



Submission:

**The effectiveness of the current temporary skilled
visa system in targeting genuine skills shortages**

13 December 2018

Position Summary

Ports Australia is pleased to provide comments to the Senate Legal and Constitutional Affairs References Committee on the effectiveness of the temporary skills visa system in managing the genuine long-term maritime skills shortage in Australia. Our comments and concern are aimed at highlighting the labour constraints that will soon affect Australian Ports, limiting operations that facilitate Australia's trade and potentially resulting in safety incidents. Ports Australia has focused its commentary on the following terms of reference:

- the interaction between the temporary skilled visa system and the system in place for training Australian workers, including how a skills shortage is determined
- the effectiveness of the current labour market testing arrangements
- related matters.

Australia is an island nation with over 98% of its trade arriving by sea equating to around \$1.2 billion of trade goods moving through our Ports every day. Our ability to trade with the world, the bedrock of Australia's economy, is therefore unequivocally linked to port operations.

Current data and industry analysis indicates that there is a skills shortage in the maritime sector coming our way, with some employers already unable to fill certain specialist roles. Australian Ports are projected to be impacted by this shortfall. Future Port operation vacancies such as Harbour Masters, Marine Pilots and Tug Masters that are essential for the passage of ships through our ports are projected to not be filled by Australians, given:

- the decline of the shipping industry in Australia
- a lack of training berths for seafaring graduates
- the resulting lack of qualified and experienced mariners to undertake specialist roles
- the small aging workforce – 62.7% of workers are 45 years or older
- the lack of long-term planning of the maritime labour market in Australia by Governments.

The current labour market testing arrangements did not identify the long-term skills impact in the maritime industry when the decision was taken in 2017 to omit specialist maritime roles, such as Harbour Masters, from the Skilled Occupations List. As a result, there is likely to be a void of specialist mariners with the necessary skills and experience to fill key roles in Australian Ports and other maritime sectors; specifically, those with Master Mariner certification. Consequently, **Australian Ports are unable to provide security to the economy in ensuring Australia's trade transpires effectively and without incident.**

The International Chamber of Shipping outlines that the current supply-demand situation of maritime labour highlights a **shortage of approximately 16,500 shipping Officers globally**. Given Australia's attractiveness as a short-term and long-term destination to those overseas, the ability of the temporary skilled visa system to limit this forecast maritime skills shortfall is key to operational continuity at Australian Ports. The ability to source some international workers through the temporary skilled visa system to undertake maritime specialist roles will:

- provide security of ongoing operations in all our ports (especially regional)

- ensure training is provided to junior Australian staff by appropriately qualified personnel which helps build the next generation of Australian maritime specialists
- secure international personnel who have acquired local knowledge when the current aging workforce retires, with limited ability to replace them with Australian workers.

These issues are particularly pertinent given the relatively long lead time required to ensure Australian maritime personnel have the appropriate qualifications, training and experience to undertake roles on-shore.

Better planning and management through tools such as the temporary skills visa system is essential for Australia to avoid similar labour situations faced by the aviation sector in operating effectively – a national shortage of aviation pilots is grounding planes, forcing some flight cancellations and requiring our airlines to engage in a bidding war for international aviation pilots given the global shortage. Australia needs to develop a long-term view of its maritime sector if it values its role in facilitating over 98% of the country's trade.

Ports Australia is happy to engage with the Committee in helping to further discuss the issues outlined in our submission.

Ports Australia

Ports Australia is the peak industry body representing port authorities and corporations, both publicly and privately owned, at the national level. Ports Australia is governed by a Board of Directors comprising the CEOs of ten Member port corporations.

Ports Australia works closely with the Government and its agencies on the development and implementation of policies and regulatory settings that will facilitate the safe, efficient and sustainable operation of our ports and provide the ability to develop capacity to meet Australia's freight task.

Position

The decline of the Australian shipping industry over the last two decades and the consequential inability to train and employ seafarers in Australia is starting to have ramifications on our nation's ability to develop a comprehensive maritime workforce that can service the country's trade operations. The number of Australian ships has fallen from over 100 in the mid-90's to about two dozen cargo ships operating around our coast in 2018; and with this decline has come the decreasing number of Australian seafarers employed in shipping. As a result, there will be less qualified and experienced Australian seafarers who are eligible to undertake key marine operational roles in our country. In a recent industry survey 75% of employers are already reporting experiencing a maritime skills shortage in the last 12 months¹.

