



Response to Draft
Productivity Commission
Report on
Australia's Maritime
Logistics System

Contact: Angela Gillham

About MIAL

Maritime Industry Australia Ltd (MIAL) is the voice and advocate for the Australian maritime industry. MIAL is at the centre of industry transformation; coordinating and unifying the industry and providing a cohesive voice for change.

MIAL represents Australian companies which own or operate a diverse range of maritime assets from international and domestic trading ships; floating production storage and offloading units; cruise ships; offshore oil and gas support vessels; domestic towage and salvage tugs; scientific research vessels; dredges; workboats; construction and utility vessels and ferries. MIAL also represents the industries that support these maritime operators – finance, training, equipment, services, insurance and more. MIAL provides a full suite of maritime knowledge and expertise from local settings to global frameworks. This gives us a unique perspective.

We work with all levels of government, local and international stakeholders ensuring that the Australian maritime industry is heard. We provide leadership, advice and assistance to our members spanning topics that include workforce, environment, safety, operations, fiscal and industry structural policy.

MIAL’s vision is for a prosperous Australia with strong sovereign maritime capability.

MIAL’s overarching position concerning maritime policy in Australia is that we ought to have a sustainable, viable maritime industry. This activity can occur anywhere – coastal, offshore and international. This maritime activity should encompass anything – freight, tourism, passenger movement, port and harbour services, offshore oil and gas, construction, scientific/research, essential services, and government services.

MIAL is an advocate for a fiscal and regulatory regime that makes it attractive for shipping and maritime businesses to exist in Australia and affords those Australian businesses every opportunity to compete for work and participate in maritime activity worldwide.

Summary

The Productivity Commission (PC) was tasked with reviewing Australia’s maritime logistics system and given broad terms of reference. The stated purpose of this inquiry is to understand any long-term trends, structural changes, and impediments that impact the efficiency and dependability of Australia’s maritime logistics system and connected supply chains.

The draft report and technical paper titled *Lifting Productivity at Australian Container Ports: Between Water, Wharf and Warehouse* traversed a number of different areas relevant to Australia’s maritime logistics systems but, not surprisingly, focused principally on port and stevedoring operations. There is however, commentary within the draft related to shipping, seafaring skills and the maritime strategic fleet. It is these opinions included in the draft report that this submission will address.

MIAL also notes the PC suggestions regarding industrial relations reform. While MIAL’s original submission to the enquiry provided only limited commentary around this, this response to the draft report takes the opportunity to highlight that improvements in the current legislation are desirable.

MIAL’s original submission to the terms of reference highlighted the role of shipping as part of the logistics supply chain and the proposed changes to fiscal and structural settings as a driver to build domestic capability. The election held in May 2022 saw both major political parties commit to policies aimed at building a level of domestic capability to mitigate against supply chain disruption (amongst other policy goals). The incoming government committed to a strategic fleet and a creation of a taskforce to discuss a range of matters around shipping policy, which is referenced throughout the report.

The draft report fails to acknowledge any benefits to the nation that would be derived from enhanced domestic capability and its suggestion that supply chain resilience could be purchased from the international market fails to grasp the capacity of other nations to require their ships (or domestic companies with strategic control over their ships) to operate in the national interest of those companies.

Further, the PC’s assessment that “Australian-flagged vessels are not a prerequisite to meeting maritime skill requirements. Cadetships and skilled migration appear to be working well in meeting needs for blue-water experience” contains no reference and is entirely at odds with feedback provided by MIAL members and the broader industry who are acutely aware of the challenges currently faced by industry to obtain the required skills.

