



## STRATEGIC FLEET TASKFORCE – DISCUSSION PAPER

### Background

The Australian Government has committed to establishing a maritime strategic fleet of Australian-flagged and crewed vessels that would secure our ongoing access to fuel and other essential imports. The fleet would be available for requisition by the Government in times of national crisis such as natural disaster or conflict. The fleet is likely to include up to a dozen vessels that will be privately owned and operate commercially. The Government will not be building or buying these vessels. As the first step, the Government has appointed this Taskforce to guide the Government on establishing the fleet.

Under the Terms of Reference for the Taskforce an interim report is to be provided to the Minister by the end of 2022. As the first stage of its considerations, 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. The Terms of Reference for the Taskforce are at Attachment A.

### Purpose

The Taskforce is seeking views through this Discussion Paper from a broad range of stakeholders on the strategic purpose the fleet could fulfil. Stakeholder views are critical for the Taskforce to be fully informed in its deliberations. The information you share will be used to assist the Taskforce to determine what identified freight needs the Government should position itself to influence, and the level of control the Government could have with a strategic fleet of vessels.

This discussion paper includes a series of questions intended to initiate discussion and inform the Taskforce's early advice to the Government as set out in the first phase of the Terms of Reference. Further information on providing a submission is below.

A second round of consultation is expected next year. This will focus more on phase two of the Terms of Reference and go to the detail of the fleet that will be needed to support the strategic needs, and how the Australian shipping industry can be strengthened, including the regulatory framework that may be required to support the fleet.

### Context

Shipping is critical to Australia's economic and social wellbeing. Shipping moves 99 per cent by volume and around 80 per cent of the value of our goods trade. Australia is the world's 5th largest user of shipping. By volume this trade is predominantly export of commodities such as iron ore, coal, and liquefied natural gas (LNG). While Australia is a major player in the movement of bulk commodities, Australia's container trade is small by global standards - around 1 per cent of global total container movements. Australia relies on foreign vessels to carry this trade - in 2021, there were 26,400 vessel arrivals made by 6,170 unique foreign flagged vessels.

In terms of domestic trade, coastal shipping is an important, albeit declining, component in Australia's freight task – in 1970, carrying around 50 per cent of the freight task. Today coastal shipping conducted by foreign and Australian vessels carries around 15 per cent of the freight task, with 54.0 million tonnes carried in 2018-19. This is predominantly dry bulk commodities such as magnetite, limestone and cement. While Australia's overall freight task is projected to grow by 35 per cent out to 2040, coastal shipping is projected to carry similar volumes in 2040 as it does today. There are currently 11 Australian flagged vessels (over 2,000 deadweight tonnes) that hold a general licence under the *Coastal Trading (Revitalising Australian Shipping) Act 2012* and carry domestic cargo. These predominantly operate between the mainland and Tasmania.

Of the 6,170 foreign-flagged vessels that arrived in 2021, 513 vessels carried Australian cargo under a Temporary Licence. Of the 54.0 million tonnes carried by coastal shipping in 2018-19 (both licensed and non-licensed (intrastate voyages do not require a licence)), 31.6 million tonnes were carried by foreign-flagged vessels operating under a Temporary Licence, compared with 9.2 million tonnes carried by Australian vessels operating under a General Licence.

While the strategic fleet would operate commercially the Government has stated that vessels in the fleet would be requisitioned in time of national need, whether that be natural disaster or times of conflict. Disruption is complex and exists on a continuum from minor disruptions confined to local regions (such as short-term flooding), up to disruptions on a global scale – such as conflict - that cause severe and enduring impacts on supply chains. As the severity of disruption worsens and the scale of disruption increases, interventions to respond effectively to disruption become costlier and more complex. Thinking about disruption events can help consideration of where the fleet could provide the greatest benefits. There may be other circumstances where the fleet could be called on as well that could be considered.

