

Queensland Department of Transport and Main Roads
Submission to the
Queensland Parliament Transport and Public Works Committee Inquiry:
A sustainable Queensland intrastate shipping industry

The Queensland Department of Transport and Main Roads (TMR) welcomes the opportunity to provide a submission to the inquiry into *A sustainable Queensland intrastate shipping industry*, being undertaken by the Transport and Public Works Committee of the Queensland Parliament.

TMR makes this submission with reference to the material provided at the hearing of the Committee on 26 November 2018, the responses to the Questions on Notice provided on 10 December 2018, and items within the terms of reference which fall within the scope of TMR's portfolio responsibilities.

The previous Inquiry into Coastal Sea Freight (2014) produced sixteen recommendations, as listed in Report No. 59 of December 2014. An update of these recommendations is provided at **Attachment 1**.

OVERVIEW

TMR is responsible for planning, managing and delivering the transport system to achieve our vision of creating a single integrated transport network accessible to everyone.

TMR recognises that an integrated, efficient, reliable and safe transport system is critical for economic growth and in meeting the increasing demand to move both people and freight. TMR also recognises that certain modes of transport are more suited than others for particular freight tasks. To better optimise the mode or combination of modes used for each freight task, TMR has developed a draft Queensland Freight Strategy (the Draft Strategy).

The Draft Strategy, which was released for targeted industry consultation in late 2018 provides renewed direction for our State's freight system and ensures it continues to meet growing transport needs. The Draft Strategy supports growing the economy through a strong and effective freight system that helps businesses succeed and boosts employment opportunities in our regions.

The Draft Strategy complements several activities and high-level direction setting documents within TMR, including the Draft Queensland Transport Strategy that is currently under government consideration for approval and release for public consultation. TMR is committed to ensuring Queensland is well-positioned to capitalise on growth opportunities by developing a transport network which meets all users' requirements, including ensuring the safe, efficient and sustainable movement of freight

Ports and coastal shipping

Queensland's ports provide a vital connection to global markets, supporting trade in commodities, goods and materials that are integral to the Queensland economy. Our coast is serviced by a total of 21 ports including 16 trading ports, two community ports and three smaller gazetted ports located from Brisbane in the south-east of the state, along the coast to Burketown in the north-west.

The majority of Queensland ports are managed by the 4 Queensland Government owned port corporations which manage 19 government owned ports, comprising 14 trading ports, 2 community ports and 3 non-trading ports, with the remaining ports being managed and operated by privately owned corporations such as the Port of Brisbane Pty Ltd and Rio Tinto

Limited who owns, operates and manages the recently commissioned Chith Export Facility in the Port of Amrun.

These ports provide a vital connection to global markets, supporting trade in commodities, goods and materials that are integral to Queensland's economy. In 2017-18 alone, Queensland's ports had a throughput of 354 million tonnes, a 5.2% increase over the previous year. This involved more than 16 thousand movements in Queensland ports by ships engaged in both intrastate and international trades.

Ports have mature infrastructure to service vessels of the size and type that would provide a coastal service and initial investment should not be required to support entry.

The existing Commonwealth *Coastal Trading (Revitalising Australian Shipping) Act 2012* applies to the following three differing types of coastal shipping serving Queensland.

(1) Intrastate coastal shipping

This may be described as ships that load cargo or passengers in Queensland and discharge the same cargo or passengers in another port in Queensland; examples include:

- Rio Tinto bauxite shipped between Weipa and Gladstone as part of the alumina export logistics chain
- cement between Brisbane and regional ports
- dedicated shipping services to Torres Strait and Gulf of Carpentaria communities, including both freight and passengers
- barge/ferry services to islands off the coast including Stradbroke, Moreton, Fraser, Magnetic, Palm and Wellesley Islands.

(2) Interstate coastal shipping

This may be described as ships that load cargo or passengers in one State or Territory, and carry that cargo or passengers to another State or Territory where some or all the cargo and/or passengers are discharged; examples include:

- raw sugar being transported from Queensland to Victoria
- alumina being transported from Queensland to Tasmania
- movement of grain from South Australia and West Australia in response of the drought.

(3) Interstate trading with an intrastate component

Ships that load cargo or passengers in one State or Territory, then sail to another port in the same State or Territory and discharge some of the cargo and/or passengers, and then carry cargo or passengers to another State or Territory where some or all of the cargo and/or passengers are discharged can be regarded as *interstate trading with an intrastate component*.

The movement of freight via a coastal shipping service can provide a range of benefits for the Queensland community, including:

- support Queensland's growing economy
- reducing road and rail congestion
- improved modal competition by introducing additional modal choice for shippers
- improved resilience of the transport network during extreme weather events, such as tropical cyclones and floods
- providing an efficient and environmentally sustainable alternative to existing transport, as shipping carries large quantities of cargo for relatively low energy use and carbon emissions
- potential to provide skills training and employment opportunities for seafarers.

While containerised freight is carried to remote communities, there are presently no scheduled intrastate coastal shipping services dedicated to containerised freight in Queensland. Containerised freight is usually transported by road and rail along the Brisbane to Cairns corridor.

The choice of transport mode is greatly influenced by commodity type, volume, costs and delivery times. Costs and delivery times are significantly increased by the number of times freight is handled between origin and destination.

Operational management of shipping in Queensland waters

Queensland marine safety legislation is managed by Maritime Safety Queensland (MSQ), a branch of TMR. With regard to commercial shipping, MSQ is responsible for the safety of vessel movements, the prevention of and response to marine pollution and providing essential maritime services such as aids to navigation and vessel traffic services.

Port pilotage services in Queensland are provided by Responsible Pilotage Entities, generally under contract to MSQ. The exception being the port of Amrun, which is a private port where the owners purchase pilotage services directly. In all other instances the responsible pilotage entity is the port authority, another port authority in the case of Weipa, or MSQ for the ports of Brisbane and Abbot Point. The Queensland government sets the fee for the service. Limited pilotage services are also supplied by MSQ in the Gold Coast area catering for superyacht type vessels.

Considerations

A new coastal shipping operator will have the challenge of achieving a cost competitive tariff for contestable freight. They face a range of capital and operational costs to establish and conduct their business.

The modern supply chain industry in Queensland has evolved around the road and rail transport sectors. In increasing coastal shipping considerations include:

- compressed (just-in-time) freight delivery requirements
- frequency of service
- additional costs related to multiple handling of freight between transport modes
- limited availability of regular base load cargoes.

A base load of cargo is required to make a regular shipping service viable. As cargo volumes increase the viability of a service also increases. There is an opportunity to work with industries and stakeholders to consider commercial pricing options which can increase intrastate shipping, including incentives to allow operations to achieve viable base loads.

TERMS OF REFERENCE

A) The regional economic development and labour market benefits of a sustainable intrastate shipping industry in Queensland

Key points:

An improved coastal shipping system that links freight modes and reduces supply chain costs for regional business could potentially offer significant benefits for the Queensland community by:

- supporting Queensland's growing economy
- reducing road and rail congestion
- improving modal competition by introducing additional modal choice for shippers
- improving the resilience of the transport network during extreme weather events, such as tropical cyclones and floods
- providing an efficient and environmentally sustainable alternative to existing transport, as shipping carries large quantities of cargo for relatively low energy use and carbon emissions
- improving the access of remote North Queensland and island communities to essential items.

A commercially operated coastal shipping service that links freight modes and reduces supply chain costs for regional business would positively benefit the Queensland economy and broader freight transport system.

Queensland Government funding to build, maintain and operate most of the state's various publicly-owned transport networks, other than ports derives primarily from State appropriations or through user charging frameworks. In the case of government owned ports, infrastructure investment is a commercial decision of port authorities, port shareholders and their customers and are funded through user charges. The optimisation of the existing port infrastructure is assessed prior to committing to investment in new assets.

Coastal shipping within Queensland could potentially offer benefit for the freight transport system, delivering longer term benefit for the ports and regions it would serve. Coastal shipping could improve supply chain resilience especially in the immediate aftermath of supply chain disruptions during natural disasters. Coastal shipping could provide a service delivering goods and emergency services to communities that road and rail transport cannot access. Subject to the ports not being impacted by the natural disaster and the availability of suitable loading ramps and roll-on roll-off (RORO) capable vessels, a responsive service could shuttle loaded vehicle combinations between ports.

Ships used in the coastal trade would be relatively smaller than those generally accessing Queensland ports. The smaller draft of these vessels combined with the relatively low frequency (weekly) of port visits would present a low risk shipping option which is in keeping with the strong Government commitment to protecting the Great Barrier Reef. Coastal shipping would also offer an environmentally sustainable alternative, producing lower emissions than land-based modes of transport without a requirement for additional dredging at ports.

