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## PORT OF MELBOURNE RENT HIKES SLAMMED

Mr John Mullen, head of Asciano, has declared that if the rent increases announced by the Port of Melbourne Corporation are to go ahead, Asciano will seek to “shrink our port footprint and move all of our non-container terminal activity inland”. He was speaking at the recent Australian Logistics Council Forum in Melbourne. Mr Mullen then went on to criticise the rationale used by state governments for what he regards as “artificially ramping up value” of ports to the detriment of the local economy. “The frenetic race by governments to realise short-term financial gain by selling critical assets like their ports, irrespective of the harm that artificially ramping-up value may cause to the state and the nation over the long term, is one of the key current issues facing Australia’s supply chain,” said Mr Mullen. “While higher rents, longer committed lease periods and entrenched monopoly positions for port authorities help generate maximum value from port asset sales, the resulting flow

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## INDUSTRY SUPPORTS TOUGH STANCE ON DUMPED ALUMINIUM

**Manufacturing Australia (MA), an alliance of some of Australia’s largest manufacturers, has welcomed the decision by the Anti-Dumping Commission (ADC) against PanAsia China that will see significant penalties imposed on the Chinese aluminium extrusions manufacturer and its associated distribution businesses in Australia. Executive Director, Ben Eade said the decision would help local manufacturers to compete on a level playing field with importers. “The Anti-Dumping Commissioner, Mr Dale Seymour, and Minister for Industry, Ian Macfarlane, are to be congratulated for taking a tough stance on the illegal practice of dumping,” Mr Eade said. “Without strong anti-dumping enforcement, Australian manufacturers have little recourse against illegal dumping, a practice that has led some manufacturers to the brink of closure.” MA member Capral Aluminium initiated the inquiry into PanAsia China in early 2014 on behalf of local extrusion manufacturers. The Chinese company is the largest exporter/importer of aluminium extrusions into Australia. Based on the findings of the ADC, the Minister imposed substantial dumping duties, totalling 57.6%, on all PanAsia China extrusion imports into Australia. Additional penalties in the form of back duties were also applied from the start of the investigation period.**

**Manufacturing Australia’s members include Allied Mills, BlueScope, Brickworks, Capral, Cement Australia, CSR, Incitec Pivot, Orora and Rheem.**

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through to costs becomes an additional tax on a state's importers and exporters to compete.". He added that, while he supports privatisation, the currently proposed "egregious" port rent increases need to be addressed to "minimize impact on the Victorian economy. Elsewhere in the world, if a port puts up its rental prices by 20% let alone 800%, it would go bankrupt," Mr Mullen asserted. And Mr Mullen argued that migration of volume from one port to another will become a real possibility on a significant scale, stating that 50,000 teu of freight volume from western NSW that currently ships via Melbourne can instead transit via Sydney. Sydney has the potential to develop as a deepwater hub where 500,000 to 600,000 teu per year can enter Australia and then be carried, via rail, to the city of Melbourne. The Australian Logistics Council (ALC), the peak industry body for freight logistics industry, has also expressed concern at the publicised rental increases at the Port of Melbourne. "If Melbourne is to maintain its claim of being Australia's freight and logistics capital, then the focus needs to be on the efficiency of the entire supply chain", said Michael Kilgariff, ALC Managing Director.

"Any proposed rental increase, particularly of this magnitude must be visible and transparent, and we are concerned that proposed new rents at the Port of Melbourne appear to be linked to rents allegedly paid by new entrants to the stevedore market."

## URGENT NEED TO ADDRESS VICTORIAN CONGESTION

"Congestion is forecast to cost the Victorian economy $6bn annually by 2020 unless we take steps to address it," Mr Donnellan stated, adding that there is a need to "ensure that responsibility for a whole-of-government approach is assigned to a single agency". Due to both Patrick and DP World indicating that there is potential to increase the container throughput at Swanson Dock to about 4m teu, the minister said that the number of truck visits to Swanson Dock could increase to around 12,000 per day. "What's needed is a major road project that will reduce truck use in the inner west, improve access to the Port of Melbourne and ease congestion on the West Gate Bridge," the minister said. Expressions of interest are being sought for the $40m first stage of the project. Shortlisted contractors will take part in a request-for-tenders process in May and the contract will be awarded mid-year, with construction beginning before the year's end.

Alongside work to build the West Gate Distributor, Mr Donnellan said work is well under way on the Port of Melbourne's Port Capacity Project. Its two key elements are expansion of Swanson Dock and the further development of Webb Dock.