This future shortage of experienced seafarers is not limited to commercial operations. The Royal Australian Navy has recognised this matter and is currently considering potential solutions within its ranks and through the support of civilian seafarers to ensure the naval fleet is appropriately manned. This solution is consistent with those already taken around the world, e.g. Canada, the United Kingdom and the United States of America. This considered solution also highlights the shortfall of experienced mariners in the global fleet which will affect Australia's future ability to secure experienced and qualified professionals from overseas to service our operations. It is expected there will be a global shortfall of around 80,000 seafarers by 2020².

These findings should be a grave concern to those shaping the future of our country given that over 98% of Australia's trade is undertaken through our ports in the maritime environment. Ports Australia wishes to highlight this matter to the Committee because a lack of action to resolve this issue will result in, and is not limited to:

- reduced fuel security
- delays on imports and exports
- increases in the cost of goods
- safety incidents to infrastructure and people
- impact on the sustainability of some Australian businesses
- inability to support the Royal Australian Navy in times of war.



Ports Australia is concerned that suitable candidates for occupations such as Marine Pilots, Harbour Masters, Tug Masters and even those that provide senior direction in organisations such as the Australian Maritime Safety Authority, will be hard to secure in the near future. A survey of port managers indicates that the pool of candidates to choose from is adequate at this time for our major metropolitan ports but overall our regional ports are struggling to recruit adequately experienced and qualified personnel that can fulfil these roles. Regional areas in Australia are often challenged in attracting or retaining suitable personnel, and a limited pool of experienced maritime candidates is not helping this situation. Given the expected skills shortage in the maritime industry it is only a matter of time before metropolitan ports are facing the issues experienced by our regional ports.

¹ Australian Industry Standards, Maritime Industry, 2018 Key Findings Discussion Paper

² Australian Maritime Officers Union Submission: Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017 [Provisions]

Impact of the Temporary Skills Visa System

The decision to omit these roles from the Skilled Occupations Lists in 2017 was based on the assessment that the pool of candidates for Ports and other industries to choose from is sufficient. While this was an accurate assessment at the time, it was short sighted given the aging Australian workforce in the industry, declining Australian shipping industry and the limited number of new seafarers securing berths³. The effectiveness of the labour market testing arrangements clearly did not identify the long-term skills impact in the maritime industry which is already starting to come to fruition for some employers. The cumulative effect of these issues is likely to result in similar labour problems currently faced in the aviation sector, where a significant void of qualified and experienced professionals has transpired in a short timeframe (however not unforeseen), and where resulting Government and industry action has been largely futile in maintaining effective operations.

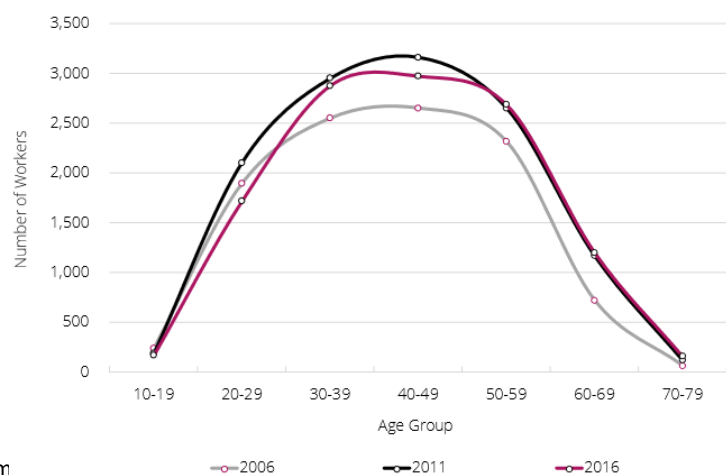
The ability to source some international workers through the temporary skilled visa system to undertake maritime specialist roles:

- provides security of ongoing operations in all our Ports (especially regional)
- ensures training is provided to junior Australian staff by appropriately qualified personnel which helps build the next generation of Australian maritime specialists
- secures international personnel who have acquired local knowledge when the current aging workforce retires, with limited ability to replace them with Australian workers.

