



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

PROOF

BILLS

Shipping Legislation Amendment Bill 2015

Second Reading

SPEECH

Thursday, 26 November 2015

BY AUTHORITY OF THE SENATE

SPEECH

<p>Date Thursday, 26 November 2015 Page 33 Questioner Speaker Lambie, Sen Jacqui</p>	<p>Source Senate Proof Yes Responder Question No.</p>
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Senator LAMBIE (Tasmania) (12:31): Yesterday Senator Abetz made an extraordinary contribution to this debate. He essentially tried to coerce me into voting for this legislation by using political standover tactics. As when Senator Abetz, Mr Whiteley and his Liberal mates tried to use mistruths and political blackmail with their unfair university deregulation, they have again been caught out using the same political tactics with their flawed shipping legislation.

Senator Abetz offered a promise of 40 extra jobs at the Burnie port through a proposed development. But he failed to mention that, with the Liberal shipping legislation, he is prepared to sacrifice 580 maritime jobs from his own state and, according to the maritime industry association, to place in jeopardy 31,000 Australian jobs and a \$9 billion industry. I agree with the argument that Australian shipping must be reformed. The Burnie port proposal from DP World can still go ahead, but with changes that will not kill off our shipping industry. That is why I have been working very hard for the last six to eight months in meeting with maritime unions, Australian ship owners, captains of the Tasmanian industry and shippers—so that a consensus shipping reform package can be put before the parliament. The consensus shipping reform package will reduce shipping costs, promote efficiencies, open up domestic markets and enhance international markets while protecting Australian jobs and our national interest.

Senator Abetz is the senator who has single-handedly strangled Tasmania's economy for decades. This is the man who stood by and allowed an RET tax system to be imposed on our heavy industry, despite the fact they used almost 100 per cent renewable hydro energy. For nearly two decades, Senator Abetz's RET tax has cost our biggest employers almost \$30 million a year in addition to their normal taxes—and now he has the gall to use his cheap, grubby, standover threat on me! I am glad that Senator Abetz has been preselected at No. 1 on the Liberals' Senate ticket, because with the Jacqui Lambie Network Senate candidates the people of Tasmania will have an opportunity to express their opinion of the party and the politician who tried to kill off our heavy industry and has now been caught out trying to kill off Tasmania's, indeed Australia's, maritime industry. They will be given an opportunity to vote for senators who will always put their state first—before any political party that is receiving funding from big corporate mates. I can assure you that, unlike the Liberal Party, I will not be taking political funding from people closely associated with the Chinese government.

A sitting royal commissioner, Commissioner Heydon, has told us that he discovered a grave threat to the power and authority of the Australian state during his investigations. He will not share that threat with the 'naughty' Senate because, apparently, we cannot be trusted with state secrets; but Commissioner Heydon will share that information with state premiers. Despite all those real threats to Australian sovereignty, security and national interests, politicians like Nationals Deputy Prime Minister, Warren Truss, present to the Senate this treasonous document with a grin, a bit of straw on one side of the mouth and a chuckle like Goofy coming from the other side, saying, 'She'll be right, mate!' If this legislation passes then she will not be all right, mate—especially for Tasmanians. We will be hit hard with maritime job losses if the Liberals' and Nationals' plan to change our shipping laws succeed.

After a meeting with union representatives on 5 November and having consulted more broadly within the maritime industry over many months, I have discovered that 148 seafarer and stevedore jobs at Toll, 96 at SeaRoad and 436 jobs at TT-Line are being placed at risk by the Liberal shipping plans that the member for Braddon, Brett Whiteley, and other government representatives are trying to push through the Senate. A total of 580 direct Tasmanian maritime workers' jobs will be threatened by Mr Whiteley's plans for our nation's shipping industry, and the majority of those workers—400—will be from Mr Whiteley's own electorate. I wish him the best of luck in the next election.

I have not even begun to calculate the flow-on effect should our maritime workers lose their jobs to foreigners. In Tasmania alone, thousands of direct and indirect jobs will be lost if the Liberals have their way. Official proof

this legislation does not protect our maritime workers is buried on page 156 of the government's own explanatory notes, where it clearly states what will happen if the Senate passes this legislation:

Many of the operators currently operating under the Australian General Register would likely re-flag their vessels in order to compete with the foreign operators who enjoy the benefit of comparatively lower wage rates. Australian seafarer jobs would be adversely affected as Australian operators re-flag from the Australian General Register.

Ship [owners] are likely to replace Australian seafarers (paid under EA rates) with foreign seafarers (paid under ITF rates).

That is why I urge my fellow crossbench senators to vote down this legislation on the second reading vote. This legislation is beyond saving with amendments. It does not deserve to be allowed through to the committee stage.

It is worthwhile to note what the overall state of shipping is like in the world at the moment, and what the big players and countries are doing. Examination of the big world picture will show again just how negligent and irresponsible our government is with its management and protection of our maritime and shipping industries. I will quote from a very interesting article examining different forms of world shipping in a recent *Economist* magazine article on 31 October:

The article, under the title 'The big-box game', opens by stating:

Since the financial crisis, the tide of recovery has not lifted all boats equally. Demand for oil tankers has boomed: a combination of weak spot prices, driven by the assumption that supply and demand for crude will eventually rebalance, has encouraged traders to hire tankers to store oil at sea and cash in on the price gap.

Meanwhile, bulk carriers - which carry such things as iron and coal, has been hit by massive over capacity, as Chinese demand for such commodities has collapsed.

Until the start of this year, container shipping business - which carriers around 60% by value of all seaborne trade in goods - looked more like that for oil tankers.

And the article continues:

But since, the industry has been rattled by renewed weakness in freight rates, prompted by a fall in the volume of seaborne trade.

