



**WALLENIUS WILHELMSSEN
LOGISTICS**

20th April 2012

Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Enquiry into the Shipping Reform Bills

Wallenius Wilhelmsen Logistics is pleased to make a submission in relation to legislation covering the:

- Coastal Trading (Revitalising Australian Shipping) Bill 2012
- Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Bill 2012
- Shipping Registration Amendment (Australian International Shipping Register) Bill 2012
- Shipping Reform (Tax Incentives) Bill 2012
- Tax Laws Amendment (Shipping Reform) Bill 2012

About Wallenius Wilhelmsen Logistics:

Wallenius Wilhelmsen Logistics (WWL) deliver innovative and sustainable global shipping and logistics solutions for manufacturers of cars, trucks, heavy equipment and specialized cargo.

The company also specialises in handling complex project cargoes such as rail cars, power generators, mining equipment and yachts. WWL's sophisticated supply chain management services ensure an efficient integration of ocean transportation, inland distribution, terminal handling and a large comprehensive range of specialised technical services.

In this context WWL has for some years provided Australian coastal distribution services as an integrated part of our offerings to global customers. The provision of these services has been on our regular sailings from Europe and the America's, incidental to their global trading voyages. WWL vessels engaged in international trading call at the Australian ports of Brisbane, Port Kembla, Melbourne and Fremantle around 8 times per month. Inducement calls are also made in Newcastle, Adelaide and Bell Bay.

WWL's service offering has been particularly important to our customers servicing the mining, construction and agricultural machinery markets in Australia.

Heavy 'roll on roll' of services of the kind provided by WWL, are not otherwise generally provided for by Australian flag shipping operators.

Comments to the Coastal Trading (Revitalising Australian Shipping) Bill 2012 and related bills.

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As a foreign flag operator, WWL was excluded from the initial task force and advisory groups set up to advise the Minister on the proposals prior to the actual drafting of the detailed provisions and release of exposure drafts of the legislation.

In the more open process that has occurred since November 2011, WWL has been consulted by the Department and have also contributed to the debate through Shipping Australia Limited and the Australian Logistics Council.

The Coastal Trading Bill, 2012 and the practicalities of Temporary Licence applications.

1. In common with the shipping industry more broadly, WWL supports the intent of the draft Bills in so far as they are seeking to promote a viable and internationally competitive Australian merchant marine integral to the Australian export and import shipping task.
2. From a practical standpoint however, the revitalisation of the Australian Industry will inevitably take time and further there is no guarantee that an economically viable business model will emerge especially in the area of specialised heavy 'roll on roll off' shipping covering the Australian coast.
3. To assure that Australian cargo owners seeking to move high, heavy and break-bulk cargoes on the coast for resources and infrastructure projects, can do so in a cost effective and environmentally sustainable way, WWL consider that continuing access to international flag shipping is essential and that the 'hurdles' proposed in the legislation if enacted, will quickly will lead to the termination of such services by international carriers.
4. WWL consider this will be the outcome of the requirement (Part 4, Division 2, Sect 28 (2), a,b,d,e,f,g,) to forecast over a twelve month period in advance the movement of such cargoes including:
 - a. Number of voyages
 - b. Sailing date
 - c. Carrying capacity of the expected or projected vessels
 - d. Kinds and volume of cargo expected to be carried
 - e. Ports pairs at which cargo will be loaded and unloaded.
5. Whereas an international shipping operator such as WWL may have an a quarterly or half yearly international voyage plan and projected cargo budget, this will always be subject to change arising from changes in international cargo flows, changes in vessels committed to the trade etc.
6. If as described in the Explanatory Memorandum for this Bill (page 23), "only those voyages where the required information is known, including expected loading dates, loading and discharge ports and cargo type and volumes would be authorised", then most if not all temporary licence applications will fail. It is completely impractical to provide this data with certainty and the Bill needs to be re drafted to reflect the realities of international and coastal markets.

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7. We would suggest that acceptable criteria for the temporary licence should be:
 - (a) The number of projected voyages to be authorised by the licence
 - (b) The types of cargoes and estimated volume (if known) that would be carried
 - (c) The types and capacity of the vessels that are likely to be used for the carriage of such cargo (recognising that such capacity will be principally utilised for the carriage of international cargo)
 - (d) The projected range of ports at which the cargoes are expected to be loaded and discharged
 - (e) Any such other relevant information as is prescribed by the regulations.

8. WWL support the reference in Clause 32(4) that states that if the application relates to the carriage of cargo, negotiations with the general licence holder must have regard to the requirements of the shipper of the cargo. WWL fully support this requirement as ultimately it should be the interests of Australian cargo owners that should be promoted by this legislation.

9. WWL note under clause 33 that within two days after the day an application is published under section 30, written comments on the application may be given by a person who would be directly affected or a body or organisation that would be directly affected, or whose members would be directly affected, if the application were or were not granted. In our view, it is very important that such comments be restricted to those who have an involvement in the actual application and not those who may have just had a general interest in coastal trading. Further it would appear that there is no 'right of reply' available to the applicant in relation to such comments. This seems inequitable and may lead to rejection of the licence based on spurious or inaccurate information.

10. Finally there has as yet been no information provided to stakeholders as to the likely costs of a 12 month licence. No evaluation of the economics of a temporary licence can be completed until this information is available, noting that we are theoretically only two and a half months from the planned implementation of the new legislation.

Thank you for receiving our comments and Wallenius Wilhelmsen Logistics would be happy to elaborate on this submission or answer any questions that the Committee may have

Yours sincerely

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Vice President Trade and Operations, Region Oceania

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