Submission No.6

CALTEX

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Ms Kate McGuckin
Research Director
Transport, Housing and Local Government Committee
Parliament House, George Street
BRISBANE QLD 4000

thlgc@parliament.qld.gov.au

Dear Ms McGuckin,

Please find enclosed Caltex Australia's submission to the Transport, Housing and Local Government Committee's inquiry into coastal sea freight.

Caltex welcomes the opportunity to contribute to the Committee's inquiry and provide our views on the policy and regulatory approaches to coastal shipping in Australia.

Caltex would be pleased to appear before the Committee to discuss this issue and our submission.

In the meantime, should you require additional information, please contact Alisha Salvestro, Government Affairs Adviser via email asalves@caltex.com.au or phone 02 9250 5521.

Yours sincerely

Joe Callaghan
Manager Supply Operations

Caltex Australia Limited submission to the Transport, Housing and Local Government Committee's inquiry into coastal sea freight

11 July 2014

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Caltex Australia Limited submission to the Transport, Housing and Local Government Committee's inquiry into coastal sea freight

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1. Executive summary

Caltex welcomes the opportunity to provide a submission to the Transport, Housing and Local Government Committee (the Committee) on its inquiry into coastal sea freight in Queensland.

The use and importance of coastal shipping in petroleum supply chains is due to the geographically-dispersed nature of fuel terminals located in Australia. Hence, the shipping of petroleum products around Australia is generally the most efficient and economic transport method for large quantities over long distances.

As a result, maintaining efficient, competitive and flexible supply chains is crucial due to the variable and sometimes unpredictable nature of petroleum supply and demand. Flexibility is particularly important for reliability of supply in Australia, given its many remote locations for fuel demand and spread-out population centres.

To create efficient, competitive and flexible shipping operations in Australia, all levels of government should cooperate to minimise the regulatory burden on Australian industry and establish an integrated and consistent approach to coastal shipping across jurisdictions.

The effects of inconsistent policy and regulatory approaches have been demonstrated by recent industry experience with the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (CTA), which has resulted in:

- administrative burden due to the temporary licence regime
- inconsistency between the CTA and the *Customs Act 1901* for vessels carrying crude oil and condensate from floating production, storage and offloading (FPSO) facilities to Australian ports, which can have the unintended consequence of importation of vessels carrying such cargo
- inconsistency between the CTA and state-based legislation, such as the *Transport Operations (Marine Safety) Act 1994 (Qld)* (TOMSA), which has created legislative uncertainty with respect to the application of both Acts
- additional wage costs imposed on local shippers for no benefit, following the introduction of the *Fair Work Act 2009* and its application to foreign-flagged vessels undertaking voyages on a temporary licence.

These issues are discussed in more detail in this submission; however, Caltex believes that these matters must be addressed to maintain efficient, economic and flexible shipping operations and supply chains in Australia. In particular, Caltex recommends that:

- commercial vessels engaged in both interstate and intrastate coastal trade be regulated by the CTA only and all conflicting provisions of TOMSA be repealed
- as a particular example of the above, a commercial vessel would not require a restricted use flag (RUF) even if the CTA did not apply (for example, if such a vessel is exempted by the federal Minister from the CTA, or if it has not opted in to the CTA for intrastate trade)
- the reviews of the CTA and TOMSA be coordinated so the outcome is integrated and consistent federal and state regulation.

Caltex notes the Committee's task in considering the establishment of a scheduled 'weekly' coastal shipping service in Queensland for over size over mass (OSOM) equipment and other

goods (where possible) to reduce road and rail congestion and improve road safety, particularly along the Bruce Highway. By its nature, such a service could not include bulk petroleum products.

Caltex believes that the options available to the government will depend on whether the government believes an open and competitive intrastate trade in the identified cargo will develop on its own, or whether economic regulation is required to make intrastate shipping a viable alternative. The current lack of such a service may be an indication that coastal shipping of certain goods is not competitive or economic compared to road and rail.

Caltex recommends that any proposal by the government to introduce economic regulation to develop an intrastate shipping trade should be carefully considered and subject to a rigorous cost-benefit analysis through a regulatory impact statement and public consultation process.

Caltex also recommends that industries, like the local fuel industry, with well-established, economic and efficient shipping operations should not be captured by any such regulation. A regular weekly service would not be suitable for the transport of petroleum products, because such a service would not offer the flexibility required to deal with the variability and unpredictable nature of the petroleum industry.

