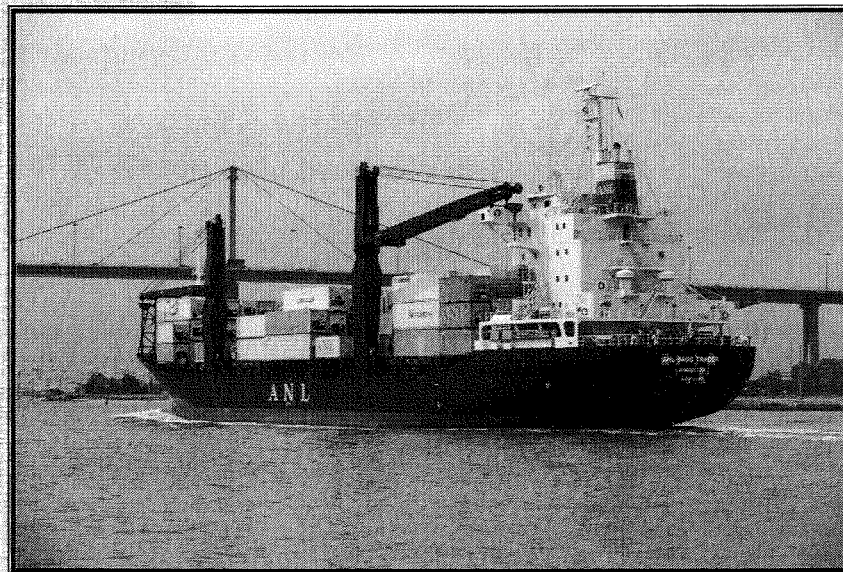


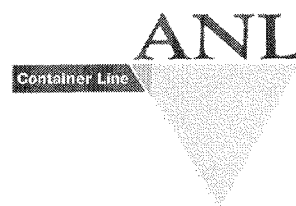
Coastal Shipping Policy And Regulation Inquiry



**House of Representatives
Standing Committee on Infrastructure,
Transport, Regional Development and
Local Government**

**Submission by
ANL Container Line Pty Ltd**

April 2008



1. Background

ANL Container Line Pty Ltd (ANL) is the company created in 1998 following the sale by the Federal Government of the container shipping business of the Australian National Line (ANL Limited) to CMA CGM. In the intervening years both ANL and CMA CGM have flourished with CMA CGM now the 3rd largest container shipping operator in the world.

ANL, with a new shareholder that was obviously committed and interested in shipping, has grown tremendously in the last ten years. In 1998 when sold, ANL was doing 76,000 TEU (Twenty Foot Equivalent Units i.e. a standard 20' shipping container) this has now grown to 695,000 TEU in 2007 with 850,000 TEU expected for 2008.

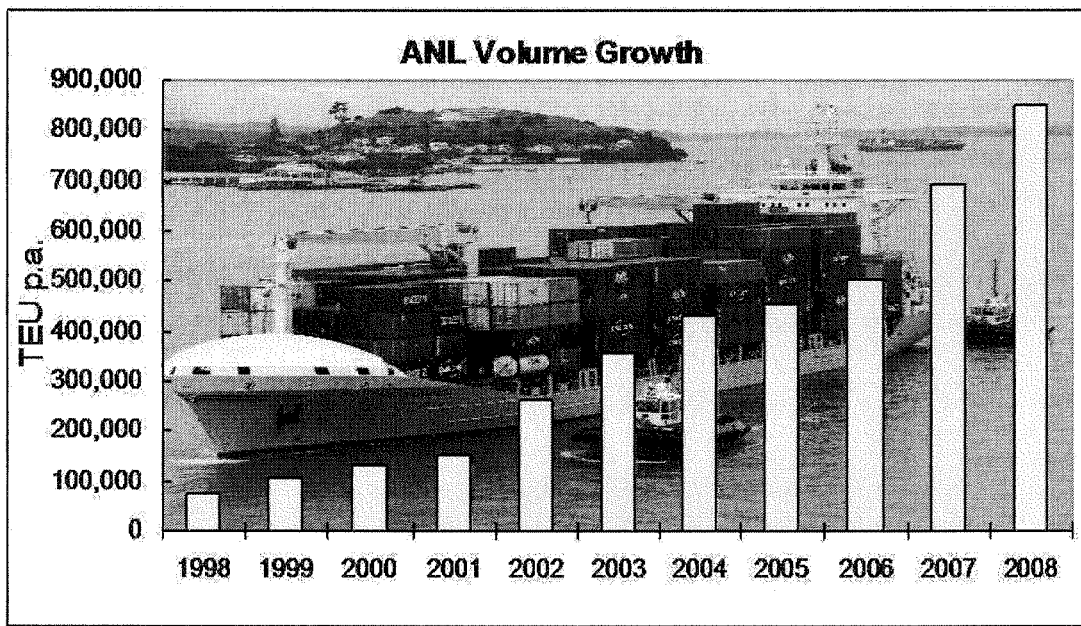


Figure 1: ANL Volume Growth 1998 -2008

This phenomenal growth has been the result of expanding ANL's traditional Australia to Asia routes, entering new East/West routes such as Asia to Europe, Asia to USA, Australia to PNG, Asia to PNG, re-entering "old" ANL routes such as Bass Strait and to New Zealand; and building an Australian coastal network using a combination of Licensed and Permit (both CVP and SVP) vessels.

