

Dear Sir.

In entering this submission it may be useful to background my organisation and relevant professional experience.

The company is Australian Coastal Shipping Pty. Ltd. We specialise in shipping containers from the main east coast ports to, principally, Fremantle using international vessels with single voyage permits, continuing voyage permits and licensed vessels.

Although we are small in terms of teus shipped, we have a client base in excess of 200 entities including a number of large freight forwarders and custom's agents.

I have had experience of the Australian waterfront since 1969 until the present and have held diverse positions including Victorian and Tasmanian manager of a major container terminal organisation, international projects manager for P&O Ports, operations manager for Perkins Shipping in Darwin and currently a partner in Australian Coastal Shipping.

Our thrust in this submission is that the current coastal permit system works well and offers to the merchants of both the east and west coasts an economic alternative to land based transports for cargo which is not time sensitive while, at the same time offering employment to a significant number of Australians.

I will address the separate points in the terms of reference, from a somewhat parochial view, as follows:

- ⌚ Outline the nature and characteristics of the Australian shipping industry and the international and coasting trades;

The prime characteristic of the coastal container trade is that it is predominantly a one way trade, i.e. east to west. This imbalance is fundamental to the failure of the recent venture by PAN Shipping and to the failure of ANL and ASP in the past to run a profitable service from the east to the west. It is impossible to run a successful shipping service in a situation of 90% imbalance unless there is an ability to charge enough to cover both directions. This ability only occurs where is no alternative of rail or road as happens in far north Queensland and the Northern Territory. Even in WA, with the distances involved there, the service is only viable with a government subsidy.

If you add in the costs inherent in having to provide 2.15 crews for any vessel operating under the Australian flag it is clear that the run from the east coast to WA is an extraordinarily difficult one to render profitable.

- ⌚ Review the policy and regulatory arrangements in place for the coastal shipping sector;

The current regulatory arrangements appear to work well enough as far as container cargoes are concerned. The time that it did not work well was when PAN Shipping were operating and endeavouring to use the system to monopolise the sea carriage for themselves by manipulating the system to block other vessels from obtaining permits. The system was manipulated by the expedient of providing inaccurate schedules to ensure that they appeared to be arriving and/or sailing from a given port within the prescribed time that would ensure that another vessel or vessels were not granted permits.

At that time it was very difficult to get quick action from DOTARS regarding the granting of permits when circumstances changed.

Any tuning of the regulatory arrangements needs to recognise the fact that shipping is a fluid industry and the arrangements need to be structured such that permits are granted in a far more timely manner than pertained at the time of the ill fated PAN.

- ⌚ Assess strategies for developing an adequate skilled maritime workforce in order to facilitate growth of the Australian coastal shipping sector;

It does not appear to us that the Australian coastal shipping sector is languishing due to a lack of an adequate workforce but rather because of the economic circumstances mentioned earlier.

- ⌚ Consider the effect of coastal shipping policy on the development of an efficient and productive freight transport system, taking into account issues such as environmental and safety impacts and competitive neutrality between coastal shipping and other modes of transport; and

This is beyond my expertise.

- ⌚ Consider the implications of coastal shipping policy for defence support, maritime safety and security, environmental sustainability and tourism.

As above.

