

AUSTRALIA'S STRATEGIC MARITIME REQUIREMENTS.

PART I

THE AUSTRALIAN FLEET

The focus of the STRATEGIC FLEET TASKFORCE leads the reader to the discussion on tonnage.

Australia is an Island surrounded by sea. Australia is the only Island continent on the planet.

Everything is transported to and from Australia in a ship. The Australian economy and Australian Security is dependent on safe and secure sea trade.

Australia needs a strong maritime fleet. But what does this look like?

THE SLOW DEATH OF AUSTRALIAN SHIPPING we have tried...

During the wars, Britain had withdrawn tonnage from the Australian trade due to naval threats and severely hampered the Australian economy. In 1946 the Australian Shipping board was formed to place tonnage under the Australian Flag to ensure continuance of trade and support the economy. This continued until 1956 when the Australian Parliament established the Australian Coastal Shipping Commission Act and formed the Australian Coastal Shipping Commission. The Australian National Line was established under this law.

In 1974, as trade grew internationally the Australian Coastal Shipping Commission was renamed the Australian Shipping Commission. The line was always struggling, never profitable, and in 1989 ANL became a wholly owned government company. Nine years later in 1998 the Howard Government sold ANL to a CMA CGM. Since 1998 tonnage under the Australian Flag has continued to decline.

https://en.wikipedia.org/wiki/Australian_National_Line
<https://www.shippingtandy.com/features/australian-national-line/>

Despite repeated efforts over decades, Australia continues to struggle to maintain tonnage under flag. If you really want to fix this you have to look at the elephant in the room. COSTS.

COSTS: Maritime Unions and costs of labour and costs of local operations have continually doomed Australian Shipping.

Is there any alternative that can avoid the costs of operations in Australia?

SHIP OWNERS

If you want to answer these questions and are prepared to look hard at yourself then you should also know that ships are owned by ship owners. Seamen are paid by ship owners and it is ship owners who decide where their ships are flagged.

WHO ARE THESE SHIP OWNERS?

Ship owners are the most parsimonious business owners of history.

**When you work aboard a ship,
you must always remember that you are working for a shipowner.**

The story of Samuel Plimsoll best describes the characteristics of a ship owner. These same characteristics can still be identified today. This discussion is relevant because this behaviour and the underlying characteristics are at the heart of the problem that you approach. Understand this principle and you can understand your problem.

COFFIN SHIPS:

In the late 19th Century nine out of 12 prisoners in the jails of south-west England were sailors. The sailors were charged and imprisoned for desertion for refusing to sail in ships they considered to be unseaworthy.

At the time, some dubious ship owners would deliberately over insure and overload their vessels and send them out to sea, sometimes into foul weather. The ships would founder, and lives would be lost. The ship owners would profit from insurance. The ships and the practice became known as "Coffin Ships" because so many seamen died.

SAMUEL PLIMSOLL:

Samuel Plimsoll reformed maritime safety and established the 'Plimsoll Line' a line of safe loading marked on every hull to ensure that every hull had sufficient freeboard prior to proceeding to sea. This was a tremendous achievement.

Many parliamentarians were ship owners. Samuel Plimsoll faced enormous opposition from inside parliament to establish this sensible act of safety. Eventually the Law was passed and in 1876 the Merchant Shipping Act of 1876 made load lines compulsory.

The problem was there was no science behind the Plimsoll line. Facing public shame, the crafty Parliamentarian ship owners had drafted and passed Law to suit themselves. There was no provision or statute describing where the line was to be established. Painting the line was demanded, where the line had to be painted was not stipulated under Law.

The new iron steamers were common and funnels markings became trade-marks. The Plimsoll Line had to be marked parallel to the waterline, many ship owners of the day painted the Plimsoll Line parallel to the waterline... **Around the funnel!** It wasn't until 1894, 18 years after the Merchant Shipping Act was passed, that the position of the Plimsoll Line was established under Law. The Plimsoll Line is a line declaring the minimum freeboard required for a ship to carry before proceeding to sea. The Plimsoll line has moved but many ships today still carry a horizontal line around their funnel.

When you work aboard a ship, you must always remember that you work for a ship owner.

