



**‘Have your say’ submission on the
Discussion Paper to the**

Strategic Fleet Taskforce

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

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Submission 29 November 2022

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1. Overview

The Commonwealth Government formed a Strategic Fleet Taskforce on 20 October 2022 to guide the establishment of up to 12 Australian-flagged and crewed vessels. The Taskforce requested submissions on the Discussion Paper by 30 November 2022. This is the Logistics and Defence Skills Council submission to SFConsultation@infrastructure.gov.au

The Taskforce is chaired by Mr John Mullen. Membership includes: Dr Sarah Ryan, Mr Paddy Crumlin, Ms Angela Gillham and Major-General Jason Walk.

The Taskforce will provide an interim report to the Australian Government by 30 December 2022 and final report 30 June 2023.

1.1 Taskforce scope

- Initially the Taskforce will examine Australia’s shipping needs, the effect of disruption scenarios on maritime supply chains and assess what strategic needs a strategic fleet could address.

1.2 Terms of reference

- The Terms of Reference are [here](#). Broadly the Taskforce will:
 - undertake an initial strategic assessment of Australia's current and future shipping freight needs (Terms of Reference para 1 and 1a)
 - undertake an assessment to identify the preferred composition of the proposed fleet (number of vessels, type, age and capabilities required) (Terms of Reference para 2 and 2a)
 - assess whether the current regulatory framework is fit for purpose to support establishment of a strategic fleet (Terms of Reference para 6)

2. Submission

2.1 Part One – Nature of business and nature of shipping needs

- **Q1 Are you a cargo owner moving freight by sea?** No
- **Q2 Are you a Freight Forwarder?** No
- **Q3 Are you a ship owner/operator?** No
- **Q4 Are you representing an industry or other peak body?** Yes
- **Who do you represent?** The [Logistics & Defence Skills Council](#) (LDSC) is funded by the WA Government to source strategic advice for state workforce development needs in the Maritime, Rail, Road Transport, Ports & Stevedoring, Defence, Defence Industries, Warehousing, Logistics Supply Chain, Retail and Wholesaling sectors. The workforce advice comes from Industry Stakeholders. The workforce advice specifically relates to training and workforce priorities
- **What is your group's interest in the strategic fleet?** The LDSC stakeholders interest in a strategic fleet may be categorised in two areas:
 - **Supply chain resilience.** The Strategic Fleet is one element in supply chain resilience for all LDSC stakeholders. The supply chain network includes maritime, road, air, rail and warehousing
 - **Maritime skills crisis.** Specifically the Maritime Industry Advisory Group gives advice that the acute and persistent Maritime workforce shortages are generated by the virtual collapse of Australian Maritime Training. The training shortfall is caused by the disappearance of training berths because there is almost no Australian merchant fleet

- **Why are these of interest?** The ‘why’ of these two interests of Supply chain resilience and Maritime skills crisis can be considered at Strategic, Operational and Micro levels.
 - **Strategic.** The strategic need is about whether the Government wants Australia to stay a mid-range power. An Australian merchant fleet is part of sovereign capability
 - **Operational.** Fleet investment is directly linked to maritime workforce and port infrastructure including rail and road connectivity. The Commonwealth needs to coordinate Commonwealth and State investment to a national transport plan
 - **Micro.** The Australian Maritime workforce is aging out and there is no training berth pathway for Australians. Employers must seek experienced workforce from overseas
- **Q5 Are you another stakeholder?** No

2.2 Part Two – Strategic needs

- **What is the strategic need?**
- **The strategic need.** The strategic need is about whether the Government wants Australia to stay a mid-range power in the Indo-Pacific
- **Sovereign maritime issue.** International vessels conduct the majority of coastal shipping of containers in Australia. Australia is not in the top 35 Countries by ownership of world fleet ranked by dead-weight tons in 2021. Therefore solutions for domestic long-distance freight to be carried by coastal shipping between Australian ports must consider whether Australia creates a merchant fleet or continues to outsource to foreign flagged vessels on the international market. This is a sovereign maritime issue that must be synchronised by the Commonwealth
- **Indo-Pacific projection.** Australian foreign and defence policies will dictate Australian influence in the Indo-Pacific. Policy on sovereign control of merchant fleet, ports and the regulatory framework must support this projection
- **Royal Australian Navy merchant fleet support.** The Royal Australian Navy requires hire of commercial ships for logistic support. Merchant fleet shipbuilding and port infrastructure is therefore related to long term Royal Australian Navy needs for fleet logistic support in time of Indo-Pacific operations. Royal Australian Navy operations include disaster relief. Climate change is shaping this ADF response to International and Domestic Disaster Relief operations
- **Economic strength.** As described in the Discussion Paper the Australian economy depends on maritime imports and exports. Key products are iron ore, wheat, LNG and fuel. Maritime export of raw materials from WA ports is of strategic value to Australia. For example international shipping exports 40% of the world supply of Iron Ore per year from Port Hedland in WA

