

AIMPE



Submission

Australian Institute of Marine and Power Engineers

&

Australian Maritime Officers Union

**Department of Infrastructure, Transport, Regional Development
and Communications**

**Coastal Trading Reform for Cargo Vessels – Discussion Paper,
September 2020**

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Background

The Australian Institute of Marine and Power Engineers is the registered organisation which represents qualified Marine Engineers 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 craft, 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 Department of Infrastructure, Transport, Regional Development and Communications Discussion Paper on Coastal Trading Reform for Cargo Vessels released on 21st September 2020.

Introduction

AIMPE and AMOU oppose some elements of the latest set of proposals from Department of Infrastructure and Transport for the coastal shipping industry.

The reform of coastal shipping was put on hold soon after the outbreak of the COVID-19 pandemic. The proposals contained in the September 2020 Coastal Trading Reform of Cargo Vessels – Discussion Paper seem designed to make life easier for the operators who exploit the Temporary Licence system which has allowed foreign flag ships with foreign crews to dominate many parts of the coastal shipping sector.

There is nothing in this proposal which will assist in growing the **Australian flag** coastal shipping sector. It will just make life simpler for the users of foreign shipping services on the Australian coast.

There is no indication that the Federal Government is concerned about the lack of sovereign control of Australia's domestic shipping needs. This stands in stark contrast to the policy of many other countries for example Canada who give clear priority to Canadian flag ships in their domestic, coastal trades.

Under this policy proposal there will be no opportunities for young Australians seeking a career at sea. No training for young Australians.

The Discussion Paper exhibits a lack of any vision for increasing the level of Australian participation in the coastal shipping industry. For these reasons AIMPE and AMOU do not support the proposed changes.

Comments on proposals

1. Separation of licencing for cargo and passenger vessels

AIMPE and AMOU reserve our position on this proposal. We support the rights of Australian flag passenger vessels to nominate for any and all routes on the Australian coast.

2. Cargo and Route nomination system for general licence holders

The proposal that Australian flag general licence holders will have to nominate the cargoes they seek to carry and the routes they wish to operate is opposed by AIMPE and AMOU. It is suggested that this proposal is a way of “protecting” Australia shipping. However, what it actually means is that for the first time an Australian flag vessel operator will be restricted in their operations to particular trades which they will have to nominate in advance.

This is the type of protection that a straight jacket provides!

This proposed restriction on the rights of operators of Australian flag ships employing Australian crews in Australian waters is totally rejected. As long as they comply with all of the Australian safety, environmental and employment requirements Australian flag ships should continue to have the right to trade between any ports in Australia. Removing this current right would be like saying to a trucking company – “you currently run trucks between Newcastle and Brisbane four times per week, in future that is the only pattern that you can operate to.” That would be unimaginable – except if it occurred in a totalitarian society/command economy.

Trucks can drive on any road in the country – subject to compliance with road rules, registration licence tolls etc. Australian ships are currently able to trade between any ports in the country – subject to seaworthiness, payment of fees etc. There is no reason to change this. No reason in principle, no reason on practical grounds.

3. Removal of five-voyage minimum for temporary licences

Removing the minimum number of voyages for Temporary Licence vessels opens the way for even more opportunistic trading by international, flag of convenience operators. In effect this is a return to the old Single Voyage Permit system which existed for so long prior to the 2012 Coastal Trading changes.

4. Automatic approvals of temporary licence applications where there is no approved general licence route/cargo nomination

The concept of automatic approvals for foreign flag ships is another step towards the complete opening up of Australian coastal trades to the global shipping industry – on minimum international conditions. This is another step in the long process of conceding domestic, coastal shipping to tax-free foreign operators using foreign flag ships and foreign crews on foreign terms and conditions.

The current consultation process imposes a degree of transparency on the granting of Temporary Licences. This was a positive change which removed the veil of secrecy surrounding the old Single Voyage Permits/Continuous Voyage Permit system.

One method of improving transparency further would be for all applications for licences – temporary or otherwise – to be published online in real time. AIMPE and AMOU urge the use of digital technology to improve the information available to the market for coastal shipping services by introducing real time online publication of all coastal shipping licence applications.

5. Align new matters and authorised matters timeframes

AIMPE and AMOU support this proposal.

6. Voyage notification requirements

Allowing variation of voyage details and removing tolerance limits for Temporary Licence holders gives them near total freedom to do any type of voyage they like and make any changes they wish. AIMPE and AMOU cannot support this degree of flexibility. Under this proposal there could be manipulation of the original application in order to exclude an Australian flag operator.

7. Tolerance limits

AIMPE and AMOU submit that existing tolerance limits should continue to apply to all applications – whether there is an existing General Licence operator at the time of the application or not.

