



Logistics Industries ENVIRONMENTAL SCAN

November 2011

**Freight
Forwarding**



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Overview

Freight forwarding involves the organisation of shipments for individuals or companies, with modes of transport alternating between road, rail, air and sea. International freight forwarding deals with cargo movement to international destinations, and involves the preparation and processing of documentation. Much of this information is now processed in a paperless environment.

Road Freight Forwarding

This class consists of units mainly engaged in contracting to transport goods and using one or more different enterprises to perform the contracted services by way of road freight transport. In these cases the 'forwarding' unit takes on prime responsibility for the entire transport operation, specified in each contract, for a charge or fee which covers the total transport operation and, in turn, pays the actual carriers for the transport services rendered to it. Express freight services account for approximately 50% of this service followed by general freight services, distribution services, customs brokerage and compliance and warehousing.

Rail, Air and Sea Freight Forwarding

Rail freight forwarding accounts for approximately 40% of this service, followed by sea freight forwarding and air freight forwarding.

Regulatory requirements

- A customs broker is required to hold a broker's license in accordance with part XI of the Customs Act 1901.
- To qualify as a customs broker, an individual must have completed an accredited course and have gained the experience necessary to become a customs broker.¹
- It is a requirement that inbound goods meet the health and safety standards of Customs/Quarantine.

Demographics²

There has been a gradual increase in the number of females taking part in this industry sector. The ratio of male to female licensed brokers is approximately at 60:40.

There is little activity taking place in regional WA apart from the inbound goods that are sourced for the mining oil and gas sector.

Age profile

- The industry, like many other sectors in the economy is affected by the ageing workforce, with both Western Australia and South Australia being identified as the worst impacted by the ageing population. The impact of this is greatest amongst owner/operators who run family run businesses.

- With less people within the company, it is therefore more difficult to successfully implement succession planning.

Impact of Globalisation

- Initially, customs brokers and freight forwarders, along with many other support services, were handled by the same company. With the growth of the industry over time, more and more operators branched out to start up their own companies and offer specialised services.
- Some companies have, in recent times, shown interest in dealing with only one company with regard to their supply chain management solutions in moving products. There are greater cost efficiencies when services are streamlined along with a decreased margin for error.

Technological

The use of the internet has greatly impacted on the delivery of courses for this industry sector. A number of the courses offered can now be conducted online.

The industry had previously been described as labour intensive, however this has now changed. There is now greater flexibility to work at a faster pace and in real time with other clients and suppliers. In addition to this the scope and style of the business has changed.

Economic Drivers

Whilst some companies found it necessary to shed their workforce in response to global economic trends, other companies have taken on a more tactful approach. They have used the current conditions to allow staff to take long service leave in an effort to prevent a high turnover and lose staff before they can salvage a decent return on investment.

Size and Distribution

The majority of operations are metropolitan, based out of the major transport hubs: Fremantle Port, Perth Airport, Cockburn, Kewdale and Welshpool.

Sustainability

- There has been a growing drive for businesses to implement green policies. There has been a combination of both company initiative and client-driven requirements for companies to deliver goods in a more environmentally friendly way.³
- As green policies become a part of business culture some companies have sought certification as assurance that standards are maintained, ie achieving ISO 14001:2004 certification for an environmental management system that will ensure sustainable operations.⁴

- Social responsibility need not only be a concern of the major players in industry but also the smaller stakeholders.⁵

Qualification of Workforce

In Western Australia approximately 20 people enrol in brokering/freight forwarding courses per year. At a national level about 100 people enrol in such courses. It has been noted that there is a larger percentage of customs brokers that undertake further training to become freight forwarders than the reverse taking place

A high percentage of workers have been engaged in training for existing job roles. However, there is a shortage in the number of qualified customs brokers. That being said, the industry would not be in favour of oversaturating the market with brokers as this would infringe on the wage rate of workers.

Nationally recognised qualifications are available at Certificate III, IV and Diploma level in the Transport and Logistics Industries (TLI) Training Package. Though the short and long term courses offered by companies are recognised internationally, it is only the Diploma of International Freight Forwarding that maps across to the transport and logistics qualification. Work is currently under way at a state level to investigate the establishment of a traineeship at Certificate IV level. It perceived that industry would be receptive to this endeavour and branding it as an entry level position.

The cost of training has been a deterrent in encouraging employers to invest in their employees. This leaves the workers with the responsibility of paying the full cost for education. Companies tend to be reluctant to spend on average \$5000 per employee when upon completion the employee is poached by another firm, leaving them without the ability to gain a return on their investment. To curb this some companies have implemented a system whereby the employee is reimbursed for the cost of training over an agreed period of time.

Currently 85% of people studying are already employed in the industry. The figures for this are quite high as a result of the industry experience that is required before the application for a licence can be reviewed. People seeking employment in the industry make up 10% and overseas students make up the remaining 5%. For customs brokers it normally takes 2½ years for students to complete the course, whereas with freight forwarders, it takes between 12 and 18 months.

Critical Skills Shortage Occupations

Import Export Clerk

Reference – End Notes

¹ Licensing Customs Brokers, Australian Customs service
http://www.customs.gov.au/webdata/resources/files/FS_licCustBrokers.pdf

² John Park, Customs Brokers and Forwarders Council of Australia

³ Sustainability – Agility Logistics -
http://www.agilitylogistics.com/EN/Pages/Agility_CSR_Sustainability.aspx

⁴ DB Schenker – ISO 14001:2004 certification -
<http://www.dbschenker.com.au/log-au-en/start/news/iso140012004>

⁵ Environmental sustainability -
<http://www.visaglobal.com.au/about-visa-australia/environmental-sustainability.html>