



Maritime Union of Australia (MUA)

Submission to National Freight and Supply Chain Strategy Review

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Authorised by:

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Maritime Union of Australia

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About the Maritime Union of Australia (MUA)

The Maritime Union of Australia (MUA) is a division of the 120,000-member Construction, Forestry, Maritime, Mining and Energy Union (CFMMEU), an affiliate of the 2-million member Australian Council of Trade Unions (ACTU) and an affiliate of the 20-million-member International Transport Workers' Federation (ITF).

The MUA represents approximately 14,000 workers in the shipping, stevedoring, offshore oil and gas, port services and commercial diving sectors of the Australian maritime industry. The MUA is also part of an Offshore Alliance with the Australian Workers Union (AWU) that jointly organises workers across the Australian offshore oil and gas industry.

The ITF represents workers involved in the shipping, ports, rail, road, airline and logistics components of global supply chains.

Introduction

The MUA is pleased for the opportunity to make a submission to this review.

We welcome reform of the National Freight and Supply Chain Strategy and believe the review should be extended to include a review of the National Ports Strategy.

The MUA Submission

The current National Freight and Supply Chain Strategy is not fit for purpose, and from its adoption some years ago, has neglected to include shipping. That needs to change, and we note the Terms of Reference acknowledge the Federal Government's commitment to a Strategic Fleet.

The Strategic Fleet Taskforce submitted its Final Report to Government on 30 June 2023 on its plan for establishment and operation of a national strategic fleet of (initially) 12 Australian registered and Australian crewed ships.

An additional 12 Australian ships will more than double the Australian registered fleet of trading ships which currently stands at just 11 ships over 2,000 gross tonnes, the lowest in Australian history.

The strategic fleet is just one initiative necessary to address vulnerabilities in the nation's supply chains, and reduce the nation's complete dependency on foreign ships

The Strategic Fleet Taskforce is expected to provide a package of recommendations to the Federal Government that will likely include:

- ▶ The composition of the strategic fleet
- ▶ The key trades those strategic fleet ships will operate in
- ▶ The mechanism by which the Government will secure strategic fleet ships from ship owners/operators
- ▶ Industry assistance measures to facilitate the transition to a strategic fleet of Australian ships
- ▶ The regulatory arrangements required to establish the strategic fleet and ensure it is sustainable and durable. Australia's cabotage law is ineffective due to flaws in the CT Act and the way it is administered, the law provides no protection for Australian ships.
- ▶ The requisitioning arrangements required in times of national need
- ▶ The workforce, skills and training requirements to ensure there are sufficient seafarers to crew strategic fleet ships
- ▶ Ways to better harmonise the strategic fleet with the national security and Defence priorities

The MUA strongly encourage the Federal Government and the Department through the National Freight and Supply Chain Strategy Review to support recommendations of the Strategic Fleet Taskforce that capture the above points.

Rebuilding Australian Shipping Economic Sovereignty and National Security

Much is still to be achieved to strengthen Australia's economic sovereignty and national security, to strengthen Australian supply chain resilience and build national sovereign capability. The establishment of a Strategic Fleet Taskforce and the Government's commitment to act

immediately to close loopholes in the regulatory framework for Australian shipping are central to this task.

The need to strengthen economic sovereignty and national security is now elevated by;

- ▶ the Defence Strategic Review (DSR) acknowledging the importance of civilian shipping to support the national Defence and national security posture
- ▶ the AUKUS Alliance and the submarine program providing opportunities for the civilian shipping and shipbuilding industries

- ▶ the Government's Pacific development policies, where Australian ships and regional trade and employment are crucial
- ▶ the commitment to establish green shipping trade corridors, particularly in the Asian and Indo Pacific region
- ▶ the commitment to become an energy superpower and a nation that makes things and trades with the world on just and sustainable terms.

Rebuilding Australian shipping to support the nation's industries that rely on efficient and functional Australian sea freight transportation and international exports and imports by sea is a crucial feature of the nation's decarbonisation, industry development and national sovereignty priorities that require alignment with the National Freight and Supply Chain Strategy Review.

Strategies to complement the strategic fleet are required to:

- ▶ Accelerate the supply of seafarers to address the critical seafarer skills shortage
- ▶ Close gaps in national security arising from a broken maritime crew visa system and unworkable customs arrangements
- ▶ Reform shipping regulation to help level the playing field for Australian investors in ships and related infrastructure and to reduce costs to business, where present policy settings disincentivise investment in the nation's maritime capabilities
- ▶ Decarbonise the maritime sector to help the nation meet its emissions reduction targets and create a clean bunkering fuels industry
- ▶ Reform and operationalise the national freight and supply chain strategy and national ports strategy to increase shipping's modal share in the growing freight task
- ▶ Position the shipping sector to take advantage of emerging opportunities in new and decarbonised industries to support Australia's comparative advantages in renewable energy production and to facilitate the revival of Australian manufacturing, mining for renewables and agriculture – to build an export focussed economy
- ▶ Resist the trend in recent Free Trade Agreements to undermine national maritime cabotage
- ▶ Reform the liner (container) shipping provisions in the Competition and

Consumer Act 2010 to help regulate international shipping

- ▶ Improve human rights and labour standards in international shipping to overcome the endemic exploitation of international seafarers.