1. Industrial Relations Reform

Draft recommendation 9.1 Prohibit enterprise agreement content that imposes excessive constraints on productivity in the ports and costs on the supply chain

- 1.1 MIAL notes that the PC has suggested a short list of matters that would constitute prohibited content in enterprise agreement that would assist with removing constraints on productivity and increased costs on the supply chain. MIAL supports the position that provisions that artificially limit productivity and place barriers to the introduction of technology that improves the safety of the workplace should not be a matter contained in enterprise agreements.
- 1.2 There are numerous examples of port service providers being artificially constrained as to how they can and cannot improve the efficiency of their operations and optimising the assets that they use. Recent examples of protracted negotiations have high profile threats of industrial action, intervention by Ministers, applications to suspend and terminate industrial action.
- 1.3 It seems clear that the current levers available in the *Fair Work Act 2009* (FW Act) are insufficient to allow parties to resolve disputes in a timely manner. That the impacts on industrial actions within ports has such a significant flow on effect, suggests that some kind of circuit breaker must be available to bargaining parties without resorting to industrial action is desirable.
- 1.4 Steps that ensure content that imposes excessive constraints on productivity is prohibited may, for example, have avoided the highly publicised attempt by towage operator Svitzer to apply to terminate their agreement. While the commentary surrounding that issue from a number of quarters appears out of proportion to the actual practical effect of that action, given the guarantees in relation to conditions that the company was reportedly prepared to make, a future prohibition on content if it places excessive restraints on productivity, would seem a reasonable solution.
- 1.5 Currently the only reasonable mechanism to amend an agreement that may be well beyond its nominal expiry date is to replace it with a new agreement, or the apparently unpalatable action to apply to terminate the agreement that has run beyond when both parties acknowledge it will expire. Most maritime businesses will tell you that in practice negotiation starts from the existing agreement and that any change (regardless in the change in technology which may affect the ways a job is performed) must be “bought”. It is for this reason many agreements today contain outdated prescriptive provisions which prove a barrier to improving workforce and business performance. That attempts to terminate agreements (regardless of wages and other conditions being guaranteed while any new arrangements are negotiated) have been met with such outrage including by the responsible Minister, suggests that the FW Act needs amendment to ensure agreements do not contain provisions which unreasonably restrict improvements in efficiency and productivity without the need to terminate them. Without such changes most employers seeking to remove restrictions on their productivity are left to either apply to terminate agreements or agree outcomes that effectively eliminate any benefits derived from the productivity gains.

2. Chapter 12 Australia’s National Shipping Concerns

- 2.1 Chapter 12 of the PC draft report focuses on Australia’s National Shipping concerns. It is this section of the report which the majority of MIAL’s responses relate to. For ease of reference, the responses below are provided in the order that they appear in the draft report.
- 2.2 MIAL’s initial submission outlined the reliance that the national economy has on shipping as well as the current shipping fleet that services Australia’s cargo task; this response will not repeat the information provided. We are concerned that the tenor of the PC draft report fails to acknowledge any benefit that a domestic shipping capability would provide (in terms of skills, training, resilience, capacity for requisition in times of national emergency) instead focusing on how the obvious risks of not having such capability may be managed. That the draft report does not even examine these benefits is a clear shortcoming in the analysis and accordingly casts doubt over its findings and recommendations.
- 2.3 **Coastal trading regulation is not delivering competitive shipping services for Australian consumers**
- 2.3.1 The PC draft report suggests that the current coastal trading regime impacts Australia’s ability to access competitive shipping services for Australian consumers. The report describes restrictions on foreign ships from being engaged in domestic coastal trading and the conditions under which foreign ships operate under a temporary licence as being “stringent”.
- 2.3.2 The PC draft report described the administrative process to be undertaken when applying for, being granted, and operating under a temporary licence. MIAL agrees that there are certain administrative efficiencies that could be gained by amending the *Coastal Trading (revitalising Australian Shipping) Act 2012* (CTA). These are set out in more detail in MIAL’s submission to the Shipping Legislation Amendment Bill 2015 which, amongst other suggested reforms suggested the scrapping of the minimum five voyage declaration and the streamlining of approvals where it was known there was no General Licensed Ship available to perform the voyage(s) sought under the Temporary Licence.¹
- 2.3.3 While the administrative process of obtaining a temporary licence to give a foreign ship access to carry domestic cargo may be more cumbersome than necessary, MIAL doesn’t think that this is reasonably described as “stringent”. The detail required to be nominated at the time of application for a temporary licence may not fully be known but there is ample opportunity to vary the details of the licence once they are known. Reporting these variances to the department in our observation, causes a moderate drain on resources, rather than a withdrawal of foreign ships from engaging in coastal trade.
- 2.4 **Draft Finding 12.1**
- 2.5 The draft finding is that Coastal Shipping Regulation impedes competition. The suggestion is that there is a strong case for coastal shipping to allow greater competition from foreign vessels on domestic sea routes. However, the finding broadly references the streamlining of the temporary licence system without detailing which parts ought be streamlined and how this would increase competition. The vast majority of coastal shipping is conducted by foreign ships and there is no evidence that the introduction of the temporary licence system resulted in a reduction in competition from foreign vessels servicing the domestic market, so it is hard to see how a streamlining of the process would necessarily attract new competition.

