



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON INFRASTRUCTURE,
TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT**

INQUIRY INTO COASTAL SHIPPING POLICY AND REGULATION

FREMANTLE PORTS SUBMISSION

Background

Fremantle Ports is pleased to have the opportunity to provide input to the Inquiry. This is another Inquiry which will enable the Committee to gain a deep understanding of the issues being considered and to be able to provide an incisive analysis and recommendations.

Strategic Issues

There has been considerable analysis in the past of various facets of coastal shipping, including its competitiveness, and much written also on the cost of coastal shipping. The comments we will make are restricted to comment at a strategic policy level, and are presented in a summary form in this submission to avoid the Inquiry being overwhelmed with duplication and detail. We have also participated in other submissions to the Inquiry through our membership of industry organizations, making us aware of the considerable detail which will be presented to the Committee.

1. Something is not working - shipping's modal share of the freight task has declined over time. Shipping's role in the domestic freight task has diminished from around 40 per cent of the task to some 22 per cent over the last 15 years.
2. Shipping is a more efficient mode of transport than either rail or road from an energy and greenhouse gas viewpoint. With 22% of the freight task domestic sea transport only consumes 3.8 % of the energy consumed by domestic freight transport.
3. Twice the Task - the Committee's previous report has made it very aware of the growth in freight expected across Australia. Coastal shipping needs to play a role in catering for this growth given its efficiency in carrying large tonnages and its environmental benefits. To do this the previous criticisms of coastal shipping in terms of cost competitiveness and reliability need to be addressed. Under current policy the growth in the domestic shipping task in terms of tonne kilometres by 2014/05 is expected to be 21.3 per cent, which is less than one half the growth rate of rail and similarly less than one half the forecast growth rate of the road task.
4. A key issue for ports is ensuring that there is access to a pool of well trained maritime professionals able to play key roles in maritime administration and the provision of services such as pilotage services in ports. Support needs to be

given to the development of appropriate courses which provide the skills and experience required while looking for ways of reducing the time for training and sea-time by means such as increasing the skills required at the intake level. Assistance to develop courses and to arrange training and work experience is urgently required. This issue is critical going forward.

5. While it would put the cart before the horse to develop an Australian shipping industry simply to train maritime professionals, nevertheless there are strategic benefits to having a competitive Australian shipping industry, which in this context is the term used to refer to as an industry which is hopefully Australian owned, not necessarily Australian flagged but importantly largely manned by Australian nationals. A number of overseas countries have recognised the strategic importance of shipping and have a belief that shipping must be a strong and growing participant in the movement of freight whether domestically or overseas.
6. It is important to review what is needed to ensure that the Australian shipping industry is competitive globally. In this regard reference is made to The Independent Review of Australian Shipping which suggested a revitalisation package of measures in 2003. These measures should be examined as should other information provided to the Inquiry. We do not have sufficient knowledge to comment on this aspect in detail but are of the view that competitiveness is important for sustainability. Information also needs to be analysed to ensure equity in the context or reviewing whether all modes of transport operate on a level playing field from a competitive neutrality viewpoint.
7. The facts on shipping compared to other modes from a safety and environmental perspective need could also be highlighted to ensure increased knowledge regarding this important issue. There has been considerable research already on the environmental advantages of shipping.
8. From a port perspective Australian shipping needs to operate in a manner which is compatible with the needs of other shipping. For example at times in the past coastal shipping operators of container ships have argued that they cannot be competitive using container terminals. However the cost of allocating berths when all cargo berths are well used by other cargoes would be substantial and ports generally do not have sufficient general cargo berths to allocate large areas to coastal shipping without substantial additional investment, and the question of who would fund this would need to be determined. Without additional funding to expand berths there is a need for coastal container ships to be handled in container terminals as is the case with international container shipping, and the availability of berthing windows needs to be a focus.

Concluding comment

Shipping is a service industry designed to service the needs of international and domestic shippers. It needs to do this in a competitive, safe and sustainable manner.

As part of sustainability industry professionals need to have adequate training and the industry's career appeal must be enhanced through career opportunities and the greater training offered. A career in the industry needs to be seen to appeal to younger generations.

There is a need for a national maritime policy to be developed to be part of Australia's transport policy, and to recognise the place for both Australian shipping and foreign shipping in serving the needs of our exporters and importers in a complementary

manner. In terms of meeting training needs there is also a place for Australians to form part of the crewing complement of international ships as part of developing a globally competitive industry. We need to be innovative in looking at new ways to ensure long term sustainability of our maritime industry, and this includes looking at new ways of working and new ways of training.

Others also have drawn attention to lack of a national maritime policy enunciated by the Federal Government in clear and consistent terms. That policy needs to have a number of elements because simply increasing restrictions on the ability of international ships to handle coastal cargo without Australian operators being able to offer a competitive local shipping alternative and without Australian ports being able to accommodate reliable local services will merely curtail the trade or push it back onto land-based modes. There is a good opportunity to address these issues in a comprehensive manner through the current Inquiry.

**Fremantle Ports
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