While congestion of road and rail infrastructure may ease following the movement of freight to a coastal shipping service, Caltex believes it is also important to consider the ability of existing port infrastructure to cater for an increase in coastal shipping in Queensland and the charges that might be applied by the ports.

Overall, Caltex recommends that both federal and state governments (and agencies) work together to develop and implement an integrated and consistent approach to coastal shipping in Australia. It is important for governments to minimise regulatory burden imposed on local industry to ensure companies can remain competitive in a global market.

2. Overview of Caltex Australia

Caltex is the leading transport fuel supplier in Australia, underpinned by a flexible and reliable supply chain. Caltex's integrated business incorporates refining, supply, logistics and marketing.

Caltex is the only oil refining, fuel and convenience marketing company listed on the Australian Securities Exchange (ASX), with more than 22,000 shareholders, including institutions, retail investors, employees, and Chevron Global Energy Inc. (which has a 50% shareholding). Caltex is an ASX50 company operating under Australian management.

About 3,500 people are employed nationally across Caltex's supply chain including refining, terminals, distribution, commercial and industrial sales, and fuel and convenience retailing.

Caltex has operations in all states and territories with a national network comprising of 76 depots and 12 storage terminals, and supplies about 2,000 service stations, including company-owned and franchised sites, independent operators and Caltex-Woolworths co-branded outlets. The company also sells directly to commercial and industrial customers of all sizes, including transportation, aviation, mining and agricultural enterprises.

Caltex supplies over one-third of wholesale transport fuels (petrol, diesel and jet fuel) nationally. Caltex also has a branded retail petrol market share of about 18 per cent nationally (excluding Caltex-Woolworths co-branded sites).

Caltex currently operates two oil refineries in Australia – Kurnell in Sydney and Lytton in Brisbane. Caltex is in the process closing its Kurnell refinery and converting it into Australia's largest fuels import terminal. This transition is due for completion in the fourth quarter of 2014.

Caltex operates a number of other fuel terminals which are located along the east coast of Australia, as well as in Western Australia, South Australia and Tasmania. Caltex also has

access to other terminal facilities operated by other parties. In Queensland, Caltex operates fuel terminals in Brisbane, Gladstone, Mackay and Cairns, as well as a fuel terminal in Townsville under a joint terminal arrangement.

2.1 Caltex's shipping operations

The majority of coastal shipping undertaken by Caltex is primarily for the distribution of petroleum products from our refineries to terminals, and between terminal locations. Caltex's shipping operations therefore include a combination of direct imports, interstate voyages and intrastate voyages.

Caltex currently utilises time chartered foreign-flagged petroleum product vessels and also spot charters foreign-flagged vessels to transport both crude oil and petroleum products on the Australian coast. Currently, there are no Australian-flagged vessels available for the shipping of crude oil or petroleum products on the Australian coast.

Caltex is committed to safe marine and shipping operations which are governed by policies and procedures setting the minimum standard of operations for chartered ships. These policies are regularly reviewed to reflect current legislation, best industry practice and alignment with the protocols of Chevron Corporation, which provides marine-related services to Caltex. Caltex's policies clearly define what must be complied with in regard to shipping and time-charter operations. Caltex also regularly monitors and reviews the performance of vessels carrying Caltex cargo under spot or time-charter arrangements.

Caltex prides itself on keeping Australia moving through the supply of its fuel products and is committed to the safe and reliable supply of transport fuels nationally. To successfully do this, Caltex requires a flexible supply chain which can adjust to market dynamics and be optimised wherever possible to remain efficient and competitive.

3. Shipping and the petroleum supply chain

Caltex outlined in its submission on the federal government's *Options Paper: Approaches to regulating coastal shipping in Australia* (Options Paper), that the local petroleum industry has been undergoing structural change over a number of years.[1] The changes have included local refineries being converted into import fuel terminals, global trading companies increasing their presence in the Australian market, and increasing imports of crude oil and petroleum product.

As a result, most growth in Australian demand for petroleum products will not be met by Australian refinery production but by imported product from export-oriented Asian refineries. As such, imports will play an increasingly important role in Australia's petroleum supply chain.

Coastal shipping plays an important role in the distribution of Australian-refined products and, in future, coastal shipping may play a role in the efficient redistribution of imports, particularly to the remote locations in the country. We therefore must be careful not to limit our options for flexible and economically efficient fuel supply.