¹ MIALs submission to the Shipping Legislation AMIendment Bill.

- 2.5.1 The PC draft report recommends the retention but limitation of General Licence holders’ ability to contest the granting of licences to foreign vessels. The PC draft report does not, however, detail how this process should vary from the current ability to challenge. In the absence of any detail about what such a limitation should look like it is impossible for MIAL to comment on this draft recommendation. MIAL does make the observation that the current numbers of general licenced vessels operating in trades which are attractive to foreign vessel operators are extremely limited.
- 2.5.2 Interestingly, the Department of Infrastructure, Transport Regional Development Communications and the Arts notes that of the temporary licence applications (or application to vary matters authorised under a temporary licence) refused, in 2021 all refusals related to the carriage of passengers (19 voyages in total, all related to the same operator).²
- 2.5.3 As MIAL highlighted in its original submission, it estimates less than 6%³ of the coastal shipping freight task is undertaken by Australian vessels (only Australian vessel may obtain general licences and transitional general licences will be phased out over the next few years). Accordingly, it is difficult to see at this juncture how limiting the ability to contest the granting of temporary licences will substantially increase competition in coastal trading.
- 2.5.4 MIAL is also interested in the PC draft recommendation to maintain the current application of the FW Act in coastal shipping, without any substantive discussion. The decision to apply the FW Act to some voyages/vessels involved in the carriage of domestic cargo pre-dates the CTA. It would seem that the application of the FW Act which, in practical terms, adds to the cost of the operation of a temporary licensed ship that has conducted three or more voyages within 12 months under a temporary licence, would merit consideration by the PC in more detail than is reflected in the PC draft report.
- 2.5.5 The Final recommendation relating to the review of conditions for Australian registration of vessels to encourage increased international competition. MIAL is not clear what exactly this is alluding to. Is the suggestion that foreign companies should be eligible to register vessel on the Australian General or Australian International Shipping Register (AISR); or is the suggestion to restructure the operation of these registers. If it is the later, then MIAL agrees that the attractiveness of the AISR would benefit from regulatory changes to allow an operating model more attractive to larger ship owning interest many of whom own vessels in multiple jurisdictions.
- 2.5.6 Set out below is text extracted from a previous MIAL submission highlighting reforms to the AISR that would make it more attractive than it is in its current form⁴:

The measures established in 2012, including the advent of the Australian International Shipping Register (AISR), were designed to assist Australian businesses involved in shipping by levelling the playing field between Australian and international businesses, thus allowing greater levels of Australian shipping participation.

An international register is a feature of some of the most vibrant economic maritime clusters the world over and a key reason why international shipping costs are kept low. Examples of where an

² https://www.infrastructure.gov.au/infrastructure-transport-vehicles/maritime/business/coastal_trading/licencing/refused/2021

³ MIAL estimate that based on BITRE Australian Sea Freight report 2015/16 which states Transitional GLs carried 11.2% and GLs 6.5%. In 2022 there are no TGLs – and none converted from TGL to GL status; and the number of GLs has fallen from 2015/16 levels).

⁴ Reforms to Coastal Trading Framework, November 2019, page 21-22.

international register has been successful in maintaining or expanding the pool of national maritime assets include Norway, Denmark, Netherlands and the United Kingdom.

The AISR provides the opportunity to have a vessel flagged in Australia and requires the most senior positions on board to be filled by Australians, thus growing the strategic skills base the nation requires while allowing for the employment of the ratings from the international seafarer pool.

