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**SPEECH TO APAC MARITIME SAFETY
2010 CONFERENCE**

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**MARITIME SAFETY IN THE CONTEXT OF
REFORM IN THE AUSTRALIAN MARITIME
INDUSTRIES**

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Today's conference is about maritime safety.

But we cannot talk about maritime safety in an isolated fashion. So I want to talk about maritime safety in the context of Australian shipping policy, and Australian ports policy.

First I want to talk a little about shipping policy.

Australian shipping is at a critical juncture and Government action or inaction could make or break the industry. It is an industry that is fast losing its critical mass.

Although the Labor Government and Minister Albanese in particular have given a policy commitment to revitalise Australian shipping, there has been no concrete action to date.

The timing of such reform is now urgent.

It is time that we elevated the importance of shipping to our economy.

Governments around the world recognise the importance of shipping to their national economies. The maritime economy in Germany is seen to be of 'high economic significance' and in the UK, the maritime industry is considered 'vital' to the economy. Likewise in the Netherlands, Denmark, China and Japan and in many other nations.

Countries like Brazil, in a Government and industry partnership, took advantage of the global downturn to secure bulk commodity vessels for their international commodity trade.

Singapore is actively and professionally marketing the incentives it offers shipping owners and operators to establish their maritime operations in Singapore, thereby building a maritime cluster – and they have no commodities to export.

We are a shipping laggard by comparison.

What is the situation in Australia?

- It is now 2½ years since Labor was elected and an election is due – shipping reform was a first term commitment.
- Labour shipping policy was reinforced at the ALP Conference in mid 2009. This is what the National Conference agreed on Australian shipping (and I quote):

Conference notes the detrimental consequences that the lack of a positive Australian shipping policy has had on the Australian

shipping industry over the last 13 years. The failure of Coalition Government transport policy, which excluded shipping, ignored maritime infrastructure spending and failed to realise the benefits of an efficient and integrated freight transport market that takes advantage of Australia's large shipping volumes, and has led to a crisis in Australian shipping. This crisis is manifested in the continuing decline in the Australian merchant fleet.

- Minister Albanese initiated a Parliamentary Committee Inquiry into Australian coastal shipping policy and regulation in March 2008. That Committee reported in October 2008, so the Inquiry Report and Recommendations have now been available for 18 months.
 - The committee recognised the potential benefits of a revitalised Australian coastal shipping industry contributing to the carriage of the national freight task. The Committee suggested that a revitalised coastal shipping industry in Australia could have positive flow-on effects for the economy, environment, road safety and congestion, Australian defence, maritime safety and security and potentially Australian maritime-related industries.
- Amongst others, the Committee recommended that:
 - The Government complete the 2000 review of the *Navigation Act 1912* and then amend Part VI, which deals with the coasting trade – that is, the ship licensing and permit provisions - to clarify language in the Act.
 - Consideration be given to the introduction of an optional tonnage tax regime in Australia that is linked to mandatory training requirements;
 - The creation of a national port development plan to address current and potential capacity constraints in Australia's ports; This plan would then be used to direct funding to critical port infrastructure projects—not only to address Australia's export capacity but also its ability to respond to a potential growth in coastal shipping;
 - That section 23AG of the *Income Tax Assessment Act 1936* be reviewed, and the meaning of “foreign service” for income tax purposes be clarified so that Australian seafarers are not disadvantaged in their earnings capacity relative to seafarers of other nations when working on foreign-flagged vessels on the high seas.
- In early 2009, Minister Albanese established a Shipping Policy Advisory Group involving the CEOs and senior executives of a range of

Australian shipping companies. SPAG completed its work in May 2009.

- Since that time the key industry stakeholders have provided detailed submissions to the Government on all aspects of shipping policy.
- And the Henry Tax Review has reported to Government - in December 2009.

So we say, all the foundation policy work has been completed and the Government should now act on shipping reform.

We recognise that while that policy development process has been underway, the Government has taken other steps which will ultimately impact on the regulation, safety and economics of the shipping industry.

