



AIMPE

Australian Institute of
Marine and Power Engineers
HEAD OFFICE

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Friday 24 July 2009

Dear Minister

Rio Tinto dispensing with Australian Ship "FITZROY RIVER"

We refer to the application for a Restricted Use Flag ["RUF"] for the foreign ship "IRON BROOKE" on 31 July 2009 to carry 65,000 tonnes of bauxite from Weipa to Gladstone.

AIMPE opposes the grant of a Restricted Use Flag for MV "IRON BROOKE" [Registered in the MARSHALL ISLANDS and managed by a Greek company] to intrude in this domestic freight task thus effectively excising the task from the Queensland economy and contributing to a further increase in the national deficit in freight-services which had already grown to a staggering \$8,044 Million in 2007 alone.

The RUF application by Rio Tinto includes the statement that

"There is no suitable Australian flagged vessel available that meets the size, vessel type and dates needed for carrying bauxite from Weipa to Gladstone."

We say that is un-true. The Australian registered steamship "FITZROY RIVER" is available to carry the cargo except for Rio Tinto having decided to terminate the contract for it's use.

The Australian-registered ships "FITZROY RIVER", "ENDEAVOUR RIVER", "RIVER EMBLEY" and "RIVER BOYNE" have for 26 years carried Bauxite from Weipa to Gladstone keeping all revenues *within* the Queensland economy, subject to corporate taxation and contributing positively to national GDP.

The domestic shipping task between Weipa and Gladstone is a long term dedicated Queensland trade and to replace the aging Australian vessels Rio Tinto Marine has built 5 new ships:-

"RTM Wakmatha"

"RTM Weipa",

"RTM Piiramu",

"RTM Twarra"

"RTM Gladstone" with a declared intention of transferring the Australian crews progressively to the newly-built fleet.

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However, Rio Tinto has CHOSEN to **not** register their 5 new ships in Australia, even though they are intended for this dedicated Australian domestic trade. Instead Rio Tinto has CHOSEN to register them in Britain. This way they can be OUTSIDE the Australian economy and the Australian Tax-system and [apart from "RTM Wakmatha" on which they currently have an Australian crew] USE foreign crews on a permanent basis.

"FITZROY RIVER" will this afternoon [24.7.2009] arrive in Gladstone **on it's final voyage** and after discharging it's cargo of bauxite Rio Tinto claims to have no further use for it. But earlier this year Rio Tinto decided to cancel the dockings and maintenance that would have maintained "FITZROY RIVER" in a seaworthy condition and enabled renewal of her certification to continue trading.

Similarly, although Rio Tinto has made no formal announcement of their change of plans it is clear they no longer intend to replace "ALLTRANS" with another vessel to be registered in Australia.

The application by Rio Tinto for yet another RUF approval from the Queensland Transport Minister for the foreign-registered and foreign-crewed ship "IRON BROOKE" will allow it, and other TAX-Free foreign ships like it, to continue the Tax-Free port which is putting Australians out of work and shifting the cash-flow of this entire transport sector from the domestic economy to the international economy such that our national Trade-Services Deficit must now be fast approaching \$9 Billion p.a. .

This erosion of the national economy will accelerate **whilst there is no Federal or State legislation that actually requires Rio Tinto to register in Australia the ships it owns or charters to carry this domestic freight.**

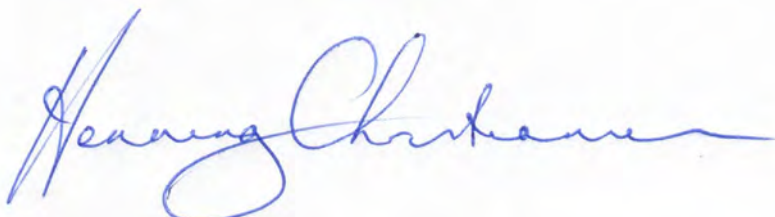
Without such laws why would QAL/Rio Tinto bring those ships into the Australian TAX system by transferring the Australian crews from the old Rio Tinto/QAL-ships to the new?

QAL/Rio Tinto's preference to replace their Australian ships with their foreign crewed Tax-free ships will ultimately displace all 4 Australian ships. These 4 ships plus the ALLTRANS directly represent 200 high-skilled jobs in Queensland with perhaps hundreds more engineering-contractors and associated jobs in and around Gladstone as well. These 5 ships represent the single largest component of the remaining Australian fleet of about 33 vessels.

If the Australian Government does not take firm legislative action to prevent use of foreign-registered tax-free ships on the Australian coast the balance-of-payments deficit will grow further and the concept of Registering a ship in Australia to engage in Australian domestic trade will be defeated by the tax-avoidance opportunities through Registering elsewhere.

The Australian Institute of Marine and Power Engineers requests that no further RUFs be issued to Rio Tinto to use foreign ships in this domestic trade; this will force Rio Tinto to re-invest in Australian-registered shipping [or register their currently-foreign-registered vessels in Australia] thus preventing the loss of revenues from within the Australian economy and treasury.

Sincerely



Henning Christiansen
FEDERAL SECRETARY