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SAL Submission to Queensland Coastal Sea Freight Inquiry notified by the Qld Legislative Assembly on the 22nd May 2014

Shipping Australia Limited (SAL) is a peak shipowner association with 37 member Lines and shipping Agents and with 50 corporate associate members, which generally provide services to the maritime industry in Australia. Our member Lines are involved with over 80% of Australia's international trade and car trade as well as over 70% of our break bulk and bulk trade. A number of our members are also actively engaged in the provision of coastal cargo services to Australian consignors and consignees. SAL members service all major and many secondary Australian ports including those on the Qld Coast. SAL Secretariats are positioned in major ports including Brisbane. A list of members is at Annex A. Further information can be obtained from the SAL website at www.shippingaustralia.com.au

SAL appreciates the opportunity to make a submission to the Coastal Sea Freight Inquiry notified by the Qld Legislative Assembly on the 22nd May 2014.

SAL is generally supportive of the objectives contained within the Qld Sea Freight Action Plan (SFAP) which, along with the Qld Ports Strategy (QPS), appears to support the terms of reference set out by your Committee. Further elaboration on the SFAP content is set out below, but firstly it is relevant to highlight the impact that the Coastal Trading Act (CTA) has had since being introduced on the 1st July 2012.

Impact of the Coastal Trading Act 2012 (Cwth)

The previous Federal Government, in an effort to revitalise Australian owned and operated shipping, set conditions within the CTA which actively discouraged the use of foreign owned/operated ships in lifting intra or interstate cargoes.

Since the introduction of the CTA there has been a significant decline in the movement of coastal cargoes due to a combination of additional bureaucratic overheads in obtaining a temporary licence and additional costs making such carriage uneconomic. A significant component of these costs is related to the application of the Fair Work Act (FWA) which calls for the payment of Seagoing Industry Award Part B wages to the crews of foreign ships when carrying coastal cargoes. SAL is aware of circumstances where customers, that previously moved product from the eastern states to Western Australia, are now sourcing from South East Asia. More Australian jobs lost!

It is relevant to acknowledge that the CTA is Federal legislation which can govern both intra and interstate. SAL notes that the use of the previous Restricted Use Flags (RUFs) is no longer available but questions whether this system could co-exist with the CTA and provide a simplified licence for Queensland intrastate trade. In general SAL agrees that an effective single national regulatory environment for coastal trading would be preferred.

SAL believes that the integration of international shipping with Aust owned coastal services would enhance the beneficial expansion of these services once the Coastal Trading Act is either repealed or revised.

It is relevant therefore to attach the SAL submission to the Federal Government's "Options Paper: Approaches to regulating coastal shipping in Australia" released in April 2014. This document expands on the many restrictive measures that the CTA has applied to foreign shipping and advocates major changes.

Qld Sea Freight Action Plan (SFAP)

SAL largely supports the objectives and recommendations of the Sea Freight Action Plan (SFAP) (Coastal Shipping) produced by the Qld Department of Transport and Main Roads in May 2014 specifically to "identify infrastructure and planning options that improve connectivity between road, rail and ports to support regional economic growth and supply chain optimization as identified in the Queensland Port Strategy (QPS)." This plan provides a comprehensive framework for identifying stumbling blocks and identifying solutions with the full industry engagement.

The following points are offered for consideration in implementing the recommendations.

SAL recognises the serious adverse impact on road and rail movements in far north Qld during extreme weather conditions and the positive influence that a coastal sea service could have in mitigating such events. (SAL is currently commencing a project to investigate the potential use of cargo vessels to facilitate movement of cargo in disaster scenarios). Equally, the current (and forecast) pressures on Qld road and rail cargo systems demand the examination of the best alternatives including sea carriage.

Within any port development plan, jobs generation has to be considered. It should not be a question of losses in the road/rail sector but more by connecting with local industry to enhance/develop products or manufactured goods for interstate or overseas destinations.

Port and land side infrastructure assessment should be aimed at enabling a coastal shipping service for nominated freights. Considerations should include constraints around dredging, keel clearance and berth utilization rates.

