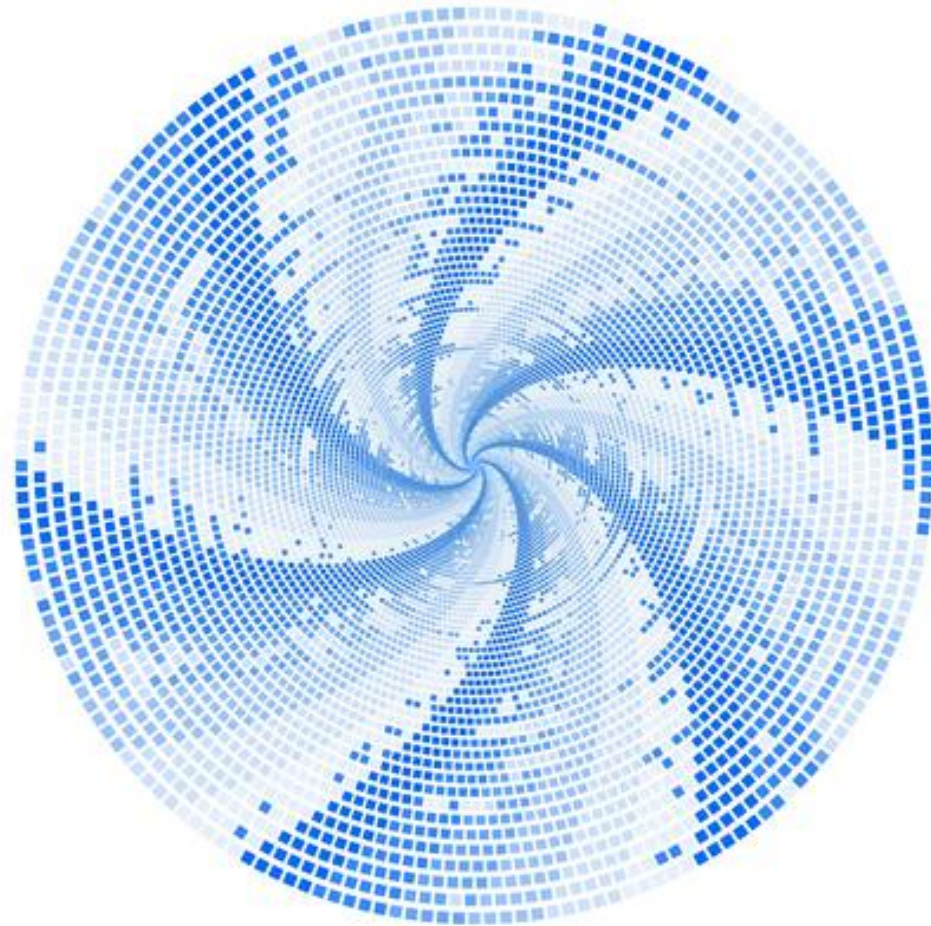


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Access Economics



## The future of coastal shipping

Eamon McGinn  
August 2018

# Freight in Australia

The freight task is forecast to grow 26% by 2026.