ANL pioneered coastal shipping in Australia and the tradition continues with ANL offering weekly services between all mainland capitals through our coastal network. In 2007, ANL moved 113,780 TEU between Australian ports, of these 24,705 TEU were overseas transshipment containers and 26,593 TEU were empty containers thereby giving pure Cabotage (i.e. domestic cargo between Australian ports) liftings of 62,462 TEU.

ANL is in a unique position being an international ship operator, a licensed ship operator and a user of permits. In addition, ANL's coastal customer base is a mixture of direct shippers and logistic operators many of which are household names. Therefore we can provide valuable input to the Committee from the supply side, given our experience of operating all the variants of tonnage, and on the demand side from the requirements of our clients.

2. Current Licence and Permit System

The Committee will be receiving various submissions from Industry bodies which will go into great detail on the current licence and permit system. As such we will refrain from repeating this information and concentrate on how we see the current system working.

The current system may have been born out of the now archaic Navigation Act of 1912 but in its day to day operation is a thoroughly modern and working piece of legislative machinery. There are no doubt proponents readily waiting to knock the system but the facts speak for themselves, it works! Hundreds of thousands containers move smoothly around the Australian coast every year, buyers and sellers of shipping services getting together seamlessly in what some would say is a model of economic efficiency.

There are of course issues from time to time, however the Department of Infrastructure, Transport, Regional Development and Local Government does a great job in the administration of the system and their efforts should be acknowledged.

Rather than focus on perceived problems with the current system we believe it is important for the Committee to appreciate the substantial benefits the system as it stands delivers;

- (a) The simplicity and ease of licensing vessels

- (b) The reservation of cargo for licensed vessels must meet certain criteria in terms of availability, service and price. This ensures the licensed vessel must provide an appropriate level of service and at a price that is commercially justified. As such the system is not able to be used to create a monopoly environment and thereby extort monopolistic rates from shippers.

- (c) The system promotes efficiency by allowing the use of otherwise surplus space between Australian ports on international vessels as part of their normal schedule. This is more efficient as 1) the space would be vacant in any event and 2) many of the routes are heavily imbalanced meaning a dedicated vessel would sail practically empty in the other direction at considerable cost for the vessel and the return of empty containers.

The current system works well at matching the demands of shipper with shipping services. Therefore should any changes to the existing system be contemplated then it is important to look at how these changes will impact the nation as a whole and ensure the changes are not directed at benefiting a small section of the community.

3. Future Vision

There is no doubt that the current system works, freight is being moved right now! It is moving under a cobbled together set of rules and guidelines underpinned by the archaic Navigation Act of 1912. Whilst it works, the system is rooted in the past and there is no vision for the future.

To look to the future we first need to take stock of where we are now;

- The freight task in Australia is set to double in the next decade.
- The road and rail networks are already heavily congested and lack any real redundancy/overflow capability in the case of any major road or rail failure.
- Major East coast ports are close to capacity with expansion plans now underway in some of them but with long lead times.
- Ever increasing concerns within the community regarding efficiency and pollution of industry.

Australia, the world largest island, faced with the above circumstances, almost entirely dependant on overseas flagged vessels for international and some domestic trade, surrounded by nature's "highway" i.e. the ocean and yet without a comprehensive maritime development policy; it is bizarre at best!

The days of Aussie flagged and manned vessels trading in international routes are in our view long gone as, like many other developed nations, our seagoing staff are not competitive with that of other less developed countries. There is however the possibility of increasing the popularity of the Australian Flag through the measures outlined in the Australian Shipowners Association's submission.

We understand that the terms of reference for the inquiry are very broad which in some ways makes the Committee's task harder but it also opens up the opportunity to consider a very wide range of options and ideas.

If we were to actually sit down and plan how coastal shipping should work i.e. a "Greenfield" approach as opposed to how it has evolved, we would see something markedly different. We need to have a vision for coastal shipping!

ANL's vision is for coastal shipping to be a fully integrated part of a cohesive national transport framework. This framework to be supported by both Federal and State Governments through a range of measures. Coastal shipping needs to be developed as a viable alternative to road and rail.

We would see a coastal fleet of dedicated Australian flagged and Australian manned vessels operating between major Australian ports through intermodal port gateways that provide efficient connections to the road and rail networks. The aim would be to cater for 100% of the domestic freight traffic.

This fleet will need to provide shippers with competitive freight rates and service levels and therefore needs to be designed from the ground up to provide the necessary efficiency, namely;

- Vessels – latest hull design and propulsion systems
- Crewing – more efficient manning and work practices
- Cargo Handling – innovative cargo handling techniques to maximise productivity in port
- Terminals – dedicated coastal terminals with revised manning and work practices

The lack of vision for coastal shipping is of course the major reason why any change is slow and cumbersome. A clear vision will help Government focus on the critical issues such as the cost of Australian flagging, the cost of crewing, the growing port congestion and lack of access, cargo handling practices and costs, just to name a few.

Whilst all the above are serious issues needing to be addressed, the most pressing is the lack of a cohesive national port develop plan so as to provide greater access to shipping berths in major Australian ports. This is not just an issue for coastal shipping. In addition this lack of berth availability promotes a lack of meaningful competition in the stevedoring sector.

ANL has a long history in the Australian coastal trades and would be pleased to offer that experience and also our expertise in operating vessels, to work with the Committee and Government on the Inquiry and any subsequent proposals.

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