



STRATEGIC FLEET TASKFORCE

Strategic Fleet Taskforce Minutes – Meeting 1

DATE	LOCATION	
24 October 2022	Virtual Meeting – Microsoft Teams	
MEETING TITLE	START TIME	END TIME
Strategic Fleet Taskforce – Meeting 1	08:05am	10:28pm
MEETING ATTENDEES		
Name	Organisation	
Mr John Mullen	Chair – Strategic Fleet Taskforce	
Dr Sarah Ryan	Member – Strategic Fleet Taskforce	
Ms Angela Gillham	Member – Strategic Fleet Taskforce	
Major General Jason Walk	Member – Strategic Fleet Taskforce	
Mr Paddy Crumlin	Member – Strategic Fleet Taskforce	
Mr Andrew Johnson	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
ATTENDEE APOLOGIES	NIL	

Strategic Fleet Taskforce Minutes – Meeting 1

Agenda Item 1: Introduction, Acceptance of Draft Agenda and Declare any Conflicts

- The Strategic Fleet Taskforce:
 1. **Agreed** to the draft agenda for meeting 1 of the Taskforce.
- The Chair welcomed members to the first meeting of the Strategic Fleet Taskforce and thanked the department for the work that had taken place in establishing the Taskforce and the preparation for the meeting. The Chair acknowledged the need for Taskforce members to define the scope of the work ahead within the parameters.

Agenda Item 2: Taskforce Members Present a Short Biography about Who They Are and What They Bring to the Taskforce

- The Strategic Fleet Taskforce:
 1. **Noted** members presentations about who they are and what they bring to the Taskforce.
- Members provided a brief background on their experience and relevance to their membership on the Taskforce.
- Departmental officers introduced themselves to members providing a short background on their work history and the Department's role in the Taskforce.

Agenda Item 3: Taskforce Discussion – Governance, Operational and Secretariat Arrangements

- The Strategic Fleet Taskforce:
 1. **Discussed** the governance arrangements which guide the operation of the Taskforce and how the Secretariat will support the Taskforce.
- Mr Johnson provided the Taskforce with a brief description of the standard Australian Government governance arrangements by which the Taskforce will need to operate within. Matters covered included probity, communicating with the media, declaring personal interests and remuneration and travel expenses.
- Taskforce members agreed that the governance arrangements were fit for purpose.
- Mr Crumlin advised that he will need to confer discretely under the Chair's advice with maritime unions as appropriate.
- The Chair noted that interaction with other parties was critical but that this should not move to those parties making recommendations.

Agenda Item 4: Taskforce Discussion - Scope and Approach to Providing Advice to Government on a Strategic Fleet – Reflecting on the Terms of Reference

- The Strategic Fleet Taskforce:
 1. **Discussed** the Strategic Fleet Taskforce Terms of Reference and the matters that need to be explored to enable advice to be provided to Government.
- The Taskforce discussion is summarised as follows:
 - Understand the volume and the size of Australia's freight task and how 12 ships can be part of a broader strategic outcome in terms of the future of Australian shipping.
 - Need to consider both international and domestic components of shipping including the domestic distribution of our imports including defence needs.
 - A key focus needs to be on the shipping capability such as containers rather than the products moved in the containers. Need to recognise bulk resources may be different.
 - Mindful of crude versus refined fuel imports.
 - Need to include the charterers perspective in understanding the scope of the task.
 - Look at the type of ships being used by the regional short sea vessels, RoRo and the larger international vessels.
 - Need to understand the role of road and rail in moving cargo around Australia.
 - Need to engage with stakeholders to consider potential opportunities to form strategic partnerships with international counterparts and/or industry participants where there are mutual benefits.
 - Understand the decarbonisation agenda and how new technology and clean fuels can be applied to new ships and the strategic fleet.
 - Consider linkages between the Strategic Fleet and other government policy agendas such as new technology, the decarbonisation agenda and clean fuels agenda.
 - Need to consider government budgetary constraints.
 - Training is a critical issue and given the 10-year cycle to train senior crew the Taskforce needs to consider how it will tackle this issue ensuring it identifies short, medium and long term solutions.
 - Need to consider state reviews that are being undertaken in relation to the shipping industry.
 - Members noted there is no specific timeframe for delivering on the 12 ships however it noted the Terms of Reference refer to 'quick wins'.
 - Need to consider advice on short, medium and long term horizons.

Action Item 1: Department to provide data on shipping trade which identifies what commodities are being moved and what the regular shipping routes are for the cargo. This

will include identification of Northern Australia shipping capability in terms of servicing remote islands.

Action Item 2: Department to investigate the various state shipping related reviews that are underway, in particular Queensland and Western Australia.

Agenda Item 5: Engaging with Stakeholders/Consultation Approach

- The Strategic Fleet Taskforce:
 1. **Noted** the need to start preparations for consultation.
 2. **Considered** the draft consultation plan and provided advice to the Secretariat on how the Taskforce wants to progress the consultation program.
- Members noted the challenges associated with limiting the scope with regard to engaging with stakeholders and consulting the industry more broadly.
- Members noted the tight timeframe in which to consult and agreed to structure consultation so that tight guardrails are placed on the process to improve the submissions that are provided by stakeholders.
- Initial discussion around using the Terms of Reference items 1, 2 and 3 to engage with stakeholders took place with the suggestion that the Department could design specific questions to meet the needs of the Taskforce focus using these three items.
- Terms of Reference to be used as the base for engagement and consultation with Stakeholders.

Action Item 3: Department to refine the Consultation Plan based on Taskforce feedback from Meeting 1

Action Item 4: Department to prepare an outline of a stakeholder consultation discussion paper.

Agenda Item 6: Taskforce Next Step

- The Strategic Fleet Taskforce:
 1. **Agreed** on what steps are needed before the next meeting of the Taskforce in November 2022.
- Members discussed the next steps for the taskforce which included the writeup of meeting outcomes, identifying the priorities and timeframes around them and the consultation to take place allowing for a clear pathway forward for the Taskforce.

Agenda Item 7: Meeting Schedule and Next Meeting

- The Strategic Fleet Taskforce:
 1. **Agreed** that meeting 2 of the Taskforce would be held in Sydney on 9 November 2022.
 2. **Agreed** on the meeting Schedule up until December 2022 subject to members confirming their availability for specific dates.

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3. **Agreed** that members would provide their availability to the Secretariat to firm up the actual dates and venues of the meetings to December 2022.
 4. **Agreed** on the draft meeting scope for each meeting up until December 2022.
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Action Item 5: Department to organise arrangements for Meeting 2 of the Taskforce to be held on Wednesday 9 November 2022 in Sydney.

Action Item 6: Taskforce members to provide their availability to the Taskforce Secretariat for meetings up until December 2022 based on the draft meeting schedule.

Action Item 7: Taskforce Chair to canvas using the Telstra Office meeting room as a venue for Meeting 2.

Action Item 8: Department to work with Taskforce Chair on the draft Agenda for meeting 2 which includes bringing experts to the meeting for specific presentations.

Agenda Item 8: Meeting Closure

The meeting closed at 10.28am



STRATEGIC FLEET TASKFORCE

Strategic Fleet Taskforce Minutes – Meeting 2

DATE	LOCATION	
9 November 2022	Sydney (Telstra Office Meeting room)	
MEETING TITLE	START TIME	END TIME
Strategic Fleet Taskforce – Meeting 2	09:03am	3:01pm
MEETING ATTENDEES		
Name	Organisation	
Mr John Mullen	Chair – Strategic Fleet Taskforce (Chair left at 10.52am)	
Dr Sarah Ryan	Member – Strategic Fleet Taskforce (Acting Chair from 10.52am)	
Ms Angela Gillham	Member – Strategic Fleet Taskforce	
Mr Paddy Crumlin	Member – Strategic Fleet Taskforce	
Mr Andrew Johnson	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
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s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
ATTENDEE APOLOGIES		
Major General Jason Walk	Member – Strategic Fleet Taskforce	

Strategic Fleet Taskforce Minutes – Meeting 2

Agenda Item 1: Welcome, Acceptance of Draft Agenda and Minutes of Meeting 1

- The Strategic Fleet Taskforce:
 1. **Agreed** to the draft agenda for Meeting 2 of the Taskforce.
 2. **Agreed** to the Taskforce Minutes of Meeting 1 – 24 October 2022.
- The Chair welcomed members to the second meeting of the Strategic Fleet Taskforce noting Major General Jason Walk was an apology.

Agenda Item 2: Taskforce Discussion – Shipping Task and Types of Disruptions

- The Strategic Fleet Taskforce:
 1. **Discussed** the information prepared by the Department on the Australian maritime industry.
 2. **Agreed** to provide feedback on what further data and analysis is needed by the taskforce.
- The Department presented to Taskforce Members a description of the recent historical and current data on the Australian maritime activity which included the following details:
 - Snapshot of Australia's shipping needs including sea borne commodity trade, vessel movement and activity and types of licences.
 - Maritime supply chain disruptions including vulnerabilities and resilience.
- Members noted that competitiveness is a key element of a strategic vision.
- Members also noted that fuel was a potential vulnerability and that understanding the priority between imports and exports would be important to defining the term strategic.
- The presentation provided to the Taskforce is at **Attachment A**.

Introduction to Presentation on Fuel and Supply Chains

- The Strategic Fleet Taskforce:
 1. **Welcomed** invited guests from the Department of Climate Change, Energy, the Environment and Water, and the Office of Supply Chain Resilience who will be presenting information sessions on liquid fuels and supply chains respectively.
 2. **Noted** the Department of Employment and Workplace Relations has indicated they will provide an information session on skills and training matters at the next meeting of the Taskforce.

- Note, the Taskforce agreed to alter the order of the presentations as a result of Department of Climate Change, Energy, the Environment and Water still in transit to the meeting. The order of the presentations would now be as follows:
 - Supply Chain Resilience
 - Australia's Fuel Situation

Presentation 2: Supply Chain Presentation – Office of Supply Chain Resilience (OSCR)

- The Strategic Fleet Taskforce:
 1. **Noted** the presentation delivered by the Office of Supply Chain Resilience, within the Department of Industry, Science and Resources.
- The Office of Supply Chain Resilience provided details of their responsibilities and focus on supply chain issues, the framework for identifying disruption risks in critical supply chains and how they use data analytics to identify vulnerabilities. Their presentation is at **Attachment B**.
- Taskforce Members noted that the supply chain data is likely to support the need for container capability.

Action Item 1: The Office of Supply Chain Resilience committed to share the outcomes of their data analysis on critical and vulnerable products with the Taskforce.

Presentation 1: Fuel Presentation by Department of Climate Change, Energy, the Environment and Water

- The Strategic Fleet Taskforce:
 1. **Noted** the presentation on Australia's fuel needs, production and fuel security delivered by the Department of Climate Change, Energy, the Environment and Water.
- Members noted that Australia is now a net importer of fuel and that policy consideration is focussing on the need to manage extreme events which would impact fuel security.
- Members noted DCCEE holds the Australian petroleum statistics data and have offered to provide any analysis of the data the Taskforce may need as part of their considerations.
- The presentation provided to the Taskforce is at **Attachment C**.
- Note: At the end of the fuel presentation, the Chair John Mullen handed over his role to Dr Sarah Ryan as he had to attend to urgent family business.

Agenda Item 3: s47C

s47C



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s47C



Released under the FOI Act 1982 by the Department of Infrastructure,
Transport, Regional Development, Communications and the Arts

s47C

Agenda Item 4a: Taskforce Discussion – Refining the Consultation Process

- The Strategic Fleet Taskforce:
 1. **Agreed** to the framework for consultation contained in the attached consultation plan subject to the consultation approach being shortened and more targeted.
 2. **Agreed** that official consultation will be undertaken with two or more Taskforce members present and supported by members of the Secretariat, as outlined in the consultation plan.
 3. **Advised** of key stakeholders the Taskforce wants to consult as a priority.
 4. **Advised** of the preferred method for broader consultation e.g. location-based or sector-based.
- Members noted that the timeframe is challenging to achieve broad consultation with stakeholders and that a more targeted consultation approach needs to be implemented.
- Members agreed that consultation needs to be focussed on how to achieve the outcomes of the strategic fleet not about whether the government's policy of setting up a strategic fleet is worthwhile. The key outcome of the consultation process should be about collecting information on what tools the industry needs to support establishment of an Australian Maritime Strategic Fleet. The taskforce agreed that initial consultations should be with four meetings with stakeholder groups: unions; shipping companies; companies that ship fuel and energy; and other ship users.

Action Item 7: Phase 1 - Department to prepare a plan for targeted one-on-one or group discussions, including targeted questions based on member's input.

Agenda Item 4b: Taskforce Discussion – Engaging with Stakeholders, Draft Discussion Paper

- The Strategic Fleet Taskforce:
 1. **Considered** the draft discussion paper provided at **Attachment D** of this meeting's Agenda Item.
 2. **Advised** the Secretariat on next steps, including revisions to the draft discussion paper, and timeframes for public release.
- Members provided feedback on the discussion paper. It was requested that the discussion paper be written in a more positive way and to acknowledge the cost differential. The specific questions need to test ideas about establishing the strategic fleet. Members agreed to provide further feedback via email.

Action Item 8: Discussion Paper to be redrafted to reflect Members input and be recirculated to members for approval.

Agenda Item 5: Taskforce Discussion – New Steps

- The Strategic Fleet Taskforce:
 1. **Agreed** on what steps are needed before the next meeting of the Taskforce.

- Members discussed the attendance of the Department of Employment and Workplace Relations to provide an information session on skills and training matters at the next meeting.
- Members noted the National Skills Commission Report did not mention the maritime industry as having any particular skills issues noting the last census was completed in 2018.

Action Item 9: Mr Crumlin to provide the department with any leads and on what specifically to look at in particular areas, in terms of shipping.

Action Item 10: Based on Mr Crumlin's advice the department to obtain data on National Sovereign Supply Chain assistance measures existing elsewhere (e.g. Singapore, Hong Kong, China, USA, Canada, New Zealand, Vietnam, Indonesia) all of which operate within a Framework.

Action Item 11: The department to review the conclusions of the skills report prepared by Lynelle Briggs to assess whether they are still relevant and what action can be taken.

Action Item 12: Dr Ryan will provide Major General Walks with an update on today's meeting discussions and suggest a presentation from Department of Defence on Strategic Review and Mobilisation for Meeting 3.

Action Item 13: The Department to prepare a draft structure of the Interim Report for Members consideration as part of the papers for the next meeting.

Action Item 14: The Secretariat to include an agenda item for Meeting 3 for Taskforce to discuss the interim report structure.

Agenda Item 6: Other Business, Meeting Schedule and Next Meeting

- The Strategic Fleet Taskforce:
 1. **Noted** other business raised during the meeting.
 2. **Agreed** to canvas the meeting date, place and time for meeting 3 of the Taskforce as soon as possible.
- Members noted the Secretariat will send out packages which contain departmental forms for processing claims for out of pocket expenses related to meeting attendance.

Action Item 15: Secretariat to canvas new date for Meeting 3 due to Chairs international travel. Members noted this meeting may be virtual.

Agenda Item 7: Meeting Closure

The meeting closed at 3:01pm



Australian Government

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

Australian Shipping Needs and Disruption

**Presented by Mr Andrew Johnson, Assistant
Secretary**

26 May 2023



Snapshot of Australian Sea Freight

<i>Key statistics for Australian shipping</i>	
Volume of trade moved by ship	99%
Value of goods trade moved by ship	79%
Value of goods trade by sea	\$575 billion in 2020-21
Number of port arrivals in Australia	26,400 (2021)
Number of unique arrivals of foreign-flagged ships	6,170 (2021)
Number of ships bringing fuel	~600
Number of major Australian flagged vessels with a general licence	11 (over 2,000 tonnes)

<i>Australia's shipping use</i>	
Overall ship user	5 th in the world
Exporter of iron ore, coal and unwrought lead	1 st in the world
Exporter of aluminium ores	2 nd in the world
Exporter of copper and zinc ores	3 rd in the world
Container ship user	1% of global container trade
Value of container imports and exports	almost \$350 billion

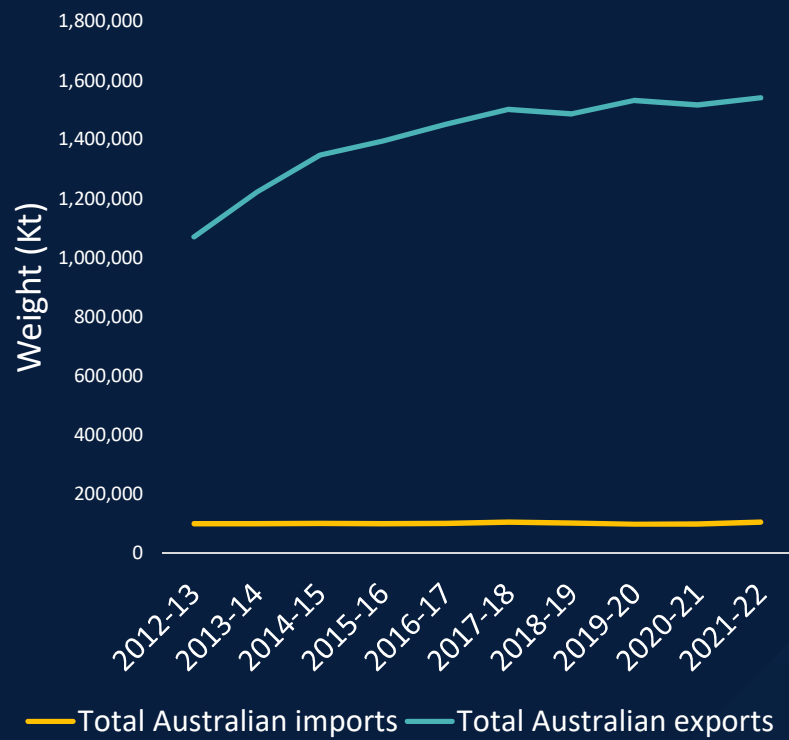
Source: Australian Maritime Safety Authority

Australian Shipping Context

26 May 2023

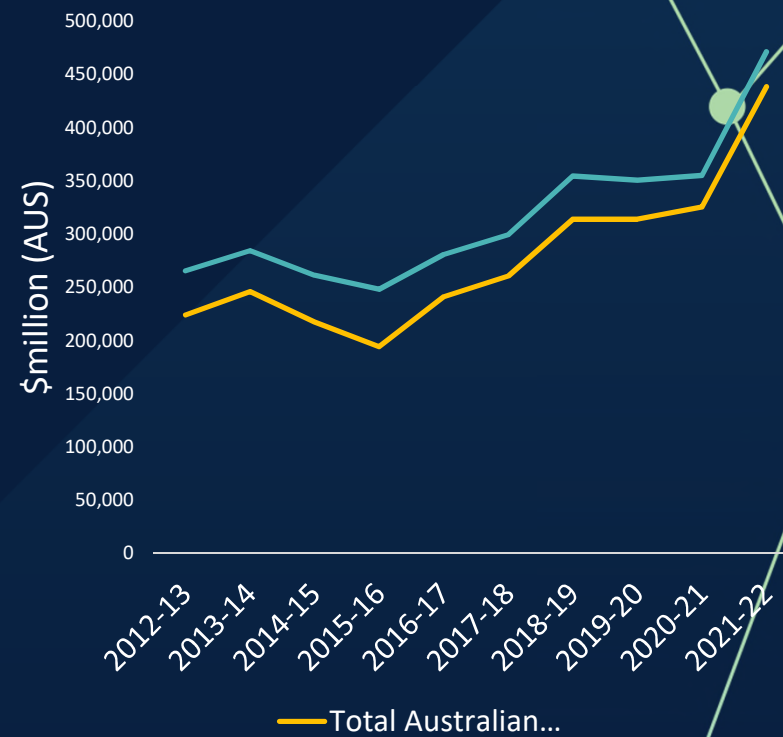
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Australia's sea borne trade



