

The Tasmanian Freight Logistics Council (The Council) is a public company managed and operated by industry members whose purpose is to bring shippers, service providers and other stakeholders in the logistic chain into a Tasmanian freight community, who's focus is on actions to improve supply-chain efficiency and performance.

The Council's vision is of vibrant, efficient and competitive freight operations into and out of the State, continually improving logistic systems that support increased market competitiveness, new business and investment in more effective supply chains. The achievement of this vision relies on co-operative behaviour that subsequently contributes to significant growth.

The Council's objectives are;

- Initiate logistic-chain improvements
- Be a conduit between the freight community and government
- Facilitate better quality management of supply chains
- Work collaboratively with the Tasmanian Freight Community
- Act as a provider of logistic information and related topics.

Key issues for the Council are;

- Rising input costs
- Capacity versus seasonal cargoes flows
- Tasmania's complex, high-risk logistic chain
- Service reliability
- Technology developments
- Economies of Scale
- Skill shortage in logistics
- Environment and security.

Since its inception in early 1999, the Council has successfully managed to gain the trust and respect of Tasmanian industry. During the Ansett collapse the Council employed extra staff and worked to facilitate the continued export of Tasmania's live and fresh produce despite considerably reduced capacity for air freight. The Council works primarily in the air and sea freight modes.

Over time, the growth of smaller specialised live and fresh produce shippers who needed specialised assistance to facilitate Tasmanian exports has emerged. The review of the Tasmanian Freight Equalisation Scheme (TFES) in 1999 provided a marked improvement in the operation and administration of the Scheme. This has allowed smaller producers and shippers to enter markets where previously, the TFES was seen as a hurdle and drawback by many of the smaller shippers.

Analysis of the Centrelink data of TFES recipients highlights the economic expansion and growth that is occurring in Tasmania, which is reflected in the increase in TFES payments and freight moving across Bass Strait. The cost of Less than Container Load Freight (LCL) is appreciably higher than Full Container Load Freight (FCL). The reason being the need to consolidate mixed LCL freight into compatible loads, from multiple consignees for shipment across the Bass Strait, which does not always provide the optimum utilisation of the available capacity.

Between 2000-01 and 2004-05 total container tonnage has increased by 15% and in total cubic metres by 35%. For the same period, the Tasmanian Gross State Product increased by of \$5.38 billion for an investment of TFES of \$22.1 million. Whilst the TFES cannot claim all credit for the increase in economic activity, clearly, there is a correlation between economic growth and the TFES.

One of the key drivers of the increase container tonnage is the use of (LCL). Between 2000-01 to 2004-05, LCL usage from has increased by 36% in tonnage and 71.8% in cubic meters.

There are 4 factors that contribute to the increase in LCL use;

- New firms entering markets for the first time. New products in the Centrelink claims are beeswax, machinery and hand tools and metal castings (high density).
- Existing firms expanding market share driven by mainland and overseas demand.
- Businesses adopting a more “just in time approach” as businesses opt for holding less stock as suggested by the “Twice the Task” discussion paper commissioned by the National Transport Commission.
- Greater use of refrigerated containers. The data shows an increase in items requiring this service and level of care such as frozen fish up 29%, frozen fruit up 63.84% and butter up 80.67%.

The Council provides advice on shipping modes and packaging, which assists shippers meet the requirements of their customers. It also works with service providers to improve operating standards in the Hazardous and Critical Control Points (HACCP) and temperature control area of their business. The level of understanding of temperature control and handling of product has increased considerably over the period of the Council’s operation.

The net affects have been;

- Some traditional air freight cargo (such as flowers) now travel on the Spirit of Tasmania at reduced freight rates
- Dramatically improved product quality in the market
- Increased demand for Tasmanian produce, with previously used air cargo capacity now being utilised to service the more distant markets of Darwin, Perth and Far North Queensland.

The service providers have actively worked with the Council to improve their equipment and handling practices. This has lead to increased business and new equipment being purchased for Bass Strait services. Previously, the complexity of the Tasmanian logistic chain and the fear of damage to equipment and delays, meant that Tasmanian was relegated older, hand me down equipment.

In light of its dealings with shippers and the broad membership of the Council, it is the Council's view that without the incentive of TFES to cover the additional costs involved in the transport of freight across Bass Strait it is unlikely that new, small and innovative companies would establish operations in Tasmania. The ease of access and use of transport services on the mainland, with direct road and rail services is completely different to the Tasmanian situation where many factors need to be considered before the despatch of goods,

- Timing to meet schedules of operators
- Changes of mode and the affect on product and packaging, due to equipment and handling
- The time and length of the journey, the need for a quick change of modes in the total journey
- The possibility of delays due to increased complexity and number of stages in the journey.

For existing and mature industries, the challenge is to improve the logistics chain. Within the constraints of modal changes and a sea freight journey, much has been achieved to increase productivity with innovative container designs and packaging invested in by shippers and service providers. Smart Distribution's Boyer to Melbourne newspaper system is at world's best practice in container design and packaging.

Bass Strait has undergone major changes to equipment and vessels over recent years. These improvements can be attributed to 2 key elements;

- TFES providing a level certainty to encourage investment in improved equipment
- A response to the need to contain costs and provide more efficient logistic services to ensure Tasmania products are competitive in domestic and international markets.

State and Commonwealth Governments have played a role, with the upgrading of ferry services, support for the rail rescue package, port amalgamation and continued support for TFES.

Without the continued support and access to TFES, it is the Council's view that

- There would be a significant decrease in economic activity
- Tasmania's economy would slow
- The number of shippers to and from Tasmania would decrease
- The Commonwealth Government could potentially experience increased social service payments
- Investment in the current major industries would decline
  - logistic service providers supporting these industries would be severely affected
- The general level of economic activity and social well being in Tasmania would also be negatively affected.

The Council asks the Productivity Commission to recognise the viability and ability to compete in mainland and overseas markets that TFES provides Tasmania with. The mainland states have with their seamless, integrated road and rail services and nationally funded transport corridors and infrastructure. The Freight disadvantage,

which the TFES initially set out to alleviate, is as relevant today as it was when TFES was introduced.