The main initiatives, all of which we strongly support, are:

- Deputy PM Julia Gillard has extended Fair Work Act coverage to foreign seafarers working on licensed and permit ships on our coast though this change does not apply to ships with one or two permits a year.
- The Deputy PM has also announced funding for training of Australian seafarers to help overcome the skills shortage (\$2.1M to the Australian Maritime College for funding its seafarer training programs for 2010. This builds on funding of \$1.5M provided to AMC in 2009.)
- The Deputy PM has also ensured that the Commonwealth and all State Ministers for Workplace Relations remain committed to ratification of the International Labour Organisation (ILO) Maritime Labour Convention.
- Minister Albanese has announced a rewrite of the *Navigation Act 1912* and made the ships permit process more transparent.
- He has also ensured that COAG has signed off on the establishment of the Australian Maritime Safety Authority as the single national maritime safety regulator.

Minister Albanese has reiterated his commitment to Australian shipping reform.

On 3 March 2010, in a speech to the Australian Logistic Council, he made the following points:

- The Rudd Government believes that targeted infrastructure investment is fundamental to strengthening our economy, creating jobs, and building the assets we need to lock in our long term economic prosperity.

- He said that future economic growth and quality of life is tied to safe and efficient shipping.
- That Australian coastal shipping offers unrealised opportunities.
- Shipping needs to be considered within an overall national transport strategy.
- Reform to revitalise Australian shipping is one of the key aspects of maritime reform for the Labor Government.

So what more needs to be done?

All the above initiatives are important actions, but shipping policy reform to revitalise Australian shipping remains central.

The MUA urges the Government to adopt a comprehensive shipping policy package and commit to the necessary fiscal and regulatory changes needed to keep Australian shipping afloat by:

- Changing laws and regulations governing coastal shipping so that Australian ships and crews are used in the domestic trades, with only limited use of permits in exceptional circumstances. The current balance is wrong, where permits are essentially the rule not the exception;
- Introducing a tonnage tax to replace the current corporate tax, aimed at encouraging investment in Australian ships – we must address the ageing of the fleet;
- Allowing tax concessions for Australian seafarers working predominantly in international trades to improve the competitiveness of Australian seafarers in the global seafarer labour market, with positive flowback to support the maritime skills base required of a shipping nation.
- Developing an industry driven national shipping workforce planning framework to boost numbers and skills of seafarers to prepare for the rapidly expanding freight task.
- Establish an Australian international ships register so Australia has a two tier ship registration system – one for coastal ships and one for international ships, supported by the tonnage tax, itself linked to seafarer training and changes in crewing rules.

Why is this reform important?

Shipping already plays a significant role in fulfilling Australia's domestic freight task:

- Currently 25% Australian domestic freight is carried by sea.
- Coastal shipping currently accounts for over 13% of the throughput at Australian wharves.
- The Australian freight task is predicted to double in 20 years and triple by around 2050.
- Australia has the fifth largest shipping task in the world.

Unless shipping is fully integrated into the national freight transport task, the efficiency and productivity benefits of the freight transport system will not be realised.

Of course, shipping is absolutely vital to our international freight task – our export trade.

But Australia leverages almost no economic benefit from the shipping component of the international freight supply chain. It could be different under a different policy and fiscal framework. I will return to that aspect of shipping policy.

A revitalised coastal shipping industry in Australia could have positive flow-on effects for the economy, for the environment, in helping reduce urban congestion, for Australian defence, maritime safety and maritime security and potentially on building of Australian maritime-related industries.

I will detail some of these benefits as we see them, and I think there is consensus on these benefits from all sections of the Australian shipping industry.

First, the economic benefits:

- Australian tax revenue would increase (based on UK Treasury analysis of the UK tonnage tax).
- The corporate tax base would be expanded, an important principle that we understand will arise from the Henry Tax Review.
- The Balance of Payments position would be improved – currently Australia has an \$8.4 B debit in international sea freight transport, offset by only \$617 M in freight transport credits, resulting in a net debit of \$7.8 B (ABS May 2009).
- 8.3% of the Current Account Deficit is due to Australia's reliance on foreign ships to carry our external trade, according to the Australian Shipowners Association, so we need policies to reduce this negative impact.

