

Introduction

The Tasmanian salmon industry was established in 1985 as a government initiative overseen by the Tasmanian Fisheries Development Authority. The first sea farm was developed near Dover in Southern Tasmania where the cold and unpolluted waters provide an ideal environment for the growing of Atlantic salmon. From a small harvest of 53 tonnes emanating from that first year the industry has grown steadily to produce approximately 7,500 tonnes nett (est.) for the 1997 - 98 season.

Tassal Ltd is the largest of the Atlantic salmon producers in Australia and is a major employer in Southern Tasmania. We will produce in excess of 4,000 tonnes of fish during the year 1997 - 98 which will equate to a gross freight weight of more than 5,500 tonnes. It is projected that the volume of fish to be grown, harvested and marketed by Tassal Ltd in export and domestic markets will double by the year 2003.

This product, once grown and packaged, has then to be transported to our customers overseas and throughout Australia. It is the nature of the product, predominantly chilled head on, gilled and gutted (HOGG) fish, that dictates the mode of transport. We require that the time taken from harvest to market be of an absolute minimum to ensure that the product presented is of the finest possible quality and that in our export markets we maintain our price premium over our overseas competitors. It is acknowledged that the Atlantic salmon produced by Tassal is among the finest, if not the finest, produced anywhere in the world.

Modes of Transport

Domestic:

Tassal Ltd is a major exporter from Tasmania and our largest market outside of Australia is Japan. Whilst shipments from mainland Australia to Japan by necessity are airfreighted we must first ship this product from Tasmania to a gateway port, either Melbourne or Sydney. To achieve this we must use a combination of airfreight and sea/road freight. Previous inquiries and reports have indicated that the infrastructure supporting the domestic airlines operating out of Tasmania is very good; this is in the main correct, however, it must be understood that the types and frequency of aircraft operating out of Tasmania is dictated by passenger loadings and/or the volume of freight emanating from mainland Australia.

As stated, the nature of our product dictates the mode of transport and this, coupled with our need to minimise the time taken from harvest to market means that we have a strong preference for airfreight utilisation from Tasmania to mainland Australia. Tassal Ltd continues to seek from domestic airline operators wide bodied aircraft services into Tasmania. These aircraft, Airbus A300 and Boeing 767, would allow for the building and shipping of international LD7 pallets removing the need for shipments to be consolidated and pallets built by our freight forwarder once the shipments arrive in Melbourne or Sydney. Presently our airfreight shipments are carried in domestic airline 'igloos' or carried loose in

the bellies of narrow bodied aircraft resulting in cartons having to be re-handled with the inherent risk of cartons being lost in transit or at best, damaged.

The freighter services out of Tasmania were recently augmented by a B727 operated by Australian air Express. This increase in capacity is welcomed however there are a number of issues that can not be resolved even with this additional space. Freight aircraft fly to fixed schedules and, on occasion, at times that do not suit production schedules or oncarrying connections. The number of rotations these aircraft perform is dictated by the volume of freight destined for Tasmania. It has long been the case that there is an excess of freight originating out of Tasmania. Chartering of these aircraft is an option that Tassal have been forced to arrange in the past but because one sector is a 'dead leg' the costs involved are exorbitant. Ever increasing volumes emanating from Tassal dictate that no one carrier, airfreight or sea/road, can offer the required capacity.

To overcome these major obstacles Tassal Ltd has over the past two years developed systems that allow for a large percentage of its chilled HOGG shipments, particularly export shipments, to be sea/roaded from Tasmania to mainland Australia. To minimise any additional leadtime being incurred in our harvest to market strategy Tassal Ltd has adopted during its peak season (mid September - mid April) a night shift operation. This allows us to closely emulate airfreight operations by having product into Melbourne the following day and to Sydney within two days. It might be presumed that Tassal Ltd would benefit from cheaper sea/road freight rates but any benefit is more than eroded by the additional financial and social costs of being forced to operate night shifts. The introduction of wide bodied aircraft into the Tasmanian services of domestic carriers is therefore paramount to Tassal Ltd improving its efficiencies.

International:

There is a need for the extension of cargo carrying rights to a selection of overseas freighter operators, for example Polar Air and Fedex. These carriers perform a loop Los Angeles-Sydney-Hong Kong-Taipei-Los Angeles, yet they have no cargo carrying rights ex Australia. In the event that cargo carrying rights be made available to these carriers, the available volume, or projected increased volume of freight destined for Japan, coupled with Federal Government support, may result in landing rights being made available in Japan with ensuing freight reductions. In this instance it will be necessary that the cargo bi-laterals be kept separate from passenger agreements so that capacity limitations designed to balance a passenger market do not adversely affect the ability of carriers to respond to market demand by placing freighter capacity into the market as needed.

Item 2 of page 6 of the Issue Papers suggests that 'removal of restrictions to allow Australian carriers to develop integrated domestic and international networks' have been achieved. If there were true integration we see no reason why an air waybill could be struck at Hobart covering shipment Hobart-Japan, certainly if the oncarrying international carrier is Qantas or Ansett International and preferably all carriers ex Australia.

Rates should be 'common rated' with the domestic carrier being reimbursed by the international carrier for the domestic freight leg costs again, certainly Qantas and Ansett International and preferably all carriers. It is incongruous that Tassal Ltd, and indeed all Tasmanian airfreight exporters, should be disadvantaged because of our location and the fact that no Asia/Japan destined aircraft depart Tasmania. Should Tassal Ltd be based in Adelaide, Melbourne, Sydney or Brisbane, our freight cost from any one of these ports would be the same as freight rates from these ports are 'common rated'. There are no 'common rates' ex Hobart, therefore the cost of re-positioning export shipments to either Melbourne or Sydney, whether by air or sea/road, are at Tassal Ltd's cost.

It is hoped that an open skies policy will generate more carriers and flights ex Australia. It would be important that those current bi-lateral agreements that are not being utilised be transferred to those carriers willing to put them into effect.

Future airline alliances could provide any number of opportunities for exporters ex Australia, particularly when one considers the opportunities available by hubbing at other Asian ports, for example Melbourne-Hong Kong-Narita or Sydney-Bangkok-Osaka. However, it would be important that any such alliance should not decrease the amount of cargo space available ex Australia.

Infrastructure:

It is vitally important that major Australian airports provide first class facilities for exporters, especially for perishables. Currently the availability of modern, reliable and spacious freezers and chillers at most ports is laughable. This in turn places enormous strain on the facilities provided by freight forwarders as they are forced to provide services that should be provided by the international carriers' cargo managers.

Discussion Points:

- ◇ **Introduction of wide-bodied aircraft by domestic airlines servicing Tasmania**
- ◇ **Inflexibility of scheduling and frequency of domestic freighter aircraft flights out of Tasmania**
- ◇ **Extension of cargo-carrying rights (Polar Air, Fedex, etc)**
- ◇ **Integration of domestic and international networks which will allow common rates to be applicable ex-Hobart, providing parity with mainland ports**
- ◇ **Further development of lateral agreements or the re-allocation of unused agreements to create additional carriers/flights**
- ◇ **Support of international airline alliances**
- ◇ **Improved ground handling facilities at Australian airports**