Understanding how a strategic fleet could interact with Australia's maritime trade is a complex undertaking given the size and breadth of Australia's shipping task. Identifying the capacity needed to move strategic cargoes will assist the Taskforce in framing its advice to Government. As well, where these cargoes move on international and domestic routes needs to be determined to help frame advice. The Taskforce wants to understand where the strategic fleet can make the most difference.

The Taskforce acknowledges there is a cost differential between Australian flagged and foreign flagged vessels. The Taskforce is looking for solutions for establishing the fleet that are cost neutral to the industry and users of shipping. Further work on how a strategic fleet can be established including how to address any cost or other impediments will be undertaken in the second phase of the Taskforce's considerations.

In answering the questions please note that the Government's commitment is to establish a fleet of privately owned and commercially operated vessels. The commitment is not to build or buy vessels. Also, compiling a list of critical goods, drafting changes to specific pieces of legislation and advising on specific existing vessels that could be part of the fleet are out of scope of the Taskforce's Terms of Reference.

# Questions

Please provide written answers to the following questions.

**Please list your organisation and contact name.**

**Organisation:** Pilbara Ports Authority

**Contact Name:** Siobhan Negri

**Contact number and email** 0409 070 035 / [siobhan.negri@pilbaraports.com.au](mailto:siobhan.negri@pilbaraports.com.au)

## **Part One – Nature of business and nature of shipping needs**

To get a picture of your activities and put your later responses into the right context, please answer the following questions.

**1. Are you a cargo owner moving freight by sea? Yes or no (if not please move to next question) No**

**If yes, please answer the following:**

- Do you move sea cargo
  - internationally
  - domestically
  - both
- Do you
  - import
  - export
  - both
- What is the major cargo moved
  - Manufactures – what type
  - Agricultural – what type
  - Chemicals – what type
  - Fuel – what type
  - Minerals – what type
  - Building products – what type
  - Other – please describe
- What vessel type is used to move your cargo
  - bulk
  - container
  - roll-on roll-off
  - Other – please describe
- How often do you move cargo
  - Weekly
  - Monthly
  - Seasonally
  - Ad-hoc
  - Other
- Do you use a freight forwarder to arrange your sea freight?
- Do you own any Australian registered vessels? If yes, what type?
- Do you hold a Temporary Licence under the Coastal Trading Act?
- Do you charter or arrange for charter of foreign flagged vessels? If yes, what type?

**2. Are you a Freight Forwarder? Yes or no (if not please move to next question) No**

**If yes, please answer the following:**

- Do you organise sea freight?
- If yes, is this
  - Internationally
  - Domestically
  - both
- Do you specialise in a type of freight?
  - If yes, what type.

**3. Are you a ship owner/operator? Yes or no (if not please move to next question) No**

**If yes, please answer the following:**

- Do you operate
  - Internationally
  - Domestically
  - both
- Do you specialise in a type of vessel/freight movement?
  - If yes, what type?
- Do you own any Australian-flagged vessels?
  - If yes, how many and what type?
- Do you operate foreign flagged vessels in Australia?
  - If yes, how many and what type?
- If you own or operate vessels, what determines your choice to register a vessel in a particular flag-state?
- What would motivate you to register (more) vessels in Australia?
- What specific obstacles prevent you from registering more vessels in Australia today?
- Are you also a freight forwarder?
- Do you use the services of a freight forwarder?

**4. Are you representing an industry or other peak body? Yes or no (if not please move to next question) No**

**If yes, please answer the following:**

- Who do you represent?
- What is your group's interest in the strategic fleet?
- Why are these of interest?

**5. Are you another stakeholder? Yes or no (if not please move to next question) Yes**

**If yes, please answer the following:**

**What do you do?**

**PPA Response:** Pilbara Ports Authority (PPA) is the world's largest bulk export authority, and encompasses the Ports of Port Hedland, Dampier, Ashburton and Varanus Island and five future port sites in the North West of Western Australia. PPA operates as a Western Australia Government Trading Enterprise (GTE) and is governed by the *Ports Authorities Act 1999 (WA)*.

