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25 September 2015

Senator The Hon Glen Sterle
Chair
Senate Rural and Regional Affairs and Transport References Committee
Parliament House
CANBERRA ACT 2602

Attention: Committee Secretary

Dear Senator Sterle

Re: Inquiry into Flag of Convenience Shipping – MUA Submission

The Maritime Union of Australia (MUA) welcomes the opportunity to provide a short submission to this important inquiry.

The MUA supports and endorses the submission of the International Transport Workers Federation (ITF) Australia.

The MUA has been integral to global efforts coordinated by the ITF as well as the efforts of the social partners in the International Bargaining Forum to improve the quality and safety of FOC ships, and the rights and labour standards for seafarers employed on those ships.

I was directly involved in the development of the ILO Maritime Labour Convention (MLC) in the period up to 2006 and although it has now been in force for over 2 years, the incidents that gave rise to the Senate Committee Inquiry, and other incidents referred to in the ITF Australia submission, demonstrate not only the important role that the standards and rights embodied in the MLC play in addressing non conformance, but that there is still considerable work to be done to lift the standards of international shipping.

As a result of the safety and labour standards practices adopted by many ship-owners in FOC registries, they enjoy a competitive advantage over national registers which due to their more complete compliance with the MLC and IMO standards, operate with higher running costs and are subject to the laws and regulations of properly established maritime administrations in the flag state.

This competitive advantage gained by poor quality FOC shipping has a direct impact on the competitive framework in which Australian shipping, and Australian coastal shipping in particular, is required to operate, given there remains an important role for foreign flagged ships in Australian coastal shipping..

This competitive advantage was an important consideration in the 2012 shipping reform package that sought to establish fair competition in the coastal trades through the regulatory arrangements given effect by the *Coastal Trading (Revitalising Australian Shipping) Act 2012* and establishment of the Australian International Shipping Register (AISR).

The ITF submission correctly identifies a number of areas where the International Conventions, and the practices of both Flag State and Port State Control agencies in implementing those Conventions, are in need of further refinement and strengthening.

It also highlights the opportunity for the ship-owners and operators to work closely with the organisations representing the seafarer workforce to renew and refresh their commitments to work together, in partnership with national governments and regulators, at both the domestic level and internationally in the IMO and ILO forums, to continually refine and improve international standards.

Australia, which has the 5th largest shipping task in the world, is ideally placed to be an influential player in setting the expectations for international shipping standards, and in fact has a national interest responsibility to do so given the nation's dependence on shipping, the importance of its coastline to communities, to tourism and to the environment, and to the length and exposure of its borders.

Efficient regulation of coastal shipping, particularly the foreign shipping component, and ensuring that the AISR becomes operationally functional are key policy tasks of the Australian Government, which will have the effect of showing international leadership in the quality standards which are expected of international shipping in Australian waters.

However, the capacity of the government to leverage economic benefit to the nation from this important strategic industry will be diminished if the standards of international shipping are not systematically lifted, to reduce the unfair competitive advantage it enjoys.

I urge the Committee to make the important link between the quality and standards of international shipping and Australia's heavy reliance on international shipping for both its domestic as well as inbound and outbound freight and passenger trade. The quality issues are implicit in the competition issues, which are of course under consideration in the Rural and Regional Affairs and Transport Legislation Committee Inquiry into the Shipping Legislation Amendment Bill 2015.

I would be happy to appear before the Committee to further outline the matters addressed in this submission.

Yours sincerely

Paddy Crumlin
National Secretary