



Maritime Jobs Taskforce



Report to the
Minister for
Transport and
Main Roads

September 2020



Queensland
Government

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EXECUTIVE SUMMARY

AIM

The Maritime Jobs Taskforce (MJT) was announced by the Honourable Mark Bailey MP, Minister for Transport and Main Roads on 7 July 2020.

The aim of the MJT is to:

- identify state-based operational, infrastructure and regulatory barriers to the development of an intrastate coastal shipping industry
- recommend practical ideas and opportunities for the Queensland Government to further recommendations of the Inquiry that are within the sphere of influence and control of stakeholders
- explore options to deliver on the Government's priority for job creation, particularly within the maritime workforce in Queensland
- examine and recommend changes that could be agreed between State Governments and/or Commonwealth that could facilitate interstate shipping with Australian vessels.

A copy of the Terms of Reference (TOR) is at Annexure 1.

The MJT comprised three members nominated by the Minister. Members were:

- Patrick Quirk (Chair),
- Chris Peters, Chief Executive Officer, Pacific Tug Group,
- Jason Miners, Deputy Branch Secretary (Queensland), Maritime Union of Australia.

The MJT was ably assisted by a Secretariat with staff drawn from TMR.

APPROACH

This report reflects issues from a Queensland perspective on the intrastate coastal trade and maritime employment and training opportunities. Specifically, the work stems from the recommendations of the Transport and Public Works Committee's 2019 *Inquiry into a sustainable Queensland intrastate shipping industry* (the Inquiry), Report No.23 of the 56th Queensland Parliament.

This report is submitted directly to the Minister by the MJT members. The report does not necessarily reflect the views of any previous advice submitted by the Department of Transport and Main Roads (TMR) to the Minister.

The MJT reviewed the recommendations and arguments of the various inquiries and studies relevant to the TOR undertaken in recent years. This process included the assessment and analysis of industry submissions and policy proposals

presented by both Commonwealth and State Government representatives. When necessary, this analysis was followed up by discussions with key stakeholders. A range of policy options and opportunities are now presented as the recommended outcomes from this report.

FINDINGS

There is a shared view that the continued support and growth of the nation's maritime interests leads to economic, employment and strategic advantages. Based on this, a constructive and meaningful policy and strategic road map can be drawn for growing the value add of the maritime sector to the Australian society and economy. However, several legislative and policy differences exist across jurisdictions, particularly in the blue-water and commercial freight sectors. These historical differences reflect diverging economic and national interest perspectives, and present barriers to implementing practical options and proposals.

Even allowing for these differences there is a general understanding that a vibrant and innovative maritime sector can contribute to national employment growth and economic well-being.

The Vocational Education and Training programs (VET), on-the job training systems and industry specific skilling have traditionally provided the necessary numbers of trainees required for a competent workforce. In addition, the Australian Maritime College and other tertiary institutions are providing higher level courses and qualifications in offshore engineering, logistics policy and practices, and naval architecture.

However, the emergence of shortages in both traditional and developing work roles needs to be addressed, ensuring the maritime sector continues to support the nation's interests into the future. The criticality of this has been highlighted during COVID-19. To enable workable solutions that are in the long-term national interest, a more informed understanding on these matters is required.

Governments at all levels need to facilitate productive dialogue between stakeholders on core issues, to realise substantial national and sectoral benefits. There are significant economic and strategic risks for all levels of government, industry and community in not taking a long-term view of the maritime sector, and by not adopting policies that facilitate its growth.

INTRODUCTION

Queensland enjoys a diverse and vibrant coastline of over 7000 kms. It encompasses World Heritage Committee proclaimed marine areas, coral reefs and wetlands as well as protected and accessible world-class waterways. It also hosts a sustainable and dynamic port and harbour network that allows safe access to the global trade networks and provides for a growing tourism and commercial vessel sector.

There are substantial opportunities for Queensland's maritime sector to expand and further contribute to employment growth and the economic well-being of the nation. An effective and service centred maritime sector is an essential component across tourism, aquaculture and fisheries, manufacturing, primary industries and the resources sector.

As an island nation, Australia is heavily reliant on maritime operations for both coastal and overseas trade and domestic marine activities. Despite this reliance, there are price driven policies and strategies in place that favour road and rail and foreign flagged vessels to deliver those operations. A consequence of this is a decline in maritime jobs in Australia. It is essential that the country has the necessary policies, strategies and tactics in place to fully capture that economic growth and employment benefits that flow from a renewed focus on maritime transport.

For this to be achieved, it requires vision and a clear focus on objectives, strong government leadership, industry and stakeholder commitment and a long-term plan and implementation strategy acknowledged by key stakeholders.

For Queensland, there are numerous tangible benefits from fostering and supporting the intrastate shipping trade. Bulk and liquid cargoes are already extensively carried by ship. However, these cargoes primarily serve a limited number of industries such as the cement and aluminium sectors. Most of the general, containerised and break-bulk cargo along the Brisbane–Cairns freight corridor is carried by either rail or road. Reliable data indicates that road and rail carry more than 96 per cent. of the state's freight with sea transport being around 2.5 per cent.

Any new entrant to the intrastate coasting trade (either in the bulk or general trades) will face substantial operational, financial and industry barriers. These barriers are addressed in the report with possible solutions being offered.

There is also a need to acknowledge the views expressed by specific industries and trade groups of the potential for higher transport and supply chain costs that could arise from initiatives focussed on increasing the use of Australian registered vessels and/or Australian crewed vessels on the State's coastal cargo services. All stakeholders will need to work to reduce the gap in the cost of Australian crewed vessels compared to open registry crewed costs.

Initiatives at the state level, including opportunities for financial support, have the real potential to assist local coastal shipping operations and job creation. However, the greatest and longer-term gains will be achieved by a pragmatic, nationally agreed, shipping and coastal trading policy. This policy will set the focus for recognising and balancing the needs of industry, the national interest and community expectations.

The aim is for the nation to be resilient and assertive in pursuing national maritime interests across all industry sectors. In addition, and with the lessons of COVID-19 fresh in the mind, governments need to be cognizant of the real risks facing the nation as being almost totally dependent on foreign flagged, foreign owned and foreign controlled shipping for both its foreign and domestic trade.

The report outlines these matters with additional information, background material and proposals that could be considered by government in easing any barriers to entry and managing risks associated with the expansion of intrastate coasting trade.

The skilling and training of all workers within the broad maritime sector underpins the ability of the industry to continue to make substantive contributions to economic and employment growth.

There are early signs of skill shortages developing in some traditional as well as emerging trades and sectors. The established VET programs were never designed to provide the extensive range of skills and trades and talents now required across the sector. Whilst skilled immigration can address some temporary shortages, it is critical the industry acknowledge the growing pressures and take necessary steps to assist in managing the skills issue.

The current VET system is well accepted by the industry and has established a good reputation for being sensitive to the changing needs of the sector. However, there is wide-spread concern that the expected standards and competencies are being diluted by the problematic performance of some Registered Training Organisations (RTOs) operating within a competitive marketplace. The resources and processes in place to audit the quality of outcomes are seemingly not in place to ensure the expected competency and training levels. These problems are not exclusive to the maritime training sector. The government is aware of these emerging issues and is investigating options to address them.

If left unaddressed this weakness has the real prospect of undermining both safety and technical standards across the sector.

An area of increasing discussion is the need for both marine and shore-based staff to have a set of skills across

a wide spread of roles. Specifically, there is a growing requirement for staff not to be bound by long-standing and historically based divisions based on trade training but to adopt a more enterprise view of the skills required for economic success. Some stakeholders have canvassed the need for ‘micro-courses’, delivered on a sector specific basis, to provide the experience, flexibility and innovation sought by emerging maritime practices and consumer demands. This is an area where the state can lead through a small investment in financial support and leadership.

A list of recommendations for consideration by government and further policy development is provided.

WE HAVE IDENTIFIED THREE PRIORITIES



Facilitate the development of coastal shipping



Create maritime jobs through collaboration between stakeholders



Review training to ensure the needs of industry are met

and made recommendations across 21 areas to address them

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| 1 | <p>Within the framework of the National Cabinet process, raise the issue of the resilience of the country’s critical supply chains. In addition, canvass the national security and risk management issues arising from the near total use of foreign flag and foreign crewed vessels on the nation’s domestic and overseas trade routes.</p> <ul style="list-style-type: none"> • This will allow the national interest concerns to be advanced and allow for a national policy debate on the issues. • This can be implemented initially in the National Cabinet framework and then allow for industry and stakeholder discussion and recommendations being reached. The issue of the establishment of a national strategic fleet and associated support services could be raised as an option for addressing the emerging issue of the resilience of the country’s critical supply chains. |
| 2 | <p>Activate government’s innovation programs to prioritise development of alternative fuel for the maritime sector, to enable the industry’s adoption of sustainable fuel use and operational practice, and support government’s overall environmental objectives.</p> <ul style="list-style-type: none"> • This will assist in ensuring a continuing focus on optimal sustainability outcomes. • This can be achieved by government acting for its existing policy outcomes as well as promoting a joint position with relevant stakeholders. |
| 3 | <p>Promote the greater use of coastal cargo as a viable modal choice to complement the rail and road network.</p> <ul style="list-style-type: none"> • This will assist in ensuring a continuing focus on marine and port issues to the benefit of the shared modal interests. • This can be achieved by government acting on its own initiatives as well as promoting a joint position with relevant stakeholders. |
| 4 | <p>The better collection and analysis of freight movements and associated data.</p> <ul style="list-style-type: none"> • This will allow for timely consideration and strategies to meet the challenges arising from changes in modal use. • This can be implemented across governments to achieve a better understanding of the economic dynamics and changes from a state-wide basis. |

