

SAL22-017

29 April 2022

Mrs Jessica Mary Christine Stojkovski, MLA
Hon. Kyle McGinn, MLC
Co-chairs of the Western Australian Shipping & Supply Chain Taskforce

By email: shippingtaskforce@transport.wa.gov.au

Dear Mrs Stojkovski and the Hon. Mr McGinn

Shipping Australia's Submission to the WA Shipping and Supply Chain Taskforce

A. Shipping Australia Ltd (SAL)

1. Shipping Australia is the principal Australian peak body which represents organisations that are locally owned and / or locally active in the ocean freight shipping industry. We are recognised as an Australian national shipping association by the World Shipping Council, by the global Federation of National Associations of Ship Brokers and Agents, and by the International Chamber of Shipping. We are consulted by the regional, trade, Australian and international media for our expert commentary. Shipping Australia provides policy input to Australian State, Territory, and Commonwealth government bodies.

B. Shipping Australia is an Australian peak body; our members are Australian

2. Collectively, our members employ about 3,000 Australians. Our membership includes Australian ports, the local arms of global shipping agents and domestic shipping agents, the local arms of global towage companies and domestic towage companies, the local arms of ocean shipping lines, and a wide variety of Australian-owned and operated maritime service providers. Our members provide services in ocean freight, local seaport cargo handling, domestic harbour towage, Australian marine surveying, and domestic pilotage, among other services. Our members handle nearly all Australian containerised seaborne cargo, along with a large volume of our car and bulk commodity trades.
3. Our members all have direct, ongoing, ocean-freight related activities in Australia. To the best of our current estimates, most of our members have their full headquarters in this country. Meanwhile, our global members locally manage their Australian activities (i.e., they are managed locally and not from overseas).
4. Over half of our members were created in Australia. For instance, our member, the Leeward Group, was founded (as Quay Solutions Australia) about 15 years ago as a container liner agency company in Brisbane, it has expanded nationally and has been an Australian success story. Likewise, the Ausport Marine Group was founded by an immigrant mariner who became a naturalised citizen and now runs an Australia-wide company. Other well-known Australian-based and Australian-owned businesses and industry associations among our membership include such names as the Australasian Institute of Marine Surveyors, Australian

Amalgamated Terminals, the Australian Maritime College, the Australian Pilotage Group, Brisbane Marine Pilots, Port Phillip Sea Pilots, the Australasian Marine Pilots Institute, the Port of Melbourne, the Port of Newcastle, and others.

5. Shipping Australia has noted with interest the media release of 5th March 2022 titled, “New taskforce to examine Western Australian shipping industry”. We have also noted the web page “[WA Shipping and Supply Chain Taskforce](#)”, available via the WA.gov.au website and the call for submissions.

Our submission below addresses each of the five (5) matters covered within the [scope](#) of examination of the Taskforce.

C. Executive Summary

6. Dry bulk shipping typically overwhelmingly does not move coastally so there are only small dry bulk commodity movements from Western Australian along the coast. And, as experience shows, a domestically protected dry bulk coastal service will be too expensive for cargo owners to use – they will either swap to importing commodities or they will simply go bust. There is no need for a state-owned, state-operated, or state-subsidised coastal container shipping service as the international network is sufficient to meet the demand. In any event, the West-East containerised cargo flow is unsuited to domestically protected coastal shipping – the volumes are simply not there, a protected fleet costs too much and shippers won’t use it.
7. Yet there is high demand by Australian shippers to access international shipping to move coastal cargo, because it is cheap and in plentiful supply when compared to protected coastal shipping.
8. The *Coastal Trading (Revitalising Australian Shipping) Act 2012 (Cwlth)* has failed in every single one of its policy goals and has done more to harm Australian shipping than to revitalise it. About eight independent expert reviewers have recommended the scrapping of the current Coastal Trading regime.
9. There is nothing in the existing coastal shipping regime that would prevent Australians from setting up shipping businesses in Australia and there are tax incentives too. There is no need for legal reform to enable Australians to set up, or operate, protected coastal shipping services – they can already do it. Yet, it is interesting that Australians have not set up coastal shipping services, and coastal volumes have fallen, despite the fact that the coastal market is protected and there are tax incentives. Government shipping – whether coastal, regional, or national – has been tried in Australia multiple times before: it has always failed in its policy goals and it has been very expensive.
10. Meanwhile, for many of the same reasons, a national fleet of any significant size will likely be worse than a mere expensive failure – it will likely hurt Australia’s economy and hurt the interests of the Australian people. Any protected coastal shipping regime, and any protected or supported national fleet, is therefore highly likely to be a highly expensive policy failure.
11. If the Western Australian government deems, for whatever reason, that there is an overwhelming policy need for an ocean shipping service to remote communities, then it is likely that the best way to achieve this goal would be to subsidise private operators to provide a service. However, policy makers should bear in mind that any proposal to develop subsidised shipping services to remote parts of Western Australia is likely to be extremely expensive and has, historically, not attracted enough cargo. These facts ought to be borne in mind against the any *provision of remote shipping* policy objectives.
12. Future maritime careers are being, and will continue to be, upended by the deployment of advanced technology; great care needs to be taken not to create a career pathway that is about to be rendered obsolete. A maritime education and training policy that is most likely to

