

25/11/24

King Island Beef Producers Group Inc



The objective of the TFES is to provide Tasmanian industries with EQUAL opportunities to compete in the marketplace.

This submission is an addition to our previous submission for TFES, updating the freight costs of TEU and Livestock trailers. We thank you for considering all our evidence of freight costs, including this update.

The impact of continuously increasing freight rates Melbourne - King Island - Melbourne initiated by the Tasports board is not only impacting the cost of living to the community on King Island but eroding the value of any freight equalization received by farmers.

Freight equalisation to Tasmania / King Island has not been reviewed for a long time and the King Island Beef Group submits the increased interstate freight rates approved by the Tasports board over the past 7 1/2 years, wharf Melbourne to wharf Grassy, King Island.

It has been pointed out to the King Island Council in their review of the freight equalization scheme in September of this year that the TFES review has to consider the freight rates of both shipping lines: SeaRoad Shipping/Bass Island Line in transporting interstate freight Melbourne - King Island - Melbourne.

If investigated, the review would find that the shipping costs Melbourne to King Island and vice versa are more than double the costs of Melbourne to the mainland of Tasmania.

Therefore, the interstate freight equalization component to King Island must be considered in its' own right and must be considerably higher than any freight equalization component to the mainland of Tasmania.

Current costs of a heavy weight 6.10m container (20 ft) of fertilizer / grain / general cargo Melbourne to King Island wharf to wharf compared with the same container April 2017 (7.5 years ago) when Tasports took the King Island shipping service over from SeaRoad Shipping.

Note that freight equalization has not changed over this period.

Heavyweight container of fertilizer April 2017 approx. \$1865.00

Heavyweight container of fertilizer at current rates today, November 2024 \$3112.27

An increase of \$1247.27 66.877 %

NOTE: This does not include the return of the empty fertilizer container back to Melbourne.

Also, does not include the current fuel levies on the two freight rate components, Melbourne to Devonport currently 21.98 % on a sea freight of \$1100.00 and Devonport to King Island 5.90 % on a sea freight of \$1601.00.

Details of the current costs for the container of fertilizer above (\$ 3112.27) Melbourne wharf to Grassy wharf King Island.

Sea freight Melbourne — Devonport	\$ 1100.00
Transfer fee from SeaRoad Shipping to 5 West BIL	\$ 140.00
Infrastructure Levy Tasports	\$44.47
Sea freight Devonport - King Island	\$ 1601.00
Wharfage Devonport Tasports	\$101.17
Wharfage King Island Tasports	\$125.63
Total cost \$ 3112.27 plus fuel plus GST	

Cost of Empty Return container wharf Grassy to wharf Melbourne.

Sea freight King Island — Devonport	\$ 758.00
Wharfage King Island Tasports	\$ 28.85
Wharfage Devonport Tasports	\$ 28.85
Infrastructure levy Tasports	\$ 44.47
Transfer fee 5 West to SeaRoad Shipping BIL	\$ 140.00
Sea freight Devonport — Melbourne	\$ 285.00
Total of \$ 1285.17	

The total cost to the farmer on King Island for a container of fertilizer or grain ex Melbourne including the return of the empty container is a massive \$4397.44 plus fuel levy plus GST.

(\$3112.27 plus \$1285.17)

Costs for an empty container April 2017 wharf King Island to wharf Melbourne approx. \$833.00

The total cost to the farmer on King Island April 2017 for a container of fertilizer or grain ex Melbourne including the return of the empty container was approx. \$2698.00 plus fuel plus GST. (\$ 1865.00 plus \$833.00)

When you include the empty container, costs have risen \$ 1699.44 compared to April 2017 an increase of 62.988 % and once again freight equalization has not moved with these increases.

(\$4397.44 current costs less April 2017 costs \$ 2698.00 = \$1699.44)

Table 1 below outlines the current costs for a 12.2 metre livestock trailer.

Livestock Trailer 12.2 metre						
	BIL	Fuel Surcharge	Infrastructure levy	Devonport Wharfage	Grassy Wharfage	Total
Full	3585	252.03	85.52	207.38	207.38	4771.04
Empty	1915	134.62	85.52	82.59	82.59	2530.36
Total Trip						7301.4

Table 1: Current cost of a 12.2 metre livestock trailer Grassy-Devonport Return.

We would like somebody to compare our freight rate costs with the freight costs Melbourne to the mainland of Tasmania and then tell us that we are not disadvantaged with excessive freight rates driven by the Tasports board and freight equalization that has not kept pace with these increased freight costs to King Island.

Freight equalization for the Bass Strait Highway has been eroded over the years without review adding to the costs to King Island farmers.

The King Island Beef Producers Group trusts the rates above clearly demonstrate how farming on King Island is becoming unviable.

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