8. Emergency licences

There have been very few applications for Emergency Licences since 2012. That is something for which we can be thankful.

During the bushfires in December 2019/January 2020 vessels such as the Offshore supply vessels *Far Saracen* and *Far Senator* and Defence ships *MATV Sycamore* and *HMAS Choules* responded to the emergency supply and evacuation requirements at Mallacoota. The offshore supply vessels are not trading ships as such but were able to provide liquid fuel for power generators etc. when road tankers could not get through to the stricken town. *Sycamore* and *Choules* conducted evacuations taking hundreds of people to Westernport on 3rd and 4th January.

These genuine emergency response voyages were conducted outside the Coastal Trading regime. As were the efforts of many fishing boats and recreational boats which went to the aid of stranded residents and holiday makers on various beaches along the NSW South Coast. In a real emergency the reality is that Australians will do what needs to be done to assist those in difficulty.

It should also be noted that large trading ships could not have made it into most of the locations devastated by bushfires last summer - with the exceptions of Eden and possibly Jervis Bay.

Australia's liquid fuel problem should not be regarded as an "emergency" to justify changes to this aspect of the Coastal Trading regime. Australia's liquid fuel problem is a result of an absence of action over declining domestic fuel refining capacity as the petroleum industry has shut down refinery after refinery. This, combined with a lack of onshore storage capacity, contributes to Australia's inability to meet internationally mandated fuel reserve levels.

AIMPE and AMOU have previously submitted that Australia has a fuel security problem which is exacerbated by our lack of Australian flag tanker ships. AIMPE and AMOU have proposed to the Federal Government a practical solution to this problem in various submissions over the last 12 months. Copies are attached.

Questions

- *Do you support the proposal to separate licencing frameworks for cargo and passenger vessels?*

Reserve position – we are concerned for Australian flag operators.

- *Is the nomination of routes/cargo a workable solution?*

No.

- *Does the nomination system provide the right level of opportunity for GL holders to contest cargo on TL voyages?*

No

- *Do you foresee any unintended consequences of the nomination system?*

Yes – unnecessary restriction on Australian flag operators.

- *Does the nomination system provide the coverage needed for operators servicing regional and remote communities to continue to provide these multi-stop itineraries?*

Regional and remote operators should be free to supply all ports without restriction. If they are servicing contracts, then the contracts will presumably specify ports and frequency

- *Do you believe the new nomination process reduces the administrative burden on licence holders? If not, do you have an alternative process you can propose?*

General Licence holders have the right to trade to all Australian ports and nomination would be an unnecessary imposition.

- *Is 30 business days an appropriate amount of time to notify TL holders of a new GL nomination? This timeframe is based on the 20-day assessment period plus 10-day window that allows automatic voyage approvals for TL's to be maintained to provide a reasonable period for the TL holders and shippers to adjust their operating schedules.*

TL operators can seek a General Licence at any time and comply with Australian laws including taxation and employment laws. A new GL ship should be able to be introduced without notice.

- *Will the aligning of timeframes for authorised and new matters improve business processes?*

Yes

- *Do you agree with the proposed timeframes for licence applications listed in Table 2?*

It is noted that there is a proposal to publish all TL and EL matters within 2 business days – this is an improvement however with an online application process all public details could easily be published automatically.

- *Do you agree that tolerance limits should be removed where voyages do not overlap with a GL nominated route/cargo type?*

No – tolerance limits should be retained.

- *Do you think the current tolerance limits (20% variation of cargo volume and 5 days variation in expected load date, detailed in Section 2.3) are still appropriate for TL voyages that overlap with a GL nominated route/cargo type, or should these limits be reconsidered?*

Yes – current tolerance limits should be retained, AIMPE and AMOU oppose the suggestion that GL operators must nominate trades.

- *Do you agree with the proposed amendments to voyage notification requirements, noting that the vessel name is required to exempt the vessel from importation?*

No

- *Do you believe emergency provisions are still needed if appropriate changes can be made to streamline TL voyage approvals? Do you agree with the proposed emergency provisions?*

No

- *Should emergency arrangements provide for emergency changes to be made to the port of discharge port for cargo that has been loaded?*

No

- *Are there any issues with the proposed handling of emergency situations outside of business hours?*

No

- *Should the Delegate be required to notify GL holders if an Emergency Licence is issued, or if penalties are waived for an emergency voyage?*

Yes

- *Do you foresee any perverse outcomes as a result of implementing any of the suggested changes? How might these be mitigated?*

Yes – especially the proposal to require GL operators to nominate trades. This is a fundamental change to the freedom currently available to Australian flag vessel operators. The proposal should not proceed.