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05 August 2020

Committee Secretary

Joint Standing Committee on Foreign Affairs, Defence and Trade

PO Box 6021

Parliament House

Canberra ACT 2600

Dear Sir / Madam

Shipping Australia Limited's submission to the "Inquiry into the implications of the COVID-19 pandemic for Australia's foreign affairs, defence and trade"

Shipping Australia Limited (SAL) is a peak shipowner association with 29 member ocean shipping lines and shipping agents. We also have 44 corporate associate members. All members provide maritime industry related services in Australia. Our member ocean shipping lines are involved with over 80 per cent of Australia's international liner container and car trade, as well as over 70 per cent of our break bulk and bulk trade. Our members who are ship agents are responsible for arranging logistics for visiting ships and for embarking and disembarking maritime crew members. For a list of members and details of our structure and activities please visit: www.shippingaustralia.com.au.

We note the broad terms of reference of this inquiry and we confined our submission to the term of reference concerning the strategic implications of COVID-19 having particular regard to:

*"Supply chain integrity / assurance to critical enablers of Australian security
(such as health, economic and transport systems, and defence)"*

1. Shipping has been unnecessarily and excessively disrupted by uncoordinated government actions

- a. The Federal Government was slow to promulgate clear rules on non-cruise cargo vessels arriving in Australia. When it was promulgated, the rules were appropriate but by then some states and individual ports had adopted more restrictive practices;
- b. Each state and territory introduced its own rules;
- c. Some rules are contradictory either with each other or with Federal rules;
- d. A lack of uniformity in rules, and in the interpretation of rules, causes confusion along with unnecessary cost, wasted effort and delay;
- e. Hard borders between states / territories are preventing specialists, e.g. specialist helicopter engineers, and some maritime workers from travelling around Australia or imposing 14-day quarantine requirements on them (sometimes consecutively in different states);

- f. An inability to move specialists could impact the efficient maritime trade which includes the delivery of cargo into Australia or transporting Australian exports to overseas markets.

2(A). Crew change crisis: government rules create risk for our people, environment & economy

- a. Seafarers normally work 11 month-long shifts at sea. The IMO has endorsed an extension to a maximum of 14 months during this crisis;
- b. Australian and international governments have closed borders / restricted movements of people across borders, this is exacerbated by substantial reductions in international flights;
- c. Seafarers have therefore been affected by government border closures;
- d. Many seafarers (latest estimate: approx. 300,000) are unable to finish their work, get off their ships and go home, some cannot get replacements;
- e. Some seafarers have been aboard ships for 17 months or more;
- f. Seafarers who are forced to stay too long at sea may begin to experience family distress, emotional disturbance, mental illness, and personal injury;
- g. Seafarers who are forced to stay too long at sea will become fatigued;
- h. Fatigue amongst exhausted seafarers is widely recognised both as a causal and contributing factor in maritime accidents;
- i. Maritime accidents may include ships running aground, ships colliding, loss of cargo or oil pollution, any of which could result in:
 - i. a human tragedy e.g. loss of life
 - ii. a maritime environmental incident e.g. oil spillage in a particularly environmentally sensitive area such as the Great Barrier Reef
- j. By not facilitating crew changes, Australian governments, particularly ministers and premiers in state and territory governments, are swapping out a small and manageable risk that COVID-19 could be transferred from shore to ship / ship to shore with a much bigger, more unmanageable and disastrous risk of harm to Australians.

2(B). Crew change crisis: the Maritime Labour Convention

- a. The MLC sets out seafarer-related working and living conditions, it includes limits on the duration of work contracts and the right to shore leave;
- b. It is incorporated into Australian law by the Navigation Act 2012 and through associated delegated legislation;
- c. State legislation often prevents seafarers taking shore leave;
- d. Seafarers have a legal workplace right to refuse endless contract extensions;
- e. In such a situation, seafarers can refuse to work further and can leave the ship
 - i. the Australian Maritime Safety Authority is legally obliged to help repatriate such seafarers
- e. The Australian Maritime Safety Authority is also required by law to detain ships because the crew have been onboard for too long (this is being applied at 14 months);
- f. In either scenario, crew-abandoned or regulator-detained ships could result in Australian berths being blocked;
- g. If berths are blocked it will create huge costs for Australia's economy:
 - ii. Downtime at some berths costs one million Australian dollars per hour;
 - iii. Some exporters lose millions of dollars every time they miss a shipment;

- iv. Costs to exporters would grow because ships normally plan to spend the minimum possible time in port and are continually arriving and leaving berths.

