

30 November 2022

Strategic Fleet Taskforce Section
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
GPO Box 594
CANBERRA ACT 2601

Dear Strategic Fleet Taskforce,

Thank you for the opportunity to provide a brief submission to this inquiry. The Business Council of Australia represents some of Australia's largest companies from across the economy, including manufacturing, infrastructure, mining, retail, energy, and transport firms.

Many of our members rely on maritime freight services for both the import and export of product and materials. An efficient and effective maritime supply chain is critical to the operation of both the domestic Australian economy, and the success of Australian businesses' exports to the world.

I note that the Productivity Commission is currently undertaking an inquiry into Australia's Maritime Logistics System. The draft report produced by the Commission raises questions about whether a strategic fleet would effectively mitigate against a significant disruption. It also questions whether such a fleet would be profitable in normal circumstances. At face value, these appear to be valid concerns. The Taskforce should seriously consider the full costs of the proposed strategic fleet compared with the benefits and consider what other options would be effective and efficient in securing Australia's essential imports in a crisis.

Beyond this, the Business Council has been a proponent of reform of the coastal shipping system over many years. I urge the Taskforce to refrain from proposing measures that might further restrict or constrain competition in the coastal shipping market with the intended purpose of supporting a strategic fleet. The coastal shipping regulatory environment is already overly restrictive. It imposes excessive red tape and regulatory cost, which lock in poor productivity and high shipping rates, which flow through as higher prices for consumers.

The current regulations make coastal shipping more expensive and less competitive in relation to other transport modes. As road and rail have steadily increased in usage over the last three decades, coastal shipping has stagnated. Any moves to impose additional regulatory burden would compound this issue. It would be counterproductive to the stated intention of supporting an Australian flagged fleet for strategic purposes, in that it would further erode coastal shipping markets.

I understand that the Taskforce intends to put forward a more detailed discussion paper in the new year, and the Business Council will look to engage further at that point.

Yours sincerely



Jennifer Westacott AO
Chief Executive
Business Council of Australia