Furthermore, as noted in the Hale & Twomey report, *Australia's Maritime Petroleum Supply Chain*, the movement of crude oil and petroleum products (e.g. petrol, diesel and jet) "within and between countries is a significant part of the market dynamic for the global delivery of petroleum".[2] The report also highlights that "seaborne movement [of petroleum products] is a prominent feature of the Australian market".

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[1] A copy of Caltex's submission is available at:
http://www.infrastructure.gov.au/maritime/business/coastal_trading/review/submissions.aspx

[2] Hale & Twomey, *Australia's Maritime Petroleum Supply Chain*, June 2013, prepared for the then Department of Resources, Energy and Tourism. Available at:
http://www.industry.gov.au/Energy/EnergySecurity/nesa/Documents/2013-Maritime-Petroleum-Supply-Chain-Report.pdf

The use and importance of coastal shipping in petroleum supply chains is due to the geographically-dispersed nature of fuel terminals located in Australia. Hence, the shipping of petroleum products around Australia is generally the most efficient and economic transport method for large quantities over long distances.

As such, maintaining efficient, competitive and flexible supply chains is crucial due to the variable and sometimes unpredictable nature of petroleum supply and demand. Flexibility is particularly important for reliability of supply in Australia, given its many remote locations for fuel demand and spread-out population centres.

As also noted by Hale & Twomey, "using shipping to distribute product between ports is a major means of managing local disruption", such as supply disruptions during natural disasters. Minimising or preferably eliminating the economic regulation of coastal shipping movements in Australia is important in maintaining efficient, competitive and flexible fuel supply chains.

Safety regulation should be uniform across Australia and handled at the national level by the Australian Maritime Safety Authority (AMSA).

4. Coastal shipping regulation in Australia

4.1 An integrated and consistent national approach to coastal shipping is required

Legislative uncertainty and the regulatory burden of coastal shipping legislation in Australia are creating barriers for companies that compete in a global marketplace and seek to optimise their operations and supply chains wherever possible. This includes competition against imports from overseas refineries.

As such, Caltex supports efforts to minimise the regulatory burden associated with coastal shipping in Australia, underpinned by an integrated and consistent policy and regulatory approach by all levels of government. Caltex believes the removal of jurisdictional inconsistencies would help to create greater operational certainty for local companies, minimise duplication of the regulatory burden and facilitate efficient and productive supply chains.

The introduction of the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (CTA) considerably added to the administrative burden of coastal shipping regulation in Australia, and Caltex has recommended amendments to the CTA to minimise its impact. These recommendations are documented in Caltex's submission on the federal government's Options Paper.

In terms of this inquiry, Caltex notes that one of the terms of reference of the Transport, Housing and Local Government Committee (the Committee) is to "review the policy and regulatory arrangements of the Coastal Trading (Revitalising Australian Shipping) Act 2012 including the impacts of the 3 tier licensing system on establishing an intrastate coastal shipping trade in Queensland waters". The CTA and its "3 tier licensing system" are currently under review and the extent of change is unknown. However, this creates an opportunity to coordinate regulatory reform at the federal and state level.

If the federal government determines that economic regulation of coastal shipping (via the CTA) should remain in some form, Caltex believes the federal government should move towards a simplified licensing regime and also take measures to minimise duplication of regulation and avoid additional cost imposts, legislative uncertainty and unintended consequences.

For example, Caltex has proposed amendments to the current temporary licence (TL) regime, which would result in an open TL for a 12-month period with the following features:

- each entity which proposes to undertake coastal voyages during the course of a financial (or calendar) year must apply for a TL for that year (as is currently required under the CTA)

- once granted, the TL will be valid for a 12-month period and will allow the TL holder to conduct an unlimited number of coastal voyages during that period

- upon the completion of each coastal voyage during the year, the TL holder must report to the Department of Infrastructure and Regional Development the details of that voyage, as per section 62 of the CTA, with the details then placed on the public register.

Caltex believes this simplified licensing system would greatly reduce the administrative burden on industry and facilitate greater flexibility within supply chains to allow companies to optimise their operations, which is a necessity when companies – like the downstream petroleum industry – operate in a global marketplace.

As supply chains and shipping operations operate across many jurisdictions, the move towards a national approach to coastal shipping would lead to broad-reaching benefits. A national approach would remove inefficiencies created by duplicative and inconsistent federal and state legislation, as well as provide legislative clarity and certainty for companies operating in multiple jurisdictions.

