

Productivity Commission – Tasmanian Freight and Shipping Inquiry

The Tasmanian Ports Corporation Pty Ltd (Tasports) is a private company fully owned by the Tasmanian Government.

Tasports is responsible for the management of 12 Tasmanian ports and operates across a large geographic base with diverse operations. Tasports' purpose is to facilitate trade for the benefit of Tasmania and act in accordance with sound commercial practices, with a focus on customers as business drivers.

Tasports formed on 1 January 2006 following the merger of the Hobart, Devonport, Burnie and Launceston Port Corporations. The regional ports amalgamated into one state-wide organisation to deliver a more efficient and consistent service to customers.

Tasports is aware that a range of stakeholders within the Tasmanian shipping and freight industry will provide detailed submissions into this inquiry. The aim of the below information is to provide an overview of Tasports sphere of influence and impact within the shipping and freight industry as well to provide current data in relation to volume, scale and capability of the industry where it pertains to port requirements.

Costs and Pricing

Tasports has created a state-wide pricing model in relation to marine services. This pricing model is public, housed on the Tasports' website. The most recent Schedule of Port Charges is attached to this submission. In addition Tasports also provides terminal operating agreements to container vessel operators. The agreements do not include parameters for customer pricing; the pricing is fixed between the lease and their respective customers.

Current statistics drawn from the Freight Logistics Coordination Team suggest that 65% of costs are fixed costs when calculating the cost of a voyage for a vessel. The fixed port costs in a round-trip voyage (e.g. the fixed port costs would be a combination of costs in Burnie and Melbourne for a Bass Strait container vessel voyage) are estimated to encompass only 5% of that total amount. The majority of costs are inherent in fuel, capital and financing costs.

Ship Call data

Tasports is able to provide a level of commentary in relation to cargo and commodity type and volume. The ship call data is collated through the ship manifests which are provided and compiled each time a ship docks in a Tasports' wharf.

The below graph provides a high level overview of the number of ships received at the main commercial Tasmanian ports and their average cargo load throughout 2012/13.

Table 1

| Port | No. Ships | TEUs | Total cargo load (Tonnes) | Avg. Cargo per Ship |
|-----------------|--------------|----------------|---------------------------|---------------------|
| Bell Bay | 171 | 1,283 | 2,416,727 | 14,133 |
| Devonport | 826 | 196,127 | 3,454,799 | 4,183 |
| Burnie | 452 | 253,833 | 3,636,605 | 8,046 |
| Hobart | 253 | 0 | 1,714,913 | 6,778 |
| King Island | 92 | 8,110 | 79,090 | 860 |
| Flinders Island | n/a | n/a | n/a | n/a |
| Total | 1,794 | 459,353 | 11,302,134 | 6,300 |

Of the total amount of freight moved within Tasmania, 65.5% based on ship calls is categorised as container trade.

The three main operators involved in Bass Strait container freight can be seen below with a breakdown of their market share in FY 2012-2013. Once again this data has been collated using Tasports' ship call data; therefore it has been compiled through information sources provided by these three operators (ship call manifests).

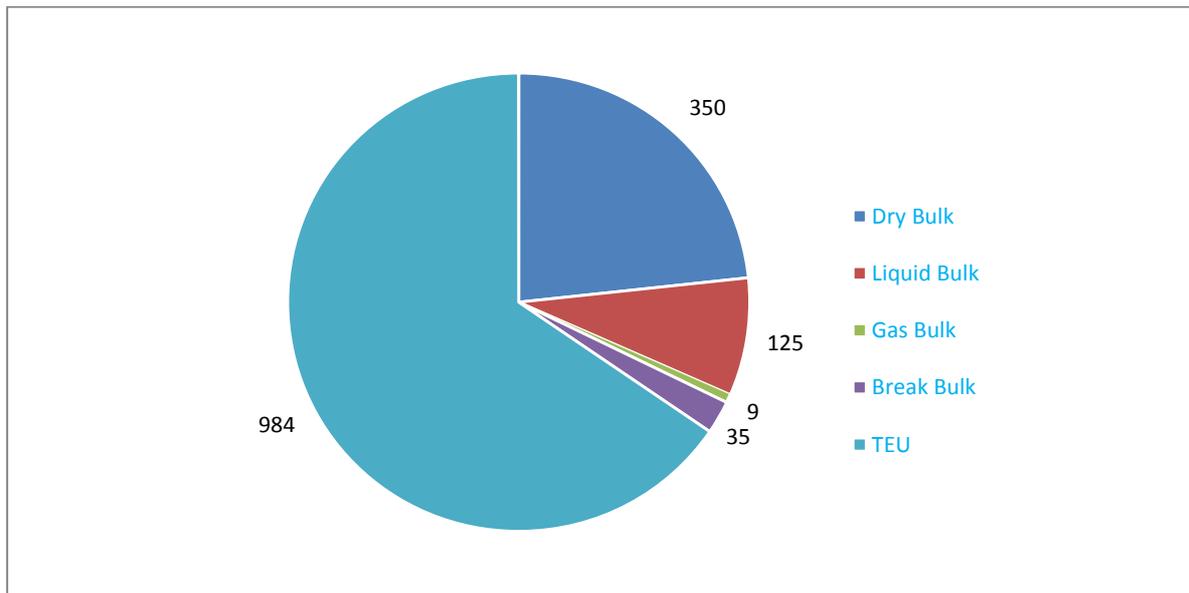
Table 2

| Service Operator | Average TEU | Number of Shipments | % of Total Shipments | Cargo TEU | % of Total Cargo |
|------------------|-------------|---------------------|----------------------|-----------------|------------------|
| Toll | 826 | 307 | 31.2% | 252,768 | 56.3% |
| TT Line | 236 | 375 | 38.1% | 88,370 | 19.7% |
| SeaRoad | 359 | 302 | 30.7 | 108,177 | 24.1% |
| Total | | 984 | | 449,315* | |