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| 5 | <p>State government to assess options for economic legislation and regulation covering intrastate shipping.</p> <ul style="list-style-type: none"> • This will allow the state government to influence and facilitate coastal shipping outcomes when jurisdiction exists, as well as strengthening policy intent. • Any legislation to achieve this outcome could be drafted as an amendment to existing transport legislation or could be enacted through a separate Act. |
| 6 | <p>Conducting a strategic analysis of the objectives of the Queensland Transport Strategy and the Queensland Freight Strategy to ensure maritime interests and coastal shipping are prioritised. In addition, a review of the strategic port system could be conducted to ensure optimal outcomes for all stakeholders.</p> <ul style="list-style-type: none"> • This will ensure that maritime and coastal shipping are key components of the future policy setting and legislative framework, and actively encourage and facilitate a modal shift. • The transport planning and strategy consultation process should ensure that maritime trade and coastal shipping remain as key components in the future development of a sustainable and vibrant transport network. |
| 7 | <p>The formation of a Maritime Industry Consultation Group to address industry wide policy, strategic and tactical issues.</p> <ul style="list-style-type: none"> • This will assist in government taking an industry wide focus and address issues from a wide policy perspective. • The formation and management of this group would be led by government but include diverse membership from across the sector to ensure a broad consideration of the complex issues. |
| 8 | <p>Calling an Expression of Interest for provision of a weekly coastal freight service between Brisbane and Townsville and assess the potential of financial support and assistance to existing vessel operators.</p> <ul style="list-style-type: none"> • This will test the market interest in the commerciality and sustainability of such a service with any business case or proposal being subject to a due diligence process. • This approach can be based on: <ol style="list-style-type: none"> 1. a package of up-front financial support or a request for proponent to outline assistance being sought 2. allows government to apply operational conditions such as training berths and service standards. • It is estimated that for a vessel on the Brisbane–Townsville service, the first year assistance package would be in the vicinity of \$4 million to \$7 million. This will need to be assessed as part of the next steps in identifying a commercial operator and should include the scoping of concessions that are within commonwealth control. That would reduce the operational cost of the vessel assisting in making the potential service a better prospect of being a viable option. • Additionally, this approach (possibly including a rebate of state charges) could be offered to other state-based vessel operators to further the employment of Australian seafarers in important coastal trades. |
| 9 | <p>Ports be encouraged to adopt a facilitative, medium term and trade growth approach when negotiating port and berthage charges for new entrants to the intrastate trade.</p> <ul style="list-style-type: none"> • This will provide financial support to any new entrant as well as providing greater certainty for their business planning. • This could be implemented through the Statement of Corporate Intent or Strategic Plan for government owned ports and through negotiations by the Director-General of TMR with the Port of Brisbane. |
| 10 | <p>State government to consider temporary relief from the application of the full gazetted fee schedule for services such as conservancy and pilotage.</p> <ul style="list-style-type: none"> • This concession will provide tangible and transparent support to any new entrant in the intrastate coasting trade. • This concession will need to be considered taking account of legal advice and advice on the state budgetary implications. |
| 11 | <p>Review port pilotage requirements and criteria for issue of pilotage exemption certificates to reduce barriers to entry while maintaining a strong focus on safety standards and outcomes.</p> <ul style="list-style-type: none"> • The review can be undertaken by Maritime Safety Queensland with the assistance of external safety, legal and technical advisors. |

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| 12 | <p>Providing ministerial guidance on the investment guidelines for government-owned port infrastructure which has the potential to facilitate coastal cargoes.</p> <ul style="list-style-type: none"> • This will provide greater certainty and confidence when presenting business cases to Government. • This can be implemented through existing ministerial governance procedures with the assistance of shareholding departments. |
| 13 | <p>The proposed Maritime Industry Consultation Group to be a core channel through which to better manage resource and skilling issues within the industry.</p> <ul style="list-style-type: none"> • This will assist in better focusing and implementing whole of sector initiatives and improve communications between and with stakeholders. • TMR be considered for leading this initiative with the chair being at the Director-General and Deputy Director-General level and with the group having a direct reporting link to the Minister. |
| 14 | <p>The state to commission an audit of the maritime and shore-based workforce.</p> <ul style="list-style-type: none"> • This will allow for targeting areas of skills shortage and for the necessary planning and corrective measures to be put in place. • It will also allow the state to pursue actions and strategies to assist in the management of the supply and logistic systems during future disruptive events. |
| 15 | <p>The state, in cooperation with the port network and peak bodies, consider the implementation of a cadetship program for prospective seafarers in the blue-water sector.</p> <ul style="list-style-type: none"> • This will allow for the training and acquisition of the sea-time/experience required by candidates for deck and engineering qualifications. |
| 16 | <p>The state to continue to play an active role in the review of the national VET system. In addition, for the state to encourage greater linkage between coastal and the internationally recognised Standards of Training, Certification and Watchkeeping for Seafarers (STCW) certification.</p> <ul style="list-style-type: none"> • This will allow the state to monitor and influence the effectiveness of the VET system across all industry sectors. |
| 17 | <p>The state to press for more resources for Australian Skills Quality Authority's (ASQA) auditing and oversight activities of RTOs in the marine sector.</p> <ul style="list-style-type: none"> • This will assist in managing the emerging risks of the maritime VET system not achieving the competency and safety standards expected from the maritime workforce. |
| 18 | <p>The state to work with industry and the RTOs to scope the expanded range of skills and competencies required by the emerging generation of mariners and shore-based workers in sectors such as tourism, environmental management, vessel repair/refurbishment, stevedoring, dredging and infrastructure maintenance.</p> <ul style="list-style-type: none"> • The state will be better placed to capture the economic and employment opportunities arising from a rapidly growing and increasingly innovative marine sector. |
| 19 | <p>The state program of traineeships be extended and expanded especially in regional maritime centres.</p> <ul style="list-style-type: none"> • It is important that regional centres have the skilled personnel to nurture the growth of the maritime industries as opportunities arise. |
| 20 | <p>The framework for state assistance to maritime companies and employees to be reviewed to ensure that it meets the emerging needs of the sector.</p> <ul style="list-style-type: none"> • State assistance can then be focused on those areas requiring support in meeting resource and competency needs. |
| 21 | <p>The state consider the opportunities of taking a more expansive involvement in marine simulator training and associated activities.</p> <ul style="list-style-type: none"> • This will position the state in not only taking a lead role in mariner training and up-skilling but also provide a basis for private sector investment in a growing and value-adding activity. |



FACILITATE THE DEVELOPMENT OF COASTAL SHIPPING

Maritime transport played a central and critical role in the development of the nation. Shipping was the key transport link prior to the construction of the current rail and road networks. Regional ports were established as central connections on which the economic, infrastructure and social development of the hinterland and inland areas was largely based.

Queensland has a proud and long history of coastal shipping. Up to the 1950s the state had an extensive and vibrant coastal trading port network along the east coast, in the Torres Strait and in the Gulf of Carpentaria. A number of these early ports successfully managed to weather the modal shift to rail and road and logistical changes in the second half of the 20th century. Some smaller centres lost their coastal trading operations but remain as important regional centres for fishing, tourism, community and recreational boating activities.

The post-World War 2 period witnessed the continued expansion of Queensland's rail network. For a variety of economic development and network sustainability reasons legislation was enacted that offered explicit protection for the rail system. This had the immediate impact of reducing the state's long-standing dependence on coastal shipping. The on-going development of the rail network was soon matched by improvements and growth in the highway network particularly along the east coast and the key regional connectors to the fast-growing inland centres and mining areas. The last scheduled coastal shipping service from the south-east of the state to northern ports was withdrawn in the early 1980s. Since that time, most of the unitised and containerised freight has travelled on the Brisbane–Cairns corridor by rail and road.

There remains a substantial trade in bulk cargoes and petroleum refined products along Queensland's coast. The bauxite trade between Weipa–Gladstone carries over 16 million tonnes per year and the cement trade accounts for over 3.5 million tonnes of freight. There remains a strong movement of fuel north from Brisbane even allowing for the increased direct importation of petroleum and diesel to northern ports.

The bulk trade has innovated and grown to match new demand from the state's expanding industries. However, most of the vessels used in these trades are foreign flagged and foreign crewed apart from four Australian crewed vessels on the Weipa–Gladstone run which are owned and operated by Rio Tinto.

The greater use of Australian crews on these trades would enhance employment and training opportunities for seafarers and trainees.

It is important to note that there remains an active locally based coasting trade from Cairns to northern Cape York, Torres Strait and Gulf of Carpentaria regions. This coastal trade services the domestic needs of the many small communities and provides a critical line of trade and contact. Even allowing for the improvements in digital communications these centres are physically remote, and access can be challenging at the best of times and near impossible (except by air) during and after the monsoon season.

The anticipated growth in the national freight task is estimated at 26 per cent in the 10 years to 2026. From a state perspective, 87 per cent of the population live within 50 kilometres of the coastline and both Townsville and Cairns are estimated to grow, as a minimum, at least in line with the Queensland average growth rate of 1.6 per cent per annum.

It is understandable that many stakeholders look to coastal shipping as:

- an option for managing the anticipated future congestion on the existing national road and rail systems
- facilitating better informed investment decisions for the transport network.

CASE STUDY CREATING CONNECTIVITY FROM FREIGHT USER TO SHIP

The recent decision by the Woolworths Group (in partnership with Qube Holdings) for two new distribution centres in New South Wales at a cost of around \$1.2 billion highlights the importance that logistics plays in the modern supply chain and distribution planning. The proposed centre at Moorebank has direct rail access to the container berths at Port Botany. This will allow the potential removal from the road network of around 26,000 truck movements per year.

Similar intermodal linkages are being discussed for the Ports of Brisbane, Townsville and Mackay. These developments highlight the critical role that shipping and sea freight continues to play in the national economy and supply chains.

The major challenge to the greater use of locally based Australian shipping (particularly in the intrastate bulk shipping sector) is the cost difference of foreign flagged and crewed vessels when used in the coastal trade. Estimates of the differential differs between industry observers. However, for a Panamax bulk carrier the annual anecdotal gap is considered in the range of \$4 million to \$5 million.

However, the analysis and comparison of crew costs is complex given the differing taxation and leave provisions applying to overseas crews, as compared to Australian crews. In addition, there are financial concessions available to overseas ship owners that are not available to Australian shipowner interests.

After allowing for these employment and financial factors industry observers comment that the actual cash difference may be in the vicinity of around \$2 million. Again, this figure is variable depending on the trade. In reality the difference between overall crew costs are less on high value commodity trades and complex vessels (such as Liquid Natural Gas – LNG) with the cash gap being greater in low value trades such as cement and with bulk carriers on single voyage charters.