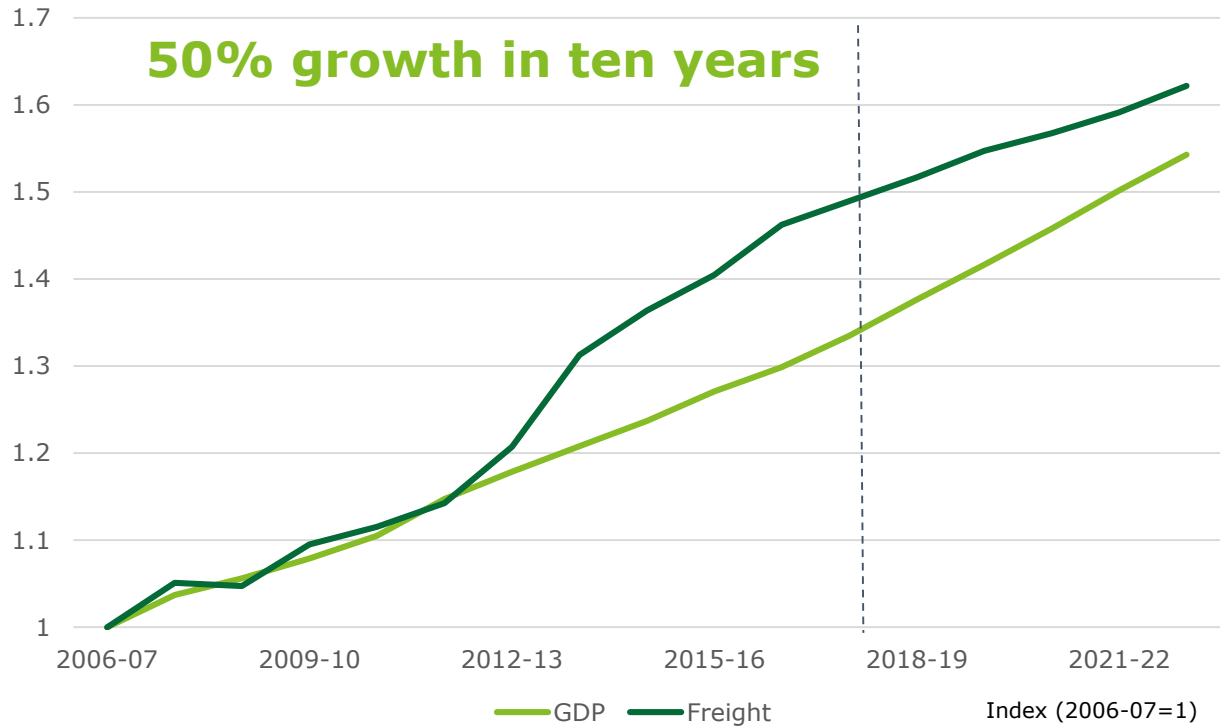
650-750 billion tonne kms of freight in 2015-16

Australia is a big player – 5th largest freight task in the world

Rail's share is increasing – up 7 percentage points over last 5 years

Bulk freight growing faster than non-bulk

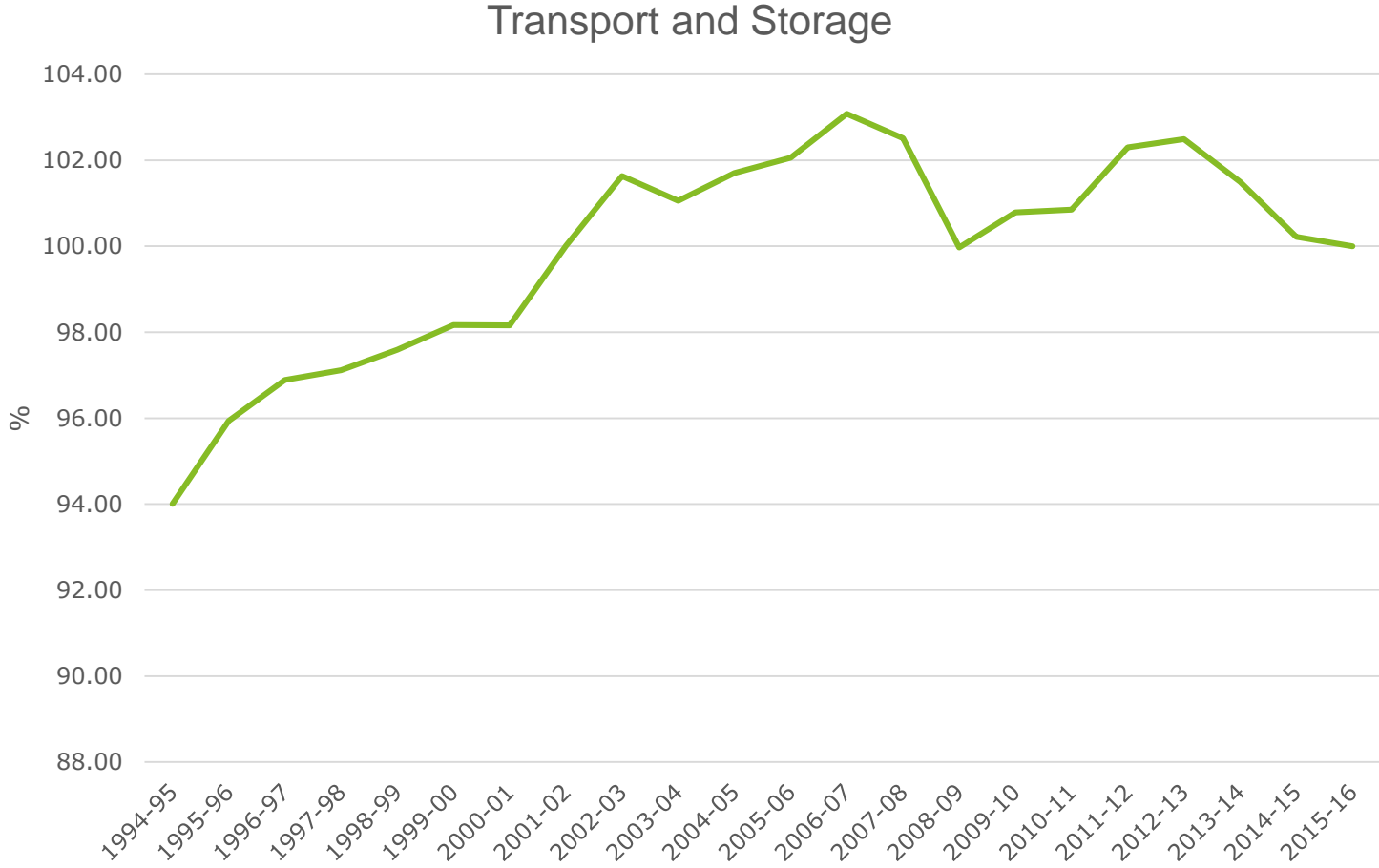
Chart: Actual and projected domestic freight task and GDP



