

Stopping the race to the bottom on maritime safety in Australia



May 2021

Introduction

We are currently experiencing a race to the bottom on maritime safety, training, crewing and qualifications in Australia. Unless this situation is turned around, current legislation and regulations will undermine efforts to revitalise the Australian shipping industry.

Vessels that trade interstate and up to 200 miles offshore are now by default covered by the *Marine Safety (Domestic Commercial Vessel) National Law Act 2012* (National Law Act) instead of the *Navigation Act 2012* (Navigation Act). The Navigation Act plays a critical role bringing into force internationally accepted standards set by the International Maritime Organisation for vessel safety, crewing and qualifications - including requirements to keep a lookout, for safely carrying dangerous goods, and for tanker, roll-on/roll-off and passenger vessel operations. Vessels complying with these standards under the Navigation Act are called Regulated Australian Vessels (RAVs). AMSA says there are about 80 RAVs in operation but does not publish a list.

Domestic Commercial Vessels (DCVs) under the National Law are exempt from virtually all internationally accepted standards,¹ and no training at all is required for some members of crew. The National Law relies on operator self-regulation, underpinned by the National Standards for Domestic Commercial Vessels (NSCV), which were only intended for inshore vessels. Some physical standards from international conventions are incorporated into the NSCV (generally for smaller vessels) but operational standards are not.

Already 40% of the Major Australian Trading Fleet have become DCVs, and more could follow. Overlapping jurisdiction between the Navigation Act and National Law Act means two identical vessels can perform the same task in the same area, but with totally different standards for safety, crewing, training, qualifications, and oversight. If an operator finds the Navigation Act too onerous, they can switch to the National Law – prompting a race to the bottom on ship safety, cargo integrity, passenger safety, crew certification and associated VET qualifications.

The situation has been amplified by the transfer of responsibility for the regulation of 22,000 domestic vessels from states to the Australian Maritime Safety Authority (AMSA) - without commensurate resources - along with a major push for deregulation from the Commonwealth government.

The Navigation Act should set the standard for safe vessel regulation in Australia and its jurisdiction must be significantly expanded to ensure it covers all appropriate vessels. The National Law must also be amended to improve safety on DCVs. In this paper we outline the support for reform, and make recommendations on what reform is necessary.

Front cover: Photo of the Larcom, a small tanker which is now regulated as a Domestic Commercial Vessel and therefore not subject to most international safety and training requirements for Dangerous Goods and tankers.

¹ The maritime conventions which generally not apply to DCVs under the National Law include: The International Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Pollution from Ships (MARPOL), the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), The Maritime Labour Convention, The International Maritime Dangerous Goods Code (IMDG), and the International Safety Management System Code (ISM). These conventions are implemented in Australia through to Navigation Act.

Growing support for reform

The first serious inquiry into the functioning of the National Law was the Inquiry into the Performance of the Australian Maritime Safety Authority undertaken in 2019-20 by the Senate Rural and Regional Affairs and Transport Legislation Committee, prompted by the death of Damien Mills on a small passenger vessel regulated as a DCV. Mr. Mills fell off the vessel and no one noticed his disappearance until his wife reported him missing later that evening. The inquiry also examined a number of coronial inquiries into the deaths of other seafarers on DCVs.

The Committee as a whole recommended that 'the Australian Government commission an independent review of the Marine Safety (Domestic Commercial Vessel) National Law Act 2012 and any associated legislative instruments (such as Marine Orders). The review should consider whether the laws remain fit for purpose and whether they improve marine safety on domestic commercial vessels without being overly burdensome or complex.'

The MUA supports that recommendation. The National Law Act is not fit for purpose.