- **The Strategic Fleet solution.** The Strategic Fleet solution is a model adapted to Australian needs from the systems adopted by France, Norway and UK. Planning factors that must be considered:
 - The sovereign status the Government wants for Australia in the world
 - The solution must be globally competitive
 - The solution must consider the wider view as summarised in the Terms of Reference paragraphs 2, 3, 4, 5 and 6
 - The solution must be workable with the Maritime Union of Australia (MUA)
 - The solution must detail changes to maritime training and migration to deliver a self-sustainable workforce appropriate to the fleet
 - The solution must provide sustainment to meet the increased frequency of natural disasters
- **Definition of 'supply chain'.** For Taskforce solutions to be effective there must be a definition of 'supply chain'. This means different things to the different sectors in the integrated logistics system. For example the retailer in the Warehousing and Logistics Sector may see the chain end at the point of sale to the customer. This contrasts with the Maritime defence industries supply chain that includes the maintenance cycle e.g. submarine docking. The Taskforce must define 'supply Chain' for solutions that build resilience in an interconnected network
- **Q6 If there was a major disruption that means shipping ceased for more than a few weeks what would be the financial and non-financial consequences for:**
 - **your business**
 - **your customers**
 - **the economy**
 - **the community**
- **Oil Products.** Western Australia has around one week of fuel reserves. After one week without oil products airlines, vehicles and essential services will cease to function. Product tankers arrive in Fremantle Ports each week to supply approximately 20,000 tonnes of oil products to Western Australia
- In the 1990s Australian shipping included several oil tankers shipping crude oil from Western Australian oil fields to the BP Oil Refinery in Kwinana. The refinery produced oil products for the WA economy. The BP refinery closed. WA fuel supply is reliant on International Shipping and exposed to international price fluctuations
- **Liquefied Petroleum Gas, Liquefied Natural Gas.** LPG is distilled in Kwinana from LNG piped from the NW of WA. Delays to shipping will impact LNG export. Australia is totally reliant on foreign ships for the carriage of these Australian products

- **Liquefied Natural Gas.** There is a significant trade shipping LNG from the NW to Japan, China and SE Asia. Interruption of export will fill the WA storage tanks and the oil & gas fields producing LNG will have to shut down. This is costly
- **Anhydrous Ammonia Ships.** Anhydrous Ammonia is an Australian product shipped overseas from the NW of WA on foreign ships
- **Break Bulk Ships.** The WA farming industry relies on the importation of phosphates and fertilisers. Storage facilities for these products are limited. Ammonium Nitrate is hazardous to store and imported as required. If shipping is disrupted for more than a few weeks then grain production will be reduced
- **Container Ships.** In 2022 an estimated 625,949 containers passed over the Fremantle wharf. This equates to twelve thousand containers per week. A stoppage of a few weeks will significantly impact all imports and exports. The export of WA perishable goods will be significantly impacted e.g. fish and vegetables
- **Roll on Roll off ships.** Roll on Roll off (RORO) ships import vehicles and farming equipment. RORO disruption to WA will stop delivery of motor vehicles, trucks, mining and farming equipment. Long delays will have downstream effects on production
- **What are the benefits from the fleet during 'business as usual' or other scenarios?**
- **Training benefit.** Foremost for the stakeholders represented by the LDSC the benefit is that there is an opportunity to re-establish a Maritime workforce training pathway. Stakeholder training issues can be summarised as follows:
 - **There is virtually no Australian training of Ship's Master, Ship's Engineer and Ship's Officers.** The strategic issue with Maritime training is that there is effectively no Australian flagged merchant fleet to provide training berths for the mandated sea time. There is no career pathway for Australian youth to enter the Maritime Industry. With the loss of training throughput the Australian maritime training system has arguably dropped below international standard
 - **Landside Maritime skills crisis.** The decline of bluewater Australian flagged merchant ships has cut training berths. This has cut pathways from the sea to land based jobs. The key to the Maritime skills crisis is the shortage of Ship's Master ANZSCO 231213. The Captain or skipper is the seagoing occupation that traditionally transitions to land-based roles. Ship's Master is an entry to Harbour Master, Deputy, Harbour Master, Marine Pilot, Marine Assurance, Marine Superintendent, Cargo Planner, Regulator, Trainers, Safety Surveyors, Quantity Surveyors and Marine or Ship's Surveyor. Ship's Engineer ANZSCO 231212 used to transfer into power plants, hospitals and heavy industry rolls
 - **Migration solution.** Currently employers must seek skilled migrant workers via the [WA Skilled Migration Occupation List \(WASMOL\)](#) and the [Commonwealth Skilled Occupation list](#). Australian mariners must seek expensive training overseas. The seagoing workforce is aging out and replacement staff or training have to be purchased from overseas on the international market

