



# K M. & W. M. KELLY & SONS

Grain Merchants

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Mr Paul Zalai  
Director and Co-Founder | Freight & Trade Alliance (FTA)  
Secretariat | Australian Peak Shippers Association (APSA)  
Director | Global Shipper Forum (GSF)

**Subject: Terminal Infrastructure Surcharges at the Port of Melbourne**

Dear Paul,

I am writing to you in support of the advocacy work in relation to the surcharges in Terminal Infrastructure Surcharges. Also, to show you the impact on supply chain costs that KM & WM & Kelly Sons (Kelly Grains) are incurring as a result.

Kelly Grains are is a family owned and operated company with 80 years as Grain Merchants and Logistics Specialists. The business commenced in Tocumwal (NSW) and has developed a 250,000mt grain storage facility. We have a direct rail link via the Tocumwal-Melbourne line which we supply bulk rail and containers to Melbourne ports. We also use have storage and container packing arrangements throughout the rest of regional Victoria along with metro packing houses.

In the last 20 years we have shifted the operations of the business from bulk rail loading primarily for export to containers. This has been due to the deregulation of the Australian grains industry. This has enabled us to develop niche markets primarily into SE Asia. This has had a significant positive flow on effect to regional farming communities.

The recent harvest(s) has been lower than expected due to drought, however in 2017 we packed 5,500 containers through our Tocumwal facility and other packing houses through-out Victoria. With the current Terminal Infrastructure Fee at DP World Melbourne of \$83.50 per container, the impact is \$459,250/mt being removed from regional communities. With our potential to increase our container out-put to 15,000 annually the flow on effects are stifling further investment within the entire container supply chain market.

Recently we have been shipping grain (wheat) north to bulk rail loading sites to rail destinations in Northern NSW as a result of the infrastructure terminal fees. With the recent rail upgrades by the NSW government for the rail freight network and funding for Fast bulk rail loading facilities, this same rail pathways can be easily directed to bulk shipment ports in NSW at Port Kembla or Newcastle in exportable surplus years. The current and proposed terminal infrastructure fees allow for their catchment zone to only increase.

Kind Regards,

Matthew Kelly  
CEO  
KM & WM Kelly & Sons