

A Guide for Exporters

FOR THE EXPORT
OF CONTAINERS AT
PORT OF TOWNSVILLE



A photograph showing a forklift on the left side, lifting a blue shipping container. The container is being moved from a stack of other blue containers. The containers have 'KYOWA' and 'PORT OF TOWNSVILLE' printed on them. The background is a clear blue sky with some light clouds.

Port of Townsville is the largest general cargo and container port in north Australia and is a highly competitive option for the import and export of containerised goods to service a growing population, agricultural and mining centres.

This guide introduces the sea freight container export supply chain at Port of Townsville. The following information describes the parties involved in the sea freight supply chain and outlines the container export process.

PARTIES INVOLVED IN THE EXPORT SUPPLY CHAIN

Contact details for a range of port service providers are available in the Townsville Port Service Providers Directory. Access the directory online at www.townsvilleport.com.au

Port of Townsville

The primary function of Port of Townsville is to establish, manage and operate facilities and services within the port, relating to port infrastructure, safety and security.

Port of Townsville is not directly involved in the contractual arrangements of goods which are imported or exported through the port. These arrangements are made between the importer/exporter and the various parties outlined in this guide.

Shipping Line

Shipping lines operate vessels and arrange berthing and stevedoring. Shipping lines can provide both the container and transportation service (carrier owned container) and carry shipper (exporter) owned containers. Shipping lines may deal directly with exporters or through freight forwarders to manage container imports and exports. Shipping lines can advise on ocean freight rates and provide information on scheduling and transit times.

Freight Forwarder

Freight forwarders coordinate the international transfer of freight on behalf of importers and exporters. Freight forwarders arrange a range of end-to-end supply chain services, including customs clearance, transport, container packing/unpacking and warehousing. Freight forwarders can advise on cost and frequency of shipments.

Customs Broker

Customs brokers are authorised by exporters to arrange clearance of cargo by the Australian Customs and Border Protection Service (Customs). Brokers are licensed by Customs to lodge export declarations. Customs brokers are experts in export documentation and can provide advice on export documentation requirements.

Stevedore

Stevedores load and unload cargo from ships and arrange for cargo to be received from, and delivered to, transport operators. Stevedoring companies often do much more than handling cargo and can offer a range of end-to-end supply chain management services. Additional services may include, but are not limited to, export declarations, transport, container packing/unpacking and warehousing.

THE EXPORT PROCESS

Booking Ocean Freight

After receiving a whole supply-chain freight quote; the ocean freight provider is contacted and a vessel is nominated to match the exporter's sale contract/ financial documentation date and terms. On acceptance of the booking, the shipping line will supply a booking confirmation, container release order (CRO) and forwarding instructions form for completion.

Empty Container Pick-up

Following receipt of the booking confirmation and CRO, a trucking company is appointed to pick up the empty container from the empty container park (ECP). Equipment is released from the depot nominated on the CRO.

Shipping lines typically provide between 10 and 21 free days to allow for pick-up of the empty container, container packing and return to port. If the container is not returned during this free time, detention charges will apply. Your shipping line and/or freight forwarder can provide advice on the number of free days and detention charges.

Packing the Container

Proper container packing is vitally important for safe carriage. Cargo which is insufficiently prepared, packed or protected may be damaged during transit. Different commodities (i.e. general cargo, refrigerated cargo, dangerous goods etc.) have their own packing requirements. Your shipping line and/or freight forwarder can provide advice on container packing requirements.

A packing list itemising the container contents is completed at the time of packing. Packed containers are sealed and weighed and a Verified Gross Mass (VGM) certificate is submitted to the shipping line¹. The VGM certificate is an important legal document which ensures containers are stacked and stowed correctly. Misdeclaration of container weight is a major hazard which can result in damage to vessels and poses a significant safety risk.

Container Delivery

Packed containers must be returned to the container terminal before the cut-off time as specified on the booking confirmation. Both physical cut-off and VGM cut-off times must be observed.

Loading Container and Ship Sails

When the vessel is ready for loading, the stevedore loads the container onto the ship. When the ship has departed the port, and the ocean freight has been paid to the shipping company, a Bill of Lading is issued.

