

Supply chain complains of taking unfair heat in insulation fiasco

Rob McKay

FREIGHT forwarders caught up in the Federal Government's insulation fiasco were being skewered at every turn, according to Customs Brokers and Forwarders Council of Australia executive director Steve Morris.

The CBFCA had written to prime minister Kevin Rudd and the minister now responsible, Greg Combet, on Monday seeking recompense for what he described as "unforeseen and unintended consequences" of the decision to ditch the scheme but what was, nevertheless, "regulatory maladministration".

Mr Morris described a situation where forwarders were being forced to take ownership of containerloads of Chinese-made insulation to avoid paying storage costs to stevedores and Customs when moving the cargo under bond after importers walked away from their contracts.

In doing so, forwarders still attracted GST and Customs duty costs.

They were then being forced to unstuff the

containers to avoid container fines from shipping lines but were then left with a product that may not be fit to meet compliance standards.

This would make it unusable as a way of recouping importer debt.

"CBFCA members, in terms of the contracts of affreightment, where they are shown as the consignee on the master bills of lading, are being caught up in this debacle, which is not of their making," Mr Morris said.

"On the basis of members who have spoken to me, some of these detention costs and other [financial] issues are in the hundreds of thousands of dollars."

He surmised that importers using shell companies who had made large amounts during the scheme's roll-out felt they could afford to ditch the cargo and close down the operation.

Forwarders were unlikely to get relief from insurers as coverage would, in the main, not include abandoned cargo, Mr Morris said.

This was also a bad time to seek financial support from banks.

Mr Morris's position was supported by Quay Shipping director Darren Dumbledon, who said his firm faced heavy losses.

"We've been left holding the pig," Mr Dumbledon said.

Quay had recently re-exported 12 containers that had been sitting in a DP World terminal since November, he said.

Mr Dumbledon expressed fears for smaller forwarders saddled with huge debts.

Trade and transport lawyer Andrew Hudson said that actions against importers may take many months and, in many cases, those importers will not have the financial ability to pay any awards made against them.

Mr Hudson, a partner at Hunt & Hunt, said his law firm was acting for a number of parties in the supply chain in seeking financial compensation from the Federal Government.

"It is encouraging that the minister responsible for dealing with the issues arising from the insulation scheme has asked for relevant parties in the supply chain to come forward to put their cases for compensation," Mr Hudson said.