

Tasmanian Shipping Inquiry
Productivity Commission
GPO Box 1428
CANBERRA CITY
ACT 2601

11/12/2013

To whom it may concern,

Kelp Industries Pty Ltd have been exporting dried Bull Kelp (*Durvillaea potatorum*) from King Island to Melbourne for export and Australian markets since 1975.

A major issue is the cost of shipping from King Island to Melbourne both for export and domestic sales:

1. Domestic sales:

- a. It is often more cost effective for potential customers to import Irish or Canadian seaweed into Australia than it is for them to pay the freight from King Island to Melbourne.
- b. Although the SeaRoad Mersey docks on a weekly schedule LCL freight to Melbourne or Devonport is not available on a weekly basis. There can be a wait of 1 – 5 weeks before the local agent sends a container of general freight. This causes long delays getting product to our customers. The only alternative is to send pallets of product as deck cargo which incurs extra cost and increases the risk of spoilage.
- c. Bringing over length products such as steel and timber usually involves a wait of some weeks as these goods won't be shipped until a base is fully loaded.
- d. A similar distance to transport by road would be considerably cheaper.

2. Export

- a. When quoting for export to Asia or Europe the King Island to Melbourne component accounts for 70 – 80% of the total shipping cost. This makes it difficult to be competitive on the global seaweed market.
- b. Freight equalisation is not available for export containers.
- c. Wharfage is invoiced by King Island Ports and appears to be the only port in Australia to do this. This has caught out customers who have organised their shipping and have not been aware of this charge as all other ports charge the shipping company who include the cost in their charges.
- d. There is no provision to de-hire and re-hire shipping containers. Empty containers are being shipped both ways at extra cost and not utilised efficiently.

Yours sincerely,

John Hiscock
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