

TRANSPORTATION

In a country as large as Australia, transport and communications are a crucial part of life and the economy. Traditionally, sea freight has been dominant in Australia even for domestic freight, but now only accounts for around one-third. Australian government regulations that all vessels used in coastal trade pay Australian wage rates have contributed to the reduced competitiveness of sea traffic. Rail freight has been steady, accounting for nearly 30 percent of all freight. Road freight captured most of the loss of sea freight, and fierce competition has tended to reduce owner/driver sub-contract freight rates throughout most of Australia.

There are only a limited number of ports that offer full customs facilities and to which international shipping and aircraft regularly call. These ports are generally the seven capital cities of the states and territories of Australia. However, most cargo entry by ship is via Perth for Western Australia, Melbourne for Victoria, Sydney for New South Wales, and Brisbane for Queensland. Freight for other ports is usually carried overland by truck or rail. Exceptions occur when very heavy equipment or full shiploads are involved.

In periods of port industrial dispute, goods are commonly carried on to the next port and freighted over land to avoid the port handling delays, and goods carried by air are treated similarly. Given the great distances and resulting costs of inland transport, a prospective importer located outside a capital city must give careful thought to the inland transport consequences of a choice for port of entry.

International freight movements in and out of Australia have traditionally been dominated by shipping because of the importance of bulky Australian export commodities. On the other hand, because of its distance from other countries, nearly all international passenger traffic is by air.

In the late 1980's, the Australian government became increasingly concerned about the transport and communications sector, setting up a new Ministry for it in July 1987, and instituting a number of reforms. The Australian government also decided on significant reforms for shipping and the waterfront. More flexibility was to be allowed in the use of foreign flagged ships for coastal cargo. In the stevedoring industry, there was to be a fundamental change from the current practice of industry wide employment to enterprise based employment, and major retraining and redundancy packages were introduced.

Despite these reforms, which were generally long overdue, it was questioned whether the government was moving far enough to increase competition in the transport and communications sector. The Labour Party as a whole remained ambivalent over many transport issues, including asset sales. But in 1990, a special conference of the party moved to clarify its stance. It agreed to sell off 49 percent of Qantas, 100 percent of Australian Airlines and the satellite carrier Aussat.