This last point is key given that the International Chamber of Shipping outlines that the current supply-demand situation of maritime labour highlights a shortage of approximately 16,500 Officers globally⁴. This effectively means that Australia will be involved in the inevitable global bidding war for international maritime specialists to ensure our economy is not disadvantaged until such a time where there are sufficient Australians to undertake the role. The flow-on effect of securing such personnel at higher remuneration rates is higher cost of goods and modal shift for existing coastal shipping given that it will likely be less financially competitive to other, inefficient transport modes.

The Labour Market

According to the Australian Government, the average age of a maritime personnel is 49 years with many workers 45 years or older (62.7%)⁵. This is consistent with the global average. According to the Australian Industry Standards, the alarming trend is that the number of Maritime workers under the age of 30 has gone backwards in the 10-year period to



³ Australian Industry Standards, Skills Forecast 2018, Maritim

⁴ <http://www.ics-shipping.org/shipping-facts/shipping-and-world-trade/global-supply-and-demand-for-seafarers>

⁵ <https://joboutlook.gov.au/Occupation.aspx?code=2312>

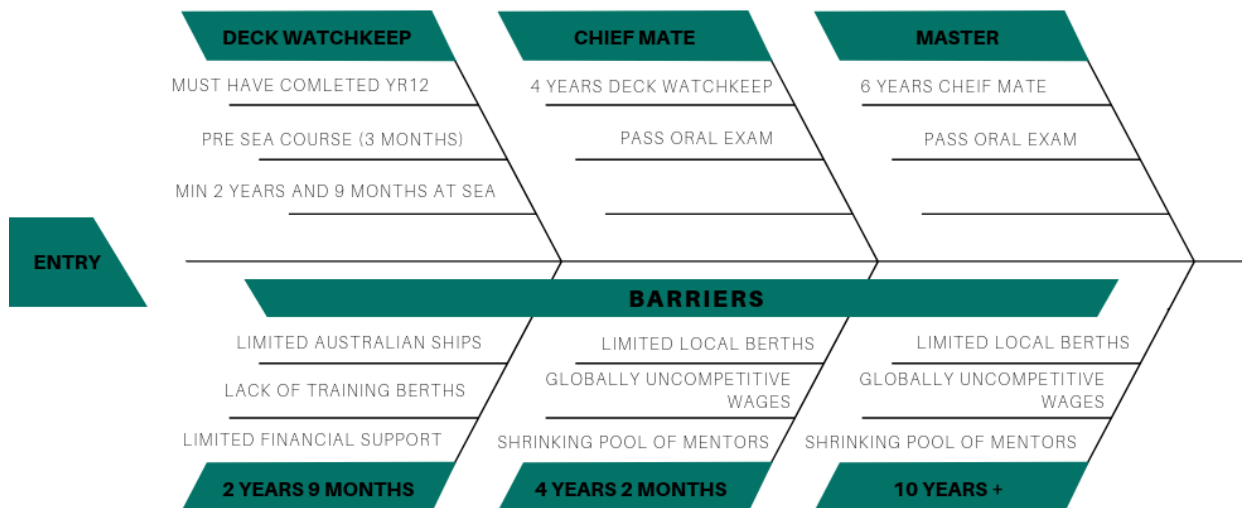
2016, falling 11.7 per cent, while the number of workers aged 60 and over have grown almost 73 per cent over the same time⁶. Analysis of this data suggests an aging workforce and a significant supply problem of new seafarers coming through the pipeline to undertake future maritime vacancies. The top two reasons identified by industry for the shortage of qualified and experienced seafarers are⁷:

- mariners not having the relevant qualifications to undertake advertised roles and the subsequent cost/time required to invest in them; and
- an aging workforce/current staff retiring.

As outlined above, this is not surprising given the decline of the shipping industry in Australia, the lack of training berths for new graduates and the resulting lack of qualified and experienced seafarers to undertake specialist roles.

Requirements and Barriers: Master Mariner

For an Australian to be qualified to work in vital Port operation positions they must move through four key stages. Entry stage requires a Year 12 and Pre Sea qualifications. To attain Deck Watchkeep accreditation they need to have spent at least 2 years at sea and pass an AMSA oral examination. Chief Mate accreditation requires an additional 4 years at sea and successful completion of an AMSA oral examination. Finally, to become a Master they must have 10 years + experience and pass an AMSA oral examination.



