

Australian shipping policy: what drives or constrains success?

Phil Potterton¹

Economic Connections, PO Box 470, Hall ACT 2618

Email for correspondence: pjpotterton@bigpond.com

Abstract

The paper examines the 'success' of Australian shipping policy over the past half century, addressing the areas of Australian international and coastal shipping, Tasmania services and regulation of liner services. Technical policy areas, including safety and the marine environment, are beyond scope. In each area considered, success is assessed by reference to: statistical trend information covering, variously and as available, activity growth, investment, cost of services and international comparisons; and through a historical narrative that centres on transport policy objectives and their achievement. The paper then compares policy performance using a conceptual framework from an earlier paper by the author (ATRF 2012). This identifies success factors for Australian transport policy of: a higher level non-transport policy goal that is accepted by governments in the federal system and to which the transport policy contributes; leadership by relevant governments; and policy persistence over time, notwithstanding periodic changes of party in government. Tasmania services policy has been sustained for 40 years by a 'federalism' rationale, while liner regulation policy has for 50 years contributed to a higher level goal of economic growth through trade. A broad economic rationale underpinned international and coastal shipping policy from the 1950s through the 1980s, as a strategic industry that it was important to both grow and make more efficient. However, this rationale disappeared in the 1990s and has largely not been replaced. Strong transport policy design that acknowledges competing objectives is also a notable 'leadership' feature in Tasmania services policy and liner regulation policy, while this has been largely absent from international and coastal shipping policy.

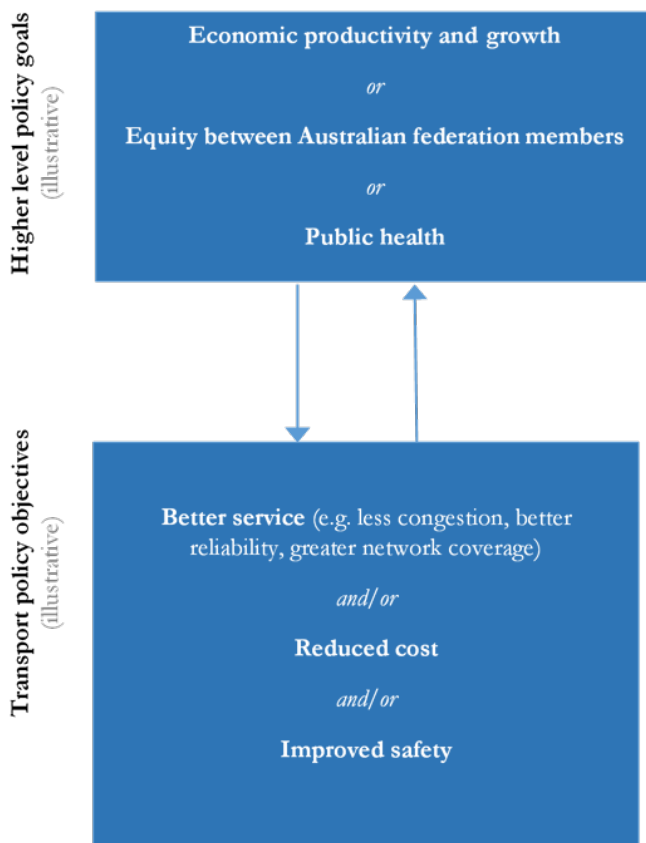
1 Introduction

Policy persistence over extended periods of time is essential for success in national transport policy (Potterton 2012, p.1) Time is needed to plan and implement complex infrastructure programs, to plan and deliver regulatory programs for long enough to achieve significant and lasting behaviour change and to incentivise private investment in transport services. With periodic changes of party in government and the accountabilities of separate jurisdictions in Australia's federal system threatening this continuity, only a higher level (non-transport) policy goal that is accepted by successive governments, it is contended, can ensure the necessary continuity. The immediate goal of transport policy usually involves providing mobility or accessibility for people and/or goods – and doing this efficiently, safely and reliably. But this goal on its own can have limited capacity to motivate governments into sustained action over the long haul. Something more is needed, so that efficient, safe, reliable transport is seen to contribute directly to a higher level (non-transport) goal such as increased economic growth, or better public health (see Figure 1). This insight accords with

¹ While head of the Australian Government Bureau of Infrastructure, Transport and Regional Economics in the 2000s, the author engaged with some of the matters covered in this paper, particularly Tasmania services.

the economic concept of transport as a ‘derived demand’, where the value lies more in what transport enables – for example, a manufacturer assembling a product, or an individual getting to work and earning an income – than in its intrinsic attributes (Button 2010, p. 13). In addition, the economy and health are, with education, consistently found to be the highest policy priorities in the community’s view, with infrastructure and transport viewed as lower priorities.²

Figure 1: Schematic strategy for national transport policy success



This paper examines the effectiveness of Australian shipping policy over the past half century against this framework.³ Technical policy areas, including safety and the marine environment, are beyond scope.

The paper considers the policy areas of Australian international and coastal shipping, Tasmania shipping and liner shipping regulation. For each, statistical trend information covering, variously and as available, activity growth; investment; the cost of service; and international comparisons is provided, followed by a historical policy narrative.

In concluding, the paper discusses policy outcomes with reference to success factors identified in the earlier paper (pp. 12-14). These are: a higher level non-transport policy goal

² In the March 2015 quarter, 45 per cent of Australians nominated the economy and employment as one of the two highest priority national issues and 36 per cent nominated health. 16 per cent nominated infrastructure and seven per cent nominated transport (Institute of Transport and Logistics Studies 2015).

³ The earlier paper applied the framework in a summary way to air, road, rail and public transport and did not include maritime transport.

that is accepted by governments in the federal system and to which the transport policy contributes; leadership by relevant governments; and policy persistence over time, notwithstanding periodic changes of government.

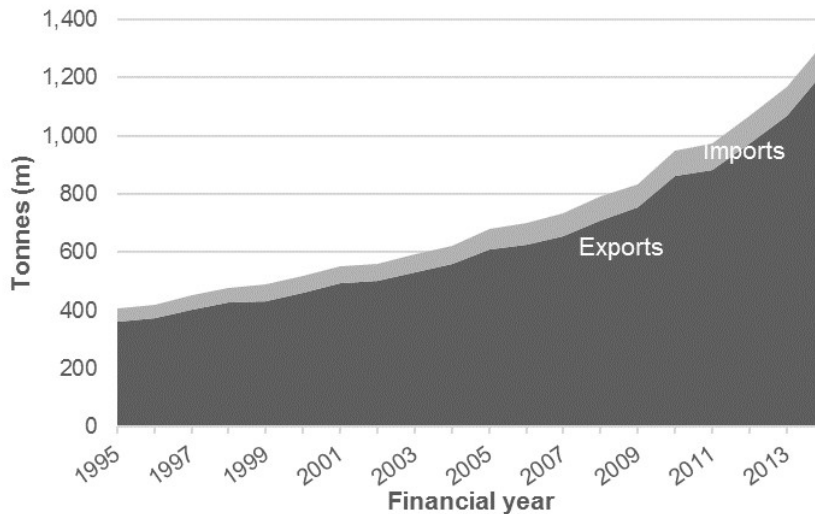
Research for the paper has involved documentary and statistical analysis, combined with targeted interviews with (predominantly federal) government agencies and with industry and professional associations.⁴

2 Australian shipping – trends and benchmarks

2.1 Task trends

For two decades, Australian international sea freight grew at 6.4 per cent annually, more than twice the annual economic growth rate (3.1 per cent). This was due to exports, mainly bulk commodities, which increased at 6.6 per cent annually, while (mostly non-bulk) imports grew at 4.1 per cent a year (Figure 2). Australia supplies an estimated 12 per cent of total global trade and more than half of the global trade in iron ore (UNCTAD 2015, p.17).⁵

Figure 2: Australia's international sea freight (exports and imports) growth



Source: Bureau of Transport and Regional Economics (BTRE) 2005, p.1, Bureau of Infrastructure, Transport and Regional Economics (BITRE) 2014, p.4

⁴ The following organisations were consulted: Australian Competition and Consumer Commission, Australian Institute of Marine and Power Engineers, Australian Maritime Officers Union, Australian Maritime Safety Authority, Australian Peak Shippers Association, Cruise Lines International Association, Department of Infrastructure and Regional Development, Freight and Trade Alliance, Maritime and Coastguard Agency (United Kingdom, by email), Maritime Industry Australia, Maritime Union of Australia, Northern Territory Department of Transport, Ports Australia and Shipping Australia. Mr Llew Russell AM, a former chief executive of Shipping Australia and a former Australian Government transport official, was also interviewed. Dale Crisp, Lloyds List Australia, provided information on liberalisation of trans-Tasman shipping services. The cooperation of all individuals and their organisations is gratefully acknowledged. Stephen Meyrick and Dr Anthony Ockwell provided invaluable comments during drafting.

⁵ World trade totalled 9,842 million tonnes loaded in 2014 (UNCTAD 2015, p.6). Australia exported 1,222 million tonnes, 12.4 per cent.

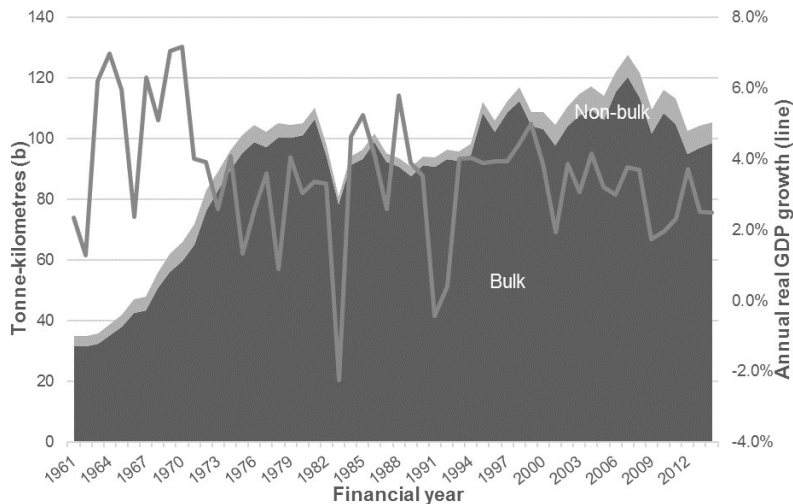
Coastal freight (Figure 3) also had a period of strong growth in the 1960s, during especially high economic growth, averaging five per cent a year, with a mining boom accompanied by the development of mineral processing industries.⁶ But coastal freight did not fully recover from the cost inflation and sluggish economic conditions of the 1970s. Over the following 40 years, growth has averaged 0.6 per cent a year, while being briefly higher, at around two per cent, in the early and mid-2000s. The sector has depended on the variable fortunes of Australian heavy raw materials processing industries, themselves subject to cost and import competition pressures. Development of national road and rail freight industries, leveraging improvements in land transport infrastructure, has, in turn, constrained any new opportunities in the faster growing domestic non-bulk sector. As Table 1 indicates, Australia is not unusual internationally in having a slow-growing coastal freight sector.