succeed in benefiting Australia at the lowest possible cost is likely to be one that has carefully selected and narrow policy goals, which considers future technologies, future needs and which subsidises students directly in their education and training while rotating them around a variety of carefully thought-out internships in a variety of organisations around the world. Neither a national fleet nor a coastal shipping policy are necessary to set up maritime education and training pathways.

13. It appears there are substantial productivity gains to be had by looking carefully at, and reforming, the Australian waterfront, providing good quality oversight and regulatory governance, by considering the needs of freight in policy proposals and ensuring there is high quality infrastructure with high interconnections between different types of freight infrastructure.

14. RECOMMENDATIONS

- No action be taken in respect of any proposals to subsidise, own, operate, or control the commercial operation of shipping or shipping services either intra-state or inter-state; and
- do not engage with or support protectionist coastal shipping and national fleet policies; lobby against their creation and / or maintenance.

D. Scope 1: the potential for domestic long-distance freight to be carried by coastal shipping between WA and eastern states

15. There are already small volumes of trade from Western Australia to other states. But there is little potential for West to East Australian coastal shipping because of low cargo volumes, adverse patterns of trade, and high costs. Existing government intervention into the local coastal shipping markets has had disastrous effects. Further government intervention into local coastal shipping markets is an ill-advised policy that should not be implemented.
16. Most of our trade does not flow from West to East. Our bulk trades (iron ore, coal, LNG and the like) are one-way trades from a point of origin (e.g. the Pilbara) to overseas and are largely done on a free-on-board basis, which means that the legal ownership of the commodities changes hands from the miner to the overseas buyer when the commodity is loaded onboard ship. That means the risk of property loss (if e.g. the ship sinks) is borne by the buyer rather than by the seller. Consequently, it is the overseas buyers who arrange the ocean transport of their commodities that they have bought from Australian sellers, rather than Australian sellers arranging for the transport of commodities that they have sold to overseas buyers.
17. Cargo flows in the container trade are determined by three main factors: population-level disposable income; geographic location of those populations; geographic point of origin of goods vs consumption location. Firstly, levels of disposable income – the more disposable income a population has then the more manufactured goods that the population buys and, accordingly, the bigger the seaborne container trade to that area. Secondly, population location. The more that people with high disposable incomes are located in a given place then the bigger the flow of cargo to that area. Australia's population is mostly located on the east coast, and in the main capital cities, and so cargo will flow to those areas of Australia. Thirdly, origin of goods vs destination. Goods flow from the point of manufacture to the place where they are consumed. In the Australian context, the place of manufacture is typically overseas, and the place of consumption is largely the east coast and the main capital cities.
18. These reasons explain why container ships typically pick up cargo somewhere in Asia and the ships are then routed East-West (rather than West-East) around Australia. Goods manufactured in Asia are sold to the populous high-income areas of Australia, which are

largely located on the Australian east coast and in the large but isolated populations in Adelaide and Perth / Fremantle. Ships pick up cargo where it is in ample supply and drop cargo off in areas where it is demanded by the population.

