulations sets out which goods must contain a country of origin marking.

Goods that require an origin marking include food, electrical products, textiles, toys, china or porcelain kitchenware, most goods clad in leather, fibre, vulcanite or plastic and anything that is imported in a pre-packaged form.

### Voluntary claims

Goods produced in Australia and some imported goods will not require an origin claim. Of course, this does not prevent a producer or retailer from making a voluntary origin claim. Voluntary claims will sometimes go beyond the basic “made in” claim, to make claims about particular regions or the quality of the ingredients. For instance, “Made in Normandy from the finest French ingredients”.

The key rule regarding voluntary claims is that they must not be misleading or deceptive (see below).

## Risks of not making a claim or making a false claim

### False claims

Regardless of whether an origin claim is made in an import declaration, on packaging, a website or in advertising it must be accurate. In respect of Customs documents, section 243U of the Customs Act 1901 (Customs Act) imposes penalties for the making of false statements to the Australian Border Force (ABF), regardless of whether the statement has a customs duty impact. Section 243T of the Customs Act will apply where the false statement results in an underpayment of duty.

The Commerce Act makes it an offence to import or export goods that bear a false trade description. An example would be importing Chinese made ugg boots that falsely carry the claim “Australian Made”.

The penalties are serious. In addition to fines, the ABF can seize goods that either don’t have the required trade description or contain a false trade description. The legislation does allow the Australian Border Force (ABF) to permit re-labelling if it considered the non-compliance was accidental. However, even if this is permitted, re-labelling in Australia is likely to be very expensive and in some cases, not commercially viable.

### Other risks of making a false origin claim

Whether it is an imported or Australian sourced good, false claims as to origin may be deemed to be false or misleading conduct under the Australian Consumer Law. The Australian Competition and Consumer Commission (ACCC) is very aggressive in imposing penalties in respect of false or misleading claims.

### Other unexpected outcomes include:

- the importation of a prohibited import. Examples are military goods from many countries including Russia and textiles and seafood from North Korea. Given both Russia and North Korea share a border with China, it is important to be aware of this risk when importing goods from China,
- under illegal logging laws the due diligence requirements can be met in different ways for countries with a country specific guideline. However, if origin is incorrectly assessed, the risk of importing illegally log timbers or related products will greatly increase;
- treatment may be required for biosecurity purposes that would not have been required if the claimed origin was correct. This treatment may ruin the commercial purpose of the goods or at the very least, be costly and slow the supply chain,
- the application of prohibitive dumping duties.

### How to determine origin

The origin of the goods is required for a variety of purposes. Unfortunately, the origin test for one purpose may not be a good guide as to whether an origin claim is satisfied for another purpose.

### The low hanging fruit that was grown in Australia

Let's start with the easiest products, the low hanging fruit. Origin is easy to determine for goods that are grown, extracted from or produced in a particular country from 100% originating goods. For instance, fruit and vegetable will almost always originate from the country in which the product was grown.

There are always exceptions, for example, is a chicken hatched in Australia an Australian originating bird if the egg was laid in New Zealand. Leaving aside jet setting eggs, most issues only arise in respect of manufactured goods that are not made exclusively from products from a particular country. Of course, with today's modern supply chains, most manufactured goods contain imports from more than one country.

### Free trade agreements

Trade is usually associated with a business, and an issue is bound to become important to a business once it has a monetary impact. The country of origin of the goods is likely to get the attention of your client if they understand that origin may be the difference between 5% customs duty or duty free entry under a free trade agreement (FTA). This duty

impact may be much greater for exports from Australia.

Each free trade agreement has rules for determining which goods will be counted as originating in Australia or the other countries the subject of the FTA. Under FTAs the common rules are based on the value of the finished good attributable to the FTA countries or a change in tariff classification rule, which compares the tariff classification of the imported components to the tariff classification of the finished goods.

However, this is where the generalities end. In respect of value content rules you see variances around the minimum level of local content required, whether any particular goods are excluded from the assessment and whether the you are assessing a percentage of the cost of materials or the FOB value of the goods.

In respect of the change in tariff classification rule the variances tend to be around the level of change required and whether any particular changes are excluded. For instance, some FTAs will allow Australian originating wine to be made from imported grapes whereas the agreement with Japan specifically prevents wine qualifying where the grapes are imported.

As FTAs have a policy goal of liberating trade between two countries, they are usually not a good general guide as to making origin claims for other purposes (not even for the purpose of other FTAs).

### Safe harbours for the purpose of the ACCC and the Commerce Act

The Australian Consumer Law sets out certain safe harbours that if satisfied, constitute a defence to any claim that a false or misleading claim as to origin has been made or an incorrect claim as to origin under the Commerce Act. For a "made in" claim, the safe harbour will be satisfied where a good underwent its last substantial transformation in a country. Goods are substantially transformed in a country if the goods are grown in or produced in that country, or if as a result of processing in that country, the goods are fundamentally different in identity, nature or essential character from all of their imported ingredients or components.