Table 1: Domestic shipping freight task growth in selected countries

Country	Period	Average annual growth rate
Australia	1992-2014	0.7%
	1990-1996	-3.5%
Canada	2001-2011	1.5%
European Union	2002-2010	-1.7%
Mexico	1990-1996	0.5%
United Kingdom	2004-2014	-3.9%
United States	1990-1996	-1.8%

Source: BITRE 2015a, Bureau of Transportation Statistics 2000, European Commission (EC) 2014, Department for Transport 2014, Statistics Canada 2012 and author analysis

Figure 3: Australian coastal freight and economic growth, 1961 to 2014



Source: BITRE 2015a, pp. 49-50, Bureau of Transport and Regional Economics (BTRE) 2006, p. 7, IndexMundi, <http://www.indexmundi.com/facts/australia/gdp>, viewed 2 March 2016 and author analysis

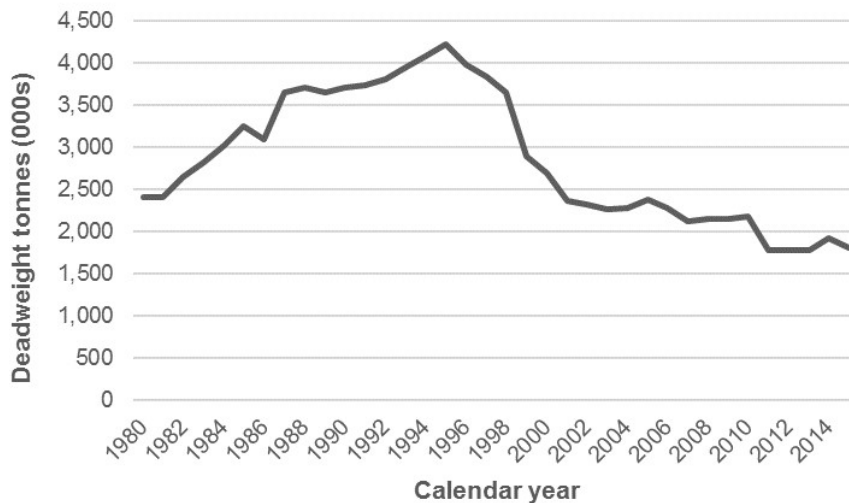
⁶ Stephen Meyrick suggests that the main factors driving the task growth of the 1960s were: expansion in mining; development of mineral processing; and innovative ship routing, with “two big movements coming into play – Pilbara iron ore movements to Newcastle and Port Kembla and bauxite movements around the Queensland coast”, personal communication 31 July 2016.

In contrast, cruising has experienced remarkable recent growth. Australia is both the world's fastest growing source market and is experiencing rapid domestic growth, from 91,000 passengers in 2010, to 190,000 in 2014, an average annual growth rate of 20 per cent (Cruise Lines International Association Australasia 2014, p.7).

2.2 Fleet trends

The Australian flag fleet increased steadily in the 1980s and early 1990s (Figure 4), under the influence of then comparatively globally competitive taxation arrangements and investment incentives, a workplace reform program (see Section 2.3) and with an essentially closed cabotage regime domestically. Decline commenced in the mid-1990s, with withdrawal of financial incentives and increased access for foreign flagged ships to coastal trading. It has continued over the past decade in the absence, to a large extent, of globally competitive taxation settings and with continued access to the coast, despite a regulatory attempt to limit it, for 'open registry' ships operating with cost advantages over Australian flagged ships.⁷

Figure 4: The Australian flag fleet, 1980 to 2015

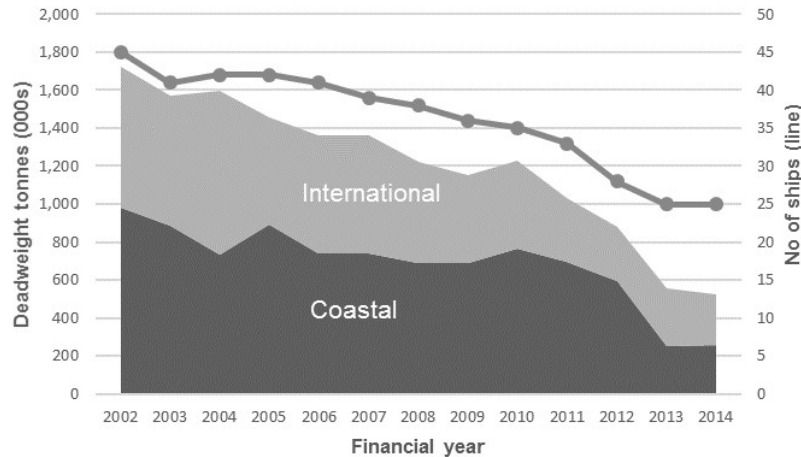


Source: UNCTADstat, <http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=93>, viewed 8 March 2016.

The average size of vessels has fallen along with their absolute number (Figure 5), with larger vessels now foreign registered and, conversely, increasing in size. In 1999-99, there were 41 Australian registered vessels in the major coastal trading fleet, with an average deadweight tonnage of 38,000. In 2013-14, the average size of the 21 Australian registered ships in the fleet was 12,000 tonnes.

⁷ An 'open register' is one where the ship owner does not need to be of the same nationality as the country in which the ship is registered. It includes both so-called 'flag of convenience' nations, of which the International Transport Workers' Federation identifies 34, including the world's three largest registries, Panama, Liberia and the Marshall Islands and numerous European and other nations, which, from the 1980s onwards, established 'second registries', in order to compete effectively with the flag of convenience nations (see, in particular, Department of Infrastructure and Regional Development 2015c, pp. 4-8 and Sornn-Friese and Iversen 2014, p. 83). Some open registry nations, such as the United Kingdom and Singapore, now operate single (open) registries, rather than separate open and closed registries. Open registry arrangements include concessional taxation for both companies and seafarers and access to an international labour market where wages and conditions, particularly for non-officers ('ratings') fall well below developed country norms. See Footnote 15 for elaboration of this latter point.

Figure 5: The Australian major trading fleet – coastal and international, 2002 to 2014



Source: BITREb 2015, p. 59, BTRE 2003, p. 37, BTRE 2004, p.39 and various. Fleet tonnage totals are lower than in Figure 4 for comparable years, due to differences in definition of the trading fleet. In particular, BITRE includes only vessels that called at an Australian port during the year. BITRE personal communication, 9 June

In 2013-14 there were four Australian flagged international vessels, all liquefied natural gas tankers, in the major trading fleet⁸ and 21 coastal ships. The coastal fleet comprised 11 general cargo vessels, including six Bass Strait and two northern Queensland vessels, together with seven dry bulk ships and three port bunkering vessels (BITRE 2015, pp. 66-67), two of which have since been replaced by foreign flag ships.⁹ From a global perspective, 0.1 per cent of the world fleet was Australian flagged (2014).¹⁰

In 2014, nearly 60 per cent of Australian-owned vessels were flagged out to other registries (Figure 6). This includes vessels operating on the coast using temporary licences under the Coastal Trading Act, bulk carriers operating on intrastate routes in Queensland under state regulation and potentially some vessels operating entirely outside Australia. Australian-owned vessels made up 0.3 per cent of the world fleet (UNCTAD 2014, p.33).

2.3 Workforce trends

There were around 1,000 qualified seafarers employed in 'blue water' trading in 2012 (Maritime Workforce Development Forum 2013, p.4).¹¹ Seafarers with Australian Maritime

⁸ The major trading fleet comprises ships of at least 2,000 deadweight tonnes and the minor trading fleet, operating primarily behind the Great Barrier Reef and in the Gulf of Carpentaria, contains ships of 2,000 deadweight tonnes or less (BITRE 20125, p. 57).

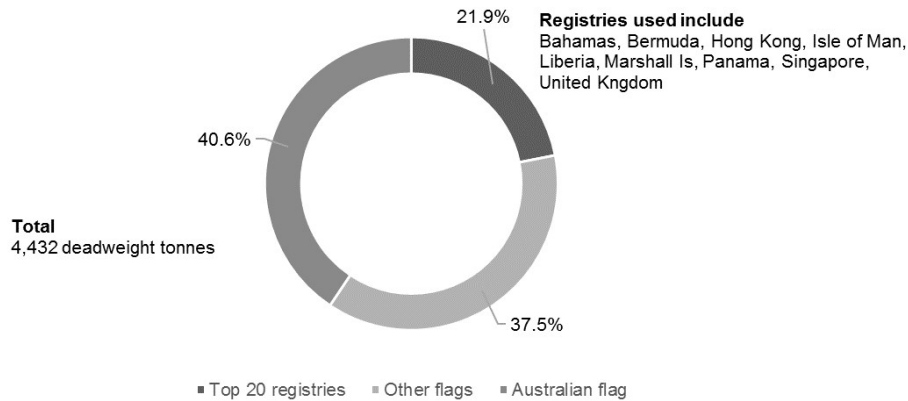
⁹ See "Marine engineers cry foul over foreign bunker ship", *Lloyds List Australia*, March 4, 2016, with regard to one of the three, the MV Zemira (Melbourne). With regard to a second, industry sources indicate that the Destine is also no longer operating in Sydney. Vessel position data confirm it is now operating in Singapore under the Singapore flag. See <https://www.vesselfinder.com/vessels/DESTINE-IMO-9662655-MMSI-566709000>, viewed 27 May 2016.

¹⁰ Based on UNCTAD data (Merchant fleet by flag of registration and by type of ship, annual, 1980-2015, <http://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx>).

¹¹ While time series data has not been sighted, a census conducted for the forum reported 983 seafarers employed by responding organisations and there were a small number of non-responding organisations (ibid., pp. 4-5).

Safety Authority certificates, or equivalent international ones, populate several related industries:

Figure 6: Australian beneficial ownership fleet, 2014



Source: UNCTADstat, <http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=80100>, viewed 28 April 2016

There has been a shift in the balance of the Australian merchant marine industry over the last twenty years – from a primarily ‘blue water’ trading industry (19 per cent ... as compared with some 40 per cent of the industry in 1990) to an industry with a large presence in the off shore oil and gas sector (32 per cent ...), with key supports in towage (18 per cent), dredging (6 per cent), pilotage (5 per cent) and ports (3 per cent), reflecting the move to Australian mariners providing services to a growing number of foreign trading ships and off shore activities. (ibid.)

The Maritime Workforce Development Forum considered workforce ageing signalled a future shortage of skills unless counterbalanced by training (ibid., p. 5).

Fleet decline adds to the challenge of providing career paths for seafarers, with the training of a master requiring eight to ten years’ experience (Maritime Industry Association 2015, p. 7). The Maritime Industry Association considers that in future the off shore oil and gas sector may become the only remaining source of trained officers (ibid.).

2.4 Labour productivity

Labour productivity is influenced by factors including training, work practices, capital endowment and competitive pressures. It is a key driver of the cost of providing shipping services, while other factors, particularly tax policy settings and the extent to which there is access to a global as well as a national labour market, are also material.

The need to improve maritime labour efficiency was a policy preoccupation in the 1980s and early 1990s.¹² Over this period, average crew sizes per vessel fell by nearly 50 per cent from the low 30s to 18 in 1996 (Shipping Reform Group 1997, p.15). This remains the norm and is considered an internationally competitive level.¹³ However, industry considers that outstanding issues remain, including work practices with regard to crew multi-tasking and use of riding gangs for maintenance work during voyages. Other issues go beyond the maritime sector and relate to the competitiveness of general Australian employment law and practices on matters such as worker’s compensation and dismissal.¹⁴

¹² See also sections 3.1.1 and 3.2.2.

¹³ Some Australian crewed vessels now operating on the coast are understood to operate with crews of 16 (Australian Institute of Marine and Power Engineers (AIPME), personal communication, 21 March 2016).

¹⁴ Out of 144 economies considered, the World Economic Forum rates Australia 132nd in flexibility of wage determination and 136th in hiring and firing practices (Schwab 2014, p. 115)

With regard to cost, all-Australian crews are by definition uncompetitive in comparison with 'open register' crews that comprise, stereotypically, officers from 'first world' countries and ratings from 'third world' ones. Australian wages for ratings are typically three to four times those recommended by the International Labour Organization for international seafarers.¹⁵ Leave conditions well below the Australian level (i.e. three months rather than six months per year) add to the cost differential.¹⁶

However, policy factors are also material with regard to cost and competitiveness. For example, the earnings of a seafarer from the UK, employed on a foreign flag (UK or other) vessel on the Australian coast and potentially also on the UK coast,¹⁷ are tax-free, enabling operators to attract labour at lower gross of tax rates of pay.

3 International and coastal shipping – policy evolution

Over the past 50 years, Australian international and coastal shipping policy has experienced two major breaks, the first and most significant one in the 1990s and the second in the 2010s.