It is also important the Commonwealth work in harmony with the states and territories reviewing the role shipping can play in strengthening state/territory supply chains.

The Qld Government is currently implementing its Backing Queensland Maritime Jobs policy through financial assistance for three grant programs: (i) the Coastal Shipping Grant Program;

- (ii) the Maritime Employment Grant Program; and
- (iii) the Maritime Training Grant Program.

The WA Government has established a Shipping and Supply Chain Taskforce, which has released a Discussion Paper that suggests it wishes to see a return of Australian ships in its coastal supply chain.

The Maritime Union of Australia (MUA) has met with and discussed shipping policy with the Victorian, NSW and South Australian Governments. Further meetings are requested with Tasmania and Northern Territory Governments to promulgate national alignment.

Shipping Legislation and Regulation

Reform of shipping regulation is required as the CT Act has not revitalised Australian shipping and the Australian shipping sector remains in decline. The CT Act requires reform to:

- ▶ Ensure it supports the national strategic fleet
- ▶ Remove ambiguity in its Object as found by the Federal Court
- ▶ Restore it to its original intention so it operates more like the coastal trading provisions in the former Navigation Act 1912 and the Canadian Coastal Trade Act 1992 on which the CT Act was modelled
- ▶ Promote investment in Australian ships and restore a central role for ships with General Licenses, with a subsidiary role for Temporary Licenses
- ▶ Reduce costs for license holders.

The Government's Skills Reform Plan

Accelerating the supply of seafarers to address the critical seafarer skills shortage is welcomed, including settlement of skills funding agreements with the States/NT, the establishment of Jobs and Skills Australia, the funding of new Jobs and Skills Councils and qualifications reform.

These initiatives are essential, but more needs to be done to accelerate the supply of seafarers to meet the skills deficit, and ensure Commonwealth funding for TAFE fee free places is allocated to courses that train seafarers to the international standards required to crew strategic fleet ships and for other higher qualified seafarer jobs in the emerging offshore wind energy sector, the offshore oil and gas facility decommissioning task and ships required for new industries such as green hydrogen.

To accelerate the supply of seafarers the MUA proposes:

- ▶ Establishment of a national maritime training fund that would share the cost of seafarer training across all users of seafarers skills, both on water and onshore
- ▶ Establishment of a ships berth (cabin) access incentive scheme, to facilitate access to ships berths to enable trainees/cadets to undertake mandatory sea time training
- ▶ Establishment and funding of programs to accelerate the supply of job ready seafarers who have partial qualifications
- ▶ Expedite cooperation arrangements with Defence and Australian Border Force to improve cooperation and interoperability between civilian and non-civilian seafarer workforces
- ▶ Build industry support for a role for a bipartite maritime specialist Group Training Organisation (GTO) to coordinate the allocation of trainees/cadets for both the on and off-the-job training.

DECARBONISATION

We welcome the Government's announcement in the May 2023 Budget to develop a Maritime Emissions Reduction National Action Plan (MERNAP) to chart a practical green transition for the maritime sector.

This will require strong regulation required to prioritise safety of the workforce and community.

While it is critically important to develop new energy sources for the maritime sector, virtually every option comes with a substantial range of new and very serious hazards which must be

addressed in vessel and equipment design, safety processes, as well as work force skills, training and experience. Corners must not be cut in this process.

- As a key priority, target incentives to support decarbonisation of domestic shipping activities, and particularly areas where government support or procurement can be leveraged to accelerate decarbonisation.
- Avoid a perverse outcome that drives transport activity away from shipping to less energy efficient forms of transport. (In avoiding this outcome government must ensure that regulation applying to the maritime industry does not impose costs that are disproportionately imposed upon the maritime sector and not on other modes of transport.)
- Avoid perverse incentives to shift away from the use of Australian shipping and replace this with the use of foreign-flag ships.

The complex international nature of the shipping industry means that there is a potential for 'offshoring' of the obligation to decarbonise by for example, transferring the cost and risk to another jurisdiction with less stringent regulation. MERNAP policies will need to be clear on how to avoid such a regulatory imbalance. For example, given the overweight volume of international ships visiting Australian ports, in what jurisdiction does the obligation lie to meet a regulatory standard? Is it in the nation where the ship is registered, in the nation of beneficial ownership, or in the nations where the ship uses ports?