*Please note this figure differs from the previous state-wide TEU total in Table 1 due to the natural exclusion of some small scale proponents in the main 3 operator figures as well as the exclusion of King Island data from the SeaRoad figures.

Below is an outline of the five cargo types traded through Tasmanian ports, broken down by ship calls in FY 2012-2013.

Graph 1



The below graph provides the five main commodities moved within the cargo types in FY 2012-2013.

Table 3

| Cargo Type | Largest Commodities Traded | Volume (Tonnes) | Traded |
|-------------|----------------------------|-----------------|--------|
| Dry Bulk | Cement | 1,264,039 | |
| | Woodchips | 904,066 | |
| | Zinc Concentrate | 705,458 | |
| | Fine Metals | 564,525 | |
| | Alumina | 371,696 | |
| Liquid Bulk | Sulphuric Acid | 331,657 | |
| | Leaded and Unleaded Fuel | 311,772 | |
| | Diesel | 259,069 | |
| | Fuel – Other | 52,287 | |
| | AV Gas | 20,142 | |
| Gas Bulk | Gas - Other | 9,991 | |
| Break Bulk | Logs | 124,449 | |
| | Veneer | 81,039 | |

| | | |
|----------------|---------------------------|-----------|
| | Aluminium Ingots & Blocks | 64,859 |
| | Zinc | 30,859 |
| | General Cargo | 24,652 |
| Unitised Trade | General Cargo | 1,379,753 |
| | Foods – Other | 427,314 |
| | Empty Containers | 361,318 |
| | Beverages | 281,563 |
| | Zinc | 256,785 |

In early 2013 the Federal Government released the “Tasmanian Passenger and Freight Movements” Information Sheet. Contained within this document was a split in international versus domestic container trade, the data suggested that of the total container trade to and from Tasmania in 2011-2012, 23% was created by the international market. Although this data has yet been released for 2012/2013, given that Tasports’ data indicates there is only a 0.5% difference in the total number of TEU’s from 2011/2012 – 2012/2013, this same split between international and domestic trade may still be correct for 2012/2013.

Port Locations, Facilities and Capabilities

Due to the differing locations each port has its own service parameters and capabilities. The port depth, length and tidal movements all play a role in determining the size of vessels that service freight into and out of Tasmanian ports. Attached to this submission is an overview of the location specific data as well as a breakdown of shipments by berth and therefore average occupancy rates. As shown through this data, the current infrastructure and its associated capacity, is comfortably handling the existing demand.

King and Flinders Island are currently serviced through three main providers, Furneaux Freight (Flinders), SeaRoad and L D Shipping (both servicing Kind Island). Both King and Flinders Island ports have vessel size restrictions, however the existing volume is easily serviced by the vessel class used by the three companies.

Tasports has assessed the capability of Burnie and Bell Bay ports to accommodate calls by international container ships currently serving the Australian market. With berth parameters of 280 ML (at Burnie) and 265 ML (at Bell Bay), Tasports’ infrastructure could handle in excess of 50% of container vessels calling at Melbourne within the current channel, berth depth and quay length parameters. The considerations for vessel operators in assessing Tasmanian port calls will include port call economics and capability to secure sufficient market share to sustain call viability. Their consideration will most typically also include landside infrastructure and operational productivity (i.e. crane and crane load rates) as well as the impact of a Tasmanian call on round voyage scheduling and reliability.

Port Management

Tasports is currently positioned to effectively manage the existing freight requirements for Tasmania, the demand of shippers and consignees whose need is for dry bulk-carriers, bulk liquid ships and break bulk or multi-purpose ships, all trade unimpeded into and out of Tasmania. Tasports is also currently able to service the needs of customers and their commodities through the existing land space and storage facilities.

The small size of the Tasmanian economy does imply that there are constraints in managing four similar ports with similar infrastructure and facilities. The state has naturally migrated its ports to service the needs of the respective customers, for example given the geographic location plus the integration and continued improvement of the road and rail system within Tasmania, the northern ports are more suited to the import and export of bulk and container shipments while the southern port in Hobart has grown to service the demands of the Antarctic, the cruise industry and the increased tourism focus.

To this end Tasports is developing a 30 Year Plan which scopes future needs for the ports in Tasmania. The strategy is based on an incremental infrastructure plan, the benefits of which include building capacity as required, avoiding duplication and maintaining the ability to flexibly manage ongoing pressures and potential innovations.