Each market segment has a distinct policy history, but the two are also closely inter-related. The international shipping policy narrative is presented first, as it provides part of the context for recent coastal shipping policy developments.

3.1 International shipping policy from the 1960s

3.1.1 *Development and efficiency reform: the 1970s and 1980s*

The government-owned Australian National Line (ANL) commenced international services in September 1969 amid the 'container revolution'. With government fearful that containerisation might lead to a strengthening of conference power, ANL entered the Europe trade to provide insight into the then unknown costs of container operations (Trace 1988, pp. 93-4). ANL also entered the Japan trade, seeing an opportunity to introduce the ro-ro technology, which had proved successful in the Bass Strait market, into a deep sea trade. Containerisation offered the prospect of reducing crewing requirements and costs – something long seen as precluding Australian involvement internationally (Clark et al, p. 23).

In the turbulent international economic conditions of the 1970s, ANL was tested by an uncompetitive cost structure, with high crewing levels on the one hand and shortage of

¹⁵ Some 60 per cent of the world's ratings are from Asia, with the Philippines and Indonesia the two largest source countries (UNCTAD 2004, p. 111). The current seafarer minimum wage, as recommended by the International Labour Organization's Joint Maritime Commission until 2018, is \$US614 per month (Lloyds List Australia, 13 April 2016). With overtime these rates translate to around \$US1,600 per month (Maritime Union of Australia, personal communication 26 April 2016), or \$A2,200. This contrasts with approximately \$A7,500 per month under an Australian enterprise agreement (see, for example, wages for a chief integrated rating at INCO CSL Pacific Enterprise Agreement, 10 June 2014, <https://www.fwc.gov.au/documents/documents/agreements/fwa/AE412530.pdf>, p. 34). Compliance with minimum wage conditions is not necessarily universal. The International Transport Workers' Federation Australia notes that there is no mechanism to enforce the recommended International Labour Organization rate and in 2014 recovered \$US60 million in wages stolen from seafarers (Senate Rural and Regional Affairs and Transport References Committee 2016, p.28).

¹⁶ Industry sources indicate that the six month 'two to one' crew arrangement is standard practice for officers in all fleets, including open registers, but not for ratings.

¹⁷ UK seafarer earnings are tax free while in the UK, if they work predominantly overseas and if time spent in the UK occurs between periods of absence overseas. See UK Government guidance for seafarers at <https://www.gov.uk/government/publications/seafarers-earnings-deduction-hs205-self-assessment-helpsheet/test>.

owner-supplied equity finance – and consequentially high debt servicing costs – on the other. ANL also made an unsuccessful foray into the international bulk trades. In 1973, it commissioned four bulk carriers to transport iron ore to Japan, but only two were able to enter service immediately, due to recession conditions in Japan. (ibid., p.29). All four had been sold by the early 1990s (Trace 1995, p. 435).

With recession conditions and financial losses in the early 1980s, ANL received a financial rescue package from the incoming Hawke Labor Government in 1983 and the company embarked on service rationalisation, both domestically¹⁸ and internationally, where it withdrew from the US trade.

ANL was also part of major industry efficiency reform, in which the government offered tax incentive and investment funding, conditional on workplace reform. The Hawke government adopted – and extended – a strategy laid out by Sir John Crawford, who the preceding Fraser Coalition Government had appointed in 1982 to investigate the revitalisation of Australian shipping. Crawford considered that the benefits of revitalisation would accrue mostly to bulk international shipping and recommended that investment allowances, linked to crewing reductions, should apply to international shipping as well as to coastal shipping.

Transport minister Ralph Willis noted in 1989, “The current fiscal regime for ships of seven per cent taxable capital grants and accelerated depreciation ... puts Australian shipowners in a broadly comparable position with their OECD counterparts” (Willis 1989, p.4). With a reform program implemented by the Shipping Industry Reform Authority, by 1994, Australia had one of the youngest fleets in the world, at an average age of eight years (Webb 2004, p.15, House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government (HORSCITRD LG) 2008, p.41). 36 new vessels were introduced into the Australian fleet between 1988 and 1994, amounting to a turnover of some 45 per cent.

3.1.2 The 1990s: Privatising ANL, liberalising the Tasman

By the early 1990s, with a government-wide focus on structural reform of government business enterprises, in conditions of post-recession budget deficits and with difficult trading conditions for ANL, the policy focus shifted to preparing for a future sale of the company.

Where previously shipping had a definite place in government planning, involving both industry and unions, for a more internationally competitive Australian economy, this was no longer so clearly the case. The Keating Labor Government’s plan to sell 49 per cent of the company was met with a waterfront strike and opposition from the Australian Council of Trade Unions and was abandoned in September 1994. Shortly before, the transport minister, Laurie Brereton, was heard to remark of ANL: “You couldn’t give it away, that’s the reality”.¹⁹

In 1996, the incoming Howard Coalition Government, in a first ‘fiscal repair’ budget, withdrew all existing industry financial assistance measures. Any new measures were to be conditional on an end to labour pooling arrangements for seafarers (Australian Shipowners Association 2008, p. 99).²⁰

The following year, the legacy pooled labour scheme was abolished by negotiation, to be replaced by company employment (Reith, p.233). This set the ground for successful privatisation of ANL in 1998, sold, with its trading name, to CMA CGM, a large French shipping line, where it continues today, as a distinct part of the group. However, only one

¹⁸ See Section 3.2.1.

¹⁹ *The Australian*, 24 August 1994, cited in Trace 1995, p. 441.

²⁰ Company employment replaced pooled employment on the waterfront in the early 1990s, under the auspices of the Waterfront Industry Reform Authority, established in 1989 by the Hawke government (Trace 1997, p. 144).

financial measure of benefit to the industry eventuated: a 100 per cent heavy fuel oil excise rebate. This was introduced in July 2000, as part of the lead-in to implementation of the Goods and Services Tax.

The 1990s also saw the end of a historic monopoly by Australian and New Zealand flagged vessels for trade between Australia and New Zealand. Since 1974, this had been enforced by an accord between the maritime unions of the two countries (Trace 1991, p.20). In the mid 1990s, international shipping lines began to circumvent the local cargo reservation arrangement by shipping trans-Tasman containers on vessels trading between Australia and New Zealand and North America. In 1996, BHP, a major mining, metals and petroleum firm, reached agreement with the unions for the company's trans-Tasman operations to be integrated with its North American services. This quickly led the way to an opening of Australia-New Zealand trade to full international competition, setting a precedent for domestic change (see Section 3.2.2).²¹

3.1.3 *Waiting for a second register*

By 1998, several European countries had moved to established 'second registers', with aims of deterring the trend of shipowner 'flagging out' and of growing their own interconnected maritime industries.²² For Australia, without ANL, there was no longer the industry core that could encourage such a move. Instead, policy moved from active to largely passive, opting to benefit increasingly from available, low cost open register shipping that was improving in quality,²³ both internationally and on the coast.

However, in 2012, as part of shipping revitalisation measures, the Gillard Labor Government established the Australian International Shipping Register (AISR) for Australian shipowners who predominantly engage in international trading. In contrast to the also new (domestic) General Register, ships on the international register were not required to have wholly Australian crews, with positions other than the master and chief engineer able to be foreign crewed (Australian Government 2014, p.6). Investment incentives also became available once again, with a 10-year period for accelerated depreciation on capital items, a corporate income tax exemption (i.e. zero rating) and a refundable seafarer tax offset, if the company employed the seafarer on international voyages for at least 91 days in the year.

After four years, no ship had joined the register. Several possible reasons are cited. Firstly, concerning taxation incentives, the company income tax exemption was criticised for "acting as a 'tax deferral regime', in that the tax benefit provided to the company is effectively taken away by a dividend withholding tax for non-resident shareholders or no franking credit for resident shareholders" (House of Representatives Standing Committee on Infrastructure and Communications 2012, p. 43). Additionally, in contrast to other nations, seafarer tax rebates were not available when working under foreign flags, limiting growth of an Australian international seafaring workforce. Secondly, establishing a union collective agreement is a required precondition and may have acted as a deterrent (Senate Rural and Regional Affairs and Transport Legislation Committee 2015, p.5). Thirdly, the access offered to coastal

²¹ This paragraph draws on a personal communication from Dale Crisp, 20 September 2016. See also Crisp 2015.

²² See also Footnote 7.

²³ The 1990s was a decade of improvement in ship performance, with convergence in the rate of deficiencies at port state control inspections at Australian ports between FOC and non-FOC ships from 2004 onwards (AMSA 2015, p. 5).

trading²⁴ may have limited appeal, since an alternative temporary licence avenue is often available under a foreign flag (see Section 3.2.3).²⁵

In 2015, the Abbott and Turnbull governments proposed legislative amendments which would have removed the union collective agreement requirement, but did not address other aspects.

3.2 Coastal shipping policy since the 1950s

3.2.1 Government-led shipping service development

In the aftermath of World War Two, with private owners lacking capital resources and with growing competition from road and rail, government-owned shipping was the dominant force. In establishing ANL, under the Australian Coastal Shipping Commission Act in 1956, the Menzies Coalition Government acknowledged this and set the company on a course of maximising the available opportunities through a program of fleet modernisation and specialisation.

ANL commissioned a series of specialised bulk carriers, Australia's first, to meet the growth in coastal bulk trade in the 1960s. In the general cargo trades, ANL introduced the vehicle deck 'roll-on, roll-off' (ro-ro) concept to Australia in 1961, with two ships operating between Melbourne and northern Tasmania and resulting in reduced and stable freight rates on these routes (Clark et al, p.16).

Both domestic and international (see Section 3.1.1) services were adversely affected by the cost inflation and sluggish economic growth of the 1970s and recession of the early 1980s, in effect ending ANL's growth and development phase. Following the Hawke government's financial rescue package in 1983, ANL abandoned uneconomic general cargo services to Darwin and northern Queensland and the Tasmanian Transport Commission took over the passenger ferry service between Melbourne and Devonport.

3.2.2 From efficiency reform to favouring foreign flags

In addition to its policy of financial measures conditional on labour efficiency reform (see Section 3.1.1), the Hawke government opted, in 1989, to draw on the foreign flag vessel voyage permit system,²⁶ as a further pro-efficiency measure. The aim was to increase competitive pressure on the local industry and ensure that the benefits of crew reductions were passed on to shippers. As well as single voyage permits, continuous voyage permits, not issued for the previous 20 years, would now be allowed (Willis pp. 5-6). While permits were to be used, for example, by 'small, irregular shippers', or to help with 'the risks associated with new trades', or with 'an upsurge in demand' for raw materials processing, this was the start of an internally contradictory two-track policy approach, which has remained in place since: on the one hand, retaining cabotage restriction,²⁷ with priority for

²⁴ AISR vessels are required to trade internationally for a minimum of 183 days and may therefore spend the balance in coastal trading. In 2015 the Abbott and Turnbull Coalition governments proposed reducing the minimum international trading requirement to 90 days.

²⁵ In August 2013, Sugar Australia announced an intention to place the MV Pioneer, a vessel trading on the coast and to and from Singapore, on the AISR. However, the Maritime Union of Australia opposed this course of action and instead agreed to a move to temporary licences, providing for replacement of the Australian crew with foreign nationals, with redundancies and redeployment for the existing crew members (see *MUA Statement Regarding the MV Pioneer*, December 12, 2013, http://www.mua.org.au/statement_regarding_the_mv_pioneer_blog).

²⁶ Under the Navigation Act 1912, there was provision for issue of single and continuous permits to foreign vessels, if no licensed vessel was available and if considered in the public interest.

²⁷ 'Cabotage' refers to the transport of goods or passengers between two or more points within a country. Brooks (2009, p. 4) notes that exact definitions can vary by country. In Australia, the term is

Australian flag vessels using Australian crews, on the other, introducing foreign flag vessels, accessing low wage international labour and open registry taxation arrangements. By 1994-95, the last full financial year of the successor Keating Labor Government, 3.4 million tonnes (seven per cent of the task) were being carried in permit vessels, compared to a negligible share in the late 1980s.