Sources: BITRE, NTC, OECD

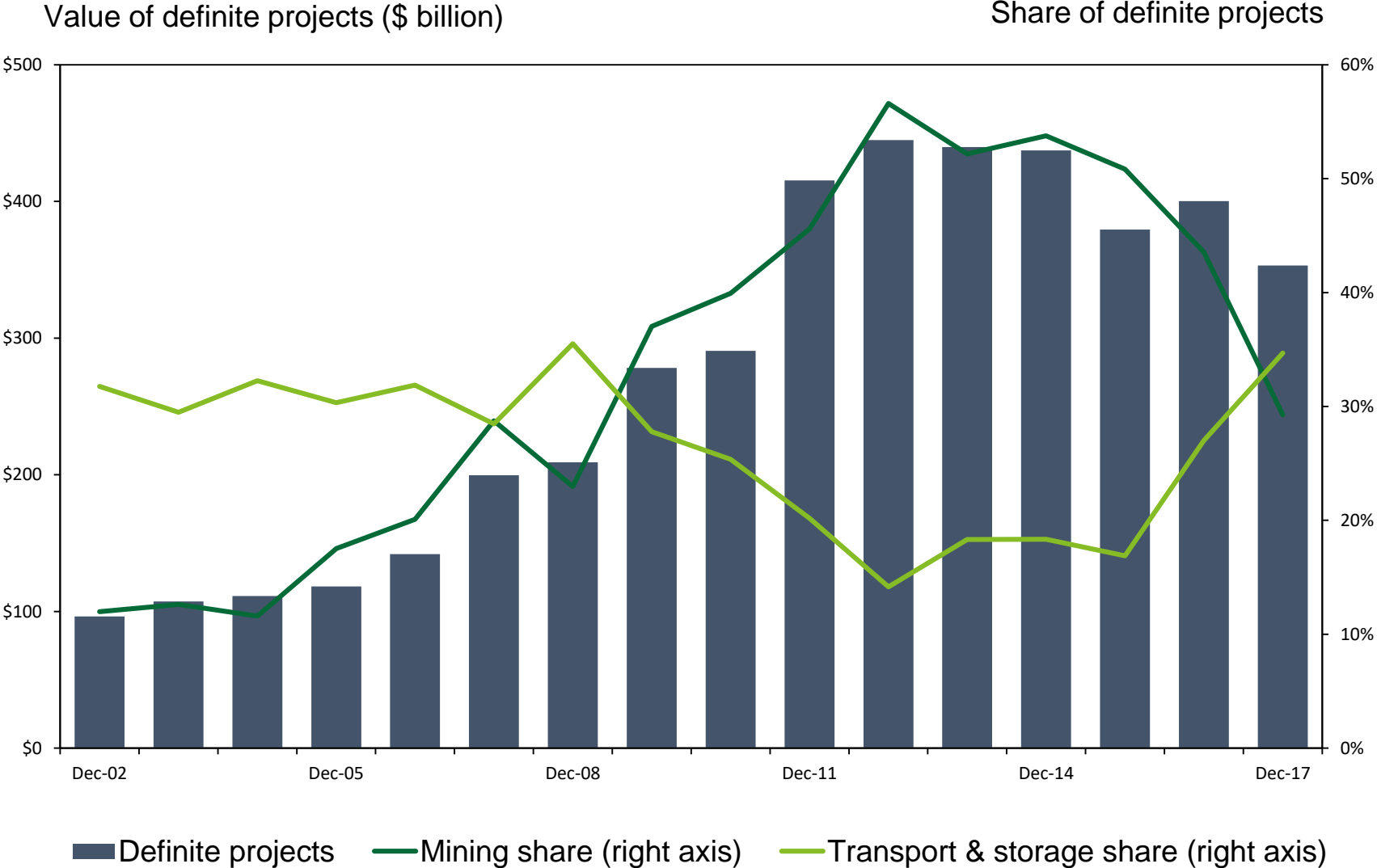
# Relative productivity over time

Lack of productivity