

Submission No:

9

Date Received:

11/4/03

UL

COMPANY OF MASTER MARINERS OF AUSTRALIA LIMITED

SUBMISSION TO THE
HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON
INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND
LOCAL GOVERNMENT

INQUIRY INTO COASTAL SHIPPING POLICY AND REGULATION

Summary

The submission provides some background on the Company of Master Mariners of Australia Limited. It then examines the current situation for crews in the Australian maritime industry and lists a number of proposed remedies to address the current problem. In summary these are:

- Improved career opportunities for young people joining the Merchant Navy.
- Developing a competent workforce that may include lifting current restrictions on education establishments allowing full fee paying students from overseas to make up numbers.
- Tax incentives for Australian seafarers to encourage young people to go to sea.
- Providing a policy framework which encourages the development of a healthy Australian coastal shipping fleet.
- To attract the right students, the industry as a whole must be seen in the general community as a good potential employer providing good prospects for a successful career and providing a good living to those who choose the career.

The following section addresses the current situation with regards to the Australian coastal fleet and again suggests a number of remedies which would help to redress the current imbalance and enable shipping to take its place as part of the Australian transport task. In summary these are:

- This Inquiry should initiate a re-examination of the freight task, including the creation of a level playing field for the shipping industry, so that sea transport is able to compete on level terms;
- CMMA would submit that the level of use of single voyage and continuing permits has contributed strongly to the decline in Australian coastal shipping.
- A number of European countries have taken measures to make registration of ships under their flags attractive to shipowners. These models could be applied to Australian shipping.
- They could include incentive schemes that support co-contribution during the building of vessels offset by agreements for these vessels to be taken up for military purposes in time of need.
- Overseas ships engaged in operations in Queensland waters are required to obtain a Restricted Use Flag under Queensland's *Transport Operations (Marine Safety) Regulation 2004* rather than a permit under the *Commonwealth Navigation Act 1912*. In the interests of efficiency this anomaly should be addressed by the Inquiry with a view to ensuring that all overseas SOLAS ships operating in the Australian coastal trade are administered by AMSA irrespective of the area of operation.

Introduction

The Company of Master Mariners of Australia Limited (CMMA) is an organisation established to provide in Australia a unified body of master mariners capable of collective representation in all matters affecting their interests or the status of the Merchant Navy and its officers.

CMMA was founded in 1938 and became an incorporated body in 1988. It is a not-for-profit professional association that is limited by guarantee.

CMMA's Constitution provides for the establishment of a Branch of the Company at any port or place within the Commonwealth of Australia. At present the Company consists of six Branches based in Fremantle, Adelaide, Melbourne, Sydney, Newcastle and Brisbane with a total membership of about 500.

The mission of CMMA is to:

- Represent Australian master mariners in all matters affecting their interests;
- Promote the efficiency of Australian and international maritime services generally;
- Promote professional and ethical standards for Australian master mariners;
- Sustain a social environment for members to discuss matters of mutual interest concerning the Merchant Navy and maritime industry;
- Maintain an apolitical and non-industrial emphasis.

In 2007 a survey of CMMA membership clearly identified that the three industry issues considered very important to respondents were the availability of training for new trainees (78%), retention of the Australian registered fleet (69%) and ship safety standards (62%). This submission will address issues related to these aspects of the industry.

Background – Crews in the Maritime Industry

In 2007, CMMA conducted a review entitled *Qualifications in the Australian and International Maritime Industry*. (Attachment 1). It was noted in that review that:

“Australia, over the years, has had a rich supply of available nationals and British Commonwealth citizens from which to fill all the positions required to be filled in the above classifications. Changes to the maritime industry worldwide as indicated above and the shift away from national fleets as a result of commercial pressures on shipowners and government policies that source of supply has largely dried up. There is an obvious deficit between the numbers of Australian school leavers going to sea as a career who would ultimately create a pool from which the shore positions could be filled in the future and the number of positions ashore that, in the future, will require fully trained, qualified and experienced ex seafarers if the expertise base enjoyed in Australia over many years is to be maintained. The dramatic reduction in the number of Australian flagged vessels has resulted in a proportional drop in the demand for Australian officers and ratings and with a similar situation in British Commonwealth countries the pool from which persons to fill shore based positions could be drawn has all but dried up. This situation is not unique to the maritime field. It is a similar situation to that currently being experienced in many other industries

with the very evident shortage of skilled, qualified tradesmen and the maritime industry situation will not be resolved unless adequate radical steps are taken to rectify the situation.”