2(C). Crew change crisis: quarantine rules are overly restrictive

- a. Mandatory 14-day quarantines for seafarers in every situation is overly-restrictive and does not commensurate with the risk of COVID-19 transmission. IMO crew change protocols minimise the risk of Covid19 infected seafarers travelling to join a ship.
- b. Seafarers arriving from overseas normally only need to travel directly from the airport to the ship, and those departing only from the ship to the airport,
 - i. In most cases that's just a short journey. Extensive protective measures can be taken for longer crew change journeys, e.g. from an airport to a remote port;
 - ii. This includes requiring transiting seafarers to use private transport (which can be arranged by ship agents) suitable for long-distance transport;
 - iii. Transiting seafarers can be restricted from leaving transit airports, or be required to stay at a quarantine hotel until their direct connection is available;
 - iv. Designating certain hotels for seafarer use is another tool that can be used to segregate transiting seafarers from the general population;
 - v. Transiting seafarers can be required wear personal protective equipment, practise social distancing and maintain good hand hygiene;
 - vi. In a worse-case scenario, an overly-rigid application of quarantine rules can prevent crew changes from taking place; the Australian end of a crew change is just one part of a complicated seafarer-related logistics operation involving crew, visas, flights, quarantines and protocols – all parts need to line-up;
 - vii. There are a series of international protocols and guidelines that have been developed by the international shipping industry, and issued by the International Maritime Organization, that can be used:
 - International Maritime Organization – [Recommended framework of protocols for ensuring safe ship crew changes and travel during the coronavirus \(COVID-19\) pandemic](#)
 - International Maritime Organization – [COVID-19 related guidelines for ensuring a safe shipboard interface between ship and shore-based personnel](#)
 - International Maritime Organization – [ICS Guidance for ship operators for the protection of the health of seafarers](#)
 - Joint Statement IMO-ICAO-ILO on the [designation of seafarers, marine personnel, fishing vessel personnel, offshore energy sector personnel, aviation personnel, air cargo supply chain personnel and service provider personnel at airports and ports as key workers, and on facilitation of crew changes in ports and airports in the context of the COVID-19 pandemic](#)
 - viii. In Australia, the Federal government has acted pragmatically and responsibly by developing and issuing a set of standards, adopted by National Cabinet on 9th of April which allows for the carefully controlled movements of seafarers;
 - ix. The Queensland, Northern Territory and South Australian governments have been responsible as they have largely aligned with the 9th of April rules. Victoria has adopted some aspects;

- x. Other governments – Western Australia, and New South Wales – have made little or no progress in implementing the nationally agreed protocols. There is also a lack of clear standard protocols / rules that will allow seafarer crew changes to be reasonably planned and carried out. Exemptions may be applied for on a case-by-case basis, but this is severely restrictive when trying to plan a crew change which includes many moving parts.
- xi. The 14-day quarantine of seafarers arriving by air which has been imposed by some states requires those crew members to obtain a Visitor Visa (rather than a transit visa) which can take up to 60 days. ABF has been very helpful in expediting the issue of these Visas, but it is still very difficult for international seafarers to obtain these in time to coordinate with the limited available international flights. Shipping Australia strongly recommends that there be a temporary regulatory change extending the validity of a transit visa to 28 days for maritime crew holding a Maritime Crew Visa.

2(D). Crew change crisis: caps on arrivals into Australia by air

- a. At the time of writing, Australia has imposed caps on the number of people who can arrive in Australia by air:
 - i. Sydney: 350 pax/day
 - ii. Perth: 525 pax/week
 - iii. Brisbane: 500 pax/week
 - iv. Melbourne: zero passengers allowed
 - v. Canberra, Adelaide, Darwin: some capacity may be available on application.
- b. Current instructions require airlines to approach the Department of Infrastructure within five days of aircraft departure to confirm whether maritime crew are exempt from the overall numbers or not.
- c. This is unworkable for maritime crew who cannot afford to wait until a day or two prior to travel before confirmations as they must plan ahead to coordinate:
 - i. pre-embarkation Covid-19 testing and isolation periods;
 - ii. transport on limited flights;
 - iii. getting the appropriate visas;
 - iv. allowance for specific state quarantine requirements (which differ by jurisdiction);
 - v. allowance for domestic air/overland transport within Australia, and
 - vi. alignment of all this with the arrival of the ship in the destination port
- d. If Australia is to meet its international obligations under the Maritime Labour Convention, then all maritime crew travelling to Australia for crew change purposes must be exempted from the airline passenger cap