improvements in past 15 years



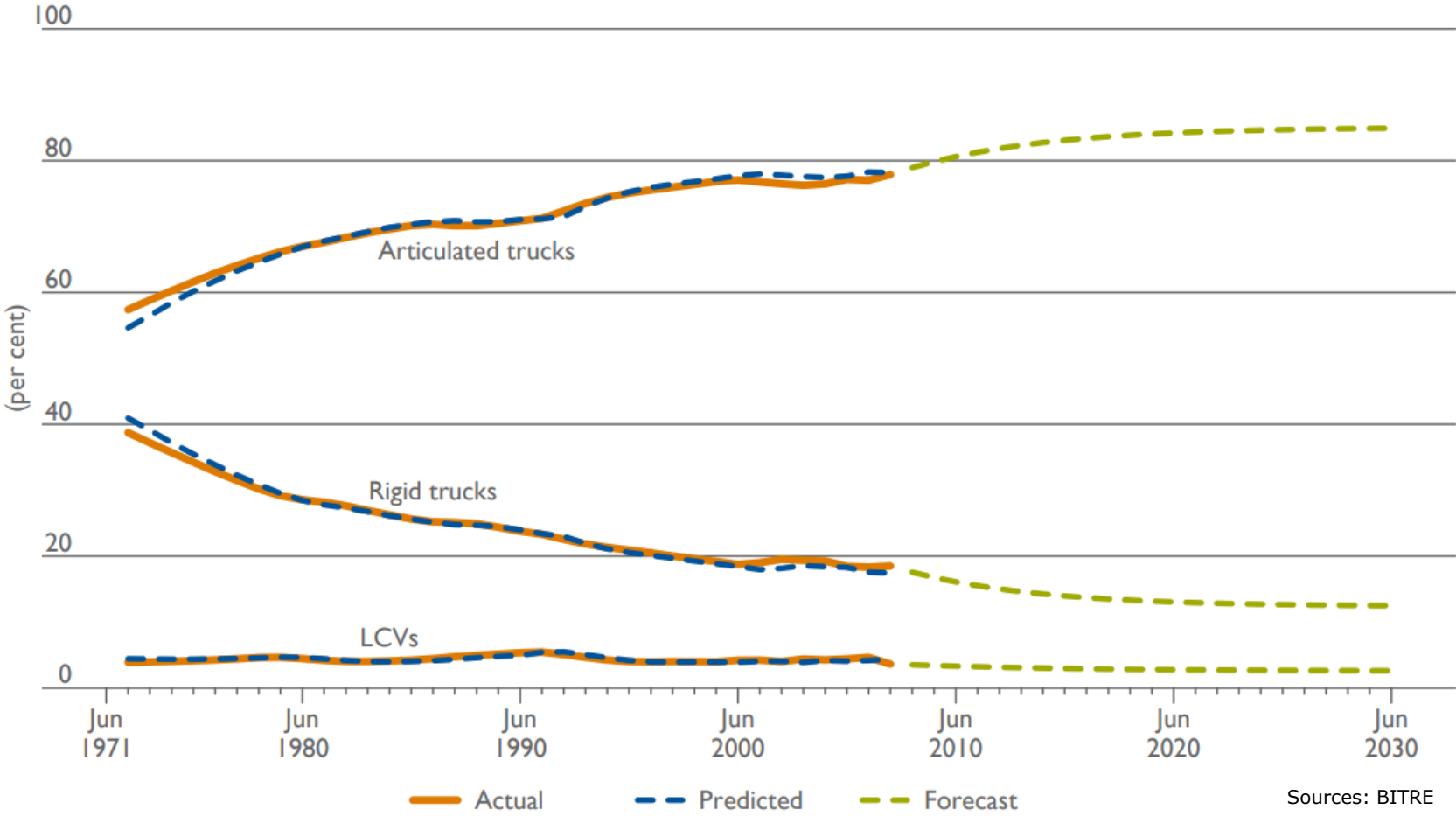
# Investment in the sector may help productivity