Packed containers cannot be loaded without a VGM, a cleared Export Declaration Number (EDN), container number and booking number. If receipt of this information is delayed, the container may not be loaded onto the scheduled vessel. Consequently, the container may be rolled onto a new vessel and demurrage is charged for the additional storage period.

¹ The VGM may be obtained by either (i) weighing the whole container or (ii) addition of the whole cargo, including packaging, and container tare weight.

EXPORT DECLARATION

All goods intended for export from Australia with a value of AUD \$2,000 or more must be declared to Customs on an export declaration. Regardless of value, goods that require a permit for export must be reported on an export declaration.

Certain commodities are exempt from requiring an export declaration. This includes personal effects and goods with a value of less than AUD \$2,000. Further details on exemptions, exclusions and restrictions is available online in the Department of Home Affairs' Export Control Manual www.homeaffairs.gov.au/Exportinggoods.

Export Declarations may be lodged electronically by a registered user of the Integrated Cargo System², either as an agent acting on behalf of an exporter (i.e. a customs broker) or by an exporter directly. Manual export declarations may also be submitted. For further information visit www.homeaffairs.gov.au.

² The Integrated Cargo System is a communication gateway for all electronic business transactions to and from the Department of Home Affairs.



EXPORT DOCUMENTATION



Export documentation is an important aspect of international trade. Failure to ensure all documents are correct may mean a delay in transportation, payment and/or additional costs. Key commercial, transport and financial documents are described in this section.

Be aware export documentation will vary depending on the commodity and country you are exporting to. Freight forwarders and customs brokers are experts in this area and can advise on export documentation specific to your requirements.

COMMERCIAL DOCUMENTS

Commercial Invoice

A commercial invoice is a written request for payment from the exporter to the buyer. It provides a description of goods, quantity, value, trade terms, and the buyer and exporter's details. The commercial invoice is often used as the basis for estimating customs duties and may be required to facilitate customs clearance in the importing country.

Packing List

A packing list outlines the precise contents of a container packed and ready for shipment. A packing list is often required to facilitate customs clearance in the importing country and, in the event of a dispute between the exporter and buyer, provides a written record of the measurement and weight of goods.

Certificate of Origin

A Certificate of Origin certifies the place of growth, production or manufacture of goods. A Certificate of Origin may be required for the calculation of customs duty and for determining compliance with Free Trade Agreement rules of origin and preferential tariffs. Documentary evidence of origin is provided by the exporter to the Australian Chamber of Commerce and Industry (ACCI) for certification.

TRANSPORT DOCUMENTS

Container Release Order

A container release order is issued by the shipping line at the time of booking. The release order gives permission for containers to be picked up by, or on behalf of, a specified party from the nominated container depot.

Forwarding Instructions

Forwarding instructions contain detailed information relating to goods and shipment. A forwarding instructions form is provided by the shipping line at the time of booking and may be completed by the exporter or freight forwarder. When complete, the forwarding instructions form is supplied to the shipping company to enable preparation of the Bill of Lading.

Bill of Lading

The Bill of Lading is issued by the shipping company when ocean freight has been paid and the ship has departed the port. The Bill of Lading fulfils two major functions; (i) documents the contract between the shipping company and the exporter to transport a container from one port to another, and (ii) acts as a certificate of title, such that transfer of the Bill of Lading from exporter to buyer effectively transfers ownership of the goods.

The Bill of Lading may be in the form of a physical hard copy (Original Bill of Lading) or a virtual copy (Telex Release). If an Original Bill of Lading is used, this document must be physically presented by the importer to secure release of the shipment.

A Telex Release allows for cargo to be released without having to physically present the Original Bill of Lading. In this case, the Original Bill of Lading is surrendered by the exporter back to the office of the shipping company. The origin office for the shipping company notifies the destination office that the Original Bill of Lading has been surrendered and the release of cargo is authorised.

