

Interview

Mark Callus – Director, Customs Agency Services (CAS)

John Park, Head of Business Operations - Freight & Trade Alliance (FTA) recently had the opportunity to sit down, albeit it virtually in this COVID-19 environment, with Mark Callus from Customs Agency Services (CAS). CAS has been one of Australia's most successful international logistics providers over the last 5 decades and we thought it a good time to see how they have managed past and current challenges and where they see the future for customs brokers and freight forwarders.

1. JOHN PARK - Mark, would you like to start off by giving us a snapshot of who CAS are, and how you got started?

We are an Adelaide head quartered international forwarder and customs broker, with a team of 40 that was founded in 1976 by my father Phillip Callus, who was a former Australian Customs Officer.

Initially CAS performed customs clearance on behalf of South Australian importers. However, by the late 1970's, with increased globalisation, freight forwarding was just coming into vogue and Phillip saw this new freight opportunity. He became an early adopter in providing not only customs clearance services, but also international freight movement.

Such a bundling is obvious now, but back in the 1970's it was only an emerging concept.

CAS continued to innovatively expand and were one of the first customs brokerages in Australia, to lodge a computer-generated customs entry in 1986. Before then all customs entries were prepared manually and physically lodged at the Customs House. This customs clearance process could take days, whereas now customs approval can be done in a matter of minutes.

My sister and fellow Director, Louise Rigoni and I joined CAS in the 1980's and purchased the business from our parents in 1997.

Our focus back then was to continue to grow the freight forwarding side of the business, whilst consolidating our existing activities around our growing customs expertise.

2. JOHN PARK - In your time at CAS what changes have you seen within the industry?

In the 1990's and 2000's, the industry went through continual challenges and changes, including a number of global economic

shocks. Australia's "recession we had to have" in the early 90's (where interest rates almost hit 20%) and the global financial crisis of 2007/2008, were particularly difficult. However, the biggest disruption was the flood of overseas global freight companies entering the Australian market.

By 2010, most of our Australian owned Logistics competitors had either simply vanished, merged or been sold.

Additionally, the speed of business has grown exponentially. New technology has dramatically transformed the way we engage with and support our suppliers, customers and regulatory agencies.

3. JOHN PARK - How has CAS responded to all the industry disruption and move ahead over the past decade?

Ironically, in our 44 years of business, and whilst the industry has become clearly more competitive, the team at CAS has managed to thrive over the past 10 years, having doubled in size.

We realised some time ago that we had to expand our capability and customer base from a predominantly customs brokerage business to one that had the capability and global reach to deliver a door to door logistics solution.

This has now been achieved, with over 90% of revenue coming from international and domestic freight activities.

We also acknowledged we needed to diversify our client base from just South Australia, by having a truly national capability and reach. This took a concerted team effort and a lot of plane hours, but with half of our revenue now coming from across Australia, it has been a rewarding journey and result.

The management team at CAS also realised the importance of being specialists in key vertical markets. Our Adelaide centre of excellence, for both Aerospace & Defence

and ecommerce, now have a successful control tower capability and solutions across Australia and indeed the world. These two sectors will be two of the fastest growing areas of the Australian economy for decades to come and are already contributing to over 50% of our revenue.

The team at CAS had always provided warehousing and distribution solutions, but we recognised that this was another area of potential growth. In December 2019, CAS proudly signed an agreement to provide initial warehousing/distribution, freight forwarding and customs clearance solutions for the largest defence procurement in Australia's history – the Future Submarine Program in Adelaide.

4. JOHN PARK - How important has it been to keep reinventing the business and innovate?

The culture at CAS has always been one of continuous improvement and innovation. With the customers at the centre of what we do, we have been fortunate to also collaborate and learn from both our multinational and Australian customers alike.

As clichéd as it may sound, we genuinely all get better together.

We were the first freight forwarder and customs broker in Australia to receive "Australian Trusted Trader" approval in 2016. We then partnered and supported a number of our customers to also gain accreditation, which has helped them reduce both cost and time to market.

We have also been honoured to receive the recognition by our peers as winner of both "Australian Customs Brokers of the Year" and also "Australian International Freight Forwarder of the Year" on a number of recent occasions.

We were one of the first international logistics companies in Australia, to have a



formal indigenous “Reconciliation Action Plan” in place in 2019.

Our ability to embrace new technologies, digitisation and automation has underpinned our ability to keep supporting our customers and keep reinventing and innovating.

None of these achievements could have happened without our team of 40. Their commitment, professionalism and dedication drive the business, and keeps the customers coming back. Some of our team members and management group have been with us for decades. Others joined more recently as graduates, with 3 of them recently moving into key team leadership positions.

5. JOHN PARK - What threats and opportunities do you see for Australian freight forwarders and customs brokers into the future?

There is no doubt that the current COVID-19 pandemic’s effects on both the global supply chain and logistics, will still be with us well into 2021, and in some ways, the industry may never return to “normal”.

There is also the risk to global freight forwarders that the bull run of globalisation

over the last 2 decades, may begin to slow (for other than economic and health reasons). Unfortunately, pre COVID-19 trade tensions between China and USA, and Australia/China, appear to be now growing.

However, the shock of interrupted and stretched global supply chains may force many countries to bring manufacturing back on shore. This however may only be for niche, high cost/complex or strategic goods and at the end of the day, we may all have short memories and value a “bargain”.

There is concern that industry will need to manage the double-edged sword of a slowly recovering domestic economy, with ongoing lack of global air freight capacity. For Australian importers and exporters, the sudden jump in airfreight rates by 200 or 300 percent on some routes, came as a nasty shock and is a challenge to just in time (JIT) supply chains, profit and cash flow.

Fortunately, we are already seeing more airfreight capacity come back into the market with both pure freighters and passenger to freighter conversions, and rates slowly starting to come down.

With COVID-19 related restrictions already lifting within Australia, hopefully the economy will indeed return from forced hibernation.

From a logistics point of view, and reflecting on CAS’s journey over almost 5 decades, those logistics providers who stay both close and relevant to their customers, stay innovative and take early lessons learnt from the COVID-19 disruption, have the potential to survive and thrive in 2021 and beyond. I am sure we all have a few further surprises and shocks yet to come, and it will continue to be challenging on a daily basis.

But, then again, that’s when a good freight forwarder stands up, and delivers the solutions!



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