

SUBMISSION OF THE MARITIME UNION OF AUSTRALIA TASMANIA BRANCH ON KING ISLAND SHIPPING AND FREIGHT SERVICES

PARLIAMENT OF TASMANIA, LEGISLATIVE COUNCIL GOVERNMENT ADMINISTRATION COMMITTEE A

This submission responds to the Legislative Council's Inquiry into King Island Shipping and Freight Services (Inquiry). The submission firstly provides a brief introduction about the Maritime Union of Australia (MUA) and then outlines the MUA views and recommendations in respect of several of the terms of reference. Our submission is prepared in the context of recent changes to King Island (KI) shipping services and the Government response to same.

The Maritime Union of Australia

The MUA represents some 13 000 Australian seafarers, stevedores and other maritime workers, equating to more than 90% of Australian maritime workers. It is an affiliate of the 4.5 million-member International Transport Workers' Federation.

In Tasmania the MUA represents 700 maritime workers, with the majority or those members residing in the electorate of Braddon.

The MUA was formed in 1993 with merger of the Seamen's Union of Australia and the Waterside Workers Federation of Australia, which trace their formation to 1906 and 1872 respectively.

Background

The MUA Tasmania welcomes the Inquiry into KI shipping and freight services. These services are the island's lifeline; their importance cannot be understated. We are deeply concerned by the handling to date of the *Searoad Mersey* (Mersey) vessel replacement service and the persisting absence of any viable, long-term solution. The safety and conditions for maritime workers, the future of local business, particularly maritime reliant industries such as agriculture and mining, the livelihoods of residents, and the wider state economy are all suffering as a result.

An adequate replacement service, despite the Tasmanian Liberal Government (the Government) and Minister responsible having some three years notice and various service model proposals submitted, is yet to be implemented. Viable proposals included an offer by SeaRoad to the Government to purchase the Mersey for \$5 million dollars, shortly after the vessel had been at drydock (scheduled maintenance). SeaRoad requested the purchase be accompanied with a guaranteed 10-year contract with minimal subsided running costs. Given only one further drydock would likely have been required, meaning minimal future maintenance costs to the Government, this was a cost-effective proposal that would have provided the time and finance required to either redevelop or modify the Port of Grassy (Grassy) on KI, source an alternative vessel, or purpose-build a vessel. It would have prevented service disruption and loss of other critical shipping and freight needs, such as a triangulated Bass-Strait service and priority port access at Port of Melbourne (Melbourne).

It is important to consider this background information as it provides the context for what has instead followed; a series of time and resource-intensive, 'band-aid' fixes. Key stakeholders have been left out of the process, while fractures seem to be appearing in critical relationships¹. KI services modelled on

¹ Georgie Burgess, TasPorts boss hesitates on support for Minister Rene Hidding as King Island dispute escalates, ABC news online, 16 May 2017

a commercial basis... subject to market conditions... leaves the community vulnerable to decisions made purely for business reasons². The focus must be on securing a reliable and sustainable service that functions to provide security to the businesses and residents of the Island.

The wheel does not need to be reinvented for this to be achieved. There are existing shipping and freight operators and arrangements and various new approaches and modifications, which can and should be utilised in any future, long-term service model.

Any future shipping and freight model must be developed with consideration given to the above, to safeguard against such mishandlings in the future.

1. The current shipping and freight requirements of King Island, including freight costs and other charges related to shipping to and from King Island

KI will always need a reliable, affordable, and streamlined shipping and freight service that connects its businesses and community members to mainland Tasmania and Australia, via Victoria, and its export products beyond to international markets.

Freight volumes and frequency needs for KI have not changed in any significant measure since notice was given that the Mersey would be withdrawn in early-2017. They have in fact remained largely unchanged over the past 5 years³. An adequately sized vessel only has to frequent the Island once or twice a week to meet these needs, subject to seasonal demand. Despite this, costs and charges have been subject to unpredictable increases since the departure of the Mersey, and the requirement for its significantly smaller replacement, the *Investigator II* (Investigator), to make more trips to/from the Island.

The major shipping freight demands for KI are4:

- Agricultural supplies and produce, including fertiliser, stockfeed, beef and dairy products;
- Live cattle;
- Fuel;
- General cargo; including, scheelite, mineral sands and kelp to domestic and international markets; and
- Vehicles (passenger and specialised).

What this information shows is that KI shipping and freight services exist to provide for the needs of the local (and state) economy and residents. Supporting the Island's industries and ensuring residents are provided with security in the provision of basic needs is critical. A reliable, affordable service is one underpinned by direct investment into port and maritime infrastructure; a local, skilled workforce; pragmatic consultation between maritime experts and stakeholders, including the MUA; and a streamlined supply chain with operator's familiar with Bass Strait shipping, to mitigate against unexpected freight handling and associated costs.

2. The impact of high freight charges on the cost of doing business and the cost of living on King Island;

KI is entirely reliant on the maritime industry to sustain its communities and economy. Freight costs *must* remain affordable and transparent. The service implemented since the departure of the Mersey operates with multiple providers in a now-fragmented supply chain. High, unpredictable and

² Parliament of Tasmania, *Island Transport Services: final report*, Legislative Council Select Committee, 2011, p. 17

³ Tasmanian Ports Corporation Pty Ltd, Tasports Annual Report 2015-16, p. 22

⁴ Tasmanian Government, Department of State Growth, *King Island Shipping: service project final report*, November 2013, p. 14

inconsistent freight costs will have the greatest fiscal impact for private and commercial customers, and cannot be justified when the service is operating at a substandard level.

To understand the impact of higher freight costs and how the resultant issues can be addressed, it is important to examine the causes of recent price hikes. There are three key factors to consider, noting that they do not occur in isolation from one another.

1. Loss of a streamlined, triangulated shipping and freight service

The loss of a streamlined Bass Strait service where operators have beneficial relationships and agreements in place, including priority port access in Victoria, singular consignment of goods, access to subsidies and stevedoring workforces at all ports, is the major contributor to increasing freight costs for KI.

The Investigator is operated by Bass Island Line (BIL), a new wholly owned subsidiary of the Tasmanian Ports Corporation (Tasports), established in early 2017 when other KI service proposals fell through⁵. BIL offers a direct service from KI to mainland Tasmania, with transhipment options to Melbourne. While there is economic merit to a Tasmanian Government Business Enterprise (GBE) operating such a service, the decision by the Government to use Tasports and not TT-Line, a GBE that's primary business is shipping and which has Bass Strait experience, is hard to understand.

TT-Line, like Searoad and Toll, has existing shipping infrastructure and expertise, and stevedoring workforces at Port of Devonport (**Devonport**), Port of Burnie (**Burnie**) and Melbourne. This affords them singular consignment and priority port access, meaning freight is loaded/unloaded in a timely and efficient manner. As such, freight handling and on-costs are minimised through a simplified supply chain. Tasports, having moved away from their non-core business with BIL, are not afforded these advantages.

In the absence of a simplified KI supply chain:

- · more parties handle the freight
- the number of times freight is loaded/unloaded increases
- each party handling freight applies charges to make the transaction viable
- customers absorb these additional costs
- loss of priority port access and dedicated stevedores brings a potential increase in on-costs such as road and rail freight
- the market is opened to new entrants. For a small economy such as KI, this can destabilise cost schedules and work arrangements.

The MUA is of the view that contributing to the current increase in freight costs is the creation of BIL and the manning arrangements for the Investigator. The Investigator is crewed through Polaris Marine, a Sydney based manning agent. This introduces yet another external operator into the chain whose costs must be accounted for, potentially by factoring them into freight handling charges. Using current bass strait operators for triangulation, priority berthing and manning prevents the diversion of economic opportunity away from Tasmania, and minimises the risk of freight costs increases for KI business and residents.

⁵ Bass Island Line, Tasmanian Ports Corporation, website, 2017

2. Smaller vessel, reduced freight capacity

The Investigator has a freight capacity two-thirds lesser than its predecessor⁶. This has meant that since it began operating for KI, it must travel to/from the Island more frequently than the 1-2 times/week required⁷ to meet the needs of residents and businesses. Where the Investigator cannot service the run, the Government has proposed that private operator Eastern Line carry out additional sailings; funding is provided to install technical solutions on the Investigator to increase its capacity; and residents and business owners should organise their freight orders to allow for possible delays⁸. It was expected that a 20 percent price increase would be applied to counter the associated additional running costs of the above interim solutions, and that this would be absorbed by the operator⁹.

Impacts on cost of living and business

The MUA is concerned by evidence that not only are costs increasing by more than 20 percent, they are being absorbed by residents and local business rather than shipping and freight service providers. The MUA is concerned about the wide-reaching adverse impact of high charges and price uncertainty.