When, in 1996, the incoming Howard Coalition Government repealed all existing shipping industry financial assistance measures (see also Section 3.1.2), the 'playing field' was further tilted in favour of foreign vessels. In 1997, the government's Shipping Reform Group reported that, despite previous efforts, there was an operating cost differential between Australian flagged vessels and similar ones on international registries of at least \$2 million per vessel per year (Shipping Reform Group, p. 1). It recommended both liberalising the guidelines for foreign flag access to coastal trading and equity with foreign competition, through establishment of an Australian second register that could compete on the coast.

In 1998 the government acted on the first recommendation, but not the second. Under new guidelines, continuing voyage permits, previously issued for a total period no longer than three years, could be renewed indefinitely (Byrne 2010).

In 2003, a review by two former transport ministers, John Sharp (Coalition, 1996 to 1997) and Peter Morris (Labor, 1983 to 1987) and commissioned by the Australian Shipowners' Association, commented that:

There is a widespread view that the permit system is being misused to enable foreign ships to become regular operators on the coast. Development of regular coastal services is being inhibited by what is seen as capricious administration of the permit system that favours foreign operators at the expense of Australian enterprises. (Independent Review of Australian Shipping (IRAS), pp. 20-21)

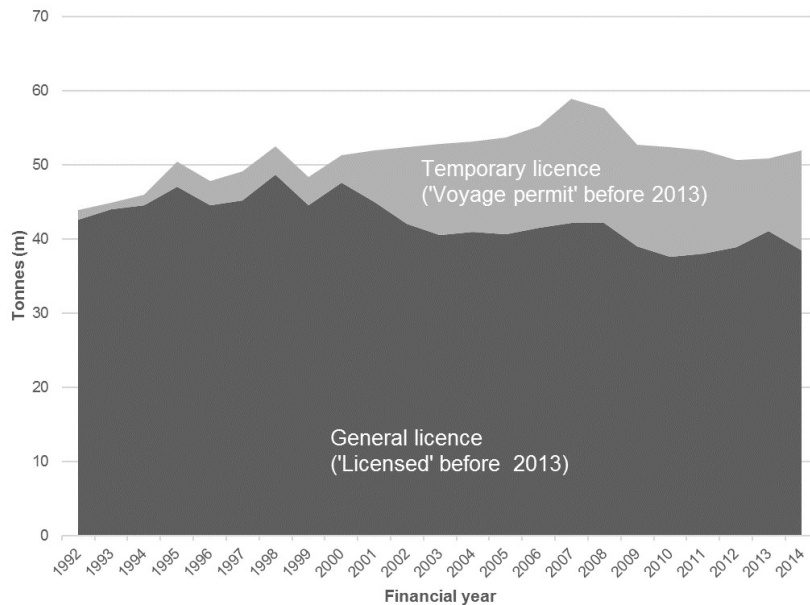
While alternative arrangements might not necessarily have resulted in 'development of regular coastal services',²⁸ foreign flagged ships were indeed becoming 'regular operators'. By the mid 2000s, the permit task had reached a quarter of the total (Figure 7). In addition, several of Australia's largest interstate bulk routes were using a mix of licensed and permit vessels, with the permit share ranging from 27 per cent to 67 per cent.²⁹

used on occasion to refer to reservation of domestic traffic to nationals. In this paper, 'cabotage restriction', or 'closed cabotage' is used for this circumstance or policy.

²⁸ Voyage permits were also issued to visiting international container ships, for trade between east coast ports and, particularly, Fremantle, as part of scheduled international routes. In 2006, Pan Shipping, a domestic operator, entered the east-west container market, having accessed the 'domestic operator primacy' provisions of the 1912 Navigation Act. Pan Shipping offered freight rates midway between those offered by international liner services and those of rail services (Meyrick, p.109). However, amid maintenance difficulties, the company was unable to sustain a reliable schedule and went into administration. In contrast to cabotage operators undertaking a continuing one-way voyage around the Australian coast, Pan Shipping also faced the cost disadvantage of limited available backhaul opportunity on the return leg (Shipping Australia 2008, p.9).

²⁹ Over seven years from 2007-08 to 2013-14, voyage permit (and temporary licence) shares on routes ranged from 39 per cent to 56 per cent (Port Hedland to Port Kembla, Australia's second largest coastal freight route), from 11 per cent to 96 per cent (Gladstone to Newcastle) and from five per cent to 67 per cent (Fremantle to Adelaide). Author analysis based on BITRE 2015b, pages 31 and 40. Australia's largest freight route, Weipa to Gladstone, is regulated under Queensland Restricted Use Flag arrangements, with no requirement to apply for temporary licences (and previously voyage permits). Permits were also used for 'triangulated' routes that involved an international leg. For example, coal may be exported to Asia from the east coast, with the ships returning empty to the west coast, where they pick up iron ore for the east coast. As of 2008, some vessels in this trade used all-Australian crews rather than permits (AIMPE 2008, pp. 4-5).

Figure 7: Australian coastal freight – temporary license and general licence shares



Source: BITRE 2015b, Reserve Bank of Australia Statistics Tables (<http://www.rba.gov.au/statistics/tables/>), Webb 2004, p.21 and author analysis. Webb, citing departmental data, is the source for data to 1997. Author interpolation for 1998 and 1999, noting Webb's numbers are higher than his 1997 figure (5.12 mt and 6.9 mt respectively, compared to 3.9 million tonnes in 1997) and are not compatible with the subsequent BITRE series.

Moreover, in several instances between 1998 and 2003, as reported to a 2008 House of Representatives Inquiry (AIPME 2008, Appendix A), the permit process involved reflagging of an Australian bulk vessel to an overseas registry, redundancy of the Australian crew and its replacement with a foreign crew on foreign conditions, with the vessel continuing to trade on the Australian coast.

With no fiscal incentives in place and a liberal voyage permit regime and with many Australian flag vessels nearing the end of their economic life (IRAS, p.9), the Australian coastal fleet declined in the 2000s, from 41 in 1999 to 28 in 2008.

3.2.3 Re-regulating the industry – illusion, reality and conflict

The Rudd Labor Government was elected in November 2007, undertaking to end 'abuse' of the permit system and to review shipping policy (Ferguson 2007). In June 2008, it issued revised ministerial guidelines for granting licences and permits. Permit applications were to be made available to all licensed ship operators, the better to establish whether an Australian ship was available. The preamble stated that 'The Australian Government's policy is to foster a viable coastal shipping industry in a competitive domestic transport sector' (House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government 2008, p.21).

In a second change, following a parliamentary committee review,³⁰ from January 2010, all permit vessels operating inside Australia's Exclusive Economic Zone became subject, from the third voyage onwards, to the Fair Work Act 2009, via the Seagoing Industry Award. This

³⁰ House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government 2008

extended workplace laws including wage awards to permit vessels, with minimum wage, hours of work and rest period requirements.³¹

Thirdly, in July 2012, the Gillard Labor Government's Coastal Trading Act came into effect. The Act introduced new concepts: 'general licences' instead of 'licences' and 'temporary licences' in place of 'voyage permits'. General licence holders were required to be Australian owned, use Australian flagged vessels, employ Australian residents and pay crew wages at Australian award rates, while a renewable temporary licence became available to foreign-flagged ships and to ships on the Australian International Shipping Register (see Section 3.1.3). Applicants could make just one application annually, with prior specification of voyage information, in blocks of five or more, together with mandatory publication to allow general licence holders an opportunity to nominate to carry the cargo instead and mandatory negotiation with any general licence holder who came forward.

Industry criticised the new arrangements for increasing costs,³² reducing flexibility and adding to regulatory burden. Bulk shippers complained that the regime had led to a 'general licence holder monopoly for the dry bulk market ... where the General Licence holder could use foreign flagged vessels for journeys at a higher cost than could be accessed directly by the customer' (Australian Aluminium Council 2015, p.2). At least one instance was cited where the impact of increased wages on international container ships had resulted in imports replacing domestic production, due to the increased cost of freight movement around the coast (Sugar Australia 2012).

But whatever the overall impact on costs and on shippers, the new licensing arrangements did not reduce participation of foreign flag ships on the coast. In 2013-14, temporary licence vessels carried 13.5 million tonnes, 26 per cent of the task, similar to previous years.³³ While bulk routes predominated, the Melbourne to Fremantle container route, as under the previous arrangements, used the largest number of voyages (257, 14 per cent of the total). In addition, as in the early 2000s, there were instances of Australian crews being made redundant, to make way for foreign crewed vessels on temporary licences.³⁴ And, as in the

³¹ Industry sources indicate wage rates under the award of up to \$A30 per hour. Rates in the liner trades may be higher than those for bulk carriers. This is consistent with Part B of the Seagoing Industry Award 2010, which indicates rates of around \$A20 per hour, without adjustment for overtime or for inflation since that time. See <http://awardviewer.fwo.gov.au/award/show/MA000122>. While higher than ITF recommended rates (see Footnote15), they are below Australian enterprise bargain rates of around \$50 per hour.

³² This was not a universal view, as ANL, the largest (international) carrier of containers around the coast, submitted that the overall trend in freight rates was downward rather than upward (ANL 2015, p.5). This would be consistent with recent year international freight rate trends to Australia (see Section 5.2).

³³ This is the only year since the introduction of the Coastal Trading Act for which full data is currently available, with partial data only available for 2013-14.

³⁴ In two 2016 cases, removal of the crew was forcible, in order to expedite installation of foreign crews to sail the vessels overseas. In one case (MV Portland, Kwinana to Portland route), this was so that the vessel could be scrapped and in the other (CSL Melbourne, Gladstone to Newcastle route) the purpose was international redeployment. In both cases, foreign-crewed temporary licence vessels were to be used in future on the domestic routes. See "Guerrilla raid: Security guards force Australian crew off Alcoa ship MV Portland", *The Age*, January 13, 2016 <http://www.theage.com.au/victoria/guerrilla-raid-security-guards-force-australian-crew-off-alcoa-ship-mv-portland-20160112-gm4lcs.html#ixzz475E3lyA6> and "Armed ships remove ship's Australian crew, escort replacements aboard", *Sydney Morning Herald*, February 5, 2015 <http://www.smh.com.au/national/armed-police-remove-ships-australian-crew-escort-replacements-aboard-20160205-gmml2y.html>

earlier period, the total number of Australian registered ships declined further, from 28 in 2007-08 to 21 in 2013-14.³⁵

In 2015 the Abbott Coalition Government proposed legislative amendments aimed at a simpler, more deregulated system, involving annual permits, renewable as with existing arrangements. Ships trading on the coast for less than 183 days in a year would not attract payment of award wages – in effect, raising substantially the existing three voyage threshold. Ships trading for more than 183 days would be required to adhere to minimum Australian crewing requirements, mirroring those for ships on the AISR (i.e. at least two Australian officers, see Section 3.1.3), as well as to pay minimum award wages to foreign crew members. Ships on the AISR should spend at least 90 days in international trade, rather than 183 as currently and thus could choose to be predominantly engaged in coastal trade. Fully Australian crews would not be required in coastal trading.

Despite support from shipper representatives, the proposals were criticised for the potential for maritime industry job losses and for not offering a competitive level playing field. Intercontinental Shipping, a bulk carrier owner, stated it would become uncompetitive, given an annual foreign crew cost advantage of greater than one million dollars (Intercontinental Shipping Group 2015). It considered that a foreign ship owner, using the 183-day temporary licence provision for each ship, could rotate vessels to offer a continuing service, while staying below the limit. The Senate rejected the amendment bill in November 2015.

