



NEWSLETTER - NOVEMBER 2005

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SPECIFIC FREIGHT NEWS

1. NEW OPERATING SYSTEM

We have now completed 8 months with our new operating system and so far, we are extremely pleased with its development and the benefits it is providing our customers.

This new system known as 'Enterprise' is the absolute latest software available within our industry. It has provided us with the platform to manage the recently introduced Customs Management Re-Engineering program and the development of our Internet Tracking website as explained following.

2. INTERNET FREIGHT TRACKING SYSTEM

Specific Freight is very pleased to announce that our Internet Tracking Website is now fully operational, allowing all our customers to track their shipments on-line 24 hours a day. The website has been in the planning for many months and will only further enhance our personalised Customer Service by offering full order and shipment tracking, plus many other benefits.

It does require that you have a current business account with Specific Freight. A log-in account name and password must be set-up for you, so if you wish to use our Web-Tracking system, please contact your local customer service representative.

3. FCL/FAK UNPACKING SERVICES

Another recent development is the streamlining of our Import FAK/Customer FCL containers. The changes made have delivered a real benefit to our customers, so much so that the delivery of LCL cargo from our FAK/FCL containers can be provided within 3 business days after the vessel arrives, the quickest within our industry!

4. CUSTOMER SERVICE PERSONNEL

Specific Freight is dedicated to providing our valued customers with the best possible customer service available, at all times. A part of our on-going service development will be to provide our valued customers with a SINGLE contact person for all your shipping needs.

Our representatives will not only be your telephone contact within our offices, but they will also come to your office and meet you face to face to get a greater insight into what you require and how we can improve our service to you. They look forward to seeing you in the future!

5. DAILY OPERATIONS

Specific Freight is now putting the plans in place to have Operations Staff process shipments 7 days per week to ensure we meet the needs of our customers and operate in-line with Port/Stevedore and Airline Operations.

Please note this refers to processing only and that deliveries out of standard operational hours remain subject to special arrangement.



IMPORTS / CUSTOMS

6. CUSTOMS MANAGEMENT RE-ENGINEERING (CMR) - IMPORT

As you are all very aware, the recent introduction of CMR and the issues faced over the introduction period caused **MAJOR** problems for all customers and service providers in our industry. It also had a very large impact on our costs and due to this, we had no choice but to introduce a surcharge for each shipment to alleviate the costs of staff overtime and the many hours of additional communication with all service providers & Customs/AQIS. We believe the experience and dedication of our staff to assist our customers by working an enormous amount of extended hours over this period, made an immeasurable difference by avoiding/reducing storage wherever possible and minimising any delays.

Again, we also wish to thank all our clients for your patience and understanding during the introduction period.

As per our recent bulletin on the 08th November 2005 the situation has settled, but we are still faced with very large additional handling, communication & administration costs. Therefore the need to charge an ongoing CMR fee of AUD 15.00 per shipment must be maintained in order for us to cover the costs. Listed below are some of the major costs that have and will continue to impact our business going forward:

- Registration fees paid to Customs for all Operations Staff who report information to Customs.
- Large scale upgrading & maintenance of equipment & software to comply with CMR requirements.
- Additional time required for checking of information provided to Customs by Shipping Lines, Airlines, and Freight Forwarders & Brokers. We calculate that it is currently costing our business time-wise in excess of 45 mins per shipment.
- Large additional business insurance costs.

In relation to the additional costs the introduction of CMR has placed on businesses, Customs have set up a claim centre for all parties to submit claims relating to delays/costs caused by CMR. The website address is customsclaims@customs.gov.au. Or fax 02 6275 6720. The following has been suggested as records you may wish to submit in relation to any claim.

- Full Air or Sea Cargo flight / ship details and Air Waybill / Bill of Lading & container number/s;
- In regard to storage: the date of availability / date collected / amounts paid.
- The time wasted and cost (Storage Charges, administration costs, futile trips, etc)
- The details of the problems at the Airport / Port;
- The effect on your business; and
- Anything else that is relevant to the delays

7. FUEL SURCHARGES, BAF INCREASES & PEAK SEASON SURCHARGES

Due to the continuing rise in global fuel prices, Airlines & Shipping Lines have increased the Fuel Surcharges & BAF accordingly. Please be guided by our regular bulletins in this regard, as changes are frequent or alternatively, speak with your Customer Service Representative if you have any questions.

8. ORIGINAL BILLS OF LADING

With transit times reducing over the past few years, the need has increased for Original Bills of Lading to be delivered much faster from the Shipper to Consignee/Bank and then to us, the Freight Forwarder/Customs Broker. Due to this, Original Bills of Lading are being sent to us via Express Post and in some instances, do not reach us in the required time to expedite delivery as planned. We have investigated the meaning of 'P.O.D' with Express Post closely due to claims that some Express Post deliveries have been received by Specific Freight when in fact it hasn't.

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Specific Freight have been advised that when Express Post advise it has been delivered to the intended recipient, it has in fact only reached the final Express Post distribution hub and scanned into their system. There is no physical proof or system that proves an Express Post envelope has been delivered, only that it has reached the local hub in the area of the recipient. Please note we usually receive the envelope the day following receipt at our closest hub.

