

MOBILISING AUSTRALIAN SHIPPING

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Mobilising Australian Shipping

Foreword

Australia is an island continent, and as such, its economic prosperity relies almost entirely on maritime trade. Shipping is absolutely essential to Australia because it has sovereign control of the world's 3rd-largest Exclusive Economic Zone, the 7th-longest coastline (Wikipedia, 2024), and at least 99% of its trade by volume is carried by sea (DITRDC, 2026). Australia is also the 5th largest user of shipping services globally (Sea Power, 2026).

Given these realities, it would be reasonable to expect that Australian interests would own, operate and man a large civil merchant fleet (Fleet), but perversely, Australia relies almost entirely upon foreign-owned shipping for international and coastal trade.

Since the end of World War 2 (WW2), there have been numerous reports, representations from concerned stakeholders, political enquiries and subsequent promises about the maritime fleet. Yet despite all of this, there has been a steady decline in the number of Australian-owned, operated and manned merchant vessels.

Equally, the economic rationale for this decline has always been that Australian vessels could not compete economically against foreign merchant fleets. Private operators, over decades, have consistently voted with their feet, and Federal Governments, of all political persuasions, have clearly proven impotent in arresting or reversing the trend.

In the long maritime history of the nation - arguably stretching back to 1788 - there has always been a sovereign fleet. ***Today, there is effectively none.***

Australia is at a historic juncture in its maritime tradition and in uncharted waters. We are confronted with the stark and unequivocal fact that we are now hostage to foreign shipping interests, and the time has now arrived when the nation must answer a simple question.

Does Australia want or need a civil maritime Fleet? *If the answer is **No** - then we are at this point, and no further action needs to be taken. If the answer is **Yes** - then now is the time for decisive action.*

This paper proposes a way ahead to support the **Yes** decision.

Aims

The aims of this paper are to:

- highlight Australia's present economic and strategic vulnerability of almost total reliance upon foreign shipping;
- identify that as a nation we are at a historic juncture, where today's decisions or lack of them, will have a profound impact upon our maritime and economic future;
- identify that the maritime hub and the economic spinoffs associated with shipping are fundamental to developing the Australian industrial base and economic complexity;
- raise the shipping mobilisation flag; and
- propose a viable way ahead to revive Australian shipping.

The Big Picture

The Australian Industrial Base

Just as shipping has declined and almost disappeared since the end of WW2, many other industries have experienced similar fates. Australia's aircraft, vehicle, electronics, telecommunications, fuel, power, gas, steel, defence, and most other manufacturing sectors have either vanished, shrunk, or been sold off to foreign interests. Shipping reflects a much broader national issue: the slow collapse of the Australian industrial base.

This lack of diversity is now having a profound effect on our economic resilience, job markets and training opportunities, and it carries significant defence implications in times of conflict. The decline of the Fleet, therefore, cannot be viewed in isolation; equally, its revival must be understood within the broader context of Australia's strategic outlook and the wider economy. This erosion of sovereign shipping ultimately heightens our vulnerability to disruptions in both imports and exports. Shipping must therefore form part of a long-term national vision for self-reliance, sustainability and survival in an increasingly uncertain world.

This paper, therefore, not only proposes a way ahead for the rejuvenation of shipping but, more importantly, seeks to provide a template that could be applied to other sectors of the Australian industrial base. It is also apolitical and does not seek to advance any political ideology. Rather, it takes a longer-term view focused on the best interests of the nation. It also unapologetically tramples upon Australian political sacred cows and vested interests.

We have reached the bottom as far as the Australian civil maritime Fleet is concerned. The one positive aspect is that we now start with a blank sheet of paper upon which to chart the way ahead.

The Military Outlook

The strategic outlook for Australia today is more uncertain than it has been since the end of WW2, and this is true for most Western countries. The emergence of a belligerent People's Republic of China (China), both militarily and economically, has alienated both its neighbours and most Western nations. China has often trumpeted its intention to reunify the Republic of China (Taiwan) with China by military force if necessary.

China sees itself on a historic mission to avenge the injustices of the past, to reassert its hegemony over Asia and to establish itself as a World super power. If the rhetoric of Xi Jinping is to be believed, then the time frame for achieving these goals is during his tenure as president, with a time horizon of perhaps 10 years. If China were to attack Taiwan, then the US and its allies, including Australia, would be drawn into the conflict.

The dilemma for Australia is that today, China is Australia's largest customer for exports, its largest source of imports and its largest strategic threat. This stark reality has all the ingredients of a perfect storm - what could possibly go wrong?

In addition, the present Russia-Ukraine "Special Operation" is one of the most violent conventional wars since WW2 and is a stark reminder of how peace can abruptly switch to war at short notice.

The more recent Palestine-Israel-Iran conflict also graphically highlights the speed at which war can occur and the devastating consequences. The spectacular collapse of the Assad regime in Syria in December 2024 has also created a power vacuum that may further acerbate regional tensions.

The one positive is the election of the new US President, Donald Trump. His muscular leadership style and determination to end the decline of the US military may be a compelling factor in ending the wars in Ukraine and Israel and deterring China from its military ambitions. Time will tell.

The Economic Outlook

Australia has traditionally relied on the pastoral industry and has also been blessed with vast reserves of iron ore, coal, bauxite, natural gas, uranium, rare earths, and other minerals. From the 1950s, mining and primary products have increasingly contributed to a boom in export income, making Australia a wealthy nation.

Whilst this has been a good fortune, it has also been a poisoned chalice, as it has made the nation complacent and in denial that it could ever end. The mining bonanza has also disguised the deterioration of the nation's industrial base to a point where today, Australia must import practically all industrial and consumer products.

Manufacturing peaked as a share of the Australian economy in the early 1960s, when the sector grew to 30 % of the economy and of employment¹. Today, the figure is about 5% - World Bank (2024).

Beyond mining and agriculture, Australia has become a nation of importers and service industries and has little remaining manufacturing capacity. This has, in turn, resulted in the loss of a myriad of jobs and associated spin-off economic benefits. Other global influences have been the Just in Time minimal inventory trend and online consumer purchasing. The combined effect of these is that not only are there minimal local stock holdings, but it is also the norm for there to be long lead times for imported products.

Economic Complexity

Economic Complexity is a measure of the number of capabilities and know-how that go into the production of any given product. The more complex the product (aircraft vs shoes), the more complex is the infrastructure, supply chain, skill base and workforce.

The Harvard Growth Laboratory's (Harvard Lab, 2024) ***Atlas of Economic Complexity*** data tool generates an ***Economic Complexity Index*** that ranks the economic complexity of 145 countries. According to the latest profile, Australia is on a downward slide, with its ranking falling from 63 in the year 2000 to 74 in 2026, behind those economic powerhouses Moldova, Kyrgyzstan and Uruguay!

The Index notes that Australia is a high-income country, ranking as the 9th richest economy per capita out of the 145 studied and has a per capita GDP of about A\$65K. While exports have grown in value by an average of nearly 10% per year for the last five years, the major exports are of low and moderate complexity products. Australia is far less complex than expected for its income level.

As a result, Australia's economy is projected to grow slowly. The Growth Lab's 2034 Growth Projections foresee growth in Australia of 1.24% annually over the coming decade, ranking in the bottom half of countries globally. This is well behind those nations we normally see as our peers – Japan, Germany, the UK and the US.

The Economic Sea Anchors

Over the years, there have been many compelling arguments that Australia could not compete in the manufacturing sphere as labour and overhead costs were prohibitively high and hence, there has been no concerted effort to revive the manufacturing base.

The lawn bowls fraternity sums up the game of bowls as “Line, Length and Luck”, implying that to win, you need to get both the basics right and then have a modicum of luck. In truth, this is a fitting analogy for the fortunes of a nation. The book “The Lucky Country” by Donald Horne (Horne, 2008) has become a nickname for Australia and is generally used favourably. However, Horne intended to portray that Australia's climb to power and wealth was largely the result of good luck rather than the strength of its political or economic system, which Horne believed was “second-rate”.