- When the UK introduced a tonnage tax it led to 276 new British flagged ships in 7 years and was worth more than \$20 billion to UK GDP (Oxford Economics Report 2007).
- It will provide an essential contribution to the Australian freight task which is expected to triple by 2050 according to Pricewaterhouse Coopers.
- Demurrage costs (\$1.8B in 2008 according to a study by Braemar Seacope Australia) would decline and in any case would be paid to Australian rather than foreign shipowners.
- Foreign investment would be attracted to the Australian shipping industry.
- Investment in shipping would create maritime clusters – centres of shipping insurance, finance, maintenance and other activities.
- It would close the opportunity for foreign vessels to use the Australian coastal trade as a tax haven, supporting an important G20 commitment given in early 2009 to address tax avoidance.
- The maritime skills base, so vital for a shipping dependent nation, would be stabilised.
- Freight transport productivity would be improved.

There are well known environmental benefits from increasing the proportion of domestic freight carried by ships. A shift in freight transport modes from land based transport to coastal shipping could significantly assist in reducing Australia's greenhouse gas emissions.

- Ships are the least energy intensive of all the transport modes – shipping currently contributes just 4% of the greenhouse emissions from the Australian freight transport system.
- We note that foreign ships have been responsible for all the recent Australian marine environmental accidents and potential disasters. For example, the Hong Kong flagged *Pacific Adventurer* spread oil onto pristine Queensland beaches in 2009 and the Panama flagged *Pasha Bulker* was stranded on Nobby's beach Newcastle in 2008, only narrowly averting the creation of an environmental catastrophe in an urban area.

Coastal shipping is an important adjunct to the Australian defence capability.

- Expanding Australia's coastal shipping industry would present an opportunity to enhance the scope and nature of the Australian maritime industry's capacity to support Australian Defence Force (ADF) capabilities.

- The Australian merchant marine and merchant seafarers have played crucial roles in many of Australia's armed conflicts, including both World Wars and the Korean conflict. More recently, the ADF utilised civilian shipping for its peace-keeping mission in Timor-Leste. Last year, it was the Australian crew on board the *Oceanic Viking* and *Front Puffin* who were at the front line during a recent refugee crises.

To do nothing to reform shipping the regulatory and fiscal settings for Australian shipping will result in the complete demise of an Australian shipping industry in a few years. The facts are:

- Australian registered ships have fallen from 75 to less than 45 over the past 12 years and Australian ships are continuing to be lost to the coast. For example, the *River Embley* may well be lost to the coast in the near future, and shipping employers are quoting the loss of another 8 Australian vessels over the next 3-5 years.
- At 30 June 2008 there were only 28 Australian registered trading ships in the Australian coastal trades
- The share of domestic shipping freight carried by foreign flagged and foreign crewed vessels increased from 6 percent to 30 percent from the mid 1990s to 2007.
- Foreign crewed ships are taking Australian jobs – there has been a loss of over 1,000 seafaring jobs over the last 10 years.
- Many foreign ships working our coast are registered in tax havens and are exploiting guest workers from the developing nations.

The MUA recognises that shipping reform will require productivity improvement, labour reform and industrial stability for its success.

We have publicly restated our commitment to all of those requirements, despite the fact that a focus on all three has been our modus operandi for years.

We remain committed to reaching collective agreements reflecting reasonable CPI based wage increases which reflect the market conditions of the shipping industry.

We have exercised discipline on this issue during periods of labour shortages where we could have extracted so called market rates. This has been a significant factor in maintaining competitiveness and productivity in the Australian shipping industry.

In maintaining this discipline we have not been tempted by the same unethical principles that have characterised the executive pay spiral and some of the

AWA segments of the labour market because we firmly believe in the importance of sustainability of the labour market.

We recognise that forcing up the price of labour on a short term basis can be illusory in terms of income security and job security, and ultimately, in terms of net gains for workers, over the working life cycle. We firmly believe that life-long approaches to wealth generation by wage and salary earners is better served by stability and sustainability, in both employment and income, over the entire employment life cycle.

