

Question agreed to.

Bill read a third time.

### **Australian Immunisation Register (Consequential and Transitional Provisions) Bill 2015**

#### **Second Reading**

Debate resumed on the motion:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

#### **Third Reading**

**Mr HAWKE** (Mitchell—Assistant Minister to the Treasurer) (17:00): by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### **Shipping Legislation Amendment Bill 2015**

#### **Second Reading**

Debate resumed on the motion:

That this bill be now read a second time.

**Mr ALBANESE** (Grayndler) (17:01): The Shipping Legislation Amendment Bill 2015 is about replacing the Australian flag flying off the back of ships with the white flag on Australian jobs. This is unilateral economic disarmament. For an island continent it is in Australia's economic, environmental and security interests that we are a shipping nation, and that is why it is so surprising that the current government has chosen to bring this bill forward. This bill, soaked as it is in ideology, sells out the national interest on each of these counts. It will allow overseas flagged and crewed ships, paying workers Third World wages, to undercut Australian operators on domestic trade routes. It will destroy Australian jobs, damaging the economy. It will increase the likelihood of maritime accidents in our coastal waters, threatening the environment. And it will replace Australian mariners, who are subject to stringent background checks, with foreign workers whose backgrounds are not subject to the same scrutiny when it comes to security. Jobs, the environment, national security—all basic requirements of good government, all thrown overboard by a government blinded to the national interest by its hatred of the Maritime Union of Australia.

Make no mistake: this legislation is bad for Australia. It is the most obscene piece of legislation I have seen in this House since WorkChoices. Indeed, it can be described as WorkChoices on water, which is why the Labor Party will oppose this legislation. When it comes to the maritime sector, Australia is 'open for business', but only to foreign flagged vessels that pay their crews peanuts and put Australians out of work. Under this legislation, if you are an Australian shipping company your business interests are about to be sold out to the lowest bidder. If you are an Australian mariner, a worker honestly going about your job, your job security is about to be terminated with extreme ideological prejudice.

This bill is designed to repeal reforms of the former Labor government implemented to create a level playing field in the domestic shipping sector. The Labor reforms followed a parliamentary committee inquiry and months of consultation with all relevant stakeholders. Using several pieces of legislation, including updating the century-old Navigation Act and creating the new Coastal Trading (Revitalising Australian Shipping) Act, the former Labor government sought to arrest a decline in the fortunes of Australian shipping by revitalising the sector. Our changes included the requirement that firms seeking to move freight between Australian ports first seek out an Australian operator and that when no Australian ship was available foreign vessels could be used, provided they paid Australian-level wages on domestic sectors. They included a zero tax rate for Australian shipping companies; the creation of an Australian international shipping register to help grow our international fleet and the creation of the Maritime Workforce Development Forum to improve training of seafarers and port workers.

The intent here was unambiguous. Labor wants Australian shipping companies to get fair access to the domestic shipping industry. We believe that ships moving freight between Australian ports should be crewed by Australians wherever possible. And where we do utilise foreign flagged vessels to assist with the growing Australian shipping task, their crews should be paid Australian-level wages so as not to distort the market. That is fair. That is sensible. It gives a fair go to all industry participants—shipowners, people moving goods, and mariners. If you move freight by a train in this country, the train driver is paid Australian wages and operates

under Australian workplace and safety laws. The rail sector itself is subject to Australian standards and Australian laws. If you move freight by road—say, down the Hume Highway—the truck driver is paid in accordance with Australian standards, and he or she must observe Australian safety standards with respect to the nature of the truck used and the hours they spend driving without a rest. That is the Hume Highway, and I say there should be no difference between the Hume Highway and the 'Blue Highway' when it comes to moving freight around the Australian nation.

Labor's position is very simple. If you work in Australia you must be paid in accordance with Australian laws, including earning fair wages. It is a concept that most Australians can understand and support—but not those opposite. They do not want to see Australians working on our coastal routes, because they believe it costs too much. The minister for transport has attempted to justify this madness by claiming he is implementing economic reform because current arrangements are protectionist. That is absolute nonsense. The bastion of free enterprise, the United States, does not allow any freight to be moved by sea between American ports unless the vessel involved was actually built in the United States, owned by the United States and crewed by United States mariners. Under the Jones Act, outsiders are excluded. That is protectionism. And there is strong bipartisan support for the Jones Act in the US. In 2008, then presidential candidate Barack Obama promised he could be counted on to support the Jones Act. In 2006, Republican President George W Bush said:

... it's important for Presidents to embrace the Jones Act. ... I have, so far, five-and-a-half years as the President, supported the Jones Act, and will continue to do so ...

But it goes back further. In 1980, Ronald Reagan said: 'I can assure you that a Reagan Administration will not support legislation that would jeopardize this long-standing policy ... or the jobs dependent on it.'

It is very clear that, indeed, this government is going it alone amongst all of the countries in the G20 in abandoning any preference for an Australian maritime sector engaged in domestic work around our coast. It is an extraordinary proposition. There you have the comparison: three US Presidents, including two Republicans, making it very clear that they understood that the maintenance of a US shipping industry was central to America's economic, environmental and, importantly, national security interests. Yet here in Australia our government, obsessed with attacking workers and eroding wages and conditions, is blind to the same imperatives. That is why I speak of unilateral economic disarmament. None of our major trading nation competitors in the G20 will have a regime anything like this, because they understand the consequences of it.

This bill focuses primarily on the former government's Coastal Trading (Revitalising Australian Shipping) Act 2012. It changes the act's name so it no longer refers to revitalising Australian shipping. Instead, the objects of the act will be narrowed to fostering a competitive shipping services industry that supports the Australian economy and maximises available shipping capacity around the Australian coast. There is no mention of maintaining an Australian shipping industry, only of delivering arrangements that reduce shipping costs. The current object of facilitating the long-term growth of the Australian shipping industry is simply removed.

All of existing part 4 of the act, which creates the existing system of preference for Australian ships in the coastal trade, is repealed and replaced with a permit system with absolutely no preference for Australian shipping. Coastal trading permits will be available to foreign ships on the same basis as they are to Australian ships. They will be of 12 months duration and transferable. Foreign-flagged ships will not be required to pay Australian-level wages until they have spent more than half the year, 183 days, in Australian waters.

These new arrangements do not subject non-Australian ships to Australian workplace standards. They do include a requirement that overseas vessels employ an Australian citizen, resident or holder of a working visa in two senior roles: as either master or chief mate or as either chief engineer or first engineer. But, again, that is only after 183 days on our coast. You do not have to be Nostradamus to see where this is likely to end up. Overseas shipping companies will obtain permits, operate vessels on the Australian coast for up to 183 days in the year and then replace them with other vessels so that the 183-day clock can start all over again for the remainder of the year.

The bill before us also proposes changes to the Shipping Registration Act 1981 in terms of the operation of the so-called second register. The registration requirement for a collective agreement to be in place is removed and a requirement to be predominantly engaged in the international trade is reduced to at least 90 days in any year. Ironically, this antiworker bill was introduced to this House on 25 June, the International Maritime Organization's annual Day of the Seafarer, which promotes careers at sea.

These provisions are not surprising. The minister for transport was attacking and undermining Labor's reforms before they even took effect. His attacks on the legislation were calculated to create doubt in the mind of business as to the durability of the change and to undermine investment. He went out of his way to make it clear that the

changes would be repealed by an incoming coalition government, and this white-anting discouraged the industry from working with the new system.

If Labor's reforms are to work they needed to be given time. The time in which a business can make a decision to invest in infrastructure, such as having an Australian-flagged vessel on the international trade routes, is significant. You cannot make a decision one day and have a ship operating the next day. Businesses have told me they wanted to reflag ships in Australia to take advantage of the incentives in Labor's legislation. Others contemplated increased investment in the local industry, including in the manufacturing of ships. Indeed, after the former Labor government's shipping reforms took effect, Tasmanian shipping company SeaRoad Holdings decided to invest \$100 million in the first of two new cargo vessels, the first of which is due to begin operating on Bass Strait next year.

In a submission to the Senate committee examination of this legislation, SeaRoad's Michael Easy warned that the legislation before us would imperil this investment. Mr Easy wrote that, when seeking bank finance for its expansion, the company cited the strong support for an investment in Australian shipping that was there in the existing legislation. He wrote:

It is crucial to our funding arrangements, Tasmania's future and Australia's credibility on the world stage that the legislation acknowledges that the current regime be preserved on Bass Strait.

So here we have very clear evidence that the current regime is working. Other companies were looking at having their own ships with an Australian flag engaged in the international trade. This was despite the undermining of the current minister for transport.

Now this minister, having sabotaged and undermined the changes for nearly three years, has the gall to point to the need for change. This is a triumph of intellectual dishonesty. Unbelievably, the minister for transport's key criticism of current arrangements is that paying Australian seafarers Australian-level wages costs too much when you can simply open up the waterways to cheaper foreign competitors. But, if we follow this line of argument to its natural conclusion, we might as well replace all of the Australian workforce throughout the economy with foreign workers paid foreign wages. That is the kind of ideological madness we are dealing with here.

The role of government is to balance competing interests in the national interest. In this case, it should mean doing everything possible to minimise shipping costs while also supporting the survival of an Australian maritime industry in recognition of the broader national interests served by its existence. That is Labor's approach. But this minister behaves as though the Australian shipping industry and the people who work in it have no inherent value. To him, Australian shipping is just an expendable line item in some other industry's balance sheet. This is an incredible rejection of the national interest, an astounding abandonment of any ambition for our nation.

Here we are, an island nation that relies on the maritime sector to move 99 per cent of its exports, and this minister cannot see any value in maintaining an Australian domestic fleet, with the consequential skills that come from having a maritime sector. It is no wonder that twice in the past 12 months the minister has received a warm welcome when giving speeches at the Orwellian named Shipping Australia, the representative of foreign ships, where he has attacked Labor's common-sense reforms as a sop to trade unions. I use the term 'Orwellian' with respect to Shipping Australia because it does represent foreign shipping interests. After the minister announced his plans for this legislation to Shipping Australia in May, the organisation released a statement which declared these changes would be of great benefit to primary producers and manufacturers who wanted reduced costs. Shipping Australia had absolutely nothing to say about what the changes would mean for the Australian shipping industry.

It is within Australia's economic interests to retain a vibrant Australian shipping industry. Thousands of jobs are involved. That is thousands of people who pay tax and who contribute to the broader health of the economy as consumers fuelling economic activity, thousands of people who rely on their wages to raise their families and put food on the table. Then there are the Australian businesspeople who have taken the risk to start shipping companies. They are also at risk, not because they are inefficient but simply because those opposite place no value on their existence.

The minister has claimed the changes will strengthen shipping in this country. That is not right. And, importantly, it is not what the government is telling employers behind closed doors. Take, for example, the advice given to North Star Cruises representative Bill Milby by a senior official in the Department of Infrastructure and Regional Development. Mr Milby's company operates cruises in Western Australia's Kimberley region. It offers foreign visitors a uniquely Australian experience—beautiful scenery and top-notch service from an Australian crew. In a submission to the Senate Rural and Regional Affairs and Transport Legislation Committee inquiry into this legislation, Mr Milby wrote that, when he attended the minister's speech announcing this legislation back on 20 May, he raised a question from the floor asking the minister to consider the effect of the changes on his business. The minister said there would be no effect. Mr Milby then approached departmental official Judith

Zielke, who was with the minister, who told him that if he wanted to remain competitive under the new regime he should re-register his vessel overseas and sack his 50 Australian staff and replace them with cheap foreign labour. Mr Milby followed up with another meeting with Ms Zielke and also Michael Sutton in Canberra a few weeks later, where he received identical advice.

After Mr Milby made this information public in a submission to the Senate committee inquiring into this legislation, the member for Warringah, who was at that time the Prime Minister, questioned Mr Milby's integrity by claiming this advice was never given. But, in a 7 September public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee, Mr Milby repeated his evidence on oath, and Ms Zielke and Mr Sutton confirmed his version of events. Despite this, the member for Warringah and the minister for transport refused to apologise, even after they had heard Mr Milby say publicly he took exception to being declared a liar by our national leaders. Departmental briefing papers delivered to the Senate during the previous sitting fortnight again confirmed that this advice was given.

This government is not only driven by ideology on shipping; it is also happy to trample the reputation of anyone standing in the way. The facts here are simple: Mr Milby was given two options. Option 1: move offshore, sack your Australian staff and hire foreign workers being paid foreign wages. Option 2: go out of business. It is very clear that this legislation should be dropped and the new Prime Minister should take the opportunity of the transition to do just that. Almost a fortnight ago, I wrote to the new Prime Minister suggesting he do just that. The fact that I am speaking now on this bill means that the leadership change has not changed the government's policy on destroying Australian jobs and the Australian shipping industry. Under this legislation, the only option for Australian shipping operators who want to be able to compete against foreign shipping companies is to effectively become a foreign company. This is too absurd for words.

While Mr Milby outlined what looks to him like a very dismal future for his company, other operators have already seen the writing on the wall. In January, Tony Briggs, head of the Cairns based Coral Princess Cruises, said he was selling out to foreign interests because he could not compete with a Bermuda flagged vessel that began operating in competition. Mr Briggs told the *Cairns Post* that the changes that are before us would make matters worse and damage Australian businesses. Mr Briggs's assessment of the government's reform plans was pretty simple. He described them as stupid. He said this: 'There will never be another passenger ship built in Australia if there is no certainty on how we can operate. It is exporting jobs.'

I note that the minister for transport claims this bill is about reducing red tape. This is not true. The explanatory memorandum attached to the legislation says that 88 per cent of the economic benefit the changes will deliver will come from reduced labour costs. That is what it says, very clearly, in the explanatory memorandum. It is one thing to export jobs, but let us consider the record of foreign flagged vessels in this nation when it comes to maritime safety. We cannot underestimate the importance of maintaining our clean and green coastal environment to our tourism industry, which employs more than one million Australians.

Since 2004 Australian inspectors have detained 122 foreign flagged oil tankers because they have been overloaded or have had defective equipment or serious deterioration of their hulls and were judged to be a risk to their seaworthiness. In the same period, they detained no Australian flagged oil tankers. Just have consideration of recent incidents. In June 2007 the *Pasha Bulker* ran aground, on Nobbys Beach, at Newcastle. It was flying the flag of Panama and its crew was made up of mariners from the Philippines and Korea. The subsequent investigation raised concern about the failure of the ship's master to take on ballast or to weigh anchor and move offshore before the winds associated with the storm reached gale force.

In 2009, as Cyclone Hamish approached the Queensland coast, the *Pacific Adventurer* began losing shipping containers overboard in very heavy seas. One or more of those containers pierced a hole in the vessel as it tumbled into the water. The result was a 60-kilometre-long oil slick that hit the beaches of the prime tourism region of the Sunshine Coast, resulting in a clean-up bill of \$34 million.

About a year later, Chinese registered bulk carrier *Shen Neng 1* ran aground off Rockhampton. The vessel was 10 kilometres away from normal shipping lanes. It gashed a hole in the Great Barrier Reef three kilometres long and 250 metres wide, the equivalent of about 58 football fields. It created an oil slick more than three kilometres long. There was no Australian pilot aboard this vessel. There should have been. As transport minister, at the time, I flew over the site on an Australian Maritime Safety Authority aircraft. It was very clear what had happened. We could see from the air the channel through which the ship was supposed to pass, but it simply failed to turn. The mariner in charge had little knowledge of Australian conditions and had had little sleep because he was operating under third-world industrial conditions. He was later sentenced for 18 months in jail for his negligence.

Australian vessels are crewed by Australians, who are obliged to observe Australian safety rules and are intimately familiar with our coast. They are also alive to the fundamental importance of tourism for our economy.

The Great Barrier Reef is this nation's No. 1 drawcard for tourists, particularly from the booming Chinese and Indian markets. Tourism related to the reef earns this nation \$5.7 billion every year. It supports 65,000 jobs. The reef—about the size of Italy—supports regional cities and towns along the Queensland coast, be they Cairns, Townsville or right down at Gladstone, where Heron Island is such an important part of the tourism industry. It is not just the reef—right around Australia job-generating tourism depends on a clean environment.

Australia's mariners also have a critical role in protecting our national security. They understand the location and importance of coastal facilities that could be subject to terrorist attacks. Because they are familiar with what goes on around our coast, they are more likely to notice when something untoward is going on. In June, the ABC's *Four Corners* program highlighted the security implications of the coastal free-for-all. The program concerned activities aboard the *Sage Sagittarius*, the coal freighter operating between Australia and Japan. The vessel's Japanese owners registered the ship in Panama to minimise wage bills, even though their key business is hauling coal from Australia to Japan.

