



The Maritime Union Of Australia

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Senator Mark Bishop
Chair
Senate Foreign Affairs, Defence and Trade Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Attention: Dr Kathleen Dermody, Committee Secretary

Dear Senator Bishop

- **Re: MUA Submission to Inquiry into the Economic and security challenges facing Papua New Guinea and the Island States of the Southwest Pacific**

Please find enclosed the Maritime Union of Australia (MUA) submission to the Inquiry into the economic and security challenges facing Papua New Guinea and the Island States of the Southwest Pacific.

We look forward to the opportunity to present oral evidence should the Committee proceed to public hearings.

Yours sincerely

Paddy Crumlin
National Secretary



MARITIME UNION OF AUSTRALIA (MUA)

**SUBMISSION TO THE SENATE STANDING
COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE**

**INQUIRY INTO THE MAIN ECONOMIC AND
SECURITY CHALLENGES FACING PAPUA
NEW GUINEA AND THE ISLAND STATES OF
THE SOUTHWEST PACIFIC**

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1. Maritime Union of Australia - Background

- 1.1 The Maritime Union of Australia (MUA) represents over 11,000 workers in the stevedoring, port services, shipping, hydrocarbons and diving sectors of the Australian maritime industry.
- 1.2 Members of the MUA work in a range of occupations across all facets of the maritime sector including stevedoring and ports, on coastal cargo vessels (dry bulk cargo, liquid bulk cargo, refrigerated cargo, project cargo, container cargo, general cargo) as well as passenger vessels, towage vessels, salvage vessels, dredges, ferries, cruise ships and recreational dive tourism vessels. In the offshore oil and gas industry, MUA members work in a variety of occupations in vessels which support offshore oil and gas exploration e.g. on drilling rigs, seismic vessels; in offshore oil and gas construction projects including construction barges, pipe-layers, cable-layers, rock-dumpers, dredges, accommodation vessels, support vessels; and during offshore oil and gas production, on Floating Production Storage and Offtake Tankers (FPSOs), FSOs and support vessels. MUA members work on LNG tankers engaged in international LNG transportation.

2. Introduction - addressing the terms of reference

- 2.1 The MUA submits that the major economic and security challenge facing Papua New Guinea and the Island States of the Southwest Pacific is the identification and implementation of mechanisms to help link and integrate our respective economies in ways that recognises and respects the cultural, economic, social and institutional differences between our nations and economies.
- 2.2 The MUA believes that Australia should pursue closer economic and political integration with PNG and the Islands of the Southwest Pacific based on mutual respect, aimed at strengthening regional integration through an effective trade and aid policy, infrastructure and industry development support, security and defence policy and immigration arrangements.
- 2.3 It is important that there is an overall integration of the economies that encourages sovereign decisions through both bilateral and regional economic, social, and security programs and initiatives that centre on skills and training; infrastructure and industry development; capital management; security and technology sharing; and providing the overall policy assistance to promote good governance in the region. We believe that these approaches should be

implemented on a sectoral basis – for example, in relation to resource and mining projects in nations and in the region.

- 2.4 The more that initiatives and programs are directed at strengthening the economies of PNG and the Islands of the Southwest Pacific the lower the chance of instability and internal conflicts. Importantly, we believe if appropriately implemented, such that initiatives and programs will build local capacity, self determination and self sufficiency.
- 2.5 While this submission focuses on PNG and the Islands of the Southwest Pacific, we believe the principles and concepts addressed have equal application to Timor Leste. We are uncertain if the scope of Inquiry extends to Timor Leste. We have nevertheless included some specific comments on Timor Leste at Section 6 of this submission.

3. Implications for Australia

- 3.1 If Australia does not succeed in building stronger integration between PNG, the Island States of the Southwest Pacific and Australia the fallout will very likely result in an increase in unemployment, a slowing of improvements in education and training, as well as a slower rate of progress in building the political, legal, regulatory and governance systems in PNG and the Island states.
- 3.2 It is essential that Australia assists its immediate neighbours develop and grow in collaboration with Australia and the region, given the significance of the role that Australia plays in the region in relation to economic growth, energy exports and manufacturing imports.
- 3.3 If Australia fails to adequately assist PNG and the Islands States of the Southwest Pacific to build infrastructure, enhance their economies, and provide assistance to training and skills development then it will also have the effect of undermining Australia's capacity to take foreign policy leadership and exercise influence in the wider Asia Pacific region.
- 3.4 Further, Australia's economic and security credibility within the region will be diminished. Such an outcome will have implications for our relationships in the wider Asia Pacific region and beyond.