Labor Senator's Additional Comments also recommended that the review 'also consider AMSA's implementation of the Act' and, 'whether the legislation provides clear and simple standards to improve marine safety on domestic commercial vessels, and how it relates to other maritime and workplace safety legislation, including the international maritime safety conventions.'²

The Committee found that Mr. Mills' death 'exposed the limitations of the self-regulating approach that underpins the National Law. The committee heard harrowing evidence that if more stringent requirements were in place, and acted upon, it would be highly likely Mr Mills would have been found alive.' The Committee commended AMSA's consequential prescriptive amendments to passenger safety requirements in Marine Order 504, and commented that 'it may be that there are other safety-critical areas of the National Law where a more prescriptive approach could and should be taken.³

The Committee described the evidence from other coronial inquiries into deaths on DCVs as 'disturbing', concluding that 'it is clear from the evidence considered during this inquiry, and the evidence considered during the numerous coronial inquests, that there are systemic issues with regard to the legislative and regulatory instruments' for DCVs and 'inadequacies in the marine safety legislative framework'.⁴

The December 2020 Report of the Inquiry into the Policy, regulatory, taxation, administrative and funding priorities for Australian shipping supported the recommendation to review the National Law and also recommended 'that the Australian government amends the Navigation Act 2012 to restore an appropriate balance in ships that are covered by the Navigation Act as Regulated Australian Vessels, and those covered by the Marine Safety (Domestic Commercial Vessel) National Law Act 2012 as Domestic Commercial Vessels, to ensure the Navigation Act provides the default standards for Australian commercial ships.'⁵

 ² The Senate Rural and Regional Affairs and Transport Legislation Committee, *Performance of the Australian Maritime Safety Authority*, 24 June 2020, p.ix, 92-93
3 *Performance of the Australian Maritime Safety Authority*, p.37.

⁴ Performance of the Australian Maritime Safety Authority, p.73, p.88

⁵ Senate Rural and Regional Affairs and Transport References Committee, Inquiry into the Policy, regulatory, taxation, administrative and funding priorities for Australian shipping, December 2020, p.xiv, 94

The Committee was 'concerned by evidence of the lack of safety, training and qualifications on some domestic vessels, and...evidence that domestic qualifications, training, and crewing standards are not adequate for larger vessels operating further offshore, as vessels operating interstate which previously required Navigation Act standards are now allowed to operate with domestic qualifications and crewing'.⁶

More limited reforms to the National Law were identified in the recommendations of the Productivity Commission (PC) Report on National Transport Regulatory Reform.⁷ The report was released by Government on 2 October 2020, and is now being <u>examined</u> by the Department of Infrastructure, Transport and Regional Development on 2 October 2020. The PC recommended, and noted:

- The removal of grandfathering arrangements adopted in 2013 at the time of introduction of the National Law (R 6.6)
- Improving maritime incident reporting and public disclosure (R 6.5)
- Improving safety through better investigation and research, in particular by providing for a role the Australian Transport Safety Bureau (ATSB) in conducting investigations and research involving Domestic Commercial Vessels (R 9.4)
- The need to ensure AMSA is properly resourced for its duties (p.138-9).
- They caution that that AMSA should continue to monitor the number of vessels switching to the National Law from the Navigation Act (p.134)

These recommendations should all be supported. Unfortunately, although the Productivity Commission identified the lack of information about the DCV fleet and lack of safety culture on many small vessels,⁸ they continued to support the current deregulatory approach to safety. We believe this position goes against the available evidence and is driven by the Productivity Commission's legislative mandate to reduce regulation and focus on 'economic performance'.

⁶ Inquiry into the Policy, regulatory, taxation, administrative and funding priorities for Australian shipping, p.93.

⁷ Productivity Commission, National Transport Regulatory Reform, April 2020.

⁸ Productivity Commission, National Transport Regulatory Reform, April 2020, p.141. Also recommendations 6.5 and 9.4 to improve safety reporting and investigations.

What do the statistics say?

The five-year average rate of fatalities on DCVs is 8 fatalities per 100,000 workers, which is comparable to many recognised hazardous industries such as construction (2.3 fatalities per 100,000 workers), agriculture, forestry and fishing (13.9 per 100,000 workers), transport, postal and warehousing (7.5 per 100,000 workers). These industries have been made priorities for targeted safety strategies and action over a number of years.⁹

No similar safety initiatives have been taken with the DCV fleet and the way in which AMSA reports these statistics makes such comparisons difficult.