The *Four Corners* report contained allegations that three men were killed aboard the ship: one disappeared overboard, another was attacked before falling 12 metres to his death and another had his body crushed in machinery. Investigations are ongoing, and we await their results. I do note that while Australian mariners undergo stringent background checks before going to sea, checks on overseas mariners are not of the same level. We have a government that will bang the national security drum until the cows come home, each and every day. We have a government that speaks about stopping boats but has legislation here that is about stopping boats with the Australian flag on the back of them.

I note that on 17 June *The Australian* reported the head of the government's Border Protection Command, Rear Admiral Michael Noonan, gave a blunt assessment of foreign flagged vessels. He said: 'Vessels that flew flags of convenience flouted safety and employment standards and posed risks to revenue, trade and environmental hazards.' That is a common-sense and informed observation from someone—with no political motivation—who is trained to look at the world from the perspective of Australia's national interest. That is why I move the following amendment. I move:

That all words after "That" be omitted with a view to substituting the following words:

"the House:

(1) notes the evidence given before the Senate inquiry into this bill to the effect that senior officials from the Department of Infrastructure and Regional Development advised Mr Bill Milby of North Star Cruises that for his company to compete in Australia under this proposed legislation, he should reflag to a foreign state, sack his Australian crew and hire a crew on cheap foreign wages;

(2) accordingly declines to give the bill a second reading; and

(3) expresses its support for regulation aimed at revitalising the Australian shipping industry by ensuring that:

(a) the Australian shipping industry operates on a level playing field with foreign ships, based on Australian standards, when working in Australia; and

(b) Australia's vital economic, environmental and national security interests in fostering a local shipping industry are safeguarded".

In conclusion, I end where I began. Australians are entitled to expect their governments to put the national interest above all else. The legislation abandons Australia's economic, environmental and national security interests.

We on this side of the House are in favour of reform that makes our nation more efficient. We can even reluctantly accept reforms that are at odds with our political and policy instincts if we can see that change is motivated by good intentions. This is not. The motivation for this is ideological and based upon an idea that they want fewer members of the Maritime Union of Australia, and the way to achieve that is by destroying the Australian shipping industry. It is very short-sighted, it is unilateral economic disarmament and it is something that is not contemplated by any other nation in the G20. That is why Labor will oppose this bill.

My advice to those opposite is that they can do much better than this. We want to see the Australian flag flying off the back of trading vessels around the Australian coast and, indeed, right around the world, but this legislation raises the white flag on the continued existence of an Australian maritime sector and Australian jobs. This legislation arose from a unanimous parliamentary inquiry, the deputy chair of which was the former member for Hinkler, Nationals member Mr Paul Neville. It arose out of full consultation with the maritime industry and sector as well as with the workforce, the navy and departments across the government. This ideologically driven legislation is short-sighted and should be rejected. The government should go back to the drawing board and start again, and the legislation inquiry in the Senate confirmed exactly why that is the case. I commend the amendment to the House.

**The DEPUTY SPEAKER (Mr Broadbent):** Is the amendment seconded?

**Ms Collins:** I second the amendment and reserve my right to speak.

**The DEPUTY SPEAKER:** The question now is that the amendment be agreed to.

**Mr WHITELEY** (Braddon—Government Whip) (17:31): Today I rise to speak on the Shipping Legislation Amendment Bill 2015. This bill seeks to remedy the dire situation facing our coastal shipping sector in this country. This is not the first time I have risen in this place to speak about the coastal shipping industry, as it is an issue that I care very deeply about. Coastal shipping is one of many sectors that have suffered because of the self-interested and uncompetitive voice of the unions and their Labor puppets.

In my electorate of Braddon the Rudd-Gillard-Rudd governments, coupled with the Tasmanian Labor-Greens coalition, fundamentally failed my state on just about every social and economic indicator. Unemployment levels rose drastically and education suffered alongside a dire economic forecast which was a result of fiscal mismanagement. However, it was not enough for the Labor Party, with their faceless union masters in the wings, to set about destroying our nation's finances. Indeed, alongside their Greens allies, they set about destroying the coastal shipping industry in this country. The Coastal Trading Act was perhaps the most effective tool that regime enacted to suffocate the Tasmanian economy.

Shipping is the lifeblood of the Tasmanian economy. Tasmania, an island, is dependent on shipping. So, too, is Australia, by the way. When shipping works the Tasmanian economy works; when shipping fails the Tasmanian economy struggles. Legislation enacted under the Rudd-Gillard-Rudd debacle has starved the coastal shipping industry not only in Tasmania but across our island nation. What an absurd and perverse situation we are faced with when it comes to Labor and the Greens' approach to coastal shipping. Those opposite are so inward-looking that they think the Australian economy will benefit from a coastal shipping industry that is so overburdened with regulation and red tape that it is on the point of submersion. So beholden are they to their union masters that those who sit opposite enacted legislation which has fundamentally hurt the workers they purport to be representatives of. What a farcical situation we are now faced with. In the same way as Labor is currently bowing to the militant CFMEU on ChAFTA, they capitulated to the MUA on coastal shipping. And guess who has suffered? It is Australian workers and Australian businesses. By stifling Australian competitiveness in the coastal shipping sector, those opposite signed a death warrant for the industry.

This government believes in our shipping industry, and we believe in jobs for Australian workers. As per usual, the Maritime Union of Australia is totally disconnected from the reality of the global economy. Under the previous Labor government's coastal shipping reform—fundamentally, as I said earlier, driven by vested union interests—shipping companies have been suffocated with bureaucracy, red tape and the need for endless permits, coupled with union protectionism. The shipping industry has effectively been run aground. This is costing jobs and has increased costs to consumers and to exporters at a time when competitiveness is the major struggle and the major challenge we face. The only jobs this union protectionism has saved are those of the union officials and their spineless puppets in the ALP. It is absolutely disgraceful.

In my electorate and across my state it has cost hundreds of other jobs. The situation we are faced with is absolutely abhorrent and is directly attributable to bad policies enacted under the previous Labor government. What those on the other side of the chamber are really saying is that it is okay to protect the jobs that they have a pecuniary interest in. They will do whatever they have to do through legislation to protect those jobs, but at the cost of hundreds—if not thousands—of other jobs which, in the eyes of the Australian Labor Party, obviously do not count. Labor's coastal shipping reforms are a throwback to the old Labor new protectionist platform of the early 1990s. Just 49 million tonnes of coastal freight were loaded in 2012-13. Five years earlier it was over 59 million tonnes. As a result, freight costs have hit Australian businesses hard—and Tasmanian businesses, I would argue, the hardest. Bell Bay Aluminium, a major employer in the state of Tasmania, has indicated an increase in costs from \$18.20 a tonne in 2011 to \$29.70 a tonne in 2012—an increase of 63 per cent—following the introduction of the existing regulations. Compare that with freight rates offered by foreign vessels, which sat at \$17.50 a tonne in 2012. Every dollar increase in the cost of freight puts more jobs at risk and stifles growth in any sector relying on coastal shipping, including the shipping industry itself.

Over the period 2010 to 2030, Australia's freight task is expected to grow by 80 per cent. While the national road and rail component is projected to double, coastal shipping movements are only expected to grow by a mere 15 per cent. It is time to bring coastal shipping back into the future. It is time that we had less regulation and more productivity. It is time to give the Australian coastal shipping industry some much needed space to grow.

It is unfortunate that we have had to take this legislative action, however it is a historical truth that coalition governments consistently have to clean up legislative messes created by the Australian Labor Party. They knew that implementing their unionist protection policies, overloading shipping companies with red tape and requiring permit after permit to ship goods around the country, would cost the industry billions of dollars and that the

industry would, by default, pass those costs on. It was clear that that, in turn, would see an increase in the cost of goods to consumers and eventually cost jobs and hurt the Tasmanian economy, making us, as I said, less competitive at a time when we need to be even more competitive. In the face of all that anguish and opposition, the Australian Labor Party pressed ahead, regardless of the damage it was going to wreak on every single business in this country that relies on shipping—particularly in Tasmania.

I am tired of the MUA and their ALP marionettes coming into this place and falsely advocating for Australian shipping workers. I was elected to represent the interests of my constituents—the wider interests of my constituents—not the interests of some self-interested union which has a pedigree in damaging the economic interests of this country. In December 2010, the then shadow minister for transport, the Hon. Warren Truss, said:

This change would immediately take us back to the bad old days where companies wanting to ship product around Australia would have to wait weeks and sometimes months for an Australian flagged and crewed vessel to become available.

The now Deputy Prime Minister went on to predict:

It will be cheaper and simpler to import products from Asia, the United States and even Europe than it will to move them from one port to another in Australia. It will be more attractive to process Australian raw materials overseas than to ship them to an Australian port.

What a wise comment by the now Deputy Prime Minister. He was right. It has cost Tasmanian producers, manufacturers and small businesses a lot of money and it has cost many jobs in our state.

Australians must never forget that we are an island nation. A significant amount of the goods we require for everyday existence is delivered to our ports via coastal shipping. The permanence of our geography and the ever-increasing forces of globalisation have resulted in our nation relying on coastal shipping. We should not be hostage to our geography nor should we allow ourselves to remain exposed to the risk associated with a weak coastal shipping industry. The unionist protectionism which is at the core of the Labor Party's coastal shipping reforms has not had a positive impact on Australian industries.

The reality is that in 2012-13 Australian ports managed over \$400 billion worth of international cargo and saw some 4,900 overseas cargo ships make almost 14,000 port calls. I applaud the hard work of our coastal shipping workers and also thank workers across the ports of our great nation for the contribution they make. Yet I am deeply concerned that without the legislation this government is enacting their jobs will become increasingly untenable as red tape drives costs to increasingly uncompetitive levels.

Labor's actions have directly decreased coastal voyages by over a thousand and have resulted in almost two million fewer tonnes of freight moved by foreign vessels in 2012-13. Figures released in *Australian Sea Freight 2012-13* show that 49 million tonnes of coastal freight were loaded in 2012-13 but that five years earlier, in 2007-08, it was over 59 million tonnes. This represents an average annual decline under Labor's watch of 2.4 per cent in the total weight of coastal freight. Meanwhile, the Australian trading fleet continued its downward trend, with the number of major Australian registered ships with coastal licences declining from 30 in 2006-07 to just 13 by 2012-13. While the number of vessels has marginally risen since the period covered by the report, deadweight tonnage has plummeted by 64 per cent over the two years of Labor's failed changes to domestic shipping arrangements. This is not because Australians cannot compete; it is because Labor and the MUA are unwilling to try.

The coalition government has an unshakable faith in the individual enterprise of Australian industry. We know that, through giving industry space to succeed and through clearing the burden of red tape, the Australian coastal industry can once again grow and create more jobs for Australian workers. It is abundantly clear that Labor's policies have failed the industry. Whichever way you look at it, they have failed the industry and its employees—and our economic growth is failing as a result. With the right policies, there is huge potential and upside for coastal trading unconstrained by needless red tape.

Between 2000 and 2012, shipping's share of national freight plummeted from 27 per cent to less than 17 per cent. Making that tale of the sea even worse, over the same period the volume of Australian freight actually grew by 57 per cent. So something is drastically wrong—and it will not get better by itself. It is projected that, over 2010 to 2030, Australia's national freight task will grow by a massive 80 per cent. While the national road and rail tasks are expected to double, coastal shipping movements, under the current regime, will grow a mere 15 per cent. Operating costs, particularly labour arrangements, are uncompetitive when compared with operating costs for foreign ships. For example, Cristal Mining has submitted that the difference between using Australian and foreign ships is an additional \$5 million in costs to their business each and every year.

We are at a crossroads in Australia's coastal shipping. Either we can act now and create effective regulatory frameworks which deliver more growth and more jobs for the Australian economy, or we can pursue the agenda of the MUA. The choice is clear to me, but probably not so clear to those opposite. I deeply care about the

interests of my constituents in Braddon, their businesses and their families, and the interests of all those across the great state from which I come. I know that this legislation will reinvigorate the Australian coastal shipping industry and deliver better outcomes for all Tasmanians. It is time to stand up to the MUA and to legislate better policy outcomes for all Australians, not to play politics with our coastal shipping industry at the expense of Australian and Tasmanian businesses.

I am proud to be part of a government which is attempting to clear the decks of our coastal shipping to enable an increase in the load Australians can undertake in a global market. This endeavour must succeed if the Australian coastal shipping industry is to be brought back into the future. This legislation goes some way to achieving that and therefore I commend it to the House.

**Mr BRENDAN O'CONNOR** (Gorton) (17:46): I rise to speak in favour of the second reading amendment and against the government's Shipping Legislation Amendment Bill, because this bill, if enacted, will tear away at the employment conditions of Australian workers in the maritime sector. I think it is fitting that I follow the member for Braddon, because in mid-July I visited the member for Braddon's electorate to speak with the crew on *Alexander Spirit*, who were instructed to take that vessel to Singapore and hand over the vessel and their jobs to overseas workers. It really is a concern to the opposition that the government, wherever possible, finds an opportunity to turn its back on Australian industry. We saw it in this place in December 2013—the former Treasurer goading Holden to leave our shores. Holden subsequently, the following day, made a decision to leave Australia. The effects of that are not yet fully felt, but over the next year or so direct employees of that car company, and indeed of another car company, will be losing their jobs. Following that, tens of thousands of people are likely to lose their jobs in the automotive parts sector of our economy—just at a time, of course, when they would have been advised by Treasury that the dollar was falling and the exchange rate was such that there were export opportunities for the car industry. The government showed callous disregard for those workers and indeed for the industry generally. Again we see ideology dictating the government's policy. As you listened to the previous speaker, the member for Braddon, you would have thought that he was sacking union officials. Effectively, what he was doing was justifying the removal of employment conditions that are governed by Australian law for people who work on those vessels. He was effectively saying that he wants to see Third World wages on those vessels and he wants to see fewer Australian crew—that would be the consequence of the enactment of this legislation.

It does worry me that not only do the government seem to be indifferent to industry policy and to engaging with industry but also they seem to be particularly animated in their delight when they think that they can get rid of jobs in this country—and particularly if they are organised, unionised jobs. If you are in an industry where there might be some presence of a union, watch out, because this government takes great delight and glee in seeing the back of you. That is what we heard from the member for Braddon. He delighted in talking about the fact that these people will lose their jobs because they happen to be members of a union, which is quite remarkable to hear in any place. It does not matter what your political view is, it is alarming that Australians should lose their jobs because of an ideological position; a position which defends neither jobs nor industry.

So, I oppose the Shipping Legislation Amendment Bill 2015. The minister, when introducing this bill, said:

The bill I introduce today will implement major reforms to the regulatory framework for coastal shipping.

He was not wrong about the proposed change being major, but he was definitely wrong about it being major reform. This is not reform; this is retrograde, draconian change which will directly result in the sacking of Australian workers and their replacement with foreign crews. The former Labor government, in 2012, made significant reforms in the maritime industry, including the introduction of the Coastal Trading Act. This act ensured that there was a level playing field and provided the industry with a stable fiscal and regulatory regime to encourage investment and promote our international competitiveness. The reforms were aimed at sustaining the Australian shipping industry. There are persuasive national security, employment, economic, supply chain security, skill retention, environmental and strategic reasons for retaining policies that provide fair competition to enable Australian coastal shipping to prosper and grow. I thought the member for Grayndler outlined that very compellingly in his contribution to this debate.

The maritime sector provides jobs for thousands of Australians—at least 2,000 seafarers and many more thousands of land-based workers. As I mentioned, the Labor reforms provide a level playing field for domestic shipping that enable Australian ships and seafarers the opportunity to compete on fair terms in the Australian domestic sea freight industry. This bill, however, would allow the Deputy Prime Minister and Minister for Infrastructure and Regional Development to reverse the maritime reforms that we put in place, which will risk the jobs of those seafarers and up to 8,000 other land-based workers. The minister claimed that his planned changes are the elimination of red tape, but that, of course, is nonsense.



The Labor reforms were the result of broad consultations with big companies, sectoral interest groups and experts. They were backed by an all-party parliamentary committee. So, you have to ask yourself: why is the Turnbull government now looking to make these economically irresponsible changes? If you ask me, it is the irrational enmity the government has for, in particular, the Maritime Union of Australia. We have seen—through its actions and not just its words—this government wage war on Australian unions. There is the royal commission, there is the opening up of the debate on penalty rates by the new Prime Minister and there are many pieces of legislation sitting in the Senate that go to undermining the capacity of working people to bargain to maintain security of employment.