Industry has strongly asserted that many Australian production and refining activities operate in a globally competitive market where the true costs need to be reflected in the supply of a commodity to the next stage of the production process. From the consideration of many submissions, industry has apparently factored the reduced cost of foreign operated/crewed vessels into their existing business models and operations.

The sustained emergence of the Australian crewed and managed fleet requires:

- the implementation of national financial and shipping policies and enabling legislation to support such a change and the removal of policies that are clearly discriminatory against Australian owned and crewed vessels
- a better understanding by government, shippers/cargo interests and employee representatives of the need to manage down the cost base of Australian crewed shipping
- a renewed focus on and the acceptance by Australian crews, ship owner and cargo interests and ship managers of core issues such as higher productivity, greater ownership of the outputs being achieved and the establishment of a 'new normal' for the administration of industrial and personnel issues.

Advantages from a greater use of coastal shipping include:

- providing greater flexibility in managing the freight and logistics systems in times of national and/or regional disruption
- assisting in managing more efficient modal share given the expected sharp increase in freight movements
- removing some of the over-size/over mass movements from the state's highways
- providing additional opportunities when considering the investment options for infrastructure and services to meet future national and state freight demand, with a keen focus on the logistics sector

- being the catalyst for regional development and additional local value adding for regional output
- having potential to decrease overall freight greenhouse emissions with maritime contributing only 7 per cent, whereas road and rail contribute 83 per cent and 10 per cent respectively
- providing strategically important employment opportunities and training opportunities for the state's maritime and shore-based workers.

However, the growth of a viable and sustainable coastal trading sector in Queensland is potentially hindered by:

- lack of investment and legislative certainty from the Commonwealth's current coastal trading and shipping policies
- lack of state legislation providing for a firm policy basis and economic regulation of the intrastate trade
- challenges within sections of the industry to find compatible positions that balance workforce issues and commercial outcomes
- level of port corporation fees and harbour costs
- marine operational charges and pilotage/marine traffic safety requirements
- vessel operational costs including high fuel and crew costs
- scheduled access to ports for vessels to maintain trading commitments
- new entrant difficulties due to market advantages held by existing transport operators across rail and road.

NATIONAL INTEREST AND SECURITY ISSUES

The national response to COVID-19 has highlighted transport and logistic vulnerabilities across a range of industry sectors and commodities including pharmaceuticals, water treatment chemicals and fertilisers. The resilience of our fuel supply was particularly questioned, with the current crude oil strategy of US-based storage, with clearly insufficient capacity to refine crude oil in Australia, and delays in shipment arrivals, potentially threatening supply. COVID-19 also revealed the importance of strong ship control for management of human biosecurity.

The nation was fortunate that the transport system and logistic networks provided the timely and necessary support. However, the experience has highlighted the nation's need to ensure the sustainability and resilience of its support networks including the transport system. This argument strongly contributes to the rationale for establishing a strategic national fleet.

In addition, the clear rise in global tensions particularly in South-East Asia and the Pacific Basin highlights the need for Australia to take greater strategic interest in and management of its domestic and overseas supply chains.

There is an acknowledgement that the nation's trade requirements can be addressed through a proper security assessment based on a balance of foreign and Australian vessels. However, the current near total reliance of the country on foreign owned, foreign managed and foreign crewed vessels is a clear and present sovereign risk. This risk needs to be viewed from an analysis of the countries of vessel registrations involved in the nation's key bulk and fuel supply networks.

The key challenge is how these countries would react to a sophisticated foreign state player putting pressure on those countries to interfere with Australia's supply of shipping to service our trades.

In addition to international and pandemic risks the state regularly suffers transport service disruptions and supply constraint issues due to natural events such as cyclones and floods. During previous disruptive events, the state's response planning has been reduced and limited by the lack of ready access to coastal shipping of the appropriate size and flexibility to provide essential transport links. A proven and readily available coastal shipping service can speedily assist in resolving some of the logistic issues that arise from these increasingly disruptive weather events.

CASE STUDY BUSHFIRE RESPONSE

The bushfires in New South Wales and Victoria in early 2020 saw naval and civilian vessels crewed by Australians bring in much needed supplies of food, water and diesel to those communities who were isolated by the fires. They also assisted with evacuations and transporting equipment and personnel to assist with relief.

There are numerous examples in Queensland where the ready availability of suitable vessels at a relatively short notice could have eased concerns about community supply issues following the regular passage of cyclones and flooding monsoonal rains.

Within the national security and transport agenda the issue of a viable and sustainable coastal shipping industry is not currently a priority matter. Indeed, some decisions of government are seen as achieving outcomes to the explicit detriment of those stakeholders looking to develop a coastal shipping sector to meet both national interest and economic growth objectives.

It may now be an opportune time to advance the coastal shipping agenda given the lessons of COVID-19 and the role of the National Cabinet in addressing emerging strategic issues.

It is recommended that government consider:

1

Within the framework of the National Cabinet process, raise the issue of the resilience of the country's critical supply chains. In addition, canvass the national security and risk management issues arising from the near total use of foreign flag and foreign crewed vessels on the nation's domestic and overseas trade routes.

- This will allow the national interest concerns to be advanced and allow for a national policy debate on the issues.
- This can be implemented initially in the National Cabinet framework and then allow for industry and stakeholder discussion and recommendations being reached. The issue of the establishment of a national strategic fleet and associated support services could be raised as an option for addressing the emerging issue of the resilience of the country's critical supply chains.

ENVIRONMENTAL ISSUES

The global transportation system is struggling to manage the emissions that are contributing to climate change. It is acknowledged that shipping provides a transparent and positive contribution to the program of emission reduction. Recent international changes requiring the use of lower sulphur fuel is a substantial contribution to those efforts.

From a domestic perspective it is estimated that shipping supports around 28 per cent of the domestic freight task but contributes to approximately 2 per cent of total emissions from the transport sector. In a real-world example, it is estimated a coastal product tanker (around 50,000 DWT) operating around the coast saves over 800 B-double truck movements on the national or coastal road network. Partnerships with freight users who are seeking carbon reductions could be key to securing a regular seed freight task for a new coastal shipping provider.

Innovation in alternative and more environmentally friendly fuels is seen as the future for the modern shipping industry. Developments in the use of LNG and fuel cells is laying the groundwork for a modern and environmentally responsible transport modes. These innovations fit well with the government's 2019–2024 *Queensland Hydrogen Industry Strategy*.

It is recommended that government consider:

2

Activate government's innovation programs to prioritise development of alternative fuel for the maritime sector, to enable the industry's adoption of sustainable fuel use and operational practice, and support government's overall environmental objectives.

- This will assist in ensuring a continuing focus on optimal sustainability outcomes.
- This can be achieved by government acting for its existing policy outcomes as well as promoting a joint position with relevant stakeholders.

FREIGHT, LOGISTIC AND MODAL SHIFT ISSUES

The last two decades have seen a substantial demise of Australian flag shipping, initially in the general cargo area and then across the bulk cargo, fuel and hydrocarbon sector. In 2016–17 there were 36 vessels in Australia's coastal trading fleet, 17 of which were Australian registered (the remaining 19 were international vessels registered overseas). In comparison, there were 28 Australian registered ships in 2007–08, and 16 overseas registered ships. Stakeholders view that reduction in the number of Australian registered ships and of local seafarers from different perspectives and have varying theories as to why the industry is in its current parlous state.

However, one area of common agreement has been the emergence of both the rail and road sectors as the preferred modal choice for many cargoes that previously were moved by ships. In recent times the science underpinning the study of logistics and demand management has made immense progress. Road and rail operators are now using sophisticated engineering and software solutions to meet the needs of stakeholders demanding better transit times and scheduled door to door, just-in-time delivery services.

Many of these approaches are more easily adapted in the rail and road environment where operations face fewer risk factors and disruptive influences than those engaged in the maritime trades.

The segment of unitised or containerised cargo that is now seen as being potentially available for coastal carriage has narrowed. There is now the availability of 24–48 hour guaranteed transit times for rail and road, door to door services in north Queensland from the south-east. As such the cargo attracted to sea carriage needs to fit in at least a non-critical for three to four day delivery at best.

However, there is a lack of hard statistical data on some freight movements, transport corridors and modes. Government should consider the broader collection and

analysis of data as one way of better managing the state's freight task.

Prospective entrants to the service face substantive challenges in attracting that segment of the non-critical time freight that is currently carried on rail and road. Surprisingly however, there is some quiet confidence in port and shipping circles that such freight can be sourced. The MJT has accepted this optimistic advice on face value as between prospective shippers and their port interests there is clearly some competitive tension in both attracting and signing up potential cargo interests.

Governments need to exercise due care in discussions and negotiations involving potential competitors in any new service. However, there is a clear role for government in promoting the advantages of all transport modes when the economic and employment benefits from all activities benefit the state as a whole.

Stakeholders also noted the potential for diverting some over-size/over-mass (OSOM) cargoes from the road to carriage by sea from Brisbane to ports such as Mackay and Townsville.

The use of barge transport for project cargoes was common during the construction of the LNG plants in Gladstone and the expansion to the coal terminals at the Port of Hay Point and the Port of Abbot Point. Since 2015, North Queensland Bulk Ports has undertaken multiple projects to remove barriers to the roll-on, roll-off (RORO) trade. In July 2019 it negotiated a monthly RORO service for the Port of Mackay so lessening the need for convoys of large mining equipment to travel on the road from Brisbane to the Bowen region. The carriage by barge of OSOM shipment from Cairns north is also a common way of satisfying cargo delivery demands for remote and island communities.

The presence of OSOM loads (particularly mining equipment and for the growing renewable energy sector) on the road network leads to congestion and potential road hazard issues. There is the real potential for more OSOM loads to move from Brisbane north by barge to the ports of Townsville and Mackay. However, this in no way reflects adversely on the professionalism of the state's transport operators, TMR and the Queensland Police Service in safely managing these movements on the state's road network.

It is recommended that government consider:

3

Promote the greater use of coastal cargo as a viable modal choice to complement the rail and road network.

- This will assist in ensuring a continuing focus on marine and port issues to the benefit of the shared modal interests.
- This can be achieved by government acting on its own initiatives as well as promoting a joint position with relevant stakeholders.