(Samuel Plimsoll, <https://www.rmg.co.uk/stories/topics/samuel-plimsoll-ship-safety>)

ATTRACTING TONNAGE:

To Pull or Push?

PUSH:

We have witnessed the birth and slow death of Australian Shipping. Pushing tonnage onto the coast will have the effect of increasing prices and increasing costs. This experiment has not worked in the past. Ship Owners will always be Ship Owners and any decision to push tonnage onto the coast in any form except for that of our RAN will meet the same fate and the same slow death at the furnace of our national economic environment and settings. We cannot avoid our own economy. Making the decision to PUSH will be repeating past mistakes and ultimately be the wrong decision.

PULL:

This is the only sound position that will create the environment for long term sustainability of a National Fleet **owned by ship owners**.

What does this environment look like?

If you want to create an environment to pull tonnage to the Australian Flag the current economic settings cannot continue.

The reality is that nothing can convince a ship owner to Flag their vessels in Australia. Look around, they just don't. And we don't want to pay our seafarers less and we don't want to reduce the taxes on the ship owners and we don't want to reduce the taxes on the seafarers.

SECOND REGISTER:

STRATEGIC FLEET TASKFORCE. The imperative is Strategic. What is in our Strategic Interests? Does that necessarily mean Australian Flag?

The Australian Maritime Industry is Ossified. Changing it will break a lot of bones. Can we approach the Strategic problem with a broader view of our National Strategic Interests?

If you are prepared to look at this, then the obvious answer is to create a Second Register. Work directly with Timor Leste to assist the country enact the IMO resolutions required for a national fleet and national register. Following the Marshall Islands and Vanuatu, recently Palau, Samoa, and Tuvalu have all established registers for shipping and economic diversification. Encouraging and supporting shipping in these countries strengthens our national security. Entering into a Maritime dependency agreement with one or more of these registers will eliminate many of the problems that the industry faces when considering change to the Australian Maritime Industry.

Timor Leste needs help NOW. A strong economy on our Northern Border is in Australia's Strategic Interest. Helping Timor Leste by establishing a second register there is directly in our National Interest.

The UK have a Second Register under the Isle of Man. Different Tax and different business settings. A Second Register has been talked about for a long time. Still nothing happens while we sit on our "Aussie Aorta."

"Aorta do something about that!"

Change it up and get it happening. Attract tonnage and create an environment that attracts ship owners to your Flag. Tuvalu and Palau are doing a better job than Australia at attracting tonnage to their registers. Maybe join them and find ways to help their registers flourish. This will promote business in the region and strengthen the economies of our neighbours.

This is a fast-paced approach. Avoiding all the pitfalls of changing the business settings on the Australian mainland. You can still do all the slow settings and reforms that you like. Those reforms will take time and years to complete. These other answers will no doubt have a lot of support. You can still support the ideas and carry them all out. But the results will be years away.

In the short term, maybe you could consider that a partnership with the countries protecting our maritime borders is in our Strategic Interest.

PART II

MARINE SKILLS

The focus of the STRATEGIC FLEET TASKFORCE leads the reader to the discussion on tonnage.

Australia is an Island surrounded by sea. Australia is the only Island continent on the planet.

Everything is transported to and from Australia in a ship. The Australian economy and Australian Security is dependent on safe and secure sea trade.

Australia needs a strong maritime fleet. But what does this look like?

MARINE SKILLS

The strategic interest of Australia is properly served with a strong and healthy commercial maritime fleet. Don't bother talking about 100, just imagine if we put 40 ships on the coast tomorrow. Who would man the vessels? We'd have to fill the ships with Filipinos. The total number of seafarers and total marine skills are declining in Australia. Even today we have to import skills to meet our own national demands. Today, we cannot sustain our own maritime industry with our own personnel. How on earth can we even consider growing the Australian Fleet if we do not have programs to train and grow seafarers of tomorrow?

The goal is to grow Australian based maritime skills.

TAX

In 2010 Kevin Rudd drove a stake into the into the heart of Australian Maritime Skills. Skills have been in decline since and nothing any Government has done has managed to reverse this decline.

If this STRATEGIC TASK FORCE wants to improve our Maritime effectiveness, we MUST also improve our maritime skills. We must increase the number of seamen at sea. We must increase the opportunities for our seafarers to work and to gain skills in newly developing markets.

