

# FIXING OUR SEA FREIGHT SUPPLY CHAIN

Inquiry into the policy, regulatory, taxation, administrative and funding priorities for Australian shipping

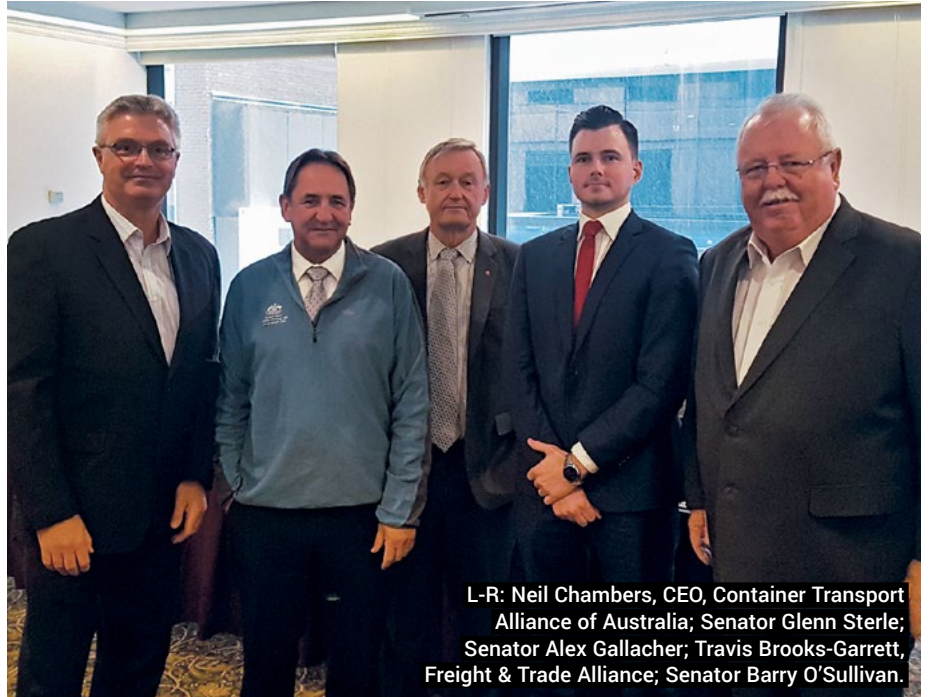
## TRAVIS BROOKS-GARRETT

On Wednesday 13 March 2019, Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) presented evidence to the Senate Committee on Rural and Regional Affairs on behalf of Australia's importers and exporters. The Labor-led inquiry was given a broad remit, including a review of the coastal ship licensing system, maritime workforce development and port fees and charges. Our evidence addressed the challenges faced by our country's shippers at a time when 99% of our trade by volume is carried via sea freight and with our last major Australian-flagged international and coastal shipping line, the Australian National Line (ANL), sold to French giant CMA CGM in 1998. Our evidence covered areas including shipping line service levels, shipping line consolidation, infrastructure charges, empty container management and unfair detention and demurrage practices.

Since our evidence was presented, there has been an election, a shuffling of cabinet and a brand-new shadow ministry announced. So will the focus lapse, or should shipping stay at the forefront of the national conversation?

One thing we know about the newly anointed Opposition Leader, the Hon. Anthony Albanese MP, is that he's passionate about Australian shipping. As the Minister for Infrastructure and Transport under Julia Gilliard, he was one of the chief architects of the Coastal Trading (Revitalising Australian Shipping) Act 2012. The 2012 legislation introduced Australian Award wage requirements on foreign-flagged and foreign-crewed vessels when moving cargo between Australian ports.

Unfortunately, the legislation couldn't revive the local maritime industry. In fact, the number of Australian registered vessels with



L-R: Neil Chambers, CEO, Container Transport Alliance of Australia; Senator Glenn Sterle; Senator Alex Gallacher; Travis Brooks-Garrett, Freight & Trade Alliance; Senator Barry O'Sullivan.

coastal licences fell from 30 in 2006 to 13 in 2019. Meanwhile, foreign vessel operators found the new wage requirements prohibitive, so many pulled out of providing coastal services. So, in the end, Australia's cargo owners ended up with the worst possible outcome: less frequent and more expensive coastal shipping services. It was a win for the interstate road and rail industries but a big loss for Australia's cargo owners, many of whom relied on coastal shipping services as the cheapest way to move containers across the country.

In addition to coastal shipping, the inquiry also provided industry with an opportunity to raise other concerns, particularly stevedore infrastructure charges, which have increased by more than 2,000% in three years at one Australian port. It's a situation that needs urgent attention from state and federal governments.

Many of these concerns point to a larger issue, where key decisions are

now being made offshore by foreign shipping lines, with inadequate understanding or oversight from relevant Australian regulators, despite our country being totally dependent on shipping line services.

To add to the risk for Australian importers and exporters, foreign shipping lines are experiencing a period of rapid consolidation. The seven largest carriers now operate around 80% of global capacity, compared with a little over 10% in 1998. What impact will this consolidation have on service levels and freight rates? Time will tell.

The Final Report by the Senate Committee will be handed down on Tuesday 13 August 2019.

*Travis Brooks-Garrett is a director of the Freight & Trade Alliance (FTA). For more information on the inquiry or the work of FTA and the Australian Peak Shippers Association (APSA) email [tbrooks-garrett@ftalliance.com.au](mailto:tbrooks-garrett@ftalliance.com.au). ■*