Having ships on the AISR and having Australians employed on those ships creates an Australian presence; a capability “on the water”; and a training ground for Australian Deck and Marine Engineer Officers who go on to fill the nation’s skills requirement. By having these ships controlled and operated in Australia and eligible for corporate tax incentives, these assets were also designed to generate training opportunities for local mariners in the international market, an opportunity that does not currently exist given the status of Australia’s domestic fleet.

Currently there are no ships registered on the AISR. There are several reasons for this which can be encapsulated broadly as the settings that underpin the AISR not being attractive enough versus international alternatives. The key feature that needs to be changed to address the lack of competitiveness is the corporate income tax settings, discussed in Section 4 of this submission.

Further, specific changes to the Shipping Registration Act are required to improve its attractiveness, including:

- *Broadening of the types of vessels/activities that are eligible. For example, changing the requirement to engage in international trading to something describing “maritime activities” so that a range of vessels can be registered.*
- *Requiring a minimum Australian crew component rather than designated roles, to provide flexibility regarding where the Australian component best fits.*
- *Removing reference to the Single Bargaining Unit as the exclusive means of determining terms and conditions on board AISR vessels. A Single Bargaining Unit deprives any crew of the freedom to determine if they need to be represented and by whom. Australian workers are not forced to join a union to negotiate the terms of their employment, it seems absurd that crew of an AISR ship would not enjoy similar freedoms of association. Some legislated minima in terms of wages and workplace accident insurance on the AISR already exists. If a genuine concern related to the undercutting of international standards, then this could be set as a minima. In reality, most AISR vessels would likely negotiate a collective agreement to cover most positions on the vessel regardless of whether the owner was compelled to do so. International template agreements are likely to be used as a basis for this. Any requirement that would require an operator to deal with Australian unions particularly, is likely to act as a significant disincentive.*
- *Implementing improvements to the process of obtaining certificates of equivalence for seafarers.*
- *Implementing improvements (difficulty and expense) to the survey requirements for re-flagging in Australia.*

The AISR provides considerable opportunity for Australian shipping businesses to compete with international shipping providers.

Decisions to register a vessel under the AISR are entirely market driven and while it is expected that with the attractive policy settings suggested above the register would grow, it will take time as market confidence in policy certainty and stability builds. There is no guarantee over the types of vessels or the number that would be attracted to the AISR.

Proactive intervention is required now. While the AISR is in developmental stages it would be usefully complemented by a cohort of vessels under Australian control.

This fleet would ensure adequate training and work platforms for seafarer skill development; supply chain security for critical cargoes; and for requisitioning in times of national need. Such a fleet could be characterised as a ‘Strategic Fleet’.

2.6 Concerns about capacity and training may be better resolved by means other than a strategic fleet.

2.6.1 MIAL notes that at the time many of the stakeholder consultations conducted by the PC the outcome of the election was unknown, and while both major parties made commitments to support domestic shipping capability, only the Labor party committed to a strategic fleet. As the PC report notes, matters relating to a strategic fleet will be considered by the Government’s soon to be convened task force.

2.6.2 Notwithstanding that the Government has committed to its development, the PC’s commentary about resolving concerns in relation to capacity and training may be better resolved by means other than a strategic fleet is a clear expression from the PC that it does not support the development of a strategic fleet. However, as an industry body MIAL feels it is important that some points are clearly articulated. These are:

2.6.2.1 The industry has legitimate concerns about the availability of maritime skills necessary to ensure the efficient functioning of the nation’s supply chain. This is not limited to Port service providers but to all the roles throughout the supply chain, from bluewater, resources, tourism, port services and defence; and

2.6.2.2 Where a nation lacks the ability to source capacity controlled by domestic entities, they are at the mercy of the international market both in terms of cost and availability. Countries where ships are flagged or where beneficial ownership is based will have the ability to requisition or at the very least hold conversations with their locally domiciled businesses to ensure that their national interests are not compromised in times of political instability or national shortages. Those without domestic capability will have only a financial incentive to leverage

2.6.3 It is not clear that the PC draft report accepts these issues as compelling. Throughout the report, both expressly and implicitly the suggestion is that “skills shortages do not appear to be a pressing issue.”⁵ While there is some concession that marine pilots may be in shortage (which in MIAL’s view is highly likely given most port authorities require significant experience sailing as an unrestricted master as a pre-requisite to a job as a marine pilot), the report appears to suggest that current arrangements (the PC draft report variously referenced numbers domestic and uncertified seafarers, skilled migration and cadetships) are capable of resolving any shortage.