Our seafarers are an integral part of our National Strategic Interest and MUST ALWAYS be seen as such.

This part of the story is personal and anecdotal. I haven't researched the numbers or settings. Some clever pencil neck will be able to poke holes in my argument in respect of this number or that number. The fact is our skills are in decline and the National Tax Law is a primary culprit. I have no corroborating evidence save the collapse of Australian Skills working internationally.

Prior to Kevin Rudd's tax grab, Australian Seafarers were able to work with reciprocal tax agreements when overseas, as long as we spent 180 days outside of Australia. My eldest son was born in 1992. I had recently accumulated sufficient seetime to sit for my Chief Mates Orals in Fremantle. I passed. The offshore industry in Australia was always patchy and we were often out of work. Seeking more security for my young family I went looking for work overseas.

At the time I was sailing in Australia six weeks on and six weeks off on tankers with a leave ratio of 1.153 days leave for every day aboard 1:1.153. The offshore work was four weeks on and four weeks off with a leave ratio of 1:1.

Swire gave me work and I flew overseas to Japan and joined an anchor handler working on the Pacific Coast out of Onahama, a small fishing port on the mid North coast of Honshu North of Tokyo Bay. The conditions were three months on and six weeks off. The pay was not as good as in Australia, the conditions were not as good, but I took six weeks leave without pay and worked three months on and three months off. My family had stability, my skills improved with the exposure to a wider variety of work and I was able to support my mortgage because the wages earned overseas, although less than Australia, the wages were equivalent as I was able to earn my income and pay tax in Hong Kong.

At the time Australian seafarers were well regarded and were found in many places throughout the maritime industry particularly in different roles in the higher paying salaries of Oil and Gas.

Kevin Rudd changed ALL that. ALL money earned either inside or outside Australia MUST be declared and MUST be taxed at the FULL Australian Marginal Tax Rate. Any difference in Tax fully paid overseas and the Marginal Tax Rate in Australia had to be paid to the Australian Government.

People Left Australia or people left the sea. Some found work in Australia. Skills declined. The breeding ground of skills development from overseas work, the stability and sustainability of Australian Maritime skills supported by work overseas has been terminated.

TAX. Tax is a disincentive. Tax is a punishment. Tax is a burden. How can you grow skills when you punish and burden skills development?

TAX. Yeah, Australia didn't get my tax dollars. But every other cent that I earned was spent here!

Nobody from the cohort of training entering the maritime industry today can benefit from the skills development that I was able to benefit from. I sacrificed a lot to feed my family. The selfish Tax Grab punishes skills development and reduces the resilience of our own maritime skills base.

PHILIPPINES

Let's look one of our Maritime Neighbours.

According to the Philippine Overseas Employment Administration (POEA), the Philippines is the world's main supplier of sea-based workers since 1987, making the country the manning capital of the world. Around 229,000 Filipino workers are on board merchant shipping vessels around the world at any given time. Overall, Filipino sea-based workers comprised more than 25 percent of 1.5 million mariners worldwide, thus becoming the single biggest nationality bloc in the shipping industry.

<https://www.d8aspring.com/eye-on-asia/filipino-seafarers-the-modern-foundation-of-the-maritime-industry>

25 percent of the worldwide maritime fleet is manned by Filipino Seamen. That's a huge export. The Seamen are not taxed, but they send ALL their money home. Filipino Seamen earn huge foreign income for the Philippines. Their combined earnings are a significant part of the economy. No, the country doesn't get the tax, but the Seamen spend a majority of their income in the Philippines.

Skills export for export income.

FILIPINO MAIDS

Export income is not limited to the Seafarers.

Global Policy Forum

Every year more than 100,000 Filipinos go abroad to work in the service industry - 22% of the working age population.

Twelve percent of the Philippines' GDP comes as remittances from nationals abroad.

<https://archive.globalpolicy.org/globalization/globalization-of-the-economy-2-1/general-analysis-on-globalization-of-the-economy/50849-filipino-maids-for-export.html>

Skills and labour are a valuable export to the Philippines Economy. Imagine what would happen to the worldwide maritime industry if the Philippines enacted the same tax legislation as Kevin Rudd!

No President would be silly enough to do that!

And yet we think that “We are Australian, and we know better than them !”

