



Regional Development Australia - Tasmania

Bass Strait Shipping

Summary Paper

Authors:
Level of Which Submission
Has Been Authorised:

Craig Perkins and Mike Brindley

Chief Executive Officer

Contact:
Position:
Return Address:
Phone Number:
Date:

Craig Perkins
Chief Executive Officer
Level 1, 29 Paterson Street, Launceston TAS 7250
03 6334 9822
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Purpose

This report has been prepared to **summarise the current research reports** available on Bass Strait Shipping. Many of these reports have been compiled to provide a viewpoint on the critical issues surrounding Bass Strait Shipping along with potential strategies to deliver solutions to these issues.

Two separate Federal Government enquiries are being prepared to consider Bass Strait Shipping. The first is a report by the Freight Logistics Co-ordination Team (FLCT Tasmania) which is being prepared by a panel of key industry representatives in conjunction with the Tasmanian State Government. This federally funded report will provide a summary of key findings and recommendations to government on infrastructure including port and intra state freight logistics as well as improvements to freight logistics efficiencies and future capital needs.

The second report, to be prepared by the Australian Competition and Consumer Commission (ACCC) and the Productivity Commission was announced by the incoming Federal Coalition Government and will involve a review of Bass Strait Shipping to:

“Place downward pressure on Tasmanian business costs, the cost of Bass Strait shipping and the price of goods and services, by implementing a joint Productivity Commission and Australian Competition and Consumer Commission (ACCC) review of Tasmania. Shipping costs, the competitiveness of Tasmania's freight industry structure and economic infrastructure, and the Tasmanian Freight Equalisation and Bass Strait Passenger Vehicle Equalisation Schemes (the Coalition will keep both Schemes, but will review them to ensure their equity and effectiveness)”¹

Due to the importance and complexity of these issues, RDA Tasmania thought it would be valuable to compare and contrast the findings of each existing report and summarise the differing themes that emerge.

It must be stressed that this **report does not provide an RDA Tasmania opinion** on which initiatives and / or recommendations best fix the issues identified. It merely aims to summarise the existing body of research and offer an understanding of the key themes.

Acknowledgement

RDA Tasmania acknowledges the support and assistance provided by Dr Stephen Cahoon and Quazi Sakalayan from the Australian Maritime College in Launceston, with the preparation of this document.

¹ <http://www.liberal.org.au/building-strong-prosperous-tasmania>

YOUR FEEDBACK IS INVITED

The key themes from this summary paper may be used as the foundation for a **Freight Forum in early 2014**, to consider this existing work and recommendations and form a consensus on the way forward. The outcomes of this forum can then be provided to government for further consideration.

The research documents identified in this document are publicly available and copies can be provided upon request.

To give feedback on this paper OR express interest in attending the forum discussion (date TBA) contact:

Mike Brindley, RDA Tasmania - North West

Devonport Port



Executive Summary

Tasmania is uniquely positioned as the only Australian state that has a heavy reliance on shipping to transport its goods. Whilst Tasmanian business enjoy an improved frequency of service provided by three shipping lines across Bass Strait, freight costs have escalated in recent times due to the demise of the existing international shipping service and increased Port of Melbourne fees, which is now the main port of landing for Tasmanian exports.

Export off-island is vital to the Tasmanian economy, which is experiencing stagnant economic growth and higher unemployment rates compared to mainland Australia. Addressing the issues of Bass Strait Shipping to achieve the best possible outcomes – namely to secure a reliable and cost effective shipping service to domestic and international locations, is the key objective.

This paper summarises 15 recent reports into Tasmanian freight across Bass Strait. Below is a SWOT Analysis of the issues drawn from these documents and a summary of the suggested strategies outlined in these reports, and a list of questions that RDA Tasmania believes may guide stakeholders towards the next steps required.

Full information on these reports is in the body of this document and Appendix 1.

Summary of Suggested Strategies

Below is a list of suggested strategies considered by the reports examined. Whilst the list is not exhaustive, the recommendations provided appear well thought out and logical in the context of providing workable outcomes that address some of the challenges faced by Tasmanian Exporters.

Strategy	Research Paper Number
Collaboration between industries and identification of shared opportunities	1
Evidenced based decision making and better data analysis	2
Development of a Regional Innovation System framework in industry and regional communities	3
A long term logistics plan for Tasmania covering Bass Strait Shipping, Rail and Road corridors	5
Improved Tax Regime, Labour Flexibility, adjustment to the Tasmanian Freight Equalisation Scheme (TFES), more control over Melbourne Port Authority increasing their costs and aggregation of freight volumes to create efficiencies	6

1) Planning and policy measures to support productivity and growth 2) Market involvement in future planning and investment frameworks 3) Immediate assistance to exporters 4) Transparency and participation measures to promote innovation and competition	8
Encourage and support new investment in existing industries / customer satisfaction, stakeholder management	14

Key substantiated themes surrounding these suggested strategies include long term strategic planning for port infrastructure, assistance for exporters (potentially through the TFES) and collaboration with the Port of Melbourne to minimise future cost escalation for Tasmanian exporters.

Unsubstantiated themes include port rationalisation, inclusion of Bass Strait as part of the Australian national highway network and introduction of government subsidised shipping operators.

Grassy Port – King Island



Background

Regional Development Australia - Tasmania

Regional Development Australia (RDA) is an Australian Government initiative established to encourage partnership between all levels of government to enhance the growth and development of Australia's regional communities. RDA committees operate under a national RDA Charter and report to the Australian Government on key outcomes. A national network of 55 RDA committees has been established and RDA Tasmania represents the entire state of Tasmania.

RDA Tasmania is a not-for-profit organisation that has a formal partnership between the Australian Government, Tasmanian Government, and the Local Government Association of Tasmania (LGAT). A key focus of RDA Tasmania is on the economic, social and environmental issues affecting communities.

One of the focus areas for RDA Tasmania is to expand and grow economic activity, and a key part of this is the trade in goods to and from the island. RDA Tasmania works with all tiers of government, industry and community to inform policy development, decision making and investment in the region.

Tasmanian Logistics Committee

The Tasmanian Logistics Committee was formed in late 2012 incorporating the existing Freight Logistics Council of Tasmania (FLCT), RDA Tasmania and the Tasmanian Chamber of Commerce and Industry (TCCI) as founding partners.

The prime objective of the committee is to provide an independent voice on behalf of Tasmanian businesses and industry in respect of the issues and potential solutions for Bass Strait Shipping. The committee is not funded by any government organisation directly. The impartiality of views is paramount in providing feedback to government as to how freight logistics for Tasmanian business can be improved to better provide reliable cost effective outcomes for freight logistics.

Freight Logistics Co-Ordination Team

Formed in 2012 by the Tasmanian Government with the support of Federal Government funding, the Freight Logistics Co-Ordination team (FLCT) is made up of key industry stakeholders including shippers, freight forwarders and Tasmanian exporters who all shared in the Bass Strait Shipping industry. The three main tasks of the FLCT included a review of 1. Bass Strait Shipping 2. Intra Island Freight Handling and 3. Supply Chain Mapping.

The final recommendations to government will be provided in a report in November 2013 which will include a summary of findings along with suggested strategies to address the issues identified.

Productivity Commission and Australian Consumer and Competition Commission (ACCC)

One of the recently elected Federal Coalition Government's commitments to Tasmania is to review the Bass Strait Shipping issues through the Productivity Commission and the Australian Consumer and Competition Commission (ACCC).

The terms of reference for this joint initiative are yet to be released however it is envisaged that the study and resulting recommendations will be focussed on the critical issues including:

"Shipping costs, the competitiveness of Tasmanian's freight industry structure and economic infrastructure, and the Tasmanian Freight Equalisation and Bass Strait Passenger Vehicle Equalisation Schemes". – Federal Coalition Party 2013

Burnie Port



Recent discussions about Bass Strait Shipping

Bass Strait Shipping has become a very important issue for Tasmania including Tasmanian business and Tasmanian communities. Tasmania as an island state relies on its shipping service for the majority of its imports and to deliver its produce to domestic and international markets.

The recent increase in Port of Melbourne charges for freight and the loss of the dedicated international shipping line has further highlighted the cost imposts on Tasmanian business. This has also encouraged significant discussion on secondary issues involving Bass Strait shipping namely:

Port Infrastructure and Rationalisation including future port locations

Tasmania is fortunate to have four major ports to transport cargo. Two ports are located in the North West – Burnie and Devonport, one in the North – Bell Bay and the major Southern Port Hobart. Each port provides specialist freight tasks and as a consequence discussion has centred on the potential to consolidate some port operations and tasks to create efficiencies and aggregate freight loads. This could then influence price and longer term infrastructure planning.

Unfortunately a lack of a long term strategic plan and study surrounding these possibilities has resulted in no tangible evidence to date being produced that supports any port rationalisation or consolidation. The work of the Freight Logistics Co-ordination Team and the review to be conducted by the Productivity Commission and the ACCC could begin to assess and consider the longer term port infrastructure needs for Tasmania, however any resulting recommendations would need the support of the broader Tasmanian community and business for them to be implemented.

