



1st April 2008

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

Dear Sir / Madam,

Firstly, thank you for inviting Seacorp to comment on the issues that have been raised in the terms of reference for the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government.

As you know, Seacorp are the sole licensed carrier operating on the coast line between Fremantle and Darwin. This is in fact the only liner shipping service operating in Australia today. Our service is partly underwritten by the West Australian Government Department of Planning and Infrastructure.

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

- While there is an extensive road network within Western Australia, the absence of a rail network north of Perth makes an intra-state coastal shipping service critical from both a commercial and continuity of supply perspective.

Similarly, while, there is an efficient rail service linking Australia's east and west coasts, the coastal shipping arrangements ensure that rail rates remain competitive. Within Western Australia it is clear that coastal shipping provides commercial competition to the burgeoning road freight service providers.

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

Seacorp consider that there are some key regulatory arrangements as follows;

- In the 26 months that Seacorp have operated the service there have been occasions known to us (and perhaps other instances that have gone undetected) where foreign flagged and crewed vessels/barges have carried cargo intrastate in Western Australia.

We are unsure if single voyage permits have been issued for the movement of these cargoes.



- The penalty for moving cargo in Western Australia without permit is \$1000.00. This is hardly a deterrent to any organisation and cannot be considered anything more than a token effort to ensure that our waters are protected.
- Our experience with the coastal shipping operations in Western Australia lead us to believe that berthing priority for a coastal shipping services are essential to the long term success of coastal operations.

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

- One of the most prevalent concerns in the Australian maritime sector is the real and genuine concern over a looming shortage of persons with prerequisite seagoing qualifications. The diminishing number of young person's being trained as seafarers in the Australian-controlled fleet is contributing to an ageing skills base.
- A 100% Australian crew continues to provide opportunities for Australian seafarers ensuring continuation of this important industry.
- The MV Kimberly Rose provides training places for finishing off marine training and gaining essential blue water experience required to complete qualifications. There are not many opportunities on the Australian coastline for trainees to get this sort of exposure. The Kimberley Rose is ideal because of the diversity of cargoes it handles as well as the ports it calls at.
- The alternative to this training ground would more than likely be offshore. This in turn would cost substantially more money and perhaps deter young people from seeking this career path.
- The skills shortage in Western Australia is putting pressure on all industries. The fact that a vessel can carry 90 times as much cargo as a truck shows that shipping is a more effective utilization of resources.

4.0 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;

- Coastal shipping in Western Australia is a key transport mode in the absence of a rail service north of Perth. We consider that the service helps to preserve a competitive freight market and believe that road freight rates would be substantially higher than present if the coastal service ceased to operate.



- The growth in the North West of the state has seen the need to move substantial amounts of 'heavy' cargo and dangerous goods to the states North West. The absolute majority of this cargo moves on road. The government would only need to observe the substantial increase in oversize, overweight permits and or the number of escorts that are booked to move out of gauge cargo to understand the increase in oversize traffic on our roads.
- Road freight is invariably more expensive than the coastal shipping option. This is especially true with out of gauge cargo or for general cargo travelling in excess of 1800 km's to a final 'coastal' destination. However, it does require some more logistical support. That is, cargo needs to be transported to and from the wharf. Seacorp find that where the price differential is less than say 10-15% most resource related organizations will simply use the 'easier' option.
- Our estimates are that between 350,000 and 400,000 tonnes of Ammonium Nitrate (AN) moves via road through the Perth metropolitan area on an annual basis. With the aggressive expansions plans announced by the industry giants, FMG, BHPB and Rio Tinto this figure is likely to substantially increase. The potential for a safety / environmental incident with this product is high.

AN is a perfect product for transport on the ocean. It is high volume and low value cargo marked class 5 dangerous goods. However, while current legislation does not prohibit the transport by road in anyway, only 800 tonnes at any one time is allowed in the Fremantle inner harbor, 4000 tonnes can loaded at the Kwinana Bulk Jetty (KBJ) 13 times a year and only 400 tonnes can be discharged at the ports of Dampier and Port Hedland.

There is a certainly a case for the movement of AN to the Ports of Dampier and Port Hedland and then onto the mine site via the use of the existing rail infrastructure or via road as this these routes travel through sparsely populated country

- According to the Australian Ship-owners Association, while coastal shipping carries 38% of the non urban freight requirement in Australia it contributes to only 4% of emissions. This is opposed to road freight that carries 40% of the freight requirement and contributes to 88% of the emissions from the transport sector. It is therefore logical to argue that a modal shift in favour of domestic shipping should reduce transport sector energy consumption and emissions substantially.
- Seacorp believe the answer to this term of reference is government legislation that will prohibit companies from using road freight for particular oversize freight movements or that will make the road commercially unattractive.

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

- The quality of vessels under the Australian flag, through regular investment and maintenance, is at a very high level by world standards. This ensures that the reliability and safety records of Australian vessels are well above world average. The level of initial and ongoing training received by Australian seafarers not only ensures competency in normal vessel operation, but also ensures that crews are capable of handling emergencies at sea in a way that minimizes the risk to life, the vessel and the environment. Recent major incidents overseas involving oil tankers have demonstrated the value of having well trained and experienced crew.
- Seacorp has committed the MV Kimberly Rose to the Coast Watch program and we surmise that further coastal operations would have no objection to committing the same.
- Whilst Seacorp have not been approached to provide defense support, please be assured that we would without hesitation support our defense forces if required. Again, we surmise that other coastal operations would also support Australia's defense requirements.
- It is clear that shipping is a far more sustainable, secure and environment sensible method of transport. A coastal shipping service has measurable environmental benefits. Shipping uses approximately 0.2 mega joules of energy per tonne kilometres. This compares with approximately 0.4 for rail or 1.4 for articulated trucks. Furthermore, sea transport produces lower quantities of greenhouse gases. Bulk sea transport generates approximately 13 grams of carbon dioxide per tonne kilometres compared with approximately 29 grams for rail. Furthermore, air pollution created by shipping is less likely to affect populated areas than land-based modes of transport.
- We see little benefit to tourism from a coastal shipping service.

Conclusion

Seacorp strongly supports the further development of an efficient coastal shipping industry. Seacorp would encourage Government to develop policy frameworks that support the growth of this industry.

I would be only too pleased to provide further detail on this submission as and when required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steve Karp'.

Steve Karp
General Manager - Group of Companies
SEA CORPORATION PTY LTD

Handwritten initials in black ink, possibly 'MK'.

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