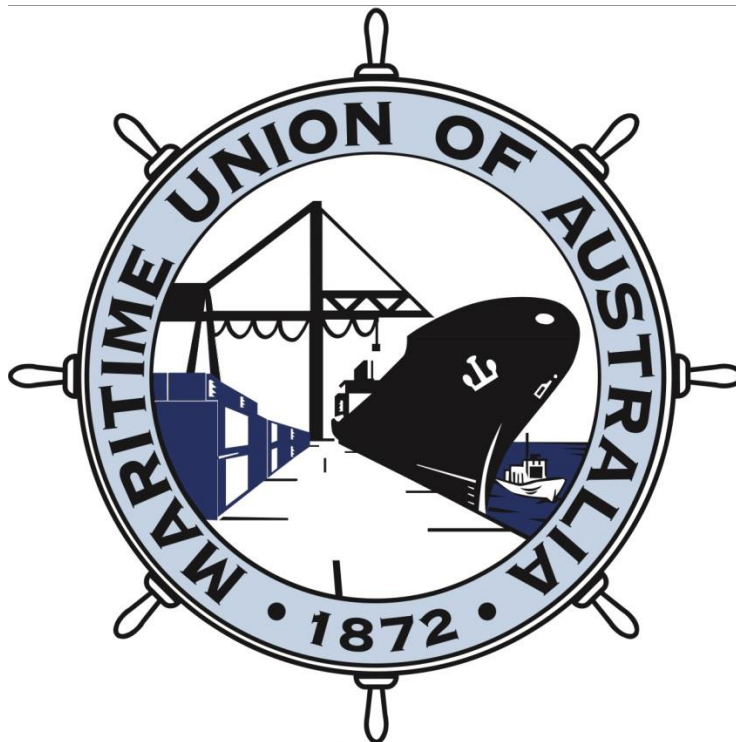


MUA Supplementary Submission:

Vessel audit

Seafarers' Safety and Compensation

Bills Package Inquiry



19 December 2016

Senate Education and Employment Legislation Committee

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1. Introduction

The Maritime Union of Australia (MUA) has already made its main submission to the Inquiry on 12 December.

This supplementary submission examines the impact of the proposed definition of Seacare coverage contained in the *Seafarers and Other Legislation Amendment Bill 2016* (SOLA Bill) on the vessels currently covered by the Seacare scheme. It also examines the proposal for 'Transitional Declarations' for vessels currently covered by the scheme to remain covered.

2. Impact of new coverage rules on the vessels in the Seacare scheme.

There were 219 vessels in the Seacare scheme in 2015-16. The MUA undertook to audit those vessels to determine which ones would no longer be included in the scheme based on the coverage provisions in the SOLA Bill. This audit was based on our knowledge of the industry in each branch of the MUA, and in some cases cross-referenced with the maritime industry database 'Sea Web' run by HIS Fairplay.

While the government has maintained that the coverage of the scheme will remain essentially the same, in this submission we demonstrate that the proposed coverage provisions will result in a significant reduction in the number of vessels in the scheme. We are concerned that any reduction in the number of vessels in the Seacare scheme will make it unsustainable.

We believe that 68 vessels (31%) that are currently covered are likely not to be included in the new coverage provisions of the Seacare scheme (Table 1). There are only 45 vessels that we can say with confidence will remain a part of the scheme. Due to the end of various offshore construction projects, there are about 45 offshore vessels that are currently off-contract, laid up or gone overseas. There are also 56 vessels for which we were unable to get voyage details in the time available to us to carry out this audit.

Table 1: How vessels currently covered by Seacare are likely to be affected by the new coverage provisions in the SOLA Bill.

	Number of vessels
Likely not to be included under the proposed coverage provisions	68
Unsure about voyage patterns	56
Offshore vessels currently laid up, off –contract or gone overseas	50
Very likely to be included under the new coverage provisions	45
Total	219

The reasons that these vessels are likely not to be included in the new coverage provisions of the Seacare scheme are outlined in Table 2. While the number of vessels excluded due to being FPSOs, FSOs or offshore accommodation units is not large (7 vessels), these vessels do have large numbers of crew. These types of vessels are also prevented from opting in due to the new definition of 'prescribed vessel'. We have addressed the problems with the proposed definition of 'prescribed vessel' in our main submission on 12 December.

Table 2: Vessels likely not to be included by the new coverage provisions in the SOLA Bill.

Type of vessel	Number of vessels covered by the scheme in 2015-2016 but likely not to be included under proposed coverage provisions (estimated employees)	Relevant sections of SOLA Bill
A. Not included due to being excluded by definition of 'offshore floating storage or production unit'	6	SOLA Bill definition of 'prescribed vessel' s.62, 3A (h) and s.84, 25B 1
B. Not included due to being excluded by definition of 'offshore industry living quarters barge'	1	SOLA Bill definition of 'prescribed vessel' s.62, 3A (i) and s.84, 25B 1
C. Likely not included due to intrastate vessel voyage patterns, including: - dredging vessels - pearling vessels - intrastate trading vessels - tugs and workboats - landing craft - crew transfer vessels	40	SOLA Bill requirement that the vessel is 'not used wholly or predominantly for intra-State voyages or tasks' s.84, 25B 1(a)
C1. Inclusion will depend on interpretation of 'predominantly'	3	
D. Likely not included due to inclusion of the Northern Territory under new definition of 'intra-State'	18	SOLA Bill definition of 'Intra-State voyages or tasks' s.84, 25B 5(b) and s.84, 25B 1(a)
Total vessels likely not to be included	68	

3. Restrictions on Transitional Declarations

The government has said that vessels currently in the Seacare scheme which are not included under the new coverage provisions can be included in a reformed Seacare scheme under a Transitional Declaration (SOLA Bill Schedule 3 – Application and transitional provisions, Part 8). However, the SOLA Bill requires that in order for such a Transitional Declaration to be made, the *Seafarers Rehabilitation and Compensation Act 1992* applied and the employer had insurance under the Act in the 28 days immediately before the Bill received Royal Assent.

As many vessels in the Seacare scheme are only covered by the scheme for a portion of the year it is likely that vessels covered by the Seacare scheme in 2015-16 might not be eligible for a Transitional Declaration under the SOLA Bill due to the vessel's situation in the specific 28 days before the Bill receives Royal Assent.

It must also be born in mind that such a Transitional Declaration only provides continuity for the vessel, and not the crew. It is common in the maritime industry for a company to replace a vessel (due to age or for other technical reasons), and transfer the crew to the new vessel. It would appear that in such a case the crew would lose Seacare coverage.

Finally, the offshore industry is prone to booms and busts due to the construction cycles of major projects, which are also influenced by commodity price cycles. The offshore industry is currently in decline from its post 2007 boom, with significant numbers of vessels laid up as major projects came to an end in 2015 and 2016. However, it is anticipated that increasing numbers of offshore vessels will be employed from 2017 due to the construction of the Ichthys LNG project which involves offshore drilling, the installation of an FLNG platform north of Browse Island, WA, and the construction of a pipeline to and LNG plant near Darwin, NT. Vessels laid up in the intervening period will be excluded from the Transitional Declaration process as it is currently drafted.

Recommendation: Amend the provisions for opt-ins to Seacare in the SOLA Bill to allow any vessel with coverage at any time in the previous 12 months to opt in to the scheme (Schedule 3 – Application and transitional provisions, Part 8).