The virtual demise of the Australian coastal fleet in recent years has led to a huge loss of jobs in the industry, triggering a collapse in the recruiting and training of new entrants into sea-going careers. This is in turn impacting on many on-shore industry sectors. CMMA’s review points out that “Positions identified by Professors Pourzanjani and Nakazawa¹ of the World Maritime University as those shore sectors of the maritime industry that traditionally have benefited from an inflow of fully trained, qualified and experienced seafarers are:-

- Regulatory authorities; Marine administration; Port authorities and port operators;
- Pilotage organizations;
- Ship management organizations;
- Ship chartering;
- Marine education and training;
- Dredging and hydrographic services;
- Surveying and classification societies;
- Shipbuilding and ship repair services;
- Maritime law;
- Commercial and maritime insurance and loss adjusters;
- Marine equipment manufacture and supply;
- Offshore oil and gas industry and services.

The loss of jobs is accompanied by a real lack of certainty in the future of the industry. This makes it difficult to attract quality recruits to the maritime sector. And shipowners, who are being squeezed on costs, are unwilling to commit to the considerable cost of training new personnel. An example of the measures already being taken to fill the training gap is the proposal by the Australian Marine Pilots Association to train school-leavers to eventually become marine pilots without having the benefit of sea-going experience.

Retaining and maintaining crewing levels in an industry that has little romance and motivation but with mountains of regulatory burdens and very high levels of personal accountability is going to be increasingly difficult. It is estimated that 180,000 seafarers will be required in the next three years for worldwide shipping. Even though countries like China and the Philippines are rapidly increasing the numbers and improving the quality of training there are going to be many ships understaffed, with many languages and the opportunities for cultural; misperceptions requiring highly skilled people management skills at the senior officer level.

The impact of a reducing recruitment pool of experienced mariners is resulting in a progressive reduction of maritime knowledge within maritime administration organisations. Several of the state marine authorities are already without marine expertise at the executive level. There is a danger that this loss of professional oversight will impact adversely on marine safety.

¹ Pourzanjani, M., & Nakazawa, T. “Advanced Learning Solutions for further career development and enhancement of seagoing professional”. World Maritime University.

Proposed Remedies – Crews in the Maritime Industry

Measures are needed to turn this situation around. CMMA submits these necessary changes should include:

- Improved career opportunities for young people joining the Merchant Navy. This includes ensuring that a Master Certificate of Competency is given a degree status as currently is the case for a Marine Engineer. This change will allow those wishing to continue further education and specialize in maritime related fields to do this unencumbered. Some enhancement to the syllabus may be required to achieve this.
- Developing a competent workforce that may include lifting current restrictions on education establishments allowing full fee paying students from overseas to make up numbers. Those potential students are now prohibited from entering Australia on national security grounds. This security procedure, introduced by the previous government, directly caused the shut-down of ocean-going certificate courses at Sydney Maritime Institute and significantly reduced enrolments at other colleges including AMC. This in turn has deprived native-born Australians of associated training facilities.
- Tax incentives for Australian seafarers to encourage young people to go to sea. This would particularly assist with the recruitment of young Australians to train and serve on overseas ships. The current tax regime denies seafarers working on ships overseas the ability to claim tax reductions which are available to people working ashore overseas.
- Providing a policy framework which encourages the development of a healthy Australian coastal shipping fleet where opportunities for training and assured employment will open up.
- To attract the right students, the industry as a whole must be seen in the general community as a good potential employer providing good prospects for a successful career and providing a good living to those who choose the career. To achieve this, the industry must take whatever steps are necessary to lift its profile in the general community and to make clear its position as being indispensable in the success of the Australian economy. At the same time shipowners must ensure that the conditions they offer to students whilst they are at sea undergoing the compulsory seagoing training and subsequently the conditions they offer to qualified officers are of the highest standard. If life at sea is not seen as attractive and satisfying from all aspects of a school leaver's expectations, then all other initiatives will have been to no avail. (CMMA Review 2007).

Background – Australian Coastal Fleet

For many years the role of the maritime industry in the transportation of goods has been virtually ignored in the transport planning process. While large sums have been invested through Auslink in the upgrading of roads to handle ever larger truck loadings, and in the extension of rail links, the investment in the maritime sector has been limited to ports and port infrastructure to handle the import and export tasks. So transport chain planning envisages the delivery of goods to ports by overseas shipping, with all internal distribution by land.

