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MARITIME UNION OF AUSTRALIA (MUA)

**SUBMISSION TO THE HOUSE OF
REPRESENTATIVES STANDING COMMITTEE
ON CLIMATE CHANGE, WATER,
ENVIRONMENT AND THE ARTS**

**INQUIRY INTO CLIMATE CHANGE AND
ENVIRONMENTAL IMPACTS ON COASTAL
COMMUNITIES**

13 JUNE 2008

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1. Introduction

- 1.1 The Maritime Union of Australia (MUA) represents over 11,000 workers in the stevedoring, port services, shipping, hydrocarbons and diving sectors of the Australian maritime industry.
- 1.2 Members of the MUA work in a range of occupations across all facets of the maritime sector including stevedoring and ports, on coastal cargo vessels (dry bulk cargo, liquid bulk cargo, refrigerated cargo, project cargo, container cargo, general cargo) as well as passenger vessels, towage vessels, salvage vessels, dredges, ferries, cruise ships and recreational dive tourism vessels. In the offshore oil and gas industry, MUA members work in a variety of occupations in vessels which support offshore oil and gas exploration eg on drilling rigs, seismic vessels; in offshore oil and gas construction projects including construction barges, pipe-layers, cable-layers, rock-dumpers, dredges, accommodation vessels, support vessels; and during offshore oil and gas production, on Floating Production Storage and Offtake Tankers (FPSOs), FSOs and support vessels. MUA members work on LNG tankers engaged in international LNG transportation.
- 1.3 The MUA submission focuses broadly on the following terms of reference;
 - the impact of climate change on coastal areas and strategies to deal with climate change adaptation, particularly in response to projected sea level rise;
 - mechanisms to promote sustainable coastal communities; and
 - governance and institutional arrangements for the coastal zone.

2. MUA aims in regards to environmental impacts on coastal communities

- 2.1 The MUA wants viable and efficient ports that are safe for maritime workers, support regional trade and commerce, and have a minimal environmental impact on coastal communities.
- 2.2 The MUA supports environmentally responsible management of ports and surrounding transport infrastructure to minimise environmental impact on coastal communities. The MUA supports policies aimed at ensuring shipping that operates along our coasts is modern and efficient so that it minimises the impact on the environmental.
- 2.3 The MUA believes that the adoption of environmentally friendly ship design, including propulsion systems, as well as constant maintenance of ships and

ports along with a rigorous regulatory arrangements will minimise any negative environmental impact on coastal communities from shipping and ports.

- 2.4 The MUA supports stable employment for local communities and ensuring that there is good public transport to ports and surrounding port infrastructure.

3. Recognition of the sovereignty of our coastal zone

- 3.1 The MUA believes that it is important that the coastal zone be recognised for all purposes as an integral part of Australia's sovereign territory and that all Australian laws should apply to commercial maritime operations in Australia's coastal zone, in the same way that those laws apply onshore - in particular, recognising that there are many people whose place of employment or workplace is on, below and above the ocean, but where there is a strong interface between the ocean and coastal communities.
- 3.2 It is our view that the ocean around Australia will become increasingly important in international trade terms, but even more important in our domestic freight task, as urban congestion and carbon pricing (through an Emissions Trading Scheme) results in a freight modal shift to sea transport.
- 3.3 We note that the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government is currently inquiring into Australian coastal shipping policy and regulation. That inquiry is premised upon the Rudd Government's strong commitment to revitalizing the Australian shipping industry.
- 3.4 The vast majority of submissions to that Inquiry, from across the spectrum of stakeholders, have called for the revitalisation of Australian shipping. Given that level of support and given the overarching policy position of the Government it is inevitable that there will be an increase in the volume of shipping around our coastline and a consequential increase in port activity over the coming decades. This increase in maritime activity, if managed well, has the opportunity to provide significant new employment and commercial benefits for Australia's coastal communities.
- 3.5 The MUA submission to the Shipping Inquiry set out in detail a vision for the future of an Australian shipping industry, of which the revitalization of coastal shipping is the key foundation. The MUA submission can be summarized as a 5 step plan:

Step One: Stabilise the cabotage regime by closing the current loopholes that allow foreign vessels to easily enter and service the domestic freight trade.