We therefore have no interest in jeopardising long term sustainable development of the maritime industry by short term exploitation of a particular labour market.

If you believed the media hype in relation to outcomes reached in the offshore oil and gas industry, you might question our bona fides on this issue. The facts are that the offshore wage outcome delivers wage increases on average of some 6.9% annually for less than a thousand workers. Hardly a wages breakout that will bring the economy to its knees as it was portrayed.

The parity element of the claim resulted in a daily allowance of \$175 rising to \$215.72 at 31 July 2013. This allowance is only paid to Ratings when on specified construction work, which only constitutes a very small proportion of the work of offshore Ratings. The agreements all provide for productivity improvement, as do all our enterprise bargains.

We continue to work with Australian shipowners and ship operators to deliver enterprise agreements which provide for improved productivity, efficiencies and labour reform. The union has negotiated many agreements providing for reduced crew size, flexible crew complements and for the introduction of maintenance riding gangs.

We are currently concluding negotiations with a major Australian shipping operator that provides for a 3 year productivity improvement and labour reform program as part of a process to secure strong Australian content in the company's future shipping operations.

We continue to work closely with the Australian Maritime Safety Authority (AMSA) in relation to the issuing of minimum safe manning certificates, often agreeing to conditional clauses that allow ships to sail for limited periods with skill sets that are only suitable for the short term. This allows the operator to meet commercial requirements in cases of emergency or of unexpected crewing deficiencies.

In relation to workforce development we have initiated practical measures to address the seafarer (ratings) labour shortage and under-skilling by facilitating the establishment of a new industry managed training investment company, Maritime Employees Training Ltd (METL). METL is all about additionally – additional resources for training, additional flexibility in delivery of training and

additional seafarers to meet the demand from industry for qualified seafaring labour.

In addition we have in place an agreement with the Maritime Union of New Zealand and with the UK Rail, Maritime and Transport Union for a program of seafarer labour exchange to assist the industry meet peaks in labour demand.

We have been in talks with the Government about extending this to a regional scheme involving seafarers (or trainee seafarers) from Timor, PNG and the Islands of the South West Pacific.

I now want to say something about the ports sector of the maritime industry.

On 21 May 2009, the Prime Minister announced that the Government intended to prepare a National Ports Strategy, primarily as a response to a Recommendation in the Report of the Inquiry into shipping policy, which proposed a national port development plan to address current and potential capacity constraints in Australia's ports, in part to support the growth in coastal shipping.

We welcomed this initiative and in fact had been calling for greater national coordination of the national ports sector for some time.

We believe that a National Ports Strategy must include as one objective, the revitalisation of domestic shipping.

It is our view that unless port business managers actively seek out opportunities for domestic shipping in their port plans, then shipping will continue to under perform against its potential.

In December 2009, the three transport unions, the MUA, the Transport Workers Union and the Rail Tram and Bus Union, which have formed a structured alliance known as the Australian Transport Unions Federation (ATUF), made a submission to Infrastructure Australia (IA) and National Transport Commission (NTC) on the National Ports Strategy.

The ATUF submission makes the following key points:

- The scope of the National Ports Strategy must cover all port types and take a long term view given the long time horizons of investment decisions that are typical in the ports sector – we say 50 year plus time horizon is appropriate.
- A National Ports Strategy needs to take into account factors which are essential to ensure that ports operate efficiently and that capital and labour productivity is optimised. Those factors include:
 - Scale. Ports must be of sufficient scale to extract economic efficiency from the highly capital intensive nature of port and stevedoring operations. ATUF submitted that scale criteria

should be established to guide and trigger investment decision making in Australian ports. For example, the MUA has published information on the scale issue in relation to Australian container ports which identifies optimum scale and berth utilisation as an indicator that could be used to trigger investment planning.

