

**AIR FREIGHT EXPORT COUNCIL OF NSW INC.,  
COUNCIL MINUTES  
18 DECEMBER 2003.**

**Item 1. Present**

Michael Silm –(Chairman)	Malcom Bush – AFEC
Mike O’Neil – DHL Danzas	Patrick Corrigan AM -Savino Del Bene Aust.
Simon Hemli – DSRD	Peter Avery – Lufthansa Cargo
Chris Pardy – Ernest Pardy Sons	Robert Brown – Australian Air Express P/L
Ian Murray – AIEX	Charmaine Terry – FedEx Express
Brett Mc Donald – Australian Meat Council	Chris Sutherland – Sutherlands Trans.
Brian Lovell – AFIF	Jim Scardanas – Kebachi
Grenville Stevens – Martinair Services	Hart Krtschil – Quarantine & Export Advisory
Michelle Turcotte – SACL	John Soutter – Casella Wines Pty Ltd
John Hemphill – J & J Hemphill Trading	Michael King – Australian Export Link
Julian Hemphill – J & J Hemphill Trading	Garry Manglesdorf – Qantas
Steve Martyn- Australian Meat Council	Tony Axford – Central Coast Aquaculture
Gail Argall – AFEC	

**Item 2. Apologies:**

Miriam Fieler, David Tanner, Alex Ferguson, Brett Savage, Michael Jones, Syd White, Glen Stuart, Gary Jones, Andrew Gordon, Brian Freeman, Jenny Ekman, Warren Spooner.

**Item 3. Previous Minutes**

Pat Corrigan moved the minutes of previous Council Meeting on 16 October 2003 be accepted. This was seconded by Steve Martyn

**Item 5. Funding/Finance.**

Malcolm Bush advised that AFEC had received funding from DOTARS for period 1<sup>st</sup> July

2003 to 30<sup>th</sup> June 2004. The State Government funding is expected to be received early in the New Year.

Michael Silm officially thanked DOTARS, DSRD & Transport NSW Governments, as well as

AIEX & SCOC for their continued support.

**Item 6. Website.**

Malcolm Bush commented that the redesigned website would provide a regular supply of historical trade data, international air freight capacity from Sydney Airport, flight schedules from Sydney. It will include membership and will have a section which can profile members and their activities. A new addition will be a section for news, AFEC activities and a calendar of events.

The Website will have important links to our stakeholders, service providers including the airlines, AFIF and CBFCA.

Program. Garry Manglesdorf advised that Qantas was part of a CMR working group assisting Customs and the software service providers, to put in place within 90 days an effective and user friendly system.

- Brian Lovell commented that AFIF were part of the working group and that it was hoped to
  - begin testing export and import programs on the system July 2004. This confirms the statement made by Australian Customs Service, Chief Executive Lionel Woodward to a Senate Committee on November 3<sup>rd</sup> 2003

- **Item 8. Airlines and state of the market.**

- It was generally agreed that there is plenty of air freight space available for exports at this time of the year, which is normally “very tight” and this is projected to continue into the early part of 2004. However, imports are flooding in by air and space is restricted.
- In comparison with the airlines, sea freight is going through similar problems.
- Steve Martyn , Australian Meat Industry Council advised that export sea freight rates were on the increase and reefer container space was tight.
- Michael Silm commented that shipping space south was full and it was becoming increasingly difficult to locate empty reefer boxes for the export trade. He added that due to the long term effects of the drought and adverse climatic conditions there is hardly any stonefruit moving at a time which is normally their busiest.
- Chris Pardy commented that the continued strength of the Australian Dollar which is now bordering 76 cents to the US dollar would start to have a dramatic and adverse effect on the fresh horticultural produce export market. For instance mango exports are down 80%.
- Answering a question from Malcolm Bush about fresh fruit exports picking up at the end of December and through January, Chris Pardy advised that the growers will sell their produce where they can get the best price and this may well be within Australia.
- Steve Martyn said that the last month has been the biggest in increase sales for meat in a decade. Even though the beef industry lost 2 million head during the drought, cattle markets are strong and will tighten keeping the price high. 42% of Australia’s smallgoods are now being imported mainly due to lack of supply from the Australian cattle industry.
- He indicated that Australian meat is exempt under the USDA bio terrorism

act. This is the same situation for the Australian wine industry, added John Soutter, Casella Wines.

