

Joint Standing Committee on the
National Capital and External Territories

Submission No: 1

Date Received: 9 June 2005

Secretary: *Juti Bl*

To: The Joint Standing Committee on the National Capital and External Territories

Subject: Airfreight charges to the Indian Ocean Territories

Date: 9th June 2005

Background:

Freightshop is the longest-standing provider of airfreight consolidation to Christmas (XCH) and Cocos (Keeling) Islands (CCK) and specialises in this area. Freightshop does not handle airfreight to any other destination in the world and is the only provider for the Indian Ocean Territories.

Export Freight:

The rate per kilo of freight is set by the airlines and seems appropriate given the remote distance of the Islands from the mainland. The airwaybill/documentation and handling charge per consignment has risen over ten years from \$45.00 to \$55.00. Again, given the changes in handling requirements and regulations for international air cargo, this charge seems appropriate.

Import Freight:

It is in this area that the Islanders have just cause for complaint. The cost of bringing goods into Australia are high. If the value of the goods is low and AQIS do not want to inspect them, the entry cost is approximately \$50.00. However, if the goods require a formal Customs entry the cost rises to almost \$200.00 and a further \$129.50 can be added for an AQIS inspection.

This impacts severely in three main areas.

1. Warranty Items.

When an Islander purchases a low cost (say, up to \$250.00) item from the mainland and finds on its arrival that it is not working, it is usually more cost effective to throw it in the rubbish. For example, a DVD player, a printer, a small television and similar items can cost more to return to Australia than to buy another new one.

2. Repair Items

Many machinery and auto parts that can be repaired on the mainland are not worth sending back for repair once the import costs are taken into account. There is the added problem that some goods require the old part to be sent back as an exchange item and this can also make the repair cost prohibitive.

3. Tradesman's Tools

Many tradesmen are called to the Islands for particular installations. Once they have flown their tools of the trade to the Islands, they then have to import them back into Australia. Since many hand tools have wooden handles, AQIS often want to inspect them on arrival. This adds (after freight costs) up to \$350.00 for a tradesman to bring his/her tools home.

Freightshop does not have the answer to how these anomalies can be overcome. It may require a new Import Status to be created that could cover "returning goods", for which there would be no formal entry requirements, irrespective of value. Perhaps Customs and Quarantine on the Islands could inspect the goods and give them such a status, provided Australian Customs would recognise it.

I would be happy to appear before the Committee in Perth if required.

Kel Watkins
Proprietor
Freightshop
4 Affleck Road
Perth International Airport WA 6106
08 94776088

		www.freightshop.com.au
Kel Watkins <i>Owner/manager</i>	Freightshop 4 Affleck Road Perth International Airport WA 6105	tel: 08 94776088 fax: 08 94776077 mobile: 0412 488131
kel@freightshop.com.au		

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