- Integration of labour relations along the supply chain. Despite the huge capital requirements of ports, especially container ports, they remain relatively labour intensive, particularly when considering the supply chain elements of ports i.e. the road and rail interface, and remain classic examples of businesses where labour utilisation is critical in optimising the productivity of the capital equipment and capital assets. In that regard, a National Ports Strategy must address labour relations issues, and in particular the need to have in place robust processes that could provide better harmonisation of, and best practice, enterprise agreement provisions that will smooth the way for capital utilisation strategies and logistics processes aimed at achieving an improved interface between the transport labour force and the port labour force. The operating hours issue along the supply chain is one example.
- Workforce planning. A well structured workforce planning, skills and training scheme. This is an area of shameful neglect, particularly in the stevedoring elements of the ports workforce. Unless this issue is acknowledged and systematically addressed the scope for improved productivity and better safety will be retarded.
- Safety. Stevedoring and freight transport are high risk occupations as demonstrated by the number of deaths and serious injuries.
- The initiatives taken by Safe Work Australia in nationalising waterfront safety guidance material for container and steel loading/discharge; the initiative by the Australian Maritime Safety Authority (AMSA) to review Marine Orders Part 32 (Cargo handling) and putting in place Memorandums of Understanding between AMSA and State/NT OHS agencies and the MUAs own National Safety Code are all positive steps to improve stevedoring safety, but more needs to be done. The ATUF submits that the National Ports Strategy provide for establishment of a Ports Safety Consultative Council, to be funded by a levy on containers, to drive continuous improvement in port safety.
- In relation to road transport, the nation's ports are serviced by the hyper-competitive road freight industry. This industry saw 287 deaths from heavy vehicle-related crashes in 2008/09

and was the subject of a National Transport Commission (NTC) inquiry that called for the implementation of a system of safe rates and conditions.

- As key users of the road transport industry ports have an obligation to support the implementation of a safe rates and conditions system. ATUF believes that only companies who have such a system should be accredited for access to ports, and be brought under the umbrella of this system when introduced by the Federal Government.
 - In Los Angeles the port authorities have mandated the rates paid to truck drivers to allow them to upgrade their vehicles to less polluting vehicles. This type of access regulation should be considered by the strategy.
 - Ports are also affected by chain of responsibility (CoR) legislation that requires consignors and receivers of freight to take responsibility for the safe shipment of goods by road. This legislation is flawed in ATUF's opinion. Nevertheless, a National Ports Strategy should take this legislation into account when being formulated. For example at Port Botany recently the stevedores computer systems malfunctioned causing a large queue of trucks to form. Many of these drivers could have exceeded their legislated driving hours under fatigue laws. Under CoR the ports must be responsible for ensuring that drivers do not load who have excess hours in their logbooks.
 - Connected to this issue is the fact that there are often no decent facilities for drivers to rest and leave their trucks. A decent resting facility must be constructed at all ports. ATUF wants the National Ports Strategy to review the facilities provided to drivers and recommend their immediate upgrade.
 - ATUF notes that there are strong relationships between the safety priorities of the NTC in road transport in particular and the safety priorities of the shipping industry. For example, the chain of responsibility approach being addressed in road transport contains many of the characteristics of the global Flag of Convenience (FOC) campaign in the shipping industry, where both high standard shipping employers and the maritime unions are jointly seeking to impose responsibility for maintenance of standards on the beneficial shipping owner in the complex corporate chain of shipping ownership, control and management.
- The National Port Strategy needs to operate under a competition policy framework which balances competition policy principles and the

requirement for greater collaboration, as we are seeing among the Qld coal companies in relation to the sale of Qld rail freight assets.

- We say the emphasis to date on market share and market power issues as contrasted to economic efficiency issues has led to distortions in port investment that have retarded the development of this important segment of the freight supply chain. It has meant for example that ports have been too swayed by the competition regulators in addressing intra-port competition in determining port development strategies, and have not taken into account longer term economic efficiency and economy of scale opportunities.

So far I have focussed on the domestic elements of a revitalised Australian shipping industry.

However, there are significant national interest benefits to be gained if we can increase Australian content in Australia's international shipping – that is, the shipping of our bulk commodity exports, energy exports and agricultural exports.