2.6.4 This is contrary to the position of many MIAL members and industry participants. As highlighted in the original submission MIAL made to this inquiry, the Australian industry in 2018 predicted that by 2023 there would be a shortage of over 580 internationally certified/experienced seafarers for working in jobs where seafaring experience on vessels requiring international certification was required.⁶ What this did not take into account necessarily was:

⁵ PC Draft Report, pg. 339.

⁶ MIAL Seafaring Skills Census Report 2019, key insights.

- 2.6.4.1 The COVID 19 Pandemic, the impact this had on seafarers which saw a number of people lost to the profession given due to their treatment by states during the pandemic, as well as the lack of training undertaken during this time
- 2.6.4.2 The upturn predicted in the offshore oil and gas sector which will see new projects come on line
- 2.6.4.3 The development of the emerging energy market and the introduction of a legislative framework likely to see new offshore wind projects commencing in the medium term
- 2.6.4.4 The international shortage of seafarers particularly in officer ranks, which according to the latest BIMCO/ICS Seafarer Workforce Report was 26,240.⁷
- 2.6.5 In MIAL’s observation the draft PC report both fails to acknowledge the strategic fleet is a way of addressing (if not completely resolving) the concerns identified above, and also makes a number of assumptions which don’t appear to reflect the experience of industry.
- 2.6.6 The PC draft report in dismissing any benefits that may be derived from a strategic fleet proposes that any risk to capacity or supply chain resilience can be mitigated through contracts or chartering arrangements in the international market. While the PC report does acknowledge that all ships trading in Australia will be registered somewhere, it dismisses the suggestion that those ships, as Australian ships would, may be directed to secure the national interest of the country in which they are registered.
- 2.6.7 This is the precise scenario that domestic capability will assist with mitigating against. If an international crisis were to effect shipping, then the risk is that ships will be directed to fulfil the national interest of the state in which they are registered. The solution to charter ships from the market will either be astronomically expensive or unavailable if this tonnage IS directed to the protect the national interest of its flag. The PC report does not appear to consider this possibility when it suggests that concerns about capacity might be better addressed by means other than a strategic fleet. Chartering in the international market is one way to try to ensure sufficient capacity, but it is not an iron clad guarantee that the ship will be available if its flag or the countries where the owner is domiciled elect, due to war or other emergency, to direct the tonnage for the benefit of its own nation. Any remedy that an Australian government may have for breaching charter arrangements will provide little comfort to the Australian community whose fuel security is threatened as the country cannot secure the necessary shipping assets.
- 2.6.8 The report focuses on the economic costs of a strategic fleet (which will not be known until it is properly developed). It does not acknowledge the strategic policy aim, that is domestically controlled shipping capacity can provide small mitigation against a complete reliance on foreign shipping, while recognising the foreign ships are and always will be critical to delivering Australia’s shipping needs.

⁷ BIMCO/ICS Seafarer Workforce Report 2021, Witherby Publishing Group, 2021, page xiv.