The remnant of the Australian registered fleet consists of ships nearing the end of their productive life. As one of our members commented recently, "Most of the Australian fleet is over age, labour intensive and expensive to operate. Had fleet replacement occurred a few years ago to obtain ships designed specifically to operate efficiently with a small crew, the current situation of flagging out may have been reduced."

At present there is no incentive to replace them. The best that can be expected is that a similarly aged ship will be imported to provide a short term solution. But more likely the Australian ship will be replaced by an overseas registered and crewed vessel operating on a permit. This effective exporting of jobs does not appear to be in Australia's best interests long term in relation to security and logistical support to the Defence Force. No doubt others will make detailed submissions on that aspect.

Ballantyne (2007) promotes the value of shipping including reduced air and noise pollution, reduced heavy vehicle traffic on the highways leading to a reduction in accident potential. He cites the cost and time required to move a 20 foot container from Brisbane to Cairns as \$6,000 by road in 23 hours, \$1,000 by rail in 96 hours, and \$600 by sea in 48 hours in an 18 knot ship. These figures are a strong incentive to give the use of coastal shipping serious consideration. But it requires action by Government to develop policies to put the Australian Coastal shipping industry on the same regulatory and financial level as our competing shipping nations. This may include some beneficial tax advantages for capital expenditure and other areas. It also requires that shipping be afforded a level playing field in relation to road and rail transport. The revitalisation of Australian coastal shipping can only take place with the support of Government.

CMMA would submit that the level of use of single voyage and continuing permits has contributed strongly to the decline in Australian coastal shipping by introducing competition that can and does undercut Australian shipping rates through access to overseas priced fuel and beneficial taxation regimes. The revitalisation of Australian coastal shipping can only take place with the support of Government. A number of European countries have seen the value of a strong national merchant fleet and have taken measures to make registration of ships under their flags attractive to shipowners. These models could be applied to Australian shipping.

They could include incentive schemes that support co-contribution during the building of vessels offset by agreements for these vessels to be taken up for military purposes in time of need. There is a strong argument for this is based on the extensive interaction with the RAN immediately after the East Timor uprising when Australia's armed forces realized there was an urgent need for fast and simple deployment of equipment, mainly rolling stock required for ground support and infrastructure consolidation.

In the interests of uniform operation of shipping in relation to the issue of permits, the Inquiry should also consider the anomalous situation which applies to overseas shipping engaged in voyages in Queensland waters. These ships are required to either be registered in Queensland, which is impractical, or obtain a Restricted Use Flag under Queensland's *Transport Operations (Marine Safety) Regulation 2004* rather than a permit under the Commonwealth *Navigation Act 1912*. This effectively places

a SOLAS compliant ship under the safety management regime of the state authority which has no expertise in applying SOLAS provisions. It also is highly confusing for shipowners and operators. In the interests of efficiency this anomaly should be addressed by the Inquiry with a view to ensuring that all overseas SOLAS ships operating in the Australian coastal trade are administered by AMSA irrespective of the area of operation.

Proposed Remedies – Australian Coastal Fleet

CMMA would submit that:

- this Inquiry should initiate a re-examination of the freight task, including the creation of a level playing field for the shipping industry, so that sea transport is able to compete on level terms;
- The level of use of single voyage and continuing permits needs to be examined. This has contributed strongly to the decline in Australian coastal shipping;
- A number of European countries have seen the value of a strong national merchant fleet and have taken measures to make registration of ships under their flags attractive to shipowners. These models could be applied to Australian shipping.
- They could include incentive schemes that support co-contribution during the building of vessels offset by agreements for these vessels to be taken up for military purposes in time of need.
- Overseas ships engaged in voyages in Queensland waters are required to obtain a Restricted Use Flag under Queensland's *Transport Operations (Marine Safety) Regulation 2004* rather than a permit under the *Commonwealth Navigation Act 1912*. In the interests of efficiency this anomaly should be addressed by the Inquiry with a view to ensuring that all overseas SOLAS ships operating in the Australian coastal trade are administered by AMSA irrespective of the area of operation.



Captain Arthur Diack
Federal Master
The Company of Master Mariners of Australia Limited.

Bibliography

The Company of Master Mariners of Australia Limited, 2007; “Qualifications in the Australian and International Maritime Industry”; Unpublished Review.

Sharp, J and Morris, P., 2003; “A Blueprint for Australian Shipping”; Independent Review of Australian Shipping; Report to Australian Shipowners’ Association.

Ballantyne, S, 2007; “Australian Coastal Shipping: Opportunities for Revival”; Powerpoint presentation to ICHCA Meeting in Adelaide.