This might sound like a relatively easy test to satisfy, but the reality is more difficult. The test does not merely require a change, but rather a "fundamental difference". This was demonstrated recently in a Federal Court case concerning fish oil and vitamin D capsules. The manufacturer made claims that the capsules were made in Australia in circumstances where the

fish oil, vitamin D and gel to make the capsules was imported. In Australia, the gel was processed to produce the capsule substance. The fish oil and vitamin D then underwent a process of being encapsulated. The fish oil and vitamin would realistically only be ingested if placed in a capsule or made palatable in some other way.

The Court held that while the imported gel underwent a substantial transformation, the fish oil and vitamin D was not different in substance from their imported form. The Court reasoned that what was imported was fish oil and vitamin D and what was sold in Australia was fish oil and vitamin D in capsules.

In applying the test, the Court noted how difficult it was to apply a test that compared imported components to an assembled or processed end product.

It can be expected that if a product is marketed by reference to a key component (such as fish oil) that actual component must be made in the country the subject of the origin claim.

### Steps to take

False origin claims on imported and exported goods represent a significant risk for both traders and customs brokers. The potential risks justify a level of due diligence. What information are you basing the origin claim on? The country of export may be a starting point, but it is not sufficient to justify an origin claim. This will particularly be the case for goods where origin has a significant duty or security impact. In these circumstances, transshipment of goods with the intention to hide the true origin should be anticipated.

For major suppliers, the Australian importer should be organising an inspection of the manufacturing facility. Where the size and risk of the order does not justify a factory visit, it is still recommended that you obtain assurance (preferably contractual warranties) from the supplier as to the country of origin of the goods.

Each product, country and supply chain will present its own challenges. The first step is to be aware of the risks and start inquiries as to origin. It is not sufficient to turn a blind eye to this issue and hope that it does not become a compliance focus for the ABF. The ABF's sudden and strict enforcement of asbestos laws demonstrated past non-enforcement of the law is no justification for importer non-compliance with the law.





# New Australian tobacco import laws from 1 July 2019

By the Department of Home Affairs

Tackling illicit tobacco remains a top priority for the Australian Government. We are investing significant resources in targeting organised crime groups involved in the trade of illicit tobacco.

In the 2018-19 Budget the Government announced a set of measures to combat the illicit tobacco trade, including the establishment of a new Illicit Tobacco Taskforce and tobacco permit and duty measures.

## How this affects the tobacco industry

From 1 July this year, **tobacco importers will be required to pay all duties and applicable taxes** at the time tobacco is imported into Australia. From this date, the option to move imported tobacco into a licensed warehouse will no longer be available. This also means that it will no longer be possible for duty to be paid on tobacco products on a weekly or monthly basis in accordance with permissions granted under section 69 of the *Customs Act 1901*. Any such permissions that are in force prior to 1 July 2019 will have no effect after 30 June 2019.

Special arrangements will apply to tobacco products that are still in excise warehouses licensed by the Australian Taxation Office on 1 July 2019.

Owners of these tobacco products will be required to enter them into the domestic market on that date and pay the outstanding duties. Arrangements may be available, provided a security is provided, to pay the outstanding duty over the following 12 months. Owners of tobacco products who do neither of these things may have their tobacco products disposed of.

Movement permissions that allow the movement of tobacco products to or from warehouses will also cease on 1 July 2019. Movement permissions for duty free shops or warehouses exclusively used to supply aircrafts' stores or ships' stores will be reissued as required.

Duty free shops and warehouses that act as aircraft stores or ship stores licensed by the Department of Home Affairs may continue to sell tobacco products at a duty free price to eligible customers. New refund circumstances have been introduced that enable the original importer of tobacco products to apply for a refund of duties upon sale to a duty free shop, provedore or catering bond.

These measures aim to remove the risk of leakage from licensed customs warehouses to the black market, with leakages estimated to be the source of almost a quarter of the illicit tobacco market in Australia.

Collecting tobacco duties on importation will also make it harder for criminal groups to defraud the Commonwealth and Australian taxpayers. This measure will better protect Australian revenue, and secure the essential community services Australians rely on.

The Government is also introducing a **prohibited import control for tobacco** from 1 July 2019. From this date, a permit issued by the Department of Home Affairs will be required to



import certain tobacco products into Australia—this includes cigarettes, molasses tobacco and loose leaf tobacco. The new permit regime will not apply to specialty tobacco products including cigars, chewing tobacco and snuffs over 1.5 kilograms, and unmanufactured tobacco.

Regardless of the value of the imported tobacco products, the person receiving the tobacco will be liable to pay the duty, as well as Goods and Services Tax (GST) on the tobacco.



Tobacco retailers, the tobacco industry and freight forwarders will need to comply with the new legislation.

This measure will strengthen border controls by prohibiting the importation of tobacco without a permit or in contravention of permit conditions. It will also provide the Australian Border Force with new enforcement options to seize illicit tobacco and infringe importers of illicit tobacco.

#### **Individuals who import tobacco for personal use**

From 1 July 2019, importers will no longer be able to import prohibited

tobacco products through the mail system.