Energy, fuel, living costs

As a remote island, connection to the mainland electricity grid is not possible. While the Island's renewable energy program, facilitated by Hydro Tasmania, can deliver 65% of energy needs, there will always be a reliance on fuel, and diesel-generated electricity¹⁰. The Power Station at Currie will remain a freight user as its diesel is imported in shipping tank containers. High shipping and freight costs for fuel will be passed on to affect the affordability of food and pharmaceutical products, household utilities (water, gas and electricity), and business and personal transport (fuel) needs. Fuel on KI is already 40 cents/litre more expensive than the rest of Tasmania¹¹. Further cost increases borne from unnecessarily high freight charges, would be detrimental and felt across all the islands businesses and communities.

<u>Industry</u>

The KI beef business, the largest industry for the island and 22 percent of Tasmania's total beef production industry, is already subject to higher than average freight costs comparative to mainland Tasmania and Australia¹². This is due to the closure of the local abattoir in 2012, threats to fertiliser supply and increased fertiliser shipment costs since the departure of the Mersey, and the need to engage in a more complex supply chain to reach wider markets (produce must travel more routes to reach its destination, it is subject to greater time-sensitivities, and it will always involve shipping). The Island's primary industry will become commercially unviable if freight charges continuing increasing. The continuation of the iconic "King Island Beef" and "King Island Dairy" labels is dependent on an affordable and regular shipping service to/from major ports in Devonport and Melbourne. Increased

⁶ Parliament of Tasmania, House of Assembly Question Time, Transcript, 4 May 2017

⁷ King Island Shipping Group 8-Point Plan: Requirements of a King Island Shipping Service, King Island Shipping Opportunity, Attachment 1, King Island Shipping Group, 2011, p. 2

⁸ Tasmanian Ports Corporation Pty Ltd, Bass Island Line, Bass Island Line Six Point Action Plan for King Island, factsheet, 12 May 2017

⁹ As above at 6

¹⁰ King Island Renewable Energy Integration Project, Australian Government, Australian Renewable Energy Agency, website, 2011

¹¹ Tim Philips, Flinders Island Fuel Supply Study – Summary Report, Report for Flinders Council, January 2015, p. 10

¹² King Island Beef Producers Inc., Submission to Australian Government Productivity Commission, 12 December 2013

freight costs stand to have a devastating impact on the many individuals, families and other businesses whose livelihood rely upon it.

Vehicles

Residents are required to transport their vehicles to the Tasmanian and Victorian mainland for myriad reasons, including temporary relocation for medical treatment (for example, birthing facilities are not available on the Island¹³), tourism, and relocation. Ensuring residents have access to a reliable and affordable service at such life junctures should be a priority for the Government.

Locals have provided paperwork showing that the cost of shipping a vehicle between KI and Victoria has increased from \$468 in June 2016 to \$888 in June 2017, with no guarantee that the rebate of \$210 offered under Searoad's service will be paid. A copy of the consignment notes from Mersey and BIL, personal details redacted to protect the resident's identity, are attached to this submission and marked Attachment 1 and Attachment 2, respectively.

The residents report that in May this year, they were advised by the operator that:

"The car will be put on the Spirit of Tasmania when space is available. We cannot be told when it will leave King Island and cannot be told when it will arrive in Melbourne because of space availability. We are in a no-win situation"

Urgent steps must be taken to support local residents to ensure they are not subjected to such uncertainty and expense, at no fault of their own.

Future economic opportunities

If the intention remains to continue pursuing an 'open, unregulated market approach'¹⁴, this will not be possible while rising freight costs go unchecked. Proposed projects for the Island include the reestablishment of an abattoir, development of wind farms, and two golf courses developed with associated tourism¹⁵. Tourism could be a growth sector for the KI economy, especially if the ability for tourists to travel with vehicles becomes a possibility. High freight charges and an unreliable service will act as a deterrent to capitalising on this opportunity. Measures must be implemented to ensure this does not happen and that all prohibitors to the Island's economic growth and resident and business livelihoods, are removed.

Recommendation: return the KI service to an established Bass Strait operator with access to a triangulated, streamlined supply chain; priority berthing; local manning; and specific KI and shipping expertise.

Recommendation: minimise the involvement of multiple service providers, particularly those without Bass Strait experience, and retain the services of local manning agents.

Recommendation: urgently source and invest in a larger vessel, or urgently modify a vessel to increase its capacity and reduce higher freight costs associated with additional runs and delivery delays. A guarantee must be given to KI residents and business' that they will not shoulder these costs.

¹³ King Island Regional Development Organisation, website, 2014

 ¹⁴ Rene Hidding, Tasmanian Government, Department of Premier and Cabinet, Department of Infrastructure, Liberal Government to seek proposals for new King Island shipping service, media release, 27 November 2015
 ¹⁵ As above at 4.

Recommendation: Immediately review existing subsidisation schemes to ensure the status-quo is maintained and on-costs are not being passed on to KI freight customers, private or commercial. Where increased freight costs are unavoidable, investigate the potential for self-subsidisation by Bass Strait shippers offset against peak season demand and increased trade.

Recommendation: Ensure KI fuel security, and the living and business requirements it provides for, are not compromised by increased freight charges. The Government must invest in and subsidise any increases to fuel prices bought on by high freight costs.

Recommendation: Support the reopening of a KI abattoir as a means to streamline services and reduce freight costs for this primary KI industry.

The adequacy of the current port facilities on King Island and ports in North West Tasmania that may service King Island;

It is inevitable that the Tasmanian Government will need to invest in redevelopment of the existing KI port facilities. If Grassy is to accommodate the upheaval to the shipping service, operate at maximum capacity and provide a safe and efficient service into the future, it will require dedicated funding. Improving the port facilities on KI will have the flow-on advantages of expanding service vessel choice and addressing current KI shipping and freight problems, preventing port congestion and delivery delays, and supporting local workforces and maximising safety. While major port redevelopment is optimal, there are modification options which can be carried out in less time and potentially for less cost.

It has been long foreshadowed that Grassy requires redevelopment, in particular if it was to manage the departure of the Mersey with minimal shipping and freight interruption. The port was constructed in the 1970s and has had some works carried out since this time but not on a full, port-wide redevelopment scale. This is despite multiple assessments concluding that expansion is necessary if shipping activities are to carry on uninterrupted after the replacement of the Mersey with a larger vessel¹⁶. Some of these were completed as early as 2008, meaning that the departure of the Mersey was anticipated some 9 years ago.

Port of Grassy

Until very recently, the stevedoring workforce on KI was provided by Searaod Shipping (Searoad), these employees felt the full impact of the Governments mishandling of King Island shipping debacle, having been made redundant due to the Searoad contact not being re-established. Currently stevedores are employed under the union-negotiated Tasports Enterprise Agreement (EA) working at the port. During the preparation of this submission, the MUA was informed by a KI member that Tasports had employed additional stevedore labour for the site. The MUA welcomes this decision because it supports the local labour force and economy, and will address serious safety and operational concerns that had developed at Grassy since the departure of the Mersey.

Grassy currently allows for vessels up to 120m in length, including Roll On/Roll Off (RO/RO) vessels. Grassy is a shallow water port, meaning high winds and tides on KI are fully felt by vessels attempting to dock.

For a small vessel such as the Investigator the existing port design and infrastructure, including a fixed ramp, and subjectivity extreme weather conditions, mean the vessel can often be stuck outside port waiting to come alongside or stuck alongside waiting to safely depart the island. This has safety

¹⁵ GHD Pty Ltd, Report for King Island Port Feasibility Study "Sea Link to the Future", prepared for King Island Ports Corporation and King Island Council, December 2008, p. 10

implications for the crew onboard, presents an increased risk of damage to cargo, and is causing delivery delays for customers. Where the Investigator does manage to dock, our members are reporting safety concerns when they are loading/unloading and the weather changes without notice, and in relation to operating under pressure on limited staff and hours. Little dialogue has taken place around the safety concerns of affected KI maritime workers and ships crew. This must be considered and accounted for in future service models and recommendations are outlined under Q5.

Floating ramp

The installation of a floating ramp, which works with the tide, would increase the ability of vessels to dock during high winds and tides. A floating ramp would help:

- increase the choice of vessels to service the Island
- avoid having to purpose build a vessel
- prevent delayed deliveries by increasing circumstances under which the Investigator (and other vessels) can dock safely
- · limit the risk of cargo damage and wastage
- improve safe working conditions for stevedores and seafarers
- prevent port congestion.

Operational requirements

The MUA and its KI members are hopeful that the recent decision by Tasports to increase the number of stevedores at Grassy will alleviate the pressures.

A bigger vessel is required to fill backlog freight demands. It will also provide for an injection into the local economy via increased employment, and for local businesses as it will improve freight efficiency. It will also support Tasports provision of stevedoring on KI, given the GBEs decision to expand into this area is a move away from its core business.

Increasing manning numbers on the vessel at the same time as the KI port workforce is increased, would further reduce risks that have recently arisen to the safety of workers and the public.