- **Training solution.** Effective training solutions are a national issue. The Australian training pathway for Ship's Master, Ship's Engineer and Ship's Officers requires Commonwealth coordination. The solution must be long term, in a globally competitive regulatory framework, include a related short term migration policy and the budget must be calculated
- **Pilbara Ports Marine Cadet model.** Pilbara Ports Authority (PPA), WA has trained one graduate and has three trainees on the [Pilbara Ports Marine Cadet model](#) . The pathway trains ships officers using berths on international vessels. The Pilbara Ports Marine Cadet model may be suitable for national expansion according to the regulatory framework created by the Government. The key to the [PPA Marine cadet](#) is that the cadet receives a training bursary not a training wage
- **Maritime ANZSCO occupation codes.** The ANZSCO six figure occupation codes have weaknesses for migration and workforce policy and planning as outlined at the [Jobs and Skills summit 2022 outcomes page 4](#). However for this discussion paper it is recommended the Taskforce consider the following ANZSCO occupation codes for [maritime career pathways](#):
 - 231212 Ship's Engineer – seagoing
 - 231213 Ship's Master – seagoing
 - 231214 Ship's Officer – seagoing
 - 899211 Deck Hand – seagoing
 - 312412 Electronic Engineering Technician (Electro Technical Officer) – seagoing for the Maritime specialisation Electro Technical Officer (ETO)
 - 139999 Specialist Managers nec for specialisation Harbour Master and Deputy Harbour Master – landside Maritime occupation in ports
 - 231299 Marine Transport Professionals, nec – for landside Maritime specialisation Vessel Traffic Officer (VTO)
 - 231215 Ship's Surveyor – landside Maritime occupation in ports
 - 891113 Waterside Worker – landside Maritime occupation in ports
- **Other benefits**
- **Carbon footprint.** Shipping delivers the lowest carbon emission to transport goods. A shipping fleet can transfer goods over the large distances of the Australian coastline more efficiently and with less carbon footprint than Rail or Road

- **Supply chain resilience.** The WA Government formed a Shipping and Supply Chain Taskforce to examine the state's shipping industry and supply chains that link Western Australia with the east coast and international customers. This was in response to the cutting of the [East–West rail corridor in January 2022](#). The Commonwealth Government must coordinate actions to build cost effective maritime, aviation, road and rail supply chain resilience
- **Road fatalities.** Shipping reduces long haul truck transport on the road network increasing road safety
- **Alternate fuels.** Shipping companies face the global pressure to be carbon neutral. Relevant to this Taskforce in that Commonwealth long term policy is required:
 - Trials with Hydrogen, Ammonia and Methanol vessels are underway. They require associated investment in port infrastructure
 - Full electric propulsion will become a reality for short haul and harbour towage applications due to advances in battery technology and the proximity to coast for recharging. Port infrastructure investment is required
- **Q7 Benefits to you or your stakeholders.**
- **Maritime career pathways.** A coastal fleet could create a new career path to Australian youth supporting existing training institutions dependent on the regulatory framework. See **Training benefit** above
- There are downstream industries which will benefit from a Strategic Fleet:
 - Maritime engineering
 - Ship sustainment, supply of goods and services
 - Maritime Electronics services and repairs
 - Marine Surveyors, Quantity Surveyors and Classification Surveyors
 - Defence industries
- Australia has ship construction facilities in WA and SA supporting the National Shipbuilding Plan which could be utilised to design and build coastal ships. This will have a significant impact on the local industries and work force
- **Q8 Broader benefits**
- Our International Partners USA and UK have merchant marine support for Navy. A Coastal Shipping industry could provide the Royal Australian Navy with supporting merchant ships
- A Merchant Fleet could supply goods to coastal towns in times of natural disasters. For example when Cyclone Tracy struck Darwin on Christmas Day in 1974 the Australian product tanker, BP Enterprise, provided power from the ships generators to the Darwin electrical grid and petrol, diesel and aviation gas to keep the economy running

2.3 Part Three – Any other information

- The LDSC view is that the Strategic Fleet solution is a model adapted to Australian needs from the systems adopted by France, Norway and UK
- The LDSC acknowledges the Taskforce deadline. The LDSC offers the Taskforce any supporting evidence requested or development of any points
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