However, this issue has nothing to do with whether or not you like unions; it is about jobs. The government, we would contend, should bury its ideology and consider the national interest; that national interest is to retain the reforms we put in place in 2012, which were industry backed reforms. Consider this compelling example, which my colleague—the member for Grayndler—has raised: if you move freight by road, the truck driver earns fair wages; if you move freight on a train, the train operates under Australian law and the driver is paid Australian level wages—why should that be any different if you move freight by sea? If a truck that is owned and operated by a Taiwanese company wants to take goods from Brisbane to Sydney, there would be no-one who would argue that the driver of the truck should work under the standards of Taiwanese wages, training for the truck driver and workplace health and safety provisions. They would argue that the wages, training and other conditions needed to be of Australian standards, otherwise we would have people driving up and down our highways earning \$2 or \$3 an hour, which is an absurd proposition.

Therefore, it would be just as absurd to argue that people who work on a ship going from Brisbane to Sydney—an Australian, domestic task of carrying Australian goods from one port to another Australian port—should not be paid Australian wages and afforded Australian workplace conditions. In fact, to unwind Labor's changes would actually cause a distortion in the freight market. This government's dishonesty and incompetence in relation to this matter is hurting Australia, it is hurting our economy, it is hurting jobs and it is hurting the most vulnerable. The government is willing to eliminate Australian jobs and it is happy to replace the Australian flag on the back of ships with those of foreign ships—and for what?

Importantly, our reforms allow for the use of foreign flagged vessels, but they require businesses to first seek to use Australian vessels. Labor believes we should be supporting our industry. We want to see an Australian flag; we want to see Australian flag vessels carrying Australian goods that benefit the Australian economy. The shipping industry is an integral component of our economy and it cannot be allowed to fail. Labor will therefore fight these changes that will risk Australian jobs. We oppose them not just because it is the right thing but because it is the economically responsible thing to do.

I will just finish what I started in relation to the conversations I had with the crew of the *Alexander Spirit*. I did get the opportunity to go onto that vessel. It soon, in some days, subsequently disembarked for Singapore. From speaking to the engineers and to the seafarers generally on that vessel that day, what they could not understand was how the government would turn its back on their jobs and their livelihood. The fact that they were being asked, in that instance, to sail the ship from Devonport to another country, as I said earlier, to hand over the vessel and to hand over their jobs was something that they could not fully comprehend; they could not believe they were in that position, because it is an unconscionable act in the case of the company to do that and the way in which it was done was unconscionable.

Now, we see before us in this parliament a piece of legislation that, if enacted, will strip away the basic conditions of employment that govern our workplace arrangements in this country. It would be very unfair to those workers. In some of the jobs, you would see a fall in employment conditions by up to 80 per cent, arguably. This would all be driven by an ideology that says, 'We need to attack those workers and we need to remove their conditions.' As we said, those are conditions that apply in other parts of this country and yet, for some reason, the government has chosen to focus its enmity on the maritime sector with a particular ferocity.

We do not believe it is in the interests of that sector of this country to proceed down that path. We would ask government to reconsider its position and seek to engage with the industry with a view to ensuring that we do have Australian flag vessels that do allow for Australian employment conditions to continue, as is the case in most comparable countries, including the United States and the European states, which do likewise.

**Mr EWEN JONES** (Herbert—Government Whip) (17:58): There are two things in relation to shipping and this bill which I would like to concentrate my comments on: firstly, the need to be competitive and reactive to changing circumstances and, secondly, the provision of port access and the ability to grow our businesses in a global market and deliver the framework for future growth and future job opportunities. Australia, as an island continent, should have a vibrant and engaged shipping sector. Yes, with our population compared to landmass and the concentration of our population in the state of Victoria and New South Wales, there will always be challenges

surrounding the logistics of these operations. We should be good at this and we should be competitive in our own waters.

The facts tell a different story, though. Between 2000 and 2012, despite the volume of freight increasing by 57 per cent, Australia's share of that freight fell from 27 per cent to 17 per cent. Worse still, over the first two years of Labor's Coastal Trading (Revitalising Australian Shipping) Act, there was a further decline of 63 per cent in the carrying capacity of the Australian coastal trading fleet. This is despite the outlook where our overall freight task is expected to grow by 80 per cent by 2030. The big statistic is that there is not a single vessel on the Australian International Shipping Register. If you were in the business of insolvency or business restructure, you would be thinking to yourself that you had a massive problem. I note that the member for Gorton talked before about wanting Australian workers to have fair terms and opportunity. Clearly, the circumstances and framework in which they are currently being asked to operate are not working. The facts speak for themselves.

What do we need to do? The industry has come to us, the coalition, with real examples of where red tape has stifled performance. The system should be flexible and easy to use. Instead, the changes introduced by the member for Grayndler in the Coastal Trading (Revitalising Australian Shipping) Act 2012 seem to have had the opposite effect. To require foreign vessels to apply for a minimum of five voyages before a temporary licence can be granted seems counterintuitive. Surely, the nature of shipping one-off cargos means that opportunities are being closed off. In my state of Queensland, we have an important gas export industry. This product is shipped around the world exclusively by foreign ships as there are no Australian ships capable of carrying it. Still they must go through the costly and time-consuming temporary licence processes.

These are foreign ships, and the question needs to be asked: how will smoothing the process out improve the lot of Australians trying to get a job? Look at what has happened since this legislation was passed in the last parliament. There are about 90,000 Australians employed in manufacturing sectors that use coastal shipping, including oil refinement, cement, steel and aluminium. All those industries are energy intensive. We are a high-wage country, and we like it like that. If you have high wages, then you can still compete internationally if you have low input costs and high productivity. The current legislation seems to stifle every attempt to address the way our businesses operate. What we have in operation today is clearly not working. Why is that? We are increasingly in a global market, and we must be internationally competitive. Are we competitive in pricing, efficiency and practice? It is easy for people and organisations to pick statistics to suit their needs, but, at the end of the day, business will go where the best deal is. Plainly, it would appear that our coastal shipping sector has some major challenges in front of it.

It is my firm belief that we all come here trying to do our bit to make the country a better place. We come from different angles and philosophies, but we want the best result. Here, I believe, is an example where the previous minister has done his best to get a result and it simply has not worked. We must address the issue and get the sector back on track. When you have organisations telling you that the changes made by the previous government have resulted in Australian ships being around \$5 million per year more expensive to run than comparable foreign ships on comparable routes, you know you have a problem.

If we fail to address this issue, we will not have any industry at all; we will be forever looking at our ports and wharves and saying, 'What happened here?' while the jobs disappear. We cannot continue to simply pass these costs on to the consumer. We owe it to every single Australian to show that we can be as competitive in price, efficiency, productivity and cost as the players from around the world. When Australian firms are charging coastal shipping rates as high as double those offered by foreign ships—adding tens of millions of dollars to the cost base—you are killing off Australian jobs. When a foreign country can land the product—steel, cement, aluminium and that sort of stuff—at the destination cheaper than we can get it there, you have a problem. Like I said before, business will go where the best deal is. When it is cheaper to ship materials from overseas than to a neighbouring port in Australia, you are attacking the jobs of Australians working in value-adding industries, who want to have a job and want to provide quality products for competitive prices. We must allow our industries to access the most competitive and efficient forms of product delivery so that we can compete with others on a level playing field. The workers of this country do not ask for anything more than that.

This legislation has built-in protections for Australian workers and also for wages and conditions for all seafarers on foreign ships operating in the Australian coastal shipping game. If they operate here for most of the year, they will have to pay our wages and meet our conditions. Ships trading for more than 183 days will be required to employ a master or chief mate and an engineer or first engineer who is Australian or who has our work rights. This crewing requirement is the cornerstone of our revised system.

We are good at this caper. We should hold our own against any in the world. More importantly, we need to ensure that these skills are not lost to our nation. What we have in operation today is clearly not working, and, if it is allowed to continue, we will lose these people. There can be no other sensible conclusion. We are seeing it

happen now, and we have seen it happen since the Coastal Trading (Revitalising Australian Shipping) Act came into place. We need a system which encourages participation and eases concerns, not one which operates like a closed shop with no worries. Clearly, there are worries in relation to this.

What we are trying to do here is ensure that efficient and reliable coastal shipping services form a key plank in our national transport system. We need to reduce the red tape in our systems relating to general licences, transitional licences, temporary licences and emergency licences. Replacing them with a single coastal shipping permit that permits holders to engage in unlimited transport for a 12-month period just makes so much sense. If you are looking to create an environment which encourages more business, this is it. We will treat all ships equally and ensure that the end user—the person buying or using the goods—gets the benefit of a competitive and efficient market mechanism. We need to make it attractive for players in this market to list on the Australian International Shipping register. We must do what we can to reverse the exodus of players from the market.

In my city of Townsville, we are doing our best to make certain that our shipping lanes are busy and that our port business grows. There are challenges, and there are issues confronting us as we try to grow our business.

Townsville, as everyone says—and I will say until I am blue in the face whilst I am here—is a natural hub for the north of Australia and our links to Papua New Guinea and the Asia Pacific region. Swires Shipping has started a new service from Townsville to Shanghai. It is a 10-day journey and is now the fastest container shipping service between Australia and China—it is something which my city is very proud of and something which we do not hear enough about—but we have to make sure that our port can cope with it. Too often, we are seeing ships anchored off Townsville, waiting to get a berth where containers can be unloaded. Too often, we are seeing suggestions about reform to our waterfront systems put on the backburner. Too often, we are seeing opportunities for new services and facilities fail to appear, because we have a state government intent on strangling Townsville's enterprise.

Queensland has a Labor state government. They won the 2015 election in January, promising that no public assets would be sold. That mandate must be respected. I am happy with that. But, if they are going to keep these assets in public hands, they must invest in the necessary infrastructure that will drive our port forward. Failure to do so, while stripping the state owned enterprises of their cash, taking massive dividends and loading these institutions up with debt, is not the answer. Townsville can and should become a major container port. We should have the facilities to unload, wash down, inspect, hold and transport these economic drivers quickly. Had the port been sold, a private firm would already be working on how this could be completed and how the business could grow. In Townsville at the moment, we simply do not have anything in place.

In North Queensland and in Townsville, we are currently seeing very tough times for employment. Just last weekend, we saw an announcement by Glencore that 535 jobs would be lost in and around Mt Isa in their zinc businesses. The cyclical nature of commodities is surely the major factor here, but the lack of any action to bring forward any real infrastructure projects in our region by this state government is a major concern for all who live and work in the north. It is simply not good enough to see the money we put into state coffers continually spent in the south-east corner. For example, tomorrow my mayor and civic leaders will be down here to talk about a combined stadium and entertainment convention centre project. Money is going into the south-east corner. Let us compare what the state government is prepared to pay in the south-east corner with what it is prepared to pay in the north of the state. The Townsville Fire won the Women's National Basketball League Championship earlier this year. It was the first win for us in the north of the state. If you draw a line between Perth and Brisbane, it is the only professional women's sporting team north of that line. Our Premier, Annastacia Palaszczuk, was there for the game. She revelled in the girls' triumph, but there was nothing for these girls and the club from this Labor government. The Queensland Firebirds won this year's National Netball Championships. They are Brisbane based. I am not sure if the Premier was there, but the girls did perform very well. They received a \$30million training facility as a gift for winning a national premiership. So we have a discrepancy between how the south-east corner and the north of the state are treated in terms of their facilities and infrastructure. My region deserves support from the state government.

From a federal perspective on infrastructure, we are rolling out road and bridge work, defence establishment infrastructure and social infrastructure such as the community centre and playing fields at North Shore. Over \$500 million worth of federal infrastructure has just been completed, is being finished or is underway. We are attacking the needs of those in the north who want access to our ports for our goods to be exported. All this stuff is linked. We saw in question time today how the Prime Minister clearly made this link. We need all of our transport systems to work together. So it is important that we make sure that we do these things. It is time the Labor state government found out that the northern border for Queensland is the Torres Strait and not the Pine River. I commend the bill to the House, and I hope that we get the reforms through.

**The DEPUTY SPEAKER (Mr Mitchell):** Always remember that you back the Vixens. That's where you go.

**Ms RYAN** (Lalor—Opposition Whip) (18:11): I rise, like my colleagues here tonight, to speak against the Shipping Legislation Amendment Bill 2015. Labor is the party that stands for workers and jobs. We on this side of the chamber know that and the Australian public know that, despite what we hear in question time about those opposite being the best friends of workers. This piece of legislation is a case in point. I cannot imagine anything that more clearly stamps out the ground where we on this side of the chamber stand and where people on the other side of the chamber stand on jobs for Australian workers.

There is a widely-held view that the coalition's Work Choices legislation was a major contributor to their loss in 2007. We have all heard in this place over the past few months what the member for Grayndler calls this piece of legislation. He calls it 'Work Choices on water'. I think the Australian public agree with the member for Grayndler on this issue in particular. We may have a new Prime Minister but imbedded in the DNA of those opposite is the desire to drive down wages, cut union influence and—the more cynical would say—create a pool of unemployed, underemployed and underpaid to decrease the power of workers when it comes to employment negotiations. Again, this piece of legislation demonstrates that. Former Prime Minister Abbott certainly shared these views. In his book *Battlelines*, he wrote: 'WorkChoices wasn't all bad.' He has since claimed to have been the best friend of workers, but in this place in 2009 he added that 'workplace reform was one of the greatest achievements of the Howard Government'. He said that in this place. Indeed, he also said:

The Howard government's industrial legislation, it was good for wages, it was good for jobs and it was good for workers. And let's never forget that.

The Australian public has rejected those claims.

Now, with this bill before the House, the current Prime Minister has clearly demonstrated that he is not for turning when it comes to workplace regulations. We know Work choices did none of those things that Mr Abbott claimed. It drove down wages and reduced employment conditions. We had young workers being paid in pizzas, for goodness sake! Who could claim it was good for workers? We had workers being paid a few cents more per hour in exchange for the loss of penalty rates. And now we have this piece of legislation trying to introduce 'Work Choices on water'.

When Labor came into office in 2007, it not only had to untangle the Howard-Abbott era Work Choices legislation but had to find a way to strengthen the shipping industry. This industry was in a steady state of decline. The number of Australian flagged vessels had plunged from 55 in 1996 to just 21 in 2007. Following extensive consultation and a parliamentary inquiry, a range of measures were implemented to support the Australian shipping industry. These measures included tax incentives to encourage ships to be flagged in Australia, incentives to employ Australian seafarers, tax benefits for international trade and a range of skills development initiatives. Now, after two years of uncertainty, this government seeks to overturn these reforms with this bill. These reforms will rip the heart out of Australia's shipping industry.

Recent analysis shows that over 90 per cent of shipping jobs will be under threat by these changes. Why are those opposite so hell-bent on creating these job losses? We have already seen losses in manufacturing and shipbuilding in my electorate of Lalor and in neighbouring electorates in Melbourne—in the electorates of Batman and Gellibrand. We have also seen 457 worker exploitation. We have heard of students working for less than \$10 an hour and being in breach of their visas. They are working long, unsociable hours at half pay—in fact, less than half if you look at the penalty rates for unsociable hours. We have rampant casualisation of the workforce in particular industries and we see that on the ground in my electorate. We have found breaches of the labour market provisions under the 457 visa program. We have 100,000 fewer apprentices than we had two years ago across this country. We have a campaign being winked at by this government to do away with penalty rates for some of the lowest paid workers in the country. We have a PM who says penalty rates are for dinosaurs. And what is it about freight movement that riles this government? We know that workers in this country are under attack. This bill demonstrates just how far the government will go not to protect Australian jobs. We have, of course, seen them attacking the Remuneration Tribunal. They have form in this area of trying to drive down wages and conditions of people who move our produce around in this country.

The Australia Institute estimates there will be just 88 Australian-employed seafarer jobs remaining if this legislation is passed. In addition to the loss of jobs, other investments will be affected. SeaRoad, the company that trades between Tasmania and the mainland, is considering the future of its planned purchase of two new cargo vessels. The bank, it seems, is concerned because of the proposed changes and has threatened to withdraw the funding. It is predicted that this route would drop to just 35 per cent Australian-delivered. On the one hand, this government has recently increased the Tasmanian Freight Equalisation Scheme and then, on the other hand, these shipping changes place a different form of pressure on the industry and exporters. It is difficult logic. On one hand, we stand in this chamber and laud ourselves for changes that are supposed to support Tasmania and, on the other hand, we threaten the shipping industry.

Cruise operators—and one in particular—have had a lot of media on this issue because they will be severely affected. We know that the advice to those operators, like Bill Milby, is to re-flag and employ cheaper overseas labour. Our exports of iron ore, petrol and crude oil will be delivered entirely by foreign ships and crews if this legislation is passed. It opens the opportunity for our major produce, including iron ore, and for petrol and crude to be transported entirely by foreign ships and crews around Australia.