The increasing containerisation of freight will not only support the development of a sea freight capability but will also support development of an integrated logistics platform in Queensland. Regional ports would benefit from an increase in containerised freight, as it would lead to associated private investment in the development of:

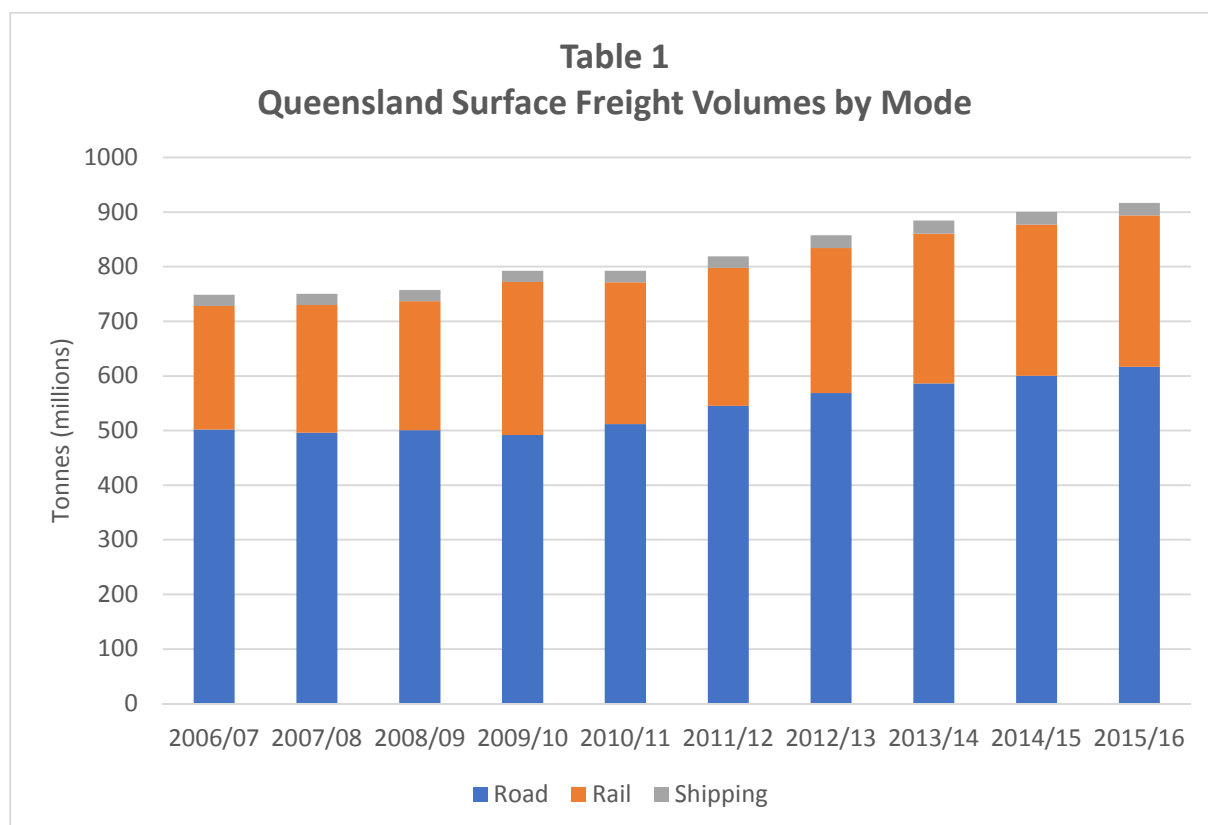
- container parks

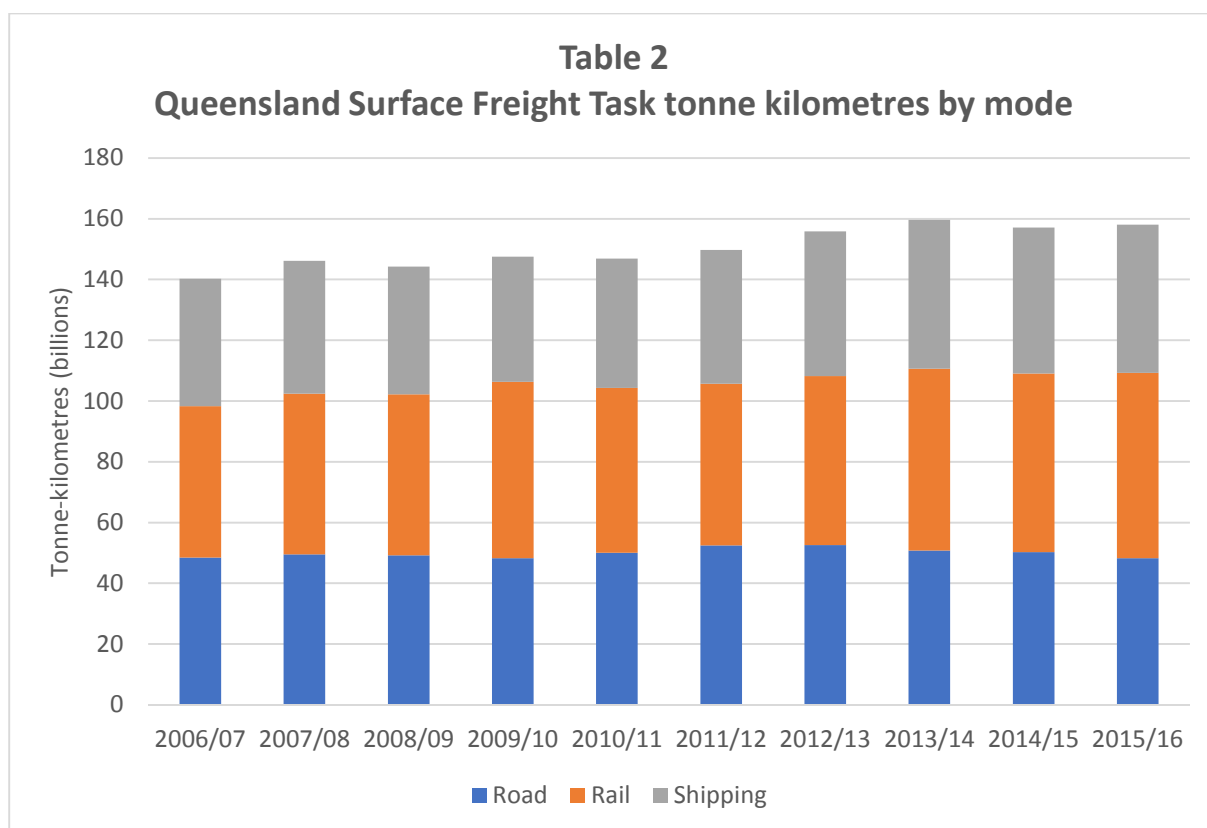
- warehousing and distribution facilities
- container packing/unpacking facilities
- trucking yards
- container repair and service facilities.

Current intrastate shipping operations in Queensland already play an important part of the state and localised regional economies. It is a vital to some remote North Queensland and island communities, as freight including food and household items can only be delivered by sea.

Current estimates indicate that for 2017-18 shipping accounted for 2.3% of the Queensland domestic freight volumes at 23M tonnes. This is smaller than the tonnages carried by road at 633M tonnes and rail (include private rail systems) at 328M tonnes.

In terms of the freight task, which is a measure of freight service provided incorporating distances travelled, shipping accounts for approximately 28% of the estimated 176B tonne-kilometre state freight task. This arises due to the significantly longer distance travelled by domestic maritime freight, compared to land transport modes. The two figures below demonstrate that while the state’s freight task continues to grow modal shares have remained consistent over time.





Depending on market drivers and user needs there is potential for growth in intrastate shipping for carriage between our larger ports such as Brisbane, Gladstone, Mackay, Townsville and Cairns. Intrastate shipping between these centres has the potential to service containerised and breakbulk cargos such as large mining equipment and other project cargos. The introduction of increased coastal shipping could have positive impacts for the central and north Queensland economies.

Specialised export commodities such as beef could potentially benefit from a scheduled intrastate coastal ship service, by providing a feeder service from Townsville to Brisbane for cargo destined for the US market. This opportunity also extends to high value broad acre crops such as soy bean, chickpea and mung bean grown in the Moranbah/Clermont area that is currently shipped in bulk. Access to containers for export at regional ports such as Townsville or Mackay, could also improve post farm gate logistics costs for horticulture grown in the Bowen/Gumlu area, most of which is currently trucked to Brisbane and southern states by road.

