



**May/June 2016**

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This newsletter brings you the latest information on the new container weight legislation coming into effect 1 July this year and details what Australian exporters need to do to comply.

We also have the latest information on the Australian Trusted Trader Programme also opening on 1 July for broader industry applications.

And a special recipe from Helen, a new contributor to the recipe section, that was made for our Biggest Morning Tea Fundraiser. Easy and Yum.

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**Container Weight Verification Effective July 2016**

Container Weight Verification will come into effect globally from 1 July this year.

What this means is that all containers will need to have a Verified Gross Mass (VGM), recorded on the Bill of Lading and documented in the Pre-Receive Advice (PRA), before that container will be loaded onto a ship.

Given that VGM requirements will be enforced from 1 July, 2016 the inclusion of the VGM will be required on the Pre-Receive Advice from 22 June, 2016 to ensure that all containers in preparation for shipment will comply on 1 July.

Transshipments (containers that are mid shipment on this date) will of course also need to meet the new VGM requirements. If this is the case exporters may need to be prepared even earlier to provide the VGM.

There are two methods for obtaining the VGM of a container:

1. Weighing the Packed Container
2. Weigh all the packages and cargo items including the pallets and then adding the tare mass of the container.

The weight measurement must be in accordance with the national legislation for trade measurement or any other standard or accuracy approved by the Australian Maritime Safety Authority (AMSA) (available on their website).

To meet the requirements of the National Trade Measurement Regulations 2009, measuring instruments for use in trade must be tested and verified by a servicing licensee annually.

To ensure that our export clients meet the new legal requirements for shipping we will be providing new verified weight declaration forms at the time when export shipments are being arranged. There is both an FCL (full container load) and LCL (less than container load) form for exporters. These forms are also available on our website [www.loynes.com.au](http://www.loynes.com.au). We will require a completed and signed VGM form in order to prepare documents before shipping and cannot submit the PRA without this form.

Inaccurate container weights will attract a considerable penalty. Under the Marine Order 42 (a legislative instrument made under the Navigation Act 2012), AMSA has outlined a penalty regime of 50 penalty units, at \$180 per penalty units, equating to about \$9000 for strict liability offences.

If you have any questions or concerns please contact one of our Freight Forwarding Team on 07 3393 1888.

### Background

The International Maritime Organisation (IMO) have adopted the amendments to the Safety of Life at Sea (SOLAS) Convention, essentially enacting verified actual gross mass (VGM) as a global law. These laws are about safety at sea. Accurate container weights are essential for ship stability, stowage and securing calculations, and ultimately a safe voyage for ship and cargo.

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### 60<sup>th</sup> Anniversary of Containerised Freight

The international freight industry reaches a milestone this year. It was 60 years ago on 26 April, 1956 that standardised containers were first used to transport cargo by sea. The first converted tanker carried 58 containers on its deck from New Jersey to Texas.

The man behind the idea of putting cargo into containers (then 35ft long) was trucking magnate Malcom McLean. He calculated that loading a ship the conventional way cost \$5.83 a tonne and in containers on the new tanker 'Ideal X' would only cost \$0.16 a tonne. It's no wonder that the idea caught on and revolutionised global trade.

Containers are no longer 35ft (which was the standard US truck size) but 20ft and 40ft, but the legacy of containerisation origin in the US is the continued use of these imperial measurements.

60 years on it's worth thinking about where we would be without containerised shipping. It has brought so much prosperity around the world, and for us as consumers so many of the items we take for granted every day.

## **Australian Trusted Trader Programme**

The Australian Trusted Trader (ATT) Programme moves from the pilot stage to fully operational on 1 July 2016. From that date the programme will be open to all importers, exporters and service providers.

Announced within the latest Federal Budget (May 2016) was \$70 million that has been allocated to the ATT programme over a four year period. The aim is to get around 1000 companies participating by 2020.

Also announced within the 2016 budget was that 'Trusted Traders' will from 2017/18 be able to pay duty monthly rather than per consignment if they fit the eligibility requirements of the programme and this should be a real benefit for businesses within the programme.

The pilot of the ATT Programme has been operating since 1 July 2015 and initially included some 47 companies. At this stage it has been limited in its demonstration of tangible benefits. The Department of Immigration and Border Protection recognise that the full suite of benefits are yet to be experienced by any of those companies in the pilot and anecdotal information indicates that the benefits are yet to outweigh the additional costs on those businesses in terms of complying with the programme, with at least one company exiting the trial based on the cost.

