



**TASMANIAN FARMERS AND GRAZIERS ASSOCIATION
SUBMISSION**

TO

**THE LEGISLATIVE COUNCIL SELECT COMMITTEE INQUIRY
INTO ISLAND TRANSPORT SERVICES**

KING ISLAND SUBMISSION

July 2009

Purpose and Context of this Submission

The Legislative Council resolved to establish a Select Committee to inquire into transport services to King Island, The Furneaux Group and Bruny Island on 10 June 2009.

This submission lodged by the TFGA relates solely to the transport services to King Island and has been developed in consultation with our members on King Island.

Our members on King Island run businesses in a remote and sometimes harsh environment. An effective transport service is clearly essential for them to maintain a level playing field with businesses on Tasmania and the mainland. Consequently, the TFGA congratulates the Legislative Council for taking the step of holding a formal inquiry into this matter.

The TFGA is hopeful that this submission will lead to further consultation with the TFGA and its members on King Island on this very important matter.

Addressing the Terms of Reference

The adequacy of existing transport service arrangements

1. The shipping vessel 'Searoad Mersey' that currently services King Island provides a standard of service that TFGA members are generally happy with. The vessel has both the capability and operational performance to move all cargoes as when required. The TFGA notes that the 'Searoad Mersey' is due for replacement in the near future. TFGA members on King Island hope that plans are already well advanced to determine a replacement vessel and that the replacement will address the King Island communities' needs as well as the 'Searoad Mersey' did.
2. TFGA members on King Island raised concern with the fact that opportunistic operators could undermine the long-term viability of the main shipping operator. TFGA members on King Island feel that the shipping company that has the State Government contract to supply shipping services to King Island, should be protected from these opportunistic operators who do not have a commitment to servicing the island community on a regular basis.
3. Currently airline services to the mainland are excellent as the cost is reasonable and the number of flights available are currently meeting demand. Unfortunately the same cannot be said for airline services to Tasmania. The cost of flights to Tasmania are much higher, there are not as many flights scheduled and there is no direct flight to Launceston. A large number of TFGA members regularly have business meetings in Launceston and with no direct flight available it means that they have to fly to Burnie and then drive down to Launceston. This is clearly a more time consuming and costly option for them to take.

The impact of existing transport service arrangements including the associated infrastructure on the community, business and industry

The most significant impact incurred on TFGA members from the current transport services to King Island is monetary. The Tasmanian Freight Equalisation Scheme (TFES) gives some cost relief for the movement of a small category of shipped goods. However, the ever escalating costs of fuel surcharges, freight consolidation, empty returns and wharfage continue to erode the relief that the TFES is meant to provide. Further, for those goods that are not covered by the TFES these added costs are now increasing substantially their shipping costs. **Clearly the government needs to look into the effectiveness of the TFES and the pricing schedule for shipping goods to King Island.**

In regards to wharfage costs the King Island port has the most expensive wharfage costs in Australia. There are a number of reasons for this such as the current management arrangements for the port including a requirement to conform to national security policies. **The TFGA encourages the State Government to investigate the current pricing schedule for wharfage cost on King Island to ensure that they are fair and reasonable.**

When the King Island community ship goods to and from the island they are subject to the *“scheduled prices for shipment across Bass Strait”*. In theory these scheduled prices should apply to all individuals and companies shipping goods to and from King Island. However in reality it appears that members of the King Island community are the only customers paying this prices as there is substantial evidence that ‘frequent shippers’ are offered discounts by shipping companies.

The shipping of motor vehicles to and from King Island also presents may inequities, for instance, assistance is provided for shipping motor vehicles to and from Victoria but not to Tasmania. In making the decision to provide assistance in this area the Victoria government stated that *“many Victorian businesses have branches in Tasmania and the more Tasmania develops these Victorian industries should also benefit”*. Surely the same logic applies to the Tasmanian government. **Consequently the TFGA suggests that the Tasmanian Government investigates the option of providing the same subsidy as Victoria relating to the shipping of motor vehicles to and from King Island.**