In addition, one of the few growth industries in Australia over the last 50 years has been bureaucracy with its associated red, green and black tape, which have collectively acted as a sea anchor on development.

Across Federal, State and local Government, Australia now boasts an Army of bureaucrats (including the ADF) totalling about 2.5 million, almost 1 in 6 of the total workforce.

Further, strong unions have slowly strangled the competitiveness of private enterprise in Australia, particularly within the manufacturing industry. Union militancy has also been a major factor in the demise of Australian shipping. More recently, woke agendas driven by vested interests and championed by opportunistic political parties, exemplified by the Voice Referendum, have further distorted Australian values. Today, Australia struggles to manufacture anything of significance.

Australia has committed to building nuclear submarines but we struggle to make simple nuts and bolts. What is wrong with this picture?

What went wrong, you may well ask, and what is the answer? The problems are many and varied, well-known and documented. Essentially, Government economic, industrial relations, an ever-increasing bureaucracy and other populist policies have contributed to a steady and continuing decline in productivity with no sign of reversal of this trend in sight.

Australia has two options: dramatic productivity improvement or simply wait until the economic wheels fall off.

Option 1 - productivity improvement is a challenge. As one federal politician once quipped:

“We all know what is required to fix the economy, however if we did that, we would never get elected!” Therein lies the dilemma and the moral challenge for Australian politicians.

Option 2 – or the default option – is to wait until the economic wheels fall off - and hope that it does not occur on your watch! Unfortunately, this could also be described as the national suicide option, and Australia appears to be sleepwalking in this direction.

President Donald Trump and the American people knew the difference - and perhaps there is hope for Australia.

Mobilisation

Mobilisation is a total national commitment and is associated with a potentially existential strategic crisis such as war, pandemic, natural disasters or economic shocks. It is not narrowly focused upon the needs of the military for defence, but upon the broader economic and industrial requirements necessary to sustain the nation, for as long as necessary.

It reallocates national resources with this purpose in mind, away from social and welfare agendas. By definition, it will be accompanied by unaccustomed austerity and economic belt-tightening. As such, it can only be implemented with the willing acceptance and support of the people, and thus the psychological conditioning of citizens to accept the necessary economic changes is a critical element. This, in turn, can only be achieved by visionary political leadership and strong bipartisan agreement, without which nothing can be achieved.

The concept of mobilisation is foreign to Australia today as the nation has not been confronted with an existential threat since WW2. However, such threats both military and economic, are now on the radar – the storm clouds are now clearly evident on the horizon.

In 1982, as a newly promoted Major, I was posted to the Army headquarters in Canberra, and I took the opportunity to follow up on one of my military interests – that of mobilisation of the nation for war. I eventually located the mobilisation office and, in due course, gained access and there before my eyes lay the mobilisation plans for the nation.

It consisted of rows of filing cabinets and dusty stacks of mouldering military manuals, files and telephone books, going all the way back to WW2. There was only one part-time public servant tasked with maintaining this office, and his duties simply entailed placing any document vaguely related to mobilisation in the office. There was obviously very little interest in the matter.

I had unearthed the mobilisation mausoleum, and I had entered the crypt containing its fossilised bones. Mobilisation was dead as far as the Australian Defence Force (ADF) and the Government of the day were concerned.

Mobilisation as a concept has slowly been resurrected in various guises over the years within the Government and the ADF. The problem today, of course, is that the Australian industrial base has been eroded to the point of non-existence. Within this context, we are faced with the inconvenient truth that, more than most nations, Australia relies upon a maritime Fleet and yet today this has almost entirely disappeared. If ever there was a compelling case for mobilising national resources to address a problem of national importance, then the resurrection of Australian shipping is it.

What is now required is no longer mobilisation of existing resources, but the resurrection of a new industrial base from the ashes of the old. The maritime Fleet must be a core component of this transition.

Case Study 1: The Swiss Merchant Marine



The Merchant Marine of Switzerland is the largest merchant navy of a landlocked country (Grivat, 2016). It has a long tradition of shipping, large and small, on its lakes, rivers and the high seas. It was founded in 1941, with the purpose of supplying Switzerland with basic goods during WW2. Today, its mission remains to supply the country with goods in times of crisis.

The sovereign conditions to fly the Swiss flag are clear. The shipowner must be Swiss, the holders of 51% of the company's shares must be resident in Switzerland, and they do not have the right to sell the ship within three years. Today, the majority of the crew of these vessels are not Swiss nationals but foreign.

The first ships were purchased and operated by the government. After WW2, a privately owned merchant Fleet emerged, spurred in part by government subsidies that paid for the Fleet's operation up until 1953.

In 2010, a fleet of 37 major ships flew the Swiss flag; by 2022, however, the fleet had declined to 14 vessels.

The lesson here is that Switzerland, a landlocked country, recognises the value of the merchant marine and has more major seagoing vessels on its maritime register than Australia, a nation that is utterly dependent upon international trade by sea and air.

The strategic value of a viable shipping industry is recognised around the world and indeed even Switzerland has a small merchant Fleet.

Australian Shipping

Maritime Data

Geographic factors.

- Australia has the sixth-longest coastline in the world - 25,760 km (CIA, 2024).
- Australia has the World's 3rd largest EEZ, with a total area of 8,148,250 square kilometres, which is 3 times its land mass (Wiki, 2024).
- Australia's Maritime Search and Rescue responsibilities cover 10% of the world's surface (AMSA, 2024).
- Australia has 17 nationally significant ports and many lesser ports.

Economic factors

- Sea trade accounts for 99% (Ports, 2024) of all trade by volume and around 79% by value, which in turn supports 45% of national income.
- Exports account for about 90% of the volume of sea freight, mainly iron ore, coal and LNG (BITRE, 2025).
- In 2024–25, over 1 billion tonnes of imports and exports were moved by sea, worth about \$700+ billion in total.
- China was Australia's largest export destination in 2024, taking just under 30% of total export value (UN COMTRADE, 2026).
- Australia has a major offshore resources sector, primarily oil and gas fields located in Bass Strait, North West WA and the NT.
- Australia is the world's third-largest LNG exporter, behind the United States and Qatar, with about 20% of global LNG exports.
- Australia is one of the world's largest exporters of coal accounting for 25% of global coal exports in 2025. Coal was the second-largest export commodity in 2024, behind iron ore (GSA, 2025).
- Australia depends upon imports to supply around 80 per cent of our annual refined petroleum needs in 2025 (DFAT, 2025).

Shipping factors

- Australia is the 5th largest user of shipping services in the world (Fleet, 2023).
- Australia generates more than 10% of the world's seaborne trade (Fleet, 2023).
- In 2021, there were 26,400 foreign ship arrivals in Australia, by 6,170 unique vessels (Fleet, 2023).
- Shipping meets diverse transport needs handling over 150 thousand passengers, 6 million containers, and 500 million tonnes of bulk cargo annually (Fleet, 2023).
- The shipping industry is a significant employer offering more than 25,000 jobs (Fleet, 2023).
- As of December 2022, there are 11 Australian-flagged and crewed vessels over 2,000 deadweight tonnes (DWT) holding General Licences under the

Coastal Trading (Revitalising Australian Shipping) Act 2012, that operate in Australia's coastal trade (Fleet, 2023).

- In 2021, 504 unique foreign vessels undertook 2,309 voyages under a Temporary Licence under the Coastal Trading Act (Fleet, 2023).
- Bulk carriers accounted for 56% of vessel arrivals and container ships accounted for 14% (Fleet, 2023).
- Coastal shipping is an important element of Australia's domestic freight system, carrying around 15 per cent of domestic freight (Fleet, 2023).
- There are four Australian-registered and crewed LNG carriers operated by Shell Tankers Australia, that exclusively carry LNG from WA's North West Shelf production area to customers in north-east Asia (Fleet, 2023).
- Most of Australia's imported goods come by container. Australia accounts for about 1% of the global container trade (Fleet, 2023).
- There are no Australian tankers that carry crude oil or petroleum imports or exports. Australia's fuel trade is conducted by foreign vessels, with 750–1000 fuel tanker vessel arrivals per year (2-3 deliveries per day), sourced from a variety of countries (Fleet, 2023).
- As of May 2023, there are approximately 40 foreign-flagged and 14 Australian offshore supply/support vessels operating in Australian waters (Fleet, 2023).