## LEGISLATION TO IMPROVE ANTI-DUMPING PROCESS

A bill proposing amendments to the Customs Act 1901 has been introduced into the House of Representatives. The amendments are aimed at anti-dumping measures and affect, among other things, taxpayer submission deadlines, publication requirements on the part of the Commissioner and length of investigations. The amendments in the Bill include:

• a reduced period of 37 days within which information in response to the initiation of an anti-dumping investigation should be submitted (from 40 days)
• anti-dumping notices will be required to be published electronically
• stipulations related to lodgement and withdrawal of anti-dumping applications will be consolidated
• a fee to apply for a review by the Review Panel will be introduced
• the merits review process of the Review Panel for anti-dumping decisions will be streamlined to improve it
• other measures to clarify various aspects of the anti-dumping provisions.

A bill to amend the Customs Tariff (Anti-Dumping) Act 1975 has also been introduced. It includes measures to:

• simplify and modernise provisions dealing with the publication of anti-dumping notices
• clarify the circumstances in which the minister is not required to have regard to the "lesser duty rule", and
• clarify that the minister may grant exemptions with limited retrospective effect.

In addition, the new Customs Amendment (Anti-Dumping Improvements) Regulation 2015 (the Regulation) is intended to specify a new type of circumvention activity in Australia's anti-dumping system to address the practice of slightly modifying goods in order to avoid payment of anti-dumping and countervailing duties already imposed. 'Circumvention activity' means certain practices of exporters and importers of dumped goods which aim to avoid the payment (or effect) of anti-dumping duties that have been imposed in Australia. The Regulation prescribes a new circumvention activity in which goods that would have been the subject of a dumping or countervailing notice (and liable to pay duties) are slightly modified, prior to the export of the goods to Australia, to avoid the anti-dumping duty. This activity may result in reducing the effectiveness of anti-dumping measures as a trade remedy for

Australian industry. The new circumvention activity may be used in an anticircumvention inquiry resulting in the notice which imposes duties being affirmed or altered in order to give effect to the dumping duty measures imposed under that notice.
The industry stakeholders that have been consulted are supportive of the new 'slight modification' circumvention activity.

## INSURER FINDS TOP FIVE REASONS FOR LOGISTICS CLAIMS

The TT Club, an insurance provider for freight forwarders and businesses involved in logistics, recently released a report identifying five types of claims filed by forwarders, logistics operators, shipping lines, ports and terminals, which represent 66 percent of loss incidents and 62 percent of the dollar value over a five-year period. This analysis, conducted by TT Club and managed by insurer Thomas Miller, involved 7,000 insurance claims, each totaling more than US$10,000, that were recorded between 2010 and 2014. Total losses resulting from the aggregate claims were US$425 million. Of particular interest to TT Club analysts was not the ranking of the risks but "the continuing concentration of these causes." The same "five generic causes" the group had identified in its previous five-year analysis "continue to disrupt and cost dearly," the study found. Topping the list are traffic accidents, totaling $68 million in claims over the past five years. Most of these accidents occur in port or terminal areas, with the biggest issue being quay crane boom and overall stack collisions. Equipment handling collisions are a close second, accounting for $57 million in claims over the same period. "Many traffic incidents and collisions are due to inappropriate speed, but the detailed case review frequently demonstrates the impact that effective management culture can have on preventing loss," said Peregrine Storrs-Fox, Risk Management Director of the TT Club. Theft accounts for the third-highest reason for loss, with $54 million in losses over the five years. Cybercrime is raising its ugly head, too, as thieves are using the internet to identify, track and intercept cargo. The devastating damage caused by fire comes in at number four. Losses totalled $44 million, said Storrs-Fox, who added that a significant number of fires are caused by design or maintenance issues. In a building, fires are usually caused by electrical problems or mobile equipment fires in hydraulic faults. Improperly used cargo packing, which is currently a topic of international conversation, is the fifth-leading cause for claims, racking up $41 million in losses. Poor or incorrect packaging, the study found, can lead to fires.

