

17<sup>th</sup> May 2012

Committee Secretary

Senate Standing Committee on Economics

PO Box 6100

Parliament House

Canberra ACT 2600

Australia

Good morning,

I am writing to you to express my concerns with the new rules being implemented for coastal shipping in Australia.

CMX Global Logistics Pty Ltd is a logistics provider to the mining industry and has a requirement to move cargo coastally on a regular basis for numerous reasons. I am bewildered why the government is considering imposing any rules or restrictions on the coastal trade involving RoRo (roll on/roll off) or breaks bulk cargo, not bulk commodities but break bulk cargo. Some of these cargoes are actually too large to be moved from one side of the country to the other so why jeopardize that business or create additional costs, I will elaborate further below. Unless the coastal trade for the movement was subsidized by the tax payer it will never be commercially viable, it was attempted on the AUEC a few years ago and has since ceased operations. All this is going to achieve is restrict the cargo that is shipped coastally, increase costs for the companies that own the equipment, force this cargo to be put back on our road system and cost my company business. Why or how could this possibly make any practical or commercial sense, have people thought this through thoroughly? We now have carriers suspending the carriage of coastal cargo until all the facts surface and costs and conditions are known, why can't it just be left alone as business's within this country are already experiencing enough challenges without this type of intervention.

Recent instances where coastal shipping was utilized:

1. Movement of dump bodies for mining trucks, moved from Brisbane to Newcastle – 13.3m L x 7.8m W, physically not allowed to travel by road. If we had not been able to ship via a vessel then the client would have either lost the contract or had to oxy acetylene cut the dump bodies in to pieces to be allowed to transport via road and then re-weld them back together on site. The costs for this would be in the tens of thousands of dollars, requiring cranes, welders, engineers to re-certify etc.
2. Over the past 12-18 months the mining and construction industries in Western Australia have experienced enormous backlogs at the QAP (Quarantine Approved Premise) facilities in Western

Australia for the cleaning, inspection and release of their cargo by AQIS. As an alternative and to expedite the delivery of equipment to the end user we were offloading the equipment and machinery in Brisbane, cleaning and passing it through AQIS and then coastally shipping the cargo to Western Australia which reduced the waiting time for our clients by some 2-3 months. Thus enabling the cargo to be delivered to the end users, i.e. mining companies, contractors etc. and put the equipment to work.

3. Currently quoting for the movement of mining equipment from Port Headland to Queensland, not only is it less expensive but it keeps this enormous cargo off of our already over utilized road networks. In addition it then has a flow on affect to other over stretched resources like police as they are required for escorts of this type of movements.

There are not always full shiploads so hence the need to utilize foreign vessels calling our numerous costal ports.

If you have challenges within other sectors of the coastal shipping industry, like bulk commodities etc. then just include them and leave the balance of the industry out of it. There are no coastal AU flag vessels that could carry this cargo and even if there were they would not be financially viable because it's been tried before. This is not protecting any Australian industry; all you are doing is damaging and jeopardizing an industry.

It is no wonder industries move overseas as the costs of doing business in this country are just too expensive and then everyone wants Government interaction to keep these industries alive here in this country when it is the Government that has forced the closure or relocation in the first instance.

Yours sincerely

Grant Seeley  
Director