Government factors

- The 2023 Defence Strategic Review highlighted the need for a civil maritime strategic Fleet, as has practically every previous Defence White Paper.
- The future RAN shipbuilding programme is enormous, with at least \$77 billion in the pipeline.
- The Australian Government owns, operates or charters such vessels as the Defence Marine Support Services Program and Border Protection Fleets, the Antarctic Division Ice Breaker, CSIRO research vessel, and AMSA emergency response vessels.
- The Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Maritime and Shipping Branch, is largely responsible for the management of maritime issues.

Industry Associations

- Shipping Australia Ltd (represents overseas shipping lines and other associated parties).
- Maritime Industry Australia Limited (MIAL) (peak body representing Australian shipping).
- Maritime Union of Australia (MUA).
- Australian Institute of Marine and Power Engineers (AIMPE).
- Australian Maritime Officers Union (AMOU).

Australian Shipping Registers

- Australian International Shipping Register (AISR).

- Australian General Shipping Register (AGSR).

Legislation

- Tasmanian Freight Equalisation Scheme.
- Bass Strait Passenger Vehicle Equalisation Scheme.
- Shipping Registration Act 1981.
- Coastal Trading (Revitalising Australian Shipping) Act 2012.
- Shipping Exempt Income Tax Incentive.
- Accelerated Depreciation and Roll-Over Relief.
- Seafarer Tax Offset.
- Royalty Withholding Tax Exemption.

Merchant Shipping

Shipping is an international industry, and Australian vessels are subject to fierce foreign competition. All vessels are subject to the regulatory framework provided by their flag state. This has inevitably translated into economic advantages for foreign vessels over Australian vessels. Lower wages, poorer working conditions, very low taxation regimes and other factors lower the operating costs for foreign vessels. Collectively, these measures have priced Australian-owned, operated and manned ships out of international trade and, to a large extent, from coastal trade.

We are in good company, however, as the USA, the UK and most European nations have also suffered declining fleets as a result of similar policy settings.

Changes to the **Coastal Trading Act** have also allowed the cargo owner to decide which vessel to use. The changes did not include a mechanism to enable Australian vessels to get preferential access to the carriage of domestic cargo under long-term contracts of affreightment. This has meant that in many circumstances, where the owners of cargo previously owned or chartered their own vessels, they now have the opportunity to use foreign-flagged and crewed vessels with lower cost structures.

Naturally, once business enterprises identified ways to use cheaper options to transport their goods, then Australian shipping was priced out of the market. At the same time, onshore manufacturing facilities that used shipping have been closing, such as steel making in Newcastle, which has also reduced the volume of coastal cargo to be carried.

There are a few examples that go against this trend, notably the vessels supporting the transport of goods across Bass Strait between Melbourne and Tasmania. These vessels are currently being upgraded to larger and more productive vessels, although this has been an ongoing saga and a sad testament to the incompetence of the Tasmanian State Government. Albeit, companies operating these vessels have had the confidence to invest in expensive and long-term assets and, in some cases, take advantage of tax incentives for vessel renewal introduced in 2012 as part of the shipping reform package.

The key feature of this trade is that vessels operated by TT-Line, Strait Link Shipping and Searoad benefit from the ***Tasmanian Freight Equalisation Scheme*** and one operator (TT Line) benefits from the ***Bass Strait Passenger Vehicle Equalisation Scheme***.

Combined, these industry assistance programs cost Australian Governments more than \$200 million per year.

Strategic Fleet Taskforce



On 20 Oct 22, the Labor Government announced an inquiry into the Australian maritime Fleet. The **Strategic Fleet Taskforce** was duly formed and consulted with stakeholders and industry to provide evidence to the Government on how best to establish a viable Australian Fleet.

The fundamental problems that the Taskforce addressed were well-known and long-standing. **Quite simply, the cost of Australian crews combined with unfavourable taxation and regulatory frameworks makes it uneconomical to register ships in Australia.**

The public version of the **Strategic Fleet Taskforce Final Report** (AustGov, 2023), released in November 2023, recommended the creation of a strategic civil maritime Fleet of up to 12 Australian-flagged and crewed vessels. The Fleet would be privately owned and operate on a commercial basis and could be requisitioned by the Government in times of national crisis such as natural disaster or conflict.

The Taskforce noted that: **“these vessels will be the start of what is hoped to be a fleet that will grow to be in the order of 30–50 in number, sufficient to provide a sustainable pool of capability.”**

In summary, the report was a substantive review of the current problems facing the industry, and the recommendations made would be effective at creating more favourable operating conditions if implemented in full.

The Taskforce identified three prime strategic purposes of the fleet – to respond to disruption events, support sovereign manufacturing industries and support the Defence Forces.

The Taskforce identified challenges that have impeded Australian shipping industry growth to date, and are likely to affect the attractiveness of vessels re-flagging in Australia as needed to establish and grow the strategic fleet.

These challenges include cost, Australia’s regulatory environment, conditions associated with the registration of vessels in Australia (such as workplace relations) and seafarer training and workforce issues.

The taskforce estimated that the cost premium of running an Australian flagged and crewed vessel is \$5-8 million per annum. However, Shipping Australia Ltd (SAL) stated that the real differential is likely to be closer to \$15-20 million per ship per annum.

There have been many previous attempts by Government to maintain and rebuild an Australian Fleet, but the decline has continued. The Taskforce acknowledged that:

“This time, we must do something different to attract and retain vessels on the two Australian shipping registers”.

The Taskforce also noted that cabotage laws, as defined in the Coastal Trading Act 2012, created “inefficiencies” and unnecessarily increased costs. It nevertheless recommended stronger cabotage laws to strengthen the strategic Fleet.

This cabotage requires that foreign vessels moving cargo between Australian ports are required to top up the pay of foreign crews. This has had the unintended effect of raising transport costs, forcing freight onto road and rail and reducing the competitiveness of local manufacturers against foreign companies.

It is also significant that the Final Report notes that:

“However, this should not be at the expense of fair wages and conditions. The Taskforce does not support a process that would lead to a decline in wages and conditions for Australian seafarers, and believes that the Australian community would expect no less.”

The Final Report made 16 recommendations. These addressed regulation and legislation, taxation, training, funding, the composition of the Fleet, shipping registers,

compliance, requisitioning, coordination with states and foreign interests and follow-up requirements.

On 6 Sep 24, the Government released a request for tender seeking vessels to participate in ***Australia's Strategic Fleet Pilot***. The pilot will run for five years and consist of 3 Strategic Fleet vessels, which will be selected through a competitive, open and transparent process. The tender closed on 29 Nov 24. ABC News reports that the government has "***quietly missed its deadline to announce the first ships for its strategic fleet***".

The approximate costings to date for the Taskforce and subsequent funding is \$35 million. The cost of the Pilot programme is not yet publicly available.

The response from industry

The response from industry has been mixed.

- The ***maritime unions*** greeted the Report enthusiastically.
- The ***Maritime Industry Australia Ltd (MIAL)***, which was represented on the taskforce, were also enthusiastic.
- ***Shipping Australia (SAL)***, which represents foreign shipping lines, described the taskforce's proposals as "bad policy". SAL argue that, "time and time again in crisis-after-crisis, shipping sailed through every problem and continued to deliver the goods. International shipping has never been stopped – not by disease, not by war, or strikes, or piracy".
- ***Industry*** (Norske Skog) continues to be critical of the effect of cabotage on coastal trade.

