



INTERNATIONAL FORWARDERS AND CUSTOMS BROKERS ASSOCIATION OF AUSTRALIA

IFCBAA COUNTRY REPORT

July 2020 – June 2021

**For presentation to Delegates attending the
47th Executive Committee Meeting June 29, 2021**

Establishment of International Forwarders and Customs Brokers Association of Australia (IFCBAA) Ltd, effective 1 July 2020.

The Boards of the Australian Federation of International Forwarders (AFIF) and Customs Brokers and Forwarders Council of Australia (CBFCA) reached an agreement to form a single peak body and to change their current business names to the International Forwarders and Customs Brokers Association of Australia (IFCBAA) Ltd, effective 1 July 2020.

The Boards agreed that a single peak body is better placed to respond to members' issues and concerns, with far-reaching experience and a greater united front for our industry.

An interim IFCBAA board, comprising five current directors from each of both AFIF and CBFCA (ten persons in total), will remain in place for the first two years, until July 2022.

The chairperson will rotate annually during this two-year period. At the conclusion of the two-year period, elections amongst the combined membership will create a new Board of Directors.

IFCBAA Interim Joint Board

Paul Golland, Chair – PG Logistics, Sydney

Adam Butler, Vice Chair (Chair July 2021) – Cable International, Sydney

Directors (alphabetical)

Peter Andrews	– International Trade Management, Melbourne
Wade Bollard	– CT Freight, Sydney
Colin Brame	– Southern Cross Cargo, Brisbane
Nicole Couper	– Crane Worldwide Logistics, Perth
David Finnie	– FINNAirSea Logistics, Melbourne
Brad Leonard	– Pro Kinetics, Melbourne
Jim Merrigan	– MGL Logistics, Sydney
Robert Wallace	– Wallace International, Brisbane

My report to follow will summarise a selection of the major areas of **air cargo related activity** which may be of interest to FAPAA delegates attending the 47th Executive Committee Meeting.

In general terms, the past year has provided a number of challenges for IFCBAA's activities in representing members interests and engagement with government agencies, IATA, airlines and cargo handling terminals.

1. COVID-19 Impacts

The Covid-19 pandemic has significantly disrupted the aviation industry with unprecedented flight suspensions and cancellations as airlines reacted to the escalating operating restrictions throughout the globe.

In March 2020, the Australian Government closed international borders to all non-citizens and non-residents.

More than 80 per cent of airfreight is usually transported in passenger aircraft to and from Australia and virtually all of this capacity was removed from the market with only a few passenger flights continuing. The significant reduction in air cargo capacity leaving the market as a consequence of the suspension of passenger services impacted the industry heavily.

Airfreight rates are currently at 2 to 6 times pre-COVID, depending on the origin and destination and are not expected to ever return to pre-COVID levels when borders re-open and more passenger flights return to the market.

Incentivised by higher freight rates and the worldwide shortage of freighter aircraft capacity, passenger airlines reacted by converting Passenger to Cargo (P2C) aircraft to carry freight only.

Despite the addition of P2C flights, full freighter flights and limited passenger flights operations, a major shortfall in airfreight capacity remains.

Cargo terminal operators and freight forwarders responded to the capacity reductions, suspensions and cancellations of flights, by adjusting their businesses, hours of operations and manpower levels.

The International Freight Assistance Mechanism (IFAM)

The Australian Government acted to safeguard airfreight capacity, establishing the International Freight Assistance Mechanism (IFAM).

The International Freight Assistance Mechanism (IFAM) is a targeted support measure put in place by the Australian Government to keep global air links open in response to the ongoing effects of the COVID-19 pandemic.

IFAM maintains global air connections and protects hard fought market share, while targeting support where it is needed most and buying Australian businesses time to align their operating models to 'new-look' supply chains.

- Horticulture, seafood, lamb, beef, pork and dairy sectors have accessed IFAM support to assist them in sustaining their overseas export markets.
- IFAM has also supported the import of critical PPE medical supplies to combat COVID-19.
- Around 35,000 jobs directly and over 120,000 jobs indirectly in the agriculture, seafood, and aviation and logistics sectors are at risk if airfreight supply chains fail – many of these in regional communities.
- Since the IFAM program commenced in April 2020, there have been 13,726 IFAM supported flights serving 67 destinations from 9 locations, with an expected cost of \$800 million by September 30.
- Over 1,000 of these flights have been pure IFAM freighter flights.
- 475,000 tonnes of product worth over \$6.8 billion has been airfreighted under the IFAM program.