	DCV	Fatality rate per 100,000	Fatalities per 100,000 workers in
	seafarer fatalities	at 66,000 seafarers	Australia (5-year average)
2015	5	7.6	
2016	10	15.2	
2017	8	12.1	15
2018	1	1.5	1.5
2019	3	4.5	
Five year average		8.18	

Source: AMSA, <u>Domestic Commercial Vessel Annual Incident Report</u>, January-December 2019, p.14-15. It includes 'fatalities associated with the operation of the vessel,' which probably excludes deaths from heart attacks and diseases (this is not specified). Unfortunately this document does not include the number of workers on DCVs, so the number of seafarers is from AMSA, Annual Report 2019-20, p.iii. Fatalities across Australian workplaces from Safe Work Australia, Work-related Traumatic Injury Fatalities, Australia 2019. Fatality rate calculated as (5 / 66,000) x 100,000 = 7.6 DCV deaths per 100,000 workers.

There have been 63 fatalities on DCVs since 1 July 2013, but unfortunately the Productivity Commission dismiss this number as 'low' without making any attempt to compare it to the small number of workers in the industry. For this reason, the standard Safe Work Australia method for measuring fatality rates is per 100,000 workers¹⁰ – yet neither the Productivity Commission or AMSA use this method.¹¹ The PC also say '20 per cent of all reported fatalities are associated with heart attack or unknown illness,' as if that makes them impossible to control, yet under the National Law only passenger vessels are required to carry Automatic Defibrillation Devices (AEDs) – a regulatory decision.

In the more prescriptive Navigation Act and Occupational Health and Safety (Maritime Industry) Act jurisdictions, there has been one fatality since 2013 and a total of 6 fatalities in the past 28 years.¹² This includes workers in hazardous industries such as offshore oil and gas, carriage of bulk cargo, tankers, roll on and roll off vessels. Prescriptive regulation works – especially when combined with strong structures for Health and Safety Representatives and union agreements in these industries.

⁹ Safe Work Australia, Work-related Traumatic Injury Fatalities, Australia 2019, p.13.

¹⁰ The standard for reporting the Safe Work Australia, Work-related Traumatic Injury Fatalities, Australia 2019

¹¹ Productivity Commission, <u>National Transport Regulatory Reform</u>, April 2020, p.166-167.

¹² Compiled by the MUA from Seacare Authority Annual Reports. The most recent fatality was in 2015. Six fatalities since 1993 includes the 1993 fatality on the Maersk Runner, and at least two fatalities which were technically out of OHS(MI) Act jurisdiction and either under the OPGGS Act or not under any Australian jurisdiction (Trevor Moore and Andrew Kelly), but which we have included because the vessels were fully Australian crewed and effectively part of the Australian fleet.

Proposed reform of maritime safety laws

The objective of the MUA proposed reforms is to:

- restore an appropriate balance between ships that are covered by the Navigation Act and ships covered by the National Law.
- Improve the National Law

Currently, all new commercial ships are by default covered by the National Law. A commercial ship only becomes a RAV covered by the Navigation Act if (as provided in s15c) of the Navigation Act):

- (i) the vessel is proceeding on an overseas voyage or is for use on an overseas voyage; or
- (ii) a certificate issued under this Act, other than a non-Convention tonnage certificate or a certificate prescribed by the regulations, is in force for the vessel; or
- (iii) an opt-in declaration is in force for the vessel.

For ships that are currently RAVs, a shipowner/operator can simply hand back, or let expire, the certificates referred to in s15(c)(ii) above and the vessel can change jurisdiction and becomes a DCV. This has occurred in many cases – AMSA estimate about 40 vessels, a number which they and the Productivity Commission describe as 'small'. While the PC conclude that 'no further action is needed', they also say caution that AMSA should continue to monitor the number of vessels switching to the National Law.¹³

The risk of vessels being inappropriately regulated under the National Law should not be dismissed so easily, as an incident on a single vessel can have a huge impact. Risks include:

- A small oil tanker (a bunker barge) operating as a DCV in Queensland. DCV qualifications do not include tanker and dangerous goods training.
- When the ferries operating to Kangaroo Island SA transferred from state jurisdiction to the National Law, they were no longer required to comply with the Dangerous Goods Code while carrying fuel tankers on board, alongside passengers.
- RAVs are required to have a dedicated lookout in addition to crew performing helm, navigation and engineering functions, whereas DCVs are allowed to have only one person performing all watchkeeping functions, even at night, and regardless of vessel size. This has a significant impact on the number of crew on board.
 - It is significant that 'Lookout/collision avoidance' is the second-most important factor for DCV incidents involving an operational issue, with AMSA listing this as a factor in 88 incidents (30%).¹⁴