Analysis of the Final Report and Current Situation

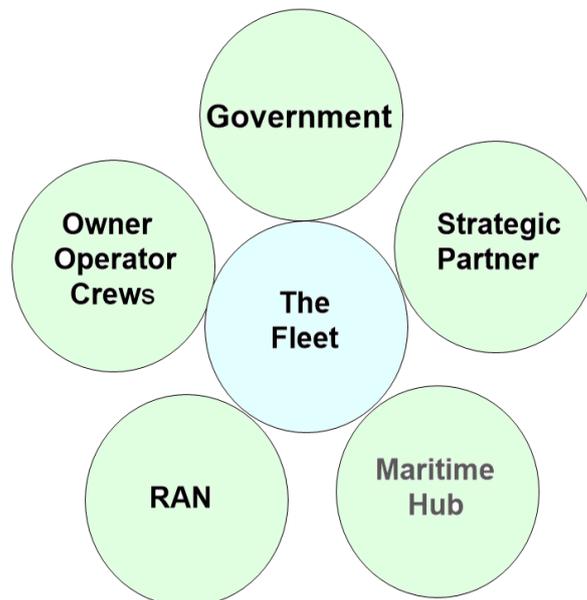
Within the context of this paper, which seeks to provide a model for the development of the Australian industrial base, of which a strategic maritime Fleet is a critical component, the following observations are made.

- The Labor Government are to be applauded for honouring a pre-election promise to hold an enquiry into the Australian maritime Fleet.
- The Final Report is a substantive review of the current state of the Fleet and provides a firm baseline for the way ahead.
- The Report, although identifying that this time, "the nation must do something different if it is to attract and retain vessels on the two Australian shipping registers...", does not bite the bullet and provide a definitive model of what is actually necessary to establish and develop a meaningful Fleet.
- The 12 vessels proposed are a useful starting point, but the number is minute when viewed against the actual need. The Taskforce did observe, however, that 30-50 vessels are needed in the future.
- The Government recently issued a request for tender for a Strategic Fleet Pilot that will consist of 3 vessels and will run for 5 years.
- Costs and committed funding to date for the Fleet are about A\$35m. This does not include the cost of actually running the Pilot Program.

- The deadline for the announcement of the first ships for its strategic fleet has been missed.
- The economic viability of the Fleet as proposed is fundamentally flawed by the requirement that the vessels be manned by Australian crews, operating under Australian industrial relations laws, which will be gamed by activist Australian maritime unions. As a consequence, Australian crewed vessels will not be financially competitive.
- It is apparent that the findings of the Report were largely predetermined to meet a political agenda.
- In fairness to the Government, they have got the ball rolling and have charted a way ahead. However, the projected timetable for the Pilot of 3 vessels over 5 years clearly displays both a lack of urgency and an appreciation of the scale of effort required to create a viable Fleet.

It is apparent that although the lessons of the past have been recognised, the failures of the past have merely been repackaged and another opportunity has been lost to resurrect the maritime Fleet. History has repeated itself.

The Australian Shipping System



The diagram above depicts the main sectors of the Australian Shipping System. The sectors targeted in this paper are Government, Strategic Partners, Owners Operators Crews, RAN, The Fleet and the Maritime Hub, which incorporates all of the mainly land-based services necessary to support shipping.

Government

Government action is key to the way ahead. Only the Government has the resources, budget and the ability to bring all stakeholders together for the common purpose of establishing the maritime Fleet.

For the past 80 years, the best endeavours of past governments and stakeholders in the maritime industry have not been sufficient to create or sustain the maritime Fleet and indeed have merely presided over its demise. A popular attribution to Albert Einstein is that:

Insanity is doing the same thing over and over again and expecting different results.

On this basis, it can safely be argued that a new conceptual framework for future action must be developed if meaningful progress is to be achieved.

The following framework is proposed.

The Vision

The Government's fundamental responsibility is to lead, inspire, galvanise the nation into action and to chart the way ahead. The vision for the Fleet should therefore be bold, aspirational and purposeful.

Proposal 1: The maritime vision is to establish a Fleet of 100 vessels, over a period of 20 years.

Bipartisan Agreement

If the Fleet is to become a reality, then political differences must be put aside, and bipartisan agreement must be the cornerstone of the way ahead. Foreign nations, almost without exception, realise the strategic advantages of having a strong national maritime Fleet and have done whatever is necessary to achieve this end. Australia has been naive over the past 80 years in this regard, and our policy inadequacies have been exploited to the point where we are today.

Proposal 2: Bipartisan political agreement on the way ahead is essential.

Long Term Planning

Australia is a robust democracy that has survived and prospered as a nation. One of its fundamental flaws, however, lies within the constraints of its 3-year Federal electoral cycle, where long-term planning is often of secondary interest to political ideology and the exigencies of the next election. The maritime Fleet has taken 80 years to wither and die, and its resurrection cannot occur overnight. A long-term plan must therefore be agreed and executed.

Proposal 3: Create a 20-year plan in 5-year steps to achieve the target of 100 vessels.

Strategic Industries

A Strategic Industry is defined as one that the government deems essential for national security, economic development or societal reasons. The concept is not new and has been adopted in various forms by many countries such as the USA, Japan, Korea, Singapore, Israel and Taiwan, with great success. Apart from the USA, none of these countries has the vast natural mineral and agricultural resources with which Australia is endowed.

These industries play a vital role in developing economic diversity, technological advancement, job creation and training opportunities, and they are the catalyst to drive demand and productivity across the economy.

If the nation is to commit to Strategic Industries in a meaningful way, then by definition, there will be associated costs with such a transition. Government financial

commitments will be required, at least initially. More importantly, there must be an ideological shift away from short-term populist agendas to longer-term economic targets. One of the casualties will be the sacred cows of the Australian political landscape.

Characteristics

The following are the key features of Strategic Industries.

- There must be a compelling economic, defence or social need.
- The industry should add significant value to the industrial base and stimulate other sectors of the economy.
- The value added must justify the expenditure of financial and political capital.
- Targets set should be long-term, achievable and measurable.
- There must be bipartisan political agreement.
- Policy settings must enable the selected industries to be globally competitive.
- The involvement of private enterprise and its associated entrepreneurial drive is essential to success.
- Government policy must provide long-term certainty to encourage private investment.
- Strategic industries should be a high-priority focus for research and development by publicly funded universities and scientific agencies.
- Protectionist policies must support Strategic Industries, to prevent foreign dumping, predatory tactics and any exploitation of the generous supporting measures involved.
- Government inducements to ownership, such as low-interest loans backed by the government, are key to success.

Policy Settings

On the assumption that the Fleet were to be designated a Strategic Industry, the following policy settings would be applicable.

- The Fleet to be operated on a commercial basis with a priority given to Australian trade.
- Financial support would include grants, low-interest loans and government guarantees.
- Zero corporate tax where those profits are reinvested back into the enterprise.
- Zero tax for Australian seafarers, where they are involved, in line with foreign tax regimes.
- Introduce deemed franking credits in respect of dividends to shareholders.
- Extending tax exemptions to vessels servicing the offshore sector.
- All Federal, State and Local Government taxes and charges, where possible, to be waived for the first 10 years. The aim is to remove all bureaucratic impediments to the maximum extent possible.
- Future taxes and charges must also be set at levels that provide a competitive advantage to local industry vs foreign competitors.

- Protectionism is to include shielding the Fleet from red, green and black lawfare. This is a strategic asset that will benefit all Australians and must be protected from ideological agendas.
- A new Federal Government Department is to be created to foster the Fleet, overseen by a dedicated Federal Minister. That Minister and Government Department will be accountable for the success or otherwise of the Strategic Industry.
- The industry must be union-free for the first 10 years. After that period, union involvement must in no way jeopardise the industry. This is fundamental to the competitiveness of the Fleet.
- Some of these vessels to form part of the permanent RAN Fleet, and all of the vessels to be available as a maritime war reserve and to be requisitioned if it is deemed necessary, to support the nation in times of crisis.

The Maritime Hub



The value of a strategic Fleet lies not only in the vessels themselves but in the broader maritime economic hub that it generates. The international experience is that a multitude of associated businesses and workforces develop around the industry over time, such as stevedoring, diving, ferries and tugs, bunkering, offshore oil and gas, port services, and coastal traffic. This aspect is often overlooked by those who argue against the value of a strategic Fleet.