Largely focussed on road and rail



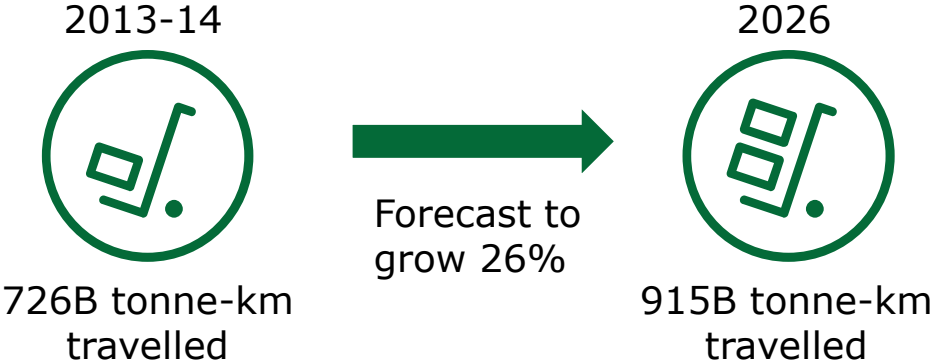
# But there are fundamental constraints...

Transition in road vehicles is essentially complete



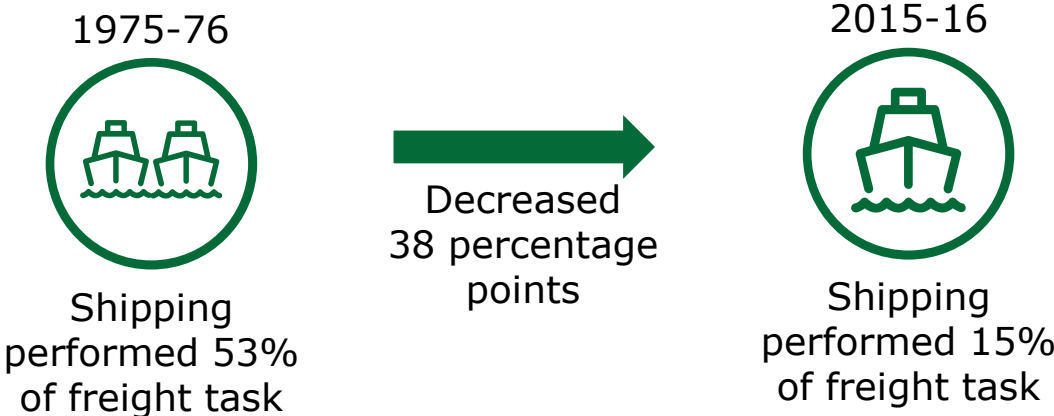
# Coastal shipping has untapped potential

The freight task is growing, and Australia is not prepared...



Source: NTC (2016)

Yet coastal shipping is in decline.



