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Name
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Dear

Re: Direct International Shipping Access – Tasmania

I am writing to you on behalf of clients regarding the rapidly increasing economic impact on Tasmanian business and the State's economy resulting from the lack of a direct international shipping service for exporters and importers.

It is now two years since the previous Bell Bay / Asia service ceased resulting in approximately 35,000 export containers incurring additional Bass Strait transport costs which have impacted severely on the various businesses bottom line to the point even that freight costs have made exports uneconomic.

For example:

1. The costs of a company previously exporting through Bell Bay direct to Hong Kong for a 20 foot container were: \$1090, they are now paying \$2500 via Burnie, including additional road transport costs.
This includes a \$1200 Bass Strait component and impacts negatively \$250,000 per annum
2. Sea freight charges for another company have increased from the \$26 per tonne pre April 2011 to \$67 per tonne with Bass Strait costs increasing 20% in June and then again 6% in December last year.
This adds additional costs in the order of \$1.2 million annually with further increased Melbourne port charges expected soon.
It costs only \$390 for a large 40 Foot container from Melbourne to China and \$1500 for the same container from Burnie to Melbourne.
3. It costs an organic apple exporter 76 cents per kilogram to grow, harvest, store and pack his apples and a ridiculous 86 cents per kilogram to freight them.
4. The cost of a container of fruit from Huon Valley to Chennai, in India now is \$7200 per container including a \$1500 extra Bass Strait component

These are examples only with supporting documentary evidence available, and there are many more.

The estimated annual cost to Tasmanian businesses other than the Bass Strait shipping companies benefiting from this “windfall”, is over \$20 million.

The lack of speedy Government action, both Federal and State, is very concerning and it is therefore likely that Tasmanian freight issues will be the single biggest Tasmanian specific Federal election issue.

The work of the Federal member for Bass, Geoff Lyons, is welcome, while his solution of a maritime training vessel may have some difficulties it is recognition of the massive problem facing Tasmania.

Action is required now. There are shipping companies interested in providing a direct service indeed the Federal and State Governments have had a proposal before them for months.

The State Government’s recognition of the issues is very disappointing. The establishment of a \$1.5 million Freight Coordination Team, with representatives of major Bass Strait shipping companies, has clear conflict of interest issues and is seen in the broader industry as an opportunity for Government to deflect any commentary and delay decisions.

The Federal Government’s financial assistance of \$14.5 million to impacted exporters last year was appreciated. It recognised the issue and difficulties being experienced by exporters relying on a direct shipping service.

Unfortunately another year has passed and while no funds were allocated within the Federal budget further financial assistance to those exporters is again urgently required.

My client’s representatives and I would like to meet you to discuss the matter further and to hear the Government’s intended response.

Yours sincerely

John Barker