Shipping hubs are crucial points in the global supply chain where cargo is consolidated, transferred, and dispatched. The importance of shipping hubs cannot be overstated - they serve as gateways for international trade, fostering economic growth and development in their regions.

Australia's existing maritime hub is already significant, as it directly employs about **25,000 people** and makes a substantial contribution to the nation's GDP.

In the Republic of Singapore, the maritime sector is responsible for about 7% of GDP.

The success of shipping hubs can be attributed to several key factors ¹:

- **Strategic Location.** Many of the world's leading ports are strategically located along major trade routes, providing easy access to significant markets.
- **Infrastructure and Facilities.** State-of-the-art infrastructure and facilities, including deep-water berths, modern container terminals, and advanced cargo handling systems, are crucial for efficient port operations.
- **Technology and Innovation.** The adoption of advanced technologies, such as automated cranes and other port solutions, enhances operational efficiency, reduces turnaround times, and improves overall productivity.
- **Logistics and Connectivity.** Efficient logistics and strong connectivity to inland transport networks, such as road, rail, and river systems, are essential for seamless cargo movement.
- **Government Policies and Support.** Supportive government policies, including favourable trade regulations, investment incentives, and infrastructure development programs, play a significant role in the success of shipping hubs.

Case Study 2: South Korea



In South Korea (Fiveable, 2025), the Strategic Industry concept played a crucial role during the “economic miracle” from 1970 to the present. The government identified key industries that would drive rapid industrialisation and economic expansion. By focusing on these sectors, South Korea was able to transform its economy from an agrarian base to an industrialised base within a few decades. It led to significant economic growth, and Korea today is a global hub for technology, innovation and heavy industry.

The keys to the economic miracle were:

- Targeted policies to promote strategic industries, which included subsidies, tax incentives, and access to credit.
- The strategic industries selected were consumer electronics, automotive vehicles, heavy machinery, the steel industry and shipbuilding.
- Large investment in research and development was committed within the strategic sectors.
- Harnessing the entrepreneurial flair of private enterprise was a key to success.

By the 1980s, strategic industries contributed significantly to the nation's GDP, leading to increased employment and higher living standards. The development of strategic industries was often linked with the rise of chaebols, large family-owned conglomerates, which benefited from government support but also harnessed the entrepreneurial flair of private enterprise and innovation, which was instrumental in executing industrial policies.

While South Korea is a peninsula, its closed border with North Korea means that economically it is essentially an island. Within this context, maritime transport is a key aspect of South Korea's engagement in international trade, given its export-oriented economy. The parallels with Australia are obvious. One of the spin-offs was the development of a large merchant maritime Fleet. Korea now has a Fleet of about 1800 large vessels and is ranked about 12th in the world by quantity and tonnage.

Proposal 4: Identify the maritime Fleet as a Strategic Industry.

Case Study 3: Singapore



The Singapore Registry of Ships (Singapore, 2024) is viewed by many as the global ‘gold standard’ of shipping registers. The Singapore Registry is the mechanism through which a range of financial incentives, streamlined vessel registration and crewing requirements are accessed. These incentives include corporate and personal taxation incentives and assistance to facilitate maritime greenhouse gas emissions reduction and/or encourage use of low or zero-carbon marine fuels.

Singapore’s Register of Ships, was the fifth-largest in the World in 2023, according to Lloyd’s List Intelligence. As at January 2024, there were about 4,000 vessels administered under the register.

The maritime hub contributes about 7% of the Singaporean GDP.

Singapore’s geographical location on the global east-west maritime trade lane, with approximately 130,000 vessel transits per annum, is a competitive advantage relative to Australia. Along with its natural geographical advantage, the Singapore Government’s approach to providing incentives for vessel registration on the Singapore Registry has resulted in the development of world-class maritime services, including fuel bunkering, dry-docking and maintenance, vessel survey and classification, that maritime enterprises can draw upon. ***Vessels on the Singapore Register of Ships can employ officers and crew of any nationality.***

Singapore’s Requisition of Resources Act 1985, enables all vessels registered under the Singapore flag, including those on the Singapore Registry, to be requisitioned if it is deemed necessary for the defence or safety of Singapore.

Proposal 5: Enact Government policy to enable a maritime Fleet to be both established and to compete against foreign competition, over the longer term.

Strategic Partners

Sun-Tzu was an ancient Chinese general who wrote The Art of War, an influential work of military strategy. He is often attributed with the quote:

If you do not seek out allies and helpers, then you will be isolated and weak.

Global maritime trade is dominated by shipping alliances, particularly regarding containers. Shipping is a low marginal cost industry, similar to agriculture and aviation, and alliances allow all members to access economies of scale while sharing resources such as ships, terminals, and routes. This collaboration results in improved operational efficiency and lower logistics costs.

Shipping alliances are the norm in maritime transport and Australia's microscopic and embryonic fleet must enter into foreign partnerships if it is to survive and prosper.

By necessity, Australia has entered into strategic long-term partnerships under the **AUKUS** and **QUAD** arrangements, which are intended to strengthen the combined military and industrial capacity of the partners and make supply chains more robust and resilient. Without these agreements, it is now well beyond Australia's economic capacity to acquire the weapons, technology and manufacturing capabilities necessary to survive as a sovereign nation.

These relationships are all with our major allies and trading partners, the USA, UK, Japan and India, with the high probability that South Korea and perhaps other similar nations will also be admitted in the future.

Equally, all of these countries are key players in the international shipping business and would be prime candidates for shipping partnerships, perhaps under the umbrella of AUKUS and QUAD.

Australia cannot achieve the 100-ship target within 20 years, by building its own ships. It must therefore either buy or lease vessels or alternatively access ships through a strategic partnership.

A partnership must of course be economically attractive to potential partners, who will presumably be foreign private enterprises and the first question that potential partners will ask is - what's in it for them?

Benefits to the Australian partner

- Quick access to a larger existing Fleet.
- Route and service sharing.
- Terminal sharing.
- Reduced operational costs.
- Reduced logistic costs.

- Crewing, skills and training opportunities.
- General savings flowing from economies of scale.

Benefits to the foreign partner

The benefits to the foreign partner are similar to those above; in addition, economic inducements must be offered to foreign partners for them to embrace the arrangements. Some options are:

- Buying into the existing foreign fleet thus reducing capital costs to the foreign partner and providing management leverage for the Australian partner.
- Reduced port and handling charges and other regulatory requirements for the vessels covered by the strategic alliance. This provides a competitive advantage to the alliance vessels.
- Access to Australian coastal routes, the offshore sector and territories.

Proposal 6: Seek collaborative arrangements through strategic partnerships, potentially under the AUKUS or QUAD umbrellas, or with South Korea or Singapore.

The Fleet

The Taskforce recommended that an initial Fleet of 12 vessels be established of a type and size that will meet the three prime strategic purposes of the fleet, which were to respond to disruption events, support sovereign manufacturing industries and support the ADF.

These are to be:

- Container vessels with geared ship cranes capable of independent container operations.
- Multipurpose vessels (MPV) capable of carrying project cargo, containers and some bulk cargoes, and unload these using geared ship cranes.
- Roll-on roll-off/roll-on lift-off (RO-RO/RO-LO) vessels.
- Liquid bulk vessels configured to carry multiple grades of fuel and chemical products in independent tanks.
- Dry-bulk vessels.
- Break-bulk vessels.

This composition is used as a starting point in the following cost estimate to establish the initial Fleet of 12 vessels. The vision however, is a Fleet of 100 vessels to be delivered over 20 years.

Proposal 7: The initial Fleet will be comprised of those vessels identified by the Taskforce.

Owners, Operators and Crewing

Private Ownership

International shipping is highly specialised, ruthlessly competitive and demands extensive knowledge of the industry to survive. Maritime economics cover the spectrum from ship ownership, operation, maintenance, stakeholder interests, manning, trade, international law and regulation, financial, legal, stevedoring, logistics and the politics of the various ports of call. Understanding these elements is essential for stakeholders to make informed decisions and manage risks in the complex and challenging maritime sector.

