

MIAL Submission

Alternative Commonwealth Capabilities for Crisis Response

Contact

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About MIAL

Maritime Industry Australia Ltd (MIAL) is the voice and advocate for the Australian maritime industry. MIAL is at the centre of industry transformation; coordinating and unifying the industry and providing a cohesive voice for change.

MIAL represents Australian companies which own or operate a diverse range of maritime assets from international and domestic trading ships; floating production storage and offloading units; cruise ships; offshore oil and gas support vessels; domestic towage and salvage tugs; scientific research vessels; dredges; workboats; construction and utility vessels and ferries. MIAL also represents the industries that support these maritime operators – finance, training, equipment, services, insurance and more. MIAL provides a full suite of maritime knowledge and expertise from local settings to global frameworks. This gives us a unique perspective.

We work with all levels of government, local and international stakeholders ensuring that the Australian maritime industry is heard. We provide leadership, advice and assistance to our members spanning topics that include workforce, environment, safety, operations, fiscal and industry structural policy.

Strengthening Australian Sovereign Maritime Capability

A strong sovereign maritime industry, both in terms assets and people, is an essential element in Commonwealth considerations of alternative capabilities for crisis response.

There are many very recent examples where assets made available by the commercial shipping industry have provided the only scaled up, practical and timely response solution to Australian communities impacted by crisis and disaster. The 2019/2020 black summer bushfires, floods effecting the east west

rail line, floods isolating communities the Kimberly as well as supply chain constraints caused by COVID 19 clearly demonstrated the important role shipping plays in Australian resilience.

The diversity of commercial vessels operating to, from and around Australia collectively, represent a significant depth of capability to respond to natural disasters, but sovereign control over those assets, if and when they are required to render assistance, is severely limited.

For many years, MIAL has been warning of the strategic implications of Federal Government policy, or lack thereof, that continues to rely entirely on foreign shipping for our international and domestic supply chain needs, while overseeing the rapid decline in sovereign Australian shipping. Australian owned and crewed ships represent only 13 out of approximately 6000 large commercial vessels visiting or operating in Australia. Our reliance on overseas flagged ships poses a material risk to our ability to provide Australians with the critical supply chain security and crisis response they need.

We can strengthen Australia's sovereignty by making simple changes to our current tax and regulatory settings and better utilising the Australian International Shipping Register (AISR). This will enable Australia to expand our commercial fleet above critical levels and build the nation's sovereign shipping capability.

Fortunately, more Australian owned and operated ships also mean more jobs for Australian seafarers and the ability for Australia to secure vital seafaring skills. By doing so, we can turbocharge the Australian shipping industry, ensure existing legislation works and create the right environment for businesses to choose Australia.

The industry-led MIAL position on how to expand our commercial fleet above critical levels and support Australian shipping would bring Australian shipping regulation in line with international norms and allow Australian shipping businesses to compete with foreign companies, whether trading within Australia or internationally.

MIAL recommends the following:

Recommendation 1: Make shipping company income tax a genuine tax exemption

Rationale:

- Reduces the financial cost of owning and operating an Australian ship.
- Makes Australia's tax regime more equal to those of other nations and thus more competitive.
- Currently, due to the low number of Australian owned ships, there is minimal tax revenue being collected that would be forgone.
- Will be supported by Australian ship owners.
- Likely to be supported by union counterparts as it benefits both the primary and international register.

Recommendation 2: Remove income tax from seafarers serving on large ships (defined as those holding STCW qualifications – STCW is the Standards of Training and Watchkeeping Convention from the IMO and applies to the skills required for ships of a particular size).

Rationale:

- Increases the number of Australian seafarers employed across the shipping industry, both in Australia and overseas.
- Creates pathways to recruit, train and employ Australians across the industry.
- Creates more Australian seafaring jobs.
- Builds our national maritime skills base as more Australians will be able to work in the global shipping industry, gain skills, and bring those home again.
- Will be supported by Australian ship owners.
- Likely to be supported by the unions as it benefits all seafarers working across the industry.
- Currently due to the low number of Australian seafarers, there is minimal tax revenue being collected that would be forgone.

Recommendation 3: Remove ‘time off the coast requirement’ from the Australian International Shipping Register (AISR)

Rationale:

- Currently, foreign ships can work 365 days a year around Australia’s coastline but an Australian ship, one on the AISR, can only work in Australia for half the year.
- This change allows all Australian ships to have unfettered access to work wherever they please for the whole year.
- Creates more work for Australian ships making it more commercially viable to own and operate Australian ships in Australian coastal waters.
- More work for Australian ships means more jobs for Australian seafarers.
- Will be supported by Australian ship owners.

Recommendation 5: Encourage Australian shipowners through direction from government to look to the Pacific region for the workers they need on their ships to complement the Australian workforce.

Rationale:

- Encourages the use of the AISR.
- Will be supported by Australian ship owners.
- Will be supported by Australian unions.

The Maritime Strategic Fleet Policy

Fortunately, current government policy recognises the strategic importance of retaining and strengthening Australia’s sovereign maritime capability through the Maritime Strategic Fleet Policy.

MIAL participated in the work of the Strategic Fleet Taskforce, which provided its report and recommendations to the Minister for Infrastructure, Transport and Regional Development on 30 June 2023. How to arrest the decline of Australian shipping, and the measures required to revitalise the Australian shipping industry were central to the report and recommendations.

MIAL awaits the Government response to the Strategic Fleet Taskforce Report and urges the government across portfolios to properly recognise the strategic importance of a strong sovereign maritime capability to serve the national interest – particularly in times of need.