A national approach to managing the safety of vessels and seafarers operating in the Australian domestic commercial industry has already been established via the National System for Domestic Commercial Vessel Safety. The AMSA became the national regulator of the framework on 1 July 2013, with state and territory marine safety agencies (acting as delegates for AMSA) responsible for the face-to-face operations of the national system. This is an example of federal and state governments recognising the benefits of removing cross-jurisdictional differences and moving towards a national approach to policy and regulatory settings.

We believe that marine safety is appropriately managed nationally by AMSA and hence it is not necessary to continue to have separate state based legislation (such as the TOMSA – as defined in section 4.2 below) to regulate the same subject matter.

4.2 Resolve inconsistency between CTA and stated-based legislation

While the CTA has created a regulatory burden at the federal level, there are also matters to be addressed at a state level due to potential overlap and inconsistency between the CTA and state-based legislation. This inconsistency is further contributing to the regulatory burden and legislative uncertainty associated with coastal shipping in Australia.

In Queensland, the *Transport Operations (Marine Safety) Act 1994* (TOMSA) regulates the movements of foreign-flagged vessels in Queensland coastal waters by requiring them to obtain a restricted use flag (RUF).

TOMSA expressly states that it does not apply to the extent that the *Navigation Act 1912* applies to the vessel in question. In November 2013, Maritime Safety Queensland (MSQ) issued a public communication to the effect that the reference to the old Navigation Act in TOMSA would be read as if it were referring to the replacement legislation (i.e. the Navigation Act 2012 and the CTA). Accordingly, MSQ's interpretation is that if a foreign-flagged vessel is involved in coastal trading (i.e. operating under a TL) or it has obtained a declaration under section 12(2) of the CTA, then TOMSA would not apply.

Section 12(2) of the CTA allows the owner of a vessel to apply to the relevant federal Minister for a declaration that the CTA applies to the vessel, even when the vessel is undertaking

commercial activity within a state or territory (i.e. intrastate voyages). That is, the CTA provides a vessel owner with the ability to "opt-in" to the federal coastal trading legislation and avoid the need to apply for a RUF under TOMSA.

However, if a foreign-flagged vessel is used to carry out an intrastate or coastal voyage in Queensland waters and that vessel (or voyage) is exempt from the CTA (under section 11(1) of the CTA), Caltex understands that TOMSA would then apply to this vessel. This would mean that the foreign-flagged vessel would need to apply for a RUF for the purpose of carrying out an intrastate voyage in Queensland.

Caltex believes this creates an anomaly because if the federal Minister determines that an exemption from the CTA is justified in a particular circumstance (so that the vessel is not required to be licensed to operate and undertake voyages on the Australian coast), requiring that vessel to then apply for a permit at a state-level would defeat the objective and intention of an exemption from the CTA.

For example, as outlined in Caltex's submission on the federal government's Options Paper, Caltex believes one circumstance which may justify an exemption from the CTA is where the federal Minister determines that the costs imposed by regulation under the CTA, in respect of a vessel (or class of vessel) carrying out certain voyages, outweigh the benefits of regulation.

If, notwithstanding that the federal Minister may have come to that view and granted an exemption in respect of a vessel on that basis, TOMSA then applies and consequently imposes an additional administrative burden on that vessel, that outcome would defeat the objective that an exemption from the CTA intended to achieve in the first place. In short, an exemption from the CTA should not be treated as an automatic "opt-in" to state-based legislation, such as TOMSA.

While this issue seems largely the result of the application of state-based legislation, Caltex believes it does hinder the overall objectives of both the federal government and Queensland government to reduce the regulatory burden in Australia.

Caltex calls for cooperation between the federal and state governments to implement appropriate amendments to, or removal of, relevant state-based legislation to ensure that responsibility for the regulation of all commercial shipping lies with the federal government and that state-based legislation does not inadvertently apply.

4.3 Implications of inconsistent federal and state legislation

The background brief provided by the Department of Transport and Main Roads (TMR) to the Committee highlights further the legislative uncertainty in the regulation of coastal shipping in Australia.

In the document (page 9), TMR describes Rio Tinto's concern about the potential economic cost to its shipping operations if it cannot apply for a RUF. It is stated that Rio Tinto's foreign-flagged and foreign crewed vessels undertaking intrastate trade in Queensland and operating under a RUF were "treated by Customs as if it was a Queensland registered vessel".

As a result, Rio Tinto was not subject to the additional wage requirements under the *Fair Work Act 2009* (unlike foreign-flagged vessels operating on a TL under the CTA) or Customs duty payable under the *Customs Act 1901* for importation of a vessel (which would be payable by international vessels engaging in the local economy without a TL).

