

# KING ISLAND SHIPPING GROUP

P.O. Box 269 Currie TAS 7256



## KING ISLAND SHIPPING SERVICE

The King Island Shipping Group welcome the opportunity to make a submission to the Legislative Council Committee Inquiry into King Island Shipping and Freight Services.

- Little has changed since the 2011 inquiry report, with no security or a credible shipping service continuance plan enacted.
- King Island investment continues to suffer, as branded products require guaranteed access to market – not a weather dependent service.
- The upgrade for LD Shipping at Stanley port became vital - particularly to cattle movement. Without that infrastructure, the community would have suffered severe hardship, due to the lack of infrastructure elsewhere to meet the King Island needs.
- The King Island Shipping Group have experienced frustration at their lack of meaningful contribution, to ensure the King Island shipping needs were met by the Expression Of Interest and Preferred Provider process.
- The knowledge gained from the previous Expression Of Interest experience, when SeaRoad first expressed their intent to leave, appears to have been ignored.
- The first Expression of Interest round identified impediments to a commercial service:
  - o Port costs
  - o Lack of access to port facilities
  - o Existing provider power with long term leases on facilities
- Commercial service impediments were to have been addressed through the Local State Partnership Agreement, however this failed to progress.
- The Shipping Group acted as the lead agency in the first Expression of Interest on behalf of the community, but the existing Enterprise Bargaining Agreement and current operator, gave no assurance that any possible efficiency gains were guaranteed to be passed on to the customers.
- The Shipping Group identified possible efficiency gains as a priority to be addressed during the process of going to market the second time, however this failed to occur.
- The King Island Shipping Service Project Final Report (November 2013) Identified the lack of facility access as a problem, well prior to the second Expression of Interest.
- Excessive Grassy Port operation costs have been borne by the King Island community, due to the SeaRoad Sunday-only service schedule.
- A requested port cost review for mid-week operations, saw TasPorts state that existing charges would remain - even if mid-week schedule services occurred.

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Members - King Island Chamber of Commerce, Currie Cargoes, Incitec Pivot Ltd, Jet Air Pty Ltd, Kelp Industries, King Island Council, King Island Dairy, King Island Livestock Agents, King Island Livestock Carriers, King Island Freight Forwarders, King Island Regional Development Organisation, King Island Stockfeeds, King Island Tasmanian Farmers & Graziers, Roberts Ltd, Sustainable Agricultural Fund, Swift Australia, TasPorts & Waverley Station.

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- The Port & Coastal preferred provider service schedule, was set without acknowledging the community needs.
- The Government pursuit of a King Island - Tasmanian only link, was to the detriment of the King Island community, and ignored both community and business needs.
- The extensive preferred provider process time was seen as unacceptably long, caused financial and personal cost to both Port and Coastal and other proponents, and would discourage any future proponents.
- The Government moved from being the broker of the service, to the customer. SeaRoad have stated that the Government is their only customer for communication.
- Despite assurances, the collapse of the Port and Coastal venture, left the community vulnerable and with no alternative. A previous commitment from the Minister for Infrastructure, stated that King Island cattle and the States reputation would not be risked, by using a landing craft type vessel. This has been broken.
- When the interim service and vessel was disclosed, shipping customers expressed concern due to risks associated with weather dependency & insufficient capacity during the peak period. This proved correct, with backlogged freight impacting King Island business operations.
- Issues that arose could have been circumvented. The local working group with a current understanding of the complete supply chain, seasonal demand and knowledge of interaction between the commodities was ignored after being agreed to, with a consultant employed instead.
- King Island Shipping Group also offered to work with TasPorts towards a longer term solution, however this offer was rejected.
- The community is still uninformed regarding a future shipping solution. Information required includes the vessel type they are looking for, ports of call and flexibility.
- The community seek knowledge of the anticipated price structure, any efficiencies to be gained, the estimated length of the interim period, and current interim costs for the previous three months.
- Details regarding the conclusion of the interim service have failed to be communicated to the King Island community.
- Communication required to be conveyed to the community includes the actual costs after the interim period - specifically motor vehicle costs which may be excessive.
- If ongoing financial support is required of the government, how a fair and equitable rate will be determined.
- The Shipping Group continue to monitor King Island freight task needs, and shipping service logistics.

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The Shipping Group express their disappointment that the report and community priorities identified and provided to the assessment panel, were given little credence when the State took the service to market.

But we welcome this opportunity to investigate a way forward.

If you require any further information please contact:

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Yours sincerely



Greg Morris

Chair, King Island Shipping Group