

Strategic Fleet Submission

My contribution to this discussion is intended to be independent and representing the view of myself as a private Australian citizen and individual. My ideas are my own. However, I feel I have the experience to offer an educated and informed point of view, given I have worked for multiple companies within multiple maritime and marine based roles, all of which have had significant involvement within the sector, including BHP, BlueScope Steel, Svitzer and the Maersk Group and Port Authority of New South Wales.

I write in support of the Strategic fleet initiative.

Over the past 20 years I have worked in Australian ports in NSW, VIC, SA, NT and WA. I have also been involved in offshore PNG operations. I have managed bulk vessels, tugboats, lines operations and stevedoring. My experience spans across port and shipping industries and includes oil and gas.

I appreciate that there are many items to work through in relation to the final product of this initiative, however I would like to raise topics that might be addressed to provide the best possible likelihood of success.

I have attempted to structure my points at a high level only. Of course, there is substantial detail that sits behind my comments, and I hope it strikes a level of healthy debate about this generational opportunity. I have read MIAL's submission to the discussion, which I support and congratulate them on, in particular with regards to the tax considerations relating to income. I don't particularly intend on repeating anything that has already been articulated so well.

Firstly, the vessel composition of this fleet will be an essential consideration, notwithstanding this will involve agreeing on what cargoes would need to be identified as 'strategic', but also how they would be loaded and discharged i.e. self-discharging bulk vessels vs conventional holds.

Home port consideration is exceptional opportunity as this would allow regions to develop capability within our communities. Good examples of this in the past are in the surrounding areas of Newcastle and Port Kembla, which had good numbers of seafarers in the local communities off the back of BHP, who had vessels home ported in those areas. Unfortunately, this is no longer the case. The financial contribution to these regions is worth further exploration when considering home ports.

One can also see that there are many benefits for Australia to have a workforce skilled in seafaring. Our future port-based waterside workforce will be sourced from these seafarers, and it is an integral consideration when considering how a strategic fleet might operate. This includes lines persons, tug masters and pilots etc. All of whom are single points of failure for our ports.

Quoting the governments website... the fleet will be utilised to *"make sure Australia continues to have a robust supply chain so we get food, fuel, medical supplies and other critical cargo to support Australian industries, the community and protect our national interest"*... the vessels required for Australia to get food and medical supplies would likely need to be container vessels. This trade is global and will need a specialised understanding if it has any chance of success. Most lines have different routes which effects the trade they carry and, in many cases, comparatively to the rest of the world, Australia is a minor player. Specifically to food, according to the Australian Bureau of

Agricultural and Resource Economics and Science (ABARES), Australia imports on average approximately only 15% of our total food consumption, it is therefore unconvincing that we would be able to rely on any commercial viability for food as a cargo for the strategic fleet. If container vessels were to be considered, in my opinion strategic partnerships would be a sensible area to explore with liner services that already call on Australia. There are examples of this in the United States of America.

As for “other critical cargo to support industries” one could assume this might mean bulk cargo such as iron ore, coal, lime etc for things like steel making, or perhaps gypsum or clinker for cement. This was once a successful avenue for the industry, however, became plagued with various issues. The elephant in the room on this was the Industrial Relations landscape. It is my view that we should learn from the past and work with our unions to find common ground on operating models.

Lastly in my submission, and likely to be the most contentious of my opinions would be the exploration of ‘no-strike’ clauses or such with the same effect. For if this fleet is truly ‘strategic’ and in the best interests of the nation, surely it is in the interests of the nation to keep it moving. Protecting worker rights is fundamental to our Australian way of life, and I’m not suggesting this should change, but at its purist, this is an opportunity to reshape the maritime industrial landscape for the better and for all. Given the government will not be building or buying these vessels, and that it is expected they will be privately owned and operated, it is my view that agreeing on a framework between our unions and these private companies up front, will yield the best chance of success.

I congratulate those involved in trying to make this work and would happily be involved in any further sharing of ideas to help make this work for Australia. Good luck.

Submitted by Peter Ernst of Port Kembla, New South Wales.

Former roles in the sector;

Port and Marine Operations Manager – BlueScope Steel

Manager Shipping Operations – BHP Billiton – Illawarra Coal

Port Manager Sydney, Vic Ports, Port Kembla – Svitzer

Chief Operating Officer – Svitzer Australia (A part of the Maersk Group)

Current role in the sector;

Head of Regional Ports – Port Authority of New South Wales