4 Tasmania services

In contrast to international and coastal shipping, Tasmania services have been a source of bipartisan agreement for 40 years. Since the mid-1970s, they have been indirectly supported by subsidy, with payments made directly to shippers,³⁶ in compensation for the state's 'freight disadvantage' that results from its near total dependence on sea freight for its domestic freight needs.

In today's world, at the relatively short distance (400 kilometres) between the Australian mainland and northern Tasmania, road would have the modal competitive advantage for non-bulk or general freight, but, by definition, cannot be used. It follows that dependence on sea freight for the state's non-bulk freight needs (Figure 8) creates a relative cost and timeliness disadvantage.

4.1 Tasmania shipping policy since the 1970s

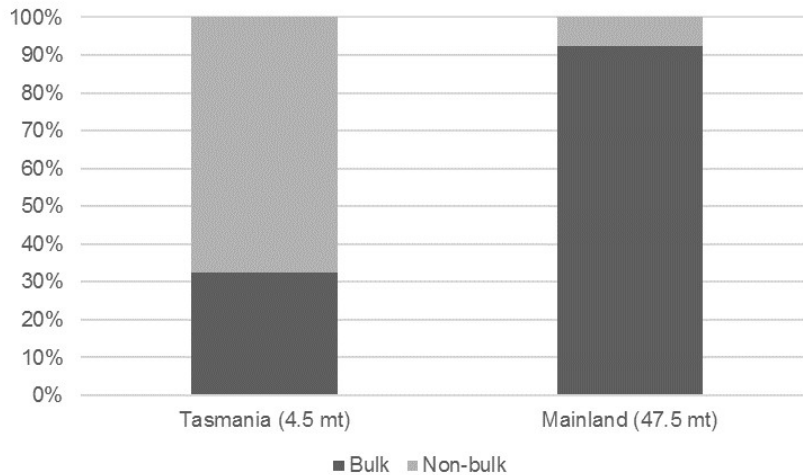
4.1.1 The 1960s 'ro-ro' revolution

Tasmania shipping services were re-invigorated in the 1960s, following ANL's introduction of Australia's first roll-on roll-off car and truck passenger ship, *Princess of Tasmania*, in 1959, successfully adapting a new European vessel design. Introduction of this vessel and the cargo-only *Bass Trader* 'resulted in stable freight rates and some reductions compared with those applying to conventional vessels previously employed' (Clark et al, p.16). With growing trade, ANL introduced its third and largest ro-ro-vessel, *Australian Trader*, in 1969. (Lee p. 1)

³⁵ With petroleum tanker and other recent departures from the register, the number of ships appears to have fallen further since (Lloyds List Australia 2016a).

³⁶ Payments are administered by the Department of Human Services and Centrelink, in accordance with Ministerial Directions and Guidelines issued by the Commonwealth Minister for Infrastructure and Regional Development.

Figure 8: Domestic sea freight profiles, Tasmania and the mainland, 2013-14



Source: BITRE 2015b, p.19 and author analysis

At the same time, as Lee puts it, “These vessels were basically carriers of cars and trucks and their drivers. Their design was clear evidence that, by the 1960s, passenger shipping could only survive in Australia where there were no roads or railways to carry the traffic” (ibid.). Thus Tasmania was more susceptible than formerly to relative disadvantage resulting from any increases in shipping costs, as soon occurred.

4.1.2 The Tasmanian Freight Equalisation Scheme

Economy-wide cost and price inflation of the late 1960s and 1970s triggered introduction of the Tasmanian Freight Equalisation Scheme (TFES). Docrwa writes:

The event which was ultimately lead to the TFES was a decision by the Federal Government to allow ANL to increase non-bulk freight rates by 12.5 per cent on its Tasmanian services with effect from 1 August 1970. The controversy that developed from this decision was such that the Senate referred the matter to its Standing Committee on Primary and Secondary Industry and Trade. It was the Committee’s conclusion that, while the increase in freight rates was fully justified, Tasmania was placed at a disadvantage relative to other States in terms of freight costs. It also concluded that the inherent inflexibility of shipping placed Tasmania at a disadvantage in the absence of alternative transport modes. (1988, p. 654)

In June 1971, Peter Nixon, Minister for Shipping and Transport in the McMahon Coalition Government, referred the issue to the Bureau of Transport Economics. The bureau found that it cost between one and five dollars more to move a ton of non-bulk freight by sea than by rail or road, in comparison to a hypothetical Melbourne to Devonport road route (BTE 1973, p. 22). However, Tasmania suffered no disadvantage in bulk cargo, where cost of movements between Tasmanian ports and the mainland was similar to that between mainland ports.

In April 1974, with continuing freight rate increases, the Whitlam Labor Government established the Nimmo Commission of Inquiry to report on the causes, extent and effects of any differences in transport costs between Tasmania and the mainland. Reporting to the incoming Fraser Coalition Government, the commission confirmed Tasmania’s cost disadvantage for most non-bulk goods, but not for imported consumer goods, due to the national price equalisation policies of many suppliers. The commission considered the cause of disadvantage to be the state’s ‘physical separation from the mainland’. Moreover, a case could be made to offset the disadvantage on the grounds that ‘Tasmania is a sovereign member of the Australian federation and ‘in federating, the States in effect agreed to share

their resources (Nimmo p. 152, cited in Docwra, p. 655). The scheme came into effect in June 1976.

There have been two expansions since, to island freight within Tasmania and exports, as a consequence of which the scheme now applies to about half of Tasmania's non-bulk trade.³⁷

In 2008, the Rudd Labor Government extended the scheme to intrastate sea freight shipped between a number of islands (King Island, Flinders Island and the Furneaux Group) and mainland Tasmania. At around one per cent of scheme payments, this has been a small addition to the scheme.

In January 2016, exports transhipped through a mainland port became eligible for TFES funding.³⁸ At an annual cost of \$57 million, this was a 60 per cent expansion in the size of the scheme. The decision acknowledged exporters' increased dependence on Bass Strait shipping, following cessation of weekly liner shipping calls at Hobart (2005) and Bell Bay (2011). Also, under the previous arrangements, some businesses had opted to relocate manufacturing and processing activity from Tasmania to Victoria, to obtain the reduced freight cost and so remain competitive (Productivity Commission 2014, p. 99).

In announcing the scheme's expansion, Prime Minister Abbott implicitly invoked a federal equity rationale:

The cost of freight is a major handicap for the Tasmanian economy. Unlike their counterparts in other parts of Australia, Tasmanian business can't transport their goods interstate by road and rail.³⁹

4.2 Tasmanian freight equalisation – issues and indicators

Despite bipartisan support and longevity, the TFES is often the subject of official criticism in review reports. Three issues stand out.

4.2.1 Does the scheme overcompensate freight disadvantage?

The technical basis of the scheme, which reduces the cost of eligible freight by about two-thirds,⁴⁰ involves 'parameters' for the wharf to wharf shipping cost per 20-foot equivalent unit (TEU) and the 'road freight equivalent' cost. The parameter values were recommended by the Tasmanian Freight Equalisation Review Authority, headed by former transport minister Peter Nixon and set up by the Howard Coalition Government in 1998. They remain in place today, with adjustment for inflation.

The Bureau of Infrastructure, Transport and Regional Economics (BITRE) has advised government on rates of assistance since the 1970s and has consistently recommended that these be reduced. Governments, however, have not acted on this advice. In recent years, the bureau has argued that rates of assistance significantly overcompensate shippers, due to increases in road freight costs since the 1990s. However, in the context of the 2014 Productivity Commission review, Norske Skog Paper Mills challenged the bureau's findings. Where BITRE found a 60 per cent increase in road freight costs over some 15 years, the company's estimate, based on its own mainland road freighting experience, was only 20 per cent (Productivity Commission 2014, pp. 68-70). The company stated further that its

³⁷ Author estimate based on 2011-12 data. In that year, with exports excluded, TFES claims were paid in respect of 34 per cent of total non-bulk trade (BITRE 2013, p.37).

³⁸ http://www.budget.gov.au/2015-16/content/bp2/html/bp2_expense-18.htm

³⁹ "\$203m funding boost for the Tasmanian Freight Equalisation Scheme", *Mercury*, 13 March 2015, <http://www.themercury.com.au/news/tasmania/203m-funding-boost-for-the-tasmanian-freight-equalisation-scheme/news-story/fac221a7b714092a3f8a9b1a93686fe8>

⁴⁰ A standard container with a wharf-to-wharf freight cost of \$900 would receive a TFES payment of \$648, including an intermodal allowance of \$100. See BITRE supplementary submission to Productivity Commission 2014, Attachment B.

confidential submission showed that existing assistance, rather than overcompensating the firm, undercompensated it by some 27 per cent. In response, the bureau noted that Norske Skog is a very large shipper and its freight costs may be well below market rates paid by most shippers.

With freight rate information almost always ‘commercial in confidence’ and varying by commodity, volume and other factors, the extent of freight disadvantage may be difficult to resolve definitively. However, there is no disagreement that material disadvantage exists and is addressed by the scheme.

In addition, the issue of overcompensation – and undercompensation – has not destabilised the scheme, as it might if payments were made to shipping lines, rather than to shippers. Such an approach could trigger questions about excess company profits on the one hand, or a threat to service viability on the other. Here, the scheme’s administrative design is a particular source of strength.⁴¹

4.2.2 Does the scheme blunt incentives for efficient, cost-effective shipping?

The 1998 Nixon review successfully recommended an absolute cap on sea freight disadvantage, to provide shippers with an incentive to seek out more cost-effective shipping services. In similar vein, in 2006 the Productivity Commission recommended a single flat rate of subsidy per container shipped, as a means of overcoming ‘shopping around’ behaviour to access the most advantageous rate, of reducing administration and compliance costs and improving incentives to producers to minimise transport costs. While in 2008 the Rudd Labor Government did not accept this change, in 2015 the Abbott Coalition Government adopted a flat rate per container approach, in announcing the scheme’s extension to exports.

The broader question of the competitiveness of Bass Strait shipping services against benchmarks was addressed in a 2013 study for the Tasmanian Freight Logistics Coordination Team (Aurecon 2013, pp. 14-18). The best comparator found was with services of similar distance between the United Kingdom and the Netherlands. However, as international rather than domestic services, these services are open to foreign flag vessels, while the United Kingdom itself has an internationally competitive shipping taxation regime. In addition, “commonly vessels in these trades employ east European crews whose wages are less than Australian but more than Asian wages”. (ibid, p. 14). The cost difference of 24 per cent was considered explicable in terms of these and other factors.⁴²

4.2.3 What is the scheme’s economic rationale?

The Productivity Commission has argued that the scheme has ‘no sound underlying economic rationale’ and ‘if a broader objective of regional development is intended, a sea freight subsidy is unlikely to be the most economically efficient way of meeting this’ (2006, p. xiv). As early as 1985, an alternative name for the scheme – featuring ‘freight compensation’ rather than ‘freight equalisation’ – was proposed (Inter-State Commission 1985), but was not accepted by government.

Official unease with the scheme may perhaps reflect the scheme’s basis in a notion of equity between states in the Australian federation, as per Nimmo’s original recommendation (Section 4.1.2), rather than in a more usual promotion of economic efficiency.⁴³ The ‘inequity’

⁴¹ A 2011 performance audit endorsed existing arrangements, while recommending development of a strategy to reduce the risk of incorrect payments and strengthened quality assurance procedures (Australian National Audit Office 2011, pp. 15-30).

⁴² Access to duty free fuel and the dense market conditions of north western Europe, with resulting competition between ports, also favour the European comparator (ibid, p. 16).

⁴³ See also Infrastructure Australia 2012.

can be understood in economic terms: that is, the inability to capture the 'economies of distance', or long haul economies, that characterise sea freight transport (Pienaar 2013).⁴⁴ . But, necessarily, the economic policy task has been circumscribed. It has involved, on the one hand, estimating the size and coverage of compensation (that is, the extent of the diseconomies of distance) and, on the other, minimising the behavioural inefficiency that ongoing access to a price subsidy may engender.