I am heartened that recently many crossbench senators have expressed their concerns about this legislation. A recent summit hosted by the ACTU had many senators sharing these concerns. Tasmanian Senator Ms Lambie shows that she understands the particular plight of Tasmania and the impact of this legislation. Wouldn't it be sensible for the members for Bass, Lyons and Braddon to see that as well and to stand in this place and defend Tasmanian shipping? Other senators, like Senator Muir, Senator Madigan, Senator Xenophon and Senator Lazarus, have expressed their concerns. The industry has expressed concern—and was accused of lying when it did so. The workers know their fate is certain if this legislation passes. The workers who have been on email constantly urging us to block this legislation understand that it means that their job will not exist any more.

We know that the previous Prime Minister made much of stopping the boats. Little did we know that this included the current Australian shipping industry. Australia is an island. We rely on shipping. Ninety-nine per cent of our trade relies on shipping. We have a large coastline. Moving goods via ships can be an efficient system. If items are transported across the land in an Australian-registered truck on Australian roads with an Australian driver, Australian rates apply. If the same item is transported via rail with an Australian train driver, Australian rates apply. Why should it be any different along the 'blue highway' around our coast? Where are the savings in this? What are the costs of the lost local spending—the higher welfare costs, the loss of tax revenue and, for some, the health implications following the loss of a job?

You do not want to be in your 50s in Australia today and lose your job. I have had conversations with many in the electorate of Lalor who are now faced with that every day. A lot of them are men and many have said to me that when they first lost their job they thought that they were skilled and that they would just move into another job. At the back of my office, across a laneway, there are a series of job support services, so I often run into people I know coming out of those job support services. Over the weeks and the months their heads are hanging lower and lower. The impact on their mental health, on their families and on their self-esteem is excruciating to watch. These are people who have given their lives, have been productive members of society and have held down good jobs, but with a flick of a pen—and might I say the flick a voice, with the Treasurer daring GMH to take its operations offshore—I now have a string of men in their 50s outside my office weekly attending meetings to be told, 'There are no jobs. You won't get another job. You need to get used to the fact that you aren't going to get another job.' They have written their resumes and they are applying for positions, but their heads are hanging lower and lower. And now we are looking potentially at putting seafarers into those ranks of previously productive members of our society now suffering from mental illness because this government is making decisions that are hurting Australian jobs.

Minister Truss, when questioned about job losses in the shipping industry, described them as 'trivial'. As an island nation we should have a viable shipping industry. Imagine, if for some reason, ships refused to travel here; our economy and indeed our society would come to a screaming halt. There is nothing like standing on your own two feet—something that Australians used to be proud of. We cannot choose to truck or rail something across the oceans—we need our ships and we need a viable, safe, reliable shipping industry. As indicated earlier, Labor is the party that cares for workers and strives for jobs. We care about ensuring a skilled Australian workforce into the future. We do not turn our backs on workers and we do not turn our backs on an industry; we work to ensure not only that people are skilled, but they are being trained and retrained. That is why we will fight to ensure that the seafarers of Australia will be subject to Australian workplace standards and Australian health and safety standards. That is why we will fight to ensure our shipping industry remains strong. That is why, when in government, we undertook necessary reforms—reforms now under threat by this legislation.

We know through the Road Safety Remuneration Tribunal that this government likes to ignore the risks to road safety. Here in this piece of legislation it runs the risk to our shipping industry as well. We rely on shipping for 99 per cent of our trade, including an increasing amount of our petroleum supply. We cannot afford interruptions to this trade occasioned by reliance on foreign shipping. Australia needs a maritime sector that calls Australia home. Shipping in Australian waters should maintain high environmental standards. Another possible outcome of this piece of legislation is that those standards are lowered, because foreign ships will be harder to regulate than Australian ships and because foreign crews will be harder to regulate than Australian crews. We know the standards that Australian shipping and Australian crews bring to their work; we know that they care about this coastline; we know they care about the environment; and we know they would go the extra mile to ensure that goods are delivered safely—safely for the environment as well as safely for workers. We know that screening of

foreign crews is harder than screening of Australians crews. The Office of Transport Security acknowledges this as a higher risk profile that is not factored into the costs of this package.

Our Navy benefits from the skills and support provided by the existence of an Australian merchant fleet. This piece of legislation—this bill—puts all of this at risk. I stand strongly on this side of the chamber to oppose this bill.

**Mr McCORMACK** (Riverina—Assistant Minister to the Deputy Prime Minister) (18:26): This Shipping Legislation Amendment Bill 2015 will substantially deregulate coastal shipping by replacing the current framework for the regulation of coastal shipping in Australia with a single permit for all Australian and overseas ships, by reducing red tape and regulation and by providing greater competition in shipping services. It will enhance choice for business and it will also ensure that appropriate measures to retain Australian jobs, skills and seafarers' workplace pay and conditions endure.

You may wonder what the landlocked member for Riverina is doing in speaking about this, but in my new role as Assistant Minister to the Deputy Prime Minister—and that includes his portfolio responsibilities for infrastructure and regional development—it is indeed important to the new work that I am doing. Just last week I spoke at the Australasian Marine Pilots Institute's international pilotage conference, which was held at the Australian Maritime Museum in Sydney. I spoke about much of what is in this bill in my keynote opening speech at that particular conference.

Before I discuss that, I would like to take the member for Lalor up on a few points that she made. When she said there were 100,000 fewer apprentices in Australia today than there were two years ago, I think that is a gross exaggeration—I really do. Given that the coalition has in fact created more jobs, I find it very hard to believe that there are 100,000 fewer apprentices now than there were in 2013. I say that I am the proud father of my youngest son who is taking up an electrical apprenticeship from 18 January next year. There are opportunities, particularly in regional Australia. I always say that a trade certificate is worth every bit as much as a university degree—every bit as much.

The member for Lalor talked about 457 visas. It is a constant chorus of complaint that I hear from the other side who demonise that valuable 457 visa workplace arrangement. If the visa were not in place for areas such as the Riverina, the Mallee, the Murray—those electorates where seasonal work is so important—the harvest would rot in the paddocks, would rot on the vines and would rot in the fields because, without 457 workers, the crops would not get harvested. It annoys me so much that Labor constantly demonises the 457 workplace visa arrangement.

As for her being flippant about stopping the boats, I have to say there were 1,200 deaths at sea during the six years of Labor's sorry immigration and border protection policies. They have been saved with our tougher border protection measures in place. We should never be flippant about stopping the boats, particularly as it is saving lives. Our strong border protection measures in place now are saving lives.

As I said, last week, on Tuesday, 6 October, I spoke at this important Australasian Marine Pilots Institute conference in Sydney. The marine pilot's profession is a very valued one. Some 84 licensed pilots deal with more than 5,300 vessel movements each year through the Great Barrier Reef, and 320 pilots handle more than 60,000 vessel movements through Australia's ports. Together, the challenges that they encounter are like those of other high-pressure vocations, such as long-haul airline pilots and air traffic controllers. They are at least equal to what those important people do for our aviation industry, and I applaud, as I said at the conference, the Australasian Marine Pilots Institute for developing the capacity of marine pilots and the way they promote their professional interests. A lot of the focus at the conference was on infrastructure. Delivering better infrastructure is a high priority for the coalition government. It involves new infrastructure assets, not least of which are ports, amongst the record \$50 billion investment that we are making in infrastructure right across the nation.

Last May, the government received the Australian Infrastructure Audit, which assessed the nation's infrastructure needs out to 2030. The audit identified key challenges and inherent risks, such as the increasing congestion and bottlenecks that Australia's transport networks face without additional action, and that also involves ports. A focal point for these pressures will be freight movements through and beyond our ports, and that comes into why this important legislation is before the House tonight. The audit found that container movements through Australia's ports are projected to grow by 165 per cent between 2011 and 2031, while non-containerised trade is projected to grow by 138 per cent over the same period. They are staggering projections, and this growth is already underway. Between July and December 2014, the overall throughput at Australian ports increased by three per cent relative to the same six months in 2013. Australia's marine pilots clearly made, as I told the conference, a major contribution to achieving this growth, and labour productivity at container ports increased by 2.7 per cent in 2013-14.

Of course, other factors come into play. In particular, land-side efficiency continues to decline in all ports except Adelaide, with average truck turnaround time increasing by 5.7 per cent. This decline highlights a critical link between developments on the land and sea sides around our ports.

Container vessel sizes for Australian ports are increasing. Larger post-Panamax size vessels—5,000 to 13,000 20 foot equivalent units—are likely to progressively replace smaller vessels. This places greater strains on the land-side capacity of Australian ports, but if operators respond with more truck movements they could simply create greater congestion levels. The risk shows that there is an opportunity for freight rail in Australia to grow its market share, help reduce traffic congestion and support the nation's productivity and growth. The conference heard that, they were interested in what I had to say and they were interested in the role that the coalition is playing on our seas, at our ports and via road and rail to markets—markets which I have to say are increasing following last week's historic Trans-Pacific Partnership agreement, as well as Minister Robb's three preferential trade deals that he has brokered with South Korea, Japan and China. It is going to place an increasing demand on our ports and, indeed, on our shipping system to make sure that we get all those valuable services and valuable goods, particularly from the Riverina, to the markets where they need to go. When I say 'services', the TPP and the three preferential trade agreements enhance our ability to sell our services, such as our education and medical services, to overseas destinations. In particular, the Melbourne to Brisbane inland rail project will meet future transport needs and ensure that Australia has the logistical muscle and infrastructure backbone that we need.

It is important that this legislation pass. The purpose of the Shipping Legislation Amendment Bill 2015 is to amend the Coastal Trading (Revitalising Australian Shipping) Act 2012 and the Shipping Registration Act 1981. The amendments will establish a framework of entitlements for seafarers on foreign vessels engaging in or intending to operate in coastal shipping for more than 183 days. Technically speaking, the amendments will apply the existing part B of the Seagoing Industry Award 2010 to seafarers on vessels that engage predominantly in coastal shipping when the Fair Work Act 2009 applies to them. Where a vessel trades for more than 183 days, contrary to what was indicated in a permit, the amendments will enable an enforcement mechanism for seafarers to recover payments.

This legislation is important, and the House is aware that we need a strong shipping industry to have a well-balanced freight and transport network. Australia's current industry regulations fall well short of meeting our needs for competitive and efficient shipping. I told the conference last week that the fleet of major Australian-registered ships with coastal licences is in sharp decline, from 30 vessels in 2006-07 to just 15 in 2013-14. Between 2000 and 2012, while the volume of freight across Australia actually grew by 57 per cent, shipping's share of the national freight task fell from about 27 per cent to just under 17 per cent. Perhaps the most troubling statistic of all is the 63 per cent decline in the carrying capacity of the Australian coastal trading fleet since 2012. The case for reform is therefore crystal clear, and we as the coalition have taken a major step towards it.

In June this year, the Deputy Prime Minister, the Leader of the Nationals, the member for Wide Bay, introduced the Shipping Legislation Amendment Bill 2015 into parliament. The bill seeks to ensure that Australian businesses and industries can take maximum advantage of the opportunities created by global connectivity. We all know that the world is becoming smaller. We all know that, thanks to the coalition government and thanks to the trading arrangements put in place by Mr Robb, we have trading arrangements that would not have been possible had Labor continued to be in government. They were in power for six years and nothing happened. Now, with the coalition in government, we have people who understand business and understand how important it is to not just trade amongst ourselves—that we need overseas partners to buy our goods and, indeed, that we need to have trade arrangements in place whereby we export more than we import. That is absolutely happening under this government. This bill addresses key challenges that Labor's 2012 legislation created.

The central feature of our legislation is a single, streamlined permit for all ships—Australian and foreign—operating along our coastline, replacing the existing three-tiered licence system. With domestic freight growing exponentially, our shipping network has to carry a larger share of the load. That is perfectly understandable. Industries relying on shipping say the coastal trading act is a barrier to competition and market entry by foreign ships. Evidence supplied by shippers shows that this act has increased the price of coastal shipping services, hitting Australian businesses hard and adding regulatory burdens without improving the viability of Australian shipping or the quality of shipping services. Isn't that just typical Labor.

Bell Bay Aluminium reports a 63 per cent increase in shipping freight rates from Tasmania to Queensland in just the first year of Labor's regime, from \$18.20 a tonne in 2011 to \$29.70 a tonne in 2012. But they would not understand that over there and, worse, would not care. So many of them are just ex-union hacks. I appreciate that unions are important—I do. I was a member of a union for 21 years, but they just take it too far. They get their riding instructions from the CFMEU, blindly come into this place and it is all about the letter of the union law.

That is how they operate. It runs in their DNA in everything they do. Everything they bring to this place is so obstructionist and so union-fed.

We know that the cost of shipping dry food powder from Melbourne to Brisbane is the same as shipping the same product from Melbourne to Singapore. Clearly, that is absolutely ridiculous. It is cheaper to ship sugar from Thailand to Australia than it is to ship Australian sugar around our own coastline. Again, that is crazy and self-defeating for the shipping industry, let alone our sugar industry and local manufacturers. I know how fiercely the member for Dawson represents our sugar growers. The extra cost for Australian businesses using an Australian vessel is outlandish and unsustainable at some \$5 million a year more than using a foreign vessel.

*Mr Feeney interjecting—*

**Mr McCORMACK:** So reform is required—the member for Batman knows that—to simplify the rules and to reduce the cost to business. Even the member for Batman would understand that it is important and that reform is necessary.

*Mr Feeney interjecting—*

**Mr McCORMACK:** He carps away, but even he knows that reform is necessary. That is why the Shipping Legislation Amendment Bill is before the House. That is why it should be supported by both sides of the House, but it will not be supported by those on the other side because they are so obstructionist. Thankfully, it will be supported by those on this side.

**Mr CONROY** (Charlton) (18:41): I must put on the record that I was disappointed by the contribution by the member for Riverina. He is better than the last five minutes of narrow ideological cant. I would expect that from a member of, perhaps, the Liberal Party but not a Nat. I do wish him well in his new assistant minister role. I hope he goes well. I do not wish him well in the passage of the Shipping Legislation Amendment Bill 2015, because this legislation represents the annihilation of the Australian shipping industry. It represents the annihilation of the shipping workforce that this country depends upon. Do not take my word for it and do not take the Labor Party's word for it; you only have to read the regulatory impact statement that accompanies this legislation to understand that what we are debating here through the Shipping Legislation Amendment Bill 2015 is the decimation of the shipping industry workforce. The government's own regulatory impact statement, when you look at table 2, admits that 1,000 of the 1,100 workers employed in that industry will be sacked as a result of this bill. Let me repeat that: more than 90 per cent of the workers in that industry will lose their jobs if this bill passes the parliament of this country. That is the truth of this. The truth is that this legislation embodies the annihilation of a very important industry.

Why is this industry important? Australia is obviously an island nation; we have 10 per cent of the world trade moving to and from Australia by sea; we have the world's fifth-largest shipping task; and we have one of the world's longest coastlines, with scenic icons and tourist destinations all around our coast. Australia has a strategic national interest in having a local shipping industry. It is important economically, providing control over both freight reliability and price stability for shippers in all circumstances. It is vital environmentally. It is vital to protect local coastal icons, such as the Great Barrier Reef, or other parts of our environment. Only last month I was on Nobbys Beach in Newcastle—the beach where the *Pasha Bulker* washed up during the great storms of 2007, when the master of that ship disregarded instructions to move away from the coast. It was a foreign crewed ship that showed complete disregard for our coastal environment. On the point of the Great Barrier Reef: the Great Barrier Reef sees 122 tankers move through it each year; it employs 65,000 Australians in the tourism industry; it has gross value of over \$6 billion; and yet we had 122 foreign flagged oil tankers detained in Australia since 2004 for risks to seaworthiness.

This issue of great substance to the environment of this country, it is of great importance to the economic interests of this country, and it also has national security and defence perspectives. Only last month I was at Merchant Navy Day to honour the 435 Australians who lost their lives serving in the Merchant Navy. In fact, on a percentage basis, there were more Australian casualties in the Merchant Navy than in any other service, other than Bomber Command. I honour their sacrifice.

But, because of this bill, their successors in the Australian shipping workforce are now at risk of losing their livelihood. This bill imperils that industry. It imperils a very important service. Labor believes that shipping is an industry in itself and cannot just be seen as a cost to manufacturers or farmers. We believe competition advances the national interest, but it is in the national interests of Australia to have an efficient coastal shipping industry, because it keeps downward pressure on costs. But it is also vital that we regulate to ensure that Australia retains and fosters its domestic maritime capability.

The coastal trading walls put in place by Labor created a level playing field, requiring that Australian wages and conditions be observed and be in place if a ship were to be here for a certain amount of time. What we are



seeing now is 'Work Choices on water'—an undercutting of wages and the driving down of costs to Third World proportions. Many ships are flagged in other nations, where taxation, wages and compliance are less vigilant. So all we are talking about here is maintaining Labor's record and regulations, which say that if you are on the Australian coast for a certain amount of time you need to pay Australian wages and conditions, versus what is proposed here, which is undermining that.