North West mainland ports

A triangulated shipping service will always be the optimal model for KI. Only Devonport and Burnie can provide for this and they remain, in the view of the MUA, the preferred ports of destination to/from KI¹⁷. The Port of Stanley (**Stanley**) with only a 10-tonne limit, is classified by Tasports as a "community" port whereas Devonport and Burnie are "major ports".¹⁸ It therefore does not have the capacity to fully serve the KI run. It is also situated approximately 80km from Burnie and 125km from Devonport, meaning road freight will be required as cargo would have to transit through the other North-West ports, and the freight on-costs would likely be passed onto business and customers (refer Q2).

If Stanley were to be used for the KI service it would require major redevelopment. At present, it can accommodate live cattle shipments and recreational and small-medium commercial fishing industry. Investing to expand Stanley and its operations, to accommodate the KI service, is not an economically viable option. The small port does require work to be carried out however standard maintenance projects should not be confused with the KI shipping service model.

¹⁷ King Island Shipping Group 8-Point Plan: Requirements of a King Island Shipping Service, King Island Shipping Opportunity, Attachment 1, King Island Shipping Group, 2011, p. 4

¹⁸ As above at 3

The existing port facilities on KI are in need of an upgrade, if not a full and thorough redevelopment. Investing in adequate port infrastructure is a critical and unavoidable component of addressing KI shipping and freight issues and needs now and into the future.

Recommendation: undertake a projected, thorough and updated cost analysis of full port redevelopment and expansion, including a cost comparison against installing port modifications only. Ensure all proposals account for connected issues, including but not limited to vessel choice, service sustainability, worker and public safety, weather conditions, Bass Strait triangulation.

Recommendation: ensure investment is made directly into KI port infrastructure and services, and not diverted to other parties or works. Funds can be managed through Island established and run cooperatives, interest holders and Council. This will provide interest holders with control and oversight.

Recommendation: make urgent enquiries into the costs to install a floating ramp at Grassy and if feasible, move ahead with this modification on its own or as part of a larger port development, if major works are approved.

Recommendation: where it is proven that a larger workforce is improving operational efficiency and safety, ensure through industrial agreements, that the size of the workforce is maintained. Where any future reduction in the workforce is proposed, this must be done only through consultation with the employees, their elected representative and safety officers.

Recommendation: return to a triangulated shipping service with priority berthing, using Devonport and/or Burnie as the mainland Tasmanian ports and Melbourne.

4. The requirements to provide a sustainable service to meet current and future freight needs of King Island

The issues currently threatening the sustainability of the KI shipping and freight service have been detailed above, as have other contributing factors. For the sake of brevity, we will avoid repeating these below and focus on other requirements and recommendations not already posited. It cannot be overstated however that there is no single, simple fix for KI and the delivery of a sustainable, reliable and affordable service now and into the future is dependent upon a comprehensive response that accounts for all factors dealt with in this submission.

Vessel requirements

Vessels up to 120m in length can dock at Grassy although currently a vessel restriction of 95 m Maximum, 5 m draft twin screw with bowthrusters is imposed on the wharf access. The advantage of a larger vessel is increased capacity and an ability to reduce the number of required trips to meet freight demand. In turn, freight costs and delivery delays are reduced. To counter against the extreme winds and tides that KI is subjected to, servicing vessels should ideally also be low. To protect freight, in particular vehicles and other goods that cannot be containerised, a vessel with undercover goods storage is required. The Investigator does not meet these specifications and an alternate vessel should be sourced.

Roll On/Roff (RO/RO) vessel

A RO/RO vessel would be able to accommodate the diverse types of cargo that are imported and exported from KI. A 90 - 100m RO/RO vessel that allows for cattle, containerisation, vehicles and

people would be a cost-effective measure and able to be implemented in a reasonable timeframe. In comparison to the Government's proposal to further invest in the Investigator at \$4000 per day or replace with another short-term solution, the option of purchasing a RO/RO provides a better and more long-term solution.

Port modifications and expanding vessel choice

The MUA appreciates that the current pool of service vessels from which to find a regular vessel is limited. The cost of a purpose-built vessel is likely to be into the millions of dollars. Port infrastructure and operation modifications can be made and would allow for greater vessel choice now and into the future, making them a worthwhile investment.

The capability to construct an all-weather port using the existing breakwater has an estimated cost of \$55M.

Installing a floating ramp as outlined Q.3 would be advantageous to the use of a RO/RO vessel as it would maintain a relatively constant height relationship between the dock and the ship's ramp through differing load weights and tidal cycles¹⁹. This would also have the additional benefits of improving safety and operational efficiency.

Vessel crewing

Regulated vessel(s) with a local workforce

The Searoad Mersey was an Australian-flagged and crewed Regulated Australian Vessel (RAV). This ensured the seafarers engaged on the ship were trained to Australian standards, received Australian wages and conditions, and the vessel fell under the jurisdiction of the Australian regulator, the Australian Maritime Safety Authority (AMSA). While there is uncertainty around the service operator and vessel, there is no binding requirement to uphold these standards.

Recent maritime reforms significantly expanding the pool of vessels classified as Domestic Commercial Vessels (DCV) have had the effect of encouraging operators to avoid using AMSA regulated RAVs. The use of DCVs currently places the operator outside AMSAs jurisdiction, in turn allowing them to reduce manning and qualification requirements below the recommended standards.

Any vessel under 80m in length is eligible to classified as a DCV. The Investigator therefore meets this requirement. The current manning on the Investigator is too low for operational purposes and putting crew at risk of fatigue and inturn greater risk to their safety and that of others. The MUA is therefore concerned that the current KI shipping arrangements are making the service vulnerable to the recent, detrimental maritime reforms regarding vessel classification.

Operators of DCVs can preference the employment of exploited, unskilled labour diverting jobs away from the local seafaring workforce and compromising the economy and worker safety by eroding Australian wage and conditions standards.

Partnership with maritime training providers

Tasmania is home to one of Australia's premier maritime training facilities, the Australian Maritime College (AMC) in Launceston. The existence of the training hub produces significant flow-on economic benefits to the State. Its contributions to a safe, productive and home-grown maritime workforce in Tasmania. It also has a fleet of fully-functional training vessels available. Through a partnership between KI Council, shipping operators, the Government and the Union, these vessels

¹⁹ Bankim Mallick and Curtis L. Ratcliffe, Floating or Fixed Dock for RO/RO Ship Operations, technical paper, July 1992

and trainee seafarers could assist and subsidise the KI/mainland Tasmania run. This would support local workers, particularly KI youth, and [provide a possible avenue for funding and subsidisation.

With minimal changes to KI freight demands over the past 5 years, and even when seasonal peaks and economic growth are accounted for, the requirements to deliver a sustainable, affordable and reliable KI shipping service are no different to what they were prior to the departure of the Mersey.

Commercial Viability

BIL was seemingly created, to be seen to be doing something, on an issue that the Government had not given the required attention and or concern to. The Minister responsible sighted 'sudden market failure' as one of the reasons the KI community found themselves without a reliable and suitable service in the second quarter of 2017. As highlighted already throughout the submission, sudden market failure was not the leading cause of the shipping and freight problems but incompetence, lack of knowledge and bullyish tactics by a government with an uncompromising position and ideology.

The KI Shipping task cannot be looked at from a commercially viable and or profit driven perspective. It has never been nor ever will be commercially viable for a single business unit to run a KI service alone. To counterbalance the commercial viability requirement of such operation could be achieved by utilising already placed private infrastructure, manning and maintenance of the current Bass Strait Operators.

The current Bass Strait operators not only have priority port access in both mainland Tasmania at Burnie and Devonport, but also mainland Australia, Melbourne. Commercial arrangements with one of the current providers would also allow for self-subsidisation from such business with additional freight tasks of that business during fluctuations of seasonal demand.

Recommendation: enter discussions with current Bass Strait operators (Toll, Searoad and TT Line) to run the service with Government subsidised assistance to protect from commercial loss.

Recommendation: Dissolve Bass Island Line (BIL)

Recommendation: source a vessel with a greater freight capacity, over 80m in length, rather than invest in modifications to the Investigator or another "short term" solution.

Recommendation: expand the pool of vessels available for purchase/use by modifying the existing KI port infrastructure in line with recommendation made under Q3.

Recommendation: consider the purchase of a RO/RO vessel, as a means to improve safety and operational efficiency. The purchase of a RO/RO vessel must be made in conjunction with the installation of a floating ramp at Grassy.

Recommendation: ensure any permanent replacement vessel is a RAV classification, crewed with Australian seafarers qualified to STCW standards, on Australian standard wages and conditions.

