

AIMPE



Australian Institute of Marine and Power Engineers

&

Australian Maritime Officers Union

Submission to Independent Review of the
Shipping Registration Act 1981

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Department of Infrastructure, Transport, Regional Development and
Communications

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Background

The Australian Institute of Marine and Power Engineers is the registered organisation which represents qualified Marine Engineers and Electro Technical Officers throughout Australia. AIMPE came together as a national body in 1881 after several years during which local organisations were formed in the various colonies of Australia and New Zealand. AIMPE members operate, maintain and repair marine vessels of all sorts including commercial cargo ships of all types and sizes as well as vessels dedicated to the offshore oil and gas sector, tugboats, dredges, ferries, defence support vessels, research vessels and Border Force vessels.

The Australian Maritime Officers Union is the oldest union continuously registered under the Fair Work Act 2009 and represents the professional and workplace interests of Ship's Masters (Captains) and Deck (Navigating) Officers in the maritime 'blue water', offshore oil and gas, ferry, dredging and tourism sectors, Marine Pilots, Coastal Pilots, tug Masters, bunker (refuelling) tankers, Stevedoring Supervisors, Port Services officers, vessel traffic services (VTS)/harbour control officers and professional/ administration/ supervisory/technical staff of port corporations and maritime authorities

The unions appreciate the opportunity to make a submission to the Independent Review of the Shipping Registration Act 1981.

Context

The Australian Maritime Safety Authority (AMSA) administers and maintains the Australian General Shipping Register (AGSR). The Shipping Registration Act 1981 pre-dates the establishment of AMSA.

Significantly, AMSA became the single national regulator for domestic commercial vessels (DCVs) in 2013 and began an extended period of transition from the State and Territory agencies which previously shared DCV responsibilities.

As at 28th October 2024 the AGSR which is available through the AMSA website¹, listed 7,260 vessels. Over 3,300 of these vessels are listed as yachts – almost 46%. Almost 1,900 additional vessels are described as pleasure vessels, yachts, pleasure yachts, catamarans or similar – another 26%. Together these categories of vessel total around 72% of the AGSR.

Around 10% of the registered vessels are fishing vessels. So over 80% of the vessels on the AGSR are not what would be described as ships. This begs the question – is a change in title for the Register appropriate? Australian Commercial Vessels Registration Act?

Note: there are estimated to be over 900,000 recreational boats which are registered under State boat registration processes akin to motor vehicle registration. The States generally require all recreational boats to be registered to be allowed to be used on State waterways.

In the Bureau of Infrastructure Transport and Resource Economics (BITRE) publication *Australian sea freight 2020–21*² the major trading fleet (over 2,000dwt) was stated as:

Coastal	Australian registered	16
	Overseas registered	22
International	Australian registered	4
	Overseas registered	54
Total		96

The BITRE lists the names of the 96 ships together with the deadweight tonnage, goods carried and ports visited. This is a very useful list.

In the 58 International ships there are 20 bulk ships, 9 container ships, 3 general cargo ships, 1 vehicle ship, 6 livestock carriers, 14 LNG ships, 4 LPG ships and one tanker.

Of the 38 coastal ships there are 19 bulk ships, 12 general cargo ships (including 6 ro-ro ships), 1 vehicle carrier, 1 LPG tanker and 5 tankers (which are used as bunker vessels).

In the BITRE publication *Australian sea freight 2020–21* the minor trading fleet (under 2,000dwt) was stated as:

¹ [List of registered ships | Australian Maritime Safety Authority](#)

² [Australian Sea Freight 2020-21.pdf](#)

Minor	Australian registered	36
	Overseas registered	5
Total		41

Of the minor trading fleet 36 are described as general cargo ships and 5 are tankers (used as bunker vessels)

The BITRE *Australian sea freight 2020–21* is the most recent edition of the series and was published in January 2023. No update has been published since then.

Shipping/commercial vessel policy should be based on the best available up to date data. Unfortunately, the resources do not appear to be allocated to publish annual reports of shipping information. This is a major flaw which should be rectified.

Table 5.1 Number of ships in the Australian trading fleet

Financial year	Major trading fleet				Minor trading fleet		Total	Major Australian registered ships with Coastal Trade Licences/General Licences ^a
	Coastal trading		International trading		Australian registered	Overseas registered		
	Australian registered	Overseas registered	Australian registered	Overseas registered				
	<i>(number)</i>							
2011–12	23	19	5	39	37	5	128	19
2012–13	20	19	6	40	41	4	130	16
2013–14	21	19	4	41	45	4	134	15
2014–15	20	16	4	49	44	4	137	15
2015–16	18	17	4	49	51	2	141	14
2016–17	17	19	4	58	49	1	148	15
2017–18	18	21	5	64	48	2	158	14
2018–19	17	21	4	54	45	4	145	13
2019–20	17	20	5	52	41	1	136	13
2020–21	16	22	4	54	36	5	137	11
Average annual per cent change	<i>(%)</i>							
1 year	-5.9	10.0	-20.0	3.8	-12.2	400.0	0.7	-15.4
5 year trend	-1.8	4.2	1.3	0.0	-6.5	16.3	-1.4	-4.8

^a Data for 2003–04 to 2011–12 are based on extracts from the Coastal Trade Licences and Permits (COTLAP) system. 2012–13 to 2020–21 results are based on General Licence holders recorded in the Coastal Trading Licensing System (CTLS).