Source: BITRE

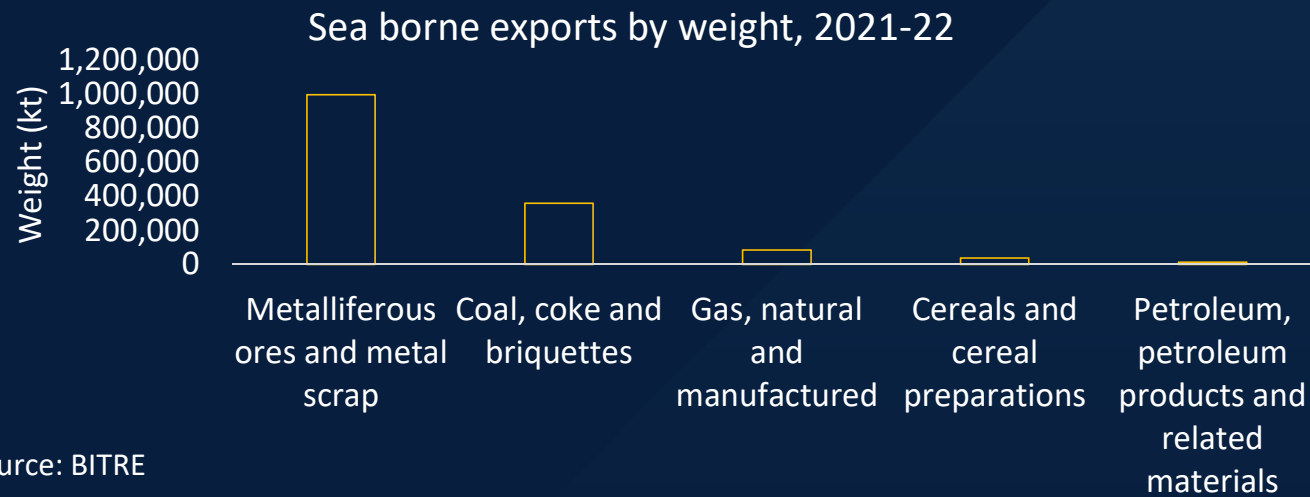
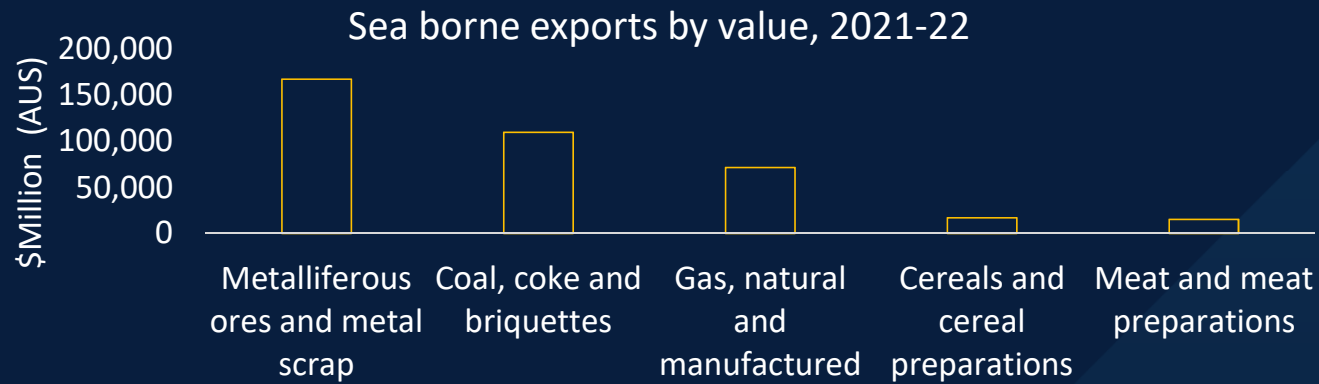
Australian Shipping Context



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What is exported by sea?



Source: BITRE

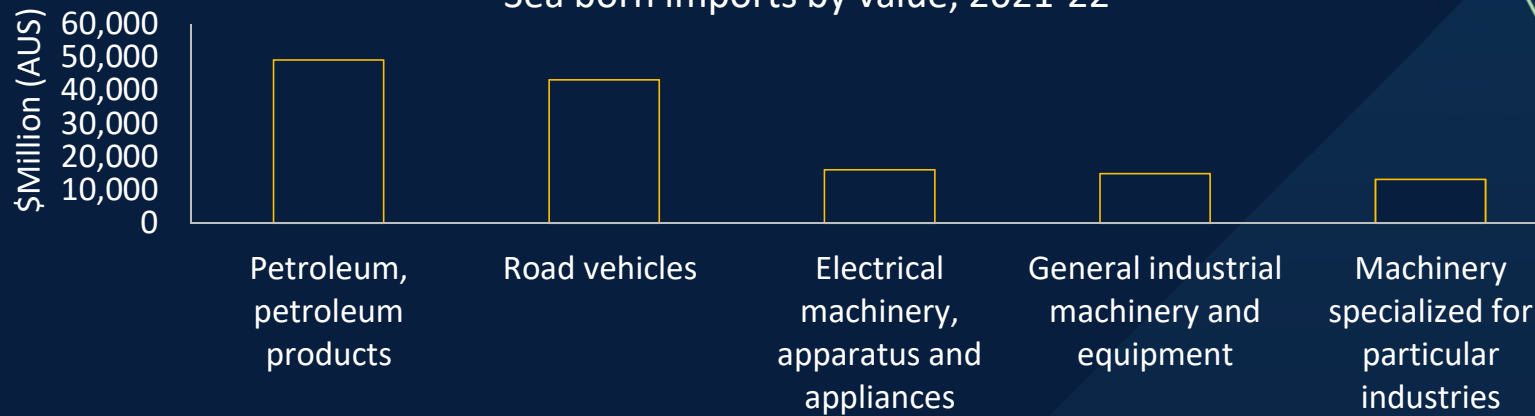
Australian Shipping Context

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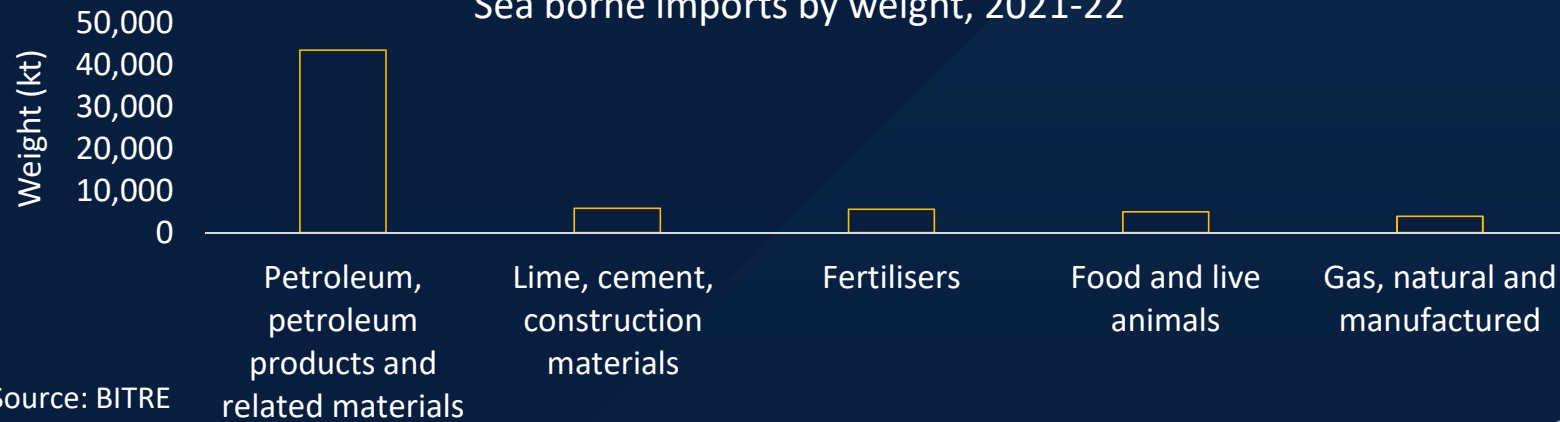
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What is imported by sea?

Sea born imports by value, 2021-22



Sea borne imports by weight, 2021-22



Source: BITRE
Australian Shipping Context

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Fuel volumes

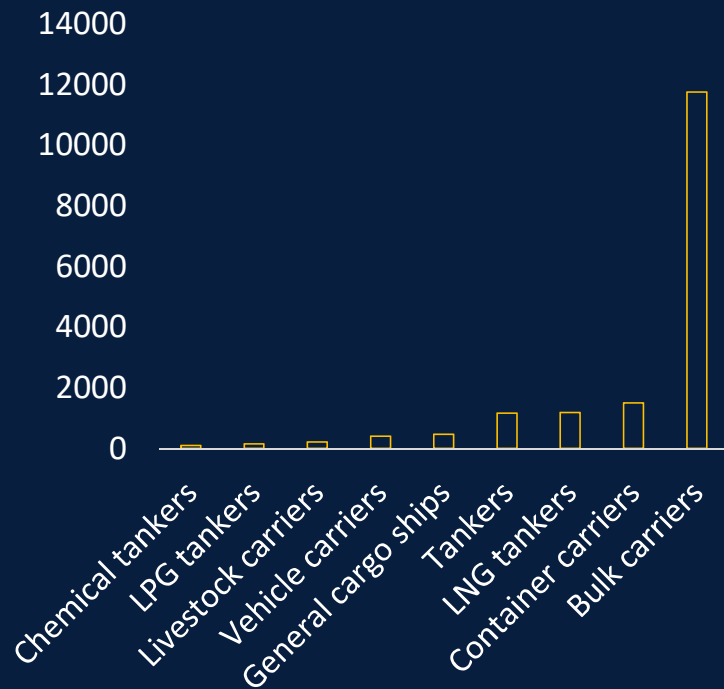
Sources and value of refined petroleum imports (2020-21)

Origin country	Weight ('000 tonnes)	Value (fob) A\$m
Malaysia	9,002	5,480
Singapore	7,590	4,940
Korea, Republic of	4,817	2,936
China	4,278	2,555
India	2,646	1,701
Brunei Darussalam	2,594	1,512
United States of America	1,721	986
United Arab Emirates	1,791	887
Indonesia	1,291	729
Japan	928	601
Total sea imports	41,452	25,259

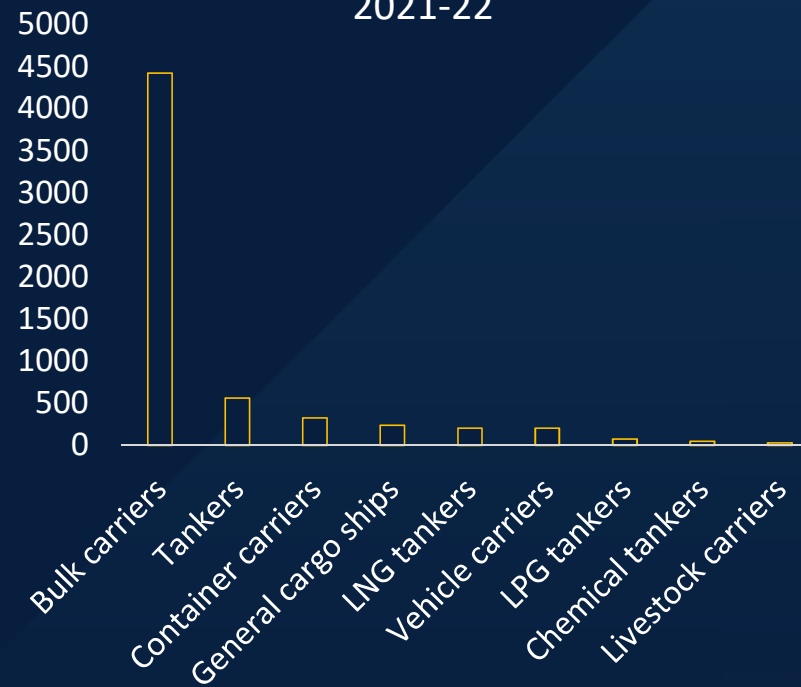
- Australia imports 90% of our crude oil/refined petroleum needs, relying on 600 foreign vessels per year (2 deliveries per day).
- Our fuel needs are significant, but sources diverse.

Vessel visits in 2021-22

Port calls by ship type, 2021-22



Number of ships that visited Australia, 2021-22



Source: BITRE

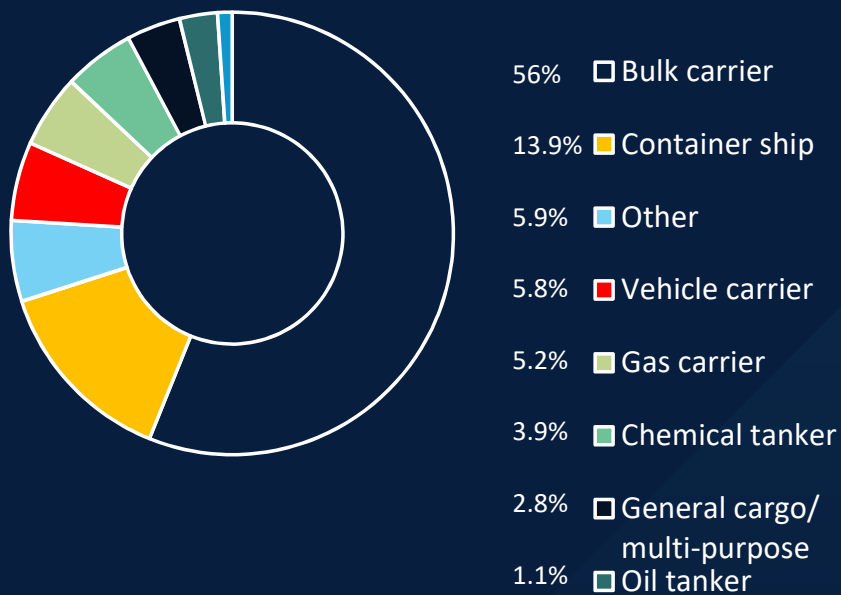
Australian Shipping Context

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Foreign vessel activity in Australia

- In 2021, 26,400 port arrivals by 6,170 unique foreign vessels.



Source: AMSA
Australian Shipping Context



Bulk carrier activity 18/5/2022



Fuel tanker activity 18/5/2022

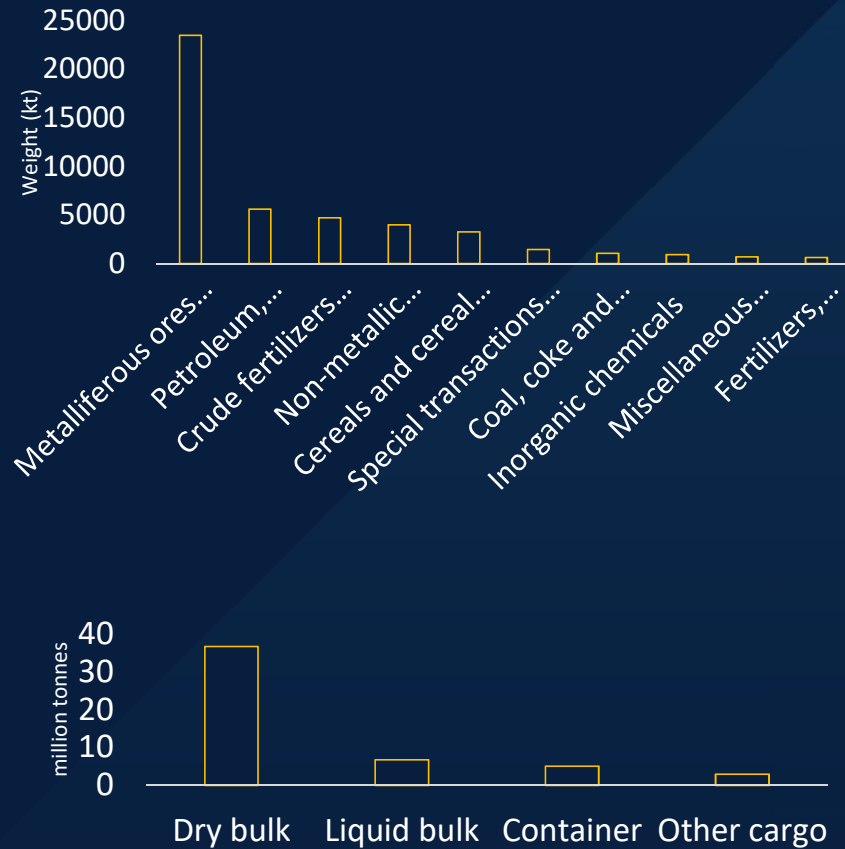
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Domestic Sea Freight statistics

Sea freight within in Australia is dominated by bulk commodities, the largest category of which is metalliferous ores and metal scrap

The largest volume of ore moved coastally is bauxite from Weipa/Amrun in Qld and Gove in NT to Gladstone where it is used in the production of alumina.



Source: BITRE

Australian Shipping Context

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Top 5 cargoes moved by General Licence vessels (2020-21)

Cargo	Volume moved (in metric tonnes)
Dry bulk – Magnetite	7,962,000 MT
Dry bulk – Limestone	1,408,000 MT
Dry bulk – Cement	1,144,000 MT
General Cargo – Roll-on Roll-off	451,529 TEU
General cargo – 20ft container	131,927 TEU

Top 5 cargoes moved under Temporary Licence (2021)

Cargo	Volume moved (in metric tonnes)
Dry bulk – other	4,113,187 MT
Iron Ore	3,327,664 MT
Petroleum – petroleum clean	2,449,922 MT
Cement	2,168,495 MT
Alumina	1,971,983 MT

Australian fleet

11 General Licence vessels over 2000 dwt



Donnaconna
CSL Australia
Self-discharging bulk carrier
Cape Preston to Cape Preston



Accolade II
Inco Ships
Limestone carrier
Klein Point, SA to Adelaide



Trinity Bay
Sea Swift P/L
Passenger/general cargo ship
Cape York Peninsula / Torres Strait



Goliath
CSL Australia
Cement carrier
Devonport to Melbourne



John Duigan
Polaris Marine
Landing craft
Melbourne, Bell Bay and King Island

Tasmanian Achiever I & II
Queen Shipping P/L
Ro-ro cargo ship
Burnie to/from Melbourne



Spirit of Tasmania I and II
TT Line Company P/L
Passenger/ro-ro cargo ship
Devonport to/from Melbourne



Searoad Mersey II and Liekut
Searoad Shipping P/L
Ro-ro cargo ship
Devonport to/from Melbourne



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Australian fleet

LNG carriers

- There are 4 Australian-flagged and crewed liquefied natural gas (LNG) carriers operated by Shell Tankers Australia.
- These vessels exclusively carry LNG extracted from the North West Shelf LNG field and processed at the Karratha Gas Plant, W.A. (operated by Woodside Energy) to Singapore & Japan.
- These vessels are approaching the end of their operational life (build year 1989-1994) and are likely to be withdrawn from service in the near future.