4

The better collection and analysis of freight movements and associated data.

- This will allow for timely consideration and strategies to meet the challenges arising from changes in modal use.
- This can be implemented across governments to achieve a better understanding of the economic dynamics and changes from a state-wide basis.

LEGISLATIVE FRAMEWORK

There is an agreed view of the importance and need for more coastal shipping in Australia. Coastal shipping provides a safe and environmental responsible means of assisting in meeting the present and future needs of the nation's freight task. In addition, it can support an improved strategic basis for fuel supply, essential material movements and transport security concerns stemming from the current experiences of COVID-19.

However, this consensus view splinters when it comes to the make-up of any renewed coastal fleet.

There is a substantial industry view that the nation's economy and future growth of Australian enterprises should be based on access to comparatively cheap, foreign registered shipping and their crews. The alternative view is that a substantial component of the coastal freight task should be carried on Australian registered and crewed vessels, even allowing for the difference in costs between the two classes of vessels.

The Australian Constitution vests extensive powers in the Commonwealth for the regulation and oversight of the nation's maritime sector. The Australian Maritime Safety Authority (AMSA) is the marine safety regulator for Australian registered vessels, domestic commercial vessels and for foreign vessels in Australian waters. Recreational vessels remain under state jurisdiction for operations and safety.

There is no national policy basis nor existing legislation explicitly allowing for the application of cabotage to domestic sea cargo. However, as a comparative example, cabotage is strictly practiced for passengers and freight in the domestic

aviation sector. It is doubtful if the nation's airline sector could compete and be sustainable without this protection even allowing for the current impacts of COVID-19 on airline operations.

The Commonwealth through the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (the CTA) provides an avenue for overseas registered vessels on interstate voyages to carry domestic cargo through the issuance of temporary or emergency licences.

In addition, overseas vessels on intrastate voyages (where there is no explicit jurisdiction under the CTA) can opt into the Commonwealth legislation through a declaration issued under Section 12 of that legislation. This brings the vessels engaged on intrastate trade under the regulation of the Commonwealth however it also triggers the application of other financial and regulatory provisions.

The matrix and framework of this legislative system is seemingly straight forward. However, its application and implementation can raise areas of legal difficulties and commercial uncertainty. One of the often-quoted legislative provisions is the *Customs Act 1901* (Cth) with stakeholders reporting ambiguity and lack of transparency in its application.

Under the jurisdictional application of the CTA and in the absence of a Section 12 declaration, intrastate coastal cargo movements remain a State responsibility. However, in Queensland there is currently no state legislation specifically focussed on the economic regulation of the intrastate coastal trade.

This report does not look at the opportunities available to cargo interests and ship operators in taking advantage of these overlapping legislative provisions or the lack of legislation, nor does the report specifically review other market/commercial opportunities.

It is uncertain if any amendments to the CTA, drafted as part of the Shipping Legislation Amendment Bill 2015, will be enacted. Amendments have been rejected in 2015 and 2017 and the current Commonwealth government has been unsuccessful in reaching agreement with its parliamentary colleagues for changes to the CTA.

Until the ambiguity associated with the passage of these amendments is resolved, many stakeholders in the industry remain uncertain as to the future of government policy on Australian shipping and its role in meeting the nation's freight needs.

There are a range of valid national interest and national security arguments for a greater role for Australian shipping. However, these national interest arguments are facing strong opposition from some industry stakeholders and trade groups who have seemingly factored in low-priced coastal shipping costs into their business models and forward planning.

It is difficult to mount substantive policy arguments for greater use of coastal cargoes on Australian vessels (either

from a Commonwealth or state perspective) when there is no state legislative basis or policy statement to support such a move.

The previous use of Restricted Use Flags (stemming from the provisions of now outdated legislation) provided a perceived element of economic control over intrastate coastal shipping. Such an approach was accepted by most stakeholders even though the legal basis of this procedure was never formally tested. However, any move to reintroduce such a permit approach would be problematic given the current lack of any appropriate Queensland legislative base given the extensive changes over the last decade to state and Commonwealth shipping and maritime legislation.

Any consideration of state-based economic legislation for intrastate shipping needs to be assessed in the clear understanding that application of overriding Commonwealth legislation may limit the effective application of any state law. However, in this situation the core intent of government establishing policy direction for intrastate shipping will still be maintained.

A national approach and certain legislative framework are essential to the establishment and operation of a viable and sustainable coastal shipping service.

It is recommended that government consider:

5

State government to assess options for economic legislation and regulation covering intrastate shipping.

- This will allow the state government to influence and facilitate coastal shipping outcomes when jurisdiction exists, as well as strengthening policy intent.
- Any legislation to achieve this outcome could be drafted as an amendment to existing transport legislation or could be enacted through a separate Act.

POLICY AND STRATEGIC PLANNING

Queensland has an extensive transport network which meets the needs of the many and varied freight and passenger transport tasks across the state.

The Queensland Plan sets the vision and the economic and social outcomes for the state.

From a transport perspective the *Queensland Transport Strategy* sets the policy, objectives and high-level planning for the transport network. The strategy is the Queensland Government's 30-year vision for the transport system.

The strategy is based on five customer-focused outcomes that guides how the state responds to future changes:

1. Accessible, convenient transport
2. Safe journeys for all
3. Seamless, personalised journeys
4. Efficient, reliable and productive transport for people and goods
5. Sustainable, resilient and liveable communities.

This strategy provides the basis for modal sub-strategies, infrastructure planning and innovation in transport facilities and outputs. These elements will ensure the state's growth, economic health and employment opportunities are fully supported by and nurtured with the necessary legislative framework, innovation, infrastructure, network planning and services.

Complementing the *Queensland Transport Strategy* is the *Queensland Freight Strategy*, which is a 10-year plan identifying five shared commitments between industry, customers and government:

1. Build effective partnerships
2. Unlock economic opportunity
3. Smarter connectivity and access
4. A resilient freight system
5. Safer freight movements.

It is recommended that government consider:

6

Conducting a strategic analysis of the objectives of the Queensland Transport Strategy and the Queensland Freight Strategy to ensure maritime interests and coastal shipping are prioritised. In addition, a review of the strategic port system could be conducted to ensure optimal outcomes for all stakeholders.

- This will ensure that maritime and coastal shipping are key components of the future policy setting and legislative framework, and actively encourage and facilitate a modal shift.
- The transport planning and strategy consultation process should ensure that maritime trade and coastal shipping remain as key components in the future development of a sustainable and vibrant transport network.



CREATE MARITIME JOBS THROUGH COLLABORATION BETWEEN STAKEHOLDERS

Australia has a critical and strategic dependence on the maritime sector across its entire economy and community. It is anticipated that between 2014 and 2030, vessel activity at Australian ports will increase by 34 per cent. From primary industries, minerals and resources, tourism, passenger transport to the recreational user – the impacts and significance of the maritime sector are pervasive.

Australia ranks fifth globally in terms of its export/import task. Approximately 30 per cent of Australian GDP is dependent on international shipping. Australian ports handle around 10 per cent of the world's sea trade by tonnage. From a community perspective, more than 90 per cent of the nation's population lives within 100 kilometres of the coast.

Many sectors of the industry are facing rising staffing and competency challenges. The whole industry, including government, needs to contribute to solutions that successfully meet the current and future demand for proficient mariners, skilled tradespeople and technically competent management.

These challenges are arising when the impact of COVID-19 is being heavily felt. Even with the considerable assistance from both state and Commonwealth governments many businesses are struggling to maintain their financial viability.

However, the current difficult time also provides a perspective through which a better understanding of the issues can be achieved. This could lead to a greater resolve by industry and government to ensure the sector is fully achieving its potential as a major contributor of employment and economic growth.

At times, the diverse activities and geography of the maritime sector prevents a whole of industry perspective from being achieved. Work is often undertaken outside of 'normal' hours, in offshore and coastal environments, out of view of the mainstream community, in physically protected and secure boating facilities and with the ever-present commercial and competitive pressures. These factors do not readily promote the development and nurturing of a shared communication framework.

The maritime industry is dynamic and vibrant. It also offers considerable opportunities for employment growth and meaningful and productive work for current and future employees that may not be realised unless the industry and government attend to the emerging challenges.

One such initiative that could be pursued is building on the resolution of the 31st Assembly of the International Maritime Organization to achieve a barrier free working

environment for women in the maritime sector. With females only representing 23 per cent of the maritime industry, there is clearly an opportunity to encourage more women to the industry.

GOVERNMENT'S FACILITATION ROLE

The maritime sector covers an extensive range of industries, skills and activities. As noted above many of its operations are conducted away from the public gaze, in coastal, offshore and remote waters and often outside of normally accepted working hours and conditions. As such it is natural that these sectoral interests and its stakeholders develop a specific focus and miss other developments taking place in the wider maritime community.

In addition, governments often pursue policy objectives in specific sectors without always undertaking a full analysis of those outcomes on the broader maritime community. An example could be government's future consideration of proposals for the funding of volunteer search and rescue organisations. That service is provided by a small number of centres and personnel. However, the impact of any change could be of critical interest and importance to many others in the wider maritime sector.

In summary the interests of the wider maritime sector are not always clearly and effectively reflected in the management of policy and strategy changes by government. There is value in the consideration of an industry wide stakeholder group to address issues of common strategic and tactical interest across all sectors.

It is recommended that government consider:

7

The formation of a Maritime Industry Consultation Group to address industry wide policy, strategic and tactical issues.

- This will assist in government taking an industry wide focus and address issues from a wide policy perspective.
- The formation and management of this group would be led by government but include diverse membership from across the sector to ensure a broad consideration of the complex issues.

FINANCIAL SUPPORT FOR COASTAL SHIPPING OPERATIONS

To date none of the prospective service providers have submitted detailed business cases. The discussions by the MJT on service costs have been guided by advice from industry, government stakeholders and previous submissions and reports into coastal shipping. The amounts referenced in this report are only indicative of the cost issues facing any new entrant on the Brisbane–Townsville run or are already being incurred by other intrastate-based shipping operations such as the bulk vessels of the Weipa–Gladstone bauxite service.