Sources: DIT (2013), DITRDCA (2022), Lloyd's List Intelligence (2022), Shipping companies (various) – personal communications.

Consultation questions and answers

1. Feedback is invited on whether you agree the elements of an object stated above are aligned with your expectations.

AIMPE and AMOU believe that it is appropriate for the Shipping Registration Act to have clearly stated objects.

The independent Reviewers believe the Act should have an Object. The following elements may inform the development of the Object:

1. To provide owners of Australian vessels with an internationally recognised record of ownership and grant of Australian nationality to their vessels.
2. To provide an accurate record of all Australian registered vessels.
3. To facilitate participation in domestic and international trade for Australian vessel owners and operators.
4. To be competitive with other ship registries and encourage growth of the Australian commercial fleet.

AIMPE and AMOU believe that objects 1, 2 and 3 are appropriate to be included in the legislation however object 4 is not appropriate. There are very many ship registries around the world which do not uphold the standards that Australia has committed to, and implemented, over many years. Australia should be most wary of trying to compete with those registries.

2. If you are not in agreement, state what an alternative might be.

The objects should also include a provision to encourage the Australian owners of commercial vessels to register them under the Act. The BITRE data shows that there are Australian owners of major trading ships who have structured arrangements so that they register the vessels overseas. Amendment to the Act to encourage registration in Australia would be useful. The owners of these foreign registered ships are most likely motivated by financial considerations quite separate from the fees and charges applied by AMSA. This is probably a matter of tax arrangements and operating costs including crewing costs. A foreign registered ship can take advantage of international crewing and pay substantially lower wages to operate their vessel than would be achievable under the Fair Work Act.

Another object of the Act should be to ensure that vessels which are continuously or routinely operating in Australian waters and/or between Australian ports should be required to register under the Act. Foreign registered vessels should not be allowed to operate indefinitely in Australian waters without transferring to Australian registration. This would ensure that in the event of any accident or incident Australian regulatory authorities would have uncontested jurisdiction to investigate and take action.

3. Indicate your agreement or otherwise to the proposed changes listed above.

The Reviewers believe that significant improvements could be achieved through changes to the system of registration, and are considering the following:

1. A single vessel register that caters to the complexity of the maritime industry by including different requirements for different types of vessels or vessel uses, for example, recreational, commercial, demise charter and internationally trading vessels; and include marking requirements that suit the size and type of vessel being registered.
2. Providing a mechanism for the registration of vessels under construction.
3. Expansion of the circumstances where a temporary registration can be issued to provide more flexibility to account for future changes in the maritime landscape.
4. Flexibility in the registration process allowing it to remain contemporary, for example, the introduction of a digital registration process in the future.
5. Simplification of the process for closure of a registration, for example, where an owner no longer wants the vessel in the register or where the vessel is no longer entitled to be Australian registered.
6. That the requirement to provide supporting documentation such as builder's certificates, alteration certificates and statutory declarations be replaced with a single declaration.
7. That the documents that can be accepted as proof of ownership are expanded beyond the requirement for a Bill of Sale, as currently defined under the Act.
8. Retaining the requirement for home ports but removing the requirement for Gazettal of a home port and instead allowing selection from an existing (but wider and more flexible) list of recognised place names.
9. A registration term to help keep the register current, with a simple but low-cost renewal process that provides owners with a prompt to confirm or update their information.

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10. Adding a broader suite of compliance tools (such as, including administrative action rather than solely criminal sanctions) to more effectively and appropriately ensure vessel registration requirements are met.

AIMPE and AMOU generally support the proposals above. In particular AIMPE and AMOU support the introduction of a temporary registration facility. This could be particularly useful for a wide range of maritime project operations of substantial duration i.e. greater than three months operating in Australian waters.

4. If you are not in agreement, please state the reasons why.

In relation to items 6 and 7 above, AIMPE And AMOU seek to clarify that new arrangements would not undermine the integrity of the registration process. The maritime industry has had an unfortunately history of attracting characters of dubious character. Administrative measures need to be retained to ensure the integrity of the AGSR.

In relation to item 8 above AIMPE and AMOU support the retention of home port as a port with a genuine connection to the vessel operations.

5. Provide any suggestions as to alternative ways or enhancements to the proposed changes that will improve the operation of vessel registration.

6. Do you have any additional comments or suggestions for other improvements to the registration system?

7. Indicate if you think the current registration system is acting as a disincentive to registration. If so, in what way?

AIMPE and AMOU note that the form to register a recreational boat in NSW³ is a four-page form when compared with the two-page form for registration on the AGSR⁴. No-one likes filling in forms. Each process has its own particular requirements. It may be that claimed concerns about the application to register are actually an excuse design to distract from a commercial decision to register with a flag of convenience or similar registry with lesser enforcement standards.

