

# The problem of supply-chain vulnerability

Vulnerability in Australia's supply chain are causing significant impact on the movement of goods into and out of Australia, writes IFCBAA CEO Paul Damkjaer

## AUSTRALIA FACES SEVERAL

areas of significant supply-chain vulnerability in the movement of goods to and from our country. The International Forwarders and Customs Brokers Association of Australia has outlined these in our recent submission to the Productivity Commission's Inquiry into vulnerable supply chains.

The vulnerability areas outlined in the submission are causing a cumulative and significant impact on transport and logistics movement of goods into Australia.

Because Australia is an island nation, it is completely reliant on ships and aeroplanes to transport goods into and out of the country. But, as we all know, the international shipping lines that service the Australian market are foreign owned.

The lack of local ownership of shipping lines exposes a transport vulnerability to Australia in accessing large volumes of essential goods, should market forces or geo-political tensions impact a trade lane. Air cargo is unable to provide the necessary capacity to replace ships.

Port congestion is likewise a vulnerability. Recent congestion, overseas and domestic, has led to shipping lines rearranging schedules and omitting port calls. This in turn leads to additional delays and costs as containers are moved from the next port back to the omitted port of destination of the goods.

## THE PROBLEM OF EMPTIES

And this has, in part, led to a build-up of empty containers in Australia that has overwhelmed empty container parks and stevedores. This has led to a build-up of empties at importers and transport companies' premises – adding more costs in terms of delays and demurrage fees in returning empty containers to depots and port stevedores.

An imbalance of empty containers held in Australia has led to shortages in Asia

ports, impacting the availability of certain container types for shipments to Australia and exports from Australia.

Vessels omitted Port Botany, or suspended bookings to the port, while other shipping lines cancelled some vessels to Australia or suspended bookings on certain services to Australia or coastal services within Australia.

Some importers were forced to transport their container cargo overland from

in Australia to address this issue and related shipping charges issues.

## DAWE ISSUES

Yet another transport vulnerability is the current state of operations of the Department of Agriculture, Water and the Environment.

The department is beset with managing major external biosecurity threats of brown marmorated stink bug and the

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Melbourne and Brisbane to Sydney, at substantial cost, with others having to wait an extra three to four weeks to receive their cargo by sea from Melbourne.

Empty container parks in Sydney were full as ships were not evacuating, or able to evacuate, the full complement of empty containers due to servicing delays.

The current disruption to stevedores' operations at Port Botany and the stockpile of containers in empty container depots has exposed instances of shipping lines' intransigence to extending container detention free periods, when containers cannot be accepted by an empty container park due to capacity constraints.

IFCBAA refutes any shipping line that seeks to take advantage of a crisis situation not of the importer/exporter/agent's making and are forced to pay additional fees and charges, such as port congestion surcharges, container detention, container holding costs and redirections.

IFCBAA commends FIATA and the FMC for producing a ruling and a practical guide to members in dealing with shipping lines on unjust container detention and demurrage. IFCBAA supports the establishment of an FMC-style commission

khapra beetle, with a significant shortfall in manpower resources.

There are significant delays in processing import declarations and inspections. Inspections and release of shipments can take more than a week. IFCBAA has engaged with the relevant minister and senior management to allow licenced customs brokers to undertake low-level functions on behalf of DAWE to reduce delays.

IFCBAA recommends greater use of shipper/consignee and consignment information intelligence for earlier intervention and the introduction of a DAWE trusted trader program, as exists in ABF's Trusted Trader program, to shrink the haystack of shipment processing by allowing more releases for entities with a trusted, secure supply chain. ■



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