

Subject: Part X inquiry further to my previous submissions

To Professor Judith Sloan

20 Dec 2004

Dear Professor Stone,

I have read the transcript of the Sydney hearing and like Mandy Rice Davies my comment is "they would have to say that wouldn't they ?" I realise that you will receive this after your 17 Dec deadline but you may wish to add it to my submission or use it in any way you see fit particularly my costings for annual seafreight. The shipping company representatives made two comments which raised my eyebrows.

Page 39 MR KEMP: Just on the question of capacity, I think at the beginning of this year the best estimates were that with these more than 600 new container ships that are due to come out of the yards over the next couple of years, that by the end of 2005, first half of 2006, exactly as you were saying, the demand situation would quickly be outstripped by the supply of capacity in the market. The very latest information that we've been hearing now for the last three months is that the world trade growth, mostly underpinned by China, is such that most of that increased capacity over the next two years at least will be absorbed and that we won't be in a situation where we're going to see very much difference at all in the improvement of the capacity of container shipping space. That's happened quite quickly.

I do not know what size vessels he is talking about but if that is correct there will certainly be an over supply which would be augmented by ships already in service. Hence, shipowners will be forced to compete for cargoes which benefits our exporters and importers if the protection afforded by part X is removed. My argument in my previous submission is that exporters and importers banded together in groups which have common types of product could obtain ships on time charter and so obtain favourable freight costs per item unit. A "public benefit indeed !! The second comment is the old hoary one about stevedoring handling rates. I have seen rates go from 6 tons per hook hour to 400 tons per hook hour in the time I was stevedoring and still shipowners are not satisfied.

Page 42 MR HOUMAN: Yes. I should say the whole world, because Asia is probably - I made a comparison the other day with one of the ports down here that was similar to one of the out ports in Indonesia, productivity-wise. Surabaya, if you want to know. So that's the level we are at, at the moment. We hardly reach 20 moves per crane hour; Japan we would do 40 to 50 moves per crane hour, albeit that it's not that relevant as we were simply talking berth productivity - but, no, let's not fool ourselves - a big improvement over the last 10 years, but still far away from where we ought to be.

Some one should ask Mr Houman how old the portainer cranes in SE Asia are in comparison with the portainer cranes in the main Australian ports. Speaking of the cranes at Fremantle most are ten years old and some are the original cranes built in the 1970's-1980s. Furthermore, crane speeds are determined as much by shore removal speeds from and to the hook. To the best of my knowledge there is no container terminal in Australia which operates with anything other than vehicular movement from stack to shipside crane. In an ideal world stacks are prearranged to give a continuous flow to the ships side but this means a lot of prearranging of containers in the stack and a very strict routine for delivery ex road to stack. This seldom happens. The Asian container terminals have many more portainer cranes per ship

From the Port of Singapore information web site  
 Port of Singapore  
 TOTAL CONTAINER THROUGHPUT (in '000 TEUs)  
 Total  
 1999 15,944.8  
 2000 17,086.9  
 2001 15,571.1  
 2002 16,940.9  
 2003 18,410.5

Table 1. Cargo Terminals in Singapore Port (Maritime). Terminals Cargoes Handled Capacity

Tanjong  
 Pagar  
 Containers 80 Hectares  
 8 Berths (6 main, 2 feeders)  
 29 Quay Cranes  
 95 Yard Cranes  
 15,198 Slots  
 840 Reefer Points  
 Keppel Containers 96 Hectares  
 14 Berths (4 main, 10 feeders)  
 36 Quay Cranes  
 119 Yard Cranes  
 20,230 Slots  
 936 Reefer Points  
 Brani Containers 79 Hectares  
 9 Berths (5 main, 4 feeders)  
 29 Quay Cranes  
 112 Yard Cranes  
 15,424 Slots  
 1,344 Reefer Points  
 Pasir  
 Panjang  
 Containers  
 Conventional  
 Cargoes  
 84 Hectares  
 6 Main Berths  
 24 Quay Cranes  
 44 Yard Cranes  
 15 Rail Mounted Gantry Cranes  
 14,020 Slots  
 648 Reefer Points

On average there are 4 container cranes to service each ship. One or two is the average in Australian ports. Yard cranes to service each shipside crane there are three or four to each quay crane, much more than at the average Australian container terminal.

These are some of the things people must take into consideration when talking about crane rates and container throughput. Bear in mind that many Australian Container Terminals are owned and operated by shipowner consortiums. Even Patricks has some hidden shipowner connections. If they want to they can improve rates by commissioning more cranes.

FREIGHT COST TO AUSTRALIAN IMPORTERS AND EXPORTERS.

