

## If it aint broke why fix it?

**S**AL is a strong supporter of the growth and rejuvenation of the Australian coastal trade. Our only question is how this can best be done and the answer we support is: by continuing exactly as it is with some fine tuning.

It is not a sensational solution but it will work as it is at the heart of SAL's current submission to the parliamentary committee enquiring into coastal policy and regulation.

We are a country ideally suited for sea transport being much safer than road transport, no road congestion and accounting for only 10 per cent of green house gas emissions per tonne kilometre of cargo carried, much lower than other modes of transport.

SAL has strongly recommended that coastal shipping be integrated with the use of land transport modes and ports to ensure that the whole through transport chain operates as efficiently as possible.

This raises the question of how can the trade be expanded to be commercially viable. Until now only a handful of Australian shipowners have been able to survive on the coast and most of them in niche trades; very few indeed are into general or container cargo.

There is the unfortunate example of Pan Shipping which started an East/West coastal shipping container service in 2006 but ended after a short period of operation leaving cargo stranded and large debts.

SAL has urged the committee to keep in mind the views of shippers and consignees. Pan placed them in a difficult position and created a sense of uncertainty in the market.

There are 57 ships licensed to trade on the Australian coast. Some are foreign-owned some are Australian-owned. All they have in common is the right to trade on the Australian coast and the compulsion to pay at least Australian wages and allow seamen to have access to any ship's library.

They include Queensland Alumina for specialist bauxite carriers between their Weipa mine and Gladstone refineries, bulk carriers owned and operated by the petroleum companies, CSL vessels with guaranteed two way loadings, the two Spirits of Tasmania and six valiant coasters plying the Bass Strait.

For the rest of our interstate traffic shippers rely on a system of single or continuous voyage permits and it is these permits that have attracted the interest of the committee. Already the committee has been assailed by interests opposed to the permit system and a number of misconceptions have, in SAL's view, been promoted.

The first misconception is that shipping lines and shippers conspire to ensure shipments are scheduled at times when there is unlikely to be a licensed vessel available so a permit vessel is required. Secondly, there are security concerns that ships carrying potential explosive cargo such as ammonium nitrate should be carried only by Australian flagged ships, thirdly that SAL is somehow encouraging its members to take out licenses to avoid the permit system and thus exploit their competitive advantage in Australia.

The conspiracy theory is simply not true as by the time lines got together to plot the movements and timing of licensed vessels their clients would be very critical of delivery times. Does anyone know a shipping line that has a team plotting movements of the entire licensed fleet?

Fluctuations in permit applications in 1996 reflect the growth in domestic demand that long distance road and rail have been unable to handle.

There has never been any evidence provided of undue risk for Australia of explosive materials having been traditionally carried by foreign seamen and such a proposition ignores the fact that maritime crew visas for foreign seafarers require the same stringent vetting as anyone else visiting Australia.

The third misconception simply has no basis in fact.

The fact is that our coastal shipping declined originally because of the rapid advance of highly competitive road and rail transport. Coastal shipping has inherent economic advantages over long distances which simply does not appear to be recognised in Australia.

Some might ask why don't we solve the whole coastal trade problem by following the American example? There the Jones Act allows only American-owned ships to ply the US coastline. It is fully regulated cabotage.

Or the New Zealand system where any ship can trade anywhere? No cabotage restrictions.

Objections to the Jones Act scenario here are obvious; those against the New Zealand scenario are more complex but the main objection would be that our road and rail operators would almost certainly "cry foul". Such open slather would mean our sea freight being carried by crews paid third-world wages with truck and train crews paid full Australian rates. Such operators would demand the same privilege, presumably by employing guest workers.

Between these two extremes there could be policies that promote and encourage coastal shipping while still retaining the overall regulatory framework, eg. the development of a second registry which could allow the use of both Australian and foreign crews and reducing the tax disincentives for those engaging in the coastal trade.

But, one might ask, why not have the open seas policy and just insist that crews be paid Australian wages while on our coast? That is exactly the system that we have today.

SAL is strongly against any interference with the existing principles and strongly for any fine tuning that will bring much needed improvements. ▲