



5 February 2014

Tasmanian Shipping Inquiry
Productivity Commission
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tasmanian.shipping@pc.gov.au

Dear Sir / Madam

The Launceston Chamber of Commerce is pleased to provide a submission and comment on the Tasmanian Shipping and Freight – Draft Report, released on 24 January 2014.

The Launceston Chamber of Commerce (Chamber) represents over 230 businesses in the Northern Tasmania region of Tasmania. Many of our businesses are impacted by the cost of freight as a major cost to their business.

For the last 14 months the Chamber has been in discussions with members and other organisations and stakeholders involved in the freight task in and out of the State. The Chamber now has a better understanding of the complexity around this issue.

The level of importance of this issue is highlighted by a survey just completed by our members **whereby 'reducing freight charges' is listed as one of the top priorities to lobby government in the lead up to a State Election.**

The Chamber's position on this issue is as follows:

1. **Reducing Freight Costs** for Northern Tasmanian Businesses, specifically:
 - a. Reducing Export Freight Charges and Time to Market with regular frequency to/from Bell Bay that would link with the major international shipping lines. The cost of exporting has been raised as one of the key cost issues for a significant number of businesses in the region. The question is how many export and investment opportunities have been deferred or lost as a result of the lack of cost competitive freight charges. The objective is to build a critical mass of freight that would make an export service sustainable in the long-term.
 - b. Ensuring Competitive Interstate/Domestic Freight Charges from Launceston

The Launceston Chamber of Commerce would like to make the following specific comments and observations regarding your Draft Report:

1. . Improving the competitiveness of Tasmanian freight (Draft Recommendation 13)

The Launceston Chamber of Commerce supports the notion of more competition in the sector. At this point of time the Launceston Chamber of Commerce (and other stakeholders in the region) is of the view that the Bell Bay Port is being under-utilised and this is not a priority for Government. It is understood that prior to the formation of Tasports, the Burnie Port authority provided a major volume discount to the private container operators using the port at that time. This arrangement has at least another 10+ years to run, and in the meantime other ports – in particular Bell Bay Port is not competitive nor a priority. In effect the arrangement inherited by Tasports is likely to be cross-subsidised by other ports and to not operate as a container port to the disadvantage to the business community in Launceston, George Town and Bell Bay.

The Chamber would be very interested in investigating and potentially assisting the potential for privatising the Bell Bay Port and encouraging at least a Public-Private Partnership type arrangement.

By comparison, the Launceston Airport (privately operated and majority owned with a small share owned by Launceston City Council) is a great success and continues to build passenger numbers and has become a major economic driver to Northern Tasmania.

2. .Coastal Shipping Regulation (Draft recommendation1).

This recommendation is fully supported by the Launceston Chamber of Commerce. It is understood from the Chamber's consultations that one of the reasons for the AAA Ships withdrawal from Bell Bay was the change to the Coastal Shipping Regulation. This issue needs to be quickly considered, at least from a Tasmanian perspective, in the first instance to attract the most flexible opportunities for any sustainable export shipping service.

3. The TFES (Draft Recommendation 2-9)

The Chamber respects the views of the Productivity Commission that the TFES is not necessarily the best way to promote Tasmanian Economic Development. However, as your authors note 'Economic Development' is a complex system of interlinked factors. As you rightly point out, the implementation of various schemes can have unintended consequences, and these consequences need to be considered..

However, The Chamber is relying on the Productivity Commission to make recommendations that will help to alleviate the financial impost of uncompetitive freight costs (compared to other Australian locations) in particular for business/industry in Tasmania.

The Chamber believes that a simplified and transparent TFES scheme will underpin additional private sector investment and reduce impediments in this investment. The Chamber also supports the TFES being applied to export freight that needs to trans-ship via an Australian domestic port (not necessarily just the Port of Melbourne). One obvious sector that is likely to invest further in Tasmania is agribusiness and related food processing – but the outputs from this sector needs to be transported to market at a competitive rate similar to other alternative interstate locations vying for agri-business investment.

However, the Chamber **does not** support a reduction in the TFES, in fact we would encourage an increase to allow export freight to be included in the scheme.

The Chamber looks forward to presenting this information and our position to the hearing in the coming week. Thank you for this opportunity.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Tetlow', is positioned above the printed name.

Maree Tetlow

EXECUTIVE OFFICER