



YOUR REF Coastal Sea Freight Inquiry
OUR REF Strategic Planning – Coastal
JA: RD

11 July 2014

Transport, Housing and Local Government Committee
Parliament House
BRISBANE QLD 4000

Email: thlqc@parliament.qld.gov.au

**LETTER OF SUPPORT – PARLIAMENTARY COMMITTEE INQUIRY INTO
COASTAL SEA FREIGHT**

Thank you for the opportunity to provide a submission (enclosed) to the Transport, Housing and Local Government Committee Parliamentary Committee's Inquiry into Coastal Sea Freight in Queensland.

Mackay Regional Council supports the intent for increased shipping trade, cost competitive and safe freight transport modes and innovative supply chain solutions, whilst encouraging environmentally sustainable development.

We welcome further opportunity to discuss the implementation of the findings of the inquiry's findings.

Yours faithfully,


Barry Omundson
Chief Executive Officer

Enc: Letter of support

MACKAY REGIONAL COUNCIL'S SUBMISSION TO THE PARLIAMENTARY COMMITTEE INQUIRY INTO COASTAL SEA FREIGHT

The Queensland Ports Strategy (June 2014) identifies the Port of Mackay and the Port of Hay Point as one of five priority port development areas (PPDAs) in Queensland. Mackay Regional Council supported this intent in its comments on the draft strategy (December 2013), as recognition of the vital role these ports have in the State's economy.

Based on the 2012-2013 financial year statistics, the Port of Hay Point is the largest exporting port (41% of exports) in Queensland and when combined with the Port of Mackay (See *Figure 1*), is the largest trading port in the State (35% of QLD port trade)¹.



Figure 1: Port of Mackay (Source: Mackay Regional Council)

The majority of the trade and exports are however associated with bulky commodity exports, with capacity to diversify the Port of Mackay's activities to improve supply chain performance in a range of industries.

The following comments are provided in response to four areas of consideration identified in the Parliamentary Committee's inquiry:

1. Community benefits;
2. Impacts on freight network competition;
3. Implications for defence, disaster, sustainability and tourism; and
4. Intrastate voyages – competition and costs

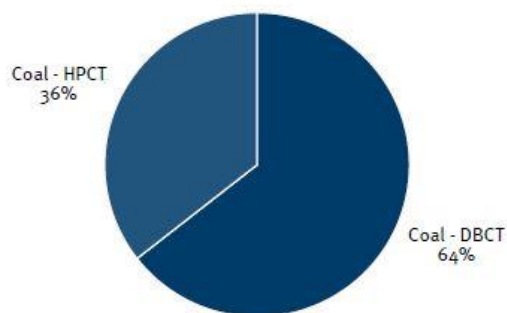
¹ Trade statistics for Queensland Ports 2013, Department of Transport and Main Roads
<http://www.tmr.qld.gov.au/business-industry/Transport-sectors/Ports/Trade-statistics-for-Queensland-ports.aspx>

1. Community Benefits

The deregulation of coastal shipping within Queensland is likely to provide benefits to the greater community and Mackay region. This includes the return of a competitive market between road, rail and shipping, which in turn will create employment and increased development opportunities in the region. The Port of Mackay is currently mostly utilised for importing and exporting sugar and fuel (See Figure 2 and Figure 3). The opportunity exists to increase break-bulk cargo import and grain, aqua-culture and other exports through further private investment.

Facilitating import and export of alternative commodities at the Port of Mackay would see reduced outlay costs for producers, increased development and employment opportunities at the Port of Mackay and potential for increased investment and growth in the industrial and agricultural sectors in Mackay (i.e. suppliers locating businesses in Mackay).

Hay Point throughput by commodity



Mackay throughput by commodity

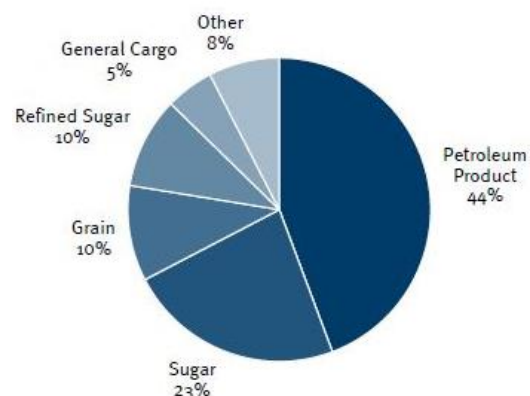


Figure 2 & Figure 3: Commodities import and export (Hay Point & Mackay)
(Source: *Trade statistics for Queensland Ports 2013*, Department of Transport and Main Roads <http://www.tmr.qld.gov.au/business-industry/Transport-sectors/Ports/Trade-statistics-for-Queensland-ports.aspx>)

The Central Police Region (i.e. Mackay, Rockhampton, Gladstone, Emerald, Barcaldine, etc.) is the only region in Queensland which has recorded an increase in road fatalities (18.4% increase in Central Police Region compared to the State's -16.1%).² Nearly a quarter (24.1%) of the State's heavy freight vehicles fatal crashes in 2011 occurred in the Central Police Region.³

The removal of some 'oversize overmass' (OSOM) freight from roads and utilisation of shipping and rail networks, will reduce road congestion and offer safety improvements on roads in the wider region such as the Peak Downs Highway, Bruce Highway and Gregory Highway.

