



Competition and service the answer for Tasmania

Recently the Tasmanian Government announced it would enter into negotiations with Singapore-based Swire Shipping to provide an international shipping service from Bell Bay, propped up with taxpayer funds via a subsidy. The announcement said the service, with a frequency of only 18 days, would be expected to pay its own way sometime in the future.

“We see this as a very short-sighted and ill-conceived strategy to meet the needs of Tasmanian exporters,” said ANL’s Managing Director John Lines. The issue for Tasmania is that as vessels calling Australian ports get bigger, international direct calls to Tasmanian ports are not viable. History bears this out as the number of Tasmania direct calling international container vessels has dwindled to zero.

ANL offers Tasmanian exporters over 400 ports worldwide via Melbourne, connecting to one of the ten services we have, nine of which are weekly. “We connect to Melbourne with TOLL/ANL across Bass Strait six times a week and offer exporters a through bill of lading, allowing them to quickly lodge paperwork with the bank and get paid for the goods. Why wait for a service only calling every 18 days with limited port coverage?” said Mr Lines.

Whilst the actual amount to be paid to Swire Shipping is not yet announced, it will be substantial. “Paying subsidies direct to shipping lines, especially one based offshore, to prop up an uneconomic trade route just doesn’t make sense. These things have been tried in the past and they all fail. At some point the subsidy will be cut and the service will fail. Any businesses built around that service and the subsidised freight rates will also find it tough to continue. In the meantime a subsidy actively undermines the existing freight services that are the lifeblood of the state and provide jobs and careers for Australians. It builds no long term value for the state and can actively work against it when the crunch comes,” said Mr Lines.



ANL is the major carrier of Tasmanian container exports, all carried over Melbourne. “We carry the most Tassie container exports of any line, and yes our rates ex Tasmania are higher than our rates ex Melbourne. I make no apologies for that as there is a real cost to move the cargo over, but we do our best to squeeze our margins to provide a competitive through rate,” said Mr Lines. Melbourne is the biggest container port in Australia. There are many lines competing for business and the freight

market to all worldwide destinations is pretty cut throat.

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The financial disadvantage faced by Tasmanian manufacturers not being able to access the mainland via land has already been recognized by Government and addressed by the Tasmanian Freight Equalisation Scheme. A major failing of the TFES is that it doesn't cover export cargo. Tasmania is close by the main container port in Australia and has existing fast, frequent and reliable freight services connecting to it.

“Extending the TFES to cover exports would even up the playing field. It makes sense to put the subsidy in the hands of the cargo owner, not the shipping line. That way let market forces deliver competitive rates and services rather than the Government deciding a preferred carrier,” said Mr Lines.

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