

## Mis-Declared Container Weight Penalties issued in Australia

### VGM warning to origin parties (agents, shippers) & importers

Penalties for mis-declared container weight, are expected to increase in 2023, as the majority of stevedore terminals are now checking for import container weight discrepancies at Australian ports.

**If the party at Origin port, mis-declares the gross container weight (VGM) by greater than +/- 1000kg, then a Penalty invoice may be issued in Australia.**

Australian container terminals may lift/record the container weight & compare it against the declared VGM weight in the system.

*Note: the weight shown on the Bill of Lading, is not the declared weight for VGM purposes.*

## Why is VGM necessary?...

Pictures are useful:



P&O Nedlloyd Genoa suffered a container collapse due to over-weight containers



UK- MSC Napoli aground in the English Channel



MV Deneb in 2011, rolled over after loading containers where [only] 1 in 10 varied between 1.9 to 6.7 times the declared weight

**Verified Gross Mass (VGM)** is the combined weight of all cargo, including packing & dunnage plus the tare weight of the empty container. VGM became an international mandatory safety requirement in 2016, as part of the Safety Of Lives At Sea (SOLAS) regulations, to increase vessel safety.

VGM must be calculated using either:

- Method 1 (actually weighing the loaded container) or
- Method 2 (weighing total contents and adding the tare weight of container).

### VGM Method 1

Weight the packed container via calibrated weighbridge or other approved weighing equip.



### VGM Method 2

Shipper calculates the weight of all contents, including packing, lashings, dunnage (using calibrated equipment) and add the tare weight of the empty container – onto a VGM document, signed by person responsible for the calculation.



### How are penalties issued?

The stevedore issues a PONDUS calibrated Weight Certificate to the trucking company in Australia and debits their account, for a mis-declared Weight Penalty.

The transport company then passes on the Weight Certificate & Penalty amount to the cargo owner (eg via the broker).

The cargo owner should then take the matter up with their supplier &/or origin party engaged.

### What should the importer do if they receive a penalty?

Contact the shipper & ask them for evidence of the declared VGM. If Method #1 was used, they should have a weighbridge ticket. If Method #2 was used, they should have a signed VGM form signed by the person verifying the calculation. Failure to produce reconcilable evidence, usually means the shipper has failed to understand the importance of declaring an accurate VGM.

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Note:

- Incoterms 2020 do not deal with VGM, therefore ultimately the cargo owner in Australia must deal with a mis-declared VGM penalty. However, CFL will take up the matter with our overseas agent if the term was EXW.
- The shipper on the bill of lading is responsible to provide the correct VGM to shipping line / loading terminal.
- Shipping Lines will not verify the VGM – they just pass on the declared VGM weight
- Each shipping line office may have their own system for lodging the VGM
- Once loaded, the VGM cannot be changed (per Maersk).
- Although VGM's safety aim, was to eliminate under-declared container weights, Stevedore's in Australia have seen PONDUS as a new revenue stream and include both under & over-declared container weights in the penalty regime (+/- 1000kg).

Mis-declared container weights, create safety risks throughout the supply chain & can lead to accidents or worse, during handling & transport.

And it happens in Australia as well:



Sydney - Broken containers on Shelly Beach after falling from a container ship



Darwin – Misdeclared container falls (narrowly missing 2 people) after it exceeded the crane limit



Melbourne - Misdeclared container results in over balancing of a fork lift.

Chain Of Responsibility (CoR) legislation can impact the Australian cargo owner & lead to possible jail time & fines. Although improvements have been made due to CoR & now VGM, there are some Origin parties that fail to recognise the importance of correctly declaring the true gross weight of the container they packed, shipped or transported to the load port.

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In 2020, Patrick Terminal, Brisbane announced the PONDUS Weight Amendment Fee (Penalty) for weight variance of greater than +/- one metric tonne of the declared weight (VGM) in the shipping line system.

In January 2022, Patrick Terminal, Sydney began charging the same penalties for mis-declared weights.

In December 2022, DP World announced the introduction of calibrated container weighing equipment (PONDUS) and a "Weight Mis-Declaration Fee/Penalty" from February 2023.



Useful links:

<https://www.imo.org/en/OurWork/Safety/Pages/Verification-of-the-gross-mass.aspx>

<https://www.imo.org/en/MediaCentre/PressBriefings/Pages/14-VGM.aspx>

<https://www.amsa.gov.au/vessels-operators/cargoes-and-dangerous-goods/container-weight-verification>

<https://www.amsa.gov.au/vessels-operators/cargoes-and-dangerous-goods/obtaining-verified-gross-mass>

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