

Dissenting Report by Government Senators O'Sullivan, Back and Bushby

1.1 The Government understands the importance of the shipping sector to the Australian economy. Shipping plays an essential role in Australia's freight strategy, particularly given our position as an island nation. It is imperative that Australia's shipping services remain open and competitive at an international level. However, the Australian shipping industry will need to address issues with a small and ageing fleet, and relatively expensive labour and product movement costs.

1.2 As stated in the committee's report, not all ships flying under a foreign flag do so as part of a flag of convenience registration. When discussing foreign-flagged vessels, use of the 'flag of convenience' terminology should be considered with some caution and not automatically applied to all vessels registered to a foreign country.

1.3 While the committee heard some concerning evidence about the crew on some flag of convenience vessels operating in Australian waters, overall the inquiry received compelling evidence that Australia's transport security regime was robust. This was particularly the case in more recent years with the formation of the Department of Immigration and Border Protection (DIBP).

1.4 There are substantial risk assessments completed for all foreign vessels entering Australian waters, and for their crews via the Maritime Crew visa (MVC) application process. The considerable increase in MCV refusals in recent years highlights the strengthening of immigration clearance processes under the DIBP. The committee was particularly encouraged to hear that the events concerning Captain Salas would not occur under the current security frameworks.

1.5 The ongoing and thorough regime of Port State Control (PSC) inspections conducted by the Australian Maritime Safety Authority (AMSA) ensures that the international vessels operating around Australia's coast comply with safety, environmental and labour standards. As AMSA continues to work with flag states to improve safety measures of vessels, Australia becomes part of the global effort to improve ship safety for seafarers of all nationalities.

1.6 Australia ratified the Maritime Labour Convention (MLC) in December 2011, and it applies to all international vessels in Australian ports. The MLC provides significant protections to seafarers regarding their working rights, living conditions and wages, while supporting the economic interests of shipowners.

1.7 Australia implements the MLC through the *Navigation Act 2012* and other legislation, therefore safeguarding compliance with its provisions. The ongoing implementation of the MLC shows that the government supports a comprehensive framework for protecting the working rights of seafarers.

1.8 As highlighted by the committee's interim report, the inquiry continued to hear evidence that the *Coastal Trading (Revitalising Australian Shipping) Act 2012* does not work as intended, particularly in relation to the five voyage minimum

required for a temporary licence. The licencing scheme itself is burdensome, and the minimum voyage requirement is resulting in costly and unintended consequences.

1.9 The inquiry noted that the government was progressing development of a national freight and supply chain strategy. It was also considering reforms to coastal shipping. The proposed coastal shipping reforms will play a key part in reducing the regulatory burden and administrative issues currently being experienced in the shipping sector. The government is therefore already well progressed in ensuring that safe and efficient shipping has an increasing and ongoing role in Australia's national freight network.

1.10 We disagree with the recommendation of the committee for the Fair Work Ombudsman (FWO) to implement an inspection program, to verify the wages paid to foreign seafarers. It is clear that the FWO already undertakes such tasks, as evidenced by its successful case against the *MT Turmoil*. The FWO also made clear that the shipping sector does not cause the FWO considerable levels of concern, and that no further investment into this area was warranted.

1.11 The committee noted that the Maritime Labour Convention of 2006 allows seafarers to make a complaint directly to AMSA or any other seafarer welfare organisation about wages. Such complaints must be made 'without recourse or concern'. Further, it is clear that AMSA does receive complaints under the current regulatory framework, and these are thoroughly examined and forwarded to the FWO for further investigation where required.

1.12 The committee's recommendation for the FWO to implement another program of inspection for seafarer wages is unnecessary and would increase the regulatory burden in an already heavily-regulated sector.

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