Caltex understands that if a foreign-flagged vessel is undertaking intrastate voyages and is not covered by a RUF (i.e. if the TOMSA is repealed), there is nothing to compel these vessels to be covered by the TL regime of the CTA.

However, Caltex understands that if a foreign-flagged vessel is undertaking intrastate voyages and is not covered by a RUF or TL, then importation by Customs may occur as per the Customs Act.

Therefore, in a scenario where the TOMSA does not exist and a foreign-flagged vessel is only undertaking intrastate voyages, the vessel has two choices:

1. "Opt-in" to the CTA and be subject to the TL regime as well as the additional wage requirements under the *Fair Work Act 2009*, or

2. Not "opt-in" to the CTA – i.e. not covered by a RUF or TL – and be subject to importation by Customs. (Note a foreign-flagged vessel operating under a TL is deemed by Customs as exempt from importation as per section 112 of the CTA).

Caltex sympathises with this scenario because we also face similar concerns in relation to crude oil loaded at floating production, storage and offloading (FPSO) facilities in Australia.

Caltex refers the Committee to its submission to the federal government's Options Paper in which these issues are discussed in more detail; however, a summary is also provided below.

i. Implications of importation under the Customs Act

It has been identified that inconsistency between the CTA and Customs Act may result in the unintended consequence of importation for vessels carrying crude oil and condensate from FPSO facilities to Australian ports.

Under the Customs Act, Customs has the discretion to deem these cargoes and vessels to be imported, despite the crude oil being indigenous to Australia and being shipped for use by Australian refineries. Customs has determined that the only "protection" against a foreign-flagged vessel being imported is a TL under the CTA. However, "offshore industry vessels" are excluded from the CTA and so a TL cannot be issued to a vessel carrying crude oil from an FPSO to Australian port. Hence, the inconsistency of legislation may result in the unintended consequence of importation for these vessels if they remain on the Australian coast for more than 30 days.

The uncertainty has led to locally-produced crude oil being exported rather than sold domestically, reducing the availability of crude oil sources for local refineries, resulting in less choice of crude oils and potentially increasing their costs.

The importation of a vessel by Customs can result in significant additional costs imposed on a company, including the payment of Customs duty and GST on the value of the vessel (including anything that is on board when the vessel arrives in Australia); and immigration requirements under the *Migration Act 1994* as the international crew's Maritime Crew Visa (MCV) will no longer be valid on these foreign-flagged vessels, which may result in the replacement of the foreign crew with Australian crew. The exact impact will vary depending on the scenario.

Caltex has recommended amendments to the CTA to resolve the unintended consequence of importation. The amendments may also be a means for addressing Rio Tinto's concerns. Please refer to Caltex's submission for further details.

ii. Implications of the Fair Work Act and coastal shipping

The Fair Work Act requires the foreign crew on a foreign-flagged vessel operating under a TL (and has commenced two voyages in the past 12 months) to be paid in accordance with Part B of the Seagoing Industry Award, which prescribes the minimum weekly wage that must be paid to each crew member on board the vessel whose rank is covered by Part B.

This has resulted in significant additional wage costs, due to basic wage comparisons only being considered – not the total remuneration (wage and allowances) paid to seafarers. This is an important point because allowances can sometimes equate to more than half the total remuneration paid to a seafarer.

Caltex understands that this requirement was introduced to create a "level playing field" with respect to wages between Australian-flagged vessels and foreign-flagged vessels. However, Caltex believes that the perceived benefits of this requirement are far outweighed by the detriments to the public it causes. For example, for many sectors there are no Australian-flagged vessels available to charter (such as crude oil or petroleum product vessels) for local coastal voyages, therefore the perceived benefits cannot be achieved anyway.

Also, this requirement not only fails to increase the competitiveness of the Australian shipping industry, but actually has the undesired effect of increasing the overall costs of transporting goods across Australia.

Caltex has recommended to the federal government that changes be made to the application of the Fair Work Act to coastal voyages undertaken by foreign-flagged vessels, particularly where no equivalent Australian-flagged vessels exist. Please refer to Caltex's submission for further details.

5. Scheduled 'weekly' coastal shipping service in Queensland

One of the Committee's terms of reference is to "consider what benefits arise from a scheduled 'weekly' coastal shipping service, in terms of reducing road and rail congestion and managing future freight demand". From TMR's brief, it is clear that the government is interested in establishing an intrastate coastal shipping service for over size over mass (OSOM) equipment and other goods (where possible) to reduce road and rail congestion and improve road safety, particularly along the Bruce Highway.