A reduction in the number of crew trained to Navigation Act standards exacerbates the shortage already identified of skilled seafarers for roles across the Australian maritime industry.¹⁵

Restoring an appropriate balance in maritime safety legislation can be readily achieved by amending the Navigation Act so that a Regulated Australian Vessel (as defined in s15) includes all commercial trading vessels except those vessels which:

¹³ Productivity Commission, National Transport Regulatory Reform, April 2020, p.133-4.

¹⁴ AMSA, Domestic Commercial Vessel Annual Incident Report, January-December 2019, p.19.

¹⁵ Inquiry into the Policy, regulatory, taxation, administrative and funding priorities for Australian shipping, P.63-5.

- Voyage only within 12 nautical miles of the coast and a safe haven.
- Are 24m or under in length.¹⁶
- Carry less than 50 passengers¹⁷ (except for ships defined as expedition cruise ships which must be defined as RAVs for safety reasons and to maintain a social licence to operate).
- Are fishing vessels under 35m in length.
- Do not carry dangerous or polluting cargoes, including oil and gas.
- Do not proceed on voyages of more than 36 hours in length.
- Do not carry out 'high risk' operations.¹⁸

This would apply to vessels that are not proceeding on an overseas voyage and which may not hold the certificates mentioned in ss15(1)(c)(ii) of the Navigation Act.

The vessels listed among the exceptions would become DCVs, covered by the National Law. This would clarify coverage and restore it to be closer to the types of vessels originally covered by the NSCV that underpin the National Law. An amendment may also be needed to the National Law definition of a Domestic Commercial Vessel (s7) to make clear that the Navigation Act is the default Act.

Vessels that are RAVs and DCVs must be clearly identified as such. This information must be available on the list of registered vessels online, and onboard for the information of passengers, crew and special personnel.

This amendment will ensure that shipowners/operators cannot game the weakness in the current definition of RAV which allows ship owners and operators to choose to operate as a DCV, irrespective of the function, operating conditions or operating area of the ship, undermining skills, VET qualifications and occupational certification required on those ships, which reduces ship and crew safety standards.

Aspects of the National Law have also been allowed to creep into Navigation Act jurisdiction – for example, RAVs under 3000GT can be issued manning documents with DCV qualifications (for use within the EEZ). RAVs under 500GT operating in port limits are not required to have a Minimum Safe Manning Document at all. Combined with the introduction of the National Law, this has undermined the role that Integrated Ratings play as an essential part of the maritime industry.

The Navigation Act (s.51) should be amended to ensure that all RAVs *must* be issued with a MSMD and be crewed with seafarers with qualifications issued under the Navigation Act (subsequent amendments will also be required to Marine Order 21). Effective consultation with crew representatives must take place before the issue of documents and determinations, and an appeal process for these decisions should be created.

¹⁶ Under the MUA proposal, vessels greater than 24m and less than 80m and not engaged in high risk operations could apply to be regulated under the National Law Act provided the vessel remains in smooth waters or partially smooth waters as defined in the National Standard for Commercial Vessels Part B General requirements.

¹⁷ Under the MUA proposal, vessels carrying more than 50 passengers and under 24m in length may apply to be regulated under the National Law Act provided the vessel remains in smooth waters or partially smooth waters as defined in the National Standard for Commercial Vessels Part B General requirements.

^{18 &#}x27;High risk' operations include tugs, RO- ROs, dredgers, tankers, passenger vessels carrying more than 50 passengers and high-speed craft 12m and over in length. Under the MUA proposal, the national regulator may add (but not remove) vessels and classes of vessels to the schedule of 'high risk' vessels.

The Navigation Act regulation making powers that governs Marine Orders (s.339) should be amended to restore the provision to make regulations about the 'safe navigation and operation' of ships, which was previously included in the *Navigation Act 1912* (s.425 (1)db). AMSA has cited the removal of this provision as reason for not being able to make more detailed safety standards.