19. There is some small counter-clockwise trade to cater for the small container volumes that move West-East. However, if there were high volumes of West-East cargo then there would already be a much more balanced West-East trade. The current situation will only change if large numbers of people start living in Western Australia and / or if there is a massive surge in the volume of manufactured goods being made in Western Australia that is then demanded in the eastern States.
20. Meanwhile, Australian owned / operated / crewed ships are simply too expensive when compared to the international fleet. Shipping Australia understands that costs for ships with an Australian crew are between AUD\$5m to AUD\$7 million higher than international ships. In 2013, a tanker operator reported that Australian crewing costs were US\$14,000 a day more than international wages and has since left the Australian coast. In 2019, another large bulk operator reported that the costs of an Australian vessels is about AUD\$5m more per year per ship when compared with international shipping.
21. Shippers (the organisations that own cargo and hire ships to carry their cargo for them) simply will not choose to pay for such an enormous hike in freight costs. History suggests that they will seek to avoid using protected coastal shipping services. History shows that shippers would likely engage in import substitution to avoid the costs of a protected coastal shipping service. Alternatively, if they cannot import then they may simply cease trading. There are examples of this happening to various shippers following the *Coastal Trading (Revitalising Australian Shipping) Act 2012 (Cwlth)*.
22. **Existing coastal shipping regime** - The 2012 Coastal Trading Act became law and transformed an open market system into a protectionist system with two main licence classes. There is also a requirement for ships to be registered under the Australian flag. There were many consequences of this legislation, none of them good. The existing coastal regime was promoted as being sure to spark an Australian shipping renaissance. But it did not.
23. It was said that the coastal regime (and associated tax benefits) would provide Australian companies with an exciting opportunity to invest in new tonnage and to expand existing operations. But there has been no investment specifically because of the Act (note: there has been investment, but it would have happened anyway as it was investment in replacement tonnage for an already existing coastal trade, such as the trans-Bass Strait trade between Melbourne and Tasmania). It was said on the day of the legislative passage of the coastal shipping and tax regime that shipowners were ready to invest, that they were committed to their investment decisions, and that they were looking forward into expanding into new trades. But they were not, and they did not.
24. There is nothing in the law of the current regime that would prevent any Australian businessperson from setting up their own locally owned and operated coastal shipping fleet. There are tax advantages to do so. But no-one has set up a dedicated local coastal shipping fleet because the costs of its operation are too great for shippers to bear, and the volumes aren't there to support a dedicated coastal service.
25. The 2012 Coastal Trading regime caused ships to be driven from the Australian flag, shipping costs to skyrocket, hundreds of Australian seafarers to lose their jobs, shipping companies formerly active on the Australian trades (such as Teekay) to withdraw, Australian manufacturing businesses to close and for Australian commodities to be ditched in favour of imports.

26. Meanwhile, the Coastal Trading regime failed in each and every one of its policy goals. It did not promote a viable local shipping industry. It did not contribute to the broader economy. It did not facilitate the long-term growth of the Australian shipping industry. It did not enhance the efficiency and reliability of Australian shipping. It did not maximise the use of vessels registered on the Australian General Shipping Register. It did not maximise the use of vessels registered on the Australian International Shipping Register (since 2012 (the creation date of the International Register) there has never, ever, been a single ship registered on the Australian International Shipping Register). It has not promoted competition in coastal trading. It has not caused a boost in cargo volumes: since the introduction of the 2012 regime, the yearly average annual cargo volumes have declined by about two million tonnes.
27. The fact that the existing coastal regime is detrimental (and therefore ought not to be expanded) and that there is demand for access to international shipping can be seen in the fact that there was a surge of bookings for space on the international fleet sailing around Australia¹ when the Federal Minister for Transport, the Hon Barnaby Joyce, issued a section 11 exemption to the Coastal Trading Act 2012. He did this following the disruption to land transport infrastructure following floods in early 2022 which severed freight routes between eastern Australia and Western Australia.
28. A further, highly detailed, commentary on the many disastrous policy failures of the Coastal Trading Act can be found in our most recent (2022) submission to the Productivity Commission (see reference details, under “Further research on coastal shipping”, below).
29. **Many expert reviewers have separately condemned Australia’s coastal shipping regime-** Numerous independent and expert reviewers have separately concluded that that our existing coastal shipping regime is detrimental to the wider community, to business, to consumers, and to workers:
- a) *‘The Australian Government should amend coastal shipping laws to substantially reduce barriers to entry for foreign vessels’*
Productivity Commission’s Agriculture Review, 2016
 - b) *‘Cabotage restrictions on coastal shipping should be removed’* (Competition Policy Review/The Harper Review, 2015)
 - c) *‘Coastal shipping regulations are undermining the incomes and jobs of many onshore businesses and workers’*
Industry Innovation and Competitiveness Agenda, Commonwealth of Australia, 2014
 - d) *‘More efficient coastal shipping services could help lift Australia’s competitiveness and lower prices for consumers’*
Australian Competition and Consumer Commission, 2014
 - e) *‘A more efficient coastal shipping industry will help to relieve pressure on Australia’s road and rail networks, lowering transport costs and consequently prices, across the economy’*
Australian Competition and Consumer Commission, 2014
 - f) *‘Cabotage rules that preserve freight routes from one Australian port to another for Australian flagged ships are effectively industry assistance, increasing costs and reducing competition’*
Towards Responsible Government, National Committee of Audit, Parliament of Australia, 2014