- 2.6.9 The PC draft report notes that it is not necessary for Australian cadets to undertake sea time on Australian flagged vessels. This is true, for sea time to be counted towards a certificate of competency it must be performed on vessels of certain size (and power) on voyages of a minimum duration. The flag of the vessel is not relevant. However, from a practical perspective many countries require a training commitment in order to access beneficial taxation arrangements (the same is true of Australia), meaning some operators will have already allocated training berths to other cadets and may not have the capacity or desire to provide sea time to Australian cadets or trainees.
- 2.6.10 Equally, the capacity to monitor conditions on board for trainees, health and safety, mentorship, ensuring that they have adequate food and medical care is limited if the shipowner is foreign. It can also be unclear who, if anyone, is responsible for wages, workers compensation obligations and ensuring that the requirements of the Maritime Labour Convention are complied with. There are certainly less concerns regarding these matters for cadets undertaking sea time in the domestic industry where responsibilities are far clearer.
- 2.6.11 The PC draft report notes existing arrangements where port authorities have provided sponsorship for training through the course work and facilitating sea time. While this is commendable it is in reality a fraction of the training task required for the national skilling need. International shipping may well be an opportunity for some cadets to obtain on board experience, but MIAL suggests it cannot be relied upon as being the sole provider of on board experience and necessary sea time to fulfill the countries maritime training task even for operators which visit the country frequently.
- 2.6.12 The PC draft report suggests they have not been presented with any conclusive evidence that the current supply of seafarers is materially restricting Australia’s shipping operations.⁸ The report then identifies 66,000 domestically certified seafarers as working across a range of subsectors within the marine industry, along with the suggestion that there appears to be no reason why future demand for seafarers would not be met by the current combination of both local and domestic labour pools. The source of this figure is the Industry Outlook from Australian Industry Standards, who assist in the oversight of the vocational education and training qualifications for the position of general purpose hand to ships master and everything in between. The highly sought after skills are, in the main, those with internationally recognised qualifications. To obtain this qualification requires service on board ships of a certain size and propulsion power on voyages for a certain duration. Seafarers with these qualifications would make up a tiny proportion of the 66,000 seafarers the PC draft report references.
- 2.6.13 MIAL sought information from AMSA regarding the number of Australian seafarers that are STCW certified and capable of working on internationally trading vessels. It is these seafarers whose skills are highly sought after in international shipping and port services. For Masters and Deck officers there are 1958 Deck Officer and Masters which have unrestricted certificates of competency. this consists of Masters, Chief Mates and Deck Watchkeepers.⁹ Similarly for marine engineering qualifications, there are reportedly 1147 unrestricted certificates of competency for marine engineers, consisting of Chief Engineer, Second Engineer, Electro Technical Officers, Engineers watchkeepers (with a combination of steam and motor certificates, or both).¹⁰

⁸ PC Draft report page 385.

⁹ Figures are for unrestricted certificates provided by AMSA as at 11 October 2022. Note there are an additional number of STCW qualifications issued that involve size and geographical operational restriction as well as for yachting which have not been included.

2.6.14 For example, a master unlimited, a highly sought after qualification particularly for marine pilots, the minimum training requirement to achieve certification are as follows:¹¹

Master Unlimited

Person must:

- (a) hold or have held a certificate of competency as Master <3000 GT, Chief Mate or Chief Mate <3000 GT; and*
- (b) have completed either:*
 - (i) at least 36 months documented qualifying seagoing service in charge of a navigation watch on vessels ≥ 500 GT of which at least 6 months was served on vessels ≥ 1500 GT while holding any of the following certificates:*
 - 1) a certificate as Watchkeeper Deck, Chief Mate <3000 GT, Master <500 GT, Chief Mate, Master <3000 GT, or Mate <500 GT (with Chief Mate <3000 GT near-coastal endorsement);*
 - 2) a foreign certificate AMSA considers at least equivalent to a certificate mentioned in sub-subparagraph (A); or*
 - (ii) at least 24 months documented qualifying seagoing service in charge of a navigation watch on vessels ≥ 500 GT, of which at least 6 months was served on vessels ≥ 1500 GT and 12 months was served in the capacity of Chief Mate or Master, while holding a certificate of competency as Master <500 GT, Chief Mate <3000 GT, Chief Mate or Mate <500 GT (with Chief Mate <3000 GT near-coastal endorsement); and*
 - (c) have served at least 24 months of the qualifying seagoing service mentioned in paragraph (b) that applies, on voyages of at least 24 hours duration; and*
 - (d) have served on vessels for at least 12 months while holding a certificate of competency as Chief Mate <3000 GT, Chief Mate or Master < 3000 GT; and*
 - (e) have completed an approved program of study that meets the standards mentioned in STCW Code sections A-II/1 and A-II/2 and includes the following:*
 - (i) training in advanced fire fighting (that complies with STCW Code section A-VI/3);*
 - (ii) training in medical care on board ship (that complies with STCW Code section A-VI/4 paragraphs 4 to 6);*
 - (iii) security awareness training (that complies with STCW Code section A-VI/6 paragraph 4); and*
 - (f) hold the following certificates:*
 - (i) a certificate of proficiency in survival craft and rescue boats other than fast rescue boats (that complies with STCW Code section A-VI/2 paragraphs 1 to 4);*
 - (ii) a GMDSS radio operator certificate (that complies with STCW Code section A-IV/2);*
 - (iii) a certificate of medical fitness; and*