In my submission about the Draft Report I raised the question "How much does it cost our importers and exporters to ship goods in foreign ships protected by part x arrangements?" The ABS has some figures which are not of much use. In publication 5368.0 table 7 are freight costs but they are combined air and sea. Furthermore the sea freight if it could be withdrawn is both liner and bulk-cargo freight costs. No help there. I have obtained from the Connex United Processors the freight costs for 20teu and 40teu containers to 39 ports. (appendix A). From the BTR website I have obtained the number of containers shipped and received through the five main Australian ports. (appendix B) Combining the two sets of figures I have arrived at the following costs to Australian Importers and Exporters

20teu to 39 ports : avg freight rate A\$1536.88

40teu to 27 ports avg freight rate A \$ 2055.25

Overall average freight rate A\$1796 per container. For the purpose of this exercise we must assume that containers exported and imported attract the same freight rate.

2003	full import	1,806,930 containers	x	A\$1796 per container =
				A\$3,245,246,280.00
2003	full export	1,270,670 containers	x	A\$1796 per container =
				A\$2,282,123,320.00
Total freight earnings		A\$ 5,527,369,600.00		

THAT IS WHAT IT COSTS OUR ECONOMY TO TRANSPORT GOODS BY SEA IN A YEAR. Therefore I think there is good cause to scrap part x and let the foreign shipowners compete for our cargo. Better still start owning some ships ourselves again.

Best Wishes for a Happy Christmas and an interesting New Year  
Tony Fletcher (Dr)

Appendix A

Sea Freight Rates Ex-Sydney/Melbourne/Brisbane Prices in Australian Dollars

COUNTRY OF DESTINATION	20" FCL	40" FCL	Transit Days
ASIA			
JAPAN - YOKOHAMA / OSAKA	1300.00	1850.00	20-25
JAPAN - NAGOYA	1580.00	2100.00	20-25
JAPAN - SAPPORO	1680.00	2600.00	20-25
SOUTH KOREA - PUSAN	1000.00	1500.00	17
TAIWAN - KEELUNG	1100.00	1600.00	24
TAIWAN - KAOSHIUNG	1100.00	1550.00	22
HONG KONG	752.00	939.00	12-18
SINGAPORE	950.00	1800.00	18-22
INDONESIA - JAKARTA	1301.00	1900.00	18
INDONESIA - SURABAYA	1362.00	1900.00	21
MALAYSIA - PORT KELANG	950.00	1500.00	17
THAILAND - BANGKOK	1200.00	1600.00	18-20
MYANMAR - YANGOON	2400.00	4500.00	18-25
MANILA	1192.00	1782.00	14
SHANGHAI / XINGANG - CHINA	927.00	1339.00	25-30
VIETNAM - HAIPHONG	1263.00	1900.00	18-25
VIETNAM - HO CHI MINH CITY	1063.00	1714.00	17-18
VLADIVOSTOK - RUSSIA	3144.00	6443.00	25-30

PACIFIC ISLANDS			
NOUMEA - NEW CALEDONIA	2300.00	3700.00	4-6
FRENCH POLYNESIA - PAPEETE	2400.00	0.00	18-25
NEW GUINEA - PORT MORESBY	2700.00	4800.00	6-8
POINTE DES GALLETES - REUNION	2452.00	0.00	25-35
FIJI - SUVA/LAUTOKA	2256.00	0.00	6-8
VANUATU - PORT VILA & SANTO	2200.00	0.00	6-8
WALLIS Vis NOUMEA	4380.00	0.00	18-25
MAURITIUS	0.00	0.00	25-35
MIDDLE EAST			
LEBANON - BEIRUT	2460.00	3933.00	45-55
KUWAIT - SHUWAIKH	2570.00	4542.00	45-55
SYRIA - LATTAKIA by Sing / Malta	2768.00	0.00	45-55
SYRIA - LATTAKIA by Pt Said	3183.00	0.00	45-55
JORDAN - AQABA by Singapore	3000.00	0.00	35-40
JORDAN - AQABA by Jeddah	3000.00	0.00	55-60
SAUDI ARABIA - JEDDAH by Sing	1918.00	0.00	28-33
SAUDI ARABIA - JEDDAH	2209.00	0.00	35-40
EUROPE			
LE HAVRE - MARSEILLE - BORDEAUX	1591.00	2723.00	45-50
FELIXSTOWE - UK	1586.00	2393.00	40-45
RUSSIA - TALLON	1850.00	3150.00	40-45
NORTH AMERICA			
NEW YORK	2168.00	2997.00	45-50
LOS ANGELES	2018.00	3007.00	

Freight rates are in Australian dollars and may vary at any time due to currency fluctuations. These Rates includes: Port service charges; LO/LO; ECN & documentation costs. CONNEX UNITED PROCESSORS P.O. BOX 119 CHERRYBROOK NSW 2126 SYDNEY - AUSTRALIA TEL: 61-2-9980 5699 / FAX: 61-2-9980 5799

#### Appendix B

	Full import mt import		full export mt import	
Jun 2003	834.19	117.62	618.90	344.85
Dec 2003	972.74	116.18	651.77	373.29

Note Includes containers exchanged on all ships at the five major container ports. Source Association of Australian Ports and Marine Authorities

Dr Tony Fletcher