Source: BITRE (2017)

# Coastal shipping today

## Size of the task/composition

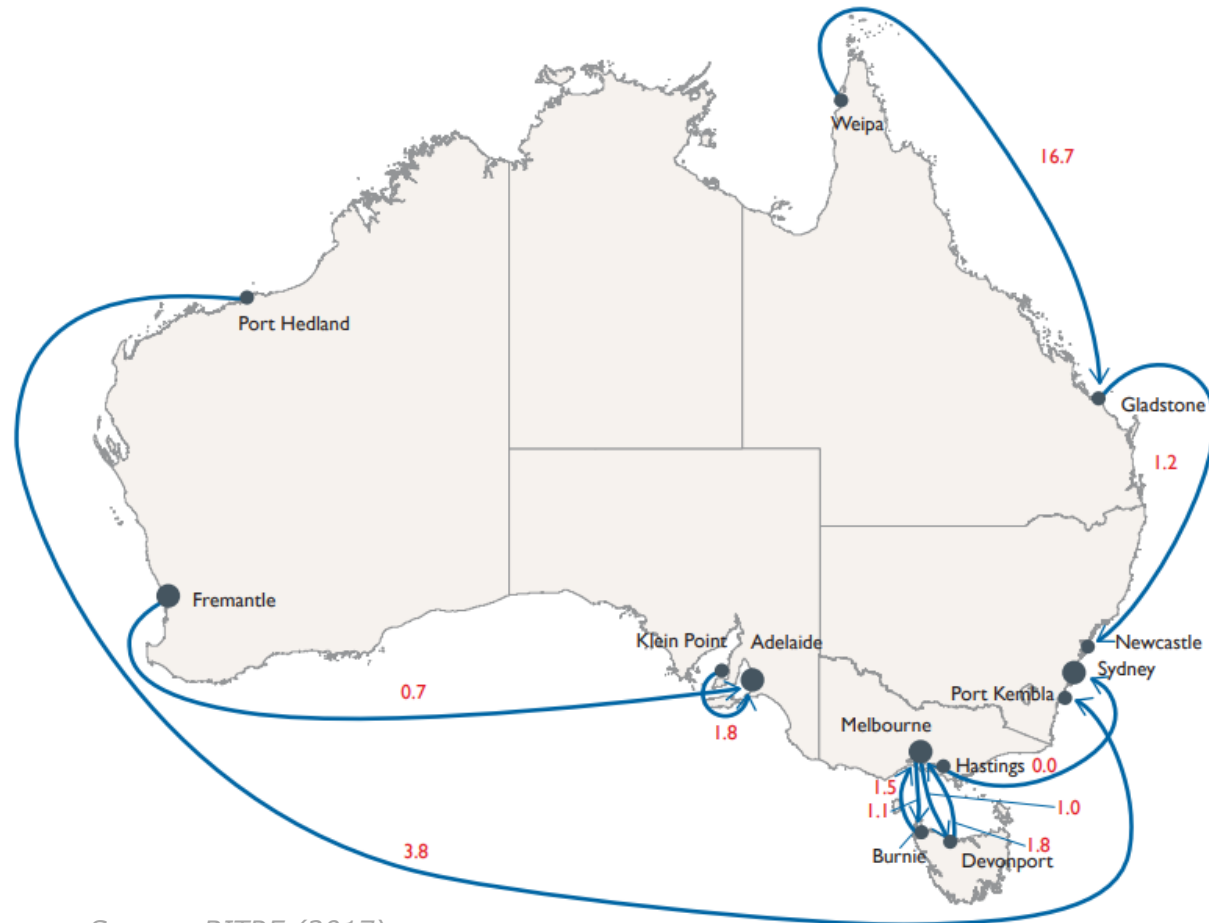
### Composition:

- 71% dry bulk cargo
- 16% liquid bulk
- 11% container freight
- 2% other cargo

### Largest routes:

- Bauxite mining to aluminium production
- Steel production
- Tasmania/mainland trade