Northwest Stormpetrel
Shell Tankers
LNG carrier
Year of build: 1994



Northwest Sanderling
Shell Tankers
LNG carrier
Year of build: 1989



Northwest Sandpiper
Shell Tankers
LNG carrier
Year of build: 1993



Northwest Snipe
Shell Tankers
LNG carrier
Year of build: 1990



Vessels on the coast 6 or more months (2021) – dry & liquid bulk

Vessel	Number of voyages	Trade	Volume	Load dates across:
<i>Adelie</i>	23	Various dry bulk	579,894 MT	10 months
<i>Akuna</i>	47	Dry Bulk – Fly Ash	636,333 MT	12 months
<i>Asphalt Transporter</i>	21	Tar/Hard Pitch	81932 MT	8 months
<i>CSL Reliance</i>	20	Dry bulk – Gypsum/Mineral Sands	570,699 MT	12 months
<i>Elanora</i>	23	Dry bulk – Gypsum/Limestone	605,483 MT	11 months
<i>Epic St Agnes</i>	29	LPG	37,480 MT	9 months
<i>ICS Silver Lining</i>	88	General Cargo/Dry bulk	-	12 months
<i>JS Jaguar</i>	37	LPG	55,379 MT	10 months
<i>KONDILLI</i>	43	Dry Bulk – Cement	592,611 MT	12 months
<i>Leo Sunrise</i>	7	Bulk liquids	132,424 MT	6 months
<i>Luga</i>	41	Dry bulk – cement/fly ash	649,392 MT	12 months
<i>Mareeba</i>	25	Various dry bulk – mostly gypsum	687,827 MT	11 months
<i>Midnight Glory</i>	13	Petroleum	191,999 MT	7 months
<i>Oriental Spirit</i>	17	Fertiliser	102,372 MT	7 months
<i>Pioneer</i>	8	Sugar	148,965 MT	7 months
<i>Theresa Micronesia</i>	12	Molasses	63,278 MT	8 months
<i>Wincanton</i>	27	LPG	152,055 MT	12 months
<i>Wyuna</i>	40	Dry bulk – cement/fly ash	623,922 MT	11 months
18 vessels Australian Shipping Context	521/2390 total voyages			

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Vessels on the coast 6 or more months (2021) – containers, Ro-Ro, and passengers

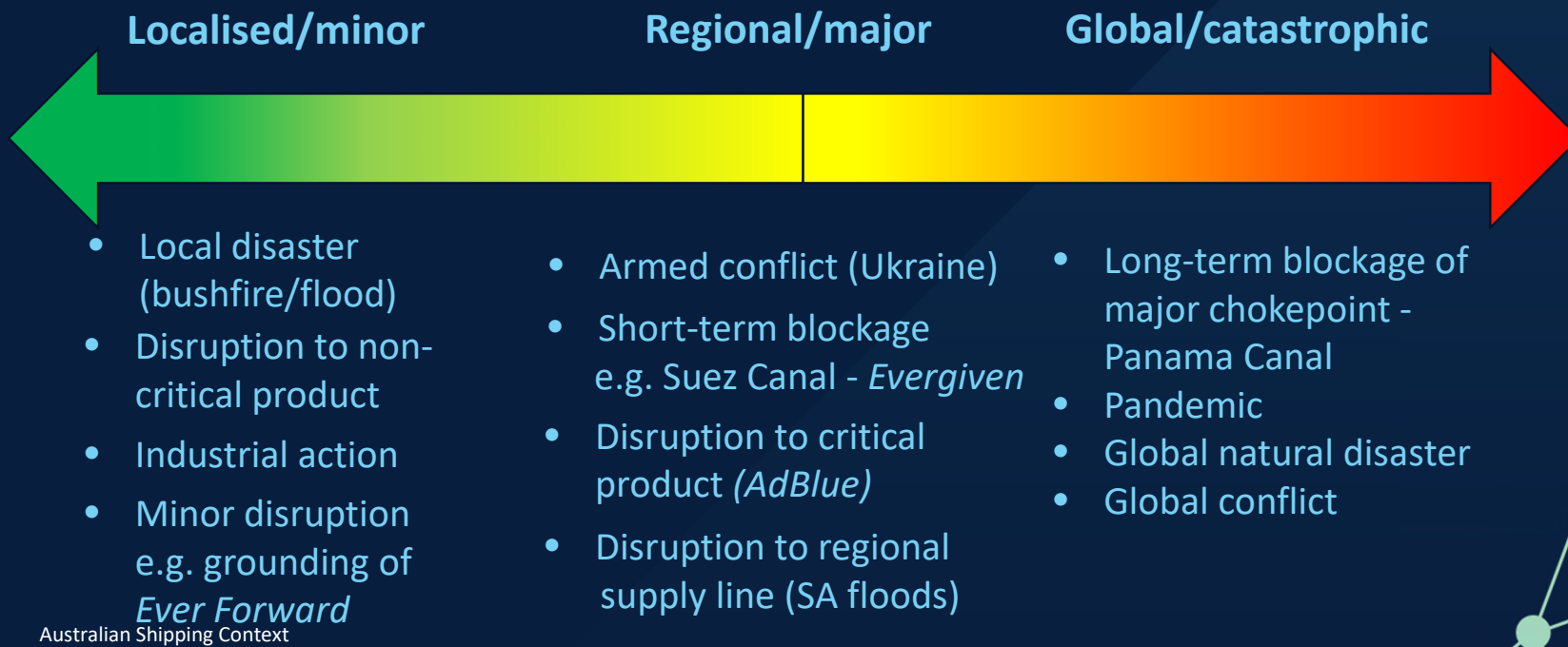
Vessel	Number of voyages	Trade	Volume	Load dates across:
<i>ALS Kronos</i>	59	Containers	10,536 TEU	12 months
<i>APL Houston</i>	27	Containers	1,760 TEU	7 months
<i>Caledonian Sky</i>	20	Passengers	1335 PAX	7 months
<i>CMA CGM Bellini</i>	51	Containers	6,359 TEU	10 months
<i>CMA CGM Puccini</i>	54	Containers	7,260 TEU	12 months
<i>CMA CGM Ural</i>	18	Containers	1,295 TEU	6 months
<i>Conti Stockholm</i>	54	Containers	8,668 TEU	9 months
<i>Genius Highway</i>	16	General Cargo	6685 MT	8 months
<i>GSL Christel Elisabeth</i>	48	Containers	5939 TEU	11 months
<i>Hercules Leader</i>	19	RoRo/General Cargo	8,287 MT	6 months
<i>Jazan</i>	33	Containers	4,690 TEU	8 months
<i>Sagittarius Leader</i>	18	General Cargo/RoRo	8,859 MT	6 months
12 vessels Australian Shipping Context	417/2390 total voyages			

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Continuum of supply chain disruption

- Since 2019, events have highlighted the potential effect of disruption to maritime supply chains.
- Disruptions can vary by frequency, scale, and consequence - local but catastrophic; global but minor.
- Available policy responses depend on these parameters



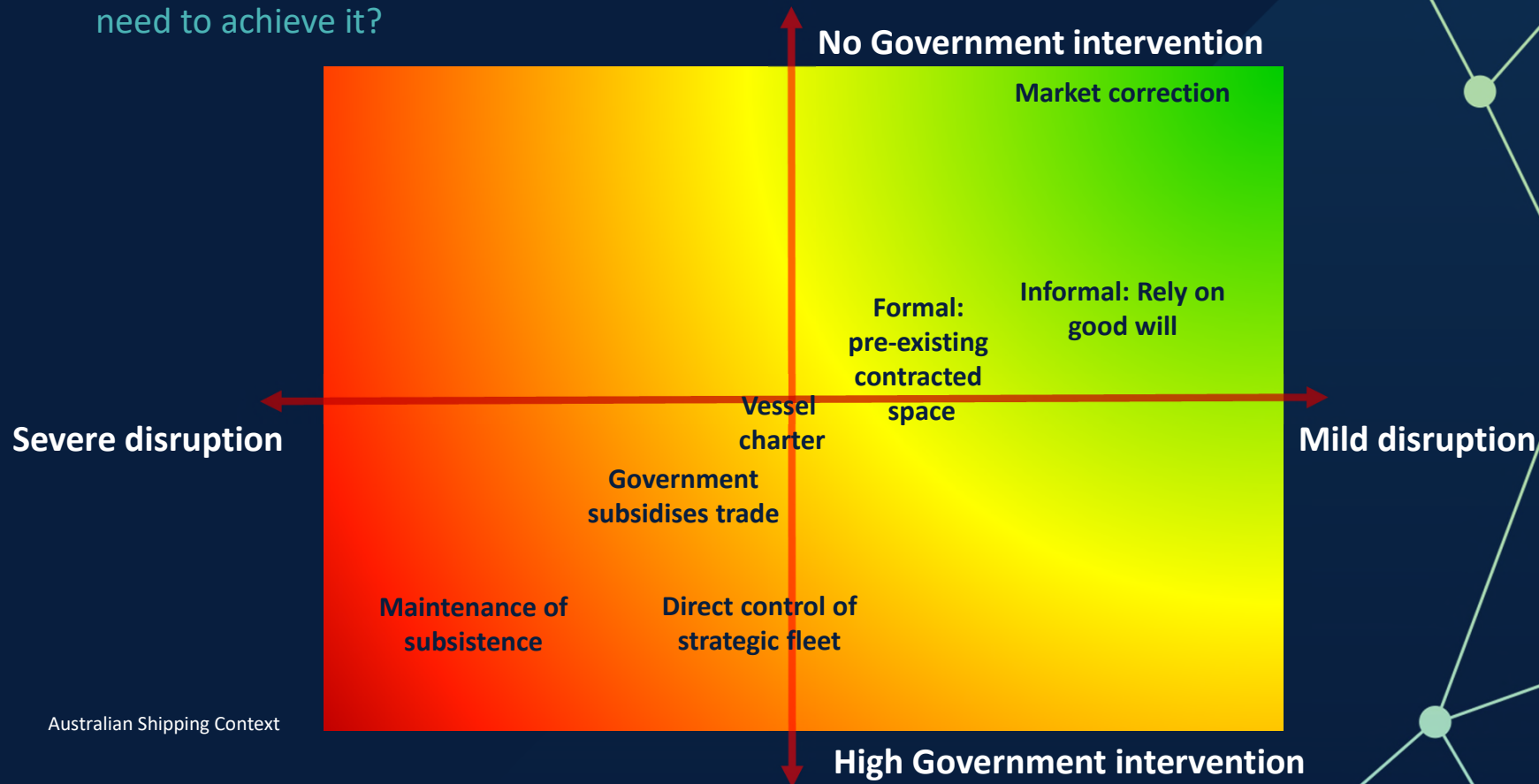
Australian Shipping Context

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Disruption – policy intervention matrix

- Supply chains have remained open, but a severe disruption would present major risks
- The greater the disruption, the more significant the intervention required
- What is the problem we can solve? What sort of capability does the Australian Government need to achieve it?

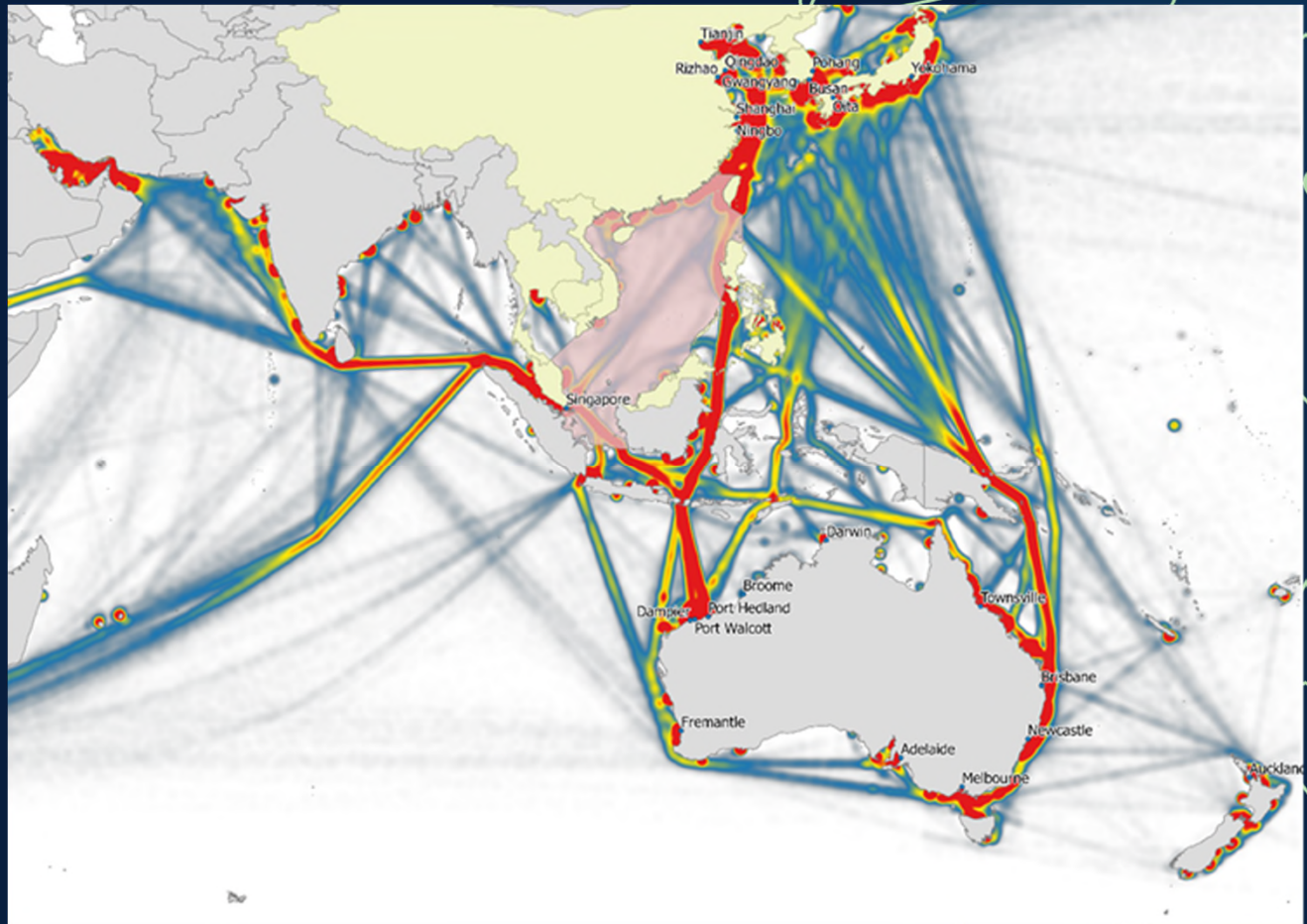


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Sea routes to Australia

- Australia is near key international maritime trade routes.
- More than half of Australia's maritime trade transits the South China Sea.



Supply chain vulnerabilities

Scenario – production and import of fuel

- 90% of Australia's crude oil/refined petroleum is imported
- A large number of vessels– 750-1000 foreign vessels/year required to supply Australia's fuel.

AdBlue example

- More than 40% of Australian freight trucks require AdBlue
- 90% of national requirements are imported- either as finished AdBlue, or its precursor, urea, for domestic manufacture.
- In late 2021 China restricted export of fertilisers, including urea, AdBlue's precursor.

Australian Shipping Context



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Reliance on trade patterns

Scenario - constrained access to South China Sea

- Constrained access to the SCS and regional chokepoints would affect global maritime trade patterns.
- Diverting vessels increases sailing time creating product shortages and could require new vessel capabilities e.g. additional fuel capacity

East-west rail disruption example

- In January 2022 east-west freight was affected by severe flooding in SA which cut off road and rail freight access to WA. An exemption to the Coastal Trading Act was introduced to incentivise coastal shipping.
- Foreign-flagged container vessels on continuing international voyages around Australia used the exemption to carry cargo from the eastern states to WA

Australian Shipping Context



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Natural disasters

Scenario - Cyclone in Northern Australia

- North-west WA, QLD, and the NT are cyclone-prone. Cyclones can damage or destroy essential port infrastructure like quay cranes, shipping channels, and navigation aids.
- Remote and regional communities rely on ports and have limited options for overland or air freight.

January 2022 Tongan volcanic eruption example

- HMAS *Adelaide*, the largest Navy ship built for Australia, undertook a 3,300km voyage from Brisbane to deliver a desalination plant, engineering equipment and helicopters to support logistics and distribution.
- HMAS *Supply* transferred 2.28 million litres of fuel to Australian and international ships and delivered relief supplies identified by the Tongan Government, including 88,000 litres of fresh water.

Australian Shipping Context



26 May 2023

21



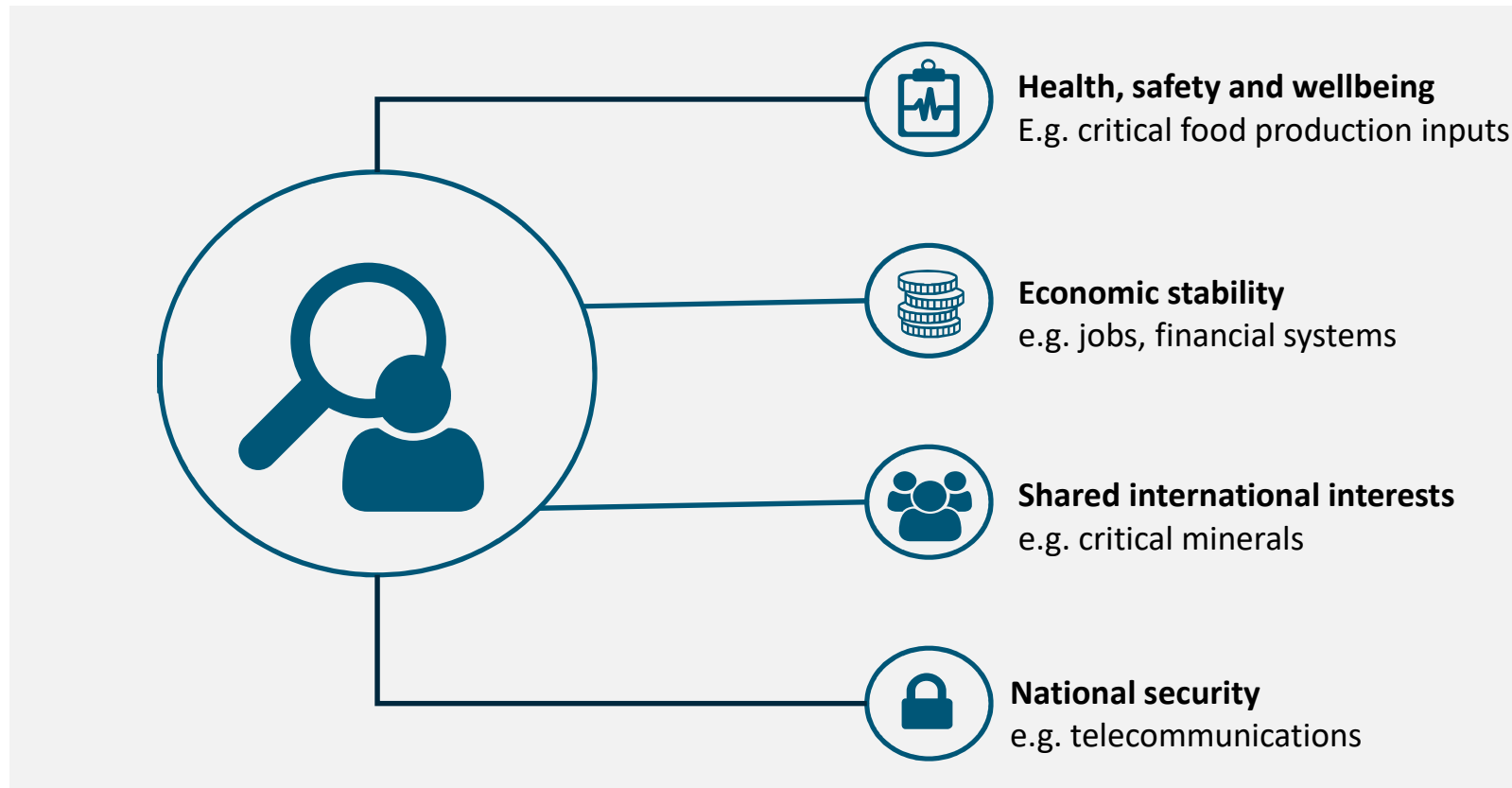
Australian Government
Department of Industry,
Science and Resources