¹ “Shipping Australia members aid WA relief efforts,” Shipping Australia, 4 March 2022 - <https://www.shippingaustralia.com.au/shipping-australia-members-aid-wa-relief-efforts/>

- g) *'Tasmania is particularly affected by inefficiencies embedded in coastal shipping regulation. This regulation should be reviewed and reformed as a matter of priority.'*
Productivity Commission Inquiry into Tasmanian Shipping and Freight, 2014
- h) *'Australian cabotage can directly benefit local shipowners and maritime workers, [but] it does so at the expense of the wider community'*
Joint Australian and New Zealand Productivity Commissions, 2012).

30. **Further research on coastal shipping** - Shipping Australia has repeatedly researched this topic for a variety of government submissions. We direct your attention to the following submissions to government by Shipping Australia:

- a) [SAL22-004 - Shipping Australia's submission to the Productivity Commission's inquiry into Australia's Maritime Logistics System](#)
(Coastal shipping: paragraphs 410 onwards; National fleet critique proposal: paragraphs 474 onwards)
- b) [October 2020 - SAL20282 - Shipping Australia's Submission to the Discussion Paper: "Coastal Trading Reform for Cargo Vessels"](#)
- c) [SAL 19216 - Shipping Australia's Submission to "Coastal Trading Reform – Where to from here?"](#)
- d) [SAL 19105 - Submission to Victorian Port and Coastal Shipping Industry Reform Enquiry](#)
- e) [SAL 19007 - Inquiry into the policy, regulatory, taxation, administrative and funding priorities for Australian shipping](#)
- f) [SAL 17242 - Submission to Inquiry into the Provisions of the Coastal Trading \(Revitalising Australian Shipping\) Amendment Bill 2017](#)
- g) [SAL 17022 - Submission in Response to Coastal Shipping Reform Discussion Paper – March 2017](#)
- h) [SAL 17021 - Shipping Australia Limited's Submission to the effect of red tape on cabotage](#)
- i) [SAL 15109 - SAL Submission to Senate Inquiry into Shipping Legislation Amendment Bill 2015](#)
- j) [SAL14058 - Submission to Queensland Coastal Sea Freight Inquiry notified by the Qld Legislative Assembly on the 22nd May 2014](#)
- k) [SAL14046 - Response to Government Options Paper: Approaches to regulating coastal shipping in Australia April 2014](#)
- l) [SAL 13162 - SAL Submission to Productivity Commission Inquiry into Tasmanian Shipping](#)