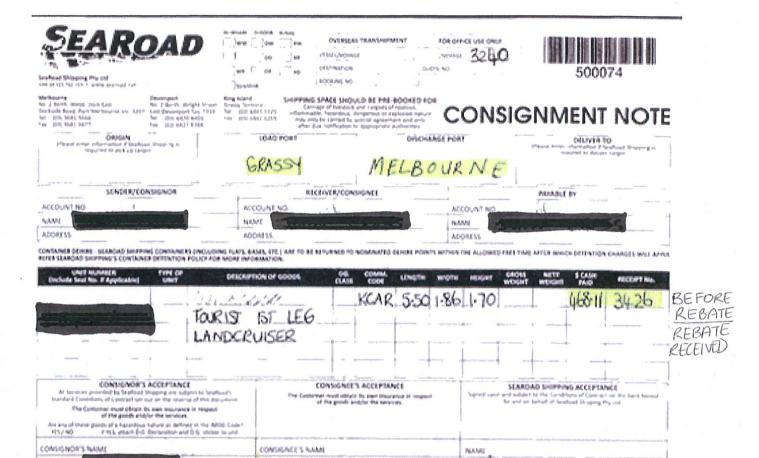
Recommendation: explore the possibility of partnership with the Tasmanian AMC, as a means to support KI vocational opportunities, economic growth and alternative funding avenues for the KI shipping and freight service.

5. Any other matter incidental thereto.

The MUA has recently prepared a policy platform that comprehensively addresses gaps that exist within the Tasmanian maritime industry, including KI, and details numerous recommendations for addressing these issues. Much of the content and recommendations are relevant to this Inquiry and should be implemented in conjunction with a revised KI service model. This will protect not only the Island but the broader Tasmanian maritime industry, which is central to our state's economic prosperity and communities. A copy of the policy platform is attached and marked **Attachment 3**.

Conclusion

The causes of and recent issues associated with KI freight charges are by no means singular. The impacts of an ineffective shipping and freight service are widely felt across Island businesses and residents, and extend into areas the Government is not considering, such as workplace and public safety. They cannot be rectified with a simple or cheap single fix, and the longer they persist the worse the damage done. A response that adheres to the principle of protecting and sustaining the Islands residents and economy, and is developed with a holistic, long-term view, is essential. The Inquiry must consider the information and recommendations throughout this submission in this way, and against the failures of the current, temporary model.



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Attachment 2

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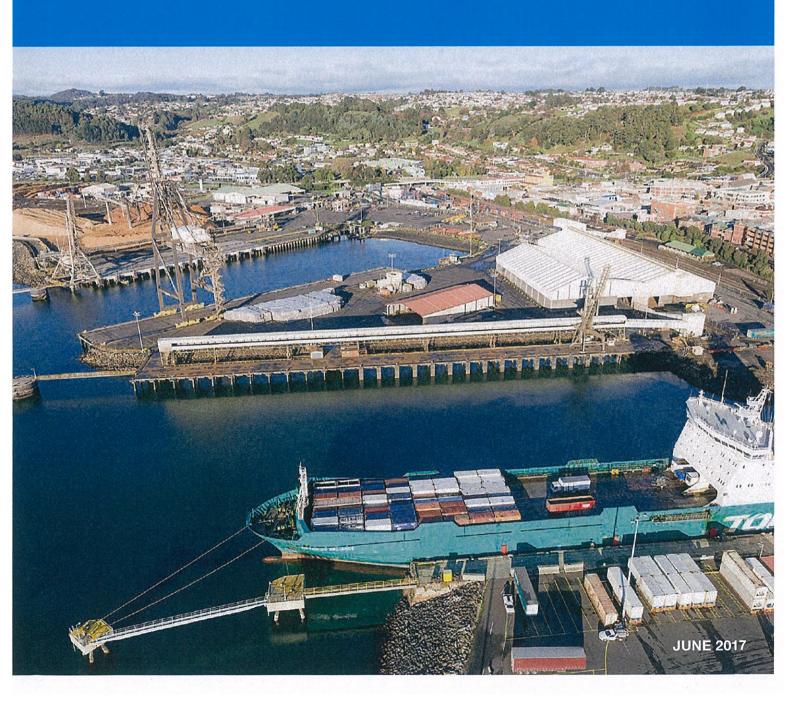
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PROTECTING OUR LIFELINE

AGENDA FOR THE FUTURE OF TASMANIA'S MARITIME INDUSTRY





was born and raised in Braddon. My father was a seafarer, a ten-pound Pom who fell in love with the sea, joined the merchant navy and then became a steward on the Princess of Tasmania, the Empress of Australia and finally the Abel Tasman, the passenger vessels connecting Tasmania to the mainland. He was a strong union man, and many of his past workmates have told me of his passion for helping others in the workplace, whether on the ship or on the wharf, regardless of what union or association they belonged to, in order to make it a safer place and improve their working conditions. I believe I have inherited from my parents a sense of equity, fairness, equality and justice.

Maritime operations are central to life in Braddon and vital to Tasmania's economy. The timely and efficient movement of passengers and goods to the mainland not only means hundreds of local jobs, but the industry also supports important industries in the tourism, agriculture, forestry and manufacturing sectors. That's why it's important to protect the local shipping industry. The Turnbull Government still hasn't ruled out plans to deregulate the coastal shipping industry in Australia.

In the supporting documents to the Shipping Legislation Amendment Bill introduced by Deputy Prime Minister Warren Truss in the previous Parliament, the government conceded there would be a "potential loss of Australian seafarer jobs". An independent report at the time found that 93 per cent of the industry would not survive.

For example, the Bass Strait non-bulk freight route between Victoria and Tasmania is currently serviced by 100 per cent Australian crew. Under the Government's projections, that would become 65 per cent foreign and 35 per cent Australian

 due only to the likely retention of Australian crew on the two Tasmanian Government owned Spirit of Tasmania ferries.
 Cruise ship work would decline from 40 per cent Australian to 100 per cent foreign and all movements of iron ore, bauxite, petrol and crude oil between domestic ports would be taken by foreign crew.

All up, fewer than 100 domestic seafarer jobs would remain in the blue water and this simply cannot be allowed to happen. The Abbott / Turnbull doctrine of allowing the car industry to go under cannot be replicated in coastal shipping. It is in Australia's national interest to maintain a viable shipping industry – whether from a national security, fuel security, local jobs or environmental safety viewpoint.

I am proud of my strong connections to the MUA; it is a union and an industry that supported my family growing up, with that support replicated during the 2016 election campaign. I believe we need to maintain a strong Australian maritime industry. That's why I will keep fighting for an Australian shipping industry that supports so many families with stable work and decent pay. I am also proud of the close working relationship I have with local officials and rank-and-file members of the MUA Tasmania Branch. I believe our results are a testament to what can be achieved when we engage with workers and their representatives.

gustinekeay

Justine Keay MP Federal Member for Braddon

conomic growth in Tasmania is not possible without its maritime industry. Shipping and port operations serve as the linchpin for other vital industries, and as the connection between our island state, mainland Australia and global networks. The unique opportunities and needs of our maritime industry require a thorough and considered government response. Currently, these are failing to be recognised and harnessed.

The solution is not complex, implementation of consultation mechanisms and reform of governance processes will ensure balance is restored between commercial interests and the best interests of our communities.

WHAT IS THE PROBLEM?

The absence of strong regulation and expert consultation in the Tasmanian maritime industry is jeopardising the state's economic prosperity and the livelihood of maritime reliant communities. The Tasmanian Ports Corporation (**Tasports**) and TT-Line are operating afoul of the principles and guidelines¹ for Government Business Enterprises (**GBEs**). The current government is persistently failing to deliver outcomes that protect and grow the vital Tasmanian shipping industry and port operations. This translates to a failure of the people of Tasmania.

The King Island shipping service debacle, the TT-line vessel replacement woes, the backflip of Tasports in its development of a misguided port development plan, and the operation of GBEs as private enterprises not meeting the public interest test, highlight the need for urgent change.

This paper outlines the urgent steps a Labor Tasmanian Government must take to address the crisis in Tasmania's maritime industry and to ensure that moving forward, balance is restored between commercial interests and the best interests of our communities.

The MUA makes these recommendations based on our

members' experience of working in ports across Australia, and our membership in the International Transport Workers' Federation. In Tasmania, MUA members work in intra and inter-state and international shipping, stevedoring across all ports, on tourism and passenger vessels, as well as on vessels delivering community supplies, and in port administration, maintenance, the offshore oil and gas industry, in marine construction, diving, and aquaculture. Tasmanian maritime operations intersect at critical junctures with other key state industries including agriculture, forestry and manufacturing.

The Tasmanian maritime industry suffers from:

- A lack of oversight from the relevant Ministers for Tasports, TT-Line and other port and shipping operators.
- A failure by GBEs to establish a social licence to regulate and to operate according to the legislated principles
- A deficient maritime regulatory system, particularly in the regulation of shipping and ports operations, licensing, and occupational safety
- A complete absence of meaningful consultation mechanisms and maritime expertise in the Shipping Advisory Council, and for all other shipping and port operations



WHAT IS THE SOLUTION?

Immediate action must be taken to rectify the failings of the current government in the maritime industry. The Tasmanian Treasurer, Minister for Transport and Infrastructure, and Minister for State Growth must take control of the situation to address the significant gaps in regulation and consultation that exist.