Monitoring critical supply chains

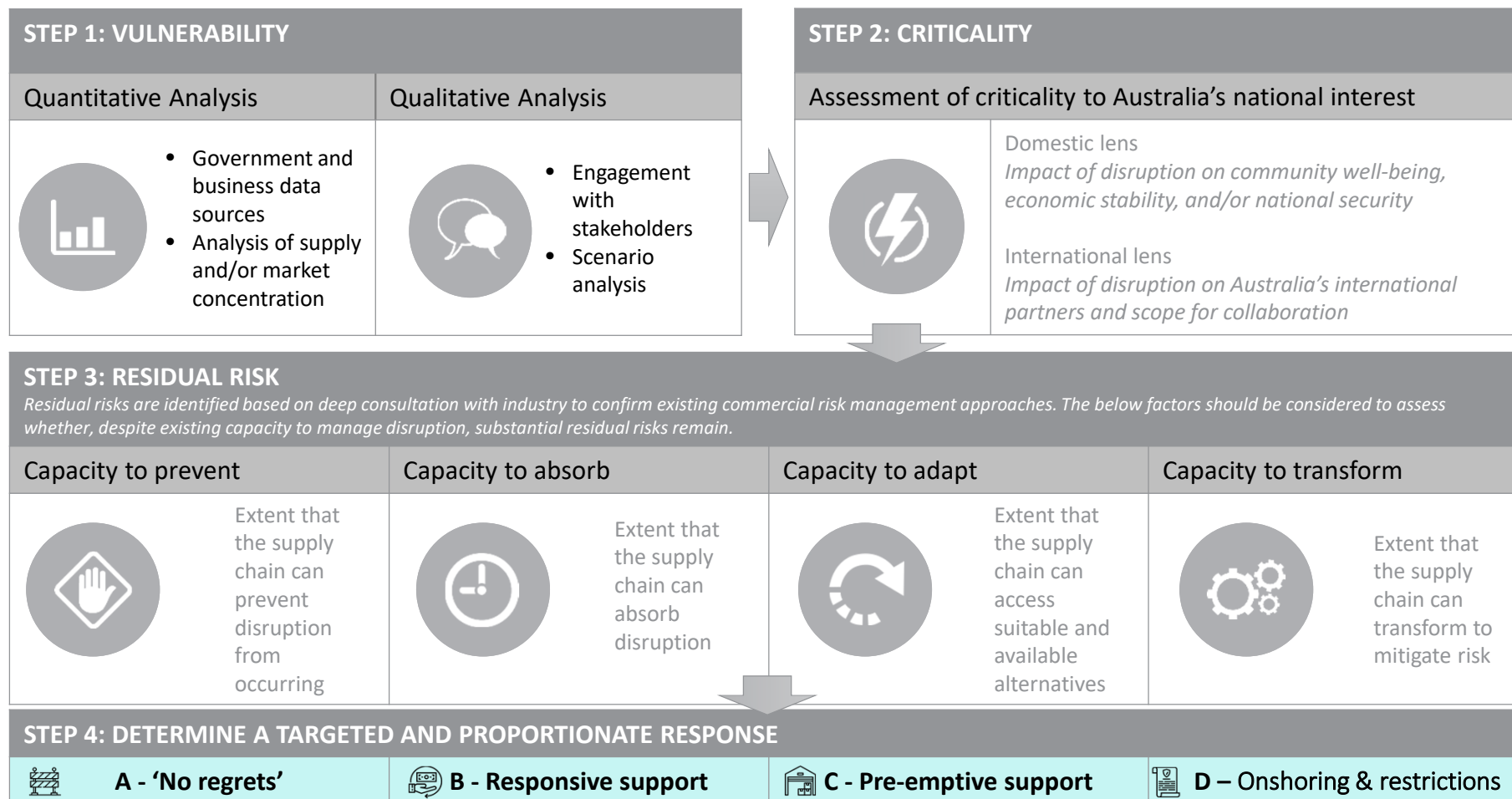
Tim Wong, Office of Supply Chain Resilience
9 November 2022

Supporting economic growth and job creation for all Australians | industry.gov.au

OSCR's focus is on supply chain issues that would have a significant impact on:



Framework for identifying disruption risk in critical supply chains



Responsibilities across Government

The Industry Minister leads whole-of-government coordination to identify critical vulnerabilities in Australia's supply chains.

All Ministers and their departments are responsible for managing key supply chain risks within their portfolio.



Trade & Tourism

- Export Supply Chain Services
- Trade agreements - to diversify markets and minimise barriers to cross-border trade
- Sanctions and export controls



Environment & Water

- Coordinating state and federal water policy



Health & Aged Care

- Monitoring and responding to medical shortages
- Securing health and medical supply chains, including vaccines and pharmaceuticals



Defence

- Strengthening defence industry supply chains



Agriculture, Fisheries & Forestry

- Ensuring food security
- Biosecurity to ensure goods can safely arrive into Australia
- Market access for agricultural exports



Industry and Science

- Monitor and advise Government on critical supply chain risks.



Home Affairs

- Trust Information Sharing Network
- Critical infrastructure and cyber security
- National Coordination Mechanism to coordinate emergency responses



Climate Change & Energy

- Liquid fuel supply chains (including AdBlue)
- Clean Energy supply chains



Treasury

- Macroeconomic settings including competitiveness



Infrastructure & Transport

- Freight and transport (including ports) to ensure key goods can be distributed to Australians



Employment, Workplace Relations, Skills & Training

- Managing workforce and skills shortages



s47E



Linkages to Strategic Fleet

- When completed, OSCR can provide a list of potentially critical and vulnerable products.
- Is an analysis of the shipping needs for the list of critical goods something that could be done by the Taskforce?

Contact us


Office of Supply Chain Resilience

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s47C, s47E



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Sport, Regional Development, Communications and the Arts





Australian Government

The Office of Supply Chain Resilience

About us

Resilient supply chains are vital for a safe, secure and prosperous Australia. The Office of Supply Chain Resilience (OSCR) within the Department of Industry, Science and Resources identifies and monitors vulnerabilities in critical supply chains and coordinates whole-of-Government responses to ensure ongoing access to essential goods and services.

OSCR'S KEY ACTIVITIES:

Economic and Strategic Assessments:

identifying critical supply chain vulnerabilities through analytics and scenario analysis, and assessing the private sector's ability to manage major disruptions.

Industry and Expert Insights:

identifying emerging supply chain risks and industry-led solutions through liaison with business, peak bodies, experts, and states and territories.

Policy and Coordination:

coordinating whole-of-Government advice on actions to support critical supply chain resilience, including through international engagement.



Australian Government

Department of Climate Change, Energy,
the Environment and Water

Australia's fuel security

Miranda Lello

9 November 2022

[DCCEEW.gov.au](https://dcceew.gov.au)

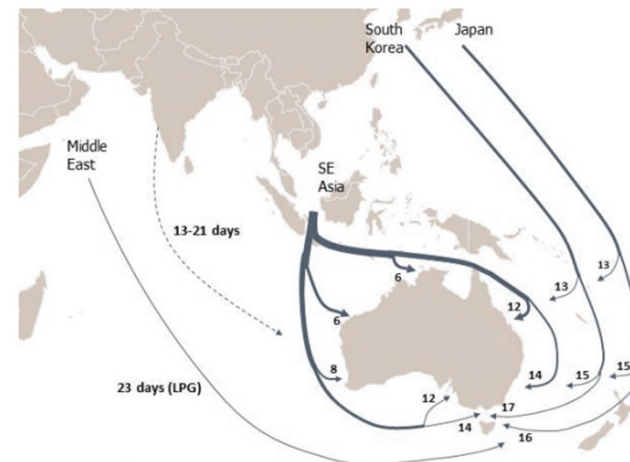
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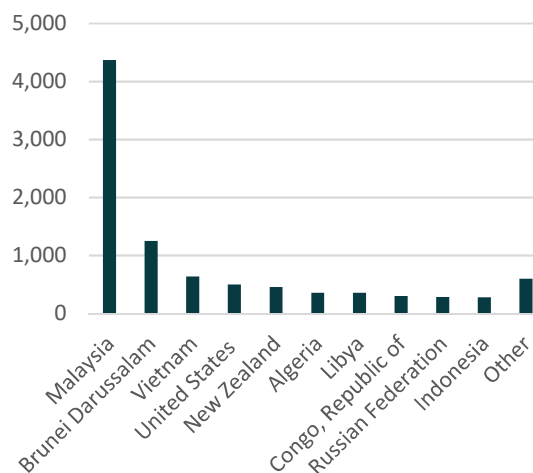
Australia's liquid fuel market is highly reliant on imports

Around 90% of our fuel use is imported as either crude or refined product

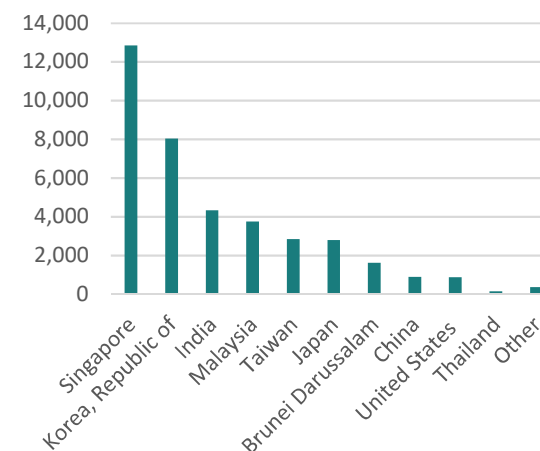
- Refinery closures have increased our import reliance.
- We have diverse supply options but majority of refined product is sourced from a few countries.
- It can take up to 6 weeks for fuels to arrive.
- There are multiple import terminals around Australia.



Crude imports, 2021-22 (ML)



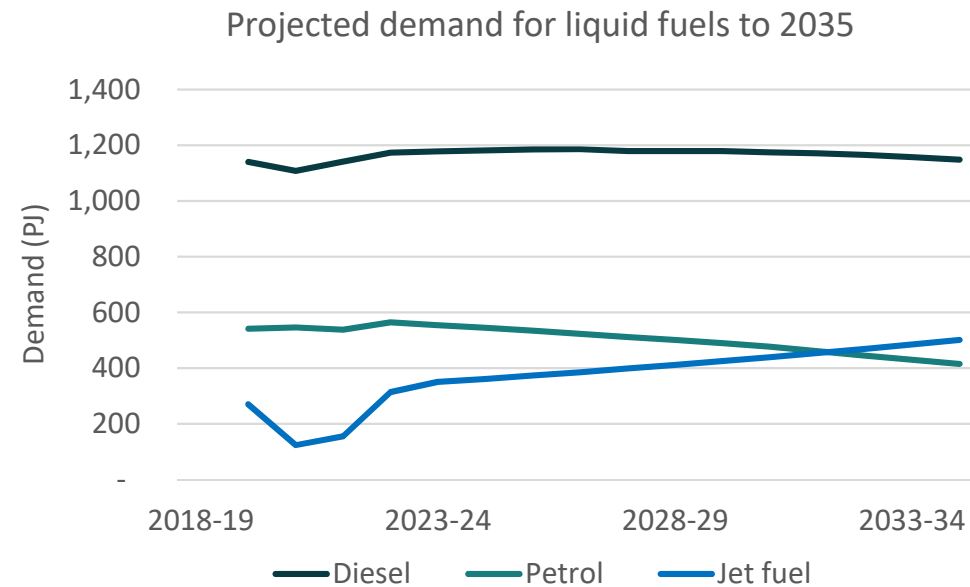
Refined product imports, 2021-22 (ML)



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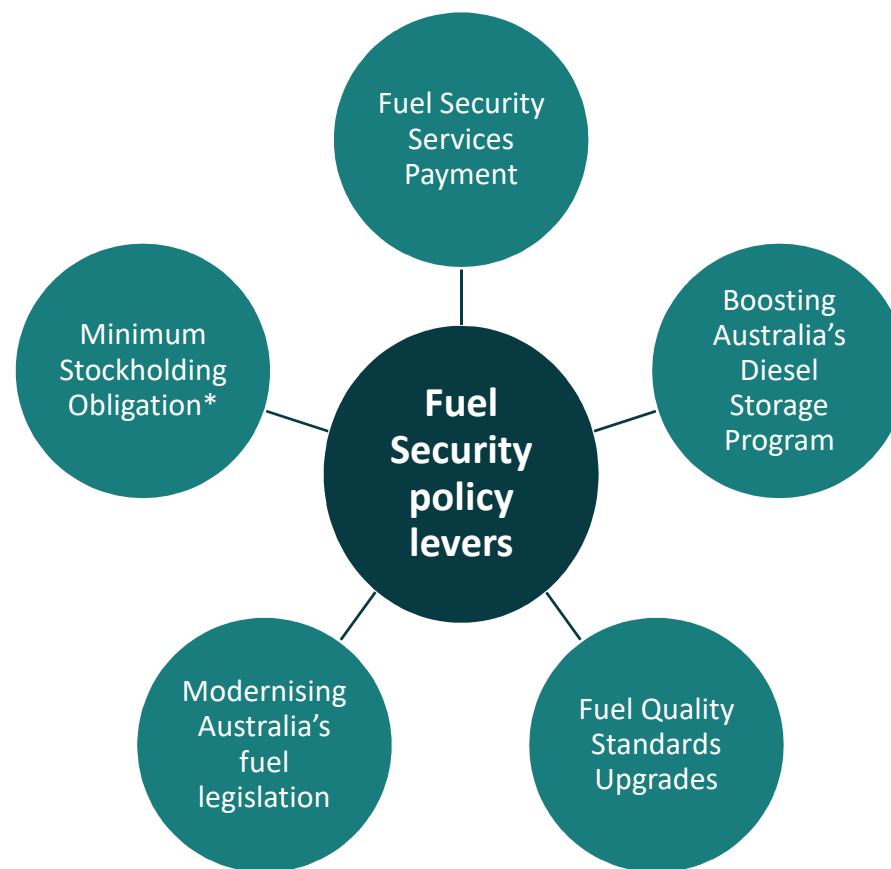
Resilience during an emergency currently depends on sufficient supplies being held by industry

- Australia uses 2.5 times more liquid fuels than electricity, with more energy from diesel use alone than from electricity
- The liquid fuels industry operates on an 'as-needed' basis.
 - Can manage small disruptions efficiently by drawing down stocks
 - But unpredictable events could see significant national shortages
 - Government and consumers bare the risk if shortfalls occur
- Liquid fuels is expected to continue being a critical part of our energy mix into the 2030s – fuel security needs to be managed.



Source: Department of Industry, Science, Energy and Resources 2021 emissions projections

Government's policy levers to manage Australia's fuel security



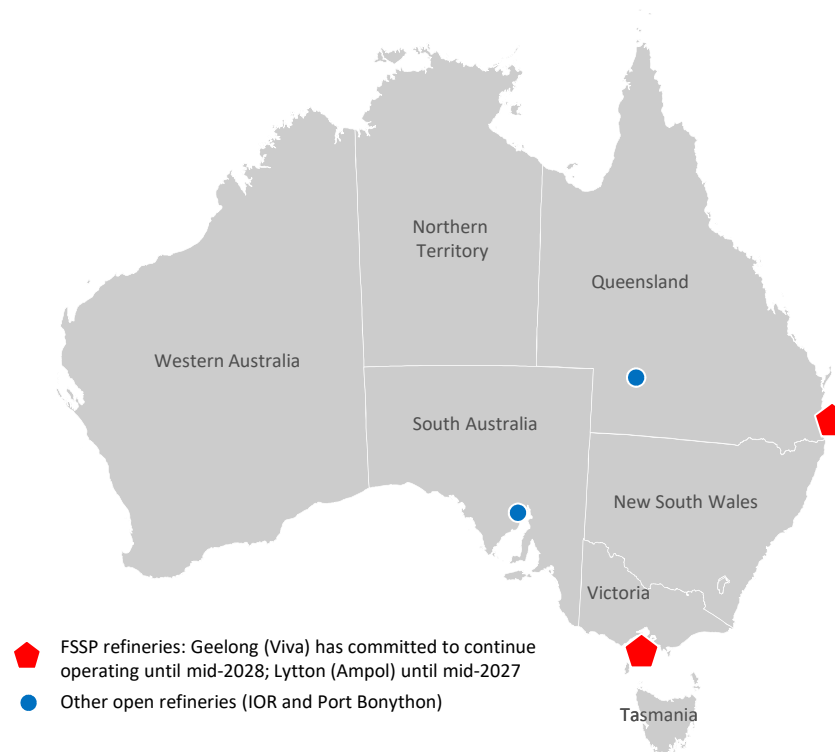
*Will be in place if MSO rules are made by the Minister

Fuel Security Services Payment (FSSP) secures Australia's long-term refining capabilities

Payments: At Nov 2022 only \$12.45m has been paid under the FSSP

Crude sourcing: Around **one quarter** of the crude for Australian refineries is sourced domestically, with the rest imported (as of Aug 2022).

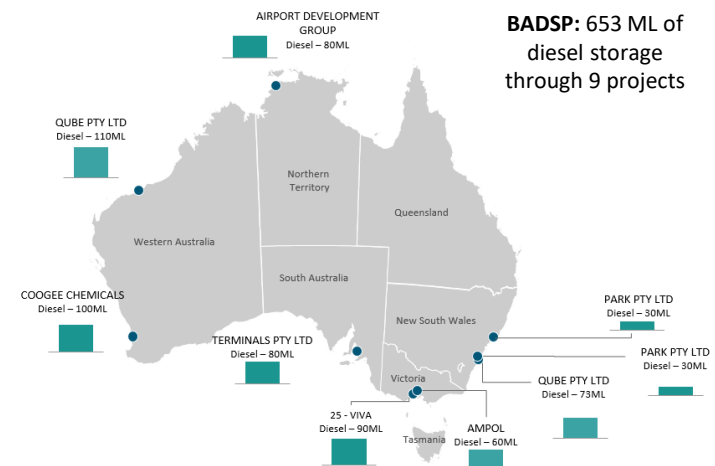
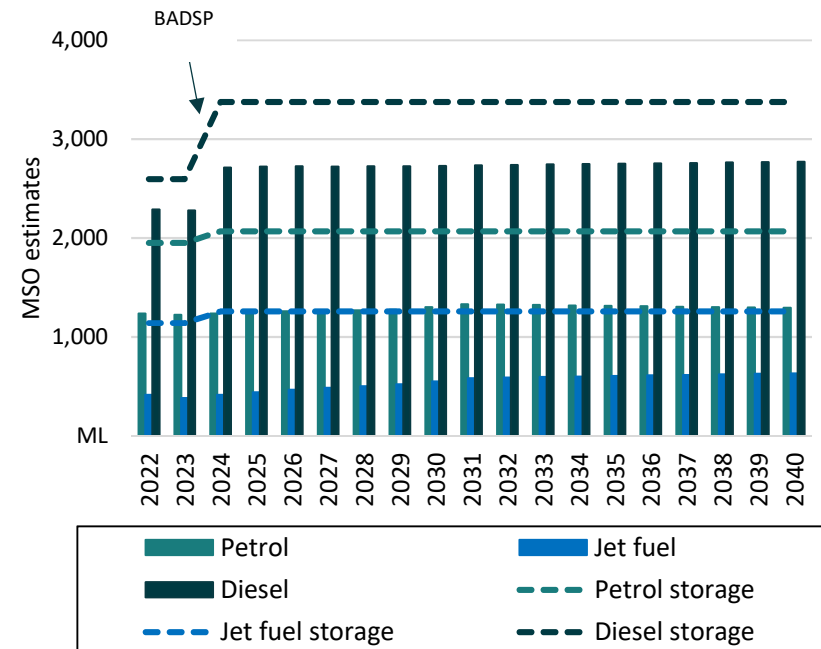
Refinery transition: Both FSSP refiners have committed to continue operating however, could transition their operations to integrated energy hubs in the future.



The legislated Minimum Stockholding Obligation (MSO) will build our domestic fuel reserve, offering greater certainty of fuel supply

- MSO is capable of scaling up specific fuels to offer additional security for key products.
- The Minister has powers under *Fuel Security Act 2021* to suspend the obligation to prevent or alleviate a disruption to supply.
- National storage options + Boasting Australia's Diesel Storage Program (BADSP) will likely provide enough storage to cover the MSO.

