

Shipping

A submission for the joint standing committee 2015.

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I had thought to detail all the current failures and historical failings of the shipping service but think that would be a waste of all of our time. In a conversation with any resident and business of either Island you will be regaled by many incidences of deep dissatisfaction. The shipping service to the Island Territories is widely and roundly decried. Within the last three months alone a crane was dropped into a hold http://www.mua.org.au/near_miss_on_ship_berthed_in_fremantle and more recently the contents of a container spontaneously exploded at Cocos Island. Both instances put lives and property at risk.

I also thought to submit a comprehensive business plan, but feel that this is not really the forum for that either. A truly dedicated reliable monthly shipping service was provided by the private sector using Thor Vessels for 9 years. The business model is sound and tested by market.

So. To the issues;

The commercial basis for the relatively high cost of sea freight was the required frequency (4-6 weeks) and the small volumes of cargo.

Over the last few years the volumes for Christmas Island have massively increased. Two large projects were also carried out on Cocos Islands. This has seen overall volumes at historic highs. During this period we have also seen a marked decrease in the standards of shipping as well as a marked reduction in frequency.

The standing committee has understood how pivotal the shipping service is. This has been accepted by reports going back to the 1950's. The specific requirements to supply a reliable, fair and adequate service are already on the record in the report titled *Delivering the Goods 1995*.

The Commonwealth is not and has not been getting value for money for its own shipping requirements. The delivery of many services is greatly hampered by the cost and infrequency of shipping. It is disingenuous for the bureaucracy to claim that they are not a shipping client, when the vast majority of all cargo shipped to the Islands is budgeted for and through the federal budget. Splitting the responsibilities for shipping onto the numerous service providers leaves then in an vulnerable commercial situation. Currently the Commonwealth is ignoring the responsibility to get fair value for money for the State and for the Island communities they administer. As a minimum "expressions of interest" should be invited regularly to see what alternatives are available to allow informed decisions to be made.

There is a great cost to the economy of the current infrequent and irregular service. Everything from loss of stock from spoilage while waiting for the ship, cost of project delays, air freighting materials that could have gone by ship (if frequency was suited), weekly chartering of air cargo services, through to high stock volumes required to cope with the irregular service (and the inherent extra spoilage). There is also very clear economic cost to capital projects in the charging of punitive rates on cement.

Without an initiative from the Commonwealth/Administration the other stakeholders will continue to be open to predatory commercial behaviour.