Coastal shipping serving the ports of Mackay and Townsville could create additional employment opportunities in these ports, particularly in relation to stevedoring, container transport and packing and unpacking of containers. It would also provide flow-on effects for industries supporting the port and regional transport industries.

The establishment of a dedicated coastal shipping service could provide exporters in central and north Queensland with an alternative supply chain to transport their product to Brisbane prior to export. A coastal shipping service would be expected to provide regional opportunities for manufacturing where the products are oversize, heavy or non-time sensitive.

There is potential for additional revenue for the Queensland Government and port authorities from harbour dues, wharfage, security charges, pilotage and conservancy. However, it is unclear whether there would be corresponding additional costs beyond the cost of investments in new or additional infrastructure to support the service.

The establishment of an intrastate coastal service would have an impact on employment and services in the ports covered by the service. Additional services would be provided by:

- port authorities
- stevedores
- ship port servicing (pilots, towage, line-handling and providores)
- shipping and related service providers (agents and forwarders)
- container park providers
- landside logistics service providers (road, rail and warehousing).

It could have other consequent benefits from potential reduction in heavy vehicle movements leading to reduced traffic volumes, road maintenance and improvements to road safety.

Intrastate shipping offers an alternative for certain cargos and new freight tasks. Commercial viability for such shipping relies on competitive rates, innovative service offerings and efficient, scalable portside infrastructure.

B) Current intrastate coastal shipping task and identify any barriers and options to strengthen the intrastate shipping industry

Key points:

- Queensland's international trade through ports far exceeds intrastate and interstate sea trade
- Current coastal shipping trade is occurring across Queensland ports for:
 - Project cargoes
 - Construction materials
 - Break bulk (general cargo too big to fit in a container or too heavy for an airplane)
 - Bulk minerals, concentrates and fuel
 - Food and living necessities
- Barriers arise from the strength of existing modes which already have established door to door services.

As an island continent, Australia relies heavily on international shipping, while its relatively small population dispersed across a large land mass results in other modes, for example road and rail, often being more cost effective for domestic freight, particularly for low volume or time sensitive freight movements.

Coastal shipping services, including intrastate coastal shipping have operated in Queensland since European settlement. Existing services are primarily focussed on bulk trade or providing essential transport links to communities with limited road and rail infrastructure access and island communities including remote island communities, for example, communities of the Torres Strait.

Current coastal shipping trade is occurring across Queensland ports for:

- Project cargoes
- Construction materials
- Break bulk (general cargo too big to fit in a container or too heavy for an airplane)
- Bulk minerals, concentrates and fuel
- Food and living necessities.

Domestic coastal freight movements are dominated by bulk commodities. The domestic coastal shipping task for 2017–18 was approximately 25 million tonnes, of which 18.75 million tonnes was for the transport of bauxite to Gladstone from Weipa. A further 4 million tonnes of bulk products including alumina, clinker, cement, coal, fly ash and ammonium nitrate were also shipped from the Port of Gladstone to domestic destinations.

Queensland's international trade by ship was 303 million tonnes in 2017-18, of which approximately 280 million tonnes were exports and 22.5 million tonnes were imports. A table is provided at **Attachment 2** detailing the dominance of international trade through Queensland ports.

A table listing domestic sea freight movements between Queensland ports for the financial years 2013-14 to 2015-16 is provided at **Attachment 3**. This table displays

- the Queensland intra-state freight flows between Queensland ports;
- the Queensland inter-state freight flows between Queensland ports and other states; and
- summary statistics of Australian coastal shipping volumes as it relates to Queensland.

Data timeframes reported are subject to availability of data to government and other entities incorporated in the development of whole of sector estimates of freight task. A two to three-year lag is typical and a result of activities necessary to develop estimates, such as data collection and industry survey, collation, analysis, modelling and publication.

Far North Queensland coastal shipping

The coastal shipping effort in Far North Queensland is vital to local communities and a range of vessels are used to service different communities.

Sea Swift is the main company providing shipping services to island and remote communities in Far North Queensland. Sea Swift is Australia's largest privately-owned shipping company. It operates in Northern Australia, mainly servicing remote and regional communities in Far North Queensland and the Northern Territory. Across Northern Australia the company has nine depots and has a fleet of approximately 30 vessels.

Across Far North Queensland the company operates a range of services to communities including:

- scheduled liner service twice weekly to Thursday Island, Horn Island, Seisia (once a week) and Weipa (once a week). This includes a weekly passenger cruise from Cairns to Thursday island and return
- landing barge service weekly to Torres Strait islands from Horn Island (transshipping cargo from the liner service)
- cross harbour tug and barge service between Thursday Island and Horn Island
- landing barge service to Torres Strait islands is augmented when required by tug and barge
- landing barge service weekly from Weipa to Aurukun
- landing barge service when required to Skardon River
- tug and barge services from Townsville and Cairns to Torres Strait, Weipa, Skardon River – (mainly machinery and construction materials)
- tug and barge service on demand Cairns/Weipa/Karumba to Mornington Island – (mainly machinery and construction materials)
- tug and barge service on demand from Hey River supporting de-mobilisation of port of Amrun construction
- tug and barge services to Great Barrier Reef islands such as Dunk and Bedarra
- landing barge services to Fitzroy, Green and Lizard Islands
- tug and barge services on demand to Cape Flattery.

In respect to the Cairns-Thursday Island route, it is worth noting that there have been attempts by competitors to serve the route, but these attempts have been short lived because there is insufficient trade to sustain competition. Seaswift also operate numerous services in the Northern Territory from its Darwin depot.

Carpentaria Contracting is a smaller niche company that operates a tug and barge log carrying service from Hey River (Weipa) to Cairns. Logs are then transported by road to Maroochydore. The company also operates a tug and barge service on demand between Cairns and Torres Strait/Weipa/Aurukun.

Carpentaria Fuels operates a weekly landing craft service from Karumba to Mornington Island carrying supplies and fuel.

Barriers

There are a number of potential barriers to the establishment of any re-invigorated and financially sustainable coastal shipping service, including:

- a requirement to compete directly with well-established and refined road and rail operations
- the need to commit to and provide a year-round, scheduled, frequent and reliable service
- a requirement to provide a comparably priced door-to-door service to match road transport, rail is also in a similar situation
- a comparably priced coastal shipping service needing to consider stevedore costs for loading and discharge at both ends of the trip, as well as, any port related fees and charges
- customer willingness to pay a premium for door-to-door timely services provided by road transport
- assured access to port and cargo handling infrastructure.

In the short term there would be no significant volume of new freight for a coastal shipping service, merely a shift from one mode to another and most likely some of the existing rail freight. Such a modal shift might have the unintended consequences of employment impacts in the rail industry but could be offset with the creation of employment within the shipping sector.

A new coastal shipping operator will have the challenge of achieving a cost competitive tariff for contestable freight. They face a range of capital and operational costs to establish and conduct their business.

Freight subsidies are not a favoured market intervention as they are costly to administer and unless closely monitored, can result in freight market distortion and unintended detriment over time.

There is no longer any freight subsidy arrangement in place administered by TMR that would impact on coastal shipping. The North Coast rail line subsidy component of the Regional Freight Transport Services Contract with Aurizon ceased in mid-2017. This rail subsidy was recognised to be a possible barrier to establishment of coastal shipping. Its cessation removes this potential barrier.

TMR provides fare support for air and ferry travel on some routes. These subsidies contribute to the viability of the service which could benefit carriage of freight.

Although pilotage fees and other government charges for vessel movements are recovered through user pricing, they form a very small proportion of the cost of ship visits compared to other charges such as towage, stevedoring and harbour dues. Infrastructure and service providers for coastal shipping recognise that some initial assistance to new entrants can result in longer term revenue from a successful coastal shipping venture. TMR has encouraged potential market entrants to seek assistance from infrastructure and service providers required for coastal shipping.

A new coastal shipping operator will have the challenge of achieving a cost competitive tariff for contestable freight. They face a range of capital and operational costs to establish and conduct their business.

C) Queensland's contribution to, and the need for, an Australian inter-state shipping industry, and identify ways in which Queensland could contribute to improving the Australian interstate shipping industry

Key points:

Existing Queensland interstate sea carriage includes:

- raw sugar being transported from Queensland to Victoria
- alumina being transported from Queensland to Tasmania
- movement of grain from South Australia and West Australia in response of the drought.

Like intrastate shipping, any growth in Queensland interstate shipping will rely on moving freight from other modes. Over the last 40 years we have seen a decline in break bulk and RORO cargoes with bulk, primarily liquid fuels, remaining our principal interstate cargo.

Shippers generally have a good understanding of the contribution of transport to their logistics chain. There has been an expanding use of containers for the transport of dry bulk commodities. Several factors have supported this emerging trend, such as the availability of empty containers due to Australia's trade imbalance and the increasing availability of container handling equipment.