OFFICIAL: Sensitive



**The Minister has
emergency response
powers under the
*Liquid Fuel Emergency
Act 1984 (LFE Act)***

The Minister has **powers under the LFE Act** to direct fuel corporations to:

- maintain liquid fuels stock reserves
- develop bulk allocation procedures for liquid fuels
- collect and provide relevant statistical information.

Emergency response powers, which may be exercised during a declared national liquid fuel emergency, include:

- to direct the transfer and sale of industry stocks of crude oil and liquid fuels
- to control the range of products produced by Australian refineries
- to control bulk and retail sales of fuel across Australia.

Critical services are heavily reliant on diesel

Refiners can supply fuels for critical services during major and extended disruptions

Critical services	Usage
Fire and ambulance services	Vehicle fuel
Defence	Vehicle fuel and some naval capabilities
Distribution of food and medicines	Heavy transport fuel, road and rail
Backup electricity generation	Hospitals, water supply and sanitation
Large-scale liquid-fuel fired power system generators	Ensuring sufficient generation capacity for peak demand, reserve generation for emergency use, and as the only source of electricity smaller remote off-grid communities
Utilities	Water and sewerage, telecommunications, waste, and electricity and gas transmission and distribution services
Public transport	Bus, rail, ferry and taxi services fuel if private vehicle use needs to be restricted

**Government work
with industry that is in
place or underway to
reduce impacts of
moderate to severe
disruptions**

Types of scenarios	Measures in place	Work underway
Possible fuel shortage scenarios: <ul style="list-style-type: none"> Sudden increase in Australian demand for liquid fuel Disruption in supply of liquid fuel product from North East Asia for 6 months. Refined product exports from South Korea, Japan, China and Taiwan have ceased Leads to a moderate disruptions	<ul style="list-style-type: none"> Some users could consider supply contracts to ensure their supply FS Act: reporting of supply disruption events 	<ul style="list-style-type: none"> MSO: setting minimum stock levels for industry MSO: Fortnightly reporting of stock levels Improving government data collection, management, analytical and reporting capability
Worst case scenarios: <ul style="list-style-type: none"> Australia does not receive any imports of liquid fuel for three months Permanent closure of all Australian refineries Leads to severe disruptions	<ul style="list-style-type: none"> Domestic crude oil production FS Act: Additional reporting of disruption events POFR Act: More frequent voluntary reporting of stock levels FSSP: Support for Australian refineries FS Act: Early notice on any planned refinery closures 	<ul style="list-style-type: none"> LFE Act review MSO: setting minimum stock levels for industry Reporting on storage capacity to inform future storage needs

Question: Can the Strategic Fleet play a role to reduce impacts in a worst case scenario? e.g. move crude or refined products around Australia?

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DCCEEW.gov.au

9/11/2022

10



STRATEGIC FLEET TASKFORCE	Meeting No.	2
	Location	Sydney (Telstra office)
	Date	9 November 2022
	Time	09:00am – 2:00pm (AEST)
Agenda Item 4b: Taskforce Discussion – Engaging with Stakeholders, Draft Discussion Paper FOR DECISION		

RECOMMENDATIONS

It is recommended that the Strategic Fleet Taskforce:

- **CONSIDER** the draft discussion paper provided at **Attachment A**.
- **ADVISE** the Secretariat of next steps, including any revisions to the draft discussion paper, and timeframes for public release.

KEY POINTS

- Preparing an outline of a discussion paper for stakeholder consultation was an action item for the Secretariat, following the 24 October Taskforce meeting.
- The updated draft consultation plan (Agenda Item 4a) provides several methods to achieve the required stakeholder consultation, including the release of a discussion paper.
 - The consultation plan also contains options for a discussion paper's structure, how questions are posed and notes the type of feedback sought is at the Taskforce's discretion.
- The draft discussion paper could support broad public stakeholder consultation on the maritime strategic fleet, and asks guiding questions intended to initiate discussion and obtain stakeholder input on the first phase of the Taskforce's work.
 - The first phase of the Taskforce's work requires an initial strategic assessment of Australia's current and future shipping needs; the types of disruption that may occur and their effect; and identifying what strategic purposes a fleet should achieve and where the Government can best position itself for influence and have a level of control.

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- This first phase is a complex undertaking and stakeholder input will assist in directing the strategic assessment and identifying what additional information is required. A small set of focused questions have been included in the draft discussion paper to solicit clear, quantifiable input from stakeholders.
- The discussion paper is also focused on a few questions as input will be requested within a very short timeframe, due to the need to inform the Taskforce's work and the interim report. There is a risk this may limit the number of submissions provided and/or the ability of stakeholders to provide input informed by data and research.
- In addition, given timeframes analysis of the submissions will need to be completed in a tight timeframe.
- One-on-one and group consultation with key stakeholders will allow more in-depth answers to be elicited and to follow up in any more detail on matters raised in submissions.
- The second phase of consultation allows for a further discussion paper process and additional input from a broad range of stakeholders.
- The submission process may also identify additional stakeholders with whom further consultation would be of benefit.
- The Department will work with the Taskforce to finalise a discussion paper (if agreed), and provide to a broad range of stakeholders via email for their consideration.

STAKEHOLDER VIEWS

- Stakeholders are expecting broad consultation consistent with the Minister's announcement which stated that there would be an open public consultation process.
- Stakeholders may raise concerns with the likely limited timeframe that will be given to provide submissions related to the questions raised in the draft discussion paper.

Cleared By: Andrew Johnson

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Mob: s22

Contact Officer: s22

Ph: 02 6274 s22

Mob: s22

ATTACHMENT A: Draft Discussion Paper

ATTACHMENT A

STRATEGIC FLEET TASKFORCE – DRAFT DISCUSSION PAPER**Background**

The Australian Government has committed to establish a maritime strategic fleet of Australian-flagged and crewed vessels that will be privately owned, operate commercially and be available for requisition by the Government in times of national crisis such as natural disaster or conflict. As the first step, the Government has appointed this Taskforce to provide independent advice to guide the Government's decision-making on establishing the fleet.

This discussion paper has been developed to assist the Taskforce in the first phase of work as established by the Terms of Reference (see below).

The Taskforce will provide an interim report to the Minister by the end of the year – it is expected that another round of consultation will be taken early next year to inform the second phase of the Taskforce's deliberations.

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, with 1.613 billion tonnes of maritime imports and exports, worth \$575 billion transported in 2020-21. 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 - with 8.4 million twenty-foot equivalent units handled in 2021 – around 1 per cent of the global total.

Australia relies on foreign vessels to carry cargo - in 2021, there were 26,400 vessel arrivals made by 6,170 unique foreign flagged vessels.

The COVID-19 pandemic and subsequent supply chain disruptions have emphasised the importance of secure, reliable, and resilient maritime supply chains, and illustrated the cascading effect that disruptions have on our economy and society.

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 causes severe and enduring disruptions.

In the context of maritime supply chain disruptions, causes can be at the landside – such as port congestion delaying the loading or unloading of cargoes; or directly related to shipping – such as a significant reduction in the global fleet's capacity. As the severity of disruption worsens and the scale of disruption increases, interventions to respond effectively to disruption become costlier and more complex.

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. 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.

Purpose

This Discussion Paper is the first step in broad stakeholder consultation on the Government's strategic fleet policy and offers you the opportunity to provide input to this major policy initiative.

Stakeholder views are critical for the Taskforce to be fully informed in its deliberations. We are interested in your views on where the strategic fleet can make the most difference.

The information you share will be used to assist the Taskforce to determine what strategic needs the Government should position itself to influence, and the level of control a strategic fleet could provide.

This discussion paper provides guiding questions intended to initiate discussion and inform the Taskforce's early advice to the Government about what strategic purpose the fleet could fulfil. Stakeholder input responding to the questions listed below should be provided in the form of a written submission. Further information on providing a submission is below.

Questions

Please list your organisation and contact name.

Organisation:

Contact Name:

Contact number (if you are happy to provide for any follow up):

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.

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

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
 - Other – please describe

COMMITTEE IN CONFIDENCE

- 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?

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

If yes, please answer the following:

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

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

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 have any Australian-flagged vessels?
 - If yes, how many?
- Do you operate foreign flagged vessels in Australia?
 - If yes, how many?
- 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?
- Are you also a freight forwarder?
- Do you use the services of a freight forwarder?

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

If yes, please answer the following:

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

COMMITTEE IN CONFIDENCE

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 – Current unmet needs

To understand where there may be current gaps in services, please answer the following:

- Do you have shipping needs that are not provided, or are poorly serviced, by the current shipping market?
- If yes,
 - Is this domestic or international or both?
 - Please describe what these needs are – what type of service do you need and how often?
 - What is your understanding of the reasons these services are not provided?

Part Three - 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.

- 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).

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.

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.

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?

Use of the fleet

- Would you use vessels in the fleet (assuming a mix of vessels)?
- If yes, under what circumstances would you use the vessels?
- Would you be prepared to pay more to ship your goods using the fleet?
 - If yes, why?
 - If no, why?

Part Four – 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 and any other supplementary information should be provided via email at:
SFConsultation@infrastructure.gov.au.

Alternatively, you can send written submissions to:

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 **[Date] [Month] 2022** to enable the Taskforce to consider your input in the context of its delivery of an interim report and final reports 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.

COMMITTEE IN CONFIDENCE

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.

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-

COMMITTEE IN CONFIDENCE



STRATEGIC FLEET TASKFORCE

Strategic Fleet Taskforce Minutes – Meeting 3

DATE	LOCATION		
22 November 2022	Virtual Meeting – Microsoft Teams		
MEETING TITLE	START TIME	END TIME	
Strategic Fleet Taskforce – Meeting 3	1:04pm	4:03pm	
MEETING ATTENDEES			
Name	Organisation		
Mr John Mullen	Chair – Strategic Fleet Taskforce		
Dr Sarah Ryan	Member – Strategic Fleet Taskforce (Joined the meeting at 2:30pm)		
Ms Angela Gillham	Member – Strategic Fleet Taskforce (Left the meeting at 2.05pm)		
Major General Jason Walk	Member – Strategic Fleet Taskforce		
Mr Paddy Crumlin	Member – Strategic Fleet Taskforce		
Mr Andrew Johnson	Department of Infrastructure, Transport, Regional Development, Communication and the Arts		
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts		
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts		
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts		
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts		

s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts
ATTENDEE APOLOGIES	NIL

Strategic Fleet Taskforce Minutes – Meeting 3

Agenda Item 1: Welcome, Acceptance of Draft Agenda and Minutes and Action items of Meeting 2

- The Strategic Fleet Taskforce:
 1. **Agreed** to the draft agenda for Meeting 3 of the Taskforce.
 2. **Agreed** to the Taskforce Minutes of Meeting 2 – 9 November 2022 subject to including a point which covers competitive neutrality as discussed during the meeting.
- The Chair welcomed members to the third meeting of the Strategic Fleet Taskforce.
- The Chair noted Dr Sarah Ryan will not join the meeting until 2pm due to another Board commitment.

Action Item 1: Secretariat to include in the Minutes a reference to competitive neutrality being a key principle of defining the term strategic as discussed in Agenda Item 3 of meeting 2.

Introduction to Presentations on maritime skills and training and strategic review and mobilisation

- The Strategic Fleet Taskforce:
 1. **Welcomed** invited guests from the Department of Employment and Workplace Relations and the Department of Defence who presented information sessions on maritime skills and training and strategic review and mobilisation respectively.

Presentation 1: Skills and Training Presentation – Department of Employment and Workplace Relations

- The Strategic Fleet Taskforce:
 1. **Noted** the presentation delivered by the Department of Employment and Workplace Relations on skills and training.
- Members noted that the vision for skills and training from their agency was to build skills across all industries to support economic growth.

- Members noted following machinery of government changes the skills area had transferred to the Department of Employment and Workplace Relations (DEWR).
- DEWR provided broad details of the Government's current initiatives in the skills space which would be relevant to the Taskforce.
- Members noted the establishment of Jobs and Skills Australia, a secondary statutory structure under DEWR which will look at workforce trends, provide advice to Government on the skills needed both now and into the future and establishing a closer relationship with states and territories, education providers, unions and industry.
- s47C
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- Members noted the Department is reviewing of the Lynelle Briggs report and will provide a summary to members shortly.
- DEWR also mentioned that they were focussing on strengthening Australian apprenticeships and working with the Department of Home Affairs on migration policies.
- s47C
- Members asked about how the work of Lynelle Briggs aligned with the Government's skills direction and how linkages between the two can be made.

Action Item 2: DEWR to connect the Taskforce with the relevant industry cluster that will be working in the maritime skills area once established.

Action Item 3: The Department to prepare some analysis on the Maritime Workforce Development Strategy released by Lynelle Briggs and where we are now.

Presentation 2: Strategic Review and Mobilisation Presentation – Department of Defence

- The Strategic Fleet Taskforce:
 1. **Noted** the presentation delivered by the Department of Defence on the Defence Strategic Review and Mobilisation.
- The Department of Defence provided a detailed presentation on the Defence fleet needs noting their major supply chain requirements relate to the importation of fuel, explosive ordinance or ammunition and to a lesser extent spare parts.
- Members were advised that the presentation by the Department of Defence on the Defence Strategic Review and Mobilisation captures the essence of what is informing the two bodies of work in terms of how a strategic fleet might be used from a defence context, and the makeup of the fleet in terms of Defence needs.
- Members noted both the Defence Strategic Review and Mobilisation Reports are still underway.
- Department of Defence is a stakeholder of the work of the Strategic Fleet Taskforce and will provide an independent submission within the Taskforce timeframes.

- Members discussed finding out how other nations and NATO support their Defence sealift capacity. It was agreed that the Department would do this research.
- Members agreed there are a number of complex challenges which need to be addressed as part of their consideration of the strategic fleet including the consequences of each option.

Action Item 4: Department to undertake further research into how other nations support defence sealift capacity.

Agenda Item 2: Taskforce Discussion – Outcomes of Data Analysis – Workstreams A to C

- The Strategic Fleet Taskforce:
 1. **Discussed** the consultant's preliminary analysis.
 2. **Agreed** to provide the department with feedback on the research reports by COB Friday 25 November 2022.
- Members noted the Department has engaged PwC to undertake an analysis of the Australian shipping industry to support advice to the Strategic Fleet Taskforce.
- PwC prepared three draft reports for members to provide comments by Friday 25 November 2022.
- These Strategic Maritime Fleet Reports include:
 - Work Stream A – Describes Australia's current shipping industry
 - Work Stream B – Provides an analysis of Australia's shipping vessels and cargo movements
 - Work Stream C – Provides an overview of the current state of Australia's maritime workforce and insights about emerging expectations of the maritime workforce.
- Members noted that Work Streams D and E drafts will be provided by the next meeting of the Taskforce.
- Members noted that Defence utilises the services of such companies as s47E(d) and this would need to be a consideration in progressing the work of the Taskforce.

Action Item 5: The Department to review the data analysis draft documents prepared by PwC to ensure accuracy.

Action Item 6: Members to provide comments on PwC's three draft reports by Friday 25 November 2022.

Agenda Item 3: Taskforce Discussion – Narrowing the Scope of What Strategic Means

- The Strategic Fleet Taskforce:
 1. **Discussed further** what strategic means in the context of the Government's strategic fleet commitment, to inform addressing the first phase of the Terms of Reference and assist the development of the interim report (a proposed draft outline of the interim report was provided in **Agenda Item 4**).
- Members discussed how they could narrow the scope of what strategic means in the context of the strategic fleet and agreed to settle what the term strategic meant to enable finalisation of the interim advice.
- Members noted the presentations provided to the Taskforce at Meeting 2 and Meeting 3.

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- The Department reminded members of the discussions held in Meeting 2 highlighting some of the strategic needs where a fleet will support broader national objectives around onshore industries and strengthening sovereign capability, skills and decarbonisation noting more finite details are required.
 - The Department put forward a view that there are four categories of strategic:
 - Strategic needs where the Government can't influence
 - Strategic needs where the Government can influence
 - Strategic needs where the Government does not need to influence, and
 - Other strategic outcomes that will be delivered through the fleet.
 - Members agreed for Phase 1 to focus on the purpose of the fleet using data and information already provided to members.
 - Members discussed options of how a strategic fleet could be sustained, extended, and be enduring.
 - Members identified that it was useful to think of shipping capability through the lens of imports and key exports.
 - Members identified that the strategic fleet could be a catalyst for longer term change within the maritime and shipping industry.
 - Members noted it was important to understand what outcomes can be achieved under different time scales in terms of a strategic fleet.
 - It was also noted by members that the principle of 'mutual obligation' between shipping companies and government was important to ensure a long-term commitment was achieved.
 - Members also discussed why the current Australian fleet were still in operation and what were their drivers. It was identified that government subsidisation was provided to 7 of the 11 Australian flagged ships.
 - Members also noted that ports can be a bottleneck and needs to be taken into consideration in terms of the operation of a strategic fleet.
 - Members also noted that it was important to understand how the dynamic would work between responding to Government and responding to commerciality.
 - Members identified specific strategic needs and the level of capability to support that need. The Department highlighted key discussion points describing components of capability that relate to specific smaller disruptions:
 - Fuel, (domestic refined and domestic crude), RoRo and Containers.
 - Supporting onshore industry and sovereign capability of those industries – how does that support contribute to training of the workforce in capability of those vessels.
 - Creating a market that provides a growing capability and an incentive to invest in and maintain Australian vessels supports the strategic objective around long-term training.
 - Deploying the latest vessels in terms of what they are carrying and how they operate which provides an industry and workforce that meets the future needs and investment support.
-

- The Taskforce noted the requirement to engage with stakeholders around what ship owners and operators need to flag their vessels as Australian in the longer term.
- Members noted the timeframe for the interim report to be provided to the government agreeing that the Taskforce needed to consider potential recommendations and options that might be considered as part of the interim report at Meeting 4.
- Members noted that Stakeholders views will be captured as part of the discussion paper and group consultations which are scheduled to take place in late November and early December.

Agenda Item 4: s47C

- s47C

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s47C

Agenda Item 5: Taskforce Discussion – Update on Planned Consultation Meeting and Discussion Paper

- The Strategic Fleet Taskforce:
 1. **Agreed** dates, stakeholder grouping, lead Taskforce members and proposed schedule for the targeted stakeholder consultations to enable the Department to arrange meeting logistics.

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2. **Noted** the Consultation Discussion Paper was released on 16 November 2022 and stakeholders can provide submissions until the consultation period closes on 30 November 2022
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- Members noted the need for the Taskforce to consider stakeholder views as part of the development of the interim report.
 - The targeted consultation meeting date schedule was distributed in Meeting 2 also contained a list of stakeholder groups to be consulted. Members noted possible questions to guide discussions will be provided to the Taskforce prior to the scheduled meetings.
 - Members noted the Consultation Discussion Paper has been released for a two-week period 16-30 November 2022.
 - Members noted that some stakeholders who have not been included in the targeted face to face consultation will have the opportunity to provide input through the Discussion Paper process, noting a second round of targeted consultation will take place as part of Phase 2.
 - Members agreed that submissions to the Discussion Paper continue to be accepted after 30 November 2022, noting they may not be able to be considered in the Phase 1 Interim Report.
 - Members noted the following schedule of consultation meetings:
 - Monday 28 November 2022 (AM Sydney) – Unions
 - Monday 28 November 2022 (PM Sydney) – Shipping Providers
 - Thursday 1 December 2022 (AM Melbourne) – Onshore users of shipping (not fuel or energy)
 - Thursday 1 December 2022 (PM Melbourne) – Fuel and Energy users of shipping
 - Members agreed that as a matter of principle any stakeholder who wants to be consulted as part of the process will be included.
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Action Item 9: Secretariat to schedule the 28 November 2022 consultation meeting.

Action Item 10: The Department to invite s47E(d) to the meeting on 28 November 2022.

Action Item 11: The Department to consider and advise members how the States and Territories will be consulted.

Action Item 12: The Department to distribute draft questions for the Consultation meetings for members to consider.