Australian ships compete for cargo with (i) foreign ships (e.g. those licensed to operate in coastal trading); and (ii) with rail and road in coastal corridors. The regulatory framework that is put in place for ships and ports must be harmonised with the regulatory arrangements encouraging or mandating decarbonisation in those competing modes of transport, otherwise sea freight could be disadvantaged.

- Through domestic reserves or another mechanism, allocate supply of green hydrogen to the domestic production of green shipping fuels for bunkering.

A rush to export renewable fuels must not be allowed to undermine domestic supply. Please see attached appendix submission to the Maritime Emissions Reduction National Action Plan Issues Paper: Regulations and Standards.

We also welcome the Government's decision to be part of the APEC Green Maritime Collaboration project that builds on the International Maritime Organisation's ambition to decarbonise shipping by 2050, and that to demonstrate the feasibility of low emission shipping, the Government is spearheading development of a green and digital shipping corridors.

We propose those shipping companies and shipping operations covered by the Safeguard Mechanism be assisted to access funds from the Powering the Regions Fund to expedite the transition to renewable ship's fuels and pioneer the commencement of the green shipping corridors to Asia.

Therefore, the Strategy needs to position the shipping sector to take advantage of emerging opportunities in new and decarbonised industries in response to utilisation of new technologies, as Australia rebuilds its sovereign manufacturing capability, and as energy production transitions to renewables all of which require a National Freight and Supply Chain response.

This industrial transformation will create demand for ships in domestic and international sea transportation critical to Australia's Sovereign supply chains.

The Productivity Commission report on its inquiry into the long-term productivity of Australia's maritime logistics system recommended the Australian Government repeal Part X because:

- ▶ No other industry has an exemption like Part X
- ▶ Shipping lines should be obliged to show that their collusive agreements provide a net public benefit

The Commission proposed that either a class exemption or the existing provisions under Part VII of the CCA could deal with shipping line agreements under a net public benefit test once Part X is repealed.

The MUA agrees that Part X should be replaced with a limited class exemption, but we want the CCA to also require shipping line agreements to contain specific service standards, which are virtually non-existent in current liner conference agreements registered with the Australian Government.

We call for improvement of human rights and labour standards in international shipping to overcome the endemic exploitation of international seafarers. As such, we are an active participant in the International Transport Workers' Federation's Nowhere to Hide Campaign.

We also made a submission to the Government's review of the Modern Slavery Act

2018 and the review of the Criminal Code. We are talking with port owners (many of which are pension funds) and port operators about how they can apply their obligations under the UN Guiding Principles on Business and Human Rights to minimise the risk of modern slavery on ships visiting Australian ports. We have worked with the Global Compact Network Australia to produce modern slavery guidance aimed primarily at cargo owners.

We have also lodged a submission in response the Government's industrial relations reform on wage theft - Criminalising wage underpayments and reforming civil penalties in the Fair Work Act 2009 – to ensure the law and penalties apply to international seafarers while in Australian waters.

The MUA is advocating for closure of the gaps in national security arising from a broken maritime crew visa system and unworkable Customs Act 1901 (Customs Act) arrangements – to address this:

- ▶ The Migration Regulations 1994 must be amended so non-national seafarers meet the same maritime security and labour market tests as required for all other non-national workers approved to work in a domestic industry under a work visa
- ▶ The Maritime Crew Visa (MCV) must be restored and limited to its original purpose as a visa for seafarers on ships involved in a continuing international voyage undertaking short port calls in Australia, and non-national seafarers engaged on foreign registered ships undertaking interstate coastal voyages authorised by a Temporary Licence (TL) issued under the Coastal Trading (Revitalising Australian Shipping) Act 2012 (CT Act) be required to hold a Temporary Skill Shortage (TSS) work visa beyond 30 days under an MCV
- ▶ Harmonise these arrangements with reform of the ship importation and entry for home consumption provisions in the Customs Act.

Conclusion

The MUA appreciate the broad application of the National Freight and Supply Chain Strategy and trust that this review will give the highest consideration to the recommendations of the Strategic Fleet Taskforce, the appropriate legislative and regulatory changes required to ensure Australian Shipping has a significant role to contribute to Australia's sovereign freight and supply chains both nationally and internationally.

This needs to be complimented and balanced against the Federal Governments emissions targets through decarbonisation policies through programs such as MERNAP that do not disadvantage Australia's interest in importantly its domestic cabotage trade, rather it incentivise and/or support Australian Shipowners to invest in new fuel technologies to advance Australia's decarbonisation efforts.

Workforce Skills, Training and Development are essential features to a successful Strategic Fleet and Maritime supply chain implementation. Without support and incentivisation Australia will be left to the international shipping market that is already exploiting advantages through Part X of the CCA, significantly lower wages and less regulatory burden compared to Australia's important stringent regulatory regimes.

