



INQUIRY INTO A SUSTAINABLE QUEENSLAND INTRASTATE SHIPPING INDUSTRY

Ports Australia is pleased to respond to the Transport and Public Works Committee inquiry into a sustainable Queensland intrastate shipping industry. We work closely with the Queensland Ports Association (QPA) in engaging on port related matters for the state of Queensland and issues nationally relevant. Accordingly, we put forward our submission supporting QPA's effort to reinvigorate merit-based consideration of coastal shipping to assist improve economic and social outcomes for the state.

Ports Australia is the peak industry body representing port authorities and corporations, both publicly and privately owned, at the national level. Ports Australia is governed by a Board of Directors comprising the CEOs of ten Member port corporations.

Ports Australia works closely with Federal, State and Territory Governments and its agencies on the development and implementation of policies and regulatory settings that will facilitate the safe and efficient operation of our ports and ensure that they have the ability to develop their capacity to meet Australia's freight task efficiently and effectively.

Ports Australia Position

Ports Australia recognises that the primary legislative instruments to increase coastal shipping lies within the remit of the Federal Government, however we welcome the Queensland Government's consideration of this matter in looking at the issues relevant to the state, including potential opportunities and intrastate shipping. We also recognise that every Australian State and the Northern Territory can undertake reforms within their legislative powers and policy settings that can improve the effectiveness and efficiency of coastal shipping through various landside improvements. Additionally, States and Territories can advocate for Federal reform that result in significant benefits nationally and for each state and territory.

Furthermore, we consider it logical and sensible to investigate intrastate coastal shipping opportunities which fully utilise Queensland's extensive and sophisticated ports network for the betterment of the state given the growing freight task.

Coastal shipping accounts for only around 2% of Queensland's total intrastate freight task.¹ The Queensland Government's 2013 *Moving Freight Strategy* noted that this task comprises bauxite trade (between Weipa and Gladstone), petroleum products (between Brisbane to Gladstone and Mackay) and cement trade (between Gladstone and Townsville).² This clearly is a limited scope of coastal shipping's potential within the state. Trade opportunities comprising other non-time sensitive goods should be investigated in light of Australia's and Queensland's growing freight task (26% in the ten years to 2026³ and more than 20% in the ten years to 2028⁴, respectively), and the limitations with road and rail network

¹ Queensland Freight Strategy – Advancing Freight in Queensland, July 2018.

² Queensland Government (2013), *Moving Freight*, Transport and Main Roads, December 2013, p.16-17.

³ National Transport Commission, *Who moves what where: Better informing transport planning for Australians*, discussion paper, 2017.

⁴ Department of Transport and Main Roads (2018), *Queensland Freight Strategy – Advancing Freight in Queensland*, July 2018, p.4.

capacities which are not an issue on the 'blue highway'.

Given the concerning data published on the inadequacies of Australia's freight network (including those outlined above) and noting that extra investment in the existing freight network will not meet the forecast freight needs, it is surprising to see Government throwing money at road and rail, with no focus on coastal shipping. Current data indicates that all Governments spent a combined \$26 billion on construction and maintenance of roads in 2015-16 and rail expenditure by all governments totaled a combined \$11 billion in 2015-16.⁵ The Queensland Government is slated to spend \$21.7 billion over the next four years to 2021-22 on roads.⁶

The 'blue highway' has negligible costs. It does not require maintenance other than the channels at the port and the related port infrastructure which are largely in place and invested in by port owners. The 'blue highway' also connects every port which is key given that there are around 80 in Australia and approximately 85% of Australians live on the coast.⁷

Ports Australia considers that increased coastal shipping is a necessity for the future economic well-being of Australians as it offers economies of scale on the non-time sensitive movement of goods within and across Australian jurisdictions, resulting in cost savings for various Australian businesses and for consumers. Accordingly, we have been advocating for its consideration in rebalancing Governments' investment and policy planning across the different transport modes to ensure freight is efficiently and cost effectively moved across Australia.

Damning statistics published over the last couple of years outline how federally and at the state level tunnel vision planning and resourcing is resulting in significant economic constraints. The lack of consideration in incorporating improved and efficient coastal shipping for moving freight is costing Australian dearly.

- The cost of existing urban transport congestion in Australia's capital cities is forecast to increase from approximately \$13.7 billion to \$53.3 billion by 2031 unless significant infrastructure investment and planning is undertaken.⁸
- It is estimated that the average cost of excessive congestion in the South East Queensland metropolitan area is approximately \$1.2 million per day.⁹
- Analysis undertaken for the Federal Government's Inquiry into National Freight and Supply Chain Priorities suggests that while the national freight task is projected to double in the next 20 years, even with extra investment, Australian transport infrastructure will be hard pressed to meet this demand.¹⁰

Australia's ports are the gateway to the national economy with over 98% of the nation's trade going through our ports. Due to the scale of trade moving through the ports any increase in efficiencies surrounding them no matter how small provide massive economic benefits. Conversely, any inefficiencies

⁵ Bureau of Infrastructure, Transport and Regional Economics, Yearbook 2017.

