



Paddy Crumlin - National Secretary | **Mick Doleman** - Deputy National Secretary
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Andrew Brewer,
General Manager Supply Chain Operations,
Level 24, 2 Market St
Sydney, NSW 2000

Email: atbrewe@caltex.com.au

Dear Mr. Brewer,

Subject: Tanker proposal

Thank you for taking the time to meet with the MUA earlier this month.

We are very concerned about the loss of Australian refineries and the rapid loss of Australian coastal tankers. It seems perverse to us that more and more skilled Australian seafarers are losing their jobs at time when Australia is more dependent than ever before on shipping for its supply of fuel. In particular, the loss of the *Hugli Spirit* was a significant blow to MUA members. However, you will also remember that the crew of the *Hugli Spirit* was very cooperative in ensuring that the ship met its dry-dock dates.

We understand that supply chains are changing as refineries close, and that refinery operators require flexibility. With this in mind, we are asking Caltex to consider the following proposals:

Proposal A: Shared domestic tanker

1. Caltex approach Australian tanker owners and operators to see if they would consider bringing a tanker on the coast under a General Licence and with Australian crew that would jointly service the east coast refineries and terminal operators.
2. Based on current patterns, we believe that Caltex would be the lead user of such a tanker.
3. We also understand that Viva is happy to consider being a part-user of such a tanker.
4. In such an arrangement, the tanker owner-operator would take the initiative of putting the tanker on the coast, and retain responsibility for it, but Caltex would provide a multi-year contract for a portion of the tanker's cargo to provide some stability for the ship.
5. Such a tanker could be sized and specified to suit the Australian market, and Tasmania in particular, which requires a small number of specialised shipments.
6. We have attached a spreadsheet with the Australian Temporary Licence fuel shipments in 2014. Note that this does not include fuel carried on Australian General Licence tankers, only international tankers, and it also does not include intra-state cargos. We also noticed that the Melbourne loadings at the Mobil refinery end on 17 October 2014.

We have written to the Department and asked for the missing data to be inserted. We included crude oil shipments on the long list of voyages on the first tab, but these voyages are excluded in the analysis on the subsequent tabs.

We understand that the closure of refineries will lead to almost a doubling in the requirement for fuel import shipments, and require the equivalent of between 55 and 70 full-time import tankers to service Australian requirements. As the leading transport fuel supplier in Australia, Caltex's portion of this fleet and these shipments is substantial. The MUA believes that there is a place for Australian ships in this fleet, and there are strong energy security, environmental, and skills arguments to support this position. We also ask Caltex to consider the following proposal:

Proposal B: Australian manned LR1 import tanker

1. We understand that the use of LR1 tankers for refined petroleum imports is commencing. The use of such ships will significantly reduce the cost of fuel imports due to the larger volume they carry.
2. We propose that as a gesture of good faith, as well as a way of providing training and the ongoing development of the maritime skills that Caltex requires for its terminals and other maritime operations, that Caltex crew at least one of its new LR1 tankers with an Australian crew.
3. Our understanding is that crewing such a ship with Australians would cost Caltex between 0.5 and 0.6 cents per litre more than an international crew. Spread across Caltex's import fleet, this cost becomes minimal.

Thank you again for meeting with us and we look forward to continuing this dialogue in the future.

Yours sincerely,



**Maritime Union of Australia
Assistant National Secretary**