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OPINION: PANDEMIC LAYS BARE AUSTRALIA'S SUPPLY CHAIN VULNERABILITY

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BARE shelves at supermarkets have brought into sharp focus the issue of disrupted supply chains. Australia has created a vulnerability to unforeseen shocks to supply chains, such as those resulting from the panic buying and the lockdown in response to the COVID-19 pandemic. In recent years, there has been increased customer demand for an 'always available product' and 'just-in-time' services, compounded by fast-changing consumer behaviours driven by advances in technologies such as e-commerce. In a highly globalised market, companies have needed to become more efficient and cost effective to meet these demands. This, and the increased levels of interconnectivity and interdependency inherent in today's global supply chains, have led to unprecedented supply chain fragility. The fragility has revealed significant security risk that has become a concern for industry, governments and consumers.

Changing consumer demand

The consumer response to COVID 19 has seen dramatic changes to purchasing behaviour and intensified

consumer demand for many products. We have witnessed panic buying, long queues and empty shelves as people rush to stock their pantries. It is important to note the current product shortages on shop shelves is not about supply but rather a product of unexpected demand and a lack of preparedness of our national to consider and manage the real risk of pandemic.

While Australia is fortunate in that we can sustain our population with a broad range of ongoing fresh food supplies, we are predominately an import-dominant nation. Many of our goods are produced in other countries and come to us through global supply chain. While the term 'supply chain' implies a linear arrangement of activity between clearly identifiable producers, service suppliers and consumers, in fact they are highly complex, globalised interdependent systems, connecting many companies and networks. Products shipped across national and other borders, can face significant barriers in terms of time, efficiency, cost and security.

Global supply chains

In a typical global supply chain system, raw materials may be sourced from one country, the components designed in another, parts made in a third, then the pieces shipped to various assembly plants where labour costs are low. The finished products are then packaged and transported across the globe, possibly for more manufacturing or pre-sale preparation at the point of sale. As the world responds to the COVID-19 pandemic by closing large parts of their economies and their borders, the interdependence of markets has resulted in unprecedented disruptions to global supply chains. In this scenario, supply problems are inevitable, since a global network only needs one key economy or segment to malfunction to cause disruptions along the whole supply chain. The COVID-19 pandemic has thrown a spotlight on the fragility of our supply chains and on the implications this has for Australia, for example, in terms of access to vital medical personal protective equipment, chemical reagents for testing, supply of Isotopes for cancer treatments and many other critical final products and precursor elements.

Pandemic lessons

There are lessons to be learned from the COVID-19 pandemic and the impact of natural disasters like Icelandic volcano eruptions and tropical cyclones in northern Australia on our supply chains. Australia's governments have become acutely aware surge workforces are required to maintain the necessary physical distribution of essential goods, and potentially in other related areas. For example, the freight logistics services sector, which includes freight transport, has been recognised by Australian governments as an essential service in the fight to control COVID-19. However, that is not enough; supply chains, as the mechanisms for controlling and 'feeding' freight logistics, are equally essential and should be readied for future crises.

Yet the Australian workforce in supply chain and freight logistics can be typified as ageing, male dominated and in many ways, largely unsuited to a rapidly changing era. Top executives of the key companies operating in the supply chain recognised this and 15 leading companies are sponsoring the development of the Wayfinder: Supply Chain Careers for Women pipeline creation initiative. Until Wayfinder, no replacement pipeline of skilled workers (for current and future jobs) was in sight and to this day, no comprehensive national education and training program exists to build Australia's capability in supply chain and freight logistics – the newly declared “essential service”. Deakin University's Centre for Supply Chain and Logistics (CSCL) Industry Advisory Board, chaired by Maurice James, managing director Qube Holdings, and CSCL Talent and Capability Laboratory chaired by Michael Byrne (Coordinator General of International Freight for Australia and former MD Toll and CEO Linfox) are leading the way with other top executives to address these concerns with government.

Australia needs to think laterally, intelligently and creatively about its workforce development needs, so we are protected in future times of drought, bushfires, floods and pandemics. We need to be prepared to function more effectively as a society in the 'new normal' and we need to build resilience in Australia's supply chain and freight logistics workforce.

Managing critical medical and food supplies, reducing food waste, improving the competitiveness of our food export industry through end-to-end supply chain traceability, and protecting our environment from packaging and e-commerce related transport emissions and congestion are all critical supply chain issues requiring a newly skilled and knowledgeable workforce.

Australia, like many other countries, cannot afford to underestimate society's reliance on supply chains and the people they employ to keep our businesses moving – yet as a nation, until the pandemic, we have done. We need to plan for the creation of the skills and knowledge needed locally to participate more actively in our global and domestic supply chains. We also need to recognise that the fragility of some supply chains is directly linked to strategically important goods and equipment being produced elsewhere, with insufficient safety stockpiles kept locally. We need to invest in the people of Australia, shaping a workforce that is multi-skilled, adaptable and flexible. There must be a recognition that the current generation will change jobs multiple times throughout their careers and we must accommodate this need for focussed human capital development.

We will need to be outspoken and courageous in designing our supply chains and freight logistics to protect society in the future to meet times of great uncertainty. For more information about the Wayfinder: Supply Chain Careers for Women go to wayfinder.org.au

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