A subsidised coastal shipping service operated in Western Australia from 1996–2013 with a 17-day return service from Fremantle to the Pilbara/Kimberley regions. By the end of the service, the subsidy for the single ship was around \$8 million per annum, with a loss each voyage of around \$50,000.

Any new entrant to the intrastate coastal shipping service will likely face considerable initial capital and operational start-up costs.

It is also reasonable to expect prospective shippers will be initially wary of committing cargo for reasons including:

- a valid concern as to the ability of any new entrant to meet their advertised schedule and service objectives
- a concern by shippers that they may lose their ability to continue to receive historically based freight rebates from existing rail and road operators if they offer their cargo for sea transport.

New operators will face a wide range of challenges all of which will need to be financed by cash reserves as it is likely that any freight revenues will not flow for at least four weeks from the delivery of the first cargo. In addition to the immediate crew costs, the ship operator will possibly have to guarantee payment to the bunker fuel suppliers. There is also the potential for the operator to be facing a premium for diesel fuel due to sulphur emissions guidelines ruling out the use of traditional heavy bunker oil.

An additional test will be establishing a base load cargo on both the northern and southern legs of the service. Without the establishment of this base load within a reasonable time on both legs of the service it is unlikely that, even with financial support, the goal of sustainability will be achieved. The nature of that timing will be clear from the due diligence examination of the business case submitted by any service proponent.

In these start-up circumstances there is an argument for government playing an active facilitation role by providing direct financial support or assistance by way of concessions, incentivisation and rebates. Precedents for government assistance exist with the aim of achieving transport and economic outcomes. An example includes the existing Transport Service Contracts (TSC), particularly the contracts for regional freight and for the movement of livestock.

CASE STUDY WESTERN AUSTRALIA VS QUEENSLAND: SIMILARITIES AND DIFFERENCES

Until 2013, the Western Australian government facilitated coastal shipping, firstly, through a state-owned service and then, through a subsidised commercial operator. The service ceased for several reasons, including competition with road freight in delivery time, reliability, rates and the inability to provide a door-to-door service, as well as lack of confidence from freight users. A regular back load was not able to be secured, due to the sparse populations in the north west of the state and as the road networks developed and successfully serviced communities and industry, the reintroduction of a coastal shipping option became less feasible.

Queensland's unique distribution of population along the coast, with diverse cargo requirements and established port infrastructure lends itself more readily to regular back-load opportunities. As the population in north Queensland grows, the need for review of the current freight task to regional centres also grows. Queensland ports benefit from the protection of the Great Barrier Reef, ensuring a safe and reliable passage for a regular coastal service and connectivity to inland industry offers an acceptable timeliness of the coastal shipping option.

The regional freight contract subsidises rail and transportation services in Queensland through commercial arrangements with transport operator Linfox. This contract assists in managing cost of living issues in remote regions as well as fostering economic growth. However, it excludes general freight on the North Coast Line terminating in Cairns.

The precise level of support under each TSC is classed as commercial-in-confidence. However, it is estimated that government expends in total around \$1.8 billion per annum on funding rail passenger services and infrastructure provision under the Rail TSC.

Additionally, the Mount Isa Line Incentive Scheme (MILIS) focusses on freight movement and economic development in the north-west of the state. The MILIS is a four-year \$80 million, total commitment focussed on the incentivisation of more freight on the Mount Isa line. It commenced operation in 2019 with an annual budget of \$20 million for each of those four years. Payments are directed to the freight owners (not

the rail track owner or above rail operator) based on their contracted use of the rail service on the Mount Isa rail corridor.

The program is also focussed on the encouragement of new mining/resource developments, the delivery of mineral freight exports and supporting regional jobs.

For the Brisbane–Townsville return coastal service there is a view that the best outcome and highest probability for a sustainable service would be through the involvement of a transport company with existing operations and experiences across the rail, road and maritime modes.

One option would be for potential operators to be invited to lodge their interest and business proposals through an Expression of Interest process with a clear schedule of any assistance being requested from government.

An alternate approach would be to use the methodology used in the MILIS program in full where payments are made to the cargo interests to encourage modal shift. However, the bureaucratic complexity of administering such a system should not be underestimated.

The current Australian Government review of the coastal trading framework is also investigating proposals for changes to seafarer taxation arrangements as well as the current lack of equitable financial measures for Australian shipowners. An issue of contention is the favourable level of fuel rebate applying to some overseas vessels bunkering in Australia as opposed to Australian vessels taking on the same amount of fuel being levied at a higher rate.

An agreed decision on both issues are critical for the maintenance of Australian shipping and the coastal trade. The outcomes of these investigations will be known when the Senate Standing Committee on Rural and Regional Affairs and Transport's Inquiry into policy, regulatory, taxation, administrative and funding priorities for Australian shipping report is released in December 2020.

Clearly the level of any required financial support is a function of both the proponent's preferred business model and the cargo load the service can attract when sailings commence.

However, from a review of public submissions, stakeholder discussions and experience in Western Australia, it is considered that an assistance package/subsidy for any future Brisbane–Townsville service may fall within the range of \$4 million to \$7 million per annum. Hermes Shipping's submission of January 2019 to the Inquiry noted that its forecast loss (without any government incentivisation in the first year of operating a Brisbane–Townsville service) would be in vicinity of \$6.6 million, \$2.7 million in the second year and a profit in the third year¹.

The final level of support requested from government can only be determined once an objective and external analysis of any business case is undertaken.

Existing bulk vessel operators on the Weipa–Gladstone bauxite trade are paying, on an annual basis, an estimated \$950,000 in pilotage and conservancy charges. Whilst levied as a government charge, the actual pilotage services are provided by port corporations and independent pilotage providers under agreed contract terms with TMR. Those delivery agents incur all personnel, helicopter transfer and boat charges and associated operational costs.

It has been suggested that a rebate of the pilotage charge could be used to provide financial support to new and existing operators of coastal services. Advice will be required from Treasury on broader financial detail and impact of any rebate proposal as part of the 'surplus' accrued by government from pilotage services. However, it presents one option for limited support to any new entrant.

A further mechanism for government to support a coastal shipping service would be to facilitate commercial viability through investigating potential cargoes from government funded projects. Potentially, the freight task generated by high yield crops from the Hell's Gate Dam Irrigation Project and Rookwood Weir could be shifted to coastal shipping.

Similarly, regional resource recovery facilities could be developed at or near ports to take advantage of their proximity to shipping. Coastal shipping could play a key role in the supply chain, particularly in transporting bulk waste, hazardous waste and materials from South East Queensland to regional recovery centres. E-waste is an increasingly major issue and financially valuable due to high demand for the metals in electronics and chemical processes.

Finally, the concerns at the high cost of shipping goods to the remote communities in Far North Queensland and the Torres Strait could also be eased by a rebate scheme of government charges and potentially port charges. However, there would need to be strict monitoring to ensure that any rebate resulted in a lessening of the cost burden of shipping to these remote areas and not simply a revenue stream to service providers.

The trade-off for a higher level of government support is an increase in seafarer employment opportunities and a lessening of sovereign risk from foreign vessels with foreign crews operating in critical supply chains.

Clearly, the higher level of state government support, the better outcome in terms of employment and number of vessels that may be returned to the Australian flag and crewing.

However, and as stated elsewhere in the report, any investment in coastal shipping will achieve the greatest social and economic return and provide less risk to either public or private sector investment, when considered as part of a national approach to a reinvigorated coastal shipping sector.

¹ Hermes Maritime Shipping and Logistics, Submission to the Inquiry into a sustainable Queensland Intrastate Shipping Industry, 21 January 2019, p. 7.

It is recommended that government consider:

8

Calling an Expression of Interest for provision of a weekly coastal freight service between Brisbane and Townsville and assess the potential of financial support and assistance to existing vessel operators.

- This will test the market interest in the commerciality and sustainability of such a service with any business case or proposal being subject to a due diligence process.
- This approach can be based on:
 1. a package of up-front financial support or a request for proponent to outline assistance being sought
 2. allows government to apply operational conditions such as training berths and service standards.
- It is estimated that for a vessel on the Brisbane–Townsville service, the first-year assistance package would be in the vicinity of \$4 million to \$7 million. This will need to be assessed as part of the next steps in identifying a commercial operator and should include the scoping of concessions that are within commonwealth control. That would reduce the operational cost of the vessel assisting in making the potential service a better prospect of being a viable option.
- Additionally, this approach (possibly including a rebate of state charges) could be offered to other state-based vessel operators to further the employment of Australian seafarers in important coastal trades.

PORT AND SHIP COSTS

There are a range of commercial and government fees and charges to be met by coastal vessels. In addition, there is an extensive schedule of unavoidable ship-based costs including hull, machinery and protection and indemnity insurance, registration fees, statutory survey and classification charges. Some of these costs are grouped into the charter rate on which the vessel is offered to the market.

Within the sector there are a myriad forms of ship management, charter arrangements, ownership models and legal precedent and the entire business is subject to its own professional competency and business practices. It is not an area which is at all risk free for an untrained entity wishing to find some rationale in the commercial arrangements underpinning the industry.

Putting aside the direct unavoidable costs of managing and operating a trading ship, a vessel engaged in the Brisbane–Townsville trade would also need (as a minimum) to allow for:

1. Port charges and wharfage or cargo charges levied by the port.

Any proponent would need to agree on a schedule of charges with each port management. However, all ports in the state can vary their fees to customers within the normal constraints of the competition laws to meet emerging commercial needs or trade growth objectives.

2. The state fees relate to a state-based conservancy charge and a pilotage fee if the service of a marine pilot is engaged.

These statutory fees are set by regulation and advice will be required as to if and how these government fees can be amended (if necessary) in relation to any potential coastal shipping service.

From a Commonwealth Government perspective, AMSA additionally imposes charges for services through three levies – the Marine Navigation Levy, the Regulatory Functions Levy and the Protection of the Sea Levy. These amounts apply to shipping regardless of the nature of the coastal voyage. Any new operator would need to negotiate with Commonwealth authorities for any likelihood of fee relief.

In addition to standard maritime and port related charges, any operator will need to allow for a range of standard services which may include port towage, waste disposal, stevedoring and road transport costs, hard stand and cargo handling fees. These services and associated costs relate primarily to private sector providers and neither the government nor the port manager can play an explicit role in these commercial negotiations.