Improving the National Law

The operation of the National Law Act since 2013 and its administration by AMSA has revealed many weaknesses which also require legislative amendment. Reforms are required in the areas of crewing, the role of the Safety Management System and need for a Safety Code of Practice, the role of minimum international standards, how AMSA handles exemptions from the National Law standards, how deaths and incidents are investigated, and seafarers' rights.

Crewing

Whereas the Navigation Act provides for vessels to be issued with Minimum Safe Manning Documents, under the National Law and Marine Order 504 the number and qualifications of crew on a vessel is determined by the vessel owner as part of their Safety Management System (SMS). There is no requirement for crew to be consulted on this document, it is generally not inspected by AMSA,¹⁹ and there is no penalty in the National Law for having a poor SMS in place. Labor Senators involved with the Inquiry into the Performance of the Australian Maritime Safety Authority commented that 'crews on existing vessels may not be of a sufficient number to properly address the safety risks on board, and to risks to the environment or those around the vessel.'²⁰

The National Law should be amended to require Minimum Safe Manning Documents (MSMDs) or crewing determinations be assessed and issued by AMSA for all vessels over 12m. Minimum crewing complements and qualifications should be increased in MO 504, and qualifications should be aligned IMO STCW Convention training components. The quality (and by necessity, the length) of training courses on offer for all DCV qualifications must be improved.

Safety Management Systems and a Safety Code of Practice

The Senate Rural and Regional Affairs and Transport Legislation Committee found that 'the evidence before the committee regarding safety management systems suggests that clearer minimum standards for their format and content could be developed. ... AMSA may also wish to consider whether the National Law could be amended to encourage an SMS that more effectively addresses safety risks, and better compliance with that SMS (for example, by way of a penalty system)'²¹

It is standard practice in many Australian industries, especially hazardous industries, for <u>Safety</u>. <u>Codes of Practice</u> to be developed to provide practical guidance on reducing risk and ensuring workplace safety. Larger vessels with much better safety records operating under the Occupational Health and Safety (Maritime Industry) Act have a <u>Code of Practice: Health and Safety in Shipboard</u> <u>Work, including Offshore Support Vessels.</u> Yet in the more hazardous DCV sector, no such guidance exists and each operator is required to independently develop their own risk-management practices in an SMS.

¹⁹ In a 12 month period AMSA verified 400 SMSs out of a total 22,000 vessels. See Performance of the Australian Maritime Safety Authority, p.83

²⁰ Performance of the Australian Maritime Safety Authority, p.91

²¹ Performance of the Australian Maritime Safety Authority, p.89

A Safety Code of Practice for the Domestic Commercial Vessel industry must be developed. Such a Code can give practical and flexible guidance to seafarers in the industry, with specific chapters to address the diverse sectors of the industry.

It appears that AMSA supports the development of such a Code – in a submission to Safe Work Australia, AMSA said that:

Codes of Practice are considered to form practical guidance for those smaller operations who may not have the wherewithal or resourcing to properly identify the actions they should take to ensure compliance....AMSA considers that development of WHS Codes for the maritime sector would provide explicit acknowledgement of applicability of WHS laws to the sector and the WHS risks that need to be managed in the sector.²²

The WHS Acts are underpinned by the need for consultation and participation of the workforce. The National Law should be aligned with these requirements. Sections of the National Law involving General Safety Duties and Safety Management Systems should be reviewed and amended to ensure that they are clear, robust and practical. Safety Management Systems that are not subject to consultation or review should not be elevated to the status of law.²³ The National Law should be amended to require due diligence of vessel owners on safety, as required by the model WHS Act and the Heavy Vehicle National Law.

International standards

Domestic Commercial Vessel regulation should be more closely aligned with that of the Navigation Act and Marine Orders, and international Conventions such as the Maritime Labour Convention (MLC), Standards for the Training and Certification of Watchkeepers (STCW), Safety of Life at Sea (SOLAS), and International Maritime Dangerous Goods (IMDG) Code.