Container carriage of dry bulk cargoes offers potential benefits to shippers including the safe secure storage of the cargo in transit and reduced reliance on centralised bulk handling infrastructure which increases the supply of transport providers. The benefits of using containers for dry bulk carriage could mean this is an opportunity for expanding of interstate shipping.

Queensland port authorities and managers are continually engaged in business development and the opportunity to increase port throughput from expansion of interstate trade is one they do consider.

Government managed services and charges such as port pilotage and conservancy do not distinguish between intrastate and interstate shipping and are levied and offered on the same basis. Favourable changes to these services and charges would be unlikely to improve interstate and intrastate shipping.

Should expanded or new trade such as containerised dry bulk result in increased demand for interstate shipping, the expansion could stimulate ship operators to acquire more efficient, trade specific ships to support the trade. This could reduce handling and transit times and drive increased competition. Expansion of bulk carriage in containers may be a suitable avenue to improve the Australian interstate shipping.

D) Opportunities for future common user port infrastructure, and any adjustments to the provision of port services, to support the viability of a regular intrastate freight shipping service**Key points:**

- Queensland government has a role as the shareholder of most ports in the planning, development and delivery of port infrastructure
- Examples include:
 - Cairns Shipping Development Project
 - Townsville Channel Upgrade Project
 - Port of Townsville upgrade to the Berth 4 container and general cargo facility
 - Port of Gladstone plans to widen the existing Clinton Channel
 - Port of Mackay completion of work on a new RORO

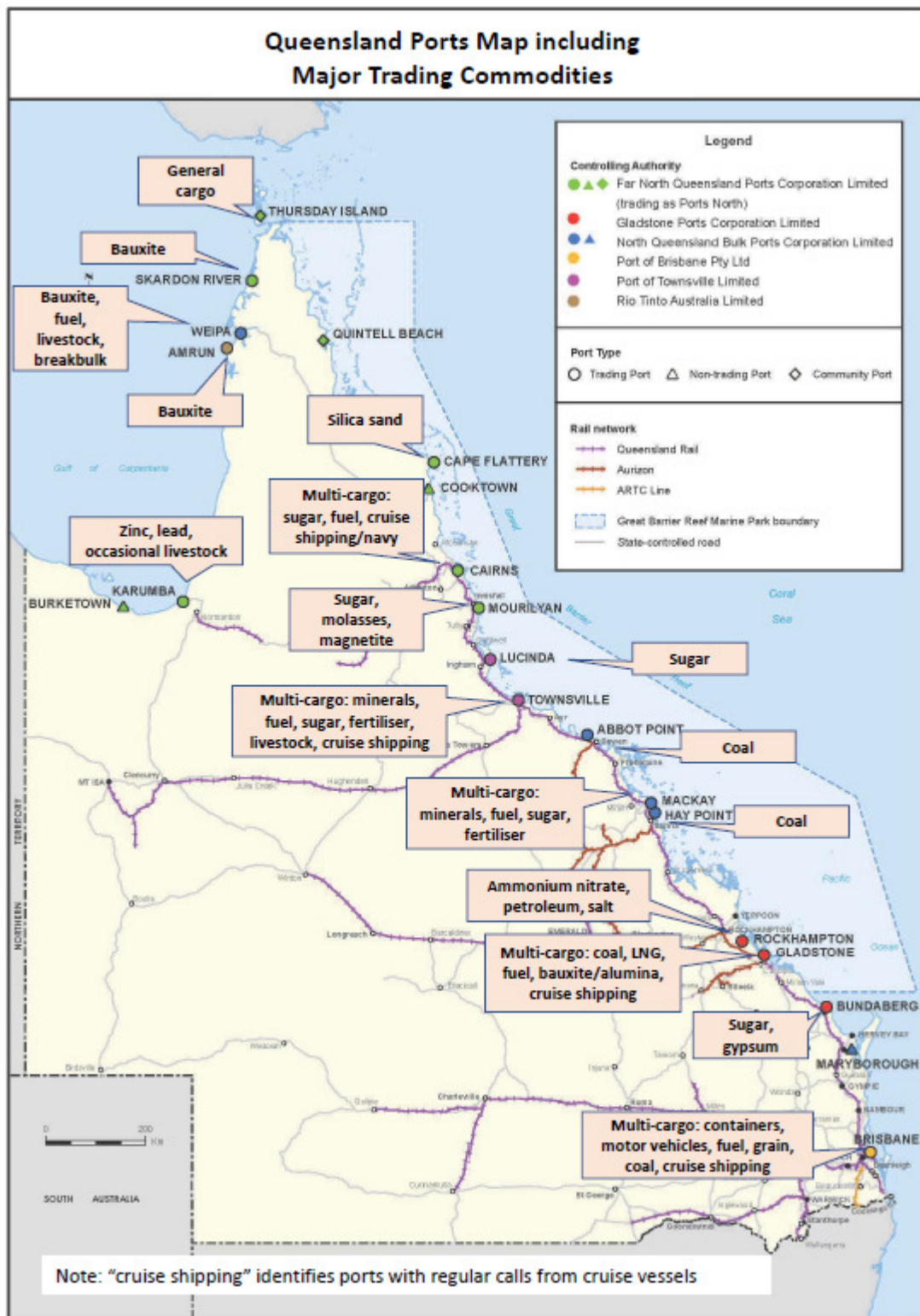
Queensland ports are managed by five port authorities: four government owned corporations including Far North Queensland Ports Corporation Ltd, Port of Townsville Ltd, North Queensland Bulk Ports Corporation Ltd and Gladstone Ports Corporation Ltd and one private company, the Port of Brisbane Pty Ltd. In addition, Rio Tinto Limited owns, operates and manages the recently commissioned Chith Export Facility in the Port of Amrun. The following map illustrates the location of the ports and the associated trades.

Port managers have encouraged the private sector to develop common user infrastructure at regional ports which will benefit coastal shipping entrants. Strategic planning for port development is the responsibility of the port authority and is done through consultative processes that account for the need of current and future port users.

A significant port master planning initiative is underway for the priority ports of Gladstone, Townsville, Hay Point/Mackay and Abbot Point. Master planning for priority ports is a port-related action of the Reef 2050 Long-Term Sustainability Plan (Reef 2050 Plan) and mandated under the *Sustainable Ports Development Act 2015* (Ports Act).

Priority port master planning will support the sustainable development of critical economic infrastructure, the state's priority ports, in a way that will balance growth, job creation, environmental values and community interests.

Historically, planning for Queensland's ports has focussed on land uses within the bounds of strategic port land. In an Australian first, priority port master planning will require consideration of issues beyond strategic port land including supply chain capacity and connectivity, potential impacts on marine and land-based environments and community values within and surrounding the master planned area.



In addition to the port authority planning processes, TMR frequently consults with Queensland ports to review and identify port services and land use planning options that will promote the development of cargo handling facilities at regional ports. These discussions have also taken place with shipping companies, stevedores, freight customers and logistics companies.

Ultimately, investment decisions will be a commercial consideration of port authorities, port shareholders and their customers who will fund the investments through increased user charges.

The availability of a fixed day of arrival and departure coastal shipping service has the potential to provide regional business and industry with greater flexibility and modal choice by providing a significant supply chain alternative.

In terms of potential growth in container trade, the major Queensland regional ports of Gladstone, Mackay, Townsville and Cairns can all accommodate geared multi-purpose vessels carrying 1,000 to 1,200 twenty-foot containers (TEU) on an intrastate coastal shipping trade. Existing port infrastructure including wharves, channels, berth pockets and swing basins is adequate to cater for the needs of such a service. Improvements may be required to container storage and handling facilities in some ports.

Existing port services such as towage, pilotage, linesman and stevedoring are adequate to meet the requirements of such a service. There is sufficient port land near wharves to handle an increased volume of containers. The existing road and rail links to ports are adequate to meet the demand created by a low volume intrastate coastal shipping service.

Queensland ports are open to working with service providers to identify infrastructure changes or improvements that could be made to improve efficiencies and thus assist with the increase of intrastate shipping.

There have been a number of completed and planned port initiatives that will benefit intrastate shipping, these include the:

- Cairns Shipping Development Project which involves dredging to widen and deepen the channel. This will improve the efficiency of shipping operations and the sustainability of the port as well as contributing significantly to regional development
- Townsville Channel Upgrade Project to widen the shipping channels allowing for growth of the port improving access for shipping and better utilisation of berths
- Port of Townsville recently completed an upgrade to the Berth 4 container and general cargo facility which doubled the capacity of the berth with further plans to invest in cargo handling and landside infrastructure
- Port of Gladstone is working to ensure it can cope with increasing vessel movements with plans to widen the existing Clinton Channel. Regular container shipping services have commenced at the Port of Gladstone and work is planned continue to expand this business
- Port of Mackay having completed work on a new RORO facility to improve capability at the port. In 2017-18 North Queensland Bulk Ports sponsored the International Cargo Handling Co-ordination Association's first regionally based event in Australia, where industry professionals gathered in Mackay to discuss the future of coastal shipping and how it might impact the region.