The precise level of costs facing a new entrant will depend on factors which will only be clear on the examination of a specific business case. As an example, the way the ship is chartered can play a material role in the underlying cost structures. An additional uncertainty are costs associated with the stevedoring agreement for the loading and unloading of the vessel in the port precinct.

It is recommended that government consider:

9

Ports be encouraged to adopt a facilitative, medium term and trade growth approach when negotiating port and berthage charges for new entrants to the intrastate trade.

- This will provide financial support to any new entrant as well as providing greater certainty for their business planning.
- This could be implemented through the *Statement of Corporate Intent* or *Strategic Plan* for government owned ports and through negotiations by the Director-General of TMR with the Port of Brisbane.

10

State government to consider temporary relief from the application of the full gazetted fee schedule for services such as conservancy and pilotage.

- This concession will provide tangible and transparent support to any new entrant in the intrastate coasting trade.
- This concession will need to be considered taking account of legal advice and advice on the state budgetary implications.

PORT ACCESS

The Queensland port system currently handles around 20,000 shipping movements per year. The port safety and traffic management systems can adequately manage the movements of a vessel on a weekly return service between Brisbane–Townsville.

However, the planning for the introduction of a such a scheduled service is not without a range of local port and maritime issues that may need to be agreed between the parties.

To create confidence in the coastal freight mode, priority berth allocation and guaranteed delivery windows will need to be agreed, initially in the ports of Brisbane and Townsville. To date, and even allowing for the productive discussion between potential service providers and the ports, the final details and conditions of any berth guarantees have not been finalised.

However, it is likely that agreements can be reached without explicit government involvement once the details of any service are available.

In addition, the provision of port pilotage is often stated as being an excessive cost and bureaucratic burden impacting any new coastal shipping service. Port pilotage is a long-standing and objectively proven risk management system for safe management of shipping in ports. The Queensland approach is based on sound historical precedent and practice and has largely achieved the outcome of a risk managed ship movement safety network.

There are limited provisions in the current legislation for exemptions from pilotage to be awarded to masters who prove competency in the port local knowledge and ship handling skills. However, it is timely that these legislative provisions and their practical application be reviewed to ensure they continue to reflect modern practice, are achieving the expected safety outcomes and account of developments in simulations and competency-based training.

It is recommended that government consider:

11

Review port pilotage requirements and criteria for issue of pilotage exemption certificates to reduce barriers to entry while maintaining a strong focus on safety standards and outcomes.

- The review can be undertaken by Maritime Safety Queensland with the assistance of external safety, legal and technical advisors.

INFRASTRUCTURE PROVISION

Both the ports of Brisbane and Townsville are capable of readily handling the size of vessel being considered for the proposed coastal service. However even if the port and proponent can agree on an arrangement for preferred port access there remains the issue of what infrastructure and associated machinery/hard stand is required for both the inward and outward cargo.

The issue of available hard stand may possibly be addressed within the terms of the port charges agreement. However, if the proponent chooses to use a privately managed terminal (such as AAT in Brisbane) then a separate commercial agreement may be required. It is considered that stevedoring arrangements and associated charges be an issue for independent negotiation between the ship operator and terminal management without any direct involvement by the government.

Given the class of vessel being considered for this trade there are no material port infrastructure or road access issues to be addressed as a priority before the commencement of any service. However, there remains a real need for any proponent to negotiate with the port manager on the specific aspects of their operation and service.

In the longer term, for the coasting trade to expand to other ports, services and trades there is a clear need for port and associated transport infrastructure to be fit for purpose. Annexure 2 provides an infrastructure update of key Queensland ports.

As an example of planning for future infrastructure needs, the Port of Gladstone has assessed the benefits of the installation of a portainer crane allowing it to attract larger container and break-bulk vessels on a regular scheduled basis so meeting the needs of its customers.

It is important that the ports (particularly the Government Owned Corporation port network) not be overly restrained by artificially short investment timelines and overly optimistic rate of return requirements under the Government's investment guidelines.

Port infrastructure is a long-term, inter-generational investment for the future. Over the ordinary lifespan of port facilities there can be several substantial changes in port customers, cargoes and trades. At times, the conventional

investment outlook penalises a long-term outlook for infrastructure and especially port infrastructure.

It is recommended that government consider:

12

Providing Ministerial guidance on the investment guidelines for government owned port infrastructure which has the potential to facilitate coastal cargoes.

- This will provide greater certainty and confidence when presenting business cases to Government.
- This can be implemented through existing Ministerial governance procedures with the assistance of shareholding departments.

INDUSTRY INTERACTION

Within Queensland the sector has varying levels of interaction with government. Sectors such as marine tourism and deep-water ports and export/import terminals have well-established stakeholder groups through which their interests can be raised. However, in the recreational and small commercial vessel sector the opposite is true with enterprises employing local trades people many of whom are sole traders or operating as diversified small businesses. The fishing sector appears to be seriously fractured with many diverse views and representative groups. The industry structure raises challenges in having their interests fully documented and addressed.

Several government agencies such as the Department of State Development, Tourism and Innovation have a proven record of positive contributions and programs centered on aspects of the marine sector. The *Queensland Superyacht Strategy 2018–23* is a good example of a focused and medium-term program seeking economic value add and employment growth in an emerging industry sector.

However, stakeholders across the maritime industry expressed the need for a more effective whole-of-government liaison and consultation framework across sub-sectors and across the entire industry. Areas of common concern and currently lacking a whole of government perspective included marine infrastructure, planning approvals, user pays approaches, waterways access, the need for more common use facilities, workforce planning, crew competency and training and sustainability issues.

One of the report's earlier recommendations is for the formation of a Maritime Industry Consultation Group to assist government in taking industry wide approach and for the development of sector wide policies and strategies.

The Maritime Industry Consultation Group could also

seek a position on the Transport and Logistics Workforce Advisory Committee (TLWAC) which comprises of government and industry representatives. The TLWAC was established to address issues identified in the transport and logistics workforce, including education and training, an ageing workforce, gender composition, and promoting the attractiveness of the industry. They developed the *Queensland Transport and Logistics Workforce Strategy and Action Plan 2018–2023*.

The Department of Transport and Main Roads is a key government stakeholder across most sectors of the industry. From a whole-of-government perspective TMR could be the government's lead agency on maritime issues.

For industry this will create a one-stop shop for emerging sector wide marine issues. Importantly it will assist in developing key financial, legal, technical and operational competencies and knowledge.

This recommended approach provides a clear avenue for employment and economic opportunities to be identified for government for consideration.

It is recommended that government consider:

13

The proposed Maritime Industry Consultation Group to be a core channel through which to better manage resource and skilling issues within the industry.

- This will assist in better focusing and implementing whole of sector initiatives and improve communications between and with stakeholders.
- TMR be considered for leading this initiative with the chair being at the Director-General and Deputy Director-General level and with the group having a direct reporting link to the Minister.



REVIEW TRAINING TO ENSURE THE NEEDS OF INDUSTRY ARE MET

SKILLS, TRADES AND TECHNICAL SHORTAGES

Given the dynamic changes impacting the broad maritime sector it is understandable that there are pressures arising in workforce availability and the specific skills within that workforce.

The Boating Industry Association, representing the recreational and small commercial vessel service sector, has highlighted a growing shortage of skills in both traditional and emerging maritime trades such as fitter/turner, shipwright, sailmaker/trimmer, boat detailing and marine electronic technicians. It is unclear if the current VET programs are meeting the real need for both traditional and emerging competencies.

Over 78 per cent of respondents in the domestic and foreign flag blue water fleet (and the industries serving that sector such as the port pilotage services and vessel classification societies) reported a potential lack of experienced deck and marine engineering staff with the disappearance of the nation's blue water fleet. There is a lack of training vacancies on those vessels essential for gaining the necessary experience and sea time requirements for higher level certification. In addition, the age profile of those serving in this and associated sectors is trending up so accelerating the concern as to the availability of the necessary skills. In 2016 and across the broad industry it was estimated that around 49 per cent of the workforce was over the age of 45.

Pilbara Ports, Fremantle Ports and the Port Authority of New South Wales have separately established cadet training schemes for prospective deck and engine room watchkeepers with the aim of providing a possible future supply of certificated mariners for port and ship service sectors. There are strong arguments for TMR to investigate such a system in association with Queensland's port network and organisations such as Ports Australia. Whilst such a system has not been without its difficulties, it holds promise for being a useful addition to the industry's training program.

CASE STUDY SKILL DEVELOPMENT INITIATIVES

To support broader skill development within the industry, Maritime Safety Queensland has introduced several initiatives, including:

- MSQ Traineeship Program to support youth and ATSI employment.
- Thursday Island Work Placement – to develop skills of young trainees.
- MSQ Job Shadowing Program for women, introduced by the Women in Maritime Committee.
- Hydrographic Services Graduate Program – with attraction and retention allowances for this niche position.

Some industry sectors are increasingly reliant on skilled migrants and targeted immigration programs to meet the challenge of skill shortages. There is little doubt that Australia has benefited greatly from the many generations of new arrivals who have enriched our society and contributed to our communities, grown the nation's skill and talent pool and have driven the development of a diverse economy.

However, and as discussed elsewhere in this report, the lessons and experiences of COVID-19 clearly highlights the need for the nation to have resilience and possess the ability to adequately service its own essential critical needs during global, regional and local disruptive events.

It would be indefensible to allow the national mariner resource pool and associated land-based operations to be run down. This would leave the nation reliant on the goodwill of foreign ship owners and operators in supplying seafarers for operation of strategic assets and services.

Mitigating this risk requires sufficient resources, skilled personnel and infrastructure. Future forecasts suggest that 11.6 per cent additional seafarers will be required in the next five years, just to keep up with expected demand. This clearly includes having skilled mariners readily available to maintain services when dealing with both seasonal events (cyclones and fires) and black swan events such as COVID-19.

There have been several skills audits of the maritime area but at times not the whole sector is reviewed. In many cases the maritime sector is best assessed and reviewed from a national perspective. However, there is also a pressing need for the State to objectively assess the availability of and level of local maritime competencies and skills to enable it to better face the challenges and opportunities that the broad sector presents in terms of economic and employment growth.

