

31 October 2024

Independent Review of the Coastal Trading Act
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
GPO Box 594
Canberra City ACT 2601

Via: The governments 'Have your Say' web portal

Dear Sir/Madam

RE: Independent Review of the Coastal Trading Act

1. About Grain Trade Australia

Grain Trade Australia (GTA) is a national member association and is the focal point for the commercial grain industry within Australia.

GTA has over 290 organisations as members. Their businesses range from regional family businesses to large national and international trading/storage and handling companies who are involved in grain trading activities, grain storage, grain marketing advisory services, processing grain for human consumption and stock feed milling. GTA Members are substantial employers, from the farm gate through to end point consumption, and notably in rural and regional Australia. A full list of GTA Members is attached and can be found on-line [here](#).

GTA's core focus is to '*facilitate trade*' in the Australian grain industry. It's products and services, including the [Australian Grain Industry Code of Practice](#), provides a self-regulatory framework across the grain industry to facilitate and promote the trade of grain within the Australian grain value chain.

2. The Review of the Coastal Trading Act.

The review of the Coastal Trading (Revitalising Australian Shipping) Act 2012 (Review) by the Department of Infrastructure, Transport, Regional Development Communications and the Arts (Department) is of interest to GTA, and its members given they are heavy users of both bulk and container shipping services. GTA members on infrequent occasions (during drought) will also tranship cargo interstate via bulk vessels.

The grain market is complex and competitive. Decisions on vessel choice is driven by vessel suitability, market requirements, price and service. Vessels may be hired on a voyage or time charter.

The sale and shipment of grain in a dry bulk vessel is usually made either:

- i. on a "Free on Board" (FOB) basis where the cargo buyer/importer is responsible for the bulk vessel selection and appointment vessel and shipping the cargo; and
- ii. on a "Cost and Freight" (CNF) basis, in which case the seller is responsible for organising the bulk vessel and shipping the cargo.

Cargo may move on coastal voyages **during periods of drought** from producing states to those with restricted supply. As this occurs infrequently this trade would not sustain assets as it is ad-hoc and infrequent. Therefore it is best serviced by accessing the assets and services of global shipping fleet.

3. Market and Supply Chain Complexities.

Shipping has its complexities and in dry bulk shipping utilisation of any particular fleet and its vessels can be problematic for grain exporters due to berth access windows and load and discharge port constraints (including water and air draft).

Similarly, contracted sales volumes will also determine the vessel capacity requirements. These factors place an importance on having **access to a broad and extensive range of vessel carrying capacity and physical dimensions**. A shipper's ability to work within the supply chain and to

meet customer expectations is constrained without the flexibility of access to the global fleet. This flexibility will **not be possible** for coastal voyages if the Review results in a direction that limits access and the efficient use of the global shipping market.

Flexibility is critical as there are a number of factors to be considered when booking a vessel for a coastal journey including:

- i. Cost and Price
- ii. Location
- iii. Availability
- iv. Timing
- v. Vessel dimensions (for both load and discharge berths)
- vi. Geared / non geared
- vii. Vessel emission levels
- viii. Commercial considerations
- ix. Reputation and capability
- x. Vessel cleanliness
- xi. Previous cargoes

4. Current Market for Shipping

GTA members currently operate within a relatively open and transparent shipping market that provides adequate service and flexibility for both export and interstate sales (when required). The industry **supports an open and transparent shipping market** that does not restrict trade.

It is important the Review does not result in the introduction of non-tariff measures and trade barriers through any imposition of regulatory constraints on the coastal trade of grain such as preferential treatment for Australian flagged coastal traders. Such measures will increase costs, impact on supply chain efficiency /flexibility and may lead to higher costs to Australian producers and consumers. It will also diminish Australia's reputation and global advocacy for rules-based trade, void of unwarranted and politically driven tariff and non-tariff trade measures.

It should be noted, restrictive regulatory constraints may incentivise the import of foreign produced grain in droughts as compared to interstate grain meeting the demand. This market reaction of imported product favoured over local Australian production (because of regulatory price impositions) has occurred recently in the domestic Australian milk market with the import of cheaper New Zealand milk.

5. Conclusion

GTA welcomes the opportunity offered by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to provide comment on its Review. GTA's members will infrequently use coastal shipping in times of drought. The decision on vessel choice and the impact of operational constraints require access to the global shipping market's fleet flexibility.

GTA members generally support initiatives and Government policy that enhance non-restrictive trade and an open and transparent shipping market and suggest the Review focus on and support these principles as they move forward.

I look forward to further opportunities to engage with the Government and provide input as the Review progresses.

Thank you for your consideration of this response.

Yours sincerely,



Pat O'Shannassy
Chief Executive Officer