Tasmanian Freight Equalisation Scheme

The Tasmanian Freight Equalisation Scheme (TFES) is uniquely a Tasmanian initiative funded by the Federal Government to provide supplementary assistance to Tasmanian exporters so that they are charged the same as their mainland counterparts for freight shipments. This scheme has its critics and it has been deemed outdated and in some cases anti-competitive by those who are lobbying for its abolition.

Conversely many Tasmanian businesses are asking the Federal Government to extend the TFES to include international exports due to the recent loss of a direct shipping service to international markets. Some lobby groups have asked that Bass Strait be included as part of Australia's national highway network so that ongoing funding can be secured for Bass Strait Shipping.

It is highly likely the forthcoming Productivity Commission / ACCC review will look at the components of the TFES including its relevancy and if it is applicable to Tasmania in the current and longer term.

International Shipping direct from Tasmania

A diverse range of products are exported to overseas markets. Until recently, a direct international shipping service provided Tasmanian business with a regular service to transport goods to market without the need to use the Port of Melbourne.

The recent demise of this service has many exporters calling for government to reinstate the service with subsidies to attract an international shipping line to Tasmania. Concerns have been raised that this strategy could only work if long term guarantees of regular freight loads could be provided along with a long term government subsidy commitment.

Increased Competition for Bass Strait Shipping

Currently two commercial shipping services (namely Toll and Searoad Shipping), and one Tasmanian government shipping service (TT Line) transport freight over the Bass Strait route. Arguments in support and against the Tasmanian government providing a commercial service in competition to the established commercial operations is varied. The Tasmanian government has recently considered extending its operation to include a specialist shipping service in direct competition to the other shipping services. Concerns have been raised already that this may influence the market and potentially halt or defer ongoing investment in replacement vessels about to be undertaken by the other shipping services.

This paper has been prepared to understand these conversations and what the reports prepared by various groups are telling us. This paper is not designed to add weight to any specific analysis or current debate on any of these issues but more so to understand the key themes, the issues and suggested strategies.

The Tasmanian Economy

Tasmania continues to record below average outcomes in key economic determinants such as employment, skills and education, and economic growth. Our community is divided in its support for economic projects and being an island presents challenges in freight and transportation which are being currently reviewed by industry and government to maximise efficiencies and infrastructure use. Without business investment and growth, the state is highly dependent on government funding and administration.

It is hard to look at the Tasmanian economy without being confronted by the figures for economic performance, which would indicate slow or no growth. The Tasmanian gross state product was \$23 billion in 2011-12, a year-on-year growth of 0.5 per cent compared to the national growth rate of 3.4 per cent. The rate of unemployment is rising, now at 8.1 per cent, and job advertisements have decreased by -22.2 per cent since 2010-11, all contributing to below trend economic growth in

Tasmania and a notable divergence between the performance of the Tasmania economy and other regional economies².

The state's challenges to economic growth can be summarised as:

- Tasmania has been largely detached from the resource boom;
- few industries benefitting from growth in Asian markets;
- strong Australian dollar reduced the competitiveness of Tasmanian exports;
- commodity prices falling;
- low consumer and business confidence;
- weak retail and construction sectors;
- reduced State Government GST receipts and reduced public spending;
- decreased private investment;
- forestry in decline;
- overall decrease in aggregate hours worked and high unemployment; and
- net out-migration and population stagnation

These challenges have led to the decline in traditional industries including; food processing; textile/clothing/footwear; wood and paper; machinery and equipment; and apples and pears. This decline has seen the value of goods and services exported overseas decreasing by 8.7 per cent from 2006-07 to 2011-12³. Another traditional industry, the metal processing industry, has had to undergo a structural transition to sustain output, but has needed job losses to achieve productivity gains.

Forestry is one of the most recognised Tasmanian industries and also the industry experiencing the most profound structural change²¹. Data shows that the forestry industry has shed 3,500 in recent years⁴ and wood exports from ports across the state has stopped or dramatically declined. The impact of this change has hit regional communities the hardest, where few alternatives to forestry exist.

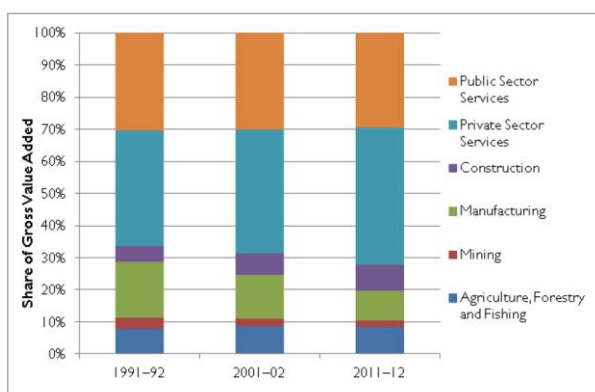


Chart – Share of Gross Value Added by Industry, Tasmania, 1991-92 to 2011-12, original annual data (excluding ownership of dwellings)⁵

² Weekly Economic Summary, 12 July 2013, Department of Treasury and Finance

³ Weekly Economic Summary, 14 June 2013, Department of Treasury and Finance

⁴ Diversifying Tasmania's Economy: Analysis and Options, Final Report – Revised October 2012, Australian Innovation Research Centre

⁵ Structural Change in The Tasmanian Economy, Department of Treasury and Finance, April 2013, using data from Australian National Accounts: State Accounts, ABS Cat No 522.0

Nonetheless the Tasmanian economy has grown in industries including dairy, stone fruit, aquaculture, specialised manufacturing and recently tourism. There is growth and investment potential in these industries and all involve the movement of freight and people across Bass Strait.

The public sector plays a key role in the economic profile of the region; approximately a third of people are employed in public sector jobs, with a third employed in private sector jobs. However, much of the private sector, such as construction and retail, is reliant for work generated by the public sector or spending by those employed in the public sector⁶.

Priorities and Opportunities

Tasmania has many challenges compared to other regions and its economic performance is comparably slower. In July 2013, Tasmania lagged all other economies on all of the eight CommSec State of the States⁷ indicators, which are; economic growth, retail trade, equipment investment, unemployment, construction work, population growth, housing finance, and dwelling starts.

However the region is uniting to deliver a state economic development plan and three regional economic development plans aimed to provide economic stimulus and sustainability. The Tasmanian Government introduced a whole-of-government Economic Development Plan in August 2011 and detailed operational documents with priorities for the three sub-regions, the regional economic development plans, were launched in November 2012⁸.

Priority sectors are recognised in the Regional Economic Development Plans as those with the potential to make the most of Tasmania's competitive advantages. Knowledge of the needs of these growth sectors is critical for input into issues such as infrastructure, skills, land-use and regional planning. The priority sectors have flow-on effects into major employment sectors including retail and the service sectors. The priority sectors are:

North West	North	South
Advanced manufacturing Food and agriculture: Dairy Floriculture Fruit and vegetables Poppy Red and white meat Salmonid Forestry and related products Mining and mineral processing Tourism	Advanced manufacturing Food and agriculture: Dairy Fruit Poppy Red meat Vegetables Wine Forestry and related products Mining and mineral processing Tourism	Advanced manufacturing Antarctic and Southern Ocean Food and agriculture: Fruit and vegetables Poppy Salmonid Wine Forestry and related products International education Science research Tourism

Source: Regional Economic Development Plans 2013 – Department of Economic Development (DEDTA)

The Australian Innovation Research Council's 'Diversifying Tasmania's Economy – Analysis and Options' report finds that by creating 4,400 jobs the unemployment rate can be reduced from the Tasmania level (7.3 per cent at the time the report's release) to the Australian level (5.5 per cent), and identifies a route toward achieving this⁹:

- Strengthen and grow Tasmania's private sector so focus on the traded private sector.

⁶ Obstacles To Progress, Griffith Review Edition 39, J. West, 2013

⁷ CommSec State of the States July 2013

⁸ www.development.tas.gov.au/economic/economic_development_plan

⁹ Diversifying Tasmania's Economy: Analysis and Options, Final Report – Revised October 2012, Australian Innovation Research Centre

- Reinforce comparative advantage and focus on business capability to “perform the activities that matter in competition and meet customer needs.”
- Build on four or five effective industries with the greatest growth potential; aquaculture, dairy and wine, and also horticulture.
- Prioritise; infrastructure that leads industry, industry clusters and agglomerations, research and development and support for innovation.

