

# Coastal Trading Act 2012 Review

As an IR who currently works in port services, I welcome the Government's review into the *Coastal Trading Act (Revitalising Australian Shipping) 2012*. Over the last decade Australian ships and crews have been decimated compromising our national security, supply chain resilience and maritime workforce capabilities. This is not because there is no coastal trading work rather it is the regulatory system that has been the root cause. I hope the Review also notes that changes to Coastal Trading Act to ensure Australian shipping have primacy will also require changes to other areas like our Maritime Crew Visas, the Shipping Registration Act and our taxation regime.

***Question: How can Australia's coastal trading regulatory framework better support the growth of the Australian industry while still enabling foreign vessels to engage in coastal shipping?***

My entry into the maritime industry began with a conversation as a young person not long out of high school with a then and still current seafarer. We discussed the industry including the dynamic environment of work, the various skills obtained and although at times challenging, overall, the extremely rewarding career an occupation at sea provided.

After completing initial studies at the Australian Maritime College in Tasmania, I was fortunate enough to commence my seagoing career and complete my qualification as a Trainee Integrated rating.

My time as TIR commenced on a petroleum product tanker which carried varying grades of petroleum products which continually serviced ports from Brisbane through to Tasmania along the East coast of Australia.

In later years, this vessel would be removed from Coastal trade along with the Australian crew; with similar vessels manned by Australian crews on routine voyages to also be replaced with Foreign flagged foreign crewed vessels. As noted in the strategic fleet taskforce final report; foreign-flagged vessels move liquid fuel domestically from import terminals or refineries to Australian end users.

In 2021, 80 foreign vessels operating under a Coastal Trading Temporary License moved 3.4 million metric tonnes (MT) of liquid fuels between Australian ports.

A system which gives preference to Australian ships and crews on viable and sustained routes would support Australian industry and jobs.

As my career progressed, I received a full-time position as a qualified Integrated Rating on the Australian flagged bulk carrier MV Portland which was flagged in in the city of Portland located on the South Coast of Victoria.

This vessel was the first purpose-built vessel under the Maritime Industry Development Committee (MIDC) which involved the acquisition of new generation ships as well as multi-skilling of crews (integrated ratings).

This reduced the manning requirements of crew numbers to those that were level with most OECD ships at the time and in turn kept trade routes open and provided cost effectiveness for longevity of the industry. Throughout the vessel's life it trained many Integrated Ratings, Deck Officers and Engineers.

The MV Portland worked the Australian coast for 27 years purely on cabotage trade transporting Australian resources from the West Coast of Kwinana and Bunbury to Portland on the East coast of Australia.

Throughout the MV Portland's life, the vessel operated without incident, testament to the professionalism of Australian Seafarers and over the years, the vessel was regarded as a landmark in the city of Portland.

Though the vessel was nearing the operational end of its life, without any consultation from the vessel's owners, the crew were notified that our employment was to be terminated via local newspaper article with the vessel to ultimately be replaced by foreign flagged vessels carrying out the coastal trade, operating under a temporary license.

What followed was a lengthy dispute to retain Australian jobs not only directly with the ship's crew but also impacting broader regional business that provided services to this vessel.

The dispute gained support locally and internationally and peaked with the remaining crew being forcibly removed from the vessel in the early hours of December 15<sup>th</sup>, 2015, by numerous security personnel, followed by a foreign crew boarding the vessel, and the vessel departing an Australian port for the last time.

The route of the MV Portland and the transport of Australian cargo between Australian ports in this instance continues to this day by foreign flagged vessels operating under a temporary license. This sustained trade by foreign vessels clearly is not temporary. My experience on the MV Portland is a good example of how the current regulatory regime is failing Australian shipping and Australian workers. This is just one example, there are many viable trade routes that are currently being operated by foreign ships on temporary licenses.

The MV Portland could not compete with foreign crewed vessels that are not subject to the same labour, safety, pay and conditions. Many foreign vessels do not operate within our Australian taxation regime often making them flags of convenience. Some foreign crews themselves are exploited by disreputable ship owners and operators that have been continuously identified for withholding pay and providing substandard working and living conditions on board.

A coastal trading framework that gives preference to Australian Ships and crew trading on viable and sustained routes would be a great benefit to the nation, as well as a framework that lifts the safety and standards of foreign flagged and crewed vessels working the Australian coast. There is a place for temporary licence holders where a general licence holder is unable to fulfil the shipping task.

***Question: Should temporary license holders who have held temporary licenses year after year be required to transition to a general license or a new category of license that better represents the regularity of trading they engage in?***

Where a temporary license holder has been identified as working a sustained route, regarding coastal trading, a transition to a general license would be in the interest of the Nation's economic sovereignty, national security and environment.

For example, the product tanker MT British Loyalty, although foreign flagged, was crewed by Australian Seafarers that transported petroleum products between Australian ports on a frequent schedule.

This vessel was operated and maintained to an exceptionally high safety standard which was evident when the crew carried out the mayday rescue of the vessel *Red Sky* at sea off the Australian Coast in December 2014.

As crewed by Australians who lived in many of the ports frequented by this vessel, the respect for the environment was evident with the following of strict MARPOL regulations as well as safe cargo operations regarding environmental risks associated with the transport of petroleum products.

This vessel has since left the coast, to be replaced with foreign flagged and foreign crewed vessels operating under a temporary license.

