



## Shipping Australia CEO's report

By Captain MELWYN NORONHA

Another year is now in the rear-view mirror and it is apposite to have a little reflection upon what has happened, what did not happen, and, of course, what should have happened.

National cabotage policy continues to hurt Australia. This is the policy which caused price hikes in the cost of shipping, induced a modal shift from sea to land, caused an exodus of vessels from the Australian flag, the loss of jobs (both at sea and on shore), and damage to Australian industry. This is the policy enacted as the Coastal Trading (Revitalising Australian Shipping) Act.

The Act has six objectives in its "objects clause", and it hasn't achieved any of them. After 12 years in force, that is a miserable failure.

Our view, which we have shared with the reviewers of the Act, is that the Act has had ample time to settle in. But it hasn't settled it and it hasn't worked. Repeal of the Coastal Trading Act and a reliance on the open market position would lead to cheaper coastal shipping, and induce a transfer of cargo from land to sea, which is more environmentally-friendly and, given that in the 12 months to the end of September 2024, 154 Australians died in heavy truck related crashes, it would also be much safer for Australians (Data from the Department of Infrastructure's Quarterly Bulletin of Road Deaths in Crashes Involving Heavy Trucks).

Meanwhile, back in February 2024, trucking and freight rail routes into Western Australia were severed by bad weather. Supermarkets across the western parts of the country began to run short of basic goods and some

Australians – citizens of a modern, developed nation – began to experience food uncertainty.

The obvious solution was to sea-freight emergency supplies into the West. Shipping Australia wrote to Minister the Hon Catherine King MP calling upon her to use the section 11 power in the Coastal Trading Act to disapply Australia's cabotage policy. That would have enabled the use of the latent capacity of the international shipping fleet. Australians in the West would have been speedily relieved of food insecurity.

She didn't, it wasn't, and they weren't.

Repeal the Coastal Trading Act is overdue. It is the only sane policy.

All of this has become tied-up with the so-called Strategic Fleet policy. We won't drone on about it here (we've done plenty of that elsewhere), but, suffice to say, it is a recycled policy. The current ALP federal government is just recycling policies that we already know have failed in the past.

Meanwhile, industrial relations problems continue to plague the Australian waterfront. Readers may recall that, about this time last year, there were huge problems with industrial relations induced strikes on the waterfront. Freight Victoria had earlier introduced a Voluntary Code of Practice in which supply chain disruptions could be declared, with the idea being that everyone would rally around to alleviate the problem. Yet when there was industrial relations disruption, Freight Victoria remarkably did not immediately make that declaration. After strong and concerted urging from industry bodies,

including Shipping Australia, Freight Victoria later made that declaration.

At the end of 2024, and what did we again see? Huge problems with industrial relations induced strikes on the waterfront, this time at a major break bulk stevedore.

Looking forward, there are several important waterfront related companies due to enter into negotiations during 2025 – with a couple of really big rounds of Enterprise Bargaining due to kick off about December-ish 2025. So, prediction time: in 2025 the Australian waterfront will be reeling from ongoing industrial relations induced strikes. At the end of 2025 / beginning of 2026 let's look back at this prediction and see if it comes true.

COVID remains with us. Literally, in the sense that people are still being infected with the pathogen that causes COVID, and also metaphorically in that the COVID inquiry report landed. Shipping Australia put a hefty submission into this inquiry and took part in various workshops. You can read our (lengthy) summary on our website. But the summary-of-the-summary is that COVID pandemic upended the view that the free flow of goods across borders would continue uninterrupted (at which point we interject here to point out that the free-flow of the shipping part of the supply chain functioned well – ships sailed and carried goods; it was getting access to congested ports and the difficulties involved in moving personnel across borders that was the problem). The Report made some damning comments, finding that public officials had limited understanding of supply chains and yet undertook

minimal consultation ahead of making key decisions. The report noted that government intransigence of the risks to supply chains nearly shut down both the interstate rail freight network and the iron ore export industry. The outcome of either of those developments would have been... bad. It was also noted that States and Territories did their own thing, there were widespread problems caused by health restrictions, there was limited industry consultation, and the communications from government were difficult to understand.

