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Ms Lynelle Briggs and Professor Nicholas Gaskell

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

Submission for Phase 1 of the Independent Review of the Coastal Trading (Revitalising Australian Shipping) Act 2012 (Cth)

The Clean Energy Council (CEC) welcomes the opportunity to make a submission to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) on the Independent Review (the Review) of the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (Cth) (the Act).

The CEC is the peak body for the clean energy industry in Australia, working with close to 1,000 of the leading businesses operating in renewable energy and energy storage. As the peak industry body for offshore wind, we represent 70 companies that are actively contributing to developing offshore wind in Australia, including representatives from the projects awarded and preliminarily awarded Feasibility Licences in the Gippsland, Hunter and Southern Ocean offshore wind areas.

We are committed to accelerating Australia's clean energy transformation and recognise the critical role offshore wind will play in decarbonising the nation's electricity network. Offshore wind also creates a significant opportunity for investment and economic development: jobs growth and economic benefits will flow directly from the construction and operation of projects that feed electricity into Australian grids, while also supporting the growth of a hydrogen and green export industry, which has the potential to contribute to significant amounts of export revenue as our exports of coal and gas decline.

This submission will provide feedback from the CEC and our Members on the phase 1 review, including recommendations for how best to support the burgeoning Australian offshore wind industry.

Independent Review of the Coastal Trading (Revitalising Australian Shipping) Act 2012 (Cth)

The offshore wind industry presents a strong opportunity to support the objectives of the review of revitalising the Australian shipping industry. Over the coming decades, offshore wind has the potential to create thousands (if not tens of thousands) of jobs into the Australian maritime industry. By its nature, it could also play a role in providing stability to the existing shipping industry and providing certainty for long-term investment.

Development and construction of offshore wind projects typically takes between 10-12 years, with most of the large specialist vessel activity occurring in the latter half of this period. Once constructed, operations and maintenance (O&M) vessels are required to maintain the wind farms by enabling crew transfers and monitoring activities for the operational life (between 30 to 40 years). At the end of life, wind farms will need to either be decommissioned, or re-powered (component replacement), with both of these activities will require vessels and maritime expertise.

We also see the demand for O&M vessels as being well aligned with the capabilities of domestic ship building yards. This presents a clear opportunity for Australian manufactured and flagged vessels to support offshore wind farm operations. However, to actualise this opportunity, the industry will need considered intervention and government support to develop the infrastructure and workforce to support its growth potential.

During this Review of the Act, the timing is well-suited for the Department to consider how the Act can best support the offshore wind industry, and in turn how the offshore wind industry can enable the Department to achieve its stated objectives in this review. We see several opportunities in the design, structure and overall functionality of the Act that can be adapted to both support the offshore wind industry and to enable the offshore wind industry to further strengthen the Australian maritime industry.

We would note that this submission and the considerations made should be the impetus for further exploration of how the Act can align with the offshore wind industry, recognising that further thinking is still required to determine the best pathway to deliver economic benefit for Australia.

Offshore wind and coastal trading

As the Act currently stands, we see a potential risk that offshore wind activities during both the construction and operational phases may be considered as 'coastal trading'. This could lead to unintended and prohibitive consequences for the offshore wind industry, due to the limited availability of Australian flagged vessels and crew.

Moreover, there are a large range of vessels which would be considered offshore wind vessels, this includes vessel types such as specialised wind turbine installation vessels (WTIVs) and heavy lift crane vessels for foundations and sub-structures, cable laying vessels, project cargo ships and barges, inspection and surveys vessels, as well as service operation vessels (SOVs) and crew transfer vessels (CTVs) used during the O&M phase.

It is unclear how activities undertaken by offshore wind vessels will be classified under the Act, especially with consideration to what classifies as a 'Port'. For example, a turbine might be considered a Port because ships can dock alongside when completing crew transfers to and from the wind turbines.

During both the offshore wind construction and operational phase, vessels will frequently depart and return to the same land-based port. For example, an installation vessel would depart the Port of Hastings in Victoria, stream outside of Victorian state waters to the offshore wind zone in Commonwealth waters during the installation campaign, then return to the Port of Hastings, potentially repeating this process for months. It is not clear if this would be considered as an interstate voyage, which would require a licence under the Act.

Crew transfers will also be a daily occurrence for the ongoing operations of offshore wind farms. While the transport of people for the purpose of going to and from work under the Act currently is not considered 'coastal trading', we would want to ensure this is also applies for the purpose of crew transfers for offshore wind construction, operation and maintenance.

We support the intent of the Act to preference Australian flagged vessels, however given the challenges in securing specialised vessels for the construction and operations of offshore wind farms, we are concerned this would hinder progress and ability for this industry to maximise its potential.

Considerations for exemption of the offshore wind industry under the Act

We note that there are currently no Australian flagged vessels suited for supporting the offshore wind industry, highlighting the severe constraints the industry would face under the Act, and therefore believe that it does not make sense for offshore wind vessels to be considered as participating in 'coastal trading'.