2(E). Crew change crisis: risk from seafarers is low; infection control measures in place

- a. Seafarers currently present an extraordinarily low risk to the Australian population:
 - i. Seafarers on non-cruise cargo ships are in continuous isolation from sources of infection, such as the general public, owing to the physical nature of ships and the currently reduced ship/shore interaction;
 - ii. At time of writing, in more than 8,000 ship arrivals, only two ships have had infected crew members and both of these were reported as were exhibiting symptoms prior to arrival in port;
 - iii. Visitor access to ships, already low, has been reduced;
 - iv. Extensive anti-infection controls are in place onboard ships;

- v. Health checking measures e.g. temperature-taking with associated record-keeping is practised aboard ships;
- vi. Extensive anti-infection controls can be put in place during crew changes as explained above.

3. 'Stay-away' rules of 14-days are reducing the efficiency of shipping and increasing costs

- a. Some state governments or port authorities have been imposing 14-day stay-away rules on ships:
 - i. For instance, some port authorities imposed rules that ships could not berth upon arrival and begin cargo operations until 14-days had passed since the ship was last at an overseas port;
 - ii. Some journeys from overseas ports in Asia to ports in the more northern parts of Australia take place in a timescale of a few days
 - It is simply impossible for shipping operators to bear the cost of ships idling for many days before being allowed to enter port;
 - Requiring ships to idle for days-upon-days would likely cause shipping to Australia to stop.
- b. 14-day stay-away requirements on ships are unjustified – the risk of COVID-19 transmission from seafarers is miniscule and can be managed through physical distancing, access control and the use of personal preventative equipment.
- c. Application of 14-day stay away rules was/is often illogical
 - i. one port authority enforced a 14-day stay away rule on ships that had called in to China after that country had ceased to be the centre of the pandemic;
 - ii. However, it did not enforce a 14-day stay away rule on ships that had last called in the USA which, at the time, was the centre of the pandemic.
- d. The application of a 14-day stay-away rule to the "Hokkaido Bulker" is unjustified
 - i. The single seafarer who had COVID-19 was taken ashore for hospital-care.
 - ii. The crew were tested three times and no further COVID-19 was found.
 - iii. The ship was subjected to an extensive cleaning
 - iv. However, the Port Authority of New South Wales mandated that the ship observe a 14-day stay away period before allowing the ship to travel to New South Wales
 - There was no scientific justification to make the ship stay away for 14-days after repeated testing revealed an absence of virus;
 - Even though there was no risk of infection from the crew, the situation could have been managed with appropriate protocols

4. Classifying freight and logistics (including international maritime trade) as essential services has been vital to maintaining effective supply chains for the supply of domestic consumer goods and for enabling Australian exports to continue

- a. It is not possible to divide freight into essential and non-essential components; the flow of containerized goods of all kinds is mixed

5. Maritime supply chains have been largely sustained despite the pandemic

- a. We note other commentators / submitters to this inquiry have talked of a supply chain disruption during the pandemic:
 - i. However, the seaborne supply chain has managed to adapt to the pandemic;

- ii. Shipping lines continue to be serve Australia with many Asia-Australia shipping services;
- iii. Melbourne, Sydney, Brisbane, Fremantle and Adelaide continue to attract containerised shipping from Asia;
- iv. Ships calling into Australia are also calling into China, Japan, Korea, Thailand, Singapore, Malaysia, Indonesia and Thailand;
- v. Member lines report that ships calling into Australia from Asia range in size from approximately 2,800 twenty-foot equivalent units to 8,000 twenty foot equivalent units:
 - (there may be some outliers bigger than 9,000 TEU from time to time);
 - the median size vessel appears to be about 4,000 to 4,500 TEU.
- b. However, there has been some disruption or slowdown during the pandemic:
 - i. A small number of sailings, (small, relative to the total number of sailings) have been blanked (mainly February – April);
 - ii. Such blankings may, however, have occurred because of generally low cargo volumes at the time of year (as the China COVID shutdown extended the normal low volume period around Chinese New Year);
 - iii. Volumes of imports have exceeded seasonal norms in the past three months and some additional Vessel services have been introduced to manage this demand.
- c. It is remarkable that the international shipping industry continues to provide high quality, good value, containerised ocean shipping services that serve a wide range of destinations, despite the challenges posed by the COVID-19 pandemic.