Figure: Volume of coastal freight along top ten routes, 2015-15, million tonnes

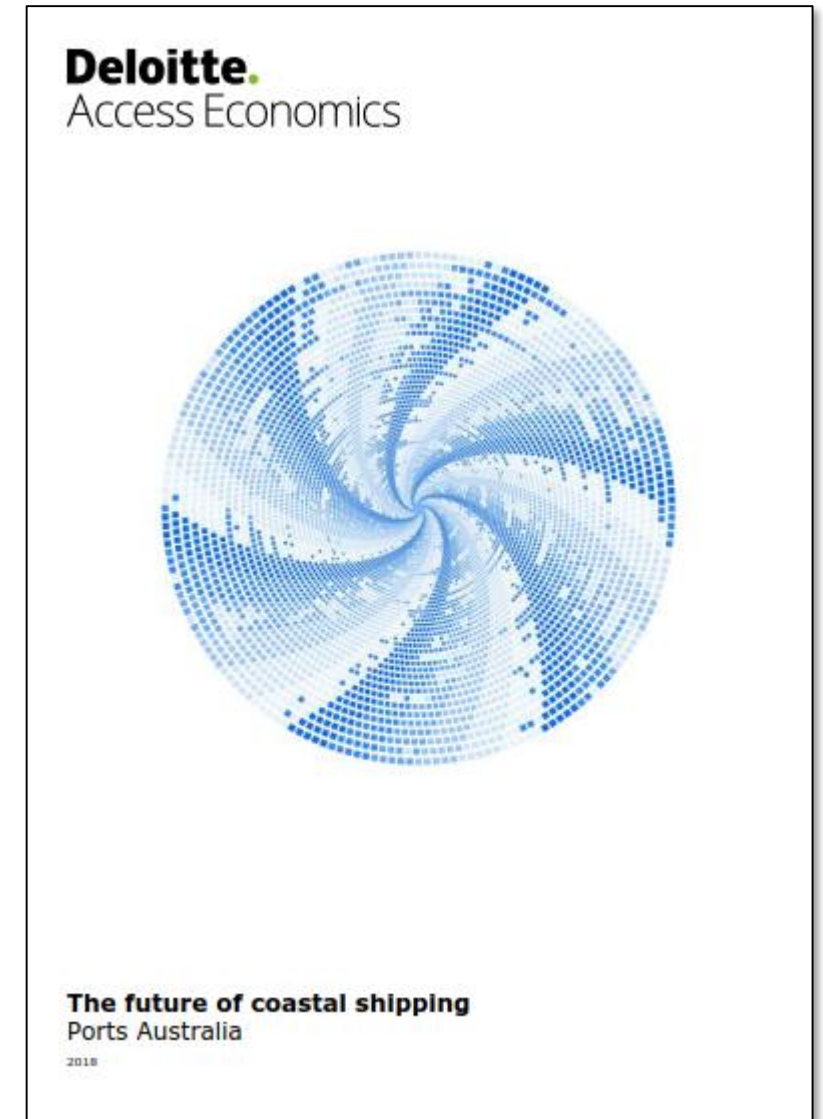


Source: BITRE (2017)

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# Getting coastal shipping on the agenda

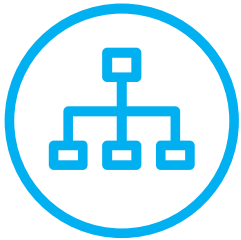
- Coastal shipping isn't currently on the agenda as a contributor to managing freight challenges
- Deloitte Access Economics is working with Ports Australia on a research report on the industry
- Phase 1 report on current state of the industry is nearing completion
- Phase 2 report on the potential economic benefits of the industry is on the horizon





# Scope of Phase 1

The report will cover



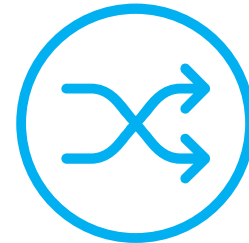
Provide a high level vision for how Coastal Shipping can contribute in the future freight task



Review the state of the industry today and consider experience internationally



Quantify the current **economic contribution** of the Coastal Shipping industry in Australia



Summarise challenges identified during industry consultation covering regulation, regional, commodities, skills and service quality.



Identify the benefits that could be generated from greater use of coastal shipping.



Case studies of potential opportunities identified during consultations

# Objectives of Phase 1

What Ports Australia is looking to achieve



Bring coastal shipping onto the national policy agenda and highlight its ability to assist with a growing freight task.



Start a conversation about the right mix of policies to enable coastal shipping to flourish.

Including your input



Set the scene for Phase 2, which will seek to quantify the potential benefits of increased coastal shipping to the Australian economy



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## Access Economics

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