The cost of sending a container from Shanghai to Europe for instance has almost halved since March, according to the Chinese city's shipping exchange.

And the absence of the usual pre-Christmas pick-up is worrying both analysts and investors, according to Rhul Kapur of Drewry.

The article goes on to paint a picture where the big players in world shipping, Maersk and Hapag-Lloyd, are investing hundreds of billions in building new and bigger container ships, which will depress freight rates and profitability even further in a corrupt world shipping market which is falling. They have described this business strategy of building bigger and bigger ships as a 'flight to scale'.

The predicted winners from the flight to scale will be the world's largest three lines: Maersk, Mediterranean Shipping Company and CMA CGM. The losers in this highly competitive economic environment will be maritime workers and future generations in countries whose governments fail to protect their national shipping industry and national job security. China knows the importance of a state owned and controlled shipping industry. The shipping article in the *Economist* from 31 October illustrates that point, stating :

China's two biggest lines China Shipping Group and Cosco, were losing money before the current downturn started. They have recently swung back into profit, but only thanks to generous state aid to help them scrap old vessels.

The government regards it as vital to have a merchant fleet, so it will not let the two go to the wall. But it plans to merge them to save money, and to stamp out corruption at Cosco which, according to internal documents leaked this week, is another reason for its poor performance.

As you begin to study the world shipping market, it becomes apparent very quickly that it is not as the Liberal and National parties would have you believe: a free market governed by fair and free market forces. The world shipping market is highly subsidised, regulated, protected, monopolized and, in some cases, as we have heard, corrupted. America realises that fact and has strongly regulated with the Jones Act to protect their ship building industry and the jobs of maritime workers. And China realises that fact and uses her fat wallet to protect the Communist Party's interests and to cover-up the massive corruption and inefficiencies caused by the Communist Party bureaucrats.

But Australia refuses to acknowledge the world shipping game is rigged and wants to play by the rules, when quite clearly there are no rules. It is like a lawn bowler accidentally hopping in the ring with a cage fighter. Australia is an island nation. Tasmania, my home state, is an island state in an island nation. If we destroy the maritime skills of our merchant marine and destroy our shipping capacity, and this legislation will surely do that, then we undermine and attack Australia's national security.

Why would any politician in their right mind degrade our ability to provide our families, business and industry with fuel and keep vital trade links open, especially in times of war and conflict, which we are now experiencing? Unfortunately, at this time in world history, we do not have to look far to see serious threats to Australia's national sovereignty. Firstly, we are at war with Islamic State and preparing for their next slaughter of innocents, in God's name. Secondly, China has threatened the lives of Australian and American sailors participating in freedom of navigation exercises in international waters. Thirdly, according to Royal Commissioner Hayden in a secret interim report, he has discovered 'a grave threat to the power and authority of the Australian state'. This is not a time when we should pass laws which weaken Australia's national security; indeed, the opposite should occur.

The Australian Institute of Marine and Power Engineers, AIMPE, the registered organisation which represents qualified marine engineer officers throughout Australia says this about the government's legislation:

Firstly, AIMPE submits that the 2012 legislation, the Coastal Trading (Revitalising Australian Shipping) Act 2012 has failed in its objective to revitalise Australian shipping. The 2012 package has not revitalised Australian flag shipping. Australian flag shipping has continued to decline since 2012.

Secondly, the impact of the proposed Shipping Legislation Amendment Bill 2015 would be adverse for the few remaining Australian companies engaged in the shipping sector and adverse for the employment opportunities for Australian Marine Engineer Officers, Deck Officers and other Australian seafarers.

The most significant consequence of the enactment of the Shipping Legislation Amendment Bill 2015 would be to remove any priority for Australian flag ship operators over foreign flag ship operators.

Thirdly, because foreign shipping operators are effectively free from the payment of corporate income tax and because foreign seafarers are very often exempt from the payment of income tax, allowing foreign shipping to participate in the coastal shipping sector would place Australian shipping operators at an enormous disadvantage.

Australian shipping companies pay Australian company tax and employ Australian seafarers who pay Australian personal income tax.

Fourthly, the measures in the Bill which appear to favour the retention of a token presence of Australian Deck and Engineer Officers would be easily avoided by ship operators.

Fifthly, less frequent reporting requirements would reduce the transparency of the sector and provide Parliament with diminished insight into an industry which is generally 'out of sight, out of mind'.

For these reasons AIMPE urges Senators on the Committee to recommend that the Bill be rejected and that new legislation be drafted to require all commercial vessels consistently operating in Australian waters to be registered in Australia and comply with all Australian laws.

The Maritime Union's opposition to the Shipping Legislation Amendment Bill 2015 is strong and detailed. In correspondence to me, the MUA states in relation to Schedule 1:

The MUA's principal concern with the proposed amendments to the CT Act contained in the SLA Bill is that they are specifically designed to eliminate any role for Australian ships in the Australian coastal trade.

The Bill removes support for Australian shipping as an Object, and it removes the right of an Australian ship to contest for coastal cargoes. It eliminates fair competition which the CT Act was designed to achieve.

The MUA submission and critique is comprehensive and measured, and I will not have time to speak to all its listed concerns. However, this is an important point: a major omission from the bill is that it does not seek to amend the Tax Laws Amendment (Shipping Reform) Act 2012—which amends the Income Tax Assessment Act 1997—to address a major flaw in the 2012 tax laws amendment act that has meant the Australian shipping tax laws remain inferior to foreign registries like Singapore, which has been the major reason why no ships are registered on the AISR and so few shipowners have taken advantage of the tax incentives. A solution for that problem has been put forward. It says:

Two reforms are required:

Introduction of deemed franking credits in respect of dividends to resident shareholders—

(Time expired)

Debate interrupted.