

**27 March 2020**

Mr Neville Power

Chairman

National Covid-19 Coordination Commission

C/- Prime Minister & Cabinet

Andrew Fisher Building

1 National Circuit

Barton ACT 2600



Freight & Trade Alliance (FTA)

Australian Peak Shippers Association (APSA)

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## **ESSENTIAL SERVICES & RELIEF MEASURES – INTERNATIONAL SUPPLY CHAIN**

Chairman Power,

### **PEAK INDUSTRY ALLIANCE – FTA AND APSA**

**Freight & Trade Alliance (FTA)** represents 380 businesses including Australia's largest international trade logistics service providers, e-commerce market- place platforms and major importers. FTA also performs the Secretariat role for **Australian Peak Shippers Australia (APSA)**, being the peak body for Australia's containerised exporters and importers designated under Part X of the Competition and Consumer Act 2010 and by the Federal Minister of Infrastructure and Transport. FTA and APSA also provide trade and logistics advocacy to the following entities:

- Australian Horticultural Exporters and Importers Association (AHEIA);
- Australian Cotton Shippers Association (ACSA);
- Australian Meat Industry Council (AMIC);
- Australian Council for Wool Exporters and Processors;
- Australian International Movers Association (AIMA);
- E-commerce Reference Group (ECRG) - comprising Alibaba, Amazon and eBay; and
- Tasmanian Logistics Committee (TLC)

### **SUMMARY**

The entire international supply chain must be treated as an "essential service" and furthermore, require the following relief measures during the immediate health and economic crisis:

- it is imperative that all importers and exporters be allowed to continue to receive and dispatch goods and fall in the definition of essential services;
- to ensure that goods can keep moving across the border and support an Australian economic recovery, importers require relief in the form of a deferment of Duty, GST and Import Processing Charges (IPC);
- to ensure business continuity, it will be necessary for funding to support traders of perishable goods reliant on air cargo to export to or import from global markets;
- as well as stevedores, air cargo terminal operators, transport operators, licensed depots, fumigation providers and empty container parks (physical handlers of cargo), it is essential that freight forwarders and customs brokers be included as essential services; and
- in an environment whereby the policy intent is for the majority of our population to self-isolate, "last-mile" deliveries by carriers and Australia Post, facilitated through e-commerce, will play an essential role.

## **TRANSPORT AND INFRASTRUCTURE COUNCIL COMMUNIQUÉ**

The Transport and Infrastructure Council Communiqué (Communiqué) released by Federal, State and Territory Ministers on 25 March 2020 affirmed the critical role the trade and logistics sector play in providing essential supplies of food, medicine or other goods.

*“Our freight and logistics sector starts at the border via our maritime and aviation routes. We then use rail and trucks to move substantial quantities of goods throughout the country, from ports and airports to the doors of individuals, businesses, and service providers.*

*This includes recognition of the importance of all members of the freight distribution chain, from drivers, pilots, and engineers and others who support them, including those in the back office working out rostering and logistics.”*

**FTA and APSA endorse the above commentary and offer the following advice to the National Covid-19 Coordination Commission (Commission) in assessing international supply chain “essential services” and associated relief measures.**

### **IMPORTERS / EXPORTERS**

In terms of the international supply chain, all parties from the importer and exporter through to the border, must be treated as essential services to ensure goods continue to flow onto Australian shelves and to support the economy for as long as possible during this pandemic.

Commerce is doing an amazing job continuing trade during these extreme circumstances. They will continue to do so, contingent on having a broad understanding of the next steps and the definition of "essential services".

**It is imperative that all importers and exporters be allowed to continue to receive and dispatch goods and fall in the definition of essential services.**

This will allow logistics providers an opportunity to make commercial decisions on the financial viability to continue deploying vessels, chartering of aircraft and the like.

If a decision is made to exclude a significant proportion of importers and /or exporters, then we would highly recommend that the federal government work with the private sector to coordinate supply chains to ensure consumers have reliable and fair access to goods.

### **IMPORTER CASH FLOW RELIEF**

FTA has engaged with the Australian Border Force (ABF) providing feedback that many importers are experiencing poor cash flow as a result of the current economic environment.

Now that import container volumes are starting to increase, especially from China, it is likely that we will see significant congestion on our wharves and depots as cargo cannot be released without upfront payment of taxes.

**To ensure that goods can keep moving across the border and support an Australian economic recovery, importers require relief in the form of a deferment of Duty, GST and Import Processing Charges (IPC).**

A significant threat will be experienced by customs brokers, many whom pay taxes on behalf of importers and retrieve funds via disbursements.