The wider community will also benefit through resultant:

- Reduction in repair and maintenance work on roads, and
- Increased delivery efficiency of goods (i.e. direct service to Mackay instead of being shipped to other ports then driven to Mackay).

² *Fatal Road Traffic Crashes in Queensland 2011*, Department of Transport and Main Roads <http://www.tmr.qld.gov.au/Safety/Transport-and-road-statistics/Road-safety-statistics.aspx>

2. Competing freight networks

With only 2% of freight movement utilising coastal shipping (See figure 4), there are clear benefits to supporting intra-state coastal shipping between established trading ports. Whether in combination with increased usage of rail infrastructure, it is desirable to reduce the pressure on heavily trafficked Queensland roads. It is however, recognised that inland areas in the Whitsunday region will still be served by the road and rail network (i.e. Peak Downs Highway, Gregory Highway and Capricorn Highway)³.

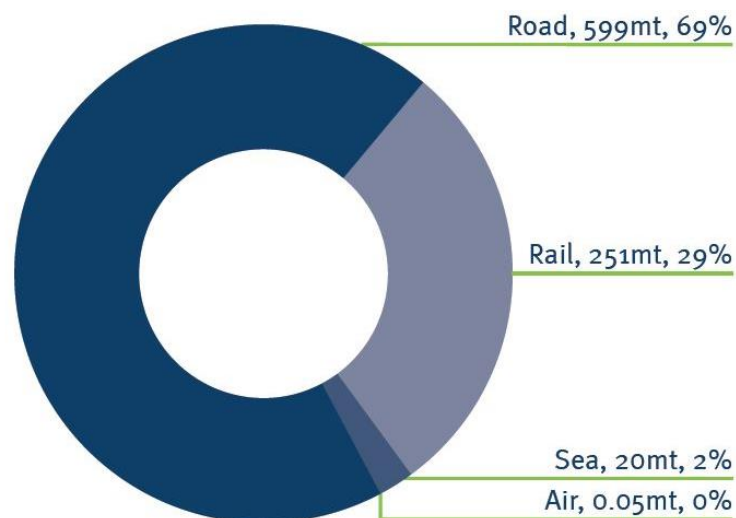


Figure 4: Mode of Freight Movement 2010-11.

(Source: *Moving Freight*. 2013. Department of Transport and Main Roads <http://www.tmr.qld.gov.au/movingfreight>)

3. Defence, disaster, sustainability and tourism

The use of coastal shipping to regional ports such as Mackay, would improve supply chain security for food and building materials and increase defence security and support, especially during disaster events.

In 2008 and 2010, Mackay experienced severe flood events (See Figure 5) with the region cut from road based access, causing 'every day' commodities to be in short supply. The use of the Port of Mackay could have brought in supplies through intra-state shipping movements, and enabled defence and state emergency services to be transported via sea to assist with protecting, supporting and cleaning up localities after such events (i.e. flood, cyclone).

³ *Moving Freight*. 2013. Department of Transport and Main Roads <http://www.tmr.qld.gov.au/movingfreight>



Figure 5: Natural disaster flood event in Mackay, 2008

(Source: *Goosepond Creek Flood Study Fact Sheet*. 2010. Mackay Regional Council, http://www.mackay.qld.gov.au/business/planning_and_development/strategic_planning/open_space_and_waterways/gooseponds_creek_and_janes_creek_flood_study)

Deregulation of shipping policy would enable sea ports to support tourism in Queensland, strengthening opportunities for one of the four pillars of the State's economy. Increased intra-state sea transport and port access will present a unique tourism market with the potential for boutique cruise ships utilising the Port of Mackay as a 'stop-over'.

This would directly increase 'overnight visitors' and spending within the region and support the Government's *Queensland Drive Tourism Strategy 2013-2015*.

4. Cross-jurisdictional opportunities, regulation arrangement and impacts

The Department of Transport and Main Roads '*Inquiry into Sea Coastal Freight – Background Briefing*' (2014)⁵ identified that sea freight movements greater than 500km would be able to compete with 'oversize overmass' freight road-based transport, if regulation requirements were reduced. De-regulation of shipping movements may result in an increased number of operating vessels and increased market competition. Decreased costs for sea freight will result in an increase of freight being transported via sea rather than road and rail.

Mackay Regional Council supports the creation of opportunities for direct intra-state shipping and inter-state shipping lines.