We are not extreme in this. We are not the only act in the world saying that you should pay local wages and conditions. All nations in the G20 have more-restrictive coastal shipping policies than us. Free market economies like the US, Japan, Canada, the UK and most nations in Europe have more restrictive coastal shipping laws than Australia. Even the Chinese coastal shipping routes are closed. In the United States, through the mighty Jones Act, not only do you have to pay US wages and conditions but you have to employ US seafarers on ships built in the United States. The Jones Act, in that bastion of a free market economy, guarantees that US built ships have US seafarers being paid US wages and conditions.

That is why Labor is proud of our shipping reforms—shipping reforms that followed four years of extensive consultation following a drastic drop in trading ships under the Howard government. Forget all the furrphies from the Deputy Prime Minister about when the loss of Australian coastal trading vessels occurred. It occurred under the Howard government, where the number of vessels fell from 55 to 21. The coalition government was responsible for the dramatic decline in Australian coastal shipping, and Labor committed to reversing that precipitous decline. We led a series of consultations with the industry. We set up an advisory group. We provided a 2010 election commitment to revitalise our shipping industry. We released a discussion paper on it. We established reference groups with industry to work through these issues. Members of those reference groups were across the breadth of the maritime industry: ports, the blue water and offshore sectors, the cruise industry, regulators, unions and trading providers. We even engaged across government with Treasurer and Finance officials, the dreaded central agencies. We managed to get agreement on what was a very constructive package that, if given a chance to work, if moved away from the argy-bargy of political partisanship, can revitalise the shipping industry in this country. That led to legislation in 2012.

There were four key elements to that package: tax reform, to encourage investment in new and more efficient ships that would enhance the industry's productivity, including a zero tax rate and seafarer tax exemption; an Australian international shipping register, to help grow our international fleet; a new licensing regime, to provide clarity and transparency, which would enable long-term planning and set clear boundaries around the necessary role of foreign vessels in our coastal trade; and, the establishment of a maritime workforce development forum to progress training and help us to build a highly-skilled maritime workforce.

Progress under the package has been limited, I must confess, but this can clearly be attributed to the huge uncertainty created by the clear signals the current government has sent from the day the legislation was enacted that they would tear the package up. That uncertainty has led to huge consternation in the local shipping industry. This issue is underscored by the fact that through the Senate estimates process we heard recent revelations that the Department of Transport and Regional Services advised Australian operators to flag their vessels overseas and sack the Australian crews and replace them with crews on Third World wages. This has been confirmed time and time again by shipping industry operators. When they explain the impact of this bill on their business, the department has told them that they need to sack their workforce.

Yet the coastal act had a chance to work and can work. ANL has stated that since the coastal act was enacted their cargo volumes increased by 25 per cent. Rates have fallen by eight per cent on those routes, and sea freight remains half that of rail freight. Let me repeat that. Under Labor's coastal act, ANL has said that their cargo volumes increased by a quarter; the rates they charged Australian producers fell by eight per cent; and sea freight remained half as expensive as rail.

So, while we fully oppose the bill we are debating in this parliament, improvements can be made and we are open to that discussion. But this bill is not part of that productive discussion. This bill to deregulate coastal trade will cost jobs and will work against our national interest.

If you look at the regulatory impact statement on the coalition's bill, which sets out the saving associated with the bill, 88 per cent of the savings from this package come from sacking that 1,000 workers. Official modelling provided with the bill nominates where the jobs will be lost, but fails to nominate where a single job will be created. The costs for the bill do not include the cost of the jobs that will be lost. It does not calculate the jobs lost in land transport modes, despite noting that freight will shift to ships. The analysis of the risk has found that over 1,000 jobs will be lost. We need to put this in context to other modelling that was released when Labor's coastal act was put in place in 2012. A report by Deloitte that was commissioned by those opposed to Labor's coastal act—industries arguing for cost reductions in coastal shipping; typically, the cement industry was one example—found, with some very skewed assumptions, that Labor's coastal act would cost 200 jobs. Let me repeat that: 200

jobs were supposedly at stake if Labor's laws were put in place, versus the government's own modelling, which admits that over 1,000 jobs will be lost if they are repealed. Even if we take the generous and skewed assumptions of those supporting the coalition, this bill will create, at most, only 200 jobs, versus the 1,000 jobs that we know will definitely be lost by this policy—five times the number of jobs lost because of this retrograde legislation.

We need to look at the principles that drive this legislation. If we are saying that, to keep our coastal shipping industry competitive, we should not have Australian wages and conditions, what next? Does it mean that we cannot pay Australian wages to the truck driver who takes the cargo from the production facility or the farm to the port? It is exactly the same logic to say that we must cut the wages of the truck driver or that the truck should be registered not in Australia but in the Philippines. Taken to its next logical extension, the argument is that that factory should not employ Australians on Australian wages; they should be paid the lowest possible wages of competitor nations such as China, India, the Philippines, Thailand or South Africa—wherever their competitors are. That is the logic undermining this bill. It is a logic that is flawed, it is a logic of a race to the bottom and it is a logic that I am confident the Australian people will reject. They will reject it and say that Australia can do better. We can have a competitive industry paying Australian wages and conditions. We can have an Australian industry that provides support to farmers and to manufacturers but creates well-paying jobs for our Australian workers.

I note the previous speaker to this debate talked about addressing a conference of Australian pilots. That is a very important industry and very important to my home port of Newcastle, where we have lots of tugboats and pilots bringing people in and out of the coastal area. Their own RIS says that, at most, there will be 88 positions available in the Australian shipping industry for seafarers to be trained up to give them the skills that eventually lead them to becoming pilots. Even the industry operators—not unions but employers—question whether those 88 jobs will exist. My simple question for the government is: if you argue that pilots and other seafarers are very important for the future of this country, the future security of the nation and the future environmental integrity of our ports and our coasts, where are the jobs they will be trained through? Where are the jobs that will allow them to be trained up to get the skills to be the experienced next generation of pilots we need? That is what this bill is about. This bill is about undermining those training opportunities, undermining an industry that is important to our national interest and undermining the environmental integrity of our nation.

Let me repeat that, since 2004, 122 foreign flagged oil tankers have had their licences suspended, have been fined and have been found to be lacking in the appropriate safeguards to navigate our Australian coastline, imperilling the 65,000 direct tourism jobs in the Great Barrier Reef, imperilling the \$6 billion gross value that the Great Barrier Reef adds to our economy and imperilling areas such as mine, around the beautiful beaches of the Newcastle region. This is all at stake with this legislation, and it is a huge pity. I went to a shipping industry summit attended by employers, the union and users such as the cement industry. All have a tremendous spirit of cooperation. They all want to improve the industry, recognising that there are challenges—but instead we see a race to the bottom, a race where this government's only solution is to cut wages, because that is what it is. Their solution is to cut wages, sack Australian workers and replace them with people who are paid a lot less and are subject to huge bullying. We saw the unfortunate murders that occurred on a ship entering Newcastle a while back. This is what is at stake with this legislation, and that is why I stand with the rest of the Labor Party in saying: we will not support this legislation. We will not support anything that destroys 1,000 jobs and undermines Australian wages and conditions. I proudly condemn this bill. (*Time expired*)

**Ms MARINO** (Forrest—Chief Government Whip) (18:56): Australian produce is generally exported by ship. We are, after all, an island nation and, apart from some airfreight, the great bulk of our commodities and the vast majority of Australia's international trade by volume travels on the seas. The importance of shipping to modern trade and our economy cannot be underestimated, particularly on the back of the recent free trade agreements and the Trans-Pacific Partnership. In 2012-13, Australian ports managed over \$400 billion worth of international cargo and saw some 4,900 overseas cargo ships make almost 14,000 port calls. With this level of activity, we cannot afford for this industry to be beset, as it is, by the dead weight of red tape and uncompetitive costs.

Under Labor's bureaucratic permit system, put in place simply to support the Maritime Union of Australia, there were almost 1,000 fewer coastal voyages and almost two million fewer tonnes of freight moved by foreign vessels in 2012-13. Labor's coastal-trading licencing system has resulted in a substantial increase in the freight rates experienced by shipping users—for example, Tasmanian company Bell Bay Aluminium recorded a 63 per cent increase in freight costs in one year. It has resulted in a 63 per cent reduction in the deadweight tonnage, or capacity, of major Australian flagged vessels with coastal licences from 2011-12 to 2013-14—I am not sure what about this the other side does not understand. And it has resulted in around 1,000 extra administration hours per year in the industry to meet the red tape of the scheme, as estimated by the Business Council of Australia. Under Labor, the fleet of major Australian registered ships—over 2,000 deadweight tonnes—with coastal licences plummeted from around 30 vessels in 2006-07 to just 15 in 2013-14. The number of ships on Australian

transitional general licences has dropped from 16 to just eight. Looking forward, at this rate Australia's overall freight task is expected to grow by 80 per cent come 2030 but coastal shipping will only increase by 15 per cent.

Figures released in the *Australian sea freight 2012-13* report show that 49 million tonnes of coastal freight was loaded in 2012-13 but that five years earlier, in 2007-08, it was over 59 million tonnes. It is an average 2.4 per cent decline each year in the total weight of coastal freight over that period. Since the period of the *Australian sea freight 2012-13* report, ships have been added to the fleet; however, over the two years of Labor's failed changes, dead weight tonnage of coastal shipping has actually plummeted by 64 per cent. This dogma, used to justify Labor's reform, did not save Australian jobs on the water and has cost Australian jobs on land. It is there in black and white.

The situation is even more grim when it comes to domestic freight. Between 2000 and 2012, shipping's share of national freight plummeted from 27 per cent to less than 17 per cent. Over the same time, the volume of Australian freight actually grew by 57 per cent. Projections over 2010 to 2030 will see Australia's national freight task grow by a massive 80 per cent. However, while the national road and rail tasks are expected to double, coastal shipping movements are only expected to rise around 15 per cent. This is due to the uncompetitive nature of sea freight in the current settings. Operating costs, particularly labour arrangements, are uncompetitive when compared with operating costs for foreign ships. We need to fix this to build a competitive shipping industry. For example, coastal shipping is bound by regulations where a ship has to wait idle in port for a day before loading can even start. This can cost companies \$10,000 to \$20,000 a day, and it hits domestic sea freight companies, whose costs have been increased by up to 50 per cent in some cases by Labor's changes. So Labor's permit system, which was a gift to the Maritime Union, is actually costing jobs and has the potential to cost a lot more jobs in our mining and manufacturing industries.

I was disappointed to hear the previous member's comments about the farming sector. The Business Council of Australia estimates that Labor's system has inflicted over 1,000 extra administration hours, as I said, per year on the industry, simply to comply with the new system. Shippers are telling the Australian government that container rates from Melbourne to Brisbane are almost twice the cost of those from Singapore to Melbourne. It is really extraordinary. Bulk freight rates on the east-west route have reportedly doubled in the past year, and transporting sugar from Thailand is actually cheaper than shipping it from Queensland. For example, according to Cristal Mining, in my electorate, Australian ships can cost around \$5 million a year more than a comparable foreign ship on comparable routes.

On 8 April 2014 the Deputy Prime Minister released the Australian government's 'Options paper: approaches to regulating coastal shipping in Australia'. The paper was well received by industry. The Department of Infrastructure and Regional Development received 85 submissions and is continuing to receive supplementary submissions and additional information. The submissions highlighted the problems experienced by producers, manufacturers and other users of coastal shipping with the current system.

The five-voyage minimum requirement before a temporary licence can be granted actually hinders the ability to move one-off cargoes by coastal shipping. For example, a piece of heavy machinery was unable to be shipped as a single voyage, and therefore a temporary licence could not be granted. The machinery instead was moved by road, which required a police escort and removal of overhead power lines due to the oversized load. This was more complicated and costly than a voyage by ship.

Certain products, like LPG, are moved exclusively by foreign ships operating under temporary licences. Even though there are no Australian ships capable of carrying the products, the shippers must still obtain licences for the movement of the goods. It is a costly and time-consuming process that delivers no value to the Australian economy.

Tolerance limits make the current system inflexible for coastal shipping users. The tolerance limit for the amount of cargo carried means that last-minute changes to cargo simply cannot be made, or, if a change has to be made, the ship is delayed while waiting for the change to be approved. These delays can cost foreign vessels around \$10,000 a day and more than \$20,000 a day for Australian ships. Ships carrying petroleum products from offshore petroleum production facilities are not able to apply for a temporary licence, making it really difficult to bring those petroleum products directly to mainland Australia.

Submissions on the options paper have highlighted cost pressures faced by coastal shipping users, as I said. Bell Bay Aluminium, which I referred to earlier, has indicated an increase in costs from \$18.20 a tonne in 2011 to \$29.70 a tonne in 2012—an increase of 63 per cent following the introduction of the existing regulations. Compare that with freight rates offered by foreign vessels, which sat at \$17.50 a tonne in 2012. This is the reality that we face. Overall, submissions shared a common goal: to reform the current regulation to increase flexibility and affordability for users of coastal shipping. The Australian government is carefully considering these issues

and is committed to developing an internationally competitive coastal shipping framework that enables the industry to operate effectively, efficiently and in the national interest.

These policies are also washing ashore, having a knock-on negative effect on land-based Australian jobs and industry. The Business Council of Australia says that around 90,000 Australians are employed in the manufacturing sectors that use coastal shipping, including oil refining, cement, steel and aluminium. The BCA says that restrictions mean that Australian firms are paying rates that can be up to double the rates offered by foreign ships, adding tens of millions of dollars to their cost base and making their operations less viable as a result. Australian businesses are made less viable. That means ultimately less jobs.

Labor's coastal trading policies have clearly had a detrimental impact on coastal shipping and the economy, and Australian businesses report that it is cheaper to ship materials, as I said earlier, from overseas—it is extraordinary—than to move them around the Australian coast. Importing goods means that Australian business is lost to overseas competition, and it can put pressure on Australian jobs in the longer term.

There is a critical policy need for more affordable and flexible coastal shipping for major trade-exposed manufacturers—the ones that employ large numbers of Australians, especially when that employment is largely in a regional area like my electorate of Forrest. The port of Bunbury is central to the economic growth and development of the South West region. The major products moving out through the port are alumina, woodchips and mineral sands. The port does not currently have a container handling facility, despite calls for the development of this capacity for many years. There appears to be adequate cargo, within the South West region as its origin or destination, to allow for the development of container handling facilities. However, the port suffers from competition with the Perth based Fremantle-Kwinana port. The port of Bunbury needs to expand to handle containers, and I will continue to work to help facilitate this into the future.

In 2005 the state Labor government announced that they would build a new gas-fired power station in Kwinana instead of a coal-fired one in Collie. To compensate, they committed \$60 million for the port of Bunbury for a dedicated coal berth to assist coal exports. However, like many Labor promises, it did not eventuate. This is very pertinent today, as a private coal company has been looking to export coal and there is no coal berth. At a time of uncertainty in Collie for the coal industry, the additional export opportunities that such a berth would have delivered would have been valuable indeed.

So, with those comments, I conclude my remarks.

Debate adjourned.

## MOTIONS

### **Customs (Prohibited Imports) Amendment (Firearms and Firearm Magazines) Regulation 2015 Disallowance**

**Mr KATTER** (Kennedy) (19:10): I move:

That the Customs (Prohibited Imports) Amendment (Firearms and Firearm Magazines) Regulation 2015 made under the Customs Act 1901 on 6 August 2015 and presented to the House on 10 August 2015, be disallowed.

Those of us—and there seem to be very few in this place—who read history books know the great march of history. There are some leaps forward. And one of the greatest leaps forward in the history of liberty and freedom was the writing of the Magna Carta by that wonderful man Bishop Langton. Heaven only knows what we owe to the Christians. In the Magna Carta, he said that it is the right of an Englishman to bear arms and the Crown has no right to take away an Englishman's right to bear arms. That was in the Magna Carta in 1215. In the Bill of Rights which delivered democracy to the people of the world—it was in 1660, or whenever the hell it was—they enshrined the right to bear arms. These are the greatest documents in human history. The greatest minds in all of human history have sat down and thought about government—unlike the pygmies that populate this place in a passing moment. These are things that have lasted for a thousand years.

As to Thomas Jefferson, who will forget that phrase of John F Kennedy's when he had the Nobel Prize winners at the White House? He said, 'This is the greatest aggregation of intellect in the history of the White House, with the possible exception of when Thomas Jefferson dined alone.' Jefferson, and those other great men who wrote the Declaration of Independence, wrote into the Declaration of Independence the right to bear arms, for, without that, the individual has no rights; the rights of power lie exclusively with government.

There is a great debate over fishing closures in Queensland. In Queensland now, the only people with the right to bear arms are the people in uniforms. It is pretty scary when you live in a society where the only people with the right to bear arms are the people in uniforms.