The ports of Dampier and Port Hedland are among the world's largest bulk export ports, responsible for approximately 77 per cent of Australia's, and 42 per cent of the world's iron ore trade. Other major export commodities include liquefied natural gas (LNG) and salt. Approximately 34 per cent of Australia's exports and seven per cent of global LNG trade is exported through the ports of Dampier and Ashburton.

In financial year 2021-22, a total annual throughput of 733.1Mt was achieved through more than 17,000 safe vessel movements.

The Authority provides overall port management and coordinates Vessel Traffic Services (VTS), ship scheduling, berthing allocations for multi-user facilities and port communications. The Authority maintains shipping channels, navigation aids and other port infrastructure, and contracts out or issues licences for stevedoring, towage, pilotage, pilot transfer helicopters and pilot boats, security services and waste management services.

### **What is your interest in the strategic fleet?**

**PPA Response:** PPA's submission focuses on three key issues regarding the creation of an Australian strategic fleet. This includes:

- Helping minimise the impacts of shipping disruptions, including economic and business impacts that expands across the supply chain;
- Training and development opportunities; building a locally based, sustainable maritime industry, creating local jobs and stimulating the economy;
- Benefits of direct shipping, with economic, social, and environmental benefits realised from increasing the number of goods transported to regional areas directly via sea as opposed to via road from city-based ports.

## **Part Two – Strategic needs**

### **What is the strategic need?**

To help the Taskforce home in on what the strategic needs the fleet could meet, the next question takes the example of a long-term stoppage to shipping. This is to help focus attention on the situation where there will be major consequences for the economy and community and to consider how the fleet could be used in times of crisis. This is not to discount the impacts from other disruptions or the consequences for businesses or individuals, but to help government understand how to best use limited resources and identify a fleet that meets the greatest needs.

6. 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

Please provide as much detail as possible. You may wish to think about whether the consequences are high, medium or low. A high consequence would mean people's lives would be at risk, medium is where activities could operate at a reduced level through to minor consequence where activities would be able to operate in any case or alternatives are available.

For example, if container shipping stopped and imports of medical equipment were unable to be shipped people's lives may be put at risk. If imports of Halloween decorations were not shipped then there would be little consequence to the economy or community (acknowledging the individual business impacts).

**PPA Response:** In FY2021-22, PPA achieved a record-breaking throughput of 733.1 million tonnes, with more than \$165 billion worth of commodities passing through PPA ports. This was the third year in a row that PPA's throughput increased – with each year being a year of record throughput. That this occurred during a period of significant uncertainty in global supply chains caused by a one in one hundred year pandemic demonstrates the resilience of the resources sector.

These continued, impressive throughput levels deliver strong economic returns for State and Federal Government, with dividends and royalties payable to the State and income tax revenue collected by the Commonwealth. This was highlighted in the 2020 Federal Budget, with a \$300 billion boost to its bottom line due to high iron ore prices.

The Port of Port Hedland is the world's largest bulk export port, with a throughput of 561.1 million tonnes achieved in FY2021-22.

The value of the Port is highlighted in the *Economic Significance of the Port of Port Hedland* report undertaken by ACIL Allen Consulting, finding:

- The Port of Port Hedland and its supply chain pumped \$54.7 billion into WA's economy in 2018/19;
- The Port of Port Hedland supply chain's economic contribution accounted for 20 per cent of WA's Gross State Product in 2018/19;
- The Port of Port Hedland and its supply chain supports one in every 12 jobs throughout the State; and
- The Port of Port Hedland contributed \$1.1 billion to the Town of Port Hedland's economy, creating 3,581 direct and indirect full-time jobs — 44 per cent of all jobs in Port Hedland in the year — and paid almost \$500 million in wages and salaries to resident workers.

