



LAUNCESTON
CHAMBER of COMMERCE
The Voice of Business

29 May 2014

Shipping Business Unit
Maritime and Shipping Branch
Department of Infrastructure and Regional Development
GPO Box 594
Canberra ACT 2601
Via: 2014CoastalShippingOptions@infrastructure.gov.au

Dear Sir/Madam

Re: Approaches to Regulating Coastal Shipping in Australia – 2014

The Launceston Chamber of Commerce is writing to urge the Federal Government to deregulate shipping as much as possible whilst protecting our borders/agricultural industries and environment as appropriate.

The Launceston and Northern Tasmania has suffered considerably from increased costs and timeliness for exports and imports of freight as a result of the enacting of the Coastal Shipping Legislation.

The Coastal Shipping Legislation was a factor in the withdrawal of the AAA Shipping vessel into Bell Bay, Northern Tasmania in 2010. We have been advised by shipping agents that one of the factors that influenced their withdrawal was that they could no longer call into Freemantle to drop-off and collect freight for ports in Asia.

The AAA service enabled Tasmanian products to reach Asia without trans-shipment through Melbourne. It is understood that container vessels continue to increase in size and no large vessels could realistically service Tasmanian ports. However, deregulating the shipping market would provide additional options for feeder vessels and niche smaller freight vessels to service Tasmania.

The loss of the AAA service from Bell Bay to Singapore (via Freemantle) has meant that costs have increased for business in Northern Tasmania. They must now ship their goods by road or rail to Burnie and trans-ship their goods through Melbourne where there are additional port and handling fees to absorb. The Chamber argues this is a major impediment for future business investment in agricultural-related production, specialised manufacturing, and other products with an export focus. It is also costing more for Tasmanians to receive goods from overseas.

Specific Examples:

1. Export Honey Producer - advised that the honey takes an extra 15 days to get to Singapore due to the need to travel via the Port of Melbourne. Plus it costs around an extra \$140 per cubic metre or equivalent to \$4000 per container.

2. Furniture Retailer - imports furniture from overseas locations. All containers now trans-ship through Melbourne resulting in increased delivery times and also adds increased potential for further delays. The containers are now unloaded at Burnie or Devonport ports resulting in increased road costs and delivery times. Costs have increased around \$2000 per container. "These increased transit times and delivery costs definitely have an impact on us as an importer and our customers making a purchasing decision."

3. Tile Importer – since the loss of the AAA service the freight bill has increased by \$300,000 per annum. These costs flow through to the Tasmanian consumer.

Conclusion

The Chamber notes the original objectives of the regulation as presented in your options paper – especially the point of "promoting a viable shipping industry that contributes to the broader Australian economy", and also we note the results are a reduced amount of freight shipped in and out of Australian ports.

The Chamber argues that this regulation does not serve Tasmania well: it is reducing our capacity to increase investment to the State; nor has the Australian Shipping Industry grown as a consequence of this regulation.

We all appreciate that exports and business is a global industry, and like car manufacturing, we are not immune to competitive global influences. If a small exporter like Tasmania (with a lot of future potential) is expected to trade out of the 'Welfare State' mentality, flexibility will be required to allow us to compete globally.

The Chamber would support **Option 2** – and request the review to consider the deregulation of the Australian Shipping Industry with amendments to other regulation to allow this to occur.

Yours sincerely



Maree Tetlow
Executive officer