

20 July 2020

Committee Secretary
Joint Standing Committee on Foreign Affairs,
Defence and Trade
PO Box 6021
Parliament House
CANBERRA ACT 2600



Via Email

SUPPLEMENTARY SUBMISSION - Inquiry into the implications of the COVID-19 pandemic for Australia's foreign affairs, defence and trade

Dear Committee Secretary,

Thank you to the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) for accepting the Freight & Trade Alliance (FTA) and the Australian Peak Shippers Australia (APSA) joint submission dated 30 June 2020 (refer attached) and providing an opportunity to present our claims before the committee.

In parallel to the issues raised in this original submission, our alliance brings to your attention additional considerations impacting the international trade and aviation sector.

Assistance for the international trade and the aviation sector

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

Approximately 80% of Australia's international 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.

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

I look forward to an opportunity to engage with the JSCFADT and elaborate on these issues at the committee's public hearing on 30 July 2020.

Your sincerely



Paul Zalai

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Secretariat, Australian Peak Shippers Association (APSA)