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Senate Rural and Regional Affairs and Transport Legislation Committee

Shipping Legislation Amendment Bill 2015

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1. Executive Summary

MCC Marine Pty Ltd holds grave concerns over the broad impact this Bill will have to the maritime industry in Australia.

The interconnectedness of the industry means that the complete demise of one segment (as is likely as a result of this Bill) will be felt by all other operators in the industry reliant on the same pool of skilled workers.

MCC Marine Pty Ltd is likely to be affected directly as a result of a significantly diminished trained maritime workforce. This presents both financial and structural pressure on our business.

The Shipping Legislation Amendment Bill does not consider any measures to capitalise on the natural advantages that Australia has to become a great maritime nation and to derive all the benefits that arise as a result.

The changes to the Australian International Shipping Register (AISR) would be improved further if the AISR was expanded to include all international 'activities' to capture offshore oil and gas operations not just 'trading'.

2. Introduction

This submission is made on behalf of **MCC Marine Pty Ltd**.

MCC Marine Pty Ltd is involved in cargo surveying and bulk commodities stevedoring.

MCC Marine Pty Ltd presently employs seven (7) full time employees and five (5) part time employees.

MCC Marine Pty Ltd is a member of Maritime Industry Australia Limited and we support the submission to this inquiry made by them.

3. Sound Economic Reasons to Build an Australian Maritime Industry

It should be **expected** that Australia would have a strong and broad maritime / shipping industry given that it has:

- The fifth largest shipping task in the world comprised of:
 - significant raw commodities for export
 - largest net exporter of LNG by 2018
 - reliant on significant imports by sea
 - A long coast line with geographically diverse populations and industries
- Major offshore oil and gas industries
- The world's fastest growing cruise industry
- Responsibility for part of the Antarctic region
- Considerable defence and border protection activity on-water and ashore (building, maintenance and repair)
- Highly active ports requiring a range of on- water services
- World leading, high value, niche technology investments

There are sound economic reasons to foster a local maritime industry. Recent economic analysis on the contribution of the industry¹ identifies that improving the regulatory and fiscal settings for Australian based operations provides the following benefits:

- Increase GDP contribution by 50% up to more than **\$13 Billion dollars**.
- Increase jobs by 30% up to over 40,000
- Almost double tax revenue to a total of \$1.77Bn

Most importantly, these economic benefits can be achieved at **no net cost** to the Australian economy.

¹ The Economic Contribution of the Australian Maritime Industry. PricewaterhouseCoopers. February 2015

Australia should focus on the big picture maritime capability that a country like Australia should and could have. Embracing the breadth of our maritime activity is the key to success in terms of the nation benefiting both financially, strategically and socially from a vibrant maritime sector.

Building a viable business environment and competitive investment structure for all maritime activity is the starting point.

Unfortunately the proposed Shipping Legislation Amendment Bill (SLA) does not give effect to such a vision and in fact would decimate the local shipping industry.

4.0 Comments on the current Bill:

The complete demise of the Australian flagged trading fleet, as is identified in the Regulatory Impact Statement as the consequence of this Bill, has a range of consequences. The major concern for **MCC Marine Pty Ltd** is the pressure that will build on our business.

4.1 Pressure on the broader maritime sector:

Deck and Engineer Officers (officers) are required for a range of strategically important shore based roles such as harbour masters, pilots, marine surveyors, safety inspectors, lecturers etc. The only way for trainee officers to obtain the necessary experience to obtain their AMSA qualification is on board vessels of a certain size. The measures contained in the Bill concerning seafarer employment do not provide a secure supply of trained staff.

4.1.1 Shore based roles:

If the seagoing sector resorts to crewing their ships with 457 visa staff, which cannot move easily between employers, the shore based users of skills obtained at sea (marine surveyors / ports / pilots / regulators / educators) will have to look elsewhere for their staffing needs.

Without a strong, local industry to train such people across a range of vessel types Australia will necessarily become dependent on immigration in the future to secure such expertise.

Relying on Australia's ability to attract an international workforce (that is likewise in demand by other nations) for such critical roles introduces considerable risk to Australia's maritime capability.

4.1.2 Summary:

The only method for producing a pool of highly trained professional officers is to ensure that they have access to the necessary platforms to receive the proper training. This requires structure and certainty and cannot be achieved with ad hoc, piecemeal measures.

A Master cannot be obtained without first training junior officers. Merely requiring positions to be filled by particular nationalities, or work rights, will not grow and foster a skilled workforce.

5.0 AISR:

The changes proposed make the AISR a more attractive option for registering a ship.

However **MCC Marine Pty Ltd** believe that an opportunity has been lost and greater benefit can be obtained by expanding coverage of the AISR to include a broader range of activities. Section 61AB for the Shipping Registration Act should be redrafted to allow for a broader range of vessel activities to be captured, such as scientific research, offshore oil and gas activity, etc.

The broader the range of activities that are covered, the greater the number of vessels that might take up the option and the larger number of Australian officers that will be employed on board these vessels and ashore to provide the strategic operations and control.

Yours sincerely,

P.J. Murday
Director
MCC Marine Pty Ltd