It was also noted in the report that stranded seafarers were inadequately supported, including in relation to their healthcare. The inquiry found as a fact that health measures created practical hurdles for on-the-ground workers. We at Shipping Australia recall that seafarers experienced appalling treatment, including being denied shore leave in breach of their internationally-mandated rights, and were also denied access to urgently needed medical treatment such as the treatment of abscesses and broken bones. This was very poor decision-making by the Australian authorities and we can only hope that it never re-occurs.

There was also a whole lack of non-action on the Productivity Commission report into Australia's Maritime Logistics System. Nothing has happened in relation to this report so far and it looks like a whole lot of nothing is going to continue to not happen.

Another major Government SNAFU (look it up) was the decision to defund, discontinue, and disband the Simplified Trade Taskforce – which aimed to simplify and reduce the costs of doing international trade. It was replaced by a unit within a Ministerial department. Meanwhile, the IMO's mandated Single Maritime Window system wasn't progressed either. The idea here is that ships have one portal in which to report all their important business, which makes trade and shipping faster, simpler and therefore cheaper. The deadline was January 2024 and, of course, Australia's Federal Government hasn't met its obligations. You can only imagine how the Government would respond to industry if industry was a year late in meeting its obligations.

It's easy to see why the Federal Government couldn't really be bothered

with simplifying its border trade procedures. It's not like the OECD has laboriously explained that trade transaction costs involved in import and export procedures range between 1% to 5% of the trade transaction value, or that the trade which sustains the lives, property, and livelihoods of Australia's 27 million people and which fundamentally contributes to their social support net is in any way important.

Always remember this: when the Federal Government has the means and the ability to make international shipping and trade faster, cheaper, and simpler, and so reduce the cost of living for everyday Australians, but then chooses not to do that, then it is Federal Government policy to have more expensive international shipping, trade, and an unnecessarily higher cost of living for everyday Australians.

Space, or a lack thereof, forbids us from banging on a great length of the many and varied issues that cropped up throughout the year (which is why we publish a weekly newsletter; sign up to it to keep abreast of policy – it's free!), so we will summarise some further matters.

Federal civil servants seem to have an objection to considering signing up the Hazardous and Noxious Substances regime – an international regime that ensures there will be clean-up cash in the (inevitable) accident that releases chemicals into the environment. Shipping Australia has urged ratification. Alternative marine fuels (methanol, ammonia and the like) are part of an adjacent policy area, which is the National Plan for maritime emergencies. It appears the civil service is not keen on having an internationally uniform system for cleaning up fuel spills, as is the case with oil spills, and instead appears keen on having a different system. Shipping Australia asserts that it is Australia's best interests to sign up to a harmonised international system. We are pleased to report that the National Plan Secretariat has committed to carrying out a quantitative and qualitative analysis, and a cost-benefit analysis, of any proposals in this area.

Meanwhile, work on the Maritime Emissions Reduction plan continues. Shipping Australia has written and filed many papers in this area, and, as is Shipping Australia's standard position, we urge policymakers to work with other

countries at the IMO to develop and create an international, harmonised, standard.

A major policy success this year has been a change in administrative tax / customs policy so that it will be possible for overseas vessels engaged on an international voyage to buy locally-acquired bunkers free of excise duty or GST. Prior to the reforms, international vessels had to pay excise duty and GST and then claim it back. That was time-consuming, administratively burdensome, completely pointless, and expensive. We commend, applaud, and celebrate all those who helped create this reform.

Alas, we are nearly out of words, so we will conclude with reporting that Shipping Australia continues working on developing diversity, equity, and inclusion in the shipping industry. We have, and continue, to partner with organisations such as WISTA and the Sea Heritage Foundation, to help ensure that under-represented demographics can participate in the Australian maritime industries.

In the last 12 months, we have seen a lot of progression in many substantial areas both internationally and locally. These include advances in the prevention of marine pollution, a boost in ship recycling, a renewed effort to tackle invasive species, and action in the area of maritime decarbonisation.

We at Shipping Australia are optimistic about the future of our sector.

We are looking to the horizon as our industry continues to navigate towards a better, brighter, and ever-cleaner future. ▲

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