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- Mike O’Neil indicated that the pork industry was going through a tough time and that local prices for pork had become very competitive. Chilled pork meat is still moving in large quantities to Singapore although competition in that market is now coming from Indonesia.
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- Pat Corrigan confirmed this observation and added that exporters of food stuffs particularly horticultural, were striking increased competition in their traditional markets. The most serious and adverse affect is the Southern Chinese market which has traditionally been supplied by Australia through Hong Kong. The Chinese Government have effectively closed the border and introduced heavy duties or taxes whilst the Australian Government officials and the horticultural industry strive to introduce acceptable protocols.
- China is also growing more local produce which is now limiting the opportunities for Australia.
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- Michael Silm added that China recently planted 1 million trees to grow stonefruit.
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- Jim Scardanas, a major tuna exporter said that the seafood industry is experiencing strong competition in their traditional Asian markets from South America who are successfully farming tuna and other seafood. The Aussie dollar against the Yen is also taking it’s toll. He gave examples that the yield from large fish was 80% as against small fish 65%.
- Australian Government and some key industry bodies seem to be “hell bent” on providing our expertise to many Asian countries, particularly China when it comes to horticulture and seafood.
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- Malcolm Bush introduced John Soutter, General Manager Exports for Casella Wines of Griffith, 2003 NSW Exporter of the Year, and the National Agribusiness Exporter of the year for 2003. He commented that Casella’s now famous “Yellow Tail” brand for their wine, is the largest brand imported into the United States from worldwide competition. John confirmed that the strengthening in our currency against the US dollar is a big problem. However, his Company was also concentrating on UK and Europe as well as opportunities in Asia to expand their target markets.
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- Michael Silm said that the leading importers of stonefruit into the UK had indicated that consumers were demanding the best quality rather than just price.

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- **Item 9.                    Sydney Airport.**
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- Michelle Turcotte, Sydney Airport told the meeting the airport 20 year Master Plan has been accepted by the Board and the Commonwealth Transport Minister, John Anderson has 90 days to approve the plan. The Master Plan incorporates the freight plan. A number of submissions have been received by Sydney Airport in relation to the proposed freight plan to re-locate freight to the northern end of the airport on land owned by the Airport called Northern Lands and the Pacific Power site. This involves building two bridges across Alexandria Canal and is presently scheduled for completion after 2009.
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- Malcolm Bush commented that AFEC NSW in conjunction with a significant number of freight users had submitted their comments and concerns together with suggestions for alternate sites. Cost and logistics and the lack of availability of land space seems to indicate that the northern site for freight will go ahead. If this is the case it would be appropriate for the Air Freight Council working in conjunction with Sydney Airport Management, to conduct a feasibility study on the road link infrastructure with the site as well as some of the environmental and local Municipal Council problems that exist.
- Malcolm pointed out that there was an unused green belt stretch of land originating at a point near Green Square Railway Station through Canal Road to Captain Cook Bridge which passes through at least three Municipal Council areas. This area offers an option to build an industrial road servicing the freight complex to the north of the Airport and the car parks for international passenger traffic. The NSW Government through the RTA and Transport NSW should be made aware of the need to retain this space for road use, sharing with other modes of transport.
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- The most important point for freight traffic to and from the Airport comes 2009 is for free and quick access to and from the aircraft with minimum disruptions. If Sydney Airport is to continue as Australia's largest international airfreight Airport then there needs to be great and strong communication between SACL, the NSW and Australian Governments regarding road access.

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- **Item 10 Activities.**

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- Michael Silm announced to the meeting that the Council would be communicating with each and every member a request to list, in the order of importance, the impediments that they believe are still affecting their ability to air freight products through Sydney Airport. He pointed out that on receipt of this information it will be prioritised and used as the basis for our future projects over the next 18 months.
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- Michael Silm urged all members to participate in this brief survey. He added "that in this way AFEC can best serve your needs".

