

## SUBMISSION TO THE INQUIRY INTO THE COASTAL TRADING (REVITALISING AUSTRALIAN SHIPPING) BILL 2012 AND RELATED BILLS

### SUBMISSION MADE BY THE COMPANY OF MASTER MARINERS OF AUSTRALIA

The Company of Master Mariners (CMMA) is aware that the 5 bills cover a range of issues important to a diverse collection of interest groups within the broader shipping community, with common as well as conflicting interests. For example while shipowners and charterers have many common objectives in this regard, they could also have diametrically opposing positions just as could be the case with owners of Australian flagged tonnage and owners of foreign flagged tonnage. Similarly, the views of the different unions who represent Australian mariners do not always coincide and arguably the agendas of the unions could sometimes actually contradict the wishes of individual or groups of members.

#### CMMA Perspective

It is necessary to commence this submission by defining the “interest perspective” relevant to this exercise. We refer to our Constitution with the following extracts which are relevant in the defining of the CMMA Perspective for the purpose of this exercise.

We quote from Clause 4:

*“The objects for which the company is established are:-*

- (a) to provide in Australia a unified body of Master Mariners capable of collective representation on all occasions and in all matters affecting their interests or the status of the Merchant Navy and its officers;*
- (b) to preserve and enhance the dignity and prestige of the Master Mariner and to promote the efficiency of Australian and International maritime services generally;*
- (c) to promote the highest standards of professional conduct and practical proficiency in all Merchant Navy personnel;*
- (d) to endeavour to attract to the service the most suitable type of entrant and to encourage and develop the education, training and qualification of cadets, apprentices and young seamen generally, both at sea and on shore;*
- (e) to constitute a body of experienced seamen available to become members of, hold seats on, advise or give evidence before Royal Commissions, Courts of Marine Inquiry, Committees or Federal Courts of any description; or of governing, examining, or other official or unofficial bodies; or for consultation on any matter affecting judicial, scientific, educational, technical, or commercial aspects of the Merchant Navy, the safety of life at sea, vessels and/or their cargoes, or any other associated aspect;*
- (f) to represent generally the views of persons engaged as Master Mariners, to preserve and maintain ethical standards and to consider and deal with all matters affecting the common interests of members of the company; and*
- (g) to do all such acts as are incidental and conducive to the furtherance of the above objects.*

Relying on the above, we have considered these Bills from the perspective of whether they will contribute to or enhance the number of qualified **Australian** (preferably citizens) persons capable of crewing and operating (navigating and engineer officers with appropriate specialist endorsements) the range of merchant vessels required commensurate with the merchant shipping requirements of Australia.

In particular, whether these Bills are intended to and will assist in providing training **AND**

ongoing career opportunities for young (and not so young) Australians to pursue a seagoing career, so that in time the number of qualified Australians grows, to replenish and add to the ranks of CMMA and the other required disciplines, in particular Marine Engineers.

In order to expand on our perspective in relation to the Minister's proposals we refer to some quotes extracted from the Minister's (Senator Albanese) Second Reading Speech ("SRS") for each of the five bills.

### ***Coastal Trading (Revitalising Australian Shipping) Bill 2012***

This is the lead Bill and in the SRS, the Minister notes that

*"But it is not just the age of the fleet that is holding us back".*

*"Like many industries, the maritime sector is also feeling the pressures of an ageing workforce. We must attract new recruits; but we also need to have enough ships so that cadets can gain the required sea time to obtain their qualifications".*

*"In the absence of a domestic shipping capacity we will be unable to train our own seafarers and will be reliant on the international market place to provide us with our maritime safety and environmental regulators".*

### **Chicken & Egg Conundrum**

It appears that it has been recognised that the problem is not just insufficient ships but also insufficient qualified seafarers and that the former is acting as a constraint on the latter and vice versa.

Our review of the legislation suggests that the focus of these Bills is to facilitate the introduction of more ships to trade on the Australian coast (including foreign flagged vessels) and to encourage Australian "interests" to own and operate more ships both flagged under two registers.

To overcome the retardant effect of the lack of sufficient Australian seafarers (across the various required disciplines) on the growth of the fleet, the radical innovation (from a manpower perspective) is the acceptance that foreign seafarers may be employed on foreign vessels trading on the Australian coast and also on Australian Second Register vessels.

The other provisions in these Bills are to provide significant fiscal incentives to encourage vessels to be added to the Australian first and second fleets and to streamline the regime governing licensing of foreign vessels to engage in the coastal (cabotage) trade.

## **Opinions**

1. In general, these 5 Bills are a major step in the right direction towards growing the Australian merchant shipping industry. Even allowing foreign ships to trade on the coast is a positive move towards creating the systems and recognition that for an island continent such as ours with all major population centres on the coast, shipping offers a far more efficient and cost effective transport option than road or rail.
2. Introduction of more Australian flagged ships (first and second register) should increase training and career opportunities for **Australian** citizens wishing to pursue a seafaring and maritime industry career.
3. In case of the International Register, the Bill requires that one of the two senior positions in both deck and engine department's is an Australian national or an Australian resident. There is an argument to suggest that this requirement should be limited to Australian nationals (citizens) for a range of reasons (which we have no doubt others may have completely different views to).
4. Second Register ships trading internationally need only pay rates agreed by a CBA, with the ITF rates forming the base
5. There does not appear to be a positive requirement for provision of training (cadet) berths (or payment into a fund used to pay others to provide the berths) in case of international register vessels and foreign vessels permitted to trade on the coast (unlike the UK model).
6. It is our opinion that unless legislation also incorporates **positive levers** to encourage shipowners, operators and charterers to facilitate the employment of **Australian** cadets and junior officers, there is a real risk of a tendency to fall into a cosy situation where foreign seafarers are recruited and trained, who in time will qualify for Australian PR to satisfy the minimum manning requirements.
7. No doubt the requirement that the FWA will apply to crews employed on the coastal trades will increase the cost for employers and arguably not provide a **wage incentive** to discriminate in favour of employing foreign crews, there are many other incentives for employers to prefer foreign crews in such a situation, not least not having to incur expensive training costs.

## **Summary**

The Company of Master Mariners of Australia believes that the major deficiency in this collective initiative is the lack of **positive drivers** to encourage recruitment and training of cadets and provision of employment opportunities for junior officers.

Australia has at least two Registered Training Institutions which offer the full range of Maritime Training Courses. It is finding berths for the trainees, which is a requirement to obtain sea-time and experience in order to gain higher qualifications, which must be addressed, hence our request for some **positive drivers** to accommodate these demands

From a skills building point of view, we welcome the opportunity for Australian Seafarers to work in International Trades – therefore broadening their experience.

The Maritime Workforce Development Forum is a helpful initiative to assist the industry to tackle the issues faced in terms of workforce planning and training.

In the main, these Bills are undoubtedly a move in the right direction and a major leap from the current situation. The Company of Master Mariners do support the initiatives taken by the Minister and we are looking forward in the positive steps to revitalise the Australian Maritime Industry.