These figures highlight the vital role PPA ports play to the local, state and national economies.

Notwithstanding the resilience of the shipping component of the resources industry's supply chain during the period of the pandemic, a significant shipping disruptions would not only impact resources companies who export iron ore, LNG, critical battery minerals and salt, but would also impact the local supply of fuel that is essential to Pilbara communities, containerised direct freight, and cargo that is required for the ongoing operation of mines in the region, such as train engines and mine site tyres.

In addition, there is a risk that the ability to decarbonise the region could be delayed if renewable energy plant and equipment which is required to be imported is unable to be brought in through ports.

Shipping disruptions at PPA ports would cause significant economic impacts felt at a local, state and national level – they could cause major supply disruptions for companies who export and import goods from Pilbara ports and result in job losses. The scale of this impact would depend on how long shipping disruptions are experienced – to put it into context the Port of Port Hedland is estimated to facilitate \$300 million worth of trade in a 24-hour period.

### **What are the benefits from the fleet during 'business as usual' or other scenarios?**

Outside of the strategic fleet being called on in times of great disruption, the Taskforce is interested in what other benefits the fleet may provide. In providing your answers to the questions below, you may wish to consider where the fleet might provide more certainty and more control for Government or industry. The following list is a guide – there may be more areas of opportunity for your particular area of shipping.

- Continuity of supply
- Service frequency and reliability
- Service quality
- Risk mitigation – controlling unknown risk factors
- Efficiency and productivity
- Ability to secure long terms contracts of affreightment
- Freight contract terms e.g. moving from FOB contracts, to, for example, CRF contracts
- Future investment in ships, shoreside infrastructure and the workforce
- Business development opportunities
- Innovation and uptake of technology
- Decarbonisation
- Creation of a maritime cluster

7. Benefits to you or your stakeholders.

- If a fleet of Australian flagged and crewed vessels was established, would you see benefits from the fleet for your business or your stakeholders during periods of 'business as usual'?
- What are these and who would benefit?
- Do you have any data or research that quantifies these benefits?

For example, having a fleet may provide training and employment opportunities.

**PPA Response:** In order for a fleet of Australian flagged and crewed vessels to be sustainable, there needs to be a ready supply of adequately trained crew and suitable training institutions. There also needs to be training for the various maritime workers in services that support vessels moving through Australia's ports.

PPA has identified the need to invest in locally based training frameworks that provides viable career pathways and builds a skilled, locally based maritime workforce.

The need for further education and skills training in regions such as the Pilbara, particularly focusing on the maritime sector has been acknowledged through a number of reports:

- Infrastructure Australia's recently released report entitled "*2022 Regional Strengths and Infrastructure Gaps Regional Analysis – Western Australia*"<sup>1</sup> highlights access to further education and skills training as an infrastructure gap in the Pilbara. As outlined in the report, the Pilbara region's access to further education and skills training is largely limited to North Regional TAFE Karratha Campus which specialises in business, beauty, trades and skills, and high-risk training, and the Pilbara Universities Centre which acts as a hub for students to engage in remote tertiary education.
- The Regional Development Australia Pilbara Strategic Plan 2021/22 - 2023/24<sup>2</sup> has also identified the need for further investment in education and training infrastructure and initiatives that would help to build both a skilled and unskilled workforce in the region as part of its strategy for skilled workforce attraction and development. Given the region's high level of industrial activity, there is also an opportunity to provide industry-specific research and development in these areas.
- A skilled, local workforce has also been identified as a priority for the State Government, with Skills Summits being held across WA to progress practical actions to address the workforce needs of regional industries.

PPA managed an excess of 17,000 vessel movements in 2021-22, ranging from offshore supply vessels to Very Large Ore Carriers. To help sustain and increase this volume of shipping, a local maritime workforce is vital.