Therefore, we strongly advise all customers to send Original Bills of Lading via either of the following two methods – Registered Mail or via a Vehicle Courier Service.

**** VERY IMPORTANT NOTE ****

Please ensure you only send Specific Freight one (1) Original Bill of Lading, with any others to be retained by your office in case the one sent is lost by the postal service/courier.

Alternatively, the Original Bill of Lading can be 'surrendered' to our Overseas Agent by your supplier. When this is done, a 'telex/express release' status is forwarded to us via email, allowing the cargo to be released without presentation of an Original Bill of Lading and thus alleviating the need for couriers/postal charges.

9. NEW AQIS FEES

AQIS have recently distributed a new schedule of fees with reductions on many cost items. If you would like a copy of these fees, please go to the AQIS website link www.aqis.gov.au/charging

10. TARIFF CONCESSIONS – RATE REDCUTIONS

Effective 11th May 2005, the Australian Government announced the removal of the 3% Customs Duty that previously applied to business inputs imported under a Tariff Concession Order (TCO). Where the result of the relevant decision is that a TCO will have applicability both before and after 11th May 2005, different rates of Duty will apply.

11. CONTAINER DETENTION

Please note that FCL Container Detention is charged by Shipping Lines from the 1st day of availability at the wharf, not from the day when they are picked-up by the transport company, with most Shipping Lines offering 10 free days from the 1st day of availability.

Also, please be advised that the rate of detention per day increases the longer the container is outstanding, so we encourage all customers to unload their containers as quickly as possible and confirm to Specific Freight when the container has been unloaded, so that we can organise for it to be returned a.s.a.p.

EXPORT NEWS

12. SPECIALISED SERVICES

Are you aware that Specific Freight is able to provide documentation services for all you Export shipments, no matter where it's being shipped?

We are registered with most authorities and can complete Certificates of Origin, Consular Documents, Commercial Invoices, Packing Lists and many other forms on your behalf at very reasonable rates.

If you are interested in these additional services we can provide, please speak to your local Export Manager who will be happy to come and meet to discuss all the options available.

13. FUEL SURCHARGES & BAF

Respectively, Airlines and Shipping Lines are increasing Fuel Surcharges & Bunker Adjustment Factor (BAF) rates in line with Index's set to counteract the rise in global fuel prices. Please be guided by our bulletins also in this regard and please speak to your Customer Service Representative if you require particular pricing.



14. WOOD PACKAGING IN EXPORTS TO USA

Please note that U.S customs and Border Protection (CBP) alerts the trade community that U.S Customs and Border Protection will begin enforcement of new import regulations for wood packaging material (WPM) on September 16, 2005. Any untreated wood packing material will not be accepted in the USA and cargo will be returned to the place of origin. Please see the below as received from U.S Customs and Border Protection.

Quote “On September 16, 2005, U.S. Customs and Border Protection (CBP) will begin enforcement of the United States Department of Agriculture’s (USDA) Animal and Plant Health Inspection Service (APHIS) import regulation for wood packaging material (WPM). The rule requires WPM, such as pallets, crates, boxes, and dunnage used to support or brace cargo, to be treated and marked. In cases of noncompliance, the WPM will be subject to immediate export along with the accompanying cargo.

The approved treatments for wood packaging material are 1) heat treatment to a minimum wood core temperature of 56°C for a minimum of 30 minutes or 2) fumigation with methyl bromide. To certify treatment, the WPM must be marked with the following International Plant Protection Convention (IPPC) logo. Paper certificates of treatment will no longer be required or accepted. Additional information on the enforcement of the wood packaging material regulations will be available soon at the U.S. Customs and Border Protection’s Web site at www.cbp.gov. “

GENERAL

15. CHINESE CURRENCY REVALUATION

In July this year, the Chinese Government announced it was to abandon it’s practice of pegging the Renminbi to the US\$, a process which has been in place since 1995.

The immediate exchange rate regime in China will be that of a managed floating process, whereby the Renminbi will be allowed to trade within a narrow daily range of 0.3 per cent of it’s previous day’s closing price. As a starting point, Beijing instantly revalued the Renminbi by approximately 2.1% to RMB8.11 to the US dollar.

Airlines in China, have historically invoiced in the local currency and as a consequence of this revaluation, freight costs which are manifested in US\$, have increased by the 2.1% differential. This change, effective July 21, has been proportionally transcribed through to our airfreight selling prices, thenceforth. We are currently confirming all new US\$ rate levels with the operating carriers and will confirm this a.s.a.p. Meanwhile, please provide for this increase in your costing.

As China moves closer to a floating exchange rate system, it may become pragmatic to quote and invoice airfreight from China, directly in the Chinese currency. We will be guided by operating carriers and freight forwarding convention in this detail and will advise of any change well in advance.

16. TRANSIT TIMES

Please be advised that Specific Freight or any carrier cannot ‘guarantee’ the transit time of any flight/vessel. All transit times are published with an Estimated Time of Departure and Arrival (ETD & ETA) and accordingly Specific Freight cannot offer any compensation due to delays beyond our control.