This can be achieved through implementation of the recommendations outlined in this paper.

RECOMMENDATION 1.1: The Tasmanian Government will advocate to the Federal Government for amendment of s 7 (Meaning of coastal trading) of the Coastal Trading (Revitalising Australian Shipping) Act 2012. Such an amendment will ensure that any cargo loaded or landed in Tasmania from another port in Australia is defined as coastal trading.

RECOMMENDATION 1.2: The Maritime Advisory Committee will review the adequacy of 'minimum safe manning' and qualifications that are not at the Standards of Training, Certification and Watchkeeping for Seafarers (**STCW**) level, and their application in relation to the unique conditions of the Tasmanian maritime industry.

RECOMMENDATION 1.3: The Tasmanian Marine and Safety Authority Act 1997 and the Marine Safety (Domestic Commercial Vessel National Law Application) Act 2013 will be amended to provide for the economic regulation of Tasmanian intra-State coastal shipping.

RECOMMENDATION 1.4: The 2016 *Tasmanian Integrated Freight Strategy* will be updated to remove ambiguity regarding the policy of maximising service choice to Tasmanian shippers.

RECOMMENDATION 1.5: The Tasmanian Government will advocate to the Federal Government for expansion of the Tasmanian Freight Equalisation Scheme (**TFES**) for a further 10 years beyond the initial four years ending in 2019.

RECOMMENDATION 1.6: A review into the subsidisation of services by foreign lines for direct international services for international bound cargo will be carried out to ensure that subsidies are in line with service viability and cargo loads

RECOMMENDATION 2.1: The Treasurer and Portfolio Minister will bring together the expertise of safety and maritime organisations in a Maritime Advisory Committee. It will exist in place of the existing Shipping Advisory Council, which currently holds no members with a maritime background or expertise.

The Tasmanian Maritime Advisory Committee will improve and provide mechanisms for consultation and maritime industry oversight, and provide strategic advice on new and existing governance processes. The Committee will be authorised to operate by Tasports delegating power to the Comittee under Part 3 s. 15 (c) of the *Tasmanian Ports Corporation Act 2005* (**TPC Act**).

RECOMMENDATION 2.2: A representative of the MUA or Tasmanian Maritime Advisory Committee (not already serving Tasports or TT-Line) be appointed to the Committee of Tasports, in compliance with Part 2 s.12 of the TPC Act and be consulted and advise on any existing and future port development projects.

RECOMMENDATION 3.1: The TPC and GBE Acts will be reviewed and amended with insertion of maritime specific sections to improve the operation, regulation, and economic benefit and accountability to the public of Tasmanian maritime GBEs.

RECOMMENDATION 3.2: An inquiry into the operation of maritime GBEs, to be assisted by the Tasmanian maritime advisory committee, will be carried out. The inquiry will focus on:

- efficiency of current regulatory frameworks and processes, and implementation of same
- transparency and efficiency of reporting processes and obligations
- distribution of financial returns to the public (i.e. asset management and sales)
- Improving the social licence of the subject GBEs to regulate, in line with the principles of GBEs

RECOMMENDATION 4.1: An initial audit of all maritime infrastructure will be carried out under the supervision of the Tasmanian Maritime Advisory Committee, with ongoing audits by the Committee at 12-month intervals to take place.

RECOMMENDATION 4.2: The MUAs input into the replacement of the King Island shipping service and TT-Line's Spirit of Tasmania vessels will be sought immediately, to prevent further threats to the viability of associated industries (agriculture, tourism) and communities. For future safeguarding on such projects of public interest, relevant GBEs must engage and consult with the Maritime Advisory Committee.

RECOMMENDATION 5.1: To avoid doubt when discussing the stevedoring industry, stevedoring will be defined per the Stevedoring Industry Award 1999.

RECOMMENDATION 5.2: Tasports will insert into its *Standard Terms & Conditions of Port Access and* in their *Health, Safety and Environmental Site Rules, under 'induction, training and licences'*, a definition of Stevedoring per the above Award.

It is noted that the creation of a dedicated Ports Management Act in Tasmania would allow for the definition to be stipulated and the requirements easily regulated.

RECOMMENDATION 5.3: Tasports will enforce this requirement on all port operators and users through the powers granted to them under Part 3 s.15 (c) of the GBE Act, relevant industrial instruments, Awards, and penalise non-compliance i.e. report to WorkSafe Tasmania, report to Australian Maritime Safety Authority (AMSA).



RECOMMENDATION 6.1: The Tasmanian *Work Health and Safety Act* 2012 should be amended at Part 14, Div. 2. s.274 to call up the Code of Practice for Managing Risks in Stevedoring and other relevant codes of practice for maritime work.

RECOMMENDATION 7.1: An Inquiry into Tasports pricing, per Recommendation 16 of the *Tasmanian Shipping and Freight Productivity Commission Inquiry Report (p. 33), will be instigated and carried out as a matter of priority.*

RECOMMENDATION 7.2: Strict stevedoring, towage and mooring licence application criteria will be inserted as addendum to the Tasports Schedule of Ports Charges, enforceable under Part 2 of the GBE Act. Tasports will engage the Tasmanian Maritime Advisory Committee to examine and approve additional licence applications.

RECOMMENDATION 8.1: Measures will be introduced to increase training and qualification standards for occupational divers. Maintain simplified, harmonised paths for attaining and demonstrating competency for general diving work and associated categories.

RECOMMENDATION 8.2: The Tasmanian Government will support and advocate for amendment of the Safe Work Australia definition of high risk diving work to include:

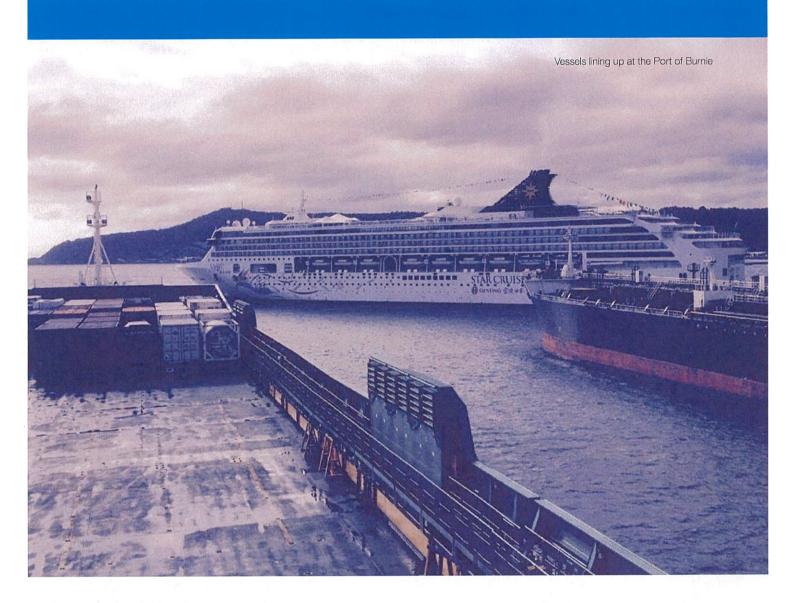
- the recovery or salvage of structure or items of plant for any purpose
- minor work carried out in the sea or the waters of a bay or inlet or a marina that involves cleaning, inspecting, maintaining or searching for a vessel or mooring.

RECOMMENDATION 8.3: The Tasmanian Government will advocate for work to recommence in the drafting of a Diving Code of Practice under the Safe Work Australia tripartite process.

RECOMMENDATION 9.1: The *Partnership Act 1891* (TAS) will be amended so as to prohibit the misuse of partnership agreements in circumstances where a historical employee/ employer relationship can be demonstrated.

RECOMMENDATION 10.1: The Tasmanian Government will advocate for a ban on the operation of supertrawlers in Commonwealth waters, to protect local commercial and recreational fishing and fishing-dependent industries and ensure responsible practice is enshrined in legislation.

RECOMMENDATION 11.1: The Tasmanian Government will continue to invest in, seek funding for and promote the Australian Maritime College (**AMC**) at a local and national level. It will protect its ongoing viability and actively work to maintain its excellent reputation nationally and internationally.



1. PROTECTING THE FUTURE OF TASMANIAN SHIPPING – A CRITICAL TASK

Tasmania has a rich shipping history. The seafaring way of life is ingrained in our coastal towns and cities. The industry is the life-blood of Tasmania, connecting our island state to the mainland and beyond. A dynamic, safe and supported shipping industry is vital to the economy. The Maritime Union of Australia (**MUA**) in Tasmania has members from families with 4 generations of maritime workers. Threats to their industry are threats to their livelihood, identity and legacy.