The Port of Port Hedland has the largest tug fleet of any port in Australia, with 21 large specialist rotor tugs and six escort tugs that require 24-7 operations. This creates cadets and deck-hand training opportunities.

The Port of Port Hedland also has the largest number of helicopter transfer flights across the Pilbara, with the Port currently having 28 marine pilots who provide marine pilotage services.

With increased shipping volumes, there is also an increasing demand for linesboat, Vessel Traffic, Landside Operations and other ancillary port services, with ongoing training required.

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<sup>1</sup> Infrastructure Australia (2022), *Regional Strengths and Infrastructure Gaps Regional Analysis: Western Australia*, Page 533.  
<[https://www.infrastructureaustralia.gov.au/sites/default/files/2022-03/9\\_RSIG\\_Regional%20Analysis\\_WA.pdf](https://www.infrastructureaustralia.gov.au/sites/default/files/2022-03/9_RSIG_Regional%20Analysis_WA.pdf)>

<sup>2</sup> Regional Development Australia Pilbara (2021), *Strategic Plan 2021-22 - 2023-24*, Page 29  
<[https://www.rdapilbara.org.au/\\_files/ugd/c14dc8\\_ad9b335c5f254d6eb1cdb003496be9cf.pdf](https://www.rdapilbara.org.au/_files/ugd/c14dc8_ad9b335c5f254d6eb1cdb003496be9cf.pdf)>

The local skills shortage was brought to the forefront during the COVID-19 pandemic, with WA's controlled borders impacting the availability of skilled labour, in particular highly trained marine and helicopter pilots.

One-way PPA is addressing this through its Marine Cadet Program, which was established in 2018. The program develops talent locally to support the marine industry, as well as improving career opportunities for young people in the Pilbara.

The Marine Cadetship Program is a fully mentored career pathway, which includes shore-based training and sea experience to help cadets obtain a Diploma of Maritime Operations. Marine cadets are trained in navigation, safety and learn about marine functions in ports including vessel traffic services, tugs, and pilotage. After completing shore-based training, marine cadets spend 300 days at sea over a two-year period, getting hands-on experience in bridge watch, emergency management and navigation.

This cadetship addresses the difficulty for young Australians to secure the time at sea required to earn marine qualifications, particularly as the number of Australian-registered ships reduces. PPA offers the only marine cadetship in Australia that gives school leavers the opportunity to gain experience on international trade routes.

There are five marine cadets currently in the program, with PPA's first ever marine cadet graduating earlier this year. To date, all of the marine cadets have been from Port Hedland and Karratha.

Having a Strategic Fleet would help boost local training opportunities in the maritime industry, which is vital as demand for services increase. This requirement will only be amplified with PPA gradually assuming oversight of the ports of Barrow Island, Cape Preston, Onslow and Port Walcott and the development of five greenfield ports.

#### 8. Broader benefits

- Do you see the fleet providing benefits to national security and sovereignty?
- What are these benefits and who would benefit?
- Do you have any data or research that quantifies these benefits?
- Do you see the fleet supporting future economic activity?
- What activity and who would benefit?
- Do you have any data or research that quantifies these benefits?

For example, having a fleet may open up regional manufacturing opportunities by moving bulk goods in volumes that are currently unable to be moved by road or rail.

**PPA Response:** Currently, most freight destined for WA's north is shipped to Fremantle Port from overseas ports, and then trucked to the north of the State. The long-held aspiration of establishing direct shipping services from Asia to the Pilbara was realised in November 2020, with the first direct shipment vessel arriving at the Port of Port Hedland. This was followed closely by the Port of Port Dampier, with direct shipment services commencing in February 2021.

Infrastructure WA's Draft State Infrastructure Strategy<sup>3</sup> supports the expansion of direct shipping to the State's north to realise significant cost savings and transform intrastate freight markets.

