

Queensland Government Response to Transport and Public Works Committee Report No. 23

Inquiry into a sustainable Queensland intrastate shipping industry

Introduction

I would like to thank the committee for the deliberations on matters associated with coastal shipping and the indirect implications for enhancing greater skills development and career opportunities within the maritime sector.

The volume of submissions received by the committee demonstrates the interest that all sections of the community have for this issue.

I will respond to each of the recommendations directly, but as meaningful change for many of the recommendations is outside the ambit of my portfolio I acknowledge that implementation of recommendations involving investigations and working with stakeholders will entail significant work associated with:

- encouraging industry to use Australian seafarers and investigate methods to provide incentives
- investigating methods of expanding the maritime industry
- working with port authorities to reduce potential barriers
- investigating the conditions attached to government subsidies and concessions with a view to increasing Queensland employment
- addressing shipping related equity issues for communities on the Cape York Peninsula and Torres Strait Islands
- reporting to Parliament in this term on implementation progress.

I have instructed Department of Transport and Main Roads (TMR) officers to engage with central agencies and other stakeholder departments to create opportunities for a wholistic government approach to some of the matters you have raised.

While I believe there is an opportunity for the Queensland government to create an environment for reform, it must be acknowledged that many matters are outside of my portfolio and indeed the State governments influence.

I note that last month the Commonwealth Senate inquiry into the regulatory, taxation, administrative and funding priorities for Australian shipping was recently re-adopted in the 46th Commonwealth Parliament for report by 5 December 2019. As the real impetus for public sector led change will likely be achieved from this process, I will be monitoring the deliberations of the committee and responding to any potential opportunities or indeed missed opportunities.

Response to Recommendations

Recommendation No.1

The committee recommends the Minister for Transport and Main Roads encourages industry to use Australian seafarers where at all possible and investigate methods to provide incentives.

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Government Response: Supported in Principle

The maritime sector is diverse, with much of the what the committee has considered being outside the influence of my portfolio. I have however, asked TMR officers to assess which areas TMR may be able to influence some reform and I have also asked the key areas within my department to look for opportunities that we could influence, from not only a coastal shipping perspective but by adopting a more macro analysis across the maritime industry in general.

The General Manager of Maritime Safety Queensland (MSQ) has recently written to the Shipping Australia Limited to request if there is anything that we can do in partnership to support the development of career opportunities and skills development.

MSQ also represents TMR on the Maritime Agencies Forum, a body consisting of all maritime jurisdictional and Commonwealth maritime regulators. I have asked that the role of the public sector in facilitating growth and opportunities be listed as a matter of consideration for the group.

This is a national issue and I believe that any sustainable solution will need the involvement and support of all the jurisdictions.

MSQ is also a member of the Australian New Zealand Safety Boating Education Group (ANZSBEG). While this group has a predominantly recreational focus, it does have a broader membership comprising of government agencies and private and community group representatives. While in panacea of our problems I believe that any opportunity to engage with the all sections of the sector is important. I have asked the General Manager MSQ to progress discussion with this group to see if a broader cohort may provide some opportunities.

Recommendation No. 2

The committee recommends that, to protect against expected skills shortages, the Minister for Transport and Main Roads together, with federal and interstate jurisdictions, investigate methods of expanding the maritime industry to provide training opportunities.

Government Response: Supported

While I believe that the prime stimulus for the creation of additional positions within the maritime sector largely resides with the private sector, it is my intent that I explore options with other jurisdictions to see what can be done within the public sector to support the development of skills to support maritime activity.

As noted in my response to Recommendation 1, I have asked officers to place this matter on the agenda of the relevant interjurisdictional meeting. Initial discussions commenced at the Maritime Agency Forum meeting held in mid-August and MSQ and I have requested that members (representing all regulatory jurisdictions and the Commonwealth) explore opportunities common to the public sector. Whilst it is early days if there is something tangible that can be completed through this approach, I could envisage a proposal utilising the Transport Infrastructure Council process.