As outlined previously, Caltex and the local oil industry more broadly already have established supply chains for the movement of petroleum products nationally. In Queensland, shipping of petroleum products is the most efficient and economic transport method (compared to road and rail) of moving product from refineries to terminals, between terminals, and also via direct import to terminals. As outlined in the Queensland Ports Strategy 2014, petroleum products represented 6% of the trade volume across all Queensland ports in 2012-13, ranking third behind bauxite (16%) and coal (63%).

Caltex considers that the options available to the government will depend on whether the government believes an open and competitive intrastate trade in the identified cargo will develop on its own, or whether economic regulation is required to make intrastate shipping a viable alternative. The current lack of such a service may be an indication that coastal shipping of certain goods is not competitive or economic compared to road and rail.

If this is the case and the government decides that its policy is to shift the transport of identified goods and freight from road and/or rail to ships, then the government may decide that economic regulation of intrastate trade is the only means to establish a 'weekly' shipping service. That is, the government may need to subsidise the cost of the shipping service only if it determines that the benefits (i.e. increased road safety, reduced congestion, and reduced expenditure on road maintenance and upgrades) outweigh the cost of subsidisation.

This ultimately is a decision for government and, as noted previously, Caltex in general does not support government intervention in markets. An example of the unintended consequences that government intervention can impose on industry has been clearly demonstrated by the recent experience with the CTA.

As noted in TMR's brief to the Committee, "there are no existing state statutory provisions for the economic regulation of coastal shipping" in Queensland. However, if the government proceeds with economic regulation to develop a coastal shipping service and/or industry in Queensland, Caltex believes that any proposal by the government to introduce economic regulation to develop an intrastate shipping market in Queensland should be carefully considered and avoided, wherever possible. Any such proposal must be subject to a rigorous cost-benefit analysis through a regulatory impact statement and public consultation process.

Caltex also recommends that industries, like the local fuel industry, with well-established, economic and efficient shipping operations should not be captured by any such regulation. A regular weekly service would not be suitable for the transport of petroleum products, because such a service would not offer the flexibility required to deal with the variability and unpredictable nature of the petroleum industry.

Clear parameters would also need to be set to minimise duplication, regulatory burden and inconsistency with federal legislation, along with clear delineation between industries covered by such regulation to minimise any unintended consequence of state-based regulation. The government should also tread carefully to ensure that it does not create an uneven playing field within and between industries.

6. Port infrastructure and efficient shipping operations

The Queensland Ports Strategy 2014 outlines an action for the Queensland Government to develop a Sea Freight Action Plan, with respect to coastal shipping. Caltex also notes a reference to this plan and draft report in TMR's brief to the Committee; however, it is unclear whether the draft report has been released for public consultation.

The Ports Strategy document (page 22) states that the aim of the SFAP is to "investigate means by which certain cargoes, particularly over size over mass (OSOM) mining equipment, can be redirected off Queensland roads and onto coastal shipping services". The document also notes that one benefit of doing this "will be to free up space on existing supply chain modes that are stressed".

While road infrastructure may be "freed up" by the movement towards a coastal shipping service, Caltex believes it is important to consider the ability of existing port infrastructure to cater for an increase in coastal shipping in Queensland and the charges that would be imposed. Caltex does note this is recognised in the Ports Strategy which states that the "SFAP will examine the capability of existing port and land based infrastructure to accommodate the handling of identified cargoes".

This is important because often the focus on port infrastructure has been weighted towards the efficient and economic export of commodities and goods. However, it is equally important to provide port infrastructure to facilitate the efficient and economic import of goods and products. This is particularly true for goods (i.e. inputs) which underpin industry and are inputs for businesses, such as petroleum products for mining, transport and agriculture industries, as well as other goods, such as fertiliser for the agricultural industry. Efficient and competitive access to "imported" product is just as important as that which is "exported".

In designing, planning and managing port infrastructure, consideration should be given to appropriate loading and unloading facilities, storage and associated infrastructure (e.g. pipelines in the case of petroleum products), and access to the port by efficient road and rail infrastructure which is integrated into the broader road and rail network.

The provision of access to ports and associated infrastructure (and its maintenance) is critical to industries reliant on shipping, emphasising the need to minimise delays and port congestion, and avoid additional operating costs (e.g. demurrage).