4.3 The Bass Strait Passenger Vehicle Equalisation Scheme

In September 1996, the Howard Coalition Government established the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES), to 'reduce the cost of sea travel across Bass Strait for passengers accompanied by an eligible vehicle' (BITRE 2016a, p. 1). Introduced in the aftermath of the Port Arthur Massacre, in which 35 tourists and others died, the scheme aims to support Tasmanian tourism, the state's second largest industry.

Despite its name and unlike the TFES, the scheme, which reduces the fare for an eligible passenger vehicle by 70 per cent, does not seek to equalise the cost of holidays that involve use of a car to and from Tasmania relative to other locations. The Abbott Coalition Government reconfirmed this in 2015 (Department of Infrastructure and Regional Development 2015a).

Motor-vehicle accompanied sea passenger travel more than trebled in the scheme's first seven years, increasing from 131,000 in 1995-96 to 432,000 in 2002-03, while air travel plateaued (BITRE 2016a, p. 32 and p. 16). It fell back thereafter, with introduction of low-cost air travel, but, at 344,000 in 2013-14, was still two and a half times the pre-scheme level.

At 91 per cent, the air transport mode share between the mainland and Tasmania is higher now than at any other time since the early 1990s (BITRE 2016a, p. xii and p. 23) due to air fare reductions and routing and schedule improvements. But it has also always been high relative to distance. This is the basis of the 'transport disadvantage' concept that underlies the scheme, as it does the TFES.

In 2003-04, despite the success of the BSPVES, the air mode share between the eastern states and Tasmania of 81 per cent was higher than that between Melbourne and Sydney (78 per cent), Sydney and Brisbane (69 per cent) and Melbourne and Adelaide at 51 per cent (BITRE 2006). The implication for tourism of high dependence on air travel is fewer 'self-drive' tourists than there might be otherwise and shorter tourism stays. BITRE estimates that car-accompanied sea travel is 23 per cent higher than it would be in the absence of the scheme. In addition, while sea passengers comprise only 9 per cent of visitors to Tasmania, they contribute about 20 per cent of tourism spending.

Thus, as with the TFES, albeit to a lesser extent, the case for compensation of a 'federal' inequity holds up.

5 Regulating liner shipping

Since 1966 Australian policy towards international liner shipping has been governed by a legislative framework that exempts liner shipping 'conference' agreements⁴⁵ from the application of generally applicable competition law, in return for accountability and service

⁴⁴ While the concept is not made explicit, for stylised analysis of economies of distance for different modes, see BITRE 2009, pp. 5-7 and Productivity Commission 2006, p. 20.

⁴⁵ Conferences are broadly defined under Australian legislation, in contrast to Europe and include not only binding rate-setting agreements, i.e. as per the traditional definition, but also non-binding pricing 'discussion agreements' and consortia or operational/technical agreements that provide for sharing of space on vessels (Productivity Commission 2005, p. 98, citing a Shipping Australia submission).

commitments.⁴⁶ As stated in today's Competition and Consumer Act, the framework aims to ensure that exporters and importers have continued, stable access to liner shipping services of adequate frequency and reliability at internationally competitive freight rates. This is to be achieved 'by permitting continued conference operations while enhancing the competitive environment for ... services through the provision of adequate and appropriate safeguards against abuse of conference power'.⁴⁷

This section commences with some special difficulties in assessing the success or otherwise of liner shipping regulatory policy.

5.1 Issues in assessing success

The first difficulty in assessing success in liner shipping regulation is that policy involves a trade-off between the 'bad' of allowing collusion that is not normally permissible for other firms and the 'good' of mandatory negotiation between shipping lines – which, collectively at least, possess market power – and shippers on minimum levels of service. It is inevitable both that there will be dissatisfaction among parties about the trade-off achieved and that perspectives of stakeholders on what is satisfactory will differ.

Secondly, to assess the impact of the regulatory settings requires a counterfactual: what would have happened to freight rates, service frequency and coverage and to national economic growth in the absence of these settings? Whether because the counterfactual would be difficult to persuasively construct, or for other reasons, to date no review, of which there have been five over 50 years, has attempted this sort of 'net impact' assessment.⁴⁸

5.2 Australian trends

As elsewhere, most current liner shipping agreements involve supply-side, rather than demand-side coordination. In 2010, 70 out of 110 agreements were operational, 17 were discussion agreements, in which shipping lines discuss non-binding freight rate bounds and there were four rate-setting conferences (Bertho 2011, p. 297).

Market concentration is high on the Australasia to US trade lane, with 91 per cent of trade carried by the top four carriers (TPR et al 2015, p. 18). In contrast, with 17 carriers providing eight services, market concentration on the Australia to North East Asia trade lanes is lower.⁴⁹ Differences primarily reflect market and geographic factors. In the North America trade lanes, lower volumes and longer distances, relative to North East Asia, result in fewer ships and lower frequencies and these in turn tend to lead to fewer operators.⁵⁰

Regarding pricing, high freight rates were an at least occasional concern during the rate-setting conference period which largely ended in the 1990s, with some of the criticism directed at government-owned ANL.⁵¹ As to very recent trends, rates on the Shanghai to Melbourne route fell by more than 100 per cent between 2009 and 2014, from \$US1,500 per

⁴⁶ There was a preceding legislative framework, under the Industries Preservation Act 1909, which was used to reconcile the interests of shipping lines and shippers, but without shipping-specific provisions. See Llew Russell AM, "Delving into the history of shipping", *Lloyds List Australia* 2015, p. 54.

⁴⁷ Competition and Consumer Act 2010, Part X, 10.01 Objects of Part, http://www.austlii.edu.au/au/legis/cth/consol_act/caca2010265/

⁴⁸ *Shipping Australia* (2014, pp. 17-20) provides a summary of the reviews.

⁴⁹ These data were provided by Shipping Australia Ltd, personal communication, 19 May 2016. The Australia to North East Asia trade lanes do not form part of the TPR et al study and the actual market concentration ratio is not known.

⁵⁰ Stephen Meyrick, personal communication, 31 July 2016.

⁵¹ In 1981, Peter Morris, Labor Opposition transport spokesperson, criticised conferences for 'restrictive trade practice with a high cost structure' and suggested that ANL should undercut the conference system rather than be part of it (*Lloyds List Australia* 2016b).

20-foot equivalent unit (TEU) to \$US678 per TEU (UNCTAD 2015, p. 58), in line with global trends. Rates have fallen further since (Lloyds List Australia 2016a), amid over-capacity, as evidenced by the bankruptcy in 2016 of Hanjin Shipping, a South Korean-owned line (Murray 2016).

5.3 Two phases of policy

Two phases of policy can be distinguished, up to 2000 and since 2000. In the first period, the current framework was developed. In the second, governments have considered change, with impetus from partial deregulatory moves implemented in Europe and the United States, but are yet to act.

5.3.1 Developing the framework

In 1966, a Trade Practices Amendment Act was passed 'for the purpose of Controlling the Operations of Shipping Conferences'. This followed an attempt by Billy Snedden, the Federal Attorney General (Menzies Coalition Government), two years earlier, to prosecute two British shipping companies for fixing wool freight rates to Japan and restraining trade (Hetherington 2015). Snedden's prosecution action, eventually withdrawn, preceded Australia's first Trade Practices Act, which was legislated in 1965 (Australian Competition and Consumer Commission 2004). With the 1966 amendment, shipping lines were eligible for the exemptions from competition law, provided they filed their conference agreements and undertook to negotiate with an (export) shipper body designated by the minister.

The concept of negotiated agreements, filed with government, between shipping lines and shippers was an Australian innovation.⁵² In the way that it has developed subsequently, to include minimum levels of service on matters including 'freight rates, charges for inter-terminal transport services, frequency of sailings and ports of call'⁵³, it remains unusual internationally in seeking to strengthen the bargaining position of shippers.

In 1989, the Hawke Labor Government put in place Part X of the Trade Practices Act. This established the current objectives of the Act and bolstered safeguards against potential conference market power. These included: a registration procedure which required conference agreements to be publicly available, where previously shippers had had no access; and minimum levels of service and an enhanced negotiating position for shippers (Willis 1989, pp. 16-17).

In 2000, Part X was extended to include importers. This provided the right to importers to negotiate collectively with inward conferences without seeking authorisation under Part VII of the Act, similar to exporters (Productivity Commission 2005, p. 96). Shipping lines were required to give 30 days' notice to peak shipper bodies to changes to negotiable shipping arrangements and to negotiate when requested to do so.

5.3.2 To deregulate or not to deregulate

Since the early 2000s, some deregulation has been expected, following partial deregulatory shifts and statements of intent in the northern hemisphere⁵⁴ and following a Productivity

⁵² Personal communication Llew Russell AM, 16 October 2015 and Andrew Chittenden, Shipping Australia, 19 May 2016. Other countries, including the United States, China, Japan, Korea and New Zealand, have no counterpart to current Australian arrangements for minimum level of service agreements. There are no filings in the European Union.

⁵³ Competition and Consumer Act 2010, p40, http://www.austlii.edu.au/au/legis/cth/consol_act/caca2010265/. The words cited are from the Act's definition of 'negotiable shipping arrangements'.

⁵⁴ In 1998, the United States (US) extended legal protection to confidential individual service contracts between shipper and shipping line, in a change seen as a break from the already receding rate-setting conference agreements. However, confidential individual contracts fitted comfortably with

Commission review in 2005. Unlike an earlier (1999) report, this recommended repeal of Part X in favour of an authorisation process under Part VII of the Act, which would place a greater onus of proof on shipping lines and would require a public benefit test. The Howard Coalition Government did not accept this recommendation. However, it did agree to remove exemption for discussion agreements, involving 'price signalling between shipping lines' and which became more common in the early 2000s following regulatory change in the US.⁵⁵

The Australian Peak Shippers Association (APSA), the designated representative body, supported this recommended change, concerned that supposedly voluntary guidelines were influencing independent, non-conference carriers as well as conference ones in their pricing behaviour (APSA 2004, p.18). Shipping Australia, representing shipping lines, was opposed, considering it would result in lower levels of minimum service and that it would undermine Part X.⁵⁶ Both organisations favoured retention of Part X.⁵⁷ In the end, with no action before the government lost office in 2007, the recommendation lapsed.

A general repeal recommendation was repeated in a joint Australia-New Zealand study in 2012 (Productivity Commission and New Zealand Productivity Commission 2012) and again in the 2015 Harper Competition Policy Review. This review considered that the Australian Competition and Consumer Commission should have the power to authorise a block exemption for shipping agreements that meet a minimum standard of pro-competitive features. Administration would move from the Registrar of Liner Shipping (in the Department of Infrastructure and Regional Development) to the commission.

Shipping Australia doubted that an alternative regulatory regime could provide the necessary legal certainty, stating that avoiding costly and time-consuming case-by-case consideration of shipping agreements was important. The Department of Infrastructure and Regional Development concurred with the latter point (Submission 2014, p.6), as did APSA. The association's reform priorities centred on discussion agreements, as in 2005, together with lack of transparency in and avenues of redress for the numerous 'sundry surcharges' set by shipping lines.⁵⁸

The Turnbull Coalition Government responded to the review by agreeing to investigate options as to how a class exemption could be applied to liner shipping, to ensure that routes continue to be reliably and competitively serviced and that the costs to obtain an exemption

'discussion agreements', which began to proliferate. These involve the issuing of non-mandatory pricing guidelines, rather than a mandatory pricing schedule as under a conference agreement. In 2002, the Organisation for Economic Co-operation and Development (OECD) encouraged member countries to seriously consider removing anti-trust exemptions for both price fixing and rate discussions (OECD 2002, p.78). In 2008, the European Union, in a move long foreshadowed, withdrew its block exemption for conferences. Unlike the US, the EU never provided regulatory exemption to discussion agreements. Consortia, involving supply-side co-ordination among shipping lines in order to maximise vessel capacity and utilisation, while meeting service frequency and other requirements, have continued to have exemption from competition law in all jurisdictions.