E. Scope 2: Co-operation in the development of a national “strategic” shipping fleet

- 31. It is worth noting that a “national fleet” concept is highly related to a “coastal fleet” concept. They both (generally) have the same aims of developing local maritime employment, increasing the volumes of local carriage of cargo, encouraging national ownership of vessels, and so on. The arguments for / against a coastal fleet can be applied to proposals for a national fleet.
- 32. There is already a strategic fleet that is superior (in risk management, cost-efficacy, and volume-carriage terms) than any proposed national single-point-of-failure fleet. The existing international fleet is strategically robust. It is strategically resilient. It is strategically diverse. It is already THE strategic fleet bar none. It is massively diversified which reduces risk and, as already indicated above, it is far cheaper than any national single-point-of-failure fleet.
- 33. **Developing a national fleet is an extremely ill-advised policy.**
- 34. A recent investigation by the Productivity Commission in its 2021 Vulnerable Supply Chain Study considered the proposal for a national fleet (see page 208 and 209). It concluded that a

national fleet had high costs of building, high redundancy and a potential for rent-seeking; it would be costlier than other policy levers; it would be highly distortionary as it reduces incentives for firms to invest in effective risk management (including across different modes); and it is unlikely to protect from all forms of risk or lead to self-sufficiency across all forms of shipping/container needs.

35. Shipping Australia has estimated – with reference to the value of ships sold on the modern second-hand market – the likely cost of a government-owned national fleet. We based our estimate on the potential for the ownership of 12 vessels, which was a figure talked about by political leaders in the latter part of 2021 / early part of 2022. At that time, 12 ships (being a fleet of about three or four containerships, tankers, bulkers and ro-ro vessels) could be estimated at costing about AUD\$1billion. A much bigger national fleet would, of course, cost more.
36. In the future, the cost could well be higher as Shipping Australia had to use prices from the modern-second-hand sales market (newbuilding cost data is significantly harder to come by). Secondly, the overall estimated value of a national fleet was dragged down by an outlier: the ro-ro vessels in the sample were quite elderly and so would have been significantly cheaper than new tonnage.
37. Variations on a government-owned, -operated, -controlled and / or state-subsidised ocean freight shipping have been tried multiple times in Australia. Each time, such a policy has been expensive, and, each time, the policy has failed, as will be seen below.
38. **Stateships shuttered with AUD\$19m operating costs** - In 1995 the Western Australian Coastal Shipping Commission, trading as Stateships, was shut down with “substantial liabilities”, having cost² Western Australian taxpayers more than AUD\$160m in direct subsidies between 1985 and 1995. That figure from 1995 is equivalent to AUD\$294.6 million in today’s money³. The government-owned company was running at a loss of AUD\$19m a year, about AUD\$50,000 a day⁴. That is about AUD\$35 million a year and AUD\$92,000 a day in today’s money⁵. The government of the day considered selling Stateships but it was in such a “mess” that it was said in the Western Australian Parliament that “no-one will buy it”⁶.
39. **Subsidised private shipping service did not attract trade** - In late 2009, it was announced that a private sector shipping company would be contracted to provide shipping services to Western Australia’s north-west⁷. However, about three years later, the same private contractor terminated the service from Fremantle to the north-west after a funding dispute. The service was underwritten by the government for AUD\$8.5 million a year. However, the private contractor sought greater amounts of funding, which was denied. The contractor advised that, despite the subsidy, the service had struggled to attract trade and was losing about AUD\$50,000 a voyage⁸.
40. **National fleet went repeatedly bankrupt; “you couldn’t give it away”** - In 1991, the Commonwealth government declared its intention to privatise the national shipping company. Set up in 1956, to take over the loss-making business of the Australian Shipping Board, the company was initially profitable. However, from about 1970 onwards, the company became

² “State Government closes Stateships,” media release, 3 June 1995, WA Premier Richard Court [tps://www.mediastatements.wa.gov.au/Pages/Court/1995/06/State-Government-closes-Stateships.aspx](https://www.mediastatements.wa.gov.au/Pages/Court/1995/06/State-Government-closes-Stateships.aspx)

³ CPI Inflation Calculator at www.in2013dollars.com

⁴ “State Government closes Stateships,” op cit

⁵ “CPI Inflation Calculator” at www.in2013dollars.com

⁶ The Hon. Max Evans, WA Legislative Council Hansard, afternoon session, 17 May 1995

⁷ “North West shipping service contractor announced,” media release, the Hon Simon O’Brien, Minister for Finance, Commerce and Small Business <https://www.mediastatements.wa.gov.au/Pages/Barnett/2009/12/North-West-shipping-service-contractor-announced.aspx>.