A base load of cargo is required to make a regular shipping service viable. As cargo volumes increase the viability of a service also increases. There is an opportunity to work with industries and stakeholders to consider commercial pricing options which can increase intrastate shipping, including incentives to allow operations to achieve viable base loads.

- E) Working conditions and safety practices on current coastal shipping vessels, comparing international vessels to Australian vessels;**
- F) Any practices that are being used to erode working conditions, such as entitlements and legislative protections that currently apply to employees in the industry**

Key points:

- Commonwealth legislation applies to the operations, conditions and safety of seafarers

Queensland employs 2,604 maritime workers accounting for 22.6 percent of these employees in Australia. These maritime industry workers include marine transport professionals, deck hands, transport and despatch clerks, supply and distribution managers and accounting clerks¹.

While TMR is not responsible for onboard seafarer safety, MSQ is responsible for the safety of shipping movements in Queensland waters. Seafarer welfare and conditions of employment are matters outside the responsibility of the TMR.

Port authorities have an interest in ensuring port services are provided on a viable basis. In ports where towage is provided under a license and a change is proposed, the GOC port authority follows a process that considers the impact on stakeholders, including towage employees. This approach is one way to ensure employee interests are considered when making decisions about maritime service delivery to support shipping. The following ports operate with towage licensing in place:

- Gladstone
- Mackay
- Townsville
- Lucinda
- Mourilyan
- Cairns

- G) Options for legislative, regulatory or policy reform that could strengthen the intrastate shipping industry, and ensure that Queensland's labour market would benefit from this expanded industry, considering current Commonwealth legislation, reviews and constitutional limitations**

Key points:

- Competitive rates, innovative and reliable service offerings, scalable port side infrastructure with efficient connected land-based transport (first and last kilometre) are all elements that would provide a comparative advantage for a coastal shipping service

At present, coastal shipping is subject to the overlapping effects of a suite of Commonwealth legislation, including the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (CTA), the *Fair Work Act 2009*, and the *Customs Act 1901*.

The AusLink Brisbane Cairns Corridor Strategy 2007 observed that the corridor between Brisbane and Cairns (the corridor) is not a strong end-point to end-point market for the movement of goods and services. Several intermediate freight markets overlap along the

¹ Skills Forecast 2018 Maritime Industry Reference Committee Australian Industry Standards Pp 20-21

corridor, for example, Brisbane to Rockhampton, Brisbane to Mackay, Brisbane to Townsville and Brisbane to Cairns.

General and containerised freight is normally transported by road and rail along the Queensland east coast. Existing coastal corridor options include the Bruce Highway and the Queensland Rail/Aurizon managed north coast rail line. Both corridor options are shared with public and other transport.

Competition between these modes is based on cost, delivery timing requirements, commodity and distance transported.

The corridor links key resource and agricultural production regions including Fitzroy, Mackay/Whitsunday, Northern, and Far North. It also provides key strategic connections to regions outside the corridor, most notably the Southwest, Central and North West Regions, facilitating east-west access to key port infrastructure.

Trains and trucks require drivers, mechanical support, provisioning services and maintenance of the transport infrastructure. While development of an intrastate coastal shipping service may provide employment benefits, consideration should be given to corresponding employment impacts of a potential shift of freight from the existing land-based transport modes in the eastern corridor.

In a July 2014 submission to the Transport Housing and Local Government Inquiry into Coastal Sea Freight, the Port of Townsville Limited identified of a single fully laden container ship loaded at the Port of Townsville and moving along the coast of Queensland would carry the equivalent road and rail task of:

- 596 34-tonne capacity B-Doubles or 810 25-tonne capacity semi-trailer trucks
- 10 intermodal freight trains (assuming approximately 2000 tonne capacity).

Where land-based transport modes reduce their service offerings in response to reduced demand for their services, there is the potential for job losses. The impacts of modal change described above are indicative of this potential.

Previous evaluations by TMR have noted that coastal shipping services must have a comparative advantage over existing and established land-based transport to be viable.

Competitive rates, innovative and reliable service offerings, scalable port side infrastructure with efficient connected land-based transport (first and last kilometre) are all elements that would provide a comparative advantage for a coastal shipping service.

H) Options for legislative, regulatory or policy reform to maintain the safety, rights and protections of workers in Queensland ports and maritime industry; and

Key points:

- Commonwealth legislation applies to the operations, conditions and safety of seafarers

The Commonwealth Australian Maritime Safety Authority (AMSA) is the lead on the safety of commercial vessels and coastal trading under the Navigation Act. They also have a suite of legislation about coastal trading which is complementary to those safety acts.

The state's role in regulating maritime safety is primarily around Queensland vessels, primarily recreational, and the management of safety and vessel movements within our waterways and Queensland coastal waters.

l) Options to minimise any potential impacts on the Great Barrier Reef from a strengthened intrastate shipping industry

Key points:

- Impacts are being addressed through a suite of coordinated activities including:
 - Implementation of actions of the Reef 2050 Long-term Sustainability Plan (Reef 2050 Plan)
 - Monitoring and coordinating ship movements in ports and the Great Barrier Reef
 - Progressing to a zero emissions future

Significant work is being done to manage the impacts of ship movements and any growth in ship movements associated with increased coastal freight will be managed in this context.

The current level of shipping activity in Queensland ports and waterways is considered low in comparison to international ports and waterways.

In the 2017-18 financial year around 8,799 ships arrived in total for all Queensland Ports. Queensland's busiest port, Brisbane, had on average around 7 ships arrive per day (2,526 arrivals in the 2017-18 financial year). The 2017-18 financial year saw over 16,300 piloted movements in Queensland ports, an increase of approximately 5% over the previous year. There were also over 11,600 voyages monitored through the Torres Strait and Great Barrier Reef (GBR) areas in this period.

Given this volume, significant work is being done to manage the impacts of ship movements upon the natural environment, including the GBR. The Queensland and Australian governments have a suite of navigation assistance and pollution prevention measures in place for the GBR, including:

- modern State and National legislation supporting safe and environmentally sustainable ship movements
- network of physical and electronic Aids to navigation
- modern navigation charts
- port vessel traffic service (VTS) and ReefVTS monitoring and coordinating ship movements
- detailed port procedure manuals providing guidance to ships operating in a Queensland ports
- compulsory pilotage in ports and the more navigationally challenging areas of the GBR and Torres Strait
- underkeel clearance management regime in ports and the Torres Strait
- emergency response towage capability along the Queensland coast
- Port State Control ship inspection regime which has been successful in raising the quality ships that visit Australia

These controls have proved very successful with no serious shipping incident within the GBR and Torres Strait since 2010 when the *Shen Neng 1* ran aground on Douglas Shoal.

As an indication of current capacity, it should be noted that during the 2017- 2018 financial year there was over 16, 300 piloted movements in Queensland ports, an increase of approximately 5% over the previous year.

The joint Queensland Government and Australian Government Reef 2050 Plan provides an overarching, long term strategy to protect the values of the Reef while allowing ecologically sustainable development and use. Shipping is identified under the plan as currently being well managed with several action items recommended to ensure future potential risks are mitigated. Development of the Maintenance Dredging Strategy was an important part of the Reef 2050 Plan to provide direction to ports in the Great Barrier Reef World Heritage Area on better management of maintenance dredging impacts.

In addition, the North East Shipping Management Group – comprising senior representatives from State and Commonwealth Government agencies – developed and published the North East Shipping Management Plan in October 2014.

The North East Shipping Management Plan is focussed on mitigating the potential effects of large commercial trading ships and identifies existing, new and strengthened management measures to ensure shipping within the Great Barrier Reef, Torres Strait and Coral Sea continues to be conducted to the highest standards possible.

The Queensland Government has committed significant funds to implement a modern vessel monitoring systems for Queensland ports, the GBR and Torres Strait to ensure that we continue manage the risk. The new system will be in place mid-2019.

The Queensland Government released the Queensland Climate Transition Strategy in 2017. The Strategy demonstrates Queensland's commitment to reducing emissions across all sectors of the Queensland economy and confirmed the State's target of zero net emissions by 2050.

TMR supports lowering emissions across the transport sector both from vehicle operations and the construction and maintenance of transport infrastructure. This includes emissions from shipping and maritime infrastructure.