Action Item 13: The Secretariat to contact s47E(d) to book a room for the consultation session scheduled for Thursday 1 December 2022.

Agenda Item 6: Taskforce Discussion – New Steps

- The Strategic Fleet Taskforce:
 1. **Agreed** on what steps are needed before the next meeting of the Taskforce.
 - Members agreed that the next meeting of the Taskforce will need to focus on reviewing a draft interim report, final reports from the consultant on data analytics and outcomes from the stakeholder meetings and stakeholder discussion paper process.
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Agenda Item 7: Other Business, Meeting Schedule and Next Meeting

- The Strategic Fleet Taskforce:
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1. **Confirmed** the meeting date, place and time for meeting 4 of the Taskforce.
 2. **Agreed** on the meeting schedule and that the Secretariat will proceed to make arrangements for these meetings.
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- Members agreed with the following 2022 Taskforce meeting schedule:
 - Friday 9 December 2022 (virtual)
 - Monday 19 December 2022 (virtual).
-

Action Item 14: The Chair will provide Ms Angela Gillham with an update on today's meeting discussions. Following that discussion, the Chair will send Ms Gillham's comments through to the Secretariat for distribution to members.

Action Item 15: The Department to send invitations to key stakeholders to attend the Consultation Meetings detailed in Agenda Item 5.

Agenda Item 8: Meeting Closure

The meeting closed at 4:03pm



STRATEGIC FLEET TASKFORCE

Strategic Fleet Taskforce Minutes – Meeting 4

DATE	LOCATION		
9 December 2022	Virtual Meeting – Microsoft Teams		
MEETING TITLE	START TIME	END TIME	
Strategic Fleet Taskforce – Meeting 4	1:03pm	2:50pm	
MEETING ATTENDEES			
Name	Organisation		
Mr John Mullen	Chair – Strategic Fleet Taskforce		
Ms Angela Gillham	Member – Strategic Fleet Taskforce		
Major General Jason Walk	Member – Strategic Fleet Taskforce		
Mr Paddy Crumlin	Member – Strategic Fleet Taskforce		
Mr Andrew Johnson	Department of Infrastructure, Transport, Regional Development, Communication and the Arts		
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts		
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts		
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s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts

ATTENDEE APOLOGIES

Dr Sarah Ryan	Member – Strategic Fleet Taskforce
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Strategic Fleet Taskforce Minutes – Meeting 4

Agenda Item 1: Welcome, Acceptance of Draft Agenda and Minutes and Action items of Meeting 3

- The Strategic Fleet Taskforce:
 1. **Agreed** to the draft agenda for Meeting 4 of the Taskforce.
 2. **Agreed** to the Taskforce Minutes of Meeting 3 – 22 November 2022 subject to changes discussed being made.
- The Chair welcomed members to the fourth meeting of the Strategic Fleet Taskforce.
- The Chair noted Dr Sarah Ryan was an apology for this meeting.
- Taskforce members requested the following additions to the minutes of meeting 3:
 - Agenda item 2 – include in the minutes that Defence utilises the services of such companies as s47E and that this would need to be a consideration in progressing the work of the Taskforce
 - Agenda item 3 – need to include that the Taskforce agreed to settle what the term strategic meant to enable the finalisation of the interim advice.
 - Agenda item 3 – amend the paragraph relating to subsidies to the following: ‘It was identified that government subsidisation was provided to 7 of the 11 Australian flagged ships.

Action Item 1: Secretariat to amend the minutes of meeting 3 as identified in the Minutes of this meeting.

Agenda Item 2: Taskforce Discussion – Data Analysis – Workstreams A to E and Phase 2 Scope

- The Strategic Fleet Taskforce:
 1. **Discussed** the evidence presented in the consultant’s research and analysis.

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2. **Agreed** that the data analysis presented provided enough information to support finalisation of the interim report.
 3. **Agreed** to provide the department with comments on the phase 2 scope by COB Friday 16 December 2022.
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- Members comments on Workstreams A, B and C have been incorporated into the respective documents.
 - Members discussed workstreams D and E. Members expressed views that it is important in going forward that further data analytical work involves a review by commercial operators to ensure that information being presented reflect the industry as a whole. An example of this is that Workstream E identified leasing and charter as a separate option, but the industry sees this as the same function.
 - Members noted that as part of Phase 2 more detailed costings will be needed, such as comparing a foreign vessel with an Australian vessel.
 - Members noted that phase 2 of the data analytics would commence around late January 2023. The process would need to be cognisant of Government response to the interim report. Members agreed that Phase 2 needed to explore government assistance options.
 - The Taskforce agreed that further work on looking forward to what the industry may look like in the future and how the industry supports other government outcomes will be important in finalising advice for government, for example the offshore industry could be an area of growth for Australia.
 - Discussions around the skills and training continued with members noting the importance of including an improved training and development framework.
 - Members agreed that it was important to do a desktop study of other countries on what delivery models they have used to implement improvements in their shipping capacity.
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Action Item 2: Taskforce members agreed to provide the names of shipping operators that could assist in reviewing consultants reports to provide an industry view.

Action Item 3: The department agreed to further prepare a phase 2 scope based on comments from the meeting and members comments, and present the revised scope at the next meeting.

Action Item 4: The department to provide more detail on a potential Australian maritime skills census to collect up to date data relating to Australia's maritime workforce and training opportunities.

Agenda Item 3: Taskforce Discussion – Outcomes of Stakeholder Consultation Meetings and Preliminary Feedback on Discussion Paper

- The Strategic Fleet Taskforce:
 1. **Considered** the outcomes of the targeted stakeholder consultation meetings and feedback received on the taskforce's discussion paper.
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- Members noted the targeted consultation meetings with key stakeholder groups that took place on 28 November 2022 with maritime unions and shipping providers; and 1 December 2022 with onshore industry users of shipping, and fuel and energy users of shipping.
 - Members noted that the level of knowledge regarding the work of the Taskforce varied between stakeholders.
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- Members noted that in the future, stakeholder consultation meetings may benefit from a preliminary/general briefing about what government is seeking to achieve through the process of establishing a Taskforce to provide advice on establishing a strategic fleet.
- Members discussed some of the key elements of the consultation discussions which focussed on essential supply imports and suitable vessels to meet the Australian fleet needs.
- Feedback on the Discussion Paper released for consultation on the Department's website on 16 November 2022 provided a number of common themes, including:
 - The need to increase seafarer skills and training for the success of the Strategic Fleet
 - Reduction of the competitive disadvantage of maritime operations in Australia compared to overseas
 - Stakeholder strategic concerns over disruption to supply chains and fuel security.
- Members noted 59 submissions on the Discussion Paper had been received with the public submissions to be uploaded to the department's website next week.
- The Chair advised that as part of the Consultation meetings an approach had been suggested that an option for consideration could be for a government owned vessel to be used by the private sector when not being used as part of the strategic fleet.
- The Department provided members with a brief overview of the numbers and focus of the Discussion paper submissions detailing; 25 submissions had identified clear strategic needs and significant commentary to the questions; 18 had provided supportive and non-supportive critical commentary without providing data evident to quantify their claims; 15 had provided commentary which related more to Phase 2 rather than Phase 1.

Action Item 5: The Department to bring to the next meeting an outline of the Phase 2 consultation process which reflects the Members comments of the Phase 1 consultation process.

Action Item 6: The Department to distribute both the public and confidential submissions to members next week.

Action Item 7: The Department to upload the Discussion Paper public submissions onto the Department's website next week.

Agenda Item 4: s47C

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s47C

Agenda Item 5: Taskforce Discussion – New Steps

- The Strategic Fleet Taskforce:
 1. **Agreed** on what steps are needed before the next meeting of the Taskforce.
- Members agreed that the next meeting of the Taskforce should focus on reviewing the final version of the interim report, discuss phase 2 data analytics and the process for stakeholder consultation meetings during phase 2.
- Members agreed that it would be useful to receive a briefing on the National Reconstruction Fund to determine whether it could align with the Strategic Fleet and that a presentation of this fund should be provided at the first Taskforce meeting in the new year.
- Members noted there is not a complete data set available on the movement of goods via road and rail and that it was important to understand these linkages in relation to progressing the work of the Taskforce.
- Members discussed the importance of aligning with other Australian Government initiatives or programs consistent with the scope of the Strategic Fleet Taskforce work.

Action Item 11: The Department to contact the relevant agencies to engage with the Taskforce on the new Industry Assistance Initiative and National Reconstruction Fund as part of Phase 2.

Action Item 12: The department to undertake a desktop study on how other countries have approached improving their models of government support. This work can also be incorporated into the phase 2 data analytics.

Action Item 13: Paddy Crumlin agreed to provide road and rail data to the department to assist in understanding the dynamics between the shipping industry and land transport.

Agenda Item 6: Other Business, Meeting Schedule and Next Meeting

- The Strategic Fleet Taskforce:
 1. **Noted** other business raised during the meeting.
 2. **Agreed** the meeting date, place and time for meeting 5 of the Taskforce.
 3. **Agreed** on the 2023 meeting schedule and that the Secretariat will proceed to make arrangements for these meetings.
- Members confirmed Meeting 5 will be held in Sydney on Monday 19 December 2022.

Action Item 14: The Secretariat to seek advice from members on their 2023 meeting availability to allow for the Secretariat to make any related bookings.

Agenda Item 7: Meeting Closure

The meeting closed at 2:50pm



STRATEGIC FLEET TASKFORCE

Strategic Fleet Taskforce Minutes – Meeting 5

DATE	LOCATION	
19 December 2022	Virtual Meeting – Microsoft Teams	
MEETING TITLE	START TIME	END TIME
Strategic Fleet Taskforce – Meeting 5	11:05am	2:02pm
MEETING ATTENDEES		
Name	Organisation	
Mr John Mullen	Chair – Strategic Fleet Taskforce (Virtual)	
Dr Sarah Ryan	Member – Strategic Fleet Taskforce (Virtual)	
Ms Angela Gillham	Member – Strategic Fleet Taskforce	
Major General Jason Walk	Member – Strategic Fleet Taskforce	
Mr Paddy Crumlin	Member – Strategic Fleet Taskforce	
Mr Andrew Johnson	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts (Virtual)	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
ATTENDEE APOLOGIES	NIL	

Strategic Fleet Taskforce Minutes – Meeting 5

Agenda Item 1: Welcome, Acceptance of Draft Agenda, Minutes of Meeting 4 and Action Items

- The Strategic Fleet Taskforce:
 1. **Agreed** to the draft agenda for Meeting 5 of the Taskforce.
 2. **Agreed** to the Taskforce Minutes of Meeting 4 – 9 December 2022.
- The Chair welcomed members to the fifth meeting of the Strategic Fleet Taskforce, the last meeting for 2022.
- Members agreed to the Taskforce Minutes of Meeting 4.

Agenda Item 2: Taskforce Discussion – Interim Advice Finalisation

- The Strategic Fleet Taskforce:
 1. **Discussed** the updated Interim Report.
 2. **Agreed** specific changes to be made before final clearance by members.
 3. **Endorsed** the Chair presenting the report to Minister King, once finalised.
- Members discussed specific changes to be made to the Interim Report.
- Members stated the interim report needs to provide more context on the challenges in Australia's strategic environment, and highlight opportunities within the current freight task for the strategic fleet to operate commercially.
- Members noted the report focuses on the work undertaken by the Taskforce under Phase One of the Terms of Reference and needs to foreshadow the work to be completed by the Taskforce in Phase Two.
- Members agreed a focus of Phase Two will be the long-term sustainability of the Australian shipping industry including quantifying and validating the Taskforce's understanding of the challenges to a commercial Australian Fleet including the role of the regulatory framework.
- Members noted the significant challenge of establishing 12 commercially viable vessels immediately that could meet Australia's strategic needs, suggesting Government's response to the Report will be helpful in progressing their approach.
- The Chair noted the Taskforce's role is to advise Government on its options noting that everything should be on the table, that the Taskforce should not feel

constrained to make comments about legislation or anything else that would assist in achieving the outcomes the Taskforce is seeking.

- Members discussed the importance of ensuring the involvement of key individuals who have current direct experience in and knowledge of the Australian shipping industry in Phase Two.

Action Item 1: s47C

Action Item 2: Members to provide the Department with their specific changes (using track changes) to the latest Interim Report draft by midday 20 December 2022.

Action Item 3: The Department to distribute the redrafted Interim Report for final clearance on Wednesday 21 December 2022 following lodgement of members specific changes as required in Action Item 2 above.

Agenda Item 3: Taskforce Discussion – Phase 2 Data Needs

- The Strategic Fleet Taskforce:
 1. **Discussed** its strategy for developing Phase Two advice.
 2. **Agreed** to the proposed outputs of a consultancy to support the Taskforce in Phase Two.
 3. **Agreed** to the proposed delivery timeframes outlined in the Scope of Works which was an attachment to the meeting papers.
- Members noted discussion under Item 2 would be relevant to the Request for Quotation including the RFQ in early 2023 would include provision for ensuring industry expertise is provided.
- Members agreed it was important to review the methodologies and cost structures for strategic fleet models internationally.
- Members discussed a number of additional items to be added to the scope of works including how international freight rates fluctuate over time and across different trades, benchmarked against Australian shipping costs.
- Members suggested the need to provide guidance on likely scenarios for the consultant when undertaking the 'Horizon Scan'.

Action Item 4: Paddy Crumlin to provide the Department with a list of factors the scope of works should include with regard to the comparison of crewing cost data.

Action Item 5: The Department to include in the scope of works how international freight rates fluctuate overtime across different ship types.

Agenda Item 4: Taskforce Discussion – Draft Consultation Plan for Phase 2

- The Strategic Fleet Taskforce:
 1. **Agreed** the framework for consultation contained in the attached consultation plan with minor changes as discussed in the meeting.
 2. **Agreed** that official consultation will continue to be undertaken.

3. **Advised** of the key stakeholders the Taskforce wants to consult as a priority in January/early February.

- Members noted the draft plan proposing a Phase Two consultation approach which builds on the outcomes of Phase One and the interim advice to Government.
 - Members acknowledged that some stakeholders during Phase One consultation expressed a wish for continued engagement with the Taskforce throughout Phase 2.
 - Members agreed a second, broad discussion paper may not be the most efficient way to generate valuable insights, and instead agreed that the Taskforce would issue a general statement welcoming ongoing engagement and suggestions from interested stakeholders.
 - Members agreed that, following receipt of the first tranche of research from the consultants, a targeted stakeholder workshop would be held to set the context for the strategic fleet, solicit specific advice from stakeholders and test some of the findings of the research program.
 - Members also noted the importance of one-on-one consultation throughout Phase 2, and agreed that the consultation plan would be updated to reflect this.
 - Members again acknowledged the importance of the involvement of someone who has current experience and knowledge of the shipping industry.
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Action Item 6: The Department to provide members with a more detailed analysis of the submissions received as part of Phase One consultation.

Agenda Item 5: Taskforce Discussion – New Steps

- The Strategic Fleet Taskforce:
 1. **Agreed** on what steps are needed before the next meeting of the Taskforce.
-
- Members agreed there are alignments between the work of the Strategic Fleet Taskforce and the Industry Assistance Initiative and the National Reconstruction Fund which need to be evaluated.
 - Pending members approval, the interim report will be provided to the Minister before 30 December 2022.
 - Members noted the Department will prepare the Interim Report and covering letter from the Chair to the Minister.
 - Members noted a response from the Minister may not be received until February 2023.
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Action Item 7: The Department to arrange for presentations by the Industry Assistance Initiative and the National Reconstruction Fund to the Taskforce.

Agenda Item 6: Other Business, Meeting Schedule and Next Meeting

- The Strategic Fleet Taskforce:
 1. **Noted** other business raised during the meeting.
 2. **Agreed** to confirm the meeting date, place and time for meeting 6 of the Taskforce.
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- Members confirmed Meeting 6 will be held virtually on Tuesday 24 January 2023.

Agenda Item 7: Meeting Closure

The meeting closed at 2:02pm



STRATEGIC FLEET TASKFORCE

Strategic Fleet Taskforce Minutes – Meeting 6

DATE		LOCATION	
24 January 2023		Virtual Meeting – Microsoft Teams	
MEETING TITLE		START TIME	END TIME
Strategic Fleet Taskforce – Meeting 6		09:02am	10:47am
MEETING ATTENDEES			
Name		Organisation	
Mr John Mullen		Chair – Strategic Fleet Taskforce	
Dr Sarah Ryan		Member – Strategic Fleet Taskforce	
Ms Angela Gillham		Member – Strategic Fleet Taskforce	
Major General Jason Walk		Member – Strategic Fleet Taskforce	
Mr Paddy Crumlin		Member – Strategic Fleet Taskforce	
Mr Andrew Johnson		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
ATTENDEE APOLOGIES		NIL	

Strategic Fleet Taskforce Minutes – Meeting 6

Agenda Item 1: Welcome, Acceptance of Draft Agenda, Minutes of Meeting 5 and Action Items

- The Strategic Fleet Taskforce:
 1. **Agreed** to the draft agenda for Meeting 6 of the Taskforce.
 2. **Agreed** to the Taskforce Minutes of Meeting 5 – 19 December 2022.
- The Chair welcomed members to the sixth meeting of the Strategic Fleet Taskforce, the first meeting for 2023 and Phase 2 under the Terms of Reference.
- Members agreed to the Taskforce Minutes of Meeting 5.

Agenda Item 2: Presentation – National Reconstruction Fund

- The Strategic Fleet Taskforce:
 1. **Welcomed** s47F [redacted] from the Department of Industry, Science and Resources who will be briefing the Taskforce on the National Reconstruction Fund.
- s47F [redacted] provided members with a presentation on the National Reconstruction Fund.
- Members noted the linkages between the NRF and the Strategic Fleet Taskforce including developing Australia's sovereign capabilities in transport, manufacturing and reducing supply chain risks.
- Members noted there is an opportunity for the Department to register the interest of the Strategic Fleet Taskforce via the Inter-Departmental Committee (both Industry and Infrastructure).

Agenda Item 3: Taskforce Discussion – Review of Phase 1 and Scoping of 2023 Meetings

- The Strategic Fleet Taskforce:
 1. **Discussed** how the Taskforce will manage Phase 2.
 2. **Agreed** to the proposed scope of 2023 meetings.
 3. **Agreed** to the scheduling of the next five meetings.
- Members discussed the proposed scope and sequencing of Taskforce meetings over the next couple of months.
- Members noted the importance of considering options by the next meeting as the basis for the consultation and the research work.

- Members agreed to discuss options at the next meeting via a strawman paper to be produced by the Department with a focus on what outcomes each option addresses.
- Members noted the Taskforce should ensure the options being developed are implementable by industry partners and stakeholder consultation is a vital component in achieving this outcome.
- Members noted the proposed scope of the first April meeting includes consideration of a lot of new information and that the consultant's work may need to be delivered earlier in stages or more time will need to be committed to considering the research in the second meeting scheduled for April.

Action Item 1: The Department to schedule the next five Strategic Fleet Taskforce meetings into members calendars.

Action Item 2: The Department to produce a "Strawman" document which provides options to address issues and consider necessary incentives.

Agenda Item 4: Taskforce Discussion – Interim Advice Finalisation

- The Strategic Fleet Taskforce:
 1. **Noted** the update provided by the Department on the status of the Interim Report.
- s47C
- Members noted the Department is working with the Minister's Office to schedule a meeting between Taskforce and the Minister in late February 2023.

Agenda Item 5: Taskforce Discussion – Update on Phase 2 Data Analytics

- The Strategic Fleet Taskforce:
 1. **Noted** the department is seeking tenders for a consultant to provide research and analysis.
 2. **Noted** Action Items 4 and 12 of Meeting 4 will be completed as a result of this consultancy.
- Members suggested the data provided by the successful Consultant as part of their contract should be provided to members for their review as it is being completed.

Agenda Item 6: Taskforce Discussion – Update on Phase 2 Stakeholder Consultation

- The Strategic Fleet Taskforce:
 1. **Agreed** minor amendments to be made to the open statement and for the statement to be published on the Department's website and emailed to stakeholders.
- **Noted** the Phase 2 consultation plan has been finalised.