The future of Tasmanian shipping is in jeopardy. If urgent steps are not taken to prevent the erosion of this vital industry, the prosperity of the many diverse industries and communities that rely upon it will suffer. The chaotic and substandard response to the recent King Island shipping crisis is case in point (see appendix. 1). TT-Line, which operates the iconic Spirit of Tasmania, has set out on an impossible task to build passenger numbers while retaining current freight capacity. The result will be a decline in not only their business but also tourism, a sector that

provides for so many Tasmanians, as freight is prioritised over passengers travelling with vehicles with the intent to road-trip around the island. The engagement of maritime expertise would have avoided these ill-informed responses and policies.

The regulatory and safety implications of recent maritime reforms significantly expanding the pool of vessels classified as 'domestic commercial vessels' is of great concern to the MUA. Ill thought-out changes to vessel registration and licensing have widely felt adverse impacts. Under threat from such reform is Tasmania's aquaculture and marine farming industry, one of the State's major industries on which other secondary industries rely upon, and which collectively produce substantial economic and employment benefits².

Shipping and port operators such as DP World (**DPW**) and Nyrstar are increasingly employing complex subcontracting arrangements to avoid investing in Australian licenced vessels. Temporary licenced vessels, despite them carrying cabotage cargo, are manned with minimum-qualified, low-paid foreign seafarers. The presence of such an exploited workforce diverts jobs away from the

local labour pool and erodes Australian-standard wages and conditions. The support thrown behind DPWs proposal to open an additional facility at Burnie³ demonstrated the current lax approach to regulating licencing, fees and conditions across shipping and ports, and the inability of the government and Tasports to provide a competitive and sustainable market for all bass strait operators and employees.

The current approach to Tasmanian shipping policy is failing. It does not adequately recognise or respond to the specific needs of the industry; capitalise on the economic and social opportunities it presents; nor does this government advocate for meaningful legislative reform.

A strong Tasmanian shipping policy will involve:

- an integrated approach to shipping and ports policy
- strong advocacy from the Tasmanian Government to the Federal Government on positive shipping reform
- legislative measures to ensure Tasmanian inter-State shipping is preserved for Australian ships as part of the national strategic fleet
- preservation of Tasmanian intra-State shipping for Australian ships and Australian seafaring employment
- participation of multiple Australian shipping companies in Tasmanian inter-State shipping, with clarity around service choice
- regulation of vessel licencing and crewing, supported by legislative reform
- improvement of vessel safety through review of safe crewing and qualification levels
- review of current subsidisations in the international cargo space, undertaken against cargo loads and viability

A Labor Government can stop the adverse effects of this unregulated and haphazard approach. The MUA and its members can, and should be invited to, provide their invaluable information, experiences and feedback to the development of

a strategic and comprehensive shipping policy. The delivery of such a policy will secure economic and social benefits for all Tasmanians.

RECOMMENDATION 1.1: The Tasmanian Government will advocate to the Federal Government for amendment of s 7 (Meaning of coastal trading) of the Coastal Trading (Revitalising Australian Shipping) Act 2012. Such an amendment will ensure that any cargo loaded or landed in Tasmania from another port in Australia is defined as coastal trading.

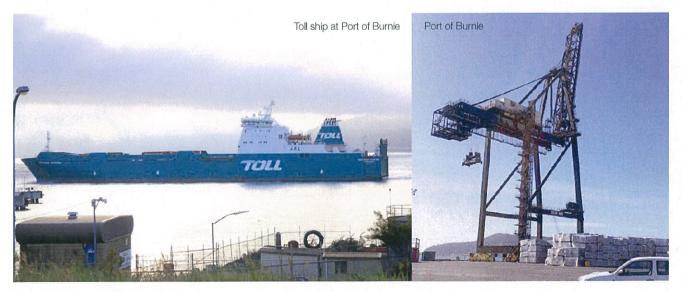
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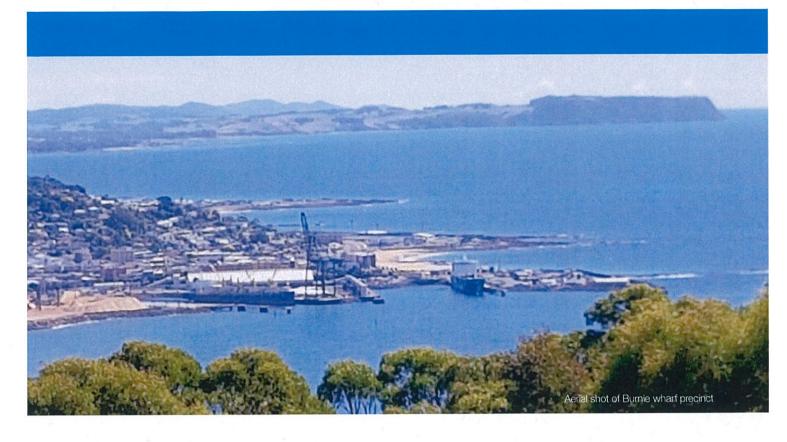
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RECOMMENDATION 1.6: A review into the subsidisation of services by foreign lines for direct international services for international bound cargo will be carried out to ensure that subsidies are in line with service viability and cargo loads



2. Department of Primary Industries, Parks, Water and Environment, Tasmanian Government, 2017 3. Department of Premier and Cabinet, DP World announcement welcomed, 2017



2. IMPROVING CONSULTATION AND REGULATION

Establishing consultation mechanisms that engage the expertise of industry stakeholders is critical to the future operations of Tasmania's ports and ships, and the workers, industries and communities that rely on them. The MUA is an important stakeholder and yet, the Union and its members are consistently excluded from Tasmanian maritime industry consultation. Weak regulatory frameworks and the absence of any meaningful consultation processes have allowed for a 'closed-doors' culture to exist within Tasports and the industry more broadly.

The expert knowledge of the MUA Tasmanian Branch and its approximately 700 members working across the state's 10 ports was not sought at any stage during the preparation of the *Tasports 2043* strategic development plan. The objective of the plan is 'to provide economically sustainable ports to service the diverse needs of Tasmanian industry' utilising a 'multi-port system [that ensures] the infrastructure and capacity at the major ports will no longer go to waste' (p. 2). This model is essentially a reworking of the system and infrastructure already in place. Had the MUA been consulted in the deliberation process, the same outcome could have been reached much sooner and without the time, money and resources wasted on the process undertaken by Tasports.

RECOMMENDATION 2.1: The Treasurer and Portfolio Minister will bring together the expertise of safety and maritime organisations in a Maritime Advisory Committee. It will exist in place of the existing Shipping Advisory Council, which currently holds no members with a maritime background or expertise.

The Tasmanian Maritime Advisory Committee will improve and provide mechanisms for consultation and maritime industry oversight, and provide strategic advice on new and existing governance processes. The Committee will be authorised to operate by Tasports delegating power to the Comittee under Part 3 s. 15 (c) of the TPC Act.

The Tasmanian Maritime Advisory Committee will have responsibility for:

- commissioning and receiving port development and safety plans, compliance audits, financial reports, public benefit reports
- providing advice on and regulation of the implementation of the Tasmanian Integrated Freight Strategy and TasPorts 2043 Plan
- overseeing the work of the Tasports and TT-Line, and all other shipping providers
- · consulting on the expansion and operation of the TFES
- facilitating close working relations with the Boards of the above GBEs
- consult on and approving the maintenance, sale and purchase of GBE assets i.e. vessels, infrastructure, business, operation
- reviewing and approving new Stevedoring, Towage and Mooring Licences
- supporting the government with advice and submissions on legislation affecting the workforce, safe operations and productivity of ports and the wider maritime industry i.e. partnership agreements, licencing
- reviewing the adequacy of 'minimum safe manning' and non-STCW compliant qualifications for the complex and unique industry in Tasmania
- receiving reports about investigations of maritime incidents, with a view to implementing recommendations

 conducting regular audits and reviews of the condition of all Tasmanian maritime infrastructure and providing advice on the sale/purchase of infrastructure and vessels

Members of the Tasmanian Maritime Advisory Committee should include:

- · A delegate of the MUA
- One workplace Health and Safety Representative elected under the WHS Act, elected by workers across Ports
- One WorkSafe Tasmania delegate
- One Australian Maritime Safety Authority delegate
- · A representative from the board of Tasports
- · A representative from the board of TT-Line
- A representative of each Australian shipping operator involved in the state import/export trade

RECOMMENDATION 2.2: A representative of the MUA or Tasmanian Maritime Advisory Committee (not already serving Tasports or TT-Line) be appointed to the Committee of Tasports, in compliance with Part 2 s.12 of the TPC Act and be consulted and advise on any existing and future port development projects.