To mitigate the potential for perverse outcomes for the offshore wind industry under the Act, we would encourage the Department to expand the blanket exemption applied to the offshore oil and gas industry to also include the offshore wind industry. As outlined in Section 10 of the Act, the offshore oil and gas industry is exempt from the regime as it states that the Act does not apply *inter alia* to an "offshore industry vessel".

Under section 6(1) of the Act, an offshore industry vessel is "a vessel that is used wholly or primarily in, or in any operations or activities associated with or incidental to, exploring or exploiting the mineral and other non-living resources of the seabed and its subsoil." In its current form, this definition currently would not encompass vessels required for the construction and operations of offshore wind energy.

To provide clarity for the industry, we would recommend the definition of "offshore industry vessel" to be amended or expanded to also include "activities relating to operations, maintenance or activities associated with or incidental to, the exploring or exploiting electricity generation".

We recognise that the well-established oil and gas industry in Australia has prospered because of this exception and see value for the offshore wind industry in being granted the same opportunity.

The offshore wind industry is supportive of either creating a new definition for 'offshore industry vessel' to capture offshore vessels used to deliver offshore electricity generation or expanding the current exemption for offshore wind vessels in Section 10 of the Act as per the above.

We view this as an equitable resolution to allow the industry to grow, like the support afforded to the oil and gas industry. This will allow the industry to support the delivery of the Federal net zero emissions target, and to play a critical role in the revitalisation of the Australian maritime workforce.

Building our maritime workforce

As outlined in the review, Australia's maritime workforce is of critical importance to our economy and national security. Building a successful domestic fleet will only be possible with such interventions to increase the number of Australian maritime workers across all ranks.

Many types of offshore wind vessels require specialised crew, which are currently in high demand globally. To establish a domestic offshore wind industry, we must develop job pathways for Australian seafarers to help address this global shortage.

We believe the greatest opportunity for offshore wind to strengthen the maritime industry lies in the O&M phase. This phase offers ongoing employment opportunities and preferred lifestyles, such as commuting from home to work instead of fly-in, fly-out arrangements. The industry would prefer to employ Australian seafarers for these roles, provided there is a sufficient supply of qualified workers.

Unfortunately, demand for seafarers in Australia is currently outweighing supply. The offshore wind industry is acutely aware of the challenges this will cause for the maritime operations and is looking to work collaboratively with State and Federal governments to enable prosperity for the industry over the coming decade.

The CEC and our Members welcome opportunity to engage with the Department to consider pathways for increasing the number of Australian seafarers and shore workers, both through training and retention programs, and through visa and migration opportunities.

Consideration for strategic fleet

While the Strategic Fleet Taskforce published their final report in June last year, we would encourage consideration by the Department for how the strategic fleet could support the offshore wind industry, recognising the large demand for offshore wind vessels globally over the coming decades and its recognised supply shortages.

An Australian flagged WTIV, heavy lift crane vessel or cable laying vessel as part of our national strategic fleet would be able to operate competitively for decades to come while also be a clear beacon for growing the workforce. While WTIVs are unique to support construction of offshore wind farms, they can be adaptable as a multipurpose vessel and could be complimentary asset to a strategic fleet.

There would also be opportunity to utilise the vessel for the decommissioning of offshore oil and gas assets, should there be window of availability between installation campaigns (noting however we once projects start to build in the Gippsland region, we do not expect this would be the case).

There is also a global shortage of specialised vessels for offshore wind later this decade, with many vessels already chartered into the 2030's. Due to our geographic location, its currently more challenging for Australian proponents to secure such vessels given the distance from established supply chains and markets. This makes it a lucrative asset not just for domestic use but also internationally, and for our regional neighbours in the Asia Pacific also pursuing offshore wind.

There are also long lead times for procuring new vessels. Order books for WTIVs already have a 1.5 to 2 year wait time, followed by a 2-year build time. Given this, it is not feasible for offshore wind farm developers to wait until their projects reach final investment decision (FID) to commission a new WTIV, as they will need vessels to be readily available once FID is reached.

Additionally, as offshore wind turbine technology advances and there are increases in size and weight, current vessels in operation that were built 10 to 15 years ago are unable to efficiently carry out the main installation roles we would require in Australia. Without investment in new build assets such as

WTIVs, the Australian offshore wind industry will be forced to rely on less efficient vessels and construction practises¹, risking the opportunity for Australia to competitively participate in this global industry on an equal footing.

The offshore wind industry will face significant challenges in the construction phase if specialised offshore wind vessels are not made available to the industry, reducing their ability to support the transition to net zero, the growth of the Australian maritime workforce and the ocean economy. We welcome consideration by the Department for how the strategic fleet could support this deficit and realise some of the considerable economic value that the offshore wind industry will deliver for Australia.

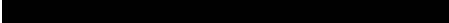
Further feedback

As always, the CEC welcomes further engagement from the Department to discuss any of the information presented in this submission. Further queries can be directed to Morgan Rossiter at the CEC.

Kind regards,

Morgan Rossiter

Director – Offshore Wind
Clean Energy Council



¹ This 'inefficiency' relates to time and cost for inefficiencies; it does not refer or imply any reduction in safety of operations.