Those who are of a conservative bent—and that most certainly does not include the Liberal Party—believe in certain inalienable rights and freedoms. They believe in the right of the individual and that it prevails over the

I would urge everyone to let that process take its course. I have taken the view that it is a very sensible thing for us to have this temporary ban whilst we come to that conclusion together.

Question negatived, Mr Katter dissenting.

### PERSONAL EXPLANATIONS

**Mr ALBANESE** (Grayndler) (19:40): It might suit the House, given there is a change of business here, that I seek leave to make a personal explanation.

**The DEPUTY SPEAKER (Mr Craig Kelly)** (19:40): Does the honourable member claim to have been misrepresented?

**Mr ALBANESE:** Yes.

**The DEPUTY SPEAKER:** Please proceed.

**Mr ALBANESE:** In question time today the minister for infrastructure suggested that I was misleading in the statement I made about the managed motorways upgrade of the Monash Freeway and stated that only \$9.9 million had been allocated. The \$9.9 million referred to the 4.1 kilometre section of the Monash Freeway between High Street and Warrigal Road. If he had turned it over, he would have seen that there was a second section to:

... upgrade the Intelligent Transport System on the 29.4 kilometres section of the Monash Freeway (M1) from Warrigal Road to Clyde Road. This work will include additional sensors to help improve traffic flow, more Variable Speed Signs and the use of hard shoulder for additional capacity.

- Federal contribution: \$68.6 million.

For the benefit of the House, this was to be matched by a contribution from the Victorian government, at the time, which was a coalition government. I put that on record to make it clear that my statements were correct and those of the infrastructure minister were not.

### BILLS

#### Shipping Legislation Amendment Bill 2015

#### Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

to which the following amendment was moved:

That all words after "That" be omitted with a view to substituting the following words:

"the House:

(1) notes the evidence given before the Senate inquiry into this bill to the effect that senior officials from the Department of Infrastructure and Regional Development advised Mr Bill Milby of North Star Cruises that for his company to compete in Australia under this proposed legislation, he should reflag to a foreign State, sack his Australian crew and hire a crew on cheap foreign wages;

(2) accordingly declines to give the bill a second reading; and

(3) expresses its support for regulation aimed at revitalising the Australian shipping industry by ensuring that:

(a) the Australian shipping industry operates on a level playing field with foreign ships, based on Australian standards, when working in Australia; and

(b) Australia's vital economic, environmental and national security interests in fostering a local shipping industry are safeguarded".

**The DEPUTY SPEAKER (Mr Craig Kelly)** (19:41): The question now is that the amendment be agreed to.

**Mr THISTLETHWAITE** (Kingsford Smith) (19:42): I speak in support of the amendment moved by the member for Grayndler and am strongly in opposition to this Shipping Legislation Amendment Bill 2015. Let us be very clear what this legislation seeks to do. It seeks to put about 10,000 hard-working highly skilled Australians out of work and replace them with foreign labour on foreign flagged vessels around the Australian coastline. That is succinctly what this bill is aimed at doing. That will be the effect of this bill, to put thousands of Australians—many of whom live in my community—out of work and allow so-called 'flag of convenience' vessels to operate in Australian waters, to employ foreign labour on those vessels, to avoid Australian workplace relations and safety laws, to avoid paying those crews fair and decent wages in accordance with Australian workplace agreements and awards, and to potentially undermine the environmental protections that Australia has built up around some of our most precious marine resources, particularly the Great Barrier Reef.

Australia is an island continent and we are heavily reliant on shipping for our trade. In fact, shipping represents 99 per cent of the carriage of our trade. We have one of the longest coastlines in the world and the fifth largest

shipping task of any nation. Ten per cent of the world's cargo trade is carried by ship to or from Australia. Ten per cent of the world's international cargo shipping is done to or from Australia. That gives an idea of the magnitude of this industry and the importance of this industry to Australian employment and economic development. This bill seeks to undermine the sanctity of that particular industry and the importance of it to Australia's economic development.

Shipping is a massive industry and is one of tremendous importance to many Australians and to the Australian way of life. My own grandfather was a wharfie who worked at the Hungry Mile around Sydney. His job was related to that particular trade—the importance of shipping. When he was injured at work and was unable to work on the wharves anymore, his family suffered as a result. If it were not for the support of the Waterside Workers' Federation at the time, his family would indeed have struggled to get by. The importance of shipping, of this particular trade, to many Australian employees and families cannot be underscored enough. That is why I am vehemently opposed to what this government is seeking to do, which is to completely wipe out protections that have been put in place to ensure that we promote Australian jobs in this industry and to ensure that we are promoting Australian wages and conditions, safety and environmental laws at the expense of foreign-flagged vessels. I think is the height of un-Australian culture to ensure that foreign-flagged ships can come into the Australian shipping industry and begin to offer and operate services at a discounted rate, principally because they have got rid of protections on wages and conditions. It is against everything that Australia stands for when it comes to promoting jobs and a great industry that has served our nation well.

Labor recognised this when, in 2012, we introduced new laws designed to revitalise what was then a flagging shipping industry. We took this task seriously. Over many, many years the Labor Party consulted with experts in the field—with the shippers, with the businesses, with the logistics companies, with the stevedoring companies and, importantly, with seafarers. We looked at international best practice, and between 2010 and 2012 Anthony Albanese, the member for Grayndler, led an extensive consultation period. There had been a parliamentary inquiry in 2008. On the back of that we introduced measures that had the support of industry, that had the support of the operators of Australian-flagged ships on our shores. We introduced new measures to provide taxation incentives for Australian-flagged ships, encouraging the employment of Australian seafarers and ushering in workplace packages that focused on maritime skills development—on building a credible, sophisticated, highly skilled workforce that supported a very important trade in the Australian economy, that grew that trade in the Australian economy.

Since the day the Abbott-Turnbull government was sworn in, it has harboured a destructive attitude to some of those Labor reforms for an important industry and has sought to foster uncertainty regarding the potential of an Australian-flagged fleet. Since its time in opposition this Liberal government has been about ensuring that it undermined those policies that were put in place by Labor, seeking to create uncertainty within the industry. The Shipping Legislation Amendment Bill is this government's attempt to continue to undermine that industry. It will potentially result in the loss of 10,000 direct jobs that are currently undertaken by Australians and will see them go overseas—taken up by foreign labour. At the end of the day, that is the crux of the issue here. That is what will occur if this bill goes through this parliament.

This bill replaces preference for an Australian flag on ships working on the Australian coast with preference for a foreign flag—or at least indifference to flagging, with so-called flags-of-convenience ships being placed on the same level as Australian-flagged ships. When a ship has an Australian flag it is subject to Australian safety, workplace, environmental, taxation and industrial relations laws. It is subject to the laws of Australia, and in that respect those who operate those ships must operate in accordance with Australian laws and must employ Australians in accordance with those laws. As I said earlier, approximately 10,000 people are directly and indirectly employed in this industry. And let's face it: Australian shipping and seafaring workers do it tough. It is not an easy job being at sea for the majority of your working weeks in a particular year. It is tough on the individual, it is tough on their families and it is tough on the communities in which they live.

Just last month I visited Port Botany, in my local electorate, where hundreds of local workers were protesting the sacking of almost 100 port employees. We saw what occurred there. Those individuals were dismissed and were told by text message that they were being made redundant. When I went down to the port I saw workers who had lost their jobs, but I also saw the coach of the local footy and soccer teams, the husband or wife of the nurse who works at the local hospital, the husband or wife of the local teacher who works and educates kids in our community. They had been given a kick in the guts by this particular company—a foreign-based parent company that did not really understand the way Australian workplace and industrial laws work and thought it would be able to get away with dismissing people at night via text message. That is an insight into what is in store for those 10,000 seafaring-type workers who are employed in this important industry if this bill goes through.

It has been dubbed 'WorkChoices on water', and I could not think of a more appropriate way to describe what is going on here, what this government is attempting to do in attacking seafaring workers. Of the savings the government claims on the back of this bill, 88 per cent are due to the sacking of Australian workers and replacing them with foreign crews being paid Third World rates. That is what this government is attempting to do: make savings to the Australian budget on the back of sacking Australian workers. In my view, that is despicable—and that is why we are opposed to this bill.

This is a disastrously short-sighted approach from this government that fails to take into account the devastating impact it would have on those who will lose their jobs, as well as on their families and the communities in which they work. The impact also includes lost spending in local economies, lost revenue to the government through a reduction in income tax payments from those who lose their jobs, and a further cost to the budget due to the resultant higher welfare spending—not to mention the emotional and psychological damage that is invariably associated with the sudden loss of one's job.

This legislation also has an environmental impact. Australia has some of the most pristine and ecologically important marine reserves in the world—most notably the Great Barrier Reef. No-one knows those waters better than the seafarers and captains who operate in those waters, particularly Australian seafarers and captains, many of whom have grown up on the waters around those important ecological areas. There have been cases of foreign flagged vessels that have run into difficulties in Australian marine reserves and damaged some of Australia's precious marine ecosystems. There was the recent incident of *Shen Neng 1*, which in 2010 became stranded on the Great Barrier Reef and did significant damage. There were also incidents with the *MV Pacific Adventurer* in 2009 off the Sunshine Coast and with *Chinese Steel Developer* in 2015 off Mackay. This underscores the importance of ensuring that we have Australian flagged crews and Australian flagged vessels operating in Australian waters—because they appreciate and understand. They have the local knowledge, particularly of shipping channels, necessary to ensure proper navigation through these protected waters. They would understand the importance of ensuring that people are not working when fatigued or under poor work standards. They would ensure that ships operated with appropriate controls when navigating through these protected waters.

So there is not only the personal aspect; there is not only the economic aspect; there is also an environmental aspect to what this government is seeking to do. On those grounds, Labor has a very simple position: we are opposed to this bill. If you seek to move freight on the road in this country, the driver is paid Australian wages and the driver works to Australian safety standards and road conditions. The same goes for moving freight by rail. The situation should be no different if you are operating in Australian waters. If you are operating a company in Australian waters and moving cargo to and from Australia, you should operate under Australian rules—you should pay your workers Australian wages, you should provide them with Australian conditions and you should abide by Australian environmental and safety laws.

Australia is heavily reliant on the shipping trade to keep our nation going, and we need to rely on Australians to do this work. This bill attacks those workers and seeks to allow operators in Australian waters to bring in foreign flagged vessels and to bring in workers under foreign wages and conditions—to undercut Australian wages and conditions. On that basis, this bill should be opposed. I urge the House to support the amendment of the member for Grayndler.

**Mr HUTCHINSON** (Lyons) (19:56): This debate on the Shipping Legislation Amendment Bill 2015 has demonstrated that the case for reform is very clear. Some of the preceding speakers have clearly highlighted that need for reform. But all we get from the other side is more of the same, more of what we are seeing in a lot of policy areas at the moment—they are just running a scare campaign. The previous speaker was running a scare campaign based on protectionism. I personally have great faith in the capacity of our local shipping industry to innovate where needed and to compete.

Australia has the fourth largest freight task in the world, but shipping's share of that freight task has continued to fall since 2012. I will run through the Tasmanian experience, because I think what has happened on the little island shows in microcosm what has occurred on the big island. We do not have road or rail connections to many of those important hub ports; we have Bass Strait. Because of the changes that were made to legislation by the previous government in 2009 and again in 2012, we—immediately after the Coastal Shipping (Revitalising Australian Shipping) Act—lost our international shipping service. That had a simple knock-on effect. We lost that international shipping service that was calling in at Port Adelaide, Bell Bay and Brisbane and then heading off to Singapore from where freight could go pretty much anywhere in the world. Once that service was lost, all of that volume moved onto the Bass Strait. I am not a master of economics, but with the lack of competition we saw prices go up.

You only have to look at the submissions that have been made to the Senate inquiry. Any number of representations have been made. Probably the most notable—and I note the member for Bass is sitting here next

to me—was about the impact on Bell Bay Aluminium in his electorate. In the 12 months subsequent to the loss of that international shipping service, their costs went up by 63 per cent. Equally I could speak about Norske Skog, a paper manufacturer in the south of my electorate. The loss of that shipping service was not the sole reason, but it was certainly one reason, as Rod Bender said to me on many occasions, why they lost paper contracts in Western Australia—because there was no reliable way to service that market for newsprint in WA.

I could equally talk about Cement Australia at Railton, also in my electorate, another one that does not, of course, have the option of moving cement by road or rail. They depend absolutely on shipping. The costs to their businesses indeed have increased enormously. But just as easily I could be talking about every shipper, every exporter and every farmer in my electorate. This has a knock-on effect.

I note the review that was commissioned by the MUA and conducted by, if I am not mistaken, the Australia Institute. That is the same Australia Institute that I think did a lot of employee knock-on impacts within the forestry industry. They completely overestimated the impacts of the competition that would come and the potential job losses in these reforms, and they completely underestimated the impact on all of those other industries.

I have some sympathy, and I am not quite sure the member for Bass will have the same sympathy that I do, because I will give the benefit of the doubt to those opposite and I will say that the intentions of that Coastal Trading (Revitalising Australian Shipping) Act 2012 were well intentioned, that they were not a sop to the MUA and that they were genuinely trying to bring about reform and revitalisation, as the title of the bill suggested. It might be unkind to suggest that it was a sop to the MUA, but, in the island state in an island nation, the impact was absolutely enormous. I do not understand the case that is being made by those opposite, and I dispute absolutely the references and the reference material that they use from the Australia Institute, because that is the same Australia Institute that condemned forestry in my state of Tasmania. Remember: it was the former government, along with a terrible state government that we endured for many years, that shut down forestry. They said there were only 2,000 jobs in forestry, but they ignored utterly the takeaway shops. They ignored the engineering shops in Launceston and the tyre businesses in Sorell—all of these businesses that depended very much on that sector. So it is with the logistics that are demanded in an island state to move goods efficiently and reliably. I do not understand why a job on the water is somehow more important than, for example, a job in the factory at Norske Skog, a job at a dairy manufacturing plant on the north-west coast or a job at Bell Bay Aluminium, as I am sure the member for Bass will allude to later on. I do not understand. For me, morally, I will stand up for those jobs and for every job. I give the benefit of the doubt to those opposite and to the MUA, whose bidding they were doing, that they were well intentioned, but they failed. They have utterly failed.

The evidence is there for all to see that the number of registered Australian ships has fallen and has continued to fall. It has not moved. In fact, one of the interesting things in the submission that the MUA made to the Senate committee was that it noted that there would be a \$4.25 billion benefit in output and 9,000 additional jobs assuming that 100 additional ships were registered under this Australian International Shipping Register. What they do not tell you is that since that was introduced there have not been 10 and there have not been five; there have been zero vessels that have actually signed up to that International Shipping Register. So this is the situation that we have. As I say, I will stand up every day for jobs in my state, but when we start valuing one job on the water more than many more jobs, whether that be two, three or five times the number of jobs in businesses and industries around my state, I think the argument has failed.

I mentioned some of the other submissions to the Senate inquiry. Indeed, they are compelling reading, and it does not take very much comprehension to understand the impact, whether it be Bell Bay Aluminium, Cement Australia or Aluminium Industries Australia. I think one of the most impressive representations I read was from Primary Employers Tasmania, who, in their covering letter, provided me with a copy of the National Farmers' Federation submission on the Shipping Legislation Amendment Bill 2015. Indeed, that made very compelling reading.

As I say, I do have some sympathy for those opposite, but the truth is that their reforms have unequivocally failed. The need for change is absolute; change is very much needed. The Shipping Legislation Amendment Bill 2015 will provide an unambiguous objective of ensuring efficient and reliable coastal shipping services as part of the very important national transport system. A single coastal shipping permit for all ships—Australian and foreign flagged—will replace the existing tiered system, which, as I have highlighted, has failed, granting unrestricted access to coastal shipping. All contestability aspects of the current framework will be removed, and Australian and foreign ships will be treated equally, but I have great faith in the capacity of our shippers to compete. Foreign ships will not be imported by Customs when operating under a permit, including when dry-docking.



Finally, I want to touch on this. I have had a number of people write to me highlighting their concerns about the impact on local employees. As I mentioned, with the overestimation by Labor and the underestimation of the knock-on the impact on other sectors of the economy, there is little reason for the domestic shipping industry to be concerned. Consideration has been given within the construction of this legislation to make sure that Australian crews are protected with a framework of entitlements for seafarers on foreign vessels that are engaged or intend to engage in coastal shipping for more than 183 days. The amendments will apply to part B of the Seagoing Industry Award of 2010 for seafarers on vessels that engage predominantly in coastal shipping when the Fair Work Act 2009 applies to them.

In summary, this is much needed legislation. It will protect jobs and I have no doubt that Australian coastal shipping will continue to be able to compete. More importantly, it will protect jobs in many businesses all around Australia.

