

Dr Hermione Parsons is the CEO at the Australian Logistics Council and has worked in the supply chain and freight logistics industry for over 30 years. She spoke to Carole Goldsmith.

AMT: You started as CEO at the Australian Logistics Council (ALC) this July. Tell me a little about your career journey until now.

Dr Hermione Parsons: My career focus has been on end-to-end supply chain strategy and complexity, planning multimodal infrastructure and solving freight logistics in metropolitan, regional and international markets. Multimodal infrastructure involves two or more types of transport.

AMT: To help others wanting to move into supply chain management, what did you study?

HP: I completed a Masters of Urban Planning – Intermodal Freight Systems, specialising in integrated port freight logistics at the University of Melbourne. Then I did a PhD at Monash University in end-to-end supply chain in the fresh produce and retail industry. I am also a graduate of the Australian Institute of Company Directors. On-the-job training in corporate and government roles related to supply chain has also helped me to gain extensive industry knowledge.

AMT: Tell me a little about ALC?

HP: ALC represents the major Australian supply-chain customers, providers, infrastructure owners and suppliers. Our members span the entire supply chain sector incorporating road, rail, air, sea ports and intermodal ports. ALC was established in 2002 to work with all levels of government to transform the freight and logistics industry.

Our organisation focuses on advocacy efforts on the following three areas to improve supply chain efficiency, safety, improved productivity and to help achieve sustainability. I've been a strong supporter of ALC, because it is the strong, single voice of the industry and has the most extraordinary end-to-end supply chain representation by the major companies.

AMT: What are the challenges facing the supply chain sector?

HP: First, let's talk about the greater awareness today of the supply chain and logistics sector compared to pre-COVID19 pandemic. Very few people in the community or government really understood the sector, as we were a hidden enabler and the impacts of the pandemic helped to raise our profile. Today, supply chain and freight logistics are spoken about at every family table. That presents a whole new set of opportunities about working towards supply chain resilience and supporting Australia's future in a very different world.

The current challenges facing ALC members include the rising costs of transport, fuel and containers. We have also seen a severe shortage of AdBlue diesel exhaust fluid, used for diesel engine vehicles to reduce emissions.

There's also been shortages of containers, pallets and workers and a massive cost increase in doing business because of the pandemic. So, the lingering issues of skills and labour training is significant, along with the changing consumer demand for on time delivery, and the rapid growth in e-commerce during COVID. So, these are all main challenges that the industry is dealing with. We work closely with the members to support them on these and a range of other issues.

AMT: Could you explain why Australian businesses are experiencing supply chain disruptions?

HP: Before COVID19 our western society depended on complex global supply chains. Many manufacturing businesses rely on components from several countries. For example, a German car manufacturer may require a component from South Korea or elsewhere in Europe. The equipment is received and put together

at different locations and then final assembly at another location. So, our country and the world have become very reliant on global supply chains. A year after COVID19 hit Australia, supply line capacity was significantly reduced as airlines stopped flying and Australian borders closed. People often think it's about the equipment, the penalties, but it's fundamentally about relationships between different people and companies in supply chains. When the pandemic hit, our aviation industry was severely impacted and that meant that the air freight to and from Australia couldn't move. Our high value agricultural and fishery products couldn't get out and critical componentry, spare parts, medical equipment, vaccines and testing kits were not reaching Australia.

The maritime industry supply chain was also hit badly over the same period. Ships would be out at sea and their crews would not be allowed to get off the ship, some for 18 months because of COVID cases on-board. The global shipping companies' transport prices increased dramatically. The Australian Industry Group reported that 30% of Australian businesses experienced supply chain disruptions in April 2021, with container freight rates rising from \$1500 to \$5000 per container. It's been the Australian supply chain and freight logistics' workers and operations teams that have been the heroes. For two years, there's been major blockages, delays and it's still taking time to return to normal.

AMT: How are Australian manufacturers affected by the supply chain challenges?

HP: Manufacturers rely on components to make their products and on the data that allows them to forecast demand and plan supply. Delays in components and equipment arriving at their plant, means delays in final production. Manufacturers are now far more aware of their reliance on end-to-end supply chains than previously.

Everyone in the freight and supply chain industry is necessary to keep products moving. The transport operators, the truck or train drivers, the maritime sector, air cargo pilots, stevedores, intermodal workers, logistics planners and shelf stackers are all important in manufacturers' production.

AMT: What is the National Freight and Supply Chain Strategy (NFSCS) and how is the ALC involved in it?

HP: The NFSCS provides a national approach to Australia's freight and supply chains and all levels of government are involved in it. ALC participated in the formation of the NFSCS and has been involved in every aspect of it since its inception. We participated in the COAG Transport and Infrastructure Council (TIC) meeting in Adelaide on 2 August 2019, where Ministers representing all jurisdictions agreed to the release of the NFSCS.

The Department of Infrastructure, Transport, Communications, Regional Development and the Arts manages the strategy and reports on implementation. This Department coordinates with the states and local government. The strategy commits to action in four key areas: Smarter and targeted infrastructure; improved supply chain efficiency; better planning, coordination & regulation plus better freight location and performance data.

ALC has been a strong proponent of the NFSCS and has worked closely with our members across the end-to-end supply chain to inform and develop the strategy with government.

The NFSCS's 2020 – 2021 (latest) annual report advises that work continues on the government's \$110bn Infrastructure Investment Program to cut congestion, better connect our regions, improve safety on our roads and meet national freight challenges. The National Freight Data Hub also enters a new phase, with the Australian

Government's additional commitment of \$16.5m over four years. The Hub will enhance the collection and access to freight data across all modes.

ALC has been in constant partnership with the government for the further development and the improvement of the strategy. It's a work in progress to improve productivity, safety and intermodal logistics opportunities.

AMT: *What are the latest advanced technologies used in supply chain and logistics?*

HP: There is a massive investment in electric vehicles and in green hydrogen as fuel for trucks. There is so much activity by supply chain companies on how they can improve sustainability.

Two of the world's largest truck manufacturers Volvo and Daimler have formed a partnership in Europe to explore the use of green Hydrogen and they are normally competitors.

Many Australian logistics companies are investing in electric vehicles as there is a strong commitment to improving our country's supply chain and environment. Our sector is looking at strategic inventory management, planning systems and adopting new technologies like Artificial Intelligence (AI) for supply chain automation.

Digital twins are used increasingly in the Australian supply chain industry. A digital twin is a virtual representative of a physical system or process. If you have staff shortages, then through AI, you can create the digital twin of the worker's process. That artificial twin will then feed information as the worker needs it. Leveraging technology and data is fundamental to every successful supply chain.

AMT: *What is the best part of your job?*

HP: Working with very skilled and talented people in the supply chain and freight logistics industry. I am very excited to continue to have a wonderful career in this industry at ALC. **AMT**

austlogistics.com.au