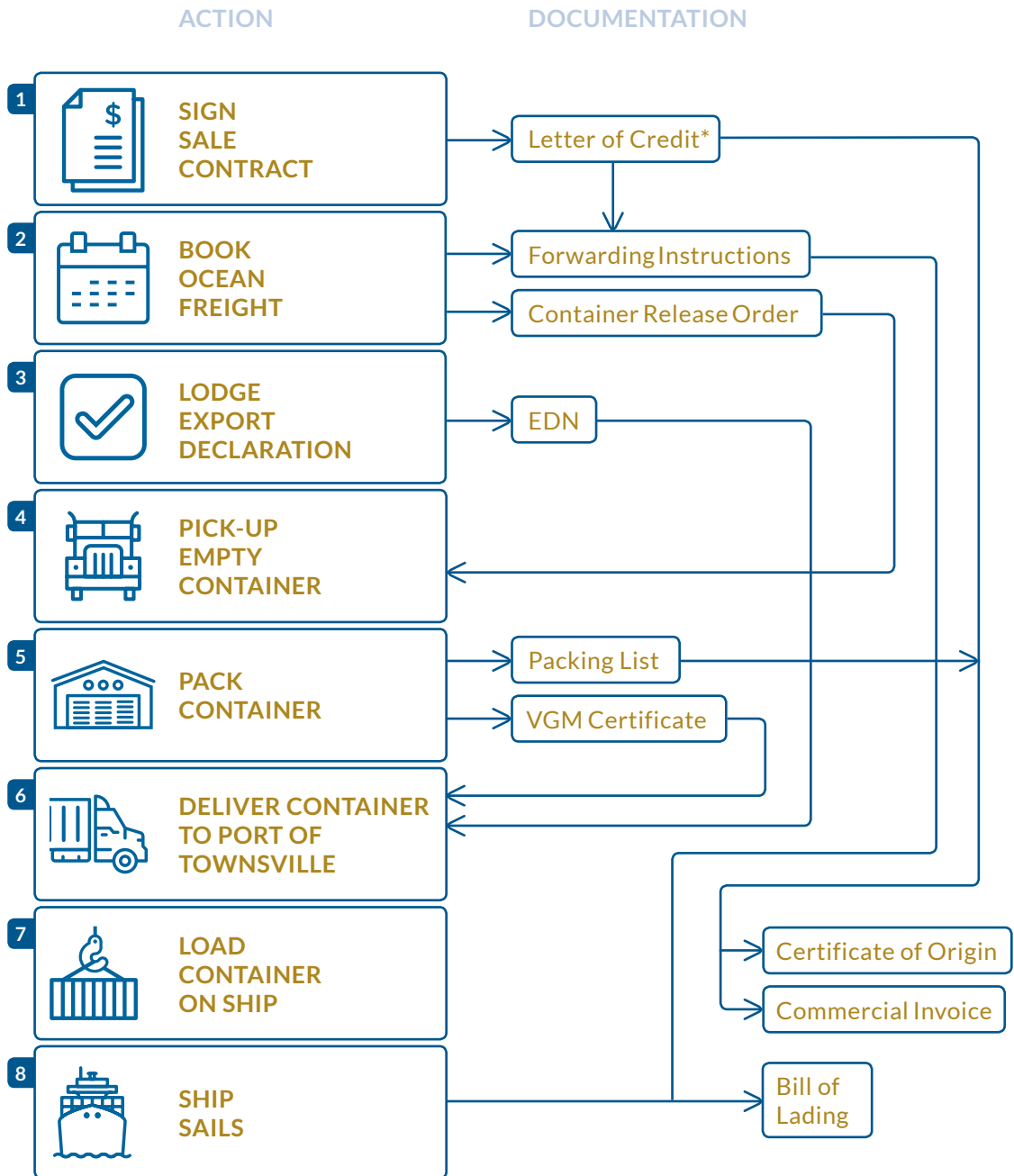
FINANCE DOCUMENTS

Numerous finance documents are used to facilitate international trade. Choice of finance document will depend on the payment terms negotiated between the exporter and the buyer. A letter of credit is one of the most popular and low risk payment mechanisms for international transactions.

Letter of Credit

A letter of credit is a contractual agreement between a bank on behalf of its customer (the buyer) that payment be made to the exporter's bank, provided terms and conditions of the letter of credit are met. The buyer's bank guarantees payment and, if the buyer is unable to pay, the bank is required to cover payment to the exporter. The buyer is responsible for establishing the letter of credit and terms and conditions should be thoroughly reviewed by the exporter.

THE EXPORT PROCESS



THE COST OF EXPORTING GOODS BY SEA

Ocean freight rates (the cost of transporting goods by sea) are provided by shipping lines and freight forwarders in the form of a freight quotation. Port of Townsville is not directly involved in the contractual arrangements of goods which are imported or exported through the Port³.