Note that a change in weather conditions during transit of a vessel between Hong Kong and Sydney, which is normally 11 days, could increase the transit time by 3 days up to 14.

17. CARGO WEIGHTS – ROAD TRANSPORT

We wish to advise our customers of the NSW Road Transport (General) Act 2005 and the VIC Transport Legislation (Amendment) Act 2004 changes that came into effect on the 30th September 2005. It is also expected that all other States & Territories will follow suit in the very near future.

The legislation covers the compliance and enforcement of mass, dimension and loading requirements for heavy vehicles and establishes the “chain of responsibility” for breaches of the requirements.

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The legislation creates new offences and liability for consignors, shippers, packers, loaders, and consignees of goods – effectively all parties in the “chain”, in addition to operators and drivers of the relevant vehicles or combinations.

Some elements of the legislation are as follows:

- Consignors/shippers and packers will also be guilty of offences if freight containers exceed the maximum gross weight marked on the container’s safety approval plate.
- New requirements for Container Weight Declarations, that is, a declaration of the weight of the container and its contents.
- Container Weight Declarations must include:
 - Weight of the container including its contents
 - Container number
 - Name and business address of the person making the declaration
 - Date of the declaration
- Legislation also imposes obligations on ‘responsible entities’ that consign containers for road transport to provide operators or the drivers of vehicles or combinations with complying Container Weight Declarations.
- The consignor or a person who offers a container for transport by road (exporters, importers, freight forwarders, shipping agents etc) must prepare a Container Weight Declaration in electronic or paper form and give a copy to the road transport operator or driver before the commencement of the container’s journey.
- Container Weight Declarations must accompany a container whenever all or part of the container’s journey is on a road. The declaration can also be used in court proceedings.
- Creates offences imposing liability on ‘responsible entities’ and operators of vehicles or combinations if a Container Weight Declaration is not provided or contains information that is false or misleading.
- Creates offences imposing liability on shippers, consignors, packers, loaders and receivers of goods where transport documentation is false or misleading in relation to the mass, dimension or load restraint of goods consigned wholly or partly for transport by road.

In relation to the above, Specific Freight would like to remind all customers of the following requirements regardless of Australian State:

- Weight declared at time of Booking should be the gross cargo weight per container.
- Weight on the Booking Confirmation should be checked for accuracy.
- Weight declared on the Forwarding Instruction should be the gross cargo weight per container.
- Weight declared on the Pre-receival Advice should be the gross cargo and container tare weight per container.
- Importers should ensure that their shippers are informed of Australian Road Weight Requirements and that all documentation reflects accurate weight information.

It is the responsibility of all parties in the chain to take adequate measures to promote awareness and compliance with all Australian road weight regulations. This notification is to help provide awareness of the potential impacts of the legislation – it should not be taken as legal advice. Links to the National Transport Commission, NSW Road Transport Bill and Vic Roads are as follows:

National Transport Commission

<http://www.ntc.gov.au/>

NSW Road Transport Bill

<http://www.parliament.nsw.gov.au/prod/parlment/NSWBills.nsf/0/94AF7D2E352664A6CA256F640002D45A>

Vic Roads

<http://www.vicroads.vic.gov.au/vrne/vrne5nav.nsf/childdocs/-55E7C4E2B4A5C914CA256FD300241BD4-33BEC0425C6DB12FCA256FD300241BDA-BCF150AFF2F8161CCA256FD300241BE0?open>



FEATURE ARTICLE - MARINE INSURANCE

Importers and exporters are recurrently befuddled in their expectations and comprehension of transport insurance. Customers occasionally ask us if we have sufficient transport insurance to balance the value of the goods that they entrust us to convey. The answer is genuinely yes, however this should be of little concern or comfort to the customer.

Insurance is inherently a mere means of outsourcing a potential liability. Whilst Specific Freight is committed to protecting the commercial interests of our customers to the full extent of our capabilities, there are links within international supply chains, which, can never be adequately bridled. Most specifically Mother Nature answers to no one. Our insurers are in place to protect our interests in the event of a commercial loss, whilst goods are subject to our contract of carriage. Therein presents a dilemma for some customers. Our insurance providers cannot possibly satisfy the expectations of both parties to the same contract and they will rely on the terms and conditions of the contract of carriage, to minimise their commercial exposure.

The Common Law position in Australia was elucidated in the High Court decision of Siemens v Schenker (2004). This was a case in which a claim for A\$1.7million arose out of the negligence of a truck driver employed by the freight forwarder. The High Court adjudged that Schenker could rely on the terms and conditions within their standard air waybill. These terms limited their liability to just US\$20 (or the equivalent), per kilo. This amounted to compensation of only US\$74,680 (plus interest).

Siemens v Schenker (2004) beacons a commercial reality for any importers or exporters nurturing expectations of recovering adequate compensation from their transport provider, in the unfortunate event of a claim arising out of a contract of carriage. We recommend to all our valued customers that as a precaution, you should speak with your insurance company or broker, to ensure that you have commercially viable marine/ transport insurance coverage