6. Nationally consistent protocols for dealing with ships with COVID-19 cases aboard and for enabling those ships to continue with cargo operations is both essential and required now

- a. While the risk of an arriving vessel having positive COVID cases in its crew has hitherto been low (refer Para 2.E.a.ii.), the global COVID infection rate is still increasing, particularly in those states that provide a great number of seafarers. It seems inevitable that within a few months the prevalence of COVID in arriving ships will increase.
- b. Shipping Australia strongly urges the Federal Government to take the lead through National Cabinet to implement standard protocols to deal with ships with positive COVID onboard and allow the crew to be looked after, the ship to be treated/cleaned and the cargo to be worked and the ship to continue its work.
- c. Without such protocols, it is likely that Australia's international sea freight links, which are key to our import and export supply chains will be seriously impacted.
 - i. Downtime at some berths cost one million Australian dollars per hour;
 - ii. Some exporters lose millions of dollars every time they miss a shipment;
 - iii. Costs to exporters would grow because ships are continually arriving and leaving berths;
 - iv. Exporters who rely on seaborne-trade will not be able to export thereby endangering their cashflow and viability;
 - v. Australia's logistics sector depends on the import and export of freight; it is one of the bigger employers in Australia. Large scale stoppages would create profoundly adverse consequences for business viability and for employment levels in the logistics sector.
- d. If container shipping is forced to stop then the consequences are dire:

- i. Large proportions of goods that everyday Australians buy in the shops, and large proportions of goods bought by Australian businesses, are imported by sea;
- ii. These imports include everyday essential goods, foodstuffs, medical equipment, assorted medical supplies and cleaning products;
- iii. Large scale stoppages of container shipping would likely result in shortages of essential supplies that are needed by everyday Australian families;
- iv. If shipping stops due to government restrictions, then everyday Australian families simply will not be able to buy the foodstuffs and the everyday goods that they need.

6. Communications

- a. In the early part of the pandemic, it was difficult to become, and stay informed of, the issue of new rules / directions / orders (*hereafter 'rules' unless otherwise stated*) which were being issued in a highly disjointed way by various government bodies:
 - i. Not only was each state and territory government issuing rules independently of other governments, but many government bodies and agencies were also issuing rules independently of each other too;
 - ii. A co-ordinated approach, or, at least, a central register of new rules would have been very helpful (Shipping Australia endeavours to provide and maintain this for public access on our web site www.shippingaustralia.com.au).
- b. In the early part of the pandemic, when a set of new rules it was not clear:
 - i. that the rules had in fact been issued;
 - ii. who had issued them;
 - iii. when the rules were issued;
 - iv. where the rules could be accessed;
 - v. or what the contents of the rules were.
- c. Rules used lawyer-like language which caused many problems both of understanding and interpretation:
 - i. The language used led to uncertainty, anxiety, costs, delay and the undertaking of what later transpired to be unnecessary work.
- d. It would have been very helpful for the issuance of a plain-English guide alongside the rules covering:
 - i. what the problem was;
 - ii. why these rules are being used to solve that problem;
 - iii. how the rules are trying to solve that problem;
 - iv. what the desired outcome was.
- e. Updates to rules were often done as two separate documents e.g. a quarantine order might later be supplemented with an exemption order:
 - i. Supplementation caused confusion as to what the rules were;
 - ii. It would have been better to re-issue such rules in full with the exemption embodied within it (i.e. it would be better to have single documents);
 - iii. Again, a central register of updates / changes would have been useful.

- f. One very positive aspect of the communications challenge was the early establishment (in February) by the Federal Department of Infrastructure, Transport, Regional Development and Communication of a weekly Maritime COVID Group Teleconference, which brought together the Federal and State Health and Transport representatives, along with the ABF, transport industry associations and unions to regularly highlight the critical risks and bottlenecks that were developing and their potential consequences. This work led to the National Cabinet Protocols on 9 April and to numerous improvements in state policies and ABF Visa processing. Well done.

Submission authorised by:
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