



TMEC

Tasmanian Minerals &
Energy Council

Committee Secretary
Senate Standing Committees on Rural and
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20 August 2015

Dear Sir / Madam

Re: Shipping Legislation Amendment Bill 2015 [Provisions]

The Tasmanian Minerals and Energy Council (TMEC) welcomes the opportunity to make a submission on the *Coastal Shipping Act 2015* (the Act). As an island state, Tasmania's industries are the most exposed in Australia to the regulatory framework for coastal shipping which is in urgent need of reform. The Act, if passed, will help restore access to an internationally competitive and efficient shipping industry in Australia. For Tasmania's manufacturing industries and for the Tasmanian economy as a whole, this cannot come soon enough.

The Tasmanian state economy has only a small proportion of its GSP driven from private and public wealth creating industries. The Resource Processing industries such as South 32 Manganese Smelter, Bell Bay Aluminium, Nyrstar and Norske Skog are major employers and major contributors to state economic activity. This collection of industries consumes over 50% of the state's electricity generation, with the revenue from energy sales being a major feature in the State Governments non-government funding.

These major industries are a part of global businesses, therefore attracting ongoing investment is always subject to internal competition with similar operating plants scattered around the globe. It is this feature which consistently drives the need for these industries to have access to internationally competitive services and pricing.

The revenue for these industries are a function of volume and global commodity prices, therefore the cost of converting the resources is a key determinant of being viable. Moving materials into and out of the state is a key feature in the operating models of these businesses and due to the geography, shipping product is the sole means of transporting product. Internationally cost competitive and reliable sea freight is essential.

Until the introduction of the *Coastal Trading (Revitalising Australian Shipping) Act 2012* on 1 July 2012, TMEC's members were able to access timely and competitive freight for supply of mineral and other resources using a combination of Australian vessels [General Licence (GL)] and foreign flagged vessels – [Temporary Licence (TL)], depending on their business needs

However, following introduction of the *Coastal Trading Act 2012*, at least one of the TMEC members' received a quote which was more than 60% higher than it had been paying just prior to the change in legislation.

The *Coastal Trading Act 2012* imposed restrictions on how TL's could be obtained by requiring:

- TMEC members to apply for voyages in groups of five voyages to obtain a TL.
- Nomination of specific loading dates up to six months in advance of actual shipping dates.

Yet, a GL holder has the opportunity to bid for any work covered under a TL application and is not required to use an Australian flagged vessel for this work, therefore enabling a GL holder to have greater competitive advantage in the market.

Under the reforms proposed in the Act, TMEC members will be able to access International or Australian vessels on a single voyage basis at internationally competitive rates.

There is one aspect TMEC believes the Act does not address and that is emergency provisions. If a chartered vessel has a last minute emergency, TMEC members need to be able to apply for an emergency permit. Under the current arrangements, only vessel owners can make what would be an emergency permit application. These vessel owners, are unlikely to have the same urgency in this emergency situation as TMEC members. In this case, it would be TMEC members left without a ship and without their raw materials or products being moved when required. Again with shipping the only option for Tasmanian industries, it is most at risk from this lack of emergency provision.

Please direct all enquiries relating to this submission to Wayne Bould, CEO Tasmanian Minerals and Energy Council.

Yours sincerely

Wayne Bould

Chief Executive Officer, TMEC