For seafarer qualifications, a wholistic and integrated system of qualifications and training that aligns with STCW should be created that allows for career progression between fleets.²⁴ DCV and RAV qualifications are presently completely separate systems with no ability for workers to transfer qualifications between fleets. Larger DCVs should be required to make greater use of STCW short courses and endorsements including Proficiency in Lifeboats and Rescue Craft other than Fast Rescue Craft (PSC&RB), Fast Rescue Craft (FRC), Advanced Fire Fighting (AFF), Crowd and Crisis Management, Ro – Ro, Security, Tanker Familiarisation and specialised training, Training in the use of ECDIS, and Enclosed Space Entry.

Role of the Australian Transport Safety Bureau (ATSB)

The Australian Transport Safety Bureau (ATSB) should be responsible for investigating and reporting on all maritime incidents, including those on DCVs and medical emergencies and suicide. This recommendation is supported by the Productivity Commission and The Senate Rural and Regional Affairs and Transport Legislation Committee.

The ATSB has investigated the fatalities of MUA members (most recently the death of Andrew Kelly

²² AMSA, Submission Safe Work Australia Review of Model WHS Legislation, 13 April 2018, p.2 and 3

²³ The National Law says (s.16): 'the master of a domestic commercial vessel contravenes that subsection if the master does not, so far as reasonably practicable, implement and comply with the safety management system for the vessel and the operations of the vessel'. See also <u>Anthony Marinac, DCV Safety Management</u> <u>Systems: Practical guidelines or rigid edicts?</u>, Pacific Maritime Lawyers and Consultants, 2019.

²⁴ This alignment could include Basic Safety Training for RAVs (Certificate of Safety Training/ CoST) and DCVs (Elements of Shipboard Safety/ ESS) being aligned so that workers can progress from one course to the other.

on the *Skandi Pacific*). We have found ATSB investigations to be inclusive of family and workers, timely, and very much appreciate the general safety recommendations arising from them.

We appreciate the steps that AMSA has already begun to improve reporting on safety but this must be done consistently with other Australian safety jurisdictions.

Exemptions from the provisions of the National Law

The Senate Rural and Regional Affairs and Transport Legislation Committee raised 'concerns over the consistency and application of exemptions [issued by AMSA], whether the legislation in its current form can accommodate the range and diversity of vessels it is intended to, and the monitoring and enforcement regime in place'. Labor Senators added that exemptions 'should only be issued based on the risk to passengers and crew, the vessel and the environment, rather than based on the cost to the operator of complying with modern safety standards.²⁵

The National Law s.143 only requires that exemptions 'will not jeopardise the safety of a vessel or a person on board a vessel'. This should be amended to significantly raise the bar, and align with established practices under the WHS Act to establish what is 'reasonably practicable.' ²⁶ Exemptions should only be issued after an appropriate risk assessment and vessel inspection, subject to the approval of two or more managers, and published online. Mitigation measures should also be considered following the established hierarchy of controls.²⁷

Seafarers' rights

The Navigation Act and Marine Order 11 include many provisions for seafarers rights, including the provision of free food and water, medical care and repatriation, as well as exemption from jury duty.²⁸ There are no equivalent provisions in the National Law. Seafarers on DCVs over 12m in length and on voyages over 12 hours should also have access to these rights.

Integrating the work of AMSA with other safety regulators

AMSA should become a member of Safe Work Australia and the Heads of Australian Workplace Safety Authorities. At a minimum, it must develop an MOU with Safe Work Australia, and make every effort to align its safety reporting and analysis with Safe Work Australia standards. Better integration is required between AMSA, state safety regulators, SafeWork Australia and the Seacare Authority on all WHS issues, including inspections, guidance, analysis and enforcement of work health and safety (including mental health and ongoing surveillance of health issues in the maritime industry).

²⁵ Performance of the Australian Maritime Safety Authority, p.79, 93.

²⁶ Safe Work Australia, How to determine what is reasonably practicable to meet a health and safety duty, May 2013.

²⁷ Safe Work Australia, How to determine what is reasonably practicable to meet a health and safety duty, May 2013, p.12-13.

²⁸ These include Navigation Act s62(1) on free provisions, 63(1) on food and water, 64 (1) on catering facilities, 68, 69, 70, on seafarers' medical care, 89 on jury duty, 90(1) preventing abandonment. There are additional provisions in Marine Order 11 on the right to repatriation and to make complaints, and the implementation of the Maritime Labour Convention.