



Shipping Australia Limited
ABN 61 096 012 574

Suite 2, Level 1, 101 Sussex Street, Sydney NSW 2000
PO Box Q388 QVB PO, Sydney NSW 1230
www.shippingaustralia.com.au

Tel: (02) 9266 9900
Fax: (02) 9279 1471

SAL 14033

23 April 2014

Executive Officer
Rural and Regional Committee
Parliament House
East Melbourne VIC 3002

Dear Executive Officer,

SAL Submission to Inquiry Into Opportunities For Increasing Exports Of Goods and Services from Regional Victoria.

Shipping Australia Limited (SAL) is a peak shipowner association with 35 member Lines and shipping Agents and with 50 corporate associate members, which generally provide services to the maritime industry in Australia. Our member Lines are involved with over 80% of Australia's international trade and car trade as well as over 70% of our break bulk and bulk trade. A number of our members are also actively engaged in the provision of coastal cargo services to Australian consignors and consignees.

A major focus of SAL is to promote efficient and effective maritime trade for Australia whilst advancing the interests of ship-owners and shipping agents. SAL also provides secretariat services to the many liner companies and agencies that are members of conferences, discussion agreements, consortia and joint services that have their agreements registered under Part X of the Australian Competition and Consumer Act 2012. These agreements specifically seek to facilitate and encourage growth of Australia's liner shipping trades.

SAL appreciates the opportunity to draw attention to areas of concern which could be considered as factors currently inhibiting exports emanating from regional Victoria. If remedied, the following two examples would assuredly assist in placing exporters in a better position to be more competitive with landed prices in overseas markets.

Modal Shift Incentive Scheme

The Department of Transport, Planning & Local Infrastructure (DTPLI) has advised that the Department of Treasury & Finance (DTF) is considering the ongoing viability of the Modal Shift Incentive Scheme (MSIS). The MSIS is a fund to attract containerised cargo from road to rail.

While the funding is only about \$5 million per annum, it does enable intermodal hub operators to remain operating in regional Victoria. An intermodal hub operator might be subsidised to cover cost related to container lifts which enable them to be reasonably competitive with road transport. This subsidy is helping to encourage the shift to rail transport which is vital for the future viability of regional exports.

Removal of this subsidy would adversely impact this positive trend. The most impacted would be Wakefield Transport in Mildura as that complex exists as a rail-to-port of Melbourne alternative to road-to-Adelaide. Similarly, hub operators receive support at Horsham in the Wimmera and at Tocumwal. The concern is that road transport alone (if certain intermodal hubs ceased operating), will not be able to meet seasonal **peak demand** from December through to March for containerised grain exports or fresh fruit exports (citrus and grapes).

Fundamentally, there ought to be a continuance of this modest support from Government, not only to prevent loss of substantial exports through the port of Melbourne, but also to provide a platform from which exports are able to grow.

Port Licence Fee (PLF)

The State Government imposed Port Licence Fee is a universally unpopular tax on both imports and exports, in which \$10 billion is to be raised over ten years. When introduced by legislation, this charge was explained as a contribution towards Victoria's 'Infrastructure'. SAL was dismayed that the revenue was not hypothecated to infrastructure specifically related to access to and egress from the port of Melbourne. Worthy of note is that the PLF applies only to goods passing through the port of Melbourne and not at the commercial ports of Geelong and Portland.

SAL members believe that such a tax on trade is a burden on exporters' (and importers') ability to compete with other Nations and arguably, has a heavier impact on regional trade.

Your Committee might see fit to further explore these matters directly with the involved organisations.

Yours faithfully,



Rod Nairn AM
Chief Executive Officer,
Shipping Australia Limited