To work towards Queensland's goals, TMR is developing a Net Zero Transport Emissions Roadmap, to guide the transport sector on its journey to zero net emissions by 2050.

TMR is working with State and Commonwealth agencies in consultation with the shipping industry to ensure shipping within the Reef continues, is safe, risks are minimised, and there are no environmentally damaging incidents. The potential increase in ship numbers from growth in coastal shipping can be catered for under the existing controls and is not expected to change the risk profile of the waterways.

ATTACHMENT 1

Queensland Government Response to Transport, Housing and Local Government Committee's Report No. 59 — Inquiry into Coastal Sea Freight, December 2014

Recommendations	Government Response of 2015	Further update
<p>Recommendation 1</p> <p>The Committee recommends that the Legislative Assembly note the considerable benefits a regular coastal sea freight service would provide to the Queensland economy, including providing an environmentally sustainable alternative to road and rail freight, reducing road congestion, improving road safety, reducing road maintenance costs, providing resilience to the transport supply chain in times of natural disaster and flow on benefits to the drive tourism and defence sectors.</p>	<p>Supported</p> <p>Developing an integrated logistics platform in Queensland that promotes the use of containerisation not only supports the development of a sea freight capability, but the broader logistics industry by managing investment costs in bespoke transport equipment and improving the interoperability of goods between modes. A commercially operated coastal shipping service that achieves interoperability between freight modes and reduces supply chain costs to regional business, could have positive impacts on the Queensland economy and the broader freight system.</p> <p>A coastal shipping service would produce lower emissions than land based modes of transport, and will not require additional dredging of the ports proposed for servicing. The relatively smaller ship sizes contemplated for use in providing the service in comparison with those currently in use, when combined with the relatively low frequency (weekly) of port visits is deemed to present a low risk shipping option which is in keeping with the strong Government commitments to protect the Great Barrier Reef.</p>	<p>This recommendation relates to a recognition of the benefits of coastal shipping.</p> <p>The Department of Transport and Main Roads ensures its planning and initiatives are supportive of coastal shipping development.</p>

Recommendations	Government Response of 2015	Further update
<p>Recommendation 2</p> <p>The Committee recommends that the Minister for Transport and Main Roads give urgent priority to undertaking a detailed assessment of the best way to integrate a regular coastal shipping service into the transport supply chain and in doing so, assess the viability of a sea freight service based on freight rates, sustainable freight volumes and competitive service delivery in consultation with the shipping industry, Queensland ports and potential freight customers.</p>	<p>Supported</p> <p>An existing program of work is being conducted as a two year study by the Department of Transport and Main Roads. The Sea Freight Action Plan - Coastal Shipping Study is due for completion by June 2015. The study considers the commercial aspects identified in the report's recommendations and will inform freight system planning and operational considerations. These opportunities are also being worked on collaboratively with the Port of Brisbane, Port of Townsville Limited and North Queensland Bulk Ports Corporation and a number of commercial proponents.</p>	<p>Following the 2014 Inquiry further work was completed to investigate coastal shipping as advised in the 2015 government response. The Department of Transport and Main Roads has applied the Sea Freight Action Plan as internal policy to inform government considerations. The policy focussed on market opportunities and constraints, enabling ports through effective master planning and infrastructure investment and adopting a collaborative approach between government, the ports and industry to achieve best outcomes.</p> <p>In 2015, after a three year assessment of the Great Barrier Reef a key government priority was implementing policy to assist in the protection of the Great Barrier Reef. The Reef 2050 Long-Term Sustainability Plan is the overarching framework for protecting and managing the Great Barrier Reef from 2015 to 2050. Port development in the Great Barrier Reef World Heritage Area is now controlled under the <i>Sustainable Ports Development Act 2015</i> (Ports Act).</p> <p>Much of the work to develop port planning and ship movement management has been focussed on addressing the actions of the Reef 2050 Long-term Sustainability Plan.</p> <p>These actions actively assess all the implications of shipping including coastal shipping.</p>

Recommendations	Government Response of 2015	Further update
		<p>Port master planning, which is currently being undertaken for the priority ports of Gladstone, Mackay/Hay Point, Townsville and Abbot Point identified under the Ports Act, must take supply chain and logistics requirements into account.</p> <p>Port master planning requires consideration of issues beyond strategic port land including supply chain capacity and connectivity, potential impacts on marine and land-based environments and community values within and surrounding the master planned area.</p> <p>The Department of Transport and Main Roads has worked closely with coastal shipping proponents and port authorities to facilitate development of trade.</p> <p>A draft Queensland Freight Strategy has recently been released for targeted industry consultation with this currently scheduled to be finalised in early 2019. The development of a two year rolling Freight Action Plan, after the release of the finalised Queensland Freight Strategy will provide an opportunity to incorporate coastal shipping and committee recommendations which may arise from this Inquiry.</p>

Recommendations	Government Response of 2015	Further update
<p>Recommendation 3</p> <p>The Committee recommends against any direct, long-term or permanent sea freight subsidy being provided by the Queensland Government on the basis that a regular shipping service should only be established if it is deemed to be economically viable in the medium to long term.</p>	<p>Supported</p> <p>Freight subsidies are costly to administer and should be avoided, given their potential to distort existing freight markets. Support to emerging coastal shipping proponents will be addressed through commercial dialogue with government owned port managers.</p>	<p>The Department of Transport and Main Roads does not have any direct sea freight subsidies in place.</p> <p>The Department of Transport and Main Roads ceased the North Coast Rail Line subsidy component of the Regional Freight Transport Services Contract with Aurizon in mid-2017.</p> <p>This rail subsidy was recognised as a possible barrier to coastal shipping during the 2014 inquiry.</p>
<p>Recommendation 4</p> <p>The Committee recommends that, given the significant benefits a coastal shipping service would provide to the Queensland economy and community amenity, the government should remain open to discussions with the shipping industry, regional ports and freight customers concerning forms of assistance (other than a direct subsidy) that may facilitate the establishment of a coastal shipping service.</p>	<p>Supported</p> <p>The potential benefits identified by the Committee are largely based on coastal shipping operators achieving comparable access charges per tonne, to those which underpin road and rail freight pricing. The government is open to continuing discussions with stakeholders to identify measures that support the development of coastal shipping services in Queensland</p>	<p>No new committed coastal shipping service provider has emerged since the 2014 inquiry.</p> <p>The Department of Transport and Main Roads is open to continuing discussions with stakeholders to identify measures that support the development of coastal shipping services in Queensland.</p>
<p>Recommendation 5</p> <p>The Committee recommends that the Queensland Government investigate ways in which to assist remote island communities in North Queensland with their high freight costs, including:</p>	<p>Partially Supported</p> <p>(Supported) Based on an 80:20 funding arrangement, federal and state governments have signed up to deliver a \$260.5 million Cape York Region Package over five years to upgrade key roads and other infrastructure to better connect areas of economic opportunity with Indigenous and other local communities on the</p>	<p>The Cape York Region Package is designed to better connect and provide economic opportunity for Indigenous and non-Indigenous communities on the Cape.</p>

Recommendations	Government Response of 2015	Further update
<p>1 . Investigating the possibility of upgrading the road and/or providing a rail link to Bamaga.</p> <p>2. Considering a state government funded freight subsidy to remote island communities on the basis that the State subsidises rail freight to other remote/regional Queensland communities where a competitive freight service is not possible.</p> <p>3. Approaching the Federal Government to discuss the provision of financial assistance for a freight subsidy to remote island communities on the basis that the Commonwealth contributes significant funding to the Tasmanian freight subsidy scheme.</p>	<p>Cape. This includes \$200 million allocated to upgrade the state-controlled Peninsula Developmental Road</p> <p>A planning study is also underway to investigate critical community access needs (road, air, sea) into Aboriginal and Torres Strait Island local Government areas. This will inform the future Transport Infrastructure Development Scheme prioritisation and projects. The outlook for Bamaga and wider Torres is gradual improvements to road transport conditions from Cairns to the Cape (short to mid-term and beyond) and further in the future (subject to planning approval and funding), including improved freight handling capacity at Seisia Wharf for sea freight from Cairns to Seisia and distribution to the remote Islands.</p> <p>(Not Supported) It is unlikely that a business case would support investment in a rail freight link to Bamaga given the difficult terrain and distances involved.</p> <p>2 & 3. (Not Supported) Freight subsidies are not supported and are costly to administer, given their potential to distort existing freight markets. The Remote Indigenous Supply Chain study conducted by the Queensland Transport and Logistics Council in cooperation with the Department of Transport and Main Roads in 2010, identified that approximately 93% of all goods moved into the Torres Strait is for state, local and commonwealth agencies. The state government through Islanders Board of Industry and Service (IBIS Food Stores) operates a not-for-</p>	<p>The progressive upgrade of the 527km Peninsula Developmental Road between Laura and the Rio Tinto Boundary, south of Weipa, continues to deliver significant benefits to industry and Cape York communities, in terms of improved economic opportunities, freight efficiency, road safety and access to essential services.</p> <p>In particular, delivery of Peninsula Developmental Road works has been instrumental in building Indigenous business capability and providing improved Indigenous and local employment and training opportunities.</p> <p>At the completion of these road works in June 2019 , a further 173kms of the Peninsula Developmental Road will be sealed.</p> <p>The planning study referred to in the 2015 Government Response, is the ‘Cape York & Torres Strait Access Strategy’ or otherwise known as the Indigenous Transport Infrastructure Program (2016). Community access infrastructure plans were developed for each of the Australian and Torres Strait Islander Local Government Associations in the Cape and Torres. The access infrastructure plans have been provided to the councils, but are not public documents.</p> <p>The Islanders Board of Industry and Service (IBIS) Food Stores continues to operate and the circumstances at the time of the 2010 study,</p>