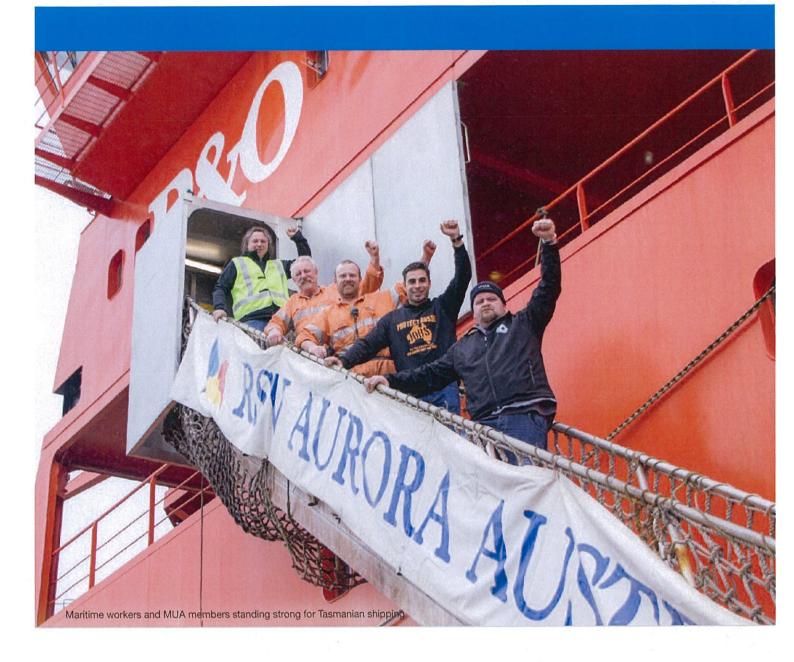
3. IMPROVING TRANSPARENCY AND ACCOUNTABILITY OF THE MARITIME GOVERNMENT BUSINESS ENTERPRISES

For Tasmania's ports and associated services to operate safely and at maximum productivity, an efficient and transparent regulatory and governance framework is critical.

Tasports and TT-Line are governed by the *Government Business Enterprises Act 1995* (**GBE Act**), with Tasports also governed by the TPC Act. Under these Acts, the companies are designated powers by the Treasurer, and relevant Portfolio Minister (Minister for Transport and Infrastructure) and have reporting responsibilities to these Ministers.

GBE's should operate for the benefit of the public. They are designed to facilitate and increase active government oversight of performance, financial returns, reporting processes and obligations, Board and shareholder actions, and accountability to the government and public.





Recent events such as the TT-Line vessel replacement dispute and King Island debacle highlight that in Tasmania, the GBE Act is not being implemented and overseen in a way that ensures the efficient and safe operation of ports and vessels, with unchecked authority, unsafe processes and missed economic opportunities occurring to the detriment of the public and state.

The current legislative arrangements leave the door open for privatisation. In fact, the ports and Spirits of Tasmania, with the endorsement of the current state Liberal Government currently operate like private enterprises, interested only in commercial outcomes. Without designated Port Management legislation, Tasmania's maritime industry is exposed to inherent safety, operational and commercial viability risks.

RECOMMENDATION 3.1: The TPC and GBE Acts will be reviewed and amended with insertion of maritime

specific sections to improve the operation, regulation, and economic benefit and accountability to the public of Tasmanian maritime GBEs.

RECOMMENDATION 3.2: An inquiry into the operation of maritime GBEs, to be assisted by the Tasmanian maritime advisory committee, will be carried out. The inquiry will focus on:

- efficiency of current regulatory frameworks and processes, and implementation of same
- transparency and efficiency of reporting processes and obligations
- distribution of financial returns to the public (i.e. asset management and sales)
- improving the social licence of the subject GBEs to regulate, in line with the principles of GBEs

4. INFRASTRUCTURE CONSULTATION

A profound lack of maritime expertise has plagued recent infrastructure replacement projects, placing community livelihood, economic stability and growth, and safety at risk. This is indicative of repeated failings by the current Tasmanian Government to engage and consult with the MUA as a key maritime industry stakeholder. The MUA supports the 2014 Tasmanian Shipping and Freight Productivity Commission Inquiry recommendation that in the development of comprehensive freight and infrastructure strategy, broad consultation between industry, government and community take place (p. 34).

RECOMMENDATION 4.1: An initial audit of all maritime infrastructure will be carried out under the supervision of the Tasmanian Maritime Advisory Committee, with ongoing audits by the Committee at 12-month intervals to take place.

RECOMMENDATION 4.2: The MUAs input into the replacement of the King Island shipping service and TT-Line's Spirit of Tasmania vessels will be sought immediately, to prevent further threats to the viability of associated industries (agriculture, tourism) and communities. For future safeguarding on such projects of public interest, relevant GBEs must engage and consult with the Maritime Advisory Committee.

5. DEFINITION OF STEVEDORING

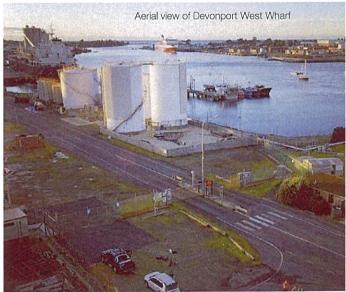
Employers in Tasmania are using various mechanisms to avoid engaging licensed stevedores in this hazardous industry. If this undermining of stevedore work continues, experienced stevedores will be forced to seek work elsewhere, and a reliance on new, inexperienced workers will put the efficiency and safe working of the ports, and the lives of all workers, at risk.

To protect and grow trade through the Ports of Tasmania, it is important we gain recognition globally as an efficient and safe trading hub. This can only be done with strong unambiguous stevedoring regulation that ensures we have the best stevedores in the world. Without this, a 'port of convenience' system exists in which the security of local stevedoring jobs is undermined and safety, wages, economic investment, environmental standards, and state and national security is threatened.

RECOMMENDATION 5.1: To avoid doubt when discussing the stevedoring industry, stevedoring will be defined per the *Stevedoring Industry Award 1999*. The definition includes but is not limited to:

- a) the loading or unloading of all types of cargo including containers, motor vehicles and bulk liquid or non-liquid cargoes into or from ships;
- b) the loading or unloading, into or from ships, of ships stores, coal or fuel oil (whether bunkers or not), passengers' luggage or mail;
- c) the receival, delivery, storage, handling or preparation of all types of cargo including containers, motor vehicles and cargo in unit forms or other goods, for the purpose of loading or unloading such cargoes into or from ships, and including the monitoring, maintenance and repair of refrigerated containers and other equipment;





- d) the driving or operation of all mechanical appliances or equipment used in relation to the receival, delivery, storage or handling of all types of cargo (including the moving of rail trucks) or used in relation to the unloading or loading of all types of cargo from and onto ships including the operation of ships gear and all equipment on board a ship used in relation to loading and unloading;
- e) the haulage or trucking of all types of cargo or other goods from wharf sheds, wharf storage or stacking areas to the ship or from the ship to the wharf shed, storage or stacking area

RECOMMENDATION 5.2: Tasports will insert into its Standard Terms & Conditions of Port Access and in their Health, Safety and Environmental Site Rules, under 'induction, training and licences', a definition of Stevedoring per the above Award.

It is noted that the creation of a dedicated Ports Management Act in Tasmania would allow for the definition to be stipulated and the requirements easily regulated.

RECOMMENDATION 5.3: Tasports will enforce this requirement on all port operators and users through the powers granted to them under Part 3 s.15 (c) of the GBE Act, relevant industrial instruments, Awards, and penalise non-compliance i.e. report to WorkSafe Tasmania, report to AMSA.

6. STEVEDORING CODE OF PRACTICE – NSCOP

Safe work practices in stevedoring are vital to port workers, their families, the wider community, and also to the reputation of Tasmania's 10 ports and therefore the state economy. After extensive consultation across the maritime industry, the Code of Practice for Managing Risks in Stevedoring was officially approved by Safe Work Australia in December 2016.

RECOMMENDATION 6.1: The Tasmanian *Work Health and Safety Act* 2012 should be amended at Part 14, Div. 2. s.274 to call up the Code of Practice for Managing Risks in Stevedoring and other relevant codes of practice for maritime work.



7. STEVEDORING, TOWAGE AND MOORING LICENSES ACROSS TASMANIAN PORTS

The approval of additional stevedoring, towage and mooring licences without due scrutiny jeopardises stable working arrangements by creating a race to the bottom for safety and conditions. The licensing fee and approval system currently in place lacks transparency and increases the ability of new operators entering ports or competing in existing workspaces to introduce lower standards of operations and workplace conditions.

With Tasmanian freight volumes expected to increase only marginally in the period 2008 - 20434, it is imperative strict criteria be met before applications are approved. Tasports, with Ministerial approval under the GBE Act, has full discretion of setting charges and conditions associated with licence applications. Rather than operating as it should as a full regulator of port access, licensing, and charges, Tasports currently functions in a limited facilitator scope only.

RECOMMENDATION 7.1: An Inquiry into Tasports pricing, per Recommendation 16 of the *Tasmanian Shipping and Freight Productivity Commission Inquiry Report (p. 33), will be instigated and carried out as a matter of priority.*

RECOMMENDATION 7.2: Strict stevedoring, towage and mooring licence application criteria will be inserted as addendum to the Tasports Schedule of Ports Charges, enforceable under Part 2 of the GBE Act. Tasports will engage the Tasmanian Maritime Advisory Committee to examine and approve additional licence applications.

