



# SAFC

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Department of Infrastructure, Transport, Regional Development, Communications and the Arts  
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Submission by: <https://edm.infrastructure.gov.au/survey.php?sid=34046&name=independent-review-of-the-coastal-trading-act-consultation>

Submission re: Review of the Coastal Trading (Revitalising Australian Shipping) Act 2012

I write regarding the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (The Department) consultation on the Review of the Coastal Trading (Revitalising Australian Shipping) Act 2012 (Coastal Trading Act) and request for further information or comments.

The South Australian Freight Council (SAFC) is South Australia's peak, multi-modal freight and logistics industry group that advises all levels of government on industry related issues. SAFC represents road, rail, sea and air freight modes and operations, freight services users and assists the industry on issues relating to freight logistics across all modes.

SAFC provides comments on the Departments consultation paper; Coastal Trading Act 'Consultation for Phase 1', as follows:

## 1. Brief background to coastal trading regulation

Freight is a critical component for connecting goods and products, commodities, businesses and communities throughout Australia and to connect us with other countries. Reform to the Coastal Trading Act presents an opportunity for improved coastal trading regulations to support our national security and economic sovereignty and enable effective and efficient movement of cargo.

Australia's widespread coastal infrastructure spans multiple industry and public sectors

including major export commodities and domestic industries, as most of our trade depends on seaports. As an island continent Australia has more to gain from efficient cabotage arrangements than other countries.

Coastal shipping is crucial for transporting products from primary production or mineral extraction to domestic locations for further processing. However, the decline in coastal shipping<sup>1</sup> demonstrates that the system is not as effective and efficient as it could be. SAFC has observed interstate movement of freight go via land transport modes, for example grain to the east coast seaports from South Australia.

SAFC recommends solutions targeting Australia's national security and economic sovereignty must result in more effective and efficient movement of goods. Subsidising ineffective or inefficient freight movements will not enable sustainable solutions for industry or grow coastal shipping.

## 2. Objects of the Act

SAFC is concerned that the ultimate Object of the Act must be to instil confidence in the supply chain by ensuring the effective and efficient movement of freight. There should be advantages associated with using coastal shipping compared to other freight modes and not a trade-off to simply sustain services. Support to coastal shipping must support a service that is viable for the long term.

### 2.1 Options for a future Object of the Act

SAFC prefers Option 2—A combination of primary and secondary Objects

Currently the Objects clause in the Act is clearly not working. Although it is problematic when comparing shipping activity over time, there appears to be a drop in Temporary Licences<sup>2</sup> activity.

Coastal shipping must be a cheaper alternative to other freight modes, and to avoid detrimental outcomes we should not suffer artificial rises in coastal freight rates. Adverse outcomes of reduced coastal freight task include importation of foreign commodities and products rather than supporting Australian export commodities and domestic industries.

## 3. Current coastal trading regulatory frameworks

SAFC believes the role of foreign flagged vessels in coastal trading has been affected by a

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<sup>1</sup> <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/maritime/publications/factsheets>

<sup>2</sup> <https://www.bitre.gov.au/sites/default/files/documents/Australian%20Sea%20Freight%202020-21.pdf>

reduced ability to access those coastal vessels and consequently they have left or been unable to offer a cost-effective service to the market.

There is a disconnect in understanding the actual commercial costs of alternative freight options or modes that renders the current licencing framework as not fit-for-purpose. All freight modes will need to work collaboratively to achieve a coordinated end to end supply chain approach. Enabling supply chain efficiency and expanding regional development with coastal shipping services would also increase the number of jobs available to Australians.

#### Consultation question 6

Should temporary licence holders who have held temporary licences year after year be required to transition to a general licence or a new category of licence that better represents the regularity of trading they engage in?

No, temporary licence holders who have held temporary licences year after year should not be required to transition to a general licence or a new category of licence that better represents the regularity of trading they engage in. SAFC believes it is incumbent on Australian vessel owners to provide a service that is cost effective. Any increase in supply chain costs, leads to an increase in the cost of goods which leads to Australian consumers bearing unnecessary costs.

#### 4.1 Strategic Fleet Taskforce recommendations her relevant matters

SAFC is concerned that any increase in cost and reduction in the efficiency of coastal shipping must not be initiated from the Strategic Fleet Taskforce recommendations.

Cargo owners assess which transport mode is best for them. Because of the licence charging methods, procedural requirements or documentation burdens can disincentivize use of costal vessels and cause a shift in freight mode rather than incur unnecessary costs.

SAFC recommends avoiding the downstream effect of higher freight costs for Australian businesses. Imposition of higher prices on the wider community could increase the likelihood of Australian consumers preferring imports over domestic goods.

#### 6. Other relevant matters

SAFC understand advocated shipping policy and regulatory reforms in support of national security and economic sovereignty may seek to improve commercial conditions for Australian-owned shipping lines competing for domestic sea-freight work. SAFC acknowledge the need for national security and economic sovereignty but recommend the Department consider the need to avoid unintended consequences that damages Australian

industry.

Decarbonising the freight sector is challenging and requires consideration of the entire supply chain. A refocus on sustainable coastal shipping could assist decarbonising movement and delivery of produce and goods, with potential to improve road safety and beneficial implications for transport infrastructure maintenance and upgrade.

Thank you once again for the opportunity to provide feedback on the Coastal Trading Act.

Yours sincerely,

Jonathan Wilson  
Chief Executive Officer  
South Australian Freight Council