**Ms MacTIERNAN:** I rise to oppose the Shipping Legislation Amendment Bill 2015. The member for Grayndler has very cogently pointed out the difficulties with this bill and the unfairness of this bill in terms of labour market provisions, and has also touched upon the issues of national security that have arisen time and time again when we look at the demise of our nation's own ability to sustain a shipping fleet. On that point, we note that American analysis of the Jones Act, which the member for Grayndler referred to comprehensively, very significantly found the importance of having a domestic fleet that could be diverted in times of national crisis to assist with tasks and referenced the role of the shipping industry in fuelling the efforts in the various Gulf wars.

I want to talk today about another issue that has not been touched on and it is one that I have had personal experience of: the ability for us here in Australia to sustain a skilled workforce within our ports. For almost eight years, I had responsibility for running WA's eight ports. Those ports, particularly if you look at the Pilbara ports, were some of the largest ports in the world in terms of tonnage shipped through them. What became evident from my experience, and indeed it was in all the reports that were made to me at that time—and I see from my research that it continues to be the case—is that there are critical skills in the operation of ports that require people with profound and extensive blue-water experience. The key tasks include those of harbour masters, port marine pilots, tug operators and marine engineers. All of those are absolutely critical skillsets for the conduct of sophisticated port operations.

The previous speaker was getting worked up because some of the reports had been prepared by certain entities. He seemed to particularly have some difficulty with the Australia Institute. I am looking at a report prepared by Victor Gekara from RMIT University for the Transport and Logistics Industry Skills Council. It is a report that has been backed up by a variety of government agencies and, indeed, port authorities around the country. It points out just how critical it is for us to have those skills and how increasingly difficult it is to find those skills within Australia. It goes directly to the question of the absence and decline of domiciled shipowners. The report says:

The absence of domiciled ship-owners engaging in cadet training has ... led to the depletion of the existing pool of mariners due to natural wastage as well as sectoral migration.

Basically, without any workforce replenishment at the bottom, we are simply not getting the people who come through as recruits, become junior officers and work their way up. If we continue to have this erosion of a domiciled Australian shipping industry, we are going to continue to lose the very critical skillsets that we need to have port operation. The previous speaker went on at length about wanting to protect the timber industry and the dairy industry and wanting to ensure that they have the capacity to export their product. I absolutely agree, but a critical part of that supply chain and trade facilitation is the efficient operation of ports. Ports simply cannot operate without deep skillsets in all of those areas. I have seen ports with a variety of levels of sophistication in their operations and I understand how critical it is to have deep skill sets and to have people with deep and profound logistical abilities. That can turn a port around.

If I could talk about the Port Hedland facility, which is now part of the combined Pilbara Ports, there was a time when BHP would question whether or not we could get much more than 190,000 tonnes out of that port. Last year that port got 264,000 tonnes of iron ore out on a single day. It is just extraordinary that we would get out a shipment of that size. Port Hedland is a heavily tidal port and these ships are very large, so it is a challenge as to how many ships you can bring out on a single tide. Earlier this year the Port Hedland facility of Pilbara Ports was able to ship out 1.5 million tonnes on eight Cape-class bulk carriers, within a single tidal window of 4.75 hours. You do not do that without profound logistical capacity and profound skill levels in your pilotage and in the port traffic operations. These are all skill sets that are acquired after very detailed and lengthy experience as blue-water mariners.

I ask members to look at where this whole issue of an Australian shipping industry fits within our ability to run ports that are efficient, that are able to cut costs and that are able to use their infrastructure in the most efficient

way possible. So it is not just a question of looking at the industry itself. We need to look at the superstructure that is very much dependent on there being skill formation going on within the country.

I am very concerned that, as the member for Grayndler said, in a nation where we export 85 per cent of what we produce, Australian companies are responsible for exporting only around two per cent of the product that is produced on our shores. That is insufficient to either generate the jobs that we need to keep Australia going and, certainly, it is insufficient to generate the jobs we need to have efficient port operations. Our current account deficit obviously would be so much better if we were able to attract a much larger portion of shipping to Australia.

I think this legislation, in addition to all the unfairness in it that has been set out by previous speakers, is also a deeply irresponsible piece of legislation. It certainly shows that Australia is one of the few developed nations that has a large export industry yet does not work very hard to ensure, through legislative and fiscal means, that it sustains an efficient locally domiciled shipping industry and that it recognises the value of creating those jobs in themselves to allow Australians to have access to that work. It is equally important that as an exporting nation we recognise the need to have deep maritime skills so that we are able to operate efficient port operations. If we are to continue to provide meaningful, good jobs for Australians we need to make sure that we have an Australian based shipping industry.

So, I will be supporting my colleagues on this side of the House in refusing to support this bill. I am very mindful of the number of maritime workers I have met in recent times—a number of highly skilled seafarers in Western Australia—who are out of work. They have had exemplary work records and have been employed in the industry for the last 20 years. Now, particularly with the legislative diminution brought in with regard to the pipe-laying vessels offshore, jobs have been lost in the Australian resource sector as pipe laying and the servicing of rigs has been allowed to go offshore. Through the administrative dumbing down and non-enforcement of the rules in relation to our offshore resources facilities, many hundreds of Western Australian seafarers have lost their jobs. This legislation we are considering here today will increase that trend.

Therefore, I will not be supporting this legislation and I really urge the government to rethink this. I certainly hope that our friends on the cross benches in the Senate can see the folly of our losing yet another key skill set, consequently undermining our capacity to run the ports around our country, those ports that are so absolutely critical for trade facilitation.

**Mr NIKOLIC** (Bass) (20:22): As we have heard from many speakers this evening, Australia is an island nation, unique in being the only country in the world to occupy its own continent. If you were to superimpose a map of Australia over a map of the continental United States, you would see that they are about the same size, but in terms of population we are only about one-fourteenth the size of the United States—about the same as the great state of Texas. My home state of Tasmania is an island state, so the issue of shipping is of vital importance to both Australia and Tasmania's future prosperity. Coastal shipping helps ensure that we optimise the benefits of globalisation and growing trade, particularly in the much heralded Asian century. As the key drivers of global economic prosperity transition from the north Atlantic to Asia, Australia, sitting there beautifully positioned astride the Indian and Pacific oceans, is well placed to take advantage.

My point is that readily available and efficient coastal shipping and international shipping will help ensure that quality Tasmanian produce and manufactured goods can serve growing Asian middle-class markets from India to China, which, in the next 15 years, are projected to grow from 500 million people to 1.7 billion people. That is why I am so pleased to make a contribution to the debate on the Shipping Legislation Amendment Bill 2015, which helps to untangle the mess left by the Labor-Greens government's legislative changes in 2012.

I can recall our announcement in April 2014 of an options paper on this issue, which elicited public comment from Bell Bay Aluminium, one of the biggest businesses in my electorate of Bass. The general manager, Mr Ray Mostogl, said in a media release on 8 April 2014 that, following the introduction of Labor's coastal trading act, Bell Bay Aluminium faced a 63 per cent increase in freight rates. He noted that Labor's licensing arrangements:

... have led to greatly reduced shipping options and competition in the market and an associated increase in the cost of shipping. Bell Bay Aluminium is pleased to see that the current government review is looking to address the competitiveness of services and shipping costs.

He went on to say, perhaps most importantly:

Freight has been identified as one of the key means to keep the Bell Bay Aluminium smelter viable.

What you hear from Mr Mostogl is that there was greatly reduced competition in the market, fewer shipping options and increased costs to his business in the immediate aftermath of Labor's 2012 coastal shipping laws. Perhaps of greatest concern is the link that he draws between these impacts and the very viability of Bell Bay Aluminium. That raises some pretty major red flags about jobs and other human consequences in northern Tasmania. There is no doubt that Labor's 2012 coastal shipping changes added greater pressure to jobs and

livelihoods at Bell Bay. We are talking here about real people in the beautiful northern Tasmanian coastal community of George Town and surrounding areas. These are proud, hardworking people who felt the adverse effects of these ill-considered changes—yet another kick in the guts for a community that had experienced more than its fair share from 16 years of state Labor and Labor-Greens government in Hobart.

What makes this situation worse is that, in 2012, Canberra's Labor-Greens government only added to their problems with these ill-considered shipping laws. Tasmania's interests were sidelined, and Bell Bay Aluminium's interests were sidelined, by Labor-Greens governments led by Lara Giddings and Julia Gillard. It is important because we are not talking here about some small employer. I am hesitant to say it, but Bell Bay Aluminium is one of the few large employers we have left in northern Tasmania. It is a significant employer and a significant taxpayer. It supports the employment of more than 1,000 Tasmanians. It uses 25 per cent of Tasmania's total electricity and it contributes almost \$700 million each year to Tasmania's gross state product.

So, when the General Manager of Bell Bay Aluminium said to the Productivity Commission that Labor's coastal shipping changes caused 'a 63 per cent increase in freight rates', why didn't Labor listen? When Mr Mostogl gave testimony that leaving ships idle at ports for a day before loading can commence, as demanded by the Maritime Union of Australia, costs foreign vessels about \$10,000 a day and Australian ships more than \$20,000 a day, why didn't Labor listen? When exporters said that freight rates from Tasmania to Queensland in the first year of Labor's coastal trading act almost doubled to \$30 a tonne, while rates elsewhere in the Southern Hemisphere remained at about half that at \$17 a tonne, why didn't Labor listen? When the fleet of major Australian registered ships—over 2,000 deadweight tonnes—halved from 30 vessels in 2006-07 to just 15 in 2013-14, and the number of ships on Australian transitional general licences dropped from 16 to just eight, why didn't Labor listen? When there was an over 60 per cent decline in the carrying capacity of the major Australian coastal trading fleet in the first two years of the former government's coastal trading act, why didn't Labor listen? When there were almost 1,000 fewer coastal voyages and almost two million fewer tonnes of freight moved by foreign vessels in the year after Labor's laws came in, why didn't Labor listen? When demurrage rates tripled from \$15,000 to \$45,000, why didn't Labor listen?

In the member for Perth's contribution, I heard her talk about the importance of maritime skills, knowledge and attitudes to the future of Australia's productivity, but how do any of those things that I have just described help people in the maritime industry keep their jobs? How does the halving of the coastal trading fleet lead to more jobs for people in the maritime industry? The undeniable fact is that not only did the cost for bulk shippers like Bell Bay Aluminium go up but their shipping options dramatically decreased, and the projections into the future are no better. From 2010 to 2030, under what Labor has in place, Australia's overall freight task is expected to grow by 80 per cent, but coastal shipping will only increase by 15 per cent. Think of what that means for a maritime nation like Australia and an island state like Tasmania. I want to hear those on the other side explain to me how halving of the fleet after Labor's laws came in is good for jobs in our maritime nation and my maritime state. How does a much-reduced share of the national freight task help jobs in the industry? How can those people who are studying at the Australian Maritime College in my home city of Launceston look to the future with those sorts of metrics and think about a bright, rosy maritime industry in the aftermath of Labor's 2012 laws? Of course, they cannot, and those opposite who continue to cheer for this legislative gift to the Maritime Union of Australia should listen to those actually reliant on coastal shipping, who see these ill-considered laws as yet more economic vandalism.

But, to add insult to injury, Labor's former coalition partners, the Greens, not only cheered for these laws but actually insulted the big employers and the big taxpayers. In comments to the Launceston *Examiner*, recently retired Greens leader Christine Milne denigrated Bell Bay Aluminium and three other major industrial companies in Tasmania as having 'exaggerated' because they 'want a handout'. What callous indifference to Tasmanian jobs shown by the Labor Party and former Greens leader Christine Milne, who appear happy to sacrifice Tasmanian jobs on the altar of union-Greens ideology!

So, for my home state of Tasmania, fixing this Labor mess is of vital importance, and the productivity Commission agrees, noting in its recent report on Tasmanian freight:

Given its reliance on sea transport, Tasmania is particularly affected by inefficiencies embedded in coastal shipping regulation. This regulation should be reviewed and reformed as a matter of priority.

That concern is echoed by the Tasmanian Minerals and Energy Council, who say in their submission that Tasmanian businesses 'are the most exposed in Australia to the regulatory framework for coastal shipping which is in urgent need of reform'. The Launceston Chamber of Commerce and Industry has said about Labor's reforms:

... Launceston and Northern Tasmania has suffered considerably from increased costs and timeliness for exports and imports of freight as a result of the enacting of the Coastal Shipping Legislation—that Labor brought in.

So, as you can see, Labor's coastal shipping legislation is a cumbersome, protectionist regime that reduces our competitiveness. It has no friends in those businesses reliant on getting their goods to market in a timely and efficient way. It should have no friends in an island nation like Australia and an island state like Tasmania.

Perhaps of greatest concern is that Australia's coastal trading sector is at a crucial way point. By making coastal shipping more competitive, the government is supporting the growth and expansion of jobs in Tasmania's manufacturing, mining, horticultural and agricultural industries. So the purpose of this bill is to implement much-needed reforms to the complex regulatory framework for coastal shipping, easing the damage Labor has inflicted on Northern Tasmania and other coastal shipping centres around the country.

The bill's central feature is a much-simplified permit system to reduce costs to business and grow their access to competitive international shipping. The bill reaffirms the government's commitment to greater efficiency and competitiveness in Australia's shipping industry. Through the reforms in this bill, we help ensure greater access and greater choice to shipping services in a more open and competitive market, because, as the four free trade deals that Minister Andrew Robb has negotiated clearly demonstrate, we operate in a global context, so every bit of efficiency and productivity we can build into that global connectivity framework is vitally important.

Contrary to the claims of some members opposite, there is no change to the rigorous maritime safety and environmental laws that apply to ships operating in Australian waters. The bill also has built-in protections for Australian workers. Wages and conditions for all seafarers on foreign ships operating primarily in the Australian coastal trade are covered by domestic workplace relations arrangements.

For Tasmania, which is increasingly benefitting from tourism traffic, this bill also helps ensure greater access by cruise ship passengers to my home state and other coastal cities around the country. Restoring vibrancy to coastal shipping means a continuing and, I hope, growing role for people with the maritime skills, knowledge and experience to man tugs, supervise harbour traffic, and fill the myriad other jobs in this industry. That is why the bill contains measures to ensure that ships trading predominantly in Australia have Australians undertaking the key skilled positions on board.

The member for Lyons, who spoke before me, mentioned some of the estimates we have heard from the Maritime Union of Australia and the Australia Institute about job losses. That Australia Institute report—which was in fact commissioned by the MUA and repeated in their own submission—is a significant overestimate of the number of jobs that might be lost. I think the member for Lyons made a very good point when he said that we need to focus on the value of jobs in all industries, not just in the maritime industry, and in my home state of Tasmania, where horticulture is about to lose that 30 per cent tariff and become much more competitive in those growing Asian markets in our region, that we need to think about jobs in manufacturing, resources, cement, aluminium, fertiliser, petroleum, sugar, grain and many other products that could use coastal shipping services if they were more competitive. So I say to the member for Perth and the members opposite that those skills in the maritime domain are important, but so are the skills in those other industries.

In concluding, the case for coastal shipping reforms is clear. Labor's so-called reforms have failed coastal shipping, and unless we act now businesses relying on coastal shipping will be disadvantaged. Without changes to economic and regulatory settings, shipping will not be able to deliver the competitive, efficient services that Australian businesses need and that Tasmanian businesses need, and that has a knock-on negative effect. We need this change, and it must happen as soon as possible. I commend this bill to the House.

**Ms CLAYDON** (Newcastle) (20:37): It is astonishing to stand in this chamber and to listen to members opposite—particularly those from the island state of Tasmania—support this bill and its direct attack on Australian jobs and the Australian shipping industry. I am very happy to rise alongside my colleagues on this side of the House to speak in opposition to the Shipping Legislation Amendment Bill 2015 introduced by the Abbott-Turnbull government.

If passed, this bill will decimate the Australian shipping industry and, indeed, our maritime skill base. It is a textbook Abbott-Turnbull-government race-to-the-bottom approach to industry policy in Australia. We saw it with the renewable energy sector and in car manufacturing, and we see have seen it now in naval shipbuilding.

Rather than destroying the shipping industry as this bill proposes, we should be supporting it, investing in its growth and building on the reforms of the previous Labor government. As an island nation, Australia has a strong national interest in fostering our own coastal shipping industry. Australia is dependent on shipping for 99 per cent of its trade, and we have the fifth largest shipping task of any nation.

The industry holds particular significance for my electorate of Newcastle. The Port of Newcastle is the world's largest coal export port and is one of Australia's largest ports by throughput tonnage. It has a 215-year history of commercial shipping and is the economic and trading centre for Newcastle, the Hunter Valley and much of northern and north-western New South Wales. The Port of Newcastle is a critical supply-chain interface in the

movement of some 40 different cargoes and manages more than 4,600 ship movements every year. In addition to its important role as a trading port, it has been a key water berth for our nation's shipbuilders for nearly a century, with Royal Australian Navy and commercial ships being built at yards in Newcastle, Carrington and Tomago.