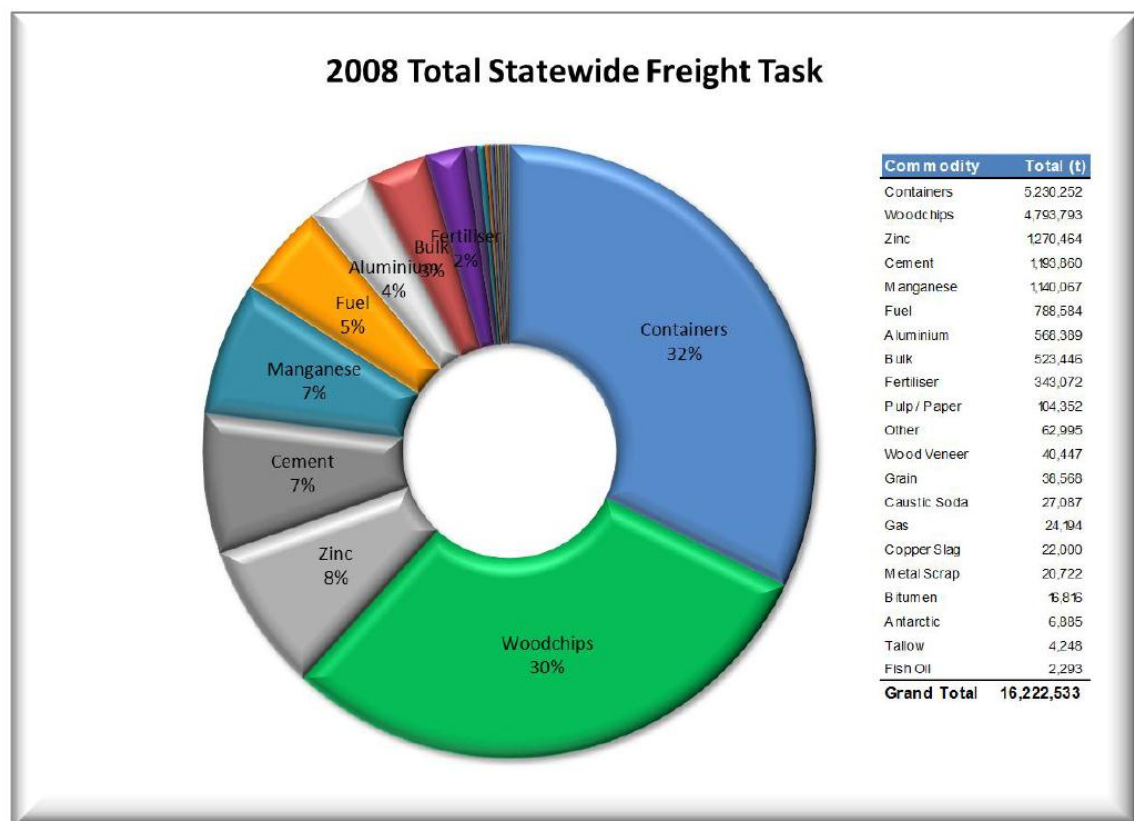
Port of Bell Bay



The Freight Profile of Tasmania

Tasmania exports and imports a wide range of goods every year. As of 2008, the approximate annualised freight volume was 16.2 million tonnes¹⁰. The diversity of the goods imported and exported is great with the main materials transported including bulk resources such as cement, zinc, manganese, woodchips and containerised goods.

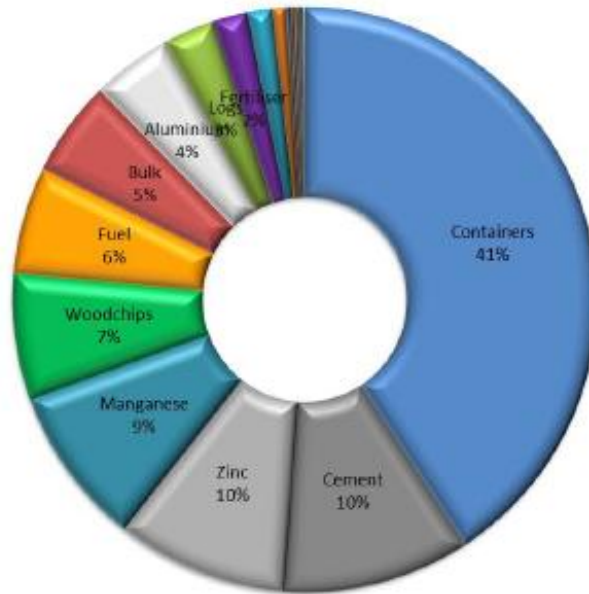
Seasonal primary production including fresh fruit, vegetables and agricultural products as well as manufactured goods also provide an ever increasing impost and demand on the existing shipping services.



However as markets change so do the needs of Tasmanian business, with the 2011/2012 volume data showing a reduction in some export related raw materials (woodchips) and an increase in containerised goods shipments. This change in the range and diversity of exports is expected to increase in the mid to longer term with port infrastructure and shipping services needing to provide a wider range of facilities to accommodate these requirements.

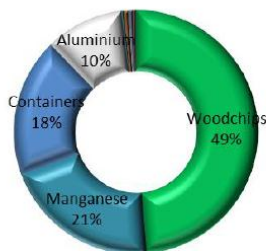
¹⁰ Outlining a long term vision for Tasmanian Ports – Tasports 2013

2012 Total Statewide Freight Task



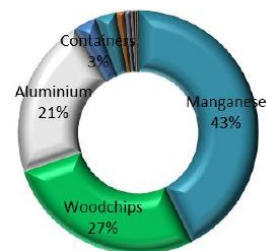
Port by Port Freight Task - 2008 to 2012 Comparison

Bell Bay Freight Task - 2008



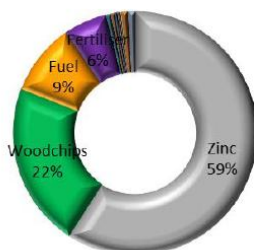
Commodity	Total
Woodchips	2,683,133
Manganese	1,140,067
Containers	1,014,571
Aluminium	568,389
Copper Slag	22,000
Other	32,723
Fuel	30,985
Metal Scrap	20,722
Grand Total	5,512,592

Bell Bay Freight Task - 2012



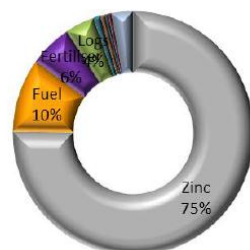
Commodity	Total
Manganese	990,268
Woodchips	633,517
Aluminium	496,642
Containers	71,394
Fuel	66,602
Copper Slag	27,500
Logs	18,917
Metal Scrap	10,399
Other	8,816
Gas Pipes	3,713
Grand Total	2,332,857

Hobart Freight Task - 2008



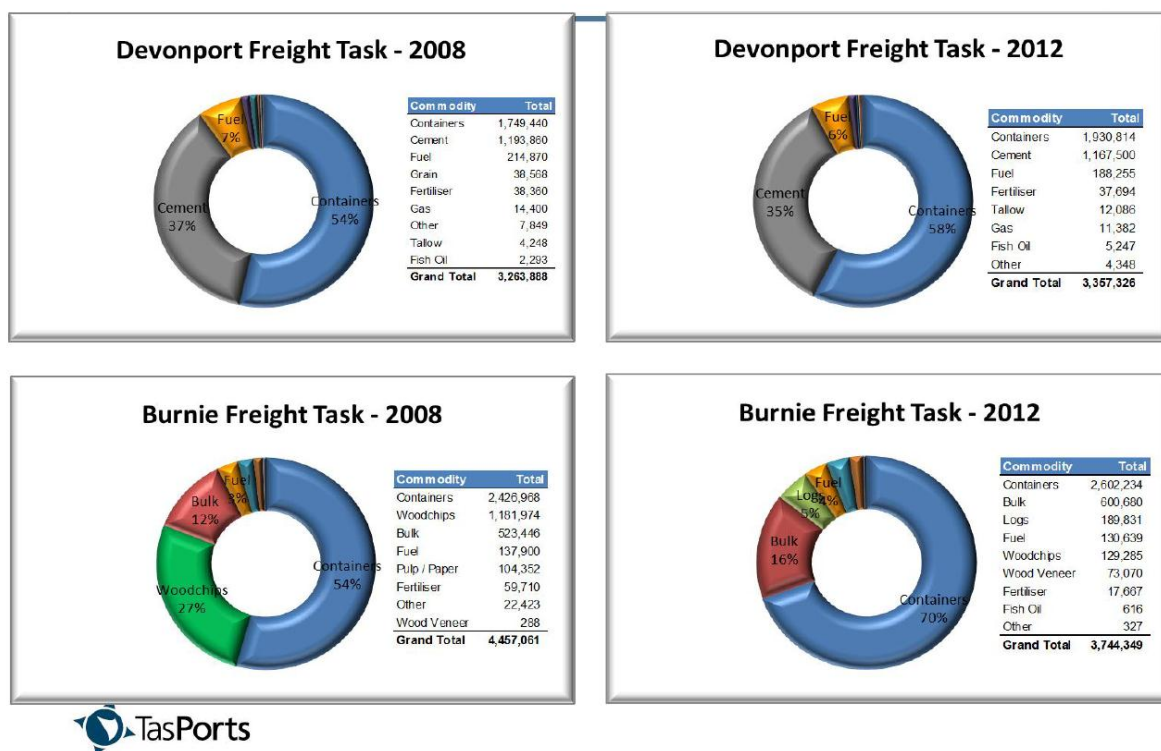
Commodity	Total
Zinc	2,518,505
Woodchips	928,686
Fuel	404,827
Fertiliser	245,002
Wood Veneer	40,158
Containers	39,272
Caustic Soda	27,087
Bulk Zinc	22,422
Bitumen	16,816
Gas	9,794
Antarctic	6,885
Grand Total	4,259,456