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To support this process, I am writing to the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development to take the opportunity to support the senate's inquiry into coastal shipping and look for opportunities where the Commonwealth and state can work together to develop further opportunities that benefit commercial entities, regional communities and a vibrant industry that provides increased career opportunities.

While there may be limited opportunity for TMR to influence the development of coastal shipping opportunities, I believe it essential to look for opportunities to support broader skills development within the industry. MSQ is a relatively small component of the maritime sector, but as the lead maritime regulatory agency for Queensland, it does model behaviour that supports the development of skills within the sector by engaging in experience and qualification enhancements. Recent examples of this include some of the following initiatives.

MSQ Traineeship Program: As part of supporting Queensland Governments Youth Employment and Aboriginal and Torres Strait Islander strategies, in 2018, MSQ partnered with a Group Training Organisation (GTO) WPC Group to offer three traineeship placements within the marine officer cohort. A placement within MSQ provides the trainee an opportunity to obtain a Certificate II Maritime Operations Coxswain gained over a 12-month period. While public sector staffing levels prevent MSQ from appointing these trainees to permanent employment, MSQ would like to transition these officers where possible but also sees the importance in demonstrating a broader commitment to skills development. Presently, MSQ is likely to commit to a further four placements under this arrangement to commence during 2019-2020, with a budget of \$200,000.

Thursday Island Work Placement: Since 2017, MSQ and Community Enterprises Australia (My Pathway) have partnered together to support work experience placements for the local community of Thursday Island. This arrangement sees MSQ act as a host employer to deliver relevant maritime work skills and mentoring support, while the trainee is employed and funded through My Pathway. Each placement is for six months with the host responsible for supplying personal protective equipment and any other work-related expenses.

Hydrographic Services graduate program: MSQ recently advertised a permanent Graduate Hydrographic Surveyor position. Hydrographic Services is niche field and MSQ experiences difficulties recruiting and maintaining employees due to salary competition offered from the private sector. To assist with retention, MSQ has put in place the Attraction / Retention allowance and it is hoped that by establishing a graduate program, MSQ will not only provide greater certainty to its stakeholders, but also assist with the development of relevant sector-based skills.

Smartship Simulator: MSQ also directly increases opportunities for coastal shipping development and the enhancement of a more highly trained maritime workforce. Through the Queensland Smartship Simulator, TMR provides world-class training and maritime simulator services that assist the development of the maritime industry. Smartship's clients encompass port operators, pilotage organisations, shipping and towage companies. Smartship will continue to assess new opportunities that could assist increase shipping development and train the industry to take advantage of those opportunities.

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Recommendation No. 3

The committee recommends the Department of Transport and Main Roads works with port authorities to reduce potential barriers to allow for an expanded intrastate shipping trade.

Government Response: Supported in Principle

I note in reading the Committee's report that Queensland's Port Authorities have participated directly in the current Inquiry, making a submission through the Queensland Ports Association and through appearances by Port Authority Chief Executives and Brisbane and regional hearings.

In the submissions, Queensland's Port Authorities have identified a degree of successes in encouraging coastal shipping such as roll on – roll off deliveries into Mackay. There was also comment around barriers that were primarily related to infrastructure impacting on access and service delivery.

I note that the Committee was of the view that TMR could facilitate greater coordination, collaboration, interaction and lesson sharing between ports. I agree with the Committee's approach.

Potential industry proponents have also highlighted that some current Port Authority practices may act as disincentive to new market participants. I do not have enough evidence to comment further but I am supportive of TMR officers evaluating these assertions.

In response to the previous Committee's 2014 inquiry into coastal sea freight, TMR undertook some studies in collaboration with port authorities and reported on identified infrastructure requirements. Building on that work, I propose that a working group comprising of TMR and Port Authority representatives be established to identify potential infrastructure and port operational practices barriers for further consideration and possible reduction.