Step Two: Establish a level playing field which will support Australian companies to operate their own Australian-flagged vessels. Some fiscal measures such as accelerated depreciation and ships capital grants are probably necessary to stimulate investment in new ships in the domestic trade.

Step Three: Provide competitive neutrality with other transport modes by bringing support for shipping into line with the support provided to rail and road

via current infrastructure spending, and by promoting the greenhouse credentials of shipping.

Step Four: Provide incentives for Australian operators in the international trade to bring their ships back to the Australian flag through a combination of tax and regulatory changes.

Step Five: Finally, invest heavily in addressing labour shortages and skill deficits to redress the decline in maritime skills, so necessary for a shipping nation.

- 3.6 The MUA also believes that a strengthening of the maritime security regime by ensuring that high consequence dangerous goods (HCDG) are only carried on Australian flagged and crewed vessels along our coasts is also an important policy measure that would minimize the security and environmental risks to coastal communities from carriage of these cargoes around our coasts.

4. The greenhouse gas emission reducing credentials of shipping

- 4.1 Based on data compiled for the MUA by Andrew Macintosh (*Climate Change and Australian Coastal Shipping*, Australia Institute, October 2007) the National Greenhouse Accounts record the transport sector as accounting for approximately 15% of Australia's greenhouse emissions. Similarly Macintosh reports that the Bureau of Infrastructure, Transport and Regional Economics (BITRE) has concluded that approximately 64% of transport emissions are passenger transport related while 36% are freight transport related. The net position is that freight transport emissions account for approximately 6% of Australia's emissions (Macintosh, Pvi).

- 4.2 The overwhelming majority of freight emissions (84%) are attributable to road transport. The minority of freight transport emissions are attributable to shipping (4%), while some 15% are attributable to rail freight transport (Macintosh, Pvi).

- 4.3 In addition, of all the freight transport modes, shipping is the least energy and emission intensive, illustrated by the data in Table 1.

Table 1: Energy and emission intensity of freight transport modes, 2005

Mode	Energy intensity (MJ-FFC/tkm)	Emission intensity (g CO ₂ -e/tkm)
Road transport		
Light commercial vehicles	21.07	1,532
Rigid trucks	2.95	209
Articulated trucks	0.98	71
Rail		
Hire and reward	0.32	24
Ancillary	0.09	6
Coastal shipping	0.17	15

Source: Macintosh A, *Climate Change and Australian Coastal Shipping*, Australia Institute, October 2007

5. The MUAs lead role in addressing climate change and shipping

- 5.1 The MUA has taken a lead role in the Australian public policy debate on shipping's contribution (and importantly, its potential future contribution) to reducing Australia's greenhouse gas emissions. In 2007 the Union commissioned the Australia Institute to evaluate and report on:
- The nature of the threat posed by climate change and the policy response that will be necessary to minimise the risks associated with global warming.
 - Greenhouse gas emissions from the Australian transport sector, with particular emphasis on freight emissions.
 - How coastal shipping compares to the other major freight transport modes in terms of energy and emission intensity.
 - The extent to which increasing shipping's share of the domestic freight task could reduce Australia's emissions.
- 5.2 In October 2007, the Australia Institute published its report, undertaken by Andrew Macintosh, entitled *Climate Change and Australian Coastal Shipping*.
- 5.3 That report is currently the pre-eminent Australian report on shipping and emissions. It is available at <http://www.tai.org.au/documents/downloads/DP97.pdf>.

6. Revitalising Australian domestic shipping to improve its competitiveness and environmental efficiency

- 6.1 The MUA strongly supports the inclusion of emissions from transport fuels used in freight transport in a national emissions trading scheme (ETS), and that inclusion occur from day one of the operation of a national ETS.
- 6.2 One of the most important implications that will arise from a revitalisation of the Australian domestic shipping industry is that it will result in the decommissioning of old, inefficient vessels in the domestic fleet and their replacement by state of the art efficient vessels. Ship engine technology and hull design have advanced dramatically in the last decade, such that fuel efficiency is up to 30-40% better today than just 10-15 years ago.
- 6.3 A second important implication to arise from the revitalisation of Australian shipping is that it will potentially provide shippers with a reliable and service oriented alternative to other transport modes. Choice of mode in a competitive environment will be the critical factor in the success of an ETS in reducing emissions in the Australian freight transport sector.