IFCBAA played a lead role engaging with the Australian Government on behalf of IFCBAA members, in the roll out of the IFAM program, ensuring a 'level playing field' of access to limited air cargo capacity for all freight forwarders in support of their export and import customers.

IFCBAA has provided extensive communications and updates to members informing them of the IFAM program operation, participation and progress.

IFCBAA and Government Engagement on COVID-19 Issues

Since the onset of COVID-19 and the closing of Australia's international borders to all non-citizens and non-residents, IFCBAA has maintained ongoing close engagement with federal and state governments, ensuring the freight transport logistics industry is recognised as 'essential industry' status - enabling freight forwarders' operations to continue during lockdowns, moving goods through the logistics chain without delay, especially large volumes of PPE & medical supplies.

IFCBAA engaged with Australian Border Force (Customs) and Agriculture departments, to ensure there were no COVID-related border and biosecurity restrictions on imported cargo at the Australian border. This enabled urgent PPE and medical supplies and other time-critical goods to be airfreighted to and from Australia and reach recipients without delay.

2. Aircargo Security

IFCBAA, as a member of the Australian Federal Government Department of Home Affairs, Aviation & Maritime Security (AMSD) Air Cargo Security Industry Advisory Forum (ACSIAF), is actively engaged in the work of the Government's future strategy and planning in matters related to aircargo security that would have an impact on our members.

Enhanced Air Cargo Examination (EACE) Piece-Level Screening to all destinations:

- In July 2018, the Australian Government passed legislation creating a requirement that effective **1st March 2019**, **ALL** air cargo to any global destination requires 'Piece-Level' Examination **OR** originate from a '**Known Consignor**' (a program designated by UN ICAO).
- In July 2021, the EACE requirement will apply to all aircargo moving domestically within Australia.

IFCBAA continues to engage with AMSD to provide updates to members on the EACE program.

3. IATA

a) IATA FIATA Air Cargo Program (IFACP) and Annual Financial Review

As widely reported, the IFACP was terminated by IATA late last year following intense negotiations between FIATA and IATA to seek a more equitable agreement between the aircargo agent and carrier.

FIATA did not object to this nor ask for the arbitration clause to be invoked, as was possible. As such the current IATA financial criteria remains unchanged, with 39 different resolutions in place around the globe, unless a new agreement can be conceived.

In Australia, IATA requires all IATA agents to undertake the Annual Financial Review (AFR).

IATA provides IATA agents with the financial criteria in order to determine who shall be given credit terms, which includes items such as turnover, airline spend, ROI, among various ratios.

If the agent does not meet the financial criteria, IATA will require a bank guarantee, cash deposit, or default insurance, usually based on the 3 highest trading months in a financial year.

As the global insurance provider of IATA default insurance has decided to conclude the insurance facility on 30 June 2021, IATA will require a bank guarantee, or cash deposit, from those agents affected by the change.

The AFR based on the 3 highest trading months in the financial year will be an issue for air cargo agents this year, as freight rates are between 2 and 6 times pre-COVID, so the bank guarantee or cash deposit may be prohibitive for some agents.

IFCBAA has been working with an insurance broker and IATA, endeavouring to secure a replacement insurance provider, but to date this has not eventuated.

The FIATA Presidency has reached out to the new IATA Director General, Mr. Willie Walsh, for a new approach to a Cargo modernisation Program. If that makes any difference we will have to wait and see.

b) IATA e-AWB: update on current progress

e-AWB Penetration is now just below 72%, where it is legal to use it.

Out of Australia, the main airlines promoting e-AWB are Cathay Pacific; Emirates; & Singapore Airlines. The issue is always on our local Cargo Executive Council (CEC) agenda but only slow organic progress is made. Neither Qantas or Air New Zealand use e-AWB to any great extent on exports.

IFCBAA has repeatedly called for a simplified and single process to facilitate greater use of e-AWB as all Airline/CTOs have a different system of acceptance. The pre-shipment data (FWB/FHL/FHM) advice provided by forwarders is at 98% of the total air exports and supplied to the CTO, through a CCN switching system. Therefore if ALL airlines had the capability to accept e-AWB and the same processes existed across each cargo terminal (CTO), at the airport interface, then our e-AWB utilisation as a country would rise.

During the past year of the COVID pandemic, IATA has not been pushing e-AWB uptake, as airlines are struggling to survive financially. However, freight now accounts for 35% of all airline revenue (up from 5-15%) pre COVID, so IFCBAA would encourage IATA and the airlines to progress the use of e-AWB further. (IATA Stats).

4. Border Clearance Agencies

IFCBAA, as the representative industry body for service providers engaged in border clearance, has a long history of engagement with government agencies at the Australian border.