TMR will convene this working group and report back to the Committee on matters of relevance.

Recommendation No. 4

The Committee recommends the Minister for Transport and Main Roads investigates the conditions attached to government subsidies and concessions with a view to increasing Queensland employment.

Government Response: Partially Supported

TMR has limited knowledge of the range of concessions and subsidies granted to other comparable sectors, this includes the mining industry. Work to progress this recommendation would require significant input from responsible agencies including Queensland Treasury and the Department of Natural Resources, Mines and Energy.

One the matters that would need to be dealt with is the treatment of existing concessions and subsidies currently in operation as the result of commercially negotiated agreements, as opposed to new arrangements. As mentioned previously, TMR would need to discuss with other agencies who may be best placed to lead this review.

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TMR will work with relevant key agencies to develop a work program around:

- identifying the range of concessions, subsidies and other support offered to new and expanding industries that have the potential to expand employment of Australian seafarers and
- identify options that agencies accountable for negotiations with new and expanding industries could consider prioritising that promote the employment of Australian seafarers.

Recommendation No. 5

The committee recommends the Queensland Government works to address the equity issues identified in regard to the communities situated on the Cape York Peninsula and Torres Strait Islands.

Government Response: Supported

There are several factors that contribute to inequities and while TMR will study these factors, it has limited opportunity to directly influence change. I note the Committee considered the difficulties with a number of these factors.

Lack of competition: The inquiry advised regular shipping services are currently only provided by one company (Sea Swift) and has been the only shipping service operator regularly delivering a scheduled freight service in the region since 2008. Attempts have been made by other businesses during Sea Swift's period of operation to compete for services, however have either since been acquired by Sea Swift or have gone into liquidation.

The Torres Strait Island Regional Council (TSIRC) noted Sea Swift has contracts in place with organisations such as Community Enterprise Queensland, The Islanders Board of Industry and Service and Ergon energy which limit other businesses ability to compete and impedes upon economic development in the region.

The inquiry also noted attempts by competitors in the Torres Strait Islands is further restricted due to the lack of sufficient trade to support any meaningful number of competitors in the region.

Increased living costs and shortages of supplies critical to health and amenity: The inquiry identified that the remote nature of the Torres Strait region coupled with the lack of competition renders it sensitive to fluctuations in the cost and frequency of shipping services which provide essential services to the Torres Strait region. Further, the lack of frequent, regular shipping cycles has caused sporadic issues for the TSIRC in the procurement of fuel, which is essential for power generation to support electricity for homes and waste and water functions.

Cost of maintaining port / shipping infrastructure for councils: The inquiry stated TSIRC was largely dependent upon state and federal government for funding to maintain critical infrastructure, including port / shipping infrastructure and housing, water, waste, road and airport services. TSIRC noted that balancing funding for other infrastructure against the high

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costs associated with building and maintaining ports in remote regions meant that marine and other transport facilities are not being renewed and replaced in a timely manner to keep up with asset maintenance and disability access upgrade requirements.

Recommendation

I believe that the Committee understands that several of the above issues that contribute to inequities fall outside the scope of responsibility for TMR. I will request TMR initially establish a working group to further examine the issues to develop viable options to progress a sustainable shipping industry in the Torres Strait region.

In forming an intergovernmental working group, the following departments have been identified as potential stakeholders to be consulted:

- Department of Premier and Cabinet
- Queensland Treasury
- Department of Housing and Public Works
- Department of Aboriginal and Torres Strait Islander Partnerships
- Department of Employment, Small Business and Training
- Department of Natural Resources and Energy
- Department of state Development, Manufacturing, Infrastructure and Planning
- Department of Innovation, Tourism Industry Development and the Commonwealth Games.

Recommendation No. 6

The committee recommends the Minister for Transport and Main Roads reports to the Parliament, during this term, on the progress on recommendations in this report.

Government Response: Supported

I will report back to Parliament, during this term, on the progress of the actions committed within the Government's response as outlined above.