Recommendations	Government Response of 2015	Further update
	<p>profit chain of food stores across the Torres Strait and peninsular communities to provide good quality food. It should be noted that these goods are predominantly moved by rail from Brisbane to Cairns under existing forms of rail freight support, in the form of the regional rail freight transport services contract.</p>	<p>referenced in the 2015 government response are considered to have not materially changed.</p>
<p>Recommendation 6</p> <p>The Committee recommends that the Queensland Government work with relevant Queensland ports and potential commercial investors to facilitate the funding of any common use infrastructure required in order to establish a viable coastal sea freight service in Queensland.</p>	<p>Supported</p> <p>The government supports working with the private sector to facilitate the development of common user infrastructure at regional ports, through commercial dialogue with port managers and coastal shipping proponents.</p>	<p>The Department of Transport and Main Roads continues to hold regular meetings with government owned corporation ports and the Port of Brisbane on a wide range of shipping and logistics issues.</p> <p>Industry and government forums have also been held with the Ports of Townsville, Mackay and Bundaberg on supply chain issues and solutions.</p>
<p>Recommendation 7</p> <p>The Committee recommends that the Queensland Government continue to work with Queensland ports to ensure that port services required for a coastal sea freight service are incorporated into their port master plans and in particular, to ensure that berthing and loading/unloading facilities are guaranteed at each port and that the cost of port services are kept to a minimum.</p>	<p>Supported</p> <p>The Department of Transport and Main Roads is collaborating with Queensland ports to identify port services and land use planning options that will promote the development of container facilities at regional ports. Discussions have also taken place with shipping companies, stevedores, freight customers and logistics companies. Ultimately, investment decisions will be a commercial consideration of Port Authorities and their customers.</p>	<p>Queensland ports have advised they are supportive of coastal shipping as it would provide increased trade. As part of their planning they are continually reviewing infrastructure and looking to improve efficiency for all port operations. Recent infrastructure improvements have been made or are in planning in Townsville, Mackay, Gladstone and Cairns.</p> <p>Port authorities have been in discussion with proponents of coastal services and can consider inducements or discounts to assist services in</p>

Recommendations	Government Response of 2015	Further update
		<p>their infancy should there be longer term commercial benefit.</p> <p>The Department of Transport and Main Roads is also undertaking Master Planning for Priority Ports that will support future growth of ports and their supply chains.</p>
<p>Recommendation 8</p> <p>The Committee recommends that the Queensland Government advise the Australian Government that it supports the call for a review of the registration conditions for Australian International Shipping Register on the basis that amended registration conditions are likely to result in more vessels using the Register, increasing the Australian Maritime cluster which, in turn, would facilitate the development of a robust coastal shipping service along the Australian coastline.</p>	<p>Noted</p> <p>The Commonwealth Government, has made a recent announcement outlining proposed amendments to the laws and regulations surrounding the coastal shipping industry.</p> <p>The Queensland Government will consider any implications arising from the Commonwealth Government's proposed amendments.</p>	<p>Review and/or changes to commonwealth legislation has not occurred.</p>
<p>Recommendation 9</p> <p>The Committee recommends that the Queensland Government approach the Australian Government to request that the <i>Fair Work Regulations 2009</i> be amended to expressly exempt international vessels undertaking temporary licence voyages from having to pay Australian wage rates on the basis that this will remove one of the barriers to the development of</p>	<p>Not Supported</p> <p>The Queensland Government does not support the exemption of international vessels from the <i>Fair Work Regulations 2009</i>.</p>	<p>No update required.</p>

Recommendations	Government Response of 2015	Further update
<p>a robust coastal shipping service along the Australian coastline.</p>		
<p>Recommendation 10</p> <p>The Committee recommends that the Queensland Government advise the Australian Government that it is supportive of its current review of the <i>Coastal Trading (Revitalising Australian Shipping) Act 2012</i> and the development of a legislative framework that facilitates the development of a robust coastal shipping service along the Australian coastline, and that the following amendments to the Act be considered as a priority:</p> <ol style="list-style-type: none"> 1 . reduce red tape by removing the 5 voyage minimum to apply for a temporary licence and introducing an open temporary licence for a 12 month period with unlimited voyages 2. streamline administration through express temporary licence/express variations and automatic licenses in uncontested trades 3. make general licences available to non-Australian flagged ships if Australian crewed 4. remove all licensing requirements on foreign-flagged vessels that maintain a consistent intrastate service, for example, Townsville — Brisbane in Queensland 	<p>Noted</p> <p>The Commonwealth Government, has made a recent announcement outlining proposed amendments to the laws and regulations surrounding the coastal shipping industry.</p> <p>The Queensland Government will consider any implications arising from the Commonwealth Government's proposed amendments.</p>	<p>The Department of Transport and Main Roads has not progressed further work in this area as the amendments by the commonwealth remain proposed at this stage and the implications and impacts of the amendments that may result from the proposal are uncertain.</p>

Recommendations	Government Response of 2015	Further update
<p>5. provide exemptions to licensing requirements for foreign flagged ships stopping at coastal ports on the international route</p> <p>6. amend section 112 of the Act to include vessels which are exempted from the Act as well as Australian International Shipping Register vessels operating under a temporary licence</p> <p>7. provide for an automatic approval to 'opt in' for intrastate ships</p> <p>8. where licensing is required, simplify the system by eliminating the complex and impractical reporting requirements</p> <p>amend section 10 so that the Act does not apply to cruise ships and smaller expedition (tourism) style vessels less than 5,000 GRT.</p>		
<p>Recommendation 11</p> <p>The Committee recommends that the Queensland Government approach the Australian Government to request that the following amendments be considered in relation to the application of the <i>Customs Act 1901</i> in order to facilitate the development of a robust coastal shipping service along the Australian coastline, including:</p> <ol style="list-style-type: none"> 1, introducing a new Customs regulation to provide for circumstances whereby importation is not in the 'national interest' 2. amending section 112 of the <i>Coastal Trading (Revitalising Australian Shipping) Act 2012</i> (CTA) to include vessels exempted from the Act as well as Australian International 	<p>Noted</p> <p>The Commonwealth Government, has made a recent announcement outlining proposed amendments to the laws and regulations surrounding the coastal shipping industry.</p> <p>The Queensland Government will consider any implications arising from the Commonwealth Government's proposed amendments.</p>	<p>The Department of Transport and Main Roads has not progressed further work in this area as the amendments by the commonwealth remain proposed at this stage and the implications and impacts of the amendments that may result from the proposal are uncertain.</p>

