

SUBMISSION TO

Queensland Transport, Housing and Local Government Committee

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## Review of Coastal Sea Freight

By



## Introduction

Sea Swift welcomes the opportunity to provide a submission to the Transport, Housing and Local Government Committee on its inquiry into coastal sea freight in Queensland.

It should be noted that many discussion points covered in the Queensland Governments' review of Coastal Shipping, have also been covered off in a recent submission made by Sea Swift to the National Department of Infrastructure and Regional Development in their Review of Coastal Trading – Coastal Shipping Options. To this point please also read this paper in conjunction with the referenced paper (attached)

## Background

Sea Swift has been providing coastal shipping services throughout Northern Australia for over 25 Years. During this time the Company has grown into one of the most respected and awarded marine operations in Australia.

With a fleet of 30+ vessels ranging from 80t to 3,500t, Sea Swift not only provide regular weekly essential services to over 40 remote communities throughout Far North Queensland and the Northern Territory (totalling at least 25% of Australia's coastline), but also project logistics support, and mothershipping services to the Northern Peninsular Area fishing fleet. The Sea Swift fleet is purpose designed in order to be able to operate remotely and with minimal infrastructure.

The Sea Swift team have grown to over 350 maritime and logistics professionals, located in many strategically positioned supply bases across Northern Australia from Cairns to Darwin including Horn Island, Thursday Island, Weipa and Gove. Alongside an internal culture of employing local expertise, Sea Swift has developed a National award winning cadet training program and customised leadership development program that ensures seafarers are being continually developed to a high standard to meet the growing demands of the industry.

Since inception, Sea Swift has worked closely with the various Island communities, not only to meet their freight requirements, but also to support local communities through various sponsorships and employment opportunities.

By any definition Northern Australia is remote. Access is often restricted, especially when the monsoon trough sets in from December to April. The regular weekly scheduled services up and down the east coast of Australia, through the Torres Strait and into Weipa and throughout the Northern Territory are in many ways considered essential services. In fact the services Sea Swift offer are the only freight link for many of the remote Island communities in Northern Australia.

Sea Swifts' diverse fleet of specialised vessels allows the Company to carry and deliver not only essential everyday food stuffs, but also a huge range of general and refrigerated cargo, fuel for remote power stations, vehicles, transportable housing and construction materials, essential mining consumables, and heavy earthmoving machinery.

Unlike most other freight providers and Coastal operators, Sea Swift offer essentially a flexible door-to-door service in order to meet most customer needs. However, there are a number of issues which constrain the provision of freight services to the Torres Strait region on a regular basis. These include, but are not limited to:

- The climatic conditions,
- High travel and rental costs (for labour and crewing),
- A varying quality of infrastructure (in particular ramps and access channels), and
- A lack of commercial enterprises worthy of providing volumetric back freight options.

Coral reefs are prolific in the area making navigation more difficult and travel more dangerous for larger vessels. Some of the larger communities (ie. Thursday Island and Badu) have more protected offshore passages, but most communities have seasonally exposed approaches and mooring facilities. Weather extremes are a concern hampering safe access by barge to communities and threatening smaller vessels. Tides and strong currents also effect safe navigation, and may restrict services at specific times of the day or month to some communities.

Climatic issues aside, the inability to use larger vessels to offset rising commercial overheads, and the relatively high cost of shipping from southern ports over 1000km away also have an impact. Port charges add further to the cost base with levy's being applied in Port Kennedy (Horn Island and Thursday Island) 5 times higher than those applied in Cairns, this consequently has a further negative impact on the cost of goods for all Torres Strait residents.

The main issues at Island delivery points are the maintenance of berthing dolphins, barge ramps, and access channels. Problems include:

- Insufficient swing basin size and channel depth and width due to an increase in barge size over time in order to improve efficiencies
- Reduced channel and swing basin depths due to siltation
- Poor protection from seas afforded by groynes or breakwaters
- Deteriorating barge ramps and poor road surfaces directly off the ramps

The entire region is, without exception, totally dependent on marine transport to deliver almost all of the requirements of daily life, accordingly this must be considered in the broader context of true Coastal Shipping Reform.