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- It was believed that regional NSW visits need to be carefully co-ordinated and planned as it seems to us that regional seminars/workshops has been over serviced in the last 18 months by NSW & Commonwealth Government agencies and industry associations with the result that numbers attending such events have dwindled.
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- AFEC will work closely with DSRD and AIEX and where possible other Government agencies to ensure that any efforts that we make in regional NSW are of benefit to the local exporters and the service industries.
- There may be a strong case for planning 1 on 1 or 1 on small group meetings in key regional areas where they could be most beneficial
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- It is the intention of AFEC to utilise our website to provide a far greater and more beneficial user friendly information and historic data. The changes going on now with the website will greatly enhance our means on communication.
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- Time and research will continue to be directed towards bimodal transport to take advantage of the new opportunities in Europe of fresh produce and for a smoother logistics chain for our produce to Japan and USA.

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- **Item 11 Trade with USA.**
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- The USDA matter of registration by Australian food exporters in the United States is now law and most exporters that fall into this category and registered their product and Company together with their importer in the USDA in Washington DC.
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- Garry Manglesdorf, Qantas advised that his airline is competing quite well in the United States market. Demand for air freight space continues to be high on west bound flights from the USA to Australia and is holding it's own on east bound flights to Australia from the Pacific. They are running 39 flights a day to and from Australia with USA and are further supported by freight space which Qantas leases on an ongoing basis.
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- He commented that the first new large aircraft (NLA) Airbus 380 will be delivered to Qantas in 2006. Pat Corrigan added that if the free trade agreement is signed before the US elections in 2004, that it would further increase imports and would create opportunities for increasing existing exports as well as allowing new Australian exporters into the market.
- Steve Martyn commented that meat is in the best position of all Australian exports as it relates to the US Australia trade agreement. The 2 year time table will be voted by Congress in July 04 which will include beef and lamb. It should lead to very strong exports of these products during 2004/5.

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- Mike O’Neil enquired why trade with USA was on the agenda and Malcolm Bush replied that our immediate past Chairman, Brian Freeman not only sees this market as a major growth potential for his cut flower industry but with the possibility of a free trade agreement signed early in the new year air freight space will be very hard to find. Hence the need to examine other combinations of transport with USA and more export airfreight space.
- Pat Corrigan commented that the volumetric nature of cut flowers was not always the best choice of cargo for the air freight operators to the USA.
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- Whilst some people think of the USA free trade agreement as the “jewel in the crown” we should not forget the most significant recently signed free trade agreement with Thailand! John Soutter commented that whilst Thailand has reduced the tariff on wine it will be a tough market together with other Asian markets to expend wine sales into, because of their high consumption of spirits and other liquor. Significant quantities of wine are moving by air.
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- Peter Avery, Lufthansa confirmed to the meeting that their freighter aircraft out of Melbourne will soon be going through to Thailand thereby providing increased capacity.

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- Item 12
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- Jim Scardanas raised the question of surcharges on air freight and commented that the surcharges varied greatly with each of the airlines. It is something that the Council should continue to be involved in, as it is an ongoing impediment to export by air.
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- Grenville Stevens of Martinair advised that their Company set their surcharges from Head Office in Holland and judged their movements up and down by the world economy and the price of fuel at the key airports in the countries that they service worldwide.
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- Lufthansa has an open formula which they follow for deciding the level of fuel surcharge and this is reviewed and publicised on a regular basis.
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- Michael Silm again took the opportunity to thank all Council members present for their support for and involvement with AFEC during 2003 and wished all present a Happy Christmas and a prosperous and successful 2004.
- He then invited all present to join with him and the members of the Sea Freight Council of NSW together with members of the NSW Logistics Association for an end of year review and gathering at the Trade & Investment Centre of the Department of State & Regional Development

in the presence of the Minister for State Development and NSW Treasurer Michael Egan and the Director General DSRD, Loftus Harris.

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- Meeting ended 1640 hours.
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- Next meeting and the 2004 calendar will follow in January 2004.
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