- Members agreed the importance of one-on-one consultations.
- Members discussed the need to look back at the issues already identified and consider what options there are to address these. Also, to consider what are the capabilities (from a ship perception) to address the problems and how to create incentives to address the gaps such as training, workforce etc.
- Members discussed the need for the Consultation Plan to be a living document rather than a finalised document.

Action Item 3: Using the strategic freight needs identified in Phase 1, the Department to prepare a stakeholder map of organisations to be consulted based on the interim advice and possible options to deliver the commitment.

Action Item 4: Mr Crumlin to provide the Department with his recommended amendments to the draft open statement prior to it being released to stakeholders and uploaded to the Department's website.

Agenda Item 7: Taskforce Discussion – New Steps

- The Strategic Fleet Taskforce:
 1. **Agreed** on what steps are needed before the next meeting of the Taskforce.

Agenda Item 8: Other Business

- The Strategic Fleet Taskforce:
 1. **Noted** other business raised during the meeting.
- The Department advised they had met with Industry Skills Australia which is the new Jobs and Skills Council for the transport and logistics sectors responsible for setting up a new framework for skills advising they will be creating a Maritime Workforce Development Plan.
- Members confirmed Meeting 7 will be held virtually on Wednesday 8 February 2023.
- Members noted the Department will be meeting with the United States (US) Embassy and will seek to confirm who specifically in their administration is the best contact to discuss US maritime initiatives.

Action Item 5: Department to arrange for Industry Skills Australia to present to the Strategic Fleet Taskforce on their work including its Maritime Workforce Development Plan.

Agenda Item 9: Meeting Closure

The meeting closed at 10:47am



STRATEGIC FLEET TASKFORCE

Strategic Fleet Taskforce Minutes – Meeting 7

DATE		LOCATION	
8 February 2023		Virtual Meeting – Microsoft Teams	
MEETING TITLE		START TIME	END TIME
Strategic Fleet Taskforce – Meeting 7		2:02pm	4:35pm
MEETING ATTENDEES			
Name		Organisation	
Mr John Mullen		Chair – Strategic Fleet Taskforce	
Dr Sarah Ryan		Member – Strategic Fleet Taskforce	
Ms Angela Gillham		Member – Strategic Fleet Taskforce	
Major General Jason Walk		Member – Strategic Fleet Taskforce (Joined 2:58pm)	
Mr Paddy Crumlin		Member – Strategic Fleet Taskforce	
Mr Andrew Johnson		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
ATTENDEE APOLOGIES		NIL	

Strategic Fleet Taskforce Minutes – Meeting 7

Agenda Item 1: Welcome, Acceptance of Draft Agenda, Minutes of Meeting 6 and Action Items

- The Strategic Fleet Taskforce:
 1. **Agreed** to the draft agenda for Meeting 7 – 8 February 2023 of the Taskforce.
 2. **Agreed** to the Taskforce Minutes of Meeting 6 – 24 January 2023.
- The Chair welcomed members to meeting seven of the Strategic Fleet Taskforce.
-

Agenda Item 2: Update on Interim Report to Government

- The Strategic Fleet Taskforce:
 1. **Noted** the update provided by the Department on the status of the Interim Report.
- The Department advised the Taskforce that:
 - Government was considering the Interim Report; and
 - a meeting between the Minister's Office and the Taskforce is currently being progressed.

Agenda Item 3: Update on Phase 2 Data Analytics

- The Strategic Fleet Taskforce:
 1. **Noted** the department is nearing completion of its process for engaging a consultant to undertake research and data analysis to support the development of policy options.
- The Taskforce noted the successful tenderer is expected to commence in the week of 13 February 2023.

Agenda Item 4: s47C

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Transport, Regional Development, Communications and the Arts

s47C

Agenda Item 5: Update on Cross Government Consultation

- The Strategic Fleet Taskforce:
 1. **Noted** the department's ongoing engagement with agencies.
- The Taskforce were informed that the Department has held discussions with:
 - the Treasury on tax measures and models,
 - the Department of Employment Workplace Relations on Skills on the Seacare program; and
 - the US Maritime Administration on their Strategic Sea Lift program.
- The Taskforce sought an update from the Department on the cross-agency discussions that have occurred. The Department committed to providing the requested information to the Taskforce.

Action Item 8: The Department to share the documentation provided by the US to the Taskforce.

Action Item 9: The Department to provide further information on the cross-agency discussions that have occurred to date.

Agenda Item 6: Planning for Stakeholder Consultation in March

- The Strategic Fleet Taskforce:
 1. **Noted** a general statement has been published on the Taskforce website, inviting stakeholders to provide options and ideas for the strategic fleet.
 2. **Considered** the stakeholder map provided in the meeting papers at **Attachment A**.
 3. **Advised** which stakeholders they would like to invite to one on one consultation meetings and when meetings should be scheduled.
- The Taskforce agreed:
 - that one-on-one consultation sessions with key stakeholder senior decision makers will take place during mid-March 2023.
 - that the Department would canvas suitable dates with key stakeholder senior decision makers as soon as possible.
- The Taskforce identified that to support the outcome of the stakeholder consultation process, it was important to frame and pre-prepare the stakeholder questions ahead of the meetings.
- Based on the stakeholder map provided by the Department (Agenda Item 6, **Attachment A**) the Taskforce agreed the key stakeholders to be approached as part of this consultation process are the companies listed in the green circles and the companies of Blue Scope and CSL.
- The Taskforce directed the Department to send invites to stakeholders as soon as possible to enable securing consultation dates.

Action Item 10: The Department to prepare a set of questions ahead of the consultation meetings using the Strawman Options Paper as the basis.

Action Item 11: Prior to arranging key stakeholder one-on-one meetings, the Department to distribute to the Taskforce a list of contacts, for clearance.

Action Item 12: The Department to send invites to agreed stakeholders as soon as possible to secure consultation meeting dates.

Agenda Item 7: Taskforce Discussion – Next Steps

- The Strategic Fleet Taskforce:
 1. **Agreed** on what steps are needed before the next meeting of the Taskforce.
- The Taskforce agreed to remove the action item related to a presentation by Industry Skills Australia.

-
- The Department agreed to continue to engage with Industry Skills Australia regarding the work of the Taskforce and to bring back to the Taskforce any relevant matters.
 - The Taskforce noted the consultation statement has been uploaded onto the Taskforce web page. The Taskforce will be advised of any submissions or approaches as received.
-

Action Item 13: Secretariat to remove Action Item 5 from 24 January 2023 meeting minutes.

Agenda Item 8: Other Business, Meeting Schedule and Next Meeting

- The Strategic Fleet Taskforce:
 1. **Noted** other business raised during the meeting.
 2. **Agreed** to the meeting date, place and time for meeting 8 of the Taskforce.
 - The Taskforce agreed to the next meeting to be held on Thursday 2 March 2023 virtually.
-

Agenda Item 9: Meeting Closure

The meeting closed at 4:35pm.



STRATEGIC FLEET TASKFORCE

Strategic Fleet Taskforce Minutes – Meeting 8

DATE		LOCATION	
2 March 2023		Virtual Meeting – Microsoft Teams	
MEETING TITLE		START TIME	END TIME
Strategic Fleet Taskforce – Meeting 8		9:01am	12:02pm
MEETING ATTENDEES			
Name		Organisation	
Mr John Mullen		Chair – Strategic Fleet Taskforce	
Dr Sarah Ryan		Member – Strategic Fleet Taskforce	
Ms Angela Gillham		Member – Strategic Fleet Taskforce	
Major General Jason Walk		Member – Strategic Fleet Taskforce (Left at 9:57am)	
Mr Paddy Crumlin		Member – Strategic Fleet Taskforce	
Mr Andrew Johnson		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22		Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
ATTENDEE APOLOGIES		NIL	

Strategic Fleet Taskforce Minutes – Meeting 8

Agenda Item 1: Welcome, Acceptance of Draft Agenda, Minutes of Meeting 7 and Action Items

- The Strategic Fleet Taskforce:
 1. **Agreed** to the draft agenda for Meeting 8 of the Taskforce.
 2. **Agreed** to the Taskforce Minutes of Meeting 7 – 8 February 2023.
- The Chair welcomed Taskforce members to the eighth meeting of the Strategic Fleet Taskforce.

Agenda Item 2: Presentation – Maritime Shipping Taxation

The Strategic Fleet Taskforce:

1. **Noted** the Presentation by Mr s47F on Maritime Shipping Taxation.
- s47F provided the Taskforce with a presentation (at **Attachment A**) on the tax arrangements for the shipping industry in use internationally.
 - Mr Spittal indicated he had been engaged as a tax adviser by a number of companies that have operated Australian vessels and had an understanding about how the existing tax provisions are operating.
 - Some key points raised by s47F are as follows:
 - s47G
 - Internationally there is a strong desire for nationally flagged ships, which also brings economic industry growth in a number of other maritime services.
 - Developed economies have used tonnage tax or partial/complete tax exemptions on profits to retain and/or grow national fleets.
 - The OECD have proposed a minimum global tax rate of 15% on multinational companies, but proposed an exemption from this minimum tax for shipping provided the strategic and commercial management of the shipping fleet takes place in the jurisdiction where the vessels are flagged.
 - The European Union have labelled maritime tax concessions as acceptable forms of state aid.
 - Shipping tax concessions can drive increased tax revenue as the overall industry and supporting industries grow.

- Australia has shipping tax concessions that were introduced in 2012 (income tax exemption; accelerated depreciation; royalty withholding tax exemption) which have helped renew some existing vessels in the Australian fleet, but aren't internationally competitive and haven't incentivised significant investment in new vessels.
- Developed economies (incl. UK, Ireland, Norway) have introduced tax concessions targeted at seafarers as individuals. These include partial/full income tax exemptions; social security concessions; and refunds of wage tax.
- In order for reflagging of international ships to Australian ships, it will be important to consider and get the fiscal settings right to encourage a change in current international trends.

Action item 1: Major General Jason Walk to distribute the updated Department of Defence strategic fleet submission to Taskforce members out of session prior to the next Strategic Fleet Taskforce meeting.

Agenda Item 3: Presentation – Coastal Trading Act

The Strategic Fleet Taskforce:

1. **Noted** the Presentation on the Coastal Trading Act by Andrew Johnson, Assistant Secretary Strategic Fleet Project Team.

- Mr Andrew Johnson provided the Taskforce with a presentation (at **Attachment B**) on implementation of the Coastal Trading Act.
- The presentation provided details of the objective of the Coastal Trading Act; the different licences; statistics related to licence applications and the cargoes moved under licence; and the process for applicants, respondents, and the Department, including timeframes and what information decision-makers consider.
- The Taskforce noted the most recent figures associated with the number of voyages under a temporary license by unique foreign vessels compared to the number of vessels arriving at Australian ports by unique foreign vessels.
- Taskforce members identified that it was important to the sustainability of the Australian shipping industry that the Object of the Coastal Trading Act is implemented in an open and transparent manner.

Agenda Item 4: Update on Interim Report to Government

The Strategic Fleet Taskforce:

1. **Noted** the update provided by the Department on the status of the Interim Report and the meeting with Minister King.
- The Taskforce noted a meeting with the Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government has been arranged for 14 March 2023 in Canberra.

- The Taskforce noted that the Major General Jason Walk will be an apology for the Ministers meeting and that Mr Crumlin will participate virtually. All other members indicated that they would be attending the meeting in person.

Action Item 2: The Secretariat to make travel arrangements for members who will be attending the meeting with the Minister in person.

Agenda Item 5: Update on Phase 2 Data Analytics

The Strategic Fleet Taskforce:

1. **Noted** GHD has been engaged to support the Taskforce with research and analysis.
- The Taskforce were advised that GHD have commenced work in accordance with the work schedule. As at 2 March 2023 GHD are on track for all deliverable milestones.
 - The Taskforce noted GHD are expected to provide cost information on 10 March 2023 and the International examples of national fleets on 17 March 2023.
 - GHD have commenced work on the workforce Census, working with the Department on the questions, and the stakeholders list has been provided to GHD for reference.

Action Item 3: The Department to share the details on the methodology GHD will be using in the types of analysis of domestic and international shipping and the details of the strategic fleet scenario's GHD are working on.

Agenda Item 6: s47C

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s47C

Agenda Item 7: Update on Stakeholder Consultation

The Strategic Fleet Taskforce:

1. **Noted** the list of stakeholders the Taskforce has invited to one-on-one consultation meetings in March.
2. **Noted** the suggestion by the Department that if Taskforce members are unavailable to meet with stakeholders on their preferred date, the Department will take meetings on behalf of the Taskforce.
3. **Provided guidance** on how to present options to the stakeholders to support the consultations.
4. **Noted** the Department's ongoing engagement across Government.

- The Taskforce noted input on the circulated stakeholder contact list from Ms Gillam and Dr Ryan have been received.
- Invitations have been sent to stakeholders with five expressions of interest to participate being received.
- The Taskforce requested that the contact details of all stakeholder CEO's be treated as confidential and not distributed further.

Action Item 8: The Department to prepare a two-page overview of 3 or 4 Options for members to discuss with the stakeholders.

Action Item 9: The Department to prepare a list of suitable questions for Members to ask during their consultation discussions with stakeholders.

Action Item 10: The Department to distribute the dates and times of the scheduled stakeholder meetings for members to confirm their availability to attend each of the meetings.

Action Item 11: Mr Crumlin to provide a list to Mr Johnson of stakeholders he has identified as not yet on the stakeholder list before COB 3 March 2023.

Agenda Item 8: Taskforce Discussion – Next Steps

The Strategic Fleet Taskforce:

1. **Agreed** on what steps are needed before the next meeting of the Taskforce.
 2. **Noted** the amendments to the Scope of Meetings.
-
- The Taskforce noted that the consultants will provide a number of reports relating to the costs of policy options and international responses to growing their shipping industries.
 - The Taskforce noted the Department will be working on a revenue option for the strategic fleet and a Requisition Option for discussion at the next Taskforce meeting.

Agenda Item 9: Other Business, Meeting Schedule and Next Meeting

The Strategic Fleet Taskforce:

1. **Noted** other business raised during the meeting.
 2. **Agreed** to the meeting date, place and time for meeting 9 of the Taskforce.
 3. **Discussed** whether to hold Meeting 11 in-person or virtually.
-
- Members agreed the next meeting is to be held on Tuesday 28 March 2023 from 2:00pm to 5:00pm virtually.
 - Members agreed that the meeting on 24 April 2023 will be virtual.

Agenda Item 9: Meeting Closure

The meeting closed at 12:02pm.



Application Number	Organisation	Variation Type	Date Due	First Voyage	Recommendation	GL/TGL Holder
s47G(1)(a)	s47G(1)(a) Shipping Service Pty Ltd	New Matters	23/05/2022	s47G(1)(a)	Grant	No
Section	Comment					
51(3)	The required fee as prescribed by the regulations was provided with the application.					
34(2)	<p>The SBU has reviewed the applicant's compliance within the tolerance limits of their approved licence s47G(1)(a). Under Section 6 of the Act, acceptable tolerance limits means:</p> <ul style="list-style-type: none">• in relation to cargo authorised to be carried on a vessel under a temporary licence – not more than 20% more, or less, of the volume of cargo authorised to be carried under the licence; or• in relation to passengers authorised to be carried on a vessel under a temporary licence – not more than 20% more, or less, of the number of passengers authorised to be carried under the licence; or• in relation to a loading date – 5 days before or after the loading date. <p>You are able to take into consideration compliance in deciding this application.</p>					
30	General Licence holders and interested parties have been notified and provided the required consultation period. As per the MUA vs the Minister (2015), a copy of the application has been published on the Department's website.					
31 & 33	No Notice in Response was received within the consulted period of 2 business days of the application being published on the Department's website. The MUA has provided a standard 3 rd Party Response for this application.					
51(2)(a)	The applicant has confirmed the number of voyages to be authorised by the licence.					
34(1)	The application has met the administrative requirements of the Act and you have the delegated power to grant or refuse the licence application.					
3	<p>Under section 34(2) you may have regard to the object of this Act in deciding this application. As per Section 3 (1) of the Act, the object of this Act is to provide a regulatory framework for coastal trading in Australia that:</p> <ul style="list-style-type: none">• promotes a viable shipping industry that contributes to the broader Australian economy; and• facilitates the long term growth of the Australian shipping industry; and• enhances the efficiency and reliability of Australian shipping as part of the national transport system; and• maximises the use of vessels registered in the Australian General Shipping Register in coastal trading; and• promotes competition in coastal trading; and• ensures efficient movement of passengers and cargo between Australian ports.					
Other	<p>s47F carrying Steel Products from Newcastle to Fremantle and Port Hedland. The vessel <i>BBC Carolina</i> has been nominated for these voyages.</p> <p>No GL/TGL vessels have previously reported carrying this cargo.</p>					



Summary Compliance Breach Report

s47G(1)(a) *Shipping Service Pty Ltd (0004TL1076)*

Number of voyages completed	6	Percentage of voyages conducted in breach	s47G(1)(a)
Number of volume tolerance breaches	0	Percentage of notification breach	0.0%
Number of date tolerance breaches	0		
Number of notification tolerance breaches	0		
Total number of breaches	0		

Voyage Number	Voyage Status	Cargo Description	Category Of Trade	Load Port	Discharge Port	Volume Amount	Volume Type	Loading Date	Vol Tolerance %	Date Tolerance	Variation No.
68258	Completed	Steel Products	General Cargo	Geelong	Fremantle	5,500 MT		19/01/2022			0
		Steel Products	General Cargo	Geelong	Fremantle	6,243 MT		20/01/2022	14	1	
68513	Completed	Break Bulk	General Cargo	Henderson	Geelong	66 MT		21/02/2022			0
		Break Bulk	General Cargo	Henderson	Geelong	66 MT		23/02/2022	0	2	
68696	Completed	Steel Products	General Cargo	Newcastle	Port Hedland	4,000 MT		17/03/2022			0
		Steel Products	General Cargo	Newcastle	Port Hedland	4,018 MT		17/03/2022	0	0	
68697	Completed	Steel Products	General Cargo	Newcastle	Fremantle	2,400 MT		17/03/2022			0
		Steel Products	General Cargo	Newcastle	Fremantle	2,283 MT		17/03/2022	-5	0	
68698	Completed	Steel Products	General Cargo	Newcastle	Brisbane	3,500 MT		14/03/2022			0
		Steel Products	General Cargo	Newcastle	Brisbane	3,510 MT		14/03/2022	0	0	
73355	Completed	Steel Products	General Cargo	Geelong	Brisbane	10,250 MT		4/05/2022			0
		Steel Products	General Cargo	Geelong	Brisbane	10,282 MT		6/05/2022	0	2	

Application for Temporary Licence or Variation to Temporary Licence for New Matters

Form No. CTTLV01



Australian Government
Department of Infrastructure, Transport,
Regional Development and Communications

THIS FORM IS USED FOR

- ☐ Applicants seeking a Temporary Licence to engage in carriage of cargo or passengers within Australia (Coastal Trading).
- ☐ Temporary Licence holders wishing to make a variation to include New Matters.

OFFICE USE ONLY

Date

Client reference number

0004

Application number

22050047

HOW TO COMPLETE THIS FORM

Please complete all fields. Applications will not be assessed until a complete application is received.

Note that the Department of Infrastructure, Transport, Regional Development and Communications will not process an application unless all relevant fees are paid.

Please refer to the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (CT (RAS) Act) and associated Regulations to ensure compliance.