OBTAINING MASTER MARINER

The rationale for this higher age of employment in these roles is the significant experience required as a prerequisite for consideration of employment. This generally includes holding appropriate tertiary education qualifications, on-the-job training requirements, around a decade or more of time at sea, and a certificate of competency as a Master Mariner. Additionally, many of these on-shore roles are not as highly remunerated as

⁶ Australian Industry Standards, Skills Forecast 2018, Maritime

⁷ Australian Industry Standards, Maritime Industry, 2018 Key Findings Discussion Paper

those who continue to ply their trade at sea as Officers. The cumulative result is a smaller pool of eligible mariners in the global fleet and an older workforce to undertake the roles of Marine Pilots, Harbour Masters and Tug Masters.

To illustrate this issue quantitatively, the International Chamber of Shipping estimate that the worldwide population of seafarers serving on internationally trading merchant ships is estimated at 1,647,500 seafarers, of which 774,000 are Officers, or approximately 47% of all seafarers. Using data outlined in the Regulation Impact Statement for the Shipping Legislation Amendment Bill 2015, there were 1,177 Australian seafarers recorded in 2014-15. Applying the ratio of 47% suggests that there were about 500 Australian seafaring Officers at the time. Only a small subset of these qualify to be Marine Pilots, Harbour Masters and Tug Masters due to their experience and qualifications. A further consideration is the desire to take-up on-shore roles at Ports.

Ports Australia wishes to highlight to the Committee an example of the skills shortage concerns expressed throughout this submission.

Ports Australia commissioned Thomson Clarke (TCS) in 2015-16 to look at one of the key maritime professions at risk, pilotage. The findings by TCS illustrated that the profession was highly specialised and that a shortage of global supply was inevitable given a supply-demand analysis. It also highlighted the capabilities and importance of these roles to Australian maritime operations.

This included that, in accordance with the *Guidelines for Marine Pilotage Standards* in Australia, for a pilot to competently conduct a vessel, s/he will need to possess the following knowledge, skill and ability:

- a. To be of sound physical and mental fitness.
- b. To have specialised knowledge relating to pilotage which includes knowledge of:
 - (i) Navigation;
 - (ii) Naval Architecture;
 - (iii) Radio & Electronic Nav aids;
 - (iv) Marine Engineering;
 - (v) Meteorology;
 - (vi) Seamanship;
 - (vii) Hydrostatics;
 - (viii) Ship Handling and Manoeuvring;
 - (ix) Hydrodynamics; and
 - (x) Ship Management Systems.
- c. In addition to and building upon the knowledge and experience of b) above, appropriate ship handling skills. These are acquired by a combination of:
 - (i) experience;
 - (ii) on-the-job training by experienced pilots;
 - (iii) manned model training; and
 - (iv) simulator training.

This level of competency is essential as highlighted in the data provided to TCS, from Jan 2014 to April 2015, where 183 shipping incidents were recorded – 82 mechanical issues, 69 tug issues, 32 crew competency issues. TCS noted that in each of the above cases the allocated pilot was the primary mitigation measure for each incident and that each issue was managed satisfactorily.

Investing in the Future

Ports Australia, in conjunction with its Members, has been tracking the decline in Australian maritime skills shortage for some time with genuine concern for the ongoing operation of not only the ports industry, but many other maritime sectors in Australia. There are obvious consequential risks to the economy given its reliance on the sector.

Our Ports recognise the vital role played in facilitating over 98% of Australia's trade. Accordingly, our Members are investing significant time and money in developing personnel and providing potential mariners with a pathway towards a career at sea. This, despite the fact that Australian Ports have no influence on crewing of ships and the long-term labour management of international and domestic shipping lines.

Many of our Ports offer cadetships and apprenticeships to prepare young people for onshore and offshore maritime roles.

- Fremantle Ports offers two scholarship opportunities for maritime cadets to secure training berths with international shipping lines that operate out of the port
- The Port of Brisbane offers a paid cadetship for young people to learn about vessel operations, navigation, maintenance and hydrography technology
- The Pilbara Ports offers a cadetship program which provides at least two years of training, including shore-based learning, the opportunity to go to sea, and financial support
- Many of our Ports also engage schools and TAFEs to encourage consideration of a career in maritime.

This investment is necessary given the skills shortage expected in the near future, however without other government mechanisms (e.g. the temporary skilled visa system), even this investment will be too little.