All of these skills form the knowledge base upon which a successful maritime business is built. In addition, there is a further ingredient that sets high-performance businesses apart from the rest. This is the entrepreneurial drive normally associated with private enterprise.

The involvement of private enterprise is essential for success.

Government Ownership

One weakness of private enterprise, however, is that registered companies can go bankrupt and the assets sold off. As the intent is to develop a strategic fleet over the long term, there must be reasonable certainty that the vessels will remain available to the nation if the parent company, or companies, should fail. Although there are no perfect answers, part ownership of the vessels by the Government will ensure that the vessels cannot simply be sold off and will enable some control to be exerted to retain the assets for the nation.

Therefore, until a broad base of private ownership can be established over time, some form of Government ownership is considered essential.

Government should not be too involved in the daily operation of the enterprise as this is not its forte. Its role is to provide the legislative framework and whatever support is necessary to nurture and protect the industry to a point where it develops the critical mass to become self-sufficient. As a strategic industry, this is a long-term project and the economic benefits to the nation will take years to mature.

Proposal 8: The fleet be jointly owned by private enterprise and Government for at least the first 20 years.

Crewing - Union Free and Foreign Crews

Unions are organisations that represent the interests of workers, particularly in terms of pay and conditions of employment. They have been particularly successful in Australia in achieving these aims.

In terms of international shipping however, it is not economic for shipping to employ Australian seafarers who are members of the MUA, AMOU or the AIMPE, as their pay rates and employment conditions far exceed those available to foreign seafarers. This is well documented and when competing in a highly competitive international trade setting, Australian seafarers have priced themselves out of the market.

The MUA is a division of the CFMEU and is well established within the land based maritime infrastructure such as stevedoring, diving, ferries, offshore oil and gas, port services and coastal shipping, where there is no foreign competition. They also proudly display on their website that they are known around the country as having the strongest and most active rank and file members of any trade union.

Therefore, if Australian shipping is to be competitive, it must use foreign crews and exclude Australian union members. This is a sad reflection upon both the unions and the Australian Labor Party that provides top cover for them; however, it is fundamental to the resurrection of Australian shipping.

This of course is anathema to the unions and the Labor Party, however the issue must be confronted and accepted if there is to be any chance of success.

The maritime unions have perhaps 25,000 members between them. If the national interest and the long-term security of Australia with its 27 million citizens is considered important, then the vested interests of Australian maritime unions must be secondary.

Within this context, if economics allow, there may be scope for limited numbers of Australian seafarers in Australian owned, operated and flagged international shipping. Such arrangements however should not jeopardise the economic viability of the Australian maritime Fleet.

Proposal 9: To be competitive, the Australian maritime Fleet must be crewed by foreign seafarers and Australian unions excluded, for the foreseeable future.

The RAN



The Royal Australian Navy (RAN) represents the major sovereign maritime asset available to the nation. It is relatively small by international standards but is a balanced and capable force, manned by highly trained and dedicated personnel. It is now in a growth phase with massive investments projected for the next 30 years, of which nuclear powered attack submarines will be the major offensive weapon.

The nuclear subs represent a major technological and manning challenge for both the RAN and the nation. The move towards nuclear domestic power in Australia is not only inevitable and long overdue, but is also essential to provide the Australian domestic technological base, skills, training and infrastructure to support the nuclear subs.

The RAN is a firm base for maritime skills and must be a core component of the expansion strategy for the Fleet.

The 2017 **Naval Shipbuilding Plan** (RAN, 2017), outlined the Government's vision for Australian naval shipbuilding. The plan laid the foundation for an Australia-wide, continuous National Naval Shipbuilding Enterprise, that is intended to end the boom-bust cycle that has afflicted the Australian naval shipbuilding industry for the last 50 years.

However, following the formation of AUKUS in 2021 and the release of the 2024 **National Defence Strategy** (Strategy, 2024) and the 2024 **Integrated Investment Program** (Investment, 2024), the RAN is now set to grow to a size not seen since the end of the WW2.

The projected investment is between **\$112 - \$145 billion** over the coming decades.

Under this umbrella, an opportunity exists to expand the RAN logistic fleet to include vessels that can not only support military operations but to also engage in civil coastal

and possibly international trade. One focus could be to displace some foreign vessels that currently service Australian territories such as Norfolk, Lord Howe and Christmas-Keeling Islands. Such vessels would provide not only much needed RAN logistic assets but could be structured to facilitate expanded training and crewing options for the civilian maritime fleet.

The following strategy is proposed.

- Logistic and support vessels must be a key component of an expanded RAN.
- If possible, these ships should be built in Australia as part of a strategy to develop local ship building. This will provide the continuity for local ship building that has been sadly lacking in the industry for the last 50 years, where an utter lack of vision and forward planning, has resulted in boom-and-bust cycles for local ship builders.
- It will also develop the Australian support base and maintenance facilities essential for an expanding RAN.
- A key challenge for the RAN will be to attract and train suitable personnel for the future high-tech Navy. For the nuclear subs, this can only be achieved in cooperation with the US Navy or the Royal Navy under AUKUS.
- As with the Australian Army and RAAF, an expanded role for Defence Reserve personnel must be part of the solution. Another probable solution will be a new form of National Service.
- An expanded role for the RAN would be to service Australia's offshore territories, which currently rely upon infrequent foreign shipping. Such an approach would not only displace foreign shipping, but would also provide valuable training for RAN personnel. Any price differential between foreign shipping and the RAN would have to be subsidised to ensure that local businesses are not penalised.
- There would also be scope for RAN training facilities to train civilian seafarers in an expanded maritime Fleet, especially if they were to be eligible for Defence Reserve service.
- The USN Military Sealift Command and the UK Fleet Auxiliary, are practical models for the RAN to follow.

Case Study 4: USN Military Sealift Command



The **US Navy Military Sealift Command (MSC)** (US MSC, 2024) is the main provider of ocean transportation to the US Department of Defence, particularly the US Navy. The Command operates approximately 125 civilian-crewed ships that replenish U.S. Navy ships, conduct specialized missions, strategically preposition combat cargo at sea around the World and move military cargo and supplies used by deployed US forces and coalition partners.

The MSC is mainly manned by civil service mariners (CIVMARs), who are federal civil service employees. These seafarers come from transitioning full time military personnel, merchant marines, maritime academy graduates and skilled entry-level candidates.

MSC ships are made up of a core fleet of ships owned by the US Navy augmented by civil merchant vessels under charter.

Of particular interest, the Expeditionary Fast Transport Vessels (T-EPF), a core component of the MSC that provides rapid transport of military equipment and personnel in theatre, is designed and built in a joint venture between the Australian company Austal and the US Navy.

Proposal 10: The RAN to be a core component of the Strategic Fleet and the USN Military Sealift Command be considered as a model for expansion of the RAN logistic fleet.

Case Study 5: *New SHIPS Act*



Australia is in good company as in December 2024, US lawmakers unveiled bipartisan legislation to reform the commercial maritime and shipbuilding sectors, so the US can better compete with China.

The Shipbuilding and Harbor Infrastructure for Prosperity and Security for America Act, also known as the **SHIPS Act** (Ships Act, 2025) stipulates the creation of a national maritime strategy and a maritime security advisor who would sit on the White House National Security Council.

The bill states that the US has fewer than 200 oceangoing vessels of which only approximately 80 vessels participate in international commerce, compared with more than 5,500 Chinese vessels. The US has lost ground to China, who now dominates international shipping and can build merchant and military ships much more quickly.

The SHIPS Act is intended to answer this challenge. It promotes shipbuilding and the shipping workforce. It will strengthen supply chains, reduce reliance on foreign vessels, put Americans to work and support the Navy and Coast Guard's shipbuilding needs.

The legislation calls for the U.S. to add 250 ships within the decade to the international fleet of US flagged vessels, by establishing a Strategic Commercial Fleet Program. It is the first major piece of maritime reform since the Merchant Marine Act of 1970.