⁸ “Shipping firm axes service after dispute,” N Kalmar, Broome Advertiser, 25 August 2013. <https://www.broomead.com.au/news/kimberley/shipping-firm-axes-service-after-dispute-ng-ya-270214>

unprofitable with losses of about AUD\$10m in 1975 (about AUD\$74.8m in today's money). Professor Keith, a former associate professor of economics at the Australian National University, attributed the difficulties of the company to government interference in the market, a downturn in cargo volumes, high levels of industrial disputation and the company's debt levels⁹. The company's performance worsened and, in the early 1980s, it went bankrupt.

41. The Commonwealth rescued it, injected about AUD\$90m (about AUD\$304.3m in today's money), and re-organised the company. In 1985, it was bankrupt again. The Commonwealth rescued it with an injection of AUD\$70.5m (about AUD\$215.3m in today's money). By the early 1990s, the company was incurring huge losses of about AUD\$129m in 1993 (about AUD\$248.7 million in today's money). In 1994, the Labor Party politician and Minister of Transport, Laurie Brereton, lamented "you couldn't give it [the national shipping company] away"¹⁰. Professor Trace attributed the problems of the company to international competition, poor strategy, government interference and high operating costs under the Australian flag. He concluded that it is difficult to find any argument to justify support for a national shipping line or a national shipping industry.

F. Scope 3: The development of local WA training facilities and maritime career pathways

42. Shipping Australia urges caution in this area. We note the extreme adverse effects of the 2012 Coastal Trading Regime and a specific Western Australian version would likely aggravate these effects, thereby pushing down even further the demand for marine-related employment and therefore for training.
43. We also caution the Western Australian government to consider the likely near-future technologies that are to be deployed in the marine freight sector. Automation of cargo handling at ports and terminals is well underway; there are far fewer jobs on the wharf now than previously. The marine side is automating too – it is highly likely there will be widespread adoption of robot ships. There are trials of coastal robot tugs and ships happening in Denmark, Norway, the Great Lakes area of North America, and China. There are trials of deep-sea robot ships around the world.
44. These trials have been successful. For instance, the *Nelly Bly*, a tug, **sailed itself** – engaging in collision avoidance manoeuvres – around the coast of Denmark and through the Kiel Canal. These technologies may have profound effects on maritime employment and services. If robot tugs can guide ships into harbour – and there is little reason at this point to suppose that this will be impossible – then there could be little need for marine pilots, or tug masters, or deck hands for tugs in the future. It seems likely that, in the future, that there will be far less need for operational crew and staff than there is now.
45. If maritime career pathways are to be created for Western Australian students (by "students" we mean "persons of any age or at any career point engaged in maritime study or training"), then there could be cheaper and better policy outcomes by directly subsidising the maritime students themselves to undertake maritime education programmes at established maritime courses and institutions in Western Australia, in Australia, and around the world. Valuable sea-time could be gained by the Western Australian government paying students, and host organisations, to provide sea-time on ships.
46. It would likely be a good policy goal to have students experience sea-time on a range of different ships in a range of different environments around the world. Students could also be sponsored to spend time in a range of practical occupations and roles in a variety of places

⁹ " 'You couldn't give it away', privatising the Australian National Line," K Trace, Agenda, Volume 2, Number 4, 1995, pages 443-444. <http://press-files.anu.edu.au/downloads/press/p43661/pdf/article041.pdf>.

¹⁰ "You couldn't give it away," Professor Trace, op cit.

e.g. sponsored to work in the offices of harbour masters around the world. Policy makers may also consider that it might be desirable to sponsor students to undertake non-operational maritime education and training and to have them intern in non-operational maritime institutions around the world e.g. in the maritime policy departments of friendly governments, in economic consultancies, in maritime law firms, or at maritime institutions such as the International Maritime Organization, among others.