To obtain a freight quotation contact a freight forwarder and/or shipping line and provide information on commodity, volume, pick-up location, port of discharge, delivery location, and when the shipment will take place. Freight quotations will vary based on these and many other variables including the pricing/delivery terms specified in your sale contract⁴.

A summary of charges typically included in a freight quotation are described in Table 1. The actual format of your freight quotation will vary depending on your shipper/freight forwarder and delivery terms and may include or omit a variety of other charges not itemised in this guide.

Special Equipment

The nature of some cargo means it cannot be shipped in a standard dry container, and special equipment such as an open-top container, flat rack, or refrigerated container (reefer) is required. Special equipment may require additional handling and freight rates are set accordingly. For example, refrigerated containers must be monitored and draw power at port and during transit. Consequently, freight rates for refrigerated containers are higher than standard containers.

Table 1: Summary of Charges Included in a Freight Quotation

CHARGE	DESCRIPTION
<i>Inland Haulage</i>	Haulage from exporter to container depot
<i>Packing Charges</i>	Charged by a 3rd party warehouse for container packing at their premises
<i>Export Documentation</i>	Certification/legalisation of export documents and preparation costs
<i>Customs Clearance</i>	Production and lodging of export declaration
<i>Terminal Handling Charge</i>	Container handling, loading/off-loading at the port
<i>Port Services Charge</i>	Charges applied to the services and facilities provided by the port
<i>Security</i>	Surcharge for additional security measures at port and at sea
<i>Freight Charges</i>	Base rate for ocean freight
<i>Bunker Adjustment Factor (BAF)</i>	Additional charge levied on the ocean freight rate to compensate for fluctuations in the price of the ship's fuel
<i>Currency Adjustment Factor (CAF)</i>	Additional charge levied on the ocean freight rate to compensate for fluctuations in the exchange rate

³Charges applied to the services and facilities provided by Port of Townsville, as defined in the Townsville Port Shipping charges schedule (www.townsvilleport.com.au), are paid by the owner of the ship and subsequently the exporter. Freight quotations are inclusive of these charges, typically defined as a 'Port Services Charge'.

⁴Pricing/delivery terms are based on international incoterms which are international rules for the interpretation of trade terms. More information is available on the International Chamber of Commerce (ICC) website (<https://iccwbo.org/resources-for-business/incoterms-rules/>)

EXPORTING PROHIBITED AND RESTRICTED GOODS

Certain products exported from Australia are subject to controls, either in the form of absolute prohibitions or restrictions. Prohibitions apply to protected wildlife, heritage items, certain weapons and dangerous goods. Restrictions apply to the following goods:

- primary products including meat, wheat and wine
- materials covered by international trade agreements
- defence-related goods and dual-use technologies
- fauna and items of cultural significance
- certain minerals and merino sheep.

Export Permit

Restricted goods may not be exported until a permit is obtained from the relevant authority. Approval to export is made prior to lodging the Export Declaration on which the permit number must be quoted.

Further details on export prohibitions, restrictions and issue of permits is available in the Department of Home Affairs' Export Control Manual www.homeaffairs.gov.au/Exportinggoods.





EXPORTING AGRICULTURAL PRODUCTS

Agricultural products have specific legal and administrative requirements for export which can include; export inspection and certification requirements, import and export permits and packing facility accreditation. The Manual of Importing Country Requirements (MICO R) database www.micor.agriculture.gov.au provides guidance on importing country requirements for agricultural products.

These requirements are administered by the Department of Agriculture and Water Resources. For further information and assistance exporting agricultural products refer to www.agriculture.gov.au/export

Registering an Export Establishment

Agricultural products for export must be prepared, stored, handled and/or presented for inspection at a registered export establishment. To register an establishment complete the EX26 form 'Application for Registration or Notification to the Secretary of Change of Details of an Establishment'. For more information refer to www.agriculture.gov.au/export

Export Documentation System

The Department of Agriculture and Water Resources Export Documentation System (EXDOC) is used to generate export documents including export permits, certificates and related documents. Different levels of access to EXDOC are available and exporters may choose to generate their own health certificates and related documents by registering as an EXDOC user. For further information on EXDOC visit www.agriculture.gov.au/export



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 +61 7 4781 1500  trade@townsvilleport.com.au