What must be fully considered are the costs (and reliability requirements) of supporting services such as stevedoring, port pilots, tugs and lines boats etc. Recent de-centralisation of control over pilotage and towage have the potential to make low volume remote ports too costly to continue to be viable.

Coastal shipping is task driven by and well suited to non-time sensitive and non-urgent cyclical replenishments. Regular, stable and reliable freight volumes will underpin a sustainable service.

The inclusion of foreign ships has the potential to supplement any scheduled or add hoc coastal services especially for oversize/over mass (OSOM) cargoes. Extra tonnage provided by foreign ships would complement positioning moves for containers etc. The potential to containerise local products then arises, e.g. Sugar/grain from Mackay?

For a freight system to work efficiently and effectively there needs to be a balance of flows in both directions. The challenge for a coastal shipping service is to identify how this balance can be achieved. The identification of outbound sea freight opportunities from regional ports can include locally produced goods being shipped to another port for relocation domestically,

or being shipped to another port for relocation internationally.

The SFAP focus is primarily on cargoes moving within Qld. It is important that be expanded to develop the potential for other Australian coastal port destinations.

Conclusion

SAL considers that for the development of a successful and functioning national coastal sea service significant changes must be made to the Coastal Trading Act 2012. SAL has made an appropriate submission to the Federal Government's review, a copy is attached. The additional support of the Qld Government on this matter is welcomed.

SAL firmly believes that the inclusion of international shipping in the movement of coastal cargoes will add significantly to port and surrounding community development and provide an environmentally efficient means of moving large cargo quantities along the Queensland coast.

Shipping Australia Limited would welcome involvement in future deliberations on the improvement of coastal sea freight in Queensland. Our point of contact in Queensland is Mr Bill Guest, Qld State Secretary, Shipping Australia Ltd. PO Box 5026, Kenmore East, Qld. 4069. Tel 3378 2477, Mobile 0412 746 990.

Yours faithfully,

Rod Nairn AM

Chief Executive Officer
Shipping Australia Limited

Annex A SHIPPING AUSTRALIA LIMITED MEMBERS – June 2014

Enclosure SAL Submission in Response to April 2014 Coastal Shipping Options Paper



SHIPPING AUSTRALIA LIMITED MEMBERS – June 2014

APL Company Pty Ltd
A.P. Moller-Maersk A/S
Asiaworld Shipping Services Pty Ltd
Austral Asia Line Pte Ltd
BBC Chartering Australia Pty Ltd
CMA CGM & ANL Agencies (Australia & New Zealand)
Evergreen Marine Australia Pty Ltd
Five Star Shipping & Agency Co Pty Ltd
Gulf Agency Company (Australia) Pty Ltd
Hamburg Sud Australia Pty Ltd
Hapag-Lloyd (Australia) Pty Ltd
Hetherington Kingsbury Pty Ltd
Hyundai Merchant Marine (Aust) Pty Ltd
Inchcape Shipping Services Pty Limited
"K" Line (Australia) Pty Limited
Mediterranean Shipping Company (Aust) Pty Ltd
Mitsui OSK Lines (Australia) Pty Ltd
Monson Agencies Australia Pty Ltd
NYK Line (Australia) Pty Ltd
OOCL (Australia) Pty Ltd
Pacific Asia Express Pty Ltd
PB Towage (Australia) Pty Ltd
Royal Caribbean Lines Cruises Ltd
Seaway Agencies Pty Ltd
Ship Agency Services Pty Ltd
Svitzer Australia Pty Ltd
The China Navigation Company Pte Ltd
Wallenius Wilhelmsen Logistics A/S
Wilhelmsen Ships Service A/S

Contributing members

ANL Container Line Pty Ltd
China Shipping Container Liner Co. Ltd
Hanjin Shipping Co Ltd
Neptune Shipping Line Pty Ltd
Pacific Forum Line (NZ) Ltd
Sinotrans Container Lines Co Ltd
T.S. Lines Ltd
Yang Ming Marine Transport Corp