The 2 major agencies are Australian Border Force (ABF) and Department of Agriculture (DAWE)

The primary IT system for Customs and Quarantine clearance - the Integrated Cargo System (ICS) - is a significant point of vulnerability in the transport supply chain.

The ICS was introduced in 2005 with major disruption and delays to the supply chain. There has been no modernisation upgrade to the ICS since its introduction. There are regular instances of points of failure, outages, and delays in the ICS on the ABF side and DAWE side.

Further to the ICS issues, there are ABF delays in processing permits - the ABF represents 40 government agencies at the border.

The ICS needs to be replaced with a robust 'Single Window' cloud-based system, where all trade facilitation, interaction with government agencies, permits, Customs and Quarantine clearance can be processed in real time.

With an ageing Licenced Customs Broker workforce (average age of 55), the sector is not being replaced by enough younger entrants. IFCBAA provides Diploma vocational training for new entrants, with an emphasis on school leavers who may not wish to attend university. IFCBAA is represented at many careers expos' throughout Australia looking to foster a future in Supply Chain Logistics both Domestic and internationally.

5. Customs Related Matters

a. Australian Trusted Trader (ATT) Program

The ATT is the Australian version of the original European 'Authorised Economic Operator' (AEO) scheme derived from the World Customs Organisation (WCO) 'SAFE' Framework of Standards and commenced in Australia in July 2016.

The number of entities both Importer/ Exporter and Service Providers has steadily grown. At the same time, mutual recognition with other global economies has also increased therefore benefitting those in the system.

As at 1 June 2021, over 1000 'Trusted Entities' have been accredited or are being accredited, including importers, exporters and a large number of Freight Forwarders and Customs Brokers have been admitted into the program. There are still those within and outside the system who believe that greater benefits need to be created to both increase the value for those in the system and those considering joining.

Deferred payment of Customs Duty was introduced for Importers but is not extended to service providers (Customs Brokers) at this time.

If requested by the ABF, standard commercial documentation (invoices, bills of lading) will support claims for preferential tariff treatment under free trade agreements, MRAs and Origin waiver facilities.

The Origin Waiver benefit saves time and money for Trusted Trader importers. Certificates or Declarations of Origin are no longer required under ten free trade agreements:

Current Agreements -

- Australia-Chile
- Japan-Australia
- Korea-Australia
- Malaysia-Australia
- Singapore-Australia
- Thailand-Australia
- Indonesia-Australia Comprehensive Economic Partnership Agreement
- Australia-Hong Kong
- Peru-Australia
- Comprehensive and Progressive Economic Partnership Agreement for Trans-Pacific Partnership

The Australian Government will continue to work to facilitate Mutual Recognition Arrangements with the EU and other Countries and/or Regions to facilitate a more secure supply chain internationally.

Current Agreements -

- Canada Border Services Agency
- General Administration of Customs of the People's Republic of China
- Hong Kong Customs and Excise Department
- Japan Customs
- New Zealand Customs Service
- Republic of Korea Customs Service
- Singapore Customs
- Taiwan Customs Administration
- Thai Customs Department

IFCBAA as a member of the Australian Trusted Trader Industry Advisory Group (ATTIAG) with other industry stakeholders, continues to engage with Australian Border Force to increase benefits to industry under the ATT program.

Further details <https://www.abf.gov.au/about-us/what-we-do/trustedtrader/benefits>

b. National Committee on Trade Facilitation (NCTF) and a trade 'Single Window' to Government

Australia created a National Committee on Trade Facilitation (NCTF), as we are a signatory to the World Trade Organisation (WTO) Trade Facilitation Agreement.

Our industry has some concerns about the way in which the NCTF is run; including how it meets its stated objectives. Industry has called for NCTF to look at ways to include a trade 'Single Window' (SW) to Government. To further examine these issues, industry has funded wide ranging University led research into the benefits of a SW and delivered this research to the Government for further consideration.

During COVID, NCTF meetings and activities have been less frequent, although IFCBAA continues to be engaged with NCTF committee on trade facilitation initiatives.

c. Simplified Trade System

As part of the 2021-22 Budget, the Government announced further funding of \$37.4 million over three years to drive the implementation of the [Simplified Trade System](#) (STS) reform agenda. The reforms will enhance the international competitiveness of the Australian economy by creating a simpler 'tell-us-once' digitised trade framework, allowing more Australian businesses to take full advantage of the opportunities offered by international markets as importers and exporters.

The Government has [established a whole-of-government STS Implementation Taskforce](#) to drive the STS reforms – reporting to the Minister for Trade, Tourism and Investment, the Hon Dan Tehan MP, as Chair of the Joint Ministerial Taskforce on Simplified Trade.