Stakeholders are also of the view that both the industry and the state could do more to promote the sector as a viable and long-term career choice. The *2018 Seafaring Skills Census Report*, undertaken by the Maritime Industry of Australia Limited, revealed that the smallest source of recruitment for the maritime industry was school leavers. The skills and qualifications gained through the formal training channels are readily transferable to other marine employers and other industrial and manufacturing sectors. In addition, the sector often presents an open and out-door work environment, is committed to the best environmental outcomes and it is at the forefront of technical innovation.

It is recommended that government consider:

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| 14 | <p>The state to commission an audit of the maritime and shore-based work force.</p> <ul style="list-style-type: none"> • This will allow for targeting areas of skills shortage and for the necessary planning and corrective measures to be put in place. • It will also allow the state to pursue actions and strategies to assist in the management of the supply and logistic systems during future disruptive events. |
| 15 | <p>The state, in cooperation with the port network and peak bodies, consider the implementation of a cadetship program for prospective seafarers in the blue-water sector.</p> <ul style="list-style-type: none"> • This will allow for the training and acquisition of the sea-time/experience required by candidates for deck and engineering qualifications. |

TRAINING AND COMPETENCY ISSUES

The marine industry (across both seafarer qualifications and land-based trade skills) has been at the forefront of changes in the vocational education and training sector. Both land based and marine based industry stakeholders have a long history of competency and skills development through on the job training, learn as you go approaches and complemented with the necessary technical skilling.

However, with any system, a review and analysis will ensure the original aims and objectives are being achieved. The recent *Expert Review of Australia's Vocational and Training System*, led by the Honorable Steven Joyce, provides an insight into the strengths of the current system and areas where improvements can be made to enhance training outcomes.

Within Queensland there is a general acceptance of the approach adopted within marine related VET programs. The state is well represented on the national Maritime Industry Reference Committee (for marine competency training) which is a formal structure within the Australian Industry Skills framework and reports to the Australian Industry and Skills Committee and from there to the ministerial council.

The link between the coastal certificates obtained through the VET competency-based system and deep-sea/ international certification under the Standards of Training, Certification and Watchkeeping for Seafarers (STCW) framework is critical for the up-skilling of mariners as well as a prerequisite for many mariners to work in overseas locations. The Australian Industry Standards is working on the linkage between the two separate but related systems. Once established this will provide an avenue for local mariners to more rapidly progress to larger vessels as well as providing a seamless entry to the growing international markets such as the superyacht sector.

An area of general unease was the lack of an objective and effective audit program by the industry national regulator, the Australian Skills Quality Authority (ASQA). A specific concern centered on the outcomes achieved by some of the Registered Training Organisations. It was frequently commented that some of the RTOs in the marine sector were seemingly competing primarily on course price and course length and not on the quality of the competency and technical outcomes being achieved. As mentioned previously, the government is aware of these issues across the training sector and is working on strategies to address them.

Even allowing for the strengths of the current VET system, some industry stakeholders commented on areas where the state could contribute to the system.

There is a general recognition that the VET marine path primarily provides core marine and vessel operational skills. This is understandable as the marine workplace (both ashore

and afloat) presents a wide range of natural dangers, risks and operational hazards which requires both experience and technical competency to safely manage.

However, many operations are now requiring new skills and abilities that are not specifically catered for within the current VET system.

Marine tourism operators are now seeking crew with abilities and competencies across marine operations, dive master experience and formal certification, environmental science background and tourism industry service skills. Other specialised sectors are currently dealing with sophisticated offshore structures and construction and complex data collection systems. These range of skills are not easily achieved or managed within the current VET system.

The Skilling Queensland for Work Program has received general praise for assisting those striving to achieve new and enhanced competencies. There is objective evidence that this program has been effective in broadening core and advanced skills base of many employees. In addition, the program seems well accepted by industry with the implementation framework accepted and capable of delivering the expected outcomes.

From an industry perspective there is a wide appreciation that marine crews cannot simply rely on their core marine competencies to ensure sustainable employment. Technical advances in machinery controls, safety equipment, ship management and digital security requires an additional level of competency in addition to core marine skill sets. In some cases the VET has been slow in recognizing this changing need and boat owners and operators are incurring additional training costs.

There is an opportunity for the State, through the formation of the recommended stakeholder group, to identify these gaps in training and assist in ensuring these value adding skills are provided through RTOs and TAFEs ahead of any national certification. This will provide the state with a competitive edge in attracting students to the available VET and up-skilling programs and be of immediate value. The government's and industry's response to COVID-19 not only presents the opportunity to reassess training and skilling approaches but to also revisit the range of funding and course support options available to students. Stakeholders commented on the perceived complex process-driven framework for assistance in attending basic and up-skilling courses which was a disincentive to some prospective students.

Employers in the marine tourism sector also commented on their concern that experienced, skilled and competent crew members may walk away from the industry during the current difficulties with future problems in attracting those crew back in any COVID-19 recovery period.

It is recommended that government consider:

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| 16 | <p>The state to continue to play an active role in the review of the national VET system. In addition, for the state to encourage greater linkage between coastal and the internationally recognised Standards of Training, Certification and Watchkeeping for Seafarers (STCW) certification.</p> <ul style="list-style-type: none"> This will allow the state to monitor and influence the effectiveness of the VET system across all industry sectors. |
| 17 | <p>The State to press for more resources for Australian Skills Quality Authority's (ASQA) auditing and oversight activities of RTOs in the marine sector.</p> <ul style="list-style-type: none"> This will assist in managing the emerging risks of the maritime VET system not achieving the competency and safety standards expected from the maritime workforce. |
| 18 | <p>The state to work with industry and the RTOs to scope the expanded range of skills and competencies required by the emerging generation of mariners and shore-based workers in sectors such as tourism, environmental management, vessel repair/refurbishment, stevedoring, dredging and infrastructure maintenance.</p> <ul style="list-style-type: none"> The state will be better placed to capture the economic and employment opportunities arising from a rapidly growing and increasingly innovative marine sector. |
| 19 | <p>The state program of traineeships be extended and expanded especially in regional maritime centres.</p> <ul style="list-style-type: none"> It is important that regional centres have the skilled personnel to nurture the growth of the maritime industries as opportunities arise. |
| 20 | <p>The framework for state assistance to maritime companies and employees to be reviewed to ensure that it meets the emerging needs of the sector.</p> <ul style="list-style-type: none"> State assistance can then be focused on those areas requiring support in meeting resource and competency needs. |

SKILLS DEVELOPMENTS

The VET courses are structured to provide the maritime workforce with the necessary technical and competency skills. When these skills are matched with the required on-work experience, the whole industry is provided with competent and work ready personnel to meet the sector's technical and service requirements. However, it is implicit in that approach that the technical learning and up-skilling will continue throughout all stages of the career.

Up to the last decades of the 20th century the maritime sector was highly structured and rigid in its approach to training, skills recognition and continuing education. However, it has now embraced the concept of skills enhancement and innovation. These changes were initiated in those sectors of technical innovation (such as fast ferries and modern logistic movements) but can now be evidenced in all sectors including the struggling blue sea operations.

Simulation learning can both complement and enhance the existing technical and on the job training. Simulator solutions – for vessel handling and training, for engine operations and emergency procedures and across systems monitoring and fault identification – are available to meet the varying needs of all vessel operations and their shoreside support services.

Many training organisations have commented on the effectiveness of simulators for enhancing learning outcomes but also noted the high capital and operational expense associated with the installation of this equipment.

Outcomes at TMR's Smartship Australia facility in Brisbane and the simulators at the Great Barrier Reef International Marine College in Cairns proves the capability and value add of a simulator-based approach to skilling and certification. However, these assets can be under-utilised and not fully assessed for their use in all aspects of marine certification.

There is the potential and real opportunity for the state to take a whole of maritime skilling and technical enhancement approach to these facilities. This could be undertaken within a joint venture with the private sector to ensure the maximum outcomes are being achieved within a proper risk-based commercial environment.

Specifically, this simulator-based approach can be used to provide new methods to assist in training and up-skilling marine pilots, Vessel Traffic Services operators and tug crews. These professional groups are viewed as being high-risk during COVID-19 given their vulnerability to the virus and the shortage of back-up staff in the event of them becoming ill or entering quarantine.

It is recommended that government consider:

21

The state consider the opportunities of taking a more expansive involvement in marine simulator training and associated activities.

- This will position the state in not only taking a lead role in mariner training and up-skilling but also provide a basis for private sector investment in a growing and value-adding activity.

The maritime sector in Queensland is at a cross-roads of opportunity where reform and revitalisation would have far reaching affects for job creation and security. The 21 recommendations in this report illustrate the opportunities to overcome the current impediments.