4. Possible solutions to the economic and security challenges facing PNG and the Island States of Southwest Pacific

- 4.1 Australia is uniquely placed to be a leader in regional networks supporting all facets of development of major industries – from the landowner issues, skills and training, technology transfer, security, infrastructure, marketing capital raisings. In major industries such as oil and gas, we have the capacity to provide support to all phases of projects, from exploration, to construction, to production and transportation.
- 4.2 Practical solutions that can assist these countries meet the economic and security challenges include processes involving skills and training collaboration, industry development, infrastructure building, developing a

strong regulatory framework that ensures community cohesion between Australia, PNG and the Southwest Pacific Island States.

- 4.3 There is a need for a tripartite system (involving governments, business and labour) to assist PNG and the Island Nations of the Southwest Pacific in research and consultation to identify required resources and infrastructure needs and to engage all key identified stakeholders in agreements.
- 4.4 Cooperation is needed between governments, unions, community groups, NGOs, local indigenous communities, skills and training organisations and business to not only support economic development that is compatible with local needs, but to assist in the development of good citizens who have the capacity to engage – the corner stone of a decent social development policy.
- 4.5 The economic and security solutions and approaches must take into account the social and cultural development of individuals and communities in PNG and Island States of the Southwest Pacific.

5. Employment opportunities, labour mobility, education and skilling

Introduction

- 5.1 The MUA believes very strongly that a central objective that must underpin all economic, employment and skill development initiatives is the need to strengthen the collective bargaining capacity of the stakeholders, based on the core International Labour Organisation standards, whether that bargaining is around land ownership, project shareholdings, royalty issues or labour relations.
- 5.2 Strengthening collective bargaining capacity implies a requirement to build civil organisations such as community councils and trade unions so that affected stakeholders have the necessary institutional frameworks to build and participate in democratic organisations and in engagement with business and Government that provides for the achievement of fair and just outcomes.
- 5.3 In this respect, we put to the Senate Committee that it examine in detail the capacity building model that the ACTU and affiliated unions developed in 2006 and 2007 when the PNG Gas and pipeline project was under active consideration by the oil/gas majors.
- 5.4 The ACTU and its affiliated unions involved in all aspects of oil and gas production (exploration, construction and transportation) established a joint initiative with the PNG Trade Union Congress (TUC) that involved a number of steps, namely:
 - 5.4.1 Capacity building assistance to the PNG TUC and key PNG unions such as the PNG Maritime and Transport Workers Union to enable the TUC and its affiliates to commence an organising strategy aimed at securing a role for PNG nationals in employment and in skill development, and to be fully enabled to undertake bargaining negotiations.
 - 5.4.2 Creating links and partnerships with affected indigenous landowners in both PNG and Australia.

- 5.4.3 Opening a dialogue with Government to ensure there was a strong and supportive political and policy framework surrounding the project, in particular with the aim of getting Government agreement to the creation of a Project Development Council that ensures the representation and recognition of all interests involved in the project. The aim was to ensure that there are agreed understandings about how the project would proceed in dealing with all the civil rights and corporate matters – ranging from landowner interests to worker interests.
- 5.4.4 Creating links with the training institutions in both countries aimed at achieving collaboration on a sharing of the skill development requirements of the project.
- 5.5 The MUA believes that providing employment opportunities and building the skills and education capacity of indigenous labour markets in PNG and the Island States of the Southwest Pacific is the key to cooperative arrangements that might be put in place between Australia PNG and the Island States of the Southwest Pacific as a necessary condition for the stronger integration of our economies.

Employment, Education and Skilling

- 5.6 Employment, education and skilling are key areas in combating the economic challenges faced by PNG and the Island States of the Southwest Pacific.
- 5.7 Given the emerging labour shortage and deficits in availability of some skill sets for a project such as the PNG Gas project, the ACTU and unions requested that the Queensland and Federal governments work with unions in the development of a sustainable skill base to ensure that labour from both countries is available for the project as required, and that temporary migrant labour be only used in circumstances where labour with appropriate skills is not available.
- 5.8 The decision made by the corporate interests involved in the PNG Gas project in mid 2007 not to proceed with the pipeline project, meant that the ACTU and unions did not get the opportunity to fully implement the model.
- 5.9 However, the essential ingredients are again being activated in relation to the development of the PNG LNG project. The MUA believes that AusAid should become involved in such joint projects to work alongside the stakeholders to both assist with advice and resources and to monitor the effectiveness of the model.
- 5.10 We believe the project principles and structural model is suitable for replication on other projects in PNG and Pacific Island States, on a project or sectoral basis.
- 5.11 The idea behind the PNG LNG Project was to build capacity by training PNG nationals in Australia and ensuring that they gained relevant work experience in key industry sectors. This example centres on building the economy through skills and education.

- 5.12 In relation to projects such as the PNG Gas project, Australia is well positioned to provide regional leadership in building the maritime skills base in the region. Australia has a world class maritime training and education system, represented by colleges like the Australian Maritime College in Launceston, Challenger TAFE in Fremantle, the Hunter Institute at Newcastle, the Maritime Skills Centre in Port Adelaide and the maritime studies centres in a number of our Universities such as Wollongong.
- 5.13 The Australian maritime training organisations provide a foundation to link with maritime colleges in PNG, in Indonesia and in the Pacific Islands to provide a regional maritime training capability for the entire Asia-Pacific region. This will enhance the growth of a maritime capability in Australia; while at the same time contribute to a resolution to the global shortage of maritime skills. Such a strategy is also directly relevant to the shipping policies of respective countries in the region.