⁶ Queensland Government State Infrastructure Plan, Plan B: Program -2018 update, July 2018.

⁷ Australian Bureau of Statistic publication, 2035.0 - Census of Population and Housing: Population Growth and Distribution, Australia, 2001

⁸ Australian Infrastructure Audit, 2015.

⁹ Department of Transport and Main Roads (2017) Cost and causes of congestion – changing the way we think about congestion presentation p.16.

¹⁰ Inquiry into National Freight and Supply Chain Priorities, Report – March 2018.

impact negatively. The Australian Logistics Council estimates that a one percent increase in freight efficiency in the national logistics supply chain will be boost GDP by \$2 billion.¹¹ Australians are indirectly paying a premium for the inefficient use of our freight transport network. Given Queensland has the country's largest ports network it is imperative that policy makers investigate opportunities that limit the impact of this inefficiency to Queenslanders.

Unlike any other state, Queensland policy makers also have the added responsibility of ensuring the freight network can withstand the regular natural disasters that affects the community. Road and rail closures impact the ability of communities to be services while also temporarily shutting down our valuable export market that cannot reach our ports. According to a report by IAG in November 2017 the total economic cost for Queensland over a ten-year period, has averaged \$11 billion per year and is forecast to reach \$18 billion per year by 2050. Coastal shipping offers a more reliable service during natural disasters that ensures the functionality of Queensland communities while also providing an avenue to provide natural disaster relief services.

The additional benefits resulting from increased coastal shipping is:

- A reduction in greenhouse gases. A report by the New Zealand Ministry in 2008 illustrated that one container ship can carry the same amount of goods as almost 400 trucks. A report by Deloitte Access Economics produced for Ports Australia in 2018 indicated that shipping produces 1/5 the carbon emissions of road per tonne-km.
- Improved safety outcomes. According to analysis undertaken by Synergy Economics Consulting, under a scenario in which 1 million tonnes of freight per annum is shifted from road to sea between Brisbane and Townsville, the reduction in accident costs would be approximately \$30.7 million per annum. This largely entails a significant reduction in long-haul truck journeys transporting freight.
- Increased regional job outcomes. Increased coastal shipping will lead to more short haul truck journeys in regional areas to/from the local port. As a result, regional jobs in the trucking and complementary sectors should receive a boost. Additionally, increased maritime jobs and support services will be generated in regional economies from increased coastal shipping.

Recommendations

While not having carriage of the primary legislation to increase coastal shipping, the Queensland Government can develop policies and invest in transport infrastructure to better utilise coastal shipping as part of a multi-modal freight network that effectively services Queensland business and the community. Ports Australia considers that Queensland policy makers can:

- draft state freight policies recognising coastal shipping as a viable option for non-time sensitive goods. In doing so, ensure a balanced investment approach across the different transport modes based on the efficient and cost-effective movement of freight. This would potentially see the entire Queensland ports network utilised effectively, including some small regional ports such as Bundaberg, Mackay and Lucinda, which have the infrastructure but are significantly under-utilised resulting in the community paying a premium of inefficient movement of freight.
- similar to regular investment in improving the road network, address impediments to effective land access to the port. The roads around many Queensland ports have not been upgraded to support the use of high productivity vehicles which are key to effective movement of freight from/to the port. For example. Gladstone port limited access for road train services (which are

¹¹ Australian Logistics Council (2016), Getting the supply chain right – building the economy through efficient and safe supply chains, May 2016

important in the bulk grain export supply chain), and Mackay port has been constrained in the use of fuel tankers due to inadequate road infrastructure which has limited the carriage of dangerous or hazardous cargoes.

- advocate at Transport Ministerial Councils and to the Federal Government the value of increased coastal shipping within and across jurisdictions to support Queensland business export state goods and to reduce end costs for the community.

The inquiry by the Transport and Public Works Committee comes at a time when national consideration of freight and supply chain policies are being developed in conjunction with all Australian jurisdictions. Queensland has a significant role to play in this process in highlighting what freight network opportunities can work including through a sophisticated and extensive ports network. Ports Australia considers that appropriate policy making and investment in a balanced multi-modal freight network will ensure that all transport modes effectively service the state and result in improved economic outcomes for the Queensland community.



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