The Port of Port Hedland has seen the introduction of three direct shipping lines, with two of these lines also servicing the Port of Dampier. The success of these services is evidenced by the Port of Port Hedland seeing a

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<sup>3</sup> Infrastructure WA (2021), *Foundations for a Stronger Tomorrow, State Infrastructure Strategy Draft for Public Comment*, Page 199. [https://www.infrastructure.wa.gov.au/sites/default/files/2021-07/Foundations-for-a-Stronger-Tomorrow-Draft-for-public-comment-web-standard\\_2.pdf](https://www.infrastructure.wa.gov.au/sites/default/files/2021-07/Foundations-for-a-Stronger-Tomorrow-Draft-for-public-comment-web-standard_2.pdf)



ten-fold increase in container volumes over the past 12 months, with PPA identifying that its First Point of Entry facilities will need to be tripled to accommodate inbound cargo.

As highlighted in Transport NSW's 'Principles and Guidelines for Economic Appraisal of Transport Investment and Initiatives'<sup>4</sup> direct shipment brings many benefits, including:

- reduced freight costs and travel time, generating savings for businesses;
- improved reliability of freight, allowing businesses to realistically predict the amount of buffer-time in the delivery of goods, reducing the costs associated with storing goods;
- savings in infrastructure maintenance costs through reduced wear and tear on road infrastructure;
- creation of employment at the ports related to a new direct service;
- travel time savings for non-freight users of highways by reducing congestion, eliminating the need for overtaking, resulting in fewer accidents;
- reduced instances of pilferage as a result of lower road-based freight tonnage;
- improvements in pedestrian safety where road trains are travelling through urban areas;
- reduced noise pollution from engines, air brakes, bodywork rattle and horns; and
- reduced emissions of greenhouse gases from lower road train vehicle kilometres travelled.

A recent report by ACIL Allen reinforces the economic benefit of direct shipping services at the proposed Lumsden Point development at the Port of Port Hedland, estimating the economic benefit for the of near-port freight efficiencies would be approximately \$5 million per annum, while imported cargo freight efficiencies are in the order of \$60 million per annum.

As direct shipping services grow, there will be a requirement to invest in infrastructure upgrades at designated ports, including biosecurity facilities, container cranes, depots, warehouses, and storage facilities.

An opportunity that could be explored is to expand northern Australian shipping services to connect to east coast ports, such as Townsville and Cairns.

These interstate routes would make Western Australia more resilient to flood events such as the ones experienced in early 2022, easing the congestion of goods and supplies that are delayed due to highway closures. This is in addition to the raft of economic, social, and environmental benefits that would be realised from increasing the number of goods transported via sea opposed to road.

### **Part Three – any other information**

Please provide any other information that you think would assist the Taskforce in its deliberations on identifying the strategic needs a fleet of vessels could address.

## **How I do provide a submission?**

Submissions should be in written form. Submissions and any other supplementary information should be provided via the Department's 'Have your say' consultation hub or via email at: [SFConsultation@infrastructure.gov.au](mailto:SFConsultation@infrastructure.gov.au).

Alternatively, you can send written submissions to:

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<sup>4</sup> Transport NSW (2016), *Principles and Guidelines for Economic Appraisal of Transport Investment and Initiatives*, Page 533.  
<<https://www.transport.nsw.gov.au/sites/default/files/media/documents/2017/principles-and-guidelines-for-economic-appraisal-of-transport-investment.pdf>>

Strategic Fleet Taskforce Section

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

GPO Box 594

CANBERRA ACT 2601

Submissions should be provided by **30 November 2022** to enable the Taskforce to consider your input in the context of its delivery of an interim report and final report containing recommendations to the Government.

Stakeholder submissions will be published on the Department of Infrastructure, Transport, Regional Development, Communications and the Arts website. Stakeholders can request submissions be partially redacted or not published publicly, should the information provided as part of the submission process be considered sensitive.

Submissions may also be provided to external service providers contracted by the Department.

