



AUSTRALIAN MARITIME OFFICERS UNION

ABN 56 181 230 800

Senate Rural and Regional Affairs
and Transport References Committee

Inquiry into
Coastal Trading
(Revitalising Australian Shipping)
Amendment Bill 2017 [Provisions]

Submission of the

Australian Maritime Officers Union

13 November 2017

1. The Australian Maritime Officers Union (AMOU) makes this submission to the Senate Rural and Regional Affairs and Transport References Committee Inquiry into the Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017 [Provisions] (the Bill).
2. The AMOU represents the professional and workplace interests of members including: Masters and Officers in the 'bluewater' and 'offshore oil and gas' maritime sectors, Marine Pilots, Tug Masters, Bunkering, Dredging Industry, Stevedoring Supervisors, Ferries Crew, Port Services, Vessel Traffic Services/Port Control, Marine Tourism together with Professional/Administration/ Supervisory/Technical staff of Port Corporations and Marine Authorities.

Our union was established in the 1880's and since foundation has represented members employed in Australian coastal trade.

3. We reject the Bill in its entirety. Passage of this Bill will not put one extra Australian flagged ship on our coast and will not facilitate one extra Australian seafarer job.
4. This Bill falls well short of 'revitalising' Australian shipping.
5. General support for this Bill is half-hearted. The Regulation Impact Statement that accompanies the Bill (RIS) states that:

*'... 57 per-cent of stakeholder responses supported some or all of the proposed amendments.'*¹

6. The Regulation Impact Statement also highlights that:

*'There is an oversupply of Australian seafarers, both ratings and officers, and a lack of training berths on Australian vessels.'*²

However nothing in the Bill gives greater access for local mariners to local jobs or training berths.

7. The Regulation Impact Statement details that the Bill, if passed, would provide a regulatory burden saving of a mere \$1.35 million per annum.³

¹ Australian Government, Department of Infrastructure and Regional Development, Regulation Impact Statement, Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017, page 25

² Op cit page 6

³ Ibid page 8

8. We ask the Committee to contrast this oversupply of local seafarers and the estimated cost savings in the Bill against the following:

In 2012-13 the Australian maritime industry:

- directly contributed \$9 billion to Australia's GDP;
- directly employed almost 31,000 people; and,
- directly contributed over \$900 million in taxation revenue.

Increasing the Australian fleet size by 100 ships would additionally contribute:

- \$4.25 billion in output to the economy;
- over 9,000 jobs, and,
- \$867 million in tax revenue.

A projected growth in the fleet of 100 ships equates to only 2 per cent of the 5,000 international ships that trade to and from Australia.⁴

It is expected there will be a global shortfall of around 80,000 seafarers by 2020.⁵

9. Rather than revitalising Australian shipping, the Bill would achieve the complete opposite. The Bill will make it easier for foreign flagged ships with foreign crews to work in the Australian domestic shipping industry. The Bill would effectively allow the total outsourcing of the Australian coastal trading sector foreign workers.

Maritime jobs aren't leaving the country, the industry can't be *'offshored'*.

10. Rather than the unsatisfactory outcome reflected in the Bill, we call on the Committee to reject this Bill and recommend that the Minister brings together all parties in our maritime sector to discuss:

1. A vision for Australia's maritime industry and a role for Australians;
2. An Australian strategic fleet and national security;
3. Places for Australian seafarers to gain sea-time; and
4. Support for the Australian Governments 50 year naval ship build.

⁴ Price Waterhouse Coopers, The Economic Contribution of the Australian Maritime Industry, February 2015

⁵ Oxera Consulting LLP (2015) [Original source: Japan International Transport Institute and The Nippon Foundation]

11. It is noted in the RIS at Page 6 that the Government has previously sought to amend the Coastal Trading regime and previous proposals were rejected by the Senate in November 2015.
12. In 2016 the AMOU fully participated in the development of the Maritime Industry Australia Limited Coastal Trading Green Paper – A Maritime Transition (Green Paper). We endorse this paper and the concepts within it as a sound starting point for industry wide discussion on reform.
13. The AMOU made a submission to the Ministers discussion paper (detailed at Page 7 of the RIS) in May 2017.
14. We submit that the Bill benefits only a small section of maritime industry. We note that there is nothing in the Bill or the Ministers Second Reading speech that deals with Australian seafarer development or training. This is astonishing when the RIS highlights on Page 12 that: *‘There also remains the issue of ensuring critical maritime skills are developed and maintained in Australia. As a trading nation and an island, Australia will always require such skills. Regardless of the number of the vessels in the Australian trading fleet, shore based roles such as harbourmasters, pilots and tug boat operators in the 70 ports around Australia will be necessary. A declining fleet and the inability of Australian seafarers to find berths to complete their seafarer training endangers Australia’s ability to maintain these skills.’*

Neither the Minister, his Office or the Ministers Department have approached the AMOU and detailed their options on how we overcome this emerging skills dilemma.

15. We note the less than overwhelming support for the proposal to extend the scope of coastal trade and increase foreign involvement in our oil and gas industry. The Australian Institute of Petroleum (representing BP Australia Pty Ltd, Caltex Australia Limited, Mobil Oil Australia Pty Ltd and Viva Energy Australia Pty Ltd) in its submission to the Ministers discussion paper commented that extending the geographic reach of the Act *‘. . . would more readily provide for the supply of Australian crude oils to some Australian refineries.’* (our underlining). We note that Australia has 4 remaining oil refineries; 1 in Queensland, 1 in Western Australia and 2 in Victoria. Crude oil from Bass Strait is supplied directly to the Victorian refineries via pipelines.

16. We consider it troublesome that the Bill proposes to extend the reach of the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (the Act) into our offshore oil and gas sector while additionally giving the Minister a power to declare ‘*port to port*’ voyages within the scope of the Act. We note that from the Explanatory Memorandum that the proposed new definition of voyage in the Bill is to allow ‘*chartered recreational vessels*’ (a term undefined) to come under the Act and therefore protected from importation. We also note that recreational vessel is defined at Section 6 of the Act and that recreational vessels are currently excluded from coverage by the Act under Section 10. Section 10 is not amended by the Bill. The change to the definition of voyage is not mentioned by the Minister in his Second Reading speech. We consider that an unintended consequence of all of this is that other vessels making ‘*port to port*’ voyages, such as oil and gas project supply vessels, could be considered for inclusion under the Coastal Trading system.
17. This Bill represents a piecemeal approach to fixing a bigger problem. Without an holistic view of the problem all of the solutions will not be considered. This Bill is focussed at only a tiny slither of our coastal trading regime and the proposals put at risk into the future any type of Australian maritime industry.
18. We recommend that the Committee reject the Bill.
19. We recommend that the Minister establish a panel of industry experts, maritime business interests and maritime unions to consider the vision for Australia’s maritime industry and make recommendations to the Minister on the further actions required. We submit that an independent Chair be appointed by the Minister to convene the panel and that appropriate resources are made available to the Chair to allow them to undertake this task in a timely manner.