These next steps in the Government's STS reform agenda build on a range of initiatives underway, including:

- trials of innovative technologies to tackle business problems, including with major partner countries on authenticating trade documents;
- launching a major update for the [Trade Information Service](#);

- delivering a series of export reforms under the \$328 million [Busting Congestion for Agricultural Exporters Package](#) including new digital services and a modernised export certification system;
- launching a [Commonwealth Biosecurity 2030 Roadmap](#) and continuing investment in biosecurity system improvements;
- continued development of a regulatory sandbox within the Customs Act to enable small scale trials, to build the evidence base for long term deregulation;
- testing advanced detection technologies; and
- developing a new border intervention model for sea and air cargo.

To ensure STS initiatives deliver meaningful benefits to the Australian trading community, the Taskforce will collaborate with a broad range of stakeholders, including Australian businesses of all sizes, business associations and peak bodies, trade service providers and state and territory governments, Commonwealth Government agencies, including the Australian Border Force, the Department of Agriculture, Water and the Environment, and the Department of the Prime Minister and Cabinet's Deregulation Taskforce.

IFCBAA, as a member of the STS Taskforce is actively engaged in the development of this important future initiative.

6. Biosecurity-Agriculture Related Matters

Department of Agriculture, Water and the Environment

A transport vulnerability in the Australian environment is the current state of operations of the Department of Agriculture, Water and the Environment. (DAWE)

The Department is beset with managing major external biosecurity threats of Brown Marmorated Stink Bug and the Khapra Beetle, with a significant shortfall in manpower resources. There are considerable delays in processing import declarations and inspections. Inspections and release of shipments can take over 1 week.

IFCBAA has engaged with the Minister for Agriculture, Secretary 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 the ABF Trusted Trader program, to 'shrink the haystack' of shipment processing by allowing more 'green lane' releases for trusted entities with a demonstrated secure biosecurity supply chain.

7. Legal and Compliance

During the year we have continued to provide members with both generic and specific guidance on relevant legal compliance matters that may have an effect on their businesses. We regularly consult with senior practitioners from prominent trade and transport law firms, affiliated to IFCBAA, in order to help resolve generic and specific legal issues on behalf of members.

8. General

There are many other issues being handled at any one time and IFCBAA Directors and representatives are necessarily active on many committees and Boards. The following is a summary of the major national and international external committees, related to our Airfreight Division:

- **The Department of Home Affairs; Customs & Trade Division 'National Cargo Facilitation Committee' (NCTF):**
the peak consultation body for liaison between Australian Border Force / Customs and Industry on trade facilitation issues.
- **The Department of Home Affairs *Australian Trusted Trader Industry Advisory Group (IAG)*.**
IFCBAA is represented on this important sub-committee working to assist develop this landmark progressive program for Australia.
- **Department of Agriculture Biosecurity Division *Industry Cargo Consultative Committee (DCCC)* :-**
The peak body for consultation between the Government Biosecurity division and our industry.
- **IATA Cargo Executive Council (CEC):**
IFCBAA has three representatives on the representative panel who meet with IATA and their Airline members to discuss IATA Resolutions and Cargo Agency Program matters.
- **Dept. Of Home Affairs, Aviation & Maritime Security Division, *Aviation Security Industry Advisory Forum (ACSIAF) and Working Groups***
IFCBAA is represented on the ACSIAF who meet quarterly to review requirements in regard to the RACA and AACA Aviation Security programs.
- **Australian Dangerous Goods Air Transport Council (ADGATC)**
The peak body representing movers of Dangerous Goods by Air. IFCBAA attends this group which meets with the Civil Aviation Safety Authority (CASA) on a regular basis.
- **FIATA:**
FIATA represents members at the two Annual FIATA forums – The World Congress and the 'Headquarters Sessions'. The current IFCBAA Chairman attends the meetings on behalf of members. IFCBAA Chairman Paul Golland is the current Chairman of the FIATA Advisory Body International Affairs (ABIA) and remains an active member of the central committee of the FIATA Air Freight Institute (AFI).

9. Other

IFCBAA National Conference.

The IFCBAA National Conference has been postponed twice in the past year due to COVID. The date has been re-set to be held at the Gold Coast on 15 and 16 October 2021.

Annual Charity Golf Day

The IFCBAA Annual Charity Golf Day was not held in 2020 due COVID restrictions. The date has been reset to be held on 19 August 2021.

International Forwarders and Customs Brokers Association of Australia

Paul Damkjaer
Chief Executive Officer
June 23, 2021