## What are the next steps?

Stakeholder submissions will be collected, analysed and used to inform the Taskforce's analysis.

The Taskforce may undertake additional targeted consultation with select stakeholders to further inform its interim report.

The Taskforce is anticipated to provide its interim report to Government by the end of December 2022. Publication of the interim report is subject to a decision of the Government.

To assist the Taskforce's delivery of a final report in mid-2023, a second discussion paper is expected to be released in early 2023, accompanied by further consultation. The Department will contact stakeholders who provided submissions to advise on the next round of consultation. The Taskforce's webpage will also be updated regularly with the latest information for stakeholders.

## ATTACHMENT A

### Terms of Reference for Strategic Fleet Taskforce

#### Australian Government announcement

The Government has announced it will establish a strategic fleet of up to 12 Australian flagged and crewed vessels. The Government has committed to appointing a Taskforce that will provide independent advice to guide its decisions. The Taskforce will provide advice on the establishment of a strategic fleet of Australian flagged and crewed vessels that would be privately owned and operate on a commercial basis, but could be requisitioned by the Government in times of national crisis such as natural disaster or conflict.

#### Context

Maritime trade is essential to Australia's economic and social wellbeing. Shipping accounts for 99 per cent of the volume and around 80 per cent of the value of Australia's goods trade. Australia is the fifth largest user of shipping services in the world, predominantly the export of commodities such as iron ore, coal and liquefied natural gas. Australia is a much smaller user of container shipping - accounting for around 1 per cent of global trade - but it is critical for our import of goods including medicines, electronics, whitegoods and inputs to production. The container trade also supports exports such as agricultural products and manufactured goods.

Australia relies on foreign flagged vessels to carry our maritime trade. In 2021, there were 26,400 ship arrivals at Australian ports by 6,170 unique foreign flagged ships. This included 1,100 arrivals by fuel tankers – or

around 3 arrivals a day. Reflecting the role of bulk commodities in our maritime trade, 69 per cent of unique ships that came to Australia were bulk carriers with container ships and oil tankers accounting for five per cent each.

Over the last 20 years, the number of vessels in the major Australian trading fleet (vessels over 2000 DWT – dead weight tonnes) has decreased from 37 to 15.

Australia relies on a professional and highly-skilled maritime workforce to ensure our vital maritime trade operates safely and efficiently. Secure employment and skills development pathways are needed to ensure the next generation of Australian seafarers can develop and have the opportunity to perform critical roles such as harbour masters and marine pilots.

Maritime supply chains in Australia and globally have experienced significant disruption due to the COVID-19 pandemic, port congestion and other supply chain issues leading to delays in supply and increased shipping costs. These disruptions have highlighted the interconnectedness and complexity of global shipping supply chains and risks to Australia’s economic sovereignty and national security.

## Terms of Reference

To manage these risks the Taskforce will undertake an assessment of Australia’s current and future shipping needs and maritime policy settings, including the role an Australian strategic fleet could play in the supply chain and in providing training opportunities. Identifying the strategic need first will help the Australian Government to understand what maritime and supply chain capabilities are required, and how a focused strategic fleet could be designed to best enable the Government to respond to future disruptions.

The Taskforce is expected to:

1. undertake an initial strategic assessment of:
  - a. Australia’s current and future shipping freight needs
  - b. the types of disruption that may occur, including natural disasters, in coastal and international shipping and how they would affect Australian industry and society, and
  - c. which of the identified freight needs the Government should position itself to influence and the level of control the Government could have with a strategic fleet of vessels.
2. Based on the findings of the initial strategic need’s assessment, undertake an assessment to identify:
  - a. preferred composition of the proposed fleet (number of vessels, type, age and capabilities required);
  - b. types of cargo that could be moved;
  - c. industries likely to use the fleet;
  - d. potential commercial partners;
  - e. routes on which vessels could operate commercially;
  - f. costs associated with establishing and maintaining the fleet;
  - g. workforce issues including any current or anticipated structural shifts in the nature and type of work in the Australian shipping industry, and the opportunities for a strategic fleet to provide secure employment, education and skills development pathways for the Australian maritime workforce;
  - h. associated risks including economic viability, market distortion, trade risks and effect on onshore users of shipping and on other transport modes; and
  - i. opportunities for a fleet to contribute to other Australian Government priorities and initiatives such as:
    - responses to emergencies and natural disasters, including the disaster ready fund;
    - supporting Defence or national mobilisation requirements;
    - building a more secure and resilient Australia by deepening partnerships with regional neighbours;
    - enhancing critical supply chains including Defence material;
    - supporting industry development and manufacturing initiatives;
    - trade diversification; and

- reducing carbon emissions and future fuels development.
- 3. examine methods to encourage shipowners to reflag vessels and employ Australian seafarers to give the Australian Government the maritime capability it requires and provide advice on the likely effectiveness of each method;
- 4. identify any other maritime policy options outside of the strategic fleet that would provide the government with a direct ability to reduce supply chain risks;
- 5. provide an indicative impact assessment of the effect that establishing a fleet would have on the Australian shipping industry, Australian users of shipping, the operation of Defence commercial vessels, the economy and national security;
- 6. assess whether the current regulatory framework is fit for purpose to support establishment of a strategic fleet, and provide advice on where the regulatory environment may need to change including:
  - a. any adjustments to Australia’s maritime taxation arrangements;
  - b. any adjustments to vessel registration and coastal shipping regulatory frameworks;
  - c. analysis of regulatory and cost implications for users of shipping, Australian vessels and foreign vessels;
  - d. how any proposed changes would support the strategic needs identified in the initial strategic needs assessment; and
  - e. the regulatory arrangements needed to enable the Government to requisition and redeploy vessels in times of crisis.
- 7. identify opportunities to partner with states, territories or New Zealand on matters related to the work of the Taskforce.
- 8. consider any other matters related to the Taskforce’s objective.

The Taskforce will engage in broad stakeholder consultation to ensure a range of views are considered. The Taskforce will also commission industry expert advice as appropriate to ensure any recommendations are commercially viable and supported by data and analysis. Advice will also be sought to ensure recommendations comply with Australia’s international obligations. The Taskforce should consider the potential to demonstrate options through undertaking pilots or adopting a phased introduction.

The Taskforce should have regard to any recent policy reviews, reports or research commissioned by Australian governments related to the work of the Taskforce.

## Out of Scope

The Taskforce will not:

1. compile a list of goods it considers critical to Australia, rather it will provide information on the capacity/capability needed to allow the movement of types of cargo that are critical
2. draft changes to specific pieces of legislation, rather it will advise on broader reforms needed
3. provide advice on specific existing vessels that could be chartered or otherwise engaged.

## Governance

The Taskforce will report to the Australian Government through the Minister for Infrastructure, Transport, Regional Development and Local Government. The Taskforce is an advisory body only.

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts will provide the secretariat for the Taskforce. The secretariat will be supplemented by officers from other Commonwealth agencies. The secretariat will also obtain internal and external expert commercial and legal advice and data analysis as appropriate.

## Membership

The Taskforce will be Chaired by Mr John Mullen. The Taskforce includes representatives from the Australian Government, shipping industry, major charterers, unions and Australian business.

The membership of the Taskforce includes: Dr Sarah Ryan, Mr Paddy Crumlin, Ms Angela Gillham and Major-General Jason Walk.

### Timeframes

The Taskforce will provide an interim report to the Australian Government by 30 December 2022 with findings from the initial strategic assessment as described in item 1 of the Terms of Reference. The interim report should include advice on any early actions it has identified that the Australian Government could take consistent with the full Terms of Reference.

The Taskforce will provide its final report to the Australian Government by 30 June 2023.

**-END-**