SUBMISSION OF APPLICATION AND ENQUIRIES

Complete applications

Please submit your complete applications via email to:
sbu@infrastructure.gov.au

Enquiries

Telephone: +61 2 6274 7474

Fax: +61 2 6245 4343

Email: sbu@infrastructure.gov.au

Postal Address:

Shipping Business Unit

GPO Box 594

CANBERRA CITY ACT 2601

PART 1, PRIMARY CONTACT DETAILS

a. Contact Name

b. Contact Email

c. Contact Phone

PART 1 A, ORGANISATION DETAILS

Note: To assist with processing of your application, please complete and submit form CTCRN01, or provide your client reference number here.

a. Client Reference Number (CRN):

b. Entity Legal Name:

c. Entity Operating Name:

d. ABN

e. ACN:

s47G(1)(a) Shipping Service Pty Ltd

PART 1 B, APPLICATION TYPE

a. Please select your application type

() Temporary Licence

(X) Variation to a Temporary Licence for New matters

For a variation under Section 51

Licence Number: 0004TL1076

Continue to PART 2

PART 2, VOYAGE DETAILS											
Category of trade ¹	Cargo description	Load port	Discharge port	Volume / amount ²		Expected loading date dd/mm/yy	Vessel name ³	Vessel capacity/ size (gross tonnes) ³	Vessel type ³	Dangerous goods ⁴	Relationship to Vessel ⁵
General Cargo	Steel Products	Newcastle	Fremantle	2000	MT	20/05/2022	BBC CAROLINA	9611	General Cargo	No	A
General Cargo	Steel Products	Newcastle	Port Hedland	4000	MT	20/05/2022	BBC CAROLINA	9611	General Cargo	No	A

PART 3, DISCLOSURE AND PRIVACY STATEMENT**Disclosure of information**

The Australian Government Department of Infrastructure, Transport, Regional Development and Communications (the Department) collects information provided on this form to carry out its obligations under the Coastal Trading (Revitalising Australian Shipping) Act 2012 (CT (RAS) Act) and associated Regulations.

The CT (RAS) Act requires or authorises the Minister to disclose and publish certain information via the Department's website at www.infrastructure.gov.au. Applicants must comply with all disclosures as set out in the CT (RAS) Act.

Privacy

Notwithstanding the restrictions on publishing application information under the CT (RAS) Act described above, the Department is committed to complying with the Privacy Act 1998 (Privacy Act), which contains information privacy principles that the Department must observe when collecting, using and disclosing 'personal information' (within the meaning of the Privacy Act).

If you require further information, or wish to make a complaint, about the Department's collection or handling of your 'personal information', the Privacy Officer contact details are available from the Department's website at the [Department's Privacy Statement](#)

PART 4, DECLARATION BY APPLICANT

I declare that I am authorised to apply for a licence for the vessel to engage in coastal trading and submit this application for the licence.

I declare that the information provided in this form is true and correct to the best of my knowledge and belief.

I understand that the vessel carrying the cargo may have obligations under the *Fair Work Act 2009*.

I undertake to ensure that all requirements of the relevant Act and associated Regulations will be complied with.

I understand that any fees as prescribed in the relevant Regulations will be charged by the Department in accordance with the Direct Debit Request Service Agreement.

I declare that I genuinely expect that the proposed voyages, if approved, will take place as described therein.

a. Full Name

b. Date

c. Position Title

Footnotes:

1. Specify the category of your trade as one of the following: general, dry bulk, liquid fuel product, other bulk liquids, ammonium nitrate, passengers, other (specify). For Authorised matters pertaining to Energy Security Situations you must specify your trade as 'liquid fuel product'.
2. Specify the number of Twenty Equivalent Units (TEU) **or** the Metric Tonnage (MT) **or** the Cubic Tonnes (CT) **or** the number of passengers to be carried.
3. Please provide these details if known.
4. Specify whether the cargo contains dangerous goods within the meaning of the International Maritime Organisation's *International Maritime Dangerous Goods Code*.
5. Specify the Relationship with the Vessel; use the following codes specifying all that apply: (A=Agent, C=Charterer, M=Master, O=Owner and S=Shipper)



Australian Government

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

Coastal Trading 101

Strategic Fleet Taskforce

Presented by Mr Andrew Johnson, Assistant Secretary
Thursday 2 March 2023



What is coastal trading?

- Carriage of cargo or passengers from a port in one state or Territory to a port in another where some or all of the cargo or passengers are unloaded
- Regulatory framework for coastal trading provided by the *Coastal Trading (Revitalising Australian Shipping) Act 2012*
- Most foreign vessels in Australian waters are not engaged in coastal trading
- In 2021, 2,309 voyages under a Temporary Licence were undertaken by 504 unique foreign vessels
- This compares to 26,400 vessel arrivals at Australian ports by 6,170 unique foreign vessels

2 March 2023

Licence types

- General Licences are granted to an organisation to authorise an Australian vessel registered on the Australian General Shipping Register to conduct coastal trading
- Temporary Licences are granted to a company (not to a specific vessel) and authorise the company to move cargo using a foreign vessel for a period of 12 months
- Emergency Licences grant access to engage in coastal trading in specified emergency situations for up to 30 days
 - Emergency Licences have never been used.

2 March 2023

Coastal Trading Licence Statistics

Applications received 2021 calendar year

Application type	Total Number of Applications (Received)	Number Approved	NIRs received	Number Refused (in whole)	Number Surrendered	Number Withdrawn
General Licence	8	5	N/A	0	0	3
Temporary Licence	41	41	0	0	1	0
Temporary Licence – New Matters	413	413	0	0	N/A	2
Temporary Licence – Authorised Matters	669	655	1	0	N/A	14
Temporary Licence – Energy Security	0	0	0	0	N/A	0

2 March 2023

4

Australian fleet

11 General Licence vessels over 2000 dwt



Donnaconna
CSL Australia
Self-discharging bulk carrier
Cape Preston to Cape Preston



Accolade II
Inco Ships
Limestone carrier
Klein Point, SA to Adelaide



Trinity Bay
Sea Swift P/L
Passenger/general cargo ship
Cape York Peninsula / Torres Strait



Goliath
CSL Australia
Cement carrier
Devonport to Melbourne



John Duigan
Polaris Marine
Landing craft
Melbourne, Bell Bay and King Island



Spirit of Tasmania I and II
TT Line Company P/L
Passenger/ro-ro cargo ship
Devonport to/from Melbourne



Tasmanian Achiever I & II
Queen Shipping P/L
Ro-ro cargo ship
Burnie to/from Melbourne



Searoad Mersey II and Liekut
Searoad Shipping P/L
Ro-ro cargo ship
Devonport to/from Melbourne



2 March 2023

5

Top 5 cargoes moved by General Licence vessels (2020-21)

Cargo	Volume moved (in metric tonnes)
Dry bulk – Magnetite	7,962,000 MT
Dry bulk – Limestone	1,408,000 MT
Dry bulk – Cement	1,144,000 MT
General Cargo – Roll-on Roll-off	451,529 TEU
General cargo – 20ft container	131,927 TEU

2 March 2023

6

Companies holding Temporary Licences



2 March 2023

7

Top 5 cargoes moved under Temporary Licence (2021)

Cargo	Volume moved (in metric tonnes)
Dry bulk – other	4,113,187 MT
Iron Ore	3,327,664 MT
Petroleum – petroleum clean	2,449,922 MT
Cement	2,168,495 MT
Alumina	1,971,983 MT

2 March 2023

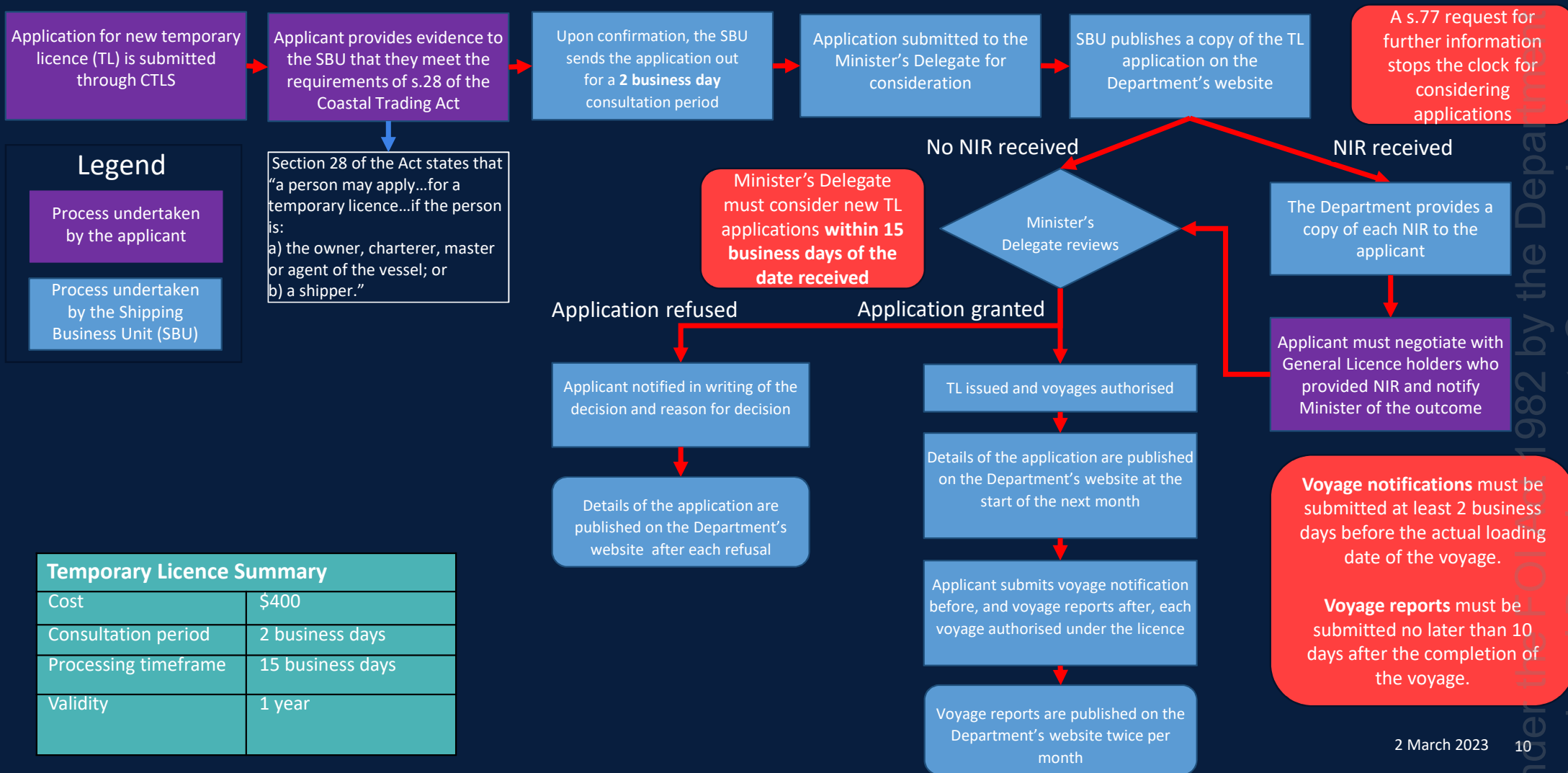
8

Object of the Act

- Decisions taken in relation to licence applications under the Act must have regard to the Object of the Act.
- The Object of the Act is to provide a regulatory framework for coastal trading in Australia that:
 - (a) Promotes a viable shipping industry that contributes to the broader Australian economy; and
 - (b) Facilitates the long term growth of the Australian shipping industry; and
 - (c) Enhances the efficiency and reliability of Australian shipping as part of the national transport system; and
 - (d) Maximises the use of vessels registered in the Australian General Shipping Register in coastal trading; and
 - (e) Promotes competition in coastal trading; and
 - (f) Ensures efficient movement of passengers and cargo between Australian ports.

2 March 2023

Temporary Licence decision process map



No Notice in Response scenario

- s47G(1)(a) Shipping holds a temporary licence
- Six voyages completed; no breaches
- Application (#22050047) to add two voyages to transport steel from Newcastle to Fremantle and Port Hedland respectively
- General licence holders and interested parties notified; application posted on website
 - No notice-in-response received
 - No general licence vessels have previously reported carrying this cargo
- Application granted

Process to grant a Temporary Licence (continued)

- If no General Licence holder has submitted a Notice in Response contesting the voyage, then the Delegate considers the impact of not granting the licence.
- This consideration includes the detrimental effect of not moving the cargo.
 - For example, to refuse a licence to move alumina from QLD to TAS could mean shutting down a refinery at significant cost to industry.
- Even if available Australian vessels, the Act does not provide power to force a company to use an Australian vessel to move cargo.

2 March 2023

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Notice in Response (application refused)

- A company with a foreign registered ship held a temporary licence (the Applicant)
- Application lodged to add five voyages
- General licence holders and interested parties notified; application posted on website
 - Notice-in-response received from an Australian General Licence holder
 - The Applicant and the GL holder held negotiation but nothing resolved
 - MIAL and MUA provided emails opposing the application.
- Application refused
 - Decision reflected unique circumstances of an industry heavily impacted by COVID-19 restrictions.

Notice in Response (application granted)

- A company with a foreign registered ship lodged an application for a temporary licence (the Applicant)
- Application was for 15 voyages over 5 months
- General licence holders and interested parties notified; application posted on website
 - Notice-in-response received from an Australian GL holder
 - The Applicant and the GL holder held negotiation but nothing resolved
- Application granted
 - The GL holder was not in a position to carry all of the cargo on the specified loading dates and could not call at one of the specified ports.



STRATEGIC FLEET TASKFORCE

Strategic Fleet Taskforce Minutes – Meeting 9

DATE	LOCATION	
28 March 2023	Virtual Meeting – Microsoft Teams	
MEETING TITLE	START TIME	END TIME
Strategic Fleet Taskforce – Meeting 9	2:04pm	4:40pm
MEETING ATTENDEES		
Name	Organisation	
Dr Sarah Ryan (Acting Chair)	Member – Strategic Fleet Taskforce	
Ms Angela Gillham	Member – Strategic Fleet Taskforce	
Major General Jason Walk	Member – Strategic Fleet Taskforce	
Mr Paddy Crumlin	Member – Strategic Fleet Taskforce	
Mr Andrew Johnson	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
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s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
s22	Department of Infrastructure, Transport, Regional Development, Communication and the Arts	
ATTENDEE APOLOGIES		
NIL		
Mr John Mullen	Chair – Strategic Fleet Taskforce	

Strategic Fleet Taskforce Minutes – Meeting 9

Agenda Item 1: Welcome, Acceptance of Draft Agenda, Minutes of Meeting 8 and Action Items

The Strategic Fleet Taskforce:

1. **Agreed** to the draft agenda for Meeting 9 of the Taskforce.
2. **Agreed** to the Taskforce Minutes of Meeting 8 – 2 March 2023.

- The Acting Chair welcomed members to the ninth meeting of the Strategic Fleet Taskforce.
- Members noted Mr John Mullen was an apology for the meeting.
- Members agreed to the Taskforce Minutes of Meeting 8.
- Members noted progress of the Rolling Action Items.

Agenda Item 2: Outcomes of Meeting with the Infrastructure Minister and Major General Walk meeting with the Assistant Minister for Defence.

The Strategic Fleet Taskforce:

s47C

s47C

- s47C

• s47C

Action Item 1: Paddy Crumlin to share his s47C with Members and the Department.

Agenda Item 3: Discuss Data Analysis on Domestic and International Shipping

The Strategic Fleet Taskforce:

1. **Noted** this agenda item would be rescheduled.
- Members noted GHD had provided the department with a draft report which required further work prior to it being provided to the Taskforce.
 - The Department has asked GHD to undertake further analysis and provide more detail on the critical factors to foreign fleet models.
 - The Department confirmed GHD will be including each of the components of the United States maritime programs as part of this work.

Action Item 2: Secretariat to reschedule Agenda Item - Data Analysis on Domestic and International Shipping Costs to Meeting 10, scheduled for 11 April 2023.

Action Item 3: Paddy Crumlin to provide members and the Department with a copy of his report on the American Maritime Partnership he has written following his meeting with a number of American maritime stakeholders.

Agenda Item 4: Discuss Data Analysis on Crewing Costs

The Strategic Fleet Taskforce:

1. **Discussed** GHD's report on domestic and international crew and shipping costs.
 2. **Noted** further work is being undertaken to ground truth findings with industry operators.
- Members noted the GHD analysis had found the annual operating costs difference between Australian and foreign flagged vessels was between \$6-\$9 million depending on the type of vessel. Noting the crewing costs are the main driver of this difference.
 - GHD are currently engaging with industry operators to validate the numbers.
 - Following feedback from some of the stakeholder meetings, the Department is looking at whether the measures the government may implement to create vessel operating cost parity, would be enough of an incentive for long term investment.
 - Members noted GHD is starting to assess the effect of the policy measures being considered by the Taskforce as to the costs and benefits of each option.
 - Members noted the complexities associated with being able to look at the detail of crewing costs due to the numerous conventions, agreements and awards that regulate seafarers' wages across different flag jurisdictions and operators. The Department confirmed GHD's work on crewing costs would form the base input for the work still to be undertaken on subsidy options.

Agenda Item 5A: s47C

s47C

s47C

Agenda Item 5B: s47C

s47C

Released under the FOI Act 1982 by the Department of Infrastructure,
Transport, Regional Development, Communications and the Arts

Agenda Item 6: s47C

s47C

Released under the FOI Act 1982 by the Department of Infrastructure,
Transport, Regional Development, Communications and the Arts

Agenda Item 7 – Outcomes of Taskforce Stakeholders Consultation meetings

The Strategic Fleet Taskforce:

1. **Discussed** the key themes and issues raised during the consultation program to date.
2. **Noted** the key points summary containing high level takeaways from the first six consultation sessions.

- Members noted a total of 17 consultations sessions had been scheduled.
- The one-on-one consultations held so far with stakeholders being in general agreement that options being consulted on are the right mix and any Government assistance will likely require elements of each to be successful.
- General discussion about some of the key themes and issues that have been raised by stakeholders and how they relate to the options the Taskforce is considering.
- If further consultation is required it will need to start late April at the latest.
- Members discussed whether additional broader consultation needed to take place given the consultation has been very open.
- The Department noted that the consultation program should consider whether all stakeholders have been given the opportunity to consider and input on the work of the Taskforce.
- Members discussed that as part of the recommendations to government the Taskforce may wish to suggest a body made up of representatives from the maritime industry be established to assist in the implementation phases, and ensure broader industry views are captured.

Action Item 5: The Department to speak with the Chair regarding any need for expansion of the stakeholder consultation list.

Agenda Item 8: Taskforce Discussion – Next Steps

The Strategic Fleet Taskforce:

1. **Agreed** on what steps are needed before the next meeting of the Taskforce.
2. **Noted** the amendments to the Scope of Meetings.

- Members noted the next meeting will include:
 - Data Analysis of Domestic and International Shipping
 - Interim Report on Workforce Analysis
 - Cost modelling may also be available
 - Structure of the draft composition of the final report
 - Consultation – Next Steps.
- Members noted cost modelling may also be available for Meeting 10.

Agenda Item 9: Other Business, Meeting Schedule and Next Meeting

The Strategic Fleet Taskforce:

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1. **Noted** other business raised during the meeting.
 2. **Agreed** that meeting 10 of the Taskforce is to be held on Tuesday 11 April 2023 from 8:00am to 11:00am virtually.
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- Ms Gillham raised concerns around the phrasing of the questions as part of the workforce analysis asking the department to seek advice from GHD on the outcomes of the questionnaire and confirmation on how many people progressed further than question 3.
 - Members agreed to the drafting of a phased approach Strawman 2 in terms of developing the advice of the Taskforce.
 - It was suggested that consulting with unions may be appropriate with regard to how we transition a workforce without the necessary skills currently to achieve the governments objectives.
 - Members agreed to acknowledge the future need for a carbon neutrality fleet requirement in the final report.
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Action Item 6: Ms Gillham to provide the Department with feedback on the phrasing of the workforce questions so this can be discussed with GHD.

Action Item 7: Strawman 2 which specifically focusses on the composition of the 12 vessels to be drafted for discussion at Meeting 10.

Agenda Item 9: Meeting Closure

The meeting closed at 4:40pm.