Labour Mobility

- 5.14 The MUA believes that if the Australian economy remains at near full employment and that there are demonstrable labour shortages in sectors of the Australian economy or in specific occupations, that under controlled and managed conditions, we would be prepared to support temporary skilled labour mobility arrangements that enable PNG and Pacific Island workers to temporarily enter Australia.
- 5.15 It is our view that where a foreign worker enters Australia and is permitted by a visa to undertake paid employment, the employer has an obligation to support that worker and to treat that worker to a standard that applies to an Australian resident or citizen, and that such a worker has entitlements, and rights at work, that should be no less than those applying to an Australian worker.
- 5.16 In order to create the level of transparency and the checks and balances required to maintain the integrity of the temporary migration system, in order to ensure that the use of the foreign labour market is properly integrated into the Australian labour market, to ensure the temporary visa system is serving its intended labour market purpose and that the potential for exploitation of foreign workers in a foreign labour market setting is absolutely minimised, we put the view that all 457 visa holders should only be permitted to enter the Australian labour market under a modified Immigration labour agreement arrangement.
- 5.17 We put the view that foreign workers are entitled to the same levels of protection as any other worker in the Australian labour market, and that effective labour market and employment integration requires a framework that mirrors the industrial requirements of enterprise agreements that are a strong feature of the regulated labour market in Australia. Accordingly, we say that the current labour agreement framework should be adapted so that the sponsor and the relevant industrial organisation that has coverage of the occupation or classification is a party to the labour agreement, under a joint DIAC and DEEWR approval framework.

- 5.18 We also submit that temporary labour mobility arrangements need to be well managed to ensure that social costs are minimised and there are positive development outcomes for the imported labour, with a strong emphasis on provision of AQF system training for workers returning to PNG and Islands of the Southwest Pacific that enhances their future career options, at home and in the international labour market.
- 5.19 A labour mobility arrangements, if managed as envisaged by the MUA, have the potential to provide experience and skills to PNG and Pacific Islander peoples to ensure they can enhance their future contribution to their local communities and to their national economies.

6. Timor Leste

- 6.1 Since the Howard Government abolished the Timor Gap Task Force, there has been no formal mechanism to address the issue of greater Timorese participation on the Timor Sea oil and gas industry among all interested stakeholders. The MUA has been advocating for some time the establishment of a formal process between the Australian and Timorese Governments (as well as the Governments of other nations who are also assisting with Timorese nation building), industry, trade unions and NGOs to adopt a long term strategy for addressing the employment, immigration, skills and training, labour relations and repatriation issues associated with provision of opportunities for employment of Timorese nationals in the Timor Sea oil and gas industry.
- 6.2 We had repeatedly raised the issue of the low level of Timorese participation in this potentially large and strategically important industry with the previous Federal Government and with the oil and gas majors like ConoccoPhillips, with little, if any, interest emerging.
- 6.3 There are two principal reasons why we see merit in finding ways to involve Timorese nationals in Timor Sea oil and gas project operations. First and foremost, it is important to Timorese nation building, and to help develop employment opportunities in sustainable industries, currently lacking in Timor.
- 6.4 Second, it would dovetail neatly into proposals for regional based solutions to addressing the seafarer labour shortage in Australia and the region. Seafaring is largely a specialist and non transferable skill set, so it is important to find solutions to the labour shortage/skill deficit that do not train Australians to a state of overcapacity. By involving nationals from Timor Leste (and other regional nations like PNG) we can ensure that if a proportion of the trained employees to meet our nation's peak demand originate from our regional neighbours, who also have emerging oil and gas industries, they can return to those countries to form their core skill base in those industries for the future, whilst at the same time not leaving Australia with an oversupply of seafarers into the future. This model is a win-win solution for each participating nation and for the nationals of our regional neighbours.
- 6.5 We see great potential for this model if there is Government to Government agreement and cooperation, if there is industry cooperation, which we believe Governments will need to actively promote, and if there is a structured

approach to the employment and training, and skill transfer arrangements as we propose.

- 6.6 The Timorese Government has already proposed a Taskforce to take these issues forward – a Taskforce that would focus on the theme of jobs for the resource owners.
- 6.7 We have been seeking to encourage Government support for holding a joint seminar to help establish a taskforce, as a means of finding consensus for a long term process for addressing these important issues, but the issue has failed to receive any real traction to date.
- 6.8 We would recommend to the Senate Committee that it address this very important issue that has economic, security, trade and foreign affairs benefits for both nations if well managed.