## Sea Swifts response to the terms of reference

1. *Consider what benefits arise from a scheduled 'weekly' coastal shipping service, in terms of reducing road and rail congestion and managing future freight demand*
  - This essentially does not relate to remote coastal shipping as per Sea Swifts model, however there are clear benefits if this can be achieved that would assist in driving traffic congestion down. This is however a highly complex issue and well outside the scope of this submission.
  - There could clearly be benefits, however waterfront reform is needed to ensure load/unload schedules are maintained so that weekly delivery schedules can be assured. Without this, road and rail will continue to be a far superior service
  
2. *Consider what impact coastal shipping would have on competition in the Queensland freight transport sector;*
  - Again, on the face of it shipping can have a clear impact on competition, but all costs need to be taken into account. For example, the Sea Swift model is a full door-to-door delivery model, rather than that of traditional shippers which is wharf to wharf only. In the Sea Swift model all steps in the freight process from receipt, consolidation, transport to the wharf, loading, vessel transit, unloading, transport from the wharf, deconsolidation, and delivery to the door or business occur.
  - Again, provided the waterfront issues and marine wage rates can be controlled, there could be a clear competitive benefit.
  
3. *Consider the implications of coastal shipping policy for defence support, disaster management, maritime safety, community amenity, environmental sustainability and tourism;*
  - Sea Swift have responded to disaster relief missions during post cyclone events or flooding events in the past that have cut traditional supply routes by road or rail. However, policy guidelines that continue to impact disproportionately on the cost of providing services, will ultimately lead to a reduction in operators, and hence drastically effect the potential to have vessels positioned for such tasks. These could be a range of policies from IR

reform, jurisdictional overlap (ie. Marine single jurisdiction legislation), or taxation changes (ie. Reduction in the diesel fuel rebate)

- Shipping is a highly capital intensive business, with high operating costs. Impacting on these costs negatively will ultimately lead to a reduction in competitiveness and hence reduction in service, eg. Higher labour rates (impact from O&G sector), higher port charges and fees, higher council charges and fees (driven by levying charges on DOT owned infrastructure), increasing costs of labour and materials to maintain vessels.

4. *Investigate cross-jurisdictional differences that exist between the states in regulating trading vessels on intrastate voyages that might impact on competition and increase costs within the coastal shipping industry;*

- The Federal Department of Infrastructure and Regional Development is conducting a “Review of Coastal Trading” and Sea Swift have made a submission to that review, along with a number of recommendations. Essentially ranging from total deregulation (undesirable) to a modification of the current regime (more desirable). Please refer to the attached Submission for further detail.
- Further, rationalisation of jurisdictional overlap must occur as there is still overlap between state and federal bodies (eg. MSQ and AMSA, although this is improving)

5. *Review the policy and regulatory arrangements of the Coastal Trading (Revitalising Australian Shipping) Act 2012 including the impacts of the 3 tier licencing system on establishing an intra-state coastal shipping trade in Queensland waters;*

- Essentially means – General, Temporary and Emergency Licences
- Sea Swift sees no issue in general provided they are used and monitored appropriately (particularly in reference to *Temporary Licencing*), however the true impact on existing operators and established routes must be assessed prior to grant, along with the true cost of the proposed service. The comparable nominated costs or savings must also be taken into account as per the true cost of providing the *total* service as listed in point 2. above
- For a Temporary Licence to be granted, proposed alternate services rarely account for the full door-to-door charges when submitting. Eg container rate pricing for shipping only vs full service offering

6. *Investigate whether Queensland benefits from the uniform regulation of these vessels under existing Commonwealth legislation, and make recommendations where necessary for proposed amendments.*

- Please refer to recommendations 1-6 in the attached Submission.

Fred White

Managing Director and CEO

Sea Swift Pty Ltd

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