Example guidelines for criteria:

- applicants must be a registered company
- only appropriately qualified employees must be employed
- any application for an additional licence must be accompanied by a clear economic case demonstrating increased trade exists to support an additional operator
- evidence must be provided that any new operator's workplace agreements and arrangements will provide for Australian-standard wages and conditions, and be equal to or better than those which already exist at the Port
- where nationally recognised training is available, these qualifications must be in place evidence of Australian security clearances must be provided
- operators must show proof of WHS compliance and declare any breaches of WHS laws



8. IMPROVING SAFETY AND REGULATION IN DIVING

Diving is a high-risk occupation that urgently requires stronger regulation. The standard of training and qualifications required to work as an occupational diver are minimal and do not reflect the significant safety risks that accompany the work. Simple steps can and should be taken to retain critical elements of Safe Work Australia's current regulatory framework, and to expand it to further protect occupational divers.

In Tasmania, occupational divers work in diverse fields including marine farming, marine construction, port maintenance, aquaculture, and police operations. A deregulated diving industry adversely impacts on the commercial success of these industries including Tasmanian abalone farming, the world's largest abalone fishery⁵.

RECOMMENDATION 8.1: Measures will be introduced to increase training and qualification standards for occupational divers. Maintain simplified, harmonised paths for attaining and demonstrating competency for general diving work and associated categories.

RECOMMENDATION 8.2: The Tasmanian Government will support and advocate for amendment of the Safe Work Australia definition of high risk diving work to include: the recovery or salvage of structure or items of plant for any purpose minor work carried out in the sea or the waters of a bay or inlet or a marina that involves cleaning, inspecting, maintaining or searching for a vessel or mooring.

RECOMMENDATION 8.3: The Tasmanian Government will advocate for work to recommence in the drafting of a Diving Code of Practice under the Safe Work Australia tripartite process.

9. PREVENTING INAPPROPRIATE PARTNERSHIP AGREEMENTS

Partnership agreements are being inappropriately used in the maritime industry as a form of sham contracting, allowing employers to avoid meeting their employee entitlement obligations under the Fair Work Act 2009 (Cth) ("FWA"). Under these agreements workers' entitlements under the National Employment Standards (Part 2-2 of the FWA) are removed and instead, individuals assume responsibility for (but not limited to) paying tax, superannuation, leave (for example annual and personal leave), and for compensation and insurance (for example accident and income protection cover). Traditionally, partnership agreements have been formed by associations of persons in pursuance of a joint business venture, for their mutual benefit. They have provided an avenue for two or more persons to operate a business and share the profits, risks and responsibilities of that business. We acknowledge the successful use of partnership agreements by white collar professionals such as lawyers, doctors and accountants. We assert however that they have no place in the maritime industry, or blue-collar industries more broadly, where they have been used to swiftly displace the traditional employment relationship.

The deliberate exploitation of partnership agreements must be recognised for what it is, an attempt by employers to avoid their responsibilities that derive from an employee/employer relationship, stripping employee entitlements and de-unionising workplaces. Legislation must be urgently amended to prevent the exploitation of workers in this way.

RECOMMENDATION 9.1: The *Partnership Act 1891* (TAS) will be amended so as to prohibit the misuse of partnership agreements in circumstances where a historical employee/ employer relationship can be demonstrated.

^{5.} Tasmanian Abalone Council Limited, 2017

^{6.} http://www.amc.edu.au, Australian Maritime College, University of Tasmania, 2017



10. SUPERTRAWLERS – EXPANDING THE BAN

The preservation of Tasmania's world-class marine environment is essential for the future of our residents and businesses that rely on it on for their livelihood, and enjoy it for recreational purposes. True commitment to the protection of Tasmanian fishing, and its many flow-on economic benefits to other sectors, means banning the presence of destructive supertrawlers in State and Commonwealth waters.

While the MUA welcomes the recent passing by the Tasmanian parliament of a Bill banning supertrawlers from operating in state waters, we argue that this does not go far enough. The state waters boundary extends to only 3 nautical miles, approximately 5 kilometres, from the coastline (see appendix 2). Supertrawlers operating in Commonwealth waters up to this boundary gravely threaten the conservation of our biologically diverse marine life, fish stocks and local fishery operations. A 5-kilometre boundary is in insufficient. Only a total ban on supertrawlers will address the issues in a comprehensive and meaningful way.

RECOMMENDATION 10.1: The Tasmanian Government will advocate for a ban on the operation of supertrawlers in Commonwealth waters, to protect local commercial and recreational fishing and fishing-dependent industries and ensure responsible practice is enshrined in legislation.

11. PROTECTING OUR WORLD-CLASS MARITIME TRAINING FACILITY

Tasmania is home to one of Australia's premier maritime training facilities, the Australian Maritime College in Launceston, Beauty Point. For nearly 40 years the AMC, as a founding member of the International Association of Maritime Universities⁶, has been providing world-class training. The existence of the training hub attracts workers from around the country and produces significant flow-on economic benefits. Its contributions to a safe, productive and home-grown maritime workforce in Tasmania and beyond cannot be understated.

The rise of sham 'tick and flick' training organisations in other States and Territories is placing the future of the AMC at risk by pushing through excessive number of students with limited employment opportunities. In conjunction with visa, vessel classification and licensing reforms allowing for exploited and inadequately trained foreign workforces to operate in the Australian maritime industry, these purely profit-driven outfits must be controlled. It is essential that the AMC as a nationally regulated, specialist and registered training organisation be supported by the State and Federal Governments.

RECOMMENDATION 11.1: The Tasmanian government will continue to invest in, seek funding for and promote the AMC at a local and national level. It will protect its ongoing viability and actively work to maintain its excellent reputation nationally and internationally.

APPENDIX 1: KING ISLAND: CASE IN POINT -SHIPPING IN CRISIS

The King Island shipping crisis is placing the livelihoods of the islands residents under significant threat. Local businesses and service providers, affected (maritime) workers and their families, the community, and the wider state economy are suffering as a result of poor governance and blame-shifting.

The ferry link is the island's lifeline and the current replacement service, operated by Tasports, is unreliable and incapable of meeting King Islanders' needs. The decision to use the *Investigator II* until such time that a replacement to the *Searoad Mersey* was sourced demonstrates fundamental flaws in the current approach to facilitating and regulating maritime operations. Most disturbingly, the entire debacle could have been avoided through consultation with maritime stakeholders and experts, namely the MUA and its King Island members.

The congestion occurring at the island's ports, a consequence of limited freight capacity on the *Investigator II*, is posing serious safety risks for maritime workers. These very real and serious safety concerns have gone largely unacknowledged. The announcement of 'band-aid' fixes to increase the amount of freight other servicing ships can carry is a case of too little, too late and does not present any viable long-term solution. It appears that the safety of affected workers and the prevention of such situations in the future are being treated as after-thoughts.

Without a ferry service that can meet the needs of the island's businesses and residents, the job security of those

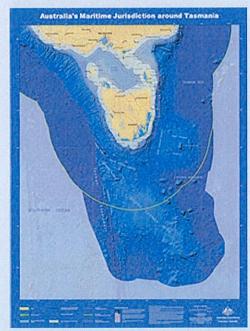
in maritime reliant industries, namely agriculture and mining, and the prospects for future economic development, are in jeopardy. The Minister responsible is yet to accept responsibility or offer up an adequate solution. Divisions between the current government and service providers are prolonging positive outcomes by preventing constructive discussions and problem-solving. The entirely preventable crisis is a blight on Tasmanian shipping. The residents of King Island deserve better and their calls for a meaningful response should no longer go unanswered.



"I believe we need to maintain a strong Australian maritime industry. That's why I will keep fighting for an Australian shipping industry that supports so many families with stable work and decent pay"

JUSTINE KEAY, FEDERAL MEMBER FOR BRADDON

APPENDIX 2: TASMANIAN STATE WATERS BOUNDARY



Commonwealth Of Australia (Geoscience Australia) 2017



Allison Waddington

From:

Alisha Bull <Alisha.Bull@mua.org.au>

Sent:

Monday, 24 July 2017 7:22 PM

To:

KIF

Subject:

MUA Submission into King Island Shipping and Freight Service

Attachments:

Attachment 1.pdf; Attachment 2.pdf; Attachment 3.pdf; MUA Final King Island Inquiry

Submission.pdf

Mr Wright,

Please find attached the Maritime Union of Australia – Tasmanian Branch submission into the inquiry into King Island Shipping and Freight Service.

Thank you for holding this inquiry, we believe it is of great importance to the KI Community as well as the broader Tasmanian community and economy.

We would request an ability to also provide further evidence and speak to our submission if the Sub Committee would extend such courtesy.

King Regards,

Alisha

Alisha Bull

Organiser Hon. Deputy Secretary Maritime Union of Australia

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