



## **ALC Welcomes Coalition's Review of Coastal Trading Act**

The Australian Logistics Council (ALC), the peak industry body for the freight logistics industry, welcomed today government moves to ease restrictions on the use of foreign-flagged ships between Australian ports.

The Deputy Prime Minister and Minister for Infrastructure Warren Truss was quoted today as saying he would streamline the system for applying for temporary licences to use foreign-flag ships, which he said had become "very difficult and restrictive" under Labor's coastal shipping reforms.

He also said he was "very attracted" to a review of the coastal shipping industry. ALC Managing Director Michael Kilgariff said he hoped the Government would go ahead with the review as quickly as possible. Reducing red tape in the logistics industries, especially shipping, was one of four priorities ALC put to the major parties before the election.

"Before the election, ALC urged a review of the 2012 Coastal Trading (Revitalising Australian Shipping) Act," he said. "Provisions that impede the efficient operation of the coastal trade should be removed, particularly those that imposed a costly and onerous 12-month licensing system on the use of foreign-flagged ships between Australian ports.

"The additional costs of shipping between Australian ports only added incentives for Australian businesses to import produce rather than move Australian produce between Australian ports."

Mr Kilgariff agreed with Mr Truss's statement that it was now cheaper to ship sugar from Thailand to Melbourne than to move it between Queensland and Melbourne and that it was cheaper to ship cement from China to Australia than to move it between domestic ports.

"The changes added to costs, were bad for jobs, and bad for consumers," Mr Kilgariff said. "The former chair of the Productivity Commission Gary Banks has highlighted anti-competitive coastal shipping protections as a priority area for review coastal shipping. The ALC agrees."

Some of the reforms were worthwhile, he said, particularly the tax incentives to encourage investment in Australian shipping. And these should stay

"A quarter of the domestic freight task (on a per kilometre basis) is carried by ships," he said. "It is important, therefore, that in any review of the coastal shipping industry, the economically efficient movement of freight should be the primary objective.

"The effect of regulation should not distort the mode by which producers dispatch freight."

Mr Kilgariff pointed to another one of the ALC's pre-election calls to action – that a regulatory-impact statement accompany all proposed legislation estimating its cost to industry. Such a statement might have prevented some of the worst aspects of the coastal shipping changes in the first place.

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