Recommendations	Government Response of 2015	Further update
<p>Shipping Register vessels operating under a Temporary Licence</p> <p>3. introducing a timeframe during which vessels in Australia will not be imported (for example, 90 days)</p> <p>removing some key flow on effects from importation (such as immigration requirements) in some circumstances, such as dry docking.</p>		
<p>Recommendation 12</p> <p>The Committee recommends that the Minister for Transport and Main Roads investigate whether there are likely to be benefits to the Queensland economy if genuine coastal trading vessels, which are less than 500 gross tonnage, have access to Commonwealth shipping tax incentives and, if so approach the Federal Government to discuss the possibility of an amendment to the relevant Income Tax Assessment Acts.</p>	<p>Noted</p> <p>The Commonwealth Government, has made a recent announcement outlining proposed amendments to the laws and regulations surrounding the coastal shipping industry.</p> <p>The Queensland Government will consider any implications arising from the Commonwealth Government's proposed amendments.</p>	<p>The Department of Transport and Main Roads has not further progressed work in this area as the amendments by the commonwealth remain proposed at this stage and the implications and impacts of the amendments that may result from the proposal are uncertain.</p> <p>Assessment of tax implications can be made when the impacts of the amendments are clarified.</p>
<p>Recommendation 13</p> <p>The Committee recommends that the Minister for Transport and Main Roads review any current inconsistencies in the treatment of coastal trading vessels between arrangements in Queensland and those that operate under Commonwealth legislation and any inconsistencies in the application of safety/environment/training standards of vessels under the Navigation Act and the Marine Safety National Law with a view to ensuring a consistent approach is applied.</p>	<p>Supported</p> <p>Upon review it has been confirmed that there is no inconsistency between safety and training issues, given that the Commonwealth is the sole safety regulator of these vessels and works cooperatively with the states on implementation.</p>	<p>Review of commonwealth and state arrangements was completed as part of government's response in 2015. No action was required as the approaches to safety and training are not inconsistent.</p>

Recommendations	Government Response of 2015	Further update
<p>Recommendation 14</p> <p>The Committee recommends that the Minister for Transport and Main Roads assess the benefits and disadvantages of retaining the Restricted Use Flag regulatory provisions under the <i>Transport Operations (Marine Safety) Regulation 2014</i> and report back to the Legislative Assembly within 12 months.</p>	<p>Supported</p> <p>An assessment has confirmed that the Restricted Use Flag remains relevant to the Queensland maritime sector to allow vessels to undertake sea trials, and in circumstances where an emergency permit is required to allow a vessel to enter port for repairs.</p>	<p>The remake of the <i>Transport Operations (Marine Safety) Regulation 2016</i> provided for Restricted Use Authorities. Restricted Use Authorities allow for Queensland regulated ships to operate for demonstration, sea-trial and other temporary purposes, when it is deemed safe to do so.</p>
<p>Recommendation 15</p> <p>The Committee recommends that the Minister for Transport and Main Roads make it clear to the shipping industry that the government does not intend to use the Restricted Use Flag provisions to impose a de facto economic regulatory system for intrastate shipping in Queensland.</p>	<p>Supported</p> <p>Maritime Safety Queensland has governance structures in place to communicate with shipping lines and vessel operators on all matters relating to marine operations, safety and policy. Through these communications channels it has been made clear the Restricted Use Flag is not used to impose a <i>de facto</i> form of economic licensing.</p>	<p>Action is closed. The response in 2015 confirmed Maritime Safety Queensland had already established governance measures to restrict use of Restricted Use Flags or Restricted Use Authorities as in the <i>Transport Operations Regulation 2016</i>.</p>
<p>Recommendation 16</p> <p>The Committee recommends that the Queensland Government continue to work closely with sea, rail and road freight providers, the ports and prospective sea freight customers to ensure the policy enablers identified in the Sea Freight Action Plan, including collaborative supply chain planning, are put in place to provide an environment conducive to the establishment of a coastal shipping service,</p>	<p>Supported</p> <p>The Department of Transport and Main Roads will provide assistance to relevant stakeholders to develop policy enablers identified in the Sea Freight Action Plan.</p>	<p>The Department of Transport and Main Roads continues to provide assistance to relevant stakeholders including supporting further infrastructure investment by port authorities.</p>

ATTACHMENT 2

Table 1: Major Queensland Import and Export commodity groups ranked by size (2017–18)		
Queensland International Imports and Exports	Tonnes (Millions)	
	Exports	Imports
Coal	222.35	
Liquified Natural Gas	20.32	
Bauxite	17.77	
Alumina	4.14	
Crude materials, inedible, except fuels	3.83	1.18
Sugar (Raw and Refined)	3.72	
Food and live animals	1.69	0.63
Meat and Meat Preparations	1.32	
Grain and Seeds	1.28	
Commodities and transactions not classified elsewhere	1.15	0.85
Manufactured goods classified chiefly by material	1.15	3.31
Chemicals and related products, not elsewhere classified	1.07	1.37
Animal and vegetable oils, fats and waxes	0.27	0.07
Mineral fuels, lubricants and related materials (incl. petroleum products)	0.23	12.97
Machinery and transport equipment	0.17	1.44
Beverages and tobacco	0.04	0.15
Miscellaneous manufactured articles	0.02	0.56
Total	280.53	22.54
Source: OESR – Trade Data – Exports – Commodities (3 digit SITC revision 3) 1994-95 to 2017-18p and available ports trade statistics. Includes exports attributed to other states that pass through Queensland ports.		

Queensland Coastal Shipping Freight Volumes (2013-14 to 2015-16)																
Origin	Year	Destination (000s tonnes)														
		Brisbane	Bundaberg	Cairns	Gladstone	Karumba	Lucinda	Mackay	Mourilyan	Port Alma	Townsville	Weipa	Other QLD	All QLD	Interstate	Australia
Brisbane	2015-16	-	-	43	19	-	-	94	-	-	23	-	8	188	509	697
	2014-15	-	-	208	419	-	-	113	-	21	191	-	-	952	1,422	2,374
	2013-14	-	-	300	526	-	-	292	-	-	156	-	-	1,273	1,724	2,997
Bundaberg	2015-16	-	-	-	-	-	-	-	-	-	30	-	-	30	51	81
	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2013-14	-	-	-	-	-	-	124	-	-	106	-	-	230	20	250
Cairns	2015-16	-	-	-	-	-	-	-	-	-	10	-	67	77	-	77
	2014-15	-	-	-	-	-	-	-	-	-	40	-	-	40	-	40
	2013-14	-	-	-	-	-	-	-	-	-	8	-	-	8	-	8
Gladstone	2015-16	395	-	-	-	-	-	14	-	-	385	-	-	794	2,763	3,557
	2014-15	712	-	-	-	-	-	-	-	25	430	-	-	1,167	2,465	3,632
	2013-14	418	-	8	-	-	-	4	8	-	497	-	-	936	2,305	3,242
Karumba	2015-16	-	-	-	-	-	-	-	-	-	69	-	-	69	188	256
	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lucinda	2015-16	-	-	-	-	-	-	-	-	-	-	-	9	9	-	9
	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mackay	2015-16	30	-	-	-	-	-	-	-	-	6	-	-	36	253	289
	2014-15	62	-	-	-	-	-	-	-	-	-	-	-	62	179	241
	2013-14	9	-	-	-	-	-	-	-	-	-	-	-	9	156	165
Mourilyan	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2014-15	-	53	-	-	-	-	-	-	-	-	-	-	53	-	53
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Port Alma	2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	44	44
Townsville	2015-16	27	-	-	10	-	-	5	-	-	-	-	-	41	482	523
	2014-15	33	15	-	0.025	-	-	7	-	-	-	-	-	54	288	342
	2013-14	40	-	-	-	-	-	12	-	-	-	-	-	52	548	599
Weipa	2015-16	-	-	-	16,985	-	-	-	-	-	-	-	-	16,985	-	16,985
	2014-15	-	-	-	16,748	-	-	-	-	-	-	-	-	16,748	-	16,748
	2013-14	-	-	-	16,551	-	-	-	-	-	-	-	-	16,551	-	16,551
Other QLD	2015-16	3	-	9	80	-	-	5	-	-	-	-	-	97	-	97
	2014-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All of Qld	2015-16	455	-	52	17,094	-	-	117	-	-	513	10	84	18,326	4,245	22,572
	2014-15	807	68	208	17,167	-	-	120	-	46	621	40	-	19,077	4,353	23,430
	2013-14	466	-	308	17,077	-	-	432	-	-	759	8	-	19,051	4,797	23,856
Interstate	2015-16	2,054	-	9	2,144	-	-	59	-	-	40	24	-	4,331	24,152	28,483
	2014-15	2,402	-	22	948	0.116	-	32	-	16	120	-	-	3,540	23,251	26,791
	2013-14	1,782	-	0.420	436	-	-	0	-	3	21	-	-	2,243	25,700	27,943
Australia	2015-16	2,509	-	61	19,239	-	-	176	-	-	553	34	84	22,657	28,397	51,054
	2014-15	3,209	68	230	18,115	0.116	-	152	-	62	741	40	-	22,616	27,605	50,221
	2013-14	2,249	-	309	17,513	-	-	432	-	3	781	8	-	21,294	30,497	51,799

Note: 'na' nil or negligible.
 'na' figure not available at time of compilation.
 - Port Alma includes Rockhampton
 - Mackay includes Hay Point
 - Other QLD includes Abbott Point, Fitzroy Island, Palm Island, Thursday Island, York Island and other Qld Ports

Source: Queensland Transport Facts 2018 (Pekol Traffic and Transport)