Our arrogance and stupidity is on full display.

Take a hard look and understand that we are foolish making a stupid Tax grab seeking pennies from hard working Australians bold enough to seek work in foreign countries without the same protections that we have come to expect at home.

Examples from the Philippines prove it. Skills export is a GOOD thing for the National Economy and for National Security. Skills export is Soft Power. Encouraging Skills export is a fundamental setting that must be replaced in order to benefit our National Economy and strengthen the resilience of our Maritime Sector

TAX

Remove the barriers for Australian Seafarers to work overseas. Re-instate reciprocal tax agreements for overseas workers to fully pay tax overseas provided they are absent from Australia for a qualifying period e.g. 180 days pa.

PART III

MARINE SKILLS

The focus of the STRATEGIC FLEET TASKFORCE leads the reader to the discussion on tonnage.

Australia is an Island surrounded by sea. Australia is the only Island continent on the planet.

Everything is transported to and from Australia in a ship. The Australian economy and Australian Security is dependent on safe and secure sea trade.

Australia needs a strong maritime fleet. But what does this look like?

MARINE SKILLS

Where do the Marine Skills come from?

Who is growing our Marine Skills Base today?

Who was growing our Marine Skills in the past?

BREEDING GROUNDS

We all understand that we must protect fisheries breeding grounds so that we can maintain a healthy fishery. We have bag limits and catch sizes to help us maintain sustainable fisheries. All in all we are doing a pretty good job of that.

Where do marine skills come from?

There are three major sources of marine skills, Blue Water Cadets, Local Master IV fishermen and the R.A.N.

With limited larger tonnage in Australia Cadetships are severely diminished. The Master IV fishermen once the main breeding ground for offshore Oil and Gas is now closed and pathways for the R.A.N. remain tortuous.

MASTER IV's and STCW

Australian Legislation MUST change. We have made laws to prohibit and discourage the healthy growth of Australian Maritime Skills. We have done it to ourselves. We have shot ourselves in the foot. It's frustrating to see and frustrating to witness. These same effects are still haunting the industry today.

Traditionally, prior to STCW 2010 coming into force, Master IV fishermen, owning and operating vessels out to 200nm from our coast were able to join vessels in the offshore fleet as watchkeeping officers. Master IV's would serve as Second Mates and gain qualifying seetime for Unlimited Chief Officer and Unlimited Master.

Prior to STCW 95 Master IV fishermen would often seek and find work on the UK cross channel ferries.

**Master IV fishermen have real maritime skills.
Their skills should stop being ignored**

The Master IV fishermen are a VITAL STRATEGIC RESOURCE OF MARITIME SKILLS.

In 2009 I was Marine Manger for Tidewater in Australia and New Zealand. STCW 2010 was starting to bite and AMSA was going hard. Unplanned and unannounced six Master IV fishermen from South Australia entered the Tidewater office and asked to meet with me. I didn't know what it was about, but I took time-out to listen.

As it turned out, our legislation was rather rigid and AMSA had chosen to follow the rabbit down the hole. Not much has changed since.

According to the fishermen, AMSA were refusing acknowledge the skills and experience of our skilled fishermen and allow our seafarers to serve in a junior deck capacity as watchkeeping officers aboard vessels of larger tonnage.

According to AMSA, NONE of the skills of our Master IV fishermen are transferrable to larger tonnage. This is a Master of a vessel given FULL responsibility of the crew, the vessel and the catch out to 200nm from the coast by our own domestic maritime authorities. Saying that the skills acknowledged by these same authorities suddenly disappeared when the boats got bigger! None of these skills were transferrable and the Master IV fisherman had to return to the classroom as a first year cadet!

Sadly, this same situation remains today.

I was astounded at the lack of vision and the stupidity of the legislation. These six fishermen had their livelihoods and families in peril. At the time Tidewater flagged a lot of their vessels in Vanuatu. I got in touch with the Vanuatu Maritime College and asked the principal if anything could be done?

It turned out that Vanuatu legislation, and indeed legislation in ALL pacific Island Nations including PNG, Malaysia, and Singapore, ALL allow Masters of lesser tonnage to serve in a junior role as watchkeeper aboard vessels of larger tonnage.