A spokesperson said, "If we can get commercial shipbuilding back into U.S. yards, that will benefit Navy shipbuilding because what you'll see is you won't have the hiring and firing of shipyard workers as contracts come and go. If you can create a stable commercial industrial base that's building ships, repairing ships, then you're not as dependent on government contracts to start shipbuilding, and stop shipbuilding and then restart, hire and fire."

Case Study 6: Austal



Austal (Austal, 2026) is an Australian shipbuilder and global defence contractor with industry leading capabilities in the development of both defence and commercial vessel platforms. Since 1988, Austal has been designing, constructing and supporting commercial vessels including passenger and vehicle ferries, offshore and windfarm vessels, for operators throughout the world. It is an acknowledged leader in the development of advanced naval and other defence vessels.

Defence

Defence vessels designed and built by Austal for the US Navy include the Littoral Combat Ship (LCS) and the Expeditionary Fast Transport (EPF). They have also built the High-Speed Support Vessel (HSSV) for the Royal Navy of Oman.

Austal also designs, constructs, integrates and maintains an extensive range of Patrol Boats for government law enforcement and border protection agencies globally, including the Cape Class Patrol Boat Program for the Australian Border Force and RAN, and the new Guardian Class Patrol Boat for Australia. Austal's defence vessels are built in Mobile, Alabama USA and Henderson, Western Australia.

Commercial

Austal's capabilities and strong reputation for quality shipbuilding, grew from early success in the development of high-speed passenger and vehicle passenger ferries, offshore and windfarm vessels. Austal's innovative catamaran and trimaran designs, expertise in the construction of high-performance aluminium vessels and ability to customize proven commercial platforms to meet customer requirements, continue to be sought after by the World's leading maritime fleet operators. Austal's commercial shipbuilding operations are located in Henderson, Western Australia, Vung Tau Province, in Vietnam and Balamban in Cebu, in the Philippines.

Case Study 7: Incat



Incat (Incat, 2026) is an Australian manufacturer of high-speed vessels (HSV) and catamaran ferries. Its greatest success has been with large, sea going passenger and vehicle ferries, but it has also built military transports and since 2015 has built smaller river and bay ferries. It is based in Derwent Park, Hobart.

The company builds vessels using aluminium construction, wave-piercing and water-jet technology. Vessels have been constructed up to 130 metres in length with a size of 13,000 gross tons and with cruising speeds of up to 58 knots (107 km/h).

Incat vessels have been utilised in a range of military applications and the commercial off the shelf technology can provide economic, efficient and effective commercial platforms.

The Incat platform offers fast transit, fast turnaround in port, and the shallow draft and optional ramp arrangements can significantly increase access to austere ports. Flexibility and versatility in vehicle deck layout, plus optional helicopter decks and hangars increase mission options. The wide beam and other design aspects improve passenger comfort and crew accommodation. Medical and other facilities can be installed for specific requirements. Minimal crewing numbers and reliable economic operation assist with ongoing budget considerations.

In 1999 the RAN chartered an Incat 86 metre HSV, for use during the East Timor crisis. As HMAS Jervis Bay, she completed over 100 trips between Darwin and Dili, transporting personnel and equipment. With average speeds of 40 knots, the craft completed the 900 nautical mile return trip from Darwin to East Timor in less than 24 hours.

During this time the vessel came to the attention of the US military, enabling them to witness the potential of high-speed craft to perform various military roles. As a result, in 2001 the US Navy awarded a joint venture company comprising Bollinger and Incat USA, the charter contract for an Incat 96 metre HSV X1 vessel.

The success of the Joint Venture led to more charter contracts. The 98m TSV-1X Spearhead in 2002, and HSV 2 Swift in 2003.

All three vessels displayed their excellence in humanitarian roles, including Swift's major role in Hurricane Katrina, often responding on short notice to meet the needs of disaster relief efforts. The ships become the military benchmarks for future fast sealift acquisitions due to their high operational speed, long range deployment capabilities and high deadweight capacity.

The Japanese Defence Forces have also utilised Incat high-speed catamarans in relief operations.

Proposal 11: Australian ship builders have clearly demonstrated their capability to produce competitive and innovative World class vessels and should be involved in the rebuilding of the maritime Fleet, to the maximum extent possible.

Cost Estimate

Shipping is an expensive and uncertain business. Equally profits can also range from zero to spectacular, such that vessels can be paid off in only a few voyages.

The financial side of maritime economics encompasses topics such as ship markets, investment strategies, and operating costs. Asset management is an essential aspect, as it involves decisions about purchasing and disposing of ships at the right time in the market cycle. Key factors that influence financial decisions include ship-related costs such as fuel, maintenance, and crew wages and market-related elements such as freight rates and regulations.

Cost components

This data is taken from the Taskforce Report:

- **Fixed costs**
 - Capital costs- interest payments 15%
 - Capital costs - Debt repayment 11%
 - Maintenance and repairs 3%
 - Stores and lubricants 4%
 - Insurance 2%
- **Variable costs (operating expenses)**
 - Crew and provisioning costs 13%
 - Port costs 21%
 - Diesel oil (fuel) 17%
 - Low sulphur diesel oil 2%

- Canal dues 10%
- Other costs, management fees 2%

The Taskforce cost-gap analysis found that of the identified components of cost, crewing costs, followed by fuel, and repair and maintenance were the most material drivers of the cost gap. Other costs were determined to be less material in terms of overall effect, or were costs that applied to foreign and Australian vessels equally.

Indicative costing for the Fleet

How long is a piece of shipping string? There are many variables with regard to shipping and cost will vary according to the size, type, age, finance options and where they are built.

The intent in this section therefore is not to provide definitive costings as this can only be done when the specifics of the ship and the ownership and financial details are known. Rather it seeks to provide ball park figures and an appreciation of the scale of the financial commitments that owners, operators, strategic partners and Government must commit to. Some observations are:

- The 2 new vessels recently built in Finland for the TT Line, have cost about **\$930 million**. This is considered exorbitant however it is indicative of the way costs for new vessels are heading. As at December 2025, these vessels were sitting idle but still incurring costs, as berthing facilities in Launceston are not yet complete – a pointed example of the fortunes of the shipping business.
- The Tasmanian ship building company Incat, recognised as a successful supplier of ferries to the international market, have stated that they could supply two suitable ferries for around **\$200 million per ship**, however these vessels are very different to the Finnish vessels and have their detractors.
- The Strategic Fleet Pilot Program of 3 vessels to operate for 5 years with Australian crews will give a good indication of current costs, however these figures are not expected to be publicly available before early 2025.
- Indicative capital costs for new medium sized vessels of the type recommended by the Taskforce, is about \$200 million per ship. Older ships will be cheaper however maintenance costs will be higher.
- As the vision for the Fleet is 100 vessels over 20 years, then an average of 5 vessels per year must be acquired. This equates to capital costs of \$1 billion per year.
- Operating costs are conservatively considered to be 20% of the capital costs per year equating to a further \$200 million per year. Capital and operating costs therefore are about \$1.2 billion per year.
- This cost must be financed by the owners - private enterprise, strategic partners and the Australian Government.
- On the positive side of the ledger, operating profits will hopefully balance or exceed expenditure.

- Given all of the above, a conservative budget planning figure for the Australian Government, would be not less than \$500 million per year.

Proposal 12: A budget planning figure for the Australian Government, be set at A\$500 million per year.

Summary

Case Studies

Case Study 1:	The Swiss Merchant Marine
Case Study 2:	South Korea
Case Study 3:	Singapore
Case Study 4:	US Navy Military Sealift Command
Case Study 5:	New SHIPS Act Aims to Revamp U.S. Shipbuilding Industry
Case Study 6:	Austal

Proposals

Proposal 1: The maritime vision is to establish a Fleet of 100 vessels, over a period of 20 years.

Proposal 2: Establish political bipartisan agreement on the way ahead.

Proposal 3: Create a 20-year plan in 5-year steps, to achieve the target of 100 vessels.

Proposal 4: Identify the maritime Fleet as a Strategic Industry.