¹⁰ Figures are for unrestricted certificates provided by AMSA as at 11 October 2022. Note there are an additional number of STCW qualifications issued that involve engine size and geographical operational restriction which have not been included.

¹¹ AMSA Marine Order 71 <https://www.legislation.gov.au/Details/F2018C00037>

If you compare this to a certified coxswain from the Australian domestic commercial vessel industry, which has the following training requirements¹²

Coxswain Grade 2 NC

The applicant must:

(a) have completed a course at Certificate 1 level; and

(b) have at least:

(i) 7 days qualifying sea service on a commercial or recreational vessel, and a completed approved task book; or

(ii) 60 days qualifying sea service on a commercial or recreational vessel; and

(c) after meeting all the other requirements for the certificate — pass a final assessment.

2.6.15 Most shore based role in port services require seafarers with international experience who have sailed in the role of Master (not all seafarers who obtain the certification as master ever sail in the role – usually someone will have to wait for a period, quite often years, after gaining their certificate before actually being given a job as a master). The difference in training times, as well as the types of vessels on which training may be conducted, is stark. To suggest that domestically certified seafarers are capable of meeting future demand (with limited domestic vessels on which the sea time for international qualifications can be achieved) does not reflect the complexities in achieving international seafaring qualifications, let alone getting experience on them once qualified.

2.6.16 Furthermore the figure of 66,000 is not broken down into classifications. While those with higher end domestic qualifications may be able to undertake additional study sea time to achieve international qualifications, the difficulties around consistently accessing sea time remains. If the PC draft report contends that these existing skills will fill the strategically important roles designated to those with seafaring experience, it should specify which of these roles are capable of fulfilling this need and how. It is MIAL’s belief that a small number of the “high end” certificated workforce would, with additional training and experience, be able to somewhat expedite the skills pipeline. However, the lack of platforms on which training and experience can be obtained remains a barrier.

3. Taxation measures

The PC draft report has made no assessment of the taxation arrangements of the industry or seafarers working in it. This is despite extensive representations about the benefits of a taxation regime in Australia that matches those provided internationally to the Australian industry. On that

¹² AMSA Marine Order 505 <https://www.legislation.gov.au/Details/F2017C00492> and NSCV Part D

basis the PC has indicated this is taxation policy and should be addressed accordingly through the taskforce. MIAL refers to the information it has previously provided the PC.

4. Conclusion

- 4.1 MIAL does not intend to repeat its submissions originally made to the Productivity Commission through its written submissions or its interviews. However, MIAL does not agree with a number of the conclusions and recommendations made particularly in chapter 12 of its report and struggles to identify the basis on which they are made.
- 4.2 The finding that Coastal Shipping Regulation impedes competition is a strong statement in light of the ease at which temporary licences can be applied for and varied, as well as the number of General Licensed vessels who can and do raise objections to temporary licences. While MIAL agrees that improvements can be made, we suggest that a cumbersome administrative process impeding competition overstates the effect of the current regime. In fact, MIAL suspects it is unlikely that even in the event that draft recommendation 12.1 were adopted (although the limitations on contestability require clarification), any increase in competition in the sector would be marginal.
- 4.3 The suggestions that capacity and training may be better resolved by means other than a strategic fleet suggests that these are the only reasons a strategic fleet ought be considered. The policy justification and rationale for a strategic fleet is varied. The suggestion that some of the clear benefits provided (domestically controlled shipping capacity, training platforms and job opportunities) can be resolved by means other than a strategic fleet does not factor in some of the risks associated with the proposed resolution nor demonstrate an understanding of the practical restraints that would impact their effectiveness.