⁵⁵ See Footnote 54.

⁵⁶ Shipping Australia commented (2008, p.38): "... if the exemption was no longer extended to Discussion Agreements, then minimum service levels negotiated with shipper groups would obviously be considerably lower in any particular trade lane and the opportunity to exchange information between shippers and carriers on future likely demand and supply factors would be seriously undermined." Now as then, the association sees the freedom to discuss pricing as a 'quid pro quo' for members' commitment to meet minimum levels of service (personal communication, Rod Nairn, Shipping Australia, 28 January 2016).

⁵⁷ The Australian Peak Shippers Association considered that repeal would lead to a decline in the level of shipping services to Australia (Submission, p. 13).

⁵⁸ APSA considered that freight surcharges "are randomly instituted or increased by the shipping lines with little or no justification" and should not be beyond legislative scrutiny. The submission listed more than 20 surcharges in an attachment to the submission, including Currency Adjustment Factor and Bunker Adjustment Factor (APSA 2014).

are not burdensome (Department of the Treasury 2015, p. 6). Options would need to be consistent with Australia's international law obligations.

5.3.3 Concluding assessment

Liner shipping regulatory policy today faces a challenge of striking the 'right' balance between the freedom of action of shipping lines, constraints on that freedom in the interest of shippers and the overall implications of alternatives for service cost, frequency, continuity and network coverage. Three aspects of Australia's policy history point to a level of success.

Firstly, there is the consistent support by shipper representatives for the Part X regime and its predecessor. Particularly in the absence of an Australian owned shipping line since 1998, reasonable shipper interests should align quite closely with the national interest. The second aspect is the innovative dimension of Australian arrangements, in securing a stronger bargaining position for shippers than applies elsewhere. The last is the arrangements' longevity, including the recent decade of policy hesitation since a repeal recommendation has been on the table.

6 Shipping policy success factors

6.1 Accepted higher level goal and rationale

Australian shipping policy aimed for service development from the 1950s to the 1970s and efficiency improvement and service rationalisation in the 1980s and into the 1990s. The higher level rationale that helped sustain policy was 'national development', in a context of a certain economic nationalism in the earlier period (Evans 1999) and of the competitiveness of Australia's industries, as the whole economy internationalised, in the later one. But the strategy died in the post-recession 1990s and, with sale of the industry centrepiece, ANL, in 1998, Australia opted to benefit from an increasingly cost-efficient global industry, rather than seek to match and join it. Attempted re-regulation in the past decade has not linked to any widely accepted higher level rationale. Notional or illustrative higher level rationales that might provide a focus for a policy to grow an internationally competitive Australian shipping industry include the country's future as a provider of services – including tourism, noting the growth of a foreign flag cruise line sector in Australia – and the country's depth of supporting defence capability.

In contrast, in liner shipping regulation, the Australian Government has for 50 years pursued a goal of providing a framework for stable, frequent and reliable services, through conditional exemptions from normal competition law and mandated negotiation and transparency. The higher level goal that the policy supports is that of continued economic growth through trade.

Similarly, the policy of minimising the freight disadvantage experienced by Tasmania, due to absence of mainland road and rail connections, has had continuous bipartisan support since the early 1970s. The higher level rationale is federal – and, in that sense political – rather than economic, i.e. the equitable treatment due Tasmania as one of Australia's six states and the only state wholly dependent on comparatively costly and slow sea freight to meet its inter-state surface transport needs. This policy rationale is not a 'regional' one, as other islands and regions dependent on sea freight suffer similar transport disadvantage, but do not receive federal compensation.⁵⁹ While not as strong, a similar 'federalism' rationale sustains the Bass Strait Passenger Vehicle Equalisation Scheme.

⁵⁹ Freight disadvantage similarly affects the islands of the Torres Strait and other parts of northern Australia, including coastal communities that are inaccessible by road for part of the year due to flooding and Kangaroo Island (South Australia). However, fairly or otherwise, the 'federal' or 'whole state' rationale is not available to be invoked in relation to these locations.

6.2 Government leadership

The Commonwealth Government exercised leadership in Australian international and coastal shipping policy from the 1940s to the 1980s and into the 1990s. Industry growth was the main transport policy objective in the earlier years, followed by industry efficiency and growth in the later period, with a 'closed cabotage' level playing field in place until the 1990s. Subsequent prioritisation of cost-competitiveness for shippers involved an unlevel playing field between Australian flag and foreign flag ships and an apparent lack of policy interest in continued industry viability. Then a reaction against this approach in the early 2010s ran into difficulty for apparently doing the reverse of the previous policy – promoting industry revitalisation at the expense of cost-competitive and reliable services for shippers. More encouragingly, steps were taken towards globally competitive tax settings and reformed crew nationality requirements in international shipping. However, successful leadership may require simultaneous and sustained engagement with three objectives: cost-competitiveness for shippers, shipping industry viability and regulatory certainty and simplicity.

In liner shipping regulation, existing arrangements, designed incrementally since the 1960s, engage quite effectively with both shipping lines' need for co-ordination and the value for shippers in negotiated minimum levels of service. Had governments simply accepted recommendations for change over the past decade, the balance and stability in these arrangements might have been lost.

With regard to Tasmanian freight equalisation, Commonwealth Government leadership has not been in doubt over 40 years, through scheme funding, well-designed administrative processes such as payment of subsidies to individual shippers rather than shipping lines and extensive sponsorship of review processes seeking to improve the scheme.

6.3 Policy persistence

In the two continuously successful areas of policy, liner regulation and Tasmania services, policy was initiated by one side of politics and continued by the other. With durations of 50 years (liner shipping regulation) and 40 years (Tasmania services), policy persistence has entailed, respectively, six and four changes of party in government at federal elections. Similarly, the early developmental and successful phase of international and coastal shipping policy, lasting more than 30 years, was maintained through three changes of government (1972, 1975 and 1983).

7 Conclusion

Two of the areas of shipping policy examined here have, over decades, experienced stable transport policy objectives that inform a higher level non-transport goal – economic in one (liner shipping regulation) and political or constitutional in the other (Tasmania services). Due also to generally sustained Commonwealth leadership in these areas and to policy continuity through several changes of government, outcomes have been better than satisfactory, while outstanding issues remain, particularly in liner regulation.

International and coastal shipping policy, the third area, was supported by an economic rationale up until the 1990s, as, in effect, a strategic industry, that it was important to both grow and make more efficient. However, there has been no clear or accepted higher level rationale to underpin shipping policy over the last 20 years. Policy has, accordingly, struggled to engage with multiple objectives simultaneously, with, in recent times, one side of politics apparently championing one objective and the other side another. The impasse remains to be overcome, in the interest of the national good, one that itself needs to be spelt out.

8 References

- ANL 2015, Submission to the Senate Rural and Regional Affairs and Transport Legislation Committee Inquiry into the Shipping Legislation Amendment Bill 2015, [file:///C:/Users/philp/Downloads/sub38_ANL%20\(2\).pdf](file:///C:/Users/philp/Downloads/sub38_ANL%20(2).pdf)
- Australian Institute of Marine and Power Engineers (AIPME) 2008, Submission to House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government Inquiry into Australian Coastal Shipping, file:///C:/Users/philp/Downloads/http_www.aphref.aph.gov.au_house_committee_itrdlg_co_astalshipping_subs_sub35.pdf
- Australian Peak Shippers Association (APSA) 2004, Submission to the Productivity Commission Review of Part X of the Trade Practices Act 1974, <http://www.pc.gov.au/inquiries/completed/cargo-shipping-2005/submissions/sub005/sub005.pdf>
- APSA 2014, Second submission to the Competition Policy Review in response to the Draft Report, <http://competitionpolicyreview.gov.au/files/2014/11/APSA.pdf>
- Aurecon 2013, *Tasmanian Shipping and Ports*, Department of Industry, Energy and Resources, September, http://www.stategrowth.tas.gov.au/_data/assets/pdf_file/0009/88560/Tasmanian_Shipping_and_Ports.pdf
- Australian Aluminium Council 2015, Submission to the Senate Rural and Regional Affairs and Transport Committee Inquiry into the Shipping Legislation Amendment Bill 2015 [file:///C:/Users/philp/Downloads/sub35_Aus%20Aluminium%20Council%20\(1\).pdf](file:///C:/Users/philp/Downloads/sub35_Aus%20Aluminium%20Council%20(1).pdf)
- Australian Competition and Consumer Commission 2004, *Update*, Issue 16, December 2004, <https://www.accc.gov.au/system/files/ACCC%20Update%20issue%2016.pdf>
- Australian Government 2014, *Options Paper: Approaches to regulating coastal shipping in Australia*
- Australian National Audit Office 2011, *Tasmanian Freight Equalisation Scheme*, Audit Report No. 13 2011-12, <https://www.anao.gov.au/sites/g/files/net1661/f/201112%20Audit%20Report%20No%2013.pdf>
- Australian Shipowners Association 2008, Submission to House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government Inquiry into Australian Coastal Shipping, file:///C:/Users/philp/Downloads/http_www.aphref.aph.gov.au_house_committee_itrdlg_co_astalshipping_subs_sub29.pdf
- Bertho, F 2011, 'Maritime Transport in Australia' in APEC Policy Support Unit 2011, *The Impacts and Benefits of Structural Reforms in Transport, Energy and Telecommunications Sectors*, Ch. 13, Singapore, [file:///C:/Users/philp/Downloads/13-Maritime_Transport_in_Australia%20\(1\).pdf](file:///C:/Users/philp/Downloads/13-Maritime_Transport_in_Australia%20(1).pdf)
- Brooks, M 2009, *Liberalization in Maritime Transport*, OECD International Transport Forum 2009, https://www.researchgate.net/publication/261950511_Liberalization_in_Maritime_Transport
- Bureau of Infrastructure, Transport and Regional Economics (BITRE) 2013, *Tasmanian Freight Schemes – Parameter Review 2013*, <https://bitre.gov.au/publications/2013/files/tfs-pr-2013.pdf>
- BITRE 2014, *Australian sea freight 2012-13* https://bitre.gov.au/publications/2014/files/asf_2012_13.pdf

- BITRE 2015a, *Australian Infrastructure Statistics Yearbook 2015*,
https://bitre.gov.au/publications/2015/files/BITRE_yearbook_2015_full_report.pdf
- BITRE 2015b, *Australian sea freight 2013-14*,
https://bitre.gov.au/publications/2015/files/asf_2013_14.pdf
- BITRE 2016a, *Bass Strait Passenger Vehicle Equalisation Scheme – Monitoring Report 15*
https://bitre.gov.au/publications/2016/files/mr_015.pdf
- BITRE 2016b, *Why short-haul intermodal services succeed*, Research Report 139,
https://bitre.gov.au/publications/2016/files/rr_139.pdf
- Bureau of Transport and Regional Economics (BTRE) 2003, *Australian Sea Freight 2000-01*,
Information Paper 48, https://bitre.gov.au/publications/2003/files/ip_048.pdf
- BTRE 2004, *Australian Sea Freight 2001-02*, Information Paper 50,
https://bitre.gov.au/publications/2004/files/ip_050.pdf
- BTRE 2005, *Australian Sea Freight 2002-03*, Information Paper 53,
https://bitre.gov.au/publications/2005/files/ip_053.pdf
- BTRE 2006a, *Australian Sea Freight 2003-04*, Information Paper 56,
https://bitre.gov.au/publications/2006/files/ip_056.pdf
- BTRE 2006b, *Passenger movements between Australian cities, 1970-71 to 2030-31*,
Information sheet 26, August, https://bitre.gov.au/publications/2006/files/is_026.pdf
- BTRE 2006, *Freight Measurement and Modelling in Australia*, Research Report 112,
https://bitre.gov.au/publications/2006/files/report_112.pdf
- Bureau of Transport Economics 1973, *An Assessment of Tasmania's Interstate Transport Problems*,
https://bitre.gov.au/publications/1972/files/report_006.pdf
- Bureau of Transportation Statistics 2000, *North American Transportation in Figures 2000*
BTS005
http://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/north_american_transportation_in_figures/index.html
- Button, K 2010, *Transport Economics*, 3rd Edition, Edward Elgar, Cheltenham UK
- Byrne, M 2010, *A Brief History of Shipping Permit Guidelines*, unpublished
- Clark, R, Rex, L and Robertson D 1982, *The Australian National Line 1956-1981*, World Ship Society, Kendal, England
- Crisp, D 2015, "Liner Trades to New Zealand – Choppy Waters", October 29,
<https://www.lloydslistaustralia.com.au/lla/market-sectors/vessel-trades/SPECIAL-REPORT-Liner-Trades-to-New-Zealand-%E2%80%93-Choppy-waters-508565.html>
- Cruise Lines International Association 2015, *State of the Cruise Industry Outlook*, Media Release, December 2,
<http://www.cruising.org.au/filelibrary/files/CLIA%20Global%202016%20forecast.pdf>
- Cruise Lines International Association Australasia 2014, *Cruise Industry Source Market Report Australia 2014*, <http://www.cruising.org.au/downloads/CLIA-Report-2014.pdf>
- Department for Transport 2014, *Transport Statistics Great Britain 2014*,
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389592/tsqb-2014.pdf
- Department of Infrastructure and Regional Development 2014, Submission to the Competition Policy Review Draft Report, September,
<http://competitionpolicyreview.gov.au/files/2014/12/DIRD.pdf>