Australia is an island nation which participates in a global maritime industry and is dependant on international shipping services. Currently, more than 99% of Australia's external trade is carried by foreign ships.

I want to say a few things about the opportunities to increase Australian content in bulk commodity shipping.

- Its development could become a vital component of national infrastructure development which will deliver long term productivity improvement for the nation.
- Encouraging greater Australian content in bulk commodity shipping will complement the establishment of a more competitive domestic freight transport system – the two strands of Australian shipping will feed off each other.
- Australian strategic management of bulk commodity shipping would result in a more efficient export commodity market – by enabling commodity producers/shippers to provide flexible shipping options/solutions for their customers. For example:
 - There would be less demurrage paid and demurrage payments would not be directed offshore as they are now;
 - Shipping queues would be reduced; and
 - There would be better ship utilisation and hence improved ship productivity.

It is the MUAs assessment in the light of international examples, that there is an achievable international shipping policy model available to the Commonwealth Government that could make Australian participation in the shipping of its bulk commodities a practical reality.

Put another way, there is a way forward whereby with the right mix of:

- Fiscal policy settings focussed on a tonnage tax linked to a training obligation;
 - Regulatory reform focussing on streamlined ship registration and ship financing arrangements; and
 - Modified ship labour relations and employment arrangements:
- that could ensure that Australian international shipping was not only internationally competitive but that it provided a global best practice model.

I want to now turn to maritime safety.

Stevedoring and freight transport are high risk occupations as demonstrated by the number of deaths and serious injuries – on the wharves, on ships and maritime facilities and among truck drivers.

A fatality occurred on the waterfront on 20 February 2010 during a steel loading operation, bringing the number of stevedoring fatalities over the past 4 years to 4, and 5 since 2003. I am in no position to comment on the cause of the recent fatality.

However, it is our assessment that there is a non-existent or poor at best take-up by Australian stevedoring companies of the Safe Work Australia Stevedoring Guidance material published on 30 October 2009. That nationalised Guidance material had its origins in a project initiated by WorkSafe Victoria at the urging of, and with the support of, the MUA. It is now nationally recognised.

In addition, the move to performance based regulation and the under resourcing of regulators has led to a lower than required standard of compliance and enforcement of existing safety laws.

Evidence of this nature, to which I might add we are currently committing resources to obtain factual information, suggests that the maritime industry requires a completely new approach to safety management.

The union has recently put a submission to the Government seeking its support for further improvements in the management of occupational health and safety (OHS) in the Australian container and break bulk stevedoring industry.

The submission to Government indicates that new approaches to stevedoring safety are required to make and sustain the cultural shift to achieve safe workplaces in the Australian container and break bulk stevedoring industry. We are seeking Government support for a process to examine the possibility for achieving a better mix in the complex dual Commonwealth and State legislative arrangements.

We believe the existing Commonwealth and State/NT legislative mix and regulatory interface is too complex and that despite efforts to get better coordination among agencies this has not been achieved. Further, we have come to the conclusion there is no prospect of that being achieved.

We have also proposed the retention of the Seafarers Rehabilitation and Compensation Authority as an industry regulator for shipping industry OHS noting that consistent with the recommendations in the Shipping industry inquiry report that there is room for reform in the Seacare scheme.

One key reform required is the Budgetary funding on shipping industry OHS education and awareness raising aimed at reducing workers' compensation costs in the industry.

In the offshore oil and gas sector, we are working closely with the Government in responding to the Review of the National Offshore Petroleum Safety Authority (NOPSA) and the Offshore Petroleum Regulatory Review that arose from a fatality on an FPSO in December 2008 and a major safety incident on a drilling rig during the same Cyclone Billy.

I want to conclude with a few remarks on maritime security.

Maritime security is another facet of overall safety management of the maritime industry, and grew out of an extension of the IMO Safety of Life at Sea (SOLAS) Convention.

There is a strong link between security and safety, as only a secured ship, or secured offshore facility or secured port is a safe ship, facility or port.

The MUA has over the past seven years played an active and progressive role spanning Federal governments of both political colours dealing with the creation of maritime security legislation and associated regulations.