## 'MAKE OR BREAK' YEAR FOR BOXSHIPPING

Container shipping lines are set for a "make or break" year in 2015 with the number of profitable carriers predicted to increase. The latest edition of Drewry's Container Forecaster report predicts that declining operating costs, thanks in a large part to lower fuel costs, and freight rates slipping at a lower level, will push the overall shipping line industry into profitability for 2014. Looking to the year ahead the consultant expected more carriers would return to the black, pointing out that anecdotal evidence suggests that carriers intend to increase annual contract rates with their key beneficial cargo owner clients in 2015.
Improved network planning, slow steaming and the introduction of the four mega-alliances are other measures that will help shipping lines improve profitability, the consultant said.
There were some headwinds that may have a negative impact on improvements, though.
"Carriers are winning the battle between rates and costs," said Drewry's Director of Container Research, Neil Dekker. "However, there are issues such as port congestion which are both costly and outside the direct control of carriers."
Supply is expected to increase ahead of demand. The global boxship fleet is expected to grow 7.2% this year with 1.7m teu of capacity due to be delivered. Demand meanwhile is predicted to increase by only about 5%.
The level of profitability achieved by the shipping lines also depended on continuing carrier focus on vessel deployment; fuel costs remaining low; recovering demand; successful outcome of annual contract negotiations; and new operational alliances delivering greater market stability.
Drewry acknowledged that container carriers have a habit of "undoing good work with poor discipline" but it felt the influences that are shaping the industry, including recent consolidations, prove that carriers have "pushed profitability and value for money up the board room agenda. This is a lot to ask for from an industry with a poor track record of profitability. But there are signs that carriers are starting to believe in themselves and are backing up their positive rhetoric with actions," Drewry said.

## AUSTRALIAN GOVERNMENT ACTS ON CLEARER FOOD LABELLING

The Australian Government will ensure consumers have access to clear, consistent and easy-to-understand food labelling, through changes that will allow for more informed choices.
A Government working group made up of the Minister for Industry and Science, Ian Macfarlane, the Minister for Agriculture, Barnaby Joyce, the Minister for Trade and Investment Andrew Robb, the Minister for Small Business, Bruce Billson,

and the Assistant Minister for Health, Fiona Nash, has met to consider changes that will give consumers the information they need, without implementing excessive costs on industry. The Government will work with industry groups to ensure the changes are practical, but the intention is to implement both an image and words that can be clearly read and understood.
Australian produce and food processing is of world class standard, and the Government is determined to introduce changes that will make it easier for consumers to seek out and buy Australian grown and processed food. The Government will also consider its response to the recent House of Representatives Committee inquiry into country of origin food labelling. Consumers have made it clear that they want access to clearer and more useful information about the country of origin on food labels. The Government will work closely with the food industry, agriculture industry and the States and Territories to get the balance right and maximise information for consumers while also considering costs to Australian industry and businesses.

## AUSTRALIAN BORDER FORCE

The purpose of a Bill recently introduced in Parliament is to:
- repeal the Customs Administration Act;
- amend the Customs Act as a consequence of the repeal of the Customs Administration Act;
- amend other Acts associated with the administration of Customs matters; and
- amend several other Commonwealth Acts that refer to the Australian Customs and Border Protection Service (ACBPS) and the Chief Executive Officer of Customs (the CEO);
- amend the Migration Act 1958 to enable the Australian Border Force Commissioner (the ABF Commissioner) to exercise certain powers under that Act;
- and make other amendments associated with the introduction of the Australian Border Force (the ABF) in the Department of Immigration and Border Protection (the Department) on 1 July 2015. The Australian Border Force Bill 2015 establishes the statutory office of the Australian Border Force Commissioner and also designates the Commissioner as the "Comptroller-General of Customs". In that capacity, the holder of the position will have general administration of the Customs Act and the various provisions within other Commonwealth Acts and Regulations that confer powers and responsibilities on Customs and on officers of Customs.

## FEES AND CHARGES REVIEW ALMOST COMPLETE

A six-month review of Australia’s border-related fees, charges and taxes is nearing completion with the key findings and recommendations now with Government for consideration. Further information will be made available on Australia’s new border charging arrangements following a decision from Government. The Fees Review will consider changes to current charges, fees and taxes as well as new approaches to charging in the future. It will include charges levied by Customs and Border Protection, Department of Immigration and Border Protection (DIBP) and some import related fees and charges applied by the Department of Agriculture. The Review will cover current major charging arrangements at the border, including:
• Import Processing and Passenger Movement Charges levied by Customs and Border Protection.
• Import related fees and charges recovered by the Department of Agriculture such as full import declaration charges, container charges and registration fees.
• Visa Application Charges administered by DIBP.
• Current and future cost recovery based charging for services, particularly those resulting from industry demand factors.
A number of other fees, charges and taxes will not form part of the Review, including:
• Customs Duty (including refunds, Tariff Concessions, Drawbacks), the Goods and Services Tax (GST) and other indirect taxes Customs and Border Protection collects on behalf of Commonwealth.
• Fees and charges recovered by the Department of Agriculture for services such as document assessments, inspections, treatments, export certification and post entry quarantine activities.
The Department of Agriculture is completing a comprehensive review of its cost recovery arrangement which will include fees and charges excluded from within the scope of this review.