Proposal 5: Government policy to enable a maritime Fleet to be both established and to compete against foreign competition over the longer term.

Proposal 6: Seek strategic partnerships, potentially under the AUKUS or QUAD umbrellas or with South Korea or Singapore.

Proposal 7: The initial Fleet be comprised of those vessels identified by the Taskforce.

Proposal 8: To be competitive, the Australian maritime Fleet must be crewed by foreign seafarers, for the foreseeable future.

Proposal 9: The Fleet to be jointly owned by private enterprise and Government, for at least the first 20 years.

Proposal 10: The RAN to be a core component of the Strategic Fleet and the USN Military Sealift Command be considered as a model for expansion of the RAN logistic fleet.

Proposal 11: Australian ship builders have clearly demonstrated their capability to produce competitive and innovative World class vessels and should be involved in the rebuilding of the maritime Fleet, to the maximum extent possible.

Proposal 12: A budget planning figure for the Australian Government, be set at \$500 million per year.

Conclusions

Charting the Way Ahead

The following conclusions are made.

- Australia is almost totally dependent upon foreign vessels for its external trade and for most of its coastal trade.
- Without exception, every major nation with a sea border and some without such as Switzerland, recognise the value of a sovereign maritime fleet and the economic hub that it generates.

- The Australian Fleet has been in decline for 80 years since the end of WW2, despite many inquiries that have clearly identified the problems and have proposed solutions.
- The reasons for the decline are clear and irrefutable. It has been and continues to be, uneconomic to use Australian owned, operated and manned vessels, as Australian industrial laws, union activism, taxation settings and excessive regulation, collectively price Australian vessels out of the international market.
- Some Australian vessels operate successfully in the coastal market only because they are heavily subsidised and protected.
- Shipping owned or controlled by the Australian Government, is critical for the resurrection of the Australian industrial base, for raising the level of economic complexity and the economic future of the nation. International experience clearly shows that the economic hub generated by sovereign fleets will be the foundation for many supporting enterprises.
- It is possible to resurrect the Australian international Fleet. It will require:

- **A Vision to establish a Fleet of 100 vessels, within 20 years.**
- **Bipartisan agreement on the way ahead.**
- **Appropriate taxation and policy settings to be legislated.**
- **A 20-year plan agreed.**
- **Australian unions excluded.**
- **Foreign crews used for the foreseeable future.**
- **Government/private ownership of the vessels for the first 20 years.**
- **Private enterprise harnessed to manage and operate the Fleet.**
- **The Fleet to be declared a Strategic Industry.**
- **Strategic partnerships entered into.**
- **The initial Fleet of 12 vessels to be those identified by the Taskforce.**
- **The RAN to be a core component of the strategic Fleet.**
- **Australian ship builders to be involved in the rebuilding of the Fleet, to the maximum extent possible.**



Australia is at an historic juncture, where today's decisions or lack of them, will have a profound impact upon our maritime and economic future.

The Australian nation now faces a simple question - does Australia want or need a civil maritime Fleet?

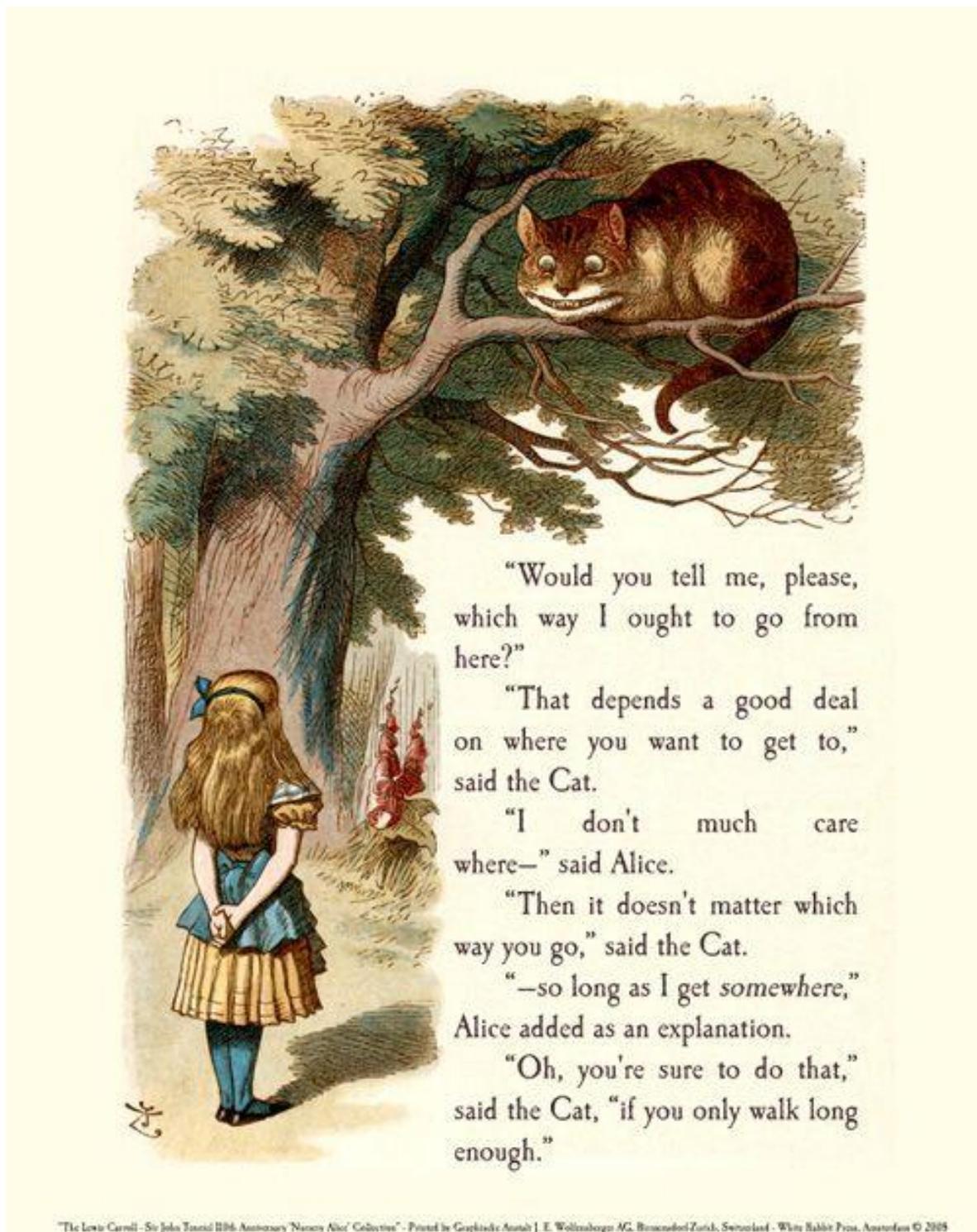
- If the answer is **NO** - *then we are now at this point and no further action need be taken.*
- If the answer is **YES** - *then now is the time for decisive and resolute action.*

The only difference between where we are today and what could have been, or what is possible in the future, is a question of national will.

The Final Word

The final word goes to Lewis Carroll and his "Alice in Wonderland." Alice is lost in the forest, where she meets the Cheshire Cat and asks for directions. It is a perfect analogy for Australia's current lack of a clear maritime vision and decisive action by the Government.

We are indeed at a crossroads in Australia's maritime history.



"Would you tell me, please, which way I ought to go from here?"

"That depends a good deal on where you want to get to," said the Cat.

"I don't much care where—" said Alice.

"Then it doesn't matter which way you go," said the Cat.

"—so long as I get *somewhere*," Alice added as an explanation.

"Oh, you're sure to do that," said the Cat, "if you only walk long enough."

The Author

This paper draws upon the author's experience in the Australian Army and industry experience in manufacturing, defence and construction projects throughout Australia and overseas. He holds qualifications in Electrical Engineering, Systems Engineering, Management and Operations Research. He is retired and lives in Melbourne.

He is a passionate Australian who wishes to ensure that the nation remains on the right side of history.

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