

DEL AGUILA Fiorella

From: Sutton Michael
Sent: Tuesday, 17 November 2015 12:08 PM
To: HEFFERNAN Brett; WHITROW David
Cc: ZIELKE Judith; OPOKU Naa; PATHAK Chirag; FINLAY Jess
Subject: FW: points on alcoa ship [SEC=UNCLASSIFIED]
Attachments: 20151109_Briefing Note MV Portland.pdf; Document1.docx

Importance: High

Brett – as discussed; have left in track changes mode

michael

From: Sutton Michael
Sent: Tuesday, 17 November 2015 10:59 AM
To: Whitrow David
Cc: Zielke Judith; Heffernan Brett; Finlay Jess; Opoku Naa (Naa.Opoku@infrastructure.gov.au); Pathak Chirag
Subject: points on alcoa ship [SEC=UNCLASSIFIED]
Importance: High

David – as discussed; updated talking points plus the briefing note provided by alcoa (which they indicated “The Minister is free to use this information in public comments as Alcoa’s advice to him on the issue”).

michael

From: Sutton Michael
Sent: Thursday, 12 November 2015 5:48 PM
To: Heffernan Brett
Cc: Finlay Jess; Bryant Katherine; Zielke Judith; Opoku Naa (Naa.Opoku@infrastructure.gov.au<<mailto:Naa.Opoku@infrastructure.gov.au>>); Media (Infrastructure)
Subject: brett - points re the alcoa ship, as requested. michael [SEC=UNCLASSIFIED]
Importance: High

MV Portland: Replacement with a Foreign Vessel

- I understand that the MV Portland is near the end of its operating life. It is 27 years old and the costs of keeping it in service are becoming prohibitive.

- The legislation that is in place to regulate coastal trading – legislation that was put in place by the former Government – does not force operators of general licence vessels to carry cargo on their ships

- It is entirely a commercial decision, and in this case the owner of the ship (Alcoa) has determined that it is no longer viable to operate the licenced vessel

- That is entirely and appropriately a matter for Alcoa.

- The coastal trading legislation provides a mechanism to ensure that cargo can be moved when there is no general licenced vessel available, and that is what has happened on this occasion

- It is unfortunate that yet another major licenced Australian trading vessel is going out of service, but it is symptomatic of the urgent need for reform of the current legislation, which is simply not working

- The number of licenced major Australian trading vessels had already fallen from 30 to 15 between 2006-7 and 2013-14A

- ~~As a result Alcoa has chosen to sell the vessel and replace it with a more cost efficient method of delivery of alumina from Western Australia to the Portland aluminium smelter.~~

- Alcoa has advised the Government that decommissioning the ship is one of a number of cost saving measures being taken in an attempt to help protect more than 2000 direct and indirect jobs associated with the Portland aluminium smelter.
- Alcoa applied for and was granted (on 22 October) a Temporary Licence under the *Coastal Trading (Revitalising Australian Shipping) Act 2012* using a foreign flag vessel to transport alumina between WA and Portland up to October 2016.
- The application was processed by the Department in accordance with the standard processes under the coastal trading legislation, including consultation with Australian General Licence holders and other interested stakeholders including shipping associations and maritime unions
- No notices in response were received from any Australian general licence holders, meaning that no general licenced ships were seeking to carry the Alcoa cargo.

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- There were also no substantive comments on the application received from any of the stakeholders, including the maritime unions
- The letter from the MUA complaining about the issue of the Temporary Licence was sent on 6 November, well after the consultation process on the licence application and the issue of the temporary licence.

~~• Alcoa's decision not to replace the MV Portland is a commercial decision by the company under the regulatory regime in place through the current Coastal Trading (Revitalising Australian Shipping) Act 2012.~~

~~— It has not been caused by the Government's reforms contained in the Shipping Legislation Amendment Bill 2015~~

~~• The decision by Alcoa is further confirmation of the need for reform to secure the future of shipping in Australia. understand that Alcoa has contracted with a global shipping company to carry the cargo under the temporary licence. The vessels to be used will be expected to comply with all maritime safety, security and environmental laws, and will also be subject to the relevant provisions of the Fair Work Act and regulations~~

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Background

The new Temporary Licence covers 17 voyages until October 2016. The first voyage was scheduled for late October and was not performed.

Any foreign vessel used by Alcoa under a temporary licence for more than 2 voyages will be covered by the *Fair Work Act* and required to pay Part B wages. ~~Alcoa has contracted with the global shipping company Oldendorff Carriers to provide the vessels to be used under the temporary licence. Alcoa expects Oldendorff to use a range of vessels to carry the alumina, dependent on international voyages to Australia by Oldendorff ships. Any vessel that is used for more than two voyages under the temporary licence will be required to pay Part B wages to its crew. We are currently checking with Alcoa on its planned vessel arrangements.~~

The MV Portland is owned by Alcoa and crewed by ASP. There are approximately 40 people in the total crew pool with 19 on the vessel at any one time. ASP has a number of different Enterprise Agreements with the officers, engineers and seagoing ratings in place. Alcoa has worked with ASP to help ensure that any affected crew receive appropriate entitlements and assistance. In chartering a foreign flag vessel, Alcoa will only contract with shipping owners who pay their crew at least the minimum mandated salary under the International Transport Federation award.

ASP has initiated action in the Fair Work Commission for a s.418 order under the Fair Work Act that the crew of the MV Portland cease industrial action (a 'stop order'). The application is scheduled to be heard in the Commission on 17 November 2015.