

11 April 2008

Committee Secretary
Standing Committee on Infrastructure, Transport, Regional Development and Local
Government
PO Box 6021
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Secretary

Inquiry into Coastal Shipping Policy and Regulation

The Chamber of Commerce and Industry of Western Australia (CCI) welcomes the opportunity to provide comment to the Standing Committee on Infrastructure, Transport, Regional Development and Local Government regarding its Inquiry into Coastal Shipping Policy and Regulation.

About CCI

CCI is the peak business organisation in Western Australia. It is the second largest organisation of its kind in Australia, with a membership of approximately 5,200 organisations in all sectors, including hospitality, retail, transport, building and construction, information and communication technology, food and beverage, resources, agriculture, community services and finance, among others.

Most members are private businesses, but CCI also has representation in the not-for-profit and government sectors. Approximately 85 per cent of members are small businesses, and members are located in all regions of the State.

Discussion

CCI supports the use of coastal shipping where it represents the most economically viable and efficient transport mode. CCI maintains that through the provision of an open and competitive coastal shipping industry there is capacity to grow its use in Australia.

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Shipping can efficiently transport large volumes of cargo and is well suited to non-time critical long-haul transport, thus Perth and regional Western Australia are geographically well-positioned to benefit from efficiencies that shipping offers.

In this respect CCI recommends that Government review restrictive legislation particularly in relation to cabotage, and considers the quality of supporting infrastructure available at ports to facilitate coastal shipping as a viable transport alternative.

CCI understands that Australia's current cabotage policy is legislated by the *Navigation Act 1912*. CCI notes the cabotage provisions within the Act confer substantial market power to Australian coastal shipping companies. CCI believes that the removal of current cabotage restrictions would result in increased competition, thereby creating efficiency gains and reducing shipping prices.

While CCI acknowledges that current cabotage policy increases business opportunities for Australian ships, the costs associated with meeting the legislative requirements imposes a higher cost structure on the entire shipping industry. This makes it more difficult for a ship to compete with the comparably low-cost land transport sector.

CCI believes that port infrastructure available for stevedoring ocean freight plays a key determinant in the overall value equation for coastal shipping. It is crucial that the transfer of freight from ship to dock and subsequently land transport is expedient and efficient.

However, CCI considers that any increase in Government investment in coastal shipping should not limit Government investment in land-based transport industries and infrastructure.

Australia, and particularly Western Australia, is experiencing labour shortages rarely seen before. CCI, in its discussion paper *Building Human Capital*, has estimated that Western Australia will require approximately 40,000 additional workers each year for the next decade to satisfy State labour demand*. CCI believes that these labour shortages will likely impact on the availability of labour for the shipping industry. Therefore, CCI recommends that Government develop clear policies aimed at growing Australia's total labour force.

Conclusion

The Chamber of Commerce and Industry supports the development of an efficient coastal shipping industry. CCI encourages Government to develop policy frameworks that support the growth of this industry, while ensuring the sustainability of complementary transport methods such as road and rail.

* Report enclosed: Chamber of Commerce and Industry of Western Australia, November 2007, *Building Human Capital, A Discussion Paper*, page 5.

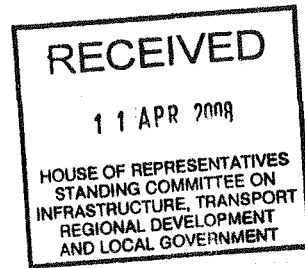
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CCI's Senior Adviser, Industry Policy, Andrew Canion would be pleased to provide further detail on this submission. Mr Canion may be contacted on (08) 9365 7688 or email andrew.canion@cciwa.com.

Yours sincerely



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Director Industry Policy



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