Maritime workers are at the front line of harm in any maritime security incident so we have a vital interest in maritime security and its impact on ensuring workplaces are safe. We also accept that a good risk based approach to security suggest that in today's world, new and better security arrangements are required.

It was for that reason that we played, as did all the transport unions, a key and collaborative role in the introduction of new maritime security measures to Australian ships and ports in 2006, later extended to offshore facilities.

We believe the MSIC system was working well, and adopted the old adage – if it aint broken, don't fix it.

With that background in mind and given we were directly involved in the uncompleted Office of Transport Security (OTS) review of the MSIC we were quite surprised at the Ministers radical changes to MSIC announced by way of a media release on 29 January 2010.

The announcement will result in:

- An additional 161 new offences (bringing the total to 298) that will form part of the eligibility for obtaining an MSIC; noting that many of the new offences are completely unrelated to maritime security or to terrorism eg credit card fraud.
- More frequent background checks of workers,
- Mandatory reporting by card holders and new offences for non reporting;
- Higher costs and more inconvenience for card holders, even if costs are ultimately borne by the employer and passed on to the consumer.

The significant broadening of background checks for more than 130,000 Australian transport workers from mid 2010 despite all having passed security checks from ASIO the AFP and the Department of Immigration is a major concern.

This is a workers rights issue as it impacts on the right to work.

We see the new requirements as a move away from the counter terrorism objectives of the current maritime security regime, so the whole system is more about criminal targeting and law enforcement than about maritime security, counter terrorism and securing the safety of transport workers generally and maritime workers in particular.

Furthermore, we don't think the rationale for the changes have been articulated – the case for change has not been made out. This undermines trust and confidence.

At the same time as these changes are being prepared for implementation, the Joint Parliamentary Committee on the Australian Crime Commission is holding an inquiry into the adequacy of aviation and maritime security measures to combat serious and organised crime. Our concern is that the outcomes of that inquiry could result in another wave of changes to maritime

security, again to satisfy the whims of the law enforcement and intelligence agencies.

The MUA is deeply concerned by how the debate on maritime security has developed through the media, fuelled by selective leaks from within some government agencies. Through our submissions to the Joint Parliamentary Committee and through the Office of Transport Security we have identified areas within the transport logistics chain which require urgent government attention from a national security perspective. These real concerns continue to be ignored while Government resources are focussed on justifying deeper criminal background checks of already screened transport workers. Examples of security weaknesses we have identified include:

- Packing and unpacking of containers are not supervised or regulated by OTS. In fact security seals are put in place by unchecked and unsupervised staff; and
- Those directly responsible for allocation of ships, berthing schedules and effective control of transport infrastructure do not automatically require an MSIC card.

Despite these concerns we will do everything we can to ensure a smooth implementation of the announced changes, and will expect fairness in any appeal and review system supporting the new changes.

However, a poorly designed and badly implemented system runs the risk of alienating transport workers who see themselves as the innocent victims of a framework that was meant to help protect them. Just when the Fair Work Act has restored workers rights, we have the OTS coming along and undermining workers rights.

I want to conclude by emphasising that maritime safety cannot be seen in isolation of wider policy and regulatory settings for shipping in the trading sector, ports and in offshore shipping.

The revitalisation of Australian shipping will result in the introduction of newer, better designed and safer ships, while the same time the pressure to deliver on ever smaller and more multi skilled crews operating in a just in time supply chain will place additional stresses on safety management systems.

The pressure in the stevedoring and ports sector to match shippers and shipping lines expectations of productivity performance, especially where investment in new equipment and in training has lagged as it has in Australia creates a safety risk profile that the Australian industry has not yet comes to grips with.

The self regulation model of OHS management in the offshore oil and gas industry requires considerable refinement if it is to meet its expectations.

These are all big challenges for each sector of the maritime industry, for the workforce and the MUA.

Provided the Robens principle of full workforce participation continues to underpin safety management in Australia, that there is a vast improvement in regulatory coordination across the maritime industries and that workforce safety training is improved, then we believe we can continue to improve maritime safety.

Thank you.