Hobart Freight Task - 2012



Commodity	Total
Zinc	2,145,901
Fuel	280,077
Fertiliser	162,487
Logs	113,182
Wood Veneer	82,625
Woodchips	26,073
Bitumen	18,827
Gas	12,004
Antarctic	11,973
Other	203
Grand Total	2,853,351

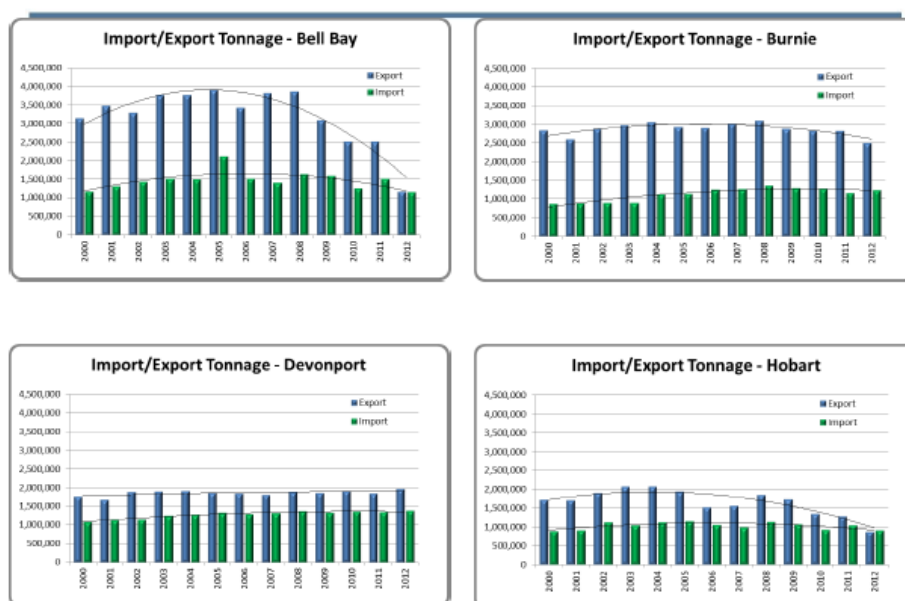




Comparing the freight volumes from 2008 to 2012 for each of Tasmania's four ports namely: Burnie, Devonport, Bell Bay and Hobart confirm the changing nature of freight movements and volumes for the state.

Burnie is now the main port for container movements with Bell Bay the main port for bulk commodity shipments. This specialisation is noticeable throughout the state with Devonport and Hobart sharing bulk commodity freight with Devonport also providing facility for container movements.

Port Movements – Import and Export Volumes 2012



Important Statistics to consider

The Freight Logistics Co-Ordination Team (FLCT) released the following data in its interim report of findings in October 2013 regarding Bass Strait Shipping. This data gives a good understanding of the freight task for Tasmania including the possible constraints:

- Empty containers comprise a high proportion of the inbound (20%) and outbound (25%) freight task.
- Bulk freight is a significant part of Tasmania's freight task.
- Each of Tasmania's three major regions is a significant origin and destination for freight.
- In terms of freight origins, 41% of freight comes out of the North West, 33% from the North East and 26% from the South.
- Almost 99% (quantity) of Tasmania's freight is carried by sea, with the remainder by air. While volumes are low, air transport tends to move higher value freight.
- The majority of Tasmania's sea freight is destined for domestic markets, with just over 11% of freight task (quantity) transhipped through Melbourne for international export.

Road and Rail Infrastructure

In December 2009, the Tasmanian Government purchased Pacific National's Tasmanian rail assets and established the Tasmanian Railway Corporation Pty Ltd (TasRail). The State Department of Infrastructure, Energy and Resources (DIER) have developed priorities for investment and operations.

Ongoing improvements in rail will be supported through Federal and State Government investment to develop and maintain a viable rail service for the state that reduces the need for heavy haulage movements on the road network.¹¹

Sections of rail requiring upgrade include the Brighton to Bell Bay and Burnie line with concrete sleepers and remedial work on the Bell Bay, Melba and Fingal Lines¹²

In respect of road infrastructure, Tasmanian roads are generally good with some sections of the Bass and Midlands Highway in need of maintenance and improvement. Ongoing investment by the Federal Government will help address these improvements, however, these upgrades will take a number of years to achieve.

Tasmanian Infrastructure Advisory Board

Tasmania is the only state to have a single entity coordinating infrastructure priorities. The Tasmanian Infrastructure Advisory Council was established in May 2011, with an aim to:

- promote and advance a coordinated approach to planning and delivery of economic infrastructure in Tasmania
- foster a shared understanding of opportunities and impediments for planning and provision of economic infrastructure between government, infrastructure managers, planners and industry and provide the Tasmanian Government with advice on those opportunities and impediments.

¹¹ http://www.dier.tas.gov.au/publications/submission_to_infrastructure_australia

¹² Tasmanian Freight Logistics Council – Tasmanian Freight Transport Strategy to 2050

Bass Strait Shipping – A vital transport link

The recent analysis work of the Freight Logistics Co-Ordination Team (noted in their October 2013 discussion paper) concluded the following:

Bass Strait shipping is a critical issue for Tasmanian producers. Around two thirds of Tasmania's total freight task comprises goods moving into or out of the state.

Approximately 99% of the total freight movements' off-island occurs via sea movement¹³. This figure illustrates the importance to the Tasmanian economy to retain a viable shipping service that is cost effective and efficient.

What does the evidence say?

Many reports have been compiled on the issues surrounding Bass Strait Shipping with a number of these reports offering potential solutions and initiatives to address the issues identified. RDA Tasmania has identified 15 recent reports that analyse and research this issue.

The reports sourced for this analysis include:

1. Cahoon, Pateman & Chen 2013, *Regional port authorities: leading players in innovation networks*, Journal of Transport Geography 27 (2013) 66-75
2. IMC Link 2012, *Containerised Freight Specialisation at the Port of Bell Bay: A Cost Benefit Analysis*
3. Chen Haugstetter, Cahoon and McCall 2010, *Constructing Competitive Advantage: Regional Ports in Local Innovation Systems – The Case of Burnie Port*, Australian Maritime College
4. Ng, Yang, Cahoon, Chen, Becker, Fischer 2013, *Analysing risks posed by Climate Change on Ports: A Fuzzy Approach*, IAME Conference Marseille France
5. Cradle Coast Authority 2013 Regional Issues for Federal Election 2013
6. McIlpatrick N (DIER), Davis J (TFGA), Walker R (Caravan Industry Association of Tasmania), Sangam V (Caterpillar Underground Mining), Pomogacs F, (Searoad National Manager) Hess T (Petuna Seafoods), Henty S (NetSea Freight and Tas Logistics Committee) 2013, *Bass Strait Transport and Access Forum – Summary*, Cradle Coast Authority
7. Department of Infrastructure and Transport- 2011, *Maritime Tasmanian Freight Schemes Parameter Review*, Bureau of Infrastructure, Transport and Regional Economics Australian Government
8. Clark 2013, *A Discussion Paper*, Freight Logistics Co-Ordination Team
9. Ng 2013, *Climate Change and the Adaptation Strategies of Ports: The Australian Experiences*, Research in Transportation Business and Management

¹³ FLCT discussion paper October 2013

10. Tasmanian Freight Logistics Council 2013, *Tasmanian Freight Transport Strategy*
11. Sakalayan, Q. M., Chen, S.L. & Cahoon, S. 2013, *The Strategic Role of Australian Regional Ports in Regional Development* IAME Conference 2013, France
12. Chen, S.-L., Nguyen, H.-O., Cahoon, S. & Sakalayan, Q. 2012, *'Regional port development The case study of Tasmanian ports, Australia'*, IAME Conference 2012, Taipei
13. Deegan M, 2012 Infrastructure Australia report
14. Paul Arnold Management Consultant 2012, *Stanley and King Island shipping service – A way forward – Consultants Report*
15. Productivity Commission Australian Government 2006, *Productivity Commission Inquiry Overview*, No 39, 14 December 2006

Summary of key Issues

To gain an understanding of the overall Bass Strait Shipping for Tasmania, an “arm’s length” assessment should be made to assess the inherent strengths and weaknesses. A SWOT (Strength, Weakness, Opportunity and Threat) analysis of the key issues is a good way to assess what findings have been made and how they compare. - For those that are interested in a more comprehensive summary and linkages back to the individual reports, please refer to Appendix 1 of this paper.