Considering national security, fuel security and marine environmental factors, Australia would benefit from a vessel that carries out this routine passage under a general license.

***Question: How can the Act support a training and workforce environment that encourages and grows Australia's maritime workforce and sovereign maritime skills?***

- The Government should consider reviewing the delivery of the pre-sea training package. A more streamlined delivery of certain topics which are classroom based could possibly be made more accessible through online learning, pre-enrolment courses or short courses; possibly with a subsidy provided / fee-free short course for certain topics (Like TAFE).  
This may go some way in reducing the overall time required on campus at current limited locations and reduce training and accommodation costs. This could mean lessons on campus are more hands-on which would flow directly into sea time training.  
For example, I worked for 12 months to save enough to complete the pre-sea course at AMC which included Course training, lodging and food.
- Encouraging training providers of current marine qualifications such as Deck Hands, Coxswain, Marine Engine Driver I & II and Master 5 Qualifications, to adopt training packages for the qualifications required of the strategic fleet, making training more accessible.
- Advertising campaign possibly in the style of Australian Defence Force recruiting ads to highlight the exciting opportunities of a career at sea and the importance of the strategic fleet, which showcases the industry to the public who may not know much about the industry generally.
- Training costs should be shared with end users like cargo owners. The current coastal trading regime encourages the use of spot shipping and no incentive to invest in training by either the ship owner/manager or the cargo owner. The cost of training is not factored into shipping costs. The more general licence holders there are (as the trades are there) the more likely training is properly factored in, and companies are more likely to invest in training Australian seafarers.

***How can the Act ensure that Strategic fleet vessels operate competitively to help grow the Australian maritime industry?***

- Foreign crews engaged in coastal trade should be paid Award wages and conditions from the first voyage onwards and the whole the time they are engaged on the coast creating a more competitive environment to engage Australian Ships and crews as well as lifting the conditions for international seafarers.
- Foreign crew engaging in coastal trade regularly should undertake similar security requirements like those required of Australian Seafarers – an MSIC or equivalent.
- Greater resources for AMSA and FWO to ensure vessels that are engaged in coastal trade are seaworthy and satisfactory for operation, which in turn increases the safety of all onboard especially if there is history of disreputable ship owners / operators.  
The FWO and AMSA should be jointly responsible for ensuring a high level of compliance to IMO labour, environment and safety standards including the Award while they are in Australia.

***Beyond the recommendations from the Strategic fleet taskforce, what else is required to ensure the Australian shipping industry can continue to grow?***

- As the Strategic Fleet grows, there are future opportunities to build strategic fleet ships in Australia.
- Partnering with other nations who also would like to increase their local ship building capabilities such as the US, which could include sharing of resources and training to increase ship building capabilities across the board.
- Resources and incentives provided for shipbuilding locally.
- Government to regard shipping and ship building as critical infrastructure.
- Joint investment by industry and government to create ship servicing support hubs (e.g. bunkering, dry docks) will create good regional jobs, improve our supply chain resilience and defence security.

***Q: Do the current requirements for temporary license holders to pay Schedule A wages under the Fair Work Regulation 2009 r1.15E provide an effective incentive for foreign vessel owners to engage Australian vessels and crew?***

No.

***Please explain why.***

Australian Seafarers are predominantly covered under EBA's and are paid and work under conditions that are better than the Award. Schedule A is below the standards of the Award, and only applicable from the third voyage onwards for foreign crewed vessels on temporary licenses. It also does not cover ballast legs.

This current system can be easily exploited by disreputable ship owners and operators who will replace the vessel with another prior to the third voyage to avoid paying an increased wage to foreign crew. Even where it has been established that they should be paying, the ITF handles numerous underpayment claims each year worth millions of dollars.

To lift the conditions of international Seafarers, foreign vessels engaged in coastal trade on Temporary Licenses should be paid at least Award wages from the first voyage onwards and for the duration of their time engaged in Coastal Trade, this will also provide an incentive to engage Australian vessels and crew.

There have been several foreign crewed vessels that have visited Port Kembla over the years where wages have been withheld, substandard living conditions onboard such as no hot water or lack of food reported by the crew as well as the unfair treatment of crew.

The ITF plays a major part in this regard and has been successful in remedying the instances mentioned above as well as the Mission to Seafarers locally providing support.

Many foreign crews are engaged on contracts for months at a time. And during the pandemic, it was reported to us working locally in Port Kembla that some crew had been onboard for over 12 months.

Due to the nature of my current role in supplying Port Services (Pilotage Operations / Auditing services: Bunkers / Hot Work / Dangerous Goods), we have routine engagement with foreign crew.

A rewarding service we are thrilled to be a part of is distributing WIFI boxes to every ship we can that are provided to us by *Seafarer Connect* who deliver free, fast and reliable Wi-Fi to international seafarers who visit Australian ports on foreign ships connecting them with their loved ones across the globe. The impact is clear as many written messages of thanks and well wishes from the crew are usually included when the WIFI boxes return, and the ship departs Port Kembla.

Award wages for foreign crew trading on temporary licenses engaged on coastal trade from the first voyage onwards, ensuring that those engaged in coastal trading have an ITF collective agreement and a system to enforce and ensure compliance by ship owners and operators will lift the conditions of foreign crew as well as provide incentive to engage Australian Ships and crews.