The Department's initial goals of the programme are to reduce red tape and expedite the clearance of cargo. They have highlighted some of the benefits in the future will be access by Australian Trusted Traders into foreign markets through mutual recognition by other country's programmes and streamlined import cargo processes.

We have provided a word of caution in the past and it is timely to do so again. There are a number of major accountancy firms and other businesses touting for business by suggesting that only they have the ability to gain your company access to the programme. This is absolutely not the case.

L.C. Loynes & Associates has been monitoring the progress of the trial and will continue to keep up-to-date as the programme is further implemented. We are well equipped to guide you through the application process post 1 July 2016 or to help you get prepared before this date.

### **A brief overview of the process of becoming a Trusted Trader**

Applications for expressions of interest to become a partner of the Australian Trusted Trader (ATT) programme for importers, exporters and service providers will be open 1 July 2016. Following an expression of interest the Department will assign a self-assessment questionnaire (SAQ) to the business that is tailored to their individual business activities. The business will then be required to complete the questionnaire outlining how they meet the supply chain security and trade compliance criteria. The Department then reviews that information and if acceptable will sign an interim agreement with the business. They will then undertake a validation process for all aspects of the SAQ. After a full review the Department may then enter into an on-going agreement with the business, accrediting them with Trusted Trader status.

An example of the self-assessment questionnaire can be viewed in pdf format at <https://www.border.gov.au/AustralianTrustedTrader/Documents/att-self-assessment-questionnaire.pdf>

One of the major requirements for becoming a part of any programme like this is to have a strong compliance record and security practices.

And contrary to what some firms in the industry are claiming – service providers, your customs broker & freight forwarder, do not have to become a Trusted Trader to work with importers and exporters who are.

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### **Five Australian Flagged Container Ships – An Australian/Chinese Partnership**

An Australian/Chinese partnership is investing in 5 box-ships that will not only service trade between the two countries but will also go to service coastal trade into the future.

The ships will operate on the Australian International Shipping Register making them eligible to carry coastal cargo. Ports of call and trade routes will include Brisbane, Sydney and Melbourne to Fremantle, and then the service will link from Western Australia to China via Ningbo, Shanghai and Rizhao Port, Shangdong Province China.

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### **Challenging Time in International Trade**

The World Trade Organisation forecasts that this year the global economy will see its fifth consecutive year of subpar growth in international trade, marking its worst period since the 1980's.

In line with these tough economic times the shipping industry has experienced a bleak 6 months of difficult market conditions. Weaker global trade growth and excess capacity has resulted in huge demand and supply imbalances and a flattening of rates.

For example one shipping line (Maersk) had an operating profit of \$37m in the first quarter of 2016 compared to \$174m a year earlier. This followed a loss in the final quarter of 2015.

On the Port of Brisbane front, trade has continued to grow with a 1.6% growth in total container trade in the third quarter 2015/16. This growth figure however includes the trade in the return of empty containers.

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### **Shipping Charges and Rate Announcements**

#### *South China to Australia*

- A General Rate Increase of US\$50/20' container and US\$100/40' container dry cargo has been announced for 8 June 2016 between South China and Australia.

#### *Korea, China, Taiwan & Hong Kong to Australia*

- A General Rate Increase of US\$300/20' container and US\$600/40' container has been announced for 1 July 2016 between Korea, China, Taiwan and Hong Kong and Australia.

We are continually active in sourcing the best available rates and services for our clients.

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## Australia's Biggest Morning Tea Fundraiser

Our wonderful Carolyn organised yet another fantastic 'Biggest Morning Tea' this month raising \$170 for the Cancer Council. A big thank you to Carolyn.



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## Helen Cooked It! Passionfruit Slice

Helen made this recipe for the biggest morning tea and it was YUM! So here is the recipe. Slices are a great option for a decadent treat and I think easier than a cake and are less time consuming than biscuits.

- 1 cup SR Flour
- 1 cup Coconut
- ½ cup Sugar
- 125g Melted Butter
- 1 can Condensed Milk
- Juice of 2 lemons
- 1 tin of Passionfruit Pulp or 2 Passionfruit

### Method

1. Preheat oven to 150°C.
2. To make the base combine flour, coconut, sugar and melted butter and spread into a well-greased lamington tin, pushing down with the back of a spoon or your hands.
3. Bake for 20 mins.
4. Combine condensed milk, lemon juice and passionfruit pulp and spread evenly onto the top of the base and cook for another 10 mins.

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