

Queensland Parliament Transport and Public Works Committee -  
Inquiry into a sustainable Queensland intra-state shipping  
industry

Submission by CSL Australia



January 2019

## Introduction

CSL Australia (CSLA) is the largest dry bulk shipowner/operator on the Australian coast. A subsidiary of Canadian owned Canada Steamship Lines (CSL), CSLA own and operate a fleet of up to twelve self-unloading bulk carriers, pneumatic cement carriers, standard bulk carriers and transshipment vessels in the Australian coastal region. Over 27 million tonnes of dry bulk cargoes, including cement, clinker, sugar, iron ore, gypsum, mineral sands, magnetite and coal are shipped and transhipped on CSLA vessels for major industry participants on an annual basis. The CSLA coastal vessel footprint operates in the federal regulatory regime and consists of four General Licence (Australian flag and crew) vessels and a flexible number of vessels operating under a Temporary Licence.

In Queensland, CSLA transport up to 700,000 tonnes of dry bulk cargo from Gladstone to Townsville and Brisbane annually. Over the last 10 years, CSLA operated vessels have carried alumina, sugar, calcite, coal and fertiliser from Gladstone, Bundaberg, Mourilyan, Mackay, Lucinda, Cairns and Townsville to inter-state Australian ports.

CSLA's core business is self-unloading bulk carrier vessels. In Australia, this also extends to fully enclosed pneumatic cement vessels. These are environmentally friendly vessels that eliminate airborne dust from cement that is discharged into shore side cement facilities. Many of CSLA's pneumatic and self-unloading vessels call at Queensland ports and transit through Queensland waters, including the Great Barrier Reef, on a regular basis.

This brief submission provides perspective from an Australian ship owner and operator of both Australian and foreign vessels. CSLA can provide general comments relating to the terms of reference specified in the Inquiry into a sustainable Queensland intra-state shipping industry due to almost 20 years' experience undertaking both intra-state voyages within Queensland and inter-state voyages originating in Queensland ports.

The comments provided herein are general in nature as many aspects of the Queensland shipping industry are heavily impacted by the broader federal coastal trading regulatory regime. Until there is certainty and continuity in policy in the federal regulatory setting, we believe that state-based solutions may be restricted.

## Current intrastate coastal shipping task and regulation

CSL currently transport up to 700,000mt per annum of dry bulk cargo (clinker and cement) from Gladstone to Townsville and Brisbane. In the past, CSL have also transported sugar from Bundaberg to Mackay.

Over the last 10 years, intra-state dry bulk shipments have been performed by both Australian and foreign flag vessels, operated by various international and local shipowners/operators. These shipments can range in size from 5,000mt to 70,000mt, depending on the cargo, storage requirements and port features. Most dry bulk intra-state voyages are regulated by the federal Coastal Trading (Revitalising Australian Shipping) Act 2012. Foreign flag vessels can opt into the Coastal trading Act and associated Temporary Licence system by applying for a Section 12 declaration. This declaration exempts foreign vessels from the Customs Act and provides certainty in relation to customs import provisions if the vessel has foreign crew. In addition, this declaration reduces regulatory and contractual risk associated with utilising foreign vessels on the coast and

ensures full compliance concerning payments to foreign crew made under the Fair Work Act in accordance with the Seagoing Industry Award Part B.

### Queensland Contribution to Interstate Australian Shipping

From a dry bulk perspective, Queensland is an 'export' state, with most cargoes loaded at Gladstone and shipped to other Australian ports. Gladstone is a key example of an inter (and intra) state export port, with up to 2.5 million mt of dry bulk cargo loaded on CSL operated vessels per annum, bound for both inter and intra state ports. The efficient operation of Gladstone port is a key element in the supply chain of many major dry bulk cargo owners. Understanding stakeholder needs and balancing these from a safety, commercial and operational perspective is key. The recent privatisation of some ports in Australia has demonstrated that an increasing commercial focus may result in other key aspects of a port community being lost. This demonstrates the importance of a strong state government presence in the management of ports in Australia to ensure there is a balance between the public interest and shareholder interest while also supporting Australian shipping.

### The Australian Shipping Maritime Skillset

Support from both the state and federal governments is required to maintain an Australian shipping industry that reflects a high-quality skillset of seagoing and port-based personnel in an environment that focuses on safety and quality of shipping and associated support services. The near coastal sector is one that state governments, in particular Queensland, can focus on to promote the lower level skillset of marine personnel. Conversely, marine pilotage positions require a high level of navigation qualification and seagoing experience. A gap currently exists for marine personnel to move from the lower level, near coastal skillset, to the highest marine qualification. This gap is widening due to the lack of opportunity and incentive for Australian seafarers to gain the additional experience and qualifications required to become a Master of an ocean-going vessel and a marine pilot. This experience can be gained on international voyages and international vessels, however Australian seafarers have little financial incentive to gain employment on these vessels due to Australian income tax legislation. Many international seafaring nations provide a zero-income tax incentive to their seafarers when working on international vessels. A seafarer tax offset regime would lead to wage levels that would incentivise Australians to gain employment and ongoing experience, together with a qualification in the global shipping industry.

A strong united platform from the Queensland government to encourage entry level seafarers on the Australian coast together with support for a financial incentive for international based Australian seafarers would maintain the current high level of skill and experience that exists within the marine pilotage and port base services sectors today.

### Stakeholder involvement in Australian Shipping policy

All stakeholders should be involved in any change to shipping policy at a state and federal level. The commercial driver of Australian shipping is the level of competitiveness surrounding the operating cost base of vessels and shore-based activities. The end user of shipping services, the cargo owner or receiver, will determine the market for shipping services and the level of tolerance for cost in their supply chain. These stakeholders are essential to shipping policy discussions, together with ship owners and operators, port service providers and maritime personnel.

Submission by:

CSL Australia Pty Ltd  
Level 7, 201 Miller St  
North Sydney, NSW 2100



A handwritten signature in blue ink, appearing to read 'Emily Pointon'.

Emily Pointon  
Senior Manager, Government Relations