

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

PARLIAMENT OF TASMANIA, LEGISLATIVE COUNCIL GOVERNMENT ADMINISTRATION COMMITTEE A

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

The Maritime Union of Australia

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

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

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

Background

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

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

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

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

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

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

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

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

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

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

The major shipping freight demands for KI are⁴:

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

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

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

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

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

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

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

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

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

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

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

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

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

In the absence of a simplified KI supply chain:

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

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

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

2. Smaller vessel, reduced freight capacity

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

Impacts on cost of living and business

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

Energy, fuel, living costs

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

Industry

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

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

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

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

⁹ As above at 6

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

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

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

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

Vehicles

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

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

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

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

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

Future economic opportunities

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

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

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

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

¹³ King Island Regional Development Organisation, website, 2014

¹⁴ Rene Hidding, Tasmanian Government, Department of Premier and Cabinet, Department of Infrastructure, *Liberal Government to seek proposals for new King Island shipping service*, media release, 27 November 2015

¹⁵ As above at 4.

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

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

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

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

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

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

Port of Grassy

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

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

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

¹⁶ GHD Pty Ltd, *Report for King Island Port Feasibility Study "Sea Link to the Future"*, prepared for King Island Ports Corporation and King Island Council, December 2008, p. 10

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

Floating ramp

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

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

Operational requirements

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

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

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

North West mainland ports

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

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

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

¹⁸ As above at 3

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

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

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

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

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

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

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

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

Vessel requirements

Vessels up to 120m in length can dock at Grassy although currently a vessel restriction of 95 m Maximum, 5 m draft twin screw with bowthrusters is imposed on the wharf access.

The advantage of a larger vessel is increased capacity and an ability to reduce the number of required trips to meet freight demand. In turn, freight costs and delivery delays are reduced. To counter against the extreme winds and tides that KI is subjected to, servicing vessels should ideally also be low. To protect freight, in particular vehicles and other goods that cannot be containerised, a vessel with undercover goods storage is required. The Investigator does not meet these specifications and an alternate vessel should be sourced.

Roll On/Roff (RO/RO) vessel

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

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

Port modifications and expanding vessel choice

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

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

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

Vessel crewing

Regulated vessel(s) with a local workforce

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

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

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

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

Partnership with maritime training providers

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

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

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

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

Commercial Viability

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

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

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

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

Recommendation: Dissolve Bass Island Line (BIL)

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

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

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

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

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

5. Any other matter incidental thereto.

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

Conclusion

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