This analysis tells us two things: **1.** Whilst there are issues for Bass Strait Shipping, there are also real opportunities to develop solutions and **2.** Tasmania has strengths and opportunities that are not readily available elsewhere.

*Note that the following tables are the same as those in the Executive Summary.

Strengths	Weaknesses
<ul style="list-style-type: none"> • TFES , only state to have this type of assistance available • Abundance of multiple natural resource in small geographical location • Island state – sea locked border for bio hazards • Sparsely populated • Land availability for expansion of infrastructure 	<ul style="list-style-type: none"> • Distance from the market • Ageing infrastructure • Less population density and lack of internal demand • Less volume of goods produced • Declining forestry, agriculture and manufacturing • Dredging • Lack of competition and ability to attract other shippers
Opportunities	Threats
<ul style="list-style-type: none"> • Extension of TFES for export bound freight until an international shipping service can be reinstated • Potential for ports to be a platform for regional development • Successful Tasmanian business will drive demand for shipping and profitability of shipping services 	<ul style="list-style-type: none"> • Bigger ships • Propensity to spread investment over multiple ports with specialised application • Government involvement in shipping service provision – distorting the market • Potential change to Tasmania’s freight task over the longer term

The Strength, Weakness, Opportunity and Threat (SWOT) analysis – Issues Identified

Understanding the issues identified by the various reports is crucial to developing an evidence based awareness of what the key themes are and how different stakeholders view the shortcomings surround Bass Strait Shipping:

Report Number	TFES	Int'l Shipper	Infrastructure	Collaboration	Planning	Port of Melbourne	Costs	Government	Other
1			★						
2			★		★			★	
3					★				
4					★				
5	★								
6		★		★		★			★
7	★								
8									★
9									★
10		★	★		★		★		★
11					★				
12			★						
13			★		★			★	★
14									★
15	★	★	★						

Other Issues - Empty containers, lack of data, success of shippers reliant on Tasmanian business Tasmanian ships purpose built and costly to replace (report 6). Low volume seasonal peak freight (report 8). Climate change port strategies (report 9). Labour costs and skill shortages, lack of reliable data (report 10). Lack of private sector investment (report 13). Lack of service to King Island and Stanley (report 14).

What are the Key Themes - Issues?

The analysis of the reports identifies a number of key themes which are common to the majority of the findings.

In respect of the **issues identified**, the common themes include:

- Higher on shipping costs for Tasmanian Exporters due to the loss of an International Shipping Service and the increase in Port of Melbourne costs
- No current alternatives for Tasmanian Exporters. Have to use the Port of Melbourne
- Lack of competition in the shipping service sector and inability to attract other services to Tasmania
- Inadequate assistance for Tasmanian Exporters through the TFES scheme which is outdated and in need of review to address current issues including a lack of an international shipping service
- Disjointed and decaying port infrastructure which is specialised in different locations which creates inefficiencies and an inability to aggregate freight tasks.
- Road and Rail networks that require ongoing investment to maintain and improve freight corridors between regions such as Burnie – Hobart

Summary of Suggested Strategies

What has been suggested to help address the issues? Are these strategies achievable? Are they able to deliver the required outcomes?

Strategy	Research Paper Number
Collaboration between industries and identification of shared opportunities	1
Evidenced based decision making and better data analysis	2
Development of Regional Innovation Systems in industry and regional communities	3
A long term logistics plan for Tasmania covering Bass Strait Shipping, Rail and Road corridors	5
Improved Tax Regime, Labour Flexibility, adjustment to the Tasmanian Freight Equalisation Scheme (TFES), more control over	6

Melbourne Port Authority increasing their costs and aggregation of freight volumes to create efficiencies	
1) Planning and policy measures to support productivity and growth 2) Market involvement in future planning and investment frameworks 3) Immediate assistance to exporters 4) Transparency and participation measures to promote innovation and competition	8
Encourage and support new investment in existing industries / customer satisfaction, stakeholder management	14

What are the Key Themes - Strategies?

In respect of the **potential strategies**, the common themes include:

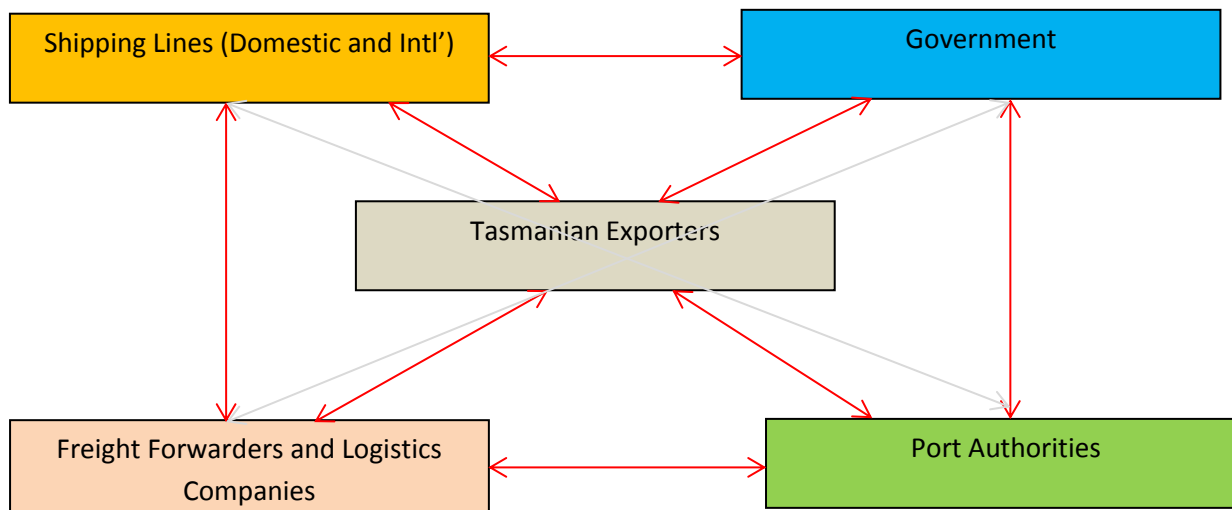
- Extension of the TFES to assist Tasmanian Exporters until a viable international shipping service can be reinstated
- Develop a long term freight strategy for Tasmanian that is supported by all key stakeholders which considers the longer term needs for Port infrastructure and Rail and Road networks
- Improved collaboration between industry sectors to share resource and help develop in house solutions to aggregate freight tasks, create efficiencies and economies of scale
- More involvement with port authorities to help control spiralling costs and ensure Tasmanian Exporters are insulated from unreasonable cost escalation

Summarising the Key Stakeholder Relationships

All of the key stakeholders have interdependent relationships with each other and Tasmanian Exporters. Each provides a specific service / task to the Bass Strait Shipping equation and each relies on the others to help deliver key outcomes.

Central to this is the Tasmanian Exporters who are relied upon by the other parties to drive the outcomes for the other stakeholders by continuing to pay for each stakeholder's service.

Without sufficient recognition of its central role in deriving outcomes for the other parties, Tasmanian Exporters may fail and therefore the other parties may ultimately suffer a similar fate.



Port Authorities

The port authorities are responsible for influencing the price for freight movements through the inward and outward port handling facilities. At this time Tasmania is heavily dependent on the Port of Melbourne for the majority of its inward and outward freight movements which can set the price for the use of its facilities without any input from Tasmanian Exporters.

Shipping Lines

The shipping lines provide the transportation service for freight across Bass Strait. They typically set and control the price for freight transportation in line with market supply and demand and frequency of shipping services.

The Bass Strait Shipping market, whilst open to further competition to influence the pricing of freight movements, is isolated and quite restrictive by nature therefore new entrants may find the process of sharing facilities and infrastructure with established operators challenging

Freight Forwarders and Logistics Companies

The logistics companies organise the transporting of goods to the market via the shipping service and vice versa. Typically this involves the use of road or rail transportation intra- island to the port. In some cases the shipping services offer this service in addition, however private operators also participate in this market. The logistics companies can influence the price of freight movements within Tasmania however the market is quite congested and it may be difficult for new competitors to enter the market and influence pricing in the short term.

Government

The Federal and State governments regulate the industry and provide assistance through the TFES to Tasmanian Exporters.

Government can act as a conduit between the stakeholders to help deliver further assistance to Tasmanian Exporters. Concerns have been raised on the role of government providing regular subsidies to support Tasmanian Exporters and if this is distorting the potential for the market to set pricing of freight movements.

Additionally concerns have been raised as to the role of government operating a freight shipping service in direct competition to private operators and if this is indirectly suppressing the market determining the price of freight movements.

Tasmanian Exporters

Central to this commercial relationship are the Tasmanian Exporters. The success of the Tasmanian Economy and Tasmanian businesses is central to the other parties being able to continue to trade profitably.

