

**17 July 2020**

The Hon Josh Frydenberg  
Treasurer  
Parliament House  
CANBERRA ACT 2600



CC:

Senator the Hon Simon Birmingham - Minister for Trade, Tourism and Investment  
The Hon David Littleproud - Minister for Agriculture, Drought and Emergency Management

*Via Email*

**Assistance for international trade and the aviation sector**

Dear Treasurer

I am writing to you on behalf of the peak industry alliance representing the Australian freight logistics and international trade sectors.

Freight & Trade Alliance (FTA) represents in excess of 400 businesses (including Australia's largest international trade logistics service providers, exporters and importers) and several industry associations including a dedicated secretariat role for the Australian Peak Shippers Australia (APSA) – the designated peak body for Australia's exporters and importers under Part X of the Competition and Consumer Act 2010 and by the Federal Minister of Infrastructure and Transport – further detail of our membership and advocacy activity is available at [www.FTAlliance.com.au](http://www.FTAlliance.com.au)

The alliance commends the Federal Government for successfully leading Australia through the COVID-19 health crisis, minimising the loss of Australian lives. While international and local lockdown measures have had a significant adverse economic impact, we are also grateful for the implementation of government financial relief measures to ensure business continuity for key sectors of commerce.

Aviation has been one of the hardest hit sectors by the pandemic, devastated by the restrictions affecting passenger movements.

Approximately 80% of Australia's air cargo volume is usually moved in the belly of passenger aircraft. With dedicated freighter aircraft operating at capacity, airlines are increasingly deploying passenger aircraft for freight purposes and have initiated some new freight only services. This has been complemented by freight forwarders who have also initiated chartered services utilising what would otherwise be idle passenger aircraft.

Air freight costs have understandably substantially increased without the cross-subsidisation and demand of passenger traffic.

While industry has been proactive, continuity of service could not have been sustained without the combination of Federal Government initiatives being the International Freight Assistance Mechanism (IFAM) administered by the Australian Trade and Investment Commission (Austrade), Cash Flow Boost and JobKeeper Payment schemes.

The combined efforts of commerce and government has facilitated continuation of access to global markets for Australian exporters, importation of time-sensitive goods (including

medical, PPE and other essential supplies) and has maintained residual Australian jobs in the aviation sector by keeping aircraft flying.

We see significant merit in the recent announcement of an injection of another \$241.9M to continue IFAM until the end of the year, but have concerns that this alone will not be sufficient to adequately support the sector.

Aside from airlines, a focus is required on air cargo terminal operators, specialist transport operators, freight forwarders and customs brokers to maintain the supply chain's business continuity.

Freight forwarders are playing a critical role in co-ordinating freight and arranging international transport, chartering aircraft and consolidation of freight. Customs brokerages are trade professionals that play an essential role of managing cross-border compliance requirements and co-ordinating domestic transport.

Biosecurity compliance managed by customs brokers is more important than ever during these challenging times. Standards cannot be compromised as Australia cannot afford an imported pest infestation that would decimate our agriculture industry on top of a pandemic.

The entire international supply chain is fragile at the best of times, removing or limiting the capabilities of one link is not an option.

We understand and appreciate that the Federal Government is considering options to support Australian commerce beyond the scheduled end date of JobKeeper in September 2020.

It is imperative that the Federal Government allocate additional funds to maintain IFAM, JobKeeper and / or similar financial relief measures to support the air cargo international supply chain participants until the end of 2021 (at minimum), with actual allocation of funds subject to periodic reviews pending the return of international passenger flight services.

We look forward to an opportunity to further engage with the Federal Government in addressing this important issue as a matter of priority.

Your sincerely

A handwritten signature in black ink, appearing to read 'Paul Zalai', with a stylized, cursive script.

**Paul Zalai**

Director, Freight & Trade Alliance (FTA)  
Secretariat, Australian Peak Shippers Association (APSA)