From HMAS *Strahan* and *Condamine*, built in support of our World War II defence in the 1940s, to the Huon-class minehunters built in their entirety in Newcastle in the 1990s, to today, with more than a third of the three air warfare destroyers being built at Forgacs, Newcastle is home to a highly-skilled shipbuilding industry.

Perhaps nowhere else is this government's neglect—this complete lack of policy to grow Australian jobs and Australian industry—felt more keenly than in my electorate of Newcastle. With more than 600 job losses at Forgacs since this government was elected, you can appreciate the concerns that Newcastle has about this legislation.

The Port of Newcastle is no doubt one of my electorate's most important economic contributors, leading to the employment of thousands of Novocastrians. Regrettably, this highly profitable port was recently privatised by the New South Wales Liberal government, and Newcastle continues to battle with Sydney to secure our fair share of the spoils.

More broadly, Australia is the world's largest island nation, with one of the world's longest coastlines, and 10 per cent of world trade moves to and from Australia by sea. I doubt there would be a stronger case put for the retention of a viable shipping industry as part of our strategic national interests.

Shipping is important in terms of our economy, our environment and our national security. Economically, a local shipping industry helps maintain control over both freight reliability and price stability for shippers. Environmentally, it helps protect coastal icons such as the Great Barrier Reef, with skilled local mariners that know our coastlines and reefs. And, from a national security and defence perspective, it provides ready links to a Navy and a well-trained and available merchant fleet. It is most definitely in our national interest and the interest of my electorate of Newcastle to have a strong, viable, local shipping industry.

In 2012, Labor gave the shipping industry in Australia certainty, and it is vital that the reforms we introduced are maintained. These reforms need time to work, and they need a government committed to promoting Australia's national interest in shipping.

Comparable nations all strongly regulate their coastal shipping for national interest reasons. This includes the United States—the free-market home of the world—which, via the Jones Act, bans foreign ships and crews from its coastal trade. It requires that all goods that are transported by water between US ports be carried on US-flagged ships—ships that are constructed in the United States, owned by United States citizens and crewed by US citizens or permanent residents. Now that is a committed government that appreciates the multiple and complex needs for a viable local shipping industry.

Canada, Japan and the nations of the European Union all do similar things. Contrary to shipping industry laws in the US, Canada, Japan and the EU, the bill we are debating this evening removes any obligation or incentive to revitalise the Australian shipping industry and replaces Labor's explicit preference for an Australian flag on ships working the Australian coast with complete indifference—leaving so-called flag-of-convenience ships to be placed on the same level as the Australian-flagged ships.

When a ship has an Australian flag, it is subject to Australian standards of safety, environmental compliance, taxation and industrial relations, both here and on the open sea. And it employs Australian seafarers. Flags of convenience are, of course, not a new phenomenon, but are no less damaging now than they have been in the past. Former Minister for Transport and fellow Novocastrian Peter Morris outlined some of the dangers associated in ships operating under flags of convenience in his well-known and highly-regarded 'ships of shame' inquiry in 1992.

A recent ABC *Four Corners* program outlined some of the current-day dangers, with their expose into the events on-board the MV *Sage Sagittarius* that saw three lives lost in 2012. One of the deaths happened as the ship pulled into Newcastle. So these matters are very close to the heart of Novocastrians. We know the value of shipping regulations. The coastal trading laws put in place by Labor created a level playing field for Australian ships, rather than allowing undercutting on costs, including wages and workplace conditions.

The Abbott-Turnbull government, on the other hand, is more than happy to strip away the rights and conditions of Australian seafarers, proposing instead its very own version of WorkChoices on water. This was outlined in Budget Paper No. 2 this year, which exposed the government's true desire for 'better aligning employment conditions for ships based in Australia with international standards'. Since many shipping companies base their ships in Third World nations to minimise their pay levels and working conditions, this was an explicit statement that the government wants to impose massive reductions in pay and conditions on Australian seafarers.

We already see many ships flagged to countries where taxation and wages are much less and compliance less vigilant. Make no mistake: 88 per cent of the government's estimated 'savings' from this bill are due to sacking Australian workers and replacing them with 90 percent foreign crews. What the government's official modelling does not account for, however, is the cost of Australian jobs lost, of the lost local spending and local tax and the higher welfare spending resulting from this appalling package. This modelling ignores job losses and the impact on local economies affected, like communities in Tasmania, North Queensland and Newcastle, and is negligent.

As noted in the recent Senate inquiry, job losses will undoubtedly come if this bill is passed. Indeed, government officials are already advising shipping operators to sack their Australian staff and replace them with cheap, foreign labour to stay competitive. In sworn evidence to the Senate's Regional and Rural Affairs Committee last month, cruise ship operator Bill Milby of North Star Cruises said that government plans to allow foreign-flagged vessels paying Third World wages to undercut Australian vessels on the Australian coasts would damage his business, which operates cruise vessels in the Kimberley region of Western Australia. Mr Milby said on 20 May and again on 16 June that he had discussions with Department of Infrastructure and Regional Development official Judith Zielke, who told him the best way to remain competitive under the changes was to register his vessel overseas, sack his Australian crew and hire foreign workers on lower wages.

This evidence is alarming and lays bare the real implications for Australian workers should this bill pass. Our shipping industry employs 10,000 Australian workers in direct and indirect jobs. It deserves a regulatory regime that allows it to operate on a level playing field. That is what happens in every other industry, including in the road, rail and air freight sectors. Labor's position is simple. If you seek to move freight by road in this nation, the truck driver is paid Australian-level wages and operates under Australian workplace health and safety rules. If you seek to move freight by rail, the train driver is paid by Australian standards and is required to operate in accordance with Australian law. The situation should be no different on the 'Blue Highway'. If you work in Australia, you should be paid in accordance with Australian conditions and legal requirements.

We on this side of the House have every right to be critical of the Liberal government's track record on Australian shipping. They have serious form in this regard. When Labor took office in 2007, the Australian shipping industry was in a state of decline. Under the Howard government, the number of Australian-flagged vessels working domestic trade routes plunged from 55 in 1996 to just 21 in 2007. Labor introduced new laws, designed to revitalise the Australian shipping industry. This followed the unanimous recommendations of a 2008 parliamentary inquiry and an extensive consultation program with all stakeholders between 2010 and 2012. The aim was to support the ability of the Australian shipping industry to compete within its own borders. The package included taxation incentives for flagging ships as Australian and to encourage employment of Australian seafarers, a new 'second register' with tax benefits to ships engaged predominately in the international trade, coastal shipping reform and a workplace package focusing on maritime skills development.

Since the day it was sworn in this government has promised to repeal these laws, undermining their effect and deterring investment in Australian-flagged shipping. This bill rips at the heart of Labor's package by removing a level playing field for Australian shipowners operating in their home waters in the coastal trade. It removes support for the industry and replaces it with nothing. This bill should be condemned. It attacks an industry that is vital to Australia's economic, environmental and national security interest. Having a strong shipping industry is undeniably in our national interest. Current laws, introduced by Labor, help strike the important balance between competition and the national interest. This bill, on the other hand, will decimate the Australian shipping industry. This government stands condemned for its lack of vision and policy to secure Australian jobs and an Australian shipping industry.

**Mr RAMSEY** (Grey) (20:50): Coastal shipping is an issue that I have raised on a number of occasions in this place. The dead weight of regulation in Australian coastal shipping is not only killing the very sector it was supposed to support; it is dragging other perfectly good and viable industries down the gurgler with it. Following the years of decline under Labor, the fleet of ships greater than 2,000 tonne deadweight have halved from 30 to 15. It was then, in 2012, that former minister Albanese stepped in to help. It is bit scary; it is that great phrase, 'I'm from the government and I'm here to help.' Well, it has made matters worse. In fact, since that time there has been a 63 per cent reduction in deadweight capacity. It was Bert Kelly, the then member for Wakefield, who blew the whistle on protectionism in Australia in the sixties and seventies. He was an individual whom Gough Whitlam later described by saying, 'No private member has ever had as much influence in changing a major policy of the major parties.' Simply put, Bert Kelly knew that protectionism not only was futile but actually tore down our most efficient industries. Nothing has changed in the 40 years since, and coastal shipping is one of the last fully protected industries in Australia.

Australia has rid itself of the last of the old barriers, and we have enjoyed huge jumps in our standard of living on a comparative basis with the rest of the world. Yes, we have challenges. Yes, unemployment is too high. Yes,

we have to work hard to address inequalities. But there are more people employed in Australia now than ever before. Compared with the rest of the world, we enjoy an almost unparalleled standard of living because we have been prepared to take the tough decisions on market and labour reform. Clinging to the past and penalising our best industries is not the future, neither is it so with coastal shipping and its impact on successful industry.

I have raised the case of GRA's gypsum mine at Kevin a number of times in this place in connection with this inequality. Kevin is near Penong, the westernmost town in my electorate, which is 100 kilometres west of Ceduna. GRA is owned by CSR and Boral, and it once produced more than 90 per cent of the gypsum that produces Australia's plasterboard. It is now a little less than that. It is mined very cheaply and then railed about 80 kilometres to the coastal shipping port of Thevenard. More than 1½ million tonnes a year are mined. Gypsum is not rare and not expensive to mine. It is virtually worthless at the mine gate. Most of the cost is in freight, and it is a sad fact that it has now become cheaper to import gypsum from Thailand for the Brisbane market and increasingly for the Sydney market than it is to transport it the relatively short distance—less than a third of those distances—from Thevenard to those markets around Australia's coast.

The Kevin mine exists because GRA has a long-term shipping contract with a Canadian company, incidentally called CSL. These contracts do not last forever, and when they conclude it is difficult to see why the parent companies would elect to continue mining at Kevin when they can import product cheaper from Thailand. This is not because it is cheaper to mine, not because it is better quality and not because their Australian workforce is unproductive. It is simple because of transport costs and, in this case, sea freight—transport compulsorily supplied by totally uncompetitive Australian registered shipping. It is madness, and in the end neither the miners, those employed to service the short rail service to Thevenard or those loading the vessels will keep their jobs. And neither will those whom the Labor government legislated to protect: the members of the MUA. They too will lose their jobs because there will no freight to shift.

OneSteel and Arrium are significant players at Whyalla in my electorate. They mine in a region that is a bit bigger than just that and they are big users of coastal shipping—metallurgical coal from Queensland and New South Wales to Whyalla, dolomite from Ardrossan to Whyalla and New South Wales for steel making. One would think the iron ore would come to Wollongong from Whyalla. But, no, I understand it is a better result for the company to import the raw product from Brazil and to export Australian iron rather than use the local product. That is really telling us something. It is cheaper to use iron ore from Brazil than to use local, Australian iron ore. I cannot be sure if the cost of coastal shipping is the only reason for this, but if it costs \$20 to shift the local product and \$10 to import, it is likely that it is a big part of the reason. I also understand they import limestone from Japan. You would not think there was any great shortage of limestone in Australia.

Nyrstar are also significant users. Over half the concentrate is now sourced overseas. Australia is a major exporter of lead and zinc concentrates. Yet there is only one sum here that matters: the cost of the concentrate at the smelter door—material costs plus freight. Australian material costs are good. That is why we can make money exporting. But increasingly we must export our concentrate and import our feedstocks for smelting just because of the freight differentials. Others may argue that the current system does not completely eliminate the chance of international competition on coastal sea freight, which in itself would bring pressure to bear on the ridiculous workplace practices embedded in the awards covering Australian seamen, but it is a fig leaf of an argument.

In effect, it is all but a closed shop. For instance, if a company is unable to find Australian shipping to complete a task, they can ask an international supplier to apply for a temporary licence for a minimum of five voyages. What if the movement is a one-off? The company must apply for a minimum of five movements. Additionally, once the application is lodged, there is provision for the local supplier, even if they cannot supply a timely service, to disallow. Restrictions that include tolerance levels—that is, the nominated tonnages—and delays abound while certification alterations are sought. Constantly we speak about the need for flexibility and agility in our business sector. This is a complex, protective labyrinth of regulation. It is the very antithesis of efficiency.

Even when foreign specialist ships are brought into our waters they are required to recrew with Australian seamen. This, of course, means long-term, efficient international crews have their employment terminated while the vessel remains in Australian waters. Some will think this is a fair enough requirement. Why wouldn't we look after our Australian crews? However, a few months ago I was speaking to an Australian worker who was part of a specialist technical team working on a survey vessel. He said, 'I work my guts out. Do you know why?' And I said, 'No. Tell me.' He said, 'Because I am so embarrassed to say I'm Australian. They think all Australians work like these sea crews. I'm embarrassed. I work to prove that we're not all the same.' He used language that was a bit stronger than that, I must say. But it is a very telling story because he works alongside those international crews when the ship is not in Australian waters.

The issue is not the wages but the work the Australian crews do for the money under conditions bludgeoned out by a militant union. And who pays? The workers in our manufacturing industry, the building manufacturers, the

agriculturalists, particularly the Tasmanian agriculturalists, and workers in our steel refining sector pay for it. They pay for it with their jobs. In fact, the BCA estimates there are 90,000—

Debate interrupted.

### ADJOURNMENT

**The SPEAKER** (21:00): It being 9 pm, I propose the question:

That the House do now adjourn.

### Australian Technology Park

**Ms PLIBERSEK** (Sydney—Deputy Leader of the Opposition) (21:00): Tonight I want to speak about the Australian Technology Park, which is in my electorate, located on the site of the Eveleigh railway workshops, which operated for over 100 years. The Australian Technology Park now houses around 100 firms, providing about 5,500 of Sydney's most innovative jobs and research positions. Some of the businesses there are some of our most innovative and most high-tech. ATP Innovations is a business incubator that has helped over 300 businesses, such as Sonder Design, ingogo, Bugcrowd and Clarity Pharmaceuticals, get off the ground. Last year it won a very important business incubator award.

Companies like Post Op, specialising in sound and vision post-production for film and television, are housed at the ATP. That of course is an industry that we want to see more of. We want to see more of these jobs in Australia. The industry is a significant employer and a contributor to our export production. There are businesses like LX, an electronics product development design house, whose achievements include the world's first electronic tracker designed for koalas so that scientists can track the movement, health and welfare of these iconic Australian animals. There are businesses like Bandwidth Foundry International, working in the area of micro- and nano-fabrication.

Many of the businesses located in the Australian Technology Park were unimaginable when the park first opened, let alone when the locomotive workshops that were first built on the site were established in 1882. The Australian Photonics cooperative research centre is a research organisation that I visited a very early on after first being elected. It was the generator of many successful spin-off ventures but was sadly defunded by the Howard government.

This park is a true landmark for Sydney, where creative workers get together with scientists and investors to generate good-quality high-tech jobs. I have been very concerned to hear that it is possible that this area will be sold. I am concerned about what will happen to the jobs, the businesses and the industries there. We want an innovative economy. Both the government and the opposition are saying the same thing on this. While I am a great supporter of greater density in areas that can accommodate it and a great supporter of more housing for my own seat, even though it is already densely populated, I am very concerned that this area that is generating so many jobs, so many export dollars, so much creativity and so many breakthroughs might be sold and in fact converted to housing rather than keeping the innovative industries that are being built up there now. I support more housing in my area, particularly more affordable housing, but I would be devastated to think that the, say, \$200 million that is being suggested could be realised for this site would see it going to the highest bidder and would see a change to the purpose of the land use here.

It goes along with the proposed sale of the Powerhouse Museum, a fantastic cultural institution in my electorate, less than 30 years old, that is also potentially about to be sold to developers. I want to see the ATP continuing to generate jobs and I want to see it also continuing to protect the heritage buildings on the site, the public space and the passive and active recreational opportunities for people—tennis courts, an oval, cycleways and walkways through the place. When I speak about the heritage value, you can imagine, with 100 years of history of the locomotive workshops and the associated railway industry, how important this is. There is still a blacksmith's workshop on the site and it continues to hold blacksmith courses and provide the opportunity for people to see some of these great, potentially lost, skills.

I conclude by saying that, while I am a supporter of extra housing in my area, I am very concerned about the state government proposal for this site.

### Bass Electorate

**Mr NIKOLIC** (Bass) (21:04): I am happy to report that in recent weeks we have completed a number of projects in my electorate of Bass, with others being rolled out that will make a real difference to my community of northern Tasmania.

Earlier this month I travelled to Derby to congratulate participants in our latest Green Army project—one of 10 in my electorate. Green Army teams have improved the Tamar River waterfront near Launceston and the coastal environment near Bridport. This latest effort at Derby focused on weed eradication and tree planting at the site of