G. Scope 4: Opportunities to develop multi-modal responsiveness to supply chain disruption, including freight on interstate routes and also to remote WA regions

47. Again, Shipping Australia urges caution in this area. Stateships, and the later subsidised shipping services, were set up specifically to meet policy goals in this area. Both policies expensively failed.
48. The current international fleet has been proven to be resilient to shocks. It has more than enough latent capacity to meet the needs of the WA population. And, unlike the landside in 2021/22, it cannot be disrupted by floods or other natural disasters. Shipping Australia recommends that the Western Australian government lobby to have the existing Coastal Trading Act repealed and / or have a permanent exemption put in place for cargo to Western Australia under section 11 of the Coastal Trading Act.
49. If there is market failure in the area of ocean freight to remote regions then we would suggest that the least-bad way to achieve this policy goal would be to create a competition so that one, or more, international fleet operators could win a government subsidy on a time-limited basis. The subsidy, if any, should be periodically reviewed and subject to some policy mechanism to ensure that it is not crowding out potential new entrants. Shipping Australia would, however, comment that previous attempts to subsidise shipping to remote regions were expensive and did not work – they were unable to attract enough cargo.

H. Scope 5: Opportunities to improve supply chain co-ordination and service quality at WA ports

50. Container ports at Australia are not competitive internationally. This has been proven by the World Bank and by the Australian Consumer and Competition Commission. These reports also match the comments of our ocean shipping members who have repeatedly said that Australian ports do not get ships into port quickly enough, there are too many delays, too much idle time at berth, and that the cranes do not work quickly enough. Shipping Australia would suggest that a government inquiry into waterfront productivity could provide particular insight into this underperformance.
51. Shipping Australia members have not complained about the performance of bulk ports in Western Australia. However, there is clearly a problem with overall political governance and oversight of the ports sector. The WA Government has repeatedly hiked prices, fees etc at WA bulk ports. There have been justified complaints about a lack of transparency and consultation in decision-making at the political level that affect shipping. There is a general lack of consideration of freight matters that affect the Western Australian population. For instance, Premier Mark McGowan announced that a “Film City”, or some such body, would be created in or near the environs of the Port of Fremantle. That port is a vitally important institution for the people of Perth, Fremantle, and Western Australia generally. Imposing a “Film City” in, or near, the environs of the port would be highly detrimental to the movement of freight, particularly vehicles, and should not have been proposed without consultation with the shipping industry. For the avoidance of confusion or doubt, Shipping Australia applauds the concept of Western Australia developing its economy and cultural output by having a

Film City somewhere in Western Australia – but it should not be at, nor anywhere near, the Port of Fremantle.

52. Shipping Australia has also expressed reservations about plans at Fremantle to de-emphasise the priority of break bulk shipping so as to prioritise container shipping. While, of course, container shipping is vitally important to the people of Western Australia, so too is break bulk shipping. One should not be advantaged to the disadvantage of the other; both should be handled in a way that benefits to the people of Western Australia.
53. Shipping Australia also notes that there are plans to develop a large port in the future and to relocate the business of the Port of Fremantle to it. Given the difficult state of freight operations at Fremantle, it may be wise to consider hurrying up this process and to relocate the port sooner, rather than later.
54. Meanwhile, members have commented that there is significant opportunity to improve connectivity between sea and land. The current Western Australia rail head is a standalone, long-standing infrastructure. There are suggestions that additional rail capacity / rail heads could be developed to link inland hubs and the port, which would remove trucks from the road, reduce emissions, and more seamlessly connect the land and sea supply chain in Western Australia. Expanding the rail infrastructure from ports to depots and inland logistics hubs ought to reduce costs and improve efficiency of the supply chain.
55. Shipping Australia suggests that a port pricing regulator, along the lines of the Victorian Essential Services Commission, could be created to monitor and pre-approve all fees charged by all port-related entities – specifically including any fees or charges that could be imposed by the Western Australian Government – and to generally have independent regulatory oversight of the ports sector.

I. Conclusion

56. Shipping Australia's members consider that a simple regulatory environment, which encourages a cost effective and flexible shipping services to operate for the benefit Australian producers and customers would provide the greatest overall benefit to Australia.
57. Shipping Australia would welcome an opportunity to be part of the Taskforce and any related working groups on this important subject and assist with identifying and recommending sustainable options to improve Australia's shipping industry for the overall benefit of everyday Australians.

Authorised by:
Captain Melwyn Noronha
Chief Executive Officer