Ironically, the influence of increasing prices for freight movements is reducing export loads for many Tasmanian Exporters which in turn is reducing the volume of business for the freight forwarders and shipping companies.

This reduced loading (due to cost) is reducing profitability for all parties. Therefore it is justifiable that the parties that rely on Tasmanian Exporters to derive their income be able to reassess their own pricing structures in an effort to provide assistance and not further impact on their own businesses.

Industry issues and concerns

A number of issues have been identified by industry as contributors to the current situation related to Bass Strait Shipping. These include:

- Volume Orientated Issues
- Shipping Related Issues
- Policy Related Issues
- Regional Resource configuration / utilisation related issues
- Future Freight Needs and creating a sustainable freight movement service

Volume Related Issues

Tasmania experiences a myriad of issues in relation to volume of freight movements. Tasmanian freight volumes are lower in comparison to other Australian ports and the nature of freight is also diverse creating imbalance in higher freight movements and creates challenges to aggregate freight to achieve economies of scale. Seasonality of export produce also impacts on capacity during harvest months restricting the service of other regular exporters.

Tasmania is a net exporter of goods which results in the need to import empty containers for reuse creating inefficiencies whereby net costs of exports increase. Tasmania's small population also impacts on the net import / export imbalance.

Shipping Related Issues

The biggest loss to Tasmanian exporters has been the demise of the regular international shipping service. This has unfortunately resulted in all export cargo, domestic and international, to be shipped via Melbourne creating additional costs for overseas freight. No one single issue has led to this loss. However it is reasonable to conclude the lack of consistent volume and increasing size of export vessels have contributed to making the service unviable.

Increased Port of Melbourne charges have created significant cost increase for Tasmanian exporters. Exporters have little choice but to use the Port of Melbourne to get their goods to overseas markets.

Both the Tasmanian Government and the Federal Government have been unable to influence a review of the current charges even though Tasmania remains one of the Port of Melbourne's biggest customers at 28% of total freight volume (2013).

The increasing size of international vessels is also making shipping to Tasmania more difficult. Bigger ships that can carry more loading are becoming more common in order to create efficiencies. However Tasmanian ports will be unable to accommodate these vessels without significant upgrades to port infrastructure.

Lack of competition and barriers to entering the Bass Strait Shipping market creates a duopoly effect whereby pricing is controlled. Whilst the services offered are reliable and regular, the costs are not significantly influenced by market forces.

Policy Related Issues

The Tasmanian Freight Equalisation Scheme (TFES) was originally introduced to compensate exporters so that their costs would equal those of their mainland counterparts.

Whilst the TFES continues to provide an amount of support to Tasmanian exporters many lobby groups are suggesting it should be extended to include international export freight as compensation for the loss of the international shipping service. Contrary views from the mainland suggest that the TFES scheme should be withdrawn as Tasmania is the only state to benefit, creating an anti-competitive environment for mainland business.

Furthermore if the TFES is extended to include international export freight, debate is centreing around who should receive the resulting subsidy. Many believe the exporters are entitled whilst others believe the shipping service should receive the payment.

Recent port infrastructure investment has been provided by the Federal Government however opinion is divided as to whether these investments are justified for ports that are not being utilised to their full capacity.

More concerning is the lack of a collaborative assessment of future port infrastructure needs and resulting recommendations to the Federal Government so that any future investment monies are applied appropriately.

Regional Resource Related Issues

Tasmanian industry sectors are diverse and spread across the state. The needs of one industry in comparison to another creates issues as to which industry should be given preference in resource allocation that includes Bass Strait Shipping related services.

Collaboration amongst industries including the sharing of resources to extract efficiencies is vital in developing a working framework that can influence longer term decision making such as port infrastructure investment and attracting additional shipping services.

Future Freight Needs and creating a sustainable freight movement service

What will Tasmania require from its freight service in the future? As Tasmanian industry continues to develop and evolve in line with market demand, these issues will continue to be redefined.

A cost effective and efficient freight service that includes direct access to international markets is the current goal shared by many stakeholders. However secondary considerations such as the location and capacity of future port infrastructure, development of the current rail network to handle increased freight movements and ongoing improvements to the state highway system all remain front of mind.

Consistency of key messages that is evidence based will remain the best way of communicating the needs of Tasmanian Exporters. Any gaps in the data and research available need to be identified and addressed. Quick fix solutions are not the answer to longer term freight issues, therefore any recommendations to government need to be well founded and evidence based.

Hobart Port



Other issues to consider

Commissioned work - Freight Logistics Co-Ordination Team (FLCT)

The issues of Bass Strait Shipping have been investigated and documented by numerous organisations, with many of these reports being considered in the contents of this document.

However as the issues surrounding Bass Strait shipping continue to evolve with the recent investigations of the Freight Logistics Co-Ordination Team (FLCT) and the Productivity Commission, it is important to recognise other key reports that have contributed to their respective findings including:

- **International Container Shipping Service – Greg Poulter February 2013**

Findings include:

- International container movements represent 17% of total container movements from Tasmania
- The loss of a direct international service has added cost through the Port of Melbourne
- Import containers are insufficient to supply export container requirements
- Increasing investment in port infrastructure required to make port calls for international vessels more efficient and timely

- **Juntrna (Tasmanian Freight Infrastructure System Final Report) – 15 August 2013**

Findings include:

- Little freight infrastructure rationalisation in comparison to mainland Australia
- No market driven private funding freight infrastructure is available currently
- TFES can indirectly distort some aspects of Tasmania's Freight Task
- Any inefficiencies in Australian coastal shipping laws impact strongly on Tasmania

- **Aurecon (Supply Chains in Tasmania) 30th August 2013**

Findings include:

- Tasmania is well serviced by a regular and reliable freight service by the three established operators
- Existing supply chains are very efficient
- Bass Strait shipping is considerably more expensive than comparable services overseas
- TFES is a major benefit to Tasmanian Exporters
- Bass Strait shipping can be capacity constrained due to seasonality

These particular reports have not been considered in the RDA Tasmania summary report as they have been prepared specifically to assist with the undertakings of the Freight Logistics Co-Ordination Team (FLCT) that includes their final report and recommendations.

RDA Tasmania also recognises this report is not an exhaustive summary of all key reports available on Bass Strait shipping, more so a "snapshot" of available documents that form a broad perspective of considerations undertaken by key stakeholders.

Cabotage – What does it mean for a Tasmanian International Shipping Service?

Cabotage or the ability for international shipping lines to operate domestically in Australian ports is an ongoing issue for Tasmania. To attract an international shipping service to Tasmania, any international shipper will have to consider the impost requirement of paying Australian award wages to ship crew members on international vessels whilst they are operating a service in Australia. The requirement to pay these wages may sway potential international shippers away due to this cost rendering the service provision unviable.

In order to help re-establish an international shipping service to Tasmania, a possible solution to this issue would be to seek a moratorium on this requirement in conjunction with Maritime Unions and government. Tasmania could be considered an exclusion zone to this rule on the basis of the unique economic and trading conditions that exist in respect of international export cargo.

The impact of government operating a shipping line in the Bass Strait Shipping market

A noticeable weakness identified in the Bass Strait Shipping service provision is the inherent lack of competition in the market. Two private operators provide the majority of the shipping service for Tasmanian Exporters with the Tasmanian Government offering a smaller ancillary provision in conjunction with its existing sea passenger service.

Discussion about the Tasmanian Government operating a specialist freight service for Tasmanian Exporters has increased in recent times with the Tasmanian Government undertaking feasibility analysis on the issue. The perishable goods market is an increasing component of the Tasmanian freight task with a number of agricultural and aquacultural exporters requiring their goods to be shipped to market within a 24 hour period.

The provision of this service is seen by many industry stakeholders as interventionist and an unwelcomed intrusion into the market. The existing shipping providers currently determine their price based on the traditional supply and demand determinants and the inclusion of a government owned service competing with them could potentially distort the true market price of shipping.

However, other Tasmanian Exporters welcome the possible inclusion of a government owned shipping service that will provide stability to the market with the potential to help reduce cost of shipping. This reduced cost could occur through increasing supply and regularity of service forcing the established providers to compete on price to retain their respective market share.

Other unforeseen outcomes of this strategy could include the deferring of new vessels by the existing shipping lines (Toll and Searoad) to service the Bass Strait route due to reducing cargo loads.

In addition, there also could evolve an increasing reliance on the government owned line to take on more freight loads deemed uneconomic by the existing shippers. This could be viewed as government subsidising freight exports by the Tasmanian community, which in turn may create conflict with other government funding responsibilities.

Where to from here?

The findings and suggested recommendations detailed in this summary document may form the basis for a Freight Forum to be held in early 2014. The forum may discuss this report and offer key stakeholders the opportunity to offer their views on the issues raised and how they should be addressed.

