



Woodside Submission

Coastal Shipping Reforms Discussion Paper

April 2017

1. Executive Summary

Thank you for the opportunity to comment on the Coastal Shipping Reforms Discussion Paper (**Discussion Paper**).

We applaud the efforts of the Government to reduce undue regulatory burden that resulted from the introduction of the 2012 Coastal Trading Act (**CTA**).

It is true to say that the current regulatory regime has created a range of administrative issues which has served to discourage Australian oil producers, like Woodside, from supplying Australian refineries. This has included:

- the impractical licencing regime that has prevented the issuing of a licence to undertake a single voyage offtake from an FPSO¹ to an Australian port using a foreign flagged vessel; and
- the interaction of the CTA with the Customs Act, and specifically the issue of “importation” of a vessel that lifts a cargo from an FPSO for discharge at an Australian Port.

However, Woodside does not consider the solution to these issues to lie in extending the geographic reach of the CTA to offshore installations (including FPSOs) as outlined at item 7 of the Discussion Paper, and discussed below.

¹ FPSO – floating production storage and offloading vessel

2. Response to Items 1-7

Items 1 – 6

Woodside supports the proposed amendments outlined at items 1 to 6 in the Discussion Paper to streamline the licencing regime, particularly removing the five voyage minimum requirements for a Temporary Licence (TL), and removing the consultation requirement where no General Licence (GL) vessels are available.

Additional ways to streamline the process could include reducing the overall timeframe in which a TL may be granted (currently up to 15 business days or longer where additional information is requested) and to remove the notification requirement of voyages 12 months in advance (where any changes require a formal variation process to be followed).

Without streamlining the TL process, there is the potential to impede Woodside's ability to engage in any competitive international spot trading opportunities that may arise – often at short notice – as well as managing operational requirements such as tank tops, production profiles and vessel break downs. These same considerations apply when a foreign flagged vessel loads from an onshore facility within Australia and transports the cargo to a port within a State or Territory.

Item 7

Item 7 in the Discussion Paper proposes to amend the definition of 'coastal trading' to include voyages to and from other defined places in Australian waters, such as FPSOs in Commonwealth waters. Under the current regulations, if an FPSO is outside the coastal waters of a State or Territory, a foreign flagged vessel does not come under the ambit of the temporary licence regime when transporting hydrocarbons from the FPSO to an Australian port. This status quo does not create any adverse impact on Woodside's liquids trading operations, however it is the issue of "importation" outlined above that causes uncertainty for industry. Should these proposed changes bring such voyages under the ambit of the CTA, this will introduce new and additional regulatory requirements for Woodside FPSOs. These facilities are already subject to strict regulatory regimes under various pieces of legislation, regulated by AMSA, NOPSEMA, NOPTA and the Department of Agriculture and Water Resources. We **would not** support any additional regulatory burden in this respect.

However, in the event that the Government does decide to implement its proposed amendments in item 7 of the Discussion Paper, Woodside would suggest that this be achieved by way of including voyages from FPSOs to a port within a State or Territory in the section 12 "opt-in" provision to give industry flexibility to meet its commercial needs.

3. Seafarer Training Initiative Options

Woodside supports activities that would promote the Australian seafarer, and within the Woodside business we have undertaken a number of initiatives that assist in such promotion. The initiatives have included:

- a. Cadetship program via the Leeuwin Foundation in Fremantle. Over the past three years, Woodside has sponsored a total of nine (9) cadets. The program is a 12 month sponsorship for young cadets (over the age of 18) to spend training time on the tall ship Leeuwin based out of Fremantle, after which they receive a master Class 5 and MED2 qualification. This process is seen as supporting the marine industry within Australia with no direct return to Woodside.
- b. Sponsorship program to place a young deck officer on one of Woodside's long term charter LNG / Oil Tankers, thus gaining the required blue water experience and seetime to take the individual's Master Orals and receive a master Class 1 qualification. The intention then being to place the individual on a Woodside FPSO or port operations team.
- c. Utilising Woodside's FPSO Fleet to train and provide Oil Tanker exposure to non oil tanker deck officers to gain their Oil Tanker AMSA Endorsement.
- d. Utilising Woodside's FPSO Fleet to provide training ground for engineering cadets as our FPSOs have a fully functioning engine room. This will also aid the industry.

Woodside would be happy to participate in any industry led training initiative for the Australian seafarer.

In conclusion, Woodside appreciates the opportunity to make comments on this Discussion Paper, and would welcome an opportunity to participate in a public consultation process ahead of any draft legislation being tabled to give effect to any coastal shipping reforms.