ANNEXURE 1

MARITIME JOBS TASKFORCE

TERMS OF REFERENCE

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| Purpose | <p>The Maritime Jobs Taskforce (MJT) is an advisory body, established under Ministerial direction, to facilitate communication and consultation between peak bodies representing stakeholders in Queensland's coastal shipping industry and the relevant government agencies.</p> <p>The MJT will collaborate with industry, maritime unions and government to develop initiatives that best support the delivery of maritime employment and recommendations of the Inquiry into a <i>Sustainable Queensland Intradate Shipping Industry, Report No. 23</i> (The Inquiry) (Attachment 1).</p> |
| Aim | <p>The aim of the MJT is to:</p> <ul style="list-style-type: none">• identify state-based operational, infrastructure and regulatory barriers to the development of an intrastate coastal shipping industry• recommend practical ideas and opportunities for the Queensland Government to further recommendations of the Inquiry that are within the sphere of influence and control of stakeholders• explore options to deliver on the government's priority for job creation, particularly within the maritime workforce in Queensland• examine and recommend changes that could be agreed between State Governments and/or Commonwealth that could facilitate interstate shipping with Australian vessels. |
| Objectives | <p>The MJT will:</p> <ul style="list-style-type: none">• engage with relevant stakeholders to scope practical opportunities to implement the Inquiry's recommendations and inform the Minister of options in the form of a report• be presented to the Minister on 28 September 2020. |
| Authority | <ul style="list-style-type: none">• The MJT has authority to make recommendations in the report based on the Inquiry.• The MJT has no authority for executive decision making or policy determination. |
| Confidentiality | <ul style="list-style-type: none">• Minister is only party with authority to make public statements or authorise another to make public statements purporting to represent the findings of the MJT.• Members must not disclose official information or documents acquired as a consequence of membership of the MJT, other than is required by law or when the member has been given proper authority, by the Minister to do so. |
| Membership | <ul style="list-style-type: none">• Membership of the MJT is by invitation from the Minister.• The MJT will consist of an independent Chair, a representative of the employee sector and a representative of the industry.• The Minister may remove a member from the MJT at any time.• Absent members cannot be represented by proxy. |
| Remuneration | <ul style="list-style-type: none">• The Chairperson will be eligible for remuneration.• The industry and employee representatives will undertake the role in an honorary capacity.• The Secretariat will arrange travel and accommodation for attendance at meetings.• All members are eligible to be reimbursed for reasonable incidental expenses associated with attendance at meetings, in accordance with the <i>Remuneration Procedures for Part-time Chairs and Members of Queensland Government Bodies</i>. |

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| Chairperson | The Chairperson of the MJT will be appointed by the Minister. |
| Secretariat | <ul style="list-style-type: none"> • Transport and Main Roads Secretariat will be comprised of two dedicated TMR officers seconded to provide support for the duration of the MJT. • The meeting papers will be circulated to members in the week prior to a meeting. • The draft minutes prepared by the Secretariat must be approved for circulation by the Chairperson and shall be confirmed at the following meeting. • The draft Minutes of each meeting will be forwarded to members for review within one week of the MJT meeting. |
| Procedure | <ul style="list-style-type: none"> • Meetings will be held according to schedule determined by the Chairperson of the MJT. • The MJT will operate on a single vote per member basis. • Agenda items will be requested before each meeting. Supporting papers will be submitted to or prepared by the Secretariat for distribution one week prior to the scheduled meeting. • Meeting actions recorded will be an endorsed record of the meeting and will be forwarded to the Minister. • The MJT may invite presentations from individuals or organisations on matters related to the MJT's objectives. • Invitations can be made for individuals or organisations to participate as guests. All invitations will be coordinated through the Secretariat. • The MJT will produce a regular update informing the Minister of significant issues, recommended actions and outputs addressed. |
| Meetings | The MJT may convene such other meetings as it considers necessary; these meetings can be held in person, by telephone or by video conference. |

ANNEXURE 2

SUMMARY OF PORT INFRASTRUCTURE ASSESSMENT as at June 2020

The below infrastructure audit establishes that the Ports of Brisbane, Mackay, Townsville, Cairns and Gladstone can accommodate self-geared multi-purpose vessels. The Ports of Mackay, Townsville and Gladstone have undertaken infrastructure projects to cater for RORO vessels, which provides greater opportunity for OSOM freight to be redirected from road to sea. Both the Port of Cairns and Townsville have either or will soon have their channel widened which means larger vessels will be able to call in.

| | Brisbane | Mackay | Townsville | Cairns | Gladstone |
|---------------|---|--|--|--|---|
| Harbour depth | 14.0 m to 15.0 m, swing basin 14.0 m. | Berth depths vary from 10.6 m to 13 m. Some tidal restrictions on ship. | Berth depths vary from 13.1 m to 10.2 m. | Entrance channel and inner harbour: 9.0 m (design depth). | Main channel 16.1 m. Berth depths vary from 11.3 m to 16.1 m. |
| Port berths | 29 operating wharves. 9 capable of container handling (up to 2,469 m quay length). 3 berths capable of project cargo (697 m quay line). 2 General Cargo Common User Berths – Pinkenba and Fisherman Islands. (650 m quayline). | 4 berths. Berth 1 handles OSOM & could accommodate container handling (up to 210 m quay length). A Wharf 1 Extension has been finalised design wise and a Development Application is ongoing. | Berths 3, 4, 8, 9 and 10 could be utilised for coastal cargo. Berths 2, 3 and 4 now have a common quay line of 720 m. | Berths 7 and 8 primary general cargo berths, 250 m continuous wharf, depths 9.3 m – 10m. Berths 1-6 can also be utilised subject to other shipping, 555 m continuous wharf, depth 9.3 m. Smiths Creek wharf vessels to 80 m for general cargo. | PoG has 20 berths, 5 coal and 3 LNG excluded from intrastate shipping. Boyne Smelter 230 m. South Trees East and West 265 m. Barney Point 270 m. Auckland Point 1-4 198 m – 255 m. Fishermans Landing 1-5 185 m – 235 m. |

| | Brisbane | Mackay | Townsville | Cairns | Gladstone |
|---------------------|--|--|--|---|---|
| Port infrastructure | <p>Portainers, lifting equipment, transportation, jibs and plant available, RORO operation available, reefer power, container storage.</p> | <p>Operators need to hire in mobile cranes to lift OSOM and/or containers to service non geared ships.</p> | <p>Berth 3 – 2 x Liebherr MHC (520 and 650) cranes, 1 Deer Park Ship to Shore gantry crane. Container terminal backing to berth. Reefer points available.</p> <p>Berth 4 – 1 x Gottwald 6 MHC, the 2 MHC off berth 3 can also be positioned on berth. Liebherr Post Panamax Ship To Shore Gantry Crane expect to be commissioned 1st half 2021. New container terminal backing to berth. Reefer points available.</p> <p>Berth 10 – 2 x MHC (1 x 520 and 1 x Gott 6). Berth has backing land with reefer points and barge ramp facility. This berth also has a secondary wharf at right angles enabling RORO ramp usage.</p> <p>3 x Stevedore companies are available and all have 45 t reach stackers and assorted smaller fork lift, maffi trailers and other associated cargo handling equipment.</p> | <p>Full range of mobile equipment available from numerous external providers. Reefer power available at hardstands and wharfside (if required).</p> | <p>Heavy Lift capability with deck loading of 5 t/m² at AP4, RORO operation available, Reefer power and Bulk product loading capability. Bulk liquids receipt and storage capability. Currently ships gear or mobile cranes required for containers or OSOM.</p> |

| | Brisbane | Mackay | Townsville | Cairns | Gladstone |
|-------------------------------------|---|---|--|---|---|
| Hardstand | 700 ha is available both at Fisherman's Islands and Port West. | 21 ha of land within Port secure area. 26 ha of land outside Port secure area. Both land areas can be developed at short notice for varying levels of hardstand from concrete to grassed areas. | <p>Terminals</p> <p>Berths 3 and 4 – approx 5800 TEU.</p> <p>Berth 10 approx 1000 TEU.</p> <p>Magazine Hill approx 500 TEU.</p> <p>CLS – approx 5500 TEU.</p> <p>Loop yard – approx 3400 TEU.</p> <p>NSS - approx 2800 TEU.</p> <p>Aurizon- approx 2500 TEU.</p> | <p>3.4ac bitumen common user hardstands.</p> <p>21.5ac compacted covering hardstands available for common users.</p> <p>Considerable port strategic land (approx 40ha) available for development.</p> | <p>Port Central 2.5 ha container and break bulk staging area at AP4. 80 ha available for development.</p> <p>Fisherman Landing is adjacent to 27,000 ha State Development Area.</p> |
| Supporting facilities nearby | Brisbane Multimodal Terminal, warehousing and storage, road transport companies, container parks. | Warehousing and storage, road transport companies. | <p>Container logistics & packing facilities existing within Port lands and other facilities available within Townsville.</p> <p>Close proximity to Townsville CBD, Research centres, University, and hospitals.</p> <p>Development opportunities available in Townsville State Development Area (TSDA).</p> <p>Located two kilometres south of Port of Townsville and six kilometres south-east of the Townsville CBD.</p> <p>TSDA is to be established as a major freight and logistics hub for the Townsville region and a key component of the regional freight network with priority linkages.</p> | <p>Three (3) by shipyards, full range of maritime supporting/ servicing industries all within close proximity.</p> | Warehousing, storage available within the precinct and road transport companies nearby. |

| | Brisbane | Mackay | Townsville | Cairns | Gladstone |
|--------------------|--|---|--|--|--|
| Rail access | 15.75 tonne axle load (tal), Brisbane Multimodal Terminal, Minerals, Grains and TEU. | Currently, the rail lines involving Mackay port are as follows: <ul style="list-style-type: none"> the rail line to the port held land boundary from the main North-South rail line is rated to 20tal for “full consists” (locos and wagons) grain rail lines on port land are rated to 20tal for ‘full consists’ (locos and wagons) the sugar rail lines on port land are rated to 20 tal for locos only at this stage – potential to be increased to ‘full consists’ (locos and wagons) in the coming years. | The rail systems servicing the port includes the North Coast Line and the Mount Isa Line. The North Coast Line provides access to the north and south of Townsville along the Queensland coast. The Mount Isa Line extends to over 1000 km through north-western Queensland to Mount Isa. Rail within the Port is mainly used for Bulk product handling. There is also development of a Port Intermodal Rail Facility which will provide direct rail access within the Port for containers. | NCL (20 tal) terminates at the Portsmith terminal (approx 3.5 km). No existing connections to the port. | Port Central has Rail access to Agriculture Precinct, Container Precinct and future intermodal capabilities. |
| Road access | B-Double (25 m) and High Productivity vehicles by permit | In 2014, structural integrity of Vines Creek Bridges on the main freight route accessing Mackay port was resolved by TMR with by replacement with HML strength bridges. Road access to the port is HML rated. NQB recently submitted an NHVR Access Route Update Request form (B-Double Network) regarding capability of Mackay port roads. | The Port is well connected by road corridors. Road access is provided via Boundary Road and the Southern Port Road known as the Port Access Road. The Port Access Road links the Flinders and Bruce highways which provides a dedicated access route to the Port of Townsville. Tripple Road Train access is available directly to the Port and to berths 3,4 & 10. | B double (25 m), individual requests in excess subject to individual assessment and approvals. | B double (25 m) Access to Gladstone. Port access road developed for Port Central. |
| Community | Continuous 24/7 days a week operation. | Adjacent marina and urban development. | Continuous 24/7 days a week operation. | Cargo operations available 24 hrs/day and activities associated with cargo handling occur away from CBD. | Continuous 24/7 days a week operation. |