8. In what ways are foreign registers more attractive?

The classic drivers of registration decisions are taxation benefits. That is, not the administrative features of the registry but the economic incentives provided by the jurisdiction. Singapore achieved a big surge in vessel registrations when it introduced zero corporate taxation for earnings by maritime companies which maintain an office and conduct business in Singapore.

9. What would make Australian flagging of a vessel more attractive?

Matching or bettering the Singapore taxation approach.

10. Indicate what have been the main impediments to registering a vessel in the AISR.

The BITRE data shows that there are a small but significant number of ships in the “Australian trading fleet” which are engaged in international trades (54 ships). 14 are Hong Kong flag and most of these ships trade with China – carrying dry bulk or LNG. It is probably a strategic decision at the behest of the customer to register in Hong Kong, not a feature of the AISR. 21 are registered in either Panama or Liberia. These are flag of convenience registries and previous comments apply. Again, it is an economic attraction to low or zero taxation which is at play. In addition, the flag of convenience allows unbridled flexibility in selection of crew. Generally, this includes international wages and employment conditions which provide the operator with lower costs than having any Australian personnel.

³ [Application for Vessel Registration](#)

⁴ [Application for registration \(form 168\) | Australian Maritime Safety Authority](#)

11. What would remove the barriers to registration and improve the attractiveness of an international register for Australian owners and operators to increase the size of the Australian fleet?

The AISR is a Second Register. Second Registers of OECD countries generally have a minimum level of national crewing, usually with Senior Officers required to give a veneer of national control. The more successful Second Registers have been created by countries with a significant fleet. The Second Register provides a cost reduction. When the fleet is already on flag of convenience registries there is little prospect of attracting the ships to the Second Register.

12. Indicate if you think it is appropriate to remove of any of the current exemptions, as noted above.

AIMPE and AMOU do not agree that recreational vessels should be included in the AGSR. As indicated above the number of recreational vessels in Australia is very large, especially by comparison with the numbers of commercial vessels. These vessels are generally small craft not appropriate to be regulated in the same way as commercial vessels.

AIMPE and AMOU agree that Government vessels and commercial fishing vessels should be required to be on the AGSR. The exemption for these vessels should be removed.

13. If you are not in agreement, please state the reasons why.

See above.

14. Are there additional insights or comments you would like to offer as part of this review process?

AIMPE and AMOU support the amendment of the Shipping Registration Act to require all foreign registered vessels operating continuously in Australian waters (including the Exclusive Economic Zone, Territorial Seas and Coastal Waters) for a period exceeding three months to transfer registration to the Australian General Shipping Register (AGSR). If the vessel is in Australian waters for a limited duration, then the temporary registration pathway could apply. This would cease when the project was complete and the vessel left Australian waters.

It is inappropriate for foreign registered vessels to operate on a continuing basis in Australian waters. The Australian regulator, AMSA, is the maritime regulator best placed to ensure compliance with maritime standards. The foreign flag regulator is almost by definition in an inferior position to enforce maritime standards.

The analogy with motor vehicles in Australia is that if a person moves inter-State and takes their motor vehicle with them, they have a limited period of time in which to transfer the registration to the new State or Territory. The new home jurisdiction becomes the regulator.

As to the appropriate maritime standards, AIMPE and AMOU believe that Australian standards for commercial vessels should apply for vessels operating continuously and/or routinely in Australian

waters. The standards of flag of convenience registries should not apply to vessels operating continuously and/or routinely in Australian waters.

Some examples:

Tugboats – almost all of the tugboats operating in ports around Australia are Australian registered – more than 280 are on the AGSR. However, there are a small number which came into Australia with a foreign flag and have not reflagged to the AGSR.

Aquaculture vessels - there are three or four aquaculture vessels which have been operating in Tasmanian waters for several years and yet are still Norwegian registered.

Intra-State trading ships – there are at least four large bulk ships operating in the Queensland bauxite trade which are Singapore flag. As an intra-State operation, they are not required to apply for Temporary Licences. The four vessels are operated by Australian seafarers under Australian Enterprise Agreements but the registration of the ships in Singapore presumably allows the owner to take advantage of the favourable taxation arrangements in Singapore.

Inter-State trading vessels – there are several ships listed in the BITRE major coastal trading fleet which are foreign flag but which apply for and receive repeated Temporary Licences which enable them to trade year-round on the Australian coast. Some have been doing this for many years. These ships do not employ Australian seafarers under Enterprise Agreements.

Bunker tankers – there are at least three small tankers operating in major Australian ports which provide bunker fuel to ships the port. They are Bahamas registered vessels. They employ Australian seafarers.

Oil and Gas vessels – there are many foreign registered Offshore Oil and Gas vessels on long-term contracts servicing major oil and gas projects around Australia. Most are operated by Australian seafarers and are covered by Australian Enterprise Agreements.

All of the above vessels would be required to register under the AGSR if the proposed 3-month limit is introduced.