Department of Infrastructure and Regional Development 2015a, *Australian Government Response to the Productivity Commission Inquiry Report: Tasmanian Shipping and Freight*, March, <https://infrastructure.gov.au/transport/programs/maritime/pci.aspx>

Department of Infrastructure and Regional Development 2015b, Submission to Competition Policy Review Draft Report

Department of Infrastructure and Regional Development 2015c, Submission to the Inquiry into the Increasing Use of so-called Flag of Convenience Shipping in Australia, [file:///C:/Users/philp/Downloads/sub7_DIRD%20\(2\).pdf](file:///C:/Users/philp/Downloads/sub7_DIRD%20(2).pdf)

Department of the Treasury 2015, Government Response to the Competition Policy review, 24 November
http://treasury.gov.au/~media/Treasury/Publications%20and%20Media/Publications/2015/Government%20response%20to%20the%20Competition%20Policy%20Review/Downloads/PDF/Govt_response_CPR.ashx

Docwra, G 1988, *Australian Federalism, Transport Regulation and the Tasmanian Freight Equalisation Scheme*, Australasian Transport Research Forum, http://atrf.info/papers/1988/1988_Docwra.pdf

European Commission 2014, *Fifth report on the implementation of Council Regulation (EEC) No 3577/92 applying the principle of freedom to provide services to maritime cabotage (2001-2010)*, Brussels 22.4.2014, [http://ec.europa.eu/transport/modes/maritime/news/doc/com\(2014\)231_en.pdf](http://ec.europa.eu/transport/modes/maritime/news/doc/com(2014)231_en.pdf)

Evans, T 1999, *Economic Nationalism and Performance: Australia from the 1960s to the 1990s*, Ninth Annual Colin Clark Memorial Lecture, 3 June
<http://archive.treasury.gov.au/documents/93/HTML/docshell.asp?URL=default.asp>

Ferguson, M 2007, Federal Labor's Vision for Shipping in a National Intermodal System, 1 August, http://pandora.nla.gov.au/pan/22093/20071005-1425/www.alp.org.au/download/now/ferguson_shipping.pdf

Hetherington, S 2015, Shipping conferences – the end of the line? Colin Biggers & Paisley Lawyers, 26 May, <http://www.cbp.com.au/publications/2015/may/shipping-conferences-the-end-of-the-line>

House of Representatives Standing Committee on Infrastructure and Communications 2012, *Advisory Report on Bills referred 22 March 2012*, May, http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_committees?url=ic/shipping/report.htm

House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government 2008, *Rebuilding Australia's Coastal Shipping Industry*, Inquiry into coastal shipping policy and regulation, October, http://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=itrdlg/coastalshipping/report.htm

Independent Review of Australian Shipping (IRAS) 2003, *A Blueprint for Australian Shipping*, Report sponsored by the Australian Shipowners' Association and co-chaired by former transport ministers Peter Morris and John Sharp, September

Infrastructure Australia 2012, *Tasmanian Ports and Freight Strategy Report*, <http://infrastructureaustralia.gov.au/policy-publications/publications/Tasmanian-ports-and-freight-strategy-report-May-2012.aspx>

Institute of Transport and Logistics Studies 2015, *Transport Opinion Survey Quarter 1*, March 2015, http://sydney.edu.au/business/_data/assets/pdf_file/0005/228083/TOPS-2015-Q1-March-Report.pdf

Intercontinental Shipping Group 2015, Submission to the Senate Rural and Regional Affairs and Transport Legislation Committee Inquiry into the Shipping Legislation Amendment Bill, Submission no 18,

[file:///C:/Users/philp/Downloads/sub18 Intercontinental%20Shipping%20Group.pdf](file:///C:/Users/philp/Downloads/sub18%20Intercontinental%20Shipping%20Group.pdf)

Inter-State Commission 1985, *An Investigation of the Tasmanian Freight Equalisation Scheme*, Australian Government Publishing Service, March

Lee, R 2010 *Transport an Australian History*, UNSW Press

Lloyds List Australia 2015, Celebrating 125 years of publishing, www.lloydslistaustralia.com.au

Lloyds List Australia 2016a, "Coastal shipping temporary licence use on the rise", Strategic Marine Group, June 17, <https://www.lloydslistaustralia.com.au/lla/market-sectors/vessel-trades/OPINION-Coastal-shipping-temporary-licence-use-on-the-rise-528060.html>

Lloyds List Australia 2016b, "Liner Trade to North & East Asia – Change is gonna come ...", April 28, www.lloydslistaustralia.com.au

Lloyds List Australia 2016c, "Maritime History: Aussie bulk shipping a minor player", June 10, www.lloydslistaustralia.com.au

Maritime Workforce Development Forum 2013, *Australian Maritime Workforce Development Strategy*, May

Meyrick and Associates 2007, *International and Domestic Shipping and Ports Study*, Report for the Australian Maritime Group

http://s3.amazonaws.com/zanran_storage/www.atcouncil.gov.au/ContentPages/1816186.pdf

Murray, M 2016, Explainer: Why Hanjin's ships are stranded around the globe, *The Conversation*, <http://www.abc.net.au/news/2016-09-15/explainer-why-hanjin-ships-are-stranded-around-the-globe/7847626>

Organisation for Economic Cooperation and Development (OECD) 2002, *Competition Policy in Liner Shipping*, Directorate for Science, Technology and Industry, Division of Transport, April

[http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=dsti/dot\(2002\)2&docLanguage=en](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=dsti/dot(2002)2&docLanguage=en)

Pienaar, W 2013, *Salient economic features of the modes of freight transport for consideration in the formulation of national transport policy*,

<http://webcache.googleusercontent.com/search?q=cache:uAXXKZmaL4sJ:abstracts.aetransport.org/paper/download/id/176+&cd=1&hl=en&ct=clnk&gl=au>

Potterton, P 2012, *30 Years of Australian Transport Policy: What Makes for Success?*

Australasian Transport Research Forum, http://atrf.info/papers/2012/2012_Potterton.pdf

Productivity Commission 2005, <http://www.pc.gov.au/inquiries/completed/cargo-shipping-2005/report/partx.pdf>

Productivity Commission 2006, *Tasmanian Freight Subsidy Arrangements*, December

<http://www.pc.gov.au/inquiries/completed/tasmanian-freight-subsidy/report/tasfreight.pdf>

Productivity Commission 2014, *Tasmanian Shipping and Freight*, Report No 69, March,

<http://www.pc.gov.au/inquiries/completed/tasmanian-shipping/report/tasmanian-shipping.pdf>

Productivity Commission and New Zealand Productivity Commission 2012, *Strengthening trans-Tasman economic relations*, November,

<http://www.pc.gov.au/inquiries/completed/australia-new-zealand/report/trans-tasman.pdf>

Reith, P 2015, *The Reith Papers*, Melbourne University Press

Senate Rural and Regional Affairs and Transport Legislation Committee (SRARATLC) 2015, *Shipping Legislation Amendment Bill (Provisions)*, October, [file:///C:/Users/phillp/Downloads/report%20\(5\).pdf](file:///C:/Users/phillp/Downloads/report%20(5).pdf)

Schwab, K 2014, *The Global Competitiveness Report 2014-15*, World Economic Forum, Geneva, http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf

Senate Rural and Regional Affairs and Transport References Committee 2016, *Increasing use of so-called Flag of Convenience shipping in Australia Interim report*, May, http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Shipping/Second_Interim_Report

Shipping Australia Ltd 2008, Submission to House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government Inquiry into Australian Coastal Shipping file:///C:/Users/phillp/Downloads/http_www.aphref.aph.gov.au_house_committee_itrldg_coastalshipping_subs_sub11.pdf

Shipping Australia Ltd 2014, Response to the Competition Policy Review Draft Report, September, <http://competitionpolicyreview.gov.au/files/2014/12/SAL.pdf>

Shipping Reform Group 1997, *A Framework for Reform of Australian Shipping*, Department of Transport and Regional Development, Canberra

Sornn-Friese, H and Iversen, M. 2014, "The establishment of the Danish International Ship Register (DIS) and its connections to the maritime cluster", *International Journal of Maritime History*, vol. 26 (1) pp. 82-103, Sage

Statistics Canada 2012, *Shipping in Canada 2011*, Catalogue no. 54-205-X, <http://www.statcan.gc.ca/pub/54-205-x/54-205-x2011000-eng.pdf>

Sugar Australia 2012, Submission to the Standing Committee on Infrastructure and Communications into the Shipping Reform Bills 2012, [file:///C:/Users/phillp/Downloads/http_www.aphref.aph.gov.au_house_committee_ic_shipping_subs_sub023%20\(1\).pdf](file:///C:/Users/phillp/Downloads/http_www.aphref.aph.gov.au_house_committee_ic_shipping_subs_sub023%20(1).pdf)

TPR, Panteia, significance and PwC 2015, *Study on the Analysis and Evolution of International and EU Shipping*, Final Report for the European Commission, September, <http://ec.europa.eu/transport/modes/maritime/studies/doc/2015-sept-study-internat-eu-shipping-final.pdf>

Trace, K 1988, "The Role of National Shipping Lines of ASEAN and Australia", in Trace 1988 (ed), *Handmaiden of Trade: A Study on ASEAN-Australia Shipping*, University of Singapore

Trace, K 1991, "Trans-Tasman Shipping and the 1992 CER Review", *Policy*, Summer

Trace, K 1995, "'You Couldn't Give It Away': Privatising the Australian National Line", *Agenda*, volume 2, no 4, pp. 433-444, <http://press-files.anu.edu.au/downloads/press/p43661/pdf/article041.pdf>

United Nations Conference on Trade and Development (UNCTAD) 2004, *Review of Maritime Transport 2004*, http://unctad.org/en/Docs/rmt2004_en.pdf

UNCTAD 2014, *Review of Maritime Transport 2014*, http://unctad.org/en/PublicationsLibrary/rmt2014_en.pdf

UNCTAD 2015, *Review of Maritime Transport 2015*, http://unctad.org/en/PublicationsLibrary/rmt2015_en.pdf

Webb, R 2004, *Coastal shipping: an overview*, Parliamentary Library Research Paper No. 12 2003-04

Willis, R 1989, *Reforming Shipping and the Waterfront*, Minister for Transport and Communications Statement, 1 June