Our vessels in Tidewater were Flagged in Vanuatu. In consultation with the Maritime College in Vanuatu, a training package was developed to convert the Local Master IV CoC to an equivalent Vanuatu Master <500GT.

Vanuatu legislation and CoC allowed the seafarer to stand a watch as watchkeeper aboard our Vanuatu registered vessels and gain qualifying seetime to larger tickets. They could not serve aboard our Singapore or Australian registered vessels but at the time the Vanuatu vessels were in the majority in the Australian fleet.

I include articles that were written at the time.

Today, there is no recognised pathway for a Master of lesser tonnage to stand as watchkeeping officer aboard vessel of larger tonnage if the vessel is flagged in Australia.

We are so arrogant that we always think we are doing the right thing. Have a look around at ALL our neighbours and compare and contrast their legislation.

IT IS TIME WE CHANGED OUR LEGISLATION TO APPROVE WATCHKEEPING FOR MASTER IV FISHERMEN ABOARD VESSELS OF LARGER TONNAGE.

R.A.N.

This is another breeding ground but the pathways are strongly severed. Marine skills are marine skills. It's strange that we are so scared that our Naval Officers will jump ship to the commercial fleet that we virtually prohibit this step.

If we had a porous exchange of skills wouldn't this strengthen our Maritime Strategic Interests?

If we allowed skills recognition of the Naval Fleet and encouraged the cross-over. Wouldn't that open up positions of responsibility in the Navy for others to gain promotion and skills development opportunities?

While I acknowledge that capital funding and government ownership of tonnage is not in our national interest. I posit that funding skills development and positioning the Navy to be a supporting role for skills development of our commercial fleets is squarely in the requirements of the Federal Government and Australia's Strategic Interest.

Cargo vessels in the Royal Fleet Auxiliary carrying cargo to Pacific Island neighbours and on coastal trade between bases. Tankers in the Royal Fleet Auxiliary refuelling and replenishing Pacific Island patrol boats on patrol. We need to grow our auxiliary fleet and send them on international missions. Training and Seetime. Watchkeeping and Skills development to suit AMSA in order that skills developed in the Navy can cross to the commercial fleet.

We are blind if we do not consider the importance of Naval Skills development to match our commercial interests.

I have met with the Navy in Canberra. They are fearful of losing core staff to our commercial fleet. Instead of opening training and development opportunities for the Junior Officers, the answer seems to be to create a barrier too high to cross.

The barrier of skills recognition between the R.A.N. and the commercial fleet is NOT in the strategic interest of Australia. Open the door and find pathways to recognise skills and experience without the nutty approach that you have to be a first-year cadet again.

CONCLUSION

TONNAGE SETTINGS

If you want to increase tonnage. PULL don't PUSH.

Create a Second Register and partner with our Pacific neighbours to protect our joint maritime boundaries and assist in the growth of our regional economies.

TAX

Re-instate reciprocal tax agreements with Maritime Nations allowing our seafarers to work overseas provided that the individual spends a qualifying period outside of Australia pa. In that process gain valuable export income and improve foreign exchange.

TRAINING

This one hurts like you wouldn't believe. Change the Law. Copy PNG, copy Vanuatu, copy Singapore, allow Masters of lesser tonnage to serve as watchkeeping officers aboard vessels of larger tonnage.

Thankyou

Capt. Phil Shearer

Australian Maritime College Student 1982.

Served aboard:

- Coastal Product Tankers
- Suez Max and VLCC Crude Tankers
- Gas Carriers
- Combination Ro-Ro Chemical Tanker
- Self-Discharging Bulk Carrier
- Container Bulk Carrier
- FPSOs
- Drill Ships
- AHTS
- Seismic Survey
- Semi-Subs
- Barrier Reef Passenger Ship.

Master Aboard

- AHTS
- FPSO
- Semi Sub
- Drill Ship

Rig Mover for:

- Semi Sub
- Drill Ship
- Jack-Up

Phil Shearer
140 Paya Lebar Road
10-09 AZ . Paya Lebar
Singapore 409015

ID: +62 852 6541 5088

SG: +65 9807 8025

E: pshearer88@hotmail.com

Phil.Shearer@Rigwise.com

<https://www.linkedin.com/in/captphil88rigmover/>
www.rigwise.com