By way of example, FTA has received data from a medium size customs brokerage that on average lodges 250 sea freight Import Declarations per week, for a large mix of importers (some of whom report GST quarterly).

The following data highlights the cash flow needs to be for daily, weekly and monthly periods:

EXAMPLE	Day	Week	Month
Duty/GST/IPC payments to the ABF	\$88,500	\$442,500	\$1.77M
IPC component alone for 250 FID's X 4.3 weeks	\$10,050	\$ 50,250	\$216,000

If importers are delayed in paying Duty/GST/IPC disbursement payments, many customs brokerages will exhaust funds before the end of April 2020 which will result containers being held at our wharves.

Deferral of taxes would also alleviate concerns being raised by members on the potential of high storage and container detention costs as a result of delays in release from customs control.

We are very much encouraged with advice received 25 March 2020 from ABF executives that merit is seen in our proposal and that the matter has been escalated to Treasury and the Australian Taxation Office (ATO).

Should the Federal Government proceed with our recommendation, we have witnessed that legislative changes in these extreme circumstances can be achieved within days. We look to the Commission to support and fast-track this outcome and to continue the relief for the duration of the National Covid-19 crisis.

### **FUNDING – AIR CARGO PERISHABLE GOODS**

FTA has been engaging with airlines, cargo terminal operators and freight forwarders to support the air cargo sector that is being decimated with most passenger flights winding up.

Putting this in context, stakeholder feedback suggests that approx. 80% of Australia's air cargo volume is usually moved in the belly of passenger aircraft.

We understand that remaining dedicated freighter aircraft are operating at capacity, resulting in freight forwarders chartering new freighter services or negotiating with airlines to charter otherwise idle passenger aircraft (now being referred to as "Ghost Flights").

**To ensure business continuity, it will be necessary for funding to support traders of perishable goods reliant on air cargo to export to or import from global markets.**

Importantly, this would provide further support to our agriculture sectors still recovering from fires, floods and long-term sustained drought conditions.

### **LOGISTICS PROVIDERS**

**As well as stevedores, air cargo terminal operators, transport operators, licensed depots, fumigation providers and empty container parks (physical handlers of cargo), it is essential that freight forwarders and customs brokers be included as essential services.**

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 import 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.

### **SUPPORTING RETAIL**

While it has been clearly articulated by the Federal Government that major supermarkets will continue as an essential service, a need exists for business continuity of other retail sectors.

**In an environment whereby the policy intent is for the majority of our population to self-isolate, “last-mile” deliveries by carriers and Australia Post, facilitated through e-commerce, will play an essential role.**

To ensure that freight and logistics can continue to operate effectively, all steps along the supply chain need to remain operational. Warehousing, as well as fulfilment at retail sites (where those sites may be closed to consumers), will be critical to ensuring goods are delivered and businesses can remain viable.

FTA, APSA and associated peak bodies are being inundated by members who are looking for clarification of the definition of essential services and relief measures.

A need for a definitive response is required as a matter of urgency.

Please feel free to contact me direct on 02 9975 1878 / 0408280123 or  
[pzalai@FTAlliance.com.au](mailto:pzalai@FTAlliance.com.au)

Yours sincerely



**Paul Zalai**

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

**CC – Federal, State and Territory Ministers – as per attached**

CC:

The Hon Michael McCormack MP	Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development (Commonwealth)
The Hon Andrew Constance MP	Minister for Transport and Roads (New South Wales)
The Hon Paul Toole MP	Minister for Regional Transport and Roads (New South Wales)
The Hon Jacinta Allan MP	Minister for Transport Infrastructure (Victoria)
The Hon Jaala Pulford MLC	Minister for Roads; Road Safety and the TAC (Victoria)
The Hon Mark Bailey MP	Minister for Transport and Main Roads (Queensland)
The Hon Stephan Knoll MP	Minister for Transport, Infrastructure and Local Government; Planning (South Australia)
The Hon Rita Saffioti MLA	Minister for Transport; Planning (Western Australia)
The Hon Michael Ferguson MP	Minister for Infrastructure and Transport (Tasmania)
The Hon Eva Lawler MLA	Minister for Infrastructure, Planning and Logistics (Northern Territory)
Chris Steel MLA	Minister for Transport Canberra; City Services; Multicultural Affairs; Recycling and Waste Reduction; Roads and Active Travel (Australian Capital Territory)
Mayor David O'Loughlin	President (Australian Local Government Association)