Travellers to Australia will not require a permit, however must declare all tobacco in their possession above the duty free allowance and pay all duty upon arrival. If a traveller brings in more than the duty free allowance for tobacco they will need to pay the duty on all of the tobacco, not just on the amount above the allowance.

For further information about the tobacco import permit and the duty measures, visit: [www.abf.gov.au/tobacco](http://www.abf.gov.au/tobacco)



## Sec 77G Depot Compliance

Recommended training for Section 77G Depot employees

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

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

For more information go to:

**[www.compliancenetfta.com.au](http://www.compliancenetfta.com.au)**

Call: 02 9957 1878 or email: [info@FTAlliance.com.au](mailto:info@FTAlliance.com.au)

**PAY & ENROL ONLINE**

**\$99.00** per enrolment

Price includes GST

**3 CPD Points**



Freight & Trade Alliance, 68 Brooker Avenue, Beacon Hill, NSW 2100. ABN 59 160 523 384



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# What's on... Calendar of events 2019



FTA and APSA are proud to host the following professional development forums, accredited compliance training and networking events.

Further details and to book your place please go to  
[www.FTAlliance.com.au/UpcomingEvents](http://www.FTAlliance.com.au/UpcomingEvents)

**12 - 14 August 2019**

## **Process Communication Model Training**

*3 days course (Maximum 14 people)*

SYDNEY – Boardroom Graphic Arts Club, Mascot

Introducing you to the world's premier tool that is based on Human Behaviour, so powerful it has been used by NASA and is applied today through many industries and social environments - The Process Communication Model® (PCM)

For further details contact Joyce Campbell on 0408 264500 or [info@nextleaptrainingsolutions.com](mailto:info@nextleaptrainingsolutions.com)

**16 August 2019**

## **Care-Factor 2019**

*(7.00pm to 11.30pm)*

SYDNEY – Doltone House, Hyde Park, Sydney

The Freight & Logistics Industry is holding its' own Charity Night. Come along and enjoy a great night of fun and support this year's charity, the Alannah & Madeline Foundation.

The key objectives of the foundation is to care for children who have experienced or witnessed serious violence, reduce the incidence of bullying, cyber bullying and other cyber risks, and, advocate for the safety and wellbeing of children.

Further details available & to purchase your ticket go to <https://care-factor.com.au>

**21 August 2019**

## **Women in Logistics Forum**

*(12.00pm to 4.30pm)*

SYDNEY – Novotel, Sydney International Airport

Networking champagne buffet lunch & key note presentations from My Therese Blank - Masersk Line, Australia Sales & Country Manager, Danielle Yannopoulos - Australian Border Force, Regional Commander NSW, Danielle Reid, Eclipse Couriers, General Manager and Diana Tapp - World Class Teams.

**4 September 2019**

## **Process Communication Model - "Key to Me Seminar"**

*1 day course (Maximum 30 people)*

SYDNEY – Mascot

For further details contact Joyce Campbell on 0408 254 500 or [info@nextleaptrainingsolutions.com](mailto:info@nextleaptrainingsolutions.com)

**16 to 19 September 2019**

## **2019 Global Shippers Forum**

INTERNATIONAL - Kings Place, London, UK

Hosted by Freight Transport Association United Kingdom

**14 November 2019**

## **Australian Shipping & Maritime Industry Awards**

MELBOURNE – Plaza Ballroom, Melbourne

Join your peers and recognise excellence within the freight, trade and logistics sector.

**21 November 2019**

## **World Class Teams - "Increasing Productivity & Profitability"**

*(4.00pm to 7.00pm)*

SYDNEY

Final topic of 2019 training series

**Tues, 26 November 2019**

## **World Class Teams - "Increasing Productivity & Profitability"**

*(4.00pm to 7.00pm)*

MELBOURNE

Final topic of 2019 training series

## **ONLINE TRAINING**

FTA and APSA offer practical training at [www.ComplianceNetFTA.com.au](http://www.ComplianceNetFTA.com.au) with resources and online assessment available at listed prices.

Members are offered unlimited Continuing Professional Development (CPD) and Continued Biosecurity Competency (CBC) training for \$150 (excl GST) per person per accreditation period (1 April to 31 March).

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

"KEEPING AUSTRALIA'S INTERNATIONAL TRADE MOVING"



Australian Peak Shippers  
Association Inc. (APSA)



# Charity Night 2019

Proudly Supporting



**Alannah & Madeline Foundation**

Keeping children safe from violence

Care-Factor Charity Night 2019 will be another great event full of entertainment, raffles and live auctions. This fun-filled evening brings the industry together to help make a difference for a great cause. We look forward to seeing you all there. Book early to avoid missing out.

**Book  
your  
tickets  
now!**

**Buy Tickets: [www.care-factor.com.au](http://www.care-factor.com.au)**

Venue: Doltone House, Hyde Park (Sydney)  
Date: Friday 16th Aug @ 7pm  
More Info: [lucy.boyce@olc.consulting](mailto:lucy.boyce@olc.consulting)  
or [shell@compliantcustoms.com.au](mailto:shell@compliantcustoms.com.au)  
Hosted by:



**OrangeLime Consulting**

