



Submission regarding strategic fleet

Questions

Please provide written answers to the following questions.

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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) [Yes](#)

If yes, please answer the following:

Do you move sea cargo

- internationally
- domestically
- both [Yes](#)

Do you

- import
- export
- both [Yes](#)

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 [Mainly aquaculture feed and some general freight](#)

What vessel type is used to move your cargo

- bulk
- container
- roll-on roll-off
- Other – please describe [General cargo vessel](#)

How often do you move cargo

- Weekly [Yes](#)
- Monthly
- Seasonally
- Ad-hoc



Other

Do you use a freight forwarder to arrange your sea freight? **No**

Do you own any Australian registered vessels? If yes, what type? **No**

Do you hold a Temporary Licence under the Coastal Trading Act? **Yes**

Do you charter or arrange for charter of foreign flagged vessels? If yes, what type? **Yes, mainly general cargo.**

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) **Yes**

If yes, please answer the following:

Do you operate

Internationally

Domestically

both **Yes**

Do you specialise in a type of vessel/freight movement? If yes, what type? **Yes, general cargo**

Do you own any Australian-flagged vessels? If yes, how many and what type? **No**

Do you operate foreign flagged vessels in Australia? **Yes**

If yes, how many and what type? **Just one at the moment but soon to be 3 general cargo vessels.**

If you own or operate vessels, what determines your choice to register a vessel in a particular flag-state? **AMSA is just impossible to deal with so we choose Marshall Islands flag. They are a good reputable flag with good standards, but some common sense.**

What would motivate you to register (more) vessels in Australia? **A more reasonable regulator and regulatory framework.**

What specific obstacles prevent you from registering more vessels in Australia today? **The cost of Australian manning is prohibitive and there are not enough qualified and willing crew available. Even if you want to man with Australians they are very difficult to find and even more difficult to keep.**

Are you also a freight forwarder? **No.**

Do you use the services of a freight forwarder? **Sometimes.**

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)

If yes, please answer the following:

- What do you do?
- What is your interest in the strategic fleet?



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. *We would be out of business*
 - your customers. *Would suffer serious hardship. They cant do business without shipping.*
 - the economy *Not going to do it any good is it?*
 - the community *Varies from mild annoyance to disaster depending on where you are and what you need. If you live in northern Australia for example there often isn't any other option for essential goods delivery.*

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).

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



To my mind the major benefits of a strategic fleet are training opportunities and the development of viable coastal shipping should be viable in such a large country. The coastal shipping fleet was destroyed by greedy unions (as much on the waterfront as on the ships) and poor management and investment decisions by the industry. We can take thousands of trucks off the road if we do this properly and efficiently. Investment in new efficient tonnage with minimum manning requirements needs to be the priority.

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'? **I don't see any benefits to the cargo owners. That would be much better served by opening the coast properly and getting rid of the coastal licence scheme, but its not all about the cargo owners.**

☒ 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.

This is the main reason for a strategic fleet in my opinion. We need seafarers for the ships, but also for the ports, pilots, marine industries etc. The average age of marine professionals is getting older and older and we need to train new people for the future. At the moment its almost impossible for trainees to get sea time.

8. Broader benefits

☒ Do you see the fleet providing benefits to national security and sovereignty? **Not really. 12 vessels is a drop in the bucket for our shipping task.**

☒ What are these benefits and who would benefit? **The risk here is that the only benefits accrue to the maritime unions.**

☒ Do you have any data or research that quantifies these benefits? **38 years of industry experience.**

☒ Do you see the fleet supporting future economic activity? **Possibly to a small extent.**

☒ What activity and who would benefit? **Training**

☒ 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. **The big issue is the cost and inefficiencies of the Australian ports. It costs \$1000 or so every time you pick up or put down a box. It just kills the economics.**



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.

Like many companies in Australia we are small and we need to be flexible and nimble. We are ship operators, ship builders, cargo shippers, and stevedores. We need to be flexible in order to thrive in a very peculiar shipping market in Australia. Each of these areas is completely different, but we operate across all these areas daily. We deal with many Australian customers who are ordering new vessels but none of them are currently interested in using an Australian flag because its just too hard and too expensive. We have been involved with Aust flag vessels (both RAV and DCV) for decades and can tell you from bitter experience that using good foreign flags, with good hand selected foreign crews is by far a better way to operate in Australia and NZ.

Its sad to say as I don't see there ever being a commercial Australian fleet again, but using a "Strategic fleet" approach may allow us to keep a toe in the industry and train mariners for the future. If we don't do something, then all of our maritime professionals will need to come from overseas and that would be a terribly shame for a country with such a vast coastline and freight task.

If we could get the numbers to stack up, we would very much like to operate a general cargo service around southern Australia and Tasmania with an Australian flag, but we would need some support to make the numbers stack up. Otherwise we would continue with what we are doing now which works well.

Scott Keane.

Southern Ocean Solutions Pty Ltd.