The views gained from the Freight Forum will then form the basis of a series of key recommendations to the Federal Government as part of its review process on Bass Strait Shipping that will be undertaken by the Productivity Commission and the ACCC in 2014.

This report will continue to be refined in line with ongoing investigative work undertaken by RDA Tasmania, The Tasmanian Logistics Committee and other studies including the work of the Freight Logistics Co-Ordination Team.

We welcome your feedback and input into the issues surrounding Bass Strait Shipping. The more feedback and input provided to government, the better the potential outcomes for all key stakeholders who will ultimately share the benefits of an efficient and cost effective shipping service.

YOUR FEEDBACK IS INVITED

The key themes from this summary paper may be used as the foundation for a **Freight Forum in early 2014**, to consider this existing work and recommendations and form a consensus on the way forward. The outcomes of this forum can then be provided to government for further consideration.

The research documents identified in this document are publicly available and copies can be provided upon request.

To give feedback on this paper OR express interest in attending the forum discussion (date TBA) contact:

Mike Brindley, RDA Tasmania - North West

APPENDIX 1

The Issues identified in full – Summary provided on Page 17

(The number on the end of each issue and strategy relates to the numbered report appearing above)

1. Development of ports hinterland regions (01)
2. Policy vs industry/market forces (Bell Bay has been declared as international and general container port, but market is dictating in favour of Burnie in this case and government is compelled to maintain the decaying infrastructure at Burnie) / public funds continue to be diverted to Burnie's container / Difference in opinion between Federal and State governments / disconnect between govt. and market (02)
3. The relative cost burden of infrastructure maintenance and renewal (02)
4. To maintain industry competitiveness the state's export infrastructure is required to be reliable, retain capacity for growth, have frequent shipping services, and maintain efficient port and intermodal infrastructure (02)
5. The regional innovation systems need platforms to be developed before they can be operational (03).
6. The potential of port as a platform for Regional Innovation Systems (RIS) where Regional Development Platform Method (RDPM) can be an effective one (04).
7. Tasmanian Freight Equalisation Scheme / Bass Strait Passenger Vehicle Equalisation Scheme (05)
8. Loss of an international service / levy imposed by VIC government / increased movement of empty containers across Strait / Repacking at Melbourne because of differences in containers internationally / less volume produced, small market size, small shippers, less internal demand/ Inequalities in TFES are the biggest challenge (06)
9. Availability of data- Firm data on vehicle types crossing Bass Strait with TT Line was difficult to access (06)
10. The success of the shipping companies is intrinsically linked to the success of Tasmania's industries – which create the demand for shipping (06)
11. The Tasmanian ships are purpose built, and aren't generally available in the second-hand market in the right configuration, which also adds to the long-term costs (6)
12. Labour costs on Bass Strait are also significant (06)
13. Bass Strait access is vital to regional tourism / the Spirit of Tasmania service being highly seasonal, highly reliant upon general holiday demand and susceptible to air competition (06)
14. Freight issues must be considered separately and should not threaten the ability to bring more passengers to the State (06)

15. Coverage of TFES /What type of commodities- destination of commodities / intended to be shipped out of Australia, unless they undergo a manufacturing process on the mainland prior to export (07)
16. FLCT 'Chair's Interim Findings'/ Tasmania has lower volumes, seasonal freight peaks and an export-import imbalance. Port infrastructure for larger ships is also an issue / minimum freight volumes (08).
17. Island transport issues, particularly port planning; viability of an international container shipping service; scoping of a demand aggregation case study in the agricultural sector; and initial scoping of an online trading portal and supporting freight model (08).
18. The private sector should have a greater role in infrastructure investment and planning, and this includes the market testing of demand (08)
19. Tasmania has lower volumes, seasonal freight peaks and an export-import imbalance. Port infrastructure for larger ships is also an issue (08).
20. The port's preparation for climate change impacts / The port's adaptation planning for climate change (09)
21. Freight challenges facing Tasmania were identified which are as follows- The significant and ever-increasing cost of moving freight across Bass Strait/ The inadequacy of infrastructure maintenance on our roads, rail and ports/ The loss of Tasmania's international shipping service/ Regulatory and planning issues/ The inadequacy of the Tasmanian Freight Equalisation Scheme/ The impact of the impending growth in the freight task/ The impending labour and skills shortages facing the industry and the lack of reliable and current information which makes it difficult to strategically plan in the short and long-term / Prioritisation of where to spend infrastructure spending (10).
22. Lack of reliable and current information makes it difficult to strategically plan in the short and long-term (10)
23. The potential role of port to synergize the development of the port and the region (11)
24. The sustainability of the Tasmanian economy highly depends on the supply chain costs / Infrastructure development for ports, rail and roads should therefore be integrated and form a vital part of Tasmanian economic development / characteristics and challenges faced by Tasmanian ports (Page 14)- (12).
25. The approach to freight in Tasmania is reactive, disjointed, fragmented and costly/ the development of Tasmania's port as heralded in the national ports strategy (13)
26. Growing size of the vessel and channel draft/ the cost dredging for Tasmanian condition / disconnect between customers of the various Tasmanian ports and Tasrail / speed restrictions of rail/ the road network, more broadly, suffers from a lack of private sector investment (13)

27. There is no clear underlying rationale for providing freight assistance to Tasmanian shippers/ the measurement and compensation for freight disadvantage- is problematic / if a broader objective of regional development is intended, a sea freight subsidy is unlikely to be the most economically efficient tool/ TFES discriminates against industries/ the scheme is demand driven/the scheme lacked an economic rationale, and was not consistent with Australia's regional development programs (13)
28. There are barriers to entry into Bass Strait shipping as very little opportunity exists for a new entrant to gain access to berths, high operating cost (without guaranteed volume) and vertical integration between carriers and freight forwarders have (negative?) impacts (13)
29. Absence of commercially viable regular cargo shipping services in Stanley and King Island route/ larger vessel cannot access to Grassy port as larger turning circle is required/ absence of government intervention/ conventional cargo operations are undertaken by LoLo vessels using ships gear at Grassy port (14)
30. Tasmania requires greater investment in transport infrastructure (trailers, containers etc.) given the longer turn-around times/ shipping costs are adversely affected by cabotage and coastal shipping regulation/ Tasmania benefits because of TFES but at the expense of economic activity of other states and at a small net cost to the Australian economy (15)

Common Themes for Issues Identified - Expanded

Higher on shipping costs for Tasmanian Exporters due to the loss of an International Shipping Service and the increase in Port of Melbourne costs

Loss of an international service / levy imposed by VIC government / increased movement of empty containers across Strait / Repacking at Melbourne because of differences in containers internationally / less volume produced, small market size, small shippers, less internal demand/ Inequalities in TFES are the biggest challenge (06)

Freight challenges facing Tasmania were identified which are as follows- **The significant and ever-increasing cost of moving freight across Bass Strait/** The inadequacy of infrastructure maintenance on our roads, rail and ports/ **The loss of Tasmania's international shipping service/** Regulatory and planning issues/ The inadequacy of the Tasmanian Freight Equalisation Scheme/ The impact of the impending growth in the freight task/ The impending labour and skills shortages facing the industry and the lack of reliable and current information which makes it difficult to strategically plan in the short and long-term / Prioritisation of where to spend infrastructure spending (10).

No current alternatives for Tasmanian Exporters. Have to use the Port of Melbourne

Loss of an international service / levy imposed by VIC government / increased movement of empty containers across Strait / **Repacking at Melbourne because of differences in containers internationally** / less volume produced, small market size, small shippers, less internal demand/ Inequalities in TFES are the biggest challenge (06)

Lack of competition in the shipping service sector and inability to attract other services to Tasmania

There are barriers to entry into Bass Strait shipping as very **little opportunity exists for a new entrant to gain access to berths**, high operating cost (without guaranteed volume) and vertical integration between carriers and freight forwarders have (negative?) impacts (13)

Absence of commercially viable regular cargo shipping services in Stanley and King Island route/ larger vessel cannot access to Grassy port as larger turning circle is required/ absence of government intervention/ conventional cargo operations are undertaken by LoLo vessels using ships gear at Grassy port (14)

Inadequate assistance for Tasmanian Exporters through the TFES scheme which is outdated and in need of review to address current issues including a lack of an international shipping service

Tasmanian Freight Equalisation Scheme / Bass Strait Passenger Vehicle Equalisation Scheme (05)

Loss of an international service / levy imposed by VIC government / increased movement of empty containers across Strait / Repacking at Melbourne because of differences in containers internationally / less volume produced, small market size, small shippers, less internal demand/ **Inequalities in TFES are the biggest challenge (06)**

Coverage of TFES /What type of commodities- destination of commodities / intended to be shipped out of Australia, unless they undergo a manufacturing process on the mainland prior to export (07)

Freight challenges facing Tasmania were identified which are as follows- The significant and ever-increasing cost of moving freight across Bass Strait/ The inadequacy of infrastructure maintenance on our roads, rail and ports/ The loss of Tasmania's international shipping service/ Regulatory and planning issues/ **The inadequacy of the Tasmanian Freight Equalisation Scheme/** The impact of the impending growth in the freight task/ The impending labour and skills shortages facing the industry and the lack of reliable and current information which makes it difficult to strategically plan in the short and long-term / Prioritisation of where to spend infrastructure spending (10).

There is no clear underlying rationale for providing freight assistance to Tasmanian shippers/ the measurement and compensation for freight disadvantage- is problematic / if a broader objective of regional development is intended, a sea freight subsidy is unlikely to be the most economically efficient tool/ **TFES discriminates against industries/ the scheme is demand driven/the scheme lacked an economic rationale, and was not consistent with Australia's regional development programs (13)**

Tasmania requires greater investment in transport infrastructure (trailers, containers etc.) given the longer turn-around times/ **shipping costs are adversely affected by cabotage and coastal shipping regulation/ Tasmania benefits because of TFES but at the expense of economic activity of other states and at a small net cost to the Australian economy (15)**

Disjointed and decaying port infrastructure which is specialised in different locations which creates inefficiencies and inability to aggregate freight tasks.

Policy vs industry/market forces (Bell Bay has been declared as international and general container port, but market is dictating in favour of Burnie in this case and government is compelled to maintain the decaying infrastructure at Burnie) / public funds continue to be diverted to Burnie's container / Difference in opinion between Federal and State governments / disconnect between govt. and market (02)

The relative cost burden of infrastructure maintenance and renewal (02)

To maintain industry competitiveness the state's export infrastructure is required to be reliable, retain capacity for growth, have frequent shipping services, and maintain efficient port and intermodal infrastructure (02)

Tasmania has lower volumes, seasonal freight peaks and an export-import imbalance. **Port infrastructure for larger ships is also an issue (08).**

Freight challenges facing Tasmania were identified which are as follows- The significant and ever-increasing cost of moving freight across Bass Strait/ **The inadequacy of infrastructure maintenance on our roads, rail and ports/** The loss of Tasmania's international shipping service/ Regulatory and planning issues/ The inadequacy of the Tasmanian Freight Equalisation Scheme/ The impact of the impending growth in the freight task/ The impending labour and skills shortages facing the industry and the lack of reliable and current information which makes it difficult to strategically plan in the short and long-term / Prioritisation of where to spend infrastructure spending (10).

Road and Rail networks that require ongoing investment to maintain and improve freight corridors between regions such as Burnie – Hobart

Growing size of the vessel and channel draft/ the cost dredging for Tasmanian condition / disconnect between customers of the various Tasmanian ports and Tasrail / **speed restrictions of rail/ the road network, more broadly, suffers from a lack of private sector investment (13)**

Potential Strategies Suggested:

1. Linking Regional Development Platform Method (RDPM) to the role of a port authority / enabling development of innovation networks to exploit regional business opportunities / promoting culture to build on absorptive capacity / Continual interaction with regional entities / collaboration among diverse industries in region / co-create innovation and growth in their local region / social collaboration and identification of shared opportunities / developing interactions with its communities (01)
2. Evidenced based decision making, and better data and analytical systems to support decision making about ports and freight logistics infrastructure in Tasmania (02)
3. Regional innovation system needs to be initiated, exploited and mobilised in local industries and relevant communities (03)
4. To develop effective adaptation strategies to climate change on ports (04)

5. A long term logistics plan for Tasmania, covering Bass Strait and international shipping and the port, road and rail systems that support them, including road and rail corridors linking Burnie to the West Coast and Smithton, and a long term shipping solution for King Is (05)
6. TFES simultaneously for international and intra-state exporters (presently being excluded by the International Trade Rules, probably WTO rules) (06)
7. Emphasis on agriculture sector/ value addition in agriculture sector/ integrated cool-chain / maintaining sister city, sister port relations with foreign countries and ports (06)
8. Better international air freight connections into Launceston, more competitive transport solutions across Bass Strait, freight equalisation for north bound exports and imported materials to Tasmania (06).
9. Factors which could help were an improved tax regime, labour flexibility, adjustment to the TFES, control of port authorities increasing costs, rail to East Devonport, and an increase in volume to create efficiencies (06)
10. A coordinated Statewide approach that encourages all freight and logistics decisions (06)
11. The model which TT Line operates, to change its focus to bringing people to Tasmania, not running as a stand-alone business, consistent with the ongoing Passengers Not Profit Campaign (06)
12. Recognised that immediate targeted funding assistance is required to support one part of the market – international exporters – while longer-term, structural solutions are implemented (08).
13. Future directions and interim recommendations across four theme areas such as 1) Planning and policy measures to support productivity and growth 2) Market involvement in future planning and investment frameworks 3) Immediate assistance to exporters 4) Transparency and participation measures to promote innovation and competition (08).
14. The awareness of climate change effects and adaptation plans are integrated within other strategies and policies (09)
15. Balanced with broader social, economic and environmental outcomes in Tasmania (stated twelve strategies-page 4) (10)
16. Collaboration with regional organisations and other port stakeholders can be the driving force to achieve mutual benefits, supply chain efficiency and optimal utilisation of regional resources. The ARPs' leading role in the network for information flow in the region would be the first step for building collaborative advantages. The port governance structure should be effective for ports' innovative activities along with necessary policy support (11)
17. Enhanced and healthy public-private partnership in the port sector may provide a congenial atmosphere for innovative activities in order to attain regional competitive advantage leading to regional development. The symbiotic relationship of ARPs with their regions needs to be further strengthened by having enhanced community engagement, being proactive within the regional network, being strategic in planning consistent with other regional entities, and developing partnership with regional organisations for supply chain efficiency and regional competitive advantage (11)

18. Sustainability, integration in the logistics system and regional economic development, this tri-pillar approach to regional development involving regional ports of Tasmania (12)
19. To maximise the benefit of the Brighton intermodal hub / To drive costs down across the supply chain (13)
20. To encourage and support new investment in existing industries/ customer satisfaction and stakeholder management emphasised/ Gearless bulk vessels were recommended (14)
21. Supply chain efficiency is important/ collaboration among regional organisations/ integrated solution is required for Tasmanian Freight Task (15)

Common Themes for Potential Strategies - Expanded

Tasmanian Freight Equalisation

TFES simultaneously for international and intra-state exporters (presently being excluded by the International Trade Rules, probably WTO rules) (06)

Factors which could help were an improved tax regime, labour flexibility, **adjustment to the TFES**, control of port authorities increasing costs, rail to East Devonport, and an increase in volume to create efficiencies (06)

Better international air freight connections into Launceston, more competitive transport solutions across Bass Strait, **freight equalisation for north bound exports and imported materials to Tasmania** (06).

Future directions and interim recommendations across four theme areas such as 1) Planning and policy measures to support productivity and growth 2) Market involvement in future planning and investment frameworks 3) **Immediate assistance to exporters** 4) Transparency and participation measures to promote innovation and competition (08).

Planning

Evidenced based decision making, and better data and analytical systems to support decision making about ports and freight logistics infrastructure in Tasmania (02)

A long term logistics plan for Tasmania, covering Bass Strait and international shipping and the port, road and rail systems that support them, including road and rail corridors linking Burnie to the West Coast and Smithton, and a long term shipping solution for King Is (05)

A coordinated Statewide approach that encourages all freight and logistics decisions (06)

Future directions and interim recommendations across four theme areas such as 1) **Planning and policy measures to support productivity and growth** 2) **Market involvement in future planning and investment frameworks** 3) Immediate assistance to exporters 4) Transparency and participation measures to promote innovation and competition (08).

Balanced with broader social, economic and environmental outcomes in Tasmania (stated twelve strategies-page 4) (10)

Sustainability, integration in the logistics system and regional economic development, this tri-pillar approach to regional development involving regional ports of Tasmania (12)

Collaboration

Linking Regional Development Platform Method (RDPM) to the role of a port authority / enabling development of innovation networks to exploit regional business opportunities / promoting culture to build on absorptive capacity.

Continual interaction with regional entities / collaboration among diverse industries in region / co-create innovation and growth in their local region / social collaboration and identification of shared opportunities / developing interactions with its communities (01)

Collaboration with regional organisations and other port stakeholders can be the driving force to achieve mutual benefits, supply chain efficiency and optimal utilisation of regional resources. The ARPs' leading role in the network for information flow in the region would be the first step for building collaborative advantages. The port governance structure should be effective for ports' innovative activities along with necessary policy support (11)

Enhanced and healthy public-private partnership in the port sector may provide a congenial atmosphere for innovative activities in order to attain regional competitive advantage leading to regional development. The symbiotic relationship of Australian Regional Ports (APR) with their regions needs to be further strengthened by having enhanced community engagement, being